

FOSTERING SUSTAINABILITY

# SUSTAINABILITY REPORT 2022





## ABOUT THIS REPORT

As Kulicke and Soffa Industries, Inc. (K&S) continues its sustainability journey, we are presenting our seventh sustainability report since fiscal year 2016. Our 2022 Sustainability Report (SR2022) highlights the economic, environmental, and social impacts of K&S' global operations and outlines our approach to integrating sustainability into our business. Through this report, we are providing insight into our sustainability strategies and are sharing our commitments with our stakeholders.

SR2022 covers the sustainability performance of all six global operational sites for the fiscal year October 3, 2021, to October 1, 2022 (FY2022). This report has been aligned and prepared in accordance with the updated Global Reporting Initiative (GRI) Standards 2021. To enhance global sustainability efforts and contribute to common goals, K&S continues to align its sustainability activities with the United Nations (UN) Sustainable Development Goals (SDGs).

This report contains forward-looking statements relating to our sustainability goals, targets, commitments and other future expectations. These statements are subject to inherent risk and uncertainty that could culminate in results which differ materially to expectations. These factors include, but are not limited to, the factors listed or discussed in our 2022 Annual Report on Form 10-K and our other filings with the Securities and Exchange Commission. K&S is under no obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

We welcome any feedback to help us to improve the approach we take to sustainability, our policies, and our performance. Please send your queries or suggestions to Helen Siew ([lhsiew@kns.com](mailto:lhsiew@kns.com)) or Joshua Chang ([ckjchang@kns.com](mailto:ckjchang@kns.com)) from the K&S Sustainability Reporting Committee.

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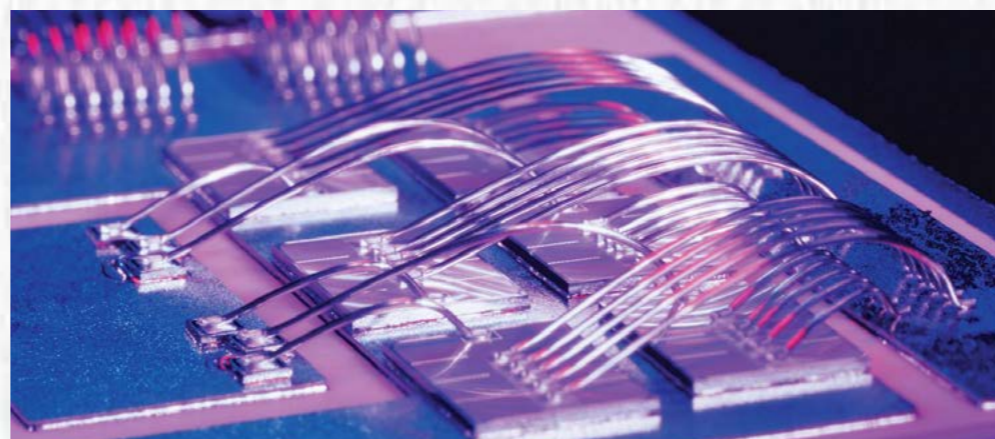
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A close-up photograph of an industrial robotic arm, likely a welding or assembly robot, positioned over a perforated metal surface. The scene is illuminated with a strong blue light, creating a high-tech, futuristic atmosphere. The robotic arm's joints and components are visible, showing precision engineering. The perforated metal surface has a grid-like pattern of small holes. The overall composition is clean and modern, emphasizing industrial automation.

**01** About Kulicke & Soffa

# 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.

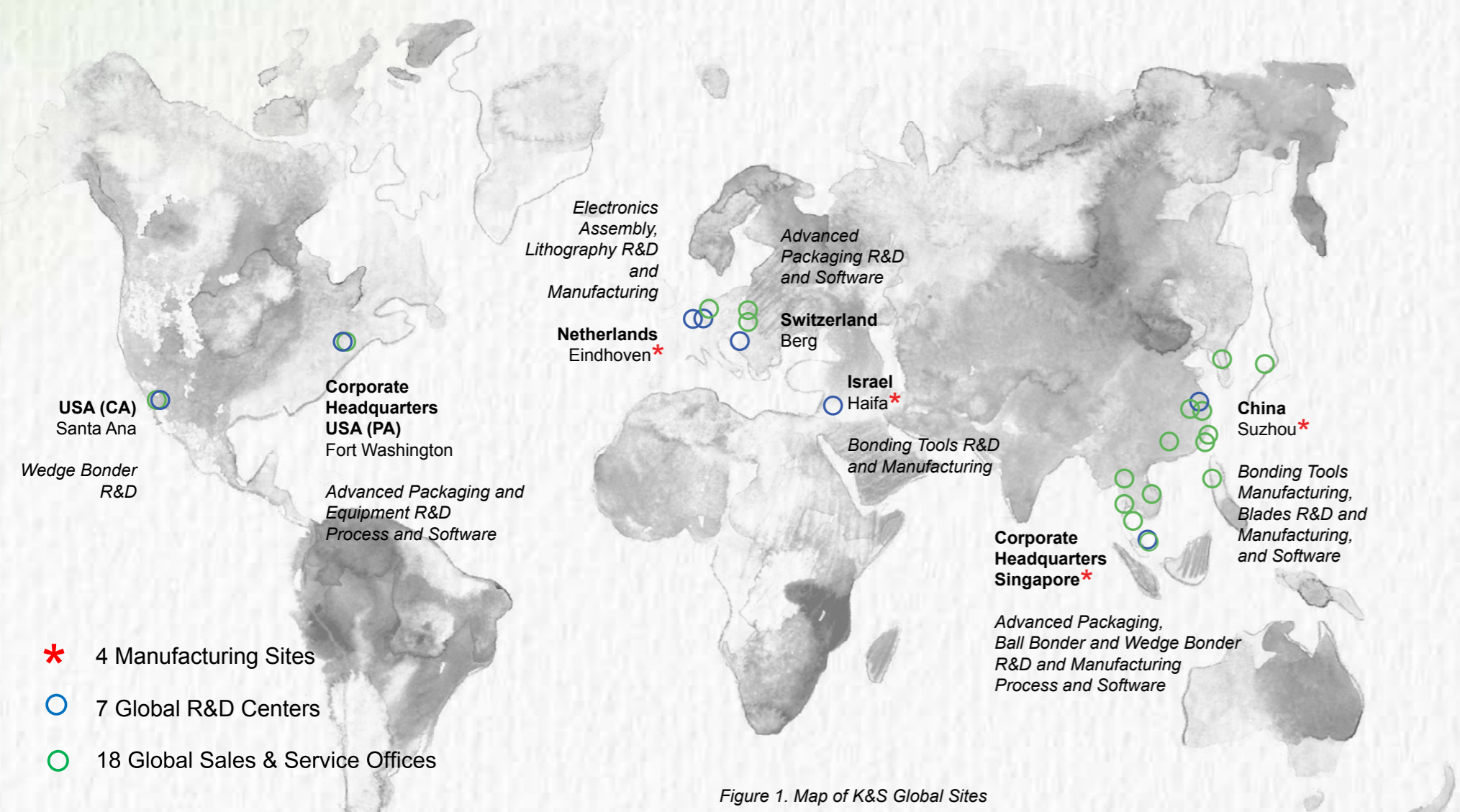
Despite near-term macro and industry headwinds, and a significant focus on delivering new innovations to our customers, we continue to make meaningful progress in our long-term sustainability commitments and I would like to express my gratitude to our employees, customers, supply chain partners and other 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,  
Kulicke & Soffa

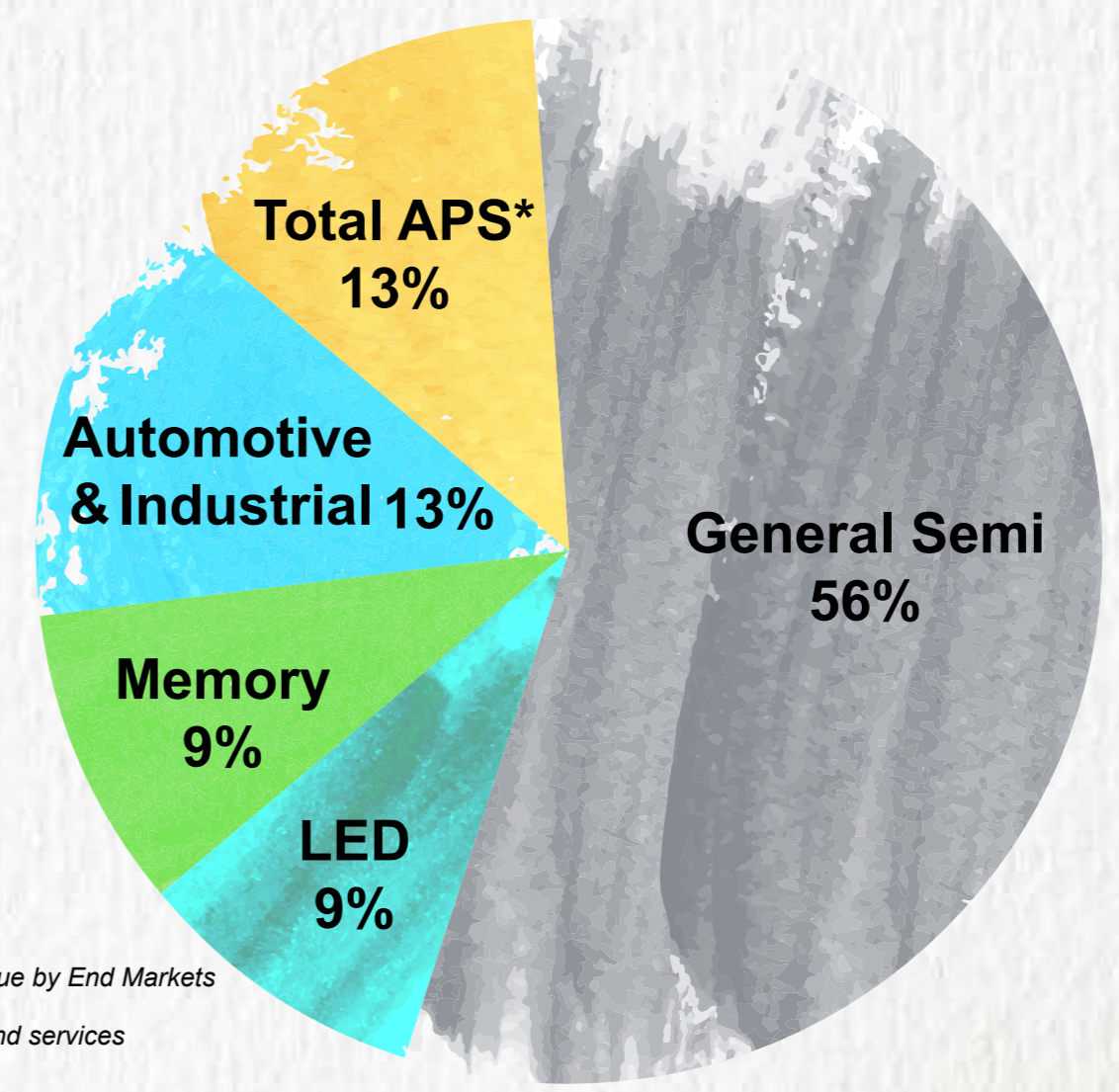
# OUR BUSINESS OVERVIEW

As a global leader in semiconductor, light-emitting diode (“LED”) and electronic assembly solutions, K&S excels in delivering innovation through production-ready solutions to its customers and technology partners. Founded in 1951 and dual headquartered in Singapore and Fort Washington, Pennsylvania, the K&S network of manufacturing facilities, research and development (R&D) centers, and sales and services offices strategically span 18 locations in 12 countries.

With a proven track record of over 70 years, K&S has built a rich and diverse portfolio of products to support the global automotive, advanced display, consumer, communications, computing, data storage, energy storage and industrial segments. As these markets evolve, driving demand for more complex solutions, K&S is well positioned to utilize its leadership position in areas such as advanced packaging, research and development investments, and digital transformation experience to continue expanding our served markets. Through fostering sustainable value for our operations, stakeholders, and local communities, we strive to continue exploring opportunities to future-proof our business and protect stakeholders from sustainability risks.



China (Shanghai, Shenzhen & Suzhou), Germany (Kassel & Nuremberg), Japan (Tokyo), Malaysia (Kuala Lumpur & Penang), Netherlands (Eindhoven), Philippines (Manila), Singapore, South Korea (Seoul), Taiwan (Hsinchu & Kaohsiung), Thailand (Bangkok), USA (Fort Washington & Santa Ana), Vietnam (Ho Chi Minh City)



## OUR 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.
- Enable technology leadership through strategic partnerships across the value chain.
- Broaden products and value-added services organically and inorganically to be number one in all served and adjacent markets.
- Maximize productivity and operation efficiency in all parts of our current and future targeted K&S value chain.
- Consistently grow and deliver superior financial performance.
- Delight our customers through deeper collaboration and delivering innovative solutions of the highest quality.
- Provide solutions for the entire served markets to ensure continuous dominance and relevance to customers.
- Evolve to be the supplier of choice in smart manufacturing solutions.
- Increase market intelligence to improve predictability of our business and alignment of solution development to market needs.
- Foster a creative and positive work environment by embracing our core values.

## OUR CORE VALUES



### DELIGHT OUR CUSTOMERS

Impress existing customers and win new ones



### PEOPLE MATTER

Develop our people as our primary asset



### MAKE A DIFFERENCE

Take responsibility and be accountable for your actions



### LEARN, GROW, EXCEL

Pursue personal growth and business excellence through learning



### INNOVATE FOR SUCCESS

Think and act in innovative ways to manage and grow our business



# K&S VALUE CREATION CYCLE

To ensure resilience and adaptability, K&S recognizes that sustainability should be integrated into our business strategy. The K&S business model is anchored in our Value-Creation Cycle that drives our activities as a responsible business, creates sustained value for our stakeholders, and delivers positive impact on our communities.

## Corporate Responsibility Policy

Our materiality assessment informs the K&S Corporate Responsibility Policy. This policy articulates our goals relating to sustainability and the behaviors and actions necessary to achieve these goals. Details relating to each of these policy requirements are documented throughout this report.

Positive performance allows us to support our customers' growth and provide them with innovative opportunities for market expansion. Strong financial performance also provides us with the opportunity to focus on our people, our communities and our customers. Our fundamental growth prospects enable us to work with sustainable suppliers to ensure long-term availability of raw materials and resources.

In FY2022, K&S reported annual revenue of more than US\$1.5 billion for the second consecutive year. K&S has made attempts to future-proof our business through the integration of ESG and sustainability into the business model, such as promoting the sustainable design of products, smart innovation, investment in clean technologies, and digitalization. As part of

FY2022 Community Investments

**>US\$1.37M**

27% increase from FY2021



Generated free cash flow<sup>1</sup> of

**US\$367M**



## Sustainable and Corporate Finance

Financial Results <sup>2</sup>	FY2022*	% change from FY2021	FY2021*	FY2020*
<b>Economic Value Generated: Revenue</b>	1,503,620	-0.9%	1,517,664	623,176
<b>Economic Value<sup>3</sup></b>	1,393,315	16.6%	1,195,411	655,927
Operating costs	762,556	-9.7%	844,614	354,335
Employee wages and benefits	262,705	2.0%	257,513	203,832
Payments to governments	43,442	-8.1%	47,295	11,998
Community investments <sup>4</sup>	1,372	26.9%	1,081	711
Direct shareholder returns <sup>5</sup>	323,240	619.8%	44,908	85,050

Table 1. FY2022 Financial Results

\* In US\$'000.

our commitment to long-term value creation for our stakeholders, K&S has undertaken efforts to better understand climate-related risks and we are moving towards climate-related reporting and integrating recommendations from the Taskforce on Climate-related Financial Disclosures (TCFD) in the FY2023 Sustainability Report. In FY2022, K&S generated cash flow of US\$367 million with an operating margin of 31%.

At K&S, we understand that we have a role to play in improving the social, economic, and environmental fabric of the communities where we operate. Therefore, we make sure to contribute to our society through our community investments and through active participation in community events.

For detailed financial results, refer to the FY2022 Annual Report.



Figure 3. K&S Value Creation Cycle

ERA\*: Enterprise Risk Assessment  
 QEHS\*: Quality, Environmental, Health and Safety  
 BCMS\*: Business Continuity Management System  
 IMS\*: Integrated Management System

<sup>1</sup> Net cash provided by operating activities less capital expenditures.

<sup>2</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 are made available in the K&S Annual Report for FY2022.

<sup>3</sup> GRI 201-1 defines Economic value distributed as: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments.

<sup>4</sup> Includes internships and COVID-19 contributions

<sup>5</sup> Includes share repurchases and dividends. Quarterly dividend payments have been made since July 16, 2018.



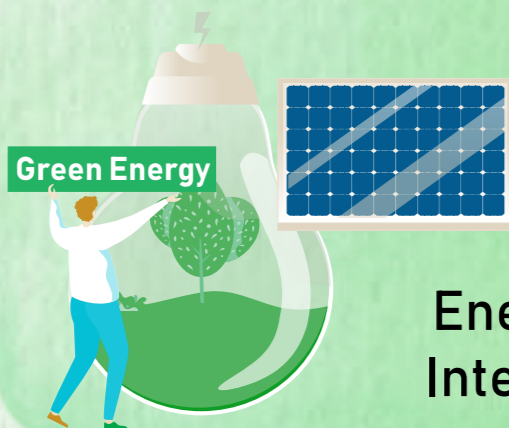
# FY2022 ESG HIGHLIGHTS AND ACHIEVEMENTS

## ENVIRONMENT



**64.5%**

Waste Recycling Achieved



**4.0%**

Reduction in Energy Consumption Intensity from FY2021

CDP Climate Change 2022 Score: **Awareness Level**



## SOCIAL

**50** Community Outreach Activities carried out globally



**1,800**

Volunteer hours achieved across all sites



**3,167**

Employees globally



**>580** R&D employees with an average tenure of >10 years

**>US\$400,000**

K&S Donation / Investment



**0** Fatalities as a result of work related injury

**0** High-consequence related injuries

## GOVERNANCE

**ZERO**

Validated cases of non-compliance regarding health & safety impacts of products and services



Smelters in CFS program identified in reporting year 2022

**78%**





## 02 Sustainability Governance at K&S

# SUSTAINABILITY GOVERNANCE STRUCTURE

## Sustainability Governance

The sustainability governance structure at K&S continues to evolve and mature. In FY2022 we embedded our four CSR pillars into a wider Environmental, Social and Governance (ESG) framework now covering the full spectrum of ESG-related efforts and initiatives.

The ESG Council comprises sub-components overseen by organizational leads, with each lead providing regular updates on status and planned initiatives to defined ESG Council workstreams. The ESG Council workstreams provide quarterly reporting to the Executive Leadership Team (ELT), with the Nominating and Governance Committee (NGC) of the K&S Board of Directors receiving summary reports on a semi-annual basis. The NGC maintains ultimate oversight of all ESG activities and is responsible for reviewing and overseeing the K&S ESG strategy, policies, and performance. Through this structure, the Board has oversight of the impacts the organization has on its stakeholders and the environment.

## ESG SUB-COMPONENTS



### Environmental Stewardship

K&S understands the importance of reducing negative environmental impacts, caused both directly by our operations and also across our value chain. We have set goals concerning the use of resources and will be introducing a greenhouse gas emissions target in FY2023. In addition to monitoring specific environmental metrics, we are also incorporating sustainable design features into

K&S products as part of our Eco Design efforts and encouraging our suppliers to meet sustainability objectives.



### Social Responsibility

K&S is committed to creating lasting positive outcomes for all our stakeholders, including our employees and those in the communities where we operate. We are increasing our focus on diversity and inclusion through the introduction of a formal diversity and inclusion program that has been implemented globally. We are also growing our philanthropy efforts and continue to give back to underserved communities, both through corporate programs and by encouraging employee-led volunteerism. The health and safety of our employees and of those who use our products is a priority and we have implemented a comprehensive quality, environmental, occupational health and safety management system across our facilities.



### Good Governance

K&S understands that sound governance has been fundamental to the long-term success of our organization. We have taken a proactive approach towards environmental stewardship and have implemented policies and practices to ensure compliance. We operate ethically and strive to be conflict mineral-free throughout our value chain. We also meet all legal and regulatory corporate governance requirements and maintain awareness of the regulatory horizon for potential developments.



Figure 4. K&S Sustainability Governance Structure

# STAKEHOLDER ENGAGEMENT

## Stakeholder Engagement and Alignment

Maintaining regular and effective communication channels with our stakeholders builds stronger bonds of trust and contributes to lasting relationships. Our stakeholders have been identified as the individuals and groups whose interests are affected or could be affected by our business activities.

