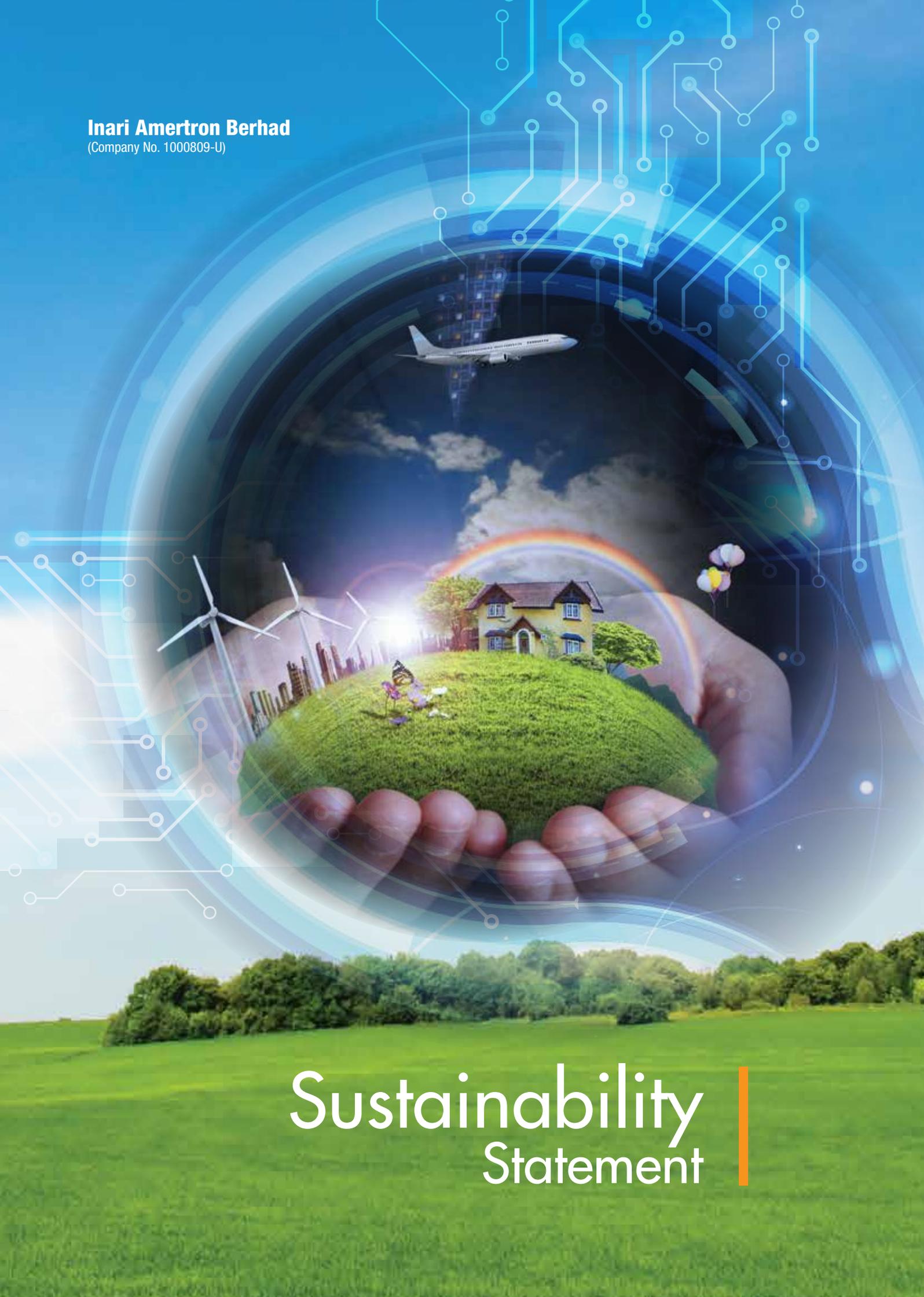


Inari Amertron Berhad
(Company No. 1000809-U)



Sustainability Statement



Contents

OUR ROADMAP FOR SUSTAINABILITY

Sustainability Statement
Sustainability Governance
Stakeholder Engagement

ECONOMIC

Better results from better practices

Corporate charter
- Mission/Vision statement
- Inari beliefs
Our code of ethics and conduct
Corporate governance and compliance
Commitment to quality
Innovation as a culture
Customer satisfaction
Branding and reputation
Local ecosystem and managing local supply chain

ENVIRONMENT

Caring for Our Planet

Air & water management
Energy usage
Recycling and managing waste

WORKPLACE

Caring for Our People

Employee statistics
Employee development, and talent recruitment & retention
Healthier work-life practices
Sustainability of talent supply
Managing foreign labour
Respecting human and labour rights first
Ensuring safer working environment

COMMUNITIES

Giving Back

Progress against our targets

Sustainability Statement

cont'd

OUR ROADMAP FOR SUSTAINABILITY

Sustainability Statement

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

In this report, we intend to provide our stakeholders with reliable EES information in relation to our Group’s business activities. Since our first Sustainability Report in FY2017, we remain committed to accomplishing and executing our business strategy in line with the EES targets as sustainability is a necessary and continuous commitment by the Group and its leadership.

Scope

The scope of our Sustainability Statement covers the period from 1 July 2017 to 30 June 2018. The policies and strategies discussed throughout this Report are engaged by the Group unless otherwise specified.

Our Sustainability Approach

Our sustainability strategy integrates investment, development, property & infrastructure and human capital management to ensure that we meet the current and future needs of the Group, its people, the wider community and the countries we operate in. We have set four (4) strategic sustainability goals which are as follows:

ECONOMIC

Inari promises to deliver quality services and products to our customer, uphold good business conduct and ethics, and deliver good returns to our shareholders.

WORKPLACE

Inari has systems in place to continually improve workplace wellbeing, respect human right, retain talent and bring untoward incidents at our companies to zero.

ENVIRONMENT

Inari will continue to advocate green development across all our current and future projects.

COMMUNITIES

Inari is committed to continuously improve the wellbeing and quality of life of its surrounding communities.

