





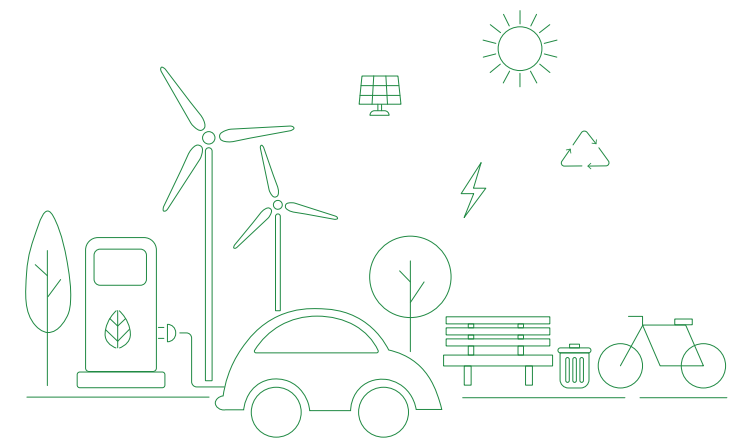
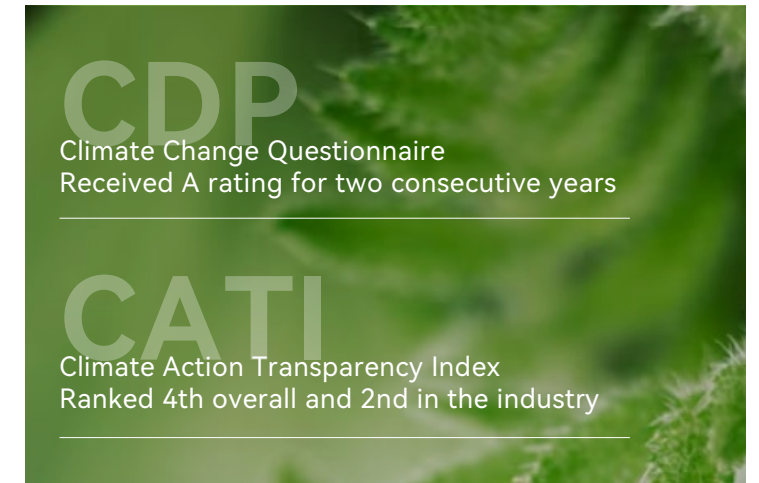
Addressing Climate Change

Facing increasingly severe climate challenges, Luxshare Precision actively identifies climate risks and opportunities, scientifically sets carbon reduction targets, solidly advances energy conservation and carbon reduction practices, and continuously deepens green and low-carbon concepts to effectively enhance the Company's climate resilience.

Climate Risks and Opportunities






We actively assess climate-related risks and opportunities throughout our upstream and downstream operations as well as our own business processes. In accordance with the *Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)*, we disclose our work plans and outcomes across four key pillars: **governance, strategy, risk management, and metrics and targets.**

 Governance	<ul style="list-style-type: none"> 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 executed by each subsidiary. Conduct at least one annual discussion on climate change related issues to develop plans and track the achievement of climate targets Maintaining regular engagement with external stakeholders and experts specializing in climate change and environment. Through various channels, including the sharing of best practices and standard training related to climate change and environmental matters, we ensure that the Board possesses the requisite capabilities to oversee decision-making regarding climate change-related risks and opportunities Establishing an incentive mechanism linking emission performance to the remuneration of senior management, incorporating the achievement of science-based targets into considerations, motivating the Company's management to integrate emission reduction into operational decisions
 Strategy	<ul style="list-style-type: none"> Identifying potential climate risks and opportunities within our operations and value chain. By drawing on 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), we assess the impact of various climate factors on the Company's business, strategy, and financial planning in both current and future operating environments. We proactively formulate climate response strategies to enhance organizational climate resilience and actively seize transformation opportunities
 Risk Management	<ul style="list-style-type: none"> Integrating current and potential climate risks into the Company's overall risk management framework, and implementing them in the annual work of respective risk management departments 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	<ul style="list-style-type: none"> Establishing science-based 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




We continuously assess climate risks. Integrating macroeconomic policies, industry regulations, and compliance requirements, we analyze the primary risks and opportunities facing Luxshare Precision in the short term (1-5 years), medium term (6-10 years), and long term (11-20 years). Referencing the IPCC RCP8.5 Scenario and IEA NZE 2050 Scenario, and considering the likelihood, severity, and impact magnitude of risk events, we identify and evaluate climate-related physical risks, transition risks and opportunities that possess financial materiality.



