

AEM Holdings Ltd.  
**Sustainability Report 2022**



AEM



**We partner closely with our customers across the innovation process** to set the standards and pace for innovation and to ensure their success.



**DIRECT ENGINEERING/SALES SUPPORT**

**ASIA**

CHENGDU  
HSINCHU  
SHANGHAI  
SINGAPORE  
KOREA  
KULIM  
VIETNAM

**EUROPE**

FRANCE  
FINLAND

**MIDDLE EAST**

ISRAEL

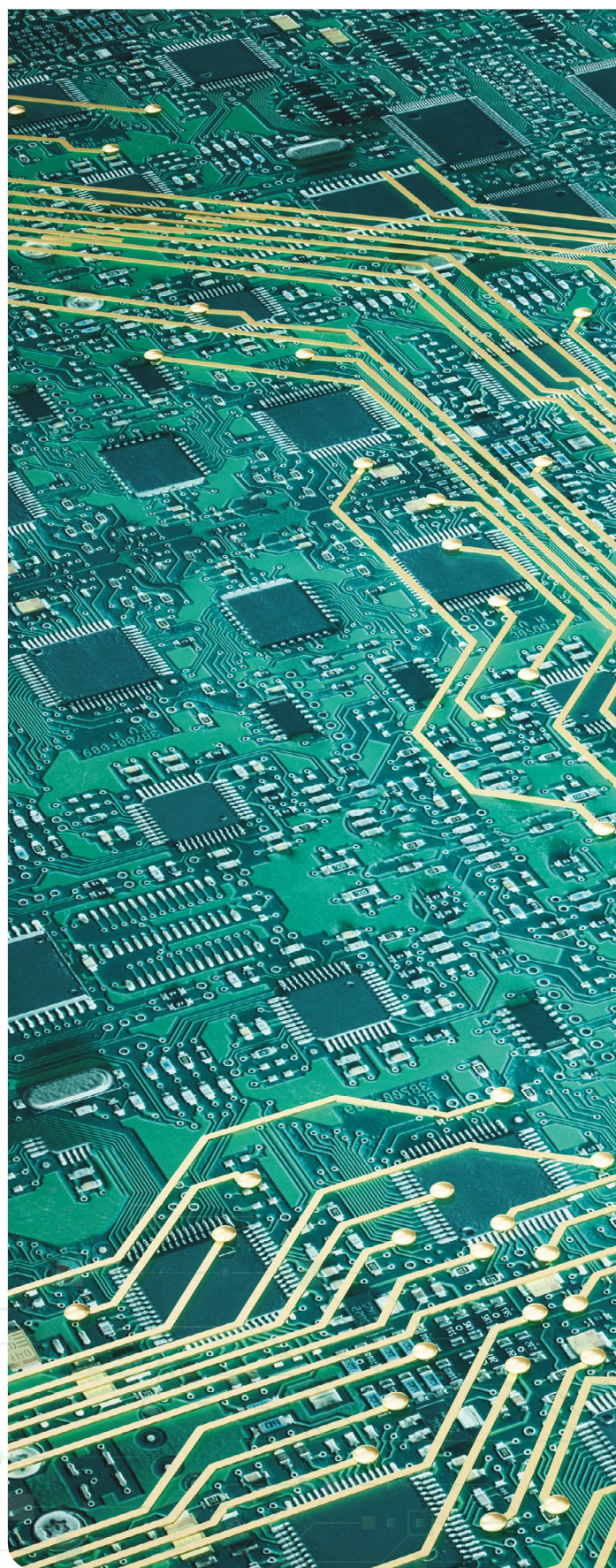
**AMERICAS**

AUSTIN  
CHANDLER  
OREGON  
SAN DIEGO  
SAN JOSE  
COSTA RICA

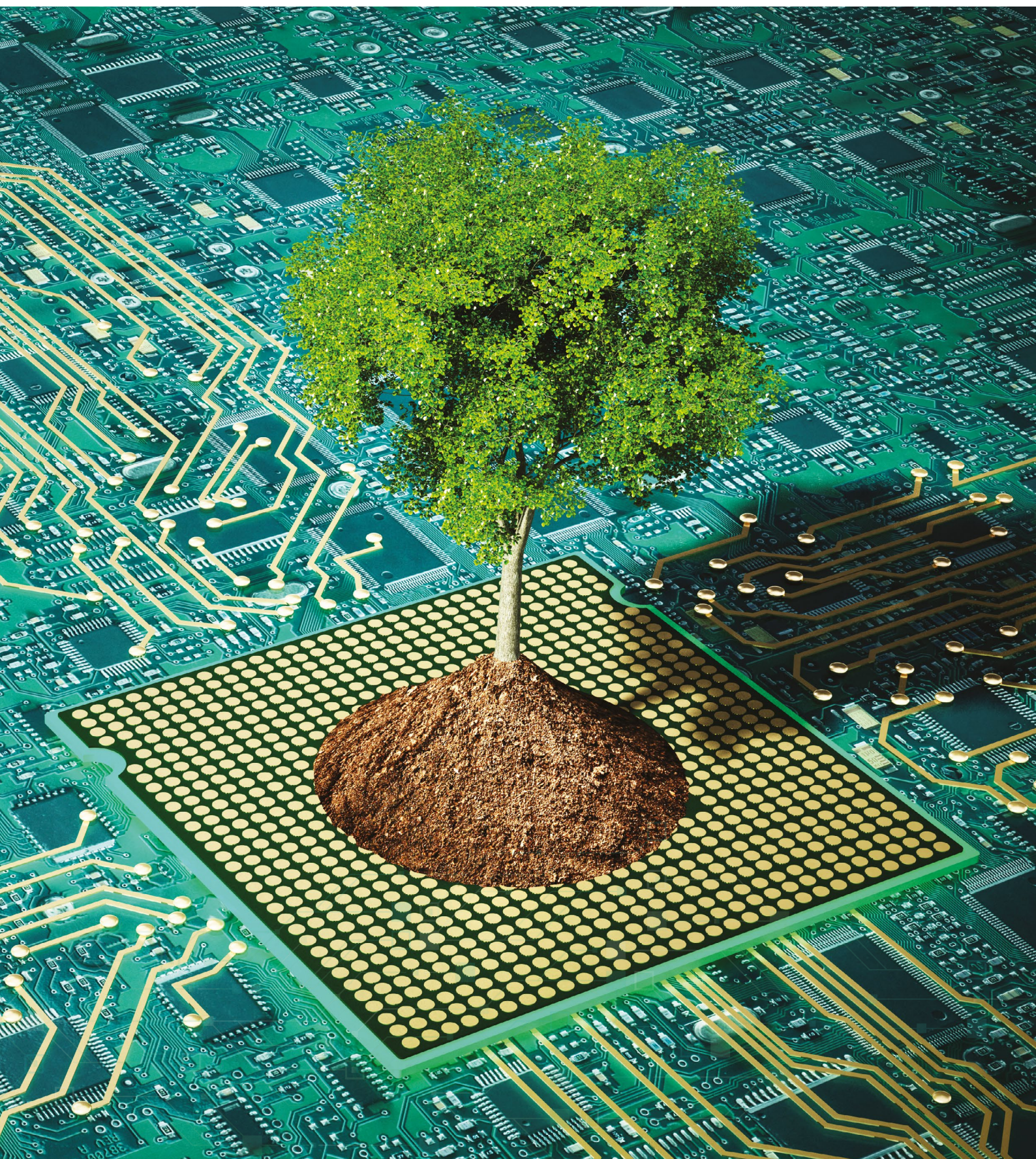




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# Our Vision for the Future **A Zero Failure World**





As technology rapidly progresses and integrates with every aspect of how the world works, testing becomes crucial to mitigate the exponential risk created and to fully realise the possibilities of technological advancement.

## Mission Statement

To provide the most comprehensive semiconductor and electronics test solutions based on the best-in-class technologies, processes, and customer support.

## Our Values

An Innovative organisation is a Resilient one.

Customer & Employee Intimacy for a unified organisation.

Agility and Operational Excellence for a strong execution.

Ethical & Trustworthy.





## Dear Shareholders & Readers,

*I am pleased to present the second edition of our standalone Sustainability Report. Over the past year, we remained committed to ensuring that our business operations align with sustainable practices. We identify actions that will contribute to a sustainable future by implementing measures to minimise our carbon footprint, reduce waste, conserve resources, and foster a culture of diversity and inclusion within our company and where we operate.*

As we all know, the semiconductor industry plays a vital role in driving technological innovation and economic growth. However, we are also aware of the environmental and social challenges that come with this responsibility. Today, the semiconductor industry and the world are dealing with unusual levels of volatility and uncertainty. Even in challenging times, it's important we remain focused on our RISE (Resilience, Innovation, Sustainability, and Entrepreneurship) principles and lead where we can.

AEM is deeply committed to upholding the highest ethical and legal standards in all the jurisdictions where we operate. In our fiscal year 2022, we proudly recorded zero significant instances of non-compliance. We firmly believe that compliance is an essential element of our sustainability journey, and we remain steadfast in ensuring that all our operations are compliant with the relevant regulatory requirements.

We have taken concrete steps to transition towards renewable energy sources. To this end, in the fiscal year 2022, we purchased 10,000 Renewable Energy Certificates ("RECs"), accounting for a remarkable 56% of our total electricity consumption, marking a notable increase from the 6,000 RECs we procured in the fiscal year 2021. Additionally, we installed solar panels at CEI Pte. Ltd.'s ("CEI") Singapore plant, which is estimated to generate close to 240,000 kWh of electricity annually, equivalent to approximately 45% of CEI Singapore plant's average annual electricity consumption. This move signifies a significant stride in our journey towards reducing our carbon footprint and embracing sustainable energy sources.

Our commitment to sustainability can only be achieved by first ensuring that our employees are safe and healthy. We continue to make great strides in improving our safety measures, but we must remain vigilant and continuously work to identify and mitigate potential hazards. The Workplace Safety and Health Group leads our efforts in this by conducting regular safety training programmes, drills, monthly safety inspections, orientation, and briefings, and more.

AEM's commitment to integrating Environmental, Social, and Governance (ESG) considerations into our business strategy has been recognised with a BBB rating (on a scale of AAA - CCC) in the MSCI ESG Ratings assessment in 2022. This rating underscores our resilience to long-term, financially relevant ESG risks, highlighting our unwavering dedication to sustainable practices. We are proud that our efforts have been acknowledged, and this rating serves as a testament to our commitment to achieving sustainable growth while upholding ESG best practices.

## Sustainability Commitments for a better future

Our sustainability journey is an ongoing process, and we recognise that there is still more work to be done and accomplished. Our focus goes beyond delivering high-quality products and services to our customers; it extends to ensuring that we do so in a socially equitable and environmentally responsible manner. In our product design strategy and development, we ensure that each product delivers and achieves a maximum positive environmental impact for our customers.

Another core ESG programme that we continue to focus on is to create a workplace culture that is inclusive and empowering. This includes programmes to build and nurture talents to groom to bring additional diversity to AEM's management.

As we accelerate our growth to be the leader in Test 2.0, we uphold our RISE principles to align our decision-making. Thank you for your continued support as we work towards building a more sustainable future.

**Chandran Nair**  
Chief Executive Officer



# Sustainability Performance Highlights

## Corporate Governance & Anti-Corruption

0

substantiated cases of corruption

0

significant legal and regulatory non-compliance incidents in the jurisdictions where we operate

## Sustainable Supplier Management

100%

of new key suppliers internally screened for significant negative social and environmental impacts, in material compliance with the AEM Code of Business Conduct (the "AEM Code") and/or industry standards

## Minimising our Environmental Footprint

Purchased **10,000** Renewable Energy Certificates ("RECs") in FY2022 (FY2021: 6,000 RECs), accounting for 56% of our total electricity consumption

Installed **solar panels** at CEI's Singapore plant, with an estimated output of close to 240,000 kWh of electricity a year, which is equivalent to approximately 45% of CEI Singapore plant's average annual electricity consumption

## MSCI ESG Ratings

As a measure of the company's resilience to long-term, financially relevant ESG risk, AEM received a rating of **BBB** (on a scale of AAA – CCC) in the MSCI ESG Ratings assessment in 2022

## Training

**30.0** hours

of training provided to each employee on average

## Customer Health & Safety

**ZERO**

significant incidents of non-compliance with regulation and/ or voluntary codes concerning the health and safety impacts of our products and services

## Customer Privacy

**ZERO**

substantiated complaints concerning breaches of customer privacy and/or loss of customer data

