

# Employee Rights and Welfare Protections

## 1.

### Protection of Employee Rights

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RBA

SA 8000

Luxshare Precision has issued the [Statement on Labor Human Rights Protection](#) to affirm its commitment to abide by policy covers ILO core conventions plus additional protections. Adhering to high international labor standards, the Company fully complies with laws and regulations while actively implementing the *Universal Declaration of Human Rights*, the *Guiding Principles on Business and Human Rights*, the *ILO Core Conventions*, and the *Declaration on Fundamental Principles and Rights at Work*. Additionally, we reference supplementary technical conventions such as the *Social Security (Minimum Standards) Convention*, the *Termination of Employment Convention*, and the *Protection of Workers' Claims (Employer's Insolvency) Convention*. We also align with global initiatives such as the Responsible Business Alliance (RBA) *Code of Conduct*, the *Corporate Responsibility to Respect Human Rights: An Interpretive Guide*, the Global Sullivan Principles, and the Social Accountability 8000 (SA 8000) standard.

These efforts underscore our dedication to creating a safe, decent, and sustainable work environment for employees.

The Company has developed and implemented a series of policies, including the *Social Responsibility Management Manual, Employee Handbook, Recruitment Management Procedures, Non-Forced Labor Procedures, Child and Juvenile Labor Management Procedures, Juvenile Worker Protection Procedures, Prohibition of Child Labor and Remediation Management Procedures, Overtime Management Procedures, Freedom of Association and Collective Bargaining Procedures, Anti-Discrimination and Harassment Procedures, and Diversity and Inclusion Management Procedures*. These policies clearly define workplace conduct, prohibit illegal practices such as forced labor, child labor, discrimination, and harassment, ensure reasonable working hours and fair compensation, and respect employees' rights to freedom of association and collective bargaining.

## Labor Rights Risk Management Measures

### Forced Labor (Core Convention)

Legally sign labor contracts, clearly define employment conditions, strictly prohibit the collection of deposits or withholding of ID documents. Upon discovery of forced labor, we will promptly investigate and hold accountable, and provide support to those affected

### Freedom of Association and Collective Bargaining (Core Convention)

Guarantee employees' rights to freely organize or join unions and provide resource support

Promptly intervene to investigate rights infringement incidents and provide legal support to affected employees

### Anti-Harassment and Abuse (Core Convention)

Eliminate all forms of harassment, regulate work discipline through the *Employee Handbook*, and legally penalize violations

Encourage employees to report harassment incidents. Upon receiving complaints, the Company will promptly investigate and provide necessary support to those affected

### Equal Pay for Equal Work (Core Convention)

Strictly enforce the principle of equal pay for equal work, ensuring that no different compensation is given based on gender, age, nationality, etc., and that every employee's efforts are duly rewarded

### Anti-Discrimination (Core Convention)

Prohibit discriminatory practices at all stages of employment, immediately investigate related complaints, and provide necessary support to ensure a fair and just working environment

### Occupational Health and Safety (Core Convention)

Regularly identify and assess occupational risks, take measures to reduce hazards, provide protective equipment, and promptly handle safety incidents while providing necessary support

### Prevention of Child Labor (Core Convention)

Strictly verify employee ages to ensure legal employment, encourage employees to report illegal child labor practices. Upon discovery, immediately cease their work, arrange medical check-ups, escort them back to their guardians, and assist them in continuing compulsory education

### Labor Rights Risk Management Measures (Continued)

#### Employment Termination Protection

Employees shall not be dismissed without just cause, such as violations of terms specified in the *Employee Handbook*. In the event of employment termination, legally provide corresponding dismissal compensation, allowances or other separation benefits

#### Responsible Restructuring

Establish clear restructuring policies and ensure protection in cases of company insolvency. During bankruptcy restructuring, comply with local regulations regarding the latest notification periods for operational changes, engage in friendly negotiations with employees, legally handle excessive pay and assistance with outplacement, and provide skill development trainings and assist re-employment

#### Living Wage System

Timely pay employee salaries, commit to provide a living wage, and continuously improve the Company's welfare system to ensure a decent living for employees and their families

#### Overtime Compensation

Strictly adhere to the *Employee Handbook* regulations, pay overtime wages or subsidies on time

