LESTARI GEMS

Vol. 9

Sustainability the Infineon Way

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Featured Report

Technology: Accelerating Decarbonisation

ESG News Round-up

Biden announces USD600m climate resilience investments

President Joe Biden has announced over USD600m in climate investments to help coastal communities around the country fight climate change during a visit to Palo Alto, California.

The investments will be funded by Biden's climate and infrastructure bills and will include a USD575m project to fight rising sea levels, storm surge and tidal hurricanes. It also includes a USD67m investment for California to modernise its electric grid to reduce the impact of extreme weather events such as wildfires. ─ *Reuters*

UN adopts world's first treaty to protect high seas biodiversity

The UN has adopted the world's first treaty to protect the high seas and preserve marine biodiversity in international waters, marking a milestone after nearly 20 years of effort, UN Secretary-General Antonio Guterres announced Monday.

The adoption followed an agreement reached in March by more than 100 countries on the of text of the Biodiversity Beyond National Jurisdiction treaty. The pact is a key plank in efforts to put 30% of the world's land and sea under environmental protection by 2030. ─ *Reuters*

Asian firms 'not telling full story'

More companies in Asia Pacific are now reporting the risks they face from climate change, but many still fall short in declaring their full value chain emissions, or Scope 3 emissions, though this is set to change with new mandatory Scope 3 disclosure standards kicking in soon.

The report by the National University of Singapore (NUS) Business School and PwC scrutinised the sustainability reports of the top 50 publicly listed companies by market capitalisation across 14 jurisdictions in Asia Pacific. ─ *Eco-business*

Swiss citizens' aye to new law to reach net zero by 2050

The Swiss people have voted yes to a new climate law that will see the country cut net greenhouse gas emissions to zero by 2050. A majority of 59% of voters approved the government's Climate Protection Targets, Innovation and Strengthening Energy Security Act on 18 June. ─ *Euronews Green*

Gerdau to invest USD667m in sustainable mining platform

Brazilian steelmaker Gerdau SA will invest 3.2b reais (USD666.64m) by 2026 in a new sustainable mining platform in the Minas Gerais state - a bid to boost its iron ore output while reducing emissions.

The new platform will raise the production capacity of Gerdau's Miguel Burnier mine to 5.5m metric tonnes of iron ore per year and is scheduled to start operating at the end of 2025, according to the company. ─ *ESG News*

ESG CALENDAR

Small Business, Big Impact

Organiser: UN Global Compact Network Malaysia & Brunei

Date: 26 June 2023 (English)
27 June 2023 (Chinese)
Type: Virtual (Zoom Platform)
Register here

International Green Building Conference 2023

Organiser: Singapore Green Building Council

Date: 26−27 June 2023
Venue: Raffles City Convention Centre
Type: Physical, Paid
Register here

The 4th China Luxury Digital Innovation Summit 2023

Organiser: ECV International

Date: 26−27 June 2023
Venue: Shanghai Jing'an District
Type: Hybrid, Paid
Register here

Energy Asia: Charting Pathway for a Sustainable Asia

Organiser: ICP

Date: 26−28 June 2023
Venue: Kuala Lumpur Convention Centre
Type: In Person, Paid
Register here

Climate Investment Summit

Organiser: World Climate Foundation

Date: 28 June 2023
Venue: London Stock Exchange
Type: Hybrid
Register here (In Person)
here (Digital Access)

ESG Rating 4 stars

Company	F4GBM Index	Rating	TP (RM)
ABMB	Yes	OP	4.40
CIMB	Yes	OP	6.55
PBBANK	Yes	OP	4.90
KLK	Yes	OP	24.50
IOI CORP	Yes	MP	3.80
PPB	Yes	OP	19.30
MISC	Yes	MP	7.60
YINSON	Yes	OP	3.65
CTOS	Yes	OP	1.80
MPI	Yes	UP	15.26
INARI	Yes	MP	2.46
SUNCON		OP	2.13
GAMUDA		OP	5.15
SAMAIDEN		OP	1.15

ESG Rating 2 stars

Company	F4GBM Index	Rating	TP (RM)
TENAGA	Yes	OP	10.64
ARMADA	Yes	OP	0.75
TAANN		MP	3.40
KOSSAN		UP	1.28
SUPERMAX		MP	0.96
BAT		MP	10.00
CARLSBERG		MP	23.50
HEINEKEN	Yes	MP	28.60

