



Aztech



Aztech 2023
Sustainability Report

**Delighting People with
Smarter Solutions**

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Aztech is committed to our sustainability vision to conduct our business in a responsible and sustainable manner to impact lives positively and meaningfully as a *key technology enabler for the connected world of tomorrow.*

01.

Board Statement 2023

The Board of Directors (the "Board") is pleased to present the 2023 Sustainability Report (the "Report") of Aztech Global Ltd. and its group of subsidiaries ("Aztech" or the "Group"). This report summarises Aztech's performance, targets and initiatives of key Economic, Environmental, Social and Governance ("EESG") topics for the financial year ended 31 December 2023 ("FY2023").

Governance Oversight by the Board

Strong corporate governance is fundamental to the Group's business integrity and long-term success. Our Board has been playing a pivotal role in providing oversight and strategic direction for our sustainability initiatives. It has also considered sustainability issues including climate-change, waste production, workplace health and safety, diversity and cybersecurity in Aztech's business and strategy.

In addition, the Board is supported by senior management team, Sustainability Committee and Sustainability Reporting team in the setting of sustainability goals and targets, as well as monitoring and reporting of the Group's EESG progress.

As part of decarbonisation efforts to manage climate-related risks and opportunities and furtherance of climate reporting, the Board has considered and authorised the identification, quantification and disclosure of the Group's Scope 1 and 2 greenhouse gas ("GHG") emissions in this report, while maintaining the list of material EESG topics reported in FY2022. Through rigorous data collection and reporting, we aim to achieve transparency and accountability in our efforts.

The Board, in its consideration of the recent cybersecurity incident, acknowledged the security vulnerability of the Group's IT network. It is, however, satisfied with the swift actions by the team to ringfence the impact, and that the thorough investigation revealed no major data breaches. In view of an increasingly interconnected world, where cybersecurity has become a top priority, the Group remains vigilant in safeguarding its systems, data and intellectual property against cyber threats, ensuring the resilience and integrity of our operations and trust of our stakeholders.

The Board remains committed in directing the Group's sustainability development and progressive integration of sustainability considerations into its business systems and processes, while leveraging innovation to minimise environmental impact and enhance energy efficiency to achieve net zero emissions by 2040.

Sustainability Performance

The strategic acquisition of the 300,000 sq ft manufacturing facility in Pasir Gudang, Johor, Malaysia was made in November 2022 and completed in April 2023. The newly acquired facility has successfully commenced full-scale production in 3Q 2023. The facility about doubled the Group's manufacturing built-up area to 846,000 sq ft and more than tripled its manufacturing footprint in Malaysia.

With an enlarged manufacturing capacity in Malaysia, the Group is now well-positioned to capitalise on the growth of the IoT ("Internet of Things") market and seize new electronics manufacturing opportunities in the rapidly evolving technology terrain. The plant plays a strategic role in supporting the Group's growth, business continuity needs as well as the production diversification requirements of its customers.

As a result of the acquisition and higher business activities during the year, the Group reported higher carbon emissions, water and energy consumption. As an electronics manufacturing service provider, we understand and assess the impact of our operations on the environment. Recognising the urgency of addressing climate-change, the Group is committed to reducing our carbon footprint, energy and water consumption and promoting resource efficiency to mitigate environmental risks and contribute to a greener future. We are glad to report lower waste generated in 2023.

Our operations are built on the foundation of respect for human rights, labour standards, and community engagement. The health and safety of our employees, partners and communities are paramount. Hence, we prioritise the health, safety and well-being of our employees, ensuring equitable compensation, safe working conditions, opportunities for professional development, while promoting social inclusion and diversity. We are proud to report zero workplace accidents in 2023, and none of our qualified suppliers have been disqualified and terminated as a result of non-compliance with workplace safety. The Group achieved an average of 18 hours of training per employees in FY2023, an increase from an average of 13 hours in the preceding year.

Sustainability Vision & Commitment

Aztech is committed to our sustainability vision of conducting our business in a responsible and sustainable manner to impact lives positively and meaningfully as a key technology enabler for the connected world of tomorrow.

With operations spanning China, Malaysia and Singapore and serving a portfolio of global clients in the IoT and electronics manufacturing markets, the Group is committed to upholding the highest standards of EESG performance across its business activities.

Aligned with our commitment to sustainability, we have enhanced our climate-related disclosures, qualitatively and quantitatively, in line with TCFD’s recommendations. We have also identified seven important and significant UN Sustainable Development Goals (“SDGs”) that closely correspond with Aztech’s business operations in our commitment to making a positive difference through our actions and business practices.



Conclusion

Aztech recognises the critical role of sustainability in driving long-term value creation for our shareholders, fostering positive relationships with our stakeholders, and contributing to the well-being of the communities in which we operate.

As we navigate the complexities of a rapidly evolving business landscape, we remain steadfast in our commitment to driving positive change, creating sustainable value and together, **building a resilient future for all.**

28 March 2024

02.

Sustainability Performance Highlights and Metrics

Recognising the non-linear trajectory of sustainability endeavours and success, we acknowledge the importance of transparency and accountability. We are committed to share both our achievements and the lessons learned last year. This dedication to transparency is reflected in the Report.



ESG Metrics

Metrics (Units)	2021	2022	2023 ¹
Environmental			
Greenhouse Gas Emissions "GHG" (tCO₂e)			
• Scope 1	834.4	713.4	986.3
• Scope 2	10,327.1	10,205.9	13,273.1
• Total	11,161.5	10,919.3	14,259.4
Emission Intensity Ratio (tCO₂e/SSM Revenue)			
• Scope 1	1.34	0.87	1.10
• Scope 2	16.54	12.44	14.81
• Total	17.88	13.31	15.91
Energy Consumption			
• Diesel and Petrol Consumption (MWh)	358	146	179
• Electricity Consumption (MWh)	16,551	16,027	21,050
• Total Energy Consumption (MWh)	16,909	16,173	21,229
• Energy Intensity Ratio (MWh/SS Million Revenue)	27.08	19.72	23.69
Water Consumption			
• Total water consumption ('000 m ³)	135	145	168
• Water Intensity Ratio (m ³ /SS Million Revenue)	216.3	176.6	187.6
Waste Generation			
• Total waste generated (Tonnes) ²	-	376.0	335.3
- Hazardous (%)	-	3.5	5.3
- Non-hazardous (%)	-	96.5	94.7
- Recycled (%)	-	96.5	70.3
- Non-recycled (%)	-	3.5	29.7
• Waste Intensity Ratio (Tonnes/\$M Revenue)	-	0.458	0.374
Social			
Gender Diversity			
• Current Employees by gender (%)			
- Male	51	53	59
- Female	49	47	41
• New hires mix by gender (%)			
- Male	53	52	63
- Female	47	48	37
• Turnover mix by gender (%)			
- Male	53	58	52
- Female	47	42	48
Age-Based Diversity			
• Current Employees by age groups (%)			
- <30 years old	41	43	51
- 30-50 years old	57	55	45
- >50 years old	2	2	4
• New hires by age groups (%)			
- <30 years old	61	68	74
- 30-50 years old	38	31	23
- >50 years old	1	1	3
• Turnover by age groups (%)			
- <30 years old	38	46	57
- 30-50 years old	59	50	40
- >50 years old	3	4	3
Employment			
• Average number of employees (number) ³	1,178	1,307	1,727
Development & Training			
• Average training hours per employee (Hours/Employee)	12	13	18
• Average training hours per employees by gender (Hours/Employee)			
- Male	-	13	20.1
- Female	-	13.2	15
Occupational & Health (number of cases)			
• Fatalities	0	0	0
• High-consequence injuries	0	1	0
• Recordable injuries	3	5	0
• Recordable work-related ill health cases	3	6	0

ESG Metrics

Metrics (Units)	2021	2022	2023 ¹
Governance			
Board Composition			
• Board independence (%)	60	67	67
• Women on the board (%)	0	17	17
Management Diversity			
• Women in the management team (%) ⁴	42	45	41
• Management personnel hired from the local community (%) ⁵	97	97	97
Ethical Behaviour			
• Anti-corruption disclosures	GRI 205-1,2,3	GRI 205-2,3	GRI 205-1,2,3
• Annual Declaration on compliance with policies relating to Ethics (%) ⁶	-	-	100
Certifications			
	CNAS	CNAS	CNAS
	ISO 17025	ISO 17025	ISO 17025
	IATF 16949	IATF 16949	IATF 16949
	TL9000	TL9000	TL9000
	ISO 9001	ISO 9001	ISO 9001
	ISO 13485	ISO 13485	ISO 13485
	ISO 14001	ISO 14001	ISO 14001
	ISO 45001	ISO 45001	ISO 45001
	bizSAFE	bizSAFE	bizSAFE
	-	-	ISO 27001
Alignment with Frameworks	GRI	GRI, TCFD	GRI, TCFD, UN SDGs
Assurance			
• Internal/external/ none	None	Internal review of sustainability reporting process	Internal review of sustainability reporting process

¹ The ESG metrics take into account data from all three manufacturing facilities, including the four months period of preparation to getting the Pasir Gudang plant, which was acquired in April 2023, fully operational in the third quarter of 2023.

² Statistics were reported from FY2022 onwards.

³ Employees exclude part-time and temporary workers from employment agency.

⁴ Percentage has been recalculated to take into considerations management personnel across the various jurisdictions in which the Group operates.

⁵ Management personnel comprises individuals who are managers and above in the locations of the Group's operations.

⁶ Refer to page 53 for details.

03.

About This Report

Reporting Period and Scope

Date of Report: 28 March 2024

All information in the report, unless otherwise specified, will refer to the period starting 2023-01-01 to 2023-12-31.

At Aztech Global Ltd and its group of subsidiaries (“Aztech or the Group”), we believe strong governance, ethics and adoption of continuously evolving strategies, processes, practices, and policies for responsible and sustainable business safeguard the long-term value creation of Aztech and constitute the foundation of our success.

The 2023 Sustainability Report (the “Report”) provides an overview of Aztech’s performance in key Economic, Environmental, Social and Governance (“EESG”) areas for the fiscal year that concluded on 31 December 2023 (FY2023). It also outlines our efforts to further our sustainability objectives and ensure the enduring success of our business.

We have included the multiple entities that handle the Group’s operations and key activities in this sustainability report. The entities that were not included in this report are part of our financial reporting and are mainly trading or holding companies.

CHINA	MALAYSIA	SINGAPORE
Aztech Systems (Hong Kong) Limited • Aztech Communication Device (DG) Ltd • AZ E-Lite (HK) Ltd	IOT Manufacturing Sdn. Bhd. • Huuve Sdn. Bhd.	Aztech Technologies Pte. Ltd. AZ E-Lite Pte. Ltd. Aztech Innovation Pte. Ltd.

Diagram 1: Location and Entities covered in the Report

The entities within the reporting scope (illustrated in Diagram 1) report on their sustainability performance across the rest of our material topics. Sustainability data consolidated across all our operations were given equal weightage, and no restatements were made from the previous report. Numbers and percentages may not add up due to rounding.

As our entities are wholly owned, no adjustments were required for minority interests. While there has been no mergers and acquisitions nor disposal in FY2023, Aztech has commenced full-scale operations of its new manufacturing facility in Pasir Gudang, Johor, Malaysia in 3Q 2023. We also take a consistent approach in our disclosure standards based on the nature of our activities. There is no differentiation between the multiple entities. Aztech publishes our sustainability report and annual reports on an annual basis.

International Framework Alignment

The report has been prepared with reference to the Global Reporting Initiative (GRI) Standards 2021. The GRI Standards were selected as our main reporting framework as they are the most widely used sustainability reporting framework globally. The Report complies with the SGX-ST Mainboard listing Rule 711(A) and (B) and Practice Note 7.6 of the Sustainability Reporting Guide.

Acknowledging the potential risks and opportunities of climate change on our business resilience and success, we have further enhanced our climate-related disclosures, both qualitative and quantitative, in line with TCFD recommendations. The report also highlights Aztech’s alignment with the United Nations Sustainable Development Goals (UN SDGs).

The GRI Index and TCFD indexes can be found in the Appendix.



With reference to selected economic, environmental, and social GRI disclosures.



Mapped to 7 UN SDGs that are relevant to Aztech.

Forward Looking Statement

Certain statements in this Report are “forward-looking statements” that reflect Aztech’s current views of future events, considering our present and future sustainability strategies, and the environment in which the Group will operate. These views necessarily involve risks, uncertainties and assumptions which may cause the actual performance or achievements of Aztech or industry, to be materially different from the future performance or achievements expressed or implied by such forward-looking statements and financial information.

Aztech expressly disclaims the obligation to publicly release any updates or revisions to any forward-looking statement to reflect any change in its expectations when conditions or circumstances on which any such statement or information has changed.

Feedback

In our commitment to build a transparent, accountable and progressive sustainable growth journey, we welcome feedback, views and suggestions to help us improve our sustainability efforts and disclosure.

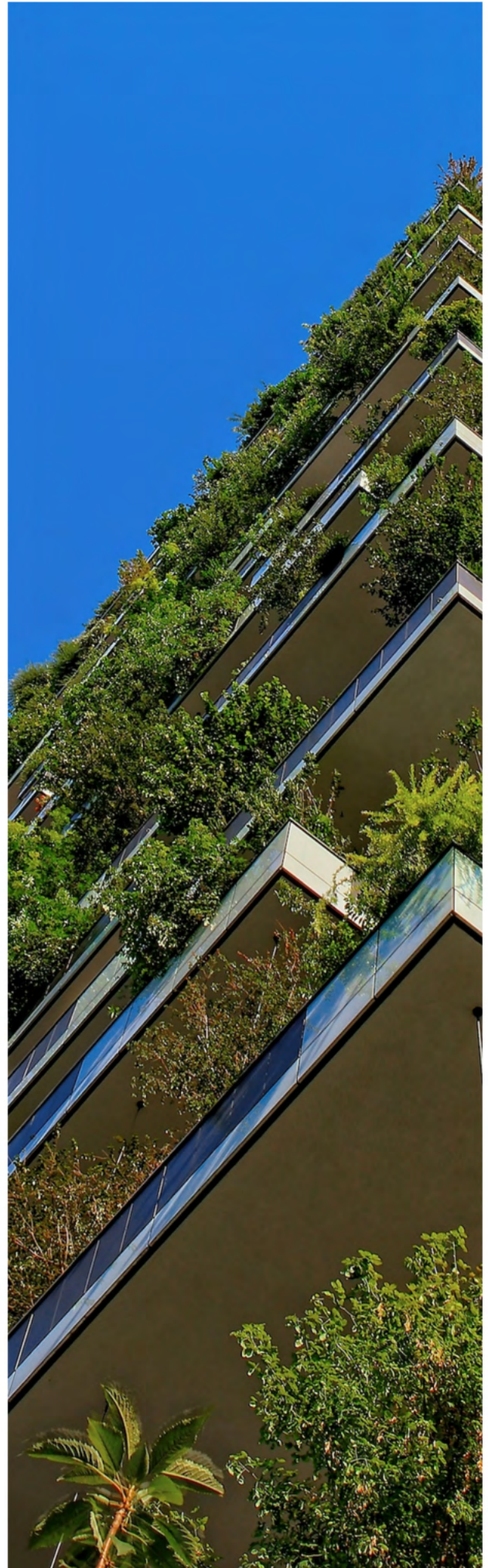
Please send them to
IR@aztech.com.

Access

A copy of this Report is available at SGX website and at
<https://www.aztechglobal.com/sustainability/index.html>

External Assurance

We have engaged independent consultant, BDO LLP, to conduct the internal review of our sustainability reporting process in accordance with the International Standards for the Professional Practice of Internal Auditing issued by The Institute for Internal Auditors (as set out in Paragraph 5.3 of Practice Note 7.6 of the Listing Manual). This is to prepare the Company for external assurance, as set out in Practice Note 7.6, when the Board and/or management of the Company decides to adopt external assurance in subsequent years. The senior executives involved in the process are Senior Vice President & COO Mr Jeremy Mun and Senior Vice President for Legal and Corporate Affairs Ms Pavani Nagarajah.



04.

Aztech's Key Sustainability Thrusts

VISION & MISSION 

Delighting people with smarter solutions.

VALUES 

Values that encapsulate the culture that we desire to build in Aztech



In our strategic effort to allocate our resources towards creating positive impacts on the material ESG factors, the Group has identified five core sustainability thrusts under the responsible business model to further our sustainability agenda. These thrusts are embedded into our business operations to ensure sustainability efforts remain robust and focused. The thrusts are detailed as follows:

1. Aztech's Ethos

Aztech's guiding principles, rooted in the "Aztech Core", serve as the cornerstone of our commitment. This ethos propels us towards delivering intelligent, more sustainable solutions that align with our corporate objectives and foster a sustainable future. Our commitment to "Delighting people with smarter solutions" is anchored in this ethos, strengthening our resolve to develop core competencies, foster innovation, and embrace diversity, all aimed at promoting economic, environmental, and social well-being, while upholding exemplary corporate governance.

Each member of the Aztech team embraces this ethos, cultivating a culture of integrity, ethical decision-making, and the courage to catalyse change, even amidst challenges. Our sustainability vision is realised through the introduction of smarter solutions.



2. Smarter Products

As a pivotal player in technology innovation for tomorrow's interconnected world, our mission is to provide our clients with advanced, sustainable products. This objective is achieved through a steadfast commitment to research and development, education, and innovation in our manufacturing processes. Through these pillars, we actively nurture collaborations and partnerships that drive actionable innovations and enhancements in sustainability.