Table 2. Stakeholder Engagement

Key stakeholders and their interests	Means of engagement	Frequency of engagement	Interests and concerns
<b>Customers</b> Look to K&S to offer quality and innovative products and services	Voice of Customer	Every three years	<ul style="list-style-type: none"> <li>Product &amp; Service Innovation</li> <li>Customer Health &amp; Safety</li> <li>Customer Satisfaction</li> </ul>
<b>Employees</b> Look to K&S to be a fair and just employer, upholding human rights through equal access to company programs like bonuses and awards, training opportunities, health and safety	Voice of K&S Employee Engagement Survey	Every two to three years	<ul style="list-style-type: none"> <li>Employment &amp; Labor Practices</li> <li>Occupational Health &amp; Safety</li> <li>Diversity &amp; Inclusion</li> </ul>
	Townhalls, K&S intranet, staff meetings, emails and notice boards	On a regular basis	
<b>Shareholders &amp; Investors</b> Seek long-term business growth of K&S resulting in positive financial performance	Annual Report, Sustainability Report	Annually	<ul style="list-style-type: none"> <li>Financial &amp; Non-Financial Performance</li> </ul>
	Performance announcements on K&S' website and via press releases and earnings calls	Quarterly	
	Investor meetings and an investor relations website	On a regular basis	
	Communication of financial and non-financial information	On a regular basis	
<b>Suppliers</b> Look to build sustainable business relationships with K&S	Engagement surveys and events	As appropriate	<ul style="list-style-type: none"> <li>Product &amp; Service Innovation</li> <li>Material Use</li> <li>Customer Health &amp; Safety</li> <li>Customer Satisfaction</li> </ul>
	Business reviews of supplier deliverables	Quarterly	
	Supplier events	On a regular basis	
<b>Government, Regulators and Certification Bodies</b> Look to K&S as an industry example of adhering to regulatory compliance	Industry and technology conferences	On an ad-hoc basis	<ul style="list-style-type: none"> <li>Ethics, Bribery &amp; Corruption</li> <li>Energy Usage &amp; Associated GHG Emissions</li> <li>Employment &amp; Labor Practices</li> </ul>
	Regulatory reporting to government bodies	On a regular basis	
<b>Non-governmental Organizations (NGOs) &amp; Nonprofit Organizations (NPOs)</b> Seek to foster long-term collaborative partnerships with K&S to increase meaningful interaction and improve lives	Community and environmental initiatives	On a regular basis	<ul style="list-style-type: none"> <li>Ethics, Bribery &amp; Corruption</li> <li>Local Community Engagement</li> </ul>
	Disclosure on environmental, social and other related aspects	On a regular basis	

# MATERIALITY ASSESSMENT PROCESS

## Materiality

The identification and assessment of our organizational impacts occurs on an ongoing basis at K&S. Through our ESG governance framework, the Board receives semi-annual updates relating to our activities in this area and is notified of the impact of external environmental and regulatory changes on K&S, and the impact of K&S on the economy, the environment, and the communities affected by our operations. On an annual basis our impacts are reviewed and prioritized, and, after validation by the ELT, a list of material topics is presented in our sustainability report. Both internal and external stakeholders are involved in the annual materiality review process, but feedback on our activities and impacts is sought from all sources on an ongoing basis (see table 2).

## FY2017

We conducted a formal materiality assessment involving over 90 global multi-functional K&S employees to understand their perspective on economic, environmental, social, and governance topics that would be significant to K&S, as well as from the perspective of the external stakeholders they engage with.

## FY2018

The assessment exercise was expanded to include the direct perspectives of key external stakeholders and involved suppliers and community partners in the assessment review.

## FY2019 and FY2020

We reviewed our material topics internally and performed peer benchmarking analyses to verify whether our previously defined material topics remained relevant.

## FY2021

The Voice of Customer 2021 survey was updated to obtain sustainability-related feedback from our customers that was included during the materiality assessment exercise.

## FY2022

We sought the input of key internal stakeholders through an interview process and invited a selection of community partners, employees, customers, and suppliers to take part in an online materiality assessment survey. While the outcome of the survey did not result in changes to either the material topics or a reprioritization of the topics, an increased focus on human rights was identified. We are strengthening our commitments relating to human rights in our operations and supply chain.



### Importance of Material Matters to Internal and External Stakeholders

Through the materiality assessment process, K&S has identified 12 material topics. These material topics are based on significance to K&S and importance to stakeholders, with a greater emphasis on the top five material matters.

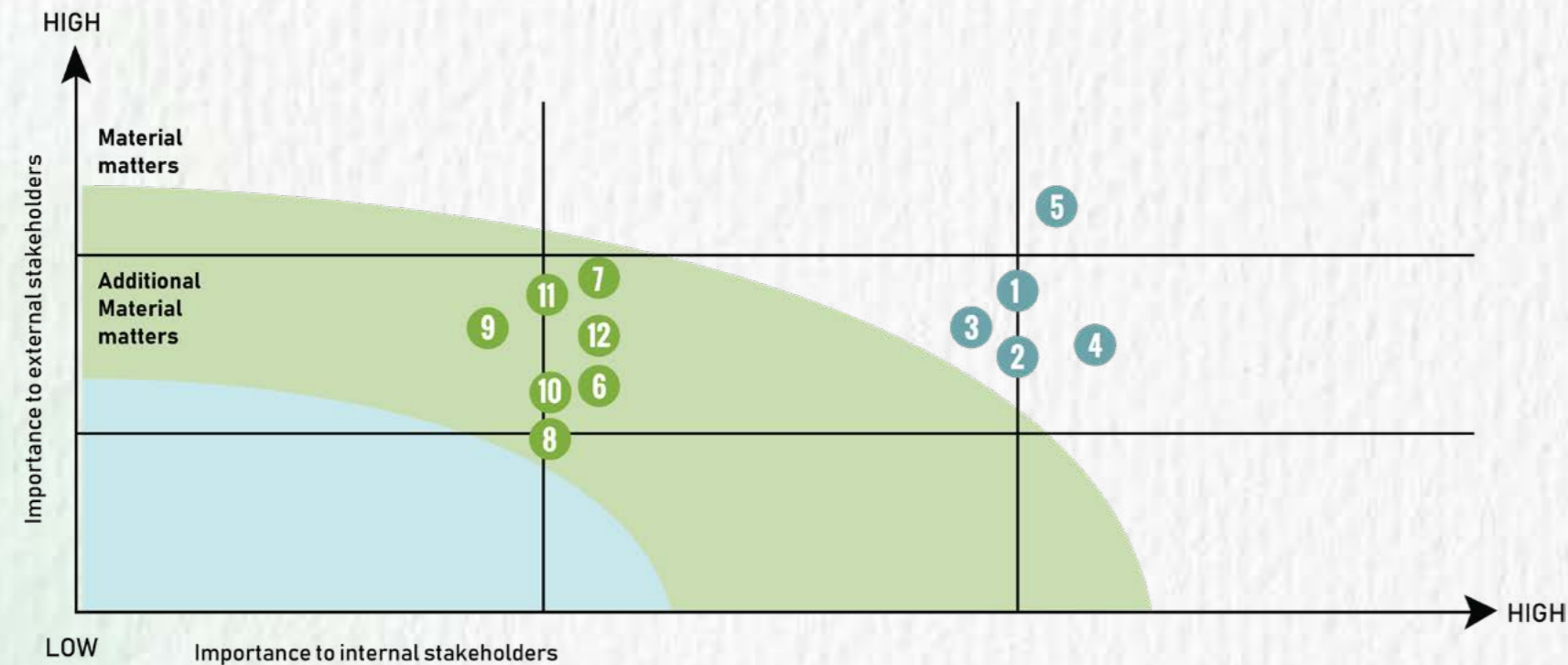


Figure 5. Chart of Importance of Material Matters External Stakeholders vs Internal Stakeholder

No.	Material Topic	How a Potential Negative Impact Could Be Effected by K&S <sup>6</sup>	Stakeholders	Associated UN SDGs
1	Ethics, Bribery and Corruption	Causes, Directly linked to	Government, Regulators and Certification Bodies	
2	Product and Service Innovation	Causes	Customers	
3	Customer Health and Safety	Causes	Customers	
4	Customer Satisfaction	Causes	Customers	
5	Occupational Health and Safety	Causes	Employees	

No.	Material Topic	How a Potential Negative Impact Could Be Effected by K&S <sup>6</sup>	Stakeholders	Associated UN SDGs
6	Employment and Labor Practices	Causes	Employees Communities	
7	Material Use	Causes, Contributes to, Directly linked to	NGOs / NPOs Communities	
8	Energy Usage and Associated GHG Emissions	Causes, Contributes to, Directly linked to	Government, Regulators and Certification Bodies NGOs / NPOs Communities	
9	Sustainable and Corporate Finance	Causes	Shareholders and Investors Employees	
10	Responsible Supply Chain Management	Causes, Contributes to, Directly linked to	Suppliers	
11	Sustainability Governance	Causes	Government, Regulators and Certification Bodies Shareholders and Investors Employees	
12	Effluents and Waste Management	Causes, Contributes to	Government, Regulators and Certification Bodies NGOs / NPOs Communities	

Table 3. K&S Material Topics

<sup>6</sup> An organization 'causes' a negative impact if its activities on their own result in the impact and 'contributes to' a negative impact if its activities lead, facilitate, or incentivize another entity to cause the impact. An organization may be 'directly linked to' a negative impact through its business relationships (globalreporting.org, 2022).

# OUR FY2022 TARGETS AND PERFORMANCE

No.	Material Topic	FY2022 Targets	Performance for FY2022	No.	Material Topic	FY2022 Targets	Performance for FY2022
1	<b>Ethics, Bribery &amp; Corruption</b> Developing efforts or policies to ensure that business practices are ethical and free of bribery and corruption	<ul style="list-style-type: none"> <li>Zero incidents of non-compliance with laws and regulations resulting in significant fines or non-monetary sanctions</li> <li>Zero incidents of corruption, fraud, bribery or money-laundering activity across the business and operations</li> </ul>	Achieved  Achieved	8	<b>Energy Usage &amp; Associated GHG Emissions</b> Ensuring that energy consumption and its associated greenhouse gas (GHG) emissions can be minimized where possible	Reduce total electricity usage intensity from FY2021 by 2%	Achieved
2	<b>Product &amp; Service Innovation</b> Encouraging efforts to drive innovation to meet ongoing and future needs of the company and customers	Adopt the 'on time, on target' approach in the delivery of products and services	Achieved	9	<b>Sustainable and Corporate Finance</b> Ensuring that sustained economic value is generated by the company and distributed to its stakeholders	<ul style="list-style-type: none"> <li>Return at least 50% free cash flow to investors via dividends and buybacks</li> <li>Corporate Net Income target: US\$318.6M</li> <li>Corporate Operating Margin target: 25.5%</li> </ul>	Achieved  Achieved  Achieved
3	<b>Customer Health &amp; Safety</b> Adhering to health and safety commitments to ensure that products and services do not pose any risks to customers	Zero validated cases of non-compliance regarding health and safety impacts of products and services (Voice of Customer target to be updated in FY2024)	Achieved	10	<b>Responsible Supply Chain Management</b> Performing due diligence to ensure that suppliers are responsible for their practices in social and environmental aspects	Restriction of Hazardous Substances (RoHS): <ul style="list-style-type: none"> <li>Achieve RoHS compliance for new products launched in FY2022</li> </ul> Conflict Minerals: <ul style="list-style-type: none"> <li>File to SEC CM report RY21 on time in May 2022 with annual due diligence progress</li> </ul> Supplier Code of Conduct: <ul style="list-style-type: none"> <li>All key suppliers to endorse and comply with K&amp;S Direct Supplier Code of Business Conduct and Ethics (Direct Supplier Code)</li> <li>Increase procurement from local or regional suppliers by 15%</li> </ul>	Achieved  Achieved  Achieved  Achieved
4	<b>Customer Satisfaction</b> Maintaining product and service satisfaction levels that encourage customers to continue engaging the company as a service and goods provider	Set Quality Targets across all products, and to be adopted from Top Management to Working Level Achieve 85% rate of field issues resolved at Escalation Level 1	Achieved  Achieved	11	<b>Governance (Sustainability)</b> Demonstrating strong sustainability leadership as part of business strategy and decision-making process	<ul style="list-style-type: none"> <li>100% completion in employees' Code of Business Conduct training</li> <li>Conduct 2022 Enterprise Risk Assessment and include achievable target risks in risk map</li> <li>Complete K&amp;S ESG Transformation project to form new ESG Council with expanded scope</li> <li>ESG organization structure up to BOD to periodically review K&amp;S sustainability strategy and results.</li> </ul>	Achieved  Achieved  Achieved  Achieved
5	<b>Occupational Health &amp; Safety</b> Developing initiatives or policies to maintain a healthy and safe workplace, including monitoring health & safety performance of employees and contract workers, including contractors	<ul style="list-style-type: none"> <li>Maintain Accident Frequency Rate (AFR) below 1.5</li> <li>Maintain Accident Severity Rate (ASR) below 7</li> <li>Achieve &gt; 10 hours of OHS training per employee</li> <li>100% completion in Corporate Safety Training</li> <li>Zero fatalities and occupational related diseases</li> </ul>	Achieved  Did not achieve. See page 44 for planned initiatives. Achieved  Achieved  Achieved	12	<b>Effluents &amp; Waste Management</b> Ensuring that effluents and waste generation are minimized where possible and managed through proper disposal and recycling protocols	<ul style="list-style-type: none"> <li>Achieve &gt; 60% total solid waste recycling rate</li> <li>Reduce hazardous waste generation intensity at K&amp;S Suzhou site by &gt; 2%</li> </ul>	Achieved  Set new baseline. See page 31 for planned initiatives.
6	<b>Employment &amp; Labor Practices</b> Ensuring the implementation of fair employment and labor practices across all business units and operation locations	Maintain women representation in global workforce above 35%  100% of annual performance reviews to be completed and delivered to our employees	Did not achieve. See page 39-42 for planned initiatives. Achieved				
7	<b>Material Use</b> Ensuring that materials used in the company's operations are sustainably sourced and managed in an efficient manner	<ul style="list-style-type: none"> <li>Reduce total paper usage intensity from FY2021 by 3%</li> <li>Reduce water usage intensity at K&amp;S Suzhou site by &gt; 1%</li> </ul>	Did not achieve. See page 30 for planned initiatives. Achieved				

Table 4. FY2022 Targets and Performance



03

## Resilient Governance and Accountability



# ETHICS, BRIBERY AND CORRUPTION

## Business Integrity & Ethics

K&S is dedicated to conducting business ethically and with integrity. The K&S corporate governance structure and associated policies shape our culture of responsibility, integrity, and compliance with applicable laws and regulatory requirements. The Board has ultimate responsibility and oversight of corporate governance matters and remains dedicated to ensuring that business is conducted to the highest standards. In FY2022, K&S had zero incidents of non-compliance with laws and regulations resulting in significant fines or non-monetary sanctions. We define significant instances of non-compliance as those that result in a material financial or non-financial impact on the business, employees, or stakeholders.

Our Code of Business Conduct, Code of Ethics for Senior Financial Officers, and Worldwide Direct Supplier Code of Business Conduct and Ethics (collectively the Codes), encompass a framework for ethical and responsible business principles and practices. The Codes provide guidance about and address issues such as:



Compliance with laws, rules, and regulations such as data privacy, discrimination, equal opportunities, policies against child labor and forced labor, and environmental practices



Conflicts of interests and appropriate disclosures



Corporate opportunities that may not be used for personal gain



Protection and proper use of K&S assets and proprietary information including that of third parties



Competition and fair dealing in relationships with stakeholders

Our Codes include provisions that apply to all K&S employees and suppliers. Our Codes are published in multiple languages and available to the public on our website. Critical risks relating to corporate governance and ethics are taken very seriously, and K&S implements an effective Enterprise Risk Assessment (ERA) program to identify and mitigate these risks across all our operations, to ensure that K&S achieves its business objectives and continuity of business operations. Corruption is considered as a factor when identifying and evaluating all of our enterprise risks. Key risks where corruption has been identified as a more significant factor include Supply Chain Interruptions and Export Compliance Adherence. Our commitment to ethical business practices is communicated through our Corporate Responsibility Policy, in which we commit to delivering long-term value to our stakeholders by ensuring that we conduct our business ethically and responsibly.

The Vice President, Legal Affairs and General Counsel of K&S has oversight of the Codes and has the responsibility to identify and mitigate potential ethical or governance-related risks. The Codes are also reviewed annually by external counsel to ensure that it complies with NASDAQ regulations. For more information and transparency, please find our corporate policies and guidelines available on our corporate website: <https://investor.kns.com/corporate-governance>.

FY2022 Achieved

**ZERO incidents**

*of non-compliance with laws and regulations resulting in significant fines or non-monetary sanctions*



### Whistleblowing and Grievance Procedures

K&S is committed to encouraging a transparent, healthy, and fair working environment in which business practices may be discussed without fear of negative consequences. Our employees and business partners can seek advice or raise concerns regarding unethical behavior or violations of the Codes either directly through a member of the K&S compliance committee or on a confidential and anonymous basis through our whistleblowing hotline. All reports made in good faith are immediately alerted to the Audit Committee, and the Vice President, Legal Affairs and General Counsel, and they are investigated and rectified in a thorough and timely manner. When required, the reports or concerns raised may be forwarded to the Board of Directors. The Audit Committee receives status reports on a quarterly basis and has ultimate authority to review and resolve any matters. In FY2022, there were zero incidents of corruption, fraud, bribery or money-laundering activity across the business and operations.

### Communication and Promotion

Every year, we undertake an annual exercise to ensure that all employees and direct suppliers have acknowledged and are compliant with K&S corporate governance policies and guidelines. We also conduct annual online ethics training sessions to set company expectations on employee conduct, reinforce understanding of the Codes, and support ethical business practices.

FY2022 Achieved

# ZERO incidents

of corruption, fraud, bribery or money-laundering activity across the business and operations



## Speak Up, Don't Stay Up

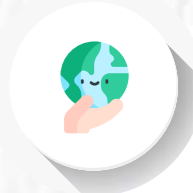


To raise awareness on the whistleblowing and grievance procedures, K&S launched a compliance campaign in FY2022 that communicates these procedures to employees and encourages a transparent and safe space to raise concerns in good faith. The “Speak Up, Don’t Stay Up” campaign was rolled out in the form of a poster providing details on how employees can file complaints or seek advice on workplace-related issues such as unfair treatment, distress caused by co-workers, violation of K&S codes and unethical business practices on either a direct or anonymous basis. The poster was translated into multiple languages for employees in all locations of operation. As part of the campaign, events and activities have been planned for the upcoming year to further build an honest, responsible, and respectful culture in the workplace.

### Human Rights

K&S and its subsidiaries are committed to safeguarding the rights of our employees and supply chain partners, promoting and cultivating a culture of trust, respect, fairness, and inclusion within the company, regardless of beliefs, abilities, or backgrounds. Our approach to uphold the fundamental principles of human rights in all locations of operation is guided and supported by the international human rights principles as set out in the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.

In FY2021, we published our Human Rights Policy that sets standards on:



The protection of environmental and human health through responsible use of materials



Prohibitions of the use of child labor, forced labor or any forms of slavery



Ensuring diversity and inclusion



Usage of water resources sustainably

It is expected that all people and organizations with whom K&S maintains relationships – including our employees, business partners, vendors, and suppliers – adhere to similarly stringent human rights policies and standards. We endeavor to foster a commitment to human rights throughout our value chain and conduct sustained engagements with stakeholders, due diligence processes, and internal checks to identify and address any actual or potential negative human rights impacts that may arise from our activities.



# RESPONSIBLE VALUE CHAIN


At present, K&S is collaborating with more than 1,500 suppliers across Asia, Europe, the United States, and the Middle East to support our operating and manufacturing requirements.

K&S is committed to maintaining a durable and sustainable supply chain to support resilient business operations and long term value creation for our stakeholders. In every aspect of the supply chain, K&S identifies risks and opportunities, and develops appropriate strategies to ensure that the supply chain is managed responsibly.

### Training Support

Apart from ensuring compliance to the Supplier Code of Conduct, K&S further strengthens sustainability awareness in the supply chain through investments in programs such as training workshops and other periodic engagements that occur annually and on an ad-hoc basis.

## Sustainable Procurement of Raw Materials




Management and supplier compliance to RoHS, CM, REACH, TSCA and other applicable product compliance requirements

Due diligence procedures for responsible sourcing to maintain Responsible Business Alliance (RBA) Standards

Periodic reviews and corrective action management to promote accountability

## Sustainable Design & Manufacturing of Products



Compliance with quality, environmental, health & safety ISO requirements


Design for low power consumption

Programs to continually reduce energy and material usage, minimize waste, promote safe production, and limit the environmental impact until the end of its life cycle

Evaluation of product content by the Go-Green Committee to reduce and eliminate the use of hazardous materials

Tested for safety compliance and CE marked

## Sustainable Packaging & Logistics




Energy optimization in operations

Logistics material such as crates are reused during product distribution

Paperless online system for transactions and shipment

Reduction of packaging waste for in-house & supplier packaging material and use of green packaging materials

## Sustainable Production & Sales



Sold products are in compliant to hazardous substances, safety and all applicable regulations and customer requirements

OHS trained Customer Service Engineers ensure compliance with customer safety requirements

Refurnishing of products to extend their life cycle

Voice of Customer (VoC) survey conducted to measure customer satisfaction for continual improvement of products and services

Disclosure of materials used in products to consumers to encourage proper and responsible end-of-life disposal

Figure 6. K&S Singapore and Suzhou Sustainable Value Chain

### Supplier Code of Conduct

To extend and integrate the K&S sustainability values, goals, and commitments throughout our supply chain, all of our direct suppliers and contractors are expected to endorse and comply with a Direct Supplier Code of Business Conduct and Ethics (Direct Supplier Code). K&S has also developed a similar Indirect Supplier Code of Business Conduct and Ethics (Indirect Supplier Code) that applies to indirect suppliers, contractors, consultants and agents. New suppliers that we engage are also mandated to sign and acknowledge on the respective Codes of Conduct. This communicates our expectations to the suppliers and determines compliance levels in relation to our Supplier Code of Conduct.

