



2018

SUSTAINABILITY REPORT



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## President & CEO's Statement



I am pleased to share Kulicke & Soffa's (K&S) 2018 Sustainability Report. This is our second year of reporting to the Global Reporting Initiative (GRI) Standards, the global best practice for sustainability reporting. K&S is committed to ethical and responsible business practices, environmental stewardship, and the well-being of our communities in which we operate. We take our roles seriously in Corporate Sustainability and are proud to report our progress across three key dimensions: economic, environmental and social responsibilities.

Thanks to the commitment of our global sustainability teams working together as ONE K&S, we have made considerable advancements towards our goals in the past year. I would like to share some highlights of our achievements:












- Adopted the United Nations' Sustainable Development Goals (SDGs) and mapped our sustainability efforts to support five SDGs which address global challenges.
- Involved external stakeholders in materiality assessment exercise to gather inputs and conducted Voice of Customer survey to review nine key Economic, Environmental, Social and Governance (EESG) matters for reporting in this edition of the sustainability report (SR2018).
- We achieved RoHS-compliance for our new core equipment launched from FY2018.
- Met year-on-year improvement goals on energy consumption, waste recycling rate, paper usage and accident frequency rate.

By continuing to engage stakeholders within K&S and exploring future involvement with external stakeholders, it allows us to address the most important issues. This is an ongoing goal for K&S. We are progressively adopting the life cycle consideration in product and process design to reduce our carbon footprint. Across our sites globally, we will transition to the new ISO 45001:2018 Occupational Health and Safety management system that helps to improve safety training and performance. Moving forward, K&S strives to play a more active role towards supporting SDGs and to contribute towards a sustainable future.

A handwritten signature in black ink, appearing to read 'Fusen Chen', written in a cursive style.

**Fusen Chen**  
**President & CEO**

## FY2018 Highlights

|   |  |   |
|---|--|---|
|  <p><b>Net revenue of US\$889 mil</b><br/>almost a 10% increase from FY2017</p>  |  <p><b>US\$ 120 mil</b><br/>was invested into Research and Development (R&amp;D)</p>                                      |  <p><b>&gt; 500</b><br/>R&amp;D employees globally</p>   |
|  <p><b>Engaged with key external stakeholders</b><br/>specifically with Suppliers and Community Partners</p>                 | <p><b>&gt; US\$490 mil</b><br/>economic value distributed<br/>to employees, government, suppliers and communities</p>  |  <p><b>76% VoC survey</b><br/>Achieved an improved percentage of customers who rated “Good” and above</p>                      |
|  <p><b>AFR: 0.4</b><br/>Maintained and improved Accident Frequency Rate below 1.0 for the past three consecutive years</p> |  <p><b>Zero</b><br/>validated cases of non-compliances regarding health and safety impacts of products and services</p> |  <p><b>50% recycling rate</b><br/>Achieved above target of 40% for waste recycling through streamlining waste generation</p> |
|  <p>Two RoHS-compliant core platforms launched in FY2018 (<i>OptoLux™</i> and <i>RAPID™ Pro</i>)</p>                       |  <p><b>290</b><br/>Conflict-Free Smelters (CFS) identified or active in 2017, an increase from 267 in 2016</p>          |  <p><b>100%</b><br/>acknowledgement from K&amp;S employees on the annual Code of Conduct training</p>                        |

## About Kulicke & Soffa

Listed in the United States (NASDAQ: KLIC) since 1971, K&S has been innovating solutions for its customers through its position as a global technology and market leader in semiconductor assembly equipment. Headquartered in Singapore since 2010, K&S is strategically placed for its primarily Asian customer base, which makes up over 80% of sales. Today, K&S operates from various facilities (Figure 1) across the globe consisting of manufacturing plants, research and development (R&D) centers and sales & service offices.

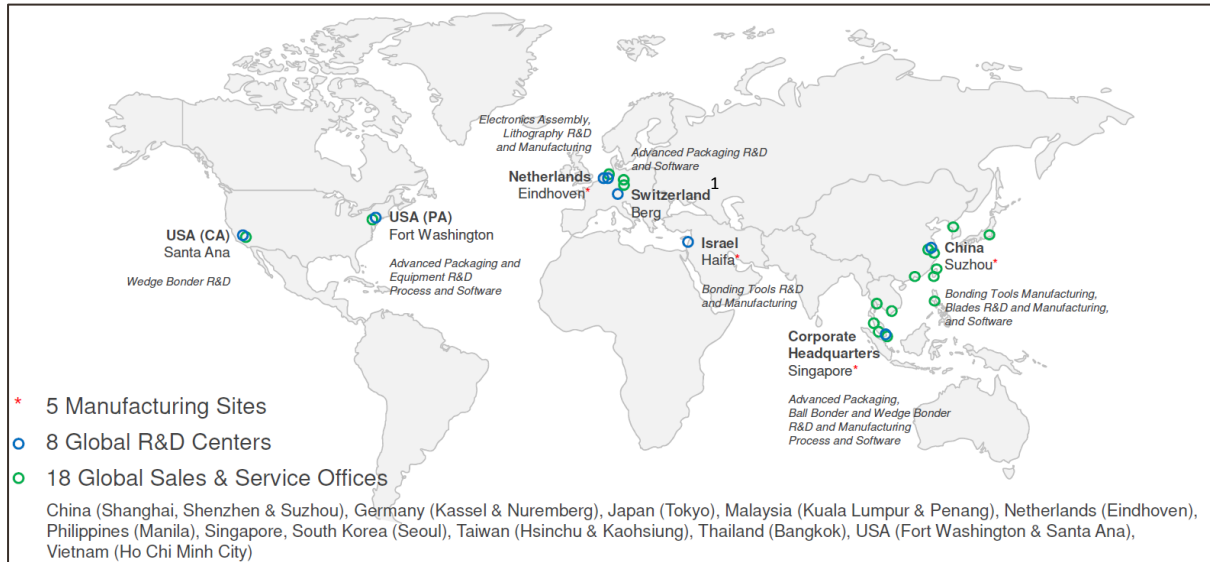


Figure 1: K&S Global Footprint

## THE K&S VISION

The leading technology and service provider of innovative interconnect solutions enabling a smart future

## OUR MISSION

|  |  |
|--|--|
| Global solutions provider for advanced interconnect and electronics assembly with long-standing tradition of delivering disruptive innovations | Delight our customers through deeper collaboration and delivering innovative solutions of the highest quality                |
| Enable technology leadership through strategic partnerships across the value chain   | Provide solutions for the entire served markets to ensure continuous dominance and relevance to customers                    |
| Broaden products and value added services organically and inorganically to be no. 1 in all served and adjacent markets                         | Evolve to be the supplier of choice in smart manufacturing solutions   |
| Maximize productivity and operation efficiency in all parts of our current and future targeted K&S value chain                                 | Increase market intelligence to improve predictability of our business and alignment of solution development to market needs |
| Consistently grow and deliver superior financial performance   | Foster a creative and positive work environment by embracing our core values   |



Figure 2: K&S Vision and Mission

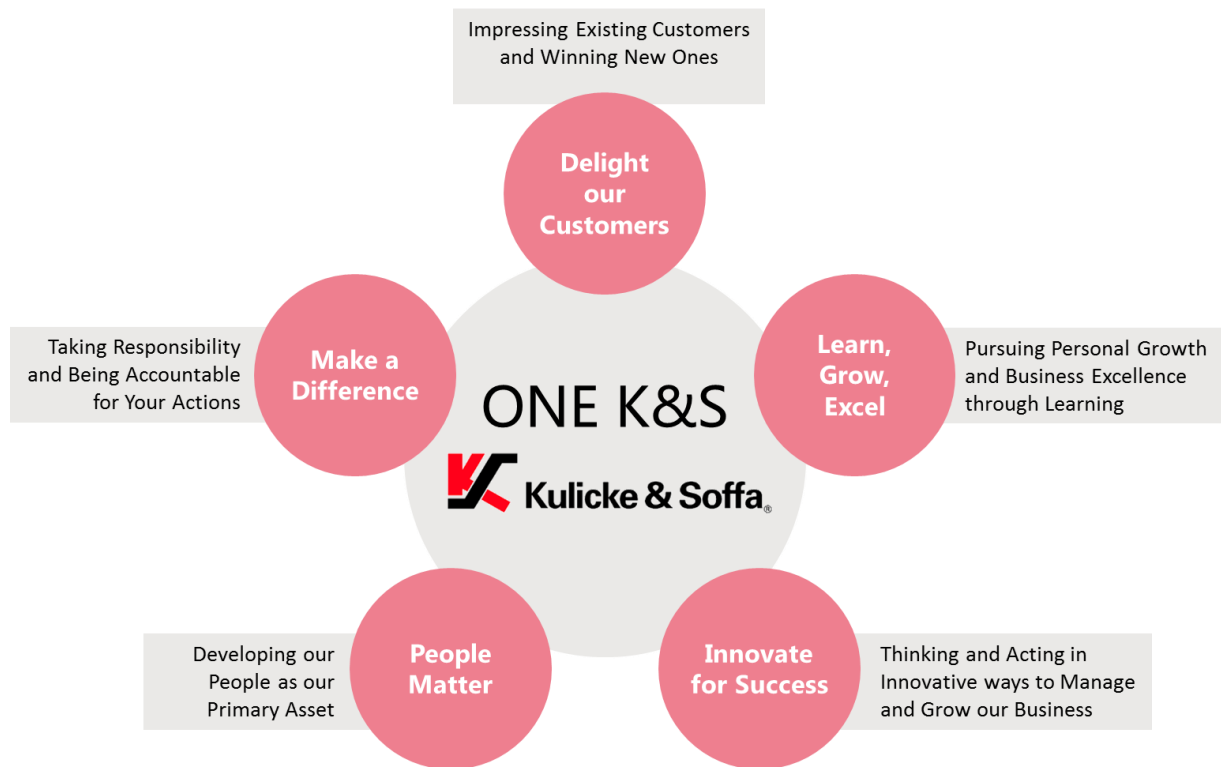


Figure 3: K&S Core Values

## Supply Chain

The K&S global supply chain comprises of over 1,000 approved suppliers located worldwide for various commodities. Suppliers are categorized into two tiers – Tier 1 are strategic suppliers ranked first or second in respective commodity spent and Tier 2 are all other approved suppliers. Currently, 10% of our global supply chain is made up of Tier 1 strategic suppliers of which attributes to around 85% of annual procurement amount. K&S also categorizes suppliers by those that provide manufacturing-related materials and indirect suppliers that provide packaging or non-manufacturing-related materials. 85% of procurement amount goes towards direct suppliers. Majority of K&S suppliers are located in Asia and USA, making up about 70% and 25% respectively of total procurement in FY2018.

## Products

K&S is a leading provider of semiconductor packaging and electronic assembly solutions supporting the global automotive, consumer, communications, computing and industrial segments. As a pioneer in the semiconductor space, K&S has provided customers with market leading interconnect solutions for decades. In recent years, K&S has expanded its product offerings, adding advanced packaging, electronics assembly, wedge bonding and a broader range of expendable tools to its core offerings. Figure 4 provides an overview of K&S product portfolio.



**Consumables, Software and Services**

| Capillaries  | Dicing Blades  | Wedge Tools   | Software & Services  |
|--|--|---|--|
| <p>Capillaries for Gold / Copper / Silver &amp; Fine Pitch Aluminum Wire Bonding</p> | <p>Blades for Wafer Dicing &amp; Package Singulation</p> | <p>Cutters, Wire &amp; Ribbon Guides</p> <p>Ribbon Wire Wedge Bonding Tools</p> | <p>Auto Off-Line Programming Software to Build Complete Bond Recipes</p> <p>Connectivity Software to Enable Higher Level of Productivity</p> <p><b>K&amp;S Care</b></p> <p>Support Service Program to Optimize Machine Productivity and Reduce Costs</p> |

Figure 4: K&S Product Portfolio

**About the Report**

Kulicke & Soffa is pleased to present its third Sustainability Report which provides information about the economic, environmental, social and governance (ESG) performance that is most relevant to its operations and stakeholders.

Recognizing the importance of considering ESG matters throughout its operations, the reporting scope covers all six<sup>1</sup> operational sites for the period October 1, 2017 to September 30, 2018 (FY2018). The reporting period has been revised to ensure alignment with the Financial Year end of its Annual Report. Unless otherwise stated, prior year data provided for comparison is from January 1, 2017 to December 31, 2017 (CY2017). Moving forward, K&S will be taking FY2018's performance data as the baseline for future reports.