3. Ethical Sourcing

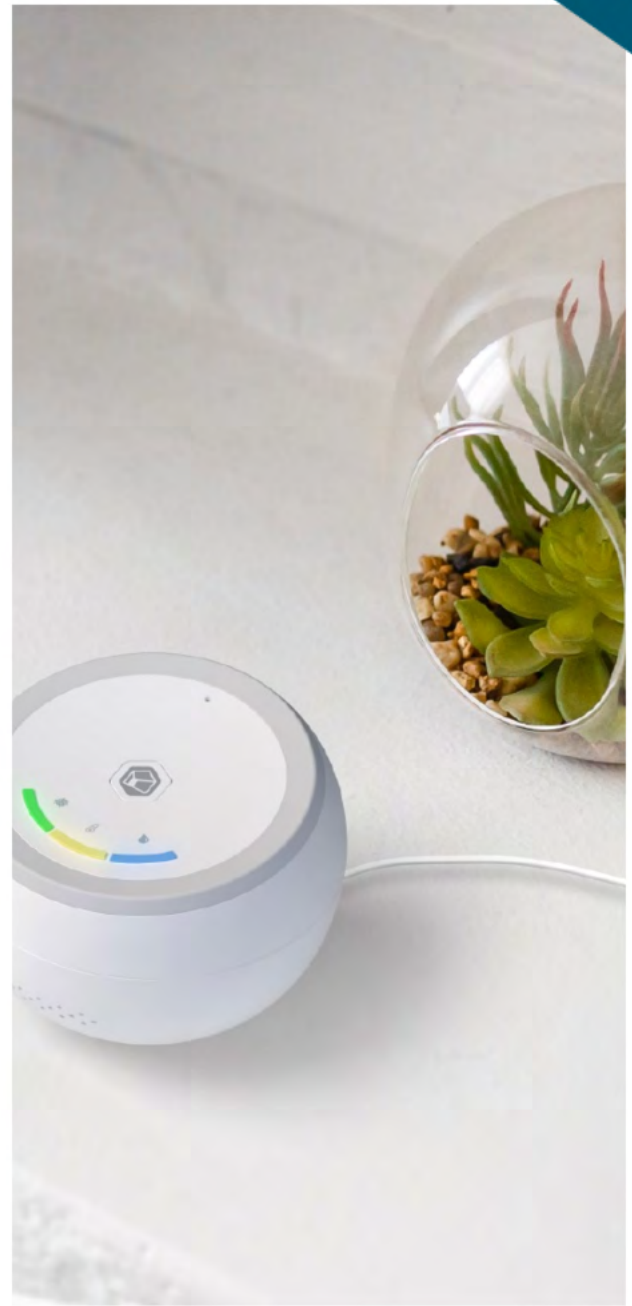
Aztech is dedicated to becoming a model of responsible sourcing practices, setting rigorous standards for our suppliers. These standards encompass adherence to ethical standards such as conflict-free minerals sourcing, eliminating child labor, and ensuring a safe working environment, thus mitigating adverse impacts on human rights within our operations and broader supply chain. We are dedicated to enhancing compliance and fostering resilient partnerships aligned with our sustainability commitment.

4. Waste Minimisation

At Aztech, we proactively reduce our environmental footprint by enhancing resource efficiency in our operations. This includes implementing the 5Rs strategy: refuse, reduce, reuse, repurpose, and recycle. Our dedication to waste reduction is pivotal in our efforts to conserve crucial resources and move towards a zero-waste future.

5. Decarbonisation

In alignment with global endeavours to combat climate change, Aztech has set a target for achieving net-zero carbon emissions by 2040. To achieve this, we are implementing changes and innovations across our operations which include improving energy efficiency, reducing material consumption, adopting renewable energy, and formulating comprehensive carbon reduction strategies across all greenhouse gas emission scopes. Through meticulous planning and external consultation, we are progressively integrating our decarbonisation strategy into our sustainability initiatives, thereby advancing towards our carbon neutrality goals.



05.

Organisation Profile

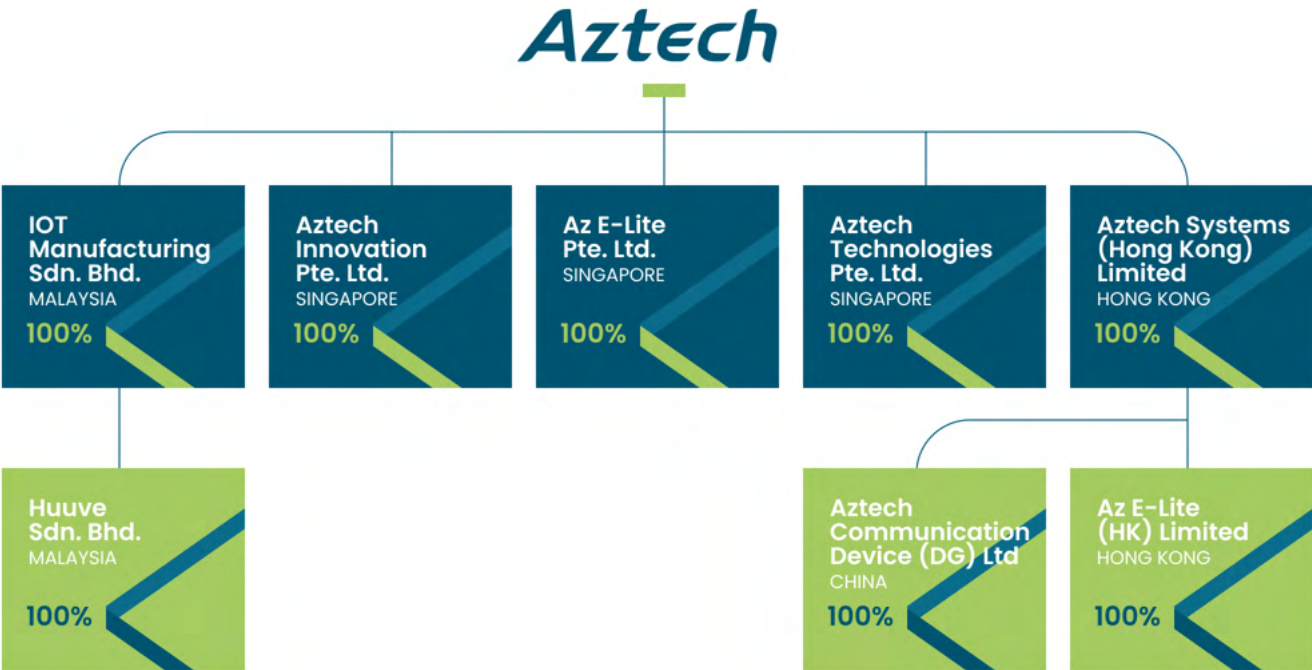
Listed on the Mainboard of the SGX-ST⁷ on 12 March 2021, Aztech is a key technology enabler for the connected world of tomorrow, focused on providing one-stop vertically integrated design and manufacturing services to blue chip customers, technology start-ups and other companies with innovative products.

With over 38 years of proven experience in the electronic sector, and more than 28 years in the communication and networking technology, Aztech has successfully transformed from a manufacturer of personal computers, sound cards, DECT phones and other electronic products to become a full-fledged electronics design, engineering and manufacturing solutions provider for IoT devices and electronics products.

Headquartered in Singapore, the Group has operations in China (including Hong Kong) and Malaysia. These include four R&D centres in Singapore, Hong Kong, Shenzhen and Dongguan and three manufacturing facilities in Dongguan, China and Johor, Malaysia. With our design-to-build manufacturing capabilities, Aztech creates value for its customers seamlessly from design to development, productisation, design verification and reliability testing in manufacturing and supply chain management.

Aztech derives its revenue mainly from North America, China, Europe and Singapore, which is where our customers are primarily based, and we operate through the following key business entities:

- Aztech Technologies Pte. Ltd.
- Aztech Communication Device (DG) Ltd
- Aztech Communication Device (DG) Ltd Shenzhen Branch
- Aztech Systems (Hong Kong) Limited
- IOT Manufacturing Sdn. Bhd.



⁷ Singapore Exchange Securities Trading Limited

When gathering the following employee data statistics, we took into account various factors such as gender and age. Our workforce comprises a total of 1727 employees.

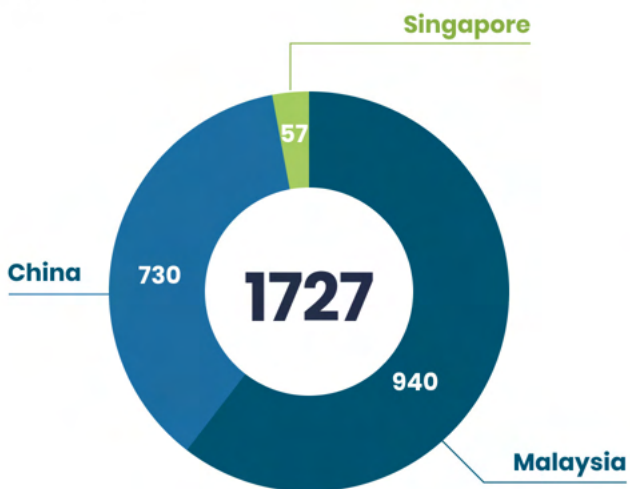
Numbers of Employees (By Gender)



Total Number of Employees



Total Number of Permanent Employees (By Country)



06.

Aztech's Products & Services

IoT Devices and Electronics Products

Aztech designs and manufactures IoT devices and electronics products across varied applications and sectors including consumer technology, security, health-tech, automotive, communication, commercial and industrial sectors.

Aztech is primarily involved in the research and development ("R&D"), design and engineering, manufacturing, testing and packaging of the electronics value chain, in which it operates through four main models namely Original Equipment Manufacturing ("OEM"), Original Design Manufacturing ("ODM"), Joint Development Manufacturing ("JDM") and Contract Manufacturing Services ("CMS") to cater to the manufacturing & sustainability needs of our customers.



07.

Aztech's Value Chain

As an integrated provider of design, engineering, and manufacturing services, Aztech is committed to sourcing materials, electronic components, and electrical parts responsibly and sustainably. This is achieved through a broad and diversified supplier network which supports our various value-added processes.



Aztech's primary operations and value-added services denoted by green boxes

On occasion, we procure materials for our clients from designated suppliers. Typically, we solicit multiple quotes and we make our selection based on essential criteria such as cost, quality, punctual delivery, and adherence to our internal policies and relevant legal standards. This includes compliance with our Responsible Minerals Policy, the local and regional Restriction of Hazardous Substances (RoHS) regulations, among others.

Aztech actively works with our suppliers to minimise risks in order to enhance the integrity and security of our supply chain. We cultivate strong relations with principal suppliers to secure the necessary support and allocation to fulfil our operational needs.

We consistently seek to identify and use alternate components where feasible. For specialised components, we ensure that only suppliers with proven reliability and financial stability are engaged.

Following the global component scarcity and supply chain challenges exacerbated by pandemic-related shut-downs, Aztech has been actively collaborating with clients to facilitate design modifications, allowing components to be substituted. Our partnerships with long-standing suppliers and the broadening of our alternative supplier network have been instrumental in ensuring we secure a substantial proportion of our component needs. This allows us to sustain production and delivery of IoT devices and electronics products to our clientele.

Aztech acknowledges our ethical duty to source minerals from a conflict-free zone. Our commitment extends to progressively sourcing minerals in an ethical and responsible manner, honouring human rights and maintaining the security and integrity of our procurement activities. Our procurement division sources conflict minerals, namely tantalum, tin, tungsten, gold, and cobalt, exclusively from suppliers that are certified under the Conflict-Free Smelter Program.



08.

Corporate Governance

Pg 18 – reflect full names of Board of Directors under the respective committees

Governance Structure

The Group is governed by our Board of Directors comprising:

- Mr. Michael Mun Hong Yew (Executive Chairman and CEO)
- Mr. Jeremy Mun Weng Hung (Executive Director and COO)
- Mr. Larry Tan Jwee Meng (Lead Independent Director)
- Mr. Tan Teik Seng (Independent Director)
- Ms. Jeann Low Ngiap Jong (Independent Director)
- Mr. Christopher Huang Junli (Independent Director)



There are 3 Board Committees of the highest governance body responsible for decision-making on and overseeing the management of the Group's impacts on the economy, environment and people. They are the Audit Committee, Nominating Committee and Remuneration Committee. The composition of the committees are as follows:

Audit Committee

- Ms. Jeann Low Ngiap Jong (Chairman)
- Mr. Tan Teik Seng
- Mr. Larry Tan Jwee Meng
- Mr. Christopher Huang Junli

Nominating Committee

- Mr. Tan Teik Seng (Chairman)
- Mr. Larry Tan Jwee Meng
- Ms. Jeann Low Ngiap Jong
- Mr. Christopher Huang Junli

Remuneration Committee

- Mr. Christopher Huang Junli (Chairman)
- Mr. Tan Teik Seng
- Mr. Larry Tan Jwee Meng
- Ms. Jeann Low Ngiap Jong

The Board Committees are supported by the senior management, Sustainability Committee and Sustainability Reporting Team to report on EESG matters.

Details on governance structure; nomination and selection process for the highest governance body and its committees; evaluation of the performance of the highest governance body; remuneration policies; and process for determining remuneration can be found in the Corporate Governance Report section of Annual Report 2023.

09.

Aztech’s Strategic Sustainability Approach: Pioneering Our Commitment to a Greener Future

Sustainability Approach

Our sustainability framework encompasses key sustainability goals that significantly influence our business operations and are of great relevance to our stakeholders. These goals and topics undergo annual review and consider sustainability challenges like climate change, cybersecurity, human rights violations, and workplace safety, among others. This review is conducted by the Sustainability Committee and senior management in consultation with the Board.

To achieve and maintain our sustainability goals, Aztech articulates our values and preparation of this Report with the sustainability approach outlined by the flow chart on the right.



Sustainability Governance and Ethics

Committed to the long-term success of Aztech, the Board believes strong governance, ethics and deployment of evolving responsible and sustainable business strategy, processes, practices and policies will safeguard the long-term value creation of Aztech and form the bedrock for success.

The Board believes that Aztech plays a unique role as a key technology enabler in the transition towards a climate-resilient, inclusive and connected world of tomorrow. Thus, it has thoroughly assessed sustainability matters relevant to Aztech’s business and strategic direction, exercising oversight over the continual management and monitoring of significant EESG impacts to ensure the attainment of sustainable business outcomes.

While the Board provides overall direction in sustainability development, it is supported by Aztech’s senior management team, the Sustainability Committee and Sustainability Reporting Team to identify, prevent and mitigate sustainability and climate-related risks to ensure business resiliency and agility to change.

Our Sustainability Governance Structure



Sustainability Committee

The Sustainability Committee ("SC") was formed to establish sustainable and responsible principles and practices within the Group and to oversee the Group's policies, targets, initiatives and programs to ensure compliance with laws and regulations relating to environmental, social, health, safety and sustainability matters.

The responsibility for managing Aztech's impacts on the economy, environment, and people are delegated to the sustainability committee and the key person responsible is the Chairman of the SC.

The SC, chaired and headed by the COO, reviews the annual sustainability goals for the Group and assesses whether values, mission statements and strategies are to be updated. When applicable, the Committee works with the respective Heads of departments to make the necessary changes. All changes are submitted to the Board for approval.

The SC oversees the implementation of the Group's Sustainability Strategy as approved by the Board, and recommends if any changes need to be made to this strategy. This is to ensure that the Group is a responsible, resilient and sustainable business that creates long-term value for its stakeholders.

The Sustainability Manager shall provide an annual update to the Board on the below:

- Material EESG topics identified for reporting;
- Development on material EESG topics and metrics; and
- Proposed targets and goals to work on to reduce risks and maximise opportunities.

The Sustainability Manager shall provide an update of each meeting to the subsequent Board meeting. The Board then approves the annual targets and goals on sustainability for the Group.

The Group engages third party auditors to do annual reviews as part of the due diligence process to ensure that sustainability related matters are appropriately handled. These reports are submitted to the Board for review. The Board will guide the Sustainability Committee if any processes or results are not at acceptable standards.

Sustainability Reporting Team

The Sustainability Reporting team ("SRT") comprises representatives from each of our operating sites in Singapore, Malaysia and China, from across varied functions. The SRT manages and implements sustainability policies, initiatives and programs as well as provides updates to the SC. It provides the required data and information on the progress of EESG programs and initiatives to the SC through completed data collection templates, email exchanges and tele-conversations. From 2024 onwards, the SRT provides the required data and information via a software platform that streamlines the reporting process, provides actionable insights and establishes an audit trail that enhances the Group's EESG credibility and goal towards external assurance.

The board takes on the responsibility of reviewing and endorsing the reported information, conducting thorough examinations during board meetings, and subsequently receiving detailed reports on the outcomes of these reviews.

Collective Knowledge of the Highest Governance Body

The members of the Board attend training sessions and are also briefed by consultants on sustainability development and reporting requirements.

The Board carries out an annual peer evaluation of its members and evaluates the collective performance of the Board in overseeing the management of the company's impacts on the economy, environment, and society.



Board's Diversity & Confirmation of Sustainability Training

The Board regularly reviews and assesses its composition, competencies and effectiveness in leading and directing Aztech to enhance long-term value to our shareholders and stakeholders. We confirmed that all our Board of directors have attended the mandated sustainability training to be equipped with basic knowledge on sustainability matters to direct Aztech's long-term strategy and corporate governance.

In response to Aztech's Board diversity policy and the three (3)-year timeline to appoint at least one (1) female Director on the Board from January 2022, we welcomed Ms Jeann Low to the Board as an Independent Director and member of the Audit Committee ("AC") on 1 August 2022. Ms Low has been appointed as the Chairman of the Audit Committee effective from 1 May 2023.

Ms Low's relevant financial experience, along with her expertise in the high-tech telecommunication industry and deep strategic insight has added depth, diversity and dynamism to the Board's collective efficacy.

The Board remains committed to ensuring its continued effectiveness in directing Aztech's growth through sustainable development and will continue to embrace diversity in skills and strengths relevant to Aztech's purpose and vision. The Group will work towards achieving the target set by the Council for Board Diversity for the top 100 companies to have at least 25% of Board seats held by females by 2025.

Employee Engagement on Sustainability

Employees across all levels were engaged to participate in the implementation of various sustainability programs and initiatives. Short and simple in-house education pieces on Aztech's sustainability issues, goals and programs were also circulated monthly to raise awareness, enhance understanding and gather feedback on sustainability efforts.

Sustainability Strategy

Underpinned by the commitment to the long-term value creation of Aztech, the Board, together with senior management and the sustainability teams, is committed to the continual embedding of responsible and sustainable principles and practices in Aztech's business activities and partnerships. This would ensure relevancy of our mission to "Delighting people with smarter solutions" through our continuous innovations and new discovery of applications in electronics manufacturing services for IoT devices and electronics products to customers.

Advancing sustainability goals and making positive impacts on material EESG topics remain core to Aztech's business longevity. Hence, we undertook a customised EESG stakeholder engagement exercise in 2022 that provided feedback and inputs to our materiality assessment to robustly reflect changes in the sustainability environment. From the exercise, new topics relating to anti-competitive behaviour, waste and materials as well as human rights, were assessed to be material and included in this Report to address the impact Aztech has on each topic.

The group has also identified, quantified and disclosed its Scope 1 and 2 GHG emissions as part of its commitment to proactively manage climate-related risk and opportunities.

Fully committed to considering climate-related impacts in our business financial planning, we plan to implement the necessary tools and systems to fully assess the impacts through scenario analysis in the coming years. This will allow us to better understand and address the financially material climate-related risks that may arise from climate change and enable us to seize related opportunities arising from the transition to a lower carbon economy. In a bid to focus our resources on making positive impacts on material EESG topics, the Group has identified five key sustainability thrusts (pages 12 and 13 of this report) that further our sustainability strategy as a responsible business.

Sustainability Commitment & Climate-Related Disclosure

As a responsible corporate citizen, Aztech strives to contribute to the national sustainability agenda and support local communities in countries of our operations through resource-efficient processes, product innovations and corporate social responsibility initiatives.

Amidst increasing urgency to prioritise efforts on combating climate change and in preparation for the mandatory requirement for climate reporting by the Singapore Exchange Regulations ("SGX RegCo"). Aztech is leveraging the Taskforce on Climate-related Financial Disclosures ("TCFD") framework to develop the Group's decarbonisation strategy to achieve our ambitious target of net-zero carbon emissions by 2040.

