瑞聲科技控股有限公司
AAC TECHNOLOGIES HOLDINGS INC.
(Incorporated in the Cayman Islands with limited liability)
Stock Code: 02018

2015
Sustainability Report

Develop Towards Achieving Sustainable Excellence

AAC Technologies

Driving Sustainability through Our Core Values

Safety First

Regard safety to people and to the environment as the utmost factor in our manufacturing process, driving our sustainability progress

Scientific Management

Improve our management capability through relentless search for innovation and optimization

Stable Development

Develop through rising level of professionalism and dynamic risk management

About Our 2015 Sustainability Report

The Board acknowledges its responsibility for ensuring the integrity of the Sustainability Report and to the best of its knowledge this report addresses material issues and fairly presents the ESG performance of the organisation and its impacts. The Board confirms that it has reviewed and approved the report.

Scope of the Report

This is the third stand-alone sustainability report of AAC Technologies Holdings Inc. ("AAC Technologies", the "Group" or the "Company"). It reports on the sustainability performance and initiatives of our manufacturing facilities in Changzhou, Suzhou, Shuyang, and Shenzhen, unless otherwise stated. This report supplements our 2015 Annual Report, and discloses our progress on environmental and social issues from 1 January 2015 to 31 December 2015. For governance section, please refer to our 2015 Annual Report p.29-46. Due to gaps in legal requirements across regions where the Company operates, certain quantitative indicators are not yet applied to some of our subsidiaries. The Company will work to ensure that these indicators are included in one set of unified standard statistics in our future sustainability reports.

The Report uses the ESG Reporting Guide[1] issued by Hong Kong Exchanges and Clearing Limited as the main point of reference. Where relevant and applicable, references are made to the Global Reporting Initiative G4 Guideline[2] and the United Nations Global Compact[3].

How to obtain this Report

The report is published in English and Chinese. In case of any conflicts between the two versions, the English version shall prevail. The PDF version of this report is available on HKEX's website and our website. Please visit the section headed "Sustainability" on the Company's website: http://www.aactechnologies.com. To be environmental friendly, we do not publish hard copies.

Feedback

We have taken into consideration the interests and requirements of different stakeholders as much as possible in the compilation of this report and by no means the product is a fixed format to be adopted. The current reporting phase aims to be plain, clear, and easy to read. The Company shall in the future continue to improve on the content and delivery of information disclosed in the report.

We welcome your feedback on our reporting for 2015 and any suggestions you have in terms of what you would like to see incorporated in our future reports. To contact us, you may do so at:

Address: Unit 2003, 20/F., 100 Queen's Road Central, Hong Kong
E-mail: aac2018@aactechnologies.com
Fax: +852 3470 0103
Website: http://www.aactechnologies.com/investor-relations/ir-contact

[1] HKEX ESG Reporting Guide - ESG Reporting Guidelines set out by Hong Kong Stock Exchange in 2015.

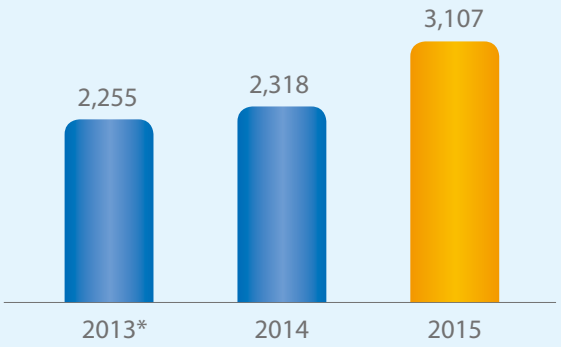
[2] Global Reporting Initiative G4 Guideline - The fourth version of the world's most widely recognized sustainability reporting framework.

[3] United Nations Global Compact - UN initiative to encourage businesses to adopt sustainable and socially responsible policies.

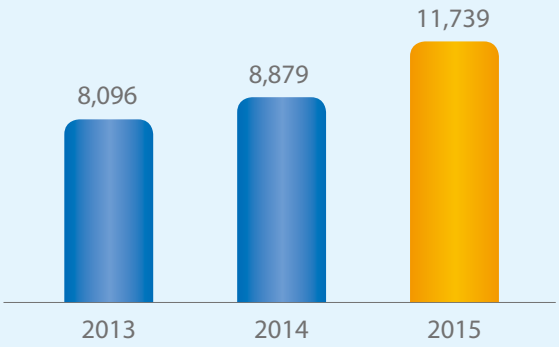
Performance Highlights

While there is some variability in our year-on-year performance, we believe we are making strides towards a more sustainable business.

Net Profit (million RMB)



Revenue (million RMB)

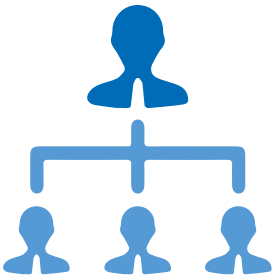


*adjusted for non-recurring items

Number of employees

35,687

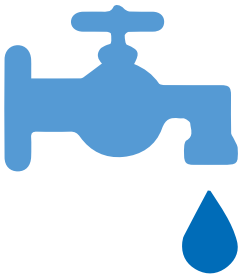
10.9%



Water usage

3.2 million tonnes

3%



Charitable donations

7 million

196%

Safety training

100,000 hours

7%

New patents

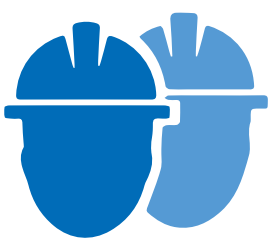
284

15%

Health and safety expenditure

RMB 48 million

28.7%



Vision

To become the world's leading comprehensive miniaturized technology component solutions provider

Mission

To invent the next generation of micro components

To define new standards for micro components performance

To become the most-preferred supplier and partner of customers

Contents

Letter from CEO

Dear Stakeholders,

Sustainability is fundamental to the manner in which AAC Technologies conducts its business. Since reporting our environmental, social and governance ("ESG") performance in 2013, we have gradually embedded ESG factors into our business strategy and management approach. We believe a business with improving sustainability performance is more likely to create value for our stakeholders in the long term.

2015 was a pivotal year for us. Living by our core values of "Safety First; Scientific Management; and Stable Development", we have grown into the world's leading micro component total solutions provider for communications and consumer markets, serving a large number of geographically diverse customers in the consumer electronics market. 2015 was also the year in which China formally implemented an updated Environmental Protection Law. This has become both a challenge and an opportunity to us.

As we continue to evolve and grow, the challenge is to take into account the society's rising expectations for us to be accountable. During the year, we further strengthened our ESG governance structure by establishing an environmental management technological division striving for cleaner production.

Engaging Employee

Employing over 35,000 people, we see employee engagement as a key contributor to our operating performance. And that is why we have continued to invest in improving the benefits of our staff, strengthening their sense of belonging in the Company. In 2015, we increased such interactions through channels such as WeChat, employee satisfaction surveys, training programs, in-house publications and regular staff gatherings, creating a working environment that respects the human rights and interests of all our employees.

Health and Safety

We are committed to minimizing the impact of health and safety related issues for our employees. In 2015, we continued to put tremendous efforts towards occupational health and safety training as well as safety awareness programmes, and are glad to have seen no fatalities, major pollution and safety incidents occur. Going forward, we will apply rigorous policies, systems and processes across all our facilities to monitor and manage health and safety performance.

Environmental Management

Our emphasis on improving our sustainability performance will sharpen the competitive advantage in the markets we serve.

We acknowledge the impact on the environment through the resources we use and the way we operate our production processes. Contributing to the development of low-carbon economy, we underwent a series of resource efficiency retrofits during the year, such as installing compressed air systems and wastewater treatment facilities. All of our major manufacturing plants in Shenzhen, Changzhou, Suzhou and Shuyang are required to maintain certification to the ISO 14001 environmental management system as a means of setting, maintaining and improving standards. In 2015, we have further strengthened our system and it strictly complies with environmental laws and regulations in China. There were no significant fines and no non-monetary sanctions for non-compliance with environmental laws and regulations during the year. Looking ahead, as the Company continues to grow, we will remain vigilant on managing our environmental performance and any future regulatory changes.

Innovation

Following a decade dedicated to research and development and customer engagement, AAC Technologies now offers diverse yet unique integration solutions on RF mechanical, haptics, acoustic and optics. During the year, we obtained 284 additional patents, bringing our intellectual property portfolio to a total of 1,726 patents. Our aim is not only to provide excellent products and services to our customers, but also strive for a high level of customer satisfaction. In 2015, we took quality assurance to another level. Striving for zero defects in product quality, we implemented a model of 'predict, prevent, protect' which ensures stable supply of quality raw materials, product reliability and an unrivalled product development platform based on client experience. By applying a zero defect management model, we realised an improvement in internal process capability, setting up a solid base for continual improvement in product stability and reliability.

Looking ahead, we continue to consider the environmental and social impacts of the products we deliver. Our emphasis on improving our sustainability performance will sharpen our competitive advantage in the markets we serve.

On a personal note, I would like to thank you all, including our employees, customers, partners, shareholders, government agencies and community for your efforts and commitment to cooperate with, support and promote AAC Technologies. I believe there are immense, interesting opportunities ahead for AAC Technologies, and I look forward to working alongside my colleagues to seize them.