## Gender Diversity

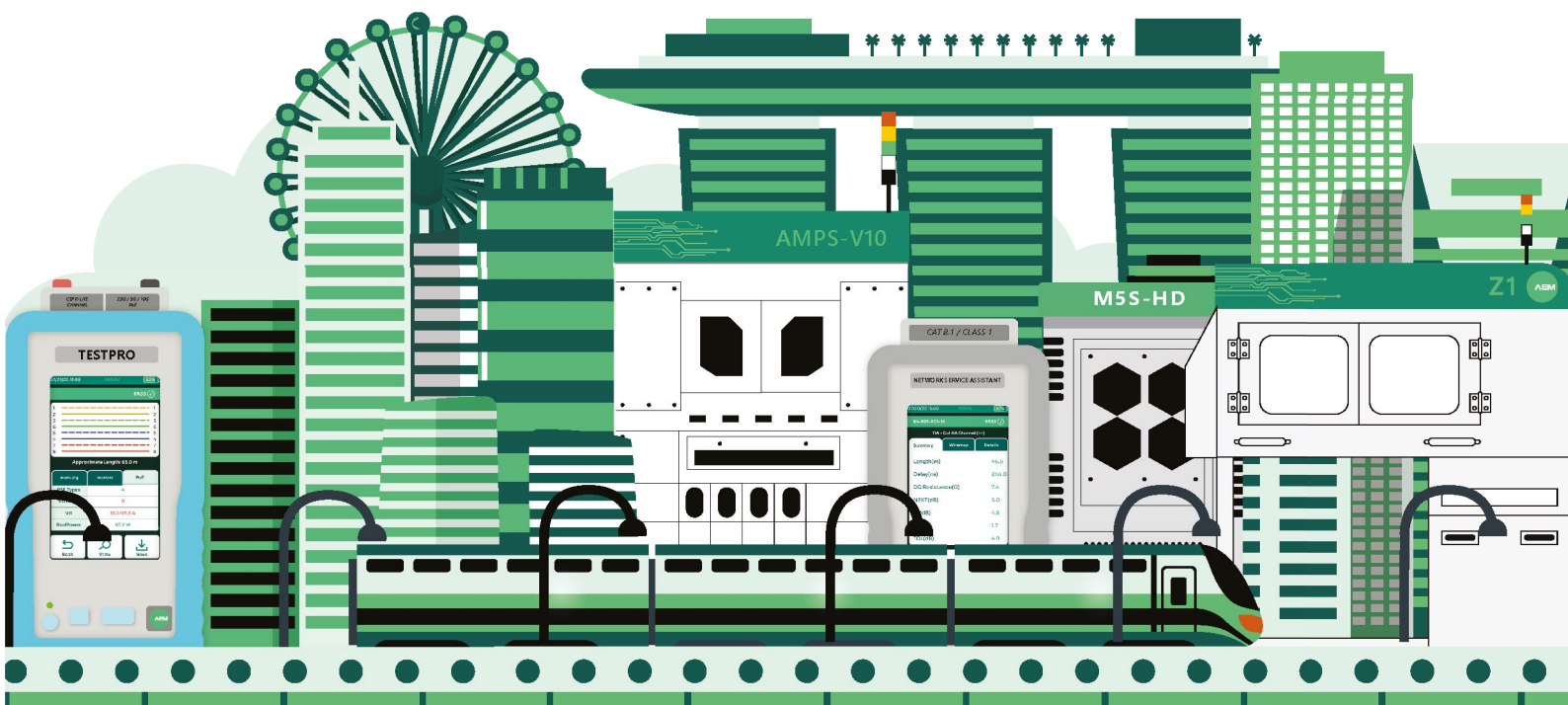
**51%**

Continual improvement in workforce gender diversity ratio, with female employees representing 51% in FY2022, up from 22% in FY2020

## Economic Performance

**\$S\$127.3 million**

in economic value generated & distributed, marking a 43% year-on-year increase



AEM

## AEM at A Glance

AEM is a global leader in the fast-growing Test 2.0 market, delivering application-specific intelligent system test and handling solutions for semiconductor and electronics companies serving the advanced computing, 5G, and AI markets.

### Leader in Fast Growing Test 2.0 Market

Test 2.0 growth is driven by advanced packaging & integrated logic.

AEM has over **1,000** Test 2.0 tools in production

### Full Stack Technology

Delivering **composable** technologies and solutions for advanced, integrated semiconductor test needs

### Deploy at Scale

Critical delivery capabilities giving our customers a reduced time to market

### Listed on SGX

Market Cap: ~S\$1.05B\*  
AEM Holdings Ltd.  
(SGD: AWX) (USD: XWA)

\* As at 24 Feb 2023

## Corporate Profile

AEM is a global leader in test innovation. We provide the most comprehensive semiconductor and electronics test solutions based on the best-in-class technologies, processes, and customer support.

We deliver customised, and application-specific solutions to meet our customers' needs. With full-stack test capabilities for advanced engineering to high-volume manufacturing, we provide innovative test solutions to drive successful customer outcomes in innovation. We set ourselves to redefine test through our Test Cell Solutions Business and Instrumentation Business.

We innovate test to test innovation, providing leading-edge engineering solutions to meet the demands of fast-moving industries. With customer intimacy at our core, we build strong partnerships with our customers through our global network, tailoring solutions and delivering services that meet their needs. Beyond our leading-edge test innovation, we take pride in

building strong partnerships with our customers and catering to the demands of an ever-evolving advanced manufacturing landscape.

AEM has a global presence across Asia, Europe, and the Americas. Our R&D centers are crucial in innovating and advancing our in-house engineering capabilities to deliver technologies and solutions for the next generation of semiconductor testing needs. AEM's R&D centers are situated in Singapore, Malaysia, Finland, France, and the US.

With manufacturing plants located in Singapore, Malaysia (Penang), Indonesia (Batam), Vietnam (Ho Chi Minh City), China (Suzhou), and Finland (Lieto), and a global network of engineering support, sales offices, associates, and distributors, we offer our customers a robust and resilient ecosystem of test innovation and support.

AEM Holdings Ltd. is listed on the Mainboard of the Singapore Exchange (Reuters: AEM. SI; Bloomberg: AEM: SP).





## About This Report

AEM Holdings Ltd. ("AEM" or the "Company") is pleased to present the Company's annual Sustainability Report (the "Report").

### Reporting Period and Scope

The Report provides a comprehensive summary of AEM's key sustainability issues, our management approach, and our Environmental, Social and Governance ("ESG") policies, practices, and performance over the period 1 January 2022 to 31 December 2022 ("FY2022"). As part of AEM's ongoing objective to maintain operational excellence in sustainability, we have also established short-, long-term and perpetual targets for each of the ESG factors assessed to be material to the Group's internal and external stakeholders.

The scope of this Report includes our global operations, including our headquarters in Singapore and our subsidiaries across Asia, Europe, North and Central America. All key entities included in our financial reporting has been included in our sustainability reporting.

### Sustainability Reporting Framework

This Report has been prepared with reference to the Global Reporting Initiative ("GRI") Standards, an internationally recognised sustainability reporting framework that offers comprehensive guidance on how businesses can communicate their impacts on people and planet in a global common language. From this Report, we have updated the content to be in line with the GRI Universal Standards 2021. The GRI Content Index is contained on pages 45 to 47, indicating the location of all applicable disclosures within the Report.

In line with SGX Listing Rules 711A and 711B, we have also incorporated the six primary components in our annual sustainability report, on a 'comply or explain' basis. We plan to work on developing a more comprehensive climate action strategy that is consistent with the recommendations by the Task Force on Climate-related Financial Disclosures ("TCFD") in the near future, after building our in-house capabilities for climate reporting.

### Assurance

This Report has not been externally assured, but an internal review of AEM's FY2022 sustainability reporting processes has been completed. We have relied on our internal verification mechanisms to ensure the accuracy of the data presented in this Report, all of which has been disclosed voluntarily and in good faith.

### Feedback

We welcome your feedback, views, and suggestions on our sustainability report and related initiatives at: <https://www.aem.com.sg/contact>

We will continue to provide updates on the latest developments at AEM, and remain open to receiving feedback from our stakeholder groups, via digital platforms like LinkedIn and our Corporate Website, at: <https://www.aem.com.sg>



## Board Statement

The Board of Directors (the "Board") is pleased to present AEM's Sustainability Report for FY2022, demonstrating our continued commitment to clearly and accurately communicating our ESG impact to our stakeholders. Our sustainability report provides a comprehensive overview of our progress, challenges, and goals, and we are committed to continuously improving our practices to meet the evolving needs of our stakeholders.

As we continue to grow our operations, we keep ourselves conscious of our business' impact on the environment and the communities in which we operate, and cognisant of how sustainability issues may affect our strategy and operations in the long run. The Board works closely with the management to ensure that our business practices are aligned with the RISE principles (Resilience, Innovation, Sustainability, and Entrepreneurship).

We do so by considering ESG issues as part of our strategy formulation, with a specific focus on the following three areas:

- (i) Conducting and operating our business lawfully and ethically
- (ii) Reducing the adverse environmental impact of our business activities within the communities we work and live in
- (iii) Fulfilling our social responsibilities to our employees, customers, and local communities

We are proud of the progress AEM has made in addressing the ESG factors we have determined to be material to the Group's stakeholders. In addition to purchasing 10,000 Renewable Energy Certificates in Singapore, we have installed solar panels at CEI's Singapore plant, doing our part in helping Singapore achieve its climate ambitions. AEM also continues to do our part in promoting a culture of diversity and inclusion within the semiconductor industry, sponsoring the second edition of the Semiconductor Women's Forum held by the Singapore Semiconductor Industry Association ("SSIA") and organising a panel discussion on 'Empowering Women in STEM' at SEMICON SEA 2022 in Penang. We recognise, however, that there is more work to be done, and the Board will continue to play a key role in overseeing the management and monitoring of AEM's material ESG factors, as we continue to progress in our sustainability journey.

In line with our corporate vision and mission, the Board is dedicated to promoting sustainable growth and responsible business practices, and we encourage our employees, business partners, and other stakeholders to join us in this important mission.

Sincerely,  
Board of Directors  
AEM Holdings Ltd.



We recognise that the success of our business is inextricably linked to the sustainable development of the communities and the world we live and work in, and the environment.

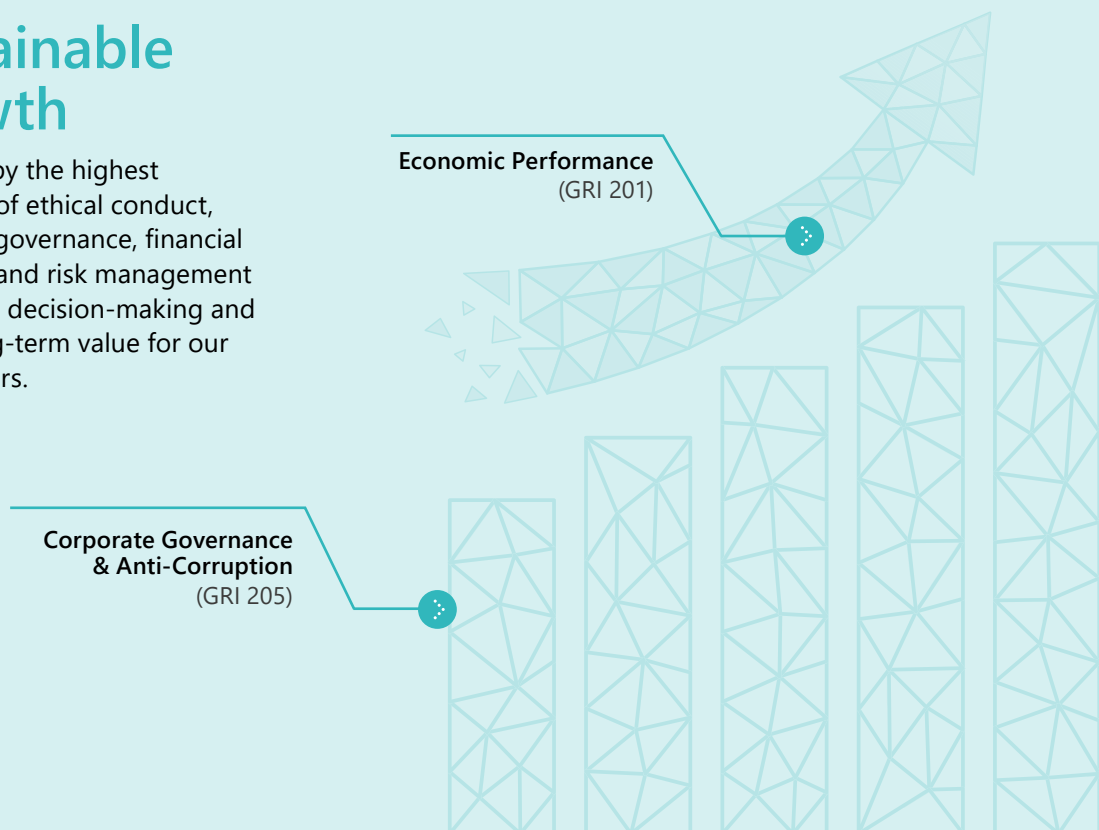
As such, our commitment to sustainability focuses on the following three key pillars:



*AEM's commitment to sustainability across three key pillars*

## Sustainable Growth

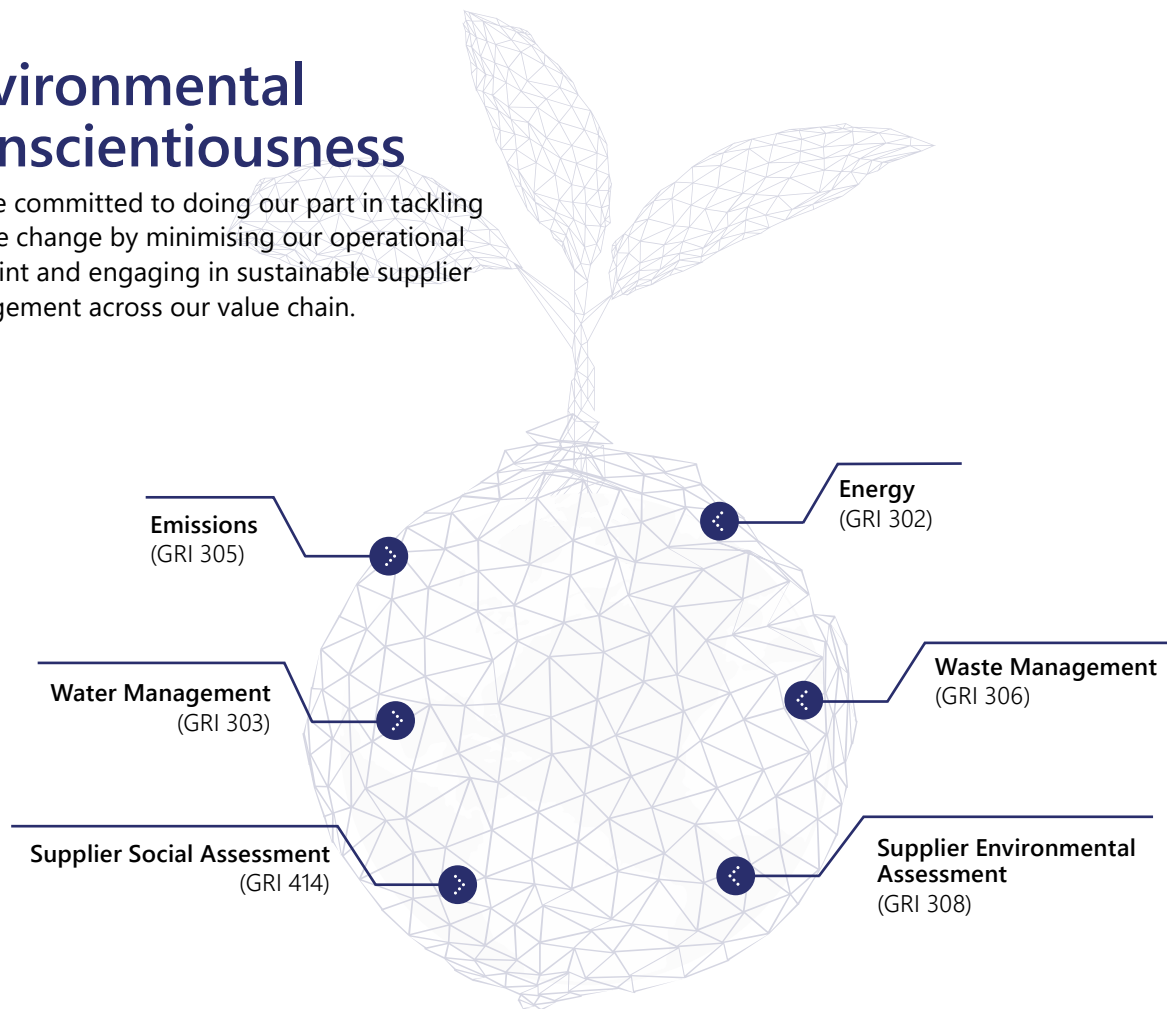
We abide by the highest standards of ethical conduct, corporate governance, financial discipline, and risk management to improve decision-making and create long-term value for our stakeholders.





