



Incorporated in the Cayman Islands with limited liability

Stock Code: 1521



2022

Environmental, Social and Governance (ESG) Report

Frontage Holdings Corporation



- 01 Notes on the Preparation of the Report
- 03 Description of the Company's Operations
- 04 Environmental, Social and Governance Policies

01 Environment



- 13 Emissions
- 17 Environmental Protection and Resource Usage
- 18 Climate Change

02 Employment and Labor Practices



- 23 Employment Management
- 28 Health and Safety
- 30 Training and Development

03 Operating Practices



- 35 Supply Chain Management
- 36 Product Liability
- 41 Business Ethics and Anti-corruption

04 Community



- 43 Community Support
- 45 List of Laws and Regulations
- 47 Data-based Performance
- 51 Index Table of The Environmental, Social and Governance Reporting Guide of the Stock Exchange of Hong Kong

Notes on the Preparation of the Report

The 2022 Environmental, Social and Governance ("ESG") Report of Frontage Holdings Corporation (hereinafter referred to as the "Report") is the fourth ESG report published by Frontage Holdings Corporation (together with its subsidiaries, hereinafter referred to as "Frontage Holdings", the "Company", or "we"). This Report summarizes the progress Frontage Holdings has made in fulfilling its ESG responsibilities in 2022.

Basis of Preparation

This Report has been prepared in accordance with *the Environmental, Social and Governance Reporting Guide* (dated January 2022) issued by The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "HKEX").

Reporting Principles

This Report follows the reporting principles of the HKEX's Environmental, Social and Governance Reporting Guide, including:

Materiality

This Report uses a materiality analysis to identify the issues on which it focuses, and mainly reports matters related to ESG issues that are sufficiently important to investors and other stakeholders.

Balance

The contents of this Report reflect objective facts and disclose indicators involving both positive and negative information.

Quantitative Approach

This Report includes measurable key performance indicators "KPIs". Quantitative information in this Report is accompanied by a narrative, explaining its purpose and impact, and giving comparative data where appropriate.

Consistency

This Report provides an explanation of the meaning of the disclosed ESG KPIs and the basis for their calculation and assumptions, and the KPIs used in different reporting periods are consistent as far as possible to depict the Company's performance objectively.

Scope of the Report

The Report covers Frontage Holdings and its subsidiaries that are covered in the Company's annual reports and financial statements.

This Report covers the period from January 1, 2022 to December 31, 2022.

The abbreviation in the Report is explained as followed:

Company Name	Abbreviation
Frontage Holdings Corporation	Frontage Holding
Frontage Laboratories, Inc	Frontage Laboratories
Frontage Laboratories (Shanghai) Co., Ltd	Frontage Shanghai
Frontage Laboratories (Suzhou) Co., Ltd	Frontage Suzhou
Wuhan Conradbio Pharmaceutical Co., Ltd.	Wuhan Conradbio
Acme Biopharma Co., Ltd	Acme Bioscience

Data Sources

The data and cases in the Report are taken from the original records or financial reports of the Company.

Report Languages

This Report is published in traditional Chinese and English respectively. In case of any inconsistency across versions, the English version shall prevail.

Reliability Assurance

The Board of Directors represents that the contents of this Report are free from any materially false or misleading statements or major omissions.

Contact and Feedback

The Company values your comments and suggestions on this Report or the Company's ESG performances. Interested parties are welcome to contact us or share their comments at any time. You can reach us at:

Address: Building 2, No.1227 Zhangheng Road, Pudong District, Shanghai, China

Tel.: +86 021 50796268 (Extension: 826)

E-mail: ir@frontagelab.com.cn

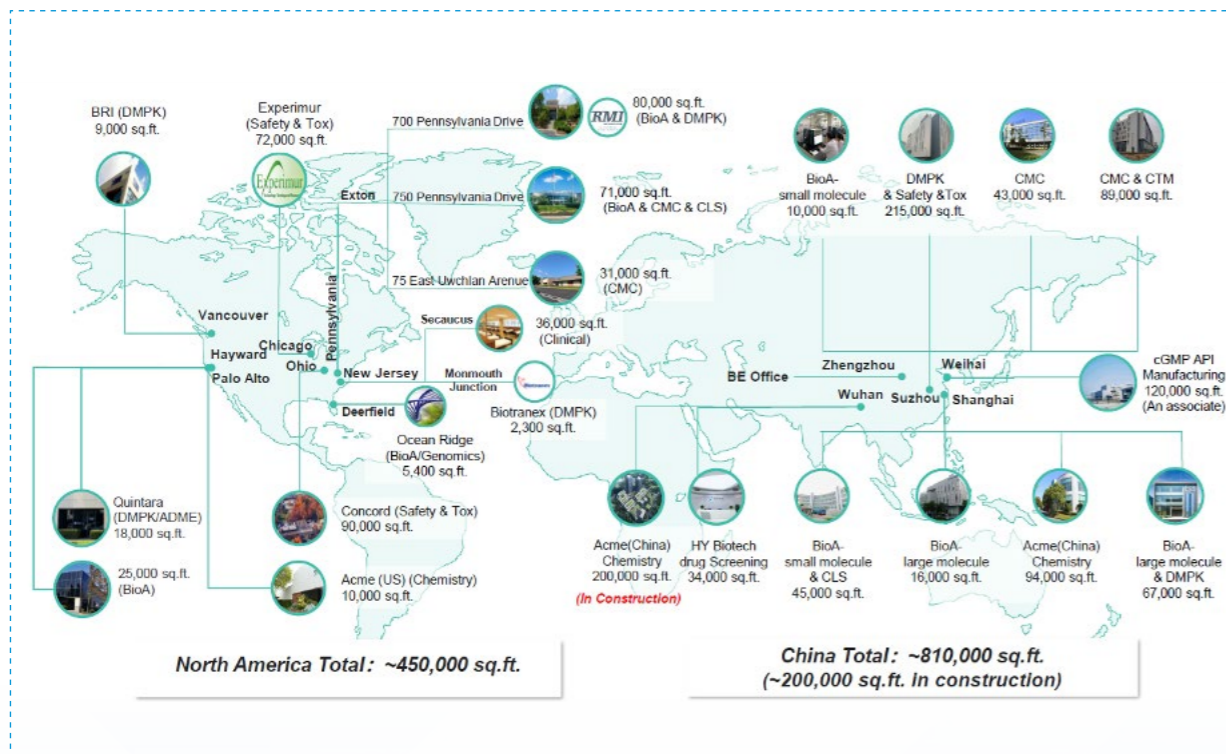
Company website: <https://www.frontagelab.com/investor-relations/investor-inquiries/>

Description of the Company's Operations

Frontage Holdings is a growing Contract Research Organization (CRO) engaged in providing a comprehensive range of research and development services to the biotechnology, pharmaceutical and agrochemical industries. We provide integrated and scientifically-driven support that enables our clients to accelerate and achieve their product discovery and development goals. We operate in both North America (including the U.S. and Canada) and China, positioning us well to capture growth opportunities in these key markets. More information about business operations can be found in our 2022 annual report.

Our mission is to leverage our expanding portfolio of expertise and capabilities to become a leading global CRO, providing high-quality services to our clients and career growth opportunities for our employees. Our client base includes virtual, small, mid-sized, and large biopharmaceutical companies, biotechnology companies, CROs, agricultural and industrial chemical companies, life science companies, contract manufacturing companies, diagnostic and other commercial entities, as well as hospitals, academic institutions, and government agencies. Additionally, our customer base is geographically diverse with well-established relationships in North America, China, Europe, India, Japan, South Korea and Australia. We currently operate in 23 facilities across three countries and have approximately 1,700 employees worldwide.

Business Overview



Environmental, Social and Governance Policies

Sustainable Development

We are responsible cooperation committed to improving the well-being of the public, integrating the values of "Quality, Integrity, Innovation and Care" into our businesses. We constantly seek opportunities to actualize ESG principles and sustainable development policies in our business activities.

Values of Frontage Holdings

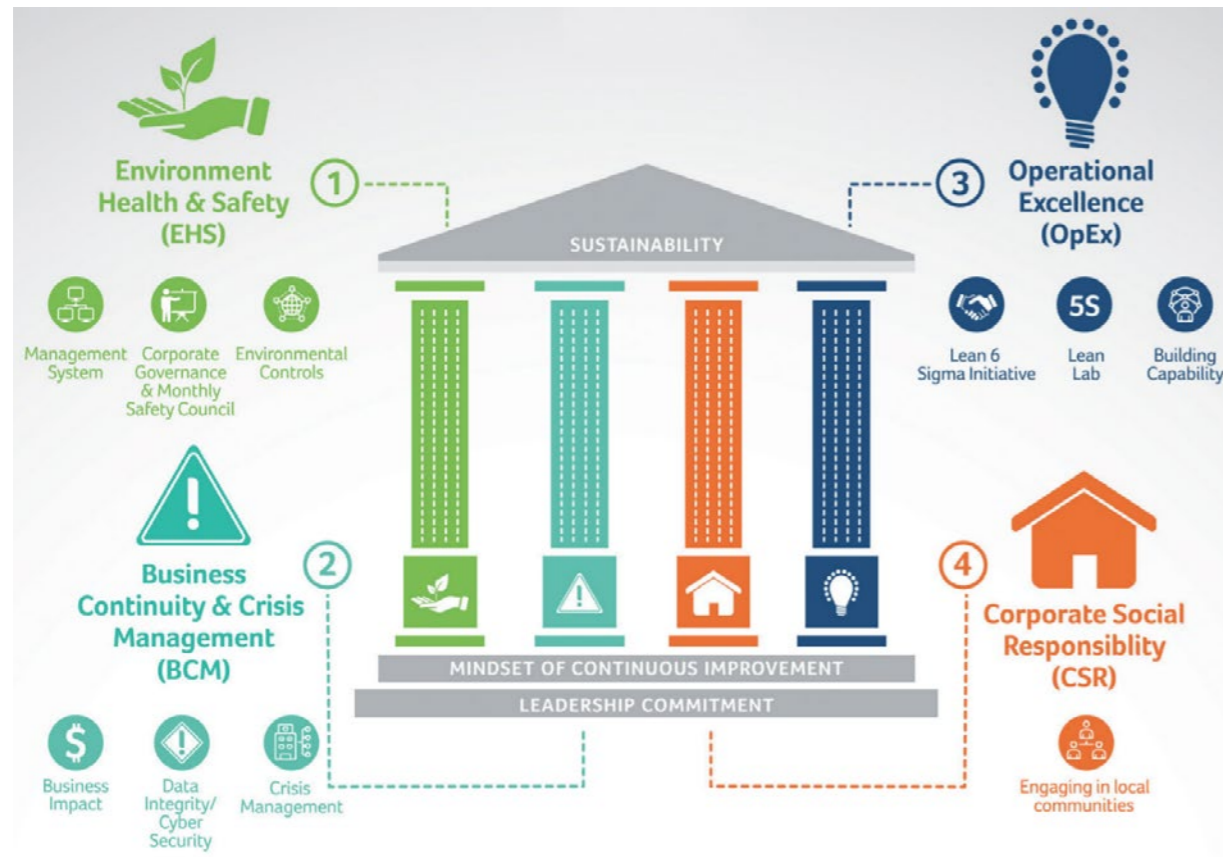


We believe that a well-constructed ESG strategy and solid ESG governance are essential to achieving our commitments. Our ESG strategy is designed around four key pillars, where we are uniquely positioned to address the most critical environmental, social, and governance issues facing our stakeholders. These pillars are as follows:

- "Environment, Health and Safety ("EHS")"
- "Business Continuity and Crisis Management"
- "Operational Excellence"
- "Corporate Social Responsibility ("CSR")"

To ensure effective implementation, the Company has implemented standard operating procedures ("SOPs") under each pillar in every jurisdiction where it operates. This approach guarantees that we adhere to our ESG commitments and ensures that our stakeholders can rely on us to prioritize their interests.

