

Green Manufacturing System Periodic Report



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01 Assist in Green Development of the Industry

Currently, China's economic development has entered a new normal, and the development of the manufacturing industry is also facing new challenges. With the continuous strengthening of resource and environmental constraints, the transformation of traditional manufacturing industry is urgent and imperative. Seizing the opportunities of a new round of global technological revolution and industrial transformation, promoting the transformation and upgrading of manufacturing industry towards a more digital, intelligent, and greener future, is the route one must take to promote the leapfrog development of the manufacturing industry and achieve the grand goal of building a strong manufacturing country.

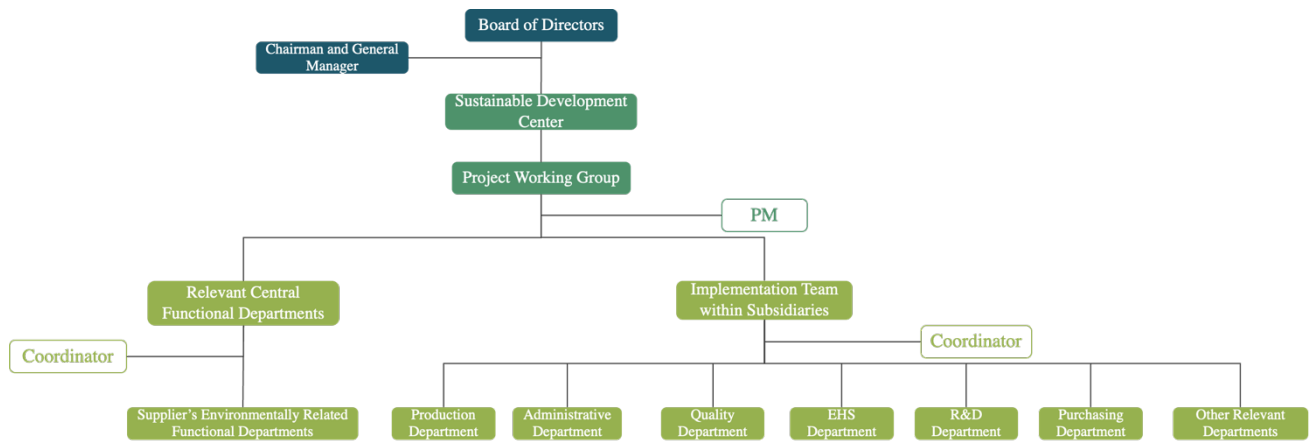
The "14th Five Year" Plan for Industrial Green Development focuses on tasks such as low-carbon energy consumption, recycling of resource utilization, cleaning of production processes, and improving the green manufacturing system, promoting the green and low-carbon transformation and high-quality development of the industry. As a leader in precision manufacturing, Luxshare Precision actively responds to national strategic planning, deeply explores low-carbon¹ and green connotations, promotes the transformation of green production methods, builds and continuously improves the green manufacturing system, reduces the impact of production and operation processes, and assists in green development of the industry.

02 How to Promote Green Manufacturing

Under the supervision and guidance of the Board of Directors, the Sustainable Development Center takes the lead in establishing a project team to collaborate with

¹ Luxshare Precision conducts management and actions around the two main themes of low-carbon and green development, and this article will mainly elaborate on the Company's green manufacturing system construction practices. Please refer to the "Carbon Reduction Target and Action Periodic Report" for the progress of Luxshare Precision in practicing low-carbon development.

relevant functional departments of subsidiaries to jointly promote green manufacturing actions.



Project Organizational Structure

Our goals:

Short/medium-term goal

1. The withdrawn water utilization rate will increase by 20% by 2025 compared with that of 2021
2. Employ the third party to conduct wastewater detection at least once a year for every factory
3. Achieve a waste transformation rate of 85.5% by 2023, 88% by 2024, and 90% by 2025

Long-term goal

1. Strictly promote graded control of harmful substances, gradually promote replacement and comprehensive elimination
2. Promote the concept and requirements of green manufacturing, and actively establish green factories
3. Initiate green supply chain initiatives to promote environmental and social responsibility among suppliers

Under the guidance of the “14th Five Year Plan” for Industrial Green Development, the Company plans comprehensively to promote its own operation and supply chain green development, focusing on resource intensification, chemical compliance and cleaning, and improving the green manufacturing system. As of Q2 2024, we have carried out multiple projects including **Zero Waste to Landfill, Sustainable Water Management, Compliance Management of Hazardous Substances, Chemical Safety, Establishment of Green factories and Green Supply Chains**. All works were smoothly carried out according to the plan.