Benjamin Zhengmin Pan
Chief Executive Officer

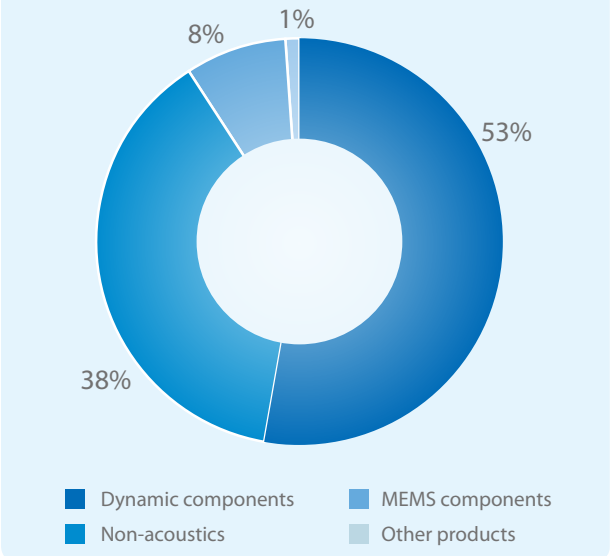
About AAC Technologies

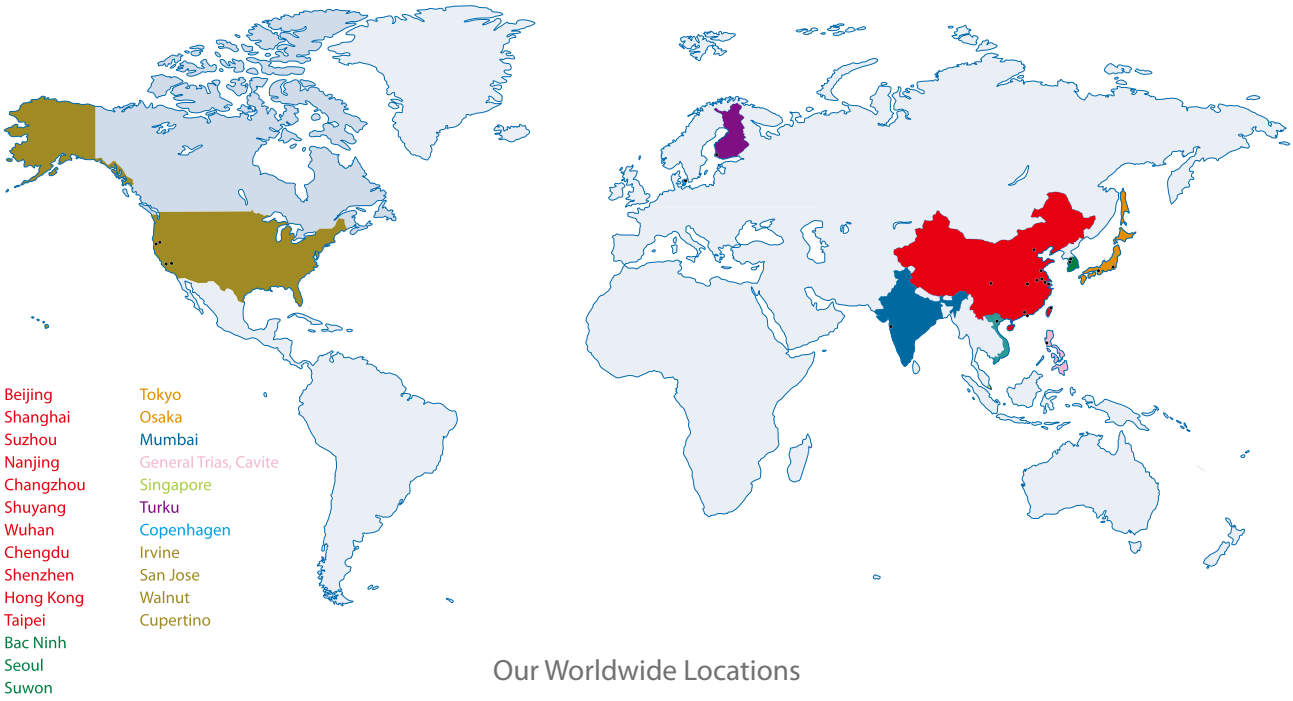
AAC Technologies is the world's leading micro component total solutions provider for communications and consumer markets.

We design, develop and manufacture a broad range of miniaturized acoustic and non-acoustic components. Our products are found in mobile devices, including smartphones, tablets, wearables, ultrabooks, notebooks and electronic book-readers.

AAC Technologies operates around the globe with research and development centers in China, Singapore, Japan and Denmark, testing laboratories in Singapore and Korea, manufacturing facilities in China, Vietnam and the Philippines, and sales offices throughout the world.

Revenue Distribution





Our Worldwide Locations

| Key Facts and Figures for FY15 |

In 2015, we achieved solid financial results. Total revenue grew by 32.2%, reaching RMB 11,738.9 million. Net profit amounted to RMB 3,106.9 million, representing an increase of 34.1%. The acoustic segment continued to deliver modest growth while new non-acoustic business segments achieved strong advances as the Company captured market shares.

Revenue
(million RMB)
11,739

Net Profit
(million RMB)
3,107

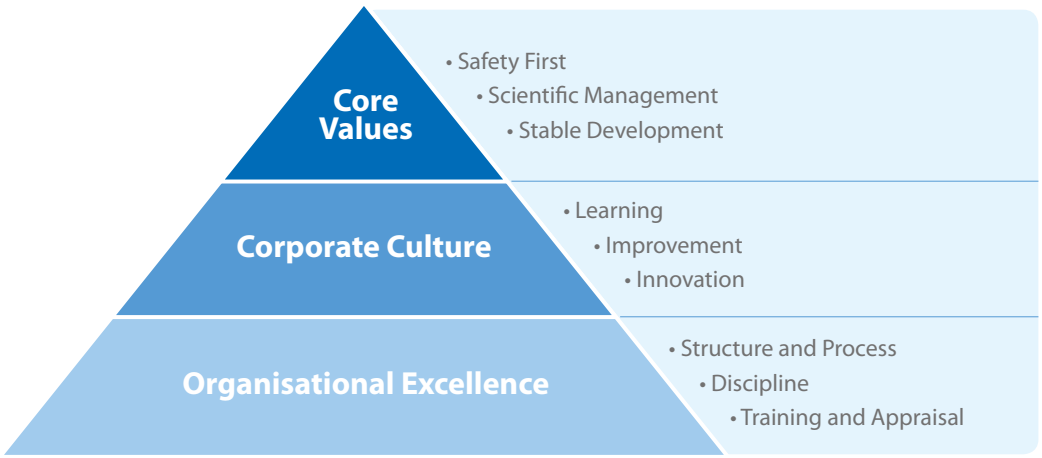
Net Assets
(million RMB)
11,354

R&D Engineers
800

Reinvested in R&D
7%
of sales

Return on Equity
30.4%

| Competitive Advantages |



Core Values

- Safety First – Regard safety to people and to the environment as the utmost factor in our manufacturing process, driving our sustainability progress
- Scientific Management – Improve our management capability through relentless search for innovation and optimization
- Stable Development – Develop through rising level of professionalism and dynamic risk management

Corporate Culture

- Learning – Encourage learning and self-improvement to appease curiosity and expand horizons
- Improvement – Continue to improve the company's business (technological) objectives, workflow and organisational structure at any given time
- Innovation – Pursue technological innovation and courageous exploration while retaining flexibility and rapid response capabilities

Organisational Excellence

- Structure and Process – Strictly adhere to the agreed structure and process and optimize continuously
- Discipline – Evaluate the working hours scientifically and optimize process and efficiency to decide job allocation
- Training and Appraisal – Recruit and retain professional team through effective appraisal system

| Awards and Accolades |

Sustainability

- HSI Corporate Sustainability Index

Corporate Transparency

- Best Investment Value Award for Listed Companies 2015

Socio-Economic Contribution

- The Top 10 Enterprises of Earning Foreign Exchange through Export of China Electronics Component Industry 2015
- Shenzhen Industry Award Nomination
- Top 100 Hong Kong Listed Company Award 2015

Environmental Responsibility

- Hong Kong - Guangdong Cleaner Production Excellent Partners (Manufacturing)

Product Excellence

- Company of the Year 2015–Electronics (Bronze Stevie Winner)
- Top 100 China Electronics Components Enterprises Award 2015
- The Top 2 Chinese Electronic Components Industry Export Award 2015
- The Most Innovative Listed Company Award
- Chinese Electronic Enterprise Association Of Outstanding Innovation Award

Managing Sustainability

AAC Technologies takes an interconnected approach to managing ESG issues with its financial and operational objectives.

| Sustainability Policy |

AAC Technologies upholds its Corporate Social Responsibility principles of "people-oriented, compliance, continuous improvement and benefits to society". We define Sustainability as a commitment to build a strong and successful business for the future, while minimizing negative environmental and social impacts, and sharing long-term values with its stakeholders. To integrate sustainability, social and community aspects into all our business decisions, we make sure that all decisions are made with knowledge of their social, environmental and economic implications in line with our core values, "Safety First, Scientific Management and Stable Development".

We are committed to the principles of stakeholder engagement, diligently identifying and responding to our stakeholders' concerns, so we can strike a balance between economic development, environmental and social responsibility. Our goals for sustainability development address our environment, our people and our community. We are committed to the following governing principles of sustainable development:

- To ensure the highest standards of governance, transparent, honesty and integrity in our operations;
- To ensure a respectful, harmonious and safe working environment for our people and inspire them to grow with the Group;

- To promote a green environment wherever we work and in our operational practices;
- To acknowledge the support we receive from the communities we serve by making meaningful contributions to them either through participating in, or sponsoring, worthwhile causes and initiatives;
- To influence our supply chain to share our belief with regard to Corporate Social Responsibility; and
- To continuously improve our sustainability performance through monitoring and reporting.

We communicate this Policy to our stakeholders, including but not limited to our employees, shareholders, suppliers, business partners and customers, and made available to the public, including the investing public.

| Governance Structure |

The Board is responsible for leading, reviewing and monitoring the Company's policies and practices with regard to ESG issues. The Group's sustainability affairs are under the direct management of the CEO and Managing Director with the assistance from the Human Resources Department. We set up Corporate Social Responsibility ("CSR") department, Environment, Health, and Safety ("EHS") department, Environment Management department and Integrated Services department to further strengthen our management on ESG initiatives. The Company has one director for each function of CSR, EHS, Environment Management and Integrated Services respectively. EHS is primarily responsible for health and safety issues and environmental issues that are closely connected with health and safety. Environment Management focuses on handling environmental issues including environmental impact assessment, waste management, etc. Integrated Services is in charge of community engagement and external affairs. In addition to the daily management in respective areas, the directors are responsible for identifying, assessing and mitigating current and potential ESG risks throughout the entire value chain.

| Stakeholder Engagement |

AAC Technologies has a wide network of stakeholders, including customers, employees, investors, communities, suppliers and non-governmental organisations. In the past, we have shared the Company's previous sustainability report with our stakeholders and have received supporting positive feedback.

