



# SUSTAINABILITY REPORT

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# SUSTAINABILITY REPORT



**As a responsible Corporation,** we recognise that we have an immense commitment to our stakeholders in ensuring that we operate in a safe and healthy environment, take care of our employees, customers, suppliers and other stakeholders. At the same time, we endeavour to operate with integrity and responsibility, including providing opportunities for the local community as well as protecting and caring for the environment we operate in.

This is the ground on which our sustainability efforts have been planned and executed and will continue to drive our future actions and performance.

## ABOUT THE SUSTAINABILITY REPORT

Over the past years, Unisem has reported in the Annual Report on its social responsibility, considering its commitment to shareholders, employees, customers, suppliers, local communities and other stakeholders. In light of the new Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad (the “Exchange”), Unisem has prepared a Sustainability Report in a manner as prescribed by the Exchange. The aim of this Sustainability Report is to communicate the way in which we identify the economic, environmental and social risks and opportunities considered most material to our business by us and our stakeholders, as well as inform our stakeholders on how we monitor and manage those material sustainability matters on an annual basis.

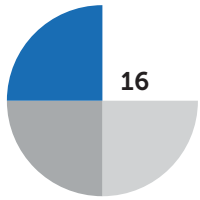
### SUSTAINABILITY REPORT'S SCOPE

The reporting period for this Sustainability Report is 1 January 2017 to 31 December 2017, unless otherwise stated. The information in the Sustainability Report covers Unisem’s operations in Ipoh pertaining to Unisem (M) Berhad and Unisem Advanced Technologies Sdn Bhd (“UAT”), hereinafter collectively referred to as Unisem Ipoh, while some policies, measures and initiatives will cover all activities of Unisem (M) Berhad, hereinafter referred to as Unisem, Unisem Group or the Group. Unisem (M) Berhad’s operations in Ipoh provides full turnkey solutions including design, assembly, test, failure analysis, warehousing and dropship service as well as packaging services for all types of leadframe based packages, leadless packages, modules, wafer level CSP, flip chip and MIS based packaging. UAT offers a wide range of bumping services for wafer sizes of 100, 150 and 200 mm diameter, as well as services on gold bumps, copper pillar bumps and solder bumps, and pad redistribution and re-passivation.

For this first Sustainability Report, we chose to focus on Unisem Ipoh as sustainability-related information is readily available and easily accessible to the members of Board’s Sustainability Committee, the Responsible Business Alliance

Working Committee and our external consultants. However policies, processes, programmes and the governance structure discussed in the Sustainability Report apply group-wide, unless specific reference is made to Unisem Ipoh. In future reporting, Unisem will expand the scope of its Sustainability Report to include other subsidiaries in China and Indonesia.

To support our commitment towards implementing sustainable and responsible practices, Unisem aligns with internationally-recognised frameworks. Since 2013, Unisem has adhered to the guidance of the Responsible Business Alliance (“RBA”, formerly known as the Electronic Industry Citizenship Coalition) Code of Conduct to ensure that working conditions in the electronics industry supply chain are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically. As we strive to enhance our sustainability reporting, we prepared the content of the Sustainability Report with reference to the Global Reporting Initiative Sustainability Reporting Standards (“GRI Standards”), as presented in the GRI Index shown in page 54.

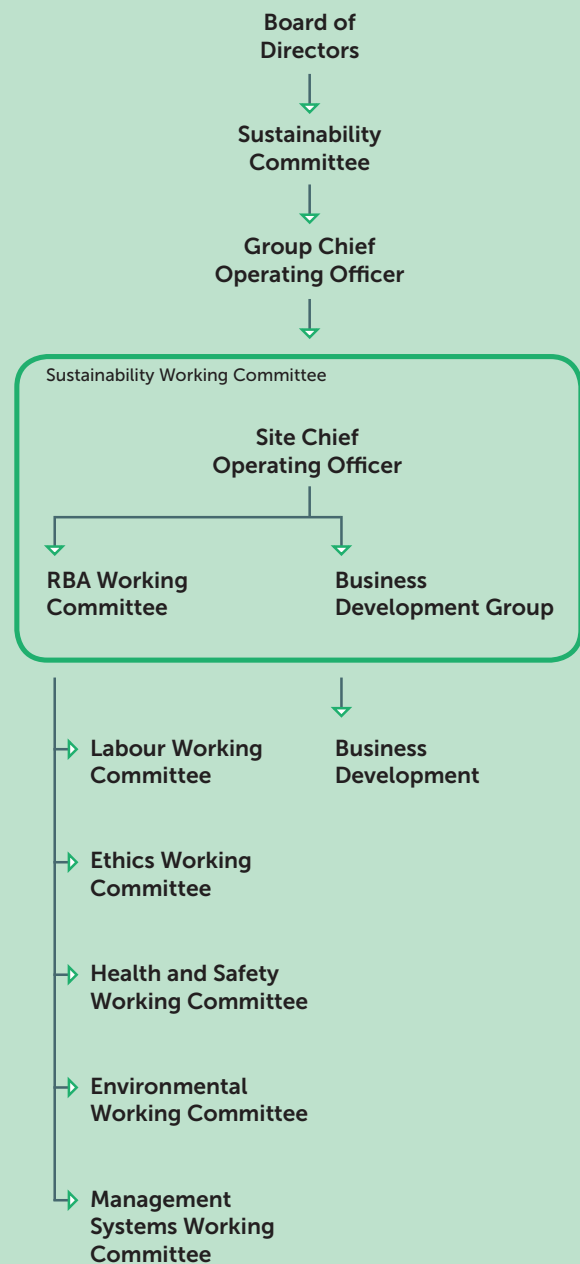


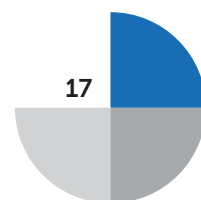
# SUSTAINABILITY REPORT (cont'd)

## SUSTAINABILITY GOVERNANCE

Unisem's Board of Directors (the "Board"), through the Board Sustainability Committee, is responsible to oversee the process of integrating sustainability practices into Unisem's daily operations including setting strategic sustainability direction. The Board Sustainability Committee, formed in January 2017 is chaired by the Sustainability Committee Chairman. The Board Sustainability Committee is responsible for monitoring the implementation of sustainability-related policies, measures and actions in achieving Unisem's sustainability milestones and goals, including overseeing the preparation of the Sustainability Report and recommending the approach to manage material matters for approval by the Board.

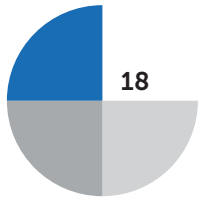
The Board Sustainability Committee is supported by the Group Chief Operating Officer ("GCOO"), who leads the Sustainability Working Committees ("SWCs"). The SWCs, chaired by the sites' Chief Operating Officers ("COOs") consist of the RBA Working Committees ("RBA WCs") and Business Development Groups. SWC is implemented in each of our three operating facilities in Malaysia, People's Republic of China and Indonesia. Each RBA WC comprises various working committees responsible for the following aspects: Labour, Ethics, Health and Safety, Environment and Management Systems Divisions. The Unisem Ipoh SWC overlooks the daily operations, ranging from conflict-free mineral sourcing to ensuring a safe working environment for employees. The following diagram illustrates our governance structure for sustainability.





As shown in the diagram above, Unisem has established six working committees to oversee, implement and communicate Unisem's policies, controls and internal systems on specific aspects of our economic, environmental and social responsibility, as detailed below.

Working Committee/ Group	Responsibilities
Labour Working Committee	Monitoring and ensuring the following aspects of labour rights are upheld: <ul style="list-style-type: none"> <li>• Freely chosen employment</li> <li>• Child labour avoidance</li> <li>• Working hours</li> <li>• Wages and benefits</li> <li>• Humane treatment</li> <li>• Non-discrimination</li> <li>• Freedom of association</li> </ul>
Ethics Working Committee	Overseeing the systems and tools in place to ensure: <ul style="list-style-type: none"> <li>• Privacy is upheld</li> <li>• Protection of identity and non-retaliation</li> <li>• Business integrity/appropriate disclosure of information is in place</li> <li>• Responsible sourcing of minerals</li> <li>• Fair business conduct, including in advertising and competition</li> <li>• Intellectual property is protected and respected</li> </ul>
Health and Safety Working Committee	Overseeing the health and safety of the working environment: <ul style="list-style-type: none"> <li>• Chemical/PPE management</li> <li>• Hazard Identification, Risk Assessment and Risk Control</li> <li>• Emergency response testing</li> <li>• Permit/test report</li> <li>• Accident complaint investigation</li> <li>• Workplace inspection/ Audit</li> <li>• Machinery/work instruction</li> <li>• Exposure to radiation/X-ray monitoring</li> </ul>
Environmental Working Committee	Monitoring and ensuring the following aspects of environment management are upheld: <ul style="list-style-type: none"> <li>• Management of chemical substances and chemical control</li> <li>• Waste management</li> <li>• Emergency response drills and procedures</li> <li>• Legal requirements, measurement and monitoring of waste and chemical substances</li> <li>• Environmental Management System, to ensure it is in accordance with ISO14001:2015 standard</li> </ul>
Management Systems Working Committee	Overseeing the systems and controls in place that support the tasks of the other committees: <ul style="list-style-type: none"> <li>• Monitor updates in applicable laws, regulations and customer requirements, including RBA Code requirements</li> <li>• Establish and periodically assess objectives, targets and improvement programmes for social and environmental performance</li> <li>• Communicate policies and practices at Unisem</li> <li>• Conduct self-assessments, including internal audits</li> </ul>



# SUSTAINABILITY REPORT (cont'd)

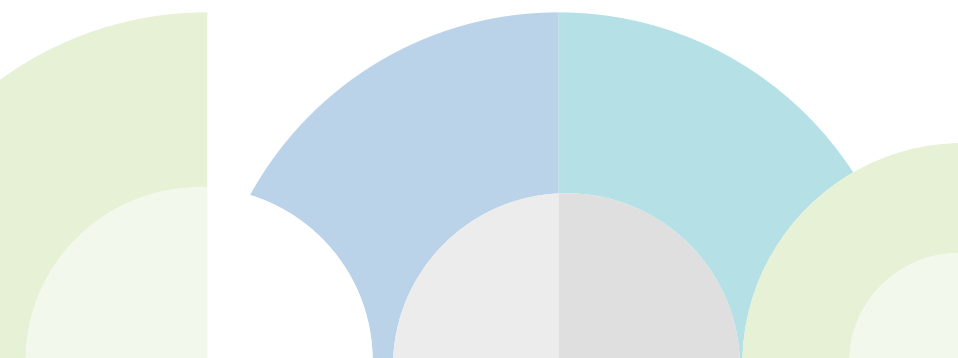
Working Committee/ Group	Responsibilities
Business Development Group	Implements the Group's and site's business strategy by: <ul style="list-style-type: none"> <li>• Attracting new customers</li> <li>• Expanding business with existing customers</li> <li>• Achieving annual revenue and business growth plans and objectives</li> <li>• Managing Regional Sales, Marketing, Technical Program Management (TPM), as well as site Customer Service organisations</li> <li>• Research and development programs</li> </ul>

## STAKEHOLDER ENGAGEMENT

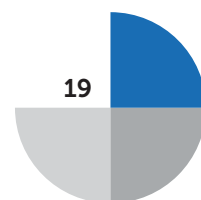
At Unisem, we value the feedback and involvement of our stakeholders. We believe that open channels of engagement with stakeholders drive continuous growth. This year, Unisem Ipoh conducted a stakeholder prioritisation exercise to identify key stakeholders and obtain their feedback on sustainability matters. In prioritising stakeholders, we considered the degree of influence and dependence, whether direct or indirect, each stakeholder has on Unisem Ipoh. Following on from this, Unisem Ipoh has engaged specifically with five key stakeholder groups in 2017: Directors, Senior Management, key customers, employees, as well as suppliers and contractors.

As we strive to continue our sustainability reporting journey, we seek to expand our stakeholder engagement process to more stakeholder groups. The table below summarises our engagement approach and the main sustainability concerns highlighted by our key stakeholders as well as other important stakeholder groups.

