Luxshare Precision Carbon Reduction Target and Action Periodic Report

Report Preparation: Sustainable Development Center

Reporting Period: 2026 Half-Yearly Progress Report

Reporting Scope: Same as that of Luxshare Sustainability Report 2025

September 2026

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Carbon Neutrality Governance & Strategy

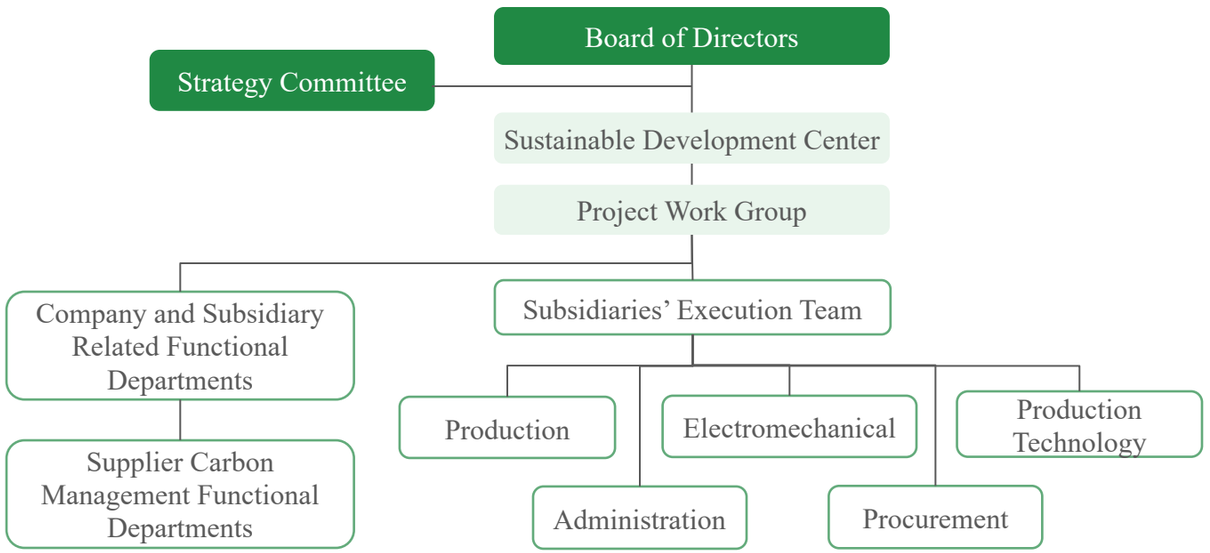
State of the Global Climate 2025 Report released by the World Meteorological Organization notes that the global climate system confronted extraordinary pressures in 2025. Temperature, sea level and glacier ablation continued to operate at historically high levels, underscoring prolonged and severe climate stress. As a leading enterprise in the electronics manufacturing industry, Luxshare Precision Industry Co., Ltd.[1] has proactively addressed climate change over the years, deeply explored various carbon reduction pathways, and steadily advanced the implementation of science-based targets, to support the low-carbon transition and upgrading of operations and value chain.

Carbon Governance

We have established a three-level organizational structure of "Decision-Making–Planning–Execution" led by the Board of Directors, organized by the Sustainable Development Center, and executed by subsidiaries and supplier functional departments.

Luxshare Precision incorporated the carbon targets achievement into the bonus assessment for senior executive, fully leveraging the leadership and optimizing the allocation of core resources, to facilitate the climate goals implementation and accelerate the low-carbon transformation.