Sustainable Development Methodologies of Frontage Holdings



At Frontage Holdings, we place a high priority on ESG factors, and as a result, we have established sustainable development strategies that incorporate ESG concepts into our daily operations and management. To ensure that we are meeting our ESG commitments, we have identified specific targets in areas such as non-hazardous waste generation reduction, greenhouse gas (GHGs) emission reductions, and improved resource efficiency. In 2022, we established ESG Goals that align with our Company values to actualize our commitments and hold ourselves accountable.

The Company adopted the methods of time series forecasting, policy benchmarking and peer analysis to establish ESG goals. The board has participated in the process of evaluation and confirmation of ESG targets. Based on historical data of the Company and external policies, we have set 2030 as the target year.

Frontage Holdings ESG Goals

Aspects	ESG Goals
Total Energy	15% total energy consumption density reduction by 2030 compared to 2019 as base year
Climate Change	15% GHGs emissions (scope 1+scope 2) density reduction by 2030 compared to 2019 as base year
Non-hazardous Waste	30% non-hazardous waste density reduction by 2030 compared to 2019 as base year

Moreover, we have taken concrete steps toward achieving our ESG goals. Specifically, we have invested in site improvements and renovations aimed at enhancing energy and resource management across our facilities in the United States of America the (U.S.). Through these efforts, we aim to reduce our environmental footprint, enhance operational efficiency, and foster a more sustainable future for all stakeholders.

ESG Governance Structure

At Frontage Holdings, we recognize that our governance structures and processes are critical components that strengthen stakeholder relations and ensure our accountability. To this end, we have established a top-down ESG governance structure, consisting of Governance and Implementation. Our board has provided clear guidance and delegated responsibilities to the ESG working group, ensuring the effective implementation of our ESG strategies and the optimization of our ESG performance.

Collaboration between the board and the ESG working group is paramount in motivating all employees, suppliers, and other key stakeholders toward ESG excellence. The board proactively takes responsibility for overseeing ESG issues and strategizing ESG plans. As part of this, the board is involved in the processes of materiality assessment and the prioritization of key ESG issues.

Furthermore, the board reviews ESG management progress annually, ensuring that we remain on track with our ESG commitments and that our ESG governance aligns with Frontage Holding's business strategy. By maintaining this focus on ESG governance, we are confident that we can foster positive relationships with our stakeholders and achieve our long-term ESG goals.

ESG Governance Structure



Duties and Responsibilities

At Frontage Holdings, we are committed to upholding our values and demonstrating leadership and management across material issues of ESG. In line with Frontage Holdings' Corporate Governance Principles, our board takes on several important duties and responsibilities, including:

- Guiding and supervising the development and implementation of ESG-related policies for the Company and its subsidiaries;
- Establishing and maintaining a suitable and effective ESG risk management and internal control system;
- Identifying and determining key ESG issues for the Company, and providing advice and necessary support for actions to be taken on these issues;
- Evaluating and determining the ESG goals of the Company, and reviewing the progress achieved in our annual report;
- Reviewing the Company's performance on key ESG issues yearly.


The ESG Working Group, which reports directly to the Board, is composed of representatives from all business units to ensure the efficient implementation of ESG strategies and effective oversight of ESG matters. The Group's responsibilities include:

- Executing the ESG strategic plan;
- Developing short-term and long-term implementation plans;
- Regularly identifying and evaluating ESG risks relevant to Frontage Holdings' operations;
- Providing annual updates to the Board on ESG management progress;
- Fulfilling any additional ESG-related duties as delegated by the Board.

Stakeholder Communication

At Frontage Holdings, we recognize the importance of stakeholder management in our corporate strategies and operations. As part of our commitment to stakeholders, we strive to increase transparency by disclosing relevant ESG information and establishing effective communication channels. By doing so, we can address stakeholders' concerns and respond to their needs in a timely and efficient manner. We believe that effective stakeholder management is essential to build strong and long-lasting relationships with our stakeholders and achieving our ESG goals.

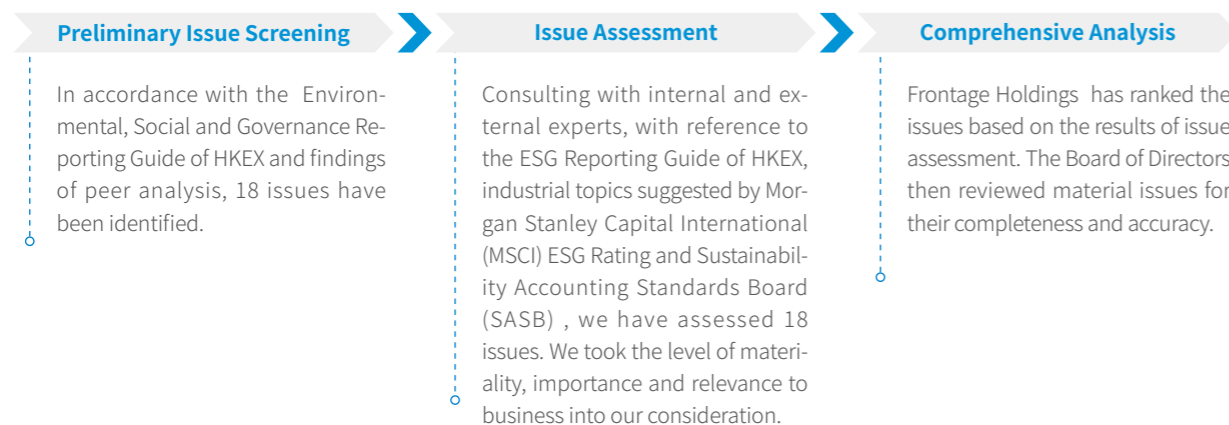
Issues of Concern to Stakeholders and Channels of Communication

Key Stakeholders	Material Issues	Communication Channels
 Government Departments and Regulatory Agencies	<ul style="list-style-type: none"> • Compliance • Business Ethics 	<ul style="list-style-type: none"> • Submission of Recorded Documents • Compliance Inspections and Checks • Regular Meetings with Local Government Representatives • Forums, Conferences and Seminars
 Shareholders and Investors	<ul style="list-style-type: none"> • Compliance 	<ul style="list-style-type: none"> • Company Website • Company Announcements • Annual General Meeting • Annual and Interim Reports
 Customers	<ul style="list-style-type: none"> • Product Service and Quality • Data Security • Intellectual Property Rights Protection • R&D and Innovation • Ethics of Clinical Trials • Animal Welfare 	<ul style="list-style-type: none"> • Company Website • Direct Communication with Customers • Customer Feedback and Complaints
 Partners	<ul style="list-style-type: none"> • Compliance • Supply Chain Management • Community Support • Business Ethics 	<ul style="list-style-type: none"> • Selection and Evaluation • Procurement Process • Performance Assessment • Regular Communication with Business Partners (e.g., Emails and Meetings)
 Employees	<ul style="list-style-type: none"> • Talent Management • Inclusion and Diversity • Employee Rights and Benefits • Occupational Health and Safety 	<ul style="list-style-type: none"> • Training and Induction Training • Email and Suggestion Box • Regular Meetings • Employee Performance Evaluation • Team-Building Activities
 Community and The Public	<ul style="list-style-type: none"> • Community Support • Emission Management • Medical Waste Management • Resource Management • Mitigation and Adaptation of Climate Change • Ethics of Clinical Trials • Animal Welfare 	<ul style="list-style-type: none"> • Email • Telephone • Company Announcements • Social Network Platforms • Company Website • Social Media • Charitable Donation and Volunteer Service • Community Activities

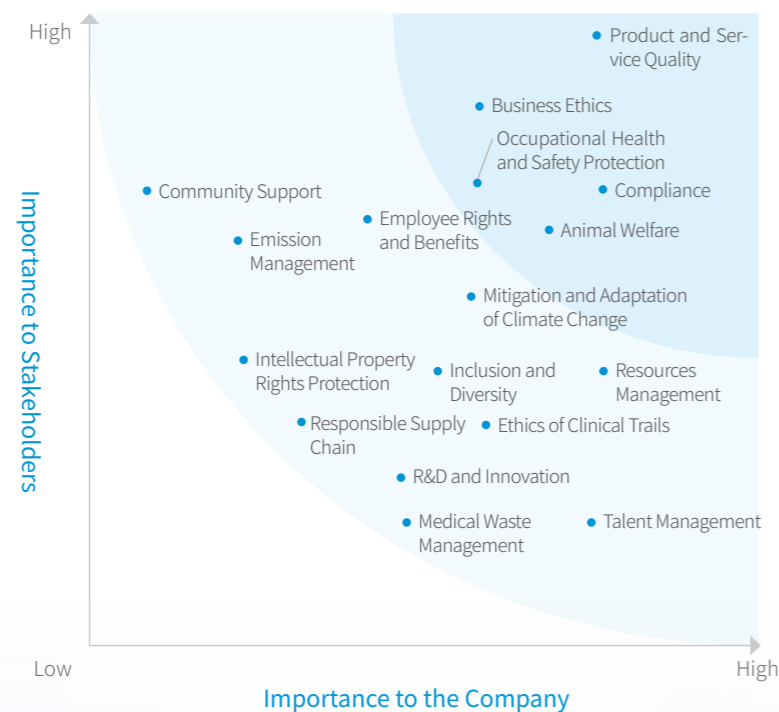
Issue Materiality Assessment

At Frontage Holdings, we conduct a materiality assessment with field experts to identify and prioritize the most critical ESG issues each year, taking into account the constantly changing landscape. Through this process, we have identified the following material issues that require our focus and attention for effective Company management and transparent reporting:

Issue Assessment Process



Material Issue Matrix



Statement of Adjustments on Material Issues

2022 ESG Issue	Description	Status	Statement of Adjustment
Medical Waste Management	Policies and compliance with relevant laws and regulations relating to medical waste materials and the actions taken to manage them.	Added	It is increasingly important to stakeholders and the Company.
Inclusion and Diversity	Policies and compliance with relevant laws and regulations relating to the inclusion and diversity of employees in terms of age, gender, ethnicity, religion, disability, sexual orientation, education, and national origin.	Added	It is increasingly important to stakeholders and the Company.
Ethics of Clinical Trials	Policies and compliance with relevant laws and regulations relating to health and safety and privacy matters of clinical trials.	Added	It is increasingly important to stakeholders and the Company.
Animal Welfare	Policies and compliance with relevant laws and regulations relating to animal welfare, such as implementing the Three Rs and harmonization efforts in the care and use of laboratory animals.	Added	It is increasingly important to stakeholders and the Company.
Data Security	Policies on protecting critical systems and sensitive information from digital attacks, privacy violations and information leaks.	Added	It is increasingly important to stakeholders and the Company.
R&D and Innovation	Management method for scientific technology innovation, including the management system, plan of our R&D, our progress on the present product under research, the impact on the Company.	Added	It is increasingly important to stakeholders and the Company.
Resource Management	The types and economical utilization of natural resources such as energy, packaging materials, raw materials and water resources, and the topic includes the disclosure of management methods and quantitative information related to resource utilization.	Restated	The Company redefined the issue.
Compliance	Policies and compliance with relevant laws, regulations and standards relating to the operation.	Restated	The Company redefined the issue.
Environmental Compliance	Business operations and activities aligned with environmental regulations, laws and any other regulations or standards.	Deleted	The Company redefined the issue, which is now covered under Compliance and other environmental issues.