Stakeholder Group	Engagement Approach	Sustainability Concerns
Shareholders	<ul style="list-style-type: none"> <li>• Annual general meetings</li> <li>• Quarterly announcements</li> <li>• Ad-hoc meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous business growth, including new market penetration</li> </ul>
Directors*	<ul style="list-style-type: none"> <li>• Quarterly and ad-hoc Board and Board Committee meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous business and operational improvement</li> <li>• Financial risk and company compliance to laws and regulations</li> <li>• Financial results</li> <li>• Interests of stakeholders and shareholders</li> <li>• Continuous investment in research and development</li> <li>• Environmental matters</li> </ul>

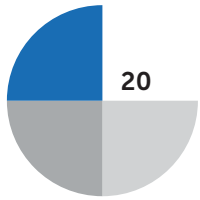






Stakeholder Group	Engagement Approach	Sustainability Concerns
Senior Management*	<ul style="list-style-type: none"> <li>• Management meetings</li> <li>• Ad-hoc meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure safe and humane working environment</li> <li>• Ensure customer requirements are met, including security of customer data</li> <li>• Management of the supply chain, including eliminating conflict minerals</li> <li>• Adherence to RoHs, REACH and environmental regulations</li> <li>• Ensure talent retention by providing competitive compensation and benefit packages for employees, and ensuring human rights of all employees are respected</li> <li>• Proper management and disposal of hazardous waste</li> <li>• Management of energy efficiency and investment in research and development</li> </ul>
Employee*	<ul style="list-style-type: none"> <li>• Annual Employee Climate Survey</li> <li>• Quarterly forums held by the site COO with employees on financial and operational updates at Unisem Ipoh</li> <li>• 'Open-door' practices to provide feedback</li> <li>• Annual performance evaluation sessions</li> </ul>	<ul style="list-style-type: none"> <li>• Safe and humane working environment</li> <li>• Nurturing culture, including provision of learning and development opportunities</li> <li>• Ensure competitive compensation and benefit packages for employees, and human rights of all employees are respected</li> <li>• Proper management and disposal of hazardous waste</li> </ul>
Customers*	<ul style="list-style-type: none"> <li>• Quarterly business reviews</li> <li>• Annual customer satisfaction surveys</li> <li>• Ad-hoc meetings and social audits</li> </ul>	<ul style="list-style-type: none"> <li>• Quality assurance and reliable products and services</li> <li>• Competitive pricing and on-time delivery</li> <li>• RBA compliant operations at Unisem, as well as compliance with local and international regulations (i.e. RoHS and REACH)</li> <li>• Safe, humane working environment, respect human rights</li> <li>• New products development projects</li> </ul>
Suppliers/ Contractors*	<ul style="list-style-type: none"> <li>• Annual supplier audits</li> <li>• Supplier briefings</li> <li>• Conduct of Self- Assessment Questionnaires</li> <li>• Ad-hoc tender exercises and meetings</li> <li>• Email communications</li> </ul>	<ul style="list-style-type: none"> <li>• Fair tender practices</li> <li>• Competitive prices</li> <li>• Business continuity</li> <li>• Quality materials/parts/services</li> </ul>





# SUSTAINABILITY REPORT (cont'd)

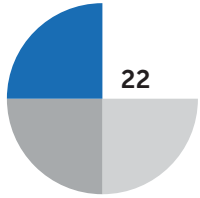
Stakeholder Group	Engagement Approach	Sustainability Concerns
In-house union	<ul style="list-style-type: none"> <li>• Monthly formalised union meetings</li> <li>• Ad-hoc meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Industrial harmony between Management and employee</li> <li>• Employee's rights and Unisem's responsibility in providing welfare to employee</li> <li>• Resolving misunderstanding and grievances</li> <li>• Maintaining high level of productivity, efficiency and discipline</li> </ul>
Law enforcers/ regulators	<ul style="list-style-type: none"> <li>• Annual air quality and waste disposal reports, workplace incident reports</li> <li>• Quarterly announcements</li> <li>• Ad-hoc report submissions as and when requested by regulators</li> </ul>	<ul style="list-style-type: none"> <li>• Adherence to relevant laws and regulations</li> <li>• Corporate governance and compliances</li> </ul>
Ministry/ local council	<ul style="list-style-type: none"> <li>• Annual council meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Support towards local communities, including contributions on communities matters</li> <li>• Administrative management on foreign workers</li> </ul>
Financial institutions	<ul style="list-style-type: none"> <li>• Ad-hoc focus group discussions</li> </ul>	<ul style="list-style-type: none"> <li>• Business continuity opportunities</li> </ul>
Rating agencies/ analysts	<ul style="list-style-type: none"> <li>• Quarterly credit reports and analyst briefings</li> </ul>	<ul style="list-style-type: none"> <li>• Business continuity, transparency and fair financial reporting</li> </ul>
Local communities	<ul style="list-style-type: none"> <li>• On-going grievance channels and volunteering programmes</li> </ul>	<ul style="list-style-type: none"> <li>• Noise monitoring and contributions towards local communities, such as volunteering projects and donations, health, safety and environmental management</li> </ul>

\* Engagement in 2017

**SUSTAINABILITY TOPICS**

To identify sustainability matters relevant to Unisem Ipoh, we have considered Unisem Ipoh’s business risks and opportunities, industry trends, as well as environmental and social impact associated with the site’s activities, including the cyclical nature of the semiconductor manufacturing industry, labour and human rights, management of environmental aspects, fair business practices, etc. In addition, we have also considered sector-specific information from internationally credible guidelines such as the Sustainability Accounting Standards Board (“SASB”), RBA and the GRI Standards. These sustainability matters have been further categorised into four dimensions that reflect our approach to sustainability as well as our commitment to create value for both the business and our stakeholders: Managing our Business, Our Focus on Customers, People and the Environment.





# SUSTAINABILITY REPORT (cont'd)

## MATERIALITY ASSESSMENT

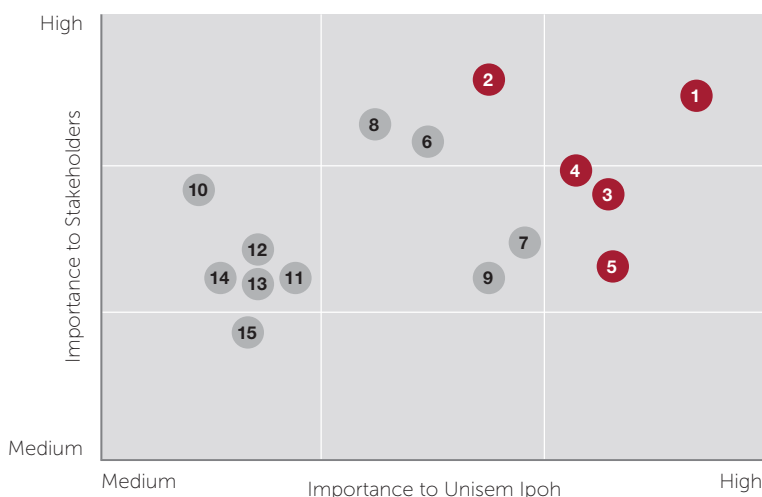
Guided by Bursa Malaysia’s Sustainability Reporting Guide, the SWC assessed the significance of each sustainability matter to Unisem Ipoh using a rating approach. In doing so, the SWC assessed the exposure as well as the degree of impact each sustainability matter has on Unisem Ipoh, based on financial, regulatory, reputational and customer satisfaction considerations. We then combined the feedback obtained from key stakeholder groups as well as the outcome of the assessment of the significance to Unisem Ipoh for each sustainability matter to produce a materiality matrix. The matrix identifies sustainability matters according to their importance to both Unisem Ipoh and its key stakeholder groups.

As illustrated in the matrix, Unisem Ipoh identified the following as our top five most material sustainability matters:

1. Customer Satisfaction
2. Growing the Business
3. Effluents and Waste Management
4. Occupational Health and Safety
5. Greenhouse Gas Emissions

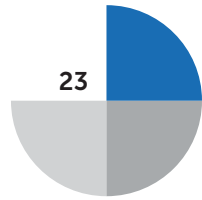
These five material matters ranked highest amongst our stakeholders as well as Management. As such, we decided to exercise greater focus on these matters in this Sustainability Report. The other ten matters are still of great importance to Unisem Ipoh and our stakeholders, and will be reported on with increased detail compared to prior years. In future reporting, Unisem Group will continue to review the processes above, and expand upon depth and scope of current reporting.

**Materiality Matrix**



- 1 Customer satisfaction**
- 2 Growing the business**
- 3 Effluents and waste management**
- 4 Occupational health and safety**
- 5 Greenhouse gas emissions**
- 6 Employee welfare
- 7 Customer privacy and data protection
- 8 Technology and innovation
- 9 Supply chain management
- 10 Product stewardship
- 11 Labour rights
- 12 Water consumption
- 13 Energy management
- 14 Anti-corruption
- 15 Local communities

Details of our initiatives in managing Unisem Ipoh’s material sustainability matters are discussed across four sections: **Managing Our Business, Our Focus on Customers, People and Environment.** In these sections, we report on our commitments and principles, policies, key performance indicators (“KPIs”), targets, processes and programmes towards management of these matters.



**SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS**

Launched in September 2015, the United Nations Sustainable Development Goals (“SDGs”) consist of 17 goals dedicated to improving the wellbeing of present and future generations. The SDGs aim to tackle the world’s most pressing challenges through the promotion of sustainable development over the next 15 years. As we uphold our vision of being a model corporate citizen in the communities in which we operate, we have linked our five most material matters to the SDGs that we can most directly influence through our business model and to the various commitments included in our Mission.

Sustainability Matters	Customer Satisfaction	Growing the Business	Effluents and Waste Management	Occupational Health and Safety	Greenhouse Gas Emissions
Sustainable Development Goals	8 GOOD JOBS AND ECONOMIC GROWTH 	8 GOOD JOBS AND ECONOMIC GROWTH 	3 GOOD HEALTH 	3 GOOD HEALTH 	13 CLIMATE ACTION 
	12 RESPONSIBLE CONSUMPTION 	9 INNOVATION AND INFRASTRUCTURE 	6 CLEAN WATER AND SANITATION 	8 GOOD JOBS AND ECONOMIC GROWTH 	
			14 LIFE BELOW WATER 		
			15 LIFE ON LAND 		
Unisem’s Mission	1 6	3 4 5 6	5 6	2 6	5 6

No	Unisem’s Mission
1	Provide total customer satisfaction
2	Be a caring company and employer of choice
3	Generate profits and accelerate growth
4	Develop long term win-win partnership with our business associates
5	Adhere to good corporate governance and support environmental, social and economical development of the community
6	Uphold and live our core values

# SUSTAINABILITY REPORT (cont'd)

## OUR COMMITMENT TO SUSTAINABILITY AND THE RBA CODE OF CONDUCT

Unisem seeks to be a good corporate citizen in all aspects of its operations and activities. We recognise that our operations may impact upon the communities and the environment in which we operate. We therefore are committed to addressing and monitoring aspects of sustainability that are relevant to our business. These include economic growth, good ethical behaviour, concern for employee development, health and safety, care for the environment and community involvement.

Unisem is a part of the electronics industry supply chain, we support the objectives and affirm our policy of adhering to the RBA Code of Conduct. The RBA Code of Conduct is a set of standards on social, environmental, safety and ethical issues in the electronics industry supply chain. The standards set out in the Code of Conduct reference international norms and standards including the Universal Declaration of Human Rights, ILO International Labour Standards from the International Labour Organization, OECD Guidelines for Multinational Enterprises from the Organisation for Economic Co-operation and Development, ISO and SA standards from the International Organization for Standardization, and many more.

Our commitment to sustainability and corporate social responsibility, upheld by our SWCs, is embodied in our CSR Policy, which is available on our website<sup>1</sup>.

The committees are responsible to ensure that appropriate systems are established, implemented and maintained in accordance with Unisem CSR Policy, the RBA Code of Conduct, and other international standards and guidelines.



