GIGACLOUD TECHNOLOGY



Climate-Related Financial Disclosures Report 2024-2025



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Letter from our Chairman and Chief Executive Officer

This year marks GigaCloud's inaugural release of a climate-related financial disclosure report, reflecting a systematic and structured advancement in our commitment to addressing climate change and promoting sustainable development. This report not only aligns with internationally recognized frameworks, but also represents a transparent commitment to all our stakeholders: we will manage climate-related risks with enhanced diligence and proactively pursue opportunities arising from the low-carbon transition.

Climate change represents one of the most crucial global challenges of our time and profoundly shapes the future landscape of global supply chains and the logistics industry. As a worldwide warehousing and logistics enterprise, we recognize the deep interconnection between our operations and the climate—from the physical impacts of extreme weather on storage facilities and transport networks, to the mounting pressures from regulatory policies, shifting market preferences, and technological transformations driven by the global low-carbon transition. Proactively identifying, assessing, and managing these climate-related risks and opportunities is not only a reflection of corporate responsibility, but also an inherent requirement to ensure business resilience and safeguard long-term value.

We have implemented a portfolio of actions designed to address climate change issues. In 2025, the Company established an ESG Management Committee under my direct leadership. This ensures that climate-related issues receive executive-level attention and sufficient resource allocation at the level of corporate strategy.

Concurrently, in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework, the Company has conducted a structured identification and assessment of climate-related risks and opportunities, which have been formally integrated into its medium- and long-term strategy. Building on the consecutive carbon inventory conducted in 2024 and 2025, the Company has established a scientifically quantified emissions baseline for its operations and value chain, providing a foundation for establishing climate targets aligned with international standards.

As a global provider of warehousing and logistics solutions, we fully recognize the role we can play in advancing transition to green supply chains. We are committed to systematically supporting our clients in achieving sustainable supply chain objectives through strengthening supply chain climate resilience, promoting low-carbon operations and smart technology optimization, and providing green and compliant products and services. Furthermore, we will continue to deepen collaborations with supply chain partners, industry associations, and technology innovation enterprises to collectively build an open, synergistic, and resilient green logistics ecosystem.

The release of this TCFD report marks a milestone in our commitment to more transparent and accountable climate governance. We look forward to leveraging this milestone to collaborate with our employees, clients, investors, and other stakeholders. Together, we will embrace our responsibilities, take tangible actions, and move forward toward a more resilient and sustainable future.



We value your steadfast support and look forward to forging a future of shared growth and enduring progress with you.

Founder, Chairman of Board of Directors, and Chief Executive Officer

Larry Lei Wu

About This Report

This report is the first Climate-Related Financial Disclosures Report released by GigaCloud Technology Inc (hereinafter referred to as "GigaCloud," the "Company," or "we"). It reflects GigaCloud's strategic approach and actions in addressing climate change, including the identification of climate-related risks and opportunities, the governance framework for climate-related issues, and practices and achievements in green solutions, demonstrating our commitment to sustainable development.

Report Scope

Organizational Scope

This report covers GigaCloud Technology Inc and its subsidiaries. The financial data presented is based on the consolidation scope as defined in the audited financial statements for the fiscal years 2024 and 2025. All other relevant data and information are sourced from GigaCloud's internal statistical reports or documents.

Temporal Scope

The disclosures in this report primarily cover the period from January 1, 2024, to December 31, 2025. Certain information extending beyond this period is explicitly noted where applicable. All monetary amounts in this report are denominated in U.S. dollars.

Basis of Preparation

This report is prepared in accordance with the *Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) Final Report* and references the *International Financial Reporting Standards S2 Climate-related Disclosures* (IFRS S2) issued by the International Sustainability Standards Board (ISSB). It describes GigaCloud's management of climate-related risks and opportunities, along with its performance, across the four core TCFD pillars: Governance, Strategy, Risk Management, and Metrics and Targets. Greenhouse gas (GHG) accounting follows the *GHG Protocol* corporate standard developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

Form of Release

In line with our commitment to low-carbon environmental protection and sustainability, this report is available for online reading or electronic download on the Company's website (https://www.gigacloudtech.com/).

Forward-Looking Statements

All statements in this report regarding potential or anticipated future events, including but not limited to assumptions, GHG emission targets, climate risk assessment levels, and action plans, constitute forward-looking statements. Such statements involve inherent risks and uncertainties, and actual results may differ materially from those described. The forward-looking statements herein are based on information available during the report preparation period. GigaCloud assumes no obligation to update or revise these statements.

01

Governance

Governance Structure

Governance Responsibilities

GigaCloud regards sound climate governance as the cornerstone of corporate sustainability. We recognize that the systemic transformations driven by climate change present both risks and opportunities. To address this challenge effectively, the Company has established a board-supervised climate governance framework. This framework ensures that climate-related risks and opportunities are fully identified, managed, and translated into concrete actions, thereby embedding climate resilience into our corporate DNA and strengthening long-term competitiveness.



Governance

Governance Structure

At GigaCloud, a two-tier climate governance structure has been established, comprising a ESG Management Committee for oversight and decision-making, and a dedicated Sustainability Working Group for efficient execution. This structure ensures systematic management of climate-related risks and opportunities. The ESG Management Committee, as the highest supervisory and decision-making body, reviews and approves the Company's climate strategy, key targets, and core policies, driving strategic alignment between climate governance and business objectives from the top down. Management integrates regular assessment of climate-related risks and opportunities into the annual workflows, ensuring they form a critical component of strategic discussions. This clear and well-defined governance system enables end-to-end integration of climate considerations —from Board-level oversight to frontline execution—embedding climate factors deeply into the Company's strategic planning, risk management, and daily operations. As a result, GigaCloud has significantly enhanced its adaptability and long-term resilience in a changing climate.

To enhance the scientific rigor and foresight of decision-making, GigaCloud regularly engages external experts with extensive experience in climate change and sustainability. These external experts provide independent evaluations and recommendations on governance effectiveness, strategic planning, and disclosure practices, ensuring alignment with international best practices and ongoing refinement of the Company's climate approach.

Climate Change Governance Structure at GigaCloud



Governance Responsibilities

GigaCloud considers a sound organizational structure with clearly defined responsibilities as the cornerstone of effective climate governance. The Company has defined the roles and accountabilities for oversight and management at all levels, aiming to build an efficient and collaborative management system characterized by clear accountability. This framework ensures that climate-related initiatives are guided by informed decision-making and executed effectively.



Role of the ESG Management Committee

The ESG Management Committee at GigaCloud serves as the highest-level oversight and decision-making body for the Company's sustainability initiatives. Chaired by the Chairman and the CEO, with members including core senior executives such as the Chief Financial Officer (CFO), Chief Technology Officer (CTO), and Chief Operating Officer (COO), the Committee is responsible for guiding and supervising climate-related governance. Its core functions include reviewing the Company's climate strategy, major low-carbon investments, and progress toward ESG goals, ensuring climate considerations are systematically integrated into core decision-making processes.

A regular review mechanism for climate-related initiatives has been established at GigaCloud. The ESG Management Committee conducts annual assessment of the materiality of climate-related risks and opportunities, evaluates the alignment of climate strategies and targets, and monitors implementation progress. Additionally, the Committee reviews climate-related public disclosures at least annually to ensure accuracy and compliance.

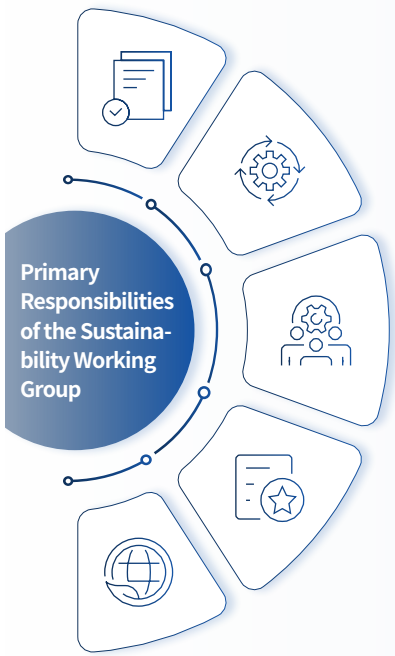
In forming the ESG Management Committee, GigaCloud consistently prioritized the forward-looking and science-based decision-making, with emphasis on optimizing the professional composition of its members. During the selection process, candidates' expertise and practical experience in critical areas such as environmental management and energy policy were rigorously evaluated. As of the end of the Reporting Period, the current committee members have been equipped with diverse, complementary backgrounds and substantial experience in key climate issues, including climate change mitigation, adaptation, and the transition to a green, low-carbon economy.

Primary Responsibilities of ESG Management Committee

Reviewing risks and materiality associated with the Company's climate change response initiatives	Overseeing strategies addressing climate-related risks and opportunities	Deliberating and approving the Company's climate strategy and objectives	Monitoring and evaluating policies, management practices, performance, and progress toward targets related to the Company's climate change response	Reviewing and approving the Company's public disclosures concerning its performance in managing climate-related issues

Role of the Sustainability Working Group

The Sustainability Working Group serves as the central coordination and execution body within the Company's climate governance system. It is responsible for translating the Company's macro-level climate strategy into concrete actions, which includes developing detailed policies and action plans that are fully aligned with the overall strategy and climate targets. During implementation, the Working Group manages day-to-day operational climate-related risks and coordinates resources across departments to ensure the effective advancement and execution of specific initiatives, such as energy saving, emission reduction, and green transition.



- Formulating policies and action plans for addressing climate change issues that are consistent with the Company's strategy and climate-related goals
- Managing climate-related risks and matters arising from daily operations
- Communicating with relevant internal departments and coordinating the implementation of climate-related initiatives
- Collecting, consolidating, and compiling data for the company's public disclosures related to its climate performance
- Handling other assigned tasks pertaining to climate issues

As the central hub for the Company's climate-related information, the Sustainability Working Group is tasked with the comprehensive management of data collection, consolidation, and disclosure. A key function involves establishing unified and standardized templates and processes for carbon emission data collection, clearly defining data sources, statistical methodologies, and reporting accountability to establish a robust data foundation.

Building on reliable data, the Working Group has established clear reporting pathways. Through regular reporting mechanisms, it systematically integrates progress, challenges, and outcomes of climate initiatives, which are then reported to the ESG Management Committee. This process not only ensures effective oversight at the governance level but also creates a closed-loop management system—from target setting and execution tracking to performance evaluation— that drives the continuous improvement of the Company's climate governance.



02

Risk and Impact Management

Climate-related Risk and Impact Management Process

GigaCloud has integrated the identification, assessment, management, and monitoring of climate-related risks and opportunities into its overall risk management system. This ensures that climate issues are deeply embedded within the Company's strategic planning and business operations. We have established management processes to proactively identify, assess, and address transition risks and physical risks. By continuously incorporating climate variables into our comprehensive risk management mechanism, we systematically enhances the Company's resilience and long-term competitiveness in response to global climate changes.

