



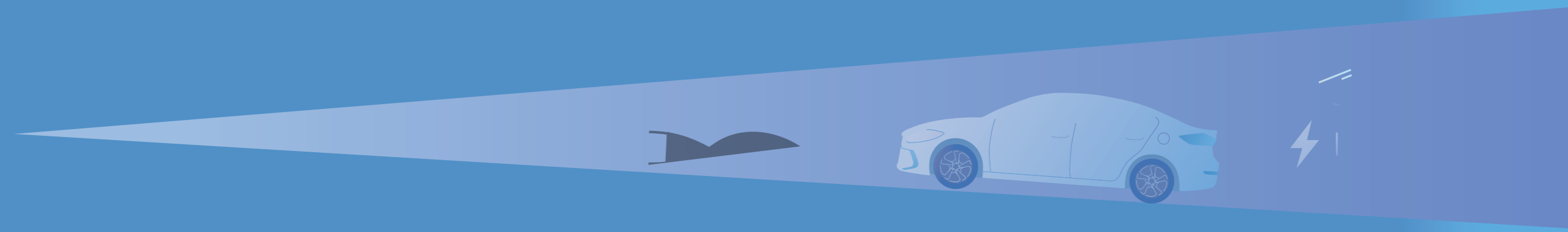
LUXSHARE ICT

\$ P O O F D U J O H U I F ' V U V S F X J U I 5 F D I O P M P H Z

2022

SUSTAINABILITY REPORT





About This Report

Introduction

This is the 2022 Sustainability Report of Luxshare Precision Industry Company Limited. The Report focuses on the concepts, work progress and future plans of Luxshare Precision and its subsidiaries in terms of sustainable development. In case of inconsistency or discrepancy, please refer to the Chinese version.

Terms Definition

For the convenience of expression and reading, "Luxshare Precision", "this Company", "the Company", "We" and "us" in this Report refer to Luxshare Precision Industry Company Limited and its subsidiaries. Unless otherwise specified, the terms used in this Report have the same meanings as those defined in the Company's 2022 Annual Report.

Preparation Basis

Luxshare Precision has prepared this Report in accordance with the Global Reporting Initiative (GRI) Standards, and takes reference to of the Social Responsibility Instructions to Listed Company issued by the Shenzhen Stock Exchange, the UN Global Compact, ISO 26000: Guidance on Social Responsibility. To prepare this report, we identified and communicated with important stakeholders, determined the scope of the Report, as well as collected, summarized and organized relevant information. For climate-related disclosure, we adopted the disclosure recommendations developed by the TCFD (Task Force on Climate-Related Financial Disclosure).

Report Scope and Boundaries

Unless otherwise specified, the policies, statements and materials in this Report cover the actual business scope of Luxshare Precision, and the entities included in the Report scope is the same as that of the 2022 Annual Report issued by Luxshare Precision Industry Company Limited.

Time Period

Unless otherwise specified, this Report covers the period from January 1, 2022 to December 31, 2022, which has the same Reporting Period as the Financial Report.

Data Source

All data used in the Report originates from Luxshare Precision Industry Company Limited and its subsidiaries.

Reliability Statement and Assurance

The Board of Directors is responsible for the truthfulness, accuracy and completeness of the Report. Luxshare Precision has commissioned TÜV Rheinland (Guangdong) Ltd. to conduct an external audit according to AccountAbility AA1000 Verification Standards. The statement of independent verification is provided on page 77 of the Report.

Confirmation and Approval

This Report was approved by the Board of Directors for release on April 27, 2023.

Report Publishing

Luxshare Precision Sustainability Report is released annually at the same time as the Annual Financial Report. You can access the electronic version of this Report through the following website:
<https://www.luxshare-ict.com/about/sustainability.html>.

Chairman's Statement



2022 is a year full of challenges, along with the rampancy of extreme weathers, exacerbated geopolitical conflicts in global economy. Under such circumstances, all employees of Luxshare Precision strived to seek out opportunities amongst the challenges by capitalizing on their cohesion and vigorous efforts. During this year, we have achieved fruitful accomplishments in ESG (environmental, social and governance), gaining recognition by the Carbon Disclosure Project (CDP), as well as a number of awards from Forbes China, Bloomberg Green, and Xinhua Credit. Luxshare Precision, as a benchmark in China's electronic component industry, hopes to contribute to the sustainable development of the industry and even society through active ESG practices.

The governance system is indispensable to the sound development of an enterprise. Luxshare Precision remains steadfast in the high-quality, stable and efficient corporate governance, and continuously upgrades its corporate governance framework and risk management system. While conscientiously guarding the red lines of business ethics, we give top priority to reinforcing the culture of integrity. Luxshare Precision respects and protects intellectual property rights of all parties, and integrates pursuit of perfection into our high-quality product manufacturing, empowering "intelligent future" with "intelligent innovation".

Employees are the powerhouse for creating enterprise value. We not only adhere to the concept of "people-oriented", but also intend to deliver a safe and healthy working environment, a democratic and inclusive workplace, and sophisticated and competitive compensation and benefit to our employees. With a view to enhancing the common recognition to the corporate culture, we jointly create an employee eco-community with characteristic of Luxshare Precision, namely "Star Community", and sufficiently support employees in realizing personal value and career development.

Green and low-carbon operation is a significant proposition for enterprises to meet future needs. We take the initiative to practice green and low-carbon sustainable development, and are dedicated to energy conservation, water saving, and waste reduction, to minimize the environmental impact of our operations. We are committed to setting science based targets, and have completed greenhouse gas emissions data verification, while setting an energy restructuring target of scaling up the proportion of clean energy to

Development History

2004

- In May, Luxshare Precision Industry Co., Ltd. was founded

2005

- In November, Xiexun Electronic (Ji'an) Co., Ltd. was established

2010

- Luxshare was publicly traded as an A-share (Stock Code: 002475) on the Shenzhen Stock Exchange

2011

- In January, Luxshare acquired ASAP TECHNOLOGY (JIANGXI) CO., LTD.
- In May, Luxshare acquired Lanto Electronic Limited
- In June, Luxshare acquired ICT-Lanto Limited, and established fully-owned subsidiaries Luxshare Precision Limited and Luxshare Precision Technology Co., Ltd. in Hong Kong
- In September, Dongguan Luxshare Precision Industry Co., Ltd. was established
- In October, Kunshan Luxshare Precision Industry Co., Ltd. was established

2012

- In January, Luxshare acquired Shenzhen Kertong Technology Co., Ltd.
- In May, Dongguan Luxshare Precision Industry Co., Ltd. was renamed as Dongguan Leader Precision Industry Co., Ltd.
- In June, acquired Dongguan Zhanyi Hardware Co., Ltd. and it renamed as Dongguan Xuntao Electronic Co., Ltd.
- In September, invested in Taiwan SpeedTech Co., Ltd., and acquired Zhuhai Win-win Flexible Circuit Co., Ltd.
- In November, renamed as Luxshare Precision Industry Co., Ltd.

2020

- In November, the joint venture Changshu Lizhen Smart Technology Partnership (limited partnership) was established
- In December, became a shareholder of Wistron Investment (Jiangsu) Co., Ltd. and Luxsan Technology (Kunshan) Co., Ltd.

2013

- In October, Luxshare acquired SUK Kunststofftechnik GmbH (Germany)
- In December, China Securities Regulatory Commission approved Luxshare's publicly issued corporate bonds plan

2021

- In February, increased investment in and became a controlling shareholder of Luxcase Precision Technology (Yancheng) Co., Ltd. (formerly known as Rikai Computer Accessories Co., Ltd.)
- In April, the Company increased its capital to Rida Intelligent Manufacture Technology (Rugao) Co.,LTD.

2019

- In August, Luxshare-ICT (Nghe An) Limited was established

2015

- In November, Dongguan Luxshare Precision Industry Co., Ltd. was established

2014

- In March, Luxshare increased investment in Toyoshima Electronics Technologies (Suzhou) Co., Ltd.
- In August, the 2013 non-public offering of stocks was approved by China Securities Regulatory Commission

2022

- In February, Luxshare Rechuan Technology (Huizhou) Co., Ltd. was established
- In April, acquired TIME Interconnect Technology Limited
- In April, Luxshare New Energy (Anhui) Co., Ltd. was established

2017

- In April, Luxshare acquired Merry Electronics (Huizhou) Co., Ltd. and Merry Electronics (Shanghai) Co., Ltd.
- In December, Guangdong Luxshare & Merry Electronics Co., Ltd. was established

2016

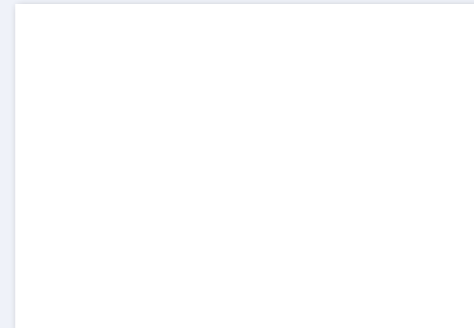
- In August, the 2015 non-public offering of stocks was approved by China Securities Regulatory Commission
- In December, Luxshare-ICT (Vietnam) Limited was established

Annual Honors



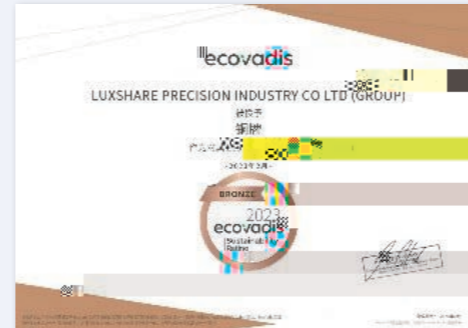
Morgan Stanley Capital International (MSCI) Index ¹

In 2022, Luxshare Precision was awarded a “BB” rating in the MSCI ESG primary rating evaluation



CDP

“B” rating for the climate change questionnaire; “B” rating for the water safety questionnaire; The Company was awarded the “Environmental Leap Forward Award for Excellent Enterprise in Environmental Information Disclosure” by CDP.



EcoVadis Certification

The Company was awarded the “Bronze”.



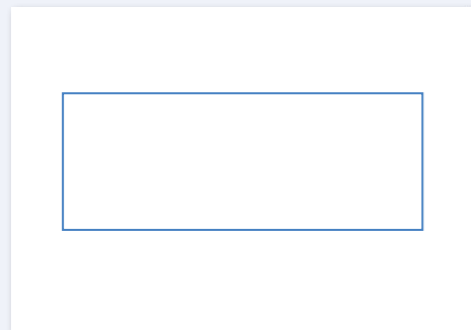
All-China Federation of Industry and Commerce

The 28th of China Top 500 Private Manufacturing Enterprises



Securities Times

“Top 100 Value of Main Board Listed Companies” in the 16th Award of the Value of Listed Companies in China



The Institute of Public & Environmental Affairs (IPE)

Ranked 4th in electronics industry category in terms of the Green Supply Chain Corporate Information Transparency Index
Ranked 7th in electronics industry category in terms of Corporate Climate Action CATI Evaluation



Forbes China

2022 Forbes China Most Innovative Companies Top 50



Wind ESG

Company's comprehensive ESG score a “A” rating.



All-China Federation of Industry and Commerce

The 50th of China Top 500 Private Enterprises



MSD China

Certificate of Woman Supplier

¹ Disclaimers: Luxshare Precision' use of any data of MSCI ESG Research LLC or its affiliates (“MSCI”), and the use of the MSCI logo, trademark, service mark or index name herein, does not constitute a sponsorship, endorsement, recommendation or promotion by MSCI of Luxshare Precision. MSCI services and data are the property of MSCI or its information providers and are provided “as is” without warranty of any kind. The MSCI name and logo are trademarks or service marks of MSCI.

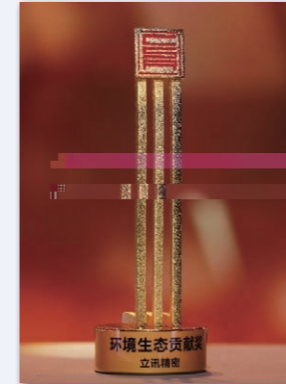
Annual Honors (Continued)



International Green Zero-Carbon Festival
Green Sustainable Development Contribution Award of ESG and Sustainability Summit 2022



The 5th Social Responsibility Conference
Honour Award – 2022 Outstanding Corporate Governance Award



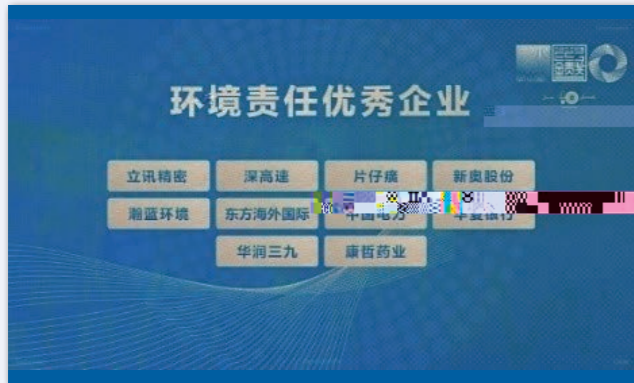
2022 Yicai The Corporate Social Responsibility Ranking in China
Environmental and Ecological Contribution Award of Corporate Social Responsibility Ranking in China



ESG excellent case for Xinhua Credit Jinlan Cup
Excellent case of carbon neutrality



ESG excellent case for Xinhua Credit Jinlan Cup
Case of outstanding ESG contributions



Sina Finance
2022 China ESG Golden Awards for Chinese Enterprises – Excellent Enterprise for Environmental Responsibility



The 12th Philanthropy Festival
2022 Responsible Brand of the Year



51Job.com
2022 Top Graduate Employers



Haitou.cc
2023 Most Influential Employers



Zhaopin.com
China Best Employer Award 2022
Shenzhen Best Employers

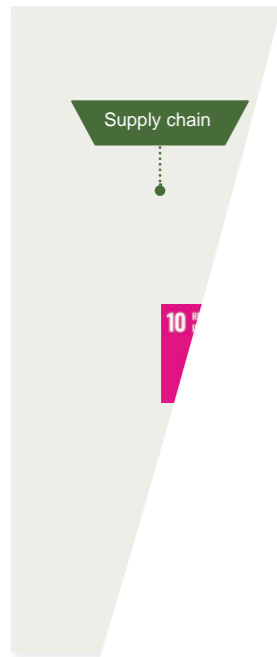
Luxshare Precision integrates strategies of enterprise with sustainable development concept, puts into practice the requirements of SDGs (Sustainable Development Goals), analyzes and responds to the ESG concerns from stakeholders.



Luxshare Precision has established "Future with Technology" vision, it has responded to environmental, social and governance

Responding to G1

We draw on international experience to respond to SDGs (Sustainable Development Goals) across our whole value chain to SDGs as follows:



Achieve
Growth and
Happiness
Together





Harmony and health



Build a harmonious workplace, respect the human rights of employees in each operation site, establish smooth communication channels, continuously improve the democratic management system, provide diversified development pathways and a sound occupational health management system for employees, and create a harmonious, democratic, safe and comfortable work environment.

ESG practice • Achieve Growth and Happiness Together

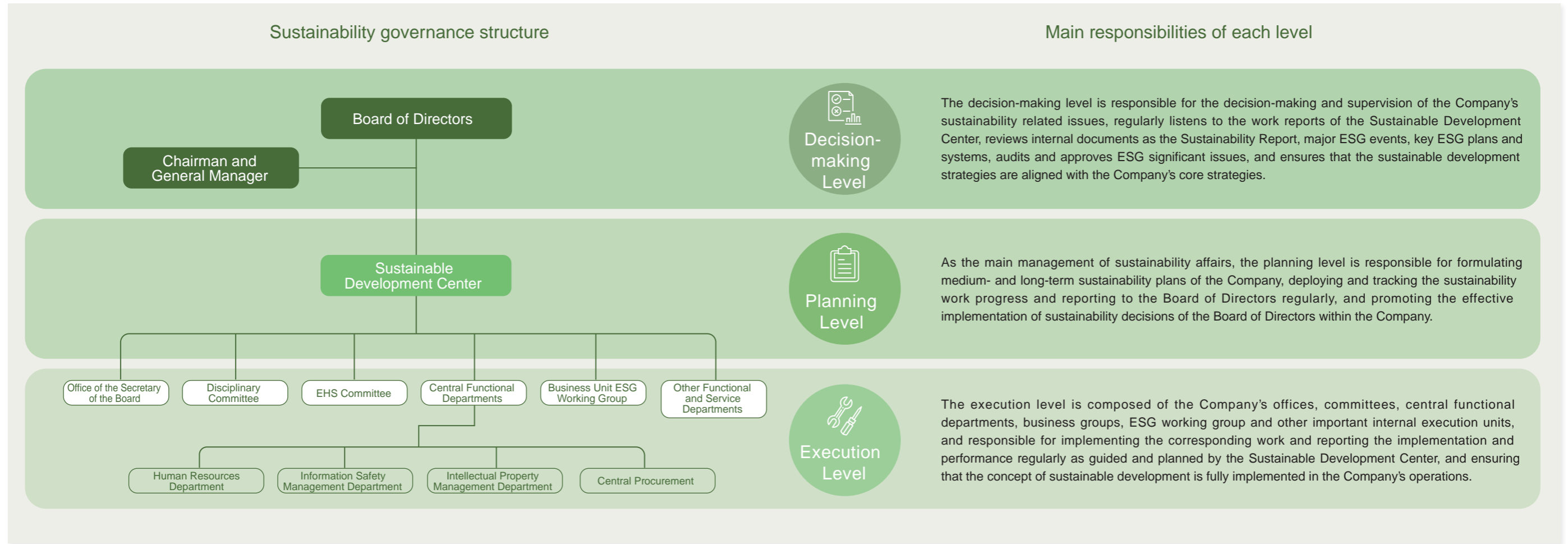
Commitment for Critical Goals

Value chain	Sustainable development goals and commitments of Luxshare Precision	Progress in 2022
 <p>Supply chain</p>	<ul style="list-style-type: none"> Carry out responsible procurement and commit to achieving 100% avoidance of conflict minerals 	<ul style="list-style-type: none"> Update and improve the Conflict Minerals Management Measures, published the Conflict Minerals Policy of Luxshare Precision on our official website
	<ul style="list-style-type: none"> Continuously maintain a response rate of at least 95% for supplier conflict mineral survey 	<ul style="list-style-type: none"> Supplier survey response rate reached 97%
	<ul style="list-style-type: none"> By 2025, more than 80% smelteries/refineries which involve 3TG (abbreviation of Ta, Sn, W and Au) business pass certification of Responsible Minerals Assurance Process (RMAP) or other relevant certifications 	<ul style="list-style-type: none"> Newly set goals in 2022
	<ul style="list-style-type: none"> Initiate green supply chain initiatives to promote environmental and social responsibility among suppliers 	<ul style="list-style-type: none"> Constantly supervise and guide the suppliers to improve environmental and social performance through IPE and other platforms, and had assisted 66 suppliers and subsidiaries in achieving the removal of environmental violation records.
	<ul style="list-style-type: none"> Set GHG emission reduction goals consistent with the scientific carbon reduction goal of a 1.5 °C pathway and involve the Scope 3 reductions, raise utilization rate of clean energy constantly 	<ul style="list-style-type: none"> Carbon investigation has been included in the Scope 3 discharge data of supply chain, with scientific carbon targets estimated to be set by the end of 2023
	<ul style="list-style-type: none"> Promote suppliers to save energy and reduce emission and the goals are to conserve 100 million kWh energy cumulatively from 2023 to 2025 by our suppliers 	<ul style="list-style-type: none"> Newly set goals in 2022
 <p>Production/Operation</p>	<p>Environmental goals</p>	<p>Environmental goal progress</p>
	<ul style="list-style-type: none"> Set GHG emission reduction goals consistent with the scientific carbon reduction goal of a 1.5 °C pathway 	<ul style="list-style-type: none"> The Company has initiated the formulation of emission reduction plans and pathways, as well as science-based targets, and final version of our science-based targets will be prepared in 2023.
	<ul style="list-style-type: none"> The Company shall save 250 million kWh energy cumulatively from 2023 to 2025 	<ul style="list-style-type: none"> Newly set goals in 2022
	<ul style="list-style-type: none"> Continuously improve utilization rate of clean energy to reach 30% by 2023, 40% by 2024 and 50% by 2025 	<ul style="list-style-type: none"> Newly set goals in 2022
	<ul style="list-style-type: none"> Improve the utilization rate of water resources, reduce water withdrawal and consumption, and decrease generation and discharge of wastewater 	<ul style="list-style-type: none"> Promote the establishment of water resources management system meeting AWS standards in each factory, carry out a series of water-saving actions, and develop and innovate waste water treatment technologies
	<ul style="list-style-type: none"> Employ external qualified environment monitoring institution to conduct environment monitoring at least once a year of wastewater discharge of factories 	<ul style="list-style-type: none"> Newly set goals in 2022
	<ul style="list-style-type: none"> Implement the principle of 4R (reduction, reuse, regeneration and recycling), promote the "zero-waste landfill" practice, enhance utilization rate of resources, and achieve a waste transformation rate of over 90% by 2025 	<ul style="list-style-type: none"> The total amount of waste reused was 104,007.10 tons, and the average waste conversion rate of subsidiaries reached 83.15%
	<ul style="list-style-type: none"> Impose strict graded control of all materials, components, finished products and hazardous substances involved in the production process and constantly implement removal of hazardous substances to gradually materialize reduction and elimination goals comprehensively 	<ul style="list-style-type: none"> Build and gradually improve the Green Product Information Management System to effectively control the risk of harmful substances in products
	<p>Governance goal</p>	<p>Governance goal progress</p>
	<ul style="list-style-type: none"> Continue to improve corporate governance and internal control system 	<ul style="list-style-type: none"> Establish three defense lines for risk management and internal control under the guidance of COSO framework
	<ul style="list-style-type: none"> Conduct regular stakeholder communication through multiple channels 	<ul style="list-style-type: none"> Continuously conduct stakeholder communication through multiple channels
	<ul style="list-style-type: none"> Enhance diversity and independence of management, realizing the goals that percentage of female directors and independent directors is not less than one third 	<ul style="list-style-type: none"> Female directors accounted for 42.86%; independent directors accounted for 42.86%
	<ul style="list-style-type: none"> Continuously improve business ethics standards and unblock whistleblowing channels to complete a 100% handling rate of business ethics related complaints 	<ul style="list-style-type: none"> The handling rate of business ethics-related complaints was 100%
<ul style="list-style-type: none"> Conduct regular business ethics training and build a culture of honest management 	<ul style="list-style-type: none"> 100% employee anti-corruption training coverage, 100% pass rate of the COC exam 	
<ul style="list-style-type: none"> Improve the safe and stable operation of information systems, achieve "zero major information leaks, zero major information system failures and zero business continuity interruption incidents" 	<ul style="list-style-type: none"> Luxshare Precision had zero relevant incidents 	

Sustainability Governance Structure and Practice

Luxshare Precision has implemented a three-level sustainability governance structure featuring “decision-making - planning - execution”, which consists of the Board of Directors, the Sustainable Development Center and the Sustainability Implementation Team. The Board of Directors shall review the Company’s reports on sustainable development strategies, implementation plan, objectives and performance proposed by the Sustainable Development Center through regular and ad hoc meetings.

Meanwhile, we employ third-party organizations with sustainable development expertise to constantly update knowledge, ideas, skills and experience of sustainable development and conduct annual training for sustainable development governance team (including the Board of Directors), such as themed reports, management improvement communication and other aspects.



Stakeholder Communication

Luxshare Precision is in the conviction that each stakeholder holds a significant impact on the Company's development. Through a review of upstream & downstream businesses and value chain, we have identified seven categories of stakeholders: government and regulatory agencies, shareholders and investors, suppliers, customers, employees, community members, partners and social media. Luxshare Precision takes a sincere attitude to communicate with stakeholders by means of various channels to perceive material issue they are concerned about and proactively take corresponding actions.

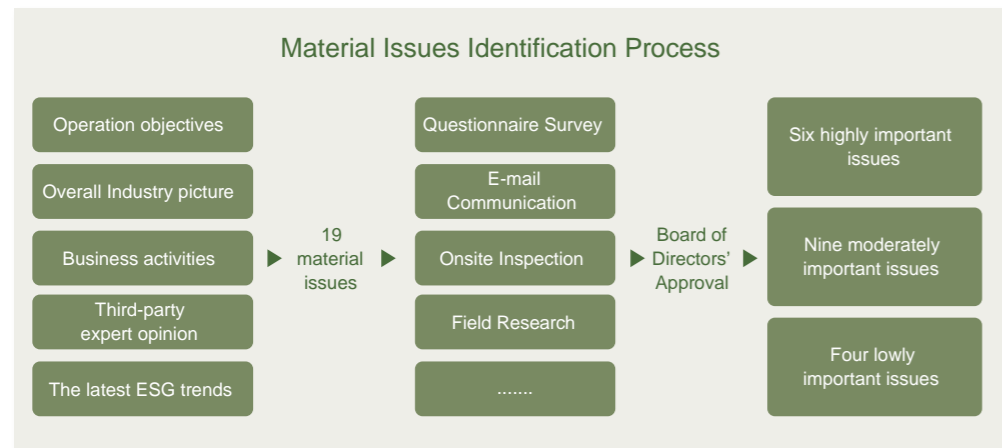
We respect opinions and feedbacks from all stakeholders and establish multiple channels including open email address and complaint hotline to receive concerns and opinions from them. Stakeholders can report the negative impact caused by the Company via public@luxshare-ict.com. Relevant personnels shall contact claimants without delay and energetically remedy alone or jointly with relevant party(ies) the negative impacts incurred or caused to be incurred. We receive supervision and examination upon the improvements until relevant negative impact has been rectified and the improvement has been recognized. We shall continue to monitor the effectiveness of remedial actions and regularly communicate and share progress with stakeholders to ensure validity of the remedial process.

Stakeholders	Government and regulatory agencies	Shareholders and investors	Suppliers	Customers	Employees	Community members	Partners and social media
Major concerned material issue	<ul style="list-style-type: none"> Risks and opportunities brought by climate change Zero-carbon commitment and carbon management Waste and circular production Occupational health and safety Innovative research and development Responsible supply chain management Corporate governance and risk management 	<ul style="list-style-type: none"> Risks and opportunities brought by climate change Zero-carbon commitment and carbon management Financial performance Product quality management Business ethics Innovative research and development Occupational health and safety 	<ul style="list-style-type: none"> Responsible supply chain management Occupational health and safety Product quality management Business ethics 	<ul style="list-style-type: none"> Risks and opportunities brought by climate change Zero-carbon commitment and carbon management Product quality management Information security and privacy protection Green product and business Occupational health and safety Energy management 	<ul style="list-style-type: none"> Occupational health and safety Protection of employee rights and interests Chemical management Employee diversity and equal opportunities Employee training and development Talent attraction and retention 	<ul style="list-style-type: none"> Community engagement Occupational health and safety Employee diversity and equal opportunities 	<ul style="list-style-type: none"> Information security and privacy protection Product quality management Talent attraction and retention Occupational health and safety Employee diversity and equal opportunities Zero-carbon commitment and carbon management Water resource management
Communication channels	<ul style="list-style-type: none"> Supervision acceptance Regular disclosure Irregular reporting Participation in relevant meetings 	<ul style="list-style-type: none"> Regular/irregular information disclosure General meetings of shareholders Investor exchange activities Communication hotline and email Survey questionnaires 	<ul style="list-style-type: none"> Open tendering Daily communication with suppliers Supplier inspection and audit Supplier training and empowerment Survey questionnaires Annual Supplier Conference 	<ul style="list-style-type: none"> Online communication platforms Customer complaints and return visits Satisfaction surveys Annual and quarterly Communication meetings 	<ul style="list-style-type: none"> Trade unions Safety education and drills Employee training Employee complaints and requests Staff activities Survey questionnaire 	<ul style="list-style-type: none"> Information disclosure Complaint hotline Field visits Volunteer activities 	<ul style="list-style-type: none"> Information disclosure Communication and interview On-site activities Wechat official account platform

Material Issues Analysis Relevant to Value Chain

Luxshare Precision takes GRI principles as basis to implement identification of material issues and adopts various channels such as questionnaires and email communication to understand all stakeholders' expectations. Considering the internal business objectives, overall situation of the industry and impacts of business activities, advice of third-party experts, the latest ESG management trend, and 2021 material issues results, we have finally identified 19 material issues.

We sought for suggestions through questionnaires, conducted a material issue survey on the seven stakeholders based on these 19 material issues, and collected their suggestions on sustainable development and material issues. We received 4,558 effective responses and more than 800 valid recommendations in total. Based on the findings of the questionnaire survey, interviews with stakeholders, and field research information, we identified 6 highly important issues and 9 moderately important issues, forming a material issues matrix and resulting in findings of the impact of the material issues on value chain. During the Reporting Period, the Sustainable Development Center identified important concerns through internal representations, supplier CSR audits, etc., and reported to the Board of Directors on important concerns such as environmental impact and labor rights among the 19 material issues, and the Board of Directors has approved the analysis findings of this year's material issues.