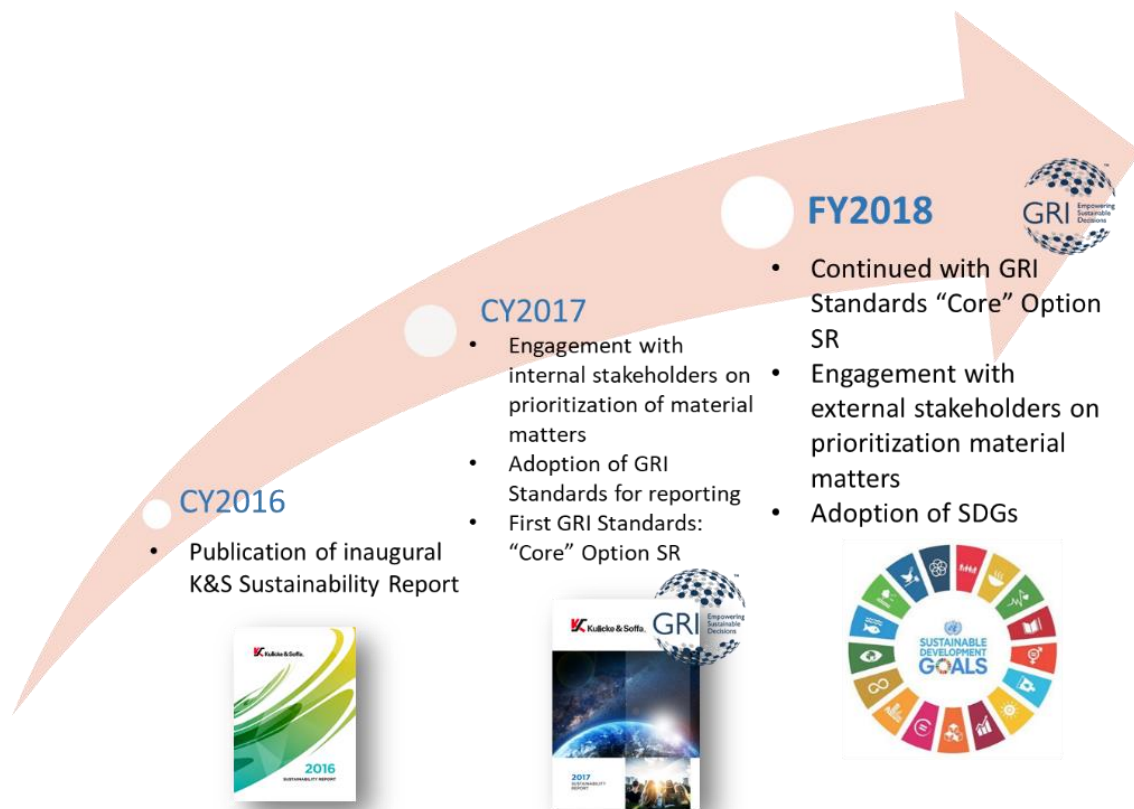
<sup>1</sup> The six sites under SR2018 reporting scope are (1) Singapore, (2) Suzhou, China (3) Eindhoven, The Netherlands (4) Fort Washington, PA, USA (5) Santa Ana, CA, USA (6) Haifa, Israel. Switzerland is an extension of R&D support from Fort Washington. Due to the small-scale operations which consists of a small Engineering department, data collection for the scope of reporting does not extend to this site.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards Core option. FY2018 also marks the start of Kulicke & Soffa’s disclosure of its efforts and contributions towards the United Nations (UN) Sustainable Development Goals (SDGs) and its relevant impacts.

## Commitment towards Sustainability

K&S is committed to ensure that sustainable practices are incorporated into every aspect of its operations.

Since CY2016, K&S has adopted a progressive approach towards sustainability reporting. This approach guides the company towards a year-on-year improvement on sustainability metrics that better represent the EESG issues relevant to its business. This year, K&S specifically engaged with some of its external stakeholders where discussions were held regarding matters most material to its business.



Additionally, five of the 17 UN SDGs<sup>2</sup> were adopted where Kulicke & Soffa’s sustainability efforts are aligned to. As the company progresses further on its sustainability journey, it continues to enhance current sustainability practices and looks to streamlining its Corporate Social Responsibility (CSR) activities. In the near future, K&S plans to explore further engagement with other key external stakeholders, to better identify and mitigate sustainability-related risks, leveraging on opportunities.


The five SDGs have been identified as key priorities for K&S to contribute more actively in the coming years.

<sup>2</sup> “Sustainable development goals” United Nations, <https://www.un.org/sustainabledevelopment/>





Figure 5: Five SDGs K&S has adopted for SR2018 (Source: <https://sustainabledevelopment.un.org/sdgs>)

| SDGs  | K&S Key Activities  |
|---|---|
|   | <p><b>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</b></p> <ul style="list-style-type: none"> <li>• Internship openings and opportunities all year round</li> <li>• Host undergraduate students and potential candidates through K&amp;S Open House to introduce its operations and the industry</li> <li>• Offer grants and scholarships to university students who are keen to contribute back to society through internships at K&amp;S</li> </ul> |
|  | <p><b>Promote inclusive and sustainable economic growth, employment and decent work for all (promote safe and secure working environments)</b></p> <ul style="list-style-type: none"> <li>• Formation of a safety committee across each of K&amp;S facilities to ensure adherence of health and safety regulations</li> <li>• Raising corporate awareness on occupational health and safety through programs such as CEO Occupational Health &amp; Safety Challenge</li> </ul>                                |
|  | <p><b>Build resilient infrastructure, promote sustainable industrialization and foster innovation</b></p> <ul style="list-style-type: none"> <li>• Increasing investments and human capital in R&amp;D</li> <li>• Collaborating with industry peers and customers to deliver innovative solutions to the market</li> </ul>  |
|  | <p><b>Ensure sustainable consumption and production patterns</b></p> <ul style="list-style-type: none"> <li>• Sustainable management and efficient use of natural resources</li> <li>• Commitment towards compliance to Restriction of Hazardous Substances (RoHS)</li> </ul>   |
|  | <p><b>Take urgent action to combat climate change and its impacts</b></p> <ul style="list-style-type: none"> <li>• Responsible energy consumption and monitoring carbon emissions</li> <li>• Target of reducing energy consumption intensity by 2% from the previous year</li> </ul>  |

For any queries in relation to this report or other feedback, please feel free to contact Ms. Helen Siew (Manager, Quality Management Systems and Corporate Quality) at [lhsiew@kns.com](mailto:lhsiew@kns.com).

## Stakeholder Engagement

Fostering strong relationships with all key stakeholders is paramount for the success of K&S. Regular engagement with them allows the company to better understand their evolving key interests and concerns, guiding K&S on how its resources should be allocated to meet expectations. The table below summarizes the inputs and outputs of key engagement initiatives with stakeholders.

| Key Stakeholder Groups | Key Concerns/ Interests Raised   | Kulicke & Soffa's Response   | Key Engagement Methods  | Frequency of Engagement   |
|------------------------|--|--|---|---|
| Employees              | Uphold human rights through equal provision of benefits, training opportunities, health and safety | <ul style="list-style-type: none"> <li>Ensure competitive remuneration and benefits provided to all employees</li> <li>Maintain a holistic training and development program for career progression, also encouraging work-life balance</li> <li>Engage with employees through various channels to gather feedback</li> </ul> | Employee Engagement Survey  | Every two to three years  |
|                        |  |  | Training and workshop   | As required   |
|                        |  |  | Educational site visits and voluntary activities (i.e. Beach clean-up, participation in Earth Hour) | Annually  |
|                        |  |  | Email correspondence and updates through K&S Intranet and noticeboard postings                      | Ongoing   |
| Customers              | Receive products which are safe and in compliance to all legislations at a competitive price       | <ul style="list-style-type: none"> <li>Dedicated customer service department to ensure customer satisfaction and manage after sales services</li> <li>Maintain robust quality management system in line with international standards such as ISO 9001, ISO 14001 and OHSAS 18001</li> </ul>                                  | Customer Satisfaction Survey  | Once every three years (Past surveys were conducted in 2012, 2015 and 2018) |
|                        |  |  | Customer portal   | Ongoing   |
|                        |  |  | Email correspondence  | Ongoing   |

| Key Stakeholder Groups                        | Key Concerns/ Interests Raised  | Kulicke & Soffa's Response  | Key Engagement Methods                                   | Frequency of Engagement        |
|---|---|---|--|--------------------------------|
| Suppliers                                     | Build and maintain good and long-term business relationship with K&S  | <ul style="list-style-type: none"> <li>Review of suppliers' deliverables</li> </ul>   | Business review  | Quarterly (with key suppliers) |
|   |   | <ul style="list-style-type: none"> <li>Ensure suppliers are in compliance with K&amp;S Supplier Code of Conduct and Business Ethics</li> </ul>  | Supplier engagement survey                               | As appropriate                 |
|   |   |   | Supplier Code of Conduct and Business Ethics endorsement | Ongoing                        |
|   |   |   | On-site audits   | Ongoing                        |
|   |   |   | Training and awareness programs                          | As required                    |
| Shareholders / Investors                      | Long-term business growth of K&S resulting in positive financial performance                                | <ul style="list-style-type: none"> <li>Investor relations website for all financial-related news</li> <li>Profit generation</li> <li>Periodic and transparent communication of financial and non-financial information</li> </ul> | Press releases and SEC filings                           | As required                    |
|   |   |   | Annual Report and Sustainability Report                  | Annually                       |
|   |   |   | Earnings Results Calls                                   | Quarterly                      |
|   |   |   | Individual investor meetings and/or group conferences    | Monthly                        |
| Government/ Regulators / Certification Bodies | Implement and enforce standards and regulatory requirements in countries of operations                      | To comply with all regulations in fair trade, environment, workplace health and safety  | Participation in Industry and technology conference/s    | As appropriate                 |
| NGOs / NPOs                                   | Kulicke & Soffa's social responsibility to the local communities and environment as a manufacturing company | Timely, transparent and prompt information disclosure on environmental, social and other related aspects  | Public relations initiatives                             | As appropriate                 |

| Key Stakeholder Groups | Key Concerns/ Interests Raised   | Kulicke & Soffa's Response  | Key Engagement Methods  | Frequency of Engagement |
|------------------------|--|---|---|-------------------------|
| Communities            | <ul style="list-style-type: none"> <li>Increased and regular engagement of K&amp;S employees with various beneficiaries</li> <li>Provision of goods and services to the communities through various initiatives</li> </ul> | <ul style="list-style-type: none"> <li>Organize and participate at various local Corporate Social Responsibility (CSR) events<sup>3</sup> across six sites</li> <li>Raise awareness and encourage employees to participate in CSR events</li> </ul> | Donations (monetary and in-kind) to local communities (i.e. Festive Bazaar and Food Bank) | Annually                |
|                        |  |   | Internship and scholarship (SgIS) opportunities   | Annually                |
|                        |  |   | Environmental initiatives (beach clean-up, Earth Hour)                                    | Annually                |

Table 1: K&S Stakeholder Engagement

## Materiality Assessment

In 2017, K&S conducted its first formal materiality assessment which involved over 90 internal stakeholders across six sites. In 2018, K&S suppliers and community partners were engaged to develop a broader understanding of the impacts of its business.

The results of the engagement affirmed the material and additional EESG matters selected in the prior year. The same set of EESG matters will be reported this year.

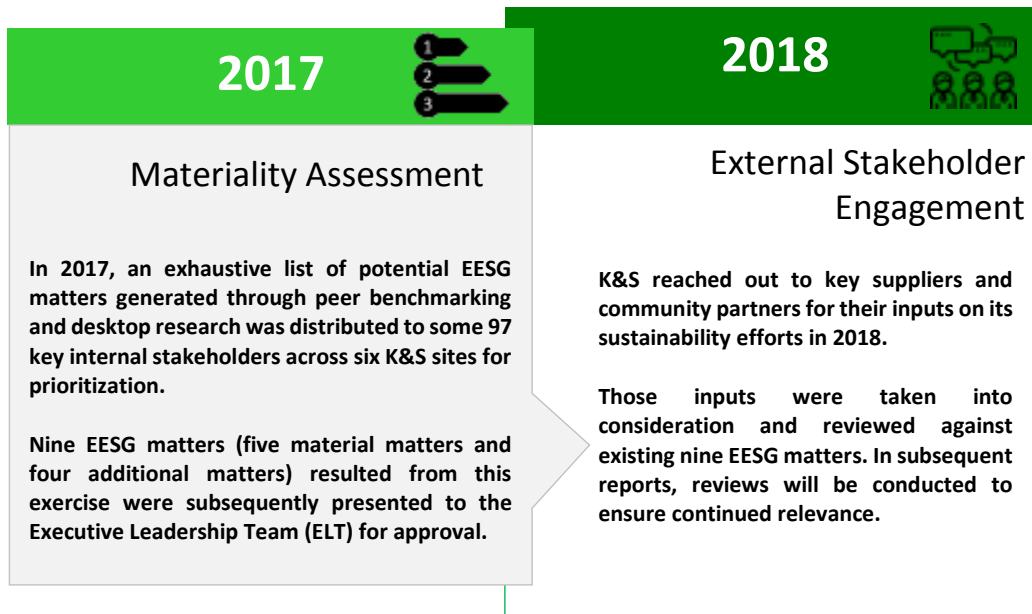


Figure 6: K&S Materiality Assessment

<sup>3</sup> For more information on K&S CSR activities, please refer to Corporate Social Responsibility on Pg. 35

