

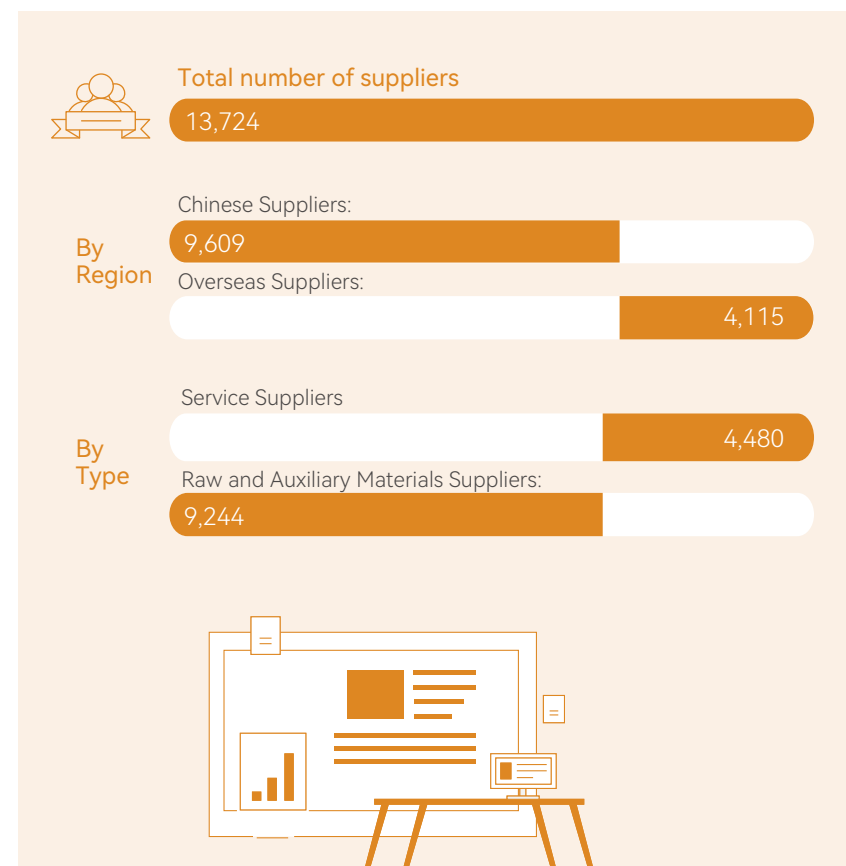
# Implementing Responsible Procurement

Luxshare Precision is committed to collaborating with partners to build a high-quality, green, and sustainable supply chain ecosystem. We have embedded environmental and social responsibility assessments into our management system. We have formulated and implemented internal documents such as the *Supplier Management Operation Procedure*, the *Electronic Material Supplier Admission Mechanism*. Suppliers are managed throughout their entire lifecycle according to three stages: development access, tiered management, and evaluation and audit.

## Access Management

During the supplier onboarding phase, the Company requires suppliers to sign a series of documents, including the *Supplier Code of Conduct Acknowledgment*, the *Letter of Integrity Commitment for Supplier*, and the *Environmental Assurance Letter*, to explicitly commit to complying with Luxshare Precision's business ethics standards and requirements regarding environmental and social aspects. Furthermore, we require that suppliers undergo rigorous qualification reviews conducted by auditors who hold relevant internal auditor certifications. We conducted a baseline survey of supplier capabilities across dimensions including production testing capacity, technical process capability, quality control, and environmental management. Only suppliers possessing **at least one quality management system certification** and **one social responsibility system certification** are eligible to enter the list of potential suppliers.

Number of Suppliers in 2025



Requirements of System Certification for Supplier Admission

**Quality Management System Certification**

ISO 9001, IATF 16949, ISO 13485, QC 080000, SONY GP, or other categories of third-party quality system certifications

<p><b>Consumer Electronics</b></p> <ul style="list-style-type: none"> <li>At least certified in one of ISO 9001, IATF 16949, and ISO 13485.</li> </ul>	<p><b>Automotive Electronics</b></p> <ul style="list-style-type: none"> <li>Certified in ISO 9001</li> <li>Certified in IATF 16949 or has established an IATF 16949 certification introductory plan</li> </ul>
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**Social Responsibility System Certification**

ISO 14001, ISO 45001, SA 8000, RBA VAP, or other categories of third-party social responsibility system certifications



# Supervisory Audit

Luxshare Precision effectively identifies and manages risks throughout the entire supply chain through a systematic and hierarchical supplier supervision and audit mechanism, regularly reviews suppliers' CSR performance, and ensures compliance in cooperation and business continuity.

