



# 2023

## CORPORATE SOCIAL RESPONSIBILITY REPORT

ZHEJIANG XIANJU PHARMACEUTICAL CO., LTD.

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## Reporting Guidance

### Publication Cycle

This report is an annual publication and represents the third Corporate Social Responsibility Report issued by Zhejiang Xianju Pharmaceutical Co., Ltd.

### Reporting Period

The reporting period spans from January 1, 2023, to December 31, 2023. To account for project continuity or significant impacts, some content may extend beyond this timeframe, either retrospectively or prospectively.

### Reporting Boundary

This report covers Zhejiang Xianju Pharmaceutical Co., Ltd., including its wholly-owned and holding subsidiaries, mirroring the company's operational regions. It encompasses the company's corporate social responsibility (CSR) philosophy, strategies, and specific implementations, along with the operational status throughout the reporting period.

### Compilation Basis

The compilation of this report adheres to several standards and guidelines: the *GRI Sustainability Reporting Standards* (GRI Standards) issued by the Global Sustainability Standards Board (GSSB), the *Chinese Corporate Social Responsibility Report Guide* (CASS-ESG5.0), and the *Guide for Writing Social Responsibility Reports* (GB/T36001-2015) by the Chinese Academy of Social Sciences. It also follows the *Content and Format Guidelines for Annual Reports of Publicly Listed Companies No. 2* (revised in 2021) by the China Securities Regulatory Commission and the *Social Responsibility Compilation Guide for Listed Companies* by the Shenzhen Stock Exchange.

### Data Explanation

All the data presented in this report is sourced from official company documents and statistics. Should there be any discrepancies with the financial report, the latter shall take precedence. Unless specified otherwise, all measurements are in metric units, and the currency is denominated in Renminbi.

### Referential Clarification

For clarity and ease of reading, Zhejiang Xianju Pharmaceutical Co., Ltd. is referred to as "Xianju Pharma", "Xianju", "the company", or "we" throughout this report, except where context specifies otherwise.

### Report Access

The report is available in electronic format. It can be accessed and downloaded from the designated information disclosure website of the Shenzhen Stock Exchange ([www.cninfo.com.cn](http://www.cninfo.com.cn)) or the company's website ([www.xjpharma.com](http://www.xjpharma.com)).

Contact email: [dmb@xjpharma.com](mailto:dmb@xjpharma.com)



Chairman's Message



“

We are deeply grateful for your long-standing concern and support for Xianju Pharma, as well as your keen interest in and supervision of our ESG efforts. The year 2023 has unfolded amidst increasingly complex and challenging external conditions, also serving as the inaugural year as Xianju Pharma embarks on its next fifty years. Amidst an extremely challenging market landscape, our resolve remains steadfast in our original intention and mission to "Produce first-class products and devote ourselves to human health", with sustainable development driving us forward, in the hope of contributing to human wellness.

To better fulfill our sustainable development strategy, we have aligned with international standards, persistently refined our internal governance, and enhanced our sustainability management systems, including environmental, procurement, and human rights policies, while intensifying related training and management efforts. In 2023, the company was honored with the EcoVadis Silver rating, and our wholly-owned subsidiary, Taizhou Xianju, was awarded the EcoVadis Bronze rating.

Integrity and legality have always been our guiding principles. Throughout the year, we steadfastly adhered to compliant operations, constantly improving our internal control system to reduce operational risks; we also committed to transparency, promptly and accurately disclosing relevant information to effectively safeguard investors' rights and interests. Our efforts in information disclosure have been recognized as outstanding by the Shenzhen Stock Exchange's annual evaluation.

Innovation serves as the driving force behind our commitment to sustainable growth. This year, we continued to concentrate on the steroid sector, with our corporate research institute at the core, constantly enhancing our "industry-academia-research" R&D framework to provide patients with more effective and high-quality products. In 2023, the company was recognized as a "National Enterprise Technology Center" and "Best Industrial Enterprise in China's Pharmaceutical R&D Product Line."

We are dedicated to adhering to the nation's "carbon peak and carbon neutrality" strategy, viewing green development as a crucial direction for our business growth. Through process optimization and automation upgrades, we actively promote clean production and energy efficiency, striving to establish the best Environmental, Health, and Safety (EHS) practices in the pharmaceutical industry.

We always consider our employees as the foundation of corporate development. We continuously refine our compensation and career development pathways, enhancing our employee training systems to improve their professional skills. Our care and consideration extend to the personal lives of our staff, fostering a familial culture enriched with "Xianju" characteristics, which boosts their happiness and sense of fulfillment.

In line with our business growth, we steadfastly adhere to the principle of "sharing development achievements and building a better life together," actively participating in charitable activities such as supporting education, the elderly, agriculture, orphans, and the underprivileged, and sincerely giving back to the community.

Looking to the future, we remain committed to our core values of "Integrity, struggle, open, learning, responsible and win-win", focusing on our main business while using expansive thinking to enhance the operational capabilities across our segments, thereby promoting the high-quality development of our company. Moreover, we will actively implement our sustainable development strategy, maintaining open and sincere communication and cooperation with all stakeholders, working together towards societal progress. Let's move forward together for a shared, prosperous future.

”

Chairman: Zhang Yusong





# Impression of Xianju Pharma

## Overview

Located in Xianju County, Taizhou City, Zhejiang Province, Zhejiang Xianju Pharmaceutical Co., Ltd. was established in 1972, originally as Xianju Pharmaceutical Plant. On January 12, 2010, the company was successfully listed on the Shenzhen Stock Exchange, stock code: 002332.SZ, with a total share capital of 989.204866 million yuan.

Xianju Pharma champions a culture of authenticity, mutual benefit, and innovation, adhering to the core corporate values of "Integrity, struggle, open, learning, responsible and win-win". It strives for shared success across its stakeholders - customers, the company, employees, and the broader society - promoting a value system that recognizes individual achievement as part of broader corporate and social success.

With a focus on the steroid hormone sector, Xianju Pharma commits to meticulous excellence. It harbors the vision of becoming one of the top ten steroid drug suppliers in the world; become an enterprise favored by customers and employees. The company actively fulfills its mission, "Our sincerity and service for your health and happiness," driving forward with dedication and purpose. The company's products are uniquely positioned, adhering to an integrated model of active pharmaceutical ingredients (APIs) and preparations. Its core activities are centered on the research, production, and sales of steroid APIs and preparations. Product research and development are closely aligned with four major therapeutic areas: gynecology, anesthesiology, respiratory, and dermatology, forming the basis of its product and service offerings.

Xianju Pharma has established long-term cooperative relationships with more than 20 prestigious domestic research institutions, such as the Shanghai Institute of Organic Chemistry at the Chinese Academy of Sciences, Zhejiang University, and China Pharmaceutical University. These partnerships facilitate the gathering of elite scientific talents and the development of 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 integrating with international standards in new drug development. The company has been involved in several national initiatives, including the "863" Program, the National Torch Plan, the National Major New Drug Creation Project, and the National Key New Product Plan, establishing itself as one of China's top 100 pharmaceutical enterprises and a key high-tech entity under the National Torch Plan. It boasts facilities such as the Zhejiang Steroid Drug Engineering Technology Research Center, the Zhejiang Key Enterprise Research Institute, the National Enterprise Technology Center, the National Green Factory, and the National Postdoctoral Research Workstation. In May 2023, Xinhua News Agency, the People's Government of Zhejiang Province, the China Council for Brand Development, and the China Appraisal Society jointly released the "2023 China Brand Value Evaluation Information" in Deqing, Zhejiang Province. Zhejiang Xianju Pharmaceutical Co., Ltd. ranked 20th in the product brand sector with a brand value of 4.023 billion yuan and a brand strength of 803.



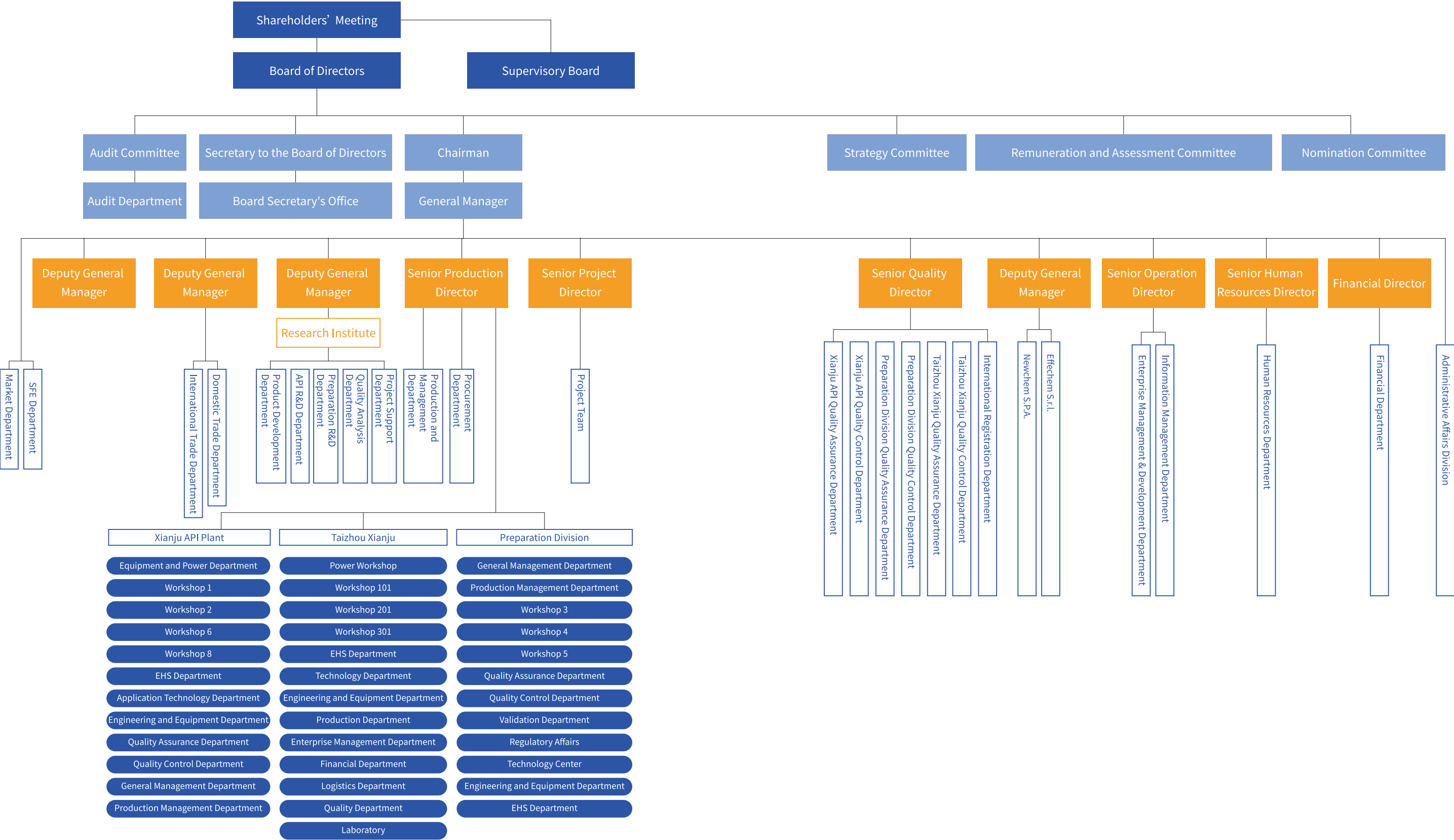
Xianju Pharma has developed a technological framework that sources from high-end R&D institutions abroad, with research institutes in Hangzhou and Xianju facilitating digestion and absorption, and its base in Xianju implementing these technologies. Domestically, the company operates three key manufacturing platforms: Xianju Yangfu API Production Area, Xianju Yangfu Preparation Production Area and Linhai Chuanlan Production Area. Internationally, it owns two standardized API factories centered around its Italian subsidiary, NewChem.

Throughout the reporting period, the company experienced no significant changes in ownership, corporate nature, or supply chain.





Organizational Structure





## Products

Xianju Pharma specializes in the production of Active Pharmaceutical Ingredients (APIs) and preparations, focusing on the research, production, and sales of steroid APIs and preparations. Its primary products are categorized into four major groups: corticosteroid drugs, sex hormone drugs (including gynecological and family planning drugs), anesthetic muscle relaxants, and respiratory drugs.

### Corticosteroid Drugs

The product range includes various series such as the dexamethasone, prednisone, triamcinolone, and methylprednisolone series, which are primarily utilized in the treatment of heart diseases, skin conditions, and bronchial illnesses.

### Sex Hormone Drugs

This category encompasses progesterone, androgens, and estrogens, with key products including progesterone capsules (Yimaxin), levonorgestrel enteric-coated capsules, and mifepristone tablets. These are primarily used for emergency contraception, menstrual regulation, breast cancer treatment, and the prevention and treatment of advanced prostate cancer.

### Anesthetic and Muscle Relaxant Drugs

The portfolio encompasses sugammadex sodium injection, benzene sulfonic acid vecuronium injection, rocuronium bromide injection, vecuronium bromide injection, and ropivacaine mesylate injection. These products are mainly used for surgical anesthesia and the management of acute pain.

### Respiratory Drugs

Our flagship products include mometasone furoate nasal spray, tiotropium bromide inhalation powder, and ciclesonide inhalation aerosol. These are primarily utilized for managing seasonal or perennial rhinitis, providing maintenance treatment for chronic obstructive pulmonary disease (COPD), and serving as maintenance therapy for individuals with asthma.

**芙美松 皮炎湿疹 糠酸莫米松乳膏**

【适应症】用于湿疹、神经性皮炎、异位性皮炎及皮肤瘙痒症。【不良反应】1. 使用本品局部不良反应少见，如瘙痒、干燥、刺激和皮肤萎缩等。2. 长期大量使用皮质激素类药物，可造成不良反应有：刺激反应、皮肤萎缩、多毛症、口周皮炎、皮肤潮红、继发感染、皮肤条纹状色素沉着等。【注意事项】【禁忌】详细内容见说明书。【生产企业】浙江仙琚制药股份有限公司【药理作用】本品为局部外用糖皮质激素，具有抗炎、抗过敏、止痒及减少渗出作用。请仔细阅读说明书或在药师指导下购买和使用。

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**糠酸莫米松凝胶**

规格：0.1%(5g: 5mg)

【适应症】用于湿疹、神经性皮炎、异位性皮炎以及皮肤痒症。

**曲安奈德益康唑乳膏**

规格：0.1%(5g: 5mg)

**复方庚酸炔诺酮注射液**

长效避孕  
每月1次 避孕1月

**益玛欣 黄体酮胶囊**

先兆流产 复发性流产  
YIMAXIN A Safer Choice



# 舒更葡糖钠注射液

## SUGAMMADEX SODIUM INJECTION

拮抗罗库溴铵或维库溴铵诱导的不同程度的神经肌肉阻滞

T2重视时，推荐2mg/kg剂量拮抗，T<sub>1</sub>/T<sub>2</sub>恢复到0.9的中位时间为2分钟

PTC=1-2时，推荐4mg/kg剂量拮抗，T<sub>1</sub>/T<sub>2</sub>恢复到0.9的中位时间为3分钟

### 简明处方信息

【适应症】在成人中拮抗罗库溴铵或维库溴铵诱导的神经肌肉阻滞。在儿童和新生儿中，仅数据本品用于拮抗舒更罗溴铵诱导的阻滞（2-17岁）。

【规格】舒更罗溴钠注射液有2条，每瓶舒更罗溴钠溶液实瓶的总重为（1）2ml:200mg（2）5ml:500mg

【禁忌】对本品活性成分或辅料过敏者禁用。舒更罗溴钠注射液。详见说明书。

【不良反应】本品最常见的药物不良反应是不锈钢管局部刺激、头晕、发热以及恶心。详见说明书。

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罗库溴铵 | 注射液  
ROCURONIUM BROMIDE INJECTION

仙 药

## 神经肌肉阻滞的理想选择

- 在异丙酚或芬太尼/硫喷妥钠快速诱导麻醉时，再给予罗库溴铵1.0mg/kg后，60秒内分别在93%和96%的患者中获得满意的插管条件
- 在重复追加推荐的维持剂量时未见蓄积作用
- 择期心脏手术患者中，当给罗库溴铵0.6—0.9mg/kg达最大阻滞期间，最常见的心血管变化是轻微的，且无显著临床意义

**【适应症】** 罗库溴铵为全身麻醉辅助用药，用于常规诱导麻醉期间气管插管，以及维持术中骨骼肌的神经肌肉阻滞。

**【规格】** 2.5ml:25mg 5ml:50mg

**【用法用量】** 和其他神经肌肉阻滞药物一样，本品的给药剂量应个体化。详情参见说明书。

**【禁忌】** 对罗库溴铵或溴离子或本品中任何辅料成份有过敏反应者。

**【不良反应】** 最常发生的不良反应（ADRs）包括注射部位疼痛反应、生命体征的改变和神经肌肉阻滞作用的延长。详情参见说明书。

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请按医生处方购买和使用

## 卓越科技 无限信赖

### 甲磺酸罗哌卡因注射液 Ropivacaine Mesylate Injection

高效及低毒的有效组别  
提供良好的麻醉以及肌肉松驰作用  
独特的运动—感觉神经分离阻滞效果  
无镇痛和术后镇痛

国药准字H20051520 浙药广审：（文） 号

#### 适应症

- 外科手术麻醉
- 硬膜外麻醉（包括剖宫产术硬膜外麻醉）
- 局部浸润麻醉
- 急性疼痛控制
- ① 用于术后或分娩镇痛，可达到持续镇痛给药；也可间歇性给药。
- ② 用于硬膜麻醉

#### 禁忌

- 对酰胺类麻醉药过敏者禁用。
- 严重过敏反应者慎用。
- 脑血管病和心脑供血不足者慎用。
- 嗜铬细胞瘤患者伴有肾上腺素能兴奋剂在血液中的患者。
- 年老体弱及其他严重疾患和服用其他药物的患者，在治疗前请由临床中心注意评估。并适当调整剂量。