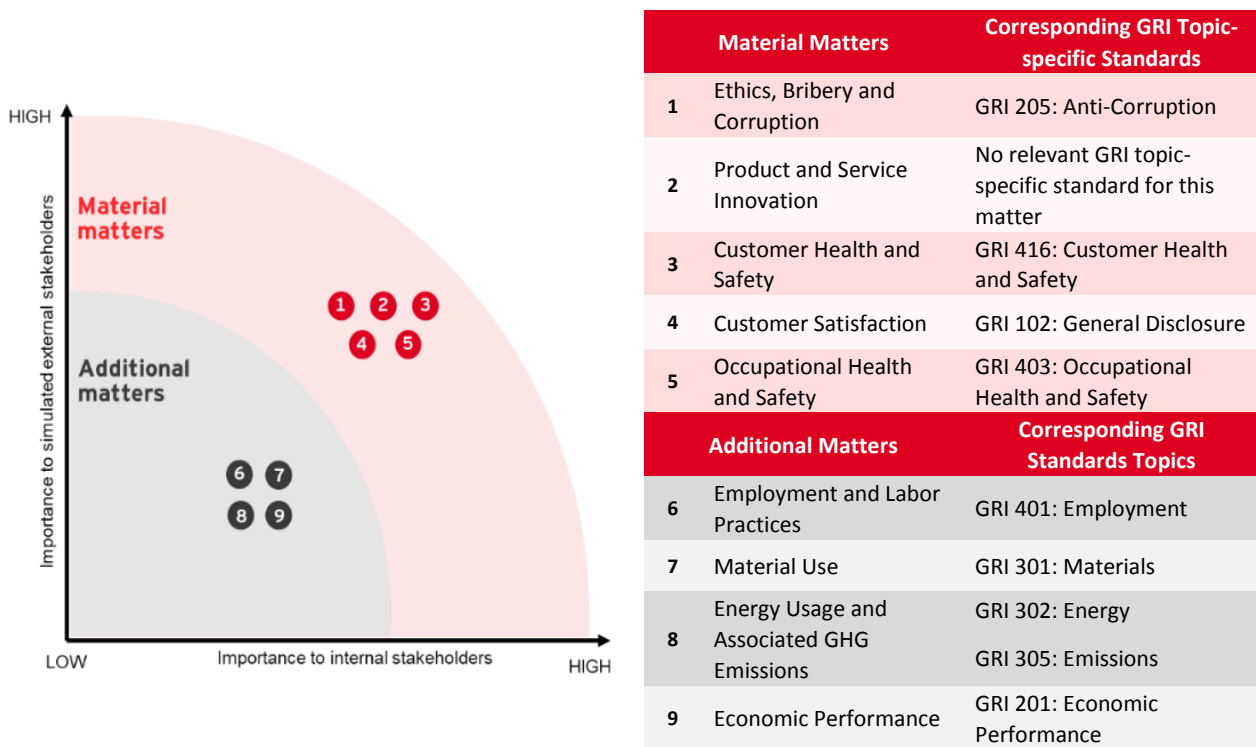


Figure 7: K&S Materiality Matrix

## GOVERNANCE

### Sustainability Governance

Managed by the K&S Executive Leadership Team (ELT), the Global Sustainability Committee (GSC) is made up of key management personnel and supporting departments located across six sites. The GSC is the main committee, integrating sustainability practices and monitoring performance across the K&S sites. Every quarter, the Environmental Health and Safety (EHS) managers meet to discuss status and progress towards achieving the targets<sup>4</sup>. The EHS results are communicated to the GSC quarterly and also to the ELT on an annual basis.

<sup>4</sup> K&S has set out various targets for each of the five material and four additional matters chosen for reporting. For more information, please refer to the respective sections in the report.



Figure 8: K&S Sustainability Governance Structure

## K&S Leadership Team



Figure 9: K&S Executive Leadership Team

## Business Continuity

Kulicke & Soffa's Business Continuity Management provides a framework for building organizational resilience by equipping employees with the capability to respond in a manner that safeguards the interests of Kulicke & Soffa's key stakeholders, brand, and value-creating activities.




A Business Continuity Plan (BCP) is designed to facilitate the resumption of our business operations in the event of a disaster scenario and is tailored to each K&S location to suit their operating context.

The disaster scenarios considered in the BCP include:

- Denial of access or loss of key facilities
- Prolonged unavailability of computing services, voice, or data communications
- Labor shortages, epidemics, or pandemics
- Unavailability of key internal or external suppliers

Regular BCP exercises are conducted as desktop simulation tests at each facility, involving all responsible parties to role-play the various scenarios. Employees follow the step-by-step procedures in the BCP document which guides them on the actions to be taken from the start of the crisis, to recovery and finally the closure. At the end of the accelerated exercise, a review will be conducted to highlight areas which K&S has performed correctly and emphasize on potential areas for improvement. Following which, the BCP will undergo necessary updates to improve resilience and robustness.

## Ethics, Bribery and Corruption

|   | Internal  | External  |
|---|---|---|
|  <p>Policies</p>          | <ul style="list-style-type: none"> <li>• K&amp;S Code of Business Conduct</li> <li>• Code of Ethics for Senior Officers</li> </ul>  | <ul style="list-style-type: none"> <li>• Direct Supplier Code of Business Conduct and Ethics (Direct Supplier Code)</li> <li>• Distributor and Representative Code of Business Conduct and Ethics (D&amp;R Code)</li> </ul> |
|  <p>Practices</p>        | <ul style="list-style-type: none"> <li>• Annual Code of Conduct training for all employees</li> <li>• Distributors and suppliers to submit written confirmation of adherence to their respective codes</li> </ul> |   |
|  <p>Responsibilities</p> | <ul style="list-style-type: none"> <li>• K&amp;S Audit Committee</li> <li>• Compliance Officer (General Counsel)</li> </ul>   |   |

K&S is committed to the highest standards of business, legal and ethical conduct. This allows the company to remain in operation, thereby continuing to deliver and provide its valued customers with high quality products and services. At K&S, there is a suite of policies for both internal and external stakeholders that the company engages with.

For all senior officers and employees, there are the Code of Ethics and Code of Business Conduct respectively, providing the guiding principles when making a business decision. K&S conducts an online training to communicate its expectations to employees. All employees are expected to exercise sound judgment towards fair and just behavior in their daily interactions with stakeholders. A 100% completion rate for the training course was attained in FY2018.

K&S has the same set of expectations for supply chain. All suppliers, contractors and distributors engaged will have to endorse and adhere to the Direct Supplier and D&R Codes. The codes encourage all suppliers and distributors to support, align and act in accordance with Kulicke & Soffa's requirements. All distributors and suppliers are required to submit written confirmations periodically.

K&S maintains a firm stance on anti-corruption, anti-bribery and any other appearance of ethical transgressions. All employees, suppliers and distributors are encouraged to report any violations of policies through the whistleblowing mechanisms listed in the relevant Codes or to reach out to the Compliance Officer. Kulicke & Soffa’s whistleblowing process is detailed in Figure 10.

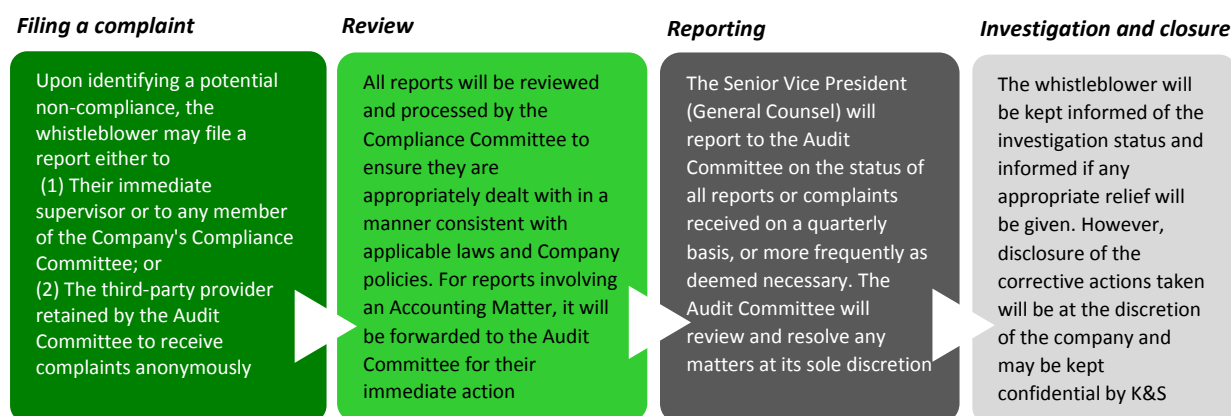


Figure 10: K&S Whistleblowing Process

## BUSINESS

With the fast-evolving landscape of the semiconductor industry, it is essential for K&S to optimize its business to capture emerging trends and seize new opportunities.

### Economic Performance

Kulicke & Soffa’s revenue generated grew almost 10% to US\$889.1 million in FY2018 from FY2017 and is distributed to stakeholders through various avenues – to employees through wages and benefits, to government through taxes, to suppliers through purchases, and to communities through donations, scholarships and internship opportunities.

| Financial Results <sup>5</sup>             | FY2018<br>US\$'000 | % change<br>from FY2017 | FY2017<br>US\$'000 | FY2016<br>US\$'000 |
|--|--------------------|-------------------------|--------------------|--------------------|
| <b>Economic Value Generated</b>            |                    |                         |                    |                    |
| Revenue                                    | 889,121            | ^ 10%                   | 809,041            | 627,192            |
| <b>Economic Value Distributed</b>          |                    |                         |                    |                    |
| Operating costs                            | 242,809            |                         | 269,011            | 234,190            |
| Employee wages and benefits                | 217,294            |                         | 212,612            | 143,075            |
| Payments to capital providers <sup>6</sup> | 16,233             |                         | –                  | –                  |
| Payments to government                     | 13,180             |                         | 8,283              | 10,020             |
| Community investment                       | 514                |                         | 479                | 315                |
|  | 490,385            | –                       | 490,030            | 387,600            |
| <b>Economic Value Retained</b>             | 399,091            | ^ 25%                   | 318,656            | 239,592            |

<sup>5</sup> Information in this table is derived from Kulicke & Soffa’s audited financial statements and other accounting/financial data. This information is intended to summarize the overall contribution of K&S to its stakeholders and not intended to replace or provide an alternative to the audited financial statements which is made available in the K&S Annual Report FY2018.

<sup>6</sup> Dividends were only distributed in FY2018.



## Product and Service Innovation

As new trends emerge and consumption patterns change, K&S constantly seeks new opportunities by building strategic partnerships with customers, industry leaders, suppliers and research organizations.



K&S has a Knowledge Driven Product Development (KDPD) process which guides the development of new products from conception to market release. As part of the KDPD process, insights are gathered through market studies and by participating in industry forums (i.e. SEMI<sup>7</sup> and other technology related forums). These enable the company to ascertain current market requirements, steering it to the right direction. The KDPD process is outlined in Figure 11.

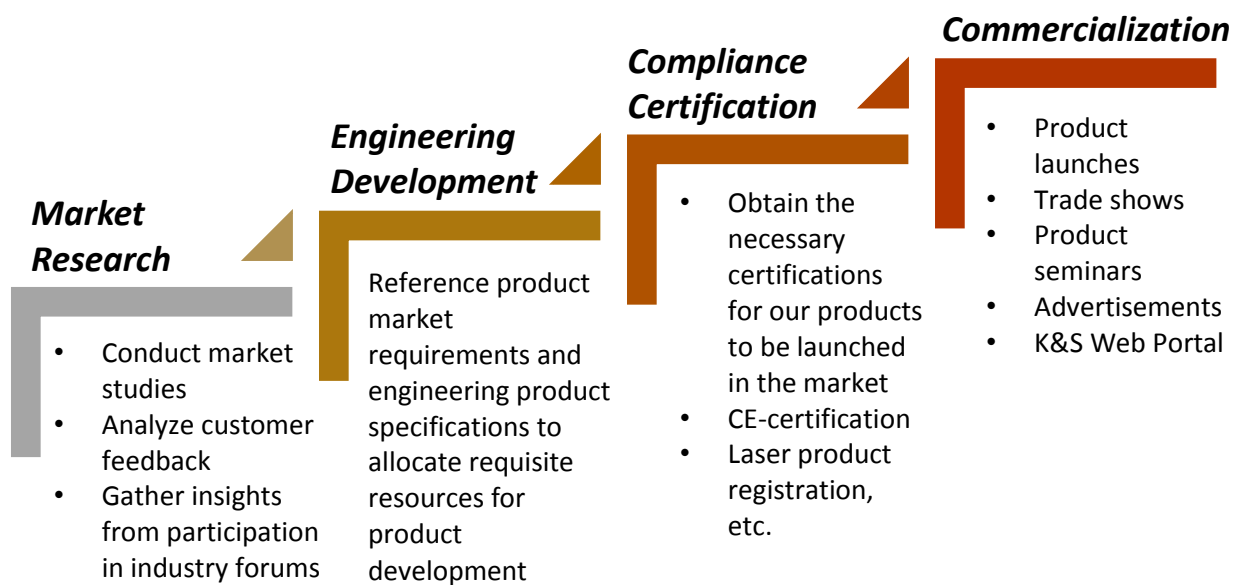


Figure 11: K&S Knowledge Driven Product Development (KDPD) process

More K&S stakeholders are looking beyond product specifications. In recent years, they have started taking into consideration the environmental and health impacts of purchasing K&S products. In response to this new expectation from customers, K&S has embarked on the Green Initiative since 2013. New engineering design guidelines and Engineering Change Orders (ECO) procedures have been developed to support this initiative. In 2018, the company has launched new core products, under the RAPID™ Pro GEN-S series and OptoLux™ showcased in Table 2.

<sup>7</sup> SEMI is the global industry association serving the manufacturing supply chain for the electronics industry.