- **Implement the UL2799 Zero Waste to Landfill concept** with high standards, improve waste conversion rate, and reduce resource waste
- **Implement sustainable water management in accordance with AWS¹ standards,** improve water resource utilization efficiency, and protect water ecology
- Improve the classification and control system for hazardous substances, strengthen life cycle management, and reduce the use of harmful substances
- Carry out **Chemical Management and Selection,** actively seeking cleaner chemical alternatives
- **Promote the concept of green manufacturing** and improve the construction of factories green manufacturing system
- **Relying on the IPE² platform to assist suppliers in improving environmental performance** and establishing a green supply chain

2024 Green Manufacturing System Project Plan

03 Resource Intensification Empowers Circular Production

Promote Zero Waste to Landfill

Under the traditional linear economic development model, enterprises indiscriminately seize resources for production, resulting in the generation of a large amount of waste. This not only causes resource waste, but also may leads to environmental pollution, affecting human life and health. Luxshare Precision vigorously develops circular production, advocates resource intensification from the source, reduces unnecessary waste, carries out waste classification and compliant disposal at the terminal, abandons rough disposal methods such as direct incineration and landfilling, advocates re-resource utilization, and comprehensively improves waste conversion rate and resource utilization rate.

¹ AWS: Alliance for Water Stewardship

² IPE: Institute of Public and Environmental Affairs

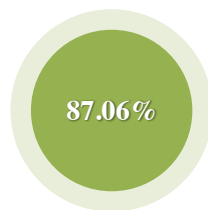
Waste compliance management is our bottom line. On this basis, the Company adheres to the UL2799 Zero Waste to Landfill standard, promotes zero waste to landfill works in all subsidiaries, **regularly conducts special training and guidance, carries out quarterly tracking and analysis of quantitative indicators, and promotes Zero Waste to Landfill validations.**

- **Optimization of electronic information management system functions:** The Company fully leverages the advantages of digital technology and builds an electronic information management system in accordance with UL 2799 standards to strengthen the systematic management of waste. In 2024, we plan to upgrade the data reporting interface and add data analysis and monitoring dashboards to further improve operational convenience and management efficiency. The related functions are expected to be launched within the year.
- **Promotion of zero waste to landfill concept:** We have planned diversified theme trainings such as basic knowledge popularization and management ability improvement to meet the needs of different audience groups. In May 2024, we produced and released a poster titled "Introduction to Zero Waste to Landfill", which introduced the concepts, laws and regulations, and excellent cases of waste disposal related to zero waste to landfill. Through our internal platform, we promoted the learning poster for all employees to enhance their awareness of waste reduction. At the same time, we plan to organize specialized training for waste management staff in October to further strengthen their professional skills in waste management.



2024 “Introduction to Zero Waste to Landfill” Poster (Partial)

- Quantitative indicator dynamic analysis:** The Company tracks and analyzes the progress of waste management work in each subsidiary through quantitative indicators on a quarterly basis, and provides special guidance to subsidiaries that are relatively behind schedule to assist them in tapping into potential waste conversion methods and developing practical improvement plans. In 2024, we collected and shared practical cases from peers to promote the improvement of waste disposal methods and increase conversion rates in our subsidiaries.



The average waste conversion rate subsidiaries achieved as of Q2

- **Zero Waste to Landfill validation:** We hope that our subsidiaries can continuously improve their waste management and disposal level, and achieve and obtain UL2799 validation. In 2024, **7 subsidiaries plan to carry out UL 2799 Zero Waste to Landfill revalidation**, and the relevant work is currently progressing as planned.