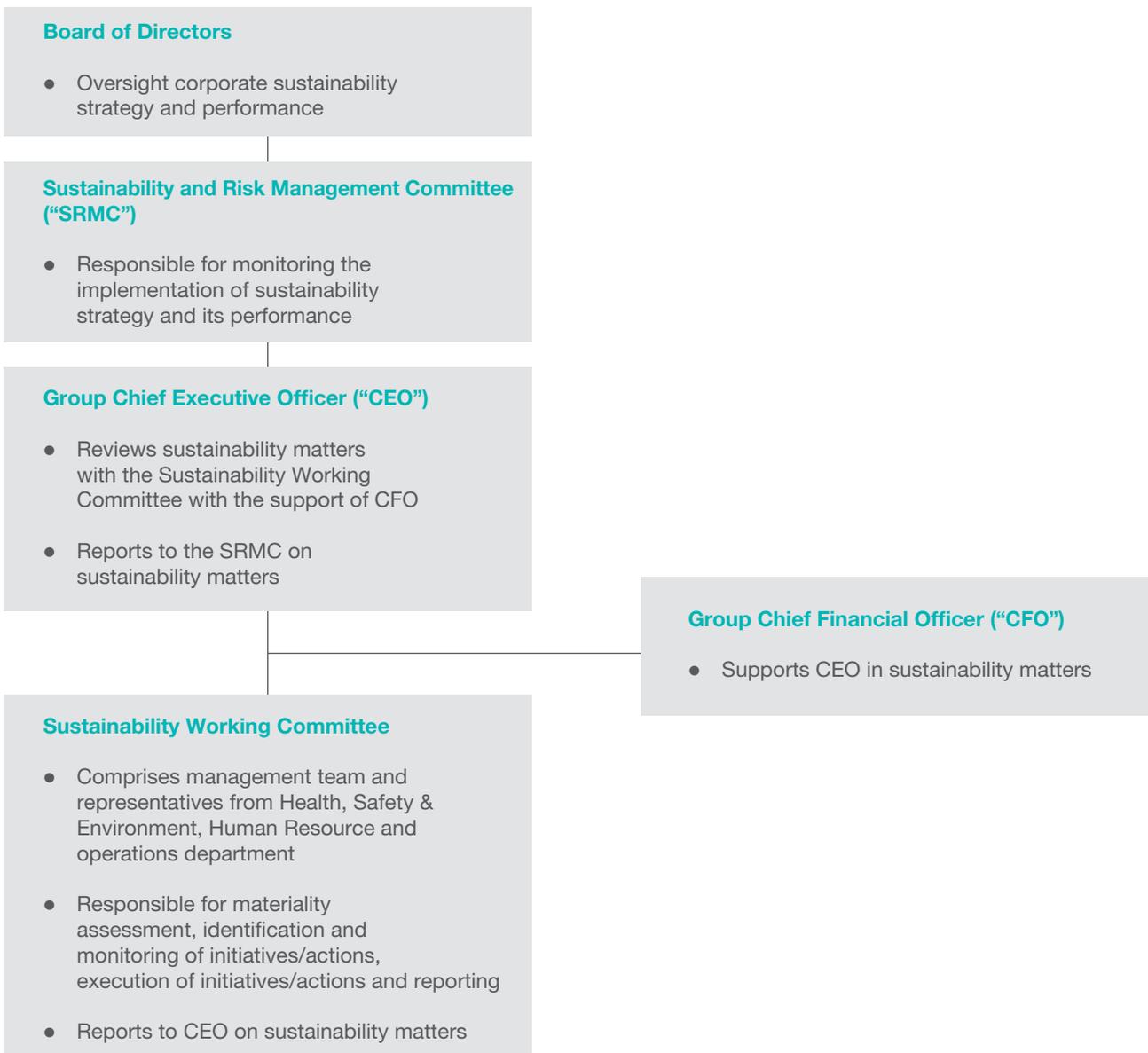


OUR ROADMAP FOR SUSTAINABILITY (cont'd)

Sustainability Governance

Our approach to sustainability is led by Inari's Board of Directors through Sustainability and Risk Management Committee ("SRMC"), provide an oversight of our corporate sustainability strategy and performance. Our CEO provides the overall direction, leads strategic decision making and reviews sustainability implementation and performance with the support of CFO.

The Sustainability Working Committee comprises Inari's management team and representatives from various departments responsible for materiality assessment, and undertake the role of identifying, evaluating and monitoring of sustainability initiatives and actions, and executing and implementing the sustainability initiatives to align to the Group's vision, mission and corporate beliefs.



Sustainability Statement

cont'd

OUR ROADMAP FOR SUSTAINABILITY (cont'd)

Stakeholder Engagement

We recognise the importance of stakeholder engagement in identifying, understanding and responding to their concerns. Inari is committed and will continuously engage our stakeholders in a timely, effective and transparent manner. Our Investor Relations and Stakeholder Engagement Programme ensures that accurate and quality information about the Group's developments, operations and financial performance reach a broad range of interest groups.

Members of the Sustainability Working Committee have conducted the Stakeholder Engagement Programme to identify key stakeholders for the Group which evaluates the level of influence and dependence, whether direct or indirect and their influence towards the Group. We have identified customers, employees, shareholders/investors, media, suppliers, government & regulators and local communities as our key stakeholders. Upon this process of identification, we have conducted a stakeholder prioritisation through the materiality assessment exercise as mentioned earlier.

Our approach to our direct and indirect stakeholders can be summarised below:

Stakeholder Group	Type of Engagement	Sustainability Topics
Customers	<ul style="list-style-type: none"> - Customer satisfaction surveys - Annual audit on operations - Ad-hoc meetings - Real-time production status updates 	<ul style="list-style-type: none"> - Build long term relationships - Ensure product quality and timely delivery - Demonstrate good EES adherence and practices
Employees	<ul style="list-style-type: none"> - Volunteer programs - Hotline - Feedback boxes - Annual appraisal - Town hall meetings 	<ul style="list-style-type: none"> - Work environment - Physical and mental health - Law-abiding operation - Employees' reward and compensation packages - Equal opportunity for career advancement - Engage on company's business performance and growth
Investors/ Shareholders	<ul style="list-style-type: none"> - Quarterly analysis briefing - Quarterly financial results - Annual General Meeting - Annual reports - Corporate website - Dedicated investor relations team - Regular plant visits for further understanding on our operations - Company's email address and contact details for enquiries 	<ul style="list-style-type: none"> - Strong and sustainable financial performance - Continuous business growth and expansion plans - Demonstrate good EES adherence and practices - Transparency in financial reporting
Media	<ul style="list-style-type: none"> - Press releases 	<ul style="list-style-type: none"> - Timely and accurate announcements and information on Inari's website
Suppliers	<ul style="list-style-type: none"> - Supplier selection via pre-qualification and registration - Regular supplier performance evaluation 	<ul style="list-style-type: none"> - Forging strategic partnerships - Fair tender practices - Payment timeliness
Government & Regulators	<ul style="list-style-type: none"> - Participation in programs organised by government bodies - Engaging dialogs with regulators - Participation in industry and government interest groups - Organising plant visits 	<ul style="list-style-type: none"> - Regulatory compliance - Supporting country's economic interest and growth
Local communities	<ul style="list-style-type: none"> - Volunteering programs - Engagement and participation in community events 	<ul style="list-style-type: none"> - Financial and non-financial contributions to local communities - Good corporate citizenship