<sup>1</sup> <http://www.unisemgroup.com/pdf/careers/CSR%20Policy%20Jun%202014.pdf>

# SUSTAINABILITY PERFORMANCE HIGHLIGHTS



**+10.8%**  
annual growth of revenue



**90%**  
satisfied key customers



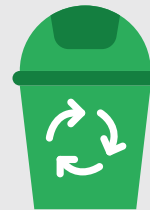
**15%**  
Greenhouse Gas ("GHG")  
emission per unit reduction



**1.91**  
injury frequency rate for  
industrial accidents



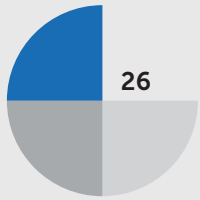
**Compliant**  
with effluents regulations



**58%**  
total scheduled  
(hazardous) waste recycled

Sustainability Matters	KPI	2017 Target	2017 Performance	Status
Growing the Business	Revenue growth	To achieve revenue growth	+10.8% (vs. 2016)	→
Customer Satisfaction	Satisfied key customers rate	80%	90%	✓
Greenhouse Gas Emissions	Greenhouse Gas ("GHG") emission per unit reduction (baseline 2011)	10%	15% (vs. 2011)	✓
Occupational Health and Safety	Injury frequency rate for industrial accidents	< 2.00	1.91	✓
Effluent and Waste Management	Compliance with Standard B under EQA (Industrial Effluents) Regulation 2009	Compliance	Complied	✓
	Total scheduled (hazardous) waste recycling rate	50%	58%	✓

**LEGEND:** ✓ Achieved → On track ✗ Challenging



# SUSTAINABILITY REPORT (cont'd)



## MANAGING OUR BUSINESS



We believe that expanding our product and service offering, enhancing the development of our technology, ensuring robust management of our supply chain, whilst maintaining integrity in our business conduct will ultimately support our mission in generating profits, accelerating growth and be recognised as a leading global multinational company in our sector.

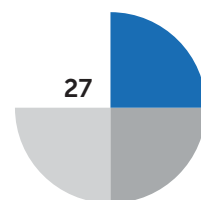
We constantly explore new business opportunities and encourage innovation to improve our technology in order to further meet our customers' needs. In addition to that, we strive to maintain an effective supply chain management system as it is key to creating positive impact on the economic conditions of our suppliers and contractors. We also endeavour to manage business with integrity as we are mindful that any forms of corruption would degrade the trust of our stakeholders place in us and ultimately affect our competitive edge in the industry.

### GROWING THE BUSINESS

KPI	To achieve revenue growth		
Target	On-going growth of revenue		
Performance	+21.4% in 2015	+5.0% in 2016	+10.8% in 2017

Unisem Group has a portfolio offering full turnkey solutions, packaging capability includes all types of leadframe based packages, leadless packages, modules, wafer level CSP, flip chip and MIS based packaging to international customers from the United States of America, Europe and Asia. Our ten largest customers accounted for approximately 60 - 70% of our revenue in the last three years. As for the revenue generated by countries where our customers are headquartered, customers in the United States of America and Asia contributed higher than those in Europe due to the larger customer pool. In 2017, Unisem Group recorded a total revenue of RM1.47 billion, an increase of 10.8% against the revenue of RM1.32 billion achieved in 2016. The increase in revenue was attributable to higher sales, improved average selling prices and the appreciation of USD/MYR exchange rate as compared to the prevailing rate in the corresponding year.





For more information on the Group's growth, please refer to the Chairman's Letter to Shareholders and Financial Statements in this Annual Report.

	Revenue (RM '000)		
	2015	2016	2017
United States of America	509,947	532,635	661,095
Europe	194,582	195,254	208,044
Asia	555,896	594,891	596,588
Total Group Revenue	1,260,425	1,322,780	1,465,727

Unisem believes that fulfilling our responsibilities to the environment and society are essential in strengthening the growth of our business. Hence, we endeavour to invest in resources that further drive efficiency and productivity of operations with the least environmental impact wherever we can. This is in line with our corporate vision to be the leading Malaysian semiconductor manufacturer and service provider that sets an example to others on the importance to conduct business with sound environmental practices. Whilst pursuing manufacturing excellence and profits, we will continuously invest in our employees' welfare and nurture them into competent and highly skilled individuals who can support our business growth.

#### TECHNOLOGY AND INNOVATION

	2015	2016	2017
Research and development expenditure (RM '000)	8,662	8,683	8,400
Research and development expenditure as a percentage of revenue (%)	1%	1%	1%

Unisem continuously focuses on offering our customers first-to-market, leading-edge technologies and design solutions that contribute to their product success in today's challenging market environment. Our R&D team supports us in our operational advancement and development. The team consists of a senior vice-president, a senior manager and 10 full-time employed engineers, with an average of 11.4 years of relevant experience. In 2017, Unisem Group continued to invest in research and development ("R&D"), with a total R&D expenditure amounting to RM8.4million, which is slightly lower than previous years.

Unisem's research and development programme focuses on developing new and advanced packages. One of our key achievements is our collaboration with our customer and supplier to develop an ultra-thin SLP package with an additional package footprint reduction with the invention of routable lead frame capability. Over the course of next year, Unisem intends to develop other packages, such as Fan-Out Wafer Level Package (WLP), Panel Level Packages (PLP) and MEMS curing packages.

In addition, Unisem intends to improve process technology, such as advanced flip chip technology and wafer bumping, to improve operational efficiency and give us a competitive advantage. Some of our efforts include increased package reliability especially for Automotive Grade requirement and the use of alternate raw materials, such as the use of copper wire or silver alloy wire instead of gold wire, to reduce production costs. Furthermore we seek to enhance reliability of test services and shorten test times. To do so, we seek to expand the range of test platforms used, to customise software and develop new processes.

A total of 11 new processes/materials were qualified in 2016 and 10 in 2017. To date, Unisem has obtained 18 patents with another 2 patents in progress.

# SUSTAINABILITY REPORT (cont'd)

The table below summarises the current technology road map at Unisem.

Project	Descriptions	Challenges	Target for Production Readiness
Fan-out Wafer Level Packages	As an alternative of Fan-In WLP, Laminate Substrate Based Flip chip and System in Package ("SiP") integration, as well as driving for higher package functionality, better product performance & competitive cost	<ul style="list-style-type: none"> <li>High Capex investment</li> <li>Cost competitive</li> <li>Technical challenges e.g. carrier warpage</li> </ul>	2018
Power SLP	A high power product requirement	<ul style="list-style-type: none"> <li>Relative high lead frame cost</li> <li>Package sawing with thick lead frame material</li> </ul>	End 2017
Super Thick Module SLP	SLP integrated with thick inductor for higher power rating	<ul style="list-style-type: none"> <li>New mold equipment investment</li> <li>Technical challenges such as mold void, incomplete mold &amp; thick package sawing</li> </ul>	2018
Super High Thermal Epoxy	Higher thermal dissipation for better product performance	<ul style="list-style-type: none"> <li>High material cost</li> <li>Narrow process window e.g. epoxy fast dry off</li> <li>High modulus, thus it is not appropriate for long term reliability test.</li> </ul>	2018
Thin WLCSP	Align with handheld market need for thinner profile product	<ul style="list-style-type: none"> <li>New equipment investment</li> <li>Technical challenges e.g. warpage, crack die</li> </ul>	2018
12" WaterBumping	Establish the capability for wafer bumping on 12" wafer size. The objective is to align with customers' technology roadmap & demands. With this capability, wider range of business opportunity for current as well as new customers.	<ul style="list-style-type: none"> <li>High Capex investment</li> <li>Cost competitive</li> <li>Technical challenges e.g. automation handling</li> </ul>	2019

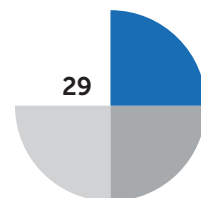
Unisem R&D team works closely with customers as well as material/equipment suppliers in establishing its package and process roadmap. The roadmap is reviewed annually to ensure it is relevant and meeting the dynamic environment in the industry.

## SUPPLY CHAIN MANAGEMENT

We believe in fostering strong relationships with our suppliers and managing the economic, environmental and social impacts of our supply chain. We work with our suppliers to eliminate any risks of non-compliance, as well as any labour, health and safety, environmental and ethical violations. We have more than 150 suppliers in over 15 countries supplying the Group direct materials, tools and machines, logistics and packaging services, and non-production office materials and travel services.

It is our policy to:

- Proactively engage with our suppliers with a focus on building trust, collaborative and long-term relationships.
- Apply good governance to provide oversight and means through which the objectives of the process are monitored, audited and integrity is maintained.



- c) Define and apply appropriate sourcing methods in our procurement of goods and services, ensuring all capable suppliers have an equal access to opportunities to work with us.
- d) Deal with suppliers in good faith, ethically and responsibly, and make payments in accordance with agreed terms.
- e) When all other vetting requirements remain equal, give preference to suppliers that demonstrate a commitment to sustainably manage their business performance, with values complementary to our own.
- f) Set clear expectation for our suppliers regarding their sustainability performance and embed its minimum requirements within suppliers' contracts.
- g) Employ appropriate methods of assessing the performance of our key strategic suppliers and those engaged in higher risk activities and monitoring their progress over time.
- h) Encourage our key suppliers to make available high value, environmentally and socially responsible products and services as well as to improve the sustainability performance of their businesses.
- i) Actively engage with key suppliers and provide data and other relevant information to enable innovation and development of products that meet our aspirations.

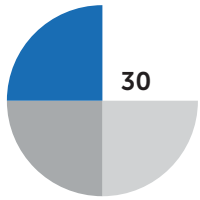
Presently, our Group CSR Policy upholds our commitment to engage with suppliers whose sustainability policies are in line with ours. Furthermore, we endeavour to collaborate with our suppliers on environmental management issues such as climate change, energy use, water use, biodiversity impacts, pollution, waste, resource use and integrate sustainable procurement best practices across our operations. These environmental issues are addressed in the RBA Code of Conduct and Unisem's Code of Ethics (the "Codes"), which are to be complied by all direct material suppliers and service providers.

To foster our suppliers' understanding on the Codes, we hold regular briefings and training, and share best practice. We also require our key direct material suppliers and service providers to comply with all aspects of the RBA Code of Conduct by signing a Letter of Conformance, pledging their compliance to the Codes.

### Supplier Audits

We manage supply chain risks by requiring all key suppliers to complete the RBA Self-Assessment Questionnaire ("SAQ"). This is also part of our effort to integrate our suppliers within our Environmental Management System ("EMS"). The results of the questionnaire identify high-risk areas and potential gaps against the RBA Code of Conduct including both social and environmental issues. In addition, we perform on-site audits on some of our key direct material suppliers. Our key direct material suppliers comprise 20 suppliers and cover 85% of total direct material spending. Our plan is to audit 80% of our key direct suppliers over a period of two years (2017 and 2018). Our performance is shown below.

Year	Target	Performance
2016	Perform 6 key direct material suppliers audit	Completed 6 audits
2017	Perform 8 key direct material suppliers audit	Completed 9 audits
2018	Perform 8 key direct material suppliers audit	Target to complete 8 audits



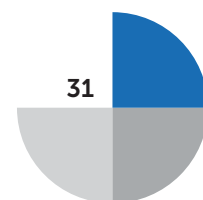
# SUSTAINABILITY REPORT (cont'd)

Each on-site audit assesses how the supplier manages various aspects of the RBA Code of Conduct, which includes:



Upon completion of on-site audits, findings are communicated and corrective actions are agreed upon and implemented. The suppliers will reply with corrective actions within seven working days upon issuance of the audit report and closure will be verified by the Unisem audit team. All key direct material suppliers will be audited periodically on their levels of conformance and overall performance in line with Unisem requirements. The following table summarises the status of key findings and corrective actions for supplier audits conducted in 2017. No significant issues under the theme of environmental responsibility have been identified during the 2017 supplier audits.