The Impact of Material Issue on Value Chain

ESG Category	19 Material issues	GRI Issues	Supply chain	Production/Operation	Product	Employee	Community engagement	Relevant chapter ¹
Environment	Risks and opportunities brought by climate change	GRI 201 Economic Performance GRI 302 Energy GRI 305 Discharge	✓	✓	✓	✓		Climate Change Action Emission Management Energy Management
Environment	Zero-carbon commitment and carbon management	GRI 302 Energy GRI 305 Discharge	✓	✓	✓	✓	✓	Emission Management Energy Management
Society	Occupational health and safety	GRI 403 Occupational health and safety	✓	✓		✓		Occupational Health and Safety
Environment	Chemical management	GRI 308 Supplier Environmental GRI 403 Occupational Health and Safety GRI 414 Supplier Social Assessment GRI 416 Customer Health and Safety	✓	✓	✓	✓		Chemical Management Hazardous Substance Management
Society	Protection of employee rights and interests	GRI 201 Economic Performance GRI 401 Employment GRI 402 Labor-capital relations GRI 406 Anti-discrimination GRI 407 Freedom of association and collective bargaining GRI 408 Child labor GRI 409 Forced or Compulsory labor		✓		✓		Human Rights and Labor Management Building a Harmonious Workplace
Society	Employee training and development	GRI 202 Market Presence GRI 404 Training and education				✓		Boost Talent Development
Environment	Green products and business	GRI 302 Energy GRI 306 Waste	✓	✓	✓		✓	Clean Technology Opportunities Circular Production
Society	Responsible supply chain management	GRI 205 Anti-corruption GRI 308 Environment assessment of supply GRI 414 Society assessment of supply	✓	✓				Supply Chain Management System Responsible Supply Chain
Society	Talent attraction and retention	GRI 202 Market Presence GRI 401 Employment GRI 405 Diversity and Equal Opportunity				✓		Talent Attraction and Retention

Issues Materiality **High** Moderate Low

✓ Material issues have impact upon value chain

ESG Category	19 Material issues	GRI Issues	Supply chain	Production/Operation	Product	Employee	Community engagement	Relevant chapter ¹
Environment	Waste and circular production	GRI 306 Waste		✓	✓	✓		Circular Production
Governance	Corporate governance and risk management	GRI 201 Economic Performance GRI 207 Tax GRI 405 Diversity and Equal Opportunity GRI 418 Customer privacy		✓	✓	✓	✓	Corporate Governance Risk Control Information Security and Privacy Protection
Environment	Energy management	GRI 302 Energy GRI 305 Emissions	✓	✓	✓	✓		Emission Management Energy Management
Society	Employee diversity and equal opportunities	GRI 405 Diversity and equal opportunities				✓		Human Rights and Labor Management Talent Attraction and Retention
Environment	Water resource management	GRI 303 Water resources and sewage	✓	✓		✓		Water Resources Management
Governance	Business ethics	GRI 205 Anti-corruption GRI 206 Anti-fair competition	✓	✓	✓	✓	✓	Integrity in Management
Governance	Product quality management	GRI 416 Customer health and safety	✓	✓	✓			Enhance Quality Management
Society	Information security and privacy protection	GRI 418 Customer privacy	✓	✓	✓	✓		Information Security and Privacy Protection
Governance	Innovative research and development	GRI 302 Energy	✓	✓	✓	✓		Clean Technology Opportunities Strengthen Innovative Research and Development
Society	Community engagement	GRI 413 Local community					✓	Implement Community Involvement

¹ For the information of the material issues-related policies, public commitments and integration of each policy of responsible business conduct into operations and business, please refer to corresponding chapter(s).

Stable and Healthy Operation Leads to Sustainable Development

Luxshare Precision insists on improving the internal management system, continuously identifying and controlling the changing internal risks, adhering to business ethics, ensuring information security, and protecting the privacy and information of customers and employees.



- Business ethics
- Company governance and risk management
- Information security and privacy protection

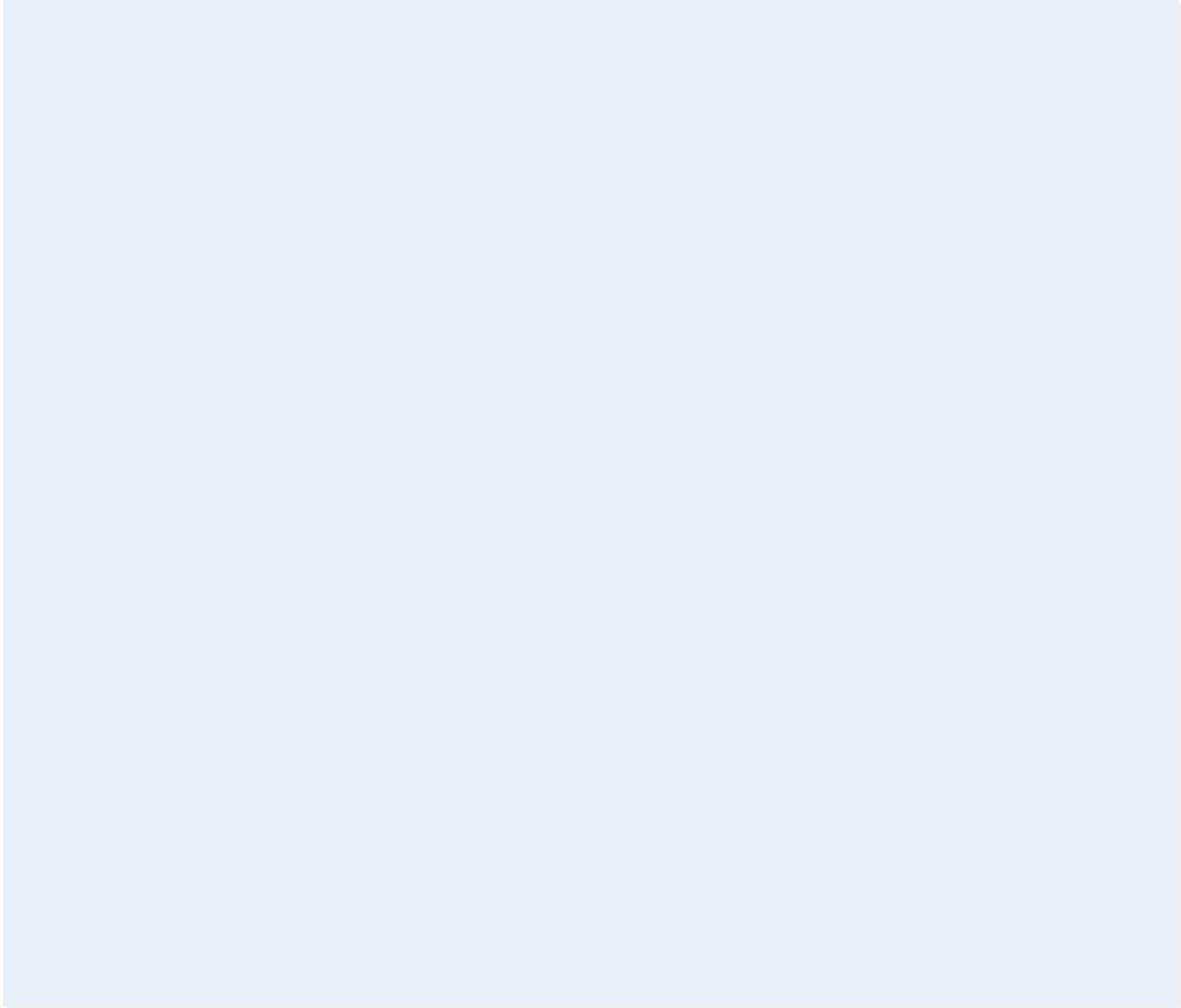




Composition of the Board of Directors

The Board of Directors follows the principles of meritocracy and diversity, and considers multiple dimensions when selecting candidates, such as age, gender, culture, educational background, professional experience, skills, educational degree and years of service. At the end of the Reporting Period, the Board of Directors consisted of seven directors, of whom three were independent directors and three were female directors. We promote scientific decision-making of the Board of Directors to prevent and mitigate potential conflicts of interest. The Audit Committee, Compensation and Performance Appraisal Committee of the Board of Directors is composed of independent directors, safeguards the independence and effectiveness of the Committees, and protect the legitimate rights and interests of the Company and its shareholders.

Name	Posts	Tenure of Independent Directors			Gender	Professional Knowledge and Skills		Main Experience		Age			Employee



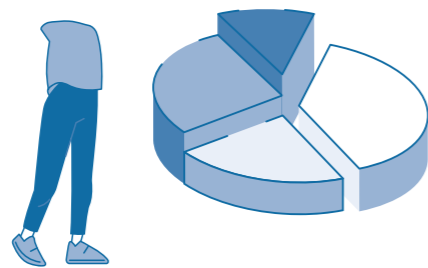
The Company has established the Board of Supervisors in accordance with the law. See Section IV Corporate Governance of the 2022 Annual Report for more details.

Resolution Procedure for Executives' Remuneration

Luxshare Precision adopts the salary structure of "basic annual salary + long-term incentive", has put in place a benefit sharing and risk sharing mechanism between shareholders, management and core technical (business) cadres, and formulated a series of individual performance evaluation indicators including sustainable development performance to ensure the fulfilment of the Company's future development strategies and business goals. The Remuneration Committee under the Board of Directors will discuss and review remuneration-related issues annually. The Remuneration Committee consists of three members, of whom more than one half are independent directors. Candidates for membership shall be nominated by the Chairman of the Board, one half of the independent directors and one third of the directors, and shall be elected by a majority of all directors of the Board of Directors. The Committee shall have a Chairman who shall be an independent director and shall be elected by a majority of all members of the Committee. The Committee practices a system of regular and ad hoc meetings and holds meetings at least once a year. The equity involved in the remuneration shall be brought forward with a stock option incentive draft and then discussed by the Remuneration Committee, the Board of Directors and the general meeting of shareholders before implementation. The Company complies with national regulations on resignation and retirement, and provide welfare guarantee for employees in accordance with the law.

In 2022, the Company formulated and adopted the Motion on the Stock Option Incentive Plan 2022 of Luxshare Precision Industry Company Limited (Draft) and its Summary, which is for all staff and with business partners working together with Luxshare Precision for a long term as the incentive object, including management personnel, core technology (business) backbones and loyal grass-roots staff meeting the incentive conditions.

The remuneration of independent directors is determined in accordance with the relevant provisions of the CSRC's Rules for the Independent Directors of Listed Companies, the Articles of Association and other regulations, taking into account the current overall economic environment and the remuneration level of listed companies in the industry, and shall be implemented after deliberation by the Board of Directors and the general meeting of shareholders step by step. In accordance with the relevant laws and regulations, when the Board of Directors and the general meeting of shareholders deliberate on each proposal, the members of the Board involved in the proposal will abstain from voting. Please see Section IV Corporate Governance 2022 Annual Report for details of salaries obtained by directors and the senior management during the Reporting Period.



Investor Communications

In support for investors' sufficient knowledge of the Company's operation and dynamic in a timely manner, Luxshare Precision has established a multiple-channel communication platform for domestic and foreign investors, such as regular email exchanges, online performance briefings, on-site exchange meetings, online inquiry platforms, etc., for sharing the latest achievements with public investors, exchanging the industry dynamic information, and responding to investors' concerns about the strategies and planning of the Company's business, development driving force and core competitiveness, in a bid to enhance investors' understanding of the Company's business, strategies and planning, and industry development trends, and protect the interests of minority investors.



Large-scale investor communications 7



Small-scale communications by phone, email, etc. 386



Inquiry and communications on easy IR 276



On May 18, 2022, Luxshare Precision held a shareholders' meeting and investor exchange activity in Dongguan. Chairman Ms. Wang Laichun responded to investors' concerns about the dynamics, future strategies, overseas layout of the Company's main business, as well as our strategies for coping with the external environment and competitive environment, and introduced the trend and our strategic layout of the automobile industry in detail. The Company is committed to establishing an efficient and transparent communication mechanism, constantly improving and strengthening the governance and maintaining a healthy relationship with investors through communication and interaction, as well as promptly following up on investors' suggestions.



As for sustainability, the Company has laid down internal and external two-way communication channels to continuously promote the resolutions of the Board of Directors and respond to investors' concerns. The Company provides investors with timely information on material issues such as climate change, energy management, corporate governance, risk management, business ethics, innovative R&D, and low-carbon technologies.



Luxshare Precision holds fast to the values and corporate culture of anti-corruption and anti-bribery, and is committed to creating a corporate image with ethics, integrity and honesty, and building an honest and transparent business society. As we pursue a sound corporate system, upgraded governance and integrity culture, we continue to deepen our employees' concept of fair competition and business ethics, in order to create a fair and just business environment. There was no significant punishment and rectification occurred during the Reporting Period of the Company, please refer to Annual Report 2022 for details.

Strengthening Integrity Construction

Pursuant to the relevant anti-corruption and anti-bribery laws and regulations, Luxshare Precision has developed a series of rules and regulations, such as the Employee Handbook, the Global Code of Business Conduct and Ethics, the Employee Incorruptibility Management System and the Procurement Business Ethics Management System, to guide and restrict the business conduct of employees and partners. Under the guidance of the corporate culture of "integrity and honesty, openness and fairness, reliability and compliance, incorruptibility and self-discipline", we regularly carry out integrity training and assessment to consolidate the Company's integrity culture.

A special taskforce is set up under the Company's Discipline Committee to independently undertake its oversight and management responsibilities, handle complaints and reports related to violations of law and discipline, breaches of professional ethics, and acts that harm the interests of the Company with respect to Luxshare Precision employees or organizations. As the Chairman directly leads the Discipline Committee, she receives regular reports and is accountable to the Board.



Integrity Education and Training

The Company actively conducts integrity education for all employees and managers. We incorporate the Global Code of Business Conduct and Ethics ("COC") into our employees' quarterly training and appraisals, and the results of the appraisals are linked to their performance appraisals and promotions, in an effort to enhance their awareness of integrity.

In 2022, the Company carried out annual anti-corruption and integrity online training for all employees, and special publicity for personnel in quality control, strategic procurement, sales and other positions. The training includes the interpretation of internal corruption cases, the Company's penalty system standards, and reward policies and reporting channels for anti-corruption and integrity.

Preventing the Risks of Corruption

Anti-bribery and anti-corruption are the fundamental principle of building an honest and transparent business society, which is also an inherent requirement of Luxshare's values and corporate culture. Preventing corruption risks reflects management's commitment to ethics, honesty and integrity in operations. During the Reporting Period, the Company received 4 internal feedback report on corruption and bribery, unfair transactions, etc. after internal audit. The employees involved were dismissed and the money was returned in accordance with the Company's relevant systems, in which no significant risks were involved. **And there was zero litigation case involving the Company and employee corruption in 2022.**



100% employee anti-corruption training coverage

During the Reporting Period of the last three years, **100%** of all employees signed the Employee's Letter of Integrity Commitment and Employee's Letter of Commitment on Code of Conduct.

959,488 total hours of anti-corruption and business ethics-related training

A total of **4** business ethics training sessions for managers of M3 or above in high-risk positions such as procurement

pass rate of the COC exam **100%**

Anti-Corruption Reporting Management

Luxshare Precision has laid down the Reporting and Whistle-blower Protection System and various ethical standards in accordance with the law, and standardized the reporting process. Employees are encouraged to monitor each other for any violation of the laws and disciplines. Meanwhile, a Reporting Form is provided and a number of reporting channels have been set up to prevent corruption risks in a bid to prevent employees from violating the laws and disciplines by taking advantage of their positions and powers to seek improper interests.

For the reporting and investigation of internal corruption cases, the Company designates different special personnel to carry out investigation according to the scale and nature of the case, whether it involves foreign employees, whether it constitutes a criminal case etc., and protects the whistleblower through special personnel docking and legal assistance, to prevent and manage corruption risk.



Whistleblower Protection

The Company understands whistleblowers' concerns about reporting-related issues and will not tolerate discrimination or retaliation against whistleblowers by anyone. We assure that any person who reports such matters in good faith will not be retaliated against, and stipulate that if an incident of retaliation is discovered or an employee is found to make any retaliation attempt, such incident must report to the factory's top supervisor and the Director of the Discipline Committee. The Company will punish the supervisor, manager or other employee who retaliates or attempts to retaliate, with a maximum penalty including but not limited to termination of employment.

All reports of the Company are handled confidentially by specialized auditors designated by our senior management to ensure that specialized auditors do not have or are unlikely to have any conflict of interest with the reported person, to prevent reported person/department from knowing the relevant reporting source. We respect the privacy of whistleblowers and keep their personal information strictly confidential. It is prohibited to provide whistleblowers' personal information to anyone outside the Company, except as required by law or the whistleblower's special authorization, in order to ensure such information are properly managed. The members of the Discipline Committee and investigators of the case must sign the Statement of Discipline Committee and Case Investigation Personnel prior to case investigation.

Reporting Channels

- Address:
#311 Beihuan Road, Qingxi Town, Dongguan, Guangdong Province, China
- Tel:
0769-38800880
- WeChat:
13688847351
- QQ:
3413207068
- Email:
justice@luxshare-ict.com

Fair Competition

Anti-unfair Competition

Luxshare Precision actively creates a fair and just business environment. According to the Advertising Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China and the Several Provisions on Prohibiting Infringements upon Trade Secrets and anti-monopoly related laws and regulations in the countries or regions of business, the Company has formulated the Code of Ethical Operating Procedures. Also, the Company stipulates that no employee shall use illegal means to access competitors' trade secrets or other confidential information, conduct illegal hacking, theft, wiretapping, bribery, and publication of false or misleading advertising information, and conspire with peers to set prices to disrupt market order and carry out other illegal acts.

Intellectual Property Right Protection

Safeguarding technological innovation achievements is the basis for encouraging continuous innovation of R&D personnel. We strictly abide by the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Trademark Law of the People's Republic of China and other laws, regulations and standards related to intellectual property. The Company has developed internal management systems as the Intellectual Property Management Manual, the Intellectual Property Management and Control Procedure and the Procedures for Risk Management of Intellectual Property. We not only prioritize the protection of our own intellectual property rights, but also respect the intellectual property rights and interests of all parties. Under the premise of non-infringement of the intellectual property rights of companies and individuals, we enhance our own intellectual property protection. Various measures are adopted to control potential risks of infringement of intellectual property, including market patent investigation, internal risk investigation and other forms, to safeguard the legitimate rights and interests of the Company.

During the Reporting Period, The Company carried out anti-unfair competition publicity and training in the form of quarterly assessments, and regularly sent the Notice on Respecting the Intellectual Property Rights of Others, Strictly Keeping Trade Secrets and Complying with Previous Employers Obligations to affiliated companies and internal employees by email every month, so as to enhance employees' awareness of fair competition and restrict employees' behaviors. With regard to intellectual property protection, we actively keep track of the development of research projects, and conduct intellectual property rights assessments through patent investigations, internal risk investigations and other forms. We have also implemented relevant measures such as patent infringement avoidance or invalidation based on the assessment results to control patent infringement risks.



In 2022, there were 0 anti-unfair competition, antitrust and antitrust-related legal proceedings



During the Reporting Period, there were a total of 4 cases of trademark invalidation and opposition, and we analyzed at least 3 patent maps of competitors in the new markets that we intend to break into



To effectively prevent and address major risks, Luxshare Precision continuously strengthens risk management and control, and improves internal management measures and systems. We develop risk management strategies, facilitate the internal audit process, and promote the Company's continued sound operation through regular risk identification.

Risk Identification and Response

Risk Management and Processes

Luxshare Precision formulates corporate internal control related system by law to regulate its risk assessment and management processes. With regular and accurate identification of internal and external risks, the Company comprehensively applies risk avoidance, risk reduction, risk sharing and risk acceptance strategies to address potential risks, to minimize the impact of adverse factors, and ensure the steady development of the Company. In 2022, we carried out risk identification and management work, identified and assessed a range of risks, including climate change risk, and formulated strategies accordingly through qualitative and quantitative methods.

Internal Control Management

Luxshare Precision internal control system is guided by the Committee of Sponsoring Organizations of



Information Security Training

Luxshare Precision put a premium on information security training of employees. Training covers information security and confidentiality awareness, information and communication technology (ICT) information security and others.

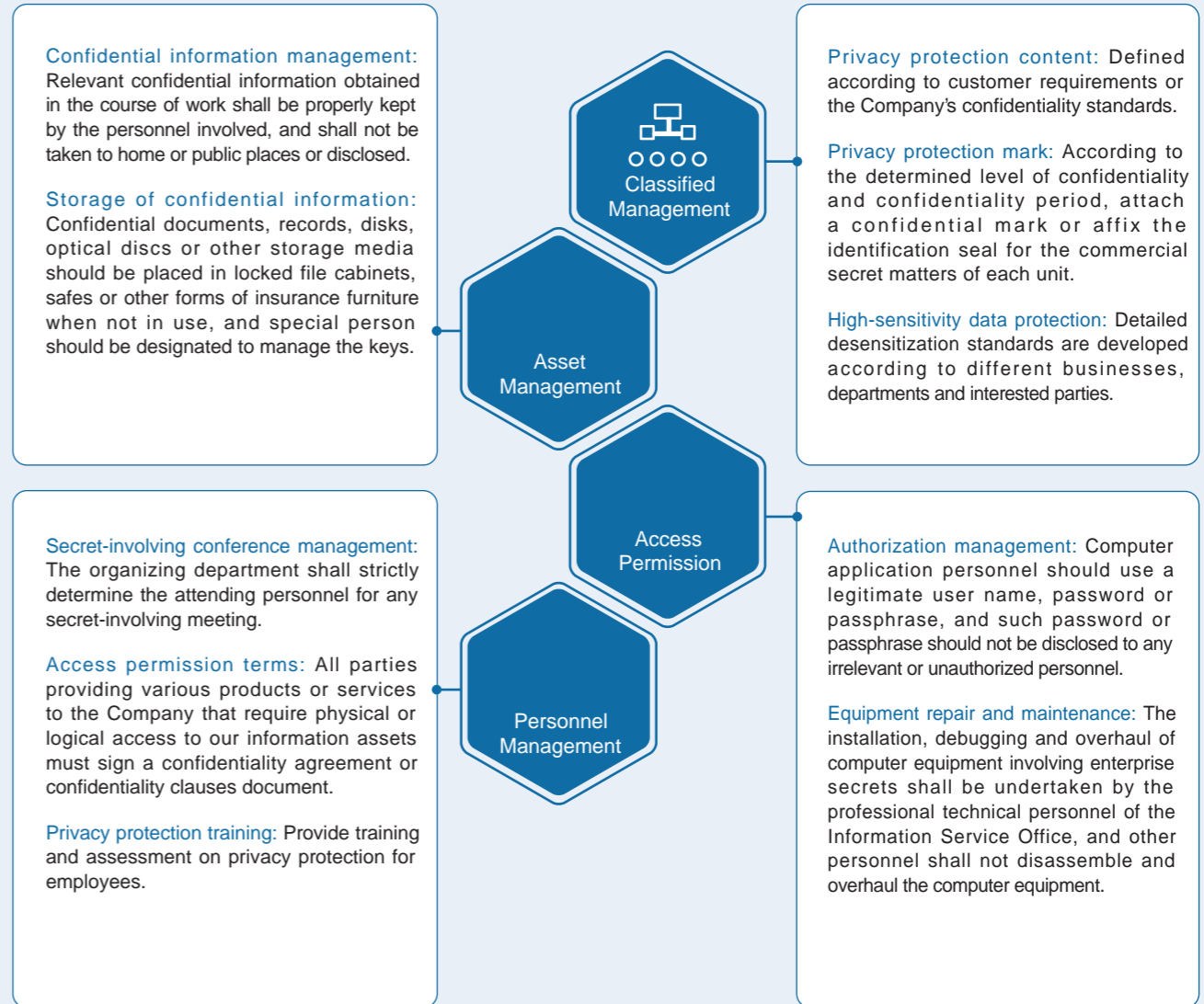
Information Security Emergency Response Plan

In 2022, in order to resolve and prevent the risk of major information security leakage, the Company established an Emergency Response Management Team (CMT), formulated an information security emergency response plan, including an emergency contact list, set up an emergency command structure, laid down emergency response processes and measures, and prepared emergency response drill plans covering the entire process. The scope and content of the emergency response plan is determined based on the risk assessment of potential security incidents and the risk identification of potential information security threats. To test the feasibility and integrity of the emergency response plan, we regularly carry out information security emergency response drills, and revise and improve the emergency response plans. During the Reporting Period, the Company carried out business continuity drills, monthly vulnerability scans, quarterly failure drills, and semi-annual penetration tests for key business databases, and fixed a total of 72 system vulnerabilities.

Privacy Protection

Luxshare Precision attaches great importance to the privacy security of customers, employees and itself, and has formulated privacy management measures such as the Trade Secret Management Procedure, the Third-Party Service Management Procedure, and the Management Procedure of Information Security of Related Parties, as well as well-established desensitization standards and processes. In order to manage the customers' privacy, employees' behaviors are regulated by the provisions of the Employee Handbook and the Global Code of Business Conduct and Ethics and regular assessments. It is prohibited to disclose partners' privacy and business information.

Privacy Protection Measures



Environmentally Friendly and Circular Economy

As a leading player in manufacturing, Luxshare Precision fulfills its environmental responsibility and is dedicated to realizing its environmentally friendly commitment. We have focused on the goal of carbon neutrality, constantly improved the environmental management system, and increased investment in environmental protection. We have empowered the Company to address climate change with actions and fulfilled commitment to climate change wholeheartedly. We have optimized the transformation of the energy structure, improved energy efficiency, promoted the smart transformation of energy management, and comprehensively promoted energy conservation and emission reduction. Meanwhile, we have carried out a series of water-saving actions and adopted innovative sewage treatment technologies to actively address enterprise-level water risks. In response to the national development plan, we have vigorously developed circular production and explored opportunities to improve the utilization rate of resources and reduce waste discharge in the whole process from material selection to waste disposal. We have strengthened the control of chemicals and hazardous substances. With the goal of comprehensively reducing and eliminating harmful substances in our products, we have worked with our suppliers to craft more environmentally friendly and healthier products. By fully making use of our advantages in industry and technology, the Company vigorously expands its business in such clean technology fields as solar power, battery, new energy vehicles to propel green transformation.

Clean electricity usage
639,674
MWh

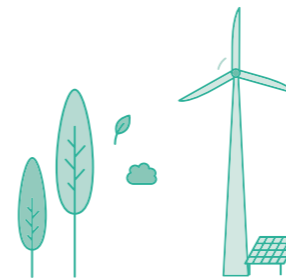
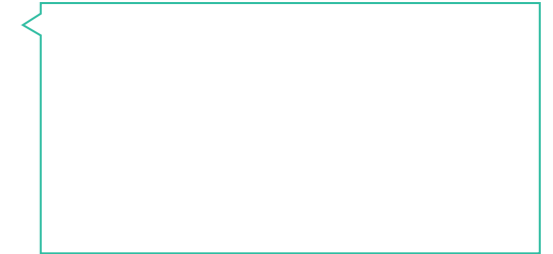
11 factories certified as Green Factory and **1** as Near Zero Carbon Factory

11 subsidiaries received Platinum rating and **1** received Gold rating in UL 2799 in total

Energy conservation and carbon reduction investment
RMB 73.50
million

- Risks and opportunities brought by climate change
- Zero carbon commitment and carbon management
- Chemical management
- Energy management
- Water resources management
- Waste and circular production
- Green products and business





Luxshare Precision integrates climate change into corporate strategy, systematically identifies and responds to climate risks and opportunities that may affect the business operations, carries out innovative climate actions in a comprehensive manner, and implements zero carbon management throughout the value chain.

Climate Risks and Opportunities

We have placed considerable emphasis on responding to climate change, established and made continuous efforts in improving the climate governance structure, and committed to integrating climate governance with the Company's management and business system.

As we developed strategies and actions to address climate change after identifying climate risks and opportunities, we responded to stakeholders' increasing concerns about business continuity and sustainability in the context of climate change. Referring to the TCFD recommendations, we organized key units highly related to climate risks and opportunities to evaluate and investigate potential risks and opportunities in upstream, downstream and our own operations during the Reporting Period. Moreover, we carried out special training on climate change to improve employees' understanding of risks and opportunities relating to climate change. For details of identification and countermeasures regarding climate-related risks and opportunities, please refer to the [Luxshare Precision Climate Risk and Opportunity Identification and Response Strategy](#).

Governance

- Establishing a Task Force on Carbon Neutrality led by the Board of Directors, coordinated by the Sustainable Development Center, and joined by each factory to comprehensively promote climate change-related matters, and ensure that all affairs are implemented in accordance with the plan and relevant goals are achieved.
- The Strategy Committee under the Board of Directors is responsible for the deliberation of the Company's sustainable development-related matters involving climate change, including internal and external stakeholder communication, materiality assessment, risk identification, target and strategy formulation, etc., to ensure the implementation of the Company's sustainable development and climate strategy.

