FRONTAGE
YOUR DRUG DEVELOPMENT PARTNER

Frontage Holdings Corporation
方達控股公司 *

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1521

2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

* For identification purpose only

TABLE OF CONTENTS

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In a year full of hardship and challenges, Frontage Holdings Corporation (hereinafter the "Company" or "Frontage") and its subsidiaries (collectively the "Group", "we", "us" or "our") continue to pursue better environmental, social and governance ("ESG") performance to maintain our competitiveness in the market. We are pleased to publish our second ESG report (the "Report").

SCOPE OF REPORT

The Report covers our laboratories and offices in the United States ("US"), Canada, and mainland China ("China" or the "PRC") during the period from 1 January 2020 to 31 December 2020 (the "Reporting Period", "2020" or "FY2020"). As compared to last year's report, the Group expanded the reporting scope to include newly acquired companies, including Biotranex, LLC, Acme Biosciences, Inc., RMI Laboratories, LLC and BRI Biopharmaceutical Research, Inc.

REPORTING STANDARD

The Report has been prepared in accordance with the "Comply or Explain" provisions as well as the social key performance indicators ("KPIs") under the "Recommended Disclosures" of the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKEx ESG Reporting Guide"). The Report has been reviewed and approved by the board of directors of the Company (the "Board").

CONTACT & FEEDBACK

The Group welcomes your feedback and opinion on the Report or our ESG performance to drive continuous improvement. Please feel free to contact us or share your views via the following channels information:

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COMPANY OVERVIEW

At Frontage, we aspire to work for the greater good and our mission is improving quality of life for the patients that our clients serve. We assist companies in attaining product development goals through a wide spectrum of services including Drug Metabolism Pharmacokinetics, Safety and Toxicology, Bioanalytical and Biologics, and Chemistry, Manufacturing and Control services, among other services, in the product discovery and development life cycle. Our vision in contributing to the life sciences industry is to be a preferred partner in drug product development. Our values in executing our vision include the following:

Quality
- We are committed to excellence in the results we achieve, and how we achieve them.

Integrity
- We believe in honesty, reliability and accountability in our words and behaviour.

Innovation
- We employ new scientific approaches, technologies and processes to provide innovative solutions to challenging problems.

Caring
- We care for our patients, customers, employees, stakeholders, communities and environment.

We uphold our values to offer quality, reliable, innovative, and caring solutions when providing services to our clients. During the difficult times faced as a result of the COVID-19 pandemic, we supported COVID-19 related research and development ("R&D"), utilizing our techniques and skills to contribute to the broader response effort. In addition, we have gradually expanded our capability in genomics and genetic toxicology and safety pharmacology and acquired more facilities to build our strength in our principal business activities, which include scientific research, analytical work and development services for the drug invention and development process. We have also continued to improve our management system to ensure sustainability of business development, particularly in terms of customer data privacy, which will be further discussed in the section titled "Data and Cyber Security" under "Business Continuity and Crisis Management".

SUSTAINABILITY MANAGEMENT
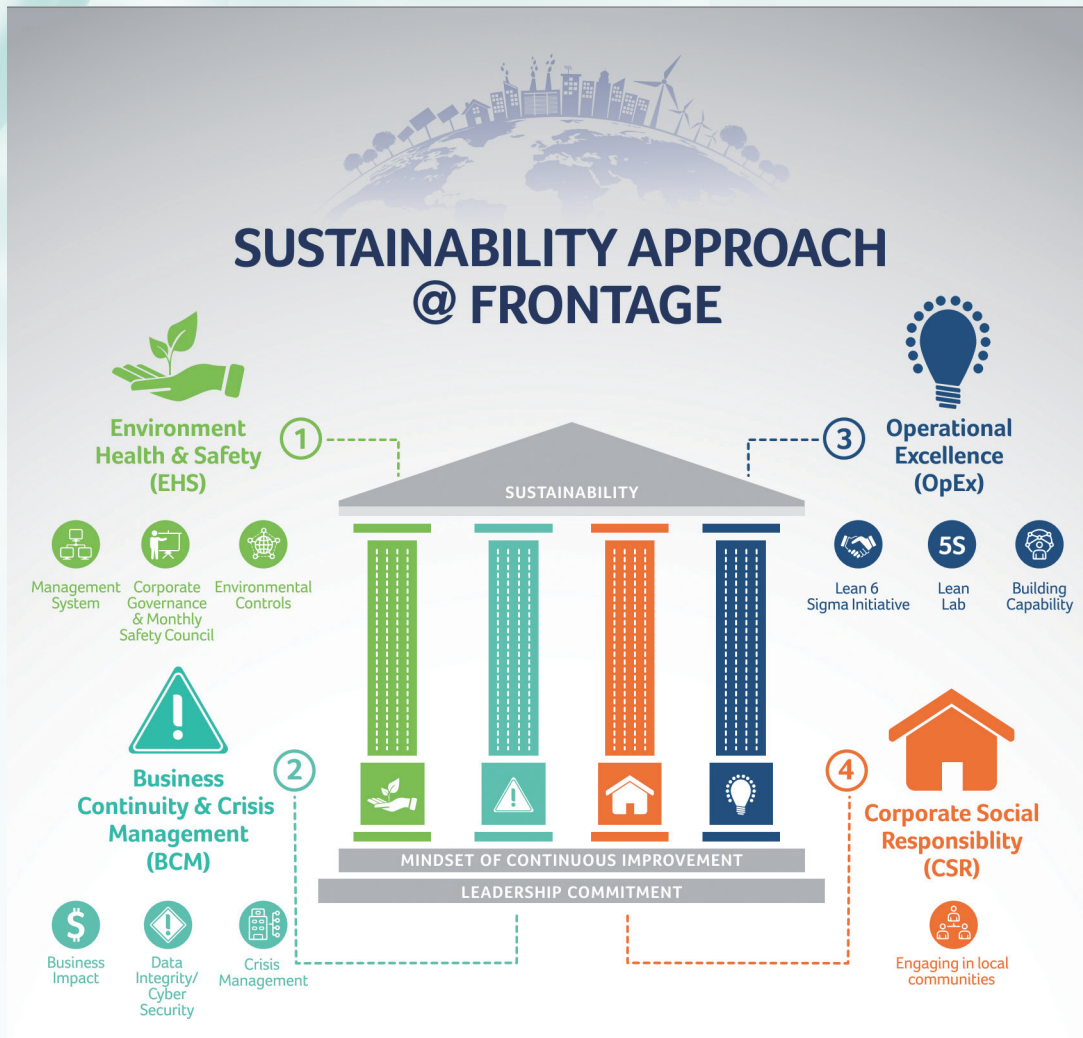
We are committed to pursuing improved sustainability performance that goes beyond economic considerations or legal regulations. Our sustainability policy outlines our commitments and approaches to enhance business operations that align with our Company's vision, mission, and values. By implementing our sustainability policy, we believe we can foster a work culture built upon these key intangible values. To manage sustainability issues in the Group, Frontage's sustainability policy has four key pillars, which include (i) Environment, Health and Safety ("EHS"), (ii) Business Continuity Plans & Crisis and Information Management, (iii) Operational Excellence and (iv) Corporate Social Responsibility. Under each pillar, we have formulated standard operating procedures ("SOP") across business operations in different countries to ensure a consistently high standard, echoing our strategies to maintain one system in the provision of globalized services.

