



瑞聲科技控股有限公司
AAC Technologies Holdings Inc.

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2018

2024 Sustainability Report



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Message to Stakeholders

"Through our dedication to technological innovation across various application scenarios, including acoustics, optics, electromagnetics, and precision mechanics, the Group leverages its strengths in both hardware and software to provide global partners with customised solutions in specific application scenarios. We will continue to deliver superior sensory experiences in consumer electronics, automotive, augmented reality ("AR"), virtual reality ("VR"), robotics, and other AI-driven technologies."

A Year of Opportunities

Entering 2024, the Group had a remarkable year in its core businesses. Continuous organisational optimism led to healthy growth and a record in operating revenue. By focusing on efficiency and cost control, profitability regained momentum. An efficient organisational structure enabled technological incubation. Across core businesses, there were significant breakthroughs in acoustic innovation, optical profitability improvement, precision mechanics revenue growth, and progress in consumer electronics and automotive sectors.

Strengthening Trust with Consumers and Stakeholders

All success is built on trust. In 2024, the Group strengthened its leadership and integrated ESG more deeply into the business to leverage the Group's capabilities in addressing environmental and social challenges. Governance has been a cornerstone of these efforts. The corporate governance framework has been enhanced to ensure transparency, accountability, and ethical practices. This includes the establishment of a Sustainability Committee, led by the Managing Director and senior management team, which guides the Sustainability Working Group in developing a comprehensive sustainability roadmap. Operational practices have been strengthened to reflect introduction of new internal policies in the areas of Diversity and Inclusive Policy and Biodiversity Commitment. Meanwhile, ESG ratings have been continuously monitored and improved to meet market expectations and industry standards.

Advancing Climate Actions

In 2024, the Group took important steps to accelerate decarbonisation efforts. The Group has established realistic and achievable targets for reducing carbon emissions, as well as made significant investments in innovative energy-saving technologies and projects at selected facilities. The Group is expanding solar PV plants across 60% of its factories in China, Vietnam, and Malaysia by 2030. The Group's new Climate Change Policy and the climate's physical and transition risks and opportunities analysis lead the roadmap to sustainability, with the Sustainability Working Group ("SWG") ensuring compliance and driving initiatives.

New targets include full regulatory compliance for hazardous waste management and zero pollution incidents, along with exploring reclaimed water solutions. To optimise resource management and active control, smart meters will be implemented in phases for better energy monitoring. The Group's environmental data is being integrated into its own in-house ESG data platform for comprehensive data tracking.

These proactive initiatives aim to lower the Group's carbon footprint and foster a more eco-friendly and sustainable manufacturing process. By prioritising energy efficiency and the use of renewable resources, the Group is dedicated to advancing sustainable development and minimising environmental impact.

Sustainable Growth

We are aware of ongoing global trade friction, increasing tariffs threats, which may further impact customers' business plans. However, we believe our technology focus, our diversification and our people will build our solid base for sustainable growth.

For example, In collaboration with Premium Sound Solutions("PSS"), the Group has been expanding its diversified business, securing high-value automotive algorithms, and delivering comprehensive perceptual solutions to customers with lighter and more immersive designs. Looking ahead, the Group is ready to embrace the opportunities presented by emerging technologies such as artificial intelligence, electric vehicles ("EV"), AR/VR, and robotics. The Group is committed to accelerating the incubation of new product forms and creating diversified growth engines for business expansion.

AAC Technologies' RichTap technology serves as a prime example of sustainable technology. It improves the sensitivity of haptic performance in texting and enhances the Acoustic Vehicle Alerting System ("AVAS system") in EVs, thereby improving accessibility for visually impaired individuals and road users.

With the collective efforts of all employees, the Group is well-positioned to enhance its core competitiveness, continue driving high-quality industry development, and deliver long-term stable returns to its shareholders.

20 March 2025

About this Report

This is the twelfth stand-alone annual sustainability report published by AAC Technologies Holdings Inc. (hereafter referred to as “AAC Technologies” or the “Company”, together with its subsidiaries, the “Group”), aiming to disclose the Group’s performance on environmental, social and governance (“ESG”) aspects, which have a significant impact on the long-term success of the Group.

Reporting Frameworks

This report has been prepared with reference to the Global Reporting Initiative Sustainability Reporting Standards (“GRI Standards”) and is in compliance with the ESG Reporting Code (“ESG Reporting Code”) set out in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEX”). For information relating to the Group’s strategy and governance practices, please refer to our 2024 Annual Report.

The Group’s sustainability management approach, where applicable, aligns with the relevant United Nations Sustainable Development Goals (“SDGs”) and the 10 principles of the United Nations Global Compact. The report also draws on the International Integrated Reporting Framework of the International Integrated Reporting Council (“IIRC”) and Task Force on Climate-Related Financial Disclosures (“TCFD”).

Reporting Boundary

All activities under operational control or majority ownership are included, with the environmental data boundary encompassing production facilities with fixed assets exceeding RMB 1 million. The production facilities and the social data in the report cover the entire Group’s business operations globally. The reporting scope, compared to last year, has been expanded with the factory in Malaysia, Czech and operations of Premium Sound Solutions (“PSS”).

However, we have not yet reported the full scope for all ESG performance data points. This is attributable to the varying data availability across different countries, company policies, and the delay in data collection. We are actively exploring ways to enhance data readiness as we continue to improve our ESG data inventory.

Reporting Principles

We have followed the reporting principles as recommended by GRI and as set out in the ESG Reporting Code to define the report content and ensure that the quality of information presented in this report, including:

Balance	Consistency	Materiality	Quantitative
The information in the report is presented in a format that allows users to see positive and negative trends in performance on a year-on-year basis.	Any significant variation between reporting periods in the list of material topics, length of the reporting period, or information covered in the report can be identified and explained.	In defining material topics, the Group has taken into account the interests and expectations of stakeholders specifically invested in the organisation, such as shareholders, customers and employees.	Data presented in this report have been examined and verified. Please refer to the Performance Data Summary for standards and methodologies used for calculation of indicators. ¹

Reporting Period

The report covers the period from 1 January 2024 to 31 December 2024.

External Assurance

Hong Kong Quality Assurance Agency (“HKQAA”) has provided independent external assurance for the disclosures made in this report since 2017. Please refer to page 127 for the verification statement.

Feedback

We welcome your thoughts and feedback on this report. Please address any queries and comments to our sustainability department at aac2018@aactechnologies.com. This report is published in English and Chinese. In case of any conflicts between the two versions, the English version shall prevail. In an effort to conserve resources, we do not publish hard copies of this report. PDF version is available on HKEX’s website (under the section “HKEX News”) and our website under the section “Sustainable development” at <http://www.aactechnologies.com>.

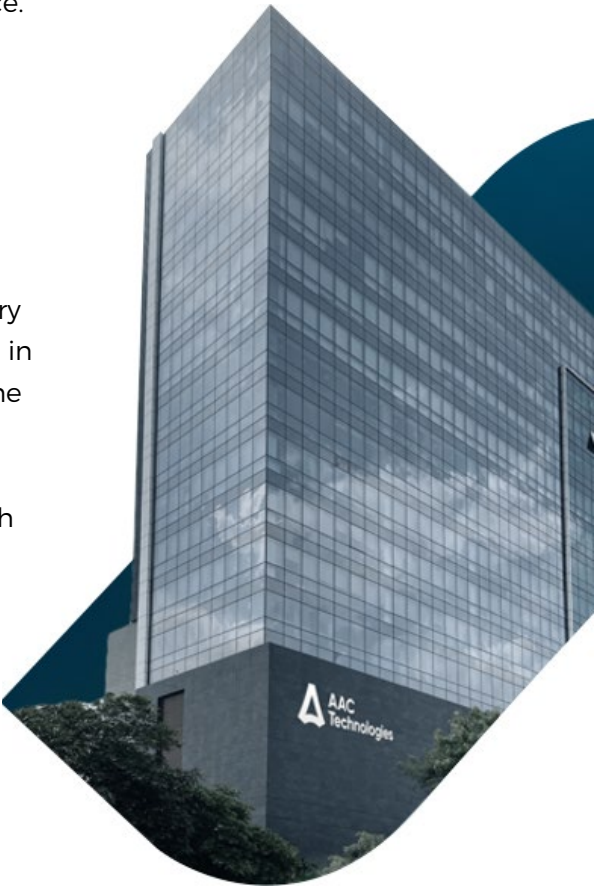
1. The information and data collection and verification are currently done by various departments including investors relations, Corporate Social Responsibility (“CSR”) and internal audit. We have established an internal platform for summarising data and information and regular reviews of the data. Nevertheless, we recognise the potential shortcomings of our reporting process and strive to enhance our work on disclosure, including 1) identifying appropriate indicators for deriving intensity of environmental data, replacing the revenue indicator which is easily influenced by product price and 2) attempting to identify the unit of measurement for packaging materials to allow easier comparison.

About AAC

AAC Technologies (HKSE: 2018) is a leading provider of sensory experience solutions with the goal of building the future of interactive sensory technologies. Through continuous innovation and global presence, we have established long-term strategic partnerships with global smart device clients. We have strong capabilities in Acoustics, Optics, Haptics, Sensor and Semiconductor and Precision Manufacturing based on decades of industry experience.

Corporate Mission, Vision and Core Values

As part of our corporate mission, we strive to create better sensory experience for the world. The vision is to become a global leader in the field of sensory technology with a broad solution portfolio. The Group continues to adapt to changing market conditions and meet customer needs by focusing on technical innovation and providing high performance, superior products to customers with differentiating user experiences. In addition, we strive hard to achieve a balance of economic performance, environmental stewardship, and corporate social responsibility that extends beyond our business operations.



Mission

Create a better sensory experience for the world

Vision

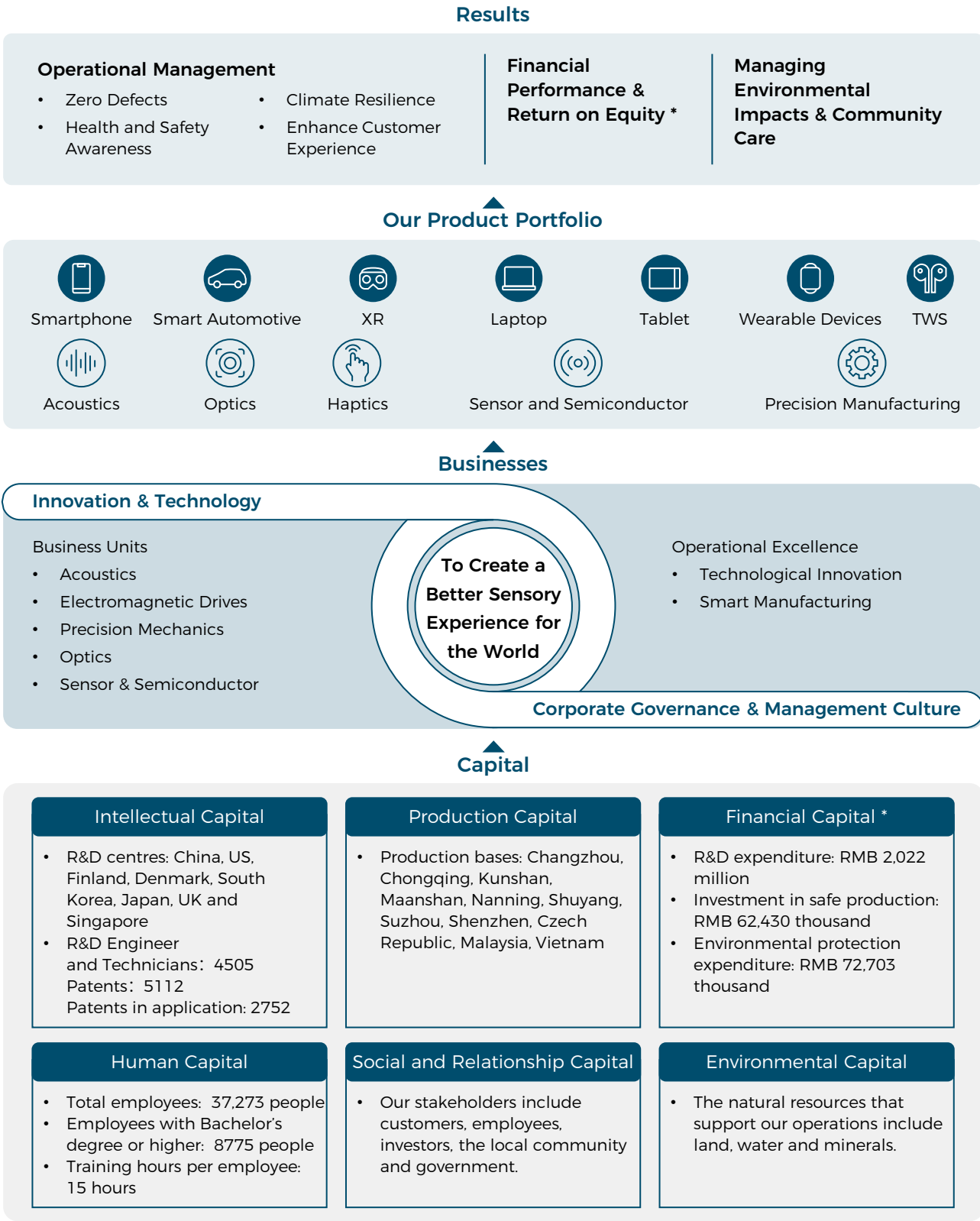
Create diversified values and become a global leader in sensory technology



Core Values

- Customer Experience
- Agile Collaboration
- Winning with Talent
- Professionalism
- Innovation Focused

Our Operation Model



* Detailed information is covered in Annual Report 2024.

** Only applicable to the Company

Research, Development and Innovation

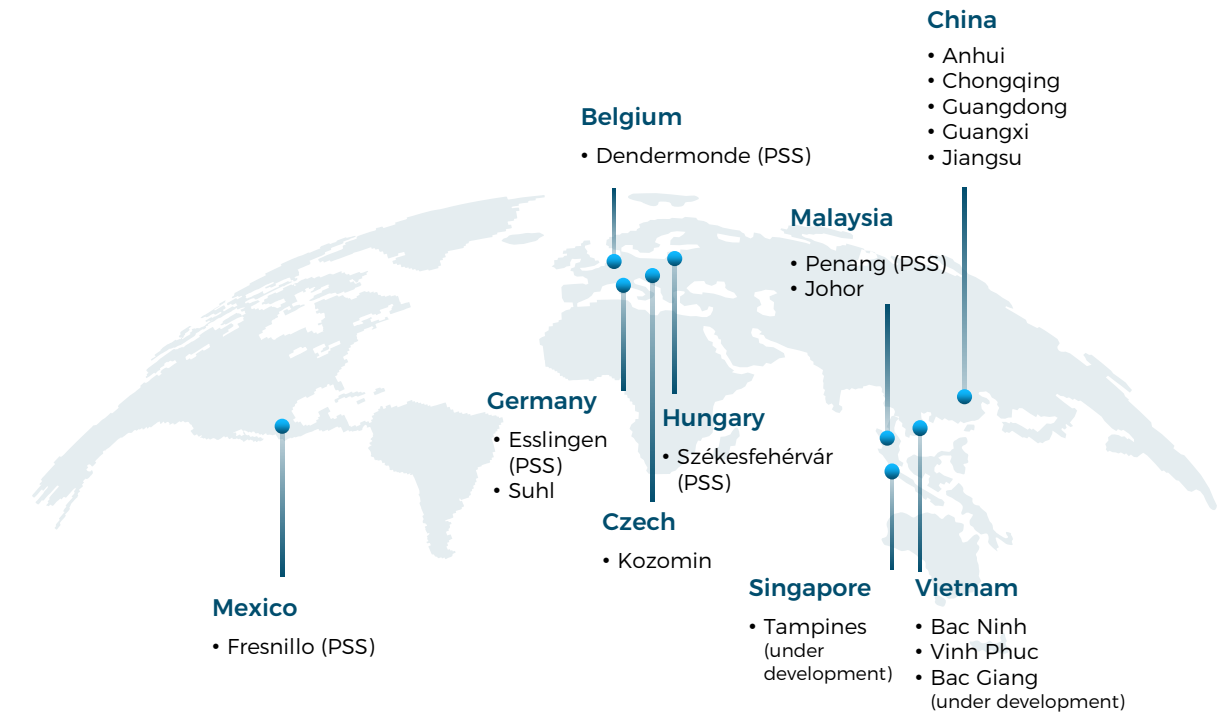
Technological advancement has always been one of our core strategies, with no compromises. Since the Company’s inception, we have firmly insisted on research and development as a path to go far in the highly competitive market, allowing our products to thrive through technological innovation.

Currently, our 19 Research & Development (“R&D”) centres worldwide are home to over 4,505 R&D engineers and technicians, who we believe are our backbone for improving product performance with technology and leading corporate advancement through innovation

R&D Centers



Diversified Manufacturing Bases



Our Sustainability and Corporate Governance Policies

AAC Technologies adheres to a wide range of robust and well-structured policies, which we believe are the foundation of good sustainability practices. Our key sustainability and corporate governance policies have been made available to our stakeholders and the public via our corporate website or through the hyperlinks below.

Our Sustainability and Corporate Governance Policies					
 Anti-Fraud and Anti-Bribery Policy	 Board Diversity Policy	 Climate Change Policy	 Code of Conduct	 Corporate Disclosure Policy	 Employment Policy
 Environmental Policy	 Procedures for a Shareholder to propose a person for election as a Director	 Shareholders Communication Policy	 Sustainability Policy	 Whistleblowing Policy	

Sustainability Highlights

Performance Highlights

Workforce  63 :37 Male to female ratio 24 % With Degree or higher * 15 Average training hours per employee in 2024	Operations  2,275 Tier-1 Suppliers 20 Significant Suppliers 100 % Conflict Mineral-free	Environment  34,4 million kWh ↑3.3 % Generated Renewable Energy
Health and Safety  3.27 ↑5.8 % ² Work-related injuries per 1,000 workers 312,670 ↑83 % Safety training hours 7,151 ↓3.3 % Total number of occupational health checkups	R&D Innovation  19 R&D Centres Over 95% Invention Patent Application 5,112 Patents Overseas: 2,567 PSS: 119 by ↑28.5% R&D expenses 4,505 R&D Engineers and Technicians among the Group 2,752 Patent Applications Overseas:1,795 PSS: 108 RMB 2,022 million R&D expenses	

Recognitions and Ratings

 Most Sustainable Companies / Organisations Awards 2024 by HKICPA	 2024 Honoured Company by Asia (ex-Japan) Executive Team Institutional investor	 2024 Best in ESG Awards - Middle Market Cap by BDO Awards
 Best GRI Report (Grand Award) 2024 by Hong Kong ESG Reporting Awards ("HERA")	 2024 Ministry of Industry and Information Technology 5G Factory	 "Global Top 100 Innovative Institutions" by Clarivate

Stable Rating

17.7 Low risk Sustainalytics (18.8 in 2023, 'low ESG risk' since 2020)		47 DJSI Index - CSA (45 in 2023)	
AA HKQAA Sustainability Rating (AA since 2015)		3.0 FTSE4Good (a designated member since 2020)	
CDP Climate Change C Water Security B- (AAC Technologies) Climate Change B- Water Security C (PSS)		MSCI ESG Ratings BBB	

2. The Group's Safety Management Committee is committed to reviewing the occupational health and safety policies to avoid and prevent injuries.
* Only applicable to AAC

Targets and Commitments

Decarbonisation - By 2028, the Group plans to achieve its SBTi greenhouse gas emission reduction target - By 2030, 60% of group factories will install solar panels - By 2030, reduce Scope 2 greenhouse gas emissions at group level by 10% compared to a 2023 baseline Medium to Long term: - Explore opportunity to be in line with China's carbon peak by 2030, carbon neutrality by 2060, and the EU's net-zero goal by 2050	Water The Group will continuously explore the use of reclaimed water and reusable water solutions in factories
	Health and Safety - The company maintains a workplace accident rate of less than 0.5% - By 2030 or earlier, 60% of factories will be RBA audited (SAQ/VAP), and 8 factories will receive RBA certificate-Silver
	Talent Management - Average annual training time per employee (including white-collar and blue-collar workers) to 35 hours by 2030 - The proportion of women in management positions (CEO-2) will reach 25% by 2030

Professional Certifications Coverage

ISO 45001 Occupational Health and Safety (OH&S) Management System Group: 75%	ISO 14001 Environmental Management Systems Group: 75%	ISO 27001 Information Security System Group: 41%	90% Waste Diversion Certification by UL Solutions 4 Sites obtained Platinum Certifications
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Governance Highlights

Regular Audits of Ethical Standards:	We conduct regular internal audits of our Employee Code of Conduct
Employee Training on Ethical Standards:	We provide regular training for all employees to ensure that disciplinary actions are in place for those who violate ethical standards. Currently, there are 25 internally reported cases under investigation.
Board Expertise:	This year, we have established the Sustainability Committee and appointed Board members with various technical and professional background. Please refer to the report section "Sustainability Governance – Roles and Responsibilities"

 Sustainability Governance

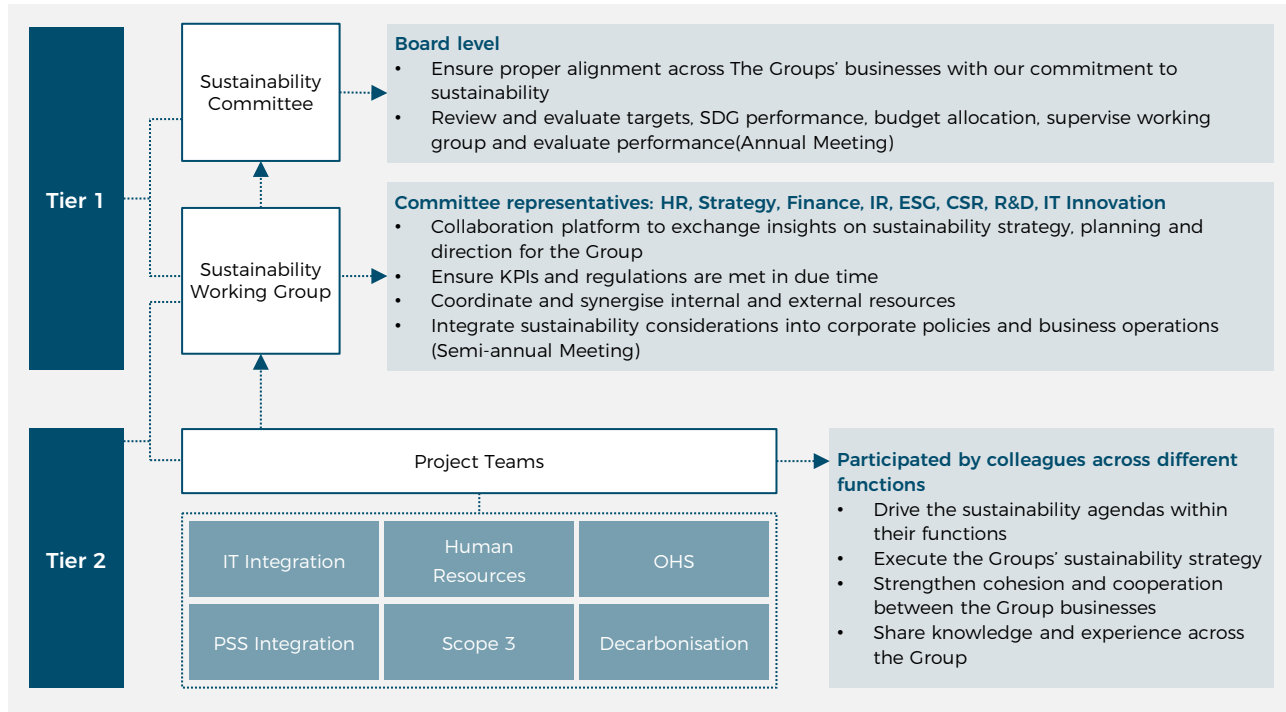
Board and Committee Oversight

The sustainability development of the Group's business is driven by a two-level governance structure. The Board of Directors (the "Board") assumes ultimate responsibility for overseeing the Groups' ESG matters. The Board plays an active role in shaping the Group's sustainability strategy, which forms an integral part of its broader oversight of the business strategy and risk management. The Board was provided with insights into the new global baseline for sustainability disclosures introduced by the International Sustainability Standards Board ("ISSB") in 2023.

In July 2024, the Sustainability Committee (the "SC") of the Company was established to oversee ESG matters and assist the Board in managing sustainability initiatives, climate risks, and related opportunities. The SC conducted one meeting since its inauguration and reviewed the sustainability goals of the Group, evaluated actions to align operations with these goals, and oversaw related sustainability policies (e.g., climate change and labour standards).

The 2-tier governance structure and practices strengthen the Group's and the Board's capacity to respond effectively to evolving market dynamics and the growing expectations of stakeholders regarding the company's ESG performance. The below illustrates the reporting lines of our effective governance structure:

Sustainability Governance Structure (2 Tiers)



The Group has a strong commitment to sustainability, ensuring alignment with international ESG standards, and driving continuous improvement in sustainable business practices. As an example, with the acquisition of Premium Sound Solutions (“PSS”), AAC Technologies' governance structure is undergoing updates to incorporate enhanced frameworks that align more closely with European Union standards. This integration reflects the Group’s dedication to adopting global best practices, ensuring that governance, sustainability, and operational strategies meet the stringent ESG benchmarks prevalent in EU markets.

As of the end of the reporting period
From the new structure of Sustainability Governance.

3 SWG meetings

and 1 SC meeting
were held



Management Oversight

The Sustainability Working Group (“SWG”), led by Executive Vice President, comprises senior management and executives from various departments across the organisation. The SWG meets regularly to discuss ways of implementing the Group’s sustainability strategies and key priorities, address risks and opportunities associated with sustainability, and assess the effectiveness of ongoing initiatives. To support the Board and SC, the SWG regularly report the progress on ESG performance against established targets to the Board and SC.

Roles and Responsibilities

While the SWG advises the Board and SC on ESG developments, regulatory policies, and sustainable business growth, the Project Teams take the Group’s ESG strategies into action. Key tasks include driving and liaising the sustainability agendas within the functions where they are taking management role in, strengthening cohesion and cooperation between the Group businesses, and sharing knowledge and experience learnt across the Group. At the same time, the SWG review the work by the Project Teams and provide enhancement suggestions.

Board with Expertise

The selection of SC members considers various diversity factors, including gender, age, ethnicity, professional experience, and expertise. The goal is to ensure that committee members bring relevant skills and knowledge that contribute to the Company’s sustainability success. The SC currently includes Directors with diverse backgrounds, with a commitment to achieving gender parity in both the Board and senior management. The members’ experience and expertise, including prior public or private appointments, are essential for the Company’s long-term growth. The Board and SC also hire external consultant to share the latest regulatory update in order to be informed about the latest ESG dynamics and compliance trends.

The composition of the SC and the respective background of the Directors are as follows:

Mr. Mok Joe Kuen Richard (Chairman of SC)

Gender: Male Age: 61

Academic Background:

- Bachelor of Economics

Length of Service : 19 years

Mr. Kwok Lam Kwong Larry

Gender: Male Age: 69

Academic Background:

- Master of Laws
- Bachelor of Economics/ Accounting

Length of Service : 6 years

Mr. Peng Zhiyuan

Gender: Male Age: 52

Academic Background:

- Master of Business and Administration
- Bachelor of Engineering and Finance

Length of Service : 5 years

Ms. Wu Ingrid Chun Yuan

Gender: Female Age: 54

Academic Background:

- Graduated from Changzhou School of Public Health

Length of Service : 20 years

Mr. Pan Kaitai Kelvin (Chairman of SWG)

Gender: Male Age: 33

Academic Background:

- Bachelor of Science in Mathematics and Computer Science

Length of Service : 11 years



	Mr. Mok Joe Kuen Richard	Mr. Kwok Lam Kwong Larry	Mr. Peng Zhiyuan	Ms. Wu Ingrid Chun Yuan	Mr. Pan Kaitai Kelvin
Skills, knowledge & experience					
(a) Accounting & Finance	✓	✓	✓	✓	
(b) Corporate Social Responsibility/ Sustainability	✓	✓	✓	✓	
(c) Executive management and leadership skills	✓	✓	✓	✓	✓
(d) Financial Service		✓	✓		
(e) Human Resources	✓			✓	
(f) Information Technology & Security					✓
(g) Investment Banking	✓	✓	✓	✓	
(h) Investor Relations	✓	✓	✓		
(i) Legal	✓	✓			
(j) Other listed Board Experience/Role		✓		✓	
(k) Risk Management	✓	✓	✓		
(l) Strategic Planning	✓	✓	✓		✓
(m) Technologies & Manufacturing	✓		✓	✓	✓

Sustainability Working Group Representatives



Materiality Assessment

Understanding material sustainability-related issues is a key element of the Group’s sustainability planning, reporting, and performance. The Group identifies sustainability issues that are material to its operations and aligns with the interests and expectations of its stakeholders through close collaboration with a diverse range of key stakeholders, including regulators, government authorities, investors, suppliers, customers, and employees. A comprehensive materiality assessment has been conducted in 2024 by our professional ESG consultant to ensure these issues are thoroughly addressed. The findings from stakeholder engagement and the materiality assessment serve as the foundation for the content of this report.