The Direct and Indirect Supplier Codes lay out the key principles and expectations for committing to the highest standards in supply processes, and business, legal, and ethical conduct, similar to our Business Code of Conduct for employees. It takes reference from established global standards such as the Responsible Business Alliance (RBA), European Union regulations on Registration, Evaluation, Authorization and Restriction of Chemicals (“REACH”) and other applicable laws and regulations. The Codes cover topics such as the management of raw materials and waste, labor and human rights, data protection and confidentiality, conflict minerals and anti-corruption.

Suppliers are also required to formally agree to the terms stated in our Human Rights Policy and updated Direct Supplier Code.

### Evaluation Assessments

Approved suppliers must undertake an annual four-part evaluation assessment. When due for re-contract, a follow-up review is required before re-approval.

### K&S Supplier Management Process

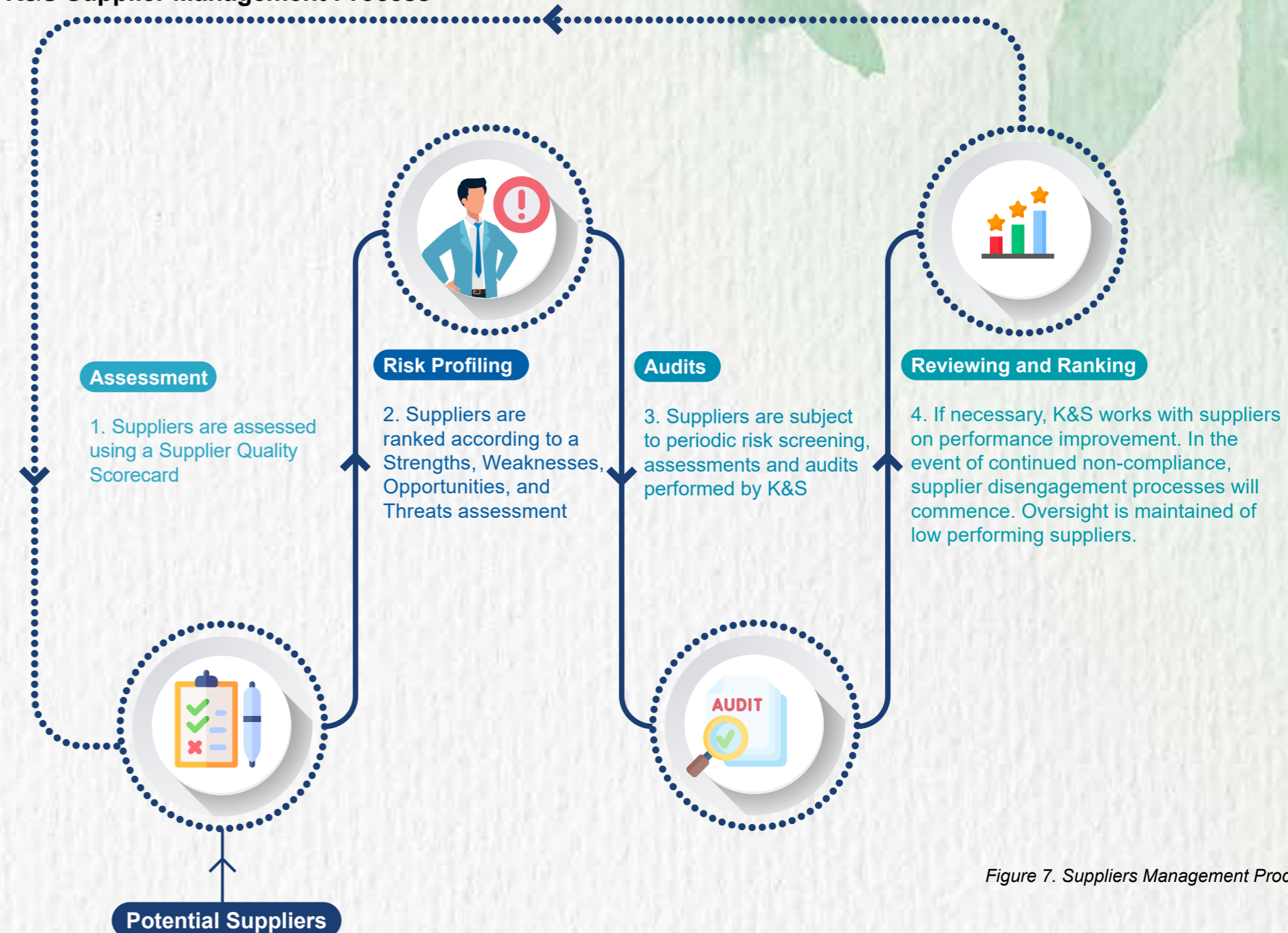


Figure 7. Suppliers Management Process

## FY2022 Sustainable Supplier Workshop

K&S Singapore hosts a Sustainable Supplier Workshop annually to engage the supplier community in mutual sharing and learning of industry sustainability best practices and standards. In FY2022, the Sustainable Supplier Workshop was held in January via an online conference. K&S communicated expectations around sustainability, environmental compliance for products, and ESG achievements. K&S suppliers also had the opportunity to share their organizations’ ESG initiatives, sustainability management and sustainability performance as valuable learning points to encourage alignment to industry best practices.

# REDUCING EXTERNAL RISK

We diversify our supply chain by sourcing from a range of local, regional, and global suppliers. We have also met our target to increase procurement from local or regional suppliers by 15% in FY2022 and increase transportation of resources by land or sea instead of air, in our efforts to reduce global greenhouse gas emissions.

## Sustainable Supply Chain Strategy

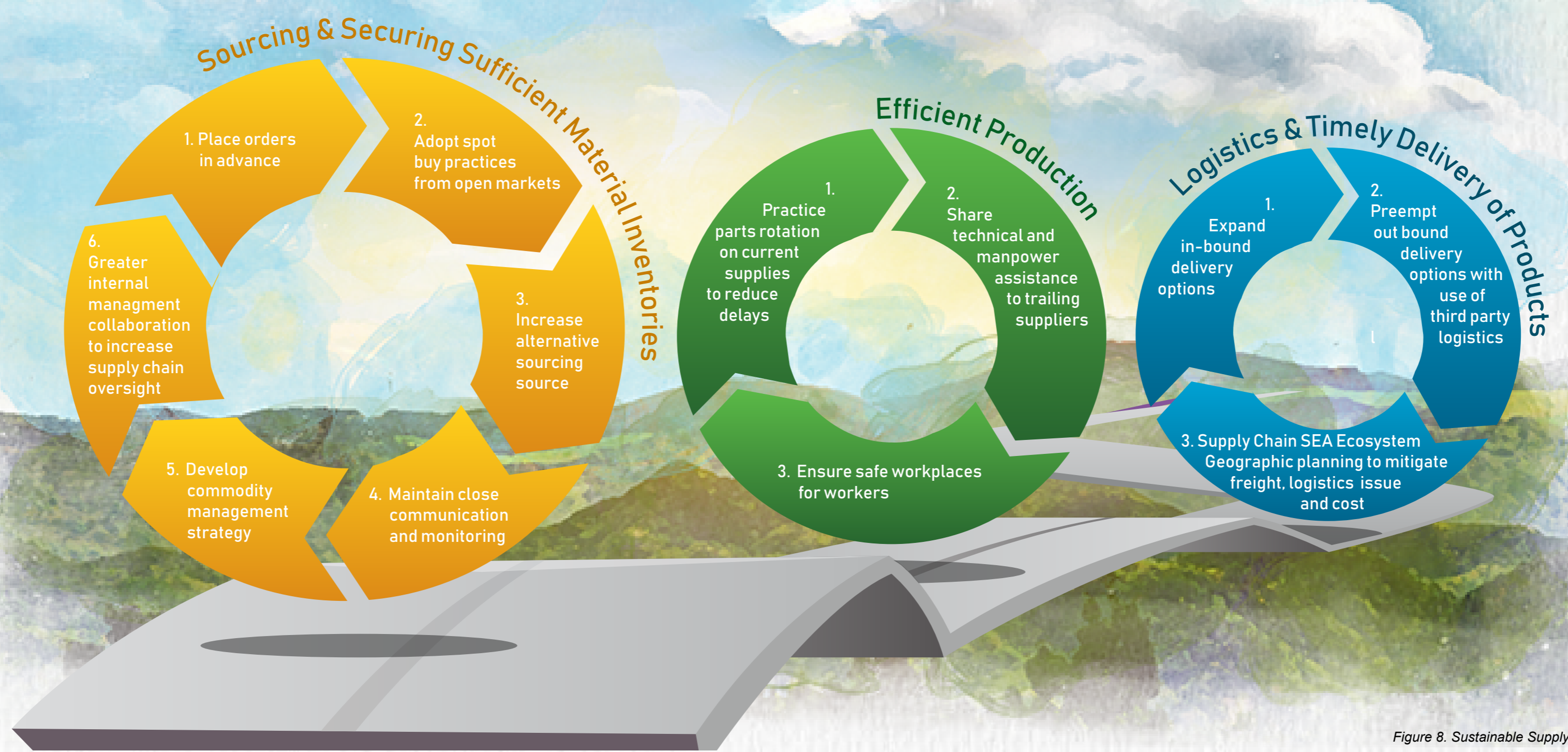


Figure 8. Sustainable Supply Chain Strategy

# BUSINESS RESILIENCE FOR CONTINUITY

Operating a robust and resilient business is a core value for K&S. Through our business resilience strategy, we are able to identify and manage the risks to which we are exposed, respond quickly to business disruptions and establish mechanisms for protecting our people and our assets.

## Enterprise Risk Management

Our Enterprise Risk Management (ERM) program and the Enterprise Risk Assessment (ERA) we conduct under the ERM forms the starting point for understanding risks and developing informed, targeted and prompt business decisions. The program helps us to identify, assess, and effectively respond to various events that may present risk and uncertainty to the business. We have embedded risk management into the operations and culture of our business, resulting in informed decisions made across all areas, including governance, strategy, and goal-setting.

The outcome of the ERA is a risk map that categorizes risks based on severity and likelihood, and K&S sets progressive targets against a timeline to reduce risk. The risk map, targets and progress are reviewed by the Board semi-annually.

## Annual Enterprise Risk Assessment Process

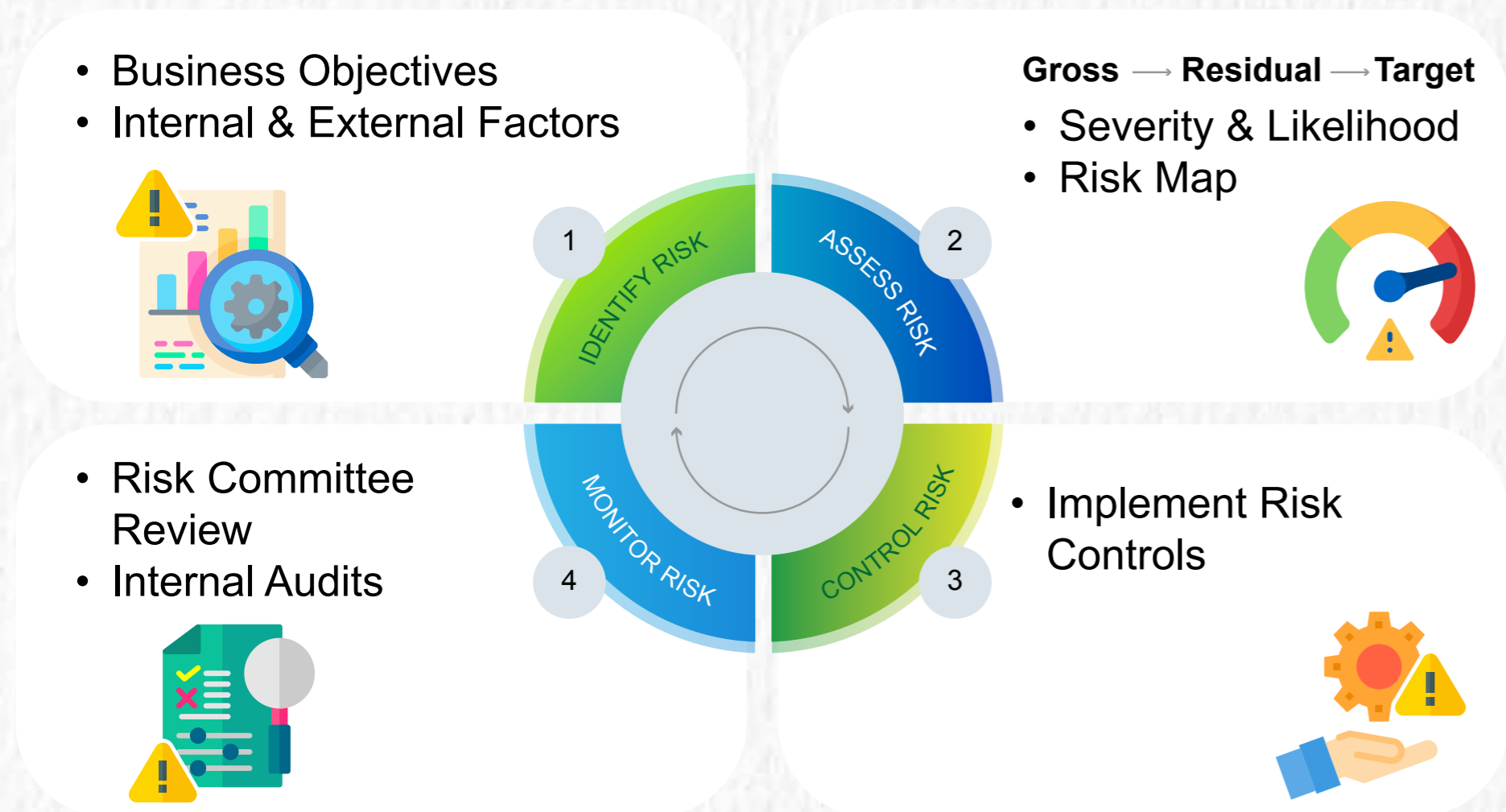


Figure 9. Annual Enterprise Risk Assessment Process

## Integrated Management System (IMS)

The K&S Integrated Management System (IMS), which has been implemented at our six major design and manufacturing sites, is certified under the corporate ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications. Our integrated Quality, Environmental and Occupational Health & Safety (QEHS) Management System enables the achievement of harmonized K&S worldwide objectives.

Please refer to the [K&S QEHS policy](#) and [ISO certificates](#) on the K&S website.

The IMS provides a framework for effective management of our processes, global IMS goals, and sustainability trends. The IMS policies and objectives have been communicated and implemented, aligned with our strategic goals, and are monitored periodically in terms of their effectiveness. The risks and opportunities related to QEHS are systematically identified, assessed, controlled and reviewed through the Enterprise Risk Assessment (ERA), Environmental Aspect Assessment (EA) and Hazard Risk Assessment (RA) processes. Procedures are established to evaluate our compliance obligations related to laws, regulations, and other requirements to ensure compliance.

## Fostering Sustainable and Responsible Business Culture and Conduct

With increasing emphasis on sustainable and responsible business, K&S has taken the initiative to enhance our management system framework to include the Responsible Business Alliance (RBA) Code of Conduct. The RBA code provides industry standards on practices for Labor, Ethics, Health, Safety and Management System of the four areas. The Validated Assessment Program (VAP) created by RBA and is a leading standard for compliance verification and audit. The VAP enables RBA approved third-party assessment, taking reference from the RBA code of conduct, ILO International Labor Standards and OECD Guidelines for Multinational Enterprises.

In May 2022, K&S Singapore, with external assistance, conducted an internal high-level RBA-VAP gap assessment within the Singapore facility in preparation for the RBA-VAP audit planned in FY2023. The audit result will generate improvement opportunities to lead K&S towards more sustainable and responsible business practices.

## Business Continuity Management

The existence of structured and rigorous business continuity processes means K&S is better placed to manage disruption and provides confidence to stakeholders regarding our continued operations.

K&S has established a Business Continuity Management System (BCMS) for increasing our capacity to respond effectively in the event of disruptions, and to safeguard our stakeholders, reputation, brand and value-creating activities. The BCMS takes reference from the ISO 22301 Standard, and the business continuity management procedures apply to all of K&S' design and manufacturing sites.

Using the ISO standard as a guide, the K&S BCM framework adopts a Plan Do Check Act (PDCA) cycle, providing a process to identify exposure to internal and external threats and to assist in the formulation of effective and efficient responses.

For FY2022, BCP Testing was conducted at our K&S Singapore, K&S, Israel and K&S Netherlands sites. Tabletop simulation testing was conducted to verify BCP effectiveness through simulated disaster scenarios. The Crisis

### BC Disaster Scenarios and Recovery Strategies

**Scenario 1**  
**Denial of Access of Office Premises**

- Suspend non-critical functions
- Primary staff to work from alternate site/home with supporting IT systems and applications
- Alternate back-up staff to perform functions at alternate sites

**Scenario 2**  
**Loss of Computing/Data Communications**

- IT are to recover critical data, systems and alternate sites

**Scenario 3**  
**Non-Availability of Staff**

- Separate working location /segregate workforce
- Provide emergency access and authority to alternate (back-up) staff
- Alternate back-up staff to perform functions at alternate sites

**Scenario 4**  
**Non-Availability of Key Supplier**

- Build Inventory of highest risk material
- Qualify additional vendors or materials
- Back-up design engineering

Figure 10. BC Disaster Scenarios and Recovery Strategies

Management Teams (CMTs) were assessed in how they managed the crisis and recovered critical business functions through role play. All three sites successfully completed the BCP test, and demonstrated excellence in business continuity readiness. In FY2023, K&S Suzhou, K&S Fort Washington, and K&S Santa Ana sites will be undergoing their BCP testing.

**K&S Singapore BCP Test scenario**

\*Illustration depicts BCP training session held over on Zoom meeting

Delivery truck caught fire at loading bay and caused fire to spread to the warehouse.

**K&S Israel BCP Test scenario**

Chemical explosion went off in the production area of the building causing a fire and flooding in the premises.

**K&S Netherlands BCP Test scenario**

A propane tanker truck veered off the highway and crashed into the factory loading bay and exploded, resulting in a fire that spread to the rest of the building.

Figure 11. FY2022 BCP Tests Conducted





04

## The Environment and Low-Carbon Transformation

# SUSTAINABLE SOURCING

K&S understands the importance of operating within the Earth’s boundaries and is committed to ensuring resources are managed in a responsible manner. Our Environmental Health & Safety Policy governs the processes established to manage material use and takes reference from the internationally recognized standards and regulations that are relevant to K&S operations. Specifically, these are the European Union (EU) Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) and Restriction of Hazardous Substances (RoHS) regulations, the Securities and Exchange Commission (SEC) Conflict Minerals (CM) guidelines and Toxic Substances Control Act (TSCA). Our commitment to sustainable and responsible sourcing extends to the demands we make of both our direct and indirect suppliers in the Supplier Code of Business Conduct and Ethics documents including focus on responsible materials use:

### Conflict Minerals

3TG: Tantalum, Tin, Tungsten and Gold

### Hazardous Substances

RoHS, REACH, TSCA

To manage our commitment to provide conflict-free products, a cross-functional global Conflict Mineral Committee was established in FY2013 to oversee our due diligence journey guided by our CM policy. K&S files an annual CM report with the SEC<sup>7</sup> declaring our due diligence progress with our extensive supply chain on the mine source tracing and the mitigation actions in the event that a conflicted source is found.

We require our tier-1 suppliers to provide full disclosure of the origin of 3TG minerals used in their products, including their sub-tier suppliers down to the smelter sources. We also conduct yearly audits on selected “high risk” suppliers to verify that their CM processes and disclosures are in conformance. K&S takes any violation of our conflict minerals policy seriously, taking action to the extent of disengaging suppliers who do not comply.

Please refer to K&S CM policy and RY21 Conflict Mineral Report for more details.

Conflict-free Smelters	Number of 3TG Tier-1 Suppliers Surveyed	Number of Smelters Identified	Number of Compliant and Active Smelters	Number of Conflicted Source Found
FY2019	158	382	321	0
FY2020	171	371	299	0
FY2021	180	377	294	0

Table 5. Conflict-free Smelters

### Ethical Sourcing of Conflict Minerals (CM)

Tin, tantalum, tungsten, and gold (3TG) are used widely in the semiconductor and related industries. The 3TGs are classified as conflict minerals when it is determined that they have been sourced from the Democratic Republic of Congo (DRC) and nine adjoining countries, where illegal mining proceeds fund serious conflicts and contribute to severe human rights abuses.