Implement Sustainable Water Management

The World Resources Institute (WRI) predicts that by 2040, China will face higher water resource pressures, exacerbating the contradiction between higher demand for water resources and limited resources. Luxshare Precision actively responds to water resource pressures, adheres to the policy of “**scientific compliance, balanced health, sufficient sanitation, and watershed protection**”, and carrying out sustainable water management. We identify and manage enterprise level water risks, and annually use the “Aqueduct” water risk tool developed by WRI to identify water risks for all factories based on their operating conditions. According to the identification results, the Company develops control plans catering for factories in different operating locations.

The Company gradually installs intelligent water management systems in each factory area, scientifically develops water-saving plans based on water resource usage, invests in more advanced water-saving facilities and technologies, improves water resource utilization efficiency from both management and technology dimensions, and reduces wastewater discharge.

On this basis, we are committed to introducing the AWS standards into our subsidiaries and comprehensively improving the level of water resource management. The project team has **identified sustainable water management goals** and carried out key tasks such as **sustainable water management training, optimization of water resource management systems, and certification guidance**.

- **Identify sustainable water management goals:** In August 2024, the Company released the **Luxshare Precision Water Management Commitment**

and Statement, covering water risk assessment, water resource assessment, water efficiency improvement, supplier water management, and capacity building, actively responding to the United Nations Sustainable Development Goal (SDG) 6 on clean drinking water and sanitation facilities.

- Promote the concept of sustainable water management:** In April 2024, we produced and released a poster titled “Introduction to Sustainable Water Management”, introduced the concept of sustainable water management, AWS certification standards, etc. Through our internal platform, we promoted the learning poster for all employees to deepen water conservation awareness, and practice water resources and ecological protection. In addition, we plan to organize a special training for staff related to sustainable water management in September to enhance their water resource management capabilities.

AWS介绍
节约用水 / 保护资源 / 持续发展

什么是AWS
AWS, (Alliance for Water Stewardship, 国际可持续水管理联盟), 成立于2008年, 是由企业、非政府组织和公共部门组成的全球成员合作组织, 是一个致力于推广、鼓励和引导可持续且负责任的用水方式的专业性非盈利机构。

有哪些会员单位
截止到2023年AWS共有近200个全球领先企业 (Apple、Google、Coca Cola和Nestle等)、环保机构 (如WaterAid, The Nature Conservancy和WWF等) 和技术服务机构 (如ERM, Project Wet, Veolia和WMI) 等。

AWS的认证等级
AWS 标准认证包含三个级别: 认证级、黄金级和白金级。认证的最低要求是必须满足所有核心标准。根据高级指标的表现将获得额外积分。获得的分数越多, 水管理绩效和 AWS 认证的水平就越高。

每个认证级别所需的积分为:
认证级: 0-39分 黄金级: 40-79分 白金级: 80-155分
场所证书的有效期为三年, 须成功通过年度监督审核。

通过AWS认证对公司的益处

- 1.了解水的依赖性和影响
- 2.降低公司运营风险和供应链水风险
- 3.确保用水管理组织与程序顺利运作
- 4.与当地水相关之利益关系者建立沟通渠道
- 5.更好的应对与流域其他人共同面临的挑战
- 6.作为国际通用标准可以在全球任何地区的任何场址执行
- 7.可以作为评估和规划水管理实践的框架

如何实施AWS标准
AWS于2019年3月通过AWS标准的2.0版, 其为水资源管理者提供了五个步骤持续改进框架和五个实施标准的成果。

良好的水管理制度
可持续的水平衡
优良的水质
重要水相关区域的健康
安全的水、环境卫生和个人卫生

已获证书展示

立讯电子科技AWS黄金级认证证书 昆山联滔电子AWS黄金级认证证书

2024 “Introduction to Sustainable Water Management” Poster (Partial)

- Promote sustainable water management certification:** The Company continues to promote AWS advanced concepts, promote continuous

improvement of sustainable water management in each factory, enhance water resource utilization efficiency, reduce sewage discharge, and protect the water ecology that we rely on for survival. In 2024, **4 subsidiaries plan to carry out AWS certification** for the first time, and the relevant work is currently progressing as planned.