We incorporate sustainability in our corporate DNA with leadership commitment to govern sustainability strategies in our Group. The Board is committed to investing resources in consideration of ESG issues and regularly reviews the progress and effectiveness of sustainability strategies.

RISK MANAGEMENT

Risk management is crucial for the Group to identify key risks and evaluate the appropriate response to minimize and mitigate relevant risks. ESG elements were included in the risk management process to reduce risks that may create business continuity issues. By following the SOPs on business continuity and disaster recovery, we identify processes to assess such risks and develop plans to address them. We implement preventive measures to mitigate major risk events such as loss of clients' samples or data and business disruption in severe weather. For example, we assess the potential impact from power failure of major and critical systems and then provide back-up generators for essential functioning. In addition, emergency response procedures are formulated to facilitate communication in relieving potential impact resulting from severe weather. Other SOPs in tackling the major ESG risks have also established, which include backup and retrieval procedures of data in our systems.

STAKEHOLDER ENGAGEMENT

We strive to maintain on-going communication with our stakeholders by adopting the following communication channels. By gathering their insight, views, and priorities, we can refine our management policies and approaches to continuously improve the manner in which we address ESG issues.

Investors and Shareholders

- Company website
- Company's announcements
- Annual general meeting
- Annual and interim reports

Customers

- Company website
- Direct communication with customers
- Customer feedback and complaint

Employees

- Training and orientation
- Email and opinion box
- Regular meetings
- Employee performance evaluation
- Employee activities

Suppliers and business partners

- Selection assessment
- Procurement process
- Performance assessment
- Regular communication with business partners (e.g. emails, meetings)

Government authorities and regulators

- Documented information submission
- Compliance inspections and checks
- Regular meeting with local government representatives
- Forums, conferences and workshops

Non-governmental organizations

- Emails
- Phone calls
- Charity donations and voluntary services

Media

- Company website
- Company's announcements
- Social networking platforms

Communities

- Company website
- Social media
- Community activities

MATERIALITY ASSESSMENT

Materiality assessments enable us to analyse risk factors and improve the business process for prospects while meeting the expectations of stakeholders at the same time. The Group has commissioned an independent consultancy firm to conduct a materiality assessment to shape its sustainability strategies and determine the direction of the Group. Both internal and external stakeholders were invited to fill in an online survey, consisting of 27 rating questions on areas such as environmental protection, community investment, operational practices, and employment.

| Identify the key stakeholders | → | Determine the key ESG issues relevant to the Group | → | Conduct materiality assessment exercise | → | Determine the degree of materiality of each of the ESG issues | → | Review and validate the results of the materiality assessment |

Based on the significance and relevance of each issue to the Group's business and stakeholders, respectively, a materiality analysis was performed to map and prioritize the most material ESG topics to the Group based on the collected results. The ESG issues were classified into three levels, namely high, medium, and low, which provides information for the Group to allocate resources efficiently and formulate strategies and plans. The materiality matrix is presented below and issues which fell in the top right corner of the matrix were considered as the topics that matter most to the Group's business operations and our stakeholders.

Significance to the Group's Business & Operation

(Y-axis: Significance of Stakeholders)

Quadrants: Medium Priority (top-left), High Priority (top-right), Low Priority (bottom-left), Medium Priority (bottom-right)

🟢 **Environment**

1 Air emission
2 Greenhouse gas emission
3 Climate change
4 Energy efficiency
5 Water & effluents
6 Use of materials
7 Waste management
8 Environmental compliance

🟣 **Employment**

9 Labour rights
10 Labour-management relations
11 Employee retention
12 Diversity and equal opportunity
13 Non-discrimination
14 Occupational health and safety
15 Employee training
16 Employee development
17 Prevention of child labour & forced labour

🟠 **Community**

27 Community support

🔵 **Operation**

18 Customer satisfaction
19 Customer service quality & complaints handling
20 Customer health and safety
21 Marketing and product and service labelling compliance
22 Intellectual property
23 Customer privacy and data protection
24 Responsible supply chain management
25 Business ethics
26 Socio-economic compliance

