



# 2024

## ACM Research (Shanghai), Inc. Environmental, Social, and Governance (ESG) Report



# Content

# CONTENTS



About the Report 01

Message from the General Manager 03

ESG Data Tables and Notes 70

Environmental performance 70

Social performance 71

Corporate governance performance 73

Appendices 73

Glossary of technical terms 73

Index table 74

## 01 About ACM Shanghai 04

Company overview 05

Business layout 06

Corporate culture 06

Milestones of 2024 07

Awards and honors 09

## 02 ESG Management 10

ESG management structure 11

Double materiality analysis 12

## 03 Environmentally Friendly Practices and Green Development 19

Environmental compliance management 20

Pollutant and waste management 22

Resource management 25

Energy utilization 27

Responding to climate change 29

## 04 Driving Innovation for a Future of Potential 32

Innovation-driven development 33

Product and service safety and quality 37

Information security and customer privacy protection 42

Supply chain security 45

## 05 People-Oriented Approach to Co-create Social Value 47

Employee rights and benefits 48

Employee training and development 51

Occupational health and safety 55

Social contribution and rural revitalization 58

## 06 Driving Steady Governance with Risk Control as the Foundation 59

Corporate governance 60

Risk and compliance management 65

Business ethics 67





# About the Report

This report is the second *Environmental, Social, and Governance (ESG) Report* of ACM Research (Shanghai), Inc. It aims to disclose to all stakeholders the Company's philosophy, established management approaches, implemented initiatives, and achieved results concerning ESG issues in its business operations.

## ○ Scope of the Report

This report covers ACM Research (Shanghai), Inc. and its subsidiaries (hereinafter referred to as "ACM Shanghai" or "the Company") (Stock Code: 688082). Unless otherwise stated, the reporting scope is consistent with the Company's consolidated financial statements for the same period.

## ○ Reporting Period

The reporting period of this report is from January 1, 2024, to December 31, 2024. Unless otherwise specified, all data presented in this report pertains to this period.

## ○ Basis for Compilation

This report has been compiled in accordance with the following regulatory guidelines:

- *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)* (April 2024)
- *Rules Governing the Listing of Stocks on the STAR Market of the Shanghai Stock Exchange* (April 2024)
- *Shanghai Stock Exchange Guidelines No. 2 on the Application of Self-Regulation Rules for Listed Companies on SSE STAR Market - Voluntary Information Disclosure* (January 2022)

## ○ Data Description

The data and cases in this report are derived from the actual operational records of the Company.

All financial data in this report is presented in Renminbi ("RMB"). In case of any discrepancy between the financial data in this report and the Company's annual financial report, the annual financial report shall prevail.

## ○ Access to the Report

This report is published in electronic format and is available on the following information disclosure platforms:

- Official website of the Shanghai Stock Exchange ("SSE"): <http://www.sse.com.cn>
- The Company's official website: <http://www.acmrcsh.com.cn/socialresponsibilitylist.html>

This report can be either viewed or downloaded online.

## ○ Contact Information

For any suggestions regarding this report, please contact us:

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- Email: [ir@acmrcsh.com](mailto:ir@acmrcsh.com)



## Principles for Report Compilation

### Materiality

The Company identifies material issues relevant to its business operations that are of concern to stakeholders as the key focus of this report. While reporting on these material issues, this report also considers the characteristics of the Company's industry and business activities. The process and results of the materiality analysis are detailed in the section "Double materiality analysis" of this report.

### Accuracy

This report strives to ensure the accuracy of the disclosed information. For quantitative information, the data scope, calculation basis, and assumption conditions are clearly stated to ensure that any calculation errors do not mislead information users. Details of quantitative information and notes can be found in the "ESG Data Tables and Notes" of this report. The Board of Directors guarantees that this report contains no false records, misleading statements, or material omissions.

### Balance

This report presents objective and factual information, providing an unbiased disclosure of both positive and negative information on the Company. No undisclosed negative events requiring disclosure were identified during the reporting period.

### Clarity

This report is published in both Simplified Chinese and English. It includes tables, diagrams, and models to supplement the textual content, to help stakeholders better understand the information presented. Additionally, the table of contents and ESG standards indexes are provided to facilitate easier navigation.

### Comparability

The statistical and disclosure methods for the same quantitative indicators remain consistent across different reporting periods. If there are changes in data collection, measurement, or calculation methods, the affected data will be retrospectively adjusted, with explanations for the adjustments and reasons provided in the notes to allow stakeholders to meaningfully analyze and assess trends in the Company's ESG data.

### Quantifiability

This report discloses key quantitative indicators and, where possible, provides historical data for comparison.

### Completeness

The scope of disclosure in this report is consistent with the scope of the Company's consolidated financial statements.

### Timeliness

This report is an annual report, covering the period from January 1, 2024, to December 31, 2024. It is released concurrently with the Company's annual report to provide stakeholders with timely information for decision-making.

### Verifiability

The cases and data presented in this report are derived from the Company's actual, original operational records or financial reports. The sources and calculation processes of all disclosed data are traceable, ensuring that they can support external authentications.



# Message from the General Manager

“ In 2024, benefiting from the robust demand for semiconductor equipment in China, we achieved sustained growth in operating results by leveraging our leading core technologies and the broad deployment of our products. Over the past year, we have made significant strides in various areas, including research and development (“R&D”) and innovation, intellectual property system development, production and operations, epitaxial growth, investor relations management, and ESG management. We are committed to becoming a company that is friendly to the economy, environment, and society. ”

**General Manager**  
**Wang Jian**



## Improving Corporate Governance and Promoting High-Quality Development

We regard compliant operations as the cornerstone of development and have consistently adhered to laws, regulations, and industry standards. We place great emphasis on, and continually improve, our corporate governance structure and internal control system to ensure their soundness and effectiveness. To this end, we have established a rigorous institutional framework covering key areas, such as corporate governance, internal control, information security, and ethical conduct. Through continuous improvement, we aim to enhance the standardization of our business management and the scientific nature of our decision-making processes. Additionally, we are committed to enhancing communication with our investors, ensuring they receive timely and comprehensive information about the Company’s operational dynamics and development strategies. We continue to optimize our shareholder return mechanism to consolidate and strengthen investor confidence and support.

## Pursuing Innovative Development and Enhancing Core Competitiveness

Through continuous R&D investment and long-term technological and process accumulation, we have achieved remarkable breakthroughs in new product development and production process improvement. These efforts have played an indispensable role in enhancing product quality and expanding our product lines. We place great importance on the development of our R&D team, actively implement a diversified R&D incentive mechanism to attract top professional talents and continuously strengthen our independent R&D and technological innovation capabilities to ensure the Company’s core competitiveness.

## Implementing a People-Oriented Approach to Achieve Mutual Benefit

We adhere to the core philosophy of “people-oriented” and are committed to comprehensively enhancing our employees’ professional skills and overall competencies through various

means such as internal and external training and research projects. We encourage individualized and differentiated development of employees while focusing on fostering teamwork and strengthening collaborative awareness. Our goal is to build a world-class, top-tier talent team to support the Company’s high-quality development. Additionally, we actively participate in events organized by industry associations and deepen industry-university-research institute cooperation. By jointly exploring the path of scientific innovation and advancing the optimization of talent development mechanisms, we contribute to the overall progress of the industry.

## Fostering Environmental Friendliness and Building a Better Future Together

We recognize the importance of environmental protection and green development, as well as the environmental responsibilities we bear in the course of our operations. We are actively advancing the development of our environmental management system to ensure that wastewater, exhaust gases, and waste are handled in compliance with regulations and in a reasonable manner. We are committed to the optimization and innovation of green products and technologies. Each year, we conduct energy-saving upgrades to existing production processes and equipment, aiming to improve resource efficiency and reduce energy consumption and environmental pollution. By continuously exploring more environmentally friendly solutions, we strive to achieve a balance between economic growth and environmental well-being.

Looking ahead, the Company will continue to uphold its development strategy of “technological differentiation, product platformization, and global customer base.” We will develop innovative solutions with targeted strategies, fully integrating the philosophy of sustainable development into our strategy, innovation, and operations. Our ultimate goal is to become a high-end semiconductor equipment supplier with high-quality and sustainable development.

A large, modern, curved glass building with the ACM Research logo on top. The building is surrounded by greenery and a body of water in the foreground. The sky is blue with some light clouds. The entire image is framed by a white curved line on the left and bottom.

ACM  
RESEARCH

01

## About ACM Shanghai

- Company overview
- Business layout
- Corporate culture
- Milestones of 2024
- Awards and honors





## Company overview

ACM Shanghai was established in 2005 and has been committed to providing leading equipment and process solutions for the global integrated circuit industry. The Company adheres to a development strategy of differentiated international competition and original innovation. Through independent R&D, it has built a comprehensive intellectual property system. With rich technical expertise and years of experience garnered in integrated applications, the Company has developed world-leading front-end-of-line (“FEOL”) semiconductor process equipment, tailored to meet the needs of the downstream application markets in the industrial chain of integrated circuits.

### Company Overview of ACM Shanghai

<b>Chinese Name</b>	盛美半导体设备（上海）股份有限公司
<b>English Name</b>	ACM Research (Shanghai), Inc.
<b>Stock Exchange and Market</b>	Shanghai Stock Exchange Science and Technology Innovation Board (“SSE STAR Market”)
<b>Listing Date</b>	November 18, 2021
<b>Stock Abbreviation</b>	ACM Shanghai
<b>Stock Code</b>	688082
<b>Company Address</b>	Buildings 5, 6, 7, and 8, Lane 999, Dangui Road, China (Shanghai) Pilot Free Trade Zone





## Business layout

ACM Shanghai integrates R&D, design, manufacturing, and sales. Through years of continuous R&D investment and technological accumulation, the Company has successively developed a range of semiconductor process equipment, including FEOL semiconductor process equipment (including cleaning equipment, semiconductor electroplating equipment, vertical furnace series equipment, photoresist coating and developing track equipment, plasma-enhanced chemical vapor deposition (“PECVD”) equipment, and stress-free-polish equipment), back-end-of-line (“BEOL”) advanced packaging process equipment, and silicon material substrate manufacturing process

equipment. As of the end of the reporting period, the Company’s main R&D and production facilities were located in Zhangjiang and Chuansha, Shanghai, while its sales and after-sales service locations spanned the Chinese mainland and China’s Taiwan Region, as well as South Korea, United States and Europe. In 2024, ACM Shanghai’s Equipment R&D and Manufacturing Center was established in Lingang, Shanghai, with partial production capacity achieved. This facility provides essential capacity support for the Company’s goal of becoming a top-tier global integrated circuit equipment manufacturer.

## Corporate culture

### Corporate Vision

- To become a key global semiconductor equipment supplier
- To provide customers with high-end semiconductor equipment and processes
- To achieve leapfrog development and lead at the forefront of global technological advancement



### Corporate Values

- Innovate with courage and pursue excellence
- Honor commitments and win together



### Development Strategies

- Technology differentiation
- Product platformization
- Global customer expansion





# Milestones of 2024

## March

**Successful Delivery of 4,000 Wet Process Equipment Chambers**

ACM Shanghai achieved a new milestone in product iteration and technological advancement. The completion of the 4,000-chamber milestone demonstrates the Company's product strength and strong market recognition.



## May

**ACM Shanghai Launches Framed Wafer Cleaning Equipment, Upgrading Its Advanced Packaging Product Portfolio**

This equipment effectively cleans semiconductor wafers during the post-debonding cleaning process. The innovative solvent recovery system of the framed wafer cleaning equipment provides significant environmental and cost benefits, achieving nearly 100% solvent recovery and filtration efficiency, thereby reducing chemical consumption during production.



## July

**ACM Shanghai Introduces Ultra C vac-p Panel-Level Advanced Packaging Negative Pressure Cleaning Equipment**

This equipment utilizes negative pressure technology to remove flux residues from chip structures, significantly improving cleaning efficiency. This launch marks ACM Shanghai's successful entry into the high-growth fan-out panel-level packaging ("FOPLP") market.



## August

**ACM Shanghai Unveils New Panel-Level Electroplating Equipment, Further Expanding Its Fan-Out Panel-Level Packaging Product Line**

The Ultra ECP ap-p panel-level electroplating equipment, developed with ACM Shanghai's proprietary technology, enables precise control of the electric field across the entire panel. This technology is compatible with various manufacturing processes, ensuring uniform electroplating across the panel, thereby enhancing intra-panel and inter-panel uniformity.



**ACM Shanghai Holds the Trial Production Ceremony for Its Equipment R&D and Manufacturing Center**

On August 16, ACM Shanghai held the "Trial Production Ceremony for ACM Semiconductor Equipment R&D and Manufacturing Center" in Lingang. The Lingang project officially entered trial production, with the successful rollout of its first equipment unit, marking a significant milestone in ACM Shanghai's development in Lingang. This event signifies the Company's successful establishment in Lingang and the acceleration of its expansion efforts.



## September

**ACM Shanghai Launches Ultra C bev-p Panel-Level Edge Etching Equipment**

This equipment is specifically designed for edge etching and cleaning in copper-related processes, capable of simultaneously processing the front and back edges of panels. It significantly enhances process efficiency and product reliability.



**The Fifth Anniversary of Oriental Chip Port in Lingang Special Area – ACM Shanghai Recognized as an "Industry Pioneer"**

The "Oriental Chip Port - Industry Pioneer Award" recognizes industry-leading enterprises that have contributed to the concentration of the integrated circuit industry in Lingang. ACM Shanghai's "ACM Semiconductor Equipment R&D and Manufacturing Center" project was the first integrated circuit land acquisition project in Oriental Chip Port. Additionally, ACM Shanghai was among the early enterprises to establish a production base in Lingang.





September

**ACM Shanghai Receives Wafer-Level Packaging Equipment Orders from a U.S. Customer and R&D Center**

As a leading supplier of wafer processing solutions for FEOL semiconductor and advanced wafer-level packaging applications, ACM Shanghai has received purchase orders for four wafer-level packaging equipment units from a U.S. customer and a U.S. R&D center. These orders demonstrate the broad application of ACM Shanghai's advanced wafer-level packaging equipment and underscore the Company's growing appeal among U.S. customers.

**ACM Shanghai Celebrates Corporate Headquarters Relocation, Marking a Major Development Milestone**

On September 10, ACM Shanghai held a grand relocation celebration. Since its founding, the Company has upheld the philosophy of innovation and progress, continuously attracting industry talents and strengthening its capabilities. This relocation is not only a significant milestone in ACM Shanghai's development journey but also a new starting point for further expansion and advancement.



October

**ACM Semiconductor Equipment R&D and Manufacturing Center Inauguration and Production Launch Ceremony**

On October 21, ACM Semiconductor Equipment R&D and Manufacturing Center was officially inaugurated and launched into production in Lingang New Area, Shanghai. The Lingang project consists of five buildings, including two R&D buildings, two manufacturing plants, and one auxiliary plant, covering a total floor area of approximately 138,000 square meters, with 40,000 square meters of factory space. Once operating at full capacity, it is expected to bring in tens of billions of output value after full production.

**First KLA-Tencor Surfscan SP7 Metrology Equipment Installed in the Cleanroom of ACM's Lingang R&D and Manufacturing Center**

The KLA-Tencor Surfscan SP7, a leading-edge precision metrology system, will provide unparalleled accuracy and efficiency for ACM Shanghai's R&D team, ensuring technological breakthroughs in product iteration. With this advanced system, ACM's Lingang R&D and manufacturing center will stay closely aligned with global technological advancements, delivering higher-quality products and services to global partners and customers.



November

**ACM Shanghai's FEOL Semiconductor Manufacturing Cleaning Equipment, Ultra C Tahoe, Achieves a Major Performance Breakthrough**

This performance enhancement meets the stringent technical requirements for advanced wafer foundry, logic devices, and memory applications. The patented hybrid architecture of Ultra C Tahoe is the first to integrate a batch cleaning module and a single-wafer cleaning chamber into the same sulfuric peroxide mix ("SPM") equipment. This architecture offers enhanced cleaning performance, higher throughput, and greater process flexibility.



December

**ACM Shanghai Attends the 2024 Development Conference for SMEs, Signing a Cooperation Agreement with an SME**

On December 1, the 2024 Development Conference for Small and Medium Enterprises ("SME") was held in Shanghai. During the matchmaking event among large, medium, and small enterprises, ACM Shanghai, as a representative chain leader enterprise of a key industrial chain, signed a cooperation agreement with Ustron, a representative SME. This partnership serves as a model for collaborative innovation between industry leaders and SMEs, highlighting the Shanghai government's recognition of ACM Shanghai.

**ACM Shanghai's Plasma-Enhanced Atomic Layer Deposition ("PEALD") Furnace Equipment Passes Initial Validation, Strengthening Its ALD Furnace Product Portfolio**

ACM Shanghai's Ultra F<sub>n</sub> ALD vertical furnace system includes both thermal atomic layer deposition ("thermal ALD") and PEALD configurations. It can perform thin film deposition for applications, such as hard masks, barrier layers, spacers, sidewall protection layers, and dielectric fill layers, meeting diverse process requirements.





## Awards and honors



Awarded the “IC Future 2024: Chip Power Product of the Year” by the World Semiconductor Conference and Nanjing International Semiconductor Expo Organizing Committee



Recognized as one of the “Top 100 Influential Chinese Semiconductor Enterprises in 2024” by the World Integrated Circuit Association (“WICA”)



Awarded the “Outstanding Contributions to Economy” for 2023 by the People’s Government of Pudong New Area



Awarded the “Oriental Chip Port · Industry Pioneer”



Awarded the “SEMI BAY Award 2024: Leading Domestic Semiconductor Enterprise” at the SEMI BAY Semiconductor Ecosystem Expo

# 02

## ESG Management

- ESG management structure
- Double materiality analysis

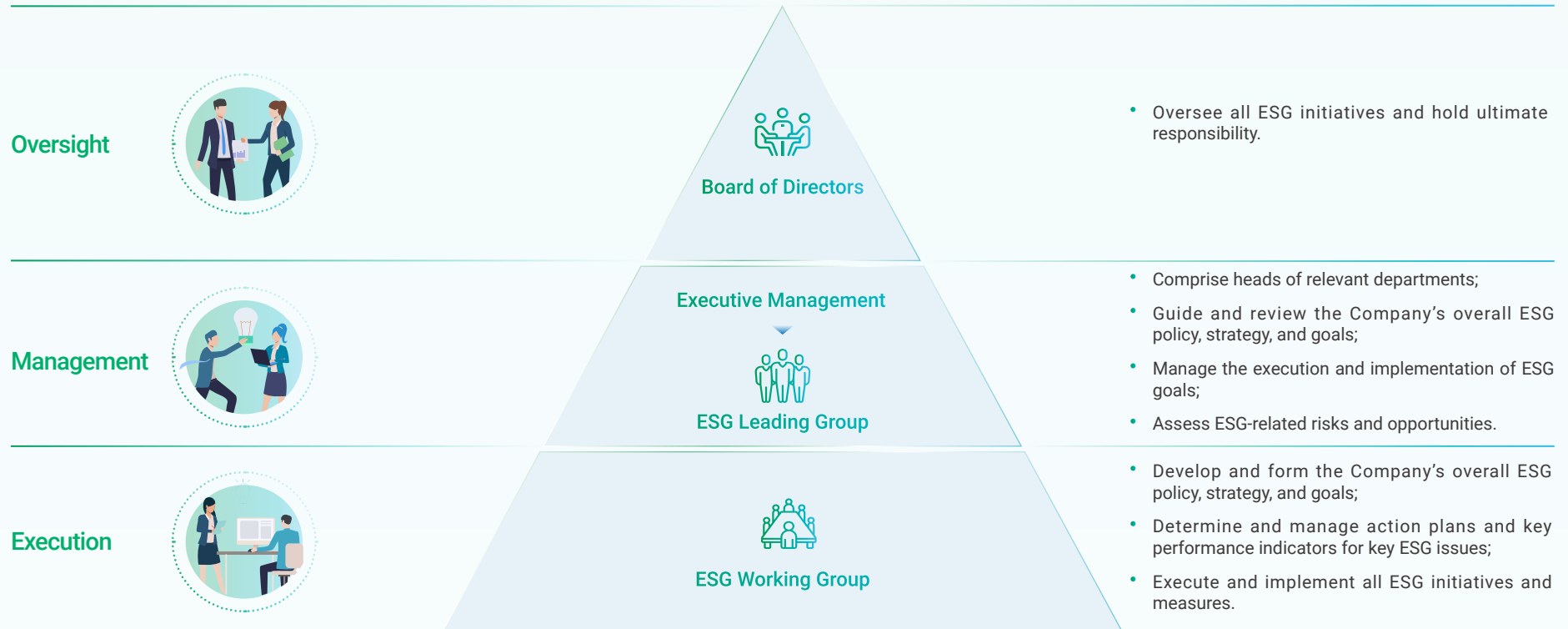




## ESG management structure

ACM Shanghai places great emphasis on building a robust ESG management system. In accordance with external requirements such as the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)* (hereinafter referred to as the “Guidelines”), the Company has established a top-down ESG management structure. Through a governance mechanism involving oversight from the Board of Directors, management by the ESG Leading Group under the Executive Management, and execution by the ESG Working Group, the Company drives the implementation of ESG initiatives in environmental protection, employee rights, corporate governance, and so on.

