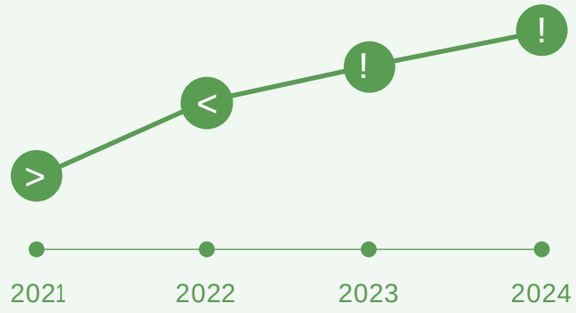
Responding to Climate Change

Luxshare Precision follows the ***Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), Guideline*** and other disclosure requirements, proactively assesses climate-related risks and opportunities in various aspects of upstream and downstream operations as well as its own operations from four aspects of "Governance", "Strategy" , "Risk Management" and "Metrics and Targets". For details, please refer to the *Climate Risk and Oppo r unity Identi fcation and Response Strategy*.

Governance	Establishing a climate change management framework led and decided by the Board of Directors, reviewed by the Strategy Committee, coordinated and managed by the Sustainable Development Center, and implemented by each factory. Conduct at least one annual discussion on climate change related issues to develop plans and track the achievement of climate goals Establishing an incentive mechanism linking emission performance to the remuneration of senior management, incorporating the achievement of science-based target into considerations, motivating the Company's management to integrate emission reduction into operational decisions
Strategy	Identifying potential climate risks and opportunities in its own operations and value chain, evaluate the importance of various climate issues in the current and future macro environment in conjunction with relevant international and domestic policies, and estimate development trends Utilizing the Net Zero Emissions (NZE 2050) scenario set by the International Energy Agency (IEA) and the Representative Concentration Pathway (RCP8.5) scenario set by the Intergovernmental Panel on Climate Change (IPCC) to evaluate the impact of climate change risks and opportunities on the Company's business, strategy, and financial planning, proactively formulates climate response strategies, and enhances organizational climate resilience
Risk Management	Current and potential climate risks have been integrated into the Company's overall risk management framework and implemented in the annual tasks of each risk management department The Sustainable Development Center regularly holds special meetings to discuss and analyze the environmental risks and opportunities reported by various risk management departments, formulate risk countermeasures, and submit them to the Strategy Committee under the Board of Directors for final review
Metrics and Targets	Establishing science-based targets in line with the 1.5°C pathway, which have been formally validated and approved by the Science Based Targets initiative (SBTi) Setting phased climate targets and committing to achieving carbon neutrality no later than 2050



4	2
12	6
17	7
174	29

Continuous Low-Carbon Operations

Carbon Reduction Targets and Action Roadmap

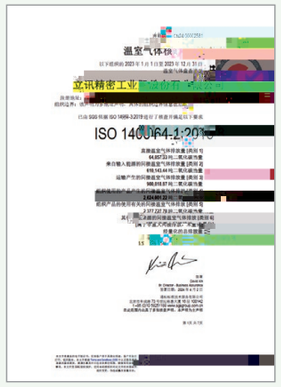
In alignment with the ***Paris Agreement's*** ambitious goal of limiting global temperature increase to 1.5℃ above pre-industria

Scientific Accounting of Carbon Emissions

Each year, we conduct a comprehensive inventory of Scope 1, 2, and 3 greenhouse gas emissions in accordance with ISO 14064-1 guidelines, followed by third-party verification. This process ensures precise annual greenhouse gas emission quantification and clarifies our energy consumption structure, laying a solid foundation for effective carbon management. During the Reporting Period, subsidiaries covered by carbon emission trading schemes fully complied with national and regional regulations. We proactively completed emissions data reporting, allowance trading and quota settlements, supporting the development and stable operation of carbon markets.

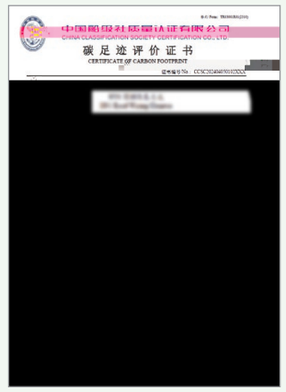
Additionally, our subsidiary Shanghai Ri Ming actively pursued zero-carbon factory certification by implementing multiple emission reduction measures. Through Verified Carbon Standard (VCS) retirement, it successfully offset approximately 315 tCO_2e, successfully achieved carbon neutrality and was honored as a Shanghai 2024 Zero-Carbon Pioneer Enterprise.

In 2024, Luxshare Precision introduced an internal carbon pricing mechanism to estimate the cost of carbon emissions using a shadow price in conjunction with historical and future carbon price expectations, making full use of economic instruments to stimulate new momentum for internal low-carbon transformation.

