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XIANJU PHARMA



2024

Sustainable Development Report and
Corporate Social Responsibility Report

Zhejiang Xianju Pharmaceutical Co., Ltd.

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About the Report

The Report represents the 2024 Sustainable Development Report and Corporate Social Responsibility Report issued by Zhejiang Xianju Pharmaceutical Co., Ltd. (hereinafter referred to as "Xianju Pharma", "Xianju", "the Company" or "we") to disclose the Company's initiatives and achievements in the field of environment, society and corporate governance to the public. The Report is the fourth report on sustainable development and social responsibility publicly disclosed by Zhejiang Xianju Pharmaceutical Co., Ltd.

■ Scope of the Report

The Report is released on an annual basis.

Reporting Period: The Report covers our activities undertaken from January 1, 2024, to December 31, 2024. For retrospective and prospective purposes, some information may exceed the above time range.

Organization Scope: The Report is primarily about Zhejiang Xianju Pharmaceutical Co., Ltd. and its subsidiaries. Unless otherwise stated, the organizational boundaries of the Report are consistent with those disclosed in the annual report of Xianju Pharma.

■ Reference Standards

The Report is prepared with reference to the GRI Sustainability Reporting Standards (GRI Standards 2021) released by the Global Sustainability Standards Board (GSSB), the Guidance on Social Responsibility Reporting (GB/T 36001-2015), the Guidelines for Corporate Social Responsibility Reporting in China (CASS-ESG 5.0) issued by the Chinese Academy of Social Sciences, and other standards, as well as the requirements specified in the Guidelines 17 for Self Governance of Listed Companies of the Shenzhen Stock Exchange - Sustainable Development Report (Trial), the Guidelines 3 for Self Governance of Listed Companies of the Shenzhen Stock Exchange - Preparation of Sustainable Development Reports, etc.

■ Data Sources

The data presented in the Report is extracted from official documents and statistics of the Company. Should there be any discrepancies with the financial statements, the latter shall prevail. Unless otherwise stated, the data in the Report are measured in metric system and the currency is denominated in Chinese Yuan (CNY).

■ Release and Accessibility

The Report is published in electronic format, which can be accessed and downloaded from the designated information disclosure website of the Shenzhen Stock Exchange (www.cninfo.com.cn) or the Company's website (www.xjpharma.com).

Email: dmb@xjpharma.com



Message from the Chairman



In 2024, confronting new realities and challenges, Xianju Pharma remained strategically determined and upheld the principles of "Concentration, Competence, and Motivation". With the concerted efforts of all employees, the Company's operational and managerial competence was steadily improved, achieving remarkable successes.

We achieved two "zero" breakthroughs for the first time. The first preparation product Prednisolone Tablet was sold to the United States, which took a solid step towards the internationalization of the Company's preparation products. We introduced the overseas product - TOGETHAIR series for the first time, enriching our product mix and expanding new markets, which is an important exploration of the Company to enter the global market.

Over the past year, the Company's social recognition was continually improved. Xianju Pharma was ranked in the Top 100 pharmaceutical companies in China, and awarded the title of "National Enterprise Technology Center". It was also recognized as the "Most Valuable Enterprise in China's Pharmaceutical Industry for Investment in 2024", the "Best Industrial Enterprise in China's Pharmaceutical R&D Product Line", and the "Benchmarking Enterprise in Zhejiang for Management Benchmarking and Improvement".

Over the past year, our capability of preparation product research and development was continuously enhanced. The domestic first generic Estradiol Valerate Tablet was approved. The triple-phase product marketing model with academic guidance as the core entered the stage of comprehensive promotion and achieved initial success. The information system of preparation sales enabled the standardized business process management, normalized foundational data, integrated business-finance operations, and digitally-empowered leadership. The compliance management system for preparation production was continuously strengthened, and the internationalization capability was further enhanced.

Over the past year, we continuously improved the API mechanism of "upholding standards and compliance baselines and forming a market-oriented triple-line collaborative operation system" to enhance our market competitiveness. We developed medium and long-term new product planning in the API research and development, with full coverage of key steroid products. We applied a triple-line linkage mechanism to the sales of APIs, with efficient collaboration among departments and targeted marketing strategies, constantly meeting the needs of customers at various levels, and improving the market competitiveness of APIs. All production areas anchored operations to "compliance and efficiency improvement", taking the market as the center, and continuously improving compliance management, comprehensive cost management, and technology and equipment level.

Over the past year, the functional and professional divisions of the Company continuously enhanced their capabilities by aligning with both the "profit-centered" management system and the "triple-line collaborative" operating system, as well as constantly proceeding with workflow enhancement and digital enablement, in order to secure the business target attainment. We methodically advanced key initiatives, including group governance, production and operation upgrades, high-end preparation facility development, procurement system reform, and technology platform establishment, with demonstrable preliminary success.

Over the past year, we continued to promote ESG practices, including technological innovation, facility renovation, equipment upgrade and process improvement, to vigorously promote energy conservation and emission reduction. Adhering to the "people-oriented" principle, we strove to create a safe and healthy working environment for employees, and worked together with them to grow together. We continuously explored innovative cooperation modalities, and collaborated with our partners to develop a sustainable industrial landscape characterized by openness, sharing, inclusiveness and shared success. In addition, we constantly improved the corporate governance system, and reinforced law-abiding and compliant business practices, ensuring the stable and long-term development of the Company.

Long is the way and hard, but step by step we'll reach the end. In the face of new challenges and opportunities, Xianju Pharma will foster the engineering professionalism, confront challenges with unwavering confidence, and stabilize the fundamentals through open-minded learning. We will proceed from reality and advance steadily, pursue innovations within established frameworks, and make new contributions to building a century-old enterprise and promoting the high-quality development of the pharmaceutical industry.

Chairman: Zhang Yusong



01

About Xianju



Company Overview

Formerly known as Xianju Pharmaceutical Factory, Zhejiang Xianju Pharmaceutical Co., Ltd. was founded in 1972 and is located in Xianju County, Taizhou City, Zhejiang Province. In 2010, the Company's stock was officially listed and traded on the Shenzhen Stock Exchange under the stock code of 002332.SZ. The Company has a total share capital of CNY 989,204,866,000 and more than 2,700 employs.

With the corporate mission of “your health and happiness, our sincerity and responsibility” and the development vision of “becoming one of the top ten steroid drug suppliers in the world; becoming an enterprise favored by customers and employees”, Xianju Pharma focuses on the field of steroid hormones, and commits to meticulous excellence. The Company's products are uniquely positioned, adhering to an integrated model of active pharmaceutical ingredients (APIs) and preparations. Its main business is centered on the development, production, and sales of steroid APIs and preparations. The product research and development are closely aligned with four therapeutic areas (gynecology, anesthesiology, respiratory and dermatology), forming the basis of its product and service portfolios.

Xianju Pharma is one of the top 100 pharmaceutical enterprises in China and one of the key high-tech enterprises under China Torch Program. It boasts facilities such as Zhejiang Steroid Drug Engineering Technology Research Center, Zhejiang Key Enterprise Research Institute, National Enterprise Technology Center, National Green Factory, and National Postdoctoral Research Workstation. The Company has been involved in several national initiatives, including National High-Tech Research and Development Program of China (863 Program), China Torch Program, National Significant New Drug Development Program, and National Key New Product Program. Xianju Pharma has established long-term cooperation with more than 20 prestigious domestic research institutions and universities, such as the Shanghai Institute of Organic Chemistry at the Chinese Academy of Sciences, Zhejiang University, and China Pharmaceutical University. The Company has recruited high-level scientific research talents, cultivated young professionals aspiring to make their mark in the steroid pharmaceutical industry, thereby becoming pivotal to Xianju Pharma's growth. The Company encourages an ethos of technological innovation and promotes a development philosophy that harmonizes individual advancement with corporate progress, gradually aligning with international standards in new drug development. Xianju Pharma has developed a technological framework that sources from high-end R&D institutions abroad, with research institutes in Hangzhou and Xianju facilitating digestion and absorption, and its base in Xianju implementing these technologies.

Domestically, Xianju Pharma operates three key manufacturing platforms: Xianju Yangfu API Production Area, Xianju Yangfu Preparation Production Area and Linhai Chuanlan Production Area. Internationally, it has two standardized API plants centered on its Italian subsidiary, NewChem.

Xianju Pharma champions a culture of authenticity, win-win collaboration and innovation, and adheres to the core corporate values of "integrity, struggle, open, learning, responsible and win-win". The Company always keeps to a win-win strategic philosophy that benefits customers, the company, employees, and society as a whole. Moreover, the Company encourages employees to actualize their personal value in the realization of broader corporate and social success. In the future development, the Company will continuously improve its business management level and develop high-tech products, give full play to scale effect to promote its development in a high-quality manner, and contribute to the cause of human health.

Corporate Culture



Core Values	
Integrity	We commit to upholding truthfulness and building integrity, aspiring for each member of our team and the Company itself to act with unwavering honesty.
Struggle	Regardless of favorable or challenging times, we remain persistent, never give up, and strive with a spirit of relentless pursuit and vigorous ambition.
Open	We proactively challenge the status quo, embracing change and innovation with an open and inclusive mindset.
Learning	Our aim is to evolve into a learning organization, continuously seeking wisdom from our competitors, industry benchmarks, and international leaders, and applying this knowledge pragmatically for ongoing improvement.
Responsible	Xianju Pharma is a socially responsible enterprise, accountable to both society and our shareholders.
Win-win	We strive to forge a path of mutual prosperity between our business, our customers, our employees, and the wider community.



Products

With over 50 years of hard work and dedication, Xianju Pharma has become a comprehensive manufacturer that integrates the end-to-end value chain from research to marketing of APIs and preparations, with its main business being the development, production and sales of steroid APIs and preparations. Its primary products are categorized into four groups: corticosteroid drugs, sex hormone drugs (including gynecological and family planning drugs), anesthetic muscle relaxants, and respiratory drugs.

Corticosteroid Drugs (APIs and Preparations)

The product range includes Dexamethasone Series, Prednisolone Series, Triamcinolone Series, Methylprednisolone Series, etc. which are primarily used in the treatment of heart, skin and bronchial diseases.

This category includes progesterone, androgen and estrogen series, with key products including Drospirenone and Ethinylestradiol Tablets, Progesterone Capsules (Yimaxin), Compound Norethisterone Enanthate Injection, Levonorgestrel Enteric-Coated Capsules, and Mifepristone Tablets, which are primarily used for female emergency contraception, menstrual regulation, breast cancer treatment, and prevention and treatment of advanced prostate cancer.

Sex Hormone Drugs (Preparations)

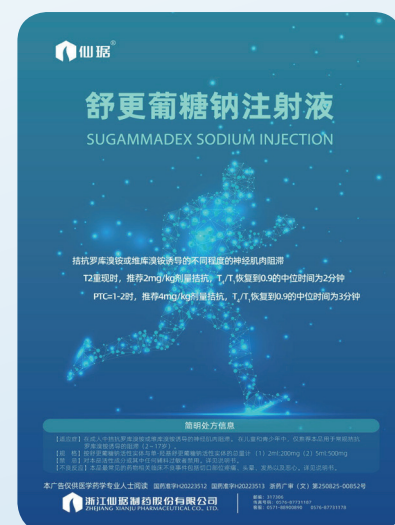
Anesthetics and Muscle Relaxants (Preparations)

The portfolio includes Sugammadex Sodium Injection, Cisatracurium Besylate for Injection, Rocuronium Bromide Injection, Vecuronium Bromide for Injection, Ropivacaine Mesilate Injection, etc., which are mainly used for surgical anesthesia and acute pain control.

These products include Mometasone Furoate Nasal Spray, Tiotropium Bromide Powder for Inhalation, and Ciclesonide Aerosol, which are primarily used for the maintenance treatment of seasonal or perennial rhinitis, chronic obstructive pulmonary disease (COPD), and asthma patients.

Respiratory Drugs

Products

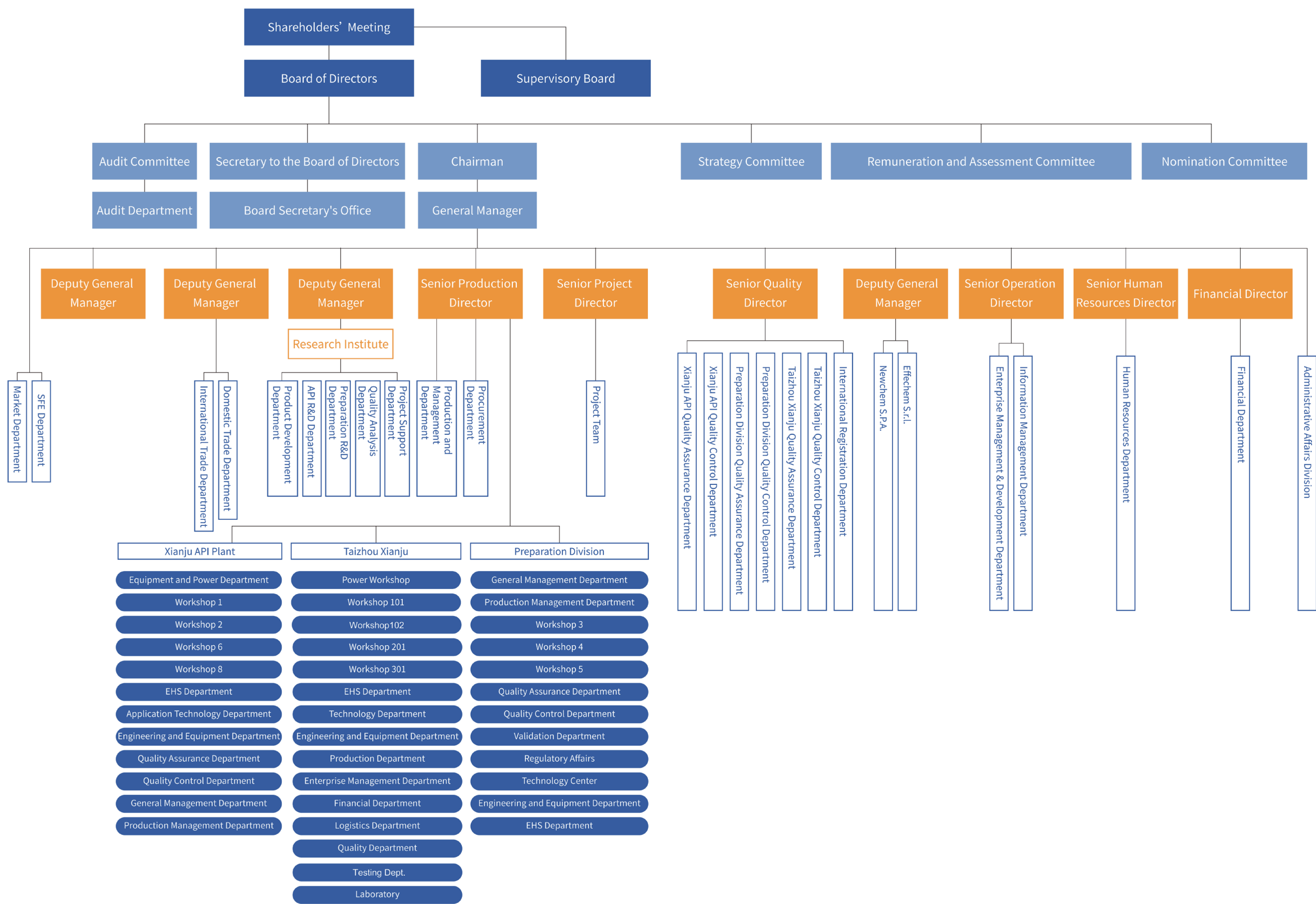


Honors

Level	Awards and Honors	Granting Organization
National	National Enterprise Technology Cente	National Development and Reform Commission
	National Enterprise with Advantage in IPRs	China National Intellectual Property Administration
	Excellent Social Responsibility Project of Chinese Pharmaceutical Enterprises	China National Pharmaceutical Industry Information Center
	Top 100 Pharmaceutical Enterprises in China in 2023	The 41st Annual Conference of National Pharmaceutical Industry Information in 2024
	Best Industrial Enterprise in China's Pharmaceutical R&D Product Line	The 41st Annual Conference of National Pharmaceutical Industry Information in 2024
	China Famous Trademark	Trademark Review and Adjudication Board of the State Administration for Industry & Commerce of the People's Republic of China
	National Green Factory in 2021	General Office of the Ministry of Industry and Information Technology
	Quality Suppliers and Partners for International Markets in 2019	China Chamber of Commerce for Import and Export of Medicines and Health Products
	Postdoctoral Research Center	Ministry of Human Resources and Social Security, National Postdoctoral Management Committee
	AEO Advanced Certified Enterprise	Hangzhou Customs District P.R.China
Provincial	May 1st Women's Pacesetter Position in Zhejiang	Zhejiang Federation of Trade Unions
	Intellectual Property Demonstration Enterprise in Zhejiang	Zhejiang Administration for Market Supervision (Intellectual Property Bureau of Zhejiang Province)
	Anti-Monopoly, Compliance, Benchmarking and Cultivation Enterprise in Zhejiang	Zhejiang Administration for Market Supervision
	Leading Enterprise of Biopharmaceutical Industry in Zhejiang	Economy and Information Technology Department of Zhejiang
	Third Batch of "Eagle Action" Enterprises	Economy and Information Technology Department of Zhejiang
	Kindness Shared, Blessings Remembered	Zhejiang Red Cross Society
	Second Batch of Provincial Pilot Program for Advanced Manufacturing and Modern Services Integration	Zhejiang Provincial Reform and Development Commission
	Xianju Pharma Steroid Drug Smart Factory	Economy and Information Technology Department of Zhejiang
	Best Contribution Award	ICBC Zhejiang Branch
	Zhejiang AAA Enterprise of Keeping Promise & Honoring Contracts	Zhejiang Administration for Market Supervision
	Zhejiang "Invisible Champion" Enterprise in 2024	Economy and Information Technology Department of Zhejiang
	Zhejiang Management Benchmarking and Upgrading Benchmarking Enterprise	Economy and Information Technology Department of Zhejiang
	Zhejiang Charity Award	Zhejiang Provincial People's Government
Municipal	High-Quality Product in Zhejiang	Economy and Information Technology Department of Zhejiang
	Leading Innovative Enterprise in Zhejiang in 2019	Department of Science and Technology of Zhejiang Province
	Top 50 Private Enterprises with Contributions to Taizhou City in 2024	CPC Taizhou Municipal Committee, Taizhou Municipal People's Government
Others	ESG Value Delivery Award for Listed Companies in 2024	Shenzhen ValueOnline Information Technology Co., Ltd.



Organizational Structure



Economic Performance

Economic Performance in 2024	
Operating income	4,000,693,148.05 CNY
Operating profit	678,211,239.17 CNY
Total profit	498,327,195.31 CNY
Net profit	399,923,214.68 CNY
Net profit attributable to shareholders of listed companies	397,178,995.31 CNY
Earnings per share	0.40 CNY

02

Building on Sound Governance, Seeking Development with Strategic Governance

Xianju Pharma upholds the principle of "Compliance and Integrity", benchmarking against modern corporate governance standards. We establish a robust governance framework, standardize the decision-making process, enhance management efficiency, and improve the transparency in corporate operations. Building on sound governance, we make steady advancement and strive to create an enduring business with visionary strategic planning.



Adherence to CPC Construction Guidance

In 2024, China enters a critical phase in executing its 14th Five-Year Plan and celebrates the 75th anniversary of the founding of the People's Republic of China. Xianju Pharma adheres to the philosophy of "focusing on development through CPC construction and promoting development through effective CPC construction". We fully implement the guiding principles from the 20th CPC National Congress along with the resolutions of the Second and Third Plenary Sessions of the 20th CPC Central Committee. In addition to fully leveraging the leadership role of the Party, we equip ourselves with the CPC's innovative theoretical frameworks, utilize them to guide our practice, and propel our work forward, so as to drive high-quality development by enhancing Party building to higher standards.

Passing on the Traditions of Revolution, Setting a Good Example

In order to celebrate the 103rd anniversary of the founding of the Communist Party of China, the party committee of Xianju Pharma held a grand celebration of the 103rd anniversary and commendation conference on the afternoon of June 28, 2024. All CPC members, candidates for Party membership and members of the Youth League Committee attended the meeting. At the conference, Comrade Zhang Yusong, secretary of the Party Committee, made an important speech entitled "Uphold the Noble Spirit of Our Party and Forge Ahead with Concrete Actions" on behalf of the Party Committee. He emphasized that we should make the "Xianju Glory" Party construction brand our flagship program, give full play to the Party organization's role as the political core and red vanguard, consistently strengthen the leadership and workforce development of primary-level Party organizations, enhance their cohesion and operational capacity, leverage Party members' vanguard and leading roles, and propel the Company's high-quality development.

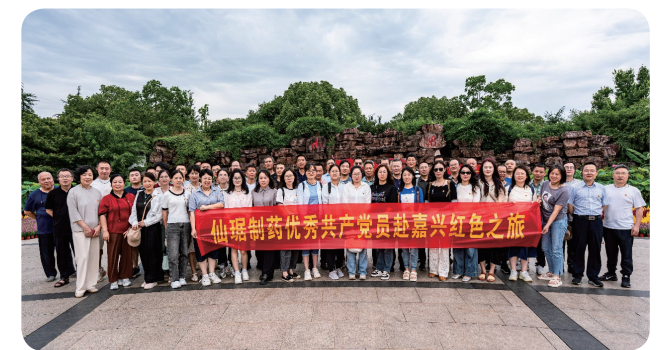
The conference presented on-site commendations to three outstanding Party branches (the Party branch of Workshop 1, the Party branch of R&D Department, and the Party branch of Preparation Logistics Department) and 43 exemplary Party members including Wang Shuqing. We called upon all Party members, candidates for Party membership, and members of the Youth League Committee to learn from these role models and fully exemplify the vanguard role of CPC members. We encouraged them to demonstrate courage in responsibility and active engagement, contribute to the Company's high-quality development with practical work, substantive achievements and demonstrable effectiveness, and establish milestones in our journey to become a century-old corporation.



