



2025
Sustainability
Report



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

2025
Sustainability
Report



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

Contents

Message to Our Stakeholders	3	Pursuing Excellence in Operations	37	Managing Environmental Impacts	89
About This Report	5	Accelerating Product Revitalisation	43	Community Care	129
About AAC	7	Supply Chain Management	50	Appendix	131
Sustainability Highlights	12	Occupational Health and Safety	65		
Sustainability Governance	13	Caring for Our Talents	77		
Stakeholder Engagement and Materiality Assessment	19				
Risk Management	22				
Upholding Business Ethics	28				



Message to Our Stakeholders

“Built on deep-rooted expertise in acoustics, optics, electromagnetics, and precision mechanics, our continuous innovation empowers us to build and strengthen strategic relationships with clients worldwide. We are defining the future of sensory experiences – maintaining leadership across consumer electronics, automotive, augmented reality (“AR”), virtual reality (“VR”), robotics, and other AI-driven technologies, all guided by a sustainable and eco-friendly design philosophy.”

Progress for the Year

In 2025, AAC Technologies accelerated its sustainability journey by translating our commitments, actionable roadmap. The roadmap is designed to ensure long-term, resilient growth and to track progress that extends beyond financial performance. The focus on operational efficiency and cost control was instrumental in generating momentum in profitability, while a streamlined organisational structure accelerated technological incubation.

Driven and supported by our leadership, the Group elevated the strategic importance of ESG and climate change, accelerating their integration into all business operations. This strategic approach enabled us to leverage core capabilities to effectively address pressing environmental and social challenges, transforming them into opportunities for value creation. We shall be studying setting further targets related to waste and use of reclaimed water, and meanwhile, always mindful of our short to medium term targets of reducing gas emission and installation of solar panels.

During the Reporting Period, the Group invested over RMB 117 million in sustainability. This investment supported key projects, including ESG consulting and energy-use audits, environmental and social programmes, and the installation of renewable energy systems.

Steering ESG Development

Throughout 2025, we accelerated our decarbonisation journey through a multi-faceted strategy focused on tangible outcomes. We established clear emissions-reduction targets supported by a roadmap to drive significant investments. As part of our key initiative to expand solar PV applications to reduce Scope 2 emissions across our manufacturing sites, we successfully achieved a total renewable energy ratio of 6% for the year. In response to climate change, AAC Technologies also advanced our climate resilience by initiating a pilot study to quantify financial exposure at our Vietnam factory and expanded site coverage for physical risk screening.

We place great importance on rigorous ESG data tracking and analysis. To achieve highly quantifiable metrics, we implemented phased smart meter installations for precise energy management and integrated this data into our proprietary ESG platform. Furthermore, we established an internal ESG Data Manual to standardise metrics and collection methodologies. This was complemented by our inaugural carbon management training, ensuring all workforce is fully competent in collecting accurate reliable data.

Responsible Manufacturing Practices

AAC Technologies champions environmentally responsible manufacturing, highlighted by our increasing use of recycled materials. We have developed a competitive suite of sustainable products and services that directly meet the growing consumer demand for responsible, high-performance solutions, allowing us to seize new market opportunities. To strengthen our market presence, we actively engaged in key industry events to elevate our brand profile, foster new partnerships, and gather direct feedback from peers and potential clients. These concerted efforts have earned us highly valued recognition from our existing and new clients.

Our Supply Chain

Beyond our own operations, we are actively extending our sustainability standards throughout our supply chain. We have incorporated strict ESG performance metrics into our supplier assessments and engaged our suppliers in sustainability-focused capacity building, as outlined in our comprehensive supply chain management roadmap.

To institutionalise these efforts across the Group, we are currently developing formal sustainable procurement guidelines.

Talents

In 2025, we reaffirmed our commitment to social responsibility, prioritising our employees and the communities where we operate. We are driven by the core belief that our people are our greatest asset. We act on this by actively developing talent – empowering our workforce today while cultivating the leaders of tomorrow to drive the industry forward. This holistic commitment to our people extend to their well-being, evidenced by our proactive enhancements to our health and safety framework through rigorous audits, expanded training, and the implementation of stricter policy standards.

We extend our sincere appreciation to our employees and key stakeholders for their invaluable partnership on this journey. Sustainability remains a core strategic focus, and we are committed to working alongside you to drive continuous meaningful improvement.

Last but not the least, we are pleased to welcome two new independent non-executive directors to our Board, who bring diverse technological expertise to the Group. Appointed in January 2026, we look forward to their strategic contributions to our sustainability and governance initiatives.

19 March 2026

About This Report

This 13th stand-alone sustainability report is published by AAC Technologies Holdings Inc. (hereafter referred to as “AAC Technologies” or the “Company”, together with its subsidiaries, the “Group”) on an annual basis, summarising and disclosing the Group’s performance on environmental, social and governance (“ESG”) aspects.

Reporting Frameworks

This report has been prepared in accordance 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”).

This report also aligns with and references the following international standards:

- Global Reporting Initiative Standards (“GRI Standards”);
- IFRS S2 Climate-related Disclosures as issued by the International Sustainability Standards Board (“ISSB”);
- International Integrated Reporting Framework of the International Integrated Reporting Council (“IIRC”); and
- Task Force on Climate-Related Financial Disclosures (“TCFD”).

The Group conducts regular reviews to ensure compliance with any other evolving global sustainability reporting requirements.

Our sustainability management approach is also aligned with the United Nations Sustainable Development Goals (“SDGs”) and the 10 principles of the United Nations Global Compact.

Reporting Principles

We have aligned and applied the reporting principles as set out in the ESG Reporting Code, and, with reference to those recommended by GRI Standards, to define the report content and ensure the quality of information presented in this report, including:

Balance	Consistency/Comparability	Materiality/Clarity	Quantitative/Reliability
Information in this report is presented in an unbiased way with positive and negative trends in performance on a year-on-year basis.	We maintain consistency in disclosure approaches and calculation methodologies. Explanations are provided for any significant variations presented in this report.	The Group identifies and defines material topics through stakeholders engagement and materiality assessment, taking into account their interest and expectations.	Data presented in this report have been examined and verified internally. Please refer to the Performance Data Summary for standards and methodologies used for calculating indicators ¹ .

¹ The information and data collection and verification are currently done by our Corporate Social Responsibility (“CSR”) department. We have established an internal platform for summarising data and information with regular data review. Nevertheless, we recognise the potential shortcomings of our reporting process and strive to enhance our work on disclosure, including 1) identifying appropriate indicator for calculating intensity values, using revenue as specific metrics to allow for meaningful comparisons of ESG data over time and 2) attempting to identify the unit of measurement for packaging materials to allow easier comparison.

Reporting Boundary

The Group defines its reporting boundary based on the principles of operational control or majority ownership.

- Environmental data: The boundary covers production facilities with fixed assets exceeding RMB 1 million.
- Social data: The boundary covers nearly all the Group’s global business operations.

During the Reporting Period, AAC Technologies commissioned two new factories in China and finalised the acquisitions of two entities. These new operational sites, along with our non-production sites (offices, Research and Development (“R&D”) centers), will be incorporated into our environmental data boundary for disclosures in the future reports.

The reporting boundary includes 31 factory sites throughout Asia and Europe and operations of our subsidiary, Premium Sound Solutions (“PSS”).

We have not yet reported all ESG performance data points at full scope due to varying data availability across different countries, internal policies of newly-acquired entities, and limitations in data collection. We are actively working to enhance data readiness and improve our ESG data inventory for an expanded boundary in the future.

Reporting Period

The report covers the period from 1 January 2025 to 31 December 2025.

External Assurance

AAC Technologies has appointed, since 2017, independent professional bodies to conduct assurance review of the ESG report disclosure. For this period, please refer to page 144 for the verification statement from SGS Hong Kong Limited (“SGS”).

Feedback

This report is published in English and Chinese. In case of any inconsistencies 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 company’s website under the section “Sustainable development” at <http://www.aactechnologies.com>.

We welcome your thoughts and feedback on this report. Please address any queries and comments to our sustainability department at aac2018@aactechnologies.com.

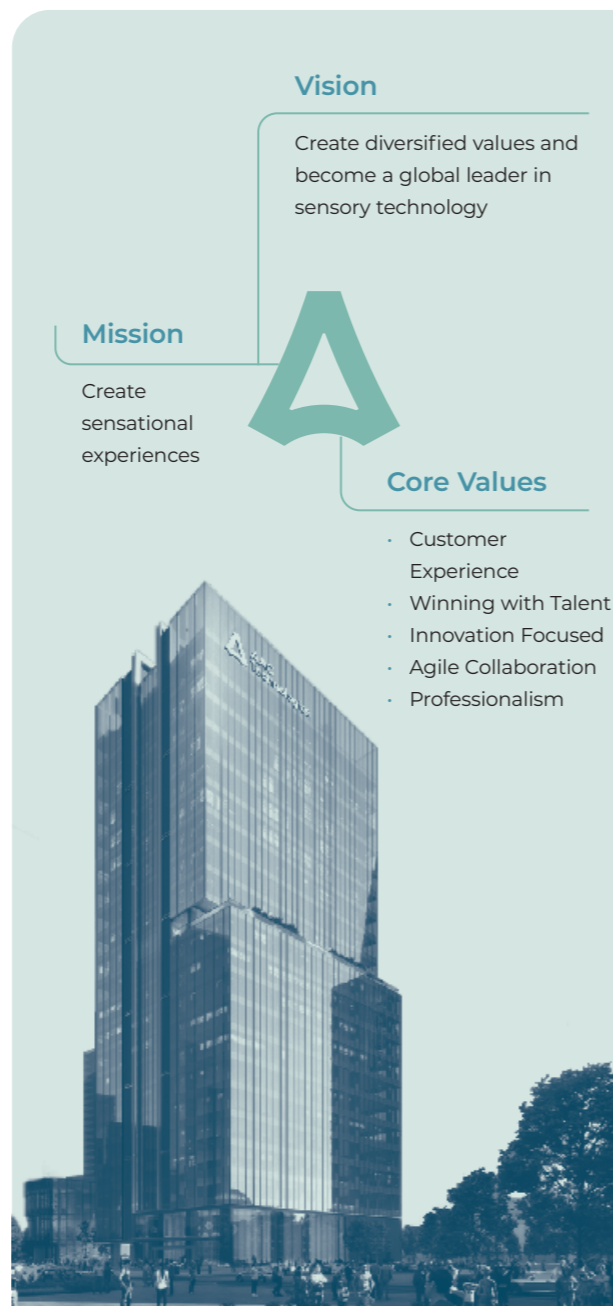
About AAC

AAC Technologies (stock code: 2018) is a leading provider of sensory experience solutions with the goal of building the future of interactive sensory technologies. Through continuous innovation, 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. We keep innovating sensory technologies to create new interactive experiences, focusing efforts on smartphones, intelligent vehicles, virtual reality, augmented reality, and smart homes to help create a new era of sensory experience.

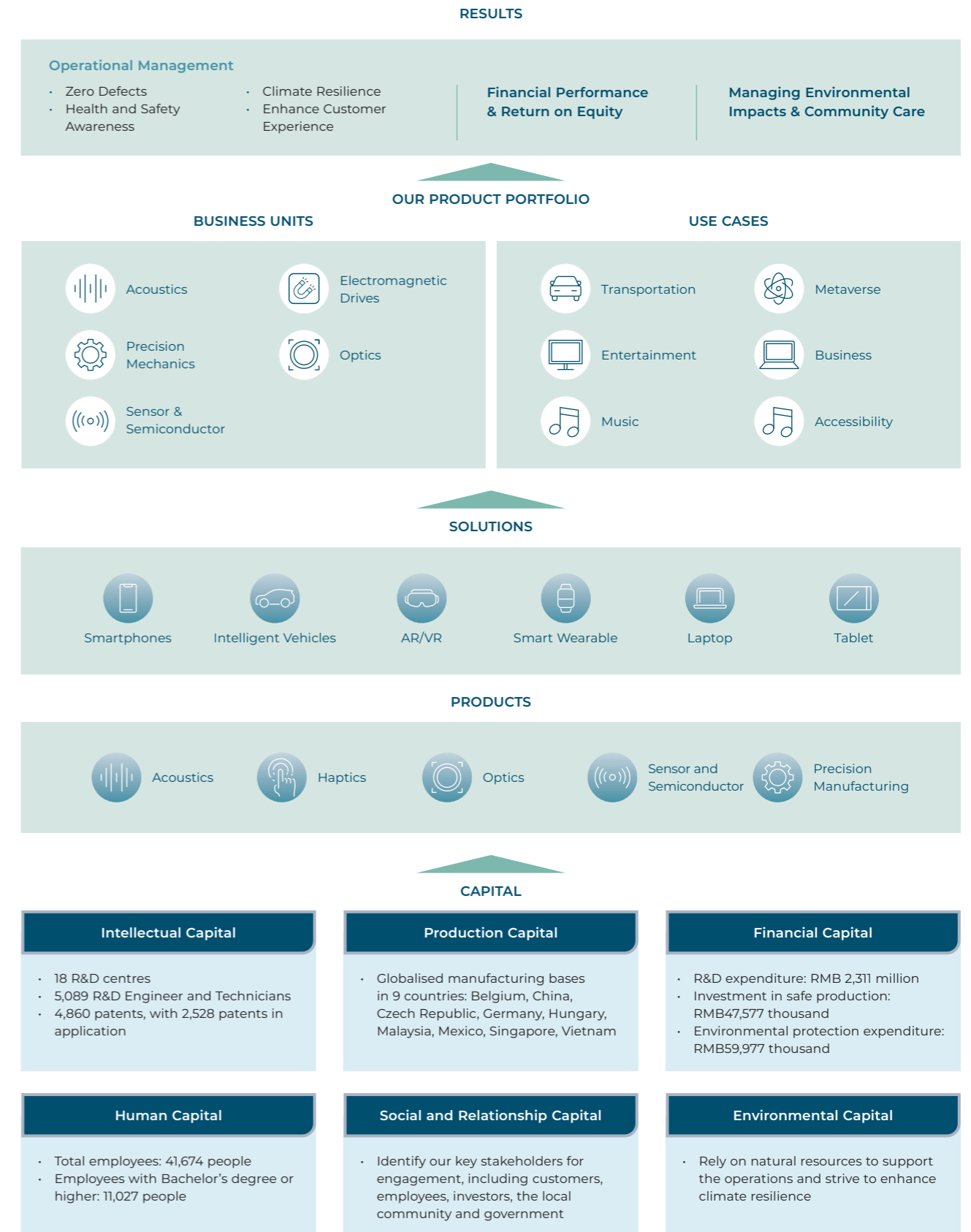
Corporate Mission, Vision and Core Values

We develop high-performance, superior products and offer a broad portfolio of solutions to deliver differentiated user experience and meet evolving customer needs. Technological innovation and smart manufacturing remain central to operational excellence, fostering the culture of corporate governance and management.

We are committed to extending our corporate social responsibility beyond our business operations to create positive environmental and social impact.



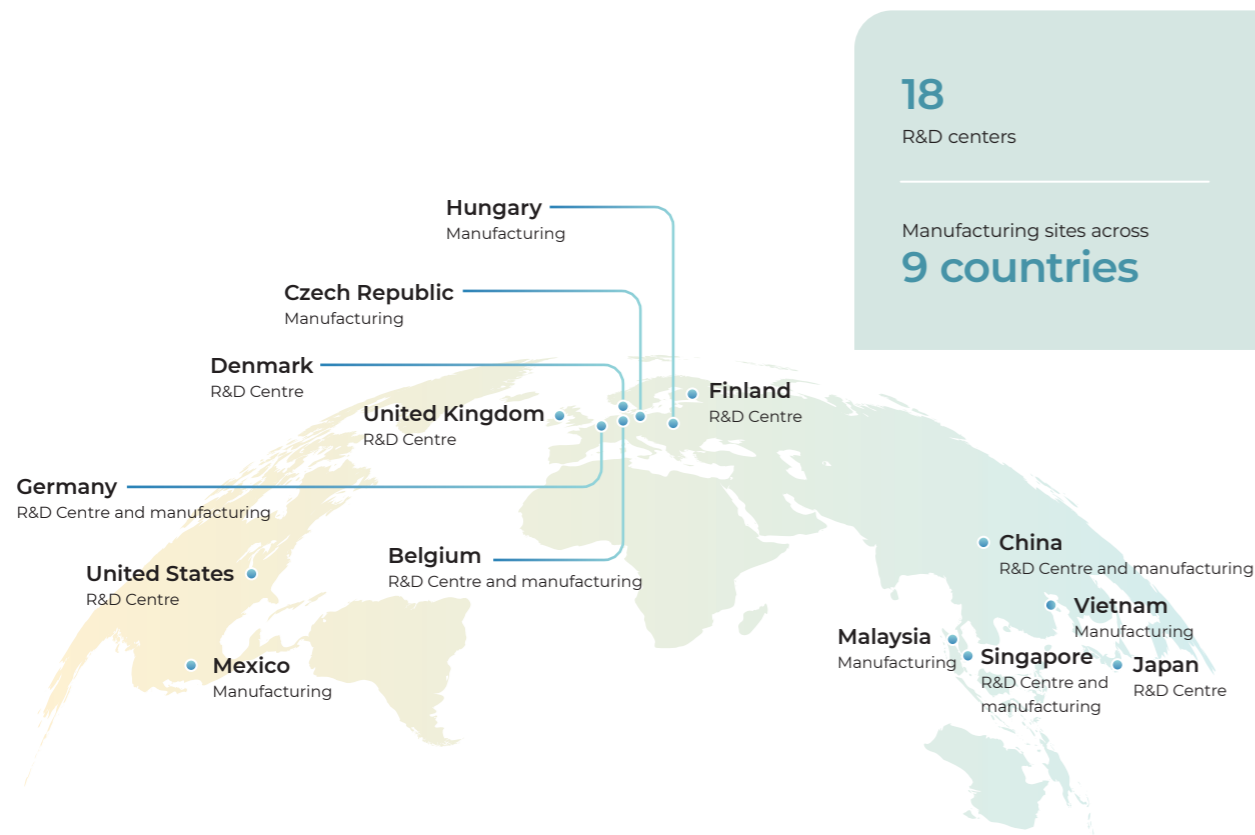
Our Operation Model



Our Business Bases

R&D and manufacturing are the core business segments at AAC Technologies. We have a global network of R&D centers and manufacturing sites, a strategic footprint that enables us to drive technological innovation and ensure operational excellence worldwide.

Business Segment	Description	Strengths
R&D	R&D is a core aspect of our strategy and a primary source of our competitive advantage. Our long-standing commitment to technological innovation, maintained since the company's inception, enables us to excel in dynamic markets and ensures the continued relevance and performance of our product portfolio. Our global R&D teams are the cornerstone of this effort, dedicated to pushing the boundaries of product performance and advancement through cutting-edge innovation.	Technology leadership is in AAC Technologies' DNA. We maintain product leadership with technology and drive growth with innovation.
Manufacturing	We maintain a global manufacturing footprint across Asia, Europe and South America, enabling localised customer service and swift response to market demands. Our manufacturing facilities have the capacity to deliver over 1 billion products each year.	Global presence, fast delivery, and unparalleled services



Recognitions

Governance

Women's Tabloid
Best Women CFO – Electronics Manufacturing



Hong Kong Institute of Certified Public Accountants (Accounting group)

Best Corporate Governance and ESG Awards



2025 Cailian Press Zhiyuan Award

Excellence in Sustainable Development Information Disclosure

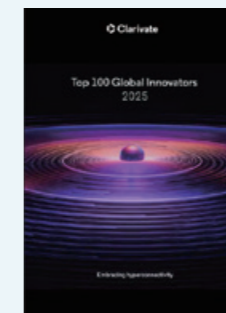
Product and R&D

Jiangsu Provincial Department of Industry and Information Technology

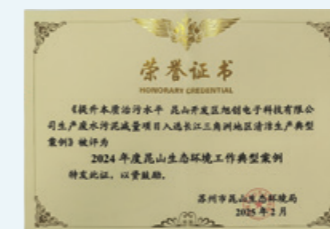
Advanced Smart Factories



Lenovo
Quality Excellence Award

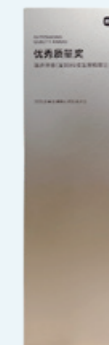


Clarivate
Top 100 Global Innovators 2025



Kunshan
Green Factory Award

China Securities Journal
Golden Bull Award for Sci-Tech Innovation



Xiaomi
Outstanding Quality Award



ESG Ratings

18.5 Low Risk

Sustainalytics
(‘low risk’ since 2020)



47

DJSI Index - ESG
Score (47 in 2024)



AA

HKQAA
Sustainability Rating
(AA since 2015)



3.1

FTSE4Good
(a designated member since 2020)



Carbon Disclosure Project
("CDP")²

AAC Technologies:

Climate Change: **C**

Water Security: **C**



MSCI ESG Ratings

BBB

(BBB in 2024)



² This is the first year that combines AAC's and PSS's CDP score.

Sustainability Highlights



Workforce

63: 37

male to female ratio

27% (↑ 3%)

with degree or higher³

28 (↑ 13 hours)

average training hours for non EHS training programme per employee in 2025⁴

2

partnered universities to engage future talents⁵



Operations

1,341 (↓ 41.1%)

Tier-1 suppliers

20

significant suppliers⁶

New standard

to track the rate of using conflict mineral-free⁷

Established:

Supply chain management roadmap
Green procurement framework
Strategic roadmap for RBA certifications

Zero

product recall case due to health and safety reasons

³ Only applicable to AAC

⁴ Only applicable to AAC

⁵ Only applicable to AAC

⁶ Only applicable to AAC

⁷ Only applicable to AAC, with the current rate as 70%

⁸ Only applicable to AAC



Environment

38.9 (↑ 13%)

million kWh generated renewable energy

5

factories operate entirely on renewable energy⁸

First

carbon management system training programme



Health and Safety

2.73 (↓ 16.5%)

work-related injuries per 1,000 workers

37,336

number of occupational health checkups

Safety inspections

across BUs and factory sites



R&D Innovation

18

R&D centres

5,089 (↑ 13%)

R&D engineers and technicians among the Group

Scope 3

full disclosures

4

factory sites conducted energy efficiency assessment

30

factory sites for physical climate risk screening

3

factory sites for deep-dive financial impact assessments

Country-specific analysis

for transition climate risks and opportunities



Patent

4,860 (↓ 252)

patents

- Overseas: **2,569**
- PSS: **104**

2,528 (↓ 224)

patent applications

- Overseas: **1,564**
- PSS: **114**

RMB 2,311 million

for R&D expenses representing

7.3%

of total revenue

SuperSlim Engine

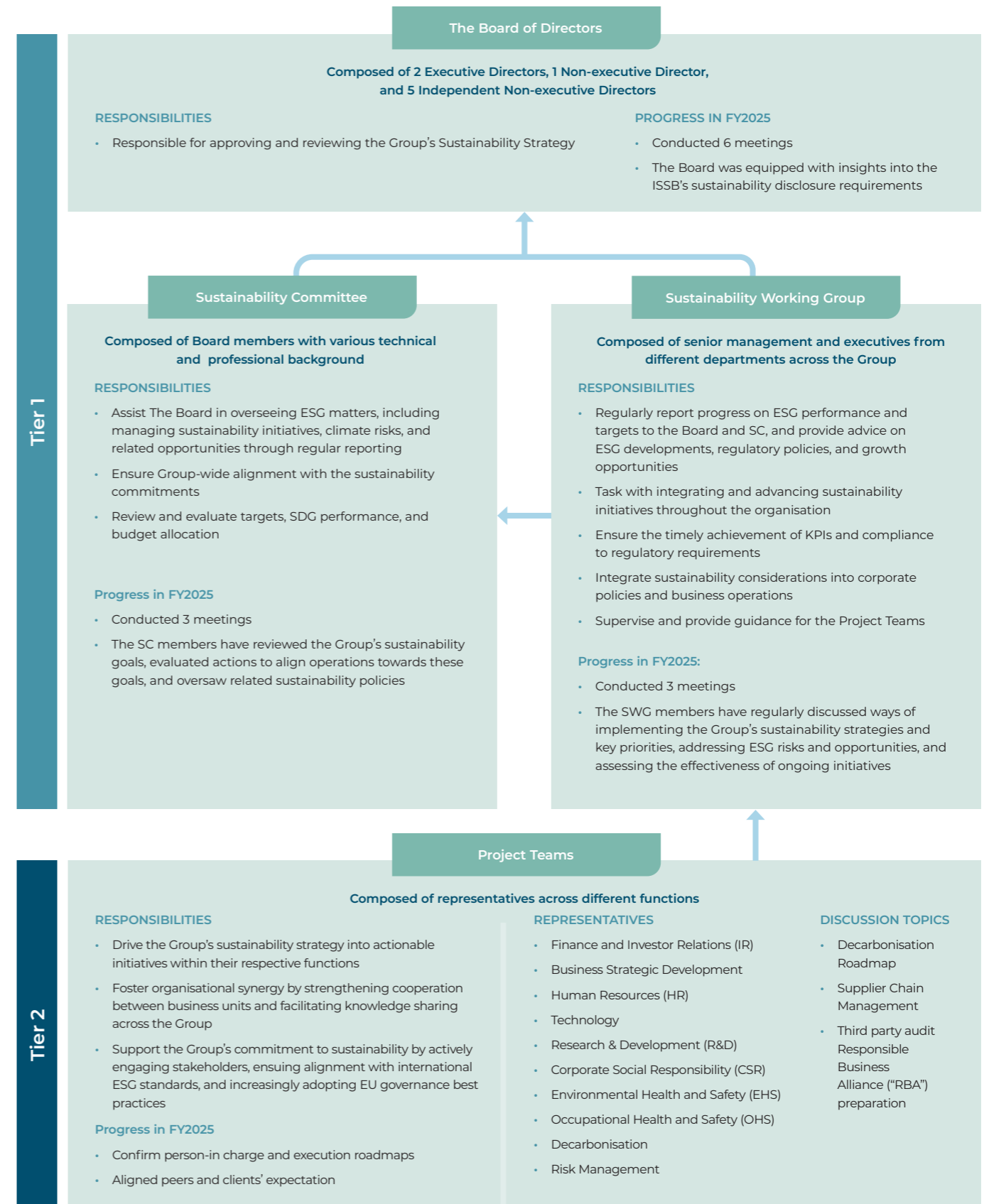
to lower carbon emissions throughout the product lifecycle

Sustainability Governance

To ensure comprehensive oversight and effective integration of sustainability into our corporate governance and strategic direction, AAC Technologies has established a robust two-tier governance structure. The Board of Directors (“The Board”) is responsible for the overall oversight of the Group’s sustainability strategy and decision-making, with support from the Sustainability Committee (“SC”), Sustainability Working Group (“SWG”), and Project Teams. This two-tier structure enhances the Group’s ability to effectively manage and adapt to evolving market dynamics and increase stakeholder expectations through a coordinated top-down and bottom-up approach. The Terms of References formally outline the roles and responsibilities for both the SC and SWG.

In January 2016, we appointed two more independent Non-Executive Directors (INEDs). These two new Board members bringing diversified technology expertise would also reinforce strategic governance and oversight.

Overall Sustainability Governance Structure



Board with Expertise

As part of the commitment to promoting diversity across the Group, we strive to achieve gender equality at the Board and senior management levels. Our Board Diversity Policy outlines our dedication to fostering diversity and transparency. As of March 2026, the Board comprises of 14% female and 86% male members. Additionally, to ensure our Board is fully equipped to provide effective oversight, we place strong emphasis on continuous enhancement of ESG expertise. During the Reporting Period, we delivered sustainability- and climate-related training sessions to Board members abreast of evolving sustainability trends, regulations, and best practices.

Our commitment to diversity extends to our SC, which includes members from a variety of gender, age, ethnicity, professional experience, and expertise. This ensures the SC possesses the necessary skills and varied perspectives to effectively guide our sustainability strategy. Among our members in the SC, Larry enables to bring his extensive legal and accounting background to demonstrate expertise in managing legal, financial, and ESG risks. This expertise directly informs and strengthens our governance, driving the Company’s sustainable growth.

The composition and background of the directors in the SC and SWG are outline below.

