

平衡分配利益 永续发展经营
Balanced Stakeholder Interest for Sustainable Business



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FOREWORD

Reporting Scope:

The Board of Directors (“Board”) of Mi Technovation Berhad (“Mi” or “the Group”) presents this Sustainability Report (“Report”), which is Mi’s second standalone sustainability report. The reporting scope of this Report includes the Group’s key operating segments which are also main revenue contributors of the Group, namely the Semiconductor Equipment Business Unit (“SEBU”) and the Semiconductor Material Business Unit (“SMBU”) segments, which are represented by Mi Equipment (M) Sdn. Bhd. (“Mi Equipment Malaysia”) and Accurus Scientific Co. Ltd. (“Accurus Scientific Taiwan”), respectively.

The data presented in this report covers the financial period from 1st January 2022 to 31st December 2022 (“FYE 2022”). In addition to communicating our sustainability performance for the financial year under review, our Sustainability Report 2022 also showcases the Company’s sustainability journey towards Environmental protection, Social responsibility and Corporate governance (“ESG”) initiative. Through this report, Mi continues to provide updates on the strategies and approaches we have put in place to build a sustainable future.

Reporting Guidelines:

This Report is guided by the relevant sustainability disclosure requirements of Bursa Malaysia Securities Berhad (“Bursa”) Main Market Listing Requirements (“Listing Requirements”) and has considered Bursa’s Sustainability Reporting Guide 3rd Edition and its accompanying Toolkits. Our disclosures are also prepared and guided by the consideration relevant to the ESG assessments of the FTSE4Good Bursa Malaysia Index, which was designed to support investors in making ESG investments in Malaysian listed companies.

External Assurance:

There is no external assurance in seeking an independent evaluation of performance data published in this Report. Regular audits by internal and external auditors are in place in relations to the policies and procedures quoted in this Report. The Report is reviewed and approved by the Board Sustainability Committee and Board.

Availability and Feedback:

A PDF version of this Report is available at our corporate website at <https://www.mi-technovation.com/>. Feedback is essential for us to continuously improve and can empower positive change for our reporting. We value and welcome the feedback from our stakeholders on this Report. Kindly send the feedback to esg@mi-technovation.com.

We seek to deliver value; We innovate for tomorrow.

CEO'S MESSAGE

秉持平衡分配利益相关者的权益，以确保永续经营

Adhering to the balanced distribution of the interests of stakeholders to ensure sustainable development.

OH KUANG ENG
Group Chief Executive Officer



Dear Stakeholders,

To Mi, a successful business is defined by a balanced delivery of value to its stakeholders. “Balanced Stakeholder Interest” is the business philosophy that Mi has been adopting and striving to achieve to promote long-term value creation in the pursuit of our commercial objectives and attain sustainable value for our stakeholders as we understand stakeholders have diverse needs and different expectations.

We emphasise the fair distribution of value not only to shareholders and investors but also to all Mi’s stakeholders as below:

Customer

Having satisfied customers is vital to the success of Mi to build customer loyalty and increase customer retention. By offering best performance and value-for-money products while delivering excellent customer service to our customers, we strive to achieve success in the competitive marketplace.

Employee

Employees are one of the most important assets of the company and a fair pay structure is essential to retain good employees. Recognition of employees’ achievements is important to keep them motivated as we are seeking to provide our employees with the best possible benefits and ensure everyone is sharing the success of the business and continue to contribute to the growth of the business together.

Supply chain

Suppliers are the cornerstone of our supply chain. We work with many suppliers, and having a long-term partnership with trustworthy and reliable suppliers is our ultimate goal. Mi’s supply chain team works with suppliers for the best price possible while ensuring the products supplied by our vendors are of their highest quality, quality control is maintained, and that after-sales services are provided on time.

Shareholder and investors

We want our shareholders and investors to earn a good return. We review Mi’s business on an ongoing basis to ensure that it remains aligned with the corporate strategy and remains focused on generating long-term shareholder value.

CEO'S MESSAGE

Environment and community initiatives

Our efforts do not end with our projects; we also care about the sustainability of our environment and society. We work towards environmental protection including the conservation of biodiversity and giving back to the community around us. We encourage and offer opportunities for employees to participate in our corporate social responsibility initiatives by making contributions to the community through volunteering to participate and support activities by local charitable organisations, events organised by our in-house staff, as well as other initiatives that take place throughout the year.

In this Report, we are pleased to share with you our progress for FYE 2022 and our compass towards sustainable development. In the coming years, we will continue to drive Mi's organic and inorganic growth based on the planned roadmap while also focusing on the following:

- Continued research and development to enhance operational efficiency and product performance;
- Rewarding employees fairly for their hard work;
- Embedding good governance, ethics, and business integrity in all aspects of the Group's activities; and
- Committed return of profits to shareholders and investors

2023 may be another challenging year, but Mi remains cautiously optimistic that we are on the right track on our planned roadmap to grow and expand as a sustainable business.

OH KUANG ENG
Group Chief Executive Officer

Balanced Stakeholder Interest for Sustainable Business

SUSTAINABILITY HIGHLIGHTS

1. Sustainable Business



We adopt a “Balanced Stakeholder Interest” approach towards sustainable business success through a fair distribution of the economic value that we created.

2. Responsible Business Practices



We integrate good governance and ethics in our operations while we strongly promote integrity, transparency, accountability, and responsiveness in managing business.

3. Impact Within & Beyond Business Operations



We support community initiatives that strengthen and improve wellbeing, education, and healthcare. We will further extend our initiative to conserve biodiversity.

Sustainable Financial Growth

3.7% in Revenue

18.8% in Profit Before Tax



Corporate Governance Policies

- Anti-Bribery & Corruption
- Whistleblowing
- Code of Conduct and Ethics



Solar Energy

Produced **198MWh** from photovoltaic system



Multiple Sites

across six (6) countries

Multiple Business Unit



Corporate Governance Awareness

ALL employees received E-Learning materials
99% of the quiz participants answer >80% questions correctly



Recycled Wastes

19.77 Tonne wastes is collected and recycled



Intellectual Property Capital

43 Patents granted

*10.26% increased from 2021

22 Pending patents



Regulatory Compliance

- Minimum wage according to local statutory requirement
- Bursa listing requirements



Carbon Offsetting ^(NEW)

Offset 222 t/co2e

carbon emitted from Group business air travel



Quality Assurance

We are certified for

✓ ISO 9001:2015

✓ IATF 16949:2016



0 Incident on

- Bribery and Corruption
- Whistleblowing
- Discrimination & Harassment
- Labor & Human Rights Disputes



Community & Environmental Contribution

RM 239,477



ABOUT Mi TECHNOVATION BERHAD

Company Overview

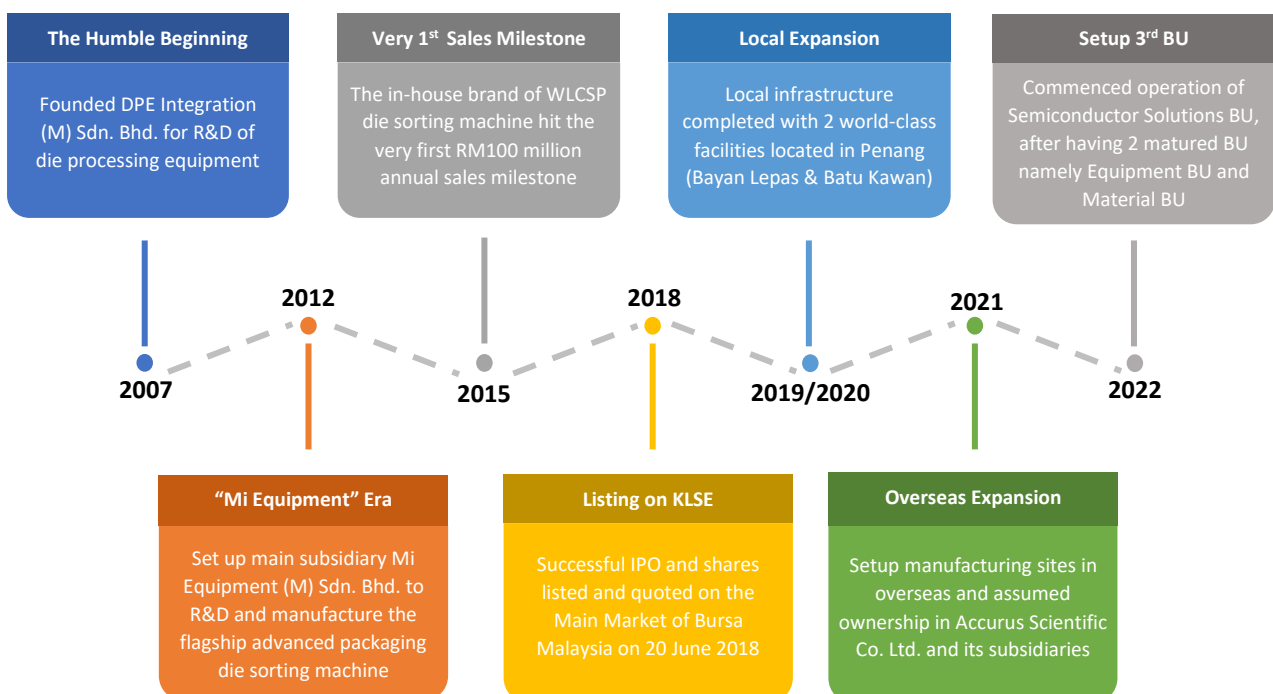
Mi Technovation Berhad (KLSE: MI 5286) is a public listed company in Malaysia with its shares listed and quoted on the Main Market of Bursa Malaysia Securities Berhad since 20 June 2018.

The Group’s corporate journey began with the founding of DPE Integration (M) Sdn. Bhd. (“DPE”) in 2007 which ventured into the research and development of die processing equipment. In 2012, the main subsidiary Mi Equipment (M) Sdn. Bhd. was set up to venture into the research and development, and manufacturing of advanced packaging die sorting machines with vision inspection capability for the semiconductor industry. Since then, the in-house brand of Wafer Level Chip Scale Packaging (“WLSCP”) sorting machine has become the Group’s flagship product, which enabled the Group to achieve its first sales milestone of RM100 million in 2015.

From 2019 onwards, with the proceeds raised from the IPO, the Group’s growth plan has been accelerated with capacity expansion and the commercialization of new and wider product ranges. This has paved the way for the Group to propel itself into the international arena and become a leading player in the global semiconductor industry with multiple products across multiple countries.

In April 2021, the Group successfully acquired Accurus Scientific Co. Ltd. and its subsidiaries, one of the key suppliers of semiconductor materials in the semiconductor industry. The Group commenced a new business unit, namely Semiconductor Solution Business Unit in July 2022. With the combined strength and technological development synergies arising from business integration of the three business units, the Group is in a strategic position within the semiconductor value chain to provide total solutions to its customers with better cost structure, seamless technology development as well as innovation in both material and equipment.