Carrying Forward the Red Boat Spirit, Staying True to the Founding Mission

To further elevate CPC members' political awareness and ideological commitment, the Party Committee of Xianju Pharma organized outstanding party members, party branch secretaries, and key members of the Youth League Committee to visit Nanhu Lake in Jiaxing, the Birthplace of the Communist Party of China on June 29, 2024, to comprehend the Red Boat Spirit and temper our original aspiration and mission.

At the Nanhu Lake, the CPC members followed the footsteps of the delegates who attended the CPC's First National Congress, and paid solemn respects at the Red Boat. We viscerally understood our Party's difficult birth during turbulent times. We also gained deeper insight into the profound essence of the Red Boat Spirit: a pioneering spirit that creates from nothing, a hard-working spirit that keeps faith and fears no setbacks, and a spirit of service that honors the Party's commitment to the public good and its loyalty to the people. Our red heritage expedition forged our CPC members' political convictions and renewed their commitment to original aspirations and mission.



Enhancing Consensus via Criticism, Keeping Steadfast in Faith with Teamwork

On the afternoon of January 19, 2024, an on-site observational meeting of thematic organizational life sessions was held by Xianju "Two-New" CPC Branch (new economic entities and new social organizations refer to "Two New" organizations) in the Preparation Division of Xianju Pharma, under the guidance of the Organization Department of the County Party Committee (County Party Committee of the "Two New" Work Committee) and the Party Working Committee of the Administrative Committee of County Economic Development Zone. The meeting was attended by a group of 20 representatives of the CPC-nurtured talents, as well as outstanding entrepreneurs. Wu Tianfei, Deputy Secretary of the Party Committee and Chairman of the Labor Union of the Company, as well as the secretaries of various CPC branches, also participated in the meeting.

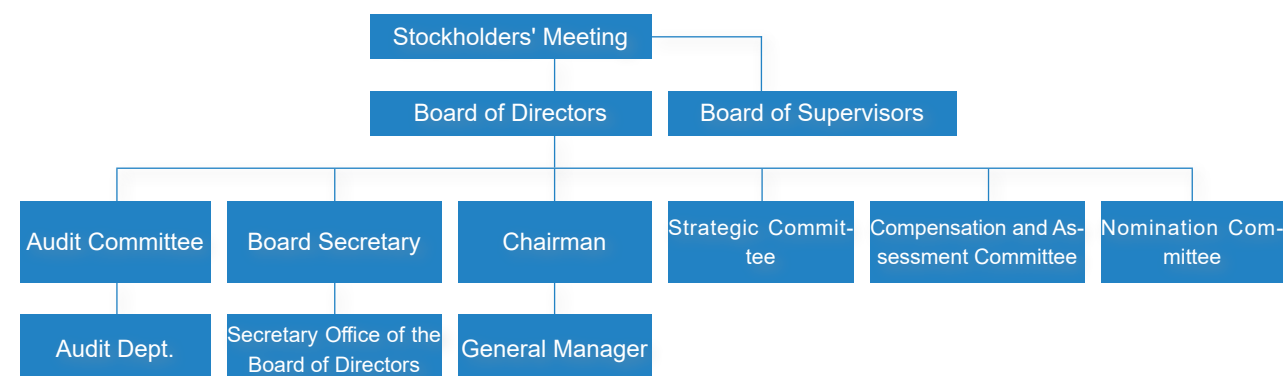
The secretaries of various CPC branches led all CPC members to study the spirit of the important speeches of General Secretary Xi Jinping, reported on their work to the Party Members' Assembly on behalf of the branch committee, and disclosed the issues identified in the branch committee's self-review. The secretaries and committee members of CPC branches led conducted group sessions for constructive criticism and self-improvement. We confronted specific behaviors and cases with frankness, pinpointed problems, proposed constructive suggestions, and maintained absolute truthfulness in all statements, forming a strong atmosphere of both seriousness and unity, and achieving the intended outcomes of effective criticism, mutual improvement, and motivational reinforcement.



Establishment of Sound Governance System

In strict accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Governance for Listed Companies*, the *Guidelines 1 for Self Governance of Listed Companies of the Shenzhen Stock Exchange - Standardized Operation of Main Market Listed Companies* and other laws, regulations and regulatory requirements, we constantly improve the corporate governance structure, and establish a "Three Committees + Executive Layer" governance system, forming a governance mechanism of "statutorily defined powers and responsibilities, transparent rights and responsibilities, coordinated operation, and effective checks and balances", driving standardized and scientific operations, and elevating our governance standards.

Governance System



Stockholders' Meeting

The Shareholders' Meeting is the highest authority of the Company. In accordance with the *Company Law of the People's Republic of China*, the *Rules for the Shareholders' Meetings of Listed Companies*, the *Articles of Association* and other relevant laws, regulations and normative documents, Xianju Pharma formulates the *Rules of Procedure for Shareholders' Meetings* to standardize the convening, conduct, and deliberation procedures of shareholders' meetings, and safeguard all shareholders' rights to information and participation. We optimize meeting locations and participation channels to ensure broad shareholder accessibility. When deliberating material matters affecting minority investors' interests, the shareholders' meeting separately counts the votes of small and medium-sized investors and discloses the results promptly, thereby actively safeguarding their rights and interests.

Shareholders shall, in proportion to their shareholdings, (1) receive dividends and other distributions, (2) propose, convene and preside over, attend or appoint a proxy to attend shareholders' meetings and exercise the voting right in accordance with laws, (3) supervise the operations of the Company, and (4) put forward suggestions or questions.



Board of Directors

The Board of Directors serves as the Company's decision-making body, which shall (1) convene and conduct meetings in strict compliance with the *Articles of Association* and the *Rules of Procedure of Board Meetings*, (2) exercise its statutory rights and fulfill obligations according to law, and (3) maintain ultimate accountability to shareholders. All the directors' exercise due diligence and act in good faith, actively participate in the training organized by regulatory authorities, and continuously enhance their governance competencies.

The Board of Directors consists of four special committees: Strategy Committee, Audit Committee, Nomination Committee, and Compensation and Evaluation Committee. Each special committee is accountable to the Board of Directors, performs its professional functions according to respective responsibilities, assists the Board of Directors in participating in corporate governance, and provides scientific opinions and references for the decision-making of the Board of directors.



Meeting of the Board of Directors



Meeting of the Audit Committee

The Company attaches great importance to the diversity of the Board of Directors, and takes into account the age, specialty, education background, skills and experience of the directors in the nomination and appointment process, thereby effectively enhancing the governance effectiveness of the Board of Directors. The Board of Directors consists of 9 directors, including 3 independents and 1 female member. With diverse expertise spanning business management, financial investment, accounting, and production operations, the board members are complementary in terms of educational background, industry experience, professional skills, and specialized knowledge, which contributing to a more comprehensive planning for the development strategy of Xianju Pharma.

Board of Supervisors

The Board of Supervisors serves as the Company's oversight body, accountable to the shareholders' meeting. Its powers and duties are defined by the *Company Law*, the *Articles of Association*, and resolutions passed by the shareholders' meeting. The Company formulates the *Rules of Procedure of the Board of Supervisors*, standardizing its deliberations and decision-making procedures, ensuring that supervisors and the Board of Supervisors fulfill their duties effectively.

The Board of Supervisors consists of 7 supervisors, including 3 employee representative supervisors, 2 female supervisors and 1 external supervisor. The workers' representatives among the board of supervisors are democratically elected by the employees of the Company through the workers' congress or other forms, and the shareholders' representatives among the supervisors are external supervisors. The supervisors supervise the legal compliance of the Company's financial staff, directors and senior executives in performing their duties, and may investigate any abnormal cases found, so as to effectively safeguard the legitimate rights and interests of the Company and shareholders.



Meeting of the Board of Supervisors

Senior Management

The senior executives include General Manager, Deputy General Manager, Chief Financial Officer and Secretary of the Board of Directors. The Company establishes rigorous and scientifically grounded performance evaluation framework and incentive-accountability system, achieving equal emphasis on incentives and constraints, and fully mobilizing the enthusiasm and creativity of senior executives. During the reporting period, the Company's senior executives faithfully performed their duties, actively implemented the relevant resolutions of the shareholders' meeting and the Board of Directors, and safeguarded the maximum interests of the Company and all shareholders.

Key Performance in 2024

Hierarchy Name	Number of Meetings Held (times)	Number of Proposals Considered (items)
Stockholders' Meeting	2	10
Board of Directors	6	37
-Strategy Committee	4	5
-Audit Committee	6	25
-Nomination Committee	1	1
-Compensation and Assessment Committee	2	3
Board of Supervisors	4	15

Improvement of Risk Management

Xianju Pharma prioritizes the prevention and resolution of major risks, establishes a comprehensive risk management mechanism that engages all employees, covers all processes, and spans the entire organizational system, in order to strengthen the capabilities in risk identification, assessment and response and to ensure the Company's stable and sustainable operations.

The Company carries out internal control activities in compliance with the *Basic Standards for Enterprise Internal Control* and its supporting guidelines, as well as other regulatory requirements on internal control. We set up Audit Department under the Board of Directors, serving as the daily work organization of internal risk control, and assisting the Board of Directors and the Audit Committee in establishing and implementing the internal control system, with a focus on identifying key risk exposures and material weaknesses in business operations to ensure the effectiveness of all critical business activities.

The Audit Department conducts regular audits to oversee and internally monitor the risk management mechanisms and operational processes, while proposing corrective recommendations to effectively enhance risk prevention and control capabilities. The Audit Department timely adjusts the priority of risk management in response to new circumstances and requirements. Moreover, we actively promote cooperation and information sharing among business management departments, and establish a multi-tiered risk management framework to comprehensively strengthen our risk defense capabilities.

Construction of Business Ethics

Xianju Pharma formulates the *Code of Conduct and Business Ethics*, which regulates anti-fraud, anti-monopoly, anti-unfair competition, anti-corruption, and anti-bribery, requiring all employees to follow the principles of integrity, fairness and legality in their work and safeguard the Company's strong reputation and favorable public image on the basis of well-defined code of ethics and conduct standards. We also provide behavioral guidance to all employees of the Company and its subsidiaries to help them make choices in line with the Company's values and laws and regulations when facing various business decisions and ethical challenges.

Anti-Corruption and Anti-Bribery

Adhering to the business philosophy of integrity, Xianju Pharma scrupulously abides by the highest standards of incorruptibility, uprightness and regulatory compliance in all operations, and adopts a zero-tolerance policy towards fraud, corruption and bribery practices. The Audit Committee serves as the governing body in anti-corruption efforts, and guides and supervises the anti-corruption compliance program of the Company. As the Company's permanent anti-corruption function, the Audit Department ensures the proper operation of whistleblowing channels and conducts impartial investigations into reported misconduct.

We continuously enhance our anti-corruption and anti-bribery compliance system, carry out regular training on incorruptibility, and steadily improve the scientific and standardized approach to preventing and combating corruption and bribery. On February 26, 2024, the company organized a training session for all employees on the *Code of Conduct and Business Ethics*, focusing on learning of anti-fraud, anti-corruption and anti-bribery policies and systems, enabling them to clearly understand the definition, harm, and legal consequences of relevant behaviors, effectively enhancing their awareness of integrity and compliance.



Training on the Code of Conduct and Business Ethics

Xianju Pharma held training on the *Compliance Guidelines for Pharmaceutical Enterprises to Prevent Commercial Bribery Risks (Exposure Draft)*.

On October 11, 2024, the State Administration for Market Regulation issued a notice on publicly soliciting opinions on the *Compliance Guidelines for Pharmaceutical Enterprises to Prevent Commercial Bribery Risks (Exposure Draft)*. The Company promptly organized regulatory interpretation and training, strengthened internal control and compliance management to mitigate commercial bribery risks, upheld its role as the first line of defense against commercial bribery, and firmly rejected any unethical business practices.



The Company maintains accessible whistleblowing channels, including whistleblowing hotline, email, and postal correspondence. All stakeholders are entitled to report any violations of the *Code of Conduct and Business Ethics*. Upon receipt, the Audit Department shall document the report in detail, assess jurisdiction for the cases satisfying jurisdictional thresholds, and verify reported information and implement subsequent remedial actions through formal investigations or continuous monitoring. The Company undertakes to keep confidential the personal information and information provided by the whistleblowers, while ensuring their physical and legal safety.

Whistleblowing Channel



Top Leader of Respective Organization, Department or Business Segment

Acceptance Department: Audit Department

Email: sjb@xjpharma.com

Tel.: 0576—87731075

Mailing Address: Audit Department, Zhejiang Xianju Pharmaceutical Co., Ltd., No. 15, Fengxi West Road, Xianju County, Taizhou City, Zhejiang Province, China

Fair Competition

We strictly abide by the *Anti-Monopoly Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China* and other laws and regulations, and publish the *Anti-Monopoly Compliance Guidelines*, *Anti-Monopoly Compliance Manual* and other systems. We obtain and use business information via legitimate and legal ways, safeguard a fairly competition market environment, and promote the construction of free market. We also support the innovative development of API operators and enhance the international competitiveness.

Fair Competition Measures



- Do not directly or indirectly obtain prices, costs, terms of sale, or other competitively sensitive information from competitors, or discuss such information with competitors.
- Do not directly or indirectly contact suppliers or customers that unfairly limit trade or exclude competitors from the market.
- Forbid improper differential treatment of customers in comparable situations who are in competition with each other concerning pricing, discounts, or subsidies.
- Do not divide the market or customers with competitors, or jointly boycott customers or suppliers.

We regularly conduct compliance training, including fair competition, and help employees understand the basic principles of fair competition, laws and regulations and corporate policies through new employee induction training, and how to comply with fair competition rules in daily work. In 2024, we conducted a quarterly anti-monopoly publicity campaign.

Xianju Pharma held anti-monopoly compliance training lecture.

In order to further study and implement the *Anti-Monopoly Law*, enhance the awareness of fair competition, and promote legal and compliant operations, we held anti-monopoly compliance training lecture on July 19, 2024. We invited external legal experts to educate attendees on high-risk scenarios where companies may inadvertently engage in monopolistic practices during daily operations, highlight key prevention measures, and provide compliance recommendations for both corporate management and employee conduct. This training significantly enhanced employees' comprehension of anti-monopoly compliance, effectively elevating their awareness of legal requirements in anti-monopoly compliance.



Information Safeguarding

Xianju Pharma regards information security as an important part of its compliant operations, strictly complying with the laws and regulations on information security and privacy protection in the countries and regions where it operates. According to the ISO 27001 standard, we establish a comprehensive information security management system, including risk assessment, security audit, emergency response and other processes, to ensure the continuity and effectiveness of information security. We set up a special information security management team, which formulates and implements the security policies, clarifying the information security goals and principles, and regulating the behavior of employees. In 2024, the Company maintained the ISO 27001 information security management system valid and current.



ISO 27001 System Certificate

Information Security Management Measures

- | | |
|---------------------------------------|---|
| Firewall technology | • Configure firewall rules to limit illegal access and malicious attacks |
| Intrusion Detection System | • Monitor the network traffic and user behavior in real time to identify potential security threats |
| Vulnerability Scanning and Repair | • Regularly scan for vulnerabilities in systems and applications, and fix security vulnerabilities in time. |
| Data Transmission Encryption | • Encrypt the transmitted data using protocols such as SSL/TLS to prevent data leakage |
| Data Storage Encryption | • Encrypt the data stored in the Company's network to ensure its security |
| Key Management | • Encrypt the controlled files using a combination of high-intensity software and hardware, with keys bound to server hardware and encryption locks |
| Regular Information Security Training | • Regularly conduct information security training to raise all employees' awareness of and attention to information security |



The Information Department organized network security training.

On November 12, 2024, the Information Department held network security training in order to improve the network security protection. The training focused on network security, including personal information security protection, information security management strategies and practices, and case analysis of leakage incidents. Through training, the participants acquired more skills on practical network security, and further upgraded the Company's network security, laying the foundation for creating a more secure and stable network environment.



Protection of Investors' Rights and Interests

Standardized Information Disclosure

Xianju Pharma strictly abides by the *Administrative Measures on Information Disclosure by Listed Companies*, the *Guidelines 5 for Self Governance of Listed Companies of the Shanghai Stock Exchange - Management of Information Disclosure Matters*, and other requirements, and formulates the Management System for Information Disclosure to clearly define the scope, channels and time of information disclosure, ensuring the information is disclosed in a truthful, accurate, complete, timely, and fair way.

The Company designates the Secretary of the Board of Directors and the Securities Affairs Representative to take charge of information disclosure and deal with investor visits and consultation. We designate *Securities Times*, *China Securities Journal*, *Shanghai Securities News*, *Securities Daily* and <http://www.cninfo.com.cn> to disclose the information of the Company, allowing all investors to learn the same information at the same time. On October 11, 2024, the Shenzhen Stock Exchange released the *Announcement on the Assessment Results of Information Disclosure of Listed Companies on the Main Board of the Shenzhen Stock Exchange for 2023-2024*. Xianju Pharma once again obtained the highest level "A" (Excellent) in the assessment for its overall standardized operation and high-quality completion of information disclosure. This marks the Company's 12th "Level A" rating in the 13 consecutive years of information disclosure assessments conducted by the Shenzhen Stock Exchange.



The Company actively organizes and carries out training on the *Publicity and Learning of Illegal Cases of Information Disclosure*, the *Management Rules for the Shares held by Directors, Supervisors and Senior Executives of Listed Companies and Their Changes*, the *Interpretation of the China's New National Nine Articles*, the *Latest Policies of the Capital Market*, the *Interpretation of the New Company Law*, etc. We hold the Second Law Popularization Week to continuously enhance compliance awareness and standardize the Company's work.



In addition, Xianju Pharma strengthens ESG information disclosure, presents the Company's efforts and achievements in corporate governance, environmental protection, technological innovation, and employee welfare to stakeholders, enhances transparency in sustainable development, and improves the trust of stakeholders, laying a solid foundation for the Company's long-term development.

Key Performance in 2024

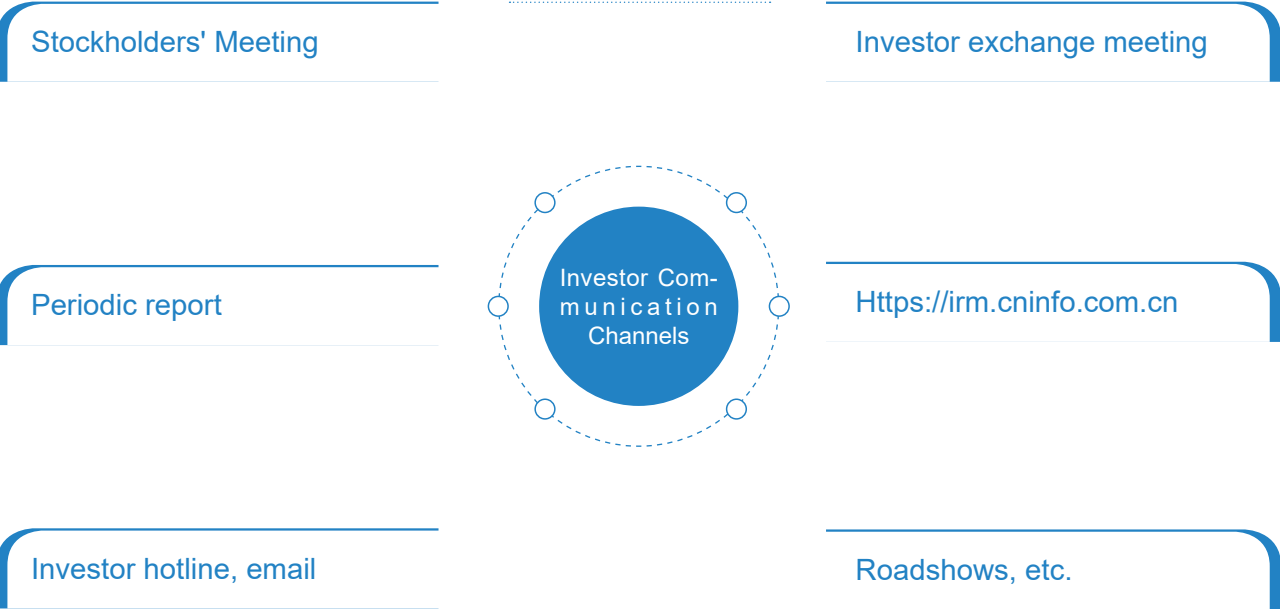
Number of periodic reports issued 4

Number of temporary announcements issued 81



Communication with Investors

Xianju Pharma establishes the *Investor Relations Management System*, enhances communication with investors, discloses relevant information in a true, accurate, complete and timely manner as required, and effectively protects the rights and interests of investor, especially small and medium-sized investors. The Company constantly expands communication channels for investors, actively answers their questions and solves their problems through shareholder meetings, regular announcements, investor exchange meetings, surveys, roadshows, emails, etc., so as to enhance their understanding and recognition of the Company, and achieve the purpose of respecting, rewarding and protecting the investors.



We set up an investor relations platform on our website to announce the relevant information of the Company in time, and release visual reports on platforms such as WeChat public account to increase the transparency of information disclosure, forming a corporate culture of serving and respecting investors, and establishing a stable and high-quality investor base.



Xianju Pharma organized performance exchange meetings.

In April 2024, the Company organized a performance exchange meeting for the 2023 Annual Report and the 2024 First Quarterly Report in the form of an online conference. In August 2024, the Company organized a performance exchange meeting for the 2024 Semi-Annual Report in the form of online conference. Regular report exchange meeting is an important initiative for the Company to communicate with investors, aiming to further maintain good relationship with investors through interactive communication and detailed presentation of the Company's operating results and sustainable development practices.