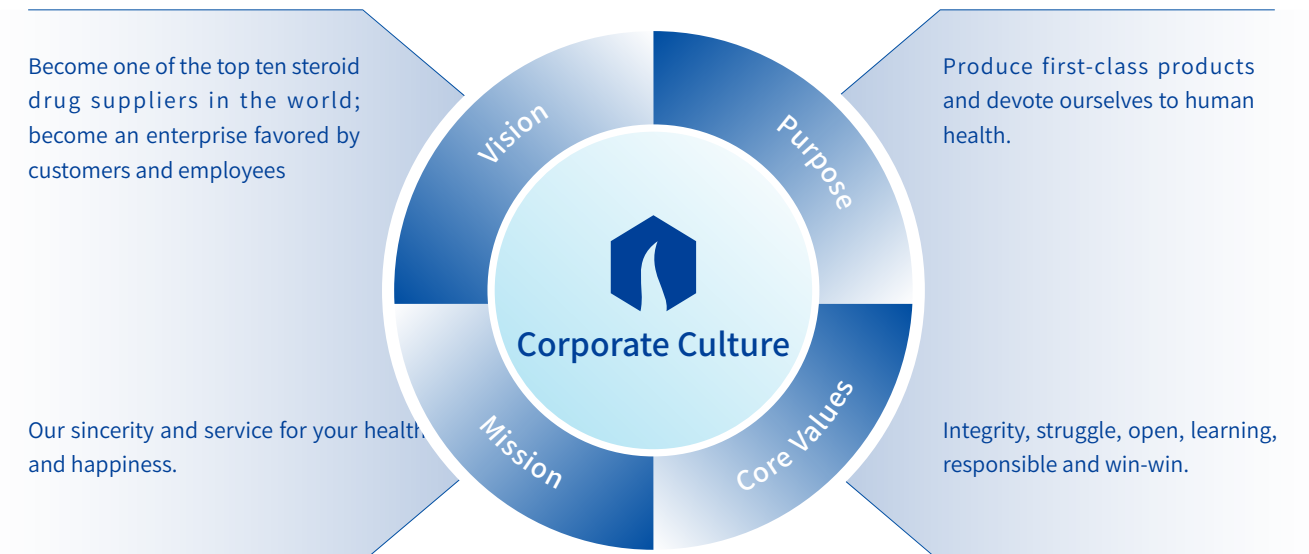
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[illegible]

## 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.



Honors

Level	Awards and Honors	Issuing Organization
National Level	National Enterprise Technology Center	National Development and Reform Commission
National Level	The Best Industrial Enterprise in China's Pharmaceutical R&D Product Line	40th National Pharmaceutical Industry Information Annual Conference (2023)
National Level	The Top 100 Chinese Pharmaceutical Industry Enterprises of 2022	40th National Pharmaceutical Industry Information Annual Conference (2023)
National Level	Top 30 Industry Benchmark Award - Best Pharmaceutical Industry at Beginning of 2023 Spring	PHARMCHINA
National Level	Top 100 Chinese Chemical Pharmaceutical Enterprises of 2022	MENET & Expert Committee of China's Pharmaceutical Industry Top 100 Ranking
National Level	China's Pharmaceutical · Brand List 2023 [Retail Terminal]	MENET & Expert Committee of China's Pharmaceutical Industry Top 100 Ranking
National Level	The National Intellectual Property Advantage Enterprise	State Intellectual Property Office
National Level	20th in Product Brand Sector	China Brand Building Promotion Association
National Level	National Green Factory of 2021	Office of the Ministry of Industry and Information Technology
National Level	Top 100 Comprehensive Strength Enterprises in China's Chemical Pharmaceutical Industry	2020 China Chemical Pharmaceutical Industry Annual Summit
National Level	Excellent Brand in Gynecology (Progesterone Capsules), Other Medical Drugs	2020 China Chemical Pharmaceutical Industry Annual Summit
National Level	2019 International Market Quality Supplier and Partner	China Chamber of Commerce for the Import and Export of Medicines & Health Products
National Level	Top 100 Chinese Chemical Pharmaceutical Enterprises of 2019	Expert Committee of China's Pharmaceutical Industry Top 100 Ranking
Provincial Level	Third Batch of Zhejiang Province Management Benchmarking and Improvement Benchmark Enterprises	Zhejiang Provincial Department of Economy and Information Technology
Provincial Level	Provincial Industrial Internet Platform Creation Enterprise	Zhejiang Provincial Department of Economy and Information Technology
Provincial Level	High-Value Enterprise in Capital Brand in Zhejiang Jurisdiction	Quanjing.com
Provincial Level	Zhejiang Province Antitrust Compliance Benchmark Enterprise	Zhejiang Provincial Market Supervision Administration
Provincial Level	Zhejiang Province Intellectual Property Exemplary Enterprise	Zhejiang Provincial Market Supervision Administration

Level	Awards and Honors	Issuing Organization
Provincial Level	Third Batch of "Eagle Action" Enterprises	Zhejiang Provincial Department of Economy and Information Technology
Provincial Level	Dedication of Love, Merit Forever	Zhejiang Red Cross
Provincial Level	Second Batch of the Provincial Two-Industries Integration Development Pilot	Zhejiang Provincial Reform and Development Commission
Provincial Level	Xianju Pharma Steroid Drug Smart Factory	Zhejiang Provincial Department of Economy and Information Technology
Provincial Level	The Best Contribution Award	ICBC (Zhejiang Branch)
Provincial Level	Zhejiang Province AAA Grade "Contract-honoring and Trustworthy" Enterprise	Zhejiang Provincial Market Supervision Administration
Provincial Level	Zhejiang Province "Invisible Champion" Enterprise of 2021	Zhejiang Provincial Department of Economy and Information Technology
Provincial Level	Water-saving Benchmark Enterprise of 2021	Water Resources Department of Zhejiang Province and six other departments
Provincial Level	Top Ten in Biotechnology and New Medicine Technology Field of Zhejiang High-Tech Enterprises of 2020	Zhejiang High-Tech Enterprises Association
Provincial Level	Top 100 Zhejiang High-Tech Enterprises with Strong Innovation Capability 2020	Zhejiang High-Tech Enterprises Association
Provincial Level	Leading Innovative Enterprise in Zhejiang Province 2019	Zhejiang Provincial Department of Science and Technology





Market Performance

In 2023, Xianju Pharma achieved an operating income of 4,123,418,584.19 yuan, operating profit of 646,459,105.49 yuan, total profit of 641,680,548.19 yuan, net profit attributable to shareholders of the listed company of 562,118,485.63 yuan, earnings per share of 0.57 yuan.

At the end of 2023, the total assets of Xianju Pharma were 6,992,835,052.50 yuan; the total liabilities were 1,162,789,279.07 yuan; and the owner’s equities attributable to shareholders of the listed company were 5,786,121,230.23 yuan.



# 01

## Healthy Governance

Governance breeds prosperity, whereas disorder leads to decline. Xianju Pharma is dedicated to CPC-led governance, refining its governance structure, ensuring law-based corporate management, standardizing company operations, and consistently advancing the level of governance to solidify the foundation for the company's robust and healthy development.

- CPC Construction Leading Development
- Enhancing Corporate Governance
- Commitment to Compliant Operations
- Building a Robust Integrity Defense Line
- Protecting Investors' Interests





## CPC Construction Leading Development

Xianju Pharma adheres to the philosophy of "focusing on development through CPC construction and promoting development through effective CPC construction." The company is committed to strengthening the construction of CPC organizations, enhancing CPC members' awareness of politics, the bigger picture, core principles, and alignment. Party building efforts are integrated into daily work and revolve around the company's central tasks. Party members play a pioneering and exemplary role, converting the Party's political, organizational, and mass engagement advantages into the company's innovative, developmental, and competitive advantages.

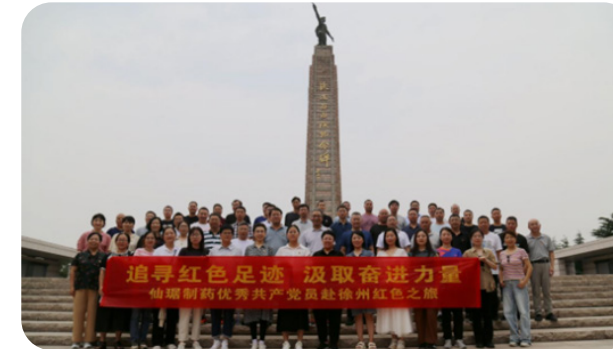
### Persisting in Our Efforts to Forge New Chapters, Actively Undertaking Responsibilities to Achieve New Accomplishments

On the afternoon of June 30, 2023, the CPC Committee of Xianju Pharma grandly commemorated the 102nd anniversary of the founding of the CPC at the sixth-floor hall of the Xianju API Plant. During the assembly, Comrade Zhang Yusong, the CPC Secretary of the company, delivered an important address titled "Persisting in Our Efforts to Forge New Chapters, Actively Undertaking Responsibilities to Achieve New Accomplishments". The meeting honored three advanced CPC branches - the administrative branch, Workshop Four branch, and Workshop Six branch - along with 37 outstanding CPC members, including Zhang Caihu. Nine probationary members took their CPC membership oaths, and all attending members revisited the oath of joining the Party. Deputy CPC Secretary and Union Chairman, Comrade Wu Tianfei, offered an insightful and dynamic party class on "Promoting Industrial Workforce Reform to Foster High-Quality Enterprise Development".



## Pursuing the Red Footprints and Drawing Strength for Progress

From September 9 to 12, 2023, in a dedicated effort to deeply implement the spirit of the 20th National Congress of the Communist Party of China and to commemorate the monumental achievements of revolutionary forebears, Xianju Pharma organized a profound "Red Journey". This initiative led outstanding CPC members, branch secretaries, and Youth League leaders on visits to significant historical sites such as the Zaozhuang Railway Guerrilla Team Memorial Hall, Taierzhuang Ancient City, and the Xuzhou Huaihai Campaign Memorial Hall. Dubbed "Pursuing the Red Footprints and Drawing Strength for Progress", this journey aimed to refine the ideological convictions and elevate the spirits of its participants.



At the Railway Guerrilla Team Memorial Hall, the delegation delved into the resilient spirit of the guerrilla fighters, vowing to carry forward this red heritage



The exploration of the Taierzhuang Battle Memorial Park enabled participants to follow in the footsteps of the fallen heroes, inheriting and perpetuating their revolutionary spirit



A visit to the Huaihai Campaign Memorial Hall allowed the group to connect with the enduring spirit of the campaign and experience the collective strength of the people



Standing solemnly beneath the Huaihai Campaign Martyrs' Monument, the participants took an oath that reaffirmed their commitment to their original mission and values, renewing their sense of purpose





# Enhancing Corporate Governance

## Perfecting the Governance System

Xianju Pharma strictly abides by the *Company Law*, *Securities Law*, *Guidelines for Corporate Governance of Listed Companies*, *Guidance No. 1 on Self-discipline and Regulation of Main Board Listed Companies by the Shenzhen Stock Exchange*, *Shenzhen Stock Exchange Stock Listing Rules*, along with other laws, regulations, and normative documents from regulatory bodies. The company commits to continuously refining its governance and compliance mechanisms, enhancing its internal control system, and establishing a modern management structure that meets the requirements of regulatory authorities, ensuring the effective and regular functioning of its internal management and control systems.

The Shareholders' Meeting serves as the supreme governing body of Xianju Pharma, consisting of all 25,009 shareholders as of December 31, 2023. In strict compliance with the *Company Law*, the *Company's Articles of Association*, and the *Rules of Procedure for Shareholders' Meetings*, the company ensures the standardized execution of the convocation, holding, and deliberation processes of the Shareholders' Meeting. During the reported period, the company convened a shareholders' meeting that fully complied with relevant regulations. Legal advice was sought to ensure the rights and responsibilities of all shareholders, especially minority shareholders, were protected and upheld.

The controlling shareholders of the company rigorously adhere to the *Guidelines for Corporate Governance of Listed Companies*, *Shenzhen Stock Exchange Stock Listing Rules*, and the *Company's Articles of Association* to regulate shareholder behavior. Shareholder rights are exercised through the Shareholders' Meeting without any actions that directly interfere with the company's operations and decision-making processes beyond the purview of the Shareholders' Meeting and the Board of Directors. The company maintains its operational independence from its controlling shareholder in terms of business, personnel, assets, organization, and finances, with its Board of Directors, Supervisory Board, and internal structures functioning independently.



The Board of Directors acts as the company's decision-making body, accountable to the Shareholders' Meeting, and operates in compliance with the *Company Law* and the *Company's Articles of Association*, fulfilling its legal rights and duties. Directors are elected through a rigorous selection process as outlined in the *Company Law* and the *Company's Articles of Association*, with the board comprising nine directors, including three independent ones. All directors of the company faithfully fulfill their duties and are accountable to the Board of Directors and the Shareholders' Meeting. The Board of Directors has established four specialized committees: the Strategy Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Assessment Committee, each accountable to the Board of Directors and executing its duties as per the *Company's Articles of Association* and the Board's authorization. The Board of Directors operates diligently and responsibly, strictly adhering to the *Company's Articles of Association*, the *Independent Directors' Work System*, and the *Rules of Procedure for the Board of Directors*, among other regulations. All directors are committed to their roles, actively attending board and shareholder meetings, and participating in relevant training to familiarize themselves with applicable laws and regulations. Independent directors execute their responsibilities independently, ensuring the overall interests of the company are preserved, particularly focusing on safeguarding the legitimate rights and interests of minority shareholders from any harm. They offer independent judgments on matters of critical importance. In October 2023, at its fifth session, the eighth Board of Directors of the company deliberated and approved the Work System for Special Meetings of Independent Directors.

The Supervisory Board serves as the monitoring body of the company, accountable to the Shareholders' Meeting, with the election of supervisors strictly following the procedures set out in the *Company Law* and *Company's Articles of Association*. The company's Supervisory Board consists of seven supervisors, including three who represent the employees. Supervisors fulfill their roles in accordance with the *Company's Articles of Association*, *Supervisory Board Meeting Procedures*, and other applicable regulations, conscientiously carrying out their oversight responsibilities. They diligently, honestly, and responsibly supervise the legality and compliance of the company's financial affairs and the execution of duties by directors and senior management, all to protect the lawful rights and interests of the company and its shareholders.



The company's executive leadership comprises the General Manager, Deputy General Managers, the Chief Financial Officer, and the Secretary to the Board of Directors. A rigorous and scientifically grounded performance evaluation framework and incentive-accountability system have been instituted for a holistic assessment of the senior management team. Throughout the reported period, the senior management team diligently executed their responsibilities in accordance with legal and regulatory provisions, effectively implementing resolutions of the Shareholders' Meeting and Board of Directors, thus promoting the company's standardized operations and its sustained growth.



## Strengthening Risk Management

Xianju Pharma continually strives to enhance the organizational effectiveness of its risk management practices and to expand its internal control system infrastructure. By capitalizing on internal controls to solidify the foundation for daily operations, an Audit Department has been created under the Board of Directors as the routine operational entity for internal risk management. This department aids the Board and Audit Committee in forming and executing the company's internal control protocols, evaluating business risks, and fostering and monitoring enhancements in internal controls, all of which contribute to ensuring the company's steady and high-quality development.

The company's continuous auditing efforts are carried out by the Audit Department, which evaluates various departments, offering audit insights that significantly enhance risk prevention and control, rigorously manage costs, and lower the risks associated with project investments. Furthermore, the findings from audits are utilized to refine the criteria for supplier selection, encourage the establishment of a dynamic supplier management system, and ensure the correction of issues identified during audits. Regular "look-backs" at projects that have undergone audits are conducted to persistently track the progress of corrective actions.



## Commitment to Compliant Operations

### Maintaining Fair Competition

Xianju Pharma strictly adheres to the *Anti-Monopoly Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*, championing open and fair competition. The company strictly prohibits any direct or indirect dealings with suppliers or customers that unfairly limit trade or exclude competitors from the market; prohibits dividing markets or customers with competitors, or collectively boycotting customers or suppliers; and forbids improper differential treatment of customers in comparable situations who are in competition with each other concerning pricing, discounts, or subsidies. The company strictly adheres to local laws, regulations, and commercial standards, promoting a free market economy. It is committed to equal treatment of all market entities, thereby preserving a healthy competitive environment. It encourages product innovation and development, aiming to bolster its international competitiveness. Throughout the reporting period, the company did not encounter any legal litigation related to unfair competition.

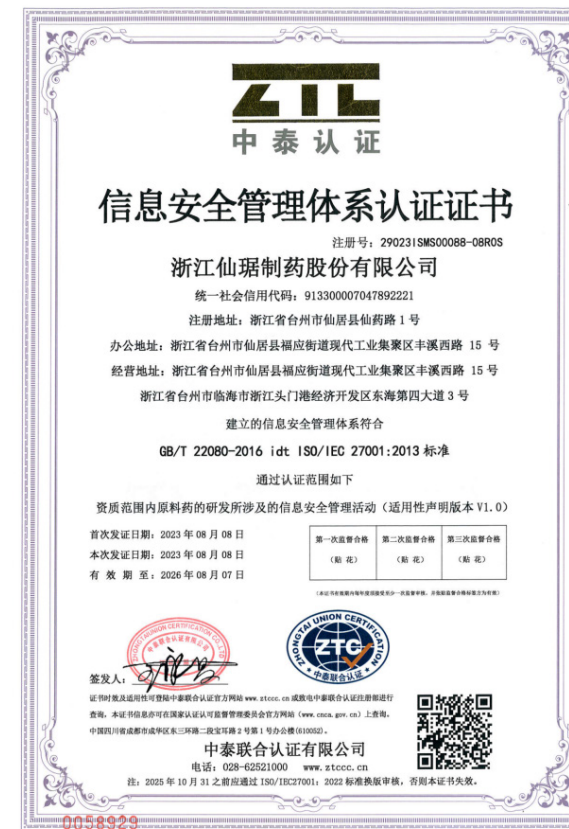
Xianju Pharma has continually worked on building a compliance management system. Over the past three years, it has conducted several rounds of anti-monopoly training sessions for its executives and sales staff, explicitly prohibiting agreements on fixed prices with competitors. Furthermore, Xianju Pharma conducts thorough self-inspections, randomly audits contracts and actions, and issues internal risk alerts like *Anti-Monopoly Risk Warnings*, ensuring the effective application of compliance management.



### Ensuring Information Security

Xianju Pharma upholds high standards and stringent requirements for managing information security. It has established a comprehensive confidentiality management system, standardizing and detailing confidentiality workflows, enhancing regular training on the safeguarding of trade secrets, and continuously improving employees' awareness and capabilities in information security. In 2023, the company achieved ISO 27001 certification for the first time.