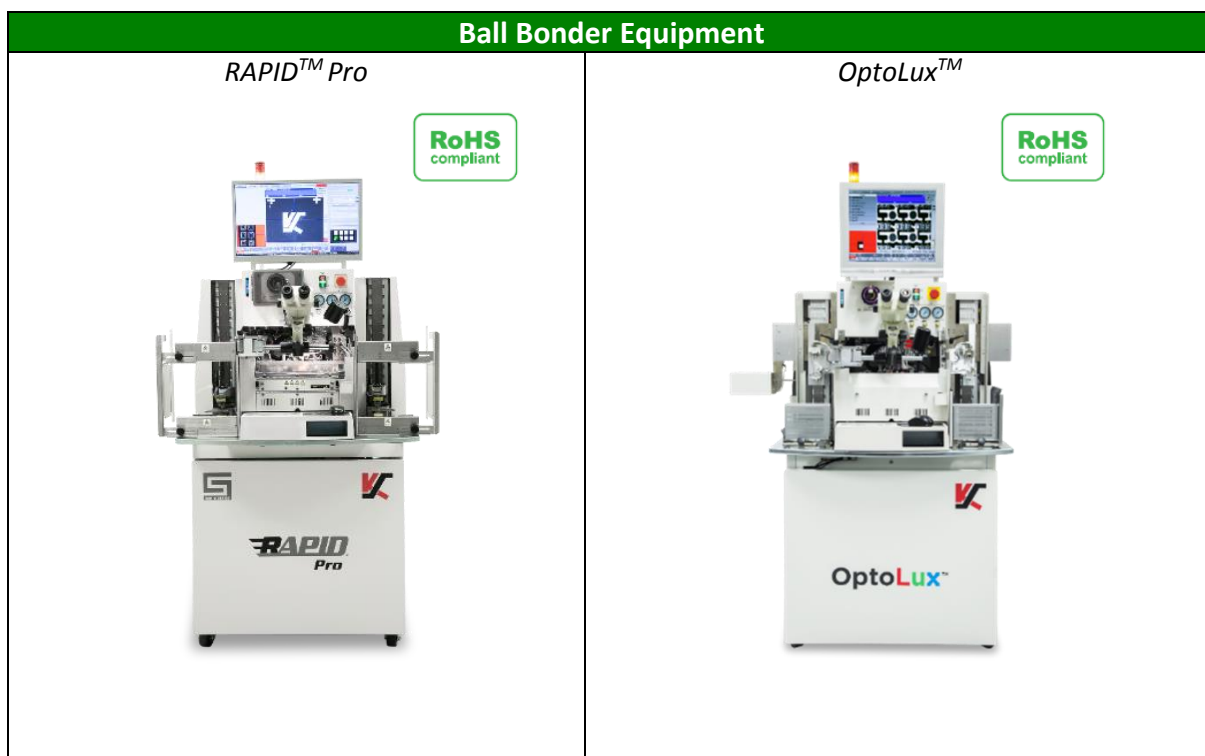


Table 2: RoHS-compliant core products launched in FY2018

### What is the Green Initiative?





Spearheaded by the K&S Green Team in collaboration with an external service provider, this initiative aims to support and drive K&S in Restriction of Hazardous Substances (RoHS) compliance efforts.

This year, K&S invested US\$119.6 million in R&D—19.4% increase from FY2017—the largest R&D investment since FY2015. K&S will continue to improve its products to capture more market share.

| Percentage of Net Revenue Invested into R&D |         |         |          |
|---|---------|---------|----------|
|   | FY2017  | FY2018  | % change |
| Amount invested into R&D (US\$'000)         | 100,203 | 119,621 | ▲ 19.4%  |
| Percentage of net revenue invested into R&D | 12%     | 13%     |          |

## CUSTOMERS

### Customer Satisfaction

|    | Policies               | <ul style="list-style-type: none"> <li>K&amp;S Quality Policy</li> </ul>  |                          |                      |  |                        |   |                        |
|---|------------------------|---|--------------------------|----------------------|--|------------------------|---|------------------------|
|    | Practices              | <ul style="list-style-type: none"> <li>All six K&amp;S sites are ISO 9001:2015 certified (Quality Management System)</li> </ul>   |                          |                      |  |                        |   |                        |
|    | Responsibilities       | <ul style="list-style-type: none"> <li>Customer Quality Team</li> <li>Global Sales and Services</li> <li>Marketing and Program Engineering</li> </ul>   |                          |                      |  |                        |   |                        |
|    | Targets                | <table border="1"> <thead> <tr> <th><u>Perpetual Targets</u></th> <th><u>FY2018 Status</u></th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> <li>Achieve an improved response rate from previous survey</li> </ul> </td> <td>Achieved<br/>49% (^ 2%)</td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>Achieve an improved percentage of customers who rated "Good" and above from previous survey</li> </ul> </td> <td>Achieved<br/>76% (^ 1%)</td> </tr> </tbody> </table> | <u>Perpetual Targets</u> | <u>FY2018 Status</u> | <ul style="list-style-type: none"> <li>Achieve an improved response rate from previous survey</li> </ul> | Achieved<br>49% (^ 2%) | <ul style="list-style-type: none"> <li>Achieve an improved percentage of customers who rated "Good" and above from previous survey</li> </ul> | Achieved<br>76% (^ 1%) |
| <u>Perpetual Targets</u>  |                        | <u>FY2018 Status</u>  |                          |                      |  |                        |   |                        |
| <ul style="list-style-type: none"> <li>Achieve an improved response rate from previous survey</li> </ul>                                      | Achieved<br>49% (^ 2%) |   |                          |                      |  |                        |   |                        |
| <ul style="list-style-type: none"> <li>Achieve an improved percentage of customers who rated "Good" and above from previous survey</li> </ul> | Achieved<br>76% (^ 1%) |   |                          |                      |  |                        |   |                        |

As a leading provider of semiconductor packaging and electronic assembly solutions to a wide variety of customers, from markets ranging from automotive, consumer, communications to industrial, customer satisfaction is a key indicator of success as an organization.

The K&S Quality Policy sets out its commitment towards maintaining the quality management system through providing products and services with the objective of achieving Total Customer Satisfaction. The company strives to not only meet customers' and applicable regulatory requirements, but also to adopt and align to industry's best practices. Since 2014, K&S has embarked on Corporate ISO 9001 certification for all six sites with FY2018 marking its fifth year.

*K&S offers a series of scheduled after-sales service as well as on an ad-hoc basis to respond to customer needs.*

*The service program encompasses: Basic, Professional and Comprehensive plans, which are designed to suit each customer's needs to help them operate machines optimally.*

This year, K&S conducted its third Voice of Customer (VoC) online survey from April to June 2018. Conducted every three years, the Customer Quality Team invites customers to go through a comprehensive survey which assesses performance in various categories, from technical expertise, order processing, timely delivery, quality of products to after-sales support. Almost 250 respondents from 112 companies responded with a record of 49% participation rate, the highest since 2012. Over 76% of customers rated K&S services to be "Good" or "Excellent".

These results were shared with various Marketing and Program Engineering teams for them to brainstorm for objectives and key targets to be achieved before the next VoC in 2021. Besides improving on product know-how, K&S employees in the Customer Support team also play a critical role in delivering quality after-sales support such as providing solution-based training to customers. Adequate training is provided to employees to equip them for this task. Key findings and relevant plans have been summarized in the case study below.

## Key Findings from VoC'18

K&S values its customers' inputs and these guide the various business units on taking specific actions to close the gaps identified.

What customers look for:



Advanced  
Technology  
Features

Ball Bonder  
Wedge Bonder  
Advanced Packaging  
Electronics Assembly



Improved  
Technical  
Service/Support

Aftermarket Products &  
Services (APS)



Robust  
Program for  
Spares, Repair &  
Warranty

Aftermarket Products &  
Services (APS)

What K&S plans to do:

- ✓ Enhance product capability to meet current Industry 4.0 requirements and help customers steer towards smart manufacturing
- ✓ Deliver right features and technological capabilities required by customers
- ✓ Increase regular communication with customers through sharing of product launches, road map alignment, etc.
- ✓ Improve aftermarket service lead-time
- ✓ Roll-out solution-based training to customers

### FEEDBACK FROM CUSTOMERS



Case Study 1: Key Findings from VoC'18

Various objectives and key results have been aligned for action plans to be rolled out in the first half of FY2019 and progress will be tracked quarterly. The Customer Quality team will oversee the execution of these planned actions to launch an improved and better designed VoC in FY2021.

## Customer Health and Safety

|  | Policies             | <ul style="list-style-type: none"> <li>• K&amp;S KDPD – sets out specific requirements for each product to comply with</li> <li>• Focus areas include environmental, health and safety considerations, maintenance and ease of serviceability</li> </ul>  |                         |                      |  |          |
|--|----------------------|---|-------------------------|----------------------|--|----------|
|  | Practices            | <ul style="list-style-type: none"> <li>• All products are Conformité Européene (CE)-certified at minimum</li> <li>• K&amp;S works with customers to achieve more stringent requirements</li> </ul>  |                         |                      |  |          |
|  | Responsibilities     | <ul style="list-style-type: none"> <li>• Program Engineering Team</li> </ul>  |                         |                      |  |          |
|  | Targets              | <table border="1"> <thead> <tr> <th data-bbox="764 736 967 763"><u>Perpetual Target</u></th> <th data-bbox="1153 736 1326 763"><u>FY2018 Status</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="604 781 1054 913"> <ul style="list-style-type: none"> <li>• Zero validated cases of non-compliances regarding health and safety impacts of products and services</li> </ul> </td> <td data-bbox="1179 781 1294 808">Achieved</td> </tr> </tbody> </table> | <u>Perpetual Target</u> | <u>FY2018 Status</u> | <ul style="list-style-type: none"> <li>• Zero validated cases of non-compliances regarding health and safety impacts of products and services</li> </ul> | Achieved |
| <u>Perpetual Target</u>  | <u>FY2018 Status</u> |   |                         |                      |  |          |
| <ul style="list-style-type: none"> <li>• Zero validated cases of non-compliances regarding health and safety impacts of products and services</li> </ul> | Achieved             |   |                         |                      |  |          |

As part of its customer care philosophy, K&S highly regards product safety as a basic requirement. K&S assesses and mitigates the potential health and safety risks posed to customers throughout the various stages of product manufacturing. With the Green Initiative, the company aims to achieve RoHS compliance for all new core equipment platforms launched from FY2018. Two RoHS-compliant ball bonder models—*RAPID™ Pro* and *OptoLux™*—were well received by customers. Several RoHS-compliant wedge bonder equipment are in the pipeline, slated for release in FY2019. For more information, please refer to the RoHS section (page 33).

All current K&S equipment are CE-certified being assessed to meet health, safety and environmental protection requirements, and can be traded freely within the European Economic Area (EEA). Upon request, K&S will work closely with customers to meet their additional product safety requirements.

In FY2018, zero validated cases of non-compliance regarding the health and safety impacts of products and services are recorded – a target K&S aims to maintain.

# EMPLOYEES

## Workforce Profile

Within the scope of the six sites, the total headcount for FY2018 is 2,567 employees. Singapore and Suzhou operations account for the majority of the workforce at K&S. There were no significant variances in Kulicke & Soffa’s headcount throughout the year. Figure 12 and 13 show the breakdown of employees by gender, employment contract and type from the six sites.

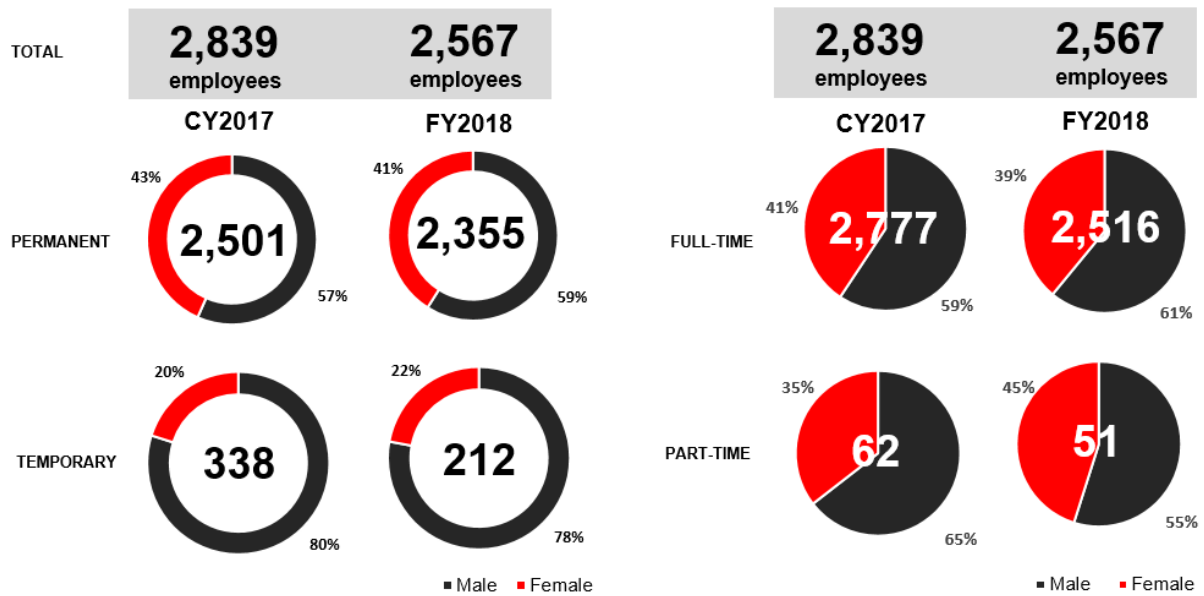


Figure 12: Breakdown of Employees by Employment Contract (left) and Employment Type (right) by Gender

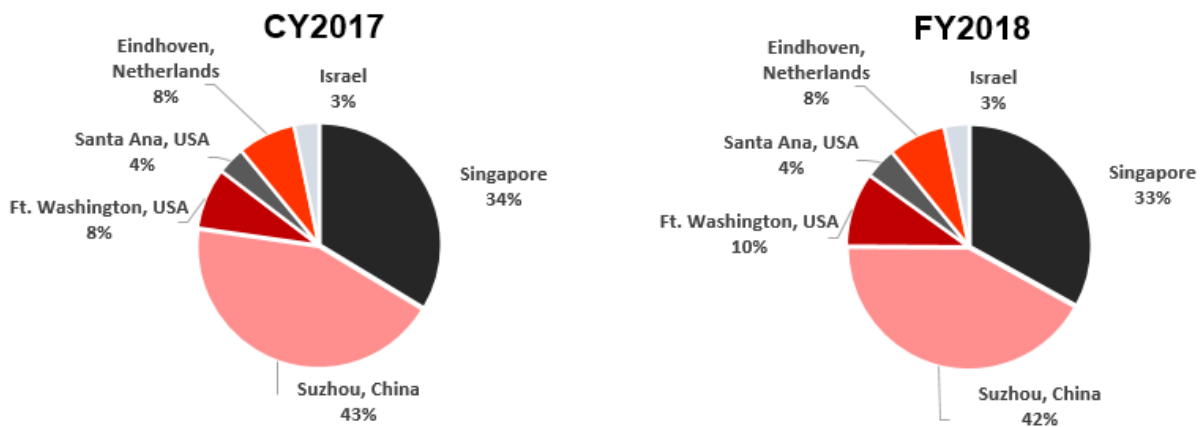






Figure 13: Breakdown by Main and Larger Sites.