Key Climate Risk Responses

Risk Item	Risk Type	Risk Description	Impacted Stages	Time Horizon	Current Financial Impact	Expected Financial Impact	Risk Response Measures
 Increase in raw material costs	Transition Risk - Market	Changes in policies and regulations related to climate change lead to complex fluctuations in raw material procurement, manufacturing, transportation, and the overall supply chain	Upstream Value Chain	Medium-term	Upstream high-emission suppliers (e.g., metal, plastic, and chemical manufacturers) pass additional carbon costs down the supply chain to key raw material prices, thereby increasing production costs	<ul style="list-style-type: none"> When the development of initial green technologies fails to keep pace with the speed of policy transformation, the use of biodegradable and recyclable raw materials increases procurement and operating costs 	<ul style="list-style-type: none"> Screen potential suppliers and reasonably control procurement costs Through supplier communications and surveys, promote energy saving and emission reduction Accelerate the green transformation by introducing new technologies and new materials
 Carbon pricing mechanism	Transition Risk - Policy	Pricing mechanisms such as carbon trading and carbon taxes impose fees on carbon-emitting enterprises, requiring them to bear the damages caused by their emissions and encouraging them to modify business activities to reduce emission levels	Direct Operations	Long-term	Subsidiaries included in the carbon market trading proactively carried out energy-saving renovations, resulting in increased compliance costs and capital expenditures	<ul style="list-style-type: none"> The government announces an increase in carbon pricing, a tightening of carbon market allowances, or the imposition of a carbon tax, resulting in higher compliance costs Relevant compliance costs may be passed on to raw material and energy costs, thereby increasing operating expenses 	<ul style="list-style-type: none"> Continuously monitor policy developments on carbon pricing in various regions Promote the use of clean energy sources such as rooftop photovoltaics and purchased green electricity to replace traditional fossil fuels, driving the transformation of the energy structure Accelerate the construction of the energy management system and establish a green manufacturing system
 Transition to low-emission technologies and products	Transition Risk - Technology	Government policies on energy conservation and carbon reduction, coupled with rising market demand for product environmental standards, require the Company to undertake energy-saving retrofitting and innovate low-carbon technologies	Direct Operations	Short-term	Conducted energy-saving retrofit and energy management system optimization projects, resulting in increased capital expenditures	<ul style="list-style-type: none"> Adopting more energy-efficient production equipment and technologies increases capital expenditure The outcomes of investments in new processes or equipment may fall short of expectations, leading to a reduction in operating revenue 	<ul style="list-style-type: none"> Establish energy conservation and consumption reduction targets, advance emission reduction efforts, and improve energy efficiency from both management and technical perspectives Establish a product environmental footprint management mechanism Implement energy efficiency improvement projects
 Increased concerns and negative feedback from stakeholders	Transition Risk - Reputation	The growing concern of diverse stakeholders regarding the Company's management of climate risks and opportunities has become a key component of the Company's overall evaluation	Direct Operations	Short-term	A dedicated team is established to respond to stakeholders' concerns on climate change, increasing operational costs	<ul style="list-style-type: none"> Failure to effectively address the concerns of stakeholders or to properly manage climate risks may adversely affect the public's overall perception of the Company. In the long term, this could impact the Company's market competitiveness and increase financing costs 	<ul style="list-style-type: none"> Establish a Sustainable Development Center to address sustainable development and climate change issues, actively communicate with stakeholders, and enhance the Company's reputation Disclose policies and information related to climate change to ensure that all relevant stakeholders have access to such information and can monitor and evaluate the Company's performance
 Changes in consumer behavior	Transition Risk - Market	Customers are increasingly concerned about the actual impacts of climate change and prefer products that are greener and more energy-efficient	Downstream value chain	Medium-term	Market and customer preference for green products reduces demand for traditional products and services, reducing operating revenue	<ul style="list-style-type: none"> Product R&D costs increase due to strong customer preference for green products More customers request the Company to address ecological impacts, promote environmental protection, and implement green operations due to the growing focus of their customers, increasing product sales costs 	<ul style="list-style-type: none"> Conduct regular market research to understand customer needs and market trends, and promptly adjust product strategies Increase R&D investment in energy-saving and low-carbon technologies to develop more efficient and environmentally friendly products Collaborate with suppliers that are green and low-carbon, and adopt production materials with greater environmental benefits

