



LETTER FROM OUR PRESIDENT AND CEO



At PacBio, our mission is to enable the promise of genomics to better human health. We pursue this mission by developing advanced sequencing technologies that enable our customers to explore the genetic basis of life. Every day, our customers are using our technology to understand and solve humanity's most pressing problems – tracking infectious diseases, cancer, rare disease, alleviating hunger, and so much more. Our mission informs everything we do at PacBio. It propels us to continue innovating to accelerate scientific breakthroughs that will better humanity and improve life for all living things in our communities and around the world.

We recognize that in addition to developing advanced technologies, we have a responsibility to manage our activities in a sustainable manner. To that end, we are leveraging the United Nations Sustainable Development Goals and the Sustainability Accounting Standards Board (SASB)

standards as frameworks to help us focus our energies on the most impactful aspects of environmental sustainability, social justice, and responsible governance.

Our products and technologies can directly or indirectly address many of the UN Sustainable Development Goals, especially with respect to alleviating hunger and contributing to global health and well-being. In addition, scientists worldwide use PacBio technology in conservation biology helping to improve life in the water and on land for the myriad of creatures that rely on a clean and safe environment. Through our work and that of our customers, we hope to build more livable, sustainable communities that reduce human inequalities around the world.

Further, as we implement the SASB standards most relevant to our industry, we aim to be recognized as a leader in sustainability and in transparency as a company making financially-meaningful sustainability information available to our investors, customers, and employees.

We are proud to issue our first Environmental, Social and Governance (ESG) Highlights Report to showcase our commitment and progress. Over the past years, we have developed processes and procedures to support the well-being of our employees, our customers, and our suppliers. Our ESG Highlights Report sets the stage for what is to come as we continue to invest in our ESG commitments as critical components of our long-term business strategy and in the creation of stockholder value. With the support and oversight of our Board of Directors, we look forward to expanding upon our efforts and sharing our ESG progress in the years to come.

On behalf of our entire Executive Leadership team and all the amazing PacBio employees, we want to thank you for your interest and support in PacBio.

Christian Henry

President and Chief Executive Officer, PacBio

SAFE HARBOR STATEMENT

This document, including the letter above from our President and CEO, contains forward-looking statements within the meaning of the federal securities laws. All statements other than statements of historical or current facts, including statements regarding our environmental and other sustainability plans and goals, made in this document are forward-looking. We use words such as “anticipates”, “believes”, “expects”, “future”, “intends”, and similar expressions to identify forward-looking statements. Forward-looking statements reflect management’s current expectations and are inherently uncertain. Actual results could differ materially for a variety of reasons. Readers are strongly encouraged to read the full cautionary statements contained in the PacBio’s filings with the Securities and Exchange Commission, including the risks set forth in the company’s Forms 8-K, 10-K, and 10-Q. These filings identify and address other important risks and uncertainties that could cause actual events and results to differ materially from those contained in the forward-looking statements. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and PacBio assumes no obligation and does not intend to update or revise these forward-looking statements, whether as a result of new information, future events, or otherwise. PacBio does not give any assurance that it will achieve its expectations. Website references throughout this document are provided for convenience only, and the content on the referenced websites is not incorporated by reference into this document.

PACBIO AT A GLANCE

We are a leading developer of high-quality, highly accurate sequencing solutions. Our innovative sequencing systems empower scientists and translational researchers to explore the full spectrum of genetic variation in any organism. We are committed to our core values: Be Curious, Delight Our Customers, Take Action, Execution Matters and Work Together.

AT A GLANCE

2004

FOUNDED

50+

PRODUCTS

spanning entire genomics workflow including sample prep, instrumentation, consumables, and software

390+

EXCLUSIVE

issued US patents held representing continued innovation

750+

EMPLOYEES

490 Research and Operations

220 Service, Support, Sales, and Marketing

40 General and Administrative

8

OFFICE LOCATIONS

Menlo Park, USA

San Diego, USA

Baltimore, USA

London, UK

Seoul, South Korea

Tokyo, Japan

Shanghai, China

Singapore

40+

COUNTRIES

with Sequel system installations

PACBIO CORE TECHNOLOGIES

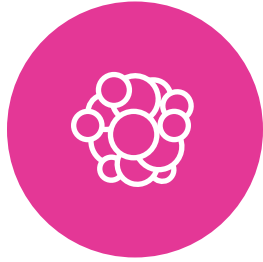
At PacBio, we develop technologies that enable our customers to decode the DNA of all living things. We are the only company to have both highly accurate long-read and short-read sequencing technologies. Our long-read sequencing technology is called HiFi and our short-read sequencing technology is called Sequencing By Binding (SBB). By developing both core technologies we are able to offer products that span the entire sequencing market.