The company is dedicated to enhancing its information security management and technical capabilities. It adopts identity-centric strategies to reshape boundaries, facilitates trusted access through network invisibility and dynamic business admission, and implements intelligent permissions using dynamic control and baseline tools. Quick access is enabled via DingTalk QR code authentication, as well as offering safer and more user-friendly security solutions like client-free access and permission request services. A zero-trust-based access control system has been deployed, allowing employees to securely access the company's internal network remotely. Additionally, to enhance data security and reduce the risk of data breaches, the company has installed firewalls not only at external network perimeters but also internally, specifically within the data center, strengthening the overall security infrastructure.



### Standardizing Information Disclosure

Xianju Pharma strictly follows the *Administrative Measures for Information Disclosure of Listed Companies*, *Company's Articles of Association*, and *Information Disclosure Affairs Management System*, among other pertinent regulations. The company is dedicated to ensuring that all disclosed information is truthful, accurate, complete, timely, and fair. Disclosures are made through designated websites and specified newspapers to guarantee that all shareholders have equitable access to company information. Furthermore, Xianju Pharma has established an insider information registration system to define the management and responsibility of individuals with access to insider information. This system meticulously records those privy to insider knowledge, ensuring the equal rights of all investors are protected.

The Secretary of the Board and the securities affairs representative are appointed to manage the information disclosure process, handle investor visits and inquiries, and are committed to making disclosures truthfully, accurately, completely, timely, and fairly, in strict compliance with applicable regulations. For the dissemination of information, Xianju Pharma has designated the *Securities Times*, *China Securities Journal*, *Shanghai Securities News*, *Securities Daily*, and *cninfo.com.cn* as the official newspapers and websites for information disclosure. These channels ensure all shareholders have equal access to information, with the company also updating its official WeChat account, website, and print media to keep stakeholders informed about the latest company developments. During the reporting period, Xianju Pharma issued a total of 97 disclosure documents, including 48 announcements, 49 online postings, and 80 filings, without any discrepancies in information disclosure, thus continuing to receive an A rating in the Shenzhen Stock Exchange's information disclosure assessment. This marks the 11th time Xianju Pharma has been awarded an A classification in the 12 annual assessments of information disclosure conducted by the exchange.



Throughout the reporting period, the company conducted training sessions and discussions on topics such as *Compliance Discussion and Sharing on Information Released by the Company*, *Interpretation of the Major Information Internal Reporting System*, and *Compliance Requirements for the Release and Communication of Sensitive Information*, continuously strengthening the compliance of its information disclosure.

### Latest Information Disclosure Rating



## Building a Robust Integrity Defense Line

Xianju Pharma fosters a corporate culture rooted in honesty and integrity, creating an environment adamantly opposed to fraudulent behavior. It promotes a professional demeanor of cleanliness, diligence, and commitment, adopting a zero-tolerance policy towards corrupt practices and unequivocally prohibiting any form of fraud or corruption among its workforce.

To uphold these standards, the company has developed a comprehensive Anti-Fraud Management System and a Code of Business Ethics to regulate employee behavior and prevent corruption. It encourages the reporting of unethical behavior through various channels, including dedicated phone lines, email, traditional mail, and face-to-face meetings. Upon receiving a report, a specialized investigation is initiated, with the investigating team upholding strict confidentiality from receipt to case closure, thus ensuring the whistleblower's protection.

The Audit Committee of Xianju Pharma's Board of Directors spearheads the company's anti-corruption efforts, providing guidance and oversight for the corporate group's anti-corruption measures. The Audit Department operates as a standing, independent supervisory entity under the Chairman's direction, responsible for maintaining the integrity of reporting channels and managing the investigation and processing of reports.

Xianju Pharma, together with its affiliates and subsidiaries, is dedicated to refining its internal control framework. It routinely conducts self-assessments of internal controls, identifying risk areas and critical points in the management process prone to corruption, promptly analyzing them, and instituting preventative and control strategies. In 2023, the company did not face any corruption-related litigation.

## Protecting Investors' Interests

Xianju Pharma places great emphasis on the protection of investor rights, particularly those of small and medium investors. The company carefully incorporates feedback from independent directors and small- to medium-sized investors when deciding on its profit distribution policies. During Shareholders' Meetings concerning significant matters affecting these investors, their votes are counted separately, and the results are disclosed in a timely and transparent manner. At its second meeting, the company's eighth Board of Directors deliberated and passed *Xianju Pharma's Shareholder Return Plan for the Next Three Years (2024-2026)*.

To enhance investor relations and safeguard investors' legitimate interests, Xianju Pharma has established the *Investor Relations Management System*. The company employs various investor relations activities, such as performance briefings, investor reception days, and an investor hotline, to resolve inquiries and allow investors to gain a deeper and broader understanding of the company. Through one-on-one and group roadshows, including reverse roadshows, it has cultivated a positive communication and interaction channel with investors. An investor relations platform on the company's official website provides timely corporate updates, improving investor comprehension. Additionally, the company utilizes platforms like its official WeChat account to advocate for investor rights protection and encourage investors to adopt a rational investment perspective.

In 2023, Xianju Pharma conducted 18 institutional research sessions, engaging with over 680 fund and securities companies. The company proactively addressed investor questions on the interactive platform, effectively managed the investor hotline, and actively participated in institutional strategy sessions.



Organized investor reception day activities to enhance investor relations



Represented Zhejiang state-owned enterprises at the Shenzhen Stock Exchange performance briefing to showcase its achievements and strategies



# 02

## Innovation Endeavors

Staying a step ahead through innovative breakthroughs. Xianju Pharma wholeheartedly implements an innovation-driven development strategy, fostering a culture conducive to innovation across the board. The company is committed to advancing in technological, management, product, market, and brand innovation, leveraging these improvements to bolster its core competitiveness and drive high-quality business growth.

- Research and Development Strategy
- Research and Development System
- Research and Development Lineup
- Innovation Platforms
- Intellectual Property Protection





Research and Development Strategy

Focusing on the steroid hormone drug sector, Xianju Pharma anchors its operations on these medications, advocating for the integrated development of Active Pharmaceutical Ingredients (APIs) and preparations. The company is dedicated to the enhancement of new technologies and products, adopting a strategy that supports both generic and novel drug development. While pursuing independent research and development, Xianju Pharma is also keenly focused on broadening its scope of collaboration in scientific research, both domestically and internationally. By integrating the latest innovations, the company continually enhances its product portfolio, striving to provide high-quality services that meet the increasing demands of clinical practice.

Xianju Pharma's Declarations for Consistency Evaluation and New Generic Products				
S/N	Nature	Product	Category	Current Progress
1	Consistency Evaluation	Rocuronium Bromide Injection	Anesthetic Muscle Relaxant	Passed (December 2020)
2	Consistency Evaluation	Finasteride Tablets	5α-Reductase Inhibitor	Passed (March 2021)
3	Consistency Evaluation	Misoprostol Tablets	Gynecological Reproductive	Passed (January 2021)
4	Consistency Evaluation	Lidocaine Hydrochloride Injection	Anesthetic	Passed (May 2021)
5	Consistency Evaluation	Flumazenil Injection	Anesthetic Antagonist	Passed (December 2021)
6	Consistency Evaluation	Prednisolone Tablets	Corticosteroid Drugs	Passed (July 2022)
7	Consistency Evaluation	Mifepristone Tablets	Gynecological Reproductive	Passed (March 2023)
8	Consistency Evaluation	Prednisone Acetate Tablets	Corticosteroid Drugs	Declared (February 2021)
9	Consistency Evaluation	Dexamethasone Sodium Phosphate Injection	Corticosteroid Drugs	Passed (November 2022)
10	Consistency Evaluation	Vecuronium Bromide Injection (4mg)	Anesthetic Muscle Relaxant	Passed (December 2023)
	Consistency Evaluation	Vecuronium Bromide Injection (10mg)	Anesthetic Muscle Relaxant	Declared (February 2024)
11	Consistency Evaluation	Neostigmine Methylsulfate Injection	Anesthetic Muscle Relaxant	Declared (May 2023)
12	New Generic	Methylprednisolone Tablets	Corticosteroid Drugs	Approved (October 2021)
13	New Generic	Sugammadex Sodium API and Preparations	Anesthetic Muscle Relaxant Antagonist	Approved (July 2022)
14	New Generic	Benzene Sulfonic Acid Vecuronium Injection	Anesthetic Muscle Relaxant	Approved (August 2022)
15	New Generic	Estradiol Valerate Tablets	Estrogen Supplement	Declared (February 2021)
16	New Generic	Cyproterone Acetate Ethinylestradiol Tablets	Gynecological Reproductive	Approved (April 2023)
17	New Generic	Progesterone Vaginal Release Gel	Gynecological Reproductive	Declared (July 2022)
18	New Generic	Dexamethasone Sodium Phosphate Injection	Corticosteroid Drugs	Declared (October 2023)
19	New Generic	Desogestrel Ethinylestradiol Tablets	Gynecological Reproductive	Declared (October 2023)
20	New Generic	Dinoprostone Sodium Tablets	Corticosteroid Drugs	Declared (October 2023)
21	New Generic	Progesterone Soft Capsules	Gynecological Reproductive	Declared (October 2023)
22	New Generic	Dydrogesterone Tablets	Gynecological Reproductive	Declared (November 2023)
23	New Generic	Estradiol Tablets	Gynecological Reproductive	Declared (February 2024)

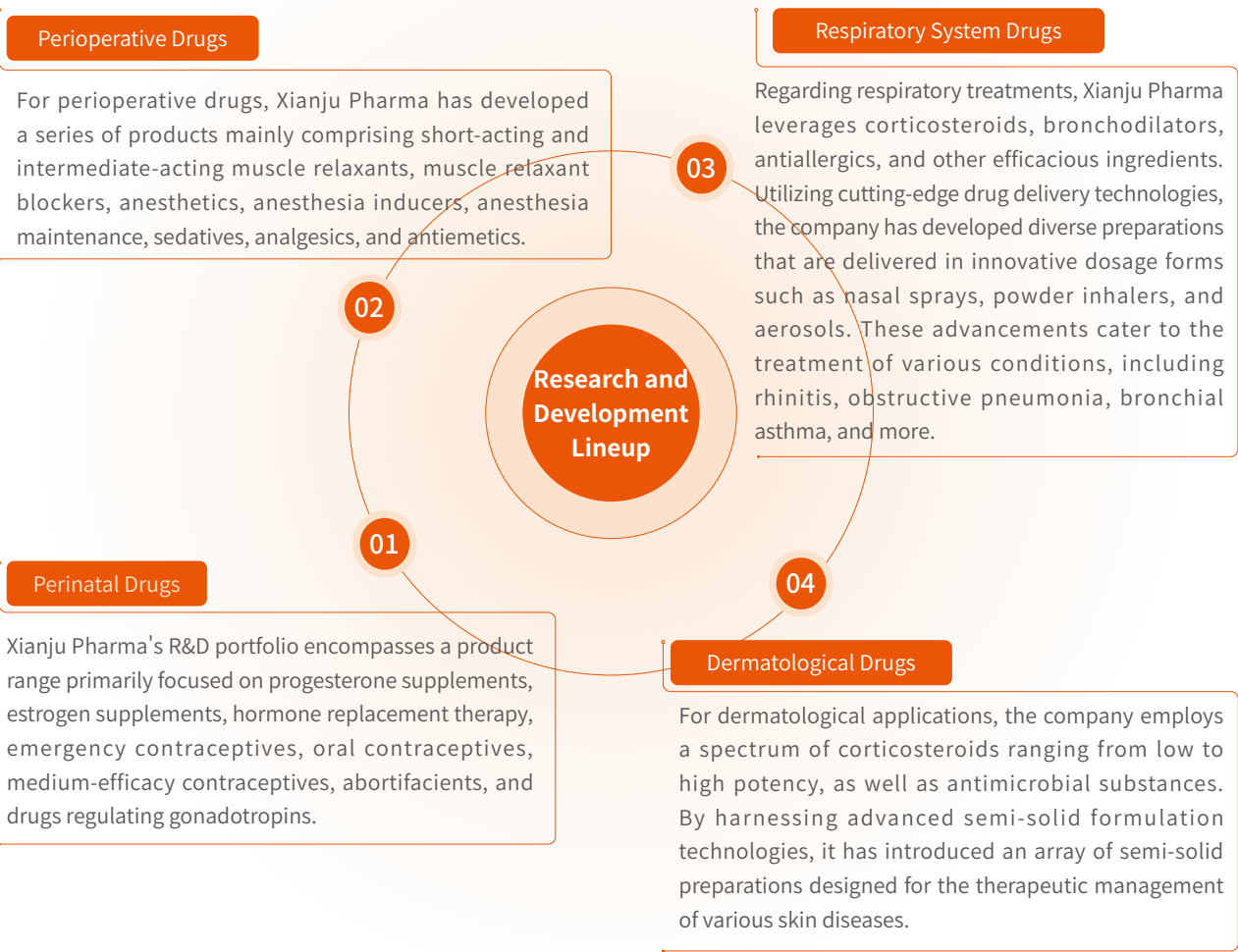
Research and Development System

Xianju Pharma is equipped with the Zhejiang Key Enterprise Research Institute, Zhejiang Steroid Drug Engineering Research Center, National Enterprise Technology Center, and National Postdoctoral Research Workstation. Over the years, the company has concentrated on the R&D of steroid drugs, gaining considerable strengths in technological innovation, product development, research standards, scientific equipment, and talent teams. These efforts have culminated in a comprehensive multidisciplinary capability encompassing drug synthesis, biotechnology, pharmaceutical preparation, drug analysis, and drug registration, facilitating both innovative research and industrialization. The company has undertaken national projects such as the 863 Program, the National Torch Plan, the National Major New Drug Creation Project, and the National Key New Product Plan. To further accelerate its innovative endeavors, the company has expanded its R&D infrastructure beyond its headquarters. High-end preparation R&D centers have been established in Hangzhou and other areas, laying a solid foundation for the development of new technologies and products, marking a significant step towards enhancing its R&D capabilities and reinforcing its position in the pharmaceutical industry.



# Research and Development Lineup

Xianju Pharma has systematically reevaluated its existing product development portfolio in response to changes in the national policy environment, focusing its research and development efforts strategically. By conducting thorough market research and strategic positioning, the company has established product groups in various therapeutic areas. This initiative is aimed at identifying and acquiring potential products that will serve as a reservoir for the company's sustainable and steady growth over the next 5 to 10 years. The current product development efforts are aligned with the market potential and the strategic opportunities that the product presents for the company. This involves a comparative analysis of the product pipelines of original research products that have established favorable competitive standings.



# Innovation Platforms

Xianju Pharma has forged enduring partnerships with over 20 prestigious domestic research institutions, including the Shanghai Institute of Organic Chemistry of the Chinese Academy of Sciences and China Pharmaceutical University, progressively aligning with international standards for new drug development.

<b>Green Chemistry Synthesis Technology Platform</b>	Xianju Pharma, with its long-standing commitment to the research, development, and production of steroid medications, possesses deep expertise in steroid drug synthesis. This knowledge is supported by a technical team with significant technical proficiency and practical experience. The company excels at innovating drug synthesis routes, developing new API products, eco-friendly manufacturing processes, and optimizing equipment. It is well-versed in pharmaceutical research technical standards and registration regulations both domestically and internationally, with over 50 API products approved for domestic registration, 12 products submitted for US-DMF, and 12 products awarded the European CEP certificate.
<b>Biotechnology Platform</b>	With over four decades 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's technological platforms encompass microbial strain engineering, the development of fermentation processes, the advancement of enzyme catalysis techniques, the creation of efficient separation technologies, and the exploration of steroid drug resources.
<b>Preparation R&amp;D Platform</b>	Xianju Pharma operates with an extensive range of dosage forms and boasts an experienced R&D team proficient in developing various oral preparations, injectables, topical preparations, and inhalation preparations. The company is also well-equipped with over 200 sets of advanced R&D instruments, including fluidized beds, jet mills, particle size analyzers, and lyophilizers. This arsenal of tools empowers the company to develop a wide array of new products.
<b>Specialized Technology Platform</b>	Xianju Pharma has dedicated R&D platforms for crystallography, reaction calorimetry risk assessment, impurity research, semi-solid preparation research, and inhalation preparation research. Supported by a full suite of R&D and testing instruments and an experienced team, the company engages in collaborations with high-caliber international formulation R&D organizations. These strategic alliances not only aid in the development of key products but also significantly enhance the R&D capabilities of Xianju Pharma's platforms.

# Intellectual Property Protection

Xianju Pharma adheres strictly to intellectual property regulations, respecting the intellectual property rights of all parties involved. The company employs a structured management approach for the exchange and sharing of internal intellectual property, external intellectual property management, and corporate intellectual property asset management. Through the Intellectual Property Office, Xianju Pharma collaborates with various departments to gather and organize intellectual property information, creating an exhaustive inventory of intellectual property assets. This process ensures the company's operations do not infringe on any patents, copyrights, or other intellectual property rights of the company or individuals.

Additionally, Xianju Pharma has established an intellectual property incentive mechanism to encourage invention and innovation. This policy aims to promote technological innovation, develop proprietary intellectual property rights, drive the advancement of production technology, and enhance the company's market competitiveness and economic benefits. As of now, the company boasts 182 registered trademarks and 55 authorized patents. This collection includes 46 invention patents, 5 utility model patents, and 4 design patents.



# 03

## Win-win Culture



Mutual benefit and cooperation for shared success. Xianju Pharma upholds a win-win culture, fully respecting and safeguarding the legitimate rights and interests of all relevant stakeholders. By actively cooperating and enhancing communication with various parties, the company seeks to achieve a balance of interests, collectively fostering the continuous, stable, and healthy advancement of the organization.

- Pursuing Excellent Quality
- Optimizing Customer Service
- Building a Responsible Supply System
- Promoting Industry Development



Pursuing Excellent Quality

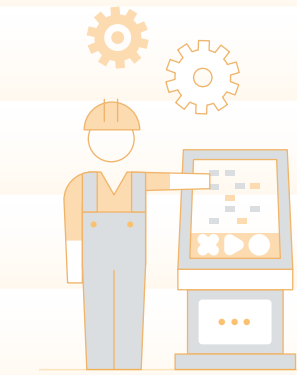
Living by the adage "Survive on quality, thrive on quality," Xianju Pharma positions quality management as the foundation of its corporate growth. Total Quality Management extends through the entire product lifecycle, encompassing R&D, manufacturing, sales, and usage. The company maintains stringent quality controls at every production stage, constantly enhancing the quality management skills of its workforce. This ingrains a quality-centric mindset that influences both the thoughts and actions of every employee across the company. Relevant management protocols are implemented in every aspect of operations, placing the responsibility of product quality on every employee.