Key Performance in 2024

- Held investor exchange meetings and received investor survey for 11 times
- Received the visits of nearly 600 investment institutions
- Responded to questions on <https://irm.cninfo.com.cn> for 66 times.

Social Responsibility Governance

Social Responsibility Management

Xianju Pharma adheres to the concept of "sharing the fruits of development and building a better life together"; deeply integrates sustainable development into the daily operation and management of the Company, focuses on the three ESG dimensions when developing development strategies and implementing major decisions, identifies and tracks the possible risks, and constantly improved the governance capabilities.

We set up a three-level sustainable development governance structure of "decision-making, management and execution", consisting of the Board of Directors, senior management, functional departments and subsidiaries. We can work on sustainable development from top to bottom, create economic benefits while also considering social and environmental benefits, so as to achieve harmonious and mutually beneficial integration of economic growth, environmental protection, and social progress.



SA8000 Certificate

Social Responsibility Goals

Develop management procedures, promote management update, enhance energy conservation and environmental protection, protect employee rights, safeguard consumer rights, promote integrity in business practices, and improve the social responsibility of supply chain.

Social Responsibility Indicators

0 incident of child labor misuse and forced labor, 100% coverage of social security, 100% conclusion of collective agreements, 100% completion of occupational health examination, 0 case of illegitimate interests, and 100% signing rate of commitment letters for clean business operations/business ethics.

Social Responsibility System

Pass the certification for SA8000 social responsibility management system, continuously improve working conditions, protect employee rights and interests, and promote sustainable development.

Communication with Stakeholders

Effective communication with stakeholders is essential for sustainable development governance. According to the industry and business characteristics and excellent practices, Xianju Pharma establishes a regular and efficient communication mechanism with key stakeholders including investors, customers, regulatory agencies, suppliers and employees, fully understands the expectations and demands of all parties, and takes them as an important consideration of the Company's sustainable development strategy, creating greater value for all parties.

Stakeholders	Expectations and Demands	Communication and Response
Investors	<ul style="list-style-type: none">Standardized corporate governanceDisclosure of business informationSustainable profitability	<ul style="list-style-type: none">Establish and improve a modern corporate governance systemDisclose the information in a timely and standardized mannerProvide reasonable return on investment
Customers	<ul style="list-style-type: none">Quality managementFeedbackInformation Security	<ul style="list-style-type: none">Establish quality management systemEstablish customer service systemProtect information security and privacy more carefully
Regulatory Agencies	<ul style="list-style-type: none">Standardized Corporate GovernanceDisclosure of business information	<ul style="list-style-type: none">Optimize internal compliance management systemDisclose business information in a timely and accurate manner
Suppliers	<ul style="list-style-type: none">Long-term cooperation mechanismImproved sustainability performanceHonest Trading	<ul style="list-style-type: none">Carry out cooperative projects with suppliersPromote sustainable purchasingMake fair and compliant transactions
Employees	<ul style="list-style-type: none">Protection of Legitimate Rights and Interests of EmployeesProvision of career development opportunitiesGuarantee for remuneration and benefitsHealth and safety protection	<ul style="list-style-type: none">Standardize employment and respect human rightsInnovate employee development channelsProtect salaries and benefits by lawImprove occupational health and safety management system
Communities	<ul style="list-style-type: none">Promotion of Community Economic DevelopmentMulti-level and multi-dimensional Co-operationCommunity Public Welfare	<ul style="list-style-type: none">Provision of Job OpportunitiesSupport community developmentCarry out public benefit activities and volunteer services
Environment	<ul style="list-style-type: none">Energy Conservation and Consumption ReductionPollution reduction	<ul style="list-style-type: none">Apply energy-saving technologiesReduce pollutant emissions
Peers	<ul style="list-style-type: none">Technical ExchangeCollaborative InnovationIndustry Development	<ul style="list-style-type: none">Industry ConferenceSeminarIndustry-Academia-Research Collaboration
Government	<ul style="list-style-type: none">Tax Payment in Full by LawLeading in Technological InnovationCompliance with laws and regulations	<ul style="list-style-type: none">Active Tax PaymentTechnical InnovationCompliance with laws and regulations
Media and third-party organizations	<ul style="list-style-type: none">Sustainability complianceInterview and communication	<ul style="list-style-type: none">Improve sustainable development managementOrganize visits, meetings, etc.

Analysis of Material Topics

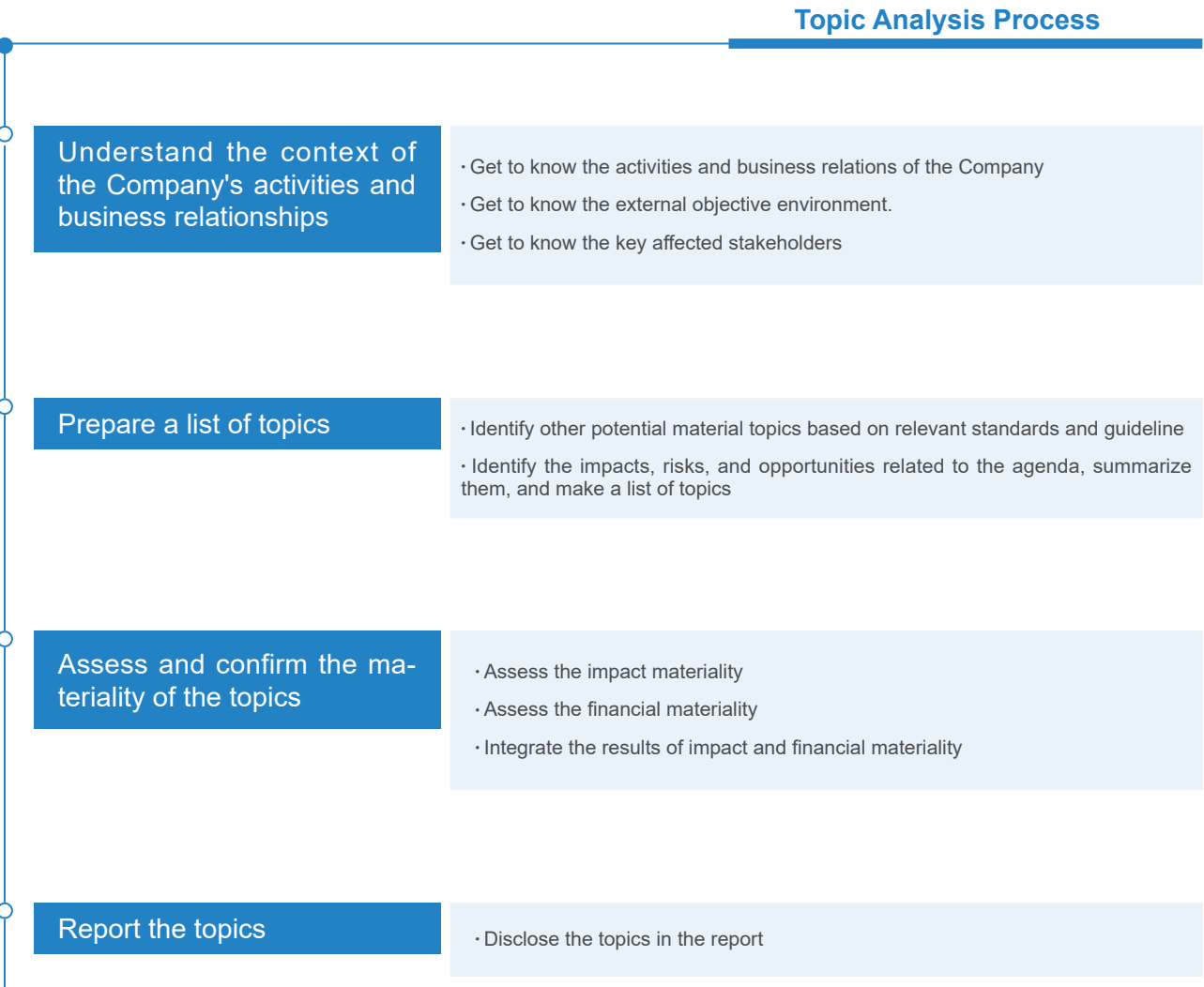
With reference to the sustainability standards (GRI Sustainability Reporting Standards issued by the Global Sustainability Standards Board (GSSB), the *Guidelines 3 for Self Governance of Listed Companies of the Shenzhen Stock Exchange - Preparation of Sustainable Development Reports*, and other domestic and international ESG standards and policies, we analyzed the dual materiality of material topics, namely, financial materiality and impact materiality. Based on previous assessments of "impact materiality", we also evaluated and ranked the topics from a financial perspective through internal and external questionnaires, meetings, interviews, etc.

Based on the results of the dual-materiality assessment, we identified **24** material topics, including

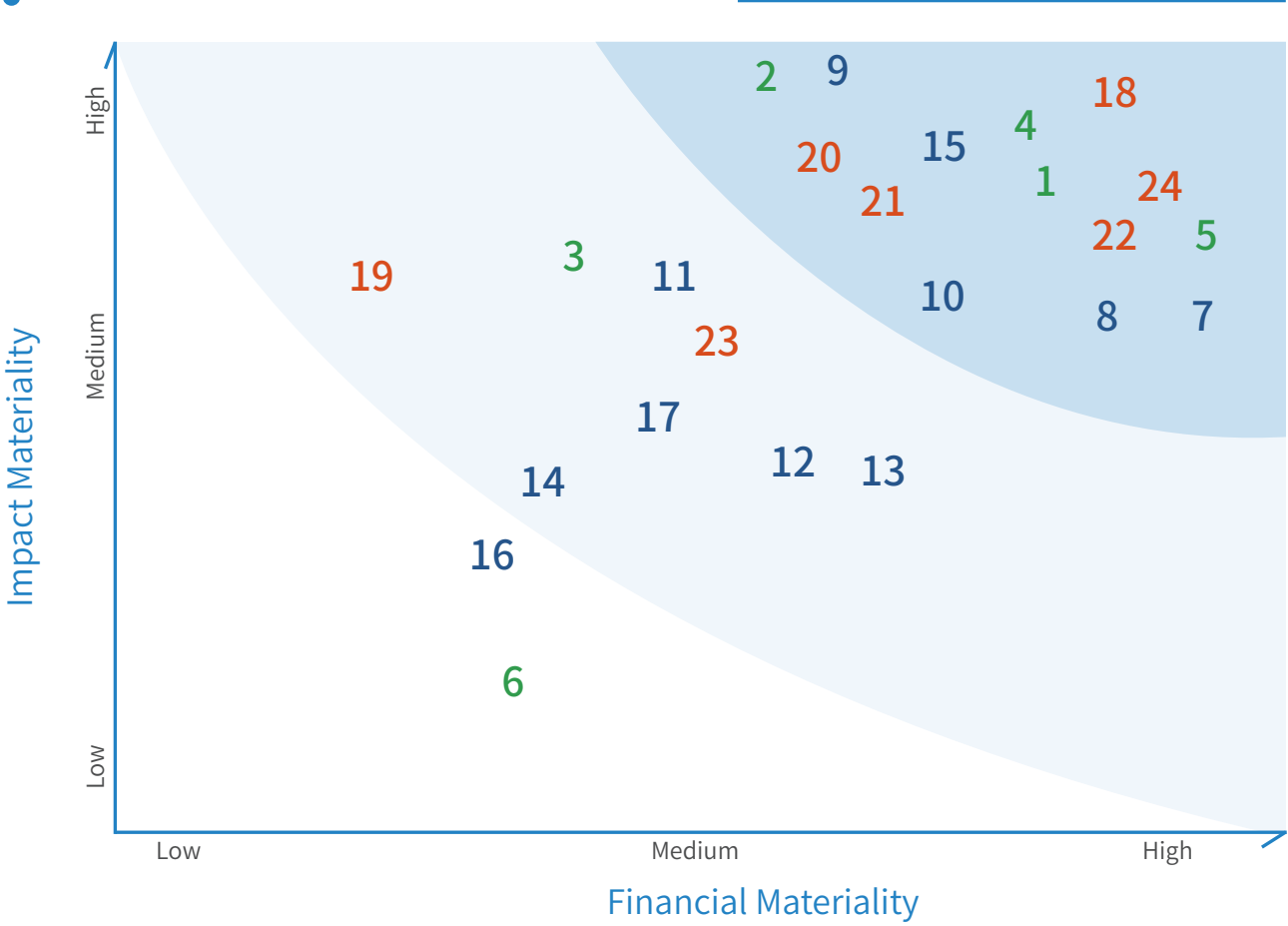
6 environmental topics

11 social topics

7 economic and governance topics




Matrix of Material Topics of Xianju Pharma



Environmental Topics	Social Topics	Economics & Governance Topics
1.Environmental Management 2.Pollution Prevention and Control 3.Water Resource Management 4.Energy Managemen 5.Climate Change Response 6.Green Operation	7.Technological Innovation 8.Quality Assurance 9.High-quality Services 10.Sustainable Supply Chain 11.Compliant Employment 12.Employee Development 13.Employee Care 14.Employee Communication 15.Occupational Health and Safety 16.Public Welfare 17.Industry Cooperation	18.Economic Performance 19.CPC Construction Guidance 20.Governance System 21.Risk Management 22.Business Ethics 23.Information Security 24.Protection of Investors' Rights and Interests

Practice of the United Nations Sustainable Development Goals (SDGs)

SDGs	Our Actions	Corresponding Chapters
	<ul style="list-style-type: none"> Establish an assistance and support mechanism for employees in need, and help employees, their families and children in case of major illnesses or family changes, so as to alleviate their immediate family hardships. 	Assistance for Employees in Difficulties
	<ul style="list-style-type: none"> Provide employees with compensation packages competitive in the industry and in the region, and create a favorable business environment for selecting, training, employing and retaining employees. In addition to maintaining the minimum salary standard higher than the local minimum salary standard set by the government, utilize the salary structures to "attract, motivate and retain" employees in Xianju Pharma. Continually optimize the employee welfare system, and strictly follow national regulations regarding employee leave, ensuring that employees enjoy holidays such as marriage and funeral leave, maternity leave, nursing leave, and on-the-job breastfeeding leave; provide employees with a variety of benefits such as condolence benefits, holiday and cultural constructive benefits. Establish a comprehensive integrated and "module + element" EHS management system, involving 18 modules and 77 elements, to ensure vertical integration, full horizontal coverage, lifecycle-wide management, and cross-functional collaboration. Monitor and assess the occupational disease hazards in the workplaces regularly to ensure that they are controlled within the safe range, and provide pre-work, on-the-job and post-job occupational health checks for workers exposed to occupational disease hazards. Prioritize workplace safety as the foremost responsibility, establish a robust internal management system of workplace safety, standardize and systematize the safety practices, maximize the occurrence of safety incidents, and build a strong safety defense line. 	Compensation and Benefits Occupational Health and Safety
	<ul style="list-style-type: none"> Adopt a combination of internal and external training, fully explore internal and external course resources, provide personalized training for employees, satisfy the learning needs of employees at different levels and positions. In Guangyan School, carry out Enterprise-School Partnership for Youth Development and Children's Day Care Initiative, pass on the spirit of model workers and craftsmen, and build a platform for enterprise-school cooperation and exchange. In Zhuxi and Shangzhang Central Schools, present 2 precision microscopes and other educational supplies to help children explore the unknown world and develop their scientific passion. 	Support for Employee Growth Commitment to Public Welfare
	<ul style="list-style-type: none"> Insist on gender equality and equal pay for equal work, resolutely eliminate discrimination against women in employment, and prohibit discrimination in compensation and benefits based on gender. Build a women-friendly workplace ecosystem that is "warm, dignified, and growth-oriented", organize a variety of care activities for female employees, allowing them to be visibly valued, experience genuine respect and receive full support to excel. Promote the "Women's Fertility Protection Through Train" program, focusing on hot topics such as women's fertility protection, reproductive health, and efficient contraception, and promoting women's health improvement. 	Compliant Employment Care for Female Employees Creation of Public Welfare Brand
	<ul style="list-style-type: none"> Advocate for water-saving culture, and use water-saving sanitary appliances, striving to minimize water consumption while ensuring the quality of the products and services. Utilize the concentrated water that is generated in the process of preparing pure water to clean sanitary appliances or supplement circulating and cooling water, significantly reducing the consumption of fresh water. 	Water Resource Management

SDGs	Our Actions	Corresponding Chapters
	<ul style="list-style-type: none"> Launch energy conservation and emission reduction projects to effectively save energy resources. Introduce the clean energy, construct photovoltaic power generation facilities, reduce the consumption of traditional fossil fuels, and continuously improve the energy structure. 	Energy Management
	<ul style="list-style-type: none"> Stand firmly against child labor, discrimination, harassment and forced labor in any form, and comprehensively safeguard the legitimate rights and interests of employees. Continue to improve its democratic management system, with the workers' congress as the basic form, and strengthens the construction of the democratic employee management committee to safeguard the democratic rights of employees to participate, express and supervise. Implement localized employment and procurement policies, making positive contributions to local economic and social development. 	Compliant Employment Empowerment on Local Development
	<ul style="list-style-type: none"> Focus on the research and development of steroid drugs, accumulate significant advantages in technological innovation, product development, research standards, scientific research equipment, and talent teams, and form interdisciplinary R&D, innovation and industrialization capabilities in drug synthesis, biotechnology, drug formulation, drug analysis, drug registration, etc. 	Foundation on Technological Innovation
	<ul style="list-style-type: none"> In accordance with the ISO 9001 standard and GMP specifications, build a quality system covering all business areas and operational processes such as design and development, purchasing and manufacturing, marketing and service. Take the initiative to communicate with customers at multiple levels through multiple channels, actively participate in industry exhibitions, learn about the needs of customers through email and social media platforms, constantly optimize service processes based on customer feedback, and achieve positive interaction with customers. 	Pursuit for the Premium Quality Provision of High-Quality Service
	<ul style="list-style-type: none"> Establish a climate risk management mechanism, classify climate-related risks into physical risks and transformation risks, evaluate the likelihood and impact of risk occurrence, and develop mitigation and adaptive measures to comprehensively reduce the impacts of climate risks. 	Enhancement of Climate Resilience
	<ul style="list-style-type: none"> Formulate the Code of Conduct and Business Ethics, ensure that all employees follow the principles of integrity, fairness and legality in their work on the basis of well-defined code of ethics and conduct standards, and safeguard the Company's strong reputation and favorable public image. Adhere to the concept of "sharing the fruits of development and building a better life together"; deeply integrate sustainable development into the daily operation and management of the Company; focus on the three ESG dimensions when developing development strategies and implementing major decisions; identify and track possible risks, and constantly improve governance capabilities. 	Development of Business Ethics Social Responsibility Governance
	<ul style="list-style-type: none"> According to the industry and business characteristics and excellent practices, establish a regular and efficient communication mechanism with key stakeholders including investors, customers, regulatory agencies, suppliers and employees, fully understand the expectations and demands of all parties, and take them as an important consideration of the Company's sustainable development strategy, creating greater value for all parties. Continuously promote the construction of sustainable supply chain, implement a responsible procurement system, actively implement the responsible care code and the global pharmaceutical supply chain initiative (PSCI), integrate the ESG concept into the supplier management system, and strive to build a green and responsible supply chain. Actively participate in industry associations and their activities, build consensus among all parties, discuss industry development trends, and leverage own advantages to participate in standard setting and play a leading role in standards. 	Social Responsibility Governance Sustainable Supply Chain Guiding Industry Collaboration

03

Making the Country Enjoy Prosperity and People Live in Harmony, Creating Flourishing Ages

Xianju Pharma always adheres to the principle of putting people first and achieving shared and win-win development, fully respects and protects the rights and interests of employees, establishes a competitive compensation system and a comprehensive welfare and security system, provides smooth development channels and diverse training opportunities for employees, and protects the occupational health and safety of employees, building harmonious and stable labor relations.



Protection of Employees' Rights and Benefits

Compliant Employment

In Xianju Pharma, we strictly abide by laws and regulations such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, always implement fair and just employment policies, stand firmly against child labor, discrimination, harassment and forced labor in any form, and comprehensively safeguard the legitimate rights and interests of employees. In 2024, we found no violations of employees' human rights.

We are committed to creating an inclusive and integrated employee environment and respecting the differences of every employee. We insist on gender equality and equal pay for equal work, resolutely eliminate discrimination against women in employment, and prohibit discrimination in compensation and benefits based on gender. We endeavor to provide jobs to the best of our ability for disadvantaged groups, such as people with disabilities, and provide them with necessary training and support to help them join in Xianju Pharma.

In 2024, the Company Headquarters, Taizhou Xianju and the Sales Company had a total of **2795** employees, including

1133 female employees

4 employees with disabilities

68 employees of ethnic minority

Compensation and Benefits

Xianju Pharma signs labor contracts with its employees according to the law, and contributes to the five mandatory insurances and housing provident funds for them.

We adhere to the concept of "win-win development", advocate a culture of "contribution-focused, data-driven and performance-oriented" management, provide employees with compensation packages competitive in the industry and in the region, and create a favorable business environment for selecting, training, employing and retaining employees. Xianju Pharma has developed a compensation structure centered on salary, supplemented by merit pay, and implemented a compensation mechanism to provide task lists, performance contracts and other benefits conducive to employee growth. In addition to maintaining the minimum salary standard higher than the local minimum salary standard set by the government, the salary structures are used to "attract, motivate and retain" employees in Xianju Pharma.

The Company continually optimizes its employee welfare system, and strictly follows national regulations regarding employee leave, ensuring that employees enjoy holidays such as marriage and funeral leave, maternity leave, nursing leave, and on-the-job breastfeeding leave. It also provides employees with a variety of benefits such as condolence benefits, holiday and cultural constructive benefits, so as to enhance their cohesion and happiness.