|  |  |   |                         |                      |  |  |                          |  |  |             |
|--|--|---|-------------------------|----------------------|--|--|--------------------------|--|--|-------------|
|   | Policies   | <ul style="list-style-type: none"> <li>• K&amp;S Environmental Health and Safety (EHS) Policy</li> </ul>  |                         |                      |  |  |                          |  |  |             |
|   | Practices  | <ul style="list-style-type: none"> <li>• OHSAS 18001 certification (planning towards transition to ISO 45001:2018)</li> <li>• Periodic assessment of safety and health impacts associated with key work processes</li> <li>• OHS trainings for all employees</li> <li>• Regular safety walks</li> <li>• Periodic OHS meetings</li> <li>• Annual internal and external audits</li> </ul>   |                         |                      |  |  |                          |  |  |             |
|   | Responsibilities   | <ul style="list-style-type: none"> <li>• Responsibility lies on each individual to perform their daily work in a safe and responsible manner</li> <li>• This is managed by a Safety Committee located at each of the six sites</li> </ul>   |                         |                      |  |  |                          |  |  |             |
|   | Targets  | <table border="0"> <tr> <td data-bbox="719 965 927 996"><u>Perpetual Target</u></td> <td data-bbox="1145 965 1321 996"><u>FY2018 Status</u></td> </tr> <tr> <td data-bbox="619 1003 1054 1106"> <ul style="list-style-type: none"> <li>• Lower Reportable Accident Frequency Rate and Reportable Accident Severity Rate</li> </ul> </td> <td data-bbox="1102 1003 1374 1106">Performance against FY2018's baseline will be reported in SR2019</td> </tr> <tr> <td data-bbox="719 1151 927 1182"><u>Short-term Target</u></td> <td></td> </tr> <tr> <td data-bbox="619 1189 1007 1285"> <ul style="list-style-type: none"> <li>• All six sites to attain ISO 45001:2018 certification by FY2020</li> </ul> </td> <td data-bbox="1166 1189 1305 1220">In progress</td> </tr> </table> | <u>Perpetual Target</u> | <u>FY2018 Status</u> | <ul style="list-style-type: none"> <li>• Lower Reportable Accident Frequency Rate and Reportable Accident Severity Rate</li> </ul> | Performance against FY2018's baseline will be reported in SR2019 | <u>Short-term Target</u> |  | <ul style="list-style-type: none"> <li>• All six sites to attain ISO 45001:2018 certification by FY2020</li> </ul> | In progress |
| <u>Perpetual Target</u>  | <u>FY2018 Status</u>   |   |                         |                      |  |  |                          |  |  |             |
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| <u>Short-term Target</u>   |  |   |                         |                      |  |  |                          |  |  |             |
| <ul style="list-style-type: none"> <li>• All six sites to attain ISO 45001:2018 certification by FY2020</li> </ul>                 | In progress  |   |                         |                      |  |  |                          |  |  |             |

Employees' health and safety is an utmost priority for K&S. It is the company's responsibility to ensure that they work in a safe and healthy environment, free of workplace hazards<sup>8</sup>. K&S EHS policy states its commitment towards maintaining EHS standards such that its operations are conducted in a safe and environmentally responsible manner. The company complies with all applicable and relevant rules and legislations at each site and strives to adopt leading OHS practices in the industry. K&S Singapore and Suzhou sites have obtained the OHSAS 18001 Management Systems certification. In FY2018, the newly published ISO 45001 standards will replace existing OHSAS 18001 standards. K&S plans for the transition to ISO 45001 OHS certification for all six sites by FY2020.

There are Safety Committees at all six sites that ensure workplace health and safety regulations are strictly adhered to. The EHS representative is responsible for overseeing operations within the facility and ensuring all safety standards are met. Any new hazards or near misses will be reported to the respective EHS Manager who will promptly investigate, for the safety of employees.

<sup>8</sup> A hazard is any source of potential damage, harm or adverse health effects on something or someone. Some examples of hazards may include use of hand tools, machines, wet floors, working at height, etc.

The identification of safety and health hazards are periodically carried out by K&S employees in their workplace and by contractors for any ad-hoc work. Early detection of potential hazards goes a long way in accident prevention. For every hazard detected, it is recorded in a database and is periodically reviewed.

At each site, regular health and safety-related trainings are planned and executed for all levels of employees to raise awareness and refresh knowledge. Periodic emergency exercises are conducted so employees are familiar with emergency procedures. Internal audits are held every year to ensure systems and processes are compliant to meet the new OHS Standard requirements. In FY2018, K&S achieved a 100% attendance rate on all OHS trainings and exercises conducted, with a higher average of training hours per employee.





| Types of Training Programs   | Activities   |
|--|--|
|  Onboarding                         | <ul style="list-style-type: none"> <li>• New-hire orientation training</li> </ul>  |
|  Foundation Programs                | <ul style="list-style-type: none"> <li>• Safety risk assessment (For MRs<sup>9</sup>)</li> <li>• ISO 45001:2018 OHS Standard (For MRs)</li> </ul>  |
|  Functional Training <sup>10</sup> | <ul style="list-style-type: none"> <li>• Site specialized training (i.e. hazard communication, emergency preparedness and response, machine safety, forklift)</li> </ul>                                 |
|  Emergency Exercises              | <ul style="list-style-type: none"> <li>• Fire drills</li> <li>• Building evacuation (earthquakes, fire)</li> <li>• Entrance to shelters</li> <li>• Hazards spillage (ISO 14001 and ISO 45001)</li> </ul> |

Figure 14: List of Training Programs Conducted in FY2018

<sup>9</sup> Management Representatives.

<sup>10</sup> Trainings formulated to meet customers' safety requirements.



## Safety Performance

K&S aims to keep reportable incidents<sup>11</sup> to a minimum through the various workplace health and safety measures. Non-reportable incidents<sup>12</sup> are tracked as K&S internal safety metric which is more stringent as compared to the reportable Accident Frequency Rate<sup>13</sup> (AFR) and Accident Severity Rate<sup>14</sup> (ASR). From FY2018, safety performance will be disclosed based on reportable incidents to ensure better alignment to reporting metrics used by industry peers. The results show that both reportable AFR and ASR are lower than the internal safety metrics as shown in Figure 15.

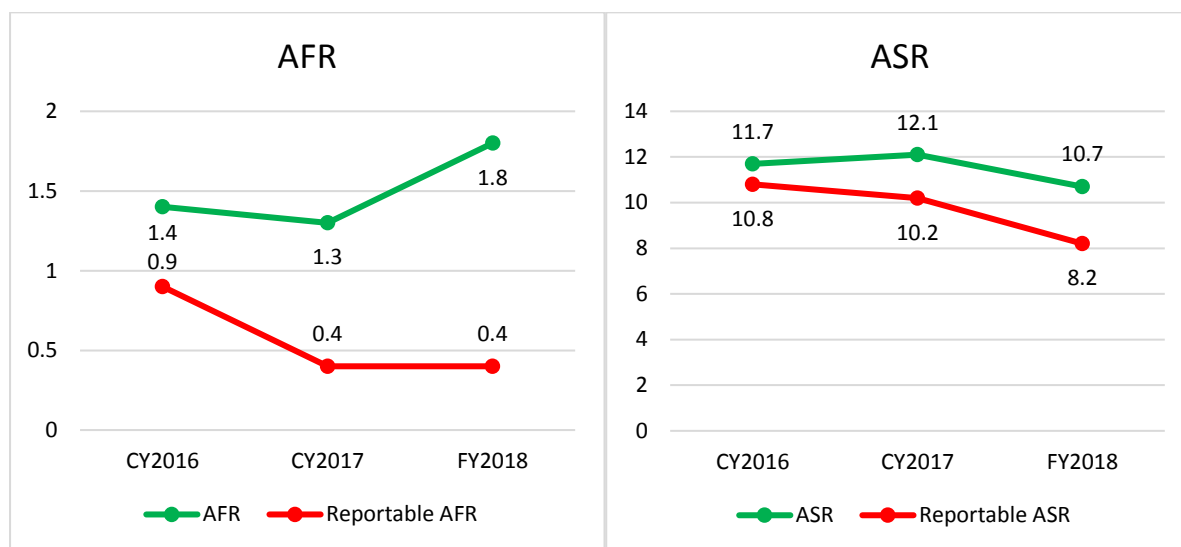


Figure 15: Reportable AFR (left) and ASR (right) performance against K&S Internal Safety Performance

K&S Singapore, Fort Washington, Santa Ana and The Netherlands have achieved zero reportable AFR and ASR in FY2018. Across all six sites, we recorded zero fatalities and zero occupational disease rate. Table 3 provides a breakdown of safety statistics.

|                                | FY2018     |
|--------------------------------|------------|
| <b>Accident Frequency Rate</b> | Total      |
| Suzhou, China                  | 0.5        |
| Haifa, Israel                  | 5.4        |
| <b>Global Reportable AFR</b>   | <b>0.4</b> |
| <b>Accident Severity Rate</b>  | Total      |
| Suzhou, China                  | 2.1        |
| Haifa, Israel                  | 205.3      |
| <b>Global Reportable ASR</b>   | <b>8.2</b> |

Table 3: K&S Safety Performance

<sup>11</sup> A reportable incident is defined as a non-fatal injury or illness which results in a medical leave taken of four or more days.

<sup>12</sup> An incident is defined as a non-fatal injury or illness which results in a medical leave taken of one or more days.

<sup>13</sup> AFR = (Total incidents / total employee work hours) x 1,000,000.

<sup>14</sup> ASR = (Total man-days lost as a result of an incident / total employee work hours) x 1,000,000.

This year, an additional safety metric for absenteeism is included. Absentee rate is calculated as the number of days absent from work due to incapacity of any kind, not just as the result of work-related injury or disease. It is expressed as a percentage of total days scheduled to be worked for the same period. This includes medical leave and lost days due to injuries sustained. In FY2018, K&S recorded two reportable incidents related to chemical spills and cuts of which appropriate follow up actions have been taken to minimize reoccurrences.

| Absentee Rate               | FY2018      |             |             |
|-----------------------------|-------------|-------------|-------------|
|                             | Male        | Female      | Total       |
| Singapore                   | 2.2%        | 2.1%        | 2.2%        |
| Suzhou, China               | 0.8%        | 1.4%        | 1.2%        |
| Eindhoven, The Netherlands  | 1.2%        | 3.5%        | 1.6%        |
| Santa Ana, CA, USA          | 1.2%        | 1.4%        | 1.2%        |
| Fort Washington, PA, USA    | 0.7%        | 1.1%        | 0.7%        |
| Haifa, Israel               | 3.5%        | 4.4%        | 4.0%        |
| <b>Global Absentee Rate</b> | <b>1.4%</b> | <b>1.8%</b> | <b>1.6%</b> |

Table 4: K&S Absentee Rate

Generally, low injury and absentee rates are linked to positive trends in staff morale and productivity. Moving forward, the company endeavors to reduce reportable AFR and ASR through effective communication and safety awareness initiatives emphasizing the importance of a safe working culture.

### CEO Occupational Health & Safety (OHS) Challenge

Initiated by the ELT to inculcate a workplace safety culture, the annual K&S CEO OHS Challenge rewards the best site for their efforts in achieving excellence in OHS. Sites are assessed based on OHS Corporate Metrics such as AFR, ASR, hours of OHS training provided per employee<sup>15</sup> and the respective attendance rate<sup>16</sup>. The site with the highest performance in all categories will be awarded with the CEO Challenge trophy.

This year, Fort Washington emerged as the winning site. They recorded zero accidents and had scored the best across all OHS metrics. Congratulations to K&S Fort Washington site on their achievement. The management encourages all sites to always think safe, work safe, be safe and strive for zero accident!

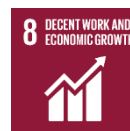


Image 1: Winning Team of K&S CEO OHS Challenge – Fort Washington

<sup>15</sup> OHS training per employee is calculated by taking the total training hours provided over the site headcount.

<sup>16</sup> Attendance is calculated by the percentage of employees who have completed the provided training over total number of employees planned for training.