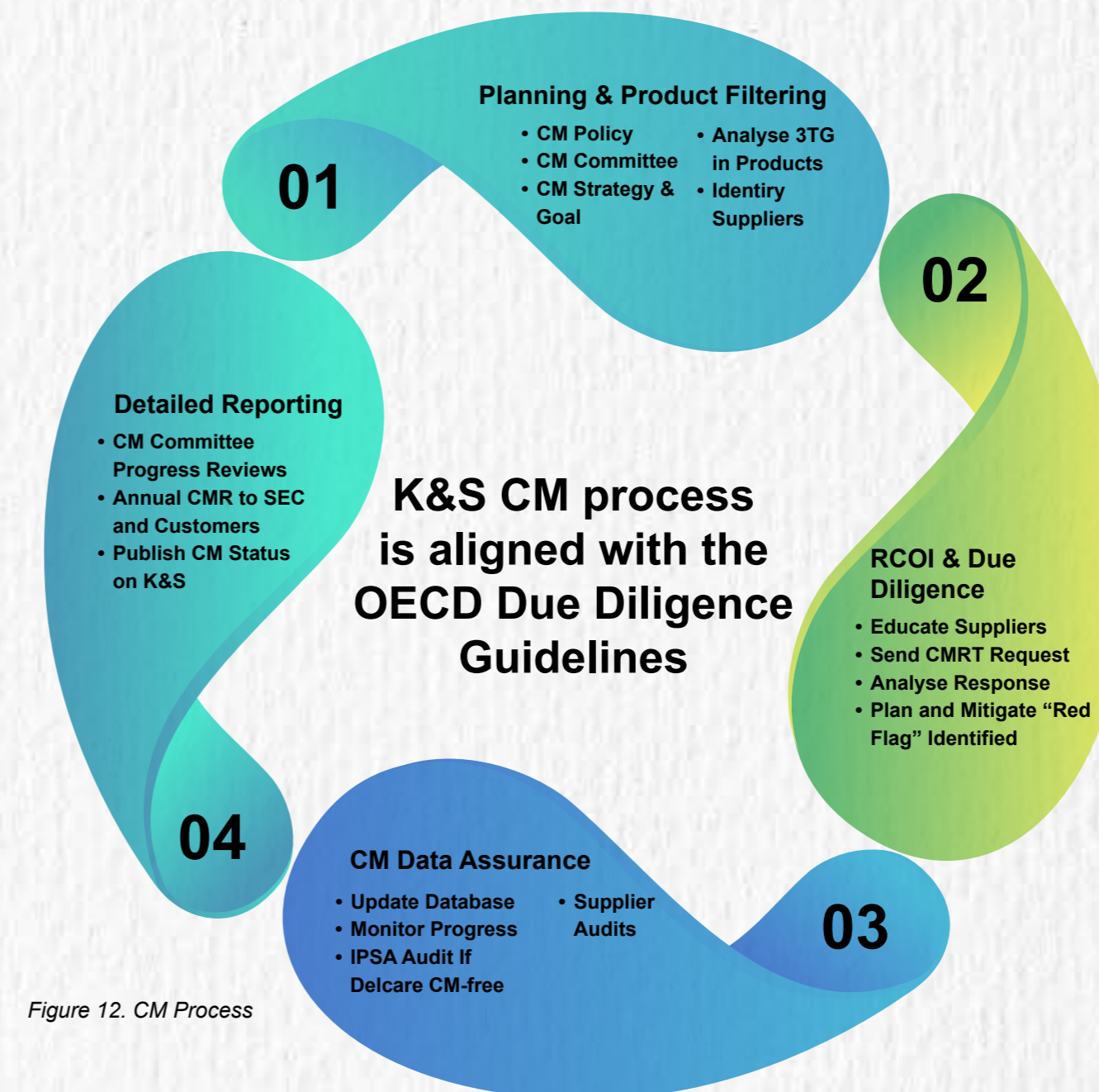


Figure 12. CM Process

### Restriction of Hazardous Substances (RoHS)

K&S understands the importance of the proper treatment of waste electrical and electronic equipment (WEEE). Inappropriate disposal of such waste can result in long lasting negative effects on the health of both people and the environment due to the release of harmful substances such as cadmium, lead, and mercury. While K&S equipment is classified under “Large Scale Stationary Industrial Tools” which is out of the product scope of EU RoHS, we are committed to meeting the EU RoHS requirements. RoHS is a directive which promotes the recycling of electronic waste and

restricts the use of certain hazardous substances. Since 2020, all K&S new platforms launched have been compliant with 2011/65/EU RoHS 2, which lists six restricted substances. In 2019, four additional phthalates were added to the the list of restricted substances. K&S has been engaging suppliers to provide compliance data relating to all ten restricted substances since then.

<sup>7</sup> SEC’s Reporting Year runs from January to December.

Managed by our global multi-functional Go-Green Committee, we have achieved EU RoHS compliance for the following new products:



**REACH-SCIP Disclosure**

The aim of the EU Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulation is to protect human health and the environment from chemical risks. K&S continues the due diligence to ensure our compliance with REACH regulations through monitoring of periodic new Substances of Very High Concern (SVHC) added and engaging our suppliers. When any articles are found exceeding the SVHC limit, K&S will disclose the information to the European Chemicals Agency (ECHA) in the SCIP<sup>8</sup> database and also inform our engineering team for corrective actions.

**New TSCA Rules and Enforcement**

Through the Toxic Substances Control Act (TSCA), the US Environmental Protection Agency regulates the distribution of five persistent, bio-accumulative, and toxic (PBT) substances in the United States. The enforcement will come into effect in October 2024. The K&S Go-Green Committee has engaged our supply chain to collect compliance data for our affected products. To simplify and streamline the data collection processes required for the various product environmental standards, we have engaged an external partner in data collection services and a data management system in providing a one-stop platform for all K&S product compliance data and reporting.

<sup>8</sup> Substances of Concern In articles as such or in complex objects (Products)

<sup>9</sup> This equates to 87,606 GJ of energy in FY2022 (FY2021: 92,102 GJ)

# ENERGY USAGE & ASSOCIATED GHG EMISSIONS

**Embracing Eco-Efficient Operations**

While an increasingly digitalized world affords users increased efficiencies, cost-savings and a better quality of life, the growth of the semiconductor and technology manufacturing industry is leading to increased pressures on natural resources and energy use. K&S is aware of these consequences, and the effect carbon emissions have on climate change. We are committed to reducing our impact by embedding a sustainable mindset throughout our organization to guide our strategy and inform our decisions.

Our commitments to reducing our impact on the environment are clearly defined in our Corporate Responsibility Policy. We are committed to conserving resources and optimizing the usage of water and energy; we are restricting the use of hazardous substances in our products; and we are reducing the volume of waste we produce and managing our waste responsibly.

**Reducing Energy Use**

K&S is committed to driving efficiency increases throughout our manufacturing and operating processes, irrespective of the source of the energy used. While our Eindhoven site continues to use 100% renewable energy and our Suzhou facility has installed solar panels to reduce grid electricity requirements, efforts to increase the efficiency of energy use are ongoing. These initiatives benefit the environment and result in lower operational costs. We regularly monitor progress and evaluate the effectiveness of energy conservation measures and report progress against targets in our semi-annual ESG review meetings.

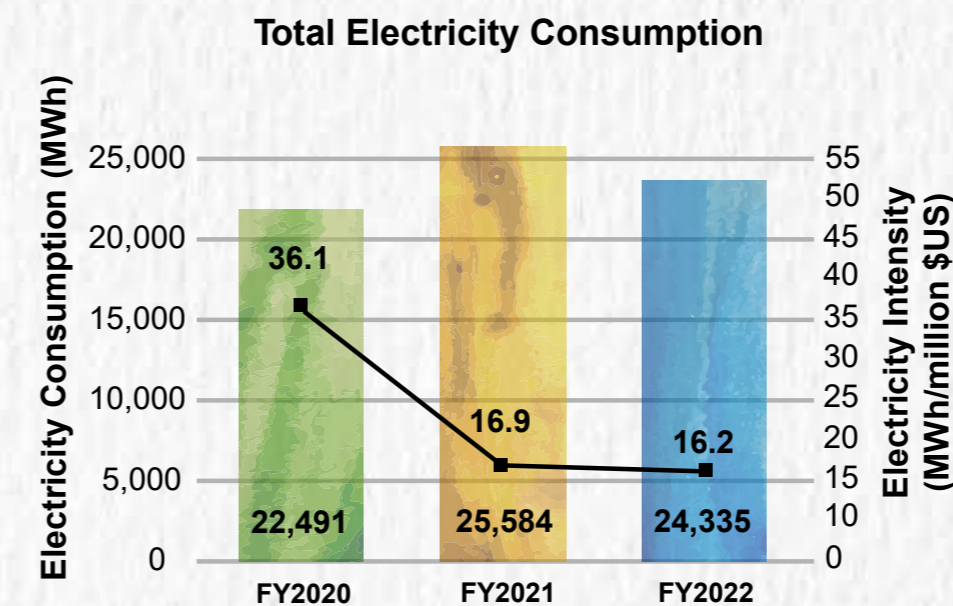
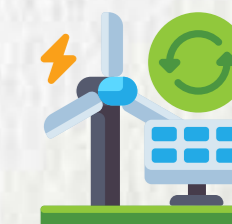


Figure 13. Electricity Consumption

FY2022 Achieved

**4.0%**

Reduction for non-renewable electricity usage intensity from FY2021, exceeding 2% reduction goal



Total electricity consumption for FY2022 was 24,335 MWh (FY2021: 25,584 MWh)<sup>9</sup>. This total amount of energy includes that which was generated from renewable sources. The overall reduction is a result of our ongoing efforts to implement energy efficiency measures throughout our operations.

### Reducing Emissions and CDP

In order to more fully understand the extent and nature of our GHG emissions, in FY2022, we expanded our data collection processes to include our direct Scope 1 emissions in addition to the existing collection of indirect Scope 2 emissions arising from energy use. Our Scope 1 emissions emanate from onsite combustion of diesel oil in generators and from fugitive coolant gases. However, our Scope 1 emissions comprise only 11.6% of our total Scope 1 and Scope 2 emissions. The majority of our emissions arise from energy use in our manufacturing processes.

FY2022 Achieved  
**5.8%**



reduction in Greenhouse Gas emission intensity from FY2021

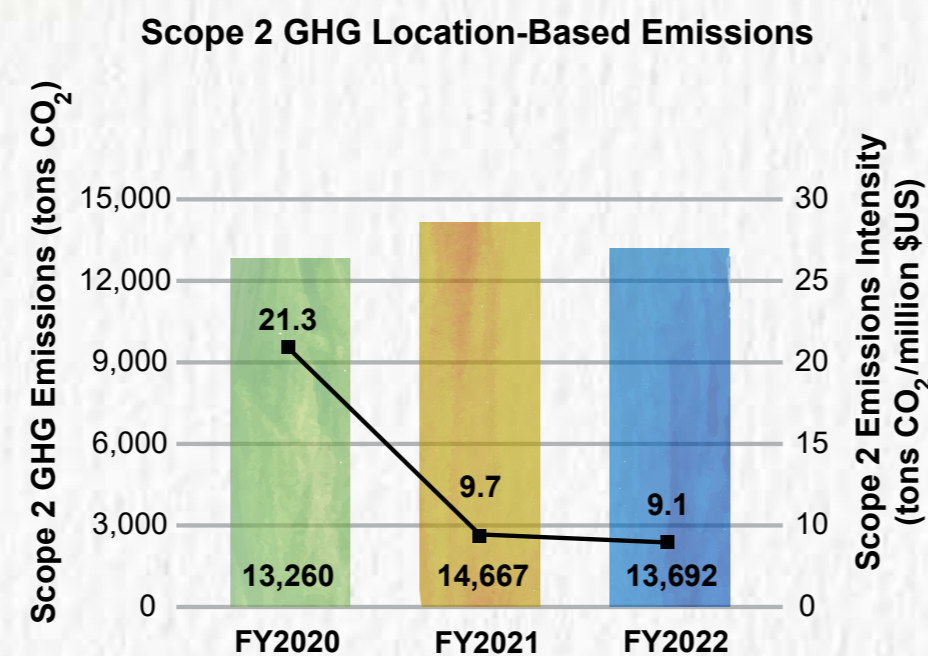


Figure 14. GHG Emissions

CDP is a not-for-profit charity that runs a global disclosure system for investors, companies, cities, states and regions. Through disclosure of relevant environmental impact data and information, CDP generates a score with which investors and other stakeholders can compare ESG disclosure levels and maturity between companies and organizations.

We have a Carbon Management Program in place, that outlines our future plans for reduction of our GHG emissions (see figure 15 for more details). In FY2022, K&S submitted the CDP Climate Change questionnaire, receiving an improved score of C (awareness) from the previous year, in line with industry peers. As we progress on our emissions reduction journey and as our data collection processes mature, we will be disclosing additional information in future submissions. In FY2023, further to providing our emissions reduction targets and details of our progress towards managing and quantifying our exposure to climate risk, we will be collecting data relating to our Scope 3 emissions, specifically: GHG Protocol categories 1 (purchased goods and services), 2 (capital goods), 4 (upstream transportation and distribution), and 6 (business travel).

### Greenhouse Gas (GHG) Emission

#### Scope 3

All other indirect emissions from value chain upstream and downstream

#### Scope 2

Indirect emissions from generation of purchased energy

#### Scope 1

Direct emissions from controlled sources

#### GHG SCOPE 3

- Measure Scope 3 emissions using spend-based data
- Train & engage supplier for GHG data collection
- Develop carbon reduction roadmap
- Disclose GHG inventory Scope 1, 2 & 3 emissions (partial)
- CDP Scope 3 Strategy & Targets

#### GHG SCOPE 1&2

- Climate Strategy Workshop
- Disclose GHG Scope 1&2
- Plan on engaging supply chain to gather Scope 3 data

#### CDP PLAN

- Developed Roadmap and Plan
- Trained key personnel on data/info collection
- Disclosed CDP Climate Change with partial GHG Scope 1&2 performance

WORK IN PROGRESS

Figure 15. CDP Plan and Program

## Energy reduction initiatives at the Suzhou facility

The K&S Suzhou facility accounts for approximately 40% of total K&S global emissions, most of which come from the use of grid-sourced electricity. For this reason, particular importance is placed on reducing energy consumption at this site.

A significant achievement during FY2022 was the installation of solar panels at the Suzhou plant. Operational since May 2022, the panels generated over 200 kWh of electricity during the fiscal year, representing approximately 4% of total K&S Suzhou energy use during the period the panels were active.



In addition to installation of the solar panels, the K&S Suzhou plant has also implemented an Intelligent Energy Management System that enables live monitoring of energy use across various appliances, for example air conditioners and refrigeration equipment. If thresholds are exceeded, automatic alerts are provided to operators and remediating activities can be taken quickly.

Other initiatives to reduce power consumption and ensure optimal efficiency of energy include

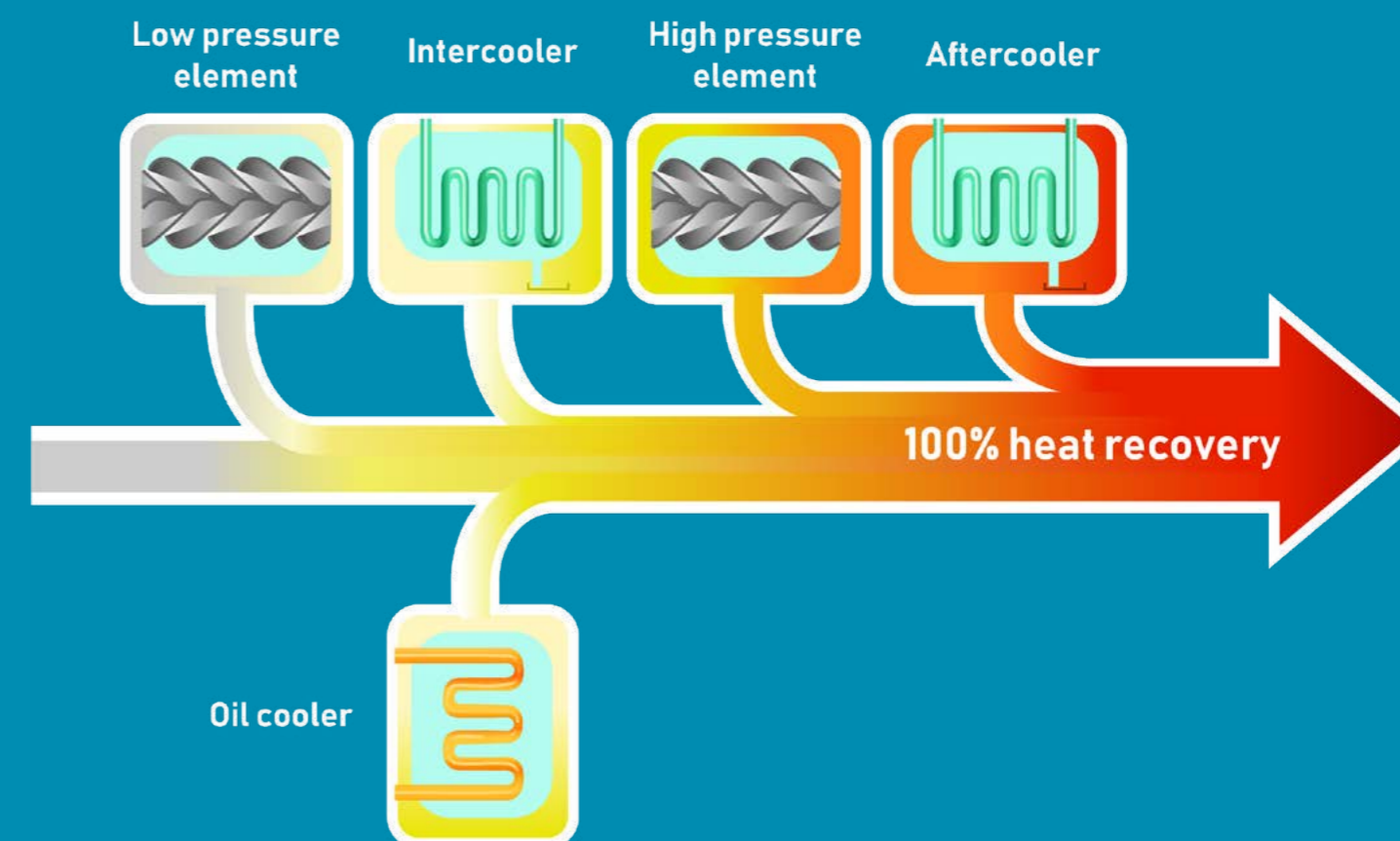
the overhaul, cleaning and maintenance of the heating, ventilation and air conditioning (HVAC) system; implementation of a testing regime to determine leaks in the compressed air and vacuum system; and reduction in the outlet pressure of air compressors. A heat recovery system has also been installed to reduce energy loss from air compressors (see right).

## Energy recovery at K&S Suzhou facility

A significant energy-saving initiative implemented at the K&S Suzhou facility in FY2022 involved the introduction of a recovery system to retain energy that was previously being lost to the atmosphere. The installation of energy recovery control units has enabled heat energy created as a by-product during air compression to be used as an energy source to heat water for the EZ cleaning process.

Previously, the reverse osmosis water required for cleaning was heated with electric heating coils. This process resulted in ongoing energy consumption of approximately 1,198kWh each day, with the coils also requiring regular maintenance and replacement due to water acidity levels.

Implementation of the energy recovery units has not only resulted in significant energy and cost savings, but has also led to more consistent operation of the system, which, since implementation, has experienced zero downtime.



# MATERIAL USE

## Conserving Water

Water is an important resource needed for our operational processes. K&S understands how changing the way we use water will help reduce floods and droughts and is committed to conserving water by reducing our requirements and implementing efficiency initiatives.

The K&S Suzhou facility is the main contributor to our total water consumption, comprising 87% of our total usage. Through our reverse osmosis concentrated water recycling initiative, we recycle 20 tons of water each day, predominantly for use in our wastewater treatment facility. This clean recycled water is also used in our washrooms, for refilling fire tanks, and for other processes as necessary. In FY2022 we implemented a new wastewater treatment process to remove all nickel discharge from effluents. As a result, we are now recycling an additional five tons of water per day for use in our operational processes.

