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Green and Low-carbon Strategy

Luxshare Precision places great importance on environmental management and addressing climate change risks throughout its operational processes. We proactively align ourselves with China's "14th Five-Year Plan" and carbon neutrality goal by implementing and enhancing our environmental management and climate risk management systems.

Environmental Management System

Luxshare Precision strictly adheres to national laws and regulations such as the *Law of the People's Republic of China on Environmental Impact Assessment* and the *Cleaner Production Promotion Law of the People's Republic of China*. We have developed a full-fledged lineup of environmental management procedures, including the *Group-wide Environmental Protection Management Procedure*, the *Control Procedure of Environmental Factor Identification and Assessment*, and the *Operation Procedure of Environmental Safety and Health Policy*. Through the standardization, systematization, and normalization of these environmental management procedures, we promote the construction of an increasingly sophisticated environmental management system, dedicating ourselves to the practice of green and environmental friendly operations.

As of the end of the Reporting Period

Total number of subsidiaries under Luxshare Precision certified by ISO 14001 Environmental Management Systems was

54

Accumulative number of subsidiaries awarded national or provincial or municipal Green Factory was

14

Factories that were newly awarded national or provincial or municipal Green Factory reached

3

Climate Risks and Opportunities

We vigorously assess climate-related risks and opportunities across upstream and downstream sectors and within our internal operations. Following the *Recommendations of the Task Force on Climate-related Financial Disclosures* (TCFD), we have disclosed our work plans and outcomes on aspects of "governance", "strategy", "risk management", and "metrics and targets". For details, please refer to [Climate Risk and Opportunity Identification and Response Strategy](#).

Governance

- Establishing a Task Force on Carbon Neutrality led by the Board of Directors, coordinated by the Sustainable Development Advancement Center, and joined by each factory to comprehensively promote climate change-related matters, and ensure that all affairs are implemented in accordance with the plan and relevant goals are achieved.
- The Strategy Committee under the Board of Directors is responsible for the deliberation of the Company's climate change-related matters, including internal and external stakeholder communication, risk identification, target and strategy formulation, etc., to ensure the implementation of the Company's climate strategy.

Strategy

- Identifying climate risks and opportunities based on the guidelines of TCFD, in consideration of Luxshare Precision's business operations.
- Conducting relevant policy review based on the identified results to understand the importance and future development trend of various climate risks and opportunities in the macro environment.
- Assessing the impact of climate change-related risks and opportunities on the Company's business, strategy and financial planning over time and under different scenarios through qualitative climate scenario analysis.

Risk Management

- With identification, selection and assessment of Luxshare Precision's potential climate risks every year, risk management departments devise their countermeasures, which are subject to deliberation of the Strategy Committee under the Board of Directors, who will develop additional countermeasures if necessary.
- Categorizing various climate risks according to probability of occurrence and impact, and the management takes countermeasures against risks with high importance and urgency.

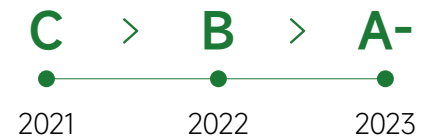
Metrics and Targets

- Establishing science-based carbon targets in line with the 1.5°C pathway, which have been formally validated and approved by the SBTi.
- Setting phased climate targets and committing to achieving carbon neutrality no later than 2050.

Honor



CDP Climate Change Rating



Climate Action Transparency Index (CATI)

Year	Overall Ranking	Industry Ranking
2023	12↑	6↑
2022	17↑	7↑
2021	174	29

Over three successive years, Luxshare Precision's exceptional management of carbon emissions across its entire value chain and its dedication to supply chain decarbonization have garnered significant acclaim, resulting in consistent improvement in rankings.

Carbon Reduction Targets and Action Pathway

In order to effectively mitigate global warming, Luxshare Precision took the initiative to establish carbon reduction targets for its own operations (Scopes 1 and 2) and key value chain (Scope 3) in accordance with the SBTi 1.5°C pathway requirements. **These targets were officially validated and approved by SBTi in January 2024.**

With the "carbon peaking and carbon neutrality goals" as the guiding principle, and incorporating baseline carbon inventory results and its own business development status into strategic considerations, Luxshare Precision has formulated short, medium, and long-term goals as well as six emission reduction strategies to fulfill its climate commitments and pave the way towards a carbon-neutral future.