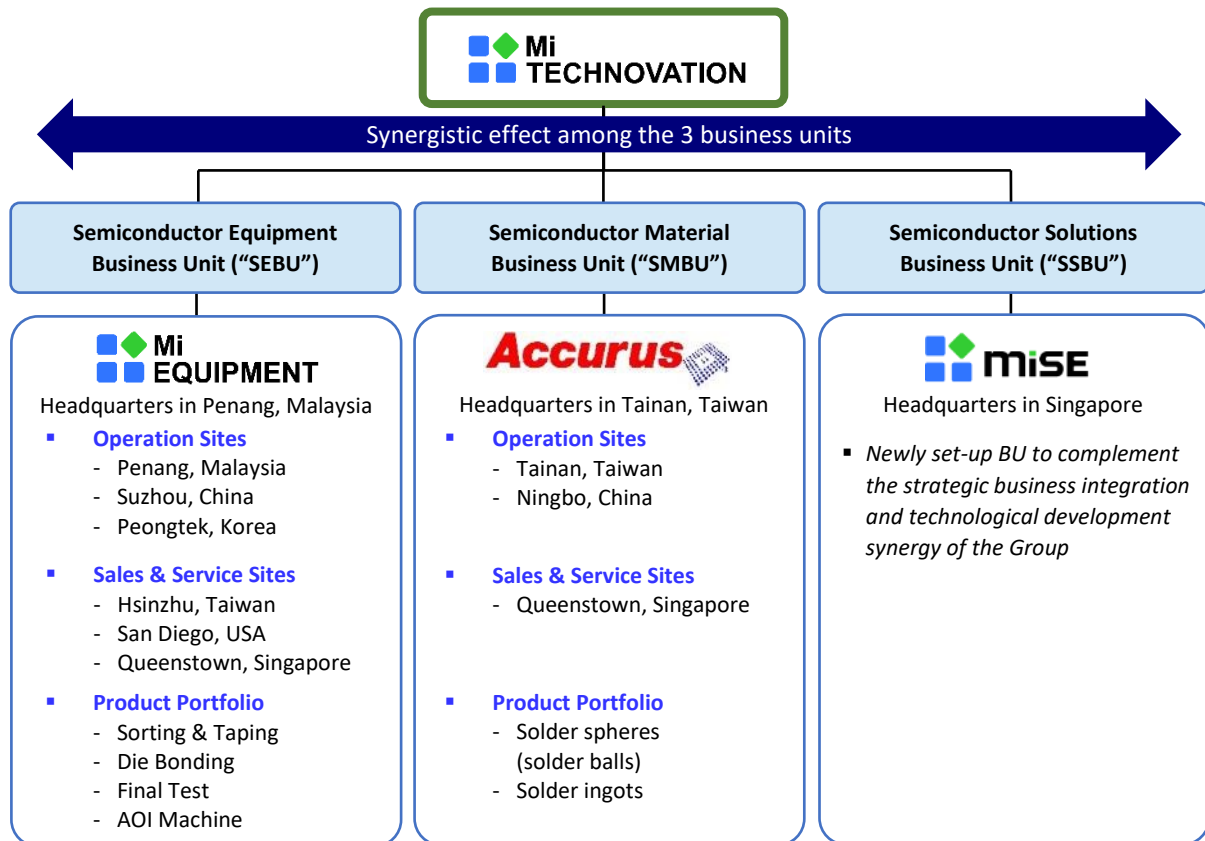
Our Key Milestone



ABOUT Mi TECHNOVATION BERHAD

Business Structure and Product Portfolio

The Group’s business is mainly categorized into 3 business units, namely Semiconductor Equipment Business Unit (“SEBU”), Semiconductor Material Business Unit (“SMBU”) and Semiconductor Solutions Business Unit (“SSBU”).



SEBU is an organic-growth business operated under the Mi Equipment trademark with a global footprint and an especially strong presence in Asia and America. The headquarters which is also the main manufacturing site is in Penang, Malaysia. SEBU is involved in the manufacturing and sales of semiconductor manufacturing equipment, paired with smart factory automation solutions for Industrial 4.0, as well as the provision of maintenance services and technical support for these machines, and the sale of related spare parts and components.


SMBU was expanded through acquisition and is operating under the Accurus Scientific trademark with physical presence in Tainan (Taiwan), Ningbo (China) and Singapore. The headquarters of SMBU is in Tainan, Taiwan. SMBU is involved in the manufacturing and sale of solder spheres (or solder balls), with some activities in design, development, manufacturing, and sale of machinery as well as solder ingots, solder paste and ESD bottles to complement customers’ purchasing needs.

SSBU is a newly developed business unit targeted to complement the strategic business integration and technological development synergy of the Group. It will involve in the device and package development for specific processes and applications, providing fabless manufacturing and final products to customers.




ABOUT Mi TECHNOVATION BERHAD

Our Global Footprint




Malaysia

- Mi Equipment (M) Sdn. Bhd. (100%)
SEBU headquarters
- Mi Semiconductor Sdn.Bhd. (100%)



Singapore


- Accurus Scientific Pte. Ltd. (100%)
- Mi Semiconductor Pte. Ltd. (100%)
SSBU headquarters



Taiwan


- Mi Equipment (Taiwan) Co. Ltd. (100%)
- Accurus Scientific Co. Ltd. (100%)
SMBU headquarters






South Korea

- Mi Equipment Korea Co. Ltd. (70%)



China

- Suzhou Mi Equipment Co. Ltd. (100%)
- Accurus (Ningbo) Scientific Co. Ltd. (100%)
- Mi Semiconductor (Ningbo) Co. Ltd. (100%)



United States

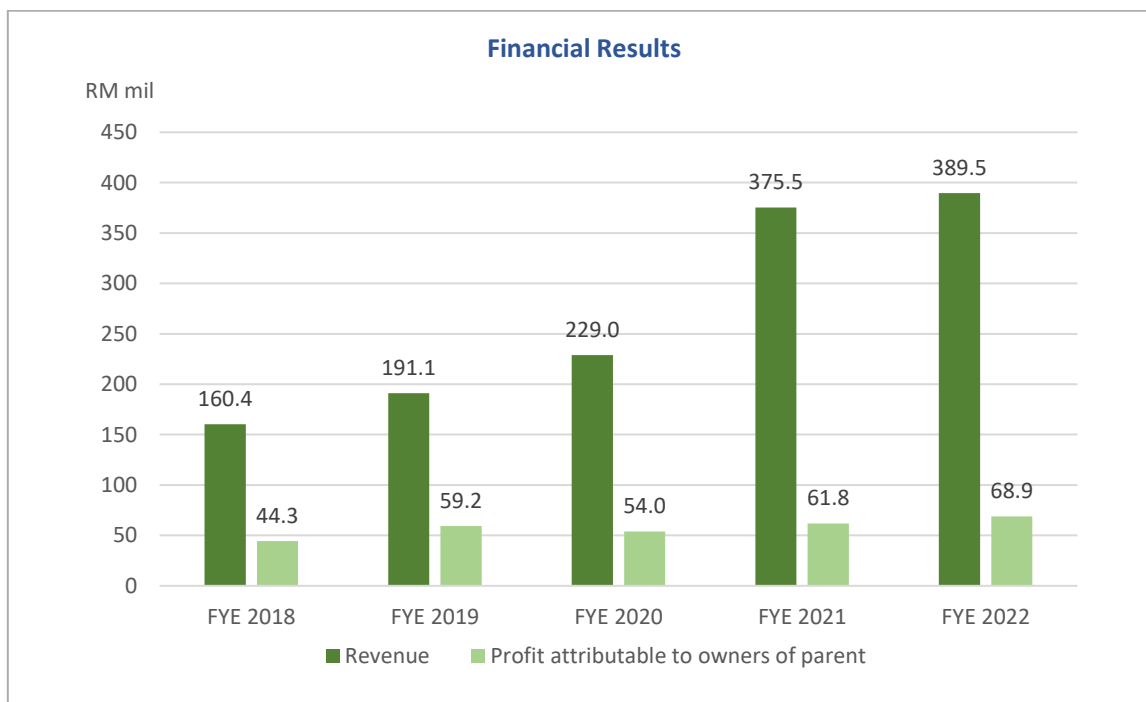
- Mi Equipment USA Inc. (100%)



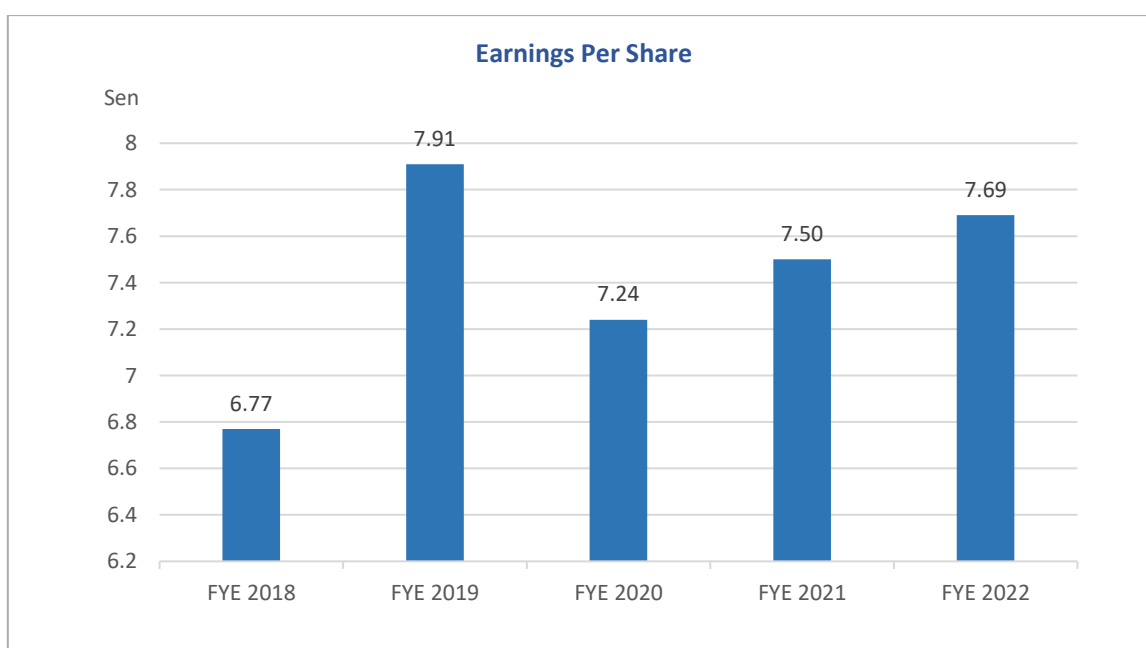
ABOUT Mi TECHNOVATION BERHAD

Our Financial Performance

Over the years, Mi Technovation has consistently demonstrated its commitment to maximizing shareholder value and generating sustainable growth for the long term. With our flagship products well-accepted by our customers and our strong position within the semiconductor industry, we delivered impressive financial performance ever since our initial public offering (“IPO”) with steady growth as evidenced as below:



Note: 2018 – 2022 CAGR +24%



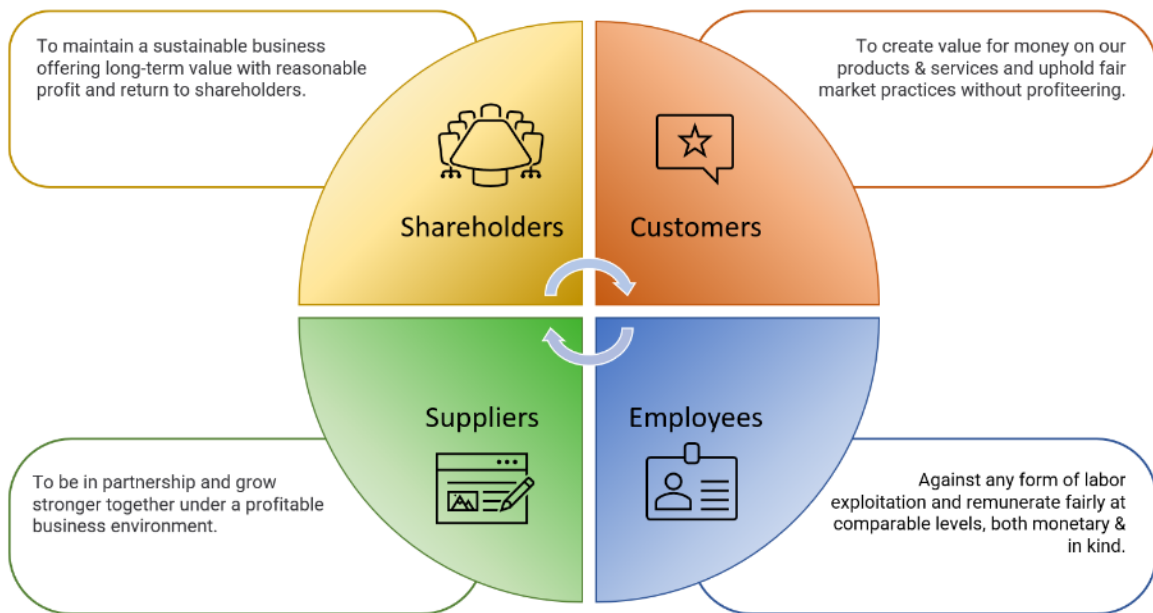
Note: Weighted average no. of shares in issue (excluding treasury shares) from FYE 2018 to FYE 2022 amounted to 656 mil, 748 mil, 746 mil, 825 mil and 896 mil, respectively.

ABOUT Mi TECHNOVATION BERHAD

The Mi Philosophy: A Balanced Stakeholder Interest

In Mi, we are committed to creating value not only for the Group’s shareholders but also for other stakeholders who are equally significant to us. We strive to maintain a “Balance Stakeholder Interest” for the Group which helps to create a better environment that supports business sustainability in the long run.

We carry out our business in alignment with the following strategic stakeholder focuses which incorporate our stakeholder assessment and prioritization, as well as the objectives and interests of key stakeholders. Every stakeholder will be given equal attention and effort. We aim to fairly distribute the economic value that we create through our business model to our stakeholders as a responsible business.



OUR ESG STRATEGY AND ITS MAIN PILLAR

In order to develop and shape a sustainable future for the Group, we adopt a proactive ESG strategy to actively drive the sustainability transformation that can provide a competitive advantage in the market and create value for our customers, stakeholders, and consumers. We are committed to sustaining our competitiveness and relevance in the market sector by strengthening intellectual capital through persistent research and development activities while striving to provide the highest quality products and services to our customers.

To equip our employees with thorough understanding on ESG, we have undertaken various communication initiatives including the rolling out of ESG newsfeed to introduce Mi's ESG across the Group, ESG briefings to new employees and enabling access to ESG information via the corporate website or internal share point.

Sustainability is incorporated as part of our business strategy and corporate responsibility with three (3) core focuses: -

Sustainable Business

We manage our business through a "Balanced Stakeholder Interest" approach.



Shareholders



Customers



Subcontractors & suppliers



Employees

Responsible Business Practices

We integrate good governance ethics into our operations and strategies.



Good corporate governance practice



"Check-and-Balance" to mitigate risk and mistakes



Multiple communication channels for continuous dialogue

Impact Within & Beyond Business Operation

We support and sponsor various environment and community initiatives.



Environment & Biodiversity



Social & Community initiatives

At Mi Technovation, our value creation philosophy aims to consider the interests of our stakeholders in a balanced and fair manner. Apart from working together with our stakeholders such as shareholders, customers, business partners, and employees, we are also discharging our corporate responsibility by taking care of the environment and the society in general. To ensure proper accountability and governance over how we create and preserve future value, we ensure our organisation is supported by sound and robust corporate governance. These fundamental focuses are outlined in our [Sustainability Policy](https://mi-technovation.com), which is available at our corporate website: <https://mi-technovation.com>

OUR ESG STRATEGY AND ITS MAIN PILLAR

Sustainable Development Goals Mapped



The Sustainable Development Goals (“SDGs”) are seen as an important benchmark highlighting the economic, environmental, social and governance aspects for us to consider in our ESG strategies for our current and future business operations.

We acknowledge that we have the responsibility to respond and support the world towards achieving the SDGs goals. Therefore, we keep on improving our sustainability strategies via our ongoing ESG initiatives where we believe we can better contribute to the achievement of goals and in areas where we create the greatest impact for the environment as well as the community.



Through an annual review conducted during the year on the Company’s initiatives, we have identified and mapped 11 SDGs goals that are most relevant to us. The table below shows how we contribute to and support the achievement in FYE 2022 on some SDGs around our main pillars of economic, environmental and social impact.

Relevant SDGs	Our Commitment & Initiatives	Impact & Outcome in FYE 2022
<p><i>Business & Economic Impact</i></p>   	<ul style="list-style-type: none"> ✓ To strive to sustain economic growth, decent work as well as resource efficiency in consumption and production. ✓ To build resilient infrastructure, promote sustainable industrialisation, and foster innovation. ✓ Enhance global partnership with suppliers and customers for sustainable development and industry stability. 	<ul style="list-style-type: none"> ✓ Remained profitable since inception. ✓ Establishment of new business unit, Semiconductor Solution Business Unit (“SSBU”) in expanding our customer portfolio, providing total solution to customers. ✓ Adopted the Code of Conduct that aims to align our suppliers with the principles and values of sustainability development.



OUR ESG STRATEGY AND ITS MAIN PILLAR

Sustainable Development Goals Mapped

Relevant SDGs	Our Commitment & Initiatives	Impact & Outcome in FYE 2022
<p><i>Environmental Impact</i></p> 	<ul style="list-style-type: none"> ✓ Strive to improve the energy efficiency of mother earth to provide everyone with access to clean energy services for a greener future. ✓ Committed to reducing energy and water consumption, as well as reducing waste disposed, lowering carbon emissions and contributing to a healthier environment and improving mankind's overall health. ✓ Commitment to protect clean water, conserve and restore biodiversity, especially for endangered wildlife or species. 	<ul style="list-style-type: none"> ✓ Solar panel system in Accurus Scientific Taiwan has successfully generated 198MWh of green electricity per year and an estimated avoidance of 109.89 tonnes of carbon dioxide equivalent. ✓ Recycling campaign to promote 3R "Recycle, Reduce & Reuse", collected 0.42 tonne recycle items. ✓ Ongoing efficient waste management, water and electricity saving initiatives. ✓ 3-year collaboration with the Wildlife Society of Selangor ("WILD") & Wildlife Conservation And Science (Malaysia) Bhd. ("WC&S Malaysia") on the Malayan Tiger Conservation project.
<p><i>Social Impact</i></p> 	<ul style="list-style-type: none"> ✓ Commit to ensuring fair remuneration and benefit for all employees with no discrimination and strongly against any form of labour exploitation. ✓ To help the poor and needy to improve their healthcare qualities and promote equal education especially those in Malaysia's rural areas. 	<ul style="list-style-type: none"> ✓ Adopted equal employment opportunities policy and complied with the monthly RM1,500 and NTD25,250 minimum wage according to year 2022 local statutory requirement. ✓ Education for sustainable development – sponsorship to Women in Zscience ("WIZ 2022") & STEM Showcase'22. ✓ Organize Mi "Back-to-School" Fundraising Campaign to purchase book and school supply voucher for 3 Non-Government Organisations. ✓ Multiple Health Awareness Events.



OUR SUSTAINABILITY APPROACH

SUSTAINABILITY GOVERNANCE

The Group had established and published its Sustainability Policy on the Company website as sustainability forms an integral part of our business strategy and corporate responsibility within three (3) key focuses, namely our stakeholder, corporate governance, and environment & community. The Board has established a sustainability governance structure which is supported by the Board Sustainability Committee, Top Management and Sustainability Team as per below:



Our sustainability strategy is overseen by the Board of Directors (“Board”) and supported by the Top Management and business units in its implementation. The Board defines the strategic direction for the Group’s sustainability by effectively integrating sustainability factors into the Group’s business strategy and ensuring the Group’s business integrates economic, environmental, social, and governance considerations. In addition, the Board also oversees that the Group has adequate and effective channels to engage with stakeholders, including for the purpose of communicating relevant sustainability strategies, priorities, targets, and performance.

The Board has established the BSC to assist the Board in fulfilling its oversight responsibilities in relation to the Group’s sustainability strategies and initiatives, covering the Environmental, Social, and Governance (“ESG”) aspects as well as embedding sustainability practices into the businesses. The Terms of Reference for the Board Sustainability Committee and members of the BSC is available at the Group’s website: <https://mi-technovation.com>

The BSC, assisted by the Top Management team (the Group Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”)), leads the Group’s sustainability, understands and assesses material issues in making business decisions, advises on the strategies that are significant to the Company. Progress towards the sustainability strategies, including department performance, is reported to the Board on regular basis.

The Sustainability Team of each business unit works closely together with the functional departments to drive the development and implementation of the Company’s ESG strategy.



OUR SUSTAINABILITY APPROACH

MATERIALITY MATTERS AND ASSESSMENT

Guided by the Listing Requirements and the Sustainability Reporting Guide 3rd Edition and its accompanying Toolkits, we have adopted a sustainability management approach which is based upon the concept of materiality – where the Group assesses and prioritises the sustainability matters which it deems to be material, i.e. matters which reflect the Group’s significant economic, environmental, social, and governance impacts and those which substantively influence the assessment and decisions of the Group’s stakeholders.

According to the Bursa Malaysia Securities Berhad announcement, Main Market listed issuers will be required by the Main Market Listing Requirements to include a common set of prescribed sustainability matters (“common sustainability matters”) with the aim to elevate the sustainability practices and disclosures of listed issuers. The following table maps Mi’s sustainability matters against the common sustainability matters of the Listing Requirements, and were reviewed and approved by the Board:

Mi Sustainability Matters ¹	Common Sustainability Matters (Bursa Requirement) ²										
	Anti-Corruption	Community/Society	Diversity	Energy Management	Health and Safety	Labour Practices and Standards	Supply Chain Management	Data Privacy and Security	Water	Waste Management	Emissions Management
R&D, Intellectual Property								✓			
Data Security								✓			
Quality Assurance ³											
Customer Relationship ³											
Supply Chain Management							✓				
Responsible Business Practice	✓										
Fair Employment and Labour Practice			✓			✓					
Talent Development						✓					
Health & Safety					✓						
Community Initiatives		✓									
Climate Change & Environment Initiatives ⁴									✓		✓
Energy Management				✓							✓
Water Management									✓		
Waste & Pollution Management										✓	
Materials Management							✓				

Notes:

1. A total of 15 sustainability matters have been identified according to Mi’s business nature.
2. All common sustainability matters required by Bursa are covered under Mi’s sustainability matters.
3. “Quality Assurance” and “Customer Relationship” sustainability matters are not required under Bursa but it is a continuous disclosure from FYE 2021 Sustainability Report.
4. Climate change risk is included and addressed during the Enterprise Risk Management assessment performed in 2022.