Key Climate Risk Responses (Continued)

Risk Item	Risk Type	Risk Description	Impacted Stages	Time Horizon	Current Financial Impact	Expected Financial Impact	Risk Response Measures
Heavy precipitation (rain, hail, snow/ice) 	Physical Risk - Acute	Climate change leads to an increase in the number of days with heavy precipitation and a rise in maximum rainfall intensity, resulting in severe urban waterlogging that threatens the safety of equipment and personnel at facilities located along rivers, lakeshores, coastlines, and low-lying areas	Direct Operations	Short-term	To address extreme weather events (such as Typhoon Ragasa in the Guangdong region), capital expenditures were increased to upgrade flood control and drainage facilities, reinforce factory buildings, upgrade equipment, and establish emergency systems	<ul style="list-style-type: none"> Natural disasters can damage production facilities, increase costs for asset maintenance or replacement, and pose risks of production stoppages or delays 	<ul style="list-style-type: none"> The factory site was selected to avoid areas prone to heavy rainfall. Drainage facilities and submersible pumps were installed in flood-prone areas such as underground parking garages. Rainwater pipes are regularly cleared to ensure unobstructed drainage Establish an emergency organizational structure, formulate and implement emergency response plans, regularly conduct emergency drills, and ensure adequate preparation of emergency supplies Continuously monitor weather forecasts. Upon receiving warnings, activate emergency response plans and implement contingency measures based on the warning level. Proactively reinforce facilities that may be affected Purchase property insurance for the Company's assets (inventory, construction in progress, fixed assets, and buildings)

