

UNISEM (M) BERHAD
INTEGRATED ANNUAL REPORT 2023

Sustainability Report



Sustainability Report

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ABOUT THIS SUSTAINABILITY REPORT

Unisem (M) Berhad (“Unisem” or the “Company”) has released its Sustainability Report (“SR23” or “this Report”) for the Financial Year ended December 31, 2023 (“FY2023”). This Report is one of the three fundamental components of Unisem’s FY2023 Integrated Annual Report (“IAR23”).

This Report furnishes information into our strategies for overseeing the sustainability dimensions of our operations, encompassing matters related to the economy, the environment, and social issues.

Scope and Basis of Scope

This Report encompasses the sustainability commitments, practices and performance of Unisem and its subsidiaries’ (the “Group”) comprising the following primary entities:

NAME OF ENTITY	LOCATION OF OPERATIONS
Unisem (M) Berhad (“Unisem Ipoh”)	Simpang Pulai, Perak, Malaysia
Unisem Advanced Technologies Sdn Bhd (“UAT”)	Simpang Pulai, Perak, Malaysia
Unisem Chengdu Co., Ltd. (“Unisem Chengdu”)	Chengdu, Sichuan, People’s Republic of China

Note: Unisem Ipoh and UAT are collectively referred to as “Unisem Malaysia”

These key operating sites at Unisem Malaysia and Unisem Chengdu represent the Group’s core revenue generating operations and employ the Group’s entire workforce. There were no significant changes to the Group’s operations and supply chain during the financial year.

Unless expressly mentioned in this Report, the scope referred to above is relevant to all sustainability subjects covered in this Report.

Reporting Framework and Standards

This Report has been meticulously prepared to conform with the applicable requirements of the Main Market Listing requirement and Global Reporting Initiative (“GRI”) Standards. Additionally, it incorporates elements from the Responsible Business Alliance (“RBA”), relevant ESG considerations as outlined in the FTSE4Good Bursa Malaysia Index and sustainability data in accordance with the Sustainability Accounting Standards Board (“SASB”) Standards. This year, we have extended our reporting to include disclosures as recommended by the Task Force on Climate-related Financial Disclosures (“TCFD”) framework.

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Assurance

In line with reporting best practices, Unisem has sought assurances in accordance with recognised assurance standards for selected indicators. The assurance provided includes:

1. An internal review by the Group’s internal auditors; and
2. Independent limited assurance in accordance with recognised assurance standards for selected indicator.

The independent limited assurances have been approved by the Board ESG Committee (“ESGC”).

The scope, subject matters covered, and conclusion are listed below:

TYPE OF ASSURANCE	MATERIAL MATTERS	SUBJECT MATTERS	SCOPE	REPORT
Independent Limited Assurance	Climate Change & Air Emissions	Scope 1 emission in metric tonnes of CO _{2e}	Operation assessed: Unisem Malaysia, Unisem Chengdu	Please refer to page 177 for the Independent Limited Assurance Statement provided
		Scope 2 emission in metric tonnes of CO _{2e}		
		Scope 3 emission in metric tonnes of CO _{2e}		
	Energy Management	Total energy consumption in joules or multiples		
		Type of energy consumption in joules or multiples		
Internal Review	Occupational Health and Safety	Number of employees trained on health and safety standards	Operation assessed: Unisem Malaysia	Please refer to page 177 for the Internal Audit Review Statement provided
		Number of major and minor work-related accidents		
		Injury frequency rate for industrial accidents		
		Fatality rate		
		Loss time incident/severity rate		
	Customer Satisfaction	Satisfaction of key customers		
	Growing the Business	Economic value table		
		Proportion of local hires amongst employees		
	Supply Chain Management	Audit of key direct material suppliers and key service agents		
		Status of implementation of corrective action		
		Summary of key material supplier’s RBA audit		
		Proportion of direct material spending on local suppliers		

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TYPE OF ASSURANCE	MATERIAL MATTERS	SUBJECT MATTERS	SCOPE	REPORT
Internal Review	Technology and Innovation	Research & Development (“R&D”) Expenditure		
	Effluents and Waste Management	Percentage of e-waste recovered		
		Recycling rate of hazardous waste generated		
		Total waste generated, diverted from disposal and directed to disposal		
	Customer Privacy and Data Protection	Number of substantiated complaints concerning breaches in customers privacy or data loss		
	Anti-Corruption	Number and percentage of anti-corruption training		
		Corruption risk assessment		
		Number of confirmed corruption incidents		
		Summary of incidents and cases report		
	Employee Development and Diversity	Number of permanent and fixed-term contract by employee gender		
		Percentage of permanent and fixed-term contract by employee		
		Number of employees by gender, age range and employee category		
		Ratio of basic by gender		
		Number of training hours by employee category		
		Percentage of employees achieving minimum 6 training hours		
		Proportion of employees within minimum 6 hours of training each year		
		Average training hours per employee		

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TYPE OF ASSURANCE	MATERIAL MATTERS	SUBJECT MATTERS	SCOPE	REPORT
Internal Review	Employee Development and Diversity	Average training cost per employee		
		Average training hour per employee-by-employee category and gender		
		Employee climate satisfaction		
		Total number of employees turnover by category		
		New hire and turnover headcount and percentage by age		
	Human and Labour Rights	Total hours and percentage of employees trained on labour standards and human rights issues		
		Number of substantiated complaints concerning human rights violations		
	Water Consumption	Total water withdrawal, water discharge and water consumption		
		Proportion of water recycled over water withdrawn		
		Water consumption intensity		
		Compliance with air effluents and wastewater discharge regulations		
		Summary of resource conservation outcomes		
	Local Communities	Total amount invested where the target beneficiaries are external to Unisem		
		Total number of beneficiaries of the investment in communities		

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The comprehensive review of Greenhouse Gases (“GHG”) data by the sought expertise (Baker Tilly and BeyondGood) did not uncover any assumptions or calculation errors at the GHG data level, signifying that the corporate carbon footprint has not been materially misstated. The thorough analysis adheres to the principles of good scientific practice.

It is important to note that the Group’s sustainability management and reporting procedures undergo internal validation, assessments, and third-party audits, which are detailed within this Report. Furthermore, our internal audit, which is risk-based, encompasses essential risks, processes, and controls associated with sustainability-related risks identified through the risk management process.

Regular Board meetings, conducted at least quarterly, serve as a platform to keep the Board updated on significant findings from these internal and external assessments and audits.

In the preparation of this Report, we carried out internal validation with the relevant Management personnel to verify the accuracy and integrity of data disclosed. This Report has been reviewed by the ESGC and approved by the Board.

Contact

Further information regarding Unisem’s policies and management processes is available on Unisem’s corporate website at www.unisemgroup.com and queries regarding this Report can be directed to Ms Ruth Chin, Vice President Corporate Affairs, or Mr Ang Chye Hock, Senior Independent Director, at the following address:

Unisem (M) Berhad

Lot No. 9(H), 9th Floor, UBN Tower
No. 10, Jalan P. Ramlee
50250 Kuala Lumpur, Wilayah Persekutuan
Malaysia

Tel : +603 2072 3760
Fax : +603 2072 4018
Email : investor@unisemgroup.com

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SUMMARY OF KEY PERFORMANCE AND IMPACTS

Sustainability Performance Highlights

The Board of Unisem leads the Group’s oversight of sustainability matters and has identified the following 7 key performance indicators (“KPIs”) to measure the sustainability performance of the Group. These Sustainability KPIs are reported to the Board on an annual basis.

Our key sustainability performance for FY2023 is summarised as follows:

UNISEM’S SUSTAINABILITY KPIs	FY2023 TARGETS	FY2023 PERFORMANCE	
Occupational Health and Safety	Injury frequency rate for industrial accidents <2.00 accidents per million hours worked	0.93	✓
Customer Satisfaction	90% of key customers with customer satisfaction score of 80%	81%	x
Growing the Business	To achieve revenue growth	-19.2%	x
Supply Chain Management	14 supplier audits to be conducted	14	✓
Technology and Innovation	To achieve target project completion dates	All target dates achieved	✓
Effluents and Waste Management	52% recycling rate of hazardous waste generated	49%	x
	Effluents waste discharge compliance with regulatory standards	Compliant	✓
Climate Change and Air Emissions	5% reduction in GHG emission intensity compared to base year 2020	7.6% reduction	✓

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Unisem's contribution to the SDGs

Unisem actively endorses the United Nations General Assembly's Sustainable Development Goals ("SDGs") in pursuit of the worldwide 2030 Agenda for Sustainable Development. Our commitment to the SDGs is reflected in our business principles, strategies, and sustainability management practices.

SDGs

Unisem's activities/initiatives



Ensuring a safe and healthy working environment

One of Unisem's focuses is to create a safe and healthy working environment for the employees. This includes integrating health and safety practices throughout the manufacturing process. Our commitment to health and safety in the workplace extends beyond physical health to encompass human rights standards, labour standards and general occupational health.



Achieve Gender Equality

Unisem is actively contributing to the achievement of Sustainable Development Goal 5, "Gender Equality," by increasing the representation of women on its Board of Directors to 36%, up from the previous year. This demonstrates a commitment to fostering diversity and equal opportunities in leadership roles.



Enhanced water treatment and reducing water consumption

Unisem treats its waste water beyond compliance standards before effluent is discharged. It also reuses/recycles water in its system to reduce water withdrawal. The Group also has targets to further reduce its water consumption intensity. In FY2023, we achieved an 83% reduction in water consumption intensity against base year 2020.



Supporting vulnerable communities

One of Unisem's key focus in its corporate social responsibility activities is on supporting vulnerable communities. We continue to support communities including the elderly, orphans, people with disabilities, as well as those in poverty. We extend our gratitude for both in-kind and cash donations, and have also set up a "Charity Corner" for all levels of employees to participate in volunteerism. Our Corporate Social Responsibility donations and contributions in FY2023 amounted to approximately RM80,472.

Good employment practices

Unisem adopts good employment practices which are in line with the RBA Code of Conduct, respecting the dignity and human rights of our employees, in addition to fair employment practices without discrimination.

Sustainability Report

SDGs

Unisem's activities/initiatives



Driving innovation and technology in the OSAT industry

Unisem collaborates with customers, which comprise global leaders in the semiconductor supply chain to innovate solutions and spearhead development in the semiconductor and electronics industry, including driving Industry 4.0.



Driving responsible consumption across the supply chain

Through adherence with the RBA Code of Conduct and regular audits on key suppliers, Unisem ensures the Group operates in an environmentally and socially sustainable way and also supports sustainable business practices in its supply chain. We have audited 25 key direct material suppliers for their environmental and social compliance, at least once in the past two years.



Climate Change Commitment Statement

As a leading and responsible entity in the semiconductor industry, we acknowledge our role in mitigating the impacts of climate change via our Climate Change Commitment Statement which outlines our commitment to achieving carbon neutrality by 2050 and reducing our direct and indirect emission intensity in the medium term.



Promoting Ethical Conduct in Anti-Corruption Initiatives

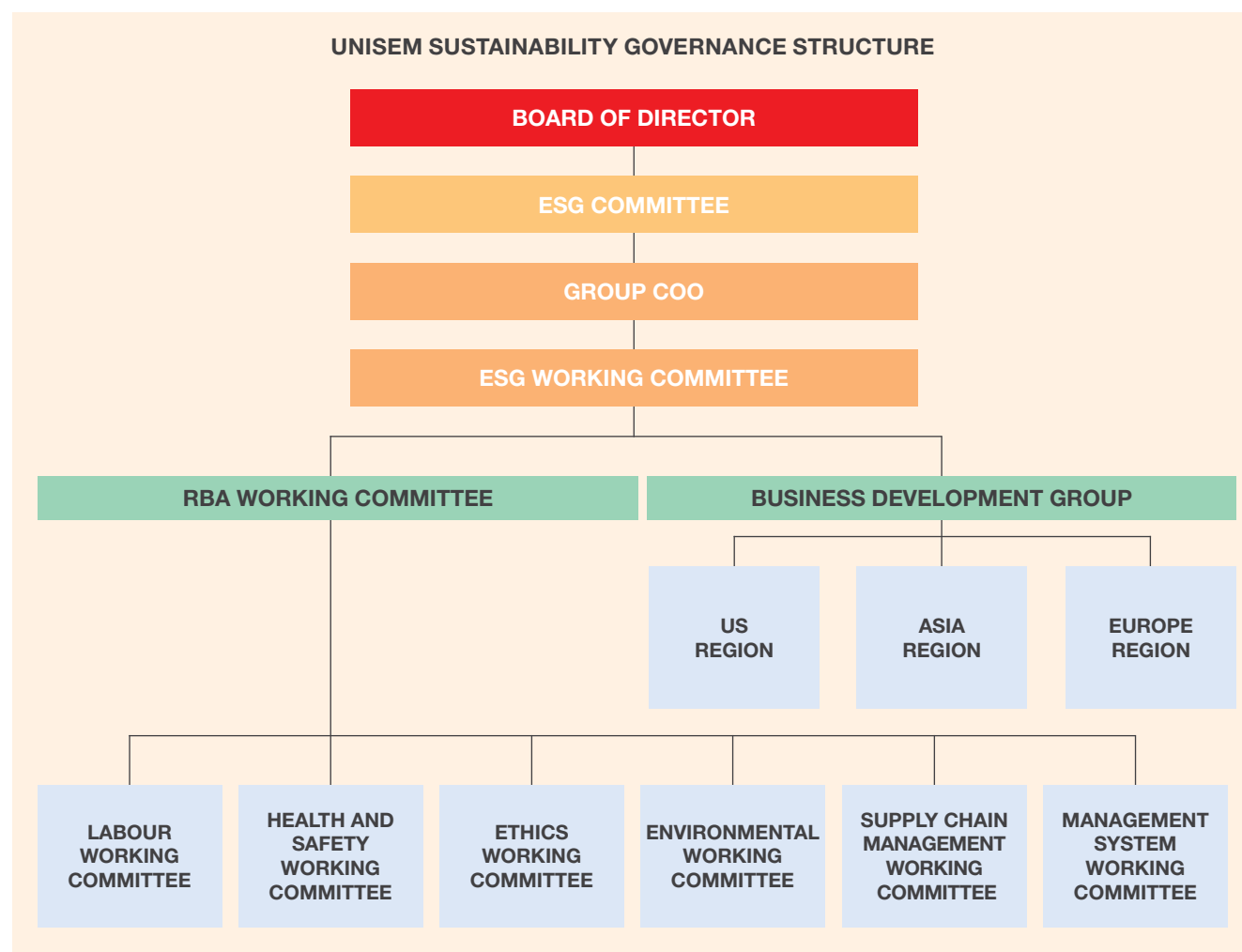
Unisem is committed to fostering a culture of transparency, accountability and ethical conduct within the Group. We have implemented a robust Code of Ethics, defining acceptable and unacceptable behaviours. In addition, the Group-wide Anti-Bribery and Anti-Corruption Policy and Whistleblowing, Ethics & Compliance Policy is communicated to employees ensuring that they are aware of the consequences of corruption, promoting ethical business practices and a shared commitment to integrity.

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SUSTAINABILITY GOVERNANCE

Unisem’s Board of Directors (the “Board”) is responsible for safeguarding the sustainability of the organisation. The Board diligently oversees the incorporation of sustainability considerations, covering economic, environmental, and social aspects, into Unisem’s enduring business objectives and strategies.

The forthcoming section provides a comprehensive overview of Unisem’s governance structure in the context of sustainability management. For a thorough understanding of the Group’s overall corporate governance structure, we recommend referring to the *Corporate Governance Report* and *Corporate Governance Overview Statement*, where detailed features and descriptions are available.



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The Board receives support from the ESGC, a committee at the board level entrusted with the responsibilities of evaluating, advising on, and making recommendations concerning the sustainability strategies and policies of the Group. Currently, the ESGC is presided over by the Senior Independent Director.

In alignment with the Group's approved sustainability directions and policies, Unisem's Senior Management spearheads the formulation and execution of sustainability strategies, initiatives, and risk management practices.

The ESGC assists the Board in appraising the strategies, initiatives, and assessments presented by the Senior Management, encompassing materiality assessments and sustainability risk management evaluations. Moreover, the ESGC conducts periodic assessments of Senior Management's implementation progress in relation to sustainability matters. Subsequently, key findings, advancements, and performance, including the key performance indicators disclosed in the ***Sustainability Performance Highlights*** section, are presented to the Board.

Management-level Leadership and Accountability

Dedicated ESG Working Committees ("ESGWC") have been established at Unisem's Malaysia and Chengdu facilities to oversee and monitor the implementation of sustainability strategies, management performance, and the attainment of sustainability objectives at these operational sites. The ESGWC is further responsible for conducting annual reviews of stakeholder management and materiality assessments specific to each operating site.

The ESGWC comprises members from the respective sites RBA Working Committee ("RBA WC") and the Business Development Group. The RBA WC encompasses six distinct committees, each of which is tasked with managing one of the six pillars outlined in the RBA Code of Conduct. These include the Labor Working Committee, Ethics Working Committee, Health and Safety Working Committee, Environmental Working Committee, Supply Chain Working Management Committee, and the Management System Working Committee. The RBA WC, in conjunction with relevant managers throughout the chain of command, assumes the responsibility of disseminating sustainability strategies, priorities, and objectives to employees to ensure comprehensive understanding and consistent implementation across the organisation.

The Board and the ESGC maintains oversight over the ESGWCs and their performance concerning sustainability matters at the operational sites. The Group Chief Operating Officer ("GCOO") serves as a crucial link between the Group's Management and the ESGC. The GCOO takes on a leadership role in guiding the ESGWCs, which are specifically tasked with overseeing the management of ESG matters at the various sites within the organisation. This includes the handling of sustainability issues, engagement with stakeholders, and the achievement of objectives, targets, and KPIs.

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WORKING COMMITTEE/GROUP	RESPONSIBILITIES
Labour Working Committee	Monitoring and ensuring the following aspects of labour rights are upheld: <ul style="list-style-type: none"> • Freely chosen employment • Child labour avoidance • Working hours • Wages and benefits • Humane treatment • Non-discrimination and non-harassment • Freedom of association
Ethics Working Committee	Overseeing the systems and tools in place to ensure: <ul style="list-style-type: none"> • Privacy is upheld • Protection of identity and non-retaliation • Business integrity/appropriate disclosure of information is in place • Fair business conduct, including in advertising and competition • Intellectual property is protected and respected
Health and Safety Working Committee	Overseeing the health and safety of the working environment: <ul style="list-style-type: none"> • Chemical/Protective Personal Equipment (“PPE”) management • Hazard Identification, Risk Assessment and Risk Control • Emergency response testing • Permit/test report • Accident complaint investigation • Workplace inspection/Audit • Machinery/work instruction • Exposure to radiation/X-ray monitoring • Health and Safety Management in accordance with ISO45001:2018 standard
Environmental Working Committee	Monitoring and ensuring the following aspects of environmental management are upheld: <ul style="list-style-type: none"> • Management of chemical substances and chemical control • Waste management • Emergency response drills and procedures • Legal requirements, measurement, and monitoring of waste and chemical substances • Environmental Management System, to ensure it is in accordance with ISO14001:2015 standard
Supply Chain Management Working Committee	Monitoring and ensuring the following aspects of supply chain management are managed: <ul style="list-style-type: none"> • Group CSR Commitment • Material Restrictions • Responsible sourcing of minerals • Supplier Responsibility

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WORKING COMMITTEE/GROUP

RESPONSIBILITIES

Management System Working Committee

Overseeing the systems and controls in place that support the tasks of the other committees:

- Monitor updates in applicable laws, regulations and customer requirements, including requirements of the RBA Code of Conduct
- Establish and periodically assess objectives, targets and improvement programs for social and environmental performance
- Communicate policies and practices at Unisem

Conduct self-assessments, including internal audits - Unisem's RBA internal auditors ("Unisem's RBA auditors") conducts cross audits on the 6 working committees to ensure full compliance to the latest RBA version. These Unisem's RBA auditors are selected from the respective 6 working committees

Business Development Group

Implements the Group's and site's business strategy by:

- Attracting new customers
- Expanding business with existing customers
- Achieving annual revenues and business growth plans and objectives
- Managing Regional Sales, Marketing, Technical Program Management (TPM) as well as Customer Service organisations
- R&D programs

OUR APPROACH TOWARDS SUSTAINABILITY

In addressing sustainability issues, we prioritise our attention and resources through a materiality assessment process.

Stakeholder Engagement

Unisem has a broad range of stakeholder groups that have an effect on, or are affected by the Group and our activities. Our key stakeholder groups include shareholders, financiers and investors, government agencies and regulators, customers, employees, community and non-governmental organisations (NGO), suppliers and contractors as well as media. They were identified based on their different levels of influence over and dependence on our business.

As a Group, we aim to maintain constructive channels of communication with all our key stakeholder groups. Thus, regular engagements are held through both formal and provide insights into emerging opportunities and risks whilst responding to their needs more effectively.

The key stakeholder's engagement group, engagement approach, areas of focus on stakeholders and our responses disclosed in the Creating Value For Stakeholders in Unisem's IAR23.

[Click here](#) or go to page 63 for Creating Value for Stakeholders

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Unisem's Approach to Materiality Assessment

Unisem's materiality assessment process adheres to the guidelines set forth by the Main Market Listing Requirements and the Bursa Malaysia Sustainability Reporting Guide - 3rd Edition, along with its associated Toolkits. We also utilise relevant internal sources of information such as, Board meeting minutes, business strategy, deliberations and employee climate survey. Our definition of "materiality" aligns with both the Main Market Listing Requirements and the GRI Standards. A sustainability matter is deemed material if it:

- Significantly reflects Unisem's economic, environmental, and social impact; or
- Substantively influences the assessments and decisions of Unisem's stakeholders; or
- Falls under the common material sustainability matters as set out in Annexure PN9-A of Bursa Malaysia Sustainability Reporting Guide - 3rd Edition.

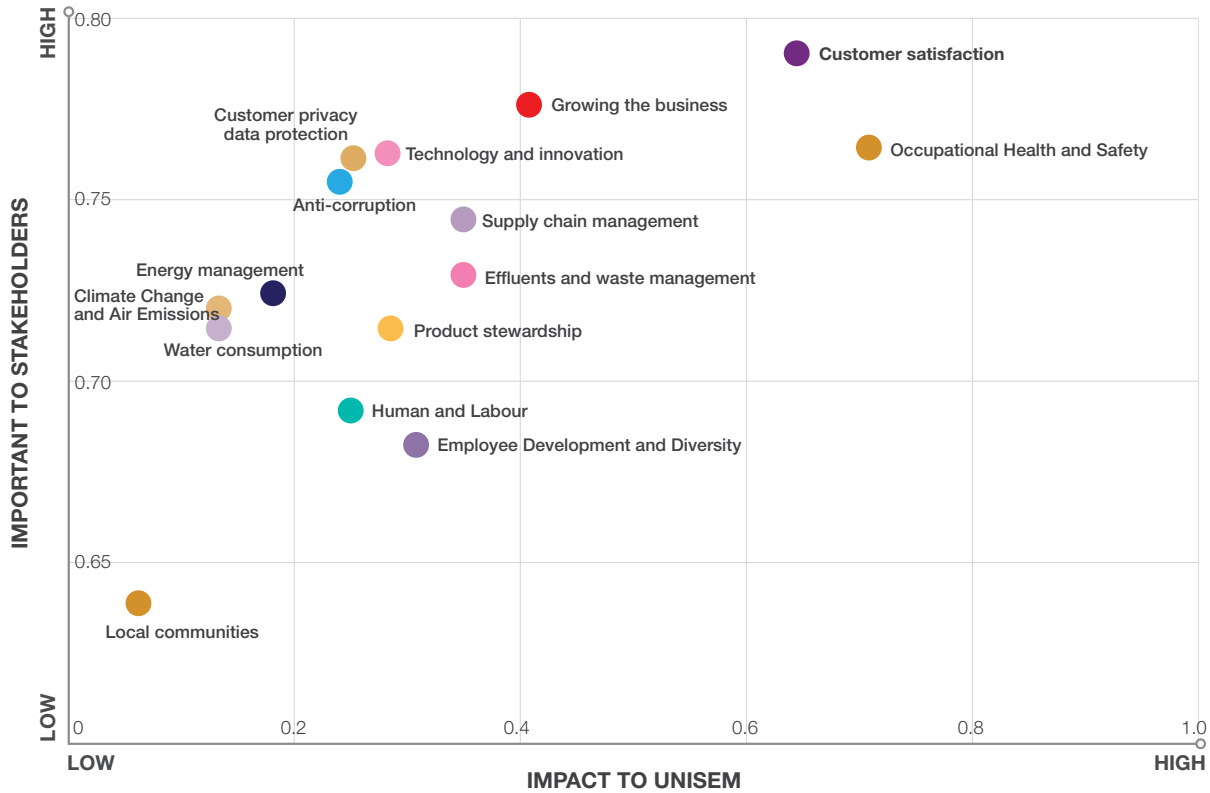
The materiality assessment for each operating site, namely Unisem Malaysia and Unisem Chengdu, is conducted by their respective ESGWC. In addition to previously identified sustainability concerns, the ESGWCs also take into account emerging sustainability risks and opportunities, as well as significant concerns raised by stakeholders. The outcomes of these assessments undergo review by the ESGC and the Board. This review includes relevant targets, management progress and performance, and where necessary, prompt intervention and action plans.

Every two years, we conduct a comprehensive materiality assessment, seeking input from selected stakeholders through various engagement tools to evaluate the priority of sustainability matters with respect to the economic, environmental, social and governance impacts arising from our day-to-day activities. We also actively solicit feedback from our employees, recognising their valuable input as a key driver of business and operational considerations.

This year through our materiality review, we concluded that all our existing 15 material matters are aligned with Unisem's strategic priorities and stakeholder expectations. These were also benchmarked against our local and regional peers as well as considered emerging risks two material matters, namely "Supply Chain Management" and "Climate Change and Air Emissions" were repositioned higher through the materiality review exercise reflecting increased stakeholders' and Unisem's interest in the supply chain management and our environmental footprint and carbon management strategy. The previous material matter, "Employee Development and Diversity" has shifted to the medium priority quadrant. The updated materiality matrix including the materiality assessment process undertaken has been reviewed by our ESGC and endorsed by the Board of Directors.

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The Group's materiality matrix is presented as below:



Unisem Group's Materiality Matrix (FY2023)

The FY2023 Materiality Matrix has been reviewed and approved by the Board. It forms the basis of this Report, while the respective indicators facilitate the monitoring and measurement of the Group's sustainability performance.

Our materiality assessment conducted in FY2023 has identified Unisem's top 7 most material sustainability matters as follows:

- Customer Satisfaction;
- Occupational Health and Safety;
- Growing the Business;
- Technology and Innovation;
- Climate Change and Air Emission;
- Supply Chain Management; and
- Effluents and Waste Management.

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SUSTAINABILITY RISKS AND OPPORTUNITIES

Unisem enhances its management of sustainability issues through the implementation of the Group's Enterprise Risk Management ("ERM") Framework, which systematically guides the Group's risk management processes. Material matters risks are evaluated from various perspectives, encompassing strategic, organisational structure, operational, procedural, regulatory, cultural, technological, and reputational aspects.