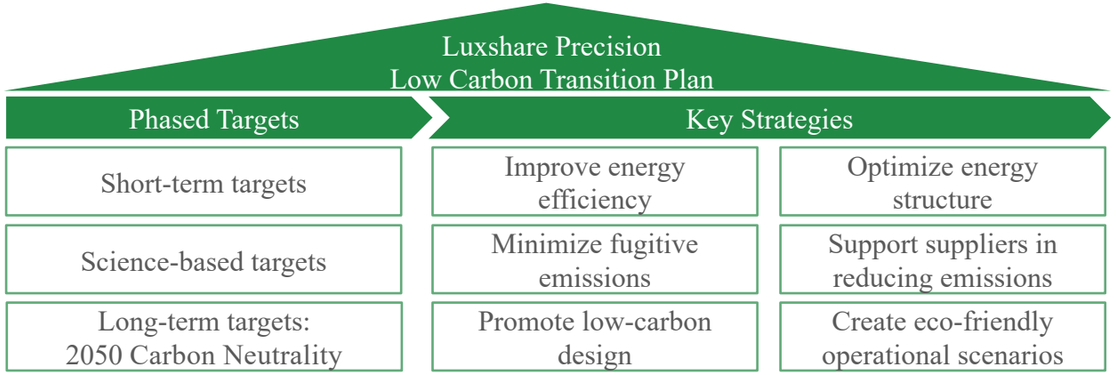
Luxshare Precision Carbon Governance Structure



Low-carbon Transition Strategy

We comprehensively identify climate-related risks and opportunities, and assess the impacts of climate factors, which serves as the foundation for setting climate management targets and strategies. From 2023 to 2025, 100% of operating sites have undergone specific environmental risk assessment[2].

To achieve the long-term goal of carbon neutrality, the Company has set clear phased targets and formulated six key actions. Among them, the mid-term target has been validated and approved by the Science Based Targets initiative (SBTi). Since 2022, we have continuously implemented various measures in accordance with the path. By 2025, substantial progress has been made across the Company's operations and supply chain. Alongside business expansion, we initiated the update of SBTi in 2026 to ensure our emission-reduction commitments remain ambitious and practical.



Luxshare Precision Science-based Targets and Progress

Science-based Targets (2022-2032)		
2025 Progress	• Absolute Scope 1 & 2 GHG emissions reduced by 50.4% compared to 2022	• Scope 3 GHG emissions per CNY of value added reduced by 58.1% compared to 2022
	• Reduced by 25% compared to 2022	• Reduced by 18% compared to 2022

[1] Hereinafter referred to as "Luxshare Precision", "the Company" or "we"
[2] Climate physical risk and transition risk assessment

Carbon Emissions Management

The Company continuously advances its carbon management system. Annual greenhouse gas (GHG) inventory and verification are performed to lay a data foundation for setting emission-reduction targets and pathways. Internal carbon pricing mechanism is introduced based on this, integrating carbon costs into decision-making to drive voluntary emission reductions. Subsidiaries have participated in emission trading and fulfilled compliance obligations in local carbon markets. And the training empowerment mechanism is established to enhance carbon management capabilities and low-carbon awareness.

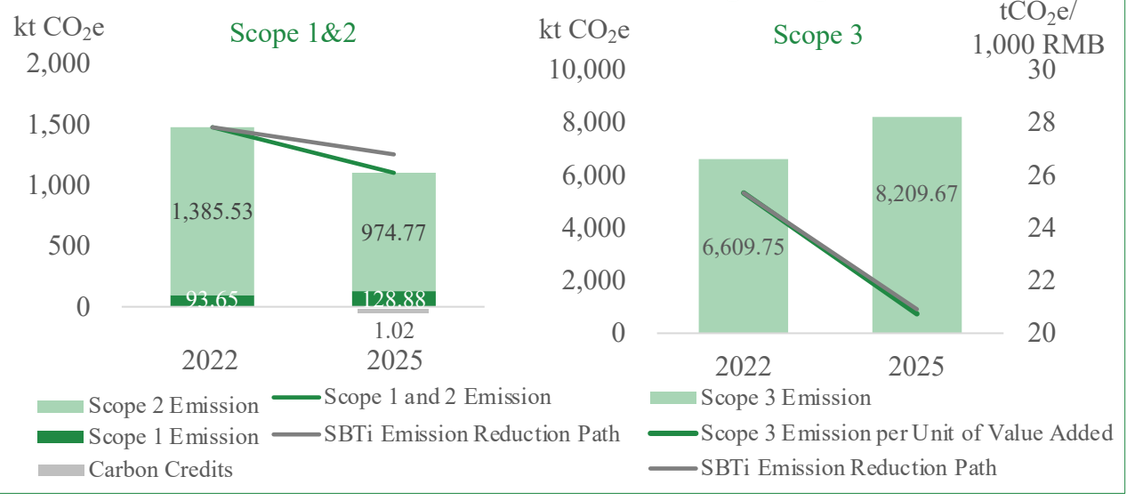
Comprehensive Carbon Inventory

We have calculated Scope 1, 2 and 3 emissions in accordance with ISO 14064-1:2018, and have obtained the third-party verification.