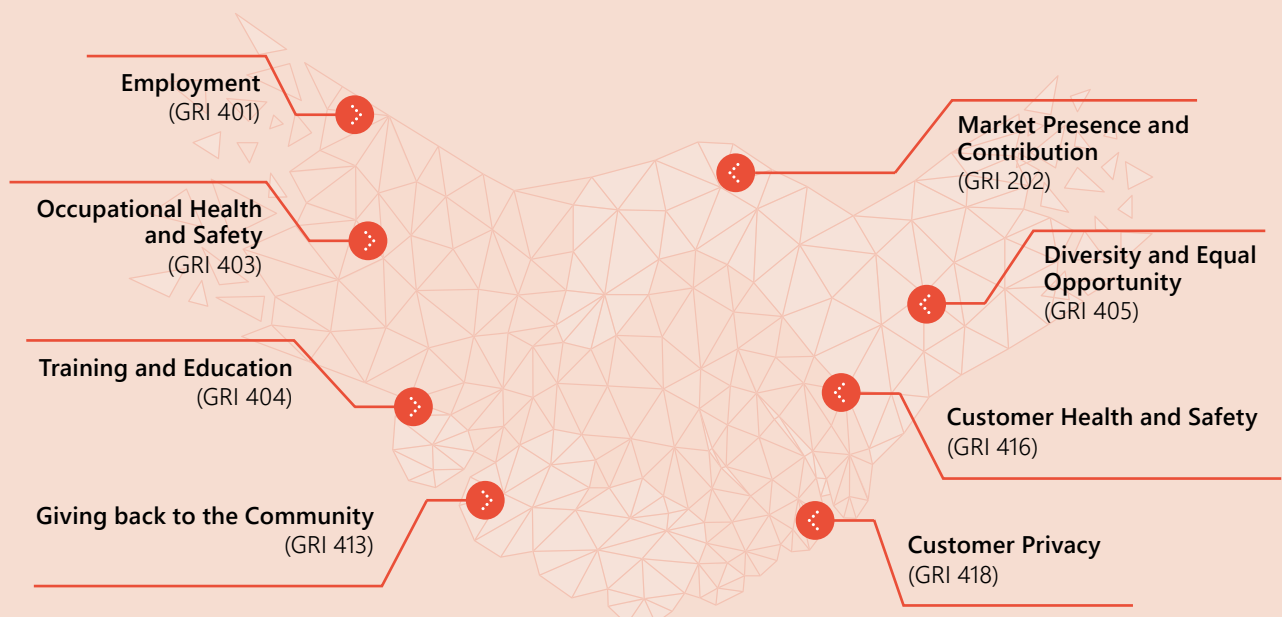
## Environmental Conscientiousness

We are committed to doing our part in tackling climate change by minimising our operational footprint and engaging in sustainable supplier management across our value chain.

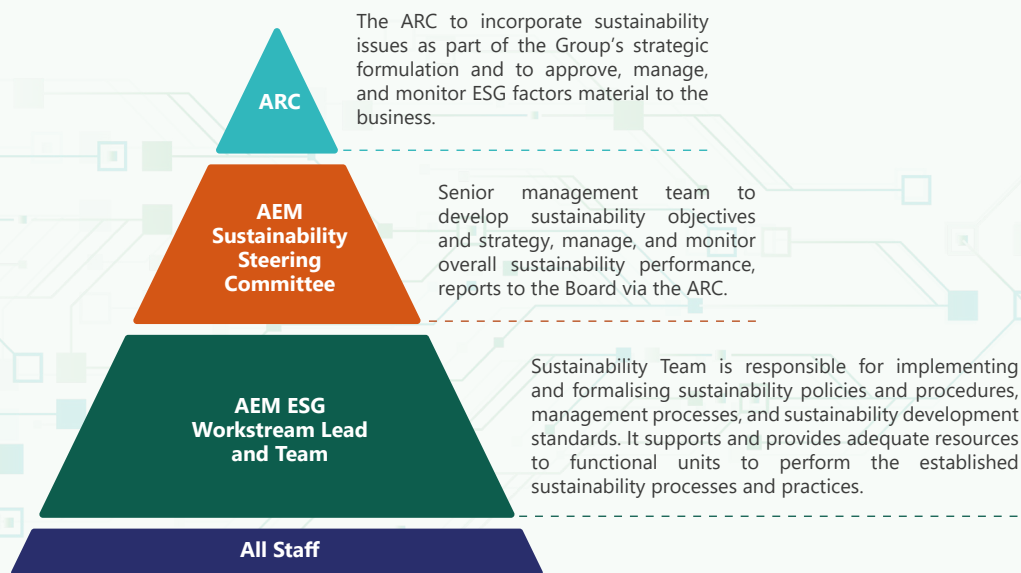


## Solidifying Relationships with Our Stakeholders

A unified business organisation means investing in our people and cultivating positive, long-lasting relationships with our other stakeholders and the local community.



# Sustainability Governance



*AEM's sustainability governance structure*

The Board of Directors determines the overall direction of the Company's sustainability strategies. The Audit and Risk Management Committee ("ARC") under the stewardship of the Board evaluates and incorporates sustainability issues within the Group's strategic formulation and maintaining oversight over the processes by which material ESG factors are determined, managed, and monitored. In line with the enhanced SGX sustainability reporting rules, AEM's Board of Directors has also attended the mandatory sustainability training courses to equip themselves with basic knowledge on sustainability matters.

Our Sustainability Team (the "Team") forms the core of our sustainability structure, consisting of employees from various departments hosting a diversity of experiences and backgrounds. The Team is responsible for driving organisation-wide sustainability initiatives, by formalising sustainability management policies and procedures that are aligned with industry best practices. The Team is also actively involved in providing guidance and resources for AEM's various functional units to effectively implement the established sustainability processes and practices.

We have established a Sustainability Steering Committee ("SSC"), comprising our senior

management members, to take the lead in developing AEM's sustainability objectives and strategy, managing and monitoring the Group's overall sustainability performance throughout the year, and providing periodic updates to the Board and the ARC on AEM's sustainability progress. Working closely with the Sustainability Team, the SSC supports the ARC and the Board in determining the Company's material ESG topics, identifying quantitative key performance indicators to monitor, and setting short-, long-term or perpetual targets for each material topic.

## Stakeholder Engagement

AEM is committed to listening to our stakeholders, understanding their concerns and expectations, and safeguarding their interests. The feedback we receive from our stakeholders helps us identify material ESG topics that are pertinent to their concerns, thereby informing our sustainability strategy.

We have identified a total of seven (7) key stakeholder groups, whom either 1) impact our business, 2) are impacted by our business, or 3) provide subject-matter expertise on specific material ESG factors. To facilitate the open exchange of ideas and suggestions, we regularly engage our stakeholders through various platforms and channels, as outlined below.



## Employees



### Engagement Methods

Regular staff communication sessions

Annual performance evaluation

Perception surveys

Social and team-building activities

### Focus Areas

Benefits and remuneration

Career advancement

Health and safety

### AEM's Response

To encourage greater workplace diversity by taking a merit-based approach to hiring and retaining staff

To provide all staff with equal opportunities for professional development and capability building

To promote a safe and inclusive working environment by engaging employees at all levels and facilitating two-way internal communication

## Customers



### Engagement Methods

Scheduled and ad-hoc site visits, calls, and reviews

Customer satisfaction surveys

Exhibitions and trade shows

Annual reports

### Focus Areas

Engineering and development capability

Operational and financial performance

### AEM's Response

To invest in our talent resources and engineering capability

To maintain excellent operational and financial performance

To ensure the transparent and timely dissemination of information about material developments

## Suppliers

Engagement Methods	Focus Areas	AEM's Response
<p>Scheduled and ad-hoc site visits, calls, and reviews</p> <p>Supplier review</p>	<p>Quality and reliability of suppliers</p> <p>Social and environmental impact</p>	<p>To assess suppliers based on their track record and their ability to complement AEM's commitment to delivering high-quality products and services</p>

## Community

Engagement Methods	Focus Areas	AEM's Response
<p>Participation in community service initiatives</p>	<p>Social-economic development</p>	<p>To support meaningful causes by making donations to local community organisations</p>

## Government and Regulatory Bodies



Engagement Methods	Focus Areas	AEM's Response
<p>Keeping abreast with regulatory changes</p> <p>Scheduled and ad-hoc site visits and training sessions</p>	<p>Regulatory compliance</p> <p>Environmental impact</p> <p>Job creation</p> <p>Capability building</p>	<p>To comply with all relevant laws and regulations in the jurisdictions we operate in</p> <p>Created over 300 new jobs in FY2022</p> <p>Continually invest in skills upgrading to improve talent resources and engineering capability</p>



## Investors and Shareholders

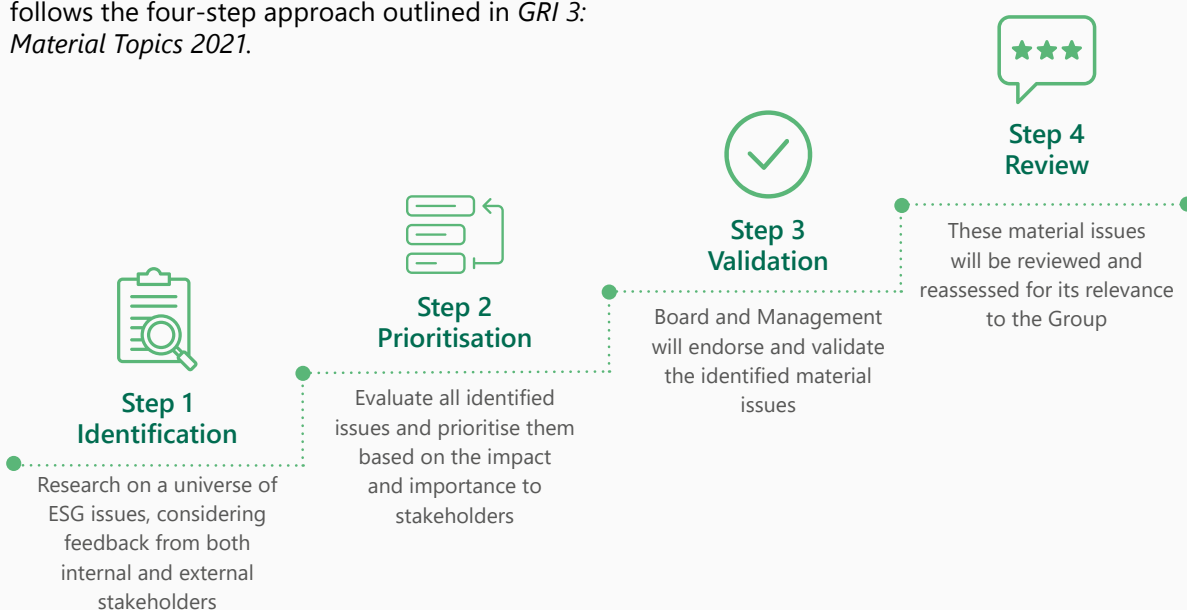
Engagement Methods	Focus Areas	AEM's Response
<p>Quarterly business outlook updates</p> <p>Half-yearly SGX results announcements and briefings</p> <p>Ad-hoc press releases</p> <p>Annual General Meetings (AGM)</p>	<p>Business continuity</p> <p>Investor relations management</p>	<p>To maintain excellent operational and financial performances</p> <p>To ensure the transparent and timely dissemination of information about material developments</p>

## Industry Bodies

Engagement Methods	Focus Areas	AEM's Response
<p>Presentation at industry seminars and trade shows</p> <p>Industry networking events</p>	<p>Challenges affecting the semiconductor industry</p>	<p>Active membership and participation in industry forums and events</p>




## Materiality Assessment

Informed by background research on our peers and industry trends, AEM's materiality assessment process follows the four-step approach outlined in *GRI 3: Material Topics 2021*.





The Board and Management have reviewed the material topics for this year's reporting and determined that the following **sixteen (16) material topics** that were identified last year remain relevant to AEM's business and stakeholders.