In 2024, Success rate in contract sign-ings

100%

Success rate in social insurance enrollment

100%



Summer Relief Program



New Year's Eve Care Visit



University Student Team-Building Program at Mid-Autumn Festival



Welfare Expenditures (Unit: CNY)					
Year	Medical Subsidy	Female Employee Subsidy	Heatwave Subsidy	Enterprise Annuity	Total
2022	4198858	20523	2067759.9	7698110	13985250.9
2023	4393176	79821	2080541	8208183	14761721
2024	4858969	207900	2145574.77	9441302	16653745.77

Democratic Management

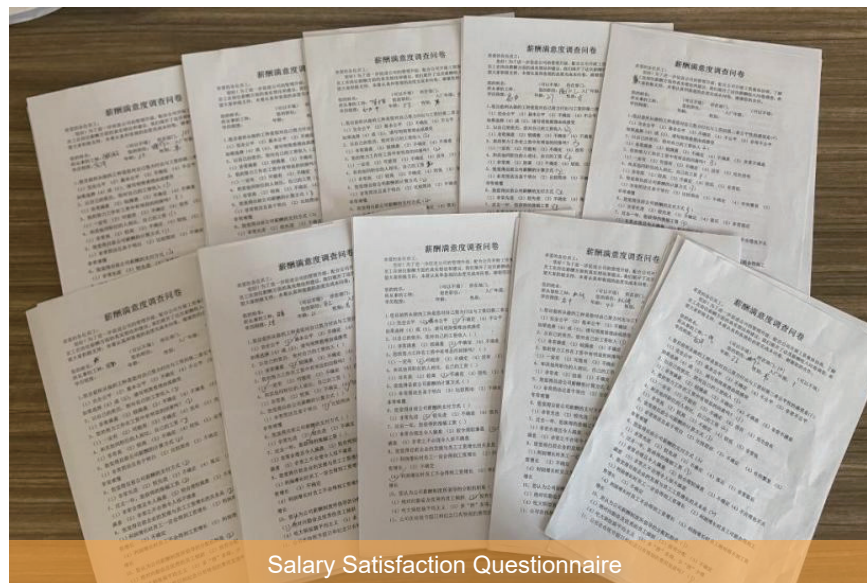
Democratic management is the profound "management infrastructure" of Xianju Pharma. The Company continues to improve its democratic management system, with the workers' congress as the basic form, and strengthens the construction of the democratic employee management committee to safeguard the democratic rights of employees to participate, express and supervise. The Company establishes a comprehensive communication mechanism for employees, and maintains open, frank and effective communication with employees through various channels such as factory affairs disclosure, democratic consultations and general manager's mailbox. We carefully and responds to their demands in a timely manner, and keep continuous attention and timely responses to their concerns. In 2024, the Company was rated as one of the first batch of provincial demonstration organizations which improved the quality of life of employees by Zhejiang Federation of Trade Unions.

Xianju Pharma held the 7th Session of the 6th Workers' (Members') Congress.

From February 18 to 19, 2024, Xianju Pharma grandly held the 7th Session of the 6th Workers' (Members') Congress, attended by 137 official employee representatives, 167 participating representatives, and 11 members of the workers' congress working group. The General Manager and the Labor Union Chairman respectively delivered work reports. The representatives of the employees attending the congress carefully reviewed the reports and put forward valuable opinions and suggestions. We prioritized the feedback and suggestions from employee representatives to continuously optimize the management mechanisms, address the practical problems of employees, and enhance overall employee satisfaction.



We regularly carry out employee satisfaction surveys to understand their satisfaction with career development, compensation and benefits, employee care, working environment and other aspects. We prepare improvement measures in view of existing problems and deficiencies, so as to continuously improve their overall satisfaction and enhance job-related happiness.



Salary Satisfaction Questionnaire

Support for Employee Growth

Talent Development

In 2024
the Company conducted
1,190 training sessions in
various jurisdictions

with an average of **41**
hours of training per per-
son.

According to the business development priorities and trends, Xianju Pharma formulates the *Training Management Procedures* and the *Training Management Regulations*, establishes a talent training system that matches its own development needs, and builds a complete training platform. We develop the annual training plan based on a survey of training needs. Each workshop/department also develops annual workshop/department training plan respectively. Each jurisdiction area prepares its annual training plan at plant level.

We adopt a combination of internal and external training, fully explore internal and external course resources, provide personalized training for employees, satisfy the learning needs of employees at different levels and positions, help them master relevant skills and advanced concepts, methods, and tools, thus creating a learning organization. In addition, we launch the most popular training such as AI and structured speech, continuously introduce new trends and concepts into the Company, promote the continuous progress of employees, and continuously enhance the competitiveness of the Company.



Employee Training



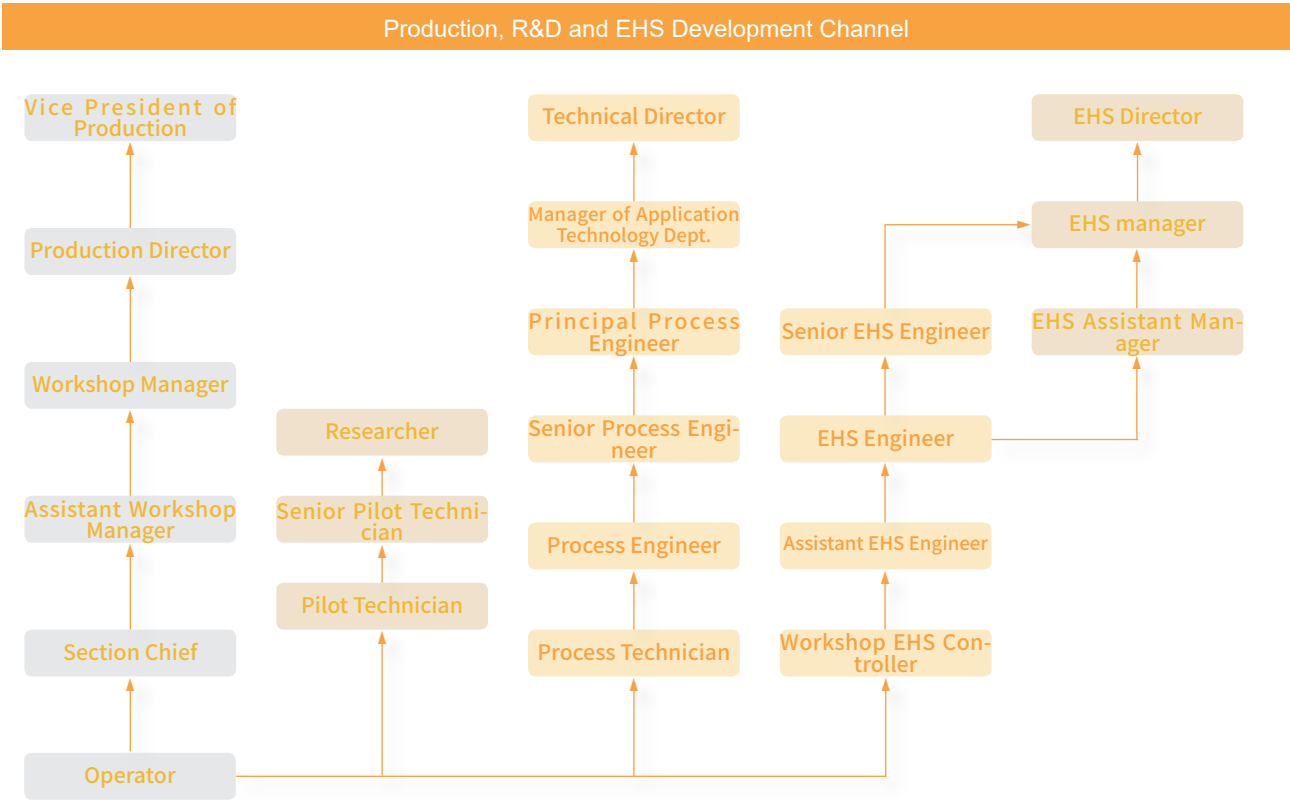
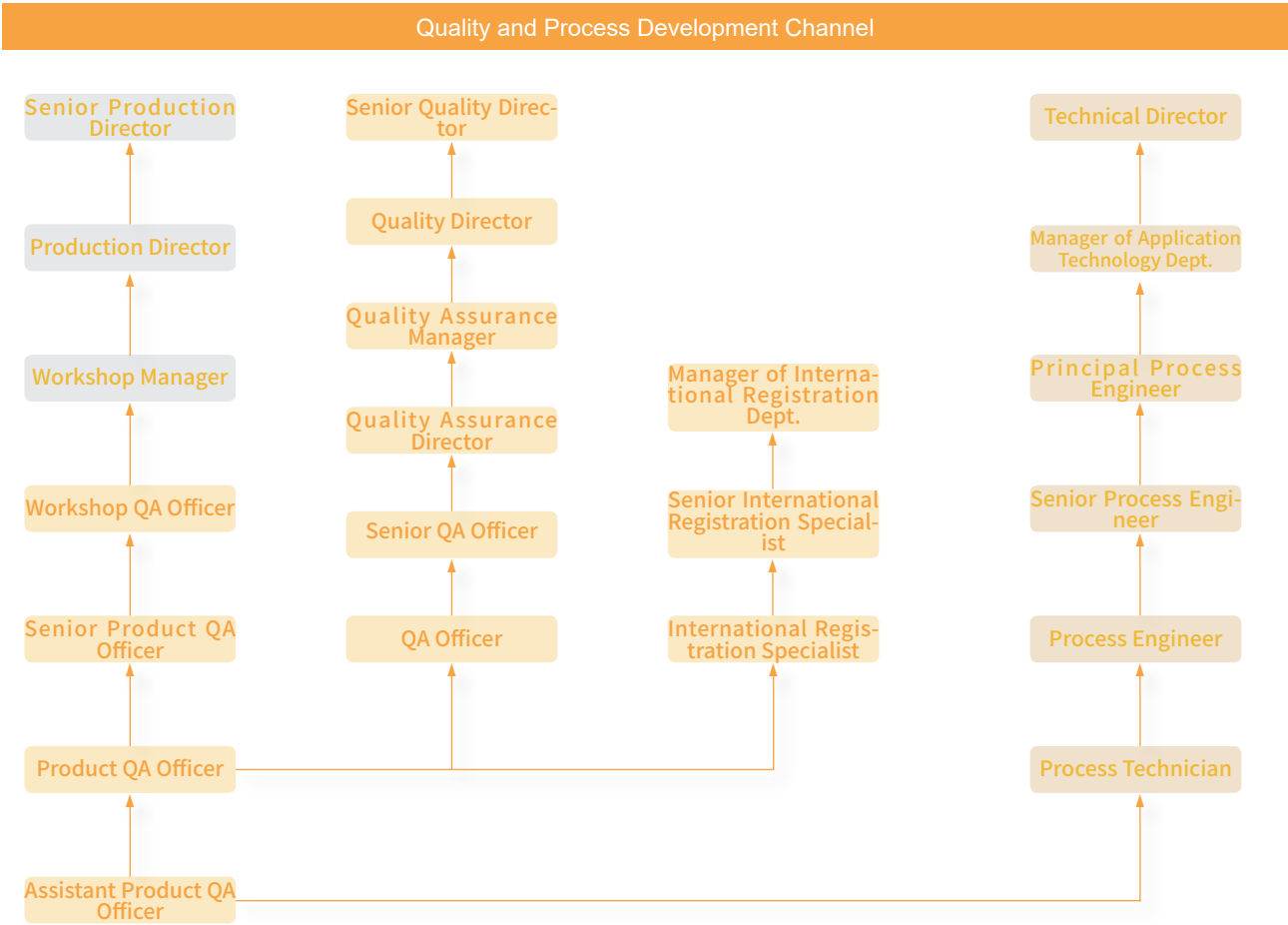
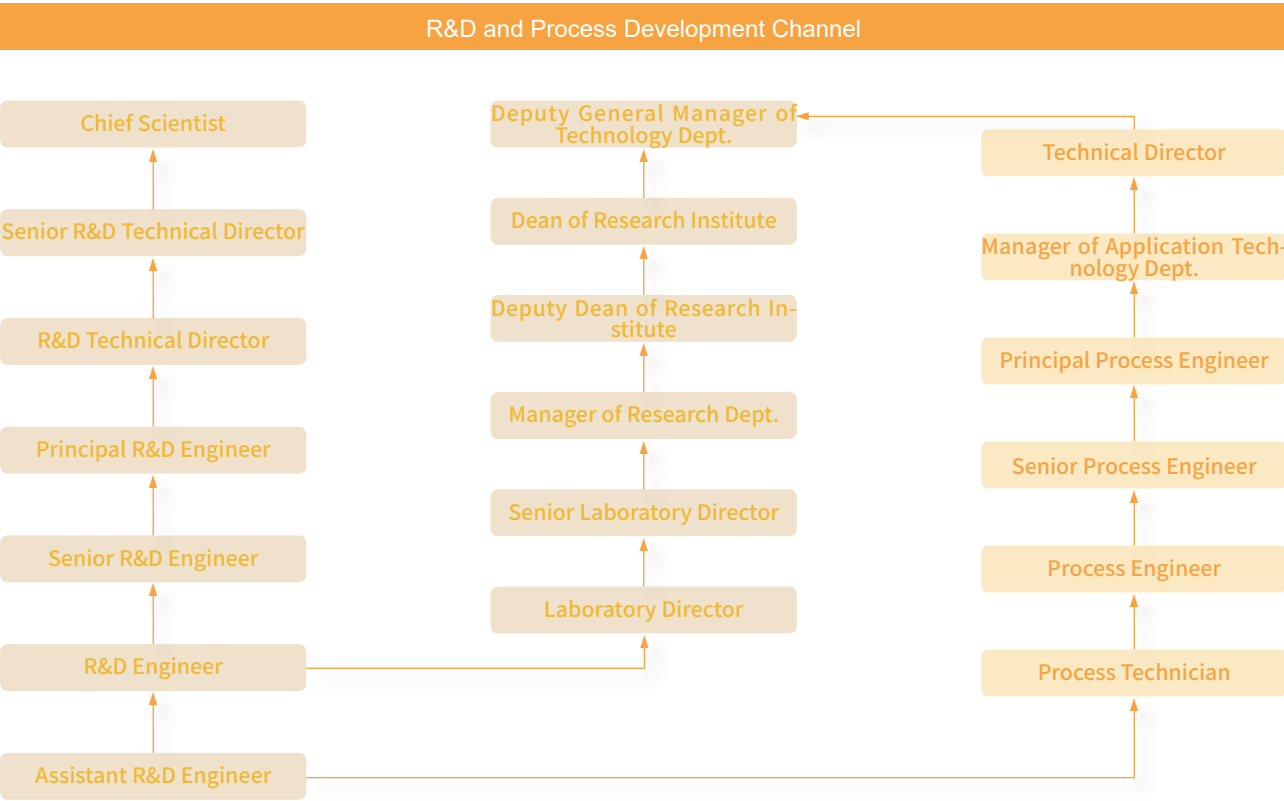
Onboarding Training for College Students

Training Performance in 2024					
Block	Annual number of training sessions (including all kinds of training)	Number of employees receiving training (Σ number of participants per training)	Training coverage rate (coverage rate per training = number of participants/ number of employees to be trained, which is the average coverage rate)	Total number of training hours per year (Σ number of participants per training * hours)	Hours per participant (total number of hours per year/ total number of employees to be trained per year)
Zhejiang Xianju Pharmaceutical Co., Ltd.	631	27079	99.5%	68909	46
Taizhou Xianju Pharmaceutical Co., Ltd.	468	17046	98%	33704	51
Zhejiang Xianju Pharmaceutical Sales Co., Ltd.	91	2016	98%	12050	6
Total	1190	46141	99%	114662	41

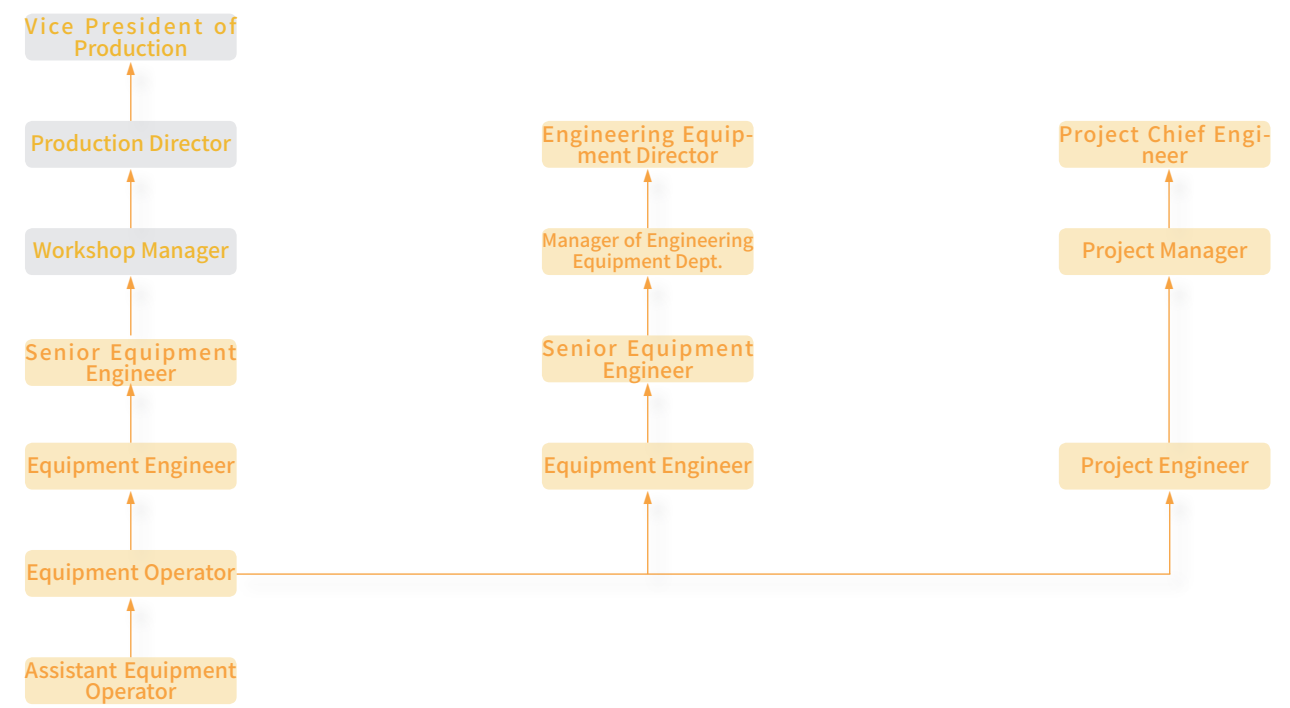
We appoint competent individuals as trainers, and train internal employees with abilities and potential to become internal trainers. The Company establishes a scientific mechanism for the selection, assessment and incentive of internal trainers, continuously improves their professional and specialized abilities, and effectively accumulates and promotes the intangible knowledge assets of the Company.

Employee Development

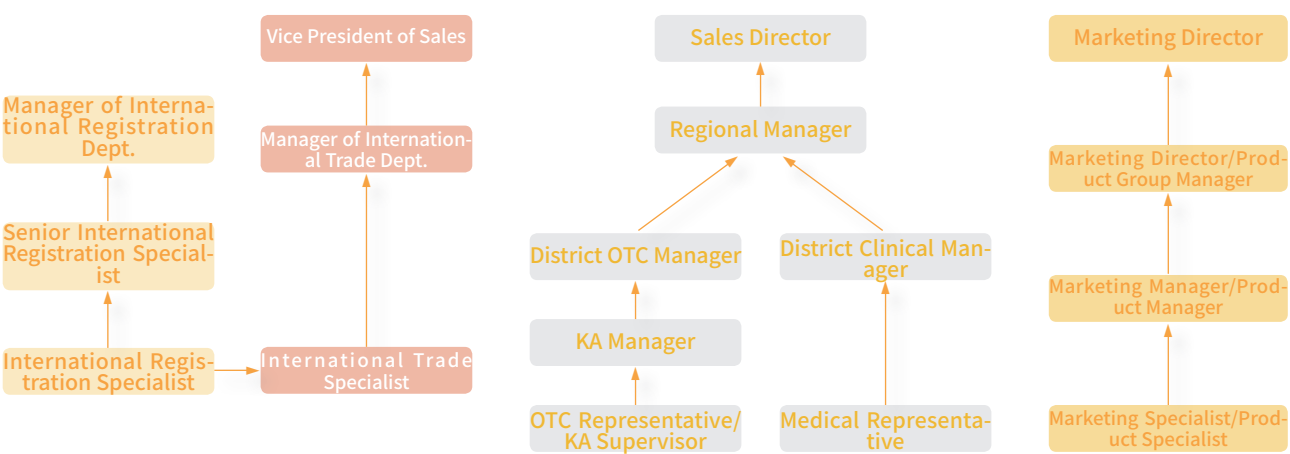
Xianju Pharma fully implements innovative and international talent layout and talent development strategies, provides employees with fair development opportunities and smooth development channels, and carefully trains employees who are interested in the steroid pharmaceutical industry to become the backbone of the Company. We create a “dual-channel” career development platform centered on Management (M) and Professional (P) tracks, and guide employees to make good career planning. In the meantime, employees can develop in multiple directions, including R&D, process, registration, quality and EHS, etc. Employees may choose the appropriate path for in-depth development according to their own development needs, and may also make corresponding shifts in various paths to develop more complex abilities.