## Employment and Labor Practices



|   | Policies                      | <ul style="list-style-type: none"> <li>• Respective policies to ensure compliance to local and regional labor practices</li> <li>• Policies are regularly reviewed and updated as necessary</li> </ul>   |                          |                      |  |                               |   |                |   |          |
|---|-------------------------------|--|--------------------------|----------------------|--|-------------------------------|---|----------------|---|----------|
|   | Practices                     | <ul style="list-style-type: none"> <li>• Voice of K&amp;S (employee engagement survey)</li> <li>• Participation in benchmarking surveys</li> <li>• Online resource tools and webinars</li> <li>• Global Whistle Blower hotline</li> <li>• Regular management trainings on a variety of leadership and management practices</li> </ul>  |                          |                      |  |                               |   |                |   |          |
|   | Responsibilities              | <ul style="list-style-type: none"> <li>• VP of Global Human Resources</li> <li>• Managed by Regional HR Department at each of the K&amp;S sites</li> </ul>   |                          |                      |  |                               |   |                |   |          |
|   | Targets                       | <table border="1"> <thead> <tr> <th data-bbox="727 887 940 913"><u>Perpetual Targets</u></th> <th data-bbox="1155 887 1326 913"><u>FY2018 Status</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="608 920 1062 987"> <ul style="list-style-type: none"> <li>• Achieve an improved engagement score from CY2016</li> </ul> </td> <td data-bbox="1134 920 1347 987">To be reported in next survey</td> </tr> <tr> <td data-bbox="608 1032 963 1099"> <ul style="list-style-type: none"> <li>• Maintain global women workforce above 35%</li> </ul> </td> <td data-bbox="1182 1032 1294 1099">Achieved (38%)</td> </tr> <tr> <td data-bbox="608 1144 1027 1245"> <ul style="list-style-type: none"> <li>• 100% of annual performance reviews to be completed and delivered to our employees</li> </ul> </td> <td data-bbox="1182 1144 1294 1171">Achieved</td> </tr> </tbody> </table> | <u>Perpetual Targets</u> | <u>FY2018 Status</u> | <ul style="list-style-type: none"> <li>• Achieve an improved engagement score from CY2016</li> </ul> | To be reported in next survey | <ul style="list-style-type: none"> <li>• Maintain global women workforce above 35%</li> </ul> | Achieved (38%) | <ul style="list-style-type: none"> <li>• 100% of annual performance reviews to be completed and delivered to our employees</li> </ul> | Achieved |
| <u>Perpetual Targets</u>  | <u>FY2018 Status</u>          |  |                          |                      |  |                               |   |                |   |          |
| <ul style="list-style-type: none"> <li>• Achieve an improved engagement score from CY2016</li> </ul>                                  | To be reported in next survey |  |                          |                      |  |                               |   |                |   |          |
| <ul style="list-style-type: none"> <li>• Maintain global women workforce above 35%</li> </ul>   | Achieved (38%)                |  |                          |                      |  |                               |   |                |   |          |
| <ul style="list-style-type: none"> <li>• 100% of annual performance reviews to be completed and delivered to our employees</li> </ul> | Achieved                      |  |                          |                      |  |                               |   |                |   |          |

The standard components of K&S HR policies, to be adapted for compliance to local regulations of the six sites, are as follows:

- Time and attendance practices
- Vacation, paid and unpaid time off, sick time and holiday
- Performance management
- Employee benefits
- Compensation
- Code of Conduct and professionalism
- Training and development
- Anti-harassment and grievance

K&S recognizes human capital to be its most important asset. With operations around the globe, K&S adopts fair employment and labor practices that comply with local regulations across all sites. The company continually reviews its policies for effectiveness and applicability, benchmarking against market peers to implement leading practices on recruitment, compensation, on-boarding, and employee development. K&S provides employees with an inclusive workplace, ample opportunities for personal growth and development, so that employees are prepared to deliver their best.

### **Engagement & Communication**

Every K&S employee has access to multiple channels including an Open Door policy to voice their suggestions and concerns. All inputs from employees are highly valued as they are

essential towards building a more conducive workplace for learning, growing and excelling. Every two to three years, K&S conducts an all employee engagement survey (Voice of K&S) to gather feedback from employees worldwide. Opportunities are identified to implement employee suggestions for improvement of processes. K&S has enhanced its performance management process by adding self-evaluations for all employees and Career Conversations training for managers. Also, the company has implemented suggestions to enhance its responsiveness to customers.

**Growth and Development**

K&S invests resources to give employees opportunities to grow and develop. Each year, regional HR teams conduct training needs analysis to better identify where to focus its training investments. The various sites offer a diversity of training programs, such as Managing Self, Managing Others, Accountability, Personal Effectiveness, and Effective Communication as well as quality training such as Six Sigma, 6S, Value Engineering, Visual Management and FMEA, all aimed at providing employees with development opportunities that they can benefit from to grow their capabilities and careers. The company employs a variety of training delivery methods including instructor-led classroom trainings, webinars and peer-to-peer group discussions. K&S encourages all its employees to create their own Individual Development Plans (IDP) and share with their managers for coaching and support.

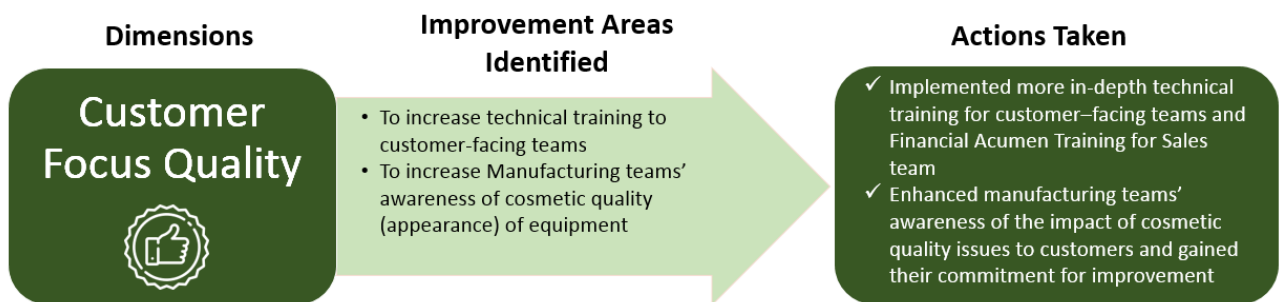


Figure 16: K&S Identified Dimensions, Improvement Areas and Actions Taken

A comprehensive summary in Table 5 lists the types of benefits which full-time employees are entitled to for the various sites. The explanations are listed for the benefits which K&S does not provide. K&S complies with all relevant rules and legislations in cities, states and countries it operates in.











| Sites                      | Life Insurance<br> | Health Care<br>                      | Disability/ Invalidity Coverage<br> | Parental Leave<br> | Retirement Provision<br> | Stock Ownership<br> |
|----------------------------|---|---|--|--|---|--|
| Singapore                  | All are provided  |   |  |  |   |  |
| Suzhou, China              | All are provided  |   |  |  |   |  |
| Fort Washington, PA, USA   | All are provided  |   |  |  |   |  |
| Santa Ana, CA, USA         | All are provided  |   |  |  |   |  |
| Eindhoven, The Netherlands | ✓   | Facilitated through private and individual policies, not provided by employers  | ✓  | ✓  | ✓   | ✓  |
| Haifa, Israel              | ✓   | All employees pay into a socialized medical plan as per Israeli Law and can choose to insure themselves independently | ✓  | ✓  | ✓   | ✓  |

Table 5: Benefits for Full-time K&S Employees

## ENVIRONMENT

### Energy Usage and Associated Greenhouse Gases (GHG) Emissions



|                 | Policies                  | <ul style="list-style-type: none"> <li>K&amp;S Environmental Health and Safety (EHS) Policy</li> </ul>   |                          |                      |  |                           |
|--|---------------------------|--|--------------------------|----------------------|--|---------------------------|
|                 | Practices                 | <ul style="list-style-type: none"> <li>ISO 14001:2015 Environmental Management System</li> <li>Environmental management programs</li> <li>Environment aspect and impact assessment</li> <li>Annual internal and external audits</li> <li>Maintain compliance with EHS, legal and other applicable requirements</li> </ul>                                |                          |                      |  |                           |
|                 | Responsibilities          | <ul style="list-style-type: none"> <li>EHS team located at each of the six sites</li> </ul>  |                          |                      |  |                           |
|                 | Targets                   | <table border="0"> <thead> <tr> <th style="text-align: left;"><u>Target for FY2018</u></th> <th style="text-align: left;"><u>FY2018 Status</u></th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> <li>Reduce electricity consumption from CY2017 by 2%</li> </ul> </td> <td>Achieved (3.6% reduction)</td> </tr> </tbody> </table> | <u>Target for FY2018</u> | <u>FY2018 Status</u> | <ul style="list-style-type: none"> <li>Reduce electricity consumption from CY2017 by 2%</li> </ul> | Achieved (3.6% reduction) |
| <u>Target for FY2018</u>   | <u>FY2018 Status</u>      |  |                          |                      |  |                           |
| <ul style="list-style-type: none"> <li>Reduce electricity consumption from CY2017 by 2%</li> </ul> | Achieved (3.6% reduction) |  |                          |                      |  |                           |

K&S has a corporate EHS policy which outlines its commitment towards conducting its global operations in an environmentally responsible manner. The company complies with all local laws and regulations in countries where it operates. For example, in Eindhoven, The Netherlands, the Dutch Activities Decree stipulates companies that consume more than 50,000 kWh of electricity and / or 25,000 m<sup>3</sup> of gas each year to implement energy-saving measures with a payback period of five years. The Dutch government strictly monitors compliance to these rules. Subsequently, Dutch companies are required to have an Energy Saving Plan which will have to be updated every four years.

Electricity from the grid is the main source of energy used across the six sites. Cognizant of its energy-intensive operations and the environmental impacts, K&S continually seeks ways to improve electrical energy efficiency across all its operations. Improving energy efficiency reduces carbon footprint and lowers utility costs as well. Figure 17 highlights some of the environmental initiatives implemented in FY2018.

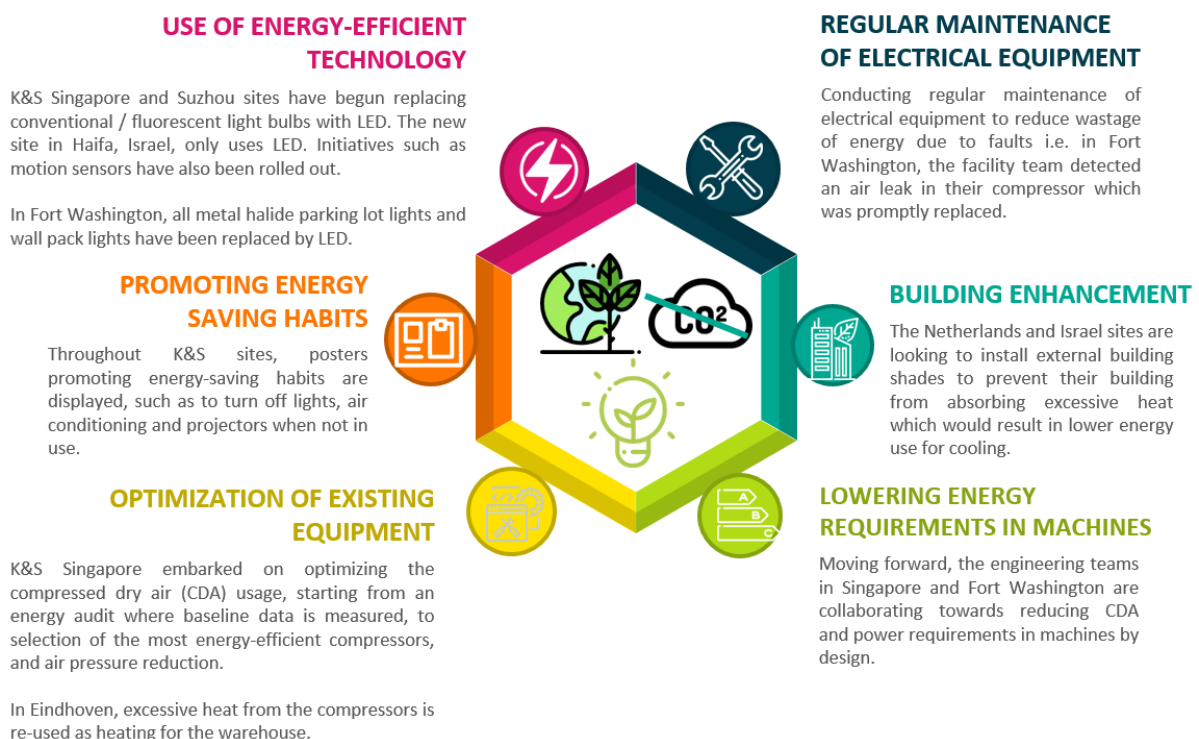


Figure 17: Initiatives Taken and Future Actions Planned for Energy and Emissions Management

Electricity consumption in FY2018 decreased by 2.0% due to the energy saving initiatives implemented as shown in Figure 17. As a result, K&S recorded a 3.6% decrease in electricity intensity from CY2017. A similar decreasing trend can be seen in the GHG emissions<sup>17</sup> recorded for FY2018 in Figure 18.

<sup>17</sup> Scope 2 GHG emissions are a result from the generation of purchased electricity, heating, cooling and steam consumed by K&S. They are calculated by multiplying an emission factor to the electricity consumed by each of the six sites. In Singapore, emission factor used is the grid emission factor for 2017 which is obtained from “2018 Singapore Energy Statistics”, published by the Energy Market Authority of Singapore. In China, the grid emission factors are obtained from the national grid emission factor with 2012 values being the most updated source, Santa Ana and Fort Washington grid emission factors were obtained from Emissions & Generation Resource Integrated Database (eGRID) 2016 published in US EPA. In the Netherlands, grid emission factors were obtained from the grid emission factors published by Covenant of Mayors. For Israel, grid emission factors were obtained from Institute for Global Environmental Strategies (IGES).