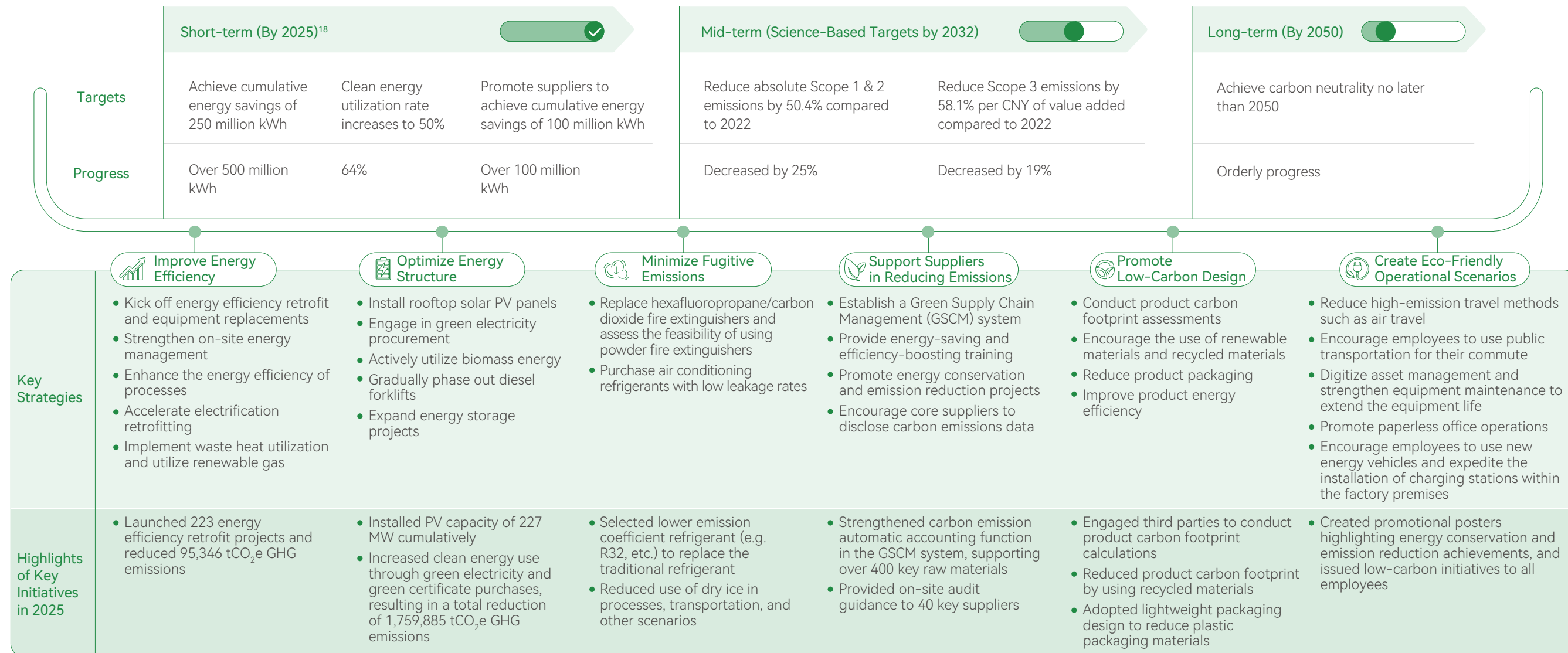
Key Climate Opportunity Responses

Opportunity Item	Opportunity Type	Opportunity Description	Impacted Stage	Time Horizon	Current Financial Impact	Expected Financial Impact	Opportunity Response Measures
Leverage public-sector incentive mechanisms 	Market	The government is increasing policy support for the green and low-carbon sector, encouraging enterprises to participate in infrastructure construction for key emerging areas and to establish green factories	Direct Operations	Short-term	By establishing Green Factories and Zero-Carbon Factories to align with green policy guidelines, the Company secures relevant subsidies or incentives	<ul style="list-style-type: none"> The Company is advancing the construction of photovoltaic and new energy charging pile projects within the industrial park to promote efficient multi-energy complementarity and reduce energy costs 	<ul style="list-style-type: none"> Continuously monitor the dynamics of government policies on green and low-carbon development Apply for National, Provincial, and Municipal Green Factory and Zero-Carbon Factory certifications
Develop new products or services 	Products and Services	As the low-carbon green transformation deepens, market demand for clean products and services is increasing	Direct Operations	Medium-term	Increase investment in the research and development of clean products such as new energy vehicles and intelligent equipment to boost revenue from green products	<ul style="list-style-type: none"> Developing a diversified business portfolio in response to the growing market demand for green products can drive revenue growth 	<ul style="list-style-type: none"> Actively position in clean technology product sectors such as new energy vehicles and data center power supplies Continuously invest in the research and development of clean technology products

Carbon Targets and Progress

Luxshare Precision has issued the *Carbon Management Commitment and Statement* in response to the long-term goal of the *Paris Agreement* to limit the global average temperature increase to within 1.5°C above pre-industrial levels. The Company continues to optimize decarbonization pathways covering operations and the value chain. Relying on six core carbon neutrality strategies, Luxshare Precision actively carries out emission reduction actions and steadily advances the achievement of science-based targets and phased targets.