1. Identification

Identify a broad range of environmental, social, and economic issues that may potentially impact the company’s operations

2. Prioritisation

Prioritise material issues based on their impact and the concerns of stakeholders, gathered through interviews and/or discussions

4. Review

Conduct ongoing reviews to identify gaps and opportunities for improvement

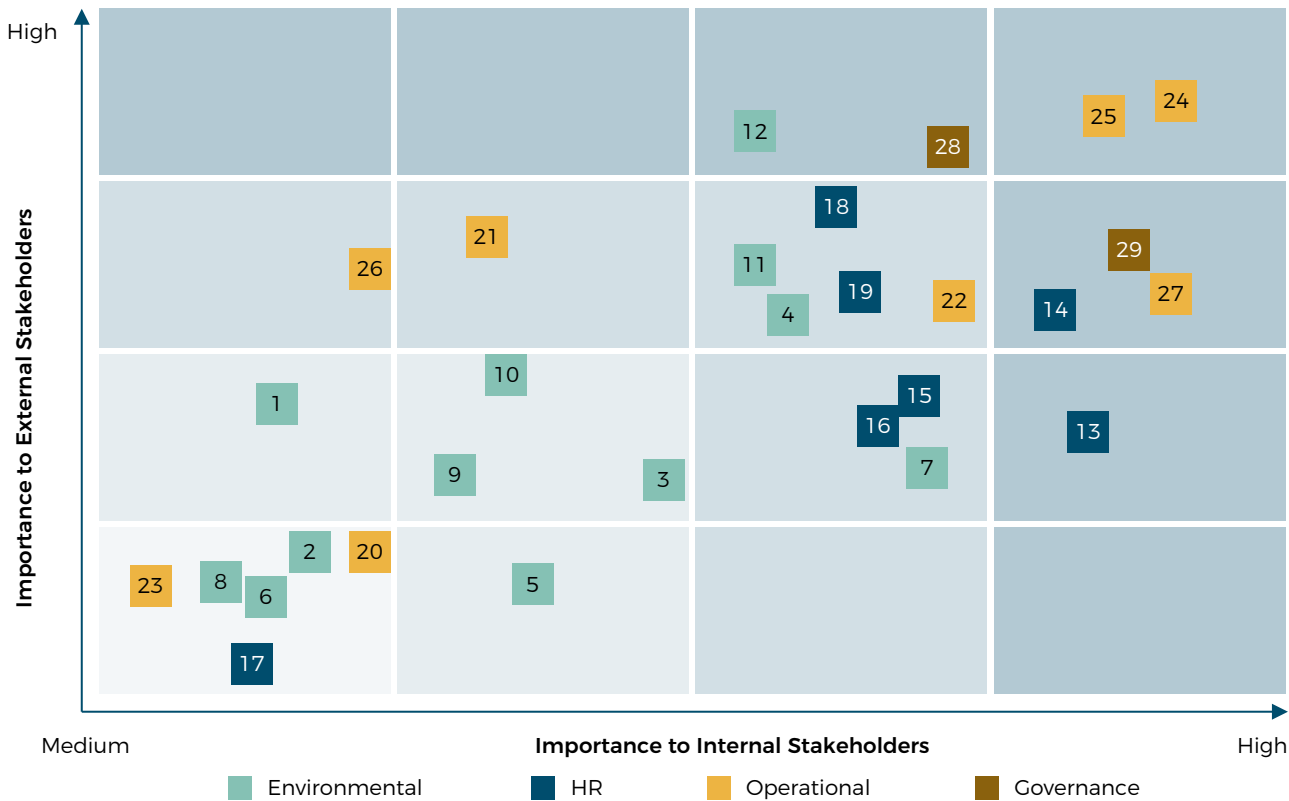
3. Validation

The Board reviews and approves the results to ensure their accuracy and alignment with the company’s objectives

Our Approach

In 2024, AAC Technologies engaged with an independent professional advisor to conduct a comprehensive materiality assessment, identifying 8 out of 29 highly material topics that are critical to the Group’s operations and stakeholder expectations. These topics were thoroughly reviewed and validated by the SWG and the SC Committee to ensure their relevance and alignment with the company’s strategic objectives. The identified material topics were presented to and formally approved by the Board on 20 March 2025. The outcome of the materiality assessment is reflected in the following materiality matrix, showing the impact of each issue on the Group’s operations, and its internal and external stakeholders.

Topics located at Level I are identified as highly material. Product quality management, Customer satisfaction, and Corporate governance and risk management are the top three material topics in terms of the importance to internal stakeholders and external stakeholders. Compared to the last assessment, Sustainable Supply Chain and Circular Economy, together with Corporate Governance and Risk Management are moved to be Level I topics. To ensure the relevance to the Group, the next materiality assessment will be carried out in 2026, i. e. on a biennial basis.



Level I	Level II	Level III	Level IV
12 Sustainable supply chain and circular economy	4 Waste management	1 Energy reduction and renewable energy	2 Water consumption
13 Talent management and retention	7 Environmental compliance	5 Emission and pollution management	6 Wastewater discharge
14 Occupational safety and health	11 Climate change risks management	3 Raw materials consumption	8 Ecological conservation
24 Product quality management	15 Training and development	9 Green products management	17 Anti-discrimination
25 Customer satisfaction	16 Employee engagement and well-being	10 Clean production and product life cycle assessment	20 Community relations
27 Innovation and intellectual property rights	18 Diversity and equal opportunity		23 Product sales and labelling
28 Business Ethics	19 Human rights protection		
29 Corporate governance and risk management	21 Production health and safety		
	22 Data security and customer privacy management		
	26 Conflict minerals		

Mapping Our Actions to SDGs Targets

AAC Technologies is firmly dedicated to supporting the United Nations Sustainable Development Goals (“SDGs”), a globally recognised framework designed to advance a better future for both people and the planet by 2030. A thorough analysis of the company’s activities across its entire value chain has been undertaken to evaluate progress and identify challenges in its transition towards a sustainable future. The four pillars outlined below provide a detailed overview of how AAC Technologies’ initiatives align with and contribute to specific SDGs and their associated targets.

1. Build a Competent and Future-proof Workforce			
Material Topics		SDG Targets	
13	Talent management and retention		
14	Occupational safety and health		
Risk/opportunities			
- Responding swiftly to rapidly evolving industry and labour market trends can often prove challenging. - By attracting and retaining talent, particularly from the younger generation, while effectively utilising the skills of existing employees, the Group enhances its operations and overall efficiency.		Target – 3 Good health and well being Target 5 – Gender Equality Target 8.2 – Achieve higher levels of productivity through technological upgrades and innovation Target 8.6 – Promote youth employment Target 8.7 – Take immediate and effective measures to eradicate forced labour and end child labour in all its forms Target 8.8 – Protect labour rights and promote safe and secure working environments for all workers	
Progress			
- Enhanced the online learning platform, offering 498 courses to support talent development (Talent Management). - Successfully passed all customer CSR audits during the year (Supply Chain Management). 7,151 employees participated in occupational health check-ups to ensure workplace safety and well-being (Occupational Health and Safety).		Investment of RMB 62.43 million in safe production (Occupational Health and Safety)	
		2024 New Diversity and inclusion policy and human rights practices in place	

2. Investing in Environmental Impact Mitigation			
Material Topics		SDG Targets	
1 Energy reduction and renewable energy	7 Environmental compliance	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	
2 Water consumption	11 Climate change risks management		
4 Waste management			
Risk/opportunities			
- The rise in regulatory scrutiny and inspections necessitates a swift response to effectively mitigate compliance risks. - While the exploration of new technologies may increase compliance costs, it significantly enhances operational efficiency and supports environmental management.		Target 6.3 – Improve water quality by reducing pollution Target 6.4 – Increase water- use efficiency Target 7.3 – Improve in energy efficiency Target 12.5 – Reduce waste generation through prevention, reduction, recycling and reuse Target 13.1 – Strengthen resilience and adaptive capacity to address climate-related hazards and natural disasters Target 11 – Sustainable cities and communities	
Progress			
- Closely monitored the implementation of the Water Recycling Project and the Clean Water Programme to improve water efficiency (Water Conservation and Recycling) - Continued to install water-saving equipment in toilets (Water Conservation and Recycling) - Provided employee training on water-saving practices to foster environmental responsibility (Water Conservation and Recycling) - Installed an energy-saving air-conditioning system to reduce energy consumption and carbon emissions (Working towards Carbon Neutrality) - Operated additional wastewater treatment facilities to manage effluents effectively (Waste Management) - Operated the Anode Waste Steam Heating Electromechanical Facility to enhance water recycling efforts (Water Conservation and Recycling) - Undertook energy efficiency retrofitting of buildings, contributing to reduced energy use and increased climate resilience (Climate Resilience) - Closely monitored the implementation of the Zero Waste to Landfill Project to promote sustainable waste management practices (Waste Management)		- Enhanced hazardous waste and non- hazardous waste classification and recycling (Waste Management) - Continued to expand our sludge reduction facilities (Waste Management) - Reused cutting fluid, organic solvents, plastic hoses and trays (Waste Management) - Commissioned solar PV plants with an estimated cumulative annual power generation capacity of over 34.5 million kWh (Working towards Carbon Neutrality) - Natural disaster and emergency management plan in place (Climate Resilience) 11 factories installed solar PV plants - Installed waste gas treatment in Nanning (Reducing Emission of Air Pollutants)	
		2024 New - Installed solar panels in Shenzhen’s factories - Promoted renewable solar power expansion by 3 phrases - Water stewardship policy is in place	

3. Innovating to Better Customer Experience

Material Topics	SDG Targets
24 Product quality management 25 Customer satisfaction 27 Innovation and intellectual property rights	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Target 8.2 – Achieve higher levels of productivity through technological upgrades and innovation

Target 9.5 – Enhance scientific research, upgrade technological capabilities

Target 12.4 – Achieve environmentally sound management of chemicals and all wastes throughout life cycles of products

Target 12.7 – Promote public procurement practices that are sustainable

Target 16.1 – Reduce all forms of violence and related death rates everywhere

Progress

- Promoted and advanced the use of big data alongside automated technology to optimise processes (Innovation and Development)
 - Enhanced assembly lines with the implementation of the MES system for improved operational efficiency (Innovation and Development)
 - Operated 19 R&D Centres, driving innovation and technological advancements (Innovation and Development)
 - Secured 5112 new patents, demonstrating strong innovation capabilities (Innovation and Development)
 - Introduced a Patent Incentive Scheme to encourage innovation and reward patent filings (Innovation and Development)
 - Upgraded the Quality Data Management (QDM) System, enabling remote adjustments to production equipment for increased responsiveness and efficiency (Enhancing Customer Experience)
 - Conducted a comprehensive patent assessment to ensure all patents align with the Group's ethical and strategic objectives (Ethics and Integrity)
 - Ensured full compliance with regulations governing hazardous substances, including RoHS and REACH (Management of Hazardous Substances)
- Verified all materials procured against the Restricted Hazardous Substance List to ensure safety and compliance (Management of Hazardous Substances)
 - Required all suppliers to sign a CSR Commitment Letter, reinforcing their commitment to corporate social responsibility (Supply Chain Management)
 - Required suppliers to implement management systems in compliance with ISO 14001 and ISO 9001 standards, ensuring quality and environmental management (Striving for Zero Defects)
 - Achieved and maintained a 100% conflict-free minerals supply chain, reinforcing responsible sourcing practices (Supply Chain Management)
 - 100% attendance rate on 2024 Safety Month for employees (Occupational Health and Safety)
 - Established the Group's Supply Chain Committee (Supply Chain Management)
 - Established the Quality and Operations Committee to drive continuous improvements in operational efficiency and product quality
 - Continual investment in the Phase 2 expansion of the Yangzhou Smart Production Plant, supporting innovation and boosting production capabilities

4. Be a responsible and reliable Enterprise

Material Topics	SDG Targets
19 Human rights protection 28 Business Ethics	1 NO POVERTY 2 ZERO HUNGER 8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS

Target 8.7 – Take immediate and effective measures to eradicate forced labour and end child labour in all its forms

Target 12.4 – Achieve environmentally sound management of chemicals and all wastes throughout the life cycles

Target 16.5 – Substantially reduce corruption and bribery

Target 1 – No poverty

Target 2 – Zero hunger

Target 17 – Partnership for the goals

Progress

- Conducted regular risk assessments to address compliance and labour-related issues
 - Established an Anti-Fraud and Anti-Bribery Policy to uphold ethical standards within the organisation
 - Published the Redline Control System, reinforcing ethical governance and integrity across operations
 - Successfully passed all customer CSR audits during the year, demonstrating compliance with corporate social responsibility requirements
 - Implemented an internal policy on restricted substances to align with the latest regulatory standards, including those for Volatile Organic Compounds ("VOC")
 - Developed and introduced online training courses on business ethics for all employees, including directors, to promote ethical awareness and compliance
- Formed a dedicated working group to monitor and assess supplier behaviours, ensuring alignment with ethical practices
- 2024 New

 - AAC Technologies' RichTap® tactile solutions for visually - impaired mobile access, show care for this community
 - PSS Group's "Exercising Around the Globe" initiative took place on "Earth Day" and 1-day volunteer work in Hong Kong Office promoted well - being, team spirit, environmental sustainability and gave back to communities

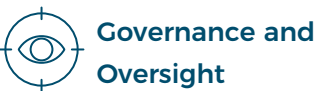
Risk Management

AAC Technologies prioritises effective risk management as a core element of its corporate governance framework. To address diverse risks, including those tied to sustainability, the Group employs an Enterprise Risk Management ("ERM") framework that systematically identifies, assesses, and mitigates risks across operations, and has continually enhanced its ERM system to strengthen governance and internal controls.

The Audit and Risk Committee and the SC committee share the joint responsibility for supervising the risk management and internal control systems, including the ESG risks of the Group. The Audit and Risk Committee helps the Board carry out its corporate governance duties in overseeing the Group's strategic, market, operational, financial, and compliance risks, as well as the resourcing of both financial and internal audit functions. Meanwhile, the Sustainability Committee oversees the climate, health and safety, and cyber-security risks, along with ESG reporting compliance.

Overall Approach

The Group adopts a “Top Down and Bottom Up” approach to clearly define roles and responsibilities. This structure integrates oversight, operational implementation, and independent assessment, ensuring risk management is embedded into all levels of the organisation.



Governance and Oversight

The Board of Directors holds ultimate accountability for risk oversight, ensuring that robust systems are in place to manage risks aligned with the Group's strategic objectives. The Sustainability Committee, working in collaboration with the Board, oversees the integration of sustainability risks into the broader risk management system.



Operational Leadership

The SWG leads the implementation of sustainability-related risk management strategies, supported by Sustainability Managers and cross-functional specialists, including Data Engineers, Supply Chain Experts, and Impact Managers. These roles ensure a cohesive approach to addressing risks at both strategic and operational levels.



On-the-Ground Implementation

Operational execution is driven by Sustainability Champions within individual entities and plants, who ensure that local processes align with the Group's risk management frameworks. Their responsibilities include monitoring compliance, escalating risks, and fostering a culture of proactive risk management.

Independent Assurance

The Internal Audit Department provides independent evaluations of the ERM framework, conducting periodic risk assessments and audits. This ensures continuous improvement and alignment with the Group's objectives, with major business units reviewed every five years.

By leveraging a top-down governance structure and a well-defined operational hierarchy, the Group strengthens its risk management practices, enabling sustainable growth while mitigating emerging threats and uncertainties.

Risk Management Policy and Contingency Plans

AAC Technologies' Risk Incident Reporting Policy and Contingency Plans (the “Risk Contingency Plan”) provide a comprehensive framework to identify, address, and mitigate potential threats that may disrupt business activities, impact assets, or compromise compliance with legal and ethical standards. These plans are designed to ensure rapid response, minimise losses, and safeguard AAC Technologies' reputation while maintaining alignment with the Company Code of Conduct. The major contents of the Risk Policy and Contingency Plan include below aspects:



Risk Incident Management

- A systematic policy is in place for timely monitoring and addressing risk incidents.
- Risk incidents are categorised into three levels (I, II, III) based on their severity, with escalating procedures for each level.
- Incident response involves immediate reporting via the “Risk Incident Reporting System” and appropriate containment measures as per pre-existing risk emergency plans.
- Cross-departmental teams may be formed for severe incidents, and follow-up measures include drafting and training on new emergency plans when necessary.



Compliance with Business Ethics and Applicable Laws

- Risk incidents involving legal or regulatory non-compliance are promptly escalated to relevant executives and legal departments.
- Regular internal audit related to anti-corruption and business ethics are conducted to ensure transparency for applicable incidents.
- Violations of laws, regulations, or the Company's ethical policies, including the Code of Conduct, are addressed with strict confidentiality and appropriate disciplinary actions.



Internal Audits

- The Audit and Risk Management Department is responsible for verifying the severity of risk incidents, tracking resolution progress, and evaluating potential process control deficiencies.
- Internal quarterly risk management reports reassess risks, ensuring updated control measures are implemented and enforced.



Other Controls and Preventative Mechanisms

- Preventative measures include employee training on risk identification, reporting protocols, and ethical standards.
- Continuous monitoring of operations and adherence to internal controls ensures compliance with AAC Technologies' policies and external regulations.
- The system's robustness is supported by follow-up evaluations to address recurring risks or improve response strategies.

Emerging Risks

Emerging risks refer to threats that are either newly developing or already present but continuously changing. These risks are marked by significant uncertainty regarding their likelihood and potential impact, which could pose major challenges to business operations. At AAC Technologies, we outline our methodology for identifying and tracking emerging risks or trends that may influence our business in the long term.

	Risk 1 Occupational Health and Safety	Impact	High
Description			
The safety and health of employees are integral to sustaining productivity and upholding legal and ethical standards. Occupational health and safety risks encompass physical injuries, exposure to harmful substances, ergonomic hazards, and mental health challenges, such as stress and burnout.			
AAC Technologies Relevance			
 As an Employer:	 As a Business Partner:		
The well-being of AAC Technologies' workforce is central to its operational success. Workplace incidents or insufficient safety measures could result in higher absenteeism, turnover, and potential litigation.		Ensuring robust occupational health standards throughout AAC Technologies' supply chain strengthens relationships and safeguards against disruptions.	
Mitigation / Ongoing Activities			
- Implement robust safety protocols, conduct regular training, and improve workplace ergonomics. - Invest in mental health support systems, such as counselling services and stress management programs. - Conduct periodic audits of AAC Technologies' operations and its suppliers to ensure compliance with global safety standards.			

	Risk 2 Climate Change	Impact	Medium / High
Description			
Climate change poses significant risks to AAC Technologies, including extreme weather events, resource scarcity, and shifts in market expectations for sustainability. As a global company, AAC Technologies is both a contributor to and a stakeholder in climate change resilience.			
AAC Technologies Relevance			
 Through Operations:	 As a Market Participant:		
AAC Technologies' facilities and supply chains are directly exposed to physical climate risks, such as extreme weather and resource scarcity.		Transition risks from stricter regulations and market demand for sustainability could affect AAC Technologies' financial performance and market value.	
Mitigation / Ongoing Activities			
- Monitor emerging climate regulations and align AAC Technologies' strategy with global sustainability goals. - Develop climate-resilient supply chains and diversify facility locations to reduce exposure to physical risks. - Invest in sustainable technologies and partnerships to support the transition to a low-carbon economy. - Increase transparency and reporting of AAC Technologies' climate change initiatives to align with stakeholder expectations.			

Ethics and Integrity

At AAC Technologies, we conduct our business in strict adherence to the principles of honesty, integrity, equality, and the highest ethical standards. We are committed to operating in a manner that upholds the highest levels of morality and integrity, ensuring compliance with all relevant local, regional, national, and international regulations applicable to the Group's operations.

To this end, AAC Technologies remains vigilant in monitoring the continually evolving external environment by staying informed of the latest developments in relevant laws and regulations, including, but not limited to, anti-corruption laws, trade restrictions, and patent laws.

Our initiatives addressing anti-corruption, fraud prevention, conflicts of interest, anti-discrimination, anti-competition, and confidentiality are outlined in the “Code of Conduct” and the “Code of Business Conduct and Ethics”. These documents provide a clear framework for all employees, outlining the importance of acting with integrity, impartiality, and honesty. Employees are expected to embody these values and demonstrate a high level of professionalism in their daily responsibilities. All forms of unethical practices, including but not limited to bribery, extortion, fraud, and money laundering, are strictly prohibited.

The Ethics Committee, led by the Chief Executive Officer, ensures that the “Code of Conduct” and the “Code of Business Conduct and Ethics” are implemented and adhered to across the Group. The governance structure overseeing business ethics is detailed below, reflecting our unwavering commitment to maintaining the highest ethical standards.

Group Ethics Committee led by the CEO

Commitment and Policy

Risk Assessment

Control Measures

- Code of Business Conduct and Ethics
- Code of Conduct

- We undertake quarterly risk assessments to evaluate the potential impact and likelihood of various ethical risks associated with our business operations. This process enables us to identify potential vulnerabilities and implement the most appropriate countermeasures to mitigate these risks, ensuring the highest standards of integrity and ethical compliance across the organisation.

- We implement control measures that include organising specialised training programmes and conducting thorough background checks to mitigate the risk of dishonest or fraudulent behaviour, particularly those arising from close personal or family relationships.

The Business Ethics Ombudsman at each operating location is responsible for overseeing the implementation of control measures and ensuring their proper application. Additionally, they are tasked with documenting the processes and outcomes to maintain transparency and accountability in upholding the Group's ethical standards

Training and Awareness in Ethics

Adherence to our “Code of Conduct,” “Code of Business Conduct and Ethics,” and other relevant internal policies are mandatory for all members, including both general staff and management. The Group emphasise that all full-time employees, including contracted staff and interns are compiled with our ethical and operational standards. To proactively prevent unethical business practices, we provide comprehensive anti-corruption training to all new hires and designated personnel based on client requirements.

We recognise that the limitation where the Code of Conduct policies and training may not directly be applicable to all the subcontractors we engage. We will continuously monitor the behaviour of subcontractors and intervene if they violate the Group's core ethical principal.

As part of our continuous efforts to strengthen awareness and prevention strategies against corruption, we are in the process of updating our business ethics and compliance training resources. To support this initiative, our collaboration platform, Lark, has been designated as the central hub, enabling all employees—both new hires and existing staff—to conveniently access and complete these training modules anytime and from anywhere.

The ethical responsibilities outlined below are readily accessible to all employees, including both general staff and management, to ensure adherence to our core principles of honesty, impartiality, and fairness at all times.

General Staff

Avoid conflicts of interest:

- Employees must report any relationships with business partners, including suppliers or colleagues, to the Group.
- Employees are prohibited from accepting or soliciting any form of gratuity.

Anti-corruption practices:

- Employees must report and return any monetary or non-monetary gifts received from external parties.

Management

Prevent anti-competitive behaviour:

- Employees must exercise caution when conducting business activities involving competitors.
- Guidance should be provided to subordinates seeking advice on anti-corruption matters.

Strengthen employees' ethical awareness:

- Regular training sessions on business ethics must be conducted for all new hires and existing staff.
- Ensure all employees sign the business ethics agreement at the start of each year.
- Encourage subordinates to report any suspicious cases of corruption.

Our Anti-Fraud and Anti-Bribery Initiatives

The Group has implemented an Anti-Fraud and Anti-Bribery Policy to establish a robust framework for business integrity, honesty, and transparency in its operations. This policy provides a clear definition of fraud and bribery, along with comprehensive guidelines on conflicts of interest, improper payments, kickbacks, and facilitation payments. Strict compliance with this policy is mandatory for all employees, reinforcing our commitment to ethical business practices.

The Group's Redline Control System provides explicit guidelines to employees regarding prohibited conduct within the company. This system also outlines the actions that will be taken to address any violations of the company's conduct policies. Its primary objective is to effectively manage and mitigate incidents caused by human-related factors that could disrupt the company's normal operations.

The Company is also an active member of the China Enterprise Anti-Fraud Alliance ("CEAFA"). This membership supports the development of strong anti-corruption frameworks and facilitates the exchange of relevant information among member organisations. Through this collaboration, the Group is committed to fostering high standards of integrity, enhancing internal controls, and promoting anti-corruption best practices across its business operations.



Our Reporting Channel

Phone number: +86 13825266258

Email:

tousu@aactechnologies.com

georgepan@aactechnologies.com

Whistleblowing Mechanism

To establish a system of checks and balances that prevents any single party from dictating or controlling a transaction, activity, or process to conceal irregularities, the Company has introduced "The Whistleblowing Policy". This policy facilitates the reporting of suspected fraudulent activities without fear of reprisal and ensures that whistleblower reports are taken seriously. Employees and/or third parties with knowledge of suspected misconduct, malpractice, or irregularities involving the Group are encouraged to report and escalate such incidents through the Group's dedicated whistleblowing channel.

The Group adopts a safe custody approach to protect the privacy of whistleblowers. The Whistleblowing Policy also ensures that individuals who disclose information in good faith are protected against unfair dismissal, victimisation, or unjustified disciplinary actions, even if their complaints are ultimately found to be unsubstantiated.

The Board has delegated the oversight of the Whistleblowing Policy to the Audit and Risk Committee, which is responsible for monitoring and reviewing the policy. Any severe incidents raised through whistleblowing are investigated by the Internal Audit Department, which determines whether a full investigation is necessary. All findings are thoroughly documented, and final reports are presented to senior management and relevant departments for further action.



In 2024,

25 internally reported cases were under investigation (compared to 29 cases in 2023) concerning violations of the Group's internal regulations and disciplines with no senior management staff implicated

0 legal cases involving corrupt practices against the Group or its employees, whether concluded or ongoing

Throughout the year, the Group complied fully with relevant laws and regulations concerning bribery, extortion, fraud, money laundering, and conflict of interest. Moreover, there were no legal cases involving corrupt practices against the Group or its employees, whether concluded or ongoing. This reflects our commitment to maintaining the highest standards of ethical conduct and integrity in all our operations.

Cybersecurity, Information Security and Privacy

Information security is not only essential for safeguarding our reputation but also pivotal in protecting the interests of our stakeholders, including employees, customers, and business partners. Recognising the critical importance of cybersecurity, the Group has made significant investments in strengthening its data governance framework. These efforts ensure that our security infrastructure remains robust and fully equipped to address potential breaches, demonstrating our commitment to upholding the highest standards of data protection and resilience in an increasingly complex digital landscape.

Management Approach

Our Information Security Committee plays a pivotal role in supervising and driving our overall information security efforts. To adapt to the evolving dynamics of production and workplace conditions, we regularly update our information security policies on an annual basis.



13

Factories received ISO 27001 Certificates

In strict compliance with the Cybersecurity Law of the PRC, the EU General Data Protection Regulation (“GDPR”), and other relevant laws of applicable jurisdictions, the Group has obtained ISO 27001 certification for its information security management system. This certification covers three critical departments—data centre, R&D, and production—across ten business unit locations. All product lines, including acoustics, optics, and MEMS, are comprehensively covered under this certification.



26

Customer-focused information security audits completed in 2024
No major faults identified
Positive feedback from our clients received

Internally, we have established "Information Security and Confidentiality Management Rules" to minimise the risk of sensitive information being misused or disseminated unlawfully. Specifically, the Group has implemented an information classification and protection mechanism to categorise data according to its sensitivity before transmission and storage. Additionally, we physically or logically segregate our IT environment into distinct security zones based on the functionalities of business units and the confidentiality level of the information involved. A secure pathway is established through proper routing controls, ensuring efficient network isolation and secure access between different network regions.

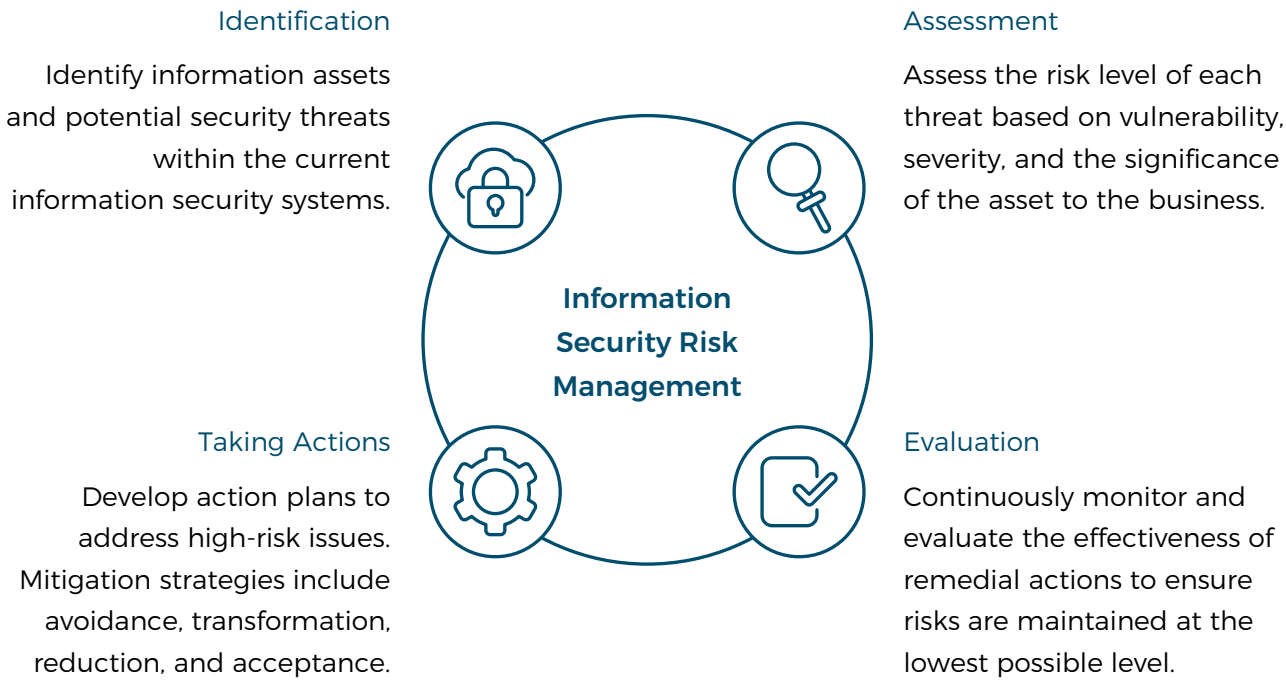
For customer privacy protection, we strictly adhere to their security requirements, as we fully understand that customer information must not face any risk of leakage.

In procurement, we require all suppliers to sign a Confidentiality Agreement before engaging with us. This agreement clearly outlines their data security obligations, ensuring alignment with our information security standards and expectations.

Preventing and Managing Digital Risks

We have implemented a proactive approach to prevent and mitigate risks in today's highly complex digital environment. Risk assessment forms a core component of our Group's data governance strategy. Our annual information security risk assessment enables us to identify and manage potential risks affecting AAC Technologies' information security systems and assets, which include hardware, software, and confidential data.

Risks are identified across a variety of assets, including electronic, human, software, and service assets, and are evaluated based on factors such as relevance, susceptibility, and severity. This systematic approach ensures a comprehensive understanding and effective management of information security risks.



These risks are managed using a range of strategies, including avoidance, transformation, reduction, and acceptance, depending on the assessed level of risk. For significant risks, our information security department formulates specific corrective actions within a set timeframe and submits the findings of the risk assessment to the information security committee for review and oversight.

Risk Prevention

Preventive measures are implemented to mitigate digital risks, particularly in response to emerging viruses and new vulnerabilities that evolve year by year. To safeguard data confidentiality and security, we closely monitor updates on disclosed vulnerabilities both domestically and internationally. We actively collaborate with industry experts and data technology vendors to ensure robust data protection through comprehensive risk prevention and management strategies.

We work in partnership with service providers to maintain and enhance our Intrusion Prevention System , which incorporates firewalls and anti-malware software to deliver the highest level of security. All network devices are regularly updated to the latest versions provided by manufacturers, with critical files and configurations securely backed up prior to each update.