We communicate with our stakeholders on an ongoing basis through channels and platforms such as annual reports, surveys, regular dialogue and meetings. For our first material assessment, we conducted a survey with staff from different divisions and job ranks to better understand the sustainability issues across our operations. By engaging with our stakeholders, including investors, we rank each issue according to its importance to stakeholders and our business strategy.

The table below lists our stakeholder groups, our methods to engage them, and the topics we address.

Stakeholder Group	Engagement Approach	Topics
Customers	Seminars, in-person meetings, customer satisfaction surveys	Product innovation, carbon emission
Communities	Volunteer opportunities, outreach	Education, social welfare, environmental protection
Employees	Employee satisfaction surveys, newsletters, training, social media platform, communication sessions	Health and safety, training and development, welfare and benefits
Government	In-person meetings, responses to government or regulatory polices	Regulatory requirements, environmental, safety
Shareholders/Investors	Investors' meeting, annual general meeting, sustainability reports	Business operation, corporate governance, risk management
Suppliers	Seminars, trainings, onsite visits, in-person meetings, audit	Raw material sourcing (including conflict minerals), carbon emission, process optimization, human rights, ethics

| Materiality Assessment |

We aim to understand our company's most relevant issues in order to monitor and fine-tune our sustainability strategy, our priorities and our key performance indicators. In 2015, we identified material aspects from the engagement exercise which are highlighted throughout this report.

Environment, Health & Safety	Employee & Community	Product Responsibility and Supply Chain
• Occupational Health & Safety • Energy • Effluent and Waste	• Labour Practice • Training and Development • Benefits • Community Investment	• Supply Chain Management

People

Zero
fatalities

AAC Technologies had no fatalities in 2015

100,000
hours

Employees committed over 100,000 hours of safety training

AAC Technologies considers its employees to be one of its greatest assets. As we continue to grow, it is critical to build a sustainable workforce and remain committed to attracting and retaining the best talent.

The Company adheres to labour practices as follows:

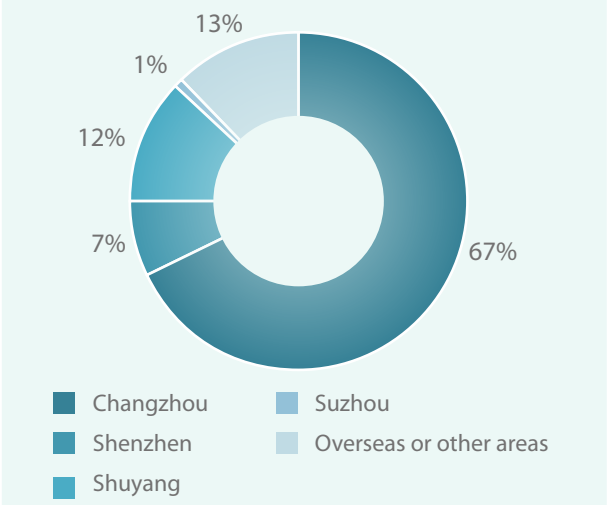
1. Secure the harmony and interests of our customers, shareholders, and employees;
2. Comply with relevant laws and regulations of the country where we do business, provide employees with reasonable remuneration and benefits, equal opportunities, health and safety assurance;
3. Commit to protect labour rights, eliminate forced labour of any form, effectively prevent child labour, support free choice of occupation, treat employees with fairness, humanity, and the freedom of association, follow business ethics and have channels for employees to voice complaints;
4. Make constant assessment, improvement and adjustment in labour arrangements in light of trends in economic performance; and
5. Respect all employees as equals in processes of recruitment, training, performance management, talent selection and allocation of remuneration irrespective of their race, religion, colour, gender, nationality, age, and disability.

Our human resources strategy and policies align with relevant frameworks and codes of practice, including the human rights requirements of the Electronic Industry Citizenship Coalition[1]("EICC") and the United Nations Global Compact. Our number of employees increased by 10.9 per cent during the year, mainly due to overseas expansion.

As of 31 December 2015, the Group had a total of 35,687 employees, of which 67% are based in Changzhou. Excluding employees from overseas, 86% are workers, with 7% and 7% are management executives and R&D, engineers and technicians respectively.

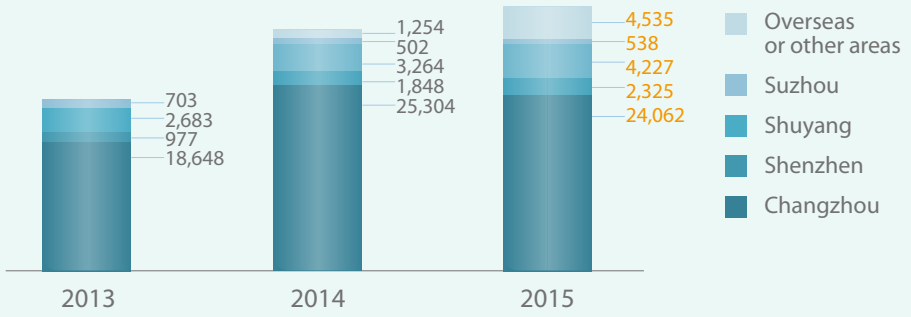
The proportion of male to female employees is 59%:41%. Over 80% of our workforce are aged below 30, with 16% and 3.7% in the 31-40 and 41-50 age groups respectively. Regarding educational profile, 35% of the employees have degree qualifications and above.

Geographical Distribution



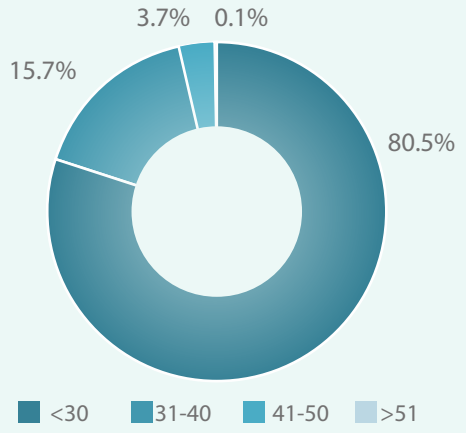
[1] EICC - A non-profit coalition of electronics companies committed to supporting the rights and wellbeing of workers and communities worldwide.

Employment Growth

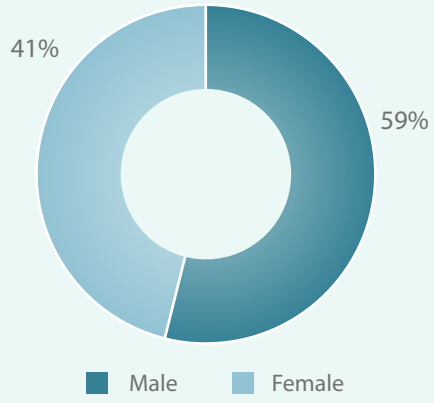


Recruiting the right staff is vital to support our business growth, whether we are seeking to identify graduates or experienced candidates. In 2015, we worked with key universities to train fresh graduates and selected the best performers from the talent pool. We also have a leadership programme in place to develop our middle and senior leadership for future succession to key company positions. During the year, the turnover rate for workers and management were 13% and 4% respectively.

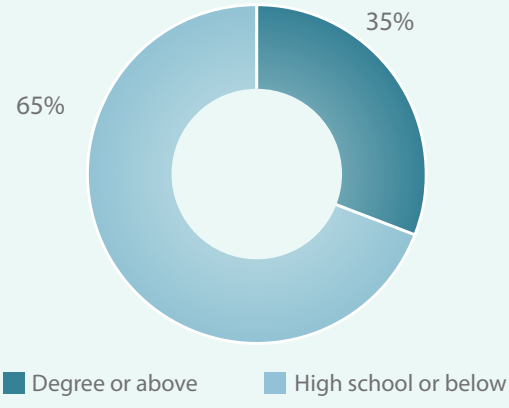
Age Profile*



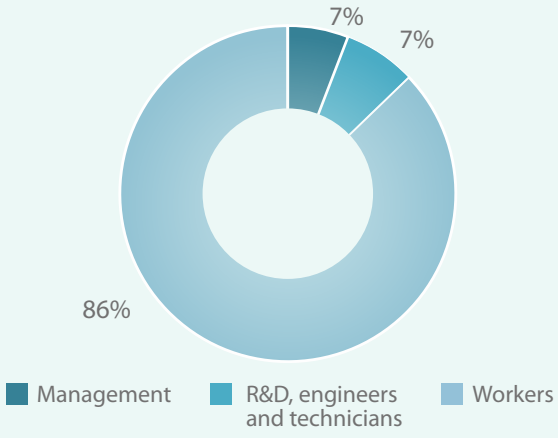
Gender Profile*



Educational Profile*



Professional Profile*



**The above figures exclude employee from overseas or other areas.*

| Employee Welfare and Benefits |

To foster a workplace where people are able to perform and develop their careers, we care about employees' welfare and satisfaction. In 2015, we continued to improve our employee welfare. The welfare management manual states explicitly the types of benefits available to different levels of employees and the respective application criteria. These benefits include but not limited to union activities sponsorship, traditional festive benefits, shuttle buses to get to and from work, housing subsidies for new employees, special transportation arrangements for Chinese New Year, annual health check and accident insurance.

Putting Safety First

Committed to our core value of putting safety as our priority, we have now adopted a mandatory practice to provide first-aid and medical supplies in our all workplaces. The Company has also been organising workshops and seminars, inviting healthcare specialists and counseling psychologists offering tips and advices on prevention of illness, work stress relief, marriage and parenthood relationship.

Employees' birthday party

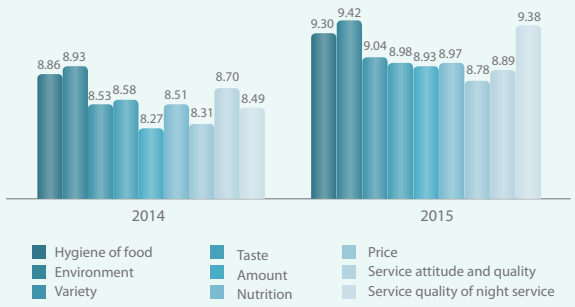
Employees participated in marathon

Outward bound training for employees

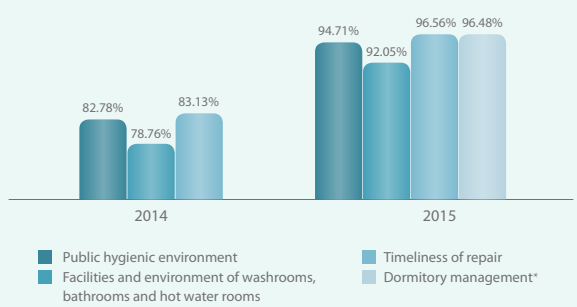
Taking into consideration the findings of employee satisfaction survey conducted previous year, we further upgraded the shuttle bus timetables, dormitory environments and employee canteens, making it easier for our employees and increasing their level of satisfaction level.