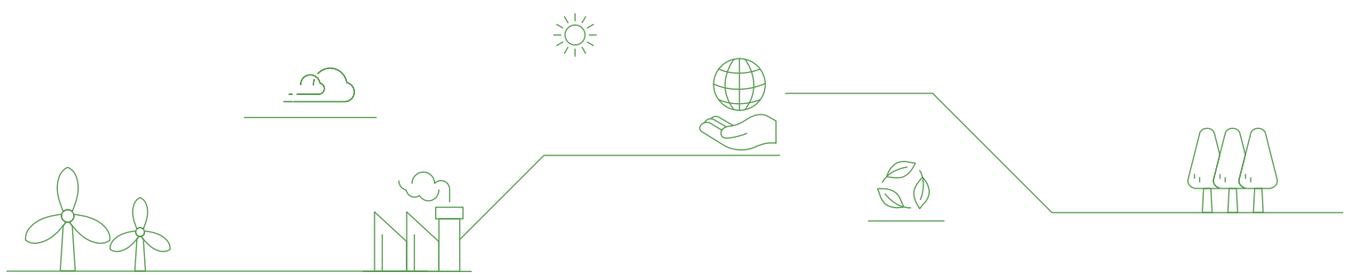


Third-party Greenhouse Gas Verification Statement (2023)

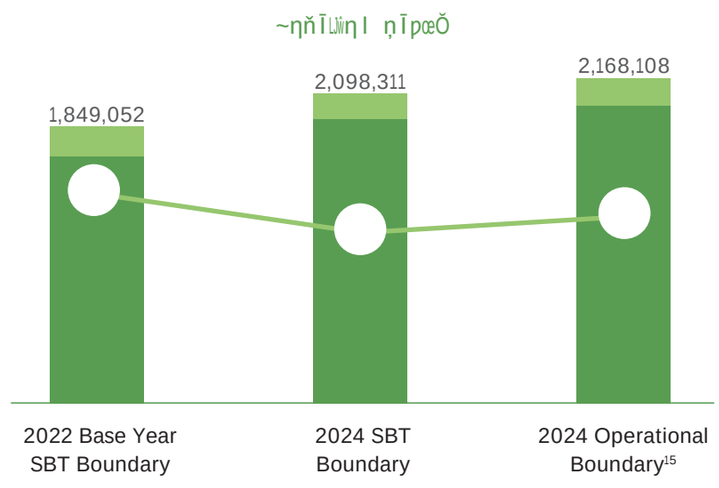
Carbon Neutrality Certificate of Shanghai Ri Ming



Product Carbon Footprint Certificate



Greenhouse Gas Emissions[14]



[14] Figures in 2024 have not been verified.

[15] Changes in company boundaries due to business activities such as mergers and acquisitions.

The Company has carried out extensive and in-depth discussions with various industry associations and groups on the topic of carbon emissions and applied its own experience in building a standardized carbon management system to the formulation of external standards. During the Reporting Period, Luxshare Precision participated in the preparation of group standards led by the China Academy of Environmental Sciences and issued by the China Society for the Study and Promotion of Ecological Civilization, which helped small and medium-sized enterprises efficiently carry out greenhouse gas accounting and disclosure work.

Optimizing Energy Use

Luxshare Precision adheres to the energy management principle of ***Compliance, Clean Production, Energy E f ciency, and Continuous Improvement***, formulates energy management strategies, adheres to energy-saving and low-carbon production, carries out high-efficiency energy management, and actively explores the use of clean energy.

Energy Management

The Company has formulated internal policies such as the ***Control Procedure of Energy Conse r ation*** to continuously promote the construction of an energy management system. Using our years of experience in energy management, we organically combine energy management with intelligent park management, build and continuously optimize the construction of the Intelligent Energy Management (IOE) platform, which effectively reduces the comprehensive energy consumption of each factory while optimizing the allocation of resources and improving the efficiency of energy utilization.

IOE Platform Functionality

- Realistic scenarios using digital twin technology
- Realize one-screen overview and one-key control of equipment information
- Real-time alarm linkage shortens work order response time
- Realize real-time monitoring and intelligent analysis
- Record detailed data log, making data traceable
- Dynamic management and real time monitor of warehouse information
- Efficiently protect the safety of personnel and electromechanical equipment
- Optimize group control algorithm to improve operational efficiency

Terminal Execution Level

Through a series of equipment upgrading and renovation projects, Luxshare Smart Manufacturing has significantly improved the production energy efficiency and reduced energy loss, with an annual energy saving of 1,532MWh and an annual carbon emission reduction of 954 tCO_2e.

Adopting the principle of "eliminate, merge, reorder, and simplify", Merry Huizhou explored the potential for optimization in the production workflow and optimizes the production process by eliminating and merging redundant processes, simplifying complex processes, and reasonably switching the order of processes. er

The magnetic levitation air-conditioning refrigeration/cooling pump motors were updated and iterated from Grade 3 energy efficiency (YE3) to Grade 1 energy efficiency (YE5), effectively reducing energy loss.

We installed a variable frequency drive, temperature sensors, and an automated control cabinet for the original 50Hz fixed-frequency air handling unit motor, and integrated an automated control system. Following the upgrade, the motor automatically adjusted its operating frequency based on real-time temperature variations in the zoned area, achieving optimized energy efficiency.