Do not mandate non-working hours activities, reasonably arrange overtime and rest periods, continuously monitor working hours, immediately correct any issues found, and provide medical support to affected employees

### RBA

SAQ

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To strengthen oversight and auditing of labor risks, the Company has developed a Self-Assessment Questionnaire (SAQ) and specialized audit criteria aligned with the RBA Code of Conduct. An annual labor risk assessment is conducted across all subsidiaries, followed by rolling specialized audits, with monitored guidance provided to subsidiaries until all identified issues are resolved. Furthermore, we actively cooperate with clients for second-party audits, combining regular inspections with irregular spot checks. We also continue to advance third-party audits by authoritative bodies.

2024

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RBA VAP

16

As of the end of 2024, 1 subsidiary passed RBA Validated Audit Program (VAP) and 16 subsidiaries attained silver-level certifications audit and obtained platinum-level certification. Meanwhile, no incident involving violations of freedom of association, collective bargaining rights, forced labor, illegal servitude, child labor, or any form of discrimination was identified in Luxshare Precision's operations or supply chain.

## 2.

### Employee Career Development

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Luxshare Precision places high importance on the integration and development process of its employees, offering a variety of skills and knowledge development training programs and career development training covering all employees (including part-time and contractors<sup>2</sup>), helping employees build core competitiveness.

#### 2.1

#### Talent Succession and Development Training

The Company conducts comprehensive succession planning and development programs at multiple levels to continuously strengthen their professional, management, and leadership capabilities, building a sustainable talent reserve system.

#### Talent Succession and Development Training System

培训对象 Training Target	课程主题 Course Themes
M5高管、M4领导力训战 M5 Senior Management	文化融入、商业及战略及各类遴选课程 Cultural Integration, Business and Strategy, and Selection Courses
M4后备训战 M4 Reserve Training Program	财务精要、决策、团队建设、培养员工、战略规划与执行 Financial Essentials, Decision-Making, Team Building, Employee Development, Strategic Planning and Execution
M3管理晋升 M3 Management Advancement	文化融入、自我管理、团队管理、业务管理等 Cultural Integration, Self-Management, Team Management, Business Management, etc.
M3后备训战 M3 Reserve Training Project	思维力、专业力、影响力、执行力、决策力等 Thinking Skills, Professional Skills, Influence, Execution, Decision-Making
M2储备组长训战 M2 Reserve Supervisor Training Project	角色认知、基础工作等案例讨论、知识竞赛等 Role Recognition, Basic Work Case Discussions, Knowledge Competitions
P3、P4高潜项目 P3, P4 High-Potential Programs	职业素养提升、职场通用技能提升、实践任务等 Professional Competence Enhancement, General Workplace Skills Improvement, Practical Tasks
储备干部 Reserve Cadre	集训、实习、定岗、高管认养、导师带教、专业学习等形式 Intensive Training, Internships, Position Placement, Executive Mentorship, Professional Learning

<sup>1</sup> 2024

<sup>2</sup> In 2024, Luxshare Precision did not employ part-time or contract workers.

## 2.2

### **Academic Advancement Program**

Luxshare Precision provides support for degree programs or certifications for all employees (including part-time and contractors). In collaboration with external professional institutions, we offer tuition subsidies and incentives to support employees in advancing their education.

**3.**

**Employee Compensation and Benefits**

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To attract, motivate, and retain talent, the Company has established a performance-based incentive pay structure covers all employees around the world and employee stock plan for all employees<sup>4</sup>, providing market-competitive compensation.

**Variable Performance-Based Compensation**

Direct Employees	Indirect Employees
<p>Full Attendance Bonus: Monthly bonuses for full attendance</p> <p>Outstanding Employee Bonus: Regular evaluations to recognize and reward top-performance employees</p> <p>Additional Allowances: Performance-based bonuses and allowances as part of variable compensation</p>	<p>Performance Management: Unified daily performance management</p> <p>Annual Evaluation and Compensation Adjustment: Conduct annual performance reviews and adjust salaries accordingly</p>

