

## OUR ROADMAP FOR SUSTAINABILITY

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### ECONOMIC

*Better Results from Better Practices*

Corporate Governance and Ethics  
Customer Satisfaction  
Innovation  
Supply Chain Management  
Privacy and Data Protection

### ENVIRONMENT

*Caring for Our Planet*

Energy Usage  
Greenhouse Gas ("GHG") Emissions  
Water Management  
Waste Management  
Product Stewardship

### WORKPLACE

*Caring for Our People*

Employee Gender and Diversity  
Employee Development and Talent Retention  
Human and Labour Rights  
Occupational Safety and Health  
Employee Welfare

### LOCAL COMMUNITIES

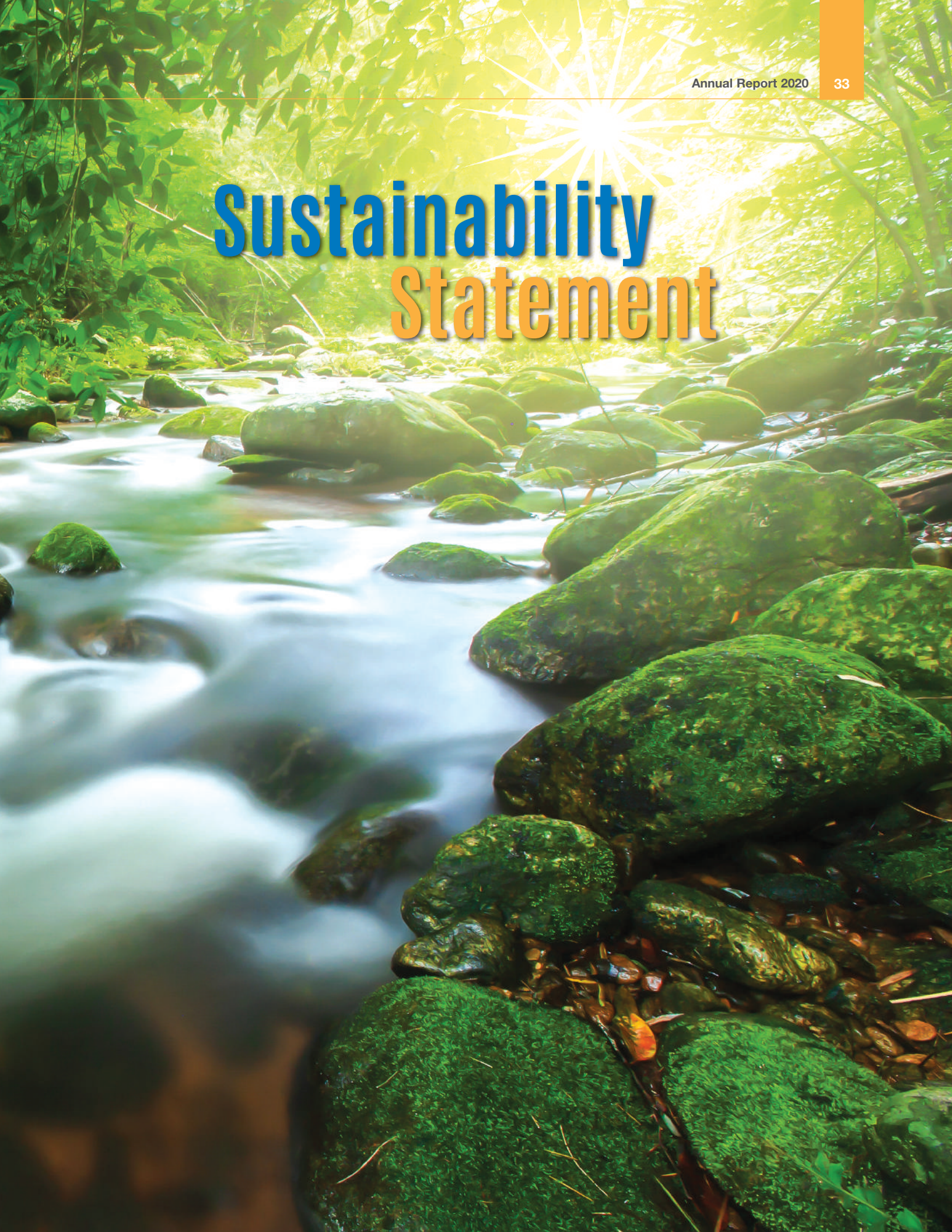
*Giving Back*

Local Communities Employment  
Corporate Social Responsibility ("CSR")  
Activities





# Sustainability Statement





# SUSTAINABILITY STATEMENT

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## OUR ROADMAP FOR SUSTAINABILITY

### ABOUT THIS SUSTAINABILITY STATEMENT

Inari firmly believes that economic, environmental and social responsibility (“EES”) as well as corporate governance, are at the core of a sustainable business. We are committed to embedding sustainability in our DNA, culture and business strategy, and leveraging sustainability to reduce risk and gain business opportunities.

We present our fourth Sustainability Statement (“SR” or “Statement”) to our stakeholders with the intention to provide reliable EES and corporate governance information in relation to our Group’s business activities. Since our first Statement in FY2017, we remain committed to accomplishing and executing our business strategy in line with the EES targets. We are fully aware of the need to embrace sustainable business practices, not only for financial performance but to ensure that the Group is driven towards the long term and responsible growth.



During the reporting year, we are pleased to report that Inari Amertron Berhad has met the globally recognised standard and qualified for inclusion into the FTSE4Good Bursa Malaysia (“F4GBM”) Index since 22 June 2020. The F4GBM is a recognition given to qualified public company listed on Bursa Malaysia Securities Berhad which has demonstrated strong Environmental, Social and Governance (“ESG”) practices. The inclusion into the F4GBM Index represents an outstanding achievement by Inari to its strong commitment towards balancing profitability and sustainability.

### BASIS OF PREPARATION

#### Reporting Period and Boundary

This Statement is prepared for the financial year (“FY”) 2020, which covers the reporting period from 1 July 2019 to 30 June 2020. There are no changes to the reporting boundary for FY2020, which includes all of our operating units in Malaysia, Philippines and China. The policies, processes and strategies discussed throughout this Statement are practised by the Group unless otherwise specified.

#### Reporting Basis, Standard and Initiative

##### Bursa Listing Requirements

As in previous years, we have prepared this Statement in compliance with the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad (“Bursa”). The preparation of the Statement is guided by Bursa’s updated Sustainability Reporting Guide and Toolkits.

##### GRI Standards

We continue to prepare this Statement in accordance with the Global Reporting Initiative Sustainability Reporting Standards (“GRI Standards”) Core Option. The GRI Content Index is made available on page 79 to 84.

##### UN Sustainable Development Goals

The United Nations General Assembly (“UN”) has set and approved the Sustainable Development Goals (“SDGs”), which consists of a set of seventeen (17) goals with priorities for the achievement of peace and prosperity by 2030. We continued our efforts from FY2019, and we illustrate in this Statement the way our sustainability matters relate and aligned to the SDGs.

### SUSTAINABILITY GOVERNANCE

Our approach to sustainability is led by Inari’s Board of Directors (the “Board”) who has the ultimate responsibility to promote sustainability through appropriate EES consideration and corporate governance in the Group’s business strategies. In discharging its duties and responsibilities, the Board has established a committee namely, Sustainability and Risk Management Committee (“SRMC”), chaired by an Independent Director and comprising of majority Independent Directors:

# SUSTAINABILITY STATEMENT

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## OUR ROADMAP FOR SUSTAINABILITY *(cont'd)*

### SUSTAINABILITY GOVERNANCE *(cont'd)*

#### Sustainability and Risk Management Committee Members

Datuk Phang Ah Tong <i>Chairman, Independent Non-Executive Director</i>
Foo Kok Siew <i>Independent Non-Executive Director</i>
Dato' Dr. Tan Seng Chuan <i>Executive Vice Chairman</i>

The primary responsibility of this SRMC is to assist the Board in overseeing the sustainability matters of the Group, identifying principal risks and business sustainability strategies alongside the C-suite, and ensuring their adherence to appropriate risk mitigation and sustainability efforts within the Group. The SRMC is supported by the Group Chief Executive Officer ("CEO"), together with the Group Chief Financial Officer ("CFO"), to provide the overall direction, lead strategic decision making and review sustainability implementation and performance.

The Sustainability and Integrity Working Group ("SIWG") led by the CEO, which comprises Inari's management team and representatives from various departments, is responsible for materiality assessment and undertake the role of identifying, evaluating and monitoring the sustainability initiatives and actions, and executing and implementing the sustainability initiatives to align to the Group's vision, mission and corporate beliefs. The table below illustrates our governance structure for sustainability.

#### Board of Directors

- Oversight corporate sustainability strategy and performance

#### Sustainability and Risk Management Committee

- Responsible for monitoring the implementation of sustainability strategy and performance

#### Group Chief Executive Officer

- Reviews sustainability matters with the Sustainability and Integrity Working Group with the support of CFO
- Reports to the SRMC on sustainability matters

#### Group Chief Financial Officer

- Supports CEO in sustainability matters

#### Sustainability and Integrity Working Group ("SIWG")

- Comprises management team and representatives from operations, business development, health, safety & environment, human resource, finance and accounts departments
- Responsible for materiality assessment, identification and monitoring of initiatives/actions, execution of initiatives/actions and reporting
- Reports to CEO on sustainability matters

## SUSTAINABILITY STATEMENT

cont'd

### OUR ROADMAP FOR SUSTAINABILITY *(cont'd)*

#### STAKEHOLDER ENGAGEMENT

Effective stakeholder engagement is essential in ensuring we remain sustainable into the future growth within the EES and corporate governance landscape. We affirm that our business and operation success is dependent on the value of effective stakeholder engagement and the degree of influence we have in shaping our shareholders' perspectives.

Inari recognises the importance of stakeholder engagement. We are committed and will continuously engage our stakeholders and will respond to their concerns in a timely, effective and transparent manner. Our investor relations and stakeholder engagement programmes ensure that accurate and quality information about the Group's developments, operations and financial performance reach a broad range of interest groups. Any comments and suggestions can be directed to a designated email address, namely, [info1@inariberhad.com](mailto:info1@inariberhad.com).

Members of the SIWG conduct stakeholder engagement to identify key stakeholders for the Group. This engagement evaluates the level of influence and dependence, whether directly or indirectly towards the Group. Upon the process of identification, we conduct stakeholder prioritisation through the materiality assessment exercise. The table below summarises the types of engagement and sustainability concerns of the identified key stakeholder groups.

Stakeholder Group	Type of Engagement	Sustainability Concerns
Customers	<ul style="list-style-type: none"> <li>- Customer satisfaction surveys</li> <li>- Annual audit on operations</li> <li>- Ad-hoc meetings</li> <li>- Real-time production status updates</li> </ul>	<ul style="list-style-type: none"> <li>- Build long term relationships</li> <li>- Ensure product quality and timely delivery, productivity and efficiency</li> <li>- Pursue innovation</li> <li>- Demonstrate good EES and corporate governance adherence and practices</li> </ul>
Employees	<ul style="list-style-type: none"> <li>- Volunteer programmes</li> <li>- Hotline</li> <li>- Feedback boxes</li> <li>- Annual appraisal</li> <li>- Townhall meetings</li> </ul>	<ul style="list-style-type: none"> <li>- Promote a safe and healthy working environment</li> <li>- Ensure law-abiding operation</li> <li>- Benchmark employees' performance, reward and compensation packages</li> <li>- Provide equal opportunity for career advancement</li> <li>- Engage in the company's business performance and growth</li> </ul>
Management	<ul style="list-style-type: none"> <li>- Management review</li> <li>- Operational review</li> <li>- Various communications meetings and sessions</li> </ul>	<ul style="list-style-type: none"> <li>- Sustainability issues</li> <li>- Economic performance</li> <li>- Environmental matrix performance and practices</li> <li>- Human resource management</li> <li>- Regulatory compliance</li> <li>- Ethics, integrity and compliance</li> <li>- Anti-corruption and bribery</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>- Quarterly analysis briefing</li> <li>- Quarterly financial results</li> <li>- Annual General Meeting</li> <li>- Annual reports</li> <li>- Corporate website</li> <li>- Dedicated investor relations team</li> <li>- Regular plant visits for further understanding of our operations</li> <li>- Company's email address and contact details for inquiries</li> </ul>	<ul style="list-style-type: none"> <li>- Target strong and sustainable financial performance</li> <li>- Pursue continuous business growth and expansion plans</li> <li>- Demonstrate good EES and corporate governance adherence and practices</li> <li>- Ensure transparency in financial reporting</li> <li>- Provide timely and accurate announcements and information on Inari's website</li> </ul>

# SUSTAINABILITY STATEMENT

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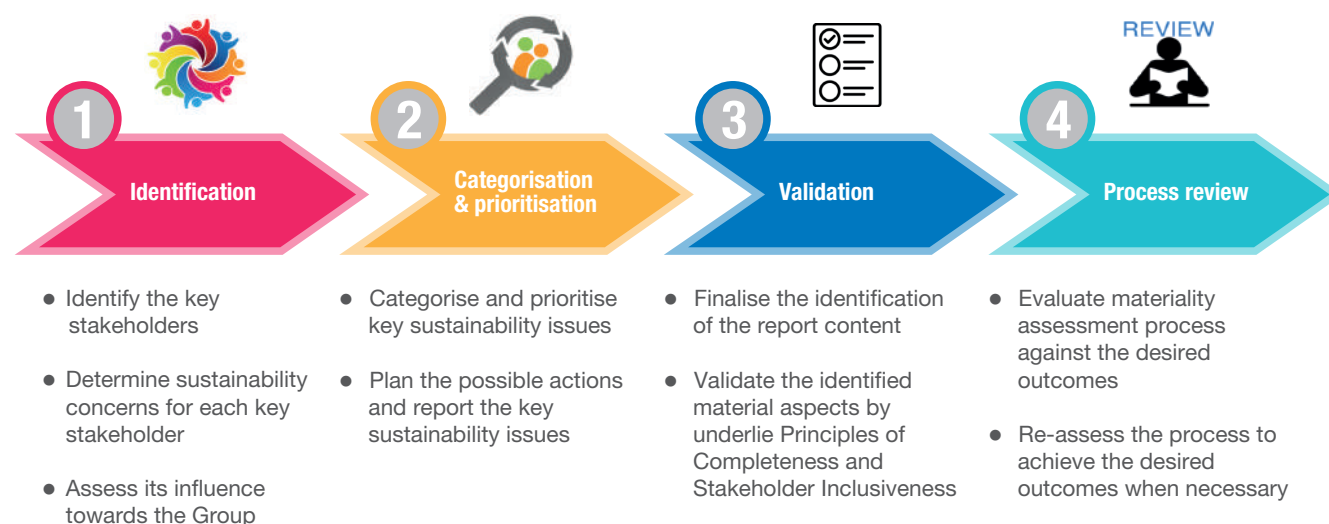
## OUR ROADMAP FOR SUSTAINABILITY (cont'd)

### STAKEHOLDER ENGAGEMENT (cont'd)

Stakeholder Group	Type of Engagement	Sustainability Concerns
Suppliers	<ul style="list-style-type: none"> <li>- Supplier selection via pre-qualification and registration</li> <li>- Regular supplier performance evaluation</li> </ul>	<ul style="list-style-type: none"> <li>- Forge strategic partnerships</li> <li>- Enforce fair tender practices</li> <li>- Practice ethics and compliance</li> </ul>
Regulators	<ul style="list-style-type: none"> <li>- Participation in programmes organised by regulatory bodies</li> <li>- Engaging in dialogues with regulators</li> <li>- Participation in industry and government interest groups</li> <li>- Organising plant visits</li> </ul>	<ul style="list-style-type: none"> <li>- Adhere to relevant laws and regulations</li> <li>- Practice corporate governance and compliance</li> </ul>
Local communities	<ul style="list-style-type: none"> <li>- Volunteering programmes</li> <li>- Engagement and participation in community and corporate social responsibility ("CSR") events</li> </ul>	<ul style="list-style-type: none"> <li>- Volunteer financial and non-financial contributions to local communities</li> <li>- Practice good corporate citizenship</li> </ul>

### MATERIALITY ASSESSMENT

We identify our Sustainability Matters by having assessed the significance and materiality of each of the sustainability concerns based on its level of impact and influence to the Group, cognisance of the current economic, environmental and social trends both locally and globally. The illustration below summarises the steps we took in determining our material Sustainability Matters:



The Sustainability Matters are identified through the material assessment using the materiality matrix below. Their significance is relative to the degree of stakeholders' interest and potential business impact to Inari Group. The Sustainability Matters are significantly interconnected, and often change in one can have an impact on others. We have identified the top four (4) material Sustainability Matters of importance to our business with the greatest impact on stakeholders' decisions, which are customer satisfaction, innovation, energy usage and corporate governance and ethics. The remaining twelve (12) Sustainability Matters are still important and are being continuously monitored and reported.