Aztech has begun a phased implementation of climate-related disclosures in FY2022, and is committed to enhancing our disclosure that is aligned with TCFD recommendations. The TCFD index provides references to our TCFD disclosure on governance, strategy, risk management and climate-related impacts, metrics and targets.

10.

Our Contribution to the UN SDGs

Why are UN SDGs important?

The UN Sustainable Development Goals (SDGs) are crucial as they provide a global agenda to solve urgent issues such as poverty, inequality, and climate change and takes a holistic approach by considering economic, social, and environmental factors simultaneously. The goals ensure that benefits reach everyone, and offer clear goals and targets to serve as a guide for organisations and governments. The SDGs are also essential to ensure a more sustainable future, and to ensure that no one is left behind in the journey towards a more sustainable world.

How does Aztech support the SDGs?

We have identified seven important and significant goals that correspond closely with Aztech's business operations. Our efforts align with the UN SDGs, wherein we strive to achieve the maximum positive impact on the most urgent needs of our world. We are committed to making a positive difference through our actions and business practices.



UN SDG Contribution



Goal 3: Good Health and Well-Being

The health and well-being of employees in the manufacturing industry are important as it ensures a productive workforce. The manufacturing environment often involves physical labour and exposure to potentially hazardous materials or conditions. Stringent safety checks will mitigate workplace accidents and illnesses.

Ensuring the well-being of employees throughout the supply chain is imperative for the attainment of UN SDG Goal 3: Good Health and Well-being. Aztech maintains stringent standards, mandating that suppliers undergo comprehensive evaluation procedures, inclusive of occupational health and safety assessments, aimed at fostering secure working environments.

Aztech ensures that qualified suppliers undergo regular assessments to ascertain their adherence to workplace safety standards. Instances of non-compliance are promptly communicated for rectification and improvement within stipulated timeframes. Failure on the part of affected suppliers to comply will result in disqualification and cessation of business relations.

Within the Group, all offices, manufacturing facilities and warehouses have instituted an Occupational Health and Safety ("OHS") Policy or its equivalent, accompanied by specific targets and objectives aimed at fostering an incident-free workplace. These objectives are directed towards minimising loss attributable to work-related injuries and illnesses, thereby safeguarding the well-being of our employees. This commitment extends to maintaining a conducive work environment that meets regulatory requisites while delivering excellence to our customers.



Goal 4: Quality Education

Quality education plays a pivotal role in empowering manufacturing workers, equipping them with the requisite skills to navigate technological advancements and market shifts. It enables them to proficiently operate machinery, implement quality control measures, and troubleshoot issues, thereby elevating manufacturing processes' efficiency and competitiveness.

Aztech's commitment to UN SDG goal 4 is evident through its diverse array of training programs covering software and hardware technology, time management, AI advancements, and patent seminars. This comprehensive approach ensures that employees are well-prepared to thrive in a rapidly evolving technological landscape.

In parallel, Aztech prioritises safety across its operations, particularly in research and development endeavours. Rigorous training on equipment operation, maintenance, and safety protocols mitigates risks and prevents accidents. Additionally, established emergency response procedures swiftly address potential hazards.

Furthermore, Aztech fosters a culture of occupational health and safety among its workforce, encouraging active participation in identifying and addressing safety concerns. This collaborative approach to continuous improvement not only enhances productivity and efficiency but also underscores Aztech's dedication to employee well-being and development.

By investing in both training and safety measures, Aztech contributes to sustainable economic growth while aligning with UN SDG goal 4's principles.



Goal 5: Gender Equality

By promoting gender equality through initiatives like equal pay policies and inclusive recruitment practices, manufacturing companies can tap into a broader talent pool and benefit from diverse perspectives and experiences. Achieving gender equality in the manufacturing sector is not only a matter of social justice but also a strategic imperative for fostering a diverse and inclusive work environment. It is through creating an inclusive culture where all employees feel appreciated and respected that engagement and retention can be fostered, which ultimately benefits the overall success of manufacturing firms by encouraging their employees to put their best foot forward.

Aztech, in accordance with UN SDG Goal 5 and the labor and employment management conditions stipulated by the government, upholds its Diversity and Inclusion Policy. This policy ensures that Aztech does not discriminate against employees based on their race, age, gender, religion, ethnicity, facial attractiveness, marital status, physical disability, sexual preference, political views, or national origin. Aztech hires and rewards employees based on performance, work attitude, and team spirit, striving to achieve equitable diversity of gender, age, and nationality in our workforce. As a company, Aztech aims to ensure that all employees are provided with equal opportunities in terms of skills and abilities to uphold inclusivity.



Goal 7: Affordable and Clean Energy

Manufacturing is one of the industries in which a lot of energy is consumed as a result of the energy-intensive processes involved. Moving toward more affordable and clean energy sources is crucial for cutting operational costs, minimising environmental impact, and guaranteeing long-term sustainability in manufacturing operations. The usage of energy in manufacturing facilities can be further optimised by investing in energy-saving technologies and practices. It is essential for manufacturing companies to put affordable and clean energy solutions at the top of their priority list so that they can stay competitive, comply with regulations, and fight climate change.

As part of Aztech's commitment to the responsible usage of energy, we strive to conserve energy and promote energy efficiency in all our business operations through the use of innovative practices and procedures. The system monitors monthly energy consumption and the results are shared with employees via an email or an employee newsletter that is sent out every month. When necessary, surveys are also conducted to gather feedback for improvement. The installation of energy-saving air conditioners in Dongguan has resulted in a reduction of 18% in the consumption of electricity compared with the old air-conditioning system.



Goal 12: Responsible Consumption and Production

Goal 12 urges sustainable consumption and production, vital for social, economic, and environmental well-being. Aztech recognizes its impact, especially in electronics production and disposal. Thus, it promotes sustainable practices, reducing waste, enhancing resource efficiency, and ensuring responsible consumption. Aztech integrates environmental considerations into its operations, purchases, and products. Initiatives like forming a sustainable packaging materials team and implementing measures such as packaging reduction and recycling align with this commitment. Aztech engages customers and supply chain partners in sustainable efforts, emphasising responsible packaging development. Through these actions, Aztech prioritises sustainability, minimising its environmental footprint, and fostering eco-friendly practices.

In 2023, the Sustainable Packaging Materials team was established to initiate the development of sustainable packaging strategies and plans. These efforts include implementing the sustainable packaging policy and disseminating the sustainable development policy and plan to customers, supply chain partners, employees, government agencies, and external media through various communication channels. Additionally, the team is tasked with setting short and long-term goals and plans for sustainable packaging development, aligning with Aztech's overall sustainable development objectives, sustainability priorities, and the evolving trends in the packaging industry. Furthermore, the team is responsible for formulating and implementing sustainable development measures consistent with Aztech's overarching sustainability goals for packaging.



Goal 13: Climate Action

Goal 13 necessitates global collaboration to address climate change, crucial for Aztech due to its environmental impact from raw material extraction, manufacturing, energy consumption, and electronic waste. Implementing measures to mitigate climate change and adopt sustainable practices bolsters Aztech's business resilience and sustainability.

Aztech prioritises responsible water usage, employing innovative practices to promote efficiency across operations. Adjustments in water flow reduce consumption, with ongoing monitoring to assess effectiveness. Environmental targets are set annually, with lessons learned informing policy updates that are communicated to employees.

In environmental stewardship, Aztech enhances eco-friendly initiatives, complying with relevant legal requirements. Though offsets for GHG emissions are pending, Aztech aims for net zero emissions by 2040, emphasising quantification and decarbonisation planning across all scopes of emissions. Through these efforts, Aztech demonstrates its commitment to environmental stewardship and sustainability.

Successful reduction of waste plan

- 60% of Hazardous Waste Solder Dross has been exchanged with Lead Free Solder Bar
- 45% of Expired Solder Paste been exchanged with Lead Free Solder Paste



Goal 16: Peace, Justice and Strong Institutions

Goal 16 promotes responsible business practices, ethical conduct, and a conducive environment for sustainable development. This goal is essential due to Aztech's complex supply chain as an electronic manufacturer. Thus, Aztech must ensure responsible financial practices to minimise corruption and illicit financial activities and certify that minerals are sourced from conflict-free regions. These measures will help uphold Aztech's reputation as an ethical company.

Aztech has engaged independent consultant, BDO LLP, to conduct the internal review of its sustainability reporting process in accordance with the International Standards for the Professional Practice of Internal Auditing issued by The Institute for Internal Auditors.

Aztech has established a common approach for corporate-wide development of policies and procedures that is guided by international human rights principles as described in the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Responsible Business Alliance Code of Conduct, the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises and the United Nations Global Compact's principles on Human Rights. Aztech will impose higher standards, where local laws and international human rights practices differ.

Aztech's Human Rights policy applies to all employees of the Group and to those in its supply chain i.e. suppliers and contractors.

11.

Stakeholder Engagement

Aztech's stakeholders are individuals or groups whose interests are affected or could be affected by our activities. We strive to continually engage our stakeholders meaningfully to foster mutually beneficial relationships based on trust and respect that have been cultivated through years of reliable services, quality products, certifications, communication and business decisions.

Through the engagement process, the Group seeks to identify actual and potential impacts resulting from our activities to determine prevention and mitigation measures to potential negative impacts, including respect for human rights, as we deliberated and incorporated concerns, suggestions and expectations from stakeholders in our business decisions.

To facilitate meaningful engagement with stakeholders, we have adopted initiatives as far as possible two-way formal and informal channels of communication, and considered communication barriers including, but not limited to, language, culture and internet censorship system differences to understand their needs. Feedback was documented, evaluated and incorporated in the development of the Group's corporate and sustainability strategies to build valuable and sustainable relationships.

Appropriate information, where applicable and not contravening customer protection, laws and regulations, is made available to relevant stakeholders to enable proper understanding of matters relating to the Group and its position.

Aztech identifies its stakeholder groups to engage according to the level of interest and exercise of influence the individual or group might have on our business.

Stakeholder engagement is an integral part of Aztech's business value creation process and is crucial to successful strategic planning. We engage both internal and external stakeholders.

Internal Stakeholders
<ul style="list-style-type: none"> • Board of Directors • Employees • Shareholders / Investors
External Stakeholders
<ul style="list-style-type: none"> • Customers • Suppliers • Service Providers • Banks / Financial Institutions • Community Groups • Government Agencies • Regulators • Investment Community

Following the identification of key stakeholder groups, the various operations and functions of the Group communicate, listen and collaborate with its key stakeholder groups continually to understand their expectations, concerns and priorities.

Communication can be via tele-conversations, emails, physical and virtual meetings, exhibitions, social media, webinars, surveys, lodgement of announcements with SGXNet and our corporate website, etc. Customised surveys such as ESG surveys are also being deployed to achieve in-depth understanding of the priorities, concerns and expectations of key stakeholder groups.

Feedback was evaluated and selected based on the readiness of implementation and perceived value to stakeholders for incorporation into the Group's development of corporate and business strategy and value creation process. Feedback, priorities, expectations and concerns from key stakeholder groups were also summarised and reported annually in the Sustainability Report for transparency and accountability.

Stakeholder	Engagement Platform	Frequency of Engagement	Key Concerns Raised
Employees	Emails Meetings Performance appraisal Welfare & social events Training Employee Newsletter	Daily Monthly Annually Ad hoc / Annually Ad hoc Monthly	<ul style="list-style-type: none"> Workplace safety Workers' welfare Talent retention Career progression
Customers	Emails, phone calls Meetings Company websites (https://www.aztechglobal.com , http://www.aztech.com) Customer inspection visits/audits Customer feedback survey	Daily Ad hoc Ad hoc Periodic / Ad hoc Ad hoc	<ul style="list-style-type: none"> On time project completion &/or delivery Service and product quality Workplace safety Workers' welfare Customer Data and Privacy Competitive prices
Suppliers and Service Providers	Emails, phone calls Meetings Site visits Trade events Supplier performance feedback/assessment	Daily Ad hoc Ad hoc Ad hoc Ad hoc Periodic / Ad hoc	<ul style="list-style-type: none"> Prompt payment Service and product quality On time delivery Workplace safety Workers' welfare
Local Communities	Participation in community activities	Annually / Ad hoc	<ul style="list-style-type: none"> Socially responsible corporate citizen and building community support
Investors / Shareholders	Announcements via SGXNet, company website General meetings Annual report Sustainability report Face-to-face and virtual meetings	Ad hoc / Half-Yearly Annually Annually Annually Periodic / Ad hoc	<ul style="list-style-type: none"> Compliance with rules and regulations Financial results Business updates Sustainable long-term profits and enhancement of shareholders' return
Government and Regulators	Seminars conducted by regulators Relevant government association memberships Emails	Ad hoc Ad hoc Ad hoc	<ul style="list-style-type: none"> Compliance with laws and regulations
Banks/Financial Institutions	Emails Meetings Phone Calls	Ad hoc Annual review/ Ad hoc Ad hoc	<ul style="list-style-type: none"> No key concerns raised due to the Group's strong net cash position and cash generative operations

Engagement with Stakeholders

12. Materiality Assessment

Each head of department prepares their plan for the year, identifying the areas of focus in line with the Group’s performance target. When doing so, they take into consideration the overall global economic and social environment, including issues like human rights, which would affect the Group’s performance. The plan also looks at the various risk factors that the department could face. Once these factors are identified, the business unit will classify the risks from low to high and put measures in place to mitigate the risks. This exercise will enable the business units to assess their significance and prioritise the impacts for reporting.

In the previous three years, we have engaged an external consultant to assist in our peer benchmarking exercise. In 2022, with the help and advice of the consultant, we undertook a customised EESG survey with key stakeholder groups that provided feedback and inputs to our materiality assessment exercise.

Key stakeholder groups identified for EESG survey in 2022:

- Shareholders (top shareholders that own 80% or more of Aztech Global Ltd. as of 28 March 2022);
- Board of Directors;
- Senior management team, HODs and functional heads who possess decisional impact on operations;
- Customers (top customers that contributed to 80% of the Group’s revenue for the year to date); and
- Suppliers (top suppliers that contributed to 80% of the Group’s purchases for the year to date).

Following the customised survey in our stakeholder engagement conducted in 2022 and the daily dialogues the team had with key stakeholder groups in 2023, the list of material topics identified in 2023 remains largely consistent with no changes in results.

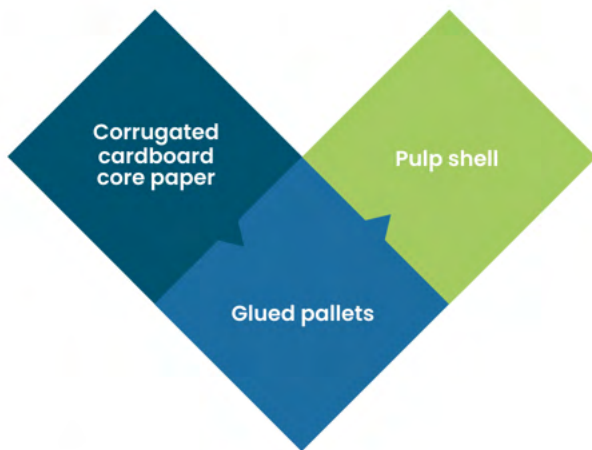


13.

Environment

Materials

Examples of Packaging Recycling Materials



Management of Materials

We are committed to reducing the negative impact our packaging materials have on the environment. Aztech aims to encourage its customers and supply chain partners to adopt and develop sustainable packaging. In 2023, the Sustainable Packaging Materials Team (SPM) was established as per FY2023 target.

Please refer to our website for [Our Sustainable Packaging Policy](#).

The team kickstarted the process with the launch of the Sustainable Packaging Development Strategy, starting with the development of the implementation plan. Initiatives under this strategy include reduction of packaging and use of plastics, recycling and development of intelligent manufacturing processes and packaging automation to reduce packaging waste. Assessments of materials, any breaches and the summary of actions and results will also be documented and communicated in our annual sustainability report.

Implementation of Sustainable Packaging Policy and Plan

To raise awareness and success rate of the adoption of sustainable packaging solutions, the SPM team will be disseminating its sustainable packaging policy, packaging solutions and plans to customers, supply chain partners, employees, government and the media through various communication channels. Additionally, the SPM team will be setting and formulating both short-, medium- and long-term goals and plans for a sustainability packaging development roadmap in alignment with Aztech’s overall sustainable development goals, sustainability thrusts and the developmental trends of the packaging industry. Lastly, the SPM team will align the formulation and development of sustainable packing measures to be consistent with the sustainable packaging goals.

Sustainable Packaging Policy

DISSEMINATION

Sustainable packaging policy and packaging plan to be disseminated to customers, supply chain partners, employees, government and external media through various channels of communication

GOAL PLANNING

Combine our company’s overall sustainable development goals and the development trend of the packaging industry to formulate long-term and short-term goals and plans for sustainable packaging development

FORMULATION

Formulate sustainable packaging measures that are consistent with our sustainable packaging development goals

While Aztech continues to ensure that we have stable sources of materials from our current suppliers, we have been considering sustainable procurement and ensuring that our packaging is efficient and minimises the amount of materials used for each package.

 FY2023 TARGETS	 FY2023 PERFORMANCE	 FY2024 TARGETS
Establish dedicated packaging materials conservation team to propose and implement responsible materials for packaging and sustainable procurement	Established a Sustainable Packaging Materials team in Dongguan	Implement sustainable packaging plan with relevant stakeholder groups to raise awareness and drive sustainable packaging solutions and development at Aztech

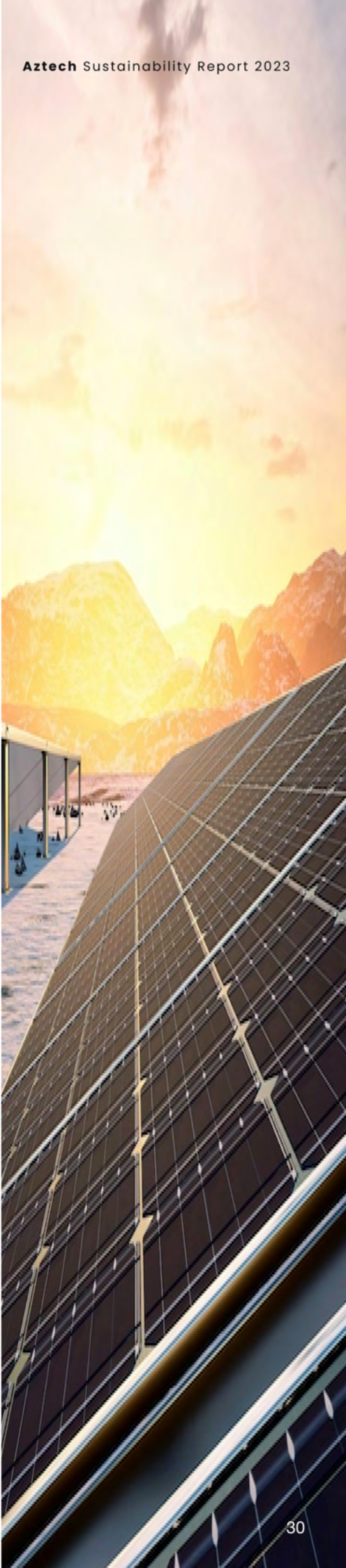
Energy

Aztech’s activities are powered by electricity and fuel namely diesel and petrol. We have been striving to improve our energy consumption efficiency through the deployment of energy efficient equipment and processes as well as energy conversion technology.

