



FOSUN PHARMA

ANNUAL REPORT 2022

上海復星醫藥(集團)股份有限公司

Shanghai Fosun Pharmaceutical (Group) Co., Ltd.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 02196

*For identification purposes only

Environmental, Social and Governance Report

ABOUT THIS REPORT

After the issuance of the Corporate Social Responsibility Reports for 15 consecutive years, we came to realize that, with the enhanced awareness of environmental, social and governance (hereinafter referred to as “ESG”) of the international community, the capital market is more likely to comply with ESG investment and ESG capability will be taken as an important indicator in the evaluation of corporate values. This ESG Report is hereby disclosed in response to the Group’s focus on the environment, society and governance.

BASIS OF PREPARATION

This report is prepared in accordance with the ESG Reporting Guide as set out in Appendix 27 to the Hong Kong Listing Rules. In response to the concerns of investors with the ESG performance of the Group (hereinafter referring to Fosun Pharma and its subsidiaries), this report also refers to and responds to the issues concerned by Morgan Stanley Capital International ESG rating (i.e. MSCI ESG rating).

The Group also simultaneously released the 2022 Corporate Social Responsibility Report to acquaint shareholders with more detailed information related to the social responsibility and sustainable development of the Group.

Scope and Boundary of Report

The scope of disclosure of this report is consistent with that of financial information in the Group’s 2022 Annual Report.

Data Source and Reliability Assurance

The data and cases contained herein are mainly from the statistical reports and relevant documents of the Group. The Group commits that there are not any false records or misleading statements in this report, and is liable for the authenticity, accuracy and integrity of the contents therein.

Confirmation and Approval

This report was adopted by the Board of Directors on 27 March 2023 upon confirmation by the management.

Access to and Feedback of this Report

For an environmental friendly option, we suggest you to read the electronic version of the report, which can be obtained from the official website of the Company of <http://www.fosunpharma.com>.

Readers are welcome to contact us by the following ways. Your opinions will help us further improve this report and enhance the overall environmental, social and governance performance of the Group.

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Environmental, Social and Governance Report

1. CORPORATE GOVERNANCE

The Group deeply understands that sound corporate governance is the foundation and assurance for the development of an enterprise. We strictly abide by the laws and regulations of the places where we operate to strengthen our own internal compliance management, and consolidate and further improve our corporate governance, thus ensuring that we operate in an efficient and correct way in compliance with regulations to achieve stable and long-term development. On such basis, the Group puts sustainable development into practice, pays attention to the needs and expectations of various stakeholders, and constantly improves its ESG management system with reference to its own business and development, thus comprehensively improving its ESG performance from the three dimensions of environment, society and governance.

1.1 Governance Structure

1.1.1 Specialization and Diversity

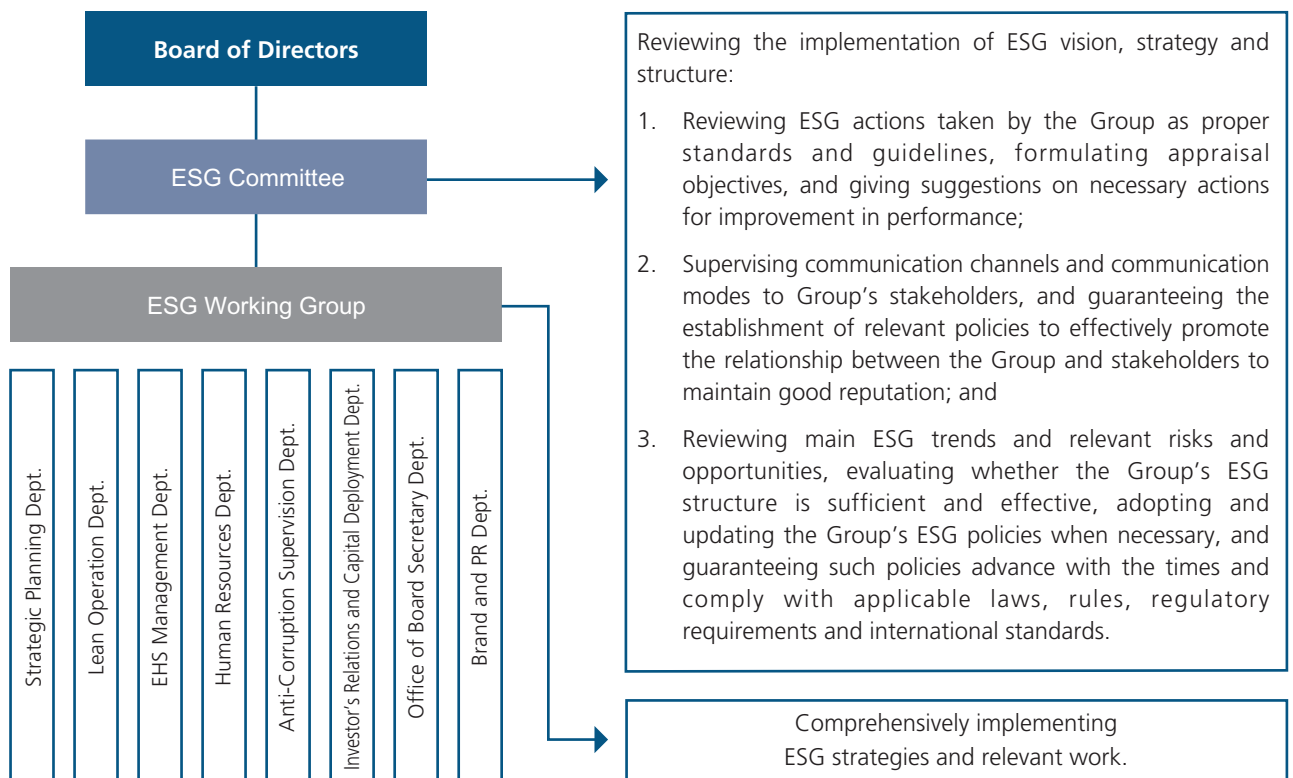
In compliance with the PRC Company Law, the PRC Securities Law and other national laws and regulations, the Guidelines for Corporate Governance of Listed Companies, as well as various standards and normative documents for listing in the Shanghai Stock Exchange and the Hong Kong Stock Exchange, the Group continues to improve its corporate governance structure and has formulated a series of rules and regulations which meet the development requirements of the Group, such as the Articles of Association, so as to ensure the sustainable and steady development of the Group with a standardized governance system.