Theme	Risk area	Key Finding	Corrective action
Respect of human rights	Freely chosen employment	Workers' passports were held in a safe place by employment contractors and returned upon request	All passports to be returned to workers for safekeeping
	Non-discrimination	Recruitment documents required the provision of discriminatory-inclined information	Remove requirements on discriminatory-inclined information from recruitment documents
Occupational health and safety	Occupational safety	Inadequate enforcement of occupational safety	Review and enhance enforcement procedures, and increase awareness on occupational safety
	Emergency preparedness	Access to fire-fighting equipment and escape routes were obstructed	Improve accessibility to emergency routes and equipment, as well as enhance emergency preparedness by conducting periodic inspections and boosting emergency awareness programmes
		Fire / evacuation drills are not conducted twice a year, and all employees do not participate	Improve fire / evacuation drill procedures, by ensuring fire / evacuation drills are conducted twice a year and make certain that all employees participate
	Occupational injury and illness	First aiders are not trained regularly	First-aid trainings are to be conducted every two years, and a record of trainings should be kept
Hazardous substances	Chemicals for machinery setup were temporarily stored in unprotected area, without a secondary container inside the plating line	Provide the spill tray and a separate location for chemical replenishment	



Theme	Risk area	Key Finding	Corrective action
Ethics in the marketplace	Conflict of interest	Lack of comprehensive procedures on the provision and acceptance of gifts exceeding a reasonable amount and frequency	To establish policy and procedure on the provision and acceptance of gifts
	Whistleblower protection	Lack of policy/procedure to protect the identity of whistleblowers and prevent retaliation towards whistleblowers	To establish a policy and procedure to protect whistleblowers and enable safe and fair whistleblowing channels
Effective management system	Management accountability & responsibility	There is no evidence of a "Policy CSR, Management Accountability and Responsibility procedure", assigned to Labour and Ethics	To improve management system structure role and responsibility in accordance with RBA requirements and standards

### Compliance Gap Closure

Following the issuance of corrective actions plans for supplier audits performed in 2017, 85% of supplier audits have been completed, including the implementation of respective correction plans. The remaining 2017 audits will be completed in the following year, as the audits were primarily performed in the months of November and December, and the suppliers require a reasonable time frame to implement the corrective action plans and to respond. When issues raised require immediate attention, the implementation of corrective actions are critical and suppliers must implement them within a very short time frame.

### New Supplier Screenings

Our sourcing team is constantly sourcing new products and looking for new suppliers to meet Unisem's and our customers' needs. As and when needed, we will send our team to assist new suppliers in upgrading and developing their capability to meet quality standards and social requirements. All new suppliers are screened using standardised procedures.

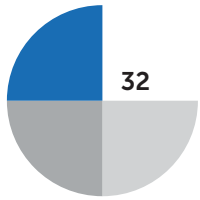
The Materials/Purchasing Department will first establish that the supplier's products and capacity meet Unisem's requirements. The process starts with the new supplier completing a Pre-Qualification Form. For direct materials, the Quality Assurance, Technology Development and Engineering Departments will be involved in the qualification process. New direct material suppliers are also required to complete the RBA SAQ, and an additional on-site audit shall be performed, where relevant. All new suppliers are either 'Approved to supply' or 'Approved pending the completion of certain criteria', as detailed in a corrective action/improvement plan based on SAQ and/or audit findings.

### Conflict-free Minerals

Unisem's Group Policy on Conflict Minerals upholds our commitment to prohibit suppliers from sourcing conflict minerals and to work with our suppliers to identify the metals sourced from conflict minerals in the supply chain. These metals are tin, tantalum, tungsten and gold.

Our Conflict Mineral Policy is available on our website<sup>2</sup>.

<sup>2</sup> <https://www.unisemgroup.com/wp-content/uploads/2017/06/Conflict-Minerals-Policy-2017.pdf>



# SUSTAINABILITY REPORT (cont'd)

In support of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict- Affected and High-Risk Areas, Unisem exercises due diligence on suppliers of products containing these metals to determine whether they are sourced from the Democratic Republic of the Congo ("DRC"), or any adjoining country, and if those metals directly or indirectly financed or benefited armed groups that are perpetrators of human rights abuse in the DRC or an adjoining country. As part of our due diligence process, Unisem utilises the Responsible Minerals Initiative ("RMI") Conflict Mineral Reporting Template ("CMRT") as a data tool to report and review the smelter list in our supply chain. In addition, we communicate our Policy on Conflict Minerals to suppliers, obtain a written confirmation as part of the due diligence program, and require suppliers to complete the RMI Conflict Mineral Reporting Template.

None of our supplied materials are sourced from conflict areas, and the smelters in the supply chain are listed in the Conflict Free Smelter Program ("CFSP") compliant smelter list.

## Fair Procurement Practices

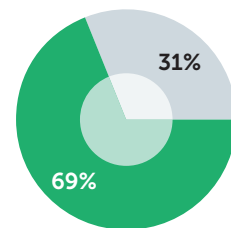
Annually, we conduct RBA Code of Conduct Awareness and Briefing to update our key direct material suppliers on the latest RBA requirements. Other suppliers are engaged via regular briefings on Unisem's Code of Ethics and RBA Code of Conduct.

Our Group Procurement Policy and tender procedures guide the business conduct of our employees to ensure all suppliers are treated fairly and in the best interest of Unisem, void of collusion and price fixing. Our Policy seeks to upkeep confidentiality and avoid conflicts of interest in transactions with our suppliers.

Suppliers based in Malaysia accounted for 31% of Unisem Ipoh's direct material spending in 2017, as illustrated below.

Due to the nature of Malaysia's natural resources and landscape, we are unable to source all our direct materials locally. Nonetheless, most of our contractors are local and we contribute actively to our local community. Our support towards the local community is further described on page 47.

Ratio of local and international suppliers



- Local suppliers
- International suppliers

## ANTI-CORRUPTION

Unisem is committed to the highest standards of integrity to be maintained in all business interactions. We adopt a zero tolerance policy to prohibit any and all forms of bribery, corruption, extortion and embezzlement (covering promising, offering, giving or accepting any bribes). We conduct all of our business in an honest and ethical manner and are committed to acting professionally, fairly and with integrity in all our relationships and business dealings wherever we operate and to implementing and enforcing effective systems to counter bribery.

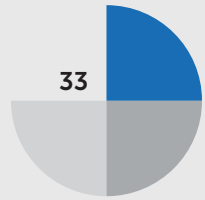
We believe that all business dealings should be transparently performed and accurately reflected in accordance with the Group's Unisem Code of Ethics Policy. We uphold all laws relevant to countering bribery and corruption. We remain bound by the laws of Malaysia, including the Malaysian Anti- Corruption Commission Act 2009, in respect of our conduct both at home and abroad.

We live up to these ideals through comprehensive ethics and compliance programmes built on ongoing educational communications, mandatory training requirements, and readily accessible tools through which all related parties are encouraged to raise questions, report concerns and get information about ethics, policies, procedures and applicable laws.

Our Anti-Corruption and Bribery Policy is available on our website<sup>3</sup>.

In 2017, no staff have been disciplined or dismissed due to non-compliance with our Anti-Corruption and Bribery Policy. Hence, no fines, penalties or settlements were imposed or made during the year.

<sup>3</sup> [http://www.unisemgroup.com/pdf/corgov\\_statement/Anti-corruption\\_WebsiteVersion.pdf](http://www.unisemgroup.com/pdf/corgov_statement/Anti-corruption_WebsiteVersion.pdf)



**OUR FOCUS ON CUSTOMERS**



Ensuring the success of our customers as well as attracting new business partners is essential to our business. To achieve this objective, we make every effort to build strong relationships to attain total customer satisfaction as well as commit to safeguarding customer privacy and proprietary information.

Our strategy revolves around producing quality products and services in the most cost effective manner whilst ensuring on-time delivery. We are also particularly careful in maintaining continuous communication and engagement with customers to ensure a perfect understanding of their needs and work hand-in-hand towards engineering innovative enhancement to our processes. We also endeavour to maintain customers' trust and confidence in our services by preventing any breach of intellectual property and by maintaining the highest social and environmental standards.

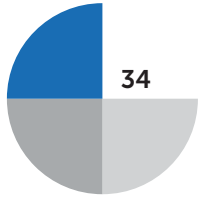
**CUSTOMER SATISFACTION**

Our customer base comprises primarily fabless companies and integrated device manufacturers. Unisem Ipoh is committed to providing quality services to our customers. This is embedded in our Quality and Environmental Policies and reflected by our ISO 14001:2015 and ISO/TS 16949:2009 certification.

KPI	Satisfaction of key customers		
Target	To achieve 80% of satisfied key customers		
Performance	100% in 2015	90% in 2016	90% in 2017

We encourage continuous communication with our key customers to further understand their needs whilst ensuring high quality and reliability of products and services delivered. We also regularly assess key customer satisfaction to continuously improve our operational processes in meeting key customers' needs and expectations.





# SUSTAINABILITY REPORT (cont'd)

Mode to Assess Customer Satisfaction	Frequency	Details
Balanced scorecard	Quarterly	Approximately 80% of key customers evaluated their satisfaction on Unisem’s services using balanced scorecard. There is no general satisfaction target set due to the different targets defined by each key customer.
Customer satisfaction survey	Yearly	Unisem provides its own survey form to around 20% of its key customers who do not use balanced scorecard.
Quarterly Business Review (QBR)	Quarterly	Quality Business Review (“QBR”) is conducted by the key customers so that key customers can give feedback to Unisem.

We are committed to continuously enhance our performance to improve customer’s satisfaction on our services, particularly in addressing customer feedback. Program managers are tasked to oversee key customer accounts in all aspects, from quality, yield, output and even delivery performance. They also act as the key communication channel with the customer and serve as the customer champion to drive improvement teams to meet customer expectations.

Customer feedback is routinely reviewed and considered by Management and then developed into appropriate improvement plans, all-in-all becoming an integral part of the customer satisfaction process with a complete closed loop. Unisem has maintained a focus on customer survey data not only to evaluate past performance but also as a base to identify future focus areas. Unisem acts on the belief that customer satisfaction leads to loyalty, and customer loyalty leads to higher levels of retention and expansion. Furthermore, the quality of our services was acknowledged as we have been awarded with Supplier of the Year / Outstanding Supplier Award by various international customers since 1995 to present.

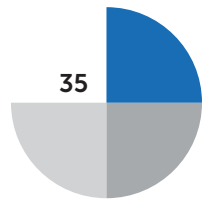
On an annual basis, top management, technology and marketing teams visit key customers located in the United States of America, Europe and Asia to strengthen customer relationships and align technology road maps.

## RBA Management

Meeting the requirements outlined in the RBA Code of Conduct is integral to our customer relationships. As part of our commitment to adhere to the RBA Code of Conduct, we assess our facilities through RBA-ON Self-Assessment Questionnaire (SAQ) every year to identify social, environmental, safety and ethical risks and implement improvement plans or to update responses. In addition, the RBA WCs assess the Group’s facilities on risks relating to labour issues, human rights issues and corruption issues. After the assessments are completed, any required corrective action plans are put in place.

Unisem RBA working committees’ representatives also participated in public workshops and forums. In April 2016, the representatives attended the RBA co-convened a one-day, multi-industry forum on Combating Forced Labour held in Kuala Lumpur to examine the risks and challenges facing businesses regarding forced labour, and consider how those risks might be effectively mitigated in global supply chains. Through a series of practical and relevant case studies presented by leading companies across multiple industries, this event gave participants clear insights into the extent and nature of modern day slavery, tactics and challenges in identification, and some of the innovative solutions that aim to eliminate it.

In August 2016, Unisem underwent a second RBA Validated Audit Process (VAP), performed by a third party auditor appointed by RBA, following the initial VAP in November 2014. The findings were communicated to the respective departments and corrective action plans were put in place.



## CUSTOMER PRIVACY AND DATA PROTECTION

Unisem is committed to safeguarding customer proprietary information as we understand that failure to do so will erode customer trust and confidence. In addition to direct financial consequences such as penalties and fines, breach of customer privacy may pose a risk to reputation as well as customer loyalty and satisfaction.

Our information security management ensures the confidentiality and integrity of customer proprietary information. As part of this effort, we have established the "IT Acceptable Use Policy" that defines procedures in handling confidential and proprietary information.

Below are the key internal controls in place to protect customer privacy and data.

### Customer privacy and data protection

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

Ensuring secured scrap unit disposal of defective products to be in line with internal scrap procedures

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

Creating a confidential relationship between Unisem and its contractors, suppliers and service providers with the signing of Non-Disclosure Agreements

Attending IT-related trainings

# SUSTAINABILITY REPORT (cont'd)



## PEOPLE

To fulfil our mission of being a caring company and employer of choice, we are committed to instilling a safe, nurturing and high performing culture that allows our employees to pursue their professional growth and support our business excellence and development, whilst creating positive impact on the local communities.