### ESG Management Structure and Responsibilities of ACM Shanghai



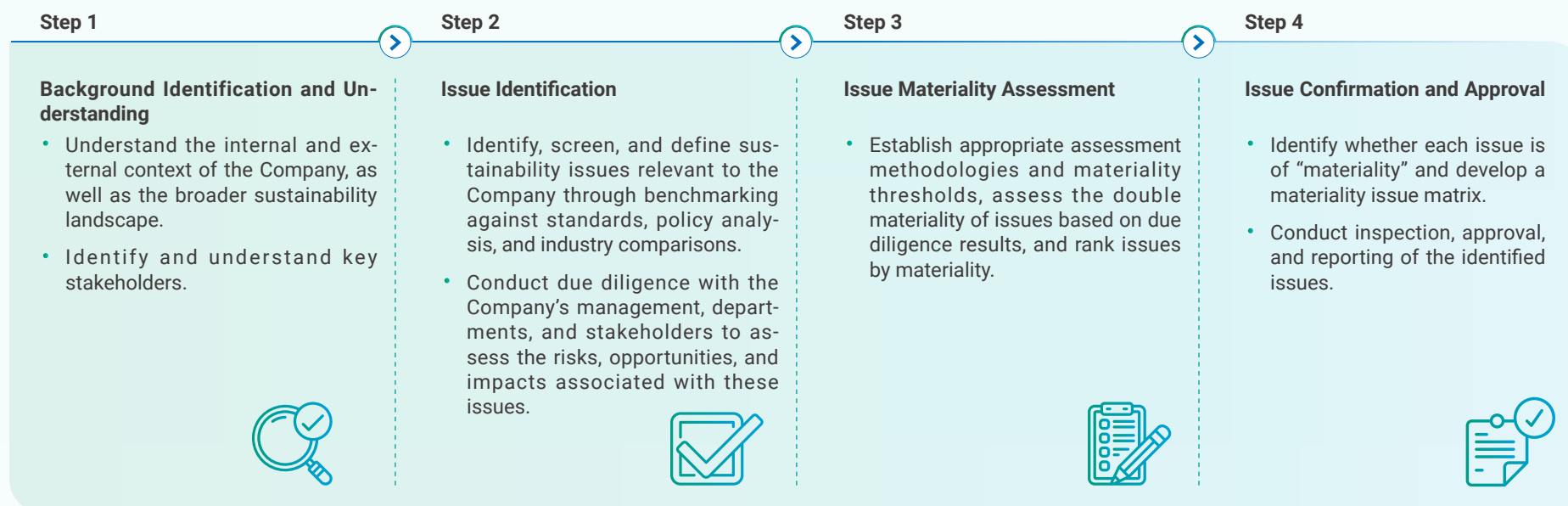


## Double materiality analysis

### Double materiality analysis procedures

In 2024, ACM Shanghai conducted a double materiality analysis in strict accordance with the relevant requirements on “materiality analysis” outlined in the *Guidelines* of the SSE. Additionally, the Company referenced the principles, methods, and procedures set out in the Global Reporting Initiative (“GRI”) Sustainability Reporting Standards, the International Sustainability Standards Board (“ISSB”) Standards, and other sustainability-related disclosure standards regarding materiality analysis to establish structured issue identification and materiality analysis procedures. Through the dual perspectives of impact materiality and financial materiality, the Company systematically analyzed various ESG issues, identifying those of significant relevance to the Company and assessing their actual and potential risks and impacts on the Company’s operations.

#### ACM Shanghai 2024 Double Materiality Analysis Procedures







## Stakeholder communication and due diligence

Effective stakeholder communication serves as a critical foundation for the Company's ESG management. Based on its industry characteristics and business operations, ACM Shanghai has identified and determined six key stakeholder groups, including government and regulatory authorities, shareholders and investors, customers, suppliers and partners, employees, communities and the public.

The Company maintains regular communication with each stakeholder group and conducts due diligence through stakeholder interviews, surveys, and discussions on a scheduled or ad hoc basis. This enables the Company to fully understand stakeholder demands and opinions on key ESG issues. By utilizing diverse communication channels, the Company responds to stakeholder demands and strives to create sustainable value.

### Stakeholder Communication Methods and Issues of Concern of ACM Shanghai

Stakeholder Group	 Government and Regulatory Authorities	 Shareholders and Investors	 Customers	 Suppliers and Partners	 Employees	 Communities and the Public
Issues of Concern	<ul style="list-style-type: none"> <li>Environmental Compliance Management</li> <li>Pollutant and Waste Management</li> <li>Resource Management</li> <li>Energy Utilization</li> <li>Responding to Climate Change</li> <li>Product and Service Safety and Quality</li> <li>Corporate Governance</li> <li>Risk and Compliance Management</li> <li>Business Ethics</li> </ul>	<ul style="list-style-type: none"> <li>Innovation-Driven Development</li> <li>Product and Service Safety and Quality</li> <li>Corporate Governance</li> <li>Risk and Compliance Management</li> <li>Business Ethics</li> </ul>	<ul style="list-style-type: none"> <li>Responding to Climate Change</li> <li>Product and Service Safety and Quality</li> <li>Information Security and Customer Privacy Protection</li> <li>Supply Chain Security</li> <li>Business Ethics</li> </ul>	<ul style="list-style-type: none"> <li>Innovation-Driven Development</li> <li>Product and Service Safety and Quality</li> <li>Information Security and Customer Privacy Protection</li> <li>Supply Chain Security</li> <li>Risk and Compliance Management</li> <li>Business Ethics</li> </ul>	<ul style="list-style-type: none"> <li>Information Security and Customer Privacy Protection</li> <li>Employee Rights and Benefits</li> <li>Employee Training and Development</li> <li>Occupational Health and Safety</li> <li>Social Contribution and Rural Revitalization</li> <li>Risk and Compliance Management</li> <li>Business Ethics</li> </ul>	<ul style="list-style-type: none"> <li>Pollutant and Waste Management</li> <li>Resource Management</li> <li>Energy Utilization</li> <li>Responding to Climate Change</li> <li>Social Contribution and Rural Revitalization</li> </ul>
Communication & Response	<ul style="list-style-type: none"> <li>Stock Exchange meetings</li> <li>Meetings with government</li> <li>Government visits</li> <li>Information disclosure platforms</li> </ul>	<ul style="list-style-type: none"> <li>General shareholder meetings</li> <li>Results briefings</li> <li>Results exchanges</li> <li>Roadshows</li> <li>Meetings with analysts</li> <li>Strategy meetings with broker-dealer</li> <li>Information disclosure platforms</li> <li>On-site investor surveys</li> </ul>	<ul style="list-style-type: none"> <li>Customer inquiry and complaint channels</li> <li>Customer satisfaction surveys</li> <li>Whistleblowing and supervision channels</li> <li>Company website</li> </ul>	<ul style="list-style-type: none"> <li>University collaborations</li> <li>Supplier conferences</li> <li>Public and transparent procurement</li> <li>Whistleblowing and supervision channels</li> </ul>	<ul style="list-style-type: none"> <li>Company website</li> <li>Internal company portal</li> <li>Congress of workers and staff members</li> <li>Employee satisfaction surveys</li> <li>Internal and external training</li> </ul>	<ul style="list-style-type: none"> <li>Environmental information disclosure</li> <li>Media interviews</li> <li>WeChat official account</li> </ul>



In 2024, building on the ESG issues identified in 2023, the Company conducted benchmarking against standards and industry peers and analyzed policies, identifying a total of 16 material issues: five in the environmental dimension, eight in the social dimension, and three in the governance dimension.

### Changes in Material Issues of ACM Shanghai in 2024

Issue in 2023	Issue in 2024	Changes	Reason for the Change
---	Environmental Compliance Management	New issues	These six issues were added in line with the 21 issue requirements set out in the <i>Guidelines</i> of the SSE and based on the results of industry peer benchmarking. The goal is to disclose the Company's management practices across different sectors.
	Energy Utilization		
	Supply Chain Security		
	Product and Service Safety and Quality		
	Innovation-Driven Development		
	Information Security and Customer Privacy Protection		
Sustainable Development	---	Removed issues	To avoid repeated disclosure with financial reports and ensure information disclosure aligns more closely with the ESG core framework, these issues have been removed.
Economic Performance			
Climate Change	Responding to Climate Change	Adjusted issues	These issues have been refined and consolidated to ensure alignment with industry-standard terminology.
Water Resource Management	Resource Management		
Pollutant and Waste Emissions	Pollutant and Waste Management		
Compensation and Benefits	Employee Rights and Benefits		
Diversity, Equity, and Inclusion			
Career Development	Employee Training and Development		
Training and Education			
Job Creation	Social Contribution and Rural Revitalization		
Social Relations			
Standardized Governance	Corporate Governance		
Information Transparency			
Sound Operations			
Legal Compliance	Risk and Compliance Management		
Tax Compliance			




For the 16 identified material issues, the Company conducted due diligence to identify and assess the economic, environmental, and social impacts of each issue over the short term (0–2 years, inclusive), medium term (2–5 years, inclusive), and long term (5–10 years). Additionally, the Company assessed the risks and opportunities these issues present to its routine operations and business decisions. This report provides a focused response on how the Company manages these impacts, mitigates risks, and capitalizes on opportunities.

### Double Materiality Issues List of ACM Shanghai in 2024


No.	Category	Issue	Affected Stakeholder Groups	Risks	Opportunities
1	 Environmental	Responding to Climate Change	<ul style="list-style-type: none"> <li>• Customers</li> <li>• Government and Regulatory Authorities</li> <li>• Communities and the Public</li> </ul>	Extreme weather events such as typhoons and heavy rainfall may impact equipment operations.	Promoting the development and application of low-carbon technologies and green products can expand the green market and generate revenue.
2		Environmental Compliance Management	<ul style="list-style-type: none"> <li>• Government and Regulatory Authorities</li> <li>• Communities and the Public</li> </ul>	Inadequate environmental compliance management may result in fines, production suspensions, or other penalties.	Improving environmental compliance management mechanisms helps reduce operational costs, enhance environmental performance, and promote sustainable operations.
3		Energy Utilization		Improper energy use may lead to high energy costs.	Adopting clean energy and improving energy efficiency can reduce energy costs and establish a low-carbon brand image.
4		Resource Management		Shortages of water resources and raw materials may affect the Company's normal operations.	Optimizing water resources and raw material recycling reduces production costs.
5		Pollutant and Waste Management		Non-compliance in hazardous waste storage and classification and record-keeping may result in penalties from environmental authorities.	Implementing standardized waste disposal practices and promoting waste recycling helps lower disposal costs.





No.	Category	Issue	Affected Stakeholder Groups	Risks	Opportunities
6	 Social	Supply Chain Security	<ul style="list-style-type: none"> <li>• Government and Regulatory Authorities</li> <li>• Customers</li> <li>• Suppliers and Partners</li> </ul>	If a supplier is penalized or shut down by regulatory authorities due to environmental or safety violations, it may impact the Company's raw material supply.	By establishing a secure and reliable supply chain management system, the Company helps to enhance its market competitiveness.
7		Product and Service Safety and Quality		Neglecting product and service safety and quality management may result in product defects, customer complaints, recalls, or safety incidents, leading to legal disputes, fines, and reputational damage.	By strictly controlling product and service safety and quality, the Company strengthens consumer trust and enhances market competitiveness.
8		Innovation-Driven Development		Failure to effectively drive innovation may lead to technological stagnation and a decline in market share.	Innovation provides the Company with differentiated product and service advantages, opening new markets and revenue streams.
9		Information Security and Customer Privacy Protection	<ul style="list-style-type: none"> <li>• Employees</li> <li>• Suppliers and Partners</li> <li>• Customers</li> </ul>	Cyberattacks and data breaches pose growing security threats. If not managed properly, they may result in significant information leaks or customer data breaches.	Effective information management not only helps mitigate risks but also strengthens customer trust and satisfaction.
10		Employee Rights and Benefits	<ul style="list-style-type: none"> <li>• Employee</li> </ul>	Inadequate employee rights and benefits may lead to labor disputes, employee turnover, and damage to the Company's public image.	By actively safeguarding employee rights and benefits, the Company attracts and retains high-quality talents.
11		Occupational Health and Safety		Failure to conduct regular testing of occupational hazard factors or employee health check-ups as required may lead to occupational diseases among employees or penalties from regulatory authorities.	Strengthening occupational health and safety management ensures employee well-being and the continuity of business operations.
12		Employee Training and Development		Failure to provide employees with training resources and career development pathways may hinder talent management and professional growth, thereby impacting business development.	Providing a comprehensive training system and career development planning enhances employee loyalty and satisfaction.
13		Social Contribution and Rural Revitalization		<ul style="list-style-type: none"> <li>• Employees</li> <li>• Communities and the Public</li> </ul>	Failure to actively contribute to society may lead to public scrutiny and negative public opinion, impacting the Company's brand reputation.



No.	Category	Issue	Affected Stakeholder Groups	Risks	Opportunities
14	 Governance	Corporate Governance	<ul style="list-style-type: none"> <li>Government and Regulatory Authorities</li> <li>Shareholders and Investors</li> </ul>	An inadequate corporate governance structure or non-compliant information disclosure may result in regulatory penalties and loss of investor trust.	A sound corporate governance mechanism helps the Company build a strong reputation in the capital market, enhance brand value, and improve financing accessibility.
15		Risk and Compliance Management	<ul style="list-style-type: none"> <li>Government and Regulatory Authorities</li> <li>Shareholders and Investors</li> </ul>	Failure to implement timely compliance and risk management may lead to frequent regulatory violations, legal disputes, and public scrutiny.	A robust compliance and risk management framework enhances risk resilience, improves corporate credit ratings, and strengthens operational stability.
16		Business Ethics	<ul style="list-style-type: none"> <li>Employees</li> <li>Customers</li> <li>Suppliers and Partners</li> </ul>	Improper management of anti-bribery and anti-corruption measures may increase the risk of legal disputes and regulatory penalties, leading to financial losses and reputational damage.	Effective anti-bribery and anti-corruption initiatives strengthen the Company's ability to mitigate business ethics risks, enhancing investor and stakeholder confidence.



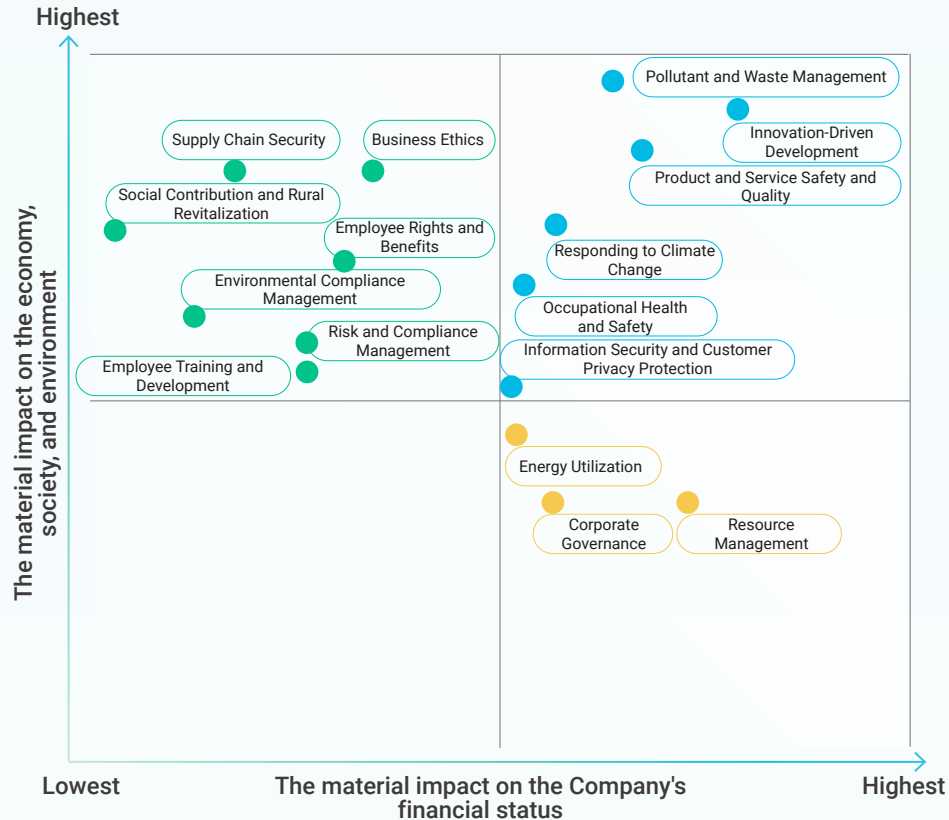


## Conclusion of double materiality analysis

Based on the list of identified issues, ACM Shanghai invited stakeholders and external experts to assess materiality from both perspectives: impact materiality and financial materiality. The final results were presented in a matrix to reflect the relative materiality of each issue.

In 2024, ACM Shanghai screened a total of 16 material issues, among which six were deemed to have impact materiality and financial materiality, three had only financial materiality, and seven had only impact materiality.

2024 Double Materiality Issues Matrix of ACM Shanghai



2024 Double Materiality Issues List of ACM Shanghai

- Issues of both financial and impact materiality**
- Pollutant and Waste Management
  - Product and Service Safety and Quality
  - Responding to Climate Change
  - Information Security and Customer Privacy Protection
  - Innovation-Driven Development
  - Occupational Health and Safety

- Issues of only financial materiality**
- Resource Management
  - Corporate Governance
  - Energy Utilization

- Issues of only impact materiality**
- Environmental Compliance Management
  - Social Contribution and Rural Revitalization
  - Supply Chain Security
  - Risk and Compliance Management
  - Employee Rights and Benefits
  - Business Ethics
  - Employee Training and Development

# 03

## Environmentally Friendly Practices and Green Development

- Environmental compliance management
- Pollutant and waste management
- Resource management
- Energy utilization
- Responding to climate change





## Environmental compliance management

ACM Shanghai operates major R&D and production facilities including Zhangjiang E-Park Headquarters, Zhangjiang Cailun Road Facility, Chuansha Facility, and Lingang Facility. The Company strictly complies with the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Promotion of Clean Production*, and other relevant laws and regulations. It has established internal policies and procedures, such as the *Management Procedures for Environmental Analysis and Risk and Opportunity Identification and Assessment*, to effectively regulate its environmental management practices.

