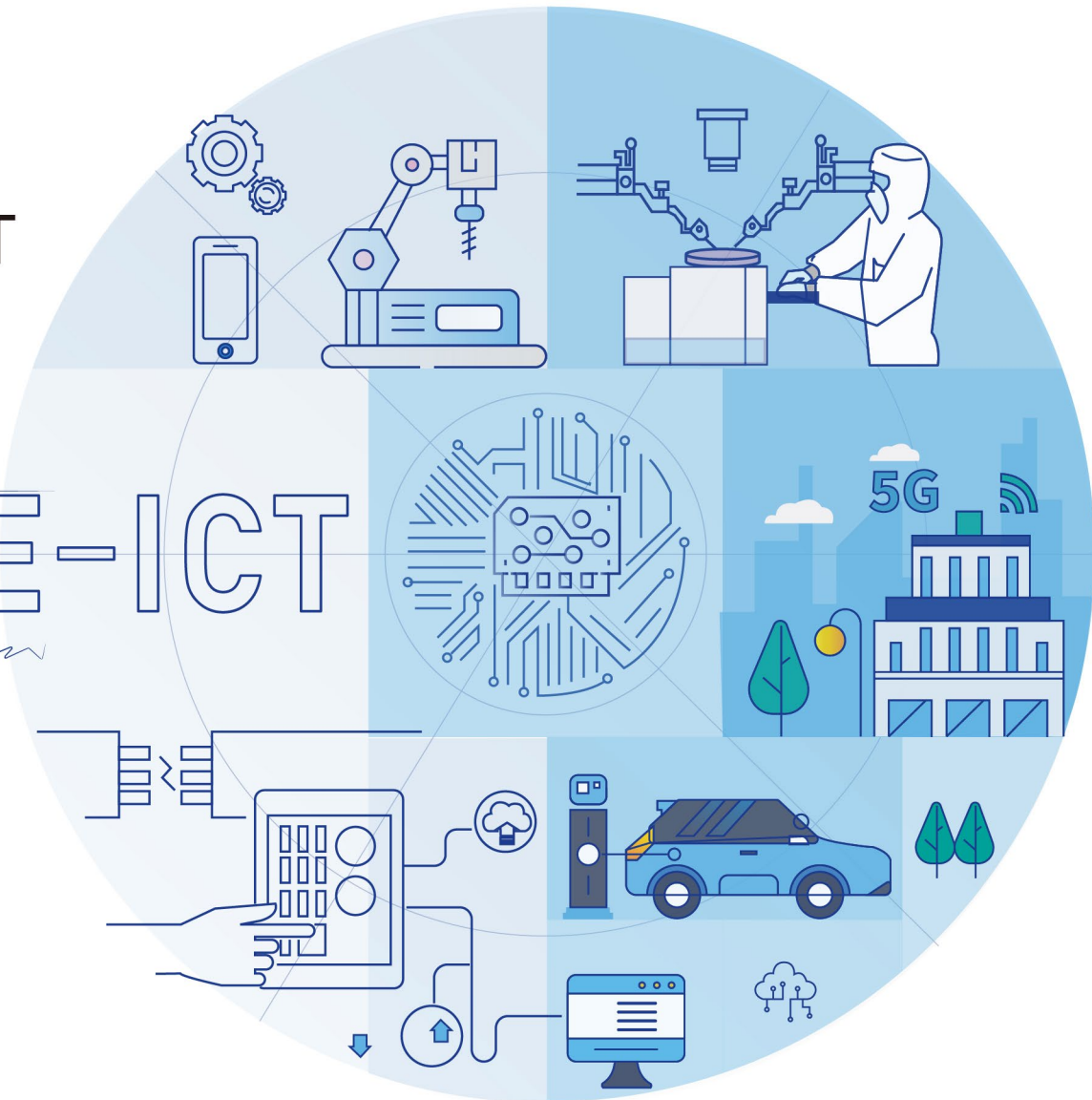


2021

SUSTAINABILITY REPORT

Connecting the Future with Technology

LUXSHARE-ICT



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About this Report

About this Report

This is the 2021 Sustainability Report of Luxshare Precision Industry Company Limited. The report focuses on the ideas, important progress, work summary and future plans of Luxshare Precision and its subsidiaries in terms of sustainable development.

Preparation Basis

This report is prepared in accordance with the Global Reporting Initiative (GRI) Standards, and it also takes reference to the *CSR Guideline for Listed Company* issued by the Shenzhen Stock Exchange, the UN Global Compact, ISO 26000: Guidance on Social Responsibility and concerns from international Environmental, Society and Governance(ESG) rating agencies such as MSCI. This report is finalized by identifying important stakeholders, analyzing and rating material issues related to sustainable development, making decisions on the scope of the report, as well as collecting, summarizing, organizing and reviewing relevant data and materials in the preparation process.

Report Scope and Boundaries

Unless otherwise specified, the policies, statements and materials in this report cover the actual business scope of Luxshare Precision and its subsidiaries, which is the same as that of the *2021 Annual Report* issued by Luxshare Precision Industry Company Limited.

Time Period

Unless otherwise specified, this report covers the period from January 1, 2021 to December 31, 2021.

Terms Definition

For the convenience of expression and reading, “Luxshare Precision”, “Luxshare”, “this Company”, “the Company” and “We” 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 2021 Annual Report*.

Data Source and Reliability Statement

All data used in the report originates from Luxshare Precision Industry Company Limited and its subsidiaries. The board of directors of the Company is responsible for the truthfulness, accuracy, and completeness of this report.

Confirmation and Approval

This report was approved by the eighth meeting of the fifth board of directors for release on April 27, 2022.

Access to this Report

You can access the electronic version of this report through the following website:
<https://www.luxshare-ict.com/about/sustainability.html>

Message from the Chairman



— Wang Laichun —
Chairman

In 2021, facing a complex and changing global economic situation coupled with the many challenges brought by the repeated COVID-19 epidemic, all employees of Luxshare Precision worked together to achieve steady business growth. While continuously working on consumer electronics, Luxshare Precision actively developed its business in the communication and automobile sectors, enriched its business and product matrix, and provided stable support for business growth. As an industry leader, we are well aware that the key to achieving sustainable development is to continuously and actively fulfill its environmental, social and governance responsibilities while creating profits.

We have always attached great importance to the quality of the company's operation and have continuously improved our corporate governance structure and risk management system to resolutely prevent corruption, data security and other business risks. We regulate the business activities of Luxshare Precision and our partners. In pursuit of product quality excellence, we have always regarded product and technological innovation as the core corporate competitiveness and striven to seize the opportunity of in-depth development in every scientific and technological revolution and industrial transformation.

Employees are the core source of corporate value creation. Maintaining and developing the rights and interests of employees is the important guarantee for an enterprise to continuously create value. By creating "Star Factory", we uphold the concept of "Employee Oriented" with highly recognized corporate culture, diversified and inclusive workplace relations, and healthy and safe working environment, providing employees with a platform for personal value and growth, and sharing the achievements of enterprise development with all employees.

Green and low-carbon development has become an important issue globally. In response to "China's 30-60 decarbonization goal", we have set ambitious greenhouse gas reduction goals based on the actual conditions of the Company. Continuous efforts have been made in environmental management concerning water conservation, energy conservation, emission reduction and waste reduction, and the use of chemicals is under strict control. The green and low-carbon design idea has been applied to product design, so as to contribute our strength in building a green and low-carbon production mode and lifestyle based on comprehensive product technological innovation and in-depth precision manufacturing.

Luxshare Precision has always carried out commercial cooperation in a responsible way, worked with global suppliers and customers to build sustainable partnerships together. Through rigorous environmental and social risk management, we strive to urge the suppliers to fulfill social responsibilities, avoid purchasing conflict minerals, and continuously strive to maintain stable, harmonious and clean partnerships with suppliers and customers.

We have forged ahead over the past 18 years and together will build a centennial business. Standing at the intersection of China's two "hundred-year" goals, Luxshare Precision has grown into a leader in the precision manufacturing industry after 18 years of ups and downs and will continue moving forward. In the future, we will adhere to a diversified innovation path of products, customers and markets, and make our due contribution to building a more beautiful sustainable world.

Company Profile

Basic Information

Luxshare Precision Industry Company Limited was founded on May 24, 2004 and listed publicly on the SME board of the Shenzhen Stock Exchange (stock code: 002475) on September 15, 2010. Luxshare Precision mainly provides solutions for high-speed interconnection, acoustics, RF antennas, wireless charging, vibration motor, communication base station related products, and is also a system manufacturer of smart wearable and smart home products. Related products are widely used in consumer electronics, communications and data centers, automotive electronics fields. Luxshare Precision has developed a complete set of skills for global layout, international production, sales and research and development operations.

With a business presence both domestically and internationally, the Company has established manufacturing bases in Guangdong, Jiangxi, Jiangsu, Anhui, Zhejiang, Taiwan of China, Southeast Asia, Europe, and has set up R&D centers in Guangdong Province, Jiangsu Province, Taiwan of China, the United States and Germany.



Main Business

The products developed, manufactured and sold by the Company are widely used in consumer electronics, communications and data centers, automotive electronics and medical fields, covering components, modules and system assembly. The modules are primary acoustic modules, antennas, wireless chargers and vibration motors. In communication and data centers, the Company offers high-speed interconnection, optical modules, heat dissipation modules, base station antennas, base station filters and other products. In automotive electronics, the Company focuses on the “blood vessel and nervous system” of vehicles and provides vehicle wiring harnesses, special wiring harnesses, new energy vehicle high voltage wiring harnesses and connectors, smart electrical boxes, road-side units (RSU), telematics control units (TCU) and central gateways.

Leading Products



Consumer electronics

- Smart speakers
- TWS wireless headsets
- smart wearables
- wireless charging modules
- 5G routers
- VR glasses



Enterprise communication

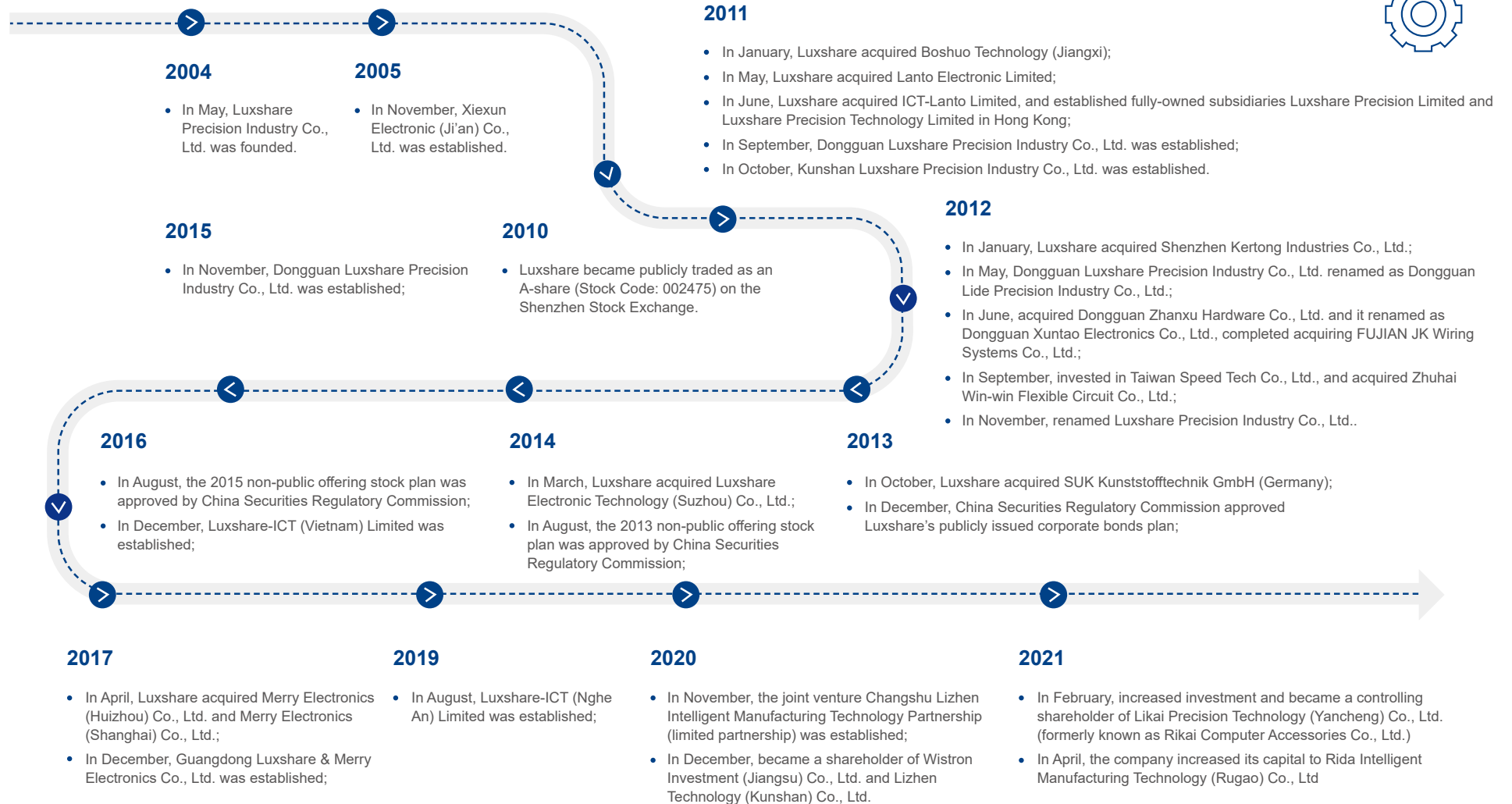
- high-speed cables
- high-speed connectors
- base station antennas
- filters
- optical modules
- cooling modules and active cables



Automotive electronics

- automotive wire harness
- special wire harness
- high-voltage wire harness for new energy vehicles and connector
- smart electric boxes
- road-side units (RSU)
- telematics control units (TCU)
- central gateways

Development History



01

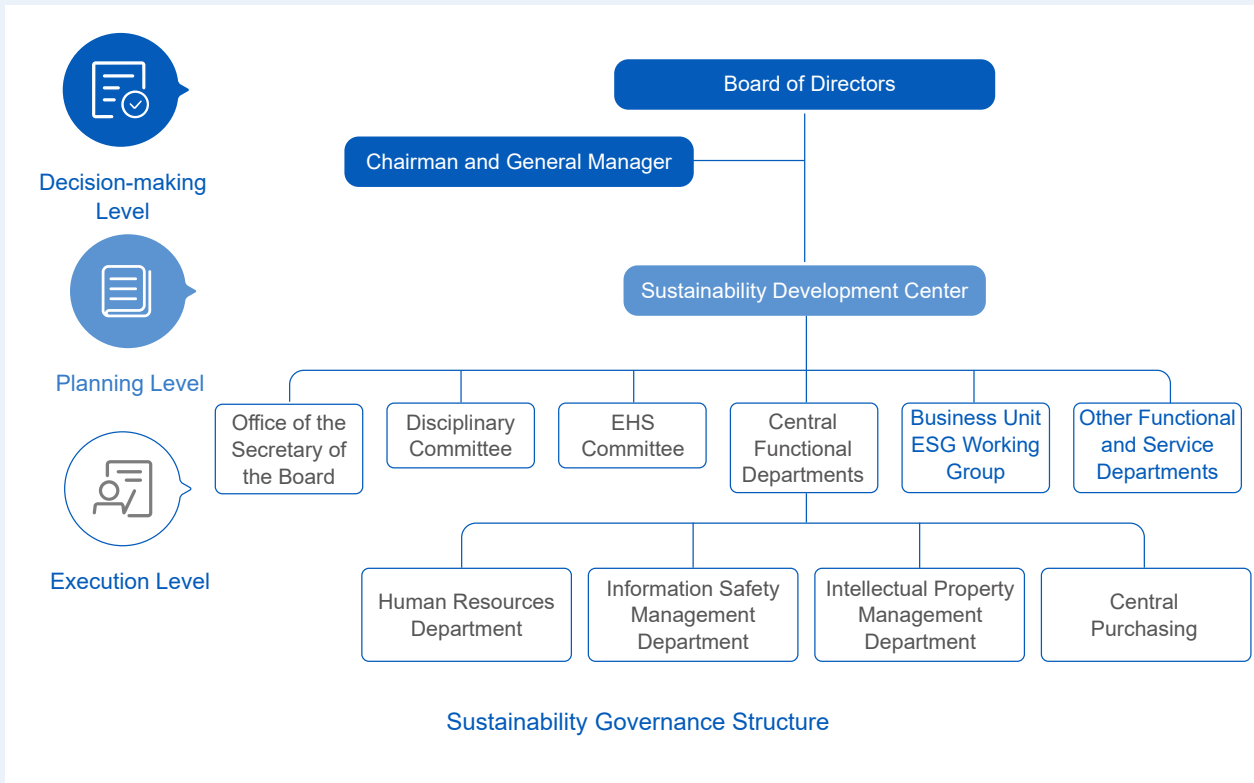
Sustainability Governance

Implementing the sustainability concept and actively assuming social responsibility is an integral part of the Company's development strategy. We have always integrated the concept of sustainable development into corporate governance and daily operations and enhanced our ESG governance and management capacity building while continuously enhancing the Company's business value, so as to achieve the goal of sustainable management.



Sustainability Governance Structure

Luxshare Precision has implemented a three-level sustainability governance structure featuring “decision-making—planning—execution”, which consists of the Board of Directors, the Sustainability Development Center and the Sustainability Implementation Team. The Company’s sustainability strategy, implementation plan, goals and results are reported to the Board of Directors on a regular basis. Ms. Wang Laichun, Chairman and General Manager of Luxshare Precision, is directly responsible for the Company’s sustainability strategy decisions and oversees the progress of related work and goals.



The main responsibilities of each level are as follows:

Decision-making level

The decision-making level plans the decision-making and supervision of the Company’s sustainability related issues, regularly listens to the work reports of the Sustainability Development Center, reviews such internal documents as the Sustainability Report, major ESG events, key ESG plans and systems, and ensures that the sustainable development strategy is aligned with the Company’s core strategy.

Planning level

As the main management of sustainability affairs, the planning level is responsible for formulating medium- and long-term sustainability plans of the Company, deploying and tracking the sustainability work progress and reporting to the Board of Directors regularly, and promoting the effective implementation of sustainability decisions of the Board of Directors within the Company.







Execution level

The execution level is composed of the Company’s offices, committees, central functional departments, business unit ESG working group and other important internal execution units, and responsible for implementing the corresponding work and reporting the implementation and work results regularly as guided and planned by the Sustainability Development Center and ensuring that the concept of sustainable development is fully implemented in the Company’s operations.

Stakeholder Communication

Luxshare Precision attaches great importance to smooth communication with stakeholders, and has established a regular communication mechanism with stakeholders to actively understand their needs and suggestions, and incorporate the concerns of stakeholders into the strategic decisions of the Company, so as to maximize the common value with stakeholders. Through a review of the value chain, we have identified six categories of stakeholders: government and regulatory agencies, shareholders and investors, suppliers and partners, customers, employees, and community.

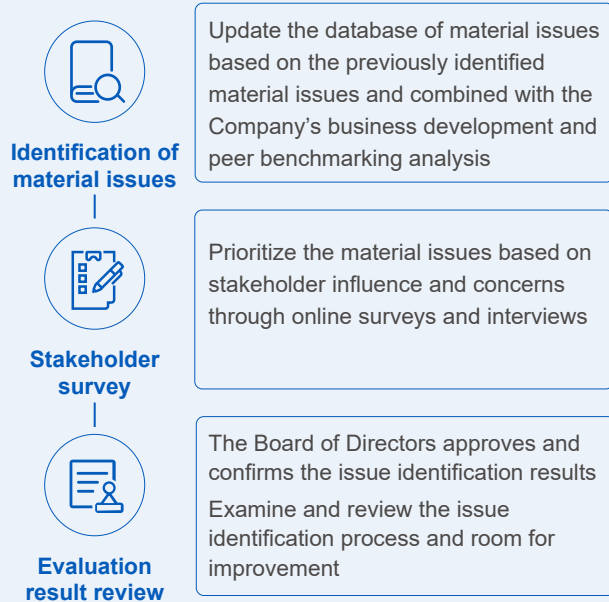
Stakeholders Concerns and Communication Channels

Stakeholders	 Government and regulatory agencies	 Shareholders and investors	 Suppliers and partners	 Customers	 Employees	 Community
Major Concerns	<ul style="list-style-type: none"> Compliant operations Tax payment according to law Climate change and greenhouse gas reduction Emission management and resource use 	<ul style="list-style-type: none"> Financial performance Corporate governance Risk control compliance Clean technology opportunities Sustainability management matters and return on investment 	<ul style="list-style-type: none"> Sustainable supply chain Sunshine procurement Supplier management Conflict mineral management Climate change and greenhouse gas reduction 	<ul style="list-style-type: none"> Product quality Innovative research and development Customer relationship management Climate change and greenhouse gas reduction 	<ul style="list-style-type: none"> Equality and diversity Health and safety Training promotion Remuneration and benefits Corporate culture 	<ul style="list-style-type: none"> Climate change and greenhouse gas reduction Emission management and resource use Chemical management Environmental protection Public welfare
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 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

Material Issues

For a more accurate understanding of the needs and expectations of stakeholders, Luxshare Precision has analyzed the material issues according to the identification, investigation and review process, and evaluated the issues from the two aspects of "stakeholder's concern and materiality" to Luxshare Precision through questionnaires and interviews. The material issues have been taken as the important basis of formulating the sustainability strategy for the Company.

Material Issue Analysis Process



During the reporting period, we sent survey questionnaires to the six categories of stakeholders mentioned in the section above and received 1,075 valid replies in total. Based on the survey results, stakeholder interviews and field survey information, we identified 5 highly material issues and 12 moderately material issues and mapped out a matrix of material issues.

High Materiality

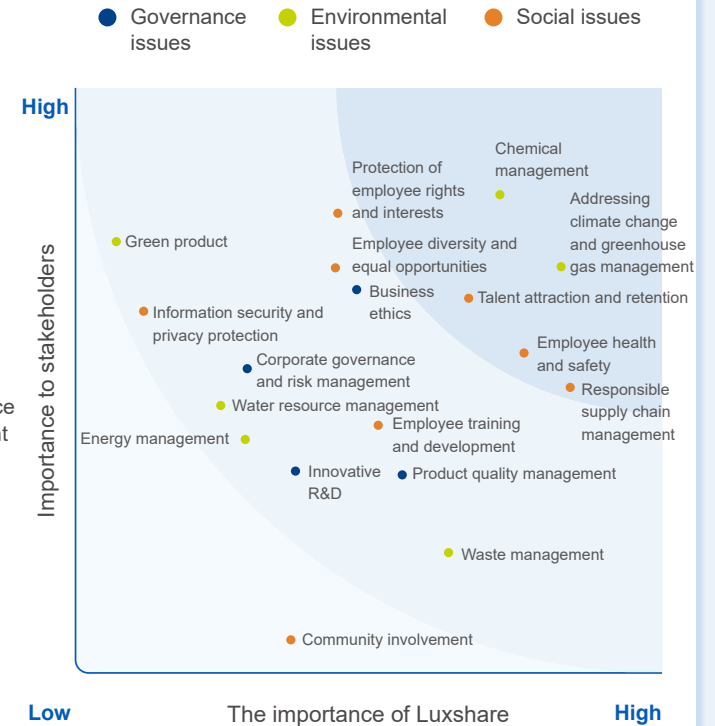
- 1 Addressing climate change and greenhouse gas management
- 2 Chemical management
- 3 Talent attraction and retention
- 4 Employee health and safety
- 5 Responsible supply chain management

Moderate Materiality

- 6 Protection of employee rights and interests
- 7 Business ethics
- 8 Employee diversity and equal opportunities
- 9 Employee training and development
- 10 Product quality management
- 11 Corporate governance and risk management
- 12 Energy management
- 13 Water resource management
- 14 Waste management
- 15 Innovative R&D
- 16 Information security and privacy protection
- 17 Green product

Low Materiality





- 18 Community involvement






Sustainability Strategy


Centering on the vision of "Connecting the Future with Technology", Luxshare Precision has built its sustainability strategy system based on the stakeholders concerns from the three dimensions of environmental, society and governance, and formulated sustainable development goals in response to the United Nations Sustainable Development Goals (SDGs) to contribute to the realization of the global sustainability blueprint.

ESG Management Policy

<p>Scientific governance</p> <p>Continuously improve corporate governance structure, enhance the level of corporate governance, follow the requirements of business ethics, build trust with all stakeholders, boost the long-term value of the Company, and pursue sustainable corporate development and business model.</p> 	<p>Green and low-carbon development</p> <p>Implement the national green development strategy, advance green and low-carbon transformation, reduce waste and increase efficiency, promote green and eco-friendly products and services, help achieve scientific carbon goals, seize clean technology opportunities, and drive green and low-carbon development of the whole industry and society.</p> 	<p>Harmonious and health</p> <p>Build a harmonious workplace, respect the human rights of all employees in each operation venue, 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.</p> 	<p>Responsible procurement</p> <p>Maintain a benign relationship of mutual benefit, win-win cooperation and common development with suppliers, establish a sound supply chain social responsibility management system, build a green and responsible value chain, and jointly work for a sustainable future.</p> 
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Dimension of Sustainability	Material Issues	Sustainable Development Goals	SDGs
 Environment	Addressing climate change and greenhouse gas management	<ul style="list-style-type: none"> Set a GHG emission reduction goal consistent with the scientific carbon reduction goal of a 1.5°C pathway Continuously increase the proportion of clean energy used 	
	Energy management	<ul style="list-style-type: none"> Increase investment in energy conservation projects, implement smart energy management, and improve energy utilization 	
	Water resources management	<ul style="list-style-type: none"> Improve the utilization rate of water resources, reduce water withdrawal and consumption Promote the "zero waste water discharge" practice in factories worldwide to reduce waste water generation and discharge 	
	Waste management	<ul style="list-style-type: none"> Implement the principle of reduction, reuse, regeneration and recycling (4R) to improve the utilization rate of resources Promote the "zero waste landfill" practice in factories worldwide to reduce waste generation and discharge 	
	Chemical management	<ul style="list-style-type: none"> Impose strict classified control of all materials, components, finished products and chemicals involved in the production process Continue to eliminate harmful chemicals and gradually reduce all harmful substances in our products 	
	Green product	<ul style="list-style-type: none"> Continue to increase investment in R&D related to green products and clean technology Invest more than RMB 250 million in clean technology research and development in 2022 	

Dimension of Sustainability	Material Issues	Sustainable Development Goals	SDGs
 Society	Protection of employee rights and interests	<ul style="list-style-type: none"> Value and respect the human rights of all employees at home and abroad 	          
	Employee health and safety	<ul style="list-style-type: none"> Eliminate health and safety hazards Achieve “zero work industry casualty incident and zero occupational disease” 	
	Talent attraction and retention	<ul style="list-style-type: none"> Provide a competitive remuneration plan for all employees Build a team of employees with high satisfaction and engagement 	
	Employee diversity and equal opportunities	<ul style="list-style-type: none"> Build a diverse, inclusive and equal workplace environment Unblock employee complaint channels, and actively carry out employee communications 	
	Employee training and development	<ul style="list-style-type: none"> Provide extensive training courses Provide a variety of promotion channels 	
	Responsible supply chain management	<ul style="list-style-type: none"> Carry out responsible procurement to ensure 100% avoidance of conflict minerals Require a conflict mineral survey response rate of at least 95% from suppliers and commit to implementing all procurement from certified smelters/refineries Initiate green supply chain initiatives to promote environmental and social responsibility among suppliers 	
	Community Involvement	<ul style="list-style-type: none"> Maintain good communication with local communities where operations are conducted Actively contribute to local community development and construction 	

Dimension of Sustainability	Material Issues	Sustainable Development Goals	SDGs
 Governance	Corporate governance and risk management	<ul style="list-style-type: none"> Establish a sound corporate governance and internal control system Conduct regular stakeholder communication through multiple channels Enhance the level of management diversity 	     
	Business ethics	<ul style="list-style-type: none"> Continuously improve business ethics standards and unblock whistleblowing channels Conduct regular business ethics training to build a culture of honest management 100% signing rate of employee integrity commitment Handling rate of business ethics related complaints: 100% 	
	Product quality management	<ul style="list-style-type: none"> Strengthen the quality management system and continuously improve product quality Provide quality management capability building for suppliers and employees Achieve “zero major quality incidents” 	
	Information security and privacy protection	<ul style="list-style-type: none"> Improve the safe and stable operation level of information systems Strengthen employees’ awareness of confidentiality, and training on information security and privacy protection Achieve “zero major information security leak, zero major information system failure and zero business continuity interruption incidents” 	
	Research and Innovation	<ul style="list-style-type: none"> Encourage R&D and innovation in core technologies 	

02

Steady Operation and Evergreen Business

Luxshare Precision has always upheld the spirit of craftsmanship during its steady development over the past 18 years. By continuously improving its level of corporate governance and operating capacity, Luxshare Precision is committed to growing into an outstanding enterprise bringing about well-being for society and creating value for technological progress and winning the long-term trust and support of the public and stakeholders with integrity, standardized operation and fine quality.