Strategy

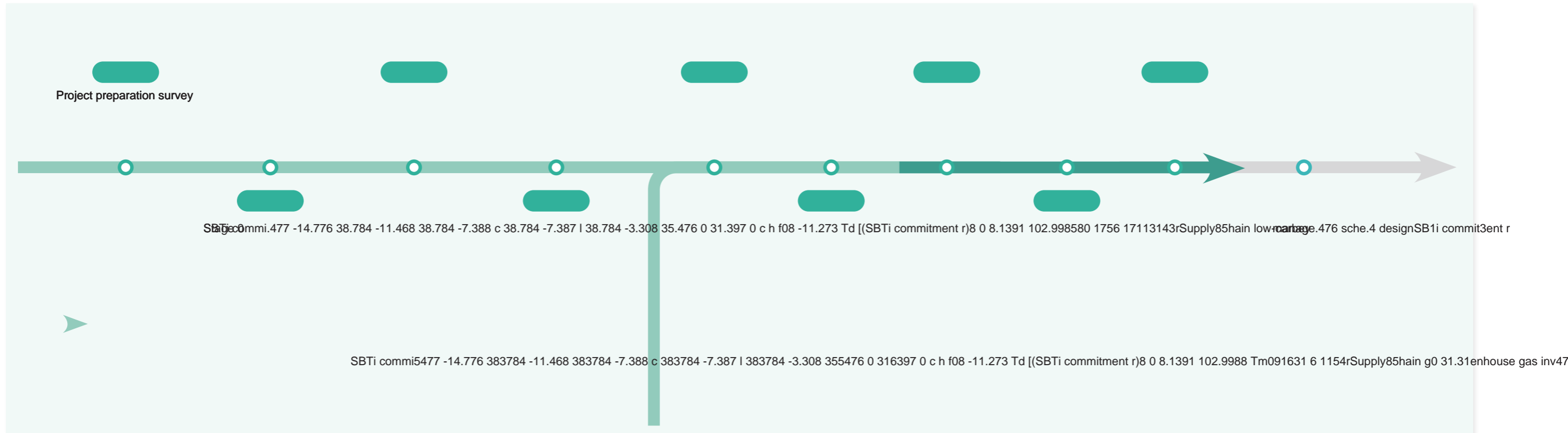
- Identifying applicable climate risks and opportunities based on the classification of climate risks and opportunities by the Task Force on Climate-related Financial Disclosures (TCFD), in consideration of Luxshare Precision's business segments.
- Conducting relevant policy review based on the identified results to understand the importance and future development trend of various climate risks and opportunities in the macro environment.
- Assessing the impact of climate change-related risks and opportunities on the Company's business, strategy and financial planning over time and under different scenarios through qualitative climate scenario analysis.

Risk management

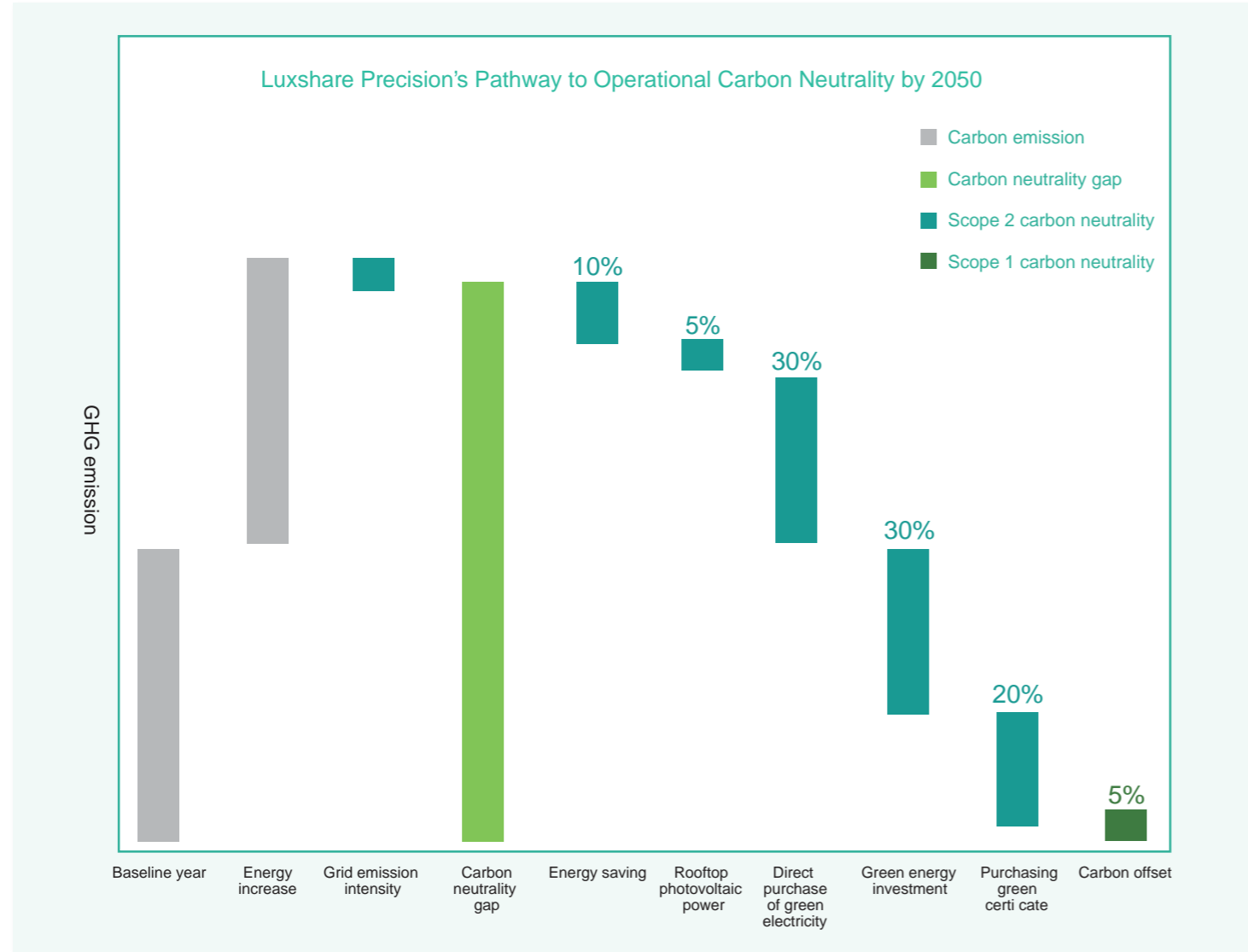
- With identification, selection and assessment of Luxshare Precision's potential climate risks every year, risk management departments devise their countermeasures, which are subject to deliberation of the Strategy Committee under the Board of Directors, who will develop additional countermeasures if necessary.
- Categorizing various climate risks according to probability of occurrence and impact, and the management takes countermeasures against risks with high importance and urgency.

Metrics and targets

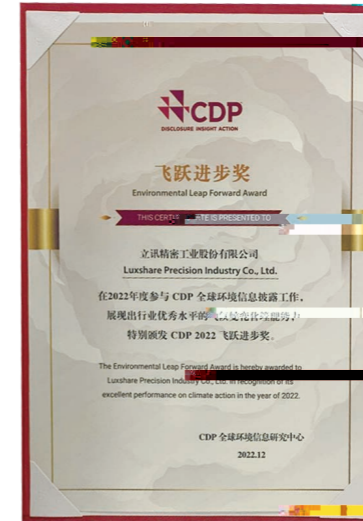
- We intend to complete the development of carbon reduction targets in line with the Science Based Targets initiative (SBTi) 1.5°C pathway in 2023, and commit to achieving carbon neutrality no later than 2050.
- Setting clean energy transformation targets and aiming to achieve 50% clean energy use by 2025.



In order to promote the work related to climate change response and ensure the achievement of carbon reduction goals, we take the energy structure adjustment and low-carbon transformation as the core of our emission reduction work, and advocate extensive use of clean energy. In our plan, the proportion of clean energy utilization will reach 50% by 2025. We are committed to promoting the low-carbon energy structure of Luxshare Precision and helping to achieve the goal of carbon neutrality through low-carbon actions such as energy-saving transformation, rooftop photovoltaic business, direct purchase of green electricity, green energy investment, and procurement of products with green certificate.



During the Reporting Period, we continued to promote the inventory of Scope 3 greenhouse gases, in accordance with the climate change plan. We invested a lot of resources to carry out green and low-carbon actions with suppliers to increase our capacity of supply chain carbon reduction, to promote the low-carbon development of supply chains.



Luxshare Precision was awarded the "2022 Environmental Leap Forward Award for Excellent Enterprise in Environmental Information Disclosure" by CDP, a global non-profit environmental organization, in recognition of the Company's outstanding performance in environmental information disclosure.

2021	174	29
2022	17 ↑	7 ↑

In the CATI (Climate Action Transparency Index) evaluation of listed companies by IPE (Institute of Public and Environmental Affairs), Luxshare Precision ranked 2nd among 500 A-share and H-share listed companies, top 10 in the industry ranking and top 20 in the overall ranking, and we were also highly praised for excellent carbon emission management throughout the value chain and supply chain carbon reduction capacity building.

CO₂ NEUTRAL Emission Management

As a responsible corporate citizen, in the context of the increasing impact of climate change on the global environment, Luxshare Precision has constantly raised the requirements of emission management and remained steadfast in the concept of low-carbon development, aiming to reduce the impact of its production and operation on the atmospheric environment, and help mitigate climate change.

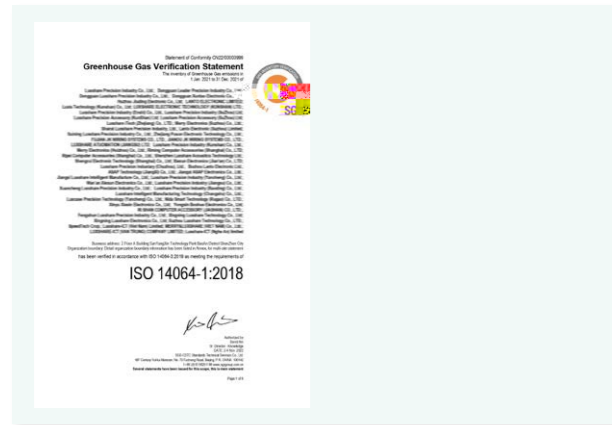
Greenhouse Gas Emission Management

In response to the national "carbon peaking and carbon neutrality" goals and practicing our commitment to carbon neutrality by 2050, we have continued to optimize greenhouse gas emission management, proactively identified opportunities for emission reduction, and strived to reduce the Company's carbon footprint.

In order to clarify the status quo of the Company's greenhouse gas emissions and lay the foundation for formulating carbon emission reduction strategies and conducting related work, we have carried out third-party greenhouse gas verification in accordance with the Guidelines for Enterprise Greenhouse Gas Emission Reporting and Verification (for Trial Implementation), the Measures for the Administration of Carbon Emission Trading (for Trial Implementation), and the ISO 14064-1 standards. During the Reporting Period, the Company completed the 2021 ISO 14064-1 third-party greenhouse gas verification.

In the future, we will continue to make the inventory of greenhouse gases in the supply chain, in order to determine scientific and feasible carbon neutrality and emission reduction programs and emission reduction pathways based on the complete baseline emissions, and strive to realize the Company's carbon reduction targets.

ISO 14064-1 Third-party Greenhouse Gas Verification Statement for 2021



During the Reporting Period,
Direct Greenhouse Gas Emissions (Scope 1):
82,335.27 metric tons of CO₂ equivalent

Indirect Greenhouse Gas Emissions (Scope 2)
(Location-based):
1,693,867.06 metric tons of CO₂ equivalent

Indirect Greenhouse Gas Emissions (Scope 3)¹:
1,388,277.91 metric tons of CO₂ equivalent

Greenhouse Gas Emission Density (Scope 1 and 2)
(Location-based):
8.30 metric tons of CO₂ equivalent/RMB1 million

¹ Luxshare Precision's greenhouse gas emissions data for 2022 were unverified greenhouse gas emissions data. Scope 3 emissions data were disclosed partially in five categories: capital goods, waste generated in operations, business travel, employee commuting, downstream transportation and distribution. Complete and verified greenhouse gas emissions data of 2022 will be disclosed in the 2023 CDP questionnaire.





Energy Conservation Transformation

Luxshare Precision has a strong conviction that energy conservation is the key to realizing sustainable development for manufacturing enterprises. We formulated the Energy Conservation and Consumption Reduction Control Procedure to standardize and guide the energy conservation work of the Company and each factory. We set goals and improvement plans of energy conservation for the Company every year. Each factory also sets energy conservation goals according to its own production and operation situations. In addition, we keep track of the achievement of the goals.

We regularly carry out transformation of energy conservation for five major energy consumption modules: production power consumption, gas supply system, central air conditioning, exhaust fans in factories, and power consumption of living and office. With the combination of management and technology optimization, we can effectively reduce the energy and greenhouse gas emissions of the Company and factories.



Electricity saving rate¹ reached **9%**

Energy Conservation Transformation Projects in 2022

Module of Energy Conservation	Number of energy conservation projects	Annual power conservation ² (MWh)	Annual greenhouse gas emission reduction (tCO ₂ e)
Production power consumption	41	39,576.57	24,531.94
Central air conditioning	48	24,105.21	14,897.21
Life and office power consumption	77	61,015.24	37,723.41
Gas supply system	73	46,571.33	28,700.85
Exhaust fan in factories	27	18,706.86	11,551.44
Total	266	189,975.21	117,404.85

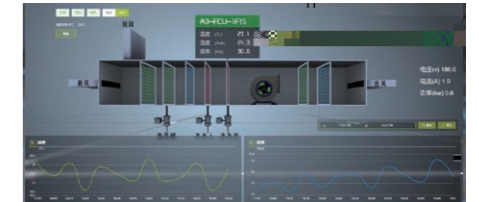
¹ Electricity saving rate = (Electricity saving in the current Reporting Period/total Electricity consumption in the previous Reporting Period) *100%. This indicator represents the energy saving opportunities identified by the Company during the Reporting Period and provides an estimate of future energy saving potential.

² Annual power saving of energy conservation transformation project = 12* (Monthly electricity consumption before transformation – monthly electricity consumption after transformation).

Case | Jinxi Factory Carried out a Number of Technology Projects of Energy Conservation

Frequency Conversion Transformation of Fans

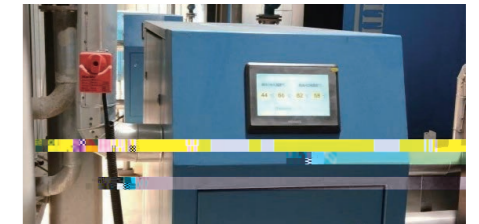
In this fan frequency conversion transformation project, a frequency converter was installed on the air conditioning fan and the blower in the factory to reduce the rotation frequency of the fan when the refrigeration demand was low to realize energy conservation. During the Reporting Period, Jinxi factory has completed partial building transformation and is expected to save 4,470 MWh of electricity annually. It is expected to complete the whole factory transformation by 2023.



Frequency Conversion Transformation of Fans in Factories

Waste Heat Recovery Transformation of Air Compressor

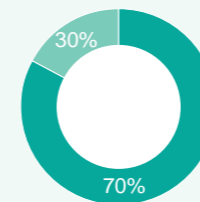
In order to reduce the heat escape of air compressor equipment and the energy waste, Jinxi factory installed waste heat recovery machine in the air compressor system to absorb the escaped heat, and the recovered heat was used to produce hot water. At present, all dormitories in Jinxi factory have adopted waste heat recovery from air compressors to supply hot water, with an estimated annual power conservation of 6,269 MWh.



Waste Heat Recovery Transformation of Air Compressor

Investment in Energy Conservation and Carbon Reduction

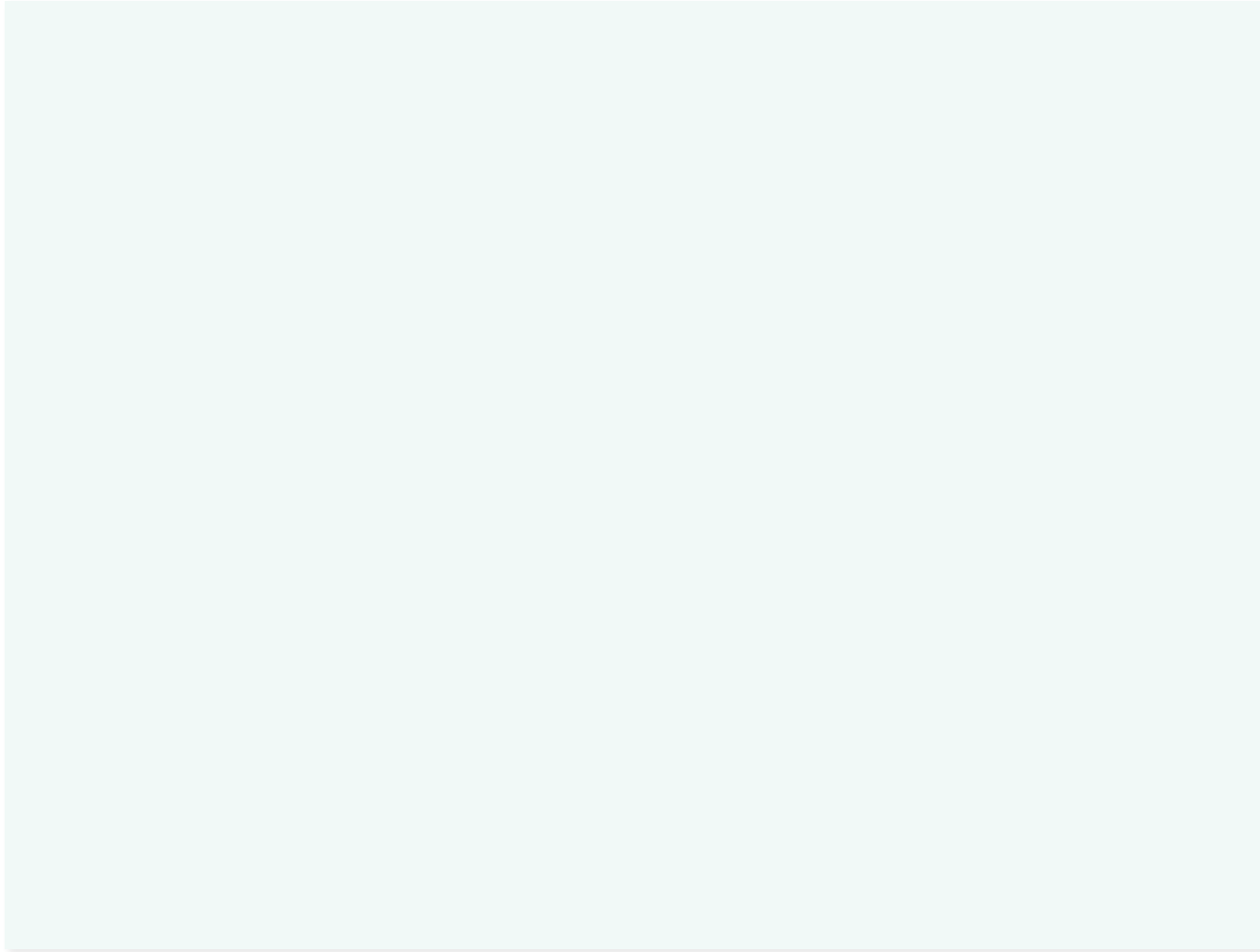
The Company is in the conviction that continuous and efficient investment in energy conservation and carbon reduction is the cornerstone of improving energy efficiency and promoting low-carbon transformation of energy structure. We have actively carried out all kinds of energy conservation transformation projects within the Company, and invested heavily in clean energy to help realize the carbon reduction goal of SBTi 1.5°C pathway.



- Investment in energy saving project
- Investment in clean energy

In 2022, the Company's investment in energy conservation and carbon reduction reached RMB **73.50** million, showcasing Luxshare Precision's determination to propel green production and operation.

Note: Clean energy investment includes 2022 direct purchase of green electricity, green certificate procurement and investment in Clean Energy Fund.





The water resources used by Luxshare Precision include direct cooling water, indirect cooling water used for cooling equipment, and rainwater that enters the production line in a small amount. Some rainwater is used for greening of the parks. In order to improve the water resources management and risks of water resources, we have established a complete water resources management system to carry out water-saving actions and develop the technologies of water-saving. Luxshare Precision (Shanghai) Co., Ltd. was awarded "Water-saving Enterprise of 2021".

Water Resources Utilization

Luxshare Precision attaches great importance to the impact of its operations on the environment. To comprehensively improve the water resources management of the Company, Luxshare Precision has established a water resources management system. Lanto Electronic Limited and Luxshare Electronic Technology (Kunshan) Co., Ltd. as pilot plants, have systematically identified and managed enterprise-level water risks, and set up a water resources management system. The Company improves the water resources management system in accordance with the requirements of AWS, takes the initiative to carry out publicity to and cooperation with suppliers/service providers, employees, and other stakeholders, and jointly addresses Luxshare Precision's water risks and basin water challenges.

During the Reporting Period, Lanto Electronic Limited and Luxshare Electronic Technology (Kunshan) Co., Ltd. completed the preparation for AWS certification, were reviewed in early 2023, and won the Gold Level certification. The Company continues to promote AWS certification work in each factory, and 4 factories intend to obtain AWS Gold Level certification in two years.

Water Risk Identification and Management

Every year, we use the "Aqueduct" water risk tool developed by WRI (World Resources Institute) to identify the water risks of all factories based on the operation conditions of the factories. In line with the identification results, the Company develops control plans catering for factories in different operating locations. The results of the annual water risk assessment are reviewed by the Strategic Committee of the Board of Directors.

Water Resources Management Initiatives

Luxshare Precision pays close attention to water resources management, including sewage discharge and water quality, and sets up a water resources management system in the hope of improving water resources management. The Company has set up to develop water management, water balance, and water conservation (Water-Related Areas) targets, and comprehensive water resources management measures.

For details of the piloting factories' effort on water resources management and their performances, please refer to the [Annual Report-2022 Luxshare Electronic Technology Limited Announcement-2022 Luxshare Electronic Technology Limited](#).

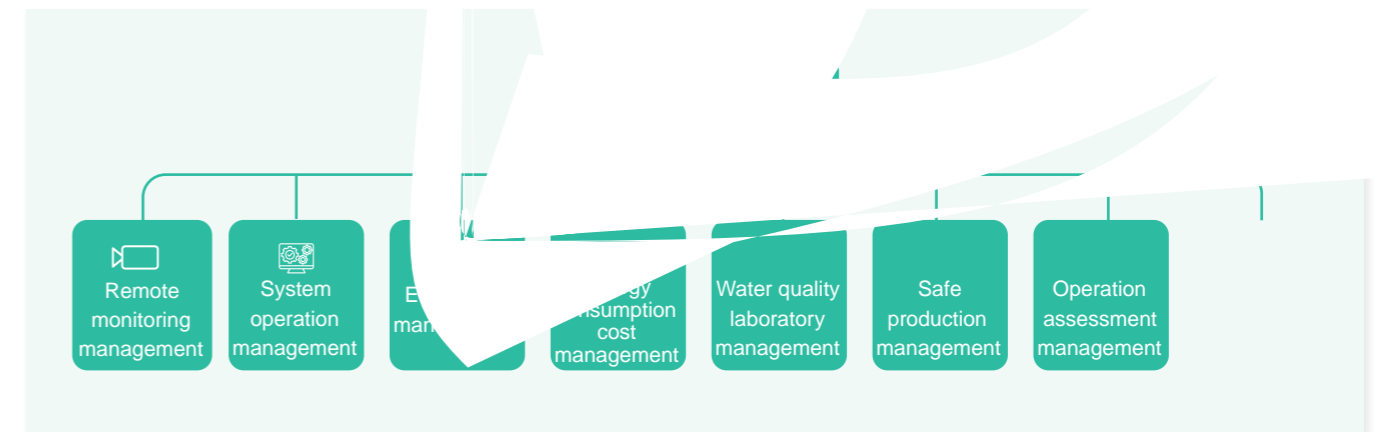
Water Resources Management Initiatives

In order to improve the water use efficiency of the Company, Luxshare Precision promptly identify and deal with water and wastewater management issues. In part of the factories, which can realize the water resources management with equipment management, identify and deal with water resources management issues. Luxshare Precision has also carried out a series of water resources management measures to reduce production wastewater, and is dedicated to reducing water consumption and sewage discharge.

Luxshare Precision has established a water resources management system, including water resources management, water balance, and water conservation (Water-Related Areas) targets, and comprehensive water resources management measures. In addition, the Company has established a water resources management system, including water resources management, water balance, and water conservation (Water-Related Areas) targets, and comprehensive water resources management measures.

For details of the piloting factories' effort on water resources management and their specific quantitative performances, please refer to the [Annual Report-2022 Luxshare Electronic Technology Limited Announcement-2022 Luxshare Electronic Technology Limited](#) and the [Water Management Plan](#).

Luxshare Precision has established a water resources management system, including water resources management, water balance, and water conservation (Water-Related Areas) targets, and comprehensive water resources management measures. The Company has also carried out a series of water resources management measures to reduce production wastewater, and is dedicated to reducing water consumption and sewage discharge.



Water Resources Management Work

In order to further improve the factory water resources management system, AWS piloting factories carry out water resources management according to the five steps, "collection and analysis – commitment and planning – implementation – evaluation – communication and disclosure", as required by the standards, forming an open, comprehensive and effective water resources management system. With the vigorous promotion of AWS certification in each factory, the Company's water resources management system will be gradually improved to reach the standard management level.

Water Resources Management Work in Accordance with the AWS Standard

Collection and Analysis	<ul style="list-style-type: none"> Identify and output the List of the Parties in Interest, conduct questionnaire survey, and output the Analysis Table of the Parties in Interest Collect water-related data such as water balance, water quality, potential pollution sources, and IWRA Output the Supplier/Service Provider Water Utilization Analysis Output the Site Water Risks and Opportunities and the List of Common Water Challenges in the Basin
Commitment and Planning	<ul style="list-style-type: none"> Signing and publicizing the Sustainable Water Management Commitment Develop water management strategies Develop annual water management objectives and plans
Implementation	<ul style="list-style-type: none"> Develop management systems such as the Operational Procedures for Sustainable Water Management Implement measures aimed at water balance, such as the development of water-saving technologies at source and the reuse of production wastewater Implement measures targeting water quality, such as regular testing of stormwater, domestic sewage and drinking water quality Implement measures aimed at IWRA objectives, such as weed removal Implement WASH objectives such as providing WASH facilities such as potable water, washrooms, hand sinks, etc., for outsiders Conduct supplier/service provider water surveys
Assessment	<ul style="list-style-type: none"> Evaluate the site benefits and basin common benefits of the water management plan Assess the impact of water-related contingencies Assess feedback of the parties in interest
Communication and Disclosure	<ul style="list-style-type: none"> Disclose the internal water management model for the site Communicate water management plans with the parties in interest Disclose the annual water management performance of the site Release the Common Water Challenges and Our Corresponding Efforts Promote the disclosure of water-related compliance information, as documented by the Institute of Public and Environmental Affairs (IPE)

Publicity to and Cooperation with Stakeholders

The participation of stakeholders is a material part of Luxshare Precision's water management. Through questionnaire surveys and other forms, the Company actively keeps close tabs on the concerns of stakeholders on the Company's utilization of water resources, and takes the initiative to carry out publicity to and cooperation with suppliers/service providers, surrounding businesses, communities, the government, employees, etc. In 2022, Luxshare Precision worked with 3 suppliers to remove water-related violation records on IPE.

Water-saving promotion and employee awareness improvement

- Put up water saving signs and posters throughout the factories
- Publish water-saving promotion articles on Wechat official account
- Provide WASH training to employees

Implementation of government water requirements

- Actively cooperate with the local government in water usage declaration, water balance test, industrial water reuse survey and other work
- Attend water conservation employee training
- Work with relevant departments to protect key water-related areas

Circular Production

Our waste mainly comes from the production waste and household waste generated in the production and operation activities of the factories, as well as the waste packaging materials generated by suppliers in the delivery and transportation stage. In order to reduce the impact of waste produced by the Company and its value chain, Luxshare Precision actively responds to the national call and vigorously develops circular production. Through green product design, adopting recyclable and environmentally friendly materials, cooperating with suppliers to carry out material reuse, advocating waste transformation and other ways, Luxshare Precision comprehensively improves the resource utilization efficiency of all links of production and operation and reduces unnecessary resource waste.

Material Recycling and Reuse

Luxshare Precision always adheres to the 4R principle to minimize use of materials. In the process of product design, we adopt lightweight design, try our best to use recyclable materials, and phase out and update non-recyclable materials. In the process of material procurement, we cooperate with suppliers and encourage them to recycle products, packaging materials, coils and cable reels that do not comply with quality standards, are from transport losses or can be recycled. In the process of production, we carry out process improvement and internal recycling of plastic green plates, coils, cable reels, pallets and other materials, to reduce the input of materials in the production process. During the Reporting Period, Dongguan Luxshare Precision Industry Co., Ltd. procured ISCC PLUS (International Sustainability and Carbon Certification) certificate.