OUR ROADMAP FOR SUSTAINABILITY (cont'd)

Stakeholder Engagement (cont'd)

Based on our evaluation of the Stakeholder Engagement Programme, peer comparison reviews, industry business trends at national, regional and global level as well as environmental and social trends, we have identified and classified the sustainability matters relevant to the Group into the following aspects:



Below summarised the steps we took in determining our material sustainability matters:



Materiality Assessment

We assessed the significance of each of the sustainability matters on its level of impact and influence to the Group based on a rating methodology through our internal discussion by Sustainability Working Committee. The results of this assessment were positioned on the materiality matrix below. In the future, we plan to conduct a comprehensive survey with the representatives from each stakeholders identified from our Stakeholder Engagement Programme to determine the materiality matrix.

Sustainability Statement

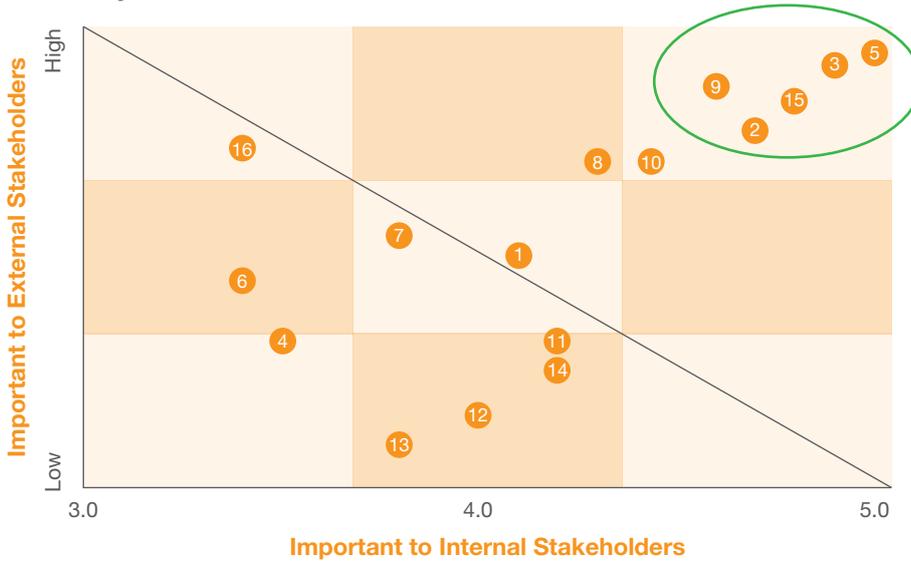
cont'd

OUR ROADMAP FOR SUSTAINABILITY (cont'd)

Stakeholder Engagement (cont'd)

Materiality Assessment (cont'd)

Materiality Matrix



Material EES Issues	Description
ECONOMIC	
1 Ethics & conduct	Comply with Inari’s Code of Business Conduct and Ethics; Whistle-blowing policy
2 Corporate governance & compliance	Risk management; Board management & oversight
3 Commitment to quality	Manage Quality Management System
4 Innovation as a culture	Industry 4.0 framework
5 Customer satisfaction	Manage customers’ expectations and needs
6 Branding & reputation	Manage branding and reputation
7 Local ecosystem & managing local supply chain	Focus on developing and building local supply chains
ENVIRONMENT	
8 Air & water quality	Efficient use of water
9 Energy usage	Efficient use of energy
10 Recycling & managing waste	Proper waste management
WORKPLACE	
11 Employee development, talent recruitment & retention	Attract, engage, inspire and retain talent; Internship programs
12 Healthier work-life practices	Employee wellness activities
13 Managing foreign labour	Fair treatment of foreign labours
14 Human & labour rights	Fair treatment of all employees; Protection of human & labour rights
15 Safer working environments	Manage Health, Safety & Environment (“HSE”) performance; HSE awareness & training
COMMUNITIES	
16 Supporting communities	Community engagement

ECONOMIC

Better results from better practices

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

Revenue

RM1,376.0 million
(FY2017: RM1,176.7 million)

Profit After Tax

RM260.1 million
(FY2017: RM228.6 million)

EBITDA

RM380.8 million
(FY2017: RM309.4 million)

Debt-to-Equity

0.02 times

Our Code of Ethics and Conduct

Inari's Code of Business Conduct and Ethics sets out the principles and standards which guide the way we conduct our business. Our Code of Business Conduct and Ethics 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 places greater emphasis on the internalisation of corporate governance culture within companies. In light of these reforms, the Board has directed its focus to promote a sound corporate governance culture. Towards this end, the Board has engaged a professional firm, KPMG Management & Risk Consulting Sdn Bhd ("KPMG"), to review our existing policies and procedures and also facilitate the development of policies and procedures that are in line with regulatory promulgations as well as recognised best practices. The Board has formalised a Policy on External Auditor, Code of Business Conduct and Ethics, Whistleblowing Policy and Procedures as well as Remuneration Policy and Procedures for Directors and Senior Management.

Anti-Corruption and Anti Money Laundering Policy

We strictly prohibit any of our Directors or employees from taking part in any form of corruption, extortion, embezzlement or any kind of money laundering activities. No contribution or donation will be made in order to gain any commercial or personal advantages.

All directors and employees are adequately informed and expected to promptly report, via the established reporting channels as provided for in the Group's Whistleblowing Policy and Procedures, of any suspicious transactions that may indicate corruption or money laundering.

Sustainability Statement

cont'd

ECONOMIC (cont'd)

Better results from better practices

Our Code of Ethics and Conduct (cont'd)

Whistle-blowing Policy

"We encourage employees to come forward and voice their concerns and report any misconduct occurring in the organisation. We view whistle-blowing as a positive act that can make valuable contribution to the Group"

The Group has always established a proper channel for whistle-blowing. We continually communicate this policy to all our employees and we have also set up general help line for a whistle blower to report inappropriate ethical behaviours and workplace grievances. The confidentiality of the whistle-blower is to be maintained, unless prohibited by law. Inari's Whistle Blowing Hotline is operated by a third party using a dependable complaint - reporting platform.

