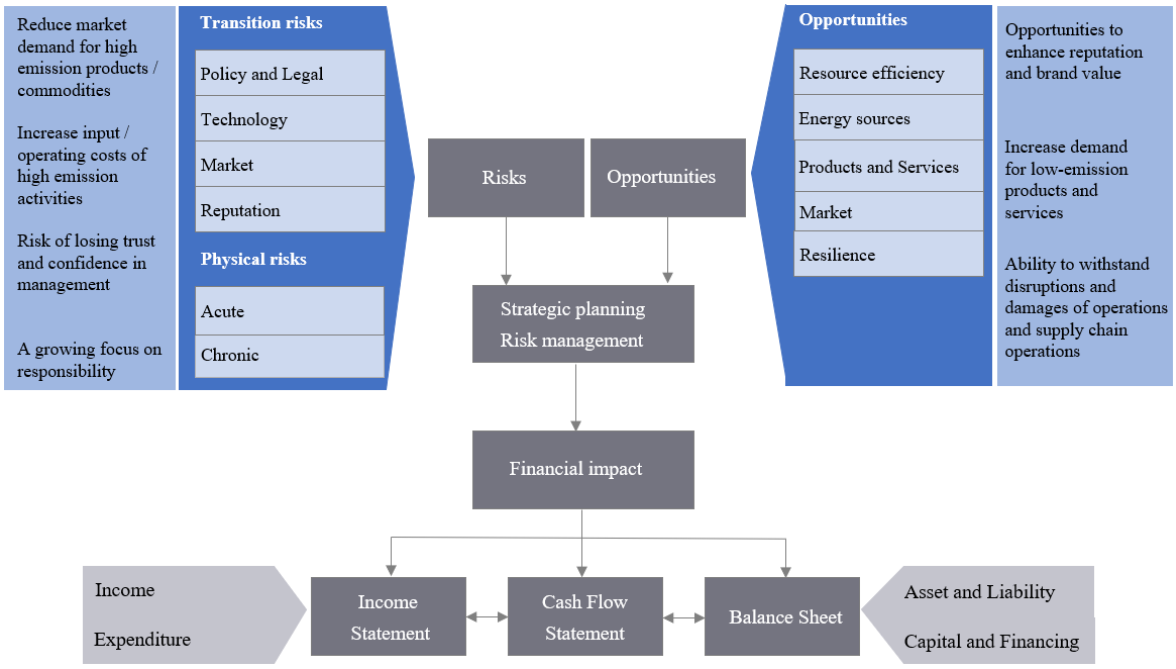
WuXi AppTec Co., Ltd.
Report on Combatting Climate Change

Climate change has emerged as a critical priority for companies across the world. WuXi AppTec Co., Ltd. ("WuXi AppTec", "the Company", "we") is steadfast in our commitment to reduce our greenhouse gas (GHG) emissions. We are striving to mitigate our environmental impact and to be a good global corporate citizenship.

This report summarizes the Company's governance, risk identification and assessment methods[1], and monitoring related to climate change, which refers to the *International Financial Reporting Standards (IFRS) S2 Climate-related Disclosures* (2023) issued by International Sustainability Standards Board (ISSB) and the *Recommendations of the Task Force on Climate-related Financial Disclosures Final Report (2017)* issued by Financial Stability Board Task Force on Climate-related Financial Disclosure (TCFD).



