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Chairman's Statement

About Luxshare Precision

Sustainability Governance

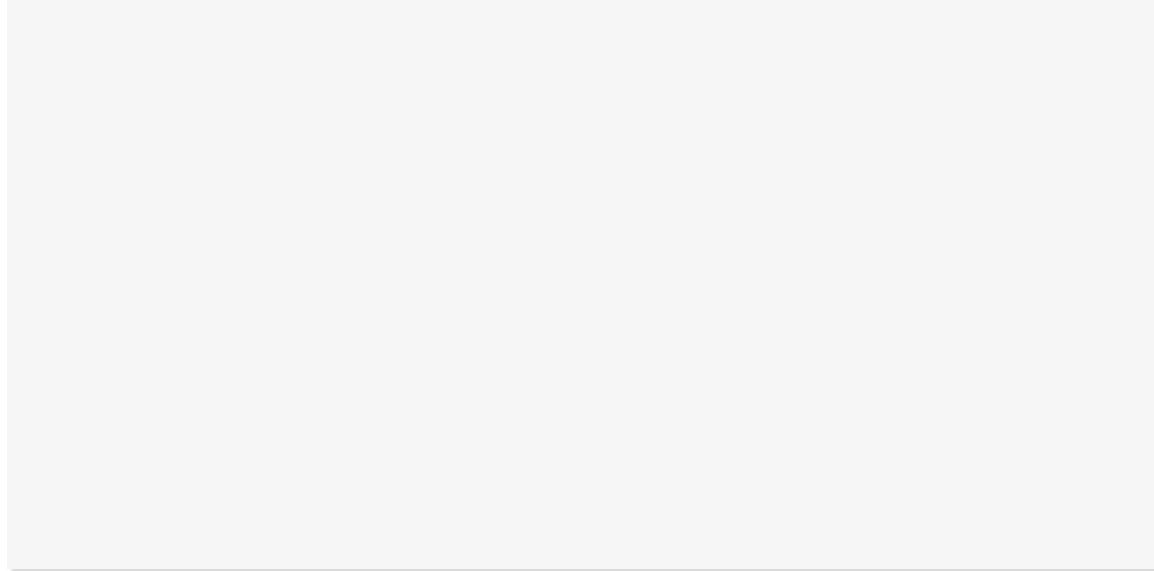
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Internal Control Management

Luxshare Precision has established a robust and effective internal control system, comprising three defense lines for risk management and internal control. The Board of Directors oversees relevant reports on internal control risk data and internal control procedures, while the management is responsible for organizing risk control in routine operations.



Internal Audit

The Internal Audit Department, as the Company's internal independent audit institution, coordinates with risk control, internal control, and internal audit functions to guarantee the independent performance of our regulatory duties. It covers critical risk areas comprehensively, including corporate social responsibility, financial activities, procurement business, asset management, sales business, contract management, and information security.

In 2023, Luxshare Precision expanded the audits by establishing relevant departments to comprehensively conduct audits for domestic and overseas businesses. It required **an annual internal financial and non-financial audit to be conducted at domestic and overseas factories and operational sites, with marketing and production**