ACM Shanghai has implemented a top-down environmental management structure, responsible for overseeing pollutant and waste management, as well as resource and energy management. The Company further performs environmental management responsibilities across all levels. The General Manager serves as the primary person responsible for environmental management, overseeing all related matters. The EHS Committee, composed of department heads, supervises environmental management efforts. The Safety Department plays a key role in refining and implementing environmental policies, ensuring the efficient execution of the Company's environmental management initiatives.

Environmental Management Structure of ACM Shanghai



The Company continues to advance the establishment and certification of its environmental management system. Facilities located at the Zhangjiang Cailun Road and Chuansha have already obtained ISO 14001 Environmental Management Systems certification. The other two facilities, which commenced operations in the second half of 2024, are planned to achieve environmental management system certification within the next two years.



### Environmental Management System Certification of ACM Shanghai in 2024

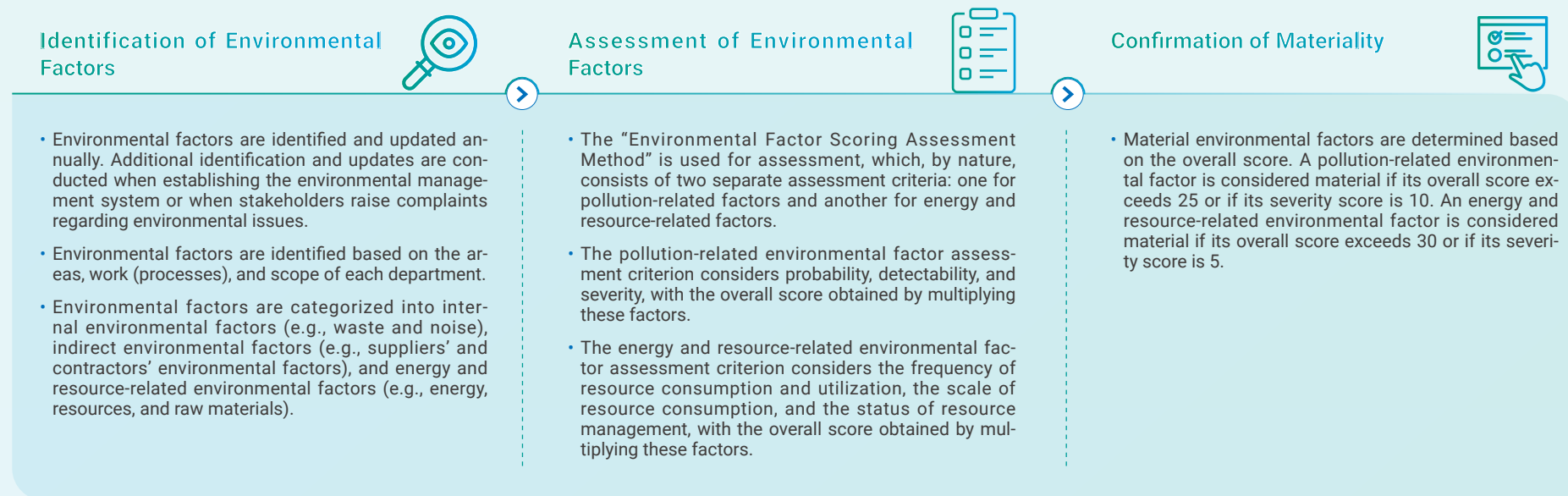
Certification Location	Scope of Certification	Certification Name	Validity Period
Building 4, 1690 Cailun Road, Zhangjiang Hi-Tech Park	R&D of semiconductor equipment and components	ISO 14001:2015	By May 5, 2026
Buildings 2 and 4, 365 Chuansha Road, Pudong New Area	Manufacturing of semiconductor equipment and components		



To ensure the effective implementation of the latest relevant national laws and regulations within the Company, ACM Shanghai has established the *Compliance Assessment Management Procedures*. An annual compliance assessment is conducted based on applicable legal provisions to assess the Company's internal implementation status. The assessment covers multiple aspects, including environmental protection, air quality, and construction projects. It is carried out collectively by a team of at least four assessors, including the facility manager, environmental manager, safety manager, and procurement personnel member, to ensure that the Company's environmental management aligns with legal and regulatory requirements.

To identify environmental factors related to pollution, resource utilization, and energy consumption in product manufacturing and sales, ACM Shanghai has developed the *Environmental Factor Identification and Assessment Management Procedures*. Through environmental factor assessments, the Company promptly monitors the impact of these factors and implements appropriate measures for optimization and improvement.

### Environmental Factor Identification and Management Procedures of ACM Shanghai



To enhance the Company's ability to respond to emergencies and hazardous situations in all respects, ACM Shanghai has formulated the *Emergency Response Plan for Sudden Environmental Incidents* and has filed emergency response plans for facilities located at Chuansha and Zhangjiang, effectively improving the Company's emergency management capabilities. In 2024, the Company invested a total of RMB1.311 million in the construction and operation of environmental protection facilities, fully paid environmental taxes and fees, and did not experience any violations of environmental protection laws or regulations.



# Pollutant and waste management

## Governance

The pollutants and waste generated by ACM Shanghai primarily originate from semiconductor equipment R&D, testing processes, and employees' routine activities. The Company strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution* and the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*. To ensure effective management, ACM Shanghai has established internal regulations, such as the *Wastewater Management Procedures* and *Exhaust Gas Management Procedures*, leveraging its environmental management structure to manage pollutants and waste efficiently.

### Major Pollutants and Waste of ACM Shanghai in 2024

Category	Pollution Source	Pollutants/Waste	Management Regulations
 Wastewater	Vibration grinding wastewater, reverse osmosis ("RO") ultra-pure water system backwash wastewater, ultra-pure water system backwash wastewater, and domestic sewage from employees	Chemical oxygen demand ("COD"), biochemical oxygen demand ("BOD"), ammonia nitrogen, suspended solids, and pH value	<i>Wastewater Management Procedures</i>
 Exhaust Gas	Exhaust gas from tests	Non-methane hydrocarbon ("NMHC"), isopropanol, fluorides, hydrogen chloride, nitric acid mist, sulfuric acid mist, and phosphoric acid mist	<i>Exhaust Gas Management Procedures</i>
 Waste	Hazardous waste	Chemical-contaminated materials, waste filtration materials, waste organic solvents, waste plating bath liquid from copper plating using copper and electroplating chemicals, acidic waste liquid, and waste mineral oil	<i>Solid Waste Management Procedures and Chemical Management Procedures</i>
	General solid waste	Defective test samples, waste packaging materials, domestic waste, etc.	
 Noise	Facility boundary noise	---	<i>Noise Management Procedures</i>



## Strategy

In terms of pollutant and waste management, as a key unit for environmental supervision in Shanghai in 2024, ACM Shanghai recognizes that improper management of pollutants and waste may lead to regulatory penalties and negatively impact nearby communities and the environment. To mitigate such risks, the Company actively identifies potential risks and impacts associated with pollutant and waste management processes.

## Impacts, risks and opportunities management

In accordance with the *Environmental Factor Identification and Assessment Management Procedures*, ACM Shanghai has identified 53 material pollution-related environmental factors through its environmental factor identification and management procedures. Targeted control measures have been implemented to prevent violations related to pollutant discharge and emissions. In 2024, the Company strictly adhered to environmental regulations and actively implemented management measures to minimize and control risks. Annual testing was conducted for various pollutant indicators in wastewater and exhaust gas, while certain pollutant indicators were tested quarterly to ensure compliance with national emission standards across all test items. Additionally, the Company proactively purchased environmental liability insurance to mitigate the potential negative impact of sudden environmental incidents on the Company's routine operations, ensuring the stable and orderly continuation of its production and operations.

### Key Management Measures for Pollutants and Waste of ACM Shanghai in 2024

#### Wastewater

- Monthly inspections of wastewater discharge outlets are conducted, and any identified issues are promptly addressed to ensure smooth pipeline operations.
- The Company is strictly prohibited to discharge oily, acidic, alkaline, or other chemical waste liquids into the drainage system.
- Daily inspections and records are maintained for pure water system components, including pumps and water tanks.



#### Exhaust gas

- A dedicated exhaust gas treatment facility is in place to process emissions from the Company's R&D laboratories, including acidic, alkaline, and organic exhaust gases.
- Exhaust gas generated during R&D experiments is fully collected through a negative pressure ventilation system and directed via a sealed exhaust pipeline to the rooftop EVO dry-phase chemical filtration system for treatment before compliant discharge.
- Annual testing of filter materials is conducted, with results recorded for timely action.
- Activated carbon in the filtration system is replaced every two years.



#### Waste

- Waste is classified and collected based on recyclability and storage requirements.
- Mixing hazardous waste with domestic waste or other types of waste is strictly prohibited.
- A hazardous waste storage facility is in place to collect generated hazardous waste, designed and constructed in strict compliance with relevant regulations and standards.
- A hazardous waste management ledger is maintained to accurately record information on the types, quantities, and properties of hazardous waste, with timely reporting in the information system.
- Only third-party agencies holding a Hazardous Waste Operating Permit are selected for hazardous waste disposal.



#### Noise

- The use of equipment classified by national authorities as prohibited for production, sale, or import due to excessive noise pollution is strictly prohibited.
- If sudden noise emissions exceed permitted levels during equipment operation, the cause is promptly analyzed, and corrective measures are taken.
- Regular maintenance is performed according to equipment maintenance guidelines, and measures such as vibration isolation, shock absorption, and soundproofing are implemented to reduce noise levels.





The Company remains committed to staying at the forefront of the latest manufacturing technologies while also supporting customers in reducing pollutant discharges to achieve a green transition. In 2024, the Company upgraded and modified its existing products, effectively reducing chemical usage during the operation of new products and minimizing environmental impact.

## Metrics and targets

In 2024, ACM Shanghai standardized pollutant and waste management by establishing clear metrics and targets to validate the effectiveness of the initiatives.

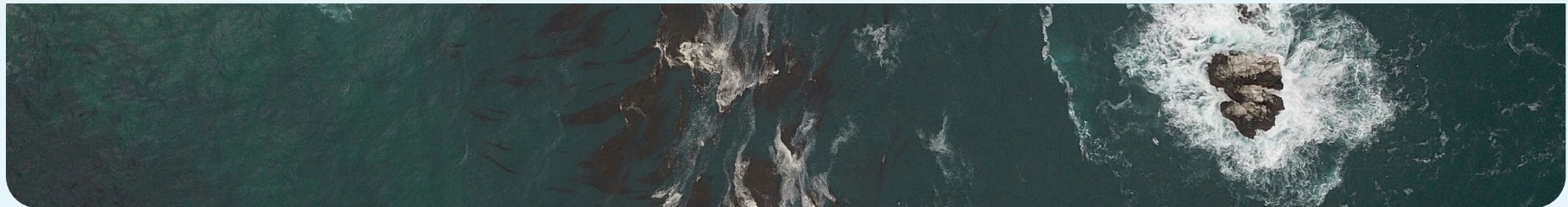
### Pollutant and Waste Management Metrics and Targets of ACM Shanghai for 2024

#### New Framed Wafer Cleaning Equipment with Significant Environmental Benefits

In May 2024, ACM Shanghai introduced its framed wafer cleaning equipment, designed to effectively clean semiconductor wafers during the post-debonding cleaning process. The equipment features an innovative solvent recovery system that delivers significant environmental and cost benefits, achieving nearly 100% solvent recovery and filtration efficiency. This advancement helps reduce chemical consumption in the production process.



Metric	Annual Target	2024 Progress
Number of incidents of hazardous waste management issues identified during government inspections	No more than 1	0
Number of non-compliant instances in exhaust gas emission monitoring	0	0
Number of non-compliant instances in wastewater discharge monitoring	0	0
Number of chemical leakage incidents	0	0





# Resource management

## Water resource management

### Governance

ACM Shanghai utilizes municipal water supply for office operations, manufacturing, and R&D activities, with no significant impact or challenges in sourcing water from the surrounding environment. The Company strictly complies with the *Water Law of the People's Republic of China* and the *Shanghai Water Conservation Management Measures*. It has established the *Resource and Energy Management Procedures* to regulate water resource usage across all management processes through a structured environmental management framework.

### Water Resource Usage Processes of ACM Shanghai in 2024

Facility	Water Usage Process
Zhangjiang E-Park Headquarters	Office operations
Zhangjiang Cailun Road Facility	R&D processes and office operations
Chuansha Facility	Manufacturing
Lingang Facility	Office operations, R&D processes, and manufacturing

### Strategy

In terms of water resource management, as a water-dependent enterprise, ACM Shanghai utilizes water resources across its production and operational processes, including the use of ultra-pure water in certain applications. The Company recognizes that improper water resource management or water shortages could impact its normal business operations. Therefore, it actively identifies potential water-related risks, assessing their likelihood and potential impact.

### Impacts, risks and opportunities management

In accordance with the *Environmental Factor Identification and Assessment Management Procedures*, ACM Shanghai has identified one material resource-related environmental factor through its environmental factor identification and management procedures. While establishing a management framework, the Company also actively implements control measures to enhance water resource management. In 2024, ACM Shanghai effectively advanced its water usage management initiatives by posting water conservation signs and conducting maintenance and servicing of water-using equipment, with the goal of improving water resource utilization efficiency.

### Water Resource Management Initiatives of ACM Shanghai in 2024

#### Water Resource Management

- Posting water conservation signs at water usage points, promptly shutting off water valves to prevent leaks, and selecting energy-efficient faucets and equipment.
- Conducting regular maintenance and servicing of water-using equipment to prevent resource waste caused by weather conditions or equipment aging.
- Maintaining a pure water system with a four- to eight-hour water storage capacity to address emergency situations such as water supply disruptions.
- Developing a pure water operation manual to help employees understand the proper use of the pure water system.



## Metrics and targets

In 2024, the Company strengthened water resource management by setting clear metrics and targets to mitigate potential water-related risks and minimize water waste, demonstrating its commitment to water conservation through concrete actions.

### Water Resource Management Metrics and Targets of ACM Shanghai for 2024

Metric	2030 Long-Term Target	2024 Progress
Purification rate of the pure water system	75%	65%
Water resource recycling rate at Chuansha Facility	55%	50%
Water resource recycling rate at Lingang Facility	75%	55%

## Circular Economy

The Company continues to advance circular economy practices by partnering with professional third-party organizations for the recycling of resources, such as wood, cardboard boxes, and plastics. These partnerships aim to promote resource reuse, achieving both economic and environmental benefits.



### 2024 Performance Highlights

The Company annually recycles:

Cardboard boxes:

**1,200** kg

Wooden crates:

**1,200** kg

Plastic containers:

**2,800** kg

Waste electrical wires:

**1,600** kg

Recycled and reused approximately

**1,400** units of specific product packaging.





## Energy utilization

### Governance

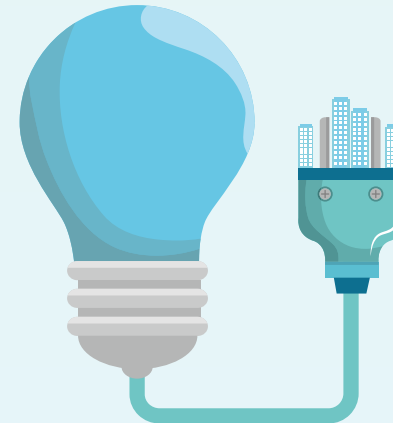
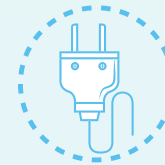
The primary energy sources used by ACM Shanghai include electricity and gasoline. The Company strictly complies with the *Law of the People's Republic of China on Energy Conservation* and other relevant regulations. It has established the *Resource and Energy Management Procedures* to regulate energy consumption through a structured environmental management framework.

### Strategy

In energy management, ACM Shanghai primarily relies on electricity consumption. A scientific and effective energy management mechanism not only reduces environmental impact but also helps lower electricity and other energy costs. Conversely, improper energy management during operations could lead to additional operational expenses. The Company actively formulates energy management strategies to manage impacts, risks and opportunities related to energy utilization.

#### Energy Utilization Processes of ACM Shanghai in 2024

Aspect	Energy Utilization Process
Electricity	R&D processes, manufacturing, and office operations
Gasoline	Company vehicles





## Impacts, risks and opportunities management

In accordance with the *Environmental Factor Identification and Assessment Management Procedures*, ACM Shanghai identified one material energy-related environmental factor in 2024 through its environmental factor identification and management procedures. To minimize energy waste, the Company implemented measures such as strict control of energy consumption in production and office operations. In 2024, ACM Shanghai promoted energy conservation by posting electricity-saving signs and adjusting air conditioning temperatures in office areas, effectively reducing energy consumption.

## Metrics and targets

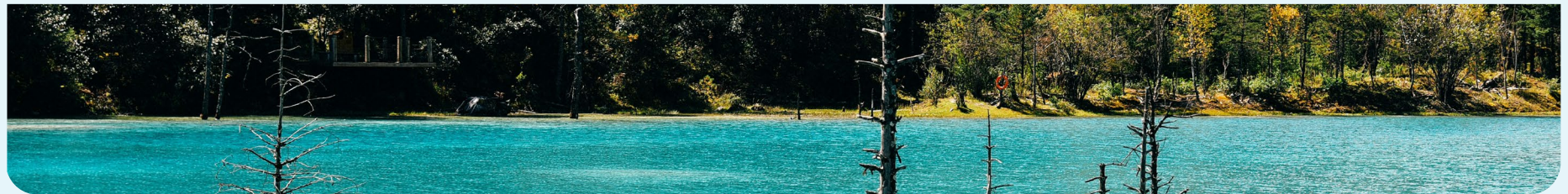
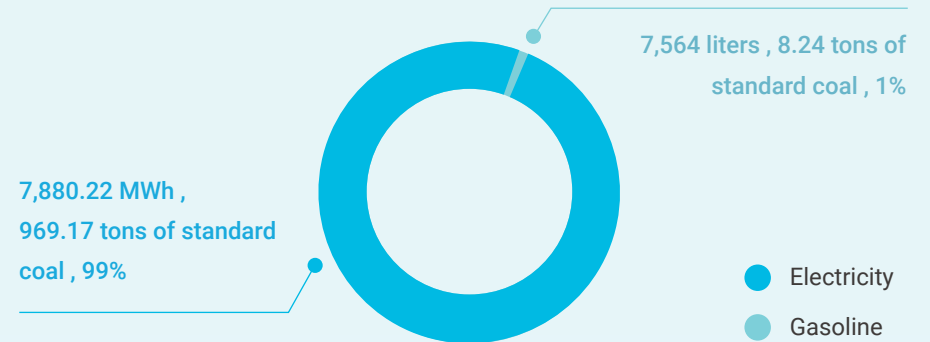
In 2024, ACM Shanghai completed the goal of statistical analysis and disclosure of electricity and gasoline usage for the Zhangjiang Cailun Road facility, Chuansha facility, and Zhangjiang E-Park Headquarters. The total energy consumption for the year was 977.41 tons of standard coal. As the Lingang facility was put into operation in October 2024, the complete annual energy consumption data for the Lingang factory will be included in the statistics and disclosure for 2025. Furthermore, the Company plans to set clear energy usage targets based on the comprehensive energy consumption data, further driving the deep exploration of energy-saving potential, continuously reducing energy losses, and improving overall operational efficiency.