## SUSTAINABILITY STATEMENT

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### OUR ROADMAP FOR SUSTAINABILITY *(cont'd)*

#### MATERIALITY ASSESSMENT *(cont'd)*

*Materiality Matrix*



# SUSTAINABILITY STATEMENT

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## OUR ROADMAP FOR SUSTAINABILITY (cont'd)

### MATERIALITY ASSESSMENT (cont'd)

Material Sustainability Matters		Description
<b>ECONOMIC</b>		
1	Corporate Governance and Ethics	Corporate Charter; Code of Business Conduct and Ethics; Anti-Corruption and Bribery Policy; Whistleblowing Policy and Procedures; Corporate Governance and Compliance
2	Customer Satisfaction	Commitment to Quality, Productivity and Efficiency; Branding and Reputation
3	Innovation	Process Innovation and Industry 4.0
4	Supply Chain Management	Supplier Code of Conduct; Fair Procurement Practices and Supplier Screening; Supporting Local Ecosystem and Local Procurement; Conflict-Free Minerals Policy
5	Privacy and Data Protection	Controls in Maintaining Data Privacy
<b>ENVIRONMENT</b>		
6	Energy Usage	Electricity Consumption; Electricity Intensity
7	Greenhouse Gas ("GHG") Emissions	Direct and Indirect Emissions; Emissions Intensity
8	Water Management	Water Consumption
9	Waste Management	3R Management - Recovery, Re-use and Recycle
10	Product Stewardship	Commitment in Product Stewardship
<b>WORKPLACE</b>		
11	Employee Gender and Diversity	Employee Statistics
12	Employee Development and Talent Retention	Various Training Programmes; Benchmark Performance, Compensation and Benefits
13	Human and Labour Rights	Upholding Human and Labour Rights; Fair Treatment in Managing Foreign Labours
14	Occupational Safety and Health ("OSH")	OSH Policy; Managing OSH Performance; Incident Reporting and Investigation; OSH Awareness and Training; Workplace Health Promotion
15	Employee Welfare	Employee Wellness Activities; Employee Engagement Survey
<b>LOCAL COMMUNITIES</b>		
16	Local Communities - Local Communities Employment - Corporate Social Responsibility Activities	Local Community Engagement; Internship; Corporate Social Responsibility (CSR) activities



## SUSTAINABILITY STATEMENT

cont'd

### OUR ROADMAP FOR SUSTAINABILITY *(cont'd)*

#### SUSTAINABILITY APPROACH

##### Sustainability Pillars and Goals

Our sustainability strategies are grouped into four (4) Sustainability Pillars, namely Economic, Environment, Workplace and Local Communities. Within each of the Sustainability Pillar, we have set strategic sustainability goals that denote our commitment in addressing the identified Sustainability Matters, which can be demonstrated as follows:



# SUSTAINABILITY STATEMENT

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## OUR ROADMAP FOR SUSTAINABILITY *(cont'd)*

### SUSTAINABILITY APPROACH *(cont'd)*

#### Sustainability Pillars and Goals *(cont'd)*

We have further categorised the abovesaid sixteen (16) identified Sustainability Matters into the four (4) Sustainability Pillars, based on the outcome from our stakeholder engagement, peer comparison reviews, industry business trends at various level as well as environmental and social trends:



# SUSTAINABILITY STATEMENT
























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## OUR ROADMAP FOR SUSTAINABILITY (cont'd)









### SUSTAINABILITY APPROACH (cont'd)

#### Sustainability Matters and SDGs Mapping

Set and approved by the United Nations General Assembly ("UN"), the Sustainable Development Goals ("SDGs") are a set of seventeen (17) goals with respective targets to be achieved by the year 2030, with a broad objective for the achievement of peace and prosperity for creating a better world. Below, we illustrate the way our Sustainability Pillars, Sustainability Matters and Sustainability Goals are aligned and mapped with the twelve (12) SDGs relevant to our industry.

Sustainability Pillars and Sustainability Matters	UN SDGs	Sustainability Goals
<u>Economic</u> <ul style="list-style-type: none"> <li>Customer Satisfaction</li> <li>Innovation</li> <li>Supply Chain Management</li> </ul>	   	 
<u>Environment</u> <ul style="list-style-type: none"> <li>Greenhouse Gas ("GHG") Emissions</li> <li>Water Management</li> <li>Waste Management</li> </ul>	    	
<u>Workplace</u> <ul style="list-style-type: none"> <li>Employee Gender and Diversity</li> <li>Employee Development and Talent Retention</li> <li>Human and Labour Rights</li> <li>Occupational Safety and Health</li> <li>Employee Welfare</li> </ul>	   	   
<u>Local Communities</u> <ul style="list-style-type: none"> <li>Local Communities Employment</li> <li>Corporate Social Responsibility ("CSR")</li> </ul>	 	

#### Legend – Inari's Sustainability Goals

- |  |   |
|--|---|
|  <b>a</b> Deliver quality services and products   |  <b>e</b> Respect human rights   |
|  <b>b</b> Deliver good returns to our shareholders  |  <b>f</b> Retain talent and succession planning                                      |
|  <b>c</b> Advocate green development alongside all our current and future business operations |  <b>g</b> Bring untoward incidents at the workplace to zero                          |
|  <b>d</b> Improve workplace wellbeing   |  <b>h</b> Contribute to the wellbeing and living standard of surrounding communities |



# SUSTAINABILITY STATEMENT

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## ECONOMIC

*Better results from better practices*

## CORPORATE GOVERNANCE AND ETHICS

### Inari's Stated Corporate Charter

#### MISSION/VISION

Deliver Quality Service & Products To Our Customers

Treat Staffs, Customers, Our Business Partners Fairly

Deliver Good Returns For Our Shareholders

#### KEY BELIEFS

I	<b>Integrity</b> <ul style="list-style-type: none"> <li>• Need all levels to walk the talk at all times</li> </ul>
N	<b>No Excuse</b> <ul style="list-style-type: none"> <li>• Focus on the success Formula</li> </ul>
A	<b>Aligned Partnership</b> <ul style="list-style-type: none"> <li>• Customers — Our Team — Suppliers</li> </ul>
R	<b>Result Oriented</b> <ul style="list-style-type: none"> <li>• To delight stakeholders, customers and employees</li> </ul>
I	<b>Initiative</b> <ul style="list-style-type: none"> <li>• Positive and Can-Do attitude</li> </ul>

### Code of Business Conduct and Ethics

Ethical business conduct is of vital importance to us in staying true to our roots and values. Inari's Code of Business Conduct and Ethics ("Code") sets out the principles and standards which guide the way we conduct our business. The Code explicitly defines our high expectations on each and every employee to comply with the terms of good business practices and high personal conduct beyond the strict adherence to local laws and regulations.

The domestic corporate governance landscape is witnessing an array of reform measures which place greater emphasis on the internalisation of corporate governance culture within companies. In light of these reforms, the Board has continuously directed focus on promoting a sound corporate governance culture through policies and procedures that are in line with regulatory promulgations as well as recognised best practices. These include Policy on External Auditors, Code of Business Conduct and Ethics, Anti-Corruption and Bribery Policy, Whistleblowing Policy and Procedures, and Remuneration Policy and Procedures for Directors and Senior Management, which are made available on our company's website at [www.inari-amertron.com](http://www.inari-amertron.com).

## SUSTAINABILITY STATEMENT

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### ECONOMIC (cont'd)

#### *Better results from better practices*

### CORPORATE GOVERNANCE AND ETHICS (cont'd)

We communicate and institutionalise these Code, Policies and Procedures to all Directors and employees to ensure they uphold and are aligned with our ethical standards. Each employee will receive a copy of the Code which is an integral part of their terms and conditions of employment. All Directors and employees are required on annual basis to declare that they will abide and adherence to the Code with complete integrity in the execution of his/her duties and assignments. Additionally, all employees (except trainees and direct labours) are required to complete Declaration of Conflict of Interest Form to declare any form of relationship that may exist between themselves or their family members with any organisations, projects, contracts or business dealing involving the company so as to avoid or mitigate the risk of conflicting interest. Similarly, declaration by all Directors are required by completing Conflict of Interest and Related Party Transactions Form at least quarterly or on need basis. For FY2020, there were no misconduct cases reported.

#### **Anti-Corruption and Bribery Policy**

The Inari Group conducts its business professionally, with integrity and in compliance with the laws of the jurisdictions in which it operates. As part of our commitment to ethical business practices, we will not tolerate acts of corruption, bribery or money laundering. Our Anti-Corruption and Bribery Policy, which can be referred to on the company's website outlines the Group's commitment to conduct business ethically as well as complying with all applicable laws, including the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) ("MACC Act") and any of its amendments made by the relevant authority from time to time. The Anti-Corruption and Bribery Policy provides policy guidance to Directors, employees and associated third parties the way to recognise and deal with any act of corruption and bribery that may arise in the course of daily business and operation activities within the Group.

Our Anti-Corruption and Bribery Policy clearly states Inari take a zero-tolerance approach to corruption and bribery. The Anti-Corruption and Bribery Policy covers salient areas pertaining to corruption and bribery such as gifts, entertainment, donations and sponsorships. The Anti-Corruption and Bribery Policy necessitates strict adherence by all parties across supply chain. We strictly prohibit any of our Directors, employees and associated third parties from taking part in any form of corruption, bribery, extortion, embezzlement or any kind of money laundering activities. All persons, who are subject to our Anti-Corruption and Bribery Policy, are required to complete the Corporate Social Responsibility, Donation and Sponsorship Form and Due Diligence Checklist and obtain approval from the relevant approving authority if they intend to provide or receive any sponsorships, donations and contribution to charity or social projects on behalf of our company.

We do not make charitable donations or contributions to political parties. Whilst employees and associated third parties acting in their personal capacity are not restricted to make any personal political donations, Inari will not make any reimbursement for these personal political contributions.

Our Anti-Corruption and Bribery Policy has been adequately communicated to all Directors, employees and associated third parties through various communication channels and is published on our corporate website. The adoption of anti-corruption and bribery culture in business operations, and familiarisation with the Anti-Corruption and Bribery Policy and Whistleblowing Policy and Procedures was facilitated through various training sessions conducted to Directors, senior management and employees. All persons including Directors, employees and stakeholders are expected to promptly report, via the established whistleblowing channels provided for in the Whistleblowing Policy and Procedures, any suspicious transactions that may indicate acts of corruption, bribery or money laundering.

During the financial year, the employees attended various trainings on anti-corruption and bribery conducted by the human resource and training department. On 14 January 2020, Inari Technology Sdn Bhd signed the Corruption-Free Pledge on a voluntary basis led by our CEO and witnessed by the Deputy Director (Operation) of MACC Pulau Pinang to affirm our commitment against corruption practices.

# SUSTAINABILITY STATEMENT

cont'd

## ECONOMIC (cont'd)

### Better results from better practices

## CORPORATE GOVERNANCE AND ETHICS (cont'd)

### Anti-Corruption and Bribery Policy (cont'd)

The Anti-Corruption and Bribery Policy of Inari has been approved by our Board. Our Board, through the Audit Committee ("AC"), maintains oversight on the ethical framework, adequacy and integrity of the system of internal controls in ensuring overall ethical health and compliance level with professional and ethical standards in managing risks of corruption, bribery and money laundering. The Anti-Corruption and Bribery Policy is reviewed on an annual basis. Corruption and bribery risk assessment will be conducted on an annual basis with intermittent assessments as and when necessary to assess the corruption and bribery risks across the Group to ensure there are adequate procedures in place to address and mitigate such risks. In FY2020, there were no reported incidents of corruption or breaches against our Anti-Corruption and Bribery Policy.

In line with the new corporate liability provision in Section 17A of the MACC Act which took effect on 1 June 2020, the Board had taken steps to direct the establishment of adequate procedures to prevent the commission of corrupt act by persons associated to the Group. An independent professional firm, KPMG Management and Risk Consulting Sdn Bhd ("KPMG"), had been engaged to independently assess the adequacy of our policies and procedures on Inari's anti-corruption and bribery programme. The outcome of the gap analysis and risk assessment had led to the establishment of anti-corruption and bribery system with various enhancement made to our Board Charter, Anti-Corruption and Bribery Policy, Whistleblowing Policy and Procedures, Code of Business Conduct and Ethics, Terms of Reference of Board Committees and Internal Control System and Procedures across the Group.

### Whistleblowing Policy and Procedures

***"We encourage employees to come forward and voice their concerns and report any misconduct occurring in the organisation. We view whistleblowing as a positive act that can make a valuable contribution to the Group's efficiency and long-term success."***

Inari has put in place a Whistleblowing Policy and Procedures to promote high standards of ethical conduct and has established a proper channel for whistleblowing. We encourage open communication whilst ensuring the protection accorded to the whistleblower. This Policy outlines the various reporting channels to enable Directors, employees and other stakeholders who have a business relationship with Inari with an avenue to report suspected wrongdoings, inappropriate ethical behaviours or workplace grievances that may cause adverse impact to the Group.

The whistleblowing reporting channels include making a report directly to the employees' immediate superior or to the designated officers up to the Audit Committee Chairman. A report can be made verbally or in writing via email or via the whistleblowing disclosure form as set out in the Whistleblowing Policy and Procedures. Alternately, employees may make report via a whistleblowing hotline that is managed by an independent third party. The Group treats all reports in a confidential manner and at the same time, the whistleblower shall be accorded protection of confidentiality of identity to the extent reasonably practicable, and protection against any adverse and detrimental actions and retaliations of all forms. For FY2020, there were no whistleblowing cases reported.

### Corporate Governance and Compliance

Inari is committed to the principles and best practices of corporate governance as laid out in the Bursa Malaysia Listing Requirements and Malaysian Code on Corporate Governance, to ensure that standards of corporate governance are being observed throughout the Group with the ultimate objective of enhancing long term shareholders value and returns to our stakeholders. Details of our corporate governance framework and practices are elaborated in the Corporate Governance Overview Statement on page 87 to 101 of this Annual Report as well as Corporate Governance Report which is available on the website of Bursa Malaysia Securities Berhad.



## SUSTAINABILITY STATEMENT

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### ECONOMIC (cont'd)

#### *Better results from better practices*

#### CUSTOMER SATISFACTION

Customer satisfaction is one of the fundamental principles underpinning Inari's business. Understanding and thinking ahead of our customers' needs and expectations will improve our bottom line and strengthen our reputation in the long term. We adopt a customer focussed approach in all our dealings whereby customers' requests and any dissatisfaction are handled in an attentive manner with urgency and confidentiality. We are highly committed to keeping our customers satisfied at every stage, from design and manufacturing to delivery, via driven quality and top-notch service.

