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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.

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

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](#).

- 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.

- 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.

- 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.

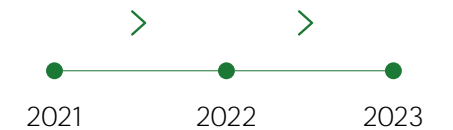
- Categorizing various climate risks according to probability of occurrence and impact, and the management takes countermeasures against risks with high importance and urgency.

- 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.



CDP Climate Change Rating



Climate Action Transparency Index (CATI)



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.

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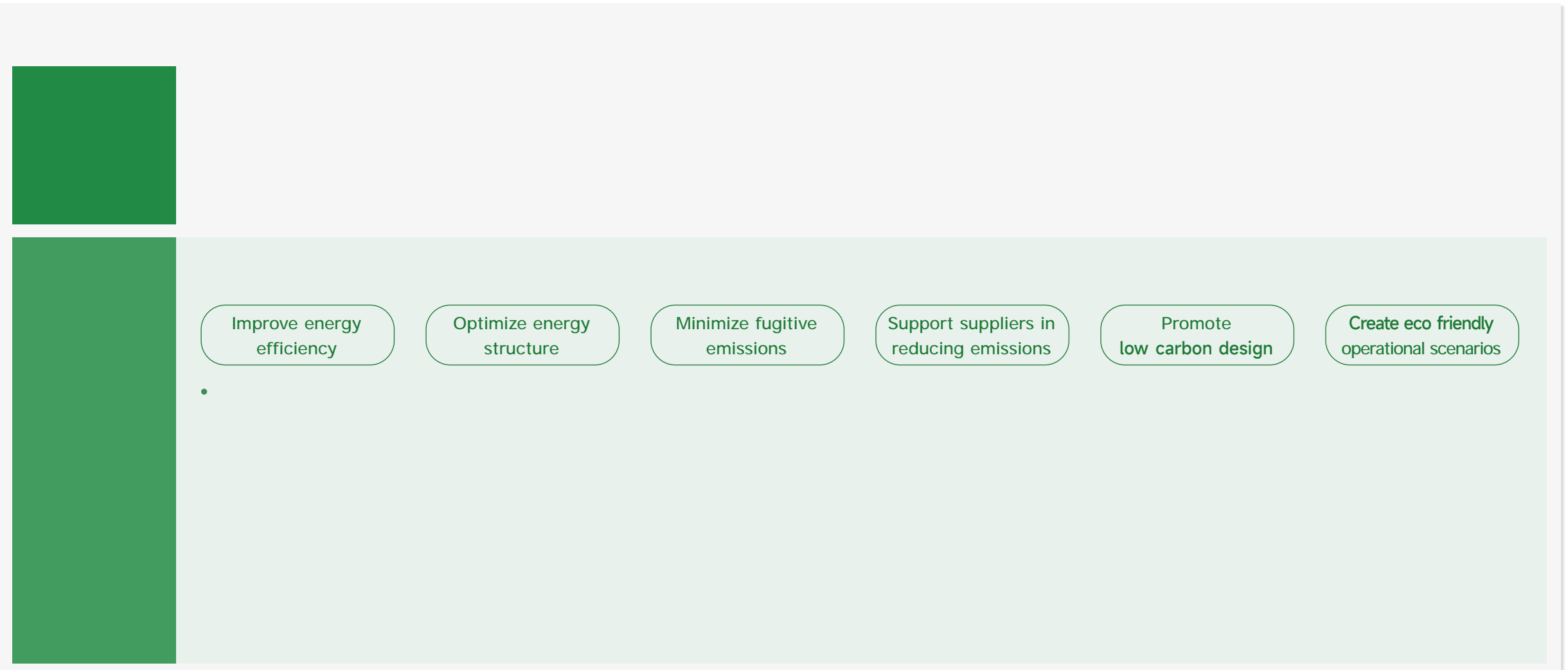
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In order to effectively mitigate global warming, Luxshare Precision took the initiative to establish carbon reduction targets for its own operations (Scopes 1 and 2) and key value(chain Scope 3) in accordance with the SBTi 1.5° C pathway requirements.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



