Green Product Exploration

Within the framework of an increasingly popular global consensus on environmental protection, Luxshare Precision understands that green products are not only a necessary option for the development of manufacturing in the future, but also a vital tool for promoting corporate green transformation and upholding social conscience. We vigorously promote comprehensive lifecycle management of chemical substances, adhering to the core principles of resource conservation and environmental protection, while actively expanding into clean technology domains to jointly forge a sustainable future.

Green Chemicals

Luxshare Precision places significant emphasis on the potential adverse impacts of chemicals on both the environment and human health. We proactively implement green chemical projects, working with suppliers to comprehensively manage chemical substances involved in production processes and product compositions, striving to minimize associated risks.

Lifecycle Management of Hazardous Substances

We continuously monitor the latest domestic and international regulations related to hazardous substance management, as well as our clients' most up-to-date restrictions on hazardous materials. This includes adherence to conventions such as the *Stockholm Convention on Persistent Organic Pollutants,* the *Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) and* its list of Substances of Very High Concern, the *Directives 2011/65/EU and 2015/863/EU on Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment and the Revision, Regulation (EU)2019/1021 on Persistent Organic Pollutants (POPs), Directive 2002/96/EC on Waste Electrical and Electronic Equipment (WEEE), California Safe Drinking Water and Toxic Enforcement Act of 1986,* and China's Volatile Organic Compounds (VOCs) standards. These efforts enable us to thoroughly identify and control hazardous substances within our processes and products. We have updated our *Management Standard for Restricted Substances of Materials and Finished Products* to Version 35, which stipulated a total of 77 prohibited substances, 264 restricted substances and 76 declared substances.

Newly Added Prohibited and Restricted Chemical Substances

Prohibited Substances

Endocrine disrupting chemicals (EDCs)
4-tert-Butylphenol
Allergenic dyes
Brominated Flame Retardants (BFRs)
Hydrogen fluoride (HF)
Dechlorane Plus

Restricted Substances

(2-benzothiazolylthio)methyl thiocyanate
2-n-octyl-4-isothiazolin-3-one
4-Chloro-3-methylphenol
Ethyl ethoxyacetate
Acrylamide
Siloxanes
Copper (Cu)

Throughout the updating process of the *Management Standard for Restricted Substances of Materials and Finished Products*, we consistently anticipate potential risk factors by developing proactive strategies for managing potential harmful chemical substances before they are formally regulated under relevant laws and regulations. In doing so, we exceed legal requirements by preemptively incorporating certain chemicals into our internal prohibited and restricted uses policy.

List of Prohibited and Restricted Substances Managed Ahead of Legal Requirements

Restricted Substance	Regulatory Requirement	Date of Official Implementation	Internal Management Requirement	Date of Internal Implementation
Medium-chain Chlorinated Paraffins (MCCPs)	Proposed restriction under REACH Annex XVII	Not yet officially controlled	Included in the restricted list	2014
Lead and its compounds Cadmium and its compounds Mercury and its compounds	Regulation (EU) 2023/1542 In batteries: The concentration of lead and its compounds does not exceed 0.01%, and that of cadmium and its compounds shall not exceed 0.002%, and that of mercury shall not exceed 0.0005%.	August 18, 2024	In batteries: The concentration of lead and its compounds shall be less than 0.004%, and that of cadmium and its compounds shall not exceed 0.001%. If there's any accidental presence of mercury in batteries, it shall be no more than 0.0001% by concentration.	2019
Lead and its compounds	Regulation (EU) 2023/923 Concentration of lead is less than 0.1% in polymers or copolymers of vinyl chloride (PVC)	November 29, 2024	Concentration of lead in organic materials (e.g., plastics, rubbers, inks, coatings, paints) is less than 0.003%	2014
Hexabromocyclododecane (HBCDD)	EU POPs Regulation Concentration is no more than 100 ppm	Scheduled for control	Included in the restricted list	2014
N,N-Dimethylformamide (DMFA)	REACH Annex XVII, Entry 76 Concentration in substances or mixtures is no more than 0.3%	December 12, 2023	Completely banned	2022
C9-C14 Perfluorocarboxylic Acids (C9-C14 PFCAs) and their salts C9-C14 PFCAs-related substances	REACH Annex XVII, Entry 68 Total concentration of C9-C14 PFCAs and their salts in the substance, the mixture, or the article is below 25 ppb Total concentration of C9-C14 PFCAs-related substances is below 260 ppb.	February 25, 2023	Completely banned	January 1, 2023