### Energy Management Initiatives of ACM Shanghai in 2024

#### Energy Conservation and Consumption Reduction

- Using energy-saving LED lighting, posting electricity-saving signs near switches, and avoiding idle operation of electrical equipment.
- Considering electricity consumption when purchasing equipment and prioritizing low-electricity-consuming facilities and devices.
- Adjusting air conditioning temperatures in office areas: maintaining a minimum of 26°C in summer and a maximum of 20°C in winter.
- Conducting regular maintenance of electrical equipment to ensure optimal operating efficiency.

### ACM Shanghai's Energy Structure in 2024





## Responding to climate change

Mitigating and adapting to climate change are the focal points of companies' low-carbon initiatives. ACM Shanghai follows the climate-related disclosure framework of the *IFRS S2 Climate-related Disclosures* ("IFRS S2") issued by the ISSB. The Company organizes and presents its climate change management system across four key areas—governance, strategy, risk management, and metrics & targets—to enhance its resilience and capacity in addressing climate change.

### ACM Shanghai Climate Change Management System



#### Governance

- The Board of Directors oversees ESG-related matters, including the "Responding to Climate Change", to ensure the achievement of the Company's environmental goals.
- The ESG Leading Group, under the Executive Management, is responsible for reviewing and coordinating climate change initiatives. It regularly reports to the Executive Management for approval and operates under the supervision of the Board of Directors.
- The ESG Leading Group oversees the ESG Working Group, which serves as the core execution team for climate change management.



#### Strategy

- Identifying climate change risks and comprehensively assessing the potential financial impacts of climate change risks and opportunities.
- Identifying climate change-related opportunities by adopting low energy-consuming equipment and developing and offering green products to enhance energy efficiency.
- Establishing responding strategies for climate change mitigation and adaptation.



#### Impacts, risks and opportunities Management

- Regularly monitoring climate change-related negative information, promptly assessing potential climate risks, and formulating corresponding climate change management measures.
- Conducting company-wide greenhouse gas ("GHG") emissions accounting once a year to assess emission levels.
- Promptly assessing potential climate risks and developing response plans.
- Reducing potential climate risks associated with GHG emissions during the Company's operations through measures such as procuring low energy-consuming equipment and promoting energy conservation awareness.



#### Metrics and Targets

- In 2024, the Company completed a survey of GHG emissions at the Zhangjiang Cailun Road facility, Chuansha facility, and Zhangjiang E-Park headquarters, with a total GHG emission of 4,644.51 tons of CO<sub>2</sub> equivalent for the year. The Company plans to conduct GHG emission statistics for the Lingang facility in 2025. Based on comprehensive emission data, the Company aims to set clear reduction targets to help reduce GHG emissions.



The Company incorporates climate risks and opportunities into its overall climate change management framework, assessing the potential financial impact of these risks and opportunities and implementing corresponding response measures.

### Climate-related Risk Identification and Response of ACM Shanghai

Climate-related Risk		Description	Response Measures
Physical Risks	Acute Physical Risks	The Company may be directly or indirectly affected by natural disasters, such as typhoons, forest fire, and heavy rainfall, potentially disrupting production and operations.	<ul style="list-style-type: none"> <li>Closely monitoring weather forecasts and early warning information during operations to stay informed about natural disaster developments and potential impacts, ensuring timely risk alerts.</li> <li>Inspecting production facilities and stockpile raw materials and emergency supplies early to ensure production and operational stability and safety, minimizing the impact of natural disasters on the Company's routine production and operations while safeguarding employees.</li> <li>Activating emergency response mechanisms in case of disasters, implementing pre-established response plans as soon as possible, and reporting to local authorities for further action.</li> </ul>
	Chronic Physical Risks	The Company may be affected by chronic climate changes, such as rising temperatures and sea levels, impacting routine operations.	
Transition Risks	Policy and Legal Risks	With China's carbon peak and carbon neutrality goals, the Company may face stricter energy and environmental regulations and policies, leading to increased operational costs.	<ul style="list-style-type: none"> <li>Staying updated on and comply with relevant regulatory policies and laws, aligning business mechanisms and procedures with policy requirements.</li> <li>Conducting regular Company-wide GHG emission accounting to ensure timely response to regulatory requirements.</li> <li>Closely following climate change-related laws, regulations, and standards while actively developing sustainable products.</li> <li>Assessing the feasibility and necessity of adopting low-carbon technologies while actively researching and implementing low-carbon energy-efficient solutions for production and operations.</li> <li>Increasing focus on climate change-related factors and establishing a comprehensive climate event emergency management mechanism to prevent negative public opinion.</li> </ul>
	Market Risks	The introduction of low-carbon and product carbon footprint management policies may alter market supply and demand structures, with customers increasingly favoring low-carbon products.	
	Technology Risks	Reducing carbon emissions through process optimization and renewable energy adoption may involve significant technological investment costs and risks.	
	Reputational Risks	As public awareness of the low-carbon economy and climate-related issues grows, failure to properly respond to climate change could pose reputational risks for the Company.	



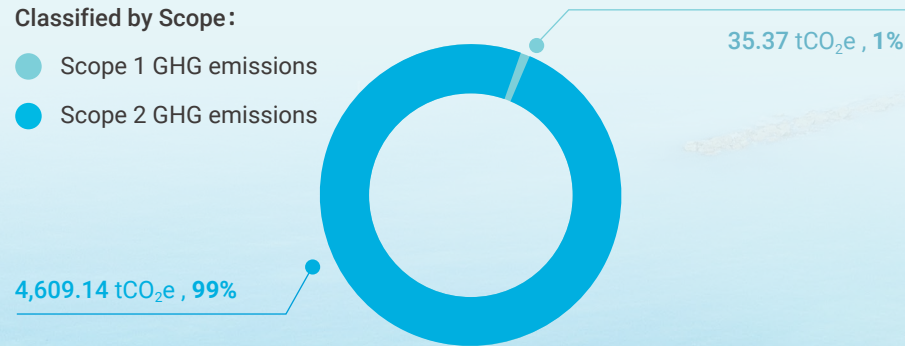
### Climate-related Opportunity Identification and Response of ACM Shanghai

Climate-related Opportunity	Description	Response Measures
<b>Resource Efficiency Opportunity</b>	Improving the efficiency of energy, water, and raw material usage in production and operations reduces operating costs.	<ul style="list-style-type: none"> <li>Actively implementing green office and green operations initiatives while strengthening employee awareness of resource and energy conservation.</li> </ul>
<b>Energy Source Opportunity</b>	Using renewable energy in operations reduces exposure of the Company to fluctuations in traditional energy prices.	<ul style="list-style-type: none"> <li>Introducing energy-saving equipment or retrofitting existing equipment with energy-efficient technologies.</li> <li>Incorporating eco-friendly design philosophy into the planning of new office and factory buildings to minimize resource consumption during construction and operation.</li> </ul>
<b>Product and Service Opportunity</b>	In the transition to a low-carbon economy, growing customer demand for environmentally friendly products and services presents new market opportunities for the Company.	<ul style="list-style-type: none"> <li>Identifying market demands and redouble investment in the R&amp;D and adoption of innovative products and technologies.</li> </ul>
<b>Market Opportunity</b>	The Company's strong performance in climate change management under a low-carbon economy enhances its market appeal, supporting product quality improvements, process innovation, and stable revenue growth while mitigating risks.	<ul style="list-style-type: none"> <li>Selecting environmentally friendly raw material suppliers to support the R&amp;D of sustainable products.</li> <li>Launching eco-friendly products to strengthen competitiveness across different product categories.</li> </ul>
<b>Resilience Opportunity</b>	Engaging in climate change-related industry collaborations or participating in climate-focused industry exchanges enhances the Company's ability to adapt to climate change.	<ul style="list-style-type: none"> <li>Actively joining industry associations, participating in industry forums and exhibitions, and sharing resources, knowledge, and best emergency response practices with peers to drive technological innovation and business upgrades, ensuring better adaptability in a rapidly changing market.</li> </ul>

### ACM Shanghai's GHG Emissions in 2024

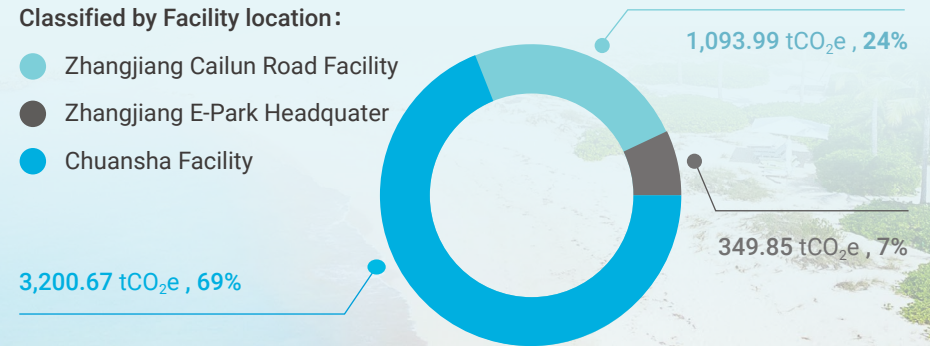
Classified by Scope:

- Scope 1 GHG emissions
- Scope 2 GHG emissions



Classified by Facility location:

- Zhangjiang Cailun Road Facility
- Zhangjiang E-Park Headquarter
- Chuansha Facility



# 04

## Driving Innovation for a Future of Potential

- Innovation-driven development
- Product and service safety and quality
- Information security and customer privacy protection
- Supply chain security



## Innovation-driven development

### Governance

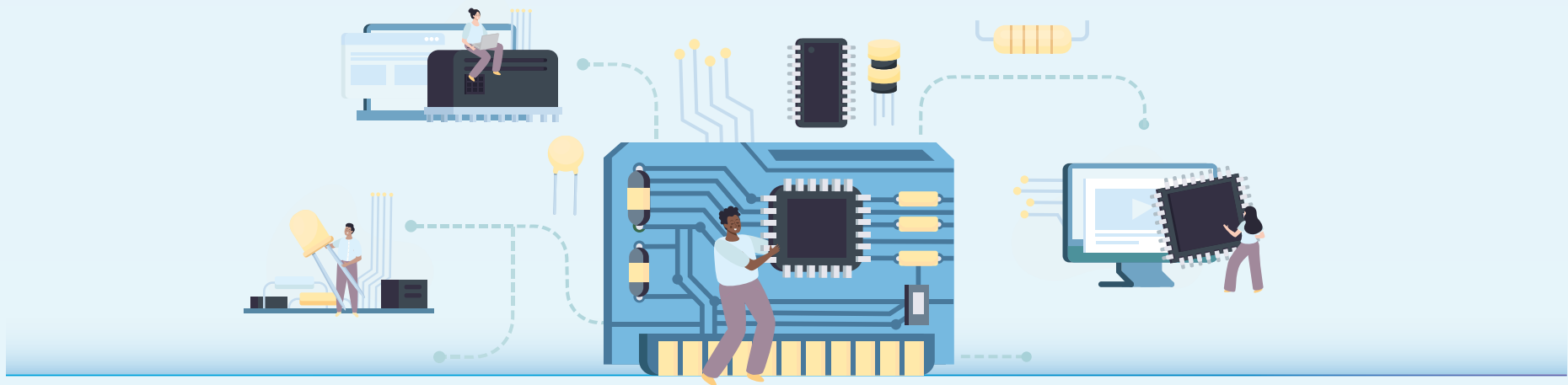
ACM Shanghai places great emphasis on R&D and innovation and has established a project-based management system structured as “General Manager – Department Heads – R&D Project Leaders – R&D Extension Group Members.” This system enhances the Company’s technological development capabilities and provides a strong organizational foundation for effective technology reserves and innovation mechanisms.

The Company has formulated 20 internal management regulations, such as the *R&D Project Management Measures*, *Intellectual Property Management Handbook*, *Intellectual Property Compliance Management and Control Procedure*, and *Internal Review Control Procedure for Intelligent Property*. These policies aim to standardize and optimize R&D and innovation efforts, ensuring that technological development is well-supported and safeguarded by a structured system.

### Strategy

ACM Shanghai consistently adheres to a differentiation-based competitive strategy, building core competitiveness through continuous technological R&D. As one of the few globally competitive semiconductor equipment suppliers in the Chinese mainland, the Company fully understands the critical importance of continually strengthening technological R&D and advancing clean technology innovation. Through various product innovation initiatives, ACM Shanghai meets the market’s demand for high-end semiconductor equipment and green manufacturing technologies.

In response to increasing market competition, evolving technical standards, and heightened green production requirements, the Company thoroughly assesses the potential impacts, risks, and opportunities brought about by technological innovation when formulating strategic decisions. To proactively address these challenges, ACM Shanghai takes a series of measures such as optimizing R&D procedures, obtaining industry qualifications and honors, and enhancing green product R&D. The Company also seizes new opportunities in emerging downstream applications and green transition growth, ensuring its strategy remains highly flexible and adaptive.

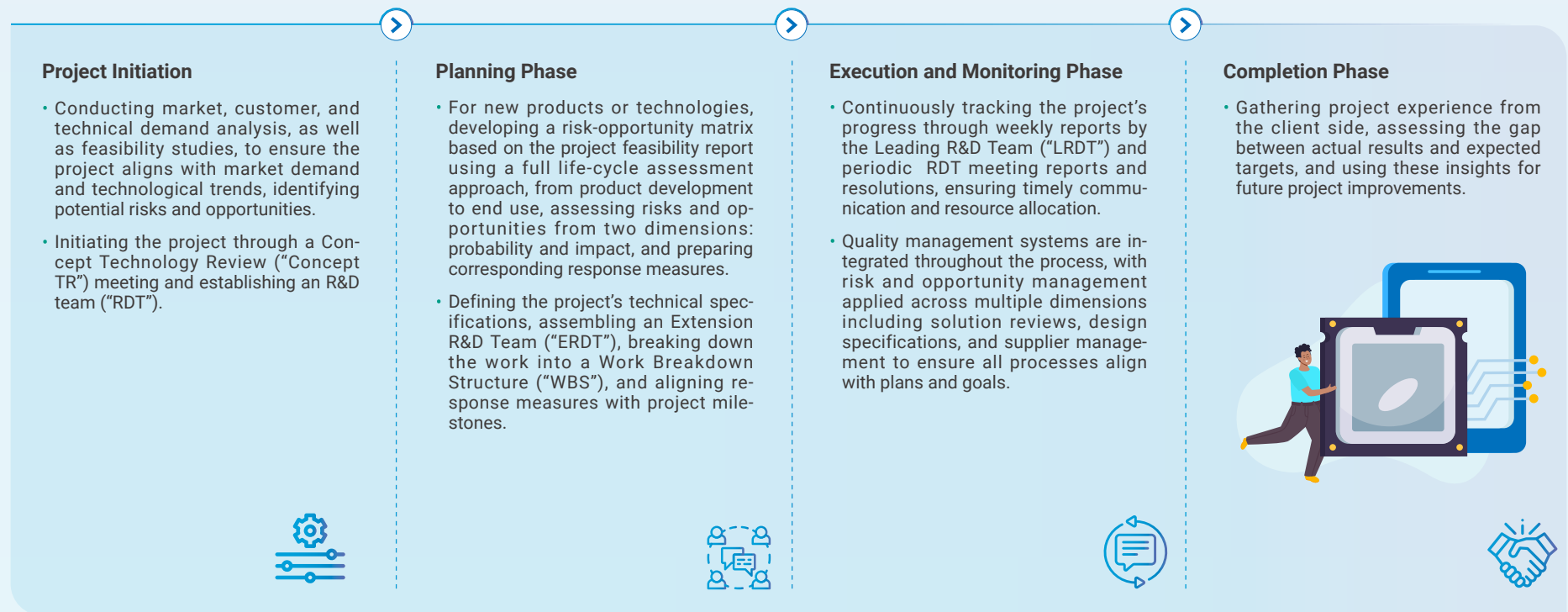




## Impacts, risks and opportunities management

ACM Shanghai primarily follows a proprietary R&D model, focusing on international technological trends in specialized semiconductor equipment and customer demands to develop new processes and technologies, while also validating technical solutions. To further enhance R&D efficiency and navigate the complex market environment, the Company integrates risk management awareness throughout the entire lifecycle of R&D projects—from initiation to completion. By establishing comprehensive management procedures, ACM Shanghai ensures the feasibility of technological innovation and the robustness of strategic implementation.

### ACM Shanghai R&D Project Management Procedures





In 2024, the Company adopted multiple measures to standardize the R&D incentive mechanism, strengthen R&D talent development, and promote cutting-edge technological advancements. These efforts effectively encouraged the independent innovation capabilities of R&D personnel, accelerated the Company's research progress and development, and fostered a corporate culture that values knowledge, talent, and technology.

### Key Innovation-Driven Development Initiatives of ACM Shanghai in 2024

#### Standardizing the R&D Incentive Mechanism

- Rewarding and incentivizing R&D personnel through performance appraisals, linking R&D tasks, results, and investments with employee and department performance appraisals, salary rewards, and promotion opportunities.
- Implementing stock options and equity incentives for core technical staff to enhance the stability and motivation of the R&D team.

#### Strengthening R&D Talent Development

- Building a core technical team led by technical leaders.
- Establishing a talent foundation with recent university graduates as a backup for the technical R&D team.
- Regularly organizing technical exchanges and training for employees, with R&D departments taking the lead in conducting internal and external technical training; providing financial support for employees in roles requiring qualifications.

#### Promoting Cutting-Edge Technological Advancements

- Collaborating with Zhejiang University and Fudan University to lead the development of equipment for semiconductor cleaning.
- Completing the localization and technical validation of water heaters, magnetic levitation pumps, chemical liquid heaters, Perfluoroalkoxy ("PFA") piping, and electroplating equipment linear power supplies.

The Company's existing technological innovation projects, such as the world's first Space Alternated Phase Shift ("SAPS"), Timely Energized Bubble Oscillation ("TEBO") megasonic cleaning technology, and Tahoe single-wafer batch combination cleaning technology, not only meet high industry standards but also promote technological advancement, clean production development, and the improvement of industry standards in the semiconductor equipment sector through efficient and environmentally friendly design philosophy.

#### FEOL Semiconductor Manufacturing Cleaning Equipment, Ultra C Tahoe, Achieves a Major Performance Breakthrough

The patented hybrid architecture of Ultra C Tahoe is the first to combine a batch cleaning module and a single-wafer cleaning chamber into the same SPM device. This architecture offers enhanced cleaning performance, higher capacity, and greater process flexibility. In the low-to-medium temperature SPM cleaning process, Ultra C Tahoe achieves the same effect as standalone single-wafer cleaning equipment while reducing chemical consumption by up to 75%. It is estimated that the system can save up to USD500,000 annually on sulfuric acid alone and further reduce costs related to sulfuric acid waste disposal, making it more environmentally friendly.



TAHOE Cleaning Equipment



## Metrics and targets

In 2024, ACM Shanghai monitored performance metrics such as the proportion of R&D personnel and the proportion of R&D investment, effectively accelerating the development progress of various R&D projects. This not only led to key technological breakthroughs and product iterations but also earned the company multiple innovation honors.