Sustainability Committee (SC)	Gender	Age	Academic Background	Length of Service
Mr. Mok Joe Kuen Richard (Chairman of the SC)	Male	62	· Bachelor of Economics	20 years
Mr. Kwok Lam Kwong Larry (Member of SC)	Male	70	· Master of Laws · Bachelor of Economics/Accounting	7 years
Mr. Peng Zhiyuan (Member of SC)	Male	53	· Master of Business and Administration · Bachelor of Engineering and Finance	6 years
Ms. Wu Ingrid Chun Yuan (Member of SC)	Female	55	· Graduated from Changzhou School of Public Health	21 years
Mr. Pan Kaitai Kelvin (Member of SC & Chairman of SWG)	Male	34	· Bachelor of Science in Mathematics and Computer Science	12 years

Skill Category	Mr. Mok Joe Kuen Richard	Mr. Kwok Lam Kwong Larry	Mr. Peng Zhiyuan	Ms. Wu Ingrid Chun Yuan	Mr. Pan Kaitai Kelvin
Risk Management	✓	✓	✓		
Corporate Social Responsibility/ Sustainability	✓	✓	✓	✓	
Legal	✓	✓			
Strategic Planning	✓	✓	✓		✓
Executive management and leadership skills	✓	✓	✓	✓	✓
Technologies & Manufacturing	✓		✓	✓	✓
Human Resources	✓			✓	
Information Technology & Security					✓
Investor Relations	✓	✓	✓		
Accounting & Finance	✓	✓	✓	✓	
Financial Service		✓	✓		
Investment Banking	✓	✓	✓	✓	
Other listed Board Experience/Role		✓		✓	

Policies and Compliance

Our Sustainability and Corporate Governance Policies

AAC Technologies has established a wide range of robust and well-structured policies to govern its operations and value chains. These policies undergo regular review to ensure compliance with regulatory requirements, alignment with best practices, and responsiveness to stakeholder expectations. These policies outline the Group-wide principles that require all business units to strictly comply, while granting them the flexibility to adapt implementation to their regional contexts.

Our certain key sustainability and corporate governance policies are publicly available on our corporate website and accessible via the hyperlinks below:

Environmental	Social	Governance
<ul style="list-style-type: none"> Climate Change Policy Environmental Policy* Sustainability Policy 	<ul style="list-style-type: none"> Employment Policy Labour Policy# 	<ul style="list-style-type: none"> Anti-Fraud and Anti-Bribery Policy Board Diversity Policy Code of Conduct^ Corporate Disclosure Policy Procedures for a Shareholder to propose a person for election as a Director Shareholders Communication Policy Whistleblowing Policy

* Consolidated the Biodiversity Commitment and Water Stewardship Policy into an integrated Environmental Policy and obtained official approval from the SWG
 # Consolidated the Human Rights Policy and Diversity and Inclusion Policy in the Labour Policy. Both the Human Rights Policy and Diversity and Inclusion Policy are available on our website
 ^ PSS has revised its Code of Conduct by referencing the RBA guideline⁹

Compliance

AAC Technologies maintains a robust system to ensure compliance with all applicable laws and regulations across all departments and operating units. During the Reporting Period, there were zero instances of non-compliance with relevant legal and regulatory requirements.

⁹ RBA refers to Responsible Business Alliance. Please refer to the "Ethics and Integrity" section for details.

Stakeholder Engagement and Materiality Assessment

Stakeholder Engagement Approach

We commit to the principle of stakeholder engagement by maintaining regular, two-way dialogue with key internal and external stakeholders. We establish various communication channels to actively identify and respond to their interests and concerns. Their insights directly inform our strategic focus, enabling us to prioritise material topics and advance our sustainability efforts effectively.

Stakeholders	Communication Channels	Main topics of Concern
Suppliers	Supplier audits and assessments	Supply chain ESG programme, sustainable supply chain, product quality and business ethics
Customers	Customer satisfaction surveys, industrial events, visits or meetings	Product quality, low-carbon products, customer engagement and satisfaction
Employees	Internal email/messaging system: "Lark" and hotlines, employees satisfaction surveys, performance appraisals, trainings, employees activities, newsletters and suggestion boxes	Health and safety, employee rights, learning and development, diversity and inclusion
Investors and shareholders	Annual general meetings, investor meetings, results announcement events, and financial and sustainability reports	Compliance, sustainability governance, risk management, business ethics
Government authorities and regulators	Regulatory updates, official consultations and public disclosures	Compliance, sustainability governance, risk management, business ethics

Materiality Assessment

In 2024, AAC Technologies conducted a comprehensive materiality assessment engaging with its key stakeholders. Based on this assessment, we identified 8 highly material topics out of 29 topics in total.

The outcome is visualised in the following materiality matrix, which plots the significance of each issue against its impact on both AAC Technologies and its stakeholders.





In 2025, the SWG and SC reviewed and endorsed the assessment findings in 2024 to ensure the ongoing relevance. The findings were presented to and formally approved by the Board.

To prepare for compliance with CSRD requirements, our subsidiary PSS has initiated a Double Materiality Assessment (DMA) to identify material topics from both an impact and financial perspective. Similarly, the Group has commenced DMA planning; its results to be presented in the upcoming ESG report.

Risk Management

The Group has established a robust Enterprise Risk Management (ERM) framework by integrating ESG- and climate-related risks for effective management. This ERM framework provides a systematic process to identify, assess, mitigate, and monitor risks across our operations.

Material ESG risks are identified and prioritised based on applying parameters of the likelihood of occurrence and the potential impact towards our financial and operational positions. For the identified risks, we developed and implemented targeted mitigation measures and strategic actions with regular review to enhance operational resilience.

The “Risk Incident Reporting Policy and Contingency Plans” is a core component of the ERM. Aligned with the Company’s Code of Conduct, it provides a structured framework for rapid incident response, loss minimisation, and reputation protection.

Governance and Oversight

The Group adopts a top down and bottom-up risk governance approach to ensure clear accountability at all levels, embedding robust risk management, including ESG risks, across the entire organisation.

- I. The Board holds ultimate accountability for risk oversight, ensuring robust systems are in place to manage risks in line with strategic objectives.
- II. Two committees with distinct, complementary focuses support the Board’s oversight:
 - The SC oversees ESG-specific risks, including climate, health and safety, cybersecurity, and ESG reporting compliance.
 - The Audit and Risk Committee oversees strategic, market, operational, financial, and compliance risks. It also governs the financial reporting and internal audit functions.
- III. The SWG leads the implementation of risk management strategies, supported by Sustainability Managers and a team of cross-functional specialists, such as data engineers and supply chain experts to ensure a cohesive, technically informed approach.
- IV. Sustainability Champions within individual entities and plants drive on-the-ground execution that align with the Group’s overall frameworks. Their objective is to ensure compliance, risk escalation, and proactive risk management.
- V. The Internal Audit Department provides independent evaluation of the entire ERM framework through periodic audits and risk assessments. This ensures continuous improvement and alignment with Group’s objectives, with a cycle of at least very five years to review all major business units. The results provide insights for continuous improvement and alignment with Group’s objectives.

Mapping Our Actions to Address ESG Risks and Opportunities

We structured sustainability approach around the four critical pillars: environmental, human capital, customer and economic. Our response to all material topics is designed to create an integrated assessment of sustainability risks and opportunities that span our operations and value chain. This commitment is formalised through dedicated roadmap planning with respect to mapping the SDGs, which ensures continuous progression and tangible improvement. The Group places a strong emphasis on ensuring continuity between current operational initiatives and long-term strategic planning.

1 Build a Competent and Future-proof Workforce

Foster a supportive and people-oriented culture to attract, retain, and empower talents to thrive in a dynamic, technology-driven environment.

ESG Risks:

- Human Capital and Talent Retention
- Occupational Health and Safety (“OHS”)

ESG Opportunities:

- Gender Equality
- Talent Empowerment



Material Topics

- | | |
|------------------------------------|---------------------------------------|
| 13 Talent management and retention | 15 Training and development |
| 14 Occupational safety and health | 16 Employee engagement and well-being |
| | 18 Diversity and equal opportunity |
| | 17 Anti-discrimination |

Fortifying Health and Safety as a Foundation

We recognise significant opportunities to strengthen our OHS performance.

- Embed safety performance indicators at the governance level to drive accountability and strategic focus.
- Deploy enhanced monitoring and reporting mechanisms to proactively meet the more stringent audit requirements stipulated by RBA certifications

Championing Inclusive Growth

We are committed to transforming the male-dominated landscape of the technology sector by empowering women and cultivating female talent.

- Establish a holistic approach to equity, covering talent development, fair compensation, merit-based promotions, and comprehensive welfare.
- Elevate the acquisition and retention of emerging Science, Technology, Engineering, and Mathematics (“STEM”) talent as a top and long-term strategic priority.
- Leverage university partnerships to run targeted campus recruitment programmes and offer competitive internships as part of solidifying our social responsibility reputation.

Accelerating Capability Development

We are in the process of upgrading our training platform that contains comprehensive learning curriculum and extending universal access to all part-time and contractor workers.

- Strategically design job-specific training opportunities and construct development pathways to cultivate a culture of empowerment and career growth.
- Foster shared learning and builds organisational agility through sharing sessions.

Respective sections

- Occupational Health and Safety
- Caring for Our Talents

2 Investing in Environmental Impact Mitigation

Drive continuous environmental improvements through dedicated investments in facility retrofits and advanced assessments in resource management and climate.

ESG Risks

- Climate Change
- Resource Overexploitation and Depletion
- Supply Chain

ESG Opportunities

- Renewable Energy
- Circular Economy



Material Topics

- | | |
|--|---|
| 12 Sustainable supply chain and circular economy | 9 Green products management |
| 4 Waste Management | 10 Clean production and product life cycle assessment |
| 7 Environmental compliances | 2 Water consumption |
| 11 Climate change risks management | 6 Wastewater discharge |
| 5 Emission and pollution management | 8 Ecological conservations |
| 3 Raw materials consumption | |

Progressing our Environmental Targets

Building on robust performance tracking, we are proactively setting a new tier of ambitious goals that lead to a clear roadmap for continuous improvement and environmental leadership.

- Conduct feasibility assessments for setting science-based targets at the Group level.
- Evolve our environmental agenda by progressively integrating new impact areas into our target setting.
- Align and aggregate BUs' environmental goals to drive Group-wide accountability and target cohesion.

Evolving our Environmental and Climate Stewardship

We are committed to advancing environmental and climate performance across our operations and value chain.

- Identify pilot sites to conduct an energy efficiency assessment, with a roadmap for scaling proven practices across operations.
- Institutionalise climate risk and financial impact assessments as a routine procedure across the entire portfolio.
- Steer strategic investment to achieve defined and measurable climate and environmental progress.

Respective sections

- Managing Environmental Impacts
- Strengthening the Climate Resilience
- Working Towards Carbon Neutrality
- Resource Management
- Supply Chain Management

3 Innovating to Better Customer Experience

Follow our vision to innovate advanced, sustainable smart components to create exceptional customer experiences and determine market leadership.

ESG Risks

- Cybersecurity
- Intellectual Property Rights

ESG Opportunities

- Customer Demand
- Products and Clean Technology



Material Topics

- | | |
|--|--|
| 24 Product quality management | 22 Data security and customer privacy management |
| 25 Customer satisfaction | 26 Conflict minerals |
| 27 Innovation and intellectual property rights | 23 Product sales and labelling |
| 21 Production health and safety | |

Innovating in Sustainability Products

Our core strategic objective is to integrate sustainable and eco-friendly elements into our innovation pipeline, ensuring every product and service advances both technological and environmental progress.

- Demonstrate our product portfolio drives measurable outcomes: optimised resource use, reduced ecological footprint, and enhanced community well-being.

Supporting Industrial Development

We focus on fostering strategic alliances and engaging with key industry forums to amplify our brand presence and directly inform our market strategy.

- Build collaborations and strengthen our industry network to unlock new opportunities and enhance our product portfolio.
- Host or attend industry gatherings and conferences to amplify our brand and sharpen our competitive edge.

Standardising Regulations for Product Safety and Quality

Securing product safety and quality is our priority. We achieve continuous improvement through standardised procedures and dedicated technological support.


- Proactively enhance our product quality assurance protocols and requirements.
- Deploy advanced technology to enhance and systematise our quality assurance processes.

Respective sections

- Pursuing Excellence in Operations
- Accelerating Product Revitalisation
- Driving Industrial Development



4 Be a Responsible and Reliable Enterprise

Uphold robust governance and sustainability-related policies to ensure accountability, while proactively managing material risks and opportunities to build stakeholders' trust as a responsible and reliable enterprise.

<p>ESG Risks</p> <ul style="list-style-type: none"> Compliance Human Rights <p>ESG Opportunities</p> <ul style="list-style-type: none"> Branding and Reputation 	 <p>Material Topics</p> <ul style="list-style-type: none"> 28 Business ethics 29 Corporate governance and risk management 19 Human rights protection 20 Community relations
<p>Strengthening Governance Oversight and Managing ESG Risks</p> <p>Our robust sustainability governance structure provides systematic oversight of all material sustainability matters and enables proactive identification of ESG risks and opportunities.</p> <ul style="list-style-type: none"> Has appointed two new INEDs in January 2026. Equip the Board and senior management with timely, strategic insights on sustainability and climate issues to enable informed decision-making and long-term value creation. Plan for implementing a Group-wide double materiality assessment, evaluating topics with both financial materiality and impact materiality. Assess feasibilities of integrating sustainability- and climate-related risks and opportunities into the ERM. 	<p>Promoting Ethical Excellence Across Operations and Value Chain</p> <p>Following our first RBA Silver certification, we have set a clear target to expand certification across additional sites.</p> <ul style="list-style-type: none"> Conduct internal readiness assessment to benchmark against the RBA Validated Assessment Programme ("VAP"). Maintain the practices of conducting regular ethical audits to ensure ongoing compliance and integrity. <p>Respective sections</p> <ul style="list-style-type: none"> Sustainability Governance Upholding Business Ethics Caring for Our Talents Community Care

Emerging Sustainability 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. We have identified two emerging sustainability-related risks to our operations.

Risk	Description	Financial Impact	Mitigation
<p>Occupational Health & Safety</p> 	<p>Physical injuries, exposure to harmful substances, and mental health challenges (stress/burnout).</p>	<p>Medium: Increased absenteeism, turnover, and litigation; potential production halts.</p>	<p>Robust safety protocols, ergonomic improvements, and mental health support systems.</p>
<p>Climate Change</p> 	<p>Physical risks (extreme weather) and transition risks (stricter regulations and market shifts).</p>	<p>Low/Medium: Operational disruption, increased compliance costs, and potential stranded assets.</p>	<p>Physical risk screening via Intensel, financial impact assessments, and investment in sustainable technologies.</p>

Upholding Business Ethics

2025 Key Highlights:

- Audit Rigour:** We maintained a high level of oversight by conducting 30 comprehensive audits covering anti-corruption, trade restrictions, and intellectual property, identifying no material non-conformances.
- Whistleblowing Integrity:** Our reporting channels remained active, handling 26 internal cases with zero impact on senior management and zero concluded legal cases involving corrupt practices.
- Cyber Resilience:** Beyond achieving 65% certification coverage for our entities, we successfully validated our infrastructure through two emergency drills and customer-focused security audits that identified no major faults.
- Capacity Building:** We modernized our training delivery by centralizing resources on a digital platform and extending mandatory ethics training to part-time employees and contractors.

2025 Performance Summary

Category	Key Performance Indicator (KPI)	2025 Performance/Status	Long-term Target
RBA Certification	<ul style="list-style-type: none"> Percentage of factories RBA audited (SAQ/VAP) Number of factories with RBA Silver Certificate 	15%	60% by 2030
Anti-Corruption	<ul style="list-style-type: none"> Concluded legal cases regarding corrupt practices Internally reported cases under investigation 	0 cases 26 cases	Maintain 0 cases N/A
Data Privacy	Incidents of customer privacy breach	0 incidents	Maintain 0 incidents
Information Security	Group entities with ISO 27001/TISAX certification	65%	100% by 2030
Risk Management	<ul style="list-style-type: none"> Number of ethics and compliance audits conducted Material non-conformances identified in audits Emergency drills conducted in data centers 	30 audits 0 2 drills	Continuous monitoring Maintain 0 Regular validation

Governance Strategy

Maintaining the highest standards of integrity and ethical business conduct is integral to AAC Technologies' operations and value chain. To ensure stringent compliance and mitigate risks in areas such as anti-corruption and data privacy, we have established robust measures and are pursuing formal external validation through RBA certification as part of our journey toward operational maturity.

The RBA, known as Responsible Business Alliance standard, is a global-recognised supply chain standard covering labour, human rights, occupational health and safety, environmental and business ethics. With its robust framework, quantitative scoring and third-party validation, this standard upholds industrial authority and comparability in manufacturing audits, making it as the key external assessment for measuring and promoting sustainable operations.

Responsible Business Alliance (RBA) Targets

Goal:	2025 Performance/Status:
By 2030 or earlier, we aim to have 60% of factories RBA audited (SAQ/VAP) and 8 factories with RBA Silver Certification.	15% of our factories are RBA audited, and 1 factory has received the RBA Silver Certificate.

Anti-Fraud and Anti-Bribery

AAC Technologies' "Anti-Fraud and Anti-Bribery Policy" establishes a robust framework to ensure business integrity across all operations. This policy provides clear guidelines on conflicts of interest, improper payments, kickbacks and facilitation payments. Under our Redline Control System, we strictly prohibit all forms of clearly-defined unethical practices, including bribery, extortion, fraud, and money laundering. Disciplinary actions will be taken for any violations.

Industry Collaboration and Training

- **Partnerships:** As an active member of the China Enterprise Anti-Fraud Alliance ("CEAFA"), we collaborate with industry peers to strengthen internal controls.
- **Employee Training:** All new hires and designated personnel must complete anti-corruption training. In 2025, training focused on defining corruption, outlining the consequences of violations, and internal policy alignment.
- **Board Oversight:** Board members enhance their anti-corruption competence through regular communication and specialized training materials.

Whistleblowing Mechanism

We maintain a robust whistleblowing mechanism, overseen by the Audit and Risk Committee, and as outlined in our formal “Whistleblowing Policy” allowing for the reporting of suspected fraudulent activities.

Reporting Channel:

Phone: +86 13825266258 | Email: tousu@aactechnologies.com

Privacy Protection: We strictly adopt a safe-custody approach to protect the identity of whistleblowers, ensuring they can report cases without fear of retaliation.

2025 Performance Summary:

Internal investigations:

26¹⁰ internally reported cases were investigated (compared to 25 in 2024) with no senior management impacted.

Legal Compliance:

In 2025, there were **0** legal cases involving corrupt practices against the Group or its employees, whether concluded or ongoing.

¹⁰ Only Applicable to AAC

Data Security and Customer Privacy

AAC Technologies has invested significantly in strengthening data governance and security infrastructure to protect against evolving digital threats.



Policy Alignment:

In 2025, we revised policies in accordance with the ISO 27001:2022 standard.

2030 Target:

We aim for 100% of the Group’s entities to obtain information security certification by 2030.

Security Progress:

65% of the Group’s entities have been accredited with ISO 27001 or TISAX certification, covering critical R&D and manufacturing sites.

Incident Record:

In 2025, AAC Technologies recorded no incidents of customer privacy breaches.

Internally, we have established an Information Security Committee to supervise strategies and ensure policies, such as “Information Security and Confidentiality Management Rules”, “Information Security Policy” and “Privacy Policy” are regularly updated.

Key measures include:

- Access Control: Implementing role-based access permissions and multi-factor authentication (MFA) for public network access.
- Network Defense: Segregating the IT environment into distinct security zones and establishing secure pathways with routing controls.
- Resilience: Maintaining an encrypted backup system and conducting regular emergency drills to test system resilience against power outages, air conditioning failures, and fire incidents.

Supply Chain and Client Data Integrity

Safety is a foundational factor in our vendor selection process. We mandate all suppliers and project development teams adhere to a comprehensive set of safety controls and regulations. To ensure alignment with our standards, all suppliers are required to sign a Confidentiality Agreement, legally binding them to our data security protocols.

Information Security Audits

To validate the integrity of our systems, we undergo regular customer-focused information security audits. In 2025, these comprehensive assessments benchmarked against the highest industry standards identified no major faults and resulted in positive feedback from our global clients.

Ethics and Integrity

At AAC Technologies, our operations are grounded in a steadfast commitment to integrity, honesty, and fairness. We rigorously comply with all applicable local, national, and international regulations including anti-corruption, trade restrictions, and intellectual property law by continuously monitoring the evolving regulatory landscape.

Our ethical governance is regulated by the “Code of Conduct” and “Code of Business Conduct and Ethics”, which provide clear guideline for all employees to act with impartiality and honesty. This framework is implemented through a structured governance model:

Group Ethics Committee

Led by the CEO to ensure high-level oversight.

Business Ethics Ombudsmen

Stationed at each operating location, to ensure localised adherence to the Group’s standards.

We conduct comprehensive risk assessments on a quarterly basis to evaluate the potential impact and likelihood of ethical risks. This proactive approach enables us to identify potential vulnerabilities and implement targeted countermeasures, including background checks for sensitive roles and training to mitigate risks from close personal or family relationships.



Case Study: Compliance Audits

During the reporting period, AAC Technologies conducted 30 comprehensive audits, covering four key areas:



These audits identified no material non-conformances, providing management with vital visibility into its compliance status and emerging risks across business units.

Ethics Training and Awareness

To proactively prevent unethical conduct and foster a culture of integrity, AAC Technologies provides mandatory training for employees, including new hires. In 2025, we significantly enhanced our training infrastructure and expanded the scope of our programs to ensure comprehensive coverage across global operations.

We have centralised all mandatory business ethics and compliance trainings on an upgraded collaboration platform. This transition facilitates convenient and flexible access for employees and business partners alike.

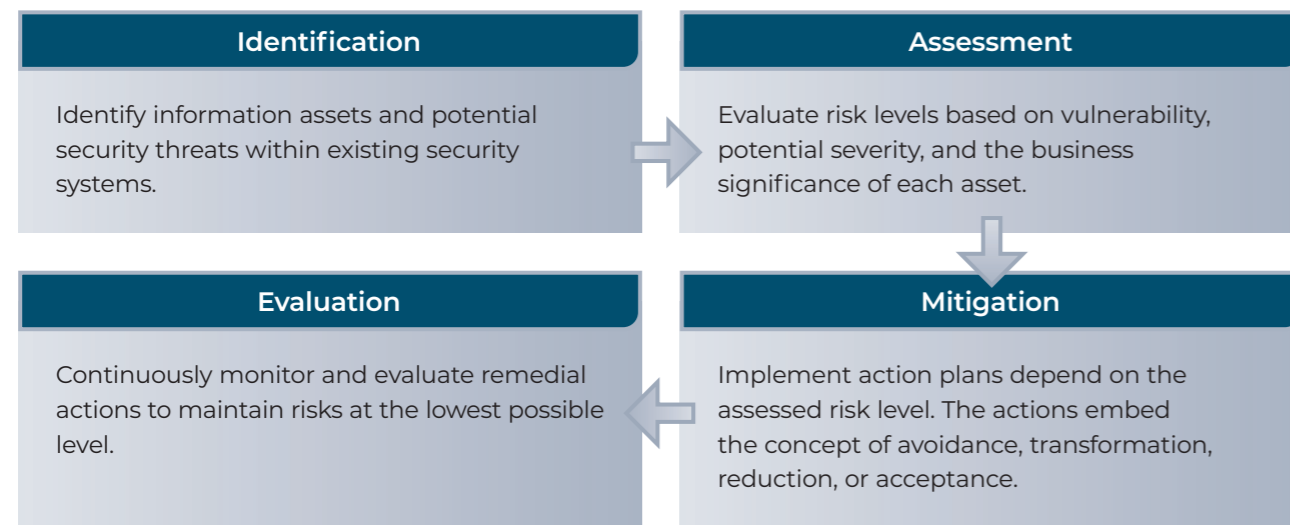
Expanded Training Scope

- **Workforce Coverage:** Training resources now extend beyond full-time staff to include part-time employees and contractors.
- **Leadership Engagement:** Board members and senior management receive regular communication and specialized training materials to enhance their anti-corruption competence.
- **Value Chain:** As part of our commitment to sustainable operations, we are exploring the expansion of ethical requirements to our business partners and the broader value chain.

Addressing Digital Risks

Recognising the complexity of modern digital environment, AAC Technologies employs a proactive approach to risk management. We perform annual information security risk assessments evaluating relevance, susceptibility, and severity, covering electronic, human, software assets and confidential data. When significant risks are identified, our information security department develops a mitigation plan with specific, time-bound actions. All risk assessment findings are also elevated to the Information Security Committee for review and oversight.

Our systematic risk management process follows these key stages:



Our 4-stage Risk Management Framework

- Risk Prevention:** We utilize a multi-layered defense strategy, supported by dedicated IT technical support engineers at each premise for continuous oversight.
- Vulnerability Management:** We implement mitigation strategies based on both domestic and international vulnerability requirements.
- Network Defence:** Our infrastructure is protected by a security intelligence reporting system and automated monitoring for viral threats.
- Incident Response:** We have established emergency response measures for cyberattacks, reinforced by regular drills to ensure preparedness for significant disruptions.



Case Study: Information Security Trainings

In 2025, the Group revamped and enhanced its information security training system. The programme now encompasses information security training for new hires, confidential projects, specialised topics, and annual refreshment. The curriculum covers a wide range of topics, including regulatory compliance, information security strategy, confidentiality requirements of clients, internal policies, and personal data protection. Employees who involve in handling confidential projects must pass a mandatory examination before they can participate. In addition to in-person training sessions, training modules are also available on our online platform for employees to review at their own convenience.



Case Study: Emergency Drills at Data Centres

In 2025, we conducted two emergency drills in our data centres to evaluate system resilience against power outages, HVAC failures and fire incidents. Our server rooms play a pivotal role in maintaining equipment operations during power outages, and these drills confirm our ability on emergency deployment.

Pursuing Excellence in Operations

Built on a zero defects commitment and supported by standardised quality assurance procedures, we deliver products and services that meet quality standards and customer expectations. Active customer engagement and market recognition drive our motivation to continuous improvement.

Customer Engagement and Satisfaction

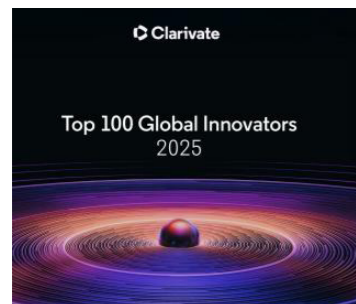
At AAC Technologies, we value building positive long-term relationships with our customers. We actively engage with them through multiple communication channels, including conferences, to gather feedback, suggestions, and concerns to continuously improve satisfaction.

Customer satisfaction rate for the selected BU in 2025:

98%

Focus on phone component products

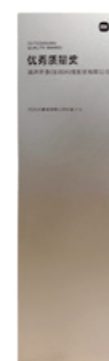
Our standardised “Communication Management Procedure” and “Customer Satisfaction Management Procedure” outline the framework and roles for customer engagement and satisfaction improvement. Each product line has a dedicated team to handle customer inquiries, monitor product returns, and address complaints in real time, ensuring prompt and effective responses to client needs.



Clarivate
Top 100 Global Innovators 2025



Lenovo
Quality Excellence Award



Xiaomi
Outstanding Quality Award

Insights were gathered through annual surveys, quarterly business reviews, daily visits, and other channels, with weekly or monthly evaluations conducted to promptly address concerns in a customised market.

We address and resolve customers' complaints in accordance with the “Handling Customer Complaint Procedure”. The following outlines standard complaint handling procedures:

	<p>Receive complaints</p> <p>Complaints are classified into four levels based on their impact. The most critical issues, such as production or delivery delays exceeding three days, are treated as top priority.</p>
	<p>Assessment</p> <p>Dedicated response team is responsible for identifying the root cause, managing risks, and implementing corrective actions to resolve the issue and prevent recurrence.</p>
	<p>Resolve and feedback</p> <p>Aim to resolve all complaints within five days. Upon resolution, customers receive a detailed report outlining the root cause analysis and the steps taken.</p>

Product Quality and Assurance

Target	Focus Area
Reach 100% pass rate for quality control and reduce probability of faults	Striving for zero defects
Approach	Progress
<p>Apply technologies to safeguard product quality control</p> <p>Implement a stringent product quality control mechanism</p>	<p>Ensure 100% pass rate for quality control</p> <p>Zero product recall case due to health and safety reasons</p>

Quality Management System

To achieve our goal of delivering “zero defect” product, we have established a robust and well-structured quality management system (“QMS”). The number of production facilities of AAC Technologies and PSS that have obtained the relevant certifications are as follows:

Certifications	AAC	PSS
China National Accreditation Service for Conformity Assessment (“CNAS4”)	1	NA
IATF 16949: 2016 Automotive Quality Management Systems	5	5
IECQ QC 080000 Hazardous Substance Process Management	16 factories with 20 certificates	
ISO 9001:2015 Quality Management System	21	

We regularly evaluate and update our quality management system to ensure its continuous effectiveness. Our standardised component supply management processes enable the component sourcing both internally and externally under clear and consistent procedures. In response to market demand, we require components to be certified as feasible. With transparency as our cornerstone, we give direct access to the Quality Data Management (“QDM”) system to our clients for visualising production data and tracking the entire production process. Suppliers are required to disclose information on places of origin, and the smelters and refineries used.

To maintain the system’s integrity, the Group conducts “Internal Quality Audit Procedures” alongside professional internal and external audits on a semi-annual basis. Should the system be found lacking in practicality or effectiveness, the relevant departments are required to implement corrective actions based on the audit findings. Additionally, clear guidelines for addressing product defects are established in our “Non-Conforming Product Control Procedure” and “Recall Product Management Procedure”, ensuring a systematic response to any customer complaints and the effective recall of affected products.