To defend against potential malware attacks, our systems are equipped with an automated monitoring and alert system. This system provides daily reports on the extent and spread of viral threats to all endpoints, including those in office and production areas. It can even pinpoint the specific building and floor where an intrusion has occurred. This closed-loop management system enables precise and effective responses to cyber-attacks. Each of the Group’s premises is monitored and supported by an IT technical support engineer, ensuring continuous oversight and improvement.

Emergency response measures are in place to address cyberattacks. Throughout the year, we conduct multiple emergency drills to ensure our systems and business processes are prepared to handle significant incidents such as firewall failures and network disruptions. Our critical networks are designed with built-in redundancy mechanism to prevent single points of failure and to ensure business continuity at all times.

Emergency Drills at Data Centres

Our server room infrastructure demonstrated its ability to maintain normal IT equipment operations during power outages. Additionally, all emergency equipment, such as fire-fighting appliances and pressurised chemical systems, operated effectively and responded promptly during these simulated scenarios.



2

emergency drills conducted in our data centres in 2024

This is to evaluate the resilience of our information security systems against potential threats, including power outages, air conditioning system failures, and fire incidents.

Internal Regulations and Training

Controlling internal information access is a critical component of data security. We implement a range of procedures to manage system authentication and authorisation, including assigning access permissions to authorised individuals and maintaining a separate encrypted backup system. Systems deployed on public networks adhere to robust password policies and utilise authentication verification measures such as Multi-Factor Authentication . Additionally, all third parties, including suppliers, customers, and external auditors, are strictly prohibited from accessing the internal office network. In cases where third-party individuals require access, they must undergo a rigorous application and screening process. Their activities within the internal network are closely monitored by designated IT personnel to ensure compliance with security standards.

When selecting service providers, we prioritise safety considerations. To guarantee that the launch and execution of all projects align with our information security standards and client expectations, we have developed a comprehensive list of safety control points and regulations for suppliers and project development teams.

Information security training is an integral part of our staff induction process, primarily led by the Production Departments. This training covers a wide range of topics, including regulatory compliance, information security strategies, internal policies, and personal data protection. Employees assigned to specialised product lines or projects receive targeted training tailored to their specific responsibilities. For certain customer-specific projects, employees must successfully complete an examination following their training as a prerequisite for participation. To further enhance understanding and provide convenient access, selected information security topics are made available on our online training platform. This enables employees to review and revisit the materials at their own pace, from any location.



Operational Excellence

Commitment in operational excellence

Building strong, long-term customer relationships remains a top priority for AAC Technologies. To achieve this, we actively connect with our clients through multiple channels and host conferences to gather their latest feedback, concerns, and suggestions. This year, we are proud to have maintained the trust and appreciation of our clients by delivering exceptional service and contributing to their success. Our commitment has been recognised with several awards from key clients for our outstanding delivery solutions.

Related Material Topics

- Customer satisfaction
- Product quality management
- Innovation and intellectual property rights
- Production health and safety

UNSDGs:



Commitments and Targets

Health and Safety

- The company aims to reduce the number of workplace accidents by 10% each year compared to the previous year (2023 benchmark) to achieve a workplace accident rate of less than 0.05%
- By 2030 or earlier, 60% of factories will be RBA audited (SAQ/VAP), and 8 factories aim to receive RBA certificate-Silver

Performance Highlights

Number of patents	Conflict mineral- free	Customer satisfaction achieved a score of
5,112	100%	4.0 out of 5 in all five categories
ISO 45001 Health and Safety Management	ISO 14001 Environmental Management	ISO 27001 Information Safety
75%	75%	41%

Enhancing Customer Experience

At AAC Technologies, fostering long-term, positive relationships with our customers is a top priority. To ensure we stay connected with our clients, we actively engage through multiple communication channels and organise conferences to gather valuable feedback, suggestions, and concerns. We are honoured that our clients continue to place their trust in us this year, and we remain committed to delivering exceptional customer service that drives their success. Our efforts have been recognised through various prestigious awards from our valued clients, acknowledging our successful delivery of solutions.

Acquisition of PSS: A Strategic Move Towards Automotive Market Expansion and Sustainability

AAC Technologies completed the first tranche of its acquisition of Premium Sound Solutions (PSS) on February 9, 2024, boosting its acoustic capabilities and expanding into the automotive sector. The acquisition leverages AAC’s technology expertise and PSS’s global manufacturing, enabling innovative audio solutions for in-vehicle infotainment. It also aligns management teams, enhancing stability and vision. This move supports sustainability through vertical integration, combining strengths in optics, haptics, sensors, and semiconductors with PSS’s automotive audio expertise, driving growth in intelligent driving and the automotive industry.

AAC Technologies Driving Sustainability with Recycled Materials

AAC Technologies has partnered with a world-renowned technology company to integrate post-consumer resin (“PCR”) and recycled metals into new device productions, enhancing sustainability without compromising performance. PCR resin is fully implemented in collaborative projects, while recycled magnets and tungsten are used in newly developed models from collaboration with client, with full adoption targeted for 2025.

This initiative benefits our customer, while maintaining our commitment to the environment. By reducing environmental impact, ensuring regulatory compliance, maintaining high product quality, and leveraging sustainable materials, AAC Technologies strengthens its brand as an eco-conscious innovator, meeting consumer demand for greener technology, while maintaining top-tier performance.

Outstanding Achievement in R&D

In 2024, the Company made significant R&D advancements, reinforcing its leadership in consumer electronics. It introduced innovative products like the first coaxial speaker, an ultra-thin master-grade speaker, a retractable lens motor module, and a new generation of ultra-large volume speakers. These innovations were widely adopted in flagship devices, enhancing user experiences.

Third year to be nominated consecutively as the Global Top 100 Innovation Company

The company has been nominated as one of the Global Top 100 Innovation Companies for the third consecutive year. Clarivate, a leading international intellectual property company, in its ‘Top 100 Global Innovators award’. The award acknowledges the top 100 companies and organisations that are at the vanguard of global innovation. Through Clarivate’s unique methodology, which is based on patent information from around the world, these entities are recognised for their consistent and outstanding performance in innovation. This recognition not only highlights the company’s innovative capabilities but also its standing in the global innovation ecosystem, as it has managed to maintain a high level of innovation of three consecutive years, placing it among the world’s most innovative entities.

Ministry of Industry and Information Technology’s Manufacturing Single Champion Enterprise AAC Technologies Acoustic Technologies (Shenzhen) Co., Ltd.	Chongqing Municipality’s Specialised and New Small and Medium-sized Enterprise Chenrui Optics (Chongqing) Co., Ltd.	High-Tech Enterprise * AAC Technologies Acoustic Technologies (Shenzhen) Co., Ltd.
Shenzhen Multinational Company Headquarters Enterprise * AAC Technologies Acoustic Technologies (Shenzhen) Co., Ltd.	Director of the Sixth Council of Shenzhen Industrial Association AAC Technologies Acoustic Technologies (Shenzhen) Co., Ltd.	

* Re-certified in 2023, Certificate Received at the Beginning of the Year.

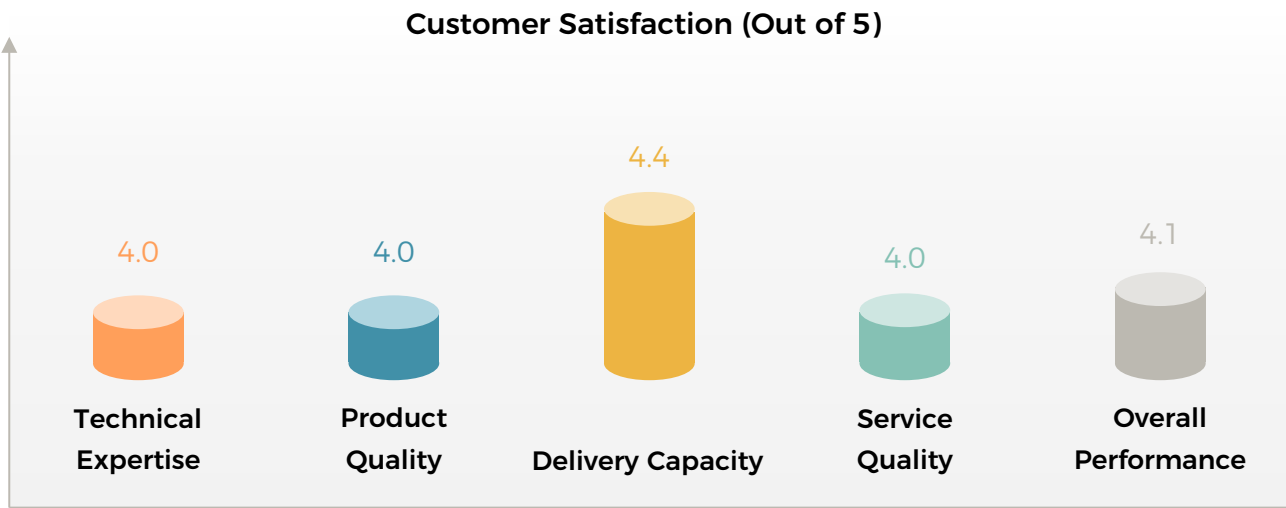
Customer-centric Business

Awards	Awardee	Awarding Organisation
2024 Jiangsu Province 5G Factory	AAC Technologies (Changzhou) Co., Ltd	Jiangsu Provincial Ministry of Industry and Information Technology.
2024 Best Joint Innovation Award	AAC Technologies	Huawei (awarded for joint innovation, one of only 10 suppliers recognised out of thousands)
2024 Top 30 VR/AR Companies in China	AAC Acoustic Technologies (Shenzhen) Co., Ltd	Shenzhen International VR/AR Expo Committee
2024 Major Contribution Award	AAC Technologies	Changzhou Municipal Party Committee and Government
2024 Top 10 Enterprises in R&D Investment		
2024 Industrial Star Enterprise - Five-Star Enterprise		
2024 Top 100 Taxpayer Award		
2024 Sales Scale Award		
Long-term Champion Award	AAC Technologies	OPPO
Porsche China Innovation Accelerator Award – Lighthouse Project	AAC Technologies	Porsche China Innovation Office

Customer Engagement and Satisfaction

The Communication Management Procedures and Customer Satisfaction Management Procedures serve as frameworks for internal communication with customers. These procedures outline the roles and responsibilities of dedicated teams within each product line, offering clear guidance on customer engagement and the improvement of customer experience and satisfaction. Additionally, we prioritise transparency with our clients by granting them access to relevant data through our QDM system, enabling them to track the entire production process. Dedicated teams in each product line are assigned to handle customer inquiries, monitor product returns, and address complaints in real time, ensuring prompt and effective responses to client needs.

In line with the Customer Satisfaction Management Procedures, 5 key areas—technical expertise, product quality, delivery capacity, service quality and overall performance—are used to evaluate customer satisfaction. Reports analysing satisfaction levels, accompanied by follow-up action plans, are generated based on insights gathered from quarterly business reviews, daily visits, annual surveys, and other engagement channels. To meet the demands of an increasingly customised market, the Group conducts weekly or monthly evaluations to stay aligned with client needs and promptly address any concerns. As a result of these efforts, the company achieved an overall customer satisfaction rating of 95% in 2024.



To address customer complaints, we follow the “Handling Customer Complaint Procedure,” aiming to provide a resolution within five days. Complaints are classified into four levels based on their impact on customers and the product. The most critical issues, which involve production or delivery delays exceeding three days, are treated as top priority. A dedicated response team is assembled to identify the root cause, manage risks, and implement corrective actions to resolve the issue and prevent recurrence. Customers receive a detailed report outlining the root cause, analysis, and resolution of their complaint. Throughout the year, all customer complaints were resolved in accordance with these procedures.

For quality-related defects, we adhere to the “Non-Conforming Product Control Procedure” to investigate the issue and consult the “Recall Product Management Procedure” for guidance on recalling affected products.

Enhance Competitiveness in Manufacturing

In order to maintain a competitive edge among its peers and optimise manufactory operations, the Group has established two key targets related to Environmental, Health, and Safety (EHS) and external audits.

The primary goal is to achieve 'zero work - related death incidents and zero occupational disease incidents', the Group has determined to set specific targets and developed a clear roadmap to achieve this goal. This commitment is reinforced by its alignment with the framework provided by the Responsible Business Alliance (RBA), which serves as a guiding standard for strengthening EHS measures and analyzing guaranteeing operational safety.

The second target is to go through RBA audits and obtain RBA certification. The Group is keen to meet the requirements of the RBA, demonstrating its compliance to international standards in key areas such as labor, health and safety, environmental impact, compliance audit ethics and anti-corruption.

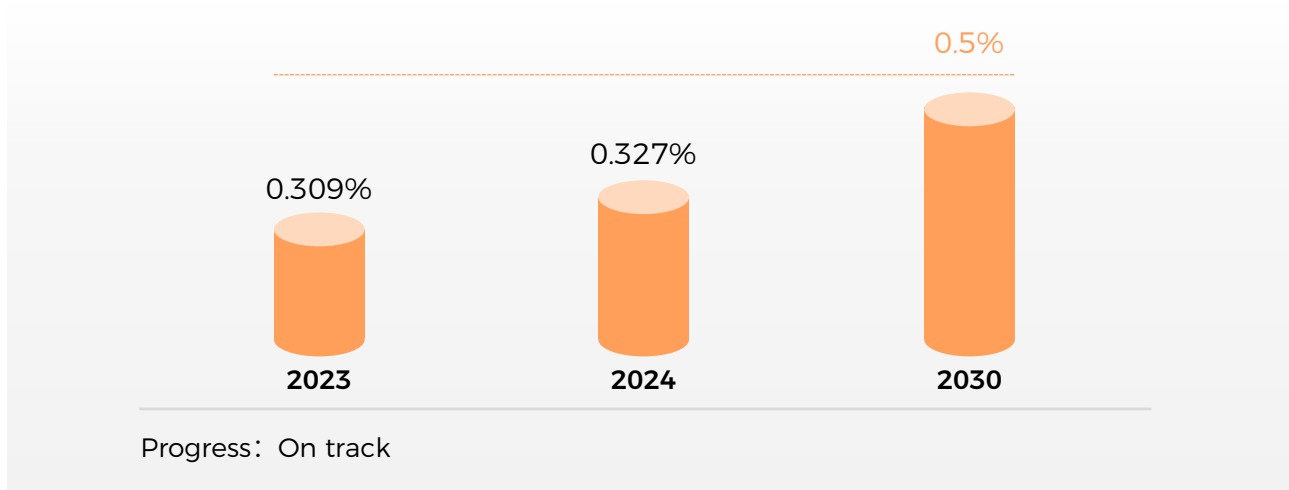
The RBA is an international certification standard in the electronic industry. Its core lies in six major behavior guidelines covering labor, health and safety, environment, ethics, management systems, and continuous improvement.

The Group's commitment to RBA certification reflects its dedication to social responsibility, sustainability, and operational excellence. Achieving this certification will enhance its transparency, improve competitiveness, and optimise internal management while reducing compliance risks. Additionally, RBA certification can help AAC on collaboration and communication across the supply chain, promoting greater transparency and stability.

By setting clear targets, aligning with the RBA framework, and ambitious for RBA certification, the Group is making significant progress toward its ultimate goal of ensuring a safe, ethical, and sustainable working environment while solidifying its position as a leader in the industry.

Targets 1

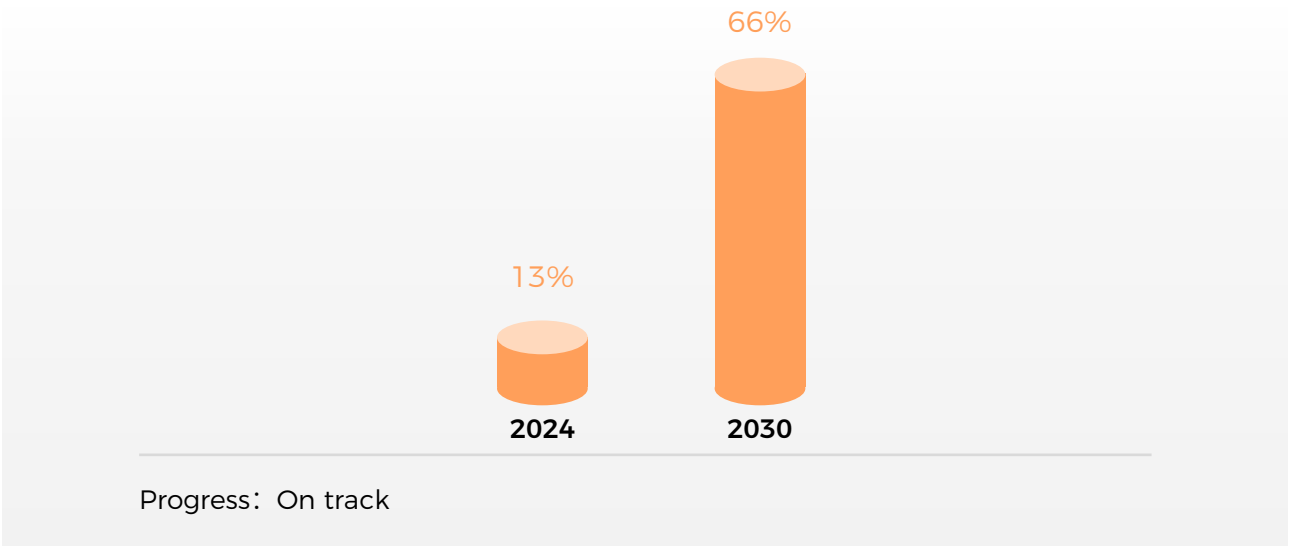
The company maintains a workplace accident rate of less than 0.5%



Target 2

By 2030 or earlier, 60% of factories will be RBA audited (SAQ/VAP), and 8 factories will receive RBA certificate-Silver

● Group (AAC and PSS)



Innovation and Development

The adoption of Industry 4.0 technologies is fueling the rapid progress of digitalisation and intelligent manufacturing. In 2024, AAC Technologies stayed at the vanguard of smart and sustainable manufacturing by upgrading its production processes with cutting-edge smart manufacturing technologies. Substantial investments were made in advanced tools like visual inspection systems and automated guided vehicles, facilitating the establishment of seamless, fully - automated production lines.

Furthermore, we integrated systems such as Enterprise Resource Planning (ERP), Manufacturing Execution System (MES), and other digital platforms to capture real - time production data. This enables efficient preventive maintenance and lean manufacturing practices.

We are also in the process of developing our own ESG digital tools to simplify data collection processes and boost data accuracy. The introduction of an ESG AI writing tool, which studies past ESG disclosures, will further assist in generating valuable insights, enhancing internal communications, and promoting informed decision-making.



The ESG Data Manual is of great significance as it standardises methodology and definitions, ensuring data consistency. This, in turn, leads to better data quality, making the data more reliable and useful. Moreover, it aligns with the ever - evolving sustainability regulations, helping the Company remain compliant and better manage their ESG-related endeavors.



R&D expenses in 2024 rose by **28.5%** to RMB **2,022** million, driven by increased investment in new projects for product upgrades and emerging sectors like automotive acoustics and AR/VR.

Strategies for Improving Data Quality and Accuracy in Smart Technologies

1

Data Standardisation:

Our global manufacturing units come across diverse data points and are subject to various regulations. An in - house data tool needs to clearly identify data providers and internal auditors so as to ensure data quality and accuracy.

2

Advanced Data Tracking

Utilise automation such as smart meters or data automation. Smart meter is one of the key aspects of advanced data tracking. They can precisely measure and report on various metrics like energy or water usage in real - time. This enables granular insights into consumption patterns. Data automation, meanwhile, streamlines data collection and transfer. It can automatically gather data from diverse sources, ensuring a continuous and accurate flow. This reduces manual effort and the potential for errors, making data more reliable for decision - making.

3

Advanced Monitoring

AI monitoring provides a comprehensive view. It can constantly scan data from multiple channels, quickly detecting any unusual activities or changes. In data analysis, AI can handle vast amounts of complex data. It can identify relationships and trends. For prediction, AI uses historical and current data to forecast future events. This helps in proactive planning, such as predicting equipment failures or market trends, enhancing overall efficiency.

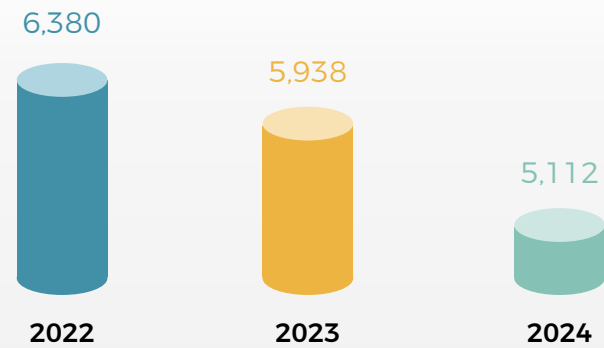
Patents Management

AAC Technologies places a strong emphasis on R&D, allocating 7% of its annual revenue to research and development. As of 31 December 2024, the company operated 19 R&D centres staffed by over 4,505 senior researchers and engineers.

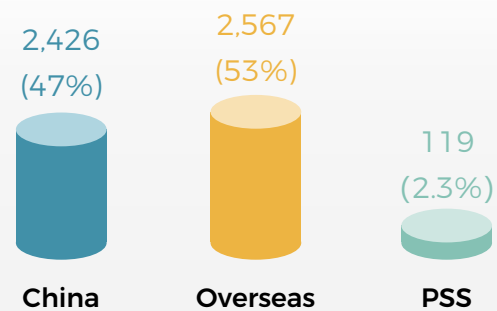
To encourage innovation, the Group has implemented a Patent Incentive Scheme that provides greater motivation for inventors to develop utility models, commercialise patents, and create high-value inventions. Inventors are rewarded financially when their creations are successfully licensed as patents or sold to third parties.

Each patent application undergoes a rigorous evaluation process to assess its uniqueness and level of innovation. To maximise the value of our intellectual property investments and manage our patent portfolio effectively, we conduct continuous evaluations to identify high-potential ideas and pinpoint patents with strong competitive advantages. This process considers industry trends, market dynamics, legal factors, and the relevance of existing patents, ensuring strategic and efficient resource allocation.

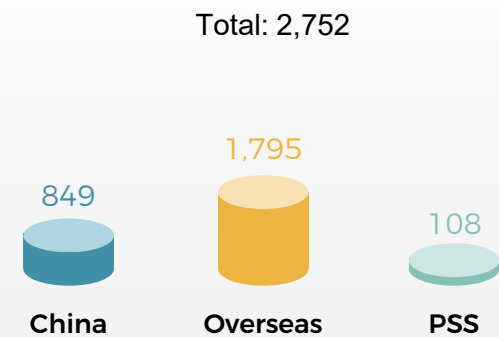
Number of patents owned



Demographic



Patent Application



As of 31 December 2024, the Group held 5112 patents, included 119 patents from PSS in the automotive sound industry. The company has changed its patent operation focus from quantity to quality in recent years. It has strengthened patent protection for key technologies, raised patent proposal review standards, and more strictly evaluated patent maintenance necessity. This has led to a reduction in the annual number of patent applications and existing patents but has optimised the patent portfolio. For instance, the proportion of invention patent applications has risen to over 95%, and among maintained patents, the proportion of invention patents is over 77%. The company has also actively pursued overseas patents, with the overseas patent layout proportion reaching over 68%. Moreover, its patent portfolio aligns closely with the technology development roadmap and market trends, with a 75% fit degree. Overall, despite the decrease in the total number of patents, the quality is improving, and patent competitiveness is growing annually, as evidenced by the company's ranking among the top 100 global innovation institutions for three consecutive years, evaluated by a third-party organisation.

Intellectual Property Rights

Protecting and respecting intellectual property rights (IPRs) is a top priority for us. Our Intellectual Property Department is responsible for addressing IPR-related matters and formulating internal policies, processes, and systems to manage intellectual property effectively. To ensure compliance with regulations, this department periodically reviews internal guidelines and provides relevant training for employees.

The Group has established an “Intellectual Property Business Management Policy” and a “Patent Management Policy” to safeguard its intellectual assets, including patents, trademarks, and copyrights. These policies focus on proper planning, monitoring, evaluation, and risk assessment to protect our intellectual property comprehensively.

We routinely perform internal audits on innovations as part of our “Early Warning” mechanism, which identifies and manages potential risks to comply with international and PRC laws, especially in cases involving potential infringements. Our Intellectual Property Department works closely with the R&D and Marketing teams throughout the design and production phases, monitoring market trends and intellectual property data to adapt product designs as needed. Additionally, we engage external professionals for independent audits to address the challenges of a dynamic industry environment.

In the event of a patent dispute, a dedicated emergency task force comprising the Head of Intellectual Property Rights, the Accounts Manager, and the patent owners is assembled to address the issue in line with the Intellectual Property Rights Contingency Plan.



Defending our Patent Rights

In 2024, AAC Technologies initiated at least five patent infringement lawsuits against competitors, successfully restricting their activities and increasing the market share of the group's related products. Additionally, the intellectual property team has actively tracked and monitored competitors' patents. For patents that could pose potential risks, the team proactively filed patent invalidation requests, effectively eliminating patent infringement risks in advance. By the end of 2024, the team had filed five patent invalidation requests and successfully invalidated or partially invalidated 15 patents held by competitors, significantly reducing or eliminating the risk of patent infringement and safeguarding the group's product portfolio.

Striving for Zero Defects

Quality Management System

The Company is dedicated to delivering “zero defect” products, a goal we believe is achievable through a robust and well-structured management system. All our production facilities are certified under ISO 9001:2015 for quality management systems and have obtained IECQ QC 080000 accreditation for finished goods. Additionally, the Group has expanded its quality management system to include the manufacturing of device components. Facilities in Ma’anshan, Nanning, and Shuyang hold ISO 9001 certification, while those in Shenzhen and Changzhou are certified under IATF 16949³. Moreover, our Green Procurement (GP) laboratory in Changzhou has been certified by CNAS⁴, adhering to ISO/IEC 17025 standards⁵.

Our quality management system is regularly evaluated and updated to ensure its effectiveness. This year, the company made significant progress in standardising component supply management processes, establishing clear and consistent procedures for sourcing components internally and externally. These measures ensure components are certified promptly and meet production demands.

To maintain the integrity of the quality management system, the Group conducts “Internal Quality Audit Procedures” as well as professional audits—both internal and external—on a semi-annual basis. If the system is found lacking in practicality or effectiveness, the relevant departments are required to implement corrective actions based on audit findings.

Throughout the year, the Group has not identified any significant non-compliance with applicable laws and regulations regarding health and safety, advertising, labelling, privacy, or product and service redress mechanisms that could materially impact the Group.

Achieving Quality Excellence

Our highly skilled workforce plays a critical role in achieving zero defects and maintaining exceptional quality standards. To support this, we have implemented a “Creative Proposal Policy” that rewards employees for submitting technological ideas aimed at eliminating defects. Each proposal is assessed based on its feasibility, use of technology and tools, potential benefits, future applicability, and demonstration value.

3. IATF 16949: 2016 Automotive Quality Management Systems
4. CNAS refers to China National Accreditation Service for Conformity Assessment
5. SO/IEC 17025:2017 General Requirements for the Competence of Testing and Calibration Laboratories

We actively encourage and support our engineers in obtaining Six Sigma certification to strengthen their data analysis and creative problem-solving abilities. By equipping them with diverse techniques and tools, they are better prepared to identify and address recurring issues that could impact product quality or operational efficiency.

To enhance employees’ awareness of quality, the Group is committed to cultivating a culture of operational excellence through the following initiatives:

- Promotion
 - Distribute quality culture brochures to all employees
- Communication
 - Monthly meeting for sharing best practices
- Training
 - Implement Green Belt Training to provide systematic trainings
- Motivation
 - Introduce a ‘Likes Card’ to recognise employees who spot problems early and provide solutions. It may be redeemed for presents
- Competition
 - Organise competitions, such as passing rate competition
- Target Setting
 - Set specific quality targets for each of the production activities
- Specialised Teams
 - Form working groups to focus on certain topics for improvement

Management of Abnormal Test Results

Supplier Quality Detection System	Internet of Things (“IoT”)
An anomaly warning will be delivered through Short Message Service (“SMS”) if unqualified inbound material is detected. The review of supplier performance is connected to abnormality.	To maximise resource allocation by providing data support for the production management system.
Interception System	CNC Fool-proofing mechanism
To reduce labour costs by using robotic process automation technologies on the manufacturing line. To improve traceability, testing data is maintained online.	Reaching a 100% pass rate by reducing the probability of faults.



Talent Management

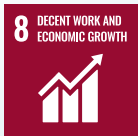
Commitment in talent management

In a highly competitive landscape, AAC Technologies places a strong emphasis on expanding and strengthening our talent pool. To stay ahead in the industry, it is crucial for us to adapt quickly and adopt innovative approaches and technologies, especially in managing and developing our talent. We are digitising our talent development systems and prioritising employee health and well-being to attract and retain top-tier talent. We invest resources to identify, recruit, develop, and retain the most suitable talent to meet the diverse demands of our various business sectors.

Related Material Topics

- Occupational safety and health
- Talent management and retention

UNSDGs:



Commitments and Targets

- Average annual training time per employee (including white-collar and blue-collar workers) to 35 hours by 2030
- The proportion of women in management positions (CEO-2) will reach >25% by 2030

Performance Highlights

Total workforce	Learning platform	Investment in safe production RMB	Average training hours	Online courses
37,273	539,273	62.43	15	498
employees	hours of training completed	million invested	hours per employee	courses offered

Human Resources

We continued to leverage the Group’s Talent Management Committee to strengthen and oversee the Group’s HR-related management activities. The responsibilities of the Committee are detailed below:

Formulation of the Group’s HR policies, the introduction and training of high-end talents and the empowerment of HR functions

The inventory, selection, inspection, appointment, promotion and exit management of the Group’s cadres

The establishment and implementation of the Group’s cadre evaluation system and supervision

The Group’s reserve cadre echelon construction and succession plan management

The construction of the Group’s current and reserve cadre training system and the design and implementation of training projects

“AAC Technologies People”, the integrated information service platform, has continued to enhance HR and management capabilities in talent acquisition, engagement, development, and retention. By consolidating talent-related data, the platform streamlines talent searches, enabling the HR Department to identify suitable candidates for various projects. “AAC Technologies People” provides a clear visualisation of the organisational structure, making it easy for employees to understand team layouts. Managers can gain detailed insights into their team members, allowing them to efficiently leverage the right talent for different work scenarios by accessing comprehensive employee profiles. The platform also generates multidimensional reports, offering valuable insights to inform decision-making. Additionally, “AAC Technologies People” supports project performance evaluations, driving teams towards high performance, helping the Group achieve its annual targets, and delivering real-time motivation to team members.



Human Resources Roadmap

Current Status:

23%

women at the Company’s CEO-2 level of management in 2024

Our Target:

By 2030 or earlier, we aim for women to hold 25% of management roles at the CEO-2 level, reflecting our commitment to gender diversity and inclusive leadership.

