



Incorporated in the Cayman Islands with limited liability

Stock Code: 1521



2023

Environmental, Social and Governance (ESG) Report

Frontage Holdings Corporation

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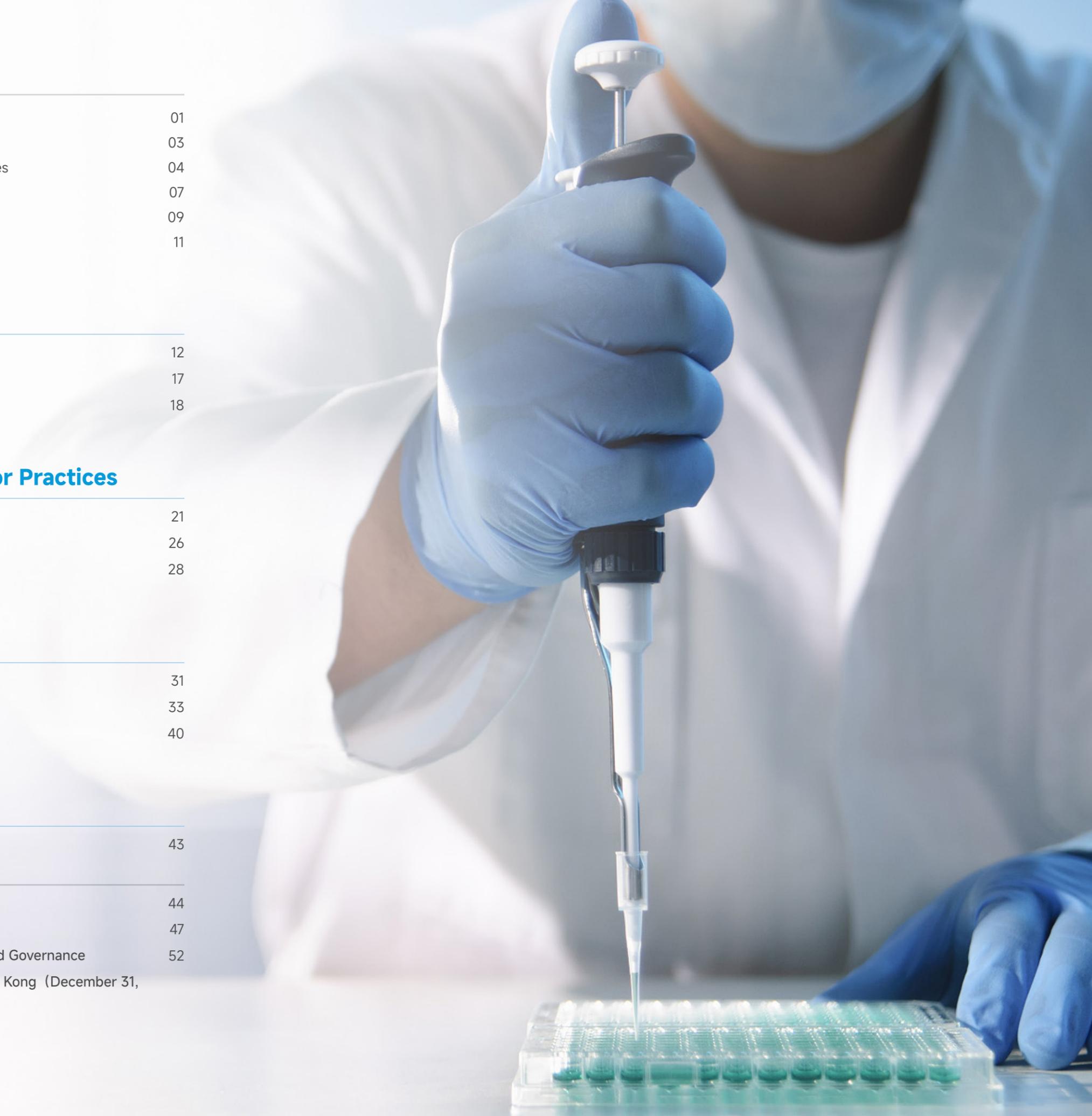
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Notes on the Preparation of the Report

The 2023 Environmental, Social and Governance (“ESG”) Report of Frontage Holdings Corporation (hereinafter referred to as the “Report”) is the fifth 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 2023.

Basis of Preparation

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (December 31, 2023 onwards versions) 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 it focuses on 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

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, 2023 to December 31, 2023.

The abbreviation in the Report is explained as follows:

| Company Name | Abbreviation |
|-------------------------------|-----------------------|
| Frontage Holdings Corporation | Frontage Holdings |
| Frontage Laboratories, Inc | Frontage Laboratories |

Data Sources

The data and cases in the Report are taken from the original records or financial reports of the Company. Unless stated otherwise, USD is taken as the currency unit in this Report.

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 (the “Board”) 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)

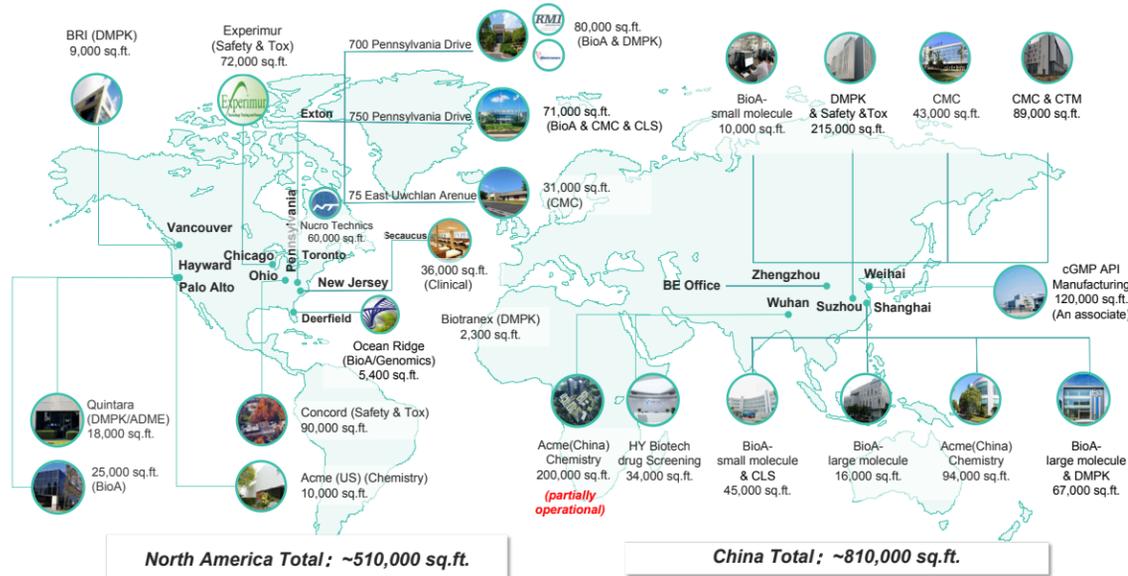
E-mail: ir@frontagelab.com.cn

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

Description of the Company's Operations

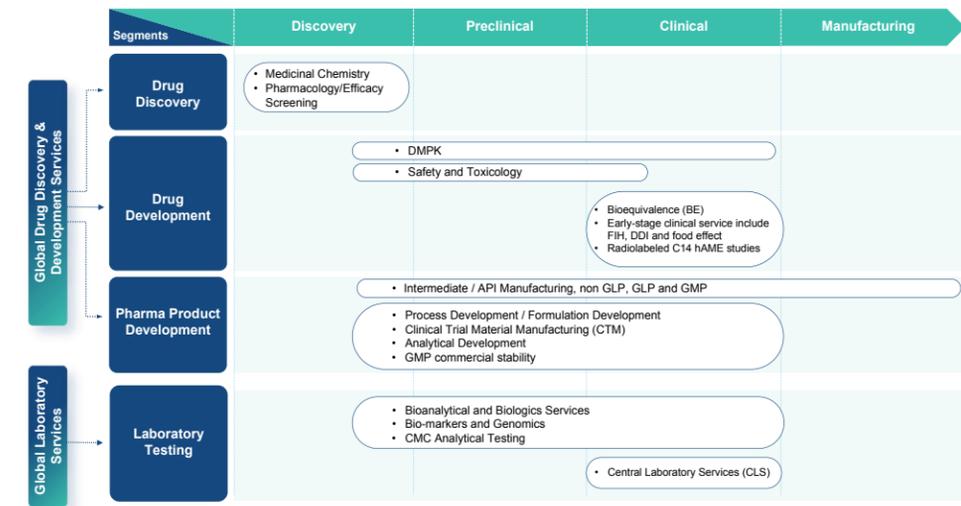
Frontage Holdings is a growing Contract Research Organization (CRO) engaged in providing a comprehensive range of research and development services to the biotechnology, pharmaceutical and agrochemical industries. We provide integrated and science-driven product development solutions, facilitating our 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, providing rigorous scientific expertise and high-quality services to assist our clients in advancing hundreds of molecules through development to commercial launch. 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 sites across three countries and have over 1,700 employees worldwide. More information about business operations can be found in our 2023 annual report.

Business Overview



At Frontage Holdings, we implement a "Two Continents, One System" approach, assuring our clients receive the same quality of service standards, operating procedures and systems globally. We are proud to call ourselves a value-added partner, assisting our clients to solve their most significant and complex drug discovery and development challenges efficiently. We leverage our expanding portfolio of expertise and capabilities to develop pioneering solutions for our clients in addressing healthcare challenges. We offer a comprehensive portfolio of services, including drug discovery, drug development, pharmaceutical product development, and laboratory testing services.