Carbon Neutrality Roadmap



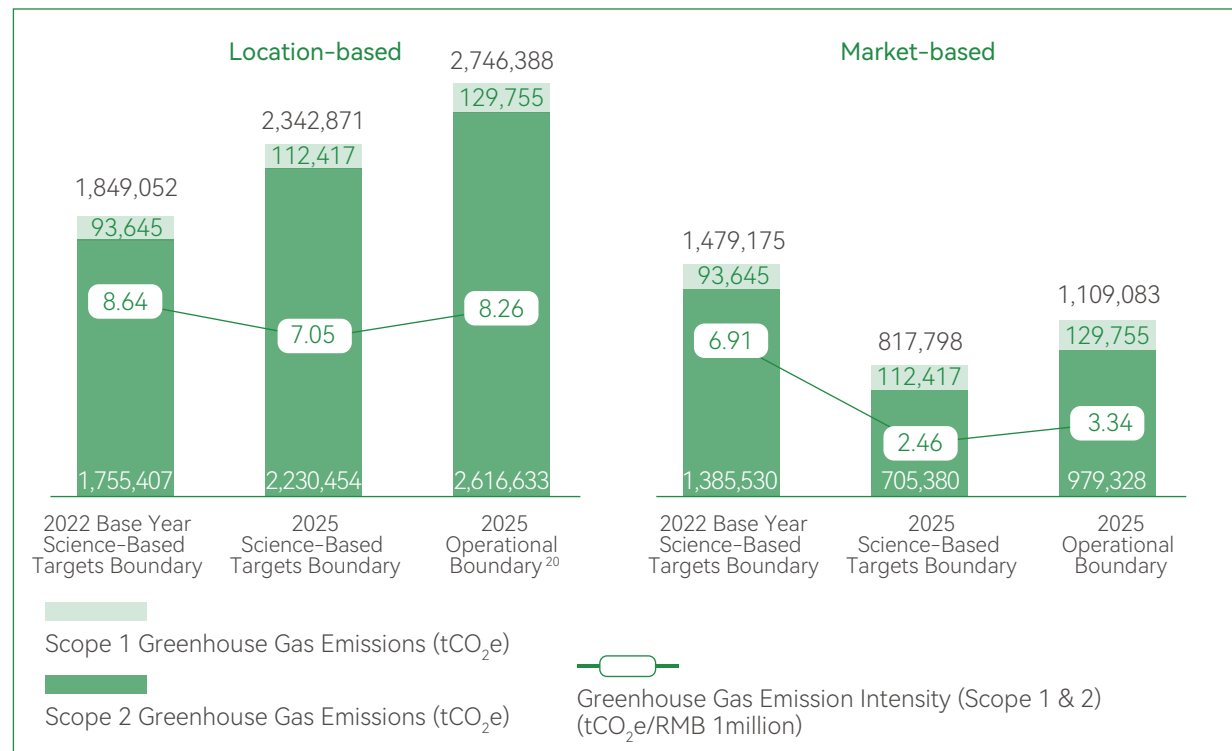
¹⁸ The timeframe is from 2023 to 2025

Scientific Management of Carbon Data

Annually, in accordance with the ISO 14064 standard, we **conduct a comprehensive inventory and third-party verification of Scope 1, 2, and 3 emissions**. We precisely calculate total GHG emissions and conduct an in-depth analysis of energy consumption structures and carbon footprint characteristics to establish a solid data foundation for the Company's effective carbon management. During the Reporting Period, subsidiaries included in emissions trading have strictly and proactively fulfilled their obligations by declaring carbon emission data and conducting the trading and surrender of carbon allowances in accordance with relevant national and regional requirements, thereby contributing to the construction and effective operation of the carbon emissions trading market. At the same time, the Company is actively building zero-carbon factories through initiatives such as energy conservation and emission reduction projects, expanding clean energy usage, and voluntarily retiring carbon credits. **Its subsidiary, Luxshare Electronic Kunshan, was selected for Suzhou's 2025 List of Enterprises with Outstanding Achievements in Zero-Carbon Factory Development.**

The Company has introduced an internal carbon pricing mechanism. By combining historical data and forecasts of future carbon prices, the Company employs a shadow price to enable subsidiaries to clearly understand carbon emission costs. This economic approach stimulates internal momentum for low-carbon transformation and urges subsidiaries to actively explore new pathways for energy conservation and emission reduction.