Technology

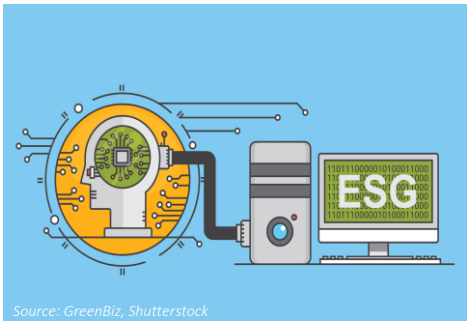
ESG: Accelerating Decarbonisation

By Samuel Tan I samueltan@kenanga.com.my

NEUTRAL

↔

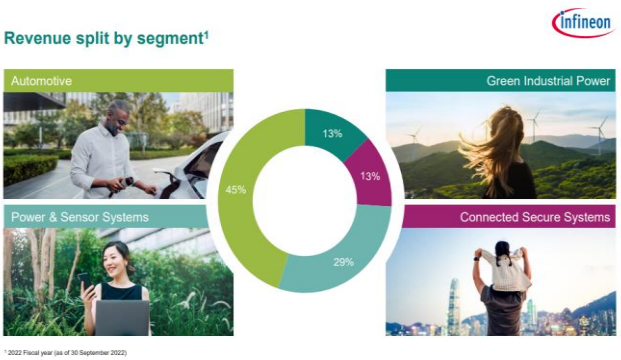
In the latest Kenanga Webinar Series titled "Accelerating Decarbonisation", Germany-based Infineon Technologies AG (Infineon), a globally renowned automotive semiconductor leader, showcased its sustainability initiatives. In addition to furthering its product innovation, the company places equal importance on enhancing its ESG practices, focusing on gender diversity in management positions and promoting STEM education through an international day care centre in Austria, where it owns one of the largest R&D institutions in the country. Infineon has made significant progress in reducing greenhouse gas (GHG) emissions and energy intensity with the goal of achieving carbon neutrality (scope 1 and 2) by 2030. Beyond that, the company also minimises environmental impacts through the incorporation of water recycling and circular economy practices, prolonging the use of resources and reducing demand for fresh resources. In comparison, local OSAT players such as MPI, INARI, and UNISEM are making advancements in gender diversity and environmental performance. We fine-tune our ESG ratings for respective companies (see Page 5) resulting in MPI and INARI maintaining their overall 4-star score, respectively, while UNISEM solidifies its 3-star rating.



Source: GreenBiz, Shutterstock

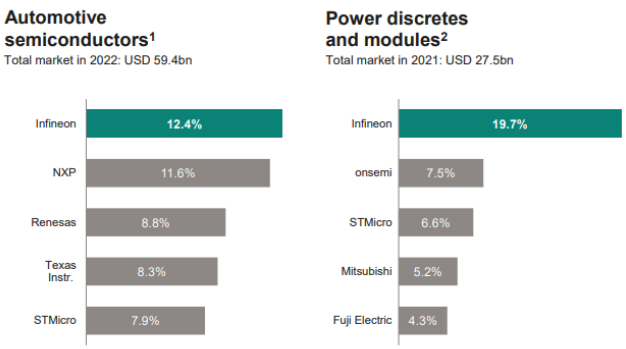
Leader in both technology advancement and ESG practices. Germany-based Infineon Technologies AG (Infineon) is a global leader in semiconductor solutions, renowned for its cutting-edge technologies and innovative products that are catered to various sectors. It has a workforce of 56,200 employees with presence across 19 locations worldwide, including a c.1.33m sq ft plant in Melaka, Malaysia where it is also the largest employer in the state with a workforce of c.9,000 people or c.2% of the local population. The group's extensive product portfolio (see Exhibit 1) includes automotive (45%), green industrial power (13%), power and sensor systems (29%) and connected secure systems (13%). Infineon's success in delivering high-performance semiconductor solutions has also established it as a key player (see Exhibit 2) in the semiconductor industry with the largest global market share for automotive semiconductors (12.4% of total market of USD59.4b) as well as power discretes and modules (19.7% of total market of USD27.5b). Beyond its reputation as a leading semiconductor manufacturer, the company also places equal emphasis on environmental, social, and governance (ESG) initiatives. This is evidenced by its superior ESG scoring compared to global peers (see Exhibit 3). As part of our Kenanga Webinar Series titled "Accelerating Decarbonisation," we had the privilege of hosting Isabell Diel from Infineon's investor relations team. During the webinar, Isabell shared insights into Infineon's ESG goals, practices, and progress which provided a benchmark for Malaysian semiconductor players and how they can emulate these exemplary initiatives.