For FY2018, we did not received any complaint or report on workplace grievances nor any whistleblowing complaint from employees.

Corporate Governance and Compliance

Inari is committed to the principles and best practices of corporate governance as laid out in the Malaysian Code on Corporate Governance ("MCCG") 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 pages 60 to 67 of the 8th Annual Report for the financial year ended 30 June 2018 as well as Corporate Governance Report for an announcement and publication on the website of Bursa Malaysia Berhad.



Commitment to Quality

"Deliver quality services and products to our customers"

5.0



Inari is committed to delivering quality services and products to our customers, this includes the continual efforts of the following:

- Maintaining the Quality Management System (QMS) based on ISO 9001:2015 QMS model in general.
- Improving our QMS effectiveness continuously while maintaining the performance of our products.
- Producing safe and useful products to comply with applicable statutory and regulatory requirements, as well as customers' requirements and specifications.
- Using QMS to improve the efficiency of manufacturing processes through elimination of wastage and reduction of process variance.
- Aiming for On Time Delivery consistently.

ECONOMIC (cont'd)

Better results from better practices

Innovation as a Culture

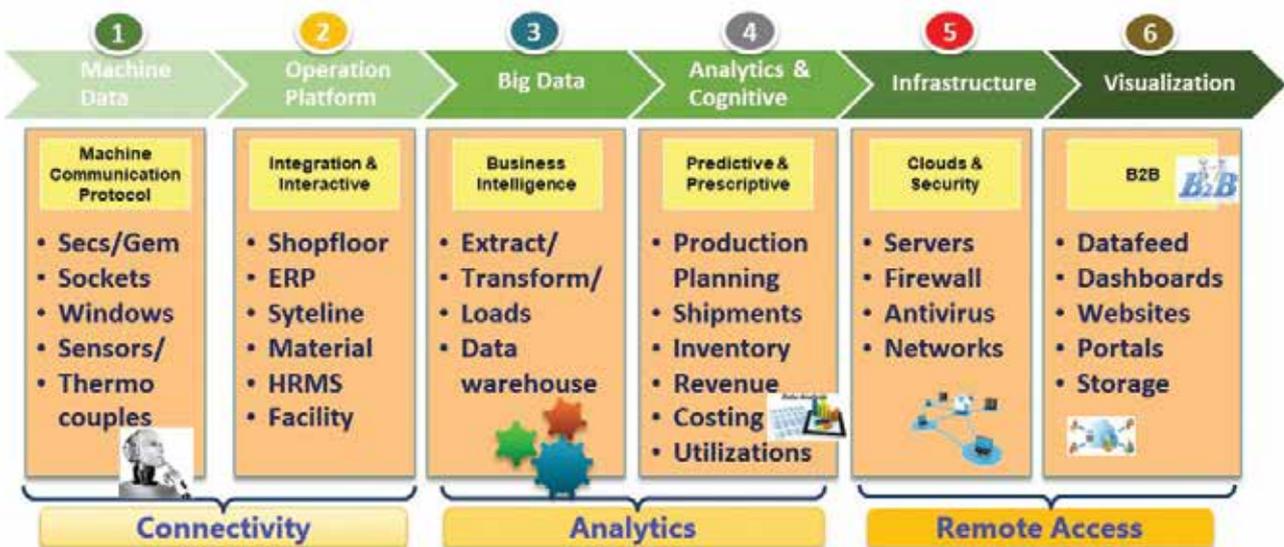
“Think ahead and always stay relevant to the needs of our customers”

Inari’s innovation is focussed on constant improvements in people, process, equipment and supply chain innovation embedded in Inari’s culture to ensure that our production and operations process flows become more efficient with each cycle alongside continual market and customer demands for higher quality, higher complexities and lower costs. This innovation culture isn’t something that can be easily copied by others and it is our ability to innovate that makes us stay ahead of our competitors.

Industry 4.0 introduces what is referred to as “smart factory or smart manufacturing” in which cyber physical systems monitor real time physical progress of the factory. Inari began the journey to embark into the Industry 4.0 since FY2017. We have defined our very own smart manufacturing “pillars” which consists of 6 pillars of technology advancements (as shown in the diagram below):



Note: The standard pillars identified in Industry 4.0.



Note: Inari’s 6 pillars of technology advancements.

Sustainability Statement

cont'd

ECONOMIC *(cont'd)*

Better results from better practices

Innovation as a Culture *(cont'd)*

Inari is collaborating with several external parties such as system integrators, equipment suppliers, academia experts and government agencies throughout the adoption journey.

Based on the Industry 4.0 readiness assessment conducted by SIRIM Berhad on 12 March 2018, Inari Technology Sdn Bhd ("ITSB") had achieved the highest ranking (Rank 1: Leaders)* under their defined readiness matrix. It is also proven that ITSB has invested in Industry 4.0 related production technologies and human capital development for continuous improvement of in-house production facilities so as to realise the dream of becoming a truly world class smart manufacturer.

No. of Technicians and Managers with knowledge and skills in Industry 4.0 trained and developed

2017 : **30 persons**
To-date: **63 persons**

Rank 1st
In Industry 4.0 readiness assessment (SIRIM)

Below summarised our transformation results pertaining to Industry 4.0:

PLATFORMS

CONNECTIVITY

- CONNECT ALL OPERATION + FACILITY EQUIPMENT & RETRIEVE DATA
- CONNECT PROCESS & RETRIEVE PARAMETER
- LINK ALL OTHER APPLICATION (MATERIAL, HRMS, FINANCE, SHOPFLOOR)



INTERFACING

- ESTABLISH: HUMAN - MACHINE - PROCESS LINKAGES
- RUN OPERATION BY INTERFACING: SOURCE TO SERVER TO USER
- REMOTE, MOBILE, INTERACTIVE



ANALYTICS

- RETRIEVE, PROCESS, ANALYZE, SUMMARIZE, RESTORE
- RUN BIG DATA ANALYTICS - DATA SCIENCE / COGNITIVE / PREDICTIVE
- MACHINE LEARNING - DEEP LEARNING



VISUALIZATION

- DASHBOARDING
- FOR HIGH LEVEL DOWN TO SHOPFLOOR LEVEL
- ANDROID BASED, WEB BASE



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 follow a customer focussed approach in all our dealings whereby customers' requests and any dissatisfaction are handled in an objective and attentive manner with urgency and utmost respect for privacy. 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.

Branding and Reputation

"More than just a chip manufacturer"

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 forward our best effort every day to ensure we are an outstanding OSAT & EMS manufacturer, and one to be choice in our industry.