ESG Performance in 2022

Environmental	0	Incident punished for violating environmental protection laws and regulations
Social	100%	Employee Training Coverage Rate
	↑ 35%	Increases in training hours per employee
Governance	0	Anti-corruption lawsuit was filed against the Company and employees and concluded
	100%	The proportion of board members covered by anti-corruption training

01

Environment

- Emissions
- Resource Usage
- Climate Change





Environment

Emissions

Frontage Holdings is committed to complying with all applicable laws and regulations concerning air emissions, wastewater discharge, soil pollution, and solid waste management. To achieve this, the Company combines prevention and control measures and standardizes management procedures in accordance with applicable rules and regulations. Frontage Holdings strictly implements national laws, regulations, and standards on hazardous waste pollution prevention and control to ensure the safe disposal of wastewater, exhaust gas, and solid waste. We are proud to report that throughout 2022, there have been no investigations targeting the Company by the Environmental Protection Department for environmental violations. The Company has not been subject to major administrative or criminal penalties, nor urged by relevant government departments to alter its behaviors with a time limit, suspend production, relocate or close; and has not been involved in major litigation or any seizure, detention, freezing, mortgage, or pledge of its prime assets due to environmental issues.

To ensure efficient coordination and management of environmental affairs, the Company has designated the EHS Department for this purpose. Despite not being a production-intensive Company, Frontage Holdings is dedicated to reducing emissions and has set environmental management goals of "100% waste disposal and recycling rate" and "zero pollution accident rate" to reduce environmental hazards from its operations.

To achieve these goals, Frontage Holdings has established a series of management policies, including *the Waste Management Policy and the Accountability Policy on Prevention and Control of Environmental Pollution by Waste*, to manage the generation, reduction, and treatment of emissions across its entire production cycle. The Company has also developed the Emergency Response Plan for Environmental Incidents to respond to environmental emergencies and provide unified processes for handling such incidents. Additionally, Frontage Holdings has established an early-warning system, ranking environmental issues into different levels, setting up prevention and response measures accordingly, and arranging personnel to prevent, report, and handle relevant matters, minimizing adverse impacts and avoiding accident escalation.

Wastewater Management

The wastewater discharge from Frontage Holdings' operations mainly consists of production wastewater and domestic sewage. The testing indexes of wastewater pollutants mainly involve pH value, chemical oxygen demand (COD), suspended solids (SS), ammonia nitrogen (NH₃-N), and total phosphorus (TP). The Company complies with applicable laws and regulations, such as *the Integrated Wastewater Discharge Standard (GB 8978-1996) in China and the Clean Water Act* in the US, and has formulated relevant policies to manage its wastewater.

The Company has strictly followed its internally formulated wastewater discharge policies to manage wastewater discharge to ensure that the discharge of wastewater from the operation and production process complies with local environmental laws and regulations. Frontage Holdings advocates for wastewater reduction in the lab by accurately calculating the required amount of experimental materials.

Air Emission Management

Frontage Holdings is not a manufacturing-intensive company and thus generates minimized air emission from the laboratory, office operation, and R&D processes. The Company conducts air emission assessments and strictly follows applicable standards, such as *the Integrated Emission Standard of Air Pollutants (DB31/933-2015) and the Clean Air Act*. The Company has established an internal *Pollution Source Emission Management Policy* for emission management, setting emission standards and implementing measures to manage, supervise, and inspect air emission management.

Air Emission Compliance and Identification

Compliable Laws, Regulations and Standards	Types of Air Emission
<i>Integrated Emission Standard of Air Pollutants (DB31/933-2015), Emission Standards for Odor Pollutants (DB31/1025-2016), Clean Air Act, etc</i>	Methanol, Acetonitrile, Hydrogen Chloride, Ethanol, Non-Methane Hydrocarbon, Xylene, Toluene, Formaldehyde, Dichloromethane, Trichloromethane, Acetone, Ammonia, Hydrogen Sulfide, Sulfur Dioxide, Nitrogen Oxides, etc.

At Frontage Holdings, we prioritize biosafety measures and use technical systems such as biosafety cabinets and active charcoal absorption to collect biological and organic exhaust gases generated in our laboratories. These gases are then transmitted to our treatment system for proper disposal. Our exhaust gases, including volatile organic compounds and non-methane hydrocarbons, are closely monitored using sampling and monitoring platforms to ensure that their emissions comply with local environmental standards.

Waste Management

To manage and dispose of all kinds of waste generated during our production processes, we have formulated *the Waste Management Policy, the Responsibility Policy on Prevention and Control of Environmental Pollution by Waste, and the Laboratory Waste Treatment Process*. We strictly prohibit illegal waste outflow from any channels that may pose a potential threat to the environment and community. In addition, we have included environmental protection facilities in our production lines, equipped with pollution control facilities and technologies to reduce the generation of solid waste.

Goals of solid waste emission:

- ▶ 100% compliant disposal of general solid waste.
- ▶ 30% non-hazardous waste density reduction by 2030 compared to 2019 as base year



Most of the hazardous wastes produced during our operation and production are a result of clinical, biological, and chemical experiments in our laboratories. In 2022, our Chinese subsidiaries established the *Hazardous Waste Management Policy*, which classifies the types of hazardous waste and associated management methods.

Waste Classification and Disposal

Classification of Wastes		Disposal Methods
General wastes	Waste paper boards, domestic wastes, etc.	<ul style="list-style-type: none"> Recycle paperboards Dispose domestic waste appropriately by environmental departments
Hazardous wastes	Waste orifice plates, waste plasma samples, waste gloves, waste medicine bottles, waste reagent bottles, waste solvents, waste water for washing containers, waste pipetting tips, waste activated carbons, waste centrifugal test tubes, etc.	<ul style="list-style-type: none"> The EHS department monitors the generation, warehousing, storage, transfer and disposal of hazardous wastes, and entrusts qualified organizations for disposal

The Company has diligently stored waste in sealed containers and securely transported it to designated storage areas to prevent pollution. In compliance with applicable laws and regulations, Frontage Holdings has appointed site safety directors and chemical waste coordinators to oversee waste disposal in line with applicable laws, regulations, and the Company's internal standards. Furthermore, qualified waste disposal contractors have been engaged to collect waste from storage sites, as mandated by relevant regulations.



Medical Waste Management

Medical waste management is a crucial component of the Company's environmental management efforts. In compliance with applicable laws and regulations, the Company has assigned responsible parties for waste management in its *Waste Management Policy*, *Responsibility Policy on Prevention and Control of Environmental Pollution by Waste*, *Laboratory Waste Treatment Process*, and other relevant policies. These policies outline established procedures for handling various types of medical waste to ensure environmental protection and safeguard public health.

In 2022, the Company implemented a *Medical Waste Management Policy* and updated its *Hazardous Waste Accident Prevention Measures*, *Emergency Response Plan*, and *Leakage Control Procedures* in response to the *Environmental Protection Law of the People's Republic of China*. These measures ensure the appropriate management, disposal methods, and procedures for medical waste.

Medical Waste and Disposal Methods

Classification of wastes		Disposal Methods
Hazardous wastes	chemicals (medical and industrial), used drugs, needles, scalpels, lancets, etc	<ul style="list-style-type: none"> Place and storage in the specific containers with a clear warning label Use high-pressure steam to sanitize and transfer to the collecting point
Infectious Waste	human/animal tissue, blood-soaked bandages, surgical gloves, cultures, stocks, swabs	<ul style="list-style-type: none"> Place and seal in a yellow medical bag with a clear warning label Use high-pressure steam to sanitize and transfer to the collecting point <p>Or</p> <ul style="list-style-type: none"> Place in a container filled with sanitizer liquid
Biohazardous Waste	tissues or samples of tissues that are inspected and/or examined in a laboratory to diagnose or study abnormal or diseased tissues	<ul style="list-style-type: none"> Place and seal in a yellow medical bag with a clear warning label Use high-pressure steam to sanitize and transfer to the collecting point


The Company has placed clear-labelled medical waste bins and containers within the laboratory to collect specific categories of medical waste. In accordance with applicable laws and regulations, Frontage Holdings employs treatment methods such as incineration, irradiation, autoclaving, and chemical disinfection to minimize the detrimental effects of generated medical waste. The Company ensures that all medical waste produced during laboratory experiments is securely stored in suitable chemical containers and properly treated prior to being discharged into the drainage system.

Resource Usage

The Company has integrated the principles of environmental protection, green practices, and low-carbon development throughout its research, development, and operational processes. We have established a comprehensive environmental emergency management system, along with supporting mechanisms and procedural documentation to standardize the Company's commitment to environmental protection. Moreover, the Company has formulated a series of management rules to oversee and manage resource utilization and consumption reduction effectively. Resource utilization objectives have also been set to further enhance the efficiency of resource usage.


Goals of energy usage:

- ▶ 15% total energy consumption density reduction by 2030 compared to 2019 as base year



Goals of water consumption:

- ▶ Progressively reducing water consumption density



Energy Management

Department of EHS is the pioneer party in energy management. Frontage Holdings has been actively incorporating green energy in operations and advocating to improve energy efficiencies. The main energies consumed in the production process are electricity, diesel, natural gas and steam.

In 2022, Frontage Holdings continuously advocated energy consumption intensity reduction by enhancing environmental awareness and utilizing eco-friendly products to decrease energy consumption. Additionally, we employed clean energy to minimize our environmental footprint.