The incorporation of sustainability into our ERM Framework enables us to holistically address both Unisem's sustainability risks and those pertinent to our value creation process.

For a detailed understanding of the Group's ERM Framework and pertinent corporate governance practices, please refer to our Statement of Risk Management and Internal Control, as well as the Corporate Governance Overview Statement.

*Click [here](#) or go to page 47 for Statement on Risk Management and Internal Control
Click [here](#) or go to page 25 for Corporate Governance Overview Statement*

The table below provides a summary of Unisem's sustainability concerns and their connections to the Strategic Priorities and associated risks.

Sustainability Matters	Key Capitals	Linkage to Unisem's Strategic Priorities	Description	Associated risks	Addressed in reporting section
Occupational Health and Safety	HC	A B D	Creating a healthy, safe and conducive working environment for employees and people who visit our sites particularly by minimising any health and safety related risks that could arise.	<ul style="list-style-type: none"> Non-compliance Employee safety and health risk Pandemic and infectious disease (e.g. COVID-19) 	<p>How We Do Business, SR23</p> <p>Our People, SR23</p>
Customer Satisfaction	S & RC	A B C D	Improving customers' experience with the Company's products and services through soliciting feedback.	<ul style="list-style-type: none"> Inadequate or ineffective engagement with customers Unable to delivery or keep up with customers' demands or requirements Lack of trust in relationship with customers 	Our Focus on Customers, SR23
Growing the Business	FC S & RC	A B C D	Continue expanding into new market, increasing sales, developing new products or services, and or diversification of products and services and onboard new customers to create economic value and distribution to stakeholders.	<ul style="list-style-type: none"> Competition risk Unable to expand market presence Adverse economic conditions 	<p>Managing Our Business, SR23</p> <p>Our Focus on Customers, SR23</p> <p>Our People, SR23</p>

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Sustainability Matters	Key Capitals	Linkage to Unisem's Strategic Priorities	Description	Associated risks	Addressed in reporting section
Supply Chain Management	FC S & RC	A B D	Promoting responsible and sustainable procurement practices including assessing suppliers and their environmental and social impacts in accordance with the established criteria.	<ul style="list-style-type: none"> Non-compliance by supply chain partners Subpar suppliers or supplies Unable to deliver to customers on time Disruptions in supply chain for direct materials Impact on profit margin 	How We Do Business, SR23
Technology and Innovation	MC IC	A B C	Technology and innovation drives improvements in efficiency and productivity. By introducing new technologies, automation, and streamlined processes, Company can optimise operations, reduce costs, and increase output.	<ul style="list-style-type: none"> Product and technology unable to keep up with trend Unable to delivery or keep up with customers' demands or requirements Inadequate investment in capability and R&D Loss of key skills, experience, or knowledge 	Managing Our Business, SR23 Our People, SR23
Effluents and Waste Management	NC	A D	Efforts to reduce, reuse, recycle responsibly dispose of waste.	<ul style="list-style-type: none"> Non-compliance Environmental disaster and pollution 	The Environment, SR23
Climate Change and Air Emissions	NC	A D	Reduction of environmental footprints through more efficient use of energy, thereby lowering our emissions across our operations.	<ul style="list-style-type: none"> Possibility of introduction of emission trading or tax scheme affecting profit margin 	The Environment, SR23
Customer Privacy and Data Protection	S & RC	A B D	Safeguarding the Company information and intellectual property from cyber threats including protecting customers' sensitive information and preventing data breaches.	<ul style="list-style-type: none"> Non-compliance Data breaches Unauthorised access and use of information Key information not up to date Cyber security threats 	Our Focus on Customers, SR23
Anti-Corruption	S & RC	B D	Promoting ethical business and transparency by avoiding all forms of corruption such as bribery.	<ul style="list-style-type: none"> Non-compliance Anti-corruption culture and policies not communicated effectively to employees and business associates Corporate liability risk 	How We Do Business, SR23

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Sustainability Matters	Key Capitals	Linkage to Unisem's Strategic Priorities	Description	Associated risks	Addressed in reporting section
Product Stewardship	S & RC	A B	Product Stewardship is to minimising the health, safety, environmental, and social impacts of a product and its packaging throughout all lifecycle stages, while also maximising economic benefits.	<ul style="list-style-type: none"> Non-compliance 	How We Do Business, SR23
Employee Development and Diversity	HC IC	B D	Efforts in recruiting and retaining talent as well as enhancing overall productivity of our workforce and ensuring fair treatment to all employees with dignity and without any form of discrimination based on gender, race, religion, age, nationality, disability, etc.	<ul style="list-style-type: none"> Lack of professional and personal development for employees Loss of key skills, experience, or knowledge Employee compensation does not commensurate with statutory employee contribution 	Our People, SR23
Human and Labour Rights	HC	A B D	Ensuring the protection of human and labour rights across our value chain.	<ul style="list-style-type: none"> Non-compliance Labour disputes 	How We Do Business, SR23 Our People, SR23
Energy Management	NC FC	A D	Ensuring efficient energy use is one way of protecting the environment. Effective energy management and planning also helps to optimise profits margin.	<ul style="list-style-type: none"> Power failure and disruption to operations Impact on profit margin 	The Environment, SR23
Water Consumption	NC	A D	Efficient use of water and conservation of water resources.	<ul style="list-style-type: none"> Water shortage Contamination of water used in production 	The Environment, SR23
Local Communities	S & RC	B D	Supporting communities that are economically disadvantaged through engagement programmes that create a positive social impact.	<ul style="list-style-type: none"> Noise affecting the local community (Unisem Malaysia) 	Our People, SR23

In the following sections of this Report, material sustainability matters will be addressed across various themes, as outlined below:

- How We Do Business;
- Managing Our Business;
- Our Focus on Customers;
- Our People; and
- The Environment.

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HOW WE DO BUSINESS



Doing business responsibly and ethically is fundamental to Unisem’s Vision and Mission. We also expect responsible and ethical business culture to be demonstrated along the Group’s value chain, including our products, services, and supply chain.

Relevant Material Sustainability Matters

- Anti-Corruption
- Human and Labour Rights
- Occupational Health and Safety
- Product Stewardship
- Supply Chain Management

Sustainability Performance Highlights

- 100% of Directors and employees received communication on anti-corruption
- 100% of Directors received training on ESG – Bursa Training (Compulsory)
- No fines, penalties, or settlements relating to corruption
- Target to audit 14 suppliers achieved – FY2023: 14 suppliers audited
- No significant environmental or social impacts identified in association with key direct material suppliers

Relevant SDGs:



INTEGRITY AND SUSTAINABLE BUSINESS INITIATIVES

In all our endeavors, we are driven by our dedication to fulfilling our corporate social responsibilities, adhering to relevant laws and regulations, and adhering to the stipulations set forth in the RBA Code of Conduct.

UNISEM’S CORPORATE SOCIAL RESPONSIBILITY (“CSR”) POLICY

- Uphold human rights of workers, treat them with dignity and respect as understood by the international community.
- Minimise adverse effects on the community, environment, and natural resources.
- Safeguard health and safety of public in our manufacturing operations.
- Ensure employees are provided with a safe and healthy working environment.
- Ensure our systems comply with applicable laws, regulations, and customer requirements.
- Support charity and community initiatives relevant to our stakeholders.
- Engage with supplies whose policies are in line with Unisem’s CSR Policy.

Click [here](#) to CSR Policy or visit our website at <https://www.unisemgroup.com/company-info/corporate-social-responsibility>

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HOW WE DO BUSINESS

Code of Ethics

Unisem's Code of Ethics ("COE") operates as a pivotal communication tool, effectively conveying the principles that govern the Company's business practices to directors, employees, and affiliates. Beyond its communicative role, the COE holds a critical position as it is intricately aligned with the RBA Code of Conduct. This alignment signifies more than mere coherence; it underscores Unisem's commitment to ethical business standards that transcend internal boundaries. By ensuring that the COE is in harmony with the RBA Code of Conduct, Unisem not only communicates its ethical framework but also actively participates in a broader commitment to responsible and sustainable business practices, reinforcing the Company's dedication to ethical conduct throughout its operations and stakeholder interactions.

Prior to joining the Group, all directors and employees are obligated to acknowledge and commit to the COE. Employees receive communication of the COE on an annual basis, and business associates are expected to abide by it when representing or engaging in work for Unisem.

Key topics addressed by the COE:

- Prohibition of child labour and forced labour;
- Maintaining a workplace free of harassment and discrimination;
- Supporting the rights to freedom of association and collective bargaining;
- Elimination of excessive working hours;
- Supporting the rights to minimum wage;
- Providing safe and hygienic workplace;
- Compliance with environmental laws and regulations;
- Proper handling and disposal of waste, including hazardous waste; and
- Business integrity including zero tolerance towards bribery, corruption, fraud, extortion, or embezzlement.

The COE is subject to annual review.

Anti-Bribery and Anti-Corruption

To Unisem, corruption is a threat to ethical business practices. Unisem has a zero-tolerance policy towards corruption. As anti-corruption efforts are also subject to compliance requirements, Unisem has established a comprehensive Group-wide Anti-Bribery and Anti-Corruption ("ABAC") Policy, reflecting the Group's unwavering commitment to a zero-tolerance approach towards bribery and corruption. Board approval underscores the policy's significance, with overall compliance falling under the purview of site Chief Operating Officer ("COO") and General Managers. The ABAC Policy extends its governance over directors, employees, and affiliates, encompassing agents, suppliers, contractors, and business partners.

Our adoption of a risk-based approach includes a corruption risk assessment conducted annually by the Ethics Working Committee at both Unisem Malaysia and Unisem Chengdu sites. This strategic evaluation facilitates resource allocation to efficiently manage corruption risks. The identified corruption risks are further addressed through the annual enterprise risk management process. Stringent processes guide our operations, spanning procurement, manufacturing, sales, marketing, and finance, incorporating measures to uphold business ethics and prevent corruption.

Unisem actively communicates and ensure that all stakeholders are acknowledged its anti-corruption stance to all stakeholders. The due diligence process for new suppliers includes a thorough assessment of corruption and bribery risks. Business associates categorised as high risk or involved in high-risk sectors receive periodic communication regarding Unisem's anti-corruption stance and expectations for business ethics. Annual refresher training on anti-corruption is provided to all directors and employees. Our communication channels, including emails, meetings, and our corporate website, are available in multiple languages - primarily English, Bahasa Malaysia, and Chinese - depending on the audience.

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During FY2023, all employees underwent and completed communication and/or training on anti-corruption through our eLMS (E-Learning program). The subsequent table reveals the results of our anti-corruption communication efforts:

	Unisem Malaysia		Unisem Chengdu	
	Number	Percentage	Number	Percentage
2023				
Board of Directors	11	100%	N/A	N/A
Senior Management and Management Executive, Non-Executives, and Operators	87	100%	52	100%
Executive, Non-Executives, and Operators	3,067	100%	2,572	100%
Total	3,165	100%	2,624	100%
2022				
Board of Directors	12	100%	N/A	N/A
Senior Management and Management Executive, Non-Executives, and Operators	89	100%	46	100%
Executive, Non-Executives, and Operators	3,268	100%	2,695	100%
Total	3,369	100%	2,741	100%
2021				
Board of Directors	10	100%	N/A	N/A
Senior Management and Management Executive, Non-Executives, and Operators	88	100%	41	100%
Executive, Non-Executives, and Operators	3,283	100%	2,547	100%
Total	3,381	100%	2,588	100%

The Group refrains from making charitable donations or contributions to political parties, and it does not reimburse employees for political contributions made in their personal capacity.

The ABAC Policy undergoes an annual review. In FY2023, The Group has undertaken a corruption risk assessment which covers all the operations and locations:

Percentage of operations that underwent corruption risk assessment	2021	2022	2023
Unisem Malaysia	100%	100%	100%
Unisem Chengdu	100%	100%	100%

Throughout FY2023, there were no reported incidents of corruption, cases of non-compliance with the Group's anti-corruption policies, or instances of fines or penalties:

Number of confirmed corruption incidents	2021	2022	2023
Unisem Malaysia	0	0	0
Unisem Chengdu	0	0	0

Click [here](https://www.unisemgroup.com/company-info/corporate-social-responsibility) to ABAC Policy or visit our website at <https://www.unisemgroup.com/company-info/corporate-social-responsibility>

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Conflict of Interest

Conflict of interest may arise when directors or employees hold conflicting interests with the Group, maintain close personal relationships with our suppliers or customers, or encounter various other circumstances. Our COE establishes principles for managing conflicts of interest to protect Unisem's interests.

Upon commencing employment, all Unisem directors and employees must declare any conflicts of interest. Additionally, managers and above, along with personnel in identified functions, are obligated to submit annual declarations to uphold the objectivity of these critical roles. The Human Resources Department oversees this process and reports to the site COO.

Unisem's Whistle Blowing Channel

In addition to the grievance channels managed by the Human Resources Department to facilitate the resolution of workplace disputes or disagreements, Unisem has instituted a whistleblowing mechanism through its Whistleblowing, Ethics & Compliance Policy ("WBEC Policy"). This mechanism enables internal and external stakeholders to confidentially report instances of serious unethical or unlawful behavior. Examples of issues that can be reported include significant violations of the COE, labour standards, human rights, safety and health, non-discrimination and equal opportunity, environmental management, business ethics, anti-corruption, and others.

The WBEC Policy offers guidance on how to make a report, outlines the handling and resolution process, and ensures protection for the whistleblower against retaliation.

The WBEC Policy is developed based on the following key principles:

- Confidentiality - confidentiality of the reported matter and the person making the report will be protected;
- Anonymous reporting - anonymous reporting is not prohibited; and
- Non-retaliation - no retaliation or unfair treatment will be tolerated against whistleblowing reports made in good faith.

A summary of the incidents and cases reported in the past 3 financial years is as follows:

Types of cases	No. of cases		
	2021	2022	2023
Workplace grievances from employees	1	2	0
Whistleblowing from employees	2	1	1
Whistleblowing from external parties	0	0	0

Click [here](https://www.unisemgroup.com/company-info/corporate-social-responsibility) to WBEC Policy or visit our website at <https://www.unisemgroup.com/company-info/corporate-social-responsibility>

All the above cases had been fully resolved.

OUR RBA OBLIGATIONS

RBA stands as the world's largest industry coalition devoted to corporate social responsibility across global supply chains and is endorsed by leading brands in the electronics, retail, and automotive sectors. The RBA Code of Conduct draws upon international norms and standards, including the Universal Declaration of Human Rights, International Labour Organisation (ILO) International Labor Standards, Organisation for Economic Co-operation and Development ("OECD") Guidelines for Multinational Enterprises, and International Organisation for Standardisation ("ISO") and Social Accountability (SA) Standards. RBA standards are organised into six pillars: Labor, Ethics, Safety and Health, Environment, Supply Chain Management, and Management Systems.

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The RBA Code of Conduct serves as a pivotal guiding document for Unisem’s policies and practices. Our RBA WC aligned with the six pillars of the RBA, manage issues related to these pillars, overseeing the monitoring and review of relevant initiatives and KPIs. Unisem’s policies and business practices closely align with the RBA Code of Conduct.

Effective May 2023, the RBA Validated Assessment Program (“VAP”) Interpretation Guidance was updated to Version 7.1.2. This includes an update on the General Auditor Guidance which includes a refined classification of findings based on severity. A priority non-conformance is identified as posing an imminent risk to life, limb, facility, the environment, or the community, or involving an egregious ethical breach. Major non-conformances encompass violations of applicable laws, systemic failures, or situations affecting equal to or greater than 20% of the total sample population. Minor non-conformances involve one-off incidents not likely to repeat or situations affecting less than 20% of the total sample population. The concept of Risk of Non-conformance is introduced, highlighting conditions or practices meeting minimal conformance but likely to deteriorate without additional action. Lastly, the category of Opportunity for Improvement is outlined, denoting situations not fully in conformance that can be enhanced, where a Corrective Action Plan is recommended but not mandatory, often referred to as an “observation”.

RBA Performance

The Self-Assessment Questionnaire (“SAQ”) serves as an RBA self-assessment tool, enabling us to conduct an annual self-assessment and communicate the results to our customers. Meanwhile, the biennial VAP constitutes an RBA third-party auditing process. Adherence to the RBA Code of Conduct is a crucial prerequisite for establishing a business relationship with our customers.

Our SAQ and VAP results for the last 3 years are as follows:

	Year	SAQ	SAQ Score*	VAP	VAP Score*	Level of Risk
Unisem Malaysia	2021	Completed in January 2021	93.4	Completed in Dec 2021	183.7 (Silver Status)	Low
	2022	Completed in January 2022	93.4	Completed in Dec 2022	180.2 (Silver Status)	Low
	2023	Completed in January 2023	93.5			
Unisem Chengdu	2021	Completed in January 2021	93.8	Completed in Nov 2019	177.1 (Silver status)	Low
	2022	Completed in January 2022	94.6	Completed in Jun 2022	180.5 (Silver Status)	Low
	2023	Completed in January 2023	94.8	In progress (pending finalise audit result)		

Note: * Full score for SAQ is 100, while the full score for VAP is 200

VAP audit findings and results are also available for viewing by key customers and potential customers.

For FY2023, there is no VAP being conducted for Unisem Malaysia as VAP is only required once every 2 years. The upcoming VAP for Unisem Malaysia will be conducted and completed by FY2024.

Internal Audit

Unisem’s independent internal audit function conducts periodic audits of the Group’s operations, encompassing operational compliance practices, anti-bribery and corruption, whistleblowing and complaints, occupational health and safety, human rights, environmental compliance, and other aspects.

Additional details regarding the internal audit function can be found in our **Audit and Risk Management Committee Report** and the **Statement on Risk Management and Internal Control**.

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RBA in our Supply Chain Management

Effective May 2023, the Group has updated its RBA VAP Code Guidance. In the updated version, the Group has added to the definition on the Group's findings severity category, which includes and focuses on the supply chain management.

[Click here](#) or go to page 99 for Supply Chain Management

PRODUCT STEWARDSHIP

Certain semiconductor components may contain hazardous substances, including heavy metals that might be irreplaceable. Demonstrating product stewardship is our way of bringing responsible and safe products to consumers. Our responsibility in products extend beyond our facilities and considers the product life cycle and its impact on people and the environment. In this regard, we comply with international regulations and customer requirements.

By adopting specific manufacturing and processing methods, we can minimise the use and content of toxic materials, consequently reducing risks to consumers and environmental harm. Moreover, the materials utilised in the products and services we offer are contingent on the specifications provided by our customers.

To ensure adherence to all relevant environmental laws, regulations, and standards related to hazardous substances in our manufacturing processes, we have established comprehensive compliance procedures. We conduct assessments to identify significant environmental and social risks associated with the materials we procure and evaluate safety and ethical considerations within our supply chain partnerships.

We comply with the European Union's Restriction of Hazardous Substance ("RoHS") directive, where production processes, and our suppliers are obligated to comply with the RoHS, reinforcing the robustness of our compliance measures.

In addition to implementing management systems aligned with international standards to address environmental and social impacts, we collaborate with our customers to meet their standards for product stewardship and safety.

Regulations and customer requirements & descriptions	Measures taken by Unisem
RoHS Directive - Restriction on the use of ten substances including lead	<ul style="list-style-type: none">• We ensure compliance through annually conducted review and analysis, supported by documentations such as declaration letter, Certification of Compliance and Safety Data Sheets.• We engage with suppliers to facilitate their compliance. Once in every two years, suppliers are required to perform self-assessment and submit the relevant compliance documentation.• Each batch of supplies received is accompanied by the relevant test reports and certificates.
Business partner certification schemes - Restriction on the use of hazardous substances including lead and lead compound	<ul style="list-style-type: none">• Each Unisem site has obtained third party certification on the Sony Green Partner certification schemes.

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SUPPLY CHAIN MANAGEMENT

Responsible Supply Chain Management

Effective supply chain management is crucial in our business. Any major disruptions to our supply chain will result in serious repercussions such as missed deliveries and, shipment commitments, lost reputation and integrity, and negative impact on customer relationships. We aim to build a supply chain that is reliable, trustworthy, and shares the same ethical beliefs with respect to environmental management and human rights.

Unisem is dedicated to establishing a robust, sustainable, and responsible supply chain that aligns with our corporate responsibility values, incorporating the latest insights into the environmental and social impacts of our industry. This commitment is explicitly outlined in our CSR Policy and COE, accessible in multiple languages, including English, Bahasa Malaysia, and Chinese, and made available on our official website.

Our expectations extend to key direct material suppliers and service providers, who are required to affirm their commitment to the RBA Code of Conduct through a Letter of Conformance. Additionally, the Group annually disseminates a Business Ethics Letter to the key direct material suppliers and service providers to communicate the Group's expectations on business ethics. The Group actively engages with the key direct material suppliers, requiring their acknowledgment and endorsement of Unisem's Supplier Code of Conduct, thereby aligning with Unisem's corporate responsibility principles throughout our supply chain.

Conflict-free Minerals

Unisem Group recognises its obligation to guarantee the responsible sourcing of materials utilised in its products. The Group adheres to a Conflict Minerals Policy, prohibiting the procurement and utilisation of conflict minerals such as tantalum, tin, tungsten, and gold within its supply chain. This aligns with global initiatives to mitigate armed conflicts associated with resource extraction from regions including the Democratic Republic of Congo and neighbouring countries. The Conflict Minerals Policy is communicated to all pertinent suppliers and is accessible on our corporate website.

Established due diligence procedures are implemented to offer reasonable assurance regarding the responsible sourcing of tantalum, tin, tungsten, and gold used in our products, in alignment with the OECD Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The Responsible Minerals Initiative ("RMI") Conflict Mineral Reporting Template ("CMRT") has been adopted as a data tool for reporting and assessing the smelters within the Group's supply chain. Additionally, we mandate relevant suppliers to furnish written confirmation and complete the RMI CMRT.

Click [here](#) for the Policy on Conflict Minerals or visit our website at <https://www.unisemgroup.com/company-info/corporate-social-responsibility>

Fair Procurement Practices

Unisem upholds a Group Procurement Policy that oversees our procurement and tendering procedures, ensuring equitable management of our supply chain in accordance with our responsible supply chain policies. Additionally, we rigorously assess suppliers for potential conflicts of interest, implementing measures to protect our procurement process from collusion and price fixing. This includes evaluations of pricing, delivery timeliness, and the quality of products and services.

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Building Responsible Supply Chain via Engagement

We maintain close collaboration with suppliers to uphold the integrity of our supply chain. Our aim is to acquire a comprehensive understanding of our supply chain, which involves identifying instances of non-compliance, as well as environmental or social issues, such as:

- Human rights and labour standards, including safety and health standards, working hours, and freedom of association;
- Environmental management issues, including climate change and emissions, energy use, water use, biodiversity impacts, pollution management, waste management and reduction, resource use and integrated supply chain management; and
- Business ethics challenges or violations, such as anti-corruption.

Our engagement initiatives involve consistent communication and updates regarding pertinent policies and adherence to RBA standards. Additionally, we conduct programs to evaluate or audit key direct material suppliers, focusing on responsible practices, particularly in environmental and social aspects. When required, sessions and discussions are held with suppliers to assess and rectify gaps in meeting new regulations or requirements.

All new suppliers are screened via Unisem's due diligence process which considers environmental, social, and ethical aspects, from corruption and bribery to labour practices.

Environmental and Social Assessment in Supply Chain

All key direct material suppliers and service providers undergo holistic sustainability assessment via the RBA SAQ and VAP Operations manual for suppliers' audit, as follows:

SAQ	Suppliers Audit
<ul style="list-style-type: none">• Self-assessment• Part of Unisem's due diligence process and conducted for key direct material suppliers• Aims to identify high-risk areas and potential gaps against RBA Code of conduct	<ul style="list-style-type: none">• Conducted physical or virtual audit based on RBA VAP Operations Manual for key direct material suppliers and service provider• Audit focus and frequency depend on conformance level in past audits and overall performance against RBA standards and Unisem policies and standards

We conduct these assessments collaboratively, in coordination with our suppliers' assessments and audits through our ISO14001-certified Environmental Management System. Suppliers are required to address audit findings and submit corrective action plans using the Corrective Action and Preventive template. Unisem's audit team subsequently follows up to verify the implementation of the action plans before considering the audit findings resolved.

We have a network of 25 shared key direct material suppliers, with whom our direct material spending comprises 85% of the Group's total direct material procurement. Our supplier audit strategy aims to cover 80% of the 25 key direct suppliers in every two years. We also outsource some of Unisem's services, such as security, cleaning, canteen catering services, to the key service agents. As of 31 December 2023, we had performed audits on 9 key material suppliers and 5 key service agents.

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Year	Target Number of audits to be conducted		Number of audits completed	
	Key Material Suppliers	Key Service Agents	Key Material Suppliers	Key Service Agents
2021	10	-	10	2
2022	10	-	10	4
2023	10	4	9	5
2024	11	4		

In FY2023 we completed audits for 9 key material suppliers but fell short of the target by 1. The shortfall was a result of the closure of one of our key material suppliers. Our plans for the upcoming year involve efforts to achieve and surpass the missed target along with conducting audits for our key material suppliers early in the year.

Here is a summary of the key corrective actions taken by our key direct material suppliers based on audits conducted in FY2023:

RBA Category	Summary of key corrective actions
Labour	<ul style="list-style-type: none"> To maintain documentation as evidence of monitoring for compliance to 60 working hours per week and at least 1 day off per week To include and maintain harassment as part of new employee orientation programme or guidelines To conduct refresher training to employees on discipline requirement and practices
Occupational Safety and Health	<ul style="list-style-type: none"> Conduct periodic work inspections and enhance awareness on health and safety practices To install heat or smoke detector at chemical store
Management Systems	<ul style="list-style-type: none"> To review and encourage the performance of RBA VAP Third Party Audits and follow audit schedule To update RBA organisation chart to include Supply Chain Management element
Supply Chain Management	<ul style="list-style-type: none"> To communicate RBA requirements including indirect suppliers such as transporter, security, scheduled waste disposal vendors, labor agents and canteen workers

The status of implementation of corrective actions by suppliers as on 31 December 2023 is summarised as follows.

Status of implementation of Corrective Actions as on 31 December 2023	Audit Findings from FY2021 Audits	Audit Findings from FY2022 Audits	Audit Findings from FY2023 Audits
Implemented and verified by Unisem	100%	100%	95%

As of 31 December 2023, we have evaluated all of our key direct material suppliers for environmental and social impact via SAQ self-assessment results.