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

List of Awards Received

- ✓ Broadcom's Strong Partnership & Excellent Shipment Support for 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
- ✓ The Edge Billion Ringgit Club Awards (Highest Returns to Shareholders Over Three Years) in 2016
- ✓ BestBrands Blue Chip Award 2013 (Electronics Manufacturing) by the BrandLaureate SMEs

Local Ecosystem and Managing Local Supply Chain

Supporting Local Ecosystem & Local Procurement

Inari believes the health of the local electrical and electronics ("E&E") ecosystem is an important factor in our long-term economic sustainability and therefore it is important for Inari to work with government agencies and industry groups, and as well as on our own to support and develop the local ecosystem.

In recent years, Inari initiated our own local industry ecosystem and has worked with various local equipment manufacturers and academia with co-developing or improving on existing equipment performance as well as creating total new automation, machine connectivity and data extraction systems. Such collaboration also forms a part of our Industry 4.0 framework.

Sustainability Statement

cont'd

ECONOMIC *(cont'd)*

Better results from better practices

Local Ecosystem and Managing Local Supply Chain *(cont'd)*

Supporting Local Ecosystem & Local Procurement *(cont'd)*

Our efforts have benefited local equipment manufacturers in their gaining new capabilities and new platforms resulting in enhancement of their company portfolios and profiles. This also has 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 program as university-owned research and development are used and tested in industry, and 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 impact of foreign exchange fluctuations with local purchases in RM. 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.

Automation and control systems are an integral part of our High-Volume Manufacturing operations. These systems ensure high productivity and product quality when manufacturing complex products. Such complex systems require increasingly higher skilled workers to man and result in Inari progressively focusing on up-skilling of current indirect labour more than relying on additional low-skilled direct foreign labour.

Ecosystem Collaborations Diagram



ENVIRONMENT

Caring for our planet



“We aim to deliver green and safe services and products for the good of environment”

We are committed to providing environmentally friendly products to our customers. This is achieved through continual effort to provide and improve work processes and work environment to be cleaner and safer for the customers, employees, communities and our society.



2018

Water saved

2.6k m³

(Based on wafer output capacity)



2018

Electricity saved

759.7k kWh/sqft

(Based on production floor space)



2018

Waste recycled

199.9 tonne



2018

Air pollution

Nil

Sustainability Statement

cont'd

ENVIRONMENT (cont'd)

Caring for our planet

Climate Change Management

The key areas of focus in our climate change management are to reduce hazardous gas emission; ensure efficient use of water resources; enhance energy consumption efficiency and maximizing recovery, re-use and recycling activities.

Inari Malaysia received several certifications from local and international governing bodies in recognizing our effort to preserve the environment.

Below are the certifications which we received pertaining to Environment, Health & Safety ("EHS") compliance:



Air & Water Management

We strive to reinforce and improve pollution prevention measures. We have implemented ISO 14001 Environmental Management in our facilities to minimize environmental impact through pollution prevention mechanisms.

Gas Emission

Good air quality is fundamental to our personal well-being and poor air quality will adversely affect our health and the environment. At Inari, our production processes emit almost no hazardous gases as they are environmentally clean processes.

Hazardous Gas Emission Target: Below quantitation limits

Below are data collected on gasses emission as at FY2018:

Types of Hazardous Gasses		Concentration (mg/Nm ³)
1.	Sulphuric Acid	Not detected
2.	Sulphur Trioxide	Not detected
3.	Oxide of Nitrogen	12*
4.	Hydrogen Sulphide	Not detected
5.	Hydrogen Chloride	Not detected
6.	Chlorine Gas	Not detected
7.	Hydrogen Fluoride	Not detected
8.	Fluorine	Not detected

* Standard limit is 2,000 mg/m3 as stated in the Department of Environment Malaysia Written Approval Limit (Ref No.: AS(B)BL38/250/000/001).

Water Management

Our wafer fabrication and packaging facilities consumed a large portion of our daily water usage. The water is used to clean silicon wafers during fabrication.

Our plants are equipped with complex rinse water collection systems, with separate drains for collecting lightly contaminated wastewater for reuse in our plants' toilet flushing systems. With this reuse strategy, we harvest as much water as we can from our manufacturing processes for reuse purposes.

Water Reduction Target: Reduce water consumption per wafer capacity by 5% as compared to 2017 as baseline

ENVIRONMENT (cont'd)

Caring for our planet

Air & Water Management (cont'd)

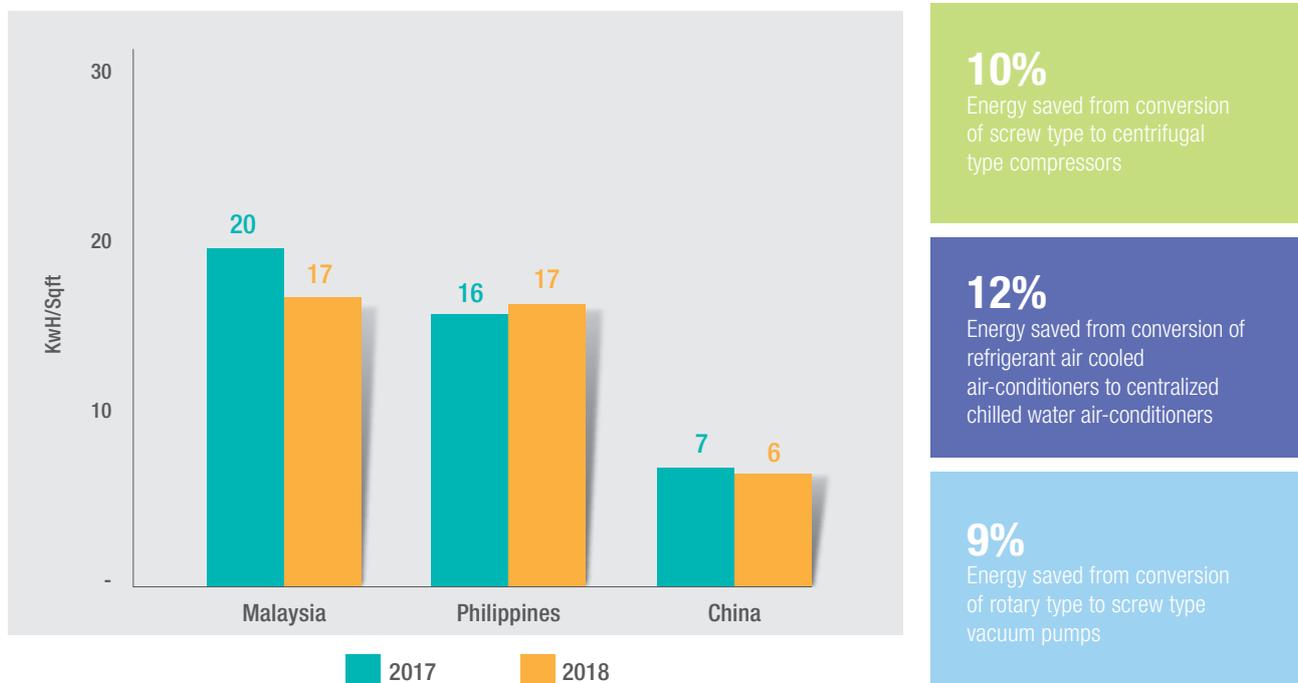
Water Management (cont'd)