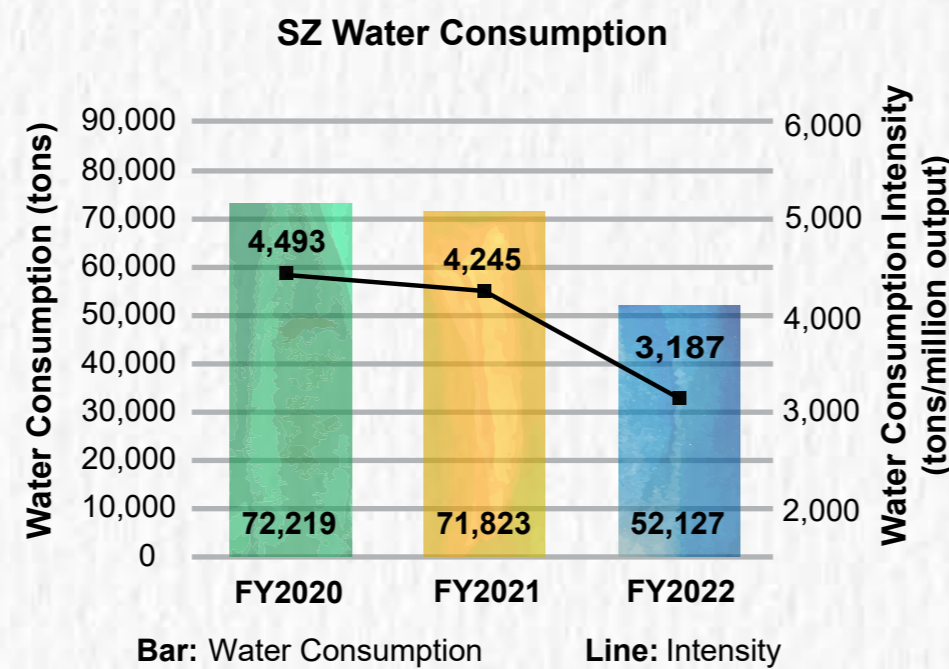
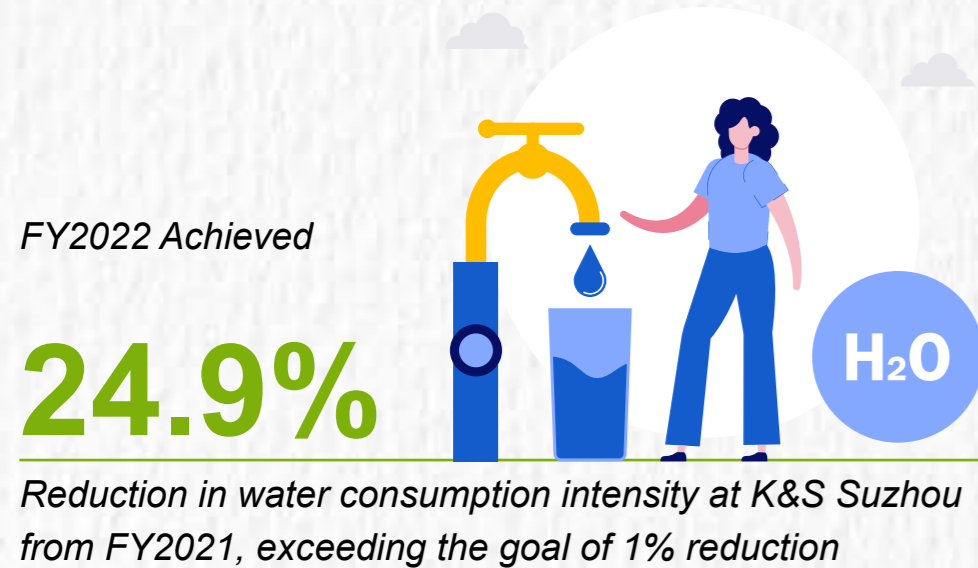


Figure 16. SZ Water Consumption

## Minimizing Waste Discharge

Ineffective waste management contributes to climate change and air pollution and can directly affect ecosystems. Incineration of waste can result in the release of toxins and pollutants into the atmosphere while landfills release methane, a greenhouse gas, and can contaminate water supplies.

K&S is committed to the implementation of effective waste management solutions to reduce the volume of waste generated, to maximise the rate at which we recycle our unavoidable waste, and to safely manage the disposal of all hazardous waste.

FY2022 Achieved

# 1.3%

Reduction in Paper usage intensity from FY2021, missing the goal of 3% reduction.

Planned initiatives: to implement badging and ID printing across more sites and functions for improved tracking of paper usage.

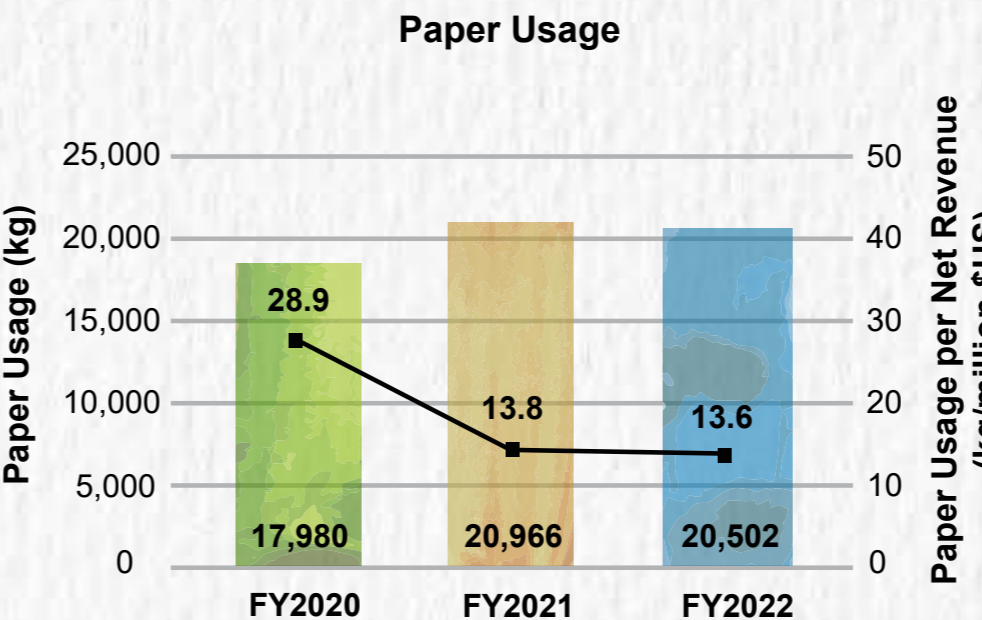


Figure 17. Paper Usage

FY2022 Achieved

# 64.5%

Solid Waste Recycling Rate, exceeding goal of more than 60%

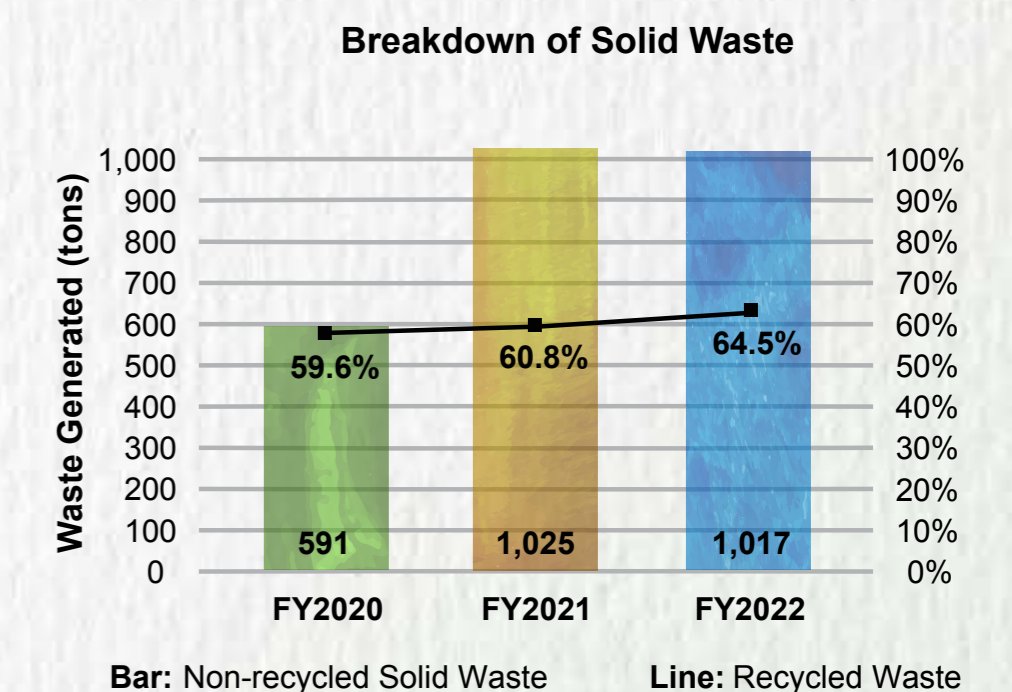


Figure 18. Solid Waste Recycling

## Waste management initiatives at our Israel facility

In FY2022, the Environmental Management team at the K&S facility in Haifa, Israel, implemented an initiative to increase the cardboard recycling rate at the site. Prior to the introduction of the program, a significant proportion of the general waste volume was made up of discarded cardboard translating to the municipal waste management company having to collect twice each week. By adding a collection cage specifically for cardboard, and encouraging staff to participate in the recycling effort, the rate of recycling increased, and the frequency of waste collection dropped by half. This in turn resulted in a cost saving and a reduction in vehicle emissions.



### Safe Disposal of Hazardous Waste

Chemically contaminated liquid and solid waste is generated as a by-product of our manufacturing process. If not carefully managed, hazardous waste can lead to contamination of land and water and impact the health of people and the environment. K&S has established safe disposal protocols that comply with the respective national regulatory standards. In FY2022, K&S generated 506 tons of hazardous waste and saw an increase in hazardous waste intensity due to a reduction in the contamination threshold for nickel discharge made by the Environmental Protection Agency (EPA) in China. This has resulted in waste water from our waste water treatment plant (WWTP) being classified as contaminated. Data is being collected through FY2023 to set a new baseline for future trend analysis.

The K&S Suzhou facility generates approximately 70% of our total volume of hazardous waste. In FY2022 we fully implemented two hazardous waste reduction initiatives that had been piloted in FY2021.

#### Treating waste acid for reuse

- Waste hydrochloric acid from the product cleaning process is being redirected to our onsite WWTP and is used to adjust the alkalinity level of the resulting solution. This means that there has been a reduced need to acquire a purpose-bought chemical (previously sulfuric acid) and that there has been a reduction in the volume of waste acid that we need to treat and dispose of. There have also been associated cost savings. As a result of this initiative, we have reduced the volume of waste acid solution by approximately four tons per month.
- Waste emulsion from manufacturing processes is collected and treated with chemical agents. After sedimentation, the flocs are introduced and disposed as decontaminated sludge.

FY2022 New Baseline set at

**30.9 TONS /  
MILLION OUTPUT**

Hazardous waste intensity at K&S Suzhou



A photograph of two men in business suits shaking hands. The man on the left is wearing a dark blue suit and a light-colored tie. The man on the right is wearing a grey suit and a dark tie. They are both smiling. The background is a bright, out-of-focus office setting. A large blue semi-circular graphic element is overlaid on the bottom half of the image.

## 05 Delivering Value to Customers



# PRODUCT AND SERVICE INNOVATION

K&S understands how a decision made during the design phase of a new solution can ultimately affect the efficiency of our customers' production processes, or the efficiency of the products our customers market to end consumers. We are constantly innovating to achieve more with less: we want to achieve form-factor reductions, higher performance with the same form factor, reduced transport and packaging wastes, and reduced usage of resources like materials and energy. We want our products to be easy to ship, to require fewer human operators, and to need less lighting. We are developing an increasingly diverse portfolio of products and are making a concerted effort to serve 'green' industries such as the electric vehicle market. Our technology is contributing to increased digitalization and availability of wireless communication services to communities that have not been served by physical infrastructure in the past.

Among our latest innovations that benefit the environment is the development of a fluxless Thermo-Compression Bonding (TCB) process that eliminates contamination concerns while ensuring interconnect integrity. Fluxless bonding is environmentally friendly in the following ways:

- Reduced water and energy consumption as no flux cleaning is required
- Waste reduction as no flux is manufactured or disposed

There is no large infrastructure change involved with fluxless bonding, since it is an extension of standard semiconductor assembly practices.

To achieve our goal of reducing the environmental footprint of our products, we collaborate with our customers to understand changing needs and requirements and build efficiency considerations into the design phase of our product development process. We adopt a Knowledge Driven Product Development (KDPD) framework comprising four stages from initial conception and market research through to product commercialization.



### Market Research

Input received from customer feedback, product data reports, industry forums, general market research



### Engineering Development

Product conceptualization and development informed by market research, K&S competencies, R&D advances



### Compliance Certification

Review performed by cross-functional teams to verify compliance with relevant national / global / industry standards



### Commercialization

Product release phase, including marketing and customer awareness activities

In FY2022, we invested

**>US\$135  
MILLION**

in R&D



In FY2022, we invested

**>US\$7.5  
MILLION**

on LED platform development



# Smart Factory Digitalization

In 2017, K&S started a Smart Factory digital transformation journey with the aim of automating and centralizing the data collection and analysis processes that are needed for autonomous, real-time decision making. We realized the variety of benefits a fully digital, automated process would bring, from simple advantages such as a reduction in paper use, to increased value of system reports, to a system that provides live abnormality detection and ultimately one that exploits predictive analytics using big data to anticipate issues before they occur.

This journey started with a Value Stream Mapping (VSM) process to understand the data needed for specific decision points. Using this information, we developed a SMART Manufacturing Analytic System (SMAS) 4.0 to automate the collection of data from multiple sources, to clean the data, and to store in a centralized

database. The SMAS takes data from our own production system and also from suppliers; data which is not stored methodically, nor stored on standardized, connected systems. Centralized compilation of this data allowed us to then create a dashboard, available to technicians on tablet devices, to inform live decision making. AI-based algorithms embedded in the system enable the real-time identification of anomalies and fluctuations that would previously not have been possible, or where identification was solely reliant on the intuition and experience of managers and engineers.

The result is a digitally connected factory that drives comprehensive manufacturing efficiencies, from in-house assembly lines to logistics processes where material is stored and tracked by an Automatic Storage and Retrieval System (ASRS). K&S continues to innovate and create higher value in its business growth, creating a more sustainable smart manufacturing process.

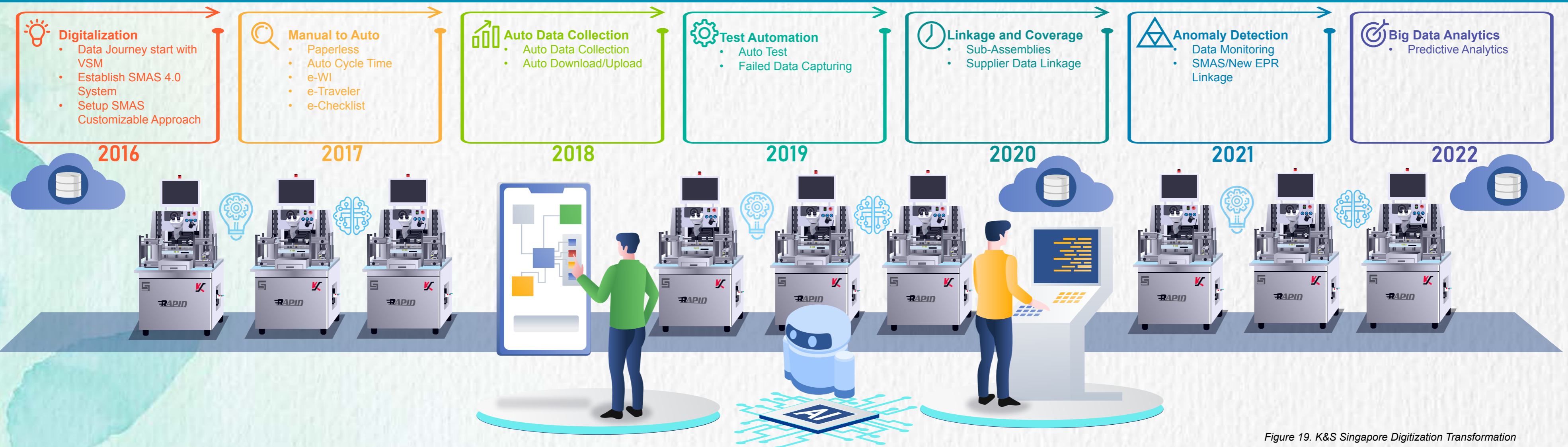


Figure 19. K&S Singapore Digitization Transformation

### Visit to K&S Singapore by NUS EMBA & IORA

On May 13, 2022, K&S Singapore welcomed 45 students and faculty from the National University of Singapore (NUS) for a half-day site tour event.

This event was co-organized by K&S Singapore as well as NUS Business School Executive MBA and NUS Institute of Operation Research and Analytics, with the objective of giving them a comprehensive grasp of the semiconductor industry and its unique challenges and opportunities.

During this half-day site tour, we shared a brief overview of our digital transformation and factory automation, as well as insights into the semiconductor industry and the technologies that drive it. Following that, the participants were taken on a tour of our factory, where our K&S ambassadors provided them with further insights into our operations and shared stories of our successes. It was very interactive, and the participants were very engaged and asked many questions.

Our participants shared very positive feedback after the visit and were very appreciative of a fruitful learning experience.



### Hosting Avans University by K&S Netherlands

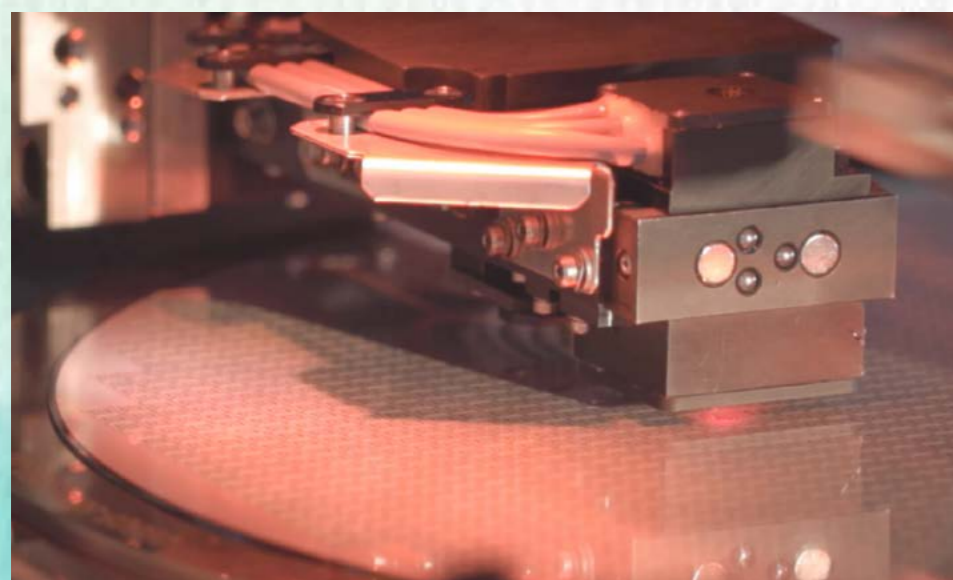
We were honored to welcome over 40 engineering students from Avans University of Applied Sciences to Kulicke & Soffa, Eindhoven on October 5, 2022. As part of their “machines in motion” university course module, they visited our company to discover more about real-world motion and dynamics applications with the aid of our cutting-edge K&S equipment.

Following their educational tour, we had the pleasure to present and discuss the multiple internship options and graduation projects that we offer to this new generation of talent.

## K&S Innovations in Assembly Solutions

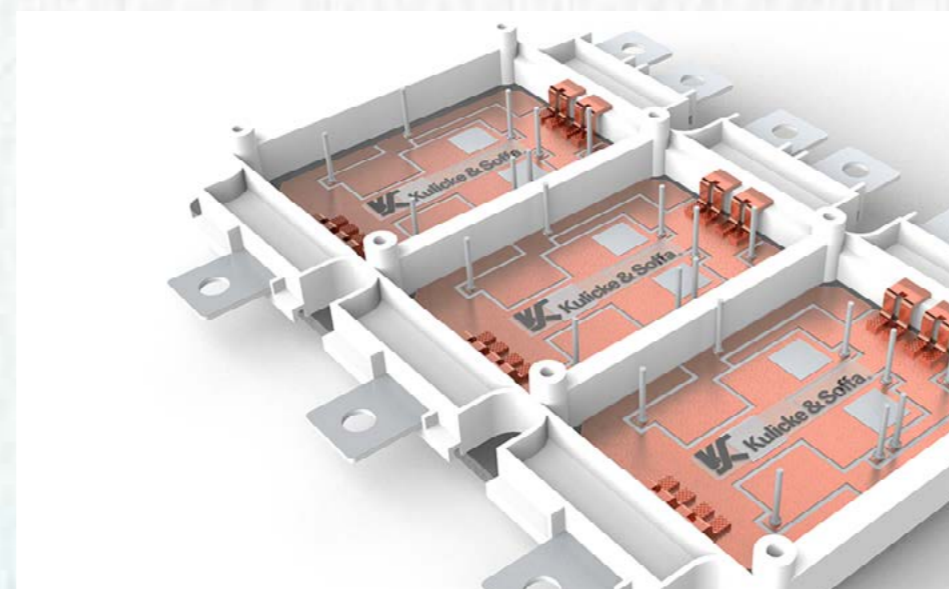
For more than fifty years, many life-changing innovations have been enabled through the shrinking and scaling of transistors. These semiconductor manufacturing enhancements have led to the advent of personal computers, the internet, smartphones, and many other significant technological developments. However, the continual transistor scaling which has driven these advancements is no longer delivering the same rate of progress and has resulted in increased attention on semiconductor assembly systems and solutions.

Through ongoing R&D, partnerships and acquisitions, K&S has extended our breadth of solutions and is benefiting from the fundamental shift within the industry. Our competencies in semiconductor interconnect and assembly, such as multi-chip modules and heterogeneous chiplet architectures, are enabling our customers to compensate for slowing transistor scaling progress and provide an alternative means of achieving advances in performance, power, form factor, and cost by increasing transistor density at the package level.



In FY2022, we continued to expand our portfolio of systems and solutions to support ongoing technology transitions within the wireless communications, data storage, semiconductor and display markets. We have also focused on providing energy-efficient solutions to the electric vehicle (EV) automotive sector. Ongoing market adoption of electric and autonomous features is increasing semiconductor content per vehicle and has presented opportunities for our growing portfolio of electronic and battery assembly solutions. When

compared to internal combustion engine vehicles, semiconductor content doubles in EVs and is up to eight times higher for autonomous vehicles. K&S is committed to offering cleantech solutions for this industry, creating value for K&S and our stakeholders while also offering environmental benefits.