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	2021	2022	2023
Total number of shared key material suppliers	25	25	25
Environmental impact			
Number of suppliers assessed for environmental impacts*	25	25	25
Note: *assessed at least once in the past 3 years			
Number of suppliers identified as having significant actual and potential negative environmental impacts	0	0	0
Description of the significant and actual environmental impact identified	Not applicable	Not applicable	Not applicable
Percentage of suppliers identified as having significant actual and potential negative environmental impact with which improvements were agreed upon as result of assessment*	0% (0 / 25)	0% (0 / 25)	0% (0 / 25)
Note: *does not include closed cases where agreed-upon improvements have been implemented and verified by Unisem's audit team			
Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment	0%	0%	0%
Social impact			
Number of suppliers assessed for social impacts	25	25	25
Number of suppliers identified as having significant actual and potential negative social impacts	0	0	0
Description of the significant and actual environmental impact identified	Not applicable	Not applicable	Not applicable
Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment*	0% (0 / 25)	0% (0 / 25)	0% (0 / 25)
Note: *does not consider closed cases where agreed upon improvements have been implemented and verified by Unisem's audit team			
Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment	0%	0%	0%

Our contribution to the local economy and society


We uphold a well-rounded involvement and contribution to the local economy through activities such as procuring goods and services, providing local employment, and making corporate social responsibility contributions to the community. When feasible and economically viable, we prioritise local procurement to support businesses in the area and simultaneously contribute towards minimising emissions linked to transportation.

	Proportion of direct material spending on local suppliers (%)		
	2021	2022	2023
Unisem Malaysia	23.6%	23.3%	23.5%
Unisem Chengdu	29.9%	39.2%	37.9%
Unisem Group	26.9%	32.5%	33.9%

Note: * In relation to direct material spending, "local" is defined as the country in which the respective site is located.

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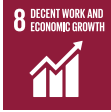

Striving for business prosperity, viability, and sustainability is essential for generating long-term value for both stakeholders and shareholders. It is imperative to maintain competitiveness in the market and strengthen our market position. At Unisem, our emphasis in this regard involves consistently exploring growth opportunities and enhancing our capabilities, capacity, products, and solutions.

- Relevant Material Sustainability Matters**
- Growing the Business
 - Technology and Innovation

Sustainability Performance Highlights

- Recorded negative revenue growth of 19.2% during the period
- Distributed economic value of RM380.0 million in wages and salaries; RM20.7 million in corporate tax; and RM129.0 million in dividends
- Achieved FY2023 target for Technology Road Map
- Completed all 3 R&D projects in Technology Road Map

Relevant SDGs:

BUSINESS PERFORMANCE

KPI	To achieve revenue growth		
	On-going growth of annual revenue		
Target			
Y-on-Y Revenue Growth	FY2021 20.0%	FY2022 13.6%	FY2023 -19.2%

Gartner Inc. reported that the Worldwide Semiconductor 2023 revenue recorded a decline of 11.1% from 2022. Due to the underperforming sector, which was driven by a challenging macroeconomic and geopolitical environment, in FY2023 the Group also recorded a decrease in revenue of 19.2% compared to 2022.

Nevertheless, the global economy and the semiconductor sector is anticipated to improve in 2024. To ensure long-term business viability and create value for shareholders, it is important for Unisem to continuously develop the business by looking into market expansion, diversification, and onboarding new customers. In line with the Group’s long-term growth plans, we completed the development of Phase 1 of our new Gopeng Plant in early 2024, paving the way for potential doubling of our production capacity in the near future.

Details of the Group’s financial performance and strategies on business growth are discussed in the *Chairman’s Statement*, *Management Discussion and Analysis*, and the *Audited Financial Statements* in the IAR23.

[Click here](#) or go to page 4 for *Chairman’s Statement*
[Click here](#) or go to page 70 for *Management Discussion and Analysis*
[Click here](#) or go to page 180 for *Financial Statements*

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The economic value generated and distributed by Unisem for the financial year is outlined as follows:

	2021 RM'000	2022 RM'000	2023 RM'000
Revenue	1,568,923	1,781,838	1,439,686
Local Procurement (Local: i.e., Malaysia for Unisem Malaysia and China for Unisem Chengdu)	163,345	191,237	207,009
Wages and salaries to employees	387,653	404,756	379,986
Corporate tax paid	7,137	11,527	20,727
Community Investments, Donations, and Non-Commercial Sponsorships	255	102	80
Dividends paid	64,388	96,785	129,046
Research and Development	6,663	8,954	8,074
Retained Earnings	852,613	1,127,126	1,070,225

In addition, we actively contributed to the local economy by creating employment opportunities. In Perak, Malaysia, Unisem stands as one of the largest private sector employers.

Proportion (%) of local hires amongst employees	Senior Management	Non-Senior Management
Unisem Malaysia	94.4%	73.7%
Unisem Chengdu	58.8%	99.8%

Note: * In relation to local employment, "local" means Malaysian for Unisem Malaysia and Mainland China Chinese for Unisem Chengdu.

QUALITY AND LEAN OPERATIONS

Ensuring quality and efficient operations is a fundamental aspect of our Strategic Priority - Pursuit of Operational Excellence and Quality Products and Services. We make substantial investments to achieve heightened productivity and maintain a consistently high level of production quality.

Our operations and processes align with International Quality Management Systems standards such as ISO 9001:2015 and TS 16949. Regular reviews and audits are conducted across all operation sites to uphold uniformity in production quality and efficiency. Beyond compliance with defined standards, we actively identify potential areas for improvement to continuously refine our processes.

To equip our employees with the skills necessary for optimal efficiency and quality operations, we provide comprehensive training. This includes regular sessions focused on enhancing problem-solving capabilities and fostering operational continuous improvement, incorporating techniques like Plan-Do-Check-Act, Design of Experiment, Technical Excellence, Poka Yoke, and Root Cause Analysis. Shopfloor employees undergo rigorous training and certification in accordance with ISO and automotive standard requirements.

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The principles of our operations and processes are translated into standard operating procedures, adhering to International Quality Management Systems standards such as ISO 9001:2015 and TS 16949. Routine reviews and audits of all operation sites are conducted to pinpoint potential areas for improvement, ensuring the steadfast quality of our products and services.

Embracing the Kaizen concept and initiatives since 2004, Unisem actively promotes continuous improvement. Employees are incentivized to participate in Kaizen, Technical Excellence projects, and Lean Big Win Initiatives, fostering strong engagement. These initiatives provide a platform for employees to cultivate and showcase their innovative skills, contributing to an integrated work culture where ideas are shared, and development is collective. Furthermore, they offer an opportunity to identify talents and skills, supporting the sustainability of our human and intellectual capital.

PUSHING OUR TECHNOLOGICAL BOUNDARIES

Technology and innovation are the enablers for product development. The market and our customers continuously demand for greater technological capability, and we are required to keep up with such demands through R&D of new technologies and products. Innovative solutions can also bring competitive edge without compromising other sustainability matters such as environmental or resource management.

In pursuit of Unisem's Vision, significant emphasis is placed on investing in cutting-edge technologies to facilitate the development of new products and services. The adoption of new and advanced technologies not only enhances our competitive advantage but also contributes to the expansion of our business.

The Group's Technology Road Map outlines Unisem's R&D focus across various time horizons, aligning with our R&D strategy to support the strategic priorities of Unisem. This roadmap, crafted in consideration of market and industry trends, also takes into account the future plans and innovation requirements of our customers.

In the FY2023, we have completed all 3 projects targeted for completion.

KPI	Progress of projects scheduled in Unisem Group's Technology Road Map
Target	Meeting the project completion timeline as scheduled
Performance	Completed all 3 projects targeted for completion in FY2023

Projects	Descriptions	Challenges	Target for Production Readiness	Progress as at 31 Dec 2023
Completed projects				
Embedded Thick Cu Heat Slug LGA	To enable high power device into laminate substrate based by utilising thick heat slug as the key dissipation of heat.	<ul style="list-style-type: none"> • Frame cost slightly higher • Limited supplier can provide the capability 	Quarter 4 of 2023	Completed. Technology changed to Plated Heat Slug (PHS), which has lower cost and better quality. Pending customer to design in.

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MANAGING OUR BUSINESS

Projects	Descriptions	Challenges	Target for Production Readiness	Progress as at 31 Dec 2023
Completed projects				
3L FC-MIS Package	As an alternate package for LGA 4-5 layers, which MIS will give more competitive cost, better package thermal resistance, and electrical performance.	<ul style="list-style-type: none"> Limited suppliers with capability Adoption of a new package in the market 	Quarter 4 of 2023	Qualification completed. This is part of the technology qualification for one Japanese customer.
Wettable Flank for SLP Automotive Products in Unisem Simpang Pulai Plant	One of the key requirements for Automotive products in leadless SLP package. Improving of PCB board mount AOI capability as well as 2 nd level board reliability.	<ul style="list-style-type: none"> Frame cost slightly higher New equipment is required 	Quarter 3 of 2023	Completed. One of the customer completed qualification and few customers are in the design and engineering stage.
Existing projects				
Power Stacked Module Packages	New innovation for power module package that required thicker inductor, which is needed for high power management devices.	<ul style="list-style-type: none"> Limited suppliers with capability Adoption of a new package in the market New equipment and tool is needed 	Quarter 3 of 2024	Completed samples build. Pending customer update on the application design in status.
Reversed SLP	To divert heat from traditional toward PCB board to top surface with the help of external heat sink/ air cooling.	<ul style="list-style-type: none"> Not a traditional assembly leadframe material and process flow 	Quarter 4 of 2024	Completed. Concept phase. Pending customer engagement.
3mils SLP Lead Frame	Continue to evolve thinner package for RF market and continue growth the LF design rules.	<ul style="list-style-type: none"> Leadframe cost is higher Limited supplier can provide the capability 	Quarter 3 of 2024	Concept phase.

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MANAGING OUR BUSINESS

Projects	Descriptions	Challenges	Target for Production Readiness	Progress as at 31 Dec 2023
New projects				
Stacked Die Thin BGA	To have MCU, Flash and Memory application capability and production in Simpang Pulai Plant.	<ul style="list-style-type: none"> Thin and big die size die bond handling Thin memory wafer grinding without polishing 	Quarter 2 of 2024	Qualification in progress.
FC-SOT563 & 583	New package development, which offers as an alternative source.	<ul style="list-style-type: none"> New equipment is required 	Quarter 3 of 2024	Pending equipment delivery.
SOIC-WB High Density	To offer new high density SOIC-WB package as an alternative source. This is aim for automotive application especially for Power Management products.	<ul style="list-style-type: none"> New equipment is required 	Quarter 4 of 2024	Discussion stage.
3D Package Power Package	To develop new 3D package for higher power management devices mainly for high end GPU application.	<ul style="list-style-type: none"> New equipment is required Adoption in the market 	Quarter 4 of 2024	Discussion stage.
Compression Mold	To assess compression mold for BAW filter SiP, big FC die in LGA or BGA packages and wafer molding.	<ul style="list-style-type: none"> New equipment is required 	Quarter 4 of 2024	Concept phase.

The highlights of Unisem's key projects and R&D technological achievements during the year are summarised below:

1. Successfully introduced Plated Heat Slug (PHS) technology into laminate substrate products to enhance the power performance of the incremental needs of Power Management Devices.
2. Successfully achieved a breakthrough challenge on 3L MIS technical challenge for Flip Chip packages. Also penetrated the market of Japanese customer for the adoption into this new package solution.
3. Successfully qualified Unisem Ipoh as an alternate source to Unisem Chengdu as part of the Business Contingency Plan especially on Automotive Product. This capability enables Unisem Ipoh to have SLP with Wetable Flank solution.
4. A total of 35 new processes and materials were qualified in 2023 to meet customer needs. To date, Unisem has obtained 31 patents.

Sustainability Report

MANAGING OUR BUSINESS

R&D Expenditure

In FY2023, Unisem Group has invested RM8.1 million in R&D programs, representing close to 1% of the Group's revenue.

Unisem Group R&D expenditure	2021	2022	2023
Unisem Group R&D expenditure (RM'000)	6,663	8,954	8,074
R&D expenditure as a percentage of Unisem Group revenue (%)	1%	1%	1%

SAFEGUARDING OUR INFORMATION TECHNOLOGY SYSTEM

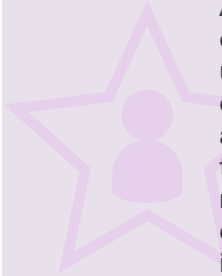
Unisem operates within a highly digitized business environment, dealing with various confidential data such as intellectual property, personal information, and customer data. Protecting this information is crucial for maintaining customer trust and ensuring business continuity, especially given the increasing sophistication of cybersecurity threats and attacks.

To address these challenges, we have implemented a series of internal controls, tools (including anti-virus software, firewalls, email filtering, etc.), policies, and procedures to safeguard Unisem's IT systems and infrastructure. The IT Support function is responsible for overseeing the implementation of these controls, continuously evaluating and upgrading relevant systems, and enhancing measures to counteract cyber threats. Cybersecurity is systematically assessed, managed, and monitored through Unisem's ERM process.

In FY2023, we initiated an effort to involve external consultants in reviewing and monitor the integrity and security of our IT systems. This included assessments, enhancements, continuous monitoring, and proactive detection of potential virus attacks. Additionally, ongoing efforts were made to enhance our firewall and anti-virus software.

It is noteworthy that, during the financial year under review, while some deficiencies were identified, it is important to highlight that all of them have been remediated with the implementation of relevant solutions.

OUR FOCUS ON CUSTOMERS



At Unisem, we embrace a customer-centric approach in delivering our products and services. What distinguishes us is our core differentiation strategy centered around customer intimacy. We are committed to growing alongside our customers, continually evolving to meet their present and future requirements. This symbiotic relationship is grounded in trust and a dedicated commitment to safeguarding customer interests, including data privacy and confidentiality.

Relevant Material Sustainability Matters

- Growing the Business
- Customer Satisfaction
- Customer Privacy and Data Protection

Sustainability Performance Highlights

- Missed 90% score for customer satisfaction target
- No fines or complaints received from outside parties or regulatory bodies

Relevant SDGs:



SERVING OUR CUSTOMERS

Customer Relationship Management

Unisem prides itself as a customer centric organisation. We understand that customers satisfaction and loyalty are key in developing long term partnership. Keeping customers satisfied is our number one priority and is a fundamental building block to growing the business.

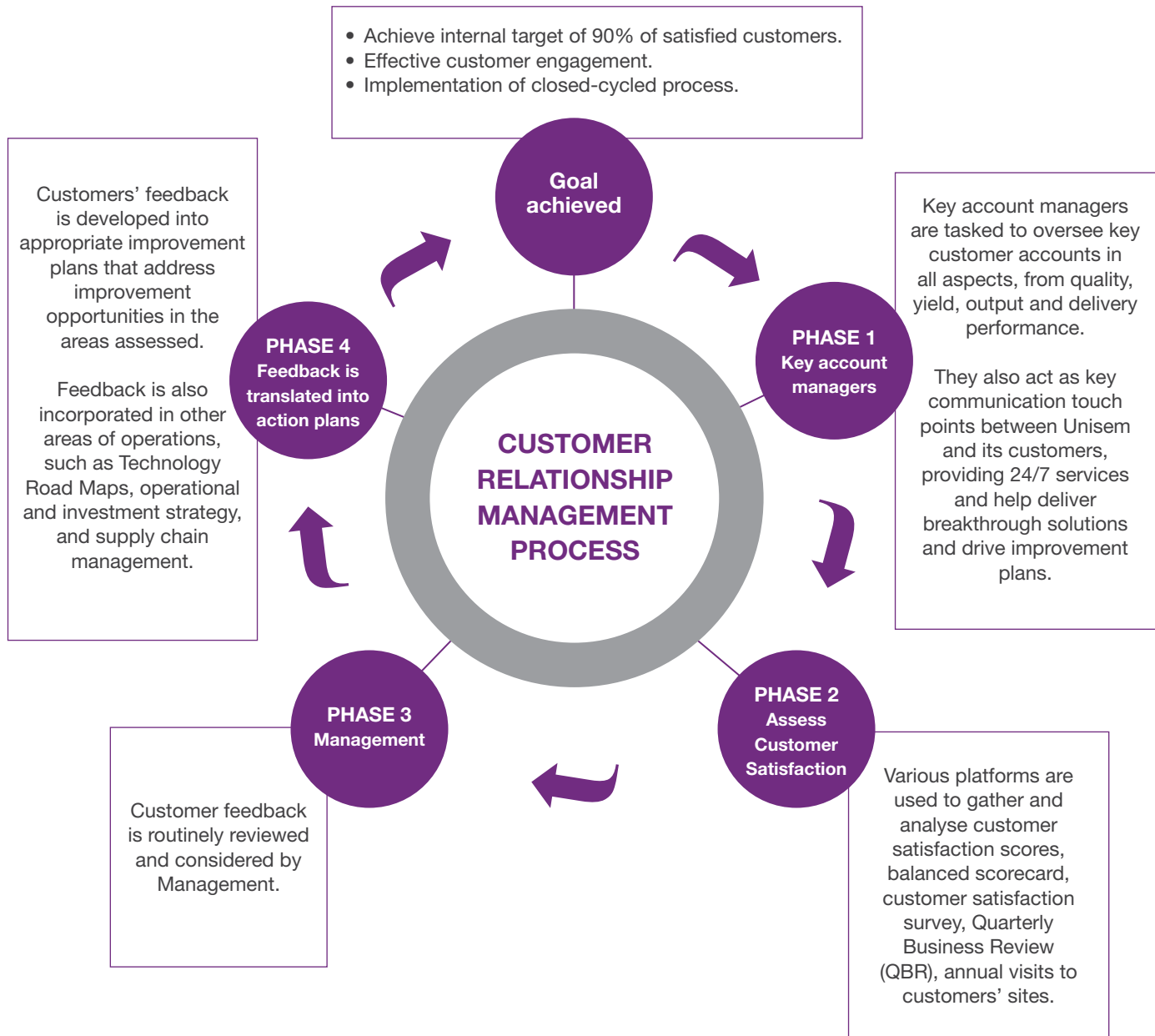
Unisem's dedicated customer account managers and teams deliver focused and attentive support to our key accounts. These account managers play a strategic role in fostering long-term collaborative business partnerships, bridging alignment and capabilities between Unisem and its customers, as well as business associates within the supply chain. Operating globally, Unisem's customer management teams offer 24/7 services to ensure comprehensive support. These teams undergo regular professional and technical training, reinforcing our commitment to being a one-stop solution provider.

Utilising our established Customer Relationship Management process, we gain insights into our customers' needs, including specified yield and performance levels, enabling us to provide tailored advice and breakthrough solutions. Regular meetings are conducted throughout our service to keep customers informed about production progress, and we actively seek their feedback through performance scorecards. Customer feedback is integral to our continuous improvement process, underscoring our dedication to incorporating valuable insights from our customers.

Sustainability Report

OUR FOCUS ON CUSTOMERS

Our Customer Relationship Management process is summarised in the following diagram.



Sustainability Report

OUR FOCUS ON CUSTOMERS

Engagement and Collaboration with Customers

Unisem has implemented diverse channels and structured communication strategies to advance its customer engagement objectives. Customer satisfaction levels are evaluated using formal balanced scorecards and internally developed customer satisfaction surveys, benchmarked against our baseline KPIs.

The subsequent table delineates additional significant engagement activities that Unisem undertakes with its customers.

Customer Engagement Platforms	Frequency	Details
Balanced scorecard	Quarterly	<p>Around 80% of key customers evaluate Unisem’s performance via their own balanced scorecard. Evaluation results are usually shared with Unisem to identify areas where we can further improve or grow together.</p> <p>Unisem does not set a general performance target for the purpose of this Report due to the different assessment and criteria used by each key customer.</p>
Customer satisfaction survey	Yearly	<p>Unisem as an internally developed survey form to assess the satisfaction of the other 20% of its key customers who do not use a balanced scorecard approach.</p> <p>Unisem targeted to achieve 90% of key customers reporting a minimum Customer Satisfaction score of 80% for 90% of key customers.</p>
Quarterly Business Review (“QBR”)	Quarterly	QBR is conducted by key customers to convey their report card on their suppliers’ performance, business opportunities, and roadmaps.
Meeting with customers	Annually	Top management and the technology and marketing teams meet with key customers located in the United States of America, Europe, and Asia to strengthen customer relationships and align the Technology Road Map.

In the financial year under review, Unisem Group attained a customer satisfaction score of 81%, which is slightly under our target of 90%. All identified shortcomings and areas for potential improvement were thoroughly discussed with our customers, leading to the formulation of action plans. Taskforces were established to address specific issues as needed.

KPI Target	Satisfaction of key customers		
	90% of key customers with customer satisfaction score of 80%		
Performance	FY2021	FY2022	FY2023
	90%	92%	81%

We take pride in the value we provide to our customers, a recognition demonstrated through outstanding awards and best supplier appreciations, as outlined below:

- MPS FY2022 Best Suppliers for Unisem Chengdu;
- Spintrol Electronic Technology FY2023 Excellent Core Partner Award for Unisem Chengdu;
- SGMICRO FY2023 Best Suppliers for Unisem Chengdu; and
- SEMCO FY2023 Outstanding Services Award for Unisem Ipoh.

Sustainability Report

OUR FOCUS ON CUSTOMERS

PROTECTING OUR CUSTOMERS' PRIVACY AND DATA

In recent years, Unisem noticed the acceleration of various trends revolving around remote working, e-commerce and automation, which propelled the adoption of digital technologies and infrastructure. This has made customer's data more susceptible to cybersecurity risks. Consequently, the Group has a responsibility to manage the growing threat of cyber-attacks on Unisem, including protecting customer's sensitive information, to prevent any leaks, threats or loss of customer information.

Safeguarding customer's proprietary information, intellectual assets, and data is a foundational commitment within our customer relationship management. Unisem has a dedicated "IT Acceptable Use Policy" to regulate the responsible use of data, covering aspects such as data access, transfer, and management. Employees receive regular reminders emphasising the significance of responsibly handling and protecting customer's data, along with the consequences of breaches or violations.

The key internal controls implemented by Unisem to govern customer privacy and data protection are summarised as follows:

Key internal controls implemented by Unisem to protect customer privacy and data

To protect the confidentiality of proprietary information, all employees are required to comply with the Unisem COE and sign a Non-Disclosure Agreement.

Adhering to strict protocols in ensuring all proprietary information in e-wastes are scrapped prior to disposal. Ensuring the secured scrap disposal process for the disposal of defective products and e-waste complies with the Group's internal scrap procedures.

Securing all computers, laptops, and workstations are equipped with password-protected screensaver, anti-virus software, Security Endpoint Protection Software, and firewall.

Protecting the confidentiality of information of all parties through the signing of Non-Disclosure Agreements between Unisem and its contractors, suppliers, and service providers.

Provision of training to employees to enhance skillsets on data protection and security.

Throughout FY2023, no fines or complaints were received from external parties or regulatory bodies. Additionally, there were no reported incidents of leaks, theft, or loss of customer data that came to our attention.

Number of substantiated complaints concerning breaches in customers privacy or data loss

	2021	2022	2023
Unisem Malaysia	0	0	0
Unisem Chengdu	0	0	0

OUR PEOPLE

Ensuring the safety of our employees is our paramount corporate responsibility, a principle encapsulated in our motto, “We Care, We Can”. This commitment extends to all individuals, including employees and visitors, who should be shielded from any harm or injury arising from our business operations. Human capital has played a pivotal role in Unisem’s growth journey, and our ability to cultivate and nurture in-house talents has proven successful, thanks to our strategic geographic location.

We strictly adhere to labour laws, regulations, and international labour standards where applicable. We also hold our key material suppliers to the same high standards. Additionally, our goal is to consistently maximise our positive impact and actively engage with the local community whenever and wherever feasible.

Relevant Material Sustainability Matters

- Growing the Business
- Technology and Innovation
- Occupational Health and Safety
- Employee Development and Diversity
- Human and Labour Rights
- Local Communities

Sustainability Performance Highlights

- All employees trained on labour standards and human rights issues
- 3.75 employee satisfaction score in FY2023 against a target of 3.80
- No incidents of significant human rights or labour standards violations
- 79.5% employees having minimum 6 hours training against a target of 75%
- Kept injury frequency rate below maximum range of 2.0 - FY2023: 0.93
- 14.0% and 33.2% annual turnover rate for Unisem Malaysia and Unisem Chengdu in FY2023 against targets of 25.0% and 45.0%, respectively
- 713 employees received long service awards in FY2023

Relevant SDGs:



UPHOLDING HUMAN RIGHTS AND LABOUR STANDARDS

As a responsible organisation, Unisem is always committed to protecting and respecting human rights across business operations. The group believes that strong human rights practices with fair and ethical treatment will help in improving productivity and promoting a healthy working culture.

We are steadfast in our unwavering commitment to safeguarding human rights across all our operations, a principle explicitly outlined in our CSR Policy and COE. Unisem proactively addresses human rights risks within its operations and supply chain through comprehensive processes of risk identification, assessment, and management.

Sustainability Report

OUR PEOPLE

Our commitment to human rights and labour standards, aligned with the RBA Code of Conduct, is seamlessly integrated into our human capital management principle encapsulated in our motto “We Care, We Can”.



Labour practices and human rights across our operating sites, including the supply chain and significant investment agreements and contracts (such as crucial arrangements for the sourcing of key materials or manpower), are primarily supervised by the Labour Working Committees at the respective sites. These committees conduct labour and human rights risk assessments and reviews on an annual basis at minimum. Internal controls and processes for managing risks related to human rights and labour standards are embedded in Unisem’s business operations, particularly within our employment practices and those of our key suppliers. Through our due diligence and regular reviews, both new and existing suppliers undergo screening to proactively prevent adverse human rights impacts within our supply chain.

See how we are assessed for labour practices and human rights. Click [here](#) or go to page 96 for Our RBA Obligations. See how we manage our supply chain. Click [here](#) or go to page 99 for Supply Chain Management.

Sustainability Report

OUR PEOPLE

We ensure personnel responsible for managing manpower are informed and trained on acceptable human rights and labour standards. This is achieved through our new employees' orientation program and refresher courses focusing on humane treatment and labour standards.

	2021	2022	2023
Total hours trained on labour standards and human rights issues	2,323	3,123	2,855
Percentage of employees trained on labour standards and human rights issues	99.8%	100%	100%

Apart from conducting SAQ and VAP assessments on Unisem, independent internal audits from RBA WC are carried out on our operations to identify any existing gaps. Any instances of human rights violations or labour-related issues can be reported in accordance with the guidance in the WBEC Policy.

As per the third-party assessments and audits conducted in FY2023, our operations pose no risks of violating employees' rights to freedom of association and collective bargaining, engaging in child labour practices, or enforcing forced or compulsory labour. No incidents of human rights violations or significant breaches of labour standards were observed within the Group.

Number of substantiated complaints concerning human rights violations	2021	2022	2023
Unisem Malaysia	0	0	0
Unisem Chengdu	0	0	0

EMPLOYEE DIVERSITY

Equal Treatment and Opportunities

Unisem is committed to its COE and the RBA Code of Conduct and prides itself with providing equal employment opportunities and non-discrimination. We see strength in workforce diversity and innovation in a highly competitive environment which is constantly evolving.

We uphold a policy of non-discrimination, ensuring that no individual is treated unfairly based on race, colour, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information, or marital status. This commitment to non-discrimination and equal employment opportunity is explicitly outlined in Unisem's COE and is consistently implemented in our hiring and employment practices. Ensuring equitable opportunities in employees' career development, remunerations, benefits, and welfare aligns with the integrated focus of our Vision, Mission, and Core Values.