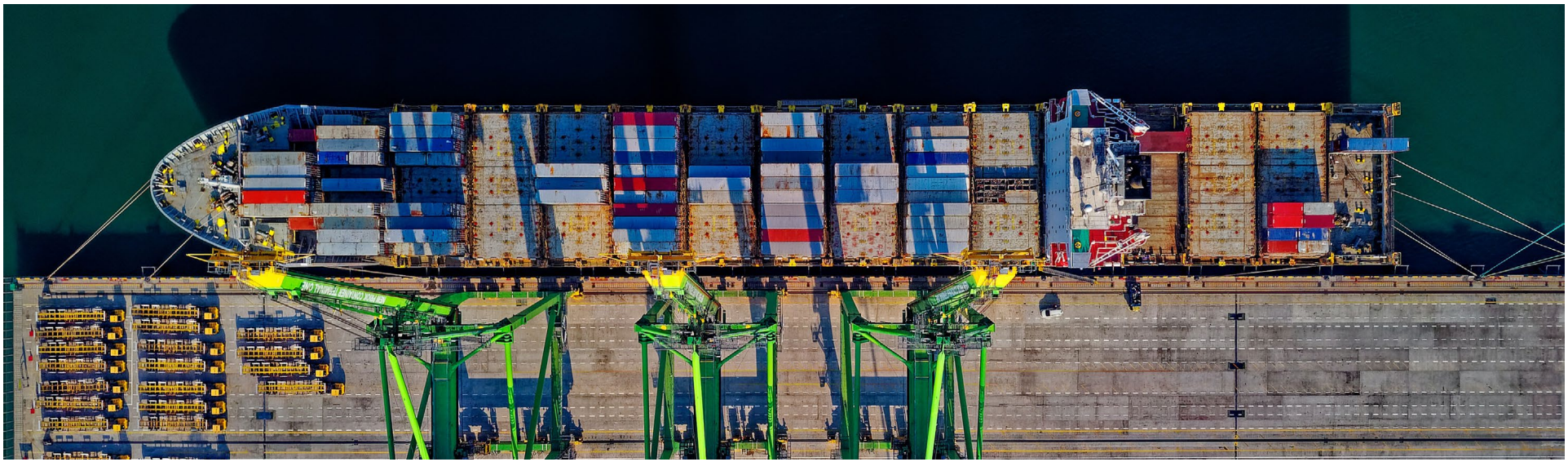
Risk and Impact Management

Climate-related Risk and Impact Management Process

GigaCloud has established a comprehensive, multi-tiered risk management system, developed in line with internationally recognized risk management guidelines and frameworks. This system enables the Company to systematically identifies various operational risks, evaluates their potential impacts, prioritizes them, and implements a dynamic management mechanism characterized by rolling updates and continuous optimization. It balances short-term responses, medium-term planning, and long-term cultural development.

Within this integrated management framework, the Company has systematically embedded the processes for identifying, assessing, and managing climate-related risks and opportunities into its existing risk management workflows. The Sustainability Working Group, led by the Finance Department and comprising representatives from various business funtions, is responsible for the ongoing identification and assessment of climate-related risks. The Working Group ensures that such risks are incorporated into unified management, with corresponding prevention, mitigation, and recovery measures developed. The ESG Management Committee reviews significant climate-related risks and response strategies to ensure they are effectively integrated into the Company's top-level decision-making and strategic planning.

Through a clearly defined accountability structure and deeply embedded management processes, we continuously enhance our ability to anticipate and control climate-related risks. This enables us to capitalize on opportunities arising from the low-carbon transition, thereby strengthening the our overall resilience and sustainability capabilities.



GigaCloud Climate-related Risk and Opportunity Management Process

Identification of Climate-related Risks and Opportunities

- **Multi-dimensional data screening:** Benchmark against international climate standards, analyze low-carbon transition trends across industries, and consolidate demands from key stakeholders including customers and regulators to fully map climate-related risks and opportunities that may materially impact corporate operations
- **Standardized inventory development:** Compile an initial inventory of climate risks and opportunities. The inventory will be periodically reviewed and updated to ensure comprehensive and fit-for-purpose risk identification

Assessment of Climate-related Risks and Opportunities

- **Materiality & prioritization framework:** Leverage climate scenario analysis to evaluate the likelihood of occurrence and material impacts of all identified risks and opportunities on corporate strategy, day-to-day operations and financial planning, conduct materiality ranking, and pinpoint core management priorities
- **Financial modelling:** Develop dedicated financial models to quantify financial implications under distinct climate scenarios, consolidate outputs into a holistic financial impact report to support resource allocation and executive decision-making

Management of Climate-related Risks and Opportunities

- **Tiered targeted action plans:** Develop mitigation protocols for high-priority climate risks, deploy innovative initiatives to capture climate opportunities such as green logistics, energy efficiency improvement programmes and low-carbon product solutions
- **Resource & performance accountability integration:** Embed climate management deliverables into departmental annual budgets, KPIs and work plans, with clear designation of accountable roles and implementation timelines
- **Quantifiable target & indicator system:** Establish measurable phased control indicators corresponding to all response actions, alongside a long-term tracking mechanism

Monitoring of Climate-related Risks and Opportunities

- **External environment scanning:** Regularly track shifts in internal and external landscapes (regulatory policies, market dynamics, industrial evolutions, etc.) to assess their evolving impacts on existing climate risks and opportunities
- **Implementation outcome tracking:** Dynamically monitor the rollout progress of all mitigation and capture measures, and quantify their actual financial returns
- **Tiered periodic reporting:** The Sustainability Working Group consolidates all monitoring data and submits regular updates to the ESG Management Committee covering risk mitigation progress and opportunity monetization results
- **Annual disclosure & iterative strategy refinement:** Publish dedicated annual climate performance disclosures in alignment with the TCFD framework. The full climate risk and opportunity management strategy will be iteratively refined based on full-year monitoring insights

03

Strategy

Climate Scenario Analysis

Climate-Related Physical Risks

Climate-Related Transition Risks

Climate-Related Opportunities

Climate-related Risks and Opportunities

Our Climate Strategy

In the context of global climate action, we firmly believe that developing a forward-looking climate strategy not only enhances corporate's climate resilience but also positions the company to capitalize on opportunities emerging from the transition to a green economy. GigaCloud has been committed to providing customers with leading green products and services. Through measures such as promoting supply chain emissions reduction, improving our own energy efficiency and conservation, and strengthening technological empowerment and algorithmic optimization, we have established a systematic climate transition pathway. We have introduced scenario analysis to systematically identify and assess the climate-related risks and opportunities facing the Company under different climate scenarios, further strengthening our climate adaptability and strategic resilience in a dynamic environment.

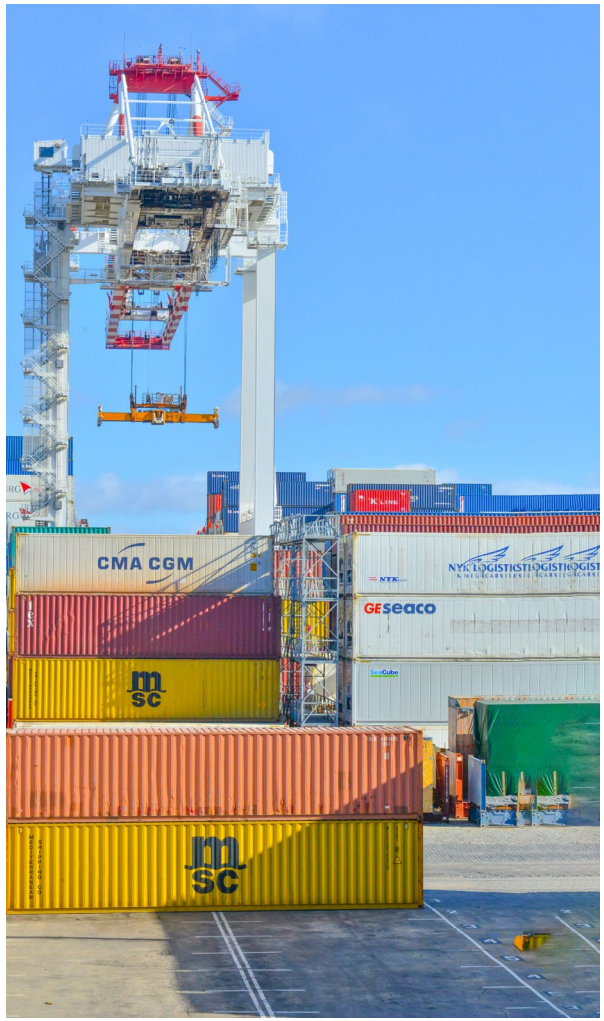


Strategy

Climate Scenario Analysis

GigaCloud fully recognizes that climate-related risks and opportunities can potentially impact the Company's strategic direction, financial performance, and financial position. Given the long-term, complex, and uncertain nature of climate change, we adopt Shared Socio-economic Pathways (SSP) scenarios as defined by Intergovernmental Panel on Climate Change (IPCC) and actively employ scenario analysis to assess the potential financial impacts of climate risks under various global warming scenarios, as well as our exposure to physical risks. This approach enhances our strategic resilience and response capabilities.