During the Reporting Period, no significant non-compliance with applicable health and safety, advertising, labelling, privacy, or redress laws were identified.

Achieving Quality Excellence

AAC Technologies also ensures product quality by equipping employees with targeted trainings and fostering a company-wide culture of operational excellence. We encourage staff to obtain Six Sigma certification, strengthening their data analysis and problem-solving abilities to proactively identify and address issues affecting quality. We have also implemented a structured Green Belt training programme to provide systematic, in-depth education on quality management methodologies. Furthermore, AAC Technologies has implemented a “Creative Proposal Policy” that rewards employee for submitting innovative ideas aimed directly at eliminating defects. Each proposal is rigorously assessed based on feasibility, technological application, potential benefits, and demonstration value. Other implemented initiatives include:

Distributing quality culture brochures to all employees

Organising competitions, such as passing rate competition

Arranging monthly meetings to share best practices on quality management

Forming dedicated working groups to deep-dive into specific, high-impact topics for targeted improvement

Setting specific measurable quality targets for each production activity

Introducing “Likes Card” programme: employees that can identify potential issues at early stage and provide effective solutions are recognised with these cards, which are redeemable for rewards

Driving Industrial Development

AAC Technologies has actively engaged in industry events and working groups to advance sustainable innovation and integrate advanced technologies.



Case Study: AAC Technologies' First Automotive Workshop



In June 2025, AAC Technologies successfully hosted its first Automotive Workshop, designed to catalyse deeper collaboration and foster ecosystem synergies within the automotive industry, marking a strategic expansion in the automotive sector and pursuing a new collaboration model.

The two-day exchange meeting gathered representatives to share their experiences and achievements in business expansion, technological innovation, and management optimisation.



AAC Technologies ranks among the Global Top 10 In-Car Audio System Manufacturers, being the sole Chinese enterprise on the list.



AAC Technologies and its subsidiary PSS made a grand appearance in the Shanghai International Auto Exhibition under the theme “Super-Sensitive Driving, Sound-Driven Future”.

At the exhibition, AAC Technologies presented a range of debut products and industry-leading technical solutions across two dedicated display zones and three immersive experience areas.



AAC Technologies has entered into a strategic cooperation with Transcend Semiconductor, while also completing the controlling stake acquisition of Hebei Chuguang Auto Parts Co., Ltd. and the acquisition of a leading enterprise in AR diffractive waveguide display technology. These initiatives collectively aim to strengthen our portfolio of core technologies, integrate industry resources, and accelerate advancement in in-vehicle audio systems and related smart cockpit ecosystems.



The “Imagine Exceptional” Perception Technology Summit was successfully held. The summit featured perception technology matrix that equips AI-powered terminals with advanced “sensory capabilities”, enabling more human-centric interactions and driving innovation in mobile terminal scenarios.

Accelerating Product Revitalisation

An innovation-driven strategy remains at the core of AAC Technologies. This includes advancing and promoting sustainable and low-carbon product innovations through R&D business segment to capitalise on opportunities by meeting customer demand.

Allocate 7.3% of the Group's annual revenue to R&D, with R&D expense in 2025 rose by 14.3% to RMB2,311 million.

Product Innovation and Development

In 2025, we established a new dedicated Product Technology Committee to enhance product R&D capabilities, accelerate technology iteration, and drive our product portfolio in sustainability.

Product Technology Committee

Responsibilities:

- **Product Strategy Alignment:** Define the Group's product roadmap, direction, and positioning to ensure alignment with overall business strategy and market demand.
- **Product Planning & Optimisation:** Guide product portfolio planning, including mix and positioning, to enhance market competitiveness of products and technologies.
- **R&D Management & Talent Development:** Establish a standardised product technology management system, and cultivate technical talent to sustain long-term R&D capacity.
- **Cross-functional Collaboration:** Mobilise technical experts from across departments to drive technological innovation and support the Group's future sustainable development.

AAC Technologies places strong emphasis on turning sustainability commitments into concrete actions. Our innovative and high-end products converge AI technology and advanced design philosophy for thinner, higher-performance components that also exert a positive societal influence:

RichTap technology

Feature: improve the sensitivity of haptic performance in the texting scenario and remind drivers to drive safely via vibrating seats.

Objective: assist visually impaired individuals and road users to secure safety

Expand into new eras: AI glasses & robots

This product leverages multi-dimensional perception technology to extend from AI phones to AI glasses (advancing "AI+ terminal"), enhances Quark AI Glasses S1's AI voice interaction, and deepens layout in dexterous hands/linear joints/sensing/acoustics to build integrated hardware-software capabilities.



AAC Technologies – A Signatory Commitment to Building a Sustainable Brand



Following the Dialogue themed at "Building Sustainable Business and Brands", the "Creating a Sustainable Brand" signatory initiative was formally launched by the Sustainable Business and Brands Working Committee (SBBC) of the China Association for Standardisation.

AAC Technologies has joined as a founding signatory, marking a key milestone in promoting sustainability in its products and services. This also includes the alignment with the SDGs for its operations. And demonstrates the ability to fully integrate sustainability into brand values. The achievement may also strengthen international collaboration and showcase industry leadership in sustainable practice.

Looking ahead to capture future market opportunities, AAC Technologies is strategically investing in pivotal emerging technologies such as AI, emissions-reducing EVs, AR/VR, and robotics to bolster its competitiveness.

We uphold the new operating model of “Data-driven, Flexibility and Ecosystem Sharing” to provide end-to-end digital transformation solutions. Sustainability considerations are embedded in our product development with active collaboration with clients, suppliers, and industry experts. Our initiatives include:

Enhancing sustainable automotive innovation

The acquisition of PSS positions us strategically in the automotive audio market. By integrating PSS’s audio capabilities, we enable sustainable innovation for intelligent driving, using technological synergies to support the transition to sustainable mobility.

Use of recycled materials in products

To promote a circular economy and demonstrate its commitment to product sustainability, AAC Technologies has formed a strategic collaboration with a world-renowned technology company to advance solutions for the use of certified recycled materials.

We actively incorporate Post-Consumer Recycled (“PCR”) resins and recycled metals such as magnets and tungsten in the product design phase.

We partner closely with clients to maintain product competitiveness and continually reinforce our brand as an eco-conscious innovator.

Advancing smart manufacturing

We have upgraded our production processes with advanced smart manufacturing technologies, including visual inspection systems and automated guided vehicles, to establish fully automated production lines and enhance traceability.

The integration of Enterprise Resource Planning (“ERP”) and Manufacturing Execution Systems (“MES”) enables real-time production monitoring and data capture, supporting efficient preventive maintenance and lean manufacturing practices.

These digital transformations have significantly reduced material waste and energy consumption across our manufacturing operations.

Achievements:

Two of our factory sites in Jiangsu Province

Were awarded the Advanced Smart Factories, showcasing the capabilities in digitalisation in R&D, precise control of key processes, and integrated management across multiple stages.



Case Study: Transparent Factory, Building a Trusted Future – 2025 High-Level Dialogue on Trust-Based Productivity

IT Director from AAC Technologies was invited to share the company’s innovative approach to 5G factories and digital transformation. This strategy is centered on building a “Transparent Factory” and ensuring precise delivery through advanced technologies. By applying AI and tailored industry models, we are committed to enhancing transparency and guaranteeing full traceability for superior quality control.

Furthermore, our digitalisation framework enables open-looped management across materials, processes, energy, and quality testing. This integrated system utilises visualised data for fault analysis and detection, driving continuous monitoring and improvement.



Consequently, AAC Technologies earned the prestigious designation of a 5G Factory from China’s Ministry of Industry and Information Technology in 2024.

AAC Technologies is driving its transition to a sustainable industrial model by accelerating the adoption of eco-friendly technologies and developing sustainable product innovations.

Unlocking Mobile Design: The SuperSlim Engine as the thinnest motor to Drive Sustainability and Competitive Advantage

In response to growing market demand for thinner and lighter mobile phones, AAC Technologies has introduced the SuperSlim Engine, a significant breakthrough in the mobile sector. This innovation sets a new industry standard for compactness without compromising performance.

Product highlight:

- **Unmatched Thinness:** At a thickness of 2.33 mm, believed to be the thinnest X-axis linear motor available on the market for mobile devices.
- **Ultra-Lightweight:** The latest version weighs 2.25g, representing a 13% lighter than its predecessor
- **Lower carbon emission:** Reduce 3.3 tCO2e in total for the emissions based on the planned production volume



Beyond this product development, AAC Technologies is leveraging this innovation to pursue new market opportunities by sourcing sustainable components and implementing refined, eco-efficient manufacturing processes. This comprehensive approach minimises environmental impact across the product lifecycle.

This achievement underscores ambition to be a leader in sustainable product development while securing a powerful competitive edge. AAC Technologies remains committed to fostering close collaboration with clients and end-users, ensuring a continuous cycle of innovation and product revitalisation.

AAC Technologies has earned recognition for its innovative ultra-thin heat dissipation from strategic client during an on-site visit.

Key product innovations:

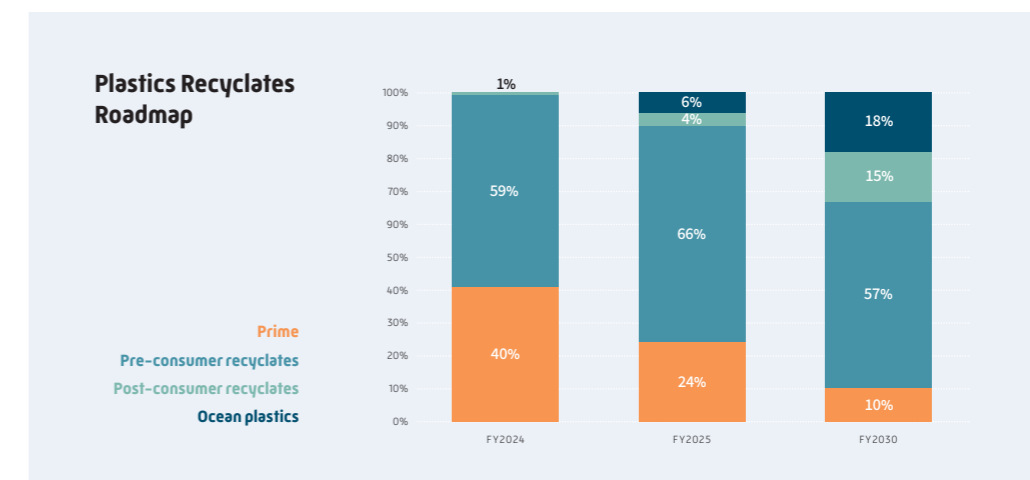
- A co-developed clip-style tool to replace traditional plastic trays for improving logistics efficiency while reducing plastic waste
- Apply a carbon nanotube coating to enhance the durability of graphite fixtures by 50%
- Utilise 100% recycled copper material during the main production process
- Exemplify precision engineering for filling pure water and degassing to ensure optimal thermal conductivity and reliable performance



The production line leverages AI to shorten product testing time, enabling automation and achieving contact-free packaging.

The production line leverages AI to shorten product testing time, enabling automation and achieving contact-free packaging.

PSS has completed a carbon footprint analysis of various plastic materials, driving the strategic decision-makings toward prime plastic transition that is supported by a plastic recyclates roadmap to track the performance.



Management of Patents and Intellectual Property Rights

Our patent strategy has shifted the focus from quantity to quality and impact. We now apply stringent evaluation criteria, including uniqueness, level of innovation, industry relevance, and competitive advantage, to identify the most significant innovations for filing patents, ensuring robust protection for our key assets.

Number of owned patents

2025	4,860 (104 patents from PSS)
2024	5,112 (119 patents from PSS)
2023	5,938

AAC Technologies has assigned the Intellectual Property Department with responsibility for all IPR-related matters, the formulation of internal policies and systems and ensuring compliance with both international and PRC laws. Our “Intellectual Property Business Management Policy” and “Patent Management Policy” govern practices across the entire IP lifecycle, from planning, monitoring, evaluation, and risk assessment. The R&D and Marketing teams collaborate closely on market analysis to facilitate design adaptations during product development. AAC Technologies underpins its commitment by allocating strategic resources to effectively invest and manage patent and intellectual property rights (“IPR”). Employees are recognised and rewarded through our Patent Incentive Scheme, which grants awards for patents that are successfully licensed or sold.

Moreover, we have established standardised procedures for handling patent disputes. 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. To identify and mitigate IPR risks, we implement a proactive strategy that includes an “Early Warning” mechanism, routine internal innovation audits, and independent reviews by external professionals to navigate industry dynamics.

Supply Chain Management

AAC Technologies is dedicated to advancing ethical and sustainable practices throughout its entire value chain. Our supply chain philosophy is rooted in fostering sustainable operations, enhancing performance, and creating shared value for our stakeholders. We are committed to aligning our supply chain management standards with internationally recognised frameworks, including the Universal Declaration of Human Rights and the International Labour Organisation’s Core Conventions, across all products and services.

Performance Highlights

Tier-1 Suppliers	1,341
Indirect Suppliers	2,216
Significant Suppliers ¹¹	20
New suppliers	775

Supplier Demographics

Mainland China	82%
Overseas ¹²	18%

FY2025	FY2026+
<ul style="list-style-type: none"> • Developed a supply chain roadmap • Short- to medium-term supply chain targets have been set • Established a new sustainable procurement framework 	<ul style="list-style-type: none"> • Enhance the carbon reduction initiatives and offer training for suppliers • Regularly monitor progress and work towards our targets

¹¹ 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 amount of 33%.

¹² Include suppliers located in Hong Kong SAR, Macau SAR and Taiwan region.

Targets	Focus	Approach	Progress
Achieve a 100% compliance declaration rate from active suppliers by 2030	Supplier compliance	Enhance supplier oversight to ensure adherence with the Code of Conduct	70% of Tier-1 ¹³ supplier have declared compliance
Encourage key suppliers to set carbon reduction targets and use renewable electricity to produce AAC Technologies' products by 2030	Supplier engagement	Collaborate with suppliers on decarbonisation initiatives and provide training on sustainable practices	In progress We are actively engaging with suppliers to accelerate the adoption of recycled materials and low-carbon technologies, directly targeting emissions reduction.

Governance and Management Approach

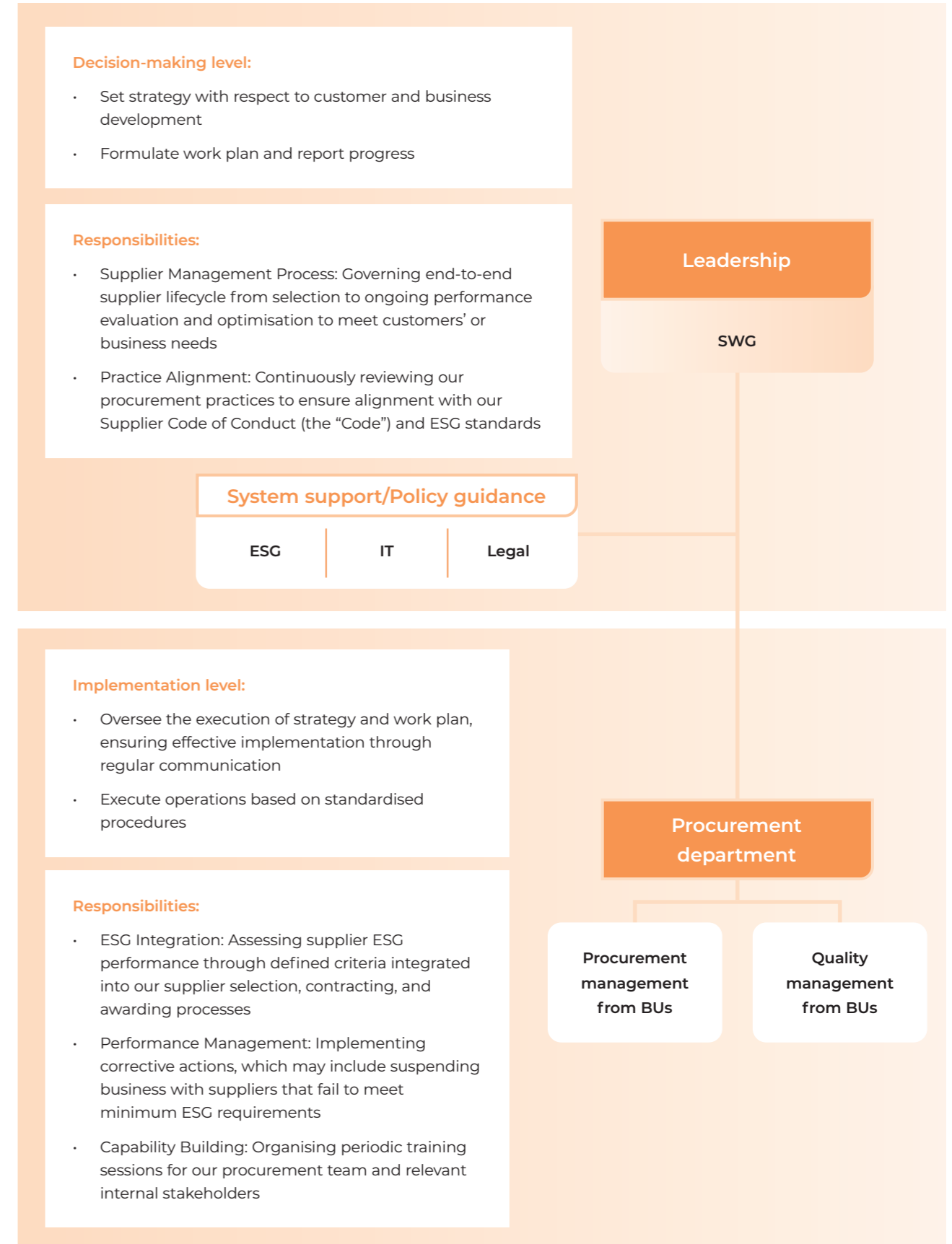
To enhance operational efficiency and advance our broader ESG goals related to supply chain management, a Sustainable Supply Chain Working Group, led by the SWG, has been established under the Board's delegation. Our robust supply chain management system is governed by internationally aligned policies and commitment letters, which are subject to periodic reviews.

Sustainable Supply Chain Working Group
Composed of senior management

Objectives:

Our governance structure provides top-down oversight of supply chain-related matters, while fostering cross-business unit collaboration in execution.

¹³ Tier-1 suppliers are the key BOM material suppliers in the approved vendor list.



AAC Technologies has advanced its supplier management by establishing a new sustainable procurement framework and developing a comprehensive supply chain management roadmap with clear short- to medium-term targets and action items.

Aspect	Target Setting Approach	Action Items
Compliance	<ul style="list-style-type: none"> Set declaration rate, cascading from Tier-1 suppliers through the entire supply chain 	<ul style="list-style-type: none"> Conduct regular review on the compliance requirements Integrate biodiversity protection, no-deforestation, and carbon reduction commitments as compliance requirements
Supplier Audits	<ul style="list-style-type: none"> Establish auditing processes and procedures for suppliers, Disclose quantitative data on the number of suppliers audited 	<ul style="list-style-type: none"> Develop and implement ESG auditing criteria Establish a comprehensive green procurement guideline Drive the adoption of RBA certifications across more value chain
Conflict Minerals Management	<ul style="list-style-type: none"> Set response rate for supplier due diligence questionnaires Achieve a 100% RMAP certification pass rate for smelters within the company's traceability scope 	<ul style="list-style-type: none"> Conduct conflict minerals investigation and organise due diligence training Deploy the SRM system with core capabilities for document management, data analytics, and automated early-warning notifications Suppliers without RMAP certification must complete corrective actions within the specified timeframe or remove from the supplier pool
Assess Suppliers on ESG Performance	<ul style="list-style-type: none"> Select a pilot group of significant suppliers for ESG performance evaluation 	<ul style="list-style-type: none"> Establish our ESG assessment criteria with scorecard that align with specific customer requirements Conduct ESG coaching and training sessions

Aspect	Target Setting Approach	Action Items
Management of Hazardous Substances, Chemical and Waste	<ul style="list-style-type: none"> Maintain the goals of achieving 100% full material declaration from main material suppliers Ensure full compliance with regulations governing hazardous substances (RoHS and REACH) 	<ul style="list-style-type: none"> Conduct training sessions on hazardous substance management Secure full material substance declarations from key BOM material suppliers Guide and encourage more suppliers to implement waste reduction initiatives Guide and drive more suppliers to achieve UL 2799 Zero Waste to Landfill certification
Procurement on Green Material	<ul style="list-style-type: none"> Increase the use of recycled materials and application of green technologies among suppliers 	<ul style="list-style-type: none"> Categorise materials by raw material type Collaborate with suppliers to develop cleaner technologies and products
Suppliers' Carbon Reduction Targets	<ul style="list-style-type: none"> Identify number of suppliers to be selected for conducting carbon emission calculation and track their performance Promote more suppliers in adopting renewable energy 	<ul style="list-style-type: none"> Identify environmental data to be collected from suppliers for calculating the carbon footprint Provide suppliers with carbon reduction guidance and training Drive carbon reduction initiatives across suppliers
Set up Digital Supplier Platform	<ul style="list-style-type: none"> Leveraging digital tools to improve operational management efficiency 	<ul style="list-style-type: none"> Integrate supplier data and initiate the supplier assessments Commence system development

Overall Supplier Management

At AAC Technologies, we maintain a proactive and systematic supplier management framework designed to ensure excellence, integrity, and sustainability throughout our value chain.

All potential and existing suppliers undergo a comprehensive management process structured across four key components: supplier onboarding and screening, aligning commitments, performance assessment, and capacity building.

Full Lifecycle Supplier Management

Supplier Onboarding and Screening

We begin with a rigorous due diligence process to ensure new partners align with our strategic goals and commitments. Business units are empowered to adapt the specific supplier screening process to meet their specific operational needs.

AAC Technologies has defined the below screening criteria within supply chain based on regulatory and industry practices:

- Standard criteria of quality, reliability, and ethical conduct for operational efficiency:

Operational Efficiency:

Review of Just-In-Time (“JIT”) delivery systems, internal tracking systems, and logistics optimisation

- Promote sustainable procurement practices:

Environmental Compliance:

Verification of adherence to environmental regulations, hazardous material handling, and certifications like ISO 14001

Sustainable Operations:

Assessment of waste management, pollution control, and use of environmentally safe materials

Quality and Safety:

Evaluation of quality certifications such as ISO 9001 with robust control plans and inspection standards

Social Responsibility:

Commitment to ethical practices and social responsibility agreements

- Requiring adherence to the Code, which outlines our core ethical standards and establishes the criteria for all direct and indirect suppliers and business partners to follow and integrate within their own operations.
- During the bidding and registering process, new suppliers are asked to complete the Supplier Onboarding Questionnaire (“供應商調查問卷”), which is design to assess their operational, financial, and production capabilities, as well as their alignment with AAC Technologies’ quality, environmental, and business requirements.
- Reflecting our zero-tolerance stance on corruption, suppliers must also submit a Connected Relationship Declaration Form (“關聯關係申報表”), ensuring full transparency in all business relationships.
- Suppliers/distributors must maintain at least one valid third-party quality certification (e.g., ISO 9001, IATF 16949) and operate based on the latest ISO 14001, QC 080000, and SA 8000 requirements.

Aligning Commitment

We formalise expectations to suppliers through binding commitments. All suppliers are required to sign our CSR Commitment Letter (“供應商社會責任承諾書”) to become an approved vendor. This letter establishes a formal framework for AAC Technologies’ CSR expectations covering labour rights, environmental protection, and business ethics. Compliance is verified through regular audits. Additionally, suppliers are expected to commit to strict anti-corruption measures by signing the Supplier Integrity Commitment Letter (“供應商廉潔承諾書”), pledging to avoid bribery and unethical practices while cooperating fully with our oversight initiatives. This ensures transactions are free from bribery and corruption, protects our reputation, and establishes clear consequences for violations.

All new suppliers are required to sign other commitments including the AAC Technologies Commitment to Non-Use of Restricted/Prohibited Substances and a Social Responsibility Agreement.

Performance Assessment

Our supplier assessment process is overseen by our Commodity Expert Groups (“CEG”), comprising of a group of experts focusing on different aspects of supplier quality standards and criteria with scorecard. The purpose of operating procurement by material family is to leverage purchasing power across the group.

We conduct thorough supplier performance assessments through a comprehensive quality system audit that evaluates 12 critical operational sections including organisational systems, contract compliance, design management, purchasing processes, and environmental and social responsibility. Each section features specific scoring criteria with defined compliance targets, enabling consistent evaluation and continuous improvement across our supply base. We also provide sufficient guidance to assist suppliers in meeting expectations.

Integrating sustainability factors into our supplier evaluations is one of the key aspects set in our supply chain management roadmap. Performance is assessed against the following three key dimensions: quality, environmental, and social:

Quality	Environmental	Social
<ul style="list-style-type: none"> ISO 9001 Quality Management System, including for automotive products, IATF 16949 certification Product quality Technical and processing ability Production capacity and equipment 	<ul style="list-style-type: none"> Environmental management system (aligned with ISO certification) Energy management Air emissions and waste management Chemical management (including VOC) Fire and emergency management 	<ul style="list-style-type: none"> Human rights Labour practices Health and safety Conflict minerals management

When suppliers fail to meet our standards, they are placed into a structured development programme for performance improvement and re-grading. This process includes clear corrective actions and timelines. We view this as an opportunity for partnership and remediation. However, persistent non-compliance or a failure to demonstrate adequate improvement may result in the termination of our business relationship.

Target 100% of tier-1 suppliers signed the supplier commitment letter.

Capacity Building

We are committed to strengthening our suppliers’ ESG capabilities, supporting their continuous development and ensuring alignment with our sustainability standards. We provide them with targeted training and the sharing of best practice, such as training on our responsible sourcing policies and hazardous substance management to reinforce due diligence and promote standardised practices across our value chain. These efforts are further supported by specialised workshops and technical webinars, which foster collaborative partnerships and drive mutual growth and operational excellence.

We plan to establish decarbonisation targets for our key suppliers and provide corresponding training and capacity-building support, fostering joint growth with our suppliers. We aim for our suppliers to manufacture our products using renewable energy by 2030.

Sustainable Procurement

To drive sustainable procurement, AAC Technologies has established a new procurement framework for equipment, such as pumps and air conditioning systems. This framework integrates technical criteria and supplier certification as control mechanisms to assess their performance. To promote environmental sustainability, suppliers are required to submit environmental and consumption analyses for their equipment.

Leveraging the valuable insights from establishing this framework, AAC Technologies will develop and define specific assessment criteria for different products and services.

Conflict Minerals Management

AAC Technologies is committed to the responsible sourcing of materials and has implemented a rigorous management system to ensure all minerals used in our products are conflict-free. We prohibit the use of tantalum, tin, tungsten, gold (“3TG”), cobalt, and mica that originate from conflict zones or high-risk areas such as the Democratic Republic of Congo and its neighboring countries. This prohibition also covers any mineral extraction or trade linked to severe human rights abuses or the financing of armed groups.

Our Achievement:

In 2025, **100%** of suppliers were assessed via desk assessments/on-site assessments.

0 suppliers assessed was found to have substantial actual/potential negative impacts.

Target	Focus	Approach	2025 Progress
By 2030, 100% of Tier 1 suppliers to sign the Conflict Minerals Declaration	Conflict minerals management	Suppliers involved in the use of conflict minerals are required to submit declaration to become the Approved Vendor List.	70% of Tier 1 suppliers have signed the conflict minerals declaration
By 2030, achieve a 100% due diligence response rate and ensure all smelters meet the RMI requirements		<ul style="list-style-type: none"> Conduct at least one due diligence annually, utilising the CMRT ad EMRT developed by RMI. Ensure complete compliance and adherence to RMI standards across our supply chain. 	<ul style="list-style-type: none"> 92% due diligence response rate¹⁴ 90% of smelters have met the RMAP requirements¹⁵

As part of our supply chain management roadmap, we have set several conflict minerals related targets. We are working on progressing our conflict minerals due diligence to achieve complete supplier coverage and ensure all smelters are RMI-listed, supported by targeted investigations, training, and improved audit statistics disclosure. Furthermore, we plan to deploy a SRM system with core capabilities for document management, data analytics, and automated early-warning notifications to proactively manage risk.

Conflict Minerals Procurement Process

AAC Technologies upholds its commitment to responsible sourcing through a clearly defined, multi-step conflict minerals management framework supported by comprehensive policies and oversight. The Board of Directors holds ultimate accountability for the conflict mineral risk management approach. Oversight of hazardous substance management and conflict-free sourcing enforcement is led by the Procurement Team, supplemented by a formal grievance mechanism to address any related concerns.

AAC Technologies’ conflict mineral procurement process is aligned with international standards, including the Economic Co-operation and Development (“OECD”) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-affected and High-Risk Areas and EU Regulation 2017/821. Hence, the Group has established the Conflict Minerals Control Instructions (“衝突礦物管控說明”) to outline the comprehensive due diligence standards for both internal business units and external supply chain partners.