Future-proofing the Workforce

AAC Technologies seeks individuals capable of anticipating challenges in a dynamic market, such as rising competition and regulatory demands. Talent recruitment is a key strategy for driving future growth by identifying and securing top candidates. By enhancing our talent acquisition program and strengthening partnerships with higher education institutions, we ensure the right candidates are identified and equipped with future-ready skills.

Aligned with the Group’s strategic goals, we have intensified our focus on talent acquisition and development. Through exchange programs, we identified and nurtured young talent from schools and cultivated exceptional individuals. We also improved training engagement through a mix of online and offline methods. To enhance retention, we upgraded traditional incentive models with timely monetary rewards and established robust promotion channels for diverse talents.

For critical roles, we refined recruitment criteria and aligned qualification standards. Talent mapping and profiling now provide detailed insights into the skills, traits, and distribution of our talent pool. Tailored solutions were created for specific roles based on market trends and product strategies. Recruitment, internal development, succession planning, and motivation mechanisms are designed to ensure the best fit for every role. This framework enables employees to enhance their skills, align with our product strategy, deliver exceptional service, and mentor the next generation of talent.

Purposes of Talent Review

Building a strong team

Improving

Improving management effectiveness

Enhancing motivation

Creating more value

Identify employees with core skills and capabilities

Help managers implement people management

Increase employee’s intrinsic drive and initiative with values as a driver

Help employees understand AAC Technologies’ standards and requirements and become more valuable contributors

Talent Acquisition

To ensure a strong and relevant talent pool, AAC Technologies regularly evaluates recruitment from a demand-driven perspective, focusing on authenticity, validity, and addressing skill gaps. Our strategy outlines the necessary skills and qualities, guiding our recruitment team in tasks such as training, assessing hiring needs, screening candidates, and organising interviews. Additionally, we streamlined our recruitment process and evaluated headhunting agencies to better leverage their resources for specialised roles.

University-enterprise collaboration remains a key pillar of our talent strategy. In 2024, we partnered with universities such as Nanning University, Sichuan University, and Changzhou University, engaging in activities like online presentations and on-campus sharing sessions to identify candidates who align with our values and culture. We also expanded our reach through traditional and online recruitment platforms, including 51job, Haitou, and Nowcoder, to attract a diverse range of talent.

In 2024, we launched a five-day training program in Changzhou, titled “New Generation,” designed specifically for fresh graduates. The program featured four key components: curriculum, activities, tasks, and motivation, all aimed at fostering personal growth and team development. Official opening and closing ceremonies created an inspiring atmosphere, celebrating the achievements of the participants and motivating them to excel.

Experience Transformation

The HR Department and the management from each business department provided different experiences, from -development history to corporate culture, from business introduction to forward-looking sharing, which helped the new generation to understand AAC Technologies, and integrate into AAC Technologies.

Our strategy for recruiting young talent focuses on understanding their career goals, showcasing our company culture, and highlighting career opportunities. This effort is bolstered by strong connections with universities and professors, as well as data from market analysis and workforce trends, particularly in campus recruitment. We aim to expand school-enterprise collaborations in regions like Jiangsu, Shanghai, and Guangdong, with a long-term goal of partnering with 59 institutions to attract high-potential young talent.

Team Development

Communication, collaboration, innovation, and win-win are the main goals and purposes of “New Generation”. The team development activities allowed all members to work together, gain trust, courage and friendship and understand the meaning of responsibility which further enhanced team cohesion.

To enhance recruitment outreach and attract more candidates, we emphasise improving the impact and reach of recruitment presentations. This includes drawing in larger audiences to establish a strong employer brand. For the 2025 campus recruitment campaign, we produced an aerial presentation video that highlighted our company culture, work environment, and employee life. Featuring guest speakers, testimonials from senior students, and insights from past recruits, the video offered an engaging and dynamic introduction to AAC Technologies, helping candidates gain a clearer understanding of the company and inspiring them to apply.

For fresh graduates, we provide travel and accommodation allowances, personalised coaching, and training covering both specific and general skills. Regular follow-ups, conducted over six months to a year, ensure smooth integration into AAC Technologies’ culture. In Vietnam, experienced recruiters have been deployed to support local talent acquisition, providing tailored training and guidance to align with our standards.

2024-2025 Campus Recruitment Campaign

- 59 Universities engaged, including Nanjing University, Southeast University, and Wuhan University.
- 98 Campus Events held across 24 schools, with 85% of them at 985/211 institutions.
- 5 Recruitment Platforms:
1. 51job
2. HaiTaoWang
3. NiuKe
4. DaTongXueBa
5. OfferShow

- 2 Online Live Sessions:
• 1st session on March 6, 2024, reached 92,773 viewers.
• 2nd session on September 12, 2024, at Nanjing University of Aeronautics and Astronautics.

- 3 Employer Awards:
• Liepin: Exceptional Employer (Jiangsu)
• HaiTaoWang: Most Influential Employer
• OfferShow: 2024 Star Employer



Throughout the year, we organised a range of recruitment activities targeting 2025 graduates. In 2024, the Group carried out global recruitment efforts across regions, including the United States, Germany, Singapore, Malaysia, Vietnam, and South Korea, successfully bringing in over 100 management and technical professionals.



Training and Development

Remaining competitive is essential for the Group, and a core focus lies in developing talent with the necessary skills and expertise. Our objective extends beyond boosting productivity; we strive to create an environment that promotes sustainable career development. This strategy not only helps employees achieve their personal career goals but also contributes significantly to AAC Technologies' overall success in reaching its organisational objectives.

Data breakdown of average training hours by type of training			
Target : Average annual training time per employee (including white-collar and blue-collar workers) to 35 hours by 2030			
Average training hour and roadmap to 2030			
14 hours 2022	13 hours 2023	15 hours 2024	Progress achieved 40% 

Setting this target, the Group focus on enhancing talent skills, improving adptability to change, and improving employee engagement and retention. This approach is important for attracting top talent by showing clear growth opportunities while at the same time developing internal talent for leadership and promotional opportunities.

Investing in talent development can ensure all the employees are well equipped to perform at a higher level, leading to improved productivity and overall performance and help the Group stay at competitive position.

Annual Talent Review Plan

AAC Technologies is enhancing employee satisfaction through a structured talent management programme, focusing on career development, retention, and leadership growth. Over the next year, the company plans to optimise resource allocation to strengthen succession planning, personalised training, and key talent retention strategies.

Online Learning Platform

Online learning is key to our training strategy, ensuring flexibility and inclusivity. This year, we added five modules on leadership, management, professionalism, integration, and general knowledge.

Currently, our online platform hosts a total of 498 courses, with 80% dedicated to professional and technical training, delivered by seasoned lecturers and industry experts. In 2024, the platform was upgraded, offering 498 training sessions and completing a cumulative total of 539,723 training hours. This shift to online learning has significantly boosted training efficiency, ensuring employees have convenient access to the resources they need to develop and enhance their skills. professional interests.

To further support skill development, we have partnered with renowned institutions, such as Nanjing University Business School and China Europe International Business School. This collaboration focuses on equipping senior engineers and directors with advanced skills in areas such as coaching, change management, organisational design, and persuasiveness, preparing them for leadership roles.

In total, our employees have completed 539,723 training hours, averaging 14.48 hours per person. The platform not only enhances training efficiency but also allows employees the flexibility to explore topics that align with their personal and professional interests.

Performance Appraisal and Career Development

The Performance Management System is integrated into our regular employee evaluation framework. To strengthen our incentive model, we conduct monthly performance reviews and make timely adjustments to the management structure based on appraisal outcomes, providing young talents with greater promotion opportunities.

As part of our career development strategy, the Group has enhanced career pathways by clearly outlining progression opportunities across managerial, technical, functional, marketing, and skills-based channels. This transparent structure helps employees better understand their growth potential, keeping them motivated.

We also support employees, from managers to frontline staff, by helping them set goals and measure their performance effectively. Our product lines have adopted an agile management approach to optimise work allocation, project leadership, and execution, fostering a cohesive and goal-oriented team. Employee performance data is analysed to inform work assignments, incentives, and job rotations. The Group emphasises a high-performance culture where top-performing employees are empowered and promoted to key roles, enabling them to make meaningful contributions. We encourage employees to aim higher, establish ambitious benchmarks, and sustain long-term performance, ensuring mutual growth for both our employees and the Group.



Striving for Employee Satisfaction

Engagement and Grievance

Employee engagement is a core aspect of AAC Technologies’ talent management philosophy. To maintain a positive workplace environment, we ensure that employees’ concerns and feedback are promptly heard and addressed. Employees can share their inquiries, complaints, or grievances through various channels, including “Lark,” mail, email, hotline, or directly at the HR office.

To facilitate open and efficient communication, we have implemented a “Grievance Resolution Procedure.” This procedure outlines how responses are categorised, handled, and resolved within specified timelines. Investigations are conducted impartially, safeguarding the privacy and rights of all involved. To encourage participation, we recognise and reward employees who provide constructive feedback or report genuine concerns. At the same time, in alignment with our Code of Conduct, individuals who submit false information, interfere with the process, or misuse grievance channels for personal gain are held accountable.

Complaints Received	Investigation
The Legal Department gathers and monitors all the complaints received and contacted the relevant complainants within 3 working days.	- Cases are reviewed and filed for investigation. - If the case is found not suitable for investigation, the relevant complainant will be notified with reasoning.
Report	Communication
- Immediate follow- up actions are taken for violation cases. - Complainants are notified of results within 5 working days. - The complainants have the right to appeal.	Cases of non-compliance are clearly communicated to employees via intranet and internal bulletin by the HR Department.

In 2024, a total of 1100 suggestions and reports were submitted, addressing matters such as accommodation, catering services, and work arrangements. All issues were resolved in accordance with established procedures, with records maintained on the online grievance handling platform.



Employee Welfare

The Group guarantees equal treatment and benefits for all employees. This includes annual leave, allowances, incentives, and social insurance, all of which are provided in compliance with the local regulations of the countries and regions where we operate.

Salary Adjustments and Incentives

Salaries are reviewed and adjusted annually based on employee performance. Each year, the HR Department conducts industry benchmarking and compensation research, using data analytics to refine the compensation and benefits structure accordingly.

Employee Satisfaction and Wellbeing

To prioritise employee well-being, we offer free annual medical checkups for both new hires and existing staff. In 2024, we conducted 52,997 health screenings. To protect the rights and welfare of female employees, we have implemented policies such as adjusted work arrangements for pregnant employees and designated breastfeeding hours for nursing mothers. Additionally, nursing room guidelines ensure that appropriate facilities are available when needed.

At AAC Technologies, we are committed to fostering a strong sense of belonging by actively addressing employee needs. Based on their feedback, we have introduced several initiatives this year to enhance employee engagement and well-being in regions such as Changzhou, Nanning, and Vietnam. These efforts aim to resolve their concerns and create a supportive and fulfilling work environment that enhances overall satisfaction and happiness.



52,997 Health screening in 2024

Employee Support Programs

Paid Leave for Family Caregiver	
AAC Technologies provides parental support and benefits to both its male and female employees, as outlined in our employment policy. This reflects our commitment to the sustainable development of our community while also providing business benefits to the company by maintaining a higher retention rate	
Employee Engagement Programs	
PSS emphasises recognising outstanding employee and company performance and uses annual and targeted surveys to better understand engagement challenges.	
Golden Ideas Program	“Feel Good” Workgroup
AAC Technologies fosters continuous improvement through programs like the Golden Ideas Program, which encourages employees to submit improvement ideas and receive awards for their contributions. Additionally, PSS also conducts focus groups and develops action plans for implementation.	PSS prioritises employee physical and mental wellbeing through its “Feel Good” workgroup, which promotes camaraderie and fun both in and outside of the workplace. PSS also motivates employees by offering performance-based rewards and global incentive plans that recognise personal achievements and exceptional contributions.
Long Service Award	
To celebrate and acknowledge employees’ contributions, AAC technologies established the Long Service Award program, recognising individuals who have devoted years of hard work and expertise to the company’s growth. In 2024, over 1,500 employees were recognised for their long-standing dedication to the company.	



Occupational Health and Safety (OHS)

AAC Technologies prioritises health and safety, striving to eliminate fire incidents, injuries, and workplace disasters. The Safety Management Committee, led by the CEO, is responsible for overseeing the implementation of the Group’s occupational health and safety system. This committee plays a key role in managing workplace safety across production processes, while staying informed about evolving health and safety practices.

To ensure an effective system, the committee convenes quarterly, allocating Group resources to address occupational health and safety concerns and maintain smooth operations. Employee representatives from various departments and functions participate in these meetings, ensuring that their perspectives are heard and considered.

We have implemented an Occupational Health Management Procedure to guide the inspection of health and safety hazards at our production facilities. This procedure ensures that immediate corrective actions are taken to prevent employees facing high health and safety risks from engaging in production work.



RMB 62.43 million
investment placed for the improvement of safe production in our factories in 2024

We are committed to maintaining our OHS standards and continually seek enhancements by investing heavily in safety-related initiatives.

A substantial portion of this investment is allocated to improving employees’ awareness and knowledge of workplace safety. In line with the Safety Education and Training Policy, comprehensive training is provided to various employee groups to ensure they are equipped with the necessary skills and understanding of safety procedures.

The investment was also utilised for conducting both third-party audits and internal assessments of the organisation’s occupational health and safety management system. This ensures compliance with relevant standards and helps identify areas for improvement.

The funding is also dedicated to upgrading the Group’s infrastructure, ensuring that safety measures and equipment meet the highest standards, thereby enhancing overall workplace safety.



75%
Group's production facilities certified the ISO 45001 Occupational Health and Safety Management System.

To maintain compliance with the latest laws and regulations and uphold industry best practices, factories, including Changzhou, Nanning, Shenzhen, Shuyang, Suzhou, and Vietnam are also conducted both third-party audits and internal assessments of our occupational health and safety management system.

OHS Management Approach

Below is an overview of the three-tier safety inspection system that AAC Technologies has implemented to strengthen workplace health and safety management.

Tier 1: EHS Engineer	Tier 2: Safety Inspector	Tier 3: Departmental Level
Monitor the overall health and safety matters in the operations	Carry out safety inspections and facilitates client engagement	- Responsible to regulate self- checking and periodical reviews - Coordinate their own safety training and inspection were necessary

On top of the safety inspection system, AAC Technologies has established its safety management mechanism, which is designed in reference to the Responsible Business Alliance (RBA) Standards, ensuring a comprehensive approach to workplace safety, risk prevention, and regulatory compliance. By aligning with RBA principles, the mechanism establishes a structured framework for safety compliance, hazard management, special equipment regulation, hazardous chemical control, and occupational health protection. This approach not only safeguards employees, but also reinforces the organisation's commitment to ethical and responsible business practices.

1 Safety Compliance

- ✓ Conduct safety evaluation and acceptance for all construction and expansion projects.
- ✓ Establish an internal safety organisation with defined responsibilities.

2 Safety Management Measures

- ✓ Set up a dedicated safety management body with trained personnel.
- ✓ Implement safety procedures, operational guidelines, and emergency response plans.
- ✓ Provide safety training for all employees, including managers and special operators.
- ✓ Enforce risk management policies, including pre-approval and monitoring of hazardous tasks.
- ✓ Identify and eliminate hidden safety risks through structured inspection and accident management.

3 Special Equipment Management

- ✓ Maintain a special equipment registry and ensure legal registration.
- ✓ Conduct regular inspections and ensure compliance with safety standards.

4 Hazardous Chemicals Management

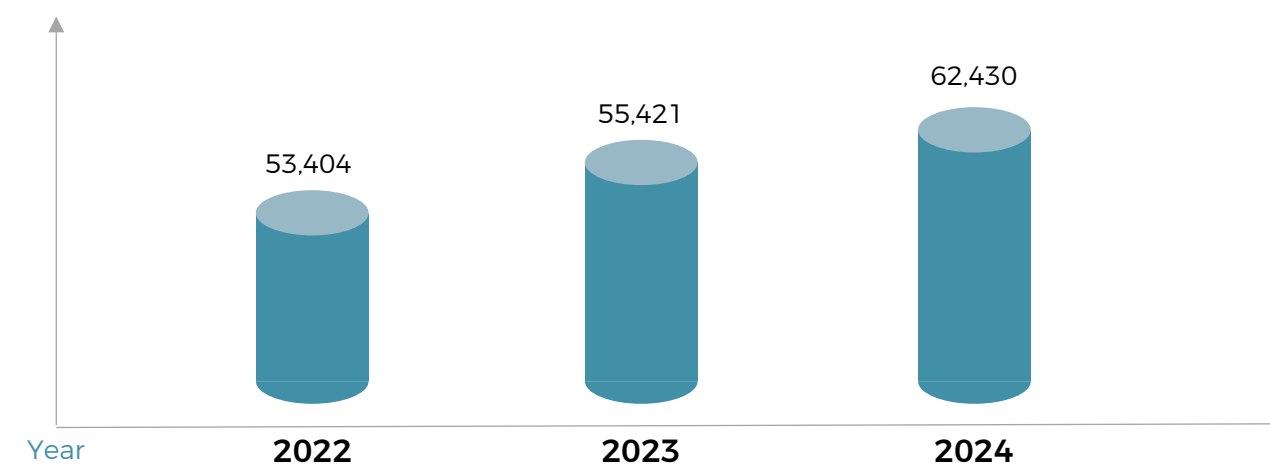
- ✓ Obtain necessary safety permits for chemical-related construction and production.
- ✓ Store hazardous chemicals in dedicated, secure facilities with dual-control management.
- ✓ Ensure proper labelling, MSDS documentation, and risk-free handling.

5 Occupational Health Management

- ✓ Conduct occupational hazard evaluations before and after projects.
- ✓ Monitor workplace hazards regularly and implement corrective actions.
- ✓ Provide health screenings for workers exposed to occupational risks.
- ✓ Maintain a safe working environment with functional protective equipment.

During the year, the Group was not aware of any material non-compliance with occupational health and safety-related laws and regulations that would have a significant impact on the Group.

Health and safety expenditure (RMB'000)



Safety Officers Training: New Part-time Safety Officer	Emergency and First Aid Training: Basic First Aid Training	Job Hazard and Safety Training: - Job Hazard Factors Training - Workshop-Level Safety - TrainingConstruction Safety Training
Specific Industry and Construction Training: - Construction Training - Cafeteria Safety Training - Labor Agency Safety Training	Forklift and Hazardous Materials Training: - Forklift Specialised Training - Hazardous Materials Safety Training - Hazardous Materials Use & Hazardous Waste Disposal - Hazardous Materials Operation Training	

Chemical Safety

The production of electronic components involves the use of various chemicals, some of which pose potential risks to both human health and the environment. To address these concerns, we have established a Hazardous Chemicals Management System and implemented the “Chemical Full-Process Control Requirements” (“化學品全流程管控要求”). These measures are designed to prioritise chemical safety and ensure full compliance with relevant regulations at every stage of the chemical lifecycle, including procurement, transportation, storage, utilisation, and proper disposal.

Preventing Occupational Diseases

We are fully committed to protecting our employees from workplace hazards and occupational health risks. To ensure a safe working environment, we have implemented the Occupational Health Management Procedure, which outlines preventive measures, response protocols, and follow-up actions to address safety concerns in the workplace.

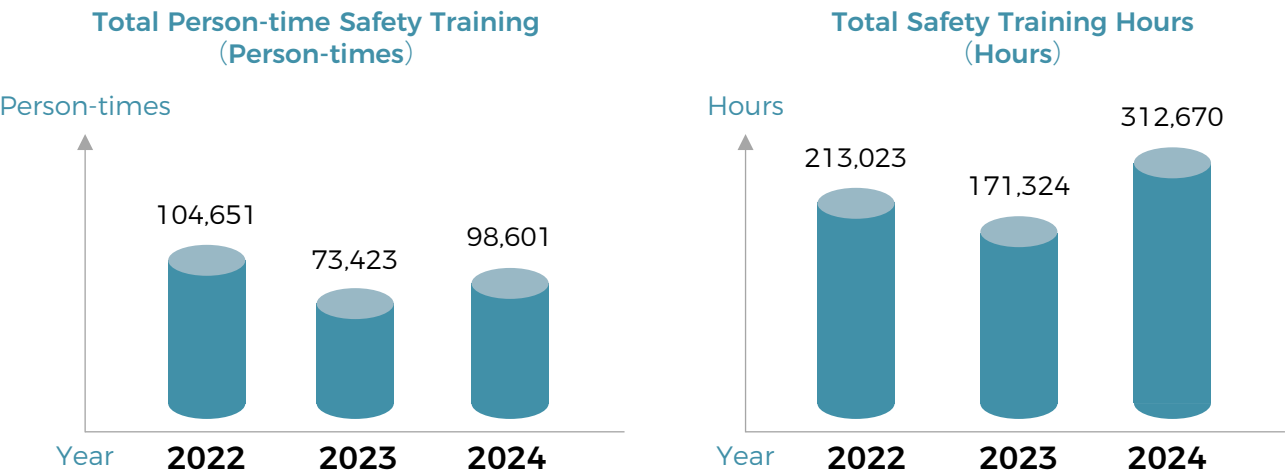
As part of our commitment to occupational health, we conduct occupational disease inspections at our operational sites every three years. These inspections are carried out by qualified third-party experts to ensure compliance with relevant laws and regulations, assess potential occupational disease risks, and evaluate the effectiveness of preventive measures. Through these assessments, we continuously strengthen our health and safety management to mitigate workplace hazards effectively.

Our Emergency Response Team oversees the implementation of safety protocols, monitors management procedures, and assigns specific responsibilities to different departments. To enhance employee protection, we provide personal protective equipment (PPE) to relevant personnel, ensuring they have the necessary and certified safety gear for their work.

In addition, we adhere to government-mandated occupational health checkups, which are conducted at different stages of employment—pre-employment, during employment, and post-employment—for employees exposed to potential occupational health risks.. If any abnormalities are detected, follow-up checkups or further examinations are arranged promptly to facilitate early detection and management of occupational diseases.



Health and Safety Awareness



During the year, we recorded 7,528 lost person-days due to work-related injuries.



Enhancing Fire Safety Management in a Manufacturing Group

In early 2024, the EHS technical team conducted a comprehensive fire safety inspection across all business units and factory sites. This initiative aimed to assess the execution of fire safety management requirements and identify areas needing improvement. The inspection involved on-site evaluations, reviewing fire safety records, and engaging in discussions with employees. The findings revealed several non-compliance issues, prompting immediate corrective actions within each unit.

Fire safety is a collective responsibility extending beyond management and safety officers to every employee. To mitigate risks, the company emphasised maintaining functional fire safety equipment, ensuring unobstructed emergency exits, and familiarising staff with evacuation routes. Additionally, employees were encouraged to participate in fire safety training and emergency drills.

The company has invested significantly in fire prevention, equipping all facilities with state-of-the-art fire suppression systems. Employees are trained to identify fire hazards, respond swiftly, and utilise firefighting equipment effectively. The emergency response framework follows key principles: containing the fire, attacking addressing it quickly, managing smoke, and isolating flammable materials.

This proactive approach to fire safety has enhanced the group’s resilience against potential fire hazards, reinforcing a culture of vigilance and preparedness. Through ongoing training, regular audits, and swift corrective measures, the company continues to strengthen its fire safety management, ensuring a safer workplace for all.





Our Workforce

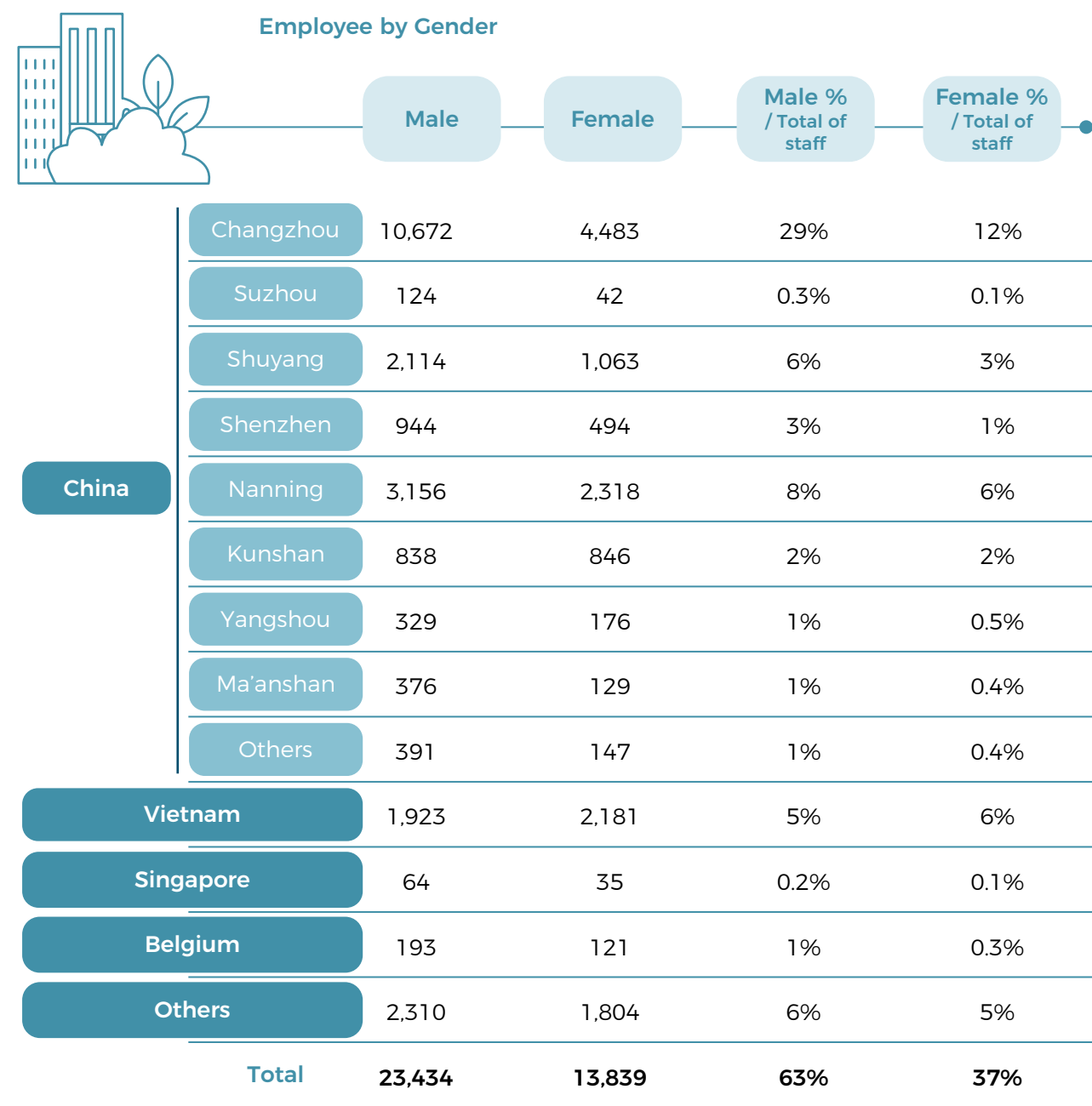
As of December 31, 2024, the Group employed a total of 37,273 people. The gender distribution remained relatively stable, with male employees accounting for 62.9% and female employees making up 37.1% of the workforce.

Geographically, approximately 75% of our employees were based in China, with Changzhou and Nanning contributing 41% and 15%, respectively, to the total workforce. Meanwhile, the majority of our overseas employees were located in Vietnam, representing 11% of the total headcount.

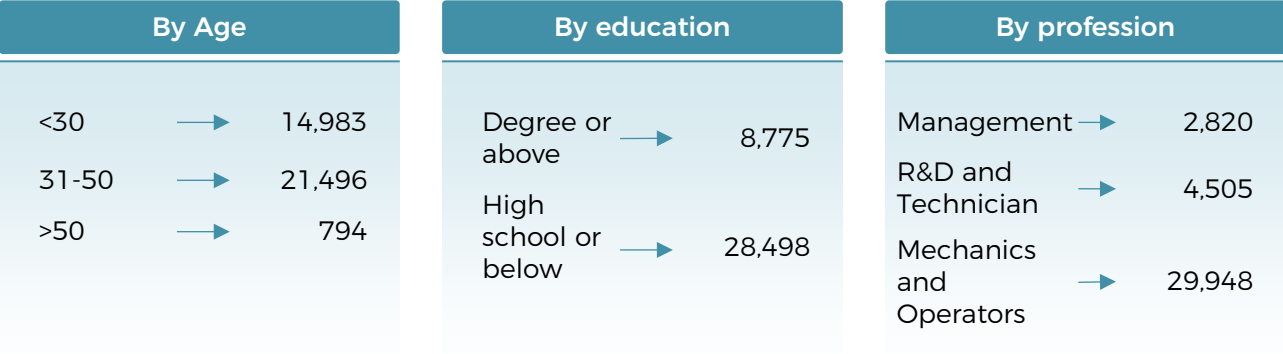
In terms of job roles, 81.4% of our workforce comprised blue collar staff, while 18.6% comprised white collar staff. Among white collar staff, people who hold a university degree made up 85% of the population. Additionally, 23% of white collar staff were under the age of 30.

The Group also employed 4,505 R&D staff and technicians, reinforcing our commitment to innovation and technological advancement. Furthermore, approximately 24% of our employees held a degree-level qualification or higher.

