AEM Holdings Ltd.

Sustainability Report 2025

Our Global Footprint

Our Vision for the Future

A Zero Failure World

We are on a mission

To provide the most comprehensive semiconductor and electronics test solutions based on the best-in-class technologies, processes, and customer support.

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Dear Shareholders and Readers,

FY2025 was a year of meaningful progress for AEM—one where the business delivered stronger financial performance, our teams deepened their commitment to sustainable operations, and the foundations we have built across governance, environmental stewardship, and human capital development began to yield tangible, measurable results. Against the backdrop of a recovering semiconductor market and an industry increasingly shaped by the demands of Artificial Intelligence, High-Performance Computing, and next-generation chip architectures, AEM demonstrated the resilience and adaptability that have always defined who we are.

We grew revenue to S$399.3 million in FY2025, and our economic value retained rose to S$48.1 million, a significant improvement that reflects both the quality of our technology solutions and our disciplined approach to operations. For AEM, however, success is not defined by financial performance alone. Our ambition is to enable uncompromising reliability in the systems our customer depend on, an aspiration grounded as much in the integrity with which we operate as in the precision and consistency of the solutions we deliver.

Building a Sustainable Business in a Technology-Driven World

At AEM, sustainability is not an addendum to our strategy—it is embedded in how we design, manufacture, test, and deliver. As the semiconductor industry continues to push the boundaries of what is possible, the environmental and social responsibilities that come with that progress grow proportionally. We take that responsibility seriously.

This year, our total energy consumption rose modestly to 12,318 MWh in line with higher business activity, yet our energy intensity ratio continued to improve, falling to 30.85 MWh per S$ million—down from 31.53 in FY2024. This demonstrates that growth and efficiency are not in conflict at AEM; they are complementary. Our subsidiary CEI's solar panel system in Singapore, generating approximately 236,000 kWh of electricity annually, is one example of how we are translating our renewable energy ambitions into operational reality.

We also made progress in waste reduction. Hazardous waste declined to 12.4 tons in FY2025, continuing a meaningful downward trend as our waste-handling and reduction practices mature. We are actively phasing out the use of engineering thermal fluids with high global warming potential in new equipment, transitioning to digital records, and partnering with external recycling services to manage manufacturing by-products responsibly. These are not isolated initiatives—they are part of a deliberate, systems-level approach to minimizing our environmental footprint across the value chain.

Governance and Supply Chain Integrity

Sound governance underpins everything we do. In FY2025, AEM completed corruption risk assessments across 100% of our key operations—spanning manufacturing and production sites in Singapore, Malaysia, Indonesia, Vietnam, Finland, South Korea, and the United States—and recorded zero cases of corruption. We maintained a zero-tolerance stance on bribery and misconduct, with no significant instances of legal or regulatory non-compliance reported across any jurisdiction in which we operate.

Our supply chain management practices also continued to mature. We onboarded 18 new key suppliers in FY2025 and screened 100% of them against both environmental and social criteria—maintaining the standard we have upheld consistently year on year. None of our existing key suppliers were identified as having significant adverse environmental or social impacts. As material regulatory requirements evolve—particularly around substances such as PFAS and PIP—we are strengthening our supplier declaration processes to stay ahead of compliance obligations and support our customers' increasingly stringent product requirements.

Our People: The Heart of AEM's Sustainable Future

AEM's long-term success is inseparable from the well-being, growth, and engagement of our people. As of 31 December 2025, our workforce stood at 2,288 employees across our global operations. Each employee received an average of 35.0 training hours during the year—an increase from 33.8 hours in FY2024—and 100% of eligible employees participated in performance and career development review sessions. We believe that investing in our people's skills today is what enables us to solve the complex challenges of tomorrow.

We are proud that women continue to represent 59% of our overall workforce in FY2025, reflecting our sustained commitment to a merit-based, inclusive workplace. We have further embedded this commitment by ensuring equal opportunities for professional development across gender, age, and employee category. Our zero-tolerance policy against discrimination and harassment remains firmly in place, and we are pleased to report zero incidents in FY2025.

Safety remains non-negotiable. Our 'Zero Accidents, Zero Excuses' ethos, reinforced through programs such as the Behavioral Based Safety initiative and our Safety Moment Sharing program, reflects the seriousness with which we approach occupational health and safety. While we recorded five work-related injuries in FY2025—an increase we are actively addressing—we maintained zero fatalities, zero high-consequence injuries, and zero cases of recordable work-related ill health. Every incident, however minor, is thoroughly investigated, and corrective measures are implemented promptly.

Climate Resilience and the Path to ISSB Alignment

Climate-related risk is no longer a distant consideration for businesses in our industry—it is present-tense and accelerating. In FY2025, we took significant steps to deepen the rigour of our climate disclosures, adopting a structured approach to identifying, assessing, and managing transition risks across our major production sites. We conducted scenario analysis under a high-warming 4°C pathway to stress-test the resilience of our operations against plausible future climate conditions.

Our phased approach to aligning with ISSB IFRS S2 Climate-related Disclosures by FY2030 reflects both our ambition and our commitment to transparency. We are building the data infrastructure and internal processes needed to support comprehensive, assured sustainability disclosures. Each year, our disclosures will grow more granular, more rigorous, and more aligned with global best practice.

Looking Ahead

In the year ahead, we will continue to advance site-specific sustainability programs tailored to the unique contexts of each of our global locations. We will establish quantifiable Scope 1 and Scope 2 emission targets for 2026, deepen employee engagement in sustainability initiatives, and continue to invest in the renewable energy and energy-efficiency projects that will define AEM's environmental trajectory.

Sustainability is not a destination—it is a discipline. It requires the same rigor, innovation, and commitment that we bring to our engineering. As AEM continues to support our customers in delivering the reliable, safe technologies that power the next era of computing, we will do so with an unwavering commitment to the communities, environments, and stakeholders that depend on us.

On behalf of the Board and management team, I thank our employees, customers, suppliers, investors, and community partners for their continued trust and support. Together, we are building an AEM that is not just a leader in semiconductor and electronics test solutions—but a responsible, sustainable business that creates enduring value for all.

Sincerely,

Samer Kabbani
Chief Executive Officer
AEM Holdings Ltd.

Corporate Governance & Anti-Corruption

Zero significant instances of non-compliance with applicable laws and regulations in the jurisdictions where we operate.

Zero cases of corruption.

Training

35 hours

of training provided to each employee on average.

Gender Diversity

Continual improvement in workforce gender diversity ratio, **with female employees representing**

59%
of the workforce

Customer Health & Safety

Zero

significant incidents of non-compliance with regulation and/or voluntary codes concerning the health and safety impacts of our products and services.

Customer Privacy

Zero

substantiated complaints concerning breaches of customer privacy and/or loss of customer data.

Sustainable Supplier Management

100%

of key suppliers internally screened for negative social and environmental impacts, in compliance with the AEM Code of Business Conduct and industry standards.

Corporate Profile

AEM is a global leader in test innovation. We provide the most comprehensive semiconductor and electronics test solutions based on the best in-class technologies, processes, and customer support. We deliver customised, and application specific solutions to meet our customers' needs. With full-stack test capabilities for advanced engineering to high-volume manufacturing, we provide innovative test solutions to drive successful customer outcomes in innovation.

We innovate test to test innovation, providing leading-edge engineering solutions to meet the demands of fast-moving industries. With customer intimacy at our core, we build strong partnerships with our customers through our global network, tailoring solutions and delivering services that meet their needs. Beyond our leading-edge test innovation, we take pride in building strong partnerships with our customers and catering to the demands of an ever-evolving advanced manufacturing landscape.

AEM has a global presence across Asia, Europe, and the Americas. Our R&D centers are crucial in innovating and advancing our in-house engineering capabilities to deliver technologies and solutions for the next generation of semiconductor testing needs. AEM's R&D centers are situated in Singapore, Malaysia, Finland, France, South Korea, and the United States of America. With manufacturing plants located in Singapore, Malaysia (Penang), Indonesia (Batam), Vietnam, Finland (Lieto), South Korea, and the United States of America, and a global network of engineering support, sales offices, associates, and distributors, we offer our customers a robust and resilient ecosystem of test innovation and support.

AEM Holdings Ltd. is listed on the Mainboard of the Singapore Exchange (SGX: AWX, Reuters: AEM.SI, Bloomberg: AEM:SP)

About This Report

AEM Holdings Ltd. ("AEM" or the "Company") presents the Company's annual Sustainability Report (the "Report").

Reporting Period and Scope

This Report presents an extensive overview of AEM's principal sustainability priorities and outlines the company's management approaches, alongside its Environment, Social, and Governance ("ESG") policies, practices, and performance for the period from 1 January 2025 to 31 December 2025 ("FY2025"). Demonstrating AEM's dedication to achieving operational excellence in sustainability, the report specifies short-term, long-term, and ongoing objectives for each ESG category relevant to both internal and external stakeholders.

The coverage of this Report encompasses all global operations, including our headquarters located in Singapore and subsidiary entities throughout Asia, Europe, and North and Central America. Additionally, all major entities included in AEM's financial statements are incorporated within this sustainability report. Aligned with ISSB disclosure requirements, our emissions calculations include the consolidated accounting group. AEM does not have associates, joint ventures, and unconsolidated subsidiaries.