Aiming to strive for higher employee satisfaction, the company engages employees in various ways to understand their needs and to improve logistics and service based on the survey results.

Cafeteria Satisfaction Survey Results in Changzhou of 2015



Dormitory Satisfaction Survey in Changzhou of 2015



** We started gauging dormitory management in 2015*

AAC Technologies makes reasonable arrangements of working hours and vacations for its employees in compliance with the labour regulations set by local governments. Employee remuneration is determined based on individual performance, professional qualifications, work experience, and reference market trends. Our management regularly reviews the remuneration policies and appraises employee performance. Employee remuneration includes salaries, allowances, bonuses, social insurance, and provident fund contributions. According to relevant laws and regulations, the Group adopted the social insurance plans established by local government authorities. Our employees are also entitled to a annual free comprehensive health examination by professional entities.

| Engaging our Employees |

We are committed to making our people feel involved in the company through establishing a culture that encourages employee feedback. There are two-way communication platforms in place across AAC Technologies, including email, feedback drop-in box and an enterprise informational portal for grievance submission. In 2015, eight grievances were lodged, including cases regarding wage dispute.

Our newly launched WeChat platform is available to employees in certain locations. Given the high level of smartphone penetration they can share information across different employee groups. The platform was designed to promote networking between employees as well as providing daily tips for city living.

| Business Ethics |

AAC Technologies attaches great importance to the prevention of ethical risks, implement regular monitoring and regulatory measures, and conducts self-assessments on its ethical risk management on a quarterly basis to prevent embezzlement, extortion, money laundering, support terror funding, or other illegal acts. We strictly prohibit any person in the Company to offer or accept bribes or have other illegitimate income. In our Code of Conduct, there are clauses defining unacceptable behaviours on bribery, corruption and immoral practices. For further information, please visit our website. In 2015, there were no report of such practices.

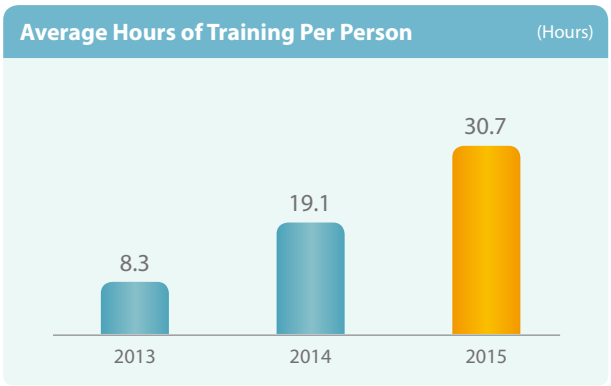
| Training and Development |

It is our people who, more than any other factor, make AAC Technologies special. We place a strong emphasis on developing our talent across our businesses. The Group has an established training system with four categories of training: introductory program for new employees, specialized training for workers in manufacturing plants, management training targeting managerial staff at various levels, and other employee training programs on a need basis. Also, we share practical knowledge, skills and experience with personnel at all levels through the AAC Training and Development Centre.

AAC Training and Development Centre

AAC Training and Development Centre is an internal training platform for staff improvement, implementing company development strategies and spreading its corporate culture. The platform introduces new recruits to basic manufacturing industry on-site operational management knowledge ranging from quality control to delivery, from research and development to product reclamation, and from labour laws to production safety rules.

In 2015, we further improved the career development platform and appraisal system for our employees. Tailored training programmes on leadership skills and technical expertise are created for our employees to suit their specialised needs and provide them better advancement opportunities. Training and knowledge sessions on self-improvement such as workplace etiquette, pressure management, and advanced management skills were organised aiming to raise our employees' level of service quality. Employees clocked an average of 30.7 training hours in 2015, up from 19.1 hours the year before. In 2016, we will continue to optimize our training and development programme.



Employees' training session

| Employee Rights |

AAC Technologies is committed to complying with relevant labour laws in the locations where the Company operates, safeguarding employees' rights, providing equal employment opportunities and reasonable remuneration and benefits. We encourage employees' participation in corporate

management and operations by contributing constructive opinions and promote labour management relations through freedom of association and collective bargaining rights. AAC Technologies respects and follows the Universal Declaration of Human Rights[1], United Nations International Covenant on Civil and Political Rights[2], United Nations International Covenant on Economic, Social and Cultural Rights[3] and other covenants and declarations.

None of our operations is considered to be at significant risk of child or forced labour, and there were no reports of under-age or forced labour among our employees in 2015. Nevertheless, a formal grievance mechanism has been established for any illegal employment. We also carry out regular assessments of our supply chain to ensure that these abuses do not take place.

We promote decent working conditions and fair wages, and oppose discrimination, harassment and violence. Non-discrimination and anti-harassment training have been incorporated into the training to new employees. In 2015, the Company did not record any cases of discrimination.

Providing an environment and a system where employees could feel free to report problems to management is necessary and critical. The Whistleblowing Policy, incorporated into the Code of Ethics, encourages employees to raise concerns in confidence about misconduct, malpractice of matters related to the Company. For more information, please refer to our website.

| Health and Safety |

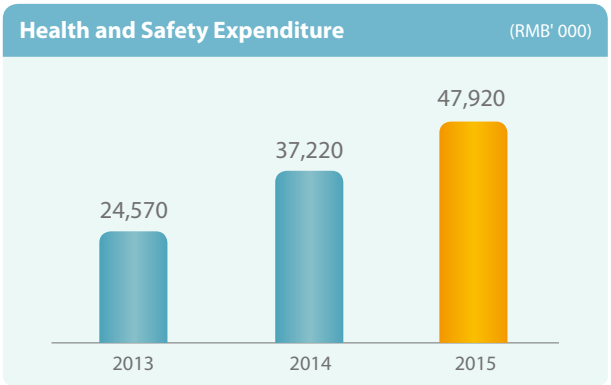
Continuing management commitment and rigorous application of safety systems and procedures, combined with ongoing training, have driven our progress in health and safety.

The Company is committed to ensure employees have safe working conditions, establish a robust security system, supervise and carry out due diligence at all levels, enhance all departments' safety management, and eliminate potential dangers as soon as they are discovered. AAC Technologies adheres to the safety management principles of comply with safety regulations, improve safety facilities, raise safety awareness, improve occupational environment, and reduce occupational risks. It unremittingly promotes safety awareness among employees, and maintains a healthy and safe working environment.

[1] Universal Declaration of Human Rights represents the first global expression of the rights to which all human beings are inherently entitled.
[2] United Nations International Covenant on Civil and Political Rights Commits its parties to respect the civil and political rights of individuals.
[3] United Nations International Covenant on Economic, Social and Cultural Rights Commits its parties to work toward the granting of economic, social, and cultural rights.

2015 was a crucial year for the work carried out by our Environment, Health and Safety ("EHS") department which oversaw health and safety functions and develops related standards. Our health and safety expenditure had increased by 29% to approximately RMB 48 million.

Since the beginning of the year, we have kick started regular monthly EHS audit of our plants in order to assess compliance and conformance to regulations and our own EHS policy and standards. We conduct these audits on a monthly basis in a collaborative approach, with the audit teams being drawn from Operations, Plant Affairs, Infrastructure and Administration, in addition to the EHS department. The approach focuses on preventing the most serious potential injuries. In 2015, we rectified 97% of the identified safety hazards. No fire, major pollution or safety incidents occurred during the year.



In addition to undertaking safety inspections twice a day, the EHS department carries out special inspections on electricity, chemicals, fire prevention, and before major public holidays. Following the blast incident in Tianjin, we have invited various government authorities to conduct safety inspections on our sites.

Chemical Management

In response to the blast incident in Tianjin, we have created a cross-departmental taskforce to undergo specific inspections on hazardous chemical and fire prevention systems. Safety hazards were identified and all of them were rectified in October and November 2015. The EHS department-led taskforce also standardised the management process of chemical operation, and appointed chemical engineers with EHS specialist qualifications, improving the Group's management capability in chemical operation. We have also implemented a supplier evaluation procedure, and established a list of qualified suppliers, minimizing the risks of chemical accidents.

| Raising Safety Awareness |

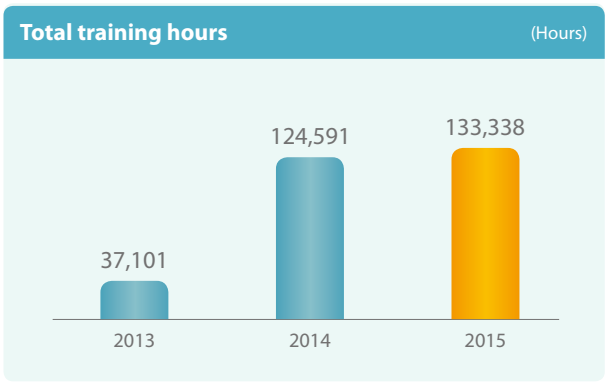
Ensuring safety at our production facilities starts from building a safety culture on the worksite. More than 100,000 person-hours were spent attending occupational health and safety training sessions to gain basic safety knowledge, the Group's safety management system and a thorough understanding of the production site.

First aid training

Fire extinguisher demonstration

We require staff working in specialised roles to attain corresponding qualifications. In 2015, more than 1,200 certifications were received for completing training on chemical operation, safety management, radiation operation, first aid and other relevant areas.

In 2015, our Shenzhen plant completed 20 training sessions involving nearly 600 people and over 1,100 training hours, conducted fire drills and increased awareness through "Safety Month" campaign.



We have broadened our communication channels to boost safety awareness within the organization. In addition to promotions through public notice boards and safety brochures, we started publishing the monthly AAC Technologies Safety Journal in 2015, featuring some of the industry best practices and explaining the latest regulatory developments on occupational health and safety. During the year, there were no significant safety incidents or cases of fire.