Quality Objective Management

The company has formulated and refined its *Quality Policy and Objective Management Procedure*. This comprehensive approach specifies the creation, promotion, implementation, evaluation, and enhancement of the company's quality policies and objectives, ensuring the company's mission to "Produce first-class products and devote ourselves to human health" is thoroughly realized.

Central to the company's quality policy, the primary quality objectives are as follows:

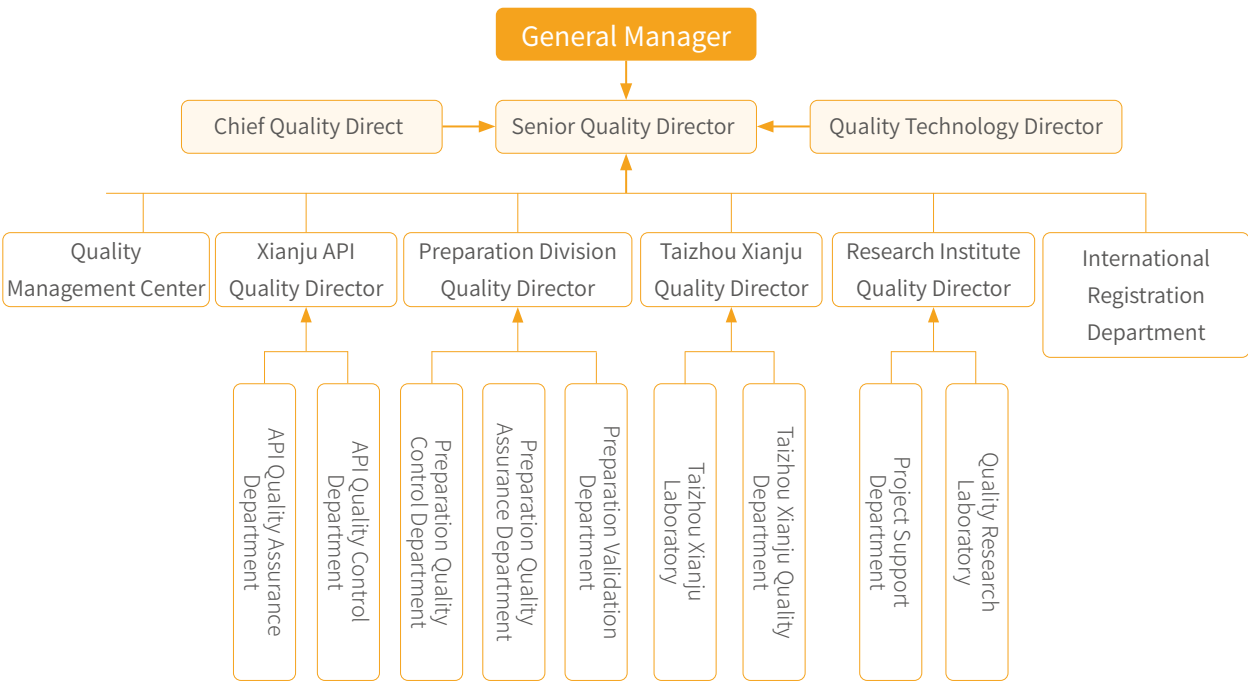
- 1. Ensure that all manufacturing and business operations are conducted in a standardized and legal manner;
- 2. Ensure the drugs produced are safe, effective, and of good quality;
- 3. Ensure that the quality management system is functioning effectively;
- 4. Continuously improve the company's reputation for quality;
- 5. Strive to meet customer needs to the greatest extent possible.



Quality Management System

Xianju Pharma's quality system aligns closely with the latest GMP regulations, functioning under the direct leadership of the General Manager and independently from the production system. This system is spearheaded by the Senior Quality Director, who acts on behalf of the General Manager to execute quality management duties. The Senior Quality Director is responsible for overall quality management across the enterprise, with Quality Directors in each plant overseeing quality matters within their jurisdiction. Each production area has Quality Assurance and Quality Control Departments responsible for effective quality monitoring of products to ensure the safety, efficacy, and quality of drugs released to the market. The headquarters hosts a Quality Management Center and an International Registration Department; the former primarily handles legal regulation collection and dissemination, as well as supervising and standardizing quality management across the plants. The International Registration Department organizes domestic and international registrations for API products, foreign registrations for preparation products, and technical support for international clients. The Research Institute has its own Quality Director, focusing on quality management during the R&D phase. Both the API and preparation plants have passed domestic GMP compliance and routine supervisory inspections, as well as official site inspections by international authorities including the US FDA, European EDQM, Japanese PMDA, Canadian HC, Korean MFDS, Brazil, and Australian TGA. The formulation plants also passed the US FDA official site inspection, maintaining continuous compliance with cGMP requirements for pharmaceuticals, highlighting the company's commitment to the highest standards of drug quality and safety.

Organizational Chart of the Quality Assurance System of Zhejiang Xianju Pharmaceutical Co., Ltd.

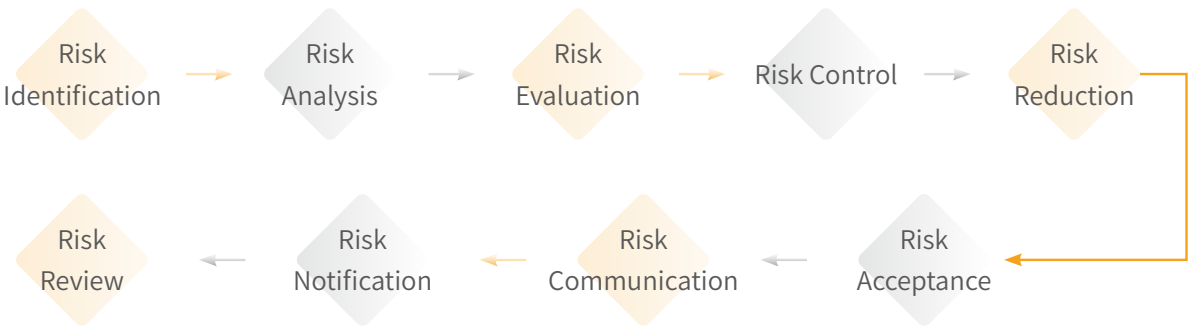


Quality Risk Management

Xianju Pharma has established a robust quality risk management framework aimed at standardizing the assessment, control, and review of quality risks across the drug lifecycle to minimize the quality risks associated with its products.

The Quality Director, along with designated personnel, is responsible for allocating the resources necessary for the entire quality risk management process. They oversee the quality risk management team's operations and approve the final quality risk review report. Departments or workshops where risks are identified take the initiative to commence risk management processes, including the proposal to form a quality risk management team and executing related tasks. The Quality Assurance Department is tasked with approving the initiation of risk management, sanctioning the establishment of the quality risk management team, organizing quality risk-related activities, and reviewing the quality risk assessment report.

The company's quality risk management cycle involves the following steps





## Recall and Complaints

Xianju Pharma has established and continuously updates its product recall processes, performing regular simulated recall tests to assess the traceability and controllability of its products in the market, as well as the effectiveness of its recall procedures. The company maintains a robust recall system within its 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, the company ensures that these products are disposed of in accordance with regulatory requirements.

Moreover, Xianju Pharma has instituted a comprehensive quality complaint handling procedure. This procedure formalizes the steps for complaint registration, evaluation, investigation, and resolution and outlines the actions to be taken in response to complaints that may arise from potential product defects. This system allows for the meticulous recording and investigation of each detail related to product quality complaints, ensuring a thorough examination of the issues raised. If a defect is identified or suspected in a specific batch, the investigation extends to other batches to determine whether they are also affected. The company also conducts regular reviews and analyses of complaint records to identify issues that may require vigilance, are recurrent, or might necessitate a product recall from the market, thereby taking preventive measures to avoid future occurrences.

## Quality Management Performance

"True in procurement, precise in manufacturing" - Xianju Pharma's unwavering efforts have yielded commendable outcomes. The company has successfully registered nearly 30 API specifications in Europe, America, Japan, Korea, and other countries, gaining approvals and passing official on-site inspections by the US FDA, European EDQM, Japanese PMDA, Canadian HC, Korean MFDS, Brazil, and Australian TGA. Additionally, its preparation products have been cleared through US FDA on-site inspections. All of the company's products have passed the national GMP inspection.



FDA Audit



Japanese Official Inspection



Brazilian Official Audit



Preparation FDA Audit

## Optimizing Customer Service

Adhering to a customer-first philosophy, Xianju Pharma positions customer needs at the heart of its value creation process, from inception to fulfillment. The company is committed to instilling a strong sense of service, aiming to deliver experiences that not only meet but exceed customer expectations. This dedication to excellence in service is seen as a key driver of the company's growth.

## Strengthening Customer Communication

Xianju Pharma capitalizes on the annual calendar of industry exhibitions to reinforce and expand its customer relationships. By participating in prestigious events like the Pharmaceutical Science Annual Conference, Family Planning Annual Conference, the United Nations Population Fund, and activities organized by the Zhejiang Provincial Committee of the China Council for the Promotion of International Trade, the company showcases its most recent product offerings and service enhancements. This proactive approach not only deepens existing partnerships but also opens avenues for new collaborations.



Xiamen Pharmaceutical Science Annual Conference

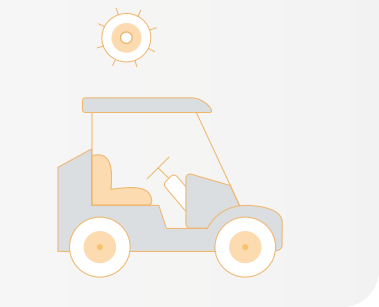


United Nations Population Fund



Chengdu Pharmaceutical Science Annual Conference





International Exhibitions

Xianju Pharma is committed to expanding its academic outreach and continually refining its management to adapt to evolving needs. The company employs a multifaceted approach to medical education, including organizing online webinars with academic experts, facilitating offline free clinics with renowned medical specialists, and participating in conferences to showcase new products and technologies. These initiatives not only enhance the diagnostic and treatment capabilities of medical professionals but also elevate patient awareness about various diseases. As of December 31, 2023, the Prescription Drug Marketing Department has successfully executed 3,231 academic promotional events under the "3+1" framework, notably contributing to the establishment of the Chinese Expert Consensus on Contraceptive Injections, highlighting gestonorone caproate injections.



On November 18, 2023, the mid-term meeting for "Exploration and Practice of Multi-party Cooperation in Building Women's Fertility Protection and the Direct-to-Consumer Meeting for Women's Fertility Protection", along with the launch meeting for Drospirenone and Ethinylestradiol Tablets (II) was grandly hosted in Haikou, Hainan. Organized by the Editorial Board of the "Chinese Journal of Practical Gynecology and Obstetrics", this event concentrated on the present conditions, trends, and challenges in women's fertility protection. The event was attended by nearly 200 individuals on-site, with an additional 5,000 participants engaging in the live broadcast online, creating an enthusiastic and scholarly environment both within and beyond the venue.

Improving After-Sales Service

Xianju Pharma prioritizes a service-first approach, continually refining processes for handling customer complaints, product recalls, product returns, and managing market customer feedback. The company is committed to iterative improvement and innovation in its service offerings. The company actively engages with customers to gauge their satisfaction with its products and services, responding to their needs. It listens carefully to understand customer requirements, assists in analyzing and resolving issues, and maintains consistent follow-through to ensure a smooth and complete supply chain. This approach facilitates timely coordination across various stages, continuously enhancing the customer experience and increasing customer satisfaction.

Potential Risk Warning

Xianju Pharma has established a scientifically effective risk assessment and early warning system in accordance with relevant laws, regulations, and standards. This system improves the collection, analysis, and evaluation of information and data, enabling the early identification of potential risks. The company communicates these risks to customers and the public in a timely manner through diverse channels such as phone calls and emails, aiming to detect and eliminate drug safety risks at an early stage, reduce the occurrence of risk incidents, and safeguard the health rights and interests of the public.



Building a Responsible Supply System

Xianju Pharma champions responsible procurement, actively implementing the Responsible Care and Pharmaceutical Supply Chain Initiative (PSCI) principles. The company meticulously selects suppliers based on the Supplier EHS Guidelines, ensuring they comply with fundamental EHS regulations and undertake social responsibilities.

Adhering to principles of openness, fairness, and impartiality, the company not only audits the quality of new suppliers but also conducts assessments related to social responsibility, safety, and environmental standards. This thorough vetting process ensures suppliers align with the company's social responsibility ethos before being integrated, thereby maintaining a supply chain that reflects the company's values.

Continual supplier assessment and evaluation are cornerstones of the company's approach. Suppliers that pass these evaluations are subject to periodic reviews to ensure ongoing compliance. Those failing to meet standards are required to rectify issues within a specified timeframe, have their cooperation suspended, or be phased out. These actions are part of a broader commitment to elevating social responsibility standards among suppliers, contributing to the development of a healthy, beneficial, and sustainable green supply chain.

Supplier Management in 2023					
Plant	Number of New Suppliers Introduced	Number of Quality Feedback Instances	Number of On-Site Audits	Number of Video Audits	Number of Annual Assessments
Taizhou Xianju	86	11	4	2	24
API (Active Pharmaceutical Ingredients)	82	0	19	0	90
Preparations	5	12	59	3	138
Summary	173	23	82	5	252

1. Number of new suppliers introduced: refers to the number of suppliers who can conduct normal business operations after approval.

2. Number of complaint handling instances: refers to the number of instances where feedback on quality issues, other than those identified through testing as non-conforming, is processed.

3. Number of quality feedback instances: refers to the number of times feedback is given for non-conforming materials.

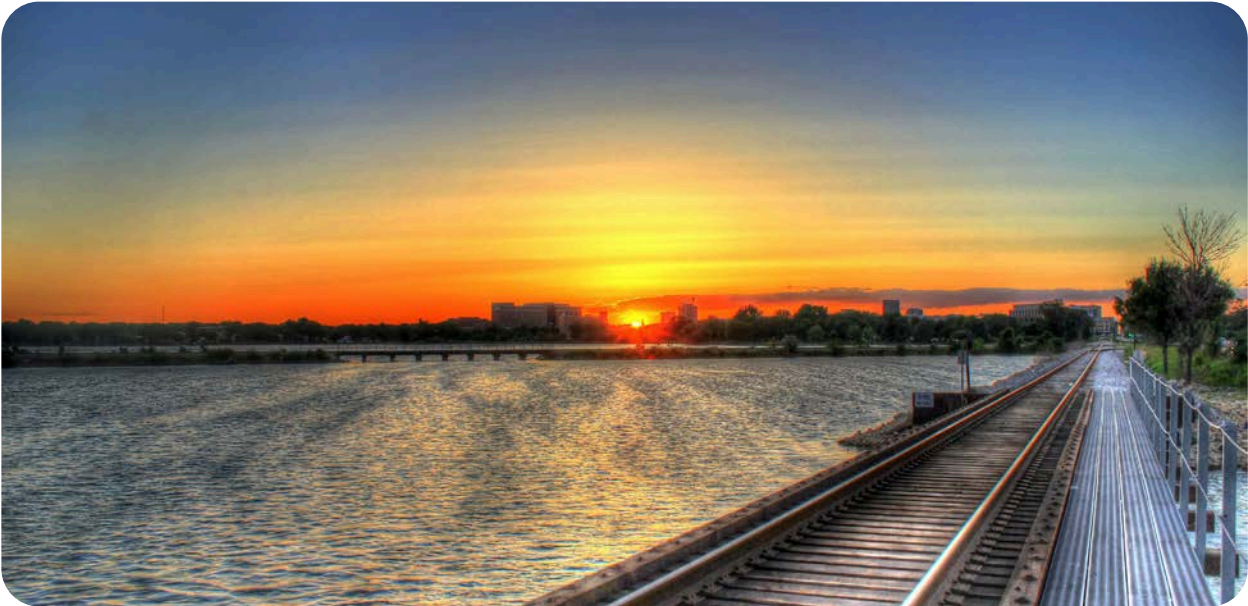
4. Number of on-site and video audits: counts of supplier audits conducted in two different formats.

5. Number of annual assessments (key materials): tally of suppliers that have been evaluated, without considering the scenario of one supplier supplying multiple materials (counted as one supplier).

Promoting Industry Development

Xianju Pharma actively utilizes its technological advantages to contribute significantly to the industry. By participating in industry associations and being involved in the creation of industry standards, the company enhances industry collaboration and propels sector growth. In 2023, Xianju Pharma was involved in the drafting and release of national pharmaceutical standards like YBH00832023 Medroxyprogesterone Acetate Tablets, YBH03062023 Mifepristone Tablets, and YBH20042023 Vecuronium Bromide Injection. This involvement underscores the company's leading technological position in these areas and its positive contribution towards advancing industry technology.

Important Associations and Organizations Xianju Pharma Participates In		
S/N	Name	Position
1	China Non-Prescription Medicines Association	Board Member Unit
2	China Chemical Pharmaceutical Industry Association	Board Member Unit
3	Zhejiang Chemical Safety Association	Board Member Unit
4	Zhejiang Pharmaceutical Industry Association	Vice President
5	Zhejiang Pharmaceutical Society	Executive Board Member
6	Zhejiang High-Tech Enterprises Association	Vice President Unit
7	Taizhou Import and Export Enterprise Association	Vice President Unit





# 04

## Harmonious Corporate Culture

With united hearts, even mountains can be moved. Xianju Pharma highly values the protection of employee rights, endeavoring to create a humane working environment, showing concern for employees' well-being, generating a diverse and harmonious workplace atmosphere, striving to construct platforms where employees can realize their potential, and sharing the fruits of success with its workforce.

- Protecting Employee's Rights
- Implementing Talent Strategy
- Caring for Employees





Protecting Employee's Rights

Equal Employment

Xianju Pharma advocates for an equal and non-discriminatory employment policy. It provides fair, open, and transparent employment opportunities, treating all employees equitably and opposing employment discrimination based on age, gender, race, etc. The company firmly upholds the legitimate rights and interests of female employees, adheres to international conventions against child labor, enhances inspections on suppliers' illegal use of child labor, legally contracts with employees, fully pays social insurance, and places employees' reasonable demands and rights at the forefront while pursuing economic interests.

The company has cooperated with multiple higher technical schools, with the headquarters serving as a teaching and internship base for Lanzhou University of Technology, Zhejiang University of Technology, Zhejiang Pharmaceutical College, and Taizhou College, offering nearly 40 types of internship positions in 2023. Furthermore, the company concurrently conducts external recruitment online and offline, annually providing at least 30 categories of job positions and approximately 500 employment opportunities. In 2023, the company recruited 517 employees, including 314 males and 203 females; 129 fresh graduates, and 3 veterans; among them, 1 holds a Ph.D., 40 hold master's degrees, 219 are bachelor's degree holders, and 157 have associate degrees.