Exhibit 1: Infineon Revenue Segments



Source: Infineon

Exhibit 2: Infineon Market Share for Key Products



Source: Infineon, ¹TechInsights, ²Omdia

Exhibit 3: Infineon's ESG Scoring Compared to Peers

Infineon Technologies AG	NXP Semiconductors NV	Renesas Electronics Corp.	Texas Instruments Incorporated
ESG RISK RATING **18.0 Low** Negl **Low** Med High Severe	ESG RISK RATING **21.2 Medium** Negl Low **Med** High Severe	ESG RISK RATING **24.0 Medium** Negl Low **Med** High Severe	ESG RISK RATING **21.2 Medium** Negl Low **Med** High Severe
EXPOSURE **Medium** Low **Med** High	EXPOSURE **Medium** Low **Med** High	EXPOSURE **Medium** Low **Med** High	EXPOSURE **Medium** Low **Med** High
MANAGEMENT **Strong** Weak Avg. **Strong**	MANAGEMENT **Strong** Weak Avg. **Strong**	MANAGEMENT **Strong** Weak Avg. **Strong**	MANAGEMENT **Strong** Weak Avg. **Strong**

Source: Sustainalytics

Fostering a passion for technology. One of Infineon's key focus areas is gender diversity in its management positions, with a goal of having at least 20% female representation in its management positions. Based on its latest FY2022 sustainability report, the company has 16.5% female representation in management roles (see Exhibit 4), representing an uptick from 16% in FY2021. This improvement came in tandem with a 9.3% increase in management headcount which indicates that 21.8% of the new hires were female. While it's a step closer to achieving its goal, Infineon highlighted that improving this ratio further remains a challenging feat due to the lack of female participation in the semiconductor field. With this understanding, Infineon has decided to tackle this issue from its roots by establishing an international day care center (IDC) in Villach, Austria to introduce science, technology, engineering, and mathematics-orientated (STEM) education from a young age. IDC Villach offers a rich learning environment with dedicated miniLABs, providing children with hands-on opportunities to engage in scientific experiments. Additionally, IDC Villach hosts "Girl's Day", an event specifically designed for elementary school girls, where they can discover their talents and abilities in the technical field. These initiatives yielded positive outcomes with IDC Villach securing two awards in the 2021 MINT-Girls Challenge in Vienna (MINT is the German equivalent of STEM).

The strategic emphasis on nurturing STEM education in Austria serves as a natural alignment with the group given that Infineon Austria is the only subsidiary, alongside its counterpart in Germany, within the Infineon Group that pools competencies for research and development (R&D), production as well as global business responsibilities. With a workforce of 5,461 employees (including 2,387 in R&D) and a substantial R&D expense of €585m (c.RM2.93b), representing 11.3% of the subsidiary's FY22 revenue, Infineon Austria solidifies itself as one of the strongest industrial research companies in Austria.

Exhibit 4: Infineon Employee by Gender and Management Class (FY21 vs FY22)

		Employees total	Female[2]	Male[2]
FY 2021	Middle and senior level management[3,4]	9,232	16.0	84.0
	Entry level management[3]	10,760	29.0	71.0
	Non-management staff	30,296	44.2	55.8
	Total	**50,288**	**35.8**	**64.2**
		Employees total	Female[2]	Male[2]
FY 2022	Middle and senior level management[3,4]	10,094	16.5	83.5
	Entry level management[3]	11,981	29.9	70.1
	Non-management staff	33,427	44.0	56.0
	Total	**55,502**	**35.9**	**64.1**