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



more than **42%**
of the Board of Directors
are Female

we communicated with
investors for a total of

931 times

100%

Integrity Pledge signing
rate



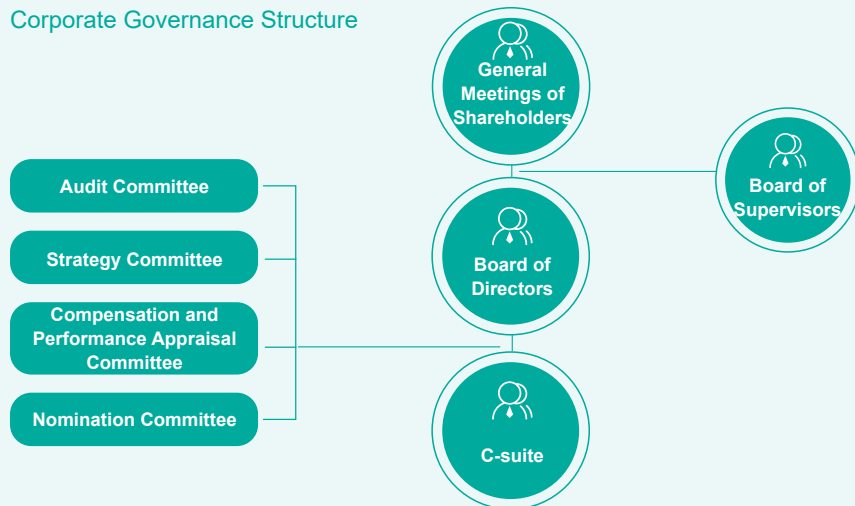
Corporate Governance

Luxshare is committed to maintaining a high level of corporate governance, adhering to the concept of **excellent, stable** and **effective** corporate governance, constantly improving corporate governance methods, standardizing corporate operations, and improving internal control systems to ensure that corporate operations are in line with the long-term interests of the company and all shareholders.

Corporate Governance Structure

Luxshare Precision continuously improves the corporate governance system, standardizes the corporate operation through institutional guarantee. Within the reporting period, the Company formulated and continuously improved the *Articles of Association*, standardized corporate operation, and enhanced its corporate governance structure in accordance with the requirements of the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Listing Rules of the Shenzhen Stock Exchange*, *Guidelines on the Articles of Association of Listed Companies*, *Governance Guidelines for Listed Companies*, *Shenzhen Stock Exchange Listed Companies Self-Regulatory Guidelines No. 1 - Standardized Operation of Main Board Listed Companies*, and other laws, regulations, and normative documents. We gave full play to the role of general meetings of shareholders, Board of Directors and Board of Supervisors in major decision-making, operation management and supervision, and protected the shareholders' rights and interests.

Corporate Governance Structure

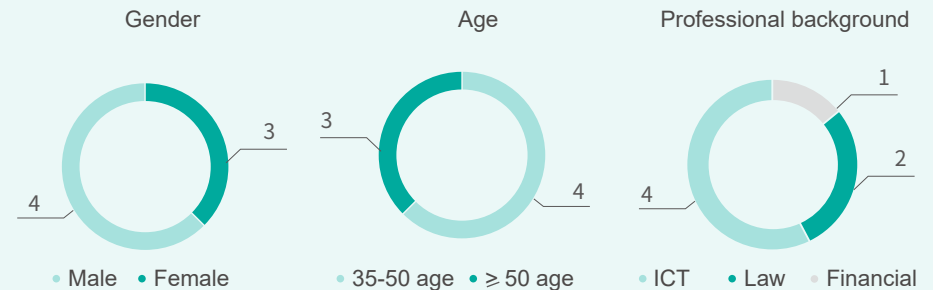


Board of Directors

Directors are elected and appointed in strict accordance with the conditions and procedures as prescribed in the *Articles of Association*. At the end of the reporting period, the board of directors consists of 7 directors, three of whom are independent directors. The Audit Committee, the Compensation and Performance Appraisal Committee are composed of independent directors to ensure that the committees are able to exercise effective independent judgment in the interests of shareholders and the Company as a whole.

The Board of Directors convenes the meetings of the Board of Directors and implements the resolutions of the general meetings of shareholders in strict accordance with the *Articles of Association* and the *Rules of Procedure of the Board of Directors*. During the reporting period, the Board of Directors held 10 meetings, and adopted a number of resolutions, including the 2020 Annual Work Report of the Board of Directors, the *2020 Annual Sustainability Report*, the *2020 Annual Report and its Summary*, and the *Motion on Amending the Articles of Association*.

The Board of Directors adheres to the principle of **meritocracy** and **diversity**, and considers various factors on the selection of candidates, including (but not limited to) age, gender, culture, educational background, professional experience, skills, educational background and years of service, to select the best candidate for each position and ensure effective operation. At the end of the reporting period, the Board of Directors was made up of talents with diverse education and professional backgrounds from electronics manufacturing, financial management and law, and women accounted for more than 42% of the Board of Directors members¹.



Structure of the Board of Directors Members

¹ The resumes of the current directors are listed in the Fifth point, Section Four of the 2021 Annual Report.

Committees

The Audit Committee, Strategy Committee, Compensation and Performance Appraisal Committee, and Nomination Committee are set up under the Board of Directors, which are responsible for supervising the company's affairs and safeguarding the rights and interests of shareholders and investors. The specialized committees are responsible for monitoring and reviewing all issues of corporate governance in accordance with the *Articles of Association*, and report to the Board of Directors on a regular basis. Main responsibilities are as follows:

Responsibilities of Specialized Committees

Audit Committee

- Propose the appointment or replacement of external auditors
- Supervise the internal audit system and its implementation
- Review the Company's financial information and disclosure
- Review the Company's risk management
- Review the Company's quarterly, interim and annual reports before they are submitted to the Board of Directors

Nomination Committee

- Study the selection criteria and procedures for directors and senior managers and offer recommendations
- Conduct an extensive search for qualified candidates for directors and senior managers
- Review and offer recommendations on director candidates and senior management candidates

Compensation and Performance Appraisal Committee

- Formulate compensation plans or programs for directors and senior managers, including but not limited to performance evaluation criteria, procedures and main evaluation systems, as well as major programs and systems for rewards and penalties
- Organize and evaluate the performance of directors and senior managers

Strategy Committee

- Organize and carry out research on major strategic issues of the Company, and provide advice to the Board of Directors on investment strategy, development strategy, marketing strategy and other issues
- Organize and coordinate the preparation of medium- and long-term overall development plans of the Company, and submit them to the Board of Directors for research and decision-making
- Investigate and analyze the implementation of major strategic issues, and submit suggestions for improvement and adjustment to the Board of Directors

Board of Supervisors

Supervisors are elected and appointed in strict accordance with the conditions and procedures as prescribed in *Company Law of the People's Republic of China* and *Articles of Association*. The Board of Supervisors oversees the legal operation of the Company and performance of duties by the directors and senior managers in strict accordance with the *Articles of Association* and the *Rules of Procedure of the Board of Supervisors* and convenes the meetings of the Board of Supervisors. During the reporting period, the Board of Supervisors held 10 meetings, deliberated and passed a number of proposals concerning equity incentives, external investment, executive selection, financial information disclosure and other key corporate governance matters, including the *2021 First Quarter Work Report*, the *2020 Sustainability Report*, the *2020 Annual Report of the Board of Supervisors*, and the *Motion on the Election of Independent Directors by the Board of Directors*.



During the reporting period, the Board of Supervisors held **10** meetings



Protection of Shareholders' Rights and Interests

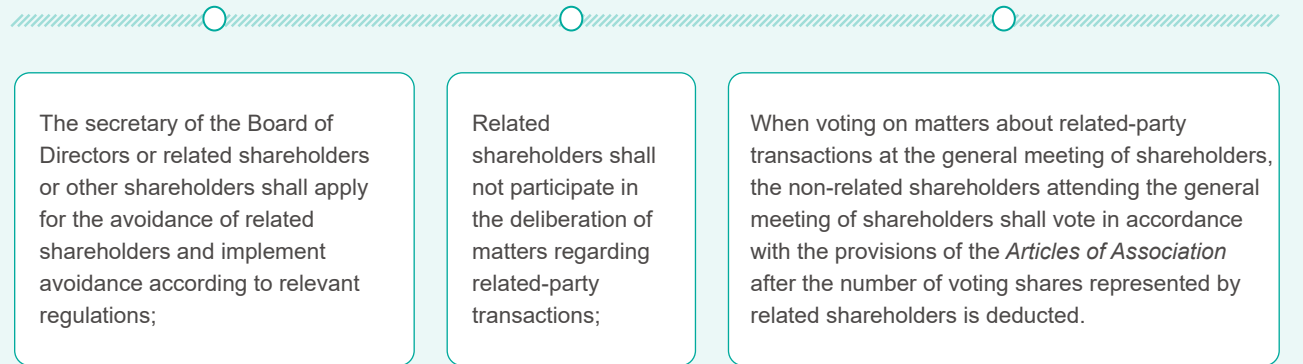
Luxshare Precision standardizes the calling, convening and voting procedures of general meetings of shareholders in strict accordance with the provisions and requirements of the *Company Law of the People's Republic of China, Articles of Association* and the *Rules of Procedure of the General Meetings of Shareholders*, to ensure that shareholders, especially minority shareholders, can fully exercise their rights. The Company notifies all registered shareholders of the matters to be considered at the meeting and the date and place of the meeting by issuing a written notice prior to the convening of the meeting. The shareholders (including the shareholders' agents) exercise their voting rights for the number of voting shares they represent and are entitled to one vote for each share.

During the reporting period, Luxshare Precision held 2 general meetings of shareholders, deliberated and passed the *Motion on Formulating the Measures for Assessing the Implementation of Stock Option Incentive Plan 2021*, the *2020 Annual Report and Summary*, the *2020 Annual Work Report of the Board of Directors*, and other systems and motions regarding stock option incentive, financial information disclosure and other corporate governance matters.



During the reporting period, Luxshare Precision held **2** meetings of shareholders

In accordance with the *Company Law of People's Republic of China* and *The Listing Rules of the Shenzhen Stock Exchange*, Luxshare Precision has specified relevant regulations on related-party transactions in its *Articles of Association* to promote fair competition in the market. When the general meeting of shareholders deliberates matters about related-party transactions, related shareholders shall not participate in voting, and the number of voting shares represented by them shall not be included in the total number of valid votes; the announcement on the resolution of the general meeting of shareholders shall make full disclosure on the voting of non-related shareholders. If the transaction amount between the Company and its related parties is greater than RMB 30 million and accounts for more than 5% of the absolute value of the audited net assets of the Company in the latest period, the Board of Directors shall first review the transaction and submit it to the general meeting of shareholders for review after approval. The avoidance and voting procedure of related shareholders is described as follows:



During the reporting period, Luxshare Precision disclosed the *Announcement on Estimation of Daily Related-Party Transactions in 2021* and the *Announcement on Estimation of the Increase of Daily Related-Party Transactions in 2021* to ensure that all shareholders were informed of the Company's related-party transactions in a timely manner, enhance the transparency of transactions, and safeguard the interests of non-related shareholders

Communication with Investors

Luxshare Precision maintains positive communication with investors through regular email exchanges, online performance briefings, on-site exchanges and online inquiry platforms, so that investors can promptly and fully understand the Company's operations and developments, so as to safeguard the interests of small and medium investors. The senior managers of the Company have participated in investor communication meetings numerous times to update important information for public investors, answer questions that investors are concerned about, and enhance the public understanding of the Company's business and the overall development of the industry. During the reporting period, we communicated with investors for a total of 931 times.

2020 annualshareholders'meeting

On May 18, 2021, Luxshare Precision held the 2020 annualshareholders'meeting. Chairman Ms. Wang Laichun attended the meeting, shared and communicated with shareholders regarding the Company's business development, overseas layout, automation platform establishment, M&A strategy, and R&D investment. At the meeting, friendly interaction and harmonious communication was conducted between the Company and investors, which promoted the investors' understanding of the Company's business and strategic layout.



Communication with Investors



Large-scale investor communication
4 times



Small-scale communication by phone, email, etc
375 times



Inquiry and communication on easy IR
552 times

During the reporting period, we also received investor concerns on corporate sustainability issues, including labor management, climate change, business ethics and corporate governance. We have promptly followed up internal and external opinions and suggestions on sustainable development issues, and established an efficient and transparent communication mechanism. For investors' opinions and inquiries, we will continue to improve the follow-up sustainable development work to build investors' confidence in the Company's sustainable development.



Remuneration System

Resolution Procedure

Luxshare Precision strictly follows the remuneration decision-making procedure. The Board of Directors and the Shareholders' meeting ultimately approve and determine the remuneration of directors, supervisors and senior managers in accordance with the formulation, supervision and deliberation process.

Remuneration Decision-Making Procedure of Directors, Supervisors and Senior Managers



Assessment Management

An advocate of value-oriented performance culture, Luxshare Precision has put in place a benefit sharing and risk sharing mechanism between shareholders, management and core technology (business) cadres, and formulated an assessment system on a series of indicators including sustainable development performance to ensure the realization of the Company's future development strategy and business goals.

During the reporting period, we adopted a remuneration structure of "basic annual pay + long-term incentive" for directors, supervisors and senior managers, which effectively combined the interests of shareholders, the Company and incentive recipients, and promoted the Company's sustainable, steady and rapid development.

Assessment of the Exercise of Stock Options

Assessment indicators

Corporate performance and individual performance

Exercise conditions

Achieving the Company's performance goals in the previous year and individual performance assessment grades of A+, A or B

Stock option withdrawal

For directors, supervisors and senior managers who fail to meet the assessment conditions for exercise, the stock options granted but not authorized to be exercised shall not be exercised and shall be withdrawn by the Company. If the individual performance is assessed as Grade B, the exercisable proportion is 70%, and the remaining 30% shall not be exercised and shall be withdrawn by the Company.

The remuneration of directors and senior executives during the reporting period is detailed in the Fifth point, Section Four of the *2021 Annual Report*.

Risk Management

Luxshare Precision has continuously improved the internal control system, formulated relevant management systems and carried out risk identification regularly to ensure compliance and steady development of enterprise operation. During the reporting period, 4 internal audits were carried out.




Management Process

According to the *Enterprise Internal Control System*, Luxshare Precision the Company's risk assessment and management process to ensure accurate identification of internal and external risks related to controlling objectives, and realizes effective control of risks through comprehensive application of risk avoidance, risk reduction, risk sharing and risk acceptance strategies.

During the reporting period, the Company carried out risk identification and management in 2021, identified and assessed a series of risks, including climate change risk, and formulated coping strategies through qualitative and quantitative methods.



Risk Identification and Response Measures

Risk Type	Risk Item	Response Measures
 Strategic Risks	<ul style="list-style-type: none"> Corporate governance risk Product competitiveness risk 	<ul style="list-style-type: none"> Continuously improve the corporate system, standardize the Company's production and operation, perfect the corporate governance structure, pay attention to the protection of shareholders' rights and interests and investor relations management, and constantly enhance the level of corporate governance. Maintain strong component, module, Final Assembly Test & Pack (FATP) vertical integration and collaborative engagement capabilities, accelerate the application of intelligent manufacturing and big data operation and management platform.
	 Operational risks	<ul style="list-style-type: none"> New technology risk and new product development Product quality risk Pandemic risk Climate change risk Labor relations risk
 Compliance Risk	<ul style="list-style-type: none"> Business ethics risk Intellectual property management and protection risk 	<ul style="list-style-type: none"> Set up the Disciplinary Committee led by the chairman, implement business conduct compliance management, and conduct a regular internal audits of business ethics. Establish the intellectual property management system, investigate and confirm other companies' intellectual property at the appropriate time of design and development.

Internal Control

The Chairman and General Manager of the Company directly leads the work of the Discipline Committee. Under the Discipline Committee is the Internal Audit Department which is an internal independent audit body, and forms regular supervision over the internal control of the day-to-day operations of the Company. Supported by the internal audit system featuring “specialized responsibility, comprehensive coverage, focus on key points”, we conducted an independent review on the establishment and implementation of the Company’s internal control system on the basis of internal control self-evaluation of various departments, put forward rectification suggestions and urge rectification on problems found in a timely manner.

Compliance Management

Luxshare Precision is committed to establishing a standardized, transparent and healthy enterprise development model, and adopts systematic and effective compliance management for procurement, production, sales and other key operation links to ensure the implementation of corporate governance requirements.



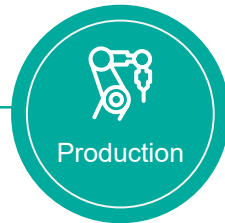
Internal Audit

The Company’s internal audit covers all business links in the Company’s business activities, concerning not only research and development, procurement, sales and other management aspects, but also organizational structure, sustainable development, business ethics and other non-business aspects. In response to business changes, the Company will further carry out special audits on fraud complaints, related-party transactions, contracts and other high-risk areas and issues on a regular and irregular basis and conduct targeted preventive management for sensitive positions and key areas.

Compliance Management Procedure



- Strictly standardize procurement contracts to reduce legal and commercial risks
- Improve social responsibility management of suppliers to ensure supply chain stability
- Regularly check and evaluate weak links in the procurement process, and take effective control measures to ensure that material procurement meets the needs of production and operation of the enterprise



- Strictly implement relevant quality control standards to meet customer requirements
- Implement quality supervision from product development to production execution, effectively ensure the production of high-quality products, avoid major product quality and violation risks



- Establish a well-developed sales and payment management system
- Develop standard operating procedures to regulate sales activities and prevent sales risks
- Provide compliance risk related training to the sales staff to improve compliance awareness

Business Ethics

The red line of business ethics is always the criterion of enterprise operation and development. Luxshare Precision continues to strengthen intellectual property rights protection, guide and regulate the commercial acts of employees, managers and partners through system improvement, management improvement and honesty culture development, and develops a corporate culture of “**integrity and honesty, openness and fairness, reliable compliance, incorruptibility and self-discipline**”.

Integrity Management

Luxshare Precision adheres to the business philosophy of integrity and follows the customer and operation local laws and regulations., Luxshare has formulated a set of rules including the *Employee Handbook*, *Code of Ethical Operating Procedures*, *Employee Incorruptibility Management System*, and *Procurement Business Ethics Management System* in accordance with the *Global Code of Business Conduct and Ethics*, and *Interim Provisions on Prohibition of Commercial Bribery*. With a focus on such key aspects as anti-bribery, anti-fraud, anti-money laundering, conflict of interest and unfair competition, comprehensively regulate the commercial acts of employees, suppliers and other partners, and create an open and fair business environment.

Furthermore, we work actively to create a fair and just business environment, and to ensure that our business ethics policy can be effectively publicized throughout the Company and among partners, the *Global Code of Business Conduct and Ethics* has been incorporated into the quarterly employee training and assessment. The training and assessment results are linked with the employees' year-end assessment and directly affect their remuneration and promotion, which helps develop the employees' deep-rooted idea of anti-unfair competition and business ethics.



Business Ethics Governance Structure

The Discipline Committee is under the Board of Directors and assigned with independent investigation management authority. Ms. Wang Laichun, **the Chairman and General Manager of Luxshare Precision**, works as the top leader of the Discipline Committee. She listens to the relevant reports on a regular basis to ensure that the business ethics management requirements are comprehensively implemented in the Company. The Discipline Committee coordinates the subordinate working groups, supervises and accepts the complaints and reports concerning violations of laws and regulations, violations of professional ethics and acts that damage the interests of the Company related to the staff or units of Luxshare Precision in accordance with laws and regulations and relevant internal rules and regulations.

Business Ethics Audit

According to the requirements of the Board of Directors, Discipline Committee and business ethics development and anti-corruption work, Luxshare Precision conduct a business ethics audits every year.

Through the leadership of the Disciplinary Committee, each factory actively participates in local self-audit, and online and offline interviews with internal and external employees. We audited the establishment and execution of internal control systems, the implementation of risk management and responsibility for case investigation and prevention, sensitive links of important posts, relative avoidance system for key posts, responsibility fulfillment of functional departments, and advancement of anti-corruption training in all factories and operation locations at home and abroad. During the reporting period, we conducted a specialized anti-corruption internal audit.

Integrity Culture Development

Attaching high importance to integrity culture development, Luxshare Precision requires all employees and suppliers to sign the anti-corruption statement, and carries out training and assessment on a regular basis to enhance the incorruption awareness and create a cultural atmosphere of “integrity maintenance, incorruption promotion and corruption punishment”. At the end of the reporting period, the signing rate of the anti-corruption statemen by the employees and suppliers of Luxshare Precision was shown as below:

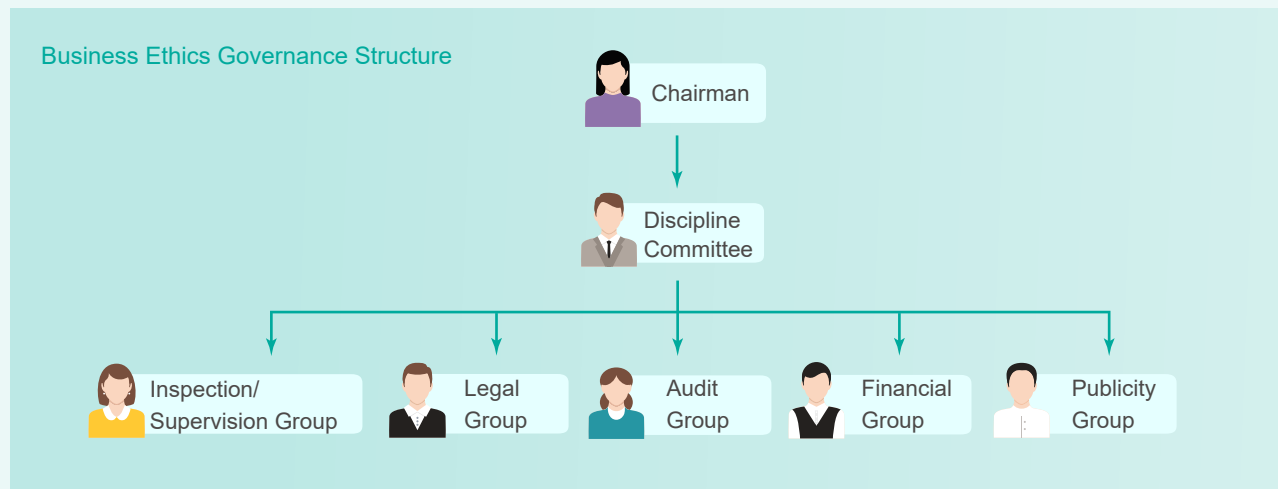


All employees:
signed the *Employees' Letter of Commitment on Incorruption*, and *Employees' Letter of Commitment on Code of Conduct*.



Suppliers:
98.6%² of the suppliers signed the *Suppliers' Anti-corruption Statement*

During the reporting period, we provided online and offline business ethics training of all directors, executives, employees (including irregular employees and temporary employees), suppliers and contractors of the Company. The training contents concerned the organizational framework of the Discipline Committee, interpretation of factual cases of violation of incorruption commitment, content specification of anti-corruption and incorruption acts, filling and declaration of voluntary declaration, methods and applications of anti-corruption whistleblowing.



² Some designated suppliers have signed the *Letter of Commitment on Incorruption* with their customers, and thus do not sign this Letter of Commitment with the Company.



Luxshare Precision (Kunshan) Organized Anti-corruption Specialized Training

This Anti-corruption Specialized Training is organized for the executives and procurement personnel. The Discipline Committee illustrated the internal corruption cases, popularized laws and regulations, corruption punishment criteria in the internal systems, promoted the Company's internal anti-corruption reward policy and whistleblowing methods. Realizing the importance of incorruption, complying with the relevant laws and rules of anti-corruption, and developing the consensus of "integrity maintenance, incorruption promotion and corruption punishment".



Luxshare Precision Held the Supplier Conference

In May 2021, the Discipline Committee of Luxshare Precision introduced the cases of violation of business ethics concerning suppliers providing kickbacks for employees, false information for transaction deception, conducting violating operations, committing bribery and forming a partnership with the employees at the Supplier Conference through a combination of legal provision and actual cases, conveying the anti-corruption message and compliance awareness. Meanwhile, the Discipline Committee explained our specialized reporting channels and encouraged the whistleblowing of illegal and discipline violations.



Whistleblowing System

Luxshare Precision precisely formulates and strictly abides by the *Whistleblower and Whistle-blower Protection System*, standardizes the reporting process, and strictly prevents and strictly controls violations of laws and disciplines that use positions and powers to seek illegitimate interests. We actively promote and encourage the whistleblowing of violations of rules, laws and regulations, all kinds of fraud and infringement act, and set up a variety of whistleblowing channels. Furthermore, we encourage employees and suppliers to take the initiative to fill in the declaration form and conduct self-examination and self-correction in a timely manner.

Whistle-blowing Channels



Address: 311 Beihuan Road, Qingxi Town, Dongguan, Guangdong Province, China



Tel: 0769-38800880



WeChat: 13688847351



QQ: 3413207068



Email: justice@luxshare-ict.com

We undertake to respect the privacy of whistleblowers, keep their personal information strictly confidential, and strictly prohibit disclosure of their personal information or information provided by them. The investigation process will be kept confidential by the specialized auditors. 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 to ensure that the specialized auditors do not have or are unlikely to have an interesting relationship with whistleblower, so as to prevent whistleblower/reported department from knowing the relevant reporting source.

Luxshare Precision does not tolerate any discrimination or retaliation against whistle-blowers and will provide them with the necessary legal assistance. If any employee finds any retaliation or retaliation attempt, he/she shall report it to the top supervisor and director of the Discipline Committee of the factory. We will penalize the supervisor, manager and personnel who retaliated or attempted to retaliate, and the maximum penalty includes but is not limited to termination of employment.



During the reporting period, we received **4** internal complaint cases involving corruption

We will investigate the reported cases in different forms according to the severity and nature of the cases, whether external personnel, resources or criminal cases are involved; if the cases are found to be true, relevant personnel will be punished accordingly. In case of violation against the law, it will be handed over to judicial organs, and the whistle-blower will be rewarded appropriately.

During the reporting period, we received 4 internal complaint cases involving corruption, bribery, unfair trade, and imposed such penalties as dismissal, criticism and rectification, and issuing fines according to the severity of the cases. During the reporting period, we were aware of no legal proceedings relating to commercial bribery against the Company or our employees.



Anti-unfair Competition

Luxshare Precision strictly abides by the *Advertising Law of the People's Republic of China*, the *Anti-unfair Competition Law of the People's Republic of China* and *Provisions on the Prohibition of Acts Infringing on Trade Secrets* and anti-monopoly related laws and regulations in the countries or regions of business. *The Moral Standard Operating Procedure*, and other system documents specify that illegal means shall not be used to competitors' trade secrets or other confidential information, illegal intrusion, theft, wiretapping, bribery and stealing, prohibit the publication of false or misleading advertising information, conspire with competitors to set prices to disrupt market order and other illegal acts.

Intellectual Property Right Protection

Luxshare Precision strictly abides by intellectual property laws and regulations, respects the intellectual property rights and interests of all parties, continuously strengthens the intellectual property management of the enterprise, improves the intellectual property awareness of employees and managers, so as to ensure that trademarks, patents, copyrights and other intellectual property rights of the Company and individuals are not infringed upon during operation.

We have formulated such internal management systems as the *Intellectual Property Management Manual*, *Intellectual Property Management Control Procedure* and *Measures for Risk Management of Intellectual Property*, which has laid a solid foundation for the standardized management of the Company's intellectual property system. Furthermore, we strictly protect our intellectual property rights through market patent investigation, internal risk investigation and other forms. During the reporting period, there were 17 cases of cracking down on counterfeiting, invalidation and trademark objection, and no intellectual property lawsuit claim was filed.



Quality Management

Quality management is the premise for corporate survival and development, the focus of customer attention, and the lifeline of market development. As a manufacturer specializing in the R&D, production and sales of components, modules and finished products, Luxshare Precision adheres to the customer-centered quality management mode, fully implements intelligent quality management, and provides customers with high-quality products. We adhere to the quality management policy of “customer first, integrity management, scientific management and excellence”, attach importance to product quality in our work, encourage employees to grow into Luxshare members with a craftsmanship spirit, and strive to build a high-quality company.