¹⁴ We invited 516 suppliers to complete the CMRT/ EMRT survey and received 474 responses. The Sustainable Supply Chain Working Group continuously monitors response rates to drive future enhancements through more active supplier engagement and communication.

¹⁵ Suppliers who fail to obtain RMAP certification must either expedite their certification process or be removed from the approved supplier list.

1 Supplier Screening

AAC Technologies identifies suppliers that supply 3TG minerals and cobalt through analysis of the Bill of Materials (“BOM”) and customer requirements.

2 Risk Identification and Due Diligence

Due Diligence: We require suppliers to complete the Conflict Minerals Reporting Template (“CMRT”) and Extended Minerals Reporting Template (“EMRT”) developed by the Responsible Minerals Initiative (“RMI”). We provide dedicated support and guidance for suppliers on how to complete the CMRT and EMRT. Through these tools, we conduct due diligence on suppliers’ mineral origins, smelting sources, and sourcing practices to ensure alignment with international standards.

Country of Origin Determination: We trace minerals to their origin to identify risks associated with Conflict-Affected and High-Risk Areas (“CAHRAs”), utilising supplier assessments to validate sourcing pathways and geographic risks.

Necessity Evaluation: We assess the essentiality of conflict minerals in our products, ensuring their use aligns with our ethical standards and sustainability objectives while exploring alternatives where feasible.

3 Audit and Data Verification

We validate all CMRT and EMRT submissions to ensure data accuracy. All 3TG suppliers must sign a Conflict Minerals Declaration (“衝突礦產聲明”) and provide evidence of conflict-free smelter certifications through recognised audit programs. Verified compliance data is recorded in our Global Supplier Management (“GSM”) system for ongoing monitoring.

These requirements are extended to sub-suppliers, who are held to the same documentation standards. We maintain supply chain visibility through regular mapping and verification.

4 RMAP Compliance

We validate all CMRT and EMRT submissions to ensure data accuracy. All 3TG suppliers must sign a Conflict Minerals Declaration (“衝突礦產聲明”) and provide evidence of conflict-free smelter certifications through recognised audit programs. Verified compliance data is recorded in our Global Supplier Management (“GSM”) system for ongoing monitoring.

These requirements are extended to sub-suppliers, who are held to the same documentation standards. We maintain supply chain visibility through regular mapping and verification.

Chemicals Management

We place great emphasis on sourcing safe raw materials and substances for production. This commitment is upheld through our comprehensive “Hazardous Substance Management Regulation”, which outlines control procedures, assigns responsibilities, and maintains a list of restricted substances. Our Sourcing, Supplier Quality Engineering (“SQE”), Green Procurement (“GP”), and R&D departments conduct regular reviews and updates on the restricted list to ensure compliance with evolving international standards, including but not limited to the EU and China RoHS, REACH Regulation, EU POPs Regulation, Danish directive No.1012 and its revised edition, TSCA, Argentina Portable Electrical Energy Law 26, 184 and Resolution, California 65 Act, Swiss legislation as well as specific customer requirements in reducing chemical risks.

Restricted Hazardous Substance List of the Group			
Classification	Class I:	Class II:	Class III:
	Substances are regulated by the 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 the EU RoHS Directive. These substances are restricted to be used in products.	Substances need to be monitored because these substances are expected to be regulated in the future due to the potentially negative effects on the environment or health, and those should be reported to AAC Technologies.
Response	Banned/Limited	Banned/Limited	Report
Number of items	8	100+	17
Examples	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Bismuth and its compounds Barium and its compounds Chromium III compounds Rare-earth elements Benzophenone Mineral wool Isocyanates

To achieve refined, closed-loop control of hazardous substances, the Group implements a full lifecycle management system spanning four key stages: product development, procurement, use of hazardous substances, and quality assurance to finished product.

Product development	<ul style="list-style-type: none"> Set the goal of exceeding compliance Implement rigorous screening of hazardous substance during product development, supported by digitalisation of product information disclosure
Procurement	<ul style="list-style-type: none"> Conclude the restricted/prohibited substances list by integrating government regulations and customer requirements All chemicals must undergo an admission review by an EHS Chemical Control Specialist before placing any order Suppliers are required to pass qualification assessment and sign the Not Using Hazardous Substances Commitment Letter (“不使用有害物質承諾書”) Suppliers provide all required documentation, which includes third-party test report on hazardous substances, Material Safety Data Sheets (“MSDS”), and material composition/specification
Use of hazardous substances	<ul style="list-style-type: none"> Suppliers shall obtain prior written approval for any change to product specifications that may affect environmental characteristics In the event of a non-conformance with hazardous substance standards during testing or production, suppliers shall formulate and execute corrective actions within the specified timeframe in accordance with the “Quality Assurance Agreement” and the “Handling Procedure for Non-Conformance Hazardous Substance”
Quality assurance to finished products	<ul style="list-style-type: none"> Operate a specialised laboratory, which holds the CNAS accreditation, and the laboratory has equipped 17 dedicated testing instruments across its nationwide factories Undergo the inspection to ensure all finished products comply with hazardous substance control requirements The Group has obtained 20 IECQ QC080000 certifications

The Group requires all BUs to strictly comply with the “Hazardous Substance Management Regulation” and the “Quality Management Accountabilities and Authorities”. Through annual inspections of chemical management at all global factories, this approach ensures 100% chemical identification and full environmental compliance throughout the entire product chain.



Chemical phase-out

As part of commitment to promoting the use of environmentally friendly cleaning agents, Kunshan factory site has launched the phase-out of using Phosphorus- and Nitrogen-Containing cleaning agents. This action follows an assessment which identified that such agents present environmental and health risks throughout their application and disposal stages.

The factory site has proactively driven the upgrade by completely phasing out the phosphorus-containing degreaser RC105, the nitrogen-containing descaling agent nitric acid across all cleaning and desmutting processes within the production line. Environmentally friendly chemical alternatives have been substituted that are free of both nitrogen and phosphorus.

During the Reporting Period, we have not encountered any material non-compliance regarding the sourcing of restricted hazardous substances.

Occupational Health and Safety

AAC Technologies prioritizes the health and safety of its workforce as a core pillar of its ESG commitment. The Group adheres to the RBA Code of Conduct, ISO 45001, and national safety laws including the Work Safety Law of the PRC.

Targets	Approach	2025 Performance/Status
Maintain work-related injuries per 1,000 workers of less than 5.0	<ul style="list-style-type: none"> Establish the EHS communication channels Prepare for the RBA VAP certification Enforce the upgraded EHS online platform and conduct regularly review of OHS performance Implement factory-wide safety measures 	<ul style="list-style-type: none"> 2.7 work-related injuries per 1,000 workers in 2025 1 factory has received the RBA Silver Certificate

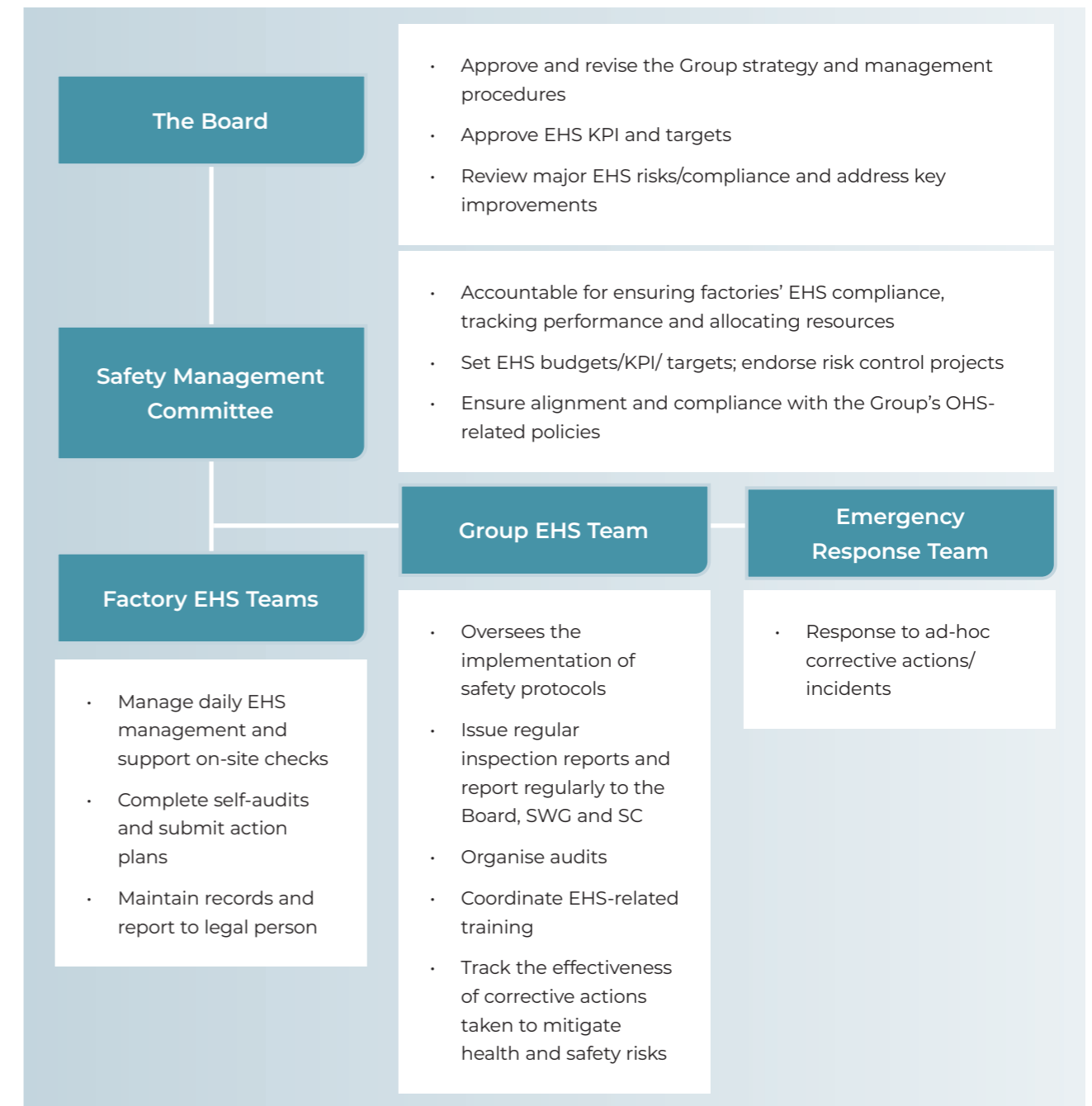


77% of the Group's production facilities have obtained the ISO 45001 Occupational Health and Safety Management System Certification.

Throughout the Reporting Period, the Group confirmed no material non-compliance with occupational health and safety laws or regulations that would have a significant impact on its operations, and there were zero fatalities during this period.

OHS Governance and Management Approach

AAC adopts a tiered management structure of "Group Coordination, Accountability of Legal Person and Factory Implementation". The Board and Safety Management Committee are responsible for approving Group strategy and EHS KPIs, while the Group EHS department formulates standards and supervises compliance. Work performance is reported annually to the Sustainability Working Group (SWG) and the Sustainability Committee (SC) to achieve closed-loop oversight.



Occupational Health and Safety Risk Response

To continuously improve the level of occupational health and safety management, we also integrate the latest requirements from customers, formulate the following systematic improvement roadmap, and the Group EHS team takes the lead in promoting the full implementation of this roadmap.

There are other regulations/standards in place, including: Personal Protective Equipment Management Policy, Radiation Device Safety Management Measures, Occupational Health Management Procedure, Work Injury and Fire Accident Management Norms, EHS Hidden Hazard Management Measures, Equipment Safety Management Procedure, Work Safety Accident Emergency Plan, Environmental Emergency Plan.

EHS External audits	<ul style="list-style-type: none"> - Execute periodic audits as prescribed by RBA standards, combining both third-party audits and internal assessments - Identify health and safety risks and improvement areas - Establish corrective action plan ("CAP") and track the implementation until full resolution - Factor audit result into performance evaluations of BUs
Occupational health and safety	<ul style="list-style-type: none"> - Obtain ISO 45001 Occupational Health and Safety Management System - Perform safety inspections on production facilities and equipment - Offer 24/7 medical support and employee assistance programme ("EAP") to address employees' physical and mental health - Analyse monthly OHS-related data - 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

Emergency management	<ul style="list-style-type: none"> - Set up the Emergency Response Team at each factory site - Establish the emergency plan and response mechanism, including report mechanism, training and drills
Fire safety	<ul style="list-style-type: none"> - Establish the emergency response framework and it is guided by core principles of immediate fire control and extinguish, smoke management, and isolation of flammable materials - Invest significantly in fire prevention, equipping all facilities with state-of-the-art fire suppression systems - Maintain adequate fires safety equipment and perform regular inspections - Ensure emergency exits remain unobstructed - Train employees to identify potential hazards, use firefighting equipment effectively, and execute evacuation procedures through trainings and regular fire drills

Occupational Health and Safety Audits

AAC has a dual assurance audit mechanism (internal and external) operated in line with RBA Standards to ensure the effective implementation of systems and safety risk control, consisting of routine factory self-audits, 2 annual special audits by Group EHS, and third-party audits (government, customers, RBA). Group EHS conducts performance evaluation and hierarchical management for each BU based on audit results. To ensure the closed-loop progress of rectification work, we established a rectification tracking and verification mechanism: regular meetings are held to track rectification progress, clarify responsible persons and completion timelines until all relevant issues are closed.

In 2025, we achieved tangible progress and established a robust oversight mechanism to ensure the effective implementation of policies and strict control of safety risks.

19 factories completed internal audits, with all identified safety hazards that were addressed through risk control process.

Identify **277** potential safety hazards, and **100%** were subsequently addressed through our structured risk control process.

All identified issues are logged into our EHS Work Safety System, with responsible persons and completion timelines assigned. A hierarchical control and node early warning mechanism is implemented; overdue tasks trigger automatic escalation reminders and are incorporated into accountability assessments.

Performance and Targets

The Group has set a long-term safety target to control the workplace accident rate below 5.0 by 2030. In 2025, the workforce accident rate was 2.7, significantly outperforming our internal target. During the reporting period, working days lost due to work-related injuries: 4,997, and there were zero fatalities with no material non-compliance with health and safety laws.

Additionally, 77% of the Group's production facilities have obtained ISO 45001 Certification.

	2023	2024	2025	2030
Workforce Accident Rate	3.1	3.3	2.7 (within Target)	< 5.0 (Target)

The Company strictly implements a dual prevention mechanism for hierarchical safety risk control and hidden hazard investigation & management. It conducts comprehensive risk identification and level assessment throughout production, operation and for relevant parties, clarifies risk classification and control priority, and implements targeted hierarchical measures.



In 2025, RMB47.58 million was allocated as investment for the improvement of factory production safety, representing a decrease of 23.8% compared with the previous year.

Personal Injury Accident Investigation

The Company has implemented a closed-loop management of personal injury incidents supported by a digital system, achieving full-process visibility of “Real-time Reporting, Online Handling, Assignment of Responsibility, Early warning and supervision, Analyse and File Data”.

To deal with hidden hazards, the Company has formulated the “EHS Hidden Hazard Handling Measures”. In response to the 2025 Work Safety Month theme “Everyone Talks About Safety, Everyone Responds to Emergencies – Identify Safety Hazards Around You”, we established and implemented a safety whistleblower system to mobilise employees’ enthusiasm in identifying on-site hazards and enhance overall safety participation and awareness.

In line with the Company’s “Work Injury and Fire Accident Management Norms”, accidents are classified into four categories based on injury severity. It clarifies full-process management requirements (reporting, emergency disposal, investigation, responsibility identification, preventive correction) to achieve closed-loop accident control.

For all emergencies, the Group has formulated special emergency plans and regularly organised plan reviews and practical drills to improve employees’ emergency response capabilities. A three-level safety inspection system is followed for comprehensive risk assessment and monitoring.

Clear accident management objectives have been set and reviewed regularly:

- Zero fatal and fire accident rate; and
- The total recordable injury rate per 1,000 employees is controlled within 1%

The upgraded EHS Digital Platform centrally manages ledgers for chemicals, fire equipment, and health checks. It enables:

1. **Real-time Reporting:** Online handling and assignment of responsibility for all personal injury incidents.
2. **‘Whistleblower’ System:** Encouraging employees to identify “Safety Hazards Around You” to mobilize site-wide participation.
3. **Emergency Readiness:** Special emergency plans are supported by practical drills to enhance response capabilities for fire and chemical incidents.



Case Study: Enhancing Group and Site EHS Governance through EHS Digital Platform

The EHS Work Safety System centrally manages key ledgers (fire-fighting equipment, health checks, chemicals, construction units), enabling real-time monitoring, automated aggregation of KPIs, mobile hazard reporting and closed-loop tracking via a single interface—delivering unified data, timely response and transparent supervision to enhance EHS efficiency and on-site safety.



Through a unified cross-team framework linking EHS, CSR and the Group ESG team, AAC Technologies deployed the upgraded digital EHS platform to standardise global manufacturing site governance, align site compliance with Group ESG commitments and strengthen safety awareness via closed-loop collaboration across BUs, site operations and client-facing functions.

OHS Training and Awareness Building

Targeted health and safety awareness programmes are a key pillar in advancing our occupational health and safety management strategy.



Case Study: EHS Internal Subscription Channel: Unifying Proactive Safety Communication & Awareness Building Across Global Manufacturing Sites

The EHS internal subscription channel delivers timely, curated safety updates, regulatory alerts, and operational reminders to factory teams worldwide. It eliminates information silos, standardises safety messaging, and elevates frontline safety awareness, empowering workers with actionable insights to strengthen our culture of proactive risk management and safeguard workforce well-being.



Occupational Health & Safety Training Performance

	2023	2024	2025
Total Person-time Safety Training (Person-times)	73,423	98,601	233,833
Total EHS & OHS Safety Training Hours for Employees (Hours)	171,324	312,670	1,023,349, representing a 227% increase compared to 2024*

* This year we have high number of safety training hours supported by our clients

Occupational Disease Prevention

We are committed to protecting employees from occupational hazards and have implemented the Occupational Health Management Procedure, which clarifies the requirements for prevention, response and follow-up to ensure a safe working environment. A qualified third party conducts occupational disease inspections at all operating locations every 3 years to verify regulatory compliance, assess risks and evaluate the effectiveness of preventive measures, to continuously improve health and safety management and reduce risks. The emergency response team supervises the implementation of the system and defines departmental responsibilities; we provide certified personal protective equipment for relevant personnel. In addition, in accordance with government regulations, we provide occupational health examinations for employees in risk-exposed positions at the pre-employment, on-the-job and pre-departure stages. If abnormalities are detected, re-examinations or further diagnosis and treatment will be arranged to identify and address potential occupational disease hazards at an early stage.

Chemical Safety

The Group implements a “Front-end Access Approval, On-site Supervision, and Closed-loop Handling” mechanism. This includes strict procurement controls (MSDS/test reports), specialized transportation by qualified carriers, and rigorous disposal protocols for hazardous waste.

Procurement

We take the government/customer prohibited and restricted substance lists as hard constraints; all chemicals must pass the access approval of EHS Chemical Special Control Engineers before placing orders. Suppliers are required to pass qualification assessment, sign the Commitment on Non-Use of Hazardous Substances, and provide necessary documents including third-party test reports on hazardous substances, MSDS, material composition lists or material certificates.

Transportation

We only entrust carriers with the qualification for hazardous chemical transportation, and the drivers, escorts and loading/unloading personnel hold valid certificates consistent with their identities. Vehicles are equipped with warning lights, hazard signs and GPS; transportation is arranged to avoid high temperatures and rush hours. Pre-registration is required before entering the plant, together with inspections on the integrity of vehicles and packaging.

Warehousing/Storage

Storage areas such as chemical warehouses, transit warehouses, glue rooms and cleaning rooms must pass EHS acceptance before being numbered and filed for record, with MSDS and labels visible on-site. We implement zonal isolation by chemical compatibility, control the maximum inventory and turnover period of transit warehouses, and comply with the “five spacing rules” and a 1.3-metre height limit. Ventilation, fire and explosion protection facilities, secondary containment and spill emergency facilities are configured and incorporated into the regular inspection ledger. Construction contractors must register the list of chemicals to be used upon entering the plant and store such chemicals at designated locations (assessed by the Party A). Operators must receive relevant training; open flames are prohibited at the sites for storage and use of flammable chemicals, and packaging and waste are disposed of as hazardous waste.

Outbound/Issue/Handling

Outbound procedures are carried out with supporting documents and dual-person verification; highly toxic chemicals are managed by dedicated personnel with full traceability throughout the process. Before collection, the product name and batch number shall be verified, the integrity of containers confirmed, and personal protective equipment worn in accordance with regulations. Special chemical trolleys or on-site chemical transport vehicles are used for handling; incompatible substances are transported separately, with controlled stacking height on-site and traceable transportation routes.

Usage

All chemicals are used in designated areas with limited capacity, following the completion of operational risk assessment and approval. General exhaust ventilation is adopted for workstations with small-quantity/low-toxicity chemical use, and local exhaust ventilation for those with large-quantity/high-toxicity chemical use; explosion-proof electrical equipment is uniformly adopted in explosion-prone areas. Open flames are strictly prohibited on-site, with fire extinguishers, eyewash stations and emergency showers provided. Operators and management personnel must pass special training and assessment to hold valid certificates for post-taking and receive regular refresher training. The usage volume, inventory and by-product hazardous waste are recorded simultaneously.

Disposal

Temporary hazardous waste storage points are set up in usage areas with clear classified labels; packaging, residual materials and contaminated items are all managed as hazardous waste with corresponding labels attached. Hazardous waste is transferred to the hazardous waste warehouse for registration as scheduled, then entrusted to qualified entities for disposal with transfer manifests, and the transfer personnel wear labour protection equipment as required. Remaining chemicals shall be returned before the conclusion of a project or process; those eligible for warehouse return shall be returned in a timely manner, and the rest shall be disposed of in a closed-loop manner.

Caring for Our Talents

AAC Technologies prioritises the continuous development and retention of a high-quality talent pool as a cornerstone of our long-term success. To maintain industry leadership, we are embracing innovative technologies and digital approaches to talent management. We are accelerating the digitisation of our talent development systems and prioritising on employee health and well-being to attract and retain top-tier professionals globally. We also foster an inclusive culture that values diverse perspectives and backgrounds.

Group Targets	Focus	Approach	2025 Progress
Achieve 35 hours of average annual training time per employee (including white-collar and blue-collar workers) by 2030	Talent Development	Continue to increase both quality and quantity of trainings opportunities for our employees	28 hours of average annual training time per employee in 2025 89 training programs available at the updated internal training platform
Achieve a minimum of 25% female representation in management positions (CEO-2) by 2030	Diversity, Equity and Inclusion	Promote a diverse and inclusive working environment, while also targeting to increase female new hires	11% of female representative at the Company's CEO-2 level of management in 2025 ¹⁶ CFO was honoured with the Best CFO award in 2025, reflecting our dedication to empowering women in leadership position

2025 Performance highlights

Total workforce:

41,674 employees

Diversity:

37% female representation in total workforce

Learning platform:

1,157,158 hours of training completed (Average **28** hours per employee)

Online courses:

89 courses offered¹⁷

¹⁶ The Group has improved data accuracy this year and corrected last year data.

¹⁷ The Group is in the process of revising the courses' content

Governance and Management Approach

AAC Technologies is committed to upholding human and labour rights. Our practices align with all applicable labour laws and regulations as well as leading international frameworks including the Universal Declaration of Human Rights, the United Nations (UN) International Covenant on Civil and Political Rights, and the UN International Covenant on Economic, Social and Cultural Rights, and, the RBA's Code of Conduct.

We have a Talent Management Committee to enhance oversight and strengthen human resources management across recruitment, welfare, and development.

Key Responsibilities of Talent Management Committee

- **Strategic Policy:** Formulate HR policies and introduce strategic programmes for high-quality talent from acquisition, onboarding to empowerment
- **Cadre Management:** Oversee the selection, inspection, appointment, promotion and succession planning of the Group's cadres
- **Performance Oversight:** Supervise the implementation of performance evaluation system and leadership pipeline development and management
- **Continuous Training:** Design and implement the integrated training system and development projects for both current and reserve cadres

Human Rights and Labour Standards

To effectively manage labour risks, regular audits are conducted by our customers to assess general working conditions and social practices at our production facilities. Any identified issues are properly addressed through implementing Corrective Action Plans (CAPs) with approvals from both the customers and independent third-party inspecting agents. Also, any identified concerns from our internal employees, contractual and sub-contractual workers are promptly reviewed and resolved to ensure ongoing compliance and uphold robust ethical labour standards across our entire workforce.

AAC Technologies delivers HR personnel with trainings on labour laws, company policies, our Code of Conduct, and procedures for identifying and addressing labour risks.

Throughout the year, the Group has not come across 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, nor reported identified cases of human rights violations.

Forced and Child Labour

AAC Technologies upholds zero-tolerance to forced and child labour. We explicitly prohibit the employment of individuals under the age of 16 as a fundamental measure. We strictly prohibit recruitment personnel from withholding identity documents or collecting deposits. Compliance is assessed through random inspections and interviews. Any identified cases will undergo investigation accordance with the law and our dedicated Child Labour Remediation Policy.

We also govern the protection of young employees from engaging in hazardous tasks and working overtime as set out in the Young Worker Protection Policy.

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.

Freedom of Association and Collective Bargaining

We fully respect the rights of workers to participate in unions and engage in collective bargaining. Discrimination or retaliation related to union membership or activities is strictly prohibited. We recognise that open and transparent communication with employee-elected representatives is vital to identify root causes of any workforce concerns and develop mutually beneficial solutions.

Talent Management

We are committed to continuously enhancing every stage of talent management—from strategic acquisition and retention to ensure that individuals not only align with our company's vision but can also thrive and grow professionally with us.

Functions of the Integrated Talent Platform – “AAC Technologies People”

- Centralise the talent-related data
- Function the candidate searches to match qualified individuals to project needs
- Provide a clear visualisation of the organisation structure, helping employees understand team layouts
- Access detailed employee profiles for work allocation
- Submit annual targets by employees and track the progress
- Generate performance evaluation reports

Talent Recruitment

We continuously seek new talent that aligns with our technical requirements and company culture.

Guided by a demand-driven principle, the recruitment process encompasses rigorous evaluation for authenticity and validity to address critical skill gaps. This focus is integrated into every recruitment stage—from needs assessment to candidate screening and interviews carried out by recruitment team. We employ detailed talent mapping and profiling to gain deep insights into our existing talent pool, enabling us to create tailored solutions for specific roles based on market trends and product strategy. This integrated framework, which combines recruitment with internal development, succession planning, and motivation mechanisms, ensures the optimal fit for every position and empowers employees to grow, align with our strategy, and mentor future talent.

Campus recruitment

To access diverse talent, we are continuously strengthening partnerships with higher education institutions and collaborating with local headhunting agencies. Our outreach also spans both traditional and digital platforms, including 51job, Haitou, and Nowcoder. In 2025, we engaged with universities such as Nanning University, Sichuan University, and Changzhou University through online presentations and campus sessions to connect with values-aligned candidates. We have also set long-term targets on partnering with 59 institutions for high-potential young talent attraction.



Case Study: 2025 AAC Campus Recruitment Highlights

Our campus recruitment strategy is designed to engage young talent by understanding their career aspirations, presenting an authentic view of our corporate culture, and clearly outlining the growth opportunities available at AAC Technologies. We strategically amplify the impact and reach of our recruitment events to build a robust pipeline of qualified talent.

To support new graduates' career growth, AAC Technologies provides each graduate with an experienced mentor, supported with a systematic onboarding and promotion opportunities. We have yielded remarkable results—some 2024 graduates have become our core team members within 1-2 years of work experience, forming a positive “mentorship and inheritance” talent philosophy.



Highlights:

400 outstanding graduates (from domestic and overseas universities) selected from 40,000+ candidates in 2025 campus recruitment

100% coverage of onboarding training for new graduates via the “Qihang New Voice” training camp

90% of offline campus events covered national “Double First-Class” universities and key research institutes

78% of received resumes (60,000+ in total) from master's degree or above

About **90%** one-year and 80% two-year retention rates of fresh graduates (historical data)

2 employer awards recognising excellent talent attraction and employer brand building

Employee Welfare

The Group provides competitive welfare and safeguards employee rights by enhancing compliance with all regulations on salary payment and working hours. To ensure fair recognition, we conduct annual performance reviews and adjust compensation based on merit. Our HR Department regularly benchmarks industry standards and uses data analytics to refine our compensation and benefits structure, ensuring alignment with market practices and local regulations in every region where we operate. We also actively incorporate employee feedback to continuously improve engagement and enhance our offerings.