According to the rated significance, the five issues that our stakeholders are most concerned about and have most impact on the business and operations include 1) customer privacy and data protection, 2) customer satisfaction, 3) occupational health and safety, 4) customer service quality & complaint handlings, and 5) socio-economic compliance, which are similar to the results of last year. The Group understands that our stakeholders place a high priority on the operational aspects of our business. By aligning our objectives to these concerns, we can continue to drive operational excellence while reducing risks in business operations. In response to our stakeholders' key concern regarding information and data management, we implemented a series of measures to protect these assets, which will be further discussed in the section titled "Business Continuity and Crisis Management". In addition, we continue to implement measures to protect the occupational health and safety of our employees including training, emergency plans and laboratory safety precautions. Furthermore, we have processes in place to ensure compliance with all environmental laws and regulations applicable to the Group, especially hazardous waste handling in the laboratories.

BUSINESS CONTINUITY AND CRISIS MANAGEMENT

The Group places a high priority on information security given the importance of this area to our ability to provide services effectively and meet our clients' expectations. As governed by our Information Management Policy, we formulate procedures to monitor the effective implementation of the information technology system and the enhancement of data integrity issues. In furtherance of this effort, our customer information and internal technical information are protected by both software and hardware management. During the COVID-19 pandemic, we have been able to maintain normal operations of our business by swiftly implementing our business continuity plan to counter any potential threats and providing cloud-based technologies. Our information technology support allows employees to work from home with a secure data and information protection system. Our processes are designed to prevent misuse, unintended disclosure, or any loss of company information and to establish a sound and secure system while maintaining business continuity. During the Reporting Period, we implemented several projects to ensure reliable control on the data security and privacy system. The Group was not aware of any material non-compliance with laws and regulations relating to privacy matters of products and services during the Reporting Period.

Key Improvements:

- Conducted Data Privacy Shield Project;

- Developed 5 key information security systems to enhance the security of the network, email, endpoint and mobile, as well as protecting data loss and systematically manage the IT/Data issues (e.g. patch management, endpoint security, software license management);

- Developed company-wide IT policies in security, privacy and compliance aspects, which include 12 common policies and 38 IT-specific policies; and

- All policies were distributed with training roll-out in the Reporting Period.

BUSINESS CONTINUITY AND CRISIS MANAGEMENT *(Continued)*

CLIENT INFORMATION CONTROL

We continuously work with our clients to protect their data, information and privacy and consider it an obligation to prevent any forms of leakage or misuse of such information. Our prime objective is to protect all information from unauthorized access or use. All employees must maintain and observe strict confidentiality in respect of the Group's activities throughout their employment.

All confidential information, including study reports, procedures, and data, shall not be disclosed to third parties unless our clients grant approval in advance. Information or data access is restricted to certain job positions as defined by operational needs. In addition, we have specialized personnel to handle the receipt, index, storage, tracking and retrieval of information in our archives. Only authorized personnel are permitted to access our archives and are subject to specific access protocols. In addition, we ensure that documents and other information are retained for time frames specified by our clients. We adhere to required client approval processes prior to disposing or transferring any such documents or information. Our archives are protected by appropriate security systems. Through implementing these measures, we can ensure the confidentiality and integrity of our clients' information.

DATA AND CYBER SECURITY

To enhance data security, we exercise our backup policy by ensuring daily and monthly back-ups are functioning properly according to our SOP. These systems ensure that if an event occurs that results in any loss of information or data, the information can be restored to reduce business risks and operations. Furthermore, we protect our information technology system from virus attacks through basic security policies such as encryption of computers and services, firewall provision and anti-virus software, in addition to utilizing an internal security system of the transmission of any confidential information.

The identities of data and test subjects are also important in our business, especially when a human subject is involved. The Group ensures that the identity, rights, safety, and well-being of the subjects are protected, through training, informed procedures and contract requirements. The identities of the test subjects are not revealed or displayed to ensure their confidentiality is protected. During the Reporting Period, we were not aware of any non-compliance of relevant laws and regulations such as the Health Insurance Portability and Accountability Act and other similar regulations.

ETHICAL BUSINESS

Business Integrity

The Group recognizes that integrity is crucial in conducting a business with high credibility. In order to uphold business integrity, we have a set of rules in place to discourage bribery and corruption practices, including the receipt of gifts, rewards, entertainment, and commission or other forms of corruptive actions with our vendors, suppliers or business partners. Our emphasis on business ethics fosters a collaborative relationship with our clients and suppliers, and we have zero tolerance for violations of our business integrity. Employees who violate our policy will be subject to disciplinary actions, including termination of employment. Any potential conflict of interests with the Group should be disclosed upfront. Our policy with respect to business integrity is set forth in our Employee Handbook. Violations can result in various sanctions or punishments, such as verbal warnings, written warnings or termination of employment. In addition, we encourage our employees to report unlawful business practices through the established reporting channel.