		Male		Female	
		Permanent	Fixed-term Contract	Permanent	Fixed-term Contract
Unisem Malaysia	2023	1,152	17	1,170	815
	2022	1,146	16	1,285	910
	2021	1,122	13	1,361	875
Unisem Chengdu	2023	402	964	520	738
	2022	356	962	469	954
	2021	418	962	485	723

Sustainability Report

OUR PEOPLE

Percentage of permanent and contract-based employees		2021	2022	2023
Unisem Group	Permanent employees (Full-time)	57%	53%	56%
	Contract-based employees (Full-time)	43%	47%	44%

Approximately 26% of the workforce at Unisem Malaysia consists of contract-based employees, with a majority being foreign nationals for whom accommodation is provided. We give special attention to this employee category, ensuring human rights and labour standards assessments and reviews are conducted to prevent discrimination and guarantee the same basic human rights as for all other employees. Irrespective of nationality, all non-Executives and Operators at Unisem Malaysia are represented by an in-house union, and they fall under collective bargaining agreements reviewed by the union every three years. Unisem Chengdu contract-based employees are made up of professional expatriates.

We actively embrace diversity within our employee base, as detailed in the table below, with a subsequent breakdown of employment by gender and employment types, i.e., permanent contracts and fixed-term contracts. It's important to note that we do not employ part-time employees.

Number (Percentage)*	< 30 years old		30 - 50 years old		> 50 years old		Total	
	M	F	M	F	M	F	M	F
Board members	0	0	3	2	4	2	7 (64%)	4 (36%)
	0 (0%)		5 (45%)		6 (55%)		11	
Senior Management	0	0	15	3	34	1	49 (92%)	4 (8%)
	0 (0%)		18 (34%)		35 (66%)		53	
Management	0	0	42	12	25	7	67 (78%)	19 (22%)
	0 (0%)		54 (63%)		32 (37%)		86	
Executives	166	15	296	283	46	19	508 (61%)	317 (39%)
	181 (22%)		579 (70%)		65 (8%)		825	
Non-Executives	472	145	799	290	53	5	1,324 (75%)	440 (25%)
	617 (35%)		1,089 (62%)		58 (3%)		1,764	
Operators	354	1,348	231	1,023	2	92	587 (19%)	2,463 (81%)
	1,702 (56%)		1,254 (41%)		94 (3%)		3,050	
Total**	2,500		2,994		284		5,778	

Note:

* The percentage of employees in certain age group/gender in relation to the total number of employees in the employee category.

** Excluding figures at "Board members" category.

For historical data of employees in percentage by age group/gender in relation to employee's category, refer to our Performance Data Table for The Group.

Sustainability Report

OUR PEOPLE

Proportion of female employees is higher at the Operators category while proportion of male employees is higher at non-Executives category and above. This is attributed to the job nature for semiconductor manufacturing environment where female production operators are more suited to the dexterity requirement. For non-Executives and above, the diversity spread leans towards more male employees mainly due to limited proportion of women engineers in the field, especially mechanical, electronic and electrical and computer engineering.

Nevertheless, we guarantee equitable remuneration for all employees, providing compensations and benefits that align with their competency, capabilities, roles and responsibilities, free from discrimination or gender bias. The wider gap observed between male and female employees at the Management level and above is influenced by the higher number of male Management personnel, as explained earlier.

Ratio of basic salary	Female			Male		
	2021	2022	2023	2021	2022	2023
Unisem Malaysia						
Senior Management and Management	0.53	0.70	0.60	1.00	1.00	1.00
Executives and Non-Executives	1.01	1.03	1.00	1.00	1.00	1.00
Operators	1.25	1.25	1.05	1.00	1.00	1.00
Unisem Chengdu						
Senior Management and Management	0.62	0.63	0.63	1.00	1.00	1.00
Executives and Non-Executives	1.03	0.97	1.02	1.00	1.00	1.00
Operators	1.11	1.06	1.03	1.00	1.00	1.00

OCCUPATIONAL HEALTH AND SAFETY

Unisem's commitment to providing a safe and healthy working environment is outlined in our CSR Policy and further emphasised in our Safety and Health Policy, serving as a fundamental principle for our operations. This is to avoid injuries and illnesses among the employees and ultimately helps in improving the efficiency and output of the Group.

We address health and safety through a management system that includes elements such as risk identification and assessment, control monitoring and review, and continuous improvement. All facilities within the Unisem Group hold ISO 45001:2018 Occupational Health and Safety Management System Standards certification.

We actively encourage employee participation in our safety and health management processes. This allows us to gather perspectives from those directly impacted or exposed to safety and health risks, fostering awareness among employees about preventing injuries, illnesses, and other occupational safety risks in their daily work activities.

Our Occupational Safety and Health Management System

Each operating site's Health and Safety Working Committee, led by senior management from the respective Facility Departments, comprises members including other Management personnel and representatives of workers involved in day-to-day operations. These committees adhere to accredited international standards, overseeing and monitoring health and safety management at each site. Responsibilities include safety and health-related risk assessment and management, compliance matters, audit, and investigations, as well as managing complaints and grievances. The committees ensure the implementation of relevant health and safety action plans.

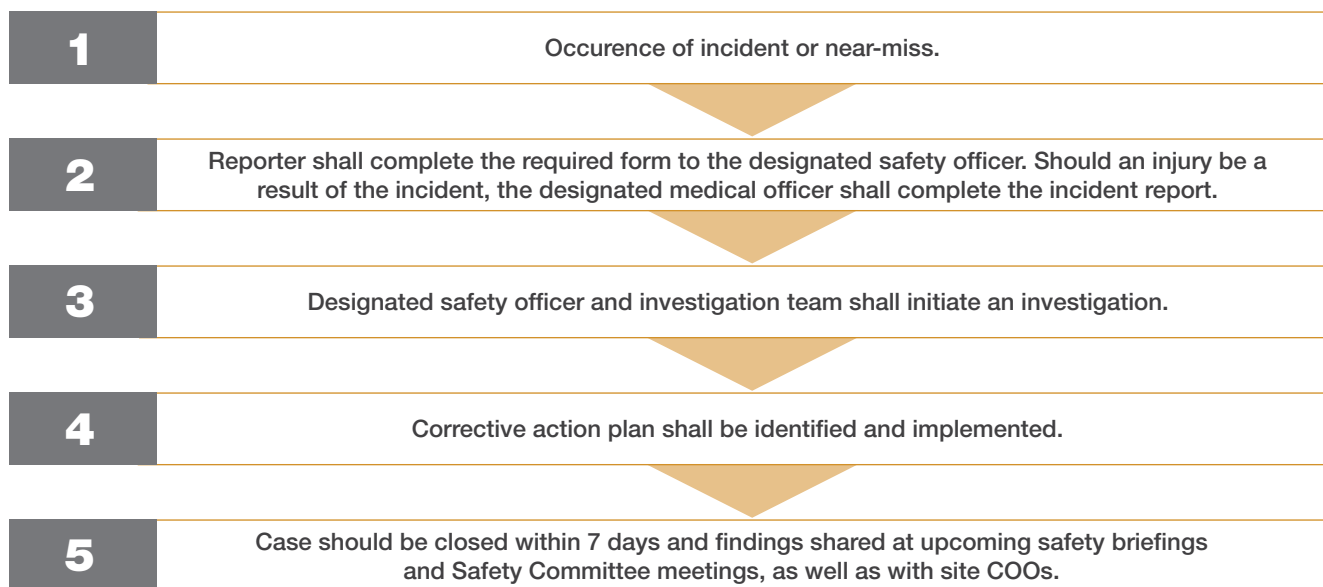
Sustainability Report

OUR PEOPLE

Meetings of the Health and Safety Working Committees are generally held monthly, reporting safety performance to the ESGWC quarterly. Following a risk-based approach, Hazard Identification, Risk Assessment, and Risk Control (“HIRARC”) reviews are conducted annually or as required. This process considers past incidents, the competency of personnel in operational activities and monitoring, and existing controls. It also explores opportunities for process improvement, such as increased automation to reduce human contact.

Regular updates on the Health and Safety Working Committee’s activities, including HIRARC review outcomes, progress of action plans, and management performance of risk indicators, are provided to the site COOs.

Incident Response and Reporting of Unsafe or Unhealthy Work Conditions:



We have established policies and procedures to provide guidance to employees on the appropriate actions to take in the event of incidents, ensuring that employees can follow predefined processes.

In such situations, employees are obligated to prioritise their safety, promptly removing themselves and others from potentially hazardous situations that could lead to injury or illness. Subsequently, they must report immediately to the designated safety officer or individuals in charge of the initiation of emergency responses. All incidents will be accurately reported, documented, and thoroughly investigated, leading to the implementation of corrective actions. The Health and Safety Working Committee and site COO will closely monitor the case and the relevant action plans until they are satisfactorily resolved.

The Group assures employees that there will be no retaliation for genuine responses and incident reporting carried out in accordance with established policies and procedures. This commitment, including the protection of employees who remove themselves from their work positions to ensure their safety and health, is explicitly outlined in our COE and WBEC Policy.

For cases involving serious violations or breaches of the Group’s safety and health policies and procedures, employees can utilise the reporting mechanisms outlined in the WBEC Policy.

Click [here](#) to WBEC Policy or visit our website at <https://www.unisemgroup.com/company-info/corporate-social-responsibility>

Sustainability Report

OUR PEOPLE

Employee Safety and Health Monitoring and Support

Unisem actively promotes awareness of occupational and non-occupational health and safety among its employees. We offer healthcare benefits, including health screenings, health and safety talks, and access to medical treatment from panel clinics.

In Unisem Chengdu, our facility is conveniently located near medical facilities. In Unisem Malaysia, we maintain an in-house 24-hour clinic staffed with experienced industrial nurses and visiting doctors for medical consultation and treatment. When needed, Unisem seeks advice from these healthcare professionals to identify and manage occupational safety and health risks arising from our operations.

Safety and Health Training

Consistent and continuous training stands as a fundamental pillar within our safety and health management system. We prioritise additional efforts to ensure that employees exposed to elevated safety and health risks receive comprehensive training to effectively prevent, manage, and navigate workplace hazards. Our health and safety training programs encompass:

- Customised training for distinct employee groups, targeting specific work activities and the associated health and safety risks.
- General safety and health training, fostering awareness and providing education to employees on both occupational and non-occupational health and safety matters.

The Facility Departments meticulously review and develop annual safety and health training programs. These programs take into account HIRARC assessments, incident reports, and incorporate updates reflecting operational, industry, regulatory changes, and the overall health and safety performance of the Group.

In FY2023, we have conducted a series of trainings related to safety and health covering the following topics:

- Radiation safety and protection
- Machine testing
- Chemical and electrical safety precaution
- Ergonomic and material handling
- Fire and gas Emergency Response Program procedures
- Hazardous Substance Process Management
- Occupational health awareness
- Enterprise safety production management
- Electrostatic protection system
- Safety and fire protection
- Work injury promotion and training
- X-R safety precaution for X-R Handler, X-R Operator and X-R ERT
- Chemical Spillage, Handling & Storage
- Fire Prevention
- ISO Requirement for hazard identification risk assessment risk control
- Safety Culture
- HIRARC

With FY2023 being the first year the Group compiled on the number of employees trained on health and safety standards, the Group has noted that a total of 6,625 participants were given various trainings on health and safety standards.

Number of employees trained on health and safety standards	2021	2022	2023
Unisem Group	-*	-*	6,625

Note: * We initiate the data collection process in FY2023.

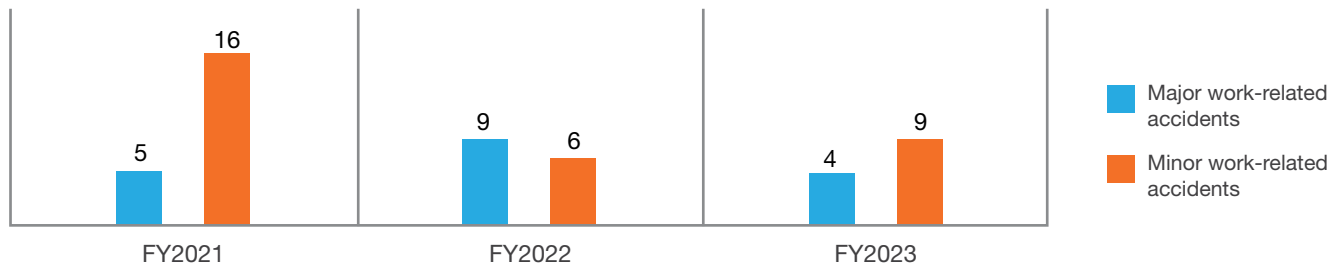
Sustainability Report

OUR PEOPLE

Performance on Workplace Safety

The Group’s major and minor work-related accidents are summarised as follows:

NUMBER OF MAJOR AND MINOR WORK-RELATED ACCIDENTS



Note:

- Major work-related accidents - accidents causing employees to be on medical leave for more than four days; and
- Minor work-related accidents - accidents causing employees to be on medical leave for at least one day to up to four days.

All recordable accidents underwent thorough investigation to pinpoint the root causes of the incidents. This investigation process was instrumental in shaping our subsequent actions, which encompassed the refinement of safety controls, facility maintenance, and ongoing training programs. In addition to these efforts, we have implemented various initiatives aimed at fortifying our safety environment. These include meticulous on-site management and storage of chemicals and personal protective equipment, rigorous workplace inspections, and comprehensive assessment of machinery and work procedures. Furthermore, we have instituted stringent radiation monitoring protocols to further enhance safety across our operations.

We are pleased to report no recorded cases with high consequence work-related injury* during the reporting period.

During the financial year under review, we recorded 10 mild or moderate temporary hearing impairment cases with our employees. In response to these cases, we re-emphasised proper use of hearing PPE as well as conducting regular hearing check and test on employees working in the relevant facilities.

Note: * Work-related injuries is an injury that results in a fatality or an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months. (GRI 403 - Occupational Health and Safety 2018)

Injury Frequency Rate

Unisem continued to maintain its injury frequency rate within its target range of below 2.00 accidents per million hours worked at 0.93 for FY2023. There were no fatalities arising from occupational health and safety incidents.

KPI	Injury frequency rate for industrial accidents		
	Injury frequency rate for industrial accidents below 2.00 accidents per million hours worked*		
Target			
Performance	FY2021 1.44	FY2022 1.03	FY2023 0.93

Note: * Injury frequency rate is calculated as [(total no. of work-related accidents/total no. of man-hours worked)*1,000,000], as in line with definition by the Malaysian Department of Occupational Safety and Health (DOSH)

Sustainability Report

OUR PEOPLE

	2021	2022	2023
Fatality rate	0	0	0
Loss Time Incident/Severity Rate ("LTIR")*	25	15	6
Major Occupational Accidents	5	9	4
Minor Occupational Accidents	16	6	9
Total Recordable Work-Related Injuries	21	15	13

Note: * Lost Time Incident/Severity Rate is calculated as [(total no. of lost work days /total no. of man-hours worked)*1,000,000]

COMMUNICATIONS AND ENGAGEMENTS WITH EMPLOYEES

At Unisem, our employees are an integral part of our human capital and a crucial stakeholder group with shared interests and dependencies. Guided by our core belief and mindset encapsulated in our motto "We Care, We Can", we are committed to fostering a mutually beneficial relationship with our employees. In this partnership, we strive to align our interests as closely as possible and maintain transparent communication regarding our objectives and strategies, with a particular focus on sustainability.

Unisem maintains a spectrum of engagement channels, each tailored to specific objectives. These platforms not only serve to motivate employees to actively contribute to our strategic pursuit of operational excellence and continuous improvement but also function as vital feedback conduits. They enable us to gain deeper insights into our employees' experiences and the challenges they may encounter at work. Moreover, these channels play a pivotal role in nurturing team coordination and fostering a strong team spirit, ultimately facilitating enhanced integration among various functions within the Group.

The outcomes and significant issues desired from these employee engagements play a pivotal role in shaping our business decisions. Prior to implementing substantial operational changes that could significantly impact our employees, we ensure timely and transparent communication. When deemed necessary and appropriate, we also engage in consultation with our employees in the event of significant decisions.

Furthermore, our commitment extends beyond safeguarding the fundamental rights of our employees in areas such as human rights, labour standards, and occupational safety and health. We are equally dedicated to supporting our employees by offering initiatives that improve their livelihoods and foster personal and professional development.

A summary of Unisem's key employee engagement activities is as follows:



Sustainability Report

OUR PEOPLE

Grievance Mechanisms

Our internal grievance reporting mechanism, overseen by the Human Resource Department, serves as a vital channel for employees to voice their concerns, seek clarification, and obtain timely resolutions. This mechanism is designed to facilitate open communication, enabling employees to address workplace disputes and disagreements. The goal is to foster mutual understanding of interests between the business and its employees.

In addition to addressing day-to-day concerns, our grievance mechanism is committed to handling more severe issues, including serious misconduct and breaches of laws and regulations. Instances such as misappropriation of funds or data, bribery, or kickback arrangements fall under the purview of our whistleblowing mechanism. This ensures that employees have a secure and confidential means to report significant violations, contributing to the maintenance of a transparent and accountable organisational culture.

Click [here](https://www.unisemgroup.com/company-info/corporate-social-responsibility) to WBEC Policy or visit our website at <https://www.unisemgroup.com/company-info/corporate-social-responsibility>

EMPLOYEE WELFARE

Our commitment to employee well-being is reflected in our efforts to cultivate a supportive work environment that prioritises career satisfaction, fair remuneration, work-life balance, and ongoing personal and professional development. Through dedicated employee engagement channels, we gain valuable insights into their needs, enabling us to create initiatives that foster a mutually supportive and beneficial relationship.

Across all our operating sites, we have invested in services, facilities, and amenities to ensure a conducive and comfortable working environment. This includes universally accessible car parks for individuals with disabilities, dedicated mother’s rooms, and ample resting areas, with a focus on spaces for female employees. Moreover, we offer a range of sports and recreation programs and facilities to encourage a healthy work-life balance and active lifestyles among our employees.

To attract and retain top talent, we have implemented competitive compensation and employee benefits packages, benchmarked against industry practices and market conditions. In addition to mandatory medical insurance and social security, employees receive additional insurance coverage and benefits as stipulated by law.

In the FY2023, all employee activities are back to the pre-pandemic phase, given that COVID-19 was brought under control and classified as endemic.

Some of the Group’s key compensation and employee benefits are summarised as follows:

COMPENSATION AND BENEFITS			
Benefits Required by Law		Insurance / Medical Coverage	
Unisem Chengdu	Unisem Malaysia	Unisem Chengdu	Unisem Malaysia
<ul style="list-style-type: none"> social insurance housing funds annual, sick, marriage, funeral, maternity and paternity leave 	<ul style="list-style-type: none"> minimum wages order contribution to the employees’ provident fund, in line with local regulations contribution to employees’ social security provision of annual leave and other leaves 	<ul style="list-style-type: none"> social insurance commercial insurance 	<ul style="list-style-type: none"> personal accident insurance coverage child delivery subsidies medical benefits for outpatient, specialist and hospitalisation

Sustainability Report

OUR PEOPLE

FACILITIES AND PRIVILEGES

Unisem Malaysia

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • surau • 24-hour canteen • mini mart operated by Koperasi Pekerja-Pekerja Unisem (M) Berhad • gated parking space • library • in-house clinic with full-time industrial nurses • dedicated lactation room for breastfeeding mothers | <ul style="list-style-type: none"> • hostel for operators who do not have homes in Ipoh • dedicated parking spaces for our special needs employees (those with disabilities) and pregnant women • dedicated rest area for female workers • At Unisem Malaysia, employees are entitled to a salary advance of up to 35% of their monthly salary during festive periods. Flexible working hours are also made available to support a healthy work-life balance |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Unisem Chengdu

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • gated parking space • dedicated lactation room for breastfeeding mothers • hostel for operators who do not have homes in Chengdu | <ul style="list-style-type: none"> • dedicated parking spaces for our special needs employees (those with disabilities) and pregnant women • dedicated rest area for female workers |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

SPORTS & RECREATION List of Activities / Event Organised

Unisem Malaysia

- Gotong-Royong Madani Sekolah Kementerian Pendidikan Malaysia 2023
- National Day celebration with surrounding schools in Simpang Pulai District, Ipoh
- University Student Visit
- Chinese New Year celebration - Lion Dance

Unisem Chengdu

- Inter-department sport activities - badminton, yoga, running, handicraft and football
- Sports Day
- Health talk
- Annual spring outing

EMPLOYEE DEVELOPMENT

Unisem is dedicated to fostering the continuous growth of its workforce through comprehensive employee development and training programs. These initiatives aim to ensure that employees possess the requisite skills and knowledge to effectively fulfill their roles and responsibilities. Moreover, we place a strong emphasis on nurturing new talent and enhancing the skills of our staff to drive innovation and maintain a competitive edge, aligning with Unisem's long-term objectives. Our commitment extends to providing opportunities and support for the holistic personal and professional development of every employee.

The identification of employees' training needs is a collaborative effort involving the Training Departments of Unisem Malaysia and Unisem Chengdu, along with the heads of relevant departments. These assessments consider individual career aspirations, discussed during the annual employee performance appraisal sessions. The resulting training schedule is reviewed annually to ensure alignment with both organisational goals and employees' developmental needs.

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The following shows the total number of training hours undertaken by different categories of active employees as at 31 December:

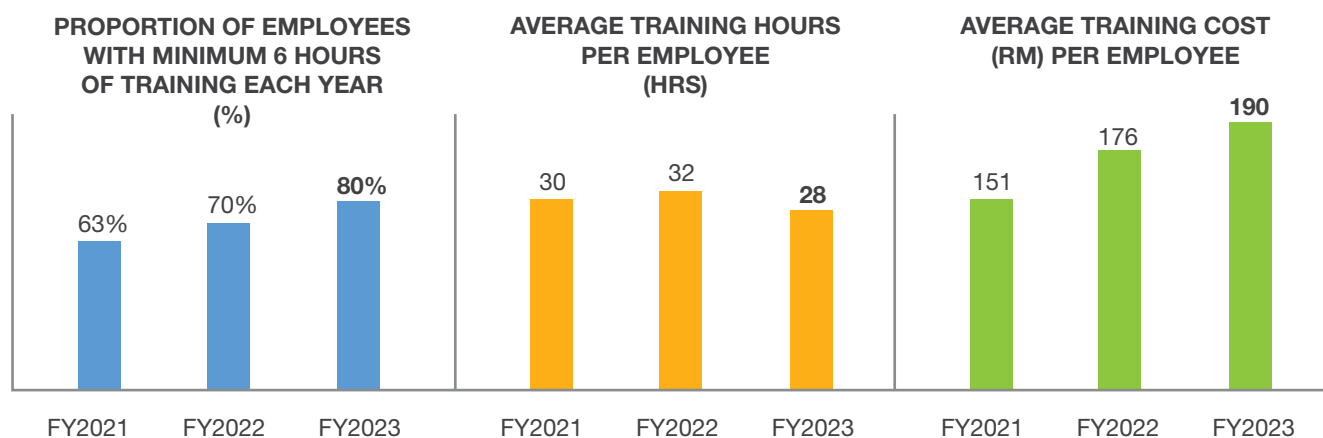
Total number of training hours - by employee category	2021	2022	2023
Senior Management and Management	428	1,446	4,071
Executives	13,971	23,556	30,050
Non-Executives	40,159	46,142	44,181
Operators	120,424	126,737	83,214*

Note: * Reduction in total training hours was due to low intake during the year

Our objective is to provide a minimum of 6 hours of training to at least 75% of our employees each year. In FY2023, 79.5% of Unisem's workforce successfully completed a minimum of 6 hours of training, reflecting our ongoing commitment to investing in the professional growth and skill enhancement of our valuable team members.

	2021	2022	2023
Percentage of employees achieving minimum 6 training hours*	62.9%	69.8%	79.5%

Note: * Operators are not included in the target for training hours because operators are employed on a short-term basis (contract duration of 2 years on average)



Overall, we managed to clock a total of 161,516 training hours, breakdown as follows:

Average training hour per employee - by employee category	2021	2022	2023
Senior Management and Management	3.31	10.71	29.72
Executives	18.65	30.67	35.27
Non-Executives	22.60	25.42	22.74
Operators	37.63	37.50	23.39

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Average training hour per employee - by gender	2021	2022	2023
Male	35.22	35.19	38.32
Female	26.95	30.57	22.36
Total training hours	174,981	197,880	161,516
Total man-hours worked	14,595,798	14,604,120	13,975,392

Training programs and topics

Our training programs at Unisem are tailored to meet specific objectives, encompassing both technical and non-technical aspects. These initiatives aim to foster the development of essential interpersonal, team, and leadership skills that align with functional competencies, professional needs, operational job requirements, and industry demands relevant to our business and operations. Notably, our management and supervisory level personnel undergo specialised training to enhance their capabilities in managing people and teams, addressing complex workplace issues, and honing leadership skills.

In response to the evolving landscape, we have expanded our training portfolio to include environmental and social topics. Subjects such as carbon emissions, human rights and labour practices, and ethics are now integral components of our training initiatives. Recognising the increasing global importance of these issues, we are committed to equipping our workforce with the knowledge and skills necessary to navigate and contribute responsibly in these critical areas. This strategic approach reflects our dedication to comprehensive employee development that goes beyond technical proficiency, contributing to a well-rounded and socially conscious workforce.

The following table summarises the types of training programs we provided to employees in FY2023.

Types of Training Programmes	Description of Training
New Employee Program	To familiarise new employees with all aspects of the business, including operations, strategies and expectations. This programme also includes quality, environmental, health and safety awareness as well as our expectations for ethical conduct.
Quality Courses	Focusing on the need to build quality and reliable products and subsequently on-time delivery to customers.
Technical Courses	Keeping abreast with the latest, state-of-the-art equipment and methodologies.
Employee Rights and Remuneration Strategies	Ensuring relevant personnel are well-informed on the amendments to the Employment Act 1955 and the associated rights of employees, and talent retention strategies through remuneration packages.
Safety and Health	Complying with legal and occupational regulation and workplace safety and health.
Environmental and Climate Change	Heightening awareness and caring for the environment to make our surroundings a better place to live-in. Includes understanding science-based target approach to manage climate change risks and carbon reporting.

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Types of Training Programmes	Description of Training
Ethics, Anti-Corruption & Disciplinary	Educating employees on our COE, anti-corruption and disciplinary measures.
Soft Skills - Motivational/Leadership/Supervisory	Development of leadership skills and personal effectiveness of our staff to better manage the complex and diverse people management challenges.
Statistical - Design of Experiment, Statistical Process Control, Statistical Method etc	Performing statistical techniques and analysis to promote engineering excellence in process and product development for engineering staff.
IT Courses - Network Security, Programming	Continuous enhancement of IT security platforms and systems.
Specific Requirements (e.g. RBA / TS16949/ ISO14001 / ISO45001 / SST / X-Ray etc.)	Catering to the needs of customers, regulatory agency/government and international standards. Includes updates pertaining to RBA Code of Conduct and updated requirements.

MEASURING EMPLOYEES' SATISFACTION

Employee Climate Survey

At Unisem, we prioritise employee feedback through our annual formal Employee Climate Survey conducted in Unisem Malaysia and Unisem Chengdu. This survey serves as a confidential platform for employees to express their views on various aspects, including Management's leadership, job satisfaction, career development, and communication from top to bottom. We actively encourage employees to provide constructive feedback and suggestions on how Unisem can enhance the overall work experience.