We strive every day to ensure the welfare of our employees, nurture every individual's talent, respect and protect labour rights, and establish a productive and safe working environment. Our commitment extends beyond the boundaries of our sites as we also play an active role in the communities where we operate.

### EMPLOYEE WELFARE

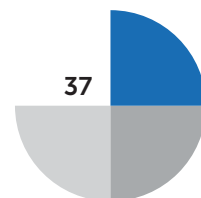
We understand that our employees need meaningful career development and skills improvement as well as competitive compensation and benefits to support their families and cope with rising cost of living. To do so, our Human Resource team regularly reviews compensation and benefits packages, monitors facilities and privileges, ensures equal opportunities in the workplace, develops skills and retains the best talents. Alongside this, our Training team tailors a range of learning courses to cater for the needs of our employees from various functions and ensure they possess the appropriate skills and competencies.

#### Compensation and Benefits

Unisem Ipoh complies with the local statutory requirements on wages and benefits such as minimum wages order, employees' provident fund, employees' social security and leaves provision. Employees also receive personal accident insurance coverage, child delivery subsidies, birthday gifts and medical benefits for outpatient, specialist and hospitalisation treatment.

In conjunction to signing a new collective agreement, Unisem Ipoh reviews its compensation and benefits every three years through collective bargaining with the in-house union. The review takes into consideration benchmarking against other companies that operate in the same area (Ipoh, Perak), the organisation performance as well as the views of employees. In addition to that, the salary scale is also reviewed on a periodic basis and benchmarked against other multi-national companies.

During the festive season, Unisem Ipoh also provides advance of up to 35% of the month's salary to those employees requesting support.



## Facilities and Privileges

Unisem Ipoh is well equipped with facilities for employees' convenience such as an in-house clinic with full-time industrial nurses, a surau facility, a 24-hour canteen, a mini sundry shop operated by Koperasi Pekerja-Pekerja Unisem (M) Berhad, a gated parking space, a library and a hostel for operators who live outside of Ipoh.

To take care of employees with special needs, Unisem Ipoh also provides dedicated parking for employees who are pregnant or with disabilities. Besides, breast feeding mothers can use a dedicated lactation room to help them better care for their children. Flexible working hours are also made available to support work-life balance, especially for parents who need to drop off and pick up their children to and from school or nursery. Female and male employees of Unisem Ipoh are also entitled by law to apply for maternity and paternity leaves respectively.

	2015		2016		2017	
	Female	Male	Female	Male	Female	Male
Total Working Parents (%)	24.72	40.31	22.49	42.28	21.41	44.17
Number of Parental Leave (Days)	4,363	272	4,585	247	4,450	312
Total Employees that Took Parental Leave (%)	3.30	8.51	3.10	7.57	2.91	9.10
Total Employees that Returned to Work after Parental Leave Ended (%)	94.25	98.94	91.95	100.00	93.02	98.11

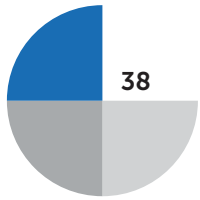
## Sports and Recreation Club

With the vision of being an Employer of Choice, the Group has various sports and recreation activities to build a harmonious relationship amongst the employees, local community and NGOs in the community we are in.

The Sports & Recreation Club of Unisem Ipoh (the "Club") organised a total of 16 events in 2017 and with an increased number of overall participation of employees from previous year. These activities include Archery Competition, Bowling Tournaments, Carrom Competition, Star Walk, Badminton Competition, Mind Game Challenge, Karaoke Competition, Monthly Football League, Flower Decoration, Fishing Competition, Basketball Tournament, Futsal and Majlis Yassin dan Doa Selamat.

## Employee Communication





# SUSTAINABILITY REPORT (cont'd)

Unisem Ipoh has communicated and set up procedures and anonymous complaint mechanisms such as a help line for employees (including suppliers and customers) to report inappropriate ethical behaviours and workplace grievances. In addition, there shall be no retaliation to all whistleblowers in good faith and their identity shall not be disclosed to maintain confidentiality.

In 2017, Unisem Ipoh received 3 workplace grievances and 1 whistleblowing complaint from the employees, as compared to 2016 where there were 2 cases of workplace grievances. These cases were investigated and all cases were closed per procedure and no cases of retaliation reported. There were no whistleblowing complaints reported by our suppliers or customers.



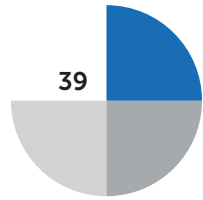
**Unisem Group's Ethics Hotline**

T (+) 6012-5334890  
E [ethicsqueries@unisemgroup.com](mailto:ethicsqueries@unisemgroup.com)

	Summary of Complaints	Action Taken by Unisem
Workplace grievances complaints	Poor handing of discipline issue	Mediation conducted with all parties to resolve the issue
Whistleblowing complaints	Pilferage	Investigation conducted and found complaint to be invalid

We also believe that by maintaining regular and open communication channels with employees, we can understand and gain awareness on our employees' needs and concerns pertaining to the workplace. On an annual basis, Unisem Ipoh conducts an Employee Climate Survey in which 5% of each employee category (Operator, Non-Executives and Executives) are surveyed for their feedback on a range of issues such as management, job satisfaction and development, communication within the Unisem Ipoh and many more. Feedbacks are then analysed and discussed with the management team to derive appropriate action plans that address employees' concerns. The action plans are executed immediately or over a period of time, as deemed appropriate. Following that, a summary of the Employee Climate Survey outcome and action plans is communicated to employees via the appropriate communication channels.

Employees are satisfied with	Employees' concerns
Increment of salary and timely payment	Controlled maximum overtime
Knowledge learned in the working place	Strict discipline control
Clean, comfortable and work place harmony	To improve canteen food variety
Benefits and good facilities (particularly hostel condition) Caring management	To improve facilities in plant (Rest area, Toilet, Company bus)
Workplace culture (friendliness of people, recognition in the workplace)	



## Employee Learning and Talent Development

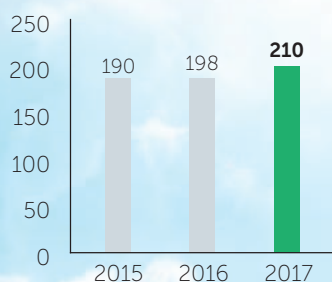
Unisem Ipoh believes that the continuous driving force for growing Unisem Ipoh lies in people who identify themselves with the organisation, its objectives and values. Our employees are diverse: they are generally reflective of our communities, customers, vendors and co-workers in the global market. We are always looking for committed people with leadership competencies and a passion for innovation and quality.

We invest in training our employees to build the skills necessary to perform their work safely, ethically and efficiently.

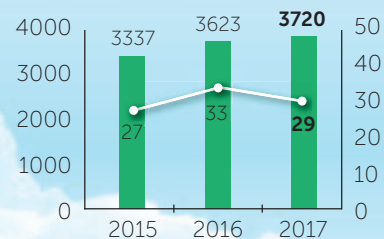
All new employees go through the New Employee Program to familiarise themselves with all aspects of the business, including operations, strategies and expectations. This programme also includes quality, environmental, health and safety awareness as well as our expectations for ethical conduct.

Unisem Ipoh runs a comprehensive continuous training programme for all its employees. On average, each Unisem Ipoh employee received about 29 hours of training in 2017. This training takes the form of on-the-job training and a series of development programmes. Manufacturing operators are formally certified in-house and must be re-certified every 6 months. Other trainings such as firefighting, first aid, evacuation drill and code of ethic are also provided to all employees.

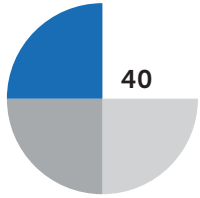
**Average training cost per employee per year (RM)**



**Number of training participants (No.) and average training hours per employee per year (hrs)**



■ No. of training participants  
 ▨ Average training hours per employee



# SUSTAINABILITY REPORT (cont'd)

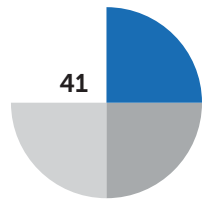
Our classroom training and development programs can be categorised as per below.

Training Programmes	Description of Training
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
Safety and Health	Complying with legal and occupational regulation and workplace safety and health
Environmental	Heightening awareness and caring for the environment to make our surroundings a better place to live-in
Ethics, Anti-Corruption & Disciplinary	Educating employees on our code of ethics, 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, Six Sigma, etc.	Performing statistical techniques and analysis to promote engineering excellence in process and product development for engineering staff
Team Building	To reinforce the strong teamwork culture, relationship building, and to build a positive work environment
IT Courses - Network Security, Programming	Continuous enhancement of IT security platforms and systems
Special Requirements (e.g. RBA / TS16949 / ISO14001 / OSHA / GST / X-Ray etc.)	Catering to the needs of customers, regulatory agency/government and international standards

To build a high performance culture and empower Unisem Ipoh's employees, we recognise that effective and timely performance evaluation sessions enable employees to identify their strengths and areas that require further improvement throughout their tenure with the Group.

During the performance evaluation sessions, both managers and their team members meet at least once a year to review and clarify their performance results, determine the training and development gaps and discuss career aspirations and plans. Managers are also required to engage with their subordinates constantly and have a continuous one-on-one feedback sessions to ensure that all levels of employee in the organisation stay motivated and aligned towards a common goal.

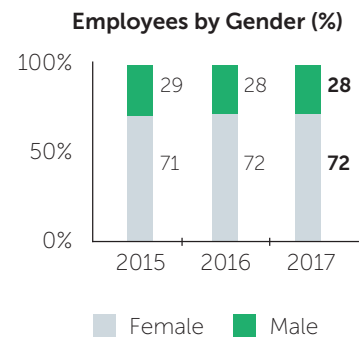




**Employee Workforce**

The diversity of our workforce is one of our main strengths as it brings together individuals with various skills and backgrounds.

As at 31 December 2017 Unisem Ipoh employed 72% of female employees and 28% of male employees. In the past years, the operator group of employee has relied on a majority of female employees. Of our workforce, 67% are local and 33% are foreign. All our foreign workers are contract workers while our temporary workers only constitute students on internship with us.



KPI	Annual turnover rate		
Target	To meet annual turnover rate of 25%		
Performance	19.9% in 2015	18.9% in 2016	21.0% in 2017

Considering the vitality of our company as well as the external economic environment, we believe that a healthy turnover rate of full-time employees should be lower than 25%. In 2017, the turnover rate increased by 2.1%. This is largely due to our foreign workers completing their contracts during the year and not opting to renew the contract for the coming period as they have decided to return home. As a result, Management has sought to hire a better skilled workforce during the year to compensate for the workers who have left us.

**Equal Opportunity in Employment**

Unisem is in compliance with the RBA Code of Conduct which addresses issues including non-discrimination and equal opportunities. Hence, we provide equal employment opportunity without discriminating our candidates against their race, colour, age, gender, sexual orientation, gender identity and expression, ethnicity, national origin, religion, disability, pregnancy, political affiliation, union membership, covered veteran status, protected genetic information or marital status. This includes hiring and employment practices such as wages, promotions, rewards, and access to training.

We take pride in being able to do our part as a responsible and caring organisation. Since 2000, Unisem has employed four physically challenged employees.

**LABOUR RIGHTS**

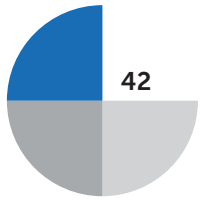
We have always been strong supporters of human rights as this is also in line with our core values, reflected in our tag line: "We Care We Can". We acknowledge that when employees are treated with respect, we can accomplish workplace harmony and create a sense of belonging.

As such, we are committed to upholding the human rights of workers and to treating them with dignity and respect as understood by the international community. The use of forced, bonded or indentured labour, involuntary prison labour, slavery or trafficking of persons and child labour are strictly prohibited at all times.

Our commitment to human rights is embedded in the Unisem Code of Ethics and Group CSR Policy. It addresses diversity and non-discrimination, workplace safety, child labour, forced labour and human trafficking, working hours and minimum wages, freedom of association, collective bargaining and data privacy.

Refer to our Code of Ethics and Corporate Social Responsibility for more information on our commitments on employee's welfare and safeguarding human rights<sup>4</sup>.