Equipment Development Channel

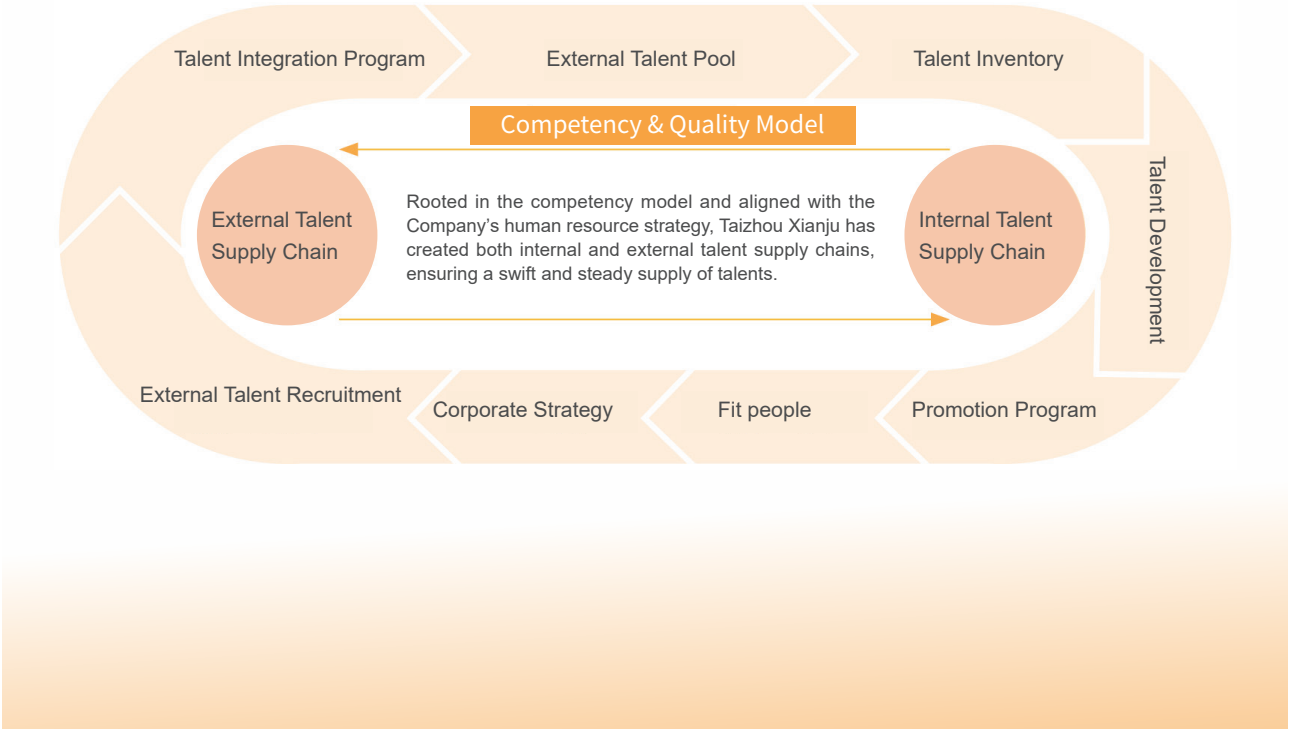


Sales and Marketing Development Channel



Xianju Pharma establishes a talent pool based on a competency-oriented model, aligns with the Company's human resource strategy, builds a scientific talent training path, creates internal and external talent supply chains, achieves rapid and stable talent supply, and forms a resilient and competitive Advantage in talents.

QC and QR Development Channel



Xianju Pharma held the 2024 "Compete for Excellence" Merit-based Competition Mobilization Meeting and the 2023 Awards & Recognition Ceremony.

On April 28, 2024, Xianju Pharma held the 2024 "Compete for Excellence" Merit-based Competition Mobilization Meeting and the 2023 Summary and Awards Ceremony to solemnly commend the advanced collectives, advanced teams, and outstanding individuals in 2023. This conference expanded the scope of awards, increased the coverage of commendation and rewards, and included overseas subsidiaries such as Newchem for the first time. We applied an outstanding employee recognition mechanism to provide more development opportunities and platforms for outstanding talents, create a positive and fair competition atmosphere, and promote the sustainable and stable development of the Company.



We regard the skills competition as an important measure to activate the vitality of the organization and accelerate the growth of talents. We regularly hold employee skill competitions to promote the competitive exchanges among internal talents, build a competitive ecology of "Benchmarking, Learning, Advancing, Assisting, Excelling", and form a virtuous circle of "substituting training with competition, promoting learning by competition, and identifying talents by competition".

Xianju Pharma organized a skills competition for employees.

On September 4, 2024, the Company held the opening ceremony of the staff skills competition. We have continuously modified and optimized the rules to make the skills competition becomes a new emblem of Xianju Pharma. This competition included practical and theoretical examinations to fully test the professional skills of employees, fostering a culture of healthy competition and mutual motivation, and providing opportunities for employees to continuously improve themselves.



Implementation of Employee Care

At Xianju Pharma, we weave employee care into the fabric of daily work and life, and endeavor to provide them a comfortable working and living environment, cultivating a healthy workplace grounded in sincerity, collaboration, transparency, and continuous progress.

Diverse Employee Activities

The Company carries out a variety of employee activities to create a healthy and civilized corporate culture, making the corporate culture visible, tangible and perceptible, achieving a balance between work and life for employees, and ultimately promoting a win-win situation for employee growth and corporate development. In 2024, we organized cultural and sports activities 24 times, with labor union characteristics and widespread participation of the masses, further enhancing the cohesiveness of our employees.



Xianju Pharma held the 11th Workers' Sports Games.

In 2024, the Company held the 11th Workers' Sports Games. The Games lasted for two months, with 17 teams, 18 competition events, and 1,133 athletes participated. The number of participants and teams hit a record high in the last five years. The Games provided employees with a platform to show their talents, demonstrating their positive, healthy, and upward spirit.



Tug-of-War Competition



Billiards Competition



Funny Sports Games



Table Tennis Competition



Basketball Competition



Badminton Competition

Care for Female Employees

Xianju Pharma is committed to building a women-friendly workplace ecosystem that is "warm, dignified, and growth-oriented". We organize a variety of care activities for female employees, allowing them to be visibly valued, experience genuine respect and receive full support to excel. In 2024, we organized a variety of activities, such as "A Better Life Starts from the Teeth" - Female Employee Health Lecture, "Wonderful Women's Day, Delicious Food in Xianju" Gourmet Festival, and "Walking with Her and Shining" French Pearl Bracelet DIY. We guided female employees to cultivate their hobbies and enhance their cultural cultivation.

Xianju Pharma held a series of activities for Women's Day on March 8, 2024.

In March 2024, on the occasion of the Women's Day, Xianju Pharma and its subsidiaries held a series of activities and prepared exclusive gifts for female employees, expressing respect and care for them and enhancing their sense of happiness and belonging.



Exclusive Gifts



Headquarters and API Plant





Preparation Plant



Sales Company



Taizhou Xianju



Assistance for Employees in Difficulties

The Company establishes an assistance and support mechanism for employees in need, and helps employees, their families and children in case of major illnesses or family changes, so as to alleviate their immediate family hardships and help them get out of difficulties.

In 2024

Offered **65** employees in difficulties

Subsidies of CNY

108734

Provided

2 employees

Emergency aid of CNY

28000

Occupational Health and Safety

Xianju Pharma adheres to the policy of "Safety Foremost with Preventive Focus and Integrated Controls", increases investment in workplace safety, strives to provide employees with a healthy, hygienic, and occupationally safe working environment, and continually reduces occupational health and safety risks.

Occupational Health and Safety Management

Xianju Pharma regards the health and safety of its employees as an important element and incorporates it into the daily production management. We strictly comply with laws and regulations such as the *Workplace Safety Law of the People's Republic of China*, the *Occupational Disease Prevention and Control Law of the People's Republic of China*, and the *Management Measures for Emergency Response Plan for workplace safety Incidents*. We also actively implement the RC and PSCI standards, build a comprehensive occupational health and safety management system that involves all employees, and continuously promote the prevention and control of health and safety risks. In 2024, Xianju Pharma and its subsidiary Taizhou Xianju kept the ISO 45001 occupational health and safety management system certificate valid and current.



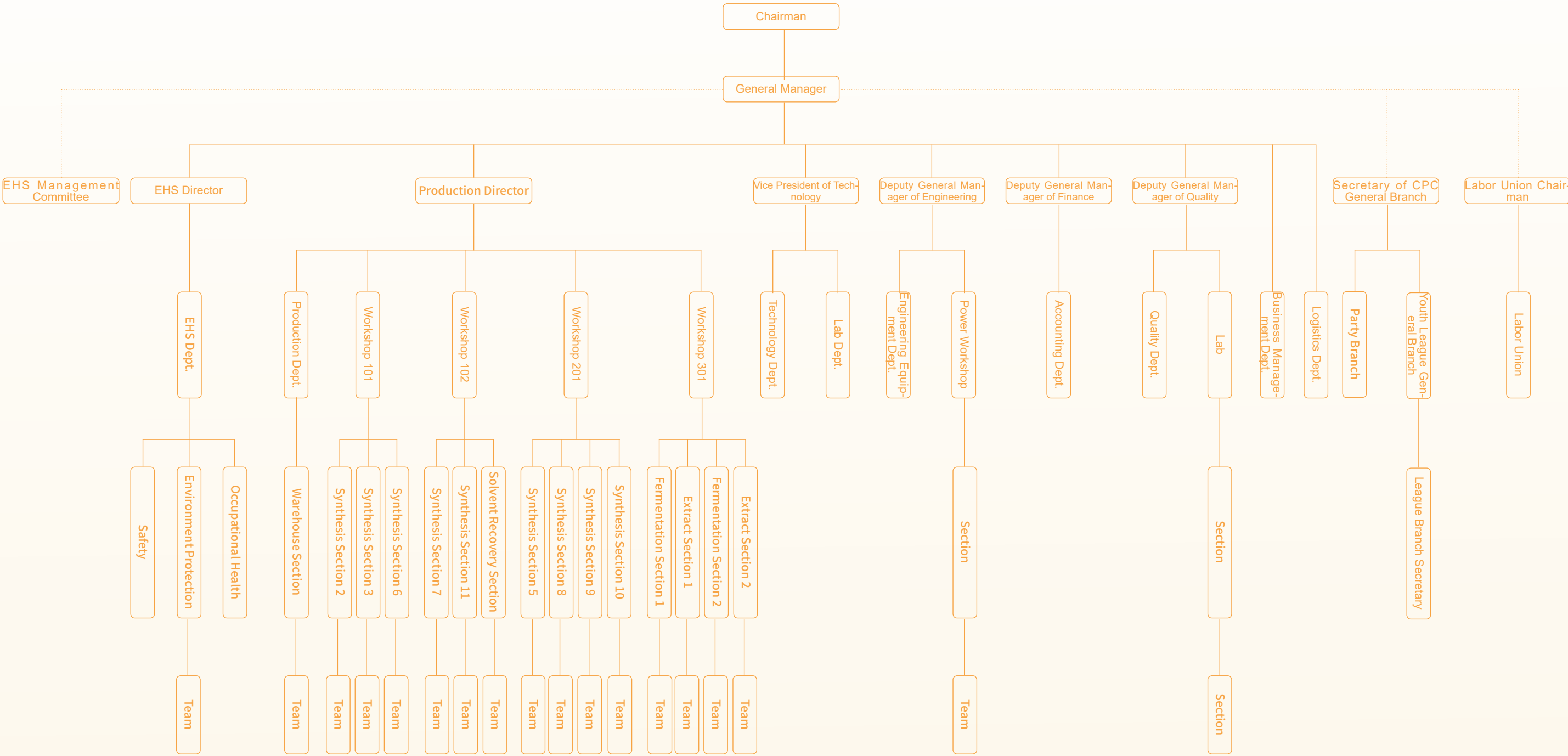
Xianju Pharma's ISO 45001 Certificate



Taizhou Xianju's ISO 45001 Certificate

The Company establishes a comprehensive integrated and "module + element" EHS management system, involving 18 modules and 77 elements, to ensure vertical integration, full horizontal coverage, lifecycle-wide management, and cross-functional collaboration. We incorporate EHS performance into performance assessment, sign a safety responsibility agreement with employees, strictly implement the workplace safety responsibility system of all employees, and achieve gap-free management and responsibility coverage. In January 2024, Xianju Pharma and its subsidiary Taizhou Xianju held the 2023 EHS Committee Summary Meeting to analyze and summarize the EHS operational data in 2023, review the achievement of EHS targets, and arrange the 2024 EHS-related key tasks.

EHS Management Organizational Structure of Taizhou Xianju



Occupational Health

Xianju Pharma strictly enforces occupational health regulations, implements protective measures to prevent, control and eliminate occupational disease hazards, improves occupational health, and safeguards the health rights and interests of workers.

We optimize the production processes, introduce advanced production equipment, and fundamentally eliminated occupational hazards. We initiate the enclosure and automation of key installations, ensuring that bulk materials are transported to equipment via closed piping systems. Powder materials are fed tightly through glove boxes or melt isolators, while small-batch solvent dispensing areas are equipped with local exhaust ventilation (LEV). Fresh air ventilation and air conditioning systems are mounted in the workshops to effectively reduce exposure to active pharmaceutical ingredients and solvent vapors.

We monitor and assess the occupational disease hazards in the workplaces regularly to ensure that they are controlled within the safe range, and provide pre-work, on-the-job and post-job occupational health checks for workers exposed to occupational disease hazards. Moreover, the Company develops comprehensive emergency response plans against occupational hazard incidents, strengthens the construction of emergency rescue teams, and enhances their response capabilities to ensure swift and effective intervention in the event of occupational disease hazard incidents. **In 2024, the Company achieved a 100% coverage rate for both employee occupational health exams and the maintenance of occupational health records, with no suspected case of occupational diseases.**

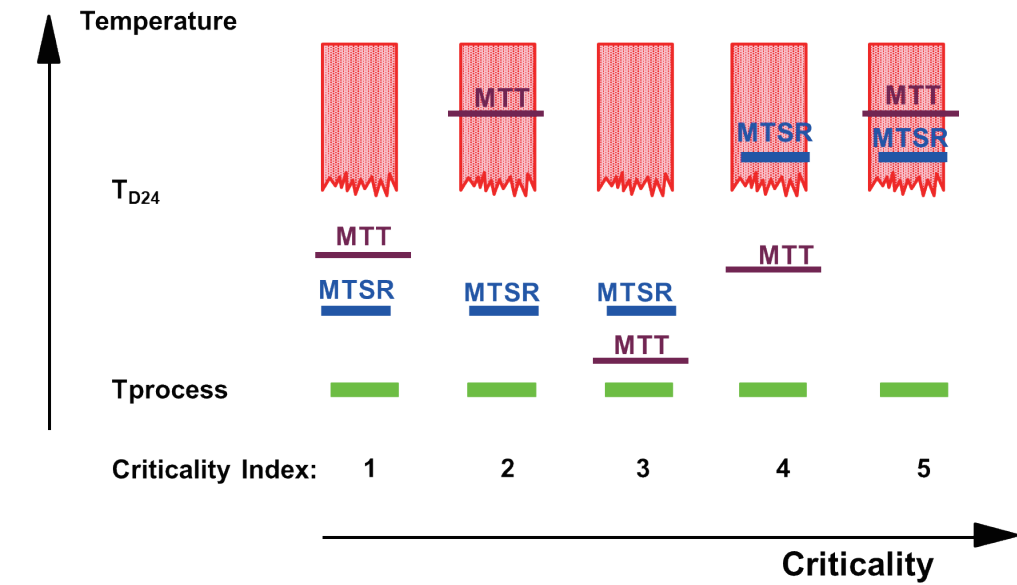
We provide employees with personal protective equipment (PPE) that meets protection requirements based on job hazard analyses. Through awareness campaigns, we enhance workers' understanding of occupational hazards and their protective awareness, creating a healthier and safer work environment to reduce the occurrence of occupational diseases.

Workplace Safety

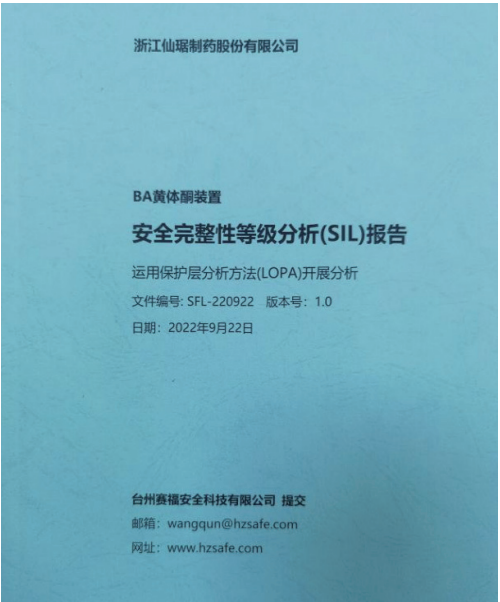
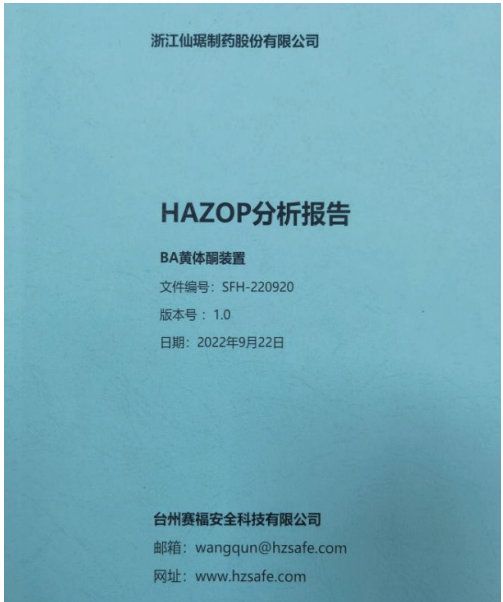
Xianju Pharma prioritizes workplace safety as the foremost responsibility, establishes a robust internal management system of workplace safety, standardizes and systematizes the safety practices, maximizes the occurrence of safety incidents, and builds a strong safety defense line.

Dual Prevention Mechanism

The Company integrates process safety management (PSM) into every link of production and operation, implements a dual preventive mechanism of effective risk hierarchical control and hidden hazard identification and remediation, and continuously enhances our intrinsic safety standards through risk identification, evaluation and control, as well as hidden hazard investigation and remediation. The Company constructs a chemical reaction safety laboratory and appoints full-time staff for testing. They test and evaluate the reaction thermal risk of all chemical reaction processes in the commercial production, and test the thermal stability of related raw materials, intermediate products, finished products and by-products.



The Company conducts risk assessments on distillation, drying, storage, and other unit operations, applied the results to HAZOP/LOPA analysis, and use them as the preliminary conditions for the PSSR, ensuring that the substantial risks are controllable. In addition, we commission qualified institutes to conduct LOPA analysis and SIL grading for key supervised hazardous chemical processes and hazardous chemical storage tanks, and set up the DCS/SIS system according to the SIL assessment report to ensure safe and stable operation.



The Company maintains a multi-level, full-coverage and routine approach to hazard identification, and enable multi-departmental collaboration (EHS, Engineering, Quality and Management divisions) for systematic hazard control. We conduct thorough analysis and evaluation of hidden hazards, develop customized corrective actions for each hazard, clarify rectification deadlines and responsible persons, and verify and evaluate the effectiveness after rectification, achieving closed-loop management. The hazard identification is led by the General Manager and conducted through multiple approaches including corporate-level inspection, seasonal inspection, professional inspection, inspection before and after holidays, and pre-operation safety inspection.



Enhance emergency management

To enhance the capability to respond to emergency security incidents, Xianju Pharma develops emergency plans including comprehensive plans, special plans and on-site disposal plans, and establishes a comprehensive emergency management system. The Company adheres to the principle that "responsibility lies with the person in charge", and sets up an emergency management organization and various execution teams for emergency response, medical first aid, emergency firefighting and on-site security. We define the responsi-

bilities of each team to ensure coordinated emergency response to safety incidents. We optimize the allocation of resources, equip with appropriate emergency supplies and equipment, and regularly maintain and update them to make them in good condition and ready to respond to emergencies at any time, so as to achieve "specialized management, availability for urgent needs, and dedicated items for specific purposes".

We team up with nearby companies, and implement mutual emergency assistance agreements for workplace safety incident response, creating a regional emergency response network to collectively address emergencies. Moreover, we organize various emergency drills from time to time, on the one hand, to test the soundness and practicality of emergency plans, on the other hand, to help employees master the emergency response process, and improve the overall response capability of the team, which helps to quickly and accurately activate the emergency plan in case of incident, reduce response time, and enhance emergency response efficiency.

Summary of Emergency Drills of Xianju Pharma in 2024				
Type of Emergency Drill	Number of drills (times)			
	API Plant	Preparation Division	Taizhou Xianju	Total
Comprehensive drill	2	2	4	8
Special emergency plan drill	9	6	6	21
On-site emergency plan drills	41	3	32	76
Total	52	11	42	105



Build a strong safety climate

Xianju Pharma embraces a safety culture philosophy of "full participation, local management, and professional support", striving to build a strong safety climate while continuously enhancing employees' safety awareness and operational compliance. The Company provides three-level safety education for employees and adopts a combination of offline and online methods to carry out activities such as "Million Employee Training", "EHS Excellence Class" and "Safety Month Knowledge Competition", creating a safety culture with Xianju characteristics.

Safety Training in 2024

API Plant	<ul style="list-style-type: none">Executed 12 scheduled and 24 unscheduled training sessions on the Company's special promotion plan for occupational health and safety, with a total of 3,967 participants;Outsourced various types of certification training for 230 participants, including 2 safety officers, 10 special operation operators, 14 hazardous process operators, 5 firefighters, 7 occupational health management officers, 189 first aiders, and 3 officers receiving advanced training for EHS management personnel such as external HAZOP analysis.
Preparation Division	<ul style="list-style-type: none">Conducted 15 occupational health and safety training sessions, including online and offline EHS training at the factory level such as the Safety Academy;Outsourced trainings for 2 safety managers, 10 special operation operators, 4 occupational health managers and 38 first aiders.
Taizhou Xianju	<ul style="list-style-type: none">Completed 8 company-level occupational health and safety training sessions and 8 unplanned training sessions, with a total of 818 participants in company-level training;Outsourced external certificate training for 77 participants, including 17 safety officers, 59 employees for hazardous process certification, and 4 officers receiving advanced training for EHS management personnel such as external HAZOP analysis.