During the Reporting Period, the Group was not aware of any non-compliance or legal cases brought regarding any laws and regulations such as the US Foreign Corrupt Practices Act, Anti-money Laundering Law of the PRC and the Anti-unfair Competition Law of the PRC and other laws and regulations relating to bribery, extortion, fraud and money laundering.
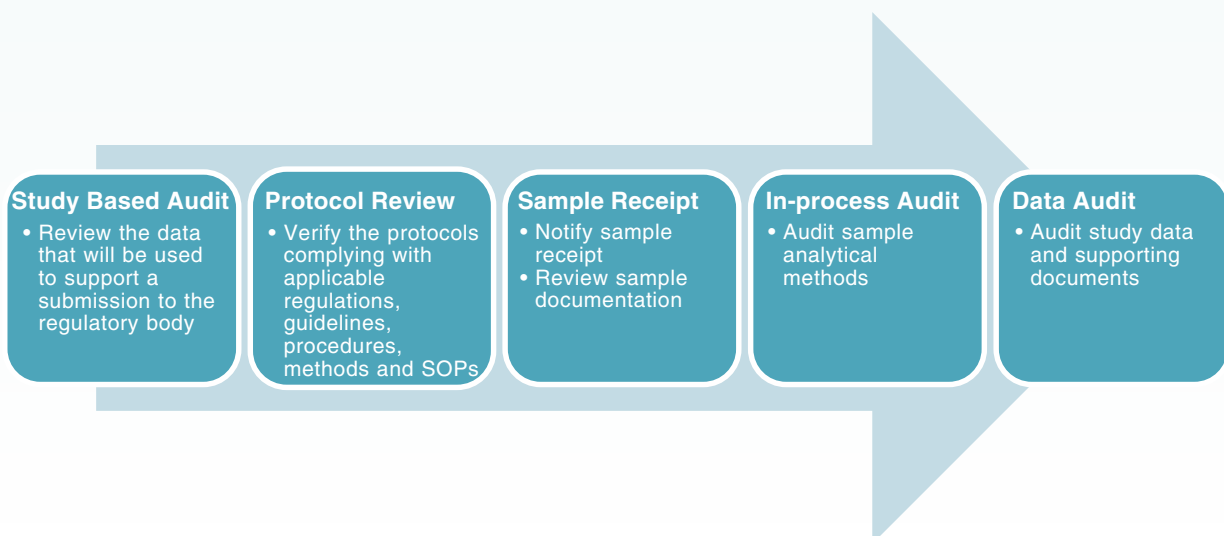
Animal Welfare

We focus on animal welfare issues in our business operations and are committed to following strict procedures in upholding animal rights. According to the Guide of the Care and Use of Laboratory Animals and all relevant laws and regulations, we implement our SOPs and quality animal care programme to treat animals humanely. As responsible researchers, we have established plans and procedures on the living environment, animal facility control, back-up veterinary care plan, transferal, and termination/euthanasia procedures. We regularly monitor animal conditions and assess the adequacy of our existing protocols, as well as keeping abreast of recent scientific developments in this area. Training and education are also provided to the responsible people for carrying out their duties. During the Reporting Period, we did not receive any non-compliance reports from the United States Department of Agriculture and U.S. Food and Drug Administration.

The Company continues to expand its technical capabilities and develop its reputation by providing high quality and reliable solutions to our clients. We have expanded our services by adding additional equipment and assays throughout our footprint. With comprehensive development capabilities, each of our clients are provided with customized services, cost effective solutions and timely project outcomes. We have a strong track record in regulatory inspections and strictly adhere to Good Laboratory Practices ("GLP") or Good Manufacturing Practices ("GMP") in the US and China, the Organisation for Economic Co-operation and Development Series on Principles of GLP and Compliance Monitoring. Pursuant to our internal SOPs, we have implemented a standardized set of policies and procedures in sample receipt, study methodology, auditing approach and compliance check. Our quality management system in China is certified with ISO 9001:2015 to maintain consistent management in determining quality issues and appropriate responses. Our services are tailored to clients' needs and we provide solutions that best fit their studies. Despite the pandemic, the Group remains competitive in the market, and has withstood the challenges presented by the pandemic by sustaining our business operations. We also provided COVID-19 testing services in support of our employees and communities at some locations.

QUALITY ASSURANCE

We maintain high standards in the quality assurance process to ensure our compliance with agreed study protocols, relevant guidelines, and regulatory standards. Our Quality Assurance ("QA") Department is responsible for safeguarding these quality standards. The QA Department regularly reviews study guidelines, procedures, and methods at various study stages – ranging from sample receipt, testing procedures, in-process audit, testing equipment, laboratory condition, documentation and data records. For example, we review samples for completeness and consistency before conducting sample analysis. In addition, we evaluate preparation work, analytical set-up and data processing work regularly, in our commitment to excellent laboratory services. We also collect random data sampling to identify any deficiencies or discrepancies in the analytical process. In the event that the QA Department observes any deviation from study protocol and procedures, we implement and monitor corrective measures and action plans to rectify the findings.

Study Based Audit
• Review the data that will be used to support a submission to the regulatory body

Protocol Review
• Verify the protocols complying with applicable regulations, guidelines, procedures, methods and SOPs

Sample Receipt
• Notify sample receipt
• Review sample documentation

In-process Audit
• Audit sample analytical methods

Data Audit
• Audit study data and supporting documents

To deliver on our pledge to provide consistently high-quality services, we also organize audits at our facilities and processes on a regular basis, covering areas such as laboratories, sample receipt areas, archives, and information systems. Assessment of the operational functionality of our facilities can identify opportunities to improve the quality of the services we provide. During the Reporting Period, we did not receive any products or service-related complaints.

OUR EMPLOYEES

Our employees are valuable assets that help us drive improvement and advancement in business operations. The Group works on developing a workplace that emphasizes business ethics, training, development, and labour rights of our employees, which can foster a productive workforce. We strive to consider every spectrum of labour practice to develop an equal and transparent employment system.

Equal Opportunities and Non-discrimination Work Environment

Our Group advocates a fair recruitment process. All employees are treated equally to uphold our principles of fairness. All candidates, including both internal staff and external applicants, receive an equal opportunity to apply for the job positions. Employment matters including recruitment, employment, promotion, welfare and dismissal are based solely on the individual's ability, expertise, experience, behaviour and value, regardless of their race, political stance, region, sex, marital status, pregnancy, disability status or other differences.

