

# The United Laboratories Climate Change Risk Management Procedures

## 1. Purpose

The United Laboratories International Holdings Limited (Stock Code: 3933.HK) (“TUL”, the “Group”, “we”) has formulated these procedures to strengthen the identification, assessment and management of climate change-related risks and opportunities, establish corresponding management measures, and enhance resilience against such risks.

## 2. Scope

These procedures apply to the management of climate-related risks and opportunities arising from the Group’s business and operational activities.

## 3. Content

### (1) Definitions

- Risk: The effect of uncertainty.
- Opportunity: Conditions or events that have a positive impact on the enterprise.
- Risk Assessment: The process of quantitatively evaluating the likelihood and potential impact of an event, either before it occurs or while it is ongoing but not yet concluded.
- Risk Avoidance: The planned alteration of activities to eliminate risks or the conditions that may lead to risks, thereby protecting objectives from adverse impacts. (Risk avoidance does not mean eliminating all risks; rather, it refers to avoiding potential losses caused by the risks. This involves two aspects: reducing the probability of loss—mainly through preventive measures—and reducing the severity of loss—through both preventive and remedial actions.)
- Risk Severity: The degree of impact resulting from the occurrence of a risk.
- Risk Reduction: Actions taken to decrease the likelihood or consequences of a risk.

### (2) Planning for Risk and Opportunity Management

To comprehensively identify, assess, and respond to the risks and opportunities brought about by climate change in the Group’s business operations and management activities, each unit shall establish a list of potential climate-related risks and opportunities, along with corresponding response measures. Each department shall identify the specific risks and opportunities it faces and record the assessment results in the “*Climate Risk and Opportunity Identification and Evaluation List*”.

In principle, this identification and evaluation process shall be conducted once per year based on changes in environmental factors.

### (3) Scope of Identification

In the process of identifying climate-related risks and opportunities, risk identification shall include, but is not limited to, the following aspects:

- Extreme weather risks
- Risks related to global warming and water scarcity
- Regulatory and policy risks
- Market risks
- Reputational risks

### (4) Climate Risk Assessment

Identified risks shall be assessed based on three dimensions: timeframe, likelihood, and financial impact. A comprehensive evaluation of the severity level shall be conducted. Appropriate response measures shall be determined according to the assessed severity of each risk.

### (5) Risk Severity Evaluation Criteria

The comprehensive assessment of risk severity is used to evaluate the potential extent of damage that a risk may cause. The Group shall assess the following potential risks to determine their possible impacts and levels of harm if they materialize:

- Compliance with laws, regulations, services, and customer requirements
- Potential for personal injury resulting from the risk
- Extent of property damage
- Impact on normal operations
- Degree of harm to the company's reputation

To facilitate the identification of the level of harm posed by a risk, risk severity is categorized into three levels: a. Severe; b. Moderate; c. Minor

**Table: Criteria for Assessing Risk Severity**

Risk Description						Comprehensive Assessment	
The Expected Time of Risk Occurrence		The Likelihood of Risk Occurrence		The Degree of Impact of Risk on Business Performance		Comprehensive Score	Severity
Short-term	1	Very Likely	3	High	6	12 - 9	Severe
Medium-term	2	Likely	2	Medium	3	8 - 5	Moderate
Long-term	3	Less Likely	1	Low	1	4 - 3	Minor

In the comprehensive severity assessment process, when the severity levels determined by multiple factors are inconsistent, the principle of erring on the side of caution should be followed for the final determination.

#### (6) Risk Response

Based on the results of the assessment, corresponding measures should be developed for risks and opportunities to achieve the goal of reducing or eliminating risks and seizing favorable opportunities.

#### (7) Risk Management Supervision and Improvement

Risk identification and assessment activities are used to identify risks and comprehensively consider effective measures to take against them. When the degree of risk is severe, risk avoidance or risk reduction measures should be taken to minimize the harm or loss caused by the risk. Effective measures should be formulated and implemented.