Luxshare Precision Science-based Carbon Reduction Targets

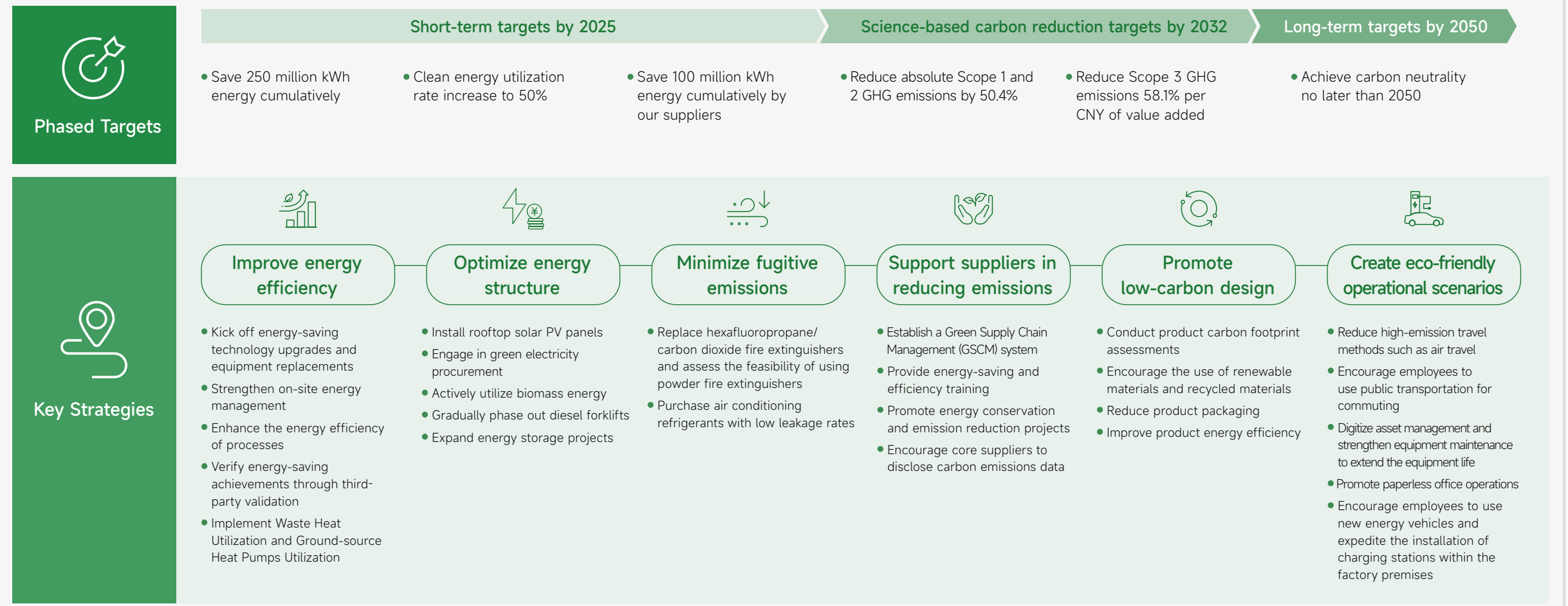
From 2022 as a base year, to reduce absolute Scope 1 and 2 GHG emissions by 2032 by

50.4%

From 2022 as a base year, to reduce Scope 3 GHG emissions per CNY of value added by 2032 by