Sustainability Reporting Framework

This Report has been prepared with reference to the Global Reporting Initiative ("GRI") Universal Standards 2021. This internationally acknowledged framework enables companies to provide thorough and clear information on various sustainability issues. It offers a widely accepted method for organisations to communicate their environmental and social impacts effectively. For ease of reference, the GRI Content Index is provided on page 41-43. It outlines the specific locations of all relevant disclosures within the Report.

In accordance with SGX Listing Rules 711A and 711B, we have included the six key components required for annual sustainability reports. This is done in adherence to the 'comply or explain' principle. Additionally, the Group will be establishing a phased approach to progressively align with the full disclosure requirements of the International Financial Reporting Standards ("IFRS") S2 Climate-related Disclosures by the International Sustainability Standards Board ("ISSB disclosures") by FY2030 report.

Assurance

The sustainability data presented in this Report does not include external assurance. However, we have put in place internal verification processes to ensure its accuracy and reliability.

Feedback

We value your feedback, perspectives, and suggestions regarding our sustainability report and initiatives. You can reach out to us at: https://www.aem.com.sg/contact

We are committed to keeping you informed about the latest developments at AEM and encourage ongoing engagement with our stakeholder groups. Stay connected through our digital platforms, including LinkedIn and our Corporate Website: https://www.aem.com.sg

Board's Statement

The Board of Directors presents AEM's FY2025 Sustainability Report, which demonstrates our ongoing commitment to excellence in ESG practices. This report details our accomplishments, areas for growth, and strategic direction for continuous sustainability enhancement.

In FY2025, we focused on effectively managing climate-related risks and opportunities, underscoring environmental stewardship as critical to sustainable progress. Our proactive measures resulted in full regulatory compliance and the avoidance of penalties.

The Board recognises the importance of sustainability in the Group's long-term success and has integrated the consideration of sustainability issues into the Group's business and strategic decision-making. The Board has determined the material ESG factors relevant to the Group through a structured materiality assessment process and provides oversight of their management. It monitors the Group's performance against these material ESG factors, ensures that appropriate policies, controls and risk management measures are in place, and oversees management's implementation of initiatives to address sustainability-related risks and opportunities.

Guided by the Board, our management team-initiated programs to optimise operations and add economic value through advanced semiconductor testing solutions tailored to evolving industry demands, further solidifying our technological leadership.

Social responsibility remains integral to our business strategy, reflected in expanded community engagement across global markets. These efforts have yielded positive outcomes in education, health, and local development for our workforce and neighbouring communities. Through cultural events, philanthropic contributions, and employee recognition initiatives, we have reinforced our reputation as a responsible corporate citizen.

Our holistic governance approach integrates environmental, social, and economic considerations, adhering to the rigorous standards established by the Board. Looking ahead, we remain committed to continuous improvement, innovation, and transparent stakeholder communication to sustain AEM's leadership in sustainability and create enduring value.

Sincerely,
Board of Directors
AEM Holdings Ltd.

We recognise that our company's achievements are closely linked to the sustainable development of the communities and environments where we do business worldwide.

Our sustainability initiative is based on three main pillars, which have been fundamental to our dedication to sustainability.

Sustainable Growth

We uphold strong ethics, governance, financial discipline, and risk management to improve decisions and provide lasting value for stakeholders. By consistently demonstrating integrity and accountability, we ensure our actions are transparent and align with industry best practices. Through rigorous risk management, we assess potential challenges and proactively address them to protect both our organisation and those who rely on us. Together, these principles help us build trust and create enduring benefits for all stakeholders.

Economic Performance
GRI 201

Corporate Governance & Anti-Corruption
GRI 205

Environmental Conscientiousness

Our approach to addressing climate change emphasises minimising our operational environmental impact and integrating sustainable supplier management practices across the entire value chain.

Energy
GRI 302

Water Management
GRI 303

Emissions
GRI 305

Waste Management
GRI 306

Supplier Environmental Assessment
GRI 308

Supplier Social Assessment
GRI 414

Solidifying Relationships with Our Stakeholders

We dedicate significant effort to cultivating a strong, collaborative team by providing ongoing training, encouraging open communication, and supporting professional growth. At the same time, we prioritise establishing and maintaining enduring relationships with all stakeholders and local communities through regular engagement, transparency in our operations, and a commitment to mutual success.

Market Presence and Contribution
GRI 202

Employment
GRI 401

Occupational Health and Safety
GRI 403

Training and Education
GRI 404

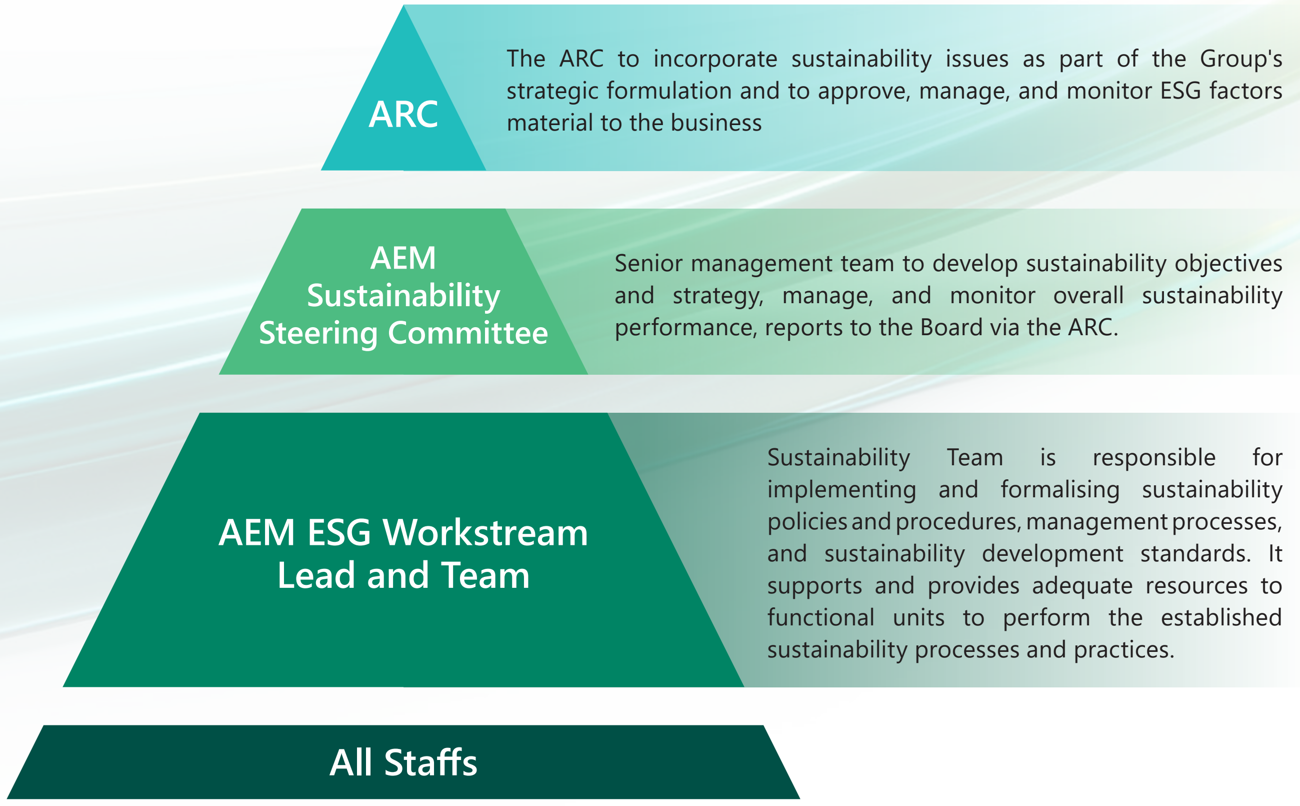
Diversity and Equal Opportunities
GRI 405

Giving Back To The Community
GRI 413

Customer Health and Safety
GRI 416

Customer Privacy
GRI 418

Sustainability Governance



The Board is responsible for overseeing the Company's sustainability strategy, with the Audit and Risk Management Committee ("ARC") playing a vital role in weaving sustainability into the Group's overall framework and actively managing key ESG issues. To enhance their effectiveness in this area, all members of the Board have completed or in the process of completing the required SGX sustainability training, equipping them to more effectively guide the Company's initiatives.

The Sustainability Steering Committee ("SSC"), made up of senior management figures, conducts an annual review of our performance in sustainability matters. The SSC also updates both the Board and ARC on the status and progress of related work, collaborates closely with the Sustainability Team to pinpoint priority ESG areas, establish clear targets for improvement, and define metrics for measuring short-, medium-, and long-term advancement.

Our Sustainability Team, which comprises employees drawn from several different departments, takes the lead in policy development, ensures that best practices are implemented throughout the organisation, and provides ongoing support to integrate sustainability principles across all functions at AEM.

Stakeholder Engagement

AEM is committed to fostering robust relationships with stakeholders by attentively considering their concerns and safeguarding their interests. Through systematic feedback collection, we identify significant ESG issues that reflect stakeholder expectations, directly informing our sustainability strategy. Details regarding our stakeholder engagement policy can be found on our corporate website.

