

**AEM Holdings Ltd.**  
Sustainability Report 2023

AEM



**A ZERO  
FAILURE  
WORLD**





## Our Vision for the Future

# A Zero Failure World



## Mission Statement

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



## Our Values

- An Innovative organisation is a Resilient one.
- Customer & Employee Intimacy for a unified organisation.
- Agility and Operational Excellence for a strong execution.
- Ethical & Trustworthy.

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

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

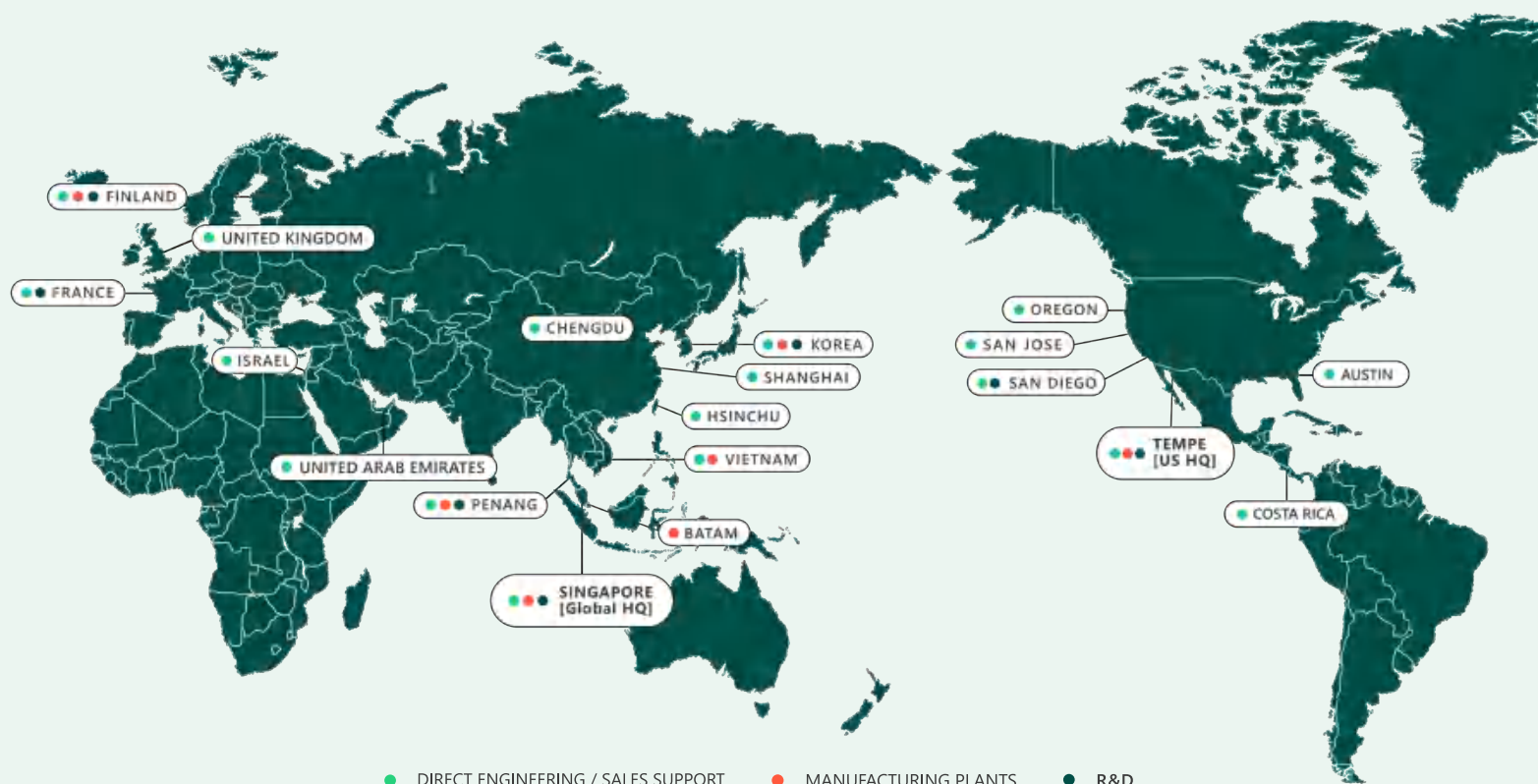
We innovate test to test innovation, providing leading-edge engineering solutions to meet the demands of fast-moving industries. With customer intimacy at our core, we build strong partnerships with our customers through our global network, tailoring solutions and delivering services that meet their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

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

With manufacturing plants located in Singapore, Malaysia (Penang), Indonesia (Batam), Vietnam, Finland (Lieto), Republic of Korea and United States of America, and a global network of engineering support, sales offices, associates, and distributors, we offer our customers a robust and resilient ecosystem of test innovation and support.

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

# OUR GLOBAL FOOTPRINT



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## Dear Shareholders & Readers,

*I am pleased to present the third edition of our standalone Sustainability Report, showcasing our continued dedication to sustainability in FY2023. Over the past year, we have maintained our unwavering commitment to integrating sustainable practices into our business operations, striving to minimise our environmental impact, foster diversity and inclusion, and uphold the highest ethical and legal standards.*

In the face of a challenging landscape within the semiconductor industry in 2023 and macroeconomic uncertainties, our Team at AEM demonstrated resilience and adaptability. Despite these challenges, our commitment to sustainability remained unwavering as we navigated through these complexities, ensuring our continued contribution to a more sustainable future.

In the semiconductor industry, where innovation drives progress, we recognise our responsibility for environmental and social stewardship. We remain steadfast in our commitment to our RISE (Resilience, Innovation, Sustainability, and Entrepreneurship) principles, ensuring sustainability remains a cornerstone of our strategic vision.

For the second year running, our commitment to integrating Environmental, Social, and Governance (ESG) considerations into our business strategy has been recognised with a BBB rating (on a scale of AAA – CCC) in the MSCI ESG Ratings assessment for 2023. This rating measures a company's management of ESG risks and opportunities. Our rating attests to AEM's commitment to establishing sustainable practices and building resilience against financially relevant ESG risks.

We are focused on providing our customers with the best-in-class technology solutions, without compromising health, safety, and privacy. I am pleased to share that we have zero significant incidents of any non-compliance concerning the health and safety impacts of our products and services, as well as zero substantiated complaints concerning any customer privacy or data.

In 2023, there were several quality improvement projects (QIP), established in line with our Total Quality Management Framework. These projects were initiated from the grassroots level, reflecting a bottom-up approach to decision-making and implementation within the organisation. These projects have delivered tangible results in improving product quality, safety, and customer satisfaction.

Amongst other grassroots-focused campaigns centred on safety, we launched our first global competition aimed at discovering AEM's safety slogan. Initiatives like this, alongside QIP, play a pivotal role in fostering engagement across all organisational tiers, empowering our teams to proactively address ESG considerations within the workplace.

Through the different training programmes we offer, we support our team members in upgrading and enhancing their competences. On average, each employee received 35.2 hours of training in 2023, and all of our employees participated in performance and career development review sessions.

We continue to show improvement in our workforce's gender diversity ratio, with 52% of women representing our workforce in 2023.

As artificial intelligence (AI) drives industry growth to trillions of dollars, sustainability must be woven into the fabric of AI development. As a technology leader in providing test solutions for the development and deployment of AI chips, we are committed to ensuring that our customers successfully deliver reliability and safety in these chips' intended applications. Our role is also to ensure that our sustainable practices align with ethical principles, fostering social equity, and environmental stewardship for A Zero Failure World.

**Chandran Nair**  
Chief Executive Officer

# Sustainability Performance Highlights

## Corporate Governance & Anti-Corruption

**ZERO**

substantiated cases of corruption

**ZERO**

significant instances of non-compliance with applicable laws and regulations in the jurisdictions where we operate

## Sustainable Supplier Management

**100%**

of key suppliers participated in AEM PFAS/PIP non-compliance declarations to provide updates and proposed replacement materials aligned to respective AEM customers' requests

## MSCI ESG Ratings

As a measure of the company's resilience to long-term, financially relevant ESG risk, AEM maintained a rating of **BBB** (on a scale of AAA – CCC) in the MSCI ESG Ratings assessment in 2023

## Training

**35.2 hours**

FY2022 → 30.0 hours

of training provided to each employee on average

## Customer Privacy

**0**

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

## Customer Health & Safety

**0**

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

## Gender Diversity

**52%**



Continual improvement in workforce gender diversity ratio, with female employees representing 52% in FY2023

Accolades  
**2023**



## Centurion Club Awards: Company of the Year

- Weighted ROE over 3 years
- Growth in Profit after Tax over 3 years
- Overall Sector Winner  
(Software & IT Services + Technology Equipment)

## About This Report

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

### Reporting Period and Scope

The Report delivers an extensive overview of AEM's principal sustainability concerns, outlining our strategies for management, along with the Environment, Social and Governance ("ESG") policies, practices, and performance from 1 January 2023 to 31 December 2023 ("FY2023"). In alignment with AEM's continuous goal to uphold operational excellence in our sustainability practices, we have set specific short-term, long-term, and ongoing objectives for each ESG element deemed significant to the Group's internal and external stakeholders.

This Report encompasses our worldwide operations, covering our main office in Singapore and our subsidiary companies throughout Asia, Europe, North and Central America. All key entities that are part of our financial reporting have been included in our sustainability reporting.

### Sustainability Reporting Framework

This Report has been prepared with reference to the Global Reporting Initiative ("GRI") Universal Standards 2021, recognised internationally for guiding businesses in comprehensive and transparent disclosure on a broad spectrum of sustainability-related topics. These standards facilitate organisations in effectively communicating their environmental and societal impacts using a universally common language. For ease of reference, the GRI Content Index can be referred to on pages 42 to 44, which maps out the specific locations of all relevant disclosures in the Report.

In line with SGX Listing Rules 711A and 711B, we have also incorporated the six primary components in our annual sustainability report, on a 'comply or explain' basis. The Group has adopted a phased approach to include climate-related disclosures that are aligned with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations in our FY2023 report.

### Assurance

External assurance has not been obtained for the sustainability data in this Report. Instead, we have employed internal verification processes to ensure its accuracy and reliability. Additionally, there have been no restatements of information from previous reporting periods.

### Feedback

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

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

## Board's Statement

The Board of Directors (the "Board") is pleased to present AEM's Sustainability Report for FY2023, reflecting our commitment to ESG transparency and addressing the progress, challenges, and goals ahead, while continually adapting our practices to our stakeholders' needs.

This financial year presented a diverse range of challenges and opportunities, through which we have steadfastly navigated, anchored by our unwavering commitment to our core values and corporate responsibilities. Foremost in our agenda is the management and oversight of climate-related risks and opportunities. We acknowledge the profound importance of environmental stewardship and its implications for sustainable growth. In our role, we have ensured that AEM adheres to stringent environmental standards, thereby eliminating any non-compliance penalties, and we have proudly sustained a proactive approach towards reducing our carbon footprint and enhancing operational efficiencies.

The management team, under the guidance of the Board, has been instrumental in implementing our strategy to streamline processes, and encourage the adoption of eco-friendly practices among employees. These measures are reflective of our dedication to mitigating our environmental impact and supporting the global movement towards a greener economy. In parallel, we have also focused on generating substantial economic value through our offering of advanced technology solutions and services in the semiconductor testing sector, ensuring that we continue to meet the evolving

demands of our industry while maintaining a competitive edge in innovation.

Our dedication to social responsibility has been further demonstrated through various local community engagement initiatives across our regions of operation. Our collaborative efforts have yielded positive educational outcomes and wellness benefits for both our employees and the wider community, and we have nurtured community ties through cultural celebrations and charitable acts. Furthermore, our various sites have actively participated in fostering local engagement and well-being through recognition programs and holiday celebrations.

This comprehensive approach to corporate governance, encompassing environmental, social, and economic dimensions, reflects the balanced and forward-thinking leadership that our Board imparts. We are committed to continuous improvement and transparent communication with all our stakeholders as we advance AEM's mission to innovate for a sustainable future.

Sincerely,  
Board of Directors  
AEM Holdings Ltd.

We recognise the intrinsic link between our business success and the sustainable development of the communities and environments where we operate worldwide.