OHSAS 18001:2007 Certificate

Work Safety Standardization Certificate

We started implementing a safety officer program in 2015 by assigning a specific staff in the production plant the role of liaison with EHS, which helps strengthen communications between the departments and facilitate regular safety checks.

The production facilities in Changzhou and Suzhou have obtained Occupational Health and Safety certification (OHSAS 18001)[1] and ISO 14001[2]. The facility in Shenzhen also obtained ISO 14001. We have completed over 1,800 health checks, and together with over 100,000 health and safety awareness training hours, total training surpassed 133,000 hours.

The Group has made great efforts to protect employees' health and safety in different aspects but accidents are inevitable. In 2015, AAC Technologies recorded 137 cases of accidents, edged up slightly from last year's 132 cases. Work-related injuries per 1,000 workers up slightly from 4.3 to 4.4 in 2015. No cases of fatality or occupational illness were reported. Occupational health examinations are provided to employees in positions exposed to occupational hazards before and after starting their work to ensure early prevention and treatment of occupational diseases. In 2016, we will be switching our priority from incident emergency to incident prevention, reaching towards zero accidents in the long run. Based on the types of recent incidents, we will strengthen the safety education for new employees and in areas related to machinery operation, electrical safety and vehicle operation, and establish a self-inspection mechanism and safety performance appraisal system.

Infectious disease prevention and control

Infectious diseases such as tuberculosis can pose a significant threat to our employees. AAC Technologies has a series of procedures to follow in the event of an infectious disease outbreak. We work closely with Chinese Centre for Disease Control[3] and act quickly to stop the spread of any infectious disease. Immediate actions would be taken, such as screening for our employees. Cleaning and disinfection will be strengthened. Other precautionary measures have regularly been taken such as improve fresh air circulation, clean ventilation pipe of central air conditioning, boost our employees' nutrition. Last but not least, we realise that early detection and treatment is essential to preventing the dissemination of the infection, thus we are committed to raise the awareness of infectious disease by distributing educational leaflets and organising seminar with Q&A session for our employees.

[1] OHSAS 18001 - International Occupational health and Safety Management System.
[2] ISO 14001 sets out the criteria for an environmental management system.
[3] Chinese Center for Disease Control is committed to disease control and prevention.

Environment

0.17

The emission intensity of 0.17 tonnes of CO_2 equivalent per RMB 10,000 output value was recorded

3%

Water usage down 3% thanks to improving consumption efficiency

AAC Technologies understands the importance of environmental protection and is well aware of the impact our operations have on the environment. We apply technological innovation to consistently reduce effluent and waste at the source and also continue to strengthen our governance at the production stage, implementing effective pollution mitigation measures and striving towards cleaner production.

The Company is committed:

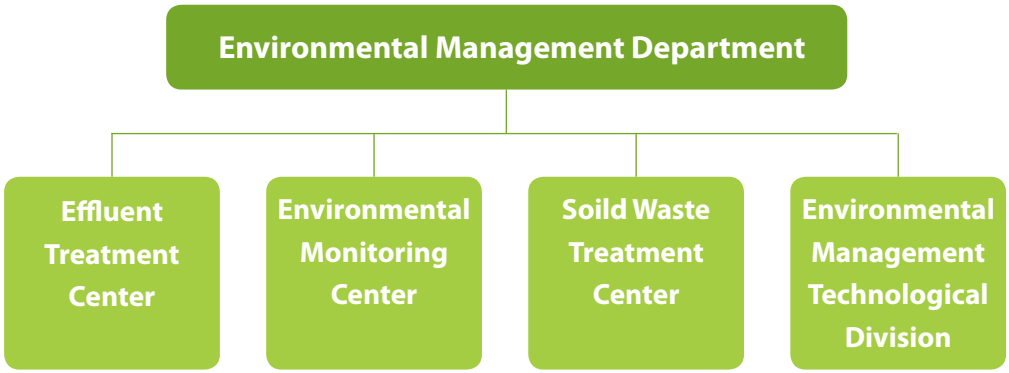
1) Strictly comply with environmental laws, regulations and other applicable requirements (including the requirements for controlled substances), strive to keep the total emissions cap, and pollutants control standard, follow the national principle of three-simultaneities in the establishment, revision, and expansion of construction projects;
2) Continue to improve environmental management systems and practices;
3) Prevent pollution and make every possible effort to prevent environmental and safety accidents;
4) Conserve energy, lower consumption, strengthen waste management, and achieve full utilization of resources;
5) Raise environmental awareness and skills among all employees to make the EMS system sustainable and effective; and
6) Share environmental management experience and proactively engage with government and stakeholders.

| Environmental Management Approach |

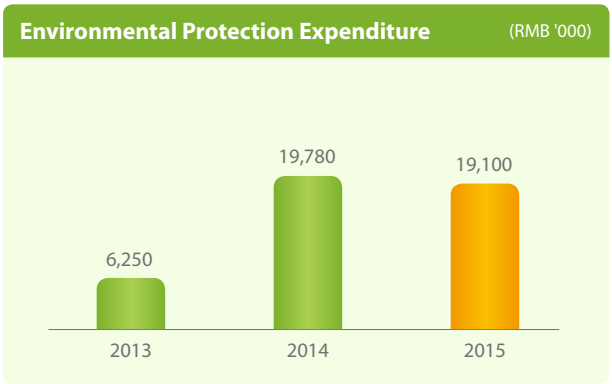
Our environmental management department is responsible for ensuring the environmental management system ("EMS") operates smoothly and effectively and complies with ISO 14001:2004, SA8000, and ISO14064-1: 2006[1] . In 2015, we set up an Environmental Management Technological Division to take charge of coordinating environmental affairs across our group. The division is responsible for identifying risk and improving both our environmental and economic performance through measurement, supervision and developing clean production.

ISO14001:2004 Certificate

[1] ISO14064-1: 2006 - specifies principles and requirements at the organization level for quantification and reporting of greenhouse gas (GHG) emissions.



Our environmental protection expenditure amounted to around RMB 19.1 million in 2015, edging down slightly from previous year's RMB 19.8 million due to a fall in facilities investment. Current environmental protection expenditures include investments in facilities and maintenance, personnel, operations, waste disposals, and landscaping.



During the year, we were committed to implementing the "three simultaneities"[1] system, that is, designing, constructing and operating the environmental protection facilities and main project at the same time, incorporating feedback from the environmental regulator. We rigorously followed all the rules and regulations on effluent, air emissions and noise pollution. Installing respective pollution control initiatives, we did not record any material non-compliance on environmental protection in 2015.

| Cleaner Production |

We have strengthened our environmental management at the source, identifying the environmental impact of all stages of operations. In our manufacturing operations, we seek to reduce energy use, emissions, water use and waste, as these are our most significant environmental impact. We had discontinued the use of coal-fired boilers which significantly reduced the consumption of coal.

To keep abreast of the latest developments in rules and regulations, we have set aside a special taskforce to monitor the introduction of any new regulations, participate in relevant compliance training, and most importantly, fine-tune our internal EMS.

[1] Three simultaneities refers to the simultaneous design, construct, and operate the affiliated safety, occupational health, environmental protection and fire safety facilities with the main building, which is mandatory for any construction.

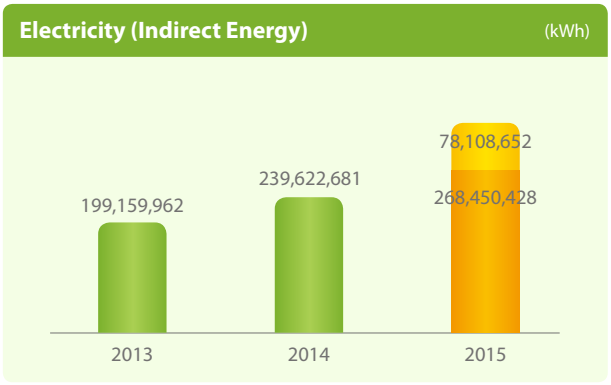
| Energy |

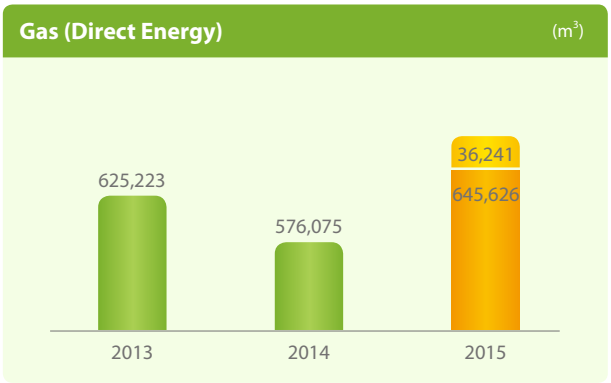
In 2015, total indirect energy consumption arising from electricity consumption was approximately 347 million kWh, up 45% from last year. The increase was due to business expansion and a change in boundary where two plants in Changzhou and Shuyang were added (a total of 78 million kWh consumed).

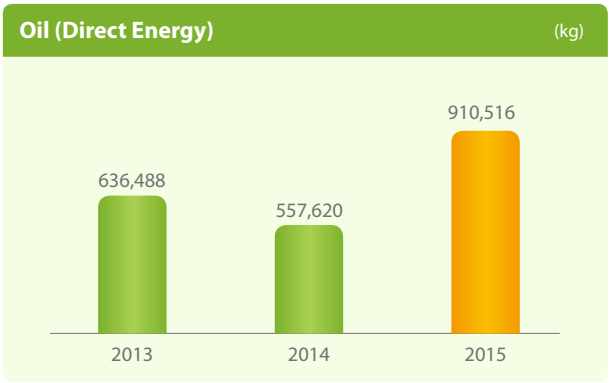
In 2015, we implemented a compressed air system retrofit project in the Suzhou production plant, successfully reducing the electricity consumption. In Changzhou, we go one step further by closely managing the compressed air system to save energy; shutting down the system during change of shifts and downtime, conducting regular checks to minimize leaks and also by adding more frequency conversion compressed air systems, saving 345,600 kWh in three months since the implementation of the program.

Other energy saving initiatives: In Changzhou, we have reduced electricity consumption by retrofitting the lighting system, installing LED lights and raising awareness among employees about electricity saving. In Shuyang, we continued to monitor the usage of air-conditioning aiming to lower electricity consumption.

