



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

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## **Sustainability Working Group Terms of Reference**

(Adopted by the Board on 25 March 2020, revised on 23 March 2022 and 15 July 2024)

The formation of Sustainability Working Group (“SWG”) is to oversee Environmental, Social and Governance (“ESG”) management and advise the board-led Sustainability Committee (“Committee”) on the latest development of ESG initiatives and regulatory policies.

The Terms of Reference (“ToR”) for the SWG of AAC Technologies Holdings Inc. (“the Company”) together with its subsidiaries, the “Group”) are adopted and in effective.

### **I. Functions**

The objectives of the SWG are to identify key improvement areas for ESG, review the related policies and practices, and advise the Board and Committee to make recommendations on the sustainability risks and opportunities. The SWG shall ensure:

- (a) The Company to operate on a sustainable basis for the benefit of current and future generations;
- (b) The sustainable growth by maintaining and enhancing the Company’s economic, environmental, human, technological and social capital in the long term; and
- (c) The effective management of the Company’s sustainability risks.
- (d) In this context, Sustainability encompasses the following elements:
  - (i) environmental impacts;
  - (ii) occupational health and safety;
  - (iii) supply chain’ management;
  - (iv) operation excellence, including product quality and customer data and privacy protection;
  - (v) talent management;
  - (vi) community care and stakeholder engagement; and
  - (vii) ethics and integrity, including anti-corruption.

## **II. Responsibilities, Powers and Discretion**

The SWG shall have the following responsibilities, powers and discretion:

- (a) To propose and recommend to the Committee on the Group's corporate social responsibility and sustainability objectives, strategies, priorities, initiatives and goals;
- (b) To assist the Committee to oversee and review the Group's corporate social responsibility and sustainability policies, practices, frameworks, governance, management approach, and to recommend improvements;
- (c) To assist the Committee to oversee, review and evaluate actions taken by the Group in furtherance of the corporate social responsibility and sustainability priorities and goals, including coordinating with the business divisions of the Group and ESG focus groups, and ensuring that their operations and practices adhere to the relevant priorities and goals;
- (d) To assist the Committee to monitor and review emerging corporate social responsibility and sustainability issues and trends in national and international standards that could impact the business operations and performance of the Group, such as:
  - (i) key international ESG trends in legislation, regulation, litigation and public debate;
  - (ii) peers analysis on ESG performance and ratings;
  - (iii) gap analysis on sustainability stock indexes;
  - (iv) climate related risks and opportunities;
- (e) To consider the impact of the Company's sustainability on its stakeholders, including employees, shareholders, local communities and the environment;
- (f) To propose and recommend the Company's public communication, disclosure and publications (including the Sustainability Report and ESG abstract at Annual Report) and maintain the integrity of reporting;
- (g) To be assessed by the Committee annually to evaluate the overall performance of each SWG members;
- (h) To discuss the role and responsibility of SWG and report to the Committee on the sustainability governance, propose amendment to the ToR and remuneration policy; and
- (i) To perform such further functions related or incidental to the foregoing which the SWG deems appropriate.

### **III. Composition and Appointment of Members**

- (a) The SWG shall comprise at least 5 members.
- (b) The Chairperson of SWG shall be a senior executive of the Company.
- (c) The Board and Committee shall appoint additional members to the SWG, including directors and other representatives the Board/ Committee finds relevance in area of Finance, Integrated Support Services, Human Resources, Strategic Development, Corporate Social Responsibility, Investor Relations, Business Operations, and Research and Development.
- (d) The SWG shall invite management executive(s) and external consultant with appropriate qualification and experience to attend any SWG meeting(s) in the attainment of the Group's sustainability targets and objectives.
- (e) SWG shall appoint member or any other person with appropriate qualification and experience as the secretary of SWG.
- (f) The Board and Committee shall decide on the appointment and rotation of Chairperson of the SWG on an appropriate time basis.

### **IV. Meetings**

- (a) The SWG shall meet at least twice a year and additionally as required.
- (b) Meetings could be held in person, by telephone or by video conference. Members may participate in a meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other.
- (c) Only Members of the SWG are entitled to vote at the meetings.
- (d) Minutes shall be prepared and kept by the secretary of the SWG. Draft and final versions of minutes shall be circulated to all Members for their comment and approval, in both cases within a reasonable period of time after the meeting. Such minutes shall be open for Members' inspection.
- (e) Final minutes shall be signed by the Chairperson of the SWG and submitted to the Board and Committee.

### **V. Authority**

- (a) The SWG, authorised by the Board to follow up all matters that fall within the ToR, shall require senior management of the Company and the business divisions of the Group to perform its duties.

- (b) The SWG shall obtain the sufficient resources available, as determined by the SWG, to run effectively.
- (c) In discharging its responsibilities, the SWG is entitled to have sufficient access to personnel, senior management and relevant data and records as appropriate. All AAC employees, as demonstrated by their understanding of the Sustainability directive, are to assist with the reasonable requests made by the SWG. At the same time, SWG is aware of confidentiality obligations undertaken by the Company.
- (d) The SWG may employ, instruct, appoint or retain professional advisors as it considers appropriate in connection with its purposes and such appointed advisors may be invited to participate in meetings when the SWG report to the Board or its sub-committee.

#### **VI. Publication and Review of ToR**

- (a) The ToR shall be posted on the websites of the Company.
- (b) The ToR shall be reviewed by the SWG at a minimum of every two years and the SWG shall recommend to the Board and Committee any necessary changes.