### Innovation-Driven Development Metrics and Targets of ACM Shanghai for 2024

Number of R&D Personnel

**931**

Proportion of R&D Personnel

**46.50%**

Amount of R&D Investment

**RMB838,475,000**

Proportion of R&D Investment to Operating Revenue

**14.93%**

### ACM Shanghai's Innovation-Driven Key Honors and Industry Association Involvement

#### Key Honors

- Obtained the High-Tech Enterprise Qualification
- Recognized as a "Specialized, Refined, Distinguished, and Innovative" Small Giant Enterprise
- Consistently ranked among the "Top Five Semiconductor Equipment Companies in China"
- Awarded the "Shanghai Enterprise Technology Center" recognition
- Honored as a "Specialized, Refined, Distinguished, and Innovative" enterprise at both the national and Shanghai municipal levels
- Selected for the first batch of Key Enterprise Laboratories by Shanghai Science and Technology Commission

#### Industry Association Participation

- Integrated Circuit Equipment Innovation Alliance (Executive Director)
- National Integrated Circuit Packaging and Testing Industry Chain Technology Innovation Strategic Alliance (Council Member)
- China Advanced Semiconductor Industry Innovation Alliance (Council Member)
- Haiwang Technology Innovation Alliance (Vice President)
- Shanghai Integrated Circuit Industry Association (Vice President)
- Pudong New Area R&D Institutions Federation (Council Member)
- Zhong Guan Cun IC Industry Alliance (Council Member)
- Sensors and IoT Industry Association (Vice Secretary-General)
- China Electronic Production Equipment Industry Association (Council Member)





## Product and service safety and quality

Quality is the foundation of the Company's development, and customer satisfaction is its ultimate goal. ACM Shanghai strictly complies with the *Product Quality Law of the People's Republic of China* and other relevant laws, regulations, and requirements. The Company adheres to the ISO 9001 Quality Management Systems and the ISO 14644-1:2015 Cleanrooms and Associated Controlled Environments International Standard, upholding its quality policy of "Continuous Innovation, Premium Service, and Pursuit of Excellence—Building a High-end Semiconductor Equipment R&D, Design, Manufacturing, and Sales Enterprise with World-class Competitiveness", while committed to delivering outstanding products and services.



### Governance

ACM Shanghai has established a management structure comprising the Chairman, General Manager, and departments including the Engineering, Manufacturing, and Quality Control departments. The General Manager is responsible for ensuring the establishment, implementation, and maintenance of the quality management system and reports system performance and improvement requirements to the Chairman. The Company has also structured a customer complaint management system involving the After-Sales Service, Engineering, Sales, Quality Control, and R&D departments, strengthening communication and collaboration across all levels.

The Company has formulated internal management policies, including *General Requirements for the Quality Management System*, *Non-Conforming Product Control Sheet*, *Product Identification and Traceability Management Requirements*, *After-Sales Service Management System* and *Employee Code of Conduct*, *Customer Complaint Management Process*, and so on. These policies form the framework for quality management, enhancing the Company's quality control and customer service capabilities. ACM Shanghai has obtained ISO 9001 Quality Management Systems Certification, valid until October 2025.

### Strategy

ACM Shanghai recognizes that product and service safety and quality are the foundation of sustainable development and the key to earning customer trust and maintaining market competitiveness. To this end, the Company has integrated advanced testing equipment and technologies and established a comprehensive quality control system, and is committed to continuously optimizing industry safety and quality standards, further solidifying its market leadership.

In its strategic planning, the Company focuses on balancing the value enhancement from strengthened quality management with potential challenges, such as cost pressures resulting from higher quality standards. Through precise data analysis and procedural optimization, the Company effectively reduces resource waste and improves production efficiency. At the same time, it closely monitors customers' evolving demands for higher-quality products and services, proactively adjusting its strategic approach to swiftly respond to market changes and consistently exceed customer expectations.



## Impacts, risks and opportunities management

ACM Shanghai has developed systematic and comprehensive management procedures for product and service safety and quality, covering the entire lifecycle from demand identification to product delivery.

### Product and Service Safety and Quality Management Procedures of ACM Shanghai

#### Demand Identification

- Conducting market demand research and customer communication to collect product data and relevant information, and assessing production capacity, current production status, inventory, and supplier delivery capability.
- Identifying risks associated with market demand fluctuations and updates in technical standards and evaluating internal production capacity and supply chain stability to prevent potential supply disruptions or cost overruns.



#### Design, Development, and Product Monitoring and Measurement

- Developing measures to address risks and opportunities, analyzing failure experience of similar products, and producing Failure Mode and Effects Analysis ("FMEA") and prototype design validation documents.
- Using FMEA to predict potential failure modes and reduce development uncertainties, and validating design effectiveness through prototype testing to mitigate mass production risks.
- Defining quality plans, inspection standards, and production schedules, providing product inspection and performance test reports.



#### Management Review

- Conducting regular management reviews to examine audit results, customer feedback, process performance, product compliance, corrective and preventive actions, and past management review outcomes, implementing improvements in the quality management system and the quality management process, and assessing resource requirements.



#### Product Delivery

- Managing product manufacturing and service provision, setting clear inventory targets, and defining storage and transportation requirements to meet customers' safety inventory needs.
- Optimizing logistics and warehousing management to ensure on-time, high-quality product delivery, and establishing emergency response mechanisms to handle unforeseen events, such as transportation delays or damages.





In 2024, the Company refined and implemented product and service management measures by defining design requirements at the source, strengthening quality management standards, enhancing customer complaint-handling processes, and conducting diverse quality training programs. These efforts ensure high product quality and meet stringent customer service expectations.

### Key Initiatives for Product and Service Safety and Quality at ACM Shanghai

#### Defining Design Requirements at the Source

- Product safety design strictly complies with the requirements of the Semiconductor Equipment Safety Standard SEMI S2, and a product model safety checklist is established.
- The Safety department is involved in the product design phase to conduct safety design reviews.
- Products must obtain a third-party safety assessment report before shipment.

#### Strengthening Quality Management Standards

- To prevent parts of non-compliant dimensions from entering production, operational guidelines are established, measurement instruments undergo regular calibration and maintenance, and a daily temperature and humidity verification log is maintained.
- Cleanroom operational guidelines are implemented to maintain air quality, ensure equipment cleanliness, and safeguard employee health.
- The 6S ("6S" stands for Seiri, Seiton, Seiso, Seiketsu, Shitsuke, and Safety) standardized management system is improved, with clear daily operational requirements.

#### Enhancing Customer Complaint-Handling Processes

- Customer complaints must be objectively documented with an initial cause assessment. If defective parts require return or replacement, a Non-Conforming Product Control Form must be completed with attached photos.
- A temporary team is formed to handle customer complaints, issuing an initial problem-solving and quality improvement report (i.e. Eight Disciplines Report ["8D Report"]) in a timely manner.
- If a customer complaint involves safety issues or major batch defects, the team assesses whether the same or similar products for other customers are affected. If necessary, the issue will be escalated to the Engineering Change Notice Committee ("ECN Committee") for further action.

#### Conducting Diverse Quality Training Programs

- Training programs on Process Failure Mode and Effects Analysis ("PFMEA") are conducted for personnel involved in quality control and design.
- After-sales service training is provided for new employees, with all training sessions and assessments to be completed during their probation periods.
- Customer-focused product quality training is offered, covering topics such as product processes, hardware and robotic operations, and machine maintenance. In 2024, 216 customer employees participated in training sessions.



## 6S Management System Audits to Enhance Standardized Management

In December 2024, ACM Shanghai conducted its first round of 6S audits, covering its headquarters in Shanghai, as well as the Zhangjiang and Chuansha facilities. Led by management personnel, the audit focused on four key areas: cleanliness and hygiene, energy conservation, information security, and workplace safety. All identified issues were documented, with corrective actions required within one month. Moving forward, ACM Shanghai will conduct monthly 6S routine audits to continuously enhance its standardized management practices.

### Key Areas of ACM Shanghai's 2024 6S Audit

#### Cleanliness and Hygiene

- Office areas should be kept clean and tidy.
- Office supplies should be neatly arranged.
- Conference rooms should have chairs and tables properly arranged after use.
- Whiteboards and other writing surfaces should be cleaned after use.

#### Energy Conservation

- Turning off lights, air conditioning, computers, and screens after work.
- Turning off lights, air conditioning, and televisions after leaving a conference room.
- Auditing personal color printing volume.

#### Information Security

- Stamped files, confidential documents, and blueprints must not be left on desks after work.
- Secure areas such as laboratories, finance offices, and archives must be locked after work.
- Prohibiting unauthorized use of electronic devices in restricted areas (e.g., photography, video recording, mobile phone usage).
- Other key information security concerns.

#### Workplace Safety

- Identifying and eliminating workplace safety hazards.
- Ensuring that all safety measures and requirements are implemented as per regulations.
- Preventing unauthorized personnel from entering restricted areas.
- Ensuring fire-fighting equipment remains unobstructed.
- Addressing other safety concerns raised by the safety department.



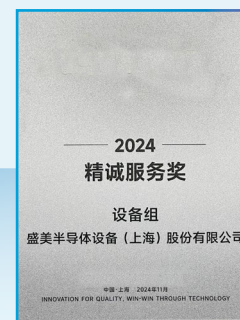
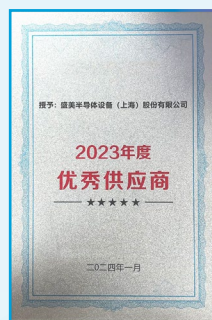
## Metrics and targets

In 2024, ACM Shanghai strengthened its product and service safety and quality management by implementing a clear system of metrics and targets. This approach ensures continuous improvement in customer satisfaction and product compliance, driving excellence in quality and safety assurance. In 2024, the Company recorded zero major liability incidents related to product and service safety and quality.

### Product and Service Safety and Quality Metrics and Targets of ACM Shanghai for 2024

Metric	2030 Long-Term Target	2024 Progress
Product Qualification Rate	100%	100%
Customer Feedback Processed	At least 35 cases/month	27 cases/month
Quality Improvement Rate	80%	62%
Customer Satisfaction Score	At least 95 points	93 points

In 2024, ACM Shanghai received widespread recognition from customers, earning multiple honors such as “Outstanding Supplier,” “Excellent Supplier,” and “Best Technical Support Supplier.”





## Information security and customer privacy protection

ACM Shanghai places great importance on information security and customer privacy protection, strictly adhering to the *Cybersecurity Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, and other relevant laws and regulations. The Company ensures that all business activities are conducted in full compliance with legal and regulatory requirements, striving to create a trustworthy business environment.

### Governance

ACM Shanghai has established an information security management system composed of the Board of Directors and the Information Security Team to ensure standardized management of information security.

#### Information Security Management System of ACM Shanghai



The Company has established internal management policies, including the *Information Security Management Policy* and the *Information Security Handbook*, to ensure that employees involved in information and privacy protection understand and adhere to relevant operational guidelines. These policies promote the standardization and proceduralization of management practices. The Company has obtained ISO/IEC 27001:2022 Information Security Management Systems certification, which remains valid until June 2027.

### Strategy

ACM Shanghai fully recognizes the core value of information security and customer privacy protection, which not only impacts customer trust and corporate reputation but also serves as a key factor in future market competition. The Company integrates cutting-edge security technologies to build a multi-layered defense system and tailors privacy protection solutions for different business scenarios, ensuring compliance with domestic and international regulations as well as industry standards. Additionally, ACM Shanghai actively promotes information security awareness within the industry, advocating for the establishment of higher industry standards.

In its strategic planning, the Company focuses on both risks and opportunities related to information security, particularly in response to stricter regulatory requirements and rapid technological advancements. To address these challenges, ACM Shanghai drives security technology innovation to implement proactive risk management while also exploring new business opportunities in data security and privacy services. By developing differentiated solutions tailored to customers' diverse security demands, the Company ensures that its strategic planning remains ahead of the market and adaptable to future trends.



## Impacts, risks and opportunities management

ACM Shanghai has established comprehensive information security and customer privacy protection management procedures in accordance with the ISO/IEC 27001:2022 standard. These procedures are deeply integrated into the Company's information security strategy, ensuring its ability to effectively address potential threats in a rapidly evolving technological landscape.

### Information Security and Customer Privacy Protection Management Procedures of ACM Shanghai

#### Risk Identification

- Identifying information security requirements in laws, regulations, and contracts: promptly identifying the information security requirements set by customers, partners, related parties, laws, and regulations.



#### Risk Assessment

- Establishing risk assessment procedures based on the characteristics of the Company's business information security and legal requirements, defining risk acceptance criteria;
- Utilizing advanced risk assessment techniques to conduct periodic risk assessments, identifying changes in the Company's risk landscape. If significant changes occur in the Company's environment, reassess risks in a timely manner;
- Implementing appropriate measures based on risk assessment results to mitigate risks.



#### Incident Reporting

- Establishing channels and responsible departments for reporting information security incidents;
- All employees are responsible for reporting information security hazards, threats, vulnerabilities, and incidents. Upon identifying an information security event, employees should immediately report it through the designated channels;
- The responsible department receiving the report should document all reports, respond promptly, take appropriate action, and provide feedback on the resolution to the reporting party.



#### Supervision and Inspection

- Conducting regular supervision and inspections of information security, including routine inspections, special inspections, technical inspections, and internal reviews;
- Based on risk assessment results, developing a business continuity plan to mitigate the impact of information system disruptions, prevent critical business processes from being severely affected by system failures or disasters, and ensure timely recovery;
- Periodically testing and updating the business continuity plan.





In 2024, the Company implemented access control and confidentiality measures by strengthening access control, enhancing data encryption procedures, and conducting information security training to ensure the strict protection of corporate information and customer privacy. In 2024, no information security breaches or customer privacy leaks occurred.

### Key Initiatives for Information Security and Customer Privacy Protection of ACM Shanghai

#### Strengthening Access Control

- Controlling access to communication devices and the Company's network for external personnel, and implementing masking and encryption for supplier access authentication;
- Prohibiting employees from using external storage devices to copy data on personal computers.

#### Enhancing Data Encryption Procedures

- Encrypting all data according to their respective levels, monitoring and controlling data flow processes to ensure no leaks throughout the data lifecycle;
- Implementing department-based encryption, with strict control (disabling USB, Bluetooth, and wireless functions) for departments handling highly sensitive information and moderate control (allowing encrypted file reading without modification rights, with additional policy constraints) for other departments.

#### Conducting Information Security Training

- Requiring all employees (excluding dispatched workers and interns) to complete online information security training courses via the Company's training platform;
- Conducting information security assessments for all employees.

### Metrics and Targets

In 2024, ACM Shanghai established clear management metrics and targets for information security and customer privacy protection to ensure data security and compliance, continuously enhancing its data protection capabilities.

### Information Security and Customer Privacy Protection Metrics and Targets of ACM Shanghai for 2024

Indicator	2024 Annual Target	2024 Progress
Employee Coverage Rate for Information Security Training	100%	100% (All employees passed the exam)
Effective Handling Rate of Cybersecurity Vulnerabilities	≥70%	70%
Timely Response Rate to Information Security Incidents	≥95%	95%
Employee Confidentiality Agreement Signing Rate	≥99%	100%

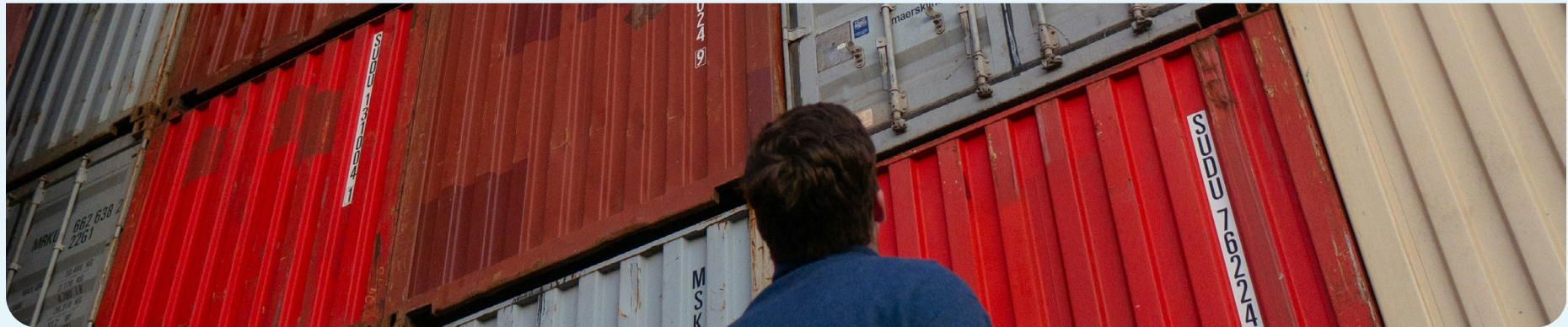


## Supply chain security

ACM Shanghai regards supply chain security and sustainable supply chain management as the key factors for long-term corporate success and an essential part of its strategic planning, striving to build a resilient supply chain network.

The Company has established a management structure consisting of the Chairman, General Manager, Quality Control Department, and Supply Chain Management Department, with clearly defined roles and responsibilities at each level. The Company has formulated internal management policies, including the *Supplier Management Requirements*, *Procurement Management Requirements*, *Supplier Questionnaire*, *Supplier Admission Regulations*, and *Supplier Performance Appraisal System*. Through a comprehensive Supplier Relationship Management (“SRM”) system, ACM Shanghai ensures that supplier selection, assessment, management, and optimization processes are conducted in a scientific and rigorous manner.

### ACM Shanghai Supplier Procurement Procedures





In 2024, the Company implemented management measures by standardizing supplier admission, strengthening compliance management, conducting supplier reviews, and enhancing supplier collaboration to improve supply chain security and competitiveness.

### Key Initiatives for Supply Chain Management of ACM Shanghai in 2024

#### Standardizing Supplier Admission

- Conducting comprehensive background checks and technical capability assessments on potential suppliers, including production and design capabilities, and quality systems.
- For machining suppliers, organizing on-site inspections by a product acceptance team, the Engineering Department, and the Procurement Department. Suppliers are assessed using the Supplier On-Site Review Scoring Form.

#### Strengthening Compliance Management

- Analyzing the returned questionnaires and related materials from potential suppliers and conducting initial visits if necessary to assess their product quality, technical standards, internal management, and compliance with government regulations as well as safety and environmental requirements.
- Requiring suppliers to sign the Supplier Compliance Commitment Letter, pledging adherence to relevant regulations.

#### Conducting Supplier Reviews

- Performing reviews on 100% new suppliers and conducting annual reviews of key suppliers.
- Conducting supplier risk assessments, promoting localization of suppliers, and mitigating the risk of production disruptions due to the absence of environmental and safety requirements in supplier assessments.

#### Enhancing Supplier Collaboration

- Hosting supplier conferences to explore opportunities for technical cooperation with top-performing suppliers and jointly expand market reach.
- Promoting green supply chain practices by encouraging suppliers to purchase or manufacture environmentally friendly products.



ACM Shanghai Hosts the Second Supplier Conference

In terms of environmental and social risk management by suppliers, the Company's *Supplier Questionnaire* covers multiple aspects, including production capacity, product quality systems, environmental protection, and labor management, aiming to comprehensively assess and select partners that meet the Company's strict ESG standards.

To further implement ESG standards, the Company requires suppliers to provide valid certifications, such as ISO 14001 and OHSMS management system certificates, and sign the *Supplier Compliance Commitment Letter* and the *Environmental and Occupational Health and Safety Requirements Notification*. Suppliers approved for admission should sign confidentiality agreements, raw material procurement framework agreements, quality assurance agreements, and integrity agreements before being submitted for final approval by the assessment team. Once approved, suppliers undergo product validation to ensure they meet both industry ESG standards and the Company's stringent requirements.