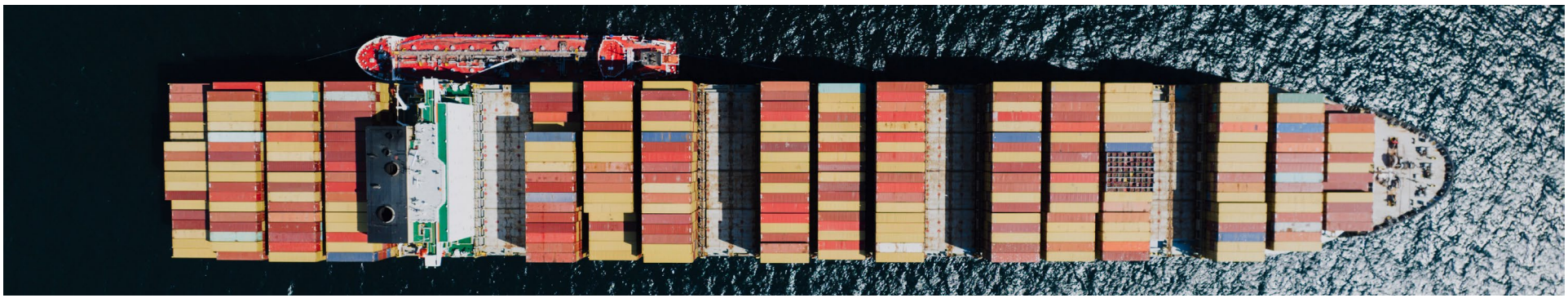
Physical Risk Scenario Selection	SSP1-2.6	SSP5-8.5
Climate Characteristics	Low-carbon emission scenario: Charts an ambitious decarbonization pathway, achieving net-zero emissions after 2050 through robust global mitigation measures.	High-carbon emission scenario: Depicts a development trajectory based on current policies, with greenhouse gas emissions continuing to rise throughout the century due to insufficient mitigation efforts.
Socioeconomic Features	It emphasizes harmonious coexistence between humans and nature guided by sustainable development principles. Key characteristics include: establishing efficient, enduring cross-regional and cross-institutional collaboration mechanisms; implementing stringent environmental management and governance; accelerating innovation and adoption of green technologies; continuously improving resource efficiency.	Relatively weak global governance systems and institutional leadership hinder effective implementation of environmental policies, leading to severe ecosystem degradation in some regions. Simultaneously, inadequate investment in technology R&D and persistently high resource intensity exacerbate resource pressures.
Projected End-of-Century Warming	<2°C	>4°C
Scenario Source	Intergovernmental Panel on Climate Change (IPCC)	



We conducted a scenario analysis of transition risks for GigaCloud with reference to the International Energy Agency (IEA)'s 2050 Net-Zero Emissions Scenario and Stated Policies Scenario:

Transition Risk Scenario Selection	STEPS (Stated Policies Scenario)	NZE50 (2050 Net-Zero Emissions Scenario)
Scenario Description and Impact	This scenario only considers policies that have been enacted and are being implemented, assuming these policies will be steadily executed in the future.	This scenario outlines a technically feasible, cost-optimal narrow pathway to achieve net-zero CO_2 emissions from global energy and industrial processes by 2050, stabilizing global temperature rise within 1.5 ° C (not exceeding 1.5 ° C, with a decline in the second half of the century).
Socioeconomic Features	This is a high-emission, high fossil-fuel-dependent pathway. Energy demand continues to grow, and the clean energy transition progresses too slowly to offset the emission increases driven by economic growth.	This is a pathway of radical transformation. It requires immediate, unprecedented global action involving fundamental changes in energy supply, demand, technology, and investment.
Projected End-of-Century Warming	>2.5° C	<1.5° C
Scenario Source	International Energy Agency (IEA)	

Based on the outlined scenarios and in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we have systematically assessed the physical and transition risks, as well as opportunities related to climate change. This process identified the primary climate-related risks and opportunities currently facing GigaCloud, These are evaluated periodically based on their likelihood of occurrence and financial impact. Furthermore, aligning with our own business planning and strategy, we have analyzed these identified risks and opportunities across three time horizons: short-term (within 3 years), medium-term (3–10 years), and long-term (beyond 10 years).



Climate-Related Physical Risks

Taking into account the specific geographical locations and climatic characteristics of our operational sites, the company has assessed the level of physical risk each location faces. This assessment leverages climate risk assessment databases, including those from sources like the World Wide Fund for Nature (WWF), and Representative Concentration Pathway (RCP) scenarios RCP2.6 and RCP8.5 scenarios defined by IPCC, and evaluates factors such as the frequency and severity of extreme weather events. Each operational site has been ranked as having a high, medium, or low level of physical risk. The percentage of operational sites assessed as having a high physical risk under different climate scenarios is as follows:

Proportion of GigaCloud's High-Risk Operational Sites Under Different Scenarios

		Percentage of High-Risk Operational Sites						
		Typhoon	Extreme Heat	Extreme Cold	Drought	Flooding	Average Temperature Rise	Sea Level Rise
RCP2.6[1]	Short	0.00%	21.82%	0.00%	0.00%	0.00%	0.00%	0.00%
	Medium	0.00%	21.82%	0.00%	0.00%	14.55%	0.00%	0.00%
	Long	0.00%	34.55%	0.00%	0.00%	10.91%	12.73%	0.00%
RCP8.5[2]	Short	0.00%	21.82%	0.00%	0.00%	0.00%	0.00%	0.00%
	Medium	0.00%	21.82%	0.00%	0.00%	14.55%	0.00%	0.00%
	Long	18.18%	34.55%	0.00%	0.00%	10.91%	96.36%	0.00%

Based on climate scenario analysis, GigaCloud's operational network demonstrates high degree of climate resilience across various climate scenarios, with a low proportion of its operational nodes significantly exposed to physical risks. Overall, cyclone, extreme heat, flooding, and rising average temperatures are identified as the primary physical risks requiring focused attention. The impacts of these risks are projected to be more pronounced under high-emission scenarios such as RCP 8.5.

Among these risks, cyclones pose threat to the safety of warehouse assets and employees, and potentially lead to disruptions in operations and logistics networks, particularly affecting operational nodes located in Asia. Extreme heat poses a significant threat to employee health, increases cooling energy consumption, and can impact operational efficiency, particularly affecting operational nodes in Asia and the United States. Flood risk directly threatens the safety of warehouse assets and may cause disruptions within the operational and logistics networks. Furthermore, the persistent rise in global average temperatures presents a systemic challenge to the long-term stability storage environments and cost-control measures. In response to the above risks, the Company has conducted systematic analysis and developed corresponding resilience enhancement and adaptation measures.

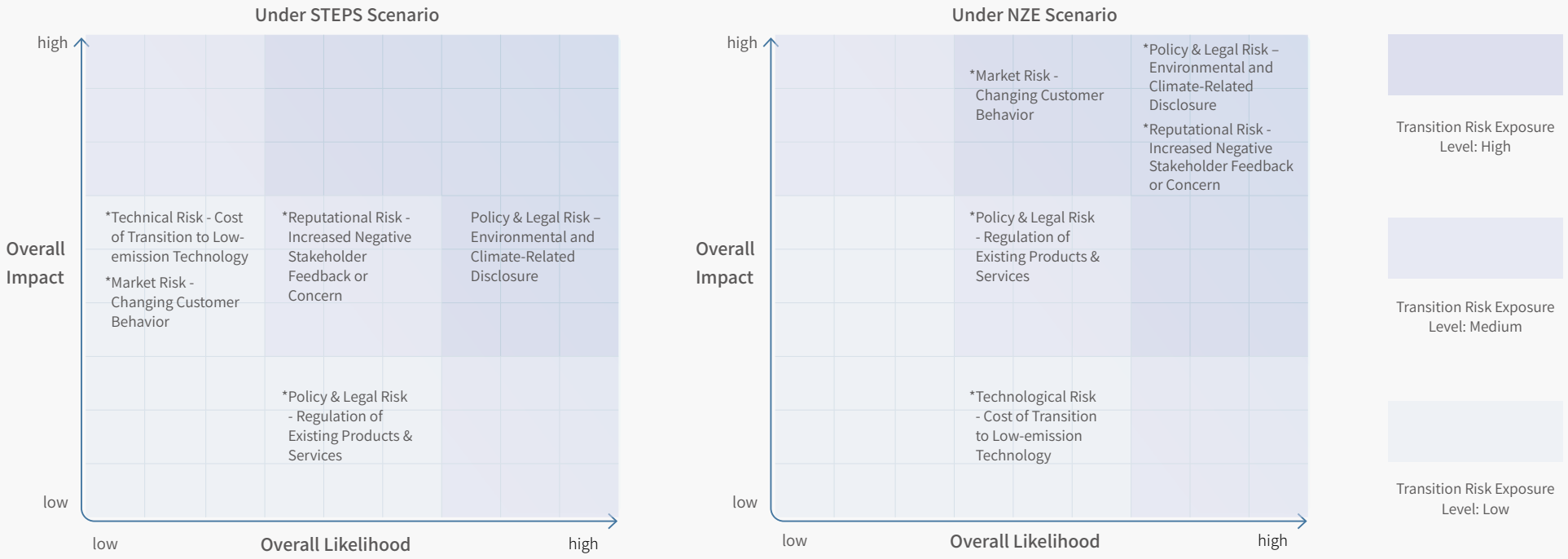
[1] RCP2.6 is a very low-emission scenario. It requires rapid global emission reductions and achieving net-zero around 2070, with a radiative forcing of 2.6 W/m^2 by 2100. This pathway aims to limit global warming to 1.5–2° C and represents the most optimistic scenario aligned with the Paris Agreement goals.

[2] RCP8.5 is the highest baseline emission scenario. It assumes continued population growth, heavy fossil fuel reliance, and no effective climate policies, leading to a radiative forcing of 8.5 W/m^2 by 2100. This pathway could result in global warming exceeding 4° C and represents the most severe, worst-case climate scenario that must be avoided.

Climate-Related Transition Risks

As the industry in which GigaCloud operates is not classified as highly energy-intensive or high-emission, and considering the Company's established sound compliance management system, the direct impact of transition risks on the Company is relatively limited. The current primary risks stem from indirect influence, such as the low-carbon transition demands of downstream customers and feedback from stakeholders, which would become more significant under net-zero scenarios.

GigaCloud Transition Risk Exposure Matrix under Different Scenarios



From these transition risks, we have identified three transition risks with a higher potential impact for focused management: "Environmental and Climate-related Disclosure", "Shift in Customer Behavior" and "Increased Negative Feedback or Concerns from Stakeholders". Other transition risks currently have no direct material impact on GigaCloud.

Regarding the scope of impact, the three prioritized risks—"Environmental and Climate-related Disclosure" "Changing Customer Behavior" and "Increased Negative Feedback or Concerns from Stakeholders"—originate from the systemic influence of the broader societal low-carbon transition. Their impact extends across all of GigaCloud's business sectors.

Environmental and Climate -Related Disclosure

Regulatory requirements for corporate greenhouse gas emissions disclosure are intensifying globally among government departments and public stock exchanges. In this context, GigaCloud is required to periodically disclose environmental and climate-related reports, facing increasing pressure from audit obligations, carbon footprint verification, and associated compliance costs.

Changing Customer Behavior

As a cross-border B2B warehousing and logistics service provider, GigaCloud's business is primarily divided into two main segments: the "3P Model" and the "1P Model." In the 3P model, the Company does not hold inventory but assists customers in selling their products through its B2B platform. Under the 1P model, the Company procures and holds inventory itself.

Within the 3P model, customer requirements regarding GigaCloud's climate-related performance vary. The green supply chain policies of key customers will directly impact GigaCloud. Currently, major customers have established clear standards for carbon reduction requirements in the logistics process.



Climate-Related Opportunities

In the context of global climate action and the transition to a green economy, GigaCloud has identified and is focusing on the following key climate-related opportunities to guide the strategic allocation of resources.

Developing Circular Economy and Logistics

By strengthening the circular economy and improving resource efficiency, the Company can systematically enhance operational efficiency and reduce operational costs. GigaCloud is exploring the use of its reverse logistics capabilities to provide customers with services such as recovery, refurbishment, resale, and compliant disposal of large goods. This initiative aims to transform related business operations from cost centers to profit centers, while simultaneously developing an end-to-end carbon footprint tracking system. This transparent data service enhances customer loyalty and opens new revenue streams related to the circular economy.

