Biolidics

BIOLIDICS LIMITED
SUSTAINABILITY REPORT

For the financial year ended 31 December 2019

Contents

This report has been prepared by Biolidics Limited ("Biolidics" or the "Company", and together with its subsidiaries, the "Group") and has been reviewed by the Company's sponsor, United Overseas Bank Limited (the "Sponsor"), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. This report has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this report, including the correctness of any of the statements or opinions made or reports contained in this report. The contact person for the Sponsor is Mr. Lim Hoon Khiat, Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone: +65 6533 9898.

Board Statement

The board of directors (the "Board") of Biolidics is pleased to present our inaugural sustainability report (the "Report") for the financial year ended 31 December 2019 ("FY2019").

Listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 19 December 2018, Biolidics is a precision medicine medical technology company with a focus in developing a portfolio of innovative diagnostic solutions to lower healthcare costs and improve clinical outcomes.

The Board recognises the importance of sustainability and considers environmental, social and governance ("ESG") factors in its decision making, while focusing on areas which are most relevant to our business. We have formalised our sustainability approach by conducting our first materiality assessment to identify areas of focus in our sustainability efforts in FY2019 and developing performance indicators and targets for the current financial year ending 31 December 2020 ("FY2020").

The global COVID-19 pandemic has had a significant impact on the global economy and businesses, and it has inevitably brought more attention to the healthcare industry. Due to the rapidly evolving nature of the COVID-19 pandemic and as more information and discoveries from researches and studies conducted become available, companies involved in the development, supply and distribution of COVID-19 related products are required to keep pace with the latest developments and ensure that their products stay relevant. We are committed to grow sustainably as a forward-looking company covering our approach and performance in sustainability as we continue to actively explore collaborations and partnerships for the development and commercialisation of new technologies and products related to COVID-19 and our liquid biopsy business.

This Report is prepared in accordance with the Listing Manual Section B: Rules of Catalist of the SGX-ST ("Catalist Rules") and with reference to the Global Reporting Initiative ("GRI") Standards. This Report serves as a platform for Biolidics to formally communicate our sustainability approach on our practices, performance and targets in relation to our sustainability efforts for FY2019 with our stakeholders.

Board of Directors
Biolidics Limited

About this Report

This is Biolidics' first sustainability report.

The scope of this Report focuses on the Company's key business activities in Singapore. Information disclosed in this Report reflects our ESG efforts and encapsulates our commitment to grow sustainably as a forward-looking company covering our approach and performance in sustainability for FY2019.

This Report is prepared in accordance with the requirements of Practice Note 7F: Sustainability Reporting Guide of the Catalist Rules and with reference to the GRI Standards. The GRI standards were chosen because they are one of the most commonly used frameworks, and therefore, familiar to our readers and the "with reference to" option was chosen. This Report references the following topic-specific disclosures:

- Disclosure 102-8 a and c from GRI 102: General Disclosures 2016
- Disclosure 201-1 a from GRI 201: Economic Performance 2016
- Disclosure 401-1 a and b from GRI 401: Employment 2016
- Disclosure 403-2 a, b and c from GRI 403: Occupational Health and Safety 2016
- Disclosure 404-1 a and 404-2 a from GRI 404: Training and Education 2016
- Disclosure 419-1 b from GRI 419: Socioeconomic Compliance 2016

Biolidics strives to continuously refine our sustainability strategy and practices. We greatly welcome your feedback and comments regarding this Report. You can reach us at support@biolidics.com.

Materiality Assessment

Biolidics conducted a materiality assessment exercise, referencing the GRI Standards (2016) Materiality Principle. The objective of the exercise was to identify, prioritise and validate ESG factors that are significant to business operations and of interest to our key stakeholders.

With the facilitation of an external consultant, we considered trends and current themes and areas of concern in the healthcare industry. Through peer benchmarking as well as taking into consideration the sustainability trends in Singapore and globally, we have shortlisted and identified 6 material factors. These factors were deemed material to Biolidics as they play an important role in our business operations.

The following table depicts our material factors for FY2019.