Services Overview

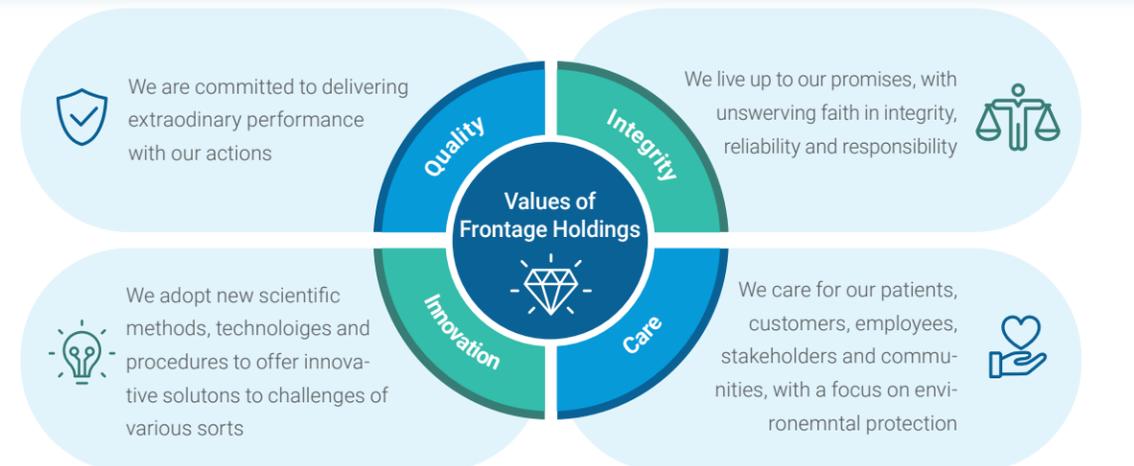


Environmental, Social and Governance Policies

ESG Strategy Development

At Frontage Holdings, we are dedicated to upholding sustainability and actively exploring ways to benefit both society and the environment. Our goal is to foster a positive social influence by giving back to those in need, all while striving to drive meaningful change. Within our organization, ESG principles are fundamental to our mission. We imbue our operations with the values of "Quality, Integrity, Innovation, and Care," ensuring the integration of ESG strategy into our business activities.

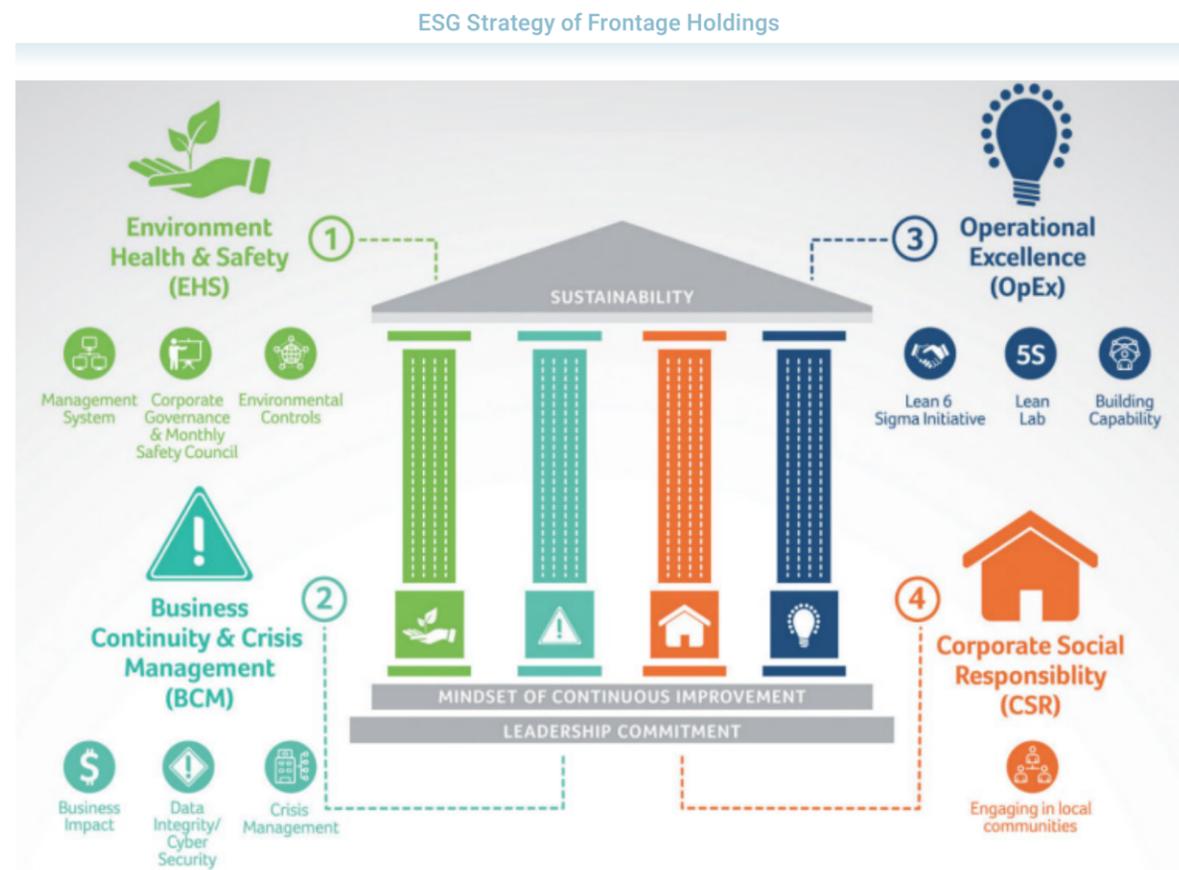
Values of Frontage Holdings



A well-constructed ESG strategy and the 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(“BCM”)
- “Operational Excellence(“OpEx”)
- “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.



At Frontage Holdings, we recognize that our governance structures and processes are critical components that facilitate 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.



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 ESG Working 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;
- Carrying out any additional ESG-related duties as delegated by the Board.

The Board and ESG Working Group work closely together to fulfill our duties and responsibilities to ESG Governance. This collaboration ensures a comprehensive approach to addressing ESG matters, integrating them seamlessly into our organizational strategies and decision-making processes, strengthening our commitment to driving positive changes and upholding sustainable practices throughout our operations.

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.

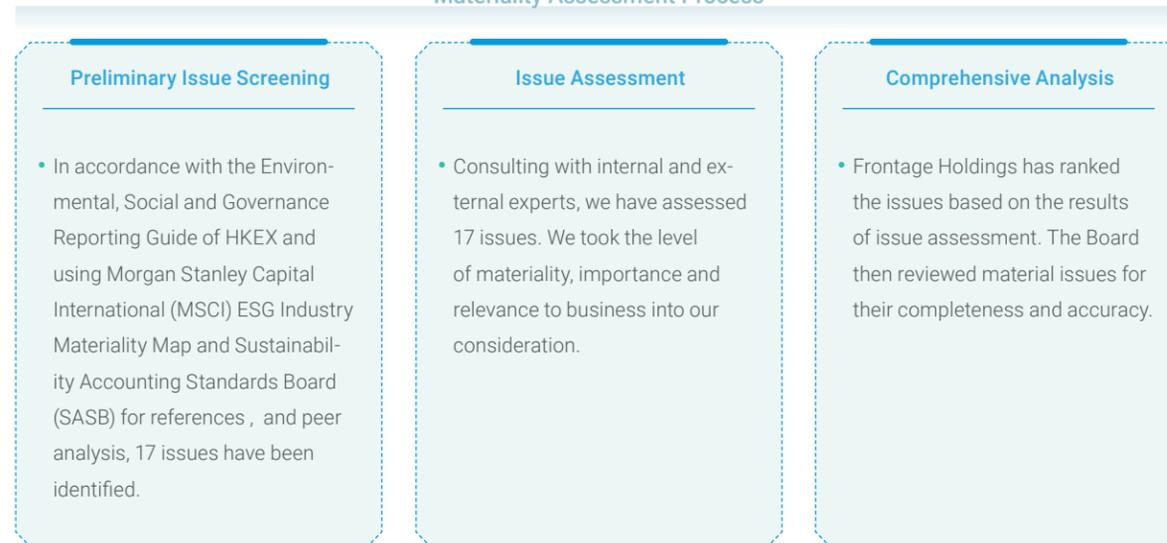
Issues of Concerns to Stakeholders and Channels of Communication

| Key Stakeholders | Material Issues | Communication Methods |
|---|---|---|
|  <p>Government Departments and Regulatory Agencies</p> | <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 |
|  <p>Shareholders and Investors</p> | <ul style="list-style-type: none"> • Compliance | <ul style="list-style-type: none"> • Company Website • Company Announcements • Annual General Meeting • Annual and Interim Reports |
|  <p>Customers</p> | <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 |
|  <p>Partners and Suppliers</p> | <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) |
|  <p>Employees</p> | <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"> • Introduction Trainings and Seminars • Regular Meetings, Email and Suggestion box • Employee Performance Evaluation • Team-Building Activities |
|  <p>Community and The Public</p> | <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 |