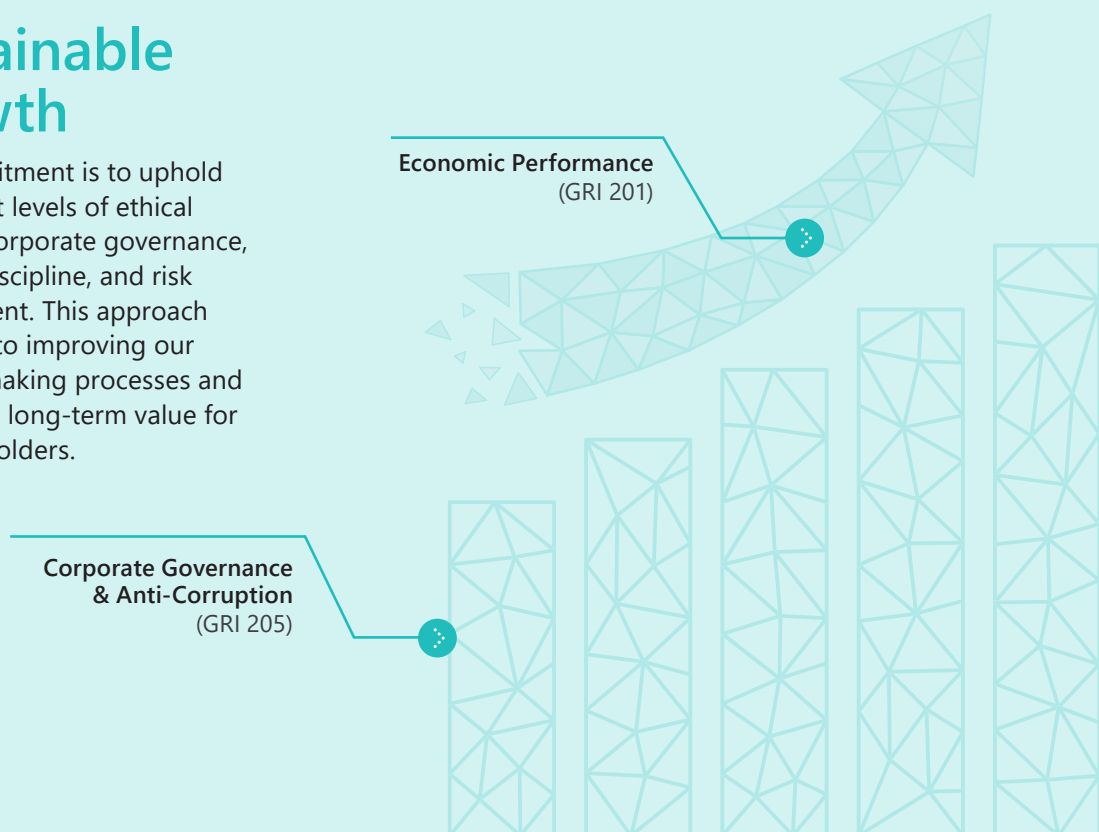
We have established our sustainability programme in line with three primary pillars, which remains the foundation of our commitment to sustainability:



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

## Sustainable Growth

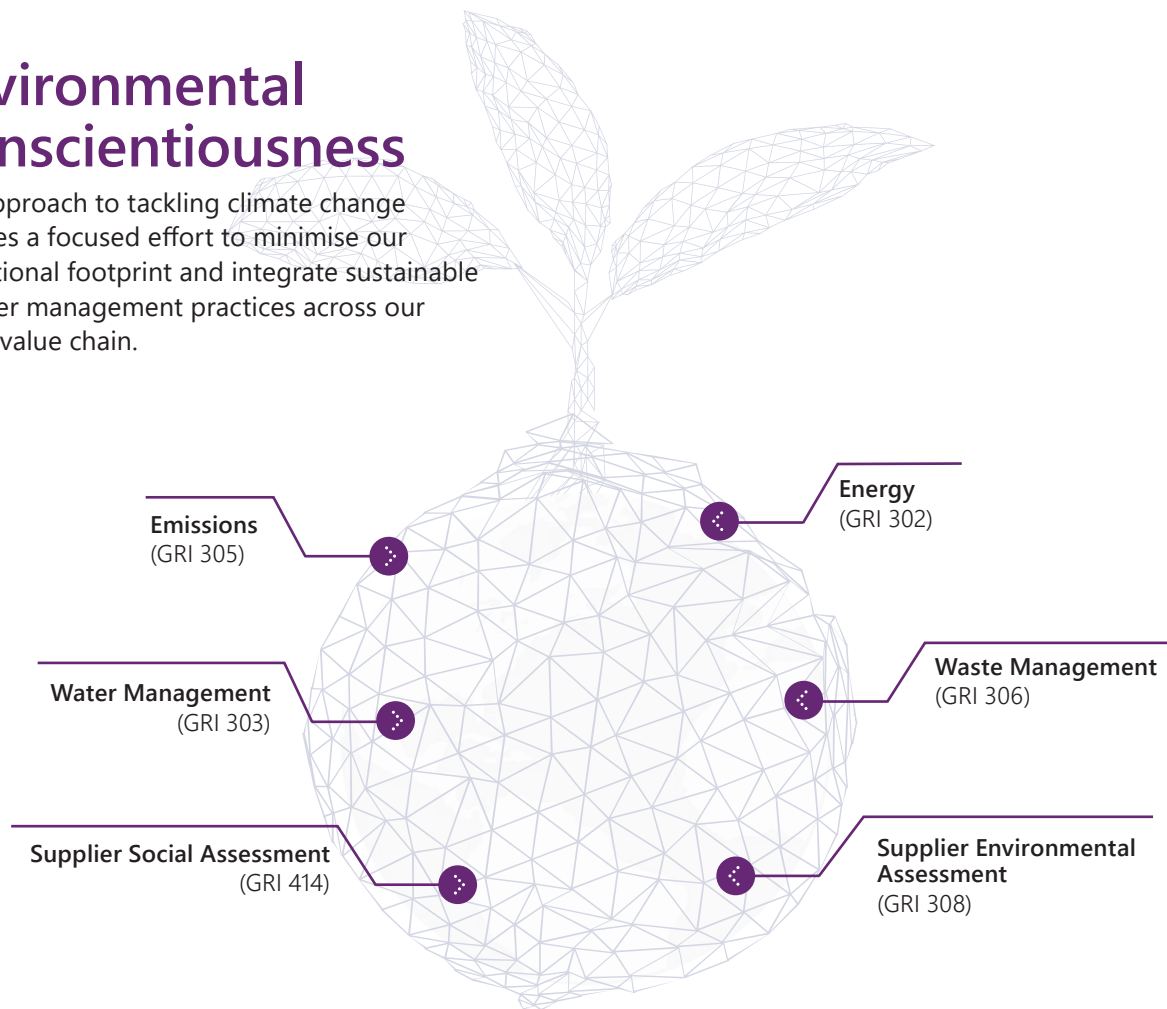
Our commitment is to uphold the highest levels of ethical conduct, corporate governance, financial discipline, and risk management. This approach is integral to improving our decision-making processes and generating long-term value for our stakeholders.





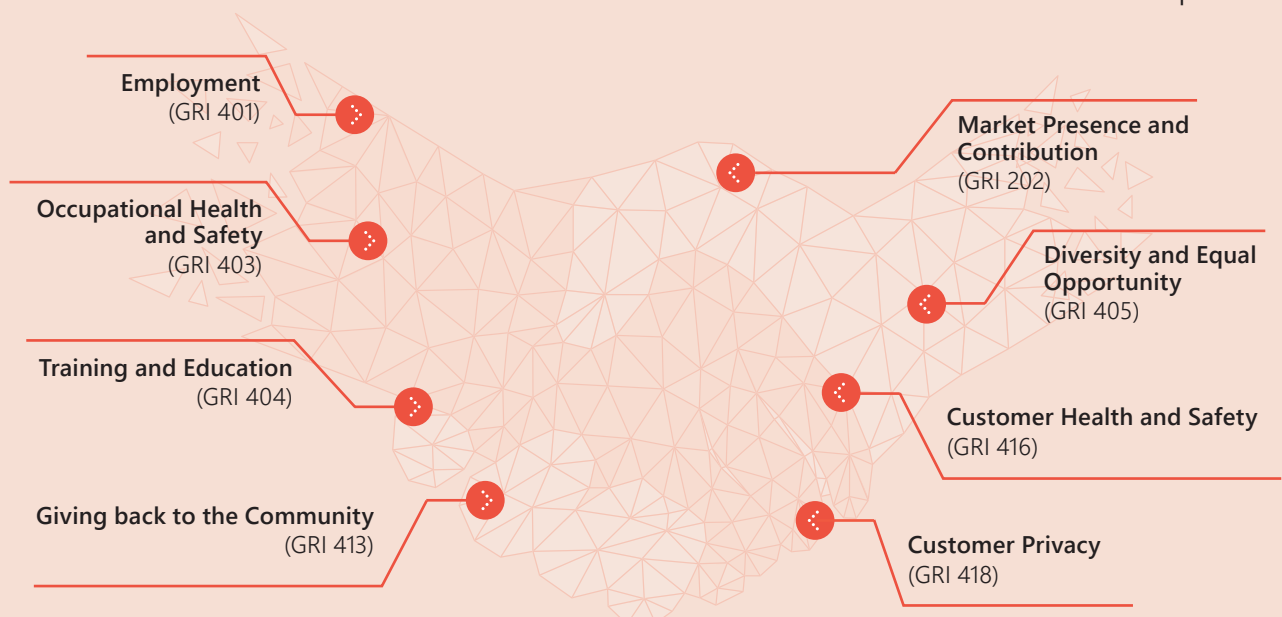
## Environmental Conscientiousness

Our approach to tackling climate change involves a focused effort to minimise our operational footprint and integrate sustainable supplier management practices across our entire value chain.

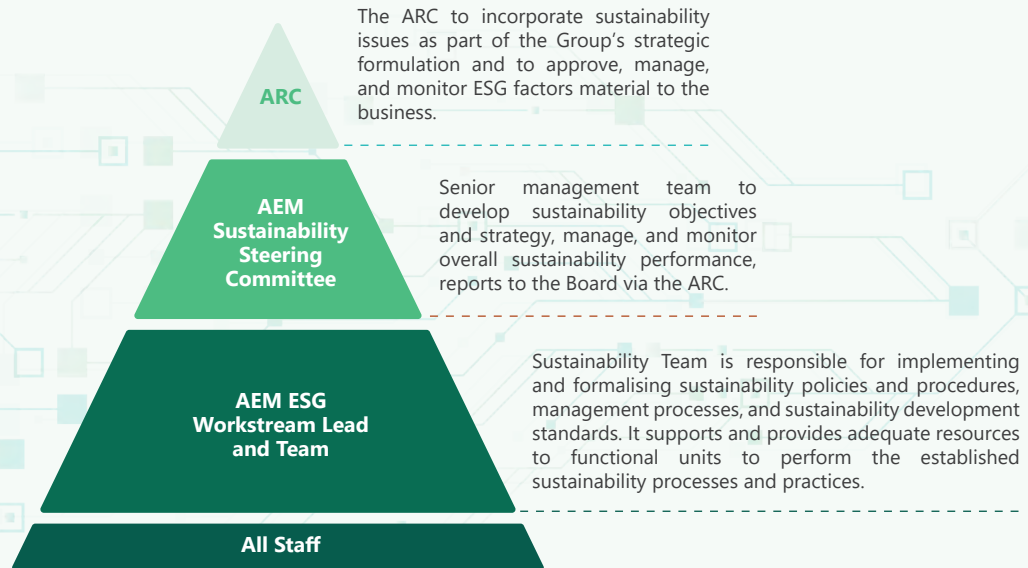


## Solidifying Relationships with Our Stakeholders

Building a cohesive business organisation is rooted in our commitment to nurturing our workforce and developing lasting, positive connections with other stakeholders and the communities in which we operate.



# Sustainability Governance



*AEM's sustainability governance structure*

The strategic direction for the Company's sustainability efforts is led by the Board of Directors. Under the guidance of the Board, the Audit and Risk Management Committee ("ARC") plays a crucial role in integrating sustainability issues into the Group's strategic planning. The ARC also oversees the identification, management, and monitoring of material ESG factors, including the oversight of climate related risks and opportunities. Complying with the revised SGX sustainability reporting regulations, members of AEM's Board of Directors have completed mandatory sustainability training courses, equipping themselves with essential knowledge in sustainability.