The Company actively responds to the National Workplace Safety Month and carries out a series of workplace safety training. In 2024, with the theme of "Everyone Puts Safety First, Everyone Knows Emergency Response, Smooth Access to Help", the subsidiary Taizhou Xianju organized a series of activities, such as safety month promotion, fire skills competition, hazard identification through pictures, safety knowledge training, exercises on correct SBCA wearing, and creative videos on safety, creating an atmosphere of "learning safety, practicing safety".



04

Fostering New Quality Productive Forces, Keeping Technological Innovations

Relying on technological innovations to drive its rapid development, Xianju Pharma is committed to promoting its transformation, upgrading and product quality improvement, in order to meet the development needs of the social medical and health industry. We continuously explored innovative cooperation modalities to develop a sustainable industrial landscape characterized by openness, sharing, inclusiveness and shared success.



Foundation on Technological Innovation

Innovation is a powerful driver of high-quality corporate development. Adhering to conceptual and technological innovations, Xianju Pharma consistently enhance the industry-academia-research system in alignment with corporate strategic planning, establish a technological framework for modern reproductive health drugs development with steroidal hormones as the core, and build technical and quality platforms that facilitate our transformation from a traditional pharmaceutical manufacturer to a modern international drug enterprise.

In 2024, we invested CNY **265,172,350.80** in research and development, accounting for **6.63** % of sales revenue.

Innovative Practices

Innovation System

For a long time, Xianju Pharma has focused on the research and development of steroid drugs, accumulate significant advantages in technological innovation, product development, research standards, scientific research equipment, and talent teams, and form interdisciplinary R&D, innovation and industrialization capabilities in drug synthesis, biotechnology, drug formulation, drug analysis, drug registration, etc. As the Company accelerates its innovation initiatives, we establish high-end preparation research and development centers in Hangzhou and other locations, building upon the enhanced capabilities of our research institute in the headquarters, laying a solid foundation for developing new technologies and innovative products.

The Company establishes a comprehensive innovation and R&D organizational system, including a management office and an expert committee to oversee and coordinate all innovation-related activities. We set up a number of functional departments for innovative drug synthesis, generic drug synthesis, new drug research, quality research, process improvement research, information intelligence, and intellectual property research, etc. These departments work in a coordinated division of labor to promote the innovation and R&D initiatives.

Xianju Pharma possesses a comprehensive talent structure spanning synthesis, extraction, analysis, preparation development to new drug registration. We have a pilot scale-up technical team with extensive production experience, laying a solid foundation for large-scale manufacturing and industrial commercialization of novel drugs.

Xianju Pharma advocates for the integrated development of Active Pharmaceutical Ingredients (APIs) and preparations. While vigorously promoting independent research and development, Xianju Pharma keenly focuses on broadening its scope of collaboration in scientific research, both domestically and internationally, with steroidal hormone drugs as the basis. By integrating the latest innovations and adopting a strategy that supports both generic and novel drug development, the Company constantly improves and enriches its product portfolio to meet the increasing demand of clinical practice. Over the past three years, 14 products including Sugammadex Sodium Injection were approved, among which Rocuronium Bromide Injection and Methylprednisolone Tablets are the first to be approved in China. The dosage forms of preparation products include oral solid preparation, semi-solid preparation for external skin application, inhalation preparation, injection, etc.

R&D Pipeline

Xianju Pharma systematically reevaluates its existing products under development in response to changes in the national policies, focusing its research and development efforts strategically. By conducting market investigation and strategic positioning, we establish product groups in different therapeutic areas, aiming to explore and discover potential products that will serve as a reservoir for the Company's sustainable and steady development in the next 5 to 10 years. Leveraging market potential and our strategic opportunities, we systematically outline our proprietary R&D pipeline while comparatively analyzing the competitive landscape.



Perinatal Drugs

Xianju Pharma primarily develops a product range consisting of progesterone supplements, estrogen supplements, hormone replacement therapy, emergency contraceptives, oral contraceptives, intermediate-acting contraceptives, abortifacients, and drugs regulating gonadotropins.

Perioperative Drugs

Xianju Pharma develops a series of products mainly comprising short-acting and intermediate-acting muscle relaxants, muscle relaxant blockers, anesthetics, anesthesia inducers, anesthesia maintenance, sedatives, analgesics, and antiemetics.

Respiratory System Drugs

Regarding respiratory treatment, Xianju Pharma uses corticosteroids, bronchodilators, antiallergics, and other efficacious ingredients. Utilizing advanced drug delivery technologies, we develop a variety of preparations that are delivered in innovative dosage forms such as nasal sprays, powder inhalers, and aerosols, aiming to treat rhinitis, obstructive pneumonia, bronchial asthma, and diseases.

Dermatological Drugs

We use a spectrum of low, medium and high-efficiency corticosteroids, antibacterial drugs, and other main ingredients to develop a variety of semi-solid preparations with advanced semi-solid technology, which are designed to treat dermatological diseases.

R&D Pipeline of Xianju Pharma

Innovation Platform

Xianju Pharma has Zhejiang Key Enterprise Research Institute, Zhejiang Steroid Drug Engineering Technology Research Center, National Postdoctoral Research Workstation, and National Enterprise Technology Center. Xianju Pharma has established long-term cooperation with more than 20 famous domestic research institutes and universities, such as Shanghai Institute of Organic Chemistry and Institute of Process Engineering of Chinese Academy of Sciences, China Pharmaceutical University, Shanghai Jiao Tong University and Zhejiang University of Technology. We have hired relevant experts as consultants to establish a sound expert consultation and technical support system. We engage in extensive exchanges with renowned research institutions both domestically and internationally, maintaining and continuously improving our leading level in new drug development.



Evaluation Committee Meeting for Postdoctoral Fellowship Completion



Green Chemistry Synthesis Technology Platform

Xianju Pharma possesses deep expertise in steroid drug synthesis, and has a research and development team which is familiar with domestic and foreign pharmaceutical research technical specifications and registration regulations, leading in technical level and rich in practical experience. It excels at innovating drug synthesis routes, developing new API products and eco-friendly manufacturing processes, and upgrading the equipment. Up to now, we have more than 50 API products approved for domestic registration, 12 products submitted for the US-DMF, and 12 products awarded the EU CEP certificate.



Biotechnology Platform

With more than 40 years of R&D and production experience in the field of steroid microbial transformation, Xianju Pharma has accumulated extensive expertise in microbial strains and fermentation processes pertinent to steroid drug synthesis. The Company has built and continuously improved its technology platforms for microbial strain reconstruction, fermentation process development, enzyme mining enzyme-catalyzed technology development, high-efficiency separation technology development, and steroid drug resource development.



Preparation R&D Platform

Xianju Pharma has an experienced R&D team with the ability to develop various oral preparations, injections, topical preparations, inhalation preparations, etc. Currently, there are more than 10 types of dosage forms that are developed and put into production. The Company is equipped with more than 200 sets of R&D instruments, including fluidized bed, jet mill, particle size analyzer, and lyophilizer, providing good infrastructure for the development of new preparation products.



Specialized Technology Platform

Crystal Form Research

Xianju Pharma is equipped with crystallization process development and crystallographic form characterization instruments such as powder X-ray diffractometer (XRD), thermogravimetric analyzer (TGA), differential scanning calorimeter (DSC), infrared spectrum (IR), hot stage microscope and infrared spectrometer, which provide a solid material foundation for pharmaceutical research on crystallographic form screening, drug crystallization process control, and crystallographic form stability, etc.

Reaction Heat Risk Assessment

Xianju Pharma is equipped with Mettler RC1e TM automatic laboratory reaction calorimeter and differential scanning calorimeter (DSC), which can be used to carry out comprehensive and quantitative reaction risk research and process risk assessment on drug synthesis process, providing practical safety technical data for process design to ensure the safety and quality reliability of R&D products. We must carry out safety risk assessment before trial production of new processes, and regularly conduct safety risk assessments on existing production products to ensure the safety of the production process.



Impurities Research

Xianju Pharma is equipped with high-end impurity separation instruments of various specifications, such as DC200 preparative liquid phase, DC600 preparative liquid phase and Waters preparative liquid phase, and various high-end analytical instruments (HPLC-TOF, GC-MS, etc.), which allow the high-level technicians and analysts of the Company to carry out impurity preparation (including synthesis and separation), impurity analysis (impurity structure confirmation, content calibration, etc.), genotoxic impurity analysis, detection and assessment, etc.



Semi-Solid Preparation Research

Xianju Pharma has an experienced R&D team of semi-solid preparations, and installed imported small emulsion tanks, rheometers, hot stage microscopes and other instruments and equipment, which can fully support the development of transdermal and trans-luminal drug delivery preparations. We are cooperating with foreign high-level preparation R&D companies to develop strategic varieties, which further improve the R&D level of the platforms. Our Company has cooperated with foreign high-level preparation R&D companies to improve its R&D level and develop the strategic varieties. Up to now, the Company has many varieties such as vaginal gel preparations and skin topical preparations under research.

Inhalation Preparation Research

Xianju Pharma has established R&D platforms for inhalation preparations such as spray, atomizer and dry powder. It has complete supporting R&D and detecting instruments and equipment, such as high performance liquid chromatograph, high-speed disperser, laser particle size analyzer, multi-stage collider (ACI, NGI), spray morphology test system, automatic particle image and chemical composition analyzer, which can fully support the development of lung administration inhalation preparations.

Cooperation with Research Institutions

Xianju Pharma has conducted extensive exchanges and established good cooperative relationships with well-known research institutions at home and abroad, continuously improving its research and development level. The Company has established in-depth cooperation with three foreign laboratories: Delim Cosmeics&Pharmas.r.l. (Italy), Cinfainnova (Spain) and Monteresearch (Italy), as well as leading domestic research institutions, and has established shared databases with both domestic and foreign institutions.

Institution Name	Shared Database
SCIFINDER	Chemical synthesis and analysis, pharmacological and clinical information database
CORTELLIS	Comprehensive information database for generic drug project establishment
PDB	Information database for domestic generic drug sales
DXY Insight	Information database for domestic generic drug registration
Patsnap	Global patent information database
MULTICASE	Genotoxicity database

Innovation Achievements

With the increasingly stringent regulatory environment for consistency evaluations in China and the rising requirements for API linkage review, the APIs that offer higher quality, more comprehensive quality studies, and value-added services (such as technical dossier packages) will become critical selection factor for downstream customers. As of the end of 2024, Xianju Pharma has declared 30 varieties for consistency evaluation and 14 have passed the evaluation.

As of the end of 2024

Xianju Pharma has declared for consistency evaluation on

30 varieties

Passed the evaluation in

14 varieties

The Company recognizes intellectual property as a core strategic asset and highly values its role as critical intangible capital. We have established a dedicated Technology Intelligence Center to oversee comprehensive IP management, including patent prosecution, maintenance, and prior art searches, in order to comprehensively strengthen IP creation, utilization, protection and governance. By the end of 2024, the Company had 191 registered trademarks and 108 authorized patents (including 63 invention patents, 29 utility model patents, 2 data intellectual property rights, 6 design patents, 7 software works, and 1 PCT).

In 2024, the company was awarded a Level 3 Appraisal Certificate for Innovation & Intellectual Property Management Capability (Based on ISO 56005).



By the end of 2024

The Company had registered trademarks

191

authorized patents

108

including invention patents

63

utility model patents

29

data intellectual property rights

2

design patents

6

software works

7

PCT

1

Pursuit for Premium Quality

Quality serves as the fundamental cornerstone for our sustainable development. In accordance with GMP and ISO 9001 standards, Xianju Pharma establishes a quality system covering all business areas and operational processes such as design and development, procurement and production, marketing and service. We organically integrate the concept and strategy of sustainable development into the construction of the quality system to coordinately realize the quality goals and sustainable development goals.

Quality System

Xianju Pharma establishes a quality system that is independent of the production system, with direct oversight by the general manager. The senior quality director executes quality governance authority on behalf of the general manager. Plants and research institutes appoint a quality director to be responsible for quality management affairs within the jurisdiction, so as to ensure that marketed medicines are safe, effective, and of controllable quality.

As of the end of the reporting period, both the API Plant and the Preparation Plant of the Company passed the domestic GMP compliance inspection and daily supervision and inspection, and continually complied with the requirements of drug cGMP management. The API Plant passed the on-site inspections of US FDA, EU EDQM, Japan PMDA, Canada HC, South Korea MFDS, Brazil and Australia TGA, etc. The Preparation Plant passed the on-site inspection of US FDA. In 2024, the Company received 124 quality audits by domestic and foreign customers, all of which were successfully passed, including 62 for the API Plant, 13 for the Preparation Division, and 49 for Taizhou Xianju.

In 2024

the Company received 124 quality audits by domestic and foreign customers, all of which were successfully passed

API Plant
62 Time

Preparation Division
13 Time

Taizhou Xianju
49 Time

Quality Risk Management

Xianju Pharma establishes a robust quality risk management system, aiming to standardize the evaluation, control and review of quality risks across the drug lifecycle and minimize the quality risks associated with the products.

Quality Risk Management Process of Xianju Pharma



In 2024, the Quality Management Center followed the general manager's principle of "full authorization and parallel supervision", improved the Company's quality management system at the overall level, clarified its responsibilities, and unified the requirements of quality management. It gathered outstanding staff from all districts and lines to set up an internal audit team to carry out cross-examination of the quality management system in the three districts, and reduce the Company's compliance risks.

Taizhou Xianju conducted internal quality system audit.

From April 22 to 25, 2024, the Quality Management Center of the Company organized a one-week internal audit of the quality system in order to identify the risks and defects of the Company's quality system, eliminate key defects, improve the management level of the quality system, and investigate the feasibility of unannounced inspection plan.

The quality system internal audit covered the Quality Department, QC, Production Management Department (including warehouse), Workshop, Technology Department, Engineering Department (including IT and metrology), International Registration Department of Taizhou Xianju Plant, focusing on three FDA products (Prednisone, Hydrocortisone and Vecuronium Bromide) and comprehensively involving six GMP systems (quality system, laboratory control system, production system, material system, facility and equipment system, and packaging and labeling system).

The internal audit confirmed that the quality system of Taizhou Xianju was generally in good performance. In view of the defects and risk items found in the internal audit, Taizhou Xianju immediately organized rectification and implemented efficient closure to constantly enhance the performance of the quality system.



Xianju Pharma held the first QC Knowledge and Skills Competition.

On September 29, 2024, Xianju Pharma held the first QC Knowledge and Skills Competition, aiming to improve the professional and theoretical knowledge and practical skills of the employees in the Quality Control Department (QC), and lay a solid foundation for continuously improving product quality. The competition was divided into two parts: skills competition and theoretical knowledge competition. It comprehensively evaluated employees' comprehensive abilities and awarded the winners, in an effort to create a good working atmosphere for learning professional knowledge and skill competition.



Skills Competition



Theoretical Knowledge Competition



Award Ceremony



Quality Culture

Xianju Pharma pursues the tenet of "producing first-class products for the health of mankind" and advocates the concept of "quality-oriented, safe and effective". We promise to:

Comply with pharmaceutical laws and regulations to ensure that drugs meet their intended use and registration requirements;

Implement quality control throughout the drug lifecycle to ensure medication safety and effectiveness;

Establish and promote quality risk management, continuously improve the quality management system, and continuously reduce product quality risks;

Implement effective training to continuously improve quality awareness and level.

Through extensive quality training, the Company communicates its quality policy, objectives and responsibility consciousness clearly, accurately and comprehensively to all employees, ensuring that they firmly enhance their quality awareness and cultivate the ability to consciously ensure product quality. We incorporate quality responsibility into employees' performance assessment and motivate them to continuously improve their work quality. We strongly promote QC group activities and rely on all employees to explore the potential of quality improvement.

Recall and Complaints

Xianju Pharma establishes and continuously updates its product recall processes, performs simulated recall tests every three years to assess the traceability and controllability of its products in the market, as well as the effectiveness of its recall procedures. We maintain a robust recall system within the manufacturing facilities, designed to facilitate the rapid and efficient recall of any product batches that pose safety concerns. In cases where products are recalled due to quality concerns, we ensure that they are disposed of in accordance with regulatory requirements. In 2024, a simulated recall drill was conducted in the API Plant on schedule to verify and confirm the effectiveness of the Company's recall procedures and programs.

The Company has instituted product quality complaint handling procedures, formalizing the steps for complaint registration, evaluation, investigation and resolution, and outlining the actions to be taken in response to complaints that may arise from potential product defects. The complaints related to product quality defects are recorded in detail and investigated. If a defect is identified or suspected in a specific batch, the investigation extends to other batches to determine whether they are also affected. We also conducts regular reviews and analyses of the complaint records to identify issues that may require vigilance, are recurrent, or might necessitate a product recall from the market, thereby taking preventive measures. During the reporting period, we promptly responded to, processed and closed all market feedback received.

Quality Performance

Based on the effective operation of the Company's quality system and the efficient and orderly promotion of quality, we have achieved the expected quality targets and further improved our quality management performance.

As for product registration, as of the end of the report, we obtained domestic approval documents for the production of API and preparation products, and passed the national GMP certification or compliance inspection. For example, Prednisolone Tablets were approved by the US ANDA; 17 varieties such as Vecuronium Bromide were registered by the US FDA; 13 products, including Methylprednisolone, obtained the EU CEP certificate; 2 products, including Prednisolone passed the Japanese PMDA certification; Estradiol Valerate was certified by the Brazilian CADIFA; 7 varieties, including Betamethasone Valerate, were certified by the CBPF; 7 products, including Mifepristone, were approved for re-registration in India.

Provision of High-Quality Service

Xianju Pharma adheres to the principle of customer first, continuously optimizes the customer service management system, establishes smooth communication channels with customers, provides them with quality services, and protects their legitimate rights and interests

Enhancement of Customer Satisfaction

Xianju Pharma takes the initiative to communicate with customers at multiple levels through multiple channels, actively participate in industry exhibitions (CPHI Shanghai Exhibition, API Xi'an and Shanghai Conference, CPHI Europe Exhibition, etc.), learn about the needs of customers through email and social media platforms, constantly optimize service processes based on customer feedback, and achieve positive interaction with customers.

In 2024, our API sales team leveraged a three-tier collaboration model to focus on new customer acquisition for dominant and high-potential products, while optimizing sales force structure. We implemented professional and systematic training for customer service team to enhance their comprehensive service capabilities, establish a new and stable customer relationship, and drive continuous improvement in customer satisfaction.

Xianju Pharma made its debut at the 88th PHARMCHINA.

In May 2024, Xianju Pharma showcased a number of competitive products at well-known exhibitions such as the 88th PHARMCHINA in the API and chemical drug sectors. We conducted in-depth discussions and exchanges with customers on corticosteroids, progesterones, estrogens, androgens, anesthesia, APIs, intermediates and other products. We also listened to their needs and received unanimous praise from new and old customers.



Xianju Pharma participated in the 22nd CPHI 2024.

From June 19 to 21, 2024, Xianju Pharma participated in the 22nd CPHI 2024. We introduced our APIs, intermediates, preparations and the subsidiary's Newchem series products in detail. We listened to customer needs and gave them accurate analysis and response. We built efficient communication channels with global customers, and implemented the concept of "Customer Needs First, Our Service Faster", contributing to the cause of human health.



Improvement of After-sales Services

Xianju Pharma strictly controls every step of the service process, continuously optimizes the procedures for customer complaint handling, product recall, product return handling, market customer information feedback and processing management, etc. We set up an after-sales service team to comprehensively and timely collect customer feedback, and conduct in-depth investigation and analysis, and develop targeted solutions. Moreover, we strictly follow up the implementation of solutions and ensure that customer problems are resolved in a timely and satisfactory manner.

Potential Risk Warning

Xianju Pharma takes the health and safety of customers and the public as its own responsibility, establishes a scientific and effective risk assessment and early warning mechanism, and promptly informs customers and the public of potential health and safety impacts through telephone, email and other media, strictly ensuring that products will not cause harm or injury, and preventing the occurrence of product safety incidents. We also establish a two-way communication mechanism to collect feedback from customers and the public on potential risks of our products, and answer them in a timely manner to minimize the occurrence of risk incidents.

Sustainable Supply Chain

Xianju Pharma continuously promotes the construction of sustainable supply chain, implements a responsible procurement system, actively implements the responsible care code and the global pharmaceutical supply chain initiative (PSCI), integrates the ESG concept into the supplier management system, and strives to build a green and responsible supply chain. In 2024, the subsidiary Taizhou Xianju passed the review of green supply chain management system.

Taizhou Xianju passed the review of green supply chain management system.

On August 12-13, 2024, a third-party certification body appointed professionals as auditors to conduct a 2-day review on Taizhou Xianju's green supply chain management system. The auditor thought that the supply chain activities involved in the production of organic intermediates (APIs) of Taizhou Xianju met the acceptance standards of green supply chain management system, and concluded that this system passed the certification. It indicates that Taizhou Xianju integrates the concept of environmental protection and resource conservation throughout the entire process from product design to raw material procurement, production, transportation, storage, sales, use, and disposal, achieving the balance among environmental, economic and social benefits.



Taizhou Xianju's Green Supply Chain Certificate



We uphold integrity and transparency in procurement, enforcing stringent accountability across sourcing processes. Committed to ethical supplier relations, we protect legitimate rights of all vendors, especially the SMEs, ensure timely payments to the SMEs, foster SME growth through equitable partnerships, and cultivate a sustainable and collaborative business ecosystem.