In 2016, we are planning new eco-efficiency initiatives. First, we aim to reduce energy consumption through installing LED lighting systems and installing compressor heat recovery water heaters. Second, we target to implement a water reuse/recycling program, aiming to improve water efficiency by recycling for sanitary toilet flushing, adopting frequency conversion retrofits of water systems and automatic flushing.

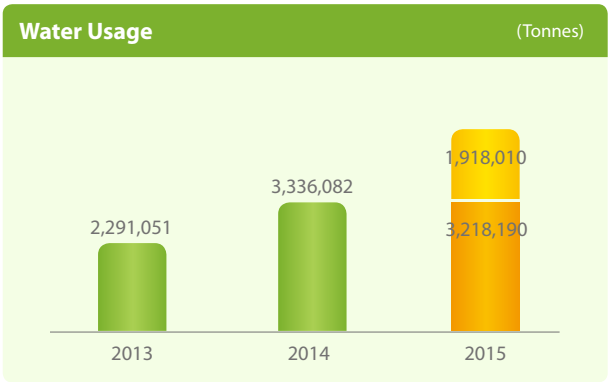






| Water |

AAC Technologies places strong emphasis on improving water consumption efficiency. In addition to establishing a water recycling facility, we have added water efficiency as one of the performance appraisal indicators, effectively lowering the water consumption level. In 2015, the total water usage was approximately 5.1 million tonnes. Excluding the increment from the two plants in Changzhou and Shuyang added to the boundary, the water usage was down 3%.



In 2015, we continued to improve water efficiency at the production plant by reducing water usage from sanitary flushing systems and shutting down the water supply between change of work shifts and downtime. Overall, we have stepped up supervision on water management, monitoring and analysing water consumption and improved efficiency. The operations department has set up committees to manage water efficiency, for instance, by setting KPI targets for employees and providing related training. We have also implemented water balance tests to identify areas for improvement.

AAC Environmental Newsletter

AAC Environmental Newsletter

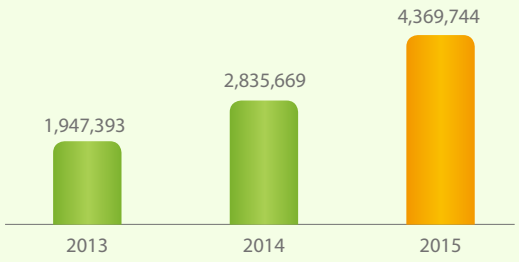
As a key part of the entire precautionary management system, we have stepped up our efforts in raising environmental awareness amongst our employees. By launching an internal magazine and monthly newspaper this year, we have demonstrated to our employees our commitment to keep improving on environmental performance. We have also issued an internal memo to kick-start recycling at the workplace, challenging our employees to change their behaviour. Recycling bins and employee feedback collection boxes have been installed at the pantries of every floor.

| Effluent and Waste |

AAC Technologies monitors water flowing into its production sites from the source and out via discharge stream. The majority of wastewater comes from the cleaning process. In 2015, we acquired a new wastewater treatment facility with a capacity of 5 tonnes per hour and there were no known cases of material non-compliance on water discharge.

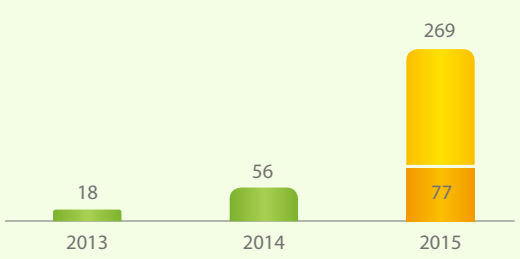
We have constructed a wastewater treatment facility, ensuring compliance with the sewage standard. The Company takes samples on a regular basis and obtains annual testing report from a qualified third party to make sure our wastewater is in compliance with the national standard. In Shuyang, we installed a wastewater recycling system, enabling wastewater to be reused, saving appropriately 260,000 tonnes of water per year.

Domestic sewage (Tonnes)

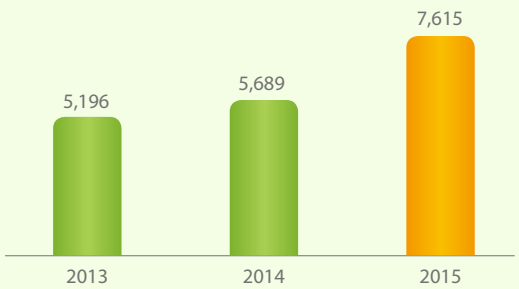


AAC Technologies follows a strict hazardous waste management policy, aiming to prevent, reduce and recycle before safe disposal. We have implemented source contamination prevention by establishing a source list to ensure hazardous waste can be traced and monitored, formulating an evaluation form to take stock of the change of waste volume. The operations department is responsible for analysing the usage of raw materials and ensuring efficient consumption. Opportunities for recycling hazardous waste are always considered. The increase was due to the change in boundary where additional plants were added and a rise in business activity.

Hazardous waste (Tonnes)



Non-hazardous waste (Tonnes)



A strict protocol from source generation, collection and packaging, transportation, through to storage and management is adhered to. AAC Technologies classifies waste by type and stores it accordingly. All hazardous waste disposal is handled by accredited contractors to ensure they are properly treated.

In 2015, our Changzhou plant improved the storing containment and enhanced their hazardous waste storage facilities by constructing a new warehouse meeting all regulatory requirements.

Hazardous waste warehouse

Hazardous waste

Over 1,000 employees have undergone hazardous waste training, including those responsible for transporting hazardous waste. Emergency drills are carried out on a regular basis each year to enhance preparedness in case of emergency.

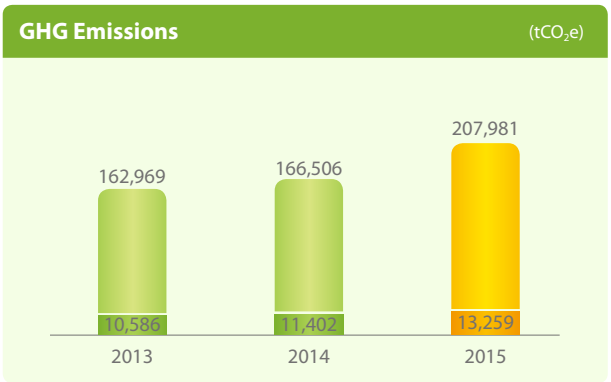
AAC Technologies set up its own Green Partner[1] laboratory to monitor and control hazardous substances, raising our environmental monitoring capability. In 2015, our Green Partner taskforce scrutinized the level of hazardous substances in all processes, including procurement, design, production and delivery, ensuring the levels are within regulatory requirements.

| Greenhouse Gas Emissions |

AAC Technologies has reported its GHG emissions for sites under our operational control since 2011. The reporting structure includes Scope 1 CO_2 emissions from production processes and Scope 2 CO_2 emissions from purchased energy sources such as electricity. We are committed to addressing climate change through reduction of its energy consumption as well as its other carbon emissions in its business operations. It is aware that improving energy efficiency represents the largest and most cost-effective way to mitigate those emissions. With the increase in AAC Technologies' operations, its total carbon emissions increased to 221,240 tonnes of CO_2 equivalent. Direct emissions, mainly from consumption of gas and oil, are 13,259 tonnes of CO_2 equivalent and accounts for about 6% of the total carbon emissions. Indirect emissions, mainly from electricity consumption, represent about 94%.

| Air emissions |

Our air emissions complied with all relevant standards in the past year. In 2015, we installed a solvent exhaust treatment system with active carbon absorbers, processing the volatile organic compounds produced during the production process before being released into the atmosphere.



[1] Green Partner - scrutinizes the level of hazardous substances in all processes.

Customers

284
new patents

Our intellectual property portfolio has a total of 1,726 patents

Zero
defects

Implement a model of "predict, prevent, protect" to strive for zero defect

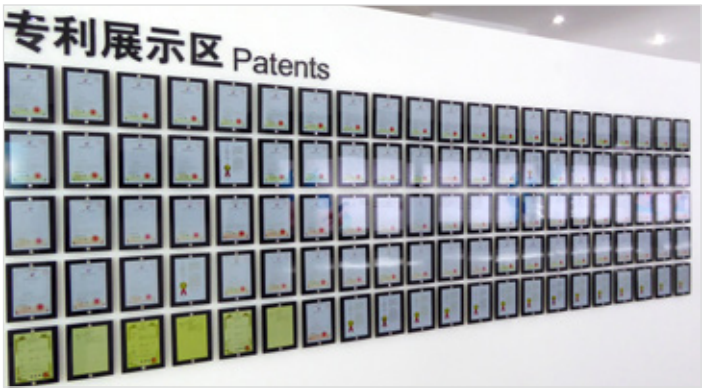
AAC Technologies has put in place a sound quality management system. All our products are subject to thorough and comprehensive testing to meet customers' requirements and international standards.

| Innovation and Product Excellence |

Research and development is critical for our future business growth and long-term success. AAC Technologies operates 20 R&D laboratories globally, employing 800 R&D engineers, 31 researchers and 8 professors. Reinvesting 7% of our annual revenue into acoustic, haptics, RF and optics R&D, we successfully obtained 284 additional patents in 2015, bringing our intellectual property portfolio to a total of 1,726 patents. In 2015, we filed another 474 patent applications. As of 31 December 2015, we have a total of 2,206 patents and applications.

Our Intellectual Property Division formulated and implemented the Patent Operations Procedures, Patent Documentation Control Measures, and Incentives to Encourage Patent Development to reduce the intellectual property risk, ensuring that our employees and suppliers respect other companies' intellectual property rights. We also carefully safeguard corporate confidentiality and our employees' privacy. During the year, there were no reported cases of infringement of intellectual property rights, patents or trademarks.

Outstanding Innovative Enterprise Award



Patents obtained

| Quality Assurance |

AAC Technologies has put in place a sound quality management system. All our products are subject to thorough and comprehensive testing to meet customers' requirements and international standards. Most of our production plants have already received international certifications, including ISO 9001:2008[1] Quality Management System and QC080000[2] standard.

[1] ISO 9001:2008 - A family of quality management systems standards.

[2] QC080000 -Hazardous Substance Process Management Standards in Electrical and Electronic Components and Products.