At the core of our sustainability framework is our Sustainability Team (the "Team"), a dynamic group made up of employees from different departments, each bringing a unique blend of experiences and backgrounds. This team is responsible for spearheading sustainability initiatives across the organisation, as well as developing policies and procedures for sustainability management that align with industry best practices. Furthermore, the Team is instrumental in providing guidance and resources to the various functional units within AEM, ensuring that the sustainability processes and practices we have established are implemented effectively.

The Sustainability Steering Committee ("SSC") comprises of senior management, to lead the development of AEM's sustainability goals and

strategies. The SSC is tasked with overseeing and tracking the Group's sustainability performance annually, while regularly updating the Board and ARC on AEM's progress in sustainability. Working in tandem with the Sustainability Team, the SSC aids both the ARC and the Board in identifying critical ESG topics, assessing and managing climate-related risks and opportunities, pinpointing key performance indicators for monitoring purposes, and setting targets for these topics across short-term, medium-term, and long-term horizons.

## Stakeholder Engagement

AEM is committed to actively engaging with our stakeholders, comprehending their concerns and expectations, and ensuring their interests are protected. The insights we receive from our stakeholders play a crucial role in identifying material ESG topics that align with their concerns, thereby guiding the development of our sustainability strategy. We also have a stakeholder engagement policy that can be found at our corporate website.

We have identified a total of seven (7) key stakeholder groups, which may 1) impact our business, 2) be impacted by our business, or 3) provide subject-matter expertise on specific material ESG factors. To facilitate the open exchange of ideas and suggestions, we consistently interact with our stakeholders through a variety of platforms and channels, as detailed below.

## Employees



### Engagement Methods

Regular staff communication sessions

Annual performance evaluation

Perception surveys

Social and team-building activities

### Focus Areas

Benefits and remuneration

Career advancement

Health and safety

### AEM's Response

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

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

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

## Customers



### Engagement Methods

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

Customer satisfaction surveys

Exhibitions and trade shows

Annual reports

### Focus Areas

Engineering and development capability

Operational and financial performance

### AEM's Response

To invest in our talent resources and engineering capability

To maintain excellent operational and financial performance

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

## Suppliers

Engagement Methods	Focus Areas	AEM's Response
<p>Scheduled and ad-hoc site visits, calls, and reviews</p> <p>Supplier review</p> <p>Annual supplier audit and mass communication containing an annual supplier declaration</p>	<p>Quality and reliability of suppliers</p> <p>Social and environmental impact</p> <p>Meet all regulatory requirements for substances in articles (PFAS, PIP)</p>	<p>To assess suppliers based on their track record and their ability to complement AEM's commitment to delivering high-quality products and services</p> <p>To review suppliers with full PFAS Risk Assessment and replacement roadmap to drive delivery of less environmentally impactful products and services to AEM</p>

## Community

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

## Government and Regulatory Bodies



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



## Investors and Shareholders

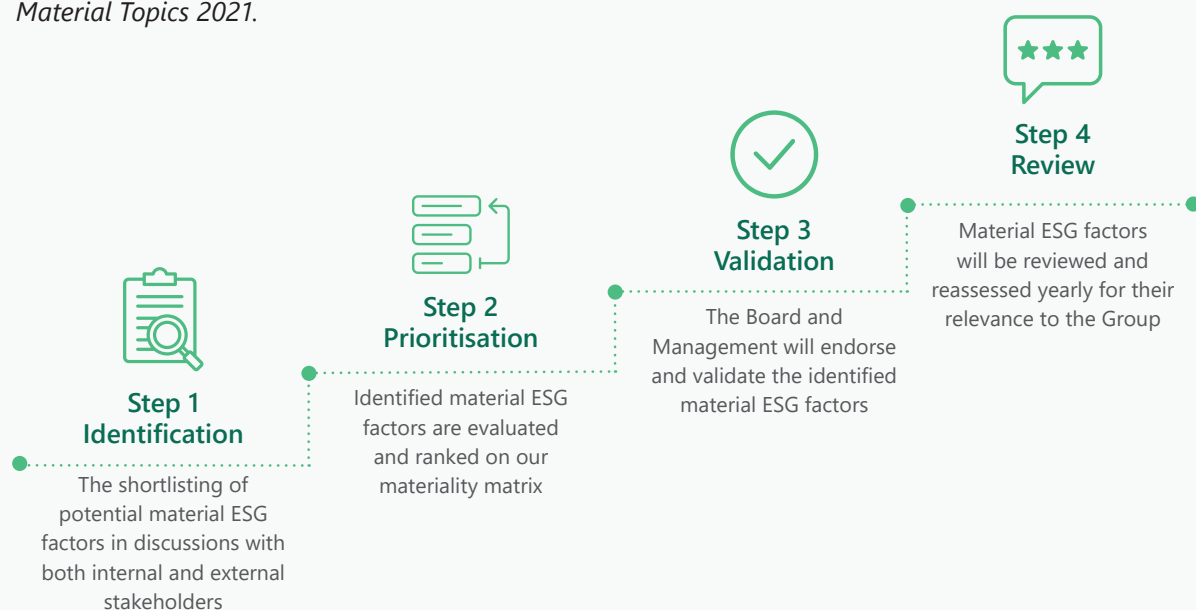
Engagement Methods	Focus Areas	AEM's Response
<p>Quarterly business outlook updates</p> <p>Half-yearly SGX results announcements and briefings</p> <p>Ad-hoc press releases</p> <p>Annual General Meetings (AGM)</p>	<p>Business continuity</p> <p>Investor relations management</p>	<p>To maintain excellent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

## Industry Bodies

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

## Materiality Assessment

AEM's materiality assessment process adheres to the four-step approach outlined in *GRI 3: Material Topics 2021*.



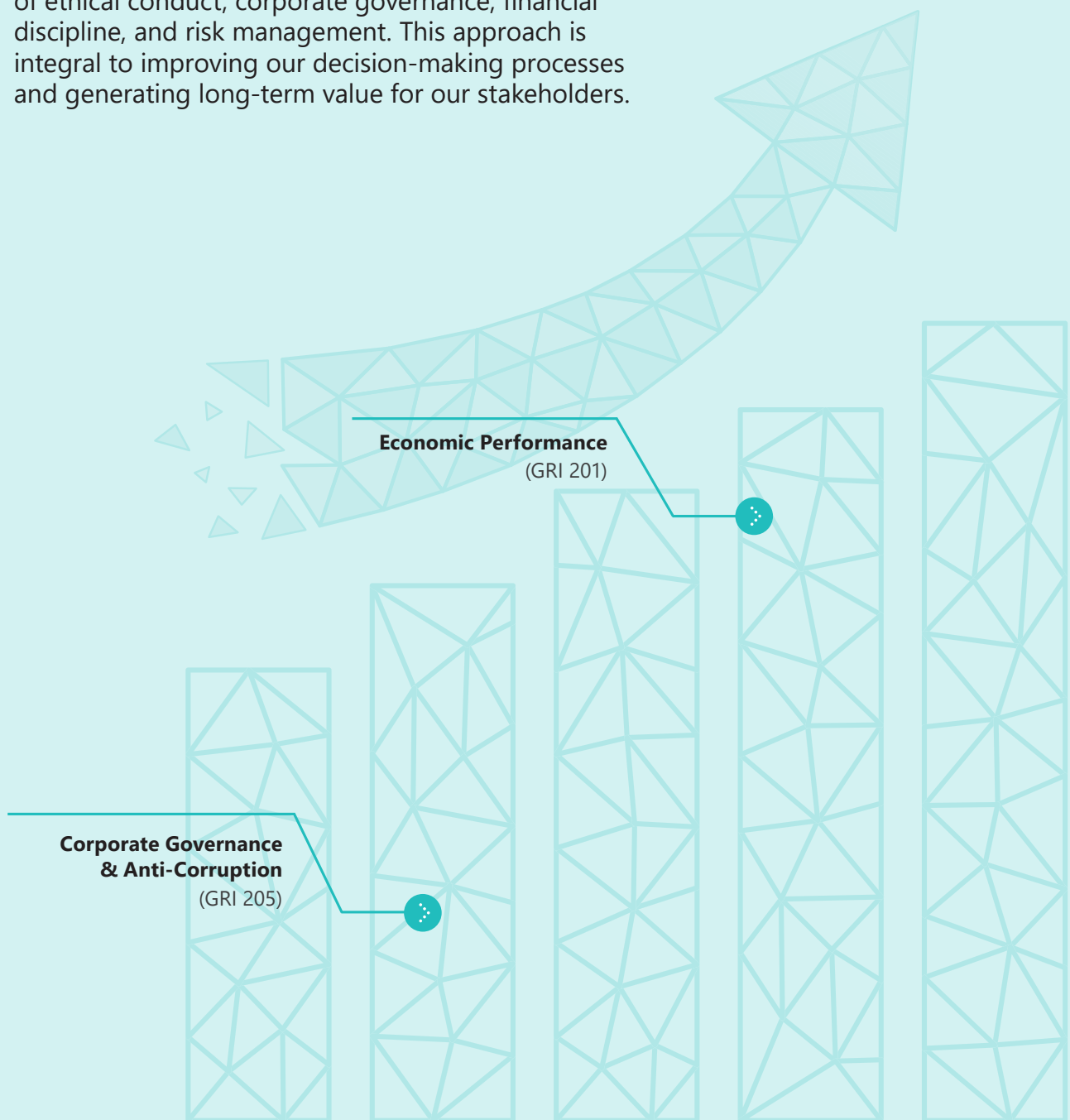


The Board and Management have conducted a review of the material topics for this year's report and concluded that the **sixteen (16) material topics** identified in the previous year continue to be pertinent to AEM's business and its stakeholders.

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

# Sustainable Growth

Our commitment is to uphold the highest levels of ethical conduct, corporate governance, financial discipline, and risk management. This approach is integral to improving our decision-making processes and generating long-term value for our stakeholders.



# Sustainable Growth

AEM places a high emphasis on strong leadership, ethical organisational culture, and robust corporate governance, supported by effective policies and processes. These elements are critical in maintaining AEM's reputation as a leading global manufacturer and service provider in the technology equipment sector.

Commitment to the highest standards of corporate governance is at the core of AEM's ethos. The Group's strategic planning and decision-making are deeply rooted in business ethics, financial discipline, and risk management, all directed towards creating sustainable long-term value for our stakeholders.

## Corporate Governance and Anti-Corruption

(GRI 205-1)

Demonstrating the Company's unwavering commitment to legal and ethical business practices, AEM has implemented the AEM Code of Business Conduct ("the AEM Code") throughout its global subsidiaries and the main company. This code, which outlines high standards of professionalism, integrity, and ethics, is obligatory for every employee of AEM, including the management team and the Board. They are required to read, understand, and adhere to its provisions. In addition to our employees, we have made the AEM Code a part of our contractual agreements with our suppliers and have also made it accessible to the public on our corporate website.



	FY2021	FY2022	FY2023
Total number of key operations assessed for risks related to corruption	10	10	10
Total number of key operations in the corresponding year	10	10	10
Percentage of key operations assessed for risks related to corruption	100%	100%	100%

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

In FY2023, all AEM operations, including our manufacturing and production facilities in Singapore, Malaysia, Indonesia, Vietnam, Finland, Republic of Korea, France, United States of America, and China, underwent an assessment for risks associated with corruption and concluded with the identification of zero substantiated incidents of corruption for the year.

### Material Topic



### Corporate Governance and Anti-Corruption

### FY2023 Performance

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

### Perpetual Targets

To have zero substantiated cases of corruption or other improprieties

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





Employees at AEM are obligated to disclose any conflicts of interest through the annual conflict of interest declaration process. In addition, any transactions involving interested persons must be reported to the ARC. Following these reports, we ensure the implementation of appropriate internal controls to guarantee that all such transactions are conducted impartially, safeguarding the interests of all shareholders.

In alignment with SGX Listing Rule 1207(19), the Group has formulated and adopted an internal compliance code. This code serves as a guideline for our employees regarding the dealings in AEM's securities, ensuring adherence to legal and ethical standards in these matters.