Case | Tin Residue Replacement Project in Vietnam Factory

Vietnam Factory used tin furnace oxidation layer which could not be used directly, extracted and recovered, and cooperated with vendors to replace and transfer tin residue. While reducing resource waste and waste generation, the factory received the corresponding amount of tin wire, tin strip and other production materials to reduce the procurement and use of new materials. In 2022, Vietnam Factory replaced tin residue with tin wire and tin strips, totaling 1.26 tons.

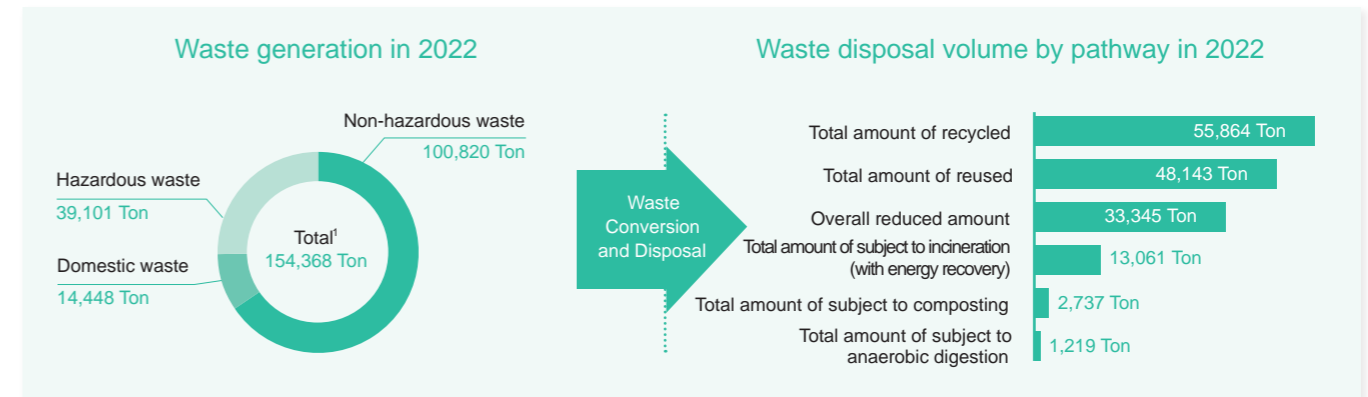
In the future, we will continue to explore the application of recyclable and environmentally friendly materials such as rPET (Recycled Polyethylene Terephthalate), promote green technology innovation planning, and adopt production technologies that can improve resource utilization rate, such as closely clean forming, MIM (Metal Injection Molding), 3D printing and other advanced forming technologies, to reduce material waste and promote the development of green products.

Waste Management

Luxshare Precision strictly follows the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Waste, and has accordingly formulated the Waste Control Operating Procedure to clarify the management regulations of the whole process of waste from classification and storage to compliant disposal and record.



In order to improve the efficiency and quality of the Company's waste management, we develop an electronic waste management information management system based on UL2799 standard and embed it into the Company's EHS system to achieve integrated management. The electronic waste management information management system covers the category, weight, transformation mode, information of disposal provider, statement of disposal provider, waste disposal process and waste disposal documents of the factories, realizing the systematic collection and monitoring of waste related data.



¹ Due to the integration of waste generation data by category, the sum of breakdown data is not equal to the total data here. Please refer to Appendix – Key Performance Data for details.

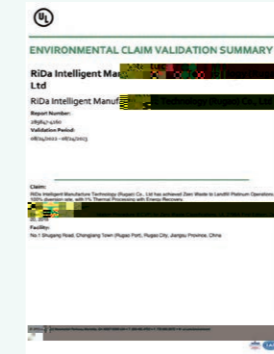
Zero Waste to Landfill

We continue to promote the advanced waste management concept of zero waste to landfill, supervise the waste management of all factories, explore the optimal waste disposal methods, and carry out special improvement work, in order to replace direct waste incineration and landfill, and comprehensively improve the waste conversion rate and resource utilization rate. We classify and reuse recyclable wastes such as plastics, metals and cartons. Hazardous wastes and other non-recyclable wastes are incinerated by qualified service providers to advocate heat recovery. As of the end of the Reporting Period, average waste conversion rate of subsidiaries reached 83.15%. 3 factories intend to carry out UL 2799 Zero Waste to Landfill validation in 2023 for the first time.

Waste Disposal Method



UL 2799 Zero Waste to Landfill Validation Platinum Grade Certificate



Case | Reuse of Metal Processing Liquid in Luxcase Factory

Luxcase factory adopts advanced high-speed centrifugal separation technology to realize efficient liquid, liquid and solid three-phase separation of polluted metal processing liquid. The main pollutants in the metal processing liquid (impurity oil and solid impurities) are removed. With multi-stage filtration and sterilization device, the factory purifies and reuses corrupted, blackened, smelly metal processing liquid, with a recovery rate of as high as 97%. This technology not only reduces the hazardous waste disposal cost of waste metal processing liquid and the cost of purchasing new liquid, but also realizes the automatic reuse of metal processing liquid.



Case | Huaxun Industrial (Suzhou) Limited's Packaging Material Improvement Project

In 2022, Huaxun Industrial (Suzhou) Limited carried out a packaging material improvement project. It recycled the packaging boards used by suppliers, and used them on the Company's product shipping packaging to reduce waste generation. A total of 251 boards were recovered during the year, saving RMB12,550.



Hazardous Substance Management

We implement the applicable standards of chemical safety at home and abroad and the customer's relevant requirements for the specifications of restricted substances with high standards. Therefore, we formulated the Management Standards of Restricted Substances of Materials and Finished Products, and the General Principles for Ecological Design of Products to standardize the whole process control of product development, procurement, production process and shipment traceability. Materials, components, finished products and chemicals involved in the production process of all products are classified and controlled, forming a hazardous substance management system throughout the whole life cycle of products. By the end of the Reporting Period, a total of 17 companies have obtained QC 080000 hazardous substances process management system certification.

Whole Process Management of Hazardous Chemical Substances in Products



Abatement of Hazardous Substances

We take HSF (Hazardous Substance Free product program) as our long-term goal, have prepared the hazardous substance reduction plan, and actively look for alternatives to reduce and eliminate the use of hazardous substances.

We set up detection equipment for hazardous substances and test management system in the laboratories of each production base. We adopt international testing standards to test hazardous substances such as ROHS2.0 (Directive on Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment), and provide testing reports for customers requiring hazardous substances testing. In addition, problem improvement tracking and settlement are carried out based on abnormal test results to avoid environmental protection risks of materials to the greatest extent.



Specification for the Management of Restricted Substances

We continue to track the dynamics of domestic and overseas laws and regulations, benchmark against the latest standards and requirements, and identify the improvement areas of restricted substances management. During the Reporting Period, global interest in PFAS (perfluorinated and polyfluoroalkyl substances) increased, French regulation Arrêté du 13 avril 2022 released and EU REACH SVHC (Substances of Very High Concern) regulations updated. By referring to the above trend of hazardous substances control and customers' updated standards, we have updated the Management Standard for Restricted Substances of Materials and Finished Products to Version 34, which stipulates a total of 71 prohibited substances, 256 restricted substances and 76 declared substances. Especially, we have also stipulated restrictions on materials that directly or indirectly come into contact with the skin for prolonged periods of time.

List of Prohibited, Restricted and Declared Chemical Substances

Category	New substances (substance groups)
Prohibited substances	Mineral oil (MOSH&MOAH), oxidation-degradable plastics, pesticides restricted by law in packaging or transportation materials, antelin (endrin), PFBS and related substances, PFHxA and its salts and related substances, N,N-dimethylformamide
Restricted substances	Orthoboric acid, sodium salt, benzyl trichloride, benzyl chloride, p-chlorobenzotrchlorotoluene, disperse blue 1, alkaline red 9, crystal violet, 2-amino-5-chlorotoluene hydrochloride, ammonium 2-naphthaleneacetate, 2, 4-diaminoanisoole sulfate, aniline, 2, 4, 5-trimethyl hydrochloride, quinoline
Declared substances	Dimethyl sulfoxide, kаланaldehyde, nanomaterial, isocyanate, cobalt and its compounds

Hazardous Material Management of Suppliers

In 2022, the Company established and gradually improved Green Product Information Management System, systematically collected and managed product environmental protection information along the supply chain, and connected the whole process management link of hazardous substances to effectively control the risks of hazardous substances, and fully empower the environmental compliance capability of products. We opened an external port of the system for suppliers to publish and promptly update laws, regulations and industry trends related to hazardous substances, in order to facilitate suppliers to understand the Company's policies in a timely manner. Meanwhile, we have set up full-composition declaration standards in the system, requiring suppliers to declare the full-substance composition of materials and provide relevant environmental protection data to ensure material compliance at source. The system also has a built-in standard material database and a basic chemical substance database, which realize forward-looking substance identification and risk material analysis based on material full-composition data resources and assist environmental compliance personnel in quickly identifying possible risk points in materials and suppliers involved. The risks of hazardous substances are reduced and the health and safety impact of products is avoided through investigation or early warning by the system.

For information on hazardous material management at Luxshare Precision's suppliers, please refer to the chapter of [Environmental and Social Responsibility of Supply Chain](#).



Luxshare Precision complies with the Regulation of the People's Republic of China on the Administration of Chemicals Subject to Supervision and Control, Regulations on the Safety Management of Hazardous Chemicals, Interim Provisions on the Supervision and Management of Major Hazard Sources of Dangerous Chemicals, Catalogue of Hazardous Chemicals and other Chinese and overseas laws and regulations on chemical safety, and has formulated the Chemical Control Operating Procedure and Measures for the Management of Chemical Operations, clarifying the management standards of the whole process of chemical procurement, transportation, warehousing, storage, use, emergency treatment, and waste treatment.

We have developed a strict management process of hazardous chemicals, approval the chemical procurement demands and the introduction of new chemicals proposed by the factories through the EHS information system, and control the procurement and storage of restricted substances, highly toxic chemicals and chemicals with serious occupational health and safety hazards in strict accordance with laws and regulations in the locations of operation.

Five phases of Luxshare Precision's green chemicals project

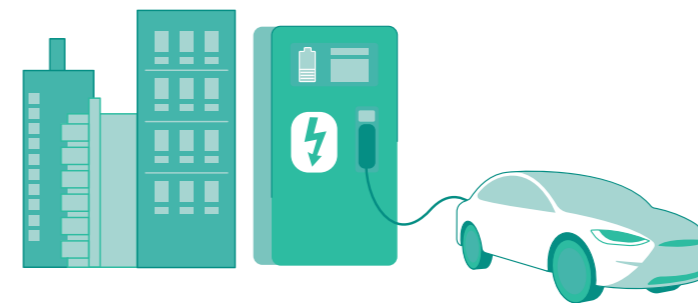


In order to improve the Company's chemical management, Luxshare Precision has set up a project team under the supervision and guidance of the Board of Directors. The Company works with its subsidiaries to promote green chemical projects, strengthen at-source control, conduct whole-process closed-loop management and supervision of chemicals, and ensure compliance with laws and regulations. Also, the Company cooperates with suppliers to actively look for chemicals that are more friendly to safety, health and environment. During the Reporting Period, we have completed the **five** phases of the chemical project. Improvement was made for anomalies identified through assessment of the subsidiary's chemicals. In addition, we have encouraged our subsidiaries to work with manufacturers and suppliers of detergent products to find water-based/semi-water-based detergents to replace alcohol cleaning fixture. Two subsidiaries have introduced chemical alternatives, reducing VOCs emission by 1.16 tons this year.



In addition, we are dedicated to industry co-construction, working with all parties in the society to promote the research and development and exchange of new technologies in the field of clean technology through participation in industry conferences and industry-university-research cooperation. We have carried out long-term cooperation with Shanghai Jiao Tong University, Nanjing University of Aeronautics and Astronautics, Fuzhou University, Shaanxi University of Science & Technology and other universities to establish an innovation chain combining R&D and engineering demonstration, and extensively participated in industry technology exchanges and industry standard formulation, to promote the common development of the expertise and industry.

In August 2022, we attended the technical seminar on technical specifications and certification implementation rules for portable energy storage power sources. We conducted in-depth and detailed analysis of industry standards and specifications of outdoor power supplies with industry partners, exchanged on and shared application technologies and solutions of outdoor power supplies, and jointly contributed to the innovative development of the outdoor power supply industry.



Luxshare Precision focuses on improvement of the technologies and solutions of new energy vehicle energy utilization, develops power transmission-optimized systems and products, and enhance the charging efficiency and performance and safety of electric vehicles. Meanwhile, the Company polishes up energy utilization efficiency, gives a impetus to industrial energy transformation, and pushes forward green development.



Super liquid cooling charging module
It adopts three-phase midline AC input, featuring the advantages of ultra-high power intensity and ultra-low static power consumption to ensure efficient energy utilization

Super direct current charging gun
It can safely transmit up to 500A of charging current, and can charge electric vehicles in a matter of minutes for a travel range of 200 kilometers

High power liquid cooling direct current charging gun
Using a new cooling material, combined with the cable structure separated from the conductor and the liquid cooling pipeline, the over-circulation cooling medium reduces the charging temperature and greatly improves the charging power of new energy vehicles



High voltage distribution unit PDU¹
Equipped with intelligent detection and protection functions, always monitor voltage, power supply and temperature conditions to ensure long-term stable and reliable operation of the system

Based on control algorithms, voltage tracking and other intelligent optimized technologies and solutions, Luxshare Precision develops energy utilization-optimized technologies and products, achieves intelligent optimization and intelligent control of energy utilization system in multiple scenarios including data center and consumers, and ensures high energy utilization efficiency, thus to reduce energy consumption and greenhouse gas emission.



A full range of CDU² from Mini model to cabinet model
The product collects data through rock-mounted server, executes intelligent interactive heat transfer management, and continuously transmits heat to outdoor cooling tower or cooling water machine, so as to achieve cooling through heat exchange, save machine energy consumption, and ensure stable and reliable operation of equipment



130W gallium nitride desktop multiport adapter
The product has passed the EU ErP³ and US Department of Energy Level VI energy efficiency certification, using digital integrated soft switch resonant control technology and the third generation of high-frequency switch semiconductor charging, effectively reducing the loss of the charging process in terminal application scenarios, and reducing greenhouse gas emissions

Luxshare Precision adopts advanced power conversion modules, polishes up power conversion efficiency, and reduces power loss.



Titanium CRP1300W server power supply
The product conforms to the mainstream Intel X86 CPU architecture, is suitable for a wide input range of 90-264Vac, and achieves a peak efficiency of 96% in a wide range of 30%-60%, effectively meeting the requirements of the EU server power supply Titanium in 2023, effectively reducing power conversion loss, improving power conversion efficiency, and steadily reducing data center PUE⁴

Based on its insights into the application and industry development trends of photovoltaic power generation system, Luxshare Precision focuses on industrial technological innovation, flexibly caters to the differentiated needs of different customers, and delivers stable, efficient, safe and reliable solutions, by means of photovoltaic solar power connected into the electricity grid and products and services of bidirectional energy storage inverter.



PV inverter 5000W continuous power supply
The photovoltaic energy storage inverter converts the direct current generated by the module into alternating current, tracks the maximum output power of the photovoltaic array, and feeds its output energy into the grid with minimum conversion loss, which not only meets the power demand of customers for self-generated power for self use, but contributing to an energy-saving, environmental-friendly and low-carbon life by tapping in the surplus electricity supplied to the power grid

Luxshare Precision deeply explores opportunities of recycling of waste materials, and innovates novel aluminum and plastic recycling technologies. Also, the Company takes the initiative to carry out technological improvement in the Company's products, and promotes and applies them to and in its suppliers, in a bid to reduce raw material consumption of the whole society.



Achieve Growth and Happiness Together

Luxshare Precision has a strong conviction that talents are the backbone of an enterprise for sustainable development, and promoting talent development is our constant pursuit. We protect the legal rights and interests of our employees and are committed to creating a harmonious and equal workplace atmosphere. We set up diversified training courses, improve the talent development platform, and promote the overall development of our employees. We develop a perfect compensation and benefits system as well as performance appraisal policy, provide competitive salaries, and share the fruits of corporate development with our employees. We also focus on employee occupational health and safety, and continuously improve employee satisfaction and their work and life experience. At the same time, we remain steadfast in the social responsibility of the Company, actively participate in industry exchanges, and promote the common development of the industry. Besides, we actively participate in community development and construction, engage in various charitable activities, and contribute to the construction of a harmonious society.

Year-round training coverage
1,958,541
person-times

Average employee training
45
hours

Safety responsibility letter signing rate
100%

Amount invested in public service and charity activities RMB
2.3
million

- Occupational health and safety
- Protection of employee rights and interests
- Employee diversity and equal opportunities
- Talent attraction and retention
- Employee training and development
- Community engagement





We are committed to following and implementing international labor conventions and initiatives, including the Universal Declaration of Human Rights, the Core Conventions of the International Labor Organization, the UN Guiding Principles on Business and Human Rights, the Responsible Business Alliance Code of Conduct, the Global Sullivan Principles, and the Social Accountability 8000 (SA 8000). We comply with 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 our overseas and domestic operations. The management of labor rights issues is also deeply rooted in Luxshare Precision ESG management system. We respect and insist on protecting the legitimate rights and interests of our employees and eliminating any violation of human rights.

In order to further improve human rights management, the Company has formulated the Social Responsibility Management Manual, the Employee Handbook, Recruitment Management Measures, Operating Procedures of Unforced Work, the Operating Procedure of Child Labor and Minor labor Management, Overtime Management Measures, the Management Procedure of Freedom of Association and Collective Bargaining, the Operating Procedure of Discrimination and Harassment Prevention, the Management Procedure of Female Employees' Rights and Labor Protection, Operational Measures for the Management of Religious Beliefs, the Diversity and Integration Management Procedure and other labor rights protection systems. These systems are used to regulate work practices, prevent illegal acts such as forced labor and child labor, oppose discrimination and harassment, ensure employees' reasonable working hours and overtime pay, and respect employees' rights to freedom of association and collective bargaining, thus providing an inclusive and diverse work environment for employees. We have disclosed the [Luxshare Precision Statement on the Protection of Labor Human Rights](#) on our official website. We focus on the protection of labor human rights throughout the value chain and conduct CSR (Corporate Social Responsibility) risk assessments and audits on suppliers to effectively prevent and control human rights risks in the supply chain, such as forced labor, child labor, and violations of freedom of association and collective bargaining right.

In order to ensure the implementation of our labor management system, we have established a triple audit mechanism consisting of internal special audits, customer audits, and external third-party audits (such as the RBA Responsible Business Alliance) to achieve full coverage of labor-related issues in our factories.

Luxshare Precision complies with the relevant provisions of national laws and regulations on the minimum notice period for operational changes, and fully protects the legitimate rights and interests of all stakeholders. During the Reporting Period, Luxshare Precision did not involve any matters that need to be notified to stakeholders.

Key Initiatives in Human Rights Protection

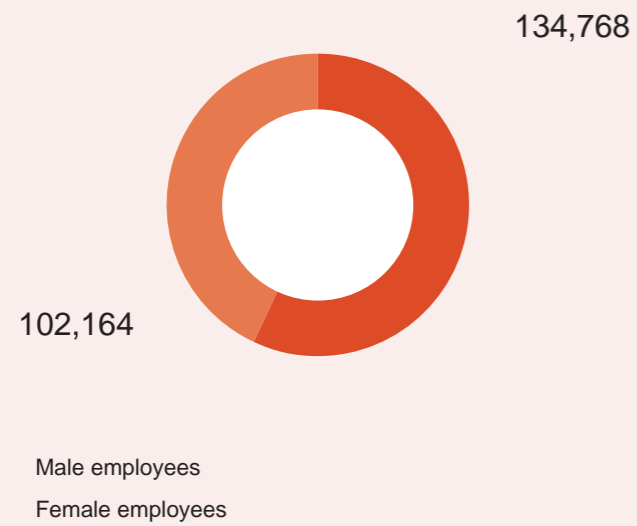


- In the recruitment stage and during daily inspection, manually check ID card, relevant certificate issued by the local public security authority and other documents to check and verify employee age; the personnel system is designed with a control module which will automatically give a warning when the ID number of a minor candidate is entered and has not reached the legal age.

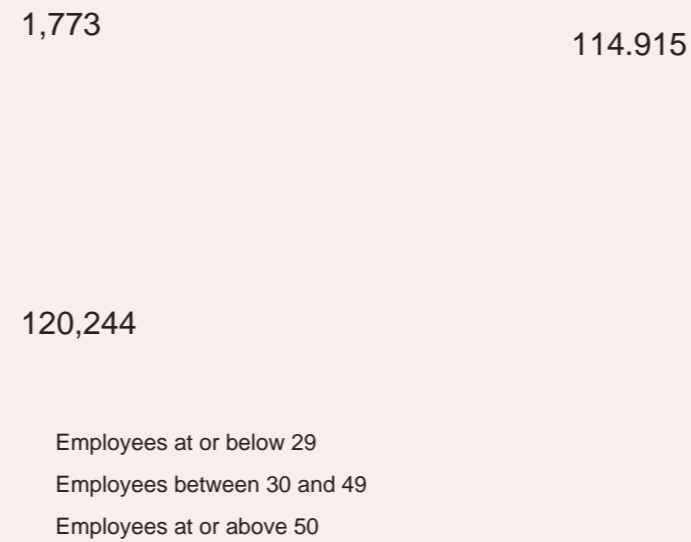


- Ensure that workers exercise their organization right in an environment free from violence, pressure, fear, intimidation and threats, and provide such facilities as may be appropriate for the formation of trade unions or other forms of employee organization so that they can carry out their duties promptly and effectively.

Number of employees by gender



Number of employees by age



Number of employees by region

Number of employees from Chinese Mainland
Number of employees from Hong Kong, Macao and Taiwan regions
Number of overseas employees (excluding employees from Hong Kong, Macao and Taiwan regions)

Luxshare Precision keeps refining its talent management system, constantly enriches our talent reserve, builds a clear career development path for employees, and improves the promotion process. The Company also has established a fair, just and open salary system, formulated scientific performance appraisal policies, and provided all employees with abundant benefits, so that employees can enjoy the fruits of development with the Company. We stimulate the potential and passion of the employees, and improve the Company's competitiveness in an all-round way.

Talent Recruitment

We continue to carry out campus recruitment, cultivate high-quality talents, and build a talent pool. During the Reporting Period, we carried out campus associate trainee recruitment program among recent graduates graduating in 2022 and 2023 at home and abroad. Major links include demand collection, program planning, project launch, campus employer brand promotion, college appointment, college visit, on-site publicity, interview and signing, etc. In June 2022, Luxshare Precision won the award of Chinese College Students' Favorite Employer of 2022 on 51job with its image as a good employer. In the future, the Company will further deepen the campus associate trainee recruitment operation to provide itself with suitable and high-quality knowledge and technology-oriented talents stably and constantly.

Compensation

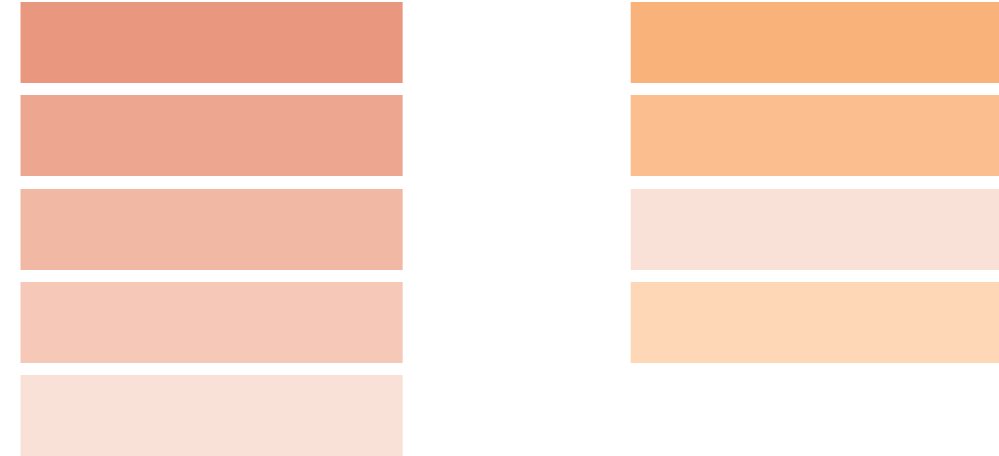
Luxshare Precision is committed to providing a competitive remuneration system for all employees, so as to "attract, retain, motivate talents and boost their success". We adhere to the principle of "equal pay for equal work", and continue to adjust the salary level to maintain it at the upper and middle level of the industry to ensure that employees' remuneration is in line with the market level and not lower than the statutory minimum wage standard of the place where we operate, demonstrating the Company's people-oriented development philosophy.

Performance Assessment

The Company has established a comprehensive performance appraisal system covering 100% of our employees at home and abroad, and set up a regular appraisal system, comprehensive appraisal indicators and clear appraisal procedures to obtain information on the objective performance and development of employees in the work.

Establish Promotion Channels

The Company has developed a clear dual-channel career development path for employees in leadership and technical expertise. Besides, it continues to improve the promotion process and policies to maximize the potential of employees, so that the Company can achieve fair, just and reasonable employment, while improving the passion and sense of identity of employees. We have set up transparent promotion process as well as four major promotion principles, in an effort to create a scientific and reasonable promotion system.



Case | Luxshare Precision Established the Three-star Staff Promotion Assessment Mechanism

Luxshare Precision established a three-star promotion channel as part of our effort to improve the promotion and assessment mechanisms for DL (direct labor). The Company provides supporting benefits and priority for promotion for employees with different star ratings to motivate the passion and creativity of DL employees and develop their employment potential.



★
Qualified workers who have worked continuously for over 1 month and engaged in key work stations and positions, passed the work station assessment, and obtained the induction certificate.

★★
Multi-skilled workers who have been working continuously for over 3 months, engaged in key stations and positions, mastered the skills of 80% of the stations of the line and passed the know-how course examinations on posts such as 8s, quality, and safety.

★★★
All-round workers who have been working continuously for over 5 months, engaged in key stations and positions, mastered the skills of all the stations of the line, and passed the know-how course examinations on posts such as 8s, quality, and safety.

The Company speaks with conviction that talents are the key to the development of the Company. We coordinate multiple resources and have set up rich training courses to promote the career development of our employees, so that they can realize their own value and make progress together with the Company.

Focus on Employee Development

Employee Training System

We have built and implemented a comprehensive training system to improve the quality of employees and enhance their professional skills.

the Company spent a total of
over RMB **13** million

on employee training programs,
with a total of approximately
10.72 million hours

the per capita training time is
about **45.23** hours.

and offering courses to 7p

Internal Lecturer Training

In order to provide professional knowledge and teaching, enrich course content, and create a positive atmosphere for internal sharing, communication and learning, we have launched the "Star Engine" program since 2020, setting up multiple links such as training, certification, practical work and awarding, etc., to build a professional lecturers team. The lecturers of some of our operating locations have started to teach in internal transfer training.



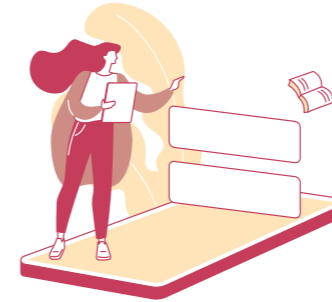
As of the end of the Reporting Period, we have trained over **900** lecturers in our overseas and domestic operating locations

Continuing Education

We take the initiative to conduct educational upgrade program for our talents where we operate, and encourage and support serving employees to participate in programs such as academic upgrading and external certification, ensuring all employees are eligible for application. We collaborate with external institutes and universities including, Beijing Institute of Technology, Beijing Language and Culture University, Jilin University, Guangzhou Pearl-River Vocational College of Technology to provide educational upgrade support (such as high school to junior college upgrade, junior college to undergraduate upgrading), including tuition reimbursement, subsidies and other forms for eligible employees. This helps employees to improve themselves and also enhances the core competitiveness of the Company, achieving both corporate and personal development.



During the Reporting Period, a total of over **800** people participated in the academic upgrading program.



Case | Suzhou Meite Factory Organized the "Star Engine" Training Program

In October 2022, Suzhou Meite Factory invited external lecturers to conduct training for trainers. During the class, the instructor introduced the "Star Engine" program in detail, including the positioning of Luxshare's internal lecturers, the lecturer competency model, and the lecturer echelon construction process. This training mainly included "Lecturer Role Cognition and Style Shaping", "Course Design and Production" and "Classroom Presentation and Control Techniques". We aimed at consolidating the foundation of course development through theoretical teaching and practice, and focused on the comprehensive ability of lecturing skills and course presentation.