HIFI SEQUENCING AREAS OF FOCUS



HUMAN GENOMICS

Enables comprehensive characterization of the human genome by detecting all types of genetic variants



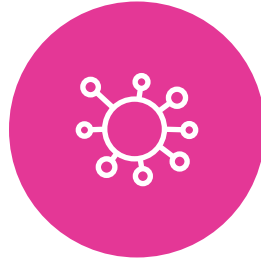
ONCOLOGY

Allows for a better understanding of cancer's complex biology by uncovering novel isoforms, fusions, and structural variants



EMERGING MARKETS

Allows researchers to comprehensively discover, design and confirm their gene therapy approaches



MICROBIAL GENOMICS

Supports the discovery of novel pathogens and identifies co-infections without the need to culture microorganisms first, accelerating public health agencies' rapid response to emerging infectious disease threats



PLANT + ANIMAL

Provides a foundation of genetic resources to produce higher yielding, more nutritious, pest- and disease-resistant foods faster than traditional breeding

SEQUENCING BY BINDING (SBB) AREAS OF FOCUS



ONCOLOGY

Provides opportunities for screening, monitoring, and therapy selection



TOXICOLOGY

Enables gene editing and environmental monitoring



TRANSPLANT

Fuels advances in cell transplant and organ transplant



REPRODUCTIVE HEALTH

Unlocks discovery and potential clinical application for NIPT and rare and inherited disease

ENVIRONMENTAL, SOCIAL AND GOVERNANCE HIGHLIGHTS



TRANSFORMING SUSTAINABILITY GOVERNANCE

Our Board of Directors is composed of leaders with significant experience in building world-class organizations. They bring focus, determination, and a passion for discovery, continually pushing our company to perform at the highest levels. Three of our nine directors are female, one self-identifying as “African American or Black”, as disclosed in our April 14, 2022, [Board Diversity Matrix](#).

ESG OVERSIGHT

In 2022, our Board of Directors delegated primary oversight of the Company’s ESG programs to the Corporate Governance and Nominating Committee of the Board of Directors (the “CGNC”). As per the [CGNC’s charter](#), the committee is responsible for overseeing the Company’s ESG programs and disclosures, including policies and programs for climate change, human rights, and other material issues. It also provides advice on engagement with stockholders and other major external stakeholders regarding ESG matters.

MANAGEMENT TEAM/WORKING GROUP

We have established a cross-functional ESG Core Team made up of leaders in the organization to guide the development and implementation of our ESG strategy. This committee meets monthly and provides quarterly updates to the CGNC.



SUSTAINABILITY FRAMEWORK

PacBio realizes certain ESG factors create value and are highly relevant to our business and stakeholders. Therefore, we are embarking on a journey to unlock the transformational capabilities of ESG within our organization and embed them into our long-term business strategy. We aim to make a difference by organizing our sustainability activities under four primary pillars:



SOCIAL

We strive to enable the promise of genomics to better human health and support our customers in their effort to address health disparities by providing an unbiased view of variation across populations. We accelerate our mission every day in the applied use of genomics in areas such as genetic disease, oncology, and sustainable food production. We execute to the highest standards and are proud to maintain rigorous ISO 13485 and ISO 9001 certifications. We hold our large contract manufacturers to similar standards to help ensure they deliver the highest quality services for our advanced sequencing technology.



HUMAN CAPITAL

Our employees are essential to our success. We seek to attract and retain best-in-class talent and we desire to be the employer of choice in our industry. Diversity makes us stronger, and we actively work to ensure that our team is inclusive and representative of our customers and clients. We care deeply about each other and prioritize the health and safety of our employees. We encourage employees to become lifelong learners and provide learning and leadership training opportunities focused on personal and professional development.



ENVIRONMENT

We are committed to minimizing the environmental impacts of our business operations and that commitment is embedded in our corporate values. We have an [Environmental Policy](#) to protect our People, Environment, and the Business which is shared with employees during new hire orientation and is tied back to our corporate values. Training and development are provided to minimize risk to our people and the environment, and uphold rigorous waste reduction standards that aim to reduce, repurpose, or recycle when possible.



GOVERNANCE

As described above, our Board enables us to create value with support and oversight of embedding ESG principles into our business strategy. Our management teams guide the development and implementation therein.

PERFORMANCE HIGHLIGHTS UNDER OUR FOUR PRIMARY PILLARS



SOCIAL

Our [privacy policy](#) includes an EU supplement and a point of contact for questions or concerns regarding the processing of personal information.

To protect our customers, we provide safety bulletins and notices where there are concerns or special handling or training requirements for our products.