Greenhouse Gas Emissions¹⁹



¹⁹ The data for 2025 have not been verified

²⁰ Changes in operational boundaries resulting from business activities such as acquisitions and mergers



Luxshare Precision establishes an electronic information system for carbon data and a GSCM carbon data module. With an embedded emission factor library, the system enables automated calculation of carbon emissions, significantly improving the efficiency of collecting, compiling, and managing carbon emission data for both its own operations and suppliers.

Case | Luxshare Precision Upgraded the Carbon Data Platform with Enhanced Visualization

Luxshare Precision refined and optimized the digital carbon data system, and upgraded the data visualization dashboard. This enables the visual presentation and multidimensional analysis of carbon emissions data at both the corporate and subsidiary levels, thereby enhancing carbon data statistical analysis and management. Centered on precise data integration, visual presentation, carbon target tracking, and refined management, the dashboard supports the Company's carbon management in transitioning from "data statistics" to "precision control." It provides a solid data foundation for identifying carbon reduction potential and reviewing phased carbon reduction targets and progress.

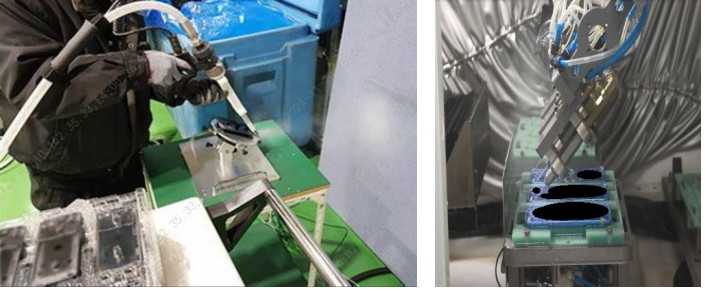
Schematic of Carbon Data Visualization

Continuously Advance Carbon Emission Reduction Construction of Low-Carbon Concepts

Based on energy consumption and carbon emission characteristics, combined with the Company's current operational status and future planning, we identify and analyze the emission reduction potential of key emission sources, and are steadily advancing emission reduction efforts in key areas of Scope 1, 2, and 3. Regarding Scope 1 emissions, we reduce fossil fuel combustion, process-related, and fugitive emissions through production process optimization, manufacturing improvements, and refrigerant substitution. Regarding emission reduction measures for Scope 2 and Scope 3, please refer to the chapters on *Optimizing Energy Utilization* and *Green and Low-Carbon Supply Chain*.

Case | Luxcase ICT Yancheng Upgraded the Dry Ice Deburring Process

The conventional dry ice deburring process is associated with high energy consumption and carbon emissions resulting from dry ice sublimation. Luxcase ICT Yancheng implemented a production process modification to replace dry ice blasting with water jetting for deburring, significantly reducing dry ice consumption and lowering process fugitive carbon emissions at the source. In 2025, the renovation project cumulatively reduced dry ice consumption and achieved carbon emission reductions exceeding 260 tons, effectively lowering Scope 1 emissions.



Comparison of the Water Jet Process Before and After Improvement



To further deepen the concept of low-carbon development, Luxshare Precision has integrated the construction of a standardized carbon management system into daily operations. **Through systematic internal thematic training, awareness campaigns, and multi-channel external exchanges**, the Company continuously conveys green and low-carbon values to employees, suppliers, and partners. We encourage all parties to work together to implement energy-saving and emission-reduction actions, jointly promoting the green transformation of the value chain.

Case | Luxshare Precision Conducted Product Carbon Reduction Training

In June, to respond to regulatory policies and market demands while enhancing product competitiveness, the Company deeply integrated carbon reduction concepts throughout the entire product lifecycle. Centered on the "Reduce, Reuse, Recycle" (3R) principles, the Company conducted specialized product carbon reduction training for all subsidiaries, focusing on themes such as low-carbon material selection, design optimization, and energy efficiency improvement. This training aimed to integrate low-carbon concepts into the full lifecycle management of products, improve material utilization rates, increase the proportion of recycled materials used, and reduce product carbon footprints.