Quality Management System

In strict accordance with the *Quality Law of the People's Republic of China* and the laws and regulations of the operation locations, Luxshare Precision implements standardized management in line with the requirements of the international quality management system, obtains external certificates, advances continuous internal corporate improvement, and constantly enhances the internal quality management level and product quality of the Company.

During the reporting period, Luxshare Precision was certified by ISO 9001 Quality Management System and ISO 17025 Laboratory Management System. Our main production bases were also certified by ISO 9001 Quality Management System, and further certified by IATF 16949 Quality Management System Standard for the Automotive Industry and ISO 13485 Medical devices – Quality Management Systems according to customers and our own management needs.

Quality Objective Management

The main production bases of the Company have set quantitative quality management objectives in line with the production characteristics and requirements in terms of material feeding, sample inspection, finished product inspection and supplier audit, and have implemented the quality objectives to the direct responsible persons of the relevant processes and established a quality objective management system linked to the performance of each responsible person. The Quality Department of the Company is responsible for regularly carrying out quality inspections and supervising the achievement of quality management objectives, analyzing the completion of annual objectives, and summarizing and disseminating excellent quality management practices. During the reporting period, the Company also developed and applied the modular quality data management system to achieve the quality management objective of “**zero major quality incidents**”.

In 2022, we plan to develop the "Quality Points Evaluation System" and promote the active participation of all production bases of the Company, establish evaluation criteria and audit lists of key quality management processes, and continue to promote excellent internal quality management practices

Intelligent Quality Management

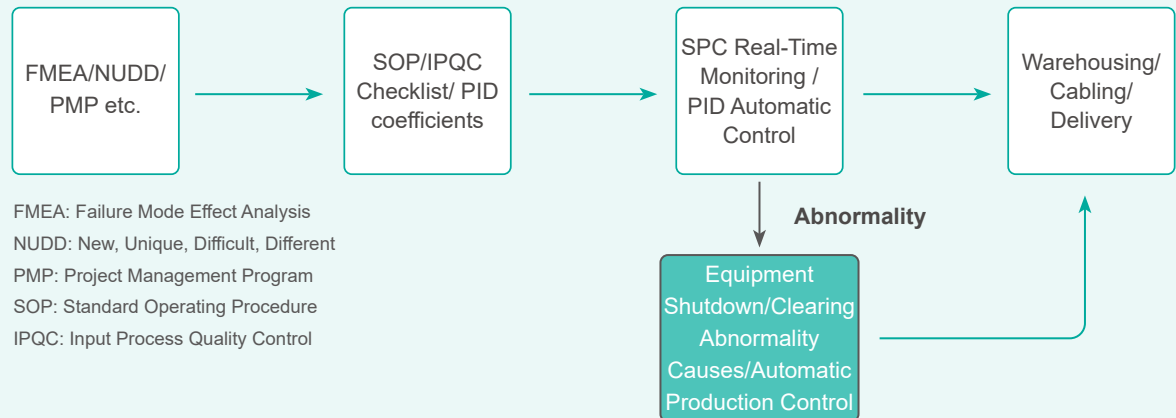
Compared with the traditional quality inspection method through manual inspection, the intelligent quality management mode uses scientific methods to control the production of defective products and automatically stops when defective products are produced, and will gradually replace the traditional quality inspection method. We adopt automatic production, automatic inspection, intelligent quality management mode, robots, visual inspection systems and other advanced technologies to promptly intercept defective products and improve product yield.

PID Intelligent Control Plan

We use scientific and intelligent methods to control the production of defective products. Based on the concept of edge computing to implement Proportional Integral Differential (PID) intelligent control scheme, we optimize the general quality control process, achieve quality control process management of intelligent projects, and improve product excellent rate.

Take cable production as an example. We add PID automatic control modules at the source of cable production, conduct edge computing on scale coefficient, differential coefficient and integral coefficient of big data, so as to control core indicators of cable quality control (outer diameter size, insulation thickness, concentricity, capacitance value, characteristic impedance, and other parameters), and automatically adjust process parameters. Furthermore, statistical process control (SPC) tools are used for real-time monitoring and early warning. PID automatically starts and stops depending on SPC OOC rules, so as to reduce production waste caused by system shock.

Intelligent Project Quality Control Process



Internal and External Empowerment

We understand that the capability improvement of internal operation staff and suppliers is the key to quality management, providing quality management training to employees. Meanwhile, the Company adopted the triple management method of “continuous improvement, effective interception and system prevention” to continuously improve the ability of supplier quality management.



In order to improve the quality awareness of all employees, the Company has further offered the "Quality Knowledge Class" to publicize quality awareness and share quality knowledge, and disseminate easy-to-understand articles on the official account. In 2021, a total of 9 issues of content have been published. In 2021, 9 issues of articles were released.

In 2022, the Company plans to launch the all-round quality management training "Star Engine Program" and provide 15 quality tool courses to front-line employees. Meanwhile, the Company works to set typical examples and explore excellent cases among internal and external suppliers, so as to provide practices and methods that can be used to promote and achieve quality management goals.

"Quality Control Month" and "Quality Month Activities"

In response to the China's call of Quality Month over the years, Luxshare Precision has continuously unfolded the "Quality Control Month" and "Quality Month activities" in the forms of prize competition, knowledge competition, quality essay, trap test, quality debate competition and operational skill competition. Employees are encouraged to participate in these activities to enhance their quality awareness, stimulate their quality innovation vitality and improve their level of standardization.



Information and Privacy Security

Luxshare Precision attaches great importance to the information security of customers, employees and the Company. Aiming for “**zero major information security leaks, zero major information system failures and zero business continuity interruption incidents**”, Luxshare Precision has continuously strengthened the establishment of an information security system.

Information Security

Information Security System

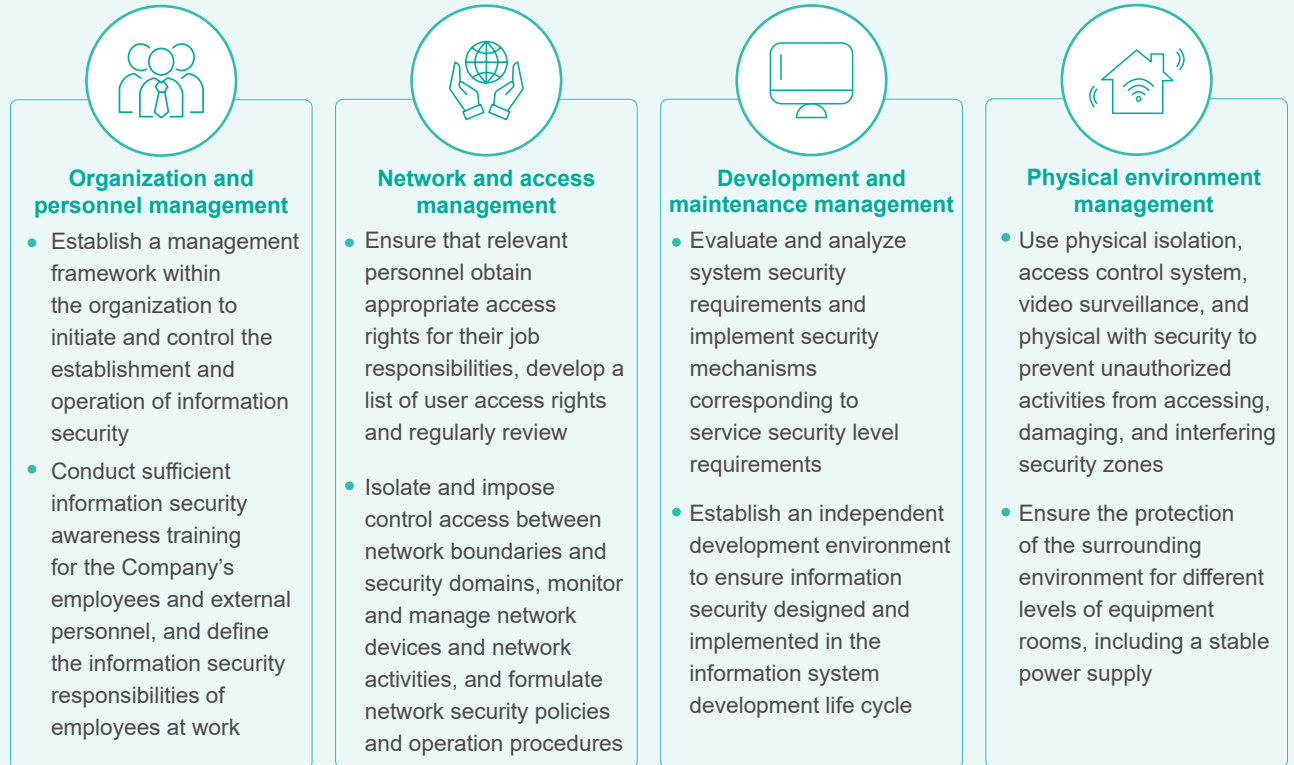
In strict accordance with the *Data Security Law of the People’s Republic of China*, the *Personal Data Protection Law of the People’s Republic of China*, *Requirements for Information Security Management System* and other local laws and regulations of the operation locations, Luxshare Precision has established the *Information Security Committee* to actively promote the implementation and improvement of the information security management system. About 60 internal systems and operating procedures, including *Information Security Management Manual*, *Management Procedure of Information Security Monitoring*, *Management Procedure of Information Security Incidents*, *Network Security Management Procedure*, *Information System Emergency Plan* and *Management Procedure of Information Security of Related Parties*, have been formulated as the important basis for the operation of the Company’s information security management system. During the reporting period, Luxshare Precision successfully passed the ISO 27001 Information Security Management System re-audit.

Information Security Risk Management

To effectively identify and control the risks associated with information leakage, we have put in place the *Asset Identification and Risk Control Procedure*, *Information System Emergency Plan* and other management systems, so as to ensure correct, efficient and fast handling of information system emergencies, minimize the loss on business and management caused by emergencies, improve the level of safe and stable operation of the Company’s information system. During the reporting period, Luxshare Precision had zero information leakage incidents.

Based on our internal system and management process, we adopted effective control measures to protect the information security of the Company, employees and customers:

Data Security Control Means



Information security Training

We actively carry out information security-related training for employees to enhance their network security awareness and crisis handling ability. During the reporting period, the Company provided 174,000 hours of training for employees on information security awareness, information security and ICT information security, with a total of 114,786 participants.

Luxcase Carried out Enterprise Information Security Training

In consideration of the business development needs of the Company, Luxcase Factory required all in-service personnel to participate in online training and assessment related to information security, covering information data transmission requirements, contraband control and use specifications and new product introduction (NPI) regional division. Meanwhile, offline information security training was provided for new employees and workshop employees to ensure zero loss and leakage of enterprise information.



Privacy Protection

Luxshare Precision attaches great importance to the privacy security of customers and partners, and has put in place such privacy management methods as *Trade Secret Management Procedure*, *Third Party Service Management Procedure*, and *Management Procedure of Information Security of Related Parties*. Protection measures for highly sensitive data have been adopted, and it's emphasized in the *Employee Handbook* and *Employee Code of Conduct* and regular assessments that employees shall not disclose the privacy and business information of customers, consultants, suppliers and other partners.

Privacy Protection Measures



Classified Management

- Define the contents to be protected according to customer requirements or the Company's classification standards.
- The trade secrets generated by each unit shall be marked with the confidentiality label or stamped with the identification seal according to the determined confidentiality level and confidentiality period.



Asset Management

- Relevant confidential information obtained in the course of work shall be properly kept by the personnel involved, and shall not be taken to home or to public places by individuals or disclosed to the public.
- Confidential documents, records, disks, optical discs or other storage media should be placed in locked file cabinets, safes or other forms of insurance furniture when not in use, and special person should be designated to ensure key security.



Access Permission

- Computer application personnel should use a legitimate user name, password or passphrase, and such password or passphrase should not be disclosed to any irrelevant or unauthorized personnel.
- The installation, debugging and overhaul of computer equipment involving enterprise secrets shall be undertaken by the professional and technical personnel of the Information Service Office, and other personnel shall not disassemble and overhaul the computer equipment.

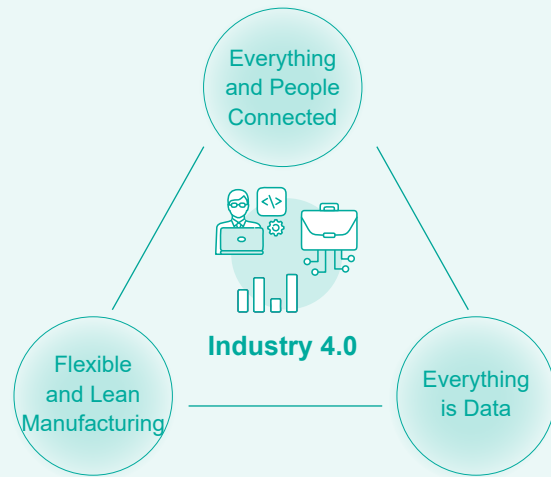


Personnel Management

- The organizing department shall strictly determine the attendance and non-voting personnel of any confidential meeting.
- All parties providing various products or services to the Company that require physical or logical access to our information assets must sign a confidentiality agreement or confidentiality clauses.
- Provide training and assessment on privacy protection for employees.

Intelligent Manufacturing and Innovation

Intelligent innovation is the key to the sustainable and high-quality development of Luxshare Precision. With the advancement of the Industry 4.0 era, the Company continues to incentivize research and innovation in key areas such as sensors and high-speed networks, high-end manufacturing, cloud computing and big data to build an intelligent manufacturing system.



Intelligent Manufacturing Strategy in the Industry 4.0

Intelligent Manufacturing

The Company advances its intelligent manufacturing planning in three stages, lean manufacturing, automated manufacturing and intelligent manufacturing:

<p>2019~2020</p> <p>Lean manufacturing</p> <p>Set up lean a production line suitable for main products oriented by production value stream to improve efficiency;</p>	<p>2020~2021</p> <p>Automated manufacturing</p> <p>Adopt robot strategy to solve the problems of high labor cost and low system efficiency in labor-intensive industries;</p>	<p>2021 to future</p> <p>Intelligent manufacturing</p> <p>Conduct intelligent application research and development centered on the development of new technology and lean production technology, based on information and digitalization, and big data resources.</p>
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Application of Intelligent Cable Manufacturing System

The Company develops an intelligent cable manufacturing system, and intelligently controls product quality and logistics information through the data information management platform.

IoT management

The system integrates people, machine and things to create an overall IOT. Intelligent logistics is realized through the automated navigation vehicles (AGV) and the intelligent information flow is realized through the manufacturing execution system (MES) to achieve such functions as intelligent production scheduling, intelligent workshop logistics, intelligent equipment management, intelligent personnel management, and E reporting.

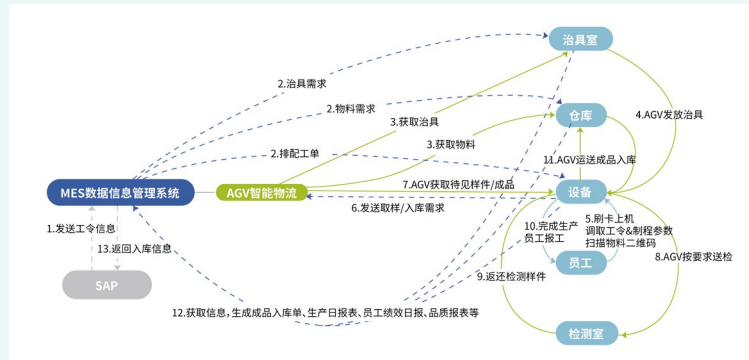


Diagram of IoT Management of the Cable Intelligent Manufacturing System

Quality management

The cable intelligent manufacturing system has integrated the online monitoring system and equipment process parameter control system, set up the abnormal alarm mechanism of forward/reverse inspection and automatic equipment parameter adjustment and optimization mechanism; hence, the real-time online product detection and online abnormality monitoring and adjustment are realized from the two perspectives of product quality parameters and equipment process, and the process stability and product quality are ensured.

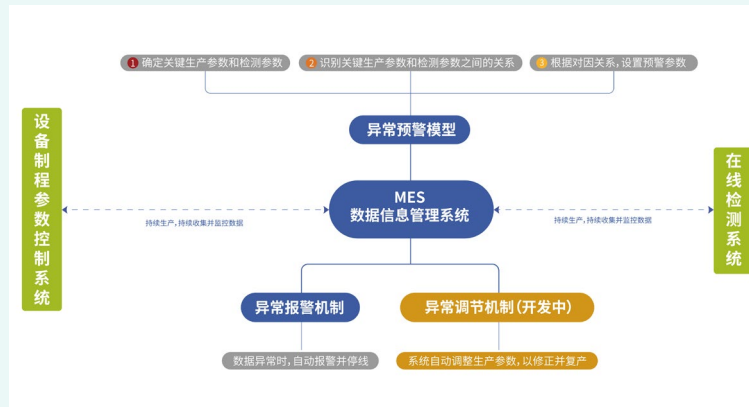


Diagram of Quality Management of the Cable Intelligent Manufacturing System

Innovation Incentive

To encourage technological innovation, the Company has formulated the *Company Patent Incentive Measures* and regularly publicized them to all employees. The Company has set up three categories of patent application prizes for invention, utility model and design patents and rewarded inventors who are successfully awarded patents. During the reporting period, the Company achieved fruitful technological innovation, with an increase of 1,413 new valid patents and total of 3,295 valid patents.



with a increase of **1,413** new valid patents total of **3,295** valid patents

Number of Intellectual Property Rights of the Company

	Increase within the Reporting Period	At the End of the Reporting Period
Invention Patents	191	437
Patents for Utility Model	1,060	2,516
Design Patents	162	342

During the reporting period, Luxshare Precision and its subsidiaries won a number of technical innovation awards, including National Specialized, Lean, Characteristic and New Enterprise "Little Giant", Science and Technology Award of China Electronic Components Association, and High-tech Enterprise. More than 5 products, including B141E High-swing Low-latency Mobile Phone Data Cable and HW-13 65W Double-port Super-fast Charger, were granted the national or provincial excellent new product awards.

03

Care for Employees and Work Together

Talent is an important resource of an enterprise. Luxshare Precision adheres to the people-oriented concept and labor standard, fully protects the legitimate rights and interests as well as occupational health and safety of employees. We create a fair, just and open career development platform, provide diversified training opportunities for employees and for their continuous improvement and personal career development. We provide employees with a competitive remuneration to motivate them and achieve a win-win situation between the Company and employees through a well-developed remuneration and performance assessment system.

- Employee health and safety
- Protection of employee rights and interests
- Employee diversity and equal opportunity
- Talent attraction and retention
- Employee training and development



attracting

1,913,831

trainees

generating an average
employee training length of

26.3 hours

100% of the BU
and BG supervisors signed
the Responsibility Statement



Protection of Rights and Interests

We always adhere to the bottom line of employees' rights and interests, and strictly abide by domestic and foreign labor laws and regulations. To present, we have issued a number of systems and regulations to protect the legitimate rights and interests of employees.



Protection of Human Rights

In response to such international initiatives and standards as United Nations *Universal Declaration of Human Rights*, *Core Conventions of the International Labor Organization*, *United Nations Guiding Principles on Business and Human Rights*, Global Sullivan Principles and SA8000 Social Accountability Audit, we strictly abide by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Employment Promotion Law of the People's Republic of China*, *Regulations on Employment Service and Employment Management*, and other laws and regulations of the operating locations. We also follow the requirements of *Responsible Business Alliance (RBA) Code of Conduct*, value and respect the basic human rights of all Group employees at home and abroad, and committed to never infringing upon human rights.

We have formulated a series of labor and human rights guarantee systems, including the *Social Responsibility Management Manual*, *Employee Handbook*, *Recruitment Management Measures*, *Operating Procedure of Unforced Work*, *Operating Procedure of Child Labor and Minor Management*, *Overtime Management Measures*, *Management Procedure of Freedom of Association and Collective Bargaining*, *Operating Procedure of Discrimination and Harassment Prevention*, *Management Procedure of Female Employees' Rights and Labor Protection*, and *Religious Belief Management Procedure*. We strictly prohibit forced labor and child labor, guarantee employees' freedom of job selection, ensure reasonable working hours and overtime compensation, establish the principle of equality at work and the principle of freedom of association and collective consultation, oppose all forms of discrimination and harassment, and create a diverse and inclusive working environment.

Key Aspects and Management Practices of Human Rights Protection

Key Aspects

Internal Systems and Measures

Forced labor

- Formulated the *Operating Procedure of Unforced Work* to ensure that all work is voluntary;
- It's specified that human trafficking or the use of any form of slave, coerced, debt repayment, indentured or prison labor is prohibited.

Child labor prevention

- Formulated *Recruitment Management Measures*, *Operating Procedure of Child Labor and Minor Management*, *Student Intern Management Measures* and other internal systems, and strictly prohibited the employment of child labor as specified by the laws of the operation locations;
- Man-machine control: 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 an underage warning when the ID number of a minor applicant is entered.

Working hours

- Formulated *Employee Handbook*, *Overtime Management Measures*, *Operating Procedure of Unforced Work* and other internal systems to prohibit forced overtime; Stipulate that all overtime work shall be voluntary and employees shall not be forced to participate in manufacturing or meetings or activities related during non-working hours;
- If the employee needs to work overtime temporarily, he/she shall go through the overtime application procedure stipulated in the *Employee Handbook* and submit it to the relevant supervisor for approval before execution.

Overtime compensation

- The requirements for overtime/overtime allowance in the *Employee Handbook* are as followed; employees who work extra hours beyond normal working hours are considered working overtime, and the overtime payment rules are as follows;
 - (1) Overtime on working days: overtime wage per hour = hourly wage for normal working hours ×150%;
 - (2) Overtime on days off: overtime wage per hour = hourly wage for normal working hours ×200%;
 - (3) Overtime on statutory holidays: overtime wage per hour = hourly wage for normal working hours ×300%;

Key Aspects and Management Practices of Human Rights Protection

Key Aspects Internal Systems and Measures

Freedom of association

- Formulated the *Management Procedure of Freedom of Association and Collective Bargaining*; as permitted by law, workers have the right to make friends with others freely and are allowed to form and join (or prevent from joining) all kinds of employee organizations and carry out collective bargaining without prior approval; any unit or individual of the Company is prohibited from interfering, discriminating, retaliating or harassing such activities;
- 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;

Anti-discrimination

- Formulated the *Operating Procedure of Discrimination and Harassment Prevention, Recruitment Management Methods, Management Procedure of Female Employees' Rights and Labor Protection* and other systems; be fair and just to all employees, and never commit any act of discrimination in employment, job assignment, wage, benefits, training opportunities, promotion, punishment, dismissal or retirement on the basis of race, age, gender, sexual orientation, ethnicity, geographic region, disability, religion, political affiliation, union membership, military status, nationality, marital status, pregnancy status, medical conditions, social stratum, physical characteristics (height, weight, eyesight, place of birth).

We are committed to creating a diverse and inclusive work environment, providing diversity and human rights policy training, and continuously building a diverse workforce. As of the end of the reporting period, Luxshare Precision had employed 228,152 employees.



Employee Communication

In compliance with the laws and regulations of each operation location and the relevant requirements for the establishment of trade unions, all subsidiaries, including overseas factories, have established trade unions. Employees have the right to voluntarily join the trade unions and employee congresses of their choice, coordinate labor relations and safeguard the labor rights and interests of employees through equal consultation and a collective contract system.

Employee Communication Channels

We are committed to creating a respectful and democratic work atmosphere, and continue to enrich employee communication methods. We have set up a WeChat Official Account online communication platform, a suggestion box, an email address, a hotline and SMS, face-to-face communication and a labor union for employees. The HR Department is responsible for the investigation, communication, resolution and feedback of all complaints.



📢 Launched the Listening Platform Star Community to Listen to Employee Concerns

To provide more efficient information exchange and listening interaction channels for all employees of the Company, show the spiritual outlook and spread the culture of Luxshare employees, the Company has launched an online listening platform Star Community based on the concept of employer brand Star Factory. Conveying the idea that every Luxshare employee is a shining star in Star Factory, gathering the strengths to shine in the ocean of stars, it's to be built into an employee eco-community characteristic of Luxshare Precision



Star Factory Talk

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 plans and projects.



Star Factory Life

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



Voice of Luxshare

Read the Company's quarterly magazines



Luxshare Video

Cultural propaganda video integration window

Furthermore, the Company regularly carries out employee seminars, and has established a visual information communication system to involve the employees in project decision-making, so that the employees can fully understand the goals and actual situation of the Company development. The employees are also encouraged to express their opinions and suggestions which are actively adopted to improve employee satisfaction and stabilize the employee team.



To better protect the employees' privacy, the Company has established a mechanism to protect the complainants, and formulated internal management practices for employees' inquiries and complaints, ensuring that the contents of inquiries and complaints are only known to the recipients and relevant personnel. It is strictly prohibited to disclose the personal information of the parties concerned and any form of retaliation. If the employee's personal rights and interests or the Company's interests are damaged due to work errors or intentional information leakage, the employee will be severely punished according to the severity of the specific circumstances according to the *Employee Handbook*.

Employee Satisfaction and Engagement

The Company holds an employee satisfaction survey every year to deeply understand and promptly respond to the needs of employees based on the survey results of employees on corporate culture, management style, working conditions and other matters. According to the actual production, the factories of operation locations will carry out an employee satisfaction survey, and the Human Resources Department of each factory will formulate and implement corresponding improvement action plans according to the results of the satisfaction survey. The Company is committed to building an agile organization with high engagement. Based on the engagement driving model and factors, the Company carries out group-level surveys, reports and action plans to continuously improve employee engagement and enhance employee identification and loyalty to the Company.

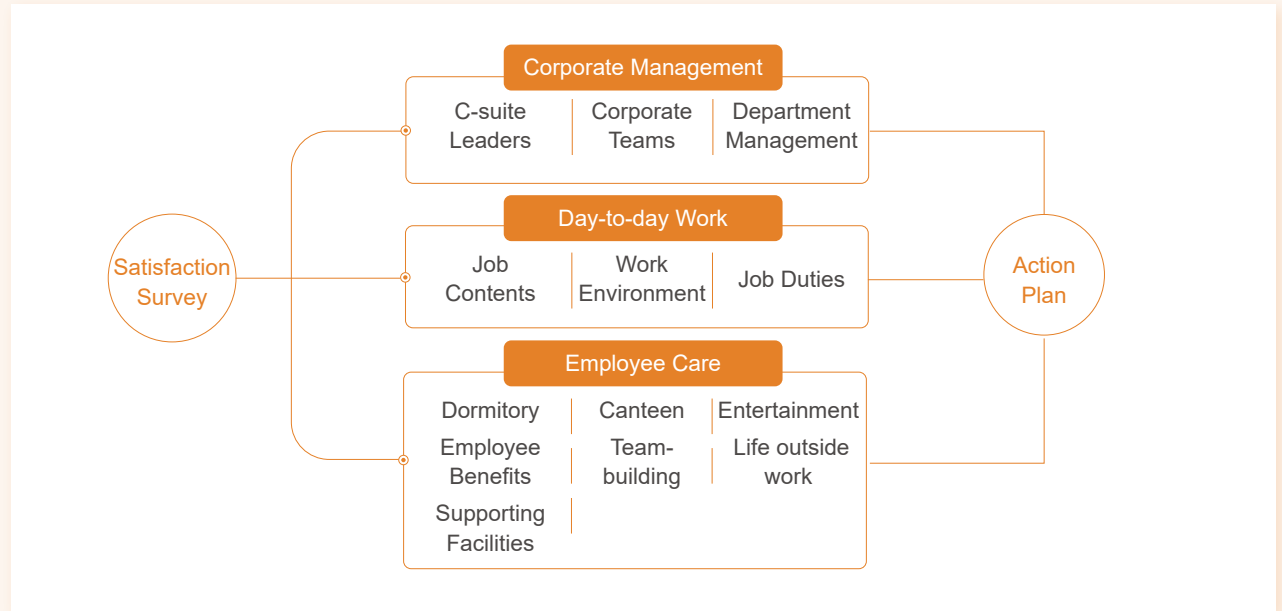
In 2021, the Company had an overall employee satisfaction of

90.4%



and some factories showed an overall employee satisfaction of

95.0%



Corporate Culture Publicity

To enable the employees to better understand, recognize and agree with the corporate culture, the Company organizes various forms of differentiated publicity activities, so that the employees can gain a comprehensive, accurate and in-depth understanding of the Company, enhance the cohesion and centripetal force of the Company.