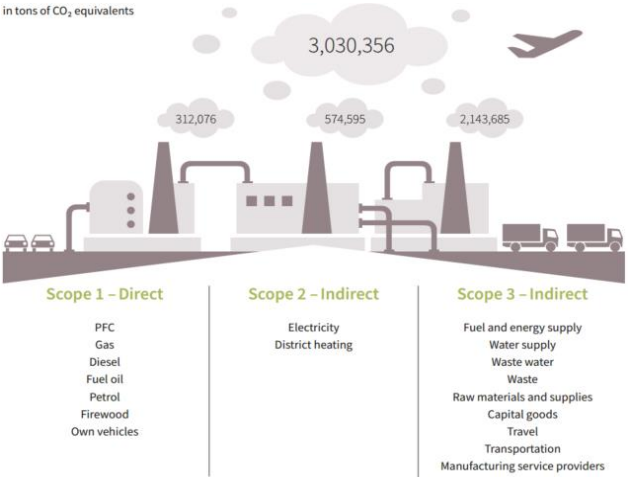
Source: Infineon

Exhibit 5: International Day Care in Villach, Austria

Source: IDC Villach

Carbon neutrality by 2030. Climate change remains a global challenge largely due to carbon emission from various sources. In Infineon's case, it's the use of greenhouse gases (GHG) which include perfluorinated compounds (PFC) such as polyfluorinated carbon compounds, sulfur hexafluoride (SF_6) and nitrogen trifluoride (NF_3) that are critical in wafer-etching processes for fabricating wafers and cleaning production equipment. Given that these gasses are difficult to be replaced in the manufacturing of semiconductor chips, and the continued rise in demand due to increasing chip complexity, it is unsurprising that they account for 80.7% of Infineon's scope 1 emissions. However, the company has taken proactive counter measures to lower the emissions by improving its production efficiencies coupled with voluntary investment in smart abatement systems which has reduced its scope 1 emissions by c.68% to 312,076 tonnes (vs. 990,033 tonnes of CO_2 if without the abatement system). Including both scope 1 and 2 emissions (which comprise indirect emissions from electricity and district heating), it has reduced its emissions by 23.4% since the base year of 2019. Infineon aims to achieve carbon neutrality (scope 1 and 2) by 2030 and is confident of achieving 70% of its target even by 2025. To accomplish this, the company relies on three main strategies which include avoiding direct emissions, purchasing green energy, and compensating emissions by using certificates that combine development support and CO_2 abatement.

Exhibit 6: Types of Emission (in tonnes of CO_2)



Source: Infineon

Exhibit 7: Infineon's Energy Consumption FY22 (in GWh)

Energy consumption (direct/indirect)
in gigawatt hours

Direct energy (scope 1) renewable	**0.86**
Firewood	0.86
Direct energy (scope 1) non-renewable	**302.66**
Natural gas	280.60
Liquid gas	0.63
Petrol	0.03
Petrol (cars)	2.76
Diesel	1.30
Diesel (cars)	15.17
Fuel oil	2.17
Indirect energy (scope 2)	**2,264.48**
Electricity	2,152.63
District heating	111.51
Electricity (cars)	0.34
Total	**2,568.00**

Source: Infineon

Managing energy consumption. Infineon's main energy consumption stems from the usage of electricity (see Exhibit 7) while petrol and gas only consist of a very small portion. This is due to the energy intensive nature of wafer fabrication processes which requires high powered machinery. For illustration, a leading-edge extreme ultraviolet (EUV) equipment used for the lithography process is estimated to consume up to 30,000 kWh a day while an average household in Malaysia consumes on average 400 kWh per month. This means the energy consumed to run an EUV machine a day can power a household for >6 years. To minimize consumption, Infineon has dedicated energy teams in each of its production which are responsible for the optimisation and continuous evaluation of its usage and efficiencies. The group has in place a recycling system where it captures exhaust heat to be repurposed, therefore reducing the demand for energy to produce heating power. This has led to improvements in its energy consumption (in kWh) per unit of revenue where it stands at 0.18 in FY22 (vs. 0.24 in FY20).

Furthermore, we learnt that the company also incorporates an impressive technique for cooling its cleanrooms with river water, making use of the cold temperature in the region. The water is released back into the river in a controlled manner, ensuring that the change in water temperature does not deviate more than ±2°C and the river flow rate remains uninterrupted to avoid potential harm to marine life. Infineon believes firmly in the concept of a circular economy and practices it in house by: (i) purifying used solvents by distillation which then can be reused, and (ii) working with suppliers to streamline the refurbishment process for structured wafers that were rejected. Additionally, the group gives out used gases and chemicals to other industries that can make use of them in the effort to extend the useful life of its supplies.

Water conservation. As we have detailed out the importance of water in semiconductor manufacturing in our previous Tech ESG thematic report titled *"**Rinsing Responsibly**"* under Vol.3 Lestari Gems that was published on 24th Nov 2022 (click here for full report), it is no surprise that Infineon also uses a large amount of water (34.1m cubic metres of water in FY22) in its chip manufacturing process to generate ultrapure water for rinsing wafers during chemical deposition and also for cooling of

production equipment. To lower its fresh water withdrawal, the company has implemented water recycling process at sites (i.e. Mesa in USA, Temecula in USA and Tijuana in Mexico) that has been identified with high risk of water stress based on the Aqueduct Water Risk Atlas developed by the Water Resources Institute. As such, the company consumes c.30% less water per cm^2 of manufactured wafer compared to the global average figure collected by the World Semiconductor Council (WSC).