## Risk Management

The Company has established a **supply chain risk prevention and control system covering sourcing, qualification, cooperation, and evaluation**. Leveraging third-party platforms, the Company provides dynamic early warnings for supply disruption risks arising from natural disasters or geopolitical conflicts. We monitor supplier operational risks and establish a risk early warning map to deploy contingency plans promptly, thereby enhancing supply chain resilience and business continuity.

In 2025, the Company further refined its management of production suppliers by establishing policies such as the *Productive Supplier Management Procedure*, *Productive Supplier Admission Audit Mechanism*, and *Productive Supplier Performance Management Policy*. Through risk prevention at the source and evaluation via platform tools, the Company strengthened its overall capability to prevent and control risks within the supply chain.

## Tiered Assessment





Luxshare Precision employs a tiered supplier management mechanism and conducts monthly, quarterly, and annual assessments through its Supplier Relationship Management (SRM) system. We match differentiated cooperation mechanisms to supplier assessment ratings, ensuring supply chain stability and competitiveness while precisely identifying and enhancing supplier capabilities.

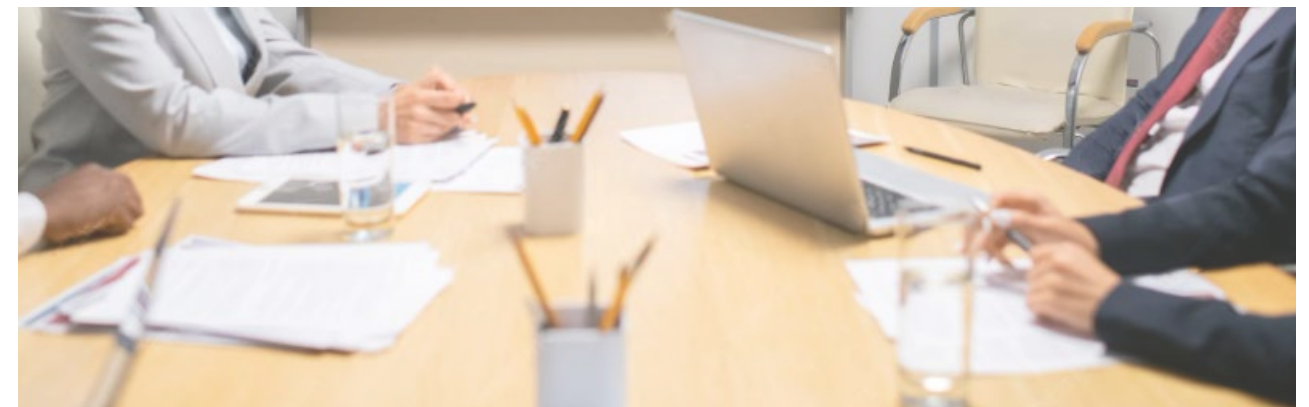
### Tiered Supplier Management Standards

Performance Appraisal Grade	Management Measures
Grade A/B	Long-term partnership, co-research, priority procurement, and more resource support
Grade C	Required to provide an improvement report, with corrective results to be tracked, and may be subject to on-site audits if necessary; Supplier qualification will be revoked if two consecutive audits are failed
Grade D	No contract renewal or new contracts awarded; Required to suspend supply and provided with guidance for improvement; If all improvements are implemented, supply will be allowed and monitored continuously, otherwise, supplier qualification will be revoked

The Company has established a supplier blacklist mechanism. Suppliers found to have breached contracts or maintained adverse records regarding integrity, falsification, or honesty will be verified and subsequently added to the blacklist for appropriate handling. We communicated the handling results via the SRM system to enhance transparency and strengthen the deterrent effect in supply chain management.