Materiality Assessment

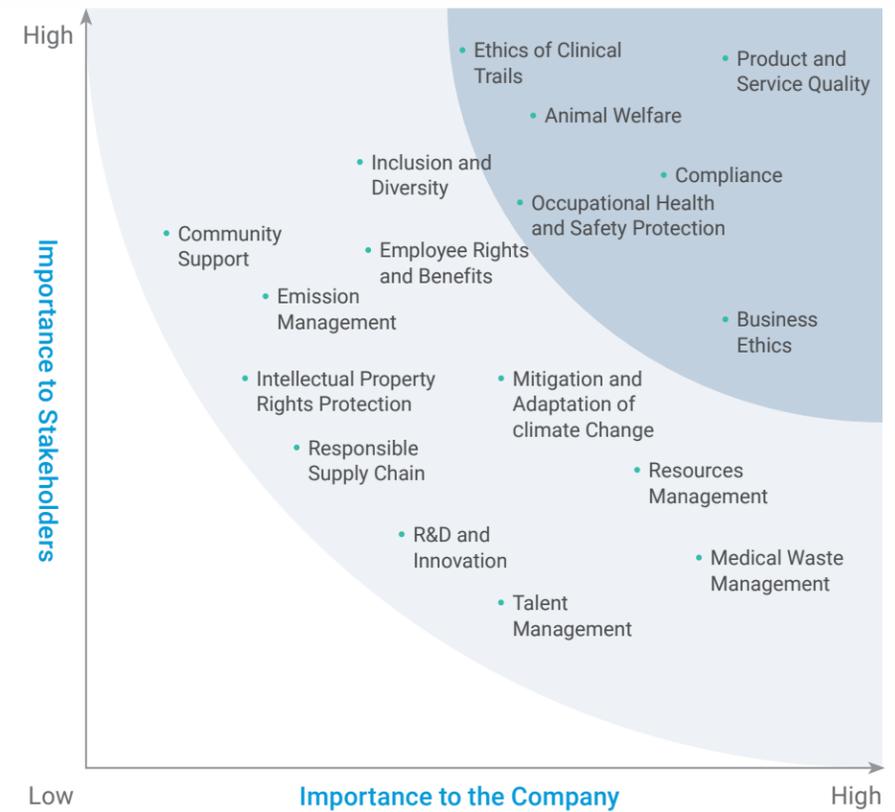
At Frontage Holdings, we conduct a materiality assessment with field experts to identify and prioritize the most critical ESG issues each year, taking into account the constantly changing landscape. Through this process, we have identified the following material issues that require our focus and attention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

Materiality Assessment Process



In 2023, we updated our materiality assessment, integrating the findings of policy benchmarking and peer analysis. We elevated the significance ranking of several factors including "Ethics of Clinical Trials," "Animal Welfare," "Inclusion and Diversity," "Medical Waste Management," and "Talent Management", reflecting their heightened importance to the Company. Ultimately, we identified 6 highly important issues: "Product and Service Quality" "Animal Welfare" "Compliance" "Ethics of Clinical Trials" "Inclusion and Diversity" and "Business Ethics".

Material Issue Matrix



With this year in review, we are pleased to disclose our value-driven performances and highlights of material ESG issues.

ESG Performance in 2023

ESG Goals and Progress

| Aspects | Goals | 2023 Progression |
|----------------------------|---|--|
| Total Energy | 15% total energy consumption density reduction by 2030 compared to 2019 as base year | ↓ 17.28% total energy density reduction (compared to 2019) |
| Climate Change | 15% GHG emissions (scope 1+scope 2) density reduction by 2030 compared to 2019 as base year | ↓ 9.93% GHG emission density reduction (compared to 2019) |
| Non-hazardous Waste | 30% non-hazardous waste density reduction by 2030 compared to 2019 as base year | ↓ 34.88% non-hazardous waste density reduction (compared to 2019) |
| Hazardous Waste | 100% compliant disposal of hazardous waste | 100% compliant disposal of hazardous waste |
| Water Management | Progressively reducing water consumption density | Due to the operation expansion in China and Canada, water consumption density increased in 2023. The Company will take proactive actions to reduce water consumption density in the future |

2023 Highlights



Environmental

0

environmental violation



Social

100%

employee training coverage rate



Governance

100%

key employee anti-corruption training rate

Environment

Emissions

Throughout our operations, Frontage Holdings strives to reduce our environmental footprint while increasing our operational excellence. We are 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. We are proud to report that throughout 2023, 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. The Company has set environmental management goals of **"100% waste disposal compliant 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.

At Frontage Holdings, we are committed to addressing the impacts our business activities have on the environment. The EHS Department is designated to identify, evaluate and manage potential hazards and raise awareness of environmental protection at the Company level. 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. We employ the following approaches to ensure effective wastewater management:

- Assessing the level of wastewater generated from our activities;
- Installing on-site wastewater treatment systems to remove and dissolve impurities;
- Conducting assessments of wastewater discharge to ensure compliance with required standards;
- Continuously monitoring and evaluating our wastewater generation to inform future targets and enhancing reporting; and
- Accurately calculating the necessary amount of experimental materials in medical facilities to reduce wastewater.

Wastewater Monitoring and Compliance

Types of Wastewater

- Industrial sewage, Domestic sewage

Source of Wastewater

- Office, Lab, Laboratory Animal Facilities etc

Monitoring Indexes

- pH value, chemical oxygen demand (COD), suspended solids (SS), biochemical oxygen demand (BOD), ammonia nitrogen (NH₃-N), and total phosphorus (TP) etc

Regulatory Requirements

China:

- Integrated Wastewater Discharge Standard (GB 8978-1996)
- Discharge standard of water pollutants for pharmaceutical industry Mixing/Compounding and formulation category (GB 21908-2008)
- Wastewater quality standards for discharge to municipal sewers (GB/T 31962-2015)
- Discharge standards of water pollutants for pharmaceutical industry Bio-pharmaceutical category (GB 21907-2008)
- The discharge standard of pollutants for bio-pharmaceutical industry (DB 31/373-2010), etc

U.S.:

- the Clean Water Act

Canada:

- Ontario Environmental Protection Act
- City of Toronto Municipal Code

Air Emission Management

Frontage Holdings is not a manufacturing-intensive company and thus generates minimized air emissions from the laboratory, office operation, and R&D processes. Our exhaust gases, including volatile organic compounds and non-methane hydrocarbons, are transmitted to our treatment system for proper disposal.

The Company has established an internal Pollution Source Emission Management Policy for air emission management. Within our operational sites, we mitigate the generation and release of air emissions by implementing biosafety measures and utilizing technical systems such as biosafety cabinets and active charcoal absorption. These systems are instrumental in capturing biological and organic exhaust gases produced in our laboratories. We are vigilant to ensure that our air emissions adhere to local environmental regulations.

Air Emission Monitoring and Compliance

Monitoring Process

- Collecting 
- Sampling 
- Assessing

Source of Air Emissions

- Office, Lab, Laboratory Animal Facilities etc

Monitoring Indexes

- Methanol, Acetonitrile, Hydrogen Chloride, Ethanol, Non-Methane Hydrocarbon, Xylene, Toluene, Formaldehyde, Dichloromethane, Trichloromethane, Acetone, Ammonia, Hydrogen Sulfide, Sulfur Dioxide, Nitrogen Oxides, etc.

Regulatory Requirements

China:

- Emission standards for odor pollutants (GB 14554-1993)
- Emission standard of air pollutants for boiler (GB 13271-2014)
- Standard for fugitive emission of volatile organic compounds (GB37822-2019)
- Integrated Emission Standard of Air Pollutants (DB31/ 933-2015),
- Emission Standards for Odor Pollutants (DB31/ 1025-2016), etc

U.S.:

- the Clean Air Act

Canada:

- Ontario Environmental Protection Act

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 solid waste generation.

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"> Monitor the generation, warehousing, storage, transfer and disposal of hazardous wastes, and entrusts qualified organizations for disposal. |

At Frontage Holdings, we have set solid waste goals that will support our waste management.



Goals of solid waste emission

- 100% hazardous waste disposal compliant rate
- 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. Our disposal methods consider both the waste hierarchy outlined by the U.S. Environmental Protection Agency (EPA) and other potential disposal methods.

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 laws.

To reduce waste from purchased products and packaging, we proactively select suppliers who offer reusable packaging and recycling programs.

Medical Waste Management

We manage medical waste carefully to protect the general public and the environment from hazardous chemicals, air, water, and soil pollution and contamination. Improper or illegal medical waste disposal can lead to pollution, threatening human survivorship and biodiversity.

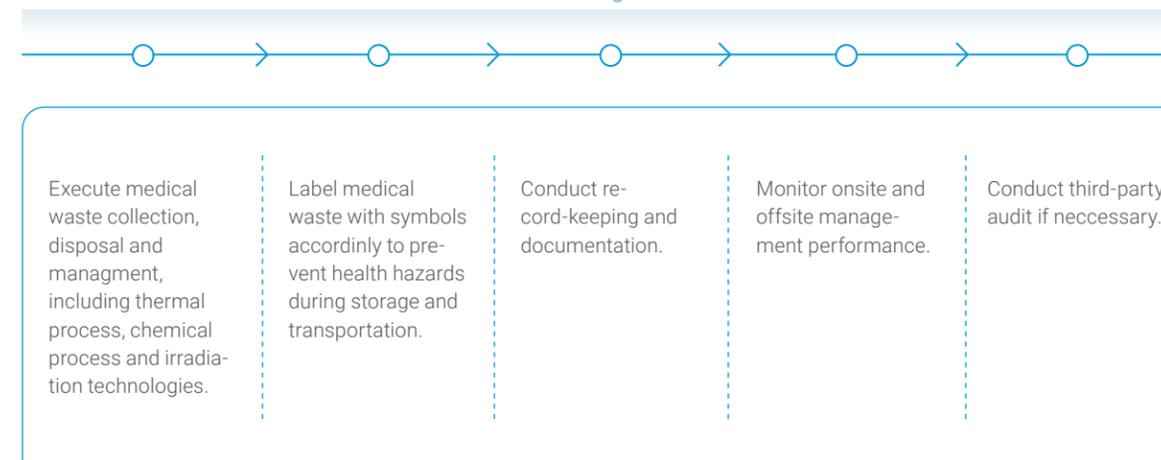
Frontage Holdings has implemented a Medical Waste Management Policy, Laboratory Waste Treatment Process, Leakage Control Procedures and other relevant policies. These measures ensure the appropriate management, disposal methods, and procedures for medical waste.