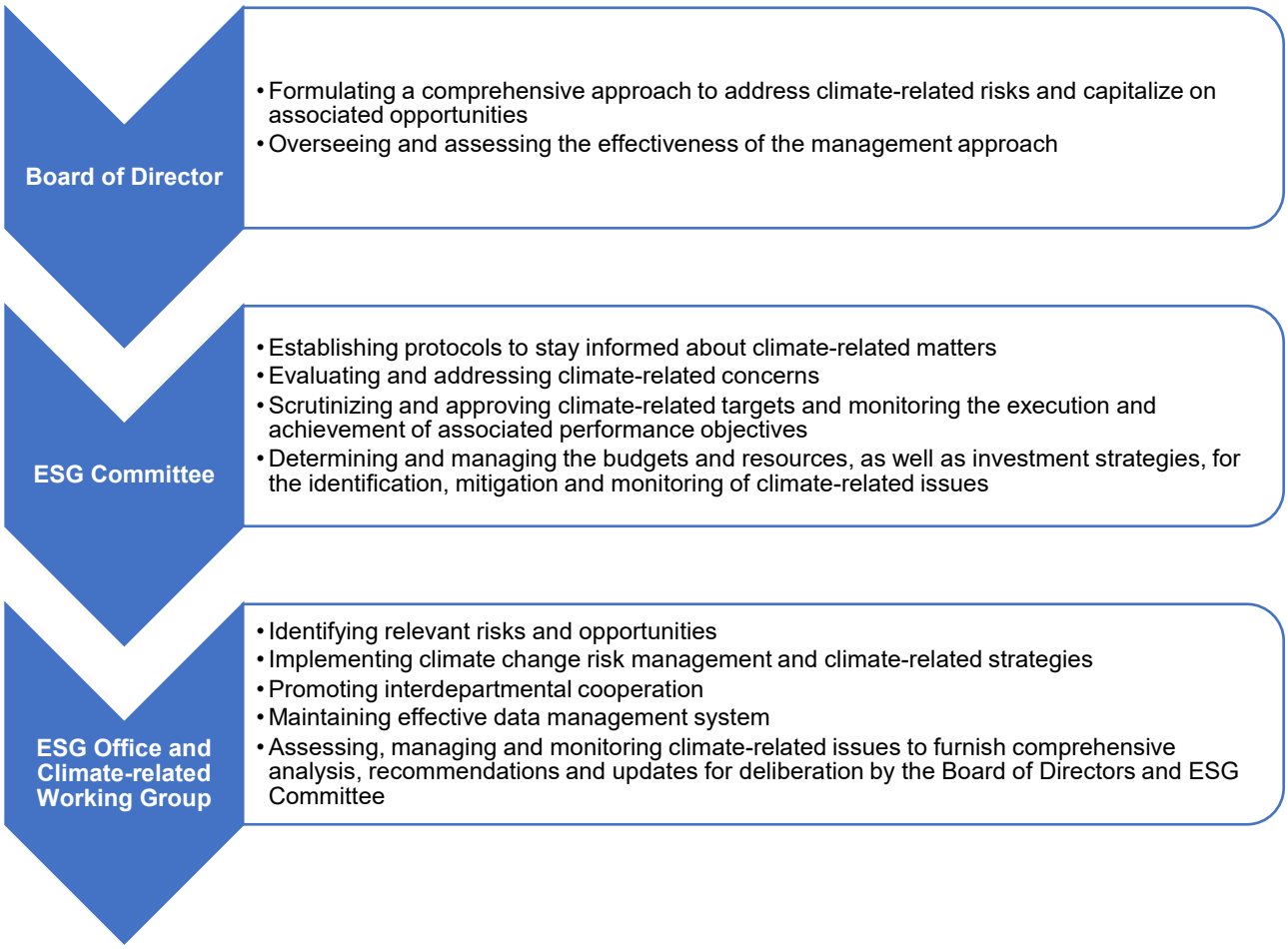
Climate change-related risks, opportunities and financial impacts[2]

Climate-related Governance

WuXi AppTec prioritizes climate change governance and continually refines our management mechanism and approach to enhance the effectiveness of climate change governance continuously. Our governance structure for managing climate-related risks comprises the Board of Directors, the ESG Committee, the ESG Office, and working groups composed of climate-related departments. The ESG Office provides quarterly reports to the ESG Committee, which in turn present a report to the Board of Directors on a regular basis.

[1] The actual impact of climate change as will be significantly affected by a variety of unknown factors, so the forward-looking information and statements contained herein are subject to change because of other factors that may arise in the future, including but not limited to, changes in the national carbon emission trading system and shifts in commercial market conditions. In addition, the facts stated herein may involve a number of uncertainties or be beyond the Company's control in the future. Therefore, we hereby declare that the action plan specified herein may differ from the actual situation in the future.