Energy Consumption

Consumption	Used Energy
Heating, Ventilation, Air-conditioning and Cooling (HVAC), Equipment, Facility, Laboratory	Electricity
HVAC	Natural gas
Emergency Generator	Diesel fuel

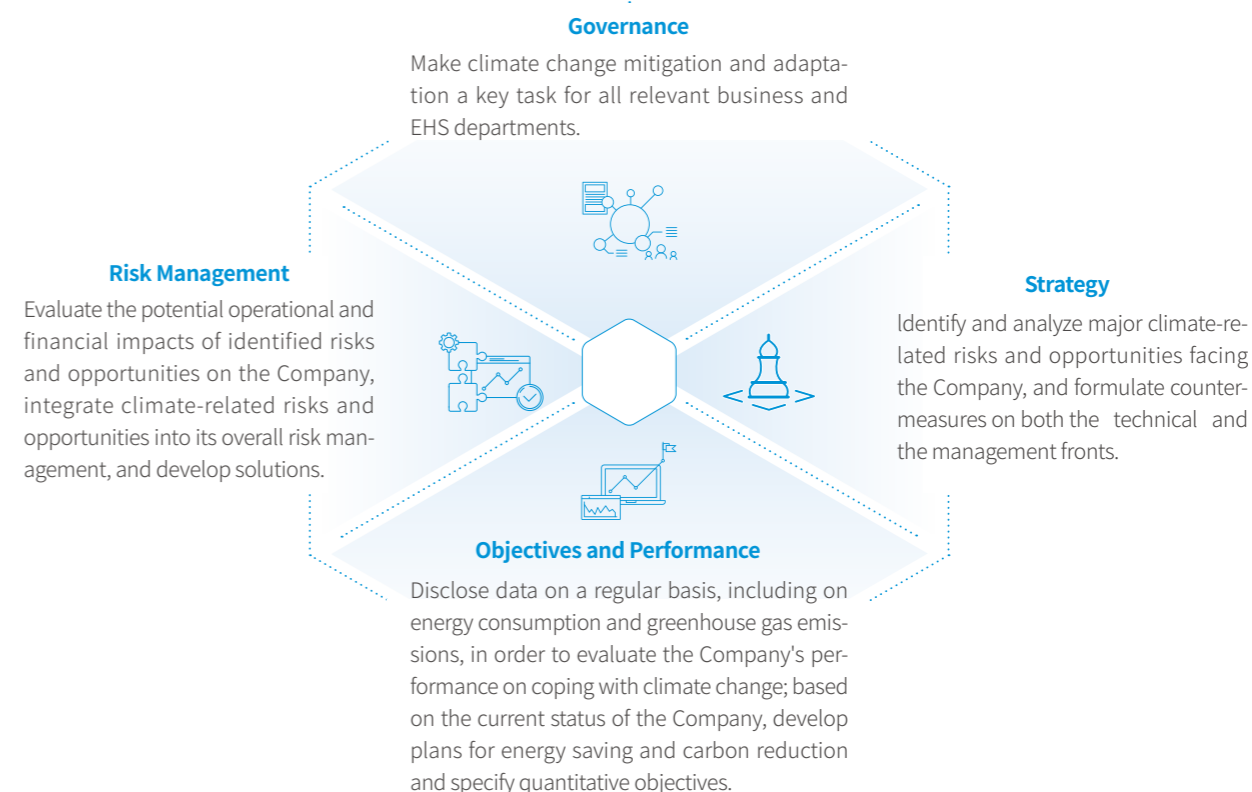
Water Management

The Company has mainly relied on municipal water supply, with no inappropriate behaviours in gaining access to or using it. To save water, the Company has managed to recycle and reuse treated wastewater, minimizing our impacts on the environment and natural resources. We have also adopted water-reducing technologies and techniques by using efficient equipment, creating a water recycling system and innovating our research techniques to improve water consumption efficiency. Likewise, Frontage Holdings has initiated a water-saving campaign to advocate water consumption reduction internally, spreading awareness among employees about the importance of water and discouraging generations of domestic sewage.

Climate Change

Due to the significant adverse impacts of climate change on our ecosystem, the mitigation and adaptation of climate change have become a crucial focus for us at Frontage Holdings. As such, we have taken proactive measures to respond to the Paris Agreement and China's "30·60" decarbonization goal. Our Company has implemented a climate change management system that follows the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB).

We have conducted a thorough assessment of climate-related risks and developed a comprehensive strategy to prevent such risks. Through these efforts, we aim to contribute to the global effort towards mitigating climate change. Our EHS Department takes charge of identifying both risks and opportunities that arise from climate change, and continuously works to improve our management performance based on the results of our risk identification processes. We strive to minimize the carbon footprint of our operations to align with our efforts towards mitigating climate change.



Sources of generated greenhouse gas emissions from the production and operation of Frontage Holdings are exhibited as follows.

Sources of the Company's Greenhouse Gas Emission in Different Categories

Scope	Emission Sources
Scope I	Waste diesel and natural gas emitted by electric generators, steam generators and vehicles
Scope II	Outsourced fuel gas, steam and electricity
Scope III	Greenhouse gas emissions from value chains like employee commuting

Frontage Holdings has identified the following major climate change-related risks from production and operation, and has implemented coping strategies.

Major Climate Change-related Risks Facing the Company

Physical risks	<p>Acute physical risks: Extreme weather events (flood, frost) disrupting power and water supply or inducing losses with plants and equipment; and supply chain disruptions leading to reduced or disrupted capacity (e.g., production halt, transportation difficulties, supply chain failures), write-offs and abnormal retirements of assets (e.g., damages to properties and assets at "risk" sites).</p> <p>Chronic physical risks: Abnormal power supply due to continuous high temperatures caused by climate change.</p>
Transformation risks	<p>Policy and legal risks: Increased costs of compliance to meet regulatory requirements, and equipment transformation and operational changes as a result of lower emission caps and more stringent regulations.</p> <p>Technical risks: Application of new equipment and technologies for environmental protection.</p> <p>Market risks: Increased production costs from changes in raw material prices (including energy and water) and emission requirements (disposal of hazardous waste and wastewater).</p>

Goals of greenhouse gas emission:

- ▶ 15% GHGs emissions (scope 1+scope 2) density reduction by 2030 compared to 2019 as base year



The Company has implemented the following measures to address risks and opportunities associated with climate change:

- Continuously improve production technology and equipment by timely replacing outdated, high-energy-consuming, and low-efficiency electrical appliances with more efficient and energy-saving alternatives;
- Strictly regulate water and electricity consumption by intensifying inspection and maintenance of water equipment and facilities;
- Strengthen statistical management of water and electricity consumption to detect anomalies promptly;
- Regularly assess energy consumption and greenhouse gas emissions, disclose relevant performance data in a timely manner, and actively engage with stakeholders through ESG reports and related announcements;
- Enhance employees' awareness of resource conservation in their daily work;
- Encourage the adoption of green office practices, such as online collaboration and electronic business cards.



02

Employment and Labor Practices

- Employment Management
- Health and Safety
- Training and Development





Employment and Labor Practices

Employment Management

Frontage Holdings adheres to all relevant laws and regulations concerning salary, dismissal, recruitment, promotion, working hours, holidays, equal opportunity, diversity, anti-discrimination, and employee benefits and welfare. Frontage Holdings has developed corresponding management policies to ensure compliance. In 2022, there were no recorded violations of laws or regulations pertaining to the recruitment of employees within the Company.

Employment Practices

Frontage Holdings is committed to respecting and protecting the rights of employees at all operational locations, in compliance with local laws, regulations, and internationally recognized standards, such as *the Labor Law of the People's Republic of China and the Fair Labor Standards Act*. To safeguard employees' interests, the Company has implemented comprehensive policies and procedures that uphold lawful labor standards. Frontage Holdings' internal *Employee Handbook* is crafted to embody employment principles and eliminate discrimination based on gender, age, religion, and race, thereby ensuring employee rights throughout all levels of the organization. The *Employee Handbook* aims to educate employees about their responsibilities, clarify their expectations from the Company, and ensure consistent communication and implementation of policies.

Frontage Holdings has assigned the Human Resources Department as the principal authority responsible for employee management, encompassing recruitment, training, promotion, discipline, compensation, benefits, and termination of employment.

As a full-service global pharmaceutical CRO, we deliver high-quality services to our clients and create opportunities for our employees to advance their careers in a healthy work environment.

Our core values include:

Quality: We are dedicated to achieving excellence in the results we produce and the methods we employ.

Integrity: We maintain honesty, reliability, and accountability in our words and actions, consistently striving to do what is right for our clients, company, community, and ourselves.

Respect: We foster a diverse culture and are committed to treating our teammates, customers, and those around us with mutual respect.

Collaboration: We believe that working together to attain common goals forms the basis of our success.

Employment and Employee Management Rules of the Company

<p>Recruitment, promotion and dismissal</p>	<ul style="list-style-type: none"> The Company has developed <i>Recruitment Management Rules, Management Rules on Personnel Employment Relationship, Performance Management Rules and The Employee Handbook</i> to standardize the management of employee recruitment, labor relations and other personnel employment relations while working to improve employee and organizational performances sustainably. Recruitment is cooperatively completed by the Human Resources Department. In case of a vacant post, internal employees enjoy the same opportunities as external candidates. Promotion and post-transfer of employees rely on the results of their performance appraisals. If any employee engages in a situation where the Company shall terminate the employment relationship as stipulated by applicable laws and regulations, the Company can do so in accordance with the laws and regulations.
<p>Salary</p>	<ul style="list-style-type: none"> The <i>Employee Handbook</i> specifies the structure of salary and bonus, and the rules on withholding personal income tax as well as paying social insurance and provident fund for employees according to laws. The Company purchases supplementary commercial health insurance and critical illness insurance for its employees, while providing them with meal allowances, travel allowances, wedding gift money, holiday welfare and other benefits. The Company has developed <i>Performance Management Rules</i>, specifying that employee salary and bonus are based on their performance appraisals. The Company issues long-term service awards and medium- and long-term incentives to employees who meet the assessment criteria for employee (especially key talent) retention purposes.
<p>Working hours and holiday</p>	<ul style="list-style-type: none"> Contents on Attendance Management in the <i>Employee Handbook</i> stipulates and explains the rules of working hours, national holidays, annual leaves, sick leaves, personal leaves and other matters related to working hours and holidays. Employees enjoy national legal holidays, annual leaves, marriage leaves, maternity leaves, breastfeeding leaves, funeral leaves and additional, fully-paid sick leaves for a certain period in accordance with applicable laws. Overtime working hours as recognized by the Company shall be converted as compensatory leaves.
<p>Equal access to opportunities, diversity and anti-discrimination</p>	<ul style="list-style-type: none"> In the <i>Employee Handbook</i>, "equal employment, employment at will and fair competition" are defined as the basic principles to be observed by the Company. The principle of "equal employment" demonstrates that "any discrimination on any ground such as race, color, political or religious affiliation, nationality, gender, sexual orientation, age, marital status, family relations, disability or other legally protected situations shall be prohibited." "Policies and Measures against Discrimination and Harassment" in the handbook explains in detail the Company's diversity and anti-discrimination policies.

Compliance with Labor Rules

The Company abides by the laws and regulations on child labor and forced labor where we operate, and established Management Rules of Prohibiting the Employment of Child Labour and Underage Worker for introducing child labor due diligence in operations. Human Resources Department developed management procedures and guidance on due diligence to identify, monitor and prevent child labor and forced labor. In 2022, there were no violations of laws and regulations regarding child labor and forced labor.

The Company's Management Rules on Preventing Child Labor and Forced Labor

Type	Management rules and measures
Prevention of child labor	<ul style="list-style-type: none"> The Company prohibits the use of child labor in any post and observes relevant employment procedures. The Company has developed <i>the Management Rules of Prohibiting the Employment of Child Labor and Underage Workers</i>, formulating policies and remedies to effectively avoid recruitment of child labor in any form. Where minors aged between 16 and 18 can be recruited as applicable laws and regulations allow, the Company does so on the premise of compliance. During recruitment, the Human Resources Department strictly verifies the candidates' identities, checking their ID cards, photos or household registration information as necessary, to confirm that their identity information is genuine before registration for entry.
Prevention of forced labor	<ul style="list-style-type: none"> The Company stipulates under the principle of "employment at will" in its <i>Employee Handbook</i> that the establishment of a labor relation is premised on the willingness of both the employer and the employee, and the employee is free to choose occupations at his or her own will. Forced labor shall be completely eradicated.

Employee Rights and Benefits System

At Frontage Holdings, we take care of our employees with a holistic and competitive welfare package to protect employees' entitled rights and to meet various needs. As such, our employees are inspired and equipped to live fully and perform at their best.