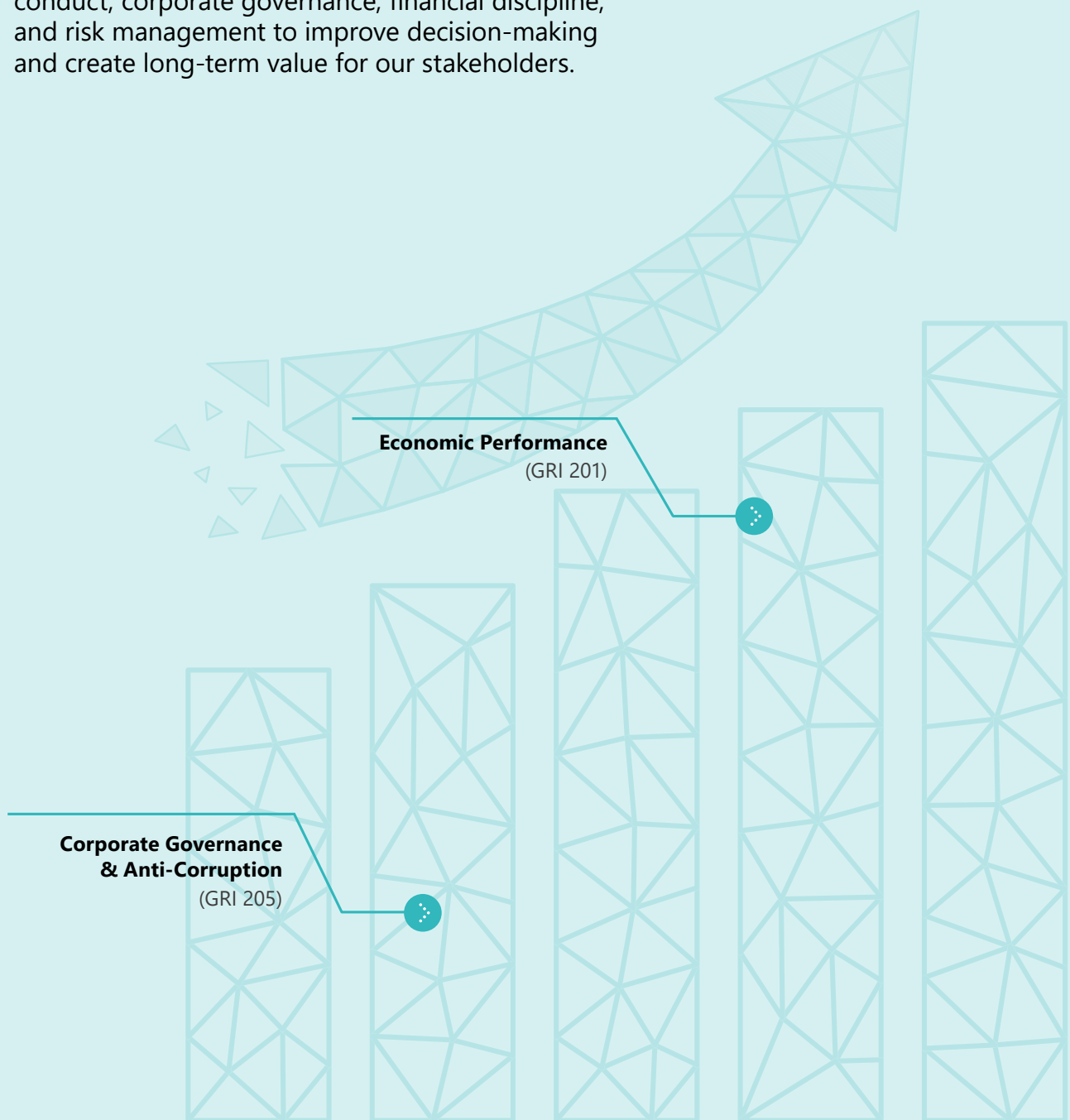
Sustainability Pillars	Material Topics	GRI Standard
 <b>Sustainable Growth</b>	Corporate Governance and Anti-Corruption	GRI 205
	Economic Performance	GRI 201
 <b>Environmental Conscientiousness</b>	Supplier Environmental Assessment	GRI 308
	Supplier Social Assessment	GRI 414
	Energy	GRI 302
	Emissions	GRI 305
	Waste Management	GRI 306
	Water Management	GRI 303
 <b>Solidifying Relationships with Our Stakeholders</b>	Employment	GRI 401
	Occupational Health and Safety	GRI 403
	Training and Education	GRI 404
	Diversity and Equal Opportunity	GRI 405
	Market Presence and Contribution	GRI 202
	Giving back to the Community	GRI 413
	Customer Health and Safety	GRI 416
	Customer Privacy	GRI 418

Given the recent update to the GRI Universal Standards and the withdrawal of *GRI 307: Environmental Compliance 2016* and *GRI 419: Socioeconomic Compliance 2016*, we will be merging the relevant disclosures under the 'Corporate Governance and Anti-Corruption' section.



# Sustainable Growth

We abide by the highest standards of ethical conduct, corporate governance, financial discipline, and risk management to improve decision-making and create long-term value for our stakeholders.



# Sustainable Growth

Firm leadership, a robust corporate governance framework, and an ethical organisational culture, supported by sound policies and processes, are vital for AEM to sustain our standing as a world-class technological equipment manufacturer and service provider.

AEM is committed to upholding the highest standards of corporate governance. To this end, it has established an effective and holistic enterprise risk management system to bolster the resilience and agility of its businesses. AEM's strategy and decision-making is informed by business ethics, financial discipline, and risk management, as the Group strives to create long-term value for our stakeholders.

	FY2020	FY2021	FY2022
Total number of key operations assessed for risks related to corruption	7	10	10
Total number of key operations in the corresponding year	7	10	10
Percentage of key operations assessed for risks related to corruption	100%	100%	100%



## Corporate Governance and Anti-Corruption

(GRI 205-1)

As testimony of the Company's staunch commitment to conducting and operating our businesses in a lawful and ethical manner, we have rolled out the AEM Code across AEM and AEM's global subsidiaries. Every employee, including the management team and the Board, is required to read, understand, and comply with the provisions of the AEM Code, which sets forth the high standards of professionalism, integrity, and ethics we expect our employees and business partners to uphold. Besides our employees, the AEM Code has been communicated to our customers, suppliers and/or other third parties, and is publicly available on our corporate website. We also conduct compliance trainings for our employees as and when required to increase general compliance knowledge and awareness. In FY2022, we engaged a law firm to provide sanctions and export controls training for relevant employees.

AEM has a zero-tolerance policy for all forms of bribery, corruption, extortion and embezzlement. To maintain the highest standards of integrity and accountability, the Group has developed and circulated our internal policies and procedures on anti-bribery and anti-corruption to all our employees. Our Whistle-Blowing Policy, also available on our corporate website, provides a channel for employees and third parties to voice their concerns about possible improprieties in financial reporting, workplace safety, or other matters to the Audit and Risk Management Committee ("ARC"), in confidence and without fear of reprisal.

All operations at AEM, including our manufacturing and production sites in Singapore, Malaysia, China, U.S.A, Finland, France, Vietnam, and Indonesia, have

### Material Topic



#### Corporate Governance and Anti-Corruption

### FY2022 Performance

Zero significant incidents of non-compliance with governmental laws and regulations in environmental, social, and economic areas

### Perpetual Targets

To have zero substantiated cases of corruption or other improprieties

To maintain our overall compliance record and have zero significant public legal cases brought against the Group





been assessed for risks related to corruption, and zero significant incidents of corruption were identified in FY2022.

Employees who encounter any conflict of interest(s) are required to report the matter to the Group via the annual conflict of interest declaration exercise. All transactions with interested persons are to be promptly reported to the ARC as well. Subsequently, internal controls will be established to ensure that all transactions are carried out on an arm's length basis, without prejudice to the interests of any shareholders. In compliance with SGX Listing Rule 1207(19), the Group has also devised and adopted our own internal compliance code to provide guidance to our employees, with regards to dealing in AEM's securities.

To date, there has been no reports of significant improprieties concerning AEM's business practices and operations, and zero significant legal and regulatory non-compliance incidents in FY2022. The Group will continue to be vigilant in ensuring that our employees uphold the highest standards of integrity when dealing with customers, vendors, government agencies, and within the Group.

## Economic Performance

(GRI 201-1)

AEM is firmly committed to generating positive economic value for our stakeholders, by delivering best-in-class technologies and solutions for advanced, integrated semiconductor test needs and providing the best service to our customers. In this way, the Company will be able to stay at the forefront of technological innovation within the semiconductor and electronic testing space in the long run.

For the long-term financial stability and profitability of the Company, it is vital that AEM invests heavily in its research and development ("R&D") efforts to stay ahead of the competition. With the expansion of our manufacturing sites in Singapore, Malaysia, and the U.S.A, we are expecting a corresponding increase in our R&D capabilities that would allow us to bolster the efficiency, manageability, safety, and security of AEM's next-generation manufacturing systems and test capabilities.



In line with this effort, AEM also has in place a patent award scheme to incentivise employees to develop innovative ideas. We are also continuously improving the effective utilisation of materials when designing our products as part of our effort to reduce materials and energy use, resulting in lower costs to produce.

The Group's revenue has reached a record high of S\$870.5 million in FY2022. The growth in top and bottom line were achieved on the back of strong demand from customers. Driven by strong revenue growth, our net profit (after tax) has also increased from S\$92.1 million in FY2021 to S\$127.3 million in FY2022.

	FY2020	FY2021	FY2022
Economic Value Generated & Distributed (S\$'M)	86.2	89.2	127.3

Please refer to the financial statements in our Annual Report for more information on AEM's economic performance in FY2022.

### Material Topic



### Economic Performance

### FY2022 Performance

Published quarterly business updates and half-yearly results release on SGXNet in a timely manner

Exceeded AEM's FY2022 revenue guidance (between S\$820 million and S\$850 million)

### Perpetual Targets

To provide innovative solutions and product improvements to better serve our customers

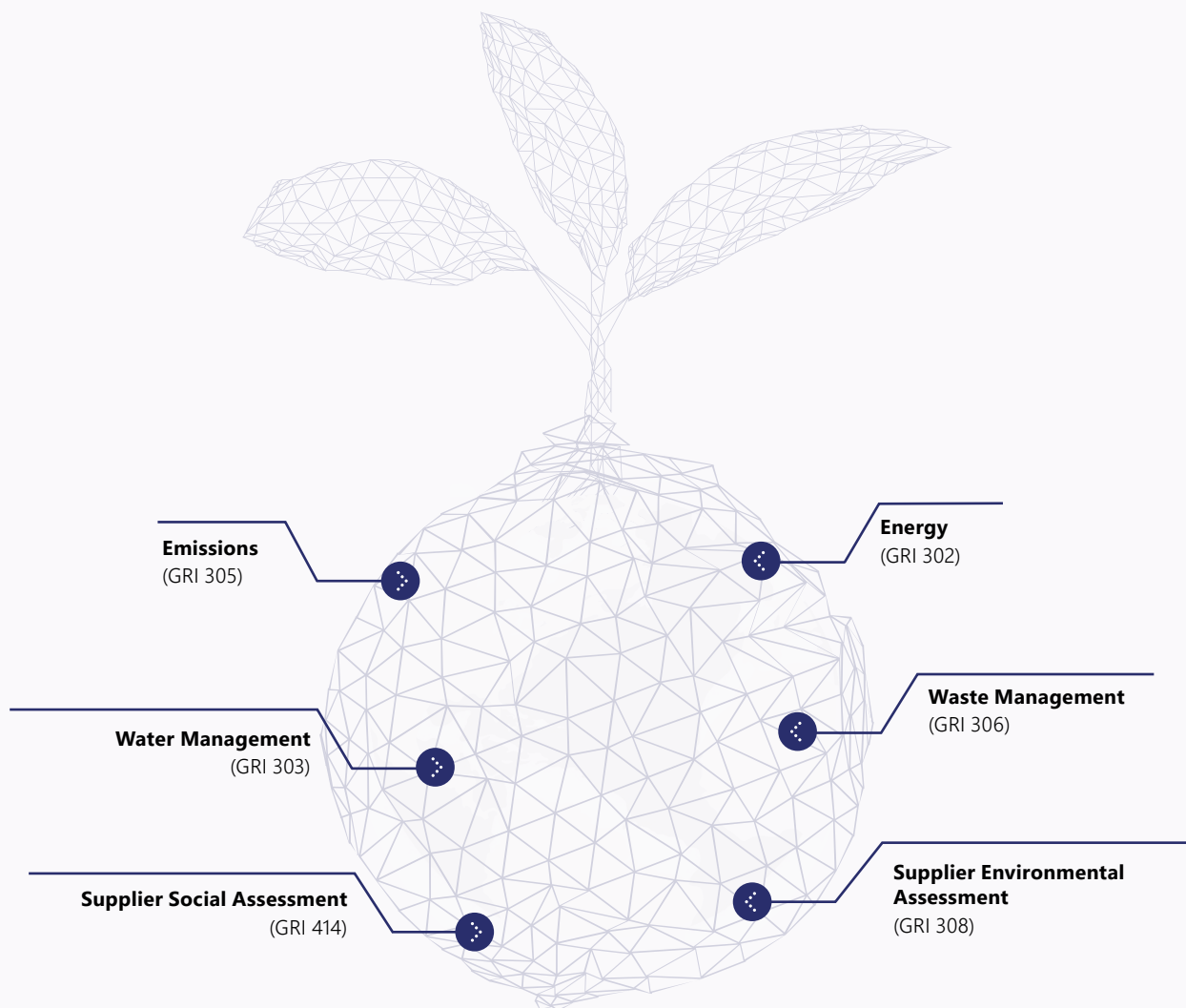
To continue cost reduction engineering initiatives and "lean" operations to drive productivity improvements

To incentivise employees to develop innovative ideas that can be patented

To increase economic value generation for our shareholders

# Environmental Conscientiousness

We are committed to doing our part in tackling climate change by minimising our operational footprint and engaging in sustainable supplier management across our value chain.





# Environmental Conscientiousness

It is our belief that sustainable environmental practices can go hand in hand with corporate growth. Our goal is thus to align our operational practices with international standards and industry best practices for environmental management systems. We strive to minimise the adverse environmental impact of our business activities by improving the resource efficiency of our daily operations and developing a sustainable supply chain.

## Sustainable Supplier Management

(GRI 308-1, 414-1)

Effective two-way communication with our suppliers, throughout the entire procurement process, is key to promoting trust, improving risk management, and supporting AEM's long-term goals.