In 2025, we conducted **37,336** health screenings for employees

In 2025, over **1,470** employees received Long Service Award, recognising their long-standing dedication to the company

The Groups provide the following benefits and support programmes

- Comprehensive benefits package including annual leave, allowances, incentives, and social insurance
- Performance-based rewards and global incentive plans that recognise personal achievements and exceptional contributions, such as the ‘Long Service Award’ programme
- Parental support and benefits to both male and female employees
- Free annual medical checkups
- Programmes that promote employees’ physical and mental wellbeing, such as the “Feel Good” workgroup
- The Golden Ideas Programme, which encourages and rewards innovative employee suggestions and ideas. This is supported by PSS’s focus groups and actionable implementation plans.
- Ongoing career development

Equity Incentive Plan for Our Talents

To support talent development, AAC Technologies has implemented the 2016 Share Incentive Plan, granting 3,559,294 free shares to 536 selected employees in 2025. The shares vest in three phases through to 2028 upon meeting service and performance targets, reflecting our commitment to attracting, motivating and retaining talent.

Diversity, Equity and Inclusion

We are committed to fostering a workplace free from discrimination, and to advancing diversity, equity, and inclusion (“DEI”) across all operations. This includes active efforts to increase gender diversity, such as raising the proportion of women managers. Our CFO was honoured with the Best CFO award in 2025, reflecting our commitment to empowering women in leadership within the manufacturing sector.

This commitment is guided by our Board Diversity Policy as well as Diversity and Inclusion Policy, which formally promote a culture of respect for all individuals regardless of race, gender, age, religion, or disability. To enhance awareness on DEI, we provide trainings to managers on promoting inclusivity. Grievance mechanisms are also available for employees to safely report incidents of discrimination and harassment. Promoting inclusivity for working mothers, we provide flexible working arrangements for pregnant employees, designated breastfeeding hours for nursing mothers, and accessible nursing facilities.

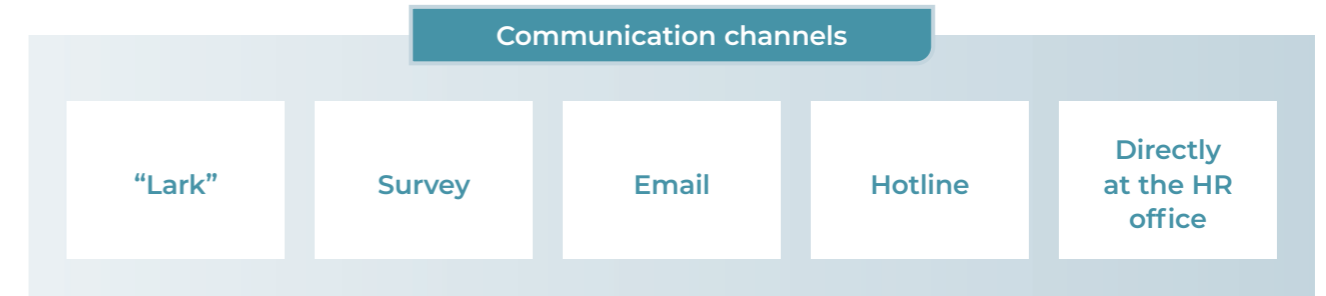
Throughout the reporting period, the Group has not come across any material non-compliance with laws and regulations concerning equal opportunity, diversity, or anti-discrimination that would have adverse impact on the Company.

Gender ratio of the total workforce	
Female	37%
Male	63%
Gender ratio of senior management ¹⁸	
Female	11%
Male	89%
Gender ratio of the total workforce (excluding senior management)	
Female	37%
Male	63%

¹⁸ Refer to CEO-2. Only applicable to AAC.

Engagement and Satisfaction

To maintain a positive engagement with our employees, we ensure that employee concerns and feedback are heard and addressed promptly. Employees can share their thoughts, inquiries, or suggestions through a variety of accessible channels.



To facilitate open and efficient communication, we have implemented a formal “Grievance Resolution Procedure”. All employee communications are treated with importance, ensuring that each matter is properly categorised, handled, and resolved within established timelines. Investigations are conducted impartially, with strict measures to safeguard the privacy and rights of everyone involved and to maintain complete confidentiality.

In 2025, a total of 239 suggestions and reports were submitted. All issues were resolved in accordance with established procedures, with records maintained on the online grievance handling platform.

To foster a culture of open communication, we actively recognise and reward employees who provide constructive feedback or raise genuine concerns. This encouragement is balanced with accountability; in alignment with our Code of Conduct, individuals who submit false information, interfere with an investigation, or misuse reporting channels for personal gain will face appropriate consequences.



Employee Satisfaction Survey 2025

Scope:

- Combine with “Employee Satisfaction” and “Employee Engagement” (3 core pillars: Say, Stay and Strive)
- Invite 6,469 employees across 10 regions, with 65% valid response rate via online survey platform

Outcome:

- Score: 86.1/100 for the “Employee Engagement”; 82.8/100 for the “Employee Satisfaction”
- Structure the scoring criteria into a prioritisation matrix to guide future planning
- Consolidate the identified improvement areas and formulate targeted responses

Talent Development

We are committed to supporting our employees' career development and growth. We have integrated our Performance Management System into our regular employee evaluation framework. To strengthen our incentive model, we conduct monthly performance reviews and make timely adjustments based on appraisal outcomes, creating greater promotion opportunities for emerging talent.

As part of our development strategy, the Group has established clear career pathways across managerial, technical, functional, marketing, and skills-based channels. This transparent structure helps employees visualise their growth potential and stay motivated. We support all employees—from managers to frontline staff—in setting clear goals and measuring their performance effectively. Moreover, our product lines employ an agile management approach to optimise work allocation, project leadership, and execution, fostering cohesive, goal-oriented teams. Employee performance data is analysed to inform assignments, incentives, and rotations, cultivating a high-performance culture where top performers are empowered and promoted into key roles.

We have set a target to achieve an average of 35 hours of annual training per employee by 2030. In 2025, we reached 28 hours, representing steady year-on-year growth from 13 hours in 2023. Through these efforts, we encourage employees to pursue ambitious goals and sustain long-term performance, ensuring mutual growth for both our people and the Group.



To ensure our employees remain competitive, we provide targeted, role-specific training in both in-person and online formats. We are continuously expanding the modules available on our online learning platform.

Key highlights of our current online platform:

- Hosted a total of 89 courses, with 80% dedicated to professional and technical training,
- Offered 653 training sessions and completed a cumulative total of 1,157,158 training hours

Upgraded online learning platform

AAC Technologies is launching an upgraded learning platform to achieve the key objectives of:

- Fulfilling diversified learning needs for employee across different regions
- Recording and managing training and assessment details
- Accumulating the inheritance experience from outstanding internal personnel



1,968

courses available



15

different modules

Total investment in 2025
RMB660,000

Growing to **RMB900,000**
p.a. in the next 5 years

Partnership with renowned institutions

To accelerate the development of future leaders, we have established strategic partnerships with leading business schools, including Nanjing University Business School and China Europe International Business School ("CEIBS"). These collaborations are designed to equip our senior engineers and directors with essential leadership capabilities in areas such as coaching, change management, organisational design, and executive influence, preparing them to excel in higher-level roles.



Case Study: AAC AI Video Creation Challenge: Nurturing Talent Innovation and Empowering Employees to Master New Skills

To encourage employees to develop new skills and unleash innovation, AAC launched its first AI Video Creation Challenge. Open to all employees, participants are to use AI tools to create works related to AAC's technology, providing a platform to practice new skills and showcase creativity.





Case Study: Collaborative Training Programmes at Factory Sites with Strategic Key Clients

Our key client mandates that all manufacturing personnel possess essential technical skills and core values through organising customised training programmes.

Five Core topics	Course Content	Targeted audience
I. Automation Technician Training Program (ATT)	<ul style="list-style-type: none"> Online training for supply chain technicians on 6 automated maintenance tasks Built core automated O&M methodology skills 	Entry and mid-level automation technicians, reaching 759 participants in total
II. ILEAN Self Development Programme	<ul style="list-style-type: none"> Online course with 9 core modules covering on-site ops, team management and equipment maintenance Modules integrate role cognition, anomaly handling, compliance & mindset guidance for skill building 	Frontline management grade in production, equipment and quality, reaching 50 participants in total
III. LEAD – Leadership Development Programme	<ul style="list-style-type: none"> Offline trainer training and full-course implementation guidance provided, covering personal, workplace and social effectiveness modules 	Middle to senior management, reaching 50 participants in total
IV. Employee Empowerment Programme	<ul style="list-style-type: none"> Delivered accessible, engaging training for all supplier employees Empowered understanding and practical application of workplace labor rights 	Frontline staff, reaching nearly 20,000 participants
V. SCORE Workplace Cooperation & Productivity Programme	<ul style="list-style-type: none"> Modular training framework developed based on the ILO standard, focusing on collaborative workplace relationships Core on-site activities: baseline assessment, site visits, group training, improvement case analysis 	Supplier enterprise owners, managers and frontline employees



Formal Recognition of High-Achieving Teams to Strengthen Expertise and Retention



In 2025, AAC Technologies enhanced its talent development initiatives by formally recognising high-performing teams across multiple categories, including those delivering technical breakthroughs, operational excellence, and cross-functional sales achievements. These teams were celebrated for their collaboration and innovative contributions.



In this year, we also honored outstanding individual employees who demonstrated exceptional professional competence, innovative problem-solving, and advancement skills. This recognition underscores our commitment to fostering specialised expertise and advancing its “talent-driven” growth strategy.

Managing Environmental Impacts

Environmental stewardship is a critical pillar of AAC Technologies' sustainability strategy. Our commitment spans the full spectrum of environmental management — from decarbonisation and energy efficiency to biodiversity protection. To translate this commitment into operational progress, we have established a clear framework aligning short- to long-term environmental targets.

FY 2024	FY 2025	FY 2030
<ul style="list-style-type: none"> • Set up the carbon neutrality roadmap • Started initial Scope 3 calculation across five material categories • Introduced new internal policy of Biodiversity Commitment 	<ul style="list-style-type: none"> • Demonstrated full Scope 1, 2 and 3 emissions disclosures for production sites across AAC Technologies and PSS • Conducted the inaugural carbon management training • Conducted 2025 Data-Driven Energy Efficiency Assessment • Explored the quantitative target setting on water aspect¹⁹ 	<ul style="list-style-type: none"> • Work towards the committed SBTi and net-zero targets • Track and report on progress against our 2030 commitments and targets

Performance Highlights in 2025

- Zero material environmental incidents or legal non-compliance
- 75% of the Group has achieved certification to the ISO 14001
- Allocated RMB59.98 million for Environmental Protection Expenditure
- Obtained a CDP rating of C for climate change and C for water²⁰
- Generated 38.9 million kWh of renewable energy (solar energy) from 11 of our factories
- Recycled 248,992 tonnes of waste
- Kunshan factory has been awarded “Green factory” status

¹⁹ Currently, water targets apply to Kunshan and Naning sites only.

²⁰ This is the first year that combines AAC's and PSS's CDP score.

Governance and Management Approach

A defined governance structure, complemented by formal policies, guides the systematic management of our environmental footprint and regulates all related operations. The SWG oversees environmental matters and drives an environmental sustainability culture across the entire organisation’s production facilities. Its mandate includes implementing our Environmental Policy and Sustainability Policy, subject to ongoing review, ensuring compliance, and driving key strategic initiatives. Our dedication to setting environmental targets is informed by a systematic approach to data governance and the strategic promotion of digital tools. As a concrete step to advance this commitment, we are launching a pilot installation of smart meters in 3 factory sites.

Enhancing ESG Data Management

By implementing coordinated digital tools across all BUs, AAC Technologies has streamlined its data processes and improved accuracy across its operating units. We maintain well-documented records of all qualitative ESG information to prepare for ESG disclosures.

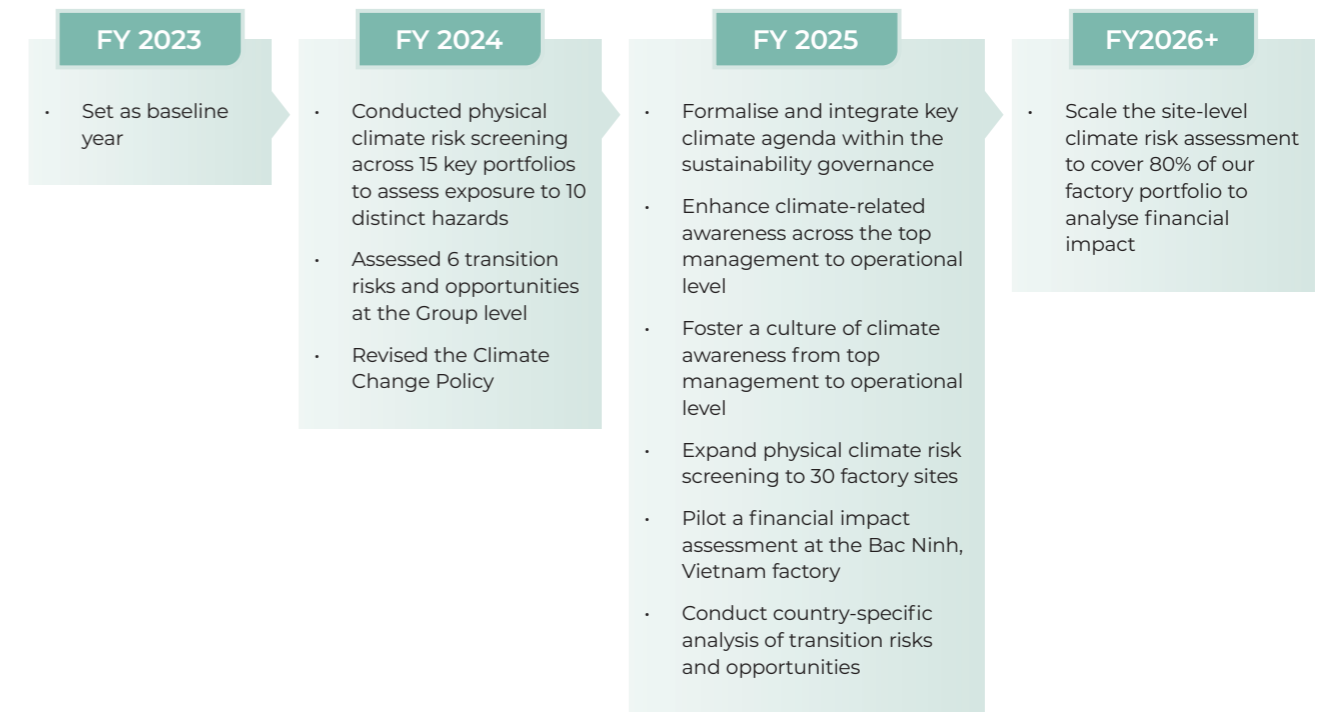
AAC Technologies deploys a systematic approach to ESG data management. The implementation of coordinated digital tools across business units has streamlined processes in data collection and improved data accuracy, complemented by thorough documentation of all qualitative information. We established and revised annually the ESG Data Manual to standardise methodologies and definitions, ensuring data consistency.

These systems allow AAC Technologies to accurately track and report key environmental metrics across its portfolios, facilitating the use of ESG data for target setting.

During this period, the Group did not incur any significant fines and was not aware of any material legal non-compliance²¹.

²¹ 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.

Strengthening the Climate Resilience



AAC Technologies has advanced its efforts through comprehensive, location-specific analyses of physical and transition risks associated with climate change. This approach ensures alignment with IFRS S2 standards across the four core pillars: Governance, Strategy, Risk Management, and Metrics and Targets. Specifically, this year, the Group has launched a pilot study at our Bac Ninh, Vietnam factory, to analyse climate vulnerabilities and assess the cost-effectiveness of existing mitigation plans. As a result, we will consider scaling the pilot study across its significant factory sites.

We are progressively enhancing its climate-related disclosures across the four core pillars to align with mandatory IFRS S2 standards.

Governance

With the support of the SWG, the Board exercises full governance over all climate-related issues, from strategic direction to climate strategy to tracking performance against climate-related targets through at least two SWG meetings. In 2025, the Board’s oversight focused on granular hazard mapping for 30 key sites and the site-level deep dive at our Bac Ninh facility, reviewing the findings of the pilot study at the Bac Ninh, Vietnam factory:

Key Accomplishments	Key Discussion in 2025
Physical climate risk screening result	The Board was briefed on two heat maps detailing the exposure levels of 30 key factory sites to various extreme weather events, with projections for 2030 and 2050.
Transition climate risk screening result	The Board and management were informed about the location-specific transition risk analysis across China, Europe, Vietnam, and Malaysia. The insights from this analysis can directly shape regional strategies, enabling more differentiated investment and operational decisions in the future.
Site-level deep dive analysis	The Bac Ninh factory in Vietnam was selected for a site-level deep dive assessment. This evaluation analysed acute and chronic climate risks—including flooding, typhoons, and heat stress—alongside the persistent challenge of power reliability issues, which range from scheduled outages to unexpected disruptions. The assessment quantified the financial impact, which manifests as total business interruption, product write-offs, and extra expenses. Based on feasibility discussions with the Vietnam factory, a set of action points has been developed. These are summarised to inform the Board and management of prioritising implementation and determining timeframes.

AAC Technologies ensures strategic competence on sustainability- and climate-related matters for effective oversight. During the reporting period, our Chief Financial Officer participated in the ReThink HK 2025 Roundtable. The event centered on the CFO’s critical role in steering sustainability and climate strategy, covering key areas such as allocating resources, integrating sustainability and climate considerations into decision-making, and communicating progress to stakeholders. Also, our subsidiary, PSS conducted a full-day workshop for its senior management. This workshop focused on integrated governance and ESG risk assessment, successfully aligning five key strategic priorities for 2026:

- Implement sustainability topics within business continuity plans
- Conduct Steering Committee meeting on every 6 weeks
- Re-assess sustainability roadmap
- Conduct departmental objectives and ambassadors
- Conduct sustainability assessments for Tier 1 Suppliers

To further embed climate accountability, AAC Technologies has started to evaluate the integration of climate-related factors into incentive structures for all leadership and staff levels. This initiative is designed to ensure that our remuneration policy actively supports our decarbonisation objectives.

Strategy

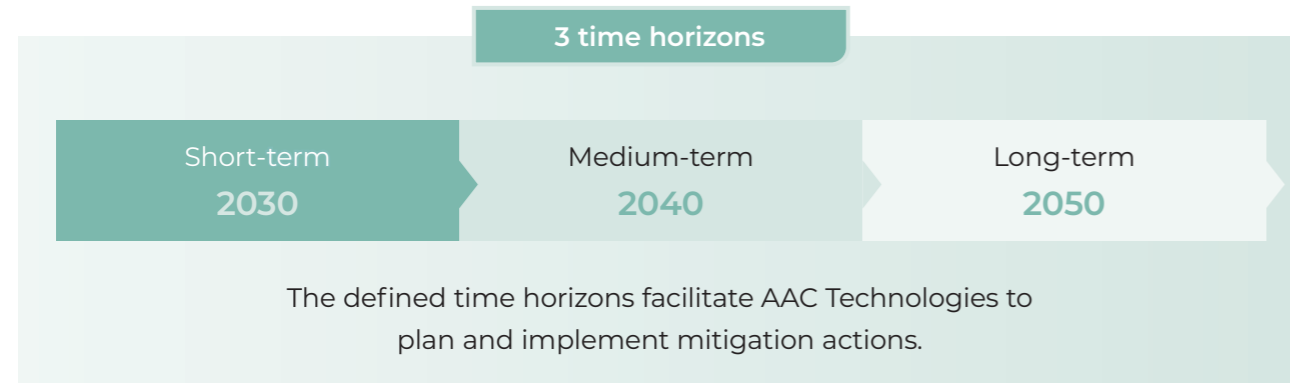
AAC Technologies currently focuses on a near-term climate strategy designed to build the foundation for achieving our long-term targets and commitments.

Milestones in AAC Technologies’ Climate Actions

- Performed a granular, asset-level physical climate risk assessment across 30 factory sites in 8 geographic locations
- Assessed the exposure to 11 acute and chronic extreme weather events, capturing 80% of the total physical climate risk
- Selected the Bac Ninh factory in Vietnam for site-level deep dive about the current and anticipated financial impact
- Integrated the country-specific transition risk assessment across China, Vietnam, Malaysia and Europe

AAC Technologies has integrated its systematic physical and transition risk assessment, supported by a deep dive financial analysis, directly into operational and strategic planning to enhance climate resilience.

AAC Technologies has integrated its systematic physical and transition risk assessment, supported by a deep dive financial analysis, directly into operational and strategic planning to enhance climate resilience.



Guided by our Climate Change Policy, AAC Technologies has embedded climate considerations into operational and partnership decision-making to drive both mitigation and adaptation. This commitment extends to our value chain, where we actively collaborate with business partners to combat climate change.

AAC Technologies proactively manages climate issues through continuous and refined climate risk assessment with support of external consultants to identify material physical and transition risks to our operations. The assessment findings will enable AAC Technologies to evaluate the effectiveness of current and planned mitigation and adaptation measures across its factory sites. This ensures strategies are tailored to mitigate risks and capitalise on opportunities unique to each site's regional context.

The vulnerability assessments conducted at the Vietnam factory quantified the potential financial impact, enabling the establishment of tailored strategies to enhance climate resilience.

AAC Technologies' Group-wide Physical Climate Risk Screening & Deep Dive at Bac Ninh Factory

AAC Technologies has expanded physical climate risk screening from 15 to 30 key factory sites this Year. The "Intensel" screening tool is deployed to provide location-specific assessment results that are precisely calibrated to the longitude and latitude of each factory site.

Scope: 30 factory sites across 8 geographical locations

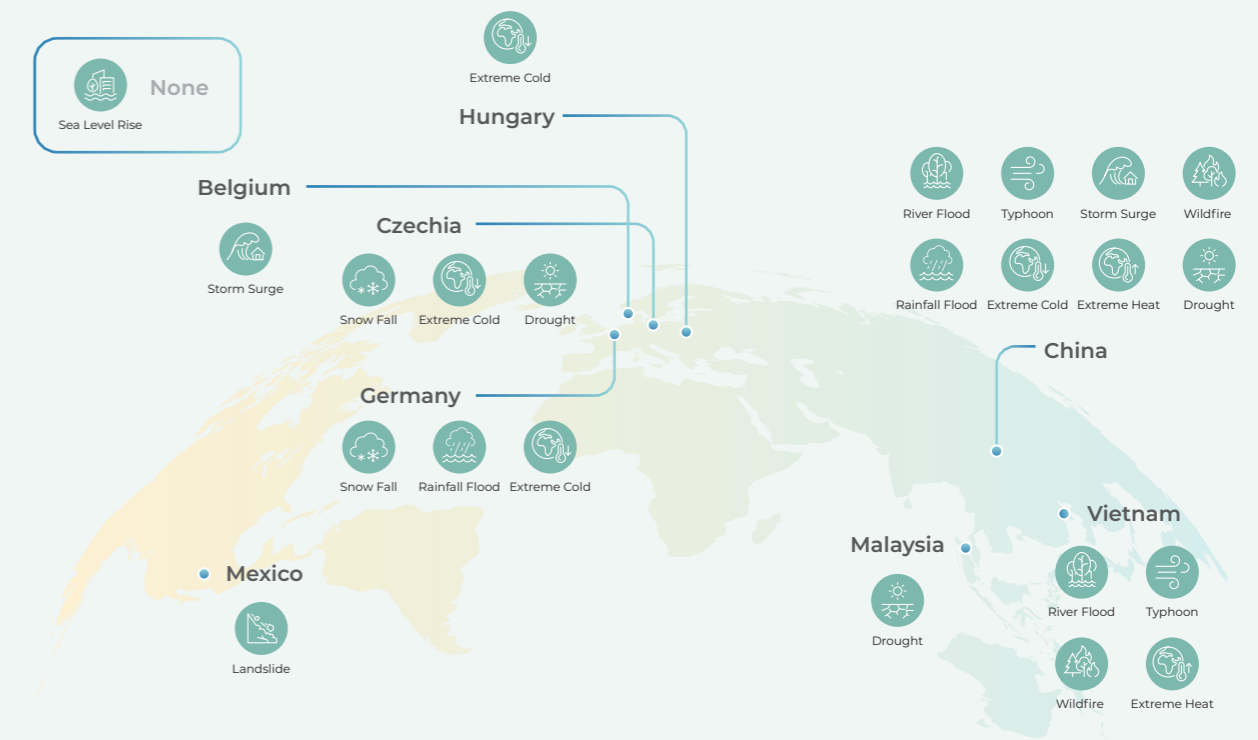
Key climate hazards: river flood, typhoon, storm surge, wildfire, landslide, rainfall flood, extreme cold, drought, extreme heat, snowfall, and sea level rise, covering 80% of climate risks

Climate scenario: Shared Socioeconomic Pathway ("SSP") 4.5, as an optimistic, moderate emissions pathway that factors in ongoing climate actions, with a balanced perspective for addressing climate change. It is expected to increase global surface temperature by 2.7°C

Time horizons: short-term (2030) and medium-term (2050)

Conclusion: risk exposure is consistent from the short to medium term. While the magnitude of these risks has increased, they remain within control thresholds

The analysis pinpointed 11 key hazards with significant exposure in specific geographical contexts, providing critical insights to guide strategic planning and decision-making across different locations:



The screening also modeled:

Climate Value at Risk (“CVaR”): quantify the projected physical and operational losses from specific hazard exposures as financial implication for each site

Ratio of CVaR to Asset Value for the 30 Factory Sites* under 2030 and 2050: < 0.5%

*Assume the asset value of 30 sites stays the same under 2030 and 2050

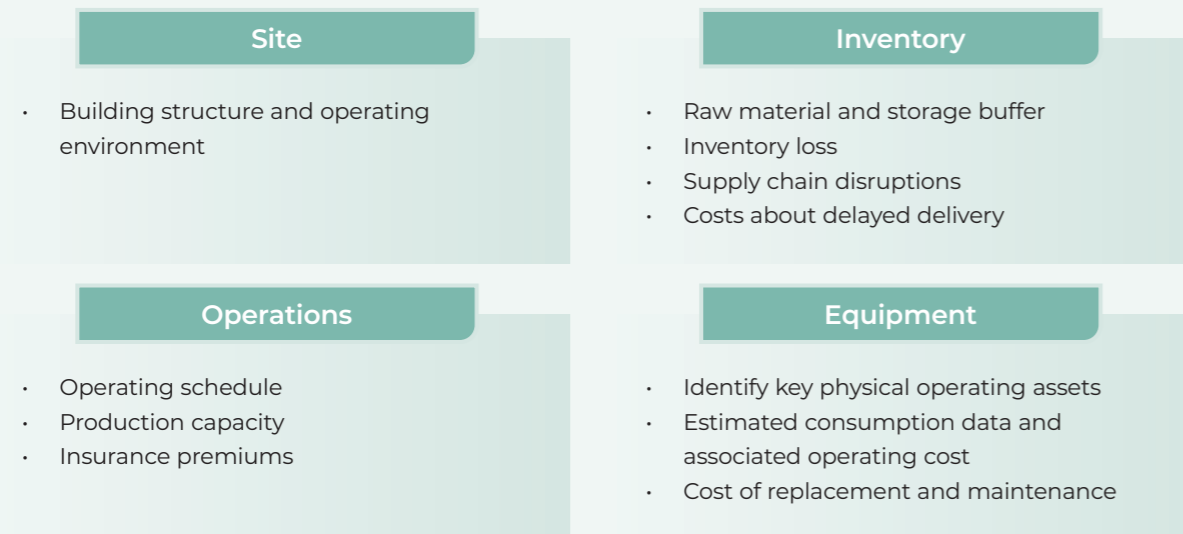
By 2050, storm surge is projected to be the highest influence of CvaR value, concluding this climate event as the most significant climate hazards of financial exposure.

The current process has used valuation and replacement value parameters of sites to determine an overall and estimated CVaR. This CVaR value then serves as the primary criterion for selecting sites for in-depth review. AAC Technologies will build on developing and standardising data consolidation methodology for future financial analysis.

Vietnam Bac Ninh Factory as Pilot Study: Strategic Deep Dive into Operational & Financial Impact, Mitigation Preparedness Evaluation and Methodology Scaling

Prior to the physical risk screening exercise, AAC Technologies had already selected the Vietnam factory as a pilot study to conduct financial impact assessment. This site was selected for its strategic importance in terms of production capacity and inventory value, operational influence built on relationship with strategic clients, and maturity of collecting advanced data.

Alongside the objectives of quantifying financial impact for strategic planning, the deep-dive analysis also evaluated the preparedness of current mitigation measures. Through a collaboration with an external consultant, a series of interviews were conducted to quantify the financial impact of the following operational aspects at the Vietnam factory:



Beyond the understanding of background details, this analysis also factored in the frequent exposure to the following events:



These below operational and financial parameters enable the calculation of aggregated financial losses under both 2030 and 2050 climate scenarios:

Financial exposure drivers: Interruption of business and supply chain; inventory loss; extra expenses and direct physical damage



Estimated financial impacts

Rainfall-induced Power Outage

- Rainfall-induced Power Outages' financial impact considers factors including loss of revenue due to loss of productivity, product write-off, cost of temporary generator power, cost of employee overtime, cost of machine repairs, and penalty clauses in contracts (for late delivery).
- Each power outage occurrence incurs an estimated financial loss of over 190k USD. By 2030, the potential annual financial impact of typhoons and flooding is projected to reach approximately 2 million USD.