Shining Figure Selection

Luxshare Precision East China Factory organized the activity of Finding the Shining Figures around you. Five “Shining Figures” with outstanding performance in ethics, core values, dedication, long-term service and craftsmanship spirit were selected each time to set up examples and inspire the employees to work harder.



Award Ceremony of Season I Shining Figures

Responsible Restructuring

The Company abides by *Labor Law of the People's Republic of China*, *Labor Contract Law of the People's Republic of China*, *Provisions on Democratic Management of Enterprises* and other laws and regulations, and issues relevant regulations. In case of any restructuring event, the Company will immediately make arrangements for the employees in accordance with its management process and regulations to protect the legitimate rights and interests of employees.

Important Steps of Responsible Restructuring	Measures of Luxshare Precision
Communication and Dialogue	The Company has established an effective internal communication mechanism to promptly convey information to employees through all levels of management and Human Resources Department.
Joint Decision-making on Restructuring Plan	The Company has issued the <i>Management Procedure of Freedom of Association and Collective Bargaining</i> , and <i>Measures for the Administration of Employee Representative Election</i> to specify and standardize the methods of employee representative election and participation in restructuring plan communication.
Layoff Negotiation	The Company will negotiate with the employees in good faith in accordance with the <i>Management Procedure of Freedom of Association and Collective Bargaining</i> , and shall not prevent all employees from engaging in association and collective bargaining through other lawful means.
Layoff Impact Reduction	The Company strictly abides by the laws and regulations concerning severance pay in the countries and regions where it operates. The Company will support the employees eligible to apply for subsidies from local government in the countries and regions where it operates, fulfill the obligations to the Company, and assist the employees to obtain reemployment training.
Guarantee of Fair Termination of Employment	The Company shall strictly abide by the relevant regulations on termination of employment in the countries or regions where it operates and set standards according to relevant laws and regulations.

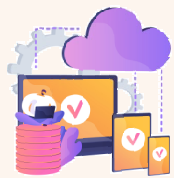
During the reporting period, the Company had no shutdown, layoff or restructuring events.

Health and Safety

We are committed to providing a healthy and safe working environment for our employees, continuously improving the Company's employee occupational health and safety management, and pursuing the goal of "zero work industry casualty incidents and zero occupational injuries", so that our employees can work with peace of mind at the Company.

Occupational Safety

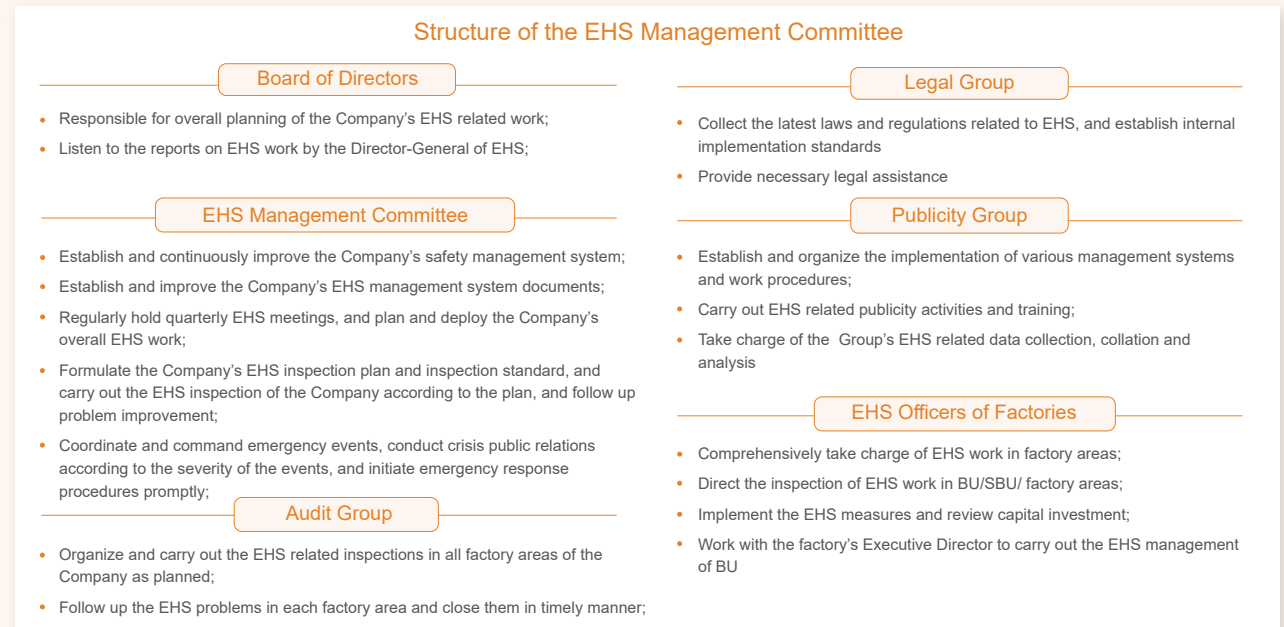
The Company strictly complies with the laws and regulations of the operation locations, such as *The Work Safety Law of the People's Republic of China* and the *Occupational Disease Prevention Law of the People's Republic of China*, and has established the *Environment Health & Safety (EHS) Management Committee*. The Company has further formulated the *Control Procedure of Environmental Factor Identification and Assessment*, *Control Procedure of Laws and Regulations and Other Requirements*, *Control Procedure of Objective Indicators and Management Plans* and other EHS management processes, and introduced a total of 36 work safety management standards, including Hot Work Safety Management Standard and Chemical Management Standard. An EHS information management system has been put in place to monitor the occupational safety performance indicators and ensure the occupational safety and health of employees. As of the end of the reporting period, 33 major production bases at home and abroad had been certified by the ISO 45001 Occupation Health Safety Management System.



During the reporting period, the EHS Management Committee organized and carried out 9 occupational safety management spot checks or inspections for each factory.

EHS Management Committee

Luxshare Precision has always adhered to the safety policy of "safety first, prevention foremost and comprehensive treatment". In order to carry out various safety activities, enhance the level of safety production management, further implement safety production responsibilities, and consolidate the management responsibilities at all levels to ensure the healthy, stable, harmonious and orderly development, the Company has established the *EHS Management Committee* led by the directors. Such systems as *Group EHS Management Committee Operation Supervision and Management System*, *BU (Business Unit) EHS Responsibility Letter*, *EHS Management Organization Setup and Personnel Allocation Specifications*, and *EHS Operation Monitoring and Control Procedure* have been established. Moreover, an organizational structure led by the EHS Management Committee, executed by the work groups and responsible persons of factories, and composed of the Audit Group, Publicity Group and Legal Group.



During the reporting period, three Group-wide safety meetings were held, involving the resolution of EHS work plan of the Company, debriefings about EHS problems and improvement progress reports of each factory, and arranging important matters such as safety work at the beginning and end of the year.

Standardization of EHS Responsibilities of Employees

We require employees to learn the *EHS Employee Handbook* and other internal management systems through training platforms such as “i School”, and implement all EHS regulations and requirements in their work, and perform EHS responsibilities. Employees should understand and abide by the health and safety measures and rules of each position and equipment, maintain good function of health and safety facilities, actively put forward EHS improvement suggestions, readily participate in EHS training as well as incident, injury and disease prevention activities.

Safe Production Training

In 2021, the Company organized EHS training, work safety training, environmental safety training, safety emergency drill and other activities for employees to create a strong safety culture atmosphere and promote the safe production of each factory.

We conducted various EHS training for the employees of different positions



During the reporting period, attracting **491,223** trainees

with a total length of **1,552,831** hours



EHS Training

In 2021, the Company carried out EHS training covering all employees from top to bottom, and promoted the improvement of three-level safety management training at the company level, department level and post level, so as to improve safety management capabilities. The first batch of trainees were the heads of the business groups (BG)/ business units (BU)/service business units (SBU) and the first-level heads of the core central departments, with a total of 90 people.

Luxshare Precision Executive EHS Management Training

We organized a 2-day Executive EHS Management Training Program for the relevant personnel to learn about EHS value and operation, safety responsibility, chemical safety and fire blasting, and other courses. After studying these courses, the EHS management personnel are expected to master EHS management methods, boost EHS risk identification, analysis and assessment ability, effectively enhance EHS hazard control and accident prevention level, and improve the management system.



Work Safety Training

In 2021, each factory carried out mechanical injury safety training and emergency drills, construction safety and special work training, occupational health emergency drills and electric shock emergency in response to the Company's *Production Safety Incident Emergency Plan*, so as to improve the awareness of mechanical safety and occupational health prevention awareness of employees.

Luxshare Precision Safety Training for Frontline Management Personnel

The Company organized safety management training and safety technical training for frontline management personnel. The safety management training involved *Safe Production Law* and other major safety laws and regulations, occupational health management knowledge, safety production management knowledge and emergency management knowledge; the safety technical training was concerned about electrical safety technology, fire and explosion prevention safety technology, hazardous chemical safety technology, and machinery safety technology. The training effectively enhanced the safety management awareness and technology of the frontline management personnel.



Environmental Safety Training

In 2021, the Company organized environmental safety training, covering hazardous chemical management, hazardous substance control, waste management and disposal and other key processes, to comprehensively improve the awareness and professional knowledge of environmental safety of enterprise personnel.

EHS Management Knowledge Training

In October 2021, Rishan Factory conducted EHS management knowledge training to its internal management personnel and quarterly EHS management knowledge training to the personnel of production groups. Meanwhile, the factory launched online enterprise safety knowledge training courses in the employee education platform for all employees.



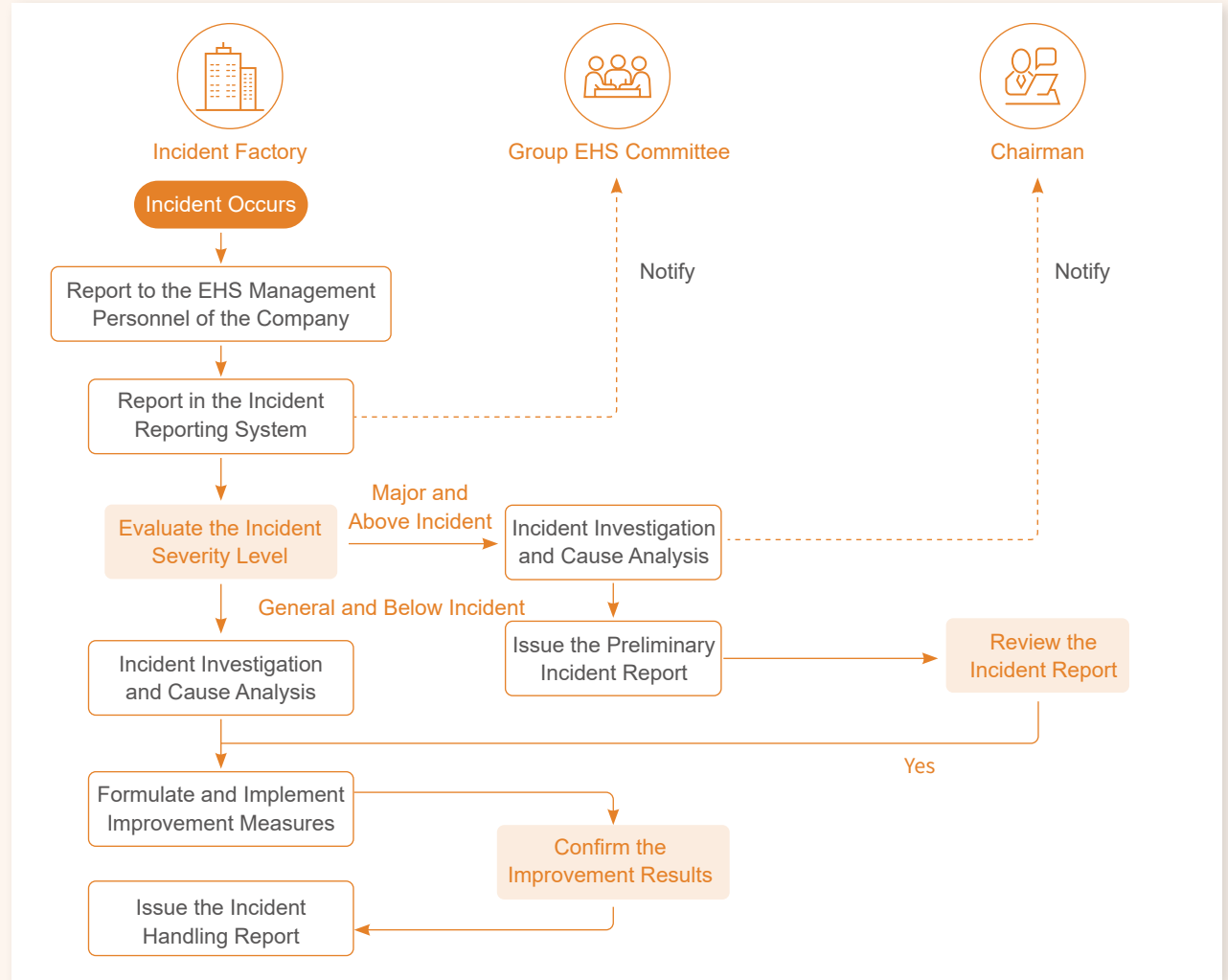
Emergency Handling

In accordance with Regulations on The *Reporting, Investigation and Handling of Production Safety Incidents*, the Company has issued the *Incident (incident) Reporting, Investigation and Handling Control Procedure*, and established the emergency handling process. We have devised corresponding handling plans for different levels of incidents. While implementing the EHS management responsibilities of directors of each factory and BU, we require the relevant person in charge to immediately report incidents to the Company's EHS management system, and the factory to report to the relevant government regulators according to the grade of incident within the prescribed time. After emergency handling, each factory is required to conduct cause analysis, formulate and implement the corrective and preventive measures. The Company further requires the supervisor of each BG/BU/SBU to sign the EHS Management Responsibility Statement, take full charge of EHS management work, and strength the EHS management of each BG/BU/SBU.



By the end of the reporting period, **100%** of the BU and BG supervisors of the Company signed the Responsibility Statement.

Incident Reporting and Handling Procedure



Occupational Health

We are committed to the promotion of the occupational health and safety risk control level of employees. The Company carries out emergency drills every year, organizes regular occupational health examination for employees, eliminates occupational disease inducing factors in the workplace, and maximally prevents the occurrence of work related injuries. The Company further encourages employees to actively participate in the first aid training course, so that they can work more safely, healthily and comfortably.

Jiangxi Luxshare Intelligent Manufacture Established the Fire Center and Full-time Fire Team

The Fire Control Command Center as built in the park, and 15 fire alarm control hosts were installed to improve the intelligent networking platform and realize data-based, information-based and intelligent fire safety management. The automatic water fire extinguishing system and alarm linkage system were further established to achieve standardized management of fire safety. A full-time fire team was built by the Park as well. Monthly assessment on individual firefighting emergency skills and alert pull assessment were conducted to improve the team's emergency rescue and response capacity.



Emergency Drill

All production factories of the Company actively identify various hazard sources, formulate corresponding emergency control measures, and carry out such emergency drills as fire emergency drill, food poisoning emergency drill, tap water emergency drill and power failure emergency drill. Through the simulation of real events and emergency handling processes, the employees can improve their vigilance against risk sources and risk prevention awareness, thus proficiently mastering the response measures to emergencies, and strengthen their safety emergency practice ability.

Hazardous Chemical Management Training

Attaching great importance to hazardous chemical management training, the factories of the Company require employees to study the *Globally Harmonized System of Classification and Labeling of Chemicals (GHS)*, and regularly offers 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 injury incidents by dangerous chemicals.



Photo of Anode Line Hazardous Chemicals Training in Luxcase Factory

Work Related Injury Management

The Company has formulated the *Work Related Injury Management Measures, Operating Procedure of Medical Health and Occupational Disease Prevention* and other systems, as well as work related injury treatment procedure and emergency rescue procedure. We have set up a 24-hour clinic in each production base to ensure that the employees in need can receive timely help.

Incident Department	Administration	EHS	HR
<ul style="list-style-type: none"> Announce the incident within 2 hours Assist in incident investigation Implement incident rectification 	<ul style="list-style-type: none"> Handle the work related injury incident Arrange for medical treatment and review Reimburse the fees 	<ul style="list-style-type: none"> Handle the work related injury incident Conduct incident investigation and analysis Track incident rectification Check safety training 	<ul style="list-style-type: none"> Handle the work related injury incident Report the work related injury Update the work related injury handling progress

Division of Duties in Work Related Injury Handling

During the reporting period, the Company reported 633 work related injury incidents which caused 1 death and injured 634 employees. Paying a lot more attention to occupational health and safety management during the reporting period, we invested a total of RMB 202,138,700 in occupational health and safety management to further strictly regulate occupational safety management, reduce or even avoid the occurrence of work related injury incidents.

Employees of work related injury	Person	634
Number of injuries with a rating	Person	122
Number of injuries without a rating	Person	512
Times of occupational diseases (not employees)	Time	0
Injury frequency ³		1.319

³ Injury frequency=(Employees of work related injury/Total work hours)*10⁶

Health Examination

For the health of employees, the Company actively organizes physical examination for employees every year to improve their attention to health management issues, and showcase our care for employees.



Regular Health Examination of Luxcase

First Aid Training

In the second half of 2021, the Company organized the aid worker training and Red Cross training, staffed first aid workers by unit, and encouraged the active participation of employees to learn about relevant knowledge and readily carry out first aid work in case of emergency. During the training, the instructors explained the concept of rescue, cardiopulmonary resuscitation, the use of automatic external defibrillation, the elimination of foreign matter obstruction in the respiratory tract, emergency and response and other theoretical knowledge, and carried out hands-on practice, so that the trainees really understand how to carry out trauma rescue, cardiopulmonary resuscitation and other rescue work.



Photos of First Aid Knowledge Training and Red Cross Training

Salary and Benefits

The Company has established a fair and just remuneration system and put in place a competitive remuneration system for all employees to provide abundant benefits for employees, and encourage employees to create value. Adhering to the principle of “equal pay for equal work”, the Company provides employees with a basic salary no lower than the local minimum wage standard.

Talent Retention

Through the Start Factory concept and the three ideas of Opportunity, Innovation and Care, we express the Company’s lofty ideals, determination to rise to the governments challenge and commitment to employees, and work to further attract and retain high-performing talents, strengthen employee retention, and set up the Company’s pioneering role model benchmark image. In December 2021, Luxshare Precision was awarded as **the 2022 Most Influential Employers** by Haitou for its good employer brand.

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 officially launched in October 2021, aiming to reward full-time employees who have served the Company for 10 years, 15 years, 20 years, 25 years, 30 years or more. In 2022, the Company will launch individual awards Top Ten Doers and Area of Expertise, Group Honor Award, and 2022 Thanks to You Anniversary Award to provide incentive measures for outstanding employees in different fields.

Upon receipt of a resignation application, the Company will have relevant personnel promptly talk to the applicant in a caring manner, analyze the factors of retention and resignation, resolve the concerns regarding the resignation mood, and retain every valuable talent.

Performance System

Luxshare Precision builds a reasonable performance system in strict compliance with relevant laws and regulations. The Company conducts performance assessment for all employees once a year for the period from January 1 to December 31 of the current year. The assessment items include business objectives and key work matters. The individual performance evaluation results of employees are determined through four assessment procedures to ensure fairness and justice of performance assessment.

Performance Assessment Item



Business Objectives

Break down the annual organization business objectives of each unit into the business objectives of employees in combination with the key responsibilities of each department and position.



Key Work Matters

Specific work tasks, plans and measures that must be taken to achieve the post objectives according to the breakdown of business objectives of each unit.

Assessment Procedure

- 01 According to the responsibility requirements of the position, the employee communicates and discusses with the direct supervisor to clarify the assessment objectives during the assessment period.
- 02 The supervisor conducts an assessment feedback interview with the assessed personnel, confirms the assessment results, and makes a follow-up performance improvement plan.
- 03 The two-level approval system is implemented for individual performance, and the review is filed and comes into effect after supervisor approval.
- 04 The HR Center files the assessment results.

Employee Benefits



Always concerned about the happiness and satisfaction of all employees, we take measures such as a well-developed employee benefit system, work-life balance, care for employees' children and support to employees to fully understand their needs and improve their satisfaction. We provide employees with social insurance in accordance with local laws in the locations where we operate. In mainland China, for example, the Company and our subsidiaries purchase five insurances and one housing fund for all regular employees. In addition to the statutory benefits, we also provide employees with a number of benefits above the statutory requirements.



Employee Health care

The Company provides a variety of health examination and specialized examination packages for employees; health lectures such as Prevention and Treatment of Cervical Spondylosis and Free Screening for Diabetes were launched in Kunshan, Dongguan and Jiangxi Factories. Concerned about the mental health of employees, the Company offers My Voice consultation hotline, conducts psychological interviews with employees, and regularly carries out mental health questionnaire surveys.



Purchase of commercial insurance

Concerned about the personal safety of all employees outside the workplace, the Company purchases comprehensive accident insurance for employees on business trips or when dispatched to other regions.



Schooling needs

We provide shuttle buses to drop off and pick up the employees' children from school, and offers after-school care; some parks offer enterprise kindergartens. We strengthen cooperation with local governments to ensure that the employees' children can study in local schools, and solve the difficult problem of schooling.



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.



Employee canteen

The factories of the Company are built with different types of canteens to serve a variety of cuisines for employees from different cultural backgrounds.



Employee accommodation

All employees are entitled to choose accommodation in or outside the dormitory buildings provided by the Company. Those who choose not to live in the dormitory buildings will be given an accommodation subsidy according to internal management regulations.



Office spaces

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



Diversified administrative care

The Company has set up an exclusive administrative communication window to answer employees' questions regarding working, clothing, food, shelter and transportation. Internal communication accounts have been put into use to answer the questions intelligently and manually. During the holidays, the Company prepares holiday blessings and exclusive interactive activities for all employees.



Birthday greeting

On the birthday of the 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 invited to a birthday party. Furthermore, the Company provides employees with a variety of gifts on traditional holidays such as mooncakes and Spring Festival gifts.

Career Development

Upholding the philosophy that talents are the most valuable resource of an enterprise and the key to corporate development, we have always been concerned about the career development of employees. We provide a variety of value realization channels for employees, spare no effort to provide adequate and equal training and promotion opportunities, help them grow and realize their own value, and realize the common growth of both employees and the Company.

Talent Cultivation

We reserve outstanding talents through campus recruitment, social recruitment and other channels, establish a sound talent training system, and build independent learning platforms to provide a variety of well-designed training courses for employees to meet the needs of various trainees.

Campus Talent Recruitment

In order to support the business development of the Company, build the talent echelon and cultivate the “backbone” and “young army” members of the Company, we focused on the implementation of campus talent recruitment during the reporting period. Hence, we carried out centralized recruitment for recent graduates graduating in 2021 and 2022 to continuously import high-quality talents for the Company and support the sustainable development of corporate business.

Employee Training System

We have established a training system to meet the requirements of new employee orientation, on-job training and transfer, and provide the employees with a series of key training courses regarding corporate culture, EHS knowledge, business ethics, information security, human rights and diversity training. In 2021, we invested a total of RMB 7,321,300 to provide employee training programs, attracting 1,913,831 trainees and offering 6,007,559 hours of training in total, generating an average employee training length of 26.3 hours⁴.









⁴ Average employee training hours=total hours of employee training/total number of employees at the end of the reporting period.

In 2021, we invested a total of RMB **7,321,300** to provide employee training programs,



Specialized Training	Total Hours of Training	Number of Trainees
Protection of human rights and diversity	296,565	268,724
Anti-corruption training	768,872	408,274
EHS training	1,552,831	491,223
Quality control	127,725	132,792
Information security	174,009	114,786
Intellectual property rights	25,528	16,709

Luxshare Precision Training System

Training Program	Trainees	Training Contents
 <p>Orientation training</p>	 <p>For new employees</p>	<p>Direct employees: company profile, rules and regulations, quality requirements, environmental /EHS/ social responsibility basics, human rights and diversity, business ethics, information security.</p> <p>Indirect employees: company-level training includes general courses such as company profile, HR administrative rules and regulations, safe production, corporate culture integration, Passport to Success (PTS); BU-level training includes BU services, BU organizational structure, BU product processes, and BU common systems; on-the-job training includes learning map of the roles.</p>
 <p>On-the-job training</p>	 <p>Learn about new requirements of the role</p>	<p>Annual training plan, required technical knowledge and skills of the role, product knowledge, quality knowledge, EHS, corporate code of conduct, business ethics, social responsibility knowledge, information security and specialized training courses.</p>
 <p>Pre-job training</p>	 <p>Help employees familiarize with the new role</p>	<p>Corporate culture, organizational structure & department overview and responsibility division, product knowledge, and required technical knowledge and skills of the role (including EHS contents).</p>
 <p>Job-transfer training</p>	 <p>Help employees master new requirements</p>	<p>Required technical knowledge and skills of the new role, and required training courses for the new role as specified in the annual training plan.</p>



Internal Lecturer Training

Luxshare Precision has comprehensively launched its Star Engine Program since 2020 to build an internal lecturer team from the aspects of training, certification, awarding and post-operation, and establish the complete process from internal lecturer training to practice and improvement. In combination of Teachers' Day and other special holidays, we continuously improve the incentive mechanism of internal lecturers, enhance their sense of honor, and create an atmosphere of sharing, exchange and joint learning. We are committed to building the internal lecturer team into a Star Engine that can truly facilitate the self-development of employees and continuation of corporate culture, helping the Company to sail afar.



As of 2021, we comprehensively implemented this program in about **10** parks and factories

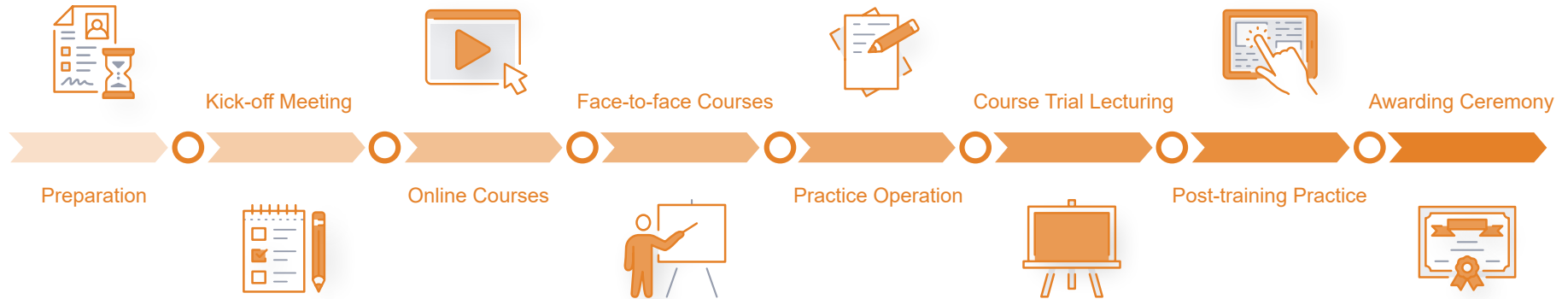


trained and certified **296** internal lecturers



Star Engine Program—A Photo of Trainees of the Lecturer Training Class

Star Engine Program

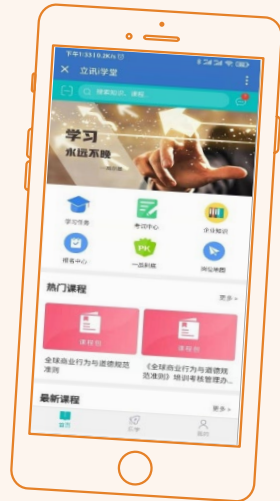


Online Training Platform

The Company provides employees with the online platform i School. Composed of five functional modules—learning management, knowledge management, talent development, system management and mobile learning, i School is convenient for employees to learn anytime and anywhere.



A Snapshot of Trainee Interface



A Snapshot of Mobile Interface

Continuing Education Program

We support all regular employees to further apply for educational enhancement programs based on their academic background and obtain on-the-job education.



During the reporting period, **630** employees enhanced their education through our continuing education program.

Higher Education Cooperation

Luxshare Precision has always attached great importance to talent training. To attract and motivate more talents, we have carried out school-enterprise cooperation projects to cultivate reserve talents for the Company by cooperating with colleges and universities in the forms of donating scholarships and providing internship positions. In 2021, Luxshare Precision Vietnam Factory worked with three local universities to provide academic support for excellent local students, helping them learn through enterprise scholarship, and provide internship opportunities for students in combination with specialization and actual needs, so as to participate in talent training and support talent development.