As part of our stringent supplier selection process, all new key suppliers will be screened for significant negative environmental and social impacts resulting from their business operations before they become an approved AEM vendor. As outlined in our supplier screening guide, this includes incidents of child labour, non-discrimination, pollution (land, air, water, and noise), energy consumption, greenhouse gas emissions and non-compliance with laws and regulations in the social and environmental area. By assessing their track record in these various aspects, we are thus able to ensure that all AEM-approved vendors will complement our commitment to delivering high-quality products and services.

We also have in place a process to assess and review our suppliers' performance annually to ensure the alignment

of their labour, environmental, health, safety, and ethical standards and practices with industry standards and/or the AEM Code. In FY2022, AEM only onboarded one key supplier (FY2021: 238 suppliers), as the Company did not complete any new major acquisitions this year. Nevertheless, none of our existing key suppliers have been identified to have significant negative environmental or social impacts. In FY2022, the majority of AEM's key suppliers entered into contractual commitments with AEM to conduct their business in accordance with applicable ESG laws, regulations, industry codes, practices and standards; and minimise or eliminate any negative ESG impacts from their business operations.

## Supplier Environmental Assessment

(GRI 308-1)

Our new key supplier is screened using our supplier screening guide which lists out relevant environmental criteria to meet our Environmental Management System requirements for the products and services they supply. Our existing key suppliers are either compliant with industry standards such as ISO14001 or have published their environmental policy and/or sustainability report, in addition to having had zero significant incidents of non-compliance with local environmental laws.

## Supplier Social Assessment

(GRI 414-1)

Similarly, a social assessment of our new key supplier was conducted using our supplier screening guide, through which we have determined that our new key supplier is compliant with social industry standards, in line with AEM requirements.

### Material Topic



#### Sustainable Supplier Management

### FY2022 Performance

The majority of AEM's key suppliers entered into contractual commitments with AEM to conduct their business in accordance with applicable ESG laws, regulations, industry codes, practices and standards; and minimise or eliminate any negative ESG impacts from their business operations. All key suppliers also participated in AEM Sustainability declarations to provide updates with regards to their continuous alignment with AEM's environmental and social requirements, having either aligned their business practices with industry standards such as the ISO14001 or published their environmental policy or sustainability report in the public domain.

### Perpetual Targets

Screen 100% of new key suppliers using environmental and social criteria

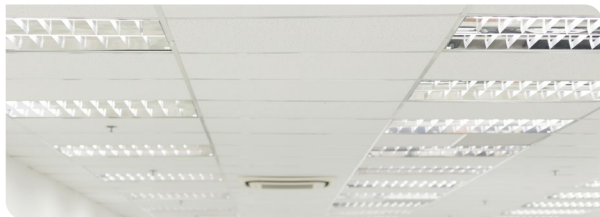
Enhance our supply chain management assessment processes to strengthen our evaluation of suppliers' environmental and social practices

## Minimising Our Environmental Footprint

### Energy

(GRI 302-1, 302-3, 302-4)

Energy is crucial to AEM's business activities. Though the use of energy-intensive equipment results in higher utility costs, our manufacturing operations would be disrupted without them, owing to the specialised nature of our business.



Nevertheless, we recognise the importance of adopting cost-effective methods to improve energy efficiency and minimise energy consumption and wastage, to contribute to environmental sustainability efforts. On this front, we have implemented several continuous energy-saving initiatives across our Singapore headquarters and main global manufacturing entities, which include:

- replacing fluorescent lighting with LED energy-saving lighting,
- programming air-conditioner and lights to switch off automatically after office hours,
- switching the air-conditioning ducting from ceiling cassettes to inverters,
- replacing old, inefficient equipment with energy-efficient ones, and
- introducing usage discipline through posters and briefings to promote greater awareness on energy conservation among our employees.

AEM strives to adopt renewable energy as an integral part of our energy portfolio.



Our subsidiary, CEI, has installed solar panels on its Singapore plant during the year, which will be able to generate close to 240,000 kWh of electricity a year, for our own consumption, equivalent to approximately 45% of CEI Singapore plant's average annual electricity consumption.

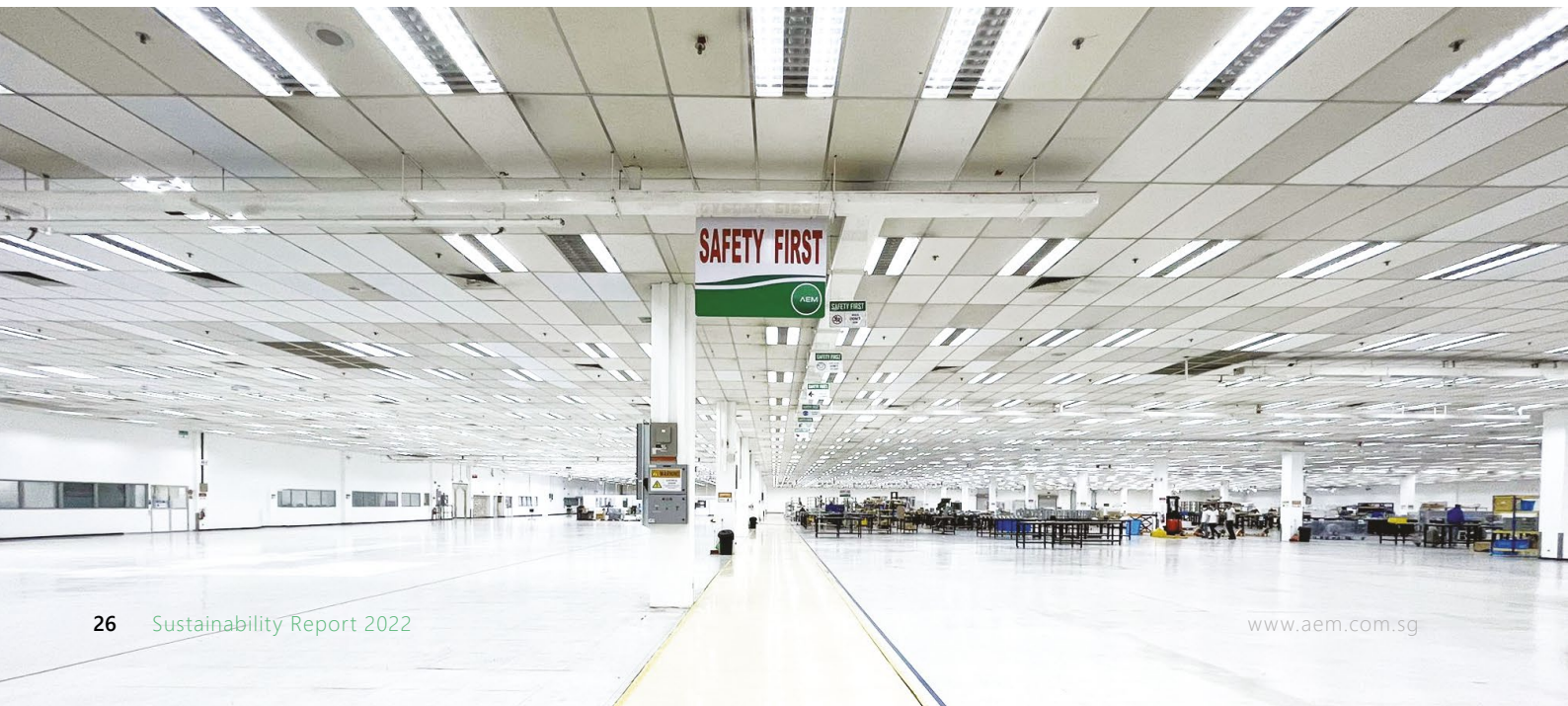
As part of our commitment to further reducing our environmental footprint, AEM purchased 10,000 Renewable Energy Certificates ("RECs") in FY2022 (FY2021: 6,000 RECs). This is equivalent to approximately 56% of our total electricity consumption from conventional sources in FY2022.

Our total energy consumption has increased over the past few years, due to increased production and our recent move to a larger manufacturing space in Penang in FY2022. Our consumption of diesel, which is primarily used by the commercial vehicles in CEI, accounted for 0.7% of the total energy consumption in FY2022.

The following table depicts the changes in AEM's energy intensity ratio.

	FY2020	FY2021	FY2022
Energy Consumed (kWh)	5,570,000	12,200,000*	17,710,000
Revenue (S\$M)	519.0	565.5	870.5
Energy Intensity Ratio (kWh/S\$)	0.011	0.021	0.020

*\*Note: Increase in total direct and indirect CO<sub>2</sub> or carbon equivalent emissions in FY2021 due to inclusion of emissions from CEI, which the Group acquired in 1H2021*





## Emissions

(GRI 305-1, 305-2, 305-4)

Climate change poses a growing threat to the communities we work and live in. As part of a global effort to cut down on greenhouse gas ("GHG") emissions, AEM has been monitoring our emission levels at every stage of our manufacturing process through data collection to identify areas with potential for significant reduction of GHG emissions. Given that indirect emissions from the generation of purchased energy accounts for much of AEM's carbon footprint, the efficient use of energy is essential to reducing AEM's GHG emissions.

The following table shows the emission intensity ratio for AEM.

	FY2020	FY2021	FY2022
Direct GHG Emissions (MT CO <sub>2</sub> e)	N.A	15	35
Indirect GHG Emissions (MT CO <sub>2</sub> e)	3,938	8,082*	11,532
Revenue (\$M)	519.0	565.5	870.5
Emission Intensity Ratio (MT/\$'000)	0.007588	0.014318	0.013248

\* Note: Increase in total direct and indirect CO<sub>2</sub> or carbon equivalent emissions in FY2021 due to inclusion of emissions from CEI, which the Group acquired in 1H2021

The Group will continue to pursue further emissions reduction by conscientiously tracking our energy consumption levels, utilising green technology, and continuing our environmental education efforts.



One of the initiatives where we use technology to reduce emissions include using virtual reality tools to perform training offsite for our global engineering team, which has reduced the need for travel, contributing to lower emissions.

### Material Topic



#### Energy and Emissions

### FY2022 Performance

Purchase of 10,000 Renewable Energy Certificates ("RECs") in FY2022, equivalent to 10,000 megawatt-hours of green energy consumption

Installed solar panels at CEI to generate close to 240,000 kWh of electricity each year

### Perpetual Targets

Pursue energy reduction measures in our business activities by increasing energy efficiency and minimising wastage

Promote heightened conservation awareness and usage discipline amongst our employees

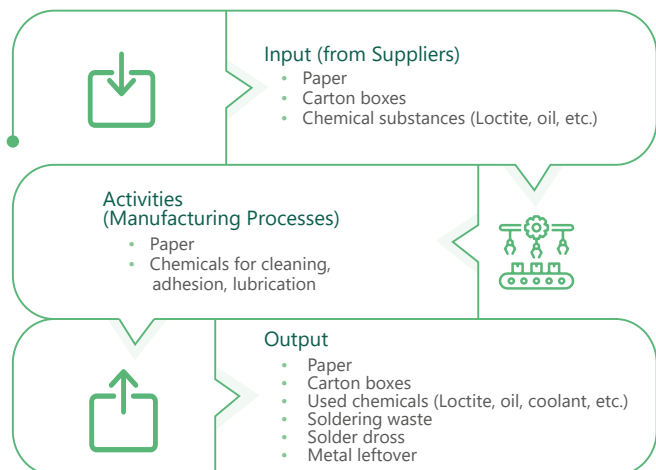
Track and document energy consumption and all relevant Scopes 1 and 2 GHG emissions at the facility and/or corporate level

## Waste Management

(GRI 306-1, 306-2, 306-3)

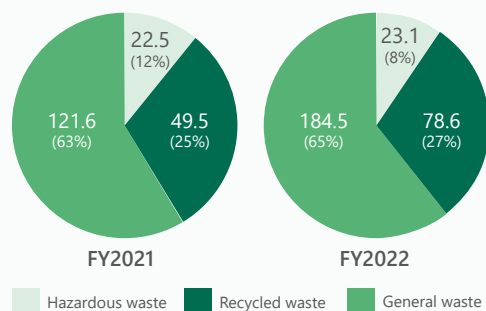
AEM is conscious of the waste we have generated across the organisation, as input from our suppliers and output from our operations and manufacturing processes.

### Waste Generated



We take a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle the waste we generate. Overall, there are three main categories of waste at AEM, hazardous waste (which includes chemical waste), recycled waste (which includes leftover metals, paper, and plastic), and general waste, which accounts for the majority of the waste we generate.

Total weight of waste generated (in metric tons)



In support of Singapore's ambition of becoming a Zero Waste Nation, we have accelerated our efforts to reduce waste and promote sustainable waste management by:

- converting several of our internal processes from paper-based records to electronic records;
- engaging a third-party recycler to recycle waste generated from our manufacturing process and operations (e.g., metal leftovers generated from our manufacturing process);
- reusing carton boxes and plastic pallets, and
- **not using hydrofluoroether (HFE) in our new equipment.**

While there has been a 47.8% increase in the total weight of waste generated due to increased production in FY2022, the Group remains committed in promoting further waste reduction efforts in all our operating and manufacturing sites, with a specific focus on waste streams like soldering waste, solder dross and carton boxes.

	FY2021	FY2022
Total Weight of Waste Generated (MT)	193.6*	286.2
Waste Generated per Monetary Unity of Sales (MT/\$'000)	0.00034	0.00033

\*First year of monitoring and reporting on waste generation

#### Material Topic



#### Waste Management

#### FY2022 Performance

Improved accuracy of reported waste data

Implemented a new initiative to educate workers on the need to reduce solder dross wastage

#### Perpetual Targets

To further reduce the use of paper documentation and consumption

Refine measurement and reporting methods to manage other significant waste-related impacts from our manufacturing processes (e.g., chemical waste, used coolant, etc.)





## Water Management

(GRI 303-5)

Given the growing scarcity of water as a natural resource, AEM is committed to doing our part as responsible stewards of the global water supply.

In line with various national initiatives advocating for greater water reduction and conservation efforts, AEM has introduced the following measures at all our operating and manufacturing sites:

- promote water conservation awareness among employees by displaying education posters and holding informative briefings on usage discipline; and
- replacing conventional water taps to motion sensor taps and spring faucets, to reduce water wastage and improve water efficiency.