Providing Green Supply Chain Services

As carbon footprint increasingly becomes an important consideration for customers, the Company can differentiate and capture high-value market segments by offering green supply chain services. GigaCloud plans to provide customers with standardized, certifiable green logistics solutions in the future. This aims to attract customers with explicit demand for green supply chains, thereby opening new revenue growth opportunities and strengthening long-term business resilience.

Optimizing Global Warehouse Network Resilience

Optimizing the resilience of the global warehouse network ensures the Company's fulfillment efficiency, reduces operational costs, and improves asset turnover. GigaCloud has implemented a symmetrical warehouse layout on the east and west coasts of the United States, supported by a smart dispatch system to enable order fulfillment from the nearest warehouse. This layout not only enhances business continuity in response to regional climate disruptions but also reduces carbon emissions and operational costs in logistics by shortening transportation distances. This supports the continuous improvement of asset turnover efficiency and overall profitability.

Growing Demand for Green Warehousing and Logistics Services

Strengthened corporate carbon neutrality commitments and growing consumer environmental preferences are creating clear market demand for quantifiable, low-carbon warehousing and logistics services. GigaCloud plans to integrate functions such as new energy transportation, green packaging, and carbon tracking to launch modular, reportable low-carbon logistics products. This initiative aims to capture emerging market opportunities, drive structural growth in operating revenue, and further deepen long-term partnerships with core customers.

GigaCloud has initiated systematic actions to address the identified climate risks and opportunities. By innovating green supply chain services, the Company seeks to capture the business opportunities brought by the transition while continuously enhancing climate resilience. It is also committed to continuously exploring scientific and efficient emission reduction pathways, striving to advance its own operations and supply chain collaboration toward a net-zero future. Specific actions and progress are detailed in the chapters: " Enhancement of Supply Chain Climate Resilience" "Low-Carbon Operations and Smart Technology Optimization" and "Green Products and Market Innovation".

Climate-related Risks and Opportunities

Risk/Opportunity Type		Risk/ Opportunity Name	Value Chain Link	Specific Description	Time Horizon	Financial Impact	Response Measures
Physical Risks	Acute Risks	Extreme Heat	Operations (Midstream)	Extreme heat weather can increase cooling energy consumption and operational costs at warehouse facilities. They may also lead to hydropower constraints and regional electricity rationing, directly threatening the normal operation of distribution centers. Furthermore, high-temperature working environments can impact frontline employee health, safety, and productivity, potentially increasing labor-related risks and management costs.	Short term	Increase in Operational Costs Increase in Labor Risks and Costs	• **Staggered Work Shifts** During high-temperature seasons, implement an "early start" strategy, shifting the workday earlier by one hour to complete primary tasks before the peak heat of the afternoon. • **Employee Support and Health Safeguards** Equip break areas with refrigerators stocked with ample chilled sports drinks, drinking water, and emergency ice supplies to help employees replenish fluids and electrolytes. Maintain first-aid kits on site. • **Office Area Temperature Control** Ensure the stable operation of air conditioning systems during office hours to maintain indoor temperatures within energy-efficient and comfortable standards during summer months. This practice accommodates the environmental needs of employees both while they are actively working and during short breaks, supporting consistent thermal comfort.

Risk/Opportunity Type		Risk/ Opportunity Name	Value Chain Link	Specific Description	Time Horizon	Financial Impact	Response Measures
Physical Risks	Acute Risks	Extreme Cold	Operations (Midstream)	Extreme cold weather, accompanied by hazards such as heavy snow and cold waves, can increase heating energy consumption and operational costs at storage facilities. It also raises the risk of damage to regional power grids or surges in electricity demand, potentially leading to power rationing or outages that threaten normal operations. Low-temperature working environments also impact employee health, safety, and productivity.	Short term	Increase in Operational Costs Increase in Labor Risks and Costs	• **Office Area Temperature Control** Ensure heating in office areas remains continuously on, maintaining a constant and comfortable temperature to provide a warm environment for staff on duty and those taking short breaks. • **Employee Care Measures** Equip break areas with coffee machines, providing complimentary hot beverages such as coffee and tea for staff to access at any time, offering warmth and comfort.
		Drought	Supply Chain & Operations (Upstream-Midstream)	Prolonged drought may lead to extended periods of low water levels in key canal routes, thereby affecting the efficiency of supply chains reliant on transoceanic shipping. Navigational restrictions or extended shipping schedules may cause temporary increases in logistics costs, delivery delays, and related issues.	Medium term	Increase in Supply Chain Costs Supply Chain Disruption	• **Advanced Supply Planning and Stocking** By planning stockpiling cycles in advance and optimizing shipping schedules, the Company effectively avoids peak periods of low water levels in canals, ensuring timely delivery of goods and significantly reducing the risk of delays caused by reduced canal capacity. • **Dynamic Optimization of Shipping Routes** The Company continues to increase the proportion of shipments routed via the U.S. West Coast, gradually reducing reliance on direct routes to the U.S. East Coast during drought periods. • **Development of Intermodal Alternative Routes** To address the uncertainty of all-water service to the U.S. East Coast, the Company is establishing an alternative "sea-rail intermodal" corridor.

Risk/Opportunity Type		Risk/ Opportunity Name	Value Chain Link	Specific Description	Time Horizon	Financial Impact	Response Measures
Physical Risks	Acute Risks	Flooding, Typhoons/ Hurricanes, Extreme Rainfall	Supply Chain and Operations (Upstream-Midstream)	Company-owned warehouses located in low-lying or coastal areas face direct physical risks from flooding, structural damage, and inventory water damage during extreme weather events like heavy rain and typhoons, leading to significant property losses. Such events can also directly cause warehouse operational shutdowns and logistics stoppages, severely impacting order fulfillment and service commitments to customers.	Short term	Fixed Asset Losses Supply Chain Disruption	• **Early Warning Response Mechanism** Connect with local meteorological bureaus to receive real-time warnings. Once a Yellow (Level II) or higher typhoon/heavy rainfall warning is issued, the emergency team activates immediately, with responsible personnel on 24-hour standby. • **Drainage Assurance** Before the flood season and after warnings, the maintenance team thoroughly inspects and clears roof drains, gutter systems, and ground channels to ensure the drainage system is completely reliable and unobstructed. • **Asset and Inventory Protection** Reinforce or relocate loosely anchored outdoor equipment; move high-value and water-sensitive goods from ground-level and entrance areas to elevated or secure zones, utilizing vertical storage for safety. • **Personnel Safety Assurance** Ensure all employees are familiar with the nearest evacuation zones; immediately halt operations and organize an orderly evacuation upon receiving an evacuation order or when rainfall reaches dangerous levels. • **Typhoon Emergency Response Plan** Develop a typhoon emergency response plan, taking corresponding actions based on meteorological warning levels: inspect facilities and secure goods during the warning stage; suspend operations and evacuate employees after the warning is issued; resume work only after a post-typhoon safety assessment.

Risk/Opportunity Type		Risk/ Opportunity Name	Value Chain Link	Specific Description	Time Horizon	Financial Impact	Response Measures
Physical Risks	Chronic Risks	Rising Average Temperatures	Operations (Midstream)	The continuous rise in global average temperatures has made cooling demand a norm, persistently increasing warehouse operational costs and posing long-term pressure on the health, safety, and work efficiency of employees in storage facilities.	Long term	Increase in Operational Costs Increase in Labor Risks and Costs	• **Staggered Work Shifts** Implement an "early start" strategy during high-temperature seasons, shifting the entire work schedule one hour earlier to ensure core tasks are completed before the peak afternoon heat. • **Employee Supplies and Health Safeguards** Equip break areas with refrigerators to provide ample chilled sports drinks, drinking water, and emergency ice supplies, helping employees replenish fluids and electrolytes promptly, with first-aid materials also available.
		Sea Level Rise	Supply Chain and Operations (Upstream-Midstream)	Sea level rise poses a long-term strategic threat to coastal storage assets. This risk can impact asset values and insurance costs.	Long term	Fixed Asset Losses Increase in Insurance Costs	• **Incorporating Climate Factors into Warehouse Site Selection** When selecting warehouse locations, refer to sea-level rise projection data published by governments worldwide to systematically avoid high-risk coastal areas. Prioritize leasing non-coastal warehouses to mitigate sea-level rise risks at the source.

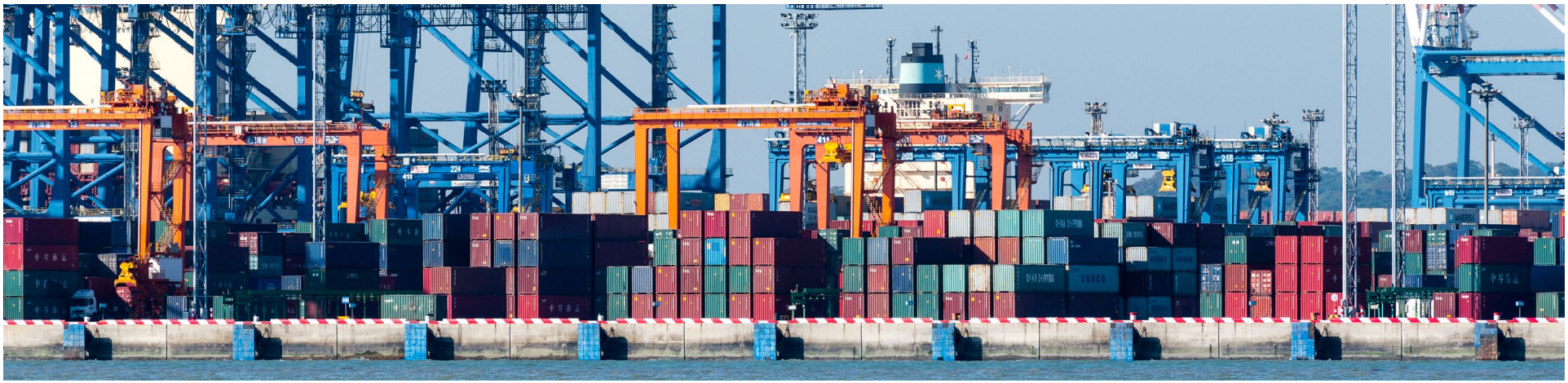
Risk/Opportunity Type		Risk/ Opportunity Name	Value Chain Link	Specific Description	Time Horizon	Financial Impact	Response Measures
Transition Risks	Policy and Regulation	Green and Low-Carbon Policy Drivers	Supply Chain and Operations (Upstream-Midstream)	Globally strengthened low-carbon policies and regulations (such as carbon pricing, energy efficiency standards, and industry emission reduction mandates) in response to climate change exert systematic pressure on corporate operating costs, market access, and competitive landscapes. By internalizing environmental costs, these policies impose compliance, financial, and reputational risks on enterprises with high-carbon assets or slower transition progress.	Medium term	Increase in Operating Costs	• **Formulate and Implement Energy-Saving Retrofit Plans** GigaCloud actively responds to the low-carbon policies and regulations of governments in the countries and regions where it operates. It develops specialized energy-saving retrofit plans for its self-operated warehouses worldwide, advances energy-saving renovation projects, and reduces operational energy consumption and carbon footprint through lighting system upgrades and refined energy management.
		Environmental and Climate-Related Disclosure	Operations (Midstream)	Regulatory authorities, exchanges, and international organizations have imposed mandatory requirements on enterprises to publicly disclose the impact of their operational activities on the climate and environment (such as carbon footprint), as well as the physical and transition risks posed by climate change to their financial condition and business models.	Medium term	Increased Operating Costs	• **Proactive Climate and Environmental Impact Analysis and Disclosure** GigaCloud actively conducts analysis of climate and environmental impacts and publicly discloses the effects of its operational activities on the climate and environment (such as carbon footprint), as well as the physical and transition risks posed by climate change to its financial condition and business models.