In addition to quality, delivery, price and other factors, we incorporate comprehensive ESG performance in our supplier assessment. We also audit the social responsibility fulfillment of the suppliers to ensure they comply with our sustainable procurement policy in terms of environmental stewardship, labor rights protection, etc. We prioritize partnerships with suppliers with excellent ESG performance. For suppliers with poor ESG performance, we require them to rectify within a limited time. If they still cannot meet our ESG requirements after rectification, their cooperation qualifications will be frozen and eliminated, and we will take other measures to jointly create a good supply chain ecosystem and enhance the supply chain resilience.



Online Training of Supplier Social Responsibility



Sustainable Procurement Training for Purchasers

Guiding Industry Collaboration

Xianju Pharma takes the initiative to shoulder the industry responsibilities, actively participates in industry associations and their activities, builds consensus among all parties, discusses industry development trends, and leverages own advantages to participate in standard setting and play a leading role in standards. In 2024, the Company participated in the preparation and release of the national drug regulatory standards: *Estradiol Valerate Tablets* (YBH14892024) and *Neostigmine Methylsulfate Injection* (YBH24492024) to promote the standardization and standardization of the industry.



Sharing Session of "Green Xianju, Pioneering Sustainable Excellence" Project

Key Associations and Organizations Xianju Pharma Participates In

S/N	Association Name	Position
1	China Non-Prescription Medicines Association	Governing Member
2	China Chemical Pharmaceutical Industry Association	Governing Member
3	Zhejiang Chemical Safety Association	Governing Member
4	Zhejiang Pharmaceutical Industry Association	Vice President Membership
5	Zhejiang Pharmaceutical Society	Executive Director Membership
6	Zhejiang High-Tech Enterprises Association	Vice Chairman Membership
7	Taizhou Import and Export Enterprises Association	Vice President Membership
8	Zhejiang Drug Administration & Industrial Development Research Society	Governing Member
9	China Business Accounting Institute	Governing Memb

Xianju Pharma held a seminar on clinical needs and pathway design for the research and development of innovative drugs related to steroid hormones and sex drugs.

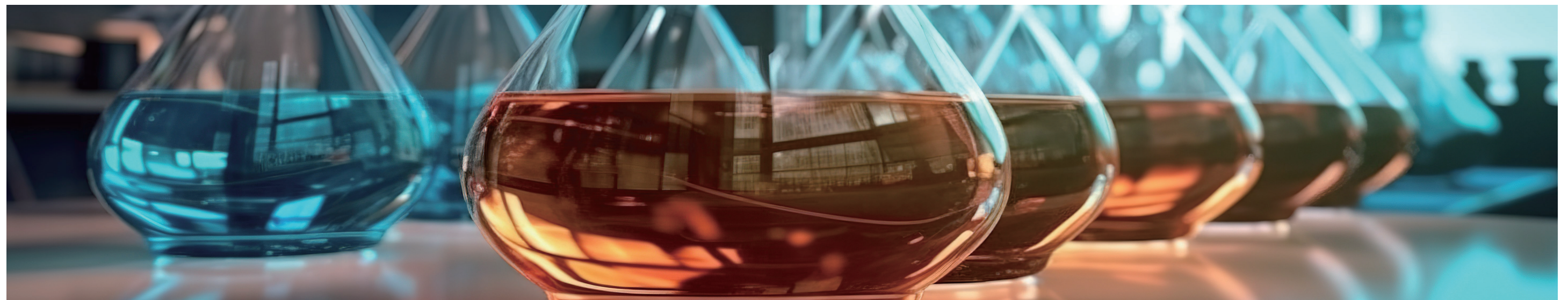
On March 31, 2024, Xianju Pharma and China National Pharmaceutical Industry Information Center jointly held a seminar on clinical needs and pathways for the research and development of innovative drugs related to steroid hormones and sex drugs, bringing together experts and scholars from various fields such as policy, formulation, and clinical practice to explore new paths and methods for the innovation of sex hormone related products.

At the symposium, the experts engaged in vigorous exchanges and discourses on innovations in sex hormone drugs. Drawing upon diverse clinical and research backgrounds, they proposed multidimensional recommendations for drug development, and conducted rigorous analysis of sector-wide opportunities and challenges, jointly promoting the high-quality development of the hormone pharmaceutical industry.



Xianju Pharma participated in the China South-South Cooperation Forum on Appropriate Technologies for Women's Reproductive Health.

On May 22, 2024, Xianju Pharma was invited to participate in the China South-South Cooperation Forum on Appropriate Technologies for Women's Reproductive Health. Under the theme of "New Supply, New Support", we delivered a keynote speech detailing our innovative initiatives in the supply of women's reproductive health products and the supply planning for South-South Cooperation countries and regions, contributing our intellectual capital and tailored pharmaceutical solutions to advance the industry development.



05

Pursue Green Development, Protecting Our Lush Mountains and Lucid Waters

Xianju Pharma deeply implements the concept of green development, champions the philosophy of "Eco-Competition, Fair Competition, Environmental Costs, Eco-Effect", prioritizes environmental protection, and endeavors to create an environmentally friendly enterprise. We actively support the targets of "carbon peak" and "carbon neutrality", enhance green operations, put carbon emissions reduction into practice, and advance the green and low-carbon transformation of the industry. **Xianju Pharma has been rated as a "National Green Factory" by the Ministry of Industry and Information Technology.**



Enhancement of Environmental Management

Environmental Management System

Xianju Pharma strictly abides by the *Environmental Protection Law of the People's Republic of China* and the relevant laws and regulations in other places of operation around the world. With "embracing green growth and driving sustainable industrial practices" as its corporate goal, Xianju Pharma establishes a standardized and systematic environmental management system, advances environmental governance with stringent standards, and promotes the improvement of environmental governance. We set up the representatives for environmental and occupational health and safety management system, who are responsible for environmental and occupational health and safety management, and further clarify the environmental responsibility of each department, in order to promote carbon and pollution reduction, foster greening practices, and enhance synergistic effect. In 2024, the API Plant and Taizhou Xianju of Xianju Pharma kept the ISO 14001 environmental management system certificate valid and current.



We strictly abide by the *Law of the People's Republic of China on Environmental Impact Assessment* and the "Three Simultaneities" system, actively carry out environmental impact assessments, and ensure that pollution prevention and control facilities are designed, constructed, and put into operation at the same time as the main work in construction projects, so as to fulfill our responsibility for environmental protection and reduce environmental risks.

Standardization of Pollution Prevention and Control

Xianju Pharma strictly abides by laws and regulations such as the *Law of the People's Republic of China on Water Pollution Prevention and Control* and the *Law of the People's Republic of China on the Prevention and Control of Air Pollution*, continuously regulates pollution prevention and control, and strives to reduce the impact of pollutants on the environment. The Company establishes an intelligent environmental supervision system, promotes zero direct discharge of wastewater, and constructs waste-free factories, contributing to the continuous improvement of green development.

Statistics of Total Investment in Environmental Protection and Energy Conservation of Xianju Pharma

Year	Plant (Unit: CNY 10,000)		
	API Plant	Preparation Division	Taizhou Xianju
2024	1218.84	90.97	2466.21
2023	1312.97	32.50	3350.00
2022	1851.90	109.92	1207.54

Environmental Risk Control

Xianju Pharma adheres to the principle of "prevention-first with integrated governance", regularly identifies environmental factors, and organizes professional teams to comprehensively assess the environmental risks and hazards in production activities, products or services. We also formulate a variety of corrective and preventive measures to realize scientific management and control.

We develop the Emergency Response Plan for Sudden Environmental Events and register it with local environmental protection department, creating a cohesive and collaborative environmental warning and emergency response system that integrates internal and external resources to minimize the impact of environmental emergencies. Xianju Pharma is equipped with complete environmental emergency equipment and devices, and regularly carries out environmental emergency drills, laying a solid foundation for environmental risk management and control.

Wastewater Treatment

The wastewater at Xianju Pharma mainly comes from production processes, including production wastewater, cleaning wastewater, wastewater from waste gas absorption towers, domestic sewage, and initial rainwater. High-salinity and high-concentration wastewater from production are pre-treated within the workshops before being discharged into the wastewater treatment facility. This pre-treatment includes deactivating active pharmaceutical ingredients in the wastewater. Wastewater from production and reactor cleaning is collected via workshop piping systems and sent to the plant's wastewater treatment facility through elevated pipes. After rigorous treatment and checks to meet the standards, the treated wastewater is discharged into the industrial park's wastewater treatment plant. We commission qualified third parties to conduct annual testing on wastewater discharge to comply with national and local environmental regulations and standards.

Improvement in Wastewater Treatment in 2024

- API Plant

Completed the inspection, maintenance and replacement of aeration pipes in the aerobic tank, resulting in optimized aeration efficiency and 20% higher wastewater treatment capacity.
- Preparation Division

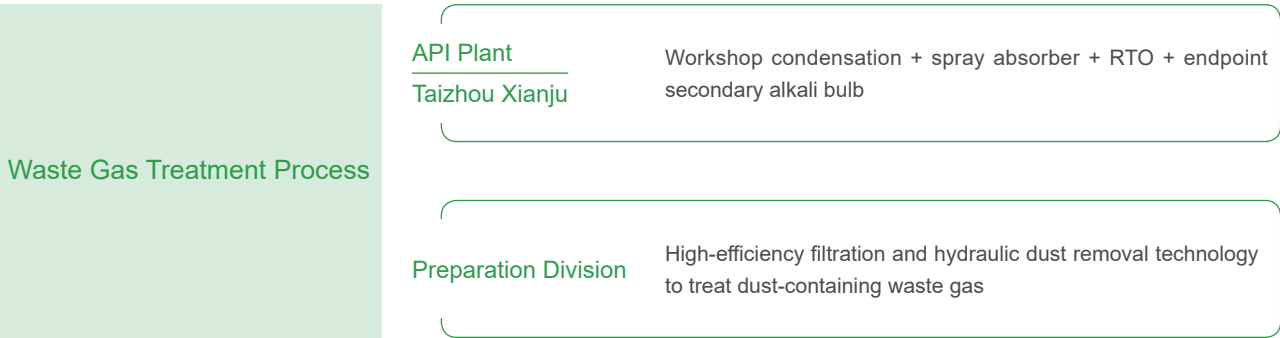
The new wastewater treatment system for high-end preparations of the Preparation Division was commissioned in a single unit in the second quarter of 2024, and passed the commissioning test in the third quarter; the Preparation Division re-applied for the discharge permit in compliance with the regulations and put the system into operation after passing the acceptance inspection; the wastewater treatment capacity of the Preparation Plant was increased from 400 t/d to 1,500 t/d.
- Taizhou Xianju

Completed the operation and debugging of the new phase III sewage treatment system, and the pretreatment efficiency of M was increased from 20% to 65% - 82%.

Statistics of Wastewater Discharge of Xianju Pharma			
Year	Wastewater discharge (tons)		
	API Plant	Preparation Division	Taizhou Xianju
2024	684548	195515	228735
2023	377465	176227	244052
2022	283937	171285	274398

Waste Gas Treatment

Xianju Pharma strictly implements waste gas emission standards, introduces advanced waste gas treatment technology, standardize waste gas collection, treatment and emission processes, and establishes sound operating procedures for waste gas treatment facilities. We always practice the principle of "classified collection, mass pretreatment and then classification for treatment" to ensure that waste gas is discharged in compliance with standards.



We adhere to a dual approach combining source control and endpoint treatment to achieve the optimal efficiency of waste gas treatment. At the source of emissions, separate waste liquid outlets are set in each building, which are directly connected to waste liquid tanks. The pipeline and sealing measures are also taken to further reduce the emission of untreated waste gases. At the endpoint, solar films and waste gas exhaust ducts are mounted at the aerobic tanks and other wastewater tanks, reducing the volume of waste gas. Negative pressure meters are installed on the hydrolysis acidification and blending tanks to monitor the pressure inside the wastewater tank in real time, and adjust the waste gas intake volume in time once waste gas is found to leak.

Statistics of Total Non-Methane Hydrocarbon Emissions from the RTO in Xianju Pharma ¹		
Year	Total non-methane hydrocarbon emissions (tons)	
	API Plant	Taizhou Xianju
2024	0.89	1.36
2023	0.54	3.61
2022	1.22	0.56

¹The Preparation Division is mainly engaged in efficient filtration and hydraulic dust removal process, with the RTO not used.

Waste Treatment

Following the principle of "minimization, recycling, and harmlessness" in waste management, Xianju Pharma stores and treats waste according to the standards, and strives to achieve waste recycling and reuse.

The household waste is uniformly cleared by the environmental sanitation department, and other general waste is transferred to qualified third party for recycling. For hazardous waste, we strictly control their separation, collection, storage, treatment, recording and emergency response, and rigorously implement systems such as hazardous waste declaration and registration, and hazardous waste transfer manifest, making them compliantly treated and minimizing their environmental hazards.

Amount of Hazardous Waste Treated by Xianju Pharma			
Year	Amount of Hazardous Waste Treated (tons)		
	API Plant	Preparation Division	Taizhou Xianju
2024	3834.11	85.85	12745.64
2023	4040.90	78.75	9680.75
2022	3333.85	81.06	11568.99

Noise Abatement

In Xianju Pharma, the noise is primarily generated by motors, refrigerators, centrifuges, various fans, and mechanical rotating equipment during manufacturing.

We reasonably arrange the positions of noisy equipment, utilize buildings to reduce noise, and install shock absorption devices and silencers for intensively noisy equipment. We set up soundproof duty rooms in noisy positions, provide noise protection equipment for employees, and regularly commission environmental testing institution to test noise. In 2024, the daytime and nighttime noise levels at the plant boundaries of the Company were in line with the *Emission Standard for Industrial Enterprise Boundary Environmental Noise* (GB12348-2008).

Soil and Groundwater Protection

Strengthening soil and groundwater protection is one of important initiatives for enterprises to fulfill their environmental responsibilities. Xianju Pharma develops and implements the Soil and Groundwater Management Procedures, establishes a sound soil and groundwater protection management system, and reduces the risk of soil and groundwater contamination.



Soil and Groundwater Protection in 2024

Commissioned a qualified third-party organization to test the quality of soil and groundwater, and completed the soil and groundwater self-monitoring reports, evaluation reports on groundwater risk control effectiveness, and investigation reports on potential hazards of soil contamination;

API Plant

Regularly carried out anti-corrosion treatment on the outer cofferdam of the source equipment area at the workshop, desilted and sprayed anti-corrosive paint to the environmental protection center's IV and pH adjustment tanks, and used advanced polyurea spraying materials to completely prevent against the risk that the tanks may contaminate the groundwater.

Preparation Division

Sampled and tested the groundwater every week, prepared a standing book for groundwater samples, and collaborated with regular sampling and test by superior departments, with normal test results.

Taizhou Xianju

Commissioned a qualified third party to inspect and sample the soil and groundwater for potential hazards, and completed the soil and groundwater self-monitoring reports, evaluation reports on groundwater risk control effectiveness, and investigation reports on soil potential hazards;

Regularly checked the potential hazards in the workshops on soil and groundwater, and prepared a standing book for potential hazard inspection;

Perform anti-corrosion treatment on the workshop equipment cofferdam to control the risk of pollution at source.

Reasonable Utilization of Resources

Water Resource Management

Xianju Pharma actively advocates for water-saving culture, and uses water-saving sanitary appliances, striving to minimize water consumption while ensuring the quality of the products and services. The Company and its subsidiaries conduct in-depth studies of all aspects of production process, identify potential points for water conservation, and actively introduce advanced water-saving technologies to improve the utilization of water resources.

The Company utilizes the concentrated water that is generated in the process of preparing pure water to clean sanitary appliances or supplement circulating and cooling water, and uses the qualified wastewater from the some discharge outlets to prepare the pharmaceuticals and spray the MBR membranes in the Environmental Protection Center. In Taizhou Xianju, some of cooling water is used to prepare chemicals in the Environmental Protection Center. All of the above measures have all replaced tap water, significantly reducing fresh water consumption.

Water Consumption of Xianju Pharma

Year	Fresh water consumption (m ³)		
	API Plant	Preparation Division	Taizhou Xianju
2024	289210.00	267329.00	215990.00
2023	402560.00	214399.00	225734.00
2022	357760.00	167852.00	252850.00

Energy Management

Energy Management System

Adhering to the energy policy aimed at "tapping new sources and stemming losses, cutting emissions and consumption, adopting clean production, and striving for continual progress", Xianju Pharma continuously optimizes its energy management system in accordance with the *Energy Management Systems – Requirements with Guidance for Use* (GB/T23331-2020), regularly holds management meetings to discuss energy-saving solutions, and ensure that all energy-saving and emission reduction measures are implemented to enhance the Company's energy efficiency. Zhejiang Xianju Pharmaceutical Co., Ltd. established an energy management system for its API Plant and Preparation Division in 2021, passed the energy management system certification, and passed the latest re-evaluation and certificate renewal audit in October 2024.



ISO 50001 Certificate

Energy Targets

Short-term Target

Continue to optimize existing equipment and technologies to further reduce energy and water consumption.

Long-term Target

Explore and apply more advanced energy-saving and emission reduction technologies to continuously improve the green production level.

Implementation Roadmap

2025 Plan

Introduce more efficient and energy-saving equipment, and gradually phase out highly energy-consuming old equipment.

2026 Plan

Implement an intelligent energy management system to monitor and optimize energy utilization in real time.

Energy Saving and Emission Reduction Measures

Xianju Pharma and its subsidiaries carry out a series of energy saving and emission reduction projects, and effectively implement energy conservation measures, such as improving production processes, optimizing energy utilization and introducing green energy, dramatically reducing energy consumption and greenhouse gas (GHG) emissions, and achieving a win-win situation in terms of economic and environmental benefits.

Energy Conservation and Emission Reduction in 2024

API Plant

Update energy-saving chiller units to reduce energy consumption by 5% when the temperature reaches the required level;

Update the compressed air system; with the same power consumption, the gas production is increased by more than 25% and the compressed air pressure can reach 6 kg; therefore, under normal production conditions, one compressed air system can be shut down, effectively reducing energy consumption.

Preparation Division

Production adjustment: Link production management with engineering equipment, reasonably plan the production cycle, stop production for one month at the peak of energy consumption, saving about CNY 990,000 in energy costs;

More stringent management of energy consumption: Change the cold water supply from single-point control to stepped supply, adjust the parameters of each unit, and improve the water production capacity of each unit.

Taizhou Xianju

Technically upgrade the circulating water delivery pump and fresh and ice water delivery pump in the power workshop, resulting in a total annual savings of about 200,000 kWh;

Introduce magnetically levitated variable-frequency centrifugal chiller units, which are featured by energy saving, high efficiency, and low cost;

Evaluate the energy consumption of each production workshop, ensure that there is no energy waste after production, notify relevant personnel in time if abnormal, and plan the workshop production during off-peak electricity hours and centralized production;

Introduce the clean energy, construct photovoltaic power generation facilities, reduce the consumption of traditional fossil fuels, and continuously improve the energy structure.



PV power generation

Enhancement of Climate Resilience

Climate change is a shared challenge for all of humanity. With reference to the proposed framework of the Task Force on Climate-Related Financial Disclosure (TCFD), Xianju Pharma actively responds to climate change from four dimensions: Governance, Strategy, Risk Management and Metrics and Targets. We proactively identify and analyze the potential impact of climate change on the Company's operations and business, and develop corresponding countermeasures to enhance climate resilience.

Governance and Strategy

Xianju Pharma integrates climate change response into its corporate governance, and follows the national strategy of "carbon peak" and "carbon neutrality", focusing on both "mitigation" and "adaptation". We adopt bottom-line thinking and develop risk awareness of climate change, formulate a scientific strategy for climate change response, guide all business departments and subsidiaries in relevant work, and accelerate the green and low-carbon transformation.

Risk Management

The Company establishes a climate risk management mechanism, classifies climate-related risks into physical risks and transformation risks, evaluates the likelihood and impact of risk occurrence, and develops mitigation and adaptive measures to comprehensively reduce the impacts of climate risks.

Type	Type	Description	Countermeasures
Physical Risk	Acute physical risk	With the growing occurrence of extreme weather, production equipment faces potential damage while employee safety is at risk.	Check the operating performance of the equipment regularly, and upgrade or modify them to enhance their risk resistance.
			Improve the emergency management mechanism, regularly conduct safety and environmental emergency drills, and emphasize the stockpiling of disaster prevention and mitigation materials.
	Chronic physical risk	Rising sea levels caused by climate change pose operational risks to coastal manufacturing sites.	Monitor the latest trends in climate change and stay informed about the change in sea level rise.
Transition risk		Rising mean temperature may significantly increase cooling demand across production and office facilities, potentially resulting in higher operating costs.	Gradually introduce intelligent refrigeration equipment, check their environmental performance, and put more efforts into energy conservation and emission reduction to improve energy efficiency.
	Policy/legal risk	The laws, regulations and policies on climate change are tightening both domestically and internationally. The Company may increase compliance costs if they fail to recognize them in time.	Keep a close eye on changes in relevant laws, regulations and policies, and consult industry experts and professional institutions to ensure that the institutional system, production processes and product design are legal and compliant.
	Market risk	In the context of climate change, users and consumers prefer low-carbon products and services, thus affecting market fluctuations.	Strengthen the development of low-carbon products, carry out product carbon footprint verification in time, and increase the purchase of green raw materials;
			Expand the application scope of clean energy and improve the energy mix.
	Technical risk	The research of low-carbon products and energy-saving retrofits exposes the Company to higher R&D challenges, bringing about a consequent increase in R&D costs.	Clarify the Company's R&D orientation in the low-carbon field and align the R&D focus with the industry trend; Strengthen the training of R&D personnel and enhance their abilities in green innovation.
	Reputation Risk	Low-carbon operation is an increasing priority for stakeholders, and the Company, if failing to disclose their actions and efforts to address climate change in time, will face the risk of reputation damage.	Strengthen communication with all stakeholders, actively disclose the Company's achievements in addressing climate change, enhance the corporate transparency, and establish a responsible image.