Employees' Rights and Benefits

Recruitment and Dismissal	Working Hours and Leave	Remuneration and Benefits
<p>Recruitment</p> <p>New employees are recruited in accordance with Company principles of "Fair Competition, Equal Employment and Employment at Will" and applicable laws.</p>	<p>Working Hours</p> <p>Working hours meet the requirements of local laws and regulations.</p>	<p>Remuneration</p> <p>Salary is based on employees' performances and contributions regardless of conscious bias.</p>
<p>Dismissal</p> <p>Employees are dismissed in accordance with related laws, regulations and Employee Handbook, etc.</p>	<p>Working Overtime</p> <p>Employees are entitled to pay or time off in lieu of working overtime. Overtime Compensation meets the requirements of local laws and regulations.</p>	<p>Social Security</p> <p>Social securities are provided to all employees in accordance with local laws and regulations.</p>
<p>Promotion and Internal Transfer</p> <p>The candidates for promotion and internal transfer are selected based on Frontage Holdings' Principles of "Fair Competition, Equal Employment and Employment at Will".</p>	<p>Leave</p> <p>Employees are entitled with paid annual leave, marriage leave, paid parental leave, etc.</p>	<p>Benefits</p> <p>Frontage Holdings provided various benefits such as supplementary commercial insurance, on-site nursery, etc.</p>

Employee Care

We believe every employee has the rights to feel valued, cared and loved at Frontage Holdings, whether happens inside or outside the office. We have a established thoughtful Employee Care plan.

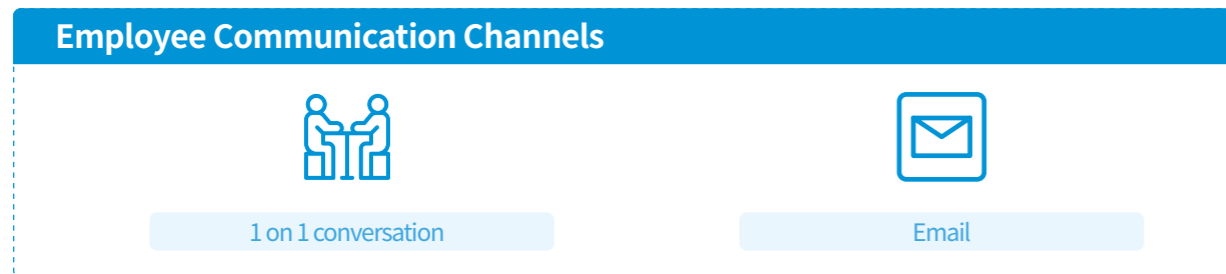
At the global level:

- Advocate work-life balance
- Celebrate employee birthdays, work anniversaries, project milestones and employee achievement

Frontage Laboratories	Frontage Shanghai
<p>With mental health as a rising concern, Frontage Laboratories has assessed our healthcare coverage offering and launched Health and wellness program, including:</p> <ul style="list-style-type: none"> Meditation and mindfulness program via weekly yoga classes and poster on property Virtual or in-person counseling, psychological support and managing ongoing issues with a therapist 	<p>During 2022 Shanghai Lockdown, Frontline Laboratories (Shanghai) Co., Ltd acted as a responsible employer and provided necessary food and medicines to ensure employees health and wellness, including:</p> <ul style="list-style-type: none"> Grocery bag delivery services Wellness Check-in with emotional supports

Employee Participation and Communication

As a people-oriented corporation, Frontage Holdings prioritizes employees' voices and ideas, motivating us to consistently listen and address their needs. Frontage Holdings places emphasis on communication and engagement with employees. The company has established multiple communication and feedback channels, fostering a sense of belonging among employees in the workplace.



Inclusion and Diversity

At Frontage Holdings, we believe inclusion and diversity are the backbones of the Company and prejudice is unacceptable. Our steadfast commitment to Inclusion and Diversity starts at the Board, and extends throughout our Company and to industry and communities.

Since the 2021 ESG report, we have emphasized our inclusion and diversity policy, which was encouraged to extend according to our 2022 ESG materiality assessment. The Company upholds and integrates the principles of inclusion and diversity: "Fairness, Equality and Employment at Will" through every aspect of business operation. We clearly state our policies of "Equality, Flexibility and Employment at Will" in the *Employee handbook*.

In 2022, Frontage Holdings has continually sustained focuses on hiring and engaging in an inclusive and diverse workforce. We have established a zero-tolerance policy against harassment, bullying and discrimination, where we adopt blind hiring techniques to remove unnecessary personal information, minimizing unconscious bias and intergrading the principles of inclusion and diversity.

Inclusion and Diversity Policies

- Increase company-wise awareness and ability to create and sustain an inclusive and diverse working environment.
- Adopt applicable techniques to minimize unconscious bias and increase inclusion and diversity.
- Establish zero tolerance policy against harassments, bullying and discriminations
- Establish principles of *Fair Competition, Equal Employment and Employment at will* in *Employee Handbook* to ensure inclusion and diversity.
- Build an international, high-performing, engaged, inclusive and diverse talent management process.

Health and Safety

Frontage Holdings is committed to ensuring health and safety at work with the ultimate principle of "Safety first, Prevention foremost, Comprehensive governance". Strictly complying with local laws, regulations and global standards, Frontage Holdings has developed relevant policies to define rules and provided guidance, for instance, *Occupational Health Management Policy, Occupational Sanitary Control Policy and Work Safety Inspection Policy*. In 2022, there has been no violation of applicable laws and regulations on employees' health and safety by the Company. No work-related fatalities occurred in the past three years (including the reporting year).

The EHS department offers resources and supports to protect employees against hazards and maintain well-being. Its jobs include identifying occupational health factors, assessing related risks, declaring occupational diseases, and daily supervision and inspection, etc. The Company's Human Resources Department is responsible for organizing physical examinations for employees vulnerable to occupational disease factors before they take up and when they leave their posts, and having qualified organizations evaluate occupational hazards in the Company's premises. In addition, the Facility Department of the Company is responsible for the maintenance of relevant health protection facilities to ensure their normal functioning.

Due to the uniqueness of the business, employees have a high likelihood of being exposed to chemical hazards and physical hazards. To uphold our policy, the EHS department has conducted occupational hazard examinations in laboratories and facilities and identified possible hazards, and has taken appropriate measures to prevent occupational disease and illness. Additionally, Frontage Holdings has adjusted a few critical changes to our EHS policy to improve our fire policy and protect health and safety.

Occupation Health and Safety Protections by Frontage Holdings

Types	Contents	Taken Measures
Chemical	Methanol, Acetonitrile, Dimethyl Sulfoxide, Hydrochloric Acid, Isopropanol, Toluene, Xylene, Dichloromethane, Ethyl Acetate, Chloroform, Methyl Tert-Butyl Ether, Ether, Ammonia, Acetone, Sodium Hydroxide, Formaldehyde, Hydrogen Peroxide, Acetic Acid, Carbon Tetrachloride, Chlorine Dioxide, etc.	<ul style="list-style-type: none"> • Install protective devices and safety systems e.g., chemical detectors. • Provide lab cloth and approved safety goggles. • Provide occupational health and safety training.
Physical	Noise, extreme temperature	<ul style="list-style-type: none"> • Provide approved garments and Noise canceling.
Others	Isopropanol, Formaldehyde, Acetic Acid, etc.	<ul style="list-style-type: none"> • Provide lab cloth and approved safety goggles.

To reduce the risks associated with essential activities, Frontage Holdings has taken systemic measures as bellowed.

Identify and monitor occupational disease risks

- Regularly identify and evaluate occupational hazard factors and vulnerable working places in various departments in accordance with applicable laws and regulations.
- Prepare files tracking occupational hazards based on the identification and evaluation results of such hazards.
- The EHS Department declares to the government on an annual basis by filling out the "Occupational Diseases Hazardous Items Reporting System" to support supervision and audit of relevant departments.

Organize occupational health training and exercises

- Inform new employees potential occupational hazards in work and their effects, prevention measures against occupational diseases and treatment through Notification of Occupational Hazards, in order to increase their safety awareness.
- Organize Induction training on occupational health and safety for new employees in accordance with applicable regulations.
- Organize Corporate and departmental health and safety training at the levels of corporate and department regularly to inform employees of how to identify occupational health and safety symbols, the use of labor protection articles, and safe technical operations.

Provide occupational health protection facilities and devices

- Equip workplaces such as laboratories and animal facilities with effective protection facilities and devices and personal protective articles in accordance with occupational health and safety requirements.
- Equipped laboratories with facilities for safety protection such as fume hoods, exhaust hoods, biological safety cabins, emergency sprinklers and eyewash equipment. Employees in labs have been provided with labor protection items such as gloves and masks.

Develop special emergency plan for occupational diseases

- Develop a specific emergency plan for occupational hazards. Emergency evacuations and firefighting emergency drills are conducted on a regular basis.
- Organize self-rescue, mutual rescue, and first aid in the event of an occupational hazard or a poisoning accident as required, and immediately report to the EHS Department which coordinates accident reporting, investigation and handling.
- Report any discovery of occupational disease patients or a suspected ones to the upper authorities by the EHS Department in time.

Training is organized by Frontage Holding's EHS and HR department to advocate Frontage Holdings' policy regarding occupational health and safety. In 2022, we conducted various safety training such as fire drills and Cardiopulmonary Resuscitation (CPR).

Training and Development

At Frontage Holdings, we prioritize talent cultivations, employee training and developments. Frontage Holdings established *Performance Management Policy* and *Employee Handbook*, which specified rules for talent management. Additionally, the Company has established a sophisticated talent attraction system, development programs and a clear career growth path.

Talent Attraction

Frontage Holding has launched multi-channel talent attraction platforms to create an elite talent team. Additionally, we also recruit high-potential talents from different backgrounds globally.

Diverse Paths of Talent Attraction



We are committed to providing a comprehensive reward package that is competitive in attracting, retaining and engaging the talents we need to drive our business growth. We have developed and implemented a share distribution plan to reward employees with outstanding performance.

Development and Training

Frontage Holdings creates dual career paths, providing employees opportunities to explore their career paths whether to grow professionally or managerially. The professional path branches out into product, R&D, and other professional fields. This provides employees access to advance their performance and skills. The career development is based on employees' performance and abilities in accordance with Frontage Holdings' principles regarding employee management.

Opportunities for ongoing learning can contribute to employee performance and success. Frontage Holdings invests and creates an employee training system to help employees thrive at work and in life. The employee training program is designed to help employees improve work performance and abilities.

Employee Training Program

Program	Contents	Offered in 2022
Onboard Training	<ul style="list-style-type: none"> • Share business mission, value and culture • Connect with people and team • Introduce internal policies and document 	<ul style="list-style-type: none"> • Organized internal onboarding training for all new hires where we operate.
Upskill Training	<ul style="list-style-type: none"> • Introduce applicable laws and regulations relevant to positions • Provide technical training, including professional competence training and post-oriented skills training. 	<ul style="list-style-type: none"> • Provided internal technical training, including the topics of Good Laboratory Practices (GLP) and Quality Assurance (QA). • Supported employees to attend external training and medical conferences.
Leadership Program	<ul style="list-style-type: none"> • Prepare talents for the rigors of executive roles • Address the unique challenges of leaders • Immerse leaders in topics to help them build resilience 	<ul style="list-style-type: none"> • Organized internal leadership training for leaders to improve their management skills.

In 2022, We have provided and organized training with 100% employees training coverage rate under classification by gender and employee categories. Overall, average training hours per employee were 16.76 hours with 35% increase compared to 2021 (2021:12.44 hours).