## CUSTOMER HEALTH & SAFETY

The health and safety of our customers is of paramount importance. It is critical that K&S customers can use our products without risk of injury or exposure to health hazards, the occurrence of which would result in negative reputational and financial impacts to our business.

Product safety is considered throughout the Knowledge Driven Product Development (KDPD) process that is followed for the development of all products, from market research, design, certification, to commercialization. Safety considerations commence at the product conceptualization and development stage where the K&S Program Engineering Team conducts comprehensive assessments of potential health and safety risks that might arise during the use of our products. During the compliance certification stage, the Program Engineering team ensures the product conforms with relevant EU CE standards relating to health, safety and environmental protection. All K&S products are CE certified, and any new platform launched must be RoHS compliant.

### Prioritizing Customer Safety

All employees, including our Field and Customer Service Engineers (CSEs), receive refresher safety training, as part of our Corporate Safety Training, at least once every two years. The Corporate Safety Training has been developed in line with the SEMI S19<sup>10</sup> safety guidelines and is updated when changes are made to the guidelines. The Corporate Safety Training requires each employee to review interactive online training material and to pass a test with a minimum score of 90%.



In FY2022, K&S continued to achieve **ZERO**

validated cases of non-compliance regarding the health and safety of products and services.

### K&S Representation at SEMICON SEA 2022

SEMI is a semiconductor industry body that represents the collective interests of its members across a variety of public policy issues globally. The organization advocates for free trade, equitable taxation treaties, enforcement for IP, and promotion of math and science education. It also provides a forum for collaboration on critical environmental, health and safety issues.

<sup>10</sup> Safety guidelines for training of manufacturing equipment installation, maintenance and service personnel.

In June 2022, K&S was invited to present at SEMICON SEA, the annual gathering of SEMI members based in Southeast Asia. Chong Chan Pin, Executive Vice President & General Manager, Products & Solutions, shared an overview of the K&S sustainability journey, the activities and initiatives that have been implemented during this journey, and an indication of the sustainability goals the company hopes to achieve in the future. He highlighted the importance of operating sustainably and how the concept of sustainability should act as a key driver and pervasive influence over all decisions taken throughout organizations today. Chan Pin is a member of both the SEMI SEA Regional Advisory Board and the Smart Manufacturing Technical Committee.



Chong Chan Pin, K&S Executive Vice President & General Manager, Products & Solutions presenting at SEMICON SEA 2022

## CUSTOMER SATISFACTION

Delighting our customers has been a primary goal of K&S since our inception and it is written into our mission statement and core values. To ensure that we meet our customers' expectations and satisfy their requirements, we continuously engage with them through a variety of communication channels. We listen for subjective qualitative feedback, driven by feelings and sentiment, and for quantitative feedback relating to the reliability of our products or any issues customers may have experienced.

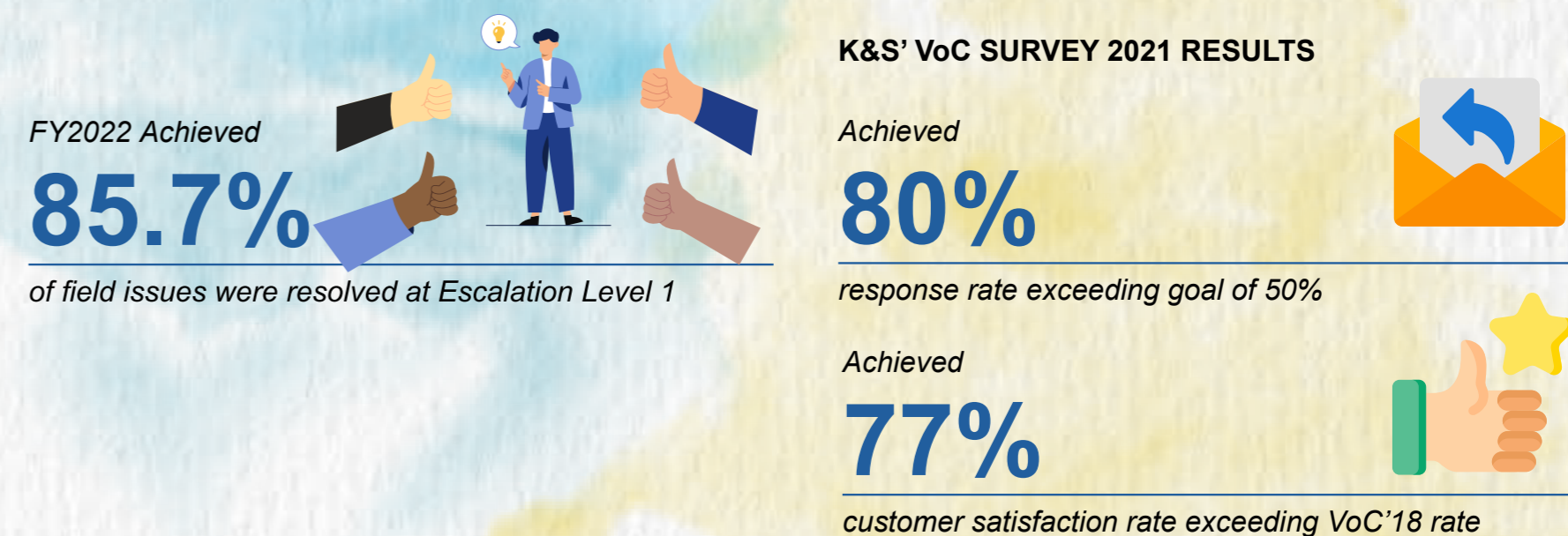
As we engage with customers, we are recognizing increasingly high expectations with respect to the environmental performance of our products. We understand that we have a responsibility, both to the environment and to our customers, to increase the efficiency with which our products operate: to use less energy, to increase performance capabilities, and reduce our overall carbon footprint. These factors are key considerations during the design phase of the KDPD product development process.

One of the channels we employ to engage with our customers is the Voice of Customer (VoC) survey. The VoC survey takes place every three years and is conducted by our Customer Quality Team. We gauge customer satisfaction levels in terms of product performance and cost of ownership, perceived levels of technical expertise, and adequacy of after-sales technical and service support. We are also able to determine the aspirations of our customers relating to sustainability and understand any changes to the regulatory and legal environment in which they operate.

The results are collated and shared with our Marketing and Engineering teams to develop improvement plans. Programs are developed for process, service and product improvement. Employee training programs are implemented to equip K&S employees with the technical and problem-solving skills needed to better understand customer requirements and improve time to resolution.

We operate after-sales care programs and ensure our customers continue to receive support after the initial purchase. These programs include K&S Care, K&S Certified Repair & Refurbishment, and K&S Service Contract & Paid Service programs.

We manage formal customer feedback through our Issue Escalation Flow system. This allows us to record and monitor issues using a structured approach and to provide appropriate and timely recovery services. An Issue Tracking System is used to facilitate information exchange, task prioritization, and closure.





06

## Welcoming Workplace Experience

# EMPLOYMENT & LABOR PRACTICES

As a people-oriented organization, establishing a safe, inclusive, and healthy workspace is a fundamental objective. We respect the value and talent a diverse workforce brings to K&S, and we are committed to providing an environment where people can develop as individuals without fear of harassment or discrimination.

Fair and inclusive employment practices are vital to attract, retain and develop a diverse pool of talent, while allowing K&S to continue generating long-term value for our stakeholders. In contrast, poor employment practices would lead to difficulties in attracting competent and qualified staff and present a reputational risk to K&S among the community and investors. Our strategy to ensure fair employment and labor practices focuses on robust talent acquisition, encouraging learning and development, fostering a culture to empower and support, and continuously engaging our employees.

## Robust Talent Acquisition and Building Our Talent Pipeline

We understand that a diverse and inclusive working environment maximizes the talent and value of our employees and contributes to the success of our operations. To ensure a positive, nurturing, and safe working environment for our employees, we adopt a set of comprehensive Human Resource (HR) policies that are applied consistently and fairly across the company. Our HR practices ensure that we can recruit, develop, and retain talented and diverse individuals, while maintaining a cohesive work culture that is inclusive, supportive, and productive for our employees.

Our regional HR managers, alongside our business leaders and managers, have oversight of our employment and labor practices to ensure they adhere to regional and local laws and regulations according to the sites of operation. We also conduct benchmarking reviews to compare ourselves to market and industry peers, and we continuously improve our policies to meet current best practices. Our HR function includes Centers of Excellence that provide guidance and resources on topics such as managing talent acquisition, retention, learning, development, compensation, and benefits. We have Employee Handbooks that detail all HR related policies, procedures, and benefits.

In addition to our comprehensive and fair HR policies, we recognize the importance and success of our Employee Referral Program as part of our recruiting strategy to encourage existing employees to refer qualified candidates for open positions within the organization. In FY2022, we refreshed the program and enhanced the visibility to positions on

our Career Portal to attract more employees to participate. We also refreshed our Career Portal to be more intuitive, informative and user friendly. As of the end of FY2022, we were pleased to report that 18% of our open positions globally were filled with competent and talented individuals who had been referred by our existing employees through the Employee Referral Program.



As we continue to build our talent pipeline for the future, we aim to engage with younger generations and educate them on possible career paths in the engineering industry. As part of our engagement efforts, we had the opportunity to host the Edison High School STEM program, which brought 42 sophomore students to our Santa Ana site to learn more about wedge bonding and real-life applications of our work such as wire bonding, 3D scanning and 3D industrial printing. The highlight of the program was a fun catapult distance competition, where each student had the chance to build and test a wooden version of a 3D CAD catapult model.

In the summer of 2022, we also started a pilot program for high school interns from Fort Washington Pennsylvania High School at our Fort Washington, PA R&D Center. The program provides an opportunity for the student interns to gain an understanding of engineering and the technicalities of the job, as they explore possible career aspirations. The internship program targets under-represented groups, and we are hoping to expand it to other sites in the future.

## Learning & Development

We strive to create a workforce that is motivated, competent and eager to learn, such that our employees can carry out their duties to the best of their abilities. We invest in a culture of continual learning and ensure that we provide training and development opportunities for our employees to upskill themselves in today’s fast-paced world.

K&S partners closely with the Singapore Semiconductor Industry Association (SSIA) in the development of our talents. Over the years, we have been actively sponsoring our employees for the Singapore Semiconductor Leadership Accelerator (SSLA) program. This program targets emerging technical and business leaders, enabling participants who are business and thought leaders from the Singapore semiconductor manufacturing industry to gather, to learn, share real-life experiences and foster networking opportunities with one another. The program is an immersive hands-on learning experience designed to accelerate personal and professional growth. We hope, through this program, to continue to inspire our emerging talents to create revolutionary possibilities in the industry, gain insights into the evolving semiconductor landscape and to network to keep abreast of market best practices in people management & organizational leadership.

In FY2021 we launched our Career Progression Framework, offering employees in both the professional and managerial career tracks guidance and tools to help them drive their career progress at K&S. We mapped competencies to each track, outlining the important skills to develop at four different stages of a career. In FY2022,

we improved upon our Career Progression Framework by introducing a new tool, the Learning Catalogue, consisting of training courses to support employees as they develop the associated competencies as part of their career development and growth at K&S. Some of the topics provided were project management, critical thinking, leading, and motivating teams and influencing skills. We continue to refresh and add new topics to sustain our learning culture at K&S.

In 2022, we also launched a Senior Management Leadership Development program (“SPARKS”) in Asia to support identified key leadership talents in their personal and professional development. This 8-month program was designed to help leaders to identify their personal leadership style and understand the impact that leaders have on organizational performance. Through this program, participants also developed expertise in topics such as Leading People to High Performance, Managing Global Teams, Change Management and Strategic Focus. The program allowed these leaders to work together on interactive learning opportunities and projects to grow their personal leadership brand. We are pleased to announce that we had 24 leaders graduate from this Asia program and we look forward to introducing this SPARKS Senior Leadership Development Program to our key talents in our US and Europe regions.



Figure 20. Learning Catalogue





### A Culture that Empowers and Supports

In addition to offering opportunities for development and learning, K&S further attracts and retains talent by providing competitive compensation and benefits. Our full-time employees are entitled to paid vacation, sick leave, paid holidays, and other health and welfare programs in line with country requirements and market best practices.

Our Code of Business Conduct serves as a legal and ethical framework for our employees relating to our business practices and interactions with stakeholders. It covers topics such as equal employment opportunities, human rights, anti-corruption, and discrimination amongst others. We also recognize the importance of ensuring that our employees are comfortable raising concerns and seeking help if they have been negatively impacted or their rights have been affected. K&S has a global Whistleblower Hotline in place for employees to report their grievances in a safe, confidential manner and without fear of retaliation. At K&S, we take all grievances and concerns raised in good faith very seriously. All concerns and complaints received are subject to thorough investigation and review by the Legal Department and the Audit Committee, which reports to the K&S Board of Directors. The local HR representatives and the Global Vice President of HR may also provide support during the investigation process. Upon conclusion of the investigation, the outcome will be communicated to the employee and direct managers.

### Employee Engagement

Employees are our most valued asset and form a crucial component of our efforts to provide sustainable and continuous value creation for our stakeholders. We strive to improve the working environment by gathering, and acting on, feedback relating to our corporate culture and the working experiences of our employees.

Voice of K&S is a global employee engagement survey conducted every two to three years, to understand any concerns and feedback raised by employees relating to the environment in which they work. All employees are encouraged to participate, and we target a response rate of 95%. The survey results are important not only to improve our workspace and culture, but also provide us with an opportunity to engage with our employees to drive continuous improvement and become an employer of choice. The next survey is planned for FY2023, as we strive to continuously engage with our employees and respond in a meaningful and substantive manner.

## Digital HR Transformation

The company embarked on a digital transformation journey in 2022 to move our HR data, organizational structures, absence management, compensation, and talent management activities from Oracle EBS to Oracle Cloud Fusion. We took a structured methodical approach over two years to extensively review all of our HR processes, to refresh them and to build them into our new platform, process by process and country by country. This is part of a company-wide digital transformation program aimed at providing more efficient and streamlined processes, eliminating “off-line” processes, and producing time saving opportunities for our employees and managers. Our new platform has robust reporting and analytics, and we look forward to reaping the benefits of our efforts as we “go-live” in FY2023.

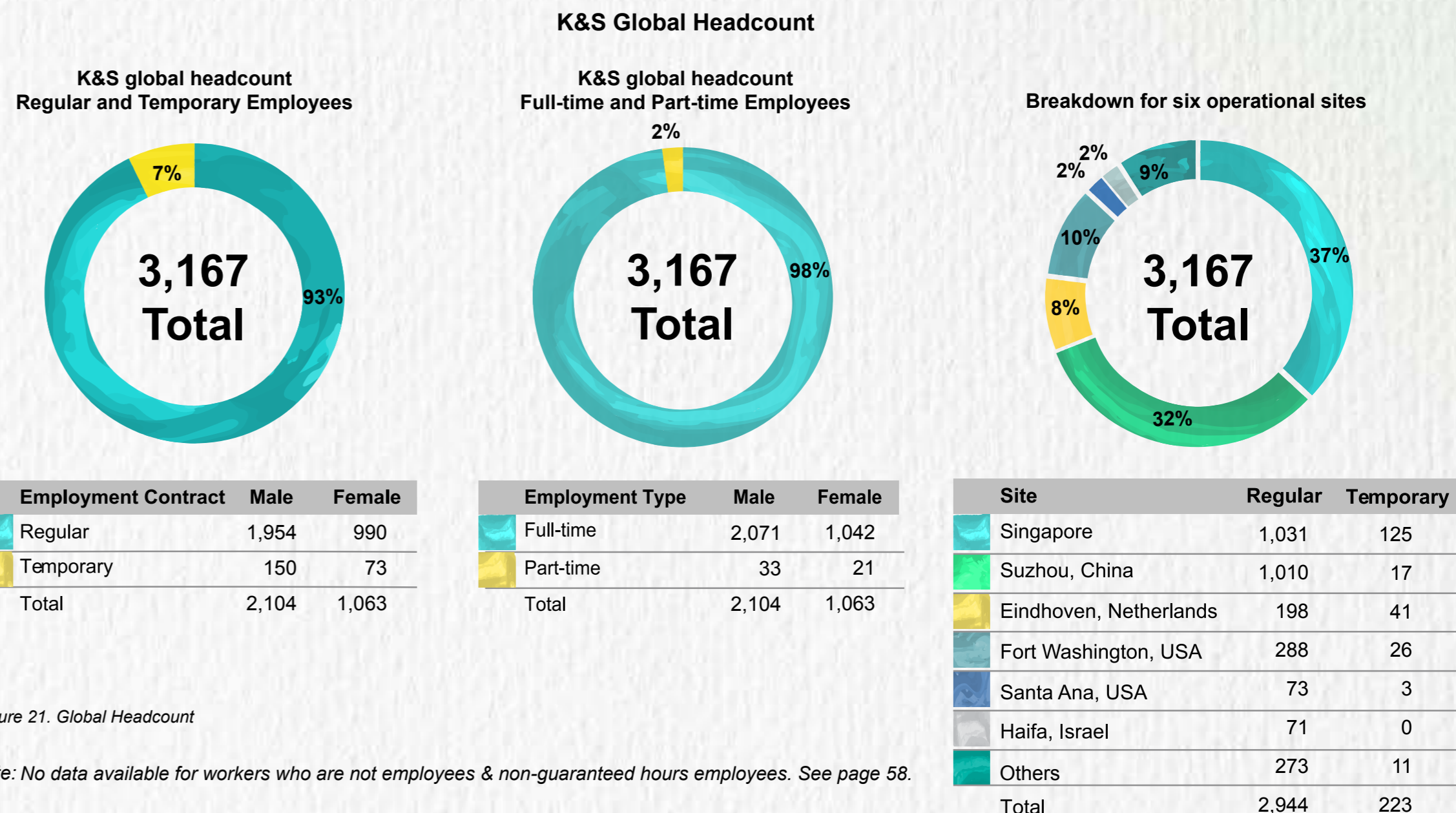


Figure 21. Global Headcount

Note: No data available for workers who are not employees & non-guaranteed hours employees. See page 58.

### Embracing Diversity and Inclusivity in Our Workforce

A diverse and inclusive workplace that includes representation and perspectives from employees of varying ages, cultures, ethnicities, and genders informs more effective decision-making. With the combined knowledge, talent, and experience that our employees contribute, we are well positioned to strengthen our competitiveness and provide sustained value creation for our stakeholders.

We aim to build and foster an environment where all employees are treated with respect. We have proceeded in FY2022 with the creation of an 18-month strategic plan with the aim of promoting cultural competence and creating a positive work culture for all. As part of this strategy, we are creating educational programs related to diversity and inclusion, building an internal D&I leadership committee, formalizing relevant policies, conducting audits to ensure that equitable and fair practices are being implemented, and developing tools to communicate these initiatives and values both internally and externally.

We hope to be able to nurture a supportive and fair working environment, by recruiting qualified and talented candidates from different backgrounds and experiences, and by providing growth opportunities for all.

As part of our 18-month D&I strategy, we organized several training sessions relating to diversity and inclusion. In FY2022, we held company-wide cultural competency training. The theme of the training was human behavior and included topics on self-awareness, stereotyping, bias, communication styles and how cultural preferences may affect the workplace.

Also in FY2022, we held training sessions for our ELT members and Diversity & Inclusion Committee, respectively. The ELT members gained a greater understanding of how an understanding of diversity and inclusion is crucial in a leadership role and its importance in a global organization like K&S. For our D&I Committee, the two-day training course aimed to help with the development of strategies for leading and working with diverse populations and included content and activities about diversity, equity, inclusion, belonging, and cultural competence. The training encouraged the committee to reflect upon the implications of social identities and lived experiences, as well as how they tend to manifest in the work environment.