We have entered into agreements with Vinh University, Vinh University of Industry and Vinh University of Technology Education to donate VND 20 million for each university as scholarships to support Unfortunate students with outstanding academic performance. The Company has further offered the New Cadre Program with Luxshare Precision characteristics in Vinh University. Twenty-four students will be chosen each round for directed training in cooperation with the university.

While providing internship positions, we will further offer the Chinese Language Program in 2022 to train the students both professionally and linguistically. The increasingly closer school-enterprise cooperation will lay a good foundation for local students' future career development and enterprise talent attraction.



School-enterprise Cooperation of Vietnam Factory

On November 19, 2021, Luxshare Precision (Nghe An) Co., Ltd. Entered into the 2022 Student Internship Program School-Enterprise Cooperation Agreement with 3 key universities in Vinh, Vinh University of Industry and Vinh University of Technology Education. The students of the cooperation universities will be chosen to work as interns in the Company according to the manpower needs and students specialization, allowing them to understand a true enterprise environment and meet the job requirements after graduation. Meanwhile, the Chinese Language Program was also offered to enhance the students' linguistic competence.



Vietnam Factor Entered into School-Enterprise Cooperation Agreement with Vinh University, Vinh University of Industry and Vinh University of Technology Education

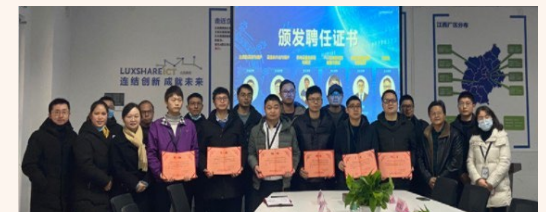
We also work with local schools in various parts of China. Adhering to the principle of “shared resources, complemented advantages, joint training and shared benefits”, we promote the integration of engineering and learning and help the schools cultivate professional talents by providing scholarships, teaching resources and enterprise visit opportunities. These efforts are intended to establish long-term, stable and in-depth school-enterprise cooperation, and jointly practice the reform of the three education institutions and innovate the talent training model.

Eyas Program

Jiangxi Luxshare Intelligent Manufacturing Co., Ltd. and Ji'an College have worked closely together to launch the Eyas Program in support of talent training. Both parties primarily cooperate in the development of personnel training programs, establishment of planning programs and allocation of resources. By providing admission packages, scholarships and research grants, arranging for the employees to act as “corporate mentors” and holding Open Day activities, Jiangxi Luxshare provides support to Ji'an College to promote talent development and enrich its strategic talent reserve. In 2021, Jiangxi Luxshare donated about RMB 17,600 for scholarships, research grants and admission packages.



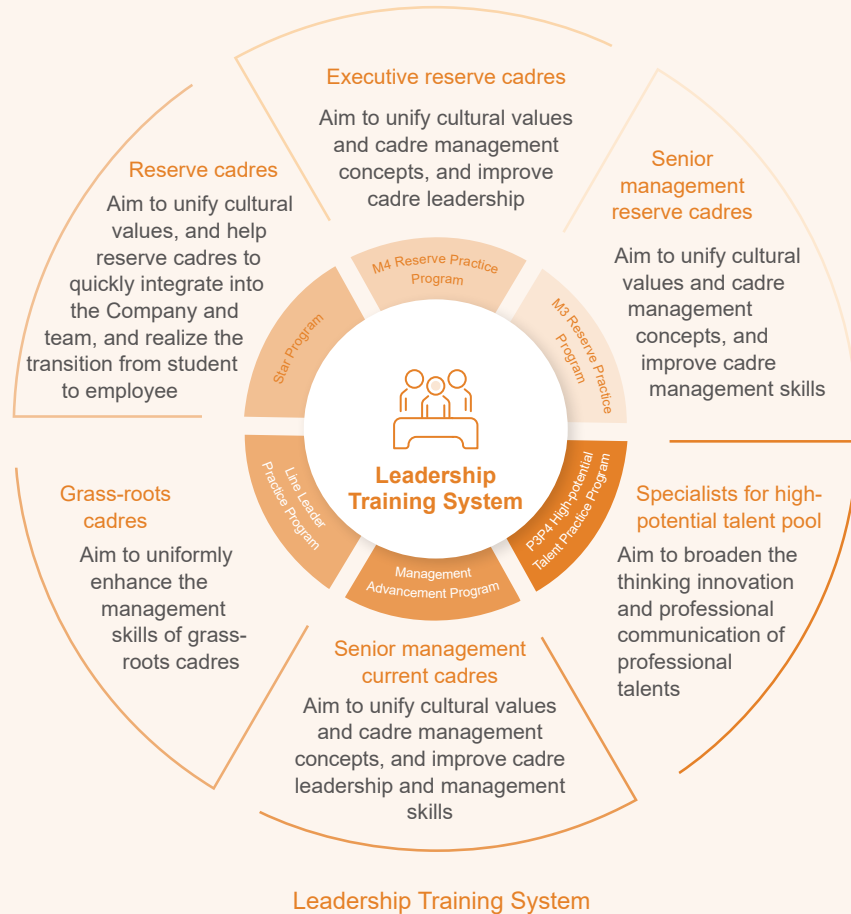
Luxshare Open Day



Ji'an College Employed “Corporate Mentors”

Leadership Training

In 2021, Luxshare Precision “Star Making Series” provided a series of leadership training programs for all employees, focusing on the needs of management cadres, reserve of high potential talents and reserve talents.



Promotion Pathways

The Company provides well-defined career development pathways for employees and constantly improves and standardizes the promotion process, so as to ensure the fairness and rationality of talent development, realize the full use of people and person-post matching, stimulate employees' enthusiasm for work, and facilitate the development of the Company and individual. Thus far, the Company has issued the principles of promotion operation, including the principle of equal emphasis on attitude and performance, the principle of promotion and demotion, the principle of combining vertical promotion with horizontal development, and the principle of combining level-by-level promotion with cross-level promotion. The transparent promotion process of the Company requires that the candidates for promotion must be reviewed by the immediate supervisor, BU/Factory HR Department, supervisors at all levels, personnel council and verification supervisors before promotion announcement can be released.

► Promotion Principle

Principle of promotion and demotion

According to the assessment results, the employees can be promoted for good performance or demoted for poor performance.

Principle of combining level-by-level promotion with cross-level promotion

Employees are promoted level by level according to their promotion pathways, but for those with exceptional performance or special contributions to the Company can be promoted across the levels.

Principle of equal emphasis on attitude and performance

Promotion requires comprehensive consideration of the individual quality, capabilities and achievements at work of employees.

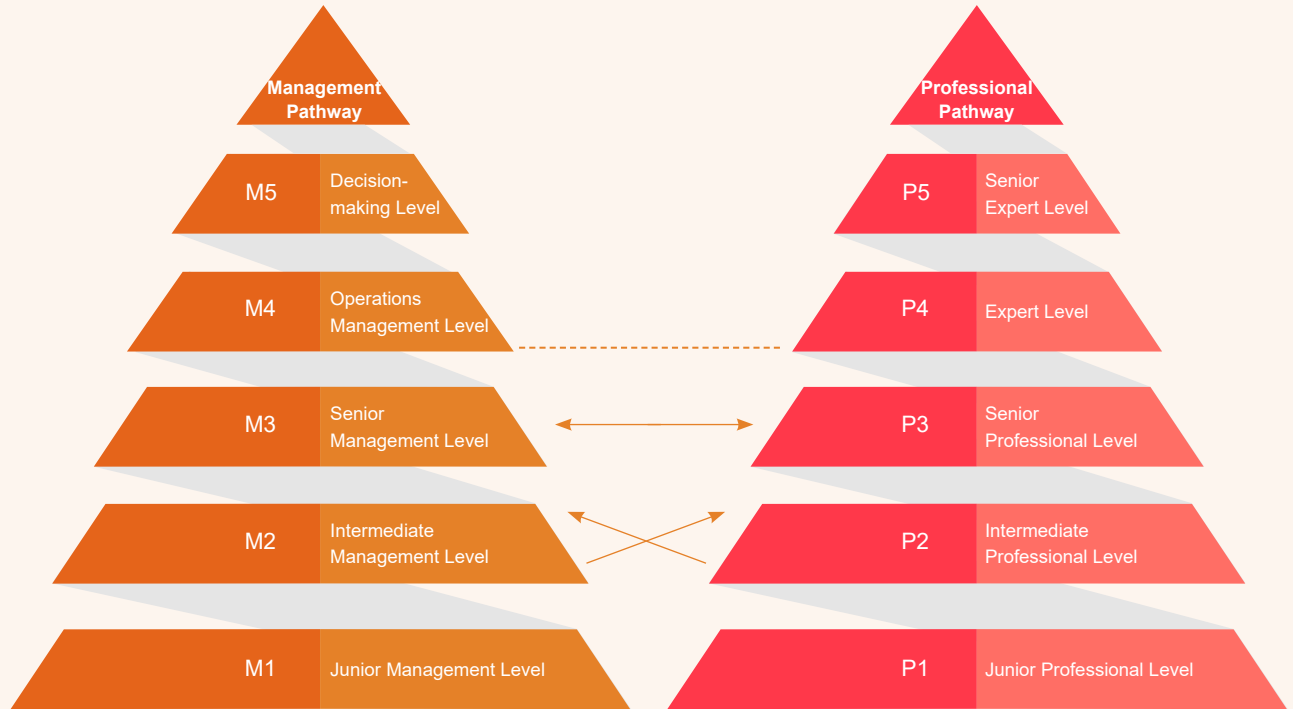
Principle of combining vertical promotion with horizontal development

Employees can be promoted vertically in a single pathway or develop horizontally across pathways.

➤ Promotion Requirements



- The employee development pathways are divided into the management pathway and professional pathway. All employees can be promoted vertically in the same pathway.
- The promotion period of the Company is from September to October every year. Under the requirements of management regulations on promotion and salary adjustment of the Company, each BU/central unit shall formulate specific promotion and salary adjustment implementation policies according to the development stage and general operation of the unit.
- Promotion takes into account post establishment, post tenure, performance assessment, rewards and punishments, training and learning, and whether from the high-potential reserve pool.
- Those who have made important contributions in innovation, inventions and patents will be nominated for promotion first.
- The Company encourages small steps and rapid growth of the employees under the condition of skill compliance with the Capability Center and excellent performance.
- Employees with outstanding performance or special contributions to the Company can be appropriately promoted across the levels after comprehensive evaluation.



During the reporting period, the number of employees promoted by the Company was as follows:



Number of employees promoted

11,311



Number of employees promoted by the management pathway

2,653



Number of employees promoted by the professional pathway

8,658

Employee Care

The Company is committed to creating a healthy, comfortable and pleasant working and living environment for employees. We continue to carry out a variety of employee care activities to enrich their life outside of work from the perspectives of physical and mental health, everyday life and spiritual culture.

Recreational and Sports Activities

The Company has carried out a variety of cultural and sports activities to incorporate employee care into all aspects.

Cultural Activities

To enrich their life outside of work, the Company has continuously carried out a variety of employee care activities. The employees have been encouraged to participate in such cultural activities as Speech Contest, Knowledge Contest and Voice of Luxshare, as well as to join a wide range of clubs like Dance Club and Yoga Club to strike a work-life balance.

Kunshan Factory Held the 4th Voice of Luxshare

Through constant innovation based on the previous competitions, the 4th Voice of Luxshare held in Kunshan Factory 2021 injected vitality into the public life with music to shape excellent corporate culture, attract the entry of and retain more new employees, enhance loyalty and sense of belonging of regular employees, and create a healthy work and life style for all the employees. As a cultural pioneer, Kunshan Factory should also spread, share and guide cultural concepts and excellent practices, and adhere to the concept of flowers blooming together.



The 4th Voice of Luxshare

Sports Activities

Luxshare Precision attaches great importance to the physical health of employees. By holding Luxshare Cup, fun sport meet ups, sports clubs and other activities, Luxshare Precision enables employees to fully exercise physically, improve team cohesion, and further embrace the warmth of the Company.

The 4th Luxshare Cup

Luxshare Precision held the 4th Luxshare Cup in Kunshan Park from July 17 to July 22, 2021. This 6-day match was joined by 12 football and basketball teams from 7 parks across China, and added various fun sports competitions. As the largest and highest standard Luxshare Cup over the years, this match strengthened cooperation with local government agencies in addition to enriching the work of employees, and actively carried out basketball and football friendly matches with relevant government departments and partners.



Luxshare Cup Sports Meet

Holiday Activities

Adhering to the idea of people first, all factories of Luxshare Precision, including the Vietnam Factory, carried out a variety of staff activities on every important festival to enrich employees life outside of work, and at the same time convey our care to employees. All kinds of special celebration activities are organized by the production bases on festivals such as Lantern Festival, Mother's Day, Tree-planting Day, Double Seventh Festival, Dragon Boat Festival, Teachers' Day and Mid-Autumn Festival to carry forward local customs and bring employees closer to each other. Amidst such festivity, the employees receive warm and affectionate festival wishes.

Merry Suzhou's Lantern Festival

To celebrate the traditional Chinese Lantern Festival, Merry Suzhou organized the Suzhou-style embossing desk lamp making acclivity. Through watching videos and instruction by craftsmen, the employees learned how to make a Suzhou-style embossing desk lamp. It was a meaningful celebration of this traditional Chinese festival and a wonderful opportunity to learn traditional Chinese culture and celebrate the festival with both coworkers and family members.



Lantern Festival Activity

Care and Sympathy

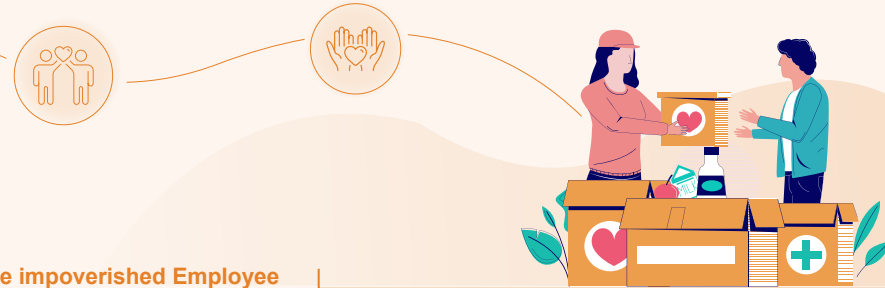
The Company expresses its care and sympathy for employees who need help, helps vulnerable groups obtain economic security and group support, assists them to make it through the difficult period smoothly, and conveys love to the poverty-stricken employees.

Care for the Physically Challenged Employees

To fully reflect the Company's core values of "understanding, respecting, caring and helping the disabled", we gathered disabled employees to celebrate Disability Care Day. After learning about their working conditions and needs, the Company sent the disabled employees' daily necessities, and those unable to reunite with their family on Mid-Autumn Day holiday gifts. Likai Factory has employed about 60 disabled employees to make its due contribution to society by providing job opportunities for disabled people.



Sending the disabled employees Gifts



Visited the impoverished Employee

To allow the impoverished employee families of the Company to feel our care and warmth even in the cold winter, Jiangxi Factory visited a group of registered poverty-stricken employee families. Such daily necessities as milk and cooking oil were delivered to the families and RMB 1,800 was given to each family to show our care with practical actions.



Visit to the impoverished Employee Families



Cultural Exchange

Luxshare Precision attaches great importance to cultural communication among employees and enriching their spiritual world. Cross-cultural activities are held to enhance the adaptability of foreign employees to different cultural environments and promote cultural integration. In overseas factories, we encourage local employees to participate in different forms of activities to show their charisma to the outside world.

Exclusive Christmas Activities

Kunshan Factory held exclusive Christmas activities for employees from Malaysia, the Philippines, Pakistan and India, and prepared gifts for them. These activities promoted the unity and tolerance of employees and allowed the foreign employees to feel the warmth of Luxshare family.



Kunshan Factory Held Exclusive Christmas Activities for Foreign Employees



Vietnamese Ao Dai Competition

To enrich the cultural life of our employees and select outstanding employees to participate in the Beautiful Ao Dai Competition hosted by the Southeast Vietnam Economic Authority, Vietnam Ngee Ann Factory organized an online Beautiful Ao Dai Competition. The competition attracted the participation of a total of 30 employees. After two weeks of public selection, the organizer selected three outstanding contestants who would represent Luxshare Ngee Ann to participate in the Beautiful Ao Dai Competition and show their brilliance on different stages.



Photos of Luxshare Ngee Ann Contestants in the Beautiful Ao Dai Competition

04

Green Production and Environmental Protection

Protecting the environment is a corporate responsibility, and we are committed to minimizing the impact of our operations on the environment. We actively optimize the energy structure, improve energy efficiency, and reduce corporate greenhouse gas emissions. We carry out water-saving plans according to local conditions and improve the recycling rate of water resources. We look for opportunities to reduce waste emissions from the entire production process, and actively implement recycling and reuse. We strictly manage chemicals and are committed to the total reduction of harmful substances in our products. At the same time, we also actively invest in the research and development of clean technology products and services to serve the society with more environmentally friendly products.

- Addressing climate change and greenhouse gas management
- Energy Management
- Water Resources Management
- Waste Management
- Chemical management
- Green Product



271,197^{Mwh}
Clean Electricity usage

6 of them were certified as
National or Provincial Green
Factory

the Group invested more than

RMB **166** million in
clean technology research
and development



Management System Development

According to the *Environmental Protection Law of the People's Republic of China*, the *Law of Environmental Impact Assessment of the People's Republic of China*, *Environmental Protection Tax Law of the People's Republic of China* and other laws and regulations, Luxshare Precision has formulated and released such system documents as *EHS Management Handbook* and *Employee EHS Handbook*. We have put in place well-designed EHS management procedures and obtained the certification of ISO 14001 *Environmental Management System*. Furthermore, we have formulated such EHS management procedure documents as the *Control Procedure of Environmental Factor Identification and Assessment*, *Control Procedure of Laws and Regulations and Other Requirements*, *Control Procedure of Objective Indicators and Management Plans* to ensure standardized EHS management and environmentally compliant operations of the Company, and improve its overall environmental performance.

At the end of the reporting period, Luxshare Precision and 33 subordinated factories were certified by ISO 14001 Environmental Management System. Among its factories, 6 of them were certified as National or Provincial Green Factory. In the future, Luxshare Precision will continue to promote the standardization of environmental management within the Company, promote ISO 14001 system and Green Factory certification, and carry out third-party greenhouse gas inspections as guided by ISO 14064.



Luxshare Precision and **33** subordinated factories were certified by ISO14001 Environmental Management System



6 of them were certified as National or Provincial Green Factory

Climate Change Action and Energy Management

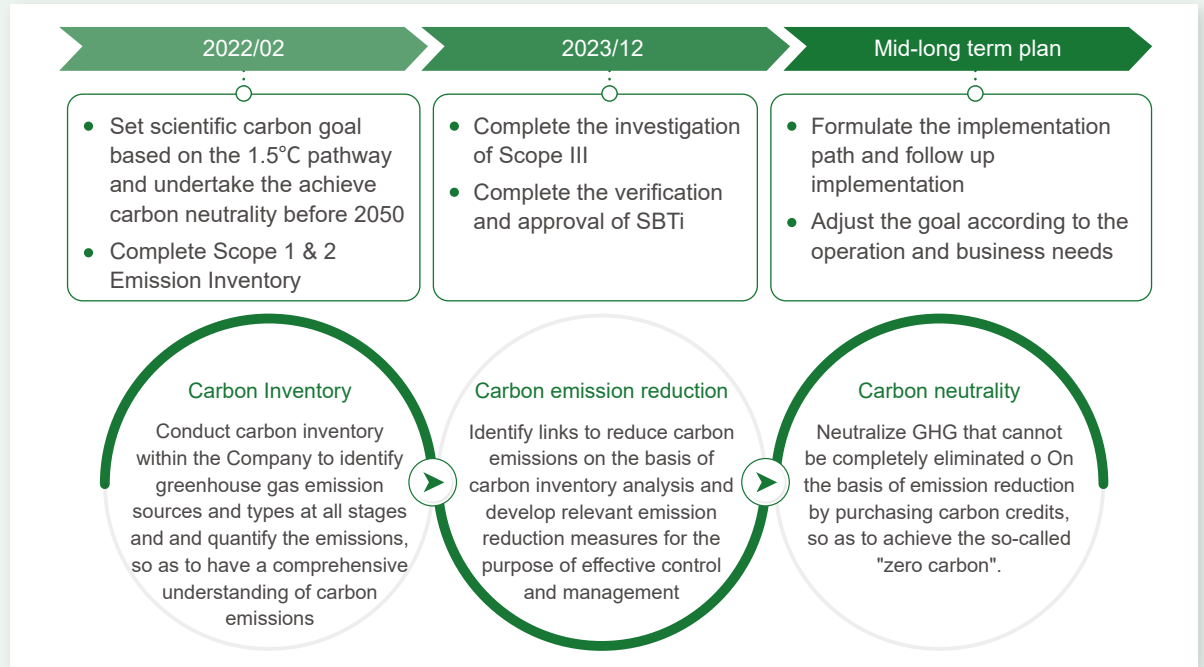
Luxshare Precision continues to increase its concern on climate change, energy conservation and emission reduction issues, and actively responds to the national carbon peak and carbon neutrality requirements. Centering on the carbon target of the Company, we pay close attention to the impact of climate change on our business activities, practice the concept of low-carbon development in our own operations, and fulfill the positive commitment of Luxshare Precision to environmental friendliness and its ambition of climate change mitigation.

Climate Change Strategy

According to the Company's business strategy and the actual situation of each factory in the past three years, Luxshare Precision has formulated the climate change strategy suited to its actual situation and needs. Every year, the overall climate change strategy will be reviewed and adjusted in time according to the Company's changing situation.

Scientific Carbon Goal

On January 5, 2022, we undertook to initiate the formulation of carbon reduction goals compliant with the 1.5°C pathway requirements of SBTi, and we promised to achieve carbon neutral before 2050. We expect to complete the Scope I, II and III greenhouse gas inventory by the end of 2022, and obtain the SBTi verification and approval by the end of 2023, so as to contribute to limiting the increase in global warming to less than 1.5°C and promoting social transition to a low-carbon economy.



We continue to carry out carbon reduction innovation and practice from the management and technology level. The Sustainability Development Center works with all departments and factories of the Company to plan and promote climate change actions and ensure the fulfillment of relevant goals. We continuously improve energy efficiency and reduce carbon emissions of the Company by building photovoltaic projects, purchasing green electricity, green certificates and other green rights and interests, vigorously promoting the use of clean energy, building an energy management system and investing in high-efficiency equipment.

Meanwhile, the Company actively identifies and responds to climate change risks, and purchases property insurance for each operation location, so as to reduce property losses caused by extreme weather conditions such as major typhoons and floods, and lower the risk of business interruption losses under extreme weather conditions.

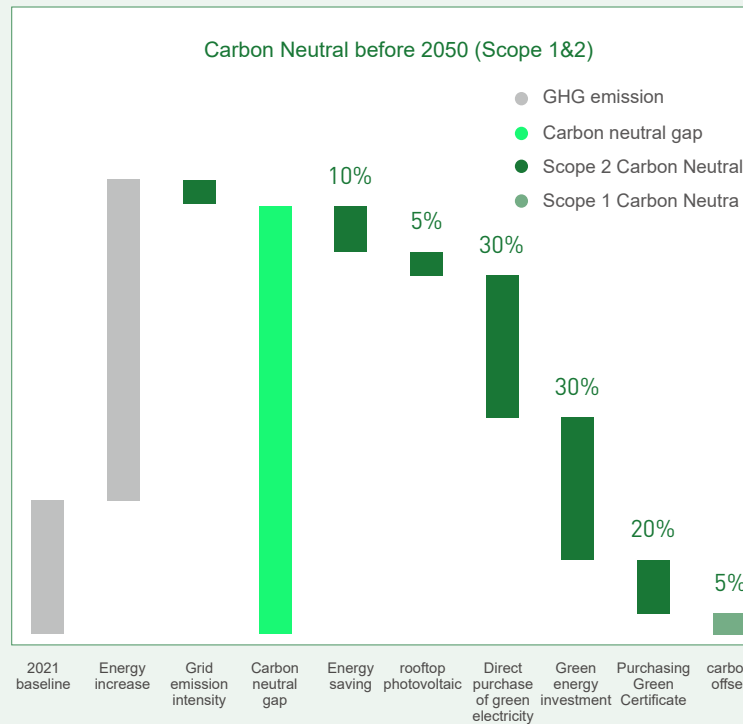


Through participation in the Carbon Disclosure Plan (CDP), we actively disclosed the Company's actions and performance in addressing climate change, and won the Climate Change Action Progress Award in June 2021. Carbon management and climate change actions and strategies have been recognized universally.



CDP 2020 Improvement Award on Climate Action

Low Carbon Energy Use Action Plan

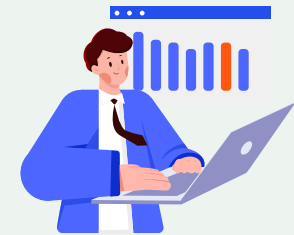


Full value chain carbon emission coverage: Scope I, II and III

Scope I: direct emissions, mainly fossil energy and escape emissions, to be neutralized through carbon offsets

Scope II: indirect emissions, mainly electricity and steam emissions, to be neutralized by various renewable energy sources

Scope III: emissions generated by supply chain business activities, to be neutralized by further green procurement, supply chain energy conservation and emission reduction, and renewable energy use



Greenhouse Gas Emission Management

Luxshare Precision actively advances self-built photovoltaic power generation projects and energy improvement actions of purchasing clean energy sources, and achieves skill-based emission reduction and energy efficiency improvement through technology and system process improvement. Measures such as purchasing green certificates to offset part of self-generated carbon emissions are adopted to reduce the Company's greenhouse gas emissions.

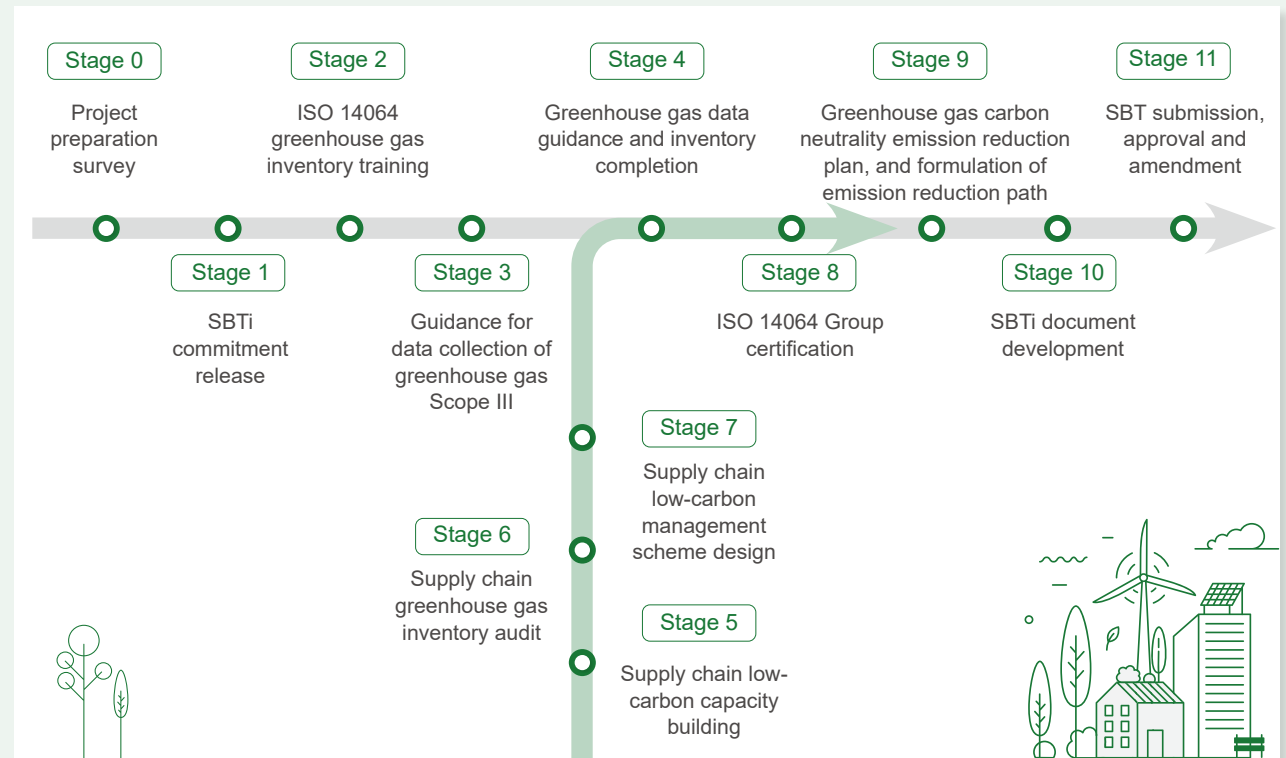
During the reporting period, the Company's greenhouse gas emission data were as follows:

Direct Greenhouse Gas Emissions (Scope 1)	Ton of carbon dioxide equivalent	28,264.14
Indirect Greenhouse Gas Emissions (Scope 2)	Ton of carbon dioxide equivalent	1,113,413.08
Total Greenhouse Gas Emissions (Scopes 1 and 2)	Ton of carbon dioxide equivalent	1,141,677.22
Greenhouse Gas Emission Density (Scopes 1 and 2)	Ton of carbon dioxide equivalent/RMB 1 million of operating revenue	7.42

During the reporting period, Lanto Electronic Limited under the Company accepted 1 government carbon emission verification, and took an ISO14064 external inventory; Luxshare Electronic Technology (Kunshan) Co., Ltd. accepted 1 government carbon emission verification.