<p>2018 Water consumption</p> <p style="font-size: 2em; font-weight: bold; color: white;">0.83</p> <p style="font-size: 0.8em; color: white;">m³/wafer capacity</p>	<p>2017 Water consumption</p> <p style="font-size: 2em; font-weight: bold; color: white;">0.89</p> <p style="font-size: 0.8em; color: white;">m³/wafer capacity</p>	<p>Reduction of water consumption by:</p> <p>Converting from single spindle to dual spindle machines which increase wafer fabrication capacity while reducing water intake.</p>
---	---	--

Energy Usage

The Group's usage of electricity is ever increasing due to our production volume expansion from year to year. Therefore, we continuously expend effort to re-engineer our production lines and increasing automation to conserve energy, reduce energy cost and ultimately enhanced energy consumption efficiency. To optimise energy consumption, we constantly work on ensuring our facilities and manufacturing processes utilise energy efficiently and ultimately contribute to reducing our global warming impact. The energy consumption by geographical area for our plants is set out below:

Energy Reduction Target: Reduce energy usage per square feet by 5% as compared to 2017 as baseline



We have especially laid out forward plans to improve the efficiency of energy usage for our Clark plants in Philippines in FY2019 after the closing of the Paranaque plant to integrate operations into Clark.

Using Energy Saving LED Lights for Inari Plants

Since 2017, Inari has embarked to progressively roll out light emitting diode ("LED") lights in all our plants to replace the conventional fluorescent lights which typically consume more electricity and have a shorter product life span than LED ones.

Sustainability Statement

cont'd

ENVIRONMENT (cont'd)

Caring for our planet

Recycling and Managing Waste

At Inari, we practise the **3R program** which is “recovery, re-use and re-cycle” in managing wastes produced from operations. The wastes produced are properly segregated, recovered or recycled wherever possible. We hire reputable local waste recovery contractors with expertise in recycling electronics and scheduled-waste to recycle the waste into other usable and re-usable forms. The waste recovery contractors are selected through a strict selection and audit process.

3R waste management diagram:



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 other solutions used by other industries.

ENVIRONMENT (cont'd)

Caring for our planet

Recycling and Managing Waste (cont'd)

Below is the example list of production wastes which Inari recycled:

Production Wastes	3R Program	Recycled Products
Solder waste	Recycle	New solder wire
Electronic waste	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
Contaminated container	Re-use	Cleaned container
Contaminated rags & gloves	Re-use	Re-use as low grade rags & gloves
Plastic scrap	Recycle	Plastic pallet
Metal waste	Recycle	Precious metal

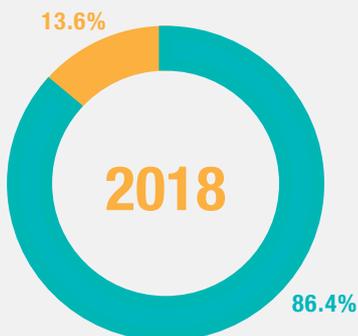
Waste Reduction Target: Achieve 90% recycling rate of waste generated



Recovery, Re-use and Re-cycle Rate

93.8% 2018

93.3% 2017



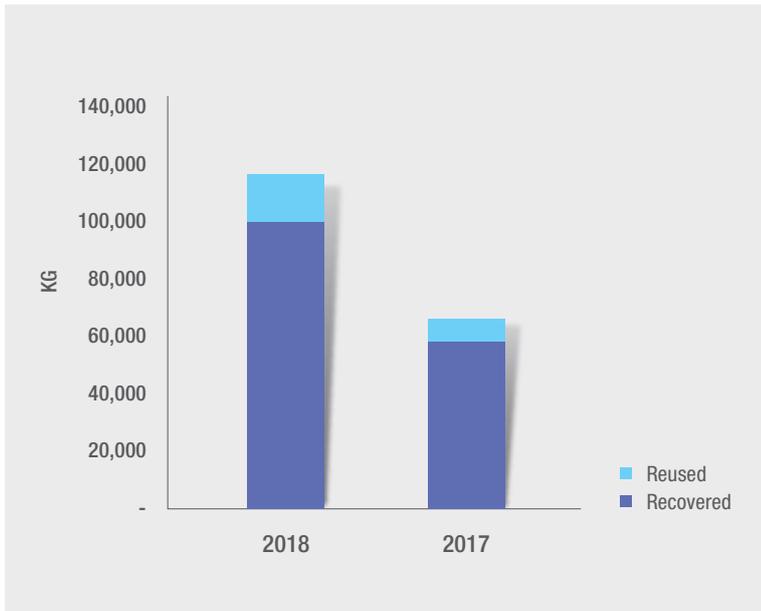
Sustainability Statement

cont'd

ENVIRONMENT *(cont'd)*

Caring for our planet

Recycling and Managing Waste *(cont'd)*



Below summarise our methodology of 3R program in order to achieve our target:

3R Program	Methodology
Recovery	<ul style="list-style-type: none"> Invested in Industrial Effluent Treatment System Increase efficiency in extracting pollutants Ensuring cleaner waster discharged to environment
Reuse	<ul style="list-style-type: none"> Collaboration with hi-tech waste agent who accredited by Department of Environment Increase waste reuse proportion
Recycle	<ul style="list-style-type: none"> Collaboration with hi-tech waste recycling agent
Disposal	<ul style="list-style-type: none"> Minimise the mass ended up in landfill