We responded quickly to the threat of COVID-19 to protect our employees, and minimize adverse effects on our customers. We successfully avoided any supply interruption to our customers and have supported customers' efforts to identify and track COVID variants.

We manage product safety through its certification to ISO 13485, an international quality standard, and are audited by an external body regularly. We quickly capture and monitor Corrective Actions to ensure closure of outstanding quality issues.

We have ISO 13485 and ISO 9001 certifications for the design, development, manufacture, distribution, installation, and servicing of our nucleic acid sequencing platforms.



HUMAN CAPITAL

Our robust employee health and safety programs provide clear guidelines for managing employee safety and risk, and reporting to OSHA. The Total Recordable Incident Rate for PacBio for 2018, 2019 and 2020 was below industry average.

We offer competitive benefits, an employee assistance program and professional development for our employees. Our efforts are demonstrated through a low turnover rate and high employee service tenure.

Our benefits program is designed to support the whole self – with programs for retirement planning, parental leave, flexible work arrangements, rewards and recognition, preventive care and wellness, and flexible time off.

We are committed to equal opportunity for all applicants and employees and we value differences in races, ethnicities, religions, nationalities, genders, ages, sexual orientations, disabilities, as well as education, skill sets, and experience.

As of Q1 2022, of the 91% of our employees who self-identified, 47% identified as belonging to an underrepresented minority group and 44% identified as white.

Our pay for performance approach means an employee's total compensation reflects both individual contributions and company performance.



ENVIRONMENT

We have dedicated in-house EHS professionals to manage environmental compliance programs. We aim to adhere to all regional requirements and reporting requirements.

Our robust waste management/minimization program for our labs and production areas includes employee training for hazardous materials.

Our Menlo Park and San Diego buildings adhere to CalGreen Title 24 Part 11 standards and are equipped with LED lighting and building management system controls.

We encourage employee adoption of clean energy vehicles and provide EV charging and subsidies for mass transit. In 2019 we completed an intensive SB-14 evaluation of chemical waste at our Menlo Park location, which focused on major waste streams and opportunities to minimize waste.

Our Talent Acquisition team strives to achieve a 100% virtual interview process to reduce our carbon footprint.



GOVERNANCE

All non-employee members of our Board of Directors are independent, including the Chairperson of the Board, under applicable SEC regulations and Nasdaq listing requirements.

Three women serve on our Board of Directors and we have included a Board Diversity Matrix in our most recent [Proxy Statement](#), which was filed with the SEC on April 14, 2022.


We maintain a [Code of Business Conduct](#), [Gift & Hospitality Policy](#) and an [Anti-Corruption Policy](#).

New employees receive training on our Code of Business Conduct on their first day, and the Employee Handbook includes our Whistleblower Policy. All employees and distributors receive annual anti-corruption training.



COMMITTED TO THE U.N. SUSTAINABLE DEVELOPMENT GOALS

In accordance with guidance from the United Nations, we are beginning to integrate the Sustainable Development Goals (SDGs) into our business strategy and are focused on eight SDGs and targets that are most relevant to our core business.

DESCRIPTION	PACBIO ALIGNMENT	MORE INFORMATION
 <p>3 GOOD HEALTH AND WELL-BEING</p> <p>Ensure healthy lives and promote well-being for all</p>  <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<ul style="list-style-type: none"> • Core mission: Improve human health by furthering our understanding of biology. • Our products, practices, and commitment to quality allow our customers to improve the health and well-being of people across the globe. • Our research use only (RUO) products enable scientists and clinical researchers by unlocking access to genomics. 	<p>10-K – Mission and Impact</p>
 <p>5 GENDER EQUALITY</p> <p>Achieve gender equality and empower all women</p>	<ul style="list-style-type: none"> • Our belief that a diversity of talent, ideas, and perspectives strengthen our leadership position within our industry. • We live the commitment to this SDG through representation of women and minorities on our board and in senior management roles. • Our employee population is 35% female and 65% male as of Q1 2022. 	<p>Human Capital Section Proxy – Diversity Matrix Governance Section</p>
 <p>6 CLEAN WATER AND SANITATION</p> <p>Ensure availability and sustainable management of water and sanitation for all</p>	<ul style="list-style-type: none"> • CalGreen water use programs. • Our Menlo Park and San Diego buildings are CalGreen compliant. • Process wastewaters are treated prior to discharge. 	<p>Environment Section</p>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p> <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<ul style="list-style-type: none"> • EV Charging stations in select locations. • LED lighting and BMC controls in our locations in California. 	<p>Environment Section</p>
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Promote sustained, inclusive, and sustainable economic growth; full and productive employment; and decent work for all</p>	<ul style="list-style-type: none"> • Our people are the foundation of our success, and we are committed to employee growth. • We offer pathways to promotions, training opportunities, and leadership development courses. • Engagement adds value: 86% of our people feel their work contributes to the company’s success. 	<p>Human Capital Section Social Section</p>
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <p>Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation</p>	<ul style="list-style-type: none"> • Innovation: We’ve evolved beyond being a single-platform-focused company to one that plans to offer multiple technologies and platforms. • Resilience is built into our business through our ISO 13485 and ISO 9001 certifications programs. 	<p>10-K – Our Technology, Products and Solutions Social Section</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Ensure sustainable consumption and production patterns</p>	<ul style="list-style-type: none"> • We believe in operational excellence and our robust hazardous material program promotes safety and responsible usage of potentially hazardous materials. • We design, develop and manufacture advanced sequencing solutions and enable scientists and clinical researchers to resolve genetically complex problems. 	<p>10-K – Hazardous Materials Environment Section Environmental Policy</p>