#### Commitment to Quality, Productivity and Efficiency

##### *"Deliver quality services and products to our customers"*

Inari is committed to providing customers with the highest quality of products and services. At Inari, teamwork, engagement and support by everyone are vital for achieving our quality objectives. Our Quality Policy summarises the essential elements of our commitment to excellence and it includes:

- ❖ Maintain the application of Quality Management System ("QMS") based on ISO 9001:2015 QMS model in general.
- ❖ Improve our QMS effectiveness continuously while maintaining the performance of our products.
- ❖ Produce safe and useful products that comply with applicable statutory and regulatory requirements as well as customers' requirements and specifications.
- ❖ Enhance the efficiency of manufacturing processes through elimination of wastage and reduction of process variance.
- ❖ On-time delivery of products and services constantly with zero defects.
- ❖ Inculcate a mindset across our complete value chain that quality is everybody's responsibility and require their total involvement and commitment.

#### Branding and Reputation

##### *"More than just a chip manufacturer"*

A positive brand reputation reflects our core values and increases customer confidence in our products and services, and ultimately driving revenue and bottom-line growth. Our goal is to ensure that Inari is a brand that reflects our core values and the quality of our products and services. We put our best effort forward each day in our operations to ensure we are an outstanding OSAT & EMS manufacturer and best-of-class in our industry.

We have received numerous awards since our inception of the business honouring and recognising Inari's efforts and achievements, and the quality of services we deliver.

#### List of Awards Received

- ✓ Asiamoney Awards 2019 for The Most Outstanding Company in Malaysia - Semiconductor & Semiconductor Equipment Sector
- ✓ Industry Excellence Platinum Award 2019 organised by The Institution of Engineering and Technology (IET) Malaysia Network
- ✓ All Executive Team 2019 - ASEAN Most Honored Companies and Special Achievement Award for CEO and CFO organised by Investor Relations Professionals Association Singapore (IRPAS)
- ✓ Broadcom's Strong Partnership & Excellent Shipment Support for 2018
- ✓ The Edge Billion Ringgit Club Awards - Highest Returns on Equity Over Three Years and Highest Growth in Profit After Tax Over Three Years in 2018; High Returns to Shareholders Over Three Years in 2016
- ✓ Malaysia Investor Relations Awards (MIRA) Best CEO for Investor Relations (Mid Cap) 2018

# SUSTAINABILITY STATEMENT

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## ECONOMIC (cont'd)

*Better results from better practices*

## CUSTOMER SATISFACTION (cont'd)

### Branding and Reputation (cont'd)

#### List of Awards Received

- ✓ Financial Times FT1000 High-Growth Companies Asia Pacific 2018
- ✓ Broadcom's Best Supplier Award (Best Contract Manufacturers) for 2010, 2015 & 2017
- ✓ Forbes Asia 200 Best Under A Billion Company Award for 2014, 2015 & 2016
- ✓ BestBrands Blue Chip Award 2013 (Electronics Manufacturing) by the BrandLaureate SMEs

## INNOVATION

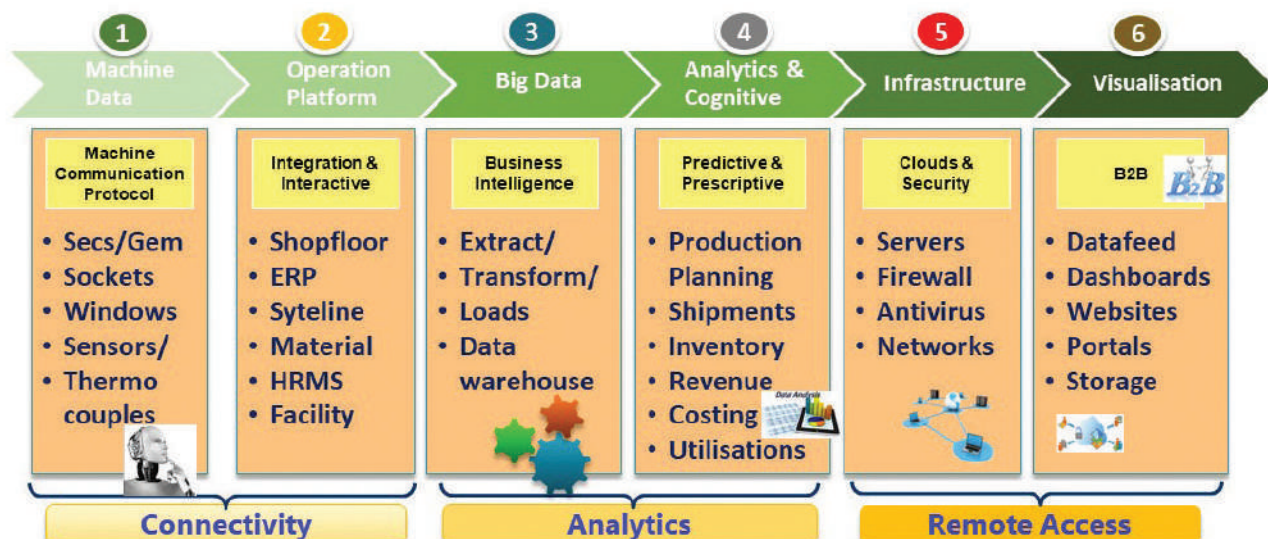
*"Think ahead and always stay relevant to the needs of our customers"*

Inari operates in a dynamic and fast-paced industry, and we are aware of the importance of being innovative in our operations for driving us to stay ahead and be relevant to our valued customers. Inari's innovation is focussed on constant improvements in people, process, equipment, and supply chain. The practice of 'constant improvement' is embedded in Inari's culture to ensure that our operations process flows become more efficient with each cycle alongside continued market and customer demands for higher quality, higher complexities and lower costs. This innovation culture is not something that can be easily copied by others and it is our ability to innovate that makes us stay ahead of our competitors.

### Process Innovation and Industry 4.0

Industry 4.0 fosters what is referred to as "smart factory or smart manufacturing" where cyber-physical systems monitor real-time physical progress of the factory. It creates a virtual copy of the physical world and makes a decentralized decision. Inari began its journey to embark into the Industry 4.0 since FY2017. In the integrated Industry 4.0 environment, we have defined our own smart manufacturing pillars consisting of six (6) pillars of technology advancements, which comprise of Machine Data, Operation Platform, Big Data, Analytics and Cognitive, Infrastructure and Visualisation.

*Inari: 6 pillars of technology advancements*



## SUSTAINABILITY STATEMENT

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### ECONOMIC (cont'd)

*Better results from better practices*

### INNOVATION (cont'd)

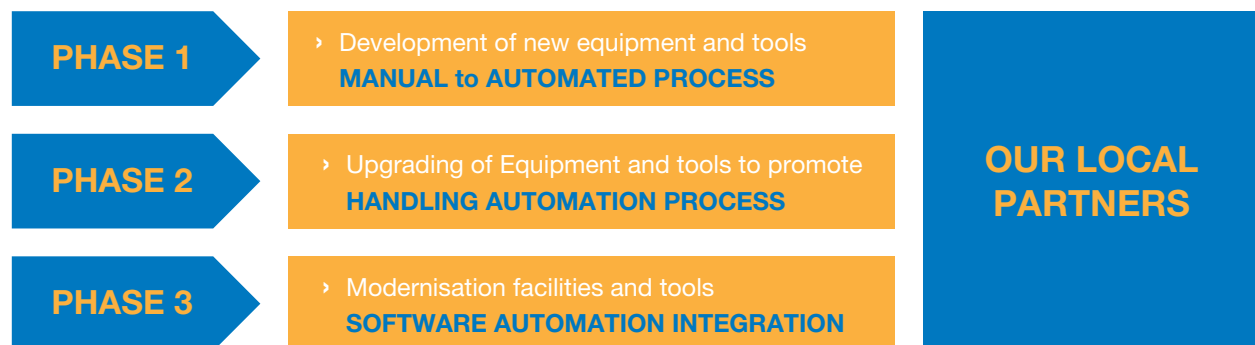
#### Process Innovation and Industry 4.0 (cont'd)

##### Promoting Local Ecosystem

Apart from developing internal talent, Inari also collaborates with our local partners to synergise technologies, skills, competitive advantages and strengths to common benefit. Inari currently works with several local vision automation houses, equipment and system automation providers, original equipment manufacturers (OEM), sensor and related solutions providers, amongst others.

For any system or process to be fully automated, it has to go through 3 phases to achieve higher throughput, productivity and quality. Below is the summary of the 3 phases of Inari's automation strategy with our local partners based in Penang, Malaysia.

##### Automation Phases



##### Example of Demounter-Hast Auto Wafer Handler

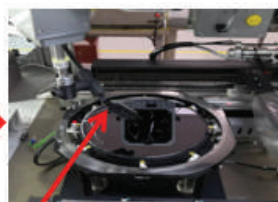
#### DEMOUNTER-HAST AUTO WAFER HANDLER

- De-Mounter upgrade to full automation, combined with HAST auto loading for process simplification.
- Eliminate human manual loading of wafers for transferring from chuck to cassette.
- Minimize/Eliminate risk of broken wafer during handling process.



Pulling arm pulls the tape

Robot Arm



Robot Arm picks the wafer



Arm Place the wafer to HAST cassette for next process





## SUSTAINABILITY STATEMENT

cont'd

### ECONOMIC (cont'd)

*Better results from better practices*

### INNOVATION (cont'd)

Process Innovation and Industry 4.0 (cont'd)

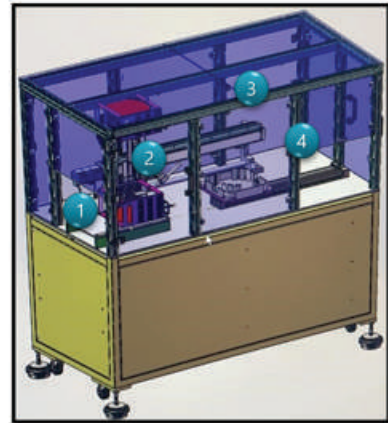
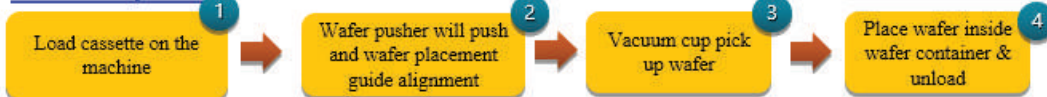
Promoting Local Ecosystem (cont'd)

*Example of Hast Unloader Auto Wafer Handler*

#### HAST UNLOADER AUTO WAFER HANDLER

- Automating the current HAST chamber unloading wafer from to fully automated unloading.
- Wafers from HAST Chamber will be transferred from cassette to wafer container.
- Wafer pusher will adjust the position automatically on each wafer with single push button.
- Productivity increased in number of wafers processed and broken wafer reduced to zero.

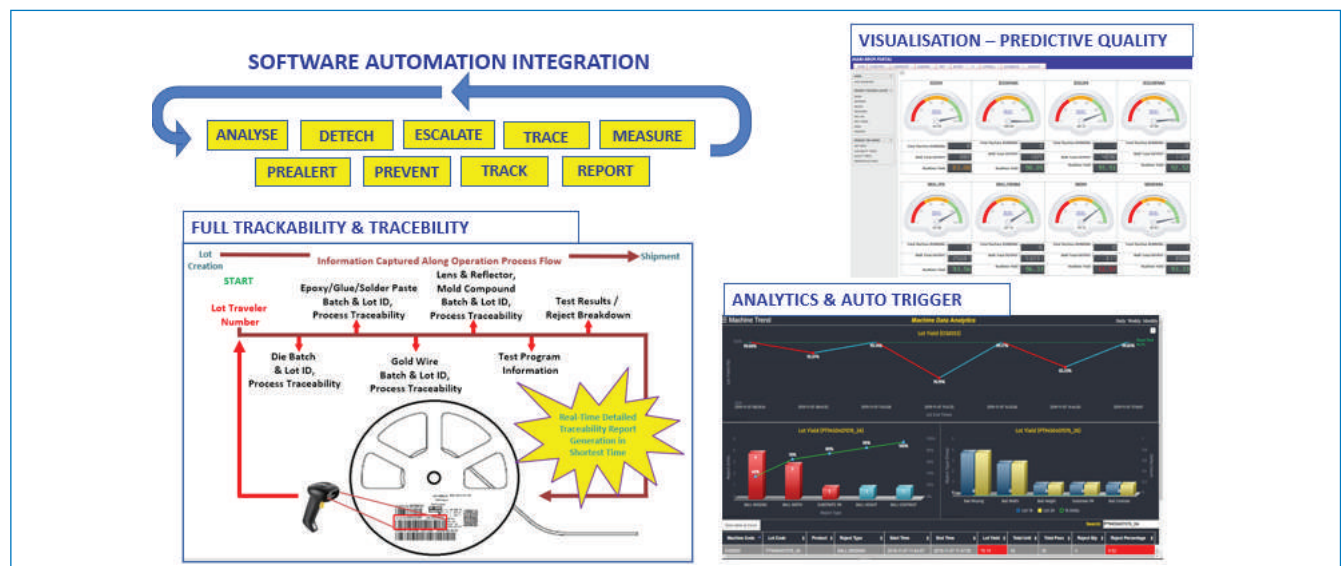
#### Process Sequence



The machines and handling systems are automated and directly (or indirectly) connected to the central Manufacturing Execution System ("MES") for data extraction, control, monitor and report.

The MES connectivity allows fully integrated operations which help all levels of the operational teams to prepare, run and control the high-volume manufacturing operations in a lean and efficient manner for all circumstances of orders and volumes.

cont'd







## SUSTAINABILITY STATEMENT

cont'd

### ECONOMIC (cont'd)

*Better results from better practices*

### INNOVATION (cont'd)

#### Process Innovation and Industry 4.0 (cont'd)

In addition to in-house effort, Inari collaborates with external parties such as system integrators, equipment suppliers, academia and government agencies. For FY2020, the list below enumerates some of the Industry 4.0 events in which Inari played leading roles:

Date	Event
July 2019	Inari elected as Chairman for the "Industry-Institute Management Board for Japan-Malaysia Technical Institute (JMTI)" organized by Jabatan Tenaga Rakyat.
September 2019	Inari co-organised with Electrical & Electronics Productivity Nexus (EENP) and Malaysia Productivity Corporation (MPC) on the "SME Leadership Development Program".
September 2019	Inari as a Speaker on "Strengthening the Development of Local Companies and SME" during the formulation of Budget 2020 organised by Ministry of Finance.
October 2019	Inari served as Panel Member on "Journey of Transformation" during the Industry4WRD Summit organised by Ministry of International Trade and Industry (MITI).
October 2019	Inari attended the Professional Certification in Big Data Analytics for Cyber Physical System organised by Aachen University Germany.
November 2019	Inari as a Speaker on "Inari's Industry 4.0 Initiatives" organised by Sabah Skills & Technology Center and MPC.
November 2019	Inari as a Speaker on "Transforming Towards Digital Electronics Manufacturing Service" during Penang Manufacturing Excellence Conference organised by Penang Skills Development Centre (PSDC).
February 2020	Inari presented and participated in the "Formulation of E&E Roadmap" organised by MITI.
February 2020	Inari elected as Industry Expert to review and endorse the "Industry 4.0 Specialist Curriculum" organized by Kedah Industrial Skills and Management Development Centre (KISMDEC) and Malaysian-German Chamber of Commerce (MGCC).
February 2020	Inari as a Speaker on "Capitalize on Research & Development" at the Public-Private Dialogue organised by Malaysian Asian-Pacific Economic Cooperation (APEC).
June 2020	Inari as Chairman for "Virtual Market Place Portal Project" for the local SME and industries organized by EENP and MPC.

### SUPPLY CHAIN MANAGEMENT

Inari actively engages our suppliers to eliminate risks of non-compliance to ensure their business operations are environmentally responsible and the working conditions along the supply chain including labour, health and safety are ethically conducted.

