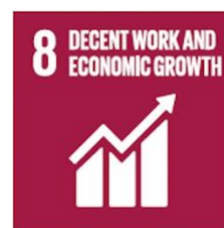


Green Chemical Project Periodic Report



Report preparation: Sustainable Development Center
Reporting period: 2022 Q1-Q2
Reporting scope: same as that of 2021 sustainability report of the Company



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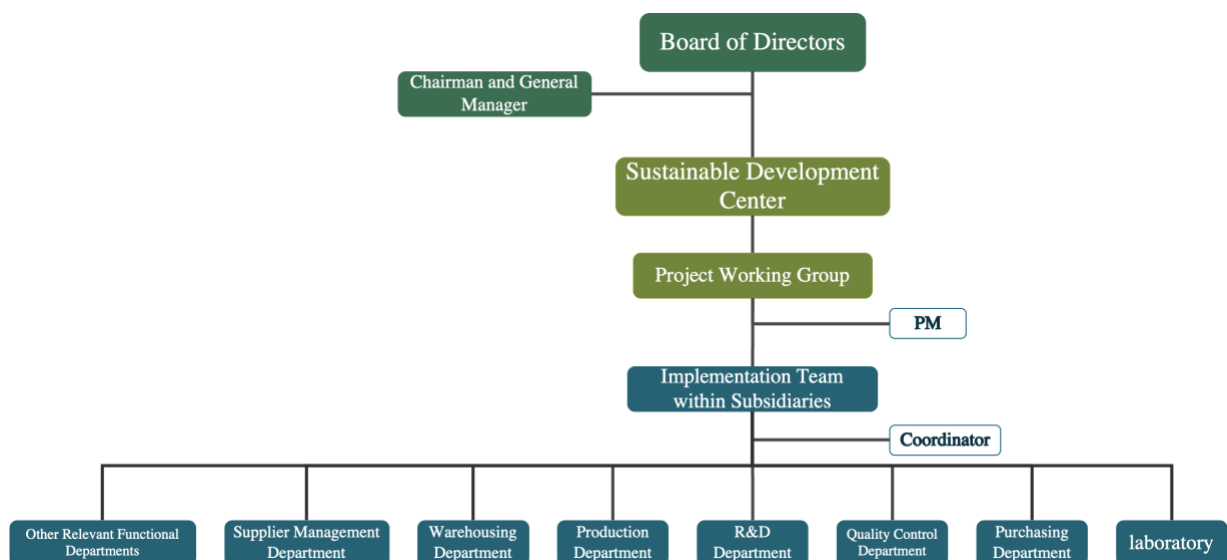
Source Management of Chemicals

In the manufacturing process of electronic products, various types of cleaning agents, adhesives, inks, coatings and other chemicals are widely used. Chemicals are used in large quantities, and could be flammable, explosive, volatile, toxic, and harmful. In our daily chemical management, improper operation may lead to potential safety, health and environmental risks. Therefore, every responsible enterprise should pay great attention to effective chemical control and management.

Luxshare Precision is determined to implement the green chemical project to strengthen source control, conduct closed-loop management and supervision of chemicals throughout the process, ensure compliance with laws and regulations, and actively seek chemicals that are more friendly to safety, health and environment.

How Do We Promote Green Chemical Management

Under the guidance of the Board of Directors, the Sustainable Development Center takes the lead in establishing a project working group to jointly promote the implementation of green chemical projects with relevant functional departments of subsidiaries.