Medical Waste and Disposal Methods

| Classification of Wastes | | Disposal Methods |
|--------------------------|--|--|
| Sharp 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 medical bag with a clear warning label. Use high-pressure steam to sanitize and transfer to the collecting point. Place in a container filled with sanitizer liquid. |
| Pathological 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 adheres strictly to the well-designed management procedures aimed at minimizing the adverse impacts of medical waste. The Company ensures that all medical waste undergoes proper treatment before being discharged into the drainage system.

Medical Waste Management Procedures



Resource Usage

Frontage Holdings is dedicated to fostering environmental responsibility at all our operational sites worldwide. The Company has established a set of management protocols to effectively oversee and regulate resource utilization and consumption reduction. We are actively taking measures to decrease our resource consumption and setting goals to align with our commitments.



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

The EHS Department is the pioneer practices in energy management. It monitors and evaluates energy utilization at each operational site to develop energy reduction strategies. Frontage Holdings has been actively exploring green energy integration in its operations and advocating to improve energy efficiency. The main energies consumed in the production process are electricity, diesel, natural gas, and steam.

Frontage Holdings continuously advocated energy consumption intensity reduction by enhancing environmental awareness and using eco-friendly products to reduce 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, Steam |
| HVAC | Natural gas |
| Emergency Generator | Diesel fuel |

Water Management

Water plays a critical role in many aspects of our business, including sterilizing and cleaning equipment and HVAC system, specifically cooling towers. The Company has mainly relied on municipal water supply, with no inappropriate behaviours in gaining access to or using it. We are working on decreasing our reliance on municipal water supply, increasing the reuse of treated wastewater and ensure that it meets the highest standards of quality and safety.

To save water, the Company has 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

As the world faces increasingly severe and frequent natural disasters and extreme weather events exacerbated by climate change, Frontage Holdings' ability to plan for and respond to n these occurrences has become increasingly critical. Our Company has implemented a climate change management system that follows the Consultation Paper of the HKEX on Enhancement of Climate-related Disclosures Under the Environmental, Social and Governance Framework.

Climate Change Management System

Governance

- The Board of Directors, ESG Working Group and EHS Department collaborate across the organization to identify and oversees the Group's climate change governance.

Strategy

- Conduct GHG emission review.
- Set up a climate-related target.
- Evaluate progression regarding climate-related target regularly.

Risk Management

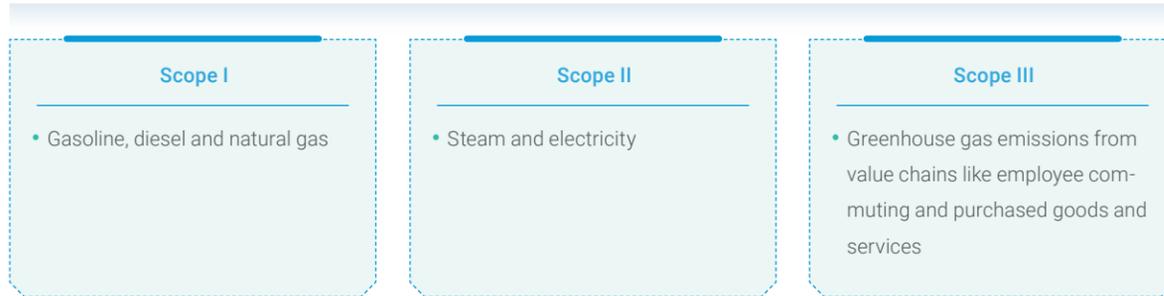
- Identify potential risks and opportunities.
- Evaluate their corresponding potential impacts on our operations and finance.

Performance

- Disclose GHG emission and GHG emission intensity in ESG Report every year to evaluate its performance and make improvement plans.

Frontage Holdings conducts a comprehensive review of our source of greenhouse gas emission yearly, using definition from the World Resource Institute’s Greenhouse Gas Protocol’s Corporate Accounting and Reporting Standards (GHG Protocol).

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



The Company has adopted the methods of time series forecasting, policy benchmarking, and peer analysis using relevant data to establish our climate-change goal.



Goals of greenhouse gas emission

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

We have conducted a thorough assessment of climate-related risks and developed a comprehensive strategy to prevent such risks. Through these efforts, we strive to minimize the carbon footprint of our operations to align with our efforts towards mitigating climate change.

Major Climate Change-related Risks Facing the Company

Physical risks

- 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).
- Chronic physical risks:** Abnormal power supply due to continuous high temperatures caused by climate change.

Transformation risks

- 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.
- Technical risks:** Application of new equipment and technologies for environmental protection.
- Market risks:** Increased production costs from changes in raw material prices (including energy and water) and emission requirements (disposal of hazardous waste and wastewater).

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

- Implement emergency and disaster recovery policies and guidelines to address potential extreme events, such as disrupting power outage and water supply;
- 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.

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 2023, there were no recorded violations of laws or regulations pertaining to the recruitment of employees within the Company.

Employment Practices

At Frontage Holdings, we take all steps to ensure and protect the rights of our employees. Our employment and business practices promote respect for all employees regardless of race, religion, gender identity or sexual orientation. Our internal employment policies underscore our commitments to fundamental labor principles, including the prohibition of child labor, the prohibition of forced labor, freedom of association and the right to collective bargaining, and protection from discrimination.

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.

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 2023, 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

| Pillar | Policies and Actions |
|----------------------------|---|
| 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 the Management Rules of Prohibiting the Employment of Child Labor and Underage Workers, 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 Employee Handbook 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. |

To support our employment, we employ a range of internal policies to ensure the fairness of our practices in recruitment, promotion, dismissal and to safeguard the legal rights of our employees.

Employment Management

| Pillar | Policies and Actions |
|---|---|
| Recruitment, promotion and dismissal | <ul style="list-style-type: none"> The Company has developed Recruitment Management Rules, Management Rules on Personnel Employment Relationship, Performance Management Rules and The Employee Handbook 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. |
| Freedom of association and the right to collective bargaining | <ul style="list-style-type: none"> The Freedom of Association and the Right to Collective Bargaining states our respects for the right of all employees to freely and voluntarily establish and join group for the promotion and defense of their occupational interests. The Company actively foster a climate free of violence, pressures, fear and threats to safeguard employees' freedom of association and expression. The Company respects the right of all employees to form and join an union of their choice without fear of intimidation or reprisal, in accordance with applicable national law. The Company executes non-discriminatory policies and procedures with respect to trade union organization, union membership and activity in such areas as applications for employment and decisions on advancement, dismissal or transfer. |

| Pillar | Policies and Actions |
|--|--|
| Salary | <ul style="list-style-type: none"> The Employee Handbook 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 Performance Management Rules, 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. |
| Working hours and holiday | <ul style="list-style-type: none"> Contents on Attendance Management in the Employee Handbook 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. |
| Equal access to opportunities, diversity and anti-discrimination | <ul style="list-style-type: none"> In the Employee Handbook, "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. |

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 | 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. We integrate Work-from-Home policies where applicable.</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 entailed 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 entailed with paid annual leave, marriage leave, parental leave, etc.</p> | <p>Benefits</p> <p>Frontage Holdings provided various benefits such as supplementary commercial insurance, shuttle bus, on-site nursery, etc.</p> |

Employee Care

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

At the global level:

- Apply a flexible work schedule, hybrid or remote working mode to advocate work-life balance.
- Celebrate employee birthdays, work anniversaries, project millstone and employee achievement.
- Offer on-site nursery and specific health-care programs for female employees.

More Specifically:

| North America | China |
|--|--|
| <ul style="list-style-type: none"> Provide mental health care support, including both virtual and in-person psychological counseling. Implement a wellness program featuring yoga classes, meditation trainings, and walkathons. | <ul style="list-style-type: none"> Provide housing accommodations for interns and non-local employees to address their housing needs. Provide shuttle bus services to facilitate employee commuting. Host annual parties to commemorate employee achievements and milestones. |

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.

Employee Communication Channels



1 on 1 conversation



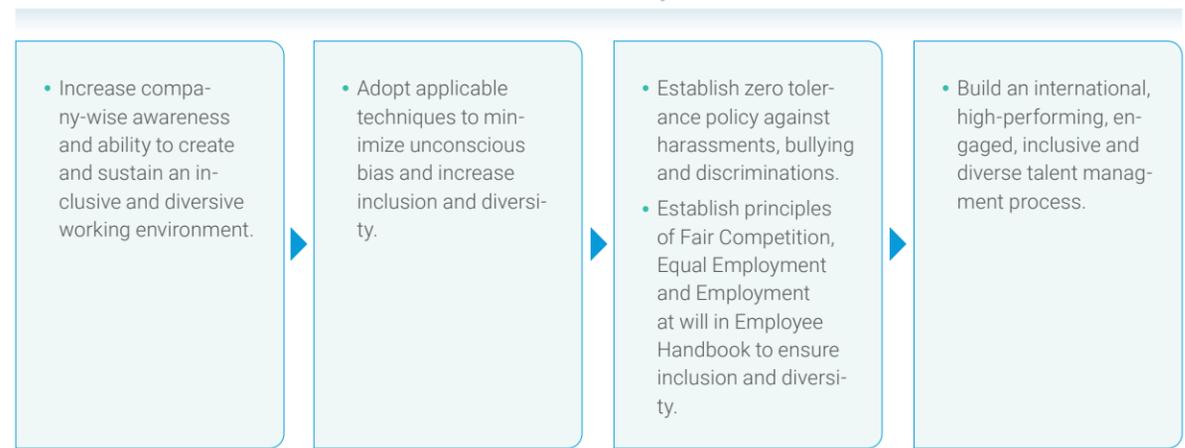
Email

Inclusion and Diversity

At Frontage Holdings, we believe inclusion and diversity are the backbones of the Company and prejudice is unacceptable. We value uniqueness and differences, fostering an inclusive environment where every employee can thrive. Our steadfast commitment to Inclusion and Diversity starts at the Board, and extends throughout our Company and to industry and communities.