We have determined seven principal stakeholder groups, each of which influences our operations, is affected by our activities, or contributes expertise on relevant ESG matters. To promote open dialogue and gather diverse perspectives, we interact with stakeholders via multiple communication channels, as described below.

Employees

Engagement Methods	Focus Areas	AEM's Response
Regular staff communication sessions Annual performance evaluation Social and team-building activities	Benefits and remuneration Career advancement Health and safety	To encourage greater workplace diversity by taking a merit-based approach to hiring and retaining staff To provide all staff with equal opportunities for professional development and capability building To promote a safe and inclusive working environment by engaging employees at all levels and facilitating two-way internal communication

Customers

Engagement Methods	Focus Areas	AEM's Response
Scheduled and ad-hoc site visits, calls, and reviews Customer satisfaction surveys Exhibitions and trade shows Annual reports	Engineering and development capability Operational and financial performance	To invest in our talent resources and engineering capability To maintain excellent operational and financial performance To ensure the transparent and timely dissemination of information about material developments

Suppliers

Engagement Methods	Focus Areas	AEM's Response
Scheduled and ad-hoc site visits, calls, and reviews Supplier review Annual supplier audits and mass communication containing an annual supplier declaration	Quality and reliability of suppliers Social and environmental impact Adherence to regulatory requirements for substances in articles (e.g. PFAS, PIP)	To assess suppliers based on their track record, capabilities, and their ability to complement AEM's commitment to delivering high-quality products and services To review suppliers with respective full assessments to drive regulatory adherence and delivery of less environmentally impactful products and services to AEM

Community

Engagement Methods	Focus Areas	AEM's Response
Participation in community service initiatives Partnering with local social enterprises that employ individuals with disabilities	Social-economic development	To support meaningful causes by making donations to local community organisations Partnering with local social enterprises, promote products and services of persons with disabilities

Government and Regulatory Bodies

Engagement Methods	Focus Areas	AEM's Response
Keeping abreast with regulatory changes Scheduled and ad-hoc site visits and training sessions	Regulatory compliance Environmental impact Job creation Capability building	To comply with all relevant laws and regulations in the jurisdictions we operate in To continually invest in skills upgrading to improve talent resources and engineering capability

Investors and Shareholders

Engagement Methods	Focus Areas	AEM's Response
Quarterly business outlook updates Half-yearly SGX results announcements and briefings Ad-hoc press releases Annual General Meetings ("AGM")	Business continuity Investor relations management	To maintain excellent operational and financial performance To ensure the transparent and timely dissemination of information about material developments

Industry Bodies

Engagement Methods	Focus Areas	AEM's Response
Presentation at industry seminars and trade shows Industry networking events Industry-academia collaborations	Challenges affecting the semiconductor industry	Active membership and participation in industry forums and events Supporting campus initiatives and events to promote awareness of semiconductor innovation and industry career pathways

Materiality Assessment

AEM's materiality assessment process references the four-step approach outlined in GRI 3: Material Topics 2021.

01 Identification
The shortlisting of potential material ESG factors in discussions with both internal and external stakeholders

02 Prioritisation
Identified material ESG factors are evaluated and ranked on our materiality matrix

03 Validation
The Board and Management will endorse and validate the identified material ESG factors

04 Review
Material ESG factors will be reviewed and reassessed yearly for their relevance to the Group

The Board and management have conducted a thorough review of the material topics for this year's report and have concluded that the sixteen (16) material topics identified in the previous year continue to be pertinent to AEM's business operations and its stakeholders.

Sustainability Pillars	Material Topics	GRI Standards
Sustainable Growth	Corporate Governance and Anti-Corruption	GRI 205
	Economic Performance	GRI 201
Environmental Conscientiousness	Supplier Environmental Assessment	GRI 308
	Supplier Social Assessment	GRI 414
	Energy	GRI 302
	Emissions	GRI 305
	Waste Management	GRI 306
	Water Management	GRI 303
Solidifying Relationships with our Stakeholders	Employment	GRI 401
	Occupational Health and Safety	GRI 403
	Training and Education	GRI 404
	Diversity and Equal Opportunity	GRI 405
	Market Presence and Contribution	GRI 202
	Giving back to the Community	GRI 413
	Customer Health and Safety	GRI 416
	Customer Privacy	GRI 418

Sustainable Growth

AEM prioritises strong leadership, a culture guided by its core values, and sound corporate governance through comprehensive policies and procedures. These foundations help AEM maintain its position as a top international technology equipment company.

Corporate governance lies at the heart of what AEM does, with ethical standards, disciplined financial management, and proactive risk handling driving strategic planning and decisions. This approach is aimed at delivering lasting value to all stakeholders.

Corporate Governance & Anti-Corruption

GRI 205-1

Economic Performance

GRI 201-1

Corporate Governance & Anti-Corruption

(GRI 205-1)

AEM is committed to upholding legal and ethical standards across all areas of its business. To support this commitment, the Group has implemented the AEM Code of Business Conduct (the "AEM Code"), which governs both AEM and its global subsidiaries. This code establishes strict criteria for professionalism, integrity, and ethical behaviour, and requires compliance from all employees, including the Board of Directors and management team. For transparency, the AEM Code is also accessible to the public via our corporate website.

ANTI-CORRUPTION

AEM maintains a strict zero-tolerance policy against bribery, corruption, extortion, and embezzlement to uphold integrity and accountability in all operations. To reinforce this commitment, we have comprehensive internal anti-bribery and anti-corruption policies and procedures that are accessible to every employee, ensuring they understand and follow these standards.

Our Whistle-Blowing Policy, published on our corporate website, provides a confidential and retaliation-free way for employees and third parties to report issues such as financial reporting concerns, workplace safety, or other matters. Reports can be made directly to the Company's compliance officer, who will bring them to the ARC or ensure appropriate resolution by management or relevant parties. This process guarantees that reports are handled independently by those without direct involvement in the issues or oversight of individuals named in the reports.

In FY2025, AEM carried out a comprehensive risk assessment across its operations—including manufacturing and production sites in Singapore, Malaysia, Indonesia, Vietnam, Finland, South Korea, and the United States—to identify any potential corruption risks. The assessment found no cases of corruption during the year.

GRI 205-1	FY2024	FY2025
Total number of key operations assessed for risks related to corruption	10	10
Total number of key operations in the corresponding year	10	10
Percentage of key operations assessed for risks related to corruption	100%	100%

CONFLICTS OF INTEREST

At AEM, all employees who interact with customers, suppliers, vendors, contractors, or subcontractors as part of their regular duties—along with all managers and those in equivalent or higher positions—are required to disclose any actual or potential conflicts of interest through an annual declaration. For other employees, the disclosure requirement is determined at management's discretion, or upon request or recommendation from the employee concerned. Transactions involving interested parties are reported to the ARC. Upon such disclosures, appropriate internal controls are implemented to ensure objective handling of these transactions, thereby protecting the interests of all shareholders.

To comply with SGX Listing Rule 1207(19), the Group has established an internal compliance code. This code provides clear guidelines for managing AEM's securities, ensuring that employees maintain both legal and ethical standards.

In FY2025, there were no reported incidents of significant misconduct related to AEM's business practices or operations, nor any major instances of legal or regulatory non-compliance. The Group remains dedicated to upholding the highest standards of integrity and ensuring that employees consistently act ethically in all interactions with customers, vendors, government agencies, and colleagues.

Data	FY2025
Material Topic	Corporate Governance & Anti-Corruption
FY2025 Performance	Zero significant instances of non-compliance with governmental laws and regulations in environmental, social, and economic areas
Perpetual Targets	To have zero cases of corruption or other improprieties To maintain our overall compliance record of zero cases of material non-compliance with laws and regulations in the jurisdictions where we operate

Economic Performance

(GRI 201-1)