Xianju Pharma Recruitment in the Past Three Years										(Unit: People)	
Year	Gender		Education				Region		Total Number	Number of Fresh Graduates	Number of Veterans
	Male	Female	Ph.D.	Master	Bachelor	Associate	Local	Non-local			
2023	314	203	1	40	219	157	133	384	517	129	3
2022	222	161	1	19	170	136	100	283	383	86	6
2021	200	137	0	8	94	148	94	243	337	64	3

Xianju Pharma upholds gender equality, resolutely eliminating discrimination against women in employment, providing equal job opportunities, implementing equal pay for equal work, and prohibiting differential treatment in compensation based on gender. The company's Board of Directors currently consists of 9 members, with 8 males, accounting for 88.89%, and 1 female, accounting for 11.11%.

Xianju Pharma Employee Composition in 2023					(Unit: People)
Unit		Zhejiang Xianju Pharmaceutical Co., Ltd.	Taizhou Xianju Pharmaceutical Co., Ltd.	Zhejiang Xianju Sales Co., Ltd.	Total
Gender	Male	747	542	408	1697
	Female	605	143	383	1131
Education	Ph.D.	7	0	0	7
	Master	76	18	19	113
	Bachelor	378	165	285	828
	Associate	317	156	391	864
	High School/Vocational	535	287	92	914
	Junior High School and Below	39	59	4	102
Region	Local	1117	466	262	1845
	Non-local	235	219	529	983
Age	≤ 30	362	270	132	764
	31-50	867	355	619	1841
	≥ 51	123	60	40	223
Disabled	Number	4	1	0	5
	Percentage	0.30%	14.60%	0.00%	0.18%
Total Number		1352	685	791	2828

Xianju Pharma Employee Turnover in 2023					(Unit: People)
Unit		Zhejiang Xianju Pharmaceutical Co., Ltd.	Taizhou Xianju Pharmaceutical Co., Ltd.	Zhejiang Xianju Sales Co., Ltd.	Total
Gender	Male	47	105	156	308
	Female	40	39	124	203
Education	Ph.D.	1	0	0	1
	Master	8	1	5	14
	Bachelor	49	33	83	165
	Associate	8	38	149	195
	High School/Vocational	21	64	42	127
	Junior High School and Below	0	8	1	9
Region	Local	43	65	33	141
	Non-local	44	79	247	370
Total Number		1352	685	791	2828
Total Number of Departures		87	144	280	511
Turnover Rate (%)		5.95	17.18	25.90	15.11



Compensation and Benefits

Xianju Pharma rigorously implements national and local social security policies, contributing to the five mandatory insurances and housing provident funds for its employees. The company ensures that labor contracts are signed in accordance with the law, with a 100% success rate in contract signings and social insurance enrollment.

Adhering to equitable distribution principles and a "win-win" philosophy, Xianju Pharma has developed a compensation structure centered on basic wages, supplemented by performance bonuses, task lists, and other benefits conducive to employee growth. The aim is to offer competitive and motivating compensation and benefit packages.

Xianju Pharma strictly follows national regulations regarding employee leave, ensuring employees' legally entitled rest and leave benefits. This includes statutory holidays for marriage and bereavement, maternity leave, and a paid annual leave system. For work performed on holidays or rest days due to operational requirements, the company provides overtime pay or compensatory time off in accordance with the Labor Law.

Democratic Management



Xianju Pharma earnestly safeguards employees' rights to participate in democratic management by employing structures such as employee representative assemblies, democratic management committees, and staff supervisory positions. The company has developed an effective communication mechanism, facilitating open, sincere, and efficient interaction with its workforce through diverse channels like Factory Affairs Bulletins, democratic consultations, and the General Manager's mailbox. This approach encourages listening to employee feedback, safeguarding their legal rights and interests, and advancing

decision-making and management towards greater scientific and democratic principles. The effort to foster a united, harmonious, and proactive work environment has led to recognition as a national model for transparent and democratic management practices.

On January 30-31, 2023, the 5th session of the 6th employee (member) representatives' meeting was grandly convened at the Xianju API manufacturing plant area, attended by 130 official employee representatives, 161 participating representatives, and 11 members of the employee representatives' assembly working group. The assembly approved various resolutions, including the *General Manager's Work Report and the Union Work Report*.

Furthermore, on August 18, 2023, the company held its 6th session of 6th employee representatives' meeting, with nearly 200 delegates, including official employee representatives, participating delegates, and members of the employee representatives' assembly working group, in attendance. The *Enterprise Annuity Public Account Supplementary Distribution Plan* was deliberated and passed during the meeting. The collective bargaining results for energy-level wages were announced, followed by a collective contract signing on-site by company representative Zhang Yusong and employee representative Wu Tianfei. Suggestions from employee representatives were addressed directly during the meeting, with relevant departments instructed to further refine and implement these suggestions.



Implementing Talent Strategy

Talent Cultivation

Aligned with the company's business focal points and trends, Xianju Pharma crafts a talent development system that mirrors the company's needs. By integrating annual departmental training requirements, the company formulates its human resources plan to identify where to allocate training resources and the strategies to employ, conducting specific training to assist employees in adapting to evolving demands, enhancing their qualifications, and unlocking their potential.

The training initiatives for 2023 are effectively tailored to the company's strategic objectives and aim at enriching employees' competencies, fostering a culture of learning within the organization. A combination of internal and external training approaches is employed. Internal training is systematically executed as per the annual schedule, covering areas such as quality, EHS, processes, equipment, and management. To keep pace with business growth and the latest industry standards, the company sends personnel for external training or invites external experts for in-house sessions. These programs incorporate cutting-edge concepts and techniques adapted to the company's unique training content and methods.

To ensure the continuous and effective cultivation of talent, Xianju Pharma has built a team of internal trainers and established a management system for them, including a standardized certification process. This approach aims to expand the pool of certified internal trainers, effectively transferring the company's tacit knowledge through course development and instructor training. All internal training sessions are meticulously recorded, and evaluations conducted to assess their impact based on professional standards.

Additionally, leveraging contemporary development trends and platforms such as DingTalk, the company offers synchronized training programs across its facilities, blending offline and online sessions for a more systematized and sustainable approach to talent development.



Joining the High-Growth Talent Program

Employees within 1-3 years of their tenure, identified through ongoing evaluation in the training process as meeting the criteria, are eligible to enter the high-growth talent program.

Professional Advancement

Participants can expect notable professional enhancement within 6-12 months through advanced and systematic training.

Basic Training

Employees are equipped to generally tackle job-related challenges after 6 months, thanks to foundational training and systematic practice.

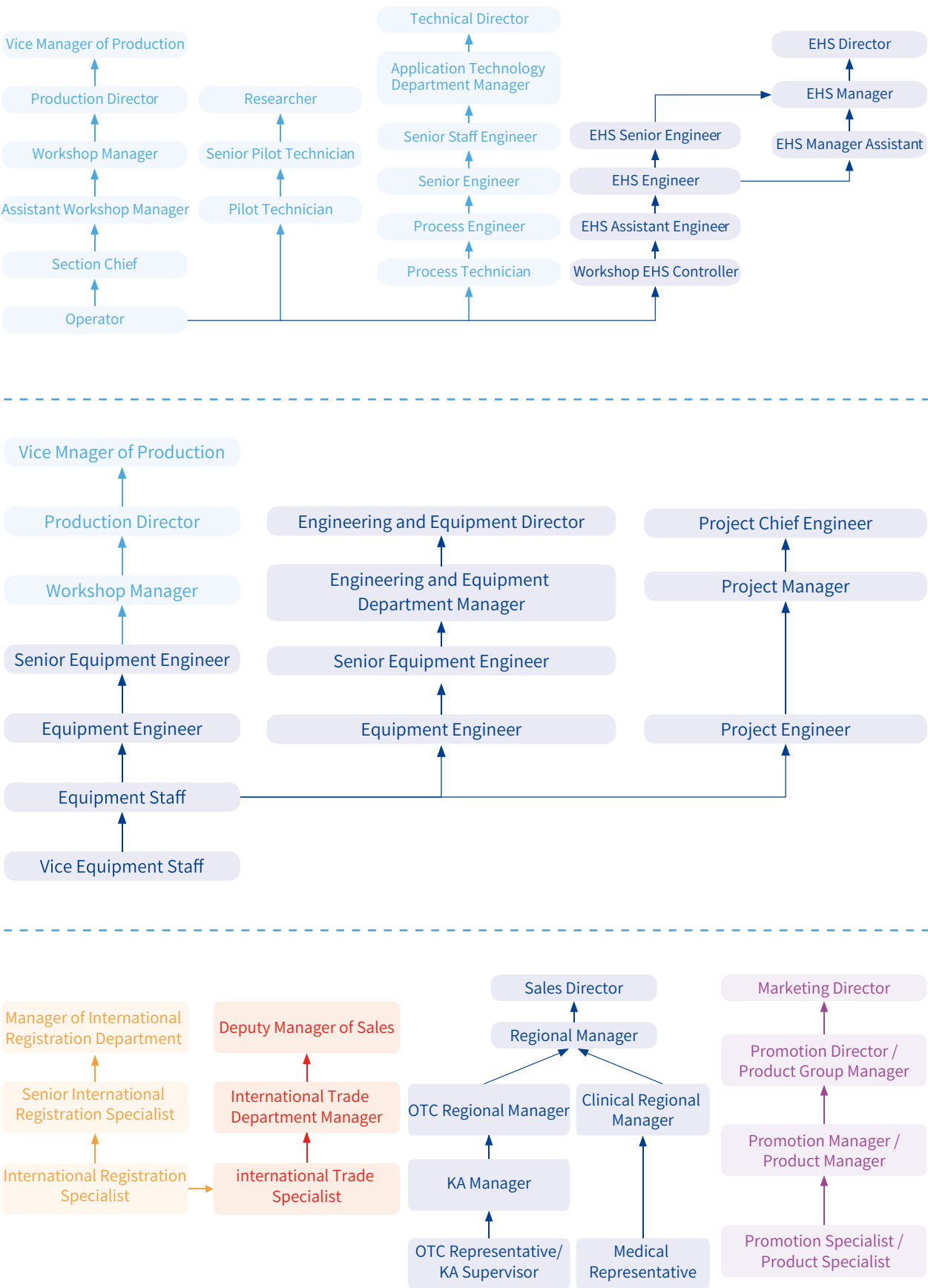
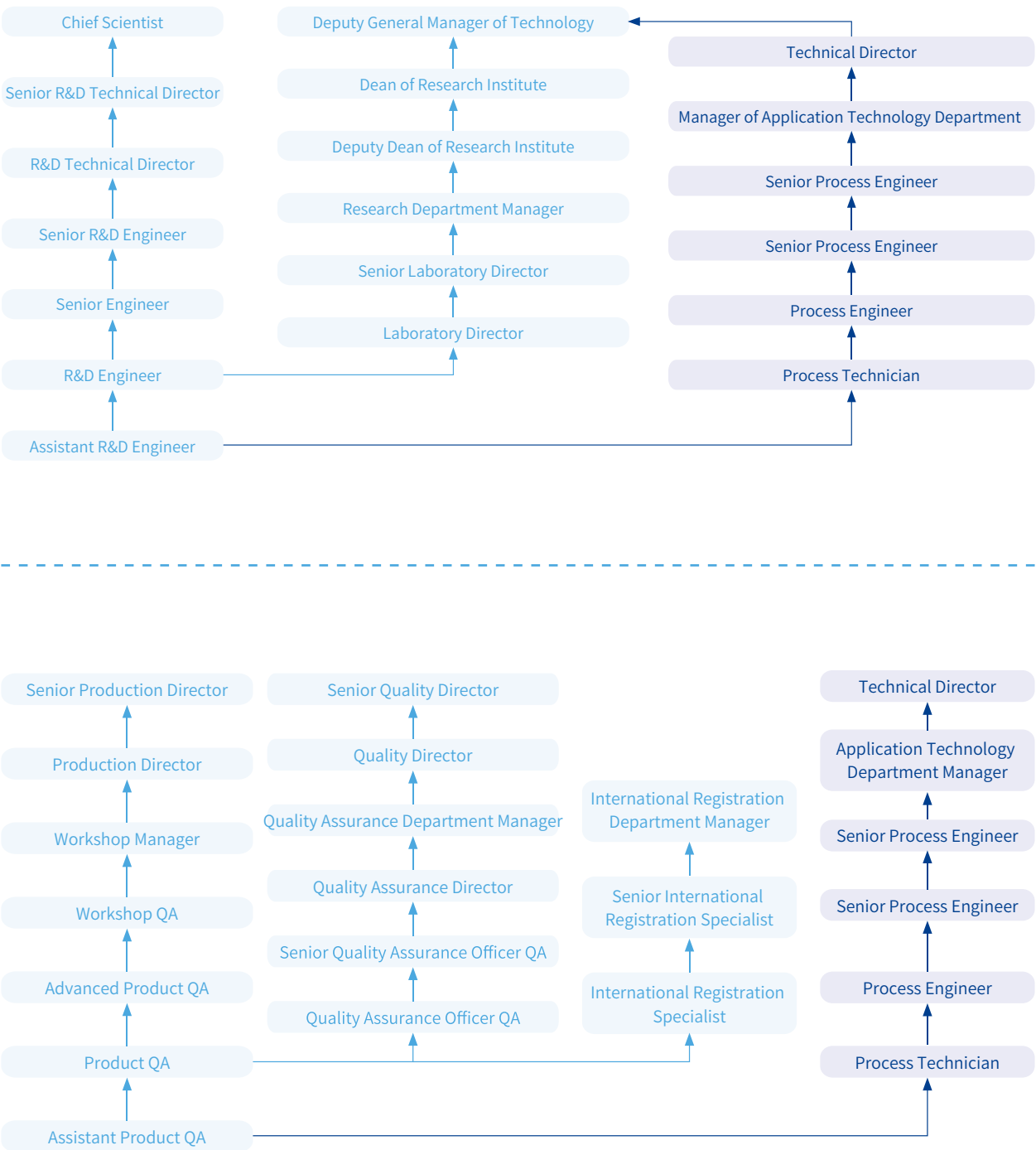
Xianju Pharma Employee Training Performance in 2023

Block	Annual Training Sessions (including all types)	Training Participants(Sum of participants per session)	Training Coverage Rate (Single session coverage rate = participants / required participants, average rate here)	Total Annual Training Hours (Sum of participants per session * hours)	Average Training Hours per Person (Total annual hours / total required participants annually)
Zhejiang Xianju Pharmaceutical Co., Ltd.	436	21999	99.9%	60637.5	45
Taizhou Xianju Pharmaceutical Co., Ltd.	342	15910	99.3%	35253.6	52
Zhejiang Xianju Sales Co., Ltd.	94	6582	98.9%	10410	13
Total	872	44491	99.4%	106301.1	37



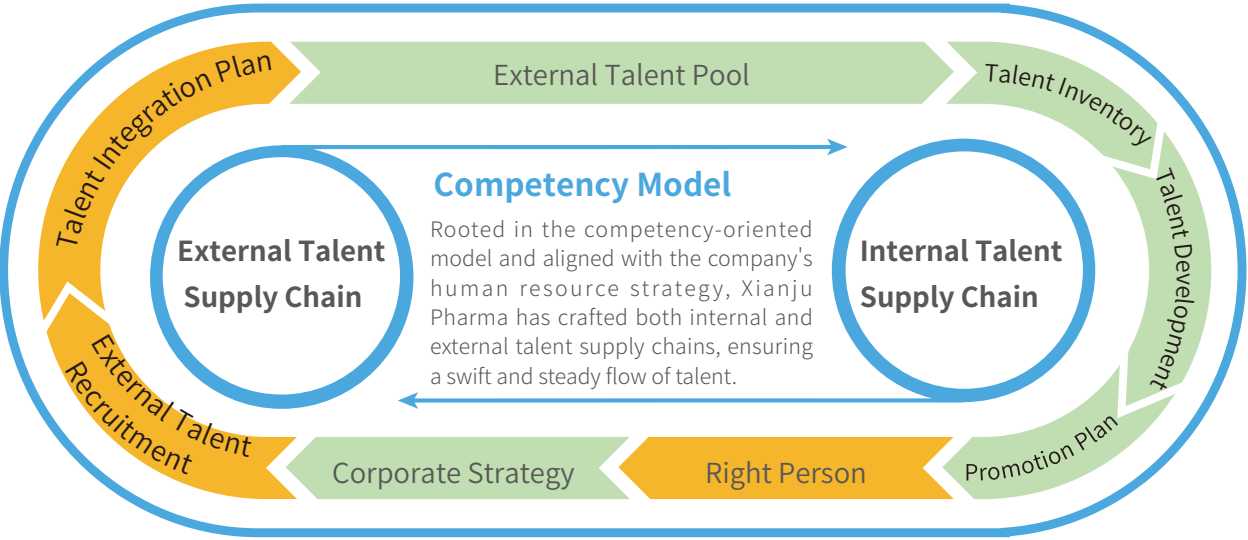
Development Pathways

Xianju Pharma fully embraces innovation and an international approach to talent development and strategy, creating a dual career development platform centered around Management (M) and Professional (P) tracks. This framework offers employees clear and diverse career paths, expands their professional growth opportunities, and ensures mechanisms for seamless transitions within and between professional tracks, thus fostering a vibrant corporate talent ecosystem.





Xianju Pharma has instituted a talent strategy anchored in a competency model, which forms the foundation of its talent pool. This model affords employees multifaceted development opportunities across various paths such as R&D, process, registration, quality, and EHS. Employees are encouraged to select the path that best aligns with their individual development needs, allowing them to specialize within a chosen field or transition between paths as desired. This flexibility facilitates the development of more complex competencies and underpins a rapid and stable supply of talent.



## Caring for Employees

### Occupational Health

Xianju Pharma is committed to providing a safe and healthy workplace for its employees. The company has initiated the enclosure and automation of key installations, ensuring that bulk materials are transported to equipment via closed piping systems. Powder materials are processed using glove boxes or melt isolators, while small-batch solvent dispensing areas are equipped with local exhaust ventilation (LEV). Workshops utilize fresh air ventilation and air conditioning systems to effectively reduce exposure to active pharmaceutical ingredients and solvent vapors, safeguarding employees' health.