Risk/Opportunity Type		Risk/ Opportunity Name	Value Chain Link	Specific Description	Time Horizon	Financial Impact	Response Measures
Transition Risks	Technical	Green Warehousing and Logistics Tech Transition	Operations (Midstream)	In the process of warehouse logistics technology transformation, companies face increased technology implementation costs, technological uncertainties, and operational disruption risks.	Medium term	Increased R&D Expenses	• **Develop Picking Path Optimization Algorithm** GigaCloud has developed an smart picking path optimization algorithm that sorts picking lists based on storage location sequences and generates optimal picking paths, guiding workers to complete order picking with the shortest distance. This initiative has increased picking efficiency by approximately 20%, enhanced operational efficiency, and reduced technology-related operating costs.
	Market	Changing Customer Behavior	Operations & Market Ends (Midstream-Downstream)	Companies need to adjust the performance of their services to meet rising customer demands regarding sustainability dimensions; otherwise, they may face declining market competitiveness. Customer demand for sustainable services is growing rapidly, gradually incorporating factors such as green products and full lifecycle carbon footprints into their supply chain and service procurement considerations. Failure to align with brand green image standards may lead to customer loss.	Medium term	Decrease in Operating Revenue Increase in Sales Expenses Extension of Inventory Turnover Days	• **Launch Green-Labeled Products** We accurately grasp sustainable policies and green market trends. By launching a series of environmentally friendly products, we not only meet consumer expectations for sustainable products but also successfully open up new business growth opportunities. Currently, some of the Company's products have received Amazon Climate Pledge Friendly（CPF） certification further enhancing market competitiveness and the brand's eco-friendly image.

Risk/Opportunity Type		Risk/ Opportunity Name	Value Chain Link	Specific Description	Time Horizon	Financial Impact	Response Measures
Transition Risks	Reputation	Industry and Corporate Reputation Challenges	Market End (Downstream)	If the Company fails to collaborate with value chain partners to reduce environmental impact, it may face reputational risks. If exposed to high climate risks over the long term and if investors and stakeholders do not see the Company's mitigation actions, investor confidence may decline, leading to a decrease in the Company's valuation.	Medium term	Goodwill Impairment	• **Value Chain Collaborative Carbon Reduction** We plan to introduce a green supplier access and empowerment mechanism, incorporating carbon footprint disclosure and emission reduction targets into the access and performance evaluation system for core suppliers, and providing partners with technology sharing and training to systematically enhance the overall emission reduction capacity of the value chain.
Opportunities	Resource Utilization	Development of Circular Economy and Logistics	Operations, Market (Midstream-Downstream)	The Company can leverage its reverse logistics capabilities to provide customers with services such as recovery, refurbishment, resale, or compliant disposal of large goods. This transforms the process from a cost center into a potential profit center. Providing end-to-end sustainable solutions (including end-of-life product management) can deeply engage customers and establish more stable cooperative relationships.	Medium term	Reduction in Business Costs Growth in New Business Revenue	• **Explore and Build an End-to-End Carbon Footprint Tracking System** We plan to actively explore integrating transportation and warehousing data through IoT(Internet of Things) technology to establish a full-chain carbon footprint tracking platform from warehouse dispatch to final delivery. This will provide customers with transparent and credible carbon emission data to meet their supply chain carbon management needs.

Risk/Opportunity Type		Risk/ Opportunity Name	Value Chain Link	Specific Description	Time Horizon	Financial Impact	Response Measures
Opportunities	Product and Service	Green Supply Chain Services	Market (Downstream)	Against the backdrop where carbon footprint increasingly becomes a key consideration for customers, companies that can provide quantifiable "green" fulfillment solutions will win bigger market share.	Long term	New Business Revenue Growth	• **Market Communication and Ecosystem Collaboration** We will actively explore collaborations with carbon trading platforms and certification bodies to jointly define and promote carbon emission calculation standards applicable to the oversized logistics industry, providing standardized low-carbon logistics services for customers in need.
	Resilience	Optimizing the resilience of the global warehouse network	Supply chain, Operations, and Market (upstream-midstream-downstream)	By establishing warehouses distributed across regions with different climate risks globally, when one warehouse is disrupted by extreme weather, other warehouses can respond promptly to reallocate inventory, ensuring supply chain resilience. A multi-warehouse layout closer to consumers not only mitigates risks but also optimizes delivery routes, shortens lead times, and reduces overall transportation costs and carbon emissions.	Short term	Reduction in operating costs Improvement in Asset Turnover Ratio	• **East-West Symmetrical Warehouse Layout** We have set up symmetrical warehouses on the East and West coasts of the United States, optimizing nationwide inventory distribution. This effectively shortens cross-regional delivery distances and ensures rapid response from other warehouses in case of operational disruptions, safeguarding supply chain resilience. • **Smart Nearest-Order Assignment** During order processing, the system algorithm automatically prioritizes the warehouse closest to the customer's address as the shipping source, further reducing last-mile delivery distance, shortening lead times, and lowering overall transportation costs and carbon emissions.

Risk/Opportunity Type		Risk/ Opportunity Name	Value Chain Link	Specific Description	Time Horizon	Financial Impact	Response Measures
Opportunities	Market	Growing Demand for Green Warehousing and Logistics Services	Operations & Market (Midstream-Downstream)	Enterprises, driven by their carbon neutrality commitments and consumer environmental preferences, are generating demand for carbon footprint transparency and emission reduction efficiency across supply chain segments. This trend is fostering new market opportunities for quantifiable, low-carbon warehousing and logistics services.	Long term	Growth in Operating Revenue	• **Providing Low-Carbon Logistics Services** In response to the growing demand for green warehousing and logistics services, we are committed to advancing carbon reduction initiatives such as consolidated port shipping and recyclable packaging, tailored to market dynamics, so as to provide low-carbon logistics services to our clients.



Our Climate Strategy

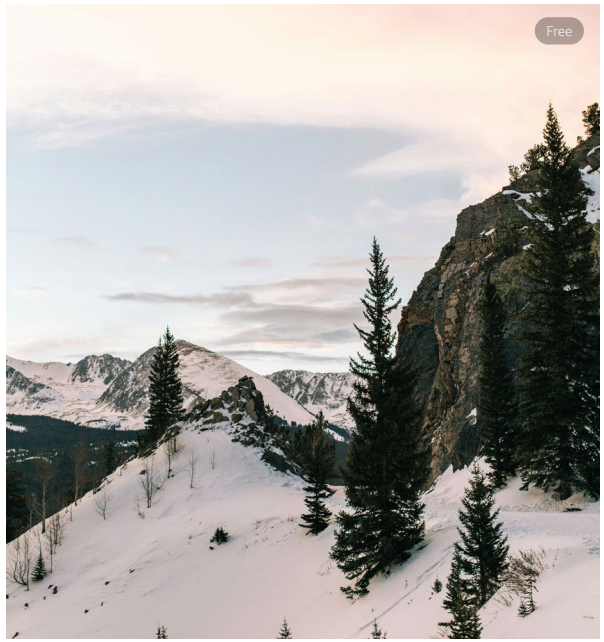
Based on the identified climate-related risks and opportunities, GigaCloud has proactively developed a comprehensive climate strategy. This strategy integrates climate considerations into its core business planning, establishing a multi-layered resilience system covering supply chain, operations, and marketplace. This systematic approach enhances the Company's climate adaptive capacity and low-carbon competitiveness.

GigaCloud's Climate Strategy

Supply Chain	Operation	Market
• Establishing a dynamic response mechanism for climate risks • Enhancing collaborative management with suppliers • Developing a diversified supply network	• Implementing energy-saving retrofits in warehouses • Accelerating the transition to electric equipment • Strengthening resource recycling and reuse • Developing smart order-picking algorithms • Creating decision-support tools • Enhancing data-driven management	• Adhering to green procurement standards • Expanding circular economy models • Capitalizing on policy incentives and market demand

Enhancement of Supply Chain Climate Resilience

As a critical link in the supply chain, GigaCloud is committed to enhancing its own resilience to climate risks by establishing a robust response mechanism. Furthermore, the Company is building a more resilient, secure, and efficient supply chain ecosystem through deeper supplier collaboration and a diversified supply network. This initiative is designed to mitigate uncertainties and create long-term value.



Establishing a Dynamic Climate-related Physical Risk Response Mechanism

In response to the climate risks faced by its self-operated warehouses in various regions, GigaCloud has established a dynamic climate-related physical risk response mechanism. This mechanism identifies, assesses, and addresses risks in a tiered manner, aiming to minimize operational disruptions and asset losses caused by climate-related physical risks. For our warehouses in Germany and the UK, which face relatively low physical risks, the Company conducts regular tracking of climate changes to ensure early warnings of potential long-term risks, thereby maintaining the stability and resilience of the global supply chain.

Region-Specific Physical Risk Mitigation Measures for Company-Owned Warehouses

Canada Extreme Cold/Blizzard

- **Temperature-Controlled Workspaces:** Maintain heating systems in office areas to ensure a constant, comfortable temperature for employees.
- **Employee Care Measures:** Provide complimentary hot beverages, such as coffee and tea, in break rooms for staff comfort and warmth.



US Extreme Heat

- **Staggered Work Schedule:** Implement an "early start" strategy during high-temperature seasons, shifting work hours to avoid peak afternoon heat.
- **Employee Support and Hydration:** Supply ample chilled sports drinks, potable water, and emergency ice packs in break rooms to support hydration and electrolyte balance, with first-aid materials available.