There have been no reported cases of significant misconduct related to AEM's business practices and operations, and no significant incidents of legal or regulatory non-compliance recorded in FY2023. The Group remains committed to maintaining vigilance in ensuring that our employees consistently adhere to the highest standards of integrity in interactions with customers, vendors, government agencies, and internally within the company.

	FY2021	FY2022	FY2023
Economic Value Generated & Distributed (\$'M)	89.2	127.3	-3.4

Please refer to the financial statements in our Annual Report for more information on AEM's economic performance in FY2023.

## Economic Performance

(GRI 201-1)

Our commitment lies in generating significant economic value for our stakeholders by offering cutting-edge technologies and custom solutions designed for sophisticated, integrated semiconductor testing needs, alongside unmatched customer service. Through these efforts, our company strives to uphold its status as a frontrunner in technological innovation within the semiconductor and electronic testing industry for the foreseeable future.

For FY2023, the group's financial performance experienced a downturn, with a reported revenue of S\$481.3 million due to a combination of reduced end-customer demand and excess inventory which pushed out capital expenditure in the semiconductor industry. AEM continues to invest in research & development ("R&D") and new customer programs and is confident in generating future value from these investments.

Amid lower revenue reported for FY2023, the Group continued its production activities converting raw materials to finished goods to meet future sales from long dated non-cancellable purchase orders. As a result, the energy intensity ratio and emissions intensity ratio as well as waste generated and water consumed per monetary unit of sales have increased in FY2023.

### Material Topic



### Economic Performance

### FY2023 Performance

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

Investments in critical R&D areas continued, including active thermal control, resulting in further expansion of the Group's patent portfolio with a total of 9 new patents awarded in 2023

### Perpetual Targets

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

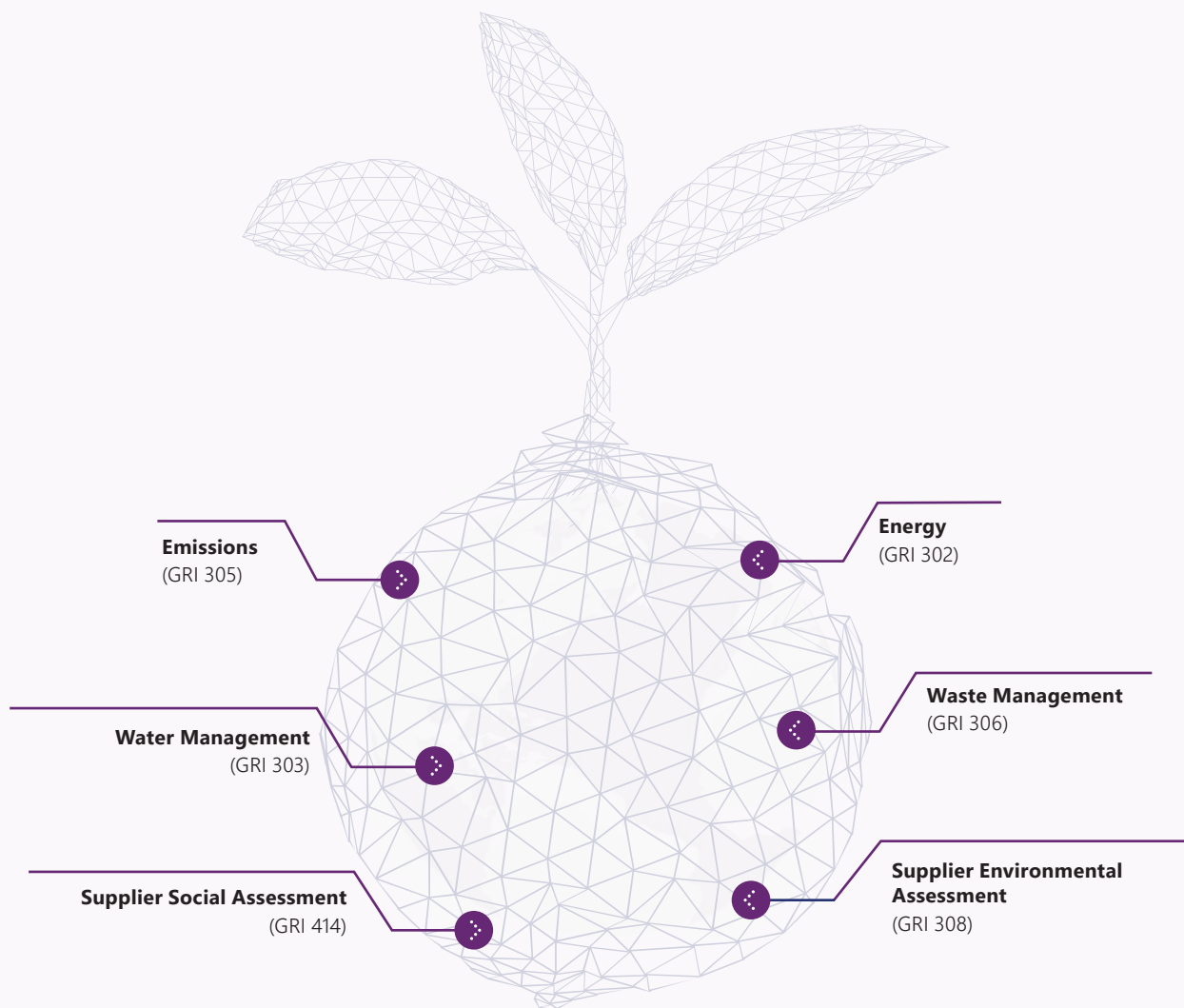
To continue cost reduction engineering initiatives and "lean" operations to drive productivity improvements

To incentivise employees to develop innovative ideas that can be patented

To increase economic value generation for our shareholders

# Environmental Conscientiousness

Our approach to tackling climate change involves a focused effort to minimise our operational footprint and integrate sustainable supplier management practices across our entire value chain.



# Environmental Conscientiousness

In the realm of our sustainability efforts, sustainable supplier management is a key area of focus and plays a pivotal role in our sustainability strategy. This aspect of our operations focuses on ensuring that our supply chain operates not only efficiently but also ethically and sustainably, which assists us in aligning our operational practices with international standards and the industry best practices for environmental management systems.

## Sustainable Supplier Management

(GRI 308-1, 414-1)

Maintaining open communication channels with our suppliers during the entire procurement process is essential for fostering trust, improving risk management, and achieving AEM's long-term business objectives.

In our supplier selection process, we conduct comprehensive screenings of all potential new suppliers to identify significant environmental and social impacts arising from their business practices. This screening, as detailed in our supplier screening guide, covers a range of concerns including various forms of pollution, biodiversity loss, contributions to global warming, land degradation, deforestation, instances of child labour, infringements on the rights of indigenous peoples, violations of customer privacy, and non-adherence to social and economic laws and regulations. Through evaluating their performance in these key areas, we ensure that the vendors we deal with align with our commitment to high-quality products and services while upholding our sustainability standards.

Annually, we also evaluate and review our suppliers' performance, focusing on their adherence to labour, environmental, health, safety, and ethical standards and practices in line with the AEM Code. In FY2023, there were 20 new key suppliers added to our network (FY2022: 0), and it is noteworthy that none of our current suppliers have been found to have significant negative environmental or social impacts.

## Supplier Environmental Assessment

(GRI 308-1)

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

## Supplier Social Assessment

(GRI 414-1)

Similarly, a social assessment of our suppliers was conducted using our supplier screening guide, through which we have determined that all our key suppliers continue to be compliant with industry standards, in line with AEM's requirements.

### Material Topic



#### Supplier Environmental Assessment, Supplier Social Assessment

### FY2023 Performance

All key suppliers participated in AEM Sustainability declarations to provide update with regards to their continuous alignment with AEM's environmental and social requirements, having either aligned their business practices with industry standards such as the ISO14001 or published their environmental policy or sustainability report in the public domain

All key suppliers participated in AEM PFAS/PIP non-compliance declarations to provide updates and proposed replacement materials aligned to respective AEM customers' requests

### Perpetual Targets

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

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

Screen 100% of applicable AEM suppliers using the yearly supplier declaration. This is critical to drive research and replacement to enable greener and more sustainable alternatives across the supply base

## Minimising Our Environmental Footprint

### Energy

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

Energy plays a vital role in the operations of AEM. We recognise that due to the use of energy-intensive equipment in our manufacturing and testing processes, incurring higher utility costs, such specialised equipment are indispensable due to the nature of our business.



We recognise the importance of adopting cost-effective strategies to enhance energy efficiency and reduce energy usage and waste, as a cornerstone of our environmental sustainability efforts. In line with this, we have initiated various ongoing energy-saving initiatives at our Singapore headquarters and main global manufacturing sites, which encompass:

- transitioning from fluorescent lighting to LED energy-saving lighting,
- setting air-conditioners and lights to automatically turn off after office hours,
- upgrading air-conditioning ducting from ceiling cassettes to more efficient inverter models,
- replacing outdated and less efficient equipment with newer, energy-efficient alternatives, and
- fostering energy conservation awareness among our employees through informational posters and briefings, encouraging disciplined usage.



Our foray into renewable energy includes the installation of solar panels. This effort is exemplified by our subsidiary CEI, which equipped its Singapore facility with solar panels that can produce approximately 240,000 kWh of electricity each year, intended for our own consumption.

In FY2023, diesel (predominantly utilised by commercial vehicles) amounted to 0.6% of our overall energy consumption. This marked a modest reduction from the 0.7% recorded in FY2022.

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

	FY2021	FY2022	FY2023
Energy Consumed (kWh)	12,200,000	17,710,000	16,580,000
Revenue (S\$M)	565.5	870.5	481.3
Energy Intensity Ratio (kWh/S\$)	0.021	0.020	0.034



## Emissions

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

The increasing threat of climate change to the communities where we operate and live affects not just our sustainability objectives, but our survival as an organisation. In recognition of the effect of climate risks on AEM, we actively participate in the global initiative to reduce greenhouse gas ("GHG") emissions. We closely monitor our emissions at each stage of our manufacturing process, gathering data to pinpoint areas where GHG emissions can be significantly reduced. Recognising that the majority of AEM's carbon footprint stems from indirect emissions generated from purchased energy, and optimising energy usage is what we consider essential to lowering AEM's overall GHG emissions.

The table below presents the total emissions and emission intensity ratio for AEM.

	FY2021	FY2022	FY2023
Scope 1 Direct GHG Emissions (MT CO <sub>2</sub> e) <sup>#</sup>	15	35	27
Scope 2 Indirect GHG Emissions (MT CO <sub>2</sub> e)	8,082	11,532	10,581
Revenue (\$M)	565.5	870.5	481.3
Emission Intensity Ratio (MT/\$'000)	0.014318	0.013248	0.021984

<sup>#</sup> Note: Direct GHG emissions includes carbon equivalent emissions from the consumption of diesel by commercial vehicles.

<sup>1</sup> Metric Tons of Carbon Dioxide Equivalent



We remain committed to further reducing emissions by diligently monitoring our energy usage, employing environmentally friendly technology, and persisting in our efforts to educate about environmental issues.

### Material Topic



### Energy and Emissions

### FY2023 Performance

Reduced Scope 1 direct GHG emissions and lower energy consumption resulted in lower Scope 2 indirect GHG emissions

### Perpetual Targets

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

Promote heightened conservation awareness and usage discipline amongst our employees

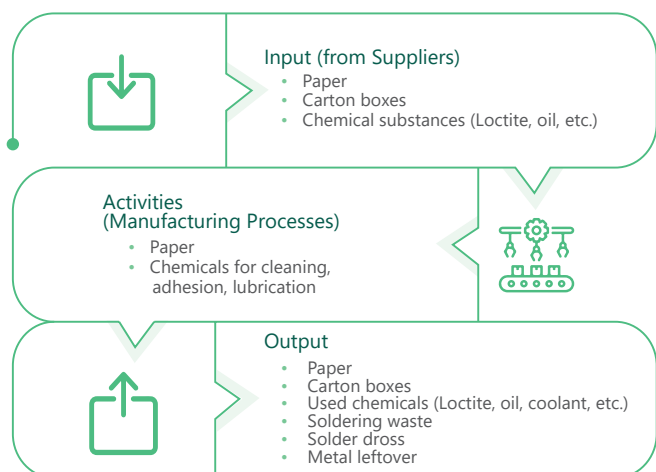
Track and document energy consumption and all relevant Scopes 1 and 2 greenhouse gas emissions at the facility and/or corporate level

## Waste Management

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

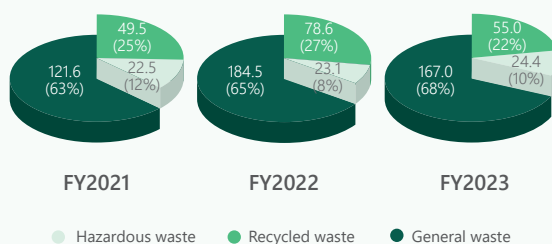
AEM acknowledges the inevitable generation of waste within the organisation, originating both from materials supplied by our vendors and from the by-products of our operational and manufacturing activities.

