

MESSAGE FROM OUR PRESIDENT & CEO



I am pleased to present the FY2022 K&S Sustainability Report which highlights our ongoing dedication, broadening engagements, and continuing successes in driving meaningful progress toward our environmental, social, and governance goals. Despite a challenging supply-chain environment which continued through last year involving port closures, regional COVID-19 lockdowns and component shortages, our global sales, service, R&D and operational teams supported a period of dramatic industry expansion while delivering innovative solutions and expanding our market reach. We remained committed to our sustainability objectives despite challenging market conditions.

At K&S, we are driven to action by climate change, constantly developing our sustainability framework during this period. By consolidating our prior CSR pillar framework into a more comprehensive Environmental, Social and Governance (ESG) framework, we are better prepared to address the full spectrum of ESG-related efforts and initiatives. Under this new structure, and with oversight from our Board of Directors, I retain ultimate accountability for our ESG activities. We will continue to leverage our global platform, technology leadership positions and financial strength to further strengthen and broaden our ESG scope. Over the course of the prior year, we made tactical and strategic progress on many areas. Allow me to provide a brief update.

Although our support for the global semiconductor production industry has expanded, we continue to implement eco-

friendly design and production methods to decrease carbon emissions. For example, we are proud to offer customers new leading-edge, energy-efficient products and solutions. First, our Smart Factory digitalization solutions centralize disparate data, allowing real-time, autonomous decision making resulting in meaningful efficiency gains for our growing industry. In addition, we are at the forefront of advanced packaging development which enables more efficient, capable and cost-effective semiconductors. We have continued to increase our solutions and customer engagement on emerging 'green' industries, including electric vehicles and the growing market demand for smarter and more energy efficient applications such as compound semiconductors. Our latest and most energy efficient solutions enable our customers to do more with less and lead to emissions reductions throughout our served markets.

We have enhanced sustainability efforts toward reductions of our internal carbon footprint, providing better visibility into the carbon footprint of our supply chain and enhancing transparency of global emissions data. After successfully transitioning to 100% renewable-sourced energy within our Eindhoven development and manufacturing facility, we installed solar panels and an Intelligent Energy Management System within our large Suzhou facility, which enables live energy monitoring and heat energy recycling through the use of energy recovery control units on compressed air equipment. We also expanded our data collection process globally to include Scope 1 direct emissions, in addition to our existing

Scope 2 collection process and remain on track to expand this to Scope 3 emissions in FY2023. We submitted our annual CDP response, contributing to a comprehensive and transparent data source which tracks global emissions. We understand the risks posed by climate change and have also embedded critical feedback into our existing enterprise risk-assessment processes.

In addition to our environmental leadership, we aim to foster positive social impacts. We source from ethically-minded supply chain partners. We remain focused on protecting the rights of our employees and supply-chain partners by fostering a corporate culture that values trust, respect, fairness, and inclusivity for all individuals regardless of their beliefs, abilities, or backgrounds. This effort strengthens our core culture by enabling greater collaboration and global employee engagement. In FY2022, we established a strategic diversity and inclusion plan and began implementing new diversity and inclusion principles and practices across our diverse organization.

Over the prior year, we conducted 50 social responsibility activities and invested over US\$400,000 in the local communities where we operate. Specifically, we made a significant commitment to Massachusetts General Hospital, the first of three US\$145,000 payments to support the Amyotrophic Lateral Sclerosis (ALS) research Expanded Access Program (EAP) at the Healey Center for ALS in Pennsylvania, PA, USA, which provides broader access to breakthrough clinical treatments to individuals impacted by ALS.

Our growing social engagements have also enhanced our interest and participation in positive social causes. We have sponsored STEM workshops for the less privileged middle and high school students in the US, organized forest and beach clean-ups in Haifa, Santa Ana and Singapore, supported food bank initiatives in both Eindhoven and Philadelphia, and actively contributed to a blood donation drive in Suzhou. K&S Singapore also donated over US\$185,000 to the Community Chest in FY2022 in support of providing a sustainable and impactful social service ecosystem to those in need.

Despite near-term macro and industry headwinds, and a significant focus on delivering new innovations to our customers, we continue to make meaningful progress in our long-term sustainability commitments and I would like to express my gratitude to our employees, customers, supply chain partners and other stakeholders who continue to contribute to these important sustainability goals. I look forward to reporting further progress and new achievements in our next sustainability report.

Fusen Chen
President & CEO,
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