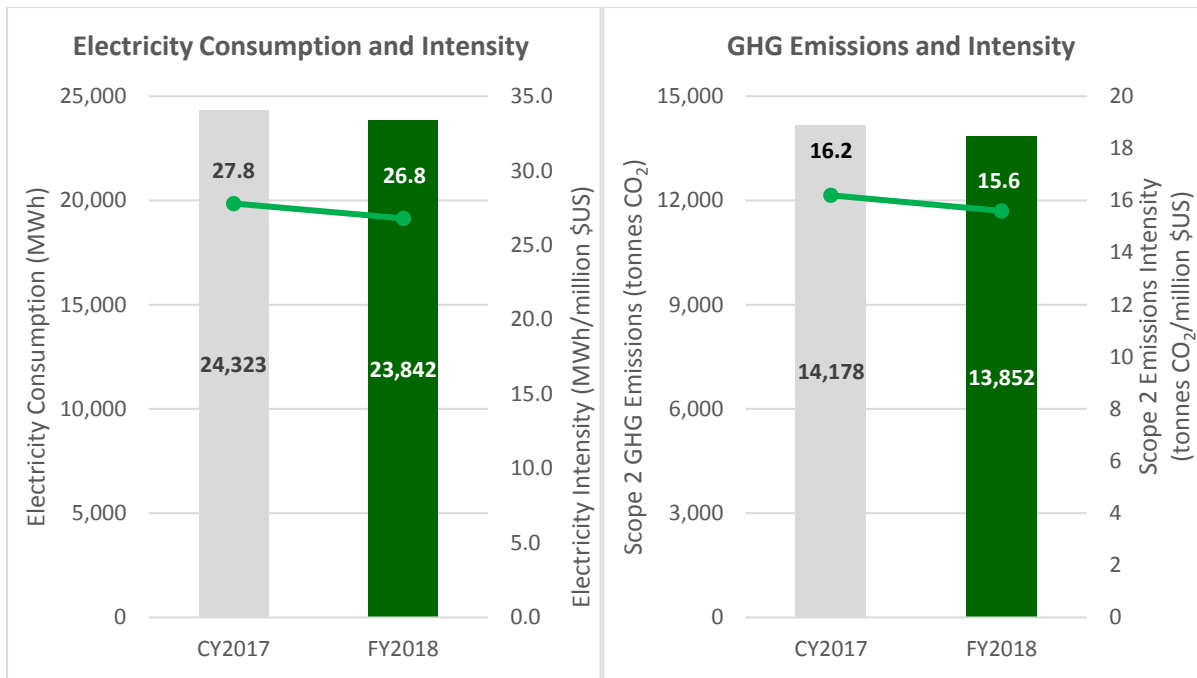






Figure 18: K&S Electricity Consumption & Intensity (left) and Scope 2 GHG Emissions & Intensity (right)<sup>18</sup>

## MATERIALS

### Paper Usage and Recycling Rate





|            | <b>Policies</b>         | <ul style="list-style-type: none"> <li>K&amp;S Environmental Health and Safety (EHS) Policy</li> </ul>   |                          |                      |   |                |   |                  |
|---|-------------------------|--|--------------------------|----------------------|---|----------------|---|------------------|
|            | <b>Practices</b>        | <ul style="list-style-type: none"> <li>All six sites are ISO 14001:2015 Environmental Management System certified</li> <li>Environmental management programs</li> <li>Educating and raising awareness amongst stakeholders</li> <li>Annual management review meetings</li> <li>Annual internal and external audits</li> </ul>  |                          |                      |   |                |   |                  |
|            | <b>Responsibilities</b> | <ul style="list-style-type: none"> <li>Respective EHS teams located at each of the six sites</li> </ul>  |                          |                      |   |                |   |                  |
|            | <b>Targets</b>          | <table border="1"> <thead> <tr> <th><u>Perpetual Targets</u></th> <th><u>FY2018 Status</u></th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> <li>Reduce paper usage from previous year by 3%</li> </ul> </td> <td>Achieved (26%)</td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>Achieve waste recycling above 40%</li> </ul> </td> <td>Achieved (49.6%)</td> </tr> </tbody> </table> | <u>Perpetual Targets</u> | <u>FY2018 Status</u> | <ul style="list-style-type: none"> <li>Reduce paper usage from previous year by 3%</li> </ul> | Achieved (26%) | <ul style="list-style-type: none"> <li>Achieve waste recycling above 40%</li> </ul> | Achieved (49.6%) |
| <u>Perpetual Targets</u>  | <u>FY2018 Status</u>    |  |                          |                      |   |                |   |                  |
| <ul style="list-style-type: none"> <li>Reduce paper usage from previous year by 3%</li> </ul> | Achieved (26%)          |  |                          |                      |   |                |   |                  |
| <ul style="list-style-type: none"> <li>Achieve waste recycling above 40%</li> </ul>           | Achieved (49.6%)        |  |                          |                      |   |                |   |                  |

<sup>18</sup> Electricity consumption, GHG Emissions and respective intensity values have been restated as there was an error in the meter readings at the Singapore facility in CY2017. Electricity consumption has been revised with correct meter readings provided by the Power Grid in Singapore.

The issue of waste generation is prevalent in the manufacturing industry. Since 2016, in line with Kulicke & Soffa’s EHS policy, the company has been looking into ways to reduce waste generation by optimizing resource usage. K&S is moving towards a more sustainable patterns of consumption by guiding each of its site to adopt and implement initiatives to achieve corporate targets. K&S has achieved both the targets for paper usage and recycling rate in FY2018.

|                           | <i>Values are normalized by net revenue</i> |        |
|---------------------------|---|--------|
|                           | CY2017                                      | FY2018 |
| Paper Usage (kg/mil \$US) | 31  | 23     |
| Waste Recycling Rate (%)  | 28.8%                                       | 49.6%  |

The MRs and sustainability team members located at various K&S sites brainstorm for initiatives to achieve the sustainability targets. In FY2018, K&S has embarked on several projects aimed at optimizing paper consumption and streamlining waste generated across departments. Some of these initiatives are summarized in Table 6. During the year, performance will be regularly monitored and tracked with results being reviewed by the Management quarterly and published in the annual Sustainability Report.

| Sites              | Paper Usage<br>   | Waste Recycling<br>  |
|--------------------|--|---|
| Singapore          | <ul style="list-style-type: none"> <li>Mapping of paper usage across various departments to identify opportunities for reduction               <ul style="list-style-type: none"> <li>Move towards paperless processes</li> <li>Reduction in distribution of hardcopy manuals</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>Adopted Value Stream Mapping Charter on waste management               <ul style="list-style-type: none"> <li>Refer to Case Study 2</li> </ul> </li> </ul>   |
| Suzhou, China      | <ul style="list-style-type: none"> <li>Implemented printing and copier tracking on paper usage</li> <li>Increase employees’ awareness on paper conservation to print only when necessary and encourage paper reuse and double-sided printing</li> </ul>  | <ul style="list-style-type: none"> <li>Emphasized on proper waste segregation between recyclables and non-recyclables</li> </ul>  |
| Santa Ana, CA, USA | <ul style="list-style-type: none"> <li>Increased employees’ awareness on paper conservation through educational posters displayed on site</li> </ul>   | <ul style="list-style-type: none"> <li>Implementation of the Environmental Management Program that aims to divert more than 50%<sup>19</sup> of waste from landfills through site-specific procedures, such as by measuring and monitoring solid waste and recyclables</li> </ul> |

<sup>19</sup> Landfill diversion rate is calculated as weight of recycled materials over the total weight of recycled materials and landfill waste.





| Sites                    | <b>Paper Usage</b><br>  | <b>Waste Recycling</b><br>   |
|--------------------------|--|---|
| Fort Washington, PA, USA | <ul style="list-style-type: none"> <li>Various departments have begun working on paperless initiatives and processes</li> </ul>  | <ul style="list-style-type: none"> <li>Like Santa Ana, Fort Washington has also set a target of achieving a landfill diversion rate above 25% by:               <ul style="list-style-type: none"> <li>Rolling out lab clean ups to reduce waste accumulation</li> <li>Having cleaned, organized and standardized labs</li> </ul> </li> </ul> |
| Haifa, Israel            | <ul style="list-style-type: none"> <li>Encourage employees on adopting a paperless office</li> <li>Using ecological or recycled paper</li> <li>Encourage paper reuse and printers have been set to double-printing as default</li> </ul> | <ul style="list-style-type: none"> <li>Employees were provided with porcelain cups and all disposable utensils were removed from the office</li> </ul>  |

Table 6: Select K&S Initiatives on paper usage and waste recycling

### Value Stream Mapping for Waste Management at K&S Singapore

To better manage waste disposal and raise recycling rate, the EHS Team in Singapore adopted value stream mapping to help various departments understand flow of material from the start to end. The process has identified gaps and relevant actions have been taken, detailed in the table below.

| Gaps Identified   | Actions Taken  |
|---|--|
| <ul style="list-style-type: none"> <li>Discrepancy between tracked disposed waste versus actual waste generated</li> <li>Lack of proper waste identification (what is considered as waste)</li> <li>Lack of proper waste classification (what type of waste)</li> <li>Some departments were left out in waste tracking</li> </ul> | <ol style="list-style-type: none"> <li>Conducted Gemba Walk to assess current state of waste management process</li> <li>Mapped out waste disposal process stating various waste categories, person-in-charge, sources of waste</li> <li>Identified gaps and brainstormed on action plans for improvement</li> <li>Implemented monthly reporting on solid waste and recycled waste disposal</li> </ol> |

Table 7: Gaps Identified and Actions Taken by K&S Singapore

Since the implementation, waste has undergone proper classification and percentage of recyclable has improved significantly from the previous year. In addition, a RASCI\* system has been implemented which guides on the allocation of waste management resources. The FY2018 recycling rate was 62.7% (of total solid waste recorded 436 kg), an improvement of 6.9% from CY2017.

\*RASCI describes the level of responsibility in a decreasing manner. It stands for who is responsible, who is accountable, who is supporting, who is consulted and who should be informed.

Case Study 2: Value Stream Mapping for Waste Management at K&S Singapore

## Conflict Minerals (CM)



|  | Policies                        | <ul style="list-style-type: none"> <li>K&amp;S CM Sourcing Policy</li> </ul>  |                           |                      |   |                                 |   |                   |                           |                      |  |             |
|--|---------------------------------|---|---------------------------|----------------------|---|---------------------------------|---|-------------------|---------------------------|----------------------|--|-------------|
|  | Practices                       | <ul style="list-style-type: none"> <li>Annual reporting<sup>20</sup> to SEC on CM due diligence</li> </ul>  |                           |                      |   |                                 |   |                   |                           |                      |  |             |
|  | Responsibilities                | <ul style="list-style-type: none"> <li>CM committee – Global cross-functional team led by Corporate Quality</li> </ul>  |                           |                      |   |                                 |   |                   |                           |                      |  |             |
|  | Targets                         | <table border="0"> <thead> <tr> <th data-bbox="730 663 959 696"><u>Targets for FY2018</u></th> <th data-bbox="1185 663 1361 696"><u>FY2018 Status</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="579 707 1050 819"> <ul style="list-style-type: none"> <li>Achieve 100% CM Reporting Template (CMRT) response from suppliers</li> </ul> </td> <td data-bbox="1209 707 1337 786">On track<sup>21</sup><br/>(98%)</td> </tr> <tr> <td data-bbox="579 864 1102 976"> <ul style="list-style-type: none"> <li>Increase the number of Conflict-Free Smelters (CFS) identified or active in the program</li> </ul> </td> <td data-bbox="1209 864 1329 943">Achieved<br/>(290)</td> </tr> <tr> <th data-bbox="730 1010 959 1043"><u>Targets for FY2022</u></th> <th data-bbox="1185 1010 1361 1043"><u>FY2018 Status</u></th> </tr> <tr> <td data-bbox="579 1043 1050 1155"> <ul style="list-style-type: none"> <li>Gradual progress towards 100% Conflict Mineral-free (CM-free) products shipped from 2022</li> </ul> </td> <td data-bbox="1209 1043 1345 1077">In progress</td> </tr> </tbody> </table> | <u>Targets for FY2018</u> | <u>FY2018 Status</u> | <ul style="list-style-type: none"> <li>Achieve 100% CM Reporting Template (CMRT) response from suppliers</li> </ul> | On track <sup>21</sup><br>(98%) | <ul style="list-style-type: none"> <li>Increase the number of Conflict-Free Smelters (CFS) identified or active in the program</li> </ul> | Achieved<br>(290) | <u>Targets for FY2022</u> | <u>FY2018 Status</u> | <ul style="list-style-type: none"> <li>Gradual progress towards 100% Conflict Mineral-free (CM-free) products shipped from 2022</li> </ul> | In progress |
| <u>Targets for FY2018</u>  | <u>FY2018 Status</u>            |   |                           |                      |   |                                 |   |                   |                           |                      |  |             |
| <ul style="list-style-type: none"> <li>Achieve 100% CM Reporting Template (CMRT) response from suppliers</li> </ul>                        | On track <sup>21</sup><br>(98%) |   |                           |                      |   |                                 |   |                   |                           |                      |  |             |
| <ul style="list-style-type: none"> <li>Increase the number of Conflict-Free Smelters (CFS) identified or active in the program</li> </ul>  | Achieved<br>(290)               |   |                           |                      |   |                                 |   |                   |                           |                      |  |             |
| <u>Targets for FY2022</u>  | <u>FY2018 Status</u>            |   |                           |                      |   |                                 |   |                   |                           |                      |  |             |
| <ul style="list-style-type: none"> <li>Gradual progress towards 100% Conflict Mineral-free (CM-free) products shipped from 2022</li> </ul> | In progress                     |   |                           |                      |   |                                 |   |                   |                           |                      |  |             |

The manufacturing of our products requires the use of Tin, Tantalum, Tungsten and Gold (3TGs). K&S upholds its commitment towards corporate responsibility and support of the Securities and Exchange Commission’s (SEC) Conflict Minerals Rule, sourcing only from Democratic Republic of Congo (DRC) conflict-free zones. This is in response to the discovery of instances where minerals are mined in environments that violate human rights and the proceeds are used to finance unlawful activities by armed groups.