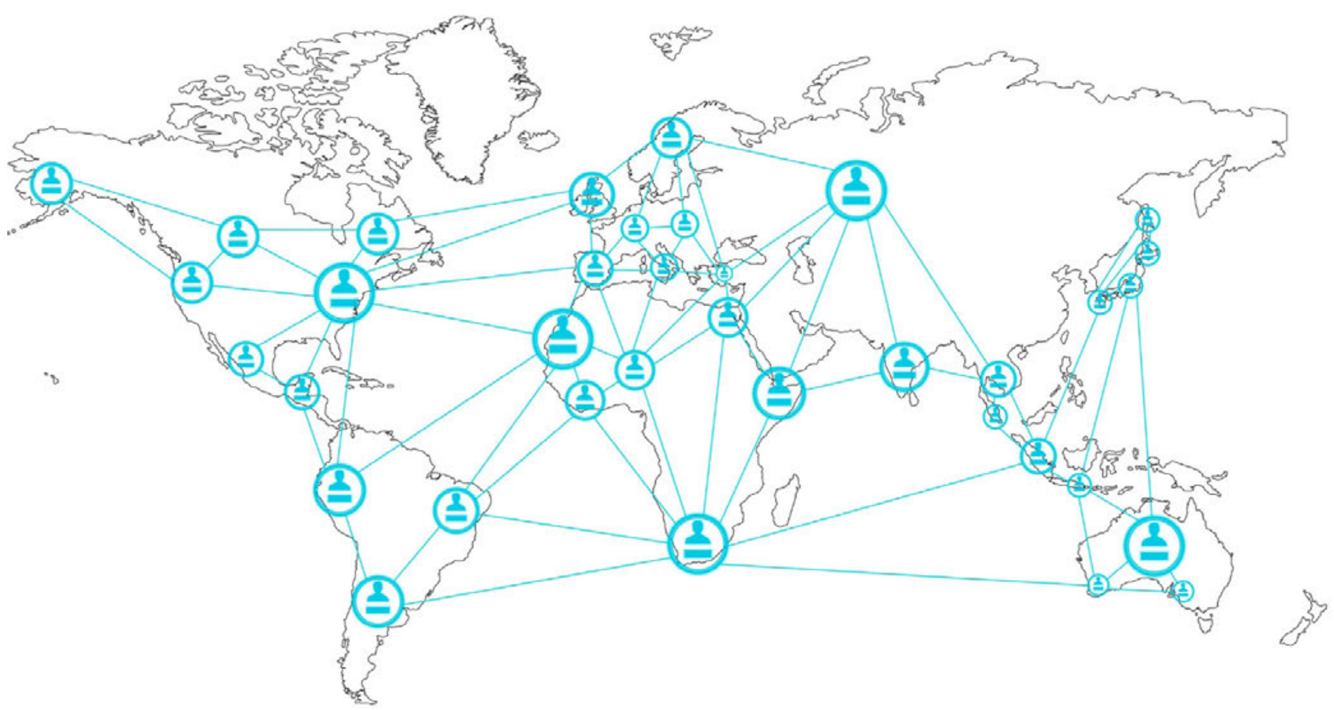
The Group is dedicated to generating significant economic value for stakeholders by providing cutting-edge technologies and customised solutions that address the complex needs of semiconductor testing, along with outstanding customer service. With these efforts, we intend to uphold our status as technological leaders in the semiconductor and electronic testing industries over the long term.

In FY2025, the Group delivered resilient financial performance amid a challenging operating environment, supported by strong demand from the artificial intelligence (AI) and high-performance computing (HPC) segment. Revenue increased by 5.0% year-on-year to S$399.3 million, while profit before tax rose by 51.6% to S$21.3 million, due to higher revenue and thus improved operating leverage. The Test Cell Solutions segment remained the primary growth driver, underpinned by successful ramp-up to high-volume manufacturing for the Group's second AI/HPC customer. The Group's strengthened earnings and cash generation enabled the resumption of dividend payments.

GRI 201-1	FY2024	FY2025
Economic Value Retained (S$' Million)	32.2	48.1

Please refer to the financial statements in our Annual Report for more information on AEM's economic performance in FY2025.

Data	FY2025
Material Topic	Economic Performance
FY2025 Performance	Published quarterly business updates and half-yearly results release on SGXNet in a timely manner
Perpetual Targets	To maintain disclosure and publication of quarterly business updates and half-yearly results in a timely manner and in accordance with accepted financial reporting standards



Environmental Conscientiousness

Our approach to tackling climate change involves a focused effort to minimise our operational footprint and integrate sustainable supplier management practices across our entire value chain.

Supplier Environmental Assessment

GRI 308-1

Supplier Social Assessment

GRI 414-1

Energy

GRI 302-1, 302-3, 302-4

Emissions

GRI 305-1, 305-2, 305-4

Waste Management

GRI 306-1, 306-2, 306-3

Water Management

GRI 303-5

Sustainable Supplier Management

Sustainable supplier management represents an essential element of our overall sustainability strategy and remains a central area of focus. This facet of our operations is committed to maintaining an efficient, ethical, and sustainable supply chain. By upholding these priorities, we ensure our practices are consistent with recognised international standards and industry best practices.

Maintaining open and transparent communication with suppliers is essential to building trust, managing risks, and supporting AEM's long-term strategic objectives. To assess potential environmental and social risks, all prospective suppliers undergo comprehensive evaluations during the selection process. As detailed in our supplier screening guide, these assessments address critical areas such as pollution, global warming contributions, child labour, customer privacy breaches, and compliance with social and economic regulations. By applying these criteria, we ensure that our suppliers align with AEM's commitment to sustainability and uphold high standards of quality for products and services.

Furthermore, we conduct performance reviews of our suppliers to evaluate their adherence to labour, environmental, health, safety, and ethical practices in accordance with the AEM Code. During FY2025, we onboarded 18 new key suppliers (FY2024: 19). We are proud to report that none of our existing key suppliers were identified as having significant adverse environmental or social impacts.

Supplier Environmental Assessment

(GRI 308-1)

Our procurement team uses a thorough screening guide that incorporates environmental standards to make sure every supplier meets our Environmental Management System requirements. We ask major suppliers to either comply with widely accepted certifications like ISO 14001 or, if requested, share their environmental policies and sustainability reports. Additionally, we confirm that none of our current key suppliers have had any serious violations of local laws. This year, we evaluated all new key suppliers against our environmental criteria (FY2024: 100%).

Supplier Social Assessment

(GRI 414-1)

Similarly, a social assessment was performed for new suppliers in accordance with our supplier screening guide. During the FY2025, all new key suppliers were evaluated based on social criteria, achieving a screening rate of 100% (FY2024: 100%).

Data	FY2025
Material Topic	Supplier Environmental Assessment, Supplier Social Assessment
FY2025 Performance	100% of new key suppliers were screened using environmental and social criteria Respective suppliers participated in AEM Sustainability declarations to provide update with regards to their continuous alignment with AEM's environmental and social requirements, having either aligned their business practices with industry standards such as the ISO14001 or published their environmental policy or sustainability report in the public domain. Respective suppliers participated in AEM PFAS/PIP non-compliance declarations to provide updates and proposed replacement materials aligned to respective AEM customer's requests.
Perpetual Targets	Screen 100% of new key suppliers using environmental and social criteria Enhance our supply chain management assessment processes to strengthen our evaluation of suppliers' environmental and social practices Screen 100% of applicable AEM suppliers using the yearly supplier declaration.

Minimising Our Environmental Footprint

Energy

(GRI 302-1, 302-3, 302-4)

Energy is integral to AEM's operations, as our manufacturing and testing activities are dependent on specialised, energy-intensive equipment. Although such equipment results in increased utility costs, it remains essential to the core functions of our organisation:

We are dedicated to adopting cost-effective measures that improve energy efficiency, minimise consumption, and reduce waste—key components of our environmental sustainability objectives. In pursuit of these aims, we have implemented a number of ongoing energy-saving initiatives at our Singapore headquarters and across major global manufacturing sites, including:

- replacing outdated equipment with newer, more energy-efficient alternatives, and
- raising awareness among employees about energy conservation through posters and briefings, promoting responsible energy use.

This year, the Group consumed a total of 12,318 MWh of energy, an increase of 2.7% from 11,994 MWh in FY2024. This is in line with higher business activity which resulted in higher reported revenue in FY2025 compared to the previous year and thus lower energy intensity ratio of 30.85 MWh/S$'Million (FY2024: 31.53 MWh/S$'Million). The breakdown of electricity usage can be seen in the table below.

Furthermore, we are actively investigating renewable energy solutions, including the deployment of solar panels. For instance, our subsidiary CEI has implemented solar panel systems at its Singapore facility, producing approximately 236,000 kWh of electricity annually to support internal operations.

In FY2025, diesel consumption (predominantly utilised by commercial vehicles) amounted to 2.5% of the total energy used (FY2024: 1.1%).

The following table depicts the changes in AEM's energy intensity ratio.[1]

GRI 302-1, 302-3	FY2024	FY2025
Energy Consumed (MWh)	11,994	12,318
Revenue (S$ 'Million)	380.4	399.3
Energy Intensity Ratio (MWh/ S$'Million)	31.53	30.85

[1] *FY2024 energy consumption amounts and energy intensities have been restated to include fuel consumption.*

Emissions

(GRI 305-1, 305-2, 305-4)

The escalating threat of climate change affects both the communities in which we operate and AEM's sustainability objectives as well as the organisation's long-term viability. In response to climate-related risks, AEM engages in global initiatives focused on reducing greenhouse gas ("GHG") emissions. Emissions are systematically monitored at each stage of our manufacturing process, allowing for robust data collection and targeted identification of reduction opportunities. Given that a significant proportion of AEM's carbon footprint arises from indirect emissions associated with purchased energy, optimising energy consumption remains a primary strategy in lowering overall GHG emissions.

The table below presents the total emissions and emission intensity ratio for AEM.

GRI 305-1, 305-2, 305-4	FY2024[2]	FY2025
Scope 1 Direct GHG Emissions[3] (tCO2e)	39	89
Scope 2 Indirect GHG Emissions (tCO2e)	7,546	7,635
Revenue (S$ 'Million)	380.4	399.3
Emission Intensity Ratio (tCO2e/ S$ 'Million)[4]	19.94	19.35

[2] *FY2024 emissions and emissions intensity have been restated due to updated emissions factors.*

[3] *Note: Direct GHG emissions includes carbon dioxide equivalent emissions from the consumption of diesel by commercial vehicles. Emissions factor was taken from the Greenhouse Gas Protocol Cross-sector Emission Factors Worksheet V2.0 https://ghgprotocol.org/calculation-tools-and-guidance*

[4] *FY2024 emissions intensities have been restated to standardise intensity units with other environmental metrics.*

We remain committed to minimising emissions by continuously monitoring energy usage, implementing environmentally sustainable technologies, and actively promoting environmental awareness. To set comprehensive quantitative targets, we are currently advancing our data collection processes.