Hazardous Substance Management Process

In adherence to the IECQ Hazardous Substance Process Management (HSPM) requirements, we have established a comprehensive lifecycle management system for hazardous substances across our products, encompassing meticulous risk identification and tiered control measures for chemical substances inherent to both the products and manufacturing processes. During the Reporting Period, a total of 22 subsidiaries attained the QC 080000 hazardous substances process management system certification.

Whole Process Management of Hazardous Chemical Substances in Products

Product Development

The Company abides by "Principles of Green Chemistry" and follows guidelines such as the *General Principles for Ecological Design of Products* and the *Management Standards of Restricted Substances of Materials and Finished Products*. From feasibility analysis through product design stages, we holistically integrate lifecycle environmental impact assessments into our considerations. We diligently evaluate potential health and environmental implications of products during the usage and disposal phases, thereby actively adopting harmless chemical compositions and echoing the hazardous substance free (HSF) philosophy. Also, our product design specifications and material lists clearly communicate stringent environmental standards of our organization.

Material Procurement

Suppliers are mandated to disclose full material compositions via the Green Product (GP) module of the GSCM system, in addition to furnishing necessary test reports. Our dedicated environmental specialists meticulously review these submissions to ensure suppliers consistently meet our high bar for hazardous substance management, thus safeguarding against non-compliant materials at the source. The GP module of the GSCM system has achieved cross-functional integration, enabling suppliers to link multiple subsidiaries with one account, promoting data sharing among subsidiaries and consequently enhancing overall management efficiency. For more information on Luxshare Precision's supplier management regarding hazardous substances, please refer to the *"Green Supply Chain"* section.

Incoming Material Inspection

Luxshare Precision identifies and manages the risks of hazardous substances in raw and auxiliary materials using a tiered approach. Based on material properties and risk levels, we tailor testing items and frequencies accordingly, operating under a strict 'non-conformance equals non-acceptance' policy at the incoming inspection stage. To proactively prevent environmental anomalies, our primary production bases' laboratory system now incorporates Statistical Process Control to monitor concentration fluctuations across different batches of the same material, generate trend charts, and automatically trigger alerts for values exceeding set limits, thereby improving the consistency and control over incoming materials.

Process Control

In order to prevent cross-contamination during manufacturing processes, our assessment takes into account the possibility of dangerous compounds in machinery and equipment, tools, and auxiliary materials that may come into direct or indirect contact with the product during its manufacture before we adopt corresponding preventive measures. We regularly test the harmful substances in auxiliary materials and semi-finished products to avoid the pollution of harmful substances in the manufacturing process.

Finished Product Assurance

Prior to shipment, we conduct random sampling inspections on finished products, verifying their compliance before affixing environmental labels and providing material composition statements and test reports as per regulations and customer requirements. This ensures conformity with clients' standards and relevant legal statutes. Moreover, where necessary, we disclose product chemical compositions and potential impact assessments through product labels, client portals, International Material Data System, China Automotive Material Data System, and other third-party platforms.

Regarding the management of hazardous chemicals, Luxshare Prevision rigorously adheres to pertinent domestic laws and regulations such as the *Regulation of the People's Republic of China on the Administration of Chemicals Subject to Supervision and Control* and the *Regulations on the Safety Management of Hazardous Chemicals*. We have also formulated internal management policies such as the *Chemical Control Operating Procedures* to systematically regulate the handling of chemicals throughout the procurement, transportation, warehousing, storage, usage, emergency response, and waste disposal processes.