The Company promotes diversity at all levels and upholds and integrates the principles of inclusion and diversity: "Fairness, Equality and Employment at Will" through every aspect of business operation. Similarly, 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 integrating the principles of inclusion and diversity.

Inclusion and Diversity Policies

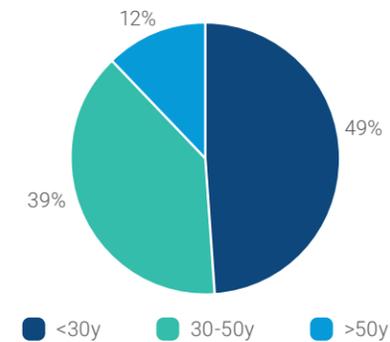


We have developed a wide range of strategies aimed at fostering diversity and inclusion in talent attractions. Our initiatives for diversity outreach, attraction and retention include:

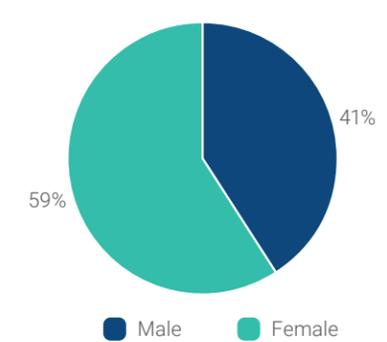
- Collaborate with organization or platforms that facilitate career pathways for students from diverse ethnic backgrounds.
- Proactively connect with potential talents from diverse communities.
- Equip HR with resources to enhance the inclusive talent acquisition practices.
- Implement coaching and mentoring programs at all levels to promote female leadership.

Workforce Diversity in 2023

Age Diversity



Gender Diversity



Note: the reporting scope included employees in operating sites in China, the U.S., and British Columbia, Canada.

Occupational 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". We have implemented the Occupational Health Management Policy, Occupational Sanitary Control Policy and Work Safety Inspection Policy to guarantee strict compliance with health and safety legal requirements and best practices in our daily operations. The EHS Department and HR Department work closely with regulatory agencies to monitor employee's working conditions and implement measures to ensure their safety and well-being. In 2023, 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).

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 to identify possible hazards and has taken appropriate measures to prevent occupational disease and illness. In 2023, we conducted an assessment of occupational health and safety hazards and identified 30 potential chemical hazards posing risks to our employees' health and safety in our laboratories. This prompted us to provide lab-level protection gears to our employee and offer relevant training sessions.

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-cancelling headsets. |
| 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 below.

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 of potential occupational hazards at 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 suspected ones to the upper authorities by the EHS Department in time.

Training is organized by Frontage Holding's EHS and HR Departments to advocate Frontage Holdings' policy regarding occupational health and safety. In 2023, we conducted safety training and education in equipping employees with the knowledge and skills they need to identify and mitigate workplace hazards.

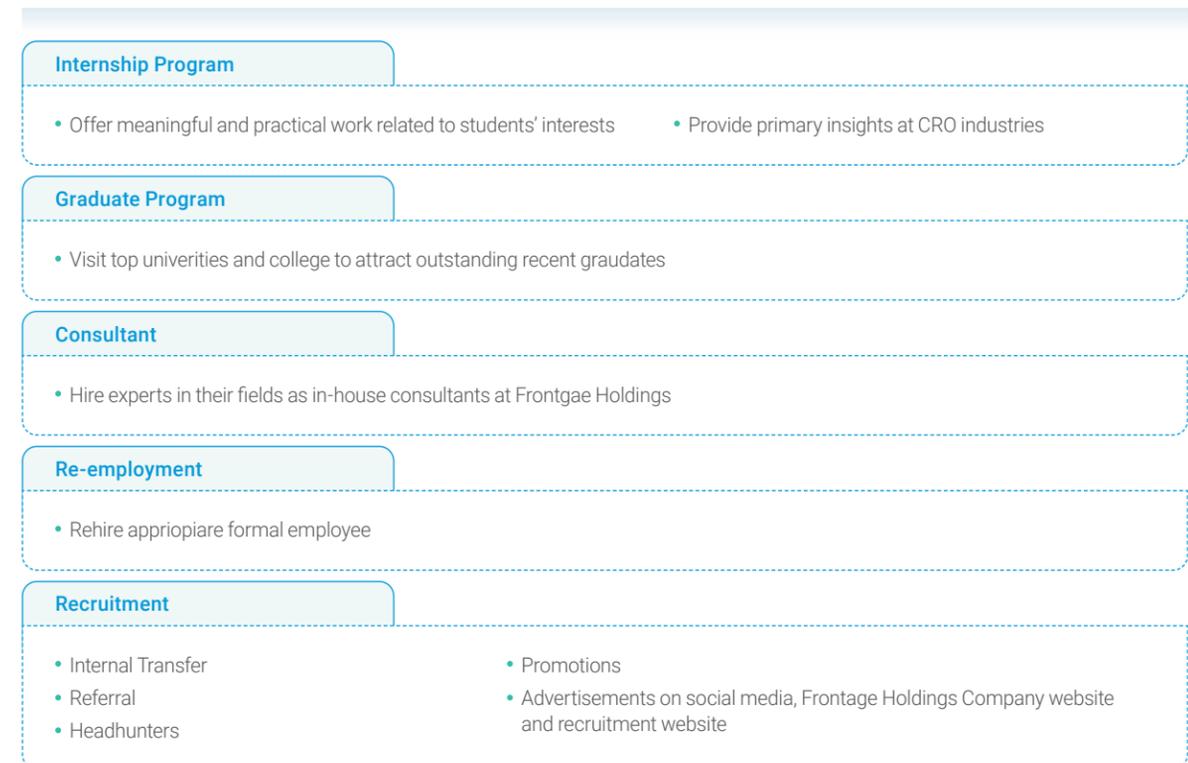
Talent Management

At Frontage Holdings, we prioritize talent cultivation, employee training and development. We recruit top talent to uphold the quality of our services globally. We equip our employees for success, offering comprehensive support from recruitment to ongoing professional development. Frontage Holdings established the Performance Management Policy and Employee Handbook, which specified rules for talent management.

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. Our talent acquisition procedures are clearly outlined, offering guidance to candidates through the hiring process.

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 regularly conduct compensation benchmarking to ensure our benefits packages remain competitive in the dynamic job market. Additionally, we have developed and implemented a share distribution plan to reward employees with outstanding performance.

Employee Training

Employee training underscores our culture at Frontage Holdings. We invest and create an employee training system to help employees thrive at work and in life. The employee training program offers resources for job-specific training and leadership programs, addressing skills gaps of our employees.

Employee Training Program

| Program | Contents | Progression in 2023 |
|--------------------|--|--|
| Onboard Training | <ul style="list-style-type: none"> Learn about the Company history, values, mission and culture. Meet with key leaders and gain insights into the Company's operations, services and business goals. Introduce internal policies, benefits and documents. | <ul style="list-style-type: none"> Organized internal onboarding training for all new hires. |
| 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), etc. Supported employees to attend external training and biopharmaceutical conferences. |
| Leadership Program | <ul style="list-style-type: none"> Prepare talents for the rigors of leadership roles. Build high-performing teams. 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 2023, we have provided and organized training with 100% overall employee training coverage rate¹. Overall, average training hours per employee were 17.40 hours, with 4% increase compared to 2022 (2022:16.76 hours). In North American sites, more than 80% of managers and above participated in various leadership training sessions. Function-specific training boasted a 100% participation rate among all employees.

Note¹: the reporting scope of employee training coverage rate and average training hours per employee include operating sites in China, the U.S. and British Columbia, Canada

Employee Development

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. To encourage positive and conscious career growth, we seek insights to identify employee strengths and areas for improvement. Managers meet with employees regularly to provide feedback regarding their performance and abilities.

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 Development Cycle



Operating Practices

Supply Chain Management

Frontage Holdings 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.

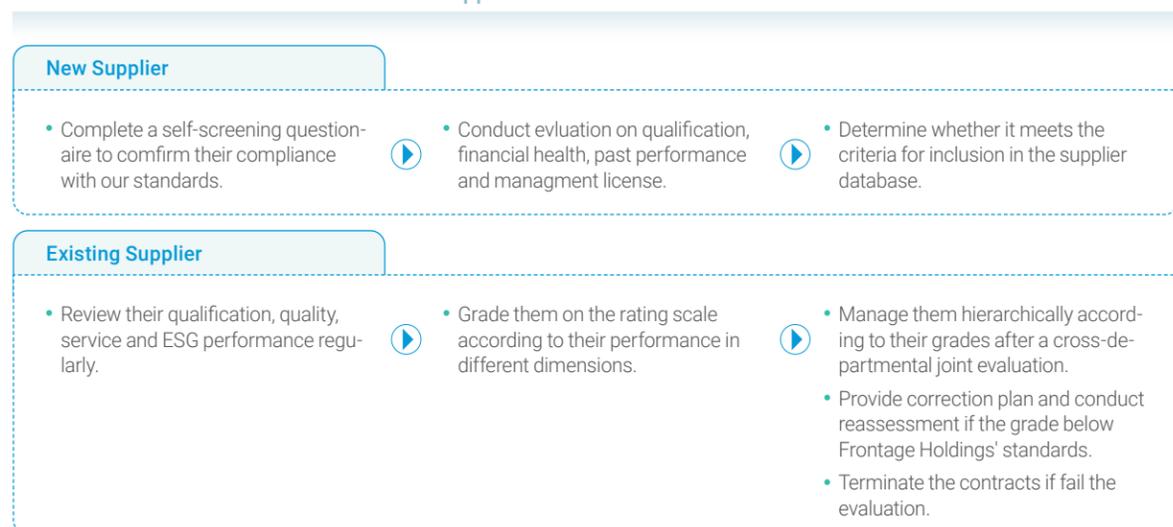
Supplier Group



Our Supplier Code of Conduct enhances visibility within supply chain assessment, aiming to improve the completeness and accuracy of suppliers' performance, while also enabling us to gather information and identify potential risks. For both new and existing suppliers, we utilize our supply management procedures and indicators to:

- Consistently monitor performance.
- Gather necessary data and certification for performance evaluation.
- Leverage ESG attributes, financial health, global presence and product innovation to guide purchasing decisions.