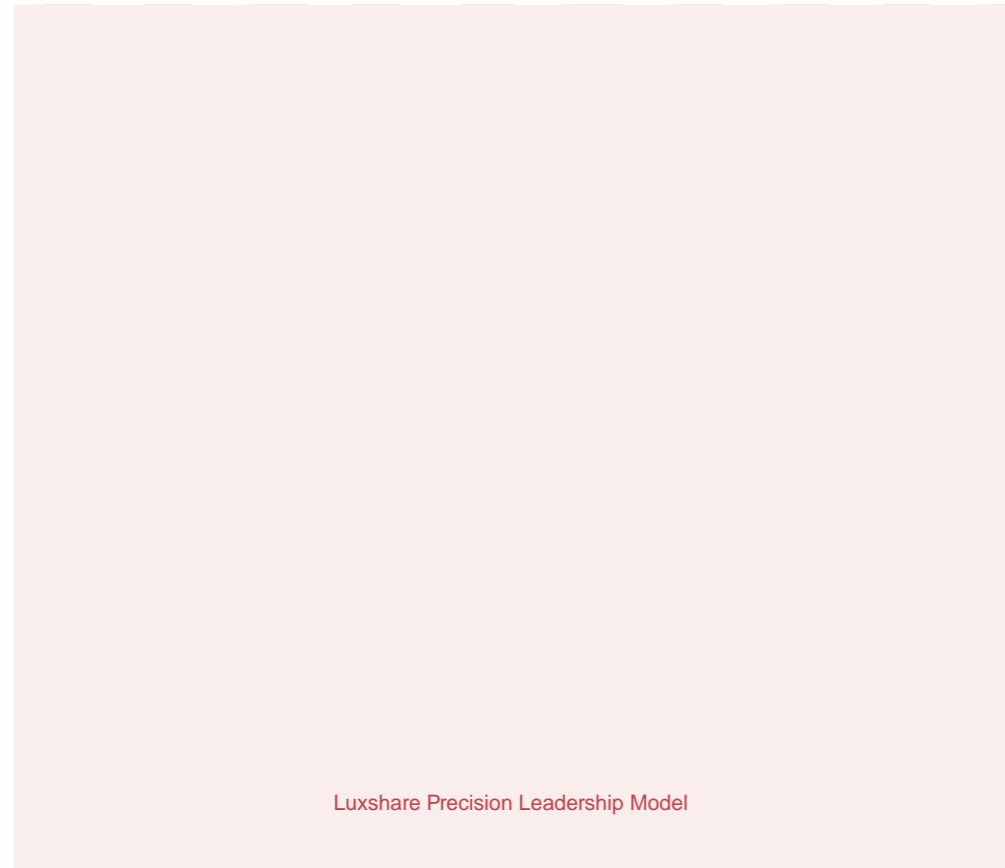
In 2022, Luxis Technology (Kunshan) Co., Ltd. actively responded to the government's policy, conducted government-enterprise cooperation, to help the innovation and development of highly skilled personnel. Besides, it had established internal incentive mechanisms, smoothed the career development channels of skilled personnel, and carried out a series of training for vocational skill level recognition. We had trained 30 people cumulatively including computer programmer, industrial robot system operator, and electronic fitter for broadcasting and communication equipment, 27 of them certified with vocational skill levels.



Develop Workplace Leadership

We have developed a Luxshare Precision Leadership Model from five dimensions, thinking, decision-making, execution, influence and expertise. The Company has set up appropriate growth pathways from basic to outstanding capacity improvement targeting each dimension, laying a solid theoretical foundation and orientation guidance for developing cadre leadership.

We hope to grow with our employees. In order to fully implement the development strategy of "Talent Helps Strengthen Enterprise" of Luxshare Precision, we have launched the leadership training program "Star Making Series" to enhance the management ability of managers, broaden professional thinking, promote talent development, and help employees' career development continue to advance and grow.



Luxshare Precision Leadership Model



In 2022, the total duration of the leadership training program was **494,762** hours,

with **75,454** person-times



Leadership Development System

Training Program	Trainees	Contents
M4 Reserve Practice Program	Executive reserve cadres	Aim to unify cultural values and cadre management concepts, and improve cadre leadership
M3 Reserve Practice Program	Senior management reserve cadres	Aim to unify cultural values and cadre management concepts, and improve cadre management skills
P3P4 High-potential Talent Practice Program	Specialists for high-potential talent pool	Aim to broaden the thinking innovation and professional communication of professional talents
Management Advancement Program	Senior management current cadres	Aim to unify cultural values and cadre management concepts, and improve cadre leadership and management skills
Line Leader Practice Program	junior cadres	Aim to uniformly enhance the management skills of junior cadres
Star Program	Reserve cadres	Aim to unify cultural values, and help reserve cadres to quickly integrate into the Company and team, and realize the transition from student to employee

Case | Meite Suzhou Factory Organized the M3 Reserve Training Program

In July 2022, in order to support the continuous development of the business and build up the management talent echelon, Merry Electronics (Suzhou) Co., Ltd. organized a two-day M3 reserve training program. The program was taught by human resources experts from the training center, covering middle management, coaching and cultivation of employees and other aspects, promoting the construction of corporate talent echelon.



Based on the perfect training system and management mode, we actively promote the development of overseas managers. In overseas operation sites such as the Vietnam factories, we continue to promote the localization through employment of local managers, expand the appointment of local managers and professionals, strengthen the integration, training, motivation and development of overseas cadres, and promote the stability of talents supply in overseas operating locations.



During the Reporting Period, the number of Vietnamese managers at Vietnam factories increased by **136%** compared to 2021

Promote School-Enterprise Cooperation

The Company actively cooperates with external universities and institutes to carry out talent training programs. Since 2020, Luxshare Precision has continued to promote the "A+ Eyas Program" and explored the joint school-enterprise talent training model with the platform. Besides, it has cooperated with Ji'an Vocational and Technical College and other schools to train and provide talents to enterprises under the modern apprenticeship system. We have established a perfect talent training process, covering a series of contents such as corporate culture promotion, factory visit and learning, job function understanding, professional skills and equipment use training, etc., to promote the overall development of talents. We also attach importance to in-school teacher training, and have now completed the transformation from dual-teacher teaching at school and enterprise to separate teaching by school instructors.

Meanwhile, the Company promotes various forms of school-enterprise cooperation with local colleges and universities to promote the development of talents in schools while providing candidate talents for enterprise development, so as to realize resource sharing, complementary advantages integration, and common development between schools and enterprises.



Case | Vietnam Factories Cooperates with Universities to Carry out Orientation Class Training Program

On December 23, 2022, the opening ceremony of the Orientation Class was successfully held between the factories in Vietnam Van Trung and Quang Chau and Vietnam Hanoi University of Industry. 38 outstanding college students participated in this "Orientation Class" training program. At the opening ceremony, the students of the "Orientation Class" listened to the sharing and guidance from the school teachers and company leaders, and they also participated in interesting games and cultural exchange activities together in the sharing and interaction part. In order to increase the school teachers and students' understanding of Luxshare Precision, after the opening ceremony, the Company specially invited teachers and students to visit the Company to deepen their understanding, laying a good foundation for long-term cooperation.



Building a Harmonious Workplace

Luxshare Precision is committed to building a harmonious workplace and maintains a good relationship between the Company and employees. We have set up multiple communication channels for employees to feed back their real demands and strive to solve employees' reasonable needs in a timely and effective manner. In the meantime, we organize various forms of employee activities to enrich employee welfare mechanisms in a bid to lift employees' workplace experience.

Employee Communication and Exchange

Luxshare Precision strictly implements the requirements of laws and regulations, fully respects and ensures the legal rights of all employees, including rights of equal negotiation and collective agreement. We have set up labor unions in domestic and overseas operation locations, and employees have the right to choose whether to join the union.



At the end of the Reporting Period, Luxshare Precision had established **29** trade unions in its domestic and overseas operation locations

Employee Satisfaction and Engagement

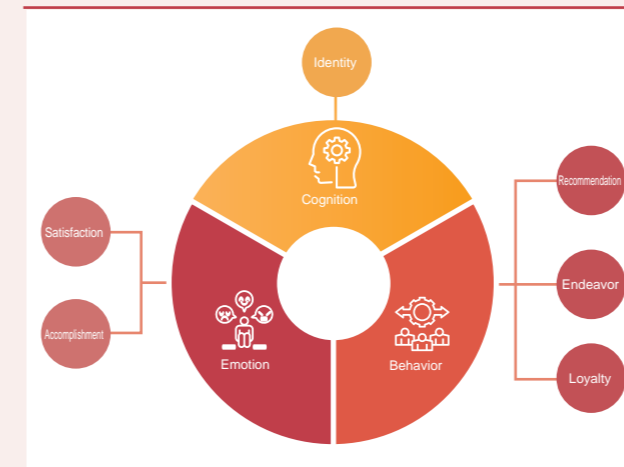
To better understand employees, the Company conducts an annual survey on employee satisfaction and engagement. In 2022, we conducted a survey on **all employees** at home and abroad and further refined the survey content. Two sets of questionnaires were set respectively for direct labor and indirect labor to better match the characteristics of employees and allow the Company to know the actual situation of employees in detail. The survey lasted **56** days and was conducted in the form of a combination of offline interviews and online surveys, with a total of **9** executives invited for interviews, **18** IDL (indirect labor) focus group interviews covering **121** person-times, and more than **160,000** valid online answer sheets were collected. After the survey, a total of **191** improvement goals and plans were formulated by Luxshare Precision's subsidiaries and operating locations, covering various aspects such as job recognition, staff training, stress management, staff activities, accommodation and transportation management, etc.

Each operating location of the Company also carried out a survey on employee satisfaction according to the realities and made action plans for improvement and implementation according to the survey results to respond to and satisfy various reasonable demands of employees, thus enhancing the sense of identity and belonging of employees and promoting the sound development of the Company.

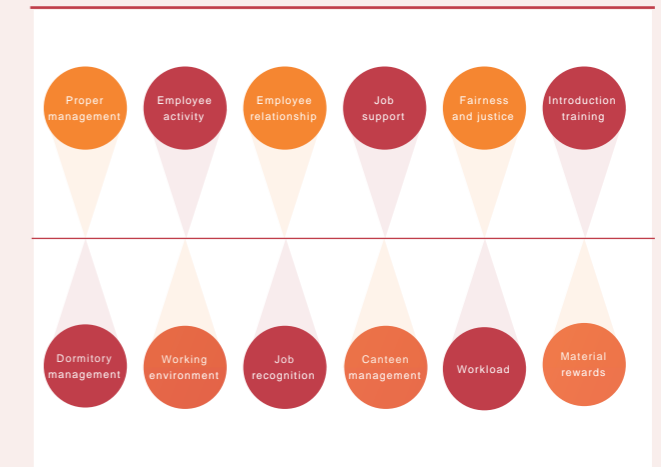
Analytical Structure

Overall Status	Identify the Company's key characteristics and capacity for sustainability
Analysis of Key Indicators	Analyze employee engagement and their satisfaction with the Company
Analysis of Key Drivers	Identify the topics that employees are most concerned about and that are most significant for the enhancement of their engagement
Analysis of Major Issues	Analyze the outstanding problems affecting the employees' willingness to improve their engagement
Analysis of Focus Group	Identify critical issues in high-risk units
Brief Summary	Evaluate the Company as a whole

Engagement Index



Satisfaction Index



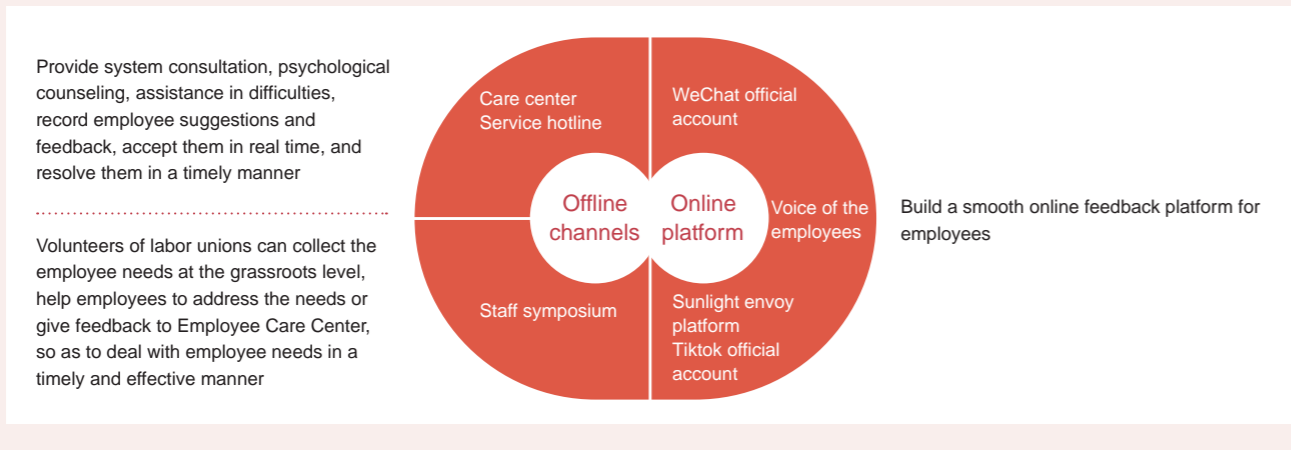
Employee Communication

We have set up various communication channels and platforms for employees, including global direct reporting channel and star community communication platform at the company level, and actively expanded communication channels in each factory by setting up employee care center, service hotline and online platform to collect employees' voices and listen to their demands.

Communication Channels of the Company



Communication Channels of the Factories



Case | Luxshare Precision Builds the Communication Platform "Star Community"

To provide more efficient information exchange and listening interaction channels, show the spiritual outlook and spread the culture of "Luxshare" members, the Company has launched an online listening platform "Star Community" based on the concept of employer brand "Star Factory", so as to build an employee eco-community characteristic of Luxshare Precision.

Star Factory Talk
Include Four Segments: Free Talk, Contribution, Vietnam, Landscape

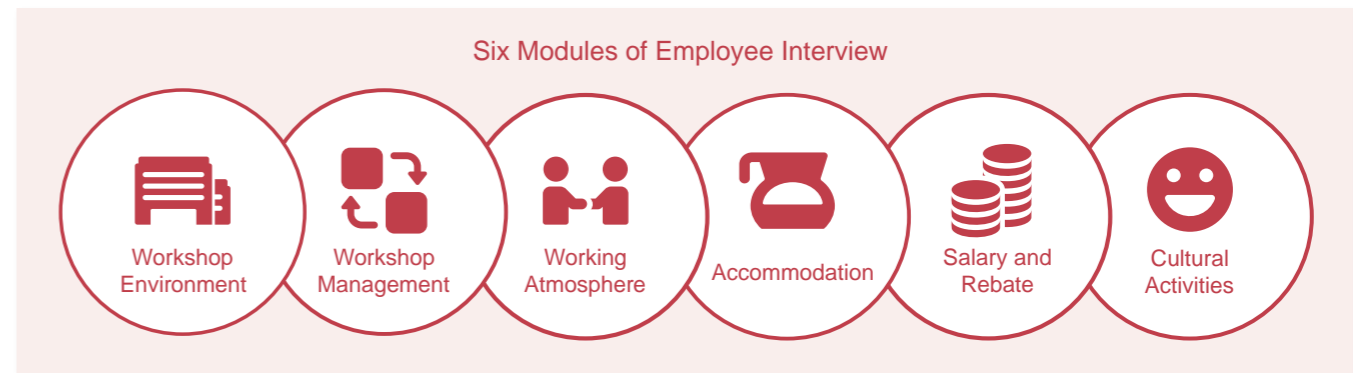
Star Discovery
Share all kinds of breakthrough progress or awards related to the Company's internal business activities and departments exchange business results, share business knowledge, and launch special plans and projects

Luxshare Video
Cultural propaganda video integration window

Star Factory Life
Display all kinds of activities of Luxshare Precision employees, employees can share their life, emotions, interests and hobbies

Voice of Luxshare
A platform for employees to contribute articles, show their spare-time life and spiritual outlook

We pay attention to employees' workplace experience and expectations, and regard employee satisfaction as the "barometer" of happiness index and management of the Company. Therefore, the Company regularly organizes face-to-face interviews between senior executives and employees of each factory every year, calling for senior executives to go to the front line to understand the real demands of employees and enhance enterprise cohesion. The annual employee interview in 2022 covers opinions on six modules: workshop environment, workshop management, working atmosphere, accommodation, salary and rebate and cultural activities. BU and human resources administration department develop and implement future work improvement plans under the guidance of the interview results. Staff interview will also be carried out regularly in each operating location to continuously collect staff opinions and improve daily management.



Case | ShenZhen Luxshare Acoustics Technology Regularly Conducted Employee Interviews

In 2022, ShenZhen Luxshare Acoustics Technology carried out a series of actions for employee care quarterly, interviewing employees in the form of executive interviews, employee interviews and employee symposiums. The survey covered many aspects such as employee career planning, working status, job satisfaction, management evaluation, career development needs, and sense of belonging to the Company. We retroactively followed up on employee evaluation to comprehensively promote employees' career development.



More than **20** interviews and symposiums were held with more than **1,000** employees involved in 2022



Complainant Protection

To fully protect employees' privacy, we have established a sound mechanism to protect complainants. In the process of complaint processing, we ensure that the privacy of whistleblowers is completely protected and their personal information is kept strictly confidential, which is only known by the platform administrator. The information related to the report content and investigation process is only accessible to the human resource center and the care center in the factory. The whole investigation process is kept confidential by the special auditors.

Creation of a Happy Working Environment

The Company aspires to benefit the future through sharing. Care for people is an important part of our value co-creation and achievement sharing chain. We value our employees' feelings, promote the honor system of Luxshare Precision, hold a number of employee activities to convey our care and continuously improve our employees' workplace experience.

Employee Honor

In 2021, the Company launched the Luxshare Precision Honor System which plans the awards from three aspects of seniority, individual honor and group honor. The "Thanks to You" Anniversary Award was launched to reward full-time employees who have served the Company for 10 years, 15 years, 20 years, 25 years or more.

Case | Luxshare Precision Held the "Thanks To You" Anniversary Award

Luxshare Precision Dongguan Factory and Jinxi Factory conducted the "Walking Together, Growing Together" - 2022 Anniversary Award Ceremony, where a number of anniversary representatives were presented with commemorative awards. Besides, outstanding employee awards, including the annual Best Craftsman Award, the annual Best Site Management Award, the Best Lecturer Award, and the Best Candidate Award, were presented to reward employees who have accompanied Luxshare Precision for many years and performed well, in gratitude for their hard work and dedication.



Case | Luxshare Precision Industry (Shanxi) Held a Tug of War Event

In September 2022, to enrich employees' spare-time life and improve their physical fitness, Luxshare Precision Industry (Shanxi) held an annual tug of war for its operating department. Apart from generous prizes, there was a lucky draw session to encourage the employees to actively participate in the competition and strive for good results. In the end, amid the high enthusiasm of the participants, the competition concluded with the second assembly team winning the first place.



Employee Activities

To enrich employees' life experience and further enhance the cohesion in the Company, we have actively organized a variety of cultural and sports activities and encouraged our employees to participate in the activities, spicing up our employees' spare-time life.

Case | Luxshare Precision East China Region Held the Voice of Luxshare

In October 2022, Luxshare Precision East China Region held the Voice of Luxshare singing contest for all employees. In the form of on-the-spot selection, the contest provided a platform for the employees to showcase their talents. Contestants that had passed rounds of competition delivered dazzling performances in the final. On the night of the final, East China Region also arranged a family camping base, a fun street vending event and a delicious feast for its employees to relax in their spare time.



Employee Care

All along, we have regarded “integration” as one of our corporate core values and striven to build a diverse and inclusive workplace environment, in order to provide all employees with a warm and comfortable platform for them to give full play to their value. To this end, we not only provide high-quality services in aspects such as clothing, food, shelter and transportation, but also continuously seek employee opinions, striving to improve our employee service system. We also reach out to employees in dire straits and show solicitude for vulnerable groups to ensure that our care reaches every Luxshare Precision employee.

Case | Luxshare Automation (Jiangsu) Held Employee Interviews

In November 2022, Luxshare Automation (Jiangsu) Ltd. held one-on-one interviews between senior executives and more than 50 employees in the factory. In the seminar, the employees expressed their expectation that cultural life and canteen services would be further enriched and improved and the factory proposed corresponding improvement measures based on the employee opinions. Administrative departments planned to rearrange the entertainment venues and renovate the dormitory and entertainment areas. The canteen will also develop new dishes to satisfy the diversified needs of employees.

Case | Luxshare Precision Industry (Chuzhou) Organized Charitable Donations

In September 2022, Luxshare Precision Industry (Chuzhou) chose to lend a hand immediately after learning that an employee was diagnosed with acute lymphocytic leukemia. It applied for a one-off subsidy of RMB10,000 which was delivered to the employee by hand when the Production Section Chief and representatives of the Employee Relations Section visited the employee. Additionally, Luxshare Precision Industry (Chuzhou) also launched an employee donation initiative, set up a care hotline and issued a call for charitable donations from all employees to jointly help the employee get through the hard time.

Case | Jinxi Factory Ran a Diversified Talent Empowerment Project

In 2022, Luxshare Precision released the Diversity and Integration Management Procedure, aiming to provide an equal and inclusive workplace environment for employees with disabilities. During the Reporting Period, Luxshare Precision's 32 subsidiaries have provided suitable positions for disabled employees, among which, Jinxi Factory successively employed more than a hundred employees with disabilities in multiple functions such as testing, pretreatment, wire organization and packaging. Before they started working, the Factory had arranged for a professional sign language teacher to offer pre-job training to ensure that the employees were aware of its corporate code of conduct. The factory also provided the employees with green factory logo bands, special dormitory labels and other meticulous care. In the future, the factory will further explore the supporting work for employees with disabilities, such as increasing current barrier-free facilities and clarifying the promotion channels for employees with disabilities.

Cross-cultural Exchange

Luxshare Precision always attaches great importance to cultural communication among employees. We hold various cross-cultural exchange activities to encourage employees from different cultural backgrounds to participate in communication, promote cultural integration and continuously enrich employees' spiritual world.

Case | Vietnam Factory Held a Dance Contest

In June 2022, Luxshare Precision Vietnam Factory held the first “So You Think You Can Dance” contest with a view to encouraging local employees to actively participate in cultural activities. A total of 14 teams participated in the contest. After a month of intense rehearsals and fierce competition, the contest officially came to an end on June 18. While enhancing the teamwork spirit of the local participating employees, the event also promoted cultural and artistic exchange, implementing the development of humanistic care and corporate culture.



Employee Benefits

Luxshare Precision adheres to people-oriented development philosophy, and attaches importance to employees' satisfaction from work and life, for which we have established well-developed employee benefit system, and provided employees with diversified caring facilities and activities, hence continuously boosting employees' satisfaction. We provide all employees in the locations where we operate with statutory benefits and paid festivals and holidays according to law, e.g., paying social insurance for employees. Based on these, we also provide multiple routine benefits to enhance employees' sense of happiness and identity.

Case | Carry out Three-star Inspection Plan Amongst Factories

In order to further improve the services for employees, Luxshare Precision has formulated the "Three-star Inspection Plan for Food, Shelter, and Transportation", and each factory has arranged specially-assigned persons responsible for inspecting the current situation of food, shelter, and transportation of the factory, and supervising the improvement. In 2022, all factories totally inspected nearly 200 supporting facilities at multiple public areas such as employee dormitories, canteens, and movement areas. For the problems identified in the inspection processes, all factories have made statistics, and worked out and implemented the improvement plans. By the end of the Reporting Period, more than 15 items have been improved with the star levels increased in the re-evaluation, solving multiple improvement requirements such as inadequate shuttle bus points, not scientifically planned living areas, and water seepage of employee dormitories.



Employee Health Care

The Company provides a variety of health examination and specialized examination packages, health knowledge lectures, and My Voice consultation hotline for employees, conducts psychological interviews with them, and carries out mental health questionnaire surveys, to care for the mental health of vast numbers of employees.

Schooling Needs

We cooperate with local governments to ensure that the needs of employees' children can be met so that they can study in local schools, offer shuttle buses from/to schools for such children, provide the assistance of after-school care, and run enterprise kindergartens at some factories; some factories subsidize tuition for their employees' children during the undergraduate period, if the children are enrolled by the universities which are on the university list of the Company and after the applications are approved.

Employee Canteen

Each factory of the Company is built with different types of canteens to serve a variety of cuisines for employees from different cultural backgrounds.

Employee Accommodation

Employees can choose whether they get accommodation in the Company's dormitories based on actual personal needs, and those who choose not to live in the dormitories will be given an accommodation subsidy according to internal management regulations.

Diversified Administrative Care

The Company has set up an exclusive administrative communication window to answer employees' questions regarding clothing, food, shelter, and transportation to communicate interactively, and the services of answering questions intelligently and manually have been put into use.

Birthday Greeting

On the birthday of an employee, a birthday greeting will be sent through the internal channel of the Company. The employee and his/her immediate supervisor will receive an email and customized birthday greeting message, and will be invited to the employee's birthday party.

Cultural Team-building

Each factory of the Company provides an open reading room for employees, and regularly organizes movie watching as well as diversified cultural team-building activities and holiday activities. In addition, we provide employees with multiple presents for traditional festivals such as mooncakes and Spring Festival goods.



Office Space

The Company is committed to creating a warm and efficient work atmosphere, providing a bright and clean office environment.

Purchase of Commercial Insurance

The Company cares for the personal safety of employees on business trips/dispatched to other regions, and purchases comprehensive accident insurance for such employees.



Ensure Employees' Safety

Luxshare Precision attaches great importance to the occupational health and safety of employees, is committed to providing healthy and safe working conditions for employees, and constantly improves the occupational health and safety management system and safety production system and management norms with the goal of "zero work-related accidents and zero occupational diseases". In strict compliance with the Work Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Measures for the Administration of Contingency Plans for Work Safety Accidents and other laws and regulations, under the coordination of the EHS (Environment, Hygiene and Safety) Management Committee, we formulated a series of policies in the year, such as the Management Guidelines for New equipment, New Materials, New Processes, and New Technologies before Application, the Management Measures of the Group for Safety Education and Training, the Management Measures of the Group for EHS Checks, and the Standards for the Display of Safety Signs, so as to further consolidate the foundation of policy-based standards.

We actively identify, assess, investigate, respond to and manage occupational health and safety hazard, develop the Identification of Hazard Installations and Risk Evaluation Control Procedure, work with multiple responsible departments to organize the identification and risk assessment of work-related hazards, and develop objectives and management plans to form an effective risk prevention and management mechanism. In order to create a management chain that is more efficient, Luxshare Precision has gradually established a two-level mode for occupational health and safety matters targeting the Company and the local institutions. The Company is responsible for the formulation and optimization of the standard systems, and the promotion and supervision of the implementation of the systems, while the local institutions conduct detailed management based on their specific situations. In the process of practices, we also continue to improve the management system of occupational health and safety.

EHS Management Committee

We unremittingly adhere to the safety policy of "safety first, prevention foremost and comprehensive treatment". During the Reporting Period, the EHS Management Committee led by the Company's chairman continued to consolidate the foundations for occupational safety management, improved the long-acting safety mechanism and ensured accountability for production safety. Systems such as the Group EHS Management Committee Operation Supervision and Management System, the BU (Business Unit) EHS Responsibility Letter, the EHS Management Organization Setup and Personnel Allocation Specifications, the EHS Operation Monitoring and Control Procedure have been established. The organization and management capability supervised by the Board of Directors, led by the EHS Management Committee, executed by the work groups including Audit Group, Publicity Group and Legal Group and factories are improved. To ensure the participation of employees in occupational health and safety management, the members of the EHS Management Committee also include employee representatives to fully listen to employees' opinions on occupational health and safety affairs. Meanwhile, we have a complaint mechanism related to occupational health and safety affairs, encouraging employees to report the identified risks through this mechanism and protecting them from retaliation.

As of the end of the Reporting Period, a total of **37** domestic and overseas major production bases have passed the ISO45001 certification for occupational health and safety management systems

During the Reporting Period, the EHS Committee conducted **112** spot checks or inspections on the Company's factories regarding occupational safety management

EHS Information Management System

By launching the EHS Information Management System of Luxshare Precision, the EHS Management Committee established a company-wide EHS management and control system, unified ways for planning and management and integrated reporting channel via information-based means, so that the EHS management of the Company became more systematic, intelligent and standardized. Incorporating 13 modules, the EHS Information Management System covers all aspects of EHS management. The electronic and intelligent management of data will steadily promote the information-based development of EHS management and improve the efficiency of the Company's EHS management. During the Reporting Period, the first phase of the system development was concluded, as a total of nine modules were put into operation, and the factory reporting and data collection functions are realized. In the future, continued efforts will be made to promote the development of the data dashboard and the risk warning function so as to further improve the information-based EHS management.