Comparison amongst local OSATs. While there isn't a direct local peer to Infineon, we still perceive Infineon's efforts in ESG practices as a valuable benchmark for local companies to emulate in their path to achieving sustainable business practices. Therefore, we draw parallels among local back-end or OSAT players such as MPI, INARI, and UNISEM (refer to Exhibit 8) to assess their alignment with the likes of Infineon's ESG practices. In terms of gender diversity, all three companies have exhibited a very healthy ratio of female employees. MPI has a 48% representation of women in the workforce, while INARI and UNISEM have higher proportions of 60% and 59%, respectively. MPI and UNISEM have made significant strides in gender representation among their board of directors, with 33% of positions held by women for both companies. INARI on the other hand fell short with a lower representation of only 9%.

Exhibit 8: Highlights of FY2022 ESG Performance of Local Companies vs Infineon

	MPI (vs. base year FY2015)	INARI (vs. base year FY2021)	UNISEM (vs. base year FY2020)	INFINEON (vs. base year FY2019)
Economic				
Economic Performance	↑ 74%	↑ 8%	↑ 36%	↑ 95%
Supply Chain Management (Spending on local suppliers)	55%	60%	32%	N.A.
Conflict Mineral Policy (Supplier compliance)	100% (33 suppliers)	No details on the number of suppliers	No details on the number of suppliers	100% (>360 suppliers)
Environmental				
Energy Intensity (GJ/k unit)	↓ 43% | 0.019	↑ 5.0% | 0.00002	↓ 3.4% | 0.084	↓ 22% | 0.18 kWh/€
GHG Emissions Intensity (tCO_2e)	↓ 43% | 0.004	↑ 5.0% | 0.00404	↓ 3.4% | 0.016	↓ 3.4% | 1.17 per m^2 including Scope 3
Water Intensity (m^3/K unit)	↓ 46% | 0.090	↓ 5.0% | 0.00004	↓ 56% | 0.090	↓ 19% | 19% m^3/K €
Social				
Community Investment	No details on amount	RM282,039 14,990 hours	RM102,050	EUR3.7m
Health & Safety	0 fatality 0.87 IFR*	0 fatality 0.10 IFR	0 fatality 1.03 IFR	0 fatality 0.38 injury rate **
Women in Workforce	48%	60%	59%	35.9%
Female Directors	33% (2/6)	9% (1/11)	33% (4/12)	44% (7/16)
Training (per employee)	4 hours	5 hours	32 hours	12.93 hours
Governance				
Anti-Corruption Training	100%	100%	100%	NA
FTSE4Good	Yes ★★★★	Yes ★★★★	Yes ★★★★	Yes

** IFR (injury frequency rate) is calculated per million hours worked; Fatality rate is calculated per 100,000 workers*

*** Injury rate is calculated as total injuries/total hours worked x 200,000*

Source: INARI, UNISEM, MPI, INFINEON

Focusing on environmental indicators, which are compared with their respective base years, MPI has the most significant reduction in its energy intensity by 43%, followed by UNISEM with a marginal decrease of 3.4%. INARI on the other hand trended in the other direction with a slight increase of 5% in its energy usage. Consequently, INARI saw a 5% uptick in GHG emission intensity. However, both MPI and UNISEM managed to achieve reduction in their GHG emissions intensity, with MPI demonstrating a significant 43% decrease and UNISEM achieving a 3.4% reduction. As for water intensity, all three companies were on the same trajectory with notable reduction in water intensity. UNISEM and MPI led the way with a

commendable decrease of 56% and 46% respectively while INARI saw a marginal decrease of 5%. These figures highlight the positive strides made by these companies in managing and conserving water resources. Overall, these data points demonstrate the ongoing commitment of these companies to enhance their environmental performance and promote sustainability.

