XDC

WuXi XDC Cayman Inc.
藥明合聯生物技術有限公司 *

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2268

* For identification purpose only

Environmental, Social and Governance Report 2023

CONTENT

A MESSAGE FROM OUR CEO

2023 was an extraordinary year of robust performance and significant achievements for WuXi XDC. With the global bioconjugate industry flourishing, we seized opportunities and fully executed our strategy of "enable, follow, and win the molecule". Focused on enhancing our cutting-edge bioconjugate platform and one-stop service capabilities, we achieved rapid growth in providing integrated contract research, development and manufacturing services, further solidifying our foundation and building strong advantages for future development. We are fully committed to pursuing excellence and innovation for the benefit of our clients, and we have seen remarkable results. In November 2023, we were successfully listed on the Hong Kong Stock Exchange, marking a significant milestone in corporate development. We are poised to create even greater value for our clients, employees, partners and other stakeholders. As we journey on, Environmental, Social, and Governance (ESG) principles will continue to be an integral component of our corporate ethos and development strategy, and we will always remain devoted to promoting ESG excellence and creating long-term societal value.

DEEPENING ESG STRATEGY, AND IMPLEMENTING AND BROADENING CORPORATE GOVERNANCE

At WuXi XDC, we regard ESG as fundamental to our sustainable development, and we consistently implement our ESG strategy, upholding our commitment to sustainability. In 2023, through comprehensive strategy and integration with WBS lean operation methodology, we formulated a complete management framework for the development of ESG strategy, and strived to fully integrate ESG principles into our business management and corporate culture. At the strategic execution level, we established a rigorous corporate governance structure with the formation of multiple ESG Material Issues Task Forces to actively promote cross-departmental collaboration on important ESG issues.

A MESSAGE FROM OUR CEO

In 2023, we strengthened corporate governance in the following ways: we established a sound risk-management and internal-control system to enhance compliance; we promoted a corporate culture centered on integrity and business ethics to encourage employees to act ethically; and we enhanced cohesion among employees, global partners, and other stakeholders. As part of our commitment to promoting an elevated level of integrity and transparency, all employees received specialized training in 2023 on business ethics and anti-corruption. Under the direction of the Board and core management, we have formulated comprehensive plans to address potential business risks, adhering to the highest risk management standards in daily operations to ensure sustainable business growth, and teaming up with ecosystem partners to boost sustainable development.

PRACTICE SUSTAINABLE DEVELOPMENT IN COLLABORATION WITH THE INDUSTRY CHAIN

The global bioconjugate industry is bourgeoning across the world. As an industry leader, WuXi XDC abides by the vision of "linking innovation to health". We strictly maintain premium global standards in technology, products, quality, and operational management. In addition to continuously improving our own ESG performance, we focus on sustainable supply chain management and are committed to promoting industry advancement. We uphold a high level of accountability with our partners, and have implemented a series of actions to ensure that suppliers adhere to the same business ethics standards as us. We also make sure all of our procurement personnel receive training in sustainable procurement. In 2023, all suppliers signed the WuXi XDC Code of Business Conduct and Ethics Commitment of Business Partners. A sustainable supply chain helps ensure our delivery of high-quality services.

We recognize that clients are crucial partners in our journey. To meet their demands for pipeline development and manufacturing, we continue to drive technological advancement by adopting a two-vector innovation strategy – including independent research and external collaborations – in a bid to provide an industry-leading conjugation technology and service platform. This technology platform strategy injects strong momentum into future sustainable development. Not only do we offer current cutting-edge, end-to-end services – from discovery and development to commercialization – for our clients, we are also mindful of their pipeline development plans and we relentlessly explore novel ways to create flexible, customized, and comprehensive solutions that can accelerate the development process. By the end of 2023, we had empowered global partners to submit 55 Investigational New Drug (IND) applications, furthering the advancement of innovative bioconjugate therapies. In a demonstration of explicit recognition from global clients and the industry for WuXi XDC's capabilities. we were honored to be named the winner of the "Best CDMO" at the 2023 ADC Awards. The award reflected the unwavering dedication and effort of all WuXi XDC employees to provide the highest quality services to our clients.

A MESSAGE FROM OUR CEO

BUILDING A STRONG TEAM, AND ACHIEVING A DIVERSE, EQUAL AND INCLUSIVE WORK ENVIRONMENT

Employees have always been the heart of our business. In 2023, we marked the fourth year of the WuXi XDC Top Talent Strategy. To maintain an influx of new talents that will further enrich our highly capable team and support our long-term business goals, we have been actively attracting and recruiting brilliant minds with deep expertise and international experience.

And, to help drive success for all employees, WuXi XDC has a comprehensive talent development strategy and training framework. Employees in different positions are provided with tailored plans aimed at sharpening their expertise, broadening their horizons, and accelerating their career growth. In 2023, we conducted a series of employee training sessions to ensure that each team member received instructive courses relevant to their positions, being unsparing in our efforts to forge high-performing teams of BD, CMC, and PM, as well as other core functions.

We have over 1,100 employees from five countries, 52% of whom are female. We believe that creating a safe, inclusive, equal, and diverse working environment for all team members is crucial for WuXi XDC's continuous innovation and long-term success.

ADDRESSING ENVIRONMENTAL CHALLENGES AND CONTRIBUTING TO SOCIETY FROM MULTIPLE DIRECTIONS

We see giving back to society as an integral part of WuXi XDC's corporate social responsibility. We strive to create an ideal workplace, become a trusted partner, and engage in the communities where we work and live, including by means of charitable donations and encouraging employees to contribute to local communities through volunteer activities. With environmental challenges widely perceived as one of the dominant concerns for the next decades – especially the fight against climate change – WuXi XDC has deepened our commitment to environmental sustainability through strong strategies, detailed roadmaps, and the setting of ambitious goals.

Having established mid-term and long-term targets for energy saving and emission reduction, in 2023, we marked several milestones in this area, including achieving a 54% decrease in greenhouse gas emissions (Scope 1 and Scope 2) density compared to the baseline year of 2021. While advancing our sustainable business practices, we are also minimizing our ecological footprint.

In 2023, WuXi XDC achieved significant progress in various ESG areas, garnering recognition within the industry, as well as from global partners, investors, and other stakeholders. WuXi XDC will continue to invest in ESG as an integral component of our ethos and business strategy, and solidify our leading position in the industry.

A MESSAGE FROM OUR CEO

CO-CREATING THE FUTURE: WE ARE STRONGER AS ONE

One Company: As a leading company in the global bioconjugate industry and an independently operated company listed on the Hong Kong Stock Exchange, WuXi XDC is embracing greater opportunities to create sustainable value for our stakeholders. Together, we strive to enhance internal cohesion, upgrade our sustainability culture, and empower WuXi XDC employees to deliver an even stronger ESG performance.

One Platform: Amid the thriving global bioconjugate industry, our integrated CRDMO model has a bright business prospect. We are committed to implementing more novel technologies, enhancing innovation partnerships and integrating external capabilities. We will relentlessly cultivate and evolve conjugation technologies and our one-stop service platform to create sustainable value for our clients.

One Ambition: Guided by our "Vision 2025" strategy, we aspire to streamline our organization with the guidance of WBS. We will elevate capabilities aimed at providing clients with more cost-efficient and innovative solutions. With our ongoing global expansion – including the current construction at our Singapore manufacturing site – we will empower the industry with a robust and sustainable supply chain, consequently creating long-term value for all stakeholders.

In 2024，we are continuing to strengthen our ESG management capabilities, implement innovative governance practices, and advance sustainable development initiatives. Pursuing ESG excellence, we will aim for a greater leap forward and ever more impressive achievements in the future.

Dr. Jimmy Li
Chief Executive Officer
Chairman of ESG Committee

2023 HIGHLIGHTS

Strengthening Governance

ESG Committee Comprise 4 board members led by CEO

19 Material ESG issues

100% Participation in business ethics and anti-corruption training

100% *Supplier Code of Conduct* sign off

ISO 27001 Information security management certification

Contributing to Society

More than 300 Global partners

143 Integrated projects

More than 3 million HKD social welfare investment

30 million RMB/year Reduction in material/operating cost

Empowering our People

52% Female employee

100% Sites received an employee health & safety risk assessment

100% Participation in safety training

ISO 45001 Occupational health & safety management certification

Environmental Sustainability

54% Reduction in GHG emission intensity from base year of 2021
(Scope 1 and Scope 2)

100% Participation in environmental training courses

100% Sites received environmental risk assessment

100% Compliant waste and wastewater treatment

ISO 14001 Environmental management certification

COMPANY OVERVIEW

INTRODUCTION

WuXi XDC is a leading Contract Research, Development and Manufacturing Organization (CRDMO) focusing on the global ADC and broader bioconjugate market and offering integrated, end-to-end services. Services are provided from proximately located, state-of-the-art laboratories and manufacturing facilities, allowing for a significant reduction in development timelines and costs. Our over 1,000 skilled employees work across a global network to deliver expert-driven, high-quality and right-first-time project execution for our customers. By offering a single-source, open-access platform with the most comprehensive capabilities and technologies, WuXi XDC enables biopharmaceutical partners to speed the development of innovative therapies for the benefit of patients worldwide.

In 2023, WuXi XDC was listed on the Main Board of the Stock Exchange of Hong Kong Limited. In addition, we continued to expand our capacity to further enable our clients at both clinical and commercial stages. Two additional commercial manufacturing facilities commenced operation in Wuxi in September 2023.

OUR VISION

"Linking innovation to health" by offering an open-access platform with the most comprehensive capabilities and technologies in the global ADC (antibody drug conjugate) and XDC (other novel bioconjugate) industry.

OUR MISSION

To continuously enhance our platform, propel and transform the development of the bioconjugate industry, enable global biopharmaceutical partners and benefit patients worldwide.

BUSINESS PERFORMANCE

Revenue: increased by 114.4% to 2,123.8 million

Gross Profit: increased by 114.3% to 559.6 million

Integrated Projects: increased by 52.1% from 94 to 143

EMPOWERING SUSTAINABILITY THROUGH WBS

WUXI BIOLOGICS BUSINESS SYSTEM (WBS)

The WBS acts as the cornerstone of the continuous improvement of WuXi XDC's operational mindset. It motivates our pursuits of excellence in production and operation, incorporates sustainable mindset and brings positive impact to our partners and the world in meaningful ways.

WBS is the lean management system that enables us to continually improve management processes, reduce costs, improve work efficiency, eliminate waste, reduce excessive working hours, minimize environmental impacts, and, ultimately, to foster the sustainable development of the Company.
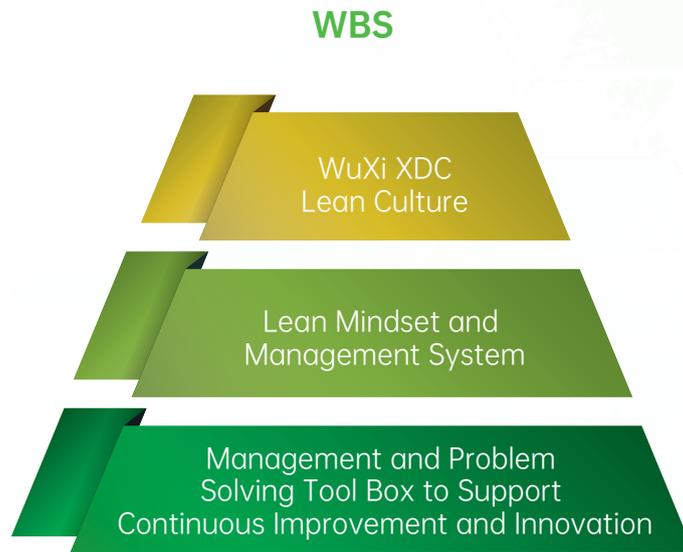
Performance highlight
30 million Reduction in material/operating cost (RMB/year)

WBS ACHIEVEMENTS AT WUXI XDC IN 2023

Quality Management	Reduced quality risks and improved customer satisfaction through Poka-yoke, standard work, process optimization and training improvements, etc.
Operational Efficiency Enhancement	Greatly improved our operational efficiency of field management and standardized operations.
Workflow Optimization	Identified and eliminated redundant processes to streamline multiple workflows and increased efficiency by using value stream and process analysis.
Material Cost Saving	Identified material cost-saving opportunities, enhanced material-use flexibility and reduced waste to improve gross profit margin and competitiveness.
Inventory Management	Reduced inventory and material impairment, and lowered storage and transportation costs through inventory strategy optimization.
Capacity Increase	Increased multiple facilities' capacity through improvements that included fast change-over between batches and optimization of solution preparation.
Delivery Speed	Significantly shortened turnaround time for testing reports and batch releases.

EMPOWERING SUSTAINABILITY THROUGH WBS

WBS

WuXi XDC
Lean Culture

Lean Mindset and
Management System

Management and Problem
Solving Tool Box to Support
Continuous Improvement and Innovation

36 KAIZEN PROJECTS AT WUXI XDC IN 2023

- 90,000+ labor hours saved (hours/year)
- 30+ million reduction in material/operating costs (RMB/Year)
- 8+ million improvement in production capacity in terms of incremental revenue (RMB/Year)

EMPOWERING SUSTAINABILITY THROUGH WBS

DRIVING ESG IMPROVEMENT THROUGH WBS

Guided by our lean culture and enabled by the WBS, we integrate lean management principles and methods to drive continuous improvement and measurable progress in achieving ESG objectives. By adopting WBS tools, we can streamline our operations, improve quality management, enhance client satisfaction, create a more engaged and empowered workforce, and improve resource efficiency, all of which contribute to improved overall ESG performance.

We followed the ESG Guideline for Kaizen Projects formulated by the Group, which serves as a standard tool for all employees to effectively identify ESG opportunities and track progress improvement with clearly defined indicator metrics.

Lower Environmental Footprint through Material Saving Initiatives at Shanghai Site

At our Shanghai site, we consistently identify long-term opportunities to optimize material storage and usage. A dedicated material efficacy evaluation team was mobilized in 2023 with experts from material planning and usage departments. They jointly carried out various initiatives including procurement process optimization, material cost efficiency analysis, critical material inventory identification and operation process optimization with improved material usage efficiency. Overall, these initiatives led to an annual saving of material cost by 7 million RMB, and lowered environmental impact as a result of material saving.
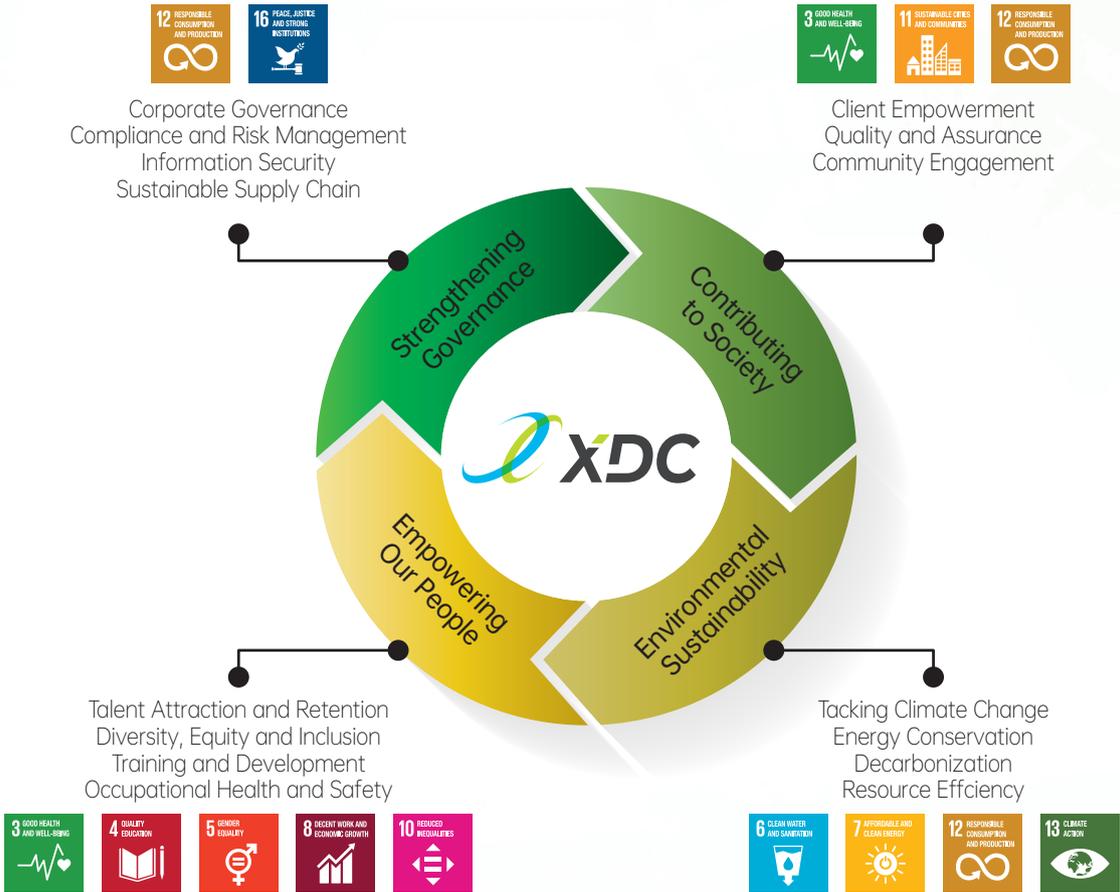
Enhanced Resource Efficiency through Energy Saving Initiatives at Wuxi Site

Balancing business growth and environmental protection is at the core of the Company's sustainability agenda. Our Wuxi Site has experienced continuous expansion which resulted in an increase in energy consumption. Therefore, we implemented various energy saving initiatives related to water, electricity, and steam use. Through modeling practices, we identified the energy saving opportunities of our Heating, Ventilation, Air-Conditioning and Cooling (HVAC) system at warehouses, workshops, laboratories, and offices. These opportunities were realized by optimizing air conditioning parameters and establishing air conditioning control mechanisms, resulting in annual savings of millions of electricity, a reduction in annual water and steam consumption of 44,000 tonnes and 2,000 tonnes, respectively.

ESG Strategy

Our commitment to sustainability is an intrinsic part of how we deliver on our mission and enables us to drive sustainable value for our business and wider society. We are dedicated to implementing sustainable and eco-friendly business practices through our ESG strategy, with the ESG priorities organized into four leadership themes: strengthening governance, contributing to society, environmental sustainability, and empowering our people. These four focus areas enable us to address major global sustainable issues and also create long-term value by continuously challenging ourselves to innovate, leading with accountability, and forming collaborative partnerships.

Corporate Governance
Compliance and Risk Management
Information Security
Sustainable Supply Chain

Client Empowerment
Quality and Assurance
Community Engagement

Strengthening Governance

Contributing to Society

Empowering Our People

Environmental Sustainability

Talent Attraction and Retention
Diversity, Equity and Inclusion
Training and Development
Occupational Health and Safety

Tacking Climate Change
Energy Conservation
Decarbonization
Resource Effciency

ESG Strategy

ESG TARGETS AND PROGRESS

We link our ESG strategy, values and priorities to our material ESG topics, the underlying KPIs, our targets and contributions to the Sustainable Development Goals (SDGs).