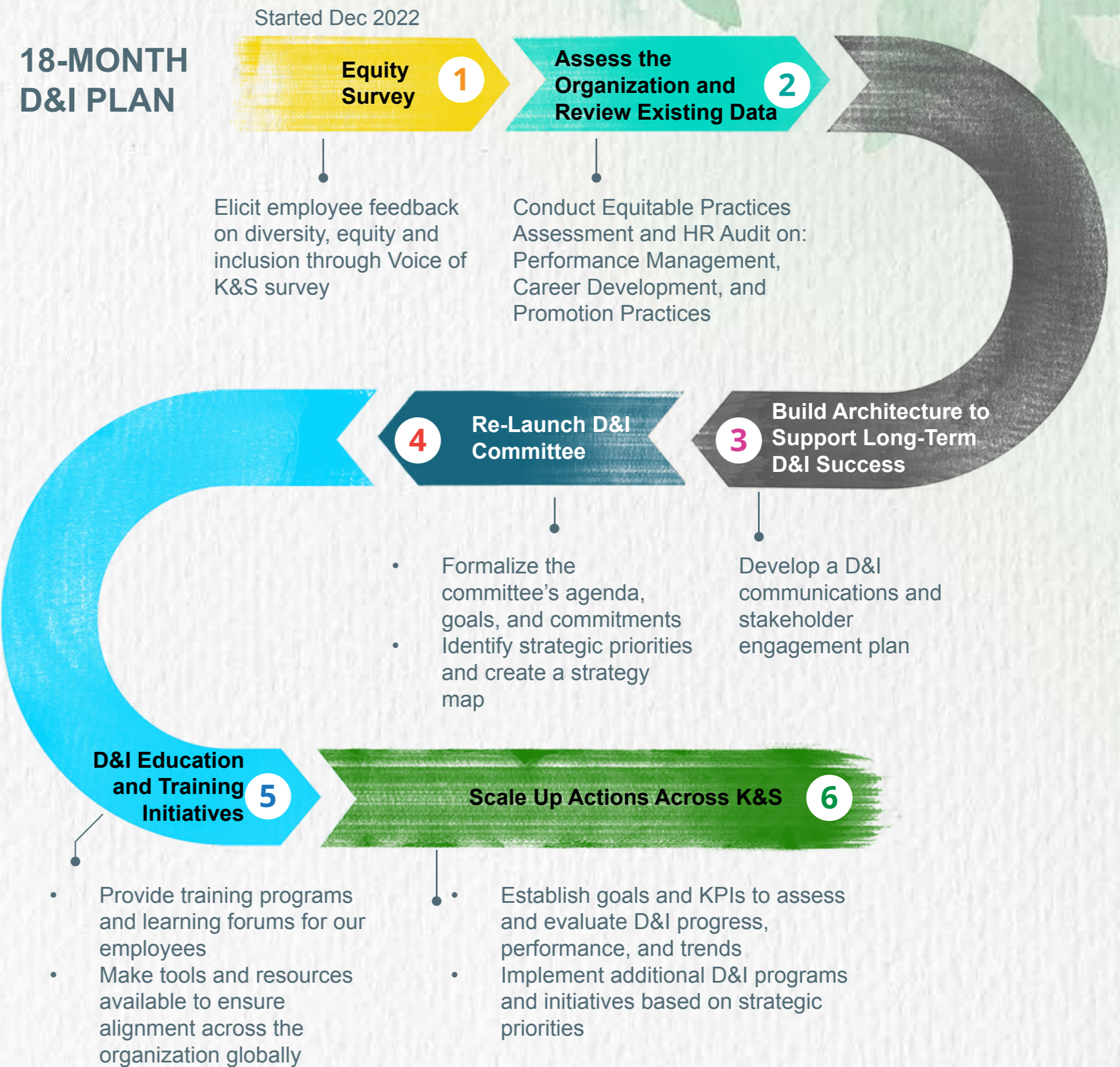


Figure 22. D&I 18-Month Plan



## Celebrating Our Global Diversity

The Diversity & Inclusion Team at K&S strives to promote and integrate inclusivity, fairness, and equality within the company. We organized an Eid Dinner at the Palace of Asia in Fort Washington, PA, USA and our colleagues were invited to a night of dinner and conversation on the significance of Eid and Ramadan.



## FY2022 CEO OHS Challenge

Launched in 2015, the annual CEO OHS challenge honors the site achieving the best and sustained OHS performance. The objective is to nurture the safety culture at all K&S sites and recognize OHS performance excellence. The winning site is awarded a Recognition Plaque and can display the CEO OHS Challenge trophy for a year until the next challenge commences.

The metrics used in determining the performance include accident frequency, accident severity rates and OHS training hours per employee. In FY2022, K&S Suzhou achieved the winning site for the third consecutive year.



# OCCUPATIONAL HEALTH & SAFETY

With a firm belief that our people are our most important asset, we are committed to creating a safe, healthy, and conducive working environment for all employees. Our process to ensure safety starts from establishing comprehensive procedures for managing Occupational Health & Safety (OHS) at the workplace. We have a robust Environmental, Health and Safety (EHS) policy and have implemented procedures to ensure we meet our policy commitments. K&S' six global design and manufacturing sites are certified to ISO 45001 standard by TUV Rheinland with an effective OHS management system. The EHS Committee has oversight of our EHS policies, practices, objectives, and performance targets.

We conduct regular hazard risk assessments and implement operational controls to mitigate any significant risks identified. We also encourage our employees to take ownership and responsibility for their work safety by reporting unsafe acts or potential hazards. All incidents are thoroughly investigated and effective corrective action taken to prevent recurrence. All employees are expected to follow accident prevention measures and abide by safety regulations. New employees are required to attend safety training as part of the onboarding process, while existing staff receive health and safety-related refresher training regularly. Other OHS training for employees includes fire drills, chemical spillage drills, first aid and fire fighting.

## FY2022 Safety Performance

In FY2022, across all six sites, there were eight accidents<sup>11</sup>, zero fatalities and zero cases of occupational diseases reported.

Accident Severity Rate (ASR)

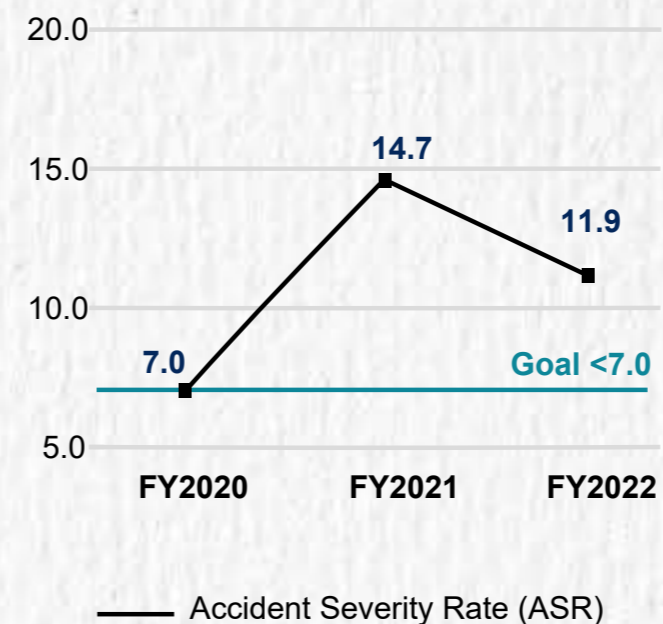


Figure 23. ASR

Accident Frequency Rate (AFR)

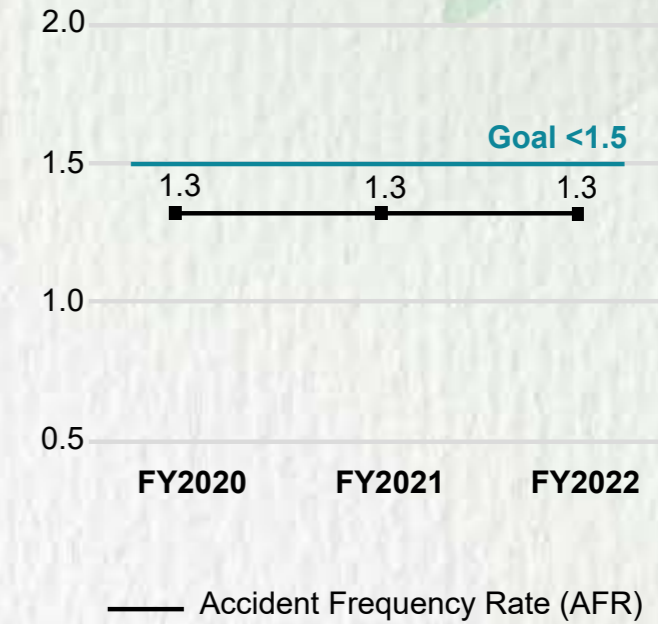


Figure 24. AFR

In FY2022, we continued to achieve

**100%**

global employee completion in Corporate Safety Training.



FY2022 Achieved

**24.8 HOURS**

per employee in OHS Training exceeding goal of > 10 hours per employee



FY2022 Achieved

**1.3 AFR**  
**11.9 ASR**

meeting goal of < 1.5 AFR and missed goal of < 7 ASR



FY2022 Achieved

**ZERO**

fatalities and occupational related disease

OHS Training (in hours)

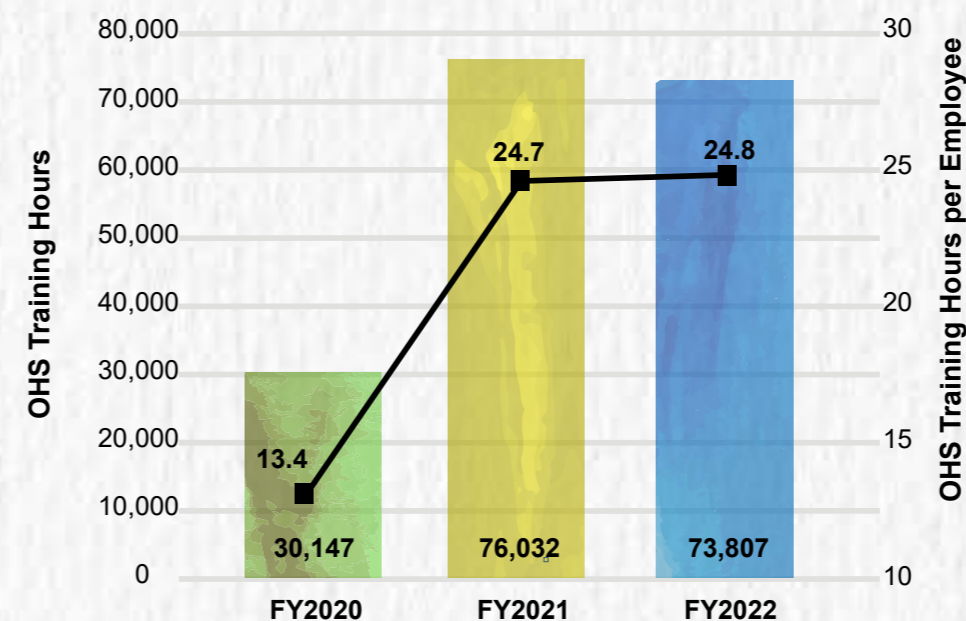


Figure 25. OHS Training

Note:

AFR = (#accidents / employees work hours) x 1 million

ASR = (#mandays lost / employees work hours) x 1 million

AFR/ASR accident: A non-fatal injury or illness which results in a medical leave taken of one or more days.

<sup>11</sup> All accidents were thoroughly investigated, hazard risks reassessed with safety rectifications to prevent recurrences and safety alerts sent out to notify relevant employees.

感谢爱心人士朋友  
捐赠衣物并勿



**07** Supporting Our Communities

# SUPPORTING OUR COMMUNITIES

K&S recognizes that our local communities play an important role in supporting our business. Through actively participating in charitable events, collaborations with non-governmental partners, and social work, K&S is making continuous and concerted efforts to generate positive impacts in the communities where we operate.

As pandemic-induced restrictions began to recede in FY2022, K&S increased community engagement efforts across all our six operational sites. In FY2022, we conducted 50 community outreach activities and invested more than US\$400,000 in our local communities.

## Women and Youth Development and Empowerment

### Educational workshops and programs for youths

K&S fully supports the development of talented youths in STEM (science, technology, engineering, and mathematics), by engaging in programs and workshops to mobilize young changemakers from across the globe.



Our Fort Washington, PA, USA site sponsored and organized STEM workshops for middle and high school disadvantaged students, covering topics such as computer building, 3D printing, and microbit coding. K&S Fort Washington instituted our first high school internship program, allowing two high school students to complete an internship with the Electrical and Mechanical Engineering Department.



# 50

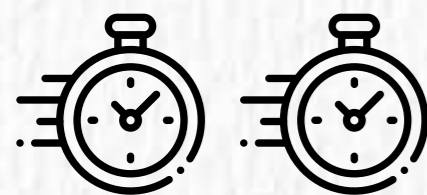
## Community Outreach Activities



# >US\$30,000

### Employee gifts and donations

# 500

 Employees Participated

# 1,800

 Volunteer hours

# >US\$400,000

### K&S Donation / Investment



### Women and Youth Development and Empowerment

#### Recognition of talented individuals, and women empowerment in STEM

K&S recognizes talented and aspiring individuals in STEM. The K&S Haifa, Israel site sponsored student scholarships for two materials engineering students for their master's degree at the Israel Institute of Technology. We also champion women who have achieved significant milestones in STEM. In FY2022, we honored women at the Mathematics, Civics and Science Charter School of Philadelphia, PA, USA, and presented them with plaques at a ceremony for their achievements.



### Supporting Medical Research and Innovation

#### Support for medical research in ALS (Amyotrophic Lateral Sclerosis)

K&S has partnered with Massachusetts General Hospital, the Jefferson Weinberg ALS Center and TechVsALS to provide support for promising and innovative research, targeting high quality treatment for patients with ALS. The partnership also hopes to expand the accessibility and reach of treatment, such that individuals with ALS are able to receive experimental treatment when they may be ineligible for standard clinical trials. K&S has committed to gifting three annual payments of US\$145,000 each to the Expanded Access Program (EAP) at the Healey Center for ALS in Pennsylvania, PA, USA, with the first having been made in FY2022. Separately, employees of K&S Fort Washington have participated in a fundraising walk to show their support for ALS patients.



### Supporting Medical Research and Innovation

#### Fundraising and donations for other medical causes



In FY2022, K&S Fort Washington completed a Bike-A-Thon and raised more than US\$10,000 for the American Cancer Society, to increase awareness of cancer risks and provide critical funding for research and treatment. We also sponsored a fundraising and community-engaging Obsessive Compulsive Disorder (OCD) Walk, that aimed to bring together members of the community affected by OCD, as well as challenge the stigma behind this disorder.

To further support Cancer Research, the K&S Santa Ana, CA, USA site made a corporate donation of US\$2,500 towards the “Reaching for the Cure” movement by the Pediatric Cancer Research Foundation. The proceeds raised by the movement will fund the next generation of cancer treatment for children and young adults.



### Community Outreach

#### Blood donation drive

In K&S Suzhou, China, over 80 employees participated in a blood donation drive at the Suzhou Industrial Park Central Blood Bank. Almost 24 liters of blood were donated by our employees.



**Kulicke & Soffa.**  
*Blood Donation*  
**公益献血 爱心传递**

报名时间  
 即日起--9月2日 15: 00  
 献血时间  
 2022年9月7日 13: 00-15: 00

请有意向参加公益爱心献血的伙伴  
 扫描右侧二维码, 根据填写要求详  
 尽填写信息

点滴汇聚 爱心传递



Community Outreach

Engagement with senior citizens

To help senior citizens in Singapore become more active and improve their mental health, K&S Singapore sponsored a terrarium workshop at Thye Hua Kwan Moral Charities. Attended by 20 of the society's seniors, the program was a fun and stress relieving one, where participants had the chance to learn how to build their own terrariums.



Community Outreach

Outreach to students and children

In commemoration of Israel's 74th Independence Day in 2022, K&S participated in a Happy Hour Activity for 120 students of Ahava School in the village of Kiryat Bialik. The activities included providing meals, an ice-cream cart and a photo booth for students to have fun on this special occasion. Our K&S Eindhoven, Netherlands team has also been actively giving boxes of chocolate and candies to the Food Bank for children to enjoy.



Charity Initiatives

Helping underserved, vulnerable, and disadvantaged communities



K&S is committed to helping the communities in the locations where we operate. Philadelphia, PA, USA experiences the highest rate of poverty of any large city in the USA, and we have continued to make donations to various food bank initiatives that serve to relieve poverty and provide healthy and fresh food for residents in those areas. Face to Face Germantown and Philabundance are two such initiatives that K&S has supported. In December 2021, K&S Fort Washington helped ten Philadelphian families in need through the donation of grocery gift cards, clothing, toys, and household items.

With the rate of digitalization constantly advancing, technology is increasingly being harnessed and integrated into learning and education. Home-based learning and online lessons were particularly important throughout the Covid-19 pandemic, during which K&S Singapore collaborated with SGbono to provide digital devices for needy children in Singapore for their online learning. A donation drive was held within the Singapore site, where employees were able to donate working laptops and tablets.

K&S Santa Ana, USA donated to The County of Orange Operation Santa Claus program. The organization provides gifts and toys to children placed in foster care in Orange County, USA who have experienced abandonment, neglect, and abuse. Operation Santa Claus also helps disadvantaged families, by gifting holiday presents to children who are receiving county support services. In FY2022, K&S Santa Ana donated a total of 93 toys and US\$912 to help children in need. In Israel, our K&S Haifa employees also took part in the “Warm coat/hug for winter” donation drive and gave away winter coats for the needy local communities to keep warm during the cold season.



Students and children living in the remote mountainous regions in China lack proper warm clothing for the cold winter and the necessary stationary for school. Our employees at the K&S Suzhou site cooperated with the China Social Welfare Foundation to donate “care packages” to these poverty-stricken children. The gifts include hats, scarves, socks for the cold winter and much needed stationary for their school needs.



### Charity Initiatives

#### Donation to Community Chest



The Singapore Community Chest is the philanthropic and engagement arm of the National Council of Social Service (NCSS) with the mission of ensuring every person has the opportunity to live in dignity, and in a caring and inclusive society. K&S Singapore continues to actively provide sustained support for critical social services to empower those in need, and donated over US\$185,000 to the Community Chest in FY2022. We are honored to have received the Charity Gold award at the Singapore Community Chest Awards 2022, presented by the Singapore Speaker of Parliament, Mr Tan Chuan Jin. We were also invited to the Community Chest Ministerial Luncheon anchored by Mr Chan Chun Sing, Minister for Education, to share about philanthropy and CSR activities with other like-minded philanthropic partners.



### Environmental Protection

#### Street and beach clean-ups

K&S employees, together with volunteers, participated in several clean-ups on the streets and beaches across their global sites of operation, such as Broad Street and Pine Run Creek in North and West Philadelphia. Donations were also made in conjunction with these clean-ups to help the disadvantaged groups living in those neighborhoods. The teams in Santa Ana and Singapore also participated in beach cleanup activities to protect our marine and costal environments. The teams collected over 41 kg of trash and sorted it into recyclables and non-recyclables that was then disposed of appropriately.



### Environmental Protection

In Israel, our K&S Haifa employees organized a clean-up of the Kiryat Ata forest as contribution towards Good Deed Day in March 2022. In September 2022, K&S Netherlands held its quarterly Litter Picking Lunch Walk Challenge. Ten teams gathered a total of around 43kg of litter from the industrial area.



### Environmental Protection

#### Tree restoration efforts

As part of our continuous efforts to protect our environment, K&S Fort Washington, USA donated US\$3,000 to the Upper Dublin Township Tree Planting Fund for Earth Day. The funds were used to restore trees in local parks that were destroyed by a hurricane in September 2021.



Similar tree restoration initiatives were also conducted at our Singapore site, where we supported Garden City Fund's One Million Trees Movement to plant one million trees across Singapore over the next 10 years and help restore nature to the urban landscape. We contributed US\$11,000 towards the Garden City Fund Project and our employees had the opportunity to participate in a tree-planting session with the National Parks Board.

In August 2022, 20 K&S Santa Ana, USA team members volunteered to support Second Harvest Food Bank in upkeeping their bell pepper farming area, eradicating weeds growing in the cultivation area so that the harvest goes to those in need.



### Environmental Protection

#### Recycling efforts



To contribute towards zero waste and conservation of resources, K&S carries out regular recycling efforts such as in Santa Ana, CA, USA where about 9.5 kg of waste was collected to be recycled. In March 2022, three robots from our supplier in Israel were dismantled and recycled at the Ecology for a Protected Community plant, an ecological enterprise specializing in recycling electronic waste. Robots are a form of electronic waste, and improper disposal can lead to the leaching of toxic substances such as lead and mercury into our groundwater and soil. In addition to preventing environmental degradation, K&S hopes to strengthen the employment of people with disabilities. This ecological enterprise employs workers with disabilities, and it was an opportunity to contribute towards reducing stigmatization and ensuring a fair and inclusive workplace for all.



08

# Annexes



# KEY ESG PERFORMANCE SUMMARY

## Environmental

GRI 302 Energy - GRI 302-1, 302-3

Energy consumption within the organization (GRI 302-1)	Unit of measurement	FY2020	FY2021	FY2022
Total fuel consumption	GJ	N/A*	302	276
Total refrigerant use	Kg	N/A*	433	1,108
Total electricity consumption	GJ	80,968	92,102	87,606
Total electricity consumption	MWh	22,491	25,584	24,335

Energy intensity (GRI 302-3)	FY2020	FY2021	FY2022
Total energy consumption intensity (GJ/ million \$US of net revenue)	129.9	60.7	58.3
Electricity consumption intensity (MWh / million \$US of net revenue)	36.1	16.9	16.2

FY22 Corporate Goal	Performance	Performance against target
N/A	N/A	
Reduction by > 2%	4.0% reduction	Met

GRI 303: Water and Effluents - GRI 303-5, non-GRI metric

Water consumption (GRI 303-5)	FY2020	FY2021	FY2022
Total water consumption (tons)	81,684	82,677	63,928
Total water consumption (tons) from all areas with water stress	N/A*	N/A*	N/A*

FY2020 - FY2022: Water consumption data from areas with water stress were not collected this year, and K&S will work towards collecting this data for future SRs.

Water consumption intensity (non-GRI)	FY2020	FY2021	FY2022
Water consumption intensity at Suzhou, China site (tons / million output)	4,493	4,245	3,187

FY22 Corporate Goal	Performance	Performance against target
Reduction by > 1%	24.9% reduction	Met

\* Data was not collected this year.