	2021	2022	2023
Diesel and Petrol Consumption (MWh)	358	146	179

2021 - 2023 Energy Data

- Energy intensity ratio (MWh/\$M)
- Total electricity consumption ('000 MWh)
- Total energy consumption ('000 MWh)



Performance Tracking and Evaluation

In FY2023, we reported 22.2% and 31.3% increase in fuel and electricity consumption to 179 MWh and 21,050 MWh, respectively. Higher fuel consumption was due mainly to 57.6% increase in petrol consumption in Dongguan following resumption of business activities post-pandemic, partly offset by 53.3% reduction in diesel consumption in Singapore following the disposal of a van in November 2022. Meanwhile, higher business activities as well as the preparation and commencement of full-scale operations at the newly acquired 300,000 sq ft manufacturing plant in Pasir Gudang, Johor, Malaysia (“Pasir Gudang plant”) during 3Q 2023, led to 31.3% increase in electricity consumption to 21,050 MWh in FY2023. As a result, the Group reported 31.3% increase in energy consumption in FY2023 to 21,229 MWh, thus, missing its FY2023 target to report 20.1% increase in energy intensity ratio to 23.69 MWh/\$M revenue in FY2023, which is still below 27.08 MWh/\$M revenue in FY2021.

	2021	2022	2023
Total electricity consumption (Mwh)	16,551	16,027	21,050
Total energy consumption (MWh)	16,909	16,173	21,229
Energy intensity ratio (MWh/\$M)	27.08	19.72	23.69

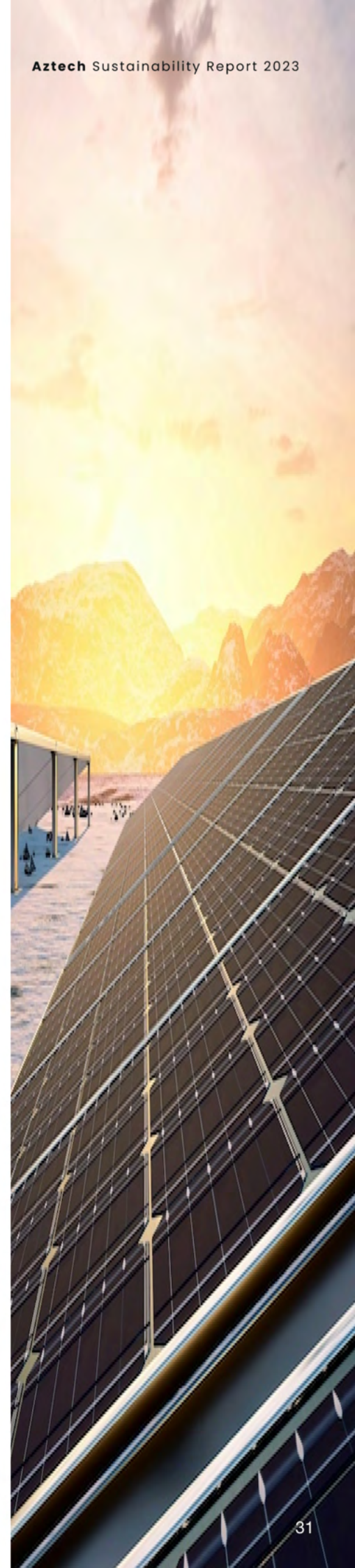
Initiatives to Conserve / Reduce Energy Consumption

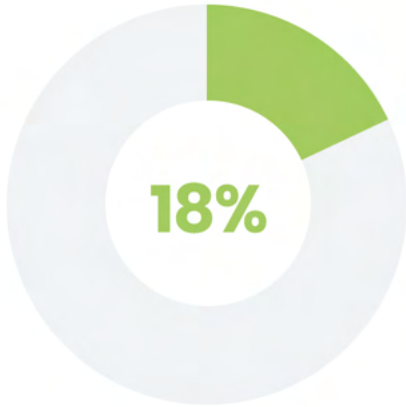
We monitor our electricity and fuel consumption at our offices, manufacturing facilities, warehouses and motor vehicles at all our sites namely in Dongguan, Hong Kong, Shenzhen, Johor and Singapore. We adhere to the various regulations including the Energy Conservation Law of People’s Republic of China, and seek ways to conserve and reduce our energy consumption to reduce our carbon footprint.

Energy Conservation & Consumption Reduction Initiatives:

- Recycle heat energy generated by our air-conditioning systems at our dormitories in Dongguan to power the central hot water system.
- Convert our air-conditioning system in Dongguan into energy efficient inverter systems.
- Install sensor lighting in the corridors of dormitories.
- Replace all T8 lighting with LED T8 lighting and added time switch capability to automatically turn off the lights when not in use.
- Promote energy conservation behaviour and practices such as the use of natural light, switching off lights during lunch hours, switching off air-conditioning after office hours, and through the usage of posters reminding people to do so.

In Dongguan, the installation of a new batch of energy-saving air conditioners successfully reduced electricity usage by 18% per annum compared with the old air-conditioning system.





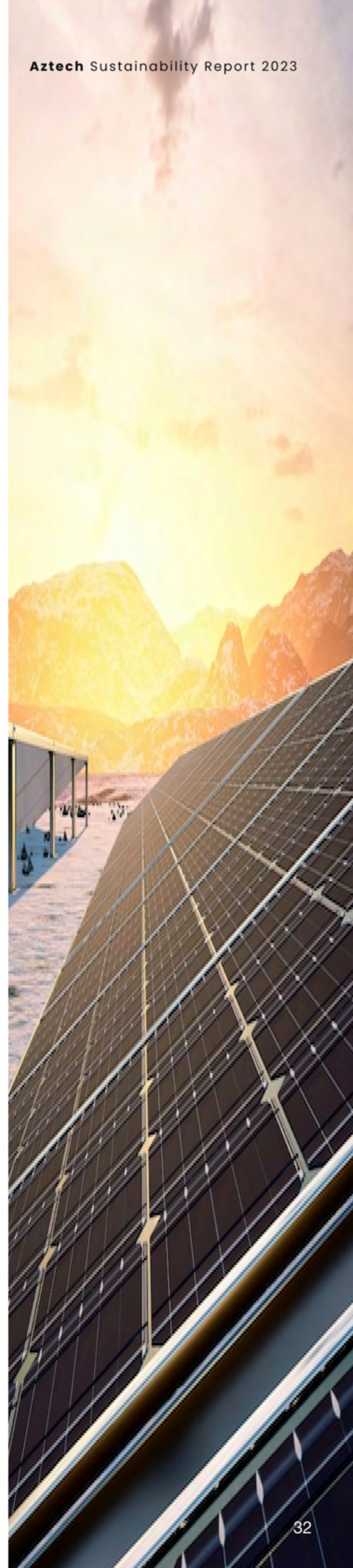
Percentage of energy saved annually from new energy-saving air conditioners

Environmental Commitment and Policy

Aztech recognises that our growth and success are linked to the wellness of the environment and the ecosystems in which the Group operates. We recognise that businesses have the responsibility to preserve and protect the environment, and the ability to contribute positively to sustainable development.

As part of our environmental policy, we are committed to the responsible usage of energy and seek to conserve energy through innovative practices and procedures, and promote efficient energy usage in all business activities.

Please refer to our website for [Our Environmental Policy](#).



Case Study

Energy Conservation and Carbon Emission Reduction

We are committed to decreasing our total energy usage to conserve resources for future generations, lowering our carbon emissions to attain net zero by 2040, and mitigating the impacts of climate change. These include increased occurrences of severe droughts, storms, heat waves, rising sea levels, glacier melting, and warming oceans. These impacts directly threaten wildlife, disrupt habitats, and adversely affect human livelihoods and communities.

At the same time, we are exploring the potential to reduce carbon emissions through more efficient production processes, capital equipment and the use of more sustainable and environment-friendly materials to reduce our impact on the environment and to meet the market's increasing demand for low-carbon, green, and responsibly sourced products.

Singapore

Our office in Singapore is committed to ensuring energy is used responsibly and conserved through innovative practices, procedures and by promoting efficient energy usage in all business activities. In FY2023, our Singapore operations reported a 16% reduction in energy consumption mainly driven by 40.5% reduction in energy consumed at the warehouse, where diesel consumption fell 53.3% following the disposal of a van in November 2022 and the use of only one van in 2023.

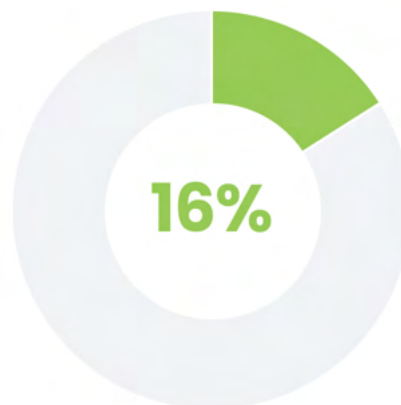
Electricity consumption, however, reported an increase of 8% to 110 MWh. As part of efforts to better manage the use of electricity, we enforced the switching off of lights and air conditioners after office hours and inculcated habits to switch off lights for rooms not in use. Additionally, our office in Singapore has taken the initiative to work with its landlord to improve the efficiency of the building's air conditioning system.

To track the effectiveness of our actions, we use indicators such as energy intensity ratio and actual energy consumption. To evaluate progress, yearly targets to improve energy intensity ratio by a certain percentage have also been set.

Feedback and improvements are provided to the relevant department heads, and suggested updates to operational policies and procedures are proposed for their approval before being disseminated to employees via email to convey the changes and address any potential concerns. The results of the measures are also shared via email or employee newsletter. If needed, surveys are also conducted to solicit feedback for further improvement.



Singapore Operations

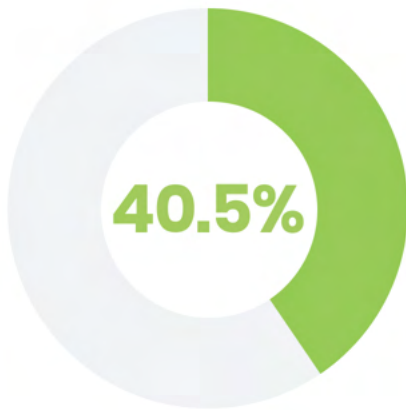


Reduction in energy consumption

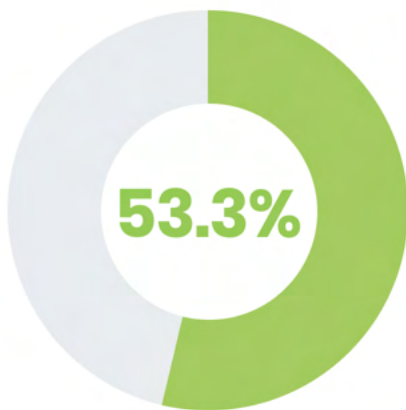
Efforts to manage use of electricity

- Switched off lights and air conditioners after office hours
- Inculcated habits to switch off lights for rooms not in use
- Looking to improve efficiency of building's air conditioning system with the landlord

Singapore Warehouse



**Reduction
in energy
consumption**



**Decrease
in diesel
consumption**

Efforts to reduce diesel usage

- Disposal of a van in Nov 2022 and use of only one van in 2023

We are actively working to identify opportunities and implement innovative solutions to reduce the amount of energy used in the production and distribution of our products as we understand that the effects of climate change can be negatively felt in a variety of ways within our operations and the planet. We target to improve our energy intensity ratio by 5% in FY2024, while looking to enhancing our efforts in this direction and working together to create a more sustainable future for our planet.

🎯 FY2023 TARGETS	📊 FY2023 PERFORMANCE	🎯 FY2024 TARGETS
Improve energy intensity ratio by 5%	Energy intensity ratio increased by 20.1% to 23.69 MWh/SM that is below 27.08MWh/SM in 2021	Improve energy intensity ratio by 5%



Water and Effluents

Water and Effluents Management and Policy

Aztech recognises that our growth and success are linked to the wellness of the environment and the ecosystems in which we operate. We recognise that businesses have the responsibility to preserve and protect the environment, and the ability to contribute positively to sustainable development. As part of our environmental policy, we are committed to the responsible usage of water and seek to conserve water through innovative practices and procedures, and promote efficient water usage in all business activities.

Please refer to our website for [Our Environmental Policy](#).

Interactions with Water as a Shared Resource

We recognised water as a shared resource essential for the functioning of ecosystems, communities and the economy. Amidst the climate-change that is impacting water resources globally, Aztech remains committed to manage water resources and effluents responsibly.

Water plays a critical role in Aztech's manufacturing operations. Municipal water supply, purified river water and rainwater remains our primary water resource, and we are careful in monitoring water usage at every site to prevent and mitigate harmful effects of excessive water consumption as well as water discharged on the local communities.

To ensure that water is consumed responsibly, we implement several initiatives to mitigate over-consumption.

Water Conservation and Savings Initiatives:

- Install delayed flushing valves for toilet bowls
- Install water-saving faucets to control water flow
- Routine inspections of the plumbing system, water pipes and valves for leakages and damages at our manufacturing facilities to stem out water wastage
- Reminder posters to cultivate responsible consumption

Compliance with the local government regulations on water and effluent discharge remains our priority, especially at our manufacturing sites, where quantifiable standards and discharge limits had been established, tracked and monitored to meet discharge standards set by the authorities.

In Dongguan, our centralised rainwater and sewage diversion system collects and treats the sewage to conductivity less than 200 $\mu\text{S}/\text{cm}$ with pH scale of between six and nine before discharging to the public drainage system.

Similarly, our manufacturing facilities in Malaysia are required to remove impurities and waste substances prior to discharging to the public drainage system to mitigate the impact of waste water discharged from the premises.

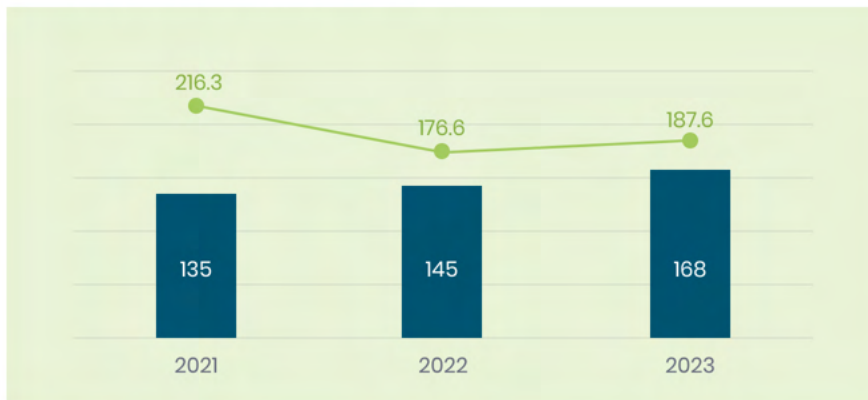
At its Gelang Patah facility, impurities and waste substances are removed at the centralised septic tank system and through sewage control. In Pasir Gudang, the facility operates its own sewage system that is in compliance with all local laws and regulations on environmental health and safety including, but not limited to, water pollution. Water samples from the final drainage were sent for analysis at a certified laboratory to ensure water discharged from our premises comply with local legislations. Routine inspection of the sewage treatment plant is also conducted to ensure the plant is functioning accordingly to prevent stagnant water and breeding of mosquitoes and impact on the community.

There were no reported incidents of non-compliance with effluent discharge limits and regulations in FY2023 thereby achieving our FY2023 target. Aztech is committed to adhering strictly to the local government regulations for water and effluents discharge to lessen our impact and contribute to the wellness of the environment and the ecosystems in which we operate and persevere with our zero incident record of non-compliance relating to water and effluents discharge.

	2021	2022	2023
Total water consumption ('000m ³)	135	145	168
Water intensity ratio (m ³ /\$M Revenue)	216.3	176.6	187.6

2021 - 2023 Water Data

- Water intensity ratio (m³/\$M)
- Total water consumption ('000m³)



Performance Tracking and Evaluation

Higher business activities as well as the preparation and commencement of full-scale operations at the newly acquired 300,000 sq ft Pasir Gudang plant during 3Q 2023 led to 16.1% increase in water consumption to 168,000 m³, while intensity ratio increased by 6.2% to 187.6 m³/\$Million revenue compared with its FY2023 target to improve water intensity by 5%. To manage water resources and effluents responsibly, we target to improve water intensity ratio by 5% and persevere with our record of zero incidents of non-compliance relating to water and effluents discharge.

FY2023 TARGETS	FY2023 PERFORMANCE	FY2024 TARGETS
Zero (0) incidents of non-compliance relating to water and effluents discharge Improve water intensity ratio by 5%	Zero (0) incidents of non-compliance relating to water and effluents discharge Increased water intensity ratio by 6.2% to 187.6 m ³ /\$M	Zero (0) incidents of non-compliance relating to water and effluents discharge Improve water intensity ratio by 5%

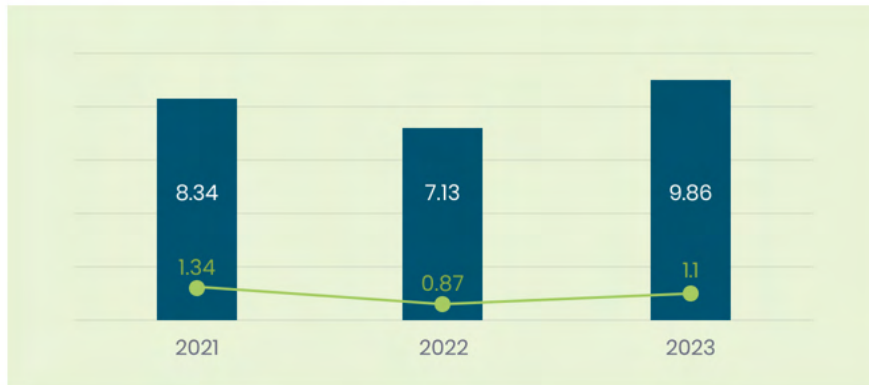
Emissions

Aztech recognises that understanding and mitigating greenhouse gas emissions are a critical component of sustainable business practices. We understand that our manufacturing operations contribute to emissions, particularly those of greenhouse gases like carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O). As such, we are working towards transparently assessing, monitoring, and managing our emissions to minimise our environmental footprint and contribute to a more sustainable future. By providing insight into our emissions profile and emissions management process, we aim to foster transparency, accountability, and continuous improvement in our sustainability practices.