Yancheng Luxcase factory carries out world water day water-saving promotion

04 Chemical Safety Assistants Compliance Cleaning

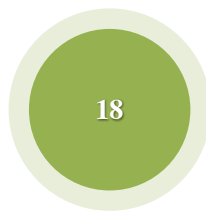
Improve the Systematic Control of Hazardous Substances

The control of harmful substances helps reduce environmental pollution and protects public health. Luxshare Precision adheres to high standards in implementing domestic and foreign laws, regulations, and customer requirements, standardizing the full process control of product design and development, procurement, production, inspection, shipment, and traceability. We also implement graded control over all raw materials, components, semi-finished products, finished products, and auxiliary materials and packaging materials in the production process, forming a hazardous substance management system that runs through the entire product lifecycle.

To ensure product quality and environmental compliance, the Company insists on paying attention to and collecting updates on domestic and foreign institutional standards and customer requirements, evaluating the potential impact of hazardous

substance control requirements on the Company, timely updating relevant management standards such as the *Management Standard for Restricted Substances of Materials and Finished Products*, maintaining a green product information management system, and developing targeted management strategies.

- **Management standard update:** As of Q2, the Company had **collected and evaluated 18 legal and regulatory updates**, updated Substances of Very High Concern (SVHC) investigation form to ensure that it always meets the latest laws, regulations, and customer requirements. At the same time, we plan to launch a solicitation and evaluation of suggestions for optimizing hazardous substance management standards in July, and confirm necessary revisions or additions to hazardous substance control projects. We will complete the annual update of the *Management Standard for Restricted Substances of Materials and Finished Products* after the evaluation is completed.



As of Q2, number of laws and regulations collected and evaluated

- **Supplier Hazardous Substance Audit:** To ensure that suppliers always adhere to Luxshare Precision's high standards, the Company has optimized the supplier green product management audit form, further strengthened supplier hazardous substance management, and established a more resilient and environmentally friendly supply chain ecosystem. The form optimization requires multiple aspects of hazardous substance management, with separate SVHC and volatile organic compound (VOCs) modules established to provide detailed requirements for the management of related substances and effectively control the environmental risks of products. We plan to pilot and gradually promote it in the East China factory.

- **Information management system maintenance:** The Company has established and continuously optimized the Green Supply Chain Management System (GSCM) and Green Product (GP) module functions, introduced the latest hazardous substance management laws, regulations, and customer requirements, and improved control efficiency. In 2024, we **collected 11 suggestions for optimizing system functions and expect to complete the optimization and launch in July.** Among them, in response to the international regulations on the control of perfluoroalkyl and polyfluoroalkyl substances (PFAS), we have added fluorine testing requirements, providing strong support for the compliance determination of PFAS.

Use Cleaner Chemicals

In the manufacturing process of electronic products, various types of cleaning agents, adhesives, inks, coatings, and other chemicals are widely used. As they are directly applied on products, they also have potential impact on consumer health and safety. Luxshare Precision adheres to the laws and regulations related to chemical safety in China and overseas, follows the full process compliance management, and strictly controls chemicals containing restricted substances and occupational health and safety hazards.

VOCs are restricted substances controlled by the Company and are commonly found in cleaning agents, adhesives, inks, coatings and other chemicals, and their volatilization may have potential impact on employee health and the environment. Therefore, the Company has carried out special work on the above types of chemicals to ensure that chemicals are cleaner, greener and safer from the source by enhancing chemical compliance awareness through training and empowerment, promoting chemical compliance audits and on-site audits, strengthening full process management, and using various management and technology methods to reduce VOCs emissions.

- **Multi-level chemical training with internal and external integration:** We combine external customer requirements, internal project teams work, and subsidiary training to form a multi-level and multi-dimensional training mechanism, interpreting domestic and international chemical compliance management standards, company chemical management requirements, and operational processes. In mid-2024, the project team held a special training session on chemicals, providing detailed explanations of project requirements and **covering 100% of employees who handle chemical related tasks.**

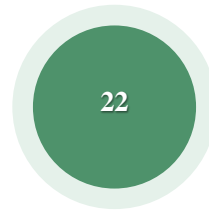


2024 Chemical Special Training Textbook for the Project Team

- **Chemical compliance audit:** We created and distributed chemical safety disclosure forms to conduct annual chemical compliance audits. We required each subsidiary to identify and report the use of five categories of chemicals including adhesive, cleaning agent, paint, ink and others, provide compliance certification documents, and evaluate them in accordance with the *GB/T 16483-2008 Chemical Safety Technical Manual Content and Project Sequence*. As of Q2, **100% Subsidiaries completed the collection and submission of chemical information**, of which **22 chemical information audits were approved and closed**, while the remaining were in the process of improving their data as planned. Our goal is to reach 100% compliance and case closure.