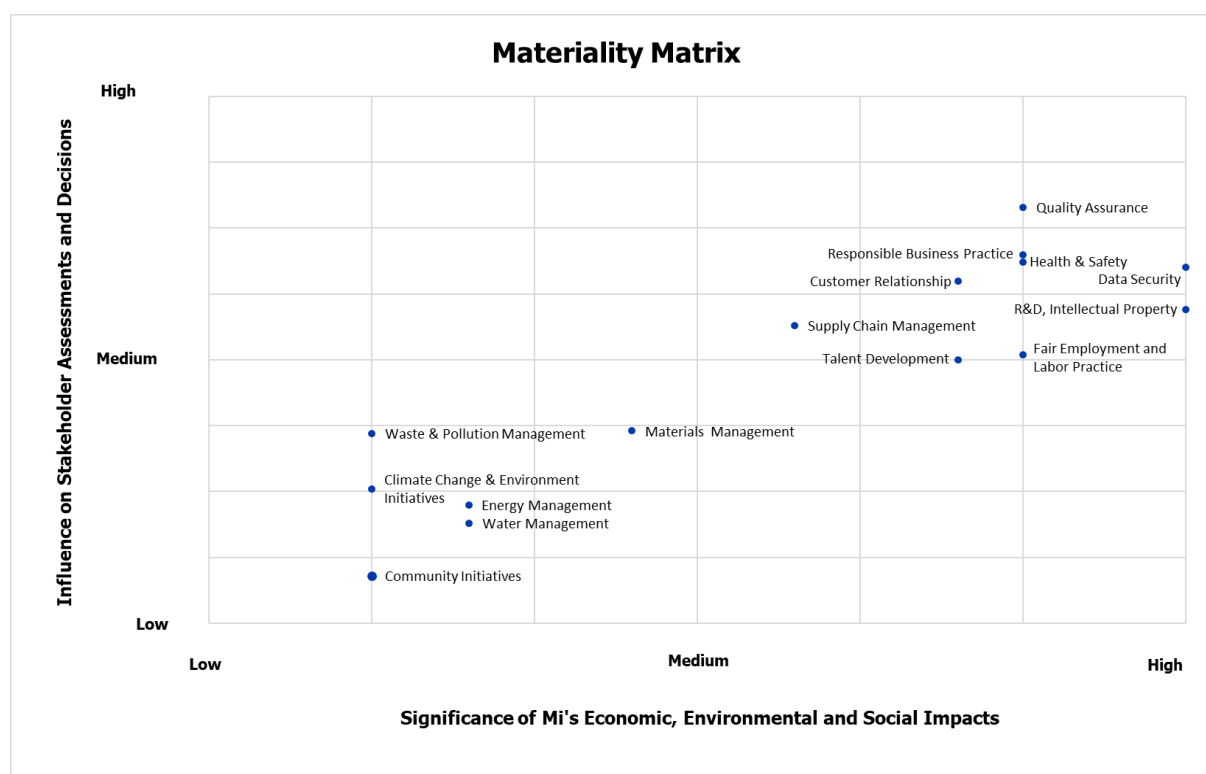


OUR SUSTAINABILITY APPROACH

MATERIALITY MATTERS AND ASSESSMENT

The Group has conducted its materiality assessment in December 2022 where the outcome is depicted below:

- Phase 1: Identification of sustainability matters**
The list of material sustainability matters were identified according to the Group's business nature and areas of risk and opportunity.
- Phase 2: Prioritisation of material sustainability matters**
We consider the views and concerns of key stakeholders (namely investors, employees, customers, suppliers, and government regulators) obtained through the Group's materiality survey. The balanced interest of stakeholders is considered alongside their influence and dependence on the Group.
- Phase 3: Review and validation**
Results were plotted on the materiality matrix and presented to the BSC for confirmation and Board approval.



Where necessary, relevant management objectives, action plans, and targets will be developed to manage sustainability matters, especially where there are significant risks or opportunities associated with the material sustainability matters, including ongoing stakeholder relationship management efforts, such as customer satisfaction surveys, employee engagements, and discussions with regulators.









Sustainable Business

SUSTAINABLE BUSINESS

STAKEHOLDER ENGAGEMENT






The Group always believes that consistent communication and engagement with stakeholders are essential to the success of our business. We maintain ongoing engagements, conducting open communications, obtaining feedback, and exchanging idea with the relevant stakeholders in a timely, transparent, and effective manner to foster mutual trust, support, as well as mutual understanding with our stakeholders. We engage with our stakeholders through a range of channels to collect valuable input on a variety of topics, including ESG matters.

We review and assess our stakeholder engagement methods from time to time in order to determine their effectiveness and sufficiency. Stakeholder engagement approaches are adjusted where necessary to suit the needs and objectives of the Group and the stakeholders.

Stakeholder Group	Stakeholders' Expectations	Why They are Important	Our Engagement Methods & Response
Directors 	Foster a strong and positive culture.	Our Board of Directors is made up of exceptional individuals from diverse backgrounds with experienced leadership and vast knowledge, bringing the Group to scale a greater height in the future.	<ul style="list-style-type: none"> ▪ Ongoing interaction through board of directors' meeting ▪ Strategy updates and reviews ▪ Ongoing business updates ▪ Company-related events
Management 	Transparency in workplace.	Management helps to achieve the organizational goals and optimising the utilisation of resources. Its strategies the factors of production, assembles, organises, and integrates resources effectively to achieve our commitment to stakeholders.	<ul style="list-style-type: none"> ▪ Ongoing interaction through management meeting ▪ Weekly/Monthly management updates ▪ Company-related events
Employees 	<p>A better workplace and care for employee welfare.</p> <p>Delivering merit-based training and career progression opportunities for employees.</p>	Our innovative and diverse workforce is essential in delivering great experience for our customers. We instill a culture of high performance and accountability that attracts, develops, and retains the best talent to drive our business strategy.	<ul style="list-style-type: none"> ▪ Enhancing the recognition and retention plan ▪ Employee Manual & Handbook ▪ Performance appraisal ▪ Learning & development programs including E-learnings & E-library* ▪ Company intranet and newsfeed ▪ Conducting health and wellbeing activities and program ▪ Company-related events
Shareholders / Investors 	Timely and regular updates on financial performance, business strategy and others that are applicable.	<p>We strive to maintain a sustainable business offering long-term value with reasonable returns for our shareholders. We frame our long-term strategy with sustainability in mind and evolve continuously by managing our business as a responsible corporate entity.</p>	<ul style="list-style-type: none"> ▪ Annual General Meetings ▪ Financial reports ▪ Investor presentation and meetings ▪ Investor Relations platform on the company website

SUSTAINABLE BUSINESS

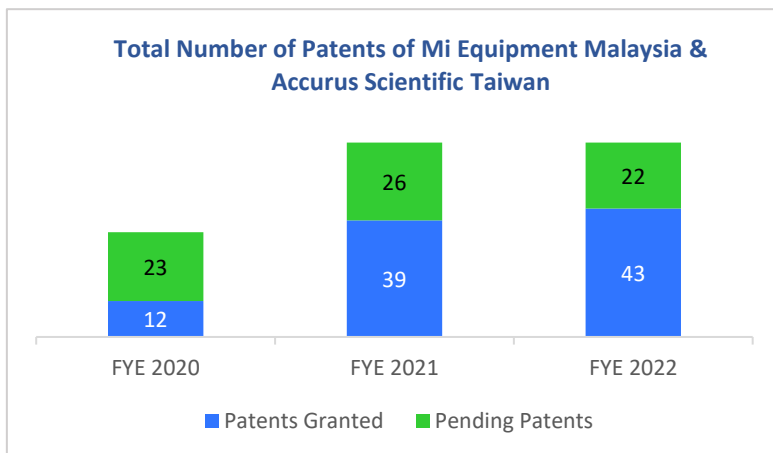
STAKEHOLDER ENGAGEMENT

Stakeholder Group	Stakeholders' Expectations	Why They are Important	Our Engagement Methods & Response
Customers 	Satisfactory product and professional experience.	We uphold fair market practices without extreme profiteering. We manage to build long-term business relationships with our customers as we seek mutual growth through ongoing collaboration on product development and improvement.	<ul style="list-style-type: none"> Ensuring high customer satisfaction through stringent quality control Going above and beyond in providing service deliverables Join development and improvement projects On-site visits Customer training and support Customer satisfaction survey / Customer monthly rating Project updates and meetings
Government 	Complying with all applicable regulations and laws wherever operations are based.	Maintaining compliance helps to ensure the Company operates within the applicable laws, regulations, standards, and ethical practices; ensuring that the internal controls are adequate for managing the risks the Company faces.	<ul style="list-style-type: none"> Compliance with all applicable local and international regulations where our operating plants are based. Malaysia Employer Federation ("MEF") membership* Compliance with Bursa Listing Requirements
Subcontractors & Suppliers 	Responsible and sustainable supply chain practices.	We aim to work in partnership with and to grow stronger together with our suppliers and subcontractors in a profitable business environment. As a responsible corporate, we acknowledge our responsibility to uphold and maintain market integrity and ethics, including upholding fair market pricing and fairly remunerating subcontractors, while helping to create business opportunities along our supply chain.	<ul style="list-style-type: none"> Continuously engaging with suppliers and subcontractors for long-term business relations Adoption of Supplier Code of Conduct Periodic supplier assessment Ongoing meetings and discussion
Communities / Societies 	<p>Supporting local communities in social and environmental matters.</p> <p>Fostering collaborative partnership.</p>	We continue to contribute towards social welfare and create a sustainable community through supporting and sponsoring various community initiatives that aim to strengthen and improve education quality, healthcare, and wellbeing through local outreach.	<ul style="list-style-type: none"> Developing meaningful and impactful community programs Building relationship with communities through partnerships with NGOs* Community programs Company website
Media 	Disseminating timely and updated information of the Group.	Media provides a platform for us to communicate with our key stakeholders and communities. They provide publicity on our company's latest updates, news, corporate events and thought leadership.	<ul style="list-style-type: none"> Timely and accurate news or information dissemination across different communication channels Company website Bursa announcement

Note: *Only applicable to Mi Equipment Malaysia.

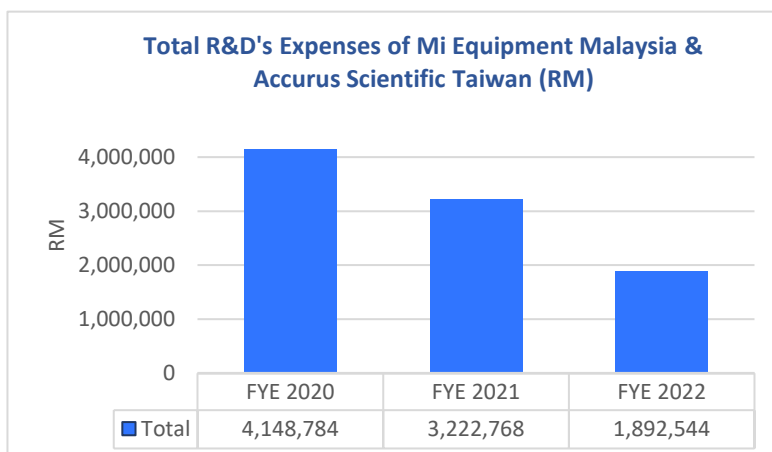
SUSTAINABLE BUSINESS

INTELLECTUAL PROPERTY AND RESEARCH & DEVELOPMENT



To foster innovation and creativity, we safeguard our intellectual property (“IP”) rights against others and continue to strengthen our patent portfolio. Our IP such as product designs, manufacturing technologies, and manufacturing processes drive the future value of the Group and must be protected. We have not encountered any cases of intellectual property infringements over the past 3 years. The diagram depicted the number of IPs held by Mi Equipment Malaysia and Accurus Scientific Taiwan.