GHG Emissions and Intensity

2021 - 2023 Scope 1 Emissions Data

- Scope 1 Emissions intensity ratio (tCO₂e/\$M)
- Scope 1 Emissions ('00 tonnes)



2021 - 2023 Scope 2 Emissions Data

- Scope 2 Emissions intensity ratio (tCO₂e/\$M)
- Scope 2 Emissions ('000 tonnes)



	2021	2022	2023
Scope 1 emissions (tonnes)	834.4	713.4	986.3
Scope 2 emissions (tonnes)	10327.1	10205.9	13273.1
Scope 1 emissions intensity ratio (tCO ₂ e/\$M)	1.34	0.87	1.10
Scope 2 emissions intensity ratio (tCO ₂ e/\$M)	16.54	12.44	14.81

Management of Emissions

We are committed to minimising the impact of our operations on the environment and integrating environmental considerations in our business practices and processes. In advancing our environmental stewardship, we seek to protect the environment, continually enhance our environmental friendly initiatives and comply with any applicable legal requirements of the country in which we operate. These include the measurement and analysis of the carbon footprint of our business activities and the impacts of the climate change mitigation strategies and other adaptation efforts adopted by us.

Please refer to our website for [Our Environmental Policy](#).

One of our actual and potential negative impacts of the emissions on the economy, environment, and people, including impacts on human rights, is high emissions.

Performance Tracking and Evaluation

This is the first year that we have reported our Scope 1 and 2 emissions to address climate-related impact as well as risks and opportunities. The Group has identified its Scope 1 to comprise emissions from fuel consumption as well as fugitive refrigerants, while Scope 2 comprises emissions from purchased electricity.

To track the effectiveness of our mitigation and/or adaptation actions, we are monitoring our carbon emissions and deploying short-term annual targets such as improvement of emissions intensity ratio by certain percentage, as well as disclosing a summary of our actions and performance annually in our sustainability report. Medium- and long-term goals will also be mapped to align with the Group's decarbonisation roadmap to achieve our ambitious net zero emissions by 2040. We have not yet utilised offsets to achieve our GHG emissions targets but we are considering this option after identifying, measuring and quantifying emissions across all three scopes and developing a decarbonisation plan or roadmap.

The Group reported 38.3% and 30.1% increase in Scope 1 and 2 emissions in FY2023 to 986.3 and 13,273 tonnes CO₂e, respectively amidst higher business activities as well as the preparation and commencement of the full-scale operations at the newly acquired 300,000 sq ft Pasir Gudang plant during 3Q 2023. The facility tripled the manufacturing footprint in Malaysia and about doubled the Group's manufacturing built-up area. The higher emissions had translated into an increase in Scope 1 and 2 intensity ratios from 0.87 and 12.44 tonnes CO₂e / \$Million revenue in FY2022 to 1.10 and 14.81 tonnes CO₂e / \$Million revenue in FY2023, respectively. The Group targets to improve both Scope 1 and 2 emissions intensity ratios by 5% in FY2024.

We have not yet utilised offsets to achieve our greenhouse gas emissions targets but we are considering this option after identifying, measuring, and quantifying emissions across all three scopes and developing a decarbonisation plan or roadmap to reach our net-zero target by 2040. For actions implemented, we calculate carbon emissions across all three scopes to assess their effectiveness. A summary of these actions and their impact is then published in the annual sustainability report.

FY2023 PERFORMANCE

Scope 1 and Scope 2 emissions intensity ratios increased by 26.4% and 19.1% to 1.10tCO₂e/\$M and 14.81tCO₂e/\$M, respectively

FY2024 TARGETS

To improve Scope 1 and Scope 2 emissions intensity ratios by 5%

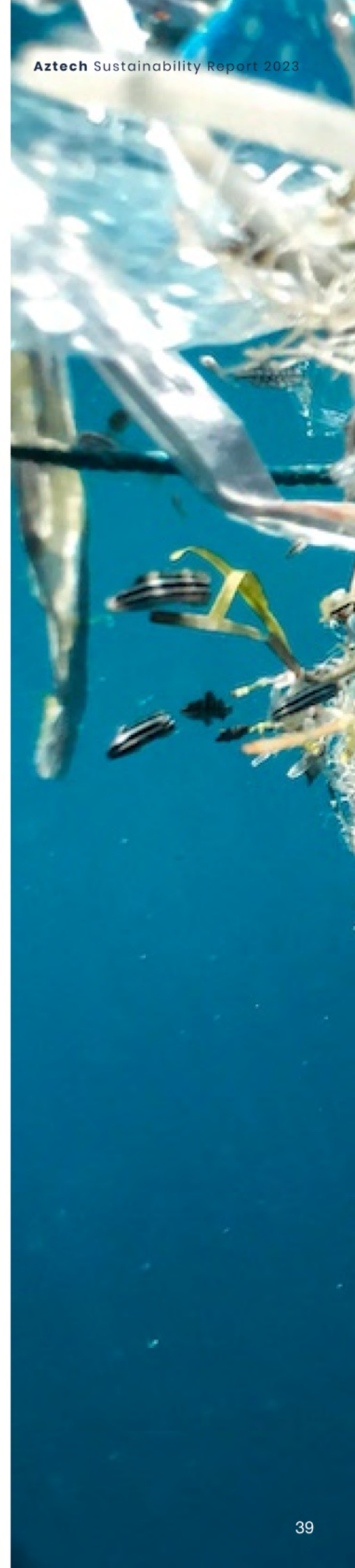
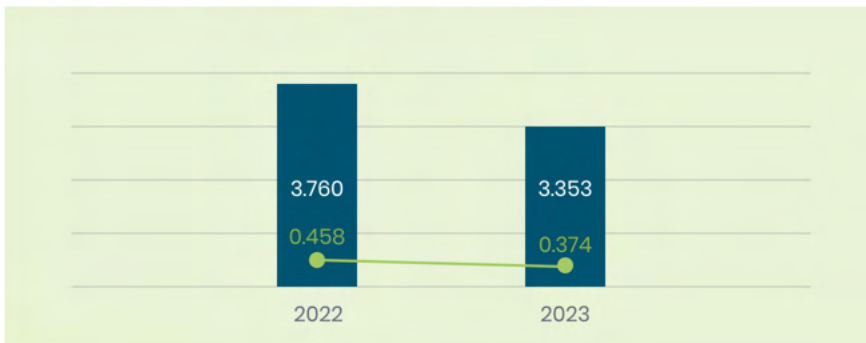
Waste

Waste is generated through all stages of production at our manufacturing facilities and within our value chain. Aztech is conscious of the waste we generate and recognise our responsibility to manage such waste to minimise our impact on the environment and the communities. We understand that effective waste management enhances our ability to achieve resource efficiency that could translate into cost savings. Hence, we focus on driving effective waste management in our direct operations by reducing and diverting our operational waste and applying strict standards to our waste management efforts.

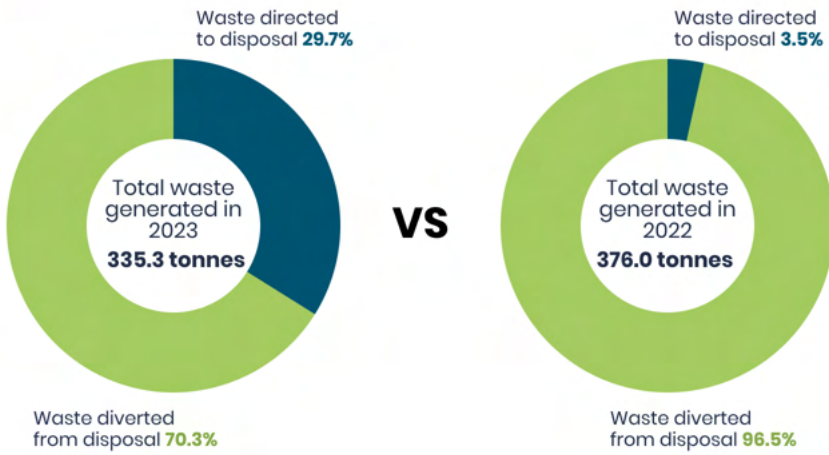
	2022	2023
Total waste generated (Tonnes)	376.0	335.3
Waste intensity ratio (Tonnes/\$M)	0.458	0.374

2022 - 2023 Waste Data

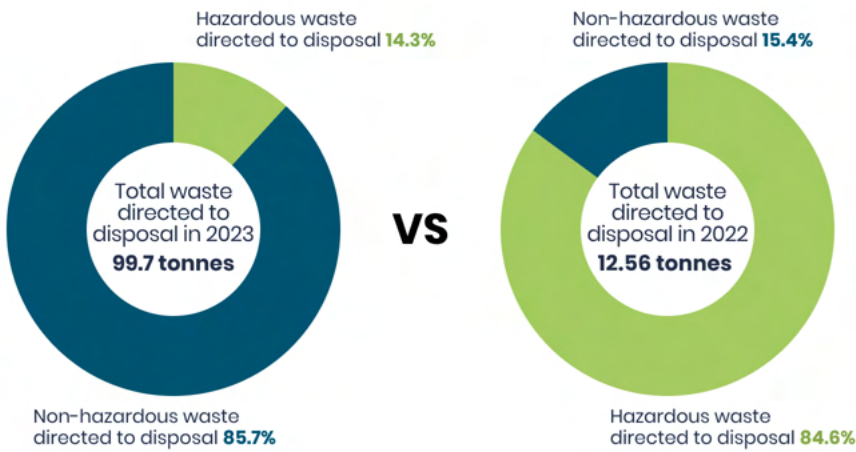
- Waste intensity ratio (tonnes/\$M)
- Total waste generated ('00 tonnes)



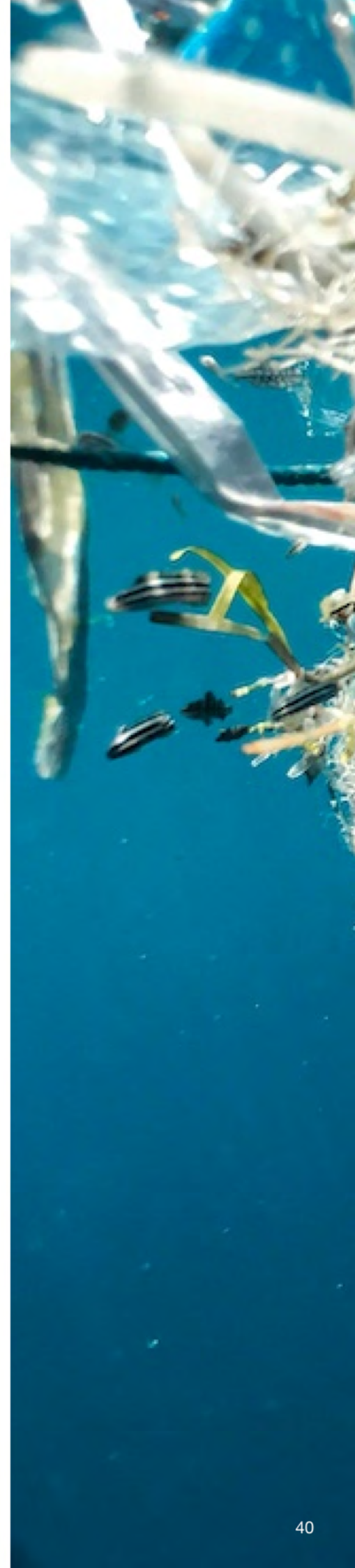
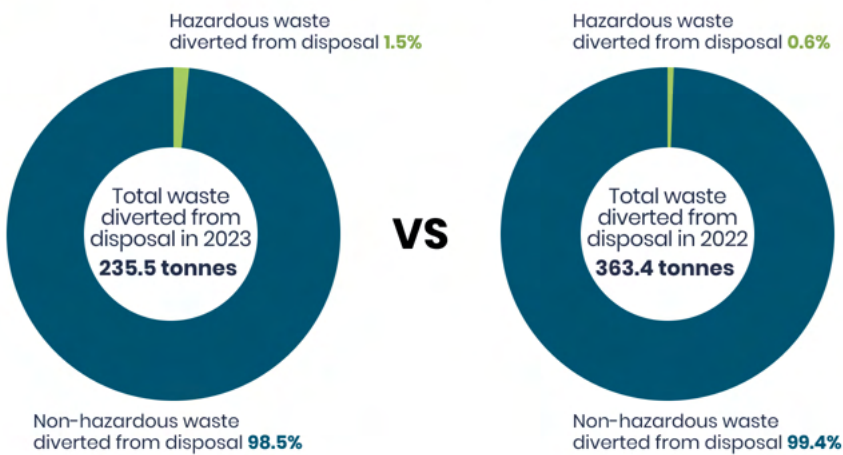
- Waste diverted from disposal
- Waste directed to disposal



- Hazardous waste directed to disposal
- Non-hazardous waste directed to disposal



- Hazardous waste diverted from disposal
- Non-hazardous waste diverted from disposal



Management of Significant Waste-related Impacts

Waste at our Dongguan facility is mainly generated during the production process and by employees. We have established a waste control procedure to ensure that the waste generated is properly controlled, managed and disposed of according to environmental regulatory requirements. Municipal waste generated is collected for disposal by the local sanitation department, while general solid waste is collected for full recovery by qualified third-party recyclers. Hazardous waste is also collected and disposed of by qualified third-party recyclers.

In Malaysia, hazardous scheduled waste is collected in-house, stored and disposed of as per the Department of Environmental Protection (“DOE”) Regulations. Generated waste inventory is periodically reported using the Electronic Scheduled Waste Information Systems (“eSWIS”) – the official online portal of DOE – to track the movement and handling of scheduled waste on-line with DOE licensed waste receiver.

Malaysia Business Unit



Hazardous scheduled waste

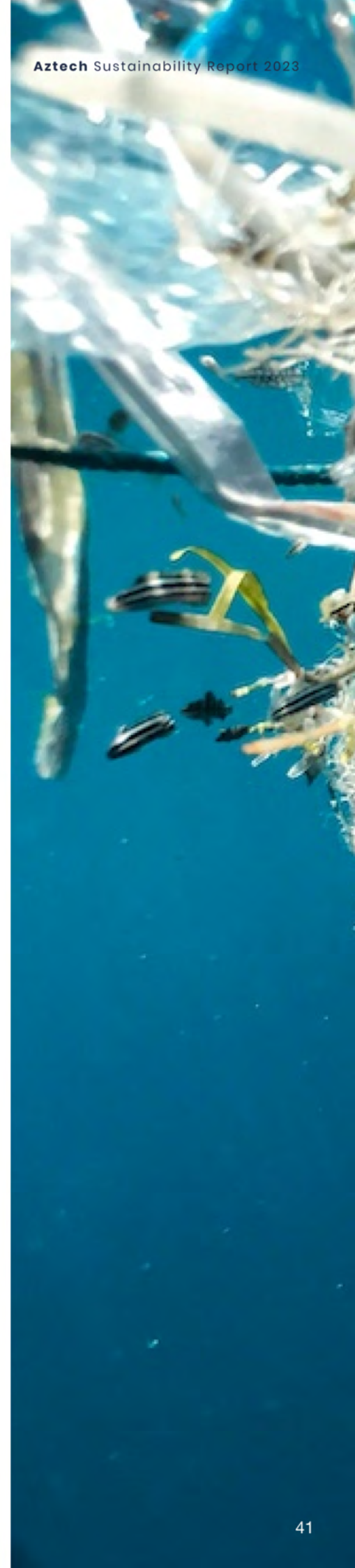
- Collected in-house, stored and disposed as per the Department of Environmental Protection (DOE) Regulations
- Monitored by the Department of Environmental Applications (eSWIS)

60%

Percentage of hazardous waste solder dross exchanged with lead free solder bar

45%

Percentage of expired solder paste exchanged with lead free solder paste






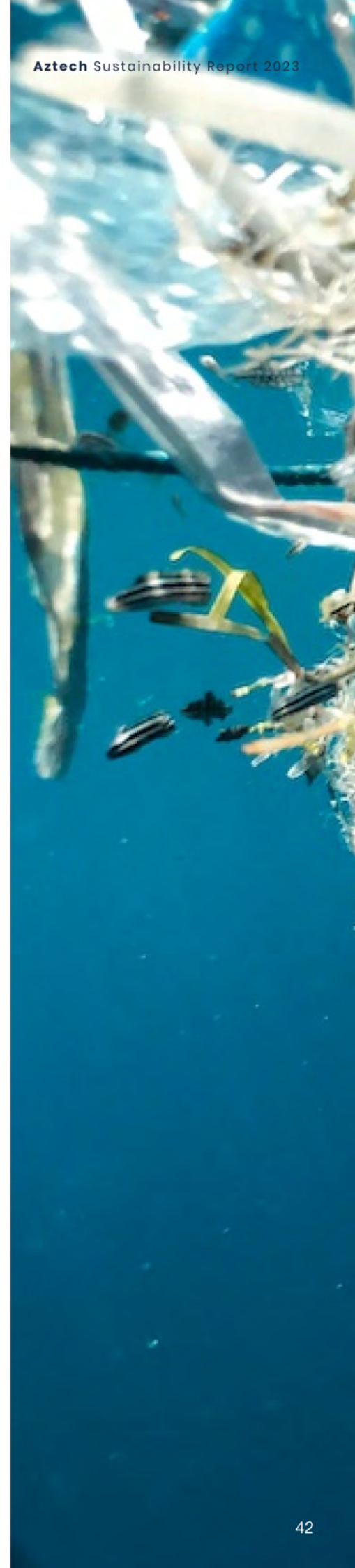
Management of Waste

It remains Aztech's intention to continuously divert our waste from disposal, and to maintain our disposal of hazardous waste only through certified third-party service providers to comply with environmental regulations and to minimise our environmental impact. In addition, Aztech seeks to explore alternative uses for waste from our operations to improve resource efficiency, explore the adoption of green alternatives and apply the 5Rs – refuse, reduce, reuse, repurpose and recycle – to boost our waste minimisation thrust so as to conserve scarce resources towards zero waste in the long-term. We intend to explore ways to engage our stakeholders along the value chain to identify circular opportunities through the efficient use of resources in the near future.

Performance Tracking and Evaluation

The Group generated a total of 335.3 tonnes of waste in 2023, a reduction of 10.8% from 376 tonnes in 2022. The amount of waste diverted from disposal decreased by 35.1% to 235.5 tonnes to account for about 70.3% of total waste generated in 2023. Waste directed to disposal, however, reported a significant increase from 13 tonnes in 2022 to 99.7 tonnes or about 29.7% of the total waste generated in 2023. The proportion of hazardous waste directed to disposal declined from 84.6% in FY2022 to 14.3% in FY2023. Hazardous waste as a percentage of waste diverted from disposal increased from 0.6% in FY2022 to 1.5% in FY2023. While the majority of waste generated was diverted from disposal, the Group strives to divert more of its hazardous waste from disposal with qualified recyclers to mitigate its impact on the environment. As a result of reduction in waste generated, waste intensity ratio improved by 18.4% to 0.374 tonnes/\$M revenue. It targets to improve the intensity ratio by 5% in FY2024.