58.1%

Carbon Neutrality Roadmap



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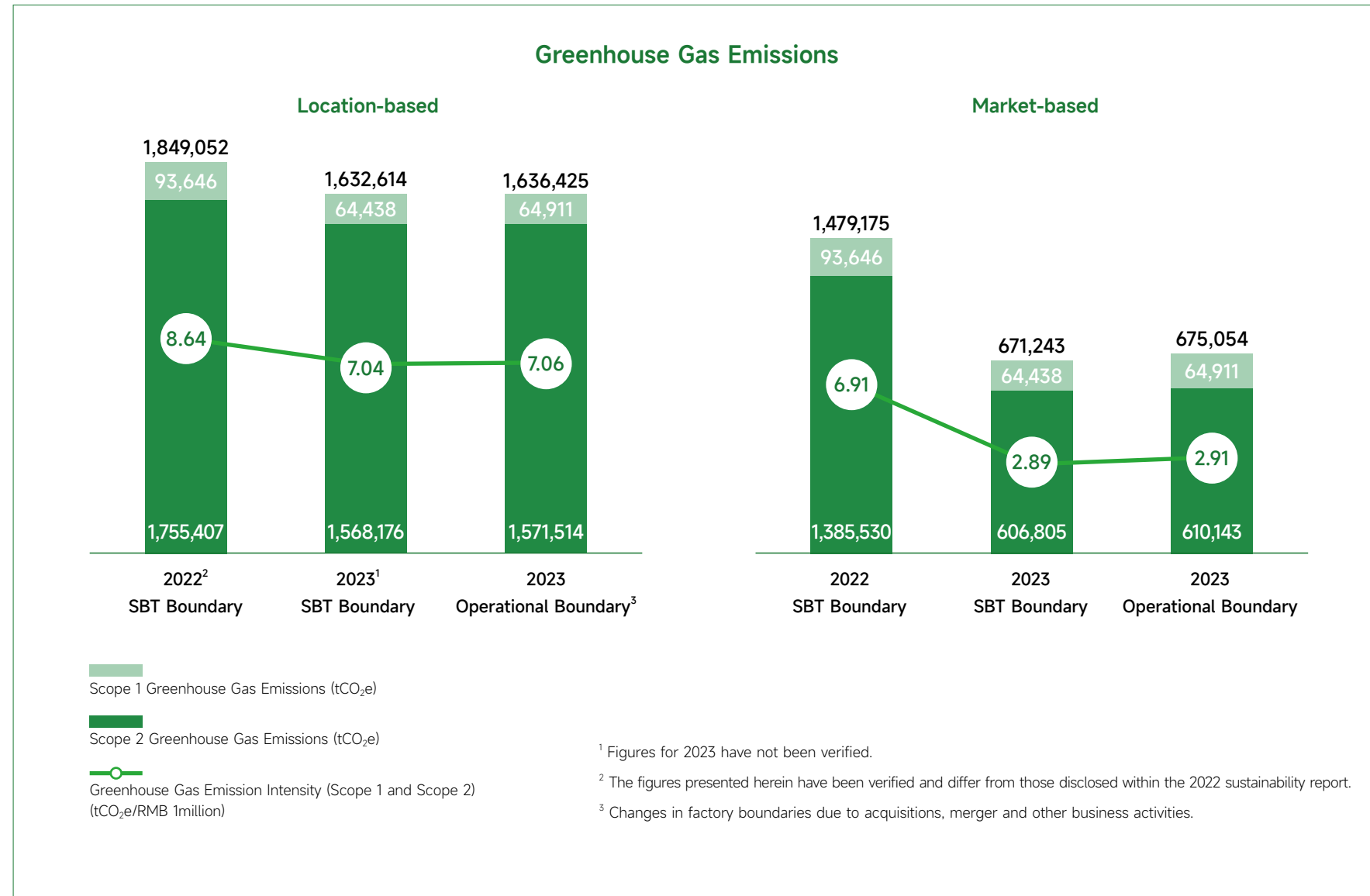
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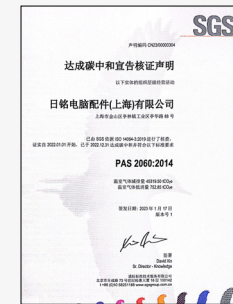
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Reduction of Greenhouse Gas Emissions

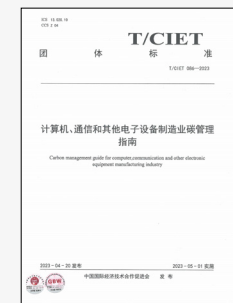
Luxshare Precision places great importance on energy conservation and emission reduction. We have established internal work procedures such as the *Operation Procedure of Greenhouse Gas Control*, the *Control Procedure of Energy Conservation and Consumption Reduction*, and the *Greenhouse Gas Operation Guidelines* as the basis for our work. Throughout the year, we focus on initiatives related to smart energy, energy conservation upgrades, and the use of clean energy. These initiatives are implemented across all our factories, driving our progress towards low-carbon operations. Additionally, we actively partake in the drafting of industry standards on carbon management to promote low-carbon practices across the industry.



ISO 14064-1 Third-party Greenhouse Gas Verification Statement for 2022



Carbon Neutrality Certificate of Ri Ming



Participation in the Drafting of Three Group Standards, Including the *Carbon Management Guide for Computer, Communication, and Other Electronic Equipment Manufacturing Industries*

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Intelligent Energy Management

Luxshare Precision draws on its technical advantages to organically combine energy management and intelligent park management, and continues to promote the construction of IOE (Internet of Energy) intelligent energy management platform. Through the implementation of this platform, our Kunshan Factory has achieved online monitoring of energy system, subsystem self-control, energy consumption analysis, and other intelligent analysis and management tasks. Kunshan Factory is scheduled to implement a Centralized Group Control Energy-saving System by 2024.