Standard operating procedures are in place to regulate work processes. Based on job hazard analysis, employees are provided with Personal Protective Equipment (PPE) that meets the required standards to prevent occupational injuries during production processes. Xianju Pharma regularly conducts safety and health training, covering topics such as raw materials, processes, equipment, operations, and EHS behavioral guidelines. These training sessions aim to enhance EHS awareness and improve operational skills among employees.

In 2023, the company achieved a 100% coverage rate for both employee occupational health exams and the maintenance of occupational health records, with no suspected cases of occupational diseases or contraindications reported.

## Cultural and Sports Activities

Xianju Pharma actively organizes a broad spectrum of cultural and sports activities, guided by corporate growth and employee needs, dedicated to fostering an atmosphere of sincerity, unity, openness, and enterprise. These efforts aim to ignite employees' passion for learning, enhance personal development, increase professional competitiveness, align with corporate growth, and further corporate culture building.

In 2023, the company held the "Positive Attitude, Happy Work" psychological care activity, providing tangible mental health nourishment to frontline workers. Additionally, various events were organized, including the "Fragrant Wormwood Pillow" Women's Day craft activity, the "Immortal Couples, Settling Talents" youth gathering, "The Charm of Voice" speech skills workshop, "Responsibility and Commitment: Shaping the Craftsman Spirit of Xianju Staff" themed speech contest, and the "Facing the Sea, Heading for Happiness" excellent employee recuperation program. These initiatives offered employees a stage to showcase their talents, enhancing cohesion and a sense of belonging. The company also participated in provincial table tennis competitions, provincial government-Xianju government soccer friendlies, Power Supply Bureau-Xianju Pharma basketball exchanges, county badminton and table tennis matches, county trade union badminton, and yoga training sessions. Through these activities, the company demonstrated the active, healthy, and uplifting spirit of its employees.







### Humanistic Care

Xianju Pharma consistently practices heartfelt care for every employee, integrating employee care into the minutiae of work and life, thereby fostering a stronger sense of identity and belonging among staff. The company has been carrying out the "Summer Coolness" campaign, allocating more than 210,000 yuan in 2023 to freely distribute cold drinks, cooling teas, and heatstroke prevention medicines to front-line workers. It maintains the practice of visiting and comforting employees who are ill, with 262 visits made in 2023. Additionally, it continues to conduct consolation visits during the Double Ninth Festival and the Spring Festival to 737 retired employees, showcasing the company's deep care and concern for its staff.

Special attention is given to employees facing difficulties, providing them with support and aid, thereby constantly boosting their sense of acquisition, happiness, and security. In 2023, the company offered subsidies to 60 employees in need, totaling 97,500 yuan, and provided emergency relief to 2 individuals, with a total aid amount of 16,000 yuan.





# 05

## Green Practices

Priority placed on environmental protection, pursuing green development. Xianju Pharma champions the philosophy of "green competition, fair competition, green cost, and green effect", integrating the concept of green development into its corporate management strategy. The company is dedicated to continuously promoting energy conservation and emission reduction, exploring environmental protection technologies, and practicing green operations. With a greater sense of responsibility and action, Xianju Pharma injects green energy into its pursuit of high-quality development. The company steadfastly adheres to the principle of providing patients with high-quality products through scientific and technological innovation, while maintaining a commitment to safety and environmental protection. Recognized for its efforts, Xianju Pharma has been awarded the title of "National Green Factory" by the Ministry of Industry and Information Technology.

- Strengthening Environmental Management
- Cultivating a Green Culture
- Achieving Effective Energy and Consumption Reduction
- Reducing Pollution Emissions
- Implementing Green Operations
- Environmental Emergency Management
- Addressing Climate Change





Strengthening Environmental Management

Xianju Pharma actively responds to the series of key development strategies proposed in the report of the 20th National Congress of the Communist Party of China, including "actively and prudently advancing carbon peak and carbon neutrality" and "accelerating the green transformation of development modes". With "commitment to green development and advancing civilized production" as its corporate goal, the company pledges to comply with regulations, promote green civilization, achieve pollution and accident prevention, and continuous improvement, thereby steadily enhancing its environmental performance. The company first attained ISO 14001 environmental management system certification in 2003 and successfully passed the most recent annual review in September 2023.

Committed to "environmental compliance", Xianju Pharma advocates for an environmentally friendly development model. In accordance with the GB/T24001-2016 Environmental Management Systems - Requirements with Guidance for Use and GB/T45001-2020 Occupational Health and Safety Management Systems - Requirements with Guidance for Use standards, it has appointed a representative for the Environmental and Occupational Health and Safety Management System. This representative is responsible for overseeing the company's environmental and occupational health and safety management tasks, continually standardizing its environmental and occupational health and safety management, comprehensively achieving pollution prevention, enhancing efficiency while reducing pollution, effectively controlling and analyzing to minimize accidents, and promoting the company's green development.



Cultivating a Green Culture

Xianju Pharma extensively conducts energy-saving and environmental protection awareness campaigns, actively fostering an atmosphere of ecological conservation, energy efficiency, and participation from all staff. The company places a strong emphasis on environmental protection training and promotion among all employees, especially those in key environmental positions. Training encompasses various aspects such as energy-saving and low-carbon practices, green ecological construction, sustainable development, and waste sorting. Through the establishment of an intelligent environmental supervision system, initiatives like zero direct discharge of wastewater and the development of waste-free factories are promoted, continuously enhancing employees' awareness of environmental protection and their capabilities in environmental management.

The company's EHS department organizes internal training for departmental staff on job assignment and transfer, company-wide training for new employees, contractor EHS training, outsourced EHS training, and advanced company-level EHS training, in addition to participating in training organized by other departments. In 2023, the company executed 17 planned EHS enhancement trainings and 43 additional trainings, engaging 2,524 participants in total. These included 504 participants in the "Million Employee Training" on the online platform of the Provincial Emergency Management Department Safety Academy, 373 in "Electric Welding Operation Training", 59 in "AED (Automated External Defibrillator) and Emergency First Aid Training", 107 in "Confined Space Safety Knowledge Training", 127 in "Special Operation Guardian Training", and 55 other internal online and offline EHS trainings with 1,354 participants. Participants included staff from manufacturing workshops, quality control, engineering and equipment, device power, production management, and EHS departments. Topics covered pre-operation inspections, hazardous chemical safety knowledge, special operation supervision, safety knowledge, occupational health, hazardous waste management, and fire safety knowledge. To encourage and aid employees in reinforcing their EHS knowledge, the training content was subject to spot checks and exams.

In 2023, the company effectively carried out "Employee Three-Level Education Training" for a total of 121 participants. It also organized various certification training sessions for 166 individuals, including 25 safety officers, 37 for hazardous chemical safety operation re-examination and certification, 102 for work injury prevention, and 2 for external HAZOP (Hazard and Operability Study) analysis training. During these training sessions, employees participated enthusiastically, and the effectiveness of the training was assessed through oral and written examinations. This method has progressively improved the safety consciousness among the employees, which is now noticeably reflected in their work practices.

Taizhou Xianju Pharmaceutical Co., Ltd. conducts at least two environmental protection knowledge training sessions annually. These sessions focus on environmental laws, regulations, and knowledge with the goal of raising the environmental awareness of its employees and enhancing their proficiency in related areas. To consolidate and elevate the effectiveness of these training sessions, assessments are carried out afterwards.



Achieving Effective Energy and Consumption Reduction

Xianju Pharma adheres to the principles of resource conservation and environmental friendliness, with an energy policy aimed at "tapping new sources and stemming losses, cutting emissions and consumption, adopting clean production, and striving for continual progress". The company vigorously promotes energy management initiatives, refines its energy consumption systems, diminishes energy use, and boosts energy utilization efficiency across the organization. The company focuses on air conditioning systems, pipeline losses, and refrigeration systems as key areas for enhancing energy efficiency. Through optimizing refrigeration system operations, remodeling the energy pipeline transport modes, and utilizing energy-efficient equipment and technologies, Xianju Pharma has achieved notable success in energy conservation and consumption reduction.



To reduce energy consumption and improve the efficiency of energy use, Xianju Pharma actively conducts clean production audits, aiming to cut energy consumption at its source and push forward with its energy management efforts. Following the GB/T23331-2020 Energy Management Systems - Requirements with Guidance for Use standard, Xianju Pharma established its energy management system in 2021. It passed the energy management system certification and successfully underwent the annual supervision audit in September 2023.

The company has set up an energy management department, developing a comprehensive set of energy management policies covering energy procurement, measurement, statistics, production process management, and quota assessments. It has increased its investment in environmental protection, energy savings, and consumption reduction to ensure the effective execution of its energy-saving initiatives.

Xianju Pharma Co., Ltd.'s Total Investment in Environmental Protection, Energy Conservation, and Consumption Reduction Over the Last Three Years			
(Unit: 10,000 Yuan )			
Year	Plant		
	Yangfu API Plant	Yangfu Preparation Plant	Taizhou Xianju Plant
2023	1312.97	32.50	3350.00
2022	1851.90	109.92	1207.54
2021	1664.50	715.00	1049.71



Xianju Pharma meticulously assigns energy consumption metrics to various products and workshops, implementing both technological and managerial energy-saving strategies. The company prioritizes major sources of energy consumption, such as chemical reaction heat exchanges, material transport, ventilation, and air conditioning systems, as critical areas for improving energy efficiency. It adopts practices like optimizing material transport, harnessing waste heat, using energy-efficient equipment, and undertaking frequency conversion upgrades. The use of energy-saving lighting, along with optimized lighting control methods, and distribution motors that meet or surpass Level 3 energy efficiency standards exemplify the company's commitment. High-energy-consuming equipment has been phased out, and the energy efficiency levels of all current general equipment have passed energy-saving evaluations.

At the API plant

The refrigeration mode for the 7° C cold water system was redesigned to utilize direct cooling through the cooling tower during the winter, bypassing refrigeration units and reducing energy consumption by about 3,000 kWh/day. The hot water transportation system for the office and QC buildings' air conditioning was improved by introducing a coupling tank to the hot water pipes, reducing the effects of pipeline sludge and cavitation. Adjustments to the flow of return hot water based on its temperature for various uses minimize heat loss. Cleaning the air conditioning heat exchange systems for seven lean packages enhanced heat exchange efficiency and, while satisfying operational needs, cut the air conditioning water flow by 20%.

In the preparation plant

Due to the high temperature and humidity requirements of the production environment within the sealed area, the air conditioning system's energy consumption constitutes a significant portion of the plant's total energy use. Thus, energy-saving efforts are directed at boosting production efficiency. In 2023, for instance, the renovation of the sodium production line was completed, introducing an integrated lamp inspection leak detector in place of manual lamp inspection and color water leak detection. This innovation significantly increased production efficiency and reduced energy loss. Additionally, in 2023, Xianju Pharma accomplished a significant upgrade to the nasal spray production line, doubling its capacity from 50,000 units per day to 100,000 units. This enhancement not only amplified production efficiency but also reduced the per-unit energy cost by 15%.

In Taizhou Xianju

Ongoing efforts to strengthen energy management, the year 2023 marked the initiation of a trial to pinpoint critical energy consumption locations. By integrating the energy system with the central control room, the company ensured immediate communication of any irregularities to relevant personnel. Furthermore, it organized for shift workers to conduct regular inspections, enabling strategic scheduling of workshop production during off-peak electricity hours and centralized production planning.

Xianju Pharma's Energy Consumption Statistics for the Past Three Years					
Year	Category				
	Total Energy Consumption(Tons of Standard Coal)	Total Output Value(10,000 Yuan)	Added Value(10,000 Yuan)	Unit Output Value Energy Consumption(10,000 Yuan/Ton of Standard Coal)	Unit Added Value Energy Consumption(10,000 Yuan/Ton of Standard Coal)
2023	22913.78	219221	126448	0.1045	0.1812
2022	19460.90	246113	135522	0.0791	0.1436
2021	20183.55	230119	135490	0.0877	0.1490

In 2023, Xianju Pharma observed a notable increase in energy consumption per unit of output value and per unit of added value. This rise can be attributed to several factors: 1. A significant drop in the unit price of products compared to 2022; 2. An increase in production of high-energy-consuming Active Pharmaceutical Ingredients (APIs) and a decrease in the production of high-added-value preparations, which directly affected unit energy consumption; 3. The company's efforts to standardize production and enhance the requirements for refrigeration processes and waste management also led to an inevitable increase in energy usage.

Xianju Pharma has implemented the use of water-saving sanitary fixtures, and by judiciously controlling the water supply pressure to these fixtures, it has managed to reduce their flow rate by more than 50%, thereby significantly reducing water wastage. During the production process, the company requires pure water for reactor cleaning. It has innovatively utilized the concentrate from the pure water preparation process, repurposing it for sanitary cleaning or supplementing the circulating cooling water. This practice allows for the recycling of cooling water and improves the overall utilization rate of the company's water resources.

Xianju Pharma's Fresh Water Usage Statistics for the Past Three Years	
Year	Fresh Water Usage (m³)
2023	842693
2022	778462
2021	736708

## Reducing Pollution Emissions

Xianju Pharma is steadfast in its commitment to enhancing the management of emissions from a variety of pollutants, undertaking projects aimed at reducing emissions and mitigating pollution. The company also endeavors to reduce pollutant emissions throughout the entire lifecycle of downstream industry products, vigorously champions the circular economy, and is dedicated to establishing new competitive edges in green initiatives.

## Wastewater Treatment

The main sources of wastewater at Xianju Pharma stem from production processes, including production wastewater, cleaning wastewater, wastewater from waste gas absorption towers, domestic sewage, and initial rainwater. Every production workshop is outfitted with wastewater collection tanks. High-salinity and high-concentration wastewaters from production are pre-treated within these workshops before being discharged into the sewage treatment facility. This pre-treatment includes deactivating active pharmaceutical ingredients in the wastewater to ensure they do not adversely affect aquatic environments. Wastewater from production and reactor cleaning is collected via workshop piping systems and transported to the plant's sewage treatment facility through elevated pipes. After undergoing rigorous treatment and passing online monitoring checks to ensure they meet standards, the treated wastewater is then released into the industrial park's sewage treatment plant for further processing. Annually, Xianju Pharma contracts with independent, qualified third-party agencies to conduct oversight and monitoring of its emissions.

In recent years, the company has made strides in identifying and analyzing sources of difficult-to-treat wastewater, pinpointing specific challenging wastewater sites for targeted analysis and treatment. This method has culminated in a specialized treatment process for particularly complex wastewater streams, which undergo preliminary treatment before being processed by the sewage treatment facility to ensure they are discharged in compliance with environmental standards. Examples of this approach include treating approximately 1,500 tons of fluoride-containing wastewater separately each year and discharging it once it meets the required standards. Similarly, approximately 5,000 tons of phosphorus-containing wastewater from fermentation processes are collected and treated separately annually before being discharged.

In 2023, Xianju Pharma significantly enhanced its wastewater treatment process by performing maintenance and replacements of the aeration pipes in the aerobic tanks, which improved the aeration effects and oxygen utilization. This initiative led to a 20% increase in wastewater treatment efficiency.

Xianju Pharma's Wastewater Discharge Statistics for the Past Three Years			
Year	Wastewater Discharge Volume/T		
	Yangfu API Plant	Yangfu Preparation Plant	Taizhou Xianju Pharma
2023 年	377465	176227	244052
2022 年	283937	171285	274398
2021 年	265024	133228	269710



Emission Reduction

Xianju Pharma has formulated and implemented the Waste Gas Management Procedure and Waste Gas Treatment Operation Procedure, which standardize the procedures for waste gas collection, treatment, and emission, as well as the operational guidelines for waste gas treatment facilities. By categorizing waste gas for collection, performing quality-based pre-treatment, and then processing it accordingly, the company ensures the efficient operation of its waste gas treatment systems.

The company employs advanced technological processes for treating process waste gas. The treatment methodologies for process waste gas produced at the Yangfu API Plant and the Taizhou Xianju Plant include workshop condensation, spray absorption, Regenerative Thermal Oxidation (RTO), and terminal secondary alkali absorption. The Yangfu Preparation Plant manages dust-containing waste gas through high-efficiency filtration and hydraulic dust removal technology.

At the source of emissions, separate waste liquid outlets have been established for each building, which are directly connected to waste liquid storage tanks. The pipeline and sealing measures have been taken to further reduce the emission of untreated waste gases. At the environmental protection endpoint, the addition of solar films and waste gas exhaust ducts on aerobic and other sewage pools has diminished the volume of waste gases and boosted the efficiency of exhaust fans, effectively improving the collection of untreated waste gases from the source. The installation of negative pressure meters for hydrolysis acidification and blending pools serves as a diagnostic tool for identifying odor sources, allowing for real-time monitoring of pressures within sewage pools. This system aids the company in promptly detecting and addressing any waste gas leaks.

Xianju Pharma's RTO Emission Statistics for the Past Three Years		
Year	VOCs Emission Volume (Tons)	
	Yangfu API Plant	Taizhou Xianju Plant
2023	1.36	2.68
2022	1.24	6.10
2021	1.40	10.50

Note: Calculated based on annual operating days and emission concentration limits.

Hazardous Waste Disposal

Xianju Pharma has diligently established storage facilities (hazardous waste warehouses), hazardous waste production sites, and stacking areas within its premises that adhere to regulatory standards, ensuring solid waste is appropriately stored and processed in alignment with these criteria. The company endeavors to recycle and repurpose waste materials such as solvents, residues, salts, high-boiling substances, and waste liquids generated during its production processes whenever feasible.

For the disposal of hazardous waste, Xianju Pharma collaborates with certified waste management entities, including Xianju Pingfu Environmental Technology Co., Ltd. and Zhejiang Jiajing Environmental Technology Co., Ltd. The company rigorously follows protocols for hazardous waste declaration, registration, and the hazardous waste transfer manifest system. General solid wastes, such as industrial refuse and biochemical sludge, are managed through comprehensive utilization contracts with companies like Xianju County Yindahai Environmental Technology Co., Ltd.

In its journey toward sustainable growth and an increase in annual production value, Xianju Pharma prioritizes the maximization of recycling and reuse practices for hazardous solid waste. For instance, the company has implemented the recycling and reuse of waste solvents like dichloromethane and tetrahydrofuran from the production of mifepristone and norethindrone; and it has developed recycling processes for substances like methanol and acetone from the production of dexamethasone sodium phosphate. These initiatives promote the reuse of materials, significantly reducing the quantity of waste solvents discarded.