US Hurricane/Heavy Rain

- **Early Warning Response:** Interface with local meteorological bureaus for real-time alerts; activate emergency teams when a Yellow (Level II) or higher warning is issued.
- **Drainage Assurance:** Perform thorough inspections and clearing of roof drains, gutters, and ground channels before the flood season and following warnings.
- **Asset and Inventory Protection:** Secure or relocate outdoor items; move high-value and water-sensitive goods from ground level and entrances to higher shelves or secure areas.
- **Personnel Safety Protocol:** Ensure all staff are familiar with evacuation routes; immediately suspend operations and organize orderly evacuation upon official directive or when rainfall reaches dangerous levels.



Japan Typhoon

- **Typhoon Emergency Response Plan:** A dedicated typhoon response plan is in place, with the warehouse manager assuming unified command. Actions are escalated based on meteorological warning levels: facility checks and asset securing during alerts; work stoppage and staff evacuation upon official warnings; resumption of operations only after a post-event safety assessment.



Deepening Supplier Collaborative Management

For suppliers located in areas prone to extreme weather, we closely monitor their operational status. In the event of a major extreme weather incident globally, we will activate our emergency management procedures. We proactively contact the affected suppliers to promptly assess whether their operations and supply capabilities are impacted. Based on the assessment, we will make timely adjustments to supply arrangements to ensure the stability and resilience of the supply chain. For specific climate risks, we have developed a supplier collaborative management strategy to safeguard the long-term resilience and overall security of the supply chain.

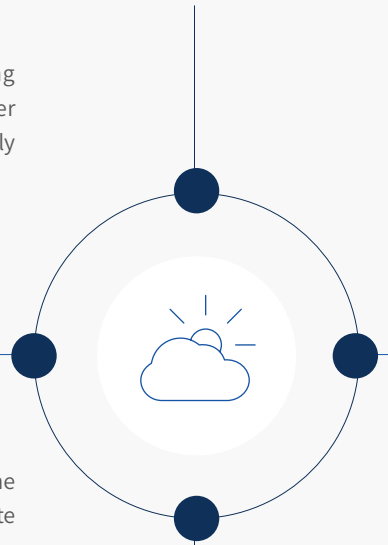
GigaCloud's Climate Adaptation Measures for Shipping Management

Advanced Supply Planning and Stocking Strategy

By planning stockpiling cycles in advance and optimizing shipping schedules, the Company effectively avoids peak periods of low water levels in Panama Canal, ensuring timely delivery of goods and significantly reducing the risk of delays caused by reduced canal capacity.

Precision Stowage Planning for East Coast Shipments

For cargo that must transit via the Panama Canal to the US East Coast, GigaCloud employs a light-load priority stowage mechanism. This involves scientifically managing vessel load factors to comply with draft restrictions during low-water periods. From December 2023 to April 2024, lightweight cargo (under 15 tons) accounted for over 67% of shipments on this route, ensuring optimal compatibility with carrier vessel requirements.



Dynamic Optimization of East-West Cargo Allocation

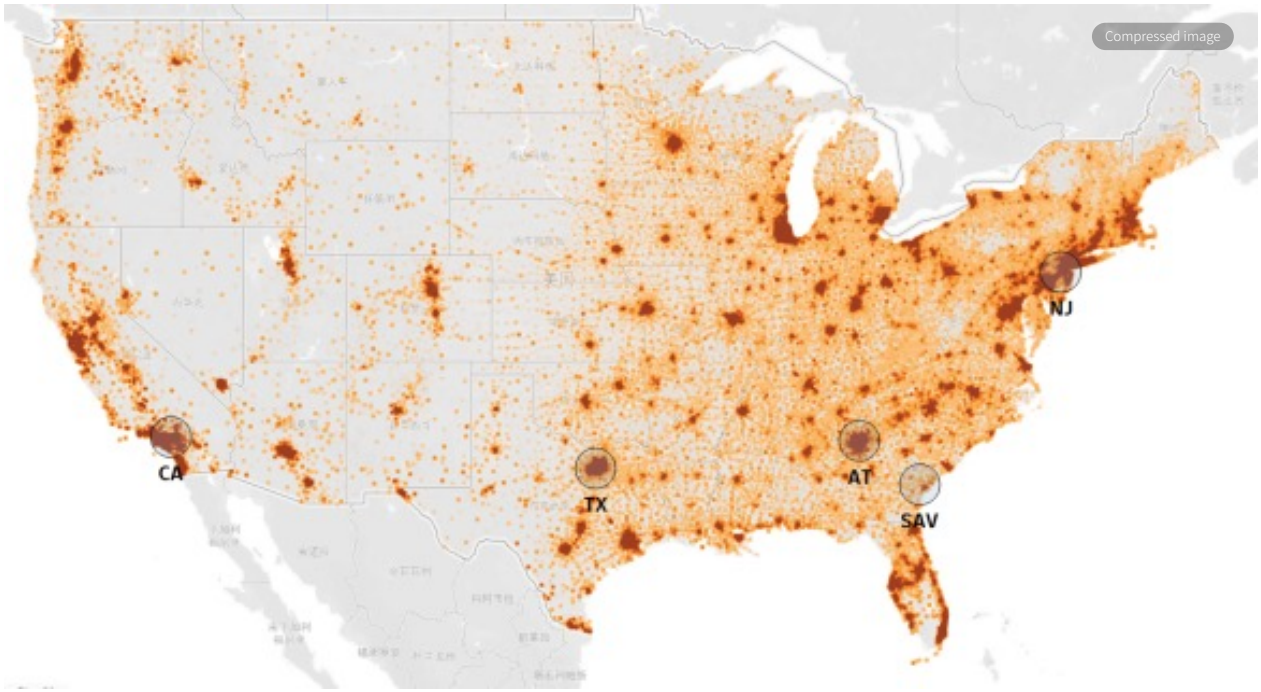
The Company continues to increase the proportion of shipments on the West Coast route, gradually reducing reliance on the East Coast direct route during drought periods. Data shows that the strategic adjustment has yielded significant results: from July to November 2023, the share of the West Coast route was 40.3%, while during drought periods, this proportion can be raised to 50.3%, effectively mitigating the impact of fluctuations in canal navigation capacity on the overall logistics network.

Development of Sea-Rail Intermodal Alternatives

To counter the uncertainty of all-water transport to certain US East Coast areas, GigaCloud has actively developed "sea-rail intermodal" alternative pathways. For instance, for destinations in Texas, goods are discharged at West Coast ports and then transferred to rail for the final leg to Dallas. This seamless intermodal link accounted for 13.6% of the total cargo volume in the Texas region between December 2023 and April 2024, gradually establishing itself as a reliable supplement to the all-water route.

Deploying a Diversified Supply Network

GigaCloud has established a diversified network of self-operated warehouses in key markets such as the United States, forming an East-West symmetric and regionally complementary warehousing system. Through smart systems that dynamically allocate orders and inventory, the Company effectively mitigates single-point risks, ensuring efficient fulfillment and stable delivery even amid local climate disruptions, logistics fluctuations, or sudden demand surges, thereby supporting sustained business growth.



Population Distribution and Warehouse Network Map

Data-Driven Site Selection

During the warehouse site selection phase, the company conducts a comprehensive analysis of key data, including U.S. population distribution and consumption patterns, prioritizing locations near high-consumption areas to shorten service radii.

East-West Symmetric Warehouse Layout

The Company operates over 20 warehouses across the United States. By establishing symmetric warehouses on the East and West Coasts, it optimizes nationwide inventory distribution, effectively reducing cross-regional delivery distances.

Algorithm-Optimized Proximity Dispatching

During order processing, the system algorithm automatically prioritizes the warehouse closest to the customer's delivery address as the shipping point, further reducing last-mile delivery mileage.

Low-Carbon Operations and Smart Technology Optimization

GigaCloud has deeply embedded green and low-carbon principles into its operational strategy, committing to directly reduce carbon emissions through infrastructure upgrades and resource circulation initiatives. By leveraging digital technologies, the Company systematically enhances logistics energy efficiency, building a high-efficiency, low-carbon modern supply chain system.

Operational Decarbonization: Reducing Direct Emissions Through Facility Upgrades and Resource Circulation

GigaCloud has effectively lowered both direct and indirect carbon emissions in its operations by systematically advancing infrastructure upgrades and promoting resource recycling. The Company focuses on three key dimensions—energy usage, equipment operation, and resource management—working in synergy to establish a low-carbon operational system covering all logistics and office scenarios. This approach continuously enhances resource efficiency and environmental benefits. Based on this, GigaCloud has significantly improved the operational energy efficiency and sustainability of its warehouse network, providing a replicable practical path for the green transition of the industry.



The Three Dimensions of GigaCloud's Low-Carbon Operation System

Implementation of Energy-Saving Retrofit Plans

GigaCloud has developed dedicated energy-saving renovation plans for its self-operated warehouses worldwide. These include the comprehensive deployment of LED smart sensor lighting systems (e.g., Fontana Warehouse, CA, USA) and the establishment of an independent accounting mechanism for water and electricity consumption per warehouse, enabling refined energy management.

Accelerating Equipment Electrification

GigaCloud is speeding up the transition to electric equipment and has formulated a forklift electrification roadmap. This involves gradually replacing traditional fuel-powered forklifts with lithium battery forklifts to proactively comply with low-carbon regulations in regions across the globe.

Enhancing Resource Circulation and Source Reduction

GigaCloud has improved full lifecycle management of pallets, achieving 100% recovery and reuse while tracking loss rates. The company also promotes packaging material reduction and paperless office initiatives to realize source reduction.

GigaCloud Technology's Global Energy Efficiency Retrofits for Self-Operated Warehouses

To reduce operational energy consumption and carbon footprint, GigaCloud has developed multiple energy-saving and efficiency improvement plans for its self-operated warehouses worldwide, promoting energy-saving renovation projects. Through lighting system upgrades and refined energy consumption management, it aims to achieve energy efficiency improvements in storage links and sustainable development goals.

Energy-Saving Retrofit Planning and Execution

Based on the actual energy consumption of warehouse infrastructure (such as lighting and air conditioning systems) in each self-operated warehouse globally, engage third-party companies to develop and implement energy-saving renovation solutions. For example, Dayton Warehouse, NJ, USA, actively participated in the government-led LED energy-saving renovation plan, achieving a green upgrade of the warehouse lighting system.