The results of our FY2023 survey revealed an overall employee satisfaction score of 3.75. These findings were meticulously studied and analysed, with the insights shared with the COOs and Management teams at the respective sites. In response to the survey, focused plans were developed to address the top three areas identified for improvement in FY2024. These areas include canteen food and services, reward and recognition and improve quality of communication channels. The commitment to addressing these concerns underscores our dedication to fostering a positive work environment and continuously enhancing the employee experience at Unisem.

KPI	Employee Climate Survey		
	To achieve employee satisfaction score of >3.80 out of 5.0		
Target			
Performance	FY2021 3.71	FY2022 3.71	FY2023 3.75

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New Hire and Retention

The persistent challenges of labor shortages and heightened competition for workers, particularly among the younger demographic with greater mobility across industries and locations, remained a focal point for us. In response, we adopted assertive hiring strategies and bolstered our retention efforts. Recognising the dynamic nature of the labour market, especially among younger workers, we intensified our recruitment initiatives while concurrently enhancing our employee retention measures. This involved offering more competitive benefits and prioritising initiatives aimed at bolstering overall employee satisfaction. By proactively addressing these challenges, we aim to not only attract top talent but also cultivate a work environment that encourages long-term commitment and engagement from our valuable workforce.

The table below shows one the total number of employees' turnover by category over the period:

Employee Category	2021	2022	2023
Senior Management and Management	9	2	18*
Executives	67	119	83
Non-Executives	376	425	303
Operators	2,292	2,146	908
Total	2,744	2,692	1,312

Note: * During the year, the increase in the turnover of the Senior Management and Management category is due to retirement.

The new hire rates and turnover rates of Unisem Malaysia and Unisem Chengdu for each age category, respectively, are as follows:

2023	< 30 years old	30 - 50 years old	> 50 years old	Male	Female	Total
New Hire Headcount (New Hire Rate)*						
Unisem Malaysia	178 (12.9%)	45 (3.0%)	7 (2.8%)	125 (10.7%)	105 (5.3%)	230 (7.3%)
Unisem Chengdu	658 (58.5%)	181 (12.3%)	5 (16.1%)	541 (39.6%)	303 (24.1%)	844 (32.2%)
Turnover Headcount (Turnover Rate)*						
Unisem Malaysia	282 (20.5%)	122 (8.0%)	37 (14.6%)	134 (11.5%)	307 (15.5%)	441 (14.0%)
Unisem Chengdu	624 (55.5%)	239 (16.3%)	8 (25.8%)	493 (36.1%)	378 (30.0%)	871 (33.2%)

Note: * New Hire Rate and Turnover Rate are calculated using total number of employees, with respect to the corresponding category (i.e. age or gender), at the respective sites as at the end of the financial year as denominators.

For historical data of new hire headcount (new hire rate), refer to our Performance Data Table for The Group.

3-year Turnover Rate	2021	2022	2023
Unisem Malaysia	889 (26.4%)	914 (27.2%)	441 (14.0%)
Unisem Chengdu	1,855 (74.7%)	1,778 (64.9%)	871 (33.2%)

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KPI		Annual turnover rates		
Target*	Unisem Malaysia	Annual turnover rate below 25%		
	Unisem Chengdu	Annual turnover rate below 45%		
Performance		FY2021	FY2022	FY2023
	Unisem Malaysia	26.4%	27.2%	14.0%
	Unisem Chengdu	74.7%	64.9%	33.2%

Note: * Annual turnover rate is different for Unisem Malaysia and Unisem Chengdu due to cultural and country differences.

We observed a notable decrease in employee turnover at both sites. This decline was primarily linked to the global economic slowdown, as employees became more cautious and inclined to maintain their current status rather than seeking alternative opportunities.

As part of our commitment to becoming a preferred employer for long-term employment, we actively recognise and appreciate the dedication and hard work of our employees. Long service awards are granted on milestone anniversaries - the 5th, 10th, 15th, 20th, 25th, and 30th years of service. In FY2023, a total of 713 employees received Unisem's long service awards. Notably, since our inception, we have not executed a single retrenchment. Moving forward, our emphasis will remain on creating a supportive environment for employees and fostering long-term employment for our dedicated workforce.

LOCAL COMMUNITIES

Both Unisem Malaysia and Unisem Chengdu operate within local industrial parks, with Unisem Malaysia having residential developments in proximity to the industrial park and our facilities. In defining our "local community" we extend our consideration beyond immediate surroundings to encompass the broader local economy and communities at the state and national levels. Unisem always believes that fostering a positive relationship between the business and the communities will promote a better corporate reputation, thus helping in the growth of business in long run.

Our local community engagement approach and framework are guided by the following objectives:

1. **Responsible Corporate Citizenship:** We aspire to be recognised as a responsible corporate citizen that actively reinvests in the societies and communities where we operate.
2. **Promoting Awareness of the Less Fortunate:** We aim to promote recognition and awareness of the less fortunate within the community, fostering a sense of social responsibility.
3. **Wellbeing Support:** We are committed to supporting programs that enhance the overall wellbeing of the community, with a specific focus on the wellbeing of our employees residing in the community.

In Unisem, we have designated personnel serving as contact points and established grievance channels. These channels are easily accessible to the local community, providing a platform for them to raise concerns and feedback. This proactive engagement underscores our commitment to maintaining open lines of communication and addressing any issues that may arise, contributing to a positive and mutually beneficial relationship with our local community.

Youth Development

In Unisem, our commitment to fostering talent is exemplified through our ongoing trainee programs, conducted in collaboration with local universities and polytechnic institutions. These programs serve as a dynamic platform for engaging with young talents and cultivating their interest in our industry.

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Our trainee programs, spanning 3 to 6 months, encompass various functions including Assembly, Final Test, Quality Assurance, Engineering, Maintenance, Finance, Management Information Systems, and Human Resources. These initiatives provide trainees with invaluable real-life, hands-on experiences, enriching their understanding of our industry and enhancing their career prospects.

In FY2023, our internship program in Unisem Group successfully accommodated 178 trainees. Notably, this effort resulted in the identification of 23 exceptionally talented individuals, whom we subsequently offered full-time employment. By actively participating in the development of the next generation of professionals, we contribute to the growth of both our industry and the wider community. This initiative underscores our commitment to providing meaningful opportunities for emerging talents and solidifying our position as an employer of choice. Our latest initiate Graduate Engineer Program was introduced in October 2023 with the recruitment of the 1st phase of fresh graduates from the local universities. Graduates were put through a series of functional and process rotations from operators to engineering and cross functional roles. All graduate engineers are assigned experienced and competent mentors to guide them throughout the program.

Contribution to Society

Unisem Group remains steadfast in its commitment to CSR, actively supporting and uplifting communities, especially those vulnerable and in need. Our CSR initiatives take diverse forms, including monetary contributions, donations of goods, and dedicated volunteerism.

Our community and social contribution program prioritise the promotion of education, safety and health, civic activities, sports and recreation. This focus is subject to an annual review, ensuring alignment with evolving community needs and considering the engagement outcomes of our initiatives. Rooted in our motto of “We Care, We Can” we extend our support to those in need.

In Unisem Malaysia, an ongoing initiative involves listing the daily necessities required by the local community on a dedicated board in our office. Employees contribute relevant items to the charity corner, known as ‘WE CARE, WE CAN’ ensuring that these items reach the intended beneficiaries within the local community.

Furthermore, we extend our support through donations and goods to various charitable organisations serving vulnerable communities, including orphanages, homes for people with disabilities, homes for the elderly, schools, and public services. Our commitment also extends to assisting flood victims whose livelihoods are threatened by severe weather conditions.

In the past year, we supported a minimum of 2 schools, 9 orphanages, 1 center for people with disabilities, 2 elder care centers, and provided additional support to public services, a charitable meal center for the poor, and financial aid to employees facing difficulties after losing family members. The Group also contributed RM8,100 to education funds, specifically aimed at supporting children in interior, rural areas. In FY2023, Unisem Group made a total of RM80,475 in CSR donations and contributions, exemplifying our ongoing commitment to making a positive impact in the communities we serve.

	2021	2022	2023
Total amount invested where the target beneficiaries are external to Unisem (RM'000)	255	108	80
Total number of beneficiaries of the investment in communities	43	35	26

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We adopt a precautionary approach to address any potential adverse environmental effects resulting from our operations, recognising the challenging nature of reversing environmental impacts. Our goal is to minimise our environmental footprint, a commitment explicitly outlined in Unisem's CSR Policy, guiding our business decisions and processes.

Relevant Material Sustainability Matters

- Energy Management
- Climate Change and Air Emissions
- Water Consumption
- Effluents and Waste Management

Sustainability Performance Highlights

- Achieved our target of 5% reduction in GHG emission intensity - FY2023 : 7.6% reduction
- Missed our target of 5% reduction in energy intensity - FY2023: 13.7% increased
- Exceeded our target of 5% reduction in water consumption intensity by 83% reduction
- Recycled 49% of hazardous waste compared to a target of 52%
- Compliant with air emissions laws and regulations
- Compliant with effluents and wastewater discharge regulations

Relevant SDGs:



OUR ENVIRONMENTAL MANAGEMENT APPROACH

We also acknowledge how the environmental factors will adversely affect the corporation. Internationally, countries are working towards reducing emissions to keep global temperature under control. As a responsible business, we have a role in these joint efforts. Thus, we recognise the responsible as a corporate citizen to help in reducing our carbon footprint and transiting into a low-carbon economy.

Unisem's Environmental Policy outlines the Group's commitment to the conservation of natural resources, energy efficiency, environmental pollution reduction, proper handling of hazardous substances, and initiatives for recycling and reuse. All operational sites hold ISO14001:2015 certification and adhere to the RBA Code of Conduct. These sites undergo regular independent audits, including SAQ, VAP, customer audits, and internal audits.

The Environmental Working Committee at each site oversees and reviews environmental management, ensuring compliance with environmental laws, regulations, codes, and standards, along with Unisem's commitments. Environmental performance is assessed by the Site Working Committees and reported annually to the Board through the ESGC.

See how we are assessed for environmental impacts. Click [here](#) or go to page 96 for Our RBA Obligations.

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In compliance with RBA Code of Conduct, all key supply chain partners are required to fully comply with the regulatory requirements in the countries they operate, as well as material restrictions. This task is achieved via our Supply Chain Management Working Committees at the respective sites by periodically conducting supplier audits.

See how we manage our supply chain. [Click here](#) or go to page 99 for Supply Chain Management.

In addition to our environmental commitment, Unisem acknowledges the critical importance of addressing climate change. As a leading entity in the semiconductor industry, we recognise our role in mitigating the impacts of climate change and contributing to a sustainable future. Our Climate Change Commitment Statement outlines our commitment to achieving carbon neutrality by 2050, actively working to reduce our direct and indirect emission intensity in the medium term, with the ambition of reducing absolute emissions in the long term.

Click [here](#) for the Climate Change Commitment Statement or visit our website at <https://www.unisemgroup.com/company-info/corporate-social-responsibility>.

To realise our climate goals, we have devised a multi-faceted approach as per table below:

Key Aspect	Description
Environmental Stewardship	Unisem's commitment to responsible resource utilisation, energy efficiency, pollution mitigation, and hazardous substance management. Full certification of operational sites with ISO14001:2015 and alignment with RBA Code of Conduct.
Climate Change Commitment	Acknowledgment of the importance of addressing climate change. A commitment to achieving carbon neutrality by 2050, with active plans to reduce direct and indirect emission intensity.
Renewable Energy Integration	Exploration of avenues for transitioning to a low-carbon energy supply, including on-site renewable energy and collaboration with ecosystem partners.
Energy Efficiency and Conservation	Implementation of energy-efficient technologies across operations, including efficient cooling, lighting, solar power, ventilation systems, and continuous improvement in energy intensity metrics.
Sustainable Supply Chain Management	Collaboration with suppliers to encourage sustainable practices, prioritising those with strong environmental commitments. Efforts to minimise the environmental impact of collective operations.
Water Stewardship	Continuous exploration of innovative technologies to reduce emissions and enhance energy efficiency. Partnerships with service providers and organisations for the deployment of climate-friendly technologies.
Employee Engagement and Education	Employee education and training on climate change, sustainability, and their role in achieving climate goals. Opportunities for employees to contribute ideas and expertise to sustainability initiatives.
Transparency and Reporting	Commitment to transparent reporting of progress towards climate goals, including relevant indicators for stakeholders and adherence to evolving regulatory recommendations.

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Through the implementation of this comprehensive approach, Unisem is fully dedicated to combating climate change and contributing to a sustainable future. We aim to lead by example in the semiconductor industry, inspiring positive change within our sector and beyond.

Any violations or breaches can be reported via the WBEC Policy. There were no significant cases of non-compliance with environmental laws or regulations or fines reported in FY2023.

Unisem Group's Environmental Roadmap

Unisem outlines its environmental strategies and goals in the Environmental Roadmap. These priorities are established by considering global trends, available technologies, stakeholder input from customers and regulators, and consulting with environmental experts. By leveraging external expertise, Unisem ensures a comprehensive and informed approach in setting its environmental management strategies and priorities.

The main objectives of the road map are:

1. Enhancement of awareness and education of stakeholders on environmental compliance;
2. Identification of continuous improvement projects in the reduction of industrial waste and water management;
3. Climate change - reduce greenhouse gas emission (Scope 2 emission); and
4. Compliance with environmental regulatory and international standards.

During the year, we have engaged an environmental consultant and updated our Environmental Roadmap to chart our direction and environmental initiatives for the next few years up to 2027. Notable highlights include:

- Stepped-up targets to reduce energy intensity, GHG intensity, and water consumption intensity;
- Targeting Green Building Certification for our new plants;
- Stepped-up target for non-hazardous waste recycling rate; and
- Benchmarking selected targets against the baseline of FY2020 being the base year of our current roadmap.

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Initiatives	Programs	Unisem Environmental Roadmap (5-year Plan)				
		2023	2024	2025	2026	2027
Climate Change	Energy Saving Program (Scope 2 emission)	Assessment for Green Building Certification in Malaysia - Simpang Pulai Plant	Obtain Green Building Certification in Malaysia - Gopeng Plant	Obtain Green Building Certification in Malaysia - Simpang Pulai Plant		
		Reduction in energy intensity by 5% against 2020 baseline	Reduction in energy intensity by 10% against 2020 baseline	Reduction in energy intensity by 10% against 2020 baseline	Reduction in energy intensity by 15% against 2020 baseline	Reduction in energy intensity by 15% against 2020 baseline
		Reduction in GHG intensity by 5% against 2020 baseline	Reduction in GHG intensity by 10% against 2020 baseline	Reduction in GHG intensity by 10% against 2020 baseline	Reduction in GHG intensity by 15% against 2020 baseline	Reduction in GHG intensity by 15% against 2020 baseline
		Replacement of old chilled water management system to energy saving system. (Improve HVAC) in Simpang Pulai Plant, Malaysia	Replacement of old chilled water management system to energy saving system. (Improve HVAC) in Simpang Pulai Plant, Malaysia			
		Improve HVAC chilled water system COP (Coefficient of performance) by retrofitting old chiller set up c/w incorporating control algorithm to ensure chillers operates at optimum efficiency in Chengdu Plant, China	Improve HVAC chilled water system COP (Coefficient of performance) by retrofitting old chiller set up c/w incorporating control algorithm to ensure chillers operates at optimum efficiency in Chengdu Plant, China			

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Unisem Environmental Roadmap (5-year Plan)						
Initiatives	Programs	2023	2024	2025	2026	2027
Climate Change	Energy Saving Program (Scope 2 emission)		Reduction on energy usage by recycling sawing water for cooling tower usage - Chengdu Plant Phase 1	Reduction on energy usage by recycling sawing water for cooling tower usage - Chengdu Plant Phase 2	Reduction on energy usage by recycling sawing water for cooling tower usage - Chengdu Plant Phase 3	
			Upgrade and retrofit compressed air network pipeline at Chengdu Plant Phase 1 to improve the system efficiency and eliminate distribution pressure losses.	Upgrade and retrofit compressed air network pipeline at Chengdu Plant Phase 2 to improve the system efficiency and eliminate distribution pressure losses.	Upgrade and retrofit compressed air network pipeline at Chengdu Plant Phase 3 to improve the system efficiency and eliminate distribution pressure losses.	
		Installation of solar streetlight at employees car parks - Simpang Pulai Plant, Malaysia.	Installation of solar energy harvesting system for main guard house in Simpang Pulai, Malaysia.	Installation of solar streetlight at perimeter road - Simpang Pulai Plant, Malaysia.		
			Installation of solar energy harvesting system in Malaysia - Gopeng Plant Phase 1			
Air Emission		Compliance with Air Emission Standards				

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Unisem Environmental Roadmap (5-year Plan)						
Initiatives	Programs	2023	2024	2025	2026	2027
Water Management	3 R Programs - Reuse, Reduce & Recycle		Implement Reverse Osmosis System for De-Ionized and chilled water - Simpang Pulai Plant Phase 1, Malaysia	Implement Reverse Osmosis System for De-Ionized and chilled water - Simpang Pulai Plant Phase 2, Malaysia	Upgrade compressed air network pipeline at Simpang Pulai Plant Phase 3 to improve the system efficiency and eliminate distribution pressure losses.	
		Reduction in Water Consumption Intensity by 5% against 2020 baseline	Reduction in Water Consumption Intensity by 10% against 2020 baseline	Reduction in Water Consumption Intensity by 10% against 2020 baseline	Reduction in Water Consumption Intensity by 15% against 2020 baseline	Reduction in Water Consumption Intensity by 15% against 2020 baseline
			To recycle sawing water for cooling tower usage - Chengdu Plant Phase 1, China	To recycle sawing water for cooling tower usage - Chengdu Plant Phase 2, China	To recycle sawing water for cooling tower usage - Chengdu Plant Phase 3, China	
			Rainwater harvesting system for process cooling tower in Gopeng Plant Phase 1, Malaysia	Rainwater harvesting system for process cooling tower in Simpang Pulai Plant Phase 1, Malaysia	Rainwater harvesting system for process cooling tower in Simpang Pulai Plant Phase 2, Malaysia	Rainwater harvesting system for process cooling tower in Simpang Pulai Plant Phase 3, Malaysia
Industrial Waste Reduction	3 R Programs - Reuse, Reduce & Recycle	Hazardous Waste recycling 52%	Hazardous Waste recycling 52%	Hazardous Waste recycling 55%	Hazardous Waste recycling 60%	Hazardous Waste recycling 60%
		Non-Hazardous Waste recycling 60%	Non-Hazardous Waste recycling 60%	Non-Hazardous Waste recycling 60%	Non-Hazardous Waste recycling 65%	Non-Hazardous Waste recycling 70%
	Effluent Waste Management	Compliance with Industrial Effluent Standard	Compliance with Industrial Effluent Standard	Compliance with Industrial Effluent Standard	Compliance with Industrial Effluent Standard	Compliance with Industrial Effluent Standard

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Initiatives	Programs	Unisem Environmental Roadmap (5-year Plan)				
		2023	2024	2025	2026	2027
	Certification in environmental related competencies		Full compliance with competent personnel requirement - Scrubber, Wastewater Schedule Waste, Dust Collector, Sewage Treatment Plant			
		ISO14001, ISO45001 & QC080000 awareness and legal compliance register				
Education / Development Awareness / Certification	Heighten Awareness of employees & stakeholders on Environmental Matters & Management		Training for internal auditors on Environmental matters and management compliance		Training for internal auditors on Environmental matters and management compliance	
		Training on environmental related subjects for Board, employees and related stakeholders				
Compliance with Standards / Product Stewardship	Compliance and Declaration on Green requirements (e.g.: RoHS, REACH and other customer requirements) and continuous improvement in order to promote environmentally friendly products		ISO14001, ISO45001, QC080000 & ISO 14064 Certification, Sony Green Partner, RBA Compliance, Customer Compliance QBR			

ENERGY MANAGEMENT AND CLIMATE CHANGE AND AIR EMISSIONS

Energy management is a key focus area to reduce our emissions impact, with electricity being our primary energy source and a significant contributor to both costs and GHG emissions. Our core strategy involves pursuing energy efficiency initiatives, such as the recent completion of the LED lighting system conversion across our operating sites. We also prioritise regular maintenance and invest in equipment upgrades like heat recovery systems and optimised energy control systems.

Our reporting covers energy consumed and produced within our organisation and processes in joules or multiples. This underscores our commitment to comprehensive environmental reporting and sustainable energy practices.

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Energy Consumption and Energy Intensity

In Unisem Group, energy consumption primarily involves:

- **Fuel:** This includes fleet fuel (e.g., diesel and petrol used in forklifts and company cars) and natural gas utilised in boilers and generator sets.
- **Purchased electricity:** The predominant source of energy, constituting over 97% of the Group's energy consumption and GHG emissions. We have entered into a contract with the China electricity company to supply approximate 59% of renewable energy as part our climate change initiatives. Notably, electricity in Malaysia is primarily generated from fossil fuels such as natural gas and coal.

It is important to note that the Group does not engage in the sale of electricity, heating, cooling, or steam. This succinctly outlines the key components of Unisem's energy consumption, underscoring its focus on transparency and environmental impact mitigation.

The Group's energy consumption is summarised in the following table.

Annual energy consumption	2021	2022	2023
Energy source (GJ)			
Liquid Petroleum Gas ("LPG")	-*	-*	943
Diesel	184	1,304	347
Petrol	1,525	1,921	2,775
Natural Gas	21,538	24,165	24,198
Purchased Electricity	700,145	747,731	746,038
Total Energy Consumed	723,392	775,121	774,301
Breakdown by operating site:			
Unisem Malaysia	413,459	441,972	427,158
Unisem Chengdu	309,933	333,149	347,143
Breakdown by type of energy:			
Renewable Energy	-*	-*	189,884 25%
Non-Renewable Energy	-*	-*	584,417 75%

Note: * We initiate the data collection process in FY2023.

Energy consumption is calculated according to 2006 IPCC Guidelines for National Greenhouse Gas Inventories

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To provide a better insight to the stakeholders concerning the environment, the Group has extended its efforts to collect the data on LPG energy and further breakdown all energy types into renewable energy and non-renewable energy.

To measure energy efficiency, we monitor energy intensity which is calculated considering the energy use for revenue generated, as follows:-

	2020	2021	2022	2023
Energy Consumption Intensity (GJ/ USD'000 Sales)	2.15	1.91	1.91	2.45
Reduction against base year 2020**	baseline	11.2% reduction	11.1% reduction	13.7% increased

Note:

* The energy intensity measurement for FY2023 disclosure has been refined from units produced to US Dollar Sales in comparison to that of FY2022.

** FY2020 is selected as the base year being also the base year for the 5-year Environmental Roadmap for FY2023-2027.

In FY2023, the Group's total energy consumption intensity surged by 28.3% when contrasted with the figures from FY2022. This increase can be attributed to the expansion of Phase 3 in Unisem Chengdu, despite experiencing a decrease in recorded sales. The energy intensity has now increased to 0.54GJ per sales generated in FY2023. As a result, Unisem missed its 5% reduction target this year. In response, we launched initiatives to develop and expand our production capacity.

GHG Emissions and GHG Emission Intensity

GHG emissions and emission intensity is vital for environmental protection, regulatory compliance, corporate reputation, and long-term business resilience. It reflects a commitment to sustainable practices and contributes to a global effort to combat climate change.

Unisem diligently reports its GHG emissions, encompassing both Direct (Scope 1), Indirect (Scope 2) and Other Indirect (Scope 3) emissions. Other Indirect (Scope 3) GHG emissions include those which are not consumed or produced as part of the Group's operations and may occur upstream and downstream, such as in relation to the downstream freight transportation and employees commuting to work with company bus.

These emissions result from energy and electricity consumption and include gases such as CO₂, CH₄, and N₂O. Our measurement approach aligns with the GHG Protocol, incorporating relevant tools and Global Warming Potential ("GWP") values from the 2014 IPCC Fifth Assessment Report. This comprehensive reporting framework reflects our commitment to transparent and standardised emissions measurement practices.

As a result of the continuous effort undertaken in collecting the data relating to the GHG emissions, Unisem in FY2023 has managed to extend its disclosure relating to the GHG emissions. The Group has now included the disclosure of Scope 2 GHG emissions by location based and Scope 3 GHG emissions for Unisem Malaysia. The Scope 3 GHG emissions include downstream freight transportation and employee commuting to work with company buses. We will include business travel as part of our Scope 3 GHG emissions and further disclose Scope 3 GHG emissions data for Unisem Chengdu in FY2024.

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('000 tCO ₂ e)	2021	2022	2023
Direct (Scope 1) GHG emissions			
Unisem Malaysia	0.1	0.1	0.5
Unisem Chengdu	1.2	1.7	1.9
Total Direct (Scope 1) GHG emissions	1.3	1.8	2.4
Indirect (Scope 2) GHG emissions (Market Based)			
Unisem Malaysia (Market Based)	76.9	82.1	67.4
Unisem Chengdu (Market Based)	58.7	62.7	49.2
Total Indirect (Scope 2) GHG emissions (Market Based)	135.6	144.8	116.6
Indirect (Scope 2) GHG emissions (Location Based)			
Unisem Malaysia (Location Based)	- *	- *	92.9
Unisem Chengdu (Location Based)	- *	- *	47.0
Total Indirect (Scope 2) GHG emissions (Location Based)	- *	- *	139.9
Direct and Indirect (Scope 1 and Scope 2) GHG emissions			
Unisem Malaysia	77.0	82.2	67.9
Unisem Chengdu	59.9	64.4	51.0
Total Direct and Indirect (Scope 1 and Scope 2) GHG emissions	136.9	146.6	118.9
Total Indirect GHG emissions (Scope 3)			
Unisem Malaysia	- *	- *	0.3
Total Indirect GHG emissions (Scope 3)	- *	- *	0.3
Total Indirect GHG emissions (Scope 3)			
Unisem Malaysia	- *	- *	68.2
Unisem Chengdu	- *	- *	51.0
Total GHG emissions (Scope 1, 2 & 3)	- *	- *	119.2

Note: * We initiate the data collection process in FY2023

Unisem defines GHG emission intensity expressed as tCO₂e per thousand sales generated. Monitoring this intensity is a key aspect of our sustainability efforts. For FY2023, our goal is to achieve a 5% reduction in GHG emission intensity compared to base year of 2020. This target underscores our commitment to continuously improving environmental performance and reducing our carbon footprint per US Dollar sales generated.

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KPI	Climate Change and Air Emissions		
Target	5% reduction on GHG Emission Intensity		
Performance	FY2021 11.1% reduction	FY2022 11.1% reduction	FY2023 7.6% reduction

GHG emission intensity*	2020	2021	2022	2023
tCO ₂ e/USD'000 Sales**	0.407	0.362	0.362	0.376
Reduction against base year 2020***	Baseline	-11.1%	-11.1%	-7.6%

Note:

* GHG emission intensity include only Scope 1 and Scope 2 emissions.

** The GHG emission intensity measurement for FY2023 disclosure has been refined from units produced to US Dollar Sales in comparison to that of FY2022.