	Topics	Goals and Targets	2023 Progress	Related SDGs
Strengthening Governance	Business Ethics	Maintain 100% anti-corruption training coverage every year	Achieved	12 RESPONSIBLE CONSUMPTION AND PRODUCTION / 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	Green Supply Chain	Ensure that 100% of suppliers sign the *Code of Business Conduct and the Ethics of WuXi Biologics Business Partner* every year	Achieved[1]	
		Ensure 100% of procurement staff trained on sustainable procurement	Achieved	
Contributing to Society	Talent Development	Ensure that 100% of employees receive training every year	Achieved	3 GOOD HEALTH AND WELL-BEING / 4 QUALITY EDUCATION / 5 GENDER EQUALITY / 8 DECENT WORK AND ECONOMIC GROWTH / 10 REDUCED INEQUALITIES / 11 SUSTAINABLE CITIES AND COMMUNITIES / 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Occupational Health and Safety	Keep the Lost Time Incident Rate (LTIR) ≤0.063	Achieved	
	Volunteerism and Donation	Continually expand community involvement, employee volunteer hours and charitable donations	On Track: Over 3 million HKD charity and social welfare investment	
Environmental Sustainability	Climate Change and Energy Saving	Mid-term Goal: Reduce Scope 1 and 2 greenhouse gas (GHG) emissions intensity by 50% by 2030 from the baseline year 2021 (tonnes/RMB10,000) Long-term Goal: Achieve net-zero emissions from overall operations by 2050	On Track: 54% decrease in Scope 1 and 2 GHG emissions intensity compared with the baseline year 2021	6 CLEAN WATER AND SANITATION / 7 AFFORDABLE AND CLEAN ENERGY / 12 RESPONSIBLE CONSUMPTION AND PRODUCTION / 13 CLIMATE ACTION
	Water Management	Reduce water consumption intensity by 30% by 2025 from the baseline year 2019 (tonnes/RMB10,000) Implementing Water Excellence Stewardship (WES)[2] on our priority sites by 2027	On Track	
	Waste Management	Reduce waste intensity, including hazardous and non-hazardous waste by 10% (tonnes/RMB10,000) by 2027 from the base year 2022	On Track	

1. STRENGTHENING GOVERNANCE

In striving to achieve corporate goals, governance serves as the cornerstone for WuXi XDC's compliant and effective business operation. We adhere to a robust governance mechanism and engage in open communication with our stakeholders. Acknowledging our role as a cooperate citizen, we maintain high level of ethical behavior and expect our partners to adhere to the same principles.

1.1 CORPORATE GOVERNANCE

Big Picture

Confronted with ongoing environmental and social changes, our robust governance mechanism allowed us to integrate sustainability into our business strategy and operations. By improving supervision, transparency and effectiveness, WuXi XDC is dedicated to creating long-term value for all stakeholders.

Governance Structure

Five Board-level committees have been instituted with clearly defined responsibilities, strengthening our robust corporate management. Guided by these committees, we are enhancing transparency and accountability for our stakeholders.

Board Governance Structure

The Board

| Audit Committee | Remuneration Committee | Nomination Committee | Strategy Committee | ESG Committee |

Board Diversity

Board diversity is vital for our effective function in the evolving business landscape. The Company is dedicated to fostering Board diversity in terms of gender, race and cultural background. All Board members are selected based on their individual competencies and abilities, such as diverse technical and managerial skills, industry and regional experience, financial and risk management expertise, and other factors. This approach aims to guarantee a comprehensive representation of various high-level perspectives in the Company.

1. STRENGTHENING GOVERNANCE

1.1.1 ESG Governance

Why It Matters

The Board's supervision and handling of ESG issues ensures the efficiency of the Company's management procedures and the sufficient resources allocated to improve ESG performance. With continuous Board attention and active executive involvement in ESG matters, we bolster the integrity of our corporate governance structure and enhance corporate competitiveness.

ESG Governance Structure

We have formulated an independent *ESG Management Policy and Procedures* to set the structure of ESG governance and its operation procedure. Our Board of Directors is our highest decision-making and governing body regarding ESG issues. Composed of executive directors and non-executive directors, our ESG Committee takes primary oversight responsibility for developing the Company's sustainability vision, target, policy, strategy and progress tracking, evaluating ESG trends, opportunities and risks, in areas such as Business Ethics and IT Security, Environmental Protection and Climate Change, Human Capital and DEI, and a Green Supply Chain, among others.

1. STRENGTHENING GOVERNANCE

Organization	Members	Responsibilities
ESG Committee	is chaired by the CEO and composed of an executive board director and two non-executive directors.	• Reviews ESG trends, oversees ESG-related issues and identifies sustainability opportunities. • Directs and develops our vision, objectives, strategies and structures. • Oversees the progress of the above and the implementation of frameworks and goals.
ESG Steering Group	is composed of company senior executives from all business units.	• Provides insights into material issues for the ESG Department to ensure our objectives align closely with our business. • Coordinates resources to ensure ESG work is effectively implemented.
ESG Department	dedicated ESG management in parallel with all Business Units and is part of company core leadership team.	• Evaluates our ESG performance, with reference to our long-term strategy and to internationally recognized ESG guidelines. • Proactively communicate with stakeholders about material issues and provide advice, directions and suggested solutions for ESG decision-making. • Refines action plans for ESG targets approved by the Board of Directors and coordinates their implementation across departments.
Material Issues Task Forces and Relevant Departments	are composed of the head of each department and their designated ESG representatives.	• Jointly promote the implementation of our ESG strategies and action plans. • Keep innovating and refining operational excellence to improve ESG performance.

1. STRENGTHENING GOVERNANCE

Board Statement

Supervision of the Board

The Board is the highest decision-making body regarding ESG issues. It holds the overall responsibility for supervising and determining ESG-related risks and opportunities, establishing and adopting ESG policies, strategies and targets, and overseeing the implementation.

Our ESG Committee is appointed by the Board and chaired by the CEO, Dr. Jimmy Li. It also includes an executive board director and two non-executive directors to ensure its independence and effectiveness. The ESG Committee serves as a supportive role to the Board. It regularly monitors the development and implementation of the Company's ESG strategies, policies, governance structure, and objectives; approves and assures that all priority topics are covered in our ESG report; and reports on ESG progress and recommendations to the Board.

Work Implementation

An ESG Steering Group, formed by the Company's senior executives, was set up to provide strategic insights and resource support for ESG work. Our ESG Department reports to the ESG Committee on a regular basis to provide professional advice. It is also generally responsible for executing the ESG policies, evaluating ESG performance and communicating with stakeholders on a regular basis about material ESG issues. The department's output and recommendations are overseen and endorsed by the ESG Committee.

Risk Management

We adhere to a systematic approach in identifying and reviewing risks to make sure all ESG-related risks are fully considered and integrated into our enterprise risk management (ERM) system. As a significant category in our ERM, ESG risks are assessed by identifying the concerns of our stakeholders, with the integration of our annual materiality assessment results.

Potential ESG-related impacts will be continuously assessed, managed and mitigated. All ESG-related risks and potential impacts are overseen and endorsed by the ESG Committee and Audit Committee.

1. STRENGTHENING GOVERNANCE

ESG Targets Tracking

To ensure the accomplishment of our ESG targets, we designate employees to take responsibility for target achievement, and to regularly gather data, track progress and review performance.

The Board sets targets at the beginning of each financial year and the relevant targets are reviewed on an annual basis. The Board is committed to tracking our progress towards goals in response to the concerns and expectations of our stakeholders.

Material ESG Issues

WuXi XDC is dedicated to integrating the shared value of stakeholders into its ESG strategy. We have implemented a smooth and transparent communication mechanism to identify and evaluate ESG issues that matter to stakeholders. The Board of Directors and the ESG Committee arrange regular meetings to discuss stakeholders' areas of concern, identify important ESG issues to the Company, and evaluate our ESG performance. This enables us to continue to refine our sustainable development strategy and protocols.

1.1.2 Stakeholder Engagement

Why It Matters

WuXi XDC determines the direction of its ESG development through a comprehensive evaluation process, considering both the importance of ESG issues for the Company and the external stakeholders. In addition to conducting annual assessments and updates on our materiality, we engage in ongoing dialogues with internal and external stakeholders to assess the impacts of our operations and gain insights into their expectations, perspectives, and concerns.

1. STRENGTHENING GOVERNANCE

Material ESG Issues

Our materiality assessment process helped us determine where to focus ESG efforts, guiding us in identifying the opportunities and risks associated with sustainability issues for the Company and aligning our environmental and social impact with stakeholder expectations. The materiality assessment involved a diverse set of stakeholders, including employees, customers, government agencies, regulatory bodies, suppliers, social organizations, and the media. Stakeholder opinions and expectations were gathered through anonymous questionnaires and ongoing communication and engagement activities.

MATERIALITY ASSESSMENT RESULTS
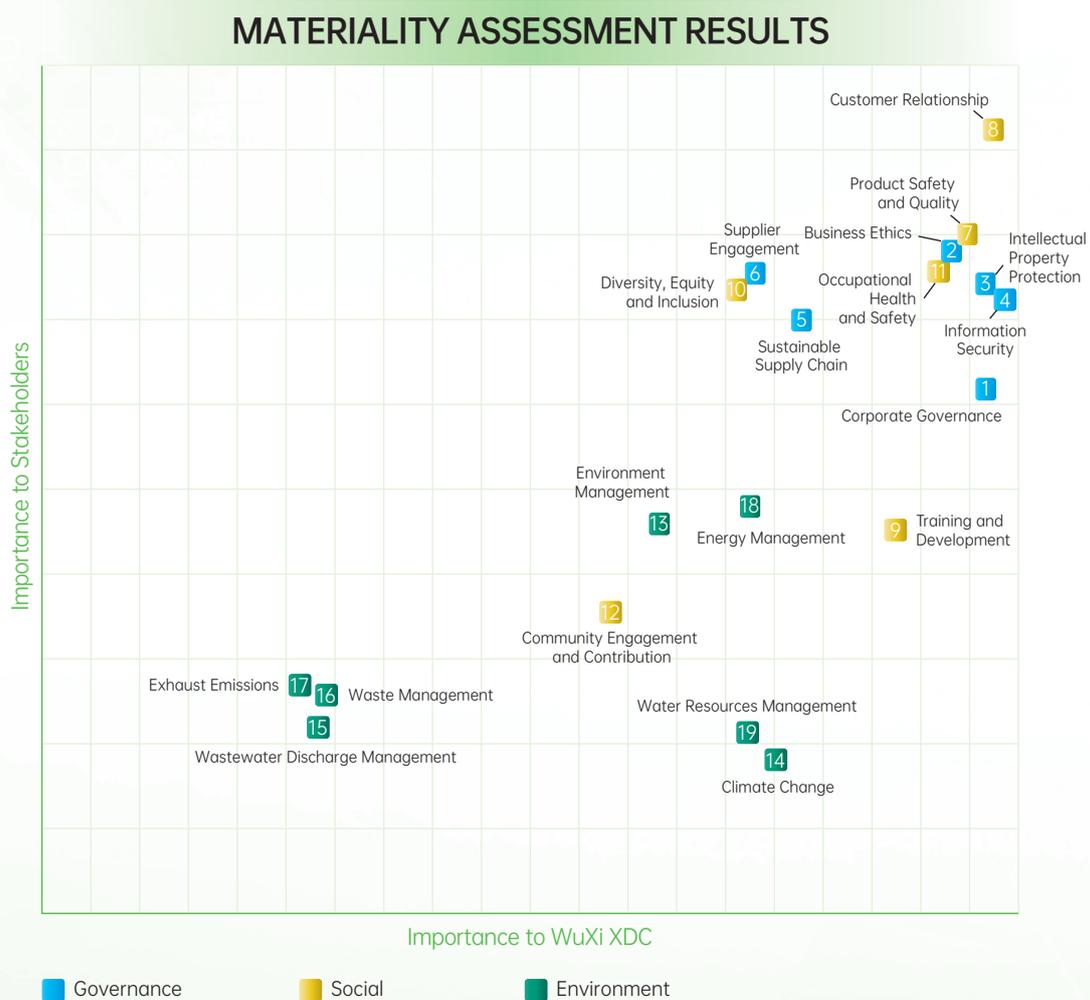
Based on the materiality assessment, we identified several ESG topics with significant impacts on external stakeholders, such as customer relationship, product safety and quality, business ethics, occupational health and safety. Moving forward, we will further evaluate the externalized impact on external stakeholders to strengthen our management of these impact areas. The list of material issues was finalized upon the review and approval of the Board of Directors. WuXi XDC aims to manage these material issues as an integral part of our corporate risk management and disclose relevant ESG activities to stakeholders in a transparent manner.

1. STRENGTHENING GOVERNANCE

Stakeholder Communications

We disclose our major activities on material issues through ESG reporting for transparent communication with stakeholders. In addition, we established regular communication channels with major internal and external stakeholders to openly and dynamically report on our ESG performance and progress regarding our common goals.

Stakeholders	Common Goals	Communication Channel
Board of Directors	• Corporate governance • Product safety and quality guarantee • Information security • Climate change and Energy management	• Board meetings • ESG committee meetings
Clients	• Superior delivery capabilities • Product safety and quality guarantee • Intellectual property protection • Information security	• Client communication and complaint mechanisms • Client satisfaction surveys • Transparent disclosures • Client audits
Employees	• Salary and benefits • Safeguarding of employee rights and interests • Employee developments and training • A culture of diversity, equity and inclusion	• Staff Townhall • CEO inbox • HR Hotline and service desk • Lunch with CXO
Investors	• Corporate governance • Business ethics and compliance • Technology and innovation	• Annual general meetings • Investors meetings
Suppliers	• Supply chain management • Supply chain safeguards	• Supplier approvals and audits • Communication channels include email, call, regular meetings, and trainings
Government and Regulatory Authorities	• Business ethics and compliance • Product safety and quality guarantee • Climate change and Energy management	• Transparent disclosures
The Public	• Community engagement and development	• Transparent disclosures • Enabling clients to accelerate the launch of new drugs

1. STRENGTHENING GOVERNANCE

1.2 BUSINESS ETHICS[3]

The Big Picture

Conducting business in a responsible manner is crucial for building strong relationships with society. WuXi XDC values the confidence placed in us by our clients, partners, employees, and communities. We are committed to maintaining that trust by adhering to the highest ethical standards in business. Our primary initiatives include managing compliance and risk, and protecting information security and intellectual property.

1.2.1 Compliance Management

Why It Matters

WuXi XDC, holding integrity as a fundamental value, is dedicated to recognizing and tackling any possible risks related to business ethics within our operations. We internalize and enhance compliance, including anti-corruption and responsible marketing to create enduring and significant positive effects throughout the value chain. We foster trust and extend to ensure that our business partners also adhere to these same ethical standards.

Governance Structure and Policies

Currently, WuXi XDC complies with the *Code of Business Conduct and Ethics* formulated by the Group. It outlines the compliance principles and standards in detail, applies to all directors, managers and employees of WuXi XDC. It provides guidance to every employee on conducting themselves and performing their duties with unwavering integrity.

Compliance and Anti-Corruption

Management Structure and Policies

In addition to the *Code of Conduct*, WuXi XDC also complies with the Group's *Anti-Corruption Policy* and *Conflict of Interest Policy*, which were established to address different patterns of corruption and bribery. The anti-corruption policies are regularly subject to audit to ensure their effectiveness, with the frequency of the audit being increased whenever high risks are identified. The effectiveness of the policy is overseen by relevant departments. The risk management department undertakes annual risk assessments on anti-bribery and corruption to ensure operational compliance.

1. STRENGTHENING GOVERNANCE

Our Approach

The compliance system is designed to guarantee the successful implementation of compliance and anti-corruption policies, aiming to prevent, recognize, and promptly address any potential risks related. Key elements of the compliance system include regular communication and training, reporting and investigation procedures and employee benefits linked to compliance.

Communication and Training

All policies and procedures are properly defined and communicated to all employees. Staff are required to sign an agreement to comply with our guidelines and policies. All directors, staff (including part-time employees) and contractors are offered with regular training sessions to facilitate the effective implementation of the policies through E-Learning, induction training on compliance, daily compliance meetings, and annual compliance training. Employees who have attended the sessions are required to take part in an annual examination to ensure that they fully understand and follow our compliance policies.

We implement approaches to prevent non-compliance and we are dedicated to minimizing the conflict of interests. We conduct employee background checks for key positions as well.

Reporting and Incident Investigation Procedures

Our goal is to foster a transparent environment where employees, clients, suppliers, and other stakeholders are motivated to voice any suspicions they have about potential violations.

We follow the *Whistleblowing and Investigation Policy* formulated by the Group, protecting the rights of whistleblowers and enabling employees to act ethically. The policy outlines the appropriate investigative process, incentives, and punitive measures. The Company maintains confidentiality in all its inquiries and investigations. We allow anonymous reporting and firmly forbid retaliation against anyone who, in good faith, reports a violation or assists in a company investigation. Adequate measures are taken to protect the involved individual from any retaliatory actions.

During the Reporting Period, no lawsuits or legal cases were brought against WuXi XDC or its employees for corruption, breaches of business ethics, or unfair competition, and no administrative penalty has occurred.

1. STRENGTHENING GOVERNANCE

Incentives and Discipline Linked to Compliance

The Company incorporates ethical behavior into our employee performance evaluations, and serious violations will have a direct impact on the annual performance outcomes of both the involved employees and their respective departments. We provide rewards to employees who vigilantly observe and report unethical practices, and we enforce suitable disciplinary measures for confirmed instances of non-compliance.

Training on Reporting Concerns and "Speak-Up" Culture

Throughout the Reporting Period, WuXi XDC continued to enhance its reporting and investigation framework to address whistleblower concerns and expedite the investigation process. Training sessions were conducted to foster a supportive "Speak-Up" culture, encouraging employees to raise queries and concerns. Trainings focused on explaining the Company's stance and management's approach towards whistleblowing and investigations. Additionally, we provided insights into the whistleblowing mechanism and process, addressed employee inquiries, and alleviated any apprehensions they may have had regarding reporting misconduct.

Performance highlight
100% of Board Directors participated in training on ethical standards and anti-corruption
100% of employees participated in training on ethical standards and anti-corruption

Indicator	Unit	2023
Training on the *Business Code of Conduct* and *Anti-corruption Policy* that each Board Director received	Hour	1
Percentage of Board Directors participated in training on ethical standards and anti-corruption	%	100
Training on the *Business Code of Conduct* and *Anti-corruption Policy* that each employee received	Hour	1
Percentage of employees participated in training on ethical standards and anti-corruption	%	100

1. STRENGTHENING GOVERNANCE

Responsible Marketing

Marketing compliance is a crucial aspect of our general business ethics management. In line with our mission to benefit patients worldwide, WuXi XDC is dedicated to ensuring that our marketing strategy is truthful, precise and aligned with our company values. We strictly adhere to all relevant legal standards and industry norms concerning marketing compliance. WuXi XDC is committed to upholding the socially responsible values in our communication, promotion, and marketing of the Company's services to stakeholders.

Management Structure and Policies

We follow the policy established by the Group on responsible marketing which governs the marketing and communication activities of relevant staff. This policy mandates regular ethical reviews to verify that the content of promotional materials adheres to our ethical norms. Additionally, we adhere to the Group's structured audit process for marketing compliance which includes several reviewers. Marketing content must receive approval from all authorized management and departments prior to release or disclosure to any third party for printing and publication purposes.

Marketing Material Risk Assessment and Control Procedure at WuXi XDC			
Applicant	**Line manager**	**PR & Marketing department**	**Legal department**
Submit marketing materials	Review the context of submitted materials	PR reviews corporate messages (facts and numbers), visual identity (logo, template) and sensitivity (undisclosed client/business) Marketing reviews potential misrepresented products, services, or prices and misleading statements of competitor	Review context related to IP, non-disclosure information and competitor

1. STRENGTHENING GOVERNANCE

Our Approach

We are dedicated to recognizing, evaluating, and reducing any potential compliance risks linked to marketing misconduct. The Company has set up a system for reviewing and monitoring marketing materials, emphasizing adherence to policy. This system includes thorough due diligence at every level of the marketing team.

In order to enhance our employees' understanding of responsible marketing and to help them grasp our policies and procedures, we mandate that all staff, including part-time workers and contractors, undergo annual training on the *Responsible Marketing Policy*. This training encompasses a range of ethical marketing topics pertinent to our business, such as social media interactions, antitrust and competition laws, and anti-bribery measures in marketing initiatives. Additionally, these courses, along with training on auditing and approving promotional materials, are compulsory for all new hires. In 2023, all employees have received training on responsible marketing.

Moreover, for staff involved in business development, marketing, communications, and sales, we consistently provide detailed and tailored training on responsible marketing. This ensures that our marketing efforts are conducted properly. Training on ethical matters is also provided, covering topics like public external speeches, webinars and events, and both promotional and non-promotional materials.