Flood and typhoon hazards

- Flood and typhoon hazards' financial impact considers factors including inventory and product write-offs, loss of gross revenue, fixed costs during business interruption, potential extra expenses, penalty clauses in contracts (late delivery), structural damage, and content damage.
- The potential annual financial loss caused by typhoons and flooding could reach 5–17 million USD by 2030.

Extreme heat

- Extended heatwaves boost cooling demand, and the financial impact of extreme heat mainly includes additional cooling expenses.
- By 2030, the potential annual financial impact of heat stress is expected to translate into additional cooling costs ranging from approximately 90k USD to 157k USD.

Following a thorough assessment of the potential financial impacts tied to climate risks, the relevant sites are considering a suite of proactive adaptation and mitigation measures to bolster operational climate resilience. Proposed action directions may include:

Flood Risk Inspection:

Explore comprehensive on-site flood assessments (evaluate defenses, identify vulnerabilities/optimizations).

Power Continuity:

Evaluate critical-asset UPS systems (sustain power, prevent data loss) and dedicated site power lines (reduce grid outage risks).

Flood Mitigation:

Explore elevated/waterproof storage (protect inventory) and entrypoint flood barriers (block flood access).

Pre-Storm Protocols:

Consider pre-event vulnerability fixes (minimize post-storm disruptions).

Data Protection:

Explore cloud/off-site data backups (safeguard data, enable rapid recovery).

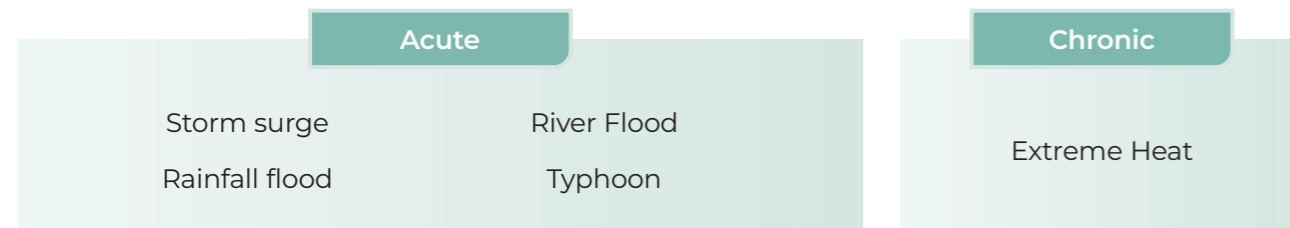
Building upon the established governance structure's acknowledgment of the financial analysis, the proven methodology will be leveraged to scale its climate action efforts by launching studies at two additional key facilities.

Climate-related Risks and Opportunities

Physical Risks

Understanding the frequency and exposure to both acute (sudden climate events and cause immediate damage) and chronic (gradual, long-term shifts in climate patterns) climate hazards at each site forms the basis for planning targeted risk mitigation measures.

Our climate risk assessment was conducted across 30 factory sites, identifying that storm surge and extreme heat as the most material risks to our overall portfolio. The 2 additional acute physical risks (flood and typhoon) require attention due to high exposure.



Effect on business model	Effect on value chain	Qualitative financial impact
<ul style="list-style-type: none"> Damage to equipment, machinery and facilities Loss of inventory and products that are stored in ground level or lower floors Limited access to facilities, resulting in potential risks to the safety of patrons and limitations to commercial activity Loss of productivity due to displacement of the workforce 	<ul style="list-style-type: none"> Damage to local infrastructure, such as roads and railways may lead to delays in delivery of products and raw materials Rely on a limited supplier base may increase vulnerability to supply chain disruptions 	<ul style="list-style-type: none"> Increased in capital expenditure, such as maintenance costs and insurance premiums Loss of revenue due to loss of productivity Inventory and product write-offs Failure to meet delivery on time may lead to financial penalties Decrease in revenue due to loss of productivity Surge in electricity consumption for cooling systems

Adaptation and Mitigation Measures

- Be aware that factories near river sources are vulnerable to storm surge and flooding
- Integrate physical risk exposure criteria into the factory location selection process
- Enhance facility resilience by evaluating and upgrading critical design features with capital investment plans, such as wall insulation, raised ground-level storage, and waterproof racking systems
- Discuss with government bodies on potential flood defenses
- Install central or unit-specific UPS systems for critical equipment to prevent data corruption and sustain short term power supply during outages
- Conduct a full on-site flooding related inspections for sites that are most exposed to flooding
- Institutionalise protocol and organise regular drills to enhance employees' preparedness during climate events and protect them from extreme heat
- Review disaster emergency plan to ensure the latest requirements are captured
- Explore the potential to deploy dual sourcing to ensure supplier resilience in case of extreme climate events
- Gradually optimise the performance and upgrade energy efficient air-conditioners and cooling systems to save the operational cost
- Conduct a thorough review of insurance coverage for climate hazards and strategically allocate capital to premiums as necessary

Transition Risks and Opportunities

This Year, AAC Technologies has strengthened its climate risk analysis by conducting a country-specific transition risk assessments across its key operational locations to better inform our climate resilience strategy.



Case Study: A Country-Specific Assessment of Transition Risks and Opportunities

AAC Technologies has enhanced its assessment of transition risks and opportunities by integrating country-level analysis based on the below 2 climate scenarios:

Countries assessed: China, European region, Malaysia, Vietnam

Climate Scenarios	Description
NGFS Current Policies	Current Policies assume that only currently implemented policies are preserved, leading to high physical risks and continued growth of emissions
NGFS Net Zero 2050	Net Zero 2050 limits global warming to 1.5°C through stringent climate policies and innovation, reaching global net zero CO2 emissions around 2050. This scenario leads to relatively low physical risks about high in transition risks.

The defined time horizons for assessing transition risks and opportunities:

- Short-term: 2030
- Medium-term: 2040
- Long-term: 2050

By leveraging country-specific analysis of current and evolving regulatory developments, we can make informed strategic decisions for specific operating regions, concluding targeted strategic actions to guide the business transition.

Also, in response to the EU's Corporate Sustainability Reporting Directive ("CSRD") for our EU operations, we have initiated a compliance-focused gap analysis to enable earlier preparation for potential disclosure enhancements. Furthermore, our analysis has identified carbon pricing mechanisms as an evolving requirement in certain countries, which may accelerate our decarbonisation efforts by informing targeted emission reduction strategies.

Building on previous shortlist of transition risks and opportunities, we have introduced "Investment in Sustainability" as a new key parameter to align with our environmental and decarbonisation commitments.

Transition Risks (R)/ Opportunities (O)	Risk Type	Business Implications	Potential Financial Impacts
Policy and Legal (R)	Carbon pricing Enhanced and emerging regulatory requirements	<ul style="list-style-type: none"> Factor the potential increase of compliance requirements into strategic planning and resource allocation Influence the reputation in the event of non-compliance 	<ul style="list-style-type: none"> Factor escalating carbon pricing and compliance costs into financial planning Increase the capital expenditure to invest in lower-carbon machinery/equipment
Market (R/O)	Supply and cost of raw materials	<ul style="list-style-type: none"> Climate impacts may lead to supply chain disruptions, causing delivery delays Source environmentally friendly products and services to pursue sustainability procurement 	<ul style="list-style-type: none"> Supply chain disruptions may lead to loss in revenue Potential increase in penalty costs due to late delivery Increase in raw material costs
	Shifting market preferences	<ul style="list-style-type: none"> Increase stringency in producer responsibility requirements from customers Growing customer preferences and demand for greener products Cultivate a competitive advantage by championing green manufacturing and sustainable innovation 	<ul style="list-style-type: none"> Lead to loss of revenue and market competitiveness if fail to meet customers' expectations Increase in expenditure needed to adopt sustainable practices Lower the production costs Capture new market share and premium pricing by launching products and services with sustainability elements
Energy source (O)	Transition in energy mix Increased adoption of renewable energy	<ul style="list-style-type: none"> Drive energy transition into strategic advantages by adopting more renewable energy 	<ul style="list-style-type: none"> Minimise future carbon tax liabilities by proactively reducing our operational emissions Adoption of energy efficient technologies/processes can lead to lower production costs
Resource efficiency (O)	Investment in energy efficiency	<ul style="list-style-type: none"> Explore the feasible energy efficiency solutions within the market Systematically integrate recycled materials into our product manufacturing to enhance sustainability 	<ul style="list-style-type: none"> Cost savings due to tax benefits of implementing low carbon practices across several jurisdictions

Action Plan for Mitigating Transition Risks and Capitalising Opportunities

Policy and Legal

- Systematically review and adapt our operational practices through regular compliance assessments, ensuring ongoing alignment with the evolving regulatory landscape
- Analyse carbon footprints to identify and implement solutions that can minimise operational costs associated with carbon pricing mechanisms

Market

- Accelerate the development of environmentally friendly products and services to meet growing customer demand and secure a competitive advantage
- Regularly engage with suppliers to encourage them to provide lower-carbon raw materials
- Continue to enhance supplier monitoring and compliance towards environmental and social criteria
- Develop a green procurement policy/guideline to prioritise environmentally preferable purchases
- Partner with key suppliers and clients to source sustainable materials and set mutual decarbonisation targets

Energy Source & Resource Efficiency

- Increase investment in renewable energy sources (e.g., solar, green methanol)
- Prioritise deploying energy-saving technologies in high-intensity facilities
- Continue to implement actions, such as installing smart meters, that can help to enhance ESG data collection and accuracy
- Develop and publicly disclose climate-related targets
- Integrate eco-friendly materials and processes into product design and manufacturing stages
- Explore and adopt circular economy principles in our operations, such as design for disassembly or recyclability

Risk Management

AAC Technologies has established a robust ERM framework to systematically manage climate-related risks. This structured approach enables the identification, assessment, mitigation, and monitoring of risks, with material ESG issues identified and prioritised based on likelihood of occurrence and their potential financial and operational impact. For these prioritised risks, we develop and implement targeted mitigation strategies, which are reviewed regularly to strengthen operational resilience.

The Board holds ultimate accountability for risk oversight, while the SC directly oversees ESG and climate-related risks. We actively monitor emerging climate regulations to align our strategy with global sustainability goals and have built climate resilience by diversifying our supply chains and facility locations.

Metrics and Targets

To accelerate our decarbonisation journey, AAC Technologies has set ambitious climate-related targets. These targets include:

Short term:

- By 2028, the Group aims to obtain certification and approval for its greenhouse gas emission reduction targets under the Science Based Targets initiative (SBTi)
- By 2030, 60% of group factories will install solar panels
- By 2030, reduce scope 2 greenhouse gas emission at group level by 10% compared to a 2023 baseline

Medium to Long term:

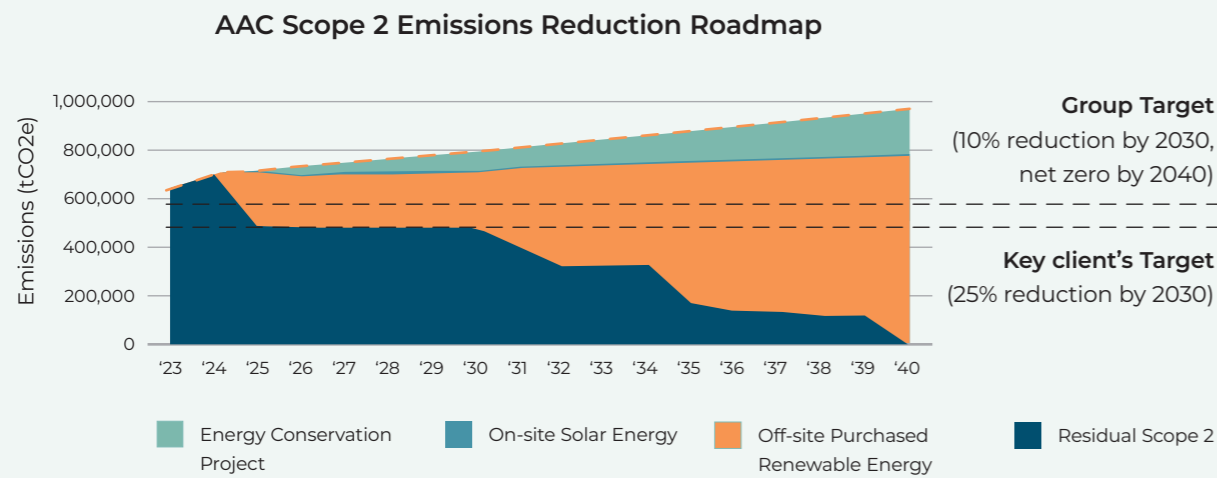
- Explore opportunity to be in line with China's carbon peak by 2030, carbon neutrality by 2060, and the EU's net-zero goal by 2050.

In 2025, the Group has a Scope 1 and Scope 2 (location-based) GHG emissions of 7,989 tCO₂e and 740,731 tCO₂e, respectively. AAC Technologies' Scope 2 GHG emission has increased by 17% compared to the 2023 baseline.



Case Study: Scope 2 (Location-based) Emissions Reduction Roadmap

Informed by a review of peer net-zero strategies, AAC Technologies has determined the transition to green energy and energy savings as its medium-to-long-term pathway. To execute this, we have developed a detailed Scope 2 emissions projection to 2040. This model integrates historical data, business growth, and energy efficiency plans. The result confirms that renewable energy procurement enables to drive the largest share of emission reductions, followed by energy-efficiency initiatives, guiding the journey toward carbon neutrality.



To enhance climate resilience and achieve our climate targets, we are actively expanding on-site renewable energy generation, with plans to extend solar PV plants across all suitable factory locations and systematically integrating climate change criteria into our procurement processes. This comprehensive approach ensures our operations are resilient, efficient, and aligned with global climate objectives.

Working Towards Carbon Neutrality

Group Targets	Focus	Approach	2025 Progress
By 2028, the Group aims to obtain certification and approval for its greenhouse gas emission reduction targets under the Science Based Targets initiative (SBTi)	Decarbonisation	<ul style="list-style-type: none"> Prepare for SBTi submissions Model GHG trajectory from baseline to target year 	<ul style="list-style-type: none"> Develop and improve the Scope 2 emissions reduction roadmap Improve Scope 3 data quality Co-developed and conducted the factory carbon management training program with Reset Carbon
By 2030, reduce Scope 2 greenhouse gas emissions at the Group level by 10% compared to a 2023 baseline		<ul style="list-style-type: none"> Enhance the reliance on renewable energy Developed the first Energy efficiency guidebook, green procurement policy and smart meter system guidebook 	
Explore the 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		<ul style="list-style-type: none"> Align our decarbonisation strategy with national pathways to carbon peak and net-zero emissions 	

Our Carbon Neutrality Roadmap



Scope 2 (location-based)	Scope 1	Scope 3
740,731 tCO2e	7,989 tCO2e	14,370,440 tCO2e
Indirect emissions from purchased energy, heat or steam	Direct emissions from stationary and mobile (e.g. company owned cars) combustion of fossil fuels	Other indirect emissions with all categories
4.9% of the total emissions	0.1% of the total emissions	95% of the total emissions

The Group's total greenhouse gas (GHG) emissions were 15,119,160 tonnes of carbon dioxide equivalent (tCO2e) in 2025, with an emission intensity of 4.75 tCO2e per ten thousand RMB of revenue. For the Scope 1 and 2 GHG emissions profile, indirect emissions from purchased electricity (Scope 2) are the primary source, accounting for approximately 4.9%.

In alignment with our target to support the national net-zero commitment, our Changzhou factory has launched the Three-Year Action Plan for Near-Zero Carbon Industrial Parks and Factories (2024-2026). This pilot programme underscores our dedication to developing near-zero carbon factories. We also proactively address clients' expectations and benchmark market practices by setting ambitious decarbonisation targets to build long-term, sustainable partnerships based on shared responsibility.



Case Study: Build a Standardised Carbon Management System: Driving Sustainability Through Energy and Green Procurement Initiatives

AAC Technologies has appointed RESET Carbon* as its group carbon management consultant. Following on-site visits, this collaboration has also supported the drafting of core documents to underpin the Group's environmental goals: a Green Procurement Policy, an Energy Management Guidebook, and a Measurement System Design Guidebook. These resources form a systematic framework to standardise energy usage, optimise procurement practices, and enhance the Group's overall ESG performance, tailored to its electronic manufacturing operations.

Energy Management Guidebook

A unified guideline to govern air conditioning and air compression systems across all electronic manufacturing facilities. It is built upon four core principles: standardisation, tiered management, data-driven operation, and continuous improvement. The Handbook also defines key monitoring parameters and compiles checklists for inspection and maintenance.

Measurement System Design Guidebook

Set out a framework to standardise smart metering installation for real-time energy monitoring of key assets and high-consumption areas, supported by a group-level data governance structure to ensure data consistency and comparability across all facilities.

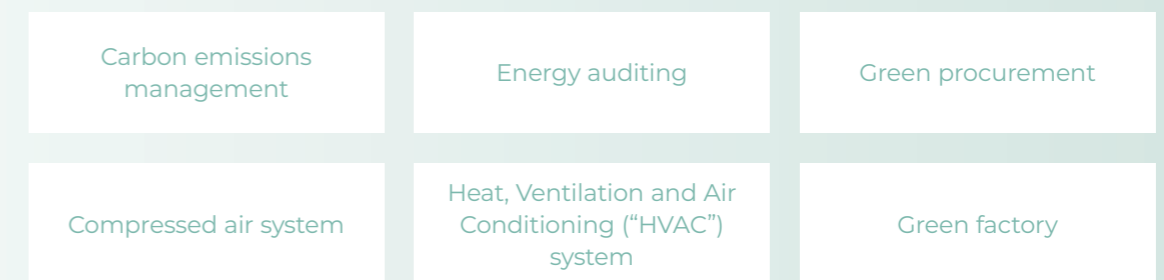
* RESET Carbon is an Asia-focused carbon management consultancy, headquartered in Hong Kong since 2009 (now part of LRQA), that supports corporate clients with science-based decarbonization strategies and end-to-end solutions across complex supply chains.



Case Study: Strengthening Net-Zero Readiness – Carbon Management System Training Programme

As part of its commitment to strengthening carbon management capabilities, AAC Technologies launched a live, interactive Carbon Management System Training Programme. The programme integrates technical, economic, and regulatory dimensions for efficient energy management, providing participants with a holistic learning and problem-solving platform to master the latest energy cost-reduction technologies and strategies.

Training topics



Target audience: 70 professionals across production sites with at least three years of experience in operations, equipment engineering, energy management, procurement, and production.

Training content: manage site-level carbon emissions, support green factory development, and build Scope 1 and Scope 2 carbon management with a combination of practical skills, case sharing and self-evaluation.

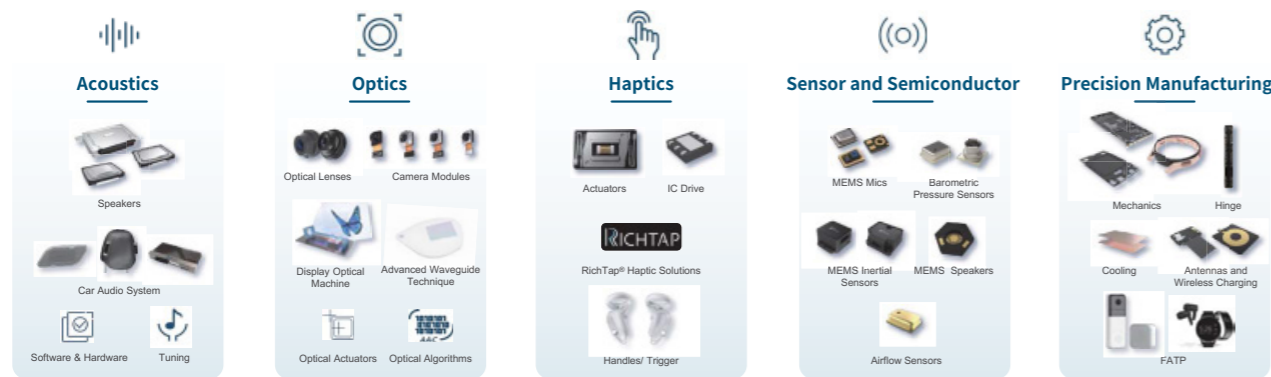
Objective: drive progress toward the Group's net-zero by fostering cognitive and collaborative gaps among procurement, production, and operations teams; instilling long-term awareness and capabilities for carbon management



Scope 3 Emissions

Building on the inaugural Scope 3 calculation in 2024, AAC Technologies expanded its Scope 3 emissions quantification to cover all 15 categories in 2025, adopting methodologies in line with the GHG Protocol. AAC Technologies is standardising its Scope 3 data collection and measurement processes while applying updated emissions factors. This effort enhances data accuracy and expands the comprehensiveness of calculations, supporting more informed decision-making across its value chain.

We identify the following key products that contribute to Scope 3 and collect the associated data for further calculation:



Scope 3 Profile

In 2025, AAC's Scope 3 emissions has covered all 15 categories, with 14,370,440 metric tonnes of CO2e in total

Resource Management

Energy Efficiency

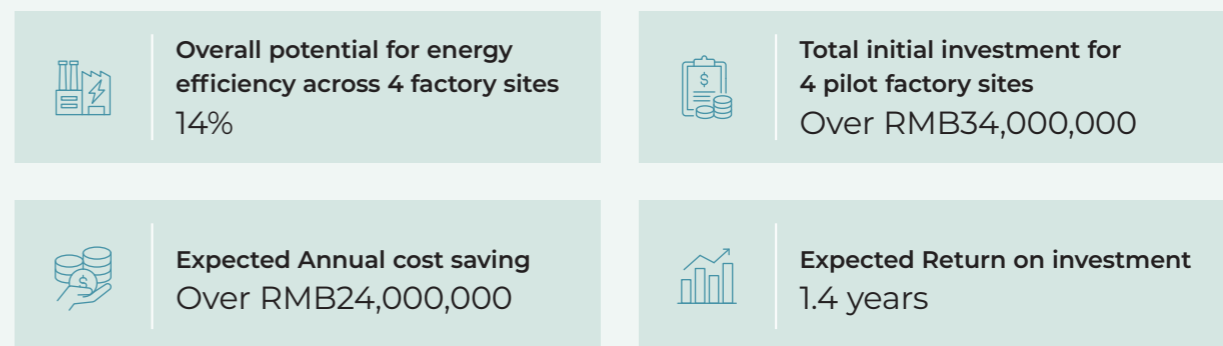
Group Targets	Focus	Approach	2025 Progress
<ul style="list-style-type: none"> By 2030, plan to deploy comprehensive energy efficiency initiatives to all production facilities in China and Vietnam By 2026, 5 key operational sites will complete required energy efficiency projects in response to clients' requirements 	Energy efficiency	Conduct regular energy audit to the pilot sites	<ul style="list-style-type: none"> Conducted energy efficiency assessment Develop an implementation plan to prioritise energy efficiency initiatives



Case Study: 2025 Data-Driven Energy Efficiency Assessment

AAC Technologies has completed a comprehensive energy-efficiency assessment at four selected operational sites as part of a pilot programme. The initiative analysed electricity consumption patterns to identify significant energy-saving opportunities. A critical finding revealed that air compression and HVAC systems account for over 50% of total electricity use at these facilities, informing the prioritisation of these conservation initiatives to achieve significant reductions in electricity consumption.

AAC Technologies has planned a two-phase rollout for its energy-saving initiatives. The projected budget and investment analysis for the first phase are detailed below:



Beyond identifying energy-saving opportunities, the assessment enabled the company to pinpoint common energy-related challenges across sites, drawing conclusions of future improvements:

- Standardise the installation of smart meters for measurement
- Regulate procurement on technical requirements
- Conduct capacity building and maintain regular energy-focused communications

Leveraging the assessment outcomes, AAC Technologies is establishing a short-term electricity consumption reduction target for 4 pilot factory sites.

The Group's total energy consumption:

5,251,415 GJ

Energy consumption intensity:

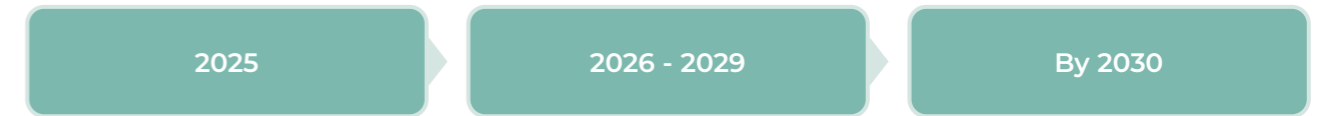
165 GJ per million RMB revenue

Renewable Energy

Group Targets	Focus	Approach	2025 Progress
60% of the Group's factories install solar panels by 2030	Renewable Energy	<ul style="list-style-type: none"> Expand our solar capacity in Vietnam, Mexico and Malaysia Expand solar panel installations across its factories Explore feasibilities on Power Purchase Agreements ("PPAs") 	<ul style="list-style-type: none"> 35% of the Group's factories (11 sites) have solar capacity 16% of the Group's factories operate entirely on renewable energy²² Formulate a renewable energy strategy through both self-generation and PPAs Pursue 100% renewable energy target, driven by responding to clients' decarbonisation requirements

Solar Energy Strategy & Performance

Solar panels currently constitute a main contribution to AAC Technologies' strategy to increase its share of renewable energy usage, and the Group is actively expanding solar capacity across its global operations.



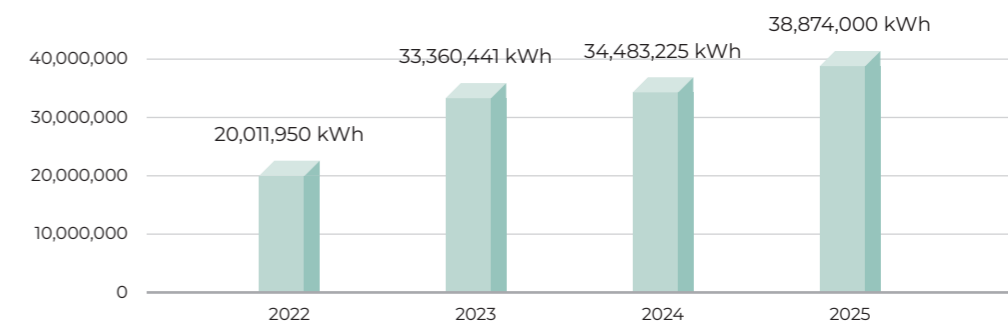
Overall Progress

- As planned, with the expansion of solar panel installation, 11 plants now have solar energy capacity.
- PSS has planned its renewable energy roadmap.
- Expand our solar capacity in Vietnam, Mexico Malaysia.
- In 2026, we plan to add 7 sites with installing solar panels to generate renewable energy.
- 60% of the Group's factories will have installed solar panels, with 24 sites across the Group equipped with solar energy capacity.

FY2025 Progress/Target Progress for Key Strategies

Total Solar Power Generated: 38,874,000 kWh, achieved 2.9% of energy saving (compared with no solar panel installation)

Renewable energy ratio over the total electricity consumption: 6%



²² As of the reporting period, only 6 factories got verified renewable certificates



Total investment in renewable energy in 2025:
1,030 KRMB

Key progress on current renewable energy development at AAC

- Completed the 2nd phase of solar installation in Changzhou/Shuyang
- Conduct pre-project planning for solar system deployment at three manufacturing facilities in Vietnam
- Install smart meters to capture the solar energy data

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. Key initiatives include:

1. Self-generated energy from solar installations or other renewable energy sources (e.g., wind turbines)
2. Transitioning to 100% renewable energy via Power Purchase Agreements ("PPAs")
3. Utilising Renewable Energy Certificates to offset remaining non-renewable energy consumption

Water Management

AAC Technologies is committed to the responsible conservation and management of water resources. We adopt a circularity-first approach to water stewardship.

Targets	Focus	Approach	2025 Progress
The Group will continuously explore the use of reclaimed water and reusable water solutions in factories	Water	<ul style="list-style-type: none"> • Scale our industrial wastewater recycling • Partner with third parties to advance water reuse across operations 	75% reuse rate of the reclaimed water treatment facility in Kunshan every year
Explore the water intensity target for factories in Vietnam and China		Enhance water efficiency and reduce water consumption	Engage with applicable factories to evaluate the feasibility of meeting the target
Set the target on reclaiming 80% water for Kunshan site.		Adopt an integrated approach combining source-separated treatment, advanced recovery processes, and cross-scenario reuse of reclaimed water.	Achieve the reclaimed water reuse rate at 80%.
Conduct regular water audits to identify major water pollutants for Vietnam and Nanning sites	<ul style="list-style-type: none"> • Wastewater • Compliance 	Ensure full compliance with wastewater treatment standards	Conducted a water audit for the production facilities in Nanning

Water Consumption

The established comprehensive Water Stewardship Policy helps us to underscore our dedication to managing water sustainably, prioritising operational efficiency through advanced technologies, ensuring transparent reporting, and increasing stakeholder awareness.