There were 1,016 employees as of 31 December 2020. Over 95% are full-time employees. The distribution of male and female employees are fairly equal. About 43% of employees are aged below 30, while about 40% are aged between 30 and 50 and 17% of employees are aged over 50.

Ethical employment practices are very important to our Group, which we believe is critical to our business operations. We strive to create a constructive working environment for our employees and do not tolerate any forms of harassment or discrimination. Our non-discrimination and anti-harassment policy is designed to promote these objectives and preclude inappropriate actions and behaviours. Employees are encouraged to report to the department head or human resource department in the case of any prohibited conduct.

Communication with Employees

In addition, we promote two-way communication with our employees. Our employees can express their grievances through various means such as face-to-face meetings, emails, regular mails, phone calls or opinion boxes. Employees can file complaints to their supervisor, the Human Resources Department or management. Violations are explicitly set forth in the Employment Handbook, to which our employees are required to adhere to. After receiving a

complaint, the issue is handled immediately, carefully, and confidentially, and a discussion is arranged with the aggrieved party to understand and resolve the issue. The complaint process is handled confidentially to ensure that the complainant will not face any retaliation as a result of the complaint. Information is shared with appropriate members of management.

Labour Standards

Our business has adopted a standard 5-day workweek, with flexible working hours. Our employees are entitled to holidays and leave, including personal days, funeral/bereavement leave, and maternity leave according to the regulatory requirements. Other benefits, subsidies, and allowances such as life insurance, prescription benefits, meal allowances, health screenings and vision care insurance are provided to eligible employees. To retain talent within the Group, we provide attractive remuneration packages and offer long-service bonuses and plans.

Every year, we conduct performance evaluations for our employees based on four core traits – Quality, Honesty, Respect, and Cooperation. The evaluation results are linked to compensation, annual appraisals, and job prospects. Employees who are unable to satisfy the requirements of their positions may be subject to performance plans, termination, or transfer to a suitable position.

Labour Rights

Labour rights are one of the top priorities in the Group. We endeavour to protect children's physical and mental health and eradicate all types of child labour. In order to effectively manage and comply with applicable laws and regulations such as the Labour Law of the PRC and the Law of the PRC on the Protection of Minors, we developed a Prohibition of Employment of Child Labour and Minor (aged 16-18) Management Policy. All employees must adhere to this policy, which includes clear procedures to identify and address any child labour issues. In our recruitment process, we require all applicants to submit original copies of identification documents, physical examination reports, and professional qualifications. We only hire employees aged 18 and above. If there is a need to employ minors, we have a set of rules and follow-up procedures in place. First, we require minors to conduct body checks 1) before the employment, 2) after one year of the employment, and 3) when reaching 18 years old and the last body check has passed six months. Second, minors are not allowed to work overtime, night shifts, or in a hazardous or dangerous environment that may cause harm to their health. Third, the human resources department and the local authority must be informed when hiring a minor so that a proper record can be kept, and the minor's physical and mental health can be monitored regularly. If there are any accidents, the supervisor should terminate the contract immediately and safely send the child to his or her home. All related expenses including travelling and medical fees would be borne by us. If necessary, we will provide education to the minor. In case we discover any irresponsible dismissal of a minor, the person in charge will face disciplinary punishment.

OPERATIONAL EXCELLENCE *(Continued)*

During the Reporting Period, we were not aware of any non-compliance with relevant laws and regulations, relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare and child or forced labour.

Staff Development and Training

Our business highly relies on the expertise of our employees in the drug discovery and development process. We invest considerable resources to encourage our employees to continually learn and develop relevant skills to improve their competitiveness and maximize their potential. Our training program includes both internal and external training. Internal training includes orientation for newcomers, technical training related to their position, management skills and SOP training. External training is provided when required to enrich the employees' knowledge and skillsets. Each department designs its training format, procedures, participant list and budget plan for review by Group management. After each training, a feedback form is completed to evaluate the effectiveness of the training. Different forms of training are provided to our employees based on training needs, including:

Orientation training	Provide overview of the Company's history, SOPs, employment standards, best practices, business operations, EHS policies, emergency action plans etc.
Technical training	Provide training-specific procedures, including operations of equipment, basic laboratory skills, method specific training and regulatory standards
SOP training	Ensure our employees are fully aware of the new or updated SOPs before implementation
On-job training	Compliance training and additional training according to the specific needs and roles of the employees
Safety training	Regular safety training on different topics, including biosafety, hazard management, hazardous waste management and fire safety

Our training program can not only increase the competitiveness of the Group by enhancing the capabilities and technical know-how of our employees, but we believe that this development process also contributes to employee satisfaction. We also encourage our employees to formulate annual professional goals, which we believe is helpful in employee development. These development goals are discussed during the annual performance review, which serves as a catalyst for deployment of training resources throughout the year.

During the Reporting Period,

914 employees received training

About **19 hours** of training on average provided each of our employees

Relationship with Employees

In response to the COVID-19 pandemic, we undertook extensive mitigation measures to protect our workforce from infection, including mask-wearing, social-distancing, maintaining a flexible work arrangement, and restricting business travel. Despite the challenges of presented by the COVID-19 pandemic, the Group was able to maintain business continuity, to which we owe a debt of gratitude to our employees. We have continued to promote cohesion and work-life balance by holding virtual gatherings.

SUPPLY CHAIN MANAGEMENT

Frontage fully understands the role our suppliers play in maintaining the high standards of the services we provide to our clients. Pursuant to our procurement policy, in general, three quotations must be obtained to ensure fair competition. We regularly review vendor performance for quality and capability, including qualification, product quality, after-sale services, technical support, and delivery time. In collaborating with our business partners, our employees are prohibiting from disclosing trade secrets or from receiving all forms of benefits from suppliers or vendors. Employees are obliged to report any conflict of interest.