### Waste Generated



Our waste management process is a four-step approach of identifying, managing, reducing, and responsibly disposing of or recycling the waste we generate. Overall, there are three main categories of waste at AEM, hazardous waste (which includes chemical waste), recycled waste (encompassing leftover metals, paper, and plastic), and general waste, which accounts for the bulk of our waste output.

Total weight of waste generated (in metric tons)



The Group is steadfast in its commitment to advancing waste reduction initiatives across all our operating and manufacturing locations. We are particularly concentrating on waste streams such as soldering waste, solder dross, and carton boxes.

Aligning with Singapore's goal to become a Zero Waste Nation, we have intensified our initiatives to minimise waste and enhance sustainable waste management practices. These initiatives include:

- transitioning from paper-based records to digital formats in various internal processes;
- collaborating with an external recycling service to handle waste from our manufacturing and operational processes, such as metal remnants from production;
- implementing the reuse of carton boxes and plastic pallets;
- eliminating the use of hydrofluoroether (HFE) in our new equipment.

	FY2021	FY2022	FY2023
Total Weight of Waste Generated (MT)	193.6	286.2	246.4
Waste Generated per Monetary Unit of Sales (MT/\$'000)	0.00034	0.00033	0.00051

#### Material Topic



#### Waste Management

#### FY2023 Performance

A 14% decrease in the total amount of waste production activities in FY2023 as compared to FY2022

#### Perpetual Targets

To further reduce the use of paper documentation and consumption

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



## Water Management

(GRI 303-5)

Recognising the importance of water as a global resource, part of AEM's sustainability strategy is dedicated to prudent water usage. To support various national campaigns for enhanced water conservation, AEM has implemented several measures across our operational and manufacturing facilities, including:

- raising awareness about water conservation among our employees through educational posters and briefings, emphasising the importance of disciplined usage; and
- upgrading our facilities by installing motion sensor taps and spring faucets, which are aimed at minimising water wastage and enhancing overall water efficiency.

Throughout the years, AEM has diligently tracked and controlled our water usage. The noticeable rise in the Group's overall water consumption over time is primarily due to the expansion of our manufacturing and production activities. For FY2023, there was an increase in the Company's overall water consumption which was due to moving our production to a newer, larger facility in Penang, Malaysia.

	FY2021	FY2022	FY2023
Total Water Consumption from All Areas (m <sup>3</sup> )	49,967	74,076	109,740
Water Consumed per Monetary Unit of Sales (m <sup>3</sup> /S\$'000)	0.088	0.085	0.228

### Material Topic



#### Water Management

### FY2023 Performance

Overall water consumption increase in FY2023 due to moving our production to a newer, larger facility in Penang, Malaysia

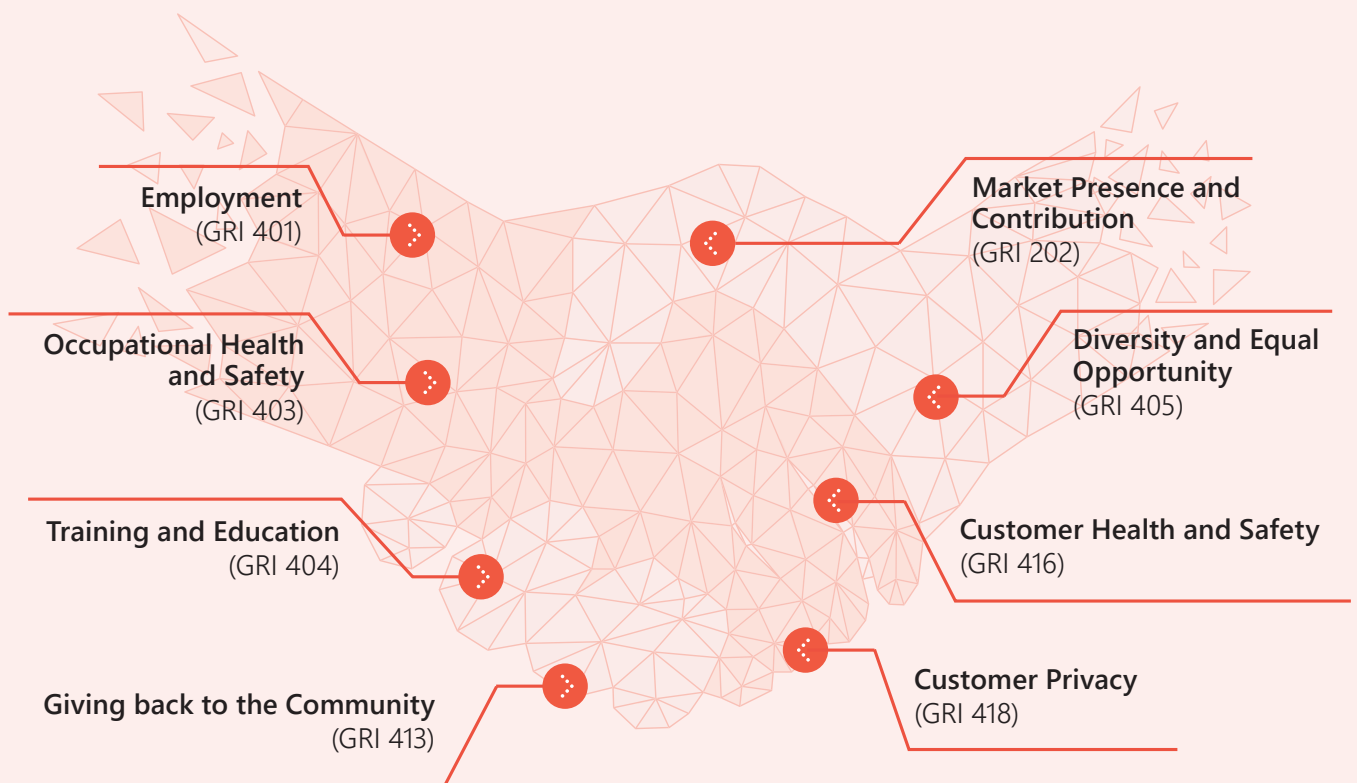
### Perpetual Targets

To continue promoting water conservation awareness among our employees

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

# Solidifying Relationships with Our Stakeholders

Building a cohesive business organisation is rooted in our commitment to nurturing our workforce and developing lasting, positive connections with other stakeholders and the communities in which we operate.





# Solidifying Relationships with Our Stakeholders

## Managing Our Human Capital

The achievements of AEM are deeply rooted in the collective efforts of our team. Our focus is on fostering a healthy and inclusive work environment where taking initiative is valued, continuous learning is facilitated, and innovative ideas are championed. This approach is integral to our strategy in managing human capital.

## Employment

(GRI 401-1, 401-2)

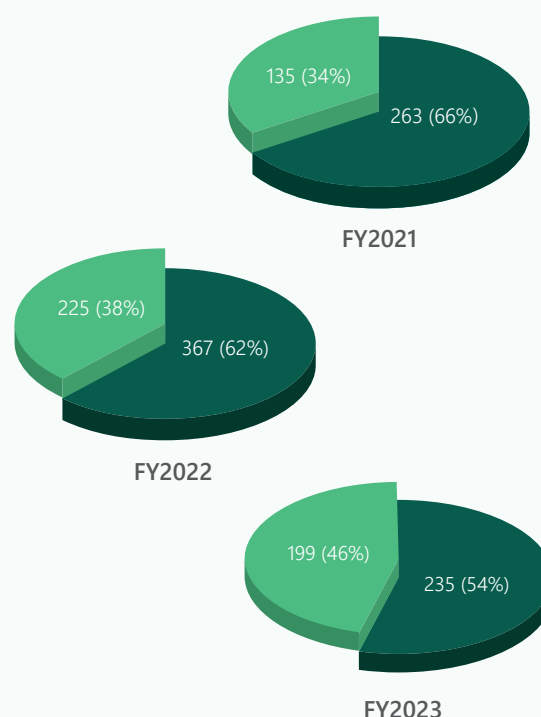
In line with the AEM Code, we are dedicated to protecting the human rights of both our current and potential employees. This involves strict adherence to labour standards that cover the free choice of employment, the prevention of child labour, non-discrimination, and freedom of association, in accordance with applicable local laws. Adopting ethical and responsible labour practices is fundamental to attracting and maintaining a diverse and talented workforce, which is key to driving AEM towards further sustainable growth.

Fostering employee loyalty is a priority, and to this end, we seek to offer competitive compensation packages. These packages comprise a base salary, allowances, cash bonuses, and a share equity plan. A significant variable component in our remuneration strategy incentivizes enhanced performance, taking into account each employee's individual skills, job responsibilities, and long-term contributions to AEM's growth. Additionally, we acknowledge the dedication and service of our staff by awarding them with long service accolades, celebrating their commitment and contributions to the company.

As of 31 December 2023, the total number of employees at AEM was 2,576, representing a decrease of 307 employees compared to the prior year.

Employee New Hires  
by gender

Male Female



### Material Topic



### Employment

### FY2023 Performance

Continued strict adherence to labour standards that cover the free choice of employment, the prevention of child labour, non-discrimination, and freedom of association, in accordance with applicable local laws

### Perpetual Targets

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

To attract and retain talent with competitive remuneration and welfare packages



## Occupational Health & Safety

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

At AEM, the safety and confidence of our employees in their workplace is our utmost concern.

To oversee and manage our occupational health and safety ("OH&S") practices, we have established a Workplace Safety and Health ("WSH") Group, which nurtures a strong safety culture at AEM, and undertakes responsibilities such as monthly safety checks, regular safety training and drills, and reporting of emergencies and accidents to appropriate authorities. The WSH Group convenes monthly to discuss OH&S matters such as employee participation and communication.

Through the WSH Group, AEM aims to proactively manage work-related hazards and risks to safeguard not just our employees but also contractors and visitors in our facilities. Our safety manual, guided by the hierarchy of controls, outlines key procedures to mitigate potential safety hazards. Our comprehensive safety policy builds on the principles of compliance, communication, training, continuous improvement, accountability, and leadership.

To ensure all staff are well-versed in safety protocols, we conduct routine safety briefings, risk assessment training, and safety orientations. In view of the Singapore Ministry of Manpower ("MOM") Code of Practice guidelines, our risk assessment processes are regularly reviewed to maintain high standards in OH&S management.

We strongly encourage employees to report any work-related issues or conditions which may endanger safety. This can be done directly to their supervisors, safety committee members, or via an on-site suggestion box.

Quarterly staff meetings are held to foster a proactive approach to safety, where employees are empowered to report hazards and initiate improvements.

Supervisors are tasked with monitoring all feedback and implementing necessary corrective actions promptly. To further reduce risks, especially in equipment motion testing, we employ smart cameras for enhanced monitoring.

We have maintained our record of zero reported cases of recordable work-related illnesses, high-consequence work-related injuries, and work-related fatalities. Nonetheless, in FY2023, there were two recordable work-related injury (resulting in a rate of 1.7 recordable injuries per million hours worked), which were minor and not significantly harmful. This represents a decline from FY2022, where there were four recordable cases.

We are deeply committed to preventing safety incidents and continuously enhancing our safety standards. We consider every incident, no matter how minor, as an opportunity for learning and improvement. Immediate actions are taken to investigate and address the root cause of any safety issues, with necessary measures implemented to prevent their recurrence and updates made to our safety management system accordingly.