 FY2023 TARGET	 FY2023 PERFORMANCE	 FY2024 TARGETS
<p>Maintain 100% disposal rate of hazardous waste to certified third-party service providers</p> <p>Establish disposal & diverted waste data collection at our Pasir Gudang manufacturing plant in Johor, Malaysia</p>	<p>Reduced waste by 10.8% and intensity ratio improved by 18.4% to 0.374 tonnes/\$M</p> <p>Maintained 100% disposal rate of hazardous waste to certified third-party service providers/ recyclers</p> <p>Established disposal & diverted waste data collection at our business unit in Malaysia</p>	<p>Maintain 100% disposal rate of hazardous waste to certified third-party service providers/ recyclers</p> <p>Divert more waste to certified third-party recyclers to reduce waste directed to disposal</p> <p>Improve intensity ratio by 5%</p>



14.

Social

Occupational Health and Safety

Aztech's Commitment to Occupational Health and Safety

At Aztech, we prioritise the safety and well-being of our employees by implementing robust occupational health and safety management systems, designed to comply with legal requirements and industry standards, ensuring a safe and healthy workplace environment for all. These systems include the safety production standardisation GB/T33000-2016 and an Occupational Health and Safety ("OHS") Policy with specific targets and objectives aimed at achieving an incident-free workplace and reducing loss time arising from work-related injury and illness. Furthermore, our new manufacturing plant in Pasir Gudang, Johor, Malaysia has achieved the ISO 9001 Quality Management Systems, ISO14001:2025 Environmental Management Systems and ISO45001:2018 Occupational Health and Safety Management Systems standards in March 2024.

Aztech is steadfast in its commitment to prioritising the health and safety of our employees, adhering to internationally recognised standards and regulations. We align our practices with the guidelines set forth by the International Labour Organisation (ILO) to ensure the well-being of our workforce. Additionally, in Singapore, we comply with the Workplace Safety and Health (WSH) regulations to create a safe and secure working environment. In China, we adhere to the Law of the People's Republic of China on Work Safety and Labour Law, underscoring our dedication to upholding safety standards across our operations. In Malaysia, we follow the Occupational Safety and Health Act 1994 to safeguard the health and safety of our employees. By adhering to these regulations, Aztech demonstrates its unwavering commitment to providing a workplace where employees can perform their duties confidently and securely.

Ensuring Compliance and Quality Assurance

At Aztech, we have successfully implemented a system to identify and track legal and other requirements, ensuring compliance with applicable regulations. This involves maintaining comprehensive lists of requirements and effectively communicating updates to relevant departments.

Additionally, quality assurance is paramount in our processes. We have mechanisms in place to ensure the competency of personnel involved in risk assessments and hazard identification. Regular training and evaluations are conducted to uphold high standards throughout our operations.

Hazard identification, Risk Assessment and Incident Investigation

Thorough risk assessments and hazard identification are conducted before each project commences to ensure workplace safety. This includes both routine and non-routine assessments to effectively address potential hazards.

Measures are then implemented to eliminate hazards and minimise risks, following the hierarchy of controls. Specific procedures are tailored to different scenarios, such as R&D operations and laboratory settings to effectively manage and eliminate hazards and associated risks.

In addition, our team considers significant environmental aspects, conducts Risk Assessment using Hazard Identification, Risk Assessment and Risk Controls ('HIRARC') process, and evaluates related actual or potential environmental impacts associated with our work.

To mitigate fire hazards at the workplace and its impact, Aztech has implemented fire prevention measures across its operating sites to raise fire awareness, reduce the risk of fire incidents and ensure the preparedness and safety of our employees, customers and property. In addition to installing and performing routine maintenance of fire extinguishers, offices across the Group regularly conduct fire drills and evacuation exercises to familiarise employees with exit procedures and proper handling of fire extinguishers. Routine inspection of emergency exits and unblocked passageways are also performed to facilitate quick and safe exit in any case of an emergency.

All workplace injuries and accidents are subject to investigation to determine the root cause to deploy effective course of corrective and preventive measures. Standard operating procedures ("SOPs") are also reviewed to prevent the recurrence of workplace injuries and counsels offered to affected employees to observe and adhere to the SOPs to achieve workplace safety. Major workplace accident and corrective actions will be lodged with the local authority and audit will be performed by appointed officer from the authority. Effectiveness of corrective action is also assessed and verified by health and safety officer at the respective sites.

Training provided to employees

At Aztech, we prioritise employee safety through comprehensive training programs, including:

1. Industrial First Aid and CPR & AED training to ensure employees are equipped to respond effectively to medical emergencies.
2. Forklift training to ensure the safe operation of forklifts and prevent accidents in the workplace.
3. Chemical Handling Management and Spillage Training to educate employees on proper handling procedures and spill response protocols.
4. Training for R&D staff to properly use the equipment and machinery and assess the risk associated with operating the equipment
5. Educating and equipping all persons working for and on behalf of Aztech with the relevant knowledge and tools to enable them to achieve the aims of the environmental policy in the course of their work

Continuous Improvement and Employee Engagement

We are committed to continuous improvement, with ongoing efforts to enhance our occupational health and safety management systems. This includes hiring health and safety competent personnel and referring to industry best practices for evaluation.

Employee engagement is vital in our safety initiatives, with communication, participation, and consultation procedures established. Training programs empower employees to identify and report problems, fostering a culture of safety awareness and continuous improvement.

Employee Benefits and Promoting Healthy Living

Complementary to a healthy and safe workplace, we believe the provision of benefits and promotion of healthy living and well-being among our employees will enhance their well-being as we seek to nurture trust, commitment and excellence within the Group.

We provide dental benefit, medical insurance and organise health promotion activities such as talks and workshops like Communication in Workplace: Handling Tricky Workplace Situations Diplomatically; Nurturing Harmonious Communication at The Workplace; and Stress Resilience to support our employees' mental health. This followed our previous year's topics including Eating Well for Better Immunity, Strengthening and Stretch for Good Posture, Fitness Improvement, Lowering Cancer Risk through Healthy Lifestyle and Emotional Intelligence.

All of our employee's personal health-related information are kept confidential and protected with access limited strictly to an authorised person.

Aztech is dedicated to proactively identifying and mitigating work-related hazards, ensuring the safety and well-being of our workforce. Through comprehensive risk assessments, quality assurance measures, and employee engagement initiatives, we strive to maintain high standards of safety and sustainability in our operations.

Aztech Work-Related Injuries

	2021	2022	2023
Number of work-related injuries	3	6	0
Number of fatalities as a result of work-related injuries	0	0	0
Number of high-consequence work-related injuries	0	1	0
Number of recordable work-related injuries for all employees	0	1	0
Rate of injury per 100 workers	0.078	0.161	0

Aztech remains committed to the safety and well-being of our workers. We achieved a proud record of zero (0) work-related injuries in FY2023. Our unwavering dedication to implementing and updating rigorous safety protocols ensures the well-being and security of all employees across our operations. This achievement underscores our steadfast commitment to fostering a culture of health, safety and the overall welfare of our valued workforce.

Tracking Effectiveness of Occupational Health and Safety Actions

Processes Used

1. Suggestion and complaint letters submitted to the general managers for review and processing
2. Human Resources Department investigates and deals with disciplinary violations reported by employees.
3. Strict confidentiality measures are adopted when handling all letters of recommendation and complaints.

Goals, Targets, Indicators

1. Reduction in the number of reported occupational health and safety incidents.
2. Increase in employee satisfaction with occupational health and safety measures.
3. Compliance with regulatory requirements.

Effectiveness of Actions

1. Annual documentation and communication of breaches and assessments via sustainability report.
2. Verification of rectification implemented by errant suppliers by an independent party.

Lessons Learned and Incorporation

1. Lessons learned from incidents and stakeholder feedback are incorporated into operational policies and procedures.
2. Continuous improvement approach adopted to enhance the effectiveness of occupational health and safety actions.

FY2023 TARGETS	FY2023 PERFORMANCE	FY2024 TARGETS
Not more than 5 minor workplace accidents Zero (0) cases of major work-related accident	Achieved zero (0) work-related injuries	Not more than 3 work-related injuries and 0 high-consequence work-related injuries and fatalities

Training and Development

Human capital development stands as a pivotal element in ensuring the enduring relevance of Aztech's value proposition within its respective markets. Aztech remains steadfast in its commitment to fostering professional growth among its workforce through comprehensive training initiatives. Our holistic Learn, Train, and Develop (LTD) framework serves as a cornerstone in aligning the progression of our personnel with the evolving needs of both the organisation and the broader industry landscape.

Within the LTD framework, emphasis is placed on three primary areas of employees' learning trajectories, facilitating skill acquisition and aiding in the seamless transition into new and emergent roles. Regular assessments and annual reviews are integral components of our approach, allowing us to identify critical skills gaps at both departmental and individual levels. Leveraging these insights, personalised learning pathways and career maps are meticulously crafted, ensuring a lifelong journey of learning and development tailored to each employee's professional aspirations and organisational requirements.

Total Employee Training Hours

	2021	2022	2023
Total Number of Training Hours	13,855	17,394	31,096
Average Number of Training Hours per Employee	12	13	18

FY2023

Male	Female
Total Number of Training Hours 20,520	Total Number of Training Hours 10,576
Average hours of training per year per employee 20.1	Average hours of training per year per employee 15
Percentage of employees receiving regular performance and career development reviews 100%	Percentage of employees receiving regular performance and career development reviews 100%



The Group achieved a total of 31,096 training hours in FY2023 from 17,394 hours in FY2022, while average training hours per employee increased from 13 hours to 18 hours that exceeded our target of 13 hours. The average training hours for female employee was 15 hours and 20.1 hours for male employees, higher than the 13.2 hours and 13 hours reported in FY2022, respectively. Some of the training programmes attended by our employees during the year are as follows.

- AI / Machine Learning
- Big Data and Power BI
- Carbon Accounting & GHG Management - Key to a Low-Carbon Future
- ERP Project Implementation
- IPI06 Patent Basics
- IP202 Management and Strategies of Patent Commercialisation and Technology Transfer
- SMETA 6.1 Social Responsibility Awareness
- Perform Metal Scaffold Erection (worker)
- Supervise Construction Work for Workplace Safety and Health
- Supervise Metal Scaffold Erection

We believe in investing in the continuous development of our people and commit to conduct regular performance and career development reviews with our employees. We also intend to deploy resources and offer training courses to continuously strengthen the competency of all our employees.

FY2023 TARGETS	FY2023 PERFORMANCE	FY2024 TARGETS
Maintain an average of 13 training hours per employee Maintain more than 90% of the Group's employees receiving regular performance and career development reviews	Achieved an average of 18 training hours per employee that exceeded our target of 13 hours 100% of employees received regular performance and career development reviews, exceeded our 90% target	Achieve at least an average of 13 training hours per employee Maintain 100% of the Group's employees' receiving regular performance and career development reviews

Employment

Aztech respects human rights and supports the elimination of all forms of forced and compulsory labour, including child labour, and do not tolerate any discrimination in respect of employment and occupation.

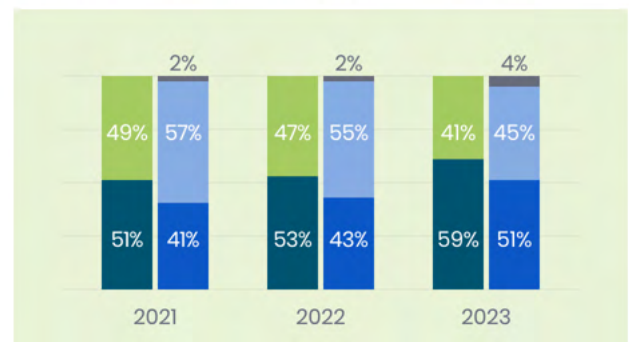
As an equal opportunity employer, we encourage and embrace inclusiveness, diversity and teamwork that lend impetus to innovation. We have, thus, embedded these principles into our recruitment policy where candidates are evaluated based on merits, and performance of our employees are evaluated through a transparent appraisal process.

Our remuneration package is competitive and commensurate with employee's experience, performance and job responsibilities. We review remuneration policies and packages regularly to ensure that our compensation and benefits are in line with the market. To align the interests of the employees with those of the Group's, employees are rewarded equitably for their contribution. Variable bonuses are awarded to eligible employees based on the individual's contribution to the Group, profitability of the Group, current economic and business situation, government's wage guidelines, and internal and external salary equality. None of our employees are covered by collective bargaining agreement.

With proper recruitment and reward systems in place, Aztech firmly believes success is built upon a collaborative work environment through the creation of a respectful, rewarding, progressive and safe working environment for our people, in which every employee is engaged, empowered and motivated to achieve corporate goals. As we prioritise the development of our employees to be employable, relevant and competitive, we believe it enhances our ability to attract, develop and retain talents in the Group.

Aztech Workforce Profile

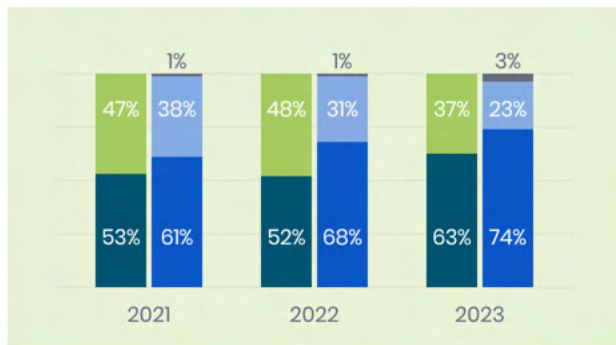
- Female
- Male
- <30 years old
- 30-50 years old
- >50 years old



The Group employed an average of 1,727 employees in FY2023, an increase from 1,307 employees a year ago with the commencement of full-scale operations at our new Pasir Gudang facility in 3Q FY2023. Of the new hires, 63% were male employees and 37% were female. In addition, 74% of new hires were from below age 30 years, while 23% and 3% were from 30 – 50 years old and above 50 years old, respectively. On employee turnover, 52% were male employees with the remaining being female employees. In terms of age group, 57% were below 30 years old compared with 40% between the age of 30 to 50 years old and 3% who were above 50 years old.

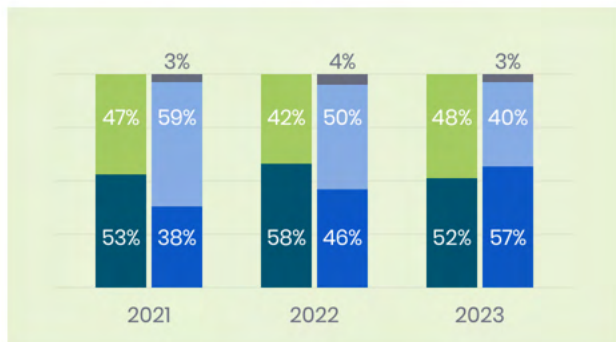
Aztech New Hires

- Female ● Male
- <30 years old ● 30-50 years old ● >50 years old



Aztech Turnover

- Female ● Male
- <30 years old ● 30-50 years old ● >50 years old



Type and Scope of Training Programs

Internal Training

1. Internal training sessions conducted for both technical and soft skills enhancement.
2. On-the-job training opportunities are provided to employees.

External Training

Participation in external training programs for technical and soft skills development.

Annual Training Schedule

Establishment of an annual training schedule to ensure regular skill development.

Specific Training Courses

1. Courses related to software and hardware technology.
2. Time management and work efficiency improvement workshops.
3. Information sharing sessions on the latest advancements in AI or intelligence.
4. Patent training seminars to enhance knowledge of intellectual property.

Overall Assistance

1. Comprehensive support is provided to employees for continuous learning and skill enhancement.
2. Both internal and external training opportunities are utilised to ensure a well-rounded development approach.

Diversity and Equal Opportunity

At Aztech, our commitment to upholding governmental labour and employment regulations goes hand in hand with our dedication to fostering diversity and inclusion throughout our workforce. We firmly believe that every individual, regardless of their background or personal characteristics, deserves an equal opportunity to thrive within our organisation.

We recognise the importance of embracing diversity in all its forms, including race, age, gender, religion, ethnicity, facial attractiveness, marital status, physical ability, sexual preference, political views, and national origin. Our inclusive approach extends beyond mere compliance with legal requirements; it is ingrained in our corporate culture and values.

By championing diversity and inclusion, we create a workplace environment that celebrates the unique perspectives, experiences, and talents of each team member. This not only enriches our organisational culture but also fosters innovation, creativity, and collaboration.

At Aztech, we are committed to providing equal opportunities for career advancement, professional development, and personal growth to all employees. We strive to create a workplace where everyone feels respected, valued, and empowered to achieve their full potential, regardless of who they are or where they come from. Our dedication to diversity and inclusion is not just a commitment – it's a cornerstone of our identity and success as an organisation.

There were no cases of discrimination reported in FY2023, and the percentage of woman in the management team stood at 41%⁸.



⁸ Percentage has been recalculated to take into consideration management personnel across the various jurisdictions in which the Group operates.

To ensure fairness and transparency

- 1

Employees who feel they have been treated unfairly due to gender, marital status, pregnancy, or disability are encouraged to submit a written complaint to the Human Resources Department or the General Manager. These complaints will be promptly investigated, and appropriate action will be taken.

- 2

We value the opinions and suggestions of our employees. Multiple suggestion boxes are strategically placed in both factory and living areas, providing a platform for employees to voice their concerns and ideas anonymously.

- 3

Employees are empowered to report any disciplinary violations observed in production or daily activities directly to the Human Resources Department, either orally or through phone communication.

- 4

We are committed to providing equal opportunities for training and advancement, ensuring that all employees have the chance to develop their skills and progress in their careers within the company.

At Aztech, we believe that fostering an environment of equality and respect not only strengthens our workforce but also enhances our collective success.

Local Communities



Singapore, May 2023: Project Refresh - Cleaning Homes, Moving Hearts. Donated portable blenders and joined 500 volunteers to refurbish the homes of 75 seniors in the Tampines community.

At Aztech, we take pride in our commitment to community welfare through our Corporate Social Responsibility ('CSR') initiatives. Before each CSR event, we proactively engage with organisers to gain insights into the specific needs of the beneficiaries. This ensures that the donations we provide are not only well-intentioned but also genuinely beneficial to those we seek to assist.

In line with our environmental responsibility, we strive to minimise our carbon footprint by consolidating distribution efforts. Instead of delivering items individually, we explore options such as direct handouts or designated collection points, reducing transportation requirements and environmental impact.

During these events, we capture the spirit of giving by documenting our involvement through photographs and articles on our corporate website. To uphold privacy standards, we strictly adhere to the Personal Data Protection Act, obtaining necessary permissions for image usage from event organisers before publication.

Our dedication does not end with the event itself. We maintain continuous communication with organisers to address any issues promptly, whether it involves reclaiming unused items or refining our content to better serve the community.