Changes to our ESG rating. Upon gathering further insights, we fine-tune our rating on the three companies as follows:

i. **INARI** – The group's practices in relation to its energy intensity has been satisfactory but fell short compared to peers as it recorded an increase while peers managed to reduce consumption. However, INARI made it up with an improvement in its water intensity where it showed a 5% reduction. Therefore, we maintain our 3-star rating for the group's "energy efficiency" scoring.

ii. **MPI** – We upgrade its rating under both the "energy efficeincy" and "effluent/water management" categories to 3.5-star (from 3-star), respectively following the group's significant improvements in both its energy intensity as well as its water intensity where it recorded high double-digits decline in consumption. Additionally, the group has more comprehensive ESG disclosure overall compared to its peers which warrants an update to 3.5-star (from 3-star) for its "corporate governance" category.

iii. **UNISEM** – We also upgrade its "corporate governance" category to 3-star (from 2.5-star) following our recent review where we see improvement in its disclosures. Furthermore, the group's healthy balance of its female workforce with a representation of 59% as well as 33% of females on its board of directors warrant an upgrade in its "workers safety & wellbeing" category to 3.5-star (from 2.5-star). Additionally, we upgrade its "effluent/water management" scoring to 3.5-star (from 3-star) following the group's effort to significantly reduce its water intensity.

Overall post adjustments, INARI and MPI retains their 4-star ESG rating respectively while UNISEM solidifies its 3-star rating. We observe that local companies still have much room from improvements compared to global peers that are much ahead in the ESG journey. For instance, Infineon is already tackling scope 3 emissions, which are indirect emissions from the supply chain. The company uses the Integrity Next platform to centralize its ESG management among its various vendors across different countries. Infineon chose to use this platform for its dynamic analysis approach as it applies a risk-based supply chain assessment that is industry and country-specific. This way, Infineon is able to have a better understanding of its various vendors across the world and work with them on their ESG journey by offering targeted guidance. Inevitably, there will be extra costs incurred for adopting ESG initiatives but Infineon believes in the long-term benefits of these initiatives. To address the cost concerns, particularly for companies in the emerging economy, the company emphasises the importance of increasing investor awareness towards ESG such as the benefits if these implementations over the longer term and encourages other companies to follow in its footsteps.

Appendix

MPI

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★	★	
	Community Investment	★	★	★	★	
	Workers Safety & Wellbeing	★	★	★	☆	
	Corporate Governance	★	★	★	☆	
	Anti-Corruption Policy	★	★	★	★	
	Emission Management	★	★	★	☆	
SPECIFIC	Ethical Practices	★	★	★	★	
	Supply Chain Management	★	★	★	☆	
	Effluent/Water Management	★	★	★	☆	
	Energy Efficiency	★	★	★	☆	
	Waste Management	★	★	★	★	
	Technology & Innovation	★	★	★	☆	
	OVERALL	★	★	★	★	

Source: Kenanga

INARI

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★	★	
	Community Investment	★	★	★	★	
	Workers Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★	★	
	Emission Management	★	★	★	☆	
SPECIFIC	Ethical Practices	★	★	★	★	
	Supply Chain Management	★	★	★	☆	
	Effluent/Water Management	★	★	★		
	Energy Efficiency	★	★	★		
	Waste Management	★	★	★		
	Technology & Innovation	★	★	★	★	
	OVERALL	★	★	★	★	

Source: Kenanga

UNISEM

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★	☆	
	Community Investment	★	★	★	☆	
	Workers Safety & Wellbeing	★	★	★	☆	
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emission Management	★	★	★		
SPECIFIC	Ethical Practices	★	★	★		
	Supply Chain Management	★	★	★	☆	
	Effluent/Water Management	★	★	★	☆	
	Energy Efficiency	★	★	★		
	Waste Management	★	★	☆		
	Technology & Innovation	★	★	★		
	OVERALL	★	★	★		

Source: Kenanga

D&O

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★	★	
	Community Investment	★	★	★	☆	
	Management/Workforce Diversity	★	★	★		
	Corporate Governance	★	★	☆		
	Anti-Corruption Policy	★	★	★	★	
	Emission Management	★	★	★	☆	
SPECIFIC	Ethical Practices	★	★	★		
	Supply Chain Management	★	★	★	☆	
	Effluent/Water Management	★	★	★		
	Energy Efficiency	★	★	★	☆	
	Waste Management	★	★	★		
	Technology & Innovation	★	★	☆		
	OVERALL	★	★	★		

Source: Kenanga

KGB

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★	☆	
	Community Investment	★	★	★	☆	
	Workers Safety & Wellbeing	★	★	☆		
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emission Management	★	★	★	★	
SPECIFIC	Ethical Practices	★	★	★		
	Supply Chain Management	★	★	★	☆	
	Effluent/Water Management	★	★	★		
	Energy Efficiency	★	★	★		
	Waste Management	★	★	★		
	Technology & Innovation	★	★	☆		
	OVERALL	★	★	★		