Luxshare Precision's verified total GHG emissions for 2025 were 9,313,319.55 tCO_2e, comprising 1,103,649.38 tCO_2e from Scope 1 and 2 emissions[3], and 8,209,670.17 tCO_2e from Scope 3. Additionally, the Company utilized 1,017 tCO_2e of carbon credits to offset its emissions, accounting for approximately 0.07% of the Scope 1 and 2 emissions in the base year.

2025 Third-party GHG Verification Statement

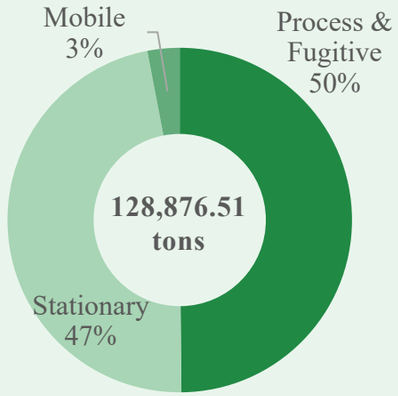
2025 GHG Emission Performance and Target Progress



Scope 1 Emission Composition

Scope 1 emissions are direct emissions from the Company owned or controlled sources, accounting for approximately 1.38% of total GHG emissions.

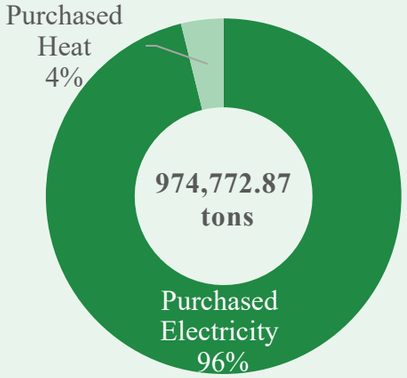
Process and fugitive emissions represent the largest share, including emission sources such as refrigerants and dry-ice usage, followed by stationary-source emissions and mobile-source emissions. We regularly conduct investigations and identify feasible solutions.



Scope 2 Emission Composition

Scope 2 emissions are indirect emissions from purchased electricity and steam, accounting for approximately 10.47% of total GHG emissions.

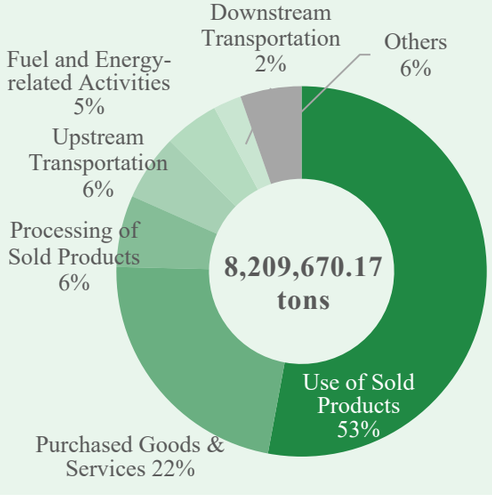
Purchased electricity is the main emission source for our operational activities. Scope 2 emissions can be effectively reduced through adoption of clean energy and energy-efficiency improvement.



Scope 3 Emission Composition

Scope 3 emissions are indirect emissions from the Company's value chain, accounting for approximately 88.15% of total GHG emissions.

The use of sold products and purchased goods and services account for nearly 80% of total Scope 3 emissions. The Company develops holistic decarbonization targets, empowers supply-chain partners to fully mobilize emission-reduction initiatives.