Metrics and Targets

In accordance with the GHG Protocol, ISO14064-1, IPCC Guideline-2006 and other standards, we conduct GHG validation and verification, issue GHG emission reports, continuously monitor GHG metrics, and evaluate the Company's performance in addressing climate change, providing a basis for formulating scientific and reasonable emission reduction targets and strategies.

Statistics of GHG Emissions from Xianju Pharma ²			
Year	GHG Emissions (tons/equivalent)		
	API Plant	Preparation Division	Taizhou Xianju
2024	57269.48	9616.609	37525.93
Scope 1 (GHG emissions from combustion of fossil fuels)	592.04	41.651	918.19
Scope 2 (GHG emissions converted from outsourced electricity, steam, etc.)	52249.98	9504.158	34297.66
Scope 3 (GHG emissions from supply chains)	4427.46	70.8	2310.08
2023	50473.11(including the Preparation Division)	/	36548.60
Scope 1 (GHG emissions from combustion of fossil fuels)	735.29(including the Preparation Division)	/	925.30
Scope 2 (GHG emissions converted from outsourced electricity, steam, etc.)	48713.26(including the Preparation Division)	/	35559.85
Scope 3 (GHG emissions from supply chains)	24.56(including the Preparation Division)	/	9.46
2022	86697.71	/	39044.71
Scope 1 (GHG emissions from combustion of fossil fuels)	43391.50(including the Preparation Division)	/	952.17
Scope 2 (GHG emissions converted from outsourced electricity, steam, etc.)	635.25(including the Preparation Division)	/	38073.97
Scope 3 (GHG emissions from supply chains)	42670.96(including the Preparation Division)	/	18.57

²2024 年数据为企业根据相关规范要求核算，未经政府监管部门核准。

Practices in Green Operations

Green Design

To manufacture green products, we consider the impact of our products throughout the life cycle on the environment and resources at the design stage. We continuously develop products that are eco-friendly and competitive in market, in an effort to become a first-class manufacturer of green and low-carbon products.

We integrate the green building principles in the design of construction projects, comply with the national and local environmental requirements, control the pollutant emissions based on the compliance indicators, and make sure that the environmental impact before and after construction meets the environmental quality requirements determined for the environmental functional zoning of the construction project. In addition, the construction projects are executed in accordance with the control measures of "three lines and one list", maintaining environmental risks at a controllable level, and achieving harmonious coexistence between buildings and the environment, and between people and nature.

Green Production

Xianju Pharma adheres to green production principles, targeting energy conservation, consumption reduction, and pollution minimization through integrated management and technological measures and overall prevention in the production process, further minimizing risks to humans and the environment, and achieving clean and efficient utilization and production.

Green Production in 2024	API Plant	Verified and reused the methylene chloride, ethyl acetate and acetone used for preparing the Bisoralcohol (BA, a Progesterone intermediate) in the Workshop 6 by the recovered solvent, and then reused them, saving 252 tons of methylene chloride solvent, 840 tons of ethyl acetate and 225 tons of acetone.
	Taizhou Xianju	Optimized the manufacturing process of MPA product, recycled and reused the generated DMF wastewater, thereby reducing waste liquid and wastewater; Optimized the manufacturing process of 6-methyl Grignard hydrolysate, reduced the amount of layered wastewater generated from the Grignard reaction, and recovered THF waste solvent, greatly reducing waste liquid.

Green Office

Xianju Pharma integrates the concept of green office into all aspects of daily business management, establishes a comprehensive green office mechanism, improves internal management regulations, strengthens water and energy management, and creates a green office atmosphere with full participation and a low-carbon and eco-friendly office environment.

Green Office Measures	Implement paperless and digital office practices, and leverage the internal email system for document circulation and communication, significantly reducing paper usage;
	Optimize the lighting system, mount LED lamps for lighting, and ensure that the lights turn off upon room vacancy, saving approximately 196,000 kWh of electricity annually;
	Implement specific operational guidelines for air conditioning system to avoid unnecessary energy consumption while maintaining comfortable working and manufacturing conditions;
	Installed water-saving sanitary fixtures such as faucets and urinals in the Company, reducing water consumption by more than 30% and annual water consumption by about 30,000 tons;
	Adopt video conferencing for training and meetings to reduce the business trip of employees;
	Managed office waste through scientific classification, and set up designated bins for different types of waste to improve the recyclable value and economic value of waste.

Green Culture

To build a green culture, Xianju Pharma extensively conducts environmental management training, popularize environmental protection knowledge among employees through bulletin boards, internal communication, and other means, actively fostering an atmosphere of ecological environmental protection, energy conservation, and participation from all staff. Furthermore, we enhance environmental trainings for key positions, continuously improve the environmental management level of employees, and enhance their sense of responsibility and mission to participate in environmental protection.

Environmental Production Training in 2024

API Plant

The Company executed 2 scheduled and 3 unscheduled training sessions on the Company's special environmental protection improvement, with a total of 136 participants. The participants came from all production workshops, Quality Control Department, Engineering Equipment Department, Equipment Power Department, Production Management Department, EHS Department, etc.

Preparation Division

The Company organized environmental protection training once, focusing on environmental protection laws, regulations, and knowledge, in order to enhance employees' environmental protection awareness and relevant knowledge.

Taizhou Xianju

The Company conducted environmental protection knowledge training twice, focusing on environmental protection laws, regulations, and knowledge.



Environmental Protection Training of the Preparation Division



Environmental Protection Training of the API Plant



Environmental Protection Training of Taizhou Xianju

06

Giving Back to the
Community, Building
a Better Future



Empowerment on Local Development

As a local enterprise in Xianju County, Taizhou, Zhejiang, Xianju Pharma pursues economic benefits while supporting local development. The Company implements localized employment and procurement policies, making positive contributions to local economic and social development.

Proportion of Native Employees (Xianju County) in 2024 ³		
Company	Number of native employees (people)	Proportion (%)
Head Office of Zhejiang Xianju Pharmaceutical Co., Ltd.	1120	79.1
Taizhou Xianju Pharmaceutical Co., Ltd.	445	68.3
Zhejiang Xianju Pharmaceutical Sales Co., Ltd.	245	33.6

Proportion of Local Procurement (Zhejiang) in 2024		
Total purchase amount (CNY)	Local Purchase amount (CNY)	Local purchasing rate (%)
1001377766.32	433418633.76	43.28

Commitment to Public Welfare

Xianju Pharma always keeps to the original intention of public welfare, and practices the volunteer spirit of "dedication, fraternity, mutual assistance, and progress". We take the initiative to engage in public welfare undertakings, fulfill social responsibilities in multiple fields, share development achievements with society, and continuously enhance people's well-being.

In March 2024 the Company carried out voluntary blood donation activities in the API Plant. The majority of employees actively participated in the blood donation, not only demonstrating their loving heart and dedication, but also enhancing the Company's sense of social responsibility. It was a public welfare activity full of warmth.



³Zhejiang Xianju Pharmaceutical Sales Co., Ltd. has a lower percentage of native employees in Xianju County, its place of incorporation, than that of non-native employees due to the fact that its sales network covers the country and its salespeople and sales management personnel work in different provinces, cities, and counties across the country.

In November 2024 the Xianju Model Worker Volunteer Team joined hands with the Xianju Pharma Voluntary Service Team to provide voluntary services. In Guangyan School, we carried out Enterprise-School Partnership for Youth Development and Children's Day Care Initiative, passing on the spirit of model workers and craftsmen and building a platform for enterprise-school cooperation and exchange. In Zhuxi and Shangzhang Central Schools, we presented 2 precision microscopes and other educational supplies to help children explore the unknown world and develop their scientific passion.

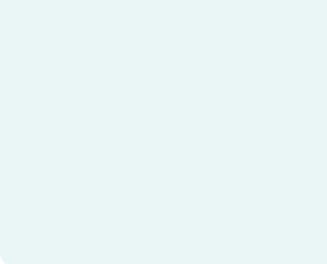


Creation of Public Welfare Brand

Xianju Pharma practices its corporate mission of "your health and happiness, our sincerity and responsibility", responds to the national strategic arrangements for "Healthy China 2030", and thoroughly implements the *Outline for Women's Development in China*. The Company, together with the Editorial Board of the Chinese Journal of Practical Gynecology and Obstetrics, will continue to promote the "Women's Fertility Protection Through Train" program, focusing on hot topics such as women's fertility protection, reproductive health, and efficient contraception, and promoting women's health improvement.

In 2024, the "Through Train" program was further implemented, and a total of 35 public welfare activities were carried out, covering 35 hospitals, attracting 280 authoritative experts to participate in voluntary clinics and provide face-to-face diagnosis and treatment services for nearly 3,000 patients. At the same time, the program involved 1,100 primary hospitals across the country in academic activities, promoting the shift of high-quality medical resources to community level and improving the diagnosis and treatment abilities of physicians in district and community hospitals. In addition, digital medical platforms and online communication channels were also used in the program, including live streaming and short videos, to popularize the knowledge of fertility protection, contact a wider range of public groups, and contribute to the implementation of national fertility support policies.

In conjunction with the national policy of deepening the "Internet plus Medical and Healthcare" development in 2024, we will further explore the public welfare training model combining online and offline approaches, build a more efficient training platform for physicians in district and community hospitals, and further improve the quality of clinical services, making more contributions to protecting women's health throughout their life.



07

Future Prospects

Looking forward, Xianju Pharma will adhere to the tenet of "producing first-class products for the health of mankind", steadily expand with strong confidence and an open, learning and pragmatic attitude. We will sturdily forge ahead to "becoming one of the top ten steroid drug suppliers in the world and an enterprise favored by customers and employees".

Consistent effort and gradual progress are crucial for achieving ambitious goals. Sustainable development is our orientation and goal, but also our path and journey.

We will fully implement the national "dual carbon" strategy, and follow the Company's carbon reduction goals and plans. We will vigorously promote technological innovation on energy conservation and emission reduction, and comprehensively drive the Company to achieve green and low-carbon transformation.

We will continue to organically combine corporate development with social responsibility, accelerating technological innovation, fostering new quality productive forces, and providing high-quality products for people's health. We will also make every effort to protect employees' rights and interests, improve their well-being, and build a community of shared future with harmonious coexistence between the Company and employees. We continue to actively explore new business development models, and work together with customers, suppliers and other partners to promote sustainable economic and social development. We will keep on our participation in volunteer activities, community construction and other public welfare endeavors, and repay society with our enthusiasm and kindness.

As a socially responsible enterprise, Xianju Pharma will strive to live up to its corporate values of "integrity, struggle, open, learning, responsible and win-win", and work with its partners and all sectors of the society and forge ahead with enterprise and fortitude to realize the Chinese Dream of national rejuvenation!

Indicator Index

GRI Indicator Index

Statement of Use		Zhejiang Xianju Pharmaceutical Co., Ltd. has reported the information cited in this GRI content index for the period from January 1, 2024, to December 31, 2024 with reference to the GRI Standards.	
GRI 1 used		GRI 1: Foundation 2021	
GRI Standards		Disclosures	Corresponding Chapters
GRI 2: General Disclosures 2021	The organization and its reporting practices	2-1 Organizational details	About Xianju
		2-2 Entities included in the organization's sustainability reporting	About the Report
		2-3 Reporting period, reporting frequency, and contact point	About the Report
		2-4 Restatements of information	/
		2-5 External assurance	/
	Activities and workers	2-6 Activities, value chain and other business relationships	About Xianju
		2-7 Employees	Making the Country Enjoy Prosperity and People Live in Harmony, Creating Flourishing Ages
		2-8 Workers who are not employees	/
	Governance	2-9 Governance structure and composition	Establishment of Sound Governance System
		2-10 Nomination and selection of the highest governance body	Establishment of Sound Governance System
		2-12 Role of the highest governance body in overseeing the management of impacts	Social Responsibility Governance
		2-13 Delegation of responsibility for managing impacts	Social Responsibility Governance
		2-14 Role of the highest governance body in sustainability reporting	Social Responsibility Governance
		2-15 Conflicts of interest	Development of Business Ethics
		2-16 Communication of critical concerns	Communication with Stakeholders
		2-17 Collective knowledge of the highest governance body	Social Responsibility Governance
	Strategy, policy and practice	2-22 Statement on sustainable development strategy	Social Responsibility Governance
		2-23 Policy commitments	Social Responsibility Governance
		2-24 Embedding policy commitments	Social Responsibility Governance
		2-25 Processes to remediate negative impacts	Development of Business Ethics
		2-26 Mechanisms for seeking advice and raising concerns	Development of Business Ethics
		2-27 Compliance with laws and regulations	Refer to the Report
		2-28 Membership associations	Guiding Industry Collaboration
	Stakeholder engagement	2-29 Approach to stakeholder engagement	Communication with Stakeholders
		2-30 Collective bargaining agreements	Democratic Management
GRI 3: Material Topics 2021		3-1 Process to determine material topics	Analysis of Material Topics
		3-2 List of material topics	Analysis of Material Topics
		3-3 Management of material topics	Analysis of Material Topics

GRI Standards	Disclosures	Corresponding Chapters
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Economic performance
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Development of Business Ethics
	205-2 Communication and training about anti-corruption policies and procedures	Development of Business Ethics
	205-3 Confirmed incidents of corruption and actions taken	Development of Business Ethics
GRI 302: Energy 2016	302-1 Energy consumption within the organization	ESG Performance
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Resource Management
	303-2 Management of water discharge-related impacts	Water Resource Management
	303-3 Water withdrawal	Water Resource Management
	303-4 Water discharge	Water Resource Management
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emission	Enhancement of Climate Resilience
	305-2 Energy indirect (Scope 2) GHG emissions	Enhancement of Climate Resilience
	305-3 Other indirect (Scope 3) GHG emissions	Enhancement of Climate Resilience
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Standardization of Pollution Prevention and Control
	306-2 Management of significant waste-related impacts	Standardization of Pollution Prevention and Control
	306-3 Waste generated	ESG Performance
	306-4 Waste diverted from disposal	ESG Performance
	306-5 Waste directed to disposal	ESG Performance
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Sustainable Supply Chain
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Compensation and Benefits
	401-3 Parental leave	Compensation and Benefits
GRI 403: Occupational Health and Safety 2018	Occupational health and safety management system	Occupational Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety
	403-3 Occupational health services	Occupational Health and Safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety
	403-5 Worker training on occupational health and safety	Occupational Health and Safety
	403-6 Promotion of worker health	Occupational Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety
	403-9 Work-related injuries	Occupational Health and Safety
	403-10 Work-related ill health	Occupational Health and Safety

GRI Standards	Disclosures	Corresponding Chapters
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	ESG Performance
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Establishment of Sound Governance System Protection of Employees' Rights and Benefits
Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Protection of Employees' Rights and Benefits
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Protection of Employees' Rights and Benefits
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Protection of Employees' Rights and Benefits
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Protection of Employees' Rights and Benefits
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainable Supply Chain
	414-2 Negative social impacts in the supply chain and actions taken	Sustainable Supply Chain
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Provision of High-Quality Service
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	ESG Performance

Indexes for Preparation of Sustainable Development Report Issued by Shenzhen Stock Exchange

Dimension	S/N	Topics	Corresponding Chapter
Environment	1	Climate change response	Enhancement of Climate Resilience
	2	Pollutant Release	Standardization of Pollution Prevention and Control
	3	Waste Treatment	Standardization of Pollution Prevention and Control
	4	Ecosystem and Biodiversity Conservation	/
	5	Environmental Compliance Management	Enhancement of Environmental Management
	6	Energy Utilization	Reasonable Utilization of Resources
	7	Water Resource Utilization	Reasonable Utilization of Resources
	8	Circular Economy	Standardization of Pollution Prevention and Control Reasonable Utilization of Resources
Society	9	Rural Revitalization	Giving Back to the Community, Building a Better Future
	10	Social Contribution	Giving Back to the Community, Building a Better Future
	11	Innovation-driven Development	Foundation on Technological Innovation
	12	Science and Technology Ethics	/
	13	Supply Chain Security	Sustainable Supply Chain
	14	Equal Treatment to Small and Medium-sized Enterprises	Sustainable Supply Chain
	15	Safety and Quality of Product and Service	Pursuit for the Premium Quality Provision of High-Quality Service
	16	Data Security and Customer Privacy Protection	Information Safeguarding
	17	Employees	Making the Country Enjoy Prosperity and People Live in Harmony, Creating Flourishing Ages
Governance Related to Sustainable Development	18	Due Diligence	Development of Business Ethics
	19	Communication with Stakeholders	Social Responsibility Governance
	20	Anti-Commercial Bribery and Anti-Corruption	Development of Business Ethics
	21	Anti-Unfair Competition	Development of Business Ethics

ESG Performance

Governance Performance

Performance in Business Ethics				
Indicator	Unit	2024	2023	2022
Coverage rate of business ethics training	%	100	100	100
Number of whistleblowing cases (in terms of business ethics)	Nos.	0	0	0
Number of confirmed corruption incidents	Nos.	0	0	0
Number of confirmed information security incidents	Nos.	0	0	0
Substantiated complaints concerning breaches of customer privacy and losses of customer data	Nos.	0	0	0

Performance in Sustainable Supply Chain

Performance in Supplier Management		
Indicator	Unit	2024
Number of suppliers who were assessed for corporate social responsibility (CSR)	Nos.	46
Number of suppliers who signed the <i>Supplier Code of Conduct</i>	Nos.	46
Number of suppliers who signed contracts with clauses on environment, labor, and human rights	Nos.	46
Number of suppliers who undergone on-site audit for social responsibility	Nos.	46

Performance in Environmental Management

Performance in Wastewater Treatment				
Indicator	Unit	2024	2023	2022
Total wastewater discharged	Ton	684548	797744	729697
COD	Ton	98.22	135.45	125.52
Ammonia nitrogen	Ton	3.50	5.12	5.06
Total phosphorus	Ton	0.81	1.50	1.44

Performance in Exhaust Gas Treatment				
Indicator	Unit	2024	2023	2022
Total exhaust emissions of the RTO	10,000 m³	27691.29	24837.44	26732.58
Total non-methane hydrocarbons	Ton	2.25	4.15	1.84

Performance in Waste Treatment				
Indicator	Unit	2024	2023	2022
Total general waste generated	Ton	793.45	456.84	/
Total hazardous waste generated	Ton	16665.60	13799.14	15146.58
Recycled amount of hazardous wastes	Ton	3312.12	3241.13	3055.56
Recycling rate of hazardous wastes	%	19.87	23.49	20.17

Performance in Energy Consumption				
Indicator	Unit	2024	2023	2022
Total energy consumption	1T Standard Coal	23658.51	22913.78	19460.90

Employee Benefit Expenditure				
Indicator	Unit	2024	2023	2022
Benefit expenditure	China Yuan: CN	16653745.77	14761721	13985250.9

Performance in Employee Training and Development				
Indicator	Unit	2024	2023	2022
Number of employees receiving training	Person	46141	44491	42102
Number of training sessions	Time	1190	872	890
Total training hours	Hour	114662	106301	112652
Average training hours per employee	Hour	41	37	37
Training coverage rate	%	99	99	99
Percentage of employees receiving regular performance and career development reviews	%	100	100	100

Performance in Labor and Human Rights Protection

Staffing Structure and Performance				
Indicator	Unit	2024	2023	2022
Total number of employees	Person	2795 ⁴	2828	2847
Total number of employees recruited that year	Person	450	517	383
Total number of employees resigned that year	Person	399	511	446
Number of employees with disabilities	Person	4	5	5
Percentage of employees with disabilities	%	0.14	0.18	0.18
Number of employees from ethnic minorities	Person	68	65	41
Proportion of employees from ethnic minorities	%	2.43	2.30	1.44
Total number of female employees	Person	1133	1131	1152
Percentage of female employees in the total workforce	%	40.53	39.99	40.46
Number of executives (excluding Board of Directors)	Person	55	53	47
Number of female executives	Person	12	10	10
Percentage of female executives	%	21.82	18.87	21.28
Number of Board of Directors	Person	9	9	9
Number of female directors	Person	1	1	1
Percentage of female directors	%	11.11	11.11	11.11

Performance in Occupational Health and Safety

Performance in Occupational Health and Safety				
Indicator	Unit	2024	2023	2022
Coverage Rate of Employee Physical Exam (for positions with occupational hazards)	%	100	100	100
Number of employees diagnosed with occupational diseases	Person	0	0	0

⁴Statistical caliber: Xianju Pharma (including Headquarters, API Plant, and Preparation Division), Taizhou Xianju and Sales Company.

Reader Feedback Form

Dear Readers,

Hello!

Thank you very much for reading the Report. We earnestly look forward to your comments and valuable insights on the Report to continuously improve our approaches to sustainable development and social responsibility, thereby enhancing our capabilities in fulfilling our social duties.

Choice Questions: (Please check the appropriate box)

1. For Zhejiang Xianju Pharmaceutical Co., Ltd., you are:

☐ Employee ☐ Consumer ☐ Supplier ☐ Supervisory Body ☐ Medium ☐ Other (please specify)

2. Your overall impression of the Report is:

☐ Very Good ☐ Good ☐ Average ☐ Poor ☐ Very Poor

3. In your opinion, the quality of the sustainable development and social responsibility information disclosed in the Report is:

☐ Very High ☐ High ☐ Average ☐ Low ☐ Very Low

4. In your opinion, the report structure is:

☐ Very Reasonable ☐ Reasonable ☐ General ☐ Poor ☐ Very Poor

5. In your opinion, the layout design and presentation of the Report is:

☐ Very Good ☐ Good ☐ Average ☐ Poor ☐ Very Poor

Open-ended Questions:

Please share your valuable feedback and suggestions on the 2024 Sustainable Development Report and Corporate Social Responsibility Report of Zhejiang Xianju Pharmaceutical Co., Ltd. and social responsibility efforts:

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