Features of IOE Intelligent Energy Management Platform

3D Visualization

- One-click automatic inspection, automatic presentation and export of equipment status and parameters, eliminating the need for on-site inspections

Equipment Control Bin

- Displaying the operating status and important parameters of power distribution room, air compressor system, waste heat recovery system, and constant temperature and humidity air conditioning systems on a single screen

Energy Analysis

- Pinpointing opportunities for optimizing energy efficiency in water, electricity, and gas usage by analyzing resource utilization across various floors and business units, taking account of peak, intermediate, and off-peak consumption patterns

Group Control Energy Saving

- Real-time monitoring of data from air compression stations and air conditioning stations, using AI algorithms to calculate the optimal operating combinations and reduce energy consumption

Alarm and Work Order

- Reading equipment alarm information and promptly alerting management personnel, providing information on faulty equipment and potential causes for repair; allowing quick access to surveillance footage to confirm on-site conditions, thus ensuring operational safety

Access Control

- Ensuring factory security through real-time video preview, historical video playback, access control systems, and coordinated security measures with operational and maintenance procedures

Equipment Recording

- Detailed records of equipment operation, maintenance, and repairs enable comprehensive and traceable record-keeping

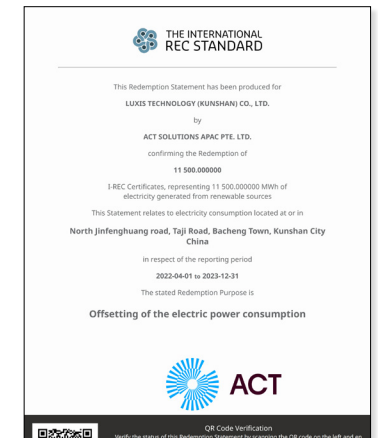
Warehouse Management

- Paperless management from storage to delivery, effectively improving warehousing efficiency and reducing paper usage