Safety Training

In order to enhance the company-wide safety awareness, we actively organized training for occupational health and safety in various forms, and set up EHS-related courses on the online learning platform "i School" for employees to study the EHS management system of the Company, learn about their EHS related responsibilities, and propose their suggestions on EHS management. During the Reporting Period, Luxshare Precision provided all employees with training for occupational health and safety in various forms.

EHS Training

We carried out EHS training covering all employees from top to bottom, and actively promoted the improvement of the three-level safety management training at the Company level, department level and post level.

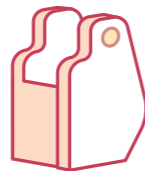
From June 24 to June 25 in 2022, with the goal of further enhancing the safety awareness of management personnel at all levels and ensuring that they have "well informed of, developed a good understanding of, and faithfully assumed their responsibilities", in the South China Region of the Company, we invited external experts to provide the EHS management personnel of all factories in the region with a two-day training session for skill improvements of EHS management. In the training session, accident cause analysis of real cases was incorporated into a series of theoretical lectures on safety responsibilities and regulations to inspire trainees to conduct in-depth contemplation and analysis. Meanwhile, the indispensability of EHS management for accident prevention was emphasized and the safety management awareness of EHS management personnel was further enhanced.

Production Safety Training

We implemented all laws, regulations and internal policies and systems related to production safety, and required that all production factories should conduct regular training for production safety, publicize knowledge of production safety, enhance the safe practice skills of employees, and cultivate employees' sensitivity to potential safety hazards and risks.

Case | Xuancheng Luxshare Precision Conducted Training for Safe Practice regarding the Use of Machinery and Special Equipment

On February 24, 2022, Xuancheng Luxshare Precision conducted safe practice training for the use of machinery and special equipment to let employees understand and master the basic knowledge of the risk control measures for safety regarding the use of machinery. The trainees were employees holding various posts such as product team leaders, storekeepers, operators and manufacturing engineers. In order to enhance trainees' understanding of machinery and equipment, as well as their awareness of safety regarding the use of machinery and equipment, the lecturer taught the knowledge of the use of machinery and equipment, as well as the basic knowledge of the safety regarding the use of machinery and equipment to all trainees.



Case | Huarong Factory Held Safety Production Month and Firefighting Publicity Day Events

Huarong Factory held a series of events for the Safety Production Month and the Firefighting Publicity Day in June and November 2022, respectively, and effectively enhanced the employees' awareness of the safety responsibility. These events included the mobilization meeting and the themed training session for the Safety Production Month, fire drills, promotion campaigns with banners and posters, themed video study sessions, special checks of hazardous chemicals, training for the identification and practical use of fire protection equipment, etc.



Case | Jiangxi Luxshare Intelligent Manufacture Organized a Knowledge Competition for Production Safety

In order to foster an atmosphere of safety culture of "promoting the safety, safety awareness and safety skills of employees", enhance all employees' safety awareness, and apply safety knowledge to real tasks, Jiangxi Luxshare Intelligent Manufacture held a knowledge competition for production safety in May 2022. 40 questions about safety knowledge were prepared for the competition in three rounds, namely the compulsory question round, the response-based question round, and the risk question round. All teams participating in the competition mastered the safety knowledge better and all staff developed a deeper understanding of the importance of production safety through the competition.



Supplier Training

Luxshare Precision organizes special training of suppliers for EHS safety every year to pinpoint the standards and specifications of the Company, as well as the safety risks and the corresponding prevention and control measures in all construction processes, so as to urge the contractors to implement their principal responsibility for production safety.



In 2022, **115** suppliers attended the EHS training

Case | Luxshare Precision Held the Kick-off Meeting for Contractor Safety Training

From September to October in 2022, Luxshare Precision held two sessions of contractor safety training with the theme of "Joint Discussion on Safety for a Shared Future" for a total of 205 management officers from 57 contractors in the construction sector, the electromechanical sector, the decoration sector, etc., with the aim of letting the safety management personnel of the contractors be familiar with the standards and specifications of Luxshare Precision and its branches/subsidiaries, as well as the safety risks and the corresponding prevention and control measures in all construction processes, through systematic training. The training courses included the Comprehensive Safety Mindset and Legal Risks, the Emergency Management, the EHS Value and Operation, the Interpretation of the Contractor Safety Management System, the Key Points for Safety Management of High-risk Operations and other safety management courses. At the end, Luxshare Precision organized all the contractors participating in the training to sign the Contractor's Letter of Safety Commitment.



Chemical Safety Training

Attaching great importance to the safe use of chemicals, we regularly offer training courses in relation to chemical labeling styles, storage and use requirements and packaging requirements. Drills on emergency handling measures after the misuse of hazardous chemicals are also organized to effectively prevent personal injury incidents caused by dangerous chemicals in the operation.

Case | Vietnam Factories Conducted Chemical Safety Training

From August 15 to 19, 2022, Vietnam factories invited a third party to conduct chemical safety training for employees. The training covered a total of 113 participants, including department heads of production, procurement, and biotech departments, full-time and part-time personnel responsible for chemical safety, and personnel directly using chemicals. In order to enhance employees' chemical safety awareness in all aspects, the training explained to the employees participating in the training the legal requirements for chemical activities, hazardous characteristics of chemicals, chemical safety instructions for hazardous chemicals in production, operation, storage and usage, chemical classification and labeling, chemical safety management process, and chemical accident prevention and response procedures.



Case | Luxshare Precision Industry (Enshi) Organized a Chemical Emergency Drill

On November 7, 2022, in order to improve the emergency response capability of relevant accountable persons in case of chemical leakage, poisoning, burns and other hazards of hazardous substances, Luxshare Precision Industry (Enshi) held a variety of drills in its warehouse for hazardous chemicals, such as the emergency response, personal protection and aftercare for alcohol leakage, alcohol poisoning, welding flux burns, etc. During the drills, the operators had to wear supplies for labor conservation and protection provided and operate in strict accordance with the drill plan. With the drills, the participants deepened their understanding of chemical use protection and improved their emergency response capability.



Safety Emergency Drill

All production factories of Luxshare Precision actively identify various hazard sources, formulate several emergency plans, and conduct emergency drills many times, such as fire emergency drill, mechanical injury emergency drill, special equipment emergency drill, and electrical emergency drill. Employees' emergency response capability can be improved and relevant safety knowledge can be popularized in the process of simulating and handling incidents.

Case | Jinxi Factory Organized an Electric Shock Emergency Drill

On March 24, 2022, Jinxi Factory conducted an electric shock emergency drill to simulate an incident where an employee fell to the ground after an electric shock on the site. Immediately after the incident, the first aid personnel were organized to carry out emergency rescue and relevant accountable persons such as the EHS Officers and the alert team were notified. First-aid measures such as CPR (cardiopulmonary resuscitation) on the spot were implemented in a timely manner, and vehicles were sent for the simulation of taking the injured to the hospital. The employees who participated in the drill deeply learned the safety production knowledge about electric shock, improved their awareness of safety production, and mastered the first aid skills for electric shock incidents.



Case | Fujian JK Wiring Systems Organized a Fire Drill

In September 2022, Fujian JK Wiring Systems organized a fire drill, with the participation of a total of 575 people. During the drill process, firefighters in the factory simulated using the fire-fighting equipment, and employees learned and mastered basic fire-fighting skills and knowledge. No safety incidents occurred in the drill and the expected effect was achieved.



Case | Jinxi Factory Dealt with Typhoon "Meihua"

On September 14, 2022, typhoon "Meihua" hit Suzhou. In order to be prepared for emergency before the typhoon, Jinxi Factory held a meeting on guarding against typhoon and flood prevention, organized the production and relevant management units to conduct safety inspections with the fixed points tracked by the person in charge of flood prevention in each region, and prepared sufficient flood prevention materials such as sandbags for flood prevention.

We conducted a comprehensive inspection of potential safety hazard areas such as the machine room, chemical warehouse, and high roof in the production area. Besides, the sewers and outfalls in each area were dredged and high-power pumps were deployed to prevent waterlogging due to rainstorm and ensure smooth drainage in low-lying areas. In addition, we inspected all buildings for overhead objects, roof drainage, and internal circuits to fully ensure the safety of the factory.

In the living area, we also conducted inspections at the same time. We carried out publicity and guidance on guarding against typhoon and flood prevention in each building and reminded the employees to retrieve the laundry in time to reduce property losses. Meanwhile, we confirmed the stability of roof fences and photovoltaic panels in the living area to eliminate risks and hidden dangers in a timely manner.



In order to enrich employees' spare time life, encourage them to participate in sports activities, and enhance their physical

Case | Jinxi Factory Conducted a Mechanical Injury Emergency Drill

In September 2022, a mechanical injury emergency drill was conducted in the Jinxi Factory, simulating an incident where an employee's hand was crushed and injured after accidentally entering a wire cutting machine. After a series of procedures such as notifying the production line leader, informing the equipment biotechnician, reporting upward level by level, and carrying out on-site rescue, the employee was sent to the hospital within 13 minutes, which verified the effectiveness of the Production Safety Incident Emergency Plan.



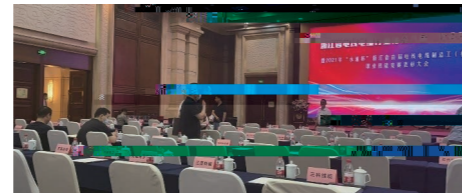
Luxshare Precision strives to be a contributing member of the global community. We are a citizen of each locality where we are established to do business. Like individual citizens, we have a responsibility to support the community. It is our goal to take part in projects that further the welfare of our local communities and to be a dedicated and involved citizen. We incorporate the concept of social responsibility into daily operations and pro-actively participates in industry exchanges to promote the industry development. In the meantime, we also arrange diverse activities to give back to society, show concern for particular groups and actively participate in constructing a harmonious society.

Promote the Industry Development

Luxshare Precision actively participates in industry exchanges and explores industry cooperation and development by joining various industry associations to achieve mutual growth and progress.

Case | Huzhou Factory Participated in Zhejiang Wire and Cable Industry Association

In June 2022, the Second Member Conference of the 8th Zhejiang Wire and Cable Industry Association was held, and the Huzhou Factory attended the conference as a member of the association. Through this event, the factory engaged in industry exchanges and learned the experiences of other industry players to contribute to the development of the wire and cable industry.



Engage in Community Construction

Luxshare Precision actively participates in constructing a better community by carrying out environmental protection public welfare activities, promoting environmental protection concepts, and contributing to building an environmentally-friendly society.

Case | Jinxi Factory Conducted an Old Clothes Recycling Activity

In November 2022, the Labor Union Federation of Kunshan Luxshare Precision Industry organized a public welfare and environmental protection-themed activity called "Clothes for Love, Clothes in Color" to fully embody the green concept of low-carbon, environmental protection, recycling, and regeneration. The event called upon all members of Jinxi factory to contribute to the public welfare. On the day of the event, volunteers checked, weighed, sorted and packaged the donated clothes and kept records of them. They also explained the steps and purposes of old clothes recycling to employees who came to donate their clothes. Each employee who participated in this old clothes donation activity received a donation certificate.



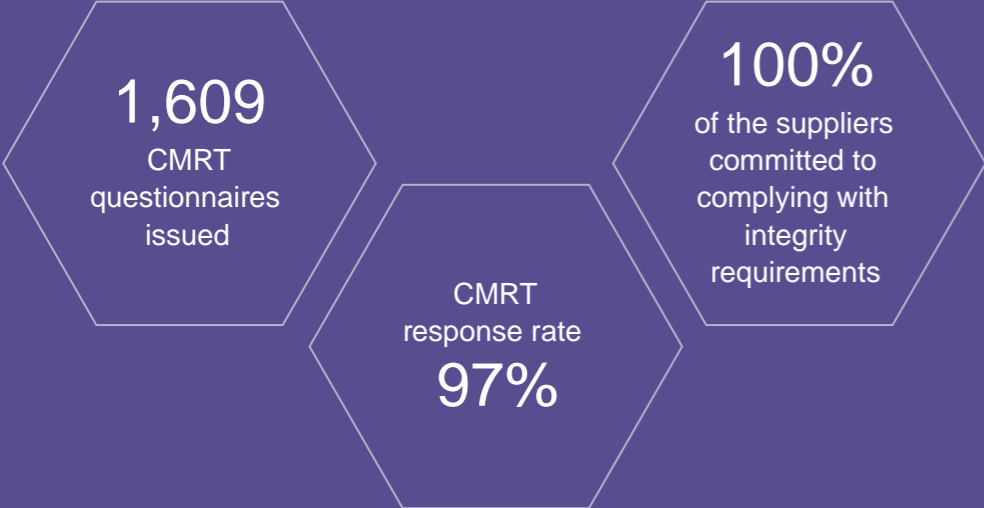
Care for Special Groups

Assisting special groups has always been our critical public welfare work. During the Reporting Period, Luxshare Precision actively conducted activities to offer support and comfort to special groups in various operating locations, providing companionship and consolation items and spreading the "Warmth of the Luxshare Precision".

On October 4, 2022, Ri Shan Computer Accessory (Jiashan) Co., Ltd. teamed up with volunteers from Ganyao Nursing Home, Dayun Caojia Village Community and Huimin Youjia Village Community to carry out a "Fill the Double Ninth Festival with Love, Warm the Hearts of the Elderly" themed the Double Ninth Festival condolences activity. They brought rice, oil, milk,

Making Responsible Purchase to Deliver Value

Luxshare Precision works with suppliers to promote sustainable development across the value chain. With a comprehensive life-cycle management process of the supply chain, we focus on responsible supply chain management, strengthen conflict mineral management, and promote sustainable development of suppliers through strict requirements, publicity and training on social responsibility, in order to jointly improve the supply chain system.



- Responsible supply chain management
- Business ethics
- Chemical management



Supply Chain Management System

Luxshare Precision has formulated the Supplier Code of Conduct, the Supplier Management Operating Procedure, the Supplier Management Operating Practice and a range of management systems and procedures to manage suppliers from four dimensions: development access, risk assessment, tiered management, evaluation and audit.

Development Access

We will conduct an access evaluation on suppliers. We have set up the Access Questionnaire for Suppliers, the Competency Baseline Questionnaire for Suppliers to conduct qualification examination for suppliers in the access stage, and audit suppliers according to the supplier management standards, product quality and environmental protection standards, responsible business alliance code of conduct and other standards of Luxshare Precision, and require potential suppliers to sign the Letter of integrity Commitment for Supplier, Letter of Guarantee on Responsible Business Alliance Code of Conduct and other documents.

Quality Management Systems Certification

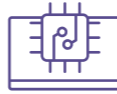
ISO 9001, IATF 16949, ISO 13485, TL 9000, QC 080000, SONY GP or third-party quality systems Certification of other categories

Social Responsibility Systems Certification

ISO 14001, OHSAS 18001, ISO 45001, SA 8000, RBA-VAP or third-party social responsibility systems of other categories

Risk Assessment

According to different supplier risk levels, we adopt the three different review methods of direct review, indirect review and self-declaration, and designate the reviewers qualified for ISO review to assess potential suppliers from the perspectives of system management, institutional management, procurement management, project management and RBA management to confirm their compliance with our requirements. The approved suppliers can be included in the list of qualified suppliers after signing the agreement and passing the examination and approval; if a supplier fails to pass the review, it can conduct rectification as required. After rectification, a review will be conducted. If the supplier fails to pass the review again, it will lose the opportunity of being included into the list.



In 2022, we launched **the supplier audit system** to improve the efficiency of supplier management.



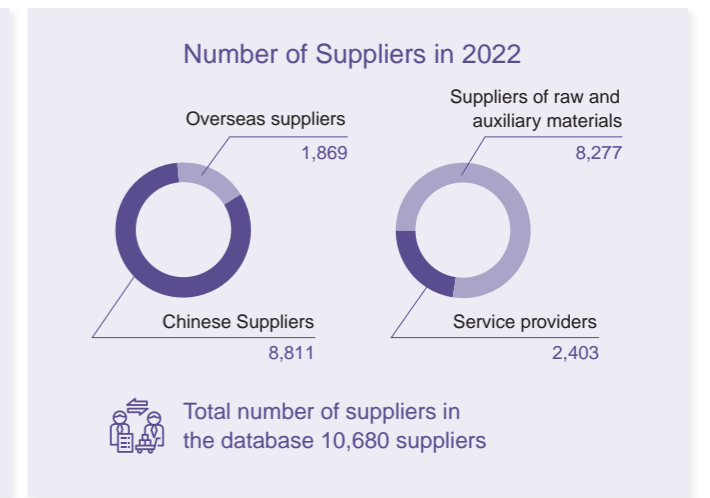
Suppliers must obtain at least **1** quality system certification and **1** social responsibility system certification to be included in the list of potential suppliers

Tiered Management

In daily management, we continuously control qualified suppliers to maintain the stability of the supply chain and ensure the product quality and service level of the supply chain. We conduct monthly comprehensive evaluation on qualified suppliers from four dimensions: technical ability, quality ability, delivery and supply ability and cost leadership ability, and classify them into four grades: A, B, C and D. For Grade C suppliers with poor performance, we will require them to provide an improvement report and track their improvement effects. When necessary, we will conduct an on-site review. Cooperation with suppliers will be suspended if they are rated C for two consecutive years. For Grade D suppliers, we will refuse to renew contracts or sign new contracts with them and require suspension of supply, and provide them with instructions for improvement. If all improvements are implemented, we will agree to accept their delivery and keep constant tracking. Otherwise, we will cancel their qualification as qualified suppliers. For manufacturers designated by customers, Luxshare Precision will work with customers to adopt the same control method for suppliers to ensure the stability of the supply chain.

Evaluation and Audit

Luxshare Precision carries out annual audits on its suppliers. In 2022, we adopted a combination of online and offline methods to carry out annual audit work, thus strengthening the preservation and inquiry of audit records, and promoting the standardization of the annual audit of the suppliers. With an audit dimension in line with the access audit, we aim to periodically review and check whether the qualified suppliers in the roster always meet the compliance requirements.







Environmental and Social Responsibility Management of Suppliers

From management systems of the Company, environmental management, labor management, occupational health and safety management, business ethics management these five aspects, we identified supplier's CSR risks, and assist them to enhance and improve their CSR management. In 2022, the cooperation with 1 supplier was terminated due to major occupational health and safety risks, 461 suppliers completed the rectification work after audit on-site with the amount of 592 items in total.

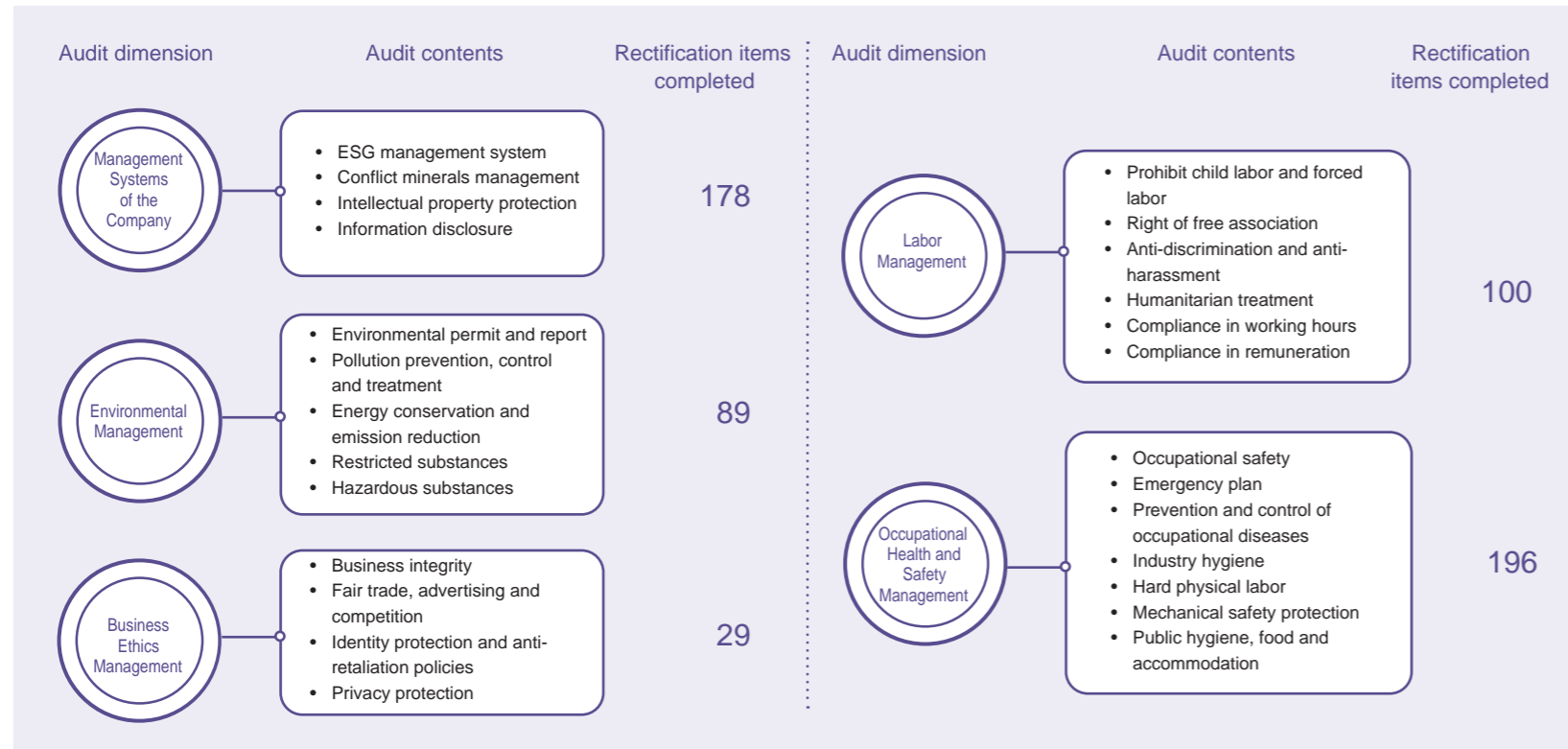


Number of suppliers for which environmental and social impact assessments have been carried out in 2022

2,451

Proportion of new suppliers screened using the social responsibility evaluation dimension **100%**

Number of suppliers who completed on-site audits **800**



We strengthen communication and cooperation with suppliers through visits, phone calls, online communication and offline meetings every year. We also carry out supplier training to deepen suppliers' understanding of product and service quality, social responsibility and other requirements, discuss and reach consensus on the sustainable development of the future supply chain, and help suppliers improve their management ability in all aspects.

Management of Hazardous Substances in Supply Chain

As the connection point between customers and suppliers, Luxshare Precision understands that providing clear material requirements to suppliers is an important prerequisite for providing high-quality and environmentally friendly products to customers. In order to improve the Company's overall management of hazardous substances, we set consistent standards for suppliers, so as to drive the suppliers to carry out sound hazardous substances management and reduce the risk of non-compliant procurement.

Supply chain hazardous substances management requirements

<h4>Entry Conditions</h4> <ul style="list-style-type: none"> Sign the Letter of Guarantee for Environmental Protection to ensure that raw materials, components, packaging materials, semi-finished products and finished products supplied to Luxshare Precision meet the management requirements of the Management Standard for Restricted Substances of Materials and Finished Products 	<h4>Change Management</h4> <ul style="list-style-type: none"> Timely communicate and require suppliers to complete self-inspection, feedback and confirm compliance within the prescribed time limit after the Management Standard for Restricted Substances of Materials and Finished Products is updated
<h4>Regular Audit</h4> <ul style="list-style-type: none"> Conduct regular audit related to the control of hazardous substances, check the product ingredient list and third-party hazardous substance testing report, and send it to the Company's internal laboratory for hazardous substance testing to prevent the non-environmentally friendly materials and products from flowing into the Company's product chain 	<h4>Replacement or Reduction</h4> <ul style="list-style-type: none"> Actively carry out the replacement or reduction of hazardous chemical substances, and phase out hazardous chemical substances or replace them with safer chemical substances as soon as practicable

Green Supply Chain Management

Luxshare Precision is committed to building a green supply chain, conveying the concept of green and low-carbon development to the core suppliers, in order to jointly reduce pollution and carbon emission. Luxshare Precision partnered with the Institute of Public and Environmental Affairs (IPE) and launched the Green Supply Chain Initiative at the end of 2021. During the Reporting Period, under the supervision and guidance of the Board of Directors, we set up a project team to build a green supply chain and released the first Green Supply Chain Project Periodic Report on our official website in August 2022.

Luxshare Precision will make its best efforts to build a green supply chain. In 2022, we cooperated with IPE to provide regular special training for subsidiaries and suppliers, answering questions on a one-to-one basis and assisting subsidiaries and suppliers in solving issues such as GCA (Green Choice) audit on removal of environmental violation information submitted and refined the PRTR (Pollutant Release and Transfer Register) information disclosure.

We believe that dynamic monitoring of environmental violation records helps us identify potential environmental risks. We hope that by correcting the risk spots of environmental violations, we can fundamentally promote the emission reduction of polluting substances in our supply chain and improve our treatment of environmental pollutants.



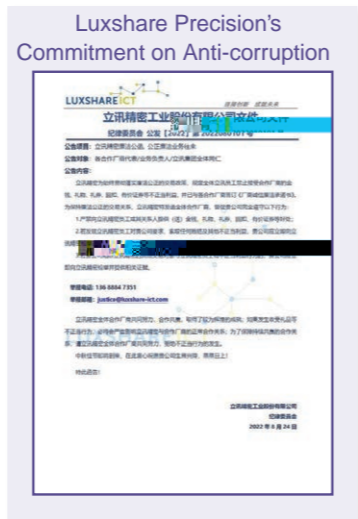
In 2022, we assisted **66** suppliers and subsidiaries in achieving the removal of environmental violation records,

promoted **162** suppliers and subsidiaries to complete the PRTR information disclosure.

Incorruption Management

Luxshare Precision attaches great importance to the commitment and review of fairness and integrity in the process of business dealings, and follows the principles of fairness, openness and fairness. It requires the procurement personnel to carry out all business activities in the process of cooperation with suppliers based on the ethical code of "keeping good faith, advocating honesty and punishing corruption" of the Company. We issue the Supplier's Voluntary Declaration to encourage suppliers to monitor and report improper situations in a timely manner, specify the business ethics guidelines and reporting methods to be followed between the Company and suppliers through Luxshare Precision's Commitment on Anti-corruption, and ask the suppliers to sign the Supplier Integrity Commitment letter upon the inclusion of the suppliers. In 2022, 98.69% of suppliers signed the Supplier Integrity Commitment letter with Luxshare Precision.¹

¹ Some of the designated suppliers have directly signed the Integrity Commitment Letter with our customers, and the Company has confirmed that they do not need to sign it again.



Training for Suppliers

Luxshare Precision pays attention to the communication and exchange with suppliers, and hopes to build a responsible supply chain with them.



In 2022, we carried out a total of **8** trainings for suppliers with **6,754** person-times.



Case study | Organizing Supplier Conference

On December 28, 2022, we held the 2022 Luxshare Precision Sustainable Development & Green Low-carbon Supplier Conference online. We presented our social responsibility management, hazardous substance management, responsible procurement and other related requirements, as well as the progress and planning of "green and low-carbon" construction, progress and prospect of green supply chain construction, and the action of achieving the scientific carbon goal at the conference. During the conference, we explained the Supplier Code of Conduct, the Letter of Guarantee for Environmental Protection, Quality Contract, Letter of Guarantee on Responsible Business Alliance Code of Conduct and other documents, and put forward the requirements and expectations of building a sustainable, clean, green and low-carbon responsible supply chain.



Seek Step-wise Perfection Through Intelligent and Quality Manufacturing

High-quality products and services are the beginning of the pursuit of excellence and the key to promoting the sustainable development of an enterprise. Always sticking to the craftsmanship spirit, Luxshare Precision constantly explores the extreme of intelligent R&D design, digital operation management and automatic manufacturing, and is committed to continuously creating high-quality product experience for customers through lean quality and technological innovation.

Total number of patents
4,526



- Innovative research and development

- Product quality management



Focus on Intelligent Manufacturing

With the in-depth development of industrial transformation, Luxshare Precision adheres to the "Industry 4.0" intelligent manufacturing strategy, insists on the precision manufacturing with digital empowerment, proactively promotes the intelligent development of production and operation, and establishes and improves the intelligent manufacturing system. Through these efforts, Luxshare Precision has gradually leaped from conventional manufacturing to intelligent manufacturing and enhanced the development potential and competitiveness of the enterprise.