We have established reporting channels to involve stakeholders in overseeing our marketing compliance risks. Employees, clients, suppliers, or any third parties can report potential marketing infractions. Every report of misconduct will be treated seriously. The Internal Audit Department will carry out an investigation in line with the prescribed procedure when necessary. Appropriate corrective actions will be implemented accordingly. In the case of a potential illegal or criminal offense, we will seek legal advice from and refer to relevant authorities. For further details on how we investigate marketing violations identified through monitoring, auditing, or reporting processes, please consult the *Whistleblowing and Investigation Policy*.

In 2023, no administrative penalties or litigation arose from marketing violations.

1. STRENGTHENING GOVERNANCE

1.2.2 Risk Management

Why It Matters

WuXi XDC proactively addresses a range of internal and external risks that might affect our operations. We consistently focus on improving our risk management system to strengthen resilience and incorporate it into all aspects of our business activities.

Management Structure and Policies

WuXi XDC relies on the resources and system of the Group to carry out relevant work on audit. The Group developed a comprehensive risk management system that handles risks, hazards, incidents, complaints, and claims. This system aims to secure the stability of our business operations by early identification, evaluation, and response to risks. The Board of Directors bears the overall accountability for this risk management system, while our Audit Committee oversees its suitability and efficiency, along with the general management framework. On the operational level, our risk and management framework is supported by three lines of defense.

Our Approach

Risk Management System

Risk management is integrated into both the strategic and operational procedures at all levels within WuXi XDC, aiming to reduce the potential effect of risks. We consistently monitor key risks and apply suitable responses to mitigate any identified risks.

1. STRENGTHENING GOVERNANCE

Taking preventive actions and ensuring ongoing business operations are key focuses, enabling us to constantly provide high-quality services to our global clients in this dynamic environment. Our actions include carrying out annual drills for emergency events, improving our business continuity management process, and advancing a risk-aware culture throughout the organization. If an event escalates to a crisis level, our emergency command team will swiftly inform the emergency leadership team, and the business continuity and recovery protocol will then be activated upon confirmation by the leadership team.

Risk Management Process

Risk Identification	→	Risk Assessment	→	Risk Handling	→	Risk Monitoring and Reporting

Risk Management Culture

To embed an effective risk management culture into company's everyday operation, we manage to make risk management a collective responsibility of all employees using the following method: carrying out regular risk education to raise employees' awareness of compliance and risk management; developing incentive system to incorporate compliance and risk control into employee performance appraisal system; establishing a risk reporting system to encourage all employee to actively identify and report possible risks.

1.2.3 Information Security and Protection

Why It Matters

Ensuring information and data security is a top priority at WuXi XDC, which affects the stability and efficiency of our service. We are dedicated to safeguarding individuals' right to data privacy and pay close attention to possible information security risks. We also pay extra attention to the information entrusted to us by our clients and partners. In addition, intellectual property forms the basis of trust between the Company and clients. We protect intellectual property with our founding principles of integrity, top-tier security, zero-tolerance policy enforcement, and relentless pursuit of justice for any criminal act.

1. STRENGTHENING GOVERNANCE

Management Structure, Systems and Policies

Our information security management system is built in accordance with the requirements of ISO 27001, and we adhere to the Group's comprehensive policies and processes to control potential information security risks, including the *Information Security Manual, Information Security Risk Management Policy, Information Security Strategy, Third-Party Security Management Policy, Acceptable Use Policy,* etc.

We communicate internal policies on information security to all employees via email updates and training sessions to make sure they adhere to the latest rules. We adhere to *WuXi Biologics Data Protection Guidelines, WuXi Biologics Information Classification and Grading Standards, and WuXi Biologics Data Privacy Policies*. We classify and control access to sensitive data, including client confidential information and personal data. Our suppliers are mandated to comply with our policies and requirements covered in the *Business Partner Code of Conduct* as well. We have obtained ISO 27001 certification.

ISO 27001 Certificate

Our Approach

We employ a robust proactive strategy to safeguard the Company's assets, systems and information from potential technical failures, human errors or malicious attacks. We take various precautionary measures to control risk at its source through methods such as holding regular training sessions for staff and suppliers and opening reporting channels for stakeholders to raise concerns.

We consistently upgrade our defense technologies and infrastructure to address potential cybersecurity risks from outside. In 2023, there were no confirmed information security incidents. We adhere to comprehensive plans and policies established by the Group, such as the *Information Systems Business Continuity and Disaster Recovery Plans, Information Security Incident Management Standards*. In 2023, internal and external audit disclosed no major finding or evidence of business information leaks.

Intellectual Property Protection

We have established the most stringent policies for the protection of intellectual property and for avoidance of IP violations which is aligned to the rigorous IP protection policies of the Group, such as *WuXi Biologics Project Intellectual Property Management Regulations*. Our internal policies regarding intellectual property protection are aligned with the GB/T 29490–2013 *Administration of Intellectual Property Rights of Enterprises*, and we also adhere to policies and procedures formulated by the Group for cases of violations.

1. STRENGTHENING GOVERNANCE

We adopt a comprehensive strategy to protect intellectual property. To raise awareness, we provide comprehensive trainings on trade secret protection for all employees. To prevent potential incidents, we classify trade secret, monitor internal process and conduct assessments before launching critical business systems. To enhance IT infrastructure, we make data traceable, have strict control over storage, establish firewalls between projects and other technical measures. We also encourage all employees to report any potential infringement by having a clear escalation protocol. When cooperating with a third party, we require suppliers to sign the *Suppliers Intellectual Property Declaration* to explain our policy and dispute settlement procedures.

1.3 SUPPLY CHAIN MANAGEMENT

The Big Picture

WuXi XDC engages in partnerships with businesses across the globe. We are determined to work with supply chain partners who endorse our ethical standards and principles, as we are dedicated to incorporating environmental and social sustainability into the supplier management system and creating positive impact on the value chain.

1.3.1 Procurement Governance

Why It Matters

Effective management of procurement is vital for WuXi XDC to meet client demands promptly and maintain high quality. We have adopted a comprehensive supply chain management process, covering vendor assessment and approval, supplier risk evaluation and fulfillment assessment, as well as annual audits and the implementation of corrective actions. These approaches would facilitate minimizing supply chain risks and scaling quality assurance.

Our Approach

Suppliers Admission and Classification

In addition to rigorous quality requirements and Good Manufacturing Practice (GMP) review, WuXi XDC performs due diligence on our suppliers' qualifications and evaluates sustainability performance through supplier management process. To ensure our suppliers adhere to responsible practices, environmental and social criteria are incorporated into the supplier assessment forms for all supplier contracts.

Our criteria for supplier admission include: establish necessary item names and material quality standards; verify product adherence to national, industry and company standards; assess the supplier's production capacity and conditions, and quality assurance; confirm that after-sales service aligns with our requirement as well as their reputation and provision of quality services. We prioritize suppliers offering low-carbon and environmentally friendly products and those with a fine record of corporate social responsibility.

1. STRENGTHENING GOVERNANCE

All approved suppliers are screened and then classified as either significant (including strategic and preferred) or general suppliers. They are distinguished by procurement volume, nature of the procured item, and sustainability. For significant suppliers, sector-specific and commodity-specific risks are also taken into account. Based on the classification, we have implemented various management plans for effective supplier management.

Supplier Classification and Management

Category	Significant Suppliers		General Suppliers
	Strategic Suppliers	**Preferred Suppliers**	**General Suppliers**
Key Features	• High purchasing volume • Provide critical component(s) • Provide multiple categories of products/services	• Cooperation time is more than one year • No major quality complaints • Selected through competitive bidding	• Comply with supplier admittance process • Pass quality audit
Extent of Management	• Monthly performance evaluations • Quarterly quality and technical exchanges • Biannual leadership team communications • Ongoing strategic synergy and relationship management	• Quarterly performance evaluation • Annual due diligence and risk assessment • Ongoing business continuity risk management • Ongoing procurement cost management • Ongoing alternative supply development	• Day-to-day supply management • In major event cases, activation of risk substitution strategy

1. STRENGTHENING GOVERNANCE

Supplier Geographical Distribution by Spend

- Asia
- Americas
- Europe
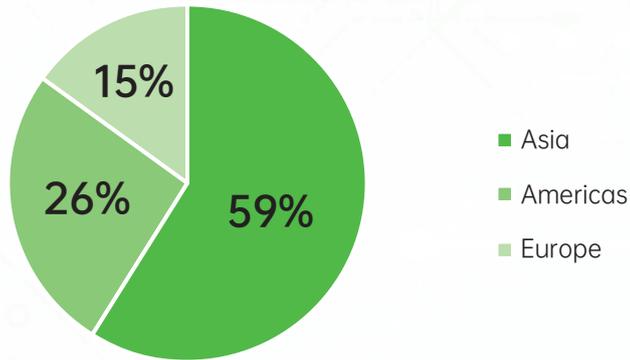
Supplier Quality Audit

We conduct annual audits for all significant suppliers and selected general suppliers. We adhere to the internal criteria developed by the Group in order to perform comprehensive evaluation of the suppliers. Manufacturers or distributors of raw material and GMP service providers are qualified only after meeting the internal criteria which is in line with GMP requirements. For raw materials, we test and certify their quality and engage in ongoing monitoring.

In response to the results of document and on-site audits, we may demand our suppliers to engage in specific correction plans. Suppliers that fail to pass the audit twice are subjected to blacklisting.

Supplier Engagement

We operate an open and regular communication mechanism with suppliers. We keep them informed of the latest standards and updates while offering necessary facilitation in day-to-day business operations.

Supply Chain Continuity

Securing supply chain continuity remains to be one of our top priorities. We employ multiple-sourced procurement and maintain safe stock. We have implemented a proactive inventory strategy that involves assessing and categorizing high-risk materials and suppliers.

1. STRENGTHENING GOVERNANCE

1.3.2 Green Supply Chain

Why It Matters

A diverse, inclusive and responsible supply chain is vital to the enduring success of our business. We are actively integrating sustainability in all business operations and the whole value chain by collaborating with our suppliers through training, communication and sustainability programs.

Principles and Policies

WuXi XDC endeavors to conduct business with partners who share our dedication to high ethical standards. To advance our social and environmental commitments, we adhere to the Group's series of policies based on *PSCI[4] Principles for Responsible Supply Chain Management*, such as the *Code of Business Conduct and Ethics of WuXi Biologics Business Partner, WuXi Biologics Procurement Policy* and *WuXi Biologics Supplier Management Standards*. These policies contain detailed requirements on business ethics, anti-bribery & corruption, labor and human rights, health and safety, environmental protection, quality control, and an overall compliance management system. Due diligence is conducted for new business partners and their compliance is overseen through audits and risk assessments.

In 2023, all new suppliers — along with all existing significant suppliers — signed the *Code of Business Conduct and Ethics of WuXi Biologics Business Partner* to acknowledge their understanding and commitment to our requirements.

Our Approach

Empower Procurement Personnel

We empowered procurement personnel by integrating sustainable supply chain targets into their performance evaluation and providing annual training program.

1. STRENGTHENING GOVERNANCE

Supplier Sustainability Risk Assessment

We proactively identify, evaluate, monitor, and address sustainability risks associated with our suppliers through desk assessment. In 2023, we conducted supplier sustainability risk assessment by sending questionnaires to all of our significant suppliers. The assessment covered four main areas: business ethics and anti-bribery & corruption, labor and human rights[5], environment and climate change, and sustainable procurement.

Supplier Sustainability Risk Definitions

Level of Risk	Descriptions
Low Risk	• Structured and proactive CSR management • Detailed policies and tangible actions in place on major ESG issues • Evidence of implementation • Performance and actions around ESG indicators fully disclosed
Medium Risk	• Structured and proactive CSR management • Detailed policies and tangible actions in place on major ESG issues • Performance and actions around ESG indicators partially disclosed
High Risk	• Lack of policies or actions on ESG issues • Evidence of serious misconduct in specific areas (e.g., pollution, corruption)

Based on the results of the risk assessments, we interacted with suppliers through comprehensive audits, training, and established remedial plans if needed. We supported the implementation of corrective actions to facilitate suppliers' capacity-building.

1. STRENGTHENING GOVERNANCE

Measures to Improve Supplier's Sustainability Performance

	High Risk	Medium Risk	Low Risk
Sign the *Code of Business Conduct and Ethics Commitment of Business Partners*	√	√	√
Participate in annual sustainability risk assessment (desk or on-site) carried out referencing the PSCI principles	√	√	√
Participate in supplier on-site assessments carried out by contracted consultants or an independent accredited auditing body	√	√	√
Participate in our training and communication	√	√	√
Strengthen ESG performance through corrective action or improvement plans	√	√	

Indicator	2023
Number of suppliers passed ESG audit in 2023	92
Number of suppliers failing the performance audits on environment, labor and business ethics, etc.	0

Supplier Engagement and Development

In response to the result of supplier performance evaluation, we offer suppliers with capacity-building programs and ESG programs to enhance their sustainability performance.

Performance highlight
100% Targeted suppliers with contracts that include environmental and social clauses
100% New suppliers and targeted suppliers that have signed the *Code of Business Conduct and Ethics of WuXi Biologics Business Partner*
100% Procurement staff trained on sustainable procurement

2. CONTRIBUTING TO SOCIETY

WuXi XDC endeavors to promote equity and opportunities for our clients, employees and the communities we operate in. Our objectives include reaching our client's expectations, empowering our employees, and creating value for our communities through technology and innovation.

2.1 CLIENT EMPOWERMENT

The Big Picture

The vision and mission of WuXi XDC are to offer an open-access platform with the most comprehensive capabilities and technologies in the global ADC and XDC to enable global biopharmaceutical partners. Therefore, we consider our clients to be integral in shaping our sustainable development strategy, and we are committed to offering them the most comprehensive capabilities.

2.1.1 Quality Management

Why It Matters

We regard quality as the core value ingrained in our culture, ensuring that the service provided by WuXi XDC meets the highest standard of efficacy and safety in line with our clients' expectations. For our global partners, our dedication to world-class quality is crucial to enabling the discovery, development and manufacturing services for ADCs and other novel bioconjugates.

Management Structure and Policies

WuXi XDC adheres to the *Global Quality Manual* formulated by the Group. It forms the foundation of 36 Quality Standard Guidelines and thousands of Standard Operating Procedures. This underscores our pledge to a robust and contemporary Pharmaceutical Quality System (PQS) which ensures the quality of our service and minimizes inefficient practices as well as failure costs.

The Quality Governance Framework at WuXi XDC maintains transparency of quality issues across all management tiers. Quality information is gathered and reviewed on a regular basis to identify potential risks. Led by the Chief Quality Officer, the quality system is supported by multiple departments. Quality Assurance Department ensures requirements for registration and use are met. Quality Control Department produces high-quality data to ensure the Company's quality. Regulatory Affairs Department provides clients with the best drug application strategies to ensure safety, efficacy and quality. Training Center implements trainings and programs under strict compliance requirements.

2. CONTRIBUTING TO SOCIETY

At each global/regional organizational level, the quality lead chairs a cross-functional Quality Committee to review quality and compliance. At the site or plant level, information is escalated to senior management from various Specific Quality Review Committees. Quality Governance guarantees well-defined management responsibilities, along with efficient reporting and escalation across different scales.

Our Approach

Global Quality System

Global regulatory agencies for manufacturing offer drug manufacturers an extensive array of guidelines and regulations to ensure safe and efficacious biotherapeutics and vaccines. Adhering to these guidelines and regulations is of top importance to WuXi XDC, and we are dedicated to achieving the highest standard of quality in line with GMP requirements.

One Global Quality System

TIER 1	Global Quality Manual
TIER 2	Global Quality Strategic Guides (QSG)
TIER 3	Global & Regional SOPs / Records / Forms / Quality / Agreements

2. CONTRIBUTING TO SOCIETY

One Global Quality System

Key Components of the WuXi XDC Quality System	
• Documentation Management • Personnel and Training • Supplier Management • Deviation/OOS Management • Change Management • Data Integrity • CAPA	• Audit and Inspection • Risk Management • Quality Management Review • Annual Product Review • Compliance Management • Regulatory Intelligence

The Global Quality System was established based on GMP requirements and governs 100% of our manufacturing operations. We have also passed the Qualified Person audit.

The key components of our quality system are quality risk management, quality control, quality inspection and certification, and quality training.

Quality Risk Management

Quality risk management is an integral part of our Global Quality System and is embedded throughout the full lifecycle at all our R&D and manufacturing sites. We follow a Quality Risk Management (QRM) system according to the guidance of GMP, and it is a systematic process for the assessment, control, communication, and review of quality risks. The evaluation of quality risks is based on scientific knowledge and experience with the process, and is eventually linked to the protection of patients.

We closely monitor service quality, safety performance and the related metrics. We also conduct investigations of deviations, findings from self-inspections or external inspections, complaints, and recalls. Corrective and/or preventive actions are identified and taken in response to investigations, and the effectiveness of such actions is monitored and assessed to assure alignment with our QRM principles.

Quality Control

WuXi XDC has a systematic quality control process with robust in-house quality testing capabilities, supported by quality control laboratories located in all GMP sites to meet regulatory requirements from FDA, EMA and NMPA. We ensure quality by conducting regular tests on all services, including plant environment and common system monitoring, raw material testing, in-process testing, process control and validation, product release testing, and stability testing. We have also imposed special protection measures for personnels that may come into contact with high potency active pharmaceutical ingredient samples to ensure their health and environmental safety.

2. CONTRIBUTING TO SOCIETY

Quality Inspection and Certification

Our globally unified quality standards are based on GMP requirements, along with the guidelines of multiple regulatory agencies — such as NMPA/FDA/EMA — and company standard operating procedures. We conduct internal audits annually at all of our operating facilities in strict accordance with internal quality standards. Audit results are analyzed, and solutions are developed accordingly.

Quality Training

We lay emphasis on fostering quality culture within everyday operations. We provide job-specific training and training on product quality practice promotion to all employees (including full-time and part-time) and contractors. New hires in R&D, production, quality, and other related positions receive training on GMP, production and quality control, along with hands-on laboratory practice while existing employees also receive annual training for skill updates.

2.1.2 Client Engagement

Why It Matters

Client engagement promotes shared understanding between clients and WuXi XDC, enabling us to address client feedback and swiftly resolve problems or concerns. We are committed to fostering trust and deepening our relationship with clients, resulting in better outcomes and higher levels of satisfaction.

Our Approach

We are dedicated to providing the best service experience for our clients with speed, flexibility, and quality. To achieve this commitment, we keep track of client satisfaction, maintain communications and adhere to strict recall process.

2. CONTRIBUTING TO SOCIETY

Customer Satisfaction

To gather feedback effectively from our clients, we plan to conduct customer satisfaction surveys and review the results carefully every year.

Voice of Partners and Customers
"WuXi XDC is an exceptional business partner with a leading ADC development platform and in-depth capabilities."
"WuXi XDC has exceptional capability as a leading global CRDMO. We are very excited to form a strong alliance in the technical area."
"Accessing WuXi XDC's leading bioconjugate platform and in-depth industry know-how will afford exciting opportunities for us to explore novel ADCs and other bioconjugates that could become transformative therapeutics."

Client Communication and Feedback

We maintain communication with clients and established complaint channels to receive their feedback. We ensure that complaints are promptly investigated, and findings are documented in written reports followed by appropriate actions. Complaints are examined regularly to identify trends for potential improvements.

In 2023, we received and properly addressed one customer complaint related to the products and services we provide. We reviewed the causes, strengthened communication between relevant suppliers, and prevented recurrence via internal training, the upgrading of the relevant documents or SOPs, and in specific instances, the filing of supplier complaints.

Product Recall Process

As a Contract Manufacturing Organization, WuXi XDC is responsible only for providing services to our clients, who then release the products to the market. Product recalls are not initiated by WuXi XDC. Still, we proactively cooperate with clients in the event of recalls and we have established effective product recall processes to respond to potential quality incidents. Various scenarios and levels of recalls are defined to guarantee prompt and appropriate response. In addition, to improve our resilience to product recall, we carry out mock recalls annually and invite clients to participate.

While we actively work to prevent quality and safety incidents, in the event of non-compliance, we will publicly report on service safety issues to protect our clients and maintain transparency. In 2023, no product recalls occurred.