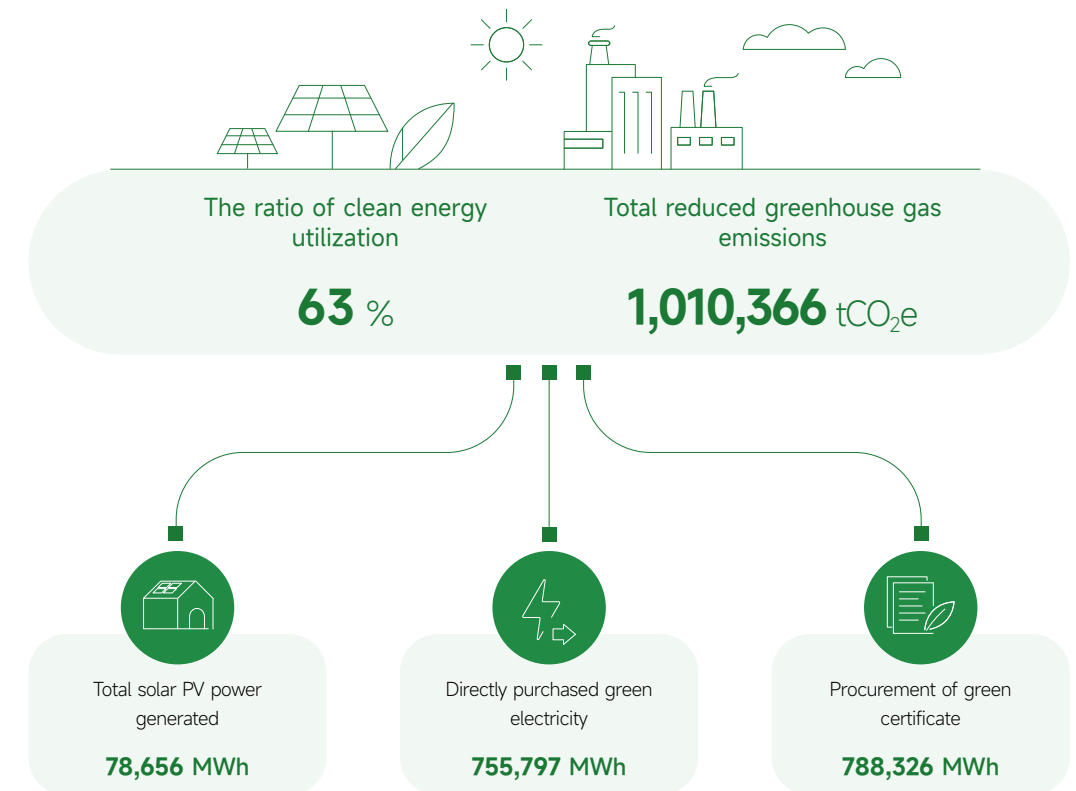
Utilization of Renewable Energy

Renewable energy utilization is the critical pathway for Luxshare Precision to achieve its carbon neutrality goal. Through measures such as rooftop PV, direct purchase of green electricity, investments in Clean Energy Fund, and procurement of green certificates, we aim to persistently increase the proportion of clean energy usage and reduce carbon dioxide emissions. **In 2023, the Company successfully elevated the ratio of clean energy utilization to 63%**, outperforming the target of "achieving a 50% clean energy utilization rate by 2025". As at the end of the Reporting Period, overall installed rooftop photovoltaic capacity reached **85MW**.

In addition, we continued to participate in green energy fund investment to support high-quality clean energy project development. During the Reporting Period, the Company **gained green rights of 43,354MWh through investing in the green energy fund**.



Statement of Green Certificate Procurement



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Case | Distributed Photovoltaic Power Generation Project at Luxshare Smart Manufacturing

In response to the Company's call for energy conservation and emissions reduction and in a drive to optimize the energy structure in its factory, Luxshare Smart Manufacturing has allocated substantial resources to establish a rooftop photovoltaic base, utilizing solar energy to provide electricity for its production lines. As of the end of the Reporting Period, a total of 7 MW installed capacity has been completed, with an average annual power generation of 7.1 million kilowatt-hours.



Distributed Photovoltaic Project of Luxshare Smart Manufacturing

We have implemented an energy storage system to supplement power supply gaps during peak electricity demands, thereby optimizing demand management and achieving "peak load shaving". This initiative is expected to further augment the Company's capacity for integrating and utilizing renewable energy sources in the future. During the Reporting Period, Luxshare Smart Manufacturing completed the construction of **one** energy storage project, which is projected to deliver an annual storage and discharge capacity of **2,400 megawatt-hours**, cumulatively amounting to **48,000 megawatt-hours over a 20-year lifespan**.



Energy Storage Power Station of Luxshare Smart Manufacturing

Low-Carbon and Energy-saving Retrofits

Each year, Luxshare Precision establishes comprehensive corporate-wide energy conservation objectives complemented by improvement plans, mandating that each factory sets corresponding targets based on their specific operational circumstances and maintains diligent monitoring of their progress toward these targets. In addition, regular energy-saving retrofits are carried out across workshops, harnessing the synergistic optimization of both management practices and technological advancements to markedly diminish energy consumption and greenhouse gas emissions.

Energy Conservation Transformation Projects in 2023

	Number of Projects	Annual Power Conservation (MWh)	Annual Greenhouse Gas Emission Reduction (tCO ₂ e)
Air Compressor System	58	29,064	18,117
Central Air Conditioning	56	37,381	23,303
Exhaust Fan in Factories	9	2,592	1,614
Life and Office Power Consumption	60	7,741	4,837
Production Power Consumption	101	67,115	41,821
Total	284	143,893	89,692

As of the end of the Reporting Period

The number of the Company's subsidiaries that had obtained ISO 50001 energy management system certification was

10

During the Reporting Period

Electricity saving rate¹ reached approximately

5.1%

¹ Electricity saving rate = (Electricity saving in the current Reporting Period/total Electricity consumption in the previous Reporting Period) *100%. This indicator represents the energy saving opportunities identified by the Company during the Reporting Period and provides an estimate of future energy saving potential.

Case | Implementation of Diverse Energy-Saving Optimization Measures and Energy-Saving Verification at Kunshan Factory

Through enhancements in on-site management, upgrades to waste discharge systems, optimizations of air compressor systems, and retrofits to air conditioning systems, Kunshan Factory has seen a substantial reduction in its electricity consumption. Moreover, Kunshan Factory has engaged a third-party professional institution, meticulously adhering to internationally recognized standards such as the International Performance Measurement and Verification Protocol (IPMVP) and China's G30256-2013 Technical Requirements for Energy Saving Measurement and Verification, to conduct calculations and validations on its energy-saving renovation projects. As a result of stringent assessment, Kunshan Factory has successfully obtained a verified energy savings report to demonstrate the reliability and effectiveness of its energy-saving initiatives.



Energy-saving Verification Report of Kunshan Factory