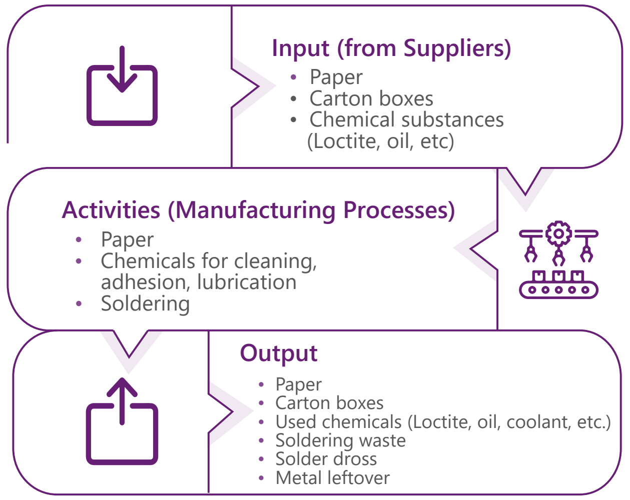
Data	FY2025
Material Topic	Energy and Emissions
FY2025 Performance	Increased energy consumption resulted in an increase in both Scope 1 and Scope 2 emissions Reduced emission intensity ratio despite the increase in emissions
Perpetual Targets	Pursue energy reduction measures in our business activities by increasing energy efficiency and minimising wastage Promote heightened conservation awareness and usage discipline amongst our employees Track and document energy consumption and all relevant Scopes 1 and 2 greenhouse gas emissions at the facility and/or corporate level

Waste Management

(GRI 306-1, 306-2, 306-3)

AEM recognises that waste generation is an intrinsic part of our operations, stemming from materials provided by our suppliers as well as by-products produced during manufacturing and other operational activities. To address this issue, we are dedicated to adopting robust waste management practices that minimise environmental impact and support sustainability.

Waste Generated



AEM's waste management process is structured into four key stages: identification, management, reduction, and responsible disposal or recycling of generated waste. Waste at AEM is principally categorised as hazardous (including chemical waste), recyclable (such as metals, paper, and plastics), and general waste, which constitutes the largest portion of overall waste produced.

The Group is strongly committed to promoting waste reduction initiatives across all operational and manufacturing sites. Particular attention is given to minimising major waste streams, including soldering by-products, solder dross, and carton boxes. In alignment with Singapore's ambition to become a Zero Waste Nation, we have intensified our efforts to reduce waste generation and implement more sustainable waste management practices. Key initiatives include:

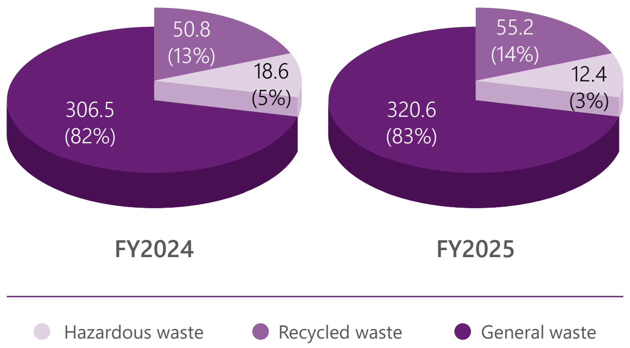
- Shifting from paper-based records to digital formats in various internal processes;
- Partnering with external recycling service to manage waste from our manufacturing and operational activities, including metal remnants from production;
- Reusing carton boxes and plastic pallets;
- Phasing out the use of hydrofluoroether ("HFE") in our new equipment.

The Group saw a modest increase in total waste generated, from 375.9 tonnes in FY2024 to 388.2 tonnes in FY2025, in line with the higher business activity during the year.

General waste continued to form the bulk of the waste stream in FY2025, comprising 83% of total waste generated. Recycled waste saw an increase in FY2025, from 50.8 tonnes in FY2024 to 55.2 tonnes in FY2025. Hazardous waste continued its downward trend, which declined from 18.6 tonnes in FY2024 to 12.4 tonnes in FY2025, signalling strengthened waste-handling and reduction practices.

GRI 306-3	FY2024	FY2025
Total Weight of Waste Generated (tonnes)	375.9	388.2
Waste Generated per revenue (tonnes/S$ 'Million)	0.99	0.97

Types of Waste Generated (tonnes)



Data	FY2025
Material Topic	Waste Management
FY2025 Performance	Total waste generated increased in FY2025 as compared to FY2024 in line with increased business activity Reduced waste generated per revenue
Perpetual Targets	To further reduce the use of paper documentation and consumption Refine measurement and reporting methods to manage other significant waste-related impacts from our manufacturing processes (e.g., chemical waste, used coolant, etc.)

Water Management

(GRI 303-5)

Recognising water's vital role as a worldwide resource, AEM has prioritised responsible water use in our sustainability strategy. To support national efforts to conserve water, we have launched various programmes at our operational and manufacturing sites aimed at cutting down on water usage and improving efficiency. These initiatives include:

- Promoting water conservation awareness among our employees through educational posters and briefings, stressing the importance of responsible water usage; and
- Upgrading our facilities with motion-sensor taps and spring faucets to reduce water wastage and improve overall water efficiency.

Over the years, AEM has consistently monitored and managed our water usage. For FY2025, the Company's overall water consumption increased by 23% from FY2024 in line with increased business activity during the year.

GRI 303-5	FY2024	FY2025
Total Water Consumption from All Areas (m3)	114,853	140,916
Water Consumed per Monetary Unit of Sales (m3/S$'Million)	301.9	352.9

Data	FY2025
Material Topic	Water Management
FY2025 Performance	Overall water consumption increased in FY2025
Perpetual Targets	To continue promoting water conservation awareness among our employees To take measures to reduce water consumption, e.g., by using reclaimed water, motion sensor taps, and spring faucets.

Solidifying Relationships with Our Stakeholders

At AEM, our success is the result of the collective contributions of our team. We are dedicated to fostering an inclusive and healthy work environment that encourages initiative, supports continuous learning, and fosters the exchange of innovative ideas.

Central to our strategy for managing human capital, this approach helps us drive growth and build long-term value. By empowering employees and nurturing talent, we aim to achieve sustained success for the organisation.

Employment

GRI 401-1, 401-2

Occupational Health and Safety

GRI 403-1, 403-2, 403-4, 403-9, 403-10

Training and Education

GRI 404-1, 404-2, 404-3

Diversity and Equal Opportunities

GRI 405-1

Market Presence and Contribution

GRI 202-1, 202-2

Customer Health and Safety

GRI 416-1

Customer Privacy

GRI 418-1

Managing Our Human Capital

At AEM, our achievements stem from the collaborative efforts of our team. We promote an inclusive and supportive work environment that values initiative, continuous development, and the exchange of innovative ideas. This approach is integral to our human capital management strategy and drives both organisational growth and long-term value creation. Through empowering employees and nurturing talent, we strive for sustained success for the organisation.

Employment

(GRI 401-1, 401-2)

We are committed to protecting the human rights of all our employees—present and future—in alignment with the AEM Code. Our commitment means strictly following labour standards that guarantee employment freedom, ban child labour, prevent discrimination, and safeguard the right to freely associate, all while observing local laws. We see ethical labour practices as vital for attracting and retaining a talented and diverse workforce, which is fundamental to AEM's ongoing, sustainable success.

As of 31 December 2025, the total number of employees at AEM was 2,288, representing a decrease of 84 employees compared to the prior year (FY2024: 2,372). We place great value on employee loyalty and provide attractive compensation packages, which include base salaries, allowances, cash bonuses, and the chance to join our share equity plan. Our pay structure features a variable, performance-based element that rewards staff based on their expertise, responsibilities, and lasting contributions. Furthermore, we honour long-serving employees by formally recognising their dedication and achievements.

Data	FY2025
Material Topic	Employment
FY2025 Performance	Decrease of 84 employees compared to FY2024
Perpetual Targets	Ensure accessibility to a variety of resources and tools to implement fair and progressive employment practices within AEM To attract and retain talent with competitive remuneration and welfare packages

Occupational Health and Safety

(GRI 403-1, 403-2, 403-4, 403-9, 403-10)

Our top priority is the safety and well-being of all employees. To uphold occupational health and safety ("OH&S"), we created the Workplace Safety and Health ("WSH") Group, which leads our safety efforts across the company. The WSH Group conducts regular safety inspections, provides ongoing training and drills, and ensures that all accidents or emergencies are reported quickly to the appropriate authorities. They also hold monthly meetings to discuss important safety topics, encouraging employee participation and clear communication.

The WSH Group takes a proactive approach in managing workplace risks and hazards, protecting not just employees but also contractors and visitors. Our safety manual follows the hierarchy of controls and sets out clear procedures for managing risks. The foundation of our safety policy is compliance, open communication, regular training, accountability, and strong leadership.