By acting responsibly and professionally with our procurement and supply chain, we aim to provide a safe, legal and high quality of products and services for our customers and at the same time supporting our suppliers and their employees.

Our procurement processes are designed to select and retain suppliers through a non-discriminatory bidding and tendering process. Our procurement complies with relevant local laws and regulations in the countries we operate and reflects our on-going commitment to sustainable procurement practices.

## SUSTAINABILITY STATEMENT

cont'd

### ECONOMIC (cont'd)

#### *Better results from better practices*

### SUPPLY CHAIN MANAGEMENT (cont'd)

Our objective is to establish mutually beneficial relationships with our suppliers. To achieve this, we ensure our requirements are made clear to our suppliers and we include the Supplier Code of Conduct as part of our standard procurement's terms and conditions. This code of conduct is translated into relevant languages and is communicated globally to all our suppliers. We require continuous improvement of supplier standards towards Inari's economic, environmental and social ("EES") responsibilities, sustainability, corporate governance and integrity principles. In this respect, Inari has prepared a Supplier Declaration Form ("SDF") reflecting our principles of which all suppliers are requested to sign.

The intention of this SDF is to increase awareness and improve transparency, EES sustainability, corporate governance adherence and integrity of Inari's supply chain.

#### Supplier Code of Conduct

Inari is strongly committed to embedding sustainability in our day-to-day business operations. We expect similar principle conduct from all stakeholders with whom Inari has commercial dealings. Further, Inari strives to continuously improve the EES sustainability of our operations and requires our suppliers to participate in this effort by adopting sustainable practice in their operations. We also expect our suppliers to use their best efforts to implement these standards with their suppliers and subcontractors.

Our resolution to practice ethical partnership is stipulated in our policies include Supplier Code of Conduct, Code of Business Conduct and Ethics, Anti-Corruption and Bribery Policy, Whistleblowing Policy and Procedures, and other policies that are made available on our company's website from time to time. Our policies are periodically reviewed and amended as and when necessary to keep them relevant.

In particular, the EES and governance standards are outlined below, which is make reference to the Responsible Business Alliance Code of Conduct, GRI Sustainability Reporting Standards, United Nations Global Compact Initiative, United Declaration of Human Rights, and International Labour Organisation Conventions.

#### Environment

- Comply with all local and international regulations on environmental, health and safety matters.
- Use resources efficiently, apply energy and water-efficient environmentally technologies and reduce waste as well as gas emissions.
- Adopt appropriate management systems to ensure product quality and safety meet the applicable requirements.
- Minimise the negative impact on biodiversity, climate change, pollution and water scarcity.
- Identify the potential safety and health issues and minimise their impact by implementing occupational safety and health procedures, including emergency reporting, employee notification and evacuation procedures, employees training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans.

#### Social

- Respect the personal dignity, privacy and rights of each individual.
- Support the protection of human rights and prohibit any forced labour and child labour.
- Uphold the freedom of association and the right to collective bargaining.
- Provide a workplace free of harassment, harsh and inhumane treatment and discrimination of any kind.
- Ensure the employees are fairly compensated and that, at a minimum, comply with local laws on minimum wages and working hours.
- Enable all of the stakeholders to report concerns or potentially unlawful practices at the workplace via our whistleblowing channel.

## SUSTAINABILITY STATEMENT

cont'd

### **ECONOMIC** (cont'd)

*Better results from better practices*

### **SUPPLY CHAIN MANAGEMENT** (cont'd)

#### **Supplier Code of Conduct** (cont'd)

##### Governance

- Abide by all applicable local and international trade laws and regulations.
- Consider business integrity as the basis of business relationships.
- Prohibit all types of bribery, corruption and money laundering.
- Endeavour to deal fairly and should not take unfair advantage of anyone through the manipulation, concealment, abuse of privileged information, misrepresentation of a material fact or any other unfair business practices.
- Declare any potential or actual conflicts of interest to Inari.
- Respect the privacy and confidential information of all the employees and business partners as well as protect data and intellectual property from misuse.

Inari reserves the right to terminate its trading agreement if the supplier fails to demonstrate his commitment to this policy. Therefore, suppliers shall maintain appropriate documentation to demonstrate adherence to this code of conduct and to provide Inari such documentation upon request. Suppliers are also required to conduct periodic self-evaluations and implement action plan to rectify any negative environmental and social impacts.

#### **Supplier Screening and Fair Procurement Practices**

As part of our quality and process improvement, we have designed a fair sourcing process with our Procurement Policy to ensure all suppliers are treated fairly and equally. This policy enables us to establish a common mindset with our suppliers to achieve a favourable balance between quality and price whilst fulfilling the EES and corporate governance adherence responsibilities.

We carry out due diligence assessments on all the suppliers vide Supplier Due Diligence Questionnaire in our Procurement Policy. We believe that our sourcing process is key to conducting successful tender projects together with our suppliers that add value to Inari as well as to the communities in which we operate.

#### **Supporting Local Ecosystem and Local Procurement**

Inari believes the health of the local electrical and electronics (“E&E”) ecosystem is an important requirement in our long-term economic sustainability, and therefore it is important for Inari to work with government agencies and industry groups as well as on our own to support and develop the local E&E ecosystem. In recent years, Inari initiated its local industry ecosystem and has worked with various local equipment manufacturers and academia to co-develop or improve existing equipment performance and create new automation, machine connectivity and data extraction systems. Such collaboration also forms part of our Industry 4.0 framework.

Our efforts have benefited local equipment manufacturers in gaining new capabilities and new platforms resulting in enhancement of their company portfolios and profiles. This has also further enabled supporting industries such as metal fabrication and component suppliers to increase their revenues thereby creating more employment job opportunities. The academia sector also benefits in this programme as university-owned research and development are used and tested in an industry environment, concurrently providing platforms for students and lecturers to gain more knowledge and practical experiences in real-time.

At the same time, Inari is also able to reduce dependency on foreign equipment and the impact of foreign exchange fluctuations through local purchases. We contribute a direct positive economic impact on the communities where we operate. Further, working with local equipment suppliers not only reduces currency outflows but improves production and development turnaround time with services and support from local suppliers and academia.



## SUSTAINABILITY STATEMENT

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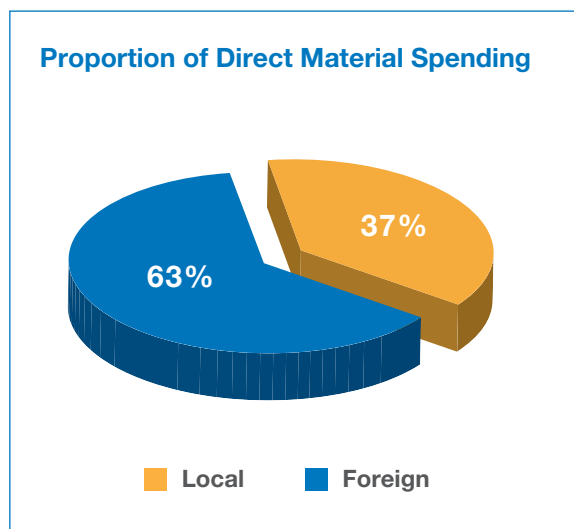
### ECONOMIC (cont'd)

#### Better results from better practices

### SUPPLY CHAIN MANAGEMENT (cont'd)

#### Supporting Local Ecosystem and Local Procurement (cont'd)

We support purchases from local suppliers to promote the growth of the local economy. In FY2020, the proportion of our direct material spending sourcing from local suppliers is shown as below.



#### Conflict-Free Minerals Policy

As part of Inari's commitment to EES responsibility, we have established a policy to assure that material defined as conflict minerals do not directly or indirectly finance or benefit the armed groups in the Democratic Republic of the Congo, or any adjoining countries while continuing to support responsible mineral sourcing in the region.

Inari has defined its Conflict Minerals Due Diligence Programme as aligned with the framework of "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Area" promulgated by the Organisation for Economic Cooperation and Development. Inari has also evaluated its internal controls for conflict minerals and encourage our suppliers in turn to conduct similar evaluation with their suppliers.

All the minerals used in our supply chain are conflict-free. We encourage our suppliers to purchase minerals from smelters who are listed on the Conflict-Free Smelter Program Compliant Smelter List. Our Conflict Minerals Policy is made available on our company's website.

### PRIVACY AND DATA PROTECTION

At Inari, we believe privacy is a fundamental human right. We are strongly committed to protecting information assets and personal data for our customers, suppliers and employees. The effort in managing data privacy is vital to building trust and accountability with customers and business partners who expect their data to be private.

Our data protection and information security practices are focussed on sharing information appropriately and lawfully while providing data confidentially, integrity and availability. We secure information assets and personal data through the use of integrated data protection and information security strategy. Our key internal controls to protect data privacy are listed below:

- ❖ Protect our technology resources and assets with encryption, firewalls, antivirus or anti-malware software, automated patching and security vulnerability assessments.
- ❖ Use appropriate physical and organisational security measures to protect personal data.
- ❖ Require all employees to comply with Inari's Code of Business Conduct and Ethics.
- ❖ Provide training and awareness programmes.
- ❖ Sign Non-Disclosure Agreements between Inari and customers, suppliers and contractors.

## SUSTAINABILITY STATEMENT

cont'd

### ENVIRONMENT

*Caring for our planet*



13.10.2019

***“We aim to deliver green and safe products and services while maintaining the good of the environment”***

We are committed to providing environmentally friendly products to our customers. This is achieved through a continuous effort to improve operations, processes and the work environment to be cleaner and safer for the customers, employees, communities and our society. Our Environmental Policy is outlined below, which is also made available on our company's website.

#### Environmental Policy

- ✓ We use only environmentally safe materials that comply with RoHS, REACH and Halogen-free requirements in our products and processes.
- ✓ We establish objectives, targets and standards for continuous environmental improvement and protection.
- ✓ We prevent water, air and noise pollution, reduce waste and minimise the consumption of natural resources.
- ✓ We always comply with relevant environmental regulations and customer's specific requirements.
- ✓ We educate, train and motivate employees to be environmentally friendly in a responsible manner.
- ✓ We encourage and influence environmental protection among the suppliers and subcontractors.

#### Climate Change Management

The key areas of focus in our climate change management are to enhance energy consumption efficiency, reduce hazardous greenhouse gas (“GHG”) emission, ensure efficient use of water resources, and maximise recovery, re-use and recycling activities.

## SUSTAINABILITY STATEMENT

cont'd

### ENVIRONMENT *(cont'd)*

#### *Caring for our planet*

##### Climate Change Management *(cont'd)*

Inari Malaysia received several certifications from local and international governing bodies which recognise our effort in preserving the environment. Below are the certifications which we received pertaining to Environment, Health and Safety (“EHS”) compliance:



### ENERGY USAGE

At Inari, we continuously expend effort to re-engineer our production lines to conserve energy by improving energy consumption efficiency. To optimise energy consumption, we work on ensuring our facilities and manufacturing processes utilise energy efficiently to contribute to reducing our global warming footprint.

Our initiatives on energy-efficiency projects are listed below:

- Re-engineering of production equipment facilities and supports systems;
- Conversion of screw-type to centrifugal type compressors;
- Installation of LED lighting;
- Conversion of refrigerant air-cooled air-conditioners to centralised chilled water air-conditioners;
- Disciplining the switching off unused lighting and electronic equipment; and
- Plans to install solar panels on our buildings' rooftop.

Our total energy consumption in FY2020 is approximately 364,956 GJ of energy, representing a decrease of 1.4% in our total energy consumption, hence translates to a decrease in energy intensity.

Compared to last financial year, our Malaysia operations experienced a slight increase which was mainly due to the expansion of the production floors in P13, P21 and P34 plants located at Penang, Malaysia whereas the decrease in our Philippines and China plants was due to lower production volumes in FY2020.

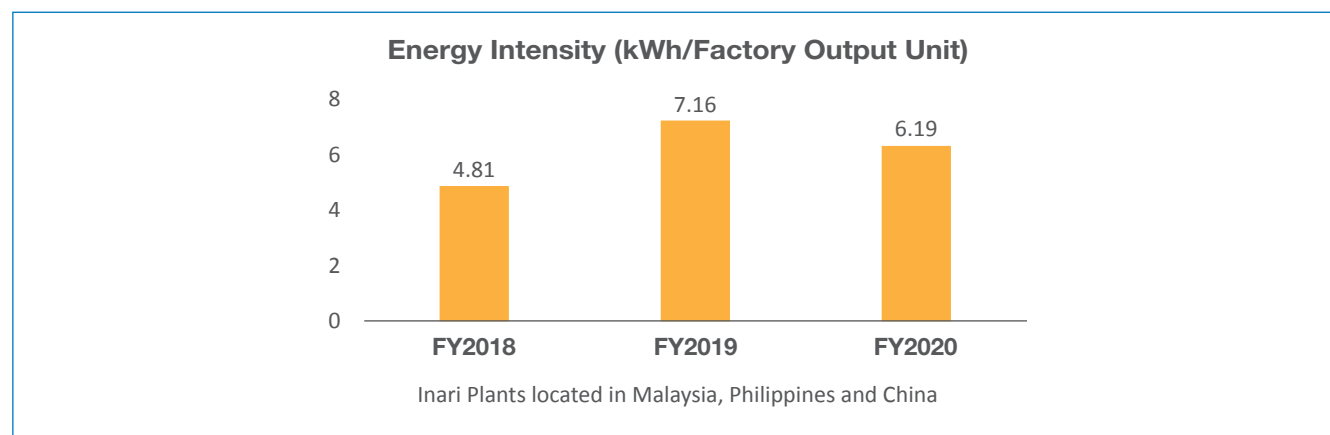
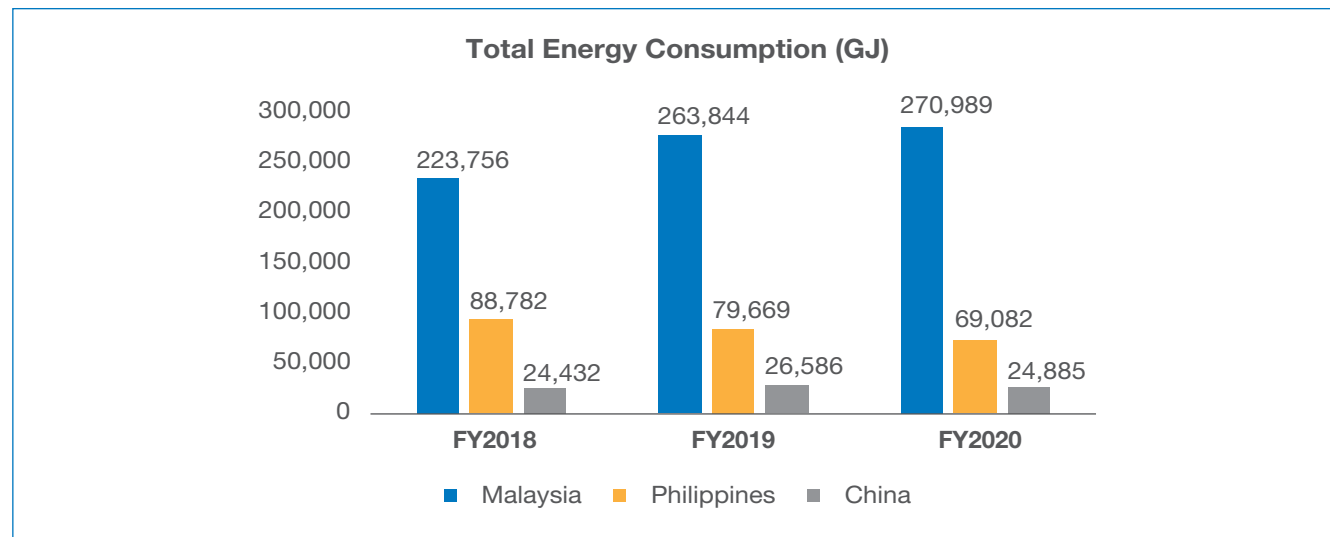
## SUSTAINABILITY STATEMENT

cont'd

### ENVIRONMENT *(cont'd)*

*Caring for our planet*

#### ENERGY USAGE *(cont'd)*



### GREENHOUSE GAS ("GHG") EMISSIONS

Good air quality is fundamental to our well being and poor air quality, in turn, will adversely affect our health and the environment. Inari works constantly to reinforce and improve pollution prevention measures. We implement ISO 14001 Environmental Management in our facilities to minimise environmental impact through use of pollution prevention mechanisms.