2. CONTRIBUTING TO SOCIETY

Meeting Client Needs with Flexibility

To deliver projects at the fastest speed with the highest quality, we deploy a Global Dual Sourcing manufacturing strategy with built-in contingency plans and mitigation controls. Our biomanufacturing capacity is able to meet the growing needs of our clients worldwide, while ensuring a robust global supply chain.

2.2 EMPLOYEE DEVELOPMENT

The Big Picture

WuXi XDC is made up of deeply committed and skilled professionals, representing our most important resource and contributing to our competitive advantages. The well-being and development of our employees are crucial to our business and sustainability strategy. We continue to be dedicated to creating a workplace that is diverse, equitable and inclusive for all employees.

2.2.1 Employee Recruitment and Development

Why It Matters

Productive employment and decent work are the cornerstone of sustainable growth. WuXi XDC is dedicated to offering a fair, just and sustainable working environment where all employees are free from inappropriate behaviors such as bullying, harassment, and discrimination. In addition, we genuinely value and invest in our employees. We promote a culture of continuous learning to develop a motivated and skilled workforce that is fully equipped to tackle future challenges.

Policy and Commitment

WuXi XDC firmly upholds the principles and values laid out in the *United Nations International Bill of Human Rights* (consisting of the *Universal Declaration of Human Rights* and its associated covenants), the International Labor Organization's *Declaration on Fundamental Principles and Rights at Work and its Follow-up*, and the *UN Guiding Principles on Business and Human Rights*. We adhere to the Group's *Code of Business Conduct and Ethics* that serves as the overarching policy to guide our operations. Additional requirements regarding recruitment and employment align with regional and country guidelines where we operate.

The policies are available in relevant languages and communicated to all employees worldwide. In addition, we emphasize our zero-tolerance stance by offering training sessions on forms of misconduct such as discrimination and harassment, and other human rights issues.

2. CONTRIBUTING TO SOCIETY

Our Approach

Talent Acquisition

WuXi XDC holds the view that a transparent hiring process is key to attracting top talent. We are dedicated to diversifying our recruitment and upholding a fair and equitable recruitment process. Our hiring team consists of recruiting managers and interviewers from various backgrounds. We assess candidates impartially using uniform standards, focusing solely on their skills and personal merit. Every candidate is treated equally without discrimination based on ethnicity, gender, race, region, religion, form of employment, or any other factors.

We carry out talent review and human capital risk assessments every year to pinpoint skill gaps in workforce, predict talent needs and devise strategies for talent pipeline development. The HR Dashboard and HR Analytics Platform were used to facilitate these processes. In 2023, the Company's recruitment team made a conscious effort to expand its global recruitment channels, identify key job directions, and design talent community projects to recruit experts with diverse backgrounds. We have developed various channels to find new hires as well.

Seeds Program

The Seeds Program is our premier internship initiative, providing valuable hands-on training to university students and full-time positions to exceptional performers. We have established long-term relationships with more than 30 universities for intern recruitment. The Seeds program, which lasts 3 to 6 months, features structured and thorough learning paths and is complemented by customized training schedules.

In 2023, the Seeds Program successfully transitioned most of the students to permanent positions through internal rotation. We maintained communication with partner universities and signed new collaborative agreements.

Elite Program

The Elite Program at WuXi XDC is designed to nurture promising talent early in their careers and develop them into future leaders in the biopharmaceutical industry. This goal is achieved through a structured approach that includes job rotations, personalized development plans, mentorship, and a blend of online and offline training modalities. These initiatives enable elite participants to strengthen their professional and managerial acumen, equipping them with the ability to assume responsibility and effectively overcome challenges. As a result, participants experience significant career advancement through this program. In 2023, we organized the "Experts Campus Tour" event globally for the first time.

2. CONTRIBUTING TO SOCIETY

Human Rights Protection

Our commitment to ensure respect for human rights is prioritized in the following areas: labor practices; diversity, equity, and inclusion (DEI); occupational health and safety; environmental protection; and data privacy. In 2023, the employee onboarding management manual was updated to enhance information review process against child labor and remedial measure for mistakenly hired child labor. In addition, the Employee Handbook was updated with referring to feedback from the employees to revise the employee code of conduct, personal information protection and reporting process. The *Whistleblowing and Investigation Policy* was also updated to include division of responsibilities and management rules for the investigation departments. Human rights issues were covered in the annual corporate risk assessment and ESG materiality assessment. In addition, we take actions to identify, monitor and mitigate the potential risk[6] across the value chain and other stakeholders with high risk of vulnerability[7].

Protecting employee rights is crucial for maintaining fair and equitable work environment. The Human Resources Department has taken various actions to enhance fair labor practices. We prohibit illegal employment, respect freedom of association, promote equality and decency, monitor risks or violations concerning human rights, and maintain a healthy and harassment-free workplace.

We uphold a strict zero-tolerance policy regarding illegal employment, including child labor and forced labor, and any form of discrimination and harassment. We encourage employees to express their opinions through advocating our PROUD[8] culture. They may report policy violations and other inappropriate behaviors through various public channels. The Company will conduct investigation in response while guaranteeing anonymity and preventing retaliation. We strictly prohibit any discrimination based on ethnicity, gender, race, region, religion, form of employment, or any other factors, as well as any inhumane treatment, including harassment. In 2023, there were no forced or child labor incidents reported.

WuXi XDC is dedicated to ensuring equal pay[9], upholding minimum living wage standards and offering competitive compensation and benefits. We regularly review salaries to align with market developments, and our employees' remuneration is reflective of their performance and contributions. For additional or out-of-hours work, we provide either overtime pay or compensatory time off.

We endeavor to eliminate human rights violations and are dedicated to identifying risks and implementing actions to minimize the risk of harm by continuous monitoring and internal auditing. We provide confidential grievance reporting and escalation channels for internal and external stakeholders. All reported violations receive detailed and prompt investigation, and actions are taken for prevention, mitigation and remediation. In 2023, there were no human rights violation incidents reported.

Employee Training

WuXi XDC understands that comprehensive training can improve corporation performance as well as retain top talents. Therefore, we have tailored our training plan according to the business demand for all employees[10].

2. CONTRIBUTING TO SOCIETY

Employees of WuXi XDC are able to exploit the iGrow online learning platform developed by the Group. The platform enables staff to access relevant learning resources from well-known training vendors[11] and other learning platforms for additional resources.

Types	Trainees	Training Contents and Objectives
Orientation	General Staff	Within the first 12 months after onboarding, new employees will go through the NEO learning journey, including online and offline training on company culture, professionalism, and career story sharing from management. This guides their career development, equips them with soft skills, helps them integrate knowledge with hands-on practice, and facilitates their personal growth and development.
	All Management	Within the first 6 months after onboarding, new leaders will join the "Navigator Program" and gain a deep understanding of our culture, business model, different functions, and key focuses, as well as expectations for middle to senior leaders.
Leadership	All Employees	Leadership training for general staff focuses on self-awareness, project management, effective communication, and personal effectiveness.
	Primary Management	Junior Level Leadership program is a blended learning journey to improve the management capabilities of junior managers. This program focuses on topics such as Manager Role Change, Performance Management and Team Roles, Effective Communication, Employee Coaching & Motivation.
	Middle Management	Middle Level Leadership program is a blended learning journey designed to improve leadership of middle managers. This program focuses on the topics such as Effective Decision-making, Self-management, Leading High-performance Team, Leader as Coach, Influence by Storytelling.
	Senior Management	Through the Senior Level Leadership Program, leaders can develop a deep level of self-awareness by mindfulness, Leader as Coach training, and 1:1 coaching. This will help senior leaders to lead their teams more effectively and improve organizational capability.
Professional and Job-Specific	Junior Specialist	On-the-job training and standard operating procedure training help technical staff adjust quickly and master core knowledge and technology.
	Mid-Level Specialist	Mid-level technical experts gain advanced knowledge and strengthen their project management skills so they can grow into technology-driven managers.
	Senior Specialist	Through training camps and programs, we enhance our specialists' drug research and innovation capability, enabling them to become experts in their fields.

2. CONTRIBUTING TO SOCIETY

Types	Trainees	Training Contents and Objectives
Educational	All Employees	We encourage employees to obtain on-the-job graduate and doctoral degrees from partner universities to improve their professional skills. We also provide tuition support.
	All Employees	English and German learning opportunities are offered and tuition support is provided to encourage all employees to improve their language skills.
General Skills	All Employees	The iGrow online learning platform covers office skills, soft skills, and fundamental leadership skills. We have also conducted courses on technical sharing to foster an environment for knowledge exchange.
Vocational	All Employees	Employees in various functions are encouraged, with financial support, to undertake vocational training and obtain related occupational certificates.

WuXi XDC Frontline Manager Leadership Training Program

In 2023, we conducted a leadership training program for 73 frontline managers across different departments in Shanghai and Wuxi. The program aimed to foster teamwork and optimize human resource allocation. Spanning four months, the program included both online and in-person workshops. Frontline managers gained insights into effective communication, performance management, and effective leadership strategies. Managers were encouraged to apply what they learned to daily practical operations, enhancing their leadership skills.

Talent Retention and Promotion

To effectively identify, develop, retain, and foster our talents, WuXi XDC adheres to a comprehensive individual performance management and review system established by the Group.

2. CONTRIBUTING TO SOCIETY

The Company's key performance indicators are cascaded down to the teams and individuals. In 2023, a matrix reporting structure with dotted-line managers for some of our employees was implemented. Employees discuss and form performance targets with their line managers and dotted-line managers. Annual multidimensional performance appraisals[12] cover all employees and Individual Development Plans (IDP) are formulated for employees to identify and fill the skill gap. In 2023, 96% of employees received regular performance and career development reviews. Meanwhile, we encourage communication and regular feedback from managerial level to general employees, ensuing transparent performance review and ultimate achievement of the development targets. In order to encourage our staff to realize their full potential, we offer formal promotion as well as internal transfer as options for talent development.

WuXi XDC provides competitive remuneration packages and incentive programs to incentivize outstanding performance and reduce employee turnover. Our remuneration system consists of fixed and variable pay components. As part of the annual performance bonus plan, all employees are eligible for high performance rewards. We also provide equity incentives for core talents and managers. The HR Department actively communicates and coordinates to ensure comprehensive understanding of the remuneration policies and monitor their implementation.

Through leveraging resources such as online platforms and partnerships with educational institutions, we continue to explore varied ways for talent development. We support all employees in obtaining professional certifications and pursuing higher education by collaborating with top universities and providing tuition sponsorship. We have partnered with several universities to offer graduate programs in a variety of disciplines.

2.2.2 Diversity, Equity, and Inclusion (DEI)

Why It Matters

We believe that a diverse and inclusive workforce would foster better innovative ideas and novel solutions. We are dedicated to providing an equal and inclusive environment for our staff with different backgrounds and enabling everyone to fulfil their potential.

Policy and Training

WuXi XDC firmly adheres to the *Diversity, Equity, and Inclusion Policy* formulated by the Group, which explains and reinforces the importance of DEI in the workplace. A series of trainings were provided to all employees for awareness raising. Our senior executives support DEI related policies and oversee its performance for further refinement.

2. CONTRIBUTING TO SOCIETY

We understand that a diverse and inclusive culture begins with education. In 2023, we organized various DEI-related training programs, including a lecture series on women's lifestyles and mental health in the workplace, cross-cultural management training for our global workforce, and diversity and inclusion training in both Mandarin and English.

Employees by Gender

48% 52%

■ Female
■ Male

Employees by Age

2%
43% 55%

■ Under 30
■ 30–50
■ Over 50

Employees by Job Level

2%
6%
10%
82%

■ General Staff
■ Primary Management
■ Middle Management
■ Senior Management
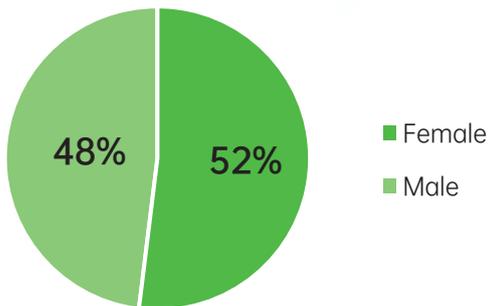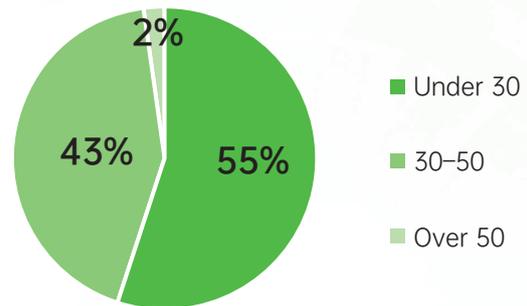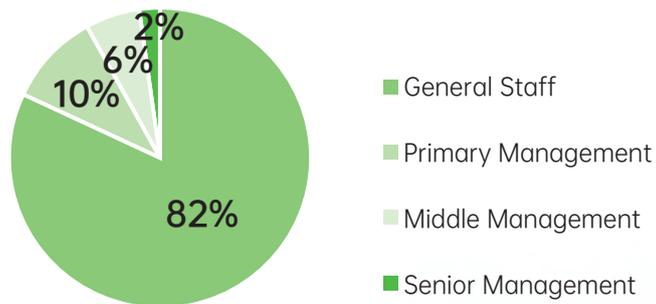
2. CONTRIBUTING TO SOCIETY

Our Approach

Equitable Opportunities

WuXi XDC offers equitable opportunities and work environment to all[13] employees, which, as we believe, enhances our business performance and extends inclusive culture into every corner of the company. We undertake several initiatives and actions to achieve balanced gender representation across our company, such as the WiSTEM program.

Performance highlight
52% Percentage of female employee

Women in STEM Initiatives
WuXi XDC is highly aware that women make outstanding contributions to science, technology, engineering, and mathematics (STEM). We have launched a series of initiatives and actions at our global sites to inspire and empower women. Since the global launch of the WiSTEM program in 2022, WuXi XDC has participated in a series of themed activities, such as WiSTEM Connect with Mentors program, online forums, and Lunch and Learn. By providing a platform for women to network, learn and grow, we challenge gender biases and encourage more women to join and thrive in STEM fields.

WuXi XDC provides equal opportunities for the disabled. On each of our sites, there are accessible facilities to ensure their safety and convenience.

Continuous Monitoring of DEI

We keep track of the employee diversity data through platforms such as the HR dashboard in order to obtain insights on our DEI progress. The Board conducts audit on relevant activities at least once every year. WuXi XDC upholds the rule of equal pay for equal work and is dedicated to ensuring women and men who perform equivalent work receive equal payment.

Performance highlight
5 Total number of employee nationalities

2. CONTRIBUTING TO SOCIETY

2.2.3 Employee Engagement and Benefits

Why It Matters

Decent work, genuine recognition, high level of engagement and enhanced overall well-being can make employees feel appreciated and valued. WuXi XDC is committed to offering a wide range of employee benefits, and we organize series of recreational and cultural activities to retain talent and enrich their work experience as well.

Our Approach

Employee Communication

We build various transparent, inclusive and confidential communication channels to cultivate strong bonds between managerial and general staff, including the Company intranet, CEO mailbox and corporate WeChat. We host "Lunch with CXO" every month where employees can obtain information and exchange opinions with the Company's executive leaders. It creates opportunity for cross-department interaction and communication. We value the opinions and feedback from our employees and are striving to address their problems and concerns.

Employee Engagement Survey

Based on the 2022 employee engagement survey[14] findings, we identified gaps and actionable items to improve. All departments were involved in developing and implementing action plans to address the issues identified and continually improve employee engagement.

To improve organizational effectiveness, we streamlined and optimized key work processes within the N-1 organizational structure; to create a healthy work environment and communication, we launched multiple communication channels; to ensure fair compensation, we conducted benchmarking analysis to assess the competitiveness of our compensation and strengthen the link between pay and contribution; to improve the experience of new employees, we strived to create a sense of belonging among employees.

2. CONTRIBUTING TO SOCIETY

PROUD Day

On August 21, 2023, WuXi XDC participated in the PROUD Day hosted by WuXi Biologics under the theme "Shining Globally, Excelling in Pharma". This was the first hybrid format of on-site activities, global live broadcast and a joint effort across four countries. The event promoted greater mutual understanding and cultural integration among employees from different countries and provided a platform for employees at all levels around the world to showcase their spirit and ethos.

Employee Benefits

At WuXi XDC, we firmly adhere to local labor regulations and make sure all employees receive their social insurance payments in full and on time. We provide various non-pay benefits as well, such as paid parental leave, paid family or care leave, and commuting subsidies. We care for employees' mental health and well-being by offering a wide range of stress-management support options including a counseling hotline.

To enhance work-life balance, we provide remote working options and flexible working hours to accommodate the needs of as many employees as possible. Besides, we organize cultural and recreational events to foster positive work atmosphere. Contractors enjoy the same day-to-day benefits (such as subsidies, vacations and holiday bonuses) as formal employees.

2. CONTRIBUTING TO SOCIETY

Types of benefits	Details
Statutory Benefits	• Pension • Medical insurance • Unemployment insurance • Disability insurance • Work-related injury insurance • Birth insurance • Housing provident fund
Supplementary Benefits	• Paid annual leave • Supplementary commercial insurance[15] • Annual health examinations • Commuting subsidies • Free transitional housing • Paid leave during high temperatures • Overtime pay and time off in lieu
Flexibilities	• Flexible working hours • Remote working arrangements
Family-Friendly Benefits	• Paid maternity leave • Paid paternity leave • Prenatal check-up leave • Paid parental leave • Paid family or care leave beyond parental leave • Breast-feeding/lactation leave • Nursing room

2. CONTRIBUTING TO SOCIETY

2.2.4 Occupational Health and Safety

Why It Matters

The well-being and productivity of employees are firmly grounded in their health and safety. Prioritizing health and safety as a core value, we consistently uphold the highest standards across all operational facets to safeguard employees from workplace health and safety risks, and create a healthy, safe and environmentally friendly workplace for our employees, contractors, visitors and community. We are committed to respecting the right of employees to work in healthy and safe conditions, and we persistently work towards enhancing the performance of our Occupational Health and Safety (OHS) management system.

Certifications and Awards
ISO 45001 Certification

Management Structure and Policies

The *WuXi Biologics Environmental, Health, and Safety (EHS) Policy*, along with the *WuXi Biologics EHS Standards* at Group level, serves as the foundational framework for managing occupational health and safety across our operational sites. This includes critical aspects such as emergency response, contractor management, permit-to-work procedures, industrial hygiene, bio-laboratory safety, noise management, radiation safety, machinery and electrical safety, warehouse safety, fire prevention, traffic safety, and slip and fall prevention. These policies and standards are in accordance with the laws and regulations of our operational locations. They are developed considering the nature of our industry and the best practices. Consultation and participation of all employees are involved in policy formulation as well. They act as guiding principles applicable to our employees, contractors, and individuals supervised by the Company. Additionally, we have achieved ISO 45001 certification, and a set of internal OHS policies have been established in line with ISO 45001 standards. In 2023, no penalty was incurred for violations of occupational health and safety laws and regulations.

2. CONTRIBUTING TO SOCIETY

The Board supports the implementation of our Environmental, Health, and Safety (EHS) management system, and executive management establishes EHS-related objectives along with key indicators for an annual assessment of EHS performance during the management review meeting. In 2023, we followed the Group's target of the Lost Time Incident Rate (LTIR) to be no higher than 0.063. Action plans and priorities regarding EHS are formulated during management review meetings to steer the execution of internal policies.

Our Approach

Risk Assessment

Our primary approach to ensuring a healthy and safe work environment for our employees revolves around prevention, aiming to avert workplace injuries, operational accidents, or interruptions. This preventive strategy is informed by an annual occupational health and safety risk assessment conducted by third-party agencies to identify potential hazards in the workplace. In 2023, there was no significant finding from the annual health and safety risk assessment.

Following the risk assessment, we formulate prevention plans and prioritize actions to address identified risks. These plans include compulsory regular occupational health check-ups for employees, communication of potential occupational hazards, provision of personal protective equipment, as well as relevant training.