We regularly update our risk management processes to align with the Singapore Ministry of Manpower's Code of Practice, maintaining high standards. All staff receive regular briefings, risk assessments, and orientation sessions so they fully understand safety procedures. Employees can report unsafe conditions or incidents through supervisors, safety committee members, or suggestion boxes. Quarterly meetings give employees a chance to raise concerns and suggest improvements, with supervisors responding promptly and taking corrective action.

In 2023, AEM launched the "Zero Accidents, Zero Excuses" slogan to highlight our dedication to safety and inspire everyone in the company to aim for the highest safety standards. We believe preventing accidents and continuously improving our safety measures are vital to our success. Every incident is carefully investigated, regardless of how minor, to find the root cause, implement preventive actions, and update our safety management system.

To further protect staff during equipment testing, we have introduced smart cameras for real-time monitoring and carry out regular safety audits to address any potential risks early. Employee input is welcomed as part of our commitment to ongoing safety improvement, and we provide continuous training to ensure everyone has the knowledge needed for a safe workplace. We also recognise and reward safe behaviour to nurture a strong safety culture.

In FY2025, there were 5 recordable work-related injuries, and no work-related illnesses, severe injuries, or fatalities (FY2024: 3 recordable work-related injuries). This has resulted in an injury rate of 1.3 recordable injuries per million hours worked (FY2024: 0.8).

AEM is dedicated to supporting employee well-being by providing access to non-occupational healthcare services. Employees benefit from company-sponsored health insurance plans and collaborations with healthcare providers, ensuring the availability of essential healthcare that extends beyond occupational requirements.

Notable initiatives include the enhancement of the Behavioural Based Safety ("BBS") Program, fostering a collaborative approach between management and staff to drive continuous improvement through positive behavioural change. Additionally, the introduction of the Safety Moment Sharing program in 2024 aims to strengthen safety awareness by facilitating regular discussions on various safety topics and reinforcing critical safety information among employees.

Data	FY2025
Material Topic	Occupational Health and Safety
FY2025 Performance	Zero cases of recordable work-related ill health, high-consequence work-related injuries, and fatalities resulting from work-related injuries or ill health
Perpetual Targets	Zero cases of recordable work-related ill health, high-consequence work-related injuries, and fatalities resulting from work-related injuries or ill health
	Ensure that our practices at AEM are in line with internationally agreed best practices for OH&S management systems, for the prevention of harm and promotion of health at work
	Establish a comprehensive occupational accident/ work injury compensation insurance plan for our employees

Training and Education

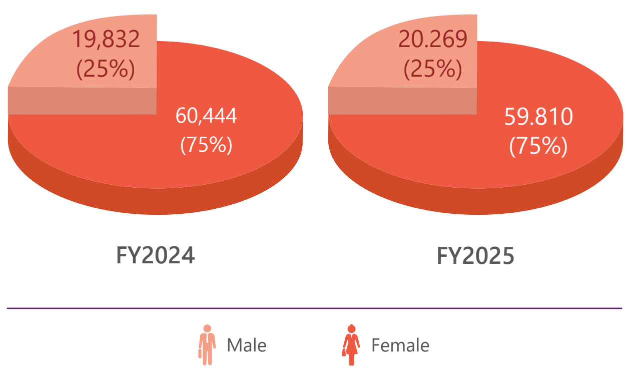
(GRI 404-1, 404-2, 404-3)

We recognise that the technological and engineering expertise of our workforce is integral to the company's ongoing success. To reinforce this foundation, we are committed to investing in comprehensive training and development programmes that promote continuous learning and advance our employees' skills and capabilities.

We provide a range of training options, including in-person sessions and online modules. Since the launch of our Learning Management System ("LMS") in June 2021, staff have had access to an extensive catalogue of e-learning courses and on-site classroom training. By empowering employees to proactively engage in their professional growth, we ensure they are equipped with the resources necessary for long-term development and achievement.

In FY2025, each employee received an average of 35.0 training hours (FY2024: 33.8 hours), attributable to lower overall headcount while maintaining similar total training hours.

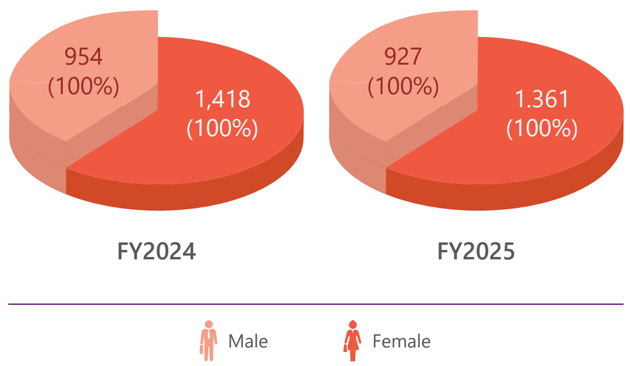
Total Training Hours by gender



AEM prioritises ongoing performance and career development dialogues between employees and their managers. We are pleased to report that, in FY2025, all eligible employees engaged in these review sessions.

To facilitate continuous development, we have established a structured framework across the Group to identify, monitor, and evaluate training requirements. Through this initiative, a comprehensive suite of courses has been made available to both management and staff. These offerings encompass essential areas including business leadership, finance, quality, safety, operational management, enterprise resource planning, personal effectiveness, and specialised functional as well as technical skills. Our aim is to ensure our workforce remains equipped to address both current and future industry needs.

Employees Receiving Regular Performance and Career Development Reviews by gender



Data	FY2025
Material Topic	Training and Education
FY2025 Performance	Average training hours per employee increased slightly to 35.0 hours
	100% of eligible employees underwent annual performance appraisal
Perpetual Targets	Maintain our commitment to training and skills upgrading for all employees
	Empower employees to meet their personal and professional development goals
	To achieve 100% of eligible employees receiving regular performance and career development reviews

Diversity and Equal Opportunities

(GRI 405-1)

AEM is dedicated to cultivating a workplace culture that emphasises diversity, inclusion, and equality. The organisation values the advantages gained from a workforce composed of varied genders, races, and nationalities, and is consistently working to enhance its talent pool through recruitment efforts that span multiple regions.

Recruitment, training, and evaluation processes at AEM are founded on the principles of fair employment, ensuring decisions are made solely on the basis of skills and qualifications, without bias. The company is firmly committed to maintaining an environment of mutual respect and dignity, supported by a rigorous zero-tolerance policy against all forms of harassment and discrimination.

While the age demographics within the workforce have remained steady, AEM has achieved significant progress towards gender balance. As of 31 December 2025, women account for 59% of the workforce.

AEM also encourages employees to share their professional experiences through a variety of platforms, including industry publications, social media, and internal communications. By highlighting these individual stories, the company celebrates accomplishments, addresses industry stereotypes, and motivates others to pursue opportunities in the semiconductor sector. These initiatives are integral to advancing diversity and empowering professionals, reaffirming AEM's ongoing commitment to fostering an inclusive culture both within the organisation and across the industry.

Data	FY2025
Material Topic	Diversity and Equal Opportunity
FY2025 Performance	Zero reported instances of discrimination in the workplace Maintained a relatively balanced gender diversity ratio of AEM's workforce for FY2025
Perpetual Targets	Ensure equal opportunities and career progression are made available and accessible to all employees regardless of gender, race, or age Encourage greater diversity in our workforce and achieve a fair representation of various diversity categories within AEM's governing body and senior management team

Market Presence and Contribution

(GRI 202-1, 202-2)

EMPLOYEE ENTRY WAGES

AEM fully adheres to minimum wage laws in every country where it operates. In FY2025, all entry-level employees in countries with established minimum wages such as Malaysia, China, Indonesia, the USA, France, South Korea, and Vietnam, were paid at or above legal requirements. The company also maintains gender pay equality at the entry level in these locations. For places like Singapore and Finland, where there are no minimum wage laws, AEM offers competitive compensation and benefits to its employees.

LOCAL REPRESENTATION IN AEM'S LEADERSHIP

We acknowledge that comprehensive knowledge of local markets is essential to our continued success as a global leader in test innovation. To further enhance our market competitiveness and contribute positively to local economies, we emphasise the inclusion of local professionals within our senior management team. The majority of senior executives, including general managers and other prominent positions, are appointed from the local workforce, underscoring our commitment to developing and empowering local leadership.

Data	FY2025
Material Topic	Market Presence and Contribution
FY2025 Performance	Zero significant instances of non-compliance with all applicable labour laws All minimum wage laws were adhered to Majority of senior management were hired from local communities[5]
Perpetual Targets	Continue to adhere to minimum wage laws in countries we operate in Maintain significant majority of senior management hired from local communities

[5] *Refer to appendix for detailed breakdown of proportion of senior management hired from local communities*

Giving Back To The Community

We are dedicated to social responsibility, striving to positively influence local communities through the involvement of our global workforce. Employees are encouraged to participate in community initiatives, including service projects, fundraising activities, and charitable contributions.

COMMUNITY SUPPORT – EDUCATION

AEM Malaysia donated furniture and stationery to a local school by supporting efforts to improve the facilities of learning environment.