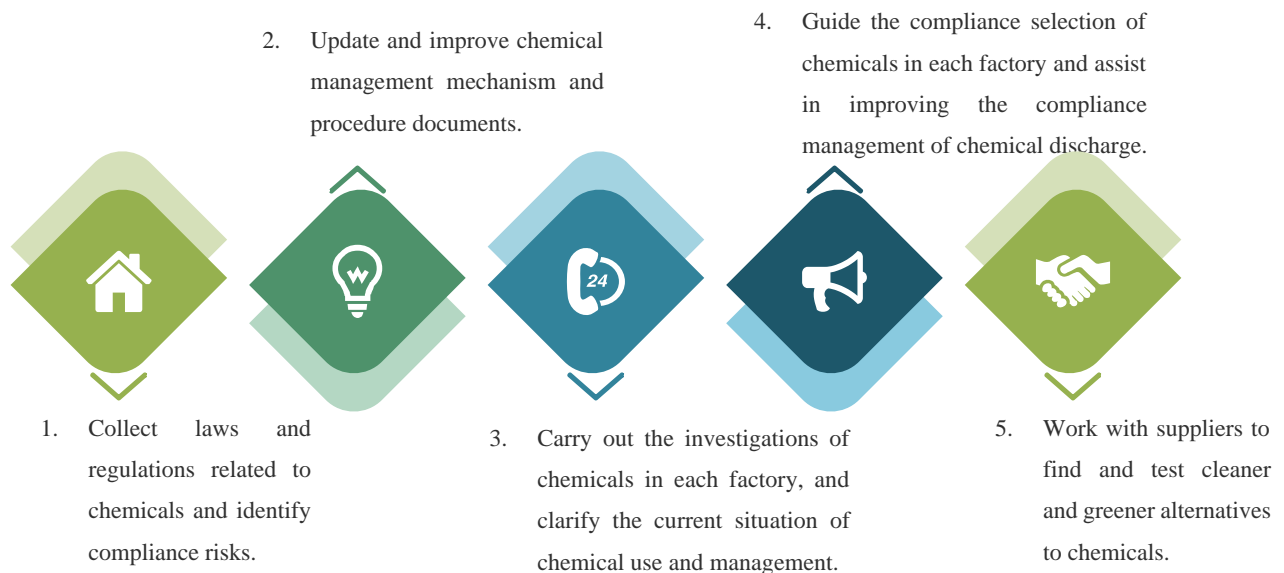


Project Organizational Structure

Our Goals:

- Pay close attention to domestic and foreign laws and regulations, optimize chemical management procedures and avoid compliance risks.
- Standardize the daily supervision of chemicals, strengthen the training arrangement of relevant employees and managers, improve the awareness of safe production issues, ensure the health and safety of employees, and reduce environmental pollution.
- Identify and phase out chemicals with potential impact on safety, health and environment in the production process.

Based on the comprehensive analysis of external compliance requirements and internal management status, we continue to improve the chemical management system, optimize the selection, transportation, storage, use and disposal processes, and finally develop a better solution to the green chemical scheme.



Luxshare Precision Green Chemical Project Plan in 2022

As of Q2, we had completed the first three phases of the project as planned, and will continue to assist the factory in improving chemical compliance management, and cooperate with suppliers to develop and evaluate feasible chemical alternatives.

Our Effort in 2022

Chemical Use Compliance Risk Identification

Luxshare promises to strictly abide by the applicable laws and regulations such as the *Regulations on the Safety Management of Hazardous Chemicals*, the *Regulations of the People's Republic of China on the Management of Monitored and Controlled Chemicals*, the *Provisions on the Supervision and Management of Major Hazard Installations of Hazardous Chemicals*, and the *Catalogue of Hazardous Chemicals*, and to implement the applicable specifications on chemical safety at home and abroad and the relevant requirements of the customer's specifications for restricted substances. In January 2022, we refreshed the existing laws and regulations at home and abroad, benchmarked the latest requirements, identified the improvement space of our own operation in green chemical management, actively planned and implemented improvement actions, and dynamically tracked the latest domestic and foreign regulations and requirements.

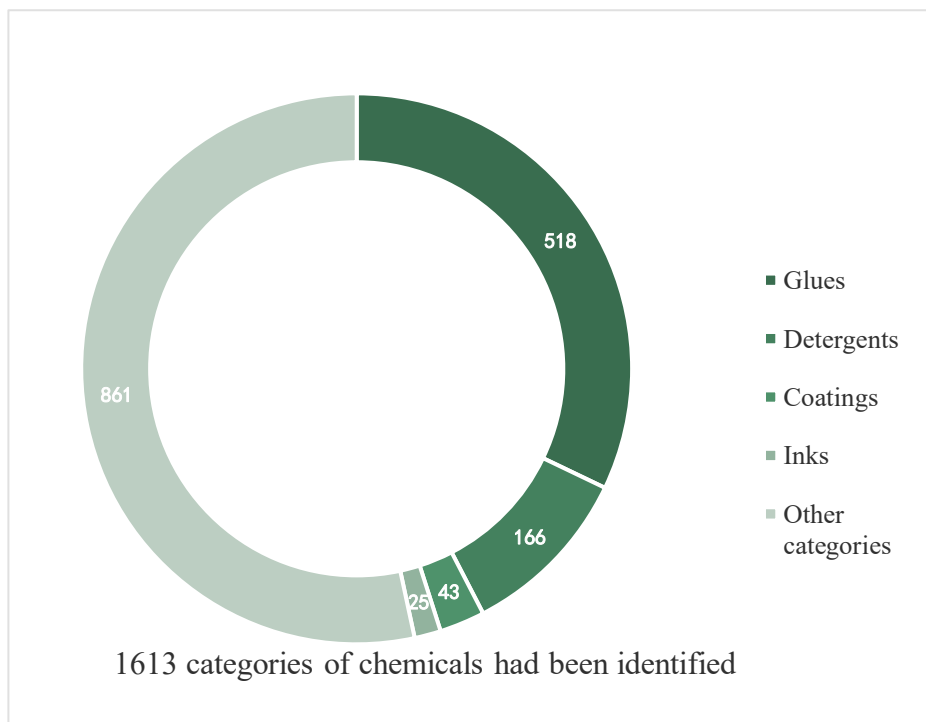
At the same time, we publicized regulations to the relevant functional departments of each factory, and cultivated and enhanced the compliance awareness of the relevant persons and employees responsible for chemical management in each factory.

Establish a Sound Chemical Management System

We are well aware of the potential impact of chemicals on safety, health and environment, and have included their potential impact in the current safety, occupational health and environmental management system of the Company and its subsidiaries. The Company also formulated and released the *Chemicals Control Procedure* and other management policies for chemicals to specify the management standards for the whole process of chemical procurement, handling, warehousing, storage, use, emergency disposal and waste disposal.

