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CSR Audit for Suppliers

During the risk assessment phase, we conduct supplier CSR risk identification based on the *Supplier CSR Risk Identification and Assessment Form* to determine the supplier's CSR risk level and avoid cooperating with high-risk suppliers. The audit criteria mainly include **management systems, environmental management, labor management, occupational health and safety management, and business ethics management.**

During the Reporting Period

No major

CSR risks were found in suppliers in 2023

Audit Criteria	Audit Contents	Rectification Items Completed
Management System 	<ul style="list-style-type: none"> ESG Management System Training Communication 	<ul style="list-style-type: none"> Employee feedback, engagement, and appeals Corrective action process Supplier responsibilities <p>222</p>
Environmental Management 	<ul style="list-style-type: none"> Environmental permits and reports Pollution prevention and control 	<ul style="list-style-type: none"> Energy conservation and emission reduction Hazardous substances <p>324</p>
Labor Management 	<ul style="list-style-type: none"> Prohibition of child labor and forced labor Right of free association Anti-discrimination and anti-harassment 	<ul style="list-style-type: none"> Humanitarian treatment Compliance in working hours Compliance in remuneration <p>286</p>
Occupational Health and Safety Management 	<ul style="list-style-type: none"> Occupational safety Emergency plan Prevention and control of occupational diseases Industrial hygiene 	<ul style="list-style-type: none"> Physically demanding work Machine safety guards Public hygiene, food, and accommodation <p>657</p>
Business Ethics Management 	<ul style="list-style-type: none"> Business integrity Fair trade, advertising, and competition Identity protection and anti-retaliation policy Privacy protection 	<ul style="list-style-type: none"> Conflict minerals management Intellectual property protection Information disclosure <p>32</p>

During the Reporting Period

The number of suppliers that underwent CSR audits was

1,624

The suppliers that completed on-site CSR audits reached

527

The rate of new suppliers that underwent CSR audits was

100%

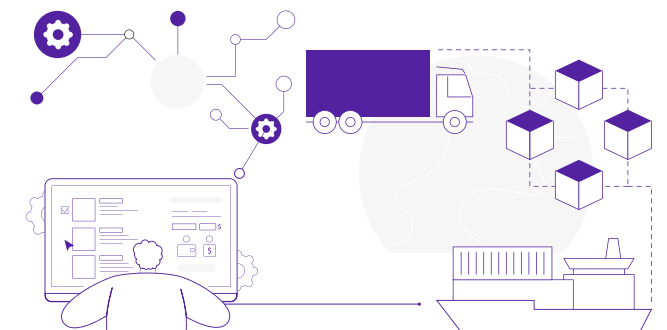
Conflict Minerals Management

Luxshare Precision does not directly purchase or use mineral ores, but the materials and components necessary for our production may contain metals such as 3TG and cobalt. Committed to responsible mineral procurement, the Company continuously improves conflict minerals management procedures, and strives to ensure that all materials used in our products come from socially and environmentally responsible supply chains.

Systematic Management Mechanism

Luxshare Precision complies with **international guidelines and initiatives such as RMI and OECD**, continuously promoting the systematization of conflict minerals management, regularly updating management systems such as **the Conflict Minerals Management Measures**, and managing 3TG, cobalt and other mineral materials. We require all suppliers to comply with the RBA Code of Conduct and only procure 3TG from SORs certified by RMAP. SORs that have not passed RMAP certification or do not meet customer requirements must be removed from the supply chain within a specified period.

In 2023, Luxshare Precision participated in RMI, strengthening its conflict minerals management efforts, enhancing its supply chain conflict minerals management capabilities, and applying RMI's Reasonable Country of Origin Inquiry (RCOI) procedures to the 3TG minerals in its products. This has made a contribution to promoting the establishment of a conflict-free supply chain.