Our intensity of operational GHG emissions reporting is measured and disclosed below:

- Scope 1 (Direct emissions), which covers the GHG emission generated from the activities in our organisation including fuel combustion on-site such as automobiles, trucks and buses; and
- Scope 2 (Indirect emissions), which covers the GHG emission generated from the consumption of purchased electricity.



# SUSTAINABILITY STATEMENT

cont'd

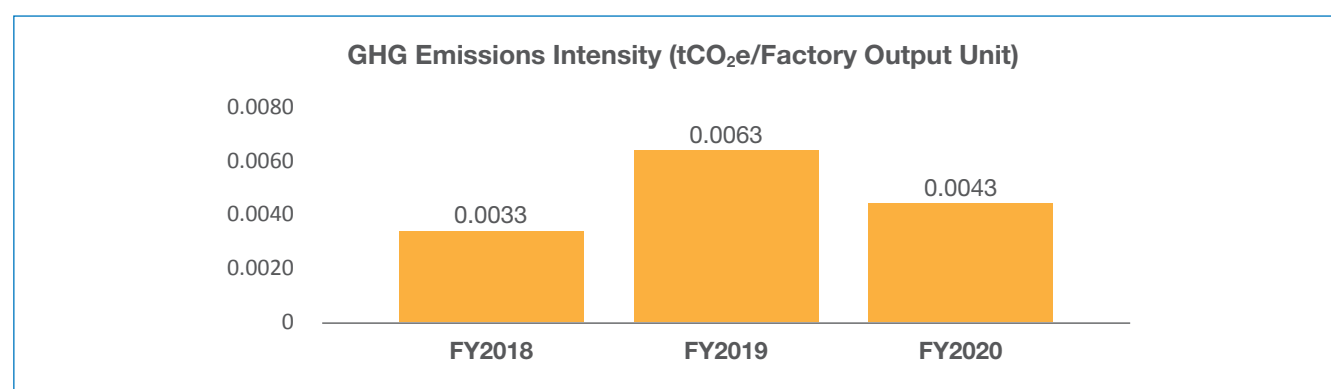
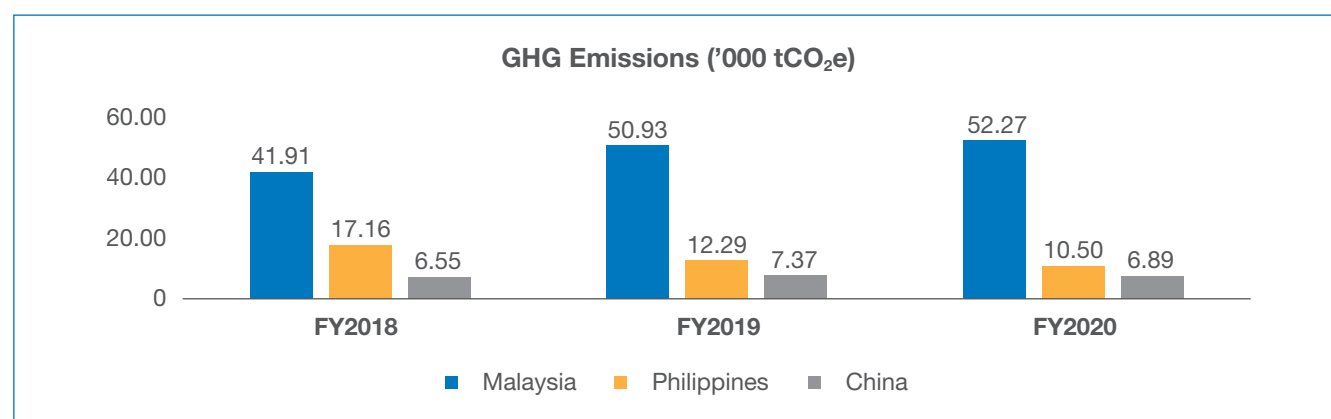
## ENVIRONMENT (cont'd)

### Caring for our planet

#### ENERGY USAGE (cont'd)

#### GREENHOUSE GAS ("GHG") EMISSIONS (cont'd)

Scope ('000 tCO <sub>2</sub> e)	FY2018	FY2019	FY2020
Scope 1 (Direct emissions)	0.13	0.22	0.31
Scope 2 (Indirect emissions)	65.49	70.37	69.35
Total (Scope 1 and Scope 2)	65.62	70.59	69.66



For FY2020, our GHG emissions generated a total of 69,660 tCO<sub>2</sub>e. In comparison to FY2019, Inari recorded a decrease in GHG emissions, hence translates to a decrease in emissions intensity. The decrease was in line with the Group's lower production volume in FY2020. On the other hand, the expansion of the production floors in P13, P21 and P34 plants located at Penang, Malaysia with installation of additional machinery and the qualification of new production lines resulting in the increase in electricity consumption for the Malaysia based operations.

Our direct GHG emissions related to fuel consumption make up only less than 1% of total GHG emissions, whilst the remaining 99.55% is indirect emissions generated from our consumption of purchased electricity. The detailed energy usage is shown in the table above.

## SUSTAINABILITY STATEMENT

cont'd

### ENVIRONMENT (cont'd)

*Caring for our planet*

#### ENERGY USAGE (cont'd)

#### GREENHOUSE GAS ("GHG") EMISSIONS (cont'd)

We have implemented several energy efficiency projects to mitigate our GHG emissions.

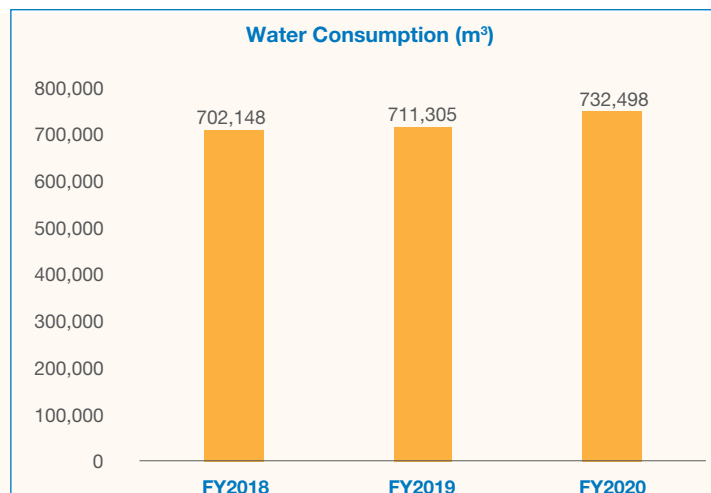
Activity		Purpose	Target	Status
1)	Enhancement to machine switch off plan	Energy efficiency	3% reduction in GHG emission	Achieved
2)	Installation of solar panel	Reduction of fossil fuel consumption	6% reduction in GHG emission	In-planning phase
3)	Installation of energy optimisation control system	Reduction of fossil fuel consumption	7% reduction in GHG emission	In-progress

Our commitment towards reducing GHG emissions related to our energy consumption also covers conversion to LED lighting and energy conservation which embeds day-to-day practice to include switching off lights and air-conditioning during lunch hour and setting an optimum temperature for our air-conditioning units.

Additionally, Inari does not produce any NO<sub>x</sub> and SO<sub>x</sub> emissions as none of our business activities involve biomass combustion. Although we have yet to collect the data for Scope 3 (indirect emission) which relates to the business travel, we have begun long ago reduction efforts by encouraging the utilisation of groupwide and personal video conferencing facilities to minimise non-essential air and ground travel.

### WATER MANAGEMENT

Water is a precious shared resource with high social, cultural, environmental and economic value. It is a basic human need and is vital to our health. We continuously put efforts into improving water conservation. Our wafer fabrication and packaging facilities consumed a large portion of our daily water usage. The water is utilised to clean silicon wafers during fabrication.



Our water consumption in FY2020 amounted to a total of 732,498 m<sup>3</sup> and experienced an increase of 3.0% compared to the last reporting year. The increase was mainly due to the expansion of the production floor in P13, P21 and P34 plants located at Penang, Malaysia, with additional machineries installation and the qualification of new production lines.

We have taken necessary actions to ensure the reduction in our water usage. One of our efforts to reduce water consumption is by converting from single spindle to dual spindle machines which increase wafer fabrication capacity while having the same water intake.

Our plants are equipped with complex rinse water collection systems with separate drains to collect lightly contaminated wastewater for re-use in our plants' toilet flushing systems. Our other on-going water-saving plans include rainwater harvesting. With this re-use strategy, we recycle as much water as we can from our manufacturing processes for re-use purposes.

# SUSTAINABILITY STATEMENT

cont'd

## ENVIRONMENT (cont'd)

### Caring for our planet

#### WATER MANAGEMENT (cont'd)

We have also upgraded our water piping system in order to compensate the low domestic water pressure which may be resulted from ageing of underground water pipping. Our facility team will continue to monitor and look for cost-effective methods to improve our water usage.

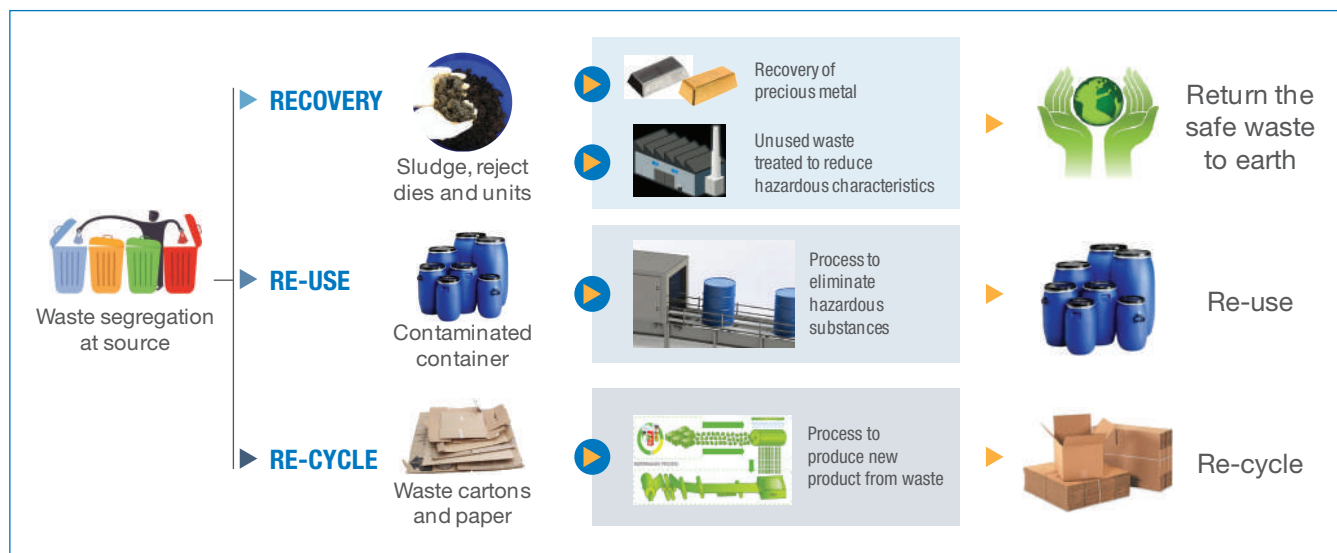
#### WASTE MANAGEMENT

At Inari, we practice the 3R program of “Recovery, Re-use and Recycle” in managing waste produced by our operations. The waste produced are properly segregated, recovered and recycled wherever possible. We hire reputable and licensed local waste recovery contractors with expertise in recycling electronics and scheduled waste to recycle the waste into usable and re-usable forms. The waste recovery contractors are selected through a rigorous selection and audit process.

Below, we summarise our methodology of the 3R program and the 3R waste management diagram.

3R Program	Methodology
Recovery	<ul style="list-style-type: none"> <li>Invest in Industrial Effluent Treatment System</li> <li>Increase efficiency in extracting pollutants</li> <li>Ensure cleaner waste discharged to the environment</li> <li>Provide recycle bins in strategic locations</li> </ul>
Re-use	<ul style="list-style-type: none"> <li>Collaborate with licensed hi-tech waste recycling contractor</li> <li>Increase waste re-use proportion</li> <li>Re-use of carton box</li> <li>Re-use of plastic tray and reel</li> </ul>
Recycle	<ul style="list-style-type: none"> <li>Collaborate with licensed hi-tech waste recycling contractor</li> </ul>
Disposal	<ul style="list-style-type: none"> <li>Minimise the mass ended up in landfill</li> </ul>

3R waste management diagram:



## SUSTAINABILITY STATEMENT

cont'd

### ENVIRONMENT *(cont'd)*

#### *Caring for our planet*

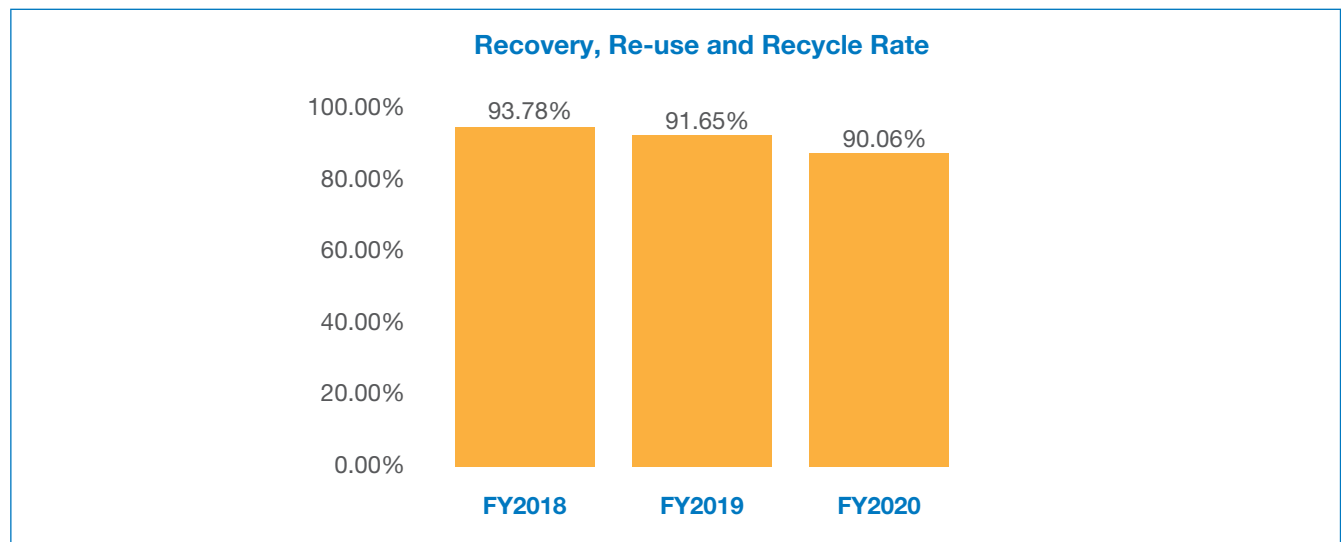
### WASTE MANAGEMENT *(cont'd)*

Apart from that, we also recycle our organic and non-organic waste chemicals. The organic waste chemicals are converted into raw materials for pesticides and water treatment solutions, while the non-organic waste chemicals are broken down to produce alcohol, thinner and solutions used by other industries.