Material Selection

- Use of Low-Carbon Materials
- Use of Recyclable Materials
- Use of Recycled Materials

➔

Design Optimization

- Extended Lifecycle Design
- Reduction-Oriented Design
- Lightweight Design

➔

Energy Conservation and Efficiency Enhancement

- Process Energy-Saving Optimization
- Enhance Energy Efficiency
- Clean Energy

Product Carbon Emission Reduction Training Content

Case | Luxshare Precision Launched Energy Conservation and Carbon Reduction Campaign

In response to the National Energy Conservation Week theme "Energy Efficiency and Enhancement, Leading with Innovation", Luxshare Precision launched energy conservation awareness initiatives. By integrating online knowledge competitions with offline interactive experiences and engaging fun games, the Company promoted energy efficiency, carbon reduction, and circular economy knowledge through an educational yet entertaining approach. These efforts enhanced all employees' environmental awareness and practical skills while disseminating low-carbon concepts across the workforce, injecting practical momentum into building a corporate green culture and implementing Sustainable Development Goals.



Promotion of National Energy Conservation Week



Luxcase Factory "Energy Conservation and Carbon Reduction, Together with You" Thematic Event

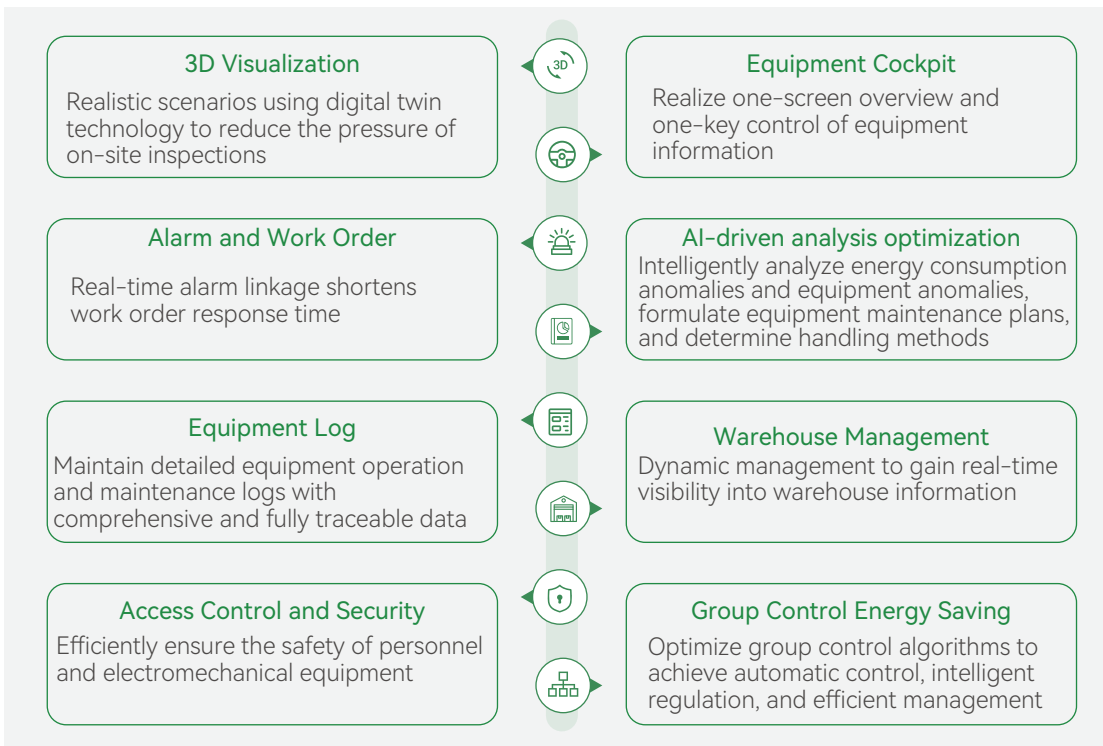
Optimizing Energy Utilization

We adhere to the energy management principle of "Compliance, Clean Production, Energy Efficiency, and Continuous Improvement." We establish a digital energy management platform, conduct energy efficiency benchmarking and low-carbon technological retrofitting, actively explore the use of clean energy, and progressively enhance overall energy utilization efficiency and operational management levels to drive the transformation of the energy structure towards a low-carbon direction.

