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Luxshare Precision has formulated a series of management systems and procedures, such as the *Supplier Code of Conduct* and the *Supplier Management Operating Procedure*, to establish the high standards for supplier behaviors in areas such as labor rights and environmental responsibility. The Company implements full life cycle management of suppliers through three stages: development access, tiered management, and evaluation and audit.

During the Reporting Period, we added provisions for the introduction and referral process of temporary suppliers in the *Supplier Management Operating Procedure* requiring first tier suppliers to manage their suppliers (second and third tier suppliers of the Company) and implement corresponding processes, which furtherly improves the Company's supplier management system.



Luxshare Precision formulates an annual admission review plan for potential suppliers and conducts strict qualification reviews of suppliers by ISO-approved auditors, in accordance with the admission standards stipulated in the *Supplier Admission Operating Procedure*, the *Electronic Material Supplier Admission Mechanism*, and other procedures.

Supplier Admission Threshold Investigation

 Investigate the supplier's qualifications, finances, organization, capabilities, systems, and inspection conditions

Supplier Capability Baseline Investigation

 Investigate the supplier's production equipment, testing equipment, technical process capabilities, quality control and environmental control capabilities

Management System Audit

 Audit the supplier's management system

Quality Management System Certification

, ISO 001 IATF 1 , ISO 1 - TL 000 QC 0 0900 55ONY GPPor thind party quality 34/38em certifications of other categories

Consumer Electronics

► At least certified in one of ISO 9001, IATF 16949, and ISO 13485

Automotive Electronics

- ► Certified in ISO 9001
- ► Certified in IATF 16949 or has established an IATF 16949 certification introduction plan

Social Responsibility System Certification

ISO,1 001 OH\$A\$ 1 901, ISO 001 SA 000 RBA-VAP5or thisd party social respossibility system cattifications of other categories

After the admission of new suppliers, the Company adopts a monthly performance evaluation method to continuously grade and manage suppliers, in order to ensure product and service quality as well as supply chain stability. We conduct a comprehensive scoring from multiple dimensions such as technical ability, quality ability, delivery and supply ability, cost

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Luxshare Precision conducts annual annual audits on its suppliers through a combination of online and on site methods, with audit criteria consistent with the admission review, so as to regularly assess whether qualified suppliers meet compliance requirements. In 2023, we continued to promote the application of the SRM system, with nearly 100% of suppliers already included in the system for management, comprehensively enhancing the efficiency of auditing, ensuring the retrievability and traceability of records, and promoting the systematization and standardization of the Company's annual supplier audits.

Luxshare Precision values supplier capability building. We communicate with suppliers through one-on-one exchanges, quarterly business reviews, specialized trainings, workshops, supplier conferences, and other methods to jointly identify areas for improvement and discuss optimization directions.



Luxshare Precision places great emphasis on the environmental and social responsibility management of its supply chain. We require suppliers to comply with the framework of UN Guiding Principles on Business and Human Rights, the RBA Code of Conduct, all applicable laws and regulations, as well as the Supplier Code of Conduct, Supplier Corporate Social Responsibility Management Operating Procedure, and other internal management regulations. We also issue the Letter of Guarantee on the Responsible Business Alliance Code of Conduct to all suppliers, ensuring 100% awareness of and compliance with environmental and social responsibility requirements through comprehensive promotion. Any violation of relevant management regulations may jeopardize the cooperative relationship between the supplier and the Company, and even lead to termination of the partnership at the worst.

During the Reporting Period

The signing rate of the Letter of
Guarantee on Responsible Business
Alliance Code of Conduct by new
suppliers was

100%

In 2023, Luxshare Precision completed the development of the GSCM information management system which included a Social Environmental and Responsibility (SER) auditing module. This module enables online management of processes such as information collection, risk assessment, evaluation and auditing of suppliers, supporting the Company's efforts to digitize and systematize supplier CSR management while ensuring auditing security and traceability, as well as reducing costs and increasing efficiency.

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Review plan management



Management of missing items in supplier SER audit