The Company has a corporate governance structure composed of, among others, the general meeting, the Board of Directors including various professional committees, the Supervisory Committee, the management and specialized working committees in place. The Strategy Committee, the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, and the Environment, Social and Corporate Governance Committee (the "ESG Committee") under the Board of Directors are responsible for the overall governance and supervision, and regular review of the Company, in order to maintain a high standard of corporate governance, protect the rights and interests of all stakeholders, and enhance corporate value.

The Board of Directors, being the core organization of the Group's corporate governance structure and one of the important decision-makers in the operations of the Company, provides control over the directions, and guidance in corporate development and governance. We highly recognize the contribution of a diversified Board of Directors in corporate development, believing that diversified leadership is a key power for maintaining corporate competitiveness and promoting sustainable development. The *Board Diversity Policy* formulated in 2018 comprehensively considers the composition of Board members in terms of multiple dimensions such as gender, age, cultural and educational background, professional experience, skills, knowledge and service tenure, and ensures that only talent and qualified personnel are appointed. In addition, the Nomination Committee under the Board of Directors reviews the structure, size and composition of the Board of Directors every year, and makes recommendations on any changes to the Board of Directors to complement the Group's strategies to ensure the effective implementation of the policy. As at the end of the Reporting Period, the Board of Directors consisted of twelve Directors, four of which were independent non-executive Directors of the accounting, legal, management and strategy professions.

1.1.2 ESG Governance

In order to better promote the strategic layout of sustainable development, the Group has established a dedicated ESG governance structure to strengthen the top-level design of ESG governance, and further promote the coordinated management of the Group's sustainable development by the Board of Directors and the management. Our top-down ESG governance structure is composed of the Board of Directors, the ESG Committee and the ESG Working Group. In order to help the ESG Committee implement various ESG work in an orderly and standardized manner, we have formulated *the Scope of Authority and Implementation Rules of the ESG Committee of the Board of Directors* to ensure a clear and coordinated division of responsibilities at all levels to enhance the overall ESG performance of the Group.



ESG Governance Structure

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Board Statement

Board Responsibilities

The Board of Directors is the highest responsible body for the ESG governance of the Group. In order to continuously improve the Group's own ESG governance structure and system, we have established an ESG management mechanism with the Board of Directors as the main body of responsibility, under which the ESG Committee and the ESG Working Group are established. The ESG Committee holds regular meetings to review and approve the ESG strategies and objectives, supervise and review the policies and progress against the objectives related to ESG issues, and review the public disclosure of ESG matters. In 2022, the ESG Committee held two meetings.

Risk Management

The Group regularly conducts identification and materiality assessment of risks relating to sustainable development, and the ESG Committee makes strategic recommendations to the Board of Directors on the management and control of related risks. The Board of Directors is responsible for reviewing the relevant risks and importance in the ESG report of the Group, and supervising the development and results of ESG risk management in the ESG report to ensure that all major ESG risks are under effective management and control.