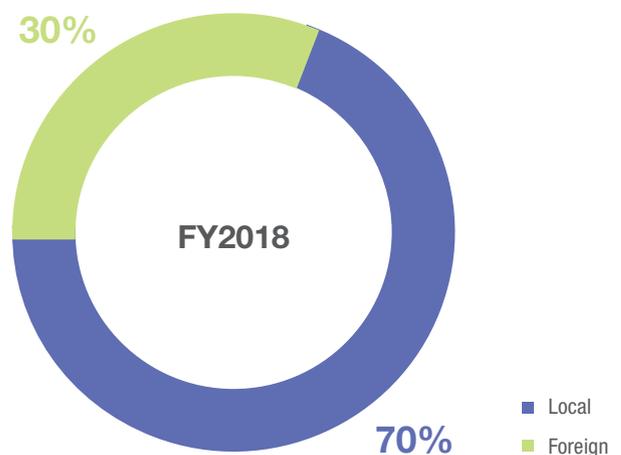
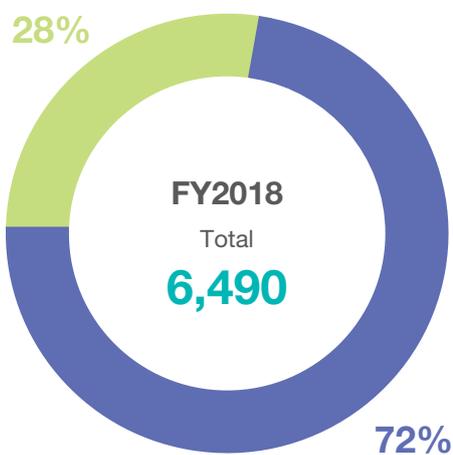
WORKPLACE
Caring for our people



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

Inari abides by international standards, and 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 we also provide equal career development opportunity to all our employees. We strictly uphold our employment policies which require that recruitment, promotion, wages, training opportunities, and retirement must be people-oriented, lawful, fair, and without discrimination of gender, age, nationality, religion, birthplace, country of origin and language.

Employee Statistics:



Note: Foreign employees are contract workers.

Sustainability Statement

cont'd

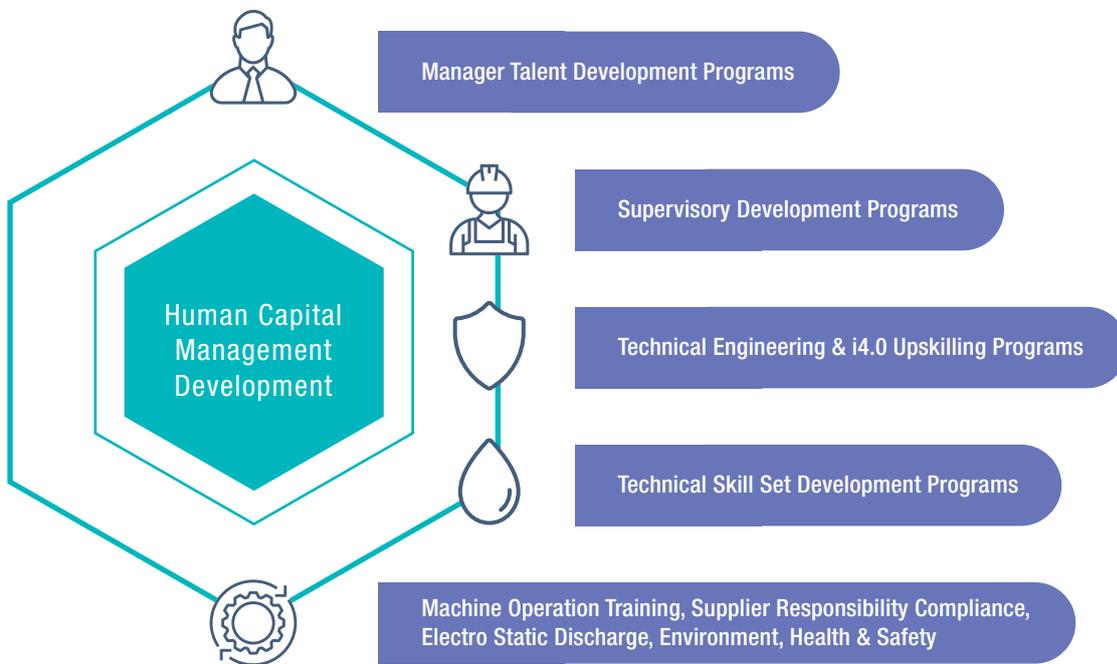
WORKPLACE *(cont'd)*

Caring for our planet

Employee Development, and Talent Recruitment & Retention

We invest in providing professional development, leadership training and continuous learning to our employees with the aim to reform, develop and modernise the performance standard and quality across the Group. The results enable the Group to stay on the forefront of innovation. Our employees undergo comprehensive orientation initiatives 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 programs (Total: 19 programs).

Compensation Benefits

We comply with the minimum wage guidelines of the respective countries in which we operate. In addition to competitive salary, bonus and benefits packages, we also provide our employees with the Employee Share Option Scheme (“ESOS”). The salary scale is reviewed on a periodic basis and benchmarked against companies in the same industry. Employees also receive personal health insurance coverage as a part of their benefits.

Year	Average hours of training per employee per year
2018	15
2017	15
2016	16

During the year, we upgraded the health insurance program of the employees in Philippines. Under this upgraded program, the employee is entitled to have an annual physical medical examination apart from the other common entitlement such as out-patient and in-patient coverage.

WORKPLACE *(cont'd)*

Caring for our people

Healthier work-life practices

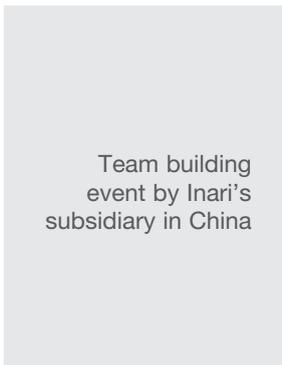
To enhance our employees' quality of life, we are committed to providing ample programs for our employees to stay healthy as we believe that contented and engaged employees will be in a better position to deliver exceptional performance to the Group.

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 organize 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 outdoor sport events such as bowling, volleyball and badminton. During the year, we built two (2) basketball courts; in Penang, Malaysia, and Philippines respectively.