*** FY2020 is selected as the base year being also the base year for the 5-year Environmental Roadmap for FY2023-2027.

In the past year, Unisem experienced a 18.9% reduction in total Scope 1 and Scope 2 GHG emissions of own operations. Despite this, GHG emissions intensity by US Dollar sales saw reduction of 7.6% as compared to base year 2020, reflecting the production of more sophisticated products with higher sale value requiring higher electricity consumption by unit produced.

To address this, Unisem is actively exploring alternatives to reduce reliance on fossil-based power. The focus includes investigating opportunities for solar power generation at our operating sites. Additionally, upcoming plant expansion projects will prioritise energy and emissions efficiency, aligning with Unisem's commitment to advancing production practices toward a more sustainable and environmentally friendly model.

Other Air Emissions

Unisem proactively monitors and manages various air emissions, governed by relevant laws, regulations, and the RBA Code of Conduct. These emissions encompass volatile organic chemicals, aerosols, corrosives, particulates, ozone-depleting chemicals, and combustion by-products generated from operations.

To mitigate the impact, Unisem has installed scrubbers and carbon absorption treatment systems, ensuring effective treatment of emissions. Regular maintenance and checks are conducted to uphold their efficiency. Daily air quality monitoring is a standard practice, with immediate reporting of any non-compliance. Furthermore, our air quality performance undergoes annual independent review and verification conducted by third-party contractors, demonstrating our commitment to maintaining and improving environmental standards.

KPI & Target	Compliance with Air Emission Laws and Regulations		
	2021	2022	2023
Unisem Malaysia	Compliant	Compliant	Compliant
Unisem Chengdu	Compliant	Compliant	Compliant

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The air quality of both of our operating sites, based on data required by applicable local environmental regulation and measured at the points of discharge, are presented in the following table:

Types of air pollutant	Unit	Local Regulations and/or Standards	2021	2022	2023
Unisem Malaysia (based on Malaysian Laws, Regulations and Guidelines)					
Nitric acid	mg/Nm ³	30	1.3	0.6	0
Sulphuric acid	mg/m ³	5	0	0	0.1
Hydrochloric acid	mg/Nm ³	5	1.3	1.1	0
Hydrofluoric acid	mg/Nm ³	5	0.5	0	0
Oxides of nitrogen	mg/Nm ³	0.6	0	0	0.3
Sulphur dioxide	mg/Nm ³	30	Insignificant	Insignificant	1.7
Solid particles	mg/Nm ³	5	0.5	0	0
Particulate Concentration	mg/m ³	80.0	19.0	19.1	5.3

Types of air pollutant	Unit	Local Regulations and/or Standards	2021	2022	2023
Unisem Chengdu (based on Chinese Laws, Regulations and Guidelines)					
Volatile Organic Compounds (VOCs)	mg/m ³	60.0	0.5	1.3	1.6
Sulphur oxides (SOx)	mg/m ³	45.0	1.4	1.2	2.0
Sulphur dioxide (SO ₂)	mg/m ³	50.0	0	6.6	7.2
Nitrous oxides (Nox)	mg/m ³	150.0	26.8	24.6	25.6
Hydrogen fluoride (HF)	mg/m ³	9.0	0.5	0.5	0

Note: Unisem Malaysia does not emit Nox or Volatile Organic Compounds in its operations while Unisem Chengdu does not emit particulate matters.

MANAGING WASTE AND EFFLUENTS

Unisem takes note that improper management of waste management will have negative impacts to the environment including detrimental effects on the air and water quality, soil contamination and heightened risks of hazardous material exposure for employees and the surrounding communities. Recognising the severity of the potential impacts, Unisem is prioritising proper waste management through proactive measures to ensure responsible waste management practices.

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Unisem prioritises waste management by optimising material use, minimising waste generation, and reducing landfill disposal. This approach not only aligns with our strategic priority of operational excellence through cost optimisation but also underscores our commitment to minimising environmental impacts. Effective waste management is essential for workplace safety and health, particularly when dealing with hazardous waste. Our initiatives in this regard emphasise a comprehensive and responsible approach to handling materials, reflecting our dedication to sustainability and operational efficiency.

The types of waste generated in our operations include the following:

Hazardous waste	<p>Unisem generates hazardous waste from its operations, which includes electrical and electronic waste (E-waste), spent solvents, spent cleaning solutions, sludges from wastewater treatment plants, and spent cyanide solutions.</p> <p>A notable portion of the hazardous waste is E-waste, specifically categorised as waste electrical and electronic equipment. E-waste, being one of the fastest-growing waste streams in modern society, includes defective wafers, ICs, frames, and waste gold wires within the Group's operations. Managing these hazardous materials responsibly is a key focus to ensure compliance with environmental regulations and contribute to sustainable waste management practices.</p>
Non-hazardous waste	<p>Non-hazardous waste generated from our operations includes domestic trash, such as paper, plastic, cardboard boxes, etc. Some of these wastes are recoverable or recyclable.</p>

Unisem integrates controls into its operational processes to effectively handle, segregate, store, and manage waste. When selecting waste contractors, consideration is given to their capability to achieve high recovery or recycling rates.

The Facility Department at each operating site plays a pivotal role in overseeing daily waste management activities, ensuring compliance with laws, regulations, and relevant policies. This department maintains comprehensive records detailing how waste is managed, including recycling, reuse, or disposal amounts. Standardised waste management monitoring and data collection processes are implemented at Unisem Malaysia and Unisem Chengdu.

To further ensure compliance, waste contractors undergo assessments, including SAQ and VAP. Internal audits on our operations are also conducted, assessing the adequacy and effectiveness of Unisem's environmental management systems, with findings reported to the Board. This multifaceted approach underscores Unisem's commitment to robust waste management and environmental responsibility.

Hazardous Waste and Recycling

Unisem has established policies and procedures to ensure the safe handling and disposal of hazardous waste, aligning with applicable laws, regulations, and industry codes and standards. Rigorous training is provided to relevant employees, emphasising the use of appropriate PPE and the storage of waste at dedicated locations before disposal. Licensed waste contractors are engaged for the disposal of hazardous waste, and their performance is regularly assessed and reviewed.

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E-waste constitutes a significant portion of hazardous waste, accounting for approximately 27% and 22% at Unisem Malaysia and Unisem Chengdu, respectively. Recognising the value in e-waste materials, such as aluminium, gold, silver, and copper, Unisem collaborates with licensed contractors who collect and process e-waste offsite. These licensed contractors provide detailed reports on the actual recovery rates for each batch of e-waste collected and processed, demonstrating Unisem’s commitment to responsible and transparent e-waste management practices.

In FY2023, our average e-waste recovery rates for both Unisem Malaysia and Unisem Chengdu are 100%.

Percentage of e-waste recovered	2021	2022	2023
Unisem Malaysia	100.0	100.0	100.0
Unisem Chengdu	100.0	100.0	100.0

We missed our target for recycling rate of total hazardous waste generated in FY2023 and will be working closely with our waste disposal vendors to make further improvement of our recycling rate in the following year.

KPI	Recycling Rate of Hazardous Waste Generated*		
	To achieve 52% recycling rate of total hazardous waste generated		
Target			
Performance	FY2021	FY2022	FY2023
	41%	52%	49%

Note: * For the purpose of this KPI, waste reused is also considered as recycled.

Non-Hazardous Waste and Recovery

Unisem’s non-hazardous waste primarily consists of paper, cardboard, and plastics, with a strong emphasis on recycling or reusing these materials as new raw materials. Active waste sorting and separation processes are integral to enhance recoverability and recyclability. Typically, recyclable or recoverable waste is entrusted to waste contractors for offsite recovery, with detailed reports on the actual recovery rate provided for each batch of waste handled and processed. In FY2023, 50% of non-hazardous waste generated was successfully recovered through reuse or recycling.

Unisem achieved a paper waste reduction of 17,541 units (17.54 tons) by collaborating with vendors to transition from paper reels to reusable plastic reels. The plastic reels are returned to vendors for reuse, contributing to sustainable practices. Additionally, Unisem identifies waste optimisation and reduction initiatives where applicable and promotes employee awareness on waste generation, providing recycling bins for general paper, recyclable plastics, and tin cans within its premises. These initiatives underscore Unisem’s commitment to responsible waste management and sustainability.

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Summary of how waste is handled

The following table summarises how we handled our waste, whether they are subsequently recovered or disposed of.

	2021			2022			2023		
	Waste Generated (MT*)	Waste Diverted from Disposal (MT*)	Waste Directed to Disposal (MT*)	Waste Generated (MT*)	Waste Diverted from Disposal (MT*)	Waste Directed to Disposal (MT*)	Waste Generated (MT*)	Waste Diverted from Disposal (MT*)	Waste Directed to Disposal (MT*)
Unisem Malaysia									
Hazardous waste									
E-waste	125	125	0	151	151	0	105	105	0
Other hazardous waste	149	2	147	246	112	134	290	121	169
Total hazardous waste	274	127	147	397	263	134	395	226	169
Non-hazardous waste									
Total non-hazardous waste	679	319	360	656	270	386	508	259	249
Total waste generated	953	446	507	1,053	533	520	903	485	418
Unisem Chengdu									
Hazardous waste									
E-waste	55	55	0	52	52	0	48	48	0
Other hazardous waste	181	25	156	207	27	180	175	30	145
Total hazardous waste	236	80	156	259	79	180	223	78	145
Non-hazardous waste									
Total non-hazardous waste	488	406	82	642	432	210	348	169	179
Total waste generated	724	486	238	901	511	300	571	247	324
Unisem Malaysia & Unisem Chengdu									
Total hazardous waste	510	207	303	656	342	314	618	304	314
Total non-hazardous waste	1,167	725	442	1,298	702	596	856	428	428
Total waste generated	1,677	932	745	1,954	1,044	910	1,474	732	742

Note: * 1 MT = 1,000 kg

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2023					
Unisem Malaysia and Unisem Chengdu		Diverted from Disposal* (MT)^		Directed to Disposal** (MT)^	
Hazardous waste	Preparation for reuse	30	Incineration	137	
	Recycling	274	Landfilling	176	
	Other recovery options	0	Other disposal operations (chemical treatment)	1	
	Total	304	Total	314	
Non-hazardous waste	Preparation for reuse	411	Incineration	0	
	Recycling	17	Landfilling	428	
	Other recovery options	0	Other disposal operations	0	
	Total	428	Total	428	
Total		732		742	

Note:

* All waste diverted from disposal are handled and managed by vendors offsite

** All waste is disposed by licensed vendors offsite

^ 1 MT = 1,000 kg

For historical data of total waste generated and disposal method, refer our Performance Data Table for The Group.

WATER USE AND EFFLUENT DISCHARGED

Unisem's operations are water-intensive, relying on a consistent water supply for various critical purposes in assembly and test operations. This includes Process Chilled Water (PCW) for cooling, Ultra-Pure Water ("UPW") for cleaning in wet-processing processes, and Deionised Water (DI) for cleaning and rinsing semiconductor products and components. Water is also used in offices and for general maintenance activities such as cleaning and domestic consumption.

Both Unisem Malaysia and Unisem Chengdu are located in areas not facing water stress, and the primary water source is municipal water. Water withdrawal at our facilities is managed to ensure it does not strain the municipal water supply.

Unisem maintains active engagement with relevant municipal government agencies to stay within permissible limits for water withdrawal and to stay informed about any concerns related to water-related impacts in our operational areas. This approach highlights Unisem's commitment to responsible water management and collaboration with local authorities to address potential environmental impacts.

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The Group's water withdrawal, water discharge, and water consumption for the financial year under review are summarised as follows.

		2021	2022	2023
Unisem Malaysia	Water Withdrawal by source (thousand m³)			
	[*] Third-party water: Municipal water	1,625	2,024	1,860
	Water Discharge by destination (thousand m³)			
	[^] Third-party water: Municipal drainage	730	1,416	1,744
	Water Consumption (thousand m³)	895	608	116
Unisem Chengdu	Water Withdrawal by source (thousand m³)			
	^{^^} Third-party water: Municipal Water	1,469	1,650	1,496
	Water Discharge by destination (thousand m³)			
	^{^^} Third-party water: Industrial treatment plant	1,169	1,465	1,344
	Water Consumption (thousand m³)	300	185	152
Unisem Malaysia and Unisem Chengdu	Water Withdrawal by source (thousand m³)			
	Third-party	3,094	3,674	3,356
	Water Discharge by destination (thousand m³)			
	Third-party	1,899	2,881	3,088
	Water Consumption (thousand m³)	1,195	793	268

Note:

* Classification based on GRI 303: Water and Effluents 2018

[^] Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids) classified based on GRI 303: Water and Effluents 2018

^{^^} Other water ($> 1,000$ mg/L Total Dissolved Solids) classified based on GRI 303: Water and Effluents 2018

Water Reuse and Recycling Initiatives

Unisem adopts a responsible approach to water usage, striking a balance between operational and cost efficiency, minimising water impact, and effectively allocating available resources. Ongoing efforts focus on identifying opportunities to reduce, recycle, or reuse water in operations.

Both Unisem Malaysia and Unisem Chengdu are equipped with sophisticated rinse water collection systems and dedicated drainage, enabling the reuse of lightly contaminated UPW for industrial purposes and irrigation. This water does not contain hazardous substances and is entirely safe. Unisem Chengdu's production facility is additionally equipped with a reverse osmosis system to process water for reuse in production.

On average, Unisem recycled and reused approximately 16% of the withdrawn water in Unisem Malaysia and 9% in Unisem Chengdu. This equates to approximately 188,104 mega litres of water, highlighting Unisem's commitment to sustainable water management practices.

	Proportion of water recycled over water withdrawn (%)		
	2021	2022	2023
Unisem Malaysia	3%	5%	16%
Unisem Chengdu	9%	8%	9%

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Water consumption intensity

In the pursuit of operational efficiency, Unisem introduced a key metric to assess water consumption intensity. The goal was set to achieve a 15% reduction in water consumption intensity by 2027, with an interim target of a 5% reduction in FY2023, using FY2020 as the baseline. Unisem not only met but exceeded this target in FY2023, achieving an impressive 83% reduction in water consumption compared to base year 2020. This significant reduction reflects Unisem's commitment to sustainable practices and its proactive efforts to enhance operational efficiency in water usage.

	2020	2021	2022	2023
Water Consumption Intensity (m³/sales)*	4.86	3.16	1.96	0.85
Reduction against base year 2020**	Baseline	35% reduction	60% reduction	83% reduction

Note:

* The water consumption intensity had been changed from m³ per unit produced to m³ per US Dollar sales in FY2023.

** FY2020 is selected as the base year being also the base year for the 5-year Environmental Roadmap for FY2023-2027.

Effluent Quality

Wastewater

Water plays a crucial role in various processes at Unisem, such as cleaning and cooling during activities like cutting, sawing, and plating. Consequently, wastewater is generated as a byproduct of these processes. It's important to note that Unisem only discharges treated effluent, ensuring compliance with rigorous standards. This commitment to treating wastewater before discharge aligns with Unisem's dedication to environmental responsibility and regulatory compliance in managing water resources.

Unisem's wastewater is characterised by the presence of chemicals, metals, and various organic and inorganic compounds. This includes potentially harmful elements such as heavy metals (e.g., lead and copper), hydrogen peroxide, hydrofluoric acid, ammonia concentrations, and other pollutants. If discharged untreated, these substances can pose environmental risks and disrupt the ecosystems of water bodies into which they are released.

To ensure responsible wastewater management, both Unisem operating sites adhere to local environmental laws and regulations. In Malaysia, this includes compliance with Standard B under the Environmental Quality Act (Industrial Effluents) Regulations 2009, and in China, adherence to the Integrated Wastewater Discharge Standard (GB8978-1996).

The Facility Department at each operating site plays a crucial role in overseeing effluent management, conducting daily monitoring to verify compliance with relevant laws and regulations. Qualified and certified employees, trained by local authorities, manage and maintain on-site wastewater treatment facilities. These facilities undergo regular maintenance and checks by professional service providers.

Unisem monitors over 20 indicators to assess effluent quality, including acidity level, biological oxygen demand (BOD), chemical oxygen demand (COD), total suspended solids, copper (Cu) concentration, nickel (Ni) concentration, and ammonia concentration. Periodic independent checks on effluent quality are conducted by externally accredited laboratories or government-appointed third parties, reinforcing Unisem's commitment to rigorous environmental standards and the protection of water resources.

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KPI & Target	Compliance with effluents and wastewater discharge regulations:		
	<ul style="list-style-type: none"> Standard B under EQA (Industrial Effluents) Regulation 2009 Integrated Wastewater Discharge Standard (GB8978-1996) 		
Performance	2021	2022	2023
Unisem Malaysia	Compliant	Compliant	Compliant
Unisem Chengdu	Compliant	Compliant	Compliant

Resource Conservation Outcomes

Our Environmental Roadmap has helped the Group achieve various benefits including resource conservation, cost management, and better operational efficiency. The following table summarises the performance of our initiatives and investments, especially resource conserved through our Environmental Roadmap.

Initiative	Description	2023 Target	Progress as of 31 December 2023	Reduction Achieved in FY2023
LED Lighting Conversion	Conventional lighting is progressively converted to a more energy-efficient alternative i.e., LED Lighting	Unisem Simpang Pulai Plant (100%) Unisem Chengdu - Street Light	Unisem Simpang Pulai Plant and Unisem Chengdu - 100% completed	Electricity: 6,182,480 kWh GHG Emission: 4,708,597CO ₂
Solar Light Conversion	Street light and car park conventional light is progressively converted into a solar street light	Unisem Simpang Pulai Plant compound and car park area	55% completed	Electricity: 9,198 kWh GHG Emission: 7,248CO ₂
Compressed air optimisation & losses reduction	Reduce compressed deliver and distribution network energy loss at Phase-1 & Phase-2 and Phase-3 building	Unisem Simpang Pulai Plant FOL Leded, Centralised Wafer Probe & Test	100% completed	Electricity: 406,322 kWh GHG Emission: 320,182CO ₂
Energy saving compressed air optimisation and heat recovery system	Energy saving compressed air generation and zero purge heat regeneration air dryer	Unisem Chengdu Phase 3 new building	100% completed	Electricity: 1,042,384 kWh GHG Emission: 547,981CO ₂ Nature Gas: 902Nm ³ Water: 900m ³
Upgrade Air Conditioning System	Reduce city water consumption and reduce energy consumption by diverting EOL used chilled water to cooling tower	Unisem Chengdu Phase 1 Completion in FY2023 Phase 2 Completion in FY2024	Phase 1 completed	Electricity: 143,154 kWh GHG Emission: 75,256CO ₂ Water: 44,044m ³
Tree Planting Program	Tree planting program implementation in factory area	Surrounding Factory Compound	300 trees planted	GHG Emission: 7,500CO ₂
Total				Electricity: 7,783,538kWh GHG Emission: 5,666,764CO ₂ Water: 44,944m ³ Nature Gas: 902Nm ³

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NOISE MONITORING

Unisem recognises that the boundary noise levels of its operating facilities in Unisem Malaysia and Unisem Chengdu are subject to local laws and regulations. Given the establishment of residential areas near Unisem Malaysia, the noise generated by plant operations may impact the local community, necessitating effective management and control within permissible limits.

It's worth noting that, according to the Guidelines for Siting and Zoning of Industry and Residential Areas (2012) issued by the Department of Environment, semiconductor industries are permitted to operate within specified buffer zones. In the case of Unisem Malaysia, the existing buffer zones deviate from the standard guidelines due to the development of residential areas approximately 17 years after the commencement of business activities in 1992.

Unisem is committed to addressing noise concerns in compliance with regulations and ensuring responsible operational practices to minimise any adverse impacts on the local community. This includes implementing measures to manage and control noise levels within acceptable limits as defined by local laws and regulations.

We monitor and mitigate boundary noise to ensure we keep noise impact within the regulated levels. Our performance against the regulated limits is as follows:

Boundary Noise Level (dBA)	Day			Night				
	Regulated limit	2021 Average	2022 Average	2023 Average	Regulated limit	2021 Average	2022 Average	2023 Average
Unisem Malaysia	75	66	66	66	75	65	65	66
Unisem Chengdu	65	55	58	54	55	45	50	47

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PERFORMANCE DATA TABLE FOR THE GROUP

Indicator	Unit	2021	2022	2023	Target
Growing the Business					
Revenue	RM'000	1,568,923	1,781,838	1,439,686	To achieve revenue growth
Revenue Growth	%	20.0%	13.6%	-19.2%	To achieve revenue growth
Wages and Salaries	RM'000	387,653	404,756	379,986	
Corporate Tax Paid	RM'000	7,137	11,527	20,727	
Community Investments, Donations, and Non-Commercial Sponsorships	RM'000	255	102	80	
Dividend Paid	RM'000	64,388	96,785	129,046	
Research and Development Expenditure	RM'000	6,663	8,954	8,075	
Retained Earnings	RM'000	852,613	1,127,126	1,070,225	
Anti-corruption					
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category					
Board of Directors	Number	10	12	11	
Senior Management and Management	Number	129	135	139	
Executives, Non-Executives and Operators	Number	5,830	5,963	5,639	
Bursa C1(b) Percentage of operations assessed for corruption-related risks	%	100	100	100	
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0	Zero confirmed incidents of corruption
Whistleblowing cases	Number	3	3	1	
SAQ Score - Unisem Malaysia	%	93.4	93.4	93.5	
SAQ Score - Unisem Chengdu	%	93.8	94.6	94.8	
VAP Score - Unisem Malaysia	%	183.7	180.2	N/A	
VAP Score - Unisem Chengdu	%	177.1	180.5	In progress	

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PERFORMANCE DATA TABLE FOR THE GROUP (CONT'D)

Indicator	Unit	2021	2022	2023	Target
Occupational Health and Safety					
Bursa C5(a) Number of work-related fatalities	Number	0	0	0	
Bursa C5(b) Lost Time Incident/Severity Rate (LTIR)	Rate	25	15	6	
Bursa C5(c) Number of employee trained on health and safety standards	Number	-	-	6,625	
Total hours worked	Hours	14,595,798	14,604,120	13,975,392	
Number of recordable work related injuries	Number	21	15	13	
No. of injury frequency rate	Rate	1.44	1.03	0.93	Below 2.0 cases per million hours work
Customer Privacy and Data Protection					
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy or losses of customer data	Number	0	0	0	Zero complaints received concerning breaches, leaks, thefts or losses of customer privacy and data
Energy Management					
Bursa C4(a) Total energy consumption	GJ	723,392	775,121	774,301	
Energy Consumption Intensity	GJ/USD'000 Sales	1.91	1.91	2.45	
Reduction of energy consumption intensity against 2020	%	11.2% reduction	11.1% reduction	13.7% increased	Reduce energy consumption intensity by 15% from the 2020 baseline by 2027
Climate Change and Air Emissions					
Bursa C11(a) Scope 1 emissions in tonnes of CO _{2e}	000'tCO _{2-e}	1.3	1.8	2.4	
Bursa C11(b) Scope 2 emissions in tonnes of CO _{2e}	000'tCO _{2-e}	135.6	144.8	116.6	
Bursa C11(c) Scope 3 emissions in tonnes of CO _{2e}	000'tCO _{2-e}	-	-	0.33	
Greenhouse Gas emission intensity	tCO _{2-e} /USD'000 Sales	0.36	0.36	0.38	
Reduction of GHG emission intensity against FY2020	%	11.1% reduction	11.1% reduction	7.6% reduction	Reduce GHG emission intensity by 15% from 2020 baseline by 2027
Compliance with air emission laws and regulations	Compliant	Compliant	Compliant	Compliant	Compliance with Air Emission Laws and Regulations

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PERFORMANCE DATA TABLE FOR THE GROUP (CONT'D)

Indicator	Unit	2021	2022	2023	Target
Customer Satisfaction					
Customer Satisfaction Scores Index	%	90%	92%	81%	Achieve 90% of key customer with customer satisfaction score of 80%
Employee Development and Diversity					
Bursa C6(a) Total hours of training by employee category					
Senior Management and Management	Hours	428	1,446	4,071	
Executives	Hours	13,971	23,556	30,050	
Non-Executives	Hours	40,159	46,142	44,181	
Operators	Hours	120,424	126,737	83,214	
Percentage of employees achieving minimum 6 training hours	%	62.9%	69.8%	79.5%	
Average training hours per employee	Hours	30	32	28	
Average training cost per employee	RM	151	176	190	
Average training hour per employee by employee category					
Senior Management and Management	Hours	3.31	10.71	29.72	
Executives	Hours	18.65	30.67	35.27	
Non-Executives	Hours	22.60	25.42	22.74	
Operators	Hours	37.63	37.50	23.39	
Average training hour per employee by gender					
Male	Hours	35.22	35.19	38.32	
Female	Hours	26.95	30.57	22.36	
Employee Climate Survey	Rate	3.71	3.71	3.75	To achieve employee satisfaction score of >3.80 out of 5.0
Bursa C6(c) Total number of employee turnover by category					
Senior Management and Management	Number	9	2	18	
Executives	Number	67	119	84	
Non-Executives	Number	376	425	303	
Operators	Number	2,292	2,146	908	
Employee category by age group					
Under 30	%	49.2%	41.3%	43.3%	
Between 30-50	%	46.7%	53.4%	51.8%	
Above 50	%	4.1%	5.3%	4.9%	

Sustainability Report

PERFORMANCE DATA TABLE FOR THE GROUP (CONT'D)

Indicator	Unit	2021	2022	2023	Target
Number of employee by gender and age group by employee category					
Bursa C3(a) Percentage of employee by gender and age group by employee category					
Gender group by employee category					
Board members	Male	%	80%	67%	64%
Board members	Female	%	20%	33%	36%
Senior Management	Male	%	92%	92%	92%
Senior Management	Female	%	8%	8%	8%
Management	Male	%	81%	81%	78%
Management	Female	%	19%	19%	22%
Executives	Male	%	62%	60%	61%
Executives	Female	%	38%	40%	39%
Non-Executives	Male	%	76%	76%	75%
Non-Executives	Female	%	24%	24%	25%
Operators	Male	%	18%	16%	19%
Operators	Female	%	82%	84%	81%
Age group by employee category					
Board members	Under 30	%	0%	0%	0%
Board members	Between 30-50	%	40%	42%	45%
Board members	Above 50	%	60%	58%	55%
Senior Management	Under 30	%	0%	0%	0%
Senior Management	Between 30-50	%	36%	28%	34%
Senior Management	Above 50	%	64%	72%	66%
Management	Under 30	%	0%	0%	0%
Management	Between 30-50	%	61%	54%	63%
Management	Above 50	%	39%	46%	37%
Executives	Under 30	%	16%	16%	22%
Executives	Between 30-50	%	78%	75%	70%
Executives	Above 50	%	5%	9%	8%
Non-Executives	Under 30	%	42%	35%	35%
Non-Executives	Between 30-50	%	56%	62%	62%
Non-Executives	Above 50	%	3%	4%	3%
Operators	Under 30	%	63%	52%	56%
Operators	Between 30-50	%	35%	44%	41%
Operators	Above 50	%	3%	3%	3%

Sustainability Report

PERFORMANCE DATA TABLE FOR THE GROUP (CONT'D)