We conduct regular safety audits and reviews to proactively identify potential hazards, addressing any concerns before they lead to incidents. Open communication with employees is encouraged for continuous improvement in our safety practices and procedures.

Ongoing training and education are provided to all employees, ensuring they possess the skills and knowledge required for safe working practices. By recognising and rewarding safe behaviour, we promote a culture of safety throughout the organisation.

Our firm belief is that a strong focus on preventing the recurrence of safety issues is vital for our success and contributes to creating a safer, healthier workplace for everyone involved.

In alignment with GRI 403-6 and our commitment to the well-being of our employees, AEM facilitates access to the non-occupational medical and healthcare services. We provide our workforce with access to essential healthcare services beyond those related to occupational needs, achieved through various means including company-sponsored health insurance plans, and partnerships with healthcare providers for direct access to medical services. This ensures our employees have access to quality healthcare services, reflecting our dedication to supporting their overall health and well-being.



In 2023, we have completed more than 20 Quality Improvement Projects (QIP) across our major sites. These projects were established in line with AEM's Total Quality Management framework, focusing on continuous improvements in quality & safety, customer satisfaction, process efficiency, supplier quality, environment, and other strategic initiatives.

AEM also adopted "Zero Accidents, Zero Excuses" as the official safety slogan in 2023. The slogan sets a high standard for safety performance, aiming for zero accidents. This aspirational goal motivates all of us to strive for excellence in our safety practices, creating a sense of purpose and shared responsibility.

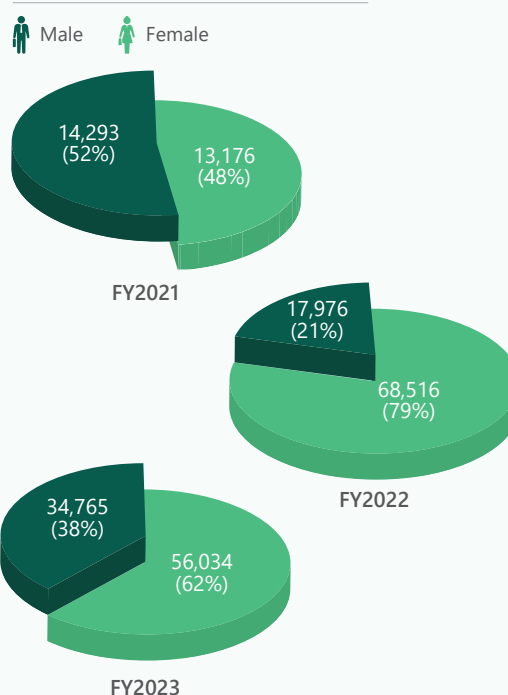
## Training and Education

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

The technological and engineering expertise of our staff is fundamental to AEM's success. Hence, investing in training and development programmes for our employees is essential, fostering lifelong learning and enhancing the competencies of our staff.

To support this, we offer a variety of training programmes accessible both in-person and remotely. Launched in June 2021, our Learning Management System ("LMS") allows employees to engage in e-learning courses as well as on-site classroom training. We encourage our employees to proactively manage their professional growth by enrolling in these courses. In FY2023, each employee received an average of 35.2 training hours (FY2022: 30.0 hours).

Total Training Hours by gender



### Material Topic



#### Occupational Health and Safety

### FY2023 Performance

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

### Perpetual Targets

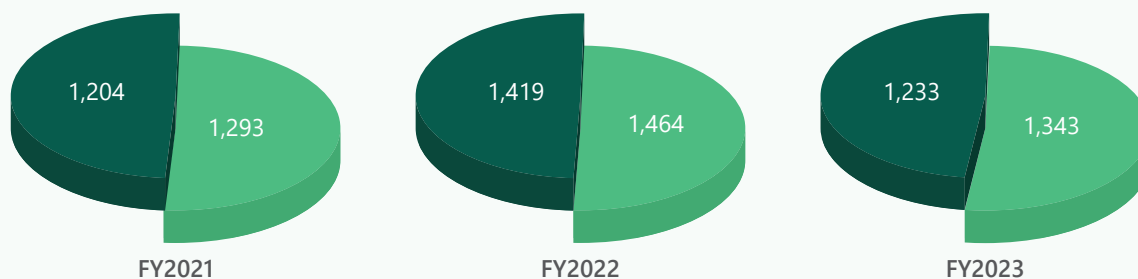
Ensure that our practices at AEM are in line with internationally agreed best practices for OH&S management systems, for the prevention of harm and promotion of health at work

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

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

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

Male Female



We advocate for frequent discussions on performance and career development between employees and their managers. We are proud to report that in FY2023, every employee at AEM participated in these review sessions.

We have implemented a structured approach across the Group for identifying, monitoring, and reviewing training requirements. As part of this approach, we have facilitated a range of courses for our management and staff, encompassing topics like business leadership, finance, quality, safety, operational management, enterprise resource planning, personal effectiveness, functional and technical skills enhancement, and to ensure they are adequately prepared to meet the present and future demands of the industry.



## Material Topic



## Training and Education

## FY2023 Performance

Increased average training hours per employee to 35.2 hours

100% of employees underwent annual performance appraisal

## Perpetual Targets

Maintain our commitment to training and skills upgrading for all employees

Empower employees to meet their personal and professional development goals

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



## Diversity and Equal Opportunities

(GRI 405-1)

AEM prides itself on being a workplace that not only values but actively fosters diversity, inclusion, and equality. Our strength lies in our ability to draw from a diverse talent pool across various regions we operate in, and we are dedicated to enhancing our workforce with individuals from varied genders, races, and nationalities.

Adhering to fair employment practices, our approach to hiring, training, and evaluating employees is solely based on their skills and competencies, ensuring no discrimination or bias. We uphold a culture where mutual respect and dignity are paramount, and we maintain a zero-tolerance policy towards harassment and any form of unlawful discrimination.

Although the age distribution within our workforce has remained fairly consistent over time, there has been a notable enhancement in the gender balance at AEM throughout the years. For FY2023, the proportion of female employees has been sustained at 52% of the workforce, maintaining the same level as in FY2022.



In 2023, we served as a silver sponsor for the Singapore Semiconductor Industry Association (SSIA) flagship event, the Semiconductor Women's Forum. The forum brings together female industry leaders and entrepreneurs who have excelled in this industry to share their experiences and career journeys. The sponsorship underscores our dedication to fostering an inclusive, adaptable, and dynamic semiconductor community. We find opportunities to feature our team members to share their stories and career experiences on various platforms, including magazine features, social media, and our internal communications.



**This initiative is vital for diversity and inclusivity as it provides a platform for amplifying the voices and experiences of individuals within the semiconductor industry, particularly women.**



By showcasing our team members' stories and career journeys across various platforms such as magazines, social media, and internal communications, we not only celebrate their achievements but also inspire others who may be considering or pursuing careers in the field. These personal narratives humanize the industry, breaking down barriers and stereotypes while highlighting the diverse talents and perspectives that drive innovation and progress. We remain committed to championing diversity and empowerment within our company and the industry.

### Material Topic



### Diversity and Equal Opportunities

### FY2023 Performance

Zero reported instances of discrimination in the workplace

Maintained a relatively balanced gender diversity ratio of AEM's workforce for FY2023

### Perpetual Targets

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

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



## Diversity and Equal Opportunities

FY2021

FY2022

FY2023

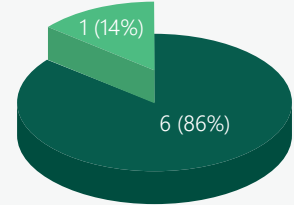
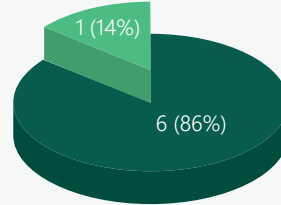
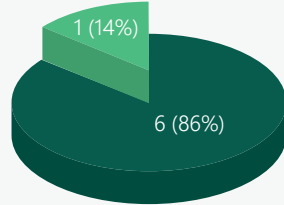
## Diversity within AEM's Board of Directors



Male



Female



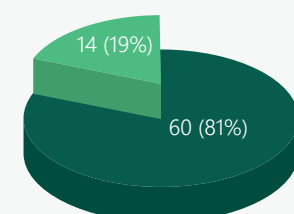
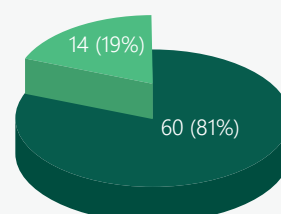
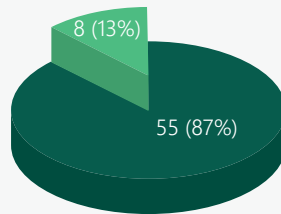
## Diversity of AEM's Management



Male



Female



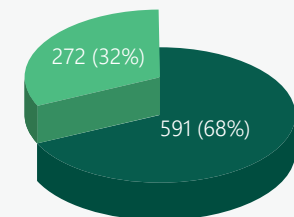
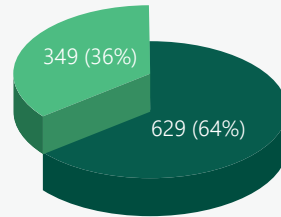
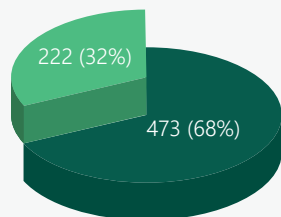
## Diversity of AEM's Professional



Male



Female



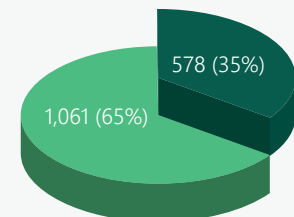
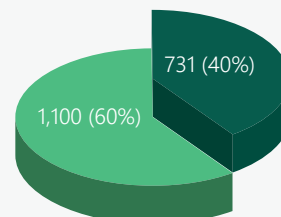
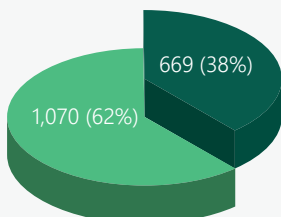
## Diversity of AEM's Operations &amp; Support



Male



Female



## Diversity and Equal Opportunities

FY2021

FY2022

FY2023

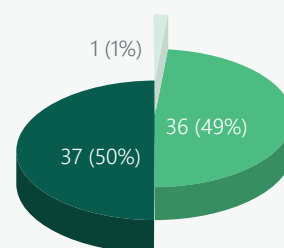
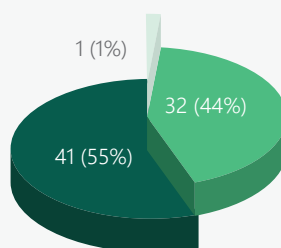
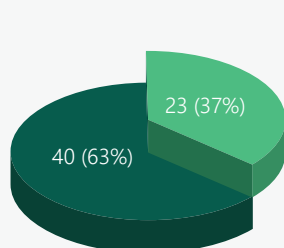
### Diversity within AEM's Board of Directors

- Under 30
- 30-50
- Over 50



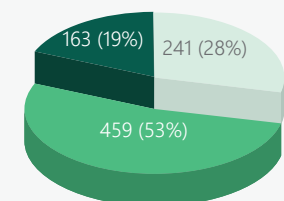
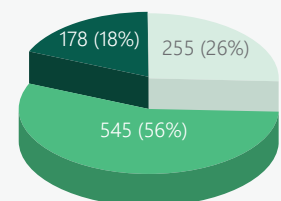
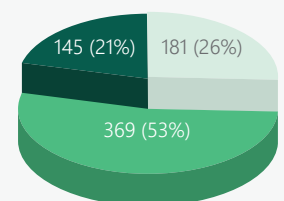
### Diversity of AEM's Management

- Under 30
- 30-50
- Over 50



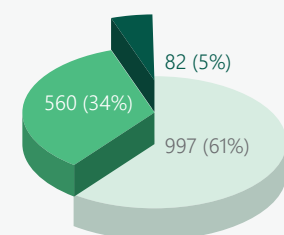
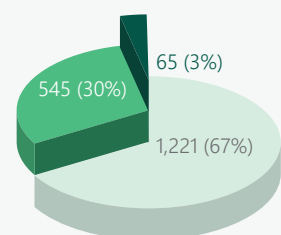
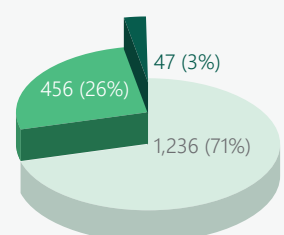
### Diversity of AEM's Professional

- Under 30
- 30-50
- Over 50



### Diversity of AEM's Operations & Support

- Under 30
- 30-50
- Over 50



## Market Presence and Contribution Employee Entry Wages

(GRI 202-1)

We believe in strictly complying with the minimum wage legislation in each country where we operate directly. In FY2023, in countries with established minimum wage laws – namely Malaysia, China, Indonesia, United States of America, France, Republic of Korea, and Vietnam, we ensured that all our entry-level employees were compensated at least the minimum wage as set by local authorities. We ensure equal pay for male and female entry-level employees in these countries. In regions without minimum wage laws, such as Singapore and Finland, AEM offers competitive compensation and benefits packages to our employees.