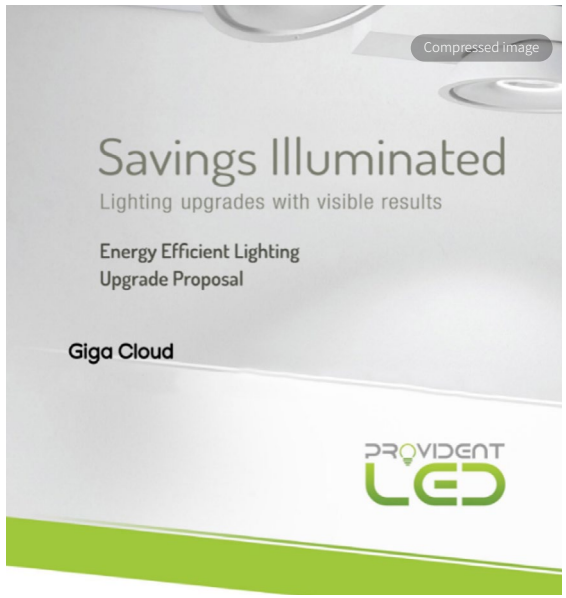
Comprehensive Smart Lighting System Upgrades

The Company has systematically upgraded conventional lighting to low-power LED fixtures across all its facilities, integrated with smart motion sensors. At Fontana Warehouse, CA, USA, a full-scale lighting overhaul was completed, enabling automated, presence-based dimming (e.g., lights activate when personnel are detected and power down in unoccupied areas) to optimize energy use.

Energy Consumption Data Tracking System

Across all warehouses globally, we have established a robust energy consumption data tracking mechanism to clearly identify energy performance at each operational node, thereby providing a management foundation for continuous optimization.

The implementation of these energy-saving retrofits has yielded a dual benefit: reducing warehouse electricity consumption and operational costs, while effectively lowering indirect carbon emissions. The sub-warehouse accounting mechanism establishes a precise foundation for refined energy efficiency management, enabling targeted ongoing improvements.



Energy Efficiency Lighting Upgrade Proposal at Dayton Warehouse, NJ, USA

GigaCloud's Warehouse Equipment Electrification Initiative

To address increasingly stringent global emission regulations and to promote low-carbon warehousing operations, we have formulated a strategic equipment electrification plan. By systematically replacing traditional fuel-powered equipment, we aim to reduce operational carbon intensity and enhance environmental compliance capabilities.

Electrification Roadmap Development

All our self-operated warehouses have adopted a phased transition plan aligned with local regulations (e.g., California's 2027 ban on fuel-powered forklift sales), progressively retiring gas-powered forklifts. By 2025, warehouses in the UK, Japan, and Germany have fully transitioned to zero-emission forklifts, while facilities in Canada and the U.S. are steadily advancing their phase-out schedules.

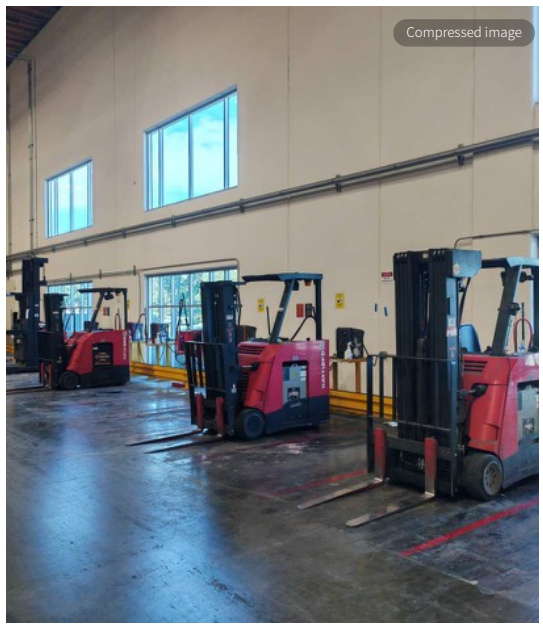
Pilot Application of Lithium Battery Forklifts

A pilot program launched at GigaCloud's California warehouse introduced lithium-ion battery-powered forklifts, leveraging zero-emission and low-noise technology to improve workplace conditions. Supported by smart charging management systems, the initiative optimizes energy efficiency. If successful, this model will be scaled to all global warehouses.

Power Infrastructure Assessment and Maintenance

All global self-operated warehouses conduct regular inspections of charging infrastructure to ensure seamless integration with operational systems, preventing disruptions to logistics efficiency during equipment transitions.

GigaCloud's electrification initiative has significantly reduced direct carbon emissions and noise pollution at its warehouses, while simultaneously improving working conditions and lowering maintenance and energy costs. These efforts contribute to optimizing the full lifecycle operational efficiency of warehouse assets.



GigaCloud's Electric Forklift and Charging Facility

GigaCloud's Self-operated Warehouses in North America: "Resource Efficiency, Recycling and Conservation Initiative"

GigaCloud's self-operated warehouses in North America have fully implemented the "Resource Efficiency, Recycling and Conservation Initiative". This program focuses on recycling high-consumption materials such as pallets and packaging materials in logistics, as well as office supplies like paper, establishing a sustainable resource management process.

Through its resource circular management, GigaCloud has effectively reduced the consumption of virgin resources such as wood, pulp, and plastic, thereby lowered warehouse operating costs while simultaneously strengthening supply chain resilience. This approach provides the industry with a replicable model for low-carbon warehouse operations.

GigaCloud's Self-operated Warehouses in North America "Resource Efficiency, Recycling and Conservation Initiative"

Full-Process Pallet Recycling

A closed-loop system for the entire "inbound-outbound" pallet flow has been established, enforcing a strict 100% recycling and reuse protocol. Pallets are uniformly sorted, inspected, and repaired to ensure reusable ones re-enter circulation directly.

Packaging Material Reuse

Designated "Reusable Packaging Material Staging Areas" in packing and return processing zones allow for the sorting of intact cartons, bubble wrap, and other materials from incoming goods or returns. These are prioritized for reuse in subsequent packaging, reducing the purchase of new materials.

Standardized Office Conservation Measures

Office printers are set to double-sided printing by default. The initiative also promotes electronic approvals and paperless processes to reduce paper dependency at the source, creating an ingrained culture of conservation.



GigaCloud's Pallet Closed-Loop Management and Reuse in Practice

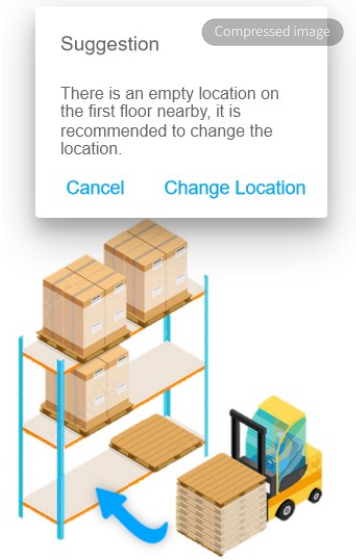
Efficiency Improvement: Optimizing Indirect Carbon Footprint with Smart Algorithms and Data-Driven Approaches

GigaCloud deeply integrates digital technology into the core of logistics operations, employing systematic methods such as smart picking algorithms, decision-support tools, and data-driven management to precisely optimize end-to-end processes from warehousing to delivery. This approach not only systematically enhances overall logistics energy efficiency but also directly and effectively reduces carbon emissions associated with business operations, supporting the Company's goal of building a green and low-carbon modern supply chain system.

Development of Smart Picking Algorithms

Most of GigaCloud's individual warehouses exceed 200,000 square feet with over 5,000 storage units. Daily shipments are distributed across different storage units, making the travel path of picking forklifts a critical factor directly impacting operational efficiency and equipment energy consumption.

Through research on the picking needs of warehouse workers, the Company identified the key pain points in the picking process and developed an smart picking algorithm. By systematically planning the optimal picking paths, it significantly reduced unnecessary travel distance and greatly improved warehouse operational efficiency.



Warehouse APP High-Location Retrieval Prompt

Path Optimization Algorithm

- Based on collaborative research between the IT department and the warehouse team, we developed an smart order picking path optimization algorithm. This feature organizes picking lists based on storage location sequences using smart technologies to generate the optimal picking path, guiding workers to complete order picking with the shortest travel distance. This significantly reduces unnecessary movement, increasing picking efficiency by approximately 20%.

Pallet Utilization Query

- To improve warehouse space utilization, the IT department developed a pallet utilization query function. The system automatically calculates utilization rates based on preset pallet capacities and real time inventory. Warehouse staff can export a list of "underutilized pallets" (pallets with insufficient utilization) with one click, guiding workers to consolidate underutilized pallets of the same product category. This not only reduces the frequency of round trips during picking but also increases overall pallet utilization by about 10%.

Smart Replenishment Function

- A smart replenishment function from high level to low level storage units was developed. When goods are retrieved from a high level location, the system automatically checks whether there are empty slots on the lower shelves of the same rack; if so, the warehouse APP immediately issues a prompt suggesting that the goods be moved to the lower level. This "from high to low" replenishment strategy effectively reduces the lifting height and travel distance of forklift operations in subsequent picking, thereby improving overall operational efficiency.

Building Decision Support Tools

GigaCloud empowers shipping and land transportation through smart tools, building comprehensive, end-to-end logistics optimization capabilities. Within ocean freight, the company utilizes cargo space planning, smart order clustering, and a full-process information sharing platform to refine decision-making processes. For ground transportation, the system's upload of pallet labels has reduced pallet consumption, increased operational efficiency, and strengthened the stability and cost-effectiveness of the supply chain.

GigaCloud Shipping Decision Support Tools

Proactive Space Planning

- During the cargo ordering or forecasting stage, the global logistics team intervenes early. Leveraging strategic partnerships with major shipping companies and route resources, they obtain schedules, space availability, and shipping lane information for the coming weeks. This enables "simulated stowage" to proactively select the most suitable shipping lines and voyages based on cargo characteristics.

Smart Order Clustering

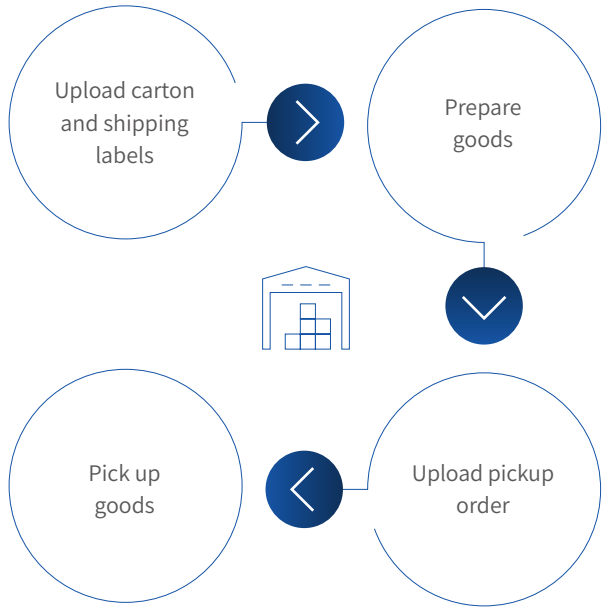
- Detailed information of all pending shipments (e.g., weight, volume, type, destination port, and time windows) is fed in real time into the logistics smart control platform. Utilizing big data algorithms, the platform performs multi-dimensional cluster analysis on the cargo. It then groups and optimizes transportation batches using smart technology, based on criteria like discharge port sequence and cargo compatibility.