To further realize its carbon reduction goals in compliance with 1.5°C pathway requirements of SBTi, tap into the carbon emission reduction potential of the factories and formulate a rational carbon emission reduction strategy, the Company unfolded the carbon emission inventory through a third party. At the end of 2021, the Company started the survey on the carbon emission inventory project. The inventory on greenhouse gas emissions will be taken according to the following time frame.

Inventory Process for Greenhouse Gas Emissions



Clean Energy Use

An active user of clean energy, Luxshare Precision invests a lot of resources in photovoltaic installation in each plant, and increases the installed capacity of rooftop solar power stations to achieve the goal of reducing greenhouse gas emissions. These measures allow us to contribute to the fight against climate change, actively undertake social obligations, and respond to China's call of developing clean and renewable energy. In 2021, the Company completed the installation of 12.86MW rooftop PV panels, with a total installed capacity of 20.63MW and a total power output of 16,246.11MWh. In 2022, the Company's photovoltaic contract installed capacity is expected to reach 90.25MW.



a total power output of **16,246.11** MWh

The Company purchased **239,651** Mwh of electricity by green certificates,

and **15,296** Mwh of green energy obtained by investment in Green Energy Fund,

29,304.23 Mwh of directly purchased green electricity,

thus reducing greenhouse gas emissions by **177,871.63** tons of carbon dioxide equivalent.



Rooftop PV Panels Installed in Jiangxi Park



Green certificate (Partial)

Energy Conservation Transformation

In 2021, we increased investment in energy conservation transformation projects, implemented and supervised the actual energy efficiency of various energy conservation and carbon reduction projects in terms of adjusting the energy structure, adopting advanced technologies, improving energy use systems and strict daily management. During the reporting period, the Company invested RMB10,095,700 in air compressor transformation, lighting system optimization, waste heat recovery and other special energy saving and emission reduction transformation projects in the global factories, saving 49,480.93MWH of electricity and expected to reduce greenhouse gas emissions by 31088.16 tons of carbon dioxide equivalent annually. Meanwhile, we will develop energy conservation and carbon reduction plans, and all factories will jointly promote this work to reduce carbon emissions and resource use.

During the reporting period, the Company invested RMB **10,095,700** in air compressor transformation

saving **49,480.93**MWH of electricity

and expected to reduce greenhouse gas emissions by **31,088.16** tons of carbon dioxide equivalent annually

Vietnam Factory Carries out Workshop Air Pressure System Energy Conservation Improvement Project

By optimizing the compressed air pipeline setup in the workshop, the pressure of the air pressure system can be effectively reduced, the number of power stations can be decreased, and the power consumption can be lowered under the condition of delivering the pressure required for production. It saved 950,400 KWH of electricity and prevented 619.85 tons of carbon dioxide equivalent greenhouse gas emissions.

It saved **950,400** KWH of electricity



prevented **619.85** tons of carbon dioxide equivalent greenhouse gas emissions



Kunshan Factory Conducted CDA Leak Detection

In 2021, Kunshan Factory conducted leak detection in the production workshops and air compressor rooms, formulated the factory inspection schedule, and carried out leak detection and repair in an orderly manner as planned. A total of 321 leak points were detected, and about 1,020,000 KWH of electricity could be saved after repair. Hence, RMB 764,000 of electricity cost could be saved annually, and about 638.214 tons of carbon dioxide equivalent greenhouse gas emissions could be prevented.

about **1,020,000** KWH of electricity could be saved after repair



about **638.214** tons of carbon dioxide equivalent greenhouse gas emissions could be prevented



Intelligent Energy

The Company has established a sound energy management system and process to systematically manage the energy use of factories, implemented the plan for the application of smart electricity meters and intelligent energy management systems to improve energy efficiency and achieve the purpose of optimizing energy use. By the end of the reporting period, 5 subordinate companies had been certified by the ISO50001 energy management system.



ISO 50001 Certificates of Jiangxi Luxshare Intelligent Manufacture and Luxshare Electronics

The Company makes vigorous efforts in the development of energy management platforms. It installs control modules for the existing power distribution system, air pressure system and air conditioning system, and builds ICT intelligent park to realize the functions of operating status/parameter monitoring, automatic operation adjustment, energy consumption statistics and analysis of energy facilities. At present, Jinxi Factory energy management system has realized facility operation status and parameter monitoring, automatic inspection of power system, image security, accurate measurement and abnormality alarm. It is expected that intelligent electromechanical management will be fully realized in 2025, and a comprehensive energy management platform will be built to improve the overall operation efficiency of the Company. After the completion of construction, the comprehensive energy consumption of the factory is expected to decrease by 20-30% compared with the current level.



System Energy Consumption Analysis



5 subordinate companies had been certified by the ISO50001 energy management system

The Goals to be Achieved by the Integrated Energy Management Platform

Accurate Measurement

- Realize the accurate lighting of energy consumption equipment in the park as well as itemized measurement and cost control
- Identify high energy consumption equipment and enhance energy conservation and efficiency through data visualization
- Ensure safe operation and maintenance, reduce fire risk, personnel incidents and other uncontrollable factors caused by major incidents

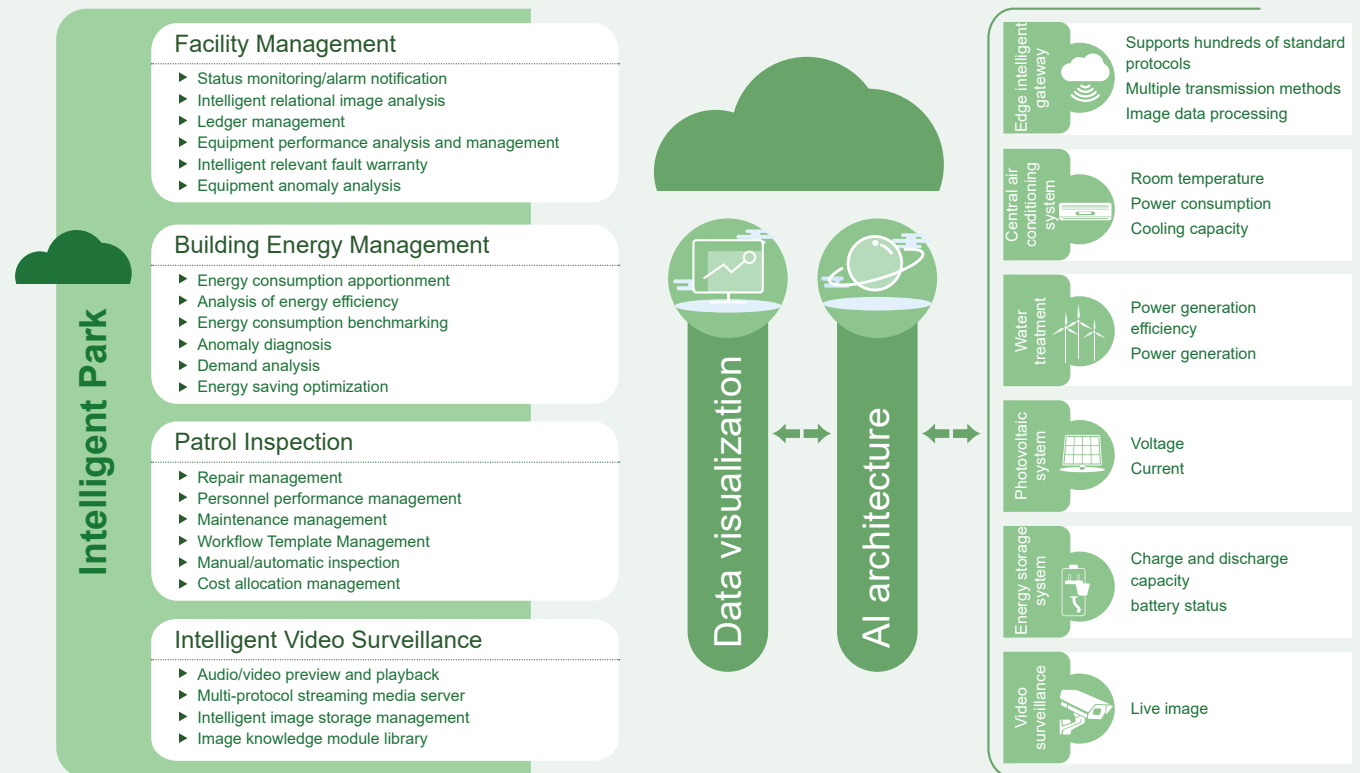
Safe Operation and Maintenance

- Identify problems that can't be found by routine maintenance, and conduct rectification in time to avoid unnecessary losses
- Reduce enterprise energy consumption and enhance enterprise competitiveness through big data
- Use IoT technology to realize the remote monitoring operation and maintenance of key equipment in the park and ensure the reliable operation of equipment

Energy Efficiency Improvement

- Realize the interconnection of various energy sources on the source network and achieve the joint coordination and optimization of multiple energy sources to maximize energy efficiency
- Replace labor with technology, effectively reduce the cost of human resources, and lower the cost of personnel management

Integrated Management Solution Application Architecture of ICT Intelligent Park



Water Resources Management

In response to the national call, Luxshare Precision adheres to the sustainable water management policy of “**scientific compliance, balanced health, adequate sanitation and watershed protection**”, and makes reasonable use of water resources in day-to-day operations. Water resources used by Luxshare Precision are all from the municipal water supply system, mainly used as domestic water, indirect cooling water used by refrigeration equipment in product manufacturing and a small amount of other production water that enters the production line. During the reporting period, the Company’s total water consumption was 18,876,483.71 tons and the industrial wastewater discharge amount was 4,717,621.00 tons.



During the reporting period, the Company’s total water consumption was **18,876,483.71** tons

the industrial wastewater discharge amount was **4,717,621.00** tons

Improve Water Efficiency

In light of the intensifying global water resource pressure, Luxshare Precision set an example by actively identifying and managing enterprise-level water risks, and improving the utilization rate of water resources in every process of operation to reduce its water consumption. We use the watercourse water risk tool developed by the World Resources Institute (WRI) to identify the water pressure of operation locations and use the results to adopt targeted water conservation measures at different operation locations. We require all production bases to report the water consumption plan of the next year to the Company annually so as to strengthen the Company’s unified control over the utilization efficiency of water resources. In order to optimize the sustainable management of water resources, Lanto Electronic Limited and Luxshare Electronic Technology (Kunshan) Co., Ltd. plan to obtain **the Alliance for Water Stewardship (AWS)** certification in 2022. In the future, we will also promote the pioneering concept of AWS to other member companies of the Company.

We require each production base to regularly monitor and calculate the water consumption in the factory area, so as to identify and deal with abnormal water consumption promptly. Factory areas have installed smart water systems, which can monitor the real-time water consumption, water discharge and water balance in production and living, realize real-time detection and treatment of abnormal water consumption, and ensure the stable operation of the equipment. To better achieve the goal of water efficiency, Luxshare Precision has carried out a series of water conservation measures:



Reduce production water consumption, improve production water utilization efficiency through indirect cooling water circulation, outlet water pressure regulation, steam condensate recovery and other measures. Meanwhile, we actively carry out water balance test and repeating utilization test of each production base, analyze and review the rationality of current water use, evaluate water conservation potential, clarify water conservation improvement direction, optimize water conservation technology and water conservation management measures.



The Code of Conduct for Public Water Conservation has been formulated to convey the Company’s water conservation concept to all employees. We further improved employee’s awareness of water conservation and reduce consumption of water by strengthening water conservation publicity, carrying out audit of water resources waste, and using and reforming water-saving water appliances.



Reduce Wastewater Discharge

Luxshare Precision strictly follows the *Law on the Prevention and Control of Water Pollution of the People's Republic of China* and other national laws and regulations, and has formulated the internal *Operating Procedure of Waste Water, Waste Gas and Noise Control*, and managed the waste water generated in the factory. According to the type and concentration of wastewater pollutants produced by each factory, we apply different sewage treatment processes to ensure that the wastewater discharged within the factory conforms to the national and local discharge standards such as *Comprehensive Sewage Discharge Standard (GB8978)* and *Pollutant Discharge Standard of Urban Sewage Treatment Plant (GB 18918)*. As required by environmental impact assessment and sewage discharge permit, we regularly arrange for qualified third party organizations to test the quality of wastewater.

We actively adopt advanced industrial wastewater treatment technology and install heavy metal sewage treatment equipment and other facilities to effectively reduce the generation and discharge of wastewater and improve the water utilization rate of factories.



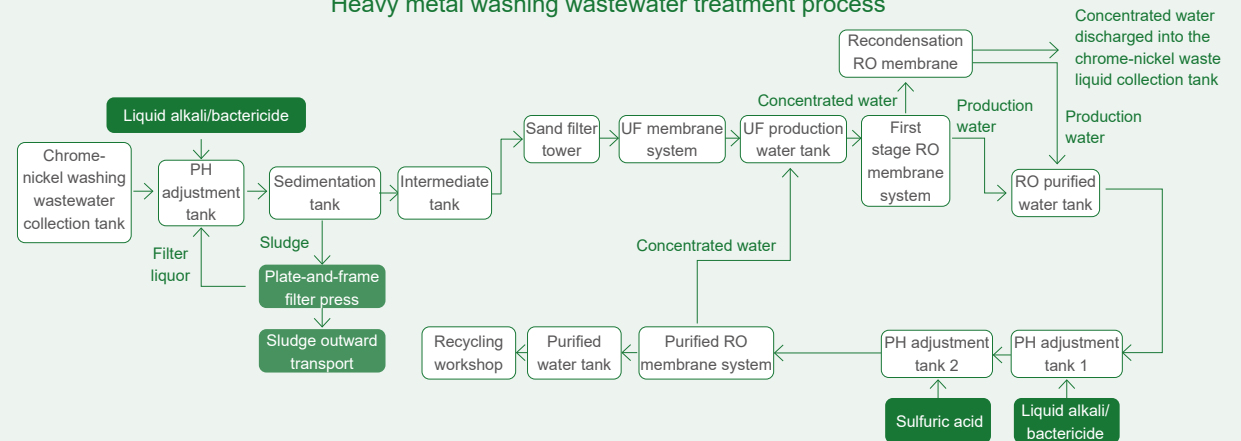
As of the end of the reporting period, **6** production bases of the Company achieved zero discharge of production wastewater.

Zero Discharge of Heavy Metal Wastewater of Likai Precision Technology (Yancheng) Co., Ltd.

In view of the heavy metal wastewater generated in production, Likai Factory has installed the zero heavy metal wastewater discharge treatment equipment, and applied ultrafiltration and reverse osmosis technology to treat heavy metal wastewater. The treated wastewater can be accessed to the production line for recycling, and a small amount of condensed water turns into crystalloids after evaporation and then handed over to a qualified third party for processing. This technology has greatly reduced the discharge of wastewater from production.



Heavy metal washing wastewater treatment process

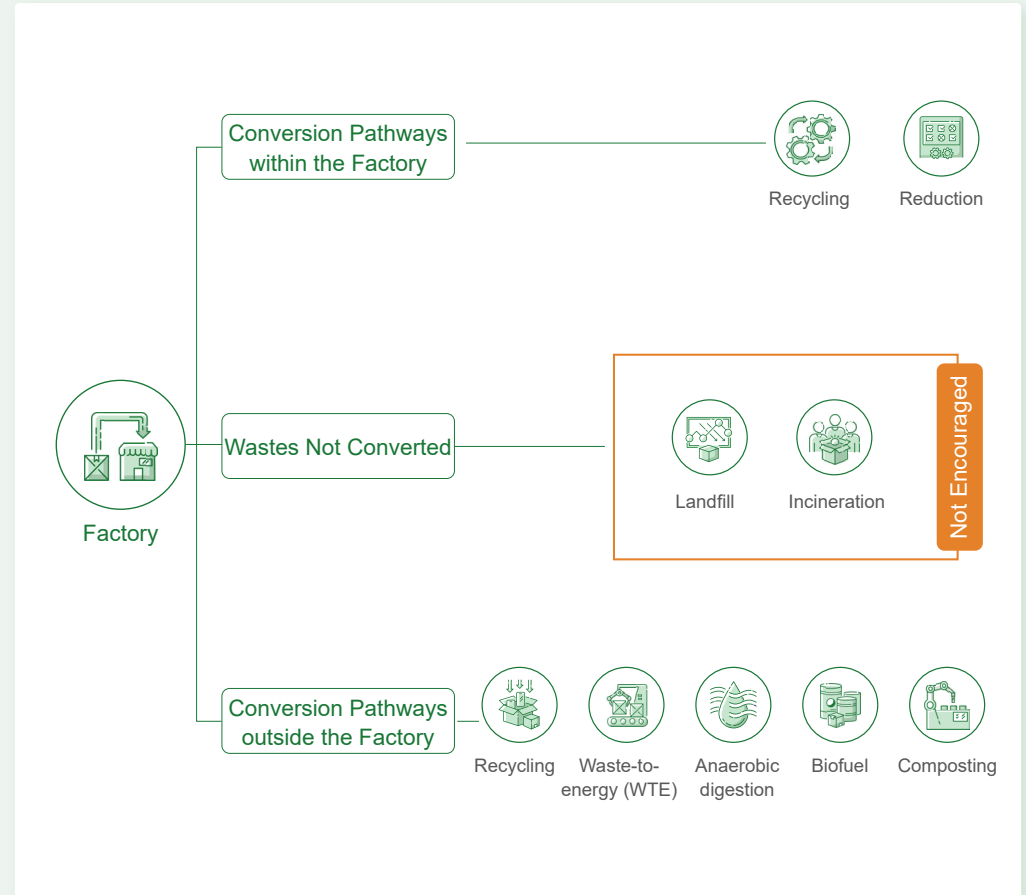


Waste Management

Luxshare Precision strictly follows the *Law on the Prevention and Control of Environmental Pollution by Solid Waste of the People's Republic of China*, and has accordingly formulated the Waste Control Operating Procedure. The waste management principle of “classified recovery, centralized storage and unified treatment” has been specified to comprehensively manage the waste generated in the process of production and operation from generation, classification, storage to compliant disposal.

We identify and classify solid wastes generated in the production process in accordance with *National Hazardous Waste Directory*, *Solid Waste Identification Standard* (GB 34330) and other national standards. For classified general industrial solid wastes and hazardous wastes, we build storage facilities in accordance with the *Pollution Control Standard for Storage and Disposal Sites of General Industrial Solid Wastes* (GB 18599) and *Pollution Control Standard for Hazardous Waste Storage* (GB 18597) to effectively prevent secondary pollution to the surrounding environment and soil groundwater. In strict accordance with the requirements of the Environmental Protection Bureau, we hand over solid wastes to a qualified third party for waste treatment. We require each factory to establish a solid waste ledger to record in detail the information of waste category, amount generated, transportation method and treatment method.

In addition to ensuring compliant waste disposal, Luxshare Precision actively promotes waste reduction in the whole process from process design, product production to waste disposal. At the process design stage, Luxshare Precision follows the principle of **reduction, reuse, regeneration, recovery (4R)**, and carries out reduction design on the smelting tools, cutting tools and other tools used in the production process, so as to reduce the amount of waste from the source; at the production stage, we actively explore the recycling of raw materials to improve resource utilization; at the waste disposal stage, we implement zero landfill of waste. Recyclable pallets, cartons and other wastes will be recycled by the factory internally or by the supplier. Non-recyclable wastes will be handed over to the qualified units for incineration and heat energy recovery.



During the reporting period, the Company's waste management performance data were as follows:

Total non-hazardous wastes	Ton	129,903.15
General industrial wastes generated	Ton	111,396.20
General industrial wastes discharged	Ton	9,612.18
General industrial wastes recycled	Ton	101,784.02
Household wastes	Ton	10,274.28
Kitchen wastes	Ton	8,232.67
Kitchen wastes recycled	Ton	6,629.87
Kitchen wastes discharged	Ton	1,602.80
Total hazardous wastes	Ton	18,952.00

Zero Landfill

At the end of 2021, we launched the collective project, aiming at promoting the advanced management practice of zero waste landfill to all factories across the world. The factory waste data is monitored and analyzed on a regular basis to identify the improvable methods of waste disposal. We further carried out specialized improvement in cooperation with the factories to gradually improve the resource utilization of the Company as a whole, replace waste incineration and landfill directly, and enhance waste conversion rate.

As of the end of the reporting period, 8 companies under the Company had obtained the UL 2799 zero waste to landfill certification with a platinum rating, including the newly certified **Luxshare Intelligent Manufacture (Zhejiang) Co., Ltd.**, **Luxshare Precision (Van Trung) Co., Ltd.** and **Luxshare Precision (Vietnam) Co., Ltd.**



100% Wires Made from Recycled Plastic Products

We design and manufacture connector products in accordance with Global Recycled Standard 4.0 (GRS 4.0), and use 100% braided wires made from recycled plastic containers as components to reduce the impact on the environment throughout the life cycle of products. The products were certified by GRS4.0 in 2019.

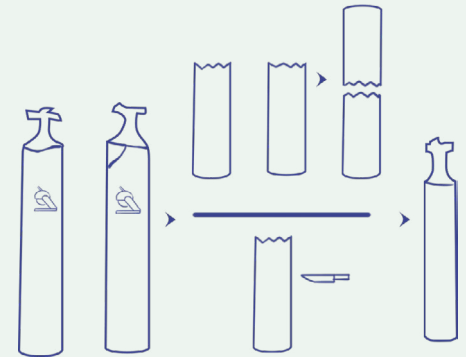


Recycling of Acid Raw Materials

Luxshare Precision recycles acid raw materials in the production process. We use an anodized acid purification system to separate and reuse metal salts dissolved in the production process and unused acid raw materials. The system process consists of coarse filtering, fine filtering and resin adsorption. The anode bath liquid is first pumped into the equipment through the air pump, and then the acid is pushed into the resin tank for sulfuric acid adsorption after the suspended solids are filtered through the two-stage filter element. After the pure water is supplemented, new sulfuric acid is formed. This process greatly reduces the use of sulfuric acid, increases the stability of the process, and sulfuric acid can be added automatically in the future, further reducing the risk of exposure to hazardous chemicals.

Discarded Tools Were Reassembled and Welded for Reuse

A large number of tools are used in the production process of Luxshare Precision. For some of the tools that have expired, we remove the metal and sharpened them for other processes that require less precision; for the tools that can't meet the production requirements, we recycle the tool bars, cut off every two tool bars from the cutting edge into two tungsten steel bars, and then weld and sharpen them to form a new tool, thus reducing the amount of tools and scrap tools generated.



Chemical Management

Luxshare Precision strictly follows the laws and regulations related to chemical safety in China and overseas as well as customers' requirements for restricted substances, and rigorously controls the whole process of product design, procurement, manufacturing and shipment. Regulations such as *Management Standard for Restricted Substances of Materials and Finished Products*, *General Principles for Ecological Design of Products*, *Chemical Control Operating Procedure* and *Measures for the Management of Chemical Operations* have been formulated to carry out classified control over materials, components, finished products and chemicals involved in the production process of all products. Continuous efforts have been made to eliminate hazardous chemicals and march toward the goal of **Hazard Substance Free (HSF)** products.

Chemical Management Standard

We work with third-party professional organizations to follow up on environmental laws and regulations of various countries, and keep updating the standard higher than statutory requirements. We have updated *the Management Standard for Restricted Substances of Materials and Finished Products* to Version 33 in accordance with the latest developments of *European Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), 2011/65/EU* and *2015/863/EU Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Regulations (RoHS Directive)*, *2002/96/EC Waste Electrical and Electronic Equipment Directive (WEEE)*, *The Safe Drinking Water and Toxic Enforcement Act of 1986 of California (CA65)*, China's standard requirements on volatile organic compounds (VOCs) and other laws and regulations, customers' product standard requirements and the latest control trends of hazardous chemicals. A total of 281 restricted substances, 73 declared substances and 92 exempted substances have been stipulated.

Updated Restricted and Declared Chemical Substances in the Management Standard for Restricted Substances of Materials and Finished Products Version 33

Category	New Additions	New Substances (Substance Groups)
Restricted (Products)	14	Selenium and its compounds, phenol, adhesive monomer I&II, chlorine-containing organic solvent, PFCA (C9-C14) and its salts and related substances, PFHxS and its salts and related substances, nanomaterials, coal tar resin, nonylphenol ethoxylates, decabromodiphenyl ether, hexachloro-1, 3-butadiene, isopropyl triphenyl phosphate, triphenyl phosphate, tributyl phosphate
Restricted (Packaging Materials)	4	Creosote oil, naphthalene oil, anthracene oil, tar acid, alkaline low temperature tar, 1,1-dichloroethylene homopolymer, phthalate esters, perfluorinated or polyfluorinated alkyl compounds
Declared Substances	16	PFBS and related substances, PFHxA and its salts and related material, bisphenol chemicals, formaldehyde releasing substances, skin sensitizing substances, melamine, N-ethyl-2-pyrrolidone, hydrogen fluoride, hexabromo-benzene, polytetrafluoroethylene, ptfe, tribromethane, N-octylisothiazolinone, fire retardant agents, plasticizer, exemption parts/components in the RoHS Directive

In order to better evaluate the use of chemicals in subordinate factories, we developed and improved the chemical monitoring and management tools to manage the use, dosage and product composition information of chemicals in a unified manner during the reporting period. Through the internal online training platform i School, internal emails and specialized training, we provided training for chemical management specialists in subordinate factories to ensure their mastery of the latest chemical management requirements and tools.

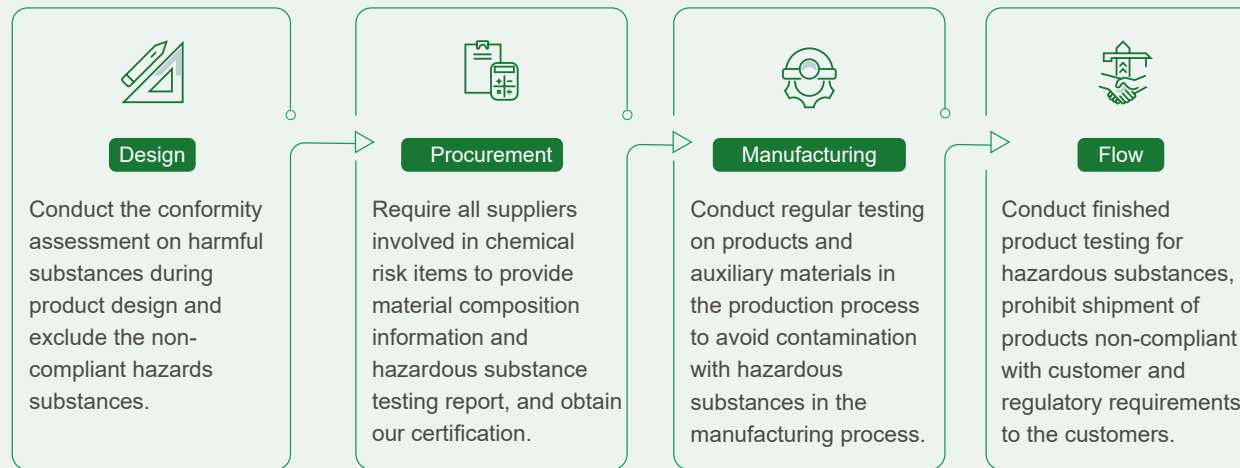
We closely monitor the execution status of each subordinate factory, conduct regular internal audits of each factory, check compliance of the chemical management process, and require timely rectification of non-conformities.

The Management Standard for Restricted Substances of Materials and Finished Products and the use amount of restricted and declared chemical substances are disclosed on our official website.