## Local Representation in AEM's Leadership

(GRI 202-2)

We believe our understanding of local needs is key to our success as a global leader in test innovation. Therefore, we believe it is essential for us to ensure significant local representation within our senior management team. This not only reinforces our strong market presence but also amplifies the economic benefits to the local communities. Our senior management team, which includes general managers and above, consists of individuals from various nationalities, with majority being hired from the local community.

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

By Region	FY2021	FY2022	FY2023
Singapore	6 (100%)	5 (83%)	5 (100%)
Malaysia (Penang)	1 (100%)	1 (100%)	1 (100%)
China	1 (100%)	1 (100%)	0 (0%)
Vietnam	2 (100%)	1 (50%)	0 (0%)
Indonesia (Batam)	1 (100%)	0 (0%)	0 (0%)
North and Central America (the US and Costa Rica)	2 (100%)	2 (100%)	2 (100%)
Finland	1 (100%)	1 (100%)	1 (100%)
France	1 (100%)	1 (100%)	1 (100%)
Republic of Korea	N.A.	2 (100%)	2 (100%)

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

### Material Topic



### Market Presence and Contribution

### FY2023 Performance

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

### Perpetual Targets

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

Maintain significant majority of senior management hired from local communities



## Giving Back To The Community

We are committed to being a socially responsible organisation that positively impacts local communities through the active engagement of our global workforce. We actively encourage our employees to contribute to the community, whether through participation in service projects, joining fundraising activities, or making charitable donations.

### Local Communities

(GRI 413-1)

At AEM, we recognise that our success is intertwined with the well-being of the local communities where we operate. As part of our corporate social responsibility, we are committed to making a meaningful impact on these communities. Our efforts are geared towards creating educational opportunities, promoting health and wellness, fostering a culture of appreciation and recognition, and supporting those in need. Here, we detail our initiatives that reflect our dedication to enriching the lives of community members globally:

- Coffee Chats with HR Director: Providing a forum for employees to voice workplace concerns with HR Director, as well as enhancing staff-management relationships.
- *Jalan Kayu Cares Carnival: AEM was announced as the Tech Partner for Jalan Kayu. With this collaboration, AEM aims to improve the math and science literacy among underprivileged children residing in the community by hosting engaging workshops focused on science and mathematics.*
- Lunchtime Health Talk: Sharing insights on digital eye strain and offering complimentary eye pressure tests to promote vision health.

- Science Workshop: Organised a Science Workshop for children living in the nearby rental blocks in Jalan Kayu. Through various fun activities and games, the Science Workshop hopes to encourage the children to be interested in science.
- Partnership with Intellect: Supporting employee mental health through access to Intellect's resources on mental health.
- Health Screening: Conducting health screenings for employees, including neck spinal scans to check for any abnormalities.
- Lunar New Year Celebration: Celebrating the Lunar New Year with festive food and appearances by cultural mascots.
- CEI Bursary: Financially aiding deserving undergraduates at Singapore Institute of Technology to pursue engineering degrees.
- Mid-Autumn Celebration: Sharing mooncakes among employees in appreciation of the Mid-Autumn festival.
- Annual Health Checkup: Offering health screenings for employees.
- Sports Day: Encouraging physical activity and team building through sports competitions.
- Labour Safety Training: Educating on workplace safety, which saw a remarkable employee turnout.
- Donation for Star Orphanage: Supporting underprivileged children in Ho Chi Minh City through charitable contributions.





- **Holiday Celebrations:** Spreading joy with Christmas and Father's Day celebrations in France, Finland, and Costa Rica.
- **Long Service Recognition:** Awarding medals from the Chamber of Finland to employees for their dedicated service.
- **Community Outreach:** Donating to Sylva in Finland, assisting children and young people with cancer.
- **Employee Appreciation:** Hosting birthday celebrations and an appreciation BBQ.
- **Toy for Tots Drive:** Collaborating for a toy donation drive to bring joy to less fortunate children during the Christmas season.

Through these diverse initiatives, AEM manifests its pledge to be a beneficial presence within local communities, reinforcing our commitment to social responsibility and the collective prosperity of society.



### Material Topic



### Local Communities

### FY2023 Performance

AEM significantly contributed to local communities through a series of health, education, safety, and well-being initiatives across various AEM sites, fostering community engagement and social responsibility.

### Perpetual Targets

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

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



## Protecting Our Customers

Our commitment to assisting customers in rapidly launching their next-generation products is underpinned by a focus on health and safety, customer confidentiality, and meeting our customer needs. Our Quality Policy Statement, featured on our website, highlights our dedication to ongoing improvement and excellence, with a special focus on ensuring the safety and satisfaction of our customers.



## Customer Health and Safety

(GRI 416-1)

AEM offers a range of key products and services, including handling solutions, Automated Testing Equipment test solutions, Precision Cables, and contract manufacturing services. We maintain a uniform process across the Group for launching new products in the market. This process mandates that all products pass validation compliance checks against specific health and safety standards relevant to the customer and region, such as SEMI-S2/S8 and CE compliance, before qualifying for shipment. The health and safety impacts of all our products and services are thoroughly assessed through this procedure. Since FY2019, there have been no significant incidents of non-compliance with any regulatory or voluntary codes relating to the health and safety impacts of our products and services.

## Customer Privacy

(GRI 418-1)

We are dedicated to safeguarding the personal information of all our business associates, including suppliers, customers, colleagues, and other stakeholders. We adhere to all applicable privacy and information security laws and regulations in the regions where we operate and strictly follow non-disclosure agreements with our business partners.

We vigilantly track any complaints related to breaches of customer privacy and loss of customer data. We are proud to report that since FY2019, there have been no substantiated complaints regarding this matter.

### Material Topic



#### Customer Health and Safety

### FY2023 Performance

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

### Perpetual Targets

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



#### Customer Privacy

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

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







## Task Force on Climate-Related Financial Disclosures

The threat of climate change is a critical issue for our planet, with already noticeable changes in weather patterns and a rising occurrence of extreme weather events globally. The 2023 Global Risk Report published by the World Economic Forum highlights the urgent necessity of tackling this issue to avert serious repercussions on societies, economies, and the environment in the upcoming 5-10 years.

At AEM, we are dedicated to playing our role by diminishing our carbon footprint and enhancing climate resilience throughout our business sectors. This section of the report signifies our initial move towards fully adopting the TCFD recommendations for climate-related disclosures, a goal we intend to reach by FY2025.

The details on our TCFD implementation timeline, as we have adopted a phased approach, are as follows:



	YEAR 1 (FY2023)	YEAR 2 (FY2024)	YEAR 3 (FY2025)
<b>Governance</b> 	Describe the governance structures, including Board oversight and management's role.		
<b>Strategy</b> 		Identify the climate-related risks, opportunities, and impacts.	Scenario analysis with quantitative outcomes.
<b>Risk Management</b> 			Describe the processes for identifying, assessing, and managing climate related risks and how this is integrated with the organisation's overall risk management.
<b>Metrics and Targets</b> 	Compute and disclose AEM's major subsidiaries' operational carbon footprint (Scope 1 and Scope 2 GHG emissions).	Identify metrics used for the assessment.	Identify targets in quantitative terms.





## Risk Management

AEM has not yet officially integrated climate-related risks into our risk management framework but intends to do so by FY2025.



## Metrics and Targets

Acknowledging the significance of tracking the Group's performance in environmental material topics, we have incorporated the following climate-related metrics for disclosure in the earlier sections of this report:

- The total energy consumed, broken down by source, and the energy intensity ratio (refer to Energy GRI 302-1, 302-3, page 20)
- Scope 1 emissions, arising from Diesel usage
- Scope 2 emissions, arising from Electricity Usage (refer to Emissions GRI 305-1, 305-2, 305-4, page 21)



## Governance

Please refer to the Corporate Governance section of our Annual Report where AEM has included the oversight of climate change risks and opportunities as part of the Audit and Risk Management Committee's responsibilities.



## Strategy

We anticipate ongoing evolution in our climate strategy, based on identifying our physical and transition risks, and aiming to perform a more thorough analysis of climate-related risks and opportunities in the coming year. To gain better insight into how resilient the Group's strategy is under various climate scenarios, we are planning a detailed climate-scenario analysis over the next two years, which marks a significant step in our journey of climate reporting.

We are committed to progressively enhancing the quality and completeness of our disclosures in subsequent reports.



**Social Performance : Employees**

(GRI 2-7)	FY2021	FY2022	FY2023
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**Total Number of Employees****By Employee Category**

Operations & Support	1,739 (70%)	1,831 (64%)	1,639 (64%)
Professional	695 (28%)	978 (34%)	863 (33%)
Management	63 (2%)	74 (2%)	74 (3%)

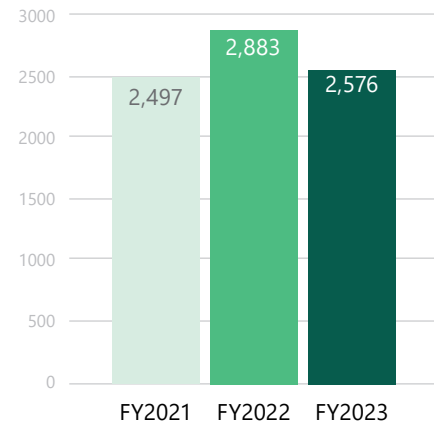
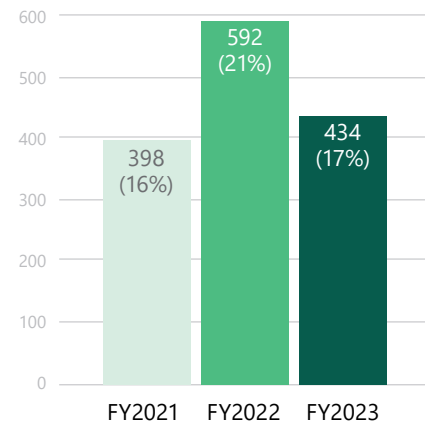
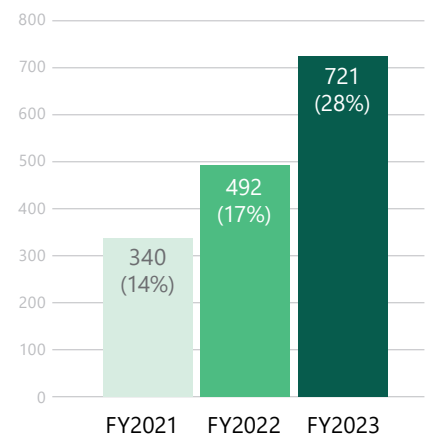
**By Gender**

Male	1,204 (48%)	1,419 (49%)	1,233 (48%)
Female	1,293 (52%)	1,464 (51%)	1,343 (52%)

**By Age Group**

Under 30	1,417 (57%)	1,477 (51%)	1,241 (48%)
30-50	850 (34%)	1,130 (39%)	1,056 (41%)
Over 50	230 (9%)	276 (10%)	279 (11%)

Total	2,497	2,883	2,576
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**Total Number of Employees****Employee New Hires****Employee Turnover****Social Performance : Employment**

(GRI 401-1)	FY2021	FY2022	FY2023
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**Employee New Hires****By Gender**