To measure and enhance the effectiveness of our preventive measures, WuXi XDC establishes targets for the lost workday case-rate, which are linked to the performance evaluations of all departments and employees, including management level. Progress toward these targets is assessed annually, and we consistently monitor health and safety-related metrics.

Safety Inspections and Audits

We regularly perform safety inspections and actively encourage employees to report any potential hazards in the workplace. Our EHS department promptly investigates and addresses issues identified through these reports. Various types of EHS inspections, such as daily checks, pre-holiday inspections, and cross-department joint inspections, are conducted. Additionally, on-site security guards conduct security patrols every two hours to promptly identify potential emergencies. Health and safety audits are conducted for all sites at least once every three years to identify safety hazards, supervise the implementation of our EHS policies, and promptly address any unsafe elements or behaviors.

2. CONTRIBUTING TO SOCIETY

Issues identified during inspections and audits are logged into our system for follow-up and rectification. In addition to internal safety assessments, an independent external verification of health and safety was conducted annually in 2023 in adherence to ISO 45001 standards.

Additionally, WuXi XDC is committed to enhancing the overall safety competence of all personnel and fostering a safe, healthy and sustainable producing and working environment through initiatives to report hidden dangers.

Incident Response

In the event of a work-related injury, immediate first aid will be administered, and the injury will be promptly reported. If necessary, the injured person will be sent to the hospital. Throughout this process, we adhere to local work-injury and accident-insurance-declaration requirements for reporting, and experts are assigned to provide employee care and psychological services. Following a workplace accident, an accident investigation team will be promptly assembled to investigate, analyze root causes, and implement corrective and preventive actions. Between 2021 and 2023, WuXi XDC operated safely, with no work-related fatalities reported among employees and contractors.

Training and Drill

Training employees is crucial to raise their awareness and minimize operational health and safety incidents. We regularly organize safety training sessions and drills for all employees, and extend invitations to on-site contractors and visitors to participate as well.

2.   CONTRIBUTING TO SOCIETY

OHS Training

Self-Contained Breathing Apparatus (SCBA) Training

To familiarize our employees with the proper use of SCBA, WuXi XDC has arranged specialized trainings on the using procedure. This training is designed to equip personnel to respond effectively during emergencies, minimizing the risk of inhaling harmful gases and potential hazards.

First Aid Training

Our first aid training aimed to equip employees with life-saving skills. The training covered cardiopulmonary resuscitation, the Heimlich maneuver, and the use of automated external defibrillators (AEDs).

Emergency Response Team Training

Specialized training was also organized for the emergency response team members to better prepare them for emergencies. The training covered knowledge sharing, hands-on training in the use of fire hydrants and firefighting hoses, emergency response for hydrochloric acid leaks and toxic substance releases.

Performance highlight

100% of sites which an employee health & safety risk assessment has been conducted

100% of employees who received safety training

2.   CONTRIBUTING TO SOCIETY

OHS Drills

Fire Drills

To improve our employees' ability to respond to emergencies and familiarize them with emergency evacuation routes, WuXi XDC conducts two fire evacuation drills per year, which involve all employees, contractors, and visitors. During a recent drill at our Shanghai site, as soon as the alarm sounded, all employees were evacuated from the building and arrived at their emergency assembly point. The emergency response team members performed a simulated fire extinguishing exercise at the same time.

Elevator Emergency Drills

We conducted an emergency rescue drill for trapped individuals in the event of elevator malfunction, aiming to provide hands-on experience and assess readiness for elevator emergency rescue operations.

Drills for Environmental Emergencies

To help our employees better prepare for and respond to environmental incidents, while raising awareness about potential environmental hazards, we organized drills for handling environmental emergencies such as the chemical spills, to minimize the impact of potential incidents, protect the environment, and safeguard public health and safety.

Supplier and Contractor Safety

In addition to safeguarding the health and safety of our own employees, we are highly mindful of the well-being of those under our supervision, including contractors and project construction workers. Our safety standards encompass all personnel at WuXi XDC's work sites, with OHS criteria integrated into our procurement and contractual requirements. Specifically for contractors, we provide training programs tailored to their job responsibilities, such as machinery and electrical safety training for relevant personnel. We ensure that all contractors are well-versed in safety rules and regulations. Furthermore, suppliers and contractors are pre-screened through safety and health risk assessments by project specialists before admission and during operation, with their OHS performance continuously monitored on-site. Our objective is to eliminate safety risks and incidents for all personnel working at our operational sites, including our visitors and contractors.

2.3 COMMUNITY SUPPORT

Overview

Generating social value is central to our sustainability strategy. We are committed to operating in a socially responsible manner, promoting volunteerism and charity donations, and facilitating industry-wide collaboration. With these two key focus areas in 2023, our company-wide CSR strategy aims to make positive contributions to social and environmental well-being.

2.3.1 Volunteerism and Donation

Why It Matters

The development of WuXi XDC is inseparable from the support and recognition of all sectors of society. We value social interconnection and actively carry out initiatives addressing challenges in our communities. Our employees are encouraged to volunteer and demonstrate their social commitment, which makes their jobs more fulfilling and helps the communities that they care about. Meanwhile, charitable donation is also a direct and impactful means for us to give back to our communities and strengthen our bond with the public.

Performance highlight
Over 3 million HKD Charity and social welfare investment

2. CONTRIBUTING TO SOCIETY

Our Approach

Facilitating Volunteerism and Charitable Donations

Employees from WuXi XDC took part in a company-wide volunteer association and corresponding volunteer platforms to make an impact in their communities. Apart from volunteering activities, WuXi XDC participates in direct charitable donations as well.

Annual Blood Donor Day

WuXi XDC encouraged employees to take part in the annual Blood Donor Day at Shanghai Waigaoqiao. Employees were granted with a paid holiday, and an extra RMB 1,000 gift card was given to those who successfully completed blood donation. Employees who volunteered for blood donation demonstrated their commitment to local community.

Donating for Disaster Relief after the Gansu & Qinghai Earthquake

A magnitude 6.2 earthquake struck Jishishan county in Gansu Province on December 18, 2023. A special donation channel named "Supporting Gansu and Qinghai" was opened by the WuXi Biologics Charity Foundation. The Foundation engaged in matching gift proportionally to the donation from the employees. Employees from WuXi XDC took part in the donation campaign. The donation, which was directed to help families impacted by the earthquake and assist with post-disaster recovery, was a means by which WuXi XDC gave back to the communities, conveying our gratitude towards the employees, clients, and governments.

2. CONTRIBUTING TO SOCIETY

2.3.2 Industry-Wide Collaboration

Why it Matters

Collaboration is vital for companies to foster innovation in the pharmaceutical industry and grab new opportunities. WuXi XDC has been dedicated to facilitating industry-wide communication in order to promote the development of the industry as a whole.

Our Approach

In 2023, WuXi XDC has participated in multiple industry conferences and forums, aiming to build connections with industry partners and share opportunities.

Global ADC & XDC Innovation Conference

On September 21 and 22, 2023, WuXi XDC co-hosted the 2nd Global ADC & XDC Innovation Conference with WuXi Biologics and Wuxi High-tech Zone Administrative Committee. This conference, under the theme of "New Paradigm of Innovative Drugs", welcomed over a thousand participants from global leading companies, institutions, scientists, innovators, entrepreneurs and investors. Through keynote presentations, panel discussions, industry exhibitions and closed-door seminars, this conference focused on cutting-edge innovation and R&D progress in ADC and coupling drugs, new paradigm in XDC development and CMC commercialization. By hosting this conference, WuXi XDC provided a platform for broad communication and in-depth cooperation among the participants, contributing to the progress of this industry.

2. CONTRIBUTING TO SOCIETY

World ADC San Diego

WuXi XDC participated in the 14th World ADC in San Diego — the world's longest-standing and most comprehensive Antibody-Drug Conjugate conference. We displayed our capability of end-to-end service from research, development to production. Through on-site exhibition, keynote speech and other interactions, we conducted in-depth communication and discussion with global ADC professionals. During the conference, our Executive Director and Sr. Director gave two keynote speeches, demonstrating WuXi XDC's leading role in the industry.
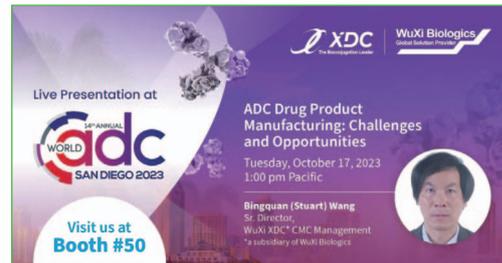
3. ENVIRONMENTAL SUSTAINABILITY

The global pursuit of environmental sustainability has gained widespread consensus among human society, emerging as a critical mandate for businesses to fulfill their long-term objectives. At WuXi XDC, we proactively implement innovative measures to tackle climate change and enhance our environmental management system. Our goal is to consistently integrate green business concepts and eco-friendly practices into our business operations and extend our positive influence throughout the broader value chain.

3.1 CLIMATE CHANGE AND ENERGY SAVING

The Big Picture

As the global impact of climate change intensifies, WuXi XDC remains steadfast in our commitment to reducing energy consumption and greenhouse gas (GHG) emissions. We recognize our responsibility to minimize our carbon footprint and enhance business resilience against climate change across our operations as well as the entire value chain.

Guided by the Task Force on Climate-related Financial Disclosures (TCFD), we followed the Group's *Climate Change Policy* that aligns with the TCFD's recommendations. Our climate-related disclosures cover governance, strategy, risk management, and metrics/targets.

We actively communicate and publish information related to climate change, including our progress in reducing GHG emissions, to our valued stakeholders. We adhere to the TCFD's guidelines, which provide transparent insights into our efforts to adapt to both physical and transition risks in existing and new operations. Our mitigation actions include reducing energy consumption, transitioning to clean energy sources, and contributing to an overall reduction in GHG emissions through carbon offset.

3.1.1 Governance

By adhering to the Group's ESG framework, the governance of climate-related matters is incorporated into WuXi XDC's ESG management structure to ensure equal consideration between climate change and other material ESG issues during the strategy-making process.

The Board assumes ultimate responsibility for overseeing and reviewing strategies related to climate change, as well as identifying and managing associated risks and opportunities. The Company's decarbonization performance is evaluated annually. To facilitate this, a dedicated task force, composed of experts from various key departments at the Group level, works with the separate ESG department of WuXi XDC. The collaboration is to ensure the allocation of adequate knowledge and resources in effectively managing climate-related issues across all operational sites.

The process of identifying climate-related risks is incorporated into the risk assessment practice carried out company-wide. The assessment is part of a holistic and integrated risk management system that is aligned with the *COSO[16] Enterprise Risk Management Framework-Aligning Risk with Strategy and Performance*.

To effectively guide our goal-setting and actions on climate change, we followed the Group's *Climate Change Policy* which addresses our commitments, targets, strategy and roadmap for reducing GHG emissions and environmental impacts, decarbonizing our business, and managing and adapting to climate risks. The policy is regularly reviewed and updated when necessary.

3. ENVIRONMENTAL SUSTAINABILITY

Climate-related Governance Responsibilities

ESG Committee	The Board-level ESG committee is responsible for: • Guiding and formulating the Company's climate-related vision, goals, strategies, roadmap, and structure. • Determining material climate risks and opportunities. • Monitoring the execution and progress of climate-related goals. • Scheduling annual review about climate-related issues during board meetings.
ESG Steering Group	The ESG Steering Group, which is chaired by the CEO and composed of the Company's senior executives, is responsible for: • Providing business insights to inform the Group's Climate Change strategy, including monitoring and managing climate risks and opportunities. • Ensuring resource allocation for the execution and enforcement of climate-related strategies and risk management.
ESG Department and Climate Change Task Force	The Climate Change Task Force, which is composed of experts from various key departments at Group level, together with the ESG Department of WuXi XDC, are responsible for: • Communicating with stakeholders and providing insights and advice for identifying climate risks and opportunities and formulating climate-related strategies. • Continually monitoring climate-related performance and refining action plans to achieve climate-related goals.
Business Departments and All Sites	Relevant business departments, including developments, manufacturing, EHS, etc. together with all sites are responsible for: • Executing strategies for climate adaptation and mitigation. • Proposing and implementing innovative and operationally excellent practices to advance the Company's vision related to climate.
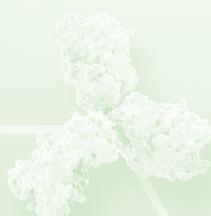
3. ENVIRONMENTAL SUSTAINABILITY

3.1.2 Strategy

Climate-Related Strategic Planning

Transition Risks
Policy and Legal
Technology
Market
Regulation
Physical Risks
Acute
Chronic

Risks

Strategic Planning Risk Management
Transparency
Adaptation
Mitigation

Opportunities

Opportunities
Resource
Efficiency
Energy Source
Market
Products and Services
Resilience

Given the cumulative and multifaceted impacts of climate-related risks on our business, effective assessment and management of those risks is essential for the continuity of our operations. In shaping our strategy, we take into account external factors like government policies and plans that could impact our operations. We also consider historical records and future projections of extreme weather events, along with internal factors such as operational characteristics and business growth.

To facilitate our physical and transition risk identification and prioritization process, we applied four climate scenarios for analysis: "Representative Concentration Pathways (RCP) 2.6" and "Net Zero Emissions by 2050 Scenario (NZE)" as 2℃ or below scenarios, and "Representative Concentration Pathways (RCP) 8.5" and "Stated Policies Scenarios (STEPS)" as above 2℃ scenarios[17].

3. ENVIRONMENTAL SUSTAINABILITY

Scenario	RCP 2.6 (IPCC*)[18]	RCP 8.5 (IPCC)[19]	NZE (IEA**)[20]	STEPS (IEA)[21]
Description	This scenario is consistent with ambitious GHG emissions reduction in line with the *Paris Agreement*, which would peak around 2020, then decline on a linear path and become net negative before 2100.	The high-emissions scenario, consistent with a future with no policy changes to reduce emissions, and characterized by increasing GHG emissions that lead to high atmospheric GHG concentrations.	A scenario that sets out a pathway for the global energy sector to achieve net zero CO_2 emissions by 2050. It doesn't rely on emissions reductions from outside the energy sector to achieve its goals.	A scenario that reflects current policy settings based on a sector-by-sector and country-by-country assessment of the specific policies that are in place, as well as those that have been announced by governments around the world
Temperature Rise by 2100	1.8 °C	4.4 °C	1.5 °C (with a 50% probability)	2.4 °C (with a 50% probability)
Approach of Analysis	Physical risks are analyzed responding to physical impacts on our assets and across value chain over the short, medium and longer term.		Transition risks/opportunities are analyzed responding to adapting and mitigating climate transition impacts over the short, medium and longer term.	

*   The RCP scenarios are pathways that the IPCC (Intergovernmental Panel on Climate Change) used in the latest Sixth Assessment Report (AR6)

**   The IEA (International Energy Agency) scenarios are used in its flagship publication - *World Energy Outlook (WEO)* on the global energy system every year
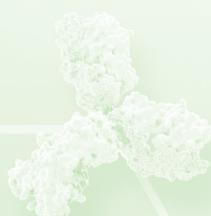
3. ENVIRONMENTAL SUSTAINABILITY

Risk/Opportunity Identification & Evaluation Process

Step 1:

Developing risk and opportunity register:
screen and identify risks/opportunities thoroughly considering both the Company's own operations and the value chain based on TCFD recommendations, peer benchmarking and stakeholder communications.

Step 2:

Qualitative Assessment & Prioritization:
risks and opportunities are ranked from both likelihood and impact perspectives. Qualitative factors such as political and social impact, business continuity and strategy attainment are taken into consideration as well.

Step 3:

Quantitative Assessment of prioritized risks/opportunities:
the financial and non-financial impacts associated with the climate risks are assessed through internal workshops and internal analysis process under selected scenarios, as well as the opportunities that may contribute to our operations and the wider environment arising from our current and future practices over the short, medium and long term.

Step 4:

Response Strategy Planning:
apply differentiated response strategies based on the qualitative & quantitative assessment of climate-related risks and opportunities, which are integrated into our overall business planning to strengthen climate resilience throughout our operations.

The prioritized risks and opportunities, the associated financial impact under different scenarios over time, and our response strategy are detailed in the accompanying table.

3. ENVIRONMENTAL SUSTAINABILITY

Detailed List of Climate-Related Risks and Opportunities

Risk/Opportunity		Description	Financial Impact	Time Horizon	Response Strategy
Physical Risks	**Acute Physical Risk**	The heightened severity and frequency of extreme weather occurrences due to climate change, such as heat waves, cyclones and floods, have the potential to impede our operational efficiency by causing disruptions in energy and transportation infrastructure. Typhoons and heavy rainfalls may cut off transportation pathways, causing disruptions to both upstream and downstream operations within our supply chain.	Increased operating costs from reinforcement of site infrastructures and additional engineering costs.	Short-term (by 2025)	• Pay close attention to weather forecasts and issue timely alerts in the case of extreme weather events. • Develop early warning systems, evacuation plans, and emergency response measures to prepare for extreme weather events. • Develop supply chain continuity plans accounting for upstream and downstream suppliers' climate-related risks, and apply dual-sourcing plans accordingly.
	Chronic Physical Risk	Chronic physical risks arising from climate change may include temperature rise, sea level rise, and long-term shifts in climate patterns. Rising temperatures may necessitate increased energy consumption to manage site temperatures. Coastal sea level rise and flooding could substantially affect vital public infrastructure, potentially disrupting a site's operational effectiveness.	Increased operating costs due to more energy needed to maintain optimal temperatures at our manufacturing sites, and additional subsidies and insurance to ensure employee health in hot temperatures.	Long-term (by 2050)	• Transition to more efficient heating and cooling systems and track and analyze energy consumption trends on an annual basis. • Provide employees with paid leave or flexible work arrangement during high temperature days.

3. ENVIRONMENTAL SUSTAINABILITY

Risk/Opportunity		Description	Financial Impact	Time Horizon	Response Strategy
Transition Risks	Policy and Legal Risk	As governments review, update, and deliver on their commitments to the *United Nations Framework Convention on Climate Change* and the *Paris Agreement*, GHG emission policies and regulatory measures continue to evolve. Consequently, it is anticipated that the carbon price will increase, necessitating additional resources to remain compliant with regulatory updates and mitigate the risk of litigation associated with climate change.	Increased operating costs from future implementation of carbon pricing schemes in more jurisdictions.	Long-term (by 2050)	• Stay updated on the latest climate-related regulations, at both the national and international level. • Evaluate our operations, products, and supply chain to understand the risks posed by new regulations and how they may affect our business.
	Technology Risk	Our endeavors to transition to low-carbon operation will require us to invest in energy-efficient equipment as well as clean energy and low-carbon production technologies.	Decreased asset value from the need to upgrade to low-carbon technologies. Decreased asset useful life, asset impairment or early retirement of existing asset might occur.	Long-term (by 2050)	• Consider environmental impact and energy efficiency when acquiring new equipment. • Explore clean energy alternatives and expand the use of clean energy.
	Market Risk	As climate change escalates worldwide and clients' inclination towards environmentally sustainable products and services increases, WuXi XDC must strengthen our competitive edge by actively implementing a strategy to enhance the environmental performance of our products and services. Failing to do so could result in the loss of market share and reduced demand for our services.	Increased cost to respond to client changes in preference towards more environmentally friendly products and services.	Medium-term (by 2030)	• Maintain close communications with our key customers regarding their expectations of our environmental performance. • Enhance transparency of our environmental performance.