[3] Scope 2 GHG emissions are calculated using the market-based method

Internal Carbon Pricing

Luxshare Precision has established and implemented an internal carbon pricing mechanism adopting a shadow price model, which assigns a monetary value to each ton of GHG emissions and serves as a key evaluation tool for carbon management decisions. We regularly review emission reduction progress and calculate potential carbon costs of each subsidiary, incentivizing them to deeply explore emission reduction potential and promote the achievement of our science-based targets.

The Company reviews the internal carbon price annually, integrating the trading prices of the National Carbon Market, long-term projections under scenarios of tightening policies, and inflation levels to form a dynamic price adjustment mechanism. This ensures that the carbon cost reasonably reflects the changes in the market and regulatory environment.

Carbon Market Compliance

While the electronics manufacturing industry, in which Luxshare Precision operates, is not yet covered by the National Carbon Market, some subsidiaries have been included in local pilot carbon markets. Annual carbon emissions accounting and allowance surrender are conducted in compliance with market rules. All relevant subsidiaries surrender allowances in full and on time, with no compliance breaches. Meanwhile, the Company continuously tracks the expansion of the National Carbon Market and the changes in local pilot policies, assesses the potential impacts to address possible exposure in advance.

In 2026, Luxshare Precision:

Subsidiaries participating in the local pilot carbon market compliance
3

Total Scope 1 and 2 emissions of compliance subsidiaries for 2025
approx. **50,000** tCO_2e

Low-carbon Capacity Building

The Company has established a standardized carbon management training mechanism. Focused on topics including carbon management policy updates and GHG accounting methods, capacity building is implemented via thematic training, policy interpretation and dedicated Q&A sessions to continuously improve employees' professional competency and empower the low-carbon transition.

Carbon Management Capacity Building System

01 Thematic Training
02 Policy Interpretation
03 Dedicated Q&A sessions

During the reporting period, the Company organized one thematic training session and one policy interpretation session. In June, we held a specialized training on product carbon footprint accounting, introducing relevant methodologies and reduction pathways. Combined with typical cases, the session explained the calculation process from the life-cycle perspective. In July, we interpreted the green electricity certificate policy on trading and retirement via an internal column. Key points were illustrated with comics to facilitate employee understanding and implementation.

Dedicated Policy Briefing

Product Carbon Reduction Training Poster

During the Reporting Period, Luxshare Precision:

Number of thematic training participants **251**

Number of policy interpretation views **4,231**

2026 Carbon Reduction Actions & Progress

Deepened Operational Carbon Management

To further consolidate operational carbon management, the Company has conducted a special investigation of Scope 1 emission sources, systematically sorted out emission-reduction solutions and tracked project progress, advanced energy efficiency and clean energy transition, and has continuously explored the emission-reduction potential from operational activities.

Scope 1 Emission Reduction Practices

Luxshare Precision regularly carries out investigations on Scope 1 emission sources and energy-consuming equipment to identify emission hotspots, so as to strengthen emission source control. We classified emissions into three categories: stationary emission sources, mobile emission sources and fugitive emission sources. We conduct detailed surveys on the energy consumption of various equipment, collect and identify typical decarbonization solutions, laying a solid foundation for the Company to scientifically formulate emission-reduction strategies and monitor subsequent implementation progress.

Case | Scope 1 Emission-Reduction Practices of Luxshare Mexico

Luxshare Mexico has implemented retrofits through oven electrification, low-GWP refrigerants substitution and the implementation of a leak-managing system, which effectively reduced Scope 1 emissions.

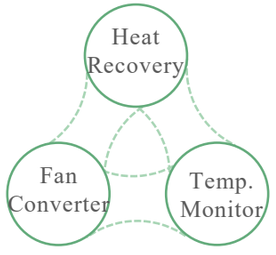
Oven Electrification Renovation

Luxshare Mexico launched retrofits for two adhesive-curing lines. LPG ovens were replaced with electric ovens to improve temperature control and energy efficiency, which is expected to achieve 61 tCO_2e emission reduction annually after deployment.