Annual Appreciation Dinner by Inari's subsidiary in Penang



Team building event by Inari's subsidiary in China



Basketball and volleyball events held in Philippines

Sustainability Statement

cont'd

WORKPLACE *(cont'd)*

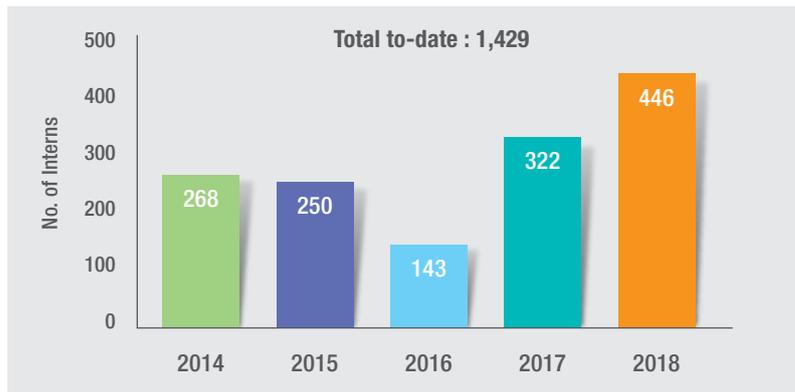
Caring for our people

Sustainability of Talent Supply

Attracting, engaging and inspiring talent are crucial tasks 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 programs.

Internship Programs

Since 2014, 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 programs host one of the highest number of interns per year amongst Malaysian companies in our industry. We are proud to say we have hired 1,429 interns since the inception of this internship program.



Managing Foreign Labour

Only foreign workers with legal work permits are hired. We do not require 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 the similar benefits as local employees. We strictly prohibit and will not enforce unlawful withholding of their wages, passport or other personal documents. Inari does not employ any persons below the age of eighteen.

Respecting Human and Labour Rights First

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 our human resource policy that enshrines the following:

Non-discrimination	Zero Tolerance to Harassment	No Involuntary Labour	Free of Association	Availability of Grievance Channel
---------------------------	-------------------------------------	------------------------------	----------------------------	--

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.

Ensuring safer working environment

Inari is committed to good health and safety practices, and a good work environment. We strive to achieve zero injury 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 the business units' safety records.

WORKPLACE (cont'd)*Caring for our people***Ensuring safer working environments** (cont'd)**Managing HSE performance**

We have in place an Occupational Safety and Health Management (“OSH”) unit to look after and report areas related to the Group’s health, safety and environment performance. The OSH reports on measures to be taken to prevent accidents from occurring and recurring.

2018**Minor Injury Reported**

2 cases
(2017: 4 cases)

We keep track and monitor all workplace accidents and illnesses.

Scores in OSH Management
(Kementerian Sumber Manusia)

A (81.30/100)

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
- Improve the safety of equipment/activities, with a special emphasis on lifelines

HSE Awareness and Training

HSE 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-job training, incident management, combustible dust hazard management, and emergency preparedness and response.



Employees attending safety training

Sustainability Statement

cont'd

COMMUNITIES

Giving back

Tree Planting Program

On 11 November 2017, Inari has participated in a tree-planting event organized by Penang State Government and Majlis Bandaraya Pulau Pinang. The purpose of this event is to encourage and create awareness towards younger generation on how important tree can contribute towards environment and also society. This event was also participated by non-government organization, private organization, local schools and universities.

A total of 14,300 trees by the species of **Cassia Fistula** were planted across Penang State. This event was recorded under in the Malaysia Book of Records.



Blood Donation Campaign

Inari encourages all the employees of the Group to participate in blood donation campaigns be it internal or external events. We collaborate with Penang General Hospital to organise a blood donation campaign annually. In FY2018, we manage to attract 50 employees to participate in the year's campaign.



COMMUNITIES *(cont'd)*

Giving back

Gotong Royong Activity



On a bright morning on 16 December 2017, a total of 83 employees of Inari participated in a gotong royong or community clean up activity held and organized by Seberang Prai City Council and Persatuan Komuniti Cassia Barat.

Top Up Financial Assistance Education Fund and Excellence Award

Inari collaborates with Penang Skills Development Centre (PSDC) to provide financial assistance and excellence awards for a 3-year period amounting to RM300,000 ending in 2019 with the aim to help deserving candidates from low income families to complete their engineering studies.

Lingap Para Sa Mga Katutubo

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 each year.



Sustainability Statement

cont'd

COMMUNITIES *(cont'd)*

Giving back

Donation to Children's Protection Society



Children's Protection Society ("CPS") is a non-profit organization which helps neglected, abandoned, and abused children coming from dysfunctional and poverty stricken families. During the year, Inari made a donation to CPS and also organised a "day out" event with these children.

PROGRESS AGAINST OUR TARGETS

TARGET	FINANCIAL YEAR	PROGRESS UPDATE
<p>Corporate</p> <p>Establish a Group Board-approved sustainability roadmap to improve policy developments, implementation and strategy</p>	2018	Achieved. We will continue to revise our sustainability roadmap from time to time to address comprehensively our business activities across the Group.
<p>Economic</p> <p>Establish robust customer engagement measurement system</p>	2018	Achieved. Annually there are business reviews and performance assessments carried out with our major customers.
Continuing implementation of Industry 4.0 framework	2018 - 2020	Achieved. Currently, the implementation is scattered across the manufacturing sites. Next is to proliferate the pillars across all the sites and functions to establish total connectivity within Inari. Target to complete implementation by 2020.
Zero Quality Defect at the workplace for all business divisions	Ongoing	Achieved. We have set targets for each business divisions and we are able to reduce the defects via KPIs set on each production line.
<p>Environment</p> <p>Perform a carbon footprint assessment</p>	2018	In Progress. We are in the midst of determining the best calculation method to measure our carbon footprint. We expect to implement this assessment by 2019.
Perform an energy and water footprint assessment	2018	Achieved. Kindly refer to page 12 to 17.
Adopting new technologies to manage waste	2018 - 2020	Achieved. This is ongoing process. For more information, kindly refer to page 12 to 17.
<p>Workplace</p> <p>5% overall reduction in accidents</p>	2018	Achieved. Based on FY2017 as a baseline, we have reduced the no. of accidents in plants by more than 5%. Kindly refer to page 22.
Review leadership competencies to enable business growth	2018	Achieved. We have requested a third party to conduct the directors' effectiveness evaluation for all the directors of Inari.
Improvement measures following the feedback from Employee Engagement Survey	2018 - 2020	Achieved. This is ongoing process and we have started our Employee Engagement Survey in FY2018.
<p>Community</p> <p>Develop a Group-level community investment strategy</p>	2018	In Progress. To-date, our corporate citizenship programs are managed by individual subsidiaries. We undertake to have a common corporate citizenship program at Group level by FY2020.

Note:

Moving forwards, we will focus and expand our performance review to each of the sustainability matters which we identified in page 5 by disclosing our results against the targets set. No new target is added in the section this year. However, we will continue to disclose our progress for those targets which achieved and also which are ongoing.