3. ENVIRONMENTAL SUSTAINABILITY

Risk/Opportunity		Description	Financial Impact	Time Horizon	Response Strategy
Transition Risks	Reputation Risk	The expectations of stakeholders — including clients, employees, investors, and shareholders — regarding our contribution to a lower-carbon economy could affect the Company's value. Insufficient progress in meeting climate goals and taking action may lead to a decrease in our value.	Increased cost of capital and potential decrease in company value from failure to meet stakeholders' expectations.	Long-term (by 2050)	• Strengthen communications with stakeholders and gather timely feedback regarding any concerns about our climate-related responses. • Maintain transparent disclosure on climate-related efforts.
Opportunities	Resource Efficiency	By pursuing technological advancements and process innovations, opportunities may emerge from the more effective utilization of utilities such as steam, water, and electricity. Improved resource efficiency and enhanced process efficiency will bring positive business impact.	Reduced operating cost from improved resource efficiency.	Medium-term (by 2030)	Take advantage of such opportunities to optimize business processes and strive for lean management.
	Energy Source	As we integrate more renewable energy into our energy mix — such as installing more photovoltaic systems — it will not only lower our emissions but also decrease energy costs. In addition, governments worldwide are implementing policies and offering incentives to promote the development and trading of renewable energy. This presents promising opportunities for us to readily and actively embrace further integration of renewable energy sources.	Returns on investment in renewable energy projects. Reduced operating cost from potential policy incentives.	Long-term (by 2050)	• Actively explore ways to shift our energy mix to include more renewable sources. • Keep updated on national and international renewable energy policies to amplify both environmental and financial outcomes.

3. ENVIRONMENTAL SUSTAINABILITY

Risk/Opportunity		Description	Financial Impact	Time Horizon	Response Strategy
Opportunities	Market	Opportunities may arise in both established and emerging markets by embracing low-carbon solutions and collaborating with value chain partners to promote a more sustainable economy.	Increased revenue from tapping into expanded and new markets with a broader client base.	Long-term (by 2050)	Expand collaboration with industry partners on low-carbon solutions, and products research and development.
	Products and Services	The implementation of green manufacturing — including operation efficiency enhancement and manufacturing process improvement — will help attract and retain clients and gain competitive advantage, as more clients are incorporating environmental aspects in their tender criteria.	Increased revenue resulting from increased demand for product and services provided through an energy-efficient and low-emission platform.	Long-term (by 2050)	Enhance competitive advantage by proactively optimizing operation efficiency and processes, enabling clients to lower a product's carbon footprint.
	Resilience	As WuXi XDC strengthens its capacity to address climate risks and seize opportunities, we empower not only ourselves but also our suppliers and clients to enhance resilience to climate change. This is accomplished by improving the reliability of our supply chain and fortifying our ability to operate effectively in various conditions.	Increased market valuation through resilience planning. Reduced operating costs from enhanced supply chain stability and reliability.	Long-term (by 2050)	Participate in climate-related programs and adopt energy-efficiency measures. In addition, advocate for suppliers and clients to also engage in these resilience-enhancing activities.

3. ENVIRONMENTAL SUSTAINABILITY

3.1.3 Risk Management

The Company is actively engaged in internal and external efforts to reduce and address identified significant climate risks. The processes for identifying, assessing, and managing climate-related risks are integral components of our existing risk management system, which is aligned with the *COSO Enterprise Risk Management Framework — Aligning with Strategy and Performance* and is designed to assess and manage multidisciplinary risks and opportunities. Our climate-related strategy is built on three pillars — transparency, adaptation and mitigation following the Group's policy.

Transparency

Compliance and Disclosure

WuXi XDC is dedicated to complete and consistent adherence to international standards as well as national laws and regulations at all operational sites. We recognize that earning trust and respect from our stakeholders is pivotal to our business and growth. Transparent disclosure, we believe, plays a crucial role in fostering confidence and reliance.

We constantly monitor our climate change and environmental performance, assessing our progress in reducing GHG emissions through annual carbon inventory. Our commitment extends to providing regular, fair, and balanced information on our advancements, initiatives, opportunities and risk of environmental protection, and climate change topics. Simultaneously, we engage in open and transparent communication with stakeholders regarding material climate-change issues, employing formal stakeholder engagement and analysis processes.

GHG Emission Measurement and Verification

In 2023, we invited an independent and accredited professional agency to conduct carbon inventory across the Company based on the ISO 14064 standard[22] for Scope 1 and 2. The baselining of our emission profile laid a solid foundation for establishing an energy-saving and carbon reduction roadmap and enabled us to monitor our advancements towards the GHG target. Consequently, we seek to project our future carbon emissions by employing capacity planning and justifying our approach based on the latest science.

3. ENVIRONMENTAL SUSTAINABILITY

Target Setting

WuXi XDC attaches great importance on GHG reduction in mitigating both climate-related physical and transition risks, and contributing to limiting the global warming potential. We adhere to the GHG emission reduction targets set by WuXi Biologics and strive to decarbonize our value chain by implementing a variety of measures.

Our mid-term goal is to reduce our Scope 1 and Scope 2 GHG emission intensity by 50% (tonnes/RMB10,000) by 2030 from a 2021 base year.

Our long-term goal is to achieve net-zero emissions from overall operations by 2050.

In 2023, we have committed to the Science Based Targets initiative (SBTi) at the Group level, aligning our climate actions with the *Paris Agreement*, which requires efforts to limit global warming to 1.5℃ above pre-industrial levels.

Adaptation

Addressing Climate Risks

Our goal is to establish a climate-resilient workplace and cultivate a climate-literate workforce, enhancing our ability to manage the physical impacts of climate change. To achieve this, we formulate context-specific plans that incorporate various physical risk adaptation initiatives for both existing and new operations.

For new construction planning, whether it involves creating a new site or expanding an existing location, WuXi XDC adheres to elevated environmental standards. This includes integrating sustainability criteria into the risk assessment process for new mergers and acquisitions. This incorporates resilience analysis, flood risk assessment, energy efficiency evaluation, and carbon emissions calculations.

To mitigate climate risks at existing operations, we conduct substantive analysis on each site and develop tailored response strategies as necessary. This may involve implementing adaptive design measures, establishing weather early-warning systems, designing emergency response and evacuation plans, introducing energy reserves, and initiating soil and water conservation programs.

3. ENVIRONMENTAL SUSTAINABILITY

Business Contingency Plan Optimization

As a key element of our operations risk adaption strategy, our business continuity plans are formulated with a focus on potential disruptions, including those arising from extreme weather events. A comprehensive business continuity plan is in place to ensure the preservation of critical crisis management and execution capabilities during significant incidents, such as extreme weather events. To safeguard our operations from physical risks, we closely monitor weather changes and proactively allocate protective devices and emergency equipment in preparation for potential climate-related disasters. Additionally, we conduct annual drills to assess the effectiveness of our emergency response. In 2023, there were no safety accidents or production impacts attributed to extreme weather at WuXi XDC.

Training

Employee engagement is vital in attaining our GHG targets and executing our climate adaptation strategies. To enhance employee awareness on climate change, we actively provide training programs, lectures, and utilize other internal communication channels. Additionally, the Company encourages employees to apply their knowledge towards achieving carbon reduction goals in their daily work. We integrate energy management performance evaluations into department assessments, link relevant indicators to individual performance reviews, and reward projects and innovations that deliver significant energy conservation and carbon reduction outcomes.

Mitigation

In addition to adapting to dynamic climate risks, we actively incorporate a variety of mitigation plans into our climate response strategy. Aligned with our dedication to minimizing our carbon footprint, we established medium and long-term targets for reducing GHG emissions, focusing on four main pathways: avoiding and reducing GHG emissions by enhancing our energy management system; integrating energy conservation and emission reduction measures across design, manufacturing, and operation processes; transitioning from fossil fuels to renewable energy sources, and exploring opportunities for carbon offsetting to achieve an overall reduction in emissions.

3. ENVIRONMENTAL SUSTAINABILITY

Avoid and Reduce

1.   Energy Management

We implemented an internal energy management system in accordance with the ISO 50001 standard, and established various internal policies aimed at ensuring efficient energy use. These policies are designed to enhance energy efficiency and systematically reduce energy consumption through a comprehensive management structure. Regular internal audits of the energy management system are conducted to assess conformity and effectiveness. We followed the Group's *WuXi Biologics Energy Management Standards* to delineate responsibilities and guide our approaches to energy conservation and emission reduction.

Through this systematic energy management system, we actively embrace energy-efficient technologies and equipment, with a specific focus on increasing the utilization of clean energy. WuXi XDC is dedicated to aligning all future capital expenditures with our long-term GHG reduction target and promoting decarbonization across the design, construction, and daily operation phases of our facilities.

2.   Energy-Efficient Building Design

As informed by the Group's policy and approach, WuXi XDC incorporates energy-saving and low-carbon principles into the design and construction of our new sites to minimize future energy consumption.

Low-Carbon Design

- All new construction projects must meet or exceed the relevant local and international standards of green building.

- Adopt low-energy consumption, low-carbon and environmentally friendly products as building materials.

- Design the external features and architectural form taking into consideration the climate environment.

3. ENVIRONMENTAL SUSTAINABILITY

Energy Efficiency Upgrade

- Create a monitoring system to identify key control points of energy consumption, monitor the operation status of production facilities and equipment, and strengthen energy information collection, daily monitoring and management.

- Adopt energy-efficient production facilities and equipment, such as fresh air systems and clean utility facilities, while continually optimizing equipment parameters to improve energy-use efficiency and effectively reduce GHG emissions.

- Take advantage of natural light to reduce the demand for indoor lighting and install intelligent lighting systems with controls that will help reduce electricity consumption.

- Select suitable building materials and improve the airtightness of windows and doors to improve building insulation and reduce HVAC energy consumption.

- Maximize the use of natural cooling capacity and save electricity consumption.

Reusing and Recycling

- Establish water recycling systems for rainwater, condensate and grey water, to save water resources and improve water use efficiency.

Clean Energy

- Integrate renewable energy into our energy mix, such as green electricity, photovoltaic power, and wind power.

Cutting-Edge Technologies

- Integrate innovative continuous manufacturing process and environmentally friendly Single-Use Technology to improve energy efficiency, reduce water consumption, and minimize environmental impacts.

- By combining Single-Use Technology with our new-generation continuous biologics manufacturing platform, we are estimating that water usage will be reduced by approximately 70% and energy consumption by 33% compared to traditional Stainless-Steel Technology.

3. ENVIRONMENTAL SUSTAINABILITY

3. Energy-Efficient Manufacturing and Operation

WuXi XDC has set a target to continually enhance energy efficiency and reduce energy consumption during our daily and manufacturing operations, contributing to the fulfilment of our GHG reduction targets. To ensure effective energy management at operational sites, each site has established an energy management team responsible for real-time monitoring of resource usage, detection and rectification of abnormalities, and conducting regular inspections.

WuXi XDC actively seeks opportunities to reduce our energy consumption through the installation of onsite renewables, replacement of energy-efficient equipment, optimization of HVAC system and reuse of steam. In 2023, the Company achieved saving 629 MWh of electricity and 350 tonnes of steam, resulting in a reduction of 570 tonnes in Scope 1 and Scope 2 GHG emissions.

Cooling Technology

We strive to continually enhance our energy performance by optimizing current process and replacing existing equipment with energy-efficient ones. In 2023, we equipped chiller rooms with more energy-efficient Maglev chillers. The estimated reduction in annual power consumption was 276 MWh with a predicted annual GHG emissions reduction of 203 tCO_2e.

3. ENVIRONMENTAL SUSTAINABILITY

Heating, Ventilation, Air-Conditioning and Cooling (HVAC)

By realizing the energy consumption of HVAC system as an essential part to the overall energy management, we continually explore energy-saving opportunities by implementing a number of initiatives in 2023, such as centralized and automotive control of indoor air temperature, improved air conditioning control for clean room production, and improved heating process for cold storage. The accumulated reduction in annual power consumption was 353 MWh with a predicted annual GHG emissions reduction of 259 tCO_2e.

Reuse of Steam

Steam condensate is reused to supply heat through heat exchangers as well as replenish water in the cooling tower, contributing to achieving both energy-saving and water-saving goals. Compared to the direct discharge of steam condensate, the steam reuse project can reduce our steam consumption by 350 tonnes per year with a predicted annual GHG emissions reduction of 107 tCO_2e.

Substitute

Transitioning our energy mix to renewable sources is a pivotal element of our decarbonization strategy, and we consistently explore opportunities to generate and procure more renewable energy. Encouraging all our operations to maximize the use of renewable energy, we promote the substitution of energy sources with green alternatives, such as green electricity, photovoltaic power. We aim to gradually advance electrification and reducing dependence on fossil fuels.

Renewable Energy

In 2023, our Wuxi site initiated the installation of photovoltaic panels on the rooftop of our buildings, with a planned installation capacity of 1.23 MW. Following the commencement of operation of the rooftop solar panel system, the estimated reduction in annual power consumption will reach 1.36 million kWh with a predicted annual GHG emissions reduction of 1,300 t CO_2e.

Offset

In accordance with the Group's *Climate Change Policy*, carbon removal and verified carbon offsets will form part of our strategy. We are dedicated to supporting nature-based solutions and other emerging carbon offset technologies, and focusing our efforts on carbon credit purchasing and carbon capture and storage.

3. ENVIRONMENTAL SUSTAINABILITY

3.1.4 Performance and Metrics

Performance highlight
Total (Scope 1 + Scope 2) 25,374 tCO_2e
Total Emission Intensity (Scope 1 + Scope 2) 0.12 tCO_2e/10,000RMB
54% Reduction in total GHG emissions intensity compared with the baseline year 2021

In this report, we have disclosed Scope 1 GHG emissions[23] and Scope 2 GHG emissions[24] data (refer to Appendix I for details).

Climate change is not only an important agenda of our business but also a shared challenge for humanity. We will measure and track our performance and metrics continuously and intensify our efforts to reduce carbon emissions in our operations. We plan to promote decarbonization initiatives in collaboration with our partners, and regularly prepare updates on our progress.

3.2 ENVIRONMENT PROTECTION

The Big Picture

We are committed to fostering business growth without compromising the well-being of the environment. Beyond adhering to relevant environmental laws and regulations, we are dedicated to enhancing our environmental management system. Our objective is to minimize our environmental footprint by implementing effective waste management and discharge control measures while preserving valuable resources throughout our operations.

Our focus is on responsible and compliant waste disposal and pollutant management, and we actively explore opportunities for waste reduction and recycling. WuXi XDC places significant importance on safeguarding water resources and using packaging materials efficiently. We followed the Group's commitment by setting measurable targets for water usage, emissions, and waste reduction, enabling us to promptly reduce environmental impacts. We also champion initiatives aimed at conserving energy and resources.

3. ENVIRONMENTAL SUSTAINABILITY

3.2.1 Environmental Management

Why It Matters

A robust Environmental Management System (EMS) is vital to WuXi XDC's sustainability approach. We understand that incorporating a well-established EMS across our business is essential for aligning our strategies for comprehensive resource conservation and waste reduction. This integration not only enhances our environmental compliance but also minimizes the operational impact on the environment.

Certifications and Awards
ISO 14001 Certification
Clean Production Enterprise by Bureau of Ecology and Environment of Xinwu District: WuXi XDC

Management Structure and Policies

The Board of Directors holds ultimate responsibility for the Company's environmental management strategy. They oversee the implementation of relevant environmental policies and track the progress and enhancement of our environmental performance. The Environmental Health & Safety (EHS) department directs other departments in executing environmental management initiatives, and it monitors and documents environmental performance in day-to-day operations. Every employee, regardless of their level, actively participates in environmental initiatives and contributes to facility design, construction and operation. Key environmental performance indicators are linked to the performance evaluations of all employees, and any inappropriate behaviors, such as non-compliance with regulations, can have a detrimental impact on the outcomes.

WuXi Biologics has established, implemented, and sustained a global EHS policy that outlines our environmental management framework and commitments, extending to all aspects of our business and employees. The *WuXi Biologics Environmental, Health and Safety (EHS) Policy*, along with the *WuXi Biologics EHS Standards*, serves as the foundational principles for environmental management at WuXi XDC. These cover critical areas such as emergency response, contractor management, air management, water and wastewater management, waste management, EHS considerations in design and change management, noise control. We integrate EHS into our overall business strategy throughout operations, products and services, distribution and logistics, due diligence, mergers and acquisitions.

3. ENVIRONMENTAL SUSTAINABILITY

By adhering to these comprehensive environmental management policies and standards, we ensure compliance with all relevant EHS laws and regulations, as well as the Group's EHS standards and industry best practices across all operational activities. To further ensure compliance, routine environmental compliance assessments are conducted. In response to the identification of new or updated environmental laws and regulations, we promptly assess their applicability and update the list accordingly. We set up quantitative environmental targets and objectives to manage environmental risks effectively, and we use management systems to identify hazards, establish prioritization and action plans, and drive environmental performance into continual improvement. Our environmental policies are publicly communicated to foster transparent dialogue with both internal and external stakeholders, sharing information about our environmental initiatives and progress.

Certifications and Awards

ISO 14001 Certificate

Our Approach

Environmental Management System

WuXi XDC has established a robust and effective Environmental Management System (EMS) in accordance with the latest ISO 14001 standard, ensuring coverage across all the operation sites. This system governs our operations and sustainability initiatives, focusing on identifying products, activities, and services with significant environmental impacts. Adhering to our EMS requirements, we strive to minimize pollutant generation and align with national and local waste and emissions standards. Our environmental management procedures outline the responsibilities of relevant departments in handling solid waste, wastewater, air emissions, and noise, guided by specific management principles. Regular independent third-party inspections and audits are conducted to assess our environmental performance, and recorded findings contribute to ongoing compliance in waste and discharge management. We also conduct regular monitoring on air emissions, wastewater discharge, boundary noise emissions to ensure compliance with applicable standards. Additionally, contingency plans for environmental emergencies have been developed, along with corresponding arrangements to address environmental pollution incidents and mitigate adverse impacts. Additionally, we obtained ISO 14001 certification and a series of environmental internal policies were established in accordance with ISO 14001.

3. ENVIRONMENTAL SUSTAINABILITY

For newly constructed sites and expansions at existing sites, we adhere strictly to the "Three Simultaneities" principle to identify significant environmental impacts in accordance with national laws and regulations. During the initial phases of mergers and acquisitions, our EHS team conducts a thorough assessment of the project's environmental, health and safety risks. This involves evaluating the EHS permits of the acquired company, performing on-site inspections, hiring third-party assessments for soil and groundwater contamination, and providing EHS risk management recommendations for the merging or acquiring company. The EHS team actively participates in the project design stage to assess and monitor environmental risks. Prior to project implementation, we conduct environmental impact assessments approved by relevant authorities. In line with our management framework, the EHS team maintains oversight by organizing environmental risk assessments at least annually. These assessments, conducted at all our sites in 2023, involve the identification and documentation of environmental risks based on "Environmental Impact Checklists", followed by the formulation of targeted measures to address these risks.

Performance highlight
100% of employees who received environmental training courses
100% of sites which an environmental risk assessment has been conducted

Internal and External Audits

We monitor our environmental performance by conducting internal EHS audits at all operational sites. During the audit, we evaluate adherence to environmental laws and regulations, the implementation of environmental management procedures, and the effectiveness of risk management measures. Internal audits specifically focused on EHS procedures. The implementation of key risk management measures are carried out annually, while audits assessing compliance with EHS laws and regulations are conducted at least once every three years. In 2023, WuXi XDC completed its yearly internal EHS audits which cover all operational sites and align with our environmental management system.

Furthermore, we conduct external audits in compliance with ISO 14001 standards at least once a year. We actively promote internal and external engagement regarding environmental management matters and invite both remote and onsite visits from clients and governmental officials. In 2023, the sites visited by our clients and their audit officers received commendation for our robust EHS management system. All audits reported no significant findings of policy or procedural violations.

3. ENVIRONMENTAL SUSTAINABILITY

We will initiate corrective and preventive actions to drive continuous improvement and compliance if any issues arise. Corrective action plans and preventive action plans are developed either upon incidents or during the management review meeting when adjustments to our environmental management system are necessary. The management review meeting, attended by top management and organized at least once a year, serves as a platform to discuss EHS policies, targets, and management initiatives. Adjustments to our environmental management system are made during these meetings to align with our commitment to continuous improvement.