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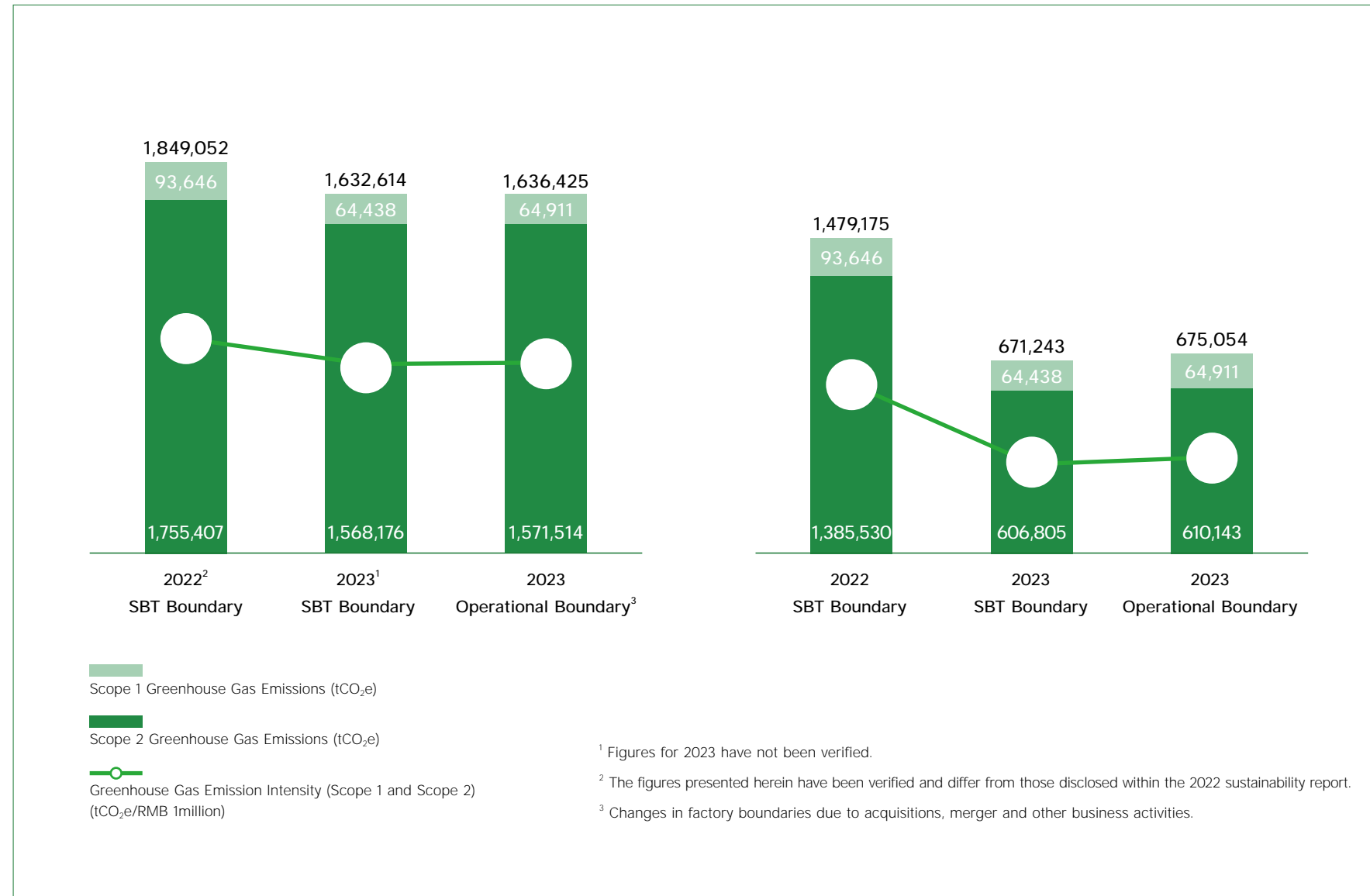
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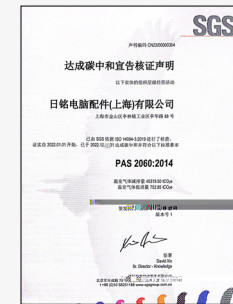
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Reduction of Greenhouse Gas Emissions