Below is a sample list of production waste which Inari recovers, re-uses and recycles:

Production Waste	3R Program	Recycled Products
Electronic waste	Recovery	Precious metal recovery (gold, nickel & copper)
Metal sludge	Recovery	Heavy metal extraction
Spent lubricating oil	Recovery/Recycle	Industrial lubricating oil
Waste of non-halogenated organic solvent	Recovery/Recycle	Recycled solvent (propanol, pesticide & coagulant)
Contaminated container	Re-use	Cleaned container
Contaminated rags & gloves	Re-use	Reuse as low grade rags & gloves
Plastic scrap	Recycle	Plastic pallet for consumer product
Metal waste	Recycle	Precious metal (iron & aluminum bar)
Solder waste	Recycle	New solder wire

**Waste Reduction Target: Achieve 90% Recycling Rate of Waste Generated.**



For FY2020, Inari generated 574 tonnes of waste and 90.06% of the waste was recycled, re-used and recovered. Inari has in place proper waste management for the treatment, storage and disposal of hazardous and non-hazardous waste. We ensure the hazardous waste are properly stored and handled by authorised vendors for proper disposal and subsequent usage, whereas non-hazardous waste is recovered, re-used and recycled where possible.



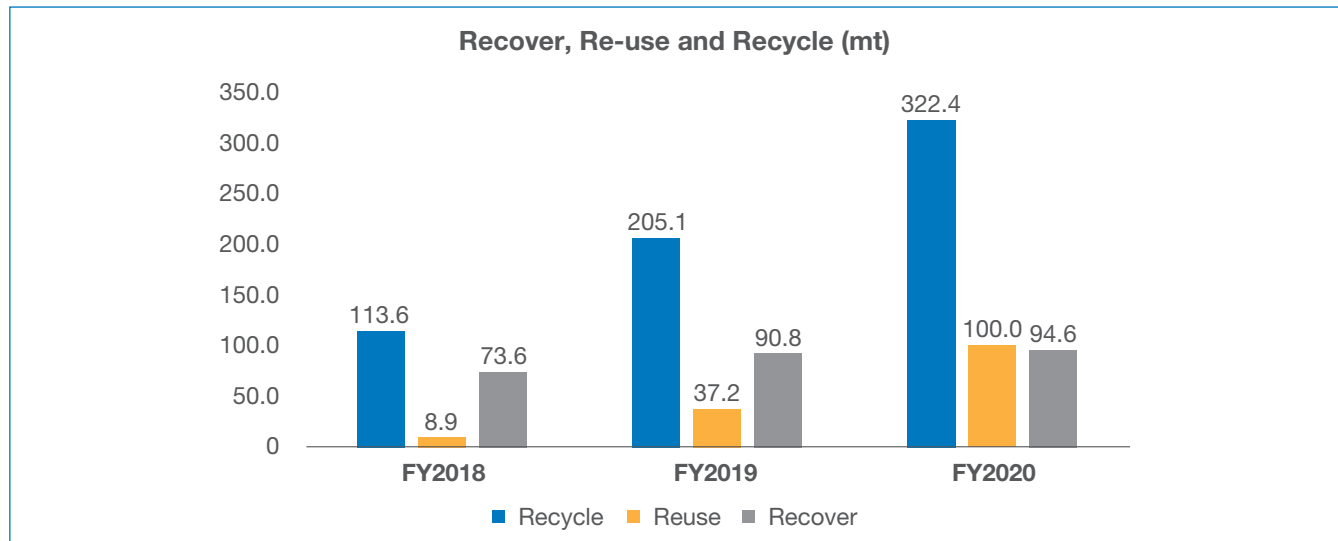
## SUSTAINABILITY STATEMENT

cont'd

### ENVIRONMENT (cont'd)

#### Caring for our planet

#### WASTE MANAGEMENT (cont'd)



Our recycling efforts are also driven by the goal of reducing consumption of new material. These initiatives have contributed to cost savings and allow more effective use of materials. We recorded a significant increase in the recycling and re-use tonnage over the years, derived mainly from:

- Re-use of packaging carton when shifting material and semi-finished goods for inter-warehouse and inter-production floor transfer; and
- increase the use of recycled plastic trays in our plants rather than reels for material and semi-finished products for inter-production line transfer.

#### PRODUCT STEWARDSHIP

We are committed to ensuring the products that we produce are safe throughout all stages in their lifecycle. In order to understand and manage the potential environmental, safety and health risks presented by our products, we evaluate them carefully by working closely and supporting with research work with our customers and suppliers to monitor any adverse impact from the science behind our products.

We comply with the European Union Restriction of Hazardous Substances underlying the restricted use of certain hazardous substances in the electronics industry. We monitor and collect extensive information to support collaborative work with our customers and suppliers with the objective to ensure our products are safe and sustainable. Analysis of information is performed through structured Safety Data Sheets, which set out any hazards associated with a particular product alongside any relevant local regulatory requirements.

## SUSTAINABILITY STATEMENT

cont'd

### WORKPLACE

*Caring for our people*



***“We respect human rights and appreciate the value brought by our employees, beliefs which are fundamental to our ability to grow successfully to the size of the Group that we are today”***

Inari abides by international practices, local laws and regulations on the protection of the rights and interests of all our employees. We are a responsible and fair employer. We treat all employees equally and provide equal career development opportunity to all our employees. We strictly uphold our employment policies which require that recruitment, promotion, wages, training and development opportunities and retirement must be people-oriented, lawful, fair and without discrimination of disabilities, gender, age, nationality, race, religion, birthplace, country of origin and language.

### EMPLOYEE GENDER AND DIVERSITY

Diversity has been part of our corporate DNA and remains one of our strategic priorities. We believe diversity and inclusion bring value to our business through effective innovation, attractiveness of workplace, employee engagement and corporate agility. It fuels our sustainable growth and performance. Our strategy, strongly supported by our leadership, is to:

- ❖ foster an inclusive culture;
- ❖ provide equal opportunities for career development and advancement, regardless of gender, ethnicity, age and culture; and
- ❖ diversity of our workforce by attracting diverse talent.

# SUSTAINABILITY STATEMENT

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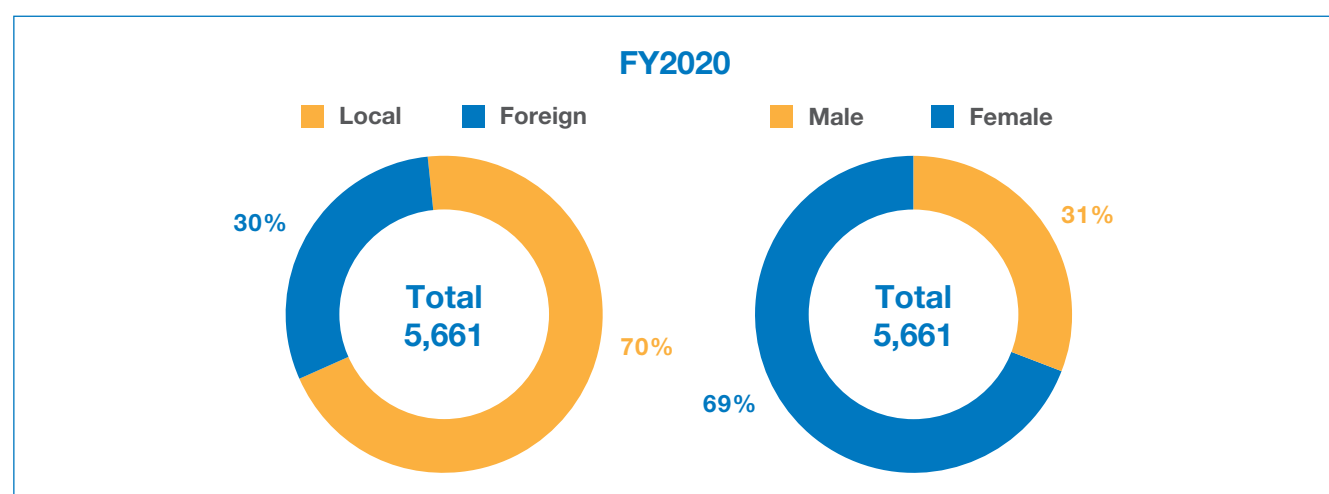
## WORKPLACE (cont'd)

### Caring for our people

#### EMPLOYEE GENDER AND DIVERSITY (cont'd)

##### Employee Statistics

##### Total Employees



<b>48%</b> Local Hires at Inari Malaysia	<b>99%</b> Local Hires at Amertron Incorporated, Philippines	<b>99%</b> Local Hires at Amertron Technologies (Kunshan) Co. Limited, China
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##### Turnover by Gender

Turnover Rate	FY2018	FY2019	FY2020
Male	13.6%	17.6%	17.5%
Female	16.2%	26.7%	13.7%

##### New Hired Employee

New Hired Rate	FY2018	FY2019	FY2020
Male	14.9%	13.8%	17.5%
Female	14.9%	15.9%	13.6%

As of 30 June 2020, we have a total of 5,661 employees in our Group spread regionally across three (3) countries namely Malaysia, Philippines and China. On average, 70% of our employees are local hires comparing to 30% foreign hires. On gender diversity, 69% of our employees are female. Our employee turnover rate decreased by 13.1% as compared with FY2019.

The workforce is Inari's greatest asset. To retain our employees, we will continue to invest in the learning and professional development of our team to support Inari's competitiveness. We have also taken initiatives to improve workforce diversity, provide equal opportunities and reduce discrimination, steps taken that are essential to our long-term business success and growth.

# SUSTAINABILITY STATEMENT

cont'd

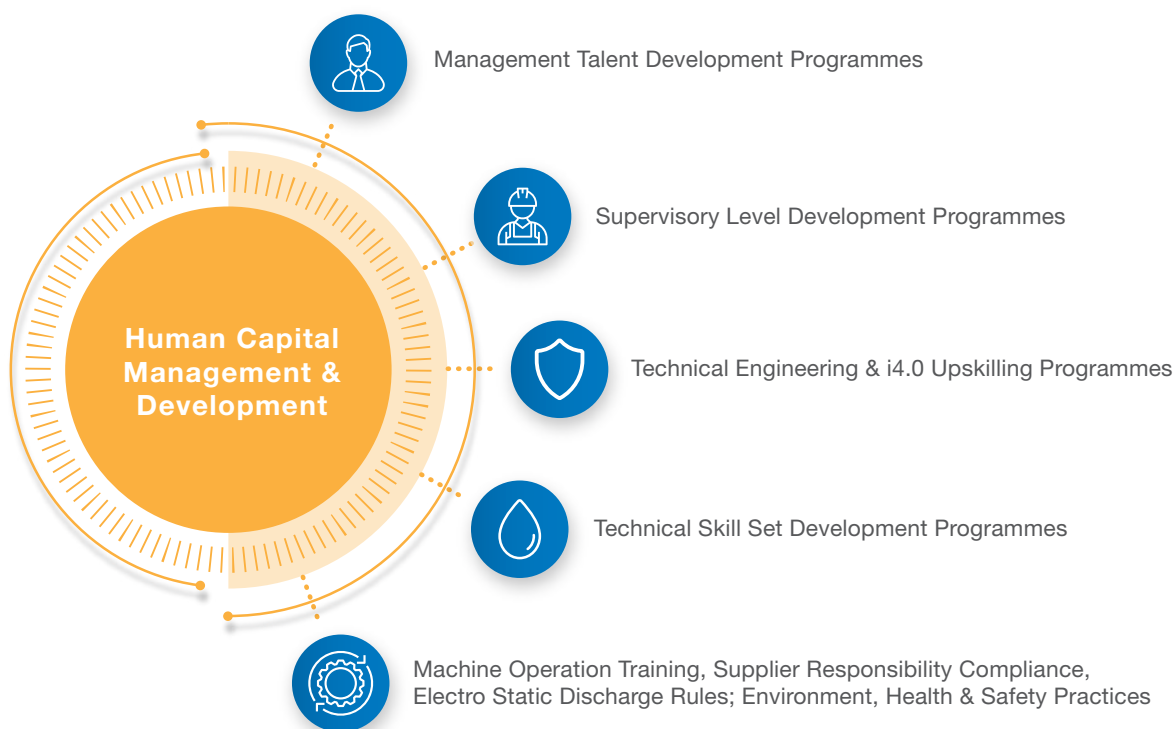
## WORKPLACE *(cont'd)*

### *Caring for our people*

#### EMPLOYEE DEVELOPMENT AND TALENT RETENTION

We invest in providing professional development, leadership training and continuous learning to our employees with aims to reform, develop and update performance and quality standards across the Group. A positive outcome will enable the Group to stay at the forefront of innovation. Our employees undergo comprehensive orientation to understand the Group's vision, mission, business and values.

We have established the following framework for our human capital management development:



We provide equal opportunities for all employees to develop their skills, gain more knowledge and update their technical knowledge through various training programmes.

Year	Average hours of training per employee per year
2020	10
2019	12
2018	15



# SUSTAINABILITY STATEMENT

cont'd

## WORKPLACE *(cont'd)*

### Caring for our people

#### EMPLOYEE DEVELOPMENT AND TALENT RETENTION *(cont'd)*

Below, we summarise the type of training and development programmes conducted at Inari Group.

Training and Development Programmes	Description
Orientation	It is a one-time programme that formally welcomes and introduces new employees to our company within their first week on the job. The programme is conducted by our Human Resource Department on topics such as corporate culture, organisational structure, an overview of benefit plans, administrative procedures, key corporate policies and procedures such as Code of Business Conduct and Ethics, Anti-Corruption and Bribery Policy, Whistleblowing Policy and Procedures, and other relevant information.
Onboarding Training	It is prepared by respective department leaders to focus on departmental goals and engaging employees with the overall company objectives. We focus on topics that address employee needs and provide them with easy access to information and skills they need to deliver their job efficiently.
Technical Skills Development Training	This programme includes the know-how of performance delivery including big data analysis, coding & programming, technical writing and database software. We engage our employees in on-going learning regularly to stay up-to-date with the latest developments.
Soft Skills Development Training	Soft skill training is conducted periodically to enable our employees to interact effectively with other people in the workplace. Topics covered in our soft skills training include presentation skills, communication skills, leadership skills, emotional intelligence, teamwork, and others.
Mandatory Training	Depending on the industrial areas we operate in, relevant employee preparedness and training of regulations are applied. In the case of Inari, our employees are required to undergo OSH training and environmental training.

#### Compensation and Benefits

We comply with the minimum wage guidelines of the respective countries in which we operate. In addition to competitive salary, performance bonus and benefits packages, we also provide our employees with the Employee Share Option Scheme ("ESOS"). We conduct performance appraisal for all employees annually. The salary scale is reviewed on a periodic basis and benchmarked against companies in the same industry.

Some of the benefits and privileges provided to our employees are as follows:

##### Insurance/Medical Coverage

- Executive health screening
- Free medical attention and treatment by medical practitioner duly appointed by Inari
- Hospitalisation scheme extended to the employees' family or dependents
- Outpatient medical benefits extended to family or dependents
- Personal accident, hospitalisation and term life insurance coverage to all permanent employees
- Social insurance

# SUSTAINABILITY STATEMENT

cont'd

## WORKPLACE *(cont'd)*

### *Caring for our people*

#### EMPLOYEE DEVELOPMENT AND TALENT RETENTION *(cont'd)*

##### Compensation and Benefits *(cont'd)*

###### Benefits Mandated by Law

- Adherence to minimum wages or better
- Annual leave, maternity leave, medical, parental leave, hospitalisation leave, compassionate leave, calamity leave and others
- Contribution to statutory funds such as EPF, SOCSO, EIS and HRDF
- Overtime payments
- Public holidays

###### In-house facilities

- Car parking space where available
- Hostel for operators
- Personal lockers
- Prayer rooms
- Transport services
- 24-hour canteen

###### Employees with special needs

- Dedicated mother's nursing room
- Dedicated parking spaces for disabled employees
- Sickbay for sick employees

## HUMAN AND LABOUR RIGHTS

Inari respects human and labour rights, and is committed to upholding and protecting our employees' rights, and treating employees with dignity and respect. We have Human Resource Policy that enshrines the following:

Humane Treatment and Non-discrimination	Zero Tolerance to Harassment	Freely Chosen Labour	Freedom of Association and Collective Bargaining	Availability of Grievance Channel
Child Labour Prohibition	Working hours are not exceed the maximum set by local law	Wages and benefits comply with all applicable wage laws	Occupational Safety and Health	Anti-Corruption and Bribery

### Child Labour and Forced Labour Prohibition

Inari does not employ children below the age set by the applicable laws and regulations. We do not engage or employ people against their own free will, nor will personnel be required to lodge "deposits" or identity document upon commencing employment.