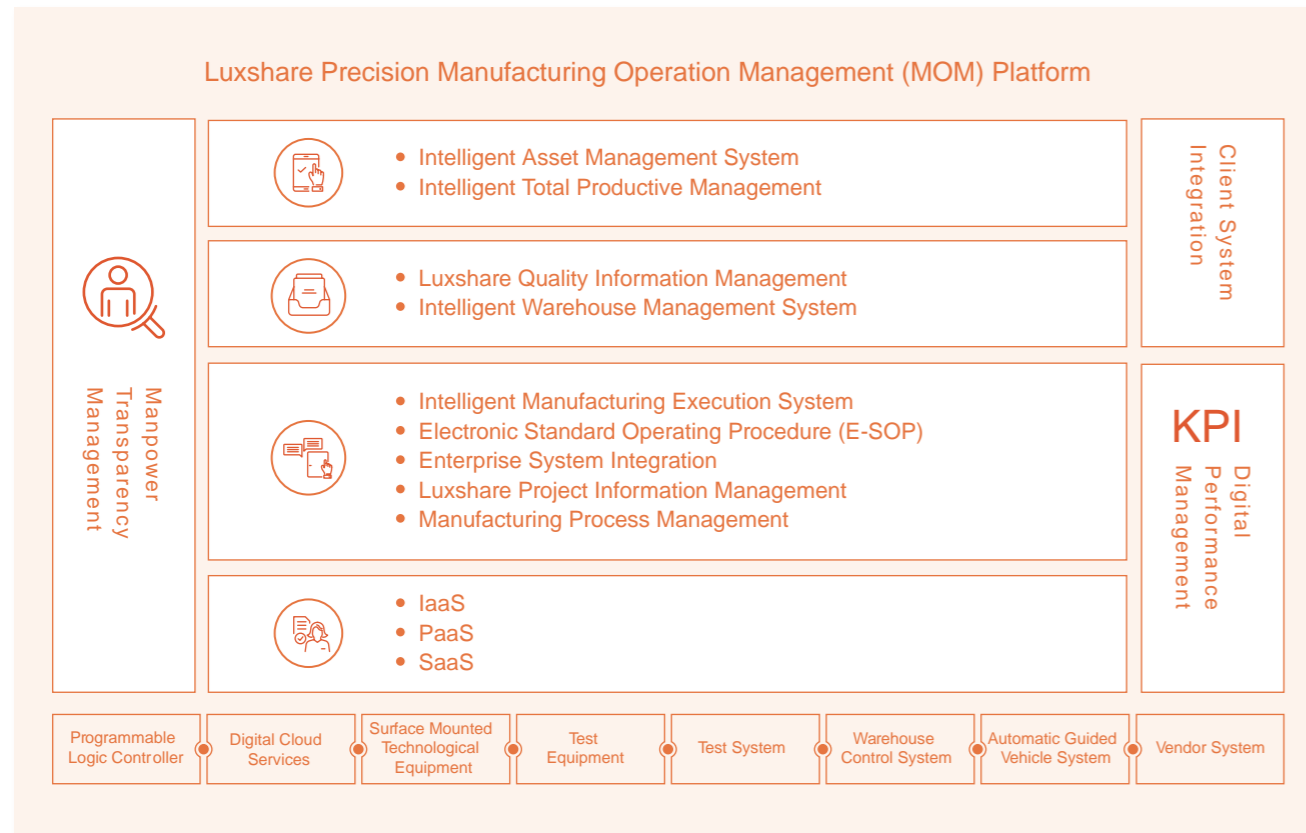


Intelligent Manufacturing Strategy in the Industry 4.0

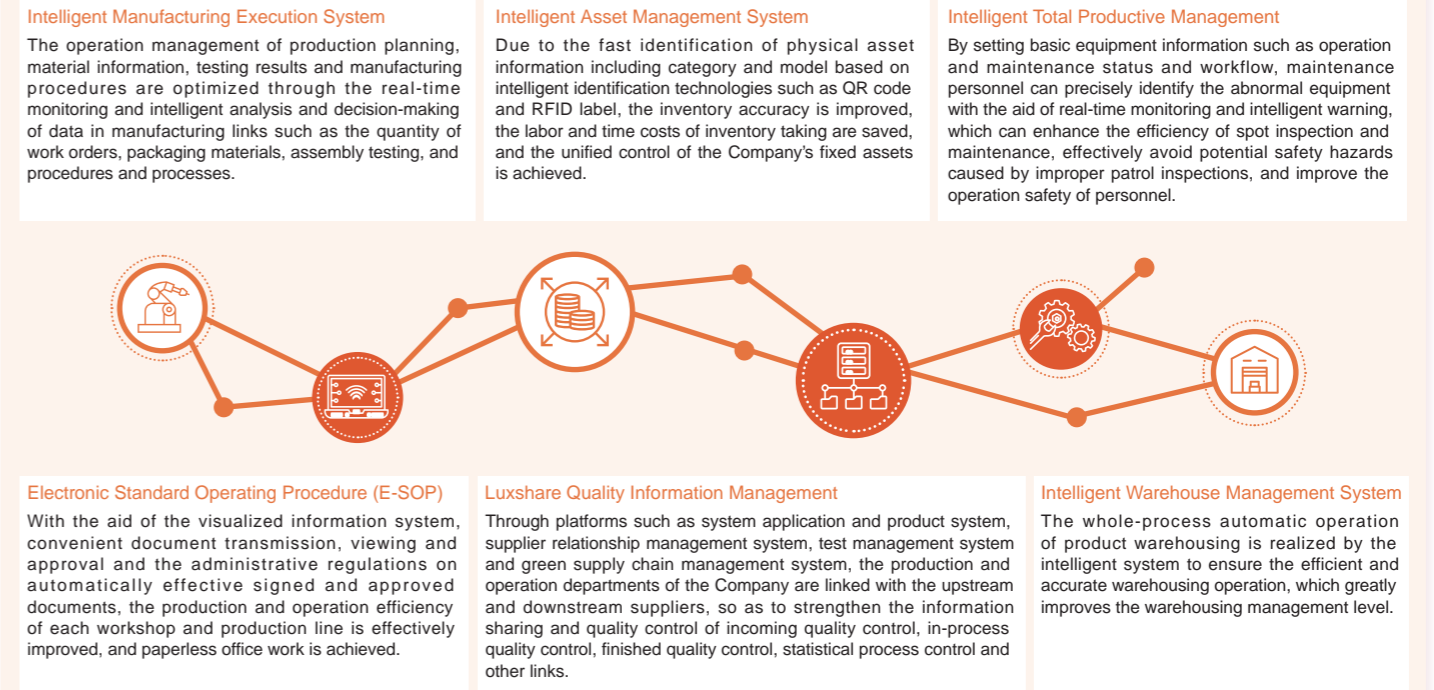
Intelligent Manufacturing System

We actively respond to the national intelligent layout and constantly promote the intelligent transformation of the industry. We provide data decision-making analysis and visualized business management for R&D, supply, production, quality, after-sales service and other operation and manufacturing links through the digital empowerment of the whole-procedure enterprise optimization and upstream-and-downstream connection, supported by platforms and technologies such as the Industrial Internet of Things, artificial intelligence, big data, 5G communication, the Internet of Things and Digital Twin, in an effort to ensure timely delivery, improve production efficiency and optimize operating costs. We aim to craft a lean, agile, interconnected, intelligent and platform-based organizational management model, and enhance the core competitiveness of our business.

Additionally, in a bid to effectively enhance the operation management of the enterprise, we make overall planning and coordination for production activities such as production and operation, quality control, safe execution, equipment operation and maintenance, manpower management and performance appraisal and strengthen the all-round tracking management of product manufacturing parameters including cost, quantity, safety and time in a production data-centered and business-linked manner and by capitalizing on the manufacturing operation management (MOM) platform. The platform consists of the Intelligent Manufacturing Execution System, Luxshare Quality Information Management, Intelligent Asset Management System, Intelligent Total Productive Management and Warehouse Management System.



Luxshare Precision Manufacturing Operation Management (MOM) Platform Subsystems



Intelligent Manufacturing Execution System
The operation management of production planning, material information, testing results and manufacturing procedures are optimized through the real-time monitoring and intelligent analysis and decision-making of data in manufacturing links such as the quantity of work orders, packaging materials, assembly testing, and procedures and processes.

Intelligent Asset Management System
Due to the fast identification of physical asset information including category and model based on intelligent identification technologies such as QR code and RFID label, the inventory accuracy is improved, the labor and time costs of inventory taking are saved, and the unified control of the Company's fixed assets is achieved.

Intelligent Total Productive Management
By setting basic equipment information such as operation and maintenance status and workflow, maintenance personnel can precisely identify the abnormal equipment with the aid of real-time monitoring and intelligent warning, which can enhance the efficiency of spot inspection and maintenance, effectively avoid potential safety hazards caused by improper patrol inspections, and improve the operation safety of personnel.

Electronic Standard Operating Procedure (E-SOP)
With the aid of the visualized information system, convenient document transmission, viewing and approval and the administrative regulations on automatically effective signed and approved documents, the production and operation efficiency of each workshop and production line is effectively improved, and paperless office work is achieved.

Luxshare Quality Information Management
Through platforms such as system application and product system, supplier relationship management system, test management system and green supply chain management system, the production and operation departments of the Company are linked with the upstream and downstream suppliers, so as to strengthen the information sharing and quality control of incoming quality control, in-process quality control, finished quality control, statistical process control and other links.

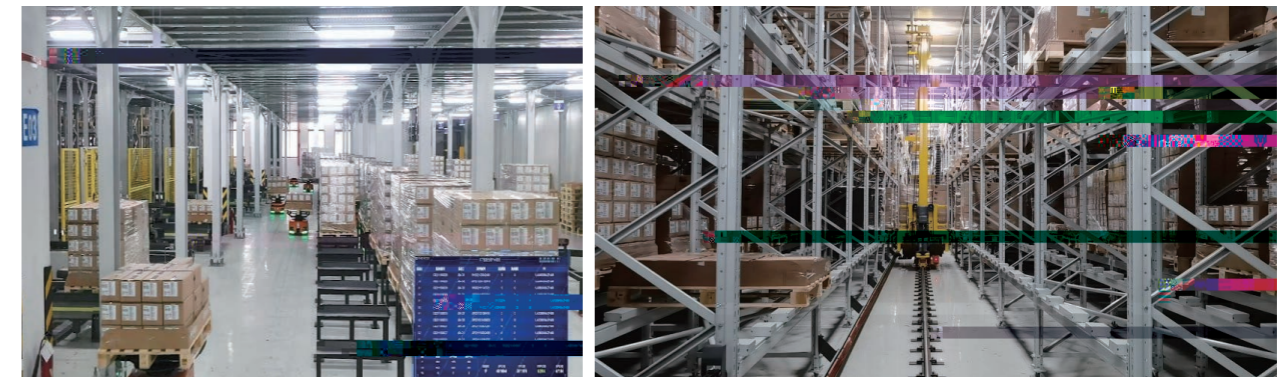
Intelligent Warehouse Management System
The whole-process automatic operation of product warehousing is realized by the intelligent system to ensure the efficient and accurate warehousing operation, which greatly improves the warehousing management level.

Intelligent Manufacturing Development Plan

In the future, we will continue to drive production management on a digital basis, constantly and deeply develop information sharing, automatic control, visualized management and other lean manufacturing fields, gradually achieve whole-procedure transparent production and whole-link intelligent manufacturing of the industrial chain, and lead the development of intelligent manufacturing in the industry.

Case | Unmanned Factories Combining Software and Hardware

To promote the intelligent and lean operation of the enterprise, Luxshare Precision has vigorously developed the application scenarios of WiFi 6 and 5G wireless communication and consistently promoted the construction of wireless factories. With the collaborative operation and precise scheduling of multiple intelligent devices, including RGV (rail guided vehicle), AGV (automatic guided vehicle), non-wheeled mobile robot and optical vision quality inspection system, the all-round intelligent and automatic operation has been achieved in in-warehouse, handling, loading, calibration, testing, storage, sorting, packing, ex-warehouse and other links, which effectively lowers manpower costs, guarantees the safety and efficiency of cargo transportation, and improves the manufacturing benefits. Meanwhile, by means of narrowing the channel width in the warehouse, reducing the number of channels in the warehouse and increasing the storage height, dense storage has been achieved, and the utilization rate of storage space has been further improved.

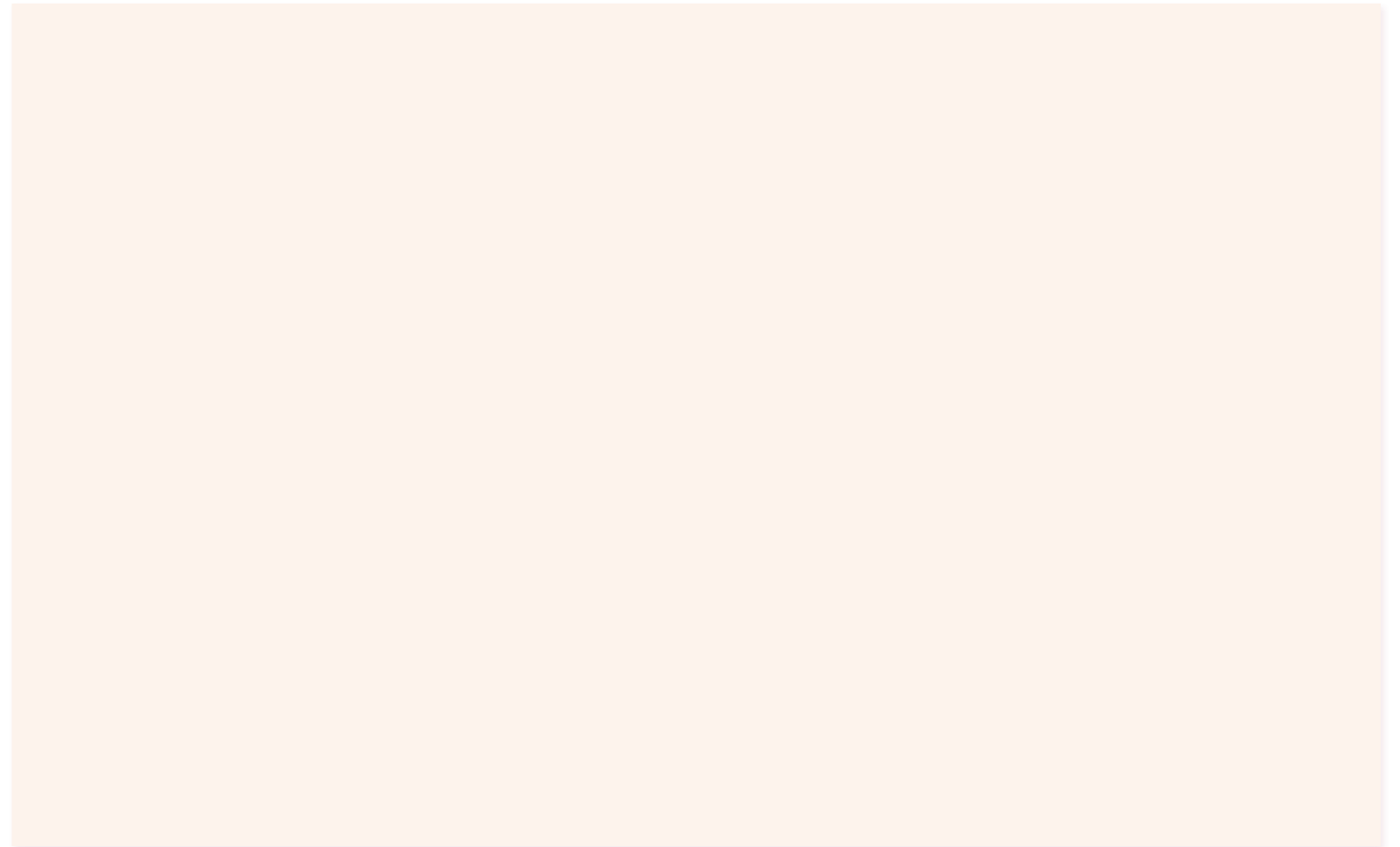


Quality and Services Management

To enhance the quality management of the industrial chain, we adopt the triple management method of “continuous improvement, effective interception and systematic prevention”, continuously improve the ability of supplier quality management, and ensure that the product quality and production techniques of suppliers meet the Company’s quality management requirements, in a bid to reduce the risks of supply chain management and cooperate with suppliers to develop together.

Meanwhile, we regularly communicate with customers face-to-face and other channels and forms to earnestly learn about customers’ demands for product quality, handle customers’ opinions in a timely and appropriate manner in accordance with the Operating Procedure for Information Communication, the Handling Procedure for Customer Complaints, the Operating Procedure for Continuous Improvement and other internal regulations, and make continuous improvements to process or management deficiencies. With regard to products that need to be recalled due to product quality or safety issues, we developed the Handling Procedure for Product Sales and Return and other management documents, in which the recall implementation procedure was defined, proper arrangements were made for product recall, maintenance and transportation, and appropriate remedial measures were adopted to earnestly safeguard customers’ rights and interests.

In addition, in order to continuously improve customer service quality and optimize customer experience, we have developed and implemented the Management Procedure for Customer Satisfaction. Multi-dimensional surveys, such as annual customer satisfaction surveys, monthly evaluation of customer satisfaction indicators and on-site audits, help us to acquire a comprehensive and in-depth understanding of customers’ demands and expectations for Luxshare Precision’s products and services. Moreover, the relevant responsible business departments followed up on the feedback, developed remediation plans and solutions, and improved the service standards and quality in a targeted manner, in a bid to provide



In order to improve the product quality inspection efficiency and product yield, we have adopted the intelligent quality management mode of automatic production and automatic inspection, extensively applied machine vision, intelligent patrol inspection and other technologies, and actively promoted the implementation of smart quality inspection techniques. The visual quality inspection system adopts automated optical detection technology. After comparing the inspection image of products with the standard image, the quality of products can be quickly distinguished, and non-conforming products can be intercepted in time. This system can effectively eliminate the interference of human factors such as the negligence of manual detection and different quality inspection standards of different inspectors, ensure the stability, repeatability and accuracy of the inspection results, and guarantee the delivery quality. Meanwhile, the quality inspection personnel can track the quality inspection status of product appearance, size and function according to the color blocks in different areas of the intelligent patrol inspection system. They can also quickly identify non-conforming products and the reasons based on product categories and system color prompts. With this system, the cost and time required for manual inspection and abnormal problem classification are effectively reduced, and the efficiency of process quality control is improved.

Development of Quality Culture

Due to our sufficient awareness of the significance of management optimization to improve organizational efficiency, we improve our quality management level by enhancing employees' quality risk responsibility consciousness, hoping to achieve high-quality development in competitive marketplace. In accordance with the Company's quality management standards, and based on the annual quality management objectives, business development needs and position competency requirements, we develop training plans for quality control and management, and regularly organize employees to participate in offline quality management knowledge education and practical training on laws and regulations, quality knowledge and position skills. Besides, we assist employees in mastering the core operation skills of business lines, continuously improve the awareness and practice through the annual "Quality Month Activities", "Stick to the End – Quality Knowledge Competition", online "Quality Knowledge Class" and quality award application competition, and share easy-to-understand knowledge articles, in order to further deepen employees' quality management consciousness and consistently promote the development of corporate quality culture.

Case | Luxcase Precision Technology Adopts Intelligent Risk Analysis to Achieve Efficient Quality Inspection

For problems in conventional quality anomaly analysis such as a complicated process and slow timeliness, Luxcase Precision Technology Co., Ltd., a subsidiary of Luxshare Precision, adopted the intelligent **Fault Analysis and Corrective Action (FACA)** system to monitor the production status of non-conforming products. The Company used the early warning for product yield and product serial number as the design parameters and generated inspection path maps and inspection analysis results in the intelligent **FACA system** based on quality requirements. With the inspection charts, the working personnel can rapidly and accurately identify risky stations and risky supplies and precisely intercept the generation and outflow of risky products, which has effectively reduced the non-conforming rate of the process and manpower management costs and guaranteed the delivery quality.

Procedure of Intelligent FACA



Case | Luxshare Precision Conducts "Quality Month" Activities at Multiple Factories

Quality is the cornerstone of an enterprise's development. In an active response to the national call of Quality Month over the years, Luxshare Precision has continued to carry out a number of large-scale corporate quality cultural activities in the forms of quality lectures, knowledge competitions, quality essays and operation skill competitions, so as to stimulate employees' innovation consciousness, deepen employees' quality consciousness, enhance employees' operation level, improve employees' quality management capacities, and create a normalized and standardized corporate atmosphere.



"Quality Month" Activities

Appendix

Assurance Report



Independent Assurance Statement

Introduction:

TÜV Rheinland (Guangdong) Ltd., member of TÜV Rheinland Group, Germany (hereinafter "TÜV", "We") has been entrusted by the management of Luxshare Precision Industry Company Limited (hereinafter "Luxshare", "the Company") to conduct independent assurance of Luxshare's 2022 Sustainability Report (hereinafter "the Report"). All contractual contents for this assurance engagement rest entirely within the responsibility of Luxshare. Our task was to give a fair and adequate judgment on the Report.

The intended users of this assurance statement are stakeholders who have relevance to the Luxshare's overall Sustainability Performance and impacts of its business activities during year 2022 (1 January 2022 - 31 December 2022). TÜV Rheinland is a global service provider of Corporate Social Responsibility (CSR) & Sustainability Services in over 65 countries, having qualified professionals in the field of Corporate Sustainability Assurance, Environment, Social and Stakeholder Engagement. We have maintained complete impartiality and independence during the assurance engagement, and not been involved in the preparation of the Report contents.

Assurance Standard:

This assurance engagement was performed in accordance with the AA1000 Assurance Standard (AA1000AS v3), and based on the AA1000AP Principles of inclusivity, materiality, responsiveness, and impact.

Scope & Type of Assurance:

Our assurance engagement covers the following:

- x Reporting in accordance with the GRI Sustainability Reporting Standards (GRI Standards) 2021, and information and data related to economics, environment & social, and material topics and sustainability performance disclosed in the Report, also defined within reporting boundaries.
- x The CSR Guideline for Listed Company issued by the Shenzhen Stock Exchange.
- x ISO 26000: Guidance on Social Responsibility.
- x Evaluation of disclosed information and data in the Report as per the Assurance Standards.
- x Type-1, Moderate Assurance Level as per the AA1000AS v3.

Limitations:



The assurance was conducted based on a moderate level of assurance under the AA1000AS for engagement. Information and performance data subject to assurance is limited to the contents of the Report.

The assurance did not cover financial data such as the income statement and cash flow statement, technical descriptions of buildings, equipment and production processes or other information not related to sustainability.

Assurance Methodology:

TÜV has challenged the Report contents supported by documentary evidence and management representations, and assessed the processes undertaken by Luxshare from source to aggregation in disclosure of information and data pertaining to sustainability performance. Our judgment is made based on the objective review of reported information against the assurance criteria and the AA1000 Assurance Standards, including AA1000 AccountAbility Principles of inclusivity, materiality, responsiveness, and impact.

Analytical methods and the performance of interviews as well as data verification were used on a sample basis, to verify and validate the correctness of reported data and contents in light of contractual agreement and the factual Luxshare sustainability strategy, governance, stakeholder engagement, and material topics determination process as mentioned in the Report.

Our work covered interviews with Luxshare's representatives including senior management at executive and functional levels and relevant management personnel responsible for collection, aggregation, analysis, internal review, and reporting the disclosures, to assess the effectiveness of processes used. The approach deemed to be appropriate for the purpose of assurance of the Report since all data therein could be verified through original proofs and/or verified database entries.

The assurance was performed by our multidisciplinary team of experienced professionals in the field of Corporate Sustainability, Environment, Social and Stakeholder Engagement. We are of the opinion that our work offers a sufficient and substantiated basis to enable us to come to a conclusion mentioned below and based on the content of our contract.

Adherence to the AA1000 AccountAbility Principles:

Inclusivity:

Luxshare has identified key stakeholders, including government and supervision organization, shareholders and investors, suppliers, cooperation partners, customers, employees, communities, and medias, and communicates with them to have understanding of the issues they concerned via multiple channels covering public Hotmail and complaint hotline for actions.

Materiality:

Luxshare implements a materiality determination process that involves both internal and external stakeholders to reflect on material issues. Those material sustainability issues are identified by



considering internal operational goals, industrial benchmarking, and impacts in business activities, expert opinion, and latest trend of ESG management. Luxshare has also conducted stakeholder survey in 2022 about material issues, and eventually assured and prioritized its material topics based on their potential impacts. The company conducted impact analysis and risk assessment for those topics, and disclosed them in the Report, focusing on environment, climate change risks and opportunities, labor rights protection, chemical safety, and responsible supply chain management, etc.

Responsiveness:

Luxshare has a variety of channels such as industrial associations, customer conferences, audits and employee trainings, etc. to communicate with its stakeholders about concerns on sustainability. Grievance mechanism is in place for investigating, assessing, resolving and monitoring of grievances from those affected by the activities of Luxshare, and the company can give responses to stakeholders in a timely, fair and appropriate manner. Luxshare shares progress information about remedial actions with stakeholders (e.g., IPE, China Green Supply Chain Alliance) during regular communications, to ensure effectiveness of its process and remedial actions. The company disclosed corporate sustainability strategy and policies, corporate governance, sustainability goals and status, impact analysis in its value chain, and quantized sustainability performance data, etc. in the Report.

Impact:

Luxshare implements a sustainability strategy that is comprised of key sustainability goals and progress measurement both qualitatively and quantitatively that aligns with United Nations Sustainable Development Goals (SDGs). Impact analysis focusing on environment, social and governance is presented in the Report, indicating that material sustainability topics (especially climate action, GHG emissions, labor rights, occupational health and safety, etc.) have impacts in the activities of its value chain. Luxshare has integrated its policies and commitments associated with material topics, and responsible business code into its business activities and business relations. The company conducts risk assessment on its strategy, operation and compliance, and carries out internal control including grievance and remediation mechanisms, to manage potential negative impacts on its business operation.

Conclusion:

In conclusion, we can mention that no instances or information came to our attention that would be to the contrary of the statement made below:

- x Luxshare's 2022 Sustainability Report meets the requirements of Type-1, Moderate Assurance Level according to the AA1000AS v3, and follows the reporting requirements in accordance with the GRI Standards.
- x The Report includes statements and claims that can reflect Luxshare's sustainability achievements and challenges supported by documentary evidence and internal records.
- x The performance data we found in the Report are collected, aggregated and analyzed in a systematic and professional manner, which can be assessed by supporting evidence.



Key Performance Data

Environmental Performance Table ^{1, 2}

Indicator	Unit	2022
GRI 302-1 Energy consumption within the organization ^{3, 4}		
Non-renewable energy consumption	MWh	268,068.10
Gasoline	MWh	3,733.51
Diesel oil	MWh	5,243.06
Liquefied petroleum gas	MWh	1,225.21
Natural gas	MWh	257,866.32
Renewable energy consumption	MWh	40,545.00
Biomass energy (including light white oil, ethanol gasoline and alcohol-based fuels, etc.)	MWh	444.28
Solar PV power generation for self-use	MWh	40,100.72
Purchased municipal electricity	MWh	2,705,689.25
Total solar PV power generation	MWh	41,021.89
Purchased green electricity	MWh	271,619.41
Purchased green certificates	MWh	301,490.00

Indicator	Unit	2022
Purchased steam	MWh	37,496.01
Solar PV power sold	MWh	921.17
Emission rights obtained via investment in Clean Energy Fund	MWh	26,463.96
Total energy consumption	MWh	3,051,798.36
GRI 302-3 Energy intensity		
Energy consumption intensity per unit of business revenue	MWh/RMB1 million	14.26
Electricity consumption intensity per unit of business revenue	MWh/RMB1 million	12.83
GRI 302-4 Reduction of energy consumption		
Annual electricity savings	MWh	189,975.21
Installed photovoltaic capacity ¹	MW	54.64
GRI 303-3 Water withdrawal		
Total water withdrawal	ML	24,550.64
Surface water	ML	0.00
Amount of rainwater collected	ML	73.74
Groundwater (renewable)	ML	6.29

¹ Unless otherwise specified, the statistical scope of environmental performance data covers all production bases of the Company.

² In the calculation of emissions, energy consumption and waste density, the operating revenue unit is RMB1 million for the current year.

³ The Company's main energy consumption sources are natural gas, gasoline, diesel, liquefied petroleum gas, power generated by self-owned renewable energy facilities, outsourced electricity from municipal power supply, outsourced clean energy and outsourced steam.

⁴ Data of the energy consumption in 2022 is based on the electricity and fuel consumption and relevant conversion factors provided by the General Rules for Calculation of Comprehensive Energy Consumption (GB/T 2589-2020).

¹ Installed photovoltaic capacity is the total installed photovoltaic capacity of the Company as the end of the Reporting Year.

Environmental Performance Table (continued)

Indicator	Unit	2022
GRI 306-3 Waste generated		
Overall waste generated	Metric ton	154,368.43
Hazardous waste generated ¹	Metric ton	39,100.72
Non-hazardous waste generated ²	Metric ton	100,819.82
Domestic waste generated ³	Metric ton	14,447.89
GRI 306-4 Waste diverted from disposal⁴		
Total amount of waste recovered	Metric ton	104,007.10
Amount of hazardous waste recovered	Metric ton	13,319.50
Amount of hazardous waste transferred for reuse	Metric ton	1,316.29
Amount of hazardous waste transferred for recycling	Metric ton	12,003.21
Amount of hazardous waste transferred to other recovery operations	Metric ton	0.00
Amount of non-hazardous waste recovered	Metric ton	86,181.94
Amount of non-hazardous waste transferred for reuse	Metric ton	46,826.46
Amount of waste reused off-site	Metric ton	3,145.13
Amount of waste reused on-site	Metric ton	43,681.33
Amount of non-hazardous waste transferred for recycling	Metric ton	39,355.48
Amount of non-hazardous waste transferred for other recovery operations	Metric ton	0.00
Amount of domestic waste recovered	Metric ton	4,505.66
Amount of domestic waste transferred for reuse	Metric ton	0.00
Amount of domestic waste transferred for recycling	Metric ton	4,505.66

¹ Hazardous wastes include waste organic solvents, waste mineral oil, waste chemical containers, etc.