Male	263 (66%)	367 (62%)	235 (54%)
Female	135 (34%)	225 (38%)	199 (46%)

**By Age Group**

Under 30	190 (48%)	361 (61%)	265 (61%)
30-50	177 (44%)	188 (32%)	141 (33%)
Over 50	31 (8%)	43 (7%)	28 (6%)

Total	398 (16%)	592 (21%)	434 (17%)
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**Employee Turnover****By Gender**

Male	194 (57%)	307 (62%)	376 (52%)
Female	146 (43%)	185 (38%)	345 (48%)

**By Age Group**

Under 30	181 (53%)	230 (47%)	465 (64%)
30-50	130 (38%)	212 (43%)	193 (27%)
Over 50	29 (9%)	50 (10%)	63 (9%)

Total	340 (14%)	492 (17%)	721 (28%)
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**Social Performance : Occupational Health and Safety****(GRI 403-9, 403-10)****FY2021****FY2022****FY2023****Work-related injuries for all employees and workers**

Number of fatalities	0	0	0
Number of high-consequence work-related injuries	0	0	0
Number of recordable work-related injuries	0	4	2

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

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

**Social Performance : Diversity and Equal Opportunities****(GRI 405-1)****FY2021****FY2022****FY2023****Diversity within AEM's Board of Directors****By Gender**

Male	6 (86%)	6 (86%)	6 (86%)
Female	1 (14%)	1 (14%)	1 (14%)

**By Age Group**

Under 30	0 (0%)	0 (0%)	0 (0%)
30-50	0 (0%)	0 (0%)	0 (0%)
Over 50	7 (100%)	7 (100%)	7 (100%)

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

Male	55 (87%)	60 (81%)	60 (81%)
Female	8 (13%)	14 (19%)	14 (19%)

**By Age Group**

Under 30	0 (0%)	1 (1%)	1 (1%)
30-50	23 (37%)	32 (44%)	36 (49%)
Over 50	40 (63%)	41 (55%)	37 (50%)



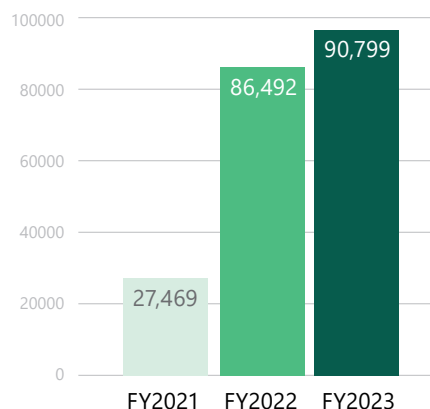
Social Performance : Diversity and Equal Opportunities			
(GRI 405-1)	FY2021	FY2022	FY2023
Diversity within AEM's Professional			
By Gender			
Male	473 (68%)	629 (64%)	591 (68%)
Female	222 (32%)	349 (36%)	272 (32%)
By Age Group			
Under 30	181 (26%)	255 (26%)	241 (28%)
30-50	369 (53%)	545 (56%)	459 (53%)
Over 50	145 (21%)	178 (18%)	163 (19%)
Diversity within AEM's Operations & Support			
By Gender			
Male	669 (38%)	731 (40%)	578 (35%)
Female	1,070 (62%)	1,100 (60%)	1,061 (65%)
By Age Group			
Under 30	1,236 (71%)	1,221 (67%)	997 (61%)
30-50	456 (26%)	545 (30%)	560 (34%)
Over 50	47 (3%)	65 (3%)	82 (5%)

Social Performance : Market Presence and Contribution			
(GRI 202-2)	FY2021	FY2022	FY2023
Number and Proportion of Senior Management Hired from the Local Community			
By Gender			
Singapore	6 (100%)	5 (83%)	5 (100%)
Malaysia (Penang)	1 (100%)	1 (100%)	1 (100%)
China	1 (100%)	1 (100%)	0 (0%)
Vietnam	2 (100%)	1(50%)	0 (0%)
Indonesia (Batam)	1 (100%)	0 (0%)	0 (0%)
North and Central America (U.S.A. and Costa Rica)	2 (100%)	2 (100%)	2 (100%)
Finland	1 (100%)	1 (100%)	1 (100%)
France	1 (100%)	1 (100%)	1 (100%)
Republic of Korea	N.A.	2 (100%)	2 (100%)

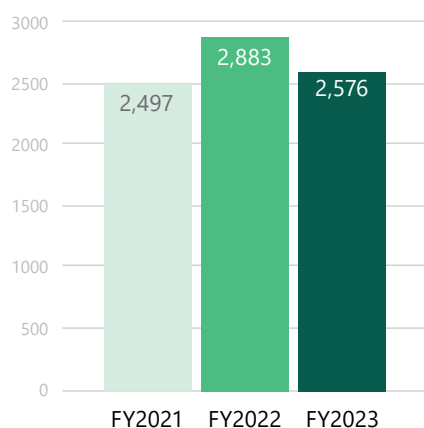
\*N.A. as the subsidiaries in these countries have not been acquired or incorporated



### Total Training Hours



### Employees Receiving Regular Performance and Career Development Reviews



### Social Performance : Training and Education

(GRI 404-1) FY2021 FY2022 FY2023

#### Total Training Hours

##### By Gender

Male	14,293 (52%)	17,976 (21%)	34,765 (38%)
Female	13,176 (48%)	68,516 (79%)	56,034 (62%)

##### By Employee Category

Operations & Support	22,312 (81%)	75,758 (88%)	63,948 (70%)
Professional	5,157 (19%)	10,461 (12%)	26,381 (29%)
Management	0 (0%)	273 (0%)	470 (1%)

**Total Hours** **27,469** **86,492** **90,799**

#### Average Training Hours per Employee

##### By Gender

Male	11.9	12.7	28.2
Female	10.2	46.8	41.7

##### By Employee Category

Operations & Support	12.8	41.4	39.0
Professional	7.4	10.7	30.6
Management	0.0	3.7	6.4

**Overall Average** **11.0** **30.0** **35.2**

(GRI 404-3) FY2021 FY2022 FY2023

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

##### By Gender

Male	1,204	1,419	1,233
Female	1,293	1,464	1,343

##### By Employee Category

Operations & Support	1,739	1,831	1,639
Professional	695	978	863
Management	63	74	74

**Total Employees** **2,497\*** **2,883\*** **2,576\***

\*100% of employees underwent annual performance appraisal



<b>Statement of Use</b>	AEM Holdings Ltd. has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards.
<b>GRI 1 used</b>	GRI 1 : Foundation 2021

<b>GRI Standards</b>	<b>Disclosure Title</b>	<b>Page Reference</b>
<b>General Disclosures</b>		
GRI 2 : General Disclosures 2021	2-1 Organisational details	2
	2-2 Entities included in the organisation's sustainability reporting	6
	2-3 Reporting period, frequency and contact point	6
	2-5 External assurance	6
	2-6 Activities, value chain and other business relationships	2
	2-7 Employees	38
	2-9 Governance structure and composition	10
	2-10 Nomination and selection of the highest governance body	Annual Report: 37-38
	2-11 Chair of the highest governance body	Annual Report: 36-37
	2-12 Role of the highest governance body in overseeing the management of impacts	10
	2-13 Delegation of responsibility for managing impacts	10
	2-14 Role of the highest governance body in sustainability reporting	10
	2-15 Conflicts of Interest	Annual Report: 32-34
	2-16 Communication of critical concerns	Annual Report: 45-47
	2-17 Collective knowledge of the highest governance body	10
	2-18 Evaluation of the performance of the highest governance body	Annual Report: 39
	2-19 Remuneration policies	Annual Report: 39-43
	2-20 Process to determine remuneration	Annual Report: 39-43
	2-22 Statement on sustainable development strategy	7
	2-27 Compliance with laws and regulations	16
	2-29 Approach to stakeholder engagement	10-13
<b>Material Topics</b>		
GRI 3 : Material Topics 2021	3-1 Process to determine material topics	13
	3-2 List of material topics	14
<b>Corporate Governance and Anti-Corruption</b>		
GRI 3 : Material Topics 2021	3-3 Management of material topics	16-17
GRI 205 : Anti-Corruption 2016	205-1 Operations assessed for risks related to corruption	16-17

GRI Standards		Disclosure Title	Page Reference
<b>Economic Performance</b>			
GRI 3 : Material Topics 2021	3-3	Management of material topics	17
GRI 201 : Economic Performance 2016	201-1	Direct economic value generated and distributed	17
<b>Sustainable Supplier Management</b>			
GRI 3 : Material Topics 2021	3-1	Process to determine material topics	19
GRI 308 : Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	19
GRI 414 : Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	19
<b>Energy and Emissions</b>			
GRI 3 : Material Topics 2021	3-3	Management of material topics	20-21
GRI 302 : Energy 2016	302-1	Energy consumption within the organisation	20
	302-3	Energy intensity	20
	302-4	Reduction of energy consumption	20
GRI 305 : Emissions 2016	305-1	Direct (Scope 1) GHG emissions	21
	305-2	Energy indirect (Scope 2) GHG emissions	21
	305-4	GHG emissions intensity	21
<b>Waste Management</b>			
GRI 3 : Material Topics 2021	3-3	Management of material topics	22
GRI 306 : Waste 2020	306-1	Waste generation and significant waste-related impacts	22
	306-2	Management of significant waste-related impacts	22
	306-3	Waste generated	22
<b>Water Management</b>			
GRI 3 : Material Topics 2021	3-3	Management of material topics	23
GRI 303 : Water and Effluents 2018	303-5	Water consumption	23
<b>Employment</b>			
GRI 3 : Material Topics 2021	3-3	Management of material topics	25
GRI 401 : Employment 2016	401-1	New employee hires and employee turnover	25, 38
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	25
<b>Occupational Health and Safety</b>			
GRI 3 : Material Topics 2021	3-3	Management of material topics	26-27
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	26-27
	403-2	Hazard identification, risk assessment, and incident investigation	26-27
	403-4	Worker participation, consultation, and communication on occupational health and safety	26-27
	403-6	Promotion of worker health	26-27
	403-9	Work-related injuries	26-27, 39
	403-10	Work-related ill health	26-27, 39

GRI Standards		Disclosure Title	Page Reference
<b>Training and Education</b>			
GRI 3 : Material Topics 2021	3-3	Management of material topics	27-28
	404-1	Average hours of training per year per employee	27-28, 41
GRI 404 : Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	27-28
	404-3	Percentage of employees receiving regular performance and career development reviews	27-28, 41
<b>Diversity and Equal Opportunities</b>			
GRI 3 : Material Topics 2021	3-3	Management of material topics	29-31
GRI 405 : Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	29-31, 39-40
<b>Market Presence and Contribution</b>			
GRI 3 : Material Topics 2021	3-3	Management of material topics	32
GRI 202 : Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	32
	202-2	Proportion of senior management hired from the local community	32, 40
<b>Giving Back to the Community</b>			
GRI 3 : Material Topics 2021	3-3	Management of material topics	33-34
GRI 413 : Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	33-34
<b>Customer Health and Safety</b>			
GRI 3 : Material Topics 2021	3-3	Management of material topics	35
GRI 416 : Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	35
<b>Customer Privacy</b>			
GRI 3 : Material Topics 2021	3-3	Management of material topics	35
GRI 418 : Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	35



Disclosure Focus Area	Recommended Disclosure		Page Reference/ Remarks
Governance			
Disclose the organisation's governance around climate-related risks and opportunities.	a.	Describe the board's oversight of climate-related risks and opportunities.	10, 37
	b.	Describe management's role in assessing and managing climate-related risks and opportunities	10
Strategy			
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	a.	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	As part of reporting in our phased approach, AEM will be disclosing this in 2024 and 2025.
	b.	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	
	c.	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	
Risk Management			
Disclose how the organisation identifies, assess, and manages climate-related risks.	a.	Describe the organisation's processes for identifying and assessing climate-related risks	As part of reporting in our phased approach, AEM will be disclosing this in 2025.
	b.	Describe the organisation's processes for managing climate-related risks	
	c.	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	
Metrics and Targets			
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a.	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	37
	b.	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	37
	c.	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	As part of reporting in our phased approach, AEM will be disclosing this in 2025.



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# Testing Innovation

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