Supplier Evaluation Procedures



Frontage Holdings places a high priority on addressing product performance issues among its suppliers. If deemed necessary, the potential for sourcing a replacement would be carefully evaluated.

In 2023, Frontage Holdings conducted 242 supplier assessments with 100% passing rate.

With a commitment to long-term vision, Frontage Holdings endeavors to minimize the adverse effects originating from the Company and its external business partners. In line with this, Frontage Holdings has implemented Supplier Code of Conduct aimed at strengthening ESG governance and promoting cooperation with suppliers in various areas.

Supplier's Environmental and Social Management

| | |
|-------------------------|--|
| Environment | <ul style="list-style-type: none"> • The environment and related management system: observe all applicable 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. |
| Labors | <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. |
| Health and Safety | <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. |
| Ethic (Business Ethics) | <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 Anti-Bribery and Anti-Corruption Commitment. • Data protection: protect the private information of the Company and its employees, customers, suppliers and their employees or others. |

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. We encourage our suppliers to use less carbon-intensive packages and green transportation for logistics.

Product Responsibility

Frontage Holdings is committed to becoming the first-choice R&D outsourcer for our customers, providing best-in-class services and technologies, in order to support customers in their continuous pursuit of innovation and product improvement. In 2023, the Company has not been involved in any violation of laws and regulations regarding product liability relating to health and safety, advertising, labelling and privacy matters.

Quality Management

Quality management is our cornerstone to reflect ourselves as a reliable and ethical partner to our clients. Adhering to all applicable regulations, our quality management system follows Good Laboratory Practices (GLP), Good Clinical Practices (GCP) and other regulations as required, including U.S. Food & Drug Administration (FDA) and National Medical Products Administration (NMPA) in China. The Company has implemented standard operating procedures such as the Quality Management Standard Procedures and the Implementation of Compliance in Research to reinforce the safety, quality and integrity of our data, research and laboratory and clinical practices. To ensure operating quality at our operating site, our sites comply with applicable global standards and regulatory bodies, such as:

- GLP and GCP by the FDA
- Policies by the NMPA
- Policies by EPA
- Policies by Health Canada and other regulatory
- ISO 9001 Quality Management System
- ISO 27001 Information Security Management System

At Frontage Holdings, a team of qualified and experienced professionals oversees and manages GLP, QA, Quality Control (QC) and project management needs. We have refined and established the industry-leading SOP for quality management, encompassing the clinical and laboratory practices, data collection and distribution and research project management.

Project Quality Management Procedure

| Process | Description |
|-------------|--|
| Initiation | <ul style="list-style-type: none"> • The project leader creates the project charter. |
| Planning | <ul style="list-style-type: none"> • The project leader drafts the project design plan in accordance with GLP, coordinates the project process and resource levelling to ensure the effectiveness of the project plan, and writes the project report. |
| Execution | <ul style="list-style-type: none"> • The Operators implement the project design plan accordingly and document the process and data in research logs for monitoring and auditing later. |
| Controlling | <ul style="list-style-type: none"> • The Quality Controller audits project documentation to ensure the completeness and accuracy of research information and data. • The Quality Assure audits project design plan, research sites, practices, research logs and data, reports relevant issues to the project leaders and organizational leader. |
| Monitoring | <ul style="list-style-type: none"> • The project leader monitors project progression, measures key performance indicator and conduct correction actions accordingly. |
| Closing | <ul style="list-style-type: none"> • The project leader reviews project findings and data to complete the project report. |

As the Company's business does not involve product manufacturing, there is no need for a product recall procedure to be implemented.

Ethics of Clinical Trials

Frontage Holdings respects and protects the rights of each participant. We are 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).

We are proud to disclose our policy, standards and procedures of clinical trials in the Ethics Committee Materials Preparation and Submission to ensure implementation is aligned with the applicable laws, regulations and ethical principles of the Ethical Committee and to protect participants' rights. We have taken necessary measures to practices the principles of Clinical Trials "Truthfulness, Beneficence, Autonomy and Confidentiality".

Applied Principles and Taken Actions of Clinical Trials

| 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 participants 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 participants while providing medical services. • Restrict access to medical records and any participant information that is displayed openly in waiting or treatment areas. • Shield participants' 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 participants' personal information in the publication and written documents. |

Additionally, we have end-to-end procedures to ensure the ethics of clinical trials and to guide practices.

Ethical Clinical Trial Management Procedures

| Material Preparation | Employee Training | Clinical Trail |
|---|---|--|
| <ul style="list-style-type: none"> Review and examine clinical trial materials to ensure quality of information for legal and social accordance. | <ul style="list-style-type: none"> Educate our employees about specific disease, treatment pathways and challenging elements of protocol and practicalities of participation in addition to the needs and preferences of participants. | <ul style="list-style-type: none"> Appoint professionals to supervise the practices. Engage and communicate with participants to seek their preferences and address their concerns. Ensure the investigator promptly report to EC/IRB of SAE, SUSAR, Protocol Deviation. Ensure the investigator has notified the EC/IRB that the study has been closed and submitted the Site Close-Out IRB Notification to EC/IRB. |

In 2023, there were no violations of the standards of clinical trial protocols.

Animal Welfare

To fulfil 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).

Our policies and practices are designed to promote animal health and enrichment, genetic integrity and a containment-free environment for lab animals. We embrace “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 the welfare of laboratory animals and further improve their well-being.

3R Principle for Animal Welfare

Non-animal-based methods are incorporated to directly replace or avoid the use of animals in experiments.

Laboratory animals may experience less pain, suffering, distress, or lasting injury. Refinements are made in all aspects of animal use, including housing, feeding, and the scientific procedures performed on them, for better animal welfare.

The number of animals used is minimized in each experiment. For example, fewer animals are used in a study through experimental design improvements.

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. | |

We have established policies to ensure animal welfare and guide our practices, such as Establishment of Humane Endpoint for Laboratory Animals.

Animal Welfare Policies (Partial)

| Policy | Description |
|--|---|
| Establishment of Humane Endpoint for Laboratory Animals | <ul style="list-style-type: none"> • Predetermined physiological or behavioural signs indicating the need to terminate, minimize, or relieve pain and/or suffering in an experimental animal. • Detailed procedures and treatment to relieve or reduce pain for laboratory animals. |
| Welfare and Environmental Enrichment of Laboratory Animals | <ul style="list-style-type: none"> • Policies and procedures to ensure welfare and living environment of laboratory animals at Frontage Holdings. |
| Pain and Distress Recognition in Laboratory Animals | <ul style="list-style-type: none"> • Predetermined physiological or behavioral signs indicating pain and distress of laboratory animals. • Ranking system to assess the pain and distress of laboratory animals for management. |

The Company has established the Institutional Animal Care and Use Committee (IACUC) to evaluate and oversee the use of and care for animals, including veterinarians, a president, scientist members, non-scientist members and members from the public.

Duties of IACUC

- Review and approve animal use programs and related research.
- Hold the utmost right to suspend or terminate any animal experimental program that violates animal welfare.
- Organize meeting every two months and conduct audits of animal using protocols (AUP) and animal-related facilities every six months as planned.
- Vet suppliers of laboratory animals and animal-related products.
- Provide animal welfare training for lab.

In 2023, IACUC reviewed over 150 AUP and conducted on-site audits to ensure the appropriateness of animal use in laboratories. Additionally, 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. At Frontage Holdings, Safety & Toxicology sites are AAALAC- certified and maintains strict animal policies. AAALAC international promotes the humane treatment of animals in science through voluntary accreditation and assessment programs.

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

preclinical 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 continued to accelerate efforts to build better quality CRO solutions to address unmet needs with our pioneering medical technologies and skills. We invest and provide resources to maintain our leadership and competitive advantages in the industry. In 2023, we invested in US\$6.04 million to sustain Frontage Holdings’ competitive advantages and competencies in R&D.

Frontage Holdings continually invests in R&D training to advance our employees’ techniques and skills, where we actively expose our employees into growing areas of laboratories, experiences, medical science and biotechnology. We organize position-specific training and medical scientific workshops for our R&D professionals.

R&D Training Programs

Position-specific Training

- Study internal polices and procedures regarding R&D management.
- Study drug delivery systems, approaches, and technologies, and see how improvements can lead to better patient outcomes.
- Understand advances in drug discovery and development and how new therapeutics are developed.
- Understand the principles governing how drugs impact the body, and see how these concepts apply to the treatment and prevention of disease.

Medical Scientific Workshop

- Study current medical breakthroughs and their clinical applications.
- Explore the possibilities to enhance project effectiveness and performance through case study.
- Explore recent advances in disease treatment and learn about the implications for patient care.

Intellectual Property Right Protection

At Frontage Holdings, we recognize that the protection of intellectual property (IP) is paramount to fostering innovation and driving the advancement of science. 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. In 2023, the Company has not infringed on others’ intellectual property rights and has not been subject to relevant administrative penalties and court decisions.

We are committed to complying with all applicable IP laws and regulations in the countries where we operate. 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. Addition-

ally, our legal team acts as our gatekeeper for IP protection, continuously monitoring and evaluating our IP protection practices to stay abreast of evolving industry standards and legal requirements.

Our IP protection measures include, but are not limited to, the following:

- Sign confidentiality agreements with all employees, contractors, and third parties, defining the ownership, licensing and rights of the IP to ensure transparent and fair collaboration.
- Create information management systems with restricted access controls and advanced encryption.
- Conduct regular audits and assessments to identify potential risks and vulnerabilities.
- Organize rigorous employee training and awareness programs on IP protection and its importance.