Research & Development (“R&D”) have propelled the rapid pace of innovation. Our R&D activities are supported by a team of development engineers with a broad range of expertise, skills and experience gained from our collaborative relationships with our key customers and industry participants in our value chain. We encourage our team of development engineers to always be kept abreast of the latest technology in order to stay competitive in the relevant market and be able to meet extensive customers’ demands and requirements.



During FYE 2022, although our R&D spending decreased compared to FYE 2021, we remained steadfast in innovating and developing new products in FYE 2022. At our Penang Engineering Centre of Mi Equipment Malaysia, we have launched new products from the Mi Series (assembly and packaging equipment) with breakthroughs in productivity performance coupled with integrated artificial intelligence (“AI”) visual inspection technique

and smart factory automation solutions. Through our excellent material scientists team, we have also developed a few new alloys such as Ecolloy series which is with 0% silver content is more environmentally friendly and causes lower carbon emissions while the SACQ series has improved temperature cycle test (“TCT”) performance as compared to the traditional bench-mark alloys. They are well accepted by our customers and have been trademarked and patented to protect our intellectual property. Besides alloy development works, our R&D department in Accurus Scientific Taiwan also involved in maintaining and improving Shopfloor system and designing of new Factory Automation System to reduce human dependency and improve production throughput. Moreover, many of our prototypes and first-of-its-kind machines have been converted into actual sales revenue. A variety of new applications and solutions have been developed and released in FYE 2022.

We are concerned about our environment while investing in our R&D processes. In Mi Equipment Malaysia R&D, no chemical or toxic substances are used in or generated from our machines. The machine manufacturing process has no direct impact on the environment. In Accurus Scientific Taiwan, we have developed our Ecolloy series which is with no-silver content and is more environmentally friendly during the mining and refining process.

SUSTAINABLE BUSINESS

DATA SECURITY



Businesses now handle and store various types of data including customer data, employees’ personal data, as well as IP-related information. Being a player in the competitive semiconductor value chain, such information is especially valuable to long-term business sustainability. Hence, information protection is crucial to ensure our competency and our effort stay secure.

With vigilance and dedication, we are doing our best in reducing and eliminating potential threats to the company. To manage our growing assets and users, the following controls have been established:

Mi Equipment Malaysia

No	Information Technology (“IT”) Controls
1.	Applying threat protection and controls to secure network security such as firewall, antivirus, server backup, emergency power supply and endpoint solution.
2.	Continuously improving enterprise IT management by optimizing policy, procedures, and technology to reach the best effectiveness with minimum effort on managing information security and technology infrastructure.
3.	Information asset ownership tagging and imposing controls by evaluating business objectives and information security measures.
4.	Strengthening physical security control, Closed-Circuit Television (“CCTV”) surveillance and monitoring to ensure the safety of all employees in the company.
5.	Restricting the use of removable storage devices to avoid data leakages, data theft, and insider attacks.
6.	Introducing to new joiners the IT ecosystem and guiding them on security awareness.
7.	Implementing email encryption for sensitive and confidential data.
8.	Enabling threat detection systems to mitigate cyber security within the critical time frame.

Accurus Scientific Taiwan

No	Information Technology (“IT”) Controls
1.	Applying threat protection and controls to secure network security such as antivirus software protection, firewall filtering, mail spam system, server backup and user access control.
2.	Lay out control practices through continuous improvement in enhancing the IT infrastructure and framework.
3.	Engaging IT vendor to conduct information security audits on monthly basis.
4.	Restricting, removing, and disabling relevant access control upon exit clearance of resigned employee.
5.	Avoid data theft, data leak, and insider attacks by restricting the use of Universal Serial Bus (“USB”) and other devices.
6.	Equipped with CCTV and requires the use of access card to restrict the access of unauthorized parties.

We regularly look to enhance and safeguard data security, data privacy, IT infrastructure and operations from time to time, ensuring that we mitigate relevant risks as much as possible. Additionally, we constantly educate and provide training for employees to raise their awareness of cyber security as well as enabling them to promptly identify potential threats and report any incoming incidents. We are pleased to report that there were no significant IT breaches during the financial year under review for Mi Equipment Malaysia and Accurus Scientific Taiwan. There were also no substantiated complaints concerning breaches of customer privacy or losses of customer data.

SUSTAINABLE BUSINESS

QUALITY ASSURANCE



At Mi, Quality Assurance (“QA”) is the process of ensuring our products meet customer expectations and comply with industry standards and regulations. It is a critical aspect as it helps to maintain customer satisfaction, reduce costs, and increase efficiency.

Mi Equipment Malaysia

We strive to maintain a high standard of excellence in our deliverables and continually improve the effectiveness of the quality management system through our slogan: “Quality Through Innovation and Continuous Improvement” to meet customer expectations and

satisfaction. To ensure consistent and timely delivery of high-quality products, we have established QA processes and procedures which are directly overseen by the Manufacturing Director and QA Director.

We have implemented quality control plans that are aimed to ensure all control procedures are performed during operations and increase the effectiveness of the delivery of high-quality products. Our quality control procedures are integrated into the various stages of operations, from procurement procedures, inspection of incoming materials, production, assembly and buyoff, to the management of non-conformity. An overview of Mi Equipment Malaysia key internal controls for ensuring product quality and safety are as follows:

Certified with [ISO 9001:2015](#):

- ✓ Certifying that we comply with the ISO requirements for a quality management system.
- ✓ Internal audit inspections conducted on a yearly basis.

Internal Controls	Description
In-Process Quality Control (“IPQC”) and QA inspection activities	Quality inspections and checks throughout the manufacturing process to ensure the outcomes are consistent and prevent the recurrence of quality issues.
Periodic Recalibration on Measurement Tools	Automated equipment calibration triggering flow to ensure calibration is done at prescribed intervals in order to maintain the production quality, accuracy, safety, and reliability of the measurement tools.
Machine Buy-off Inspection	QA team to work together with the Engineering team or End of Line Production team to conduct the machine buy-off activities before delivery.
QA Certificate of Conformity	To release QA Certificate of Conformity after machine buyoff and found in conformity with the internally and externally set requirements.
Site Acceptance Test (“SAT”) System Portal	Ensure all machine installation is done in a proper manner and allow the QA team to facilitate the machine release according to schedule.
Annual Customer Satisfaction Survey	Customer satisfaction survey for our continuous improvement purposes. Refer to page 25 for more information.

For FYE 2022, our Key Performance Indicator (“KPI”) for machine product quality has achieved our internal set target of total defects cases that is less than 1%. It is pleased to announce that, we did not encounter any products recalls or incidents of non-compliance with regulations concerning with health and safety impact of the product for Mi Equipment Malaysia. We will keep on improving our quality assurance.

SUSTAINABLE BUSINESS

QUALITY ASSURANCE

Accurus Scientific Taiwan

Product quality is of no less importance to our semiconductor material business unit where precision and quality are key to our high-end solder ball products which are widely used in high-end semiconductor packaging processes. We always follow our quality policy “Quality first, Customer’s Satisfaction. All Employees participate and continuous operation”.

Throughout the quality control process, we use software to manage customers documents and data and to control inspection results. When planning for product implementation, we ensure all our processes have been executed based on our understanding of the customer’s expectations. An overview of the key internal controls for ensuring product quality and safety is illustrated as follows:

Certified with International Automotive Task Force (IATF 16949:2016):

- ✓ Our quality management system and processes are aligned with the requirements of IATF.
- ✓ Internal audit inspections conducted on yearly basis.

Internal Controls	Description
Incoming Material Inspection	Ensuring materials received meet the required specification while defective items will be returned to suppliers.
Manufacturing Process Inspection	Inspection is conducted every 20 minutes during the manufacturing process to examine the colour, diameter, and roundness.
Finished Product Inspection	Final checking on product appearance, diameter, roundness, and composition before shipment.
Out-going Inspection	Making sure overall packaging and labelling are as per customer’s need and requirements.
Annual Customer Satisfaction Survey	Customer satisfaction survey for our continuous improvement purposes. Refer to page 26 for more information.

Key Performance Indicator (“KPI”) have been set to measure our performance over time for a specific objective. We have achieved an average of 90.62% on our production quality target in FYE 2022. It is pleased to announce that, we did not encounter any product recalls or incidents of non-compliance with regulations concerning with health and safety impact of the product for Accurus Scientific Taiwan. We will work as a team to keep improving our quality and efficiency in order to stay competitive in the industry.



SUSTAINABLE BUSINESS

CUSTOMER RELATIONSHIP



Effective customer relationship is critical for the long-term success of a business. It involves ongoing communication with customers to build trust and maintain their loyalty. We create customer value by providing quality services, support, and products. All of our sales personnel are equipped with in-depth knowledge, which is crucial for representing Mi in engaging with customers and maintaining strong relationships with our customers.

Mi Equipment Malaysia

Our sales personnel always provide the best solution to our customers by understanding the needs and preferences of the customers. All customers were well-served in terms of after-sales service and technical support which include, amongst others, 24-7 customer service, on-site technical support, product and service warranties, and customer-requested site visits in order to create a positive customer experience, build customer loyalty, and ultimately increase sales and revenue. Our technical personnel also work closely with customers at all stages, from design and production to the delivery of products. The team maintain regular contact with their engineers and are always ready to assist in the resolution of technical issues.

Our customer service and support personnel are also well-trained to assist customers in addressing issues they faced with our products including troubleshooting and advising on proper maintenance procedures. As part of continuous process improvement, the Management team meticulously records and deliberates on key concerns and typical difficulties reported by customers to find solutions and to avoid or prevent future occurrences.

*During FYE 2022, we have achieved **98.00%** of customer satisfaction rate compared to FYE 2021 which is 96.00%. 🙌*

We conduct customer satisfaction surveys annually incorporating the aspects such as our product cost and pricing, delivery lead time, machine performance, product quality, and timeliness of delivery. The survey aims to further understand their experiences with our products and services and the survey results can be used to identify areas for improvement, measure customer satisfaction, and make informed business decisions. When we receive complaints, we will carry out additional engagements with customers to further understand issues

and collect data, and together with our engineering teams, we will explore ways we can improve further and to prevent future occurrences. The summary of process enhancement initiatives is tabled as follows:

Mi Equipment Malaysia

- Offering rebates to returning customers.
- Enhancing the performance of the service team.
- Improving lead time through higher production capacity.
- Enhancing the performance of final quality checks for products before shipment.
- Enhancing the monitoring and tracking against committed shipment data and logistic arrangements.
- Implementation of Site Acceptance Test ("SAT") system in order to keep track of all shipped machines' status of every region.
- Close engagements between the engineering team and customers to ensure better collaboration.