### Supplier Blacklist Mechanism Management Standards

Assessment Dimensions	"Blacklist" behavior
 Integrity	Violation of integrity requirements, such as bribing procurement personnel
 Fraudulent Practices	Major fraudulent behavior, such as supplying counterfeit/fake goods, or adulterated materials, cost-cutting corners, through inferior substitutes, and unauthorized material substitution of materials, etc. without approval
 Honesty	Major integrity issues, e.g., breaches, such as malicious bid rigging, bid collusion, non-compliance with violation of procurement contract terms, contracts, and failure to fulfill delivery, etc. obligations
 Others	Suppliers failing two consecutive annual audits with unresolved non-conformances



## CSR Management

We have established the *Supplier Code of Conduct Acknowledgment* based on behavioral standards including the *UN Guiding Principles on Business and Human Rights*, and the *RBA Code of Conduct*. All suppliers are required to sign this agreement and commit to complying with its requirements as well as the laws and regulations of their operating locations. Any violation of these provisions may jeopardize the cooperation between the supplier and the Company, potentially leading to the termination of the cooperative relationship.

The Company conducts supplier CSR risk assessment and audit work based on the *Supplier Audit Checklist*, primarily adopting on-site audits combined with online evaluations. For the identified risks, we supervise their rectification to ensure timely resolution of issues and continuously optimize suppliers' CSR management performance.



During the Reporting Period, Luxshare Precision:

The number of suppliers underwent CSR audits

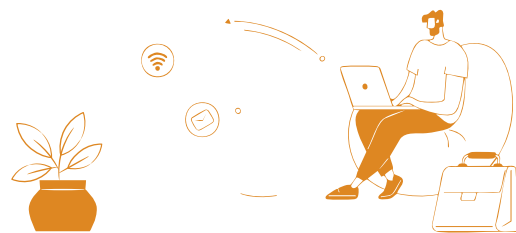
**1,815**

The suppliers that completed on-site CSR audits

**1,025**

The rate of new raw materials suppliers that underwent CSR audits

**100%**



## CSR Risk Audit

Audit Criteria	Labor Management	Occupational Health and Safety Management	Environmental Management	Business Ethics	Management System
Audit Contents	<ul style="list-style-type: none"> <li>Child Labor</li> <li>Forced Labor</li> <li>Discrimination and Disciplinary Measures</li> <li>Free Association and Communication</li> <li>Working Hours and Remuneration</li> <li>Diversity Management</li> </ul>	<ul style="list-style-type: none"> <li>Fire Safety</li> <li>Occupational Safety</li> <li>Equipment Safety and Health</li> <li>Emergency Plan</li> <li>Prevention and Control of Occupational Diseases</li> <li>Industrial Hygiene</li> <li>Public Hygiene, Food, and Accommodation</li> </ul>	<ul style="list-style-type: none"> <li>Environmental Permits and Reports</li> <li>Water Resource Management</li> <li>Air Pollution</li> <li>Waste</li> <li>Noise</li> <li>Energy Conservation and Emission Reduction</li> <li>Hazardous Substances</li> </ul>	<ul style="list-style-type: none"> <li>Business Integrity</li> <li>No Improper Benefits</li> <li>Identity Protection and Anti-retaliation Policy</li> <li>Information Disclosure</li> <li>Intellectual Property Protection</li> <li>Privacy Protection</li> <li>Equal Business, Advertisement Publish and Competition</li> </ul>	<ul style="list-style-type: none"> <li>Management System</li> <li>Regulatory and Client Requirements</li> <li>Supplier Management</li> <li>Responsible Mineral Sourcing</li> <li>Training</li> <li>Communication</li> <li>Employee Feedback, Engagement, and Appeals</li> <li>Corrective Action Process</li> </ul>
Rectification Items Completed	517	709	401	86	632

The Company continuously promotes supplier capability building through various forms, including **one-on-one mentoring, business review meetings, specialized training, thematic workshops, and supplier conferences**. We collaborate with suppliers to identify areas for improvement, enhancing their capabilities in environmental governance, social responsibility fulfillment, and business ethics construction, thereby promoting the overall sustainable development of the supply chain.