Striving for zero defects in product quality, we rely on a model of 'predict, prevent, protect'. This model gives us a proactive problem-solving approach to our supplier quality development and management. In 2015, we consolidated the product manufacturing and management experience, with the intention to:

- Further raise employee awareness on quality control and management ;
- Optimize supply chain systems, ensuring a stable supply of quality raw materials;
- Optimize product reliability and develop innovative manufacturing expertise; and
- Encourage innovation and establish unrivalled product development platforms based on client experience.

By implementing the above, we have realised an improvement in internal process capability, setting up a solid base for continual improvement in product stability and reliability.

New Product Introduction

Throughout product development and design, AAC Technologies guarantees the quality of its products through scientific design, rigorous verification, and comprehensive review, which allows us to provide our customers with high value added and high quality, green products.

| In-Process Quality Assurance |

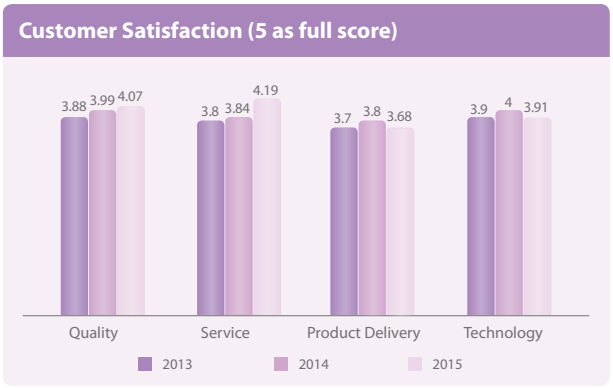
AAC Technologies has adopted a three-dimensional monitoring network comprising prudent product inspection, green lighting, reliability testing and other systems for quality assurance and highly efficient production. A group of professionally trained Six Sigma engineers lead teams in conducting analysis of problems occurring in production, transportation, and other processes. The team identifies the root causes and prevents future failures by applying advanced quality management tools. In addition, we have set up an advanced experimental base equipped with advanced inspection and testing equipment for quality assurance.

| Customer Satisfaction |

Our customers are one of our most important stakeholder groups. Keeping them satisfied is a key element in maintaining our long-term success as a business. In addition to the already established ongoing communication with our customers, we also undertake annual customer satisfaction survey. Our aim here is to find out what our customers themselves think about our services, and based on the results to identify concrete and measurable opportunities for improvement.

The annual customer survey includes measurement and evaluation of four specific areas, namely quality, service, delivery and technology.

In 2015, we gauged customer satisfaction level for the third consecutive year. Overall, the satisfaction level remains stable, with quality and service ratings edged up slightly.



| Enhance Customer Experience |

AAC Technologies is committed to enhance customer experience. We have a designated team responsible for experiencing our own products and providing feedback from the perspectives of customers, aiming to seek for continuous improvement. In addition to regular technical seminars, we engage our customers through grievance mechanism. We will take action within 24 hours to contain the problems upon receiving any grievance, committing to identify the cause and adopt precautions within 7 days. Prompt feedback will be provided to customers informing the actions we take. Our project team will review the case and ensure internal improvements are mades.

| Supply Chain Management |

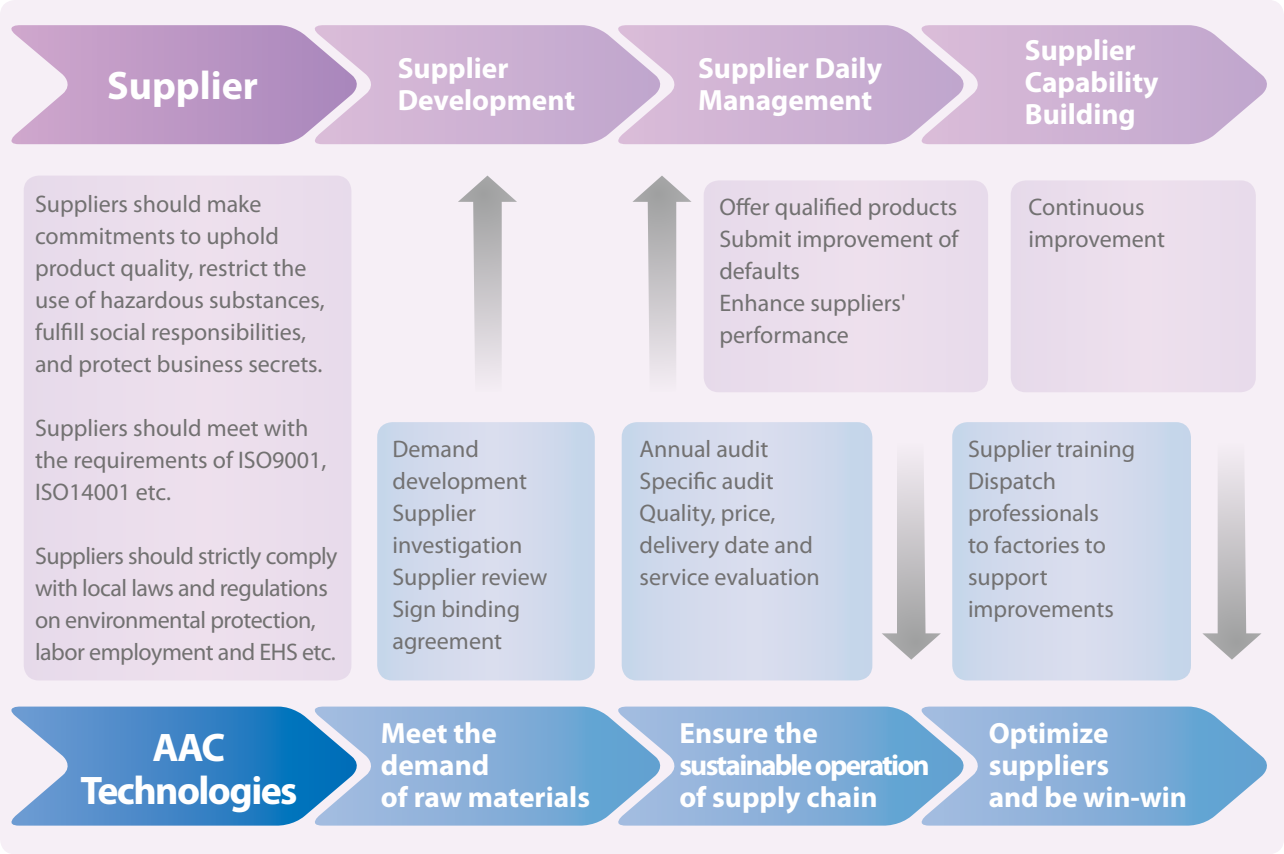
AAC Technologies supports collaboration, mutual benefits, standards, and integrity in its supply chain management and operations. We are committed to building partnerships with our suppliers and contributing to the sustainable development of the industry and society. With 160 suppliers in China and 25 in the rest of Asia, we engage them through seminars, trainings and onsite visits to help them better understand and respond to our updated requirements.

Our material procurement contract defines the anti-corruption terms, stipulating that suppliers shall promise not to induce or impose on our employees to sign a contract or agreement by directly or indirectly giving commissions, rebates, kickbacks, shares, brokerages, gifts or in any other improper form. The Company's whistleblowing policy also applies to our suppliers. We require suppliers to ensure that their supply of raw materials do not contain any onflict minerals originating from the fighting regions in the Democratic Republic of Congo and its nine adjoining countries. If the supplier violates such provisions, the Company, as the buyer, is entitled to unilaterally terminate the contract.

We revise our Supplier Code of Conduct on a regular basis which outlines the expectations for our suppliers in the areas of legal compliance, labour and human rights, health and safety, environmental protection, as well as conflict minerals. We are giving priority to those suppliers who have met these certifications.

We are taking steps to minimize risk across our supply chain by encouraging our suppliers to obtain ISO 9001, ISO 14001 and SA8000[1] standards, providing regular sustainability training and improving transparency and responsible business practices. We also conduct annual risk assessments, including geographic location, type of products and services provided, amount and share of supply, GP risks, overall performance, CSR and business ethics. In 2015, we gauged the CSR management system for over 50 suppliers and all of them passed the assessment.

In 2015, we continued to engage suppliers through capacity building processes and maintain stringent evaluation criteria to monitor their performance with regards to the environment, health and safety, and social responsibility. Those who fail to meet the expected criteria would face a reduction in business or even removal from the suppliers' list. For suppliers and contractors, we have increased the penalties for any non-compliance on the part of contractors working within the production sites. In 2015, 20 cases of non-compliance were reported, for which monetary penalties ensued.



[1] SA8000 - An auditable certification standard that encourages organizations to develop, maintain, and apply socially acceptable practices in the workplace.

Community

3 core areas

Our community investment focuses on education, social welfare and the environment

RMB **6.9** million

donated to various charities

AAC Technologies wants to excel as a corporate citizen and local neighbour, justifying the reputation it has earned.

As a responsible business, we have an obligation towards the harmonious development of our local communities. Leading by example, our CEO was elected as the Chairman of Shenzhen Jiangsu Chamber of Commerce in 2015, pledging to lead the business community to fulfil lawful operation, continuous improvement and healthy developments. Through financial aid, charitable donations, and employee volunteer programs, we have a tradition of getting involved in the communities where we operate, and work hard to build good community relations with our employees volunteering in local programmes.

The priorities of our community investment programme are education, social welfare and the environment. This contributes to our core value of promoting sustainable development. In 2015, the company donated RMB 6.9 million to charitable organisations, nearly tripled the amount of last year.

| Enabling our people to contribute to community |

AAC Technologies encourages and enables our employees to contribute to many charities locally and nationally through donations or volunteering. Major projects in 2015 included:

Love in Tang Xi

Supporting Teach For China, a non-profit education program, our employees visited Tangxi School in Chaozhou, Guangdong Province, and donated more than 30 sets of books and gift packs. Employees realized the need to nurture these students to narrow the wealth gap in the country. Also, our management decided to implement special projects. Firstly, we encouraged our employees to produce videos telling their lives, offering the children a vivid picture of the urban lives. Secondly, we launched a long-term donation programme, encouraging our employees to donate spare resources such as used books and computers to the students, not only showing our care but also promote resources reuse.