<sup>4</sup> <https://www.unisemgroup.com/wp-content/uploads/2016/05/Code-of-Ethics.pdf>  
<https://www.unisemgroup.com/wp-content/uploads/2016/01/CSR-Policy-Jun-2014.pdf>



# SUSTAINABILITY REPORT (cont'd)

We comply with the minimum wage guidelines of the home country we operate in and do not condone excessive working hours. The overtime hours are within the guidelines and labour laws of the home country.

As and when necessary, Unisem Ipoh hires foreign workers to meet its operation requirements. No foreign workers are required to pay any fees and levy related to their employment other than expenses for lodging and direct transportation from the workers' home to the job placement centre in their original country. All foreign workers are made aware and provided with information on the minimum mandatory fees allowable as per RBA requirement.

To ensure the employment is freely chosen, Unisem Ipoh does not withhold the workers' original government-issued identification, travel documents or education certificates. All workers are given employment letters which clearly convey the conditions of employment in a language they understand. There are no unreasonable movement restrictions within the workplace, hostel or upon entering or exiting the company-provided facilities.

Unisem Ipoh respects the rights of workers to associate freely, to decide whether they wish to join labour unions or not, to seek representation in accordance with the Trade Union Act. Unisem Ipoh has an in-house union – Kesatuan Pekerja-Pekerja Unisem ("KPU"), established in 2011 and its current membership consists of about 900 members. The KPU membership is open to all employees who are eligible in accordance with local laws and is on a voluntary basis. In July 2017, Unisem Ipoh signed the third collective agreement with KPU.

As at 2017, there have been no incidences of human rights violations nor violations of labour standards at Unisem Group.

## OCCUPATIONAL HEALTH AND SAFETY

We have always taken pride in providing a safe and healthy working environment for our employees, as well as to our customers, suppliers/contractors, surrounding communities and users of our products and services. We believe that a safe and healthy work environment contribute significantly towards a more productive workforce and as the saying goes "Health is Wealth".

Our employees will feel highly confident in carrying out their duties and responsibilities when the working environment is safe. In this respect, Unisem Ipoh aims to constantly promote high safety and health standards. Workplace safety is embedded in Unisem's Code of Ethics and Group CSR Policy, as it is part of our commitment to protect human rights.

Refer to our Safety and Health Policy for more information on the maintenance of safety and health in our workplace<sup>5</sup>.

### Health and Safety Management

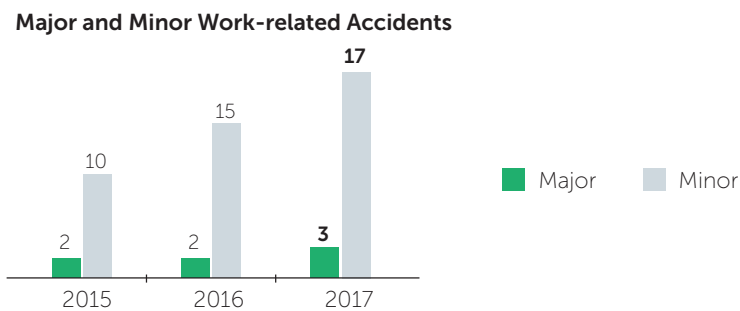
KPI	Injury frequency rate for industrial accidents <sup>6</sup>		
Target	Injury frequency rate for industrial accidents below 2 accidents per million hours worked		
Performance	1.08 in 2015	1.52 in 2016	1.91 in 2017
	2015	2016	2017
Fatality Rate	0	0	0

<sup>5</sup> <https://www.unisemgroup.com/wp-content/uploads/2016/05/Safety-and-Health-Policy.pdf>

<sup>6</sup> 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)

The Unisem Ipoh’s Safety and Health Committee consists of employer and employee representatives from several departments. Their areas of responsibilities include: Chemical & Personal Protective Equipment Management, Hazard Identification, Risk Assessment & Risk Control (“HIRARC”), Training, Emergency Response, Test Report, Accident Investigation, Machinery and Work Instruction, Work Place Audit, Complaint Investigation and Radiation Protection. The committee is headed by the senior manager of the Facility Department and directly under the responsibility of the site’s COO.

Our Safety and Health Committee is responsible for closely monitoring work-related incidents that occur within our facility, particularly the injury frequency rate for industrial accidents. Work-related accidents are categorised into ‘major’ and ‘minor’ work-related accidents to enable swift responses and to accurately support our performance data on injury frequency rate for industrial accidents. Major work-related accidents are defined as accidents which cause employees to be on medical leave above 4 days. The number of major and minor work-related accidents over the last years is shown below:



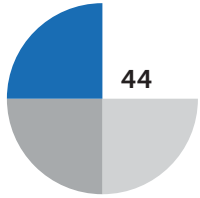
Injury frequency rate is calculated as total no. of work-related accidents per one million hours worked. As our total working hours have not changed significantly across the years, the increase in injury rate is primarily attributable to the increase in minor work-related accidents. These accidents are mainly due to trip and fall cases, resulting in the workers being away from work. Therefore, Management took actions to conduct awareness training and increase the number of warning signs on site. To minimise work-related injuries, Management also encourages employees to report any unsafe act or workplace condition, including near-miss cases. Following which, we endeavour to keep implementing various safety and health initiatives as well as reviewing and monitoring the progress and outcome of our implementation plan.

**Safety and Health Measures**

**SAFETY AND HEALTH TRAINING**

**HEALTH AND SPECIAL CARE**

**SAFETY AND HEALTH IMPROVEMENT ACTION PLANS**



# SUSTAINABILITY REPORT (cont'd)

## Safety and Health Training

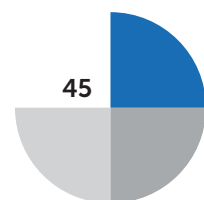
On-going training programmes, as shown in the table below, target specific employees based on their responsibilities and the nature of their work. Most training programmes are conducted annually except for some of the safety hazard training programmes that are held on a bi-annual basis. Employees who have attended trainings are then responsible to disseminate and apply the knowledge and skills learned with other employees in the areas and departments where they operate.

Safety and Health Training Programmes	No. of participants		
	2015	2016	2017
Fire ERT	47	34	39
First Aid	77	88	70
Chemical Spillage	58	40	217
Fire Warden	107	112	94
Forklift	0	19	0
Safety hazard training (noise/electrical/machine/ergonomic/HIRARC, etc.)	166	111	211

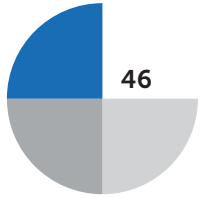
## Health and Special Care

To complement safety and health, Unisem Ipoh provides an in-house 24-hour clinic with fulltime industrial nurses and a panel of visiting doctors to provide medical consultation and treatment for its employees. Unisem is proactive in promoting safety and health by organising various talks on safety and health issues on a monthly basis. Health screenings were also conducted for employees and their family members in 2017.

Health Training Campaign	No. of participants		
	2015	2016	2017
Free eye fungus screening	210	268	346
Ipoh Specialist Hospital of Healthy Life Style Campaign	382	249	411
Mammogram/Pap Smear Campaign	104	81	192
First Aid Training	75	150	70
Antenatal Talk on Nutrition in Pregnancy and its Myths	47	71	63



Health Training Campaign	No. of participants		
	2015	2016	2017
Weight Loss Challenge	52	0	108
Health Week Promotion Health Products	158	349	224
Blood Screening Test	127	166	269
Health Talk/Perkeso Talk/Road Safety	354	437	507
Bone Density Test	75	273	244
Blood Donation Campaign	371	320	335
Eye Care Programme by Optic Lily	139	174	233
Exhibition on Dengue/Zika virus disease/TIBI/ Breast cancer/Hypertension/Diabetic Mellitus/ Quit Smoking and BMI	33	136	175
Hearing Test	0	47	115



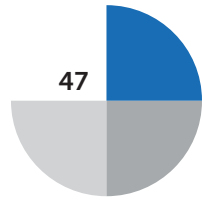
# SUSTAINABILITY REPORT (cont'd)

## Safety and Health Improvement Action Plans

Year	Safety and Health Improvement Action Plan	Objectives	Achievements
2015	Chemical spillage drill	To assess the chemical handler and Emergency Response Team ("ERT") response to emergency	Exercise met the specification and no review is required
	Evacuation drill	To assess the effectiveness of evacuation and ERT response to emergency	Assembly within the designated assembly point
2016	Ergonomic assessment	To assess the ergonomic hazards and risks in the workplace  To determine the significant hazards to be controlled for employees, contractors and visitors who may be exposed to the risk of Work Related Muscular Skeletal Disorders	No significant hazards identified with regard to ergonomic issues except for lifting heavy objects of more than 25 kg and most of the results were categorised as low risk
	Evacuation drill	To assess the effectiveness of evacuation and ERT response to emergency	Assembly within the designated assembly point
2017	Chemical spillage drill	To assess the chemical handler and Emergency Response Team (ERT) response to emergency	Exercise met the specification and no review is required
	Evacuation drill	To assess the effectiveness of evacuation and ERT response to emergency	Assembly within the designated assembly point

For continuous improvement, the Unisem Ipoh factory is required to ensure that its internal management practices including emergency response and effectiveness of evacuation processes are in compliance with Unisem's Emergency Response Plan. Emergency response exercises and evacuation drills are conducted annually with all shift workers in order to increase awareness on safety and health measures to take should an incident occur.

Unisem Ipoh also achieved Level 5 (excellent) of the Systematic Occupational Health Enhancement Level Programme ("SOHELP") which was organised by the Department of Occupational Safety and Health Malaysia ("DOSH") in March 2017. Level 5 is the highest level of the SOHELP program implementation.



<b>About SOHELP</b>	Designed to help industries comply with relevant regulations pertaining to occupational health particularly in the field of chemical management, ergonomic issues and hearing protection
<b>SOHELP Assessment Methodology/Process</b>	<ul style="list-style-type: none"> <li>• Gather accident statistic, workplace inspection and safety audit</li> <li>• Provide safety training &amp; communication among Management team, SHC &amp; employees</li> </ul>
<b>Objective of SOHELP Programme</b>	To prevent occupational disease
<b>Unisem KPI</b>	Reduction of health risk exposure in relation to ergonomics, chemicals and noise in the workplace
<b>Key action plans</b>	<ul style="list-style-type: none"> <li>• Enhance employees' safety awareness and convey safety information including prevention of accident</li> <li>• Conduct promotion activities such as Health Talk, TV display &amp; banner to promote safety awareness</li> <li>• Carry out risk assessment at the work areas for hazard identification and control</li> <li>• Perform safety inspection &amp; audit for continuous improvement</li> </ul>
<b>Achievements</b>	Implementation from Level 1 (Entry) to Level 5 (Excellent) in 2016

## LOCAL COMMUNITIES

Unisem Ipoh strives to support local organisations and institutions in Ipoh and the state of Perak, involved in health and welfare, education, culture, recreation and civic activities. Our objectives are three-fold:

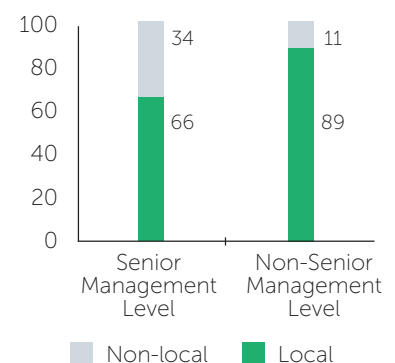
1. Be recognised as a responsible corporate citizen that reinvests in the society and communities it operates in
2. Promote recognition and awareness of the less fortunate in the community
3. Support programmes that promote the well-being of the community in general and for our employees living in the community

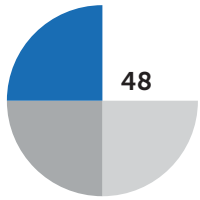
### Local Hire and Internships

As one of the largest private sector employers in Ipoh, we are committed to providing employment and career development opportunities to the local community where we operate.

Our workforce at Unisem Ipoh originates predominantly from our local communities within the state of Perak. This is particularly evident for non-management employee categories where about 90% of our employees were hired locally.