[2] Refer to *TCFD Implementation Guide* https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing_Guidance.pdf



WuXi AppTec's Governance Structure of Climate Change

The Board of Directors has been provided with climate competence training, such as inviting external experts to deliver climate change trainings, etc., has been to keep them abreast of the latest climate-related trends and to ensure that they have the necessary expertise to oversee the management of climate-related issues.

To ensure the effective implementation of measures, we incorporate climate-related targets into the performance assessment of particular management team members. This approach encourages our management team to prioritize climate-related management and strive for improved performance.

Climate-related Strategy

Tackling climate change is becoming a global imperative. We commit to prioritizing or adopting energy-saving and emission-reducing technologies and measures to reduce of GHG emissions in decision-making, and to transitioning towards a cleaner and more sustainable business model. To further establish the priorities of our management initiatives, we have formulated short, medium, and long-term strategies based on identified risk exposures, opportunities, and existing risk management plans. We will regularly revise these strategies to accommodate changing circumstances.

Short term (1-2 years): Risk assessment as well as financial forecasting is implemented on an annual basis. Strategic development is planned each one to two years together with detailed climate mitigation and adaptation actions in the short term.

Medium term (2-6 years): We undertake a comprehensive review, analyze and update our climate-related strategy every three years, taking into account factors such as target achievement, policy trends, market development, and customer demand etc., to ensure consistency with our long-term strategy.

Long term (> 6 years): We have set up a long-term management strategy that encompasses the overarching direction and objectives to solve climate change risks and foster climate change resilience. This strategy includes the analysis and enhancement of long-term carbon reduction measures, such as the deployment of renewable energy and collaboration across our value chain.

Climate-related Risk and Opportunity Identification and Assessment

Based on scenario analysis, we comprehensive considered the Company's potential risk exposure and opportunities in the short, medium, and long-term to develop a more flexible and robust management strategy for various possible situations. Climate-related risk and opportunity identification and assessment are carried out through the following steps:

Establish a pool of climate-related risk and opportunity	Analyze and determine climate-related risk and opportunity	Evaluate and manage the climate-related risk and opportunity
• Identify the climate-related risks and opportunities according to the framework recommendated by TCFD and peers' pools • Discuss with risk owners ragarding the list of climate-related risks and opportunities	• Analyze the climate-related risks and opportunities by considering the pharmaceutical and life sciences industry's characteristics and the opinions of stakeholders and external experts, then determine WuXi AppTec's climate-related risks and opportunities • Choose climate scenarios by following the principles of high contrast, balanced and science-based and conduct scenario analysis to examine the comprehensive risks and opportunities of climate change in the future and formulate strategic plans in response to them	• Assess the climate-related risks and opportunities based on the likelihood, impact, adaptability and recovery etc., and set the priority of management strategies accordingly

Climate-related Risk Management Process

- **Establish a pool of climate-related risk and opportunity**

WuXi AppTec proactively identifies the types of physical risks, transition risks and opportunities that will impact the company's business operations. Physical risks include acute risk and chronic risk. Transition risks include policy and legal, technology, market and reputation risks. Opportunities include energy sources, products and services. We then assess and analyze the identified climate change risks and opportunities.

- **Analyze and determine climate-related risk and opportunity**

We adhere to a scientific and systematic approach to establish climate-related management strategies. Scenario analysis has been used to formulate strategic plans to enable flexible and robust responses to various future

situations. Scenario analysis is used as a method to formulate strategic plans that can respond flexibly and steadily to various future situations. We need to consider how climate-related risks and opportunities may evolve and the impact they may have under different circumstances. We evaluate measurable climate change trends and relationships through qualitative and quantitative methods, referring to models and parameters recommended by TCFD.