We are not just donors, we are partners in progress. By personally overseeing distribution, we ensure that our contributions are well-received and meet the diverse needs of our beneficiaries. This hands-on approach allows us to go beyond material donations, providing personalised assistance and support where it's needed most.



Our objectives are clear, to make a meaningful impact and leave a lasting impression. We measure our success not only by the number of items distributed but also by the satisfaction levels of our beneficiaries and the feedback received from event organisers.

Reflecting on our journey, we recognise that empathy and understanding are integral not only to our CSR endeavours but also to our business ethos. By prioritising the well-being of others, we strengthen our connections within the community and reaffirm our commitment to making a positive difference, one initiative at a time.

In Dongguan, our colleagues extend beyond the call for manufacturing IoT devices and electronic products. To drive its impact on the local community in sustainable manner, our team in Dongguan has been paying consistent attention and actively responding and supporting the calls from various charities and NGOs ("Non-Government Organisations") in the local community.



Participated in support activities for poor households in Jiujiang Shui Village



Organised employees to participate in voluntary blood donation



Participated in environmental sanitation and cleaning activities



Sponsored Jiujiang Shui Village Sports

PERPETUAL TARGETS

Support community projects and activities to empower and positively impact our vulnerable, underprivileged and disadvantaged stakeholders

FY2023 PERFORMANCE

5 community projects & activities engagement in FY2023

Supplier Social Assessment



Aztech upholds a commitment to robust supply chain management, ensuring that our suppliers adhere to rigorous assessment and qualification processes. These processes encompass comprehensive evaluations of occupational health and safety standards, safeguarding the well-being of workers and enhancing the resilience of our supply chain.

Suppliers who meet our stringent criteria undergo regular assessments to ensure ongoing compliance with workplace safety regulations. In instances of non-compliance, Aztech promptly communicates areas requiring rectification, establishing clear timelines for corrective action. Failure to address deficiencies within the specified timeframe may result in disqualification and termination of business relations. Furthermore, rectification efforts undertaken by non-compliant suppliers are subject to verification by independent parties to ensure adherence to established safety protocols. This proactive approach underscores our commitment to fostering a sustainable and safe working environment throughout our supply chain ecosystem.

PERPETUAL TARGETS

Maintain zero tolerance towards qualified suppliers that neglect work-place safety

FY2023 PERFORMANCE

All of our qualified suppliers complied with workplace safety requirements

Customer Privacy

	Positive Impact	Negative Impact
Economy	Improved consumer trust and data protection can lead to competitive advantages for businesses.	Breaches and mishandling of data can result in financial losses, legal penalties, and reputational damage.
Environment	Privacy tools allow users to control their data, thus limiting digital pollution and energy consumption.	Data collection practices can contribute to digital pollution and energy consumption.
People and Human Rights	Privacy regulations enhance individual rights and control over personal data.	Data breaches jeopardise privacy, erode trust, and violate human rights.



While striving for continuous enhancement to exceed our customers' expectations, Aztech acknowledges the escalating cyber security risks amid the rapid digitisation wave, posing potential threats to customer privacy and the safeguarding of their personal data, intellectual property rights, and trade secrets integral to fostering robust business relationships.

The Group attained ISO 27001 certification in June 2023, which provides guidance for establishing, implementing, maintaining and continually improving its information security management system. The Group also has in place a Bring-Your-Own-Device (“BYOD”) and end point protection policy, performs annual penetration tests to test applications’ security and uses VPN and clouds with encryption. The IT department also conducts cybersecurity training and phishing awareness campaigns to educate staff.

The Group announced on 13 February 2024 via SGXNet a cybersecurity incident where cyber criminals gained unauthorised access to its IT network and deployed a ransomware attack. The Group also stated that the incident did not have any material impact to the Group’s financials or its operations. The incident served as a reminder that the Group needs to remain vigilant at all times. Even with ISO 27001 practices in place, we need to be constantly reviewing and updating our policies including our Group-wide Cyber Security Policy and safeguards as and when new threats arise.

Aztech implements a robust set of measures to safeguard customer data. This includes network segregation and access control to ensure that only authorised personnel have access. Customer data is securely shared through Electronic Data Interchange and cloud platforms with SSL encryption, preserving data integrity and confidentiality. Additionally, all company-issued devices are password protected to prevent unauthorised access, and logical access attempts are regularly monitored and reviewed for security vulnerabilities.

Employees, officers, representatives, and agents involved in customer engagements are required to sign non-disclosure agreements, committing to the confidentiality of sensitive information provided by the customer. At the conclusion of contracts or upon request, all copies of sensitive data are promptly returned to the customer, ensuring compliance with data handling regulations and contractual agreements.

Aztech adheres strictly to relevant data protection legislation, such as the Personal Data Protection Act 2021 (No. 26 of 2012), and maintains transparent communication with customers regarding data privacy policies. A dedicated Data Protection Officer has been appointed within the Group to oversee compliance efforts and address data protection concerns effectively.

The Group is constantly working to ensure that the network is properly secured. In addition to maintaining our ISO 27001 certification, it is engaging cybersecurity experts to review and update our cybersecurity posture and monitoring the network 24/7 to keep threats at bay.

 FY2023 TARGETS	 FY2023 PERFORMANCE	 FY2024 TARGETS
Obtain ISO 27001 Certification	Obtained ISO 27001 certificate No major observations were made on customer audits	Maintain ISO 27001 Certification Intensify cybersecurity education campaign Achieve zero (0) data breaches



15.

Business Ethics, Compliance and Risk Management

Business Ethics

Driven by Aztech’s ethos and the Board’s commitment to foster a culture of integrity and good governance, we adopt an uncompromising stance towards the responsible conduct of our business and strive for fairness, honesty, integrity and compliance with all applicable laws and regulations at the countries of our business operations, and across all our business activities and relationships daily to achieve a more equitable society and resilient operation excellence. The list includes regulations on anti-competitive behaviour and anti-trust, export control, operational permits, finance and accounting, insider trading, interested person transaction, labour laws, human rights, customer protection, personal data protection, workers’ health and safety and environment.

The Group has incorporated and updated the applicable guidelines, legal requirements and commitments in our policies to ensure consistent deployment of ethical business practices to safeguard the long-term value creation to stakeholders. Policy commitments and updates were communicated to our employees and third-party business partners such as suppliers and customers either as part of the agreement and/or contract or qualification process for their adherence, for instance, to our Code of Business Conduct and Ethics, Environmental and Responsible Minerals Policies to cultivate ethical and responsible supply chain. There were no incidents of non-compliance to the laws and regulations in FY2023.

Anti-Corruption

Aztech takes a zero-tolerance approach to bribery and corruption and places paramount importance on preventing corruption within our organisation. In line with our Anti-Corruption and Anti-Bribery Policy, we have set up “Detect, Report and Prevent” framework and conducted trainings to equip employees at each location of operations to apply the framework.

Governed by the Code of Business Conduct and Ethics, the Group is committed to exercising the highest standard of professionalism, integrity and ethics in all its business dealings and relationships, and abiding by all laws relevant to countering bribery and corruption in each of the jurisdictions in which it operates. This has been communicated to all of our employees during onboarding.

Annual self-declarations on compliance with Code of Business Conduct and Ethics and Anti-Corruption and Anti-Bribery Policy are also made by senior management, heads of department, managers and all staff from procurement, purchasing and logistics departments. 100% of these employees made their necessary declarations during the year.

In addition, our qualified suppliers are required to sign the Statement of Integrity form during the onboarding to uphold business integrity and prevent all forms of bribery and corruption. The majority of our qualified suppliers have signed the required form.

There were no incidents of corruption reported to-date and we remain committed to educating our employees to prevent occurrence of corruption.

PERPETUAL TARGETS

Uphold Code of Corporate Governance, Aztech Code of Conduct, financial discipline and accountability

Comply with SGX listing rules and requirements including timely disclosures about the Company, including financial positions, performance and prospects

Comply with all applicable laws and regulations

FY2023 PERFORMANCE

Provided timely quarterly business performance updates and half-yearly results releases

Zero (0) substantial cases of fines and non-monetary sanctions for non-compliance with applicable laws and regulations

Zero (0) non-compliance with applicable laws and regulations

Anti-Competitive Behaviour

Our dedication to ethical conduct extends to compliance with anti-competitive regulations. We strive for fairness, honesty, integrity and compliance with all applicable and international legislation on competition, and prohibit any forms of anti-competitive behaviour, anti-trust and monopoly practices in our business dealings. All employees are expected to uphold fair practices and conduct in accordance with Aztech's Code of Business Conduct and Ethics.

All entities in the Group are to adhere to the review and management framework sets out in our Contract Management Policy, where contract is subjected to a stringent review process by our Legal department for risk assessment and consideration prior to signing by the relevant signatory. As part of the review process, contracts and agreements that are anti-competitive and exhibit abuses of dominant position or that substantially lessen competition would be re-negotiated and/or deemed void.

To-date, we have not faced any new, pending or conducted legal actions concerning anti-competitive behaviour, violations of anti-trust laws, or monopolistic practices.

Processes to Remediate Negative Impacts

Any breach of commitment is escalated to the highest officer of the Group, the CEO and all corrective measures are reviewed by him before remedial actions are taken.

All grievances are raised to HR to handle.

We also have a whistleblower policy in place and all emails received at whistleblower@aztech.com is reported to the Audit Committee chair by the Legal Department. A copy of the email is also forwarded to the CEO. This is to ensure all grievances are handled and responded to.

Stakeholders do not get involved in the grievance mechanism. The policy and procedure are governed by the Board of Directors and the Board takes reference from the industry standards when designing and revising the mechanism.

Grievances, if any, is reported quarterly by the Legal Department to the Board.

Compliance with Laws and Regulations

To date we have not been involved in any cases of non-compliance with laws and regulations and we have not incurred any fines and non-monetary sanctions.

We identify and deem an instance of non-compliance to be significant if;

1. the matter breaches Group's policies
2. there is a material fine imposed. Material is defined in line with the auditor's classification of materiality for the year.
3. it is a workplace injury that requires reporting to the Ministry of Labour under local labour laws.

Environmental Compliance




Aztech adopts an uncompromising stance in its compliance with environmental laws and regulations such as the Environmental Protection Law of the People's Republic of China on water, atmospheric and solid wastes pollution, amongst many others, to reduce our impact on environment and biodiversity in our value creation process.

We have established processes and practices to control and monitor our air, emissions, noise and wastewater discharge to comply with the relevant pollutant emissions standards to secure our discharge permits for our manufacturing facilities using the systematic framework provided by ISO 14001 certification.

The ISO 14001 certification for Environmental Management Systems provides a systematic framework that integrates environmental management practices comprising environmental protection, pollution prevention, waste minimisation as well as energy and materials use reduction. We have successfully maintained the ISO 14001 Environmental Management Systems certification for our operation site at Dongguan, China as well as secured the ISO 14001 certification for our Pasir Gudang facility in Johor, Malaysia. Besides the ISO 14001 certification, the Pasir Gudang facility has also secured ISO 9001 Quality Management Systems and ISO 45001 Occupational Health and Safety Management Systems certification in March 2024 which show the Group's effectiveness and efficiency in addressing environmental and health and safety risks.

Environmental compliance at our manufacturing facilities at Dongguan and Johor is core to our continuous operations, and we take a serious stance in managing and mitigating negative impacts arising from our activities through the systematic framework provided by ISO 14001 certification.

There were no reported incidents of environmental non-compliance during FY2023. We aim to earnestly comply with the environmental laws and regulations at our operation sites, and seek to improve environment performance through more efficient use of resources and adherence to the strict control of waste water, exhaust gas, waste and noise emissions compliance.

 FY2023 TARGETS	 FY2023 PERFORMANCE	 FY2024 TARGETS
Maintain ISO 14001 certification for Dongguan Achieve ISO 14001 certification at the Gelang Patah plant in Johor Maintain zero (0) incidents of non-compliance with environmental laws and regulations	Maintained ISO 14001 certification for Dongguan facilities Achieved ISO 14001 certification alongside ISO 9001 and ISO 45001 certification for the newly acquired Pasir Gudang plant in Johor, Malaysia No reported incidents of non-compliance with discharge limits and regulations.	Maintain ISO 14001 certification at our manufacturing sites in Dongguan and Pasir Gudang Maintain zero (0) incidents of non-compliance with environmental laws and regulations

Membership Association

In our commitment to staying at the forefront of our industry and continuously improving our value creation capabilities, we have maintained our membership with Singapore Business Federation (“SBF”). SBF champions the interests of our business community in Singapore and internationally, and acts as the bridge between businesses and the Government. Hence, our membership with SBF allows Aztech to continue to gain valuable strategic insights, forge strong partnerships and participate in opportunities to foster the creation of greater value for our stakeholders. By working closely with SBF, we believe, will better equipped us to tackle the evolving business landscape and seize new opportunities that lie ahead.

Conflicts of Interest

Each director is required to disclose any conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Group as soon as possible after he or she becomes aware of the relevant facts.

Each Director is also required to submit, annually, the details of his or her other directorships and interests in other entities for the purpose of monitoring interested person transactions.

In the event a Director has a conflict of interest in relation to a certain matter, the Director will recuse himself or herself from all discussions involving the issues of conflict, unless the Board is of the opinion that the Director’s presence and participation is necessary, but shall in any event recuse himself or herself from any decision-making in relation to such issues of conflict.

Whenever a conflict of interest arises, it will be reported to the Board, and all records are kept by the Company Secretary.

All our key employees are also required to annually sign a Conflict of Interest declaration form and make the necessary declarations.

 PERPETUAL TARGETS	 FY2023 PERFORMANCE
Uphold Code of Corporate Governance, Aztech Code of Conduct and comply with all applicable laws and regulations	All key employees and the Board of Directors signed Conflict of Interest declaration form and made the necessary declarations

Communication of Critical Concerns

Under the Group's Code of Corporate Governance, items and concerns that require the Audit Committee ("AC" and who also handles risk matters) or the Board's attention are spelled out clearly.

The Company Secretary who is also the Group's Legal Head is responsible for informing the Board and obtaining their guidance and approval on the course of action for addressing all critical matters.

The Group has engaged an external consultant to conduct Enterprise Risk Management ("ERM") exercise during the year to construct Aztech's risk register, mitigating controls, risk management framework. Through this exercise, 4 categories of risks were identified and communicated to the AC and the Board as follows: strategic, financial, operational and compliance risks. Details on the Risk Management framework as well as the types of risks covered under each of the categories can be found in the Risk Management section of the Annual Report 2023.

There were no major critical concerns communicated to the AC and the Board during the reporting period.

Mechanisms for Seeking Advice and Raising Concerns

1. Advice is sought from the HR Director.
2. Reports of suspected business conduct such as bribery, corruption, dishonest practices or other similar matters can be lodged with the Head of Legal in person or with the Chairman of the AC by email at whistleblower@aztech.com.
3. At the Group's plant operations, employees are to notify the Human Resources ("HR") department, which will subsequently raise these matters with the Head of Legal and the AC Chairman.
4. Procedures were in place to protect the reporting employee from any detrimental treatment.

Policy Commitments

Aztech has instituted policies such as the Responsible Minerals Policy and Human Rights Policy which govern responsible business conduct with relevant controls and processes to protect and uphold respect for human rights through daily procurement and operational procedures to mitigate unfair and harmful impacts on the vulnerable. Our policies and commitments were referenced from the Responsible Business Alliance as well as the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and International Labour Organisation guidelines.

The Group is committed to adopting the precautionary principle of taking early action to prevent and mitigate potential negative impacts with regard to the protection of the environment, health and safety of our employees and respect for human rights. Each of the policy commitments was approved by the Chief Executive Officer.

Responsible Minerals Policy

Under its Responsible Minerals Policy, the Group stipulated the completion of a Conflict Minerals Reporting template to achieve a conflict-free supply chain and its suppliers are to submit information on the origin of their product components available during the various stages of engagement including the qualification stage.

Human Rights Policy

The Group's Human Rights Policy stipulates that the Group regularly assesses the policy and related risks by conducting due diligence and assessments within the organisation and across its supply chain.

Our human rights policies are guided by international human rights principles as described in the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Responsible Business Alliance Code of Conduct, the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises and the United Nations Global Compact's principles on Human Rights.

The Group has established a common approach for the corporate-wide development of policies and procedures whilst recognising each of its subsidiaries has to observe the applicable local labour laws and practices. Where local laws and international human rights practices differ, the Group will observe the practices that impose higher standards; and where the local laws conflict with international human rights practices, the Group will adhere to local laws, while endeavouring to respect international human rights practices to the greatest extent possible.

The Group's Human Rights policy applies to all employees of the Group and to those in its supply chain i.e. suppliers and contractors.

Communicating the Policies

Emails are sent to all employees on new policies and any updates to existing policies and these employees are to acknowledge the new and/or updated policies. New and updated policies were documented and made available online and in the company's portal for employees, business partners and other relevant parties to access.

Relevant policies are communicated to employees via training and email communication. Implementation of all policies is assigned to the respective heads to manage. For the supply chain, the procurement department ensures all suppliers are aware of our policies and obtain annual confirmation from them.

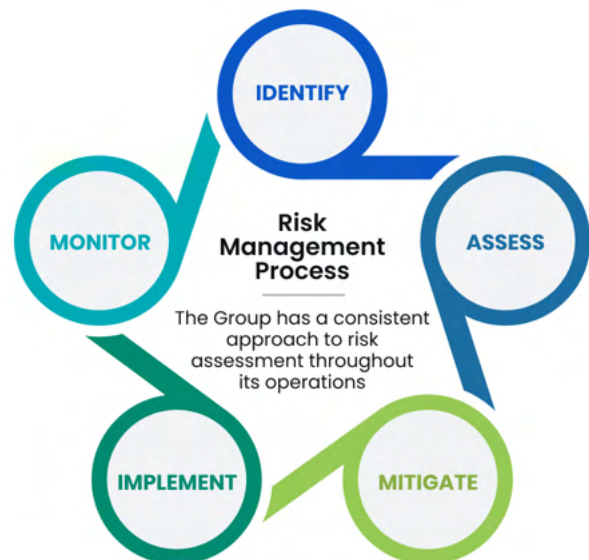
Our policies on our [website](#).

Risk Management

Risk management forms an integral part of the Group's business management. The risk management framework is designed to provide reasonable assurance that business objectives are met by embedding management control in daily operations to achieve efficiency and effectiveness, safeguarding assets, ensuring compliance with legal and regulatory requirements, and ensuring the integrity of the Group's financial reporting and its related disclosure. Under the risk management framework, management is responsible for identifying critical business risks, reviewing the development and implementation of appropriate risk management procedures and updating these procedures regularly to reflect changes in market conditions and the activities of the Group.

The Group takes a balanced approach towards risk management and recognises not all risks can be eliminated. We are committed to enhancing shareholder value through growth that is sustainable and profitable while taking measured, appropriate and well-considered risks.