Over the years, AEM has also been carefully monitoring and managing our water consumption levels. While there has been a significant increase in the Group's total water consumption over the years, this can largely be attributed to an increase in the Group's manufacturing and production activities, with our acquisition of CEI in FY2021 and our recent shift to a larger manufacturing space at AEM Penang. However, the amount of water consumed per monetary unit of sales has been relatively constant.

	FY2020	FY2021	FY2022
Total Water Consumption from All Areas (m <sup>3</sup> )	16,328	49,967*	74,076
Water Consumed per Monetary Unit of Sales (m <sup>3</sup> /S\$'000)	0.031	0.088	0.085

\*Significant increase in water consumption in FY2021 due to inclusion of water consumption by CEI, which the Group acquired in 1H2021.

### Material Topic



### Water Management

### FY2022 Performance

Maintained water efficiency, despite the overall increase in water consumption that can be attributed to our increased production activities and the acquisition of CEI

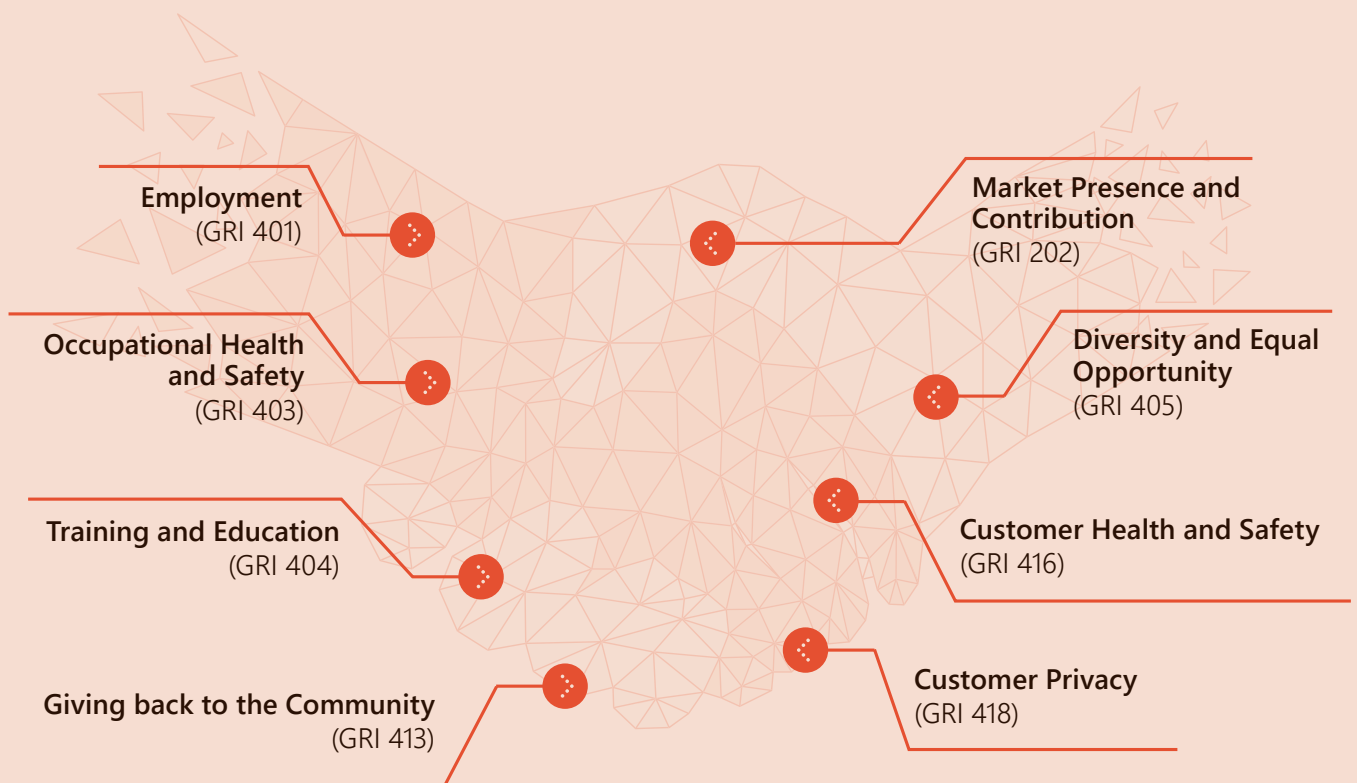
### Perpetual Targets

To continue promoting water conservation awareness among our employees

To take measures to reduce water consumption, e.g., by using reclaimed water, motion sensor taps, and spring faucets

# Solidifying Relationships with Our Stakeholders

A unified business organisation means investing in our people and cultivating positive, long-lasting relationships with our other stakeholders and the local community.



# Solidifying Relationships with Our Stakeholders

## Managing Our Human Capital

Our success would not be possible without every AEM team member. Here, we are a diverse team of proactive and creative problem solvers with a shared purpose. We strive to build a healthy and inclusive workplace culture, where ownership is encouraged, learning is supported, and ideas are empowered.

## Employment

(GRI 401-1, 401-2)

The COVID-19 pandemic has pushed us to accelerate our digital transformation, changing the way we work. Our HR team has stepped up to lead this transformation by adapting the latest technologies to AEM's advantage – helping to centralise processes, reinforce workforce abilities, improve candidate and employee experiences, and more.

As outlined in the AEM Code, we are committed to upholding our employees' and prospective employees' human rights, by adhering with strict labour standards on freely chosen employment, avoidance of child labour, non-discrimination, freedom of association, and human treatment, in accordance with local laws. Engaging in ethical and responsible labour practices is key to attracting – and retaining – a diverse pool of talent that can bring AEM into our next stage of sustainable growth.

To build and encourage employee loyalty, we provide employees with competitive compensation packages that comprise a base salary, and may also include allowance, cash bonuses, and/or a share equity plan. By including a strong variable component in employee remuneration, we can incentivise better performance, as employees' total compensation will be determined by considering their individual expertise, job responsibility, and their long-term contributions to the Company's growth. We have also presented long service awards to our long serving staffs as a recognition of their contribution and dedication.



To encourage employees to engage in health promoting activities on top of creating a positive and inclusive work culture, our team in AEM Penang and CEI Singapore have organised offsite teambuilding events, such as bowling tournaments and our team in Costa Rica have organised a family day in a wildlife rescue centre.

In FY2022, AEM reviewed and further enhanced employee benefits for all our employees, to ensure adequate life and medical insurance coverage for all our employees and allow them a peace of mind in the event of a major illness.

AEM acknowledges that a good work-life balance is key to promoting staff wellbeing and satisfaction.





As of 31 December 2022, AEM's workforce consists of 2,883 employees, an increase of 386 employees compared to the previous year due to our business expansion plans. We welcomed 592 new hires throughout the year, which represented a 49% increase from the total number of new hires in FY2021. AEM Penang has also partnered with InvestPenang, a set-up of the Penang State Government to assist in the recruitment of talent from the local community.

AEM aims to further improve the gender ratio of our workforce by providing equal opportunities for all genders and hiring more females in the engineering field, particularly in regions with low female representation. This is evidenced by how the ratio of male to female new hires is steadily becoming more balanced over the years, decreasing from 3.14 in FY2020 to 1.63 in FY2022.

## Occupational Health & Safety

(GRI 403-1, 403-2, 403-4, 403-6, 403-9, 403-10)

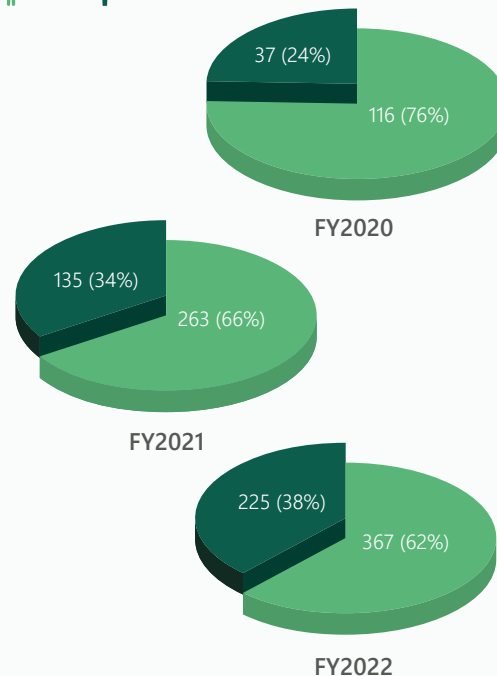
Our top priority is for our employees to feel safe at work and confident in executing their responsibilities.

We have a designated Workplace Safety and Health ("WSH") Group to provide oversight over the Company's occupational health and safety ("OH&S") procedures and system. The WSH Group plays a key role in building a strong and positive safety culture in AEM, by conducting monthly safety inspections, scheduling safety trainings and drills, and filing emergency and accident reports with the relevant authorities, when necessary. They also reconvene each month to address any matters pertaining to occupational health and safety, including that of workers' participation and communication.

We routinely monitor all work-related hazards and risks to ensure the safety of our team members, contractors, and other stakeholders who are working in our facilities. Guided by the hierarchy of controls, we have developed a safety manual that sets out the work safety procedures in place to control or eliminate potential safety hazards. In addition, we have also put in place a safety policy

### Employee New Hires by gender

Male Female



*\*Note: Higher numbers in FY2021 due to inclusion of numbers from CEI, which the Group acquired in 1H2021*

based on the principles of compliance, communication, training, continuous improvement, accountability, and leadership.

We conduct routine safety orientations and toolbox briefings as well as internal risk assessment trainings for all AEM staff. In line with Singapore's Ministry of Manpower ("MOM") Code of Practice, we also periodically review our risk assessment processes, using a 5x5 risk assessment matrix, to evaluate AEM's occupational health and safety management practices.

#### Material Topic



#### Employment

#### FY2022 Performance

Achieved a monthly turnover rate of below 2.2%, signifying positive results from our efforts to build employee loyalty

The total number of employees increased by 15%

#### Perpetual Targets

Achieve a low turnover rate of below 2.2% per month

Ensure accessibility to a variety of resources and tools to implement fair and progressive employment practices within AEM

To attract and retain talent with competitive remuneration and welfare packages



Employees are encouraged to raise their concerns about any work-related hazards and hazardous situations directly to their superiors and/or safety committee members, or through an on-site suggestion box. Meetings are held with all staff, to encourage them to speak up by reporting hazardous situations and empower them to initiate improvements. The respective supervisors will monitor all feedback closely and take all necessary corrective measures.



**Smart cameras are being used in monitoring our equipment motion testing to reduce risks to test personnel.**

With these measures in place, we maintained our record of having reported zero cases of recordable work-related ill health, zero cases of high-consequence work-related injuries, and zero cases of fatalities resulting from work-related injuries or ill health, for all employees and workers. There were four recordable work-related injuries that occurred in FY2022, which were minor injuries such as minor cuts and fall that do not cause significant harm. The affected workers have received all necessary medical attention.

AEM is committed to preventing the recurrence of safety issues and continuously improving our safety performance. We believe that every incident, no matter how minor, provides an opportunity for learning and improvement.

When a safety issue occurs, we take immediate action to

investigate the root cause and determine the appropriate corrective actions. We implement the necessary measures to prevent the recurrence of the issue and ensure that our safety management system is updated accordingly.

We also conduct regular safety audits and reviews to identify potential hazards and address any safety concerns before they result in incidents. We encourage open communication and feedback from employees to identify areas for improvement in our safety practices and procedures.

In addition, we provide ongoing training and education to employees to ensure they have the necessary skills and knowledge to work safely and prevent incidents from occurring. We also recognise and reward safe behaviours to encourage a culture of safety throughout the organisation.

We believe that a strong commitment to preventing the recurrence of safety issues is essential to the success of our organisation. By prioritising safety in all aspects of our business and continuously improving our safety management system, we can protect our employees, customers, and stakeholders, and create a safer and healthier workplace.



## Material Topic



### Occupational Health and Safety

## FY2022 Performance

Zero cases of recordable work-related ill health, high-consequence work-related injuries, and fatalities resulting from work-related injuries or ill health

Completed external/ MOM audits on AEM's OH&S management system

## Perpetual Targets

Ensure that our practices at AEM are in line with internationally agreed best practices for OH&S management systems, for the prevention of harm and promotion of health at work

Complete external/ MOM audits on AEM's OH&S management system, to certify AEM's safety manual and procedures

Establish a comprehensive occupational accident/ work injury compensation insurance plan for our employees

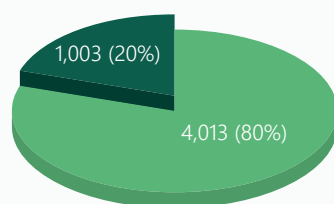
Total Training Hours by gender



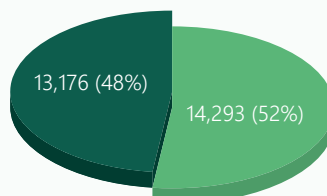
Male



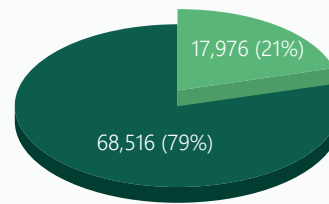
Female



FY2020



FY2021



FY2022

## Training and Education

(GRI 404-1, 404-2, 404-3)

Our staff's technological and engineering skills and knowledge lie at the core of AEM's success. Therefore, it is crucial that we invest in employee training and development programmes to encourage lifelong learning and expand our staff competencies.

To help employees achieve personal and professional growth during their careers at AEM, we have prepared a wide range of training programmes that employees can attend physically and remotely, via the Learning Management System ("LMS") we launched in June 2021. Employees are encouraged to take ownership of their professional development by enrolling themselves for e-learning courses and on-site classroom training. Throughout FY2022, each employee received an average of 30.0 training hours (FY2021: 11.0 hours).