Energy Management

To deepen refined energy management, Luxshare Precision continues to improve its energy management system. Relying on the Intelligent Energy Management (IOE) platform, the Company strengthens the unified monitoring and analysis of energy data across all manufacturing sites. **In 2025, the Company progressively expanded the deployment of the IOE platform, extending its coverage to 9 additional subsidiaries.** The Company continued to optimize platform functionalities, with a focus on enhancing group control energy saving and AI applications. By strengthening real-time monitoring and intelligent analysis of energy data across all sites, the Company improved the efficiency of energy resource allocation and effectively reduced comprehensive energy consumption at each facility.

IOE Platform Functionality



Case | Luxshare Precision Accelerated IOE Platform Deployment and Upgrade

Luxshare Precision continues to advance the deployment and functional upgrades of the IOE platform. Through dynamic data collection, intelligent analysis, and real-time monitoring, it has established a digital energy management hub, significantly enhancing energy management efficiency and decision-making precision.

Achieve integrated energy management through the equipment cockpit

Luxshare Smart Manufacturing has launched the IOE platform, upgrading from a fragmented ecosystem of multiple systems with single functionalities to a unified digital management platform. Leveraging the equipment cockpit, the platform enables energy monitoring, automatic data alerting, and intelligent analysis of consumption trends across the power supply system, compressed air system, refrigeration station system, vacuum system, nitrogen generation system, water system, and floor systems. This empowers the management team to accurately monitor real-time energy usage dynamics and provides robust data support for energy efficiency optimization.



Luxshare Smart Manufacturing IOE Platform Equipment Cockpit Schematic

Leverage group control for energy saving and AI applications to achieve intelligent regulation and diagnosis

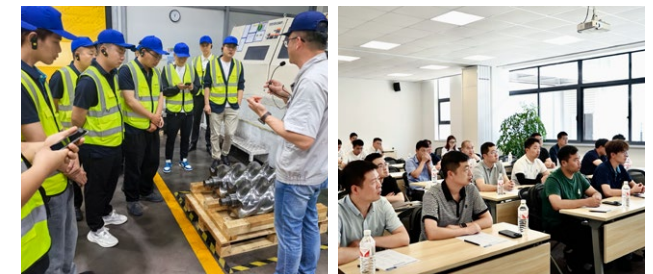
Smart Manufacturing Jiangxi leverages the IOE platform's group control energy-saving and AI application functions to intelligently regulate key energy-consuming equipment such as air compressor stations and central air conditioning systems. By dynamically optimizing equipment operating parameters, it directly reduces energy consumption by over 10%. Moreover, the platform's intelligent diagnostic function effectively reduces invisible losses such as leaks and drips, indirectly reducing energy waste by approximately 10% and enhancing energy utilization efficiency.

The Company actively conducted specialized training programs on energy management for air compressor systems, air conditioning systems, and basic energy-saving projects. Through diverse methods such as on-site instruction and online seminars, the Company enhanced the energy management capabilities of employees in relevant positions.



Case | Luxshare Precision Conducted Training on Energy Management for Compressed Air Systems

In May, we organized 24 employees from 15 factories to visit the air compressor equipment production base for specialized training on air compressor systems. The training covered cutting-edge air compressor technologies, daily operation and maintenance of air compressors, high-efficiency station solutions for air compressor stations, and the use of the IOE platform. Through practical case studies and strategic discussions, participants mastered methods for equipment energy efficiency diagnosis and operational optimization. This provides strong support for each factory to formulate scientific equipment start-stop combination plans and reduce the overall energy consumption of air compressor stations.



Compressed Air System Energy Management Training