When possible, we endeavour to procure goods from locations in close proximity to our operations, in order to reduce the environmental impact of transportation and promote local economic development. There were 2,125 suppliers during the Reporting Period, 60% of which were located in the US while the other 40% were located in China.

ENVIRONMENT, HEALTH AND SAFETY

SAFETY MANAGEMENT

Safety is consistently a high priority for the Group, which is focused on reducing potential hazards arising from the workplace. A team of safety committees has been established to implement safety measures, with the site safety officer responsible for advising the management on any site safety issues, carrying out safety protocols and conducting safety training. Regular management meetings are held to discuss the latest safety status. To raise employees' awareness, safety messages are distributed through internal meetings, memos and emails.

As stated in the employee handbook, our employees are aware of EHS issues, which are conveyed through orientation training for our employees to understand internal SOPs, EHS policy and emergency action plans to avoid major safety risks such as fire safety, laboratory operation, and electricity use. Performing unsafe practices can result in disciplinary action.

During the Reporting Period, the Group was not aware of any non-compliance regarding occupational health and safety issues, including the Work Safety Law of the PRC and Emergency Response Law of the PRC and Occupational Safety and Health Act of the US.

Laboratory Safety

To prevent safety or occupational hazards, we conduct regular monitoring and inspection of our operational facilities to ensure that no harmful substances or gases impact our employees' health. All biological waste gases are collected in safety cabinets and/or treated prior to discharge.

In the laboratories, the lab director is in charge of the safety issues. We provide requisite safety personal protection equipment ("PPE") such as safety glasses, lab coats, gloves, and respirators whenever necessary. We also employ partnering practices, in which all employees should be accompanied or notify colleagues while working in the laboratory. Work procedures and guidelines are formulated in chemical use and handling requirements, fire safety and electricity safety, among others. We apply a high degree of care in the handling of samples, including storage, disposal, and transfer, ensuring that appropriate PPE, disposal and ventilation requirements are followed. Abundant safety notices and signs are also in place to warn about potential dangers in the workplace. Our equipment is inspected on a regular basis to replace damaged or worn parts.

In addition, when conducting laboratory work involving biological samples or blood borne pathogen control, we conduct risk assessments on the potential hazards to our employees and formulate mitigation plans and measures to reduce the potential impact. Occupational health and safety examination is provided to employees who are exposed to high risks according to relevant laws and regulations, with regular tracking and monitoring procedures. We ensure there are sufficient cleanliness and disinfection practices, as well as medical care such as vaccination when health risks are identified to the exposure of biological agents.

Safety Training

To eliminate unsafe practices, all employees undergo occupational health and safety induction training and refresher training. The ideas of workplace safety should be clearly communicated to our employees in protecting their health and safety. Employees are trained to be fully aware of and understand these standards, such as the proper use of PPE. By providing training on safety topics such as safety regulations, EHS policy, internal protocols and emergency action plans, we can mitigate the risk of accidents and injuries. During the Reporting Period, there were 11 lost man-days and no work-related deaths.

Emergency Readiness

To swiftly and appropriately tackle emergency situations, our staff are encouraged to take first-aid training, acquiring basic skills and knowledge in response to these situations. Emergency facilities such as first-aid kids, fire extinguishers and eyewash stations are also in place in the laboratory areas. The facilities and PPE are always checked to ensure they are intact and up-to-standard.

In coordinating an organized response to an emergency, we have established a response system covering the respective duties of management and operational teams, including communications with relevant personnel, reporting to government authorities, if necessary, and allocation of resources. After an incident occurs, we produce a root cause analysis report to identify and evaluate any deficiencies in our work procedures, process and sequences, applicable equipment, and human error so that we are able to take corrective action.

OUR ENVIRONMENT

Through the risk assessment of potential environmental factors, we understand the potential disruption of environmental incidents to our business operations. We have retained an EHS specialist dedicated to managing and coordinating related environmental issues. In light of the growing concerns of various stakeholders regarding environmental impact, we are committed to going beyond compliance with environmental laws and regulations. In this effort, we strive to reduce the environmental impact and emissions from our laboratory operations on an ongoing basis.

Emissions from Our Operations

In the laboratory environment, biological and organic gases are inevitably produced from our operations. We employ collection systems such as biological safety cabinets to collect exhaust from our labs where they are passed to treatment systems to remove these gases. We closely monitor our emissions such as volatile organic compounds and non-methane hydrocarbon by sampling and monitoring platforms to ensure air emissions are in compliance with environmental standards. In addition, unused solvents and laboratory chemicals are stored in appropriate chemical waste containers. Any wastewater containing these substances is treated before discharging it to drains.

Major hazardous waste generated from our facilities includes clinical, biological, and chemical waste from our laboratories. To avoid contamination and pollution resulting from disposal of this waste, we carefully handle and contain the waste in sealed containers and designated storage areas. Site safety officers and/or chemical waste coordinators are assigned to monitor the effective implementation of waste disposal in accordance with environmental laws and our internal SOPs. Licensed collectors are employed to collect and treat the waste in compliance with applicable regulations.

To address any accidental leakage of chemicals, emission of air pollutants or other environmental events, we have prepared various response plans. An early warning system is in place to classify different levels of environmental pollution, enabling us to implement mitigation measures and avoid escalation of the impact. Our employees who are responsible for reporting, protection and mitigation measures in our Environmental Emergency Response Plan are aware of these classification levels. The underlying principles of our response plan include:

- compliance with relevant state, local and national regulations;

- protection of the health and safety of our employees and the public;

- mitigating any impact to the surrounding environment; and

- promptly responding to any environmental incidents.