Aspect	Implemented Measures
Water Conservation and Efficiency	<ul style="list-style-type: none"> Install water-saving equipment in washrooms Conduct regular inspections of water supply systems and pipe networks Utilise ultrasonic leak detection technology in underground pipe networks to identify leaks Provide employee training and awareness programs on water-saving practices
Water Recycling and Reuse	<ul style="list-style-type: none"> Changzhou factory: Treat domestic wastewater by a specialised company, in which recycled water is repurposed for cooling and washing processes Shenzhen factory: Recycle permeate and rejected water for domestic use Yangzhou factories: Implement an industrial wastewater regeneration and reuse system, which collects, transmits, and reuses treated water in equipment

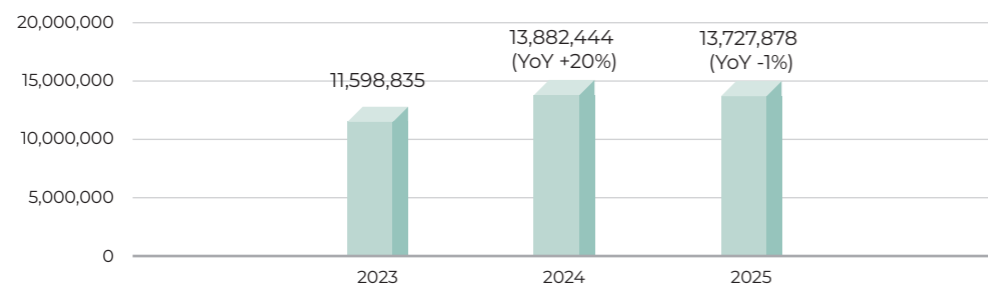
The Anode Waste Steam Heating Electromechanical Installation project at the Yangzhou Factory

At our Yangzhou factory, we have introduced a closed-loop Anode Waste Steam Recovery Project to capture and reuse water vapor. The upgraded system with an insulated water storage tank and a constant-pressure, high-temperature water pump enables the collection of steam and its conversion into usable thermal energy.

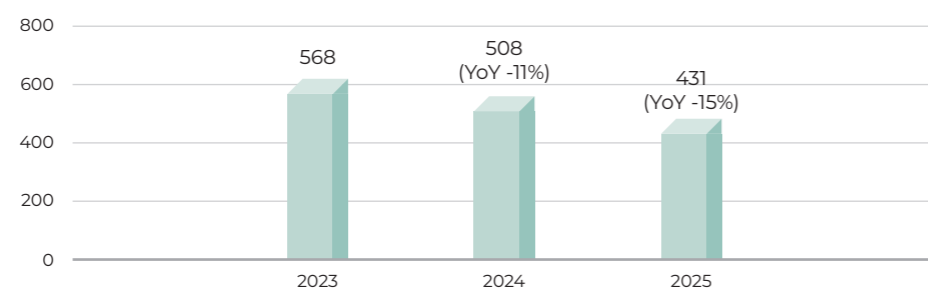
- Supply 90 radiators for heating 2 factory buildings

The Group's water consumption is used for both industrial and domestic purposes. During the year, the Group experienced no difficulties in securing a reliable and sufficient water supply to support its operations and facilities.

Municipal Water Consumption (tonnes)



Municipal Water Consumption Intensity (tonnes/million RMB revenue)

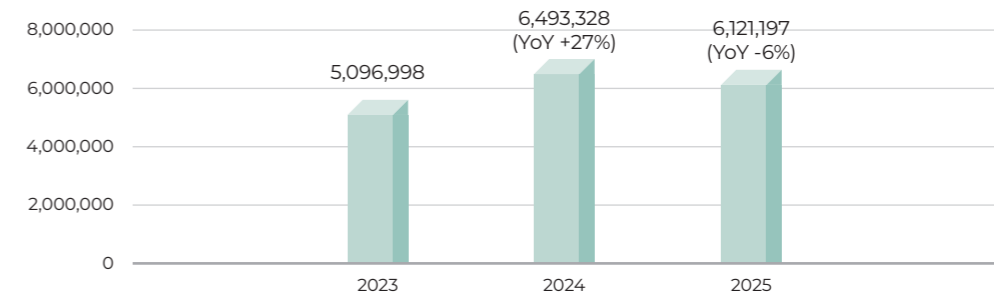


Wastewater Management

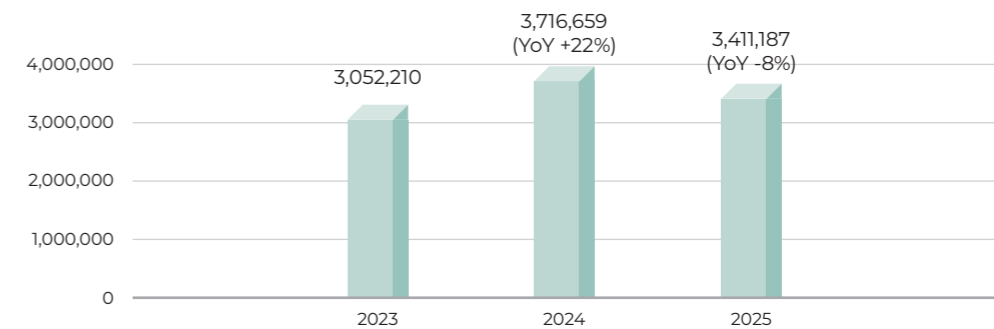
Both industrial and domestic wastewater are processed through on-site wastewater treatment facilities and municipal treatment plants. We uphold environmental standards and optimise wastewater management through the strategic application of green technologies.

Aspect	Implemented Measures
Wastewater management	<ul style="list-style-type: none"> Utilise electro dialysis evaporation technology for wastewater treatment Complete testing of low-temperature heat pump evaporation technology to reduce wastewater volume Engage external parties to conduct wastewater detection for all our factories to ensure compliance with environmental standards

Industrial Wastewater Discharge (tonnes)



Domestic Wastewater Discharge (tonnes)

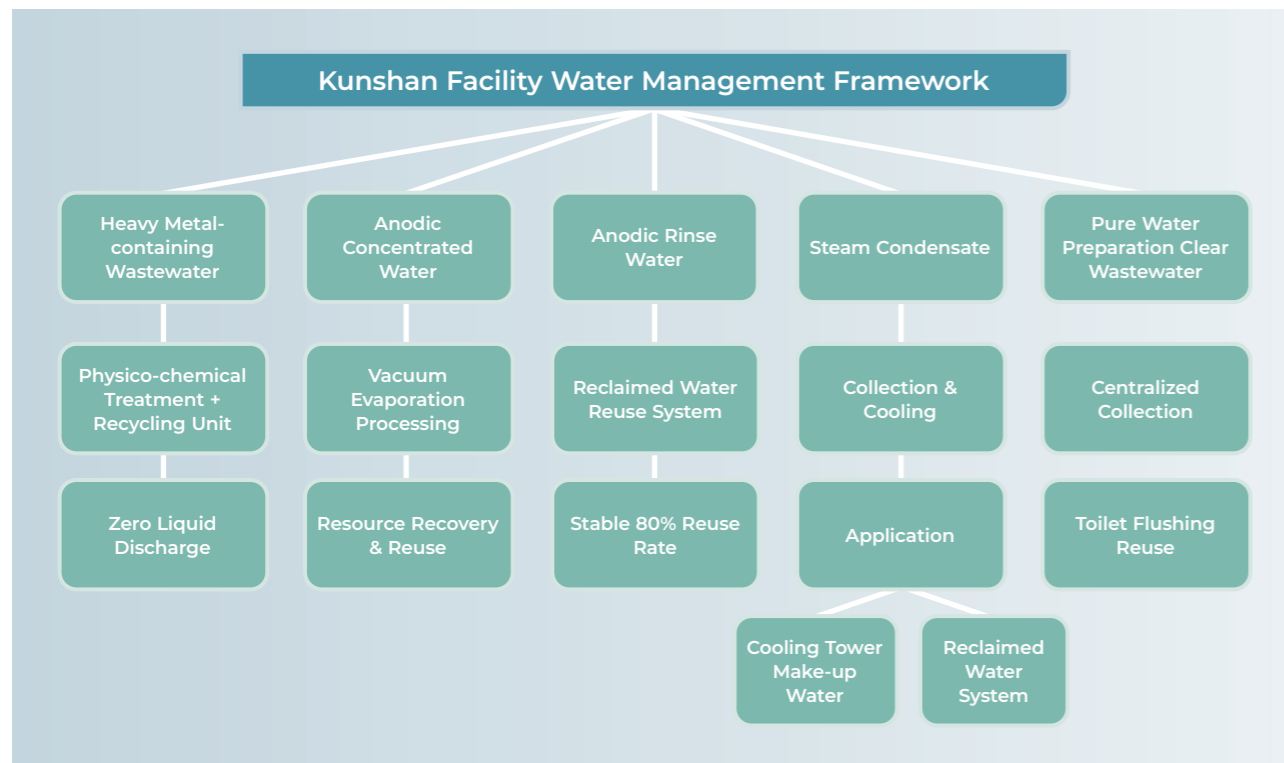


Case Study: Wastewater audit at the Nanning factory site

An independent third party was engaged by our Nanning factory site to conduct a wastewater audit, which included testing for concentrations of major pollutants and pH. All results were within compliance standards. The site remains committed to ongoing efforts to minimise the environmental impact of its wastewater treatment.

Case Study: Kunshan Facility's Water Management for Circularity

Kunshan site has implemented a targeted wastewater management framework to further treat heavy metal-containing wastewater, chemical-containing chemical wastewater, steam condensate for producing reclaimed water. Built on the core principle of “source separation, targeted treatment, and closed-loop reuse,” this system maximises resource efficiency, minimises environmental impact, and delivers dual benefits of strict regulatory compliance and substantial annual cost savings.



1 Heavy Metal Wastewater Zero Liquid Discharge (“ZLD”) Initiative

To mitigate environmental risks from raw material changes driven by product updates, the facility deployed a ZLD solution combining physico-chemical treatment and recycling functions. Recognised as a Yangtze River Delta Cleaner Production Model Case (one of 5 provincial selections) and Kunshan Ecological Environmental Typical Case, it delivers annual benefits of:

- reducing 250 tonnes of hazardous waste
- reducing 3,600 tonnes of wastewater discharge
- generating 3,600 tonnes of reclaimed water from reuse
- resulting RMB1.25 million in economic gains



2 Anodic Wastewater Source-Separated Sludge Reduction Initiative

For chemical-containing wastewater, source-separated concentrated streams are processed via low-temperature vacuum evaporation, with distillate recovered for reuse through multi-stage RO systems. Annual sludge output is dropped from 3,500 tonnes to 1,500 tonnes, saving RMB2 million annually in disposal costs. This system upgrade is targeted on over 85% reclaimed water reuse rate. The sludge can also be upcycled to supply as raw material for ceramic industry.



3 Comprehensive Wastewater Reuse

The system has undergone optimisation to meet customer requirement targeting a 75% or higher reuse rate. It currently achieves an average rate of 80%, with peaks reaching up to 85%.



4 Steam Condensate Recovery

The collected cooled condensate is reused as cooling tower make-up, with surplus fed to the reclaimed water system, further reducing tap water consumption by 30,000 tonnes annually.



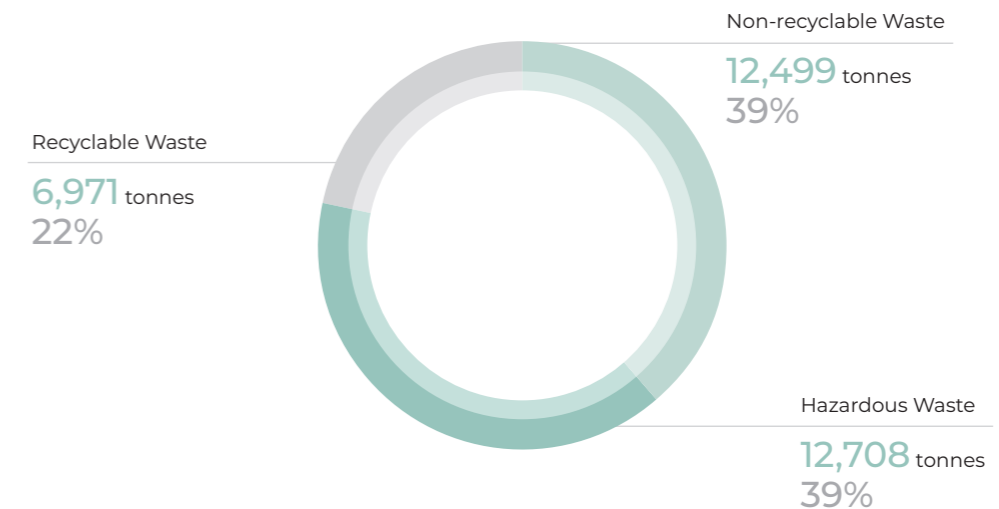
5 Generate Reclaimed Water for Reuse

The unsuitable for direct reclaimed water use is repurposed for toilet flushing, achieving 4,000 tonnes of water reuse generation annually to reducing potable water reliance.




Waste Management

Targets	Focus	Approach	2025 Progress
<ul style="list-style-type: none"> Ensure 100% of factories treat hazardous waste in compliance with regulations Achieve zero incidents of accidental pollution 	<ul style="list-style-type: none"> Waste management Compliance 	Conduct regular inspections at factories	<ul style="list-style-type: none"> 100% of factories treat hazardous waste in compliance with regulations Zero incidents of accidental pollution




AAC Technologies has implemented a rigorous waste management strategy, based on the 7R management model of Rethink, Reduce, Repair, Reuse, Refurbish, Recycle and Recover. Adhering to “Waste Management Procedures” for the handling and disposal of both hazardous and non-hazardous waste, we also continuously evaluate the effectiveness of our waste management strategies, ensuring responsible storage, repurposing, and disposal of waste. To ensure the implementation of our waste management practices, we have assigned dedicated personnel at each production plant. These teams are supported by employees who receive regular training on proper waste handling and segregation.

Our commitment extends to full compliance with international standards, including REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) regulations. By carefully managing the use of chemicals—ensuring all substances are registered, evaluated, and authorised—we uphold our responsibility to protect human health and the environment. This operational diligence is consistently validated.



100%
of factories treat hazardous waste according to regulations

All our factories underwent external waste audits and maintained full compliance with local waste discharge regulations



56%
of general waste produced is recyclable

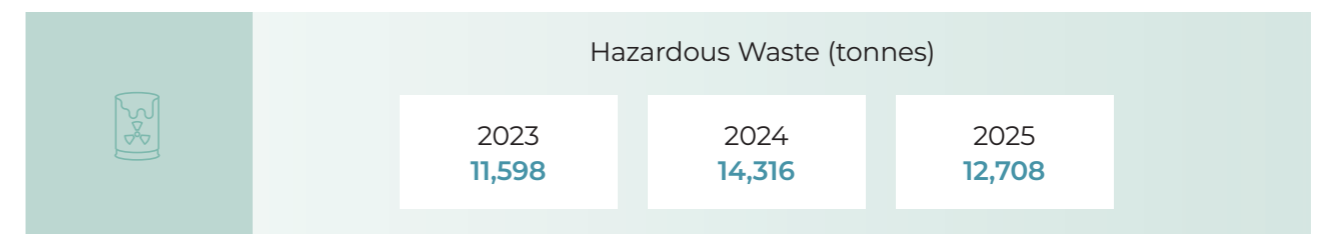
Our non-hazardous waste is classified into three main categories: non-recyclable, recyclable, and food waste. Their respective treatment methods and management practices are summarised below:

Waste Type	Waste Management Practices
Recyclable Waste	<ul style="list-style-type: none"> Maintaining detailed records of all waste handling activities Enhancing on-site waste segregation through a three-tier separation system Storing waste streams separately according to their type Conducting regular inspections to prevent cross-contamination with other waste or materials
Non-recyclable Waste	

Hazardous Waste Management

Responsible hazardous waste management is fundamental to our environmental, health, and safety commitments. The hazardous waste generated includes waste-cutting fluid, organic solvents, sludge, and plastics. We set out the Hazardous Waste Management Policy (“危險廢物管理控制程序”) to govern the generation, collection, storage, utilisation, and disposal of hazardous waste.

Waste Type	Waste Management Practices
Hazardous Waste	<ul style="list-style-type: none"> Validate compliance through daily operational checks and annual external audits Maintain optimised documentation for all treatment processes Minimise on-site storage duration for flammable or explosive waste Ensure hazardous waste is segregated, safely packaged, clearly labelled, and stored under controlled conditions with proper ventilation, temperature, and humidity controls Conduct regular inspections and training for all relevant personnel Conduct regular rainwater testing to monitor and prevent potential contamination
Sludge Waste	<ul style="list-style-type: none"> Equip with a sludge dryer at the Shuyang plant Introduce 7 sludge dryers and 3 Mechanical Vapor Recompression (“MVR”) concentrators at Kunshan plants Achievement: Reduce the sludge disposal by approximately 67%—equivalent to 2,000 tonnes annually



Furthermore, we are focused on source reduction, actively exploring technological solutions to reuse and recover substances and materials.

Approach	Description
Reusing Organic Solvent, Plastics Hose, Trays, and Packaging	<p>Most of our facilities reuse organic solvents and plastic components:</p> <ul style="list-style-type: none"> Organic Solvent Reuse: Recycling organic solvents can reduce our solvent consumption by approximately 50%. Plastic Component Reuse: Reusing plastic hoses, trays, and packaging materials within our operations to further cut waste.

Reusing Cutting Fluid at Shuyang Plant The Shuyang plant implemented a dedicated treatment and recycling system for waste cutting fluid. The system utilises high-temperature, high-pressure distillation to process waste fluid from machinery. This process separates the mixture: the water content is evaporated and condensed, then sent to the wastewater station, while the remaining oil is recovered as usable oil products.

Technology	Description
DPU+ Evaporator for Chemical Waste Recovery	During chemical polishing, the phosphoric-sulfuric acid solution becomes contaminated with aluminum ions over time, rendering it ineffective and requiring costly replacement. The Eco-Tec DPU system solves this by recovering acid. It first uses a specialised resin to remove aluminum ions. The purified acid is then concentrated through evaporation, restoring it to a usable density for reuse.
Reuse of Sulfuric Acid using APU 5.0 System	The APU recovery system treats spent acid using a specialised resin that absorbs and separates the acid from aluminum ions. The aluminum wastewater is diverted for treatment, while the resin is washed to recover the sulfuric acid, which is returned to the process. This effectively removes contamination while minimising acid loss and waste.

Electronic Waste

We recognise the responsible management of electronic waste (e-waste) as a critical priority. We continually enhance our handling and recycling procedures to ensure regulatory compliance and mitigate the environmental risks posed by hazardous materials in e-waste.

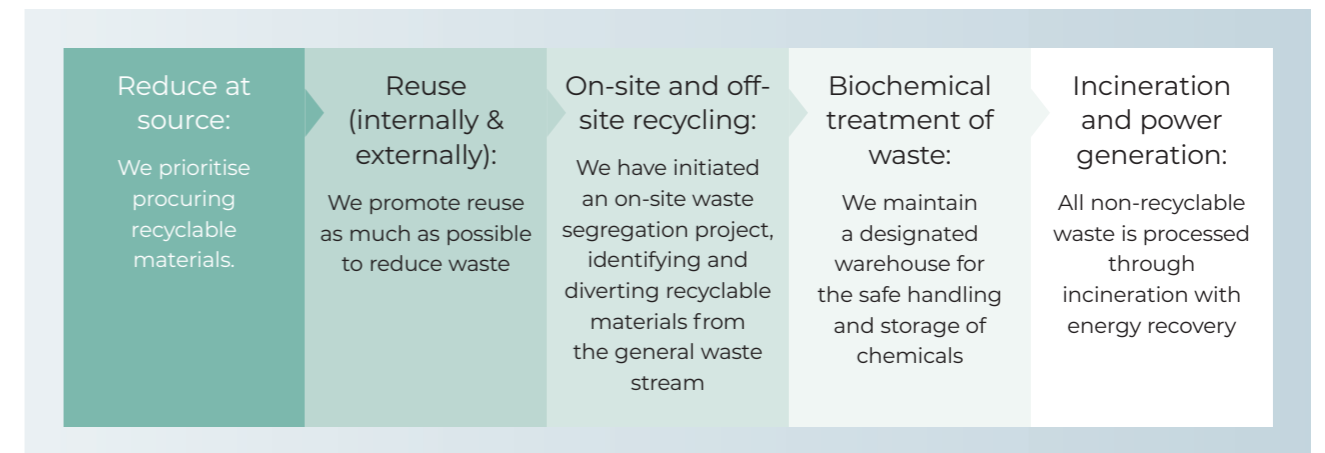


Building on lessons learned, we are extending these proven practices across our global manufacturing network. We have also initiated educational workshops and expanded our capacity building through E-waste programme this Year.

Achieving Zero Waste to Landfill

AAC Technologies has continued to execute the Zero Waste to Landfill initiative across several key factories in accordance with the UL 2799 standard and is actively expanding this programme to additional factories. The Zero Waste to Landfill initiative focuses on minimising waste at the source through reduction, reuse, and recycling and maximising energy recovery through incineration. We facilitate business units in recording monthly waste data to track performance and are in the process of collecting more data points for enhanced analysis. Furthermore, we provided targeted training to management and employees to deepen their understanding of the “Zero Waste to Landfill” concept and enhance their awareness of waste sorting and recycling.

4 factories got the UL cert in 2025,
5 factories have planned to obtain the certification





Case Study: Eliminating Single-Use Food Containers at Kunshan Site – A Zero-Waste Catering Initiative

In 2025, Kunshan site completed a full transition from using single-use disposable food containers for client catering to a reusable, in-house canteen meal service. This initiative eliminated around 480 kg of plastic waste (equivalent to 2,383 single-use meal sets) over the year, achieving zero waste from catering containers.

The General Affairs and CSR teams at Kunshan co-designed a waste-reduction solution:

- Catering Model Overhaul: Replaced externally sourced, single-use container meals with in-house canteen-prepared dishes served in reusable stainless steel multi-section food trays.



Measurable Outcomes (2025 Performance)

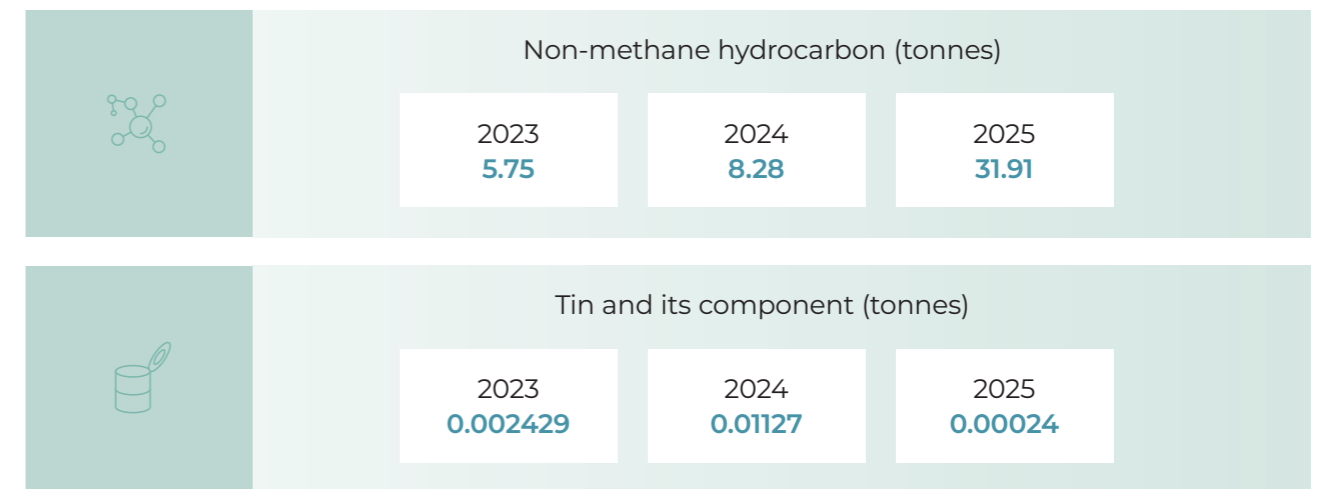
The initiative delivered data-supported sustainability and operational improvements:

Metric	2025 Result
Total in-house meals served	2,383 portions
Monthly meal volume growth	+156% (from 103 in Jan to 264 in Dec)
Plastic waste eliminated	~480 kg (calculated as 2,383 meals × 0.2 kg per single-use set)
Catering waste status	Zero single-use container waste achieved

Pollutant Management

Our pollutant sources primarily include organic exhaust gases from the bonding adhesive process, emissions from cooking activities in our canteens and laboratory processes, and minimal quantities of welding fumes due to our small-scale production. Moreover, our production process does not use coal.

We conduct regular emissions audits to ensure full compliance with regulatory standards. To mitigate air pollution, we employ dedicated treatment systems for organic exhausts and apply controls for cooking and laboratory emissions.



Biodiversity Conservation

We are committed to preserving biodiversity and ecosystems: we require all business units to identify and mitigate biodiversity-related impacts across their operations and value chains. In addition, all new construction sites must fulfil third-party environmental audits, a mandatory requirement stipulated by the government. The Biodiversity Commitment, in place, outlines conservation principles and practices. We strive to restrict operations in areas of high biodiversity sensitivity.

We continuously align our disclosure efforts by referencing global standards such as the Global Biodiversity Framework and TNFD, alongside local regulations.

Looking forward, we will spend efforts to deepen our partnerships, enhance transparency in reporting, and strengthen our contributions in preserving natural resources.

Community Care

To support and provide a positive impact in our communities, we actively engage with local communities where we operate through donations and impact programmes. Our community initiatives are also designed to support the UN SDGs. Over the past few years, we partnered with local governments in Changzhou, Nanning, and Vietnam to identify pressing social needs and support community projects. In 2025, the Group donated RMB2,859 thousand to assist the disadvantaged in education, medical services, and poverty alleviation.

Our CFO serves as a board member of HandsOn Hong Kong and actively participates connects AAC Technologies in participating and collaborating community and volunteer programmes. In the future, we aim to enhance our support on the advancement of women into leadership roles, both within our organisation and in the wider community.

Donated **HKD 2** million to Wang Fuk Court to support post-fire recovery and critical community needs

Donation in total for 2025: **RMB2,859** thousand

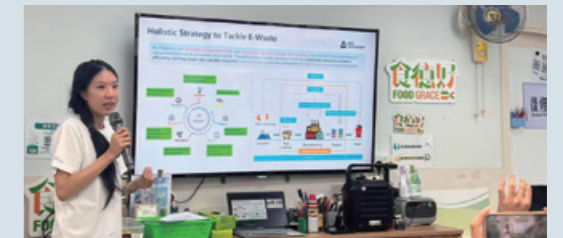
Case Study: Partnering with Close the Gap to donate desktops

PSS Belgium has initiated a new best practice to donate electronic devices to the international non-profit organisation Close the Gap, which works to bridge the global digital divide by refurbishing and redistributing pre-owned IT equipment to educational, medical and social projects in developing regions.



Case Study: Vessel REPAIR workshop to celebrate E-Waste Day

Marking the International E-Waste Day in October, our Hong Kong team participated in a workshop hosted by "Vessel REPAIR". During the session, our team inspected and repaired discarded electronics, which were then donated to communities in need.



Activity highlight:

- A total of 22 of our employees joined the session and inspected 54 small home appliances in total
- Donate 31 small home appliances to elderly and low-income families
- Achieved a cumulative extension in the lifespan of over 2,700 electronic devices



We also quantify the social return on investment ("SROI") for this scheme based on parameters of the estimated values of recycled, fixed and reused electric appliance, number of underprivileged family supported, donations and our invested financial cost.

SROI: 1.51 (Implications: every \$1 invest equal to \$1.51 social value created)

Building on this success, we may consider expanding the similar initiatives to other factory sites and key suppliers with a 3-year roadmap:

Year 1: 2025	<ul style="list-style-type: none"> • Focus on the Hong Kong Team
Year 2: 2026	<ul style="list-style-type: none"> • Expand to Shenzhen and Shanghai Team
Year 3: 2027	<ul style="list-style-type: none"> • Cover more factory sites, including Hong Kong, Shenzhen, Shanghai, Changzhou, Vietnam • Invite our key suppliers and clients to participate in community investment initiatives



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.