As of Q2, the completion rate of subsidiary chemical information submission



Number of subsidiaries that passed the review of chemical data

- VOCs emissions reduction:** Effectively controlling and reducing the use and emissions of VOCs, minimizing their impact on the environment and occupational health and safety, is our ultimate goal. The Company prioritizes cleaning agents with high usage and VOCs content as improvement targets, and comprehensively utilizes management and technical means to develop low VOCs emission solutions through recycling, reuse, substitution, and other methods.

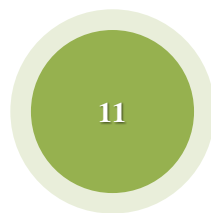
05 Green Manufacturing Drives Green Supply Chains

Establish Green Factories with High Quality

Factories are the production units of the manufacturing industry, and establishing green factories and implementing green manufacturing are important means for manufacturing enterprises to solve environmental, resource, and carbon emissions problems. Luxshare Precision firmly establishes and implements the concept of green, circular, and low-carbon development, creates green manufacturing benchmark factories, gradually promotes green factory standards, and improves construction of the green manufacturing system. The Company has established a cross departmental green factory organizational structure in benchmark factories, established a green committee and a green factory management office, clarified the construction, implementation methods, and management assessment system of green factory related systems, and carried out various management aspects around the goal of establishing a green factory, including infrastructure, management system, energy resource investment,

environmental emissions, products, and green procurement. In addition, we conduct training on green factory establishment to continuously promote and empower employees with awareness and knowledge of green manufacturing.

We evaluate from multiple dimensions such as infrastructure, management system, energy resource investment, product situation, environmental emissions and performance, select subsidiaries with good capacity and potential. Through guidance, we enhanced their green and low-carbon operation level, and aim to help them receive titles such as the national/provincial/municipal level green factory, the national level green supply chain factory and the zero/near-zero carbon factory. In 2024, after screening and evaluation, we have selected **10 subsidiaries to apply for the national and provincial green factory, 1 to apply for the national green supply chain factory, 1 to carry out PAS 2060 carbon neutrality certification, and 1 to apply for Shanghai zero carbon factory.** As of Q2, **7 subsidiaries completed the submission of application materials** and entered the evaluation stage; **4 subsidiaries are expected to submit their application materials in August**, and the project is progressing smoothly overall.



Number of green factories and national green supply chain factories to be cultivated in 2024



Number of subsidiaries that submitted application materials as of Q2

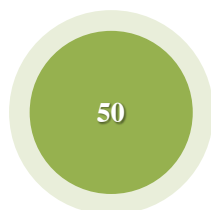
Make Every Effort to Build a Green Supply Chain

The reliability, stability, and sustainability of the supply chain are the foundation for the success of electronic enterprises and we will make the achievement of the supply chain an important part of the success of our business. We will share experience and

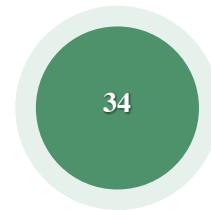
resources with our supplier partners, collaborate to build a complete and connected green supply chain, and reduce the environmental impact of the entire product lifecycle.

Luxshare Precision collaborates with IPE to use the IPE Blue Ecological Chain platform to accurately and efficiently obtain information on our own operations and supply chain environmental performance, in order to timely carry out monitoring and mitigation actions. We dynamically monitor the removal of environmental violation records in the supply chain, urge the implementation of Pollutant Release and Transfer Registers (PRTR) and carbon data disclosure, and fulfill the commitment of reducing pollution and carbon emissions throughout the entire value chain through systematic carbon emission and environmental pollutant management and more transparent information disclosure mechanisms. At the same time, we provide training and coaching to our subsidiaries and suppliers to assist them in continuously improving their environmental performance.