The K&S due diligence process is consistent with the Organization for Economic Co-Operation and Development (OECD) Due Diligence Guidance. All K&S suppliers are required to be in full compliance with the K&S CM Sourcing Policy. In CY2017, results showed an increase in the numbers of smelters identified or are active in the CFS program at 290, from 267 in prior year. K&S is on track towards 100% CMRT response rate at 98% from CY2017. The company aims to maintain its positive achievement and progresses towards 100% CM-free products shipped from CY2022.

For more information on CM Disclosure, please refer to the CM Report found on K&S website at [www.kns.com/Corporate-Responsibility](http://www.kns.com/Corporate-Responsibility).

<sup>20</sup> Reporting cycle for Conflict Minerals Disclosure has been mandated on a calendar year basis by the Securities and Exchange Commission (SEC).

<sup>21</sup> K&S is unable to confirm performance for FY2018 in this Sustainability Report as our Conflict Minerals report will only be finalized in April 2019. Currently, we are on track to achieving our targets.

## Restriction of Hazardous Substances (RoHS)



|   |   |  |                                      |                      |   |   |                           |                      |   |             |
|---|---|--|--------------------------------------|----------------------|---|---|---------------------------|----------------------|---|-------------|
|   | Policies  | <ul style="list-style-type: none"> <li>Corporate RoHS compliant objective</li> </ul>   |                                      |                      |   |   |                           |                      |   |             |
|   | Practices   | <ul style="list-style-type: none"> <li>Voluntary compliance to RoHS directives</li> </ul>  |                                      |                      |   |   |                           |                      |   |             |
|   | Responsibilities  | <ul style="list-style-type: none"> <li>Go-Green committee – global cross-functional team led by Corporate Quality</li> </ul>   |                                      |                      |   |   |                           |                      |   |             |
|   | Targets   | <table border="0"> <tr> <td data-bbox="632 651 1007 680"><u>Targets for FY2018 and FY2019</u></td> <td data-bbox="1142 651 1315 680"><u>FY2018 Status</u></td> </tr> <tr> <td data-bbox="584 719 1054 824"> <ul style="list-style-type: none"> <li>Achieve 100% RoHS-compliant for new core platform launched (Ball Bonder and Wedge Bonder)</li> </ul> </td> <td data-bbox="1086 687 1407 824">                     Achieved<br/>                     (Declared RoHS-compliant for two newly launched products in FY2018)                 </td> </tr> <tr> <td data-bbox="703 898 935 927"><u>Targets for FY2020</u></td> <td data-bbox="1158 898 1331 927"><u>FY2020 Status</u></td> </tr> <tr> <td data-bbox="584 943 1043 1039"> <ul style="list-style-type: none"> <li>Achieve 100% RoHS-compliant for all other new core platforms launched</li> </ul> </td> <td data-bbox="1174 943 1315 972">In progress</td> </tr> </table> | <u>Targets for FY2018 and FY2019</u> | <u>FY2018 Status</u> | <ul style="list-style-type: none"> <li>Achieve 100% RoHS-compliant for new core platform launched (Ball Bonder and Wedge Bonder)</li> </ul> | Achieved<br>(Declared RoHS-compliant for two newly launched products in FY2018) | <u>Targets for FY2020</u> | <u>FY2020 Status</u> | <ul style="list-style-type: none"> <li>Achieve 100% RoHS-compliant for all other new core platforms launched</li> </ul> | In progress |
| <u>Targets for FY2018 and FY2019</u>  | <u>FY2018 Status</u>  |  |                                      |                      |   |   |                           |                      |   |             |
| <ul style="list-style-type: none"> <li>Achieve 100% RoHS-compliant for new core platform launched (Ball Bonder and Wedge Bonder)</li> </ul> | Achieved<br>(Declared RoHS-compliant for two newly launched products in FY2018) |  |                                      |                      |   |   |                           |                      |   |             |
| <u>Targets for FY2020</u>   | <u>FY2020 Status</u>  |  |                                      |                      |   |   |                           |                      |   |             |
| <ul style="list-style-type: none"> <li>Achieve 100% RoHS-compliant for all other new core platforms launched</li> </ul>                     | In progress   |  |                                      |                      |   |   |                           |                      |   |             |

When electrical and electronic equipment waste are not properly managed, the hazardous content present can cause major environmental and health problems. The European Union (EU) has set an environmental directive which restricts certain substances in electrical and electronic products exported to the EU. Although K&S equipment are excluded from this RoHS directive, the company is in voluntarily compliance with RoHS regulations<sup>22</sup>.

Since 2013, the Go-Green Committee has been active in product content evaluation to reduce and eliminate use of hazardous materials in K&S products. Actions have been taken to identify and replace non-RoHS-compliant parts with RoHS-compliant parts in new equipment such as Bill-of-Materials (BOM) scrub to clean off inconsistencies and mitigate potential risks in baseline products. In FY2018, K&S has launched two new equipment which are RoHS-compliant. In FY2020, K&S targets for all new platforms launched to be RoHS-compliant.

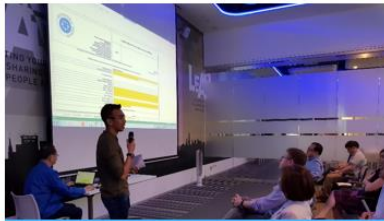
<sup>22</sup> The RoHS regulation specifies maximum levels of 1000 ppm (except for Cadmium, which is 100 ppm) for the following six hazardous materials namely, Lead, Mercury, Cadmium, Hexavalent Chromium, Polybrominated Biphenyls (PBB) and Polybrominated Diphenyl Ethers (PBDE).

## Supplier Workshop on Conflict Mineral and RoHS

Since 2015, annual Conflict Mineral and RoHS Supplier Workshops were conducted to K&S suppliers (new and higher-risk Tier 1 suppliers). The objective is to inform and align them on Kulicke & Soffa's expectations on CM and RoHS requirements to facilitate the process of achieving yearly targets. Regional suppliers also participated in this event. An award ceremony would be held to recognize the partnership and collaboration with key suppliers on this journey.



Supply Chain presented on K&S' expectations on CM.



SQE elaborated on how to fill out the CMRT form.



Suppliers shared their CM journey.



Appreciation awards to suppliers for their partnership.



Engineering presented on RoHS and K&S' expectation.



Q&A session with participative audience.

Case Study 3: Supplier Workshop on Conflict Mineral and RoHS

# CORPORATE SOCIAL RESPONSIBILITY



## Singapore

### NEWater plant visit in February 2018

- Employees learned how NEWater is being produced to aid Singapore in its water sustainability efforts and followed the journey of a water molecule undergoing treatment via membrane and UV technologies.



### Earth Hour in March 2018

- Switched off all non-essential lights in K&S Singapore facility for two hours.
- Third year of collaboration with the building management to participate in Earth Hour.



### K&S Staff Bazaar in May 2018

- Invited external vendors to set up food and retail stalls at K&S Townhall.
- SAVH<sup>21</sup> received over S\$ 400 in contributions for the massages.
- Food Bank collected over S\$ 2,150 in donations from employees.



### Operation Beach Clean-Up in June 2018

- 38 employees participated in the annual beach clean-up, collecting over 33 kg of rubbish.



### Food Bank distribution in July 2018

- A total of S\$ 2,150 raised from donors and volunteers from K&S Staff Bazaar was put together and 215 food bundles were distributed to the underprivileged in Singapore.



### Blood Donation Drive in September 2018

- Blood donation drive conducted in collaboration with Red Cross Singapore received 37 registrations, with 28 qualified donors.



## Israel

### Donation drives in March 2018 and September 2018

- Toys, school equipment and clothing were collected and donated to a daycare in Yokneam for children from economically disadvantaged families.
- In preparation for the Jewish New Year, Micro-Swiss employees volunteered in donating, packing and distributing groceries for families in need.



<sup>23</sup> Singapore Association of the Visually Handicapped (SAVH) is the national voluntary welfare organization for the visually impaired.



## China – Suzhou

### Book donation and library setup for students in May 2018

- In collaboration with the Suzhou Union, a total of 1,237 books were donated to set up a K&S Library in Da Yuan Primary School in the Yun Nan Province.



### Blood Donation Drive in September 2018

- A total of 63 employees participated in an annual blood donation drive where a total of 18.1 litres of blood (approximately 55 bags) were donated.



## USA – Fort Washington, PA

### Adopt-A-Family in November 2017

- Employees fulfilled 30 wishes to individuals and families in need, donating over US\$1,000 in groceries and 125 gifts (clothes and toys).



## USA – Santa Ana, CA

### ASPCA bake sale in June 2018

- Employees sold baked goods, raising US\$260 which was donated to the American Society for the Prevention of Cruelty to Animals (ASPCA) association.



### 6<sup>th</sup> annual canned food drive in November and December 2017

- Over 400 lbs. (181 kg) of food and US\$200 were donated to the Second Harvest Food Bank, a leading hunger-relief organization in Orange Country, benefitting thousands.



### Toys for Tots in December 2017

- Held 20<sup>th</sup> Annual Spark of Love Toy Drive to collect toys and other items for underprivileged children.
- Toys were taken to local fire stations, and distributed to homeless shelters and battered women shelters.



### Socktober in October 2017

- Socks are found to be the least donated items to homeless shelters. In response to this, K&S cooperated with Oak Grove Elementary School in Aliso Viejo, to collect and donate socks to Mercy House – an organization providing housing and support services to aid the homeless.



## GRI CONTENT INDEX

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| 102-52                            | Reporting cycle  | Annual   |             |
| 102-53                            | Contact point for questions regarding the report         | Commitment to Sustainability   | Pg. 7       |
| 102-54                            | Claims of reporting in accordance with the GRI Standards | About this Report  | Pg. 5       |
| 102-55                            | GRI content index  | GRI Content Index  | Pg. 37 – 40 |
| 102-56                            | External assurance                                       | K&S has not sought external assurance for this Sustainability Report |             |

| Material Matters                        |       |   |                                 |             |
|---|-------|---|---------------------------------|-------------|
| GRI Standard Disclosure Reference       |       | Description   | Location or Reason for Omission |             |
| <b>Customer Satisfaction</b>            |       |   |                                 |             |
| GRI 103: Management Approach 2016       | 103-1 | Explanation of the material topic and its Boundary                        | Customer Satisfaction           | Pg. 17 – 18 |
|   | 103-2 | The management approach and its components                                | Customer Satisfaction           | Pg. 17 – 18 |
|   | 103-3 | Evaluation of the management approach                                     | Customer Satisfaction           | Pg. 17 – 18 |
| <b>Economic Performance</b>             |       |   |                                 |             |
| GRI 103: Management Approach 2016       | 103-1 | Explanation of the material topic and its Boundary                        | Economic Performance            | Pg. 14      |
|   | 103-2 | The management approach and its components                                | Economic Performance            | Pg. 14      |
|   | 103-3 | Evaluation of the management approach                                     | Economic Performance            | Pg. 14      |
| GRI 201: Economic Performance 2016      | 201-1 | Economic value generated and distributed                                  | Economic Performance            | Pg. 14      |
| <b>Ethics, Bribery &amp; Corruption</b> |       |   |                                 |             |
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|   | 103-2 | The management approach and its components                                | Ethics, Bribery & Corruption    | Pg. 13 – 14 |
|   | 103-3 | Evaluation of the management approach                                     | Ethics, Bribery & Corruption    | Pg. 13 – 14 |
| GRI 205: Anti-Corruption 2016           | 205-2 | Communications and training about anti-corruption policies and procedures | Ethics, Bribery & Corruption    | Pg. 13 – 14 |



| Material Matters                                   |       |  |   |             |
|--|-------|--|---|-------------|
| GRI Standard Disclosure Reference                  |       | Description  | Location or Reason for Omission           |             |
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|  | 103-2 | The management approach and its components   | Materials                                 | Pg. 29 – 31 |
|  | 103-3 | Evaluation of the management approach  | Materials                                 | Pg. 29 – 31 |
| <b>Energy Usage &amp; Associated GHG Emissions</b> |       |  |   |             |
| GRI 103: Management Approach 2016                  | 103-1 | Explanation of the material topic and its Boundary   | Energy Usage and Associated GHG Emissions | Pg. 27 – 29 |
|  | 103-2 | The management approach and its components   | Energy Usage & Associated GHG Emissions   | Pg. 27 – 29 |
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| GRI 302: Energy 2016                               | 302-1 | Energy consumption within the organization   | Energy Usage & Associated GHG Emissions   | Pg. 29      |
|  | 302-3 | Energy Intensity   | Energy Usage & Associated GHG Emissions   | Pg. 29      |
| GRI 305: Emissions 2016                            | 305-2 | Energy indirect greenhouse gas (GHG) emissions (scope 2)   | Energy Usage & Associated GHG Emissions   | Pg. 29      |
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| <b>Employment and Labor Practices</b>              |       |  |   |             |
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| GRI 401: Employment 2016                           | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | Employment and Labor Practices            | Pg. 27      |
| <b>Occupational Health &amp; Safety</b>            |       |  |   |             |
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| Material Matters                             |       |   |                                      |             |
|--|-------|---|--------------------------------------|-------------|
| GRI Standard Disclosure Reference            |       | Description   | Location or Reason for Omission      |             |
|  | 103-3 | Evaluation of the management approach   | Occupational Health and Safety (OHS) | Pg. 21 – 24 |
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| Customer Health & Safety                     |       |   |                                      |             |
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|  | 103-3 | Evaluation of the management approach   | Customer Health and Safety           | Pg. 19      |
| GRI 416: Customer Health and Safety 2016     | 416-1 | Assessment of the health and safety impacts of product and service categories   | Customer Health and Safety           | Pg. 19      |
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| Product Service and Innovation               |       |   |                                      |             |
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| Non-GRI topic specific disclosure            | -     | Percentage of revenue invested into R&D   | Product and Service Innovation       | Pg. 15 – 16 |



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