SUSTAINABLE BUSINESS

CUSTOMER RELATIONSHIP

Accurus Scientific Taiwan

Accurus Scientific Taiwan has been involved in the manufacturing and sale of solder spheres for the semiconductor industry for approximately 23 years. Over the years, we had developed the expertise for solder spheres or solder balls and solder powder that are widely used in electronic products for consumer and industrial applications. We aimed to provide world-class services and technical support to our valued customers.

During FYE 2022, we have achieved **86.70%** of customer satisfaction rate compared to FYE 2021 which is 85.80%. 🌟👍

We conducted customer rating survey monthly and focus on the aspects such as our product quality, service and delivery, product cost and pricing, as well as our technical support rendered to them. We take the rating and evaluation seriously as we view both positive and negative feedback as our driving forces to perform better. When negative feedback and low rating are received, our respective sales and customer service team will identify areas where our products or services may be falling short and make improvements to better meet our customer needs. The survey result can be used to measure

customer satisfaction, improve customer experiences and reduce customer churn. The summary of process enhancement initiatives is tabled as follows:

Accurus Scientific Taiwan

- Enhancing product quality to meet the “0 ppm” defect request from customers.
- Ensuring on-time delivery of products.
- Enhancing additional engagements with customers.
- Monitoring and tracking progress against committed shipment data and logistic arrangement.
- Provide after-sales services support to customers.
- Ensure all the products are shipped according to the customers.

Our Industry Presence and Collaboration

The Group always maintains a collaborative relationship with our suppliers and market players. A healthy relationship with industry players helps us increase our market presence and visibility, as well as helping to maintain a dynamic industry environment where healthy competition and innovation can continue to take place. International trade exhibits and events are one of the most important platforms for us to network and boost our brand exposure.

We are actively participating and attending the exhibitions in order to stay informed about the industry trend and make informed business decisions before bringing a product to the market. During FYE 2022, Mi Equipment Malaysia has sponsored SEMICON SEA in June 2022 and have also attended the exhibition in SEMICON Taiwan in September 2022. Besides, Accurus Scientific Taiwan through its subsidiary Accurus Singapore has sponsored to Electronics Packaging Technology Conference (EPTC) in December 2022.

Year	Month	Key Trade Exhibition	Location
2022	December	EPTC	Singapore
	June	SEMICON SEA	Penang, Malaysia
2021	December	SEMICON Taiwan	Taipei, Taiwan
	December	SEMICON West	San Francisco
	August	SEMICON SEA	Singapore
2020	September	SEMICON Taiwan	Taipei, Taiwan

SUSTAINABLE BUSINESS

SUPPLY CHAIN MANAGEMENT

The Group strives to establish a diverse, responsible, and sustainable supply chain to support our value creation in the long term. We aim to develop and maintain long-term and mutually beneficial partnerships with our suppliers and grow stronger together in a profitable business environment at the same time to reduce the risk of disruptions and increase efficiency. We also facilitate the development of a responsible and sustainable supply chain in line with the Group's values.

The table below outlines the number of suppliers with whom we maintained business relationships for more than six years:

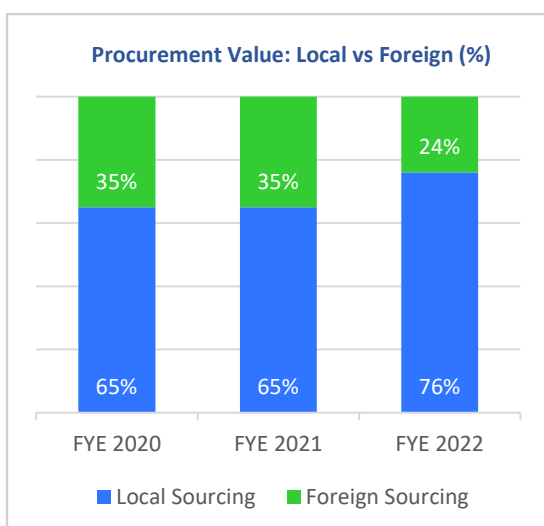
Entity	Total Active Suppliers		
	2020	2021	2022
Mi Equipment Malaysia	274	259	240
Accurus Scientific Taiwan	321	309	294

Local vs Foreign Procurement

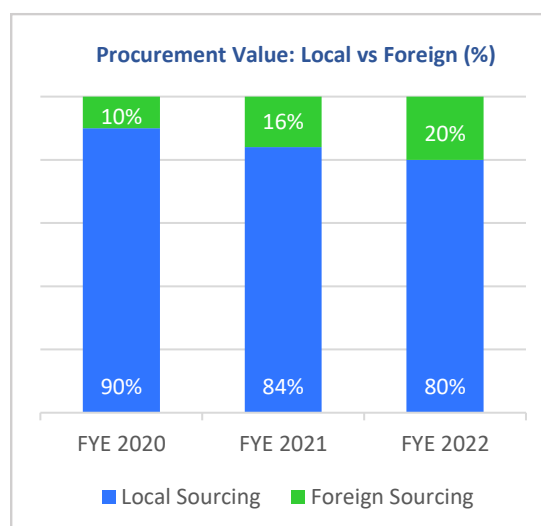
Keeping with the Group's philosophy of being aware of the influence of our business activities on the local environment, we always aim to support and contribute to the local economy's sustainability including local procurement. Local sourcing can also be beneficial to the environment because it needs less transportation and so helps to minimise carbon emissions. On the other hand, procuring closer to where we operate also helped to potentially reduce supply chain uncertainties and logistical challenges.

We collect data based on the procurement value of raw and packaging materials from major suppliers of both Mi Equipment Malaysia and Accurus Scientific Taiwan. Local procurement includes procurement from sellers and companies based in the country of operations, including local authorised agents or distributors for foreign companies.

Mi Equipment Malaysia



Accurus Scientific Taiwan



The foreign sourcing for Accurus Scientific Taiwan has increased to 20% in FYE 2022 due to businesses and the wider supply chain being impacted by the pandemic, throughout which we prioritised the control of procurement risks and costs in our effort to respond to the current economic reality and to manage the supply chain's complexity in order to secure commercial and operational sustainability.

SUSTAINABLE BUSINESS

SUPPLY CHAIN MANAGEMENT

Annual Evaluation of Supplier and Subcontractors

We evaluate our selected suppliers on an annual basis to enhance suppliers' performance and quality. More frequent audits or evaluations may be conducted if there are supplier quality issues, while suppliers will be notified for improvement if the results of audits or evaluations remain unsatisfactory. Physical inspection audits are also periodically carried out to identify high-risk suppliers.

The Group is gradually formalising and incorporating environmental and social criteria into the supplier evaluation process, ensuring suppliers are upholding their environmental and social responsibilities in accordance with the Group's Code of Conduct for Suppliers. Amongst others, such criteria include assessing whether suppliers have complied with environmental and social laws and regulations.

A summary of the criteria used in our supplier evaluation, together with the average scoring across our suppliers selected for evaluation during FYE 2022 is as follows.

Mi Equipment Malaysia	Accurus Scientific Taiwan
Supplier Evaluation Criteria: <ul style="list-style-type: none"> Technical Knowledge Cost Efficiency Product Quality Service Quality 	Supplier Evaluation Criteria: <ul style="list-style-type: none"> Quality System and Maintenance Corrective & Prevention Action Process Control Out-going Control Document Control Material Control Calibration and Maintenance Training Environment-Related Substance Control System Conflict Minerals Management Social Responsibility
Subcontractor Evaluation Criteria: <ul style="list-style-type: none"> Safety Work Quality Technical Knowledge & Capability Productivity Punctuality Production Support 	
Average score for annual performance evaluation of supplier (FYE 2022)	
80.0%	76.7%

Stronger ESG Screening

The Group is currently pursuing stronger ESG screening. The following highlight some of the ESG matters are included in Accurus Scientific Taiwan's Vendor Audit Checklist:

Economic and Governance Sustainability Issues:

- Quality policy is available, distributed and clearly understood throughout the vendor's organisation.
- Appropriate standard operating procedure for process operation, inspection, and testing.
- Quality control is in place.
- Corrective and preventive plan is in place and reviewed periodically.

Social Sustainability Issues:

- Appropriate channel for employees to communicate with the employer.
- Define training needs and arrange training classes.
- Social Responsibility Policy has been established and approved by the highest administrator.

Environmental Sustainability Issues:

- Environmental protection policies have been established.
- Provide education on environmental hazardous substance.

SUSTAINABLE BUSINESS

SUPPLY CHAIN MANAGEMENT

Subcontractor

In our business, we do not only depend on suppliers for raw materials, components, semi-finished goods, and customised fabrication parts. We also work with subcontractors who are also important vendors providing wiring and assembly services at Mi Equipment Malaysia. We require our subcontractors to satisfy the requirements under the Labour Law and/or other statutory regulations, rules, and requirements.

We provide our subcontractors with a conducive workspace equipped with basic amenities and facilities and ensure our subcontractors work in a safe environment in compliance with occupational safety and health requirements.

Subcontractor evaluation is an essential task to effectively monitoring and evaluate the performance to ensure every aspect of our production and manufacturing processes is completed to expectations. Our subcontractors are evaluated annually based on the following 6 criteria.

Criteria	Description
Safety	Following and complying with safety regulations, treating safety as a top priority.
Quality	Zero-defects mindset, taking initiative and proposing preventive action.
Technical	Strong technical knowledge, recognising challenges and ability to counter-propose solution to drive improvement in productivity, quality, and cost.
Productivity	Meeting production build schedule and timely delivery.
Punctuality	To be prompt, attending appointments and submitting deliverables on time.
Support	Proving production support to expedite and drive delivery.

The average rating of subcontractor evaluations for FYE 2022 is reported at 63%. Generally, our existing subcontractors are meeting our standards and requirements with full support provided on all projects. We are looking at the following improvement plans for 2023:

- ✓ Training for subcontractors to enhance work knowledge and work quality.
- ✓ Better manpower arrangement to support ad hoc and urgent production activities.
- ✓ Weekly meetings and communication channel for improvement review and identification of problems and solutions.



SUSTAINABLE BUSINESS

SUPPLY CHAIN MANAGEMENT

New Supplier Selection

As part of our supplier management, we ensure all new suppliers and contractors are assessed according to the new supplier due diligence processes and procedures adopted by all business units and operation sites. In addition to managing operational risks, such process also enables us to uphold responsible procurement practices by ensuring our suppliers also carry out business responsibly.



1

- New potential supplier to complete the “Vendor Questionnaire” providing relevant information including company profile and submit related documents.

- Basic due diligence on supplier, such as verification of company, background check for integrity clearance.
- Supplier’s profile is reviewed and assessed based on various assessment criteria such as capability, capacity, license, product quality, pricing, credit terms, delivery lead time, and sales support, amongst others.
- Assessment also considers compliance with relevant ISO standards and/or latest accreditation requirements.
- Input from Engineering, QA Engineer and Manufacturing department personnel is obtained and considered.
- Sample testing and on-site auditing performed to ensure the potential new supplier fulfils the Group’s requirements.