Xianju Pharma's Hazardous Waste Disposal Volume for the Past Three Years			
Year	Plant		
	Yangfu API Plant	Yangfu Preparation Plant	Taizhou Xianju Plant
2023	4040.90	78.75	9680.75
2022	3333.85	81.06	11568.99
2021	4085.92	73.48	12351.59

Noise Management

Xianju Pharma's principal noise sources include motors, refrigeration units, centrifuges, various fans, and mechanical rotating equipment utilized during the manufacturing process. To mitigate noise from these high-decibel sources, the company has adopted measures such as the installation of vibration dampers and mufflers. Additionally, soundproof duty rooms have been established at positions where noise levels are significantly high. It is confirmed through the onsite tests that the noise levels at the company's facilities during both day and night are in compliance with the GB12348-2008 *Emission Standard for Industrial Enterprises Noise at Boundary*.

Groundwater Pollution Prevention

Xianju Pharma has established and enforces a set of protocols for soil and groundwater pollution prevention, which are aimed at regulating the protection of the company's soil and groundwater environments to prevent pollution.

In 2023, the company undertook significant measures to enhance its rainwater management system by dredging the emergency rainwater pool and applying anti-corrosive polyurea coatings. This not only increased the effective capacity of the rainwater pool, thereby expanding its containment capabilities, but also significantly reduced the risk of groundwater contamination from the rainwater pool.

Implementing Green Operations
Green Design

Xianju Pharma embraces the principles of the circular economy and clean production in its operational philosophy, adhering to the holistic criteria of "production control automation, process closure, material transport pipelining, functional plant layout, systematic workshop design, and integrated facility development". By employing a vertical flow design for its production lines, the company substantially minimizes the generation of "three wastes" (industrial wastewater, waste gases, and residues) from the outset.

The company ensures that the design and planning of its construction projects meet national and provincial environmental and building quality standards. Emissions from project construction are kept within the compliance indices mandated by national and provincial regulations. Furthermore, the environmental impact both before and after the commencement of operations is assessed to align with the environmental quality requirements specified by the environmental functional zoning of the project's location. The construction projects are executed in accordance with the "three lines and one list" control measures, effectively managing environmental accident risks and maintaining them at a controllable level. These projects also align with national and provincial industrial policies and adhere to comprehensive urban and industrial park planning requirements.

Green Production

Following the trajectory of steady growth in its annual production value, Xianju Pharma has been dedicated to improving energy utilization and reducing consumption levels on one hand, and on the other hand, enhancing pollution prevention and reducing pollutant emissions.

The company is actively adjusting its energy structure, exploring and enhancing the utilization of natural gas, and employing clean energy to optimize its existing processes and reducing the pollutant emissions. For example, the optimized production process for triamcinolone acetonide by increasing reaction mixture concentration reduces the use of organic solvents and potable water, thereby decreasing the generation of waste liquids and wastewater. Similarly, the production process for dexamethasone sodium phosphate has been refined from three purification steps down to one, reducing the toxicity of raw materials and significantly minimizing the production of waste liquid.

Xianju Pharma makes full use of its existing equipment, ensuring a sealed environment for operations. For example, material delivery system transfers solvents to equipment through pipes, and powder materials are added through glove boxes to minimize untreated emissions. The closed discharge system directly connects to the reactor to transfer materials, with discharges occurring inside the centrifuge chamber.

The company is proactive in exploring and deploying new capabilities to further its green production initiatives. For instance, the progesterone production process has been optimized using a microchannel reactor, achieving operations that are closed, continuous, and pipelined. Moreover, fluorination series products have been enhanced with DCS automatic control devices, fulfilling the requirements for full-cycle closed and automated operations.



Green Office

Xianju Pharma incorporates the principles of green, low-carbon operations into its daily management and operations, advocating for environmentally friendly, energy-saving, and low-carbon work practices and lifestyles. The company has refined its internal management policies to enhance control over air conditioning temperatures, water usage, and electricity consumption in the office environment, thereby establishing a low-carbon, eco-friendly office atmosphere. The company has embraced paperless and digital office practices, leveraging its internal email system for document circulation and communication, significantly reducing paper usage and associated office expenses. This approach not only conserves resources but also enhances office efficiency by reducing the costs associated with mailing physical documents.

Optimization efforts have been extended to the company's lighting and air conditioning systems. All lighting throughout the facility utilizes LED technology, with automatic shut-off mechanisms to conserve electricity. Based on a total power usage of 60 kW, this results in an annual electricity saving of 196,000 kWh (assuming a 50% rate of energy saving). Similarly, the company has implemented specific operational guidelines for air conditioning use to avoid unnecessary energy consumption while maintaining comfortable working conditions. Water-saving sanitary fixtures have been installed throughout the company, achieving more than 30% water conservation and an annual water saving of approximately 30,000 tons. Additionally, the company utilizes video conferencing for training and meetings to reduce the need for travel, further reducing its carbon footprint. Office waste is managed through scientific classification, with designated bins for different types of waste, underscoring the company's commitment to sustainable practices.

Environmental Emergency Management

Xianju Pharma places a high priority on the prevention and early warning of environmental incidents, adhering to a strategy of "prevention first, comprehensive management". The company has developed multiple environmental emergency response plans, creating a cohesive and collaborative environmental warning and emergency response system that integrates internal and external resources. In August 2023, Xianju Pharma compiled an emergency response plan for sudden environmental events and registered it with the Xianju Branch of the Taizhou Municipal Ecological Environment Bureau (Filing Number: 331024-2023-021-M), assessing environmental risks associated with its operations and proposing relevant emergency control measures.

The company regularly identifies environmental factors and conducts risk assessments to identify potential environmental emergency risks, taking timely corrective and preventative measures to mitigate these risks. To further improve its emergency preparedness, Xianju Pharma ensures it is well-equipped with necessary environmental emergency equipment and materials, conducts regular environmental emergency drills, and strives to enhance the environmental emergency awareness and response skills of its employees.



Emergency Drill

Addressing Climate Change

Xianju Pharma aligns its operations with the GHG Protocol, ISO 14064-1, and the IPCC Guideline-2006 to conduct annual assessments of its greenhouse gas emissions, culminating in a comprehensive greenhouse gas emission report. This initiative is part of the company's effort to actively explore and implement strategies to reduce greenhouse gas emissions from its operations, aiming to reduce its adverse impact on climate change. With the company's annual production value steadily increasing, it is committed to deploying a variety of measures aimed at reducing greenhouse gas emissions.

Case Secondary Cooling Water Transmission

The modification of the cooling water transmission system in the power room from primary to secondary transmission involves dividing the cooling water system into two parts: cooling water preparation and transmission, thereby establishing primary and secondary loops. The primary loop consists of the cooling unit and primary pump group, which are responsible for cooling water preparation. This loop operates based on the size of the load. The secondary loop includes a secondary pump, end-use cooling equipment, and supply and return water pipelines, tasked with the transmission of cooling water. This loop operates under constant pressure. This modification significantly minimizes energy losses previously incurred due to pressure damage in the condenser tubes of the original system and inefficient transmission pressure control. As a result, the company expects to achieve an annual electricity saving of approximately 100,000 kWh, equivalent to a reduction of 28.8 tons of standard coal, thereby decreasing carbon emissions.

According to the *Revised Work Plan for Early Warning Grading Standards and Emergency Emission Reduction Measures for Heavy Pollution Weather* (Environmental Office Atmosphere Letter [2017] No. 86), *Notice on the Compilation of the 2018-2019 Autumn and Winter Air Pollution Comprehensive Control Action Plan for Key Regions* (Environmental Office Atmosphere Letter [2018] No. 635), *Notice on the Compilation of the 2018-2019 Autumn and Winter Air Pollution Comprehensive Control Action Plan* (Zhejiang Atmosphere Office Letter [2018] No. 5), etc., Taizhou Xianju Pharmaceutical Co., Ltd. has developed a staggered production plan for heavy pollution weather.

Xianju Pharma's Greenhouse Gas Emissions Statistics for the Past Three Years		
Year	Greenhouse Gas Emissions (Tons/Equivalent)	
	Yangfu API Plant, Yangfu Preparation Plant	Taizhou Xianju Plant
2023	50473.11	36548.60
Category 1 (Greenhouse gas emissions from direct combustion of fuels)	735.29	925.30
Category 2 (Greenhouse gas emissions converted from purchased electricity, steam, etc.)	49713.26	35559.85
Category 3 (Greenhouse gas emissions from the supply chain)	24.56	9.46
2022	43391.50	39044.71
Category 1 (Greenhouse gas emissions from direct combustion of fuels)	635.25	952.17
Category 2 (Greenhouse gas emissions converted from purchased electricity, steam, etc.)	42670.96	38073.97
Category 3 (Greenhouse gas emissions from the supply chain)	85.29	18.57
2021	45247.74	35344.69
Category 1 (Greenhouse gas emissions from direct combustion of fuels)	389.51	644.28
Category 2 (Greenhouse gas emissions converted from purchased electricity, steam, etc.)	44813.30	34679.04
Category 3 (Greenhouse gas emissions from the supply chain)	44.94	21.37

Note: The 2023 data is calculated by the company according to relevant standards and has not been approved by government regulatory authorities.



06

# Safety Culture

Life Above All, Safety First. The company has placed a strong emphasis on building a comprehensive safety management system, increasing investments in production safety, enhancing safety emergency management, fostering a universal safety consciousness among all employees, and establishing a solid safety assurance network.

- Strengthening Safety Foundations
- Creating a Safety Atmosphere
- Strengthening Production Safety
- Improving Safety Emergency Response





Strengthening Safety Foundations

Xianju Pharma adheres to a strict observance of national and local laws and regulations, draws upon both domestic and international exemplary practices, and proactively applies RC and PSCI principles. This commitment ensures operations continuously meet policy and legal standards while striving to fulfill customer demands to the greatest extent possible. Since achieving OHSAS 18001 certification in 2009, Xianju Pharma has kept pace with evolving standards, successfully passing the ISO 45001 Occupational Health and Safety Management System supervision audit in September 2023.



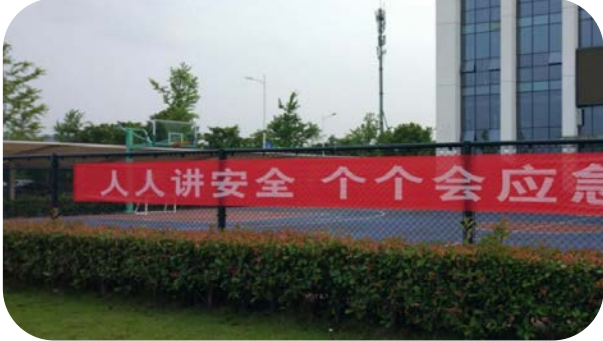
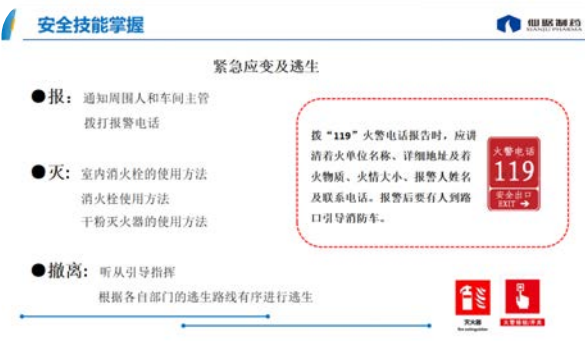
The company employs a holistic and "module+element" EHS management system, comprising 18 modules and 77 elements, designed for comprehensive coverage across all aspects of its operations, including depth, breadth, full lifecycle, and cross-functional collaboration. EHS responsibilities are integrated into the company's performance evaluations, with annual safety responsibility agreements signed according to the EHS organizational structure. These agreements bind safety responsibilities to each employee, from frontline staff to senior management, ensuring clarity in roles and a pervasive culture of safety. On January 13, 2023, Xianju Pharma convened the annual EHS Committee meeting to review the EHS goals achieved over the past year, analyze EHS operational data for 2022, and outline the key EHS objectives for 2023.

Xianju Pharma's proactive approach to self-inspection, detailed rectification plans, and diligent implementation exemplify its commitment to preventing and minimizing accidents. The company conducts regular annual hazard identification and implements corresponding safety measures. It also carries out unscheduled monthly inspections of equipment, processes, safety protocols, automatic control instruments, fire safety, special operations, and hazardous chemicals at various levels, including company-wide, workshop-specific, and team-specific assessments. Identified risks are addressed according to the 'five determinations' principle to ensure remedial actions are implemented, completing a closed-loop process. Additionally, the company routinely hires external experts to review the operation of its EHS system and earnestly undergoes EHS audits conducted by clients and third parties.

Creating a Safety Atmosphere

Xianju Pharma embraces the safety culture philosophy of "full participation, local management, and professional support". It rigorously implements a "three-level safety education" system and has developed a systematic and scientific EHS training framework. Combining both offline and online training sessions, the company offers a variety of employee EHS skill enhancement programs, such as "Million Employee Training", "EHS Excellence Class", and "Safety Month Knowledge Competition". These initiatives are designed to significantly boost employees' safety awareness and improve their self-protection and safety prevention capabilities.

In 2023, under the theme "Everyone Talks Safety, Everyone Knows Emergency Response", Xianju Pharma launched its Safety Production Month activities. These comprised a wide range of promotional and training events, including dissemination of the Safety Month theme, specialized inspections, topical meetings and training for contractors, team safety events, fire safety training and examinations (Zheliban APP), cross-hidden danger inspection contests, and drills for specific emergency response plans and onsite action plans. These activities were aimed at strengthening all employees' awareness of safety production laws and improving their emergency response capabilities.



Strengthening Production Safety

Xianju Pharma considers production safety its paramount responsibility, seamlessly integrating Process Safety Management (PSM) throughout every aspect of its production and business operations. The company is committed to risk assessment and control during R&D, testing, and production stages. It carries out process safety evaluations for R&D, pilot projects, and process transfers before their commercial production. For all chemical reaction processes in commercial production, it conducts reaction calorimetry risk tests and assessments. It also performs thermal stability tests for raw materials, intermediates, final products, and by-products, alongside risk assessments for distillation, drying, and storage operations. Test data and evaluation results are utilized in HAZOP/LOPA analysis, leading to the implementation of corresponding engineering controls and management measures in line with standard requirements. These actions serve as preliminary conditions for Process Safety Start-up Reviews (PSSR), ensuring substantial risks are controllable.

The company strictly registers all solvents reused in the production process as hazardous chemicals, ensuring effective management. Furthermore, Xianju Pharma contracts with well-known design institutes to perform LOPA analysis and SIL grading on critically supervised hazardous chemical processes and storage tanks, and follows related requirements specified in the SIL assessment reports to establish DCS/SIS systems.

The company's production units employ a vertical flow design, using weighing modules and flow meters for accurate measurements. Reactors and solvent storage tanks that contain flammable and explosive chemicals are protected with nitrogen blanketing, with all reactors fitted with safety relief systems. The heating and cooling of reactors are managed using TCU.



## Improving Safety Emergency Response

Xianju Pharma upholds a "prevention-first" safety ideology, having developed a comprehensive safety emergency management system. This framework encompasses a variety of emergency response plans, including comprehensive, specialized, and on-site disposal strategies, as well as maintaining open channels for both internal and external emergency communications.

The company has established several accident emergency rescue execution teams tailored to specific needs such as emergency handling, medical first aid, emergency firefighting, on-site security, investigative liaison, environmental monitoring, and technical resolutions. These teams operate under the unified command of the emergency rescue command center. In accordance with the GB\_30077-2013 Requirements for Emergency Supplies for Units Handling Hazardous Chemicals, Xianju Pharma is equipped with necessary emergency supplies and equipment, adhering to the principle that "the responsible party is in charge." This ensures "specialized management, availability for urgent needs, and dedicated items for specific uses." Furthermore, Xianju Pharma has forged emergency rescue mutual aid agreements with surrounding enterprises, enhancing emergency response capabilities through effective coordination and cooperation. This strategy fosters a collective effort in safety emergency handling, elevating the company's emergency response abilities.

The company periodically conducts various emergency drills to test the soundness and practicality of its emergency rescue plans. These exercises further enable departments and employees to enhance their proficiency in emergency procedures, bolstering the practical, emergency, and experience levels of both the workforce and emergency teams. Such diligent preparation underpins a swift, orderly, and efficient approach to emergencies, laying a solid foundation for timely and effective rescue and recovery in the event of any safety incidents.

Xianju Pharma 2023 Emergency Drill Summary Table			
Comprehensive Drills	Special Plan Drills	On-site Emergency Plan Drills	Total
7Number of Times	28Number of Times	64Number of Times	99Number of Times





07

# Responsible Xianju Pharma

Embracing responsibility, enriching society. Xianju Pharma actively fulfills its social responsibilities and strengthens the management of these duties. Through supporting education, making charitable donations, and offering community services, the company encourages employees involvement in philanthropic activities. It actively champions the spirit of volunteerism, conveying warmth and positive societal energy through concrete actions.

• Practicing Social Responsibility

• Social Responsibility Management





# Practicing Social Responsibility

## Promoting Local Employment

At Zhejiang Xianju Pharmaceutical Co., Ltd. and Taizhou Xianju Pharmaceutical Co., Ltd., a substantial majority of employees are hired locally, significantly outnumbering those from other regions. Zhejiang Xianju Sales Co., Ltd., with a sales network spread across the country and sales personnel working nationwide, has a smaller proportion of employees from the company's registration location in Xianju County compared to those from outside areas.

As of December 2023, at Zhejiang Xianju Pharmaceutical Co., Ltd., headquartered in Xianju County, Taizhou City, Zhejiang Province, 1,117 employees were local (Xianju County natives), representing 82.6% of the total company workforce. At Taizhou Xianju Pharmaceutical Co., Ltd., 466 employees were from Xianju County, constituting 68.03% of the total workforce. Zhejiang Xianju Sales Co., Ltd. had 262 local employees, accounting for 33.1% of the sales company's total staff.

## Promoting Local Economy

In its operations, Xianju Pharma prioritizes sourcing products from suppliers located in the operational area. In 2023, the company's total procurement expenses were 1,001,377,766.32 yuan, of which 433,418,633.76 yuan was spent within Zhejiang Province, achieving a local procurement rate of 43.28%. The recent trend in local procurement is illustrated as follows:

Time	Total Procurement Amount (Yuan)	Local Procurement Amount (Yuan)	Local Procurement Rate (%)
2023	1,001,377,766.32	433,418,633.76	43.28
2022	959,957,058.80	484,444,854.38	50.47
2021	1,029,927,729.15	569,701,178.72	55.31
2020	1,400,368,036.25	464,547,250.89	33.17

## Supporting Public Welfare

While creating corporate value, Xianju Pharma steadfastly adheres to its foundational principle of sharing developmental achievements with society. The company actively participates in social welfare activities, contributing to education, charitable donations, and community services. Through these concrete actions, it conveys warmth to society, showcases its corporate responsibility, and enhances its social image.