Refrigerant Replacement & Leak-Management

Luxshare Mexico substituted low-GWP refrigerants in air-conditioning units and climate chambers, strengthened fugitive emission management. During the reporting period, the retrofitting of one air-conditioning unit was completed.

Air-conditioning Units	R-410A replaced with R-454B, 77.7% emission reduction[4]
Climate Chamber	R-404A and R-508B replaced with HFO blends



Oven Electrification Retrofit Path

Product-Testing Climate Chamber

Energy Efficiency Improvement and Transition

To achieve the Company's 2030 energy-saving target[5], we break down annual goals and deploy energy efficiency improvement initiatives across five major energy-consuming areas: air compressor system, central air conditioning systems, factory exhaust fans, office and residential electricity, and production electricity. We regularly summarize and review the implementation progress of energy-saving projects of each subsidiary, conduct on-site verification, and assist in project delivery.

In terms of energy structure transition, the Company promotes diversified clean energy applications including distributed photovoltaics, green electricity trading and green certificate procurement to expand clean energy application scenarios. Meanwhile, we develop energy storage projects, and enhance clean energy accommodation and utilization efficiency via solar-storage integration. During the reporting period, the Company leverages factory rooftops and idle space to systematically implement distributed photovoltaic and energy storage facilities. 16 MW of energy storage is expected to be added this year, driving energy structure transition toward a green and low-carbon transition.

During the Reporting Period, Luxshare Precision:

Saved electricity
64,667 MWh

Directly purchased green electricity
531,770 MWh

As of the end of the Reporting Period, Luxshare Precision:

Cumulative capacity of rooftop PV achieved
268 MW

[4] Replacing 1 kg of air conditioning refrigerant is expected to cut emissions by 1.62 tCO_2e

[5] From 2026 to 2030, the cumulative new energy savings achieved through annual energy-saving renovations reach 500 million kWh

Value Chain Carbon Reduction

Based on supply chain management requirements, the Company scientifically assesses the decarbonization performance of core suppliers. Audits and supervision are adopted to stimulate suppliers' internal motivation for proactive carbon reduction. Meanwhile, we promote product carbon footprint verification. Starting from raw materials, we explore the carbon reduction potential of recycled materials and quantify the effects through digital systems, providing strong support for value chain decarbonization.

Supporting Suppliers in Emission Reduction

To drive the green and low-carbon transition of the supply chain, the company formulated and issued the *Green and Low-Carbon Commitment*, clarifying managing targets and requirements for suppliers. Aligned with internal management and external standards, we integrate core metrics into audits and establish an annual audit plan. The Company assesses suppliers' target achievement, provides professional consultation and guidance on carbon abatement, and strengthens their awareness and execution for emission reduction. During the reporting period, the company completed audits and coaching for 46 suppliers, helping them identify carbon reduction priorities and implement mitigation measures.

In addition, the Company regularly shares emission reduction practices with suppliers. During the reporting period, we organized special training on green supply chain audit requirements and shared third-party training opportunities to improve their carbon management capabilities. For more initiatives on green supply chain development, please refer to the *Green Supply Chain Periodic Report*.

External Third-party Training

On-site Audit of Core Suppliers

Exploring Product Carbon Reduction Pathways

The raw material stage is at the beginning of the value chain, and its carbon emission level is a key factor affecting the product carbon footprint. To promote overall value chain decarbonization, the Company collaborates with upstream and downstream partners to systematically identify application scenarios for recycled materials, explore the promotion of low-carbon materials, and reduce the embedded carbon emissions of products. We have built a recycled material module within the Green Supply Chain Management (GSCM) system, connecting information flows between material verification and procurement processes. This enables accurate identification and measurement of newly recieved recycled materials, providing data support for quantifying the emission reduction contributions.

Product Carbon Footprint Certificate

In addition, the Company selects certain products for carbon footprint verification. We analyze the emission composition across life cycle stages and identify emission hotspots, laying a foundation for subsequent product carbon reduction initiatives.