Chemical Substance Management System

We have established the management system of chemical hazardous substances. Adhering to the principle of no design, no purchase, no manufacturing and no flow, we have adopted the *Environmental Management - Life Cycle Assessment - Principles and Framework (GB/T 24040-2008)* and *Environmental Management - Life Cycle Assessment - Principles and Framework (ISO 14040:2006)* and other relevant standards to manage hazardous substances throughout the life cycle of products.

Whole Process Management Chart of Chemical Hazardous Substances



To provide chemical composition information of products quickly and accurately, the Company has established a chemical information management system, and equipped each production base with chemical detection equipment, which allows quick access to chemical composition information and RoHS compliance information of each product. We disclose product chemical composition information through sustainability report, customer audit, product information inquiry and other channels, and conduct secondary confirmation at the stage of order acceptance and delivery instruction.

We make active efforts to urge the subsidiary companies to obtain the International Electrotechnical Commission (IEC) QC 080000 Hazardous Substances Process Management System certification. As of the end of the reporting period, a total of 14 subordinate companies had obtained relevant certification and passed the third-party audit. We will continue to promote hazardous substance management system in other companies and production lines, and march towards the goal of no hazardous substances.

Chemical Substance Reduction

We have taken 100% elimination of hazardous chemicals as a long-term goal of our chemical reduction program, and formulated the Hazardous Substance Reduction Program. Furthermore, we have constantly adhered to chemical use specifications with higher standards, actively sought alternatives to reduce and eliminate the use of hazardous chemicals, and required the suppliers to support the development of low toxicity products.

Our subordinate factories send out chemical reduction opportunity identification surveys on a regular basis to collect lists of chemicals that can be replaced. Meanwhile, VOCs emission reduction and other indicators are used to assess the performance of chemical substance reduction in each subordinate factory, and an incentive mechanism is provided to encourage the use of materials without hazardous substances or with a very low content of hazardous substances.

Steel Mesh Organic Solvent Cleaning Agent Replaced with the Semi-aqueous Solvent

Luxshare Precision Kunshan Factory paid close attention to the hazardous substances (VOCs) contained in an cleaning agent, and took the initiative to find the alternative of steel mesh cleaning machine FD-702 cleaning agent. According to the third-party testing, the semi-aqueous solvent 6810W does not contain cadmium, lead, mercury, hexavalent chromium, polybrominated biphenyls and other harmful chemicals, with a reduced VOCs content by more than 90%, compliant with the EU RoHS directive and cleaning agent VOCs content limit requirements. Therefore, it's a suitable alternative for the original cleaning agent. Kunshan Factory has introduced 6810W solvent to replace the original cleaning agent in six production lines in Zone E to achieve reduction of hazardous substances.

Supplier Management

Luxshare Precision is well aware that supplier management is a key part of our chemical management system. We require the suppliers to carry out impeccable chemical substance management to ensure that raw materials, components, packaging materials, semi-finished products and finished products provided to Luxshare Precision conform to the management requirements of the *Management Standard for Restricted Substances of Materials and Finished Products*. All suppliers must sign the *Letter of Guarantee on Environmental Protection* containing chemical requirements at the time of admission, regularly provide third-party testing reports according to the chemical testing requirements of different materials, and pass Luxshare Precision's material testing.

Luxshare Precision attaches great importance to supply chain chemical management capacity building. We carry out annual chemical audit on suppliers and require them to establish and improve their chemical management system. We also provide chemical management publicity and training to suppliers to ensure they are aware of the latest management requirements. When the *Management Standard for Restricted Substances of Materials and Finished Products* is updated, we will immediately launch a chemical investigation on the suppliers and require them to complete self-inspection and provide feedback within the specified time limit.

2021 Hazardous Substances and Green Supply Chain Management Sharing Conference

On December 22, 2021, Luxshare Precision held the Hazardous Substances and Green Supply Chain Management Sharing Conference on the online platform which was attended by over 1200 suppliers. At the conference, the person in charge of hazardous substances management of Luxshare Precision introduced the latest version of *Management Standard for Restricted Substances of Materials and Finished Products* and green product control information system, and publicized the latest requirements for hazardous substances management of the Company.

2021年立讯有害物质暨绿色供应链管理分享大会

2021年12月22日 (周三) 13:00—17:00

主办方: 立讯精密工业股份有限公司

We require suppliers to actively replace or eliminate hazardous chemicals. It is clearly stipulated in the Supplier Management Operating Procedure that suppliers shall gradually implement the reduction plan of banned substances and eliminate hazardous chemicals or replace them with safer chemicals as soon as practicable.



Clean Technology Research and Development






Luxshare Precision is aware that clean technology represented by carbon-neutral technology is an important direction of future technology development. Hence, taking the initiative to seize the market opportunities of clean technology, actively build its presence in **solar energy, battery, industrial automation, electric vehicles** and other fields, with the aim of forming a smart and connected future of sustainable development. During the reporting period, the Company invested more than RMB 166 million in clean technology research and development, successfully developed **photovoltaic core components, outdoor energy storage power supply, track induction control heat dissipation system** and other clean technology products.

In the future, Luxshare Precision will continue to expand the scope of clean technology research and development, and increase the investment in clean technology related research and development. Luxshare Precision plans to invest more than RMB 250 million in clean technology research and development in 2022, and increase relevant investment year by year.



During the reporting period, the Company invested more than RMB **166** million in clean technology research and development

In 2022, Luxshare Precision plans to invest more than RMB **250** million in clean technology research and development

Field	Product Name	Product Description
 Battery	Outdoor storage battery	The product is a 2200Wh lithium ion battery with solar panels to convert solar energy into electricity and store it in an outdoor power supply. It can charge devices such as drones, digital cameras, laptops and vehicle-mounted refrigerators, making it a new generation of clean and eco-friendly leading outdoor power supply solution.
	Electric vehicle battery	The battery is made of lithium iron phosphate materials and has a life span of 7-8 years to reduce replacement frequency. Used with the wireless charging products of Luxshare Precision, it can realize the no-contact "distance charging" within 15 meters. It's simple and easy to use, generating no dust accumulation and contact loss, no mechanical wear, thus reducing energy consumption.
 Solar Energy	Photovoltaic power generation system inverter	The product collects and converts the electric energy generated by photovoltaic panels into AC electric energy, which is then connected to the power grid. It can also reverse the AC into DC to charge and store energy for the photovoltaic power generation system battery, which is one of the core components of photovoltaic power generation application system.
 Industrial Automation	Track induction control heat dissipation system	The product changes the heat dissipation mode of the track behind the furnace by converting the original cooling fan from normal mode to induction control mode, and altering the original direct power supply to power supply after sending signals to the inductor through PLC. It can reduce energy consumption by about 40%.
 Demand-Side Management	Green data center solution	The product provides intelligent air cooling and water cooling heat dissipation solutions with low energy consumption and a more optimized chassis heat dissipation mode, reducing the energy consumption of servers and switches by more than 10% and that of communication devices by up to 12%.
	High efficiency charger	Through the latest circuit design and digital control technology, this series of products can support high charging power while reducing the overall power consumption of the system. While coping with the peak load of GPU, it can further improve the power conversion efficiency during charging, and reduce the energy loss of charging.
 Reuse and Recycling	Wireless charger	The product is made from new PCR eco-friendly recycled materials. By mixing recycled PC resin with original PC resin to regenerate PC and reuse it in product manufacturing, it significantly reduces plastic pollution. It is expected to reduce greenhouse gas emissions by 600 tons of carbon dioxide equivalent per year.

05

Responsible Procurement and Win-win Cooperation

Luxshare Precision has always regarded suppliers as important partners and is committed to improving the supply chain system and achieving win-win cooperation. We develop supplier life-cycle management processes, attach importance to responsible procurement, and further promote sustainable development of the whole value chain through requirements and training on suppliers' social responsibility.

- Responsible supply chain management



19

supplier training sessions

111

Number of new suppliers audited by environmental and social standards

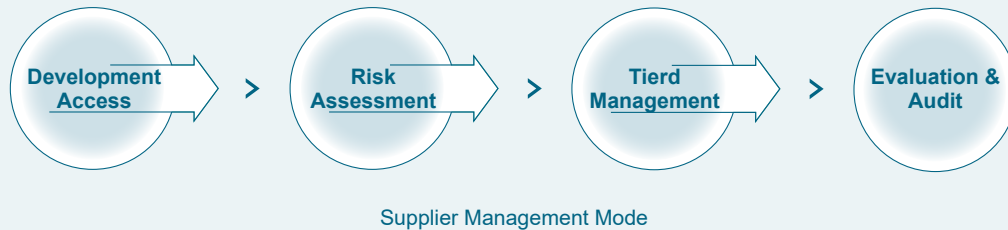
2,166

Number of suppliers having conducted due diligence on their upstream suppliers



Supply Chain Management System

Luxshare Precision has formulated the *Supplier Management Operating Procedure* and other management systems and procedures to advance the standardized management of suppliers and enhance supplier management efficiency. We have put in place a well-designed supplier management system which integrates procurement, quality, environment, health, research and development, and engineering departments to manage the whole life cycle from development access, daily management to termination of cooperation.



Development Access

To ensure that the quality of products or services provided by the suppliers meets the requirements of Luxshare Precision and customers, we conduct qualification checks on suppliers at the access stage. The suppliers must be certified by at least one quality certification and one social responsibility certification to be included in the list of potential suppliers. During the reporting period, the Company audited a total of 111 new suppliers with environmental and social standards, of which 12 were terminated due to their actual and potentially significant negative environmental and social impacts and unwillingness to unfold the rectification.

We publicize Luxshare Precision's supplier management standard, product quality and environmental protection standard, Responsible Business Alliance Code of Conduct and other standards among the suppliers. We further require potential suppliers to sign the *Letter of Guarantee on Environmental Protection*, *Quality Contract*, *Confidentiality Contract*, *Letter of Commitment on Incorruption*, *Letter of Guarantee on Responsible Business Alliance Code of Conduct* and other documents to ensure their understanding of and compliance with our requirements.

Quality Management Systems

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



Social Responsibility Systems

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.

Tierd 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.

Supplier Monthly Comprehensive Score



- A+B**
 Give priority in terms of contract amount and category in subsequent cooperation
- C**
 Provide an improvement report and track the improvement results, and conduct on site review when necessary
- D**
 Suspend product supply and provide guidance in improvement; resume and continuously track product supply if improvement is implemented comprehensively, otherwise remove such suppliers as qualified suppliers.

Evaluation and Audit

Luxshare Precision carries out annual audits on its suppliers according to the audit contents consistent with those in the access audit, so as to periodically review and check whether the qualified suppliers in the roster always meet the compliance requirements. We will give priority to suppliers with good performance in audit rating, provide long-term contracts and preferential payment terms, and reduce future costs; for unqualified suppliers, the Company will provide guidance, help them optimize their own management, and assist them to meet the requirements of Luxshare Precision. Suppliers with major defects and unable to meet the requirements after improvement will be disqualified as the case may be.

Luxshare Precision actively communicates with suppliers in day-to-day business activities. Through visits, phone calls, online communication and offline meetings, we have established friendly contacts with the suppliers to discuss the improvements of the supply chain and reach a consensus on the future development of the supply chain. Through supplier training, we hope to further strengthen suppliers' understanding of product and service quality, social responsibility and other requirements, and help them improve their management ability in all aspects.

In 2021, we organized **19** supplier training sessions, covering **1,907** suppliers in total

Supplier Management Performance

Total number of suppliers in the database	8,267 suppliers
<i>Overseas suppliers</i>	7,210 suppliers
<i>Chinese suppliers</i>	1,057 suppliers
<i>Service suppliers</i>	1,057 suppliers
<i>Suppliers of raw and auxiliary materials</i>	455 suppliers

Responsible Procurement

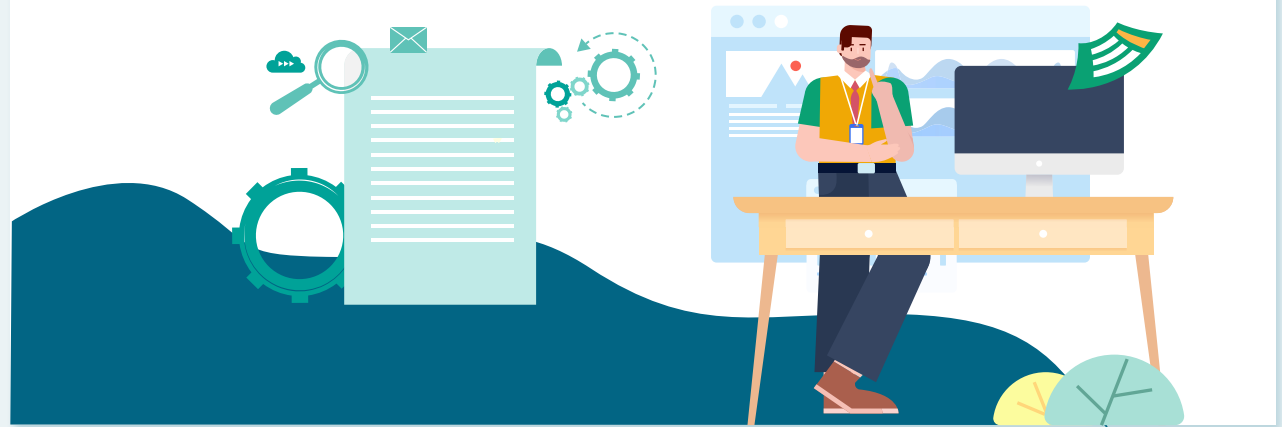
Conflict Minerals Management

Luxshare Precision insists on responsible mineral sourcing, and strictly follows the *UN Global Compact*, *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* (“OECD Due Diligence Guidance”), *Responsible Minerals Initiative* (“RMI”) and other international conventions and industry initiatives. We have formulated the *Luxshare Precision Conflict Minerals Policy* to require the Company and all suppliers and contractors to purchase from the smelters and refineries approved or certified by RMI, London Bullion Market Association (LBMA) or Responsible Jewellery Council (RJC). We do not accept or support the use of any conflict minerals from areas directly or indirectly financing or supporting armed conflicts. This policy is to ensure that 100% of the suppliers purchase minerals in a responsible way and respect the human rights and environment of the conflict-affected areas.

Luxshare Precision has formulated and disclosed the *Measures for the Management of Conflict Minerals*, and has established the Management Procedure for Conflict Minerals to investigate and trace the use of **tin, tantalum, tungsten, gold (3TG) or cobalt (Co)** that may be involved in the supply chain, so as to completely prevent the use of conflict minerals. Luxshare is working to ensure all smelters and refineries involved in our supply chain are certificated in the medium to long term.

Requirements for Suppliers

- All suppliers commit to purchasing raw materials from environmentally and socially responsible sources, and sign the *Letter of Guarantee on Responsible Business Alliance Code of Conduct* at the time of admission, committing to comply with the Company’s conflict minerals policy;
- Suppliers involved in the use of tin, tantalum, tungsten, gold or cobalt and their downstream smelters, refineries and raw ores are required to develop conflict mineral policies and management processes in accordance with the OECD Guideline and the Company’s Measures for the Management of Conflict Minerals;
- Suppliers are required to conduct due diligence on conflict minerals annually to trace the source of raw materials, so as to ensure that products supplied to the Company do not involve conflict minerals;
- Promptly report smelter and refinery changes in the supply chain;



Investigation and Tracing of Conflict Mineral Resources

- When purchasing raw materials that may contain conflict minerals, we will conduct conflict mineral risk assessment on the suppliers to avoid cooperation with high-risk suppliers;
- For qualified suppliers, we conduct the Conflict Minerals Reporting Template (CMRT) survey every year, and identify the validity, authenticity and conformity of the information provided by suppliers;
- The smelters and refineries identified in the supply chain are checked against the RMI checklist to verify whether they are involved in conflict minerals.

Number of Conflict Minerals Reporting Templates (CMRT) issued to suppliers in the current year	Template	2,295
Number of suppliers having replied the CMRT	supplier	2,187
Number of suppliers purchasing from certified smelters/refineries	supplier	2,166
Number of suppliers purchasing from non-certified smelters/refineries	supplier	21
Number of suppliers not replied the CMRT	supplier	108
Number of suppliers having conducted due diligence on their upstream suppliers	supplier	2,166
Number of suppliers having formulated conflict-free minerals policy	supplier	1,765

Abnormality Handling

We actively help the suppliers who identify smelters or refineries without RMAP certification to mitigate the conflict mineral risks.

- Urge smelters/refineries to be RMAP certified or require suppliers to remove smelters that do not meet the requirements;
- Suspend or terminate cooperation with suppliers who cannot meet the requirements after communication.

Total number of smelters/refineries involved in the supply chain	Smeltery/refinery	249
Number of certified smelters/refineries	Smeltery/refinery	239
Number of non-certified smelters/refineries	Smeltery/refinery	10

Conflict Minerals Training

We provide training on conflict minerals for all suppliers every year, including basic concepts of conflict minerals and relevant laws and regulations, international concerns on conflict minerals and the Company's management methods on conflict minerals, so as to improve the management level of conflict minerals.

Supplier Environmental and Social Responsibility Management

Luxshare Precision is committed to creating an environmentally and socially responsible supply chain and has established a supply chain social responsibility management system. In strict accordance with the RBA Code of Conduct, we have formulated the *Corporate Social Responsibility Behavior Handbook* and *Letter of Guarantee on the Responsible Business Alliance Code of Conduct*. These two documents have been distributed to all suppliers for them to learn about and understand our requirements for social responsibility, and standardize their behaviors. All new suppliers are required to sign the *Letter of Guarantee on the Responsible Business Alliance Code of Conduct*.

We have further formulated the *Supplier Corporate Social Responsibility (CSR) Management System*, which provides detailed regulations on the supplier CSR management process to further standardize and systemize supplier CSR management. Moreover, we have designed the *Supplier CSR Risk Identification and Assessment Form* and conducted preliminary CSR risk audit on the suppliers during the new suppliers' risk assessment, so as to determine their CSR risk level and avoid suppliers with high CSR risk.

We identify risks from the four dimensions of **labor management, environmental management, occupational health and safety, and business ethics**, and control the main risks in each dimension to comprehensively manage and improve suppliers' social responsibility performance.

Supplier Corporate Social Responsibility Management

01 Labor Management

- Prohibit child labor and forced labor
- Right of free association
- Anti-discrimination and anti-harassment
- Humanitarian treatment
- Compliance in working hours
- Compliance in remuneration

02 Environmental Management

- Environmental permit and report
- Pollution prevention, control and treatment
- Energy conservation and emission reduction
- Restricted substances
- Hazardous substances

03 Occupational Health and Safety

- Occupational safety
- Emergency plan
- Prevention and control of occupational diseases
- Industry hygiene
- Hard physical labor
- Mechanical safety protection
- Public hygiene, food and accommodation

04 Business Ethics

- Conflict minerals management
- Intellectual property protection
- Business integrity
- Information disclosure
- Fair trade, advertising and competition
- Identity protection and anti-retaliation policies
- Privacy protection

After the preliminary audit, we define and screen key suppliers, qualified suppliers and exempted suppliers comprehensively based on an overall consideration of the transaction amount, characteristics of suppliers' industry risks and customer requirements, and formulate the annual CSR audit plan accordingly. For key suppliers, we will regularly conduct on site audit and grade them according to the provisions of the *Corporate Social Responsibility Behavior Handbook*. For the suppliers with excellent comprehensive scores, we will give preferential rewards; for the suppliers with low comprehensive scores, we will provide counseling and training and require rectification. If they fail to meet the requirements numerous times, they will be eliminated.

Number of supplies completing the site audit	Supplier	931
Number of supplies completing the rectification after the site audit	Supplier	662
Number of deficiencies in occupational health	Deficiency	427
Number of deficiencies in management system	Deficiency	1,306
Number of deficiencies in labor	Deficiency	253
Number of deficiencies in environment	Deficiency	378
Number of deficiencies in morality	Deficiency	68

Green Supply Chain Initiative

To raise the awareness of sustainable development and enhance the ability of sustainable development management of the whole electronics manufacturing industry, Luxshare Precision has leveraged our influence in the industry and partnered with the Institute of Public and Environmental Affairs (IPE) and launched the Green Supply Chain Initiative at the end of 2021. The suppliers were invited to join hands with us to reduce the industries' impacts on the ecological environment. We urge suppliers to:

- ☑ Abide by the laws related to environmental protection and consciously accept government supervision;
- ☑ Lead the green development of the industry and strengthen green management of the whole life cycle of products;
- ☑ Proactively disclose PRTR data, remove negative environmental regulatory records in a timely manner, and consciously accept public supervision and suggestions;
- ☑ Choose clean and green chemicals and actively develop low VOCs materials;
- ☑ Actively check and reduce greenhouse gas emissions to achieve carbon peak and carbon neutrality.



To convey Luxshare Precision's pursuit of a more eco-friendly low carbon green supply chain to the suppliers, we held the Hazardous Substances and Green Supply Chain Management Sharing Conference at the end of 2021. The Company's green supply chain management requirements were introduced, and external experts were invited to share the latest environmental regulations and information on energy conservation and emission reduction. Through communications and sharing with suppliers, we further helped suppliers improve their social responsibility management and created a green industrial development future.

Incorruption Management

Luxshare Precision attaches great importance to the incorruption performance of suppliers, hopes to build an honest and clean business relationship with suppliers and partners, and eliminate any form of commercial bribery by suppliers in commercial activities. In addition to the monthly comprehensive evaluation of suppliers, we will issue *Luxshare Precision's Commitment on Anti-corruption* to the suppliers to clarify the Company's requirements for business ethics and provide methods of reporting improper interests.



06

Community Contribution and Original Aspiration

Luxshare Precision has always kept in mind its social responsibility as a listed company and embraced and given back to the community with warm actions. Last year, we carried out a series of social welfare activities in various areas, including rural revitalization, care for vulnerable groups, building beautiful communities and disaster relief.

- Community Involvement



donated RMB

2,421,700

to charitable activities.



Public Welfare

We have always supported the development of local communities, and worked hand in hand with many parties to achieve positive interaction between enterprises and the community. We continue to carry out various public welfare activities to support the sound development of local communities and bring warmth to many parties.

Connecting Love with Action—Charity Walk

During the period from December 1, 2021 to December 31, 2021, Luxshare Precision, together with China Charities Aid Foundation for Children Preschool Education Project and Tencent Foundation, organized the first Luxshare Precision Charity Walk with the theme of Connecting Love with Action. For 10,000 steps walked by the participant donors, Luxshare Precision would donate RMB 1 to the Xiangcun Xiaojiaoya Program in the rural areas in central and western China. Our employees joined the Charity Walk with great enthusiasm and donated 500 million steps in total. Hence, Luxshare Precision donated RMB 50,000 to help local school-age children receive preschool education and support re-invigoration of rural children's education.



用行动爱连接
Let's Go!
立讯精密公益徒步行动

12月1日，立讯精密携手腾讯公益、中华少年儿童慈善救助基金会，共同开启“用行动爱连接”为主题的首届立讯精密公益徒步行动。走路也能做公益，活动参与者每迈进一步，都能改善中西部农村地区宝宝的教育水平，让宝宝们的“小脚丫”迈进幼儿园。

本次活动在立讯精密全球各厂区同步开展，通过厂区组队、公益步数捐赠PK的形式进行。活动一经启动就受到立讯精密全体员工的认可与支持。目前，公司内部已经组建了超过50支战队，来自五湖四海的立讯人纷纷加入进来，为爱漫步。截止12月1日17:00，立讯精密已经完成3000万步的捐赠。

本次活动将向5亿步的最终目标发起冲击。在活动的过程中，我们欢迎爱心人士一起参与，和立讯精密一起徒步做公益，为爱前行，与爱同行，用踏踏实实行动点亮乡村宝宝的未来！

活动信息
活动主题：用行动爱连接——“立讯精密公益徒步行动”
活动时间：12月1日-12月31日
活动对象：全体立讯员工及家属、朋友、合作伙伴、客户等

一块壹·一块做公益
每完成10000步的步数捐赠，立讯精密将向中西部农村地区的“乡村小脚丫”捐赠1元，提升贫困地区儿童的教育水平。一块壹，我们一起向亿步的目标发起冲击，用大手守护小脚丫，帮助更多孩子迈进幼儿园！

随手分享 爱心传递
借助腾讯公益平台，动手转发，分享很easy，将运动与公益完美结合的活动，让身边的亲朋好友一起参与，有爱心的同伴越多越好，我们一起燃爆卡路里！




During the reporting period, Luxshare Precision donated RMB **2,4211,700** to charitable activities.



Care for Children with Special Needs

On June 1 Children's Day, Luxshare Precision Kunshan Factory launched a public welfare activity called Care for Children, and 40 employees took the coach to visit the children with special needs in the local welfare house. Such supplies as soap, shampoo, milk and snacks were brought to the children for them to spend a unique Children's Day and convey the message of love.



 **Honored the Elderly on the Double Ninth Festival**

On the occasion of the Double Ninth Festival, Zhejiang Luxshare Intelligent Manufacture unfolded the elderly honoring activity. The employees talked with the elderly cordially, gave them massages and blessings, and held a birthday party at the nursing home. Such heart-warming action of Luxshare brought smiles and warmth to the elderly.

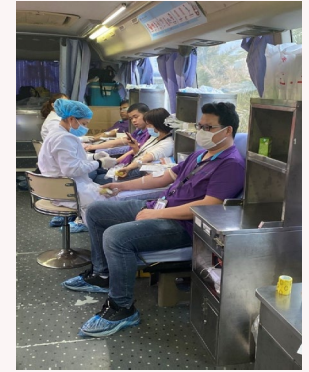
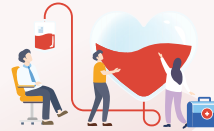


Luxshare Employees Unfolded the Elderly Honoring Activity



 **Voluntary Blood Donation Activity**

In 2021, Luxshare Huizhou Factory organized the voluntary blood donation activity themed with Extending Life with the Relay of Love. Huizhou Municipal Central Blood Station came to the factory to collect the blood of 45 voluntary blood donors. These employee donors made the contributions of Luxshare to the fight against COVID-19.



Employees Participated in the Voluntary Blood Donation Activity

Appendix

Environmental Performance Table

Social Performance Table

Governance Performance Table

Honors and Awards

GRI Standard Index



Environmental Performance Table^{5,6}

Indicator	Unit	2021
Greenhouse Gas Emissions		
Total Greenhouse Gas Emissions (Scopes 1 and 2) ⁷	Ton	1,141,677.22
Operating revenue	RMB 1 million	153,946.10
Greenhouse Gas Emission Density (Scopes 1 and 2)	Ton/RMB 1 million of operating revenue	7.42
Direct Greenhouse Gas Emissions (Scope 1)	Ton	28,264.14
Indirect Greenhouse Gas Emissions (Scope 2)	Ton	1,113,413.08
Emissions of Purchased Electricity	Ton	1,275,507.55
Emissions of Purchased Steam	Ton	15,774.52

⁵ Unless otherwise specified, the statistical scope of environmental performance data covers all production bases under the Company.

⁶ In the calculation of emissions, energy consumption and waste density, the operating revenue unit is RMB 1 million for the current year.

⁷ Due to the nature of the Company's business, greenhouse gas emissions mainly come from outsourced municipal electricity, outsourced steam and fossil fuel combustion. The list of greenhouse gases includes carbon dioxide, methane and nitrous oxide. Greenhouse gas emissions are presented in terms of carbon dioxide equivalent. Greenhouse gases in 2021 are based on the *General Rules for Calculation of Comprehensive Energy Consumption* (GB/T 2589-2020) promulgated by the State Administration for Market Regulation and the Standardization Administration of China, IPCC Sixth Assessment Report issued by The Intergovernmental Panel on Climate Change (IPCC), The *(Trial) Guide to Accounting Methods and Reporting of Greenhouse Gas Emissions from Enterprises in Other Industrial Sectors* and the *International Energy Agency* (IEA) Vietnam regional power emission factors.

⁸ The Company's main energy consumption sources are natural gas, gasoline, diesel oil, liquefied petroleum gas, generated energy by self-owned renewable energy, outsourced electricity from municipal power supply, outsourced clean energy and outsourced steam.

⁹ The energy consumption data are calculated based on the consumption of electricity and fuel and the relevant conversion factors provided in *General Rules for Calculation of Comprehensive Energy Consumption* (GB/T 2589-2020).

¹⁰ Based on the business nature of the Company, exhaust gas emissions mainly include boiler exhaust gas, kitchen fume and industrial exhaust gas.