## Topics of Supplier Training

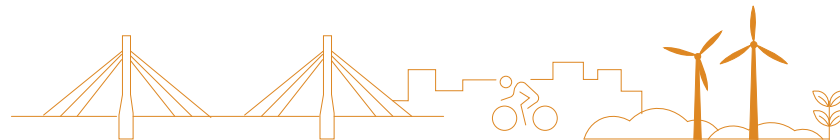


# Sustainable Supply Chain

Luxshare Precision remains committed to its original responsibility by issuing the Supply Chain Green and Low-Carbon Commitment. The Company actively collaborates with supplier partners to share experiences and resources, advances green and low-carbon initiatives, implements responsible mineral sourcing, and jointly builds a sustainable supply chain system.

## Green and Low-Carbon Supply Chain

Leveraging the IPE Blue EcoChain platform, the Company dynamically monitors supply chain environmental performance and continuously tracks the rectification progress of suppliers' environmental violations. It also promotes suppliers to progressively improve their PRTR environmental disclosure. **Environmental compliance requirements are extended from tier-one suppliers to tier-two suppliers**, establishing a multi-level green supply chain management system. Furthermore, to promote a comprehensive green transformation of the supply chain, we jointly launched with IPE the *Zero Carbon Supply Chain Initiative*, requiring core suppliers to independently disclose carbon emission data via the IPE platform, thereby systematically enhancing the transparency management level of the supply chain's carbon footprint.



During the Reporting Period, Luxshare Precision utilizes the IPE platform:

Assisted in removing environmental violation records for

**23** suppliers

Promoted to disclose carbon emission for

**374** suppliers

Promoted to disclose PRTR information for

**397** suppliers

We are actively advancing low-carbon management across our supply chain. Through specialized training sessions and on-site guidance, we guide suppliers to strengthen carbon emission management, implement energy conservation and emission reduction projects, and encourage them to conduct carbon inventories. **During the Reporting Period, Luxshare Precision provided on-site green and low-carbon related training for 40 suppliers, and facilitated 125 core suppliers to obtain ISO 14064 verification.**



### Case | Selected Cases of Suppliers' Energy Conservation and Emission Reduction



**Supplier 1**  
Optimization of Specific Power for Air Compressors

To lower the specific power for air compressors, ten measures were implemented, including host upgrades, variable frequency drive retrofits, and network leak governance. These initiatives achieved a comprehensive electricity savings rate of 18.7%, an annual energy saving of approximately 1.1 million kWh, and a reduction in carbon emissions of about 660 tons.



**Supplier 2**  
Optimization of High-Efficiency Chilled Water Plant

Optimized equipment selection for high efficiency, network simulation design, intelligent control, and night-time cold storage and discharge strategies. The project achieved an annual increase in operational energy efficiency, with annual electricity savings of approximately 18 million kWh and annual carbon emission reductions of approximately 10,700 tons.



**Supplier 3**  
Rooftop Photovoltaic Installation

Completed a rooftop photovoltaic project with a total installed capacity of 12.64 MW, generating approximately 12 million kWh annually and reducing carbon emissions by approximately 7,400 tons per year.



**Supplier 4**  
Electric Furnace Electrification Retrofit Project

Completed the electrification retrofit of the natural gas tilting melting furnace and integrated rooftop photovoltaic green power within the plant area, effectively increasing the proportion of renewable energy used in production processes while reducing reliance on fossil fuels and carbon emission intensity.

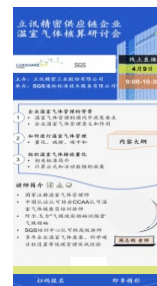


### Case | Luxshare Precision Empowered Suppliers in Carbon Management

In March, we organized an online "Supply Chain Organizational Carbon Methodology Seminar" to explain the basic framework and methodology for carbon emission accounting. Approximately 250 suppliers participated. In the following April, we specifically organized a "Greenhouse Gas Accounting for Supply Chain Enterprises Seminar", providing concrete accounting tools and practical guidance to 84 suppliers. These two online activities assisted suppliers in systematically building carbon management capabilities, providing support for achieving carbon data transparency and implementing emission reduction targets across the supply chain.



Supply Chain Organizational Carbon Methodology Seminar



Greenhouse Gas Accounting for Supply Chain Enterprises Seminar



During the Reporting Period, Luxshare Precision: Facilitated suppliers in energy conservation of

**56,560** MWh