INCLUSIVE ENTERPRISE SUPPORT

AEM partnered with Singapore-based social enterprises to promote inclusive employment by featuring handcrafted products created by artisans with disabilities at corporate events.

Local Communities

We understand that our success is closely tied to the well-being of the communities where we operate. Through our corporate social responsibility efforts, we strive to create meaningful, long-term benefits for these communities. Our programs, implemented within majority of our operations, focus on expanding educational opportunities, promoting health and wellness, encouraging appreciation and recognition, and supporting people in need. Below are examples of how we work to enhance lives in communities around the world:

Cultural Celebrations

- **Lunar New Year Celebration:** Teams across Malaysia, Indonesia, and Singapore marked the Lunar New Year with activities that strengthened camaraderie, cultural appreciation, and team cohesion.
- **Deepavali Gift Giveaway:** Employees in Malaysia and Singapore celebrated the Festival of Lights through cookies distributions, fostering inclusivity and cultural understanding across our workforce.
- **International Women's Day:** In recognition of International Women's Day, AEM reaffirmed its commitment to gender equality and to cultivating an inclusive workplace where diverse talent can develop and succeed.

Wellness and Health

- **"Understanding Sleep and Mental Wellness" Health Talk:** Conducted a health awareness session to equip employees with practical strategies to enhance sleep quality and support mental well-being.
- **Health Screening Initiative:** Under the AEM Cares programme, employees were offered complimentary basic health screenings to promote preventive care and long-term health awareness, reinforcing our commitment to employee well-being.
- **Wellness Day:** AEM offices globally observed Wellness Day through engagement activities and designated time away from emails, meetings, and calls, encouraging work–life balance and stronger employee connection.

Team Bonding and Engagement

- **AEM Fun Day:** AEM Fun Day brought together employees a day of interactive activities designed to strengthen team cohesion, collaboration, and workplace morale.
- **Team Luncheons and Team-Building Activities:** Across our global offices, team luncheons and structured team-building initiatives were organised to foster stronger interpersonal connections and reinforce a collaborative work culture.
- **Singapore National Month Relay Run:** AEM fielded two teams of employee volunteers for the Singapore National Month Relay Run, demonstrating teamwork, resilience, and collective spirit in support of community engagement initiatives.

Learning Workshop

- **Sustainability Workshop: "Understanding, Measuring, and Take Action"**: Conducted a sustainability workshop to enhance employees' understanding of responsible business practices and their role in integrating sustainability into daily operations. The session reinforced the importance of balancing economic performance, environmental stewardship, and social responsibility to support long-term value creation.

Through a range of initiatives, AEM demonstrates its commitment to social responsibility by making tangible contributions to society and enhancing its positive influence on local communities. The organisation aims to effect meaningful, enduring change through active engagement with the communities it serves, ensuring that all stakeholders derive value from these efforts.

Data	FY2025
Material Topic	Local Communities
FY2025 Performance	AEM significantly contributed to local communities through a series of health, education, safety, and wellbeing initiatives across various AEM sites, fostering community engagement and social responsibility
Perpetual Targets	To partner with charity organisations in improving the local communities' welfare Pursue other means of giving back to our community, in addition to cash donations and sponsorships

Protecting Our Customers

At AEM, we place a strong emphasis on launching our customers' next-generation products quickly, guided by principles of health and safety, protecting customer confidentiality, and addressing client needs. Our Quality Policy Statement, available on our website, demonstrates our ongoing commitment to continuous improvement and excellence, with particular attention to ensuring both customer safety and satisfaction.

Customer Health and Safety

(GRI 416-1)

We provide a comprehensive portfolio of core products and services, including handling solutions, Automated Testing Equipment test solutions, and contract manufacturing services. Prior to market introduction, all new products undergo thorough validation and compliance evaluations to ensure adherence to applicable health and safety standards, such as SEMI-S2/S8 and CE compliance, tailored to customer and regional requirements, before shipment approval. This process enables careful assessment of the health and safety implications of our offerings. Notably, in FY2025, there were no significant instances of non-compliance with regulatory or voluntary codes pertaining to the health and safety impacts of our products and services.

Data	FY2025
Material Topic	Customer Health and Safety
FY2025 Performance	Zero significant incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of our products and services
Perpetual Targets	Deliver quality products and services that fulfil statutory and regulatory requirements and satisfy customers' needs

Customer Privacy

(GRI 418-1)

We prioritise protecting the personal information of our business partners, which includes suppliers, customers, employees, and other stakeholders. Our operations strictly follow all relevant privacy and data protection laws across every region we serve, and we honour non-disclosure agreements with our partners. Reports or complaints about privacy breaches or violations are closely monitored. In FY2025, we are pleased to report that there have been no confirmed complaints concerning these matters.

Data	FY2025
Material Topic	Customer Privacy
FY2025 Performance	Zero substantiated complaints concerning breaches of customer privacy and loss of customer data
Perpetual Targets	Maintain zero substantiated complaints and sustain our efforts to safeguard customer privacy

Climate-Related Disclosures

Climate change is a significant threat to our world, bringing noticeable changes in weather and an increase in extreme events around the globe. The World Economic Forum's 2023 Global Risk Report highlights how urgent it is to act now if we want to avoid severe consequences to society, the economy, and nature in the next 5-10 years.

AEM is committed to lowering our carbon emissions and building resilience against climate impacts across all our business activities. This report represents our first year working toward meeting ISSB standard disclosures, which we plan to complete by FY2030, following SGX guidelines

Governance

Please refer to the Corporate Governance section of our Annual Report where AEM has included the oversight of climate change risks and opportunities as part of the ARC's responsibilities.

Strategy

We anticipate ongoing evolution in our climate strategy, based on identifying our physical and transition risks. The following tables show the climate-related risks and opportunities identified by our major production sites.

SCAN HERE
AEM Annual Report 2025

Climate-related risks

Risk Type	Description	Countries Affected	Timeframe	Potential Financial Impact	Risk Mitigation Action
Transition Risk (Policy and Legal)	Higher energy cost and potential carbon tax	Singapore, Malaysia, Indonesia, Vietnam	Medium, and long-term	Higher cost of business due to higher energy cost and potential carbon tax.	Review and establish strategy to adopt renewable energy usage. Reduce carbon emissions by improvement of facility and usage of renewable energy. Raise employee awareness on energy conservation and sustainability.
	Operation delay, transitional rules and laws and increased costs due to shortage of raw materials will impact business	Singapore, Malaysia, Indonesia, Vietnam	Short, medium, and long-term	Shortage of material will lead to increase in prices, and may cause us to be unable to meet the customer requirements	Review and establish procurement strategy to address alternate materials development.
	Compliance to material environmental restriction and regulatory obligation requirement.	Singapore, Malaysia, Indonesia, Vietnam	Medium and long-term	There may be significant investment into new technologies and processes required, or higher costs involved with obtaining materials that comply with regulations.	Strengthen supply chain management to keep in tandem to the changes in the material regulatory compliance requirement and/or restrictions (e.g. RoHs, Reach, PFAS etc).
Transition Risk (Technology)	Talent Acquisition & Retention	Singapore	Short, medium, and long-term	Lack of sufficient & right talent can prevent further growth and innovation in organisation to tackle changes from climate change	Develop the talent building and retention program e.g. work life balance, career mapping, and progression plan. Promote awareness & appreciation through training and engagement in sustainability projects.
Transition Risk (Market)	Price sensitivity, ability to see the long-term cost effectiveness	Singapore, Malaysia, Indonesia Vietnam	Short, medium, and long-term	Higher cost of materials and increase in labour cost, will weaken competitiveness in market	Continue to innovate Value Engineering to keep business competitive.

Climate-related opportunities

Description	Timeframe	Countries Affected	Potential Financial Impact	Opportunities
Usage of renewable energy source and use of energy saving facility equipment to reduce emissions.	Medium, and long-term	Singapore, Malaysia, Indonesia, Vietnam	Utilising renewable energy and energy-efficient equipment can lower energy costs and potentially provide access to government incentives or tax benefits.	Invest in energy-efficient equipment, including the usage of LED and motion sensors.
			Reducing CO2 emissions can enhance brand reputation and potentially attract environmentally conscious customers, leading to increased sales and revenue.	Explore the usage of energy generated from solar panels or other renewable sources.

Scenario Analysis

The Group has conducted climate-related scenario analysis to assess the resilience of our strategy under plausible future climate conditions. Recent scientific insights from the Global Carbon Project indicate that "the breaching of the 1.5°C stabilisation target is no longer a risk. It is now unavoidable and coming at full speed".[6] Given this outlook and the accelerating trajectory of global emissions, the Group adopted a single high-warming 4°C scenario as the basis for our assessment. While ISSB guidance typically recommends the use of multiple scenarios, focusing on a 4°C pathway enables us to evaluate a future that reflects emerging scientific consensus on the likelihood of significant warming, and to understand the potential implications for our operations, value chain, and long-term strategic resilience.