**Ratio of local and non-local Senior Managers and Non-Senior Managers (%)**





# SUSTAINABILITY REPORT (cont'd)

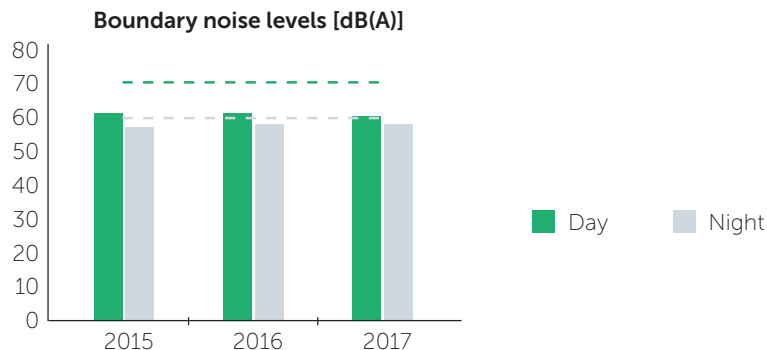
Annually, Unisem Ipoh trains industrial trainees from various universities and polytechnic institutions and provides them career opportunities in various functions such as Assembly, Final Test, Quality Assurance, Engineering, Maintenance, Finance, Management Information Systems and Human Resources.

In 2017, Unisem Ipoh provided opportunities to a total of 148 students from various local polytechnics and universities in Malaysia as trainees, of which 110 are pursuing Engineering Studies and 38 are from Non-Engineering backgrounds.

## Noise Monitoring

We practice open channels of communication with our local communities and one of the greater concerns is the level of noise caused by our manufacturing plant.

Even though levels of noise pollution are maintained below thresholds as permitted by the Guidelines for Environmental Noise Limits & Control, published by the Department of Environment Malaysia ("DOE"), Unisem Ipoh conducts a structured programme to monitor and reduce noise levels as much as possible. Our Facility team monitors and reviews noise levels on a yearly basis, including conducting Boundary Noise Monitoring exercise annually. As a result, noise levels have been maintained below legal limits over the years.



## Donations and Employee Involvement

Every year, we actively engage our local community through our volunteer programmes and donations. Our donation programmes are reviewed annually to ensure that distribution of corporate contributions continues to effectively address the community's changing needs.

Our long term volunteer programmes include annual blood donation drives, visits to local orphanages, old folks' homes and physically challenged centres during festive periods. Every year we conduct these programmes to support the local organisations. In addition, our employees participated in volunteer clean-up events at the local mosque and an annual in-house festive celebration. Our biggest volunteer event this year was our annual blood donation drive, held in January, May and October of 2017, supported by 335 of our employees.

Furthermore, Unisem Ipoh made a donation of RM15,000 this year, which includes cash, daily necessities and sponsorship to the local schools, children's and special needs' homes, the local fire and rescue association, festive events, local unions and special events.

We will continue to support local communities as we hold steadfast to our commitment of being a good corporate citizen.





## ENVIRONMENT

In line with our corporate vision to be the leading Malaysian company providing total semiconductor packaging and test services globally and be recognised as a model corporation, it is our management's policy to show exemplary environmental responsibilities by conducting our businesses in a manner consistent with sound environmental practices.

We take steps to understand, reduce or avoid the environmental impacts occurring along our value chain while creating the best products and services for our customers. We conduct various initiatives to manage energy and water efficiently, reduce our greenhouse gas emissions, apply best practice in effluents and waste management and guarantee environmental stewardship of our products.

### ENVIRONMENTAL MANAGEMENT

Our commitment to environmental sustainability is embodied in the Unisem Code of Ethics, Environmental Policy and Health & Safety Policy, which are available on our website<sup>7</sup>.

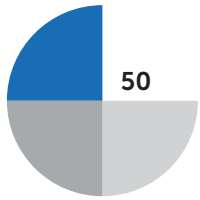
Our environmental strategy is set at Group level and is implemented by our Environmental Working Committee. It covers chemical control, legal requirement measurement & monitoring, training, emergency response, waste management and aspect and impact evaluation team.

Progress at Unisem Ipoh is regularly reviewed by our site COO and GM, who are responsible for sustainability initiatives and reports to the Board. All Unisem sites are ISO 14001:2015 certified. Annual environmental audits covering, among other things, noise levels, levels of employees' exposure to hazardous substances, air emissions, wastewater discharge quality and radiation are conducted.

Unisem's bumping, packaging and test operations are subject to regulatory requirements and potential liabilities arising under laws and regulations of the country where its facilities may be, governing among other things: air quality, emissions, wastewater discharge, waste storage, treatment and disposal and remediation of releases of hazardous materials.

Unisem has an environmental programme and an environmental management system that enable us to reduce our environmental impacts and increase operating efficiency. Emphasis is placed on monitoring emissions of pollutants, waste and chemical management, energy saving and conservation of water use, reuse and recycling of natural resources.

<sup>7</sup> <http://www.unisemgroup.com/operations/ehs.html>



# SUSTAINABILITY REPORT (cont'd)

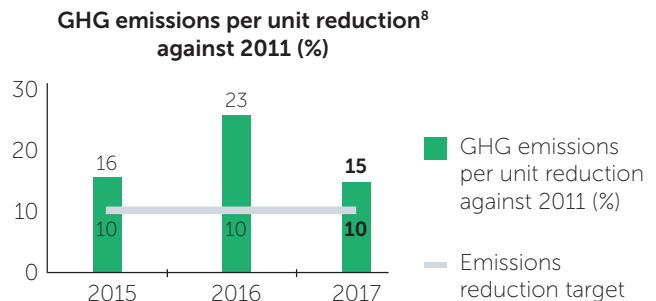
## CLIMATE CHANGE AND ENERGY EFFICIENCY

<b>KPI</b>	Greenhouse Gas ("GHG") emissions per unit reduction <sup>8</sup> (baseline 2011)		
<b>Target</b>	To achieve 10% reduction in GHG emissions per unit <sup>8</sup> (baseline 2011)		
<b>Performance</b>	16% in 2015	23% in 2016	15% in 2017

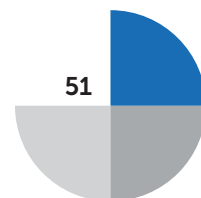
We recognise that climate change is a significant issue and its effects are beginning to alter the lands and waters we depend upon for survival. Our most significant GHG emissions come from the energy use in our plants/facilities and business travel. Our initiatives in mitigating GHG emissions rely on improving energy efficiency of our facilities and equipment, as well reducing our emissions associated with travelling, as detailed below. In 2017, the reduction in GHG emissions per unit compared to baseline year 2011 is 15%, while it was 23% in 2016. This is primarily due to a change in product mix, resulting in a lower number of units produced in 2017, compared to 2016. Our operational GHG emissions are independently verified by a third party RBA Validated Audit Process (VAP) auditor.

- Plant energy use
  - Improve energy efficiency with the following implementation:
    - Retro-commissioning of HVAC (Heating, Ventilation, and Air Conditioning) system
    - Controls upgrades
    - Heat recovery
    - Installation of LED lighting
    - Re-engineering of production equipment facility support system (Air Compressor and Vacuum system)
- Office environment
  - Turning off office lights and air-conditioning during lunch hours
- Air travel
  - Reducing non-essential flights by promoting videoconferencing

Year	Electricity Consumption (GWh)	GHG Emissions Associated with Electricity Consumption ('000 tCO <sub>2</sub> e)
2015	101.1	66.3
2016	98.5	64.5
2017	103.1	67.6



<sup>8</sup> No. of wafers produced by UAT was converted to no. units produced based on an estimation of 10,000 units per wafer.



## EFFLUENTS AND WASTE MANAGEMENT

### Effluents Management

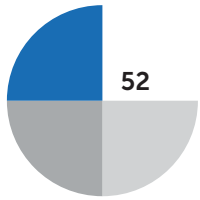
KPI and Target	Compliance with Standard B under EQA (Industrial Effluents) Regulation 2009		
Performance	Complied in 2015	Complied in 2016	Complied in 2017

Unisem Ipoh is subject to regular reviews of its wastewater discharge by the DOE. Most pollutants are treated on site in our wastewater treatment plant. Other waste substances (such as waste oil, spent solvent and metal hydroxide sludge) are sent to government-licensed waste disposal units or specialist contractors. Below are the measures taken in managing effluent and wastewater discharged:

- Daily monitoring of wastewater quality (e.g. flow rate, pH, COD and BOD concentration, etc.)
- Preventive maintenance by trained employees conducted regularly
- On-site wastewater treatment in facility before discharging into drainage
- Weekly and monthly monitoring conducted by an external accredited laboratory to ensure wastewater quality complies with the regulation standards [Standard B, under the EQA (Industrial Effluent) Regulations 2009]

Water Quality Indicator	Unit	Effluent Standard	Min. ~ Max.	Compliance for 2017
pH	pH	5.5-9.0	6.2~8.3	✓
COD concentration	Mg/L	<200	15~31	✓
BOD concentration	Mg/L	<50	3.2~10.0	✓
Suspended solid ("SS") concentration	Mg/L	<100	3.0~23.0	✓
Cu <sup>2+</sup> concentration	Mg/L	<1.0	0.013~0.090	✓
Ni <sup>2+</sup> concentration	Mg/L	<1.0	0.005~0.209	✓

	2015	2016	2017
Total wastewater discharge (m <sup>3</sup> per day)	565,158	578,895	657,000



# SUSTAINABILITY REPORT (cont'd)

## Waste Management

<b>KPI</b>	Recycling rate of scheduled (hazardous) waste generated		
<b>Target</b>	To achieve 50% recycling rate of total scheduled (hazardous) waste generated		
<b>Performance</b>	53% in 2015	56% in 2016	58% in 2017

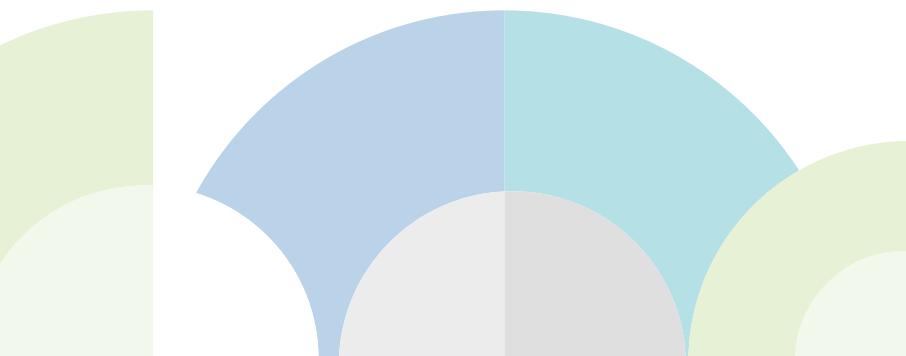
Given the nature of our industry, our operations generate scheduled waste, which includes, amongst other waste streams, electrical and electronic waste and chemical waste. We are committed to constantly monitoring and ensuring responsible treatment of the waste before final disposal. Unisem Ipoh engages with authorised licensed contractors, certified by the DOE, to ensure legal and proper treatment as well as recycling of waste. Furthermore, we regularly conduct audits of our waste contractors to ensure compliance to local laws and regulations in relation to environmental, health and safety aspects.

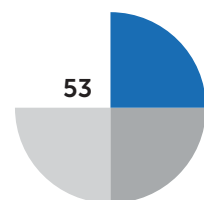
Year	Total scheduled waste generated (metric tonnes)	Total scheduled waste recycled (metric tonnes)
2015	227	121
2016	266	151
2017	280	163

In 2017, 280 metric tonnes of scheduled waste were generated of which 58% were recycled. Thus, we achieved our target of recycling more than 50% of our scheduled waste.

We encourage our employees to reduce, reuse and recycle domestic waste generated (paper, plastic, aluminium cans, metal, etc.) in the office, as well as at our production facility. Domestic waste collected is sent to licensed waste contractors for further treatment every month. We began collecting data on the recycling rate of domestic waste via waste collection documents provided by our waste contractors. Therefore, we are able to report that we achieved a 43% recycling rate of domestic waste in 2017. From here on, we will continue to collect and report on our domestic waste data.

We have also implemented various reuse programmes aimed at reducing the use of new materials, such as shipping tubes, canister cans and wafer carriers/containers in our operations. These programmes have been established for more than five years and have contributed to cost savings and effective use of materials.