Indicator	Unit	2021
Resource Use and Emissions		
Total energy consumption ^{8,9}	MWH	2,230,869.03
Energy consumption density	MWH/RMB 1 million of operating revenue	14.49
Direct energy consumption	MWH	131,444.12
Gasoline	MWH	4,851.06
Diesel oil	MWH	4,160.04
Natural gas	MWH	122,433.03
Indirect energy consumption	MWH	2,099,424.91
Electricity consumption	MWH	2,045,331.30
Purchased steam	MWH	54,093.62
Generated energy by self-owned photovoltaic panels	MWH	16,246.11
Directly purchased green electricity	MWH	29,304.23
Electricity purchased by green certificates	MWH	239,651.00
Green energy obtained by Green Energy Fund	MWH	15,296.00
Emissions		
Total exhaust gas emissions ¹⁰	Ton	202.20

Environmental Performance Table

Indicator	Unit	2021
Exhaust gas emission density	Ton/RMB 1 million of operating revenue	0.0013
Boiler exhaust gas	Ton	3.80
Kitchen fume	Ton	0.76
Industrial exhaust gas	Ton	197.64
Total hazardous waste ¹¹	Ton	18,952.00
Hazardous waste density	Ton/RMB 1 million of operating revenue	0.12
Total non-hazardous waste ¹²	Ton	129,903.15
Non-hazardous waste density	Ton/RMB 1 million of operating revenue	0.84
General industrial waste	Ton	111,396.20
Household waste	Ton	10,274.28
Kitchen waste	Ton	8,232.67
Total water consumption	Ton	18,876,483.71
Water consumption density	Ton/RMB 1 million of operating revenue	122.62
Industrial waste water	Ton	4,717,621.00

¹¹ Hazardous wastes include waste mineral oil, waste chemical containers, etc. The weight of hazardous wastes is summarized according to the data in the hazardous waste transfer sheet of each factory.

¹² Non-hazardous wastes refer to the Company's general industrial wastes, household wastes and kitchen wastes.

Social Performance Table

Indicator	Unit	2021
Employment		
Total number of employees	Person	228,152
Number of employees by gender		
Number of male employees	Person	129,031
Number of female employees	Person	99,121
Number of employees by age		
Number of contractual employee at or below 29	Person	118,825
Number of contractual employee between 30 and 49	Person	108,383
Number of contractual employee at or above 50	Person	944
Number of employees by region		
Number of employees in Mainland China	Person	177,077
Number of employees in Hong Kong, Macao and Taiwan	Person	1,338
Number of overseas employees (excluding employees in Hong Kong, Macao and Taiwan)	Person	49,737
Health and Safety		
Number of deaths caused by work related injury	Person	1
Tork related injury frequency	Time	633
Amount of occupational diseases	Time	0

Indicator	Unit	2021
Injury frequency	0	1.319
Total investment in health and safety	RMB	202,138,706.57
Development and Training		
Total number of employee trainees	Trainee	1,913,831
Total hours of employee training	Hour	6,007,559.20
Average hours of training per employee	Hour	26.3
Supply Chain Management		
Total number of suppliers in the database	Supplier	8,267
Overseas suppliers	Supplier	7,210
Chinese suppliers	Supplier	1,057
Service suppliers	Supplier	7,812
Suppliers of raw and auxiliary materials	Supplier	455
Number of new suppliers audited by environmental and social standards	Supplier	111
Number of new suppliers with real and potentially significant negative environmental and social impacts terminated due to unwillingness to unfold rectification	Supplier	12
Number of Conflict Minerals Reporting Templates (CMRT) issued to suppliers in the current year	Template	2,295
Number of suppliers having replied the CMRT	Supplier	2,187
Number of suppliers purchasing from certified smelteries/refineries	Supplier	2,166

Social Performance Table

Indicator	Unit	2021
Number of suppliers purchasing from non-certified smelteries/refineries	Supplier	21
Number of suppliers that have conducted due diligence on their upstream suppliers	Supplier	2,166
Number of suppliers that have formulated conflict-free minerals policy	Supplier	1,765
Total number of smelteries/refineries involved in the supply chain	Supplier	249
Number of certified smelteries/refineries	Supplier	239
Number of non-certified smelteries/refineries	Supplier	10
Number of suppliers having completed site audit	Supplier	931
Community Investment		
Total public welfare investment	RMB	2,421,698.24

Governance Performance Table

Indicator	Unit	2021
Corporate Governance		
Total number directors of the Board of Directors	Director	7
Number of male directors	Director	4
Number of female directors	Director	3
Number of directors aged 35 to 50	Director	3
Number of directors aged >50	Director	4
Product Liability		
Closed intellectual property lawsuits involving the Company	Lawsuit	0
Total number of information security or privacy breach complaints	Compliant	0
Intelligent Manufacturing and Innovation		
Number of patents held by the Company	Patent	3,295
Number of newly registered patents in the year	Patent	1,413
Business Ethics		
Employee signing rate of Letter of Commitment on Incorruption	%	100
Supplier signing rate of Letter of Commitment on Incorruption	%	98
Total number of trainees in anti-corruption training	Trainee	408,274
Total hours of anti-corruption training	Hour	768,872

Honors and Awards

Company Name	Name of Honor	Level/Presenter
Luxshare Precision Industry Company Limited	High-tech Enterprise	National
Luxshare Electronic Technology (Kunshan) Co., Ltd.	High-tech Enterprise	National
Kunshan Luxshare RF Technology Co., Ltd.	High-tech Enterprise	National
YongXin county Boshuo electronics Co.,Ltd	High-tech Enterprise	National
Shanxi Luxshare Precision Industry Ltd.	National Specialized, Lean, Characteristic and New Enterprise Little Giant	National
Lanto Electronic Limited	China Top 100 Electronic Information Enterprises	National
Lanto Electronic Limited	Science and Technology Award of China Electronic Components Association	National
Luxshare Electronic Technology (Kunshan) Co., Ltd.	China Top 100 Electronic Information Enterprises	National
Jiangxi Luxshare Intelligent Manufacture Co., Ltd.	National Advanced Private Enterprise in Employment and Social Security	National
Jiangxi Luxshare Intelligent Manufacture Co., Ltd.	2021 Pilot Demonstration Enterprise for the Integrated Development of a New Generation of Information Technology and Manufacturing	National
Jiangxi Luxshare Intelligent Manufacture Co., Ltd.	National Single Champion Demonstration Enterprise in Manufacturing	National
Luxshare Electronic Technology (Kunshan) Co., Ltd.	Green Factory	National
Jiangxi Luxshare Intelligent Manufacture Co., Ltd.	Green Factory	National
Huzhou Jiuding Electronic Co., Ltd.	Green Factory	National
Jiangxi Luxshare Intelligent Manufacture Co., Ltd.	2021 Specialized Development Project in the Advanced Manufacturing and Modern Service Industry	National
Asap Technology (Jiangxi) Co., Ltd.	National Enterprise Technology Center	National
Lanto Electronic Limited	National Enterprise Technology Center	National









Company Name	Name of Honor	Level/Presenter
Bozhou Lanto Electronic Limited	Industrial Innovation Team of Northern Anhui	Provincial
Lanto Electronic Limited	Top 100 Private Manufacturing Enterprises of Jiangsu Province	Provincial
Shanxi Luxshare Precision Industry Ltd.	Provincial Specialized, Lean, Characteristic and New Enterprise Little Giant	Provincial
Shanxi Luxshare Precision Industry Ltd.	Specialized, Lean, Characteristic and New Small and Medium-sized Enterprise	Provincial
Lanto Electronic Limited	3-Star Enterprise in Industrial Information Security Protection of Jiangsu province	Provincial
Luxshare Electronic Technology (Kunshan) Co., Ltd.	3-Star Enterprise in Industrial Information Security Protection of Jiangsu province	Provincial
Shanxi Luxshare Precision Industry Ltd.	Intelligent Manufacturing Benchmarking Project of Shanxi Province	Provincial
Lanto Electronic Limited	Science and Technology Award of Jiangsu Province	Provincial
Luxshare Precision Components (Kunshan) Co., Ltd.	Enterprise Technology Center of Jiangsu Province	Provincial
Luxshare Precision Industry (Suzhou) Co., Ltd.	Private Science and Technology Enterprise of Jiangsu Province	Provincial
Luxshare Electronic Technology (Kunshan) Co., Ltd.	Industrial Internet Development Benchmarking Factory Demonstration Enterprise of Jiangsu Province	Provincial
Luxshare Electronic Technology (Kunshan) Co., Ltd.	Pilot Enterprise in Two Integration Management System (Upgrade) and Implementation of Jiangsu province	Provincial
Luxshare Electronic Technology (Kunshan) Co., Ltd.	Top 100 Private Innovative Enterprises of Jiangsu Province	Provincial
Luxshare Automation (Jiangsu) Ltd.	Engineering Technology Research Center of Jiangsu Province	Provincial
Luxshare Precision Industry (Chuzhou) Co., Ltd.	Top 100 Private Enterprises of Anhui Province (62 nd in Operating Revenue and 34 th in Manufacturing Industry)	Provincial
Luxshare Precision Industry (Chuzhou) Co., Ltd.	Outstanding Private Enterprise of Anhui Province	Provincial
ASAP Technology (Jiangxi) Co., Ltd.	64 th among Top 100 Private Manufacturing Enterprises of Jiangxi Province 2021	Provincial
ASAP Technology (Jiangxi) Co., Ltd.	Leading Manufacturing Enterprise of Jiangxi Province	Provincial





Honors and Awards

Company Name	Name of Honor	Level/Presenter
YongXin county Boshuo electronics Co.,Ltd	Advanced Unit of Open and Democratic Management of Factory Affairs	Provincial
Jiangxi Luxshare Intelligent Manufacture Co., Ltd.	Technology Innovation Strategic Alliance of Intelligent Wireless Blue Tooth Industry of Jiangxi Province	Provincial
Jiangxi Luxshare Intelligent Manufacture Co., Ltd.	Leading Manufacturing Enterprise of Jiangxi Province	Provincial
Jiangxi Luxshare Intelligent Manufacture Co., Ltd.	Advanced Safe Production Unit of Jiangxi Province during the 13 th Five-Year Period	Provincial
Jiangxi Luxshare Intelligent Manufacture Co., Ltd.	Top 20 Cultural Enterprises of Jiangxi Province	Provincial
Jiangxi Luxshare Intelligent Manufacture Co., Ltd.	4 th Among Top 100 Private Manufacturing Enterprises of Jiangxi Province 2021	Provincial
Jiangxi Luxshare IntelligentManufacture Co., Ltd.	5 th Among Top 100 Private Enterprises of Jiangxi Province 2021	Provincial
Jiangxi Luxshare Intelligent Manufacture Co., Ltd.	10 th Among Top 100 Enterprises of Jiangxi Province	Provincial
Jiangxi Luxshare Intelligent Manufacture Co., Ltd.	Provincial Advanced Non-Public Advanced Enterprise	Provincial
Xuancheng Luxshare Precision Industry Co., Ltd.	Provincial Enterprise Technology Center	Provincial
Xuancheng Luxshare Precision Industry Co., Ltd.	Provincial Digital Workshop	Provincial
Xuancheng Luxshare Precision Industry Co., Ltd.	Provincial Candidate Specialized, Lean, Characteristic and New Enterprise	Provincial
Huzhou Jiuding Electronic Co., Ltd.	Industrial Internet Establishment Platform of Zhejiang Province	Provincial
Huzhou Jiuding Electronic Co., Ltd.	Pilot Demonstration Enterprise for the Integrated Development of Information Technology and Manufacturing of Zhejiang Province	Provincial
YongXin county Boshuo electronics Co.,Ltd	Brand-name Product of Jiangxi Province	Provincial
Luxshare Precision (Van Trung) Co., Ltd.	Poverty Alleviation Award of Bac Giang Province	Provincial
Luxshare Precision (Van Trung) Co., Ltd.	Award for Contribution to Pandemic Control	Provincial
Luxshare Precision (Nghe An) Co., Ltd.	Award for Contribution to Local Economic and Social Development	Provincial





Company Name	Name of Honor	Level/Presenter
Luxcase Precision Technology (Yancheng) Co., Ltd.	Intelligent Workshop of Jiangsu Province	Provincial
Luxshare Precision Industry Company Limited	11 th in Electronics Industry Category of Green Supply Chain CITI Index	Institute of Public and Environmental Affairs (IPE)
Luxshare Precision Industry Company Limited	2021 China Demonstration Samples 50 of Digital Economy Industry	APEC China Business Council
Luxshare Precision Industry Company Limited	Best Environmental Responsibility Award of Jinze Awards	Sina Finance
Luxshare Precision Industry Company Limited	Progress Award for Climate Action	CDP
Luxshare Precision Industry Company Limited	Top 20 Listed Companies in Green Governance in the Greater Bay Area	Shenzhen Research Association of Corporate Governance








GRI Standard Index

	Code and Description	SDGs	Where to Find
Organizational Overview	102-1 Name of the organization		Company Profile
	102-2 Activities, brands, products, and services		Company Profile
	102-3 Location of headquarters		Company Profile
	102-4 Location of operations		Company Profile
	102-5 Ownership and legal form		Company Profile
	102-6 Markets served		Company Profile
	102-7 Scale of the organization		Company Profile
	102-8 Information on employees and other workers	 	Protection of Rights and Interests/ Health and Safety
	102-9 Supply chain	   	Supply Chain Management System
	102-10 Significant changes to the organization and our supply chain		No major changes during the reporting period
	102-11 Precautionary principle or approach		Risk Management
	102-12 External initiatives		Climate Change Action and Energy Management Climate Change Action and Energy Management
	102-13 Membership of the association		Climate Change Action and Energy Management Climate Change Action and Energy Management
Strategy	102-14 Statement from senior decisionmaker		Message from the Chairman
	102-15 Key impacts, risks, and opportunities		Message from the Chairman
Morality and Integrity	102-16 Values, principles, standards, and norms of behavior		Business Ethics
	102-17 Mechanisms for advice and concerns about ethics		Stakeholder Communication











	Code and Description	SDGs	Where to Find
Governance	102-18 Governance structure		Corporate Governance Structure
	102-19 Delegating authority		Corporate Governance Structure
	102-20 Executive-level responsibility for economic, environmental, and social topics		Sustainability Governance
	102-21 Counselling stakeholders on economic, environmental, and social topics		Stakeholder Communication
	102-22 Composition of the highest governance body and its committees		Corporate Governance Structure
	102-23 Chair of the highest governance		Corporate Governance Structure
	102-24 Nomination and selection of the highest governance body	 	Corporate Governance Structure
	102-25 Conflicts of interest		Protection of Shareholders' Rights and Interests
	102-26 Role of the highest governance body in setting purpose, values, and strategy		Sustainability Governance
	102-27 Collective knowledge of highest governance body		Sustainability Governance
	102-28 Evaluating of the highest governance body's performance		Sustainability Governance
	102-29 Identifying and managing economic, environmental and, social impacts		Stakeholder Communication
	102-30 Effectiveness of risk management processes		Risk Management
	102-31 Review of economic, environmental, and social themes		Stakeholder Communication
	102-32 Highest governance body's role in sustainability reporting		Sustainability Governance
	102-33 Communicating critical concerns		Stakeholder Communication























GRI Standard Index

	Code and Description	SDGs	Where to Find
Governance	102-34 Nature and total number of critical concerns		Stakeholder Communication
	102-35 Remuneration policies		Remuneration System
	102-36 Process for determining remuneration		Remuneration System
	102-37 Stakeholders' involvement in remuneration		Remuneration System
	102-38 Annual total remuneration ratio		/
	102-39 Annual total remuneration increase ratio		/
Stakeholder involvement	102-40 Stakeholder groups		Stakeholder Communication
	102-41 Group agreements		Protection of Rights and Interests
	102-42 Identifying and selecting stakeholders		Stakeholder Communication
	102-43 Approach to communicating with stakeholders		Stakeholder Communication
	102-44 Key topics and concerns raised		Sustainability Governance
Reporting practice	102-45 Entities included in the consolidated financial statements		About this Report
	102-46 Defining report content and topic boundaries		About this Report
	102-47 List of material topics		Sustainability Governance
	102-48 Restatements of information		/
	102-49 Changes in reporting		About this Report
	102-50 Reporting period		About this Report
	102-51 Date of most recent report		About this Report
	102-52 Reporting cycle		About this Report

	Code and Description	SDGs	Where to Find	
Reporting practice	102-53 Contact point for questions regarding the report		Reader Feedback	
	102-54 Claims of reporting in accordance with the GRI Standards		About this Report	
	102-55 GRI content index		GRI Standard Index	
Management approach	102-56 External assurance		/	
	103-1 Explanation of the material topics and its boundaries		Sustainability Governance	
	103-2 Management approach and its components		Sustainability Governance	
GRI 201: Economic performance	103-3 Evaluation of management approach		Sustainability Governance	
	GRI 103: Management approach disclosure	Economic performance management approach	Stakeholder Communication	
	Specialized issue disclosure	201-1 Direct economic value generated and distributed	   	Company Profile
		201-2 Financial implications and other risks and opportunities due to climate change		Climate Change Action and Energy Management
		201-3 Defining benefit plan obligations and other retirement plans		Remuneration
201-4 Financial subsidy granted by the government			/	
GRI 202: Market performance	GRI 103: Management approach disclosure	Market performance management approach	Stakeholder Communication	
	Specialized issue disclosure	202-1 The ratio of standard starting salary level by gender to the local minimum wage	 	Remuneration
		202-2 Percentage of executives hired from the local community		/
GRI 203: Indirect economic impacts	GRI 103: Management approach disclosure	Management approach for indirect economic impacts	Public Welfare	
	Specialized issue disclosure	203-1 Infrastructure investments and services supported		Public Welfare
203-2 Significant indirect economic impacts			Public Welfare	

GRI Standard Index

Code and Description			SDGs	Where to Find
GRI 204: Procurement practice	GRI 103: Management approach disclosure	Management approach for procurement practice	 	Responsible Procurement
	Specialized issue disclosure	204-1 Percentage of purchasing expenditures to local suppliers		/
GRI 205: Anti-bribery	GRI 103: Management approach disclosure	Anti-bribery management approach		Business Ethics
	Specialized issue disclosure	205-1 Operations assessed for risks related to corruption		Business Ethics
		205-2 Communication and training about anti-bribery policies and procedures		Business Ethics
		205-3 Confirmed incidents of corruption and actions taken		Business Ethics
GRI 206: Improper competition	GRI 103: Management approach disclosure	Management approach for improper competition behaviors		Business Ethics
	Specialized issue disclosure	206-1 Lawsuits for improper competitive conduct, antitrust and antitrust practices		No such litigation was involved in the reporting period
GRI 207: Taxation	GRI 103: Management approach disclosure	Taxation management approach		/
	Specialized issue disclosure	207-1 Taxation management approach		/
		207-2 Tax administration and control and risk management		/
		207-3 Stakeholder involvement and tax related management		/
		207-4 Country report		/
GRI 301: Materials	GRI 103: Management approach disclosure	Material management approach		Waste Management
	Specialized issue disclosure	301-1 Materials used by weight or volume		Waste Management
		301-2 Recycled input materials used		Waste Management
		301-3 Reclaimed products and their packaging materials		Waste Management































Code and Description			SDGs	Where to Find
GRI 302: Energy	GRI 103: Management approach disclosure	Energy management approach	  	Climate Change Action and Energy Management
	Specialized issue disclosure	302-1 Energy consumption within the organization	  	Climate Change Action and Energy Management
		302-2 Energy consumption outside of the organization	  	/
		302-3 Energy intensity	  	Climate Change Action and Energy Management
		302-4 Reduction of energy consumption	  	Climate Change Action and Energy Management
		302-5 Reductions in energy requirements of products and services	  	Clean Technology Research and Development
GRI 303: Water resources and sewage	GRI 103: Management approach disclosure	Management approach for water resources		Water Resources Management
	Specialized issue disclosure	303-1 Mutual impacts between the organization and water (as a common resource)		Water Resources Management
		303-2 Impacts associated with management and drainage		Water Resources Management
		303-3 Water withdrawal		/
		303-4 Drainage		/
		303-5 Water consumption		Water Resources Management
GRI 304: Biodiversity	GRI 103: Management approach disclosure	Biodiversity Management approach		Not Applicable
	Specialized issue disclosure	304-1 Operation sites owned, leased, and managed by the organization located in or adjacent to the reserves and biodiversity-rich areas outside of reserves		Not Applicable
		304-2 Significant impacts of activities, products and services on biodiversity		Not Applicable
		304-3 Protected or restored habitats		Not Applicable
		304-4 Species listed on the IUCN Red List and the National Register of Conservation in habitats in areas affected by operations		Not Applicable
















GRI Standard Index

Code and Description		SDGs	Where to Find
GRI 305: Emissions	GRI 103: Management approach disclosure	Emissions Management approach	Climate Change Action and Energy Management
	Specialized issue disclosure	305-1 Direct (Scope 1) GHG emissions	Climate Change Action and Energy Management
		305-2 Energy indirect (Scope 2) GHG emissions	Climate Change Action and Energy Management
		305-3 Other indirect (Scope 3) GHG emissions	/
		305-4 GHG emissions intensity	Climate Change Action and Energy Management
		305-5 Reduction of GHG emissions	Climate Change Action and Energy Management
		305-6 Emissions of ozone-depleting substances (ODS)	Climate Change Action and Energy Management
305-7 Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and other significant air emissions	Key Performance Indicators Sheet		
GRI 306: Effluents and waste	GRI 103: Management approach disclosure	Management approach for effluents and waste	Water Resources Management/Waste Management
	Specialized issue disclosure	306-1 Total drainage by water quality and destination of discharge	/
		306-2 Waste by type and disposal method	Waste Management
		306-3 Major leaks	No such incidents were involved in the reporting period
		306-4 Transportation of hazardous waste	Waste Management
		306-5 Water bodies affected by drainage and/or runoff	/
GRI 307: Environmental compliance	GRI 103: Management approach disclosure	Management approach for environmental compliance	Water Resources Management/Waste Management/Chemical Management
	Specialized issue disclosure	307-1 Violation of environmental regulations	/







Code and Description		SDGs	Where to Find
GRI 308: Supplier environmental assessment	GRI 103: Management approach disclosure	Management approach for supplier environmental assessment	Responsible Procurement
	Specialized issue disclosure	308-1 Percentage of new suppliers that were screened using environmental criteria 308-2 Negative environmental impacts in the supply chain and actions taken	Responsible Procurement
GRI 401: Employment	GRI 103: Management approach disclosure	Employment management approach	Protection of Rights and Interests/Career Development
	Specialized issue disclosure	401-1 New employee hires and employee turnover	/
		401-2 Benefits offered to full-time employees (excluding temporary or part-time employees)	Remuneration
		401-3 Parental leave	/
GRI 402: Labor-capital relations	GRI 103: Management approach disclosure	Management approach for labor-capital relations	Protection of Rights and Interests
	Specialized issue disclosure	402-1 Minimum notice period for operational changes	Protection of Rights and Interests
GRI 403: Occupational safety and health	GRI 103: Management approach disclosure	Management approach for occupational safety and health	Health and Safety
	Specialized issue disclosure	403-1 Occupation Health Safety Management System	Health and Safety
		403-2 Hazard identification, risk assessment and incident investigation	Health and Safety
		403-3 Occupational health service	Health and Safety
		403-4 Occupational health and safety matters: worker participation, consultation and communication	Health and Safety
		403-5 Occupational health and safety training for workers	Health and Safety
		403-6 Promoting worker health	Health and Safety
		403-7 Prevention and mitigation of occupational health and safety impacts directly related to business relationships	Health and Safety

GRI Standard Index

Code and Description			SDGs	Where to Find
GRI 403: Occupational safety and health	GRI 103: Management approach disclosure	403-8 Workers applicable to the occupational health and safety management system	 	Health and Safety
	Specialized issue disclosure	403-9 Work related injury	 	Health and Safety
		403-10 Work-related health problems	 	Health and Safety
GRI 404: Training and education	GRI 103: Management approach disclosure	Management approach for training and education	  	Career Development
	Specialized issue disclosure	404-1 Average hours of training per year per employee	  	Career Development
		404-2 Programs for upgrading employee skills and transition assistance programs		Career Development
		404-3 Percentage of employees receiving regular performance and career development reviews		Career Development
GRI 405: Diversity and equal opportunity	GRI 103: Management approach disclosure	Management approach for diversity and equal opportunity	  	Protection of Rights and Interests
	Specialized issue disclosure	405-1 Diversity of governance bodies and employees	 	Protection of Rights and Interests
		405-2 Ratio of basic salary to remuneration of men and women employees	 	/
GRI 406: Anti-discrimination	GRI 103: Management approach disclosure	Anti-discrimination management approach	  	Protection of Rights and Interests
	Specialized issue disclosure	406-1 Discrimination incidents and improvement actions taken	  	Protection of Rights and Interests
GRI 407: Freedom of association and collective bargaining	GRI 103: Management approach disclosure	Management approach for freedom of association and collective bargaining	 	Protection of Rights and Interests
	Specialized issue disclosure	407-1 Operating locations and suppliers at risk of freedom of association and collective bargaining rights		/
GRI 408: Child labor	GRI 103: Management approach disclosure	Management approach for child labor	 	Protection of Rights and Interests
	Specialized issue disclosure	408-1 Operating locations and suppliers at significant risk for incidents of child labor		/

Code and Description			SDGs	Where to Find
GRI 409: Forced or compulsory labor	GRI 103: Management approach disclosure	Management approach for forced or compulsory labor	 	Protection of Rights and Interests
	Specialized issue disclosure	409-1 Operating locations and suppliers at significant risk for forced or compulsory labor		/
GRI 410: Security practice	GRI 103: Management approach disclosure	Management approach for security practice		/
	Specialized issue disclosure	410-1 Security personnel trained in human rights policies or procedures		/
GRI 411: Rights of indigenous peoples	GRI 103: Management approach disclosure	Management approach for rights of indigenous peoples		Not Applicable
	Specialized issue disclosure	411-1 Incidents involving violations of rights of indigenous peoples		Not Applicable
GRI 412: Human rights assessment	GRI 103: Management approach disclosure	Management approach for human rights assessment	  	Protection of Rights and Interests
	Specialized issue disclosure	412-1 Operating locations subject to human rights review or impact assessment	  	Protection of Rights and Interests
		412-2 Employee training in human rights policies or procedures	  	Protection of Rights and Interests
		412-3 Significant investment agreements and contracts that contain human rights provisions or have undergone human rights review		/
GRI 413: Local community	GRI 103: Management approach disclosure	Management approach for local community		Public Welfare
	Specialized issue disclosure	413-1 Operating locations with local community involvement, impact assessment and development plans		Public Welfare
		413-2 Operating locations that have an actual or potentially significant negative impact on the local community		Not Applicable
GRI 414: Supplier social assessment	GRI 103: Management approach disclosure	Management approach for supplier social assessment		Responsible Procurement
	Specialized issue disclosure	414-1 New suppliers that were screened using social criteria		Responsible Procurement
		414-2 Negative social impacts in the supply chain and actions taken		/
GRI 415: Public policies	GRI 103: Management approach disclosure	Management approach for public policies		/

GRI Standard Index

Code and Description		SDGs	Where to Find
GRI 415: Public policies	Specialized issue disclosure: 415-1 Political donations		/
GRI 416: Customer health and safety	GRI 103: Management approach disclosure Management approach for customer health and safety		Chemical Management
	Specialized issue disclosure: 416-1 Assessment of health and safety impacts of products and services		Chemical Management
	Specialized issue disclosure: 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		Chemical Management
GRI 417: Marketing and logo	GRI 103: Management approach disclosure Management approach for marketing and logo		Business Ethics
	Specialized issue disclosure: 417-1 Requirements for product and service information and logo		Business Ethics
	Specialized issue disclosure: 417-2 Violations involving product and service information and logo		No such violations were involved during the reporting period
	Specialized issue disclosure: 417-3 Violations involving marketing		No such violations were involved during the reporting period
GRI 418: Customer privacy	GRI 103: Management approach disclosure Management approach for customer privacy		Privacy Protection
	Specialized issue disclosure: 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		No such complaint was involved during the reporting period
GRI 419: Social and economic compliance	GRI 103: Management approach disclosure Management approach for social and economic compliance		Business Ethics
	Specialized issue disclosure: 419-1 Violating laws and regulations in social and economic fields		No such incidents were involved in the reporting period

Feedback Form

Dear Readers,

Thanks for your concern and reading Luxshare Precision Sustainability Report 2021. We 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 this report is easy to read?					
Will you pay attention to Luxshare Precision's future sustainability report?					
Which part of the report are you most interested in?					
What additional topics do you want to learn after reading this report?					
What's your suggestion to future reports?					
Your Contact Information (optional and confidential, we strictly protect your personal information and will not use it for any business purposes)					
Name:		Phone:			
Email:					

You can contact us in the following ways:

Tel: 0769-87892475

Email: public@luxshare-ict.com