Since beginning AEM's Employee Educational Assistance scheme in FY2021, we are pleased to share that a total of two employees have been awarded the Continuing Education Sponsorship in support of their pursuit

of further studies. We also continued two employee communication programmes in FY2022, "Coffee with CEO" and "Sharper Insights", where our CEO shares about career advancement, leadership direction, AEM business strategies, and other topics.

Across the Group, we have established guidelines for training identification, monitoring, and review. Accordingly, we have organised courses on business leadership, finance, operational management, enterprise resource planning, and technical skills development for our management and staff. We will support our employees in their career development goals and ensure that they are well equipped for the current and future needs of the industry.

We also encourage regular performance and career development reviews between employees and their managers, and we are pleased to announce that 100% of AEM's employees have undergone such reviews in FY2022.

### Material Topic



#### Training and Education

### FY2022 Performance

Achieved an average of 30.0 training hours per employee, through our physical and virtual training programmes via LMS

Awarded two Continuing Education Sponsorships to a Supervisor and a Senior Director from Manufacturing

100% of employees underwent annual performance appraisal

### Perpetual Targets

Maintain our commitment to training and skills upgrading for all employees

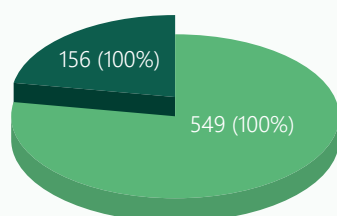
Empower employees to meet their personal and professional development goals

To achieve 100% of employees receiving regular performance and career development reviews

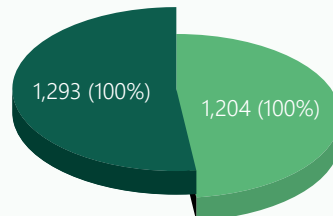


### Employees Receiving Regular Performance and Career Development Reviews by gender

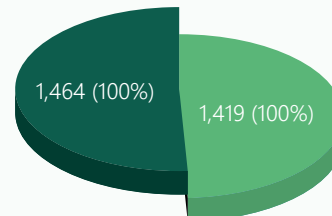
Male Female



FY2020



FY2021



FY2022

## Diversity and Equal Opportunities

(GRI 405-1)

We are a workplace that values and encourages diversity, inclusion, and equality.

Our ability to tap on a diverse talent pool across the many regions we operate in remains one of AEM's key strengths, and we are committed to enriching our workforce with representatives of different genders, races, and nationalities.

In line with fair employment practices, we hire, train, and evaluate our employees based on their skills and competencies, without discrimination or bias. All employees are to treat each other with respect and dignity, and we have zero tolerance for harassment and unlawful discrimination in any form.

While the age diversity of our workforce has remained relatively stable over the years, there has been a significant improvement in AEM's gender ratio over the years. Our female employees now represent 51% of the workforce, up from 22% in FY2020.



As testament to our commitment towards promoting a culture of diversity and inclusion at AEM, we have established a Global Women Empowerment and Leadership Council which aims to bring together the AEM women workforce to share experiences and create an inspiring learning environment.

#### Material Topic



#### Diversity and Equal Opportunity

#### FY2022 Performance

Zero reported instances of discrimination in the workplace

Maintaining a relatively balanced gender diversity ratio of AEM's workforce

#### Perpetual Targets

Ensure equal opportunities and career progression are made available and accessible to all employees regardless of gender, race, or age

Encourage greater diversity in our workforce and achieve a fair representation of various diversity categories within AEM's governing body and senior management team

## Diversity and Equal Opportunities



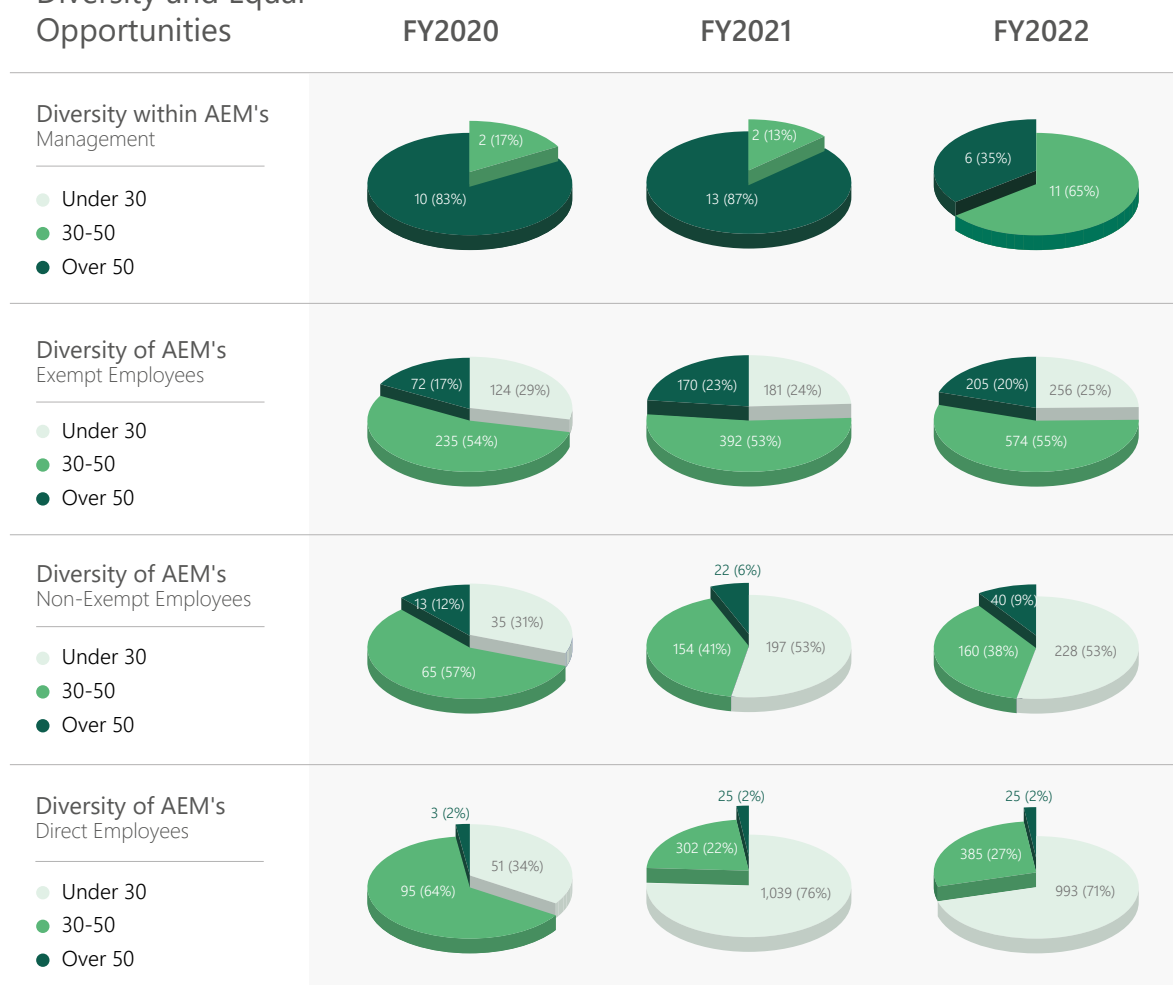
## Market Presence and Contribution

### Employee Entry Wages

(GRI 202-1)

AEM strictly adheres to all applicable minimum wage laws in the countries we have direct operations in. In FY2022, all entry-level employees in countries with minimum wage laws, i.e., Malaysia, China, Vietnam, Indonesia, U.S.A, and France, were paid the minimum wage as prescribed by the local government. There is no difference in pay between male and female entry-level employees across all countries with minimum wage laws. In countries without minimum wage laws, i.e., Singapore and Finland, AEM provides its employees with competitive compensation and benefits packages.

## Diversity and Equal Opportunities







## Local Representation in AEM's Leadership

(GRI 202-2)

At AEM, we believe that it is our ability to understand local needs that has allowed us to maintain our position as a global leader in test innovation. Accordingly, it is important that we maintain a high proportion of local representation within AEM's senior management team, as this helps demonstrate our positive market presence and increases the economic benefit to the local community. Comprising people from various nationalities, more than 80% of AEM's senior management team (general managers and above) has been hired from the local community.



## Number and Proportion of Senior Management Hired from The Local Community

By Region	FY2020	FY2021	FY2022
Singapore	5 (100%)	6 (100%)	5 (83%)
Malaysia (Penang)	1 (100%)	1 (100%)	1 (100%)
China (Suzhou)	1 (100%)	1 (100%)	1 (100%)
Vietnam (Ho Chi Minh City)	1 (100%)	2 (100%)	1 (50%)
Indonesia (Batam)	N.A.	1 (100%)	0 (0%)
North and Central America (the US and Costa Rica)	2 (100%)	2 (100%)	2 (100%)
Finland	1 (100%)	1 (100%)	1 (100%)
France	1 (100%)	1 (100%)	1 (100%)
South Korea	N.A.	N.A.	2 (100%)

\*N.A. as the subsidiaries in these countries have not been acquired or incorporated

### Material Topic



### Market Presence and Contribution

### FY2022 Performance

Zero significant incidents of non-compliance with all applicable labour laws

More than 80% of our senior management across the Group were hired from local communities

### Perpetual Targets

Continue to adhere to minimum wage laws in countries we operate in

Maintain significant majority of senior management hired from local communities



## Giving Back To The Community

AEM strives to be a socially responsible company that uplifts local communities by mobilising our global workforce to have a positive social impact. We strongly encourage all our employees to actively give back to the community by participating in community service projects, joining fundraisers, or making charitable donations.

### Local Communities

(GRI 413-1)

AEM has actively been doing our part in promoting a culture of diversity and inclusiveness within the semiconductor industry. In 2022, AEM was proud to be one of the Gold Sponsors at the second edition of the SSIA Semiconductor Women's Forum. The forum aims to highlight the achievements of female talents within the semiconductor industry and to inspire more women to enter the industry.

AEM is also a steadfast member of SEMICON Southeast Asia, a global industry association serving the manufacturing supply chains for the microelectronic, display and photovoltaic industries. As part of our continual efforts to support local workforce development in Penang, Malaysia, we are pleased to also have been a sponsor of the SEMI University Programme – an initiative by SEMI that aims to spark interest to embark on careers in the semiconductor industry and attract more young talents to the industry.

We are also committed to extending a helping hand to uplift the communities in which we work and live. In January 2022, representatives from AEM Penang made a monetary donation to Tsu Chi Society, in support of their efforts to launch clean-ups and provide cash relief to flood victims. This was followed by monetary donations to two old folks' homes in Penang, namely the Persatuan Syukur Penyayang Pulau Pinang and The Penang Home for the Infirm and Aged.

Our representatives from CEI also made monetary donations to an orphanage in Vietnam as well as to a charity event in Singapore, benefitting social service agencies supported by Community Chest; whereby the agencies run critical social service programmes, empowering children with special needs and youth-at-risk, adults with disabilities, persons with mental health conditions, and seniors and families in need of support.

Our team in the U.S.A also took part in activities to give back to the community, which include working with a local organisation in Chandler, Arizona, to participate in a neighbourhood revitalisation project, food drive for the St Mary Food Bank by collecting non-perishable food and delivering them to support the community during the festive season, and donating toys to the Boys and Girls Club of Guadalupe services in Arizona.

#### Material Topic



#### Local Communities

#### FY2022 Performance

Made charitable donations to uplift local communities

Sponsored programmes by SSIA and SEMICON to drive greater diversity and inclusivity within the semiconductor industry

#### Perpetual Targets

To partner with charity organisations in improving the local communities' welfare

Pursue other means of giving back to our community, in addition to cash donations and sponsorships

## Protecting Our Customers

At AEM, we are focused on helping our customers achieve a time-to-market advantage for their next generation product launches. Our goal is to become a trusted partner to our customers, by assessing the health and safety impacts of our products and services, safeguarding customer confidentiality, and fulfilling customer demands. As highlighted in our Quality Policy Statement on our website, we are committed to continuous improvement and excellence in all that we do.



## Customer Health and Safety

(GRI 416-1)

AEM's key products and services include handling solutions, test solutions for Automated Testing Equipment and Precision Cables, as well as contract manufacturing services.

Across the Group, we have a standardised process for introducing new products into the market. All products are to undergo validation compliance checks against customer- and region-specific health and safety requirements, such as the SEMI-S2/S8 standard and CE compliance, before they will be qualified for shipment.

The health and safety impact of all products and services has been assessed. Since FY2019, there are no significant incidents of non-compliance with regulatory and/or voluntary codes concerning the health and safety impacts of our products and services.

## Customer Privacy

(GRI 418-1)

AEM is committed to protecting the personal information of the people with whom we do business, including our suppliers, customers, colleagues, and other stakeholders. We comply with all privacy and information security laws and regulatory requirements in the jurisdictions where we operate, and we maintain strict adherence to non-disclosure agreements with our business partners.

We closely monitor complaints concerning breaches of customer privacy and losses of customer data, and we have not received any substantiated complaints on the matter since FY2019. We will ensure that the measures we have taken to protect our customer's privacy and data continue to be compliant with the laws and regulatory requirements in the jurisdictions where we operate, and uphold our firm commitment to safeguarding our customer's privacy and data.