² Non-hazardous wastes include general industrial waste such as waste plastics, waste paper and waste metal.

³ Domestic wastes include non-recyclable household waste, mixed recyclable household waste and kitchen waste.

⁴ The disposal method of non-hazardous waste transferred for reuse is divided into off-site and on-site, and the other disposal methods of waste diverted from disposal are off-site.

Indicator	Unit	2022
Amount of domestic waste transferred for other recovery operations	Metric ton	0.00
GRI 306-5 Waste directed to disposal¹		
Total amount of waste directed to disposal	Metric ton	50,361.27
Amount of hazardous waste directed to disposal	Metric ton	25,781.16
Amount of hazardous waste directed to disposal by incineration (with energy recovery)	Metric ton	797.07
Amount of hazardous waste directed to disposal by incineration (without energy recovery)	Metric ton	0.00
Amount of hazardous waste directed to disposal by landfilling	Metric ton	0.00
Amount of hazardous waste directed to disposal by other disposal methods	Metric ton	24,984.09
Amount of non-hazardous waste directed to disposal	Metric ton	14,637.88
Amount of non-hazardous waste directed to disposal by incineration (with energy recovery)	Metric ton	6,530.28
Amount of non-hazardous waste directed to disposal by incineration (without energy recovery)	Metric ton	0.00
Amount of non-hazardous waste directed to disposal by landfilling	Metric ton	0.00
Amount of non-hazardous waste directed to disposal by other disposal methods	Metric ton	8,107.61
Amount of domestic waste directed to disposal	Metric ton	9,942.23
Amount of domestic waste directed to disposal by incineration (with energy recovery)	Metric ton	5,733.80
Amount of domestic waste directed to disposal by incineration (without energy recovery)	Metric ton	0.00
Amount of domestic waste directed to disposal by landfilling	Metric ton	0.00
Amount of domestic waste directed to disposal by other disposal methods	Metric ton	4,208.43
Amount of waste directed to disposal off-site	Metric ton	3,955.52
Amount of waste directed to disposal on-site	Metric ton	252.91

¹ The other disposal methods of domestic waste directed to disposal are divided into offsite and onsite, and the other disposal methods of hazardous waste and non-hazardous waste are onsite, while the disposal methods of the remaining wastes directed to disposal are offsite.

Social Performance Table

Indicator	Unit	2022
GRI 2-6 Activity, value chain and other business relations		
Total number of suppliers in the database ¹	Supplier	10,680
Overseas suppliers	Supplier	1,869
Chinese suppliers	Supplier	8,811
Service suppliers	Supplier	2,403
Suppliers of raw and auxiliary materials	Supplier	8,277
GRI 2-7 Employees		
Total number of employees	Person	236,932
Employees aged 29 or below	Person	114,915
Employees between 30 and 49	Person	120,244
Employees aged 50 or above	Person	1,773
Male employees	Person	134,768
Female employees	Person	102,164
Employees from Chinese Mainland	Person	187,784
Employees from Hong Kong, Macao and Taiwan regions	Person	1,350
Overseas employees (excluding employees from Hong Kong, Macao and Taiwan regions)	Person	47,798
Total number of indirect labor	Person	69,801
Total number of direct labor	Person	167,131

¹ The data of "Total number of suppliers in the database", "Overseas suppliers" by regions, "Chinese suppliers", "Service suppliers" by type, and "Suppliers of raw and auxiliary materials" in the 2021 sustainability report were corrected in the report of this year. Among them, there are 1,057 overseas suppliers, 7,210 Chinese suppliers, 455 service suppliers and 7,812 suppliers of raw and auxiliary materials.

Indicator	Unit	2022
Total number of long-term employees ¹	Person	236,932
Total number of temporary employees	Person	0
Total number of full-time employees	Person	236,932
Total number of part-time employees	Person	0
GRI 2-28 Membership associations		
Total number of important associations participated in	Association	32
GRI 201-1 Direct economic value generated and distributed		
Amount of operating revenue	RMB1 million	214,028.39
Operating revenue growth compared with previous year	%	39.03
GRI 201-2 Financial implications and other risks and opportunities due to climate change		
Premiums of Property All Risks Insurance (Compensated amount of insurance)	RMB10,000	4,039,585.09
Annual premiums for Property All Risks Insurance	RMB10,000	347.40
Investment in Clean Technology	/	Near RMB260 million
Investment goal in Clean Technology in 2023	/	Over RMB300 million
GRI 205-1 Operations assessed for risks related to corruption		
Percentage of the subsidiaries conducting internal risk assessment of integrity/anti-corruption this year	%	100
GRI 205-2 Communication and training about anti-corruption policies and procedures		
Number of employees signing the letter of integrity commitment/signing the letter of integrity notice	Person	236,932

¹ In accordance with the labor-related laws, regulations and practices of the place of operation, we conduct classified statistics on long-term employees and temporary employees.

Social Performance Table (continued)

Indicator	Unit	2022
Number of governance bodies' members signing the letter of integrity commitment/signing the letter of integrity notice	Person	12
Chinese Mainland	%	66.67
Hongkong, Macao and Taiwan regions	%	33.33
Overseas (excluding Hongkong, Macao and Taiwan regions)	%	0.00
Number of general employees signing the letter of integrity commitment/signing the letter of integrity notice	Person	236,920
Chinese Mainland	%	79.26
Hongkong, Macao and Taiwan regions	%	0.57
Overseas (excluding Hongkong, Macao and Taiwan regions)	%	20.17
Number of direct labor signing the letter of integrity commitment/signing the letter of integrity notice	%	70.54
Number of indirect labor signing the letter of integrity commitment/signing the letter of integrity notice	%	29.46
Number of suppliers signing the Letter of Integrity Commitment	Supplier	10,540
Chinese Mainland	%	83.60
Hongkong, Macao and Taiwan regions	%	9.02
Overseas (excluding Hongkong, Macao and Taiwan regions)	%	7.38
Service suppliers	%	22.50
Suppliers of raw and auxiliary materials	%	77.50
Total number of employees receiving anti-corruption trainings	Person	236,932
Number of governance bodies' members receiving anti-corruption trainings	Person	12
Chinese Mainland	%	66.67

Indicator	Unit	2022
Hongkong, Macao and Taiwan regions	%	33.33
overseas (excluding Hongkong, Macao and Taiwan regions)	%	0.00
Number of general employees receiving anti-corruption trainings	Person	236,920
Chinese Mainland	%	79.26
Hongkong, Macao and Taiwan regions	%	0.57
overseas (excluding Hongkong, Macao and Taiwan regions)	%	20.17
Number of direct labor trained	%	70.54
Number of indirect labor trained	%	29.46
Total number of employees receiving anti-corruption trainings	Person-times	313,498
Total hours of anti-corruption trainings	Hour	959,488.00
GRI 205-3 Confirmed incidents of corruption and actions taken		
Times of internal corruption whistleblowing received	Event	12
Total number of confirmed incidents of corruption	Event	4
Total number of the confirmed events (among which the employees were fired or disciplined due to the corruption)	Event	3
Total number of the confirmed events (where the contract with business partners was terminated or unrenewed due to the violations related to corruption)	Event	1
Confirmed legal actions involving company and employee corruption	Event	0
Corruption litigation concluded involving the Company and employees	Times	0
Compensation amount of corruption litigation concluded involving the Company and employees	RMB	0.00

Social Performance Table (continued)

Indicator	Unit	2022
GRI 206-1 Legal actions for anti-competitive behavior, anti-trust, and anti-monopoly practices		
Confirmed anti-unfair competition, antitrust and anti-monopoly lawsuit	Event	0
Compensation amount of anti-unfair competition, anti-trust and anti-monopoly lawsuit concluded involving the Company	Event	0
Compensation amount of anti-unfair competitive conduct, antitrust and antitrust practices concluded involving the Company	RMB	0.00
GRI 401-1 New employee hires and employee turnover ¹		
Turnover of indirect labor (Loss of employees include quitting, dismissed and fired employees)	%	18.74
GRI 401-3 Parental leave ²		
Number of employees having rights of parental leave (male)	Person	134,768
Number of employees actually using parental leave (male)	Person	3,988
Number of employees having rights of parental leave (female)	Person	102,164
Number of employees actually using parental leave (female)	Person	2,536
GRI 403-5 Worker training on occupational health and safety		
Total hours of EHS training	Hour	2,505,922.00
Total number of employees receiving EHS training	Person	119,089
Total person-times of employee receiving EHS training	Person-times	349,882
Total hours of Board of Directors members receiving EHS training	Hour	14.00

Indicator	Unit	2022
Total number of Board of Directors members receiving EHS training	Person	7
Total person-times of Board of Directors members receiving EHS training	Person-times	7
GRI 403-8 Workers covered by an occupational health and safety management system		
Number of employees in the operational sites with occupational health and safety management system	Person	236,932
Proportion of employees in the operational sites with occupational health and safety management system	%	100.00
Number of employees in the operational sites with occupational health and safety management system having passed internal audit	Person	236,932
Proportion of employees in the operational sites with occupational health and safety management system having passed internal audit	%	100.00
Number of employees in the operational sites with occupational health and safety management system having passed external audit	Person	184,479
Proportion of employees in the operational sites with occupational health and safety management system having passed external audit	%	77.86
GRI 403-9 Work-related injuries GRI 403-10 Work-related ill health		
Total working hours (Total working hours of all employees)	Million hours	471.97
Number of fatalities due to work-related injuries	Person	0
Rate of fatalities due to million-hour work-related injuries	Times/Million Hours	0
Number of serious injuries due to work-related injuries	Person-times	1

¹ Turnover of employees is calculated by: Number of turnover employees in this category / (Number of employees of this category at the end of the year + Number of turnover employees in this category).

² The parental leave mentioned in this article includes the statutory rights and interests such as childcare leave, maternity leave, and paternity leave equally granted to employees in accordance with the relevant laws and regulations of the place where it operates.

Social Performance Table (continued)

Indicator	Unit	2022
Rate of million-hour work-related injuries with serious consequences	Times/Million hours	0.0021
Number of work-related injuries other than the above fatalities and serious injuries	Times	268
Total number of recorded employee injuries	Times	269
Rate of recorded work-related injuries per million working hours	Times/Million hours	0.57
GRI 404-1 Average hours of training per year per employee^{1,2}		
Total hours of employee trained	Hour	10,715,691.29
Total hours of male employees trained	Hour	6,107,944.04
Total hours of female employees trained	Hour	4,607,747.26
Total hours of direct labor trained	Hour	1,901,896.00
Total hours of indirect labor trained	Hour	8,813,795.29
Average employee training hours	Hour	45.23
Average male employee training hours	Hour	45.32
Average female employee training hours	Hour	45.10
Average direct labor training hours	Hour	11.38
Average indirect labor training hours	Hour	126.27
Total person-times of employees trained	Person-times	1,958,541

¹ Average employee training hour is calculated by: Total training hours provided for the employees in this category/Total number of the employees in this category.

² Total hours of employee trained, Average employee training hours, Total number of employees trained, and total person-times of employees trained are all recorded in the online learning platform "i School" system.

Indicator	Unit	2022
GRI 404-2 Programs for upgrading employee skills and transition assistance programs		
Total training expense	RMB10,000	1,309.48
Number of employees enrolling in academic education	Person	860
Total number of internally certified instructors	Person	909
GRI 404-3 Percentage of employees receiving regular performance and career development reviews¹		
Percentage of indirect labor receiving regular performance and career development reviews	%	100.00
Percentage of male indirect labor receiving regular performance and career development reviews	%	71.28
Percentage of female indirect labor receiving regular performance and career development reviews	%	28.72
GRI 405-1 Diversity of governance bodies and employees		
Total number of governance bodies' members	Person	12
Number of male governance bodies' members	Person	6
Proportion of male governance bodies' members	%	50.00
Number of female governance bodies' members	Person	6
Proportion of female governance bodies' members	%	50.00
Number of governance bodies' members aged 29 or below	Person	0
Proportion of governance bodies' members aged 29 or below	%	0.00

¹ The statistical scope of this indicator is the number of indirect labor who receive regular performance and career development appraisals and the percentage of them by gender. This indicator is not applicable to direct labor because performance appraisals of direct labor are conducted in a flexible manner.



Summary of Honors of Each Factory

Company Name	Name of Honor	Level
Luxshare Precision Industry (Chuzhou) Ltd.	National-level Green Factory	National
ShenZhen Luxshare Acoustics Technology Ltd.	Certificate Level III in Smart Manufacturing	National
Fujian JK Wiring Systems Co., Ltd.	National Intellectual Property Advantage Enterprise	National
ASAP Technology (Jiangxi) Co., Ltd.	Awarded National Enterprise Technology Centre	National
Lanto Electronic Limited	Top 100 Electronic Information Enterprises in China in 2022	National
Lanto Electronic Limited	Maturity Level III Assessment	National
Luxshare Electronic Technology (Kunshan) Co., Ltd.	Top 100 Electronic Information Enterprises in China in 2022	National
Luxshare Electronic Technology (Kunshan) Co., Ltd.	2022 Special Contribution Enterprise for Promoting High Quality Development of Small and Medium-sized Cities	National
Luxshare-ICT (Vietnam) Limited	Typical Company for Service of the Workforce in 2022	Provincial
Luxshare-ICT (Nghe An) Limited	Award for Contribution to the Development of the Local Economy and Society	Provincial
Luxshare-ICT (Van Trung) Company Limited.	2022 Excellent Enterprises for Welfare for Employees	Provincial
Luxshare Precision Industry (Baoding) Co., Ltd.	Science and Technology SME in Hebei Province	Provincial
Kunshan-Luxshare RF Technology Co., Ltd.	Provincial Enterprise Technology Centre of Jiangsu Province	Provincial
ASAP Technology (Jiangxi) Co., Ltd.	Second Prize of Jiangxi Province Outstanding New Product	Provincial
ASAP Technology (Jiangxi) Co., Ltd.	Third Prize of Jiangxi Province Excellent New Product	Provincial
ASAP Technology (Jiangxi) Co., Ltd.	Awarded the Jiangxi Province "Sea Wisdom Workstation"	Provincial
Jiangxi ASAP Electronic Co., Ltd.	Jiangxi "Specialized and New" SME in 2021	Provincial
Jiangxi ASAP Electronic Co., Ltd.	Third Prize of Jiangxi Province Excellent New Product	Provincial
Jiangxi Luxshare Intelligent Manufacture Co., Ltd.	First prize of Jiangxi Province Excellent New Product	Provincial

Company Name	Name of Honor	Level
Jiangxi Luxshare Intelligent Manufacture Co., Ltd.	Special Award for Excellent and Powerful Enterprises of Jiangxi Province in 2019-2021	Provincial
Jiangxi Luxshare Intelligent Manufacture Co., Ltd.	No. 14 in Jiangxi Top 100 Private Enterprises in 2022	Provincial
Jiangxi Luxshare Intelligent Manufacture Co., Ltd.	No. 11 in Jiangxi Top 100 Manufacturing Private Enterprises in 2022	Provincial
Jiangxi Luxshare Intelligent Manufacture Co., Ltd.	Jiangxi Technology Innovation Center for Intelligent Bluetooth Earphone and Wearable Terminal Equipment	Provincial
Luxshare iTech (Zhejiang) Co., Ltd.	Model Project of Transformation of Production and Manufacturing Methods in Zhejiang Province in 2022	Provincial
Luxshare iTech (Zhejiang) Co., Ltd.	Top 100 Private Enterprises in Zhejiang in 2022	Provincial
Luxshare iTech (Zhejiang) Co., Ltd.	Jiangsu Top 100 Manufacturing Industry Enterprise	Provincial
Luxshare iTech (Zhejiang) Co., Ltd.	Zhejiang Developing Enterprise for "Eagle Action"	Provincial
Luxshare Precision Industry (Enshi) Co., Ltd.	Hubei Specialized New "Small Giant"	Provincial
Luxshare Precision Industry (Enshi) Co., Ltd.	High-tech Enterprise in Hubei Province	Provincial
Bozhou Lanto Electronic Limited	Smart Factory in Anhui Province	Provincial
Xiexun Electronic (Ji'an) Co., Ltd.	Awarded the Provincial Advanced Unit for Accelerating Industrial Development and Accelerating the Rise of Industry from 2019 to 2021	Provincial
Xiexun Electronic (Ji'an) Co., Ltd.	(25th batch) Provincial Enterprise Technology Centre in Jiangxi Province in 2022	Provincial
Xuancheng Luxshare Precision Industry Co., Ltd.	Provincial Smart Factory	Provincial
Xuancheng Luxshare Precision Industry Co., Ltd.	Provincial Industrial Design Center	Provincial
Huzhou Jiuding Electronic Co., Ltd.	Provincial Engineering Research Center	Provincial
Huzhou Jiuding Electronic Co., Ltd.	"Boutiques Made in Zhejiang" in 2021	Provincial
Huzhou Jiuding Electronic Co., Ltd.	Model Project of Transformation of Production and Manufacturing Methods in in 2022	Provincial

GRI Content Index

GRI Standards and Disclosure Items	Location	Omission/Descriptions		
		Requirement(s) Omitted	Reason	Explanation
GRI 2: General Disclosures 2021				
2-1 Organizational details	Company Profile			
2-2 Entities included in the organization's sustainability reporting				

GRI Content Index (continued)

GRI Standards and Disclosure Items	Location	Omission/Descriptions		
		Requirement(s) Omitted	Reason	Explanation
2-14 Role of the highest governance body in sustainability reporting	Sustainability Governance Structure and Practice			
2-15 Conflicts of interest	Board of Directors and Committees			
2-16 Communication of critical concerns	Board of Directors and Committees			
2-17 Collective knowledge of the highest governance body	Board of Directors and Committees			
2-18 Evaluation of the performance of the highest governance body	Board of Directors and Committees			
2-19 Remuneration policies	Board of Directors and Committees			
2-20 Process to determine remuneration	Board of Directors and Committees			
2-21 Annual total compensation ratio	GRI Content Index	2-21-a 2-21-b 2-21-c	Confidentiality constraints	The Company actively promotes fairness in employee compensation, and disclosures are omitted to protect employee privacy.
2-22 Statement on sustainable development strategy	Responding to Global Sustainable Development Actions			
2-23 Policy commitments	Commitment for Critical Goals			
2-24 Embedding policy commitments	Commitment for Critical Goals			
2-25 Processes to remediate negative impacts	Stakeholder Communication			
2-26 Mechanisms for seeking advice and raising concerns	Stakeholder Communication			
2-27 Compliance with laws and regulations	Integrity in Management			
2-28 Membership associations	Company Profile Key Performance Data			
2-29 Approach to stakeholder engagement	Stakeholder Communication Material Issues Analysis Relevant to Value Chain			
2-30 Collective bargaining agreements	GRI Content Index	2-30-a 2-30-b	Information unavailable/incomplete	The Company complies with relevant laws and regulations and protects the legitimate rights and interests of employees, which cannot be fully disclosed due to the difficulty of accurate statistics.

GRI Content Index (continued)

GRI Standards and Disclosure Items	Location	Omission/Descriptions		
		Requirement(s) Omitted	Reason	Explanation
GRI 3: Material Topics 2021				
3-1 Process to determine material topics	Material Issues Analysis Relevant to Value Chain			
3-2 List of material topics	Material Issues Analysis Relevant to Value Chain			
GRI 201: Economic Performance 2016				
3-3 Management of material topics	Key Performance Data Climate Risks and Opportunities Employee Benefits			
201-1 Direct economic value generated and distributed	Key Performance Data			
201-2 Financial implications and other risks and opportunities due to climate change	Climate Risks and Opportunities Key Performance Data			
201-3 Defined benefit plan obligations and other retirement plans	GRI Content Index	201-3-a 201-3-b 201-3-c 201-3-d 201-3-e	Information unavailable/incomplete	The Company provides benefits and retirement plans for its employees in accordance with laws and regulations, which cannot be accurately calculated and are therefore omitted from this year's disclosure.
201-4 Financial assistance received from government	Corporate Governance			
GRI 202: Market Presence 2016				
3-3 Management of material topics	Compensation			
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	GRI Content Index	202-1-a 202-1-b 202-1-c 202-1-d	Confidentiality constraints	The Company upholds the principle of "equal pay for equal work" and offers basic salaries that are not lower than the local minimum wage, which are not disclosed due to confidentiality requirements.
202-2 Proportion of senior management hired from the local community	Develop Workplace Leadership GRI Content Index	202-2-a	Confidentiality constraints	The Company continues to promote a level of management diversity and localization that is omitted from disclosure due to confidentiality requirements.

GRI Content Index (continued)

GRI Standards and Disclosure Items	Location	Omission/Descriptions		
		Requirement(s) Omitted	Reason	Explanation
GRI 205: Anti-corruption 2016				
3-3 Management of material topics	Preventing the Risks of Corruption Strengthening Integrity Construction			
205-1 Operations assessed for risks related to corruption	Preventing the Risks of Corruption Key Performance Data			
205-2 Communication and training about anti-corruption policies and procedures	Strengthening Integrity Construction Key Performance Data			
205-3 Confirmed incidents of corruption and actions taken	Preventing the Risks of Corruption Key Performance Data			
GRI 206: Anti-competitive Behavior 2016				
3-3 Management of material topics	Fair Competition			
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Fair Competition Key Performance Data			
GRI 207: Tax 2019				
3-3 Management of material topics	Corporate Governance			
207-1 Approach to tax	Corporate Governance			
207-2 Tax governance, control, and risk management	Corporate Governance			
207-3 Stakeholder engagement and management of concerns related to tax	Corporate Governance			
207-4 Country-by-country reporting	GRI Content Index	Luxshare Precision complies with the local requirements of each operating site and submits tax information to the local tax authorities.		

GRI Content Index (continued)

GRI Standards and Disclosure Items	Location	Omission/Descriptions		
		Requirement(s) Omitted	Reason	Explanation
GRI 302: Energy 2016				
3-3 Management of material topics	Energy Conservation Transformation Intelligent Energy Management			
302-1 Energy consumption within the organization	Key Performance Data			
302-2 Energy consumption outside of the organization	GRI Content Index	302-2-a 302-2-b 302-2-c	Information unavailable/incomplete	The estimation/statistics of energy consumption occurring in upstream and downstream activities are not yet well developed and therefore can't be accurately disclosed.
302-3 Energy intensity	Key Performance Data			
302-4 Reduction of energy consumption	Energy Conservation Transformation Key Performance Data			
302-5 Reductions in energy requirements of products and services	GRI Content Index	302-5-a 302-5-b 302-5-c	Confidentiality constraints	Disclosure is omitted due to confidentiality requirements.
GRI 303: Water and Effluents 2018				
3-3 Management of material topics	Water Resources Utilization Wastewater Management			
303-1 Interactions with water as a shared resource	Water Resources Utilization			
303-2 Management of water discharge-related impacts	Wastewater Management			
303-3 Water withdrawal	Key Performance Data			
303-4 Water discharge	Key Performance Data			
303-5 Water consumption	Key Performance Data			

GRI Content Index (continued)

GRI Standards and Disclosure Items	Location	Omission/Descriptions		
		Requirement(s) Omitted	Reason	Explanation
306-4 Waste diverted from disposal	Waste Management Key Performance Data			
306-5 Waste directed to disposal	Waste Management Key Performance Data			
GRI 308: Supplier Environmental Assessment 2016				
3-3 Management of material topics	Environmental and Social Responsibility of Supply Chain			
308-1 New suppliers that were screened using environmental criteria	Environmental and Social Responsibility of Supply Chain Key Performance Data			
308-2 Negative environmental impacts in the supply chain and actions taken	Environmental and Social Responsibility of Supply Chain Key Performance Data			
GRI 401: Employment 2016				
3-3 Management of material topics	Human Rights and Labor Management Employee Benefits			
401-1 New employee hires and employee turnover	Key Performance Data GRI Content Index	401-1-a	Confidentiality constraints	Only the annual turnover rate of indirect labor is disclosed here due to confidentiality requirements.
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Benefits			
401-3 Parental leave	Employee Benefits Key Performance Data GRI Content Index	401-3-c 401-3-d 401-3-e	Information unavailable/incomplete	The Company provides parental leave for all employees. Some of the indicators in this disclosure are omitted this year because data management is still to be improved.

GRI Content Index (continued)

GRI Standards and Disclosure Items	Location	Omission/Descriptions		
		Requirement(s) Omitted	Reason	Explanation
GRI 402: Labor/Management Relations 2016				
3-3 Management of material topics	Human Rights and Labor Management			
402-1 Minimum notice periods regarding operational changes	Human Rights and Labor Management			
GRI 403: Occupational Health and Safety 2018				
3-3 Management of material topics	Ensure Employees' Safety			
403-1 Occupational health and safety management system	Ensure Employees' Safety			
403-2 Hazard identification, risk assessment, and incident investigation	Ensure Employees' Safety			
403-3 Occupational health services	Ensure Employees' Safety			
403-4 Worker participation, consultation, and communication on occupational health and safety	Focus on Employees' Health			
403-5 Worker training on occupational health and safety	Ensure Employees' Safety Key Performance Data			
403-6 Promotion of worker health	Focus on Employees' Health			
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Ensure Employees' Safety			
403-8 Workers covered by an occupational health and safety management system	Ensure Employees' Safety Key Performance Data			
403-9 Work-related injuries	Ensure Employees' Safety Key Performance Data			
403-10 Work-related ill health	Ensure Employees' Safety Key Performance Data			

GRI Content Index (continued)

GRI Standards and Disclosure Items	Location	Omission/Descriptions		
		Requirement(s) Omitted	Reason	Explanation
GRI 404: Training and Education 2016				
3-3 Management of material topics	Focus on Employee Development Develop Workplace Leadership Performance Assessment			
404-1 Average hours of training per year per employee	Key Performance Data			
404-2 Programs for upgrading employee skills and transition assistance programs	Focus on Employee Development Develop Workplace Leadership Key Performance Data			
404-3 Percentage of employees receiving regular performance and career development reviews	Performance Assessment			
GRI 405: Diversity and Equal Opportunity 2016				
3-3 Management of material topics	Human Rights and Labor Management Compensation			
405-1 Diversity of governance bodies and employees	Board of Directors and Committees Human Rights and Labor Management Key Performance Data			
405-2 Ratio of basic salary and remuneration of women to men	GRI Content Index	405-2-a 405-2-b	Confidentiality constraints	The Company upholds the principle of “equal pay for equal work” and is committed to creating an equal and diverse workplace, disclosure of which is omitted due to confidentiality requirements.

GRI Content Index (continued)

GRI Standards and Disclosure Items	Location	Omission/Descriptions		
		Requirement(s) Omitted	Reason	Explanation
GRI 406: Non-discrimination 2016				
3-3 Management of material topics	Human Rights and Labor Management			
406-1 Incidents of discrimination and corrective actions taken	Human Rights and Labor Management			
GRI 407: Freedom of Association and Collective Bargaining 2016				
3-3 Management of material topics	Human Rights and Labor Management			
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Rights and Labor Management			
GRI 408: Child Labor 2016				
3-3 Management of material topics	Human Rights and Labor Management			
408-1 Operations and suppliers at significant risk for incidents of child labor	Human Rights and Labor Management			
GRI 409: Forced or Compulsory Labor 2016				
3-3 Management of material topics	Environmental and Social Responsibility of Supply Chain			
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Rights and Labor Management			
GRI 413: Local Communities 2016				
3-3 Management of material topics	Implement Community Involvement			
413-1 Operations with local community engagement, impact assessments, and development programs	Implement Community Involvement			
413-2 Operations with significant actual and potential negative impacts on local communities	Emission Management Energy Management Water Resources Management			



Feedback Form

Dear Readers,
 Thanks for reading the 2022 Sustainability Report published by Luxshare Precision Industry Company Limited. We sincerely appreciate your suggestions and comments to help us keep moving forward. Please leave your comments (“ ” for what you think):

Contents	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
Do you obtain the information you want to know?					
Do you think the content layout and design style of this report is conducive to reading?					
Will you continue to pay attention to Luxshare Precision's future sustainability report?					
Which part of the report are you most interested in? (Please specify it)					
What additional topics do you want to learn but do not appear in the report? (Please specify it)					
What's your suggestion to future reports? (Please specify it)					
Your Contact Information (optional and confidential, we strictly protect your personal information and will not use it for any business purposes)					
Name:		Phone:			
Email:					



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