Recycled Material Identification

- Supplier Submission
  - Basic information
  - Supporting documents
- Company Review
  - Supporting documents review
- Material Filing
  - Generate recycled material labels

Emission Reduction Quantification

- Receiving Statistics
  - Quantify the recycled material by labels
- Data Export
  - Recycled material type and weight
- Emission Reduction Performance
  - Select emission factors
  - Quantify emission reduction results

System Iteration and Intelligent Upgrade

Digitalization and intelligence serve as key enablers for the Company to enhance carbon management capabilities. The Company is advancing the development of a comprehensive ESG management platform, integrating organizational and value chain carbon management business scenarios. The platform facilitates the upgrade of carbon emission data from decentralized collection to systematic governance, providing unified data support for emission reduction target setting, pathway planning and progress tracking.

Platform Carbon Management Functions

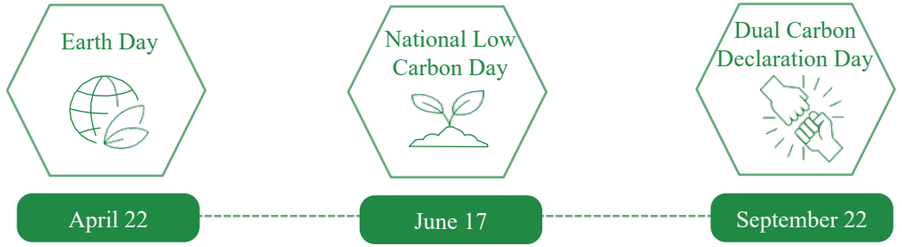
Organizational Management	Reduction Management	Task Management	Target Management
User Management	Customized Research	Progress Management	Report Management
Portal Management	Knowledge Base	Accounting Configuration	Backlog
Data Management	Data Archiving	Certificate Management	

While building the platform, the Company systematically identifies work scenarios suitable for intelligent upgrades and conducts technical feasibility assessments. We plan to deploy technologies including Robotic Process Automation (RPA) and Artificial Intelligence (AI) to carbon emissions data review, FAQ responses and repetitive workflow processing, to reduce manual operations and improve the quality and efficiency of carbon data management. During the reporting period, the Company has completed scenario identification and technical feasibility assessment, and will gradually promote the development and application of relevant functions in subsequent phases.

Green & Low-carbon Activities and Initiatives

The Company combines online awareness promotion with offline interactive events. Centering on theme days including Earth Day, National Energy Conservation Week & Low Carbon Day, and Dual Carbon Declaration Day[6], we organize a series of green and low-carbon activities. By releasing advocacy posters and hosting themed events, we promote practices such as green office and low-carbon commuting among employees, fostering a low-carbon culture across the workforce. During the reporting period, the Company held two green & low-carbon themed activities, and encouraged subsidiaries to implement energy conservation and carbon reduction practices simultaneously.

Luxshare Precision 2026 Green & Low-carbon Activity Plan



Earth Day Advocacy Poster

Green & Low-carbon Activities of National Energy Conservation Week

[6] On 22 September 2020, General Secretary Xi Jinping announced the "Dual Carbon" commitment.

Appendix - Key Performance Data

2025 Verified Key Performance Data

Indicator	Unit	2025
Energy consumption within the organization		
Total energy consumption	MWh	4,950,100.84
Direct energy consumption	MWh	529,588.95
Non-renewable energy consumption	MWh	320,956.54
Gasoline	MWh	8,488.22
Diesel oil	MWh	9,633.07
Liquefied petroleum gas (LPG)	MWh	3,404.79
Natural gas	MWh	298,857.04
Propane	MWh	287.14
Fuel oil	MWh	286.28
Renewable energy consumption	MWh	208,632.41
Biomass energy (ethanol gasoline)	MWh	588.38
Biomass energy (wood pellets)	MWh	2,272.28
Geothermal energy	MWh	9,091.43
PV power consumption	MWh	196,680.32
Indirect energy consumption	MWh	4,420,511.89
Purchased electricity	MWh	4,329,508.31
Purchased steam	MWh	91,003.58
Total installed photovoltaic capacity	MW	227.05
Purchased green electricity	MWh	1,750,242.47