# SUSTAINABILITY STATEMENT

cont'd

## WORKPLACE *(cont'd)*

### Caring for our people

## HUMAN AND LABOUR RIGHTS *(cont'd)*

### Fair Treatment in Managing Foreign Labour

Only foreign workers with legal work permits are hired. We do not require foreign workers to lodge monetary deposits as condition of employment and no recruitment fees are charged back to the workers. We abide strictly to the law that all employees must receive at least minimum wages, and wage deduction must not be imposed as a disciplinary measure. Foreign workers are given a contract of employment and are entitled to similar benefits as local employees. We strictly prohibit and will not enforce unlawful withholding of their wages, passports or other personal documents.

We comply with all applicable labour laws, rules and regulations in the countries we operate as well as regulations governing key matters such as child labour. We communicate our Human Resource Policy, which includes the principle of respecting human rights, to our new and current employees as well as to all our business partners and encourage them to adopt similar practices within their business.

For FY2020, the Group recorded zero (0) cases on disputes of human and labour rights.

Human Rights and Labour Standards	FY2018	FY2019	FY2020
Number of discrimination incidents	0	0	0
Number of child labour incidents	0	0	0
Number of grievances about human rights issues	0	0	0
Number of forced or compulsory labour incidents	0	0	0

## OCCUPATIONAL SAFETY AND HEALTH

Inari is committed to good health and safety practices, and a good work environment. We strive to achieve zero injuries and casualty in our production plants by creating safety awareness in every employee. Safety awareness is essential to avoid any accidents in the plants and to prevent occupational illnesses. Our commitment to safety in the plants is supported by the management team at all levels and involves their close monitoring of the business units' safety records.

### Robust Occupational Safety and Health ("OSH") Policy

The safety and health of our employees must always be safeguarded as far as practicable, and therefore, Inari has established an OSH Policy and is committed to:

- ❖ Making OSH a core value of everything we do;
- ❖ Having a risk-based process in place for the identification, classification and control of hazards and risks;
- ❖ Providing all employees, contractors and visitors with relevant information, operational controls and regular training on OSH requirements to enable them to conduct their activities safely;
- ❖ Providing a positive culture in which employees, contractors and visitors feel free to share their concerns about non-conformance, undesirable, unsafe situations or any OSH related issues;
- ❖ Implementing effective approaches to protect people from safety and health risks;
- ❖ Being fully transparent in the periodic reporting on OSH performance;
- ❖ Consulting and collaborating with employees and other stakeholders on OSH matters;
- ❖ Complying with all applicable laws and regulations which apply to our business.

## SUSTAINABILITY STATEMENT

cont'd

### WORKPLACE *(cont'd)*

#### *Caring for our people*

#### OCCUPATIONAL SAFETY AND HEALTH *(cont'd)*

##### Managing OSH performance

We have in place an OSH committee to look after and report areas related to the Group's occupational safety, health and environment performance. The OSH committee reports on measures to be taken to prevent accidents from occurring and recurring. In the last three years, there was zero (0) occupational fatality and work-related illness reported in the Group.

We ensure the following continuous efforts to:

- ❖ Limit the number of incidents in the workplaces;
- ❖ Perform evacuation exercises in facilities with difficult escape paths;
- ❖ Improve hazard control, notably in hazardous chemical work areas; and
- ❖ Improve the safety of equipment or activities, with a special emphasis on lifelines.

There were two (2) minor workplace injuries reported in FY2020. The root cause and preventive actions are summarised below.

Severity Injury	Root Cause	Corrective Action	Preventive Action
Right shoulder injury	Trip on the water hose at scanning area.	1. Clear walkway from obstacle. 2. Ensure good lighting condition.	Add permanent pipe to the additional tank that support all DI system.
Finger minor laceration	Ionizer back cover have an opening that can be insert by finger.	1. Install wire mesh at ionizer cover. 2. Brief all operators on workplace safety practices.	1. Standardisation in installing wire mesh at all ionizer cover. 2. Specification checking before purchase.

##### Incident Reporting and Investigation

Inari has established formal programmes to promote the OSH management system for all employees and others on the work sites to minimise occupational injuries and illness. All our employees, visitors and contractors are informed of the incident reporting platforms and encouraged to report any risky or unsafe conditions to the supervisor or area owner. We summarise our incident reporting process flow as below.

We keep track and monitor all workplace accidents and illnesses.

**FY2020**

Minor Injury Reported

**2** Cases (FY2019: 1 case  
FY2018: 2 cases)



# SUSTAINABILITY STATEMENT

cont'd

## WORKPLACE (cont'd)

### Caring for our people

## OCCUPATIONAL SAFETY AND HEALTH (cont'd)

### Incident Reporting and Investigation (cont'd)

#### Reporting and Improvement Process Flow



The area supervisor will carry out an initial investigation and provide accident/incident/near-miss report to Environment, Health and Safety ("EHS") department within 24 hours. EHS department will then review the report, make further investigation if necessary and issue corrective action requests to the respective Area Manager to prevent recurrence. The Head of department and Human Resource department may take appropriate disciplinary action on those who are involved in unsafe acts or unsafe conditions in the workplace. Finally, the management will review from time to time the opportunities for continual improvement when necessary.

### OSH Awareness and Training

OSH training is offered to the Group's employees on a regular basis in order to build safety awareness and competencies in all business units. Training includes in-house and external courses covering on-the-job training, incident management, combustible dust hazard management and emergency preparedness and response.



25.02.2020

Employees attending health and safety training

## SUSTAINABILITY STATEMENT

cont'd

### WORKPLACE *(cont'd)*

#### *Caring for our people*

### OCCUPATIONAL SAFETY AND HEALTH *(cont'd)*

#### OSH Awareness and Training *(cont'd)*

##### Types of OSH Awareness and Training Programme

- ✓ Electrical Safety Awareness
- ✓ First Aid
- ✓ Fire Safety Training
- ✓ Hazard Prevention and Control Awareness
- ✓ Incident Management
- ✓ Lift Truck/Forklift Safety Training
- ✓ Manual Material Handling
- ✓ On-The-Job Training
- ✓ Personal Protective Equipment



05.07.2019

##### Workplace Health Promotion

We believe that a healthy mind and body reduces the risk of accidents due to inattention and lack of focus. Our employees are entitled to panel clinic doctors, executive medical health checks and other health benefits. We also spend time to educate our employees on healthy nutritional habits.



*Health Awareness Programme and Free Health Screening Test on 10.09.2019*

### EMPLOYEE WELFARE

The well being of all employees is of primary concern to Inari. By investing in the health and welfare of employees, Inari is investing in the efficiency and effectiveness of the organisation. We are committed to producing a caring and supportive working environment which is conducive to the welfare of all employees, and which enables them to develop and realise their career potential.

#### Employee Wellness Activities

As an initiative to enhance and promote a healthier work-life in Inari, we set up and support employees' sport clubs to organise various activities for our employees to participate, release stress and foster positive relationship between colleagues in events such as weekly indoor fitness classes like yoga at our plants and sport events such as bowling, volleyball, badminton and Unity Game-Basketball Tournament.

## SUSTAINABILITY STATEMENT

cont'd

### WORKPLACE (cont'd)

#### Caring for our people

#### EMPLOYEE WELFARE (cont'd)

#### Employee Wellness Activities (cont'd)



Bowling Tournament 2019 (Penang - 08.12.2019)



Badminton Tournament 2020 (Penang - 11.01.2020)



ECO Power Run (Penang - 30.09.2019)



Penang Hill Challenge 2019 (Penang - 19.10.2019)



Sports Competition (China - 07.11.2019)



Dragon Boat Festival (China - 24.06.2020)



## SUSTAINABILITY STATEMENT

cont'd

### WORKPLACE (cont'd)

*Caring for our people*

### EMPLOYEE WELFARE (cont'd)

#### Employee Wellness Activities (cont'd)



*Clark Unity Game 2019 held in Philippines.*



*Leadership Effectiveness Workshop  
(Philippines - 15.08.2019)*



*Table Tennis Competition (Philippines - 15.07.2019)*

#### Employee Engagement Survey

Employee engagement is one of Inari's key stakeholders' engagement. The outcome represents the levels of enthusiasm and connectivity the employees have with Inari. It is also a measure of how motivated employees are to go the extra mile for Inari, and an indicator of employee retention. With feedback from employee engagement, our HR teams can take meaningful action on what matters to motivate people at work.

# SUSTAINABILITY STATEMENT

cont'd

## WORKPLACE (cont'd)

### Caring for our people

#### EMPLOYEE WELFARE (cont'd)

##### Employee Engagement Survey (cont'd)

Our employee engagement survey ("Survey") collects employee feedback and provides our HR team with the feedback data. Such feedback helps to flag problem areas before they grow to be detrimental to productivity and the overall company culture.

We conducted the Survey in FY2020 for our subsidiary company in Penang, Malaysia and the results are summarised below:

#### Inari Employee Engagement Survey Score

80%



- Score 80% overall – positive feedback!
- 90% response rate
- Completed by 5% of each employee category (Operator, Non-Executive and Executive)

Key Driver Questions	Score
1. I believe Inari respects individual differences.	79%
2. I have confidence in the leadership within Inari.	77%
3. I am satisfied with my physical working environment.	85%
4. I have access to the learning and development I need to do my job well.	74%
5. I feel that my contributions to Inari are valued.	84%

The survey results covered the five (5) key aspects of working life we regarded as important drivers of employee engagement. Some of these drivers of engagement are areas that we are doing well and will want to maintain, such as good physical working environment and the way we value our employees' contribution. Our next target from the survey results is to improve employee learning and development by arranging more relevant and useful training to our employees.



## SUSTAINABILITY STATEMENT

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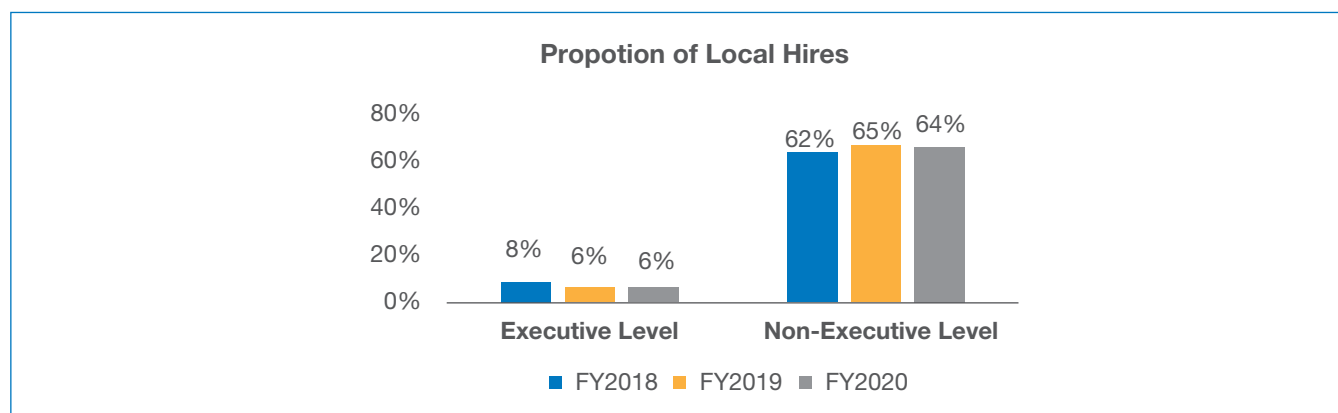
### LOCAL COMMUNITIES

#### *Giving back*

At Inari, we believe that it is essential to give back to our community. During FY2020, we have carried out various community projects as summarised below.

#### LOCAL COMMUNITIES EMPLOYMENT

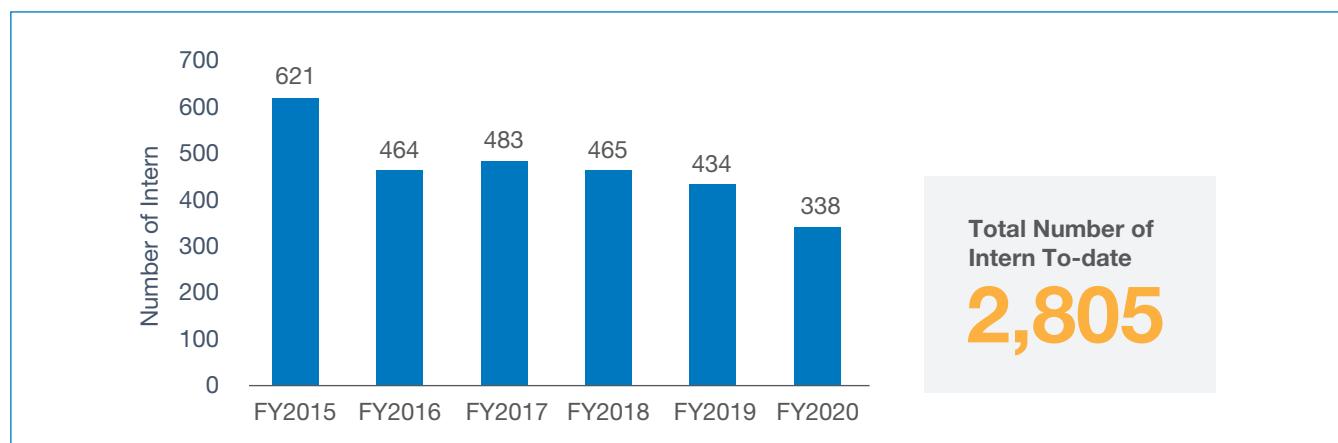
Creating more and better job opportunities is key to boosting growth, reducing poverty and increasing social cohesion. Inari operates across three countries, namely Malaysia, Philippines and China. The jobs created contribute to local communities, especially the production facilities that employ significant numbers of locals. Further by paying national and local taxes, the Group and our employees make economic contributions to the communities where we operate.



#### Internship

Attracting, engaging and inspiring talent are crucial for the long-term sustainability of Inari. We work hard at strengthening the sustainability of our business in part by setting up a pipeline of future talent through internship programmes.

Since FY2015, we have collaborated with various higher institutional and colleges in Malaysia with annual plans to train industrial interns and to provide them with an environment to hone their knowledge and sharpen skills with practical experience. We believe Inari's internship programmes host one of the highest numbers of interns per year amongst Malaysian companies in our industry. We are proud to have had hired 2,805 interns since the inception of this internship programme.



## SUSTAINABILITY STATEMENT

cont'd

### LOCAL COMMUNITIES (cont'd)

#### Giving back

#### CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES

##### Donation of Personal Protective Equipment ("PPE")

Inari has channelled contributions to causes that help the resilience of communities affected by the Covid-19 pandemic.

Inari contributed PPE at value equivalent to approximately RM500,000 to Hospital Besar Pulau Pinang towards supporting the Malaysian healthcare services. The essential PPE provided such as medical protective suits, masks and gloves to safeguard healthcare practitioners and other frontlines.