Investment in Sustainability		
	Unit	2025
ESG on-going Projects	RMB'000	4,775
Environmental Protection	RMB'000	59,977
Safety Production	RMB'000	47,577
Donation	RMB'000	2,859
Talent Development	RMB'000	1,828
Total	RMB'000	117,016

Social data

Workforce Demographics				
	Unit	2025	2024	2023
Total Employees	Number	41,674	37,273	29,922
AAC	Number	37,791	33,337	29,922
PSS	Number	3,883	3,936	–
Total Employees by Gender				
Male	Number	26,455	23,434	19,174
	%	63	63	64
Female	Number	15,219	13,839	10,748
	%	37	37	36

Workforce Demographics				
	Unit	2025	2024	2023
Total Employees by Employee Category				
Management	Number	2,917	2,820	2,180
R & D and Technician	Number	5,089	4,505	3,961
Mechanic and operator	Number	33,668	29,948	23,781
Total Employees by Age				
<30	Number	16,258	14,983	11,781
31-50	Number	24,536	21,496	17,774
>50	Number	880	794	367
Total Employees by Employment Type				
Full-time	Number	41,597	37,273	29,922
Part-time	Number	77	0	0
Total Employees by Geographical Distribution				
Changzhou	Number	17,317	15,155	13,437
Shenzhen	Number	1,280	1,438	1,262
Shuyang	Number	3,556	3,177	2,960
Suzhou	Number	175	166 ¹	262
Nanning	Number	5,843	5,474	5,144
Kunshan	Number	1,490	1,684	1,059
Yangzhou	Number	1,048	505	1,217
Maanshan	Number	664	505	386
Vietnam	Number	4,653	4,104	3,959
Overseas and other areas ²	Number	5,648	5,065	1,067

¹ The significant drop of number in 2024 was because we were gradually moving production lines from Suzhou.

² Figures in Overseas and other areas include the employee figures in other part of Mainland China.

Workforce Demographics				
	Unit	2025	2024	2023
By Educational Background				
Degree or above ³	Number	11,027	8,775	15,426
High school or below ⁴	Number	29,938	28,498	14,496
New Hires				
Total new hires	Number	55,157 ⁵	37,829	30,969
Employee Turnover Rate by Gender ⁶				
Male	%	11	9	8.9
Female	%	10	9	8.2
Employee Turnover Rate by Age Group				
<30	%	18	13	13.5
31-50	%	7	6	Remark ⁷
>50	%	2	2	3.0
Employee Turnover Rate by Geographical Distribution				
Changzhou	%	54.5	41	10.5
Shenzhen	%	0.4	4	1.7
Shuyang	%	2.8	9	3.1
Suzhou	%	0	1	3.7
Nanning	%	8.7	15	7.6
Kunshan	%	7.1	5	20.9
Yangzhou	%	2.8	1	17.9
Maanshan	%	1	1	7.3
Mainland (other areas)	%	1.2	1	-
Vietnam	%	21.3	11	4.9
Overseas and other areas ⁸	%	0.2	11	22.4

³ From 2024, the degree holders are only counted and recorded for the staff studied in the University. PSS data is incomplete.

⁴ PSS data is incomplete.

⁵ Apply to AAC only.

⁶ Employee turnover is only applicable to AAC Technologies. The calculation formula: Total resignations/ Average employee number during the Year*100%

⁷ 2023 employee turnover by age group: 31-40 = 6.2%; 41-50 = 4.3%.

⁸ Figures in Overseas and other areas include the employee figures in Singapore, Czech and PSS.

Training and Development				
	Unit	2025	2024	2023
Employee Trained by Gender				
Male	%	100	100	100
Female	%	100	100	100
Employee Trained by Employee Category				
Management	%	100	100	100
R & D and Technician	%	100	100	100
Mechanic and operator	%	100	100	100
Overall percentage of employee trained	%	100	100	100
Average training hours	Hours	27.8	14.5	13.3
Board Diversity				
	Unit	2025	2024	2023
By Gender				
Male	%	83	83	83
Female	%	17	17	17
By Age				
<30	%	0	0	0
31-50	%	0	0	0
>50	%	100	100	100

Health and Safety				
	Unit	2025	2024	2023
Major pollution/safety incidents	Number	3	0	0
Fire hazard	Number	0	0	1
Total Work-related Accidents ⁹	Number	103	109	85
Type A – Slight injury	Number	49	38	27
Type B – Minor injury	Number	54	71	57
Type C – Severe injury	Number	0	0	0
Type D – Fatalities	Number	0	0	1
Work-related injuries per 1,000 workers ¹⁰	Rate	2.73	3.27	3.09
Lost time injury frequency rate (“LTIFR”) ¹¹ (per million hours worked)	Rate (Per million hours worked)	0.79	1.05	1.00
Lost days due to work-related injury	Days	4,997	7,528	4,519
Occupational disease cases	Number	0	0	0
Training on Occupational Safety and Health				
Total person-times training	Number	233,833	98,601	73,423
Total training hours	Hours	1,023,349 ¹²	312,670	171,324
Percentage of workers trained	%	100	100	100

⁹ Apply to AAC only.

¹⁰ Apply to AAC only.

¹¹ LTIFR: (Number of work-related accidents in the year X 1,000,000) ÷ Total number of work hours in the year Total number of work hours is based on 10 hours a day, 26 work days and total number of employees in 12 months.

¹² The increase of OHS training hours is due to increased new hires to attend mandatory trainings during 2025.

Parental Leave				
	Unit	2025	2024	2023
Employees entitled to Parental Leave				
Male	Number	593	585	587
Female	Number	761	389	1,040
Employees that took Parental Leave				
Male	Number	578	582	570
Female	Number	624	338	967
Employees Return to Work Rate ¹³				
Male	Number	99.5	100	97.7
Female	Number	90.5	90.1	81.0
Employees Retention Rate ¹⁴				
Male	Number	99.5	52.1	77.0
Female	Number	90.5	47.6	39.9

Supply Chain Management				
	Unit	2025	2024	2023
Total number of suppliers	Number	3,557	3,545	2,305
Number of new suppliers	Number	775	1,240	590
Number of new suppliers screened using environmental criteria	Number	775	1,240	86
Number of new suppliers screened using social criteria	Number	775	1,240	86
By Geographic Region				
Mainland China and Hong Kong	Number	2,974	3,327	572
Overseas	Number	583	218	18

¹³ 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%.

¹⁴ Employee retention rate 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%.

Environmental¹⁵

Total Resources Consumption				
	Unit	2025	2024	2023
Indirect Consumption				
Electricity	kWh	1,350,441,366	1,215,093,182	1,071,537,597
Steam	GJ	391,594	345,608	–
Direct Consumption				
Petrol and diesel	kg	272,863	438,394	222,935
Natural gas	m ³	3,256,173	3,516,403	2,088,562
Total energy consumption	GJ	5,251,415	4,875,866	3,951,489
Total energy intensity	GJ per million RMB revenue	165	178	194
Self-generated solar energy	kWh	38,874,092	34,483,225	33,360,441
Purchased renewable energy	kWh	35,842,440	–	–
Water				
Water consumption ¹⁶	Tonnes	13,727,878	13,882,444	11,598,835
Water intensity	Tonnes per million RMB revenue	431	508	568

¹⁵ 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"

¹⁶ 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.

Total Resources Consumption				
	Unit	2025	2024	2023
Usage of Packaging Materials				
Carton	Pcs	2,439,891	2,053,786	2,197,900
Blister boxes	Pcs	78,703,314	69,424,990	44,828,554
Carrier tape	Meter	12,010,275	9,583,390	10,992,554
Carrier disc	Pcs	574,366	415,545	374,331
Packing belt	Rolls	100	98	74
Sealing paper	Rolls	410,807	386,454	286,454
Sealing paper	Square meter	315,900	219,756	77,033
Label	Pcs	335,950	311,582	474,950
Label	Rolls	20,392	14,615	23,997
Bubble wrap	Pcs	1,191,594	1,101,023	3,537,339
Bubble wrap	Meter	0	0	8,300

Emissions				
	Unit	2025	2024	2023
Air Pollutant				
Sulphur oxides ("SOx")	Tonnes	0.00563	0.00664	0.00446
Nitrogen oxides ("NOx")	Tonnes	1.55	1.65	1.41
Particulate matter ("PM")	Tonnes	0.13	0.13	3.58
Non-methane hydrocarbon	Tonnes	31.91	8.28	5.75
Tin and its compounds	Tonnes	0.00024	0.01127	0.00243
Waste				
Hazardous waste	Tonnes	12,708	14,316	11,598
Hazardous waste intensity	Tonnes per million RMB revenue	0.40	0.52	0.57
Non-hazardous waste	Tonnes	19,470	16,163	12,663
Recyclable Waste (tonnes)		6,971	5,001	4,525
Non-recyclable Waste (tonnes)		12,499	11,162	8,138
Non-hazardous waste intensity	Tonnes per million RMB revenue	0.61	0.59	0.62
Wastewater				
Wastewater discharge	Tonnes	9,532,384	10,209,987	8,149,208
GHG Emissions				
Scope I	tCO ₂ e	7,989	8,766	5,292
Scope II ¹⁶	tCO ₂ e	740,731 ¹⁷	723,820	635,720
Scope III	tCO ₂ e	14,370,440 ¹⁸	5,944,030	-
Total GHG emissions	tCO ₂ e	15,119,160	6,676,616	641,012
Emission intensity (scope I, II)	tCO ₂ e per ten thousand RMB revenue	0.24	0.27	0.31
Emissions intensity (scope I, II and III)	tCO ₂ e per ten thousand RMB revenue	4.75	2.44	-

¹⁶ Adopted location-based method for Scope 2
¹⁷ Expand to full Scope 3 calculation to all 15 categories since FY2025.

Scope 3

Scope 3 Category	Description	Methodology	2025 (tCO ₂ e)
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 applies third-party emission factors. We identify significant raw materials across key products and use weight data as the mass-related data for calculation. We are also committed to enhancing data accuracy and completeness in future reporting cycles.	351,168
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 applies third-party emission factors.	39,718
3. Fuel and energy related activities	Emissions of the extraction, production and transportation of fuels and energy purchased	Applied an average-data method that determines emissions from consumption amount on Fuel and Energy, and applying third-party Well-to-Tank (WTT) emission factors (Prior to combustion).	67,122
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 service and applies third-party emission factors.	13,488
5. Waste generated in operations	Emissions from third-party disposal and treatment of waste that is generated in the company's owned or controlled operations	Applied an average-data method that determines emissions from the waste quantity by waste type and applies third-party emission factors.	86,558
6. Business travel	Emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties	Applied a spend-based method that determines emissions from spending on each mode of Transportation and from the number of nights spent in a hotel, and applying third-party emission factors.	19,813
7. Employee commuting	Emissions from the transportation of employees between their homes and their worksites	Applied average secondary activity data to estimate distance travelled and mode of transport. Assumption: The average daily commuting distance and the modal share of transportation used by employees are estimated based on the city's general commuting patterns.	8,570
8. Upstream leased assets	Emissions from the operation of assets that are leased by the company	Applied an average-data method that determines emissions from key facilities that are leased from third parties.	3,079

Scope 3 Category	Description	Methodology	2025 (tCO _{2e})
9. Downstream transportation and distribution	Emissions from transportation and distribution of products sold by the reporting company between the company's operation and the end consumer	Our transportation and distribution emissions are derived by taking a key client's disclosed upstream transportation emissions, applying AAC Technologies' relevant business percentage, and extrapolating the result based on our total sold product mass.	323,094
10. Processing of sold products	Emissions from processing of intermediate products by third parties (e.g., manufacturers) after sale	Applied an activity-based approach to calculate emissions by allocating our products to their end-products based on weight percentage and sales quantity, using third-party emission factors.	2,647,553
11. Use of Sold Products	Emissions from end use of products sold	<p>Calculated the emissions generated during the 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.</p> <p>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.</p>	8,942,925
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.	1,861,183
13. Downstream leased assets	Emissions from the operation of assets that are owned by the reporting company, acting as lessor, and leased to other entities	Applied a spend-based method to calculate emissions for each asset that we lease out.	6,095
14. Franchises	Emissions from the operation of franchises not included in scope 1 or scope 2	Not applicable	-
15. Investments	Emissions associated with the reporting company's investments	Capital data associated with investee company and allocating emissions based upon share of investment.	74
Total			14,370,440

Awards and Recognitions 2025

Award/Recognition Received	Awarded to	Awarded by
Reporting		
Best Corporate Governance and ESG Awards	AAC Technologies Holdings Inc.	HKICPA (Accounting group)
Recognition for ESG Disclosures	AAC Technologies Holdings Inc.	HERA Award
GBA Outstanding ESG Disclosure List		
Excellence in Sustainable Development Information Disclosure	AAC Technologies Holdings Inc.	Cailian Press Zhiyuan
Operational Excellence		
Top 100 Global Innovators 2025	AAC Technologies Holdings Inc.	Clarivate
Product Innovation Award	AAC Technologies Holdings Inc.	Global Audio Summit
Advanced Smart Factories	AAC Optoelectronics Technology (Changzhou) Co., Ltd	Jiangsu Provincial Department of Industry and Information Technology
2025 Global Unicorn List	AAC Optics	Hurun
Fortune China 500	AAC Technologies Holdings Inc.	Fortune China
Best Business Partner	AAC Technologies Holdings Inc.	International Symposium on ElectroAcoustic Technologies
Quality Excellence Award	AAC Technologies Holdings Inc.	Lenovo
Golden Bull Award for Sci-Tech Innovation	AAC Technologies Holdings Inc.	China Securities Journal
Outstanding Quality Award	AAC Technologies Holdings Inc.	Xiaomi
Talent Development		
Best Women CFO – Electronics Manufacturing	AAC Technologies Holdings Inc.	Women's Tabloid

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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Production Safety Law of the PRC Law of the PRC on the Prevention and Control of Occupational Diseases
Product Responsibilities	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Criminal Law of the PRC Anti-Unfair Competition Law of the PRC Hong Kong Prevention of Bribery Ordinance

Verification Statement



ASSURANCE STATEMENT

SGS HONG KONG LIMITED'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE 2025 SUSTAINABILITY REPORT OF AAC TECHNOLOGIES HOLDINGS INC. (AAC TECHNOLOGIES)

NATURE OF THE ASSURANCE/VERIFICATION
 SGS Hong Kong Limited (hereinafter referred to as "SGS") was commissioned by AAC Technologies Holdings Inc. (hereinafter referred to as "AAC Technologies") to conduct an independent assurance of the "2025 Sustainability Report" (hereinafter referred to as "the Report"). The reporting period of the Report is 1 January 2025 to 31 December 2025.

INTENDED USERS OF THIS ASSURANCE STATEMENT
 This Assurance Statement is provided with the intention of informing all AAC Technologies' Stakeholders.

RESPONSIBILITIES
 The information in the Report and its presentation are the responsibility of the directors, governing body and the management of AAC Technologies. SGS has not been involved in the preparation of any of the material included in the Report. Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all AAC Technologies' stakeholders.

ASSURANCE STANDARDS AND LEVEL OF ASSURANCE
 SGS performs the engagement based on internationally recognised assurance guidance and standards. The Assurance engagement has been conducted according to the following Assurance Standards:

Assurance Standard	Level of Assurance
International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability Assurance Engagements	Limited

SCOPE OF ASSURANCE AND REPORTING CRITERIA
 The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information and evaluation of adherence to the following reporting criteria:

Reporting Criteria	
1	Environmental, Social and Governance (ESG) Reporting Code of Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
2	GRI Standards (hereinafter referred to as "GRI") (With reference to)

ASSURANCE METHODOLOGY
 The assurance comprised a combination of pre-assurance research, interviews with relevant employees, documentation and record review as well as data validation.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

LIMITATIONS AND MITIGATION

SGS assurance engagements are based on the assumption that the data and information provided by AAC Technologies have been provided in good faith, are true, and are free from material misstatements. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. The Greenhouse Gas (GHG) emissions are quantified based on the relevant estimated values provided by the relevant organizations. There is a certain level of inherent uncertainty because the estimated values come from estimation. SGS expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirms our independence from AAC Technologies, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

In conducting assurance engagements, SGS is governed by the 'SGS Code of Conduct' and the Ethics requirements as defined in "Sustainability Assurance Global Systems Procedure" (SAGSP), which has been established with the requirements of the International Ethics Standard for Sustainability Assurance (IESSA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. SGS assurance quality control is governed through SAGSP. This quality management system compliments the requirements of ISAEs and are designed to be as demanding as quality control requirements stipulated by ISO17029:2019, and the ISQM1. The assurance team was assembled based on the knowledge, experience and qualifications for this assignment, and comprised with qualified assessor(s). The assurance team comprised of: Lead Assuror – Zonta Yung, and Technical Reviewer – Patrick Leung.

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the verification work performed, nothing has come to our attention that causes us to believe that the specified performance information included in the scope of assurance is not fairly stated and has not been prepared, in all material respects, in accordance with the reporting criteria. We believe that AAC Technologies has chosen an appropriate level of assurance for this stage in their reporting.

For and on behalf of SGS Hong Kong Limited

Signed by:



Miranda Kwan
Director
Business Assurance
27 March 2026
WWW.SGS.COM

Assured by:



Zonta Yung
Lead Assuror
Business Assurance

GRI and HKEX ESG Content Index

We are committed to the 10 principles of the United Nations Global Compact, covering human rights, labour, environment and anti-corruption:

Human Rights	
Principle 1	Business should support and respect the protection of internationally proclaimed human rights.
Principle 2	Make sure that they are not complicit in human rights abuses.
Labour Standards	
Principle 3	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.
Principle 4	The elimination of all forms of forced and compulsory labour.
Principle 5	The effective abolition of child labour.
Principle 6	The elimination of discrimination in respect of employment and occupation.
Environment	
Principle 7	Business should support a precautionary approach to environmental challenges.
Principle 8	Undertake initiatives to promote greater environmental responsibility.
Principle 9	Encourage the development and diffusion of environmentally-friendly technologies.
Anti-corruption	
Principle 10	Business should work against corruption in all its forms, including extortion and bribery.

GRI Standards	UNGC	HKEX ESG Code	Description	Reference Chapters/Remarks
GRI 1: Foundation 2021				
The Group has reported with reference to the GRI Standards for the period from 1 January 2025 to 31 December 2025.				
GRI 2: General Disclosures 2021				
2-1	-	-	Organisational details (the legal name; the nature of ownership and legal form; the location of its headquarters; and the countries of operation)	About AAC
2-2	-	MDR 15	Entities included in the organisation's sustainability reporting	About this Report
2-3	-	-	Reporting period, frequency and contact point	About this Report

GRI Standards	UNGC	HKEX ESG Code	Description	Reference Chapters/Remarks
GRI 2: General Disclosures 2021				
2-4	-	-	Restatements of information	Appendices
2-5	-	9	External assurance	Assurance Report
2-6	-	-	Activities, value chain and other business relationships	There were no significant changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection, and termination
-	-	KPI B5.1	Number of suppliers by geographical region	Supply Chain Management
2-7	1-6	KPI B1.1	Employees	Caring for Our Talents Appendices
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	Annual Report – Corporate Governance Report
2-10	-	-	Nomination and selection of the highest governance body	Annual Report – Corporate Governance Report
2-11	-	-	Chair of the highest governance body	Annual Report – Corporate Governance Report
2-12	-	MD13	Role of the highest governance body in overseeing the management of impacts	Annual Report – Corporate Governance Report
2-13	-	MD13	Delegation of responsibility for managing impacts	Sustainability Governance
2-14	-	MD13	Role of the highest governance body in sustainability reporting	Sustainability Governance
2-15	-	-	Conflicts of interest	Annual Report – Corporate Governance Report
2-16	-	-	Communication of critical concerns	Stakeholder Engagement and Materiality Assessment
2-17	-	19 (a) (i)	Collective knowledge of the highest governance body	Annual Report – Corporate Governance Report Sustainability Governance Strengthening Climate Resilience

GRI Standards	UNGC	HKEX ESG Code	Description	Reference Chapters/Remarks
GRI 2: General Disclosures 2021				
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	-	MD 13 (ii)	Statement on sustainable development strategy	Message to Our Stakeholders
2-23	-	12 (i)	Policy commitments	Sustainability Governance
2-24	-	12 (i)	Embedding policy commitments	Sustainability Governance
2-25	-	-	Processes to remediate negative impacts	Risk Management
2-26	-	-	Mechanisms for seeking advice and raising concerns	Stakeholder Engagement and Materiality Assessment Risk Management
2-27	-	12 (ii)	Compliance with laws and regulations	Sustainability Governance 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
2-29	-	MD 14	Approach to stakeholder engagement	Stakeholder Engagement and Materiality Assessment
2-30	-	-	Collective bargaining agreements	Caring for Our Talents

GRI Standards	UNGC	HKEX ESG Code	Description	Reference Chapters/Remarks
GRI 3: Material Topics 2021				
3-1	-	MD 14	Process to determine material topics	Stakeholder Engagement and Materiality Assessment
3-2	-	MD 14	List of material topics	Stakeholder Engagement and Materiality Assessment
3-3	-	MD 14	Management of material topics	Stakeholder Engagement and Materiality Assessment Risk Management
GRI 201: Economic Performance 2016				
201-1	-	-	Direct economic value generated and distributed	Annual Report – Notes to the Consolidated Financial Statements
201-2	7-9	-	Financial implications and other risks and opportunities due to climate change	Strengthening Climate Resilience
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				
205-1	-	KPI B7.1	Operations assessed for risks related to corruption	Upholding Business Ethics During the year, there was no confirmed incident of corruption.
205-2	-	KPI B7.3	Communication and training about anti-corruption policies and procedures	
205-3	10	KPI B7.1	Confirmed incidents of corruption and actions taken	
-	-	KPI B7.2	Description of whistle-blowing procedures, how preventive measures and whistleblowing is implemented and monitored	

GRI Standards	UNGC	HKEX ESG Code	Description	Reference Chapters/Remarks
Environmental				
GRI 301: Materials 2016				
301-1	7, 8, 9	KPI A2.5	Materials used by weight or volume	Appendices
GRI 302: Energy 2016				
302-1	-	KPI A2.1	Energy consumption within the organisation	Managing Environmental Impacts
302-3	7-9	KPI A2.1	Energy intensity	
302-4		KPI A2.3	Reduction of energy consumption	Accelerating Product Revitalisation
302-5	-	-	Reductions in energy requirements of products and services	Appendices
GRI 303: Water and Effluents 2018				
303-1	-	KPI A2.4	Interactions with water as a shared resource	Managing Environmental Impacts
303-2	-	-	Management of water discharge-related impacts	
303-3	7-8	-	Water withdrawal	
303-4		-	Water discharge	
303-5	-	KPI A2.2	Water consumption	
-	-	KPI A2.4	Water sourcing and water efficiency	
GRI 305: Emissions 2016				
305-1	-	28 (a)	Direct (Scope 1) greenhouse gas emissions	Managing Environmental Impacts Appendices
305-2	-	28 (b)	Energy indirect (Scope 2) greenhouse gas emissions	
305-3	7-9	28 (c)	Other indirect (Scope 3) greenhouse gas emissions	
305-4		-	Greenhouse gas emissions intensity	
305-5	-	KPI A1.5	Reduction of greenhouse gas emissions	
305-7	-	KPI A1.1	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	

GRI Standards	UNGC	HKEX ESG Code	Description	Reference Chapters/Remarks
GRI 306: Waste 2020				
306-1		KPI A1.6	Waste generation and significant waste-related impacts	
306-2	7-9	KPI A3.1	Management of significant waste-related impacts	Managing Environmental Impacts
306-3			Waste generated	Appendices
306-4		KPI A1.3	Waste diverted from disposal	
306-5		KPI A1.4	Waste directed to disposal	
GRI 308: Supplier Environmental Assessment 2016				
308-1		KPI B5.2	New suppliers that were screened using environmental criteria	
308-2			Negative environmental impacts in the supply chain and actions taken	Supply Chain Management
-	7-9	KPI B5.3	Practices used to identify environmental risks along the supply chain	Appendices
-		KPI B5.4	Practices used to promote environmentally preferable products and services when selecting suppliers	
Social				
GRI 401: Employment 2016				
401-1		KPI B1.2	New employee hires and employee turnover	
401-2	1-6	Aspect B1 GD	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Caring for Our Talents Appendices
401-3		-	Parental leave	

GRI Standards	UNGC	HKEX ESG Code	Description	Reference Chapters/Remarks
GRI 403: Occupational Health and Safety 2018				
403-1			Occupational health and safety management system	
403-2			Hazard identification, risk assessment, and incident investigation	
403-3			Occupational health services	
403-4		KPI B2.3	Worker participation, consultation, and communication on occupational health and safety	
403-5			Workers training on occupational health and safety	Occupational Health and Safety
403-6			Promotion of worker health	Appendices
403-7			Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
403-8			Workers covered by an occupational health and safety management system	
403-9		KPI B2.1	Work-related fatalities and injuries	
		KPI B2.2		
403-10		-	Work-related ill health	
GRI 404: Training and Education 2016				
404-1		KPI B3.2	Average hours of training per year per employee	Caring for Our Talents
404-2		Aspect B3 GD	Programmes for upgrading employee skills and transition assistance programmes	Appendices
404-3		-	Percentage of employees receiving regular performance and career development reviews	Our employees receive regular performance reviews on advancing their career and personal development.

GRI Standards	UNGC	HKEX ESG Code	Description	Reference Chapters/Remarks
GRI 405: Diversity and Equal Opportunity 2016				
405-1		-	Diversity of governance bodies and employees	Sustainability Governance Caring for Our Talents Appendices
405-2	1, 2, 3, 6	-	Ratio of basic salary and remuneration of women to men	The policies related to 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 408: Child Labour 2016				
GRI 409: Forced or Compulsory Labour 2016				
408-1		Aspect B4 GD	Operations and suppliers at significant risk for incidents of (i) forced or compulsory labour and (ii) child labor	Supply Chain Management
409-1				Caring for Our Talents
-	4-5	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Caring for Our Talents
-		KPI B4.2	Description of steps taken to eliminate such practices when discovered	
GRI 413: Local Communities 2016				
413-1		-	Operations with local community engagement, impact assessments, and development programmes	
413-2		-	Operations with significant actual and potential negative impacts on local communities	Community Care Appendices
-		KPI B8.1	Focus areas of contribution	
-		KPI B8.2	Resources contributed to the focus area	
GRI 414: Supplier Social Assessment 2016				
414-1	1-6, 10	KPI B5.2	New suppliers that were screened using social criteria	Supply Chain Management
414-2			Negative social impacts in the supply chain and actions taken	

GRI Standards	UNGC	HKEX ESG Code	Description	Reference Chapters/Remarks
GRI 416: Customer Health and Safety 2016				
416-1			Assessment of the health and safety impacts of product and service categories	Pursuing Excellence in Operations
416-2			Incidents of non-compliance concerning the health and safety impacts of products and services	Upholding Business Ethics 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.
-	-	KPI B6.1	Percentage of total products sold or shipped subject to recalls for health and safety reasons	
-		KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Pursuing Excellence in Operations
-		KPI B6.4	Description of quality assurance process and recall procedures	
GRI 417: Marketing and Labelling 2016				
417-1		Aspect B6 GD	Requirements for product and service information and labelling	Pursuing Excellence in Operations
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.
-		KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Accelerating Product Revitalisation
GRI 418: Customer Privacy 2016				
418-1		-	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Upholding Business Ethics During the year, there were no complaints concerning breaches or losses of customer data.
-		KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	

Part D: Climate-related Disclosures of HKEx ESG Code

Pillar	Disclosure Areas	Reference Chapters/Remarks
Governance	-	Sustainability Governance Strengthening Climate Resilience
	Climate-related risks and opportunities	Risk Management Strengthening Climate Resilience
	Business model and value chain	Strengthening Climate Resilience
	Strategy and decision-making	Managing Environmental Impacts Strengthening Climate Resilience
Strategy	Financial position, financial performance and cash flows	Strengthening Climate Resilience
	Current financial effect	AAC Technologies had already selected the Vietnam factory as a pilot study to conduct financial impact assessment. Building upon the established governance structure's acknowledgment of the financial analysis, the proven methodology will be leveraged to scale its climate action efforts by launching studies at two additional key facilities. This exercise currently evaluates current financial implications, with the outcomes guiding decision-making on anticipated climate mitigation actions and associated financial impacts.
	Anticipated financial effect	
	Climate resilience	Managing Environmental Impacts

Pillar	Disclosure Areas	Reference Chapters/Remarks
Risk Management	-	Risk Management Strengthening Climate Resilience
	Greenhouse gas emissions	Managing Environmental Impacts Strengthening Climate Resilience Appendices
	Climate-related transition risks	AAC Technologies has enhanced its assessment of transition risks and opportunities by integrating country-level analysis (China, European region, Malaysia, Vietnam).
	Climate-related physical risks	AAC Technologies has conducted physical climate risk screenings to 30 factory sites across 8 geographical locations.
Metrics and Targets	Climate-related opportunities	To capitalise on climate-related opportunities, AAC Technologies has compiled data-driven inventories of factory sites utilising renewable energy and developed associated products that minimise emissions and resource consumption.
	Capital deployment	AAC Technologies has disclosed the total amount of capital deployed towards Environmental Protection Expenditure and Investment in Sustainability.
	Internal carbon prices	Internal carbon pricing has not been included into our strategic decision-making directions.
	Remuneration	AAC Technologies has not yet incorporated climate-related considerations into its Remuneration Policy. We may continue to study the feasibility of implementing such practices across all levels to drive continuous environmental improvements.
	Industry-based metrics	
	Climate-related targets	Managing Environmental Impacts
	Applicability of cross-industry metrics and industry-based metrics	Strengthening Climate Resilience