Teach for China

AAC Technologies is committed to making a positive contribution to society, focusing on education. Actively involving for the second consecutive year in Teach For China, a non-profit educational program founded in 2008, we are inspired by the organisation's objective to ensure every child living in low-income communities enjoys access to a quality education. Our staff have been trained to serve as full-time teachers for schools in Yunnan and Guangdong.

Join together to fight poverty

Demonstrating the passion and determination in community services, fifteen of our employees joined in a mini-marathon organized by the Guangdong poverty relief committee aiming to raise fund for the underprivileged. As a responsible corporate citizen, we are committed to contributing to the community and promote harmonious culture by taking part in charitable events to spread our love in our neighbourhood.

Shenzhen beach Clean-up

Over 20 employees joined the beach clean-up event organized by an environmental organization. In total, 51 kg of trash was collected. Apart from cleaning up garbage, participants recorded the amount of rubbish which was a useful information kept in the coastal waste database for public policy reform and scientific investigation. The event helped raise the employees' awareness of environmental conservation, and they were enthusiastic to voice.

International Coastal Clean-up

In March, in response to the call of Shenzhen Wetland Mangrove Conservation Foundation, our employees took the initiative to participate in the International Coastal Cleanup campaign in Shenzhen. Committed to our campaign slogan "AAC Technologies protects blue sky and ocean", we strived for our best to clean up the mangrove by climbing up and down the rocks and collected eight bags of rubbish consequently, mostly plastic bottles, plastic bags, Styrofoam, etc. All our participants recognized the significance of protecting the place we live and voiced their opinions and suggestions on future clean-up. Their enthusiasm embodies the spirit of AAC Technologies: care, passion, and persistence in carrying out community services.

| Summary of charitable contributions in 2015 |

Description	Amount (RMB)
Donation to online learning course project organised by Nanjing University	5,000,000
Paid for Changzhou Wujin Charity Association as donation	1,000,000
Donated to Nanjing University Physics Department Anniversary Celebration	500,000
Donated to Teach For China	300,000
2015 Disabled Person Security Fund	99,840
Donated to 2015 China Masters	20,000
Total	**6,919,840**

| Summary of volunteering work in 2015 |

Description
Teach For China International Children's Day Love Call – Love in Tang Xi
Help the poor, Participate together
Beach Cleaning News
Teach For China - Chaozhou Tour
Teach For China – New Year School Visit

Performance Data Summary

		2015	2014	2013
Workforce Demographics	**Total Headcount**			
	by Geographical Distribution (full time)			
	Changzhou	24,062	25,304	18,648
	Shenzhen	2,325	1,848	977
	Shuyang	4,227	3,264	2,683
	Suzhou	538	502	703
	Overseas or other areas	4,535	1,254	–
	Total	35,687	32,172	23,011
	by Age (China)			
	<30	25,143	26,625	18,987
	31-40	4,909	4,442	2,707
	41-50	1,168	1,075	583
	>51	46	30	31
	by Gender (China)			
	Male	18,307	17,193	11,683
	Female	12,959	14,979	10,625
	by Educational Background (China)			
	Degree or above	10,884	8,479	6,135
	High school or below	20,382	23,693	16,173
	by Employee Category (China)			
	Management	2,148	–	–
	R&D, engineer and technician	2,153	–	–
	Workman	26,965	–	–
	Employees Training			
	Percentage of employee being trained	100%	100%	99%
	Average training hours	30.7	19.1	8.3

"-": no data collected

			2015	2014	2013
Health and Safety	**Health & Safety Expenditure (RMB '000)**		47,920	37,220	24,570
	Major pollution or safety incidents		0	0	0
	Fire hazard		0	1	0
	Work-related accidents		137	132	115
	Work-related injuries per 1,000 workers		4.4	4.3	–
	Lost days due to work-related injury		2,783	–	–
	Work-related fatalities		0	0	0
	Number of occupational disease cases		0	0	0
	Training on Occupational Health and Safety				
	Total person-times training		101,994	71,870	18,669
	Total training hours		133,338	124,591	37,101
	Percentage of employees participate in the training		100%	62%	–
		Unit	**2015**	**2014**	**2013**
Environment	**Environmental Protection Expenditure**	RMB '000	19,100	19,780	6,250
	Total Resources Consumption				
	Electricity	kWh	346,559,080	239,622,681	199,159,962
	Oil	kg	910,516	557,620	636,488
	Gas	m^3	681,867	576,075	625,223
	Water	Tonnes	5,136,200	3,336,082	2,291,051
	Coal	Tonnes	21	50	444
	Effluent and Waste				
	Domestic sewage	Tonnes	4,369,744	2,835,669	1,947,393
	Hazardous waste	Tonnes	346	56	18
	Non-hazardous waste	Tonnes	7,615	5,689	5,196
	GHG emissions in total	tCO_2e	221,240	177,908	173,555
	Scope I	tCO_2e	13,259	11,402	10,586
	Scope II	tCO_2e	207,981	166,506	162,969
	Emission intensity	Per RMB10,000 output	0.17	–	–
	Packaging				
	Carton	PCS	4,010,754	5,235,964	7,623,851
	Blister boxes	PCS	29,358,441	24,023,085	27,501,997
	Carrier tape	Meter	8,895,973	10,362,812	12,578,007
	Carrier disc	PCS	355,578	179,362	236,408
	Packing belt	Roll	1,946	1,625	2,024
	Sealing paper	Roll	425,550	6,480	428,400
	Label	PCS	2,790,039	5,565,952	1,817,833
Community	**Donation**	RMB '000	6,920	2,340	360

"-": no data collected

Content Index

HKEX ESG Indicators	GRI G4 Reference	Description	Remarks and References
A. Environmental			
Aspect A1		Emissions	
General disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	p.26 No fines or non-monetary sanctions for non-compliance recorded in 2015
KPI A1.1	G4-EN20 G4-EN21	The types of emissions and respective emissions data.	p.42
KPI A1.2	G4-EN15 G4-EN16 G4-EN17 G4-EN18	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	p.31 The emissions data reflected factories in Changzhou, Shenzhen and Shuyang
KPI A1.3	G4-EN25	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	p.30-31
KPI A1.4	G4-EN23	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	p.30-31
KPI A1.5	G4-EN19	Description of measures to mitigate emissions and results achieved.	p.30-31
KPI A1.6		Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	p.30-31

HKEX ESG Indicators	GRI G4 Reference	Description	Remarks and References
Aspect A2		Use of resources	
General disclosure		Policies on efficient use of resources including energy, water and other raw materials.	p.26-27
KPI A2.1	G4-EN3 G4-EN4 G4-EN5	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	p.28
KPI A2.2	G4-EN8	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	p.29
KPI A2.3	G4-EN6	Description of energy use efficiency initiatives and results achieved.	p.28
KPI A2.4		Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	p.29
KPI A2.5	G4-EN1	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	p.42
Aspect A3		The environment and natural resources	
General disclosure		Policies on minimizing the issuers' significant impact on the environment and natural resources.	p.26
KPI A3.1	G4-EN27	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	p.27
B. Social			
Aspect B1		Working conditions	
General disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	p.16
KPI B1.1	G4-10	Total workforce by employment type, age group and geographical region.	p.16-17
KPI B1.2	G4-LA1	Employee turnover rate by age group and geographical region.	p.17
Aspect B2		Health and safety	
General disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	p.21

HKEX ESG Indicators	GRI G4 Reference	Description	Remarks and References
KPI B2.1	G4-LA6	Fatality number and rate.	No fatalities during the reporting period.
KPI B2.2		Lost days due to work injury.	p.42
KPI B2.3		Description of occupational health and safety measures adopted and how they are implemented and monitored.	p.21-24
Aspect B3		Development and training	
General disclosure		Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	p.20
KPI B3.1		Description of training activities provided and if relevant, the percentage of employees trained by employee category (e.g. senior management, middle management etc.).	p.20
KPI B3.2	G4-LA9	The average training hours completed per employee by employee category.	p.20
Aspect B4		Labour standards	
General disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	p.21
KPI B4.1	G4-HR5	Description of measures to review employment practices to avoid child and forced labour.	p.21 No reported incidents.
KPI B4.2	G4-HR6	Description of steps taken to eliminate such practices when discovered.	No reported incidents.
Aspect B5		Supply chain management	
General disclosure		Policies on managing environmental and social risks of the supply chain	p.35-36
KPI B5.1	G4-12	Number of suppliers by geographical region.	p.35
KPI B5.2	G4-EN32 G4-LA14 G4-HR10 G4-SO9	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	p.35-36
Aspect B6		Product responsibility	
General disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	p.33-36 No significant fines during the reporting period.
KPI B6.1	G4-PR2	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable

HKEX ESG Indicators	GRI G4 Reference	Description	Remarks and References
KPI B6.2		Number of products and service related complaints received and how they are dealt with.	p.35-36
KPI B6.3		Description of practices relating to observing and protecting intellectual property rights.	p.33
KPI B6.4		Description of quality assurance process and recall procedures.	p.33-34
KPI B6.5	G4-PR8	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Not applicable
Aspect B7		Anti-Corruption	
General disclosure		Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	p.19
KPI B7.1	G4-SO5	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	None during the reporting period.
KPI B7.2		Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	p.21, p.35
Aspect B8		Community investment	
General disclosure		Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	p.38
KPI B8.1	G4-SO1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	p.38-40
KPI B8.2		Resources contributed (e.g. money or time) to the focus area.	p.38-40

United Nations Global Compact

Human Rights		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and;	p.21
Principle 2	Make sure that they are not complicit in human rights abuses.	p.21, 35
Labor Standards		
Principle 3	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining;	p.21
Principle 4	The elimination of all forms of forced and compulsory labor;	p.21
Principle 5	The effective abolition of child labor; and	p.21
Principle 6	The elimination of discrimination in respect of employment and occupation.	p.21
Environment		
Principle 7	Businesses should support a precautionary approach to environmental challenges;	p.27
Principle 8	Undertake initiatives to promote greater envionmental responsibility; and	p.26-31
Principle 9	Encourage the development and diffusion of environmentally-friendly technologies.	p.26-31
Anti-corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	p.19

瑞聲科技控股有限公司
AAC TECHNOLOGIES HOLDINGS INC.

Room 2003, 20/F., 100 Queen's Road Central, Central, Hong Kong

www.aactechnologies.com