Inari also donated the essential PPE to Sultanah Bahiyah Hospital, Alor Setar, Kedah, Malaysia and Jose B. Lingad Memorial (JBL) General Hospital in Philippines in the fight against the spread of Covid-19.



27.03.2020



27.03.2020



26.03.2020

##### Blood Donation Campaign



04.07.2019

Inari encourages all its employees to participate in blood donation campaigns. We collaborate with Penang General Hospital to organise a blood donation campaign annually. In FY2020, we manage to attract 40 employees to participate in the year's campaign.

##### Top Up Financial Assistance Education Fund and Excellence Award

Inari Malaysia collaborates with Penang Skills Development Centre (PSDC) to provide financial assistance and excellence awards for a 3-year period amounting to RM300,000. The objective of this programme is to help deserving candidates from low income families to complete their engineering studies.

## SUSTAINABILITY STATEMENT

cont'd

### LOCAL COMMUNITIES (cont'd)

#### Giving back

#### CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES (cont'd)

##### Donation to BE Home For Special Care, Penang

BE Home For Special Care, Penang is a non-profit organisation which provides residential care to neglected, abandoned and abused children coming from dysfunctional and poverty-stricken families. This year, in our effort to help the government in curbing the spread of Covid-19, Inari contributed a donation to BE Home by providing them essential needs such as face mask, gloves and hand sanitizers.



27.04.2020



27.04.2020

##### Lingap Para Sa Mga Katutubo: Care for Indigenous People



30.11.2019

It is an annual community project held at Haduan Aeta Village, Philippines. In this project, Inari Philippines donates basic necessities such as medicines, clothes and food to the local villagers every year.

##### StepUp Programme by Penang STEM

Inari Malaysia supported the StepUp Programme by contributing a donation amounting to RM40,000. The StepUp Programme is a collaboration between Penang STEM and the Pejabat Pendidikan Daerah Timur Laut to seek corporate sponsorship to adopt schools and help fund hands-on STEM workshops and activities for students to complement what they learn in schools.



13.09.2019



13.09.2019

# SUSTAINABILITY STATEMENT

cont'd

## Global Reporting Initiative Sustainability Reporting Standards ('GRI' Index)

GRI Content Index			
GRI Standards	Disclosure	Response	Page Number
<b>GRI 102: General Disclosures</b>			
102-1	Name of the organisation	Company Profile	3
102-2	Activities, brands, products and services	Management Discussion and Analysis	20-31
102-3	Location of headquarters	Corporate Information	2
102-4	Location of operations	Management Discussion and Analysis	20-31
102-5	Ownership and legal form	Analysis of Shareholding	223-225
102-6	Markets served	Management Discussion and Analysis	20-31
102-7	Scale of the organisation	Corporate Structure and Audited Financial Statement	3/ 115-220
102-8	Information on employees and other workers	Sustainability Statement - Employee Gender and Diversity, Employee statistics	64-75
102-9	Supply chain	Sustainability Statement - Supply Chain Management	52-55
102-10	Significant changes to the organisation and its supply chain	Management Discussion and Analysis Sustainability Statement - Supply Chain Management	20-31 52-55
102-11	Precautionary principles or approach	Statement of Risk Management and Internal Control	105-109
102-12	External initiatives	Sustainability Statement - Basis of Preparation	34
102-13	Membership of associations	Sustainability Statement - Basis of Preparation	34
102-14	Statement from senior decision-maker	Chairperson's Letter to the Shareholders	18-19
102-16	Values, principles, standards and norms of behaviour	Sustainability Statement - Corporate Governance and Ethics	43-45
102-18	Governance structure	Profile of Directors, Profile of Key Senior Management, Corporate Governance Overview Statement Sustainability Statement - Sustainability Governance	12-17/ 87-101 34-35
102-40	List of stakeholder groups	Sustainability Statement - Stakeholder Engagement	36-37
102-41	Collective bargaining agreements	Inari Group does not have collective bargaining agreement. However, it is stated in our HR Policy that all employees have the rights to form and join organisation of their choice. Sustainability Statement - Human and Labor Rights	68-69
102-42	Identifying and selecting stakeholders	Sustainability Statement - Stakeholder Engagement	36-37
102-43	Approach to stakeholder engagement	Sustainability Statement - Stakeholder Engagement	36-37
102-44	Key topics and concerns raised	Sustainability Statement - Stakeholder Engagement, Materiality Assessment, Sustainability Approach	36-37 37-39/ 40-42



# SUSTAINABILITY STATEMENT

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## Global Reporting Initiative Sustainability Reporting Standards ('GRI' Index) (cont'd)

GRI Content Index			
GRI Standards	Disclosure	Response	Page Number
102-45	Entities included in the consolidated financial statements	Audited Financial Statement	115-220
102-46	Defining report content and topic boundaries	Sustainability Statement - Basis of Preparation	34
102-47	List of material topics	Sustainability Statement - Materiality Assessment, Sustainability Pillars and Goals, Sustainability Matters	37-42
102-48	Restatements of information	In this Sustainability Statement FY2020, certain reported key performance has been restated to better reflect the sustainability matters	-
102-49	Changes in reporting	Sustainability Statement - Basis of Preparation	34
102-50	Reporting period	Sustainability Statement - Basis of Preparation	34
102-51	Date of most recent report	Sustainability Statement - Basis of Preparation	34
102-52	Reporting cycle	Sustainability Statement - Basis of Preparation	34
102-53	Contact point for questions regarding the report	Any queries concerning this Report can be sent to info1@inariberhad.com Sustainability Statement - Stakeholder Engagement Corporate Governance Overview Statement - Communication with Stakeholders	- 36 100
102-54	Claims of reporting in accordance with the GRI Standards	This Sustainability Statement has been prepared in accordance with the GRI Standards Core Option Sustainability Statement - Basis of preparation	- 34
102-55	GRI content index	Sustainability Statement	79-84
102-56	External assurance	To be applied in the future	-
<b>GRI 103: Management Approach</b>			
103-1	Explanation of the material topic and its boundary	Sustainability Statement - Basis of Preparation, Materiality and Sustainability Matters	34/ 37-42
103-2	The management approach and its components	Sustainability Statement - Sustainability Approach, Economic, Environment, Workplace, Local Communities	32-84
103-3	Evaluation of the management approach	Sustainability Statement - Sustainability Approach, Economic, Environment, Workplace, Local Communities	32-84
<b>GRI 201: Economic Performance</b>			
201-1	Direct economic value generated and distributed	Audited Financial Statement	115-220
201-2	Financial implications and other risks and opportunities due to climate change	To be applied in the future	-
201-3	Defined benefit plan obligations and other retirement plans	Audited Financial Statement	115-220
201-4	Financial assistance received from government	Audited Financial Statement	115-220



# SUSTAINABILITY STATEMENT

cont'd

## Global Reporting Initiative Sustainability Reporting Standards ('GRI' Index) (cont'd)

GRI Content Index			
GRI Standards	Disclosure	Response	Page Number
<b>GRI 202: Market Presence</b>			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	To be applied in the future	-
202-2	Proportion of senior management hired from the local community	Sustainability Statement - Local Communities Employments Employee Statistics	76 65
<b>GRI 203: Indirect Economic Impacts</b>			
203-1	Infrastructure investments and services supported	Sustainability Statement - Innovation, Process Innovation and Industry 4.0, Promoting Local Ecosystem	47-52
203-2	Significant indirect economic impacts	Sustainability Statement - Local Communities Innovation, Process Innovation and Industry 4.0, Promoting Local Ecosystem	76-78 47-52
<b>GRI 204: Procurement Practices</b>			
204-1	Proportion of spending on local supplies	Sustainability Statement - Supply Chain Management	55
<b>GRI 205: Anti-corruption</b>			
205-1	Operations assessed for risks related to corruption	Sustainability Statement - Corporate Governance and Ethics Corporate Governance Overview Statement	43-45 88
205-2	Communication and training about anti-corruption policies and procedures	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy Statement on Risk Management and Internal control - Internal Audit Function	43-45 108-109
205-3	Confirmed incidents of corruption and actions taken	There were no incidents of corruption reported Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy	43-45
<b>GRI 206: Anti-competitive Behaviour</b>			
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	N/A	N/A
<b>GRI 301: Materials</b>			
301-1	Materials used by weight or volume	N/A	N/A
301-2	Recycled input material used	N/A	N/A
301-3	Reclaimed products and their packaging materials	N/A	N/A
<b>GRI 302: Energy</b>			
302-1	Energy consumption within the organisation	Sustainability Statement - Energy Usage	57-60
302-2	Energy consumption outside the organisation	To be applied in the future	-
302-3	Energy intensity	Sustainability Statement - Energy Usage	57-60
302-4	Reduction of energy consumption	Sustainability Statement - Energy Usage	57-60
302-5	Reductions in energy requirements of products and services	To be applied in the future	-

# SUSTAINABILITY STATEMENT

cont'd

## Global Reporting Initiative Sustainability Reporting Standards ('GRI' Index) (cont'd)

GRI Content Index			
GRI Standards	Disclosure	Response	Page Number
<b>GRI 303: Water and Effluents</b>			
303-1	Interactions with water as a shared resource	To be applied in the future	-
303-2	Management of water discharge-related impacts	To be applied in the future	-
303-3	Water withdrawal	To be applied in the future	-
303-4	Water discharge	To be applied in the future	-
303-5	Water consumption	Sustainability Statement - Water Management	60-61
<b>GRI 305: Emissions</b>			
305-1	Direct (Scope 1) GHG emissions	Sustainability Statement - GHG Emissions	58-60
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Statement - GHG Emissions	58-60
305-3	Other indirect (Scope 3) GHG emissions	Sustainability Statement - GHG Emissions	58-60
305-4	GHG emissions intensity	Sustainability Statement - GHG Emissions	58-60
305-5	Reduction of GHG emissions	Sustainability Statement - GHG Emissions	58-60
305-6	Emissions of ozone-depleting substances (ODS)	To be applied in the future	-
305-7	Nitrogen oxides (Nox), sulfur oxides (SOx) and other significant air emissions	Sustainability Statement - GHG Emissions	58-60
<b>GRI 306: Effluents and Waste</b>			
306-1	Water discharge by quality and destination	To be applied in the future	-
306-2	Waste by type and disposal method	Sustainability Statement - Waste Management	61-63
306-3	Significant spills	No significant spills as of FY2020	-
306-4	Transport of hazardous waste	To be applied in the future	-
306-5	Water bodies affected by water discharges and/or runoff	To be applied in the future	-
<b>GRI 307: Environmental Compliance</b>			
307-1	Non-compliance with environmental laws and regulations	We have not identified any non-compliance with environmental laws and regulations as of FY2020.	-
<b>GRI 308: Supplier Environmental Assessment</b>			
308-1	New suppliers that were screened using environmental criteria	Sustainability Statement - Supply Chain Management	52-55
308-2	Negative environmental impacts in the supply chain and actions taken	Sustainability Statement - Supply Chain Management	52-55
<b>GRI 401: Employment</b>			
401-1	New employee hires and employee turnover	Sustainability Statement - Employee Gender and Diversity, Employee Statistics	64-65
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Statement - Employee Welfare	66-75
401-3	Parental leave	Sustainability Statement - Employee Development and Talent Retention	68

# SUSTAINABILITY STATEMENT

cont'd

## Global Reporting Initiative Sustainability Reporting Standards ('GRI' Index) (cont'd)

GRI Content Index			
GRI Standards	Disclosure	Response	Page Number
<b>GRI 402: Labour/Management Relations</b>			
402-1	Minimum notice periods regarding operational changes	We will ensure the employees are informed with appropriate notice periods regarding operational changes in Inari.	-
<b>GRI 403: Occupational Health and Safety</b>			
403-1	Occupational health and safety management system	Sustainability Statement - Occupational Safety and Health	69-72
403-2	Hazard identification, risk assessment and incident investigation	Sustainability Statement - Occupational Safety and Health	69-72
403-3	Occupational health services	Sustainability Statement - Occupational Safety and Health	69-72
403-4	Worker participation, consultation and communication on occupational health and safety	Sustainability Statement - Occupational Safety and Health	69-72
403-5	Worker training on occupational health and safety	Sustainability Statement - Occupational Safety and Health	69-72
403-6	Promotion of worker health	Sustainability Statement - Occupational Safety and Health	69-72
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability Statement - Supply Chain Management, Product Stewardship	52-55/63
403-8	Workers covered by an occupational health and safety management system	Sustainability Statement- Occupational Safety and Health	69-72
403-9	Work-related injuries	Sustainability Statement- Occupational Safety and Health	69-72
403-10	Work-related ill-health	Sustainability Statement- Occupational Safety and Health	69-72
<b>GRI 404: Training and Education</b>			
404-1	Average hours of training per year per employee	Sustainability Statement - Employee Development and Talent Retention	66-68
404-2	Programmes for upgrading employee skills and transition assistance programmes	Sustainability Statement - Employee Development and Talent Retention	66-68
404-3	Percentage of employees receiving regular performance and career development reviews	We conduct an Annual Performance Appraisal for all the employees Sustainability Statement - Employee Development and Talent Retention	66-68
<b>GRI 405: Diversity and Equal Opportunity</b>			
405-1	Diversity of governance bodies and employees	Profile of Board of Directors, Profile of Key Senior Management, Sustainability Statement - Employee Gender and Diversity, Employees Statistics	12-17/ 64-65
405-2	Ratio of basic salary and remuneration of women to men	To be applied in the future	-

# SUSTAINABILITY STATEMENT

cont'd

## Global Reporting Initiative Sustainability Reporting Standards ('GRI' Index) (cont'd)

GRI Content Index			
GRI Standards	Disclosure	Response	Page Number
<b>GRI 406: Non-discrimination</b>			
406-1	Incidents of discrimination and corrective actions taken	No incidents of discrimination in FY2020 Sustainability Statement - Human and Labour Rights	68-69
<b>GRI 407: Freedom of Association and Collective Bargaining</b>			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainability Statement - Supply Chain Management, Human and Labour Rights	52-55/ 68-69
<b>GRI 408: Child Labour</b>			
408-1	Operations and suppliers at significant risk for incidents of child labour	Sustainability Statement - Supply Chain Management, Human and Labour Rights	52-55/ 68-69
<b>GRI 409: Forced or Compulsory Labour</b>			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Sustainability Statement - Supply Chain Management, Human and Labour Rights	52-55/ 68-69
<b>GRI 412: Human Rights Assessment</b>			
412-1	Operations that have been subject to human rights reviews or impact assessments	Sustainability Statement - Supply Chain Management, Human and Labour Rights	52-55/ 68-69
412-2	Employee training on human rights policies or procedures	Sustainability Statement - Employee Development and Talent Retention	66-68
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Sustainability Statement - Supply Chain Management, Humans and Labor Rights	52-55/ 68-69
<b>GRI 413: Local Communities</b>			
413-1	Operations with local community engagement, impact assessments and development programmes	Sustainability Statement - Local Communities	76-78
413-2	Operations with significant actual and potential negative impacts on local communities	Sustainability Statement - Local Communities	76-78
<b>GRI 414: Supplier Social Assessment</b>			
414-1	New suppliers that were screened using social criteria	Sustainability Statement - Supply Chain Management	52-55
414-2	Negative social impacts in the supply chain and actions taken	Sustainability Statement - Supply Chain Management	52-55
<b>GRI 415: Public Policy</b>			
415-1	Political contributions	Sustainability Statement - Corporate Governance and Ethics, Anti-Corruption and Bribery Policy	43-45
<b>GRI 418: Customer Privacy</b>			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability Statement - Privacy and Data Protection	55
<b>GRI 419: Socioeconomic Compliance</b>			
419-1	Non-compliance with laws and regulations in the social and economic area	We have not identified any non-compliance with laws and regulations in the social and economic area as of FY2020.	-

Remarks: N/A means not applicable to our industry.