OUR APPROACH TO KEY SASB TOPIC AREAS

To help inform our decision making and reporting on ESG factors that are most relevant to the biotech industry, we referenced the SASB standards and performed a peer benchmarking analysis to capture industry best practices.

ACCESS & AFFORDABILITY

[SASB: HC-MS-240a.1, HC-MS-240a.2]

Our products are labeled for RUO and we expect to sell them to research customers, including academic institutions, life sciences and research laboratories, and biopharmaceutical and biotechnology companies for non-diagnostic and non-clinical purposes. At this time, we do not disclose pricing data.

PRODUCT SAFETY

[SASB: HC-MS-250a.1, HC-MS-250a.2, HC-MS-250a.3, HC-MS-250a.4]

Our RUO products are not for use in diagnostic procedures. Our research and development and manufacturing activities involve the use of hazardous materials, including chemicals and biological materials, and some of our products include hazardous materials. We have a safety training program in the U.S. with the objective of protecting our employees, the environment, and the business.

ETHICAL MARKETING

[SASB: HC-MS-270a.1, HC-MS-270a.2]

We have implemented policies, procedures, and training programs designed to maintain our compliance with the laws and regulations governing the sales and marketing of RUO products.

EMPLOYEE RECRUITMENT, DEVELOPMENT & RETENTION

[SASB: HC-BP-330a.1, HC-BP-330a.2]

We seek to find ways to incorporate the findings of our Affirmative Action Program (AAP) into our hiring, onboarding, and career development processes to ensure diversity, equity and inclusion is prioritized. Third party recruiting agencies are held to a high standard of non-discrimination.

We use inclusive language in our job postings and leverage platforms and career events focused on Diversity, Disability and Veterans. Our Internal Job Postings Page provides career growth opportunities for our existing employees and our Employee Referral Program aims to encourage candidate referrals from our employee base. Please see our [careers page](#) for our statement on equal employment opportunity, nondiscrimination, and AAP.

We strive to provide real-time recognition of employee performance, with a formal annual review process to determine pay and identify areas where training and development may be needed. We have several training programs including LinkedIn learning, managerial training, anti-bias training, and skills-based training.

We conduct an annual survey to seek feedback from our employees globally on a variety of topics. The results are summarized and shared to our employees globally and reviewed in detail by our senior leadership survey to analyze and prioritize actions in response to feedback. For 2022, our response rate is 87%.

SUPPLY CHAIN MANAGEMENT

[SASB: HC-MS-430a.1, HC-MS-430a.2, HC-MS-430a.3]

We are committed to maintaining an ethical and sustainable supply chain. We have a [Vendor Code of Conduct](#) and a [Supplier Code of Conduct](#) that outlines standards of behavior for our suppliers. Our vendor selection process is based on technical capability and for key or critical suppliers, we use a formal vendor survey as a part of the due diligence process. Supply chain risks are regularly monitored and evaluated at least annually to minimize risk.

Since 2016 we have conducted an annual review of conflict minerals and their potential usage within our supply chain. For more information, see our [Conflict Minerals Disclosure](#).

BUSINESS ETHICS

[SASB: HC-MS-510a.1, HC-MS-510a.2]

We are proud of our commitment to ethical behavior. Our commitment begins at the Board level with oversight by our Audit Committee who are stewards of the long-term interest of our shareholders. Our Code of Conduct reflects business practices and principles that support this commitment and is designed to guide our people towards the right ethical choices. Everyone is trained on this topic on their first day. Foreign Corrupt practices training is conducted on an annual basis. We maintain a Whistleblower Policy and our employee handbook outlines reporting procedures.