We issued a chemical safety disclosure form, requiring each factory identify and report the use of five categories of chemicals including glue, cleaning agent, paint, ink and others. At the same time, we prepared guidance materials to explain the content requirements of various test and certification documents which are needed to be submitted and provided online guidance for project coordinators of each factory responsible for chemical management. By the end of June 2022, we had completed the special training for project coordinators of each factory, with a training participation rate of 100%.

By the end of June 2022, 45 subsidiaries of the Company had completed the identification and classification of chemicals and the declaration of relevant testing documents. We will continue to promote targeted guidance for the remaining factories.



- **Investigation on Current Situation of Chemical Management**

Luxshare Precision hopes to improve the management procedures, so that employees who are exposed to chemicals can understand the hazard properties of chemicals, master the safe use specifications of chemicals, and correctly wear protective equipment during operation. We embedded the control indicators of

chemical safety, health and environmental impact into the chemical safety disclosure form and analyzed the data submitted by each factory to have a whole picture of factory level chemical management.

Concerning safety, we took the indicators from the *Globally Harmonized System for Classification and Labeling of Chemicals*, such as material classification, annual consumption and storage, and employee safety training to comprehensively evaluate whether each factory systematically identified chemical safety risk sources.

Concerning occupational health, we took the identification of chemical operation mode, personal protective equipment condition and health examination as the main indicators to check whether the factory had identified all positions exposed to chemicals and had actively provided healthcare support for all related employees.

Concerning environment, we used the indicators such as identifying whether the chemical operating environment was closed and whether ventilation devices were installed, and monitoring emission concentration data to verify whether the factory handled the terminal discharge of chemicals properly in compliance of environmental regulations.

We utilized occupational hazard factor monitoring report, Material Safety Data Sheet (MSDS) and Volatile Organic Compounds (VOCs) test documents submitted by each factory to check the accuracy of all information in the chemical safety disclosure form. By comparison and verification, 45 subsidiaries had met the management requirements of safety, occupational health and environment.

During the reporting period, there were no incidents related to production safety, occupational health and environmental pollution caused by improper use of chemicals.

Strict Chemical Selection and Process Control

We carry out the process management of selection, transportation, warehousing, storage, use, emergency disposal and abandonment in strict accordance with the *Chemicals Control Procedure*. We strictly control the selection of chemicals, guide each factory to implement the selection requirements, and strive to prevent the inflow of unqualified chemicals, and reduce the risks of chemical management and handling.

Selection

- Ask suppliers to provide qualification certificates as required by laws and regulations
- When selecting new chemicals, fill in the *Assessment Form of New Chemicals*
- Fill out the chemical list and update it annually

Transportation

- For hazardous chemicals, take appropriate safety measures and wear personal protective equipment during transportation according to MSDS instructions

Warehousing

- Check whether the environmental substances of the chemical meet the environmental protection standards of the Company, and then approve warehousing

Storage

- The storage space shall meet the safety requirements for chemical storage and shall be equipped with safety devices and labels
- Set the safe storage quantity
- Check the chemical warehouse daily
- Comply with receiving, sending, and storing policies, so it's easier to trace chemicals

Use and emergency disposal

- Specially-assigned personnel shall wear personal protective equipment in accordance with the regulations during chemical use
- Eye washers shall be installed in all chemical use areas
- Timely dispose and report chemical hazard incidents in accordance with emergency preparedness and response management procedures

Abandonment

- All waste chemicals, waste chemical containers or waste contaminated by chemicals shall be uniformly collected to the hazardous waste warehouse for recycling and processing by qualified suppliers

Luxshare Precision Chemical Process Control Measures

Develop and Validate Green Chemical Alternatives

Chemicals such as cleaning agents, adhesives, inks, coatings contain VOCs, whose volatilization may have a potential impact on employees' health and the environment. Therefore, we carry out hierarchical management of chemicals according to their usage and VOCs content, and cooperate with suppliers to develop

and verify alternatives to chemicals that used in large quantity and contain high VOCs content.

In 2022, the project team decided to find alternative for alcohol, a cleaning agent, and actively look for solutions to reduce VOCs emissions caused by alcohol use. To this end, we actively communicated with cleanser product manufacturers and suppliers, carried out low-VOCs cleanser experiments, and aimed to find better alternative products through cleaning effect and emission data comparisons.

By the end of June 2022, we had conducted cleaning effect tests on seven available low VOCs cleaners. Next, we will continue to verify the chemical content and emission data of each cleaner and choose the best alternative.

A Long-term Object that Needs Continuous Effort

Short-term plan: Develop stricter and more transparent standards, dynamically improve the chemical control system, supervise the implementation of chemical management requirements in each factory to ensure safety and health of employees.

Long-term plan: Actively develop and test cleaner, greener and more environmentally friendly chemicals

Greening of chemicals is an unfinished task. Luxshare Precision is aiming to set high standards for our operations, establish lifecycle green chemical usage procedures and make efforts to protect the homeland we live by.