Risk Type	Risk Category	Scenario Assumptions	Impact	Operations Affected	Mitigation	Time Horizons
Transition Risk	Policy & Legal - Carbon tax, higher taxation	Carbon taxes continue rising to incentivise reduced emissions Governments tighten mandatory reporting and energy-efficiency standards	Increased operational costs Margin compression in carbon-intensive functions	Manufacturing plants, test & assembly facilities, logistics	Invest in energy-efficient and cleaner technologies	Medium, and long-term
Transition Risk	Policy & Legal - Operational delays from transitional rules, raw material shortages	Stricter regulations disrupt supply chains More inspections, slower permitting	Production delays, higher procurement costs, inventory volatility	Supply chain & production	Diversify suppliers; local sourcing where feasible Strengthen inventory forecasting Advocate early for regulatory clarity	Short, medium, and long-term
Transition Risk	Policy & Legal - Compliance with stricter environmental requirements	More complex environmental rules. Increased monitoring/ reporting	Higher compliance costs; possible fines if non-compliant	Manufacturing operations, environmental reporting functions	Implement enhanced compliance management Regular training Early regulatory engagement	Medium, and long-term
Transition Risk	Market - Price sensitivity; lack of visibility of long-term cost-effectiveness	Customers increasingly value cost over sustainability under economic pressures Harder to communicate benefits of sustainable products	Reduced demand for higher-cost sustainable solutions. Margin pressure	Sales and marketing, R&D, and engineering	Customer education & communication strategies Competitive pricing Innovate lower-cost sustainable products	Short, medium, and long-term
Transition Risk	Technology - Talent acquisition & retention issues	Skilled talent scarcity Employees expect stronger sustainability & workplace culture commitments	Slower innovation Higher turnover, loss of expertise	All functions	Strengthen employer branding Training & career development Flexible work policies	Short, medium, and long-term

[6] Quote from https://www.straitstimes.com/world/co2-to-hit-record-in-2025-key-temperature-limit-could-be-reached-in-4-years-study

Risk Management

The SSC reviewed and evaluated climate risks and opportunities relevant to AEM, rating each by its potential impact and likelihood. We are reporting only those risks and opportunities with ratings of 12 or higher, as these are considered significant. Eventually, details about climate risks will be managed with the same strict internal controls and assurance processes as our traditional financial risks.

Metrics and Targets

In recognition of the significance of tracking the Group's performance on critical environmental issues, we have incorporated relevant climate-related metrics in the preceding sections of this report:

- Total energy consumption, categorised by source, along with the energy intensity ratio (see Energy GRI 302-1, 302-3, 305-4, page 24)
- Scope 1 emissions, resulting from Diesel usage (see Emissions GRI 305-1, page 24)
- Scope 2 emissions, stemming from electricity consumption (see Emissions GRI 305-1, 305-2, page 24).

We remain dedicated to consistently enhancing the quality and scope of our disclosures in forthcoming reports.

Appendices

Social Performance: Employees

(GRI 2-7, 405-1)	FY2024	FY2025
Total Number of Employees		
By Employee Category		
Operations & Support	1,520 (64%)	1,424 (62%)
Professional	793 (33%)	795 (35%)
Management	59 (3%)	69 (3%)
By Gender		
Male	954 (40%)	927 (41%)
Female	1,418 (60%)	1,361 (59%)
By Age Group		
Under 30	1,193 (50%)	1,073 (47%)
30-50	909 (38%)	931 (41%)
Over 50	270 (12%)	284 (12%)
Total	**2,372**	**2,288**

Social Performance: Market Presence and Contribution

(GRI 202-2)	FY2024	FY2025
Number and Proportion of Senior Management Hired from the Local Community		
By Region		
Singapore	4 (80%)	5 (100%)
China	0 (0%)	0 (0%)
Finland	1 (100%)	1 (100%)
France	1 (100%)	0 (0%)
Indonesia (Batam)	0 (0%)	0 (0%)
Malaysia (Penang)	1 (100%)	1 (100%)
North and Central America (U.S.A. and Costa Rica)	2 (100%)	2 (100%)
South Korea	2 (100%)	2 (100%)
Vietnam	0 (0%)	0 (0%)

Social Performance: Employment

(GRI 401-1)	FY2024	FY2025
Employee New Hire		
By Gender		
Male	146 (36%)	194 (42%)
Female	256 (64%)	271 (58%)
By Age Group		
Under 30	263 (65%)	329 (71%)
30 – 50	120 (30%)	116 (25%)
Over 50	19 (5%)	20 (4%)
Total	**402 (16%)**	**465 (20%)**
Employee Turnover		
By Gender		
Male	451 (52%)	208 (43%)
Female	418 (48%)	276 (57%)
By Age Group		
Under 30	482 (56%)	312 (64%)
30 – 50	314 (36%)	147 (30%)
Over 50	73 (8%)	25 (6%)
Total	**869 (34%)**	**484 (20%)**

Social Performance: Occupational Health and Safety

	FY2024	FY2025
Work-related injuries for all employees and workers (GRI 403-9)		
Number of fatalities	0	0
Number of high-consequence work-related injuries	0	0
Number of recordable work-related injuries	3	5
Work-related ill health for all employees and workers (GRI 403-10)		
Number of fatalities	0	0
Number of cases of recordable work-related ill health	0	0

Social Performance: Diversity and Equal Opportunities

(GRI 405-1)	FY2024	FY2025
Diversity within AEM's Board of Directors		
By Gender		
Male	6 (86%)	7 (88%)
Female	1 (14%)	1 (12%)
By Age Group		
Under 30	0 (0%)	0 (0%)
30 – 50	0 (0%)	0 (0%)
Over 50	7 (100%)	8 (100%)
Diversity within AEM's Management		
By Gender		
Male	50 (85%)	57 (83%)
Female	9 (15%)	12 (17%)
By Age Group		
Under 30	0 (0%)	1 (1%)
30 – 50	24 (41%)	31 (45%)
Over 50	35 (59%)	37 (54%)
Diversity within AEM's Professional		
By Gender		
Male	495 (62%)	494 (62%)
Female	298 (38%)	301 (38%)
By Age Group		
Under 30	165 (21%)	141 (18%)
30 – 50	465 (59%)	488 (61%)
Over 50	163 (20%)	166 (21%)
Diversity within AEM's Operations & Support		
By Gender		
Male	409 (27%)	376 (26%)
Female	1,111 (73%)	1,048 (74%)
By Age Group		
Under 30	1,028 (68%)	931 (65%)
30 – 50	420 (28%)	412 (29%)
Over 50	72 (4%)	81 (6%)

Social Performance: Training and Education

(GRI 404-1)	FY2024	FY2025
Total Training Hours		
By Gender		
Male	19,832 (25%)	20,269 (25%)
Female	60,444 (75%)	59,810 (75%)
By Employee Category		
Operations & Support	64,715 (80%)	65,966 (82%)
Professional	15,251 (19%)	13,669 (17%)
Management	309 (1%)	444 (1%)
Total Hours	**80,276**	**80,079**
Average Training Hours per Employee		
By Gender		
Male	20.8	21.9
Female	42.6	43.9
By Employee Category		
Operations & Support	42.6	46.3
Professional	19.2	17.2
Management	5.2	6.4
Overall Average	**33.8**	**35.0**

(GRI 404-3)	FY2024	FY2025
Employees Receiving Regular Performance and Career Development Reviews		
By Gender		
Male	954 (100%)	927 (100%)
Female	1,418 (100%)	1,361 (100%)
By Employee Category		
Operations & Support	1,520 (100%)	1,424 (100%)
Professional	793 (100%)	795 (100%)
Management	59 (100%)	69 (100%)
Total Employees	**2,372 (100%)**	**2,288 (100%)**

GRI CONTENT INDEX

Statement of Use	AEM Holdings Ltd. has reported the information cited in this GRI content index for the period 1 January 2025 to 31 December 2025 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standards		Disclosure Title	Page Reference
General Disclosures			
GRI 2: General Disclosures 2021	2-1	Organisational details	7
	2-2	Entities included in the organisation's sustainability reporting	8
	2-3	Reporting period, frequency and contact point	8
	2-5	External assurance	8
	2-6	Activities, value chain and other business relationships	7
	2-7	Employees	39
	2-9	Governance structure and composition	13
	2-10	Nomination and selection of the highest governance body	AR: 41-43
	2-11	Chair of the highest governance body	AR: 36-37
	2-12	Role of the highest governance body in overseeing the management of impacts	13
	2-13	Delegation of responsibility for managing impacts	13
	2-14	Role of the highest governance body in sustainability reporting	13
	2-15	Conflicts of Interest	AR: 32-35
	2-16	Communication of critical concerns	AR: 54-57
	2-17	Collective knowledge of the highest governance body	13
	2-18	Evaluation of the performance of the highest governance body	AR: 44-45
	2-19	Remuneration policies	AR: 45-53
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	2-22	Statement on sustainable development strategy	8
	2-27	Compliance with laws and regulations	20
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Corporate Governance and Anti-Corruption			
GRI 3 : Material Topics 2021	3-3	Management of material topics	20
GRI 205 : Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption	20

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GRI Standards		Disclosure Title	Page Reference
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GRI 201 : Economic Performance 2016	201-1	Direct economic value generated and distributed	21
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GRI 308 : Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	23
GRI 414 : Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	23
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GRI 305 : Emissions 2016	305-1	Direct (Scope 1) GHG emissions	24-25
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	306-2	Management of significant waste-related impacts	25-26
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