- Training and visits:** Luxshare Precision collaborates with IPE to regularly provide specialized training for subsidiaries and suppliers, introducing the latest developments in environmental compliance, dual carbon and energy management actions, and other content. As of Q2, we had **organized and completed 3 training sessions**. In addition, to implement green supply chain actions effectively, Luxshare Precision carefully selected core suppliers to conduct on-site visits, promote the connotation of the Company's green supply chain initiative, conduct on-site exchanges to obtain supplier feedback, and solve practical difficulties.



Number of planned visits to core suppliers in 2024

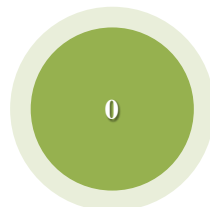


Number of suppliers visited as of Q2

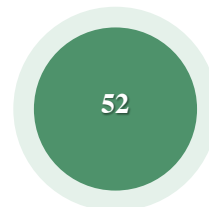


Luxshare Precision Visited Core Suppliers to Promote the Requirements of the Company's Green Supply Chain Initiative

- Dynamic tracking of environmental violations:** Based on the Blue Map system, Luxshare Precision dynamically monitors supply chain environmental violations, reminds and assists suppliers in improving and removing violation records. We require suppliers to submit improvement plans for non-compliant projects within 10 days of the disclosure of non-compliance records, and have them reviewed by dedicated personnel to follow up on the implementation of improvement plans and record the progress of removal, providing one-on-one guidance to suppliers. With the development of green supply chain projects, the historical records of supplier environmental violations have been decreasing year by year. **As of Q2, the IPE platform had no record of any subsidiary environmental violations.** We will also continue to follow up and assist suppliers in improving their environmental performance.

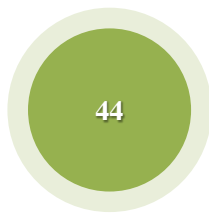


Number of subsidiaries with records of environmental violations as of Q2

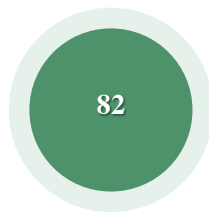


Number of suppliers who completed the removal of environmental violations as of Q2

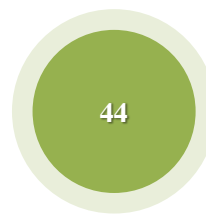
- Improve the transparency of supply chain environmental information:** Leveraging the supply chain PRTR and carbon information module developed by IPE, Luxshare Precision hopes to promote suppliers to strengthen environmental information disclosure, help them form a standardized and long-term environmental management mechanism, and systematically and comprehensively reduce the environmental impact of the entire value chain. In 2024, the Company plans to promote **no less than 200 subsidiaries and suppliers to complete PRTR information disclosure**, and no less than **180 subsidiaries and suppliers to complete carbon information disclosure**. We hope to continue expanding the influence of green supply chain actions, gradually including secondary suppliers in the scope of actions, and driving the comprehensive green transformation of the supply chain.



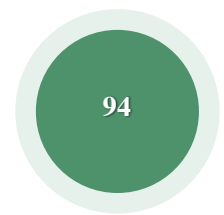
Number of subsidiaries that completed carbon data disclosure as of Q2



Number of suppliers who completed carbon data disclosure as of Q2



Number of subsidiaries that completed PRTR disclosure as of Q2



Number of suppliers who completed PRTR disclosure as of Q2

- Supplier incentives:** We are gradually expanding the connotation of green supply chain, taking supplier conferences and other opportunities to continuously convey the concept of sustainable water management and zero waste to landfill to suppliers, in order to comprehensively improve their environmental performance. In 2024, we will take the East China factory as a pilot to optimize the supplier admission process, and **prioritize the selection of suppliers with AWS sustainable water management and UL 2799 zero waste to landfill related certifications under the same conditions**, in order to encourage suppliers to take environmentally friendly actions.

06 A Long-term Object that Needs Continuous Effort

Faced with imminent climate and resource pressures, building and continuously improving a green manufacturing system is the consistent strategy and answer of Luxshare Precision. We will continue to deepen the connotation of green manufacturing, promote green and clean reformation in the supply side of the manufacturing industry, collaborate in exploring innovative supply chain actions, reduce the environmental impact of the supply chain, and jointly safeguard the beautiful homeland of green mountains and clear waters.