Employee by Geographical Region					
Changzhou	Shenzhen	Shuyang	Suzhou	Nanning	Kunshan
15,155	1,438	3,177	166	5,474	1,684
Yangzhou	Ma'anshan	Vietnam	Singapore	Belgium	Overseas and other areas
505	505	4,104	99	314	4,652

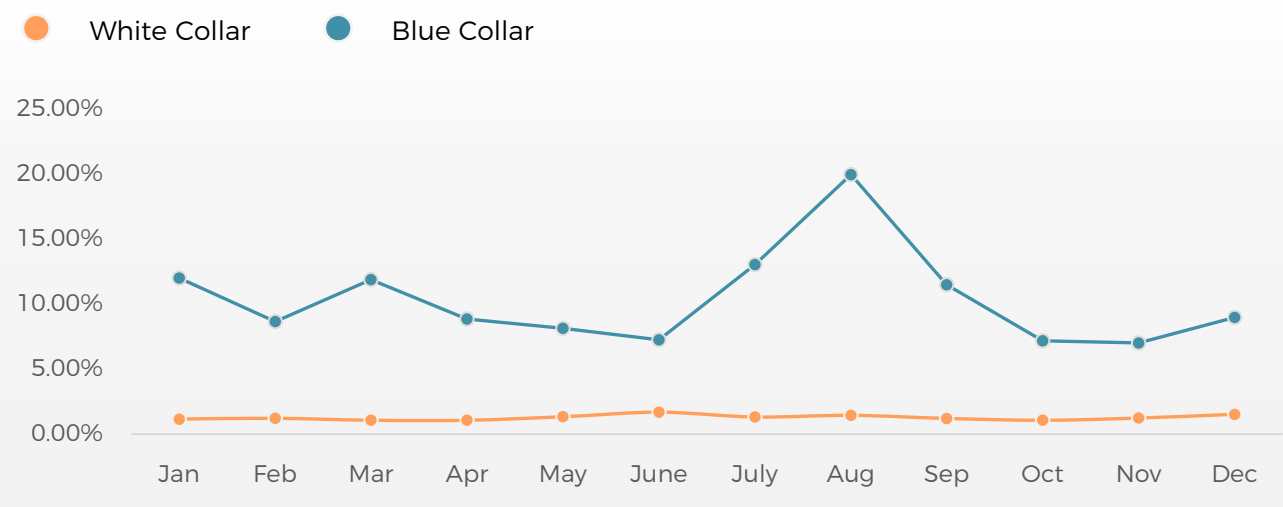


Employee distribution by Age, Education and Profession



Employee Turnover Rate

95.71% of employees left by voluntarily resignation, while the remaining 3.41% left by agreement with the Group and 0.31% due to contract termination.



By Age			By Gender		By Function	
<30	31-50	>50	Male	Female	White Collar	Blue Collar
21,120	13,138	85	21,359	12,984	947	33,396
13%	6%	2%	9%	9%	1%	10%

By Geographical Region						
Changzhou	Suzhou	Shuyang	Shenzhen	Nanning	Kunshan*	Yangzhou*
15,155	166	3,177	1,438	5,474	1,684	505
41%	1%	9%	4%	15%	5%	1%
Ma'anshan*	Mainland (other areas)*	Vietnam	Singapore*	Belgium*	Other areas*	Total
505	538	4,104	99	314	4,114	37,273
1%	1%	11%	0.3%	1%	11%	100%

* Newly added category in the report this year.

New Hire data

New Hires	Number of New Hires in 2024	New Hire Retention Rate
Gender		
Male	23,593	32%
Female	14,236	30%
Age		
<30	23,583	30%
31-50	14,206	33%
>50	40	83%
Geographical Region		
Changzhou	21,340	25%
Suzhou	18	100%
Shuyang	1,736	43%
Shenzhen	138	1%
Kunshan*	3,687	24%
Yangzhou*	1,132	22%
Ma'Anshan*	583	48%
Mainland (other areas) *	5,638	41%
Vietnam	3,019	48%
Singapore*	161	100%
Belgium*	0	-
Overseas and other areas*	161	94%
Function		
White Collar	1,383	85%
Blue Collar	36,446	29%

* Newly added category in the report this year.



Labour and Employment Compliance

Human and Labour Rights

AAC Technologies is committed to upholding fundamental human rights and labour rights, aligning with globally recognised frameworks such as the Universal Declaration of Human Rights, the United Nations International Covenant on Civil and Political Rights, and the United Nations International Covenant on Economic, Social and Cultural Rights, as well as other relevant international agreements and declarations.

Across all regions where we operate, we strictly adhere to labour laws and regulations, including but not limited to the Labour Law of the People’s Republic of China (“PRC”). Additionally, we comply with the Responsible Business Alliance’s (“RBA”) Code of Conduct, alongside other social compliance industry standards. These frameworks guide our approach to responsible business practices, ensuring ethical conduct in areas such as human rights protection, fair labour conditions, environmental responsibility, and ethical sourcing. By aligning with these principles, AAC Technologies reaffirms its steadfast commitment to respecting human rights, promoting fair labour practices, and conducting business responsibly.

The Group is dedicated to fostering an inclusive and diverse workplace, upholding equal opportunity principles for all employees. We are committed to creating a fair and respectful work environment, where discrimination and harassment based on contract type, ethnicity, gender, religion, disability, or any other protected characteristic are strictly prohibited. To enforce our non-discrimination policy, we have established a Code of Conduct, which clearly defines expected behaviours and the consequences of non-compliance. This document serves as a foundation for ensuring ethical and professional conduct across the organisation.

Throughout the year, the Group did not identify any material non-compliance with laws and regulations related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and employee benefits that could have a significant impact on the company. Furthermore, no incidents of human rights violations were reported during the year.

Managing Labour Risks

The Group collaborates closely with customers to ensure social compliance and effectively mitigate labour risks. Customers initiate regular audits to assess labour conditions and other relevant social practices at our production facilities. Any issues identified during these audits are addressed through corrective action plans, which are implemented upon approval from both the customer and an independent third-party inspector. All identified concerns are promptly reviewed and resolved to maintain compliance and uphold ethical labour standards.

Training plays a crucial role in labour risk management. As part of our induction program, all new employees receive training on their rights and entitlements, as well as guidance on how to safeguard them. Additionally, targeted training is provided for HR personnel, equipping them with the knowledge to uphold ethical employment practices. This includes topics such as labour laws, company policies, the Code of Conduct, and procedures for identifying and addressing issues like child labour.

The table below outlines the potential labour-related risks faced by the Group and the corresponding mitigation strategies in place to address them:

Labour-related risks	Our mitigating actions
Maternity	We strictly prohibit demanding a pregnancy test during the recruitment process to protect women's right to work. Employees who are pregnant are not assigned to night shifts, overtime duty, or high-risk activities.
Working hours	We strive to minimise unnecessary working hours by improving production planning collaboration.
Salary payment	We ensure timely and accurate salary payments in accordance with local laws. Employees can use our online HR services system to access salary information. Salary deductions are not allowed as a disciplinary measure.
Freedom of association	We fully respect the rights of workers to unionise and engage in collective bargaining. Discrimination or retaliation against employees based on their union membership or activities is strictly prohibited. To facilitate open communication, we have established an effective grievance resolution procedure that enables workers to voice their concerns easily. We maintain an open line of communication with employee-elected representatives to better understand the needs and concerns of our workforce, aiming to prevent labour strikes in the future. In Vietnam, our production sites are equipped with emergency response mechanisms to ensure lawful and peaceful conflict resolution with mutual respect. We conduct thorough research to identify the underlying causes and strive to find solutions that benefit all parties involved.

Labour-related risks	Our mitigating actions
Discrimination and harassment	We review job advertisements to eliminate discriminatory language and provide training to managers on promoting inclusivity. We also have grievance mechanisms available for reporting incidents of discrimination and harassment.
Forced labour	Recruitment personnel are not allowed to withhold candidates' identity papers or collect deposits as conditions of employment. Random inspections and interviews with newcomers are conducted to ensure compliance with the recruitment procedure.
Child and Young Labour	We review employees' identity papers and conduct interviews to verify their age. A facial recognition system linked to the public security system is used for identity verification. Further investigations are conducted in suspected cases.

Child and Young Labour

The Group maintains a strict zero-tolerance policy regarding child labour, prohibiting the employment of individuals under the age of 16. Should any cases of child or young labour be identified, they are handled in full compliance with legal requirements. To safeguard children's rights, particularly their right to education until they reach the legal working age, we have implemented a Child Labour Remediation Policy, which outlines the procedures for addressing such situations.

Although the Group does not employ young workers aged 16 to 18, we have established a Young Worker Protection Policy to proactively monitor and manage any associated labour risks. Under this policy, young employees are prohibited from engaging in hazardous tasks and are not permitted to work overtime, in accordance with relevant regulations. Furthermore, the collection and handling of young workers' information are conducted in collaboration with their parents and schools to ensure their well-being and compliance with labour laws.

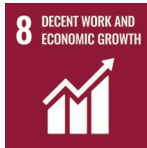
Throughout the year, the Group did not identify any instances of non-compliance related to child labour or forced labour that could have had a significant impact on the company.

Community Care

The Group is actively involves in supporting the economic and social development of the local communities where we operate. In order to promote philanthropy and tackle crucial social challenges, we have launched a variety of initiatives with the aim of making a positive impact on the Sustainable Development Goals (SDGs).



Over the past few years, we partnered with the local government in Changzhou, Nanning and Vietnam to identify pressing social needs and support community projects. In 2024, the Group donated RMB 1,050,000 to assist the disadvantaged in education, medical services and poverty.

(Belgium) Supporting Impoverished Children and Empowering the Needy in Dendermonde

Focused on empowering those in need in Dendermonde, PSS's employee – led campaign offers various forms of aid including material, social, and educational support.

(Hungary) Support Mother and Child Shelter

The Group supported the mother and child shelter in Székesfehérvár for abused mothers and children by making a financial donation to improve their poor living conditions and provide essential resources, aiming to offer relief and create a safer environment.

(China) Dongguan Family Rehabilitation Program for Autistic Children

Our employees joined the local 'Family Rehabilitation Program for Autistic Children' in Chang'an Community to support children and families.



(Malaysia) Mangrove Planting Program in Penaga

To support environmental conservation, the Group participated in the Mangrove Planting Program in Penaga, by planting 400 Rhizophora apiculata seedlings in September 2024, as mangroves are important for coast protection.



(Germany) A Leading Children's Hospital with Community Collaboration

Affiliated with the Olga Hospital and University of Tübingen, the Group collaborates initiatives with parent to improve care donate medical equipment.

(Mexico) School Improvement Program in Fresnillo

Due to rising insecurity in Fresnillo and low education completion rates, the Group provided financial support for furniture and technology at a middle school and inspired students through talks on education and local job opportunities.

AAC Technologies' Innovations for Visually - Impaired in Mobile Accessibility

Since 2022, AAC Technologies has been an official member of the Joint Conference on Information Accessibility and a leader in sensory experience solutions. On the 2024 International Day of Persons with Disabilities, the Company exhibited RichTap® tactile solutions. Since 2015, the company has extended its services beyond the traditional customer market to the disabled community and introduced RichTap® technology, a haptic system created to enhance touchscreen accessibility for visually-impaired users. AAC Technologies cooperated with mobile phone manufacturers to develop a tactile language for the mobile phone's barrier - free mode. By categorising the labels on the mobile phone interface into tactile levels, it devised a new perception method for visually - impaired people to locate page modules. In the barrier - free input assistance, RichTap® adds vibration feedback to 6 - dot Braille, combines with the new Morse code language input, and uses vibration to express Morse code, which improves input efficiency and reduces error rates. Moreover, barrier - free touch also benefits visually - impaired users in music and games.



Green Technologies for Drivers and Road Users

Rhythm Space, a joint project by AAC Technologies and Porsche China Innovation Office, won an outstanding award. It provides an integrated vehicle solution. Haptic technology, a key green technology, is not just for enhanced sensation but is useful in Acoustic Vehicle Alerting System (AVAS) for EVs. This technology enhancement is crucial. It heightens road users' alertness, especially for EV drivers. By making all more aware, it can cut accidents as they can better respond to potential risks and dangers. Green technologies are vital for a safer and more sustainable driving environment.

Earth - Day Initiatives: Promoting Sustainability and Social Responsibility

On Earth Day, April 22, 2024, the PSS Group launched the "Exercising Around the Globe" initiative. This initiative had multiple goals, such as promoting well - being, team spirit, and environmental sustainability while also giving back to communities. An impressive 283 PSS employees showed their enthusiasm by surpassing the 40,000 - kilometer goal, covering 44,242.8 kilometers. They participated in a variety of physical activities for the benefit of the planet. PSS had committed to donating \$42,000 to local charities if the employees reached the 40,000 - kilometer mark by the end of the year, which is a great example of corporate social responsibility.



Hong Kong Office also made a significant contribution to Earth Day. They arranged volunteer work where 20 volunteers dedicated 50 hours of service time. Their task was to recycle 4,800 plastic bottles from the beauty industry, which weighed 84.4 kg. These bottles were sorted and processed. This not only helps the environment, but also raises awareness about the importance of recycling and environmental protection.





Supply Chain Management

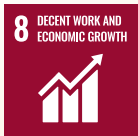
Commitment to Ethical Operations and Supplier Responsibility

The Group is dedicated to promoting ethical operations by providing clear expectations for business units and suppliers. Our philosophy in supply chain management aims to fostering sustainable practices, enhances performance, and delivers benefits to both stakeholders and the communities we serve. Covering all products and services, we wish to align our supply chain management standards with international standards, including the Universal Declaration of Human Rights and the International Labour Organisation’s Core Conventions. Suppliers are viewed as crucial partners, and their selection and management directly influence the quality of our products.

Related Material Topics

- Sustainable Supply Chain and Circular Economy
- Human Rights Protection
- Conflict Minerals Management

UNSDGs:



Performance Highlights ⁶

2,275	100%	Suppliers Demographics
Tier-1 Suppliers	Suppliers assessed annually	
1,240	1,240	Mainland China
Tier-2 Suppliers	New Suppliers	93.85%
20		Overseas
Significant Suppliers ⁷		6.15%

⁶ Comprehensive procurement data this year. It is only applicable to the Company.

⁷ Significant suppliers are defined as those that either pose substantial risks of adverse ESG impacts, hold considerable strategic importance to the company, or exhibit a combination of these factors. Based on our risk assessment results, which did not reveal any material supplier-related risks, we classify suppliers with the highest expenditure as significant suppliers. We identified our top 20 suppliers by procurement amount in monetary units, which accounts for our annual total procurement amounts’ 33%.

Oversight and Policies

Supply ESG Programs Oversight

To effectively manage this responsibility, the Board delegates key tasks to the Group’s Supply Chain Committee, which was established in 2023 and is composed of senior management.

The Committee oversees the entire supplier management process, from supplier selection, assessment, and engagement to performance evaluation and optimisation. Additionally, it is tasked with building cost models, setting roadmaps to achieve goals, and accelerating the execution of the Group’s supplier management policies.

Key responsibilities delegated to the Supply Chain Committee:

- Providing training to the company’s procurement team and other related internal stakeholders to clarify their roles within the supplier ESG programs;
- Assessing suppliers’ ESG performance by assigning redefined ESG criteria during supplier selection and contract awarding processes;
- Implementing corrective actions (i.e. blacklisting suppliers from contracting) if they fail to meet minimum ESG requirements within a specified timeframe;
- Continuously reviewing purchasing practices to ensure alignment with the Supplier Code of Conduct and to prevent potential conflicts with ESG standards.

This governance framework ensures that the implementation of supplier ESG programs is effectively managed and continuously improved to support the company’s commitment to sustainable supply chain practices.

Supply Chain Management Policies

To promote supply chain sustainability, the Group has established a comprehensive set of policies and commitment letters, including a formal Supplier Code of Conduct (the “Code”), a Supplier CSR Commitment Letter, required to be signed by suppliers to confirm compliance with the Code, and a Supplier Integrity Commitment Letter. For enhanced transparency and accountability, we are in the process of reviewing and approving these policies to ensure they are publicly accessible online. Suppliers are required to adhere to these policies, aligning with standards that uphold labour rights, environmental protection, and ethical business practices.

Supplier Code of Conduct (the “Code”)

The Code illustrates the Group’s core standards and criteria from an ethical business perspective. We expect our direct and indirect suppliers, along with business partners, to uphold these principles and adopt similar policies within their own organisations.

Supplier CSR Commitment Letter

The Supplier CSR Commitment Letter (“供應商社會責任承諾書”) establishes a framework for suppliers working with AAC Technologies to uphold the highest standards of social, environmental, and ethical responsibility. By signing the Supplier CSR Commitment Letter, suppliers formally agree to its terms, making it a binding commitment to align their operations with AAC Technologies’ CSR expectations.

Supplier Integrity Commitment Letter

The Supplier Integrity Commitment Letter (“供應商廉潔承諾書”) issued by AAC Technologies formalises the ethical and legal standards expected from suppliers in their collaboration with AAC Technologies. It ensures transactions are free from bribery and corruption, protects AAC Technologies’ reputation by preventing undue influence, and establishes clear consequences for violations to uphold compliance with laws and policies.

FY24 Supplier Management and Assessment KPIs

100%

of suppliers assessed via desk assessments/on-site assessments

0

suppliers assessed with substantial actual/potential negative impacts

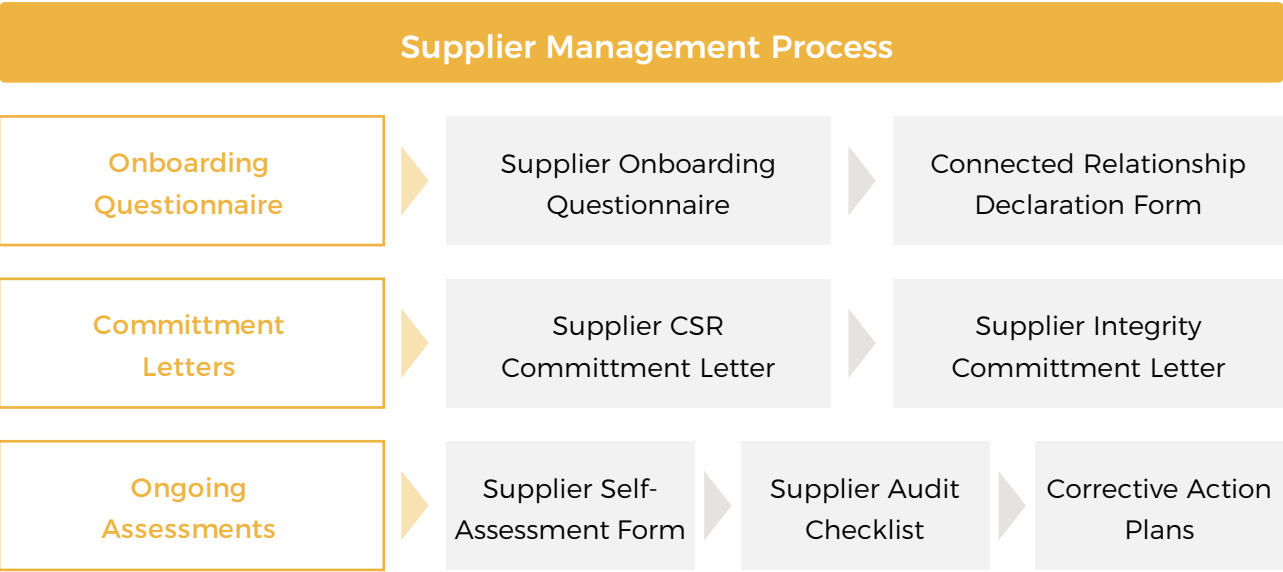
33%

significant suppliers in Tier-1 , representing Top 20 suppliers by the purchase amount

Management Approach

We understand the importance of supplier screening as a cornerstone of effective supply chain management. Our method involves a thorough evaluation of both prospective and existing suppliers to ensure alignment with our standards for quality, reliability, and ethical conduct. This process includes assessing their sustainability performance, regulatory compliance, and adherence to industry benchmarks. Through this rigorous approach, we aim to minimise risks, build strong partnerships, and advance sustainability across our supply chain.

Comprehensive desk research is conducted to identify potential ESG risks within the supply chain, ensuring their relevance to our operations. Each of our Business Units adopts a tailored supplier screening process, adapted to the unique circumstances of each operating sites.



Step 1: Onboarding

New suppliers during the bidding and registering process are required to input the Supplier Onboarding Questionnaire (“供應商調查問卷”), which serves multiple purposes including assessing a company’s operational, financial, and production capabilities, as well as its alignment with AAC Technologies’ quality, environmental, and business requirements.

Reflecting our zero-tolerance policy regarding corruption and bribery amongst our value chain, Connected Relationship Declaration Form (“關聯關係申報表”) are required to be inputted to document the relationships between AAC Technologies and its suppliers or contractors to ensure transparency, compliance, and accountability.

Step 2: Committing

AAC Technologies ensures supplier commitment to CSR and anti-corruption standards through formal agreements. Suppliers pledge to follow AAC Technologies’ CSR Commitment Letter (“供應商社會責任承諾書”), covering labor rights, environmental protection, and business ethics, with compliance monitored via audits. They also commit to strict anti-corruption measures, avoiding bribery, undue benefits, and unethical practices while cooperating with AAC Technologies’ oversight efforts. These agreements reinforce accountability and sustainable practices across the supply chain.

Step 3: Monitoring

AAC Technologies conducts its supplier performance assessment through a comprehensive quality system audit, evaluating various critical aspects of supplier operations. The audit focuses on 12 key sections, including system organisation and operation, contract audit and customer service, design and documentation management, purchasing and supplier management, and environmental and social responsibility. Each section is scored based on specific criteria, with a defined maximum score and an expected goal percentage for compliance.

Supplier Screening Approach and ESG Integration

Key ESG Factors Considered:

Environmental Compliance:

- Questions on whether the supplier complies with local and national environmental regulations, including the handling of waste, emissions, and hazardous materials;
- Encouragement to sign commitments like the “AAC Technologies Commitment to Non-Use of Restricted/Prohibited Substances” and a “Social Responsibility Agreement”;
- Inquiry about certifications like ISO 14001, which focus on environmental management systems;

Sustainability in Operations:

- Assessment of waste management, pollution control, and the use of hazardous chemicals in the production process;
- Evaluation of suppliers' ability to use environmentally safe materials and comply with green procurement ("GP") requirements, including third-party verified test reports;

Quality and Safety Standards:

- Mandatory quality certifications such as ISO 9001 and inquiries about robust control plans and inspection standards, which indirectly support sustainable practices by minimising waste through quality assurance.

Logistics and Efficiency:

- Questions about Just-In-Time ("JIT") delivery and internal tracking systems to reduce waste and improve efficiency in supply chain operations.
- Emphasis on optimising transportation and packaging to align with environmental and operational goals.

Social Responsibility:

- Encouragement for suppliers to sign a "Social Responsibility Agreement" and maintain ethical practices, reflecting a broader commitment to sustainable and socially responsible business operations.

Supplier Assessment Approach

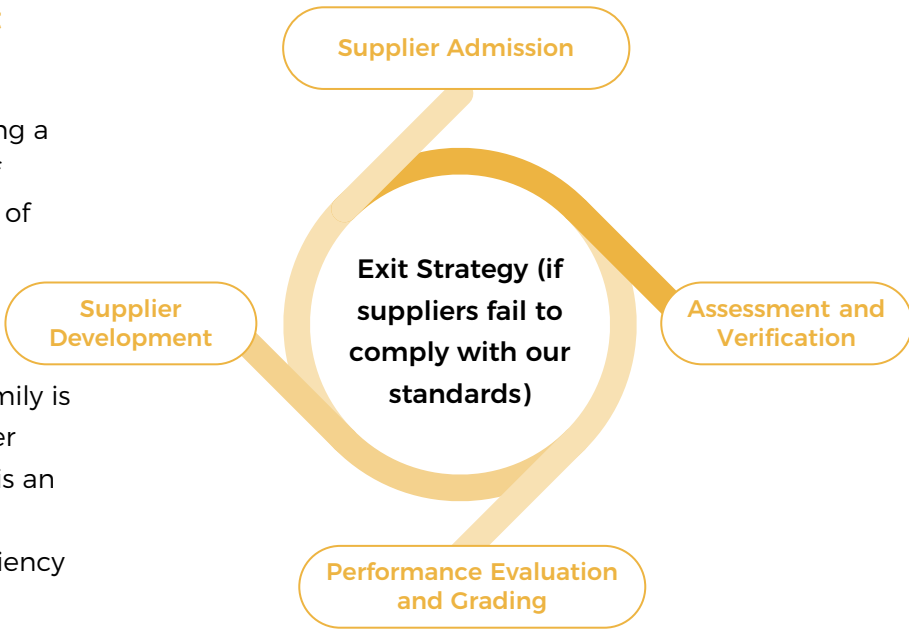
Supplier assessments are a cornerstone of effective supply chain management. Both new and existing suppliers are evaluated using a structured process to ensure alignment with organisational standards, industry requirements, and ethical practices.

We systematically evaluate suppliers against our organisational standards. This process ensures that all suppliers meet critical quality, reliability, and ethical benchmarks. For new suppliers, a rigorous pre-qualification process is undertaken by our Commodity Expert Groups ("CEG"), which is comprised of a group of experts focusing on different aspects of supplier quality standards and criteria.

The Commodity Expert Groups ("CEG")

Are responsible for purchasing a specific category or family of materials to meet the needs of business departments and regional markets.

The purpose of operating procurement by material family is to leverage purchasing power across the group. Each CEG is an interdisciplinary team that enhances procurement efficiency through unified material strategies, centralised supplier management, and contract management.



Relevant CEG	Assessment Focus Areas
Procurement Team	Logistics, Delivery Flexibility
Quality Inspection Team	Quality System Audits, Quality Performance, After-Sales Service
R&D Experts	Current Technology, R&D Commitment, Technological Sustainability
Finance Department	Assessing Financial Risks, Payment Terms, Business Continuity
Internal Audit	Trade Compliance, Export Administration Regulations ("EAR") Control
Green Procurement Team	Restriction of Hazardous Substances ("RoHS") monitoring and Relevant Substance Control Capability of Products
Category	Cost, Fit, Category Strategy

Supply Chain ESG Programme

The Group recognises the potential environmental and social impacts within our supply chain and is dedicated to minimising these risks through proactive collaboration with our suppliers. We prioritise resource efficiency by engaging in collaborative activities across our supply chain. Our goal is to foster long-term, mutually beneficial relationships with our business partners, enhancing the alignment and consistency of our supply chain operations.



Case Study: Greenhouse Gas (GHG) Emissions Accounting Training with Supply Chain Partners

We actively engage with our supply chain partners, most of whom are prominent technology companies, through various activities, including workshops, webinars, and more. These initiatives are typically designed to enhance collaboration between AAC Technologies and our supply chain partners by equipping relevant data owners and stakeholders with the tools and knowledge needed to accurately calculate and report their GHG emissions.

This year, one of our key customers conducted a Greenhouse Gas (GHG) Emissions Accounting Training that covered several critical areas. Participants were guided through the process of collecting and calculating emissions data, with detailed examples illustrating how to identify emissions sources, use emissions factors, and apply renewable energy certificates (RECs) to reduce reported emissions. For Scope 3 emissions, the training provided valuable insights into allocating emissions based on physical or financial factors, such as units sold or revenue derived from the company.

By actively participating in events hosted by our supply chain partners, we have reinforced our commitment to building a sustainable supply chain. By empowering our business partners across the supply chain, we aim to foster a collaborative approach to achieving global climate goals.



Conflict Minerals Management

AAC Technologies is dedicated to ensuring its materials are responsibly sourced. To achieve this, the company has implemented stringent measures to manage conflict minerals effectively, guaranteeing that all materials used are conflict-free.

Oversight and Policies

The Board of Directors serves as the highest accountable decision-making body for the implementation of the conflict mineral risk management approach, to effectively manage this responsibility, the Board delegates key tasks to the Group's Supply Chain Committee, which was established in 2023 and is composed of senior management.

At the group level, we have established the "Conflict Minerals Control Instructions" ("衝突礦物管控說明"), serving as the policy with guidelines for our internal management team and external stakeholders when it comes to conflict minerals management.

The policy outlines the requirements for conflict-free minerals due diligence under the Dodd-Frank Act, specifically Section 1502 with the following key aspects:

Legislative Background
- The Dodd-Frank Act requires U.S. publicly traded companies to disclose the use of conflict minerals (tin, tantalum, tungsten, and gold) in their products; - These minerals are associated with financing violence and human rights abuses in the Democratic Republic of the Congo ("DRC") and surrounding regions.
Assessment Tool
CMRT Reporting Template: - The document mentions the use of the Conflict Minerals Reporting Template ("CMRT"), developed by the Electronic Industry Citizenship Coalition (EICC) and the Global e-Sustainability Initiative (GeSI). - The CMRT helps us to conduct due diligence on our suppliers to ensure compliance with responsible sourcing practices. Suppliers must complete the provided CMRT form for investigating their supply chains to ensure no use of conflict minerals.

Supplier Responsibility

- Suppliers are required to ensure their supply chains do not source conflict minerals and sign a “Conflict Minerals Declaration” (“衝突礦產聲明”) to confirm compliance.
- Suppliers must cascade these requirements to their sub-suppliers to ensure thorough compliance across the supply chain.

Training and Support

Training materials, including videos, are available on the website www.conflictreesmelter.org to assist suppliers in using the CMRT and adhering to the policy.

Request for Compliance

The document emphasises the importance of suppliers completing and returning the necessary documents to certify their conflict-free mineral sourcing practices.

Management Approach

1. Management System

- AAC Technologies complies with Regulation (EU) 2017/821 on due diligence for conflict minerals. The company’s Hazardous Substances Management Regulation prohibits sourcing materials from conflict zones, like the DRC, with oversight by the Green Procurement team.

2. Risk Identification and Management

- AAC Technologies has established a process to ensure responsible mineral sourcing, identifying and assessing risks from CAHRAs. Key components include:



3. Audit and Due Diligence

- Suppliers of tin, tantalum, tungsten, and gold must sign a Conflict Mineral Declaration and conduct RBA and GeSI Conflict-Free Smelter Audits on their supply chain’s smelters. They must also ensure no use of conflict minerals, with all data managed in the Global Supplier Management (“GSM”) system.

4. Reporting

Throughout the year, AAC Technologies conducted due diligence efforts to maintain a 100% compliance rate in procuring conflict-free materials. No revenue was generated from products containing minerals from conflict-affected and high-risk areas.



100%

compliance rate in procuring conflict-free materials



Managing Environmental Impacts

Commitment in environmental protection

In support of China and European Union’s commitment to achieving carbon neutrality and minimising environmental impact, we have focused on enhancing our comprehensive action plans and environmental management systems. This year, the Group has established a new strategic plan and target, reaffirming its dedication to sustainability. Moving forward, the Group will continue to broaden its initiatives, including increasing the utilisation of renewable energy sources, to further advance its environmental objectives.

Related Material Topics

- Environmental compliance
- Climate change risks management
- Waste Management

UNSDGs:



Commitments and Targets

- Carbon Neutrality Roadmap
 - Short to Medium term:
 - By 2028, the Group plans to achieve its SBTi greenhouse gas emission reduction target
 - By 2030, 60% of group factories will install solar panels
 - By 2030, reduce Scope 2 greenhouse gas emissions at group level by 10% compared to a 2023 baseline
 - Medium to Long term:
 - Explore opportunity to be in line with China’s carbon peak by 2030, carbon neutrality by 2060, and the EU’s net-zero goal by 2050
- Water
 - The Group will continuously explore the use of reclaimed water and reusable water solutions in factories

Performance Highlights in 2024

4	75%	RMB 72.7	5	C AAC B PSS
factories maintained a minimum of 90% waste diversion rate	completed ISO 14001 in the Group	Million Environmental Protection Expenditure	new public policies or commitment has set	CDP rating - Climate
34.5	34.5	Zero	5,001	B AAC C PSS
m kWh Solar energy generated from 10 of our factories	m kWh Renewable energy used	non-compliance on environmental violation	Tonnes waste recycled	CDP rating - Water

Environmental Management

In line with our commitment to minimising the environmental impacts of the Group’s business activities, the Sustainability Working Group oversee environmental matters across all production facilities. To support these efforts, 75% of the production sites of the have achieved ISO 14001:2015 certification for environmental management systems.