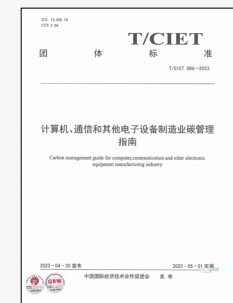
Luxshare Precision places great importance on energy conservation and emission reduction. We have established internal work procedures such as the *Operation Procedure of Greenhouse Gas Control*, the *Control Procedure of Energy Conservation and Consumption Reduction*, and the *Greenhouse Gas Operation 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 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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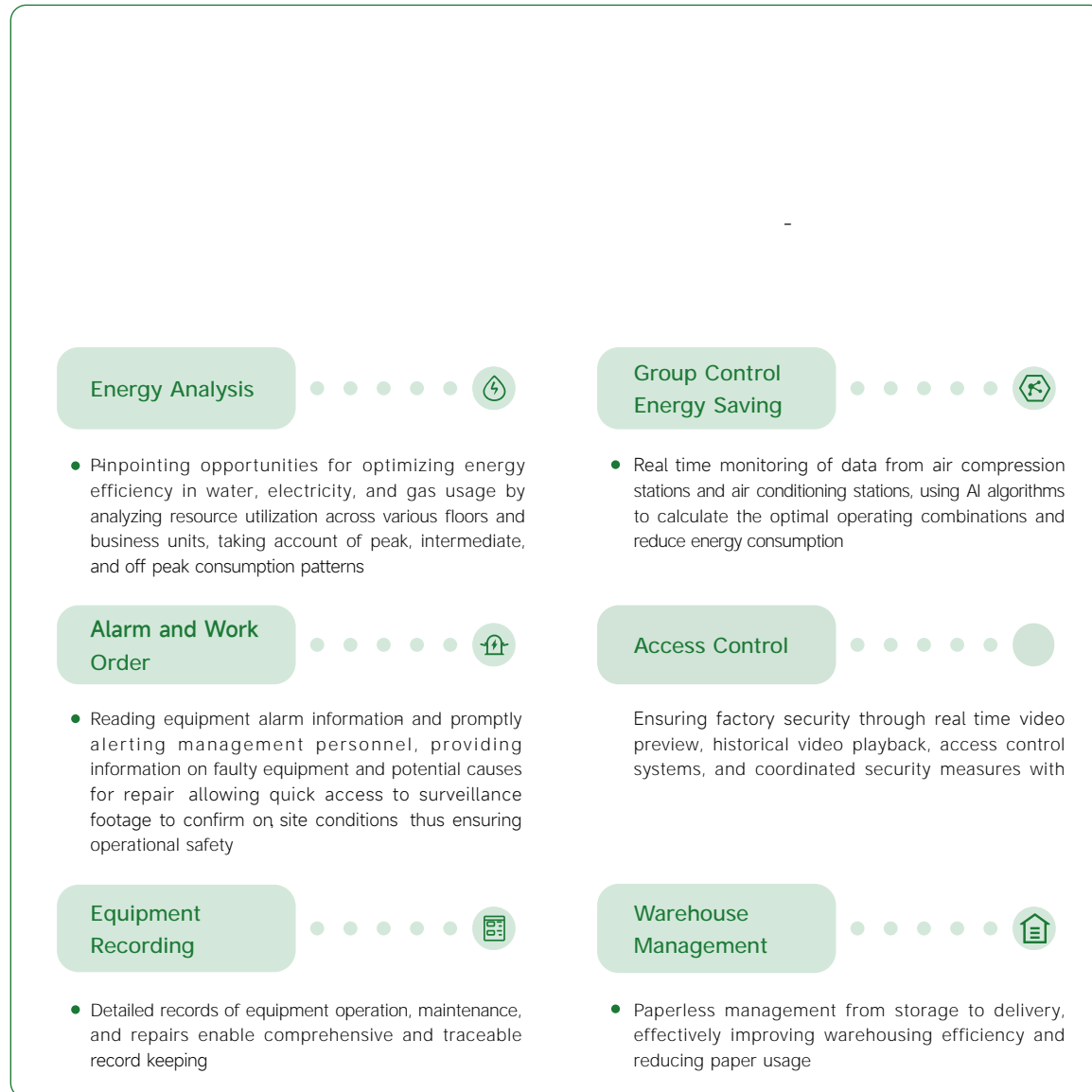
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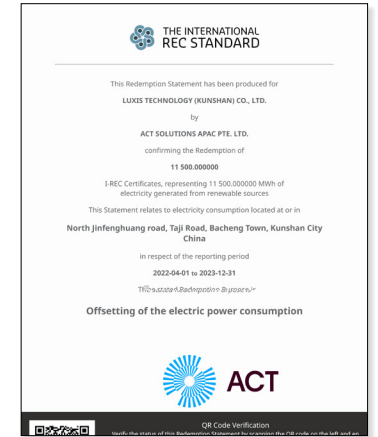
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Luxshare Precision draws on its technical advantages to organically combine energy management and intelligent park management, and continues to promote the construction of IOE (Internet of Energy) intelligent energy management platform. Through the 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



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