Indicator	Unit	2021	2022	2023	Target
Percentage of permanent and contracts employees by gender and age group					
Bursa C6(b) Percentage of employees that are contract-based (Full-time)	%	43%	47%	44%	
Percentage of employees that are permanent (Full-time)	%	57%	53%	56%	
Human and Labour Rights					
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0	Zero confirmed incidents of discrimination/human rights violation/complaints
Total hour trained on labour standards and human rights issues	Hours	2,323	3,123	2,855	
Proportion of employees trained on labour standards and human rights issues	%	99.8%	100.0%	100.0%	
Supply Chain Management					
Supplier Audit for Key direct material suppliers and labour and service agents	Number	12	14	14	Number of supplier audits to be conducted for the year
Status of Implementation of Corrective Action	%	100%	100%	95%	
Bursa C7(a) Proportion of spending on local suppliers	%	26.9%	32.5%	33.9%	
Key material suppliers that were screened using environmental criteria	%	100%	100%	100%	
Key material suppliers assessed for environmental impacts	Number	25	25	25	
Key material suppliers that were screened using social criteria	%	100%	100%	100%	
Key material suppliers assessed for social impacts	Number	25	25	25	

Sustainability Report

PERFORMANCE DATA TABLE FOR THE GROUP (CONT'D)

Indicator	Unit	2021	2022	2023	Target
Effluents and Waste Management					
Percentage of e-waste recovered	%	100%	100%	100%	
Recycling Rate of Hazardous Waste Generated	%	41%	52%	49%	To achieve 52% recycling rate of total hazardous waste generated
Bursa C10(a) Total waste generated	Metric Tones	1,677	1,954	1,474	
Bursa C10(a)(i) Total waste diverted from disposal	Metric Tones	932	1,044	732	
Bursa C10(a)(ii) Total waste directed to disposal	Metric Tones	745	910	742	
Effluents discharge compliance		Compliant	Compliant	Compliant	Effluents discharge compliance with local authority requirement
Local Communities					
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to Unisem	RM'000	255	108	80	Continuing provide support on communities and contribution on CSR programme
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	43	35	26	
Compliance with regulated limit on noise impact		Compliant	Compliant	Compliant	Compliance with Noise Impact Laws and Regulations
Water Consumption					
Bursa C9(a) Total volume of water used	MegaLitres	1,195	793	268	
Total water withdrawal by source	MegaLitres	3,094	3,674	3,356	
Total water discharge by destination	MegaLitres	1,899	2,881	3,088	
Proportion of water recycled over water withdrawn	%	12%	13%	25%	
Water consumption intensity	m ³ /sales	3.16	1.96	0.85	
Reduction in water consumption intensity against FY2020	%	35% reduction	60% reduction	83% reduction	Reduce water consumption intensity by 5% compared to base year 2020
Technology and Innovations					
Progress of Project Scheduled in Technology Road Map		Achieved	Achieved	Achieved	To achieve target project completion dates
Research and Development Expenditure (against revenue)	%	1%	1%	1%	

Sustainability Report

OTHER SUSTAINABILITY DATA AND REFERENCES

Parental Leave	2021	2022	2023
Unisem - Malaysia and Chengdu			
Total number of employees that were entitled to parental leave – by gender			
Male	2,065	2,165	2,123
Female	1,942	2,076	1,975
Total number of employees that took parental leave – by gender			
Male	87	96	140
Female	123	70	134
Total number of employees that returned to work in the reporting period after parental leave ended – by gender			
Male	87	96	140
Female	99	68	133
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work – by gender			
Male	108	80	94
Female	91	87	59
Return to work rates of employees that took parental leave – by gender			
Male	100%	100%	100%
Female	80%	97%	99%
Retention rates of employees that took parental leave and were still employed 12 months after their return to work – by gender			
Male	96%	92%	98%
Female	85%	88%	87%

Sustainability Report

PERFORMANCE TABLE (BURSA ESG REPORTING PLATFORM)

Indicator	Measurement Unit	2023
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	1.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	6,625
Customer Satisfaction		
Customer Satisfaction Scores Index	Percentage	81.00
Growing of Business		
Percentage of Revenue Growth	Percentage	0.00
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	33.90
Technology and Innovations		
Progress of Project Scheduled in Technology Roadmap	Number	3
Bursa (Waste management)		
Bursa C10(a) Total waste generated	Metric tonnes	1,474.00
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	732.00
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	742.00
Disclosure of three years of hazardous waste generation (tonnes)	Metric tonnes	618.00
Disclosure of three years of non-recycled waste generation (tonnes)	Metric tonnes	742.00
Disclosure of three years of waste recycled (tonnes)	Metric tonnes	732.00
Bursa (Emissions management)		
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	2.40
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	116.60
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	0.33
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Board of Directors	Percentage	100.00
Senior Management and Management	Percentage	100.00
Executives, Non-Executives and Operators	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management Between 30-50	Percentage	34.00
Senior Management Above 50	Percentage	66.00
Management Under 30	Percentage	0.00
Management Between 30-50	Percentage	63.00
Management Above 50	Percentage	37.00
Executives Under 30	Percentage	22.00
Executives Between 30-50	Percentage	70.00
Executives Above 50	Percentage	8.00
Non-Executives Under 30	Percentage	35.00
Non-Executives Between 30-50	Percentage	62.00
Non-Executives Above 50	Percentage	3.00
Operators Under 30	Percentage	56.00
Operators Between 30-50	Percentage	41.00
Operators Above 50	Percentage	3.00
Gender Group by Employee Category		
Senior Management Male	Percentage	92.00
Senior Management Female	Percentage	8.00
Management Male	Percentage	78.00
Management Female	Percentage	22.00
Executives Male	Percentage	61.00
Executives Female	Percentage	39.00
Non-Executives Male	Percentage	75.00
Non-Executives Female	Percentage	25.00
Operators Male	Percentage	19.00
Operators Female	Percentage	81.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	64.00

Internal assurance External assurance No assurance (*)Restated

Sustainability Report

PERFORMANCE TABLE (BURSA ESG REPORTING PLATFORM) (CONT'D)

Indicator	Measurement Unit	2023
Female	Percentage	36.00
Under 30	Percentage	0.00
Between 30-50	Percentage	45.00
Above 50	Percentage	55.00
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Senior Management and Management	Hours	4,071
Executives	Hours	30,050
Non-executives	Hours	44,181
Operators	Hours	83,214
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	44.00
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management and Management	Number	18
Executives	Number	84
Non-executives	Number	303
Operators	Number	908
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	215,100.00
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megallitres	268,000,000
Three years of total water discharge data is disclosed by destination - Total	Cubic meters	3,088.00
Three years of total water withdrawal data is disclosed by source - Total	Cubic meters	3,356.00
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	80,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	26

Internal assurance External assurance No assurance

(*)Restated

Sustainability Report

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (“TCFD”) - ALIGNED DISCLOSURE

In contributing our role as a corporate citizen for the transition to a low carbon economy and in cognizant of heightened interest from our stakeholders, we have initiated the process of integrating the TCFD recommendations in the Sustainability Report, ahead of the regulatory requirements of Bursa Malaysia’s Listing Requirements. In positioning Unisem for long-term success and climate resilience in a rapidly changing business environment, we strive to manage the climate-related risks and capture opportunities which may impact our business, strategy, and financial planning.

Governance

Unisem manages Environmental, Social and Governance (“ESG”) through a robust framework, governed by several levels to drive accountability and execution, which include Board of Directors, ESG Committee (“ESGC”) and ESG Working Committee (“ESGWC”).

The Board holds the ultimate accountability for the integration of sustainability in Unisem’s operations, including setting the strategic sustainability direction. The Group has clarified the oversight structure on sustainability-related matters at the Management-level. Specifically, the Group identified a designated individual to manage sustainability strategically at the management-level whilst having direct reporting lines to the Board ESGC.

The ESGC assists the Board to review the proposed strategies, initiatives, and assessments made by the Senior Management, including materiality assessments and sustainability opportunities and risk management assessments. The Board and ESGC also review the Group’s engagement with key stakeholders bi-annually to ensure adequate engagement with our stakeholders to understand their views and feedback and to address their concerns.

The ESGC is aided by ESGWC. ESGWC comprises of RBA Working Committee (“RBAWC”) and Business Development Group. The head of ESGWC approves and signs off the ESG policies. RBAWC is responsible to implement sustainability into daily operations to ensure it aligns with the strategic sustainability direction set by the Board, in relation Labour, Ethics, Health and Safety, Environment, Supply Chain Management and Management Systems.

The Sustainability Governance Structure has been disclosed under Sustainability Governance.

[Click here](#) or go to page 84 for Sustainability Governance

Strategy

In FY2023, Unisem has conducted the stakeholder engagement survey to identify the climate risks and opportunities relevant to the Group through stakeholder engagement survey form and compilation of results into the stakeholder feedback compilation template. For the risk and opportunities identified, we have applied the time horizon over the short-, medium-, and long-term, which we apply in the risks and opportunities identification and related impact, are as follows:

- i. Short-term: from 0 – 5 years
- ii. Medium-term: from 6 – 10 years
- iii. Long-term: more than 10 years

Transition Risk

Shifting towards a lower-carbon economy could involve significant alterations in policies, laws, technologies, and market dynamics to tackle the needs for both reducing and adapting to climate change. The extent and consequences of transition risks can vary based on the type, pace, and emphasis of these alterations. We keep a close watch on regulations and policies connected to climate change, aiming to grasp the potential effects on our business and stakeholders, as well as any opportunities that might arise.

Malaysia is part of the United Nations Framework Convention on Climate Change and a signatory of the Paris Agreement. The Paris Agreement’s central aim is to strengthen the global response to the threat of climate change by keeping a global temperature rise this century well below 2°C above pre-industrial levels, and to pursue efforts to limit the temperature increase even further to 1.5°C. The government is intended to reduce its GHG emissions intensity of GDP by 45% by 2030 relative to the emissions intensity of GDP in 2005. The government has stated that its ultimate ambition is for Malaysia to be carbon neutral nation by as early as 2050.

Sustainability Report

TCFD - ALIGNED DISCLOSURE (CONT'D)

The following table shows the transition risks identified by Unisem:

	Description	Time Horizon	Current Status	Impact
Policy and Legal	The government has the capacity to enforce strategies for attaining these objectives, including the adoption of carbon pricing systems aimed at diminishing greenhouse gas emissions. Furthermore, new regulations might either limit the use of fossil fuels significantly or result in their complete abandonment.	Short-term	We have manufacturing sites in Malaysia and China, producing around 118,957 tCO ₂ (Scope 1 and Scope 2) in the year 2023.	The Malaysian government anticipates a substantial industry involvement in reaching its emission targets. If carbon pricing is put into effect, it is projected that the related financial burdens on energy will rise.
Technology/ Raw Material	Our systems and applications have become increasingly complex. Consequently, the costs and time required for developing new products and technology have risen.	Long-term	<p>We recognised that there are a lot of potentials in the development of new energy saving/carbon reduction technologies.</p> <p>Currently, the Company has in place a Supplier Management Specification for Environmental, Health and Safety Related Substances in Parts and Materials to ensure the materials selected are environmentally compliance and recyclable at the end of shelf life.</p> <p>Besides that, Unisem strictly complies with regulations such as RoHS and REACH (supplier declaration) for raw material and refuse projects involving high lead or mercury content.</p> <p>Additionally, adhere to ISO 14001:2015 standards for effective environmental management, ensuring a systematic approach to environmental conservation and sustainability.</p>	<p>There is a potential risk that we might face challenges in creating novel technologies aimed at decreasing energy usage, or alternatively, the expenses associated with this transition could be substantial. Our suppliers might lack the capability or resource for ongoing development of innovative technologies.</p> <p>Imposing limitations on fossil fuels could potentially lead to devaluation of assets and/or necessitate the revision of products, along with the potential need to acquire new equipment or materials at greater expenses, all with reduced carbon impacts.</p>
Market	As global awareness of climate change rises, addressing the environmental effects of products has become a priority for our customers and other stakeholders. They might lean towards transitioning to products with reduced carbon footprints.	Medium-term	Our customers operate within regions where stringent national laws and regulations pertaining to greenhouse gas ("GHG") emissions quotas and usage are in effect. These requirements could potentially be transmitted to our products and services through our customers.	The semiconductor industry is highly competitive, and our capacity to compete depends on our ability to develop new and enhance our products to be more environmentally friendly. Failure to meet our customer expectations may lead to loss of competitive edge.

Sustainability Report

TCFD - ALIGNED DISCLOSURE (CONT'D)

The following table shows the transition risks identified by Unisem (cont'd):

	Description	Time Horizon	Current Status	Impact
Reputation	The process of semiconductor manufacturing demands significant quantities of energy and water resources. As the global consciousness regarding climate change continues to grow, the effective mitigation of the environmental impact associated with our products has become a prominent concern for both our customers and other stakeholders.	Medium-term	Investor and other stakeholders are increasing focuses on climate change practise.	Failure to achieve our climate change objectives, meet the emerging climate expectations of our stakeholders and/or timely respond to enhanced regulations could negatively affect our brand and reputation.

Physical Risk

Climate change-related physical risks manifest in two primary forms: event-driven (acute) occurrences and gradual, long-term shifts (chronic) in climate patterns.

Acute physical risks encompass impactful events like intensified extreme weather incidents such as storms, heavy rain, drought and floods. On the other hand, chronic physical risks encompass extended changes in climate patterns, like prolonged elevated temperatures leading to scenarios such as rising sea levels or enduring heat waves.

	Acute Physical Risk	Chronic Physical Risk
Description	Storm, flood & drought	Rising temperature
Time Horizon	Medium-term	Long-term
Assumptions	Catastrophic events associated with increased frequency and/or severity of extreme weather events such as droughts and floods could make it difficult or impossible to manufacture or deliver products to our customers, receive production materials from suppliers, or perform critical functions.	Less government action and regulations to combat climate change and emissions remain high, leading to higher global warming and increase shift in climate patterns.
Impact	Production disruptions lead to financial losses and reduced revenue due to delays, missed deliveries, increased costs, and potential customer defection.	Such circumstances can lead to supply chain disturbances. Suppliers might encounter challenges in providing materials due to fluctuations in the supply and demand of specific commodities (e.g. rare earth elements, minerals), necessitating packaging redesigns or the exploration of alternative materials. Besides that, consumers will be more incline towards products that generate fewer emissions, utilise fewer resources (such as minerals and electricity), or adhere to other criteria that call for modifications in our packaging designs.

Sustainability Report

TCFD - ALIGNED DISCLOSURE (CONT'D)

Opportunities

Unisem has also identified the potential opportunities to the business:

	Time Horizon	Climate-Related Opportunities	Potential Impacts
Resource efficiency	Short-term	Unisem has a year-on-year track record of energy saving programs to improve the energy efficiency of our production, as well as reduce water usage and consumption. Example: LED lighting conversion, Green Building Certification, Replacement of old chilled water management system to energy saving system (improve HVAC), upgrading air conditioning system and conduct compressed air optimisation.	<ul style="list-style-type: none"> • Reduced operating costs through efficiency gains and cost reduction from utilities. • Increased value of fixed assets.
Energy source	Short-term	At Unisem, we are actively embracing renewable energy to lessen our reliance on fossil-based power. We have taken the initiative to transition from conventional lighting to solar lights for both streetlights and car parks. Our efforts extend beyond just lighting. At our manufacturing plant in China, an official Power Purchase Agreement (“PPA”) has been established between the Company and State Grid Sichuan Electric Power Company, explicitly outlining that a segment of the Company’s electrical supply is generated from sustainable sources, including solar, wind, and hydropower. Our multi-faceted efforts set an inspiring example for a cleaner, greener energy future.	<ul style="list-style-type: none"> • Reduced exposure to GHG emissions and therefore less sensitivity to changes to cost of carbon. • Reputational benefits resulting in increased demand for goods.
Products and services	Short-term	Unisem goes beyond fulfilling customer’s request. We actively engage in evaluating the manufacturing process, offering valuable advice and recommendations in areas such as waste reduction, material substitution and process optimisation. Our commitment is to enhance the efficiency of product manufacturing, which benefits our customers through improved cost-effectiveness and sustainability.	<ul style="list-style-type: none"> • Material and energy cost can be reduced significantly by identifying and reducing waste in the manufacturing process. • Attract more customers and potentially lead to increased revenue as Unisem offers products at a lower cost with improved quality.
Markets	Medium-term	Unisem recognises the highly competitive nature of the industry and taking deliberate steps to reduce our environmental footprint (e.g., energy saving program), which not only aligns with market trends but also creates opportunities for market expansion.	<ul style="list-style-type: none"> • Access to new markets and customer segments leads to increased product demand and drives revenue growth. • Attract new investors who are willing to invest in businesses with a positive environmental impact.

TCFD - ALIGNED DISCLOSURE (CONT'D)

Resilience of Unisem's Strategy

In accordance with our commitment to the TCFD, Unisem recognises the critical significance of scenario analysis in our overall TCFD strategy. One key factor in achieving the resilience of the Group's strategy will be aligning the Group's strategy with climate-related scenarios. We have conducted qualitative scenario analysis to identify potential risks and opportunities, which informs our business and climate strategies. This includes obtain green building certification for new plant, and identification of continuous improvement projects that can address climate-related challenges.

The details of our Climate Transition Strategy have been disclosed under **Unisem Group's Environmental Roadmap**

[Click here](#) or go to page 132 for Unisem Group's Environmental Roadmap

We duly acknowledge that our supply chain is susceptible to substantial impacts in the event of a 2°C or lower scenario. While we currently possess a preliminary understanding of these potential effects, we provide a comprehensive and detailed account of our scenario analysis in forthcoming TCFD disclosures.

Risk Management

The Board exercises supervision over risk management and receives regular updates from the management regarding Group risks and enterprise risk management. The responsibility of identifying business risks, aligning them with the Group's strategy, appraising the effectiveness of risk assessment initiatives, and establishing risk controls lies with the management. Our ESGWC will continuously monitor-climate change related requirements. Short-term (0-5 years), medium-term (6-10 years), and long-term (>10 years) time horizons are included as part of risk identification and management for all climate related risks.

The Group follows an Enterprise Risk Management ("ERM") framework in line with Committee of Sponsoring Organizations of Treadway Commission's (COSO) principles. This approach systematically identifies, assesses, and reports key risks using self-assessment. Notable risks include strategic, operational, regulatory, and others. Annual ERM reviews are conducted by business units, led by division heads, and outsourced internal audit. Identified risks have been assigned to owners for timely action plans. Results and progress are reported to the Committee, and emerging risks are monitored. Adequate insurance coverage is secured to manage certain risks effectively.

The details of risk identification, assessment and management process has been disclosed in the **Statement of Risk Management and Internal Control** in the Integrated Annual Report.

[Click here](#) or go to page 47 for Statement of Risk Management and Internal Control

Metrics and Targets

In Unisem, we monitor numerous metrics to measure progress toward achieving our environmental targets including reduction of emissions intensity, including:

1. Scope 1, Scope 2 and limited Scope 3 emissions (tCO²-e)
2. Energy consumption (GJ)
3. Waste generated (Metric Tones)
4. Water consumed (Mega Litres)

Sustainability Report

TCFD - ALIGNED DISCLOSURE (CONT'D)

Unisem carbon emission data follows the methodologies in accordance with the GHG accounting and reporting standards which are the GHG Protocol, ISO 14064-1 and the GRI 305: Emissions 2016 Standard. Our total emissions for FY2023 amounted to 2,349 tCO²-e for Scope 1, 116,608 tCO²-e for Scope 2 and 326 tCO²-e for Scope 3 emissions. As our commitment towards carbon neutrality by 2030, with an aspiration of Net Zero by 2050, Unisem has set climate-related targets related to GHG emissions, energy consumption, water consumption and waste generation as follows:

1. Reduce GHG emissions intensity by 15% from 2020 baseline by 2027
2. Reduce energy consumption intensity by 15% from 2020 baseline by 2027
3. To achieve 60% recycling rate of total hazardous waste generated by 2027
4. Reduce water consumption intensity by 10% from 2020 baseline by 2027

The details of the metrics and targets has been disclosed in the **THE ENVIRONMENT**.

Click [here](#) or go to page 130 for THE ENVIRONMENT

Sustainability Report

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE	REFERENCE SECTION AND COMMENTS	PAGE	
GRI 102: General Disclosures 2016	ORGANISATIONAL PROFILE			
	102-1	Name of the organisation	<ul style="list-style-type: none"> IAR23: Who We Are/Where We Operate SR23: About this Sustainability Report 	8 76
	102-2	Activities, brands, products, and services	<ul style="list-style-type: none"> IAR23: Who We Are/Where We Operate 	8
	102-3	Location of headquarters	<ul style="list-style-type: none"> IAR23: Who We Are/Where We Operate SR23: About this Sustainability Report 	8 76
	102-4	Location of operations	<ul style="list-style-type: none"> IAR23: Who We Are/Where We Operate SR23: About this Sustainability Report 	8 76
	102-5	Ownership and legal form	<ul style="list-style-type: none"> IAR23: Who We Are/Where We Operate IAR23: Shareholders' Statistics 	8 243
	102-6	Markets served	<ul style="list-style-type: none"> IAR23: Who We Are/Where We Operate 	8
	102-7	Scale of the organisation	<ul style="list-style-type: none"> IAR23: Who We Are/Where We Operate SR23: Our People: Equal Treatment and Opportunities 	8 115
	102-8	Information on employees and other workers	<ul style="list-style-type: none"> SR23: Our People: Equal Treatment and Opportunities 	115
	102-9	Supply chain	<ul style="list-style-type: none"> SR23: How We Do Business: Supply Chain Management 	99
	102-10	Significant changes to the organisation and its supply chain	<ul style="list-style-type: none"> SR23: About this Sustainability Report 	76
	102-11	Precautionary principle or approach	<ul style="list-style-type: none"> SR23: The Environment 	130
	102-12	External initiatives	<ul style="list-style-type: none"> SR23: About this Sustainability Report 	76
	102-13	Membership of associations	<ul style="list-style-type: none"> SR23: About this Sustainability Report 	76
	STRATEGY			
	102-14	Statement from senior decision-maker	<ul style="list-style-type: none"> IAR23: Chairman's Letter to the Shareholders IAR23: Our Performance: Management Discussion & Analysis 	4 70
	102-15	Key impacts, risks, and opportunities	<ul style="list-style-type: none"> IAR23: The Strategy and Focus Areas 	52
	ETHICS AND INTEGRITY			
	102-16	Values, principles, standards, and norms of behaviour	<ul style="list-style-type: none"> IAR23: Creating Value for Stakeholders SR23: How We Do Business: Code of Ethics SR23: How We Do Business: Anti-Corruption and Bribery 	63 94 94
	102-17	Mechanisms for advice and concerns about ethics	<ul style="list-style-type: none"> SR23: How We Do Business: Anti-Corruption and Bribery 	94

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GRI CONTENT INDEX (CONT'D)

GRI STANDARD	DISCLOSURE	REFERENCE SECTION AND COMMENTS	PAGE	
GRI 102: General Disclosures 2016	GOVERNANCE			
	102-18	Governance structure	<ul style="list-style-type: none"> • IAR23: Profile of Board of Directors • IAR23: Profile of Senior Management • IAR23: Corporate Governance Overview Statement • SR23: Governance for Sustainability 	17 23 25 84
	102-19	Delegating authority	<ul style="list-style-type: none"> • SR23: Governance for Sustainability 	84
	102-20	Executive-level responsibility for economic, environmental, and social topics	<ul style="list-style-type: none"> • SR23: Governance for Sustainability 	84
	102-21	Consulting stakeholders on economic, environmental, and social topics	<ul style="list-style-type: none"> • SR23: Unisem's Materiality Assessment Process 	88
	102-22	Composition of the highest governance body and its committees	<ul style="list-style-type: none"> • IAR23: Corporate Governance Overview Statement 	25
	102-23	Chair of the highest governance body	<ul style="list-style-type: none"> • IAR23: Corporate Governance Overview Statement 	25
	102-24	Nominating and selecting the highest governance body	<ul style="list-style-type: none"> • IAR23: Corporate Governance Overview Statement 	25
	102-25	Conflicts of interest	<ul style="list-style-type: none"> • IAR23: Corporate Governance Overview Statement • SR23: How We Do Business: Conflict of Interest 	25 96
	102-26	Role of highest governance body in setting purpose, values, and strategy	<ul style="list-style-type: none"> • IAR23: Creating Value for Stakeholder • SR23: Governance for Sustainability 	63 84
	102-27	Collective knowledge of highest governance body	<ul style="list-style-type: none"> • IAR23: Corporate Governance Overview Statement 	25
	102-28	Evaluating the highest governance body's performance	<ul style="list-style-type: none"> • IAR23: Corporate Governance Overview Statement • SR23: Governance for Sustainability 	25 84
	102-29	Identifying and managing economic, environmental, and social impacts	<ul style="list-style-type: none"> • SR23: Governance for Sustainability • SR23: Sustainability Risks and Opportunities 	84 90
	102-30	Effectiveness of risk management processes	<ul style="list-style-type: none"> • IAR23: Corporate Governance Overview Statement 	25
	102-31	Review of economic, environmental, and social topics	<ul style="list-style-type: none"> • SR23: Governance for Sustainability 	84
102-32	Highest governance body's role in sustainability reporting	<ul style="list-style-type: none"> • SR23: Unisem's Materiality Assessment Process 	88	

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GRI STANDARD	DISCLOSURE	REFERENCE SECTION AND COMMENTS	PAGE
GRI 102: General Disclosures 2016	STAKEHOLDER ENGAGEMENT		
	102-40	List of stakeholder groups	• IAR23: Creating Value for Stakeholders 63
	102-41	Collective bargaining agreements	• SR23: Our People: Employee Welfare 122
	102-42	Identifying and selecting stakeholders	• IAR23: Creating Value for Stakeholders 63
	102-43	Approach to stakeholder engagement	• IAR23: Creating Value for Stakeholders 63
	102-44	Key topics and concerns raised	• IAR23: Creating Value for Stakeholders 63
	REPORTING PRACTICE		
	102-45	Entities included in the consolidated financial statements	• IAR23: Financial Statements 180
	102-46	Defining report content and topic boundaries	• SR23: About this Sustainability Report 76
	102-47	List of material topics	• IAR23: Our Material Topics 53
	102-48	Restatement of information	There is no restatement of information in SR23
	102-49	Changes in reporting	• SR23: Unisem's Materiality Assessment Process 88
	102-50	Reporting period	• IAR23: Reporting Scope and Boundary 2
	102-51	Date of most recent report	• IAR23: Reporting Scope and Boundary 2
	102-52	Contact point for questions regarding the report	• SR23: About this Sustainability Report: Contact 80
	102-53	Date of most recent report	• SR23: About this Sustainability Report 76
	102-54	Claims of reporting in accordance with the GRI Standards	• SR23: About this Sustainability Report: Reporting Framework and Standards 76
102-55	GRI content index	• SR23: GRI Content Index 165	
102-56	External assurance	• SR23: About this Sustainability Report: Assurance 77	