ENVIRONMENT, HEALTH AND SAFETY *(Continued)*

Energy and Carbon Management

Major energy consumption of the Group includes natural gases, for powering facilities in the US, and electricity. During the Reporting Period, we consumed 99,871.72 gigajoules ("GJ"). Energy consumption is the major source of GHG emission, about 75% of which comes from electricity consumption, followed by stationary combustion of natural gases. The Group is committed to seeking ways to reduce our energy consumption and increase energy efficiency of our systems.

Total amount	Unit	FY2020	FY2019
Total Energy Consumption	GJ	99,871.72	54,188.34
Natural gas	GJ	44,327.81	15,245.02
Diesel	GJ	14.52	N/A
Gasoline	GJ	789.88	113.78
Electricity	GJ	54,739.51	38,829.54
Total Energy Consumption Intensity	GJ/Revenue (million USD)	210.34	539.64

Resource Management

We take advantage of opportunities to recycle valuable materials such as paper by providing recycling facilities in our premises and encouraging our employees to actively classify different types of waste. In addition, we are committed to reducing our consumption of energy and water by implementing green office practices and increasing the environmental awareness of our employees through various campaigns and training. We consumed 11.19 tonnes of paper with an intensity of 0.02 tonnes/million USD and consumed 43,878.96 m^3 of water with an intensity of 93.96 m^3/million USD during the Reporting Period. Although use of packaging materials is insubstantial to our business operations, we have begun tracking its usage to identify possible ways to reduce our environmental footprint.

CORPORATE SOCIAL RESPONSIBILITY

The fourth pillar of our sustainability approach involves our commitment to promoting social responsibility and positive values in our communities. We are committed to supporting local and community development and actively seeking ways to contribute to the society. In response to the severity of the COVID-19 pandemic, we donated money and supplies to provide support to the frontline healthcare workers. In the US, we donated approximately USD20,000 worth of PPE and arranged for about 10 volunteers to distribute the PPE to local medical facilities.

We were one of the companies in Shanghai that provided support in the early outbreak of COVID-19 in January 2020. We donated RMB1 million via the Red Cross Society of Shanghai to Wuhan, as well as donation of medical supplies such as protective clothing, respirators, goggles, and disinfectants.

SUSTAINABILITY PERFORMANCE DATA

SOCIAL DATA

Staff Information	FY2020 *Number/Percentage*
Total number (Note 1)	**1,016**
By employment type	
Permanent	**970**
Part-time	**46**
By geographical location	
China	**553**
North America	**463**
By employment category	
General Staff	**796**
Management/Supervisor	**158**
Senior Management	**62**
By age group	
Under 30 years	**438**
30-50 years old	**403**
Over 50 years old	**175**
By gender	
Male	**491**
Female	**525**
Turnover rates	
Global turnover rate	**23.62%**
By geographical location	
China	**28.03%**
North America	**18.36%**
By age group	
Under 30 years	**29.00%**
30-50 years old	**22.83%**
Over 50 years old	**12.00%**
By gender	
Male	**28.72%**
Female	**18.86%**
Health and Safety	
Number of lost-time injuries (days)	**11**
Number of work-related fatalities	**0**

Staff Information	FY2020 Number/Percentage
Training and Development	
Total number of employees received training	
(Percentage of employees trained)	**914**
By employment category	
General Staff	**739 (92.84%)**
Management/Supervisor	**129 (81.65%)**
Senior Management	**46 (74.19%)**
By gender	
Male	**419 (85.34%)**
Female	**495 (94.29%)**
Average training hours (hours) [Note 2]	**18.9**
By employment category	
General Staff	**20.8**
Management/Supervisor	**11.8**
Senior Management	**12.1**
By gender	
Male	**22.9**
Female	**15.2**
Suppliers Information	
Total number of suppliers	**2,125**
By geographical region	
United States	**1,269**
Mainland China	**856**

Note 1: The number of employees is in terms of headcount as of 31 December 2020.

Note 2: Training hours in North America is estimated based on the assumption of 20 hours per employees who received training.

ENVIRONMENTAL DATA

The table below shows the environmental data of the Group during the Reporting Period.

	Unit	FY2020	FY2019
Energy Consumption			
Total Energy	GJ	99,871.72	54,188.33
Direct Energy			
Stationary Fuel			
Natural gas	GJ	44,327.81	15,245.02
Diesel	GJ	14.52	N/A [Note 6]
Mobile Fuel			
Gasoline	GJ	789.88	113.78
Indirect Energy			
Electricity	GJ	54,739.51	38,829.54
Total Energy Intensity	GJ/Revenue (million USD)	210.34	539.64
Greenhouse Gases (GHG) emission [Note 1]			
Total GHG Emission	Tonnes CO_2e	10,227.73	6,053.26
Scope 1 Emission [Note 2]	Tonnes CO_2e	2,552.76	866.07
Scope 2 Emission [Note 3]	Tonnes CO_2e	7,674.97	5,187.19
Total GHG Emission Intensity	Tonnes CO_2e/Revenue (million USD)	21.54	60.28
Air Emission [Note 4]			
Volatile Organic Compounds	Tonne	0.00125	–
Non-Methane Hydrocarbon	Tonne	0.814	–
Waste Management			
Non-hazardous Waste [Note 5]	Tonnes	66.00	87.34
Non-hazardous Waste Intensity	Tonnes/Revenue (million USD)	0.24	0.87
Hazardous Waste	Tonnes	172.44	53.41
Hazardous Waste Intensity	Tonnes/Revenue (million USD)	0.36	0.53