Data Security

At Frontage Holdings, our employees, clients and other stakeholders trust us to manage and safeguard their information responsibly and carefully to improve data security by all means. We carefully define our policies and procedures in the Server Room Management Policy to guide employees in handling data and information in the right way. To strategically address and mitigate any potential impacts of our activities, we continue to leverage our practices and infrastructures to ensure the effectiveness of data management systems.

To ensure our data security efforts, we implement the following actions:

- Specify access controls.
- Install a firewall and other data protection infrastructure.
- Conduct continuous threat hunting, ethical phishing tests and stimulated incidents.
- Organize security trainings and publish regular awareness communication.
- Sign a Non-Disclosure Agreement (NDA) with employees and external partners to reinforce data security in the process of information distribution.

In 2023, 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 Appropriateness

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.

Marketing Materials Review Process



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 feedback from customers, solving problems and addressing the defects with current services. The Company conducts 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 handling procedures and documented in full detail, 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 Company 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. Throughout the year 2023, the Company underwent multiple planned audits via internal and external auditors. Additionally, in 2023 the Company has hired an experienced internal auditing manager on full-time basis, to focus on auditing our internal processes, including but not limited to HR, Payroll, Finance, benefits, onboarding and offboarding of employees, etc. and introduce new policies, procedures and train the users. In 2023, the internal audit department found no violations of the Company's policies.

Business Ethics

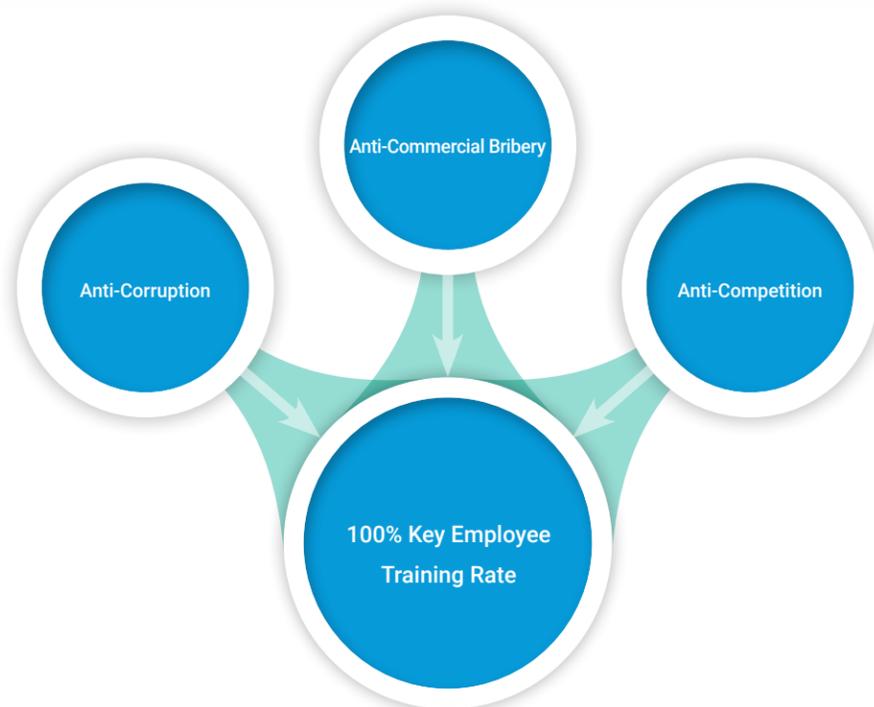
At Frontage Holdings, ethics is the core of our values and services. We embedded business ethic in every aspect of business operations. The Company has established comprehensive business ethics policies, which are publicly disclosed within the Company through our internal policies. These policies encompass 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.

Codes of Business Ethics

Our Employee Handbook explicitly states sets of critical principles that govern how we work, available in English and Chinese. The Employee Handbook defines specific rules for anti-corruption, anti-commercial bribery and anti-competition. These rules help to guide employee behaviours while enforcing strict procedures to prevent any form of business ethics violation. The Employee Handbook is updated every other year to meet the evolving legal and compliance needs, and to include best practices. All new employees would review and digitally sign in acceptance of adhering to those policies, as part of their onboarding. Existing employees would review and digitally sign the updated version.

Compliance with the Rules on Related Party Transactions, Employee Handbook, and the law is mandatory for all employees and board members. All employees and board members are required to sign off acknowledging receipt of such policies at the time of hire and on an annual basis. Additionally, the Company provides regular training to key employees and board members on the Foreign Corrupt Practices Act and relevant internal policies to reinforce good business ethics.

Business Ethics Training Highlights in 2023

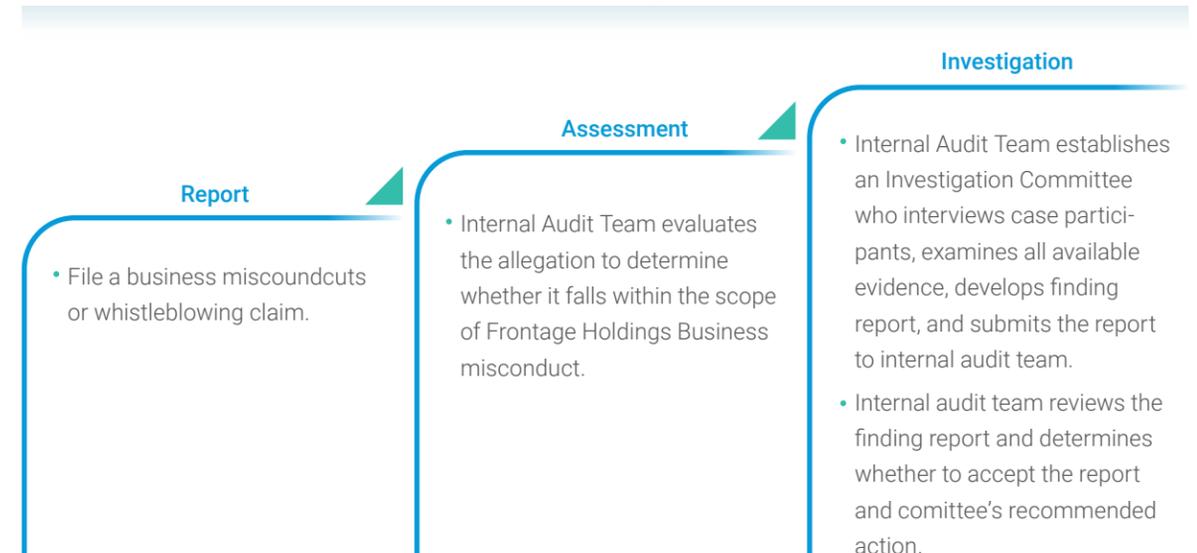


Reporting Ethical Misconduct

At Frontage Holdings, we encourage everyone to report actual or suspected business misconduct through the internal audit team through email, face-to-face conversation with internal personnel and telephone etc. We do 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 whistle-blowers, we have established a whistle-blower 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



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, the Anti-Unfair Competition Law of the PRC and other laws and regulations relating to bribery, extortion, fraud and money laundering.

Community

Community Support

At Frontage Holdings, we are dedicated to fostering community engagement and participating in impactful events that make a difference. With our commitment to corporate social responsibility, we continuously explore robust and sustainable solutions in education and community services to contribute to the sustainability of society.

In 2023, Frontage Holdings participated in various programs to support the education of the youth and local community.

Community Contributions in 2023

Education

- Donate laboratory equipment to local institutions.
- Offer site visits and share industrial experiences with students from 18 schools, colleges and universities.
- Volunteer to build curriculums, teach courses and guide Bachelors, Masters and PhD students, at local universities.

Community Services

- Donate food and funds to local food banks during the Thanksgiving holiday.
- Organize fundraising for the Children's Hospital.

Besides our contributions, we actively encourage our board members and employees to volunteer with a charitable or non-profit organization of their choice.

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

Canadian Regulations

City of Toronto Municipal Code

Ontario Environmental Protection Act

Health Canada Good Manufacturing Practices regulations

Ontario Employment Standards Act

Ontario Human Rights Code

Ontario Occupational Health and Safety 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

OECD Good Laboratory Practice Regulations

Patent Cooperation Treaty

General Data Protection Regulation

ESG Databook

Environmental Performance^[1]

| Indicators | Unit | 2021 | 2022 | 2023 |
|--|-------------------------|----------------|----------------|------------------|
| Resources | | | | |
| Electricity consumption | MWh | 16,782.74 | 27,900.16 | 30,270.55 |
| Renewable electricity consumption | MWh | / | / | 1,113.07 |
| Electricity consumption density | MWh/USD'000 | 0.0910 | 0.1114 | 0.1165 |
| Natural gas consumption | cubic meter | 1,259,394.00 | 1,451,012.00 | 1,450,857.00 |
| Natural gas consumption density | cubic meter/ USD'000 | 6.8285 | 5.7957 | 5.5833 |
| Steam consumption ^[2] | ton | 150.00 | 169.79 | 22,040.00 |
| Steam consumption density ^[2] | kg/USD'000 | 0.8133 | 0.6782 | 84.8164 |
| Gasoline consumption | liter | 14,779.00 | 10,943.00 | 11,065.69 |
| Diesel consumption | liter | 200.00 | 1,291.29 | 1,376.00 |
| Total energy consumption ^[3] | MWh | 30,705.10 | 43,884.90 | 48,116.78 |
| Total energy consumption intensity | MWh/USD'000 | 0.18 | 0.18 | 0.19 |
| Water consumption ^[4] | ton | 45,529.56 | 100,686.09 | 156,763.51 |
| Water consumption density | ton/USD'000 | 0.2469 | 0.4022 | 0.6033 |
| Emissions | | | | |
| Emissions of exhaust gases ^[5] | cubic meter | 502,222,000.00 | 937,544,200.00 | 3,771,401,193.00 |
| Industrial wastewater discharge ^[5] | cubic meter | 35,106.11 | 46,354.85 | 60,436.95 |
| Chemical oxygen demand (COD) discharge ^[5] | ton | 0.59 | 3.08 | 173.18 |
| Biochemical oxygen demand (BOD) discharge ^[5] | ton | 0.11 | 0.12 | 0.56 |
| Ammonia nitrogen (NH ₃ -N) discharge ^[5] | ton | 0.02 | 0.26 | 2.68 |
| Amount of hazardous waste generated | ton | 177.13 | 268.34 | 317.93 |
| Hazardous waste generation density | kg/USD'000 | 0.9604 | 1.0718 | 1.2235 |
| Amount of non-hazardous waste generated | ton | 162.80 | 218.64 | 248.75 |
| Non-hazardous waste generation density | kg/USD'000 | 0.8827 | 0.8733 | 0.9573 |