Source: Kenanga

LGMS

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★		
	Community Investment	★	★	★		
	Workers Safety & Wellbeing	★	★	★	☆	
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emission Management	★	★	☆		
SPECIFIC	Service Quality & Certifications	★	★	★	★	
	Talent Management	★	★	★	★	
	Cybersecurity / Data Privacy	★	★	★	★	
	Energy Efficiency	★	★	★		
	Technology & Innovation	★	★	★		
	OVERALL	★	★	★		

Source: Kenanga

KESM

	Criterion	Rating
GENERAL	Earnings Sustainability & Quality	★ ★ ☆
	Community Investment	★ ★ ★
	Workers Safety & Wellbeing	★ ★ ☆
	Corporate Governance	★ ★ ☆
	Anti-Corruption Policy	★ ★ ★
	Emission Management	★ ★ ☆
SPECIFIC	Ethical Practices	★ ★ ★
	Supply Chain Management	★ ★ ★
	Effluent/Water Management	★ ★ ☆
	Energy Efficiency	★ ★ ★
	Waste Management	★ ★ ★
	Technology & Innovation	★ ★ ☆
	OVERALL	★ ★ ★

Source: Kenanga

JHM

	Criterion	Rating
GENERAL	Earnings Sustainability & Quality	★ ★ ☆
	Community Investment	★ ★ ★
	Workers Safety & Wellbeing	★ ★ ★ ☆
	Corporate Governance	★ ★ ☆
	Anti-Corruption Policy	★ ★ ★
	Emission Management	★ ★ ★
SPECIFIC	Ethical Practices	★ ★ ★ ☆
	Supply Chain Management	★ ★ ★
	Effluent/Water Management	★ ★ ★
	Energy Efficiency	★ ★ ☆
	Waste Management	★ ★ ★ ☆
	Technology & Innovation	★ ★ ☆
	OVERALL	★ ★ ★

Source: Kenanga

SKP

	Criterion	Rating
GENERAL	Earnings Sustainability & Quality	★ ★ ★
	Community Investment	★ ★ ★
	Workers Safety & Wellbeing	★ ★ ☆
	Corporate Governance	★ ★ ☆
	Anti-Corruption Policy	★ ★ ★
	Emission Management	★ ★ ☆
SPECIFIC	Ethical Practices	★ ★ ★
	Supply Chain Management	★ ★ ★
	Effluent/Water Management	★ ★ ☆
	Energy Efficiency	★ ★ ★
	Waste Management	★ ★ ★
	Technology & Innovation	★ ★ ☆
	OVERALL	★ ★ ★

Source: Kenanga

PIE

	Criterion	Rating
GENERAL	Earnings Sustainability & Quality	★ ★ ★ ☆
	Community Investment	★ ★ ★
	Workers Safety & Wellbeing	★ ★ ☆
	Corporate Governance	★ ★ ☆
	Anti-Corruption Policy	★ ★ ★
	Emission Management	★ ★ ☆
SPECIFIC	Ethical Practices	★ ★ ★
	Supply Chain Management	★ ★ ★
	Effluent/Water Management	★ ★ ☆
	Energy Efficiency	★ ★ ★
	Waste Management	★ ★ ★
	Technology & Innovation	★ ★ ☆
	OVERALL	★ ★ ★

Source: Kenanga

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OPPSTAR

	Criterion	Rating
GENERAL	Earnings Sustainability & Quality	★ ★ ★
	Community Investment	★ ★ ★
	Workers Safety & Wellbeing	★ ★ ★
	Corporate Governance	★ ★ ★
	Anti-Corruption Policy	★ ★ ★
	Emission Management	★ ★ ★
SPECIFIC	Service Quality	★ ★ ★ ★
	Talent Management	★ ★ ★ ★
	Cybersecurity / Data Privacy	★ ★ ★ ☆
	Energy Efficiency	★ ★ ★
	Technology & Innovation	★ ★ ★
	OVERALL	★ ★ ★