1) Scenario model selection

On December 12th, 2015, the Paris Agreement was adopted at the 21st UN Climate Change Conference (Paris Climate Conference). This is the foundation for concerted efforts to keep global temperature increases in this century well below 2ºC above pre-industrial levels. In November 2023, COP28[3] assessed the progress on the *Paris Agreement* goals and charted a way forward while discussing the reduction of fossil fuels usage and increase in deployment of renewable energy. Considering the objectives of the two conferences and with reference to the recommendations raised by Guidance on Climate Disclosures of the Hong Kong Stock Exchange and the Global Energy and Climate Model scenarios raised by the International Energy Agency (IEA), and following the principles of high contrast, balanced and science-based, WuXi AppTec conducted an analysis using four separate climate scenarios[4], including IEA NZE[5] 2050, IEA STEPS[6], RCP[7]2.6, and RCP8.5, to examine the comprehensive risks and opportunities of climate change for the Company in the future.

The IEA NZE 2050 and IEA STEPS are transition scenarios for analysis of transition risks and opportunities. The RCP2.6 and RCP8.5 are physical scenarios for analysis of physical risks.

Pathways	Physical scenarios		Transition scenarios	
Low emissions scenario	RCP2.6	RCP2.6 represents a low GHG emissions level, high mitigation future, that in simulations gives a chance of limiting global warming to below 2°C by 2100	IEA NZE 2050	A scenario that sets out a pathway for the global energy sector to achieve net zero CO_2 emissions by 2050. It is consistent with limiting the global temperature rise to 1.5 °C by 2100
High emissions scenario	RCP8.5	RCP8.5 is a high greenhouse gas emissions scenario in the absence of policies to combat climate change, leading to continued and sustained growth in atmospheric greenhouse gas concentrations	IEA STEPS	A scenario that takes into account only specific policies already in place or have been announced by governments and by not taking for granted that governments will reach all announced goals. Its impact is a temperature rise of around 2.7 °C by 2100

[3] The 28th Session of the Conference of the Parties to the UNFCCC
[4] The parameters and their definitions are cited from the Intergovernmental Panel on Climate Change (IPCC)'s Fifth Assessment Report, the Special Report: Special Report on the Ocean and Cryosphere in a Changing Climate and the Global Energy and Climate Model Documentation-2023 by IEA up to October 2023.
[5] Net Zero Emissions
[6] The Stated Policies Scenario
[7] Representative Concentration Pathway

Characteristics[8] of the physical scenarios and the transition scenarios are summarized in the table below:

i. Characteristics of the physical scenarios:

	RCP2.6	RCP8.5
Global average warming	Approximately 1.7℃ by 2060 and 1.8℃ by 2100	Approximately 2.4℃ by 2060 and 4.4℃ by 2100
Global average sea levels rise	May reach 0.30 meters by 2065 and 0.50 meters by 2100	May reach 0.40 meters by 2065 and 0.80 meters by 2100
Arctic sea ice volume	Expected to be reduced throughout the year	By the summer of 2050, arctic sea ice will have melted
Global glacier volume	Expected to decrease by 18% from the 21st century level by 2100	Projected reduction of 36% by 2100 compared to the 21st century average level
Climate change impacts	Relatively stable. For example, a 2% reduction in crop yields by 2080	Major. For example, a decrease in crop yields of 14% by 2080 may compromise common human activities such as growing food and working outdoors by 2100

ii. Characteristics of the transition scenarios:

	IEA NZE 2050	IEA STEPS
Economic development	Achieve more inclusive economic development. The increase in jobs and investment from clean energy development stimulates economic output, resulting in a net increase in global GDP to 2030	The economic growth and technological advances driven by fossil fuels will result in high levels of greenhouse gas emissions by 2100, which could possibly exacerbate extreme weather events
Climate policy	Several countries have committed to achieving net zero emissions by 2050, with detailed near-term targets and action plans	Lack of new climate-related policies due to institutional, political and economic obstacles
Policy implementation	Governments start by setting unequivocal long-term targets, ensuring that these are fully supported from the outset by explicit, near-term targets and policy measures that clearly set out the pathway, and that recognize each country's unique starting conditions, to support the deployment of new infrastructure and technologies	Lack of detailed near-term actions and implementation plans
Common business models	There would be a major contraction in fossil fuel production, leading to a rapid transition from a fossil-fuel economy to an economy driven by renewable energy	A profit-driven business model that fails to properly consider environmental and social impacts
Commitment level	Consumers and companies move together in adopting behavioral changes, with governments setting the direction of those changes and facilitating them via effective and sustained policy support	Not enough public awareness to push for institutional reforms

[8] Reference: The detailed definition is from the *Guidance on Climate Disclosures* issued by HKEX in November 2021 and the *Net Zero by 2050 A Roadmap for the Global Energy Sector* that revised by IEA in October 2021.