Voluntary Blood Donation



Public Welfare Activities



"Warm Xianju, Four Seasons Together": A program where model worker volunteers offer mutual aid in rural communities



Visits to Shangzhang Primary School on Children's Day



"Orchid Craftsman": Inviting distinguished professionals from universities, research institutes, and the environmental sector for volunteer services



Building a Public Welfare Brand

Xianju Pharma responds proactively to the national "Healthy China 2030" strategic initiative and implements the Outline for Women's Development in China. Collaborating with the Editorial Board of the Chinese Journal of Practical Gynecology and Obstetrics, the company has initiated the "Direct Access to Women's Fertility Protection" project. This collaborative effort is dedicated to advancing the cause of a healthier China by enhancing the protection of women's fertility and elevating reproductive health standards for women.

The Direct Access project concentrates on "women's fertility protection", bringing to the forefront discussions on reproductive health, new efficient contraception options, and their additional advantages. It explores innovative treatment approaches and clinical developments through a series of academic forums. By doing so, it creates a novel public welfare training platform for primary care physicians, aiming to enhance the quality of clinical services. In 2023, the initiative successfully conducted 30 Direct Access events, with participation from 240 hospitals and over 1,900 experts. It provided free consultations to more than 3,000 patients, and over 100,000 individuals learned about the Direct Access activities through various channels.



During the Direct Access free consultation events focused on women's fertility protection, professors from various maternal and child health centers offered complimentary on-site consultations. They addressed citizens' questions about reproductive health face-to-face and provided detailed diagnostic and treatment plans. This gave women a rare chance to access high-quality reproductive health advice and services conveniently close to their homes.



Social Responsibility Management

Social Responsibility Philosophy

Xianju Pharma upholds the corporate social responsibility philosophy of "sharing the fruits of development and building a better life together". The company places fulfilling its social responsibilities at the core of its strategic objectives. In developing strategies and making significant decisions, it comprehensively analyzes impacts on society and the environment, identifies and tracks potential risks and hazards, and proactively plans and implements timely responses. The company integrates social responsibility management into its daily operations, infusing its CSR philosophy throughout the entire business lifecycle, including R&D, procurement, production, and sales. This integration extends to financial management, human resources management, and risk management, optimizing related processes and achieving comprehensive integration.



Xianju Pharma aims to improve management practices and elevate standards in critical areas through the development and refinement of management procedures. Focus areas include enhancing energy conservation and environmental protection, protecting employee rights, safeguarding consumer rights, promoting integrity in business practices, and improving the social responsibility of the supply chain.



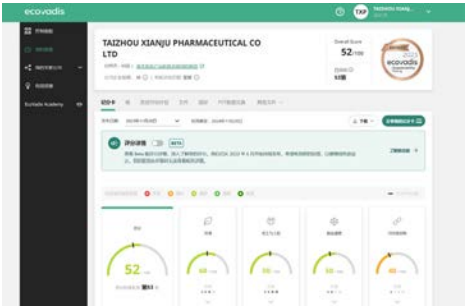
The company is proud to report zero incidents of child labor misuse and forced labor. It has achieved a 100% social security coverage rate, a 100% collective agreement signing rate, a 100% occupational health examination rate, and ensures zero instances of improper benefits.

Responsibility Management Performance

EcoVadis, an internationally recognized authority in evaluating sustainable business development, conducts corporate social responsibility evaluations across four critical dimensions: environment, labor & human rights, business ethics, and sustainable procurement on the company's CSR performance. In a bid to scrutinize their CSR performance, Zhejiang Xianju Pharmaceutical Co., Ltd. and its wholly-owned subsidiary, Taizhou Xianju Pharmaceutical Co., Ltd., both undertook the EcoVadis assessment in 2023.

On November 20, 2023, Taizhou Xianju Pharmaceutical Co., Ltd. achieved a bronze rating with a score of 52 from EcoVadis. This rating acknowledged its exemplary performance across various dimensions, including the environment, business ethics, and labor & human rights. This marked the company's initial award in an EcoVadis evaluation. Further, on December 28, 2023, Zhejiang Xianju Pharmaceutical Co., Ltd. attained a silver rating with an impressive score of 59, further illustrating its commitment to social responsibility.











EcoVadis data highlights the company's scores, placing it among the top 5 pharmaceutical companies in China and within the global top 100. This achievement not only elevates the company's brand image but also injects substantial momentum into its long-term growth.





Social Responsibility Communication

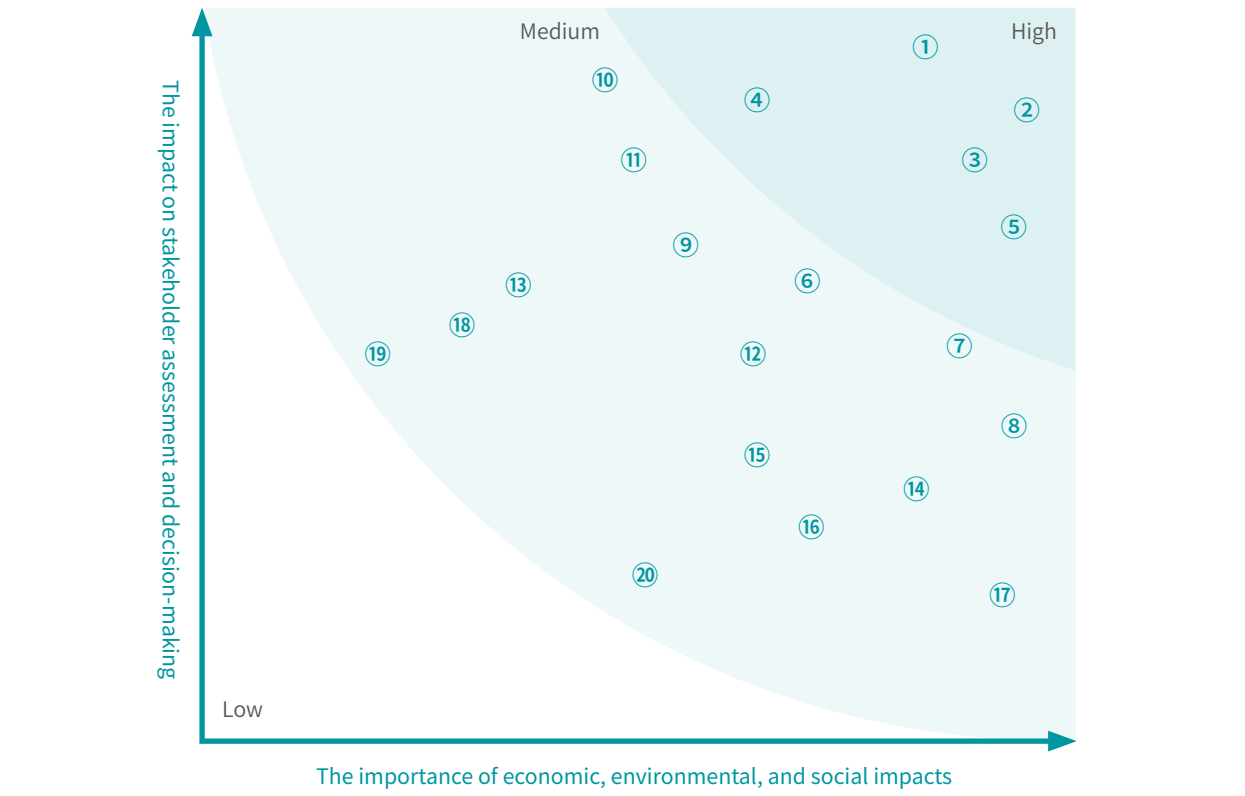
Xianju Pharma places a strong emphasis on communication and engagement with stakeholders as a key component of its CSR management strategy. The company rigorously identifies stakeholders based on various factors, such as customer needs, investor interests, supply chain management, employee rights, occupational health and safety, community collaboration, regulatory requirements, environmental protection, and corporate image. Through surveys, interviews, and stakeholders' active participation, Xianju Pharma understands their expectations and demands. The company then takes appropriate measures based on its operational realities and business practices, striving to address and fulfill reasonable requests.

Stakeholders	Expectations and Demands	Communication Response
 Investors	Standardized corporate governance Disclosure of operational information Sustainable profitability	Establish a sound, modern corporate governance system Conduct timely and standardized information disclosure Provide reasonable investment returns
 Customers	Quality management Feedback Information security	Building a quality management system Building a customer service system Strengthen information security and privacy protection
 Regulatory Bodies	Standardized corporate governance Disclosure of operational information	Optimize the internal compliance management system Timely and accurate disclosure of operational information
 Suppliers	Long-term cooperation mechanism Improve sustainable development performance Integrity in transactions	Cooperate with suppliers for project operations Promote sustainable procurement Fair and compliant transactions
 Employees	Protect employees' legal rights Provide career development opportunities Compensation and benefits Health and safety protection	Standardize employment, respect human rights Innovate employee development channels Legally guarantee wages and benefits Establish a comprehensive occupational health and safety management system
 Community	Drive the economic development of community Conduct multi-level, multi-faceted cooperation Community welfare projects	Provide employment opportunities Support community construction Conduct public welfare and volunteer service activities
 Environment	Energy conservation and consumption reduction Reduce pollution	Use energy-saving technology Reduce pollutant emissions
 Peers	Technical exchange Collaborative innovation Industry development	Industry conferences Seminars Industry-academia-research cooperation
 Government	Lawful and full tax payment Lead technological innovation Law-abiding and compliant	Proactively pay taxes Technological innovation Comply with laws and regulations
 Media, NGOs, and third-party institutions	Sustainable development compliance Interviews and exchanges	Improve sustainable development management Visits, meetings, etc.

Responsibility Issue Analysis

To comprehensively understand the extent of stakeholders' interest in its social responsibility topics, Xianju Pharma has taken a focused approach to disclosing various issues in this report. The company adheres to the Sustainability Reporting Standards (GRI Standards) issued by the Global Sustainability Standards Board (GSSB). Through comprehensive research methods, including internal and external surveys, meetings, and interviews, and considering the specific characteristics of the industry, Xianju Pharma has identified and ranked the stakeholders and significant social responsibility topics for the current year.

Xianju Pharma has analyzed both international and national social responsibility standards and the policy requirements of national and local governments. By integrating this analysis with the company's development strategy and planning, it has ranked substantial issues based on two critical dimensions: the impact on stakeholder assessment and decision-making, and the significance of economic, environmental, and social impacts. This process has resulted in the development of an importance assessment matrix, which guides the company in systematically and scientifically advancing its social responsibility efforts.



Highly Important Issues

- ① Employee Rights
- ② Environmental Protection
- ③ Production Safety
- ④ Quality Management
- ⑤ Customer Service

Moderately Important Issues

- ⑥ Innovation Drive
- ⑦ Information Security
- ⑧ Anti-Corruption
- ⑨ Training and Development
- ⑩ Intellectual Property
- ⑪ Green Office
- ⑫ Climate Change
- ⑬ Fair Competition
- ⑭ Pollution Prevention
- ⑮ Information Disclosure
- ⑯ Risk Warning
- ⑰ Community Co-building
- ⑱ Energy Conservation
- ⑲ Standardized Governance
- ⑳ Supply Chain Maintenance



A small green plant with yellow flowers growing out of a sandy surface against a light blue sky.

# Future Prospects

Xianju Pharma is committed to a long-term focus on the steroid hormone sector, with an aim to fully expand and refine the steroid hormone industry chain. The company plans to continually enhance its active pharmaceutical ingredients (APIs) and preparations portfolio. By focusing on improving comprehensive capabilities, Xianju Pharma intends to continuously increase the value of its products, thereby establishing a niche yet distinct presence in the industry.

Adhering to the principles of "long-termism" and "craftsmanship", Xianju Pharma is set to rely on its innovation platform for the continuous iteration of its product lines, which highlights its commitment to corporate responsibility and dedication. In anticipation of future market changes, Xianju Pharma is confident and well-prepared to sustainably unleash the potential of lean manufacturing. The company aims to strengthen opportunities in regulated markets and enhance the efficiency of asset investments as well as overall cost-effectiveness.

Moving forward, Xianju Pharma will continue to prioritize the steroid hormone field, relying on capability building and motivation assurance as its backbone. The company is determined to further enhance its innovation and profitability, driving high-quality development and making a significant contribution to the global health sector.



Reference Index for Indicators

GRI Standards	Disclosure Items	Chapters
GRI 2:General Disclosures	2-1 Organizational details	Overview
	2-2 Entities included in the organization's sustainability reporting	Reporting Boundary
	2-3 Reporting period, reporting frequency, and contact point	Reporting Guidance
	2-6 Activities, value chain, and other business relationships	Impression of Xianju Pharma
	2-9 Governance structure and composition	Organizational Structure
	2-10 Nomination and selection of the highest governance body	Enhancing Corporate Governance
	2-12 Role of the highest governance body in overseeing the management of impacts	Enhancing Corporate Governance
	2-14 Role of the highest governance body in sustainability reporting	Enhancing Corporate Governance
	2-28 Membership of associations	Promoting Industry Development
	2-29 Methods for stakeholder engagement	Social Responsibility Communication
GRI 3:Material Topics	2-30 Collective bargaining agreements	Democratic Management
	3-1 Process for determining material topics	Responsibility Issue Analysis
	3-2 List of material topics	Responsibility Issue Analysis
GRI 201:Economic Performance	201-1 Direct economic value generated and distributed	Market Performance
GRI 203:Indirect Economic Impacts	203-1 Infrastructure investments and services supported	Win-Win Culture
GRI 204:Procurement Practices	204-1 Proportion of spending on local suppliers	Promoting Local Economy
GRI 206:Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Maintaining Fair Competition
GRI 301:Materials	301-2 Recycled input materials used	Implementing Green Operations
GRI 302:Energy	302-1 Energy consumption within the organization	Achieving Effective Energy and Consumption Reduction
	302-4 Reduction of energy consumption	Achieving Effective Energy and Consumption Reduction
	302-5 Reductions in energy requirements of products and services	Implementing Green Operations

GRI 303:Water and Effluents	303-4 Water discharge	Wastewater Treatment
	303-5 Water consumption	Achieving Effective Energy and Consumption Reduction
GRI 305:Emissions	305-1 Direct (Scope 1) greenhouse gas emissions	Addressing Climate Change
	305-2 Energy indirect (Scope 2) greenhouse gas emissions	Addressing Climate Change
	305-3 Other indirect (Scope 3) greenhouse gas emissions	Addressing Climate Change
GRI 306:Waste	306-1 Waste generation and significant waste-related impacts	Reducing Pollution Emissions
	306-3 Waste generated	Reducing Pollution Emissions
	306-5 Waste directed to disposal	Hazardous Waste Disposal
GRI 308:Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	Building a Responsible Supply System
	308-2 Negative environmental impacts in the Supply System and actions taken	Building a Responsible Supply System
GRI 401:Employment	401-1 New employee hires and employee turnover	Equal Employment
	401-2 Benefits provided to full-time employees (excluding temporary or part-time employees)	Compensation and Benefits
GRI 403:Occupational Health and Safety	403-1 Occupational health and safety management system	Occupational Health
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health
	403-3 Occupational health services	Occupational Health
	403-5 Worker training on occupational health and safety	Talent Cultivation
	403-6 Promotion of worker health	Cultural and Sports Activities
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked to business operations	Occupational Health
GRI 404:Training and Education	404-1 Average hours of training per year per employee	Talent Cultivation
	404-2 Programs for upgrading employee skills and transition assistance programs	Development Pathways
GRI 405:Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Equal Employment
GRI 409:Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Equal Employment
GRI 416:Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	Pursuing Excellence Quality
GRI 418:Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Ensuring Information Security



SDGs Alignment Table

SDGs	Corresponding Chapters
	7.3. Caring for Employees 10.1. Practicing Social Responsibility
	7.3. Caring for Employees 9. Safety Culture 10.1. Practicing Social Responsibility
	5. Innovation Endeavors 7.2. Implementing Talent Strategy
	7.1. Protecting Employee's Rights 10.1. Practicing Social Responsibility
	8.4. Reducing Pollution Emissions
	8.3. Achieving Effective Energy and Consumption Reduction 8.5. Implementing Green Operations
	3.6. Market Performance 7.1. Protecting Employee's Rights 10.1. Practicing Social Responsibility
	2. Chairman's Message 3.1. Overview 5. Innovation Endeavors

SDGs	Corresponding Chapters
	7.1. Protecting Employee's Rights 10.1. Practicing Social Responsibility 10.2. Social Responsibility Management
	2. Chairman's Message 8.3. Achieving Effective Energy and Consumption Reduction 8.4. Reducing Pollution Emissions 8.5. Implementing Green Operations 8.7. Addressing Climate Change
	6.1. Pursuing Excellent Quality 6.2. Optimizing Customer Service 6.3. Building a Responsible Supply System 8.5. Implementing Green Operations 9.3. Strengthening Production Safety
	8.3. Achieving Effective Energy and Consumption Reduction 8.7. Addressing Climate Change
	3.1 Overview 4.4. Building a Robust Integrity Defense Line 7.1. Protecting Employee's Rights
	4.3. Commitment to Compliant Operations 4.5. Protecting Investors' Interests 6. Win-win Culture 10.2. Social Responsibility Management



# Reader Feedback Form

Dear Reader,

Hello!

Thank you very much for reading this report. We earnestly look forward to your assessment and valuable insights to continuously improve our approach to social responsibility, thereby enhancing our capabilities in fulfilling our social duties!

Selective Questions: (Please mark "√" in the appropriate box)

1. In relation to Zhejiang Xianju Pharmaceutical Co., Ltd., which of the following best describes your identity?

- ☐ Employee
- ☐ Consumer
- ☐ Supplier
- ☐ Supervisory Body
- ☐ Media
- ☐ Other (please specify)

2. What is your overall impression of the report?

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

3. How would you rate the quality of the social responsibility information disclosed in the report?

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

4. What are your thoughts on the structure of the report?

- ☐ Very Reasonable
- ☐ Reasonable
- ☐ Average
- ☐ Poor
- ☐ Very Poor

5. How do you find the report's layout design and presentation form?

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

Open-Ended Question:

Please share your precious comments and suggestions regarding the 2023 *Corporate Social Responsibility Report of Zhejiang Xianju Pharmaceutical Co., Ltd.*:

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