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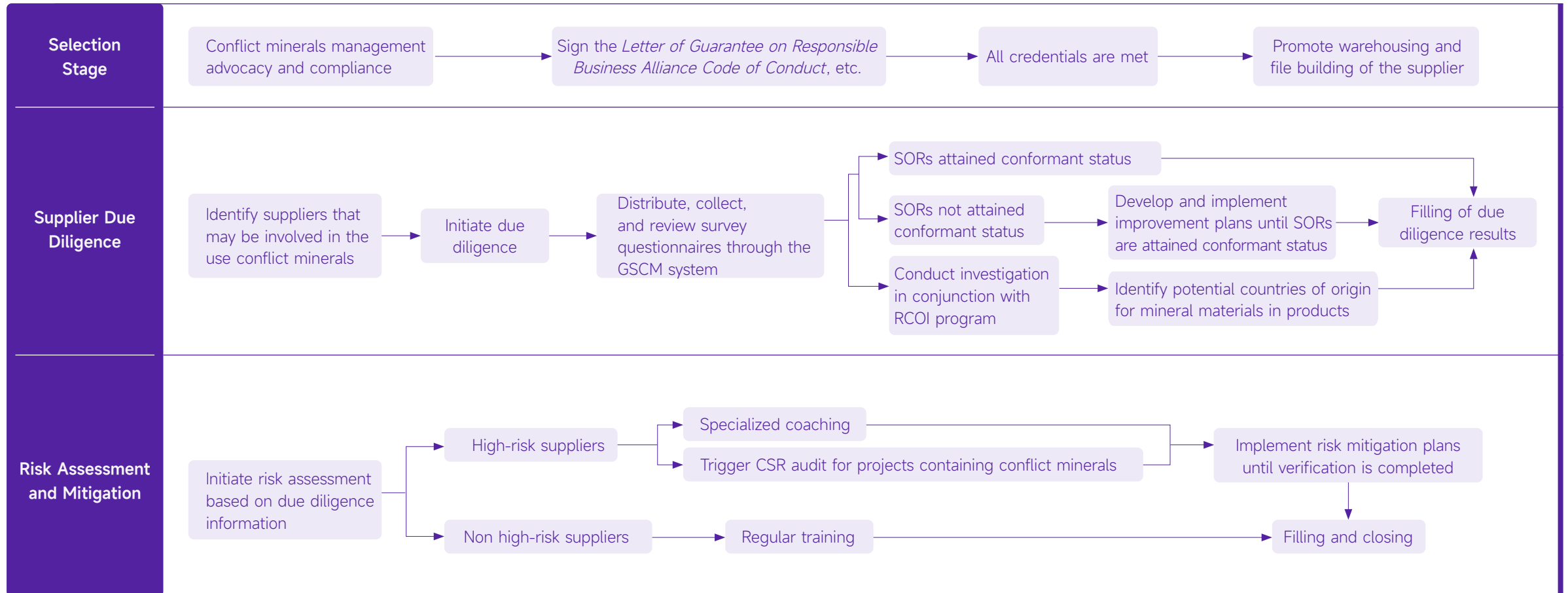
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Conflict Minerals Management Process



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Due Diligence

Luxshare Precision conducts reviews of materials and product compositions to identify all suppliers in the Company's supply chain that may be involved in the use of 3TG and cobalt minerals, and uses RMI's Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) to conduct due diligence audits on the identified suppliers, assisting them in removing SORs that have not passed RMAP certification. **As of the end of the Reporting Period, 100% of the SORs involved in the use of 3TG in Luxshare Precision's supply chain had passed RMAP certification. In the future, we will continue to implement responsible procurement and strive to 100% avoid the use of conflict minerals.**

Certification of Luxshare Precision's 3TG Suppliers Using SORs



Note: The rate of "In the process of certification / Not participating" was 0

In 2023, we included the conflict minerals due diligence process into the **conflict minerals module of the GSCM system**. After identifying suppliers in the supply chain that may be involved in the use of 3TG and cobalt minerals, we used this system to distribute, collect, and consolidate CMRT and/or EMRT questionnaires for suppliers, identified and confirmed SORs that have not participated in RMAP certification, and issued timely warnings. We continuously followed up, evaluated, and audited the progress of suppliers in removing non-compliant SORs until all SORs involved in the supply chain were qualified, further enhancing our conflict minerals management capabilities. **During the Reporting Period, Luxshare Precision conducted CMRT surveys with 1,924 suppliers involved in the use of 3TG, with a 100% response rate; conducted EMRT surveys with 1,373 suppliers involved in the use of cobalt, with a nearly 90% response rate.**

Luxshare Precision CMRT Due Diligence Results

3TG Related Suppliers Performing the Corresponding Procedures

Having formulated conflict-free minerals policy

100%

Having conducted due diligence on their upstream suppliers

100%

We combined **the RMAP certification audit results** and **the RCOI tool** provided by RMI to investigate the 3TG in the Company's supply chain and **determine the origin countries of the relevant minerals to the greatest extent possible, ensuring that all 3TG minerals in the Company's mass-produced products are traceable.** By cross-referencing the consolidated SOR information with the RCOI database, we had identified the country location of **216 SORs** providing 3TG to our suppliers and determined **the potential countries of origin** for 3TG minerals in Luxshare Precision's supply chain:

• Tantalum may originate from:

Brazil, China, Ethiopia, France, Madagascar, Mozambique, Nigeria, Sierra Leone, Spain, etc.

• Tin may originate from:

Australia, Bolivia, China, Laos, Malaysia, Mongolia, Myanmar, Peru, Spain, the United Kingdom, Vietnam, etc.

• Gold may originate from:

Benin, Canada, Chile, Papua New Guinea, the Philippines, South Africa, South Korea, Sweden, Uzbekistan, etc.

• Tungsten may originate from:

China, Brazil, Vietnam, Bolivia, etc.

Risk Management

We comprehensively evaluate and define the risk level of suppliers based on the due diligence and RCOI survey results. For **high-risk suppliers**, we will further conduct **CSR audits that include conflict minerals evaluation** to more holistically assess their conflict minerals management; and we will provide more guidance and support to them, continuously following up, evaluating, and auditing their progress in SOR certification and mineral traceability, until verifying that all SORs involved in the supply chain are qualified. For **non high-risk suppliers**, we provide **regular education and training**, timely sharing the latest information and updates on conflict minerals with them to help enhance their conflict minerals management capabilities and awareness.

During the Reporting Period

Conflict minerals related personnel training coverage rate was

100%