### Material Topic



#### Customer Health and Safety

### FY2022 Performance

Zero significant incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of our products and services

### Perpetual Targets

Deliver quality products and services that fulfil statutory and regulatory requirements and satisfy customers' needs

#### Customer Privacy

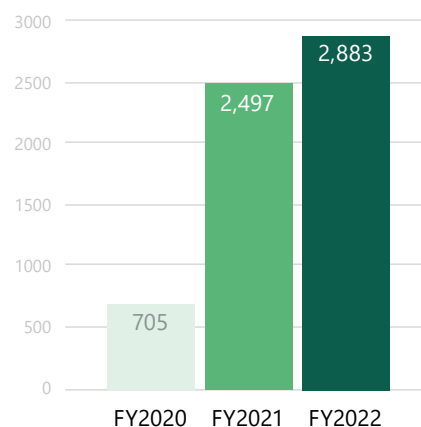
Zero substantiated complaints concerning breaches of customer privacy and loss of customer data

Maintain zero substantiated complaints and sustain our efforts to safeguard customer privacy

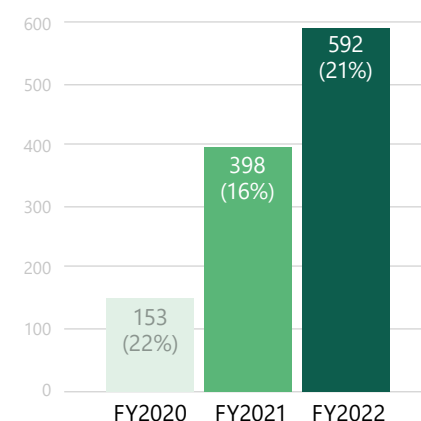
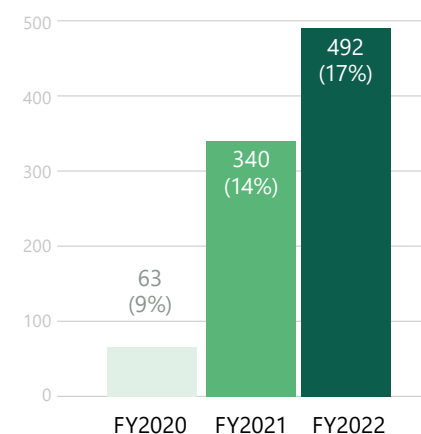


**Social Performance : Employees<sup>1</sup>**

(GRI 2-7)	FY2020	FY2021 <sup>2</sup>	FY2022
<b>Total Number of Employees</b>			
<b>By Employee Category</b>			
Direct	149 (21%)	1,366 (54%)	1,403 (48%)
Non-Exempt	113 (16%)	373 (15%)	428 (15%)
Exempt	431 (61%)	743 (30%)	1,035 (36%)
Management	12 (2%)	15 (1%)	17 (1%)
<b>By Gender</b>			
Male	549 (78%)	1,204 (48%)	1,419 (49%)
Female	156 (22%)	1,293 (52%)	1,464 (51%)
<b>By Age Group</b>			
Under 30	210 (30%)	1,417 (57%)	1,477 (51%)
30-50	397 (56%)	850 (34%)	1,130 (39%)
Over 50	98 (14%)	230 (9%)	276 (10%)
<b>Total</b>	<b>705</b>	<b>2,497</b>	<b>2,883</b>

**Total Number of Employees****Social Performance : Employment**

(GRI 401-1)	FY2020	FY2021 <sup>2</sup>	FY2022
<b>Employee New Hires</b>			
<b>By Gender</b>			
Male	116 (76%)	263 (66%)	367 (62%)
Female	37 (24%)	135 (34%)	225 (38%)
<b>By Age Group</b>			
Under 30	74 (48%)	190 (48%)	361 (61%)
30-50	67 (44%)	177 (44%)	188 (32%)
Over 50	12 (8%)	31 (8%)	43 (7%)
<b>Total</b>	<b>153 (22%)</b>	<b>398 (16%)</b>	<b>592 (21%)</b>
<b>Employee Turnover</b>			
<b>By Gender</b>			
Male	53 (84%)	194 (57%)	307 (62%)
Female	10 (16%)	146 (43%)	185 (38%)
<b>By Age Group</b>			
Under 30	22 (35%)	181 (53%)	230 (47%)
30-50	33 (52%)	130 (38%)	212 (43%)
Over 50	8 (13%)	29 (9%)	50 (10%)
<b>Total</b>	<b>63 (9%)</b>	<b>340 (14%)</b>	<b>492 (17%)</b>

**Employee New Hires****Employee Turnover**

<sup>1</sup> We have restated social performance data from FY2020 and FY2021, following a change in our employee categorisation

<sup>2</sup> Significant changes in employment figures in FY2021 due to acquisition of CEI in 1H2021.

**Social Performance : Occupational Health and Safety**

(GRI 403-9, 403-10)	FY2021*	FY2022
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**Work-related injuries for all employees and workers**

Number of fatalities	0	0
Number of high-consequence work-related injuries	0	0
Number of recordable work-related injuries	0	4
Rate of recordable work-related injuries^	0	1.0

**Work-related ill health for all employees and workers**

Number of fatalities	0	0
Number of cases of recordable work-related ill health	0	0

\* First year of monitoring and tracking work-related hazards that could potentially cause injury or ill health

^ Rate of recordable work-related injury = Number of injuries per million hours worked

**Social Performance : Diversity and Equal Opportunities**

(GRI 405-1)	FY2020	FY2021	FY2022
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**Diversity within AEM's Board of Directors****By Gender**

Male	7 (100%)	6 (86%)	6 (86%)
Female	0 (0%)	1 (14%)	1 (14%)

**By Age Group**

Under 60	4 (57%)	5 (71%)	5 (71%)
60 or over	3 (43%)	2 (29%)	2 (29%)

**Diversity within AEM's Management****By Gender**

Male	11 (92%)	14 (93%)	16 (94%)
Female	1 (8%)	1 (7%)	1 (6%)

**By Age Group**

Under 30	0 (0%)	0 (0%)	0 (0%)
30-50	2 (17%)	2 (13%)	11 (65%)
Over 50	10 (83%)	13 (87%)	6 (35%)



**Social Performance : Diversity and Equal Opportunities**

(GRI 405-1)	FY2020	FY2021	FY2022
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**Diversity within AEM's Exempt Employees****By Gender**

Male	337 (78%)	521 (70%)	672 (65%)
Female	94 (22%)	222 (30%)	363 (35%)

**By Age Group**

Under 30	124 (29%)	181 (24%)	256 (25%)
30-50	235 (54%)	392 (53%)	574 (55%)
Over 50	72 (17%)	170 (23%)	205 (20%)

**Diversity within AEM's Non-Exempt Employees****By Gender**

Male	69 (61%)	219 (59%)	235 (55%)
Female	44 (39%)	154 (41%)	193 (45%)

**By Age Group**

Under 30	35 (31%)	197 (53%)	228 (53%)
30-50	65 (57%)	154 (41%)	160 (38%)
Over 50	13 (12%)	22 (6%)	40 (9%)

**Diversity within AEM's Direct Employees****By Gender**

Male	132 (89%)	450 (33%)	496 (35%)
Female	17 (11%)	916 (67%)	907 (65%)

**By Age Group**

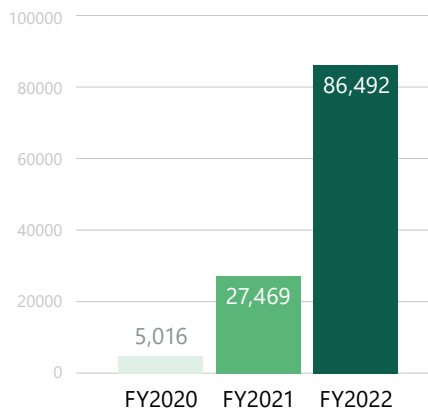
Under 30	51 (34%)	1,039 (76%)	993 (71%)
30-50	95 (64%)	302 (22%)	385 (27%)
Over 50	3 (2%)	25 (2%)	25 (2%)



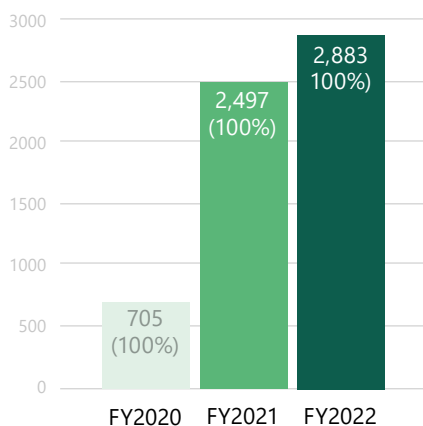




### Total Training Hours



### Employees Receiving Regular Performance and Career Development Reviews



### Social Performance : Training and Education

(GRI 404-1) FY2020 FY2021 FY2022

#### Total Training Hours

##### By Gender

Male	4,013 (80%)	14,293 (52%)	17,976 (21%)
Female	1,003 (20%)	13,176 (48%)	68,516 (79%)

##### By Employee Category

Direct	1,542 (31%)	19,628 (71%)	71,677 (83%)
Non-Exempt	491 (10%)	2,684 (10%)	4,081 (5%)
Exempt	2,983 (59%)	5,157 (19%)	10,461 (12%)
Management	0 (0%)	0 (0%)	273 (0%)

**Total Hours** **5,016** **27,469** **86,492**

#### Average Training Hours per Employee

##### By Gender

Male	7.3	11.9	12.7
Female	6.4	10.2	46.8

##### By Employee Category

Direct	10.3	14.4	51.1
Non-Exempt	4.3	7.2	9.5
Exempt	6.9	6.9	10.1
Management	0	0	16.1

**Overall Average** **7.1** **11.0** **30.0**

(GRI 404-3) FY2020 FY2021 FY2022

#### Employees Receiving Regular Performance and Career Development Reviews

##### By Gender

Male	549 (100%)	1,204 (100%)	1,419 (100%)
Female	156 (100%)	1,293 (100%)	1,464 (100%)

##### By Employee Category

Direct	149 (100%)	1,366 (100%)	1,403 (100%)
Non-Exempt	113 (100%)	373 (100%)	428 (100%)
Exempt	431 (100%)	743 (100%)	1,035 (100%)
Management	12 (100%)	15 (100%)	17 (100%)

**Total Employees** **705 (100%)** **2,497 (100%)** **2,883 (100%)**

<b>Statement of Use</b>	AEM Holdings Ltd. has reported the information cited in this GRI content index or the period 1 January 2022 to 31 December 2022 with reference to the GRI standards.
<b>GRI 1 used</b>	GRI 1 : Foundation 2021

GRI Standards	Disclosure Title		Page Reference
General Disclosures			
GRI 2 : General Disclosures 2021	2-1	Organisational details	10
	2-2	Entities included in the organisation's sustainability reporting	12
	2-3	Reporting period, frequency and contact point	12
	2-4	Restatements of information	41
	2-5	External assurance	12
	2-6	Activities, value chain and other business relationships	10
	2-7	Employees	41
	2-9	Governance structure and composition	16
	2-10	Nomination and selection of the highest governance body	Annual Report: 55-57
	2-11	Chair of the highest governance body	Annual Report: 54-55
	2-12	Role of the highest governance body in overseeing the management of impacts	16
	2-13	Delegation of responsibility for managing impacts	16
	2-14	Role of the highest governance body in sustainability reporting	16
	2-15	Conflicts of Interest	Annual Report: 50-52
	2-16	Communication of critical concerns	Annual Report: 64-66
	2-17	Collective knowledge of the highest governance body	16
	2-18	Evaluation of the performance of the highest governance body	Annual Report: 57
	2-19	Remuneration policies	Annual Report: 58-62
	2-20	Process to determine remuneration	Annual Report: 58-62
	2-22	Statement on sustainable development strategy	13
2-27	Compliance with laws and regulations	19-20, 22	
2-28	Membership associations	10	
2-29	Approach to stakeholder engagement	16-19	
Material Topics			
GRI 3 : Material Topics 2021	3-1	Process to determine material topics	19
	3-2	List of material topics	20
Corporate Governance and Anti-Corruption			
GRI 3 : Material Topics 2021	3-3	Management of material topics	22-23
GRI 205 : Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption	22-23

GRI Standards		Disclosure Title	Page Reference
<b>Economic Performance</b>			
GRI 3 : Material Topics 2021	3-3	Management of material topics	23
GRI 201 : Economic Performance 2016	201-1	Direct economic value generated and distributed	23
<b>Sustainable Supplier Management</b>			
GRI 3 : Material Topics 2021	3-1	Process to determine material topics	25
GRI 308 : Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	25
GRI 414 : Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	25
<b>Energy and Emissions</b>			
GRI 3 : Material Topics 2021	3-3	Management of material topics	26-27
GRI 302 : Energy 2016	302-1	Energy consumption within the organisation	26
	302-3	Energy intensity	26
	302-4	Reduction of energy consumption	26
GRI 305 : Emissions 2016	305-1	Direct (Scope 1) GHG emissions	27
	305-2	Energy indirect (Scope 2) GHG emissions	27
	305-4	GHG emissions intensity	27
<b>Waste Management</b>			
GRI 3 : Material Topics 2021	3-3	Management of material topics	28
GRI 306 : Waste 2020	306-1	Waste generation and significant waste-related impacts	28
	306-2	Management of significant waste-related impacts	28
	306-3	Waste generated	28
<b>Water Management</b>			
GRI 3 : Material Topics 2021	3-3	Management of material topics	29
GRI 303 : Water and Effluents 2018	303-5	Water consumption	29
<b>Employment</b>			
GRI 3 : Material Topics 2021	3-3	Management of material topics	31-32
GRI 401 : Employment 2016	401-1	New employee hires and employee turnover	32,41
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	31
<b>Occupational Health and Safety</b>			
GRI 3 : Material Topics 2021	3-3	Management of material topics	32-33
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	32-33
	403-2	Hazard identification, risk assessment, and incident investigation	32-33
	403-4	Worker participation, consultation, and communication on occupational health and safety	32-33
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GRI Standards		Disclosure Title	Page Reference
<b>Training and Education</b>			
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	404-1	Average hours of training per year per employee	34, 44
GRI 404 : Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	34
	404-3	Percentage of employees receiving regular performance and career development reviews	34, 44
<b>Diversity and Reduced Inequality</b>			
GRI 3 : Material Topics 2021	3-3	Management of material topics	35
GRI 405 : Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	35-37, 42-43
<b>Market Presence and Contribution</b>			
GRI 3 : Material Topics 2021	3-3	Management of material topics	36, 38
GRI 202 : Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	36
	202-2	Proportion of senior management hired from the local community	38
<b>Giving Back to the Community</b>			
GRI 3 : Material Topics 2021	3-3	Management of material topics	39
GRI 413 : Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	39
<b>Customer Health and Safety</b>			
GRI 3 : Material Topics 2021	3-3	Management of material topics	40
GRI 416 : Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	40
<b>Customer Privacy</b>			
GRI 3 : Material Topics 2021	3-3	Management of material topics	40
GRI 418 : Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	40





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# A Zero Failure World

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