| Indicators | Unit | 2021 | 2022 | 2023 |
|--|----------------------------|-----------|-----------|-----------|
| Non-methane hydrocarbon emissions ^[5] | kg | 2,172.40 | 1,914.67 | 3,357.79 |
| Greenhouse gas emissions ^[6] | tCO ₂ e | 11,941.58 | 18,759.24 | 18,185.28 |
| Scope I greenhouse gas emissions ^[7] | tCO ₂ e | 2,460.56 | 2,816.76 | 2,883.15 |
| Scope II greenhouse gas emissions ^[8] | tCO ₂ e | 9,481.02 | 15,942.48 | 15,302.13 |
| Greenhouse gas emission intensity | tCO ₂ e/USD'000 | 0.0647 | 0.0749 | 0.0700 |

Note:

[1] The reporting scope of environmental data for 2021 and 2022 is consistent with the scope of the consolidated financial statements. In 2023, the reporting scope of environmental data included operation sites in China, the U.S. (namely, Pennsylvania, Illinois, California, Florida, and Ohio) and Canada (namely Ontario and British Columbia). As the operation site in Ontario, Canada was a newly acquired site, the reporting scope of the Ontario site only covered the period after its acquisition.

In 2023, the Company conducted an internal verification for energy and Greenhouse gas emission data for 2021 and 2022. If any inconsistency of 2021 and 2022 data, this report shall prevail.

[2] Due to operation expansion, there were increases in steam consumption and steam consumption intensity.

[3] Total energy consumption includes electricity, natural gas, steam, gasoline and diesel.

[4] Operation expansion resulted in increases in water consumption.

[5] Due to operation expansion, there were increases in emissions of exhaust gases, industrial wastewater discharge, COD discharge, BOD discharge, NH₃-N discharge and Non-methane hydrocarbon emissions.

[6] 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.

[7] For the Scope I emission of operating sites in the U.S., the emission factor of natural gas is from the U.S. Environmental Protection Agency's Emission Factors for Greenhouse Gas Inventories. As for Scope I emission of operating sites in China, the emission factors of natural gas, gasoline, and diesel are from the Corporate Greenhouse Gas Emissions Accounting Methodology and Reporting Guide for Power Generation Facilities (Revision 2022). As for Scope I emission of the operating site in Ontario, Canada, the natural gas emission factor is from the National Inventory Report 1990-2021: Greenhouse Gas Source and Sinks in Canada, Part 2, Table A6-1-2, "Emission Factor for Non-Marketable Natural Gas."

[8] Scope II emission refers to location-based one where green energy is included for GHG emission calculation. For the Scope II emission of the operating sites in the U.S., the purchased electricity emission factor is from the U.S. Environmental Protection Agency's Emission Factors for Greenhouse Gas Inventories, which is 0.559 tCO₂/MWh in 2021-2022 and 0.389 tCO₂/MWh in 2023. On the other hand, 66.33 kgCO₂/mmBtu is used as a steam CO₂ emission factor for 2021 and 2022 consumption in the US provided by the United States Environmental Protection Agency.

For the Scope II emission of the operating sites in China, the purchased 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 0.5810 tCO₂/MWh in 2021 and 0.5703 tCO₂/MWh in 2022 and 2023. provided by Ministry of Ecology and Environment of the People's Republic of China. On the other hand, 0.11 tCO₂/gj is used for the steam gas CO₂ emission factor for 2021, 2022 and 2023, which is from the General Guideline of the Greenhouse Gas Emissions Accounting and Reporting for Industrial Enterprises.

For the Scope II emission of the operating site in Ontario, Canada, the electricity emission factor is from the National Inventory Report 1990-2021: Greenhouse Gas Source and Sinks in Canada, Part 3, Table A13-2 to Table A13-14, 2021 values, which is 0.03 tCO₂/MWh. For the Scope II emission of the operating site in British Columbia, Canada, the electricity emission factor is from the National Inventory Report 1990-2021: Greenhouse Gas Source and Sinks in Canada, Part 3, Table A13-2 to Table A13-14, 2021 values, which is 0.015 tCO₂/MWh.

Employee Performance ^[1]

| Indicators | Unit | 2021 | 2022 | 2023 |
|--|--------|-------|-------|-------|
| Employment | | | | |
| Total number of employees (Including Part time) | person | 1,414 | 1,707 | 1,825 |
| Number of employees: Full-time | person | 1,364 | 1,647 | 1,764 |
| Number of employees: Part time | person | 50 | 60 | 61 |
| *Note: The following figures do not include part-time employees ^[2] | | | | |
| Male | person | 620 | 688 | 660 |
| Female | person | 744 | 959 | 949 |
| <30y | person | 630 | 777 | 787 |
| 30-50y | person | 519 | 634 | 622 |
| >50y | person | 215 | 236 | 200 |
| Mainland China | person | 755 | 966 | 908 |
| Hong Kong, Macau, Taiwan and others | person | 609 | 681 | 856 |
| Employee turnover rate ^[3] | % | 28.52 | 31.33 | 21.77 |
| Turnover rate of male employees | % | 33.23 | 35.17 | 29.39 |
| Turnover rate of female employees | % | 24.60 | 28.57 | 20.13 |
| Turnover rate of employees <30y | % | 31.90 | 35.52 | 25.54 |
| Turnover rate of employees of 30-50y | % | 28.52 | 29.34 | 22.35 |
| Turnover rate of employees >50y | % | 18.60 | 22.88 | 21.50 |
| Employee turnover rate in mainland China | % | 25.96 | 26.92 | 24.56 |
| Employee turnover rate in Hong Kong, Macau, Taiwan and others | % | 31.69 | 37.59 | 18.93 |
| Employee Health and Safety | | | | |
| Number of workdays lost due to work-related injuries | day | 101 | 197 | 35 |
| Number of employees who died as a result of work-related injuries | person | 0 | 0 | 0 |
| Number of penalties for violating employment and labor laws and regulations | count | 0 | 0 | 0 |

| Indicators | Unit | 2021 | 2022 | 2023 |
|--|------|-------|-------|-------|
| Employee Training | | | | |
| Employee training coverage rate ^[4] | % | 100 | 100 | 100 |
| Training coverage rate for male employees | % | 100 | 100 | 100 |
| Training coverage rate for female employees | % | 100 | 100 | 100 |
| Training coverage of general employees | % | 100 | 100 | 100 |
| Training coverage of mid-level employees | % | 100 | 100 | 100 |
| Training coverage of senior-level employees | % | 100 | 100 | 100 |
| Training hours per employee | hour | 12.44 | 16.74 | 17.40 |
| Training hours per male employee | hour | 11.14 | 13.00 | 17.90 |
| Training hours per female employee | hour | 13.52 | 19.42 | 19.90 |
| Training hours per general employee | hour | 12.46 | 17.29 | 19.04 |
| Training hours per mid-level employee | hour | 12.14 | 14.84 | 19.87 |
| Training hours per senior-level employee | hour | 13.43 | 16.26 | 17.44 |

Note:

[1] The scope of statistics of employees includes full-time labor contract employees, full-time labor dispatch employees and part-time employees.

[2] In 2023, the reporting scope included employees in operating sites in China, the U.S., and British Columbia, Canada.

[3] 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%.

[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 | 2023 |
|--|-------|------|------|------|
| Percentage of sold products recalled due to safety and health issues | % | 0 | 0 | 0 |
| Number of complaints received about products and services ^[1] | count | 12 | 15 | 94 |
| Complaints handling rate for products and services | % | 100 | 100 | 100 |

Note

[1] Due to operation expansion, there were increases in the number of complaints in 2023.

Supply Chain

| Indicators | Unit | 2021 | 2022 | 2023 |
|---|-------|-------|-------|-------|
| Total number of suppliers | count | 1,579 | 2,370 | 2,616 |
| Number of suppliers in Mainland China | count | 1,069 | 1,768 | 1,854 |
| Number of suppliers in Hong Kong, Macau, Taiwan and others | count | 510 | 602 | 762 |
| Proportion of suppliers evaluated for environmental, labor, and ethical issues ^[1] | % | 19 | 35 | 9 |
| Proportion of suppliers who passed environmental, labor, and ethical assessments ^[2] | % | 100 | 74 | 100 |

Note:

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

[2] 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 | 2023 |
|----------------------------|-----------------|------|------|------|
| Charitable contributions | US\$ in million | 0.2 | 0 | 0 |
| Hours of volunteer service | hour | 100 | 100 | 15 |

Anti-corruption

| Indicators | Unit | 2021 | 2022 | 2023 |
|--|-------|------|------|------|
| Number of anti-corruption lawsuits filed against the Company and employees and concluded | count | 0 | 0 | 0 |
| Proportion of board members covered by anti-corruption training | % | 100 | 100 | 100 |

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