75% of the production sites have achieved ISO 14001:2015 certification for environmental management systems.



The Group has also established a comprehensive Climate Change Policy to guide its commitment to sustainability and environmental protection. The responsibility for implementing and maintaining the Environmental Policy lies with the SWG, which plays a key role in ensuring compliance, driving initiatives, and fostering a culture of environmental sustainability across the organisation. This year, the Group has established new waste and water management targets, including ensuring 100% of factories handle hazardous waste in compliance with regulations, with zero incidents of accidental pollution and actively exploring the use of reclaimed and reusable water solutions across its facilities.

New initiatives and strategic directions are also being implemented to enhance sustainability. Concurrently, we are expanding our solar PV plants to all factories to further increase the utilisation of renewable energy. In 2024, 11 manufacturing sites, including those in Kunshan, Yangzhou, and Changzhou, operate entirely on renewable energy.

To further optimise resource management, we are promoting automation initiatives, for example, installing smart meters in the Changzhou factory to achieve more efficient data integration, monitoring, and active control of electricity consumption. In the long term, ESG digital tools will be paired with all factory smart meters and solar power systems for comprehensive data collection.

The Group is dedicated to making continuous and meaningful progress in environmental protection and reducing reliance on conventional energy sources. We provide our staff with comprehensive training in environmental preservation practices and rigorously monitor the effectiveness of our environmental management systems. Prior to the construction of new production facilities, we conduct thorough environmental impact assessments to mitigate potential risks. Furthermore, we ensure that pollution control systems are established in full compliance with local government regulations and undergo regular audits by the relevant authorities upon project completion.

Throughout the year, the Group did not incur any significant fines and was not aware of any material non-compliance with applicable laws and regulations. This includes compliance related to the emission of gases and GHG, discharges into water or land, and the generation of hazardous or non-hazardous waste, ensuring that our operations align with environmental standards.

Climate Resilience

AAC Technologies focuses on creating strategies that adhere to industry best practices to manage the physical and transition risks associated with climate change. By implementing a variety of sustainability initiatives, we seek to mitigate, adapt to, and strengthen our resilience against the impacts on our business operations.

The Group has revised Climate Change Policy, which has been approved by the Board. The policy aims to decrease energy consumption and reduce dependence on non-renewable energy sources by enhancing our renewable energy generation capabilities in viable technical and economic contexts. It also includes action plans for ongoing improvements in energy efficiency and encourages the use of low-carbon products and energy-efficient equipment.

To maintain transparent and consistent communication regarding climate-related matters with our stakeholders, we are committed to evaluating and aligning our climate risk disclosures with the IFRS Sustainability Disclosure Standards, in particular IFRS S2 Climate-related Disclosures. Since 2023, AAC Technologies has started enhancing its climate disclosures with the assistance from a third-party consultant. This initiative involves conducting comprehensive climate risk assessments and piloting data collection for our Scope 3 emissions. This review aims to help us identify gaps and areas for improvement in our future disclosures.

Governance

The Board takes responsibility for the oversight of climate-related risks, supported by the SWG, which regularly reports to the Board. The functions and responsibilities of the SWG are mentioned in the “Sustainability Governance” section of this report. Climate issues are a key focus for the board of directors. Each year, we hold at least two SWG meetings to discuss a range of sustainability-related topics. This year, our discussions have covered environmental and social target setting, policy improvements, and various other sustainability agendas. To strengthen our commitment to climate change, we revised our Group Climate Change Policy in July 2024 to include a approach to decarbonisation and provide guidance for the group’s path to carbon neutrality.



Strategy and Risk Management

The Climate Change Policy has aided the Group’s sustainability efforts and guided our management of climate change impacts through mitigation, adaptation, and resilience. By adopting this policy, we commit to integrating climate-related issues into our sustainability management frameworks, such as the ISO 14001:2015 Environmental Management System and ISO 50001 Energy Management System. The Group also aims to improve energy efficiency and consider climate change in our procurement processes.

Recognising the importance of assessing the impacts of climate-related risks to our business success and continuity, the Group conducted a study in 2024 to evaluate the resilience of our operations across various plausible climate change scenarios. This assessment emphasised material climate-related physical and transition risks and opportunities, drawing on insights from internationally-recognised external research organisations, such as Intergovernmental Panel on Climate Change (“IPCC”) and Network of Central Banks and Supervisors for Greening the Financial System (“NGFS”). The table below provides a summary of the parameters used in our scenario analysis.

The following table details the potential impacts associated with physical and transition risks and opportunities from our scenario analysis using both qualitative and quantitative approaches, along with the actions we have taken to address them.

Physical risks

Physical risks refer to the potential for damage and financial losses due to increased exposure to climate-related hazards from climate change. It primarily affects how often and how severely natural hazards occur, impacting assets based on their location and the specific hazards they encounter. These risks can take two main forms:

- Acute risks arise from sudden climate events like hurricanes, flooding that cause immediate damage
- Chronic risks are gradual, long-term shifts in climate patterns, such as rising sea level and extreme heat

Scope of operations

Physical risk

- Asset-level assessment focusing on 15 key locations

Transition risk

- Group-level assessment

Scenarios

Physical risk

- IPCC Shared Socioeconomic Pathway (“SSP”) 1-2.6
- IPCC SSP5-8.5

Transition risk

- NGFS Current Policies
- NGFS Net Zero 2050

Time Horizons

Short-term (“ST”) : 2030

Medium-term (“MT”) : 2040

Long-term (“LT”) : 2050

Base Year

2023

Physical risks		Implications to AAC Technologies	S T	M T	L T	Potential impacts to operations	Actions undertaken
Acute	Rainfall flood	- More frequent and extreme rainfall flooding could impact AAC’s factories, especially those in low-lying areas or with low ground elevations - Potentially affected areas: 5 factories in Vietnam and Nanning, China				- Damage to equipment, machinery and facilities, resulting in higher maintenance costs and insurance premiums - Localised flooding and limited access to facilities, resulting in potential risks to the safety of patrons and limitations to commercial activity - Delays in manufacturing and logistic schedules due to operational disruptions	Implemented natural disaster emergency plan since 2014 and flood prevention response plan since 2016
	Typhoon	- More frequent and severe typhoons could impact AAC’s factories, especially for those that are unable to withstand higher windspeed (e.g. over 178km/h) - Potentially affected areas: 27 factories in Asia				- Structural damages to facilities with a high window-to-wall ratio - Physical losses in inventory and machinery - Delays in manufacturing and logistic schedules due to operational disruptions / workers unable to go to work	

Our plan

- Review disaster emergency plan to ensure the latest requirements are captured
- Assess the insurance coverage and consider any potential capital investment plans for high-risk assets (e.g. installation of flood gates) where applicable
- Consider evaluating facilities’ design features such as ground elevation, availability of basements and storage room, window resistance level of windspeeds and availability of typhoon-resistant features to assess resilience against potential flood and typhoon risks
- Discuss with government bodies on potential flood defences
- Explore the potential to deploy dual sourcing to ensure supplier resilience in case of extreme climate events

Physical risks		Implications to AAC Technologies	S T	M T	L T	Potential impacts to operations	Actions undertaken
Chronic	Extreme heat	Potentially affected areas: 27 factories in Asia				- Delays in manufacturing schedules due to faulty machinery/ lower worker productivity - Increase in associated cooling demand and cost - Adverse effect on health and safety of employees working outdoor or non/low air-conditioned sites, e.g. heat stroke and heat exhaustion	- Implemented energy management in accordance with ISO50001 Energy Management System - Implemented energy-efficiency retrofits
	Landslide	Potentially affected areas: Factories in Singapore, Nanning, Malaysia and Mexico, given their locations in general vicinity to historical landslide events				- Damage to equipment, machinery and facilities, resulting in higher maintenance costs and insurance premiums - Delays in manufacturing schedules due to operational disruptions - Potential threats to workers working in assets with close proximity to landslide, also affecting their access to work	

Our plan

- Review existing policies / protocols to protect well-being of workers in times of extreme heat
 - Consider evaluating facilities' design features such as wall insulation, surface or materials to reduce energy demand for cooling indoors
 - Gradually optimise the performance and upgrade energy efficient air-conditioners and cooling systems
- Review local government's assessment of landslide risks and the mitigation measures
 - Evaluate business continuity plans to ensure landslide is incorporated where appropriate

Transition risks and opportunities

Transition risks and opportunities are associated with the shift required to move towards a low-carbon and sustainable economy. These encompass changes in policies and regulations, market dynamics, reputational concerns, and advancements in technology.

Physical risks		Implications to AAC Technologies	S T	M T	L T	Potential impacts to operations	Actions undertaken
Policy and legal	Carbon price (e.g. carbon tax) or indirect costs associated with emissions reduction regulation or fiscal policies	- All manufacturing factories are of high energy use; carbon pricing could be a risk to the whole industry - Suppliers impacted by the implementation of carbon pricing (e.g. Carbon Border Adjustment Mechanism in Europe) could transfer additional costs to AAC				- Increased cost of raw materials, may need to procure lower-carbon materials or switch suppliers - Potentially increase operating costs of AAC if carbon pricing is implemented on manufacturing sector, with suppliers transferring the costs to AAC	Appointed consultants to regularly monitor the regulatory trends
	Enhanced and emerging regulatory requirements E.g. import policies on packaging or raw material use	- Potentially affect all factories, especially in supply chain management - Enactment of more stringent laws and regulations related to climate change e.g. China Government's policy in highlighting the green transformation of manufacturing sector, Europe's Green Deal Industrial Plan				- Tighter requirements to meet energy efficiency requirements - Potential investment in lower-carbon machinery/ equipment - More expensive use of raw material use, in particular for metal such as copper and steel	

Our plan

- Integrate eco-friendly materials and processes in product design and manufacturing to reduce environmental impact
- Consider implementing policies / internal carbon pricing to change behaviour and encourage suppliers to provide raw materials of lower emissions
- Collaborate with industry associations/ customers to explore the potential use of lower-carbon materials in manufacturing
- Explore the potential to collaborate with key partners to drive sustainability initiatives e.g. suppliers to source sustainable materials and components, customers to understand their expectations for lower-emission products and industry associations to share best practices and resources



Physical risks		Implications to AAC Technologies	S T	M T	L T	Potential impacts to operations	Actions undertaken
Market	Supply and cost of raw materials	- Supply chain disruption from climate change - Costs of higher-carbon raw materials to increase (e.g. over 20% increase from 2025 to 2050 if cost of raw materials follow the projections of carbon pricing)				Increased cost of raw materials, especially for those with higher carbon such as steel and copper	- Strengthen research and development of environmentally friendly products - Control and avoid the use of hazardous high-carbon materials in products
	Shifting market preferences	Growing customer preferences and demand for greener products				- Reduced revenue due to the decrease in demand for current products - Opportunities in attracting new customers with lower-carbon products	
Technology	Transition in energy mix	Proportion of energy to increasingly move to renewables				- Electricity cost can increase by 22% from 2023 to 2030 - In particular for facilities with higher energy intensity will be most significantly affected e.g. Changzhou manufacturing base	- Adopted energy-saving technologies including intelligent energy management system - Exploring new environmental technologies and developing sustainable products
	Increased adoption of renewable energy	Increased availability of low-carbon technology				- Introduction of new technology that requires less energy consumption - Reduce associated energy costs	- Establishing energy-efficiency facilities - Replacing traditional fossil fuel-based shuttle buses with renewable energy powered shuttle buses

Our plan

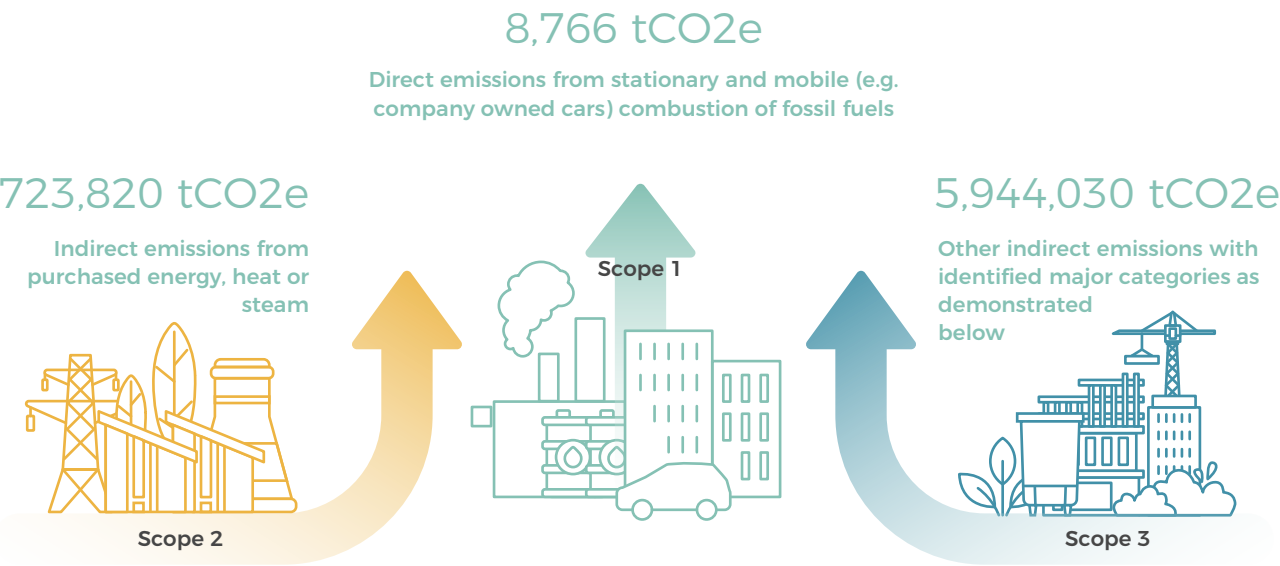
- Consider investing a portfolio of renewable green energy, e.g. green methanol
- Consider hiring external auditors to validate and assess ESG data accuracy

Our plan

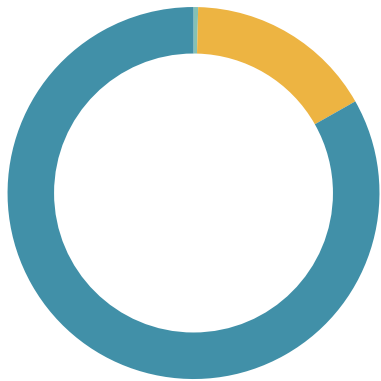
- Explore the potential to implement additional energy-saving technologies, in particular for facilities with higher energy intensity
- Develop climate-related targets, prioritising 14 facility locations with major clients

Metrics and Targets

In 2024, the Group consumed a total of 4,875,866 GJ of energy (equivalent to 1,354,407,084 kWh), with an energy consumption intensity of 217 GJ (equivalent to 60 kWh) per million RMB revenue. For direct energy consumption, the consumption of fuel gas, diesel and petrol were 3,516,403 m³, 120,152 kg and 218,261kg respectively. For indirect energy consumption, the consumption of electricity was 1,215,093,181 kWh.



Breakdown of Carbon Emissions by Scope in 2024



■ Scope 1 ■ Scope 2 ■ Scope 3

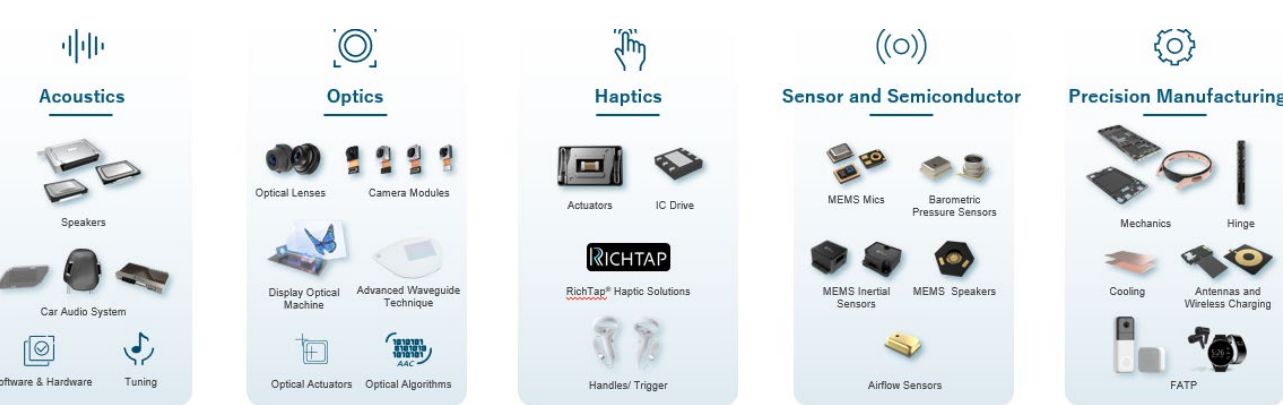
The Group's total GHG emissions were 6,676,616 tonnes of carbon dioxide equivalent (tCO₂e), with an emission intensity of 0.33 tCO₂e per ten thousand RMB revenue. Indirect emissions from purchased electricity constitute the main source of the Group's GHG emissions, accounting for 99% of total emissions.



In 2024, the Group initiated the baselining of its scope 3 inventory across five material categories. These categories were identified as particularly relevant to AAC Technologies’ manufacturing nature, focusing on 5 major products from the business units. The categories include:

- Category 1: Purchased Goods and Services
- Category 2: Capital Goods
- Category 4: Upstream Transportation and Distribution
- Category 11: Use of Sold Products
- Category 12: End-of-life Treatment of Sold Products

Our Key Products that contributes to Scope 3



In 2024, we have observed limitations in our calculations due to varying levels of data maturity across different categories. The Group is committed to gradually enhancing data quality and expanding the scope of data collection to encompass additional product lines and scope 3 categories. Our goal is to achieve a comprehensive understanding of the Group’s overall indirect emissions and to disclose the pertinent figures.

To effectively enhance our environmental performance and align with evolving market expectations, the Group is conducting a thorough review of its existing environmental performance. This assessment aims to identify strengths and areas for improvement, and we are considering the establishment of specific, measurable targets that align with industry standards. By doing so, we aim to drive continuous improvement, increase accountability, and demonstrate our commitment to sustainability, ultimately enhancing our reputation among stakeholders and positioning ourselves for a more sustainable future.

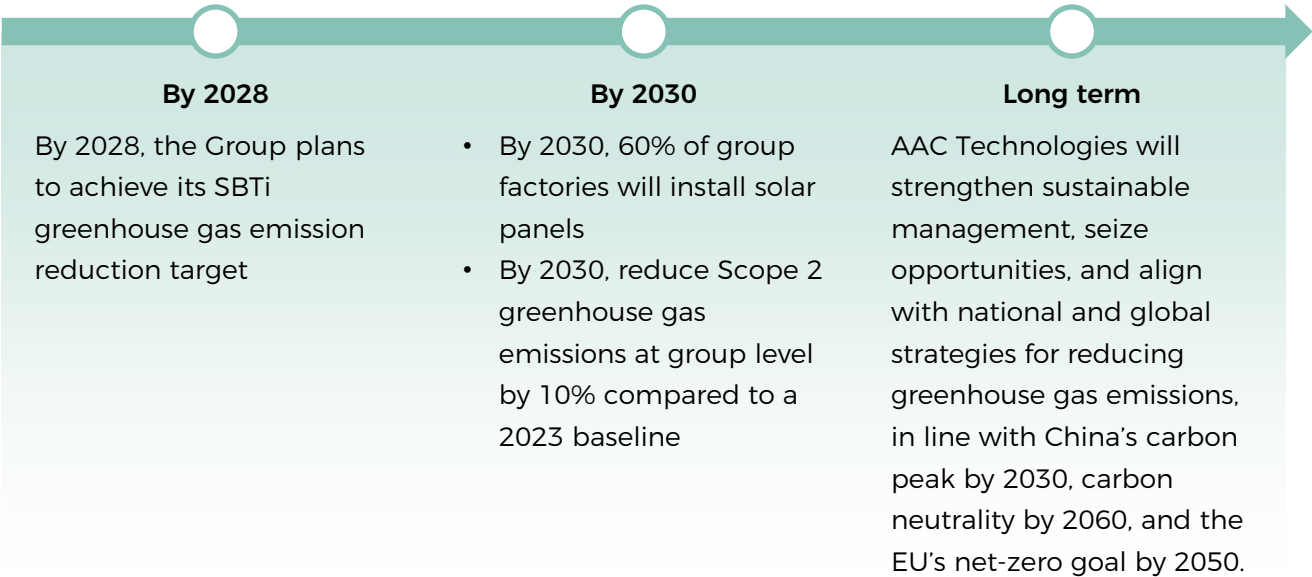
Scope 3 Category	Description	Methodology	2024 (tCO2e)
1. Purchased Goods and Services	Emissions from the process of extraction, production, and transportation of goods and services purchased or acquired	Applied an average-data method that determines the emissions from procurement quantities on purchased goods and services and applying third-party emission factors . In our inaugural year of data collection, we encountered data gaps, such as missing mass data, which hindered our ability to estimate emissions for certain purchased goods and services. As a result, we excluded these items from our calculations and are committed to improving data quality in future collection efforts.	79,939
2. Capital Goods	Emissions from the process of extraction, production, and transportation of capital goods purchased	Applied a spend-based method that determines emissions from procurement spend on capital goods and applying third-party emission factors.	223,909
4. Upstream Transportation and Distribution	Emissions from transportation and distribution services purchased	Applied a spend-based method that determines emissions from AAC Technologies’ spending on each transportation and distribution services and applying third-party emission factors.	628
11. Use of Sold Products	Emissions from end use of products sold	Calculated the emissions generated during direct use phase of sold products based on the type of product, estimated lifetime and annual usage, applying electricity emission factors using the key operating location. Since AAC Technologies primarily manufactures product components, the emissions associated with the components are assumed to be equivalent to the energy consumed by the end use of sold products.	5,639,549
12. End-of-life Treatment of Sold Products	Emissions from waste disposal and treatment of products sold	Estimated the emissions associated with our sold products based on the type of waste, waste treatment method and applying third-party emission factors.	5

7. We referred to the UK Department for Environment, Food and Rural Affairs (“DEFRA”) database and China Products Carbon Footprint Factors Database for the calculation of Scope 3 emissions.

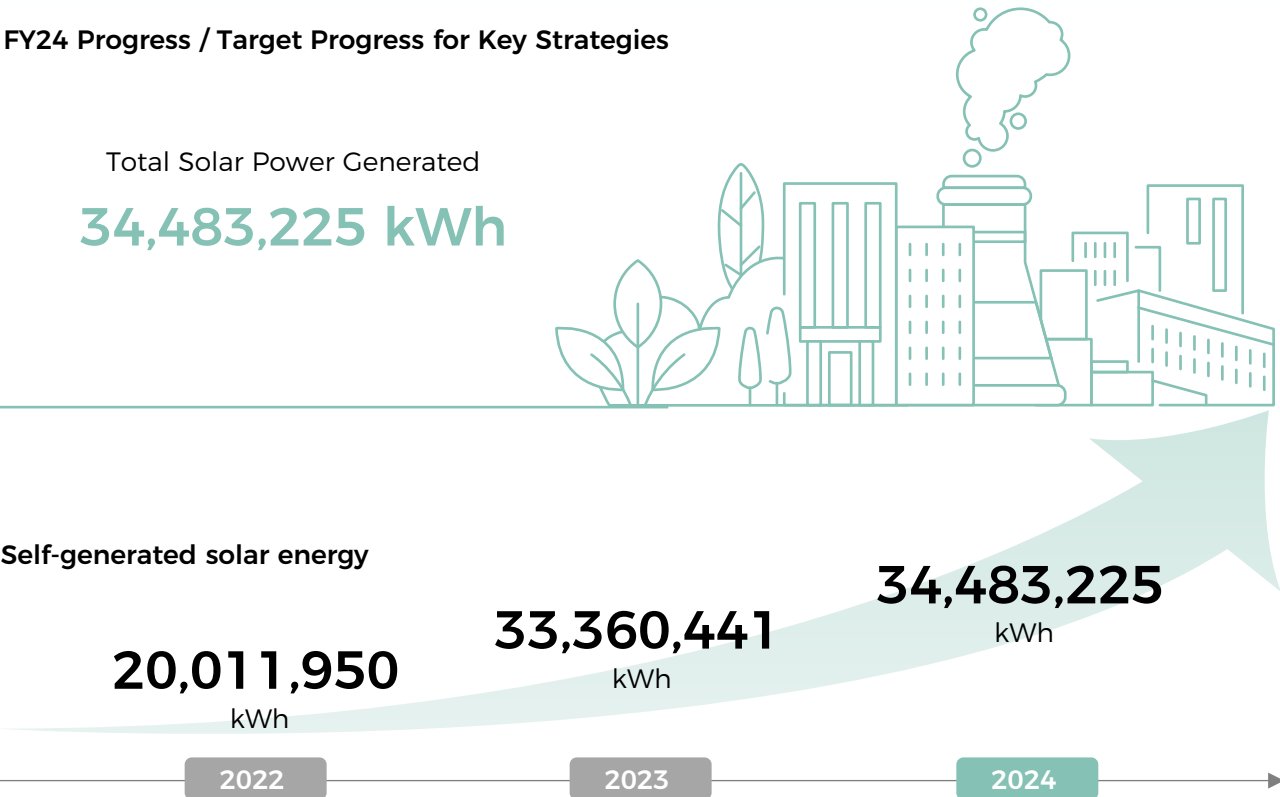
Working towards Carbon Neutrality

Our Carbon Neutrality Roadmap

Roadmap Timeline



FY24 Progress / Target Progress for Key Strategies



The Company is committed to aligning with the Three-Year Action Plan for Near-Zero Carbon Industrial Parks and Near-Zero Carbon Factories Pilot Programme (2024–2026) in Changzhou. In accordance with this policy and under the guidance of the Government, the Company will actively promote the development of near-zero carbon factories. We will prioritise the use of renewable energy and implement sustainable practices to support the region's carbon reduction goals and contribute to a greener, more sustainable future.

To address climate-related risks, the Group has shifted from fossil-based energy to renewable energy sources. By 2030, we aim for 60% of the Group's factories to have solar panels installed, contributing to at least 5% of the Group's overall energy consumption. Additionally, 50% of the Group's factories are targeted to operate entirely on renewable energy. In 2024, our solar photovoltaic (PV) plants generated over 34 million kWh of solar energy, marking an increase of approximately 3% compared to the solar energy output in 2023. During the year, additional solar PV systems was installed at the Shenzhen factory to enhance clean energy generation. These panels harness solar energy to produce electricity, reducing reliance on conventional energy sources and significantly decreasing the Group's carbon footprint.

Enhancing Energy Conservation

As part of our commitment to improving energy efficiency, we continue to implement energy-saving initiatives across our production facilities and buildings. Our dedication to effective energy management is exemplified by the ISO 50001 accreditation achieved by our energy management platform.



Czech Facilities Energy Usage Optimisation

Since 2023, significant progress was made with the optimisation of the cooling system, resulting in improved energy efficiency. Despite the increasing levels of operation, the Czech facility has successfully maintained its optimised energy usage. For instance, the cooling system's energy consumption was reduced by 15% in 2023 compared to the previous year, with monthly energy usage stabilising at an average of 12,500 kWh, even as production output increased by 10%. These efforts highlight the facility's commitment to energy efficiency and operational sustainability.





PSS Renewable Energy Roadmap

The renewable energy roadmap for PSS is progressing as planned, demonstrating our commitment to expanding the use of sustainable energy sources.

- Self-generated energy from solar plants or other renewable energy sources, e.g. wind turbines
- Transitioning to 100% renewable energy via Power Purchase Agreement (PPA)
- Use green energy certificate to offset remaining units

Renewable Energy Roadmap Info graphic		
2022	2024	2026
Belgium 100% PPA	Germany 100% PPA	China Dongguan 100% solar energy and PPA
Hungary 100% PPA	Mexico 60% solar power and PPA China Dongguan 50% PPA	Malaysia 100% PPA Mexico 100% solar energy and PPA



Solar Panel Installation and Full Expansion by Phase

Starting in 2025, solar panel installations will be completed at five plants as part of a pilot scheme for our long-term renewable energy initiative.

In 2024
11 plants from AAC Technologies already have solar capacity

From 2025-2029
We target to expand our solar capacity in Vietnam, Mexico Malaysia

By 2030
We aim to have 24 sites with solar capacity among the Group

Energy: 34.5 million KWH

Energy Saving Percentage
3% (compared to no solar panel installation)

Management of Hazardous Substances

Our commitment to the philosophy of “Green Materials, Green Processes, Green Products” drives us to prioritise the sourcing and production of environmentally friendly and safe products. The Group has established comprehensive “Hazardous Substance Management Regulation” that outlines management methods, responsible parties, and a list of restricted hazardous substances. This list is reviewed and updated annually by sourcing department, Supplier Quality Engineer (“SQE”), Green Procurement (“GP”) and R&D department to ensure compliance with the latest national and international regulations, such as RoHS, REACH, and California Proposition 65, as well as to meet specific customer requirements in a timely manner.

Restricted Hazardous Substance List of the Group			
Classification	Class I	Class II	Class III
	Substances are regulated by EU RoHS Directive. These substances are restricted to be used in Electrical and Electronic Equipment (“EEE”).	Substances are managed by regulation or convention other than EU RoHS Directive. These substances are restricted to be used in products.	Substances need to be monitored because these substances are expected to regulate in the future due to the potentially negative effects to the environment or the health, and those should be reported to AAC Technologies.
Response	Banned /Limited	Banned / Limited	Report
Number of items	8	100+	17
Examples	- Cadmium and its compounds (Cd) - Lead and its compounds (Pb) - Mercury and its compounds (Hg) - Chromium VI and its compounds (Cr (VI)) - Polybrominated biphenyls (PBBs) - Polybrominated diphenyl ethers (PBDEs) - Phthalates - Halogen	- Arsenic and its compounds (As) - Asbestos and its compounds - Antimony and its compounds (Sb) - Organic tin compounds - Other chlorine compounds - Per-and polyfluoroalkyl substances (PFAS) - Perfluorooctanoic Acid (PFOA)-related substances	- Bismuth and its compounds - Barium and its compounds - Chromium III compounds - Rare-earth elements - Benzophenone - Mineral wool - Isocyanates

Waste Management

Responsible and sustainable production practices are our top priorities, and we adhere to strict guidelines for the handling and disposal of both hazardous and non-hazardous waste. We continuously evaluate the effectiveness of our waste management strategies, ensuring the responsible storage, repurposing, and disposal of waste. To strengthen our commitment, the Group has

set new waste management targets, where 100% of our factories will treat hazardous waste in full compliance with regulations, achieving zero incidents of accidental pollution. During the year, all of our factories conducted external waste audits and fully complied with local government regulations for waste discharge.