Additionally, to ensure supply chain security and stability, the Company requires suppliers to provide a list of their key part, raw material, and mold manufacturing suppliers to avoid the use of conflict minerals, proactively identify and mitigate potential risks, and collaborate in building a responsible supply chain ecosystem.

A photograph of four men standing in front of a large stone sign that reads "ACM RESEARCH". The men are dressed in business attire, including shirts, jackets, and suits. The background shows a modern building with large windows and some greenery. The image is overlaid with a blue semi-transparent graphic containing text and a list of bullet points.

05

## People-Oriented Approach to Co-create Social Value

- Employee rights and benefits
- Employee training and development
- Occupational health and safety
- Social contribution and rural revitalization



## Employee rights and benefits

### Employment

ACM Shanghai employees are employed under full-time labor contracts, dispatched labor contracts, and part-time arrangements. The Company strictly complies with the *Civil Code of the People's Republic of China*, the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and other applicable laws and regulations in its operating regions. Upholding the principles of open recruitment, fair competition, and merit-based selection, the Company strictly prohibits any form of forced labor or child labor.

In 2024, the Company did not experience any penal-

ties from relevant authorities for violations of related laws and regulations on employee recruitment and dismissal, working hours and leave, promotion, or equal opportunity. Additionally, there were no incidents of child labor or forced labor violations.

The Company has established internal policies such as the *Recruitment Management Policy*, *Employee Handbook*, and *International Employee Management Regulations*. These policies clearly define the management responsibilities of the Chairman, General Manager, and Human Resources and Administration

Department, ensuring that employment and recruitment practices remain standardized and diverse.

In 2024, based on its annual business strategy and objectives, the Company analyzed necessary roles and job requirements, compiled *Job Descriptions*, and reviewed staffing plans proposed by each department. The Human Resources Department consolidated these plans and conducted an annual talent review.

### Employee Rights

The Company strictly adheres to the *Trade Union Law of the People's Republic of China* and the *Regulations on Collective Contracts*, as well as other applicable labor laws and regulations in its operating regions. Internal policies, including the *Salary Management Policy* and the *Human Rights Protection Management Procedure*, have been established to safeguard employees' rights. The Company regularly holds Employees' Representative Congress ("ERC"), ensuring employees can participate in corporate democratic

management and protect their legitimate rights and interests.

In 2024, the Company formulated and publicly disclosed the *ACM Shanghai Labor Management Statement*, reaffirming its commitment and concrete measures to protect labor rights and improve working conditions.





## Employee Rights Protection Clauses of ACM Shanghai

### Prohibition of Discrimination and Harassment

- No discriminatory actions or statements based on race, color, religion, gender, nationality, or any other characteristic protected by local laws and regulations.
- Opposing workplace harassment and prohibiting any form of sexual coercion, threats, humiliation, or exploitative behavior, including gestures, language, and physical contact, ensuring employees are protected from harassment in the workplace.

### Freedom of Association and Collective Bargaining

- Employees have the right to freely join or refrain from joining labor organizations or other third-party organizations and to engage or not engage in collective bargaining, in accordance with local laws.
- Committed to fostering an open communication environment, encouraging employees to discuss their ideas, concerns, or issues with the management to collaboratively address workplace challenges.

### Privacy and Freedom of Speech

- Protecting employees' privacy and freedom of speech while preventing unauthorized access, use, destruction, modification, or disclosure of personal information and data.
- Safeguarding personal privacy and security through data protection and risk minimization measures.

### Working Hours and Wage Standards

- Employee compensation standards comply with applicable wage laws, including legal requirements related to minimum wage, overtime, and mandatory benefits.

The Company has established and implemented a comprehensive employee appeal and complaint mechanism to address and investigate employees' opinions and complaints related to performance, benefits, and rights. All appeals are handled confidentially to fully protect employee privacy and rights. The Company ensures transparent communication and trust by providing timely feedback on resolutions to employee representatives, fostering positive engagement and a harmonious relationship between the Company and its employees.

The Company encourages employees to express their opinions and suggestions through various channels. In 2024, the Company conducted an employee satisfaction survey. The survey results show that the proportion of "Very Satisfied" and "Satisfied" responses exceeds 75%. Based on these results, the Company will implement corrective plans and measures to continuously improve its management policies and practices, ensuring better alignment with employee demands and expectations.



## Employee Benefits

The Company provides comprehensive benefits to all employees, including statutory benefits such as social insurance and housing provident funds, as well as additional non-statutory benefits, such as paid annual leave, supplemental commercial insurance, and parental leave for school visits.

### Employee Benefits Management Provisions of ACM Shanghai

#### Statutory Benefits

- Nationally mandated public holidays, including Mid-Autumn Festival, Dragon Boat Festival, and Spring Festival, during which employees receive benefits.
- Female employees who give birth in compliance with legal regulations are entitled to 98 days of statutory maternity leave, plus an additional 60 days of maternity leave in Shanghai. Male employees are granted 10 days of paternity leave during their spouse's childbirth, with full salary payment during this period.
- In Shanghai, legally eligible couples are entitled to five days of parental leave per year for each parent until their child reaches three years old.

#### Non-Statutory Benefits

- Employees who complete their probation period are eligible for 15 days of paid annual leave per year.
- Employees are allowed to visit their child's school for up to four hours, upon approval from their direct supervisor.
- The Company provides supplemental commercial medical insurance for all full-time employees, covering 100% reimbursement of medical expenses within the insurance coverage, excluding the pooled portion and out-of-pocket costs.
- Female employees receive a holiday and benefits on International Women's Day.





# Employee training and development

## Employee training

ACM Shanghai places great importance on employee quality and skill development, recognizing it as a key foundation for business expansion and product iteration. The Company has established internal management policies, such as the *Human Resources Training Management Requirements*, to align with its quality policies and annual objectives. Based on principles such as individual needs and their impact on departmental and corporate growth, the Company regularly develops an *Annual Training Plan* and implements a structured talent development system.

The Company actively analyzes talent training need sources, considering factors such as gaps between current employee competencies and quality requirements, feedback on past training sessions, and common training requirements from various departments. Training needs are categorized into new employee onboarding, continuing education for existing employees, training for specialized positions, and training required by the management. The *Annual Training Plan* is promptly adjusted in response to business plans and role adjustments.

### Employee Training Management System of ACM Shanghai



#### New Employee Training

- Department supervisors provide pre-employment training tailored to the future job requirements of new employees, covering necessary professional knowledge and skills. Training details, including program name, content, and trainee performance, are documented in the *New Employee Training Plan*.
- For employees in specialized positions, department supervisors arrange on-site internships based on job requirements.



#### Internal and External Training

- **Internal Training:** Conducted according to the *Annual Training Plan*, with attendance tracked through the *Training Attendance Sheet*.
- **External Training:** Department supervisors may request external training based on job-specific or legal requirements. External instructors from educational institutions provide training on topics including, but not limited to, corporate culture and quality management and project management.



#### Effectiveness Assessment

- When formulating the *Annual Training Plan*, the Human Resources Department identifies key programs directly related to quality for effectiveness assessment.
- Training effectiveness assessments are conducted by the Human Resources Department, in collaboration with instructors, subject matter experts, and department supervisors that receive the training. Assessments include written exams, practice, and oral tests.



## Key Employee Training Programs of ACM Shanghai in 2024

The Company places great emphasis on the development of recent university graduates, establishing a systematic training system. Based on their academic background and job requirements, graduates receive one-on-one mentorship and training from R&D employees with over three years of experience, helping them quickly adapt to the work environment and confidently handle real-world challenges.

For all employees, the Company provides comprehensive leadership, management, and professional skills training, tailored to different job roles and functional requirements. All employees have access to continuous professional skill development and training, ensuring they can effectively navigate workplace challenges and enhance their overall competencies.



### Leadership Training



Leadership and Team Management Training for Junior- and Mid-Level Managers: Transition from Technical Expertise to Management

This training focuses on three key areas—mindset transformation, work approach adjustment, and responsibility upgrade—to effectively enhance employees' management capabilities.

- Mindset Transformation: Managers need not only technical expertise but also strategic vision and a holistic perspective. They should think from a macro perspective, align with organizational goals and directions, and balance resources and interests.
- Work Approach Adjustment: Transitioning from an executor to a leader and coordinator within the team, learning to delegate authority and trust team members.
- Responsibility Upgrade: Managers should develop a stronger sense of responsibility and mission, proactively taking responsibility and fostering a positive and productive work environment.



On-site Training: Transition from Technical Expertise to Management



Strategic Thinking and Decision-Making Improvement Training for the Senior Management: Corporate Culture and Quality Management

- Training Focus: Strengthening employees' quality awareness and mindset, defining principles and positions, and enhancing quality-driven thinking. The training emphasized how to build a control chain while encouraging quality analysis, reinforcing the philosophy of quality first, promoting manufacturing excellence, and fostering a craftsmanship spirit along with lean and digitalized thinking.



Employees Participating in the Corporate Culture and Quality Management Training

### Professional Skills Training



Typical Course: Systematic Problem-Solving Practical Training

- Training Focus: This course introduced the fundamental concepts, logic, and methodologies for handling different types of problems. It provided an in-depth explanation of systematic tools used by R&D personnel and in the product design processes. The training covered knowledge from basic to advanced levels, integrating relevant R&D quality management topics through lectures and practical exercises.



Employees Participating in the Systematic Problem-Solving Practical Training



The Company provides all employees with training courses relevant to their respective roles, as well as external certifications. For roles requiring qualification certification, such as engineering and technical roles, inspection roles, internal quality review roles, and other specialized roles, the Company assesses training effectiveness through written assessments.



**Employee Training Performance Outcomes of ACM Shanghai in 2024**

Employee Training Coverage Rate:

**92%**

Annual Training Expenditure:

**RMB1 million**

Average Training Hours per Employee:

**2** hours per person

Average Employee Satisfaction Score for Instructors and Courses:

**4.75** out of 5

These training sessions supported **80** employees in pursuing higher education or professional certification, with a total funding support amount of **RMB200,000**





## Employee promotion and performance appraisal

The Company has established a comprehensive employee development system, with specialized promotion mechanisms tailored to employees at different levels based on factors including employees' experience, responsibilities, job skills, performance, job roles, and market positioning. This system covers all job categories, including the management, support functions, R&D, engineering, and after-sales technical roles, providing employees with dual career development paths in both management and professional functions, enabling them to fully realize their potential.

The Company implements a position-based salary structure, where employee salaries consist of a base salary (which includes position-based pay) and performance-based compensation. Additionally, the Company has introduced an equity incentive plan, aimed at sharing the benefits of corporate growth and encouraging employees to actively contribute to the Company's innovation and development.

### Employee Share Ownership at ACM Shanghai in 2024 (as of the end of 2024)

Indicator	Unit	2024
Number of Employees Owning Shares	Person	88
Percentage of Employees Owning Shares in the Company's Total Workforce	%	4.40
Total Number of Employee-Owned Shares	10,000 shares	605.79
Percentage of Employee-Owned Shares in the Company's Total Share Capital	%	1.38



The Company promotes a performance-driven culture with open communication, where supervisors assess employee performance at any time in daily operations and provide guidance for improvement to ensure continuous improvement of employee performance. Annual performance appraisals are conducted based on quarterly appraisals and the Company's production and operating results, with year-end bonuses awarded accordingly. The results of the annual performance appraisal serve as a key factor in determining salary adjustments and position changes, and the annual performance appraisal covers all employees.



## Occupational health and safety

The Company's occupational hazard factors include chemical toxins, dust, power frequency electric fields, and noise, primarily affecting roles such as laboratory technicians, inspectors, quality control personnel, and maintenance workers. ACM Shanghai places great importance on workplace safety and employee well-being, strictly adhering to the *Law of the People's Republic of China on Work Safety*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, and the *Regulations of Shanghai Municipality on Work Safety*, among other applicable laws and regulations.



### Governance

ACM Shanghai has clearly defined the management responsibilities within its "General Manager - EHS Committee - Safety Department" organizational structure to standardize occupational health and safety management procedures. Additionally, the Company has established internal management policies, including the *Hazard Identification and Risk Assessment Management Procedure*, *Personal Protective Equipment Management Procedure*, and *Occupational Disease Prevention Management Procedure*, aiming to ensure employee safety and health while reducing workplace risks.

The Company continues to advance the establishment and certification of its occupational health and safety management system. Facilities located at the Zhangjiang Cailun Road and Chuansha have obtained ISO 45001 Occupational Health and Safety Management Systems certification, valid until May 2026. The remaining two facilities commenced operations in the second half of 2024, with plans to obtain occupational health and safety management systems certification within two years.

### Strategy

As a manufacturing enterprise, ACM Shanghai fully recognizes that occupational health and safety are critical to both employees and the Company's sustainable development. Occupational disease risks and safety hazards may impact operational efficiency, production stability, and overall employee well-being. To ensure employees work in a safe and healthy environment, the Company comprehensively incorporates hazardous source identification and occupational disease prevention into its strategic decision-making process, conducting in-depth assessments of potential impacts, risks, and opportunities related to occupational health and safety.

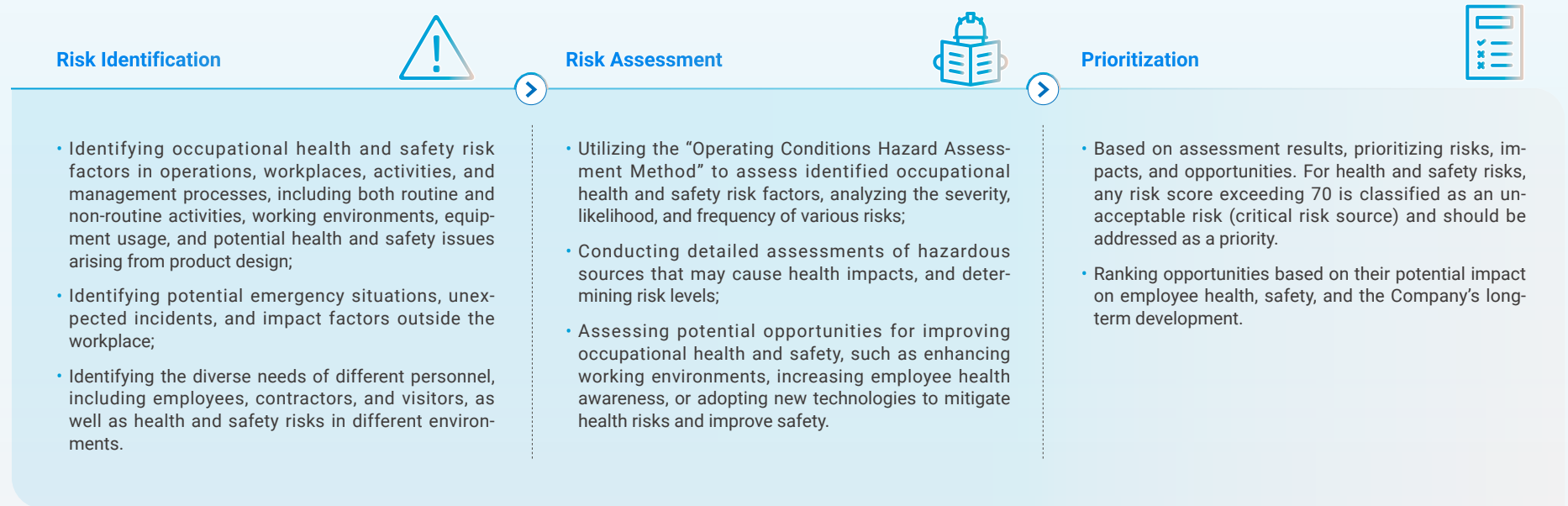
In response to challenges such as regulatory changes, rising implementation costs, and increasing market competition, the Company continuously optimizes internal procedures, strengthens risk forecasting and management, and actively listens to employee feedback on workplace improvements. These efforts ensure that ACM Shanghai's occupational health and safety strategies remain adaptive to changes, continuously enhancing employee safety and satisfaction.



## Impacts, risks and opportunities management

ACM Shanghai proactively identifies and assesses potential occupational health risks and opportunities that may arise during routine operations and manufacturing processes. Using hazardous source identification as a foundation, the Company conducts a comprehensive analysis of risk sources and their potential impacts. Through systematic risk assessments, ACM Shanghai prioritizes different risks and implements targeted control measures to effectively reduce and mitigate workplace risks.

### Occupational Health and Safety Risk Management Procedures of ACM Shanghai





In 2024, the Company enhanced occupational health and safety management measures to ensure employee well-being and workplace safety. The Company continues to implement an annual monitoring plan to track and assess workplace health risks in real time. Additionally, a workplace safety status assessment is conducted every three years, along with emergency drills, workplace safety training sessions, and other safety awareness activities to ensure that all facilities and operating procedures comply with the latest safety standards.

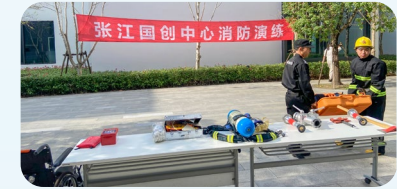
The Company has established individual occupational health records for each employee, documenting their health status, exposure risks, and historical health check-up results. Employees undergo an annual occupational health check-up to detect potential health issues early and implement timely interventions. Furthermore, safety information boards are placed in prominent locations across all facilities, clearly outlining key safety rules and emergency response guidelines, ensuring that every employee has immediate access to essential safety information.

### Fire Drills to Enhance Employee Safety Awareness

In 2024, ACM Shanghai conducted fire drills at its Zhangjiang E-Park Headquarters, Zhangjiang Cailun Road Facility, and Chuansha Facility, covering all employees. In collaboration with local fire stations, firefighters demonstrated the usage and operation of various fire safety equipment and provided fire safety education. These initiatives effectively enhanced employees' safety awareness.



Fire Drill at Lingang Facility



Fire Drill at Zhangjiang E-Park Headquarters

## Metrics and targets

In 2024, ACM Shanghai continued to enhance its safety management system, strengthening safety drills and awareness training to achieve its occupational health and safety targets. In 2024, the Company recorded zero material safety liability incidents.

## Occupational Health and Safety Metrics and Targets of ACM Shanghai for 2024

Metric	Annual Target	2024 Progress
Employee Health Check-Up Rate	100%	100%
Number of Accidents at Severe and Above Levels	0	0
Number of Occupational Disease Cases	0	0



## Social contribution and rural revitalization

ACM Shanghai firmly believes that corporate development is closely linked to social responsibility. The Company actively engages in public welfare and charitable initiatives, striving to contribute to the communities and society while exploring more effective ways to give back.

In 2024, the Company continued its long-term support for the “SMIC Liver Transplant Program” organized by the China Soong Ching Ling Foundation, donating RMB10,000 to assist underprivileged children with end-stage liver disease undergoing liver transplant surgery at Renji Hospital. Additionally, ACM Shanghai participated in the “United Charity Donation” initiative on the theme “Gathering Love for the Future, Advancing Charity with the Times” in Chuansha New Town, Pudong New Area, Shanghai. The Company actively contributed to diverse charitable programs, including poverty alleviation, elderly care, orphan support, medical assistance, disability aid, education support, and veteran welfare, donating RMB120,000 to promote the development of local public welfare and charitable causes.

### Key Honors in Social Contribution and Rural Revitalization of ACM Shanghai in 2024



Awarded the “2023 Corporate Social Public Welfare Award” by Shanghai Pudong Chuansha Economic Park Co., Ltd.