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GRI 307:	REPORTING PRACTICE		
Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	• SR23: The Environment: Our Environmental Management Approach 130
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	• SR23: Our People: New Hire and Retention 127
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	• SR23: Our People: Communications and Engagements with Employees 121
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	• SR23: Our People: Employee Development 123
	404-3	Percentage of employees receiving regular performance and career development reviews	• SR23: Our People: Communications and Engagements with Employees 121
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	• SR23: Our People: Employee Diversity 115
	405-2	Ratio of basic salary and remuneration of women to men	• SR23: Our People: Employee Diversity 115
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	• SR23: Managing Our Business 103
TOPIC-SPECIFIC DISCLOSURES: MATERIAL SUSTAINABILITY MATTER			
ANTI-CORRUPTION			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	• SR23: How We Do Business: Anti-Corruption and Bribery 94
	103-2	The management approach and its components	• SR23: How We Do Business: Anti-Corruption and Bribery 94
	103-3	Evaluation of the management approach	• SR23: How We Do Business: Anti-Corruption and Bribery 94
GRI 205: Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption	• SR23: How We Do Business: Anti-Corruption and Bribery 94
	205-2	Communication and training about anti-corruption policies and procedures	• SR23: How We Do Business: Anti-Corruption and Bribery 94
	205-3	Confirmed incidents of corruption and actions taken	• SR23: How We Do Business: Anti-Corruption and Bribery 94

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		• SR23: How We Do Business: Anti-Corruption and Bribery	
PRODUCT STEWARDSHIP			
GRI 205: Anti-Corruption 2016	103-1	Explanation of the material topic and its boundary	98
	103-2	The management approach and its components	98
	103-3	Evaluation of the management approach	98
		• SR23: How We Do Business: Product Stewardship	
		• SR23: How We Do Business: Product Stewardship	
		• SR23: How We Do Business: Product Stewardship	
SUPPLY CHAIN MANAGEMENT			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	99
	103-2	The management approach and its components	99
	103-3	Evaluation of the management approach	99
		• SR23: How We Do Business: Supply Chain Management	
		• SR23: How We Do Business: Supply Chain Management	
		• SR23: How We Do Business: Supply Chain Management	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	99
	308-2	Negative environmental impacts in the supply chain and actions taken	99
		• SR23: How We Do Business: Supply Chain Management	
		• SR23: How We Do Business: Supply Chain Management	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	99
	414-2	Negative social impacts in the supply chain and actions taken	99
		• SR23: How We Do Business: Supply Chain Management	
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GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	103
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		• SR23: Managing Our Business: Business Performance	
		• SR23: Managing Our Business: Business Performance	
		• SR23: Managing Our Business: Business Performance	

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TOPIC-SPECIFIC DISCLOSURES: MATERIAL SUSTAINABILITY MATTER				
GROWING THE BUSINESS				
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	<ul style="list-style-type: none"> • IAR23: Financial Statements • SR23: Managing Our Business: Business Performance 	180 103
	201-4	Financial assistance received from government	<ul style="list-style-type: none"> • IAR23: Financial Statements: Notes to the Financial Statements 	180
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	<ul style="list-style-type: none"> • SR23: Managing Our Business: Business Performance 	103
TECHNOLOGY AND INNOVATION				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> • SR23: Managing Our Business: Pushing Our Technological Boundaries 	105
	103-2	The management approach and its components	<ul style="list-style-type: none"> • SR23: Managing Our Business: Pushing Our Technological Boundaries 	105
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • SR23: Managing Our Business: Pushing Our Technological Boundaries 	105
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GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> • SR23: Our Focus on Customers: Serving Our Customers 	109
	103-2	The management approach and its components	<ul style="list-style-type: none"> • SR23: Our Focus on Customers: Serving Our Customers 	109
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • SR23: Our Focus on Customers: Serving Our Customers 	109
CUSTOMER PRIVACY AND DATA PROTECTION				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> • SR23: Our Focus on Customers: Serving Our Customers 	109
	103-2	The management approach and its components	<ul style="list-style-type: none"> • SR23: Our Focus on Customers: Serving Our Customers 	109
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • SR23: Our Focus on Customers: Serving Our Customers 	109
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<ul style="list-style-type: none"> • SR23: Our Focus on Customers: Protecting Our Customers' Privacy and Data 	112

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TOPIC-SPECIFIC DISCLOSURES: MATERIAL SUSTAINABILITY MATTER			
LABOUR RIGHTS			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	• SR23: Our People: Upholding Human Rights and Labour Standards 113
	103-2	The management approach and its components	• SR23: Our People: Upholding Human Rights and Labour Standards 113
	103-3	Evaluation of the management approach	• SR23: Our People: Upholding Human Rights and Labour Standards 113
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	• SR23: Our People: Upholding Human Rights and Labour Standards 113
GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	• SR23: Our People: Upholding Human Rights and Labour Standards 113
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	• SR23: Our People: Upholding Human Rights and Labour Standards 113
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	• SR23: Our People: Upholding Human Rights and Labour Standards 113
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	• SR23: Our People: Upholding Human Rights and Labour Standards 113
GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	• SR23: Our People: Upholding Human Rights and Labour Standards 113
	412-2	Employee training on human rights policies or procedures	• SR23: Our People: Upholding Human Rights and Labour Standards 113
	412-3	Significant investment agreements and contract that include human rights clauses or that underwent human rights screening	• SR23: Our People: Upholding Human Rights and Labour Standards 113

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	103-3	Evaluation of the management approach	• SR23: Our People: Employee Welfare 122
GRI 201: Economic Performance 2016	201-3	Defined benefit plan obligations and other retirement plans	• IAR23: Financial Statements • SR23: Our People: Employee Welfare 180 122
	GRI 401: Employment 2016	401-2	Benefits provided to fulltime employees that are not provided to temporary or part-time employees
401-3		Parental leave	• SR23: Our People: Employee Welfare • SR22: Other Sustainability Data and References 122 156
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GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	• SR23: Our People: Occupational Health and Safety 117
	103-2	The management approach and its components	• SR23: Our People: Occupational Health and Safety 117
	103-3	Evaluation of the management approach	• SR23: Our People: Occupational Health and Safety 117
GRI 403: Occupational Health and Safety 2016	403-1	Occupational health and safety management system	• SR23: Our People: Occupational Health and Safety 117
	403-2	Hazard identification, risk assessment, and incident investigation	• SR23: Our People: Occupational Health and Safety 117
	403-3	Occupational health services	• SR23: Our People: Occupational Health and Safety 117
	403-4	Worker participation, consultation, and communication on occupational health and safety	• SR23: Our People: Occupational Health and Safety 117
	403-5	Worker training on occupational health and safety	• SR23: Our People: Occupational Health and Safety - Safety and Health Training 119

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OCCUPATIONAL HEALTH AND SAFETY				
GRI 403: Occupational Health and Safety 2016	403-6	Promotion of worker health	• SR23: Our People: Occupational Health and Safety	117
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	• SR23: Our People: Occupational Health and Safety	117
	403-8	Workers covered by an occupational health and safety management system	• SR23: Our People: Occupational Health and Safety	117
	403-9	Work-related injuries	• SR23: Our People: Occupational Health and Safety	117
	403-10	Work-related ill health	• SR23: Our People: Occupational Health and Safety	117
LOCAL COMMUNITIES				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	• SR23: Our People: Local Communities	128
	103-2	The management approach and its components	• SR23: Our People: Local Communities	128
	103-3	Evaluation of the management approach	• SR23: Our People: Local Communities	128
GRI 202: Market Presence 2016	202-2	Proportion of senior management hired from the local community	• SR23: How We Do Business: Our Contribution to Local Economy and Society	102
GRI 203: Indirect Economic Impact 2016	203-2	Significant indirect economic impacts	• SR23: Our People: Local Communities	128
GRI 413: Local Communities 2016	413-2	Operations with significant actual and potential negative impacts on local communities	• SR23: The Environment: Noise Monitoring	149
ENERGY MANAGEMENT AND GREENHOUSE GAS EMISSIONS				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	• SR23: The Environment: Our Environmental Management Approach	130
	103-2	The management approach and its components	• SR23: The Environment: Our Environmental Management Approach	130
	103-3	Evaluation of the management approach	• SR23: The Environment: Our Environmental Management Approach	130

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GRI 302: Energy 2016	302-1	Energy consumption within the organisation	• SR23: The Environment: Energy Management and Climate Change and Air Emissions	136
	302-3	Energy intensity	• SR23: The Environment: Energy Management and Climate Change and Air Emissions	136
	302-4	Reduction of energy consumption	• SR23: The Environment: Energy Management and Climate Change and Air Emissions	136
	302-5	Reductions in energy requirements of products and services	• SR23: The Environment: Energy Management and Climate Change and Air Emissions	136
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	• SR23: The Environment: Energy Management and Climate Change and Air Emissions	136
	305-2	Energy indirect (Scope 2) GHG emissions	• SR23: The Environment: Energy Management and Climate Change and Air Emissions	136
	305-4	GHG emissions intensity	• SR23: The Environment: Energy Management and Climate Change and Air Emissions	136
	305-5	Reduction of GHG emissions	• SR23: The Environment: Energy Management and Climate Change and Air Emissions	136
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	• SR23: The Environment: Energy Management and Climate Change and Air Emissions - Other Air Emissions	140
EFFLUENTS AND WASTE MANAGEMENT				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	• SR23: The Environment: Managing Waste and Effluents	141
	103-2	The management approach and its components	• SR23: The Environment: Managing Waste and Effluents	141
	103-3	Evaluation of the management approach	• SR23: The Environment: Managing Waste and Effluents	141
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	• SR23: The Environment: Managing Waste and Effluents	141
	306-2	Management of significant waste-related impacts	• SR23: The Environment: Managing Waste and Effluents	141
	306-3	Waste generated	• SR23: The Environment: Managing Waste and Effluents	141
	306-4	Waste diverted from disposal	• SR23: The Environment: Managing Waste and Effluents	141
	306-5	Waste directed to disposal	• SR23: The Environment: Managing Waste and Effluents	141

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WATER CONSUMPTION				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	<ul style="list-style-type: none"> • SR23: The Environment: Water Use and Effluent Discharged 	145
	103-2	The management approach and its components	<ul style="list-style-type: none"> • SR23: The Environment: Water Use and Effluent Discharged 	145
	103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • SR23: The Environment: Water Use and Effluent Discharged 	145
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	<ul style="list-style-type: none"> • SR23: The Environment: Water Use and Effluent Discharged 	145
	303-2	Management of water discharge-related impacts	<ul style="list-style-type: none"> • SR23: The Environment: Water Use and Effluent Discharged 	145
	303-3	Water withdrawal	<ul style="list-style-type: none"> • SR23: The Environment: Water Use and Effluent Discharged 	145
	303-4	Water discharge	<ul style="list-style-type: none"> • SR23: The Environment: Water Use and Effluent Discharged 	145
	303-5	Water consumption	<ul style="list-style-type: none"> • SR23: The Environment: Water Use and Effluent Discharged 	145
GRI 306: Waste 2020	306-2	Management of significant waste-related impacts	<ul style="list-style-type: none"> • SR23: The Environment: Managing Waste and Effluents 	141
			<ul style="list-style-type: none"> • SR23: The Environment: Water Use and Effluent Discharged 	145

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SASB ALIGNMENT INDEX

General	Accounting Metric	SASB Code	Content Reference
Activity metric	Total production	TC-SC-000.A	Total number of units produced in FY2023 is 7,234,319K. Number of units produced is adjusted based on a standardised adjustment method depending on the types of products – i.e., based on 10,000 units per wafer.
Activity metric	Percentage of production from owned facilities	TC-SC-000.B	100% of the units produced are from facilities owned by Unisem Group.

Topic	Accounting Metric	SASB Code	Summary
Greenhouse Gas Emissions	(1) Gross global Scope 1 emissions and	TC-SC-110a.1	(1) Gross global Scope 1 (Direct) emissions amounted to 2,348 tons of CO ₂ equivalent.
	(2) Amount of total emissions from perfluorinated compound		(2) n/a, we do not use a significant amount of perfluorinated compounds.
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	TC-SC-110a.2	<p>Unisem Group's Scope 1 emissions are relatively low amongst its total Scope 1 and 2 emissions, i.e. less than 2%, and majority of emissions are derived from energy use, particularly purchased electricity. The Group aims to reduce overall Scope 1 and 2 emissions by targeting to reduce emissions intensity via reduction in energy intensity. We have targets to reduce energy intensity and emissions intensity by 5% against the FY2020 baseline.</p> <p>The Group is also exploring alternative sources of energy including renewable sources to potentially reduce emissions arising from fossil-based energy.</p>
Energy Management in Manufacturing	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable	TC-SC-130a.1	(1) Total energy consumption by the Group is 774,301 GJ. (2) Total grid electricity purchased amounted to 746,038 GJ, i.e. 96.3% of total energy consumption. (3) Total renewable energy consumption is 189,884 GJ, i.e. 24.5% of total energy consumption.

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SASB ALIGNMENT INDEX (CONT'D)

Topic	Accounting Metric	SASB Code	Summary
Water Management	(1) Total water withdrawn,	TC-SC-140a.1	(1) Total water withdrawn by the Group is 3,356K m ³
	(2) Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress		(2) Total water consumed by the Group is 268K m ³
Waste Management	Amount of hazardous waste from manufacturing, percentage recycled	TC-SC-150a.1	The Group generated 618MT of hazardous waste from its production activities. 49% of this hazardous waste from manufacturing was recycled.
			Approximately 56% of this recycled hazardous waste was e-waste, which was handled by third party contractors compliant with applicable local laws and regulations.
Employee Health & Safety	Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards	TC-SC-320a.1	Unisem Group assesses, monitors, and reduces exposure of employees to human health hazards via its occupational safety and health management system, which includes: <ul style="list-style-type: none"> (a) Governance structure – Health and Safety Working Committee to oversee safety and health identification, assessment, management, and reporting processes; (b) Risk-based approach – HIRARC reviews to identify hazards and risks (c) SOPs incorporating health and safety internal controls (d) Incident response and risk management procedures (e) Training and awareness
	Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations	TC-SC-320a.2	There were no legal proceedings associated with employee health and safety violations reported during FY2023, i.e. there were no associated monetary losses.

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SASB ALIGNMENT INDEX (CONT'D)

Topic	Accounting Metric	SASB Code	Summary
Recruiting & Managing a Global & Skilled Workforce	Percentage of employees that are (1) foreign nationals and (2) located offshore	TC-SC-330a.1	(1) Unisem Group discloses the following data by location, i.e. Unisem Malaysia and Unisem Chengdu. 26.0% of Unisem Malaysia's employees are foreign nationals. 0.4% of Unisem Chengdu's employees are foreign nationals. In Unisem Malaysia, ongoing efforts are undertaken to attract local employees to reduce reliance on foreign workers and to develop local talent pool.
			(2) 54.6% and 45.4% of the Group's employees are employed in Malaysia and China, respectively.
Product Lifecycle Management	Percentage of products by revenue that contain IEC 62474 declarable substances	TC-SC-410a.1	Unisem Group complies with RoHS Directive on restriction on the use of ten substances including lead.
	Processor energy efficiency at a system-level for: (1) servers, (2) desktops, and (3) laptops	TC-SC-410a.2	Unisem Group does not produce end products or consumer products and hence this metric is not applicable.
Materials Sourcing	Description of the management of risks associated with the use of critical materials	TC-SC-440a.1	Unisem Group has a Group Policy on Conflict Minerals which prohibit the use of conflict minerals including tantalum, tin, tungsten, and gold from conflict areas. Due diligence processes are in place to facilitate the responsible sourcing of conflict free minerals in the Group's production and supply chain. Further, the Group adheres to the RBA Code of Conduct and it requires suppliers to adhere to the same.
Intellectual Property Protection & Competitive Behaviour	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	TC-SC-520a.1	There were no legal proceedings associated with anti-competitive behaviour regulations reported during FY2023, i.e. there were no associated monetary losses.

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ASSURANCE AND INTERNAL AUDIT REVIEW STATEMENTS

Letter of Independence Limited Assurance Statement

Introduction and Objectives of Work

BeyondGood Consultancy has been engaged by Unisem (M) Berhad (Unisem) to provide limited assurance of its selected Greenhouse Gases (GHG) data. This limited assurance statement applies to the related information in the scope of work described below (Subject Matter).

Scope of Work

This GHG information in Unisem's 2023 Sustainability Report ("the Report") is the sole responsibility of the management of Unisem. BeyondGood Consultancy was not involved in the drafting of the Report.

Our sole responsibility was to provide independent limited assurance of the accuracy of the Subject Matter in reference to the most common GHG accounting and reporting standards which are the GHG Protocol, ISO 14064-1 and the GHG 2005 Emissions 2016 Standard is also a standard that requires companies to report direct emissions (Scope 1), energy indirect emissions (Scope 2), other indirect (Scope 3) greenhouse gas (GHG) emissions.

Organisational and Operational Boundaries

Unisem consolidates its facility-level GHG emissions and removals by the organisation accounts for all GHG emissions from facilities over which it has financial or operational control, where it aids transparency or comparability over time and provides a breakdown of the GHG emissions by:

- Business unit or facility: Unisem Ipoth & Unisem Chengdu
- Country: Malaysia and China
- Type of source: fuel, processes, and purchased electricity
- Type of activities: fleet fuel (e.g., diesel and petrol used in forklifts and company cars) and natural gas used in boilers and generator sets; operations energy consumption; indirect GHG emissions from employee commuting, and freight transportation
- Greenhouse Gas Emissions (Scope 1, Scope 2 location-based and market-based, and Scope 3, Category 3)

BeyondGood Consultancy reviewed Unisem's company carbon footprint data related to the manufacturing operations by its fiscal year 2023. Our limited assurance on Unisem's carbon footprint - Scope 1, 2 & 3 related Carbon Footprint for Fiscal Year 2023 does not extend to any other information included in the Report.

Summary

This review checks the transparency of data and calculations, appropriateness of supporting GHG-related data and assumptions, and overall plausibility of the calculated corporate annual carbon footprint comprised of emissions derived from Unisem's operations in fiscal year 2023. This review and verification focuses on Scope 1, Scope 2, and Scope 3 emissions. This review and verification furthermore in accordance with ISO 14064-3: Greenhouse gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions.

The review of the corporate annual carbon footprint has considered the following criteria:

- The system, boundaries, and functional unit are clearly defined
- Assumptions and estimations made are appropriate
- Selection of data is appropriate and methodologies used are adequately disclosed

Unisem includes greenhouse gas emissions for manufacturing operations resulting from the following:

- Direct GHG emissions (Scope 1 / Category 1) from industrial gases, direct fugitive emissions from refrigerants, air conditioning, and fire suppression systems, mobile and stationary combustion.

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Reviewed Data and Plausibility Check

A verification and sampling plan as required by ISO 14064-3 has been established in the course of this review and verification, defining the level of assurance, objectives, criteria, scope, and materiality of the verification.

As part of this review and verification, Unisem disclosed the following data to BeyondGood Consultancy:

Business Unit	Scope	CO2e	CH4	N2O	HFC	PFC	SF6	Total
Malaysia	Manufacturing Operations (Scope 1)	208.88	0.00	0.00	0.00	0.00	0.00	208.88
Malaysia	Direct Emissions	21.88	0.00	0.00	0.00	0.00	0.00	21.88
Malaysia	Direct Indirect Emissions	186.99	0.00	0.00	0.00	0.00	0.00	186.99
Malaysia	Direct Indirect Emissions (Scope 2)	43.16	0.00	0.00	0.00	0.00	0.00	43.16
Malaysia	Direct Indirect Emissions (Scope 3)	143.83	0.00	0.00	0.00	0.00	0.00	143.83
Malaysia	Direct Indirect Emissions (Scope 1 & 2)	250.04	0.00	0.00	0.00	0.00	0.00	250.04
Malaysia	Direct Indirect Emissions (Scope 1, 2 & 3)	393.92	0.00	0.00	0.00	0.00	0.00	393.92
China	Direct Emissions	48.13	0.00	0.00	0.00	0.00	0.00	48.13
China	Direct Indirect Emissions	133.29	0.00	0.00	0.00	0.00	0.00	133.29
China	Direct Indirect Emissions (Scope 2)	133.29	0.00	0.00	0.00	0.00	0.00	133.29
China	Direct Indirect Emissions (Scope 1 & 2)	181.42	0.00	0.00	0.00	0.00	0.00	181.42
China	Direct Indirect Emissions (Scope 1, 2 & 3)	181.42	0.00	0.00	0.00	0.00	0.00	181.42
Malaysia	Manufacturing Operations (Scope 1)	208.88	0.00	0.00	0.00	0.00	0.00	208.88
Malaysia	Direct Emissions	21.88	0.00	0.00	0.00	0.00	0.00	21.88
Malaysia	Direct Indirect Emissions	186.99	0.00	0.00	0.00	0.00	0.00	186.99
Malaysia	Direct Indirect Emissions (Scope 2)	43.16	0.00	0.00	0.00	0.00	0.00	43.16
Malaysia	Direct Indirect Emissions (Scope 3)	143.83	0.00	0.00	0.00	0.00	0.00	143.83
Malaysia	Direct Indirect Emissions (Scope 1 & 2)	250.04	0.00	0.00	0.00	0.00	0.00	250.04
Malaysia	Direct Indirect Emissions (Scope 1, 2 & 3)	393.92	0.00	0.00	0.00	0.00	0.00	393.92

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Energy sources data for FY2023, including LPG, diesel, petrol, and natural gas purchased records by month for both business units and facilities for Unisem Ipoth, Malaysia and Unisem Chengdu, China.

- Purchased electricity records by month for both business units and facilities for Unisem Ipoth, Malaysia and Unisem Chengdu, China.
- Purchased electricity contract agreement for Unisem Chengdu, China on the renewable and non-renewable energy supply.
- Upstream freight transportation GHG emissions records based on weight over distance method Well-to-Wheel (WTW) emission intensity of freight emission factor retrieved from the Global Logistics Emissions Council Framework for Logistics Emissions year released 2019 by suppliers for Unisem Ipoth.
- Employee commuting to work with company bus record by suppliers based on Passenger Over Distance method, emission intensity of bus source is EPA Emission Factors for Greenhouse Gas Inventories - Business Travel and Employee Commuting according to GHG Protocol year released 2021 by month for Unisem Ipoth.
- Calculation methodology and emissions factors for the company's carbon footprint and methodological changes implemented in 2023
- The total company carbon footprint for the fiscal year 2023

Detailed analysis of the Carbon Footprint including:

- The breakdown of the metric tonne CO₂-equivalent: metric tonne CO₂, metric tonne CH₄, metric tonne N₂O and metric tonne refrigerants if applicable.

The data undergoes rigorous verification through expert manual review and is based on emissions factors and methods that are scientifically validated with oversight from a panel of respected environmental scientists.

This review was done remotely.

Findings

The methodological changes implemented with the 2023 data are confirmed to lead to an improvement in terms of accuracy and real-use patterns representation of the results.

All questions raised in the course of the review were answered by Unisem and related evidence was provided where needed.

Further improvements of applied data models have been discussed with Unisem and are under consideration for future methodological revisions.

Conclusions

We observe from year to year an improvement of the assessment approach in terms of the granularity of the used calculation data. This year several additional components are modelled with more accurate data from Unisem's suppliers and with updated calculation models.

The review has not found assumptions or calculation errors on the GHG data table that indicate the corporate carbon footprint has been materially misstated. The excellent analysis makes the principles of good scientific practice.

Attestation:

C. D. Koh
 Chin Ling, Lo
 Technical Reviewer
 BeyondGood Consultancy 201802352559 (002833449-X)
 Malaysia, Jan 26, 2024

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Baker Tilly Monteiro Heng Governance Sdn Bhd (Company No. 351771-X)
 Baker Tilly Tower
 Level 10 Tower 1, Jentralu 5
 Bangsar South City
 59200 Kuala Lumpur, Malaysia

T: +603 2297 1000
 F: +603 2392 9580
 www.bakertilly.my

20 February 2023

Dear Sir/Mam,

UNISEM (M) BERHAD
 INTERNAL AUDIT REVIEW OF THE SUSTAINABILITY REPORTING PROCESS

Baker Tilly Monteiro Heng Governance Sdn Bhd ("Baker Tilly" or "we") has been engaged to perform an outsourced function to provide internal audit services for the review of Unisem (M) Berhad ("Unisem" or "the Company") Sustainability Reporting Process for the audit period from 1 January 2023 to 31 December 2023 for reporting to the Audit Committee ("AC").

Scope

The key operating sites at Unisem Ipoth and Unisem Chengdu Co., Ltd ("Unisem Chengdu") represent the Group's core revenue generating operations and employ the Group's entire workforce. The boundary of the internal audit review includes Unisem's operation in Unisem Ipoth, only.

Subject Matter

The subject matters covered by the internal audit review are listed in the table below, as presented in the Sustainability Report Financial Year 2023:

Sustainability Matters	Subject Matters
Occupational Health and Safety	Number of employees trained on health and safety standards
	Number of major and minor work-related accidents
	Injury frequency rate for industrial accidents
	Fatality rate
	Loss time incident/ severity rate

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Sustainability Matters	Subject Matters
Customer Satisfaction	Satisfaction of key customers
Growing the Business	Economic value table
	Proportion of local hires amongst employees
Supply Management	Audit of key direct material suppliers and key service agents
	Status of implementation of corrective action
	Summary of key material supplier's RBA audit
	Proportion of direct material spending on local suppliers
Technology and Innovation	Research and Development Expenditure
Effluents and Waste Management	Percentage of e-waste recovered
	Recycling rate of hazardous waste generated
	Total waste generated, diverted from disposal and directed to disposal
Customer Privacy and Data Protection	Number of substantiated complaints concerning breaches in customers privacy or data loss
Anti-Corruption	Number and percentage of anti-corruption training
	Corruption risk assessment
	Number of confirmed corruption incidents
	Summary of incidents and cases report
Employee Development and Diversity	Number of permanent and fixed-term contract by employee gender
	Percentage of permanent and fixed-term contract by employee
	Ratio of basic by gender
	Number of training hours by employee category
	Percentage of employees achieving minimum 6 training hours
	Proportion of employees within minimum 6 hours of training each year
	Average training hours per employee
	Average training cost per employee
	Average training hour per employee-by-employee category and gender
	Employee climate satisfaction
	Total number of employees turnover by category
	New hire and turnover headcount and percentage by age
Human and Labour Rights	Total hours and percentage of employees trained on labour standards and human rights issues
	Number of substantiated complaints concerning human rights violations
Water Consumption	Total water withdrawal, water discharge and water consumption
	Proportion of water recycled over water withdrawn
	Water consumption intensity
	Compliance with air effluents and wastewater discharge regulations
	Summary of resource conservation outcomes
Local communities	Total amount invested where the target beneficiaries are external to Unisem
	Total number of beneficiaries of the investment in communities

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Limitation of Use of this Letter

This letter is prepared solely for the Audit Committee of the Company in accordance with the terms outlined in our engagement letter with the Company. To the fullest extent permitted by law, we hereby declare that we do not accept nor assume responsibility and disclaim any liability to any party for the content of this letter. Any reliance placed on this report by any third party shall be done at their own risk.

Baker Tilly

Baker Tilly Monteiro Heng Governance Sdn Bhd
 (Company No. 351771-X)

Kuala Lumpur

Date: 22-Feb-2024

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