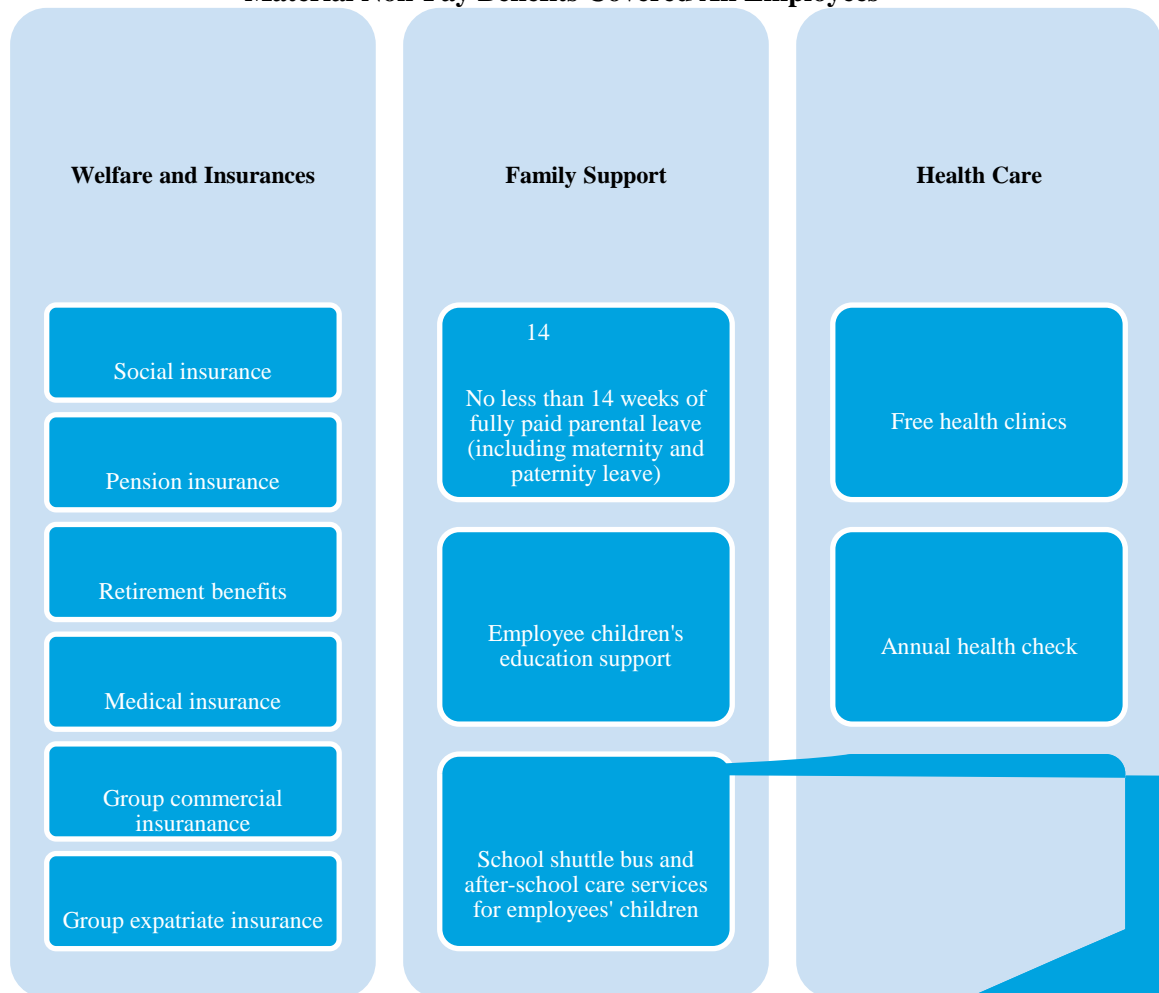
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<sup>4</sup> Incentive targets include eligible management personnel, core technical (business) elites, and grassroots employees.

Meantime, the Company offers various non-pay benefits to all employees (including part-time and contractors), comprehensively caring for their well-being and striving to create a stable, healthy, and harmonious work and living environment.

**Material Non-Pay Benefits Covered All Employees**



Luxshare Precision will actively respond to social responsibility, strengthen the protection of employee rights, continuously enhancing its efforts to create a diverse and inclusive workplace.