## WATER CONSUMPTION

The largest part of our water use is associated with our wafer fabrication and packaging facilities. Water is used to produce ultra-pure water ("UPW") necessary to clean silicon wafers during fabrication. As part of our effort to increase water efficiency, we have been able to reduce the amount of water required to produce UPW. After UPW has been used to clean wafers, the lightly contaminated water is still suitable for various industrial purposes and irrigation. Our facilities are equipped with complex rinse water collection systems and separate drains to collect lightly contaminated wastewater for reuse. With this reuse strategy, we recycle as much water from our manufacturing processes as possible.

Unisem Ipoh's water consumption in the past years is set out below.

Years	Water consumption (million m <sup>3</sup> )	% of water recycled
2015	1.6	3
2016	1.8	3
2017	1.9	3

## PRODUCT STEWARDSHIP

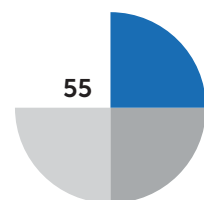
Each Unisem site has achieved third party certification on the Sony Green Partner and Samsung Eco Partner certification schemes. Unisem is compliant to the European Union Restriction of Hazardous Substances ("RoHS") Directive, which sets limitations on the use of six materials (hazardous substances), including lead.

For each raw material, compliance with RoHS is measured through the analysis report that is renewed on a yearly basis following the EU Directive 2011/65/EU. Supporting documents such as declaration letter, Certificate of Compliance ("CoC") and Safety Data Sheet ("SDS") are also used to verify the compliance. We also ensure our suppliers comply with RoHS by communicating with them and facilitating their own compliance.

# SUSTAINABILITY REPORT (cont'd)

## GLOBAL REPORTING INITIATIVE SUSTAINABILITY REPORTING STANDARDS ("GRI" INDEX)

GRI Standards Content Index				
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2	102-2	Activities, brands, products, and services	Unisem Group	3
3	102-3	Location of headquarters	Corporate Information	Inside back cover
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10	102-10	Significant changes to the organization and its supply chain	-	
11	102-11	Precautionary Principle or approach	-	
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27	102-27	Collective knowledge of highest governance body	Corporate Governance Overview Statement	71
28	102-28	Evaluating the highest governance body's performance	Corporate Governance Overview Statement	72

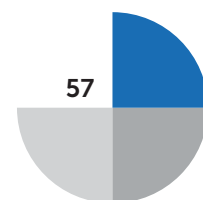


GRI Standards Content Index				
#	Disclosure Number	Disclosure Title	Related Section of Annual Report / Sustainability Report	Page Number
<b>GRI 102 General Disclosures</b>				
29	102-29	Identifying and managing economic, environmental, and social impacts	Sustainability Governance Stakeholder Engagement	16 18
30	102-30	Effectiveness of risk management processes	Sustainability Governance Statement on Risk Management and Internal Control	16 87
31	102-31	Review of economic, environmental, and social topics	Sustainability Governance	16
32	102-32	Highest governance body's role in sustainability reporting	Sustainability Governance	16
33	102-33	Communicating critical concerns	Employee Communication	37
34	102-34	Nature and total number of critical concerns	Employee Communication	37
35	102-35	Remuneration policies	Corporate Governance Overview Statement/CG Report	76/23
36	102-36	Process for determining remuneration	Corporate Governance Overview Statement/CG Report	76/23-34
37	102-37	Stakeholders' involvement in remuneration	Corporate Governance Overview Statement/CG Report	76/24
38	102-38	Annual total compensation ratio	-	
39	102-39	Percentage increase in annual total compensation ratio	-	
40	102-40	List of stakeholder groups	Stakeholder Engagement	18
41	102-41	Collective bargaining agreements	Labour Rights	41
42	102-42	Identifying and selecting stakeholders	Stakeholder Engagement	18
43	102-43	Approach to stakeholder engagement	Stakeholder Engagement	18
44	102-44	Key topics and concerns raised	Materiality Assessment	22
45	102-45	Entities included in the consolidated financial statements	Financial Statements	90
46	102-46	Defining report content and topic Boundaries	Sustainability Report's Scope Sustainability Topics	15 21
47	102-47	List of material topics	Sustainability Topics	21
48	102-48	Restatements of information	No restatement made	
49	102-49	Changes in reporting	No changes in reporting	
50	102-50	Reporting period	Sustainability Report's Scope	15
51	102-51	Date of most recent report	31 December 2016	
52	102-52	Reporting cycle	Sustainability Report's Scope	15
53	102-53	Contact point for questions regarding the report		
54	102-54	Claims of reporting in accordance with the GRI Standards	Sustainability Report's Scope	15
55	102-55	GRI content index	GRI Standards Content Index	54
56	102-56	External assurance	-	

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#	Disclosure Number	Disclosure Title	Related Section of Annual Report / Sustainability Report	Page Number
<b>GRI 103 Management Approach</b>				
57	103-1	Explanation of the material topic and its Boundary	Sustainability Report's Scope Materiality Assessment	15 22
58	103-2	The management approach and its components	Managing Our Business Our Focus on Customers People Environment	21
59	103-3	Evaluation of the management approach	Managing Our Business Our Focus on Customers People Environment	21
<b>GRI 201 Economic Performance</b>				
60	201-1	Direct economic value generated and distributed	Financial Statements	90
61	201-2	Financial implications and other risks and opportunities due to climate change	-	
62	201-3	Defined benefit plan obligations and other retirement plans	Financial Statements	90
63	201-4	Financial assistance received from government	Financial Statements	90
<b>GRI 202 Market Presence</b>				
64	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-	
65	202-2	Proportion of senior management hired from the local community	Local Communities	47
<b>GRI 203 Indirect Economic Impacts</b>				
66	203-1	Infrastructure investments and services supported	-	
67	203-2	Significant indirect economic impacts	-	
<b>GRI 204 Procurement Practices</b>				
68	204-1	Proportion of spending on local suppliers	-	
<b>GRI 205 Anti-Corruption</b>				
69	205-1	Operations assessed for risks related to corruption	-	
70	205-2	Communication and training about anti-corruption policies and procedures	Anti-Corruption	32
71	205-3	Confirmed incidents of corruption and actions taken	Anti-Corruption	32
<b>GRI 206 Anti-Competitive Behaviour</b>				
72	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	N/A	
<b>GRI 301 Materials</b>				
73	301-1	Materials used by weight or volume	-	
74	301-2	Recycled input materials used	-	
75	301-3	Reclaimed products and their packaging materials	-	
<b>GRI 302 Energy</b>				
76	302-1	Energy consumption within the organization	Climate Change and Energy Efficiency	50
77	302-2	Energy consumption outside of the organization	-	
78	302-3	Energy intensity	-	
79	302-4	Reduction of energy consumption	Climate Change and Energy Efficiency	50
80	302-5	Reductions in energy requirements of products and services	-	

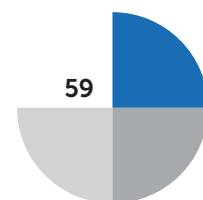




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#	Disclosure Number	Disclosure Title	Related Section of Annual Report / Sustainability Report	Page Number
<b>GRI 303 Water</b>				
81	303-1	Water withdrawal by source	-	
82	303-2	Water sources significantly affected by withdrawal of water	-	
83	303-3	Water recycled and reused	-	
<b>GRI 304 Biodiversity</b>				
84	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	
85	304-2	Significant impacts of activities, products, and services on biodiversity	N/A	
86	304-3	Habitats protected or restored	N/A	
87	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A	
<b>GRI 305 Emissions</b>				
88	305-1	Direct (Scope 1) GHG emissions	-	
89	305-2	Energy indirect (Scope 2) GHG emissions	Climate Change and Energy Efficiency	50
90	305-3	Other indirect (Scope 3) GHG emissions	-	
91	305-4	GHG emissions intensity	-	
92	305-5	Reduction of GHG emissions	Climate Change and Energy Efficiency	50
93	305-6	Emissions of ozone-depleting substances (ODS)	-	
94	305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	-	
<b>GRI 306 Effluents and Waste</b>				
95	306-1	Water discharge by quality and destination	Water Consumption	53
96	306-2	Waste by type and disposal method	Effluents and Waste Management	51
97	306-3	Significant spills	-	
98	306-4	Transport of hazardous waste	-	
99	306-5	Water bodies affected by water discharges and/or runoff	-	
<b>GRI 307 Environmental Compliance</b>				
100	307-1	Non-compliance with environmental laws and regulations	Effluents and Waste Management	51
<b>GRI 308 Supplier Environmental Assessment</b>				
101	308-1	New suppliers that were screened using environmental criteria	Supply Chain Management	28
102	308-2	Negative environmental impacts in the supply chain and actions taken	Supply Chain Management	28
<b>GRI 401 Employment</b>				
103	401-1	New employee hires and employee turnover	Employee Welfare	36
104	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Welfare	36
105	401-3	Parental leave	Employee Welfare	36
<b>GRI 402 Labour Management/ Relations</b>				
106	402-1	Minimum notice periods regarding operational changes	-	

# SUSTAINABILITY REPORT (cont'd)

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#	Disclosure Number	Disclosure Title	Related Section of Annual Report / Sustainability Report	Page Number
<b>GRI 403 Occupational Health and Safety</b>				
107	403-1	Workers representation in formal joint management-worker health and safety committees	Occupational Health and Safety	42
108	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety	42
109	403-3	Workers with high incidence or high risk of diseases related to their occupation	-	
110	403-4	Health and safety topics covered in formal agreements with trade unions	-	
<b>GRI 404 Training and Education</b>				
111	404-1	Average hours of training per year per employee	Employee Welfare	36
112	404-2	Programs for upgrading employee skills and transition assistance programs	Employee Welfare	36
113	404-3	Percentage of employees receiving regular performance and career development reviews	-	
<b>GRI 405 Diversity and Equal Opportunity</b>				
114	405-1	Diversity of governance bodies and employees	Corporate Governance Overview Statement	69
115	405-2	Ratio of basic salary and remuneration of women to men	-	
<b>GRI 406 Non-discrimination</b>				
116	406-1	Incidents of discrimination and corrective actions taken	Employee Communication	37
<b>GRI 407 Freedom of Association and Collective Bargaining</b>				
117	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Labour Rights	41
<b>GRI 408 Child Labour</b>				
118	408-1	Operations and suppliers at significant risk for incidents of child labor	Labour Rights	41
<b>GRI 409 Forced or Compulsory Labour</b>				
119	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Labour Rights	41
<b>GRI 410 Security Practices</b>				
120	410-1	Security personnel trained in human rights policies or procedures	N/A	
<b>GRI 411 Rights of Indigenous Peoples</b>				
121	411-1	Incidents of violations involving rights of indigenous peoples	N/A	
<b>GRI 412 Human Rights Assessment</b>				
122	412-1	Operations that have been subject to human rights reviews or impact assessments	Supply Chain Management Labour Rights	28 41
123	412-2	Employee training on human rights policies or procedures	Employee Welfare	36
124	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-	



GRI Standards Content Index				
#	Disclosure Number	Disclosure Title	Related Section of Annual Report / Sustainability Report	Page Number
<b>GRI 413 Local Communities</b>				
125	413-1	Operations with local community engagement, impact assessments, and development programs	Local Communities	47
126	413-2	Operations with significant actual and potential negative impacts on local communities	Local Communities	47
<b>GRI 414 Supplier Social Assessment</b>				
127	414-1	New suppliers that were screened using social criteria	Supply Chain Management	28
128	414-2	Negative social impacts in the supply chain and actions taken	Supply Chain Management	28
<b>GRI 415 Public Policy</b>				
129	415-1	Political contributions	-	
<b>GRI 416 Customer Health and Safety</b>				
130	416-1	Assessment of the health and safety impacts of product and service categories	-	
131	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	
<b>GRI 417 Marketing and Labeling</b>				
132	417-1	Requirements for product and service information and labeling	N/A	
133	417-2	Incidents of non-compliance concerning product and service information and labeling	N/A	
134	417-3	Incidents of non-compliance concerning marketing communications	N/A	
<b>GRI 418 Customer Privacy</b>				
135	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	
<b>GRI 419 Socioeconomic Compliance</b>				
136	419-1	Non-compliance with laws and regulations in the social and economic area	-	