SUSTAINABILITY PERFORMANCE DATA *(Continued)*

	Unit	FY2020	FY2019
Water resources			
Water Consumption (Note 7)	m³	43,878.96	49,423.46
Water Consumption Intensity	m³/Revenue (million USD)	93.96	492.19
Paper Consumption (Note 8)	Tonne	11.19	–
Paper Consumption Intensity	Tonnes/Revenue (million USD)	0.02	–
Packaging Material Consumption (Note 9)	Tonne	7.8	–
Packaging Material Consumption Intensity	Tonnes/Revenue (million USD)	0.03	–

Note 1: The GHG emission is calculated based on the "How to prepare an ESG Report? Appendix 2: Reporting Guidance on Environmental KPIs" published by the HKEx and international standards such as GHG Protocol Corporate Accounting and Reporting Standard issued by the World Resources Institute and the World Business Council.

Note 2: The direct emission (Scope 1) covers the emission from the mobile sources and stationary sources combustion. The calculation is referred to the emission factors from 2006 IPCC Guidelines for National Greenhouse Gas Inventories and the guidance worksheets of World Resources Institute's GHG Protocol Tool for Mobile Combustion and the GHG Protocol Tool for Stationary Combustion.

Note 3: The indirect emission (Scope 2) represents the use of electricity only. The local emission factors were adopted based on the Emission Factors for Greenhouse Gas Inventories published by the US Environmental Protection Agency, the 2017 Emission Factors for purchased electricity within Mainland China, published by Climate Change Info-Net, and Greenhouse gas intensities published by BC Hydro.

Note 4: Air emissions from Acme Biopharma Co. (Shanghai) Ltd. and Frontage Laboratories (Shanghai) Co., Ltd. are included.

Note 5: Only the non-hazardous waste in Acme Biopharma Co. (Shanghai) Ltd. and Frontage Laboratories (Shanghai) Co., Ltd. is included. The generated waste from other facilities is collected by the licensed hauler for recycling and handling. Actual weight of the non-hazardous waste is not available and hence not included in the data.

Note 6: No diesel was consumed in FY2019.

Note 7: Water consumption in facilities that shared with others are not included.

Note 8: The Group established the data collection of paper consumption in FY2020.

Note 9: Packaging materials used (e.g. wrapping paper and carton box) in Acme Biopharma Co. (Shanghai) Ltd. and Frontage Laboratories (Shanghai) Co., Ltd. are included.

The table below presents a summary of the explanation or reference section in this ESG Report which complies with the HKEx ESG Reporting Guide General Disclosures & KPIs in two aspects, namely environmental and social.

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect A: Environmental		
A1 Emissions	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	Environmental Health and Safety – Emissions from our operations
KPI A1.1	The types of emissions and respective emissions data.	(i) Environmental Health and Safety – Emissions from our operations (ii) Sustainability Performance Data – Environmental Data
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	(i) Environmental Health and Safety – Emissions from our operations (ii) Sustainability Performance Data – Environmental Data
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Sustainability Performance Data – Environmental Data
KPI A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Sustainability Performance Data – Environmental Data
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Health and Safety – Emissions from our operations

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Health and Safety – Emissions from our operations
A2 Use of Resources	Policies on efficient use of resources including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Environmental Health and Safety – Our Environment
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Sustainability Performance Data – Environmental Data
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Sustainability Performance Data – Environmental Data
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Health and Safety – Our Environment
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	There is no issue in sourcing water for the business in the Reporting Period.
KPI A2.5	Total packaging material used for finished products (in tonnes), and, if applicable, with reference to per unit produced.	Sustainability Performance Data – Environmental Data
A3 The Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Health and Safety – Emissions from our operations
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Health and Safety – Emissions from our operations

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
Aspect B: Social		
B1 Employment	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Operational Excellence – Our Employees
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Operational Excellence – Our Employees/ Sustainability Performance Data – Social Data
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Sustainability Performance Data – Social Data
B2 Health and Safety	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Environmental, Health and Safety – Safety Management
KPI B2.1	Number and rate of work-related fatalities.	Environmental, Health and Safety – Safety Management/ Sustainability Performance Data – Social Data
KPI B2.2	Lost days due to work injury.	Environmental, Health and Safety – Safety Management/ Sustainability Performance Data – Social Data
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Environmental, Health and Safety – Safety Management

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Operational Excellence – Staff Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Operational Excellence – Staff Development and Training/ Sustainability Performance Data – Social Data
KPI B3.2	The average training hours completed per employee by gender and employee category.	Sustainability Performance Data – Social Data
B4 Labour Standards	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	Operational Excellence – Labour Rights
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Operational Excellence – Labour Rights
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Operational Excellence – Labour Rights
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	Operational Excellence – Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Operational Excellence – Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Operational Excellence – Supply Chain Management

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
B6 Product Responsibility	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	(i) Business Continuity and Crisis Management (ii) Operational Excellence (iii) Our business operations do not involve any material issues regarding advertising, labelling and intelligence properties in the Reporting Period.
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	No products sold or shipped are subject to recalls for safety and health reasons.
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Operational Excellence – Quality Assurance
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Business Continuity and Crisis Management
KPI B6.4	Description of quality assurance process and recall procedures.	Operational Excellence – Quality Assurance No products sold or shipped are subject to recalls for safety and health reasons.
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Business Continuity and Crisis Management
B7 Anti-corruption	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Business Continuity and Crisis Management – Ethical Business
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Business Continuity and Crisis Management – Ethical Business

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Operational Excellence – Our Employees
B8 Community Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Corporate Social Responsibility
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Corporate Social Responsibility
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Corporate Social Responsibility