EHS Training

To enhance our employees' understanding of the environmental impact of their work activities and promote awareness of environmental protection, our EHS team regularly conducts training sessions for staff-level employees, senior managers, and executives. The training covers various topics, including environmental management, compliance, hazardous substances management, and waste classification and reduction. Specific training sessions on the latest updates of environmental laws and regulations are also provided to the EHS team at all our sites. Additionally, we conduct drills simulating environmental emergencies to enhance staff members' emergency response capabilities. Throughout the Reporting Period, all our employees actively participated in and completed the environmental training courses.

In 2023, we complied with all environmental laws and regulations of the jurisdictions in which we operate, and we had no reported external environmental pollution incidents or environmental penalties. Our Wuxi Site was recognized as the *Clean Production Enterprise* by the Bureau of Ecology and Environment of Xinwu District in 2023.

3.2.2 Waste and Discharge Control

WuXi XDC is dedicated to minimizing hazardous and non-hazardous waste generation, wastewater discharge, and waste gas emissions. To ensure strict compliance, we have formulated internal policies and established auditing procedures concerning waste management and discharge control. In 2023, all waste and discharge were compliant and no cases of pollutant discharge exceeded regulatory limits or violated relevant industrial standards.

Waste Management

WuXi XDC rigorously supervises the collection, classification, storage, and transfer of various types of waste to prevent environmental pollution and ensure compliance. We are dedicated to consistently monitoring and analyzing the waste streams in order to implement targeted measures to reduce waste. In 2023, we are on track of the waste reduction target for decreasing our hazardous and non-hazardous waste.

3. ENVIRONMENTAL SUSTAINABILITY

Our Measures

To ensure the proper management of waste and minimize our environmental footprint, the Company segregates hazardous and non-hazardous waste, collects them at the point of generation. The wastes are disposed through accredited third-party waste management firms, so as to adhere to our policies and all relevant legal requirements. In 2023, Wuxi XDC utilized an internal environmental database to consistently assess and track the volumes of both hazardous and non-hazardous waste generated, along with the methods of disposal.

Non-hazardous Waste

Non-hazardous waste encompasses office waste, domestic waste, and general industrial solids. After collection and classification as non-hazardous waste, it is stored in designated areas to prevent land and soil pollution, before it is transported to a recycling station for centralized collection and disposal.

Hazardous Waste

Hazardous waste is primarily generated from R&D processes and manufacturing activities, including liquid, consumables, and waste-activated carbon. We adhere to local environmental regulations, meticulously following guidelines for storing, segregating, labelling, and documenting hazardous and chemical waste. Stringent measures are implemented for the decontamination of biohazardous waste before its final disposal. The hazardous waste is categorized based on properties and temporarily stored in the warehouse, with a mandatory completion of a registration form before transfer. Furthermore, all hazardous waste containers and storage bags are affixed with labels compliant with regulatory requirements. Biohazardous waste undergoes final disposal by qualified third-party entities. To enhance our capacity for handling hazardous waste and ensure compliant disposal, we provide hazardous waste training for all employees and contractors entering the site.

We perform EHS audits to ensure compliance for all handlers involved in the management of hazardous waste. The hazardous waste supplier database established in 2021 has been consistently refined to facilitate thorough assessments of our suppliers. In 2023, on-site evaluations were conducted for our waste handlers. The assessment covered various aspects such as the supplier's environmental assessment documents, discharge permits, ledgers, environmental penalty records, environmental treatment facilities, employee training, and security. Information on waste disposal suppliers is shared among sites in the same region, and contingency plans are established to mitigate the impact of emergencies or the unavailability of a single supplier.

Performance highlight
100% of compliant waste treatment
100% of compliant wastewater treatment

3. ENVIRONMENTAL SUSTAINABILITY

WuXi XDC is committed to reducing the intensity of waste intensity — including hazardous and non-hazardous waste — by 10% (tonnes/RMB10,000) by 2027 from the base year 2022 as one of our sustainable development targets. We are driven to achieve this objective and are actively exploring innovative and impactful opportunities to reduce waste. Our EHS department is responsible for enhancing and developing the management plan for hazardous waste, as well as spearheading initiatives aimed at minimizing both the volume of hazardous waste and its perniciousness.

New Wastewater Treatment Facility to Reduce Hazardous Waste at Wuxi site

In 2023, Wuxi XDC examined the wastewater generation process at our Wuxi Site and established a new wastewater treatment station to process wastewater with low pollutant concentrations, ensuring discharge compliance with applicable standards. This new wastewater treatment facility contributes to a reduction in hazardous waste generation by approximately 650 tonnes annually.

Water Discharge Management

WuXi XDC places significant emphasis on the management of wastewater, adhering strictly to the laws, regulations, and standards governing wastewater treatment at all our operational sites.

Our Measures

All wastewater are collected in tanks or reservoirs and treated in internal wastewater treatment facilities. Subsequently, the treated wastewater undergoes testing in accordance with local permits prior to its discharge into the industrial park or municipal sewage system, to prevent any environmental, soil, or groundwater pollution. Furthermore, we have instituted a monitoring system that identifies anomalies, such as ammonia nitrogen and COD, ensuring that wastewater is only discharged when it meets the standard allowable levels. In case of abnormalities, the system promptly notifies the designated personnel, who take immediate corrective actions to ensure compliance.

Wastewater generated by office and non-laboratory operations is collected separately before being discharged for further treatment in the industrial park or municipal station. The sludge generated during the treatment process is dehydrated and transported to a solid waste disposal plant.

3. ENVIRONMENTAL SUSTAINABILITY

Internal inspections are conducted periodically as mandated by the discharge permit. To ensure compliance, third-party institutions are enlisted for regular monitoring of the discharged wastewater's quality. The results from our monitoring and inspection systems confirm that all wastewater discharges are in compliance with regulatory standards in 2023.

Air Emission Management

Apart from our emphasis on minimizing greenhouse gas emissions, we recognize the significance of managing other non-GHG air emissions like soot, NO_x, and SO_x in our operations and to the environment. We mandate all our facilities to undertake necessary measures in air emission management to ensure environmental protection.

Our Measures

WuXi XDC is actively engaged in controlling and minimizing air emissions by consistently investing in and enhancing the technical capabilities of our emission control equipment at emission points. We proactively introduce high-efficiency filters and activated carbon at our sites to decrease non-GHG air emissions and prevent the release of air pollutants into the environment. Furthermore, we have enlisted a third-party institution for regular monitoring and auditing of emission concentrations to ensure continuous compliance. In pursuit of reducing overall air pollutant emissions, our sites further optimized their machinery and enhanced air emission treatment methods in 2023.

3.2.3 Resource Management

Why It Matters

Natural resources and other materials are crucial for human existence and are essential for medical research, development, and production. We are dedicated to minimizing our impact on the planet by adopting efficient, circular practices in the use of water and packaging materials, ensuring responsible production and disposal.

3. ENVIRONMENTAL SUSTAINABILITY

Water Resource Management

Water serves multiple purposes in our day-to-day operations, including for washing, cleaning, sanitization, and serving as a product ingredient. We did not encounter issues in sourcing water that is fit for the aforementioned purposes during the Reporting Period. The water utilized in our operations is predominantly sourced from municipal water systems, with a minor portion for irrigation and road cleaning obtained from harvested rainwater. We prioritize providing all employees with access to safe drinking water, sanitation, and hygiene, while also consistently striving to minimize overall water consumption. Our sites actively engage in local water-saving initiatives within the regions where we operate.

Our Target and Goal

WuXi XDC follows the medium-term water conservation targets at the Group level. The target is to reduce our water consumption intensity by 30% (tonnes/RMB10,000) by 2025 from the baseline year 2019. We are dedicated to improving water efficiency and reducing our dependence on water resources, demonstrating a strong commitment to responsible water stewardship. Aligned with our objectives, we have devised a plan to reduce water consumption and consistently monitor our water usage performance, ensuring ongoing assessment of our progress toward the set target and goal.

Our Measures

Water-Stress Assessment

Prior to initiating a new project, WuXi XDC undertakes a water-stress assessment at the potential site to assess factors such as water scarcity and related risks and opportunities, encompassing physical, regulatory, and reputational aspects. Based on the assessment findings, we developed a site-specific water management plan. Throughout our operations, we regularly conduct water risk assessments and scenario analyses across our direct operations and various stages of the value chain. We allocate financial resources to address costs associated with water-related risks, invest in R&D and upgrade facilities to mitigate such risks. Additionally, we are committed to minimizing our own water consumption and actively safeguarding water resources in the regions where we conduct operations.

3. ENVIRONMENTAL SUSTAINABILITY

Reducing and Recycling water

We focus our efforts on reducing our water consumption at the source, and maximizing the use of recycled water in manufacturing processes across all sites. To optimize the utilization of water resources, we establish and operate water recycling facilities that can adjust water balance and recycle water between facilities with different water needs, and we use reclaimed and pre-treated water to replenish a cooling tower, and for park irrigation and road cleaning. We also engage with our value chain on water-reduction issues.

As a pioneer in the application of large-scale SUT through our scale-out manufacturing paradigm, WuXi XDC collaborates with SUT suppliers to improve the sustainability performance of our manufacturing process. Based on related research and our actual operation, SUT can greatly reduce equipment-cleaning and disinfection, and thus reduce water use and waste. The savings can be as high as 70% compared to stainless steel technology under the same production scale. In addition, we conduct EHS training sessions to help raise employees' awareness of ways to save water.

We aim to discover creative solutions to improve the water efficiency of our equipment. Our commitment to water conservation remains steadfast, and we are optimistic about achieving our objectives. In 2023, WuXi XDC had no incidents of non-compliance with water quality or quantity permits, standards or regulations.

Packaging Optimization

The significance of the 3R concept (Reduce, Reuse, Recycle) is growing across every stage of product life cycles, including development, production, utilization, and final disposal. WuXi XDC employs a variety of packaging materials directly and indirectly in manufacturing and transportation. We meticulously assess the environmental impact of our products throughout their entire lifecycles.

Our Approach

We make significant effort to use more recyclable, reusable, or industrially compostable materials, simultaneously minimizing the use of plastic and developing optimized packaging solutions. The primary packaging materials for our clients' finished drug products include medicine bottles/vials, rubber stoppers/plugs, aluminum caps, labels, honeycomb covers, and carton boxes. To curb packaging waste and reduce excess and unnecessary materials, we work with suppliers to eliminate non-recyclable packaging as part of our waste reduction approaches and reduce the use of materials by managing the source of product packaging and streamlining the manufacturing process. We also actively seek out new packaging materials that are made from sustainable components — 100% our packaging materials are FSC-certified — while ensuring they maintain or exceed current quality standards. Leftover packaging materials are classified and internally repurposed, and if not applicable, we collaborate with qualified third-party agencies to maximize recycling or reuse of these materials.

4. APPENDIX

APPENDIX I: KEY PERFORMANCE INDICATORS

Type	Unit	2023
Energy indicators		
Direct energy consumption — Diesel fuel	Litres	193
Indirect energy consumption — Purchased electricity	KWh	20,262,573
Indirect energy consumption — Purchased steam	GJ	89,652
Energy consumption indicators[25]		
Total energy consumption	MWh	45,168
Integrated energy consumption intensity	MWh/10,000RMB	0.21
Greenhouse gas emissions indicators		
Scope 1 Emissions	tCO_2e	417
Scope 1 Emissions intensity	tCO_2e/10,000RMB	0.0020
Scope 2 Emissions[26]	tCO_2e	24,957
Scope 2 Emissions intensity	tCO_2e/10,000RMB	0.12
Total (Scope 1 + Scope 2)	tCO_2e	25,374
Total emission intensity (Scope 1 + Scope 2)	tCO_2e/10,000RMB	0.12
Waste indicators		
Hazardous waste produced volume	tonnes	661
Hazardous waste intensity	tonnes/10,000RMB	0.0031
Non-hazardous waste produced volume	tonnes	265
Non-hazardous waste intensity	tonnes/10,000RMB	0.0012

4. APPENDIX

Type	Unit	2023
Water discharge indicators		
Total water discharge	tonnes	230,040
COD discharge	tonnes	2.37
NH_3-N discharge	tonnes	0.21
Exhaust gas indicators		
NO_x emissions	tonnes	0
SO_x emissions	tonnes	0
Soot emissions	tonnes	0
Water consumption indicators		
Total water consumption/withdrawal[27]	tonnes	257,448
Water consumption/withdrawal intensity	tonnes/10,000RMB	1.21
Packaging material consumption indicators		
Packaging material consumption	tonnes	75
Packaging material consumption intensity	tonnes/10,000RMB	0.00035

Type	Unit		2023
Personnel employment indicators			
Number of employees[28]	Number		1,178
By gender*	Male		561
	Female		615
By age*	Under 30		651
	30 to 50		509
	Over 50		16
By employment type	"Contract employees (Directly employed)"		1,178
	Part-time employees		84

4. APPENDIX

Type	Unit	2023
By job level	Senior management	29
	Middle management	67
	Primary management	121
	General staff	961
By location[29]	Asia	1,165
	America	9
	Europe	4
By degree*	Doctor	84
	Master	535
	Bachelor	444
	College	89
	Below high school diploma	21
New employees	Number	514
By gender	Male	238
	Female	276
By age	Under 30	337
	30 to 50	169
	Over 50	8
By job level	Senior management	18
	Middle management	25
	Primary management	34
	General staff	437
By location	Asia	506
	America	7
	Europe	1

4. APPENDIX

Type	Unit	2023
Employee equality and diversity metrics		
Total number of employee nationalities	Number	5
Percentage of female employees in executive management	%	13

Type	Unit	2023
Employee retention metrics		
Total employees lost	Number	89
Total employee turnover[30]	%	8
By gender	Male	9
	Female	6
By age	Under 30	9
	30 to 50	6
	Over 50	6
By region	China	8
	Outside China	0
Voluntary employee turnover[31]	%	6
Occupational health and safety indicators		
Number of deaths due to work injuries — Employees (In the past 3 years)	Number	0
Number of deaths due to work injuries — Contractors (In the past 3 years)	Number	0
Number of lost work days due to work-injuries — Employees	Day	0
Lost-time injury rate — Employees	Times/200,000 working hours	0

Type	Unit	2023
Employee training indicators		
Percentage of employees trained	%	100
By gender	Male	48
	Female	52
By job level	General staff	82
	Primary management	10
	Middle management	6
	Senior management	2
Average number of training hours per employee	Hours	5
By gender	Male	5
	Female	5
By job level	General staff	3
	Primary management	22
	Middle management	7
	Senior management	2
Social contribution indicators		
Charity and social welfare investment	Million HKD	Over 3

Type	Unit	2023
Supplier Distribution		
Total number of suppliers	Companies	504
Number of suppliers in Asia	Companies	472
Asian supplier distribution by purchase volume	%	59
Number of suppliers in Europe	Companies	10
European supplier distribution by purchase volume	%	15
Number of suppliers in America	Companies	22
American supplier distribution by purchase volume	%	26

4. APPENDIX

APPENDIX II: HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX

Subject Areas, Aspects, General Disclosures and KPIs		Index
A. Environmental		
Aspect A1: Emissions		
General Disclosure	"Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste."	Environmental Sustainability — Climate Change and Energy Saving Environmental Sustainability — Environmental Protection Appendix VI: List of Laws and Regulations
KPI A1.1	The types of emissions and respective emissions data.	Environmental Sustainability — Climate Change and Energy Saving — Performance and Metrics Environmental Sustainability — Environmental Protection — Waste and Discharge Control Appendix I: Key Performance Indicators
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Sustainability — Climate Change and Energy Saving — Performance and Metrics Appendix I: Key Performance Indicators
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Sustainability — Environmental Protection — Waste and Discharge Control Appendix I: Key Performance Indicators
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Sustainability — Environmental Protection — Waste and Discharge Control Appendix I: Key Performance Indicators
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	ESG Targets and Progress Environmental Sustainability — Environmental Protection
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	ESG Targets and Progress Environmental Sustainability — Environmental Protection — Waste and Discharge Control

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Subject Areas, Aspects, General Disclosures and KPIs		Index
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Sustainability — Environmental Protection — Environmental Management
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Appendix I: Key Performance Indicators
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix I: Key Performance Indicators
KPI A2.3	Description of energy-use efficiency target(s) set and steps taken to achieve them.	Environmental Sustainability — Climate Change and Energy Saving — Risk Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	ESG Targets and Progress Environmental Sustainability — Environmental Protection — Resource Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Appendix I: Key Performance Indicators
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Sustainability — Climate Change and Energy Saving Environmental Sustainability — Environmental Protection
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Sustainability — Climate Change and Energy Saving Environmental Sustainability — Environmental Protection
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental Sustainability — Climate Change and Energy Saving
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmental Sustainability — Climate Change and Energy Saving

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Subject Areas, Aspects, General Disclosures and KPIs		Index
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	"Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare."	Contributing to Society — Employee Development
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Contributing to Society — Employee Development — Diversity, Equity, and Inclusion (DEI) Appendix I: Key Performance Indicators
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: Key Performance Indicators
Aspect B2: Health and Safety		
General Disclosure	"Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards."	Contributing to Society — Employee Development — Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each past three years including the report year.	Contributing to Society — Employee Development — Occupational Health and Safety
KPI B2.2	Lost days due to work injury.	Appendix I: Key Performance Indicators
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Contributing to Society — Employee Development — Occupational Health and Safety

Subject Areas, Aspects, General Disclosures and KPIs		Index
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Contributing to Society — Employee Development — Employee Recruitment and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix I: Key Performance Indicators
KPI B3.2	The average training hours completed per employee by gender and employee category.	Appendix I: Key Performance Indicators
Aspect B4: Labour Standards		
General Disclosure	"Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour."	Contributing to Society — Employee Development — Employee Recruitment and Development
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Contributing to Society — Employee Development — Employee Recruitment and Development
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Contributing to Society — Employee Development — Employee Recruitment and Development
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Strengthening Governance — Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Strengthening Governance — Supply Chain Management — Green Supply Chain Appendix I: Key Performance Indicators
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Strengthening Governance — Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Strengthening Governance — Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Strengthening Governance — Supply Chain Management

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Subject Areas, Aspects, General Disclosures and KPIs		Index
Aspect B6: Product Responsibility		
General Disclosure	"Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress."	Strengthening Governance — Business Ethics Contributing to Society — Client Empowerment
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Contributing to Society — Client Empowerment — Client Engagement
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Contributing to Society — Client Empowerment — Client Engagement
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Strengthening Governance — Business Ethics — Information Security and Protection
KPI B6.4	Description of quality assurance process and recall procedures.	Contributing to Society — Client Empowerment
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Strengthening Governance — Business Ethics — Information Security and Protection

Subject Areas, Aspects, General Disclosures and KPIs		Index
Aspect B7: Anti-corruption		
General Disclosure	"Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering."	Strengthening Governance — Business Ethics — Compliance Management
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Strengthening Governance — Business Ethics — Compliance Management
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Strengthening Governance — Business Ethics — Compliance Management
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Strengthening Governance — Business Ethics — Compliance Management
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Contributing to Society — Community Support
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Contributing to Society — Community Support
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Contributing to Society — Community Support Appendix I: Key Performance Indicators

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APPENDIX III: GRI STANDARD INDEX

Statement of use	WuXi XDC has reported the information cited in this GRI content index for the period January 1, 2023 to December 31, 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021		
The organization and its reporting practices		
2-1	Organizational details	Company Overview — Introduction
2-2	Entities included in the organization's sustainability reporting	About the Report
2-3	Reporting period, frequency and contact point	About the Report
2-4	Restatements of information	No
Activities and works		
2-6	Activities, value chain and other business relationships	Company Overview — Introduction Strengthening Governance — Supply Chain Management
2-7	Employees	Contributing to Society — Employee Development
2-8	Workers who are not employees	Contributing to Society — Employee Development
Governance		
2-9	Governance structure and composition	Strengthening Governance — Corporate Governance
2-10	Nomination and selection of the highest governance body	Strengthening Governance — Corporate Governance
2-11	Chair of the highest governance body	See Annual Report
2-12	Role of the highest governance body in overseeing the management of impacts	Strengthening Governance — Corporate Governance
2-13	Delegation of responsibility for managing impacts	Strengthening Governance — Corporate Governance
2-14	Role of the highest governance body in sustainability reporting	Strengthening Governance — Corporate Governance — ESG Governance