Awarded the Donation Certificate from the China Soong Ching Ling Foundation and Renji Hospital for contributions to the “SMIC Liver Transplant Program”

# 06

## Driving Steady Governance with Risk Control as the Foundation

- Corporate governance
- Risk and compliance management
- Business ethics





# Corporate governance

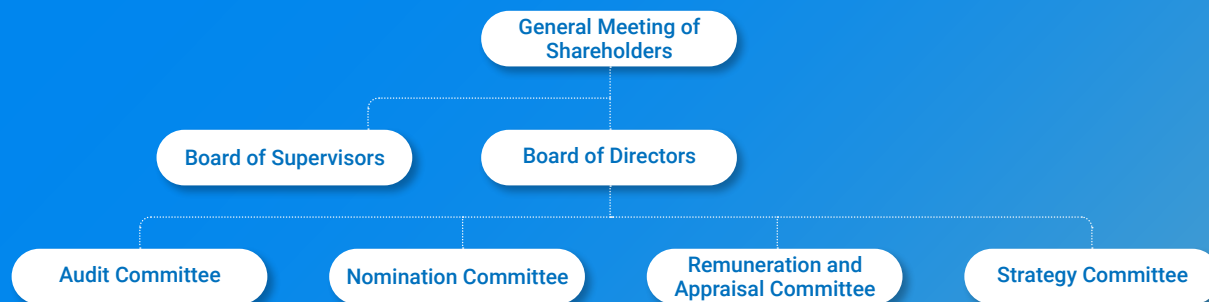
## Governance

ACM Shanghai strictly complies with the laws, regulations, and policies, including the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, and the *Guidelines of SSE for the Application of Self-Regulation Rules for the Listed Companies on the SSE STAR Market No. 1 – Regulated Operation of Listed Companies*. In 2024, the Company revised its *Articles of Association*, *Rules of Procedure for the General Meeting of Shareholders*, *Rules of Procedure for the Board of Directors*, and *Rules of Procedure for the Board of Supervisors*, establishing a corporate governance framework consisting of the General Meeting of Shareholders, Board of Directors, Board of Supervisors, and the Management. This structure ensures a clear division of responsibilities and a standardized, well-functioning governance mechanism.

The Board of Directors is the highest governing body of the Company, responsible for reporting to the General Meeting of Shareholders. The Board of Directors has established four specialized committees—the Audit Committee, Nomination Committee, Remuneration and Appraisal Committee, and Strategy Committee—each performing its designated functions to ensure that the Board of Directors make decisions in a standardized, scientific, and effective manner.



### Corporate Governance Structure of ACM Shanghai in 2024



### Responsibilities of the General Meeting of Shareholders, Board of Directors, and Board of Supervisors of ACM Shanghai

#### General Meeting of Shareholders



- The General Meeting of Shareholders is the highest decision-making body of the Company, composed of all shareholders. It serves as the ultimate authority in corporate management and shareholder interests;
- It holds the power to elect, appoint, and remove members of the Board of Directors and Board of Supervisors, approve major business decisions, and determine profit distribution.

#### Board of Directors



- The Board of Directors is the Company's business decision-making body and is accountable to the General Meeting of Shareholders;
- It is responsible for convening the Shareholders' Meeting and executing its resolutions; deciding on the Company's business plans and investment proposals; formulating the Company's annual financial budget and final accounts; devising major acquisition plans, stock repurchase schemes, or proposals for mergers, dissolutions, spin-offs, or changes in the Company's structure;
- It is responsible for determining the Company's internal management structure; formulating fundamental management systems; drafting amendments to the Company's Articles of Association; and managing the Company's information disclosure matters.

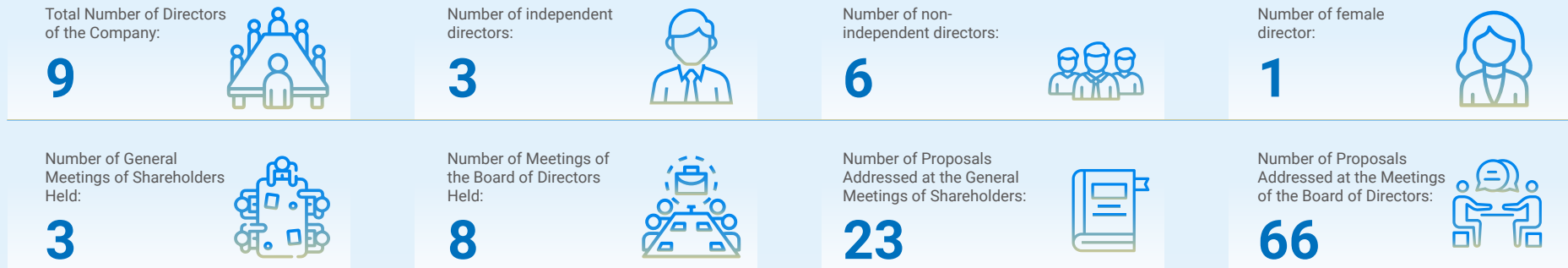
#### Board of Supervisors



- The Board of Supervisors is the Company's internal oversight body;
- It is responsible for reviewing the Company's periodic reports and issuing review opinions; inspecting the Company's financials;
- It is responsible for supervising the actions of the Directors and Senior Management in performing their duties for the Company. If the actions of the Directors or Senior Management harm the Company's interests, the Board is responsible for requesting them to make corrections.



### Composition of the Board of Directors and Meeting Overview of ACM Shanghai in 2024



### Strategy

To maintain competitiveness in a complex and evolving business environment, ACM Shanghai actively identifies impacts, risks, and opportunities related to corporate governance. This approach helps the Company enhance its governance structure, improve operational standardization and decision-making effectiveness, and protect the rights of all shareholders, particularly minority shareholders.

The Company proactively identifies and mitigates potential governance risks. As the

Company continues to expand, risks such as an inadequate governance structure, non-compliant operations, insufficient information disclosure, lack of Board diversity, lack of Board independence, or excessive reliance on certain entities may erode investor and public trust while affecting operational efficiency. Therefore, ACM Shanghai places great importance on corporate governance by implementing measures such as strengthening equity incentives and constraints and conducting self-assessments on Board independence, ensuring the Company's stable and sustainable development.





## Impacts, risks and opportunities management

### Protection of shareholder rights and interests

ACM Shanghai has established the *Investor Relations Management System* to actively manage its relationships with shareholders. Externally, the Company enhances information exchange with investors through regular communication channels, increasing their understanding of the Company. Internally, while continuously improving institutional regulations, the Company strengthens the linkage between executive compensation and corporate performance to safeguard corporate value and shareholders' interests.

#### Key Mechanisms and Initiatives for Protecting Shareholder Rights and Interests of ACM Shanghai in 2024

##### Ensuring Independent Directors Perform Duties in Compliance

- Strictly following the *Administrative Measures for Independent Directors of Listed Companies*, the *Code of Corporate Governance for Listed Companies*, and the *Articles of Association* regarding the independence of independent directors; establishing the *Independent Director Work System* to regulate the appointment, nomination, election, and replacement of independent directors, reinforcing oversight and constraints to ensure their duties are effectively fulfilled.
- Independent directors conduct self-assessments of their independence, while the Board of Directors assesses their independence and issues a specialized opinion to ensure compliance in performing their duties.

##### Continuously Regulating Related-Party Transactions

- Implementing the *Related-Party Transaction Management Measures* to regulate related-party transactions. Pricing for such transactions follows the principles of fairness, voluntariness, equivalence, and compensation, ensuring that agreements and contracts are just and reasonable and based on market pricing principles.
- Maintaining independence from related parties to ensure that related-party transactions do not compromise the Company's independence and that the principal business activities do not become reliant on related parties.

##### Enhancing Equity Incentives and Constraints

- Developing an equity incentive plan that closely ties operating results with R&D progress to incentivize core employees, ensuring a mechanism and talent pipeline for the Company's long-term and stable development.

##### Establishing a Remuneration Policy Linked to the Company's Operations

- Implementing a remuneration policy for the Senior Management linked to the Company's operating results. The Senior Management's remuneration consists of the base salary, performance-based pay, and year-end bonuses, with performance-based pay and year-end bonuses determined based on quarterly operating result and profitability assessments.
- Continuously optimizing and implementing the remuneration plan for the Senior Management, ensuring that the Senior Management's interests are closely aligned with shareholder interests.

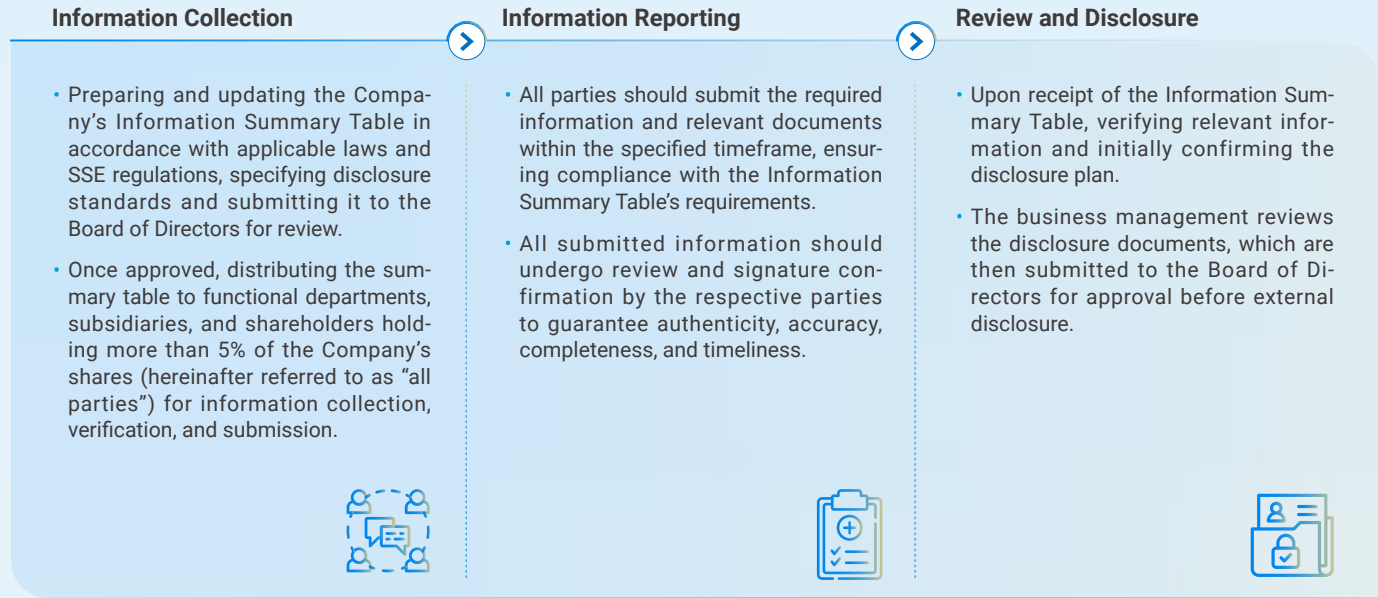


## Information disclosure and insider trading prevention







ACM Shanghai has established the *Information Disclosure Management System* to comprehensively regulate its disclosure practices, ensuring that information required for disclosure is disclosed in a timely and equitable manner while guaranteeing its authenticity, accuracy, and completeness. In 2024, the Company had no instances of false records, misleading statements, or material omissions that would constitute violations of disclosure-related regulations.

Regarding insider trading prevention, the Company places great emphasis on the registration and management of insiders with access to confidential information. It strictly adheres to relevant regulations, defines the scope of insider information, implements an insider registration system, and strengthens internal information flow control. Regular insider trading warnings are sent to directors, supervisors, Senior Management, and relevant employees to reinforce the importance of confidentiality obligations and compliance with regulations on trading the Company's stock, thereby preventing insider trading.

## Information Disclosure Procedures of ACM Shanghai in 2024



## Information Disclosure Channels of ACM Shanghai in 2024

					
Official Website of the Stock Exchange	Investor Meetings	Earnings Conference Call	SSE e-interactive Platform	Telephone	Email



## Metrics and targets

To enhance corporate governance effectiveness, ACM Shanghai has established measurable management metrics and targets. The Company continuously optimizes management practices to monitor and drive the effective implementation of relevant strategies while overseeing progress toward overall objectives.

### Corporate Governance Metrics and Targets of ACM Shanghai for 2024

Metric	2024 Annual Target	2024 Progress
Number of Independent Directors	At least 1/3	1/3
Proportion of Female Directors	—	11%



### Key Achievements in Corporate Governance of ACM Shanghai in 2024

Number of investor meetings hosted:

**32**

Number of earnings conference calls:

**4**

Number of periodic reports disclosed:

**4**

Number of interim announcements disclosed:

**81**

Number of investor inquiries received via the SSE e-interactive Platform:

**52**

Response rate:

**100%**

Rating in the SSE 2023-2024 Information Disclosure Assessment:

**A**





## Risk and compliance management

ACM Shanghai strictly complies with the *Self-Regulatory Guidelines for Listed Companies* and other applicable laws, regulations, and requirements. The Company has established the *Internal Control System*, which implements four lines of defense in internal control. The primary responsible units for each line of defense include the Senior Management, functional support departments, the Internal Audit Department, and third-party institutions. This structured approach effectively enhances the Company's compliance management efficiency and ensures its stable and sustainable development.

### Four Lines of Defense in Internal Control of ACM Shanghai in 2024



#### Third-Party Institutions

- Conducting external audits and providing objective assurance through financial reports and other assessments.



#### Internal Audit Department

- Conducting internal audits, identifying internal control deficiencies and related risks, providing rectification recommendations, and ensuring corrective actions are implemented.



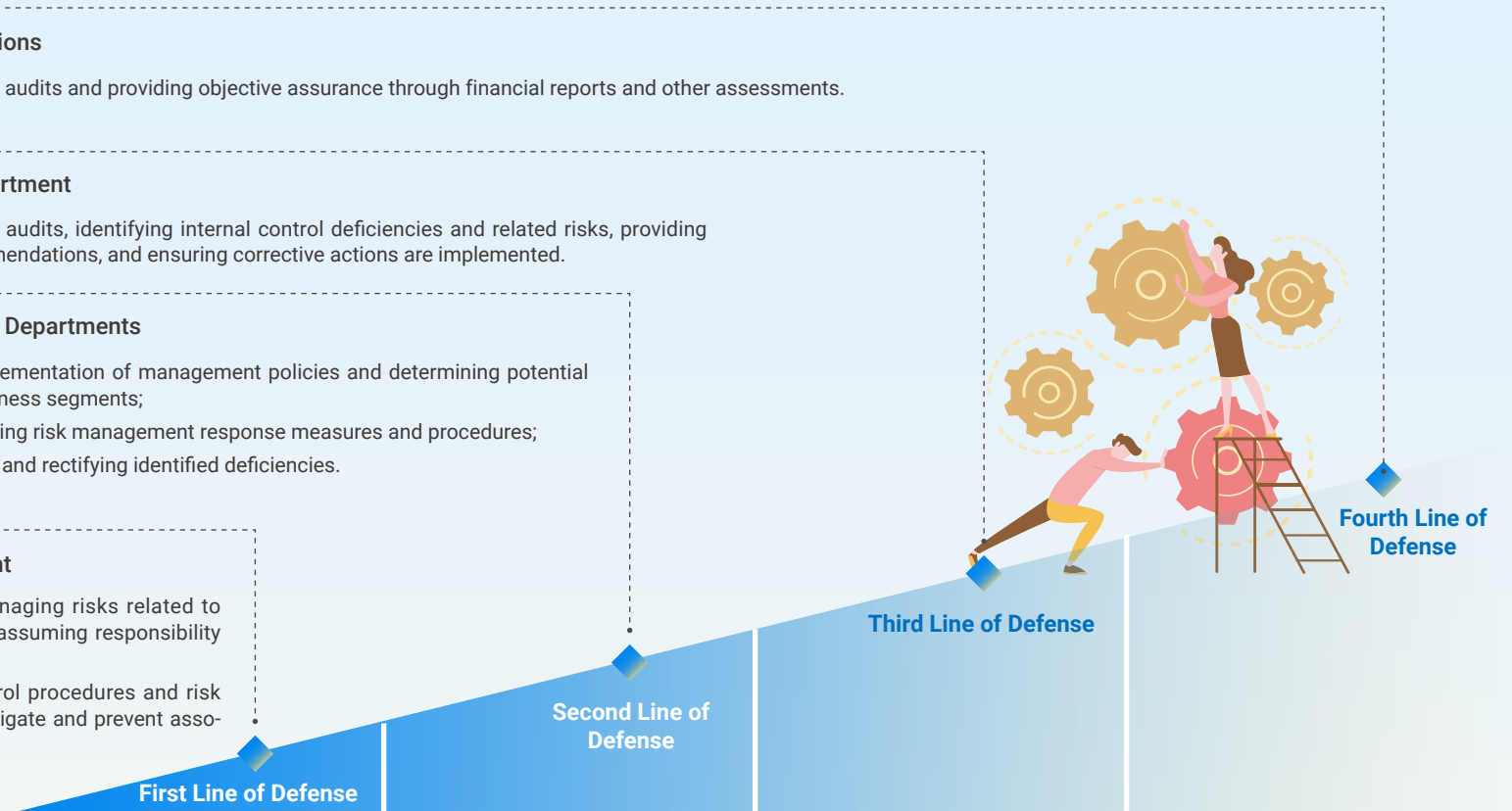
#### Functional Support Departments

- Supporting the implementation of management policies and determining potential risks in various business segments;
- Assisting in developing risk management response measures and procedures;
- Promptly correcting and rectifying identified deficiencies.



#### Senior Management

- Identifying and managing risks related to core business and assuming responsibility for these risks;
- Implementing control procedures and risk assessments to mitigate and prevent associated risks.





### Key Content of the Internal Control Matrix of ACM Shanghai in 2024

ACM Shanghai has established an internal control matrix to regularly identify, assess, and evaluate internal control risks and deficiencies in various business processes. The Company has clarified the objectives, evaluation methods, and countermeasures of the internal control mechanism. The Board of Directors and management are responsible for overseeing the internal control system to ensure its effectiveness.

#### Objectives

- Enhancing awareness of internal deficiencies;
- Identifying actions and positions that may pose risks to the Company;
- Developing relevant measures and remediating internal control deficiencies.

#### Assessment Methods

- Establishing 38 scenarios and using scenario analysis to assess the likelihood and impact of various events, assigning scores accordingly;
- Determining risk levels based on the product of likelihood and impact, categorized into high, medium, and low.

#### Response Measures

- Implementing 13 key control measures, such as financial result reviews, approval processes, and authorization controls, to control and prevent internal control deficiencies.

In 2024, the Company placed a strong focus on risk factors related to business ethics, supply chain, and environmental issues. By assessing parameters including geographic regions, business procedures, and financial data, the Company identified key audit priorities for the year. For risks identified during the audit process, the Company promptly implemented response measures to effectively mitigate and control potential risks.

### Key Achievements of ACM Shanghai in Risk and Compliance Management in 2024

**100%**

completion of corrective actions based on external audit recommendations.