Daily ESG Management

The ESG Working Group under the ESG Committee comprehensive promotes the implementation and execution of the ESG strategies and projects of the Group to build Fosun Pharma Group's own brand of corporate social responsibility. In order to proceed with each ESG project effectively and achieve its objectives, the Group has made ESG performance one of the performance assessment dimensions for the senior management, and linked it to the remuneration of the relevant team. The Group conducts annual assessment based on the achievement of ESG objectives and its performance, and adopts remuneration reward and disciplinary measures as supplemented by internal policy guidance.

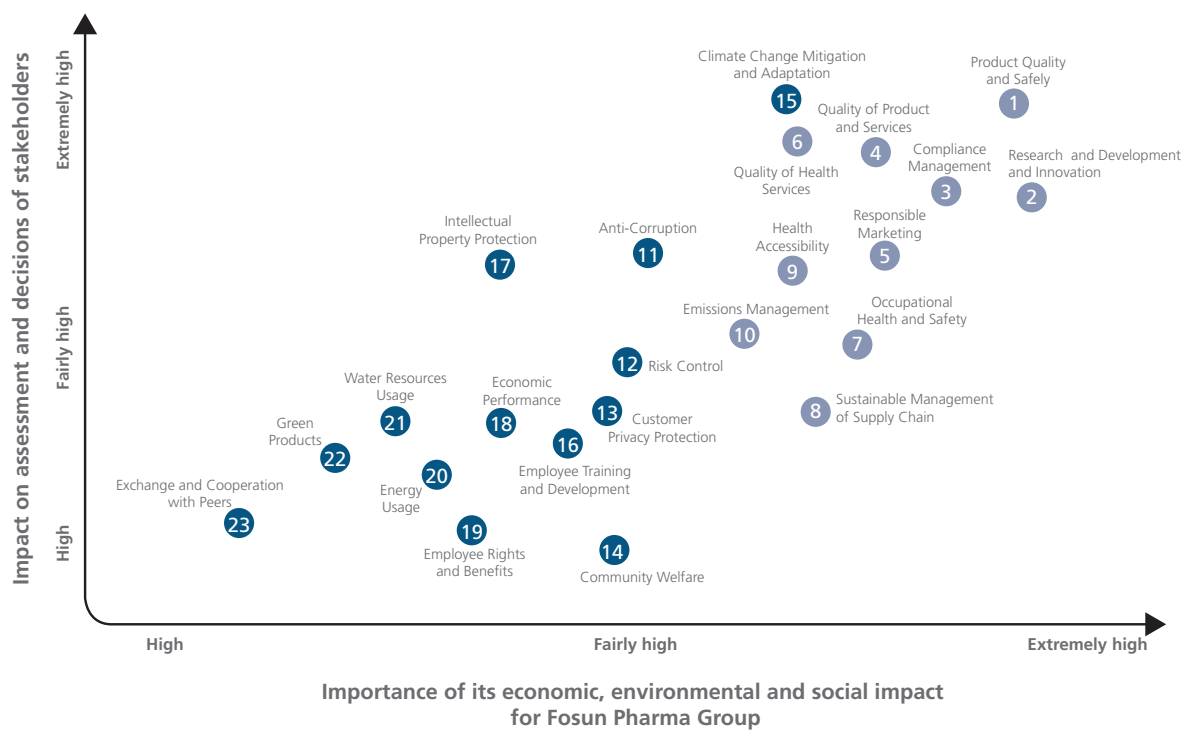
Material ESG Issues

The Group regularly communicates with internal and external stakeholders in connection with ESG materiality assessment. ESG opportunities and risks are under discussion, and ESG materiality assessment and prioritization are conducted in accordance with the risk assessment framework of the Group, so as to ensure the formulation of strategies and visions by the Company for the systematically rationalized ESG issues, and improve the ESG performance continuously to meet the requirements and expectations of stakeholders.

1.2 Risk Control

1.2.1 ESG risk identification

Fosun Pharma regularly analyzes, sorts out, updates, and identifies key ESG issues that require priority to be given by the Group in terms of environment, society, and governance with reference to national policies and industry development trends, the needs of stakeholders, the development strategy and operational priorities of the Group, the GRI Standards and the ESG Reporting Guide of the Hong Kong Stock Exchange. At the same time, we regularly update the prioritization of the importance of issues based on feedback from internal and external stakeholders and expert judgment to develop a materiality matrix to provide strong support for the long-term ESG strategies to be formulated by the Group.