2) Parameter selection

WuXi AppTec developed scenarios using public data sources, including assessments and reports of the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA) on climate emission paths. The main parameters/assumptions considered in scenario analysis included:

i. Economic factors: industry planning, product cost and revenue, customer and market demand
ii. Policy factors: changes in policy and regulatory requirements
iii. Physical factors: raw material origin, location of operation, and business layout

● Evaluate and manage the climate-related risk and opportunity

1) Risk and opportunity assessment[9]

Risk prioritization facilitates the efficient allocation of resources to the most pressing risks. Criteria including likelihood, impact, adaptability and recovery are used to rank the priority of the identified climate change risks.

Likelihood	If an event is more likely to occur, it should be ranked as a higher priority. The possibility that a given event will occur in terms of the following: • Frequency of events • Chance of happening
Impact	If an event costs a more severe impact on the company, environment or society, it should be ranked as a higher priority. Examples of impacts include: • Financial loss • Prosecution and fines • Reputation damage • Loss of strategic partners
Adaptability	If an event costs more effort and time to adapt to, it should be ranked as a higher priority
Recovery	If an event costs more effort, resources and time to recover a business, it should be ranked as a higher priority

2) Risk and opportunity management strategies

WuXi AppTec's ESG office is responsible for identifying risks and opportunities related to climate change. We have built a climate model, based on the TCFD framework[10] and considers feedback from various business operation departments to identify the transition risks, physical risks and opportunities faced by the Company. We assess the impacts of climate-related risks and opportunities in the short, medium, and long term. The mitigation and response strategies are developed accordingly.

Climate-related risk and mitigation strategy

Physical risks[11]:

Climate-related risk		Potential impact	Financial impact	Time dimension	Mitigation strategy
Acute risk	Increased severity of extreme weather events such as cyclones and floods	As the frequency of extreme weather increase, they may affect the stability of the Company's infrastructure (such as research, development and production infrastructure), which could impact the company's business continuity	Increased operating costs such as facility upgrades, renovations and repairs	Short term	Establish an early warning mechanism with dedicated personnel responsible for providing timely warning of potential extreme weather events at each site Emergency planning with regular emergency drills is conducted to strengthen rapid-response capability and minimize the impact of extreme weather events

[9] Reference: The detailed definition is from the *Guidance on Climate Disclosures* issued by HKEX in November 2021
[10] Reference: *Recommendations of the Task Force on Climate-related Financial Disclosures* climate-related risks, opportunities and financial impacts
[11] The main reference data sources in the physical risk evaluation process: China Typhoon Website, World Resources Institute (WRI) data, Intergovernmental Panel on Climate Change (IPCC) data, Climate Impact Lab, Surging seas MAPPING CHOICE, etc.

Chronic risk	Rising mean temperatures	As mean temperatures rise, the Company will need to use more energy to maintain the indoor temperatures required for its operation	Increased operating costs due to increased energy consumption	Long term	During the planning and construction of new infrastructure, WuXi AppTec considers the risk of rising mean temperatures and formulates context-specific adaptation strategies; For the existing infrastructure, the Company will optimize the efficiency of refrigerating systems and replace or upgrade them as necessary

Transition risks:

Climate-related risk		Potential impact	Financial impact	Time dimension	Mitigation strategy
Policy and legal risks	Requirements and supervision of existing products and services	The policy and regulatory requirements for coping with climate change are becoming increasingly stringent. Policy changes could result in higher costs to comply	Potential increase in operating costs to accommodate policy changes	Short term	Pay close attention to the latest climate-related regulations of main operating sites and take the necessary response actions Establish and continually refine climate change governance, the management mechanism, and the approach
Technol-ogy risk	Application of low-carbon technology	In the context of energy transition, the company may need to invest in low-carbon technology. The use of low-carbon technology may cause additional operation costs. In addition, it may affect existing production system due to compatibility issue	Potential increase in operating costs to apply low-carbon technology	Medium term	Develop a systematic roadmap to apply low-carbon technology. Take cost effectiveness and compatibility into account when applying low-carbon technology to production system
Market risk	Changing customer behavior	Customers pay more attention to the carbon footprint of the value chain. They set carbon emissions reduction targets for their value chain and require the whole value chain to contribute to reducing carbon emissions	Potential increase in operating costs to respond to customers' requirements and a potential decrease in revenue resulting from failing to fulfill them	Medium term	Maintain close communications with our customers regarding their expectations of our progress on carbon emissions reduction Set GHG reduction targets and strategies, and collaborate with suppliers to implement initiatives aimed at reducing carbon emissions throughout the value chain
	Stability of raw material supply	Climate change can impact the stability of upstream supplies and the supply of raw materials	Potential increase in procurement costs due to unstable raw material supply	Medium term	Implement a dual sourcing strategy or establish a backup supplier base for critical raw materials to ensure the stability of supply To reduce the demand for raw materials and

					procurement volume, we continuously improve the quality and efficiency of our research and development, and production processes
Reputat-ion risk	Increasing concerns about negative feedback from stakeholders	Stakeholders are increasingly aware of and concerned about climate change, and they will have heightened expectations for corporate action to address this challenge. Our reputation could be negatively impacted if our performance in relation to climate goals and actions is seen as insufficient	Potential decrease in revenue from a loss of competitiveness caused by negative impacts on reputation	Medium term	Establish climate-related risk management process, implement measures and maintain transparent disclosure on climate-related efforts

Climate-related opportunity and response strategy

Opportunity type	Climate-related opportunity	Potential impact	Financial impact	Time dimension	Response strategy
Opportunity 1: Energy Sources	Optimize energy efficiency and structure	Based on practices including process optimization, equipment upgrades and infrastructure renovation, energy efficiency can be improved The growing number of policies for renewable energy creates opportunities for companies to adopt renewable energy smoothly	Reduced operating costs by improving energy efficiency and employing cost effective renewable energy sources	Medium term	Continue to reduce energy consumption and pursue opportunities to adopt renewable energy sources
Opportunity 2: Products and Services	Low-carbon products and services	As global climate change intensifies worldwide and customers increasingly seek low-carbon products and services, proactively implementing green solutions can enhance a company's competitive advantage	Increase in revenue from tapping into new markets	Long term	Multiple measures are being taken targeting reducing energy consumption and GHG emissions, on the propose of reducing carbon footprint of customers' products and services, to enhance our competitive advantage and brand image

In response to the climate-related risks and opportunities identified above, we have established a comprehensive climate change management process that has been integrated within the Company's overall risk management process to assist the management in making operational decisions related to climate change impact. Furthermore, we have adopted a proactive management and regular monitoring mechanism. Our ESG office and climate-related working group have joined forces to promote and implement climate change management

strategies throughout the value chain of WuXi AppTec's operations, and provide reports to the Board of Directors on a regular basis.

Metrics and Targets

To effectively execute our strategy in combating climate change, we have formulated specific metrics and targets related to GHG emissions, energy consumption, and other climate-related factors.

Our Targets:

- **GHG Reduction Target:** 25% GHG emission intensity reduction by 2030 compared to the 2020 baseline.
- **Energy-saving Target:** 25% energy consumption intensity reduction by 2030 compared to the 2020 baseline.

The Company is committed to regularly monitoring and assessing the progress of these targets, and will provide updates in the annual Environmental, Social and Governance Reports.

This is the second version of the Report on Combatting Climate Change, updated April 2024, which supersedes all previous version. The first version of the Report on Combatting Climate Change took effect in May 2022.