2



3

- Supplier registered in the Approved/Qualified Vendor List.
- Approved and qualified vendors are required to sign the Code of Conduct for Suppliers to confirm their commitment to being socially responsible to the social, environmental, and local rules and regulations. Other relevant commitments may be required, as relevant or as necessary.



Approved and qualified vendors sign to confirm their commitment to the Supplier Code of Conduct.

SUSTAINABLE BUSINESS

SUPPLY CHAIN MANAGEMENT



Responsible Supply Chain

Suppliers are required to comply with the relevant Code of Conduct. Mi Equipment Malaysia adopted the Supplier Code of Conduct while Accurus Scientific Taiwan has adopted the Responsible Business Alliance Code of Conduct (the “RBA Code”) to ensure that all our business partners share the commitment to being a socially responsible and active corporate citizen, as well as observing ethical business practices and standards when working together with us.

The RBA Code was adopted from the Responsible Business Alliance (“RBA”) which is the world’s largest industry coalition dedicated to corporate social responsibility in global supply chains. The Code of Conduct for Suppliers is communicated with all registered/approved vendors globally. The RBA Code is also available in various languages to ensure effective communication with suppliers.

Both the Group’s Code of Conduct for Suppliers address sustainability considerations such as fair labour practices, business integrity and ethical standards as well as safety requirements, including, but not limited to the following:

- *Prevention of child labour, forced labour*
- *Promote non-discrimination and equal opportunities*
- *Minimise environmental impact*
- *Safe, healthy, and fair workplace practices*

ISSUE ADDRESSED IN SUPPLIER CODE OF CONDUCT:



Legal Compliance: To comply with all applicable laws and regulations, and similar principles are to be applicable to subcontractors & intermediaries.



No Discrimination: Equal employment opportunity and not to discriminate on the grounds of race, colour, gender, national origin, sex orientation, religion, age, disability status or any other personal characteristic.



Anti-corruption principles: A ‘zero tolerance’ policy towards any form of bribery, corruption, extortion, and embezzlement.



Environment: Complying with sustainability and all applicable environmental laws including in the areas of environmental permits and reporting, pollution prevention, resources reduction and material restrictions, hazardous substances, waste management, air and gas emissions, water management, and energy consumption.



Human Rights: Not tolerating the occurrence of involuntary labour, child labour, prison labour, bonded labour, human trafficking. Complying with principles and standards of freedom of association, working hours, wages & benefits.



Conflict-Free minerals regulations: Responsible supply chains to avoid conflict minerals, to exercise due diligence on the source and chain of custody of the tantalum, tin, tungsten, and gold.



Harassment: Prohibiting any form of harassment, sexual harassment, and bullying.



Security: Security arrangements are in place to protect employees.



Health and Safety: Prohibiting substance abuse and workplace violence, complying with all applicable workplace health and safety laws.



Training: Relevant trainings to personnel to implement policies, procedures, and improvement objectives to meet applicable legal and regulatory requirements.

SUSTAINABLE BUSINESS

EMPLOYMENT PRACTICES



Our People

We put employees at the heart of our business, and they are a significant factor in our overall business success. The Group is committed to promoting fair employment practices and investing in the development of our employees. Our people development and management processes are guided by the Group's Employee Handbook and policies and procedures on career development, recruitment, training and development, compensation and benefits, performance management and disciplinary processes.

Workforce

Our workforce encompasses an ethnically and demographically diverse group of individuals. This allows us to better secure a sustainable talent pipeline for succession planning as well as meeting other employment requirements. As manufacturing is our core business operations, more men are employed as per the talent norms in the industry. The Group remains active in its efforts to reduce attrition rates to retain skilled and experienced talent. Nonetheless, job mobility is increasingly common in the current job market, particularly among the younger demographic.

The Group is addressing talent attrition by introducing attractive compensation packages that comprise competitive salaries, job benefits and skill development opportunities. We endeavour to build a respectful and long-term relationship with employees through fair treatment, motivating and retaining talents, and encouraging employees' long-term commitment.

Moreover, the Group is always committed to creating and maintaining a conducive workplace environment, safeguarding employees' rights and cultivating a shared organisational culture and values among employees. Ongoing employee engagement programmes, recognition and reward systems are among the employee engagement activities carried out by the Group to facilitate understanding between the Group and its employees and to resolve relevant issues and concerns.

SUSTAINABLE BUSINESS

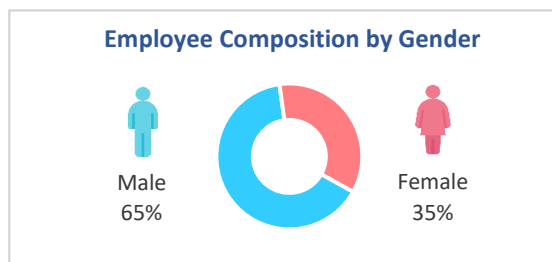
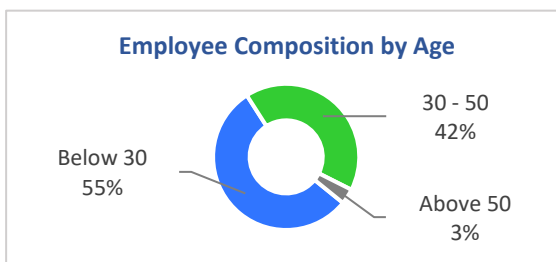
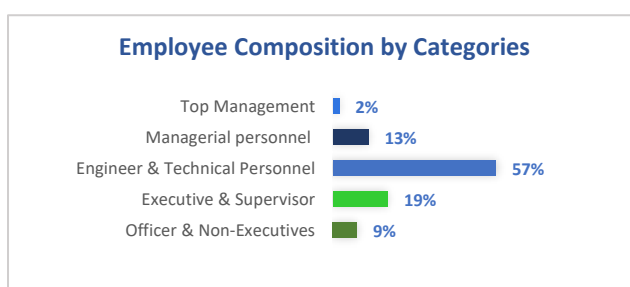
EMPLOYMENT PRACTICES

Mi Equipment Malaysia

As of 31 December 2022, Mi Equipment Malaysia has a total of 176 employees based in Penang (Malaysia), majority of whom are engineers and technical personnel who bring to the Group a range of skills and knowledge in the fields of technology and engineering.

A majority, 55% of our workforce comprises young employees below the age of 30, contributed by our efforts to continuously collaborate with universities to promote the industry and recruit talents. The younger generation does not only bring vibrance and passion towards innovation and technological advancement, but they also introduce and allow the Group to explore new ideas and concepts beyond engineering, such as in business management and operational enhancement.

Mi Equipment Malaysia’s workforce is depicted as below, based on employee categories, age group and gender.



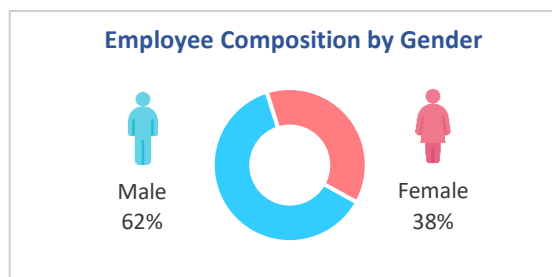
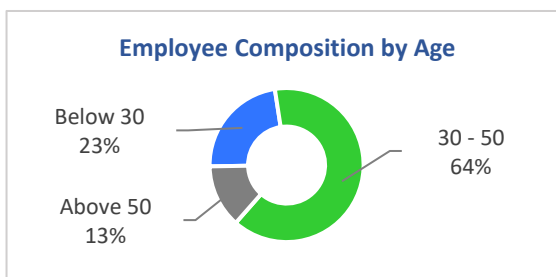
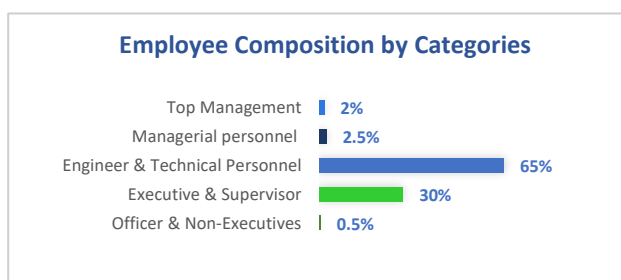
SUSTAINABLE BUSINESS

EMPLOYMENT PRACTICES

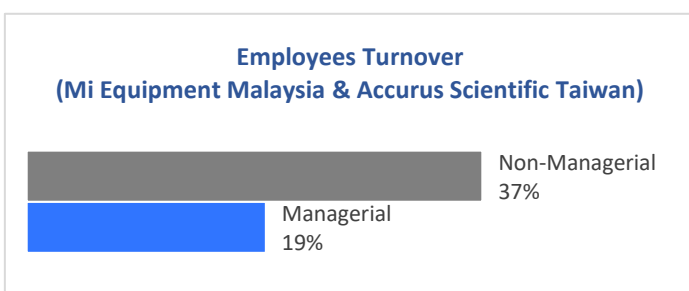
Accurus Scientific Taiwan

As of 31 December 2022, Accurus Scientific Taiwan has a total of 219 employees based in Tainan (Taiwan). Similarly, engineers and technical personnel comprise a majority of our workforce, at approximately 65%. Their technical expertise and skills support our pursuit of quality products and operational efficiency, considering ways to enhance the production process through less wastage, higher productivity, and greater cost-efficiency.

64% of the workforce is aged between 30 to 50 years old. Our workforce comprises a big group of long-service loyal employees who have grown together with the company, witnessing the company’s growth and expansion. The following chart illustrates Accurus Scientific Taiwan’s workforce by employee categories, age group, and gender.



Employees Turnover



Our FYE 2022 employees’ turnover rate is reported at 19% for managerial position and 37% for non-managerial position. This can be attributable to the post-pandemic business environment where the labour market has become more dynamic as the economic recover intensified hiring activities. The demand for semiconductors and manufacturing rose strongly, providing job-

hopping opportunities in this era of talent scarcity. Other staff leaving reasons including differences in job scope, shift work, and mismatch of skillsets which are also present at many organizations around the world.

While the Group is continuously undertaking efforts to retain our employees with competitive salaries, benefits and personal development, as a result of the pandemic, high turnover rate, high demand for workers, talent shortage and demand for remote work remain critical issues in the post-pandemic period, especially in Penang, the semiconductor manufacturing hub of Malaysia. Furthermore, the manufacturing and electronics industries in Taiwan are generally competitive for talents.

SUSTAINABLE BUSINESS

EMPLOYMENT PRACTICES



Local Employment and Temporary Employees

We believe in playing our part in contributing to the local community and economy. The Group remains supportive of the local employment pools and prioritises local recruitment to promote the healthy development of local social wellbeing and local society. The ability to provide job opportunities is a way we can contribute to the development of the local economy, while promoting talent and skills development within the local society. As of 31 December 2022, our workforce was made up of

>95% local hires

for both Mi Equipment Malaysia and Accurus Scientific Taiwan.

To cater for the short-term headcount requirements to support production needs resulting from increased demands, the Group also hires employees on a contract basis. As of 31 December 2022, 6 of Mi Equipment Malaysia employees (i.e. 3.3% of workforce) were employed on a contract-basis while Accurus Scientific Taiwan hired 34 contract staff (i.e. 13.4% of workforce). Maintaining a portion of employees on contract-basis enables the Group to better manage its production capacity while keeping operational costs in check.