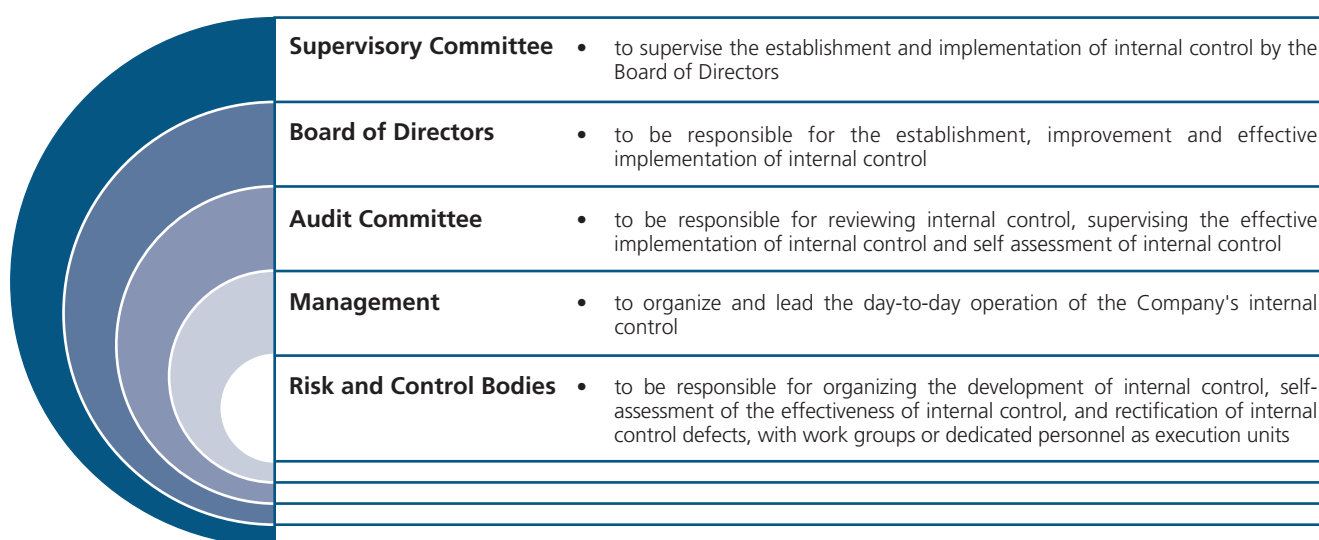
Materiality Matrix

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1.2.2 Risk prevention and control

The establishment of a sound risk prevention and control system is a fundamental assurance of the long-term steady operations of the Group. We optimize the risk management and internal control management framework continuously through the formulation of The Internal Control Manual of Fosun Pharma Group in accordance with the related laws, regulations and regulatory requirements.

The Group has established an internal control management structure with a clear division of labor. There are corresponding management organizations to follow up and implement various work, from the establishment of internal control objectives to the actual implementation and supervision of internal control work. In addition, the Group has incorporated ESG risks and climate change-related risks into its risk management and internal control management framework, and monitors them together with other business risks. The impact of these risks is mitigated through proactive measures.



Internal Control Management Structure

1.3 Business Ethics

The Group is committed to creating a fair and clean business environment and a fair and clean moral culture, and regards misconduct related to corruption as a “high-tension line” for management. We always restrain ourselves, employees and suppliers with the highest standard of business principles. Internal systems such as the *Regulations on Anti-Corruption*, the *Anti-Commercial Bribery Agreement*, *Provisions on Integrity Administration of Engineering Construction Projects*, the *Regulations on the Management of Employee Integrity in Practice*, the *Administrative Measures for Cash and Gifts Received in Official Activities (Trial Implementation)* and the *Reward, Punishment and Appeal Management System* clearly elaborate the ethics, legitimacy and the red line mechanism of the employees and suppliers, and bribery is strictly prohibited.

During the Reporting Period, in order to further improve the Group’s business ethics system, popularize corporate culture and core values, promote corporate compliance and moral integrity, improve the Group’s corporate governance capabilities according to law, and business ethics standardized management capabilities, and maintain the Group’s good reputation and brand value to become a world-class enterprise with global competitiveness, the Group formulated and published *Guidelines on Business Ethics of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* in accordance with the professional ethics and code of conduct well recognized and generally followed in the industry and Shanghai Fosun Pharmaceutical (Group) Co., Ltd. Integrity Supervision and Management System, so as to implement business ethics management from multiple dimensions such as employee rights, information security, anti-corruption and anti-bribery, and international trade compliance.

Adhering to the anti-corruption principle of “investigating every case, learning from the past mistakes to avoid future ones, emphasizing investigation with the priority of prevention and addressing both symptoms and root causes”, we have built a solid anti-corruption compliance control system of “prevention-detection-remediation”, continuously strengthened the supervision of anti-corruption, and eliminated fraud and corruption, thus creating a clean and fair corporate atmosphere.

External partners

- Suppliers and external partners shall formulate their own anti-corruption policies and enter into the Anti-Commercial