GRI Standard	Disclosure	Location
2-15	Conflicts of interest	See Annual Report
2-16	Communication of critical concerns	Strengthening Governance — Corporate Governance — ESG Governance
2-17	Collective knowledge of the highest governance body	Strengthening Governance — Corporate Governance — ESG Governance
2-18	Evaluation of the performance of the highest governance body	Strengthening Governance — Corporate Governance — ESG Governance
2-19	Remuneration policies	See Annual Report
2-20	Process to determine remuneration	See Annual Report
2-21	Annual total compensation ratio	See Annual Report
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	ESG Strategy
2-23	Policy commitments	Strengthening Governance — Business Ethics Strengthening Governance — Green Supply Chain Contributing to Society — Employee Development — Employee Recruitment and Development
2-24	Embedding policy commitments	Strengthening Governance — Business Ethics Strengthening Governance — Green Supply Chain Contributing to Society — Employee Development — Employee Recruitment and Development
2-25	Processes to remediate negative impacts	Strengthening Governance — Business Ethics — Compliance Management
2-26	Mechanisms for seeking advice and raising concerns	Strengthening Governance — Business Ethics — Compliance Management
2-27	Compliance with laws and regulations	Strengthening Governance — Business Ethics — Compliance Management

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GRI Standard	Disclosure	Location
Stakeholder engagement		
2-29	Approach to stakeholder engagement	Strengthening Governance — Corporate Governance — Stakeholder Engagement
2-30	Collective bargaining agreements	Contributing to Society — Employee Development — Employee Recruitment and Development
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	Strengthening Governance — Corporate Governance — Stakeholder Engagement
3-2	List of material topics	Strengthening Governance — Corporate Governance — Stakeholder Engagement
Material Issues		
GRI 202: Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Contributing to Society — Employee Development — Employee Recruitment and Development Contributing to Society — Employee Development — Diversity, Equity, and Inclusion (DEI)
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks	Strengthening Governance — Business Ethics — Compliance Management
205-2	Communication and training about anti-corruption policies and procedures	Strengthening Governance — Business Ethics — Compliance Management
205-3	Confirmed incidents of corruption and actions taken	Strengthening Governance — Business Ethics — Compliance Management

GRI Standard	Disclosure	Location
GRI 206: Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Strengthening Governance — Business Ethics — Compliance Management
Environment		
GRI301: Materials 2016		
301-1	Materials used by weight or volume	Environmental Sustainability — Environment Protection — Resource Management Appendix I: Key Performance Indicators
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	Appendix I: Key Performance Indicators
302-3	Energy intensity	Appendix I: Key Performance Indicators
302-4	Reduction of energy consumption	Environmental Sustainability — Climate Change and Energy Saving Appendix I: Key Performance Indicators
GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	Environmental Sustainability — Environmental Protection — Resource Management
303-2	Management of water discharge- related impacts	Environmental Sustainability — Environmental Protection — Resource Management
303-4	Water discharge	Appendix I: Key Performance Indicators
303-5	Water consumption	Environmental Sustainability — Environmental Protection — Resource Management Appendix I: Key Performance Indicators

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GRI Standard	Disclosure	Location
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Appendix I: Key Performance Indicators
305-2	Energy indirect (Scope 2) GHG emissions	Appendix I: Key Performance Indicators
305-4	GHG emissions intensity	Environmental Sustainability — Climate Change and Energy Saving Appendix I: Key Performance Indicators
305-5	Reduction of GHG emissions	Environmental Sustainability — Climate Change and Energy Saving Appendix I: Key Performance Indicators
305-7	Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	Appendix I: Key Performance Indicators
GRI 306: Effluents and Waste 2016		
306-1	Waste generation and significant waste-related impacts	Environmental Sustainability — Environmental Protection — Waste and Discharge Control
306-2	Management of significant waste-related impacts	Environmental Sustainability — Environmental Protection — Waste and Discharge Control
306-3	Waste generated	Appendix I: Key Performance Indicators
306-4	Waste diverted from disposal	Appendix I: Key Performance Indicators
306-5	Waste directed to disposal	Appendix I: Key Performance Indicators
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	Strengthening Governance — Supply Chain Management
308-2	Negative environmental impacts in the supply chain and actions taken	Strengthening Governance — Supply Chain Management

GRI Standard	Disclosure	Location
Society		
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	Appendix I: Key Performance Indicators
401-3	Parental leave	Contributing to Society — Employee Development — Employee Engagement and Benefits
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Contributing to Society — Employee Development — Occupational Health and Safety
403-2	Hazard identification, risk assessment, and incident investigation	Contributing to Society — Employee Development — Occupational Health and Safety
403-3	Occupational health services	Contributing to Society — Employee Development — Occupational Health and Safety
403-5	Worker training on occupational health and safety	Contributing to Society — Employee Development — Occupational Health and Safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Contributing to Society — Employee Development — Occupational Health and Safety
403-8	Workers covered by an occupational health and safety management system	Contributing to Society — Employee Development — Occupational Health and Safety
403-9	Work-related injuries	Appendix I: Key Performance Indicators

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GRI Standard	Disclosure	Location
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	Appendix I: Key Performance Indicators
404-2	Programs for upgrading employee skills and transition assistance programs	Contributing to Society — Employee Development — Employee Recruitment and Development
404-3	Percentage of employees receiving regular performance and career development reviews	Contributing to Society — Employee Development — Employee Recruitment and Development
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Contributing to Society — Employee Development — Diversity, Equity, and Inclusion Appendix I: Key Performance Indicators
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	Contributing to Society — Employee Development
GRI 407: Freedom of Association and Collective Bargaining 2016		
GRI 408: Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	Contributing to Society — Employee Development — Employee Recruitment and Development Strengthening Governance- Supply Chain Management
GRI 409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Contributing to Society — Employee Development — Employee Recruitment and Development Strengthening Governance — Supply Chain Management

GRI Standard	Disclosure	Location
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	Contributing to Society — Community Support
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	Strengthening Governance — Supply Chain Management
414-2	Negative social impacts in the supply chain and actions taken	Strengthening Governance — Supply Chain Management
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	Contributing to Society — Client Empowerment — Quality Management
GRI 417: Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	Strengthening Governance — Business Ethics — Compliance Management
417-2	Incidents of non-compliance concerning product and service information and labeling	Strengthening Governance — Business Ethics — Compliance Management
417-3	Incidents of non-compliance concerning marketing communications	Strengthening Governance — Business Ethics — Compliance Management
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Strengthening Governance — Business Ethics — Information Security and Protection

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APPENDIX IV: SASB INDEX

Issues	Accounting Standards	Encoding	Chapter Index
Drug Safety	Number of recalls, total number of recalled products.	HC-BP-250a.3	Contributing to Society — Client Empowerment
	Number and type of enforcement actions taken against breaches of good manufacturing practices (cGMP) by the FDA or equivalent institutions in other regions.	HC-BP-250a.5	Contributing to Society — Client Empowerment
Ethical Marketing	Total monetary losses incurred by the Company due to legal proceedings related to false marketing claims.	HC-BP-270a.1	Strengthening Governance — Business Ethics
Employee recruitment, development and retention	Business strategies for recruiting and retaining scientists and R&D talent.	HC-BP-330a.1	Contributing to Society — Employee Development
	(1) Voluntary and (2) Non-voluntary turnover rates: (a) Supervisors/Senior Management (b) Middle Management, (c) Professionals, and (d) All other employees.	HC-BP-330a.2	Contributing to Society — Employee Development Appendix I: Key Performance Indicators
Business Ethics	Total monetary losses incurred due to legal proceedings related to corruption and bribery.	HC-BP-510a.1	Strengthening Governance — Business Ethics

APPENDIX V: TCFD RECOMMENDATION INDEX

TCFD Pillar	Recommended Disclosures		Chapter Index
Governance	a)	Describe the board's oversight of climate-related risks and opportunities.	Environmental Sustainability — Climate Change and Energy Saving — Governance
	b)	Describe management's role in assessing and managing climate-related risks and opportunities.	Environmental Sustainability — Climate Change and Energy Saving — Governance
Strategy	a)	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Environmental Sustainability — Climate Change and Energy Saving — Strategy
	b)	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Environmental Sustainability — Climate Change and Energy Saving — Strategy
	c)	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Environmental Sustainability — Climate Change and Energy Saving — Strategy
Risk Management	a)	Describe the organization's processes for identifying and assessing climate-related risks.	Environmental Sustainability — Climate Change and Energy Saving — Risk Management
	b)	Describe the organization's processes for managing climate-related risks.	Environmental Sustainability — Climate Change and Energy Saving — Risk Management
	c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Environmental Sustainability — Climate Change and Energy Saving — Risk Management
Metrics and Targets	a)	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Environmental Sustainability — Climate Change and Energy Saving — Metrics and Targets
	b)	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Environmental Sustainability — Climate Change and Energy Saving — Metrics and Targets
	c)	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Environmental Sustainability — Climate Change and Energy Saving — Metrics and Targets

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APPENDIX VI: LIST OF LAWS AND REGULATIONS

Company Law of the People's Republic of China	Personal Information Protection Law of the People's Republic of China
Securities Law of the People's Republic of China	Patent Law of the People's Republic of China
Criminal Law of the People's Republic of China	Rules for the Implementation of the Patent Law of the People's Republic of China (Revised 2023)
The Civil Code of the People's Republic of China	China's Regulations on Patent Application Services (Revised 2018)
Foreign Investment Law of China	Trademark Law of the People's Republic of China (Revised 2019)
Rules for the Implementation of the Foreign Investment Law of China	Rules for the Implementation of the Trademark Law of the People's Republic of China
Anti-Monopoly Law of the People's Republic of China	Copyright Law of the People's Republic of China
Anti-Unfair Competition Law of the People's Republic of China	Rules for the Implementation of the Copyright Law of the People's Republic of China
Law of the People's Republic of China on Donations to Public Welfare	Regulations for the Protection of Computer Software
The Charity Law of the People's Republic of China	Regulations on the Protection of the Right of Communication Through Network
Advertisements Law of the People's Republic of China	Measures for the Administration of Generative Artificial Intelligence Services (Trial Implementation)
Data Security Law of the People's Republic of China	Regulation of the People's Republic of China on the Administration of Human Genetic Resources
Measures for the Security Assessment of Outbound Data Transfer of China	Rules of the Implementation of the Regulation of the People's Republic of China on the Administration of Human Genetic Resources
Anti-Telecom and Online Fraud Law of China	Regulations on the Protection of Intellectual Property Rights (IPR) by Customs (Revised 2018)
Measures for the Standard Contract for the Outbound Transfer of Personal Information of China	Regulations on Technology Import and Export Administration of the People's Republic of China (Revised 2019)
Biosecurity Law of the People's Republic of China	Patent Cooperation Treaty

Measures for the Administration of Safety Licensing for Radioisotopes and Radiation Devices	Provisions Regarding the Prohibition of Trade Secret Infringement
Good Pharmacovigilance Practice	China's Good Manufacturing Practice for Pharmaceutical Products (Revised 2010)
Regulation on the Administration of Narcotic Drugs and Psychotropic Drugs	Drug Administration Law of the People's Republic of China
The Cybersecurity Law of the People's Republic of China	Rules for the Implementation of the Drug Administration Law of the People's Republic of China
Electronic Signature Law of the People's Republic of China	Vaccine Administration Law of the People's Republic of China
Cryptography Law of the People's Republic of China	Labor Law of the People's Republic of China
Information security technology — Baseline for classified protection of cybersecurity	Labor Contract Law of the People's Republic of China
Online Data Security Management Regulations (Draft for Comment)	Employment Promotion Law of the People's Republic of China
Measures for the Administration of Data Security in the Industry Technology Sector (Trial Implementation)	Social Insurance Law of the People's Republic of China
Special Provisions on Labor Protection for Female Employees	Cleaner Production Promotion Law of the People's Republic of China
Provisions on the Prohibition of Using Child Labor	Medical Waste Management Regulations
Law of the People's Republic of China on Protection of Minors	Hong Kong Cap. 514 Patents Ordinance
Law of the People's Republic of China on the Prevention and Control of Occupational Diseases	Hong Kong Cap. 528 Copyright Ordinance
Law of the People's Republic of China on Work Safety	Hong Kong Cap. 559 Trade Marks Ordinance
Fire Protection Law of the People's Republic of China	U.S. Foreign Corrupt Practices Act (FCPA)
Regulations on Work-related Injury Insurance	U.S. Federal Trade Commission Act
Factory Safety and Health Regulations	U.S. Truth in Advertising Act (Honest Ads Act)

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Interim Provisions on Finding Out and Controlling Hidden Dangers of Work Safety Accidents	The European Union General Data Protection Regulation (GDPR)
Regulations on Reporting and Investigation and Handling of Production Safety Accidents	U.S. Data Protection Act
Regulations on the Safety Management of Hazardous Chemicals	U.S. Health Insurance Portability and Accountability Act (HIPAA)
Environmental Protection Law of the People's Republic of China	U.S. International Emergency Economic Powers Act (IEEPA)
Environmental Impact Assessment Law of the People's Republic of China	U.S. National Emergencies Act (NEA)
Environmental Protection Tax Law of the People's Republic of China	U.S. Export Administration Regulation (EAR)
Law of the People's Republic of China on Energy Conservation	U.S. Uniform Trade Secrets Act (UTSA)
Water Pollution Prevention and Control Law of the People's Republic of China	U.S. Trademark Law
Urban Drainage and Sewerage Ordinance	U.S. Digital Millennium Copyright Act
Law of the People's Republic of China on the Prevention and Control of Air Pollution	U.S. International Arbitration Rules of the American Arbitration Association
Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste	U.S. Food and Drug Administration, Section 211, 21st Edition of the Federal Code
Law of the People's Republic of China on Prevention and Control of Soil Contamination	EU Guidelines for Good Manufacturing Practice for Pharmaceutical Products
Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution	German Gesetzes gegen den unlauteren Wettbewerb (UWG)

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APPENDIX VII: LIST OF NOTES

[1]   New suppliers refer to the ones contracted in 2023 and all existing significant suppliers signed.

[2]   Water Excellence Stewardship (WES) is an internal water management plan at site specific to manage the water quality, provide employees with safe drinking-water, sanitation and hygiene (WASH), reduce our water use and etc., based on the principle of Measure, Reduce, Reuse and Recycle. This plan will also refer to ISO 46001, International Water Stewardship Standard and other industry standard.

[3]   In WuXi XDC, our overall Business Ethics governance includes but not limited to anti-corruption and bribery, discrimination, confidentiality of information, conflicts of interest, whistleblowing and investigation, etc.

[4]   Pharmaceutical Supply Chain Initiative.

[5]   This includes but not limited to discrimination, human trafficking, child labor, slavery, DEI, health and safety, etc.

[6]   The potential risks include human trafficking, discrimination, child labor, slavery and impact on environment as well as local communities.

[7]   This refers to women, children, persons with disability, third-party contracted labor, and local communities and students.

[8]   PROUD stands for Passion, Reward, Ownership, Unity and Determination.

[9]   Compensation is based on merit without relation to race, color, gender, religion, nationality, disability status, sexual orientation, gender identity, marital status, veteran status, or any of the protected characteristics.

[10] This includes part-time employees and contractors.

[11] This includes DDI, CEIBS Business Online, LinkedIn, and INTUITION.

[12] This includes Business indicators and PROUD Competence indicators.

[13] This includes people in minority groups and people with disabilities.

[14] PROUD Survey. A total of 13 dimensions were covered, including engagement, thrive, career development, confidence for the future, healthy working environment, and manager effectiveness.

[15] The Company partners with insurance institutions to offer discounted commercial insurance packages. Employees can choose to purchase these packages, which include an employee plan as well as a plan for their spouse and children.

[16] COSO refers to The Committee of Sponsoring Organizations of the Treadway Commission.

[17] Under the 2015 *Paris Agreement*, nearly 200 countries agreed to limit global warming to no more than 2℃ by 2100, and to aim for a no more than 1.5℃ increase. 2℃ or below 2℃ scenarios are the global community's accepted limitation of temperature growth to avoid significant and potentially catastrophic changes to the planet, which can also be referred to as 'Paris Aligned'. Above 2℃ scenarios show a potential situation where this agreement is not met.

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18   NOAA. (2013). Climate Model: Temperature Change (RCP 2.6) — 2006–2100.

19   NOAA. (2013). Climate Model: Temperature Change (RCP 8.5) — 2006–2100.

20   IEA. (2022). Understanding GEC Model scenarios.

21   IEA. (2022). Understanding GEC Model scenarios.

22   Under the operational control.

23   Direct greenhouse gas emissions (such as from natural gas and gasoline).

24   Indirect greenhouse gas emissions (from purchased electricity and steam). The electricity emission factor is calculated based on the average carbon dioxide emission factor of China's provincial power grids in 2010.

25   Please refer to GB/T 2589–2020 *General Principles for Calculation of Comprehensive Energy Consumption*, and the GHG Protocol released by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

26   Applies location-based approach.

27   Water we use for operations comes from municipal water systems and a small amount for irrigation and road cleaning comes from harvested rainwater, we do not take water from water stressed areas.

28   Since the specific information of employees out of China cannot be obtained, the data range with asterisk is for employees based in China.

29   This refers to the actual locations where employees work.

30   Total employee turnover = Total number of turnovers/Total number of employees by year-end.

31   Voluntary employee turnover = Total number of voluntary turnovers/Total number of employees by year-end.

32   All operating sites refer to all the sites put into operation before 2023, so that comprehensive and valid data can be measured. This includes the XDC Wuxi Site and XDC Shanghai Site.

5. ABOUT THE REPORT

REPORTING SCOPE AND LIMITS

The Scope of the Environmental, Social and Governance Report (the present report) is consistent with the Company's annual report. In view of the importance of our business's impact on the environment, the scope of our environmental data includes all operating sites owned and managed by WuXi XDC (Cayman) Inc.[32]

REPORTING PERIOD

This report covers the period from January 1, 2023 to December 31, 2023 (the Reporting Period). To complete the comprehensive suite of data contained in this report, some content considers previous years or extends to the first quarter of 2024.

REPORTING STANDARDS

This report is compiled based on the Environmental, Social and Governance Reporting Guide, Appendix C2 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (HKEX); with reference to the Global Sustainability Standards Board (GSSB) GRI Standards; the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations of The Financial Stability Board (FSB); and the Sustainable Development Accounting Standards Board Foundation (SASB) Accounting Standards for Sustainable Development — Biotechnology and Pharmaceutical Industries.

INDICATORS SELECTION

The indicators in the report were selected and elaborated on following the principles of "materiality, quantitative measurement, balance, and consistency" as described further below, to disclose performance of the material issues. Continuous updates and optimization of the disclosure indicators will be provided in subsequent reports.

5.   ABOUT THE REPORT

Materiality: WuXi XDC uses the stakeholder engagement mechanism and materiality assessment matrix to identify corporate and social responsibility issues that are material or relevant to the company and its stakeholders.

Quantitative Measurement: WuXi XDC embodies the quantitative principle by disclosing measurable key performance indicators.

Balance: WuXi XDC presents its work in the environmental, social and governance aspects in a fair and objective manner in this report.

Consistency: WuXi XDC will adopt a consistent approach to data disclosure and data comparison across time periods covered by the report, and will note the changes in statistical methods and key performance indicators and any other relevant factors affecting a meaningful comparison.

EXPLANATION OF TERMS

For clarity of presentation and ease of reading, "WuXi XDC (Cayman) Inc." is also referred to in this Report as "WuXi XDC", "the Company" or "we".

SOURCES AND RELIABILITY

The qualitative and quantitative information used in this report comes from WuXi XDC publicly available information, internal documents and related statistical data. The company's Board of Directors guarantees that this report is free from any misrepresentation or misleading statements, and is responsible for the truthfulness, accuracy and completeness of its contents.

CONFIRMATION AND APPROVAL

This report was approved by the Board of Directors on March 25, 2024, following confirmation by management.

REPORT ACCESS

The online version of this report is available for download on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and that of WuXi XDC (www.wuxixdc.com).