03

Operating Practices

- Supply Chain Management
- Product Liability
- Business Ethics and Anti-corruption





Operating Practices

Supply Chain Management

The Company primarily collaborates with suppliers of laboratory instruments and equipment, reagents, consumables, services, software, and engineering projects, among other things. Prior to initiating each business relationship, the Company requires that suppliers submit their business license, management license, production license, and other relevant documentation, while evaluating their qualifications, social credit, and past performance. New suppliers are required to provide pertinent information for assessment and verification after the procurement specialist initiates new supplier applications in our system, which must then be approved by the procurement manager and the internal control department. Upon successful evaluation, new suppliers will be added to the database of alternative suppliers.

Embracing a long-term perspective and addressing various ESG issues, Frontage Holdings updated its *Supplier Code of Conduct* in 2022 to enhance ESG governance and foster collaboration with suppliers at all levels. Frontage Holdings strives to mitigate the collective negative impacts generated by the company and its external business partners, while bolstering its contributions to society and the environment in which it operates. The foundation of the revised *Supplier Code of Conduct* encompasses environmental management, labor and human rights, and anti-corruption.

Supplier's Environmental and Social Management

Environment	Labors	Health and safety	Ethics (business ethics)
<ul style="list-style-type: none"> The environment and related management system: observe all applicable environmental and environmental protection laws and regulations. Waste and emissions: ensure the safe handling, movement, storage, recycling, reuse and management of waste, gas emissions and wastewater discharges. Environment-friendly products and services: encourage suppliers to take more actions to protect the environment and to use more environment-friendly products and services. Environmental impacts: protect natural resources and avoid the use of hazardous substances as much as possible. 	<ul style="list-style-type: none"> Labor and human rights: prohibit child labor and protect employees' human rights. Anti-discrimination and fair treatment: ensure that the workplace is free from harassment and discrimination. Salaries and welfare: specify employees' working hours, wages and benefits in accordance with applicable laws. 	<ul style="list-style-type: none"> Employee safety protection: protect employees from injuries in the workplace. Emergency preparedness and response: identify and assess risks in the workplace, and develop contingency measures. Training on hazards: provide education and training to employees that contains information on hazardous materials and other issues of such importance. 	<ul style="list-style-type: none"> Integrity management: suppliers shall conduct business on the premise of fair and full competition. Anti-corruption: sign and act in accordance with the <i>Anti-Bribery and Anti-Corruption Commitment</i>. Data protection: protect the private information of the Company and its employees, customers, suppliers and their employees or others.

The Company performs assessments and evaluations on an annual basis of its existing suppliers, reviews their qualifications, prices, services, delivery period, and after-sales services, etc., grades them on the rating scale according to their performance in different dimensions, and manages them hierarchically according to their grades after a cross-departmental joint evaluation.

Driven by our environmental awareness, the Company prioritizes cooperation with suppliers using simplified packaging of raw materials and advocates them to provide environment-friendly product options to decarbonize our value chain. Frontage Holdings has voluntarily strived to minimize the use of paper contracts, invoices and other unnecessary paper documents throughout all aspects of supplier management. In 2022, Frontage Holdings has actively motivated our suppliers to use less carbon-intensive packages and green transportation for logistics.

Product Liability

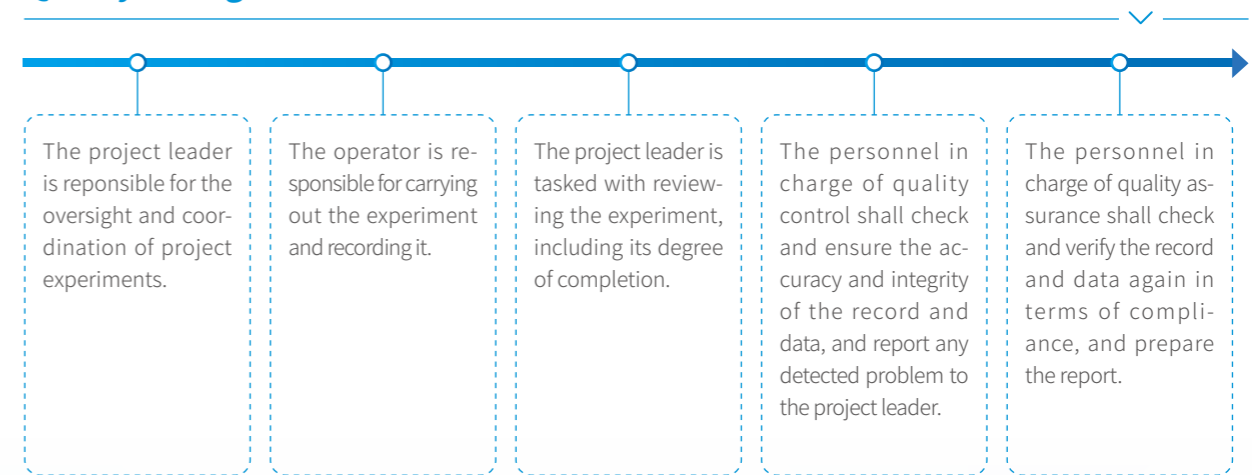
Frontage Holdings is committed to becoming the first-choice R&D outsourcer for its customers, providing best-in-class services and technologies, in order to support customers in their continuous pursuit of innovation and product improvement. In 2022, the Company has not been involved in any violation of laws and regulations regarding product liability relating to health and safety, advertising, labeling and privacy matters.

Quality Management

The main services provided by the Company include CRO, drug R&D services, such as bioanalysis, clinical services, and Chemical Manufacturing and Control (CMC), etc. The Company has implemented standard operating procedures such as the *Quality Management Standard Procedures and the Implementation of Compliance in Research* to standardize the quality management procedures on various R&D services. As the Company's business does not involve product manufacturing, no product recall procedure has been established.

Frontage Shanghai has obtained the quality management system ISO 9001 certification and audited by Beijing Zhong-DaHuaYuan Certification Center Co., Ltd.

Quality Management Flow



Ethics of Clinical Trials

Frontage Holdings is a responsible CRO services provider and actively addresses stakeholders' interests and concerns of ethics of clinical trials and animal welfare at the earliest stage of our R&D with clear guidelines in clinical trials complying with application laws, regulations and standards such as *Good Clinical Practice (GCP)*. At Frontage Holdings, we are proud to disclose our policy, standards and procedures of clinical trials transparently in the *Procedures of Clinical Trials Quality Management* to ensure implementation is aligned with the ethical principle by Ethical Committee and to protect patients' rights.

Frontage Holdings respects and protects the rights of each participated patient and thereby we have appointed specific professionals in each clinical trials projects to supervise practices and safeguard the ethics of trials and the rights of patients. We have taken necessary measures to implement the principles of Clinical Trails "Truthfulness, Beneficence, Autonomy and Confidentiality".

Applied Principles and Taken Actions of Clinical Trails

Principles	Definition	Actions
Truthfulness	Tell the truth to their patients	<ul style="list-style-type: none"> Establish a policy of Informed Consent. State all facets of clinical trials on the Informed Consent Form.
Beneficence	Act in the best interests of their patients	<ul style="list-style-type: none"> Purchase commercial insurance for patients to safeguard their rights.
Autonomy	Maintain the privacy of their patients	<ul style="list-style-type: none"> Create a private area for conversation, body examination and an environment conducive to a private conversation. Position the portable walls to create temporary rooms to shield patients while providing medical services. Restrict access to medical records and any patient information that is displayed openly in waiting or treatment areas. Shield patients' personal information in the publication and written documents.
Confidentiality	Keep their patients' medical information confidential	<ul style="list-style-type: none"> Provide additional display surfaces or editing for distributing important health notices, information on medical services, and facility hours. Shield patients' personal information in the publication and written documents.

In 2022, there were no violations of the standards of clinical trial protocols.

Animal Welfare

To fulfill our commitment to improving public well-being through CRO services and ensuring the efficacy and safety of lab animals for human use, we strictly adhere to applicable local and global laws, policies, and guidelines governing the responsible and humane use of animals. These regulations include, but are not limited to, the Animal Welfare Act and Animal Welfare Regulations issued by the United States Department of Agriculture (USDA) and the Guide for the Care and Use of Laboratory Animals (8th Edition, 2011).

At the Company, all of our laboratories worldwide operate in compliance with the applicable international, national, local regulations, guidelines regarding animal welfare, and we are committed to improving the relevant standards. In 2022, we established policies to further ensure the welfare of animals and provided training to our employees to educate them on the significance of animal welfare.

The Company is dedicated to a proper balance between animal protection and scientific advances. We embraced "3R principles" (Replacement, Reduction, and Refinement) in its laboratory practices across the globe, with animals used only when there is ample scientific evidence proving that there is no other way to produce reliable data on the basic safety and efficacy of the drugs in development. The Company has launched a "5 Freedom" program to promote better welfare of laboratory animals and further improve their well-being.

3R Principle for Animal Welfare



5 Freedom Plan

Animals always have access to fresh water and food and be free from hunger and thirst so that they can stay healthy and active.

Suitable environments are provided to protect them from discomforts, including shelters and comfortable places to rest.

Prevention or rapid diagnosis and treatment is provided to the animals to avoid causing them pain, injury or disease.

Adequate space, appropriate facilities, and companionship of peers are provided to allow a life as normal and natural as possible for the animals.

Conditions and treatments are provided to avoid fear, pain and mental distress.

The Company has established the Institutional Animal Care and Use Committee (IACUC) to evaluate and oversee the use of and care for animals by its subsidiary institutes. The IACUC is made up of veterinarians, a president, scientist members, non-scientist members and members from the public. IACUC members are responsible for providing animal welfare training for lab practitioners, reviewing and approving animal use programs and related research, and carrying out vetting of suppliers of laboratory animals and animal-related products. In addition, the IACUC organized meeting every two months and conducted audits of Animal Using Protocols (AUP) as well as animal-related facilities every six months as planned. IACUC hold the utmost right to suspend or terminate any animal experimental program that violates animal welfare. In 2022, IACUC reviewed over 60 Animal Using Protocols AUP and conducted on site audits to ensure the appropriateness of animal using in laboratories. IACUC of Frontage Holdings was assured and certified by Association for Assessment and Accreditation of Laboratory Animal Care, International (AAALAC), which conducted on-site audit and found nothing inappropriate regarding Frontage Holding's animal-related practices. Frontage Holdings continuously advocates animal welfare through posters, workshops and seminars.

R&D and Innovation

Frontage Holdings creates strategic plans that leverage core competencies in providing a comprehensive portfolio of product discovery and development services throughout the discovery and development continuum. It includes pre-clinical research (comprised of Drug metabolism and pharmacokinetics, safety and toxicology, clinical services, and drug screening), laboratory testing (comprised of bioanalytical and biologics, and central laboratory), chemistry, and CMC. In addition, in China, the Company provides a suite of bioequivalence and related services (such as pharmacology, medical writing and regulatory support) to support our customers with regulatory submissions.

Frontage Holdings continually invests in R&D to maintain its leadership and competitive advantages in the industry. In 2022, we invested in the target-based screening of drug candidates and the establishment of standardised research platform, with further investment in the future to sustain Frontage Holdings' competitive advantages and competencies in R&D.