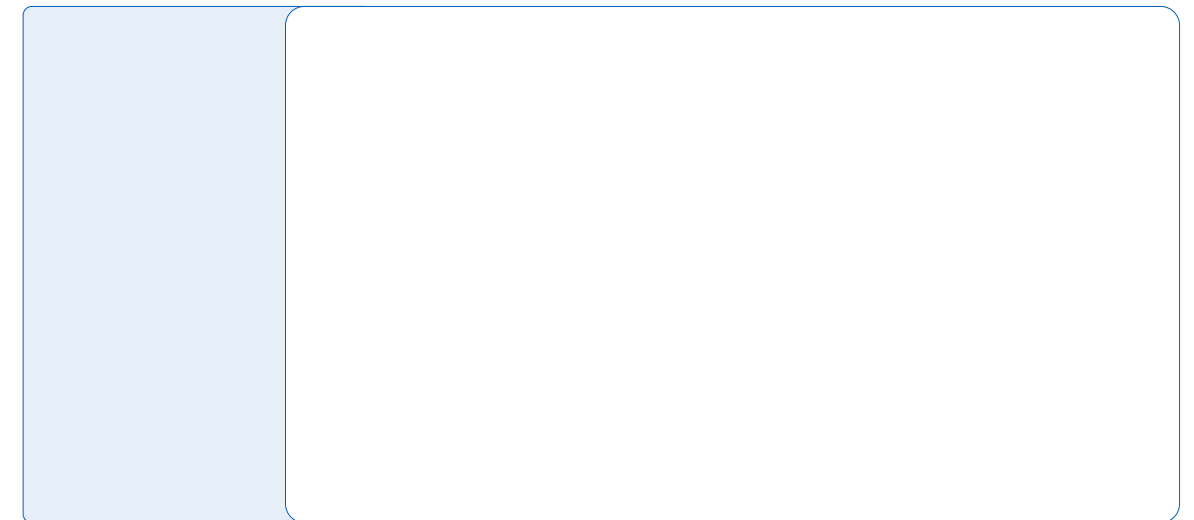


Information Security

Information Security Risk Management

60 internal policies and management procedures. In 2023, the Company added and updated 27 internal policies and management measures. We also expanded the coverage of business continuity and the scope of audits in the dimension of security and further enhanced Operational Technology (OT) security and the security of intelligent parks.

We have set up an Emergency Response Management Team, formulated an information security emergency



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Information Security Certification

In 2023, Luxshare Precision successfully passed the annual audit of the ISO 27001 information security standard certification, and Luxis Precision Intelligent Manufacturing (Kunshan), one of Luxshare Precision's subsidiaries, was certified by the highest information security standard, Security Accreditation Scheme for UICC Production (SAS-UP).



Information Security Training

We enhance employees' awareness of information security by regularly sending information security-focused publicity materials, conducting relevant security drills, and reminding supervisors at all levels to conduct information security training for their respective team members. During the Reporting Period, the Company conducted multiple training sessions to enhance the employees' awareness of information security and confidentiality.

Privacy Protection

Luxshare Precision, guided by national laws and regulations and in combination with standards of customers and the industry, has formulated privacy management measures such as the *Trade Secret Management Procedure* and the *Management Procedure of Information Security of Related Parties* desensitization standards and processes. Additionally, employees' behaviors are regulated as per the provisions of the *Employee Handbook* and the *Global Code of Business Conduct and Ethics* through regular training assessments, and we prohibit them from divulging the privacy and business information of our partners.

Privacy Protection Measures

- Privacy protection content:**
 Defined according to customer requirements or the Company's confidentiality classification standards
- Privacy protection mark:**
 According to the determined level of confidentiality and confidentiality period, attach a confidential mark or affix similar seal for the commercial secret data of each unit
- Detailed desensitization standards are developed according to different businesses, departments and interested parties

- Authorization management:**
 Computer users should use standard user name, password or passphrase, and such password or passphrase should not be disclosed to any irrelevant or unauthorized personnel and should meet strength requirements
- Equipment repair and maintenance:**
 The installation, debugging and overhaul of computer equipment involving enterprise secrets shall be undertaken by internal professional technical personnel, and other personnel shall not disassemble and overhaul the computer equipment

- The organizing department shall strictly determine the attending personnel for meetings, the organizing department shall set up passwords and encrypted links, and review attendees beforehand
- Access permission terms:**
 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 document
- Privacy protection training:**
 Provide training and assessment on privacy protection for employees

- Confidential information management:**
 Relevant confidential information obtained for business purposes shall be properly kept by the personnel involved, and shall not be taken to home or any public places or disclosed
- Storage of confidential information:**
 Confidential documents, records, disks, optical discs or other storage media should be placed in locked file cabinets, safes or other forms of safe furniture when not in use, and the keys are managed by designated personnel

During the Reporting Period

Luxshare Precision had substantiated complaints involving infringement upon customer privacy and loss or divulgence of customer information

