

# Protecting Employee Rights

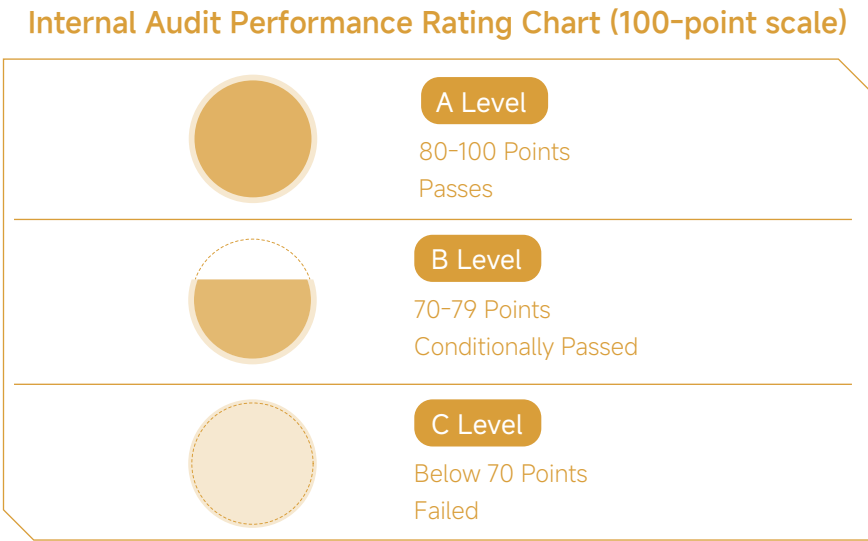
Luxshare Precision has issued the *Statement on Labor Human Rights Protection* to affirm its commitment to abide by policy covers ILO core conventions plus additional protections. Adhering to high international labor standards, the Company fully complies with laws and regulations while actively implementing the *Universal Declaration of Human Rights*, the *Guiding Principles on Business and Human Rights*, the *ILO Core Conventions*, and the *Declaration on Fundamental Principles and Rights at Work*. Additionally, we reference supplementary technical conventions such as the *Social Security (Minimum Standards) Convention*, the *Termination of Employment Convention*, and the *Protection of Workers' Claims (Employer's Insolvency) Convention*. We also align with global initiatives such as the *Responsible Business Alliance (RBA) Code of Conduct*, the *Corporate Responsibility to Respect Human Rights: An Interpretive Guide*, the *Global Sullivan Principles*, and the *Social Accountability 8000 (SA 8000)* standard. These efforts underscore our dedication to creating a safe, decent, and sustainable work environment for employees.

## Labor Risk Identification and Mitigation

Luxshare Precision has established a comprehensive labor risk management mechanism based on the Organization for Economic Co-operation and Development(OECD) Human Rights Due Diligence framework. This mechanism follows an "Identify-Prevent-Monitor-Mitigate and Remedy" full-cycle labor risk management process. *In the event of labor disputes or rights violations, we promptly investigate and take legally compliant remedial actions to ensure timely resolution of potential risks or non-compliance issues.*



To strengthen oversight and auditing of labor risks, the Company has developed a Self-Assessment Questionnaire (SAQ) and specialized audit criteria aligned with the *RBA Code of Conduct*. *An annual labor risk assessment is conducted across all subsidiaries, followed by rolling specialized audits, with monitored guidance provided to subsidiaries until all identified issues are resolved.* In 2024, *our labor risk assessments achieved 100% coverage*, with specialized audits spanning 14 regions, 20 subsidiaries, and over 100,000 employees. All subsidiaries received an "A" rating in these audits.



Furthermore, we actively cooperate with clients for second-party audits, combining regular inspections with irregular spot checks. We also continue to advance third-party audits by authoritative bodies.

During the Reporting Period, Luxshare Precision:

1 subsidiary passed RBA Validated Audit Program (VAP) audit and obtained platinum-level certification

16 subsidiaries attained silver-level certifications

# Labor Rights Management System

The Company has developed and implemented a series of policies, including the *Social Responsibility Management Manual*, *Employee Handbook*, *Recruitment Management Procedures*, *Non-Forced Labor Procedures*, *Child and Juvenile Labor Management Procedures*, *Juvenile Worker Protection Procedures*, *Prohibition of Child Labor and Remediation Management Procedures*, *Overtime Management Procedures*, *Freedom of Association and Collective Bargaining Procedures*, *Anti-Discrimination and Harassment Procedures*, and *Diversity and Inclusion Management Procedures*. These policies clearly define workplace conduct, prohibit illegal practices such as forced labor, child labor, discrimination, and harassment, ensure reasonable working hours and fair compensation, and respect employees' rights to freedom of association and collective bargaining.

In the supply chain phase, Luxshare Precision regularly conducts CSR risk assessments and audits for suppliers to strengthen labor rights risk prevention and ensure proper protection of labor rights across the supply chain. For details on supplier CSR management measures and audit results, please refer to the *Environmental and Social Responsibility Management* section.

As of the end of the Reporting Period, no incident involving violations of freedom of association, collective bargaining rights, forced labor, illegal servitude, child labor, or any form of discrimination was identified in Luxshare Precision's operations or supply chain.

Labor Rights Risk Management Measures

◇ Forced Labor

- Legally sign labor contracts, clearly define employment conditions, strictly prohibit the collection of deposits or withholding of documents. Upon discovery of forced labor, promptly investigate, hold accountable, and provide support to those affected

◇ Freedom of Association and Collective Bargaining

- Guarantee employees' rights to freely organize or join unions and provide resource support
- Promptly intervene to investigate rights infringement incidents and provide legal support to affected employees

◇ Anti-Harassment and Abuse

- Eliminate all forms of harassment, regulate work discipline through the *Employee Handbook* and legally penalize violations
- Encourage employees to report harassment incidents. Upon receiving complaints, the Company will promptly investigate and provide necessary support to those affected

◇ Equal Pay for Equal Work

- Strictly enforce the principle of equal pay for equal work, ensuring that no different compensation is given based on gender, age, nationality, etc., and that every employee's efforts are duly rewarded

◇ Anti-Discrimination

- Prohibit discriminatory practices at all stages of employment, immediately investigate related complaints, and provide necessary support to ensure a fair and just working environment

◇ Occupational Health and Safety

- Regularly identify and assess occupational risks, take measures to reduce hazards, provide protective equipment, and promptly handle safety incidents while providing necessary support

◇ Prevention of Child Labor

- Strictly verify employee ages to ensure legal employment, encourage employees to report illegal child labor practices. Upon discovery, immediately cease their work, arrange medical check-ups, escort them back to their guardians, and assist them in continuing compulsory education

○ Employment Termination Protection

- Employees shall not be dismissed without just cause, such as violations of terms specified in the *Employee Handbook*. In the event of employment termination, legally provide corresponding dismissal compensation, allowances, or other separation benefits

○ Responsible Restructuring

- Establish clear restructuring policies and ensure protection in cases of company insolvency. During bankruptcy restructuring, comply with local regulations regarding the latest notification periods for operational changes, engage in friendly negotiations with employees, legally handle severance pay and assistance with outplacement, and provide skill development trainings and assist re-employment

○ Living Wage System

- Timely pay employee salaries, commit to provide a living wage, and continuously improve the Company's welfare system to ensure a decent living for employees and their families

○ Overtime Compensation

- Strictly adhere to the *Employee Handbook* regulations, pay overtime wages or subsidies on time
- Do not mandate non-working hours activities, reasonably arrange overtime and rest periods, continuously monitor working hours, immediately correct any issues found, and provide medical support to affected employees

◇ Core Convention

○ Additional