Indicator	Unit	2025
Purchased green certificates	MWh	1,002,775.00
Percentage of clean energy use	%	65.17
Energy intensity		
Energy consumption intensity per unit of revenue	MWh/million RMB	14.89
Electricity consumption intensity per unit of revenue	MWh/million RMB	13.02
Reduction of energy consumption		
Annual electricity savings	MWh	158791.52
Direct (Scope 1) GHG emissions		
Total Scope 1 Greenhouse Gas emissions	tCO_2e	128,876.51
Total CO_2 emissions	tCO_2e	68,488.23
Total CH_4 emissions	tCO_2e	22,832.30
Total N_2O emissions	tCO_2e	141.06
Total HFCs emissions	tCO_2e	37,414.92
Total PFCs emissions	tCO_2e	0.00
Total SF_6 emissions	tCO_2e	0.00
Total NF_3 emissions	tCO_2e	0.00
Gasoline	tCO_2e	2,090.21
Diesel oil	tCO_2e	2,576.06
Liquefied petroleum gas (LPG)	tCO_2e	741.41
Natural gas	tCO_2e	59,401.01

2025 Verified Key Performance Data (Continued)

Indicator	Unit	2025
Propane	tCO_2e	61.47
Fuel oil	tCO_2e	76.76
Biogenic CO_2 emissions	tCO_2e	851.24
Energy indirect (Scope 2) GHG emissions		
Total Scope 2 Greenhouse Gas emissions (Location-based)	tCO_2e	2,616,622.80
Total Scope 2 Greenhouse Gas emissions (Market-based)	tCO_2e	974,772.87
Other indirect (Scope 3) GHG emissions		
Total Scope 3 Greenhouse Gas emissions	tCO_2e	8,209,670.17
Category 1: Purchased goods and services	tCO_2e	1,844,953.19
Category 2: Capital goods	tCO_2e	76,631.67
Category 3: Fuel and energy	tCO_2e	391,639.18
Category 4: Upstream transportation and distribution	tCO_2e	475,106.85
Category 5: Waste generated in operations	tCO_2e	14,614.23
Category 6: Business travel	tCO_2e	19,129.94
Category 7: Employee commuting	tCO_2e	98,921.37
Category 8: Upstream leased assets	tCO_2e	52,667.66
Category 9: Downstream transportation and distribution	tCO_2e	201,422.07
Category 10: Processing of sold products	tCO_2e	513,619.83
Category 11: Use of sold products	tCO_2e	4,343,820.23
Category 12: End-of-life treatment of sold products	tCO_2e	85,519.11

Indicator	Unit	2025
Category 13: Downstream leased assets	tCO_2e	46,076.14
Category 14: Franchises	tCO_2e	/
Category 15: Investments	tCO_2e	45,548.70
Total Greenhouse Gas emissions		
Total Scope 1 & 2 Greenhouse Gas emissions (Location-based)	tCO_2e	2,745,499.31
Total Scope 1 & 2 Greenhouse Gas emissions (Market-based)	tCO_2e	1,103,649.38
GHG emissions intensity		
Scope 1 Greenhouse Gas emission intensity per unit of business revenue	tCO_2e/million RMB	0.39
Scope 2 Greenhouse Gas emission intensity per unit of business revenue (Location-based)	tCO_2e/million RMB	7.87
Scope 2 Greenhouse Gas emission intensity per unit of business revenue (Market-based)	tCO_2e/million RMB	2.93
Scope 1 & 2 Greenhouse Gas emission intensity per unit of business revenue (Location-based)	tCO_2e/million RMB	8.26
Scope 1 & 2 Greenhouse Gas emission intensity per unit of business revenue (Market-based)	tCO_2e/million RMB	3.32
Carbon credits utilized	tCO_2e	1,017
Reduction of GHG emissions		
Total reduction of greenhouse gas emissions	tCO_2e	1,858,319.42
Total greenhouse gas emissions reduction achieved through clean energy use	tCO_2e	1,762,973.63
Total greenhouse gas emission reduction achieved through energy conservation and emission reduction measures	tCO_2e	95,345.79