The Group ensures that its operations are fully compliant with REACH (Registration, Evaluation, Authorisation, and Restriction of Chemicals) regulations, reflecting its commitment to protecting human health and the environment. By adhering to REACH requirements, the Group carefully manages the use of chemicals across its processes, ensuring that all substances are appropriately registered, evaluated, and authorised. This demonstrates our dedication to sustainability and the responsible management of chemicals throughout our operations.



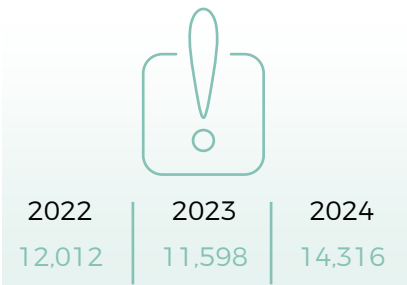
Waste

100% factories treat hazardous waste according to regulation

Progress tracking: On-going

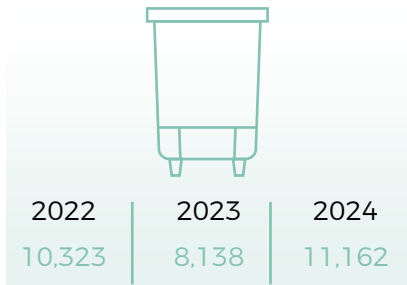
Hazardous Waste (tonnes)

Waste with harmful chemical characteristics, such as toxicity, flammability, or corrosiveness, that poses risks to human health and the environment, as defined by national standards.



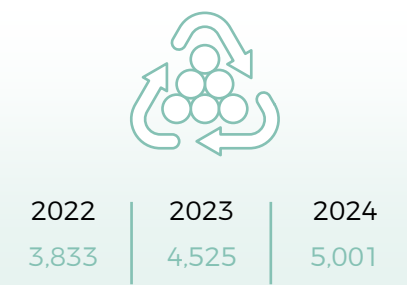
Non-recyclable Waste (tonnes)

Mixed material, domestic waste



Recyclable Waste (tonnes)

Metal strips with valuable materials including zinc, bronze, stainless steel, etc.



31%

of the general waste was recyclable.

To ensure the effectiveness of our waste management practices, we have assigned dedicated personnel at each production plant to oversee proper waste management, while also providing employees with training on waste handling and segregation.

Hazardous Waste

- Optimise the documentation of waste treatment processes
- Ensure the safe and appropriate packaging of waste materials
- Clearly label hazardous waste with proper signs and labels
- Minimise the storage duration of flammable and explosive waste
- Maintain a suitable storage environment, including proper ventilation, temperature, and humidity control
- Conduct regular inspections and provide training to relevant personnel

Non-Hazardous Waste

- Keep detailed records of waste handling activities.
- Enhance waste segregation within facilities by implementing a three-level separation system.
- Store waste separately based on its type.
- Carry out inspections to prevent the mixing of waste with other waste categories or company items

Hazardous Waste Management

The Group generates hazardous waste such as waste-cutting fluid, organic solvents, sludge, and plastic. To effectively manage this, we have established a Hazardous Waste Management Policy (“危險廢物管理控制程序”) that oversees the generation, collection, storage, utilisation, and disposal of hazardous waste. We ensure that hazardous waste is strictly segregated from other solid and general waste, and it is appropriately packaged, categorised, transferred, and stored. Daily inspections are conducted to monitor the classification and management of hazardous waste. Furthermore, we have partnered with an accredited third-party hazardous waste handler to ensure its proper collection and management in compliance with the Solid Waste Pollution Prevention and Control Law of the PRC and other applicable regulations.

To further safeguard the environment, regular testing of rainwater samples is conducted to confirm the absence of hazardous waste contamination. Additionally, we have engaged environmental consultants to perform on-site audits at our factories, enabling us to enhance and optimise our hazardous waste management practices. This proactive approach ensures we maintain high standards of environmental safety and regulatory compliance.



Shuyang and other factories in China

Green Production by Reuse – Cutting Fluid, Organic Solvent and Plastic Hose

Approach	Background	Benefits
Reuse of Cutting Fluid at Shuyang Plant	In line with environmental and cost control goals, the Shuyang plant implemented a cutting fluid treatment and recycling system. The system utilises high-temperature, high-pressure distillation equipment to treat waste cutting fluid produced by the machines. The fluid undergoes distillation to evaporate the water content, which is then cooled and directed to the wastewater station. The remaining mixture of oil is allowed to separate into usable oil products.	In 2024, the system successfully concentrated 320 tons of waste cutting fluid (limited by equipment capacity), resulting in 129 tons of reusable concentrate. After system improvements, a higher-capacity device was introduced to handle up to 8 tons per day, increasing the efficiency of the treatment process.
Reuse of Organic Solvent and Plastic Hose in most factories	In our commitment to environmental sustainability, we have implemented a robust material reuse strategy across our facilities. This initiative aims to reduce operating costs and minimise the generation of hazardous and general waste. Through the reuse of organic solvents and plastic components, we have made significant strides in creating a more sustainable production environment. • Organic Solvent Reuse: By recycling organic solvents, we have successfully reduced solvent consumption by approximately 50%. • Plastic Hose, Trays, and Packaging Reuse: Disposable plastic hoses, trays, and packaging materials are actively reused within our operations, further contributing to the reduction of waste and the promotion of circular economy principles.	This initiative supports not only environmental goals but also financial efficiency, reducing the need for new materials and cutting disposal costs.



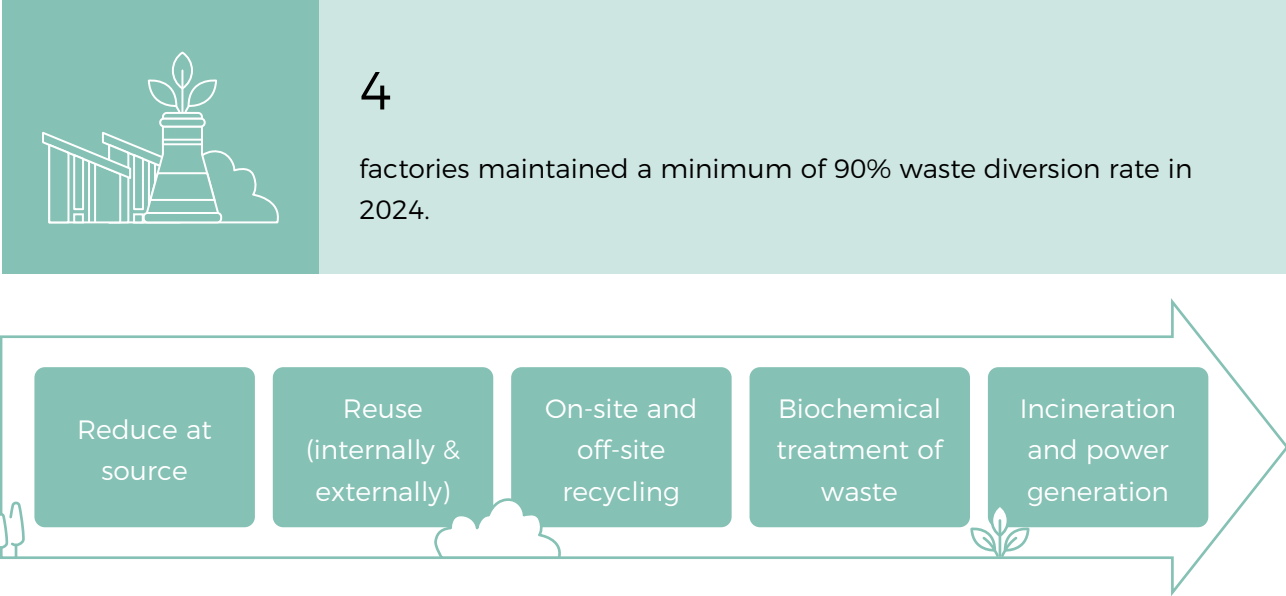
Kunshan Factories:

Eco-friendly Technologies – DPU+ Evaporator for Chemical Waste Recovery & APU 5.0 System

Approach	Background	Benefits
DPU+ Evaporator for Chemical Waste Recovery	 DPU System During the chemical polishing process, the phosphoric acid and sulfuric acid solution becomes contaminated after prolonged use, which leads to reduced effectiveness. The solution, known as waste chemical polishing liquid, needs to be replaced when it reaches a critical point. DPU System Principle: The Eco-Tec DPU system utilises a resin bed to adsorb aluminium ions from the spent polishing liquid. The resulting product is low in density, requiring an additional evaporation (EVP) process to distil excess water. This process increases the product’s density to around 1.6, yielding a usable recovered acid.	After implementing the DPU system, the following benefits have been realised: • Cost Reduction: The recovered acid can be reused in the production process, reducing overall chemical consumption and production costs. • Environmental Benefits: By recycling the acid, the system reduces the environmental impact, minimising waste and hazardous material generation. • Internal Management of Heavy Metals: The DPU system also supports the internal management of heavy metal wastewater, avoiding outsourcing.
Reuse of Sulfuric Acid (APU 5.0 System)	 APU 5.0 System – Reuse of Sulfuric Acid Sulfuric acid is a key chemical used in the anodising process to enhance the hardness of aluminium. Over time, the aluminium ion concentration in the sulfuric acid solution increases, which can affect product quality. To maintain the quality of the production process, the plant regularly needs to replace the spent acid with fresh sulfuric acid to lower the aluminium ion concentration. APU System Principle: The APU recovery system treats the spent sulfuric acid solution by using a resin to adsorb the sulfuric acid. The aluminium-laden wastewater is then directed to the waste tank system, and the resin is washed with water to remove the sulfuric acid, which is returned to the anodising bath. This process helps remove aluminium ions while minimising sulfuric acid loss.	Before implementing the APU system, the factory consumed 350 kg of sulfuric acid per day. After adopting the system in 2024: • The sulfuric acid consumption was reduced by over 40% due to better recycling of the solution. • The system also contributed to a reduction in alkaline consumption for wastewater treatment, further promoting sustainability and cost efficiency.

Achieving Zero Waste to Landfill

We continue to implement the Zero Waste to Landfill initiative at some of our factories in accordance with the UL ECVP279915 standard. This project aims to minimise waste generation at the source by focusing on reducing, reusing, and recycling waste, while maximising energy recovery through incineration. Data on waste reduction and recycling at our factories is monitored monthly to record our performance in waste management.



Landfilling & Incineration			100% Incineration
Preparation	Awareness Training	Enhance Waste Management	Zero Waste to Landfill
- Conducted a comprehensive assessment to identify potential risks and areas for improvement - Developed a detailed implementation plan for the project	Training was provided to the management team and employees to improve their understanding of the "Zero Waste to Landfill" concept and to increase their awareness of waste sorting and recycling practices	- Initiated an on-site waste segregation project, designating specific areas for different types of waste - Built a chemical storage warehouse within the plant to ensure safe handling and storage - Upgraded the waste storage area to safeguard waste from environmental factors, such as like rain and wind	All non-recyclable waste is processed through incineration with energy recovery

General Waste Management

General waste is classified into three categories: non-recyclable, recyclable, and food waste. It is managed in accordance with our "Waste Management Procedures". Non-recyclable waste, such as household garbage and construction debris, is managed by a third-party waste disposal company. Recyclable materials, including metals, paper, and plastics, are sent to designated recycling facilities.



Reduction of Sludge

Kunshan plant and Shuyang

In our casting production facility, a sludge dryer is utilised to reduce the volume of wet sludge generated during wastewater treatment. By removing the water content, the amount of sludge requiring disposal is significantly reduced.

At the Shuyang plant, a sludge dryer has already operational. Since 2023, 7 dryers and 3 MVR concentration equipment at Kunshan plants have been introduced. These new facilities are expected to reduce sludge disposal by approximately 67%, equivalent to 2,000 tonnes annually.



Recycling of Food Waste

Food waste, cooking oils, and kitchen waste are collected and recycled for various purposes by a kitchen waste management company. Cooking oils are recycled for the production of biodiesel. Following treatment and anaerobic digestion, food waste is utilised for electricity generation, while general kitchen waste is collected and converted into compost.

Water Conservation and Recycling

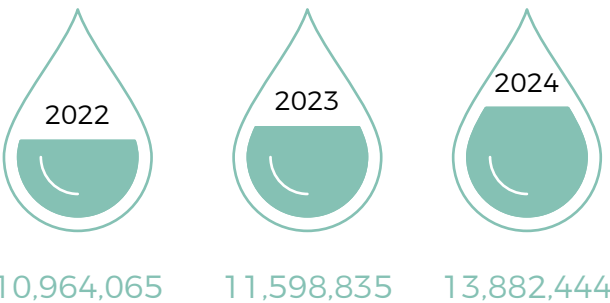
Oversight and Policies

The Group has implemented a new policy on water stewardship in 2024, highlighting the Group's commitment to the sustainable and efficient management of water resources across its global operations. This policy reflects the Group's recognition of water as a critical natural resource, essential to the sustainability of ecosystems, communities, and industries. By incorporating this policy into existing operational practice, we are reinforcing our efforts to safeguard water security through the adoption of advanced technologies to optimise water usage and recycling, the establishment of robust water management practices, and the strict treatment of wastewater to prevent environmental harm. Furthermore, the policy prioritises transparency in water stewardship reporting and encourages greater awareness among internal and external stakeholders to support a sustainable value chain. This initiative represents a significant step in integrating water stewardship into the Group's overarching sustainability strategy and its long-term commitment to environmental responsibility.

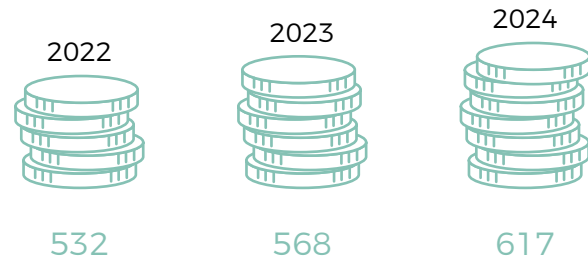
Water Consumption

The Group's water consumption is dedicated to both industrial and domestic purposes. During the year, the Group experienced no difficulties in securing a reliable and sufficient supply of water to support its operations and facilities. We have implemented several measures to promote water conservation and reduce domestic water usage. Water-saving equipment has been installed in our washrooms, and regular inspections of water supply systems are conducted to minimise water wastage. To further enhance efficiency, we utilise ultrasonic detection technology to identify leaks in underground water pipe networks, enabling prompt repairs when abnormalities are detected. Additionally, we continue to roll out various water conservation initiatives, including employee training on the use of water-saving technologies and raising awareness about the importance of daily water conservation. For instance, at one of our factories in Changzhou, domestic wastewater is treated by a specialised water treatment company, and the recycled water is repurposed for cooling and washing processes.

Municipal Water Consumption (tonnes)



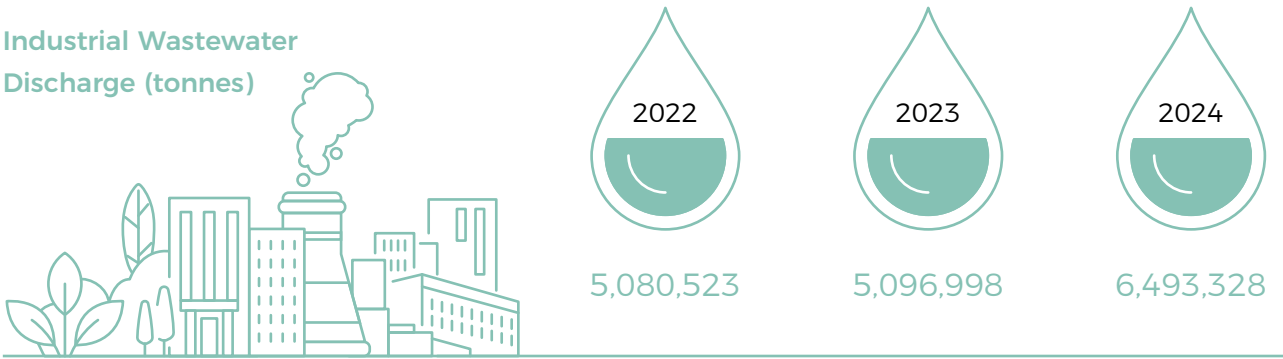
Municipal Water Consumption Intensity (tonnes/ million RMB revenue)



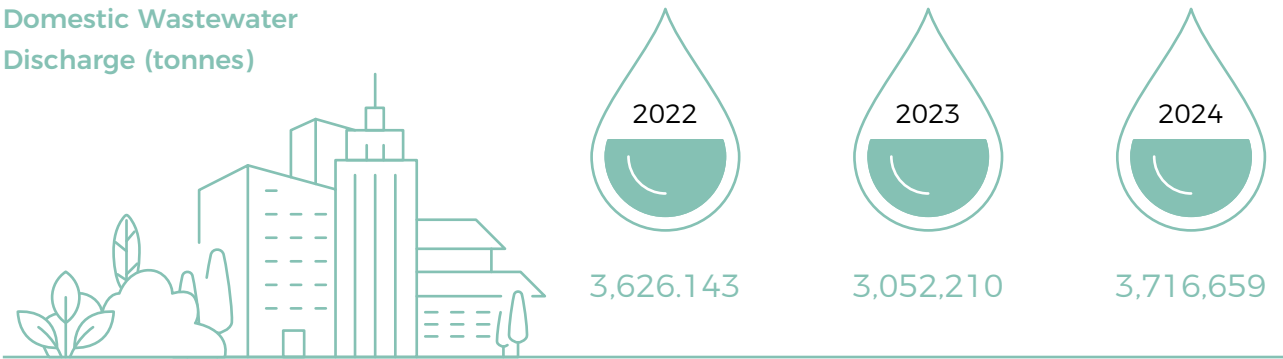
Wastewater Management

Both industrial and domestic wastewater are processed through on-site wastewater treatment facilities and municipal treatment plants. To minimise wastewater generation, we utilise electro dialysis evaporation technology for treatment. Additionally, we have successfully completed testing on reducing wastewater volumes using low-temperature heat pump evaporation technology. At our Shenzhen facility, permeate water and rejected water are recycled for domestic applications. Furthermore, all our factories engaged external parties to conduct wastewater detection in 2024, ensuring compliance with environmental standards and enhancing the effectiveness of our wastewater management processes.

Industrial Wastewater Discharge (tonnes)



Domestic Wastewater Discharge (tonnes)



Water Resources Utilisation

The Group has set a new water management target, demonstrating its commitment to sustainability and resource optimisation. This initiative focuses on the continued exploration and implementation of reclaimed water usage and reusable water solutions across its manufacturing facilities. By adopting these measures, the Group aims to reduce its dependency on freshwater resources, minimise wastewater generation, and enhance water recycling efficiency. This strategic approach underscores the Group's dedication to responsible water management and its ambition to achieve long-term environmental sustainability across its operations.



The Reclaimed Water Treatment Projects



75%

reuse rate of the reclaimed water treatment facility in Kunshan every year

Anode Waste Steam Heating Electromechanical Installation Project at the Yangzhou Factory

Previously, the water vapour mixture generated during the heating of anodes at the Yangzhou Factory was discharged directly into the rainwater drainage system. To enhance energy efficiency, we have implemented significant upgrades, including the construction of an insulated water storage tank and the installation of a constant-pressure high-temperature water pump system. This improved system enables the collection and conversion of the water vapour mixture into usable energy.

The collected vapour is then distributed to 90 radiators installed across the two Yangzhou factories (Factory No. 1 and Factory No. 2) to provide heating. As a result of these measures, we achieved annual savings of estimated 600 tonnes of steam and an approximate 140 MWh of electricity in 2024.



Electronic Device Carrier Project at the Yangzhou Economic and Technological Development Zone

The building design for this project incorporates green technologies to manage water discharged from operations. In 2024, the project handled and discharged an estimated 270,000 tonnes of water, with the Group ensuring that all drainage meets the required quality standards.

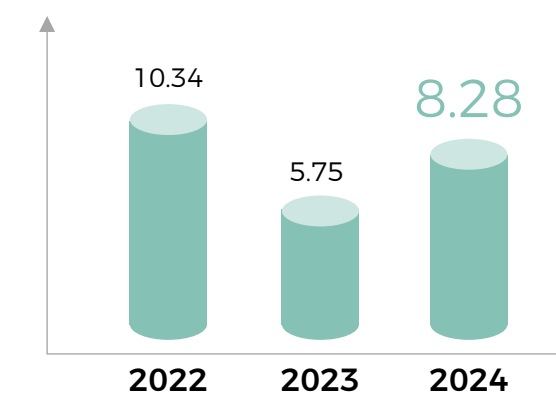
To support this commitment, an industrial wastewater regeneration and reuse system has been implemented. This system facilitates wastewater collection, transmission via pipe networks, and reuse of treated water in equipment, all in compliance with the standards. Additionally, high-performance, zero-leakage valves have been utilised for both drainage and exhaust systems, ensuring optimal quality and reliability in wastewater management.



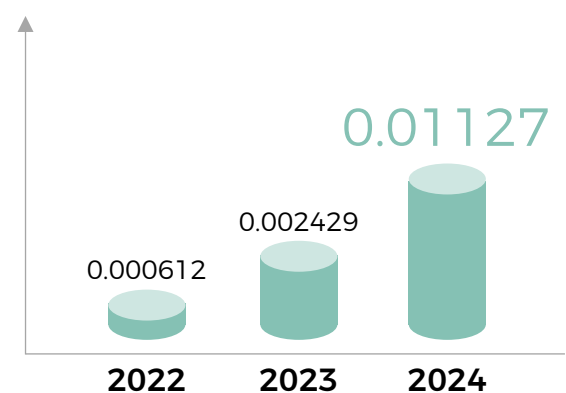
Reducing Emissions of Air Pollutants

During our operations, organic exhaust gases are generated from the bonding adhesive process, while welding fumes are produced in minimal quantities due to the small scale of our products. Additionally, emissions are generated from cooking activities in our canteens and laboratory processes. Notably, our production process does not involve the use of coal.

Non-methane Hydrocarbon (tonnes)



Tin and its Component (tonnes)



We regularly conduct audits of emissions for various pollutants at our factories to ensure compliance with regulatory standards. Organic exhausts are managed through a dedicated exhaust treatment system, and facilities are in place to address cooking fumes and laboratory emissions. To minimise air pollution at our operational sites, we continuously adopt advanced exhaust treatment technologies and enhance treatment efficiency.



Biodiversity

In 2024, the Group implemented a new initiative on biodiversity, reaffirming our unwavering commitment to the protection and preservation of biodiversity and ecosystems. We expect our businesses to identify biodiversity issues relevant to their facilities, operations, and value chains, and to reduce adverse impacts to a minimum. This milestone reflects our proactive approach to aligning operations with international biodiversity frameworks such as the Global Biodiversity Framework ("GBF") and the Taskforce on Nature-related Financial Disclosures ("TNFD"), as well as local regulations. By incorporating this initiative into our existing operational practice, the Group seeks to address the growing urgency of biodiversity conservation, embedding it as a core element of its sustainability agenda. We are dedicated to minimising our environmental footprint, protecting endangered species and critical habitats, and promoting sustainable practices throughout our supply chain. Moving forward, the Group will continue to strengthen its biodiversity commitments, collaborate with partners, and strive for transparency in reporting its progress, ensuring a meaningful contribution to the preservation of global ecosystems and natural resources.

Appendices

Performance Data Summary

The data summary provides statistical information on the Group’s sustainability performance, which helps facilitate stakeholders’ understanding and benchmark our environmental and social performance.

Workforce Demographics				
	Unit	2024	2023	2022
Total employees	Number	37,273	29,922	27,798
By Employment Type				
Full-time ⁹	Number	37,273	29,922	27,798
Part-time	Number	0	0	0
By Geographical Distribution				
Changzhou	Number	15,155	13,437	13,416
Shenzhen	Number	1,438	1,262	1,391
Shuyang	Number	3,177	2,960	2,982
Suzhou ¹⁰	Number	166	262	1,443
Nanning	Number	5,474	5,144	3,672
Kunshan	Number	1,684	1,059	-
Yangzhou	Number	505	1,217	-
Maanshan	Number	505	386	-
Vietnam	Number	4,104	3,959	3,467
Singapore	Number	99	-	-
Belgium	Number	314	-	-
Overseas and other areas ¹¹	Number	4,652	1,067	1,427

9. All employees are full-time and permanent employees.

10. The significant drop of number in 2024 was because we were gradually moving production lines from Suzhou.

11. Figures in Overseas and other areas include the employee figures in other part of mainland China. The significant increase due to including PSS employee from 2024.

Workforce Demographics				
	Unit	2024	2023	2022
By Age				
<30	Number	14,983	11,781	11,865
31-50	Number	21,496	17,774	15,583
>50	Number	794	367	350
By Gender				
Male	Number	23,434	19,174	17,168
Female	Number	13,839	10,748	10,630
By Educational Background				
Degree or above ¹²	Number	8,775	15,426	15,321
High school or below	Number	28,498	14,496	12,477
By Employee Category				
Management	Number	2,820	2,180	2,185
R & D and Technician	Number	4,505	3,961	3,880
Mechanic and operator	Number	29,948	23,781	21,733
Employees Training				
Average training hours	Hours	14.48	13.3	14.0
By Gender				
Male	%	63	64	62
Female	%	37	36	38

12. From 2024, the degree holders are only counted and recorded for the staff studied in the University.

Health and Safety				
	Unit	2024	2023	2022
Investment in Safe Production	RMB'000	62,430	55,421	53,404
Major pollution/safety incidents	Number	0	0	0
Fire hazard	Number	0	1	0
Total Work-related Accidents	Number	109	85	85
Type A - Slight injury	Number	38	27	30
Type B - Minor injury	Number	71	57	54
Type C - Severe injury	Number	0	0	0
Type D - Fatalities	Number	0	119	1
Work-related injuries per 1,000 workers	%	3.27	3.09	2.53
Lost time injury frequency rate ("LTIFR") ¹³ (per million hours worked)	% (Per million hours worked)	1.05	1.00	1.26

Health and Safety				
	Unit	2024	2023	2022
Lost days due to work-related injury	Days	7,528	4,519	2,903
Occupational disease cases	Number	0	0	0
Training on Occupational Safety and Health				
Total person-times training	Number	98,601	73,423	104,651
Total training hours ¹⁴	Hours	312,670	171,324	213,023
Percentage of workers trained	%	100	100%	100%

13. LTIFR is calculated based on the following formula: Number of lost time injuries in the year times 1,000,000 and then divided by Total hours worked in the year.

14. The increase of training hours because of increase volume of operations and more new joiners to attend the EHS trainings.

Parental Leave				
	Unit	2024	2023	2022
Employees entitled to Parental Leave				
Male	Number	585	587	647
Female	Number	389	1,040	740
Employees that took Parental Leave				
Male	Number	582	570	638
Female	Number	338	967	574
Employees Return to Work Rate ¹⁵				
Male	%	100	97.7	98.1
Female	%	90.08	81.0	92.1
Employees Retention Rate ¹⁶				
Male	%	52.06	77.0	60.3
Female	%	47.64	39.9	36.5

Board Diversity				
	Unit	2024	2023	2022
By Age				
<30	%	0	0	0
31-50	%	0	0	17
>50	%	100	100	83
By Gender				
Male	%	83	83	83
Female	%	17	17	17

15. Return to work rate is calculated as total number of employees who did return to work after parental leave divided by total number of employees due to return to work after taking parental leave and then multiplied by 100%.

16. Employee retention rate on is calculated as the total number of employees retained 12 months after returning to work following a period of parental leave, divided by total number of employees returning from parental leave in the prior reporting period(s), multiplied by 100%.

Supply Chain Management				
	Unit	2024	2023	2022
Total number of suppliers ¹⁷	Number	3,545	2,305	506
Number of new suppliers	Number	1,240	590	-
Number of new suppliers screened using environmental criteria	Number	1,240	86	-
Number of new suppliers screened using social criteria	Number	1,240	86	-
By Geographic Region ¹⁸				
Mainland China and Hong Kong	Number	3,327	572	489
Overseas	Number	218	18	17

Community				
	Unit	2024	2023	2022
Donation	RMB'000	1,050	1,130	1,480

Environment ¹⁹				
	Unit	2024	2023	2022
Environmental Protection Expenditure	RMB'000	72,703	79,405	67,860
Total Resources Consumption				
Indirect Consumption				
Electricity	kWh	1,215,093,182	1,071,537,597	1,002,915,220
Steam	GJ	345,608	-	-
Direct Consumption				
Petrol and diesel	Kg	438,394	222,935	239,835
Natural gas	m ³	3,516,403	2,088,562	1,934,147

17. The quality of data improved in 2024, providing a more accurate representation of the actual situation of suppliers. Data from 2023 is outdated and may not reflect the current circumstances.

18. The surge compared to last year is due to system update.

19. Environmental KPIs calculation methodology

Environmental KPIs stated in the report are calculated with reference to HKEX's "How to Prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs".

Environment				
	Unit	2024	2023	2022
Total energy consumption	GJ	4,875,866	3,951,489	3,699,020
Total energy intensity	GJ per million RMB revenue	178	194	179
Self-generated solar energy	kWh	34,483,225	33,360,441	20,011,950
Water				
Water consumption ²⁰	Tonnes	13,882,444	11,598,835	10,964,065
Water intensity	Tonnes per million RMB revenue	508	568	532
Emissions				
Air Pollutant				
Sulphur oxides ("SOx")	Tonnes	0.00664	0.00446	0.00469
Nitrogen oxides ("NOx")	Tonnes	1.65	1.41	30.23
Particulate matter ("PM")	Tonnes	0.13	3.58	2.35
Non-methane hydrocarbon	Tonnes	8.28	5.75	10.34
Tin and its compounds ^{21, 22}	Tonnes	0.01127	0.00243	0.00061
Waste				
Hazardous waste	Tonnes	14,316	11,598	12,012
Hazardous waste intensity	Tonnes per million RMB revenue	0.52	0.57	0.58
Non-hazardous waste	Tonnes	16,163	12,663	14,156
Non-hazardous waste intensity	Tonnes per million RMB revenue	0.59	0.62	0.69
Wastewater discharge	Tonnes	10,209,987	8,149,208	8,706,666

20. The water consumption is based on utility bills issued by the local water suppliers. If water bill is not available during the reporting period, water consumption will be based on the monthly water meter reading and internal monitoring.