The Group's risk management process consists of identifying risks, assessing risks, formulating mitigation measures as well as communicating, implementing, and monitoring the implementation of such mitigation measures. Monitoring the implementation of mitigation measures then enables the Group to identify any risks which still remain and address them accordingly. The Group models its risk management practices based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM framework and the process takes into consideration both the likelihood and impact of the risks identified.



The Group has identified four categories of risks, namely strategic, financial, operational and compliance risks that we seek to mitigate, monitor and manage. Details on the management approach can be found under the Risk Management section of the Annual Report 2023.

Strategic Risk

- Talent attraction, development and retention risk
- Geo-political risk
- Customer concentration risk

Financial Risk

- Foreign exchange risk
- Credit risk
- Financial reporting and disclosures
- Tax regulatory risks

Operational Risk

- Production risk
- Environmental and sustainability risk
- Key men/succession planning risk
- Health and safety risk
- Cybersecurity risk
- Crisis management risk

Compliance Risk

- Sustainability reporting

Case Study

Supply Chain Disruption

The Group sources its electronics components and raw materials from a well-diversified and extensive network of suppliers. The global component shortages and supply chain disruption arising from pandemic-induced shutdowns reinforces our well-diversified and extensive sourcing strategy. Our good working relations with customers also facilitated advance order lead-time to mitigate impacts resulting from disruptions pose to the supply chain of the Group.

In addition to holding identified critical components and the selection of reliable and financially strong suppliers for unique parts, Aztech's three-pronged approach has largely been effective in enabling the Group to secure majority of its component needs to meet the production volume and shipment of orders to customers. The approach comprises:

1. Active collaboration with customers on product design changes to substitute for alternative components that are more readily available;
2. Leverage close working relations with our long-term key suppliers; and
3. Expansion of alternative supplier base

While the post-pandemic supply chain shortages has largely normalised to pre-pandemic levels, Aztech remains committed to improving our supply chain integrity and security and will adapt our supply chain management strategy with changing operating landscape to mitigate supplier-related risks to deliver on-time for our customers.



16.

Economic

Market Presence

Senior Management Hired from the Local Community

Aztech believes the hiring and promoting of talents from the local community it operates adds diversity of experiences, skills and knowledge to the Group through the fostering of a more innovative, competitive and productive work environment. Thus, enabling the Group to build stronger relationships with local businesses and communities and boosting economic growth as a result.

Management personnel comprises individuals who are managers and above across the various jurisdictions in which the Group operates, and are instrumental in the effective functioning of and are key contributors to our local operations.

Percentage (%) of management personnel hired from the local community:

Business Unit/ Financial Year	FY2021	FY2022	FY2023
Dongguan	93	93	93
Hong Kong	100	100	100
Malaysia	100	100	100
Shenzhen	100	100	100
Singapore	100	100	100
Average	97%	97%	97%

The Group has hired 97% of its management personnel from the local communities in which it operates. We have consistently maintained hiring above 90% since FY2021. We intend to continue hiring not less than 80% of our management personnel from local communities to ensure continuity of operations, the development of diverse technological and engineering expertise to support our growth plans and strategy, as well as to benefit the communities we operate in.

FY2023 TARGETS

Maintain our hiring of not less than 80% of the Group's management personnel from the local communities

FY2023 PERFORMANCE

Achieved 97% hiring of management personnel from local communities

FY2024 TARGETS

Maintain the hiring of management personnel from local communities at not less than 80%



17.

Task Force on Climate-Related Financial Disclosures | TCFD

Aztech is leveraging the Task Force on Climate-Related Financial Disclosures (“TCFD”) framework to develop the Group’s decarbonisation strategy to achieve our ambitious target of net-zero carbon emissions by 2040.

Aztech is conducting an implementation of climate-related disclosure.

Governance

Board Oversight of Climate-Related Risks and Opportunities

The Board has identified climate change as a material governance and strategic issue. It has ultimate oversight of Aztech’s approaches in considering, evaluating and integrating climate-related risks and opportunities throughout the Group, including oversight of Net Zero Plan.

The Chief Operating Officer, along with the Board Directors and Board Chair, are key members of the board entrusted with the responsibility of overseeing climate-related risks and opportunities that impact the company. The board and its committees are kept abreast of climate-related risks and opportunities through scheduled meetings.

The company has an ERM (enterprise risk management framework) to identify all risks. The environment/climate risk forms part of the ERM framework where the group finds opportunities to manage and mitigate the risks.

The board plays a pivotal role in integrating climate-related considerations into key aspects of our strategic decision-making processes. Climate-related risks and opportunities are systematically evaluated during strategy reviews, where the board actively considers the potential impacts on our business model, supply chains, and market positioning. Major plans of action, risk management policies, and annual budgets undergo thorough scrutiny to ensure alignment with our climate goals and commitments.

Performance objectives are set with climate considerations in mind, reflecting our commitment to sustainability. The Board oversees the implementation of climate-related initiatives and regularly monitors our performance against established targets. In the context of major capital expenditures, acquisitions, and divestitures, climate-related due diligence is conducted to assess the environmental impact of these strategic moves. The integration of climate-related considerations at every level of decision-making underscores our commitment to responsible and sustainable business practices, ensuring that climate-related risks and opportunities are central to our overall corporate strategy and governance.

Our Board Chair has the responsibility of assessing and managing climate-related risks and opportunities. The Board is informed of the climate-related risks and opportunities impacting the company on a biannual basis.

Board Chair’s Role in Assessing and Managing Climate-Related Risks and Opportunities

1. Setting and overseeing the climate-related strategy, goals, and targets for the business unit, while engaging stakeholders and promoting a culture of sustainability.
2. Ensuring alignment of business operations and supply chain with climate-related goals and targets, involving the development and implementation of initiatives and tracking progress.
3. Collaborating both internally and externally to address climate-related risks and opportunities, while tracking and reporting on performance and overseeing the development of relevant initiatives.

Management's Role in Assessing and Managing Climate-Related Risks and Opportunities

Management and the Sustainability Committee collaborate on climate-related risks and opportunities across the Group based on progress update provided by the Sustainability Reporting Team.

Senior management and HODs meet annually to assess enterprise-wide risks to update its enterprise risk management ("ERM") framework. The AC oversees Aztech's ERM framework and receives annual enterprise risk reports from the CFO. Our ERM framework defines the risk areas for which respective HODs have ongoing oversight responsibility, while the Board as a whole focuses on the most significant risks facing the Group.

During the year, environmental risk including climate-change has been identified as one of the operational risks to be assessed and addressed with proper mitigation and adaptation measures and tracked for greater management effectiveness.

While no measures have been implemented following our recent ERM assessment exercise, we are committed to the formulation and implementation of dedicated controls and procedures to effectively manage climate-related risks and opportunities.



Strategy & Risk Management

We have used the TCFD framework to categorize our climate-related risks and opportunities. We use both quantitative and qualitative measures to assess the potential for substantive strategic or financial impacts from climate change, consistent with how we evaluate the impact of other non-climate change risks to the Group.

We also consider climate-related risks and opportunities in terms of the time horizon of such an impact—specifically, across the **short- (less than 5 years), medium- (five to ten years) and long-term (more than ten years)**. These time horizons align with our business, strategy and financial planning.

Through the ERM framework, we identify the risks and opportunities that will have an impact on the business. Following which, we will work on mitigation plans or business solutions that can lessen the risks or discover opportunities in the market. From our assessment, climate-related risks and opportunities have a key impact on our value chain and operations. To enable the Group to effectively tap on climate-related opportunities and mitigate climate-related risks, we target to conduct scenario analysis exercise referencing the risk assessment framework of The Intergovernmental Panel on Climate Change ("IPCC") to stress test the Group's business, strategy, assets and financial following the development of our GHG inventory.

Climate-Related Risks Identified

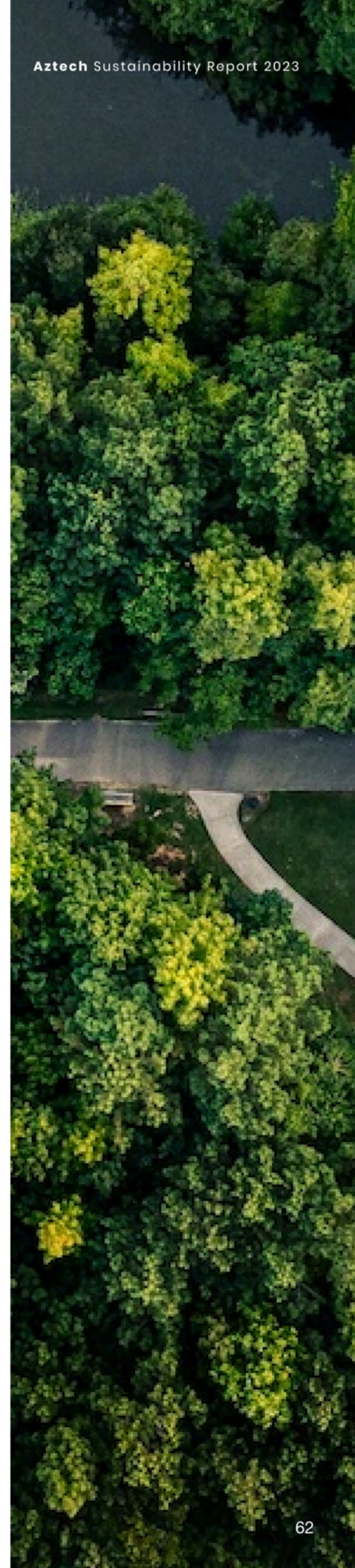
Time-horizon	Climate-Related Risk Type	Climate-Related Risk Factors	Climate-Related Risk Factors
Short-term	Policy and Legal	<ul style="list-style-type: none"> Increased pricing of GHG emissions Enhanced emissions-reporting obligations Mandates on and regulation of existing products and services 	Increased operating costs
Medium-term	Technology	<ul style="list-style-type: none"> Substitution of existing products and services with lower emissions options Unsuccessful investment in new technologies Costs to transition to lower emissions technology 	Write-offs, asset impairment, and early retirement of existing assets
Long-term	Physical Acute	<ul style="list-style-type: none"> Changes in precipitation patterns and extreme variability in weather patterns Rising mean temperatures Rising sea levels 	Increased insurance premiums and potential for reduced availability of insurance on assets in "high-risk" locations

Climate-Related Opportunities Identified

Time-horizon	Climate-Related Opportunity Type	Climate-Related Opportunity Enabler	Major Potential Financial Impact
Short-term	Resource efficiency	Use of supportive policy incentives	Better competitive position
Medium-term	Products and services	Use of new technologies	Reduced operating costs
Long-term	Resource efficiency	Access to new markets	Reduced exposure to GHG emissions and sensitivity to changes in the cost of carbon

Risk Types Considered in Climate-Related Assessments

Policy and Legal Risk	Market
There are legal requirements for business to start complying to the climate regulations. Carbon tax is increasing and businesses need to report their carbon emissions in annual reports.	There is a risk of customers moving business away to operations with more climate friendly targets which align to their business goals and directions.



Metrics and Targets

Amount of Capital Deployment

Aztech budgeted \$1 million on capital expenditure, financing or investment deployed towards climate-related risks and opportunities.

Executive Management Remuneration

Please refer to Corporate Governance Report section of the Annual Report 2023 for more information on executive management remuneration

GHG Emissions Information

Please refer to pages 37 and 38 for more information on our greenhouse gas emissions.



Appendix

GRI Content Index

Statement of use	Aztech has reported with reference to the GRI Standards for the period 2023-01-01 to 2023-12-31.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not Applicable

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirements (Omitted)	Reason	Explanation	

General disclosures

GRI Standard/ Other Source	Disclosure	Location	Requirements (Omitted)	Reason	Explanation	GRI Sector Standard Ref. No.	
GRI 2: General Disclosures 2021	2-1 Organisational details	Pg 14-15					
	2-2 Entities included in the organisation's sustainability reporting	Pg 10					
	2-3 Reporting period, frequency and contact point	Pg 10					
	2-4 Restatements of information	Pg 10					
	2-5 External assurance	Pg 11					
	2-6 Activities, value chain and other business relationships	Pg 14-17					
	2-7 Employees	Pg 15, Pg 44-47					
	2-8 Workers who are not employees	Pg 15					
	2-9 Governance structure and composition	Pg 18					
	2-10 Nomination and selection of the highest governance body	Corporate Governance Report section of Annual Report 2023					
	2-11 Chair of the highest governance body	Pg 18					
	2-12 Role of the highest governance body in overseeing the management of impacts	Pg 18					
	2-13 Delegation of responsibility for managing impacts	Pg 18					
	2-14 Role of the highest governance body in sustainability reporting	Pg 19-20					
	2-15 Conflicts of interest	Pg 55					
	2-16 Communication of critical concerns	Pg 56					
	2-17 Collective knowledge of the highest governance body	Pg 20-21					
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance Report section of Annual Report 2023					
	2-19 Remuneration policies	Corporate Governance Report section of Annual Report 2023					
	2-20 Process to determine remuneration	Corporate Governance Report section of Annual Report 2023					
	2-21 Annual Total compensation ratio	We do not disclose against this metric due to confidentiality constraints.					
	2-22 Statement on sustainable development strategy	Pg 12-13					
	2-23 Policy commitments	Pg 56					
	2-24 Embedding policy commitments	Pg 53					
	2-25 Processes to remediate negative impacts	Pg 54					
	2-26 Mechanisms for seeking advice and raising concerns	Pg 56					
	2-27 Compliance with laws and regulations (Number of Significant Instances)	Pg 54					
	2-28 Membership associations	Pg 55					
	2-29 Approach to stakeholder engagement	Pg 26-27					
	2-30 Collective bargaining agreements	Pg 46					

Material topics

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirements (Omitted)	Reason	Explanation	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Pg 28				
	3-2 List of material topics	Pg 28				
Economic Performance						
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Aztech Annual Report 2023				
GRI 202: Market Presence 2016	202-2 Proportion of Senior Management Hired from the Local Community	Pg 59				
	3-3 Management of Market Presence	Pg 59				
Anti-Corruption						
GRI 205: Anti- Corruption 2016	205-1 Operations assessed for risks related to corruption	Pg 53				
	205-2 Communication and training about anti- corruption policies and procedures	Pg 53				
	205-3 Confirmed incidents of corruptions and actions taken	Pg 53				
	3-3 Management of anti- corruption	Pg 53				
Anti-Competitive Behaviour						
GRI 205: Anti- Corruption 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Pg 54				
	3-3 Management of anti- competitive behaviour	Pg 54				
Materials						
GRI 301: Materials	301-2 Recycled input materials used	Pg 29				
	3-3 Management of materials	Pg 29-30				
Energy						
GRI 302: Energy	302-1 Energy consumption within organisation	Pg 30				
	302-4 Reduction of energy consumption	Pg 31-34				
	3-3 Management of energy	Pg 31-34				
Water						
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Pg 35-36				
	303-2 Management of water discharge-related impacts	Pg 35				
	303-5 Water consumption	Pg 36				
	3-3 Management of water and effluents	Pg 35-36				
Emissions						
GRI 305: Emissions 2016	305-4 GHG emissions intensity	Pg 37				
	3-3 Management of emissions	Pg 37-38				

Material topics

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirements (Omitted)	Reason	Explanation	
Waste						
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Pg 39-42				
	306-2 Management of significant waste-related impacts	Pg 41				
	306-3 Waste generated	Pg 39-40				
	306-4 Waste diverted from Disposal	Pg 39-40				
	306-5 Waste directed to disposal	Pg 39-40				
	3-3 Management of waste	Pg 42				
Employment						
GRI 401: Employment	401-1 New employee hires and employee turnover	Pg 47				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pg 46				
	3-3 Management of employment	Pg 46-47				
Occupational health and safety						
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	Pg 43-45				
	403-2 Hazard identification, risk assessment and incident investigation	Pg 43				
	403-3 Occupational health services	Pg 44				
	403-4 Worker Participation, consultation, and communication on occupational health and safety	Pg 44				
	403-5 Worker training on occupational health and safety	Pg 44				
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	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Pg 51				
	403-9 Work-related injuries	Pg 44				
	3-3 Management of occupational health and safety	Pg 44-45				
Training and Education						
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Pg 45				
	404-2 Programs for upgrading employee skills and transition assistance programs	Pg 45				
	404-3 Percentage of employees receiving regular performance and career development reviews	Pg 45				
	3-3 Management of training and education	Pg 45-46				
Diversity and Equal opportunity						
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Pg 15, 21, 46, 48				
	3-3 Management of diversity and equal opportunity	Pg 48				

Material topics

GRI Standard/ Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirements (Omitted)	Reason	Explanation	
Local Communities						
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Pg 49-50				
	3-3 Management of local communities	Pg 49-50				
Supplier Social Assessment						
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Pg 51				
	414-2 Negative social impacts in the supply chain and actions taken	Pg 51				
	3-3 Management of supplier social assessment	Pg 51				
Customer Privacy						
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Pg 51				
	3-3 Management of customer privacy	Pg 51-52				

Appendix

TCFD Content Index

TCFD Recommendations	Location (Page No.)
Governance	
Recommended Disclosure	
a) Describe the board's oversight of climate-related risks and opportunities.	Pg 5 - 6 Pg 18 - 21 Pg 60
Recommended Disclosure	
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Pg 18 - 21 Pg 61
Strategy	
Recommended Disclosure	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Pg 19 - 21 Pg 61 - 62
Recommended Disclosure	
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Pg 5 - 6 Pg 61
Recommended Disclosure	
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Pg 5 - 6 Pg 21 Pg 61
Risk Management	
Recommended Disclosure	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Pg 19 - 21 Pg 61 - 62
Recommended Disclosure	
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Pg 21 Pg 61
Recommended Disclosure	
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Pg 20 - 21 Pg 60 - 61
Metrics and Targets	
Recommended Disclosure	
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Pg 8 Pg 37 - 38 Pg 63
Recommended Disclosure	
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Pg 8 Pg 12 - 13 Pg 37 - 38
Recommended Disclosure	
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Pg 8 Pg 12 - 13 Pg 37 - 38



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The Sustainability Report was generated for Aztech Global Ltd. using Rimm's proprietary methodologies and a database of ESG data from over 20,000 companies globally.

We analyse our clients' data through various methodologies, including scoring, peer benchmarking, UN SDGs impact tracking and risk/opportunity analysis, in order to evaluate their sustainability performance. The robust insights generated in this report aim to help companies identify the most critical areas for risk and potential opportunity, advance their sustainability strategy, and improve their sustainability performance.

This report was prepared using Rimm's myCSO platform. Rimm which stands for "Real Impact Matters Most" provides intuitive yet comprehensive sustainability tech solutions that assist all companies, whether big or small, with intelligent AI-driven tools for highly accessible and impactful sustainability management, reporting and optimization. Created and led by experts, our solutions revolve around inclusivity and accessibility, focusing on democratising sustainability for all.

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