## Business ethics

### Anti-fraud and anti-corruption

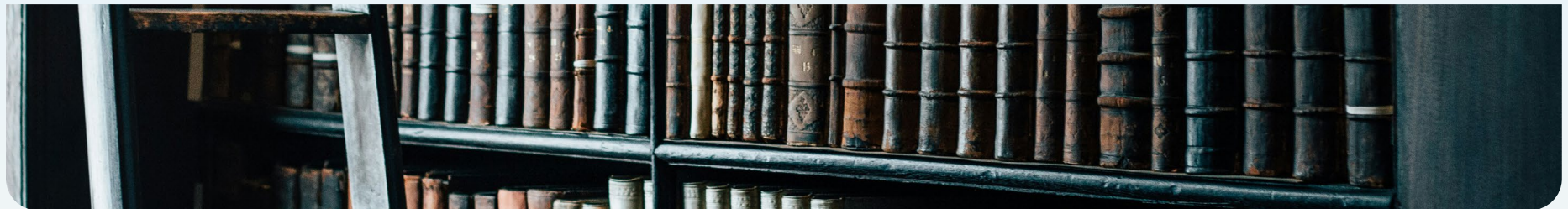
ACM Shanghai strictly complies with the *Criminal Law of the People's Republic of China* and other applicable laws and regulations. The Company has established the *Code of Business Conduct and Ethics* and the *Employee Integrity and Self-Discipline Management Regulations* to foster a transparent and efficient work environment, preventing violations of laws and regulations. In 2024, the Company did not receive any administrative or judicial penalties related to corruption, bribery, or fraud.

The Company has implemented a top-down anti-corruption and integrity management system, with the Board of Directors overseeing its effectiveness and delegating execution to the management and relevant departments. Issues identified are promptly addressed and corrected. Every three years, the Company conducts an anti-corruption investigation at all operational sites to monitor and understand the implementation of its anti-corruption and integrity policies. Any weaknesses identified during the investigation are addressed to ensure the effective execution of anti-corruption initiatives.

Through the *Compliance Assessment Management Procedure*, the Company remains vigilant about updates to national and local regulations, ensuring timely adaptation to new requirements. Internal policies are regularly optimized and updated

to maintain their effectiveness and applicability. In 2024, the Company conducted an assessment of the applicable scenarios of Articles 13 to 31 of the *Criminal Law of the People's Republic of China* in its operations and accordingly updated and refined internal policies including the *Employee Integrity and Self-Discipline Management Regulations*.

The Company maintains a zero-tolerance policy toward corruption. All employees are required to strictly adhere to the *Anti-Corruption and Integrity Statement*. During holidays, the Company issues the *Integrity and Self-Discipline Holiday Reminder* to all employees to reinforce their ethical behaviors. Additionally, specialized training sessions and examinations on the theme "Code of Business Conduct and Ethics" are conducted to guide employees in resisting unethical practices.





**Code of Conduct for Integrity and Self-Discipline of ACM Shanghai (Excerpt)**

- Do not accept any form of commercial bribery exceeding RMB300.
- Do not accept or solicit from suppliers any form of hospitality, including but not limited to travel, private club access, or high-end entertainment activities.
- Do not exploit one's position to embezzle, steal, defraud, or otherwise unlawfully appropriate company assets.
- Do not engage in any acts of bribery or corruption as explicitly prohibited by applicable laws, regulations, and company policies.

In terms of supplier anti-corruption management, the Company has formulated the *ACM Partner Integrity Handbook*. By signing integrity agreements with suppliers and conducting integrity awareness sessions at supplier conferences, the Company collaborates with its partners to foster a fair, just, and mutually beneficial business environment and build a long-term, stable industrial chain.

**Key Achievements of ACM Shanghai in Anti-Fraud and Anti-Corruption in 2024**

Over **90%** of new material suppliers signed the *Integrity Agreement*

Over **60%** of fixed asset suppliers signed the *Integrity Agreement*


**All employees** completed and passed the “ACM Integrity and Anti-Corruption” specialized training and examination.




## Whistleblowing Mechanism and Whistleblower Protection

The Company encourages employees and business partners to report any violations of integrity and self-discipline regulations or fraudulent activities. To facilitate reporting, the Company has established a dedicated complaint hotline and email to receive reports, which are publicly available to relevant parties and subject to external supervision. If a reported case is verified, the Company will require the violator to return any improper gains and assume corresponding responsibilities. At the same time, the Company has implemented a whistleblower protection mechanism to safeguard the rights and interests of whistleblowers. If a whistleblower disagrees with the handling outcome, they shall have the right to request a ruling from the responsible leader of the investigating department to ensure a fair and just resolution.

### Whistleblowing Channels of ACM Shanghai

 **Email** internalcontrol@acmrcsh.com

 **Tel** 15002158339/021-50276670



## Anti-Unfair Competition

The Company strictly complies with the *Law of the People's Republic of China Against Unfair Competition*, the *Anti-Monopoly Law of the People's Republic of China*, and the *Interim Regulation Against Unfair Competition in the Cyberspace*. The Company strictly prohibits unfair competition practices such as false advertising, infringement of trade secrets, and fraudulent sales, upholding fair business competition practices.

### Anti-Unfair Competition Initiatives of ACM Shanghai in 2024

#### Strict Prohibition of False Advertising

- When publishing announcements, product information, or event details via the official website, public accounts, or other platforms, the Company should file an application through the internal office automation ("OA") procedures. Content materials should be reviewed and approved by the applicant's department head and the legal department before release. If the materials do not comply with relevant laws and regulations, they should be revised and resubmitted for approval or will not be published.

#### Strict Prohibition of Trade Secret Infringement

- The Company signs confidentiality agreements with employees, outsourced personnel, interns, and suppliers to prevent the divulgence of trade secrets.



# ESG Data Tables and Notes

## Environmental performance

Table of metrics for environmental performance<sup>1</sup>

Metric	Unit	2024	
<b>Environmental Compliance Management</b>			
Total environmental protection investment	RMB10,000	131.10	
Proportion of total environmental protection investment to revenue <sup>2</sup>	%	0.02	
Amount of major administrative penalties imposed by environmental authorities for environmental incidents during the reporting period	RMB10,000	0	
<b>Pollutant and Waste Management</b>			
Total exhaust gas emissions	m <sup>3</sup>	16,588,000.00	
NMHC emissions	kg	40.30	
Total wastewater discharge <sup>3</sup>	m <sup>3</sup>	103,337.00	
By category	-Industrial wastewater	m <sup>3</sup>	91,767.00
	-Domestic wastewater	m <sup>3</sup>	11,570.00
Total waste <sup>4</sup>	tons	450.08	
Total hazardous waste	tons	280.08	
By category	-Acidic waste liquids	tons	181.32
	-Waste plating bath liquid from copper plating using copper and electroplating chemicals	tons	93.79
	-Other hazardous waste <sup>5</sup>	tons	4.97
Hazardous waste per unit of revenue <sup>6</sup>	tons / RMB1,000,000	0.05	

Metric	Unit	2024	
Total non-hazardous waste	tons	170.00	
By category	-Domestic waste	tons	150.00
	-General industrial solid waste	tons	20.00
Non-hazardous waste per unit of revenue <sup>7</sup>	tons / RMB1,000,000	0.03	
Total amount of waste recycled and reused <sup>8</sup>	tons	6.80	
Proportion of waste recycled and reused <sup>9</sup>	%	1.51	
Amount of waste recycled and reused per unit of revenue <sup>10</sup>	tons / RMB1,000,000	0.001	
<b>Resource Management</b>			
Total water withdrawal (municipal supply)	m <sup>3</sup>	114,819.00	
Total water discharge (sewage system)	m <sup>3</sup>	103,337.00	
Total water consumption <sup>11</sup>	m <sup>3</sup>	11,482.00	
Water consumption per unit of revenue <sup>12</sup>	m <sup>3</sup> /RMB1,000,000	2.04	
<b>Energy Utilization</b>			
Total energy consumption	tce	977.41	
By category	-Gasoline consumed by the Company's vehicles	liter	7,564.00
	-Purchased electricity	MWh	7,880.22
Total energy consumption per unit of revenue <sup>13</sup>	tce / RMB1,000,000	0.17	



Continuation of the previous table

Metric		Unit	2024
<b>Climate Change Response</b>			
Total GHG emissions <sup>14</sup>		tCO <sub>2</sub> e	4,644.51
By scope	Scope 1 GHG emissions <sup>15</sup>	tCO <sub>2</sub> e	35.37
	Scope 2 GHG emissions <sup>16</sup>	tCO <sub>2</sub> e	4,609.14
By business unit	Zhangjiang Cailun Road Facility	tCO <sub>2</sub> e	1,093.99
	Chuansha Facility	tCO <sub>2</sub> e	3,200.67
	Zhangjiang E-Park Headquarters	tCO <sub>2</sub> e	349.85
By source	Emissions from fuel combustion	tCO <sub>2</sub> e	18.31
	Emissions from production processes	tCO <sub>2</sub> e	17.06
	Emissions from purchased electricity	tCO <sub>2</sub> e	4,609.14
GHG emissions per unit of revenue <sup>17</sup>		tCO <sub>2</sub> e / RMB1,000,000	0.83

Note 1: [Statistical scope] The scope of environmental performance indicators includes the Zhangjiang Cailun Road Facility, Chuansha Facility, and Zhangjiang E-Park Headquarters.

Note 2: [Calculation method] Proportion of total environmental protection investment to revenue = Total environmental protection investment / Revenue\*100%.

Note 3: [Calculation method] Total wastewater discharge = Industrial wastewater discharge + Domestic wastewater discharge.

Note 4: [Calculation method] Total waste = Total hazardous waste + Total non-hazardous waste.

Note 5: The other hazardous wastes handled by the Company include chemical-contaminated materials, waste light bulbs, organic waste liquids, waste organic solvents, waste mineral oils, waste lubricating oils, and waste activated carbon.

Note 6: [Calculation method] Hazardous waste per unit of revenue = Total hazardous waste / Revenue.

Note 7: [Calculation method] Non-hazardous waste per unit of revenue = Total non-hazardous waste / Revenue.

Note 8: The recyclable materials involved in the Company's production and operations include cardboard boxes, wooden boxes, plastic boxes, and waste electrical cables.

Note 9: [Calculation method] Proportion of waste recycled and reused = Weight of waste recycled and reused / Total waste\*100%.

Note 10: [Calculation method] Amount of waste recycled and reused per unit of revenue = Total amount of waste recycled and reused / Revenue.

Note 11: [Calculation method] Total water consumption = Total water withdrawal - Total water discharge.

Note 12: [Calculation method] Water consumption per unit of revenue = Total water consumption / Revenue.

Note 13: [Calculation method] Total energy consumption per unit of revenue = Total energy consumption / Revenue.

Note 14: [Calculation method] Total GHG emissions = Scope 1 GHG emissions + Scope 2 GHG emissions.

Note 15: [Statistical scope] Scope 1 GHG emissions include emissions from gasoline consumed by the Company's vehicles and direct GHG emissions from the use of carbon dioxide as a protective gas during equipment testing. The carbon dioxide emission data per unit of calorific value resulting from gasoline combustion is based on the national GHG emission factor database, while the lower calorific value data refers to the *Shanghai Guidelines for GHG Emissions Accounting and Reporting (Trial)*.

Note 16: [Statistical scope] Scope 2 GHG emissions refer to indirect emissions from purchased electricity consumption. In 2024, the Company calculated electricity-related GHG emissions using a location-based approach, with emission factors for purchased electricity based on the *Announcement on the Release of Carbon Dioxide Emission Factors for Electricity for 2022* issued by the Ministry of Ecology and Environment and the National Bureau of Statistics of China in December 2024.

Note 17: [Calculation method] GHG emissions per unit of revenue = Total GHG emissions / Revenue.

## Social performance

### Table of metrics for performance in innovation-driven development

Metric	Unit	2024
Number of R&D employees	/	931
Proportion of R&D employees <sup>1</sup>	%	46.50
Amount of R&D investment	RMB10,000	83,847.50
Proportion of the amount of R&D investment to revenue <sup>2</sup>	%	14.93
Number of patent applications during the reporting period	/	311
Number of patents granted during the reporting period	/	38
Number of valid patents during the reporting period	/	470
Number of invention patents applied to core business	/	468

Note 1: [Calculation method] Proportion of R&D employees = Number of R&D employees / Total number of employees\*100%.

Note 2: [Calculation method] Proportion of the amount of R&D investment to revenue = Amount of R&D investment / Revenue\*100%.



## Table of metrics for performance in supply chain security

Metric	Unit	2024
Total number of suppliers <sup>1</sup>	/	1,154
By region	-Mainland China	1,069
	-Hong Kong, Macau, Taiwan & overseas	85
Total number of new suppliers	/	451

Note 1: [Calculation method] Total number of suppliers (end of period) = Number of suppliers in Mainland China (end of period) + Number of suppliers in Hong Kong, Macau, Taiwan & overseas (end of period).

## Table of metrics for performance in employees

Metric	Unit	2024
<b>Employee Rights and Benefits</b>		
Total number of employees	/	2,002
By gender	Male	1,706
	Female	296
By age	Under 30	1,159
	30 - 50	807
	Over 50	36
Senior Management	/	5
Female members of Senior Management	/	2
Proportion of female members of Senior Management <sup>1</sup>	%	40
Turnover rate <sup>3</sup>	%	10.74

Metric	Unit	2024
By gender	Male <sup>3</sup>	11.25
	Female <sup>3</sup>	7.77
<b>Employee Training and Development</b>		
Employee training coverage rate <sup>4</sup>	%	91.86
By gender	Male <sup>4</sup>	91.32
	Female <sup>4</sup>	94.93
Average training hours per employee <sup>5</sup>	hour	1.84
By gender	Male <sup>5</sup>	1.83
	Female <sup>5</sup>	1.90
Total expenditure on employee training	RMB10,000	100
Total training sessions	session	145
<b>Occupational Health and Safety</b>		
Work injury insurance coverage	%	100
Work safety liability insurance coverage	%	100
Total investment in employee work injury insurance	RMB10,000	186.43
Total investment in employee work safety liability insurance	RMB10,000	187.93

Note 1: [Calculation method] Proportion of female members of Senior Management = Number of female members of Senior Management / Number of members of Senior Management\*100%.

Note 2: [Calculation method] Turnover rate in each category = Number of employees in that category who left within the reporting period / Total number of employees in that category at the end of the reporting period\*100%.

Note 3: [Calculation method] Employee training coverage rate in each category = Number of employees in that category who received training within the reporting period / Total number of employees in that category at the end of the reporting period\*100%.

Note 4: [Calculation method] Average training hours per employee in each category = Total training hours of employees in that category within the reporting period / Total number of employees in that category at the end of the reporting period.



## Table of metrics for performance in social contribution and rural revitalization

Metric	Unit	2024
Amount of charitable donations	RMB10,000	13

## Corporate governance performance

### Table of metrics for performance in business ethics

Metric	Unit	2024
Proportion of employees receiving anti-commercial bribery and anti-corruption training <sup>1</sup>	%	100
Proportion of Management members receiving anti-commercial bribery and anti-corruption training <sup>2</sup>	%	69.44
Proportion of Directors receiving anti-commercial bribery and anti-corruption training <sup>3</sup>	%	11.11
Amount involved in lawsuits and major administrative penalties due to unfair competition behavior by the Company	RMB10,000	0

Note 1: [Statistical scope] All new employees should complete anti-commercial bribery and anti-corruption training upon joining to ensure full coverage of the Company's anti-commercial bribery and anti-corruption requirements. [Calculation method] Proportion of employees receiving anti-commercial bribery and anti-corruption training = Number of new employees receiving anti-commercial bribery and anti-corruption training / Total number of new employees during the reporting period\*100%.

Note 2: [Calculation method] Proportion of Management members receiving anti-commercial bribery and anti-corruption training = Number of Management members receiving anti-commercial bribery and anti-corruption training / Total number of Management members\*100%.

Note 3: [Calculation method] Proportion of Directors receiving anti-commercial bribery and anti-corruption training = Number of Directors receiving anti-commercial bribery and anti-corruption training / Total number of members of the Board of Directors\*100%.

# Appendices

## Glossary of technical terms

Abbreviation	Definition
SPM	SPM, or sulfuric peroxide mix, is the chemical solution used in specific wafer cleaning processes, which requires waste disposal
Concept TR	Concept Technology Review, that is, the review procedures provided from a technical perspective
ERDT	Extension R&D Team, that is, the team of personnel responsible for early-stage planning and task allocation
LRDT	Leading R&D Team, that is, the team of key technical operators at the implementation and execution phase
PFA	A type of fluoropolymer (fluoroplastic) (Perfluoroalkoxy alkane)
FMEA	Failure Mode and Effects Analysis, a forward-looking risk management tool used to identify, analyze, and mitigate potential failure risks and their impacts in products, processes, or systems
SEMI S2	Established by Semiconductor Equipment and Materials International ("SEMI"), defining safety requirements for semiconductor manufacturing equipment.
6S Standardized Management	Including Seiri (Sort), Seiton (Set in order), Seiso (Shine), Seiketsu (Standardize), Shitsuke (Sustain), and Safety. Through systematic management, standardization, and continuous improvement, it enhances workplace cleanliness, improves efficiency, reduces waste, and ensures safety.
8D Report	Eight Disciplines Report
ECN Committee	Engineering Change Notice Committee, a structured body responsible for managing and reviewing engineering changes to ensure proper approval and control
PFMA	Process Failure Mode and Effects Analysis, a tool used to identify and analyze potential failure modes and their impacts in manufacturing or operational processes



## Index table

### Index Table for the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial) (April 2024)*

Disclosure Requirement	Report Section
Climate Change Tackling	Responding to Climate Change ESG Data Tables and Notes
Pollutant Discharge	Pollutant and Waste Management ESG Data Tables and Notes
Waste Disposal	Pollutant and Waste Management ESG Data Tables and Notes
Ecosystem and Biodiversity Protection	Not applicable. The Company's operational sites are not located in key protected areas, and its business activities do not have significant negative impacts on ecosystems and biodiversity. Therefore, this issue is not included in ACM Shanghai's ESG issues.
Environmental Compliance Management	Environmental Compliance Management ESG Data Tables and Notes
Energy Usage	Energy Utilization ESG Data Tables and Notes
Use of Water Resources	Resource Management ESG Data Tables and Notes
Circular Economy	Resource Management ESG Data Tables and Notes
Rural Revitalization	Social Contribution and Rural Revitalization ESG Data Tables and Notes
Contribution to the Society	Social Contribution and Rural Revitalization ESG Data Tables and Notes
Innovation-Driven	Innovation-Driven Development ESG Data Tables and Notes
Ethics of Science and Technology	Not applicable. The Company's core business focuses on semiconductor equipment technology R&D and manufacturing process optimization, with no involvement in areas such as gene editing or AI ethics. As a result, technology ethics-related issues are not part of its business activities and have not been included as ESG issues by ACM Shanghai.

Disclosure Requirement	Report Section
Supply Chain Security	Supply Chain Security ESG Data Tables and Notes
Equal Treatment of SMEs	ESG Data Tables and Notes
Safety and Quality of Products and Services	Product and Service Safety and Quality ESG Data Tables and Notes
Data Security and Customer Privacy Protection	Information Security and Customer Privacy Protection ESG Data Tables and Notes
Employees	Employee Rights and Benefits Employee Training and Development Occupational Health and Safety ESG Data Tables and Notes
Due Diligence	Double Materiality Analysis
Communications with Stakeholders	Double Materiality Analysis
Anti-Commercial Bribery and Anti-Corruption	Business Ethics ESG Data Tables and Notes
Anti-Unfair Competition	Business Ethics ESG Data Tables and Notes
Corporate Governance	Corporate Governance ESG Data Tables and Notes
Risk and Compliance Management	Risk and Compliance Management ESG Data Tables and Notes



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