Through the EHS Information System, we conduct rigorous approvals for chemical purchase requests and the introduction of new chemicals within the factories, and control the procurement and storage of restricted substances, highly toxic chemicals and chemicals with serious occupational health and safety hazards in strict accordance with laws and regulations in the locations of operation. We stringently regulate storage conditions, usage protocols, and operator guidelines for these chemicals, implementing end-to-end process management.

As of the end of the Reporting Period

The number of laboratories of Luxshare Precision that had been accredited under **the ISO 17025 Laboratory Management System** was

9

Phase-out and Substitution of Hazardous Substances and Outcomes of the Endeavor

Luxshare Precision places great emphasis on the daily safe management of chemicals, with an overarching goal of fully phasing out all chemicals of concern. We implement the applicable standards of chemical safety at home and abroad and the customer's relevant requirements for the specifications of restricted substances with high standards. A series of phased-out plans for harmful substances have been devised and implemented to proactively seek alternatives and reduce or eliminate the use of such substances.

Our ongoing efforts include the continuous evaluation of the hazardous nature of chemicals used in our production and operational activities, proactive initiatives to decrease chemical quantities, and substitution programs targeting specific chemicals for which reduction or replacement plans have been tailored.

Schedule and Implementation Progress of Hazardous Substance Phase-out and Replacement Plans

Scheduled Phase-out/ Replacement Year	Substance (substance group)	Affected Materials/ Product	Progress/Status
2015	Bis(2-ethylhexyl) phthalate（DEHP）, Butyl benzyl phthalate (BBP), Dibutyl phthalate (DBP), and Diisobutyl phthalate (DIBP)	All Materials	Full Replacement
2019	Lead and Its Compounds	Copper Alloy Materials	Full Replacement
2019	Antimony trioxide	Wire/Cables	Full Replacement
2021	VOC	Cleaning Agents	Partial Replacement
2022	Decabromodiphenyl Ethane	All Materials	Full Replacement
2022	Triphenyl phosphate	All Materials	Full Replacement
2022	Tributyl phosphate	All Materials	Full Replacement
2023	PFBS and PFBS -Related Substances	All Materials	Full Replacement
2023	PFHxA, its Salts, and PFHxA-Related Substances	All Materials	Full Replacement
2023	EDCs	All Materials	Full Replacement
2029	Substances of Concern in Components/Parts Exempted under RoHS Directive	All Materials	Partial Replacement

Recycled Materials

In adherence to the principles of resource conservation and environmental protection, Luxshare Precision persistently integrates the 4R philosophy throughout its operations to minimize material usage.

Overall Management of Materials

Process Design — We employ design strategies that minimize material usage by optimizing thickness based on product specifications and dimensions, thereby reducing raw material consumption

Material Sourcing — We prioritize the use of recyclable materials and proactively seek alternatives for non-recyclables. Moreover, we collaborate with suppliers to promote the recycling of underperforming, transit-damaged, or reusable materials

Product Manufacturing — We internally recycle and reuse materials such as aluminum, copper, tin, rare-earth magnets, post-consumer recycled (PCR) plastics, and reusable polyester resins, concurrently optimizing production processes to minimize input materials during manufacturing

Shipping Phase — We adopt surface de-plasticization on packaging materials such as gift boxes, labels, paper bags, and mylar films, thereby reducing plastic content in product packaging

Case | Aluminum Scrap Exchange Program at Suzhou Luxshare Technologies

Suzhou Luxshare Technologies has partnered with vendors to exchange aluminum scrap for new aluminum raw materials at a set ratio, thus reducing new material purchases and waste generation. During the Reporting Period, this initiative successfully exchanged 15,992 kg of aluminum scrap.