Full-Process Information Sharing Platform

- A dedicated cross-functional team comprising procurement, logistics, and data departments is established. Through the information sharing platform, end-to-end transparency and synchronization are ensured—from factory shipment, booking, customs declaration, container loading, to final delivery at the destination port—guaranteeing efficiency and smooth operation of the logistics chain.

In land transportation, GigaCloud has established a standardized shipping process for B2B bulk truckload orders. The process includes the following steps:

GigaCloud's Land Transportation Shipping Process



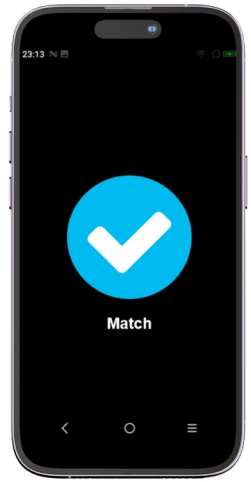
For truckload orders requiring palletized shipping, the GigaCloud platform now allows users to upload pallet labels simultaneously with carton and shipping labels. To help users plan logistics more accurately, the platform can automatically calculate the required number of pallets based on the quantity of products in order, reducing pallet consumption and improving operational efficiency. From the feature's launch on October 24, 2024, to December 31 of the same year, this tool has served 3,440 orders, accounting for approximately 12.5% of total orders during the same period.

Strengthening Data-Driven Management

GigaCloud leverages its smart systems to establish data verification points at key stages such as order picking and goods dispatch. This transforms operations previously reliant on manual experience into standardized processes governed by system rules. As a result, the Company has built a full-process error prevention mechanism, from order receipt to shipment. Through data-driven management, it has achieved substantial improvements in operational quality.



Unmatch



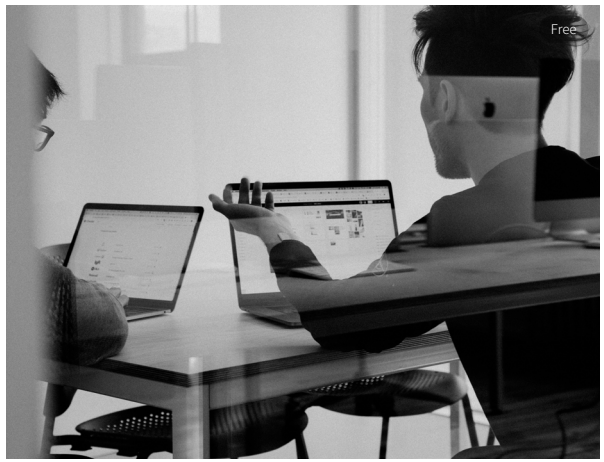
Match

Electronic Picking List Function

- The electronic picking list function was developed to enable digital precision control over the picking process.
- During operation, workers scan the barcode on the picking list via the warehouse app, and the system automatically loads the corresponding task. In the subsequent removal process, each time a worker scans a pallet code, the app verifies the product information in real time. If the scanned product is not on the current picking list or the removal quantity exceeds the required amount, the system immediately issues an alert.
- If items on the picking list remain unremoved, the app will continue to remind the worker until all tasks are completed.

Scan-to-Attach Label

- **Scan to Activate:** The worker first scans the tracking number barcode on the shipping label using the warehouse app, and the system automatically identifies the corresponding product code.
- **Product Verification:** The worker then scans the physical code on the product, and the system checks in real time whether the two codes match.
- **Result Feedback:** If the codes match, the app displays "Match" and the worker can attach the shipping label. If "Unmatch" is shown, attachment is blocked to prevent errors.
- **Oversight Prevention:** At the end of the task, the app checks for any unattached shipping labels and proactively reminds the worker to complete the process, effectively avoiding missed shipments.



Green Products and Market Innovation

With a forward-looking approach, the Company has systematically integrated the increasingly stringent global low-carbon compliance requirements into its core strategy, building sustainable competitive advantage for the future. By providing green and compliant products and services across the entire supply chain, the Company not only effectively mitigates environmental regulatory risks but also gains preference from markets and customers with strong sustainability awareness.

Adhering to Green Procurement Standards

GigaCloud enforces strict raw material traceability for its purchased products, and its European operations rigorously comply with the regulatory requirements of the *European Union Deforestation Regulation* (EUDR). Since the regulation's issuance, the Quality Management Department has led efforts in interpreting the rules, developing internal documents such as the *GigaCloud Supplier EUDR Compliance Management System* and the *Supplier EUDR Compliance Information Collection Template* to translate and implement these standards internally.

To continuously enhance compliance capabilities, the Company organized systematic training for relevant functions including product, procurement, and quality departments in August 2025, delivered by the authoritative third-party agency SGS, further refining internal execution standards. In September of the same year, the Company conducted an on-site EUDR due diligence investigation at a supplier's facility through SGS to validate the effectiveness of its internal requirements. The investigation has been completed, and the final report has been obtained.

For furniture products, the Company prioritizes the procurement of raw materials certified by the Forest Stewardship Council (FSC). This not only responds to the global market demand for sustainable forestry products but is also a key component in building our green supply chain. Through this initiative, we ensure that products originate from responsibly managed forest lands, effectively reducing deforestation risks in the supply chain, and thereby communicate the brand's environmental commitment to consumers, enhancing the product's market competitiveness.

Expanding the Circular Economy Model

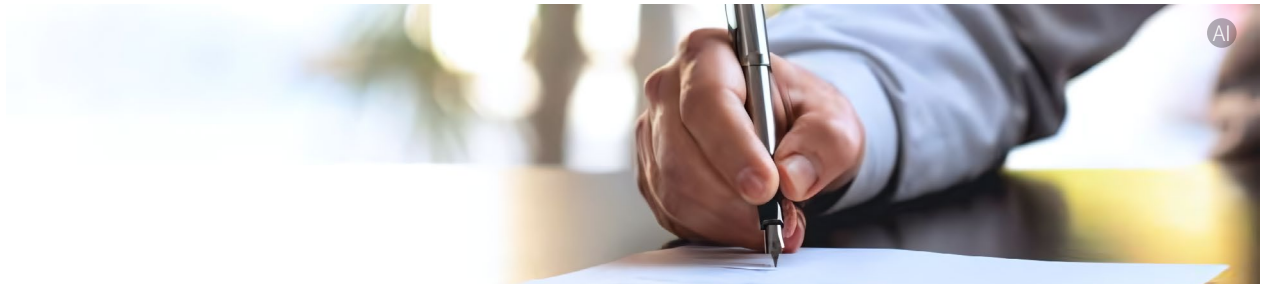
In line with circular economy principles, GigaCloud routinely reviews its inventory and partners with secondary recycling vendors to responsibly dispose of products that are difficult to match or have been in stock for an extended period. This initiative facilitates the recovery of remaining value from these assets. By doing so, the Company not only prevents resource waste and environmental burden associated with product scrapping but also actively promotes resource circulation.

To date

the Company has successfully diverted

39,007 products

from landfills through these recycling channels.



Furniture Donations to Aid Home Reconstruction

In January 2025, devastating wildfires in California, USA, displaced numerous families. In response, GigaCloud swiftly acted to support recovery efforts by donating over 5,000 urgently needed furniture items across 90 categories—including beds, sofas, and chairs—to the affected communities. This contribution aimed to provide shelter and restore a sense of normalcy for those who lost their homes.



Capitalizing Policy and Market Demand

GigaCloud has accurately identified sustainable policy trends and green market dynamics. By launching a series of eco-friendly products, it not only meets consumers' expectations for sustainability but has also successfully created new avenues for business growth. Currently, one of the Company's products has received the Amazon Climate Pledge Friendly（CPF）certification, further enhancing market competitiveness and the brand's environmental image.

GigaCloud's CPF-certified product rapidly gained consumer traction in key markets across North America and Europe following their launch. This market reception stems from the Company's robust quality control systems, environmentally conscious market positioning, and compelling cost-effectiveness. The successful market entry not only demonstrates GigaCloud's strategic achievement in addressing consumer demand through sustainable products, representing a significant milestone in its B2C retail channel expansion, but also highlights the strong market appeal of its supply chain capabilities in serving end consumers.



Product with Amazon Climate Pledge Friendly Certification

04



GigaCloud actively addresses climate change challenges by deeply integrating the concept of sustainable development into its corporate strategy. To clarify the pathway for emission reduction, we have established decarbonization targets covering both direct emissions from our operations and indirect emissions from purchased energy. Concurrently, we have implemented a comprehensive management and accounting system to track and evaluate the achievement of these reduction targets in real-time, ensuring the effectiveness and transparency of our climate actions.

Metrics and Targets

Climate Targets

Greenhouse Gas Management and Accounting

Metrics and Targets

Climate Targets

In actively fulfilling corporate social responsibility, GigaCloud has set decarbonization targets for Scope 1 and Scope 2 emissions. The Company promotes the achievement of its carbon neutrality goal through multiple pathways, including energy-saving technological upgrades and digitalization initiatives, while conducting real-time tracking and monitoring of target progress.

2030

GigaCloud achieves carbon peak (Scope 1 & 2)

2060

GigaCloud achieves carbon neutrality within its own operational boundaries

Greenhouse Gas Management and Accounting

We are committed to enhancing the quality of carbon emission management and information disclosure. With reference to the Greenhouse Gas Protocol, we have statistically categorized and disclosed our annual Scope 1 and Scope 2 emission data. In 2024 and 2025, the primary greenhouse gases emitted from GigaCloud's operations included carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), and hydrofluorocarbons (HFCs). Our carbon neutrality target encompasses greenhouse gas emissions related to our core business activities.

Metrics	Units	2024	2025
Scope 1 Greenhouse Gas Emissions	tCO_2	1,197.34	794.21
Scope 2 Greenhouse Gas Emissions	tCO_2	3,882.17	9,115.48
Total Greenhouse Gas Emissions (Scope 1 + Scope 2)	tCO_2	5,079.50	9,909.69
Greenhouse Gas Emissions Intensity (Scope 1 + Scope 2)	tCO_2/million USD revenue	4.38	7.68



Index

TCFD Index Table

Indicator	Disclosure Requirements	Chapter Reference
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	Governance——Governance Structure
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Governance——Governance Responsibilities
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Strategy——Climate-related Risks and Opportunities
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Strategy——Climate-related Risks and Opportunities
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario.	Strategy——Climate Scenario Analysis
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks.	Risk and Impact Management——Climate Risk and Impact Management Process
	b) Describe the organization's processes for managing climate-related risks.	Risk and Impact Management——Climate Risk and Impact Management Process
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Risk and Impact Management——Climate Risk and Impact Management Process
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Metrics and Targets—Greenhouse Gas Management and Accounting
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Metrics and Targets—Greenhouse Gas Management and Accounting
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Metrics and Targets—Climate Targets


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