## GRI 305: Emissions - GRI 305-2, 305-4

Energy direct (scope 1) GHG emissions (GRI 305-1)	FY2020	FY2021	FY2022
Total Scope 1 GHG emissions (tons of CO <sub>2</sub> e)	N/A*	590.7	1,814.0
Energy indirect (scope 2) GHG emissions (GRI 305-2)	FY2020	FY2021	FY2022
Total Scope 2 GHG Location-based emissions (tons of CO <sub>2</sub> e)	13,260	14,667	13,692
GHG emissions intensity (GRI 305-4)	FY2020	FY2021	FY2022
Scope 1 GHG emissions intensity (tons of CO <sub>2</sub> e / million \$US of net revenue)	N/A*	3.9	1.2
Scope 2 GHG Location-based emissions intensity (tons of CO <sub>2</sub> e / million \$US of net revenue)	21.3	9.7	9.1

## GRI 306: Waste - GRI 306-3, non-GRI metric

Waste generated (GRI 306-3)	FY2020	FY2021	FY2022
Total solid waste generated (tons)	591	1,025	1,017
Total solid waste recycled (tons)	352	623	655
Percentage of solid waste recycled (%)	59.6	60.8	64.5
Total hazardous waste generated (tons)	464	542	635
Hazardous waste generated intensity at Suzhou, China site (kg / million output)	20,065	21,897	30,911
Paper usage (non-GRI metric)	FY2020	FY2021	FY2022
Total paper usage (kg)	17,980	20,966	20,502
Paper usage intensity (kg / million \$US of net revenue)	28.9	13.8	13.6

\* Data was not collected this year.

FY22 Corporate Goal	Performance	Performance against target
N/A	N/A	
N/A	N/A	
Achieve > 60% recycling rate	64.5%	Met
N/A	N/A	
Reduction by > 2%	41.1% increase	Not Met
FY22 Corporate Goal	Performance	Performance against target
N/A	N/A	
Reduction > 3%	1.3% reduction	Not Met



**Social**

## GRI 2-7: Employees

Total number of employees and a breakdown by gender (GRI 2-7a)	FY2020	FY2021	FY2022
Total number of employees	2,614	3,542	3,167
Male	1,642	2,326	2,104
Female	972	1,216	1,063

Total number of employees and a breakdown by region (GRI 2-7a)	FY2020	FY2021	FY2022
Total number of employees	2,614	3,542	3,167
Singapore	707	1,557	1,156
Suzhou, China	1,018	997	1,027
Eindhoven, Netherlands	222	203	239
Santa Ana, USA	77	75	76
Fort Washington, USA	257	289	314
Haifa, Israel	79	71	71
Other global sites	254	350	284

Total number of employees by employee contract and gender (GRI 2-7b)	FY2020		FY2021		FY2022	
	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary
Total number of employees	2,469	145	2,854	339	2,944	223
Male	1,536	106	1,856	205	1,954	150
Female	933	39	998	134	990	73

Total number of employees by employee contract and region (GRI 2-7b)	FY2020		FY2021		FY2022	
	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary
Total number of employees	2,469	145	2,854	339	2,944	223
Singapore	661	46	948	292	1,031	125
Suzhou, China	1,011	7	979	18	1,010	17
Eindhoven, Netherlands	168	54	170	1	198	41
Santa Ana, USA	73	4	75	0	73	3
Fort Washington, USA	224	33	267	22	288	26
Haifa, Israel	78	1	71	0	71	0
Other global sites	254	0	344	6	273	11

Total number of employees by employee type and gender (GRI 2-7b)	FY2020		FY2021		FY2022	
	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time
Total number of employees	2,552	62	3,527	59	3,113	54
Male	1,608	34	2,323	37	2,071	33
Female	944	28	1,204	22	1,042	21

Total number of employees by employee type and region (GRI 2-7b)	FY2022		
	Full-Time	Part-Time	Non-guaranteed Hours Employees*
Total number of employees	3,113	54	N/A
Singapore	1,156	0	N/A
Suzhou, China	1,027	0	N/A
Eindhoven, Netherlands	200	39	N/A
Santa Ana, USA	75	1	N/A
Fort Washington, USA	305	9	N/A
Haifa, Israel	70	1	N/A
Other global sites	280	4	N/A

\* K&S does not track this data

GRI 401: Employment – GRI 401,1, 401-2, 401-3

New employee hires (GRI 401-1a)		FY2022	
By Gender	Total Number	Rate	
Male	N/A*	N/A*	
Female	N/A*	N/A*	
By Age Group			
< 30 Years	N/A*	N/A*	
30 - 50 Years	N/A*	N/A*	
> 50 Years	N/A*	N/A*	
By Region			
Singapore	286	25%	
Suzhou, China	104	10%	
Eindhoven, Netherlands	9	4%	
Santa Ana, USA	9	12%	
Fort Washington, USA	56	18%	
Haifa, Israel	5	7%	

New employee turnover (GRI 401-1b)		FY2022	
By Gender	Total Number	Rate	
Male	274	9%	
Female	164	5%	
By Age Group			
< 30 Years	122	4%	
30 - 50 Years	262	8%	
> 50 Years	54	2%	
By Region			
Singapore	155	5%	
Suzhou, China	201	6%	
Eindhoven, Netherlands	11	0%	
Santa Ana, USA	13	0%	
Fort Washington, USA	31	1%	
Haifa, Israel	5	0%	

**Benefits provided to full-time employees (GRI 401-2)**

**Group Level**  
<https://www.kns.com/Careers/Careers/Life-at-K-S>

Your Health and Protection	<ul style="list-style-type: none"> <li>• Company-sponsored retirement plans</li> <li>• Health and welfare insurance coverage</li> <li>• Time off benefits</li> </ul>
Your Pay and Rewards	<ul style="list-style-type: none"> <li>• Competitive compensation</li> <li>• Performance based incentive program for all employees</li> </ul>
Investing in Your Future	<ul style="list-style-type: none"> <li>• Technical, on the job, and in house training and development programs</li> <li>• Career development and progression opportunities</li> </ul>
Balance Your Work and Life	<ul style="list-style-type: none"> <li>• Paid Vacation</li> <li>• Sick days and Personal days</li> <li>• Paid Holidays</li> </ul>

\* Refer to reason for omission on page 69

## GRI 403: Occupational Health and Safety – GRI 403-9, non-GRI metrics

Work-related injuries (GRI 403-9)	FY2020	FY2021	FY2022
Total number of fatalities as a result of work-related injury	0	0	0
Total number of high-consequence work-related injuries (excluding fatalities)	N/A*	N/A*	0
Total number of recordable work-related injuries	N/A*	N/A*	8
Rate of fatalities as a result of work-related injury (per 200,000 work hours)	0	0	0
Rate of high-consequence work-related injuries, excluding fatalities (per 200,000 work hours)	N/A*	N/A*	0
Rate of recordable work-related injuries, excluding fatalities (per 200,000 work hours)	N/A*	N/A*	0.3
Total number of work hours	4,482,408	6,243,329	6,202,645

Work-related ill-health (GRI 403-10)	FY2020	FY2021	FY2022
Total number of fatalities as a result of work-related ill-health	N/A*	N/A*	0
Total number of recordable work-related ill-health	N/A*	N/A*	0
Rate of fatalities as a result of work-related ill-health (per 200,000 work hours)	N/A*	N/A*	0
Rate of recordable work-related ill-health (per 200,000 work hours)	N/A*	N/A*	0.3
Total number of work hours	4,482,408	6,243,329	6,202,645

\* Data was not collected this year. K&S had been working towards collecting this data from FY2022 onwards.

OHS Key Indicators (non-GRI metrics)	FY2020	FY2021	FY2022
Accident Frequency Rate (per 1,000,000 work hours)	1.3	1.3	1.3

OHS Key Indicators (non-GRI metrics)	FY2020	FY2021	FY2022
Accident Severity Rate (per 1,000,000 work hours)	7	14.7	11.9
Total number of accidents	6	8	8

OHS Key Indicators (non-GRI metrics)	FY2020	FY2021	FY2022
Total number of man-days lost	32	92	74
Total number of OHS training hours	30,147	76,032	74,988
Overall average number of OHS training hours per employee	13.4	24.7	24.8

## Governance

GRI 205: Anti-corruption – GRI 205-1, 205-2, 205-3

Cases of corruption (GRI 205-1)	FY2020	FY2021	FY2022
Total number of cases of corruption	0	0	0

Communication and training about anti-corruption policies and procedures (GRI 205-2)	FY2020	FY2021	FY2022
Percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to	100%	100%	100%
Percentage of employees that the organization's anti-corruption policies and procedures have been communicated to	100%	100%	100%
Percentage and number of business partners that the organization's anti-corruption policies and procedures have been communicated to (number of business partners)	100% (54)	100% (61)	100% (54)
Americas	100% (12)	100% (12)	100% (11)
Europe	100% (16)	100% (17)	100% (16)
China	100% (13)	100% (19)	100% (23)
Japan	100% (2)	100% (2)	100% (2)
Korea	100% (3)	100% (3)	100% (4)
Taiwan	100% (1)	100% (1)	100% (1)
Other SEA regions	100% (7)	100% (7)	100% (10)
Percentage of governance body members that have received training on anti-corruption	100%	100%	100%
Percentage of employees that have received training on anti-corruption	100%	100%	100%

Risks related to corruption (GRI 205-3)	FY2022
Number of operations assessed for risks related to corruption	6
Total number of operations	6
Percentage of operations assessed for risks related to corruption	100%
Significant risks identified related to corruption:	Supply Chain Interruptions and Export Compliance Adherence

## GRI 416: Customer Health and Safety – GRI 416-1, 416-2

<b>Assessment of the health and safety impacts of product and service categories (GRI 416-1)</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>
Percentage of significant product and service categories for which health and safety impacts are assessed for improvement (%)	100	100	100

<b>Incidents of non-compliance concerning the health and safety impacts of products and services (GRI 416-2)</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>
Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services	0	0	0

<b>Dollar value invested into Research &amp; Development (non-GRI metric)</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>
Amount of money invested into R&D (US\$ million)	>120	>135	>135

## GRI 2-27: Compliance with laws and regulations

<b>Incidents of non-compliance with laws and regulations (GRI 2-27)</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>
Non-compliance with environmental laws resulting in significant fine and non-monetary sanctions	0	0	0
Non-compliance with social and economic area resulting in significant fine and non-monetary sanctions	0	0	0

# GENERAL DISCLOSURES

<b>Statement of use</b>	Kulicke & Soffa has reported in accordance with the GRI Standards for the period 3 October 2021 to 1 October 2022.
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standard(s)</b>	Not Applicable

GRI Standard	Disclosure No	Disclosure Title	Page Reference	Requirement(s) Omitted	Omission		
					Reason	Explanation	
GRI 2: General Disclosures 2021	<b>General Disclosures</b>						
	2-1	Organizational details	About This Report (page 2) Our Business Overview (page 6)				
	2-2	Entities included in the organization's sustainability reporting	Our Business Overview (page 6)				
	2-3	Reporting period, frequency and contact point	About This Report (page 2)				
	2-4	Restatements of information	There are no restatements of information made in this report.				
	2-5	External assurance	About This Report (page 2)				
	2-6	Activities, value chain and other business relationships	Our Business Overview (page 6)				
	2-7	Employees	Employment & Labor Practices (page 39-41)  Key ESG Performance Summary (page 57-58)	Sub-requirement: (a)(iii)	Not applicable	K&S does not engage, or control the work of, non-guaranteed hours employees.	
	2-8	Workers who are not employees	Employment & Labor Practices (page 39-41)  Key ESG Performance Summary (page 57-58)	Sub-requirements: (a), (b), (c)	Not applicable	K&S does not engage, or control the work of, workers who are not direct employees.	
	2-9	Governance structure and composition	Sustainability Governance Structure (page 11) Refer to K&S Annual Proxy Statement issued 19 January, 2023 (pages 4-9)				
	2-10	Nomination and selection of the highest governance body	Refer to K&S Annual Proxy Statement issued 19 January, 2023 (pages 44-45)				
	2-11	Chair of the highest governance body	Refer to K&S Annual Proxy Statement issued 19 January, 2023 (page 42)				
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Governance Structure (page 11) Refer to K&S Annual Proxy Statement issued 19 January, 2023 (page 42)					



GRI Standard	Disclosure No	Disclosure Title	Page Reference	Requirement(s) Omitted	Omission		
					Reason	Explanation	
GRI 2: General Disclosures 2021	<b>General Disclosures</b>						
	2-13	Delegation of responsibility for managing impacts	Sustainability Governance Structure (page 11)				
	2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance Structure (page 11) Materiality Assessment Process (page 13)				
	2-15	Conflicts of interest	Refer to K&S Annual Proxy Statement issued 19 January, 2023 (page 42)				
	2-16	Communication of critical concerns	Ethics, Bribery and Corruption (page 18) Employment & Labor Practices (page 41)				
	2-17	Collective knowledge of the highest governance body	Refer to K&S Annual Proxy Statement issued 19 January, 2023 (pages 5 & 42)				
	2-18	Evaluation of the performance of the highest governance body	The Nominating and Governance Committee is responsible for conducting a self-assessment of the Board and makes recommendations for changes to process, practice and roles if necessary. As the Board retains oversight of the organization's impacts on the economy, environment, and people, the self-evaluation implicitly includes review of performance in these areas.  Refer to K&S Annual Proxy Statement issued 19 January, 2023 (page 13)				
2-19	Remuneration policies	While the organization's impacts on the economy, environment and people are not explicitly linked to Board remuneration, the Board retains oversight of the organization's overall performance, which includes sustainability-related impacts. These impacts indirectly affect the financial performance of the company, to which Board remuneration is linked.  Refer to K&S Annual Proxy Statement issued 19 January, 2023 (pages 13-41)					

GRI Standard	Disclosure No	Disclosure Title	Page Reference	Omission		
				Requirement(s) Omitted	Reason	Explanation
GRI 2: General Disclosures 2021	<b>General Disclosures</b>					
	2-20	Process to determine remuneration	Refer to K&S Annual Proxy Statement issued 19 January, 2023 (pages 14-41)			
	2-21	Annual total compensation ratio	Refer to K&S Annual Proxy Statement issued 19 January, 2023 (page 39)			
			The percentage increase in annual total compensation for the organization's highest-paid individual was -2%, while the percentage increase of the median annual total compensation of all employees was 17.3%.			
	2-22	Statement on sustainable development strategy	Message from Our President & CEO (page 5)			
	2-23	Policy commitments	Disclosed throughout this sustainability report			
	2-24	Embedding policy commitments	Disclosed throughout this sustainability report			
	2-25	Processes to remediate negative impacts	Ethics, Bribery and Corruption (page 18) Employment & Labor Practices (page 41)			
GRI 2: General Disclosures 2021	<b>General Disclosures</b>					
	2-26	Mechanisms for seeking advice and raising concerns	Ethics, Bribery & Corruption (page 18)			
	2-27	Compliance with laws and regulations	Ethics, Bribery & Corruption (page 17)			
	2-28	Membership associations	Industry organizations in which K&S actively participated: - Responsible Business Alliance (RBA) - Responsible Mineral Initiative (RMI) - SEMI			
	2-29	Approach to stakeholder engagement	Stakeholder Engagement (page 12)			
	2-30	Collective bargaining agreements	In line with the Company's Code of Business Conduct, all our employees are free to participate in recognized labor unions or other bona fide representatives within the framework of Company procedures, applicable local laws and regulations and prevailing industrial relations and practices.			

GRI Standard	Disclosure No	Disclosure Title	Page Reference	Omission		
				Requirement(s) Omitted	Reason	Explanation
GRI 3: Material Topics 2021	<b>Material topics</b>					
	3-1	Process to determine material topics	Materiality Assessment Process (page 13)			
	3-2	List of material topics	Materiality Assessment Process (page 14)			
GRI 3: Material Topics 2021	<b>Economic performance</b>					
	3-3	Management of material topics	K&S Value Creation Cycle (page 8)			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	K&S Value Creation Cycle (page 8)			
	201-3	Defined benefit plan obligations and other retirement plans	We provide defined benefit plans and retirement plans as required by the law in the locations that we operate in.			
GRI 3: Material Topics 2021	<b>Ethics, Bribery &amp; Corruption</b>					
	3-3	Management of material topics	Resilient Governance and Accountability (pages 17-24)			
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Ethics, Bribery & Corruption (page 17) Key ESG Performance Summary (page 62)			
	205-2	Communication and training about anti-corruption policies and procedures	Ethics, Bribery & Corruption (page 17) Key ESG Performance Summary (page 62)			
	205-3	Confirmed incidents of corruption and actions taken	Ethics, Bribery & Corruption (page 18) Key ESG Performance Summary (page 62)			

## Omission

GRI Standard	Disclosure No	Disclosure Title	Page Reference	Requirement(s) Omitted	Reason	Explanation
GRI 3: Material Topics 2021	<b>Product and Service Innovation</b>					
	3-3	Management of material topics	Product and Service Innovation (page 33)			
Non-GRI Topic Specific Disclosure		Percentage of revenue invested into R&D	Product and Service Innovation (page 33) Key ESG Performance Summary (page 63)			
GRI 3: Material Topics 2021	<b>Energy Usage &amp; Associated GHG Emissions</b>					
	3-3	Management of material topics	Energy Usage & Associated GHG Emissions (pages 27-29)			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Reducing Energy Use (page 27) Key ESG Performance Summary (page 55)			
	302-3	Energy intensity	Reducing Energy Use (page 27) Key ESG Performance Summary (page 55)			
	302-4	Reduction of energy consumption	Energy Usage & Associated GHG Emissions (pages 29)			
GRI 3: Material Topics 2021	<b>Material Use</b>					
	3-3	Management of material topics	Material Use (pages 30-31)			
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Conserving Water (pages 30)			
	303-5	Water consumption	Conserving Water (pages 30) Key ESG Performance Summary (page 55)			
GRI 3: Material Topics 2021	<b>Energy Usage &amp; Associated GHG Emissions</b>					
	3-3	Management of material topics	Energy Usage & Associated GHG Emissions (pages 27-29)			
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Reducing Emissions and CDP (page 28) Key ESG Performance Summary (page 56)			
	305-2	Energy indirect (Scope 2) GHG emissions	Reducing Emissions and CDP (page 28) Key ESG Performance Summary (page 56)			
	305-4	GHG emissions intensity	Reducing Emissions and CDP (page 28) Key ESG Performance Summary (page 56)			

## Omission

GRI Standard	Disclosure No	Disclosure Title	Page Reference	Requirement(s) Omitted	Reason	Explanation
GRI 3: Material Topics 2021	<b>Effluents &amp; Waste Management</b>					
	3-3	Management of material topics	Effluents & Waste Management (pages 30-31)			
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Minimizing Waste Discharge (page 30) Safe Disposal of Hazardous Waste (page 31)			
	306-2	Management of significant waste-related impacts	Minimizing Waste Discharge (page 30) Safe Disposal of Hazardous Waste (page 31)			
	306-3	Waste generated	Minimizing Waste Discharge (page 30) Key ESG Performance Summary (page 56)			
Non-GRI Topic Specific Disclosure		Paper usage	Minimizing Waste Discharge (page 30) Key ESG Performance Summary (page 56)			
GRI 3: Material Topics 2021	<b>Employment &amp; Labor Practices</b>					
	3-3	Management of material topics	Employment & Labor Practices (pages 39-43)			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Key ESG Performance Summary (page 59)	Sub-requirement: (a)	Not available	Due to the implementation of a new ERP system, data relating to the age and gender of new employees is not available for FY2022. We will disclose this information in the FY2023 report.
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Key ESG Performance Summary (page 59)			
GRI 3: Material Topics 2021	<b>Occupational health and safety</b>					
	3-3	Management of material topics	Sustainable Sourcing (pages 26-27) Occupational Health & Safety (page 44)			

GRI Standard	Disclosure No	Disclosure Title	Page Reference	Omission		
				Requirement(s) Omitted	Reason	Explanation
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Sustainable Sourcing (pages 26-27) Occupational Health & Safety (page 44)			
	403-2	Hazard identification, risk assessment, and incident investigation	Sustainable Sourcing (pages 26-27) Occupational Health & Safety (page 44)			
	403-3	Occupational health services	Sustainable Sourcing (pages 26-27) Occupational Health & Safety (page 44)			
	403-5	Worker training on occupational health and safety	Occupational Health & Safety (page 44) Key ESG Performance Summary (page 61)			
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainable Sourcing (pages 26-27)			
	403-8	Workers covered by an occupational health and safety management system	Occupational Health & Safety (page 44)			
	403-9	Work-related injuries	Occupational Health & Safety (page 44) Key ESG Performance Summary (page 60)			
	403-10	Work-related ill health	Occupational Health & Safety (page 44) Key ESG Performance Summary (page 60)			
Non-GRI Topic Specific Disclosure		Accident Frequency Rate & Accident Severity Rate	Occupational Health & Safety (page 44) Key ESG Performance Summary (page 61)			
		Number of accidents and man-days lost	Occupational Health & Safety (page 44) Key ESG Performance Summary (page 61)			
	403-3	Occupational Health & Safety training hours	Occupational Health & Safety (page 44) Key ESG Performance Summary (page 61)			
GRI 3: Material Topics 2021	<b>Customer health and safety</b>					
	3-3	Management of material topics	Customer Health & Safety (page 36-37)			
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Customer Health & Safety (page 36) Key ESG Performance Summary (page 63)			
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Health & Safety (page 36) Key ESG Performance Summary (page 63)			
GRI 3: Material Topics 2021	<b>Customer Satisfaction</b>					
	3-3	Management of material topics	Customer Satisfaction (page 37)			
Non-GRI Topic Specific Disclosure		Voice of Customer Survey	Customer Satisfaction (page 37)			



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