Source: Kenanga

NATIONGATE

	Criterion	Rating
GENERAL	Earnings Sustainability & Quality	★ ★ ★ ☆
	Community Investment	★ ★ ☆
	Workers Safety & Wellbeing	★ ★ ★
	Corporate Governance	★ ★ ★
	Anti-Corruption Policy	★ ★ ★
	Emission Management	★ ★ ★
SPECIFIC	Ethical Practices	★ ★ ★ ☆
	Supply Chain Management	★ ★ ★
	Effluent/Water Management	★ ★ ★
	Energy Efficiency	★ ★ ★
	Waste Management	★ ★ ★
	Technology & Innovation	★ ★ ★ ☆
	OVERALL	★ ★ ★

Source: Kenanga

GHL						
	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	☆		
	Community Investment	★	★	★		
	Workers Safety & Wellbeing	★	★	☆		
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emission Management	★	★	☆		
SPECIFIC	Service Quality	★	★	★		
	Talent Management	★	★	★	★	
	Cybersecurity / Data Privacy	★	★	★	★	
	Energy Efficiency	★	★	★		
	Technology & Innovation	★	★	★		
	OVERALL	★	★	★		

Source: Kenanga

☆ denotes half-star
★ -10% discount to TP
★★ -5% discount to TP
★★★ TP unchanged
★★★★ +5% premium to TP
★★★★★ +10% premium to TP

Malaysian Technology Peers Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside (%)	Mkt Cap (RM'm)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) – Core Earnings		PBV (x)	ROE (%)	Net. Div. (sen)	Net. Div. Yld (%)
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
D&O GREEN TECHNOLOGIES BHD	UP	3.91	2.68	-31.5%	4,840.1	Y	12/2023	7.8	10.7	-1.0%	37.9%	50.3	36.4	5.3	10.7%	1.3	0.3%
GHL SYSTEMS BHD	OP	0.830	1.05	26.5%	947.4	Y	12/2023	3.0	3.4	21.3%	12.9%	27.7	24.6	1.7	6.5%	0.0	0.0%
INARI AMERTRON BHD	MP	2.71	2.46	-9.2%	10,116.3	Y	06/2023	9.0	10.2	-14.1%	13.1%	30.1	26.6	4.0	13.3%	8.6	3.2%
JHM CONSOLIDATION BHD	MP	0.770	0.750	-2.6%	463.6	Y	12/2023	3.5	5.0	-8.3%	43.6%	22.1	15.4	1.4	6.5%	0.5	0.6%
KELINGTON GROUP BHD	OP	1.47	1.92	30.6%	945.2	Y	12/2023	8.7	9.0	1.1%	3.2%	16.9	16.4	3.3	21.3%	2.4	1.6%
KESM INDUSTRIES BHD	MP	7.06	6.91	-2.1%	303.7	Y	07/2023	(15.8)	1.2	-3500.0%	-92.6%	N.A.	569.8	0.9	-1.9%	7.5	1.1%
LGMS BHD	OP	1.07	1.32	23.4%	487.9	Y	12/2023	3.1	5.3	12.7%	70.4%	34.4	20.2	5.0	15.7%	0.0	0.0%
M'SIAN PACIFIC INDUSTRIES BHD	UP	28.70	15.26	-46.8%	5,708.3	Y	06/2023	41.8	105.8	-74.7%	153.3%	68.3	27.1	2.8	4.1%	35.0	1.2%
NATIONGATE HOLDINGS BHD	OP	1.30	1.40	7.7%	2,696.1	Y	12/2023	5.0	6.1	20.4%	22.8%	26.2	21.3	8.2	37.1%	0.3	0.2%
OPPSTAR BHD	MP	1.92	1.82	-5.2%	1,221.5	N	03/2024	4.5	6.1	34.0%	36.3%	43.0	31.6	7.8	19.3%	1.1	0.6%
P.I.E. INDUSTRIAL BHD	OP	3.04	4.05	33.2%	1,167.5	Y	12/2023	22.5	25.3	22.0%	12.5%	13.5	12.0	1.9	14.6%	7.0	2.3%
SKP RESOURCES BHD	UP	1.10	0.950	-13.6%	1,718.6	Y	03/2024	6.3	7.1	-31.6%	12.5%	17.5	15.5	2.0	11.4%	3.2	2.9%
UNISEM (M) BHD	MP	3.03	2.75	-9.2%	4,887.6	Y	12/2023	8.9	13.8	-41.2%	55.7%	19.7	17.7	2.0	5.9%	6.0	2.0%
Simple Average										-27.2%	34.5%	32.5	24.1	3.6	12.7%		1.2%

Source: Kenanga Research

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Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10%
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than -5%

******Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.***

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