In 2022, Frontage Holdings continued to accelerate efforts to a build better quality CRO solutions to address unmet needs with our pioneering medical technologies and skills. We invest and provide resources to advance our employees' techniques and skills, where we actively expose our employees into growing areas of laboratories, experiences, medical science and biotechnology. We have organized and coordinated position-specific training covering the topics of adopted SOP, research methodology and medical scientific workshops for our R&D professionals. We also organized and coordinated over 100 hours training and workshops for 23 research team leaders to increase their understandings of scientific developments and trends in Construction of Cell Lines for GPCR, Cas9 cell, Ion Channel Detection Methods Establishment and methods for protein expression.

Intellectual Property Right Protection

At Frontage Holdings, we recognize that the protection of intellectual property (IP) is paramount to fostering innovation and driving the growth of the biopharmaceutical and agrochemical industries. We are committed to safeguarding the IP rights of our customers, vendors, and partners. This commitment is an integral part of our ESG approach, and we diligently adhere to best practices and industry standards as set forth by our peers in the CRO sector.

We have implemented comprehensive policies and procedures to ensure the protection of our customers' and vendors' IP rights. Our IP management framework is built upon internationally recognized principles and guidelines and our IP protection measures include, but are not limited to, the following:

- Strict confidentiality agreements with all employees, contractors, and third parties.
- Rigorous employee training and awareness programs on IP protection and its importance.
- Secure information management systems with restricted access controls and advanced encryption.
- Regular audits and assessments to identify potential risks and vulnerabilities.

To ensure transparent and fair collaboration with our customers and vendors, we enter into clearly defined agreements. These agreements outline the ownership, licensing, and use and ownership rights to the IP developed during the course of our projects.

We continuously monitor and evaluate our IP protection practices to stay abreast of evolving industry standards and legal requirements. As a global CRO, we operate in multiple jurisdictions with varying IP regulations. We are committed to complying with all applicable IP laws and regulations in the countries where we operate.

Data Security

At Frontage Holdings, we are committed to using data responsibly and carefully to improve security in scientific engagement, indicating we will manage and share data carefully by all means. We carefully define authority information access of our employees. We specified the accesses and authorities of information in the Server Room Management Policy to guide employees in handling data and information in the right way. We have installed a firewall and established access control and implemented data protection techniques. In addition, the Company has required all employees to keep Company affairs strictly confidential during their employment, and signed Non-Disclosure Agreement (NDA) with external partners to reinforce data security in the process of information distribution.

In 2022, Frontage Laboratories has hired a Vice President of Information System to address security issues and coordinate data security risk assessment. Shanghai has been certified with ISO27001 to ensure data security.

In 2022, there were no investigations targeting the Company by relevant governmental authorities for data security violations; nor has Frontage Holdings been subject to major administrative or criminal penalties.

Customer Service

On the other hand, Frontage Holdings has formulated a series of management rules to improve its performance in an all-around manner, covering promotion, marketing, and customer communication, etc. The Company has strictly abided by industry norms and formulated the *Rules on the Management of External Promotion and Advertisement* to safeguard the accuracy and appropriateness of marketing materials regarding provided services.

In order to manage customer complaints and improve customer satisfaction, the Company has formulated the *Customer Satisfaction Survey Rules* to improve customer experience by collecting feedbacks from customers, solving problems and addressing the defects with current services. The Company's Marketing Department and Sales Department conduct customer satisfaction surveys on a regular basis. The *Customer Satisfaction Survey Implementation Plan* and the *Customer Service Satisfaction Questionnaire* have been implemented to collect customers' opinions on the level of proficiency and the quality of service, etc. According to the results of the *Customer Satisfaction Survey*, each department has formulated corresponding corrective and preventive measures which have been implemented for improvements.

On the other hand, all complaints are managed with proper handling procedures and documented in full details including time, contents, dedicated personnel, etc and we will conduct a comprehensive analysis, review and report to associated departments.

Business Ethics and Anti-corruption

Compliance

At Frontage Holdings, we respect and adhere to all applicable local laws and regulations, as outlined in our List of Laws and Regulations. We have established internal policies and standards to ensure our operations comply with these local laws and regulations.

To further enhance compliance, Frontage Holdings has created an internal audit department responsible for reviewing and assessing the business ethics and anti-corruption performance of procurement, sales, and other business departments at least once a year. Audit subjects include, but are not limited to, price inquiry and comparison procedures, supplier management procedures, contract management, and price management.

At the enterprise level, the board and senior management actively monitor and address compliance issues. Our internal audit department evaluates our operations and conducts internal audits of all departments at least once a year to ensure appropriate business conduct. In 2022, the internal audit department found no violations of the company's policies.

Business Ethics

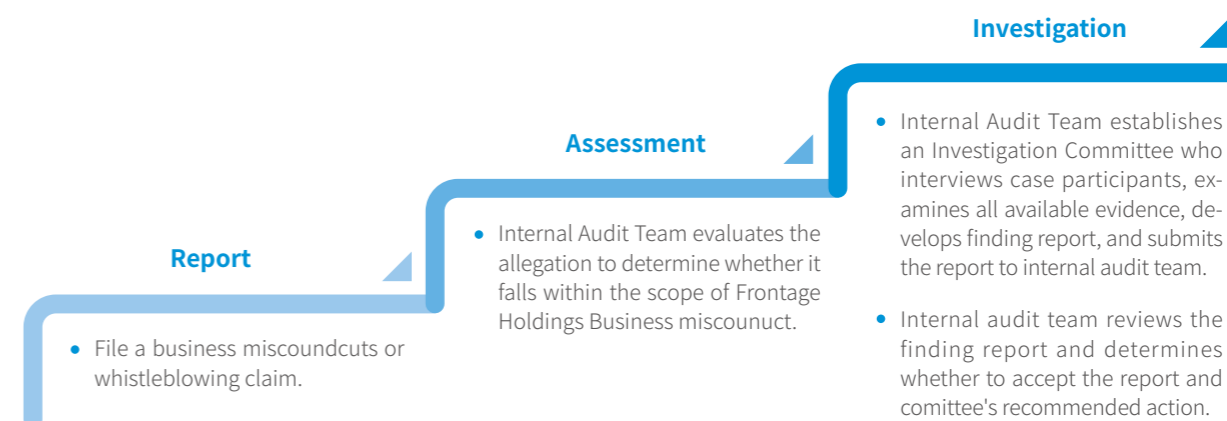
Business ethics form the foundation of our company's growth. At Frontage Holdings, we have established comprehensive business ethics policies, which are publicly disclosed within the company through our *Rules on Related Party Transactions*. These policies encompass both individual and collective responsibilities and reflect our unwavering commitment to integrity and business ethics. We cultivate an environment of trust, honesty, and transparency, fostering anti-corruption awareness and ethical business practices.

In our *Employee Handbook*, we have implemented specific rules for expense reimbursement, approval procedures, and policies on team-building activities and business trips. These rules help to manage employee behavior in terms of travel, work, and business receptions, while enforcing strict procedures for gift and meeting expenses to prevent any form of corruption.

Compliance with the *Rules on Related Party Transactions*, *Employee Handbook*, and the law is mandatory for all employees and board members. Every employee and board member are expected and encouraged to report actual or suspected business misconduct through the internal audit team.

Frontage Holdings does not tolerate retaliation against anyone who cooperates with an investigation or who makes a good-faith report of an alleged violation of laws, regulations, or our policies. To safeguard whistleblowers, we have established a whistleblower protection policy that ensures their safety and anonymity. All claims of misconduct and retaliation against reporters of misconduct are thoroughly investigated and resolved.

Ethical Misconduct Management Process



The Company provides training to all employees on a regular basis on the *Foreign Corrupt Practices Act*, and tracks the training results and collects feedback to decide whether additional episodes of the training program would be necessary. In 2022, 79.05% of employees attended anti-corruption training. Training hours were over 1,981 hours. Additionally, all board members attended anti-corruption training to uphold the business ethics of Frontage Holdings.

During this reporting period, Frontage Holdings was not aware of any non-compliance or legal cases raised by violation of 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.

04 Community

Community Support

Community and social responsibility, which involves the Company's commitment to promoting social development and establishing positive values, is the fourth pillar underpinning the Company's sustainable development.

At Frontage Holdings, "Improving the well-being of the public" is the foundation that drives our Company's development. We aim to continue exploring robust and sustainable solutions that promote wellbeing of the public. While dedicated to its business operations, Frontage Holdings, as a member of the pharmaceutical and health community, always keeps in mind its mission to society, persists in giving back to the community and promoting social development with professional capabilities, and focuses on social contributions in the field of medicine and health.



List of Laws and Regulations

Chinese Regulations
Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution
Integrated Emission Standard of Air Pollutants (DB31/ 933-2015)
Emission Standards for Odor Pollutants (DB31/ 1025-2016)
Law of the People's Republic of China on Prevention and Control of Water Pollution
Integrated Wastewater Discharge Standard (DB31/ 199-2018)
Environmental Protection Law of the People's Republic of China
Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Waste
Measures for Hazardous Waste Transfer and Management
Measures for Medical Waste Management of Medical and Health Institutions
Standard for Pollution Control on Hazardous Waste Storage (GB 18597-2001)
Classified Catalogue of Hazardous Waste (2021 Edition)
Classified Catalogue of Medical Waste (2021 Edition)
Emission Standard for Industrial Enterprises Noise at Boundary (GB 12348-2008)
Labor Law of the People's Republic of China
Labor Contract Law of the People's Republic of China
Individual Income Tax Law of the People's Republic of China
Regulations on Paid Leave for Employees
Special Provisions on Labor Protection for Female Employees
Law of the People's Republic of China on the Protection of Minors
Provisions on Prohibition of Child Labor
Law of the People's Republic of China on the Prevention and Control of Occupational Diseases
Provisions on the Supervision and Administration of Occupational Health at Work Sites
Work Safety Law of the People's Republic of China
Regulations on Work-Related Injuries Insurance
Product Quality Law of the People's Republic of China
Pharmacopoeia of the People's Republic of China
Advertising Law of the People's Republic of China
Trademark Law of the People's Republic of China
Data Security Law of the People's Republic of China
Regulations for the Administration of Affairs Concerning Experimental Animals
Guidelines on the Humane Treatment of Laboratory Animals
Patent Law of the People's Republic of China
Copyright Law of the People's Republic of China

Criminal Law of the People's Republic of China
Company Law of the People's Republic of China
Anti-Unfair Competition Law of the People's Republic of China
Law of the People's Republic of China on Donations for Public Welfare
Anti-Money Laundering Law of the People's Republic of China
U.S. Regulations
Clean Air Act
Clean Water Act
Solid Waste Disposal Act
Uniformed Services Employment and Reemployment Rights Act
Pay Transparency Nondiscrimination Provision
Employee Rights for Workers with Disabilities Paid at Special Minimum Wages
Fair Labor Standards Act
Title VII of the Civil Rights Act
Age Discrimination in Employment Act
Occupational Safety and Health Act
Family and Medical Leave Act
Section 503 of the Rehabilitation Act
Animal Welfare Act and Animal Welfare Regulations
PHS Policy on Humane Care and Use of Laboratory Animals
Foreign Corrupt Practices Act
Other Regulations
Guide for the Care and Use of Laboratory Animals
AVMA Guidelines for the Euthanasia of Animals
Paris Convention for the Protection of Industrial Property
Berne Convention for the Protection of Literary and Artistic Works
Universal Copyright Convention
Patent Cooperation Treaty

Data-based Performance

Environmental Performance ^[1]