Opportunities, Internships and Placements for Fresh Graduates

Valuing the fact that youths play a huge role in defining the future of the world and of the industry, we ensure we establish effective channels to foster connection with the younger generations. Mi Equipment Malaysia offers internship opportunities to qualified students and candidates via ongoing collaboration with various higher institutions and colleges in Malaysia to take in industrial interns, providing interns with exposure to a working environment where they can apply classroom knowledge in real-world situations.

The internship programmes enable the interns to be exposed to different aspects of the Group's operations, enabling them to gain skills and hands-on experience at the same time developing passion and interest in the industry. The internship programmes generally support the development of our interns professional experience and expertise while also contributing to the development of local talents for the industry. In addition, internship programmes also act as a platform for us to identify future talents, as interns who show potential may be offered contracts or permanent employment opportunities with the Group.

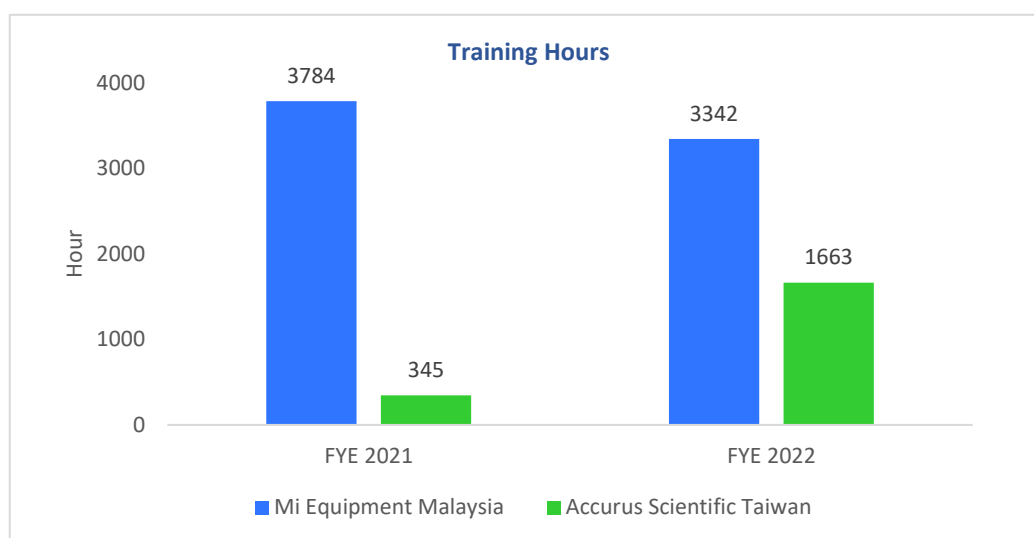
In FYE 2022, Mi Equipment Malaysia offered 6 internship positions (FYE 2021 = 9 internships, FYE 2020 = 5 internships).

SUSTAINABLE BUSINESS

EMPLOYMENT PRACTICES

Employee Training and Development

Employee training and development remains one of the Group’s main priorities. Training requirements of the Group are assessed through the Head of Departments (“HODs”) considering the Annual Performance Appraisals of their team members and via a Training Needs Analysis (“TNA”) conducted to assess the core competencies and skills present in our employees against those required for the Group to achieve our vision and business strategies. Employee training involves on-the-job trainings, workshops and seminars ranging from management, technical, communications, leadership and soft skills. Total 5,005 training hours in FYE 2022 (+21% compared to FYE 2021). Highlights of the Group’s training and development hours are as follows:



	Mi Equipment Malaysia	Accurus Scientific Taiwan
Average training hours/employee	18.98 hours	7.59 hours
Average training days/employee	2.37 days	1 day

The following table summarises some of the training topics attended in FYE 2022:

Types of Training	Course	
	Mi Equipment Malaysia	Accurus Scientific Taiwan
Induction Training	New Employee Orientation	New Employee Orientation
Soft Skills Development	Learning English Communication; Effective Leadership Skills; Creative Problem Solving, Root Cause Analysis; Effective Supervisory Skills.	BCM risk management education and training
Human Resources	Talent Search Webinar, Employment Act; Talent Management and Succession Planning.	RBA Education and training
Manufacturing and Technical Skills	Journey to Lean Manufacturing, Logistic/Inventory Management in Action; Effective Spare Parts Management Reducing Cost Through Optimized Spares Inventory; Production Planner in Action.	Failure mode and effects analysis education training course; Education training course for the operators of the stacker crane
Health and Safety	Basic First Aid & CPR; General Safety and Health Education.	Self-guard fire protection grouping education and training; Machine operation safety awareness training.

SUSTAINABLE BUSINESS

EMPLOYMENT PRACTICES

Labour Relations

We stand strongly against any form of labour exploitation. Our policies are guided by relevant local human rights standards to foster strong and positive governance, protocols and behaviours across the Group. The Employee Handbook and Code of Conduct and Ethics for Management and Employees outline employees' rights, benefits and ethical workplace protocols, in addition to outlining the Group's policies, labour standards, grievance mechanisms and other described standard operating procedures ("SOPs").

As the Group Business Units are operated in different countries and managed independently from each other, their respective Employee Handbook are developed and updated in compliance with the latest local labour laws and employment practices. We strive to comply with the relevant laws and regulations in the countries that we operate in and provide fair labour conditions and social protection for all our employees. The Employee Handbook is available in relevant languages such as English version for Mi Equipment Malaysia and Chinese version for Accurus Scientific Taiwan in order to effectively communicate the Group's values to employees.

Moreover, Mi Equipment Malaysia is an active member of the Malaysian Employee Federation ("MEF") since 2016 and we have ongoing engagement with consultant to keep us abreast with the latest labour laws and employment practices, policies, and procedures. Refer to [Appendix 4](#) for the membership certificate from MEF.

It is reported that there were no non-compliance incidences relating to labour standards during the financial review year.

Human Rights

We acknowledge the importance of human rights and are against any form of discrimination, harassment, bullying, child labour and forced labour in order to protect everyone's rights and create a harmonious workplace. To ensure the upholding and respect of human rights across the Group, employees can make a report on human rights violation or abuse through the Group's grievance mechanism or the whistleblowing mechanism.

ZERO incidents or substantiated complaints concerning human rights violation in the reporting period.



SUSTAINABLE BUSINESS

EMPLOYMENT PRACTICES

Diversity, Inclusion & Equity

The Group believes that true innovation and growth are built on a culture that respects diversity, inclusion, and equity. We aim to create a culture in which people with diverse backgrounds and ways of thinking can contribute and maximise their capabilities. The Group promotes diversity starting from the Board level with the establishment of the Board Diversity Policy that published at our corporate website: <https://mi-technovation.com>. We promote and develop a diverse workforce, as it brings with us a variety of complementary skills, experiences, and perspectives, which will enhance the Group's capacity to create long-term value and grow.



As enshrined in our Employee Handbook, it is our policy to recruit, hire, train, and promote individuals, as well as administer all employment decisions, conditions of employment, and personnel actions, regardless of race, colour, religion, age, gender, or ancestry, marital status, physical ability, in accordance with applicable statutory laws. In this regard, our hiring, talent selection, and appointment are purely based on merit and adheres to the principles of equal employment opportunities. We also take continuing actions to ensure that the knowledge, skill, and potential of all employees are fully utilised throughout the organisation.

The Group's employment opportunities comprise various technical and non-technical positions across various hierarchical levels within the organisation. For managerial and above positions, the Group prefers to promote from within the organisation to fill these vacancies.

Living Wage

We fairly remunerate our employees in compliance with the minimum wage according to the statutory requirements. The Group practices equal hiring opportunities and equal pay for equal work for all including underprivileged groups, those from deprived backgrounds, or those with vulnerable social status with no formal education or qualification.

SUSTAINABLE BUSINESS

EMPLOYMENT PRACTICES



Ongoing Engagement with Employees

We see employee engagement as a crucial tool for us to build strong and long-lasting relationships with our employees. The Group also periodically organises or sponsors activities aimed to enhance employees’ social life, including social gatherings, sports activities, festive celebrations, health talks and more.

We engage with our employees through numerous channels, each of them catered to suit the specific needs and purpose to allow our employees to have an enriching and fulfilling career that complements their personal life. The Group’s employee engagement channels and platforms are depicted as follows:



Employee Induction Program

Comprehensive program for new joiners to understand our corporate values, practices and fundamentals as an employee of Mi Group.



Suggestion Box

Channel for employees to submit their comments and complaints.



1-on-1 Interview Session

Career Performance Review to discuss employee’s performance and identify potential areas for improvement, as well as obtaining feedback and discuss areas of improvement for the company.



Employee Gathering

Corporate-organised initiatives such as festival celebrations, community service engagements and social gatherings.



Newsletters & Collaterals

Announcements on latest corporate initiatives, Human Resources memo and announcement, updates of latest Group policies and procedures.



HR Helpdesk

A centralised platform to communicate with the HR personnel via phone call or Group HR email. May be used to clarify HR policies or obtain HR-related advice.

We respect and do not prohibit the exercising of employees’ right to freedom of association and collective bargaining. Our employees do not form any labour union. Accurus Scientific Taiwan conducts employer-employee discussions periodically to discuss work-related issue such as but not limited to employee welfare and benefits, changes and amendment of policy and operations. Employee representatives participating in the discussions are nominated and elected by the employees through a voting system. At Mi Equipment Malaysia, we are adopting and encouraging open communication in the workplace. Employees are welcome to provide feedback through various communication channels.




SUSTAINABLE BUSINESS

EMPLOYMENT PRACTICES

Employee Welfare & Benefits

In addition to basic employment benefits required by the laws and regulations, the Group also provides a range of other health and non-monetary welfare and benefits for its employees as part of our belief in contributing to a caring and supportive community.

The benefits and privileges provided to our employees are summarised as follows.

		
<p>Insurance/Medical Coverage & Healthcare</p> <ul style="list-style-type: none"> ▪ Hospitalization coverage ▪ Unlimited panel clinic coverage ▪ Medical health screening for employees & family members ▪ Group Personal Plan ▪ Employee Specialist & Dependent Medical Claim ▪ Dental treatment ▪ Optical Care 	<p>In-House Facilities</p> <ul style="list-style-type: none"> ▪ Indoor parking space* ▪ Cafeteria* ▪ Laundry service* ▪ Gym facilities* ▪ Sports complex* ▪ Prayer room* <p><small>*Facilities varies across buildings</small></p>	<p>Employees With Special Needs</p> <ul style="list-style-type: none"> ▪ Dedicated lactation room for mothers ▪ Medical room for unwell employees ▪ Dedicated parking space for pregnant employees ▪ Parking spaces reserved for people with disabilities

Working Hours and Overtime

Weekly working hours are on average 40 hours for both Mi Equipment Malaysia and Accurus Scientific Taiwan, in compliance with the Employment Act 1955 and Labour Standards Act respectively. A workweek must not exceed the maximum set by local laws and regulations, excluding overtime, except in an emergency or unforeseen scenario.

We continue to monitor overtime in the workplace and encourage employees to lead a work-life balance lifestyle. All planned overtime would require pre-approval by a supervisor or the manager. We see supporting good work-life balance as vital to the Group as it views our people as valuable assets on which the Company's success depends.