21. Exhaust gas discharge outlets are newly operated in the production facilities in Naning in 2024. Further investigation would be conducted to determine the appropriate course of action if necessary.

22. The Tin and its compounds figures in 2023 was restated due to the emission of 2 exhaust gas discharge outlets were updated in accordance with the latest calculation result.

Environment				
	Unit	2024	2023	2022
GHG Emissions ²²				
Total GHG emission ²³	tCO ₂ e	6,676,616	641,012	598,341
Scope I ²⁴	tCO ₂ e	8,766	5,292	5,001
Scope II ²⁵	tCO ₂ e	723,820	635,720	593,340
Scope III ²⁵	tCO ₂ e	5,944,030	-	-
Emission intensity (scope I, II)	tCO ₂ e per ten thousand RMB revenue	0.27	0.31	0.29
Emissions intensity (scope I, II and III)	tCO ₂ e per ten thousand RMB revenue	2.44	-	-
Usage of Packaging Materials				
Carton	Pcs	2,053,786	2,197,900	4,397,577
Blister boxes	Pcs	69,424,990	44,828,554	60,263,931
Carrier tape	Meter	9,583,390	10,992,554	13,468,289
Carrier disc	Pcs	415,545	374,331	398,874
Packing belt	Rolls	98	74	664
Sealing paper	Rolls	386,454	286,454	789,642
Sealing paper	Square meter	219,756	77,033	317,390
Label	Pcs	311,582	474,950	34,720,853
Label	Rolls	14,615	23,997	12,166
Bubble wrap ²⁷	Pcs	1,101,023	3,537,339	11,420
Bubble wrap	Meter	-	8,300	6,500

22. GHG calculation methodology
GHG emissions calculations are referenced from the “Corporate Greenhouse Gas Emissions Accounting Methods and Reporting Guidelines Power – Generation Facilities (2023 revised edition)” published by the Ministry of Ecology and Environment of the PRC in 2023 and the “IGES List of Grid Emission Factors” published by The Institute for Global Environmental Strategies in 2021.

23. The significant increase of total emissions is due to the introduction of scope 3 emissions this year.

24. Scope 1 emissions comprise CO2, CH4, and N2O emissions from natural gases consumed and emissions from our private vehicles and medium trucks that run on petrol and diesel. The global warming potentials used for calculation are adopted from Intergovernmental Panel on Climate Change (“IPCC”) Fifth Assessment Report.

25. Scope 2 emissions are generated from the electricity consumed by the Group’s major plants and R&D centers, and also steam consumed by PRC plants.

26. Scope 3 emissions reported include key categories including 1, 2, 4, 11, and 12. For detailed breakdown please refer to page 102.

27. The production facilities in Changzhou are newly included for calculation of the usage of bubble wrap (Pcs) in 2023.

Awards and Recognitions 2024

Award/Recognition Received	Awarded to	Awarded by
Reporting		
2024 Top 10 A/H share companies in China by ESG score, AAC Technologies ranked 8th	AAC Technologies Holdings Inc.	CLSA
2024 Most Sustainable Companies/Organisations (MSCO)	AAC Technologies Holdings Inc.	HKICPA
2024 Best in ESG Awards - Middle Market Cap	AAC Technologies Holdings Inc.	BDO ESG Awards
2024 Grand award for the Best GRI Report	AAC Technologies Holdings Inc.	HERA Awards
2024 Outstanding Social Responsibility Report / 2024 ESG Excellence in Corporate Governance Award	AAC Technologies Holdings Inc.	The 7th Social Responsibility Conference (SCR) and Honour Awards
2024 Hang Seng ESG 50 Index	AAC Technologies Holdings Inc.	Hang Seng Bank
Operation Excellence		
2024 Best Achievement Supplier Award	AAC Technologies Holdings Inc.	Chongqing Yibo Intelligent Electronics Co., Ltd.
Honoured Company	AAC Technologies Holdings Inc.	Asia (ex-Japan) Executive Team Institutional Investor
2024 Perfect Quality Award / 2024 Honoured Partner	AAC Technologies Holdings Inc.	Lenovo
2024 Global Top 100 Innovative Organisation	AAC Technologies Holdings Inc.	Clarivate Analytics
2024 Innovative Economy Enterprise - Leader Award	AAC Technologies Holdings Inc.	Standard Chartered Bank and <i>Xinbao Financial News</i>
2024 Best Project Collaboration Award	AAC Optoelectronics Technology (Changzhou) Co., Ltd	Geely Auto
2024 Excellent Cooperation Award	AAC Optoelectronics Technology (Changzhou) Co., Ltd	Neta Auto
2024 Excellent Delivery Award	AAC Optoelectronics Technology (Changzhou) Co., Ltd	Shanghai Longqi Technology Co., Ltd.
2024 Hurun China Metaverse Potential Enterprises Top 100	AAC Technologies Holdings Inc. & AAC Optics (Changzhou) Co., Ltd	Hurun Report
2024 Jiangsu Province 5G Factory	AAC Optoelectronics Technology (Changzhou) Co., Ltd	Jiangsu Provincial Department of Industry and Information Technology
2024 Re-assessment of Manufacturing Industry Championship in MEMS Microphone Manufacturing	AAC Acoustic Technologies (Shenzhen) Co., Ltd.	Ministry of Industry and Information Technology
2024 Ministry of Industry and Information Technology 5G Factory	AAC Optoelectronics Technology (Changzhou) Co., Ltd	Ministry of Industry and Information Technology
2024 Best Innovative Collaboration Award	AAC Technologies Holdings Inc.	Huawei

Award/Recognition Received	Awarded to	Awarded by
Operation Excellence		
2024 Long-term Collaboration Award	AAC Technologies Holdings Inc.	OPPO
2024 TCL Synergy Award	AAC Kaitai (Shenzhen) Technology Development Co, Ltd.	TCL
2024 Best Delivery Award	AAC Optics (Changzhou) Co, Ltd.	OPPO
2024 Special Contribution Award	Shenzhen Ruicheng Technology Co, Ltd.	OPPO
2024 Best Partner Award / 2024 Best Quality Award	AAC Technologies Holdings Inc.	Xiaomi
2024 China VR/AR Top 30 Enterprises	AAC Acoustic Technologies (Shenzhen) Co, Ltd.	Shenzhen International VR/AR Expo Committee
2024 Quality Benchmark Award	AAC Technologies Holdings Inc.	Lenovo
2024 Significant Contribution Award / 2024 Top 10 Enterprises in R&D Investment	AAC Technologies Holdings Inc.	Changzhou Municipal Committee, Changzhou Government
2024 Industrial Star-Level Enterprises List - Five-Star Enterprise	AAC Technologies Holdings Inc.	Changzhou Municipal Committee, Changzhou Government
2024 Top 100 Taxpayer Enterprises Award / 2024 Sales Scale Award	AAC Technologies Holdings Inc.	Changzhou Municipal Committee, Changzhou Government
Community Care		
Significant Contribution Award	AAC Technologies Holdings Inc.	Changzhou Municipal Government
Industry Star Enterprises: Five-Star Enterprise	AAC Technologies Holdings Inc.	Changzhou Municipal Government
Top 100 Taxpayer Award	AAC Technologies Holdings Inc.	Changzhou Municipal Government
Market Leader Award	AAC Technologies Holdings Inc.	Changzhou Municipal Government
Top 10 R&D Investment Enterprises	AAC Technologies Holdings Inc.	Changzhou Municipal Government
Talent Development		
Jiangsu Annual Outstanding Employer	AAC Technologies Holdings Inc.	Liepin.com
Most Influential Employer	AAC Technologies Holdings Inc.	Haitou.cc
2024 Star Employer – AAC Technologies Holdings Inc.	AAC Technologies Holdings Inc.	Offer Show

Memberships and External Initiatives

Organisations	Membership company
Changzhou Overseas Chinese Entrepreneurs Association	AAC Technologies Holdings Inc.
Changzhou Capital Market Industry Chamber of Commerce	AAC Technologies Holdings Inc.
China Electronic Components Association	AAC Technologies Holdings Inc.
China Semiconductor Industry Association	AAC Acoustic Technologies (Shenzhen) Co, Ltd.
Federation of Shenzhen Industries	AAC Acoustic Technologies (Shenzhen) Co, Ltd.
Shenzhen Hi-Tech Industry Association	AAC Acoustic Technologies (Shenzhen) Co, Ltd.
Shenzhen Nanshan District Capital Market Association	AAC Technologies Holdings Inc.
Shenzhen Sensors and Intelligent Instrumentation Industry Association	AAC Technologies Holdings Inc.

Laws and Regulations

The Group strictly abides by relevant laws and regulations, including but not limited to the following:

Topic	Applicable laws and regulations
Environment	- The Environmental Protection Law of the PRC - The Law of the PRC on Environmental Impact Assessment - The Environmental Protection Tax Law of the PRC - The Law of the PRC on the Promotion of Clean Production - The Law of the PRC on the Prevention and Control of Water Pollution - The Regulation on Urban Drainage and Sewage Treatment - The Law of the PRC on the Prevention and Control of Environmental Pollution of Solid Waste - The Administrative Measures for the Prevention and Control of Environmental Pollution by Electronic Waste - The Law of the PRC on the Prevention and Control of Air Pollution - Integrated Emission Standard of Air Pollutants
Employment	- Labour Law of the PRC - Labour Contract Law of the PRC - Provisions on the Prohibition of Using Child Labour - Law of the PRC on the Protection of Minors
Safety	- Production Safety Law of the PRC - Law of the PRC on the Prevention and Control of Occupational Diseases
Product Liability	- Tort Liability Law of the PRC - The Patent Law of the PRC - The Decision of the State Council on Further Strengthening of Protection of Intellectual Property - Cybersecurity Law of the PRC - The General Data Protection Regulations (EU)
Anti-corruption	- Criminal Law of the PRC - Anti-Unfair Competition Law of the PRC - Hong Kong Prevention of Bribery Ordinance

Verification Statement



Verification Statement

Scope and Objective

Hong Kong Quality Assurance Agency (“HKQAA”) was commissioned by AAC Technologies Holdings Inc. (“AAC Technologies”) to conduct an independent verification for its Sustainability Disclosures (the “selected disclosures”) stated in its 2024 Sustainability Report (“the Report”). The selected disclosures covered the period from 1 January 2024 to 31 December 2024 and represented the sustainability performance of AAC Technologies.

The objective of this verification is to provide an independent opinion with a reasonable level of assurance on whether the selected disclosures are prepared in accordance with the following reporting criteria:

- the Environmental, Social and Governance Reporting Guide (“ESG Guide”) set out in Appendix C2 of the Listing Rules of The Stock Exchange of Hong Kong Limited (version effective from 31 December 2023, which remains applicable to annual reports for financial years commencing before 1 January 2025).

The verification team also reviews the disclosures in the Report by making reference to the following disclosure frameworks, as the Report has been prepared with references to:

- the Global Reporting Initiative’s Sustainability Reporting Standards (“GRI Standards”)

Level of Assurance and Methodology

HKQAA’s verification procedure has been conducted with reference to the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (“ISAE 3000”) issued by the International Auditing and Assurance Standards Board. The evidence gathering process was designed to obtain a reasonable level of assurance as set out in the ISAE 3000 by using a risk-based approach.

Our verification procedure included, but not limited to:

- Sampling the sustainability information stated in the Report, e.g. claims and performance data for detail verification;
- Verifying the raw data and supporting information of the selected samples of the sustainability information;
- Interviewing responsible personnel; and
- Checking the internal control mechanism

Roles and Responsibilities

AAC Technologies is responsible for the organization’s information system, the development and maintenance of records and reporting procedures in accordance with the system, including the calculation and determination of sustainability information and performance. HKQAA verification team is responsible for providing an independent verification opinion on the selected disclosures provided by AAC Technologies for the reporting period. The verification was based on the verification scope, objectives and criteria as agreed between the AAC Technologies and HKQAA.



Independence

HKQAA did not involve in collecting and calculating data or compiling the reporting contents. Our verification activities were entirely independent and there was no relationship between HKQAA and AAC Technologies that would affect the impartiality of the verification.

Limitation and Exclusion

The following limitations and exclusions were applied to this verification due to the service scope, nature of verification criteria, and characteristics of the verification methodology.

- I. Our verification scope is limited to examining the raw data or information for the selected disclosures, e.g., Claims and Performance Data stated in the Report. The identified sustainability information may be subject to inherent uncertainty because of incomplete scientific and technical knowledge.
- II. Evaluating the quality of execution and implementation effectiveness of the ESG practices, the appropriateness of the assumptions made, and the estimation techniques applied are outside the scope of our verification.
- III. The verification of raw data or information is based on the use of a sampling approach and reliance on the client’s representation. As a result, errors or irregularities may occur and remain undetected.
- IV. Any information outside the established verification period has been excluded.

Conclusion

Based on the evidence obtained and the results of the verification process, it is the opinion of the verification team that, with a reasonable level of assurance, the Report has been prepared, in all material respects, in accordance with the ESG Guide set out in Appendix C2 of the Listing Rules of The Stock Exchange of Hong Kong Limited (former version, which remains applicable to annual reports for financial years commencing before 1 January 2025).

In addition, the verification team reviewed the Report with reference to the GRI Standards and considered that the Report has been prepared by making reference to the contents or parts of the contents of the aforementioned disclosure frameworks.

Signed on behalf of Hong Kong Quality Assurance Agency

Connie Sham
Head of Audit
April 2025
Ref: 14954531-VER

GRI and HKEX ESG Content Index

This Content Index includes references to KPIs of the GRI Standards and the HKEX ESG Reporting Guide.

Material Topics	Disclosure	Section Title	Page Number	Remarks
GRI 1: Foundation 2021				
Statement of use		The Group has reported with reference to the GRI Standards for the period from 1 January 2024 to 31 December 2024.		
GRI 2: General Disclosures 2021				
2-1	Organisational details	About this Report	P.5-6	–
2-2	Entities included in the organisation's sustainability reporting	About this Report	P.5-6	–
2-3	Reporting period, frequency and contact point	About this Report	P.5-6	–
2-4	Restatements of information	There are no restatements.		
2-5	External assurance	–	P.127-128	Assurance Report
2-6	Activities, value chain and other business relationships	- About this Report - About AAC - Sustainability Governance - Operational Excellence	P.5-6 P.7-10 P.14-18 P.37-50	There were no significant changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection, and termination
2-7	Employees	Talent Management – Our Workforce	P.68-71	–
2-8	Workers who are not employees	Workers who are non-employees are not a majority of the worker population of AAC Technologies.		
2-9	Governance structure and composition	Sustainability Framework	P.11-36	–
2-10	Nomination and selection of the highest governance body	–	–	Annual Report – Corporate Governance Report

Material Topics	Disclosure	Section Title	Page Number	Remarks
GRI 2: General Disclosures 2021				
2-11	Chair of the highest governance body	–	–	Annual Report – Corporate Governance Report
2-12	Role of the highest governance body in overseeing the management of impacts	–	–	Annual Report – Corporate Governance Report
2-13	Delegation of responsibility for managing impacts	Sustainability Framework	P.11-36	–
2-14	Role of the highest governance body in sustainability reporting	Sustainability Framework	P.11-36	–
2-15	Conflicts of interest	Sustainability Framework	P.11-36	Annual Report – Corporate Governance Report
2-16	Communication of critical concerns	Sustainability Framework	P.11-36	–
2-17	Collective knowledge of the highest governance body	–	–	Annual Report – Corporate Governance Report
2-18	Evaluation of the performance of the highest governance body	–	–	Annual Report – Corporate Governance Report
2-19	Remuneration policies	–	–	Annual Report – Corporate Governance Report
2-20	Process to determine remuneration	–	–	Annual Report – Notes to the Consolidated Financial Statements
2-21	Annual total compensation ratio	–	–	Annual Report – Notes to the Consolidated Financial Statements
2-22	Statement on sustainable development strategy	Sustainability Framework	P.11-36	–

Material Topics	Disclosure	Section Title	Page Number	Remarks
GRI 2: General Disclosures 2021				
2-23	Policy commitments	About this Report	P.5-6	-
2-24	Embedding policy commitments	Sustainability Framework – Materiality Assessment	P.19-20	-
2-25	Processes to remediate negative impacts	Sustainability Framework – Ethics and Integrity	P.28-30	-
2-26	Mechanisms for seeking advice and raising concerns	Sustainability Framework – Materiality Assessment Sustainability Framework – Ethics and Integrity	P.19-20 P.28-30	-
2-27	Compliance with laws and regulations	During the year, we were not subject to any significant fines or non-monetary sanctions due to non-compliance with relevant laws or regulations.		
2-28	Membership associations	Appendices – Memberships and External Initiatives	P.126	-
2-29	Approach to stakeholder engagement	Sustainability Framework – Materiality Assessment	P.19-20	-
2-30	Collective bargaining agreements	Talent Management – Labour and Employment Compliance	P. 72-74	-
GRI 3: Material Topics 2021				
3-1	Process to determine material topics	Sustainability Framework – Materiality Assessment	P.19-20	-
3-2	List of material topics	Sustainability Framework – Materiality Assessment	P.19-20	-
3-3	Management of material topics	Sustainability Framework – Materiality Assessment	P.19-20	-
GRI 201: Economic Performance 2016				
3-1	Process to determine material topics	Sustainability Framework – Materiality Assessment	P.19-20	-
201-1	Direct economic value generated and distributed	-	-	Annual Report – Notes to the Consolidated Financial Statements

Material Topics	Disclosure	Section Title	Page Number	Remarks
GRI 201: Economic Performance 2016				
201-2	Financial implications and other risks and opportunities due to climate change	Managing Environmental Impacts – Climate Resilience	P.94-105	–
201-3	Defined benefit plan obligations and other retirement plans	–	–	Annual Report – Notes to the Consolidated Financial Statements
201-4	Financial assistance received from government	–	–	Annual Report – Notes to the Consolidated Financial Statements
GRI 205: Anti-corruption 2016				
3-1	Process to determine material topics	Sustainability Framework – Materiality Assessment	P.19-20	–
205-1	Operations assessed for risks related to corruption	Sustainability Framework – Ethics and Integrity	P.28-30	–
205-2	Communication and training about anti- corruption policies and procedures	Sustainability Framework – Ethics and Integrity	P.28-30	–
205-3	Confirmed incidents of corruption and actions taken	During the year, there was no confirmed incident of corruption.		
GRI 301: Materials 2016				
3-1	Process to determine material topics	Sustainability Framework – Materiality Assessment	P.19-20	–
301-1	Materials used by weight or volume	Appendices – Performance Data Summary	P.117-123	–

Material Topics	Disclosure	Section Title	Page Number	Remarks
GRI 302: Energy 2016				
3-1	Process to determine material topics	Sustainability Framework – Materiality Assessment	P.19-20	–
302-1	Energy consumption within the organisation	Managing Environmental Impacts – Working towards Carbon Neutrality	P.103-105	–
302-3	Energy intensity	Appendices – Performance Data Summary	P.87-92	–
302-4	Reduction of energy consumption	Managing Environmental Impacts – Working towards Carbon Neutrality	P.73-74	–
302-5	Reductions in energy requirements of products and services	Appendices – Performance Data Summary	P.117-123	–
GRI 303: Water and Effluents 2018				
3-1	Process to determine material topics	Sustainability Framework – Materiality Assessment	P.19-20	–
303-1	Interactions with water as a shared resource	Managing Environmental Impacts – Water Conservation and Recycling	P.113-115	–
303-2	Management of water discharge-related impacts	Managing Environmental Impacts – Water Conservation and Recycling	P.113-115	–
303-3	Water withdrawal	Managing Environmental Impacts – Water Conservation and Recycling	P.113-115	–
303-4	Water discharge	Managing Environmental Impacts – Water Conservation and Recycling	P.113-115	–
303-5	Water consumption	Appendices – Performance Data Summary	P.117-123	–

Material Topics	Disclosure	Section Title	Page Number	Remarks
GRI 305: Emissions 2016				
3-1	Process to determine material topics	Sustainability Framework – Materiality Assessment	P.19-20	–
305-1	Direct (Scope 1) GHG emissions	Appendices – Performance Data Summary	P.117-123	–
305-2	Energy indirect (Scope 2) GHG emissions	Appendices – Performance Data Summary	P.117-123	–
305-3	Other indirect (Scope 3) GHG emissions	Appendices – Performance Data Summary	P.117-123	–
305-4	GHG emissions intensity	Appendices – Performance Data Summary	P.117-123	–
305-5	Reduction of GHG emissions	Managing Environmental Impacts – Climate Resilience	P.94-105	–
305-6	Emissions of ozone-depleting substances (ODS)	Appendices – Performance Data Summary	P.87-92	–
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Appendices – Performance Data Summary	P.87-92	–
GRI 306: Waste 2020				
3-1	Process to determine material topics	Sustainability Framework – Materiality Assessment	P.19-20	–
306-1	Waste generation and significant waste-related impacts	Managing Environmental Impacts – Waste Management	P.107-112	–
306-2	Management of significant waste-related impacts	Managing Environmental Impacts – Waste Management	P.107-112	–

Material Topics	Disclosure	Section Title	Page Number	Remarks
GRI 306: Waste 2020				
306-3	Waste generated	Appendices – Performance Data Summary	P.117-123	–
306-4	Waste diverted from disposal	Appendices – Performance Data Summary	P.117-123	–
306-5	Waste directed to disposal	Appendices – Performance Data Summary	P.117-123	–
GRI 308: Supplier Environmental Assessment 2016				
3-1	Process to determine material topics	Sustainability Framework – Materiality Assessment	P.19-20	–
308-1	New suppliers that were screened using environmental criteria	Supply Chain Management	P.81-87	–
308-2	Negative environmental impacts in the supply chain and actions taken	Supply Chain Management	P.81-87	–
GRI 401: Employment 2016				
3-1	Process to determine material topics	Sustainability Framework – Materiality Assessment	P.19-20	–
401-1	New employee hires and employee turnover	Talent Management – Our Workforce	P.68-71	–
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Talent Management –Striving for Employee Satisfaction	P.59	–
401-3	Parental leave	Appendices – Performance Data Summary	P.117-123	–

Material Topics	Disclosure	Section Title	Page Number	Remarks
GRI 403: Occupational Health and Safety 2018				
3-1	Process to determine material topics	Sustainability Framework – Materiality Assessment	P.19-20	–
403-1	Occupational health and safety management system	Talent Management – Occupational Health and Safety	P.62-67	–
403-2	Hazard identification, risk assessment, and incident investigation	Talent Management – Occupational Health and Safety	P.62-67	–
403-3	Occupational health services	Talent Management – Occupational Health and Safety	P.62-67	–
403-4	Worker participation, consultation, and communication on occupational health and safety	Talent Management – Occupational Health and Safety	P.62-67	–
403-5	Worker training on occupational health and safety	Talent Management – Occupational Health and Safety	P.62-67	–
403-6	Promotion of worker health	Talent Management – Occupational Health and Safety	P.62-67	–
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Talent Management – Occupational Health and Safety	P.62-67	–
403-8	Workers covered by an occupational health and safety management system	Appendices – Performance Data Summary	P.117-123	–
403-9	Work-related injuries	Appendices – Performance Data Summary	P.117-123	–
403-10	Work-related ill health	Appendices – Performance Data Summary	P.117-123	–

Material Topics	Disclosure	Section Title	Page Number	Remarks
GRI 404: Training and Education 2016				
3-1	Process to determine material topics	Sustainability Framework – Materiality Assessment	P.19-20	–
404-1	Average hours of training per year per employee	Appendices – Performance Data Summary	P.117-123	–
404-2	Programmes for upgrading employee skills and transition assistance programmes	Talent Management – Human Resources	P.53-56	–
404-3	Percentage of employees receiving regular performance and career development reviews	Currently, our human resources system does not capture or track such data. However, our employees do receive performance and career development reviews and feedback on a regular basis to aid their personal development.		
GRI 405: Diversity and Equal Opportunity 2016				
3-1	Process to determine material topics	Sustainability Framework – Materiality Assessment	P.19-20	–
405-1	Diversity of governance bodies and employees	Talent Management – Our Workforce	P.68-71	–
405-2	Ratio of basic salary and remuneration of women to men	The same policies for remuneration and benefits apply to all employees, irrespective of gender, religion, origin, age, disability or sexual orientation. Due to confidentiality consideration, the ratio of basic salary and remuneration of women to men is unavailable for disclosure.		
GRI 409: Forced or Compulsory Labour 2016				
3-1	Process to determine material topics	Sustainability Framework – Materiality Assessment	P.19-20	–
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Talent Management – Labour and Employment Compliance	P.72-74	–

Material Topics	Disclosure	Section Title	Page Number	Remarks
GRI 413: Local Communities 2016				
3-1	Process to determine material topics	Sustainability Framework – Materiality Assessment	P.19-20	–
413-1	Operations with local community engagement, impact assessments, and development programmes	Community Care	P.75-78	–
413-2	Operations with significant actual and potential negative impacts on local communities	Community Care	P.75-78	–
GRI 414: Supplier Social Assessment 2016				
3-1	Process to determine material topics	Sustainability Framework – Materiality Assessment	P.19-20	–
414-1	New suppliers that were screened using social criteria	Supply Chain Management	P.81-87	–
414-2	Negative social impacts in the supply chain and actions taken	Supply Chain Management	P.81-87	–
GRI 416: Customer Health and Safety 2016				
3-1	Process to determine material topics	Sustainability Framework – Materiality Assessment	P.19-20	–
416-1	Assessment of the health and safety impacts of product and service categories	Operational Excellence – Striving for Zero Defects	P.49-50	–
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	During the year, there was no incident of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services.		

Material Topics	Disclosure	Section Title	Page Number	Remarks
GRI 417: Marketing and Labelling 2016				
3-1	Process to determine material topics	Sustainability Framework – Materiality Assessment	P.19-20	–
417-1	Requirements for product and service information and labelling	Operational Excellence – Enhancing Customer Experience	P.39-44	–
417-2	Incidents of non-compliance concerning product and service information and labelling	During the year, there was no non-compliance incidents.		
417-3	Incidents of non-compliance concerning marketing communications	During the year, there was no non-compliance incidents.		
GRI 418: Customer Privacy 2016				
3-1	Process to determine material topics	Sustainability Framework – Materiality Assessment	P.19-20	–
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	During the year, there were no complaints concerning breaches or losses of customer data.		

HKEX ESG Reporting Guide Content Index

Aspects, General Disclosure, KPIs	Description
Governance Structure	Sustainability Framework
Reporting Principles	About This Report
Reporting Boundary	About This Report

Aspects, General Disclosure, KPIs	Description	Reference Chapters / Remarks
A. Environmental		
Aspect A1: Emissions		
General	Information on:	Managing Environmental Impacts
Disclosure	(a) the policies; and	Managing Environmental Impacts
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Managing Environmental Impacts
KPI A1.1	The types of emissions and respective emissions data.	Appendices – Performance Data Summary
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	Appendices – Performance Data Summary
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Appendices – Performance Data Summary
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Appendices – Performance Data Summary
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Managing Environmental Impacts
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Managing Environmental Impacts
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Managing Environmental Impacts
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	Appendices – Performance Data Summary
KPI A2.2	Water consumption in total and intensity.	Appendices – Performance Data Summary
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Managing Environmental Impacts
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Managing Environmental Impacts

Aspects, General Disclosure, KPIs	Description	Reference Chapters / Remarks
A. Environmental		
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Appendices – Performance Data Summary
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	Managing Environmental Impacts
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Managing Environmental Impacts
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate- related issues which have impacted, and those which may impact, the issuer.	Managing Environmental Impacts
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Managing Environmental Impacts
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Talent Management
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Appendices – Performance Data Summary
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Appendices – Performance Data Summary
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Talent Management
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendices – Performance Data Summary

Aspects, General Disclosure, KPIs	Description	Reference Chapters / Remarks
B. Social		
Employment and Labour Practices		
KPI B2.2	Lost days due to work injury.	Appendices – Performance Data Summary
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Talent Management
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	Talent Management
KPI B3.1	The percentage of employees trained by gender and employee category.	Appendices – Performance Data Summary
KPI B3.2	The average training hours completed per employee by gender and employee category.	Appendices – Performance Data Summary
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Talent Management
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Talent Management
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Talent Management
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

Aspects, General Disclosure, KPIs	Description	Reference Chapters / Remarks
B. Social		
Operating Practices		
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Operational Excellence
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	During the year, there was no non-compliance incidents
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	During the year, there were no complaints concerning breaches or losses of customer data
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Operational Excellence
KPI B6.4	Description of quality assurance process and recall procedures.	Operational Excellence
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Operational Excellence
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Sustainability Framework
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	During the year, there was no confirmed incident of corruption
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Sustainability Framework
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Sustainability Framework
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Care
KPI B8.1	Focus areas of contribution.	Community Care
KPI B8.2	Resources contributed to the focus area.	Community Care

International Standards

We are committed to the United Nations Global Compact, which encompasses 10 principles relating to human rights, labour, environment and anti-corruption. Additionally, we adhere to a range of international guidelines and standards, including those set by the International Labour Organisation Conventions, the United Nations Guiding Principles on Business and Human Rights, ISO 14001 Environmental Management System, ISO 45001 for Occupational Health and Safety System, ISO 50001 Energy Management System, Electrotechnical Commission Quality Assessment System for Electronic Systems (IECQ) QC 080000 and the UL 2799 Environmental Claim Validation Procedure for Zero Waste to Landfill. These commitments reflect our dedication to responsible business practices, sustainability and upholding the highest standards in various areas of operation.

United Nations Global Compact 10 Principle		Location in this report
Human Rights		
Principle 1	Business should support and respect the protection of internationally proclaimed human rights; and	Human and Labour Rights
Principle 2	Make sure that they are not complicit in human rights abuses.	Human and Labour Rights
Labour Standards		
Principle 3	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Human and Labour Rights – Managing Labour Risks
Principle 4	The elimination of all forms of forced and compulsory labour;	Human and Labour Rights – Managing Labour Risks
Principle 5	The effective abolition of child labour; and	Human and Labour Rights – Child and Young Labour
Principle 6	The elimination of discrimination in respect of employment and occupation.	Human and Labour Rights
Environment		
Principle 7	Business should support a precautionary approach to environmental challenges;	Managing Environmental Impacts
Principle 8	Undertake initiatives to promote greater environmental responsibility; and	Managing Environmental Impacts
Principle 9	Encourage the development and diffusion of environmentally-friendly technologies.	Innovation and Development Striving for Zero Defects
Anti-corruption		
Principle 10	Business should work against corruption in all its forms, including extortion and bribery.	Risk Management Policy and Contingency Plans