Indicators	Unit	2020	2021	2022
Energy				
Electricity consumption ^[2]	MWh	12,810.92	16,782.74	27,900.16
Electricity consumption density	MWh/USD'000	0.1018	0.0910	0.1114
Natural gas consumption ^[3]	cubic meter	1,146,048.00	1,259,394.00	1,451,012.00
Natural gas consumption density	cubic meter/ USD'000	9.1093	6.8285	5.7957
Steam consumption	ton	75.00	150.00	169.79
Steam consumption density	kg/USD'000	0.5961	0.8133	0.6782
Gasoline consumption ^[4]	liter	5,678.00	14,779.00	10,943.00
Diesel consumption ^[5]	liter	200.00	200.00	491.29
Water consumption ^[6]	ton	35,234.20	45,529.56	100,686.09
Water consumption density ^[6]	tons/USD'000	0.2801	0.2469	0.4022
Emissions				
Emissions of exhaust gases ^[7]	cubic meter	52,020,000.00	502,222,000.00	937,544,200.00
Industrial wastewater discharge ^[7]	cubic meter	29,986.00	35,106.11	46,354.85
Chemical oxygen demand (COD) discharge ^[7]	ton	0.22	0.59	3.08
Biochemical oxygen demand (BOD) discharge	ton	0.04	0.11	0.12
Ammonia nitrogen (NH3-N) discharge ^[7]	ton	0.01	0.02	0.26
Amount of hazardous waste generated	ton	84.61	177.13	268.34
Hazardous waste generation density	kg/USD'000	0.6725	0.9604	1.0718
Amount of non-hazardous waste generated ^[7]	ton	151.90	162.80	218.64
Non-hazardous waste generation density	kg/USD'000	1.2074	0.8827	0.8733
Non-methane hydrocarbon emissions	kg	50.00	2,172.40	1,914.67
Greenhouse gas emissions ^[8]	tCO ₂ e	9,566.91	11,972.39	18,796.78
Scope I greenhouse gas emissions	tCO ₂ e	2,296.36	2,460.56	2,819.53
Scope II greenhouse gas emissions	tCO ₂ e	7,270.55	9,511.83	15,977.25
Greenhouse gas emission intensity	tCO ₂ e/USD'000	0.0760	0.0649	0.0751

Note:

[1] The scope of environmental data for 2021 and 2022 are consistent with the scope of the consolidated financial statements. 2020 environmental data only includes data for the Shanghai, Suzhou, and the U.S. divisions, and excludes data for the Wuhan Conraddio and Acme Bioscience divisions of Frontage China. Due to operation expansion and business growth, 2022 environmental data changed significantly.

[2] The Company conducted data revision for 2021 electricity consumption data and disclosed the reviewed data of electricity consumption and electricity consumption density in 2022 ESG report for future reference.

[3] The Company conducted data revision for 2021 natural gas consumption data and disclosed the reviewed data of natural gas consumption and natural gas consumption density in 2022 ESG report for future reference.

[4] The Company conducted data revision for 2021 gasoline consumption data and disclosed the reviewed data of gasoline consumption in 2022 ESG report for future reference.

[5] In 2022, Frontage Suzhou and Wuhan Conraddio purchased diesel-power equipment for business operation and thereby resulted the increasing amount of diesel consumption.

[6] The increase in 2022 water consumption and 2022 water consumption density was driven by business growth and operation expansion of Frontage Suzhou.

[7] The increases in emission of exhaust gases, industrial wastewater discharge, COD discharge, NH₃-N discharge and non-hazardous waste were driven by business growth and operation expansion of Frontage Suzhou and Acme Bioscience.

[8] GHG emissions are calculated with reference to Appendix II: Environmental Key Performance Indicators Reporting Guidelines (May 2021), the latest version of the Environmental, Social and Governance Reporting Guidelines of the HKEX.

In particular, for the Scope I GHG calculation, the data from the U.S. Environmental Protection Agency's Emission Factors for Greenhouse Gas Inventories are used for the U.S. natural gas emission factors, and the data from the Corporate Greenhouse Gas Emissions Accounting Methodology and Reporting Guide for Power Generation Facilities (Revision 2022) are used for the Chinese natural gas emission factors.

For the Scope II GHG calculation process, 0.559 tCO₂/MWh is used as the U.S. purchased electricity emission factor; China's electricity emission factor refers to the data in the *Corporate Greenhouse Gas Emissions Accounting Methodology and Reporting Guide for Power Generation Facilities (Revision 2022)*, which is 0.6101 tCO₂/MWh in 2019-2020 and 0.5810 tCO₂/MWh in 2021 and 0.5703 tCO₂/MWh in 2022 provided by Ministry of Ecology and Environment of the People's Republic of China. 66.33 kgCO₂/mmBtu is used as steam CO₂ emission factor for consumption in US provided by United States Environmental Protection Agency. On the other hand, 0.11 tCO₂ is used as steam gas CO₂ emission factor for consumption in China.

Employee Performance ^[1]

Indicators	Unit	2021	2022
Employment			
Total number of employees (Including Part time)	person	1,414	1,707
Number of employees: Full-time	person	1,364	1,647
Number of employees: Part time	person	50	60
*Note: The following figures do not include part-time employees			
Male	person	620	688
Female	person	744	959
<30y	person	630	777
30-50y	person	519	634
>50y	person	215	236
Mainland China	person	755	966
Hong Kong, Macau, Taiwan and others	person	609	681
Employee turnover rate ^[2]	person	28.52	31.33
Turnover rate of male employees	%	33.23	35.17
Turnover rate of female employees	%	24.60	28.57
Turnover rate of employees <30y	%	31.90	35.52

Indicators	Unit	2021	2022
Turnover rate of employees of 30-50y	%	28.52	29.34
Turnover rate of employees >50y	%	18.60	22.88
Employee turnover rate in mainland China	%	25.96	26.92
Employee turnover rate in Hong Kong, Macau, Taiwan and others	%	31.69	37.59
Employee Health and Safety			
Number of workdays lost due to work-related injuries ^[3]	day	101	197
Number of employees who died as a result of work-related injuries	person	0	0
Number of penalties for violating employment and labor laws and regulations	count	0	0
Employee Training			
Employee training coverage rate ^[4]	%	100	100
Training coverage rate for male employees	%	100	100
Training coverage rate for female employees	%	100	100
Training coverage of general employees	%	100	100
Training coverage of mid-level employees	%	100	100
Training coverage of senior-level employees	%	100	100
Training hours per employee	hour	12.44	16.74
Training hours per male employee	hour	11.14	13.00
Training hours per female employee	hour	13.52	19.42
Training hours per general employee	hour	12.46	17.29
Training hours per mid-level employee	hour	12.14	14.84
Training hours per senior-level employee	hour	13.43	16.26

Note:

[1] The scope of statistics of employees includes full-time labor contract employees, full-time labor dispatch employees and part-time employees. In 2022, Frontage Holdings employed more people to cope with business growth and operation expansion.

[2] Employee turnover rate = number of employees in each category lost during the reporting period / number of employees in each category at the end of the reporting period × 100%.

[3] In 2022, one employee experienced a traffic accident on his/her way to work and one employee got injured due to laboratory operations, resulting increases in number of workdays lost due to work-related injuries.

[4] Employee training coverage rate = number of employees trained in each category during the reporting period / total number of employees in each category at the end of the reporting period × 100%.

Product Performance

Indicators	Unit	2021	2022
Percentage of sold products recalled due to safety and health issues	%	0	0

Indicators	Unit	2021	2022
Number of complaints received about products and services	count	12	15
Complaints handling rate for products and services	%	100	100

Supply Chain

Indicators	Unit	2021	2022
Total number of suppliers ^[1]	count	1,579	2,580
Number of suppliers in Mainland China	count	1,069	1,768
Number of suppliers in Hong Kong, Macau, Taiwan and others	count	510	812
Proportion of suppliers evaluated for environmental, labor, and ethical issues ^[2]	%	19	32
Proportion of suppliers who passed environmental, labor, and ethical assessments ^[3]	%	100	74

Note:

[1] In 2022, the increase in total number of suppliers was due to business growth and operation expansion.

[2] Proportion of suppliers evaluated for environmental, labor, ethical issues = Number of suppliers evaluated for environmental, labor, ethical issues / Total number of suppliers × 100%.

[3] Proportion of suppliers who passed environmental, labor, and ethical assessments = Number of suppliers who passed environmental, labor, and ethical assessments / Number of suppliers who received environmental, labor, and ethical assessments × 100%.

Community Support

Indicators	Unit	2021	2022
Charitable contributions	US\$ in million	0.2	0
Hours of volunteer service	hour	100	100

Anti-corruption

Indicators	Unit	2021	2022
Number of anti-corruption lawsuits filed against the Company and employees and concluded	count	0	0
Proportion of board members covered by anti-corruption training	%	100	100

Index Table of the Environmental, Social, and Governance Reporting Guide of Stock Exchange of Hong Kong

Part B: Mandatory Disclosure Provisions	
Mandatory Disclosures	Report Sections
Governance Structure	Sustainable Development
Reporting Principles	Notes on the Preparation of the Report
Reporting Scope	Notes on the Preparation of the Report

Dimensions, General Disclosures and Key Performance Indicators	Report Sections
General Disclosure A1	Emissions, List of Laws and Regulations
KPI A1.1	Emission, Data-based Performance
KPI A1.2	Data-based Performance
KPI A1.3	Data-based Performance
KPI A1.4	Data-based Performance
KPI A1.5	Emissions, Climate Change
KPI A1.6	Emissions
General Disclosure A2	Resource Usage
KPI A2.1	Resource Usage, Data-based Performance
KPI A2.2	Data-based Performance
KPI A2.3	Resource Usage
KPI A2.4	Resource Usage
KPI A2.5	Non applicable as Frontage Holding only provides services and thereby with no usages of packaging materials of finished products.
General Disclosure A3	Emissions, Resource Usage, Climate Change
KPI A3.1	Emissions, Resource Usage
General Disclosure A4	Climate Change

Dimensions, General Disclosures and Key Performance Indicators	Report Sections
KPI A4.1	Climate Change
General Disclosure B1	Employment Management, List of laws and Regulations
KPI B1.1	Data-based Performance
KPI B1.2	Data-based Performance
General Disclosure B2	Health and Safety, List of Laws and Regulations
KPI B2.1	Data-based Performance
KPI B2.2	Data-based Performance
KPI B2.3	Health and Safety
General Disclosure B3	Training and Development
KPI B3.1	Data-based Performance
KPI B3.2	Data-based Performance
General Disclosure B4	Employment Management
KPI B4.1	Employment Management
KPI B4.2	Employment Management
General Disclosure B5	Supply Chain Management
KPI B5.1	Data-based Performance
KPI B5.2	Supply Chain Management
KPI B5.3	Supply Chain Management
KPI B5.4	Supply Chain Management
General Disclosure B6	Product Liability, List of Laws and Regulations
KPI B6.1	Data-based Performance
KPI B6.2	Product Liability, Data-based Performance
KPI B6.3	Product Liability
KPI B6.4	Product Liability

Dimensions, General Disclosures and Key Performance Indicators	Report Sections
KPI B6.5	Product Liability
General Disclosure B7	Business Ethics and Anti-corruption, List of Laws and Regulations
KPI B7.1	Data-based Performance
KPI B7.2	Business Ethics and Anti-corruption
KPI B7.3	Business Ethics and Anti-corruption
General Disclosure B8	Community Support
KPI B8.1	Community Support
KPI B8.2	Data-based Performance



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