Material Factors	Sustainability Aspects	For Detailed Information
Economic Performance		Refer to the Company's annual report for FY2019 ("FY2019 Annual Report") ▪ Operations and Financial Review (Pages 8-10) ▪ Financial Statements (Pages 48-96)
Occupational Health and Safety (including Effluents and Waste)		Refer to this Report, Pages 6-7
Talent Retention (including Training and Education)		Refer to this Report, Pages 7-10
Research and Development/Innovation		Refer to this Report, Pages 10-11
Product Quality and Safety		Refer to this Report, Pages 11-12
Socioeconomic Compliance		Refer to this Report, Pages 12-13

Legend:

Stakeholders' Engagement

Biolidics recognises that communicating with our stakeholders allows us to further develop and refine our business strategies and respond quickly and effectively to their concerns and needs. Stakeholders' engagement is carried out through various communication channels and methods as depicted in the table below:

Stakeholders	Key Topics and Concerns	Engagement Methods	Frequency of Engagement
Customers	▪ Quality of products and services ▪ Customer needs ▪ User experience	▪ Contact form on Biolidics' website ▪ Product promotions ▪ Customer and technical support	When applicable
Technology partners	▪ Market and industry trends ▪ Long-term partnership	▪ Regular meetings and follow ups ▪ Partner support channel ▪ Technical updates	Throughout the year
Employees	▪ Training and development of employees ▪ Recruitment and retention of skilled employees ▪ Well-being of employees	▪ Regular meetings and briefings ▪ Employee performance review ▪ Training programmes	Throughout the year
Governments and regulators	▪ Compliance with laws and regulations	▪ Meetings and consultations ▪ License applications and regulatory filings ▪ Responding to requests for information (e.g. through surveys)	Throughout the year
Shareholders	▪ Biolidics' financial performance ▪ Good corporate governance ▪ Sustainable business growth	▪ Annual general meetings ▪ Announcements of material information, including financial performance, through SGXNET and Biolidics' website	Periodically

Economic Performance

For more information regarding our economic performance for FY2019, please refer to the Operations and Financial Review section (Pages 8 to 10) and Financial Statements section (Pages 48 to 96) of our FY2019 Annual Report.

Social and Environmental

Occupational Health and Safety (including Effluents and Waste)

FY2019 Performance
• In FY2019, there were no workplace injuries or fatalities.
FY2020 Targets
• Maintain zero fatalities and workplace injuries in FY2020

Occupational Health and Safety

Biolidics recognises that a workplace that fosters a safety and healthy environment is important in ensuring that employees are safe, healthy, satisfied and engaged at work. Committed employees are imperative for Biolidics to achieve our growth objectives; and hence, we engage with our workforce to continuously innovate and improve our technology.

Safety is of utmost importance to Biolidics. Our activities currently require the controlled use of potentially harmful biological materials and chemicals such as cancer cell lines and formaldehyde. There is a risk of accidental contamination or injury to employees or third parties from the handling, use and disposal of these materials and chemicals. Therefore, having a strong safety culture in the workplace is key to protecting our people. The minimisation of safety-related issues will also translate to a reduction in business disruption and protect our reputation.

Proper treatment and disposal of biological waste is also essential to Biolidics to prevent any potential contamination or injury to employees or third parties. Hence, we comply with the following policies and processes:

- Guidelines from Ministry of Health (“MOH”), Singapore;
- Workplace Safety and Health Act, Chapter 354A of Singapore (the "Workplace Safety and Health Act") and the regulations thereunder;
- Environmental Public Health Act, Chapter 95 of Singapore (the “Environmental Public Health Act (Toxic Industrial Waste) Regulations”) and the regulations thereunder;
- Guidelines from MOH: Biosafety and Biosecurity Manual, Housekeeping and General Maintenance, Decontamination and waste management; and
- Workplace Safety and Health Act.

Biolidics also provides regular training to educate our employees on the potential health and safety risks hazards in the work environment, and the proper precautions to take to prevent any accidents.

In FY2019, Biolidics’ absenteeism rates for male and female employees were at an average of 5.7 days and 8.1 days per annum respectively, and the average absenteeism rate for all employees was at 6.8 days per annum.

In FY2019, we are proud to report that there were no cases of work-related injury and fatalities for all employees. We aim to maintain zero fatalities and zero workplace injuries in FY2020.

Effluents and Waste

At Biolidics, we maintain our duty to dispose our waste responsibly, especially toxic waste as it can cause harm to the environment and the health and safety of people.

We adhere to the Environmental Public Health Act (Toxic Industrial Waste) Regulations which require all our authorised waste collectors to be licensed. The license will be granted on the condition that:

- The toxic waste treatment, storage and disposal facility owned by the collector is in a suitable industrial area outside water catchment;
- The types and quantities of toxic wastes are commensurate with the treatment processes and disposal facilities; and
- Adequate measures such as containment areas, leak detection and warning devices, proper emergency action plans, neutralising agents, handling gear, absorbent material, etc. are provided to prevent and mitigate any accidental release of the toxic wastes.

Social

Talent Retention (including Training and Education)

FY2019 Performance
• In FY2019, our employees achieved an average of 23 training hours. However, not all permanent employees completed at least 20 hours of training per year.[1]
FY2020 Targets
• All permanent employees to complete at least 20 hours of training per year, in order to achieve the adequate level of training for their scope of work.

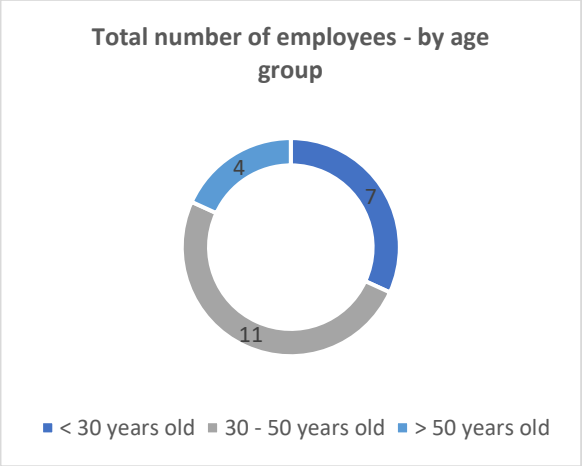
At Biolidics, we believe that technically skilled professionals are central and crucial for our business to remain relevant in today's changing landscape. To achieve this, we aim to develop and retain competent employees and provide an inclusive and nurturing work culture to ensure the quality of our business operations. We have regular townhall meetings for our leadership team to provide updates to our employees as well as to understand our employees' needs.

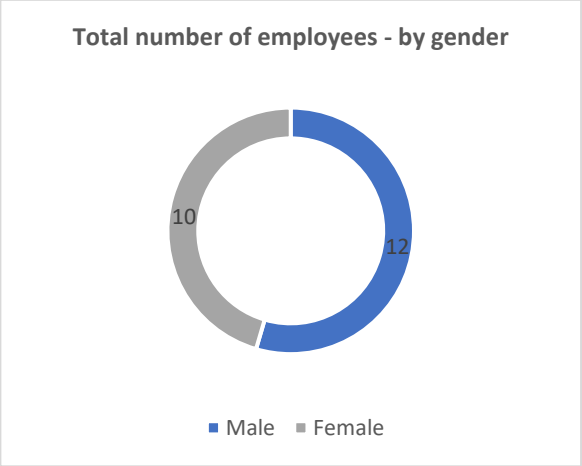
Furthermore, we have the Biolidics Performance Share Plan (the "Plan") where the primary objective of the Plan is to retain employees whose contributions are essential to the well-being and success of Biolidics, and to give recognition to outstanding employees who have contributed to the growth of our Company. Eligible participants under the Plan will have the opportunity to participate in the equity of Biolidics, therefore inculcating a stronger sense of identity with our long-term success. This will help in promoting organisational commitment, dedication and loyalty of these employees to Biolidics.

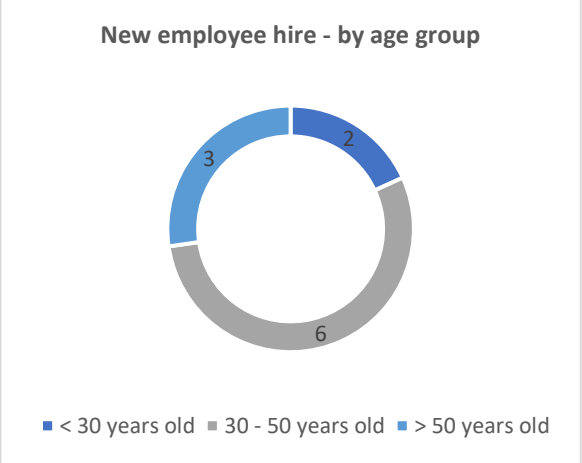
[1] The average hours of training per employee per year – by employee category for senior management level has taken into consideration employees who has not worked for the full year in Biolidics.

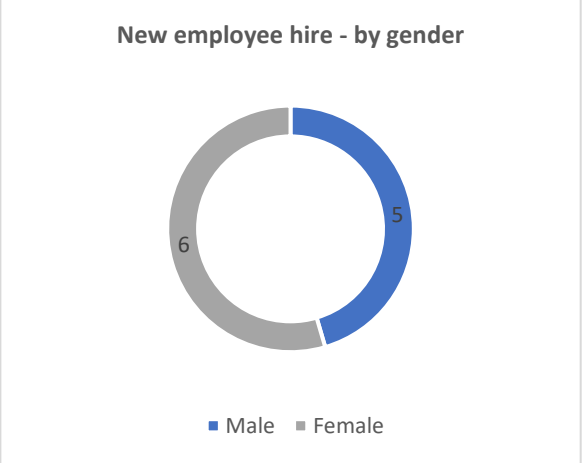
In FY2019, Biolidics' workforce totalled 22[2], male and female employees representing 54% and 46% of the employee base respectively. For FY2019, the average monthly new employee rate and the average monthly employee turnover rate was at 4.2%.

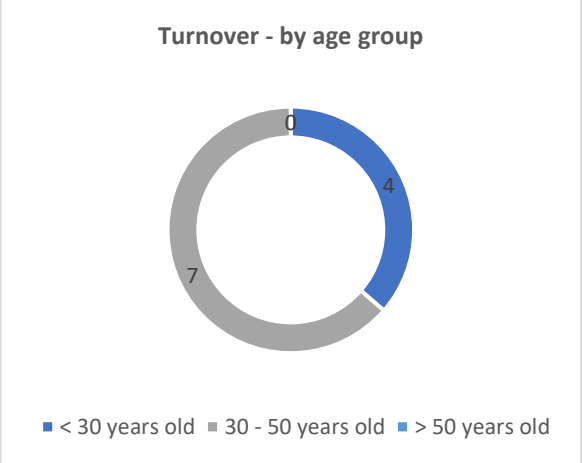
FY2019

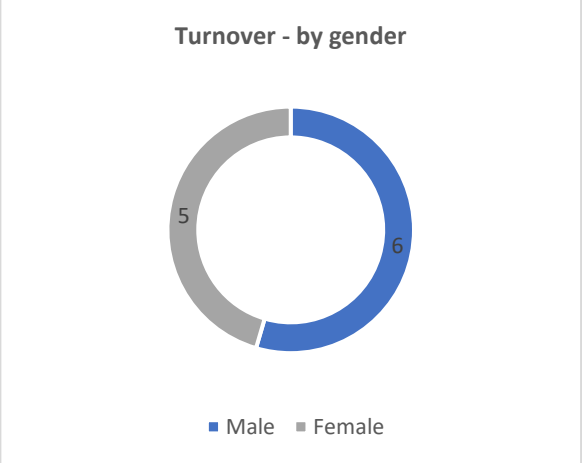












[2] Biolidics' workforce in FY2019 comprises entirely permanent and full-time employees in Singapore.

Training and Education

Biolidics believes in investing and strengthening our employees' technical, functional and behavioural competencies in line with their job requirements and career aspirations. This is done by providing learning and development opportunities to our employees. These opportunities can be in the form of on-the-job training, internal trainings and continuing education programmes.

We have developed a standard operating procedure within the ISO 13485:2016[3] framework to identify training needs, execute training programs and maintain records of training to ensure proper assignment of job functions to our employees.

Any additional training needs are identified and reviewed annually, and we encourage our employees to acquire new skills and keep abreast of developments in their respective fields. Employees are given opportunities to attend external courses or trainings that are relevant or will assist in their scope of work. Employees are also encouraged to further their studies and funding support may be provided to them on a case-by-case basis. We monitor training progress by maintaining training records for all our employees.

Masterclass on Liquid Biopsy

In July 2019, Biolidics held a 3-hour masterclass for our employees and other stakeholders to give an introduction and improve the technical knowledge on the basic terminologies, concepts and framework around cancer diagnostics liquid biopsy.

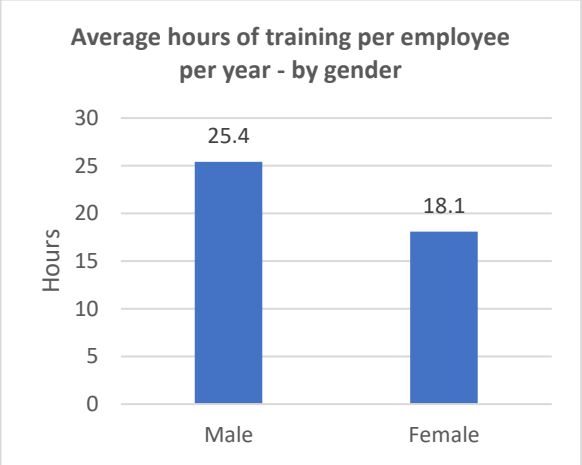
Topics covered in the masterclass include:

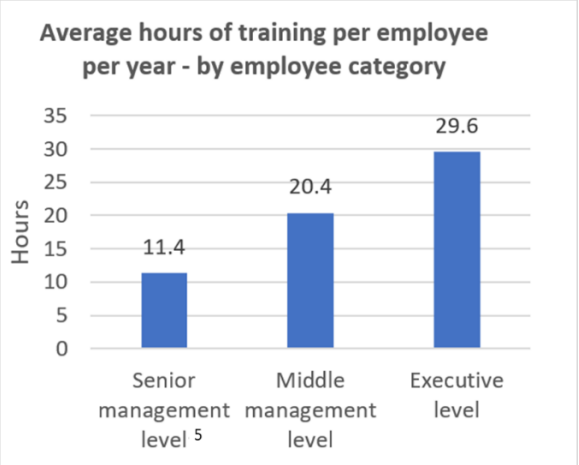
1. Cancer patient journey from a diagnostics perspective
2. Introduction to liquid biopsy
3. Clinical assay validations and regulatory frameworks

We hope to conduct similar training programs in FY2020.

In FY2019, our employees achieved an average of 23[4] training hours.

[3] ISO 13485:2016 – Medical devices – Quality management systems – Requirements for regulatory purposes
[4] Number has been rounded up





In FY2020, we strive to have all permanent employees complete at least 20 hours of training.

Research and Development/Innovation

FY2019 Performance
• In FY2019, Biolidics entered into collaborations with several partners, which include Hunan Agen Medicine Laboratory Technology Co., Ltd., Hangzhou Normal University and Agency for Science, Technology and Research's Genome Institute of Singapore, among others
FY2020 Targets
• Further enhance collaboration with new and existing partners • Enter collaboration with new partners for identified objectives

Biolidics' ability to identify and develop innovative technology and products has contributed to the development and growth of the Company. Biolidics strives to utilise its novel, patented technology to create a platform technology in cancer diagnostics which may enable applications throughout various stages of a patient's cancer journey - from cancer screening and staging to personalised treatment, and post-cancer monitoring. At the same time, Biolidics seeks to identify and develop third party technologies and know-hows with a focus in developing a portfolio of innovative diagnostic solutions to lower healthcare costs and improve clinical outcomes.

Biolidics' policy on our innovation/invention and patent protection provides a foundation to exhibit the organic technological innovation capabilities of our Company and highlight the technical capabilities of our Company for joint technical development projects with our technology partners. We encourage members of our technical team to provide innovation/invention disclosures when an innovation/invention can be potentially patented.

In FY2020, we aim to enter and further enhance our strategic collaborations with our existing and new partners with the objective to strengthen our Company's innovative expertise and product portfolio.

[5] The average hours of training per employee per year – by employee category for senior management level has taken into consideration employees who has not worked for the full year in Biolidics.

Product Quality and Safety

FY2019 Performance
• Customer satisfaction survey: 87.5% of customers[6] are satisfied with the ClearCell® FX1 System • Product quality: 100% pass rate for ClearCell® FX1 System prior to release. There were 1.39% of CTChip® FRI biochip failure due to leaky chip • Customer feedback response time: 100% customer feedbacks/complaints acknowledged within 7 days • Corrective action preventive action ("CAPA") response time: Exceptions of QR19-0005 Homing Pin Misalignment (Evotech) missed by 4 days and QR19-006 Front Panel Ribs Issue (NYMU) missed by 6 days • Field safety corrective action: zero product recalls
FY2020 Targets
• Customer satisfaction survey: 80% of customers are satisfied with the ClearCell® FX1 System • Product quality: 100% pass rate for ClearCell® FX1 System prior to release. Less than 5% CTChip® FRI biochip failure due to leaky chip • Customer feedback response time: 100% customer feedbacks/complaints to be acknowledged within 7 days • CAPA response time: CAPA investigation to be completed within 1 month and implementation of proposed CAPA actions within 3 months • Field safety corrective action: To achieve zero product recall

Biolidics takes product quality and safety seriously. Providing products that meet the required quality and safety standards is part of our top priority. By maintaining a high product quality and safety, Biolidics also minimises the risk of injury to users and thus, reduces the risk of a product liability claim. A product liability lawsuit (which may result in the recall of products or termination of existing agreements by business partners) could damage Biolidics' reputation, operations and financial performance.

We are governed by the policies of ISO 13485: 2016 Quality Management System and the guidelines on procedures for the control of records and documents, resource management, product realisation and the monitoring of processes. The following processes are monitored by Biolidics:

- Annual internal audit;
- Engage external auditors to conduct annual audit of quality management system to ensure compliance to ISO 13485: 2016;
- Annual audits of contract manufacturers;
- Supplier evaluations with annual re-assessment done;
- Investigation of non-conforming products, and establishing relevant corrective and preventive actions;
- Quality report log used to track feedback/complaints for products;
- Standardised design and development process to evaluate product's safety and performance; and

[6] The survey conducted for our ISO audit in 2019 was for the review period between 1 June 2018 to 31 March 2019.

- Design and process risk management plans done for all official products under the ISO 13485 framework.

Constant quality reporting and CAPA are used to monitor and address any non-conformances of our products. Regular management meetings are also conducted to review quality objectives and outstanding non-conformance issues.

Governance

Maintaining public trust is of utmost priority to any company; and Biolidics is committed to upholding high ethical standards and integrity in its operations, complying with all laws and regulations in its location of operations.

Socioeconomic Compliance

FY2019 Performance
• Zero instance of non-compliance with laws and regulations in the social and economic area
FY2020 Targets
• Zero non-compliance with laws and regulations in the social and economic area • Continue to conduct social and economic compliance training for all new hires in FY2020

Biolidics' products and business activities are regulated by various laws and regulations governing medical devices in the countries it markets and sell its products in. Biolidics is subjected to extensive supervision by governments and other agencies in various aspects of our operations, including licensing and certification requirements, product registration requirements, quality and safety standards, periodic renewal and reassessment procedures. Any breach of applicable laws and regulations may cause disruptions to operations and fines in any particular jurisdiction; hence it is important for Biolidics to comply with various laws and regulations in the social and economic area.

Biolidics is committed to providing innovative high-quality biomedical products and services that meet or exceed the expectations of its customers. Biolidics aims to do so by:

- Meeting and complying with all regulatory requirements of the countries where the product is being sold as per the ISO 13485:2016 requirements;
- Maintaining the effectiveness of our Quality System and Risk Management in line with ISO 13485:2016 requirements;
- Maintaining a shared quality vision and a focus on continuous improvement to our products, processes and services (including delivery);
- Understanding the requirements and meeting the needs of our partners and customers;
- Training employees in the delivery of quality products and services; and
- Providing a competent, ethical and fiscally sound management team to ensure growth and long-term stability.

To ensure that our employees are aware of the relevant regulatory requirements, we have made the above activities part of the employee training program.

In FY2019, we are proud to report that there were zero instances of non-compliance with laws and regulations in the social and economic area. In FY2020, we aim to continue to have zero non-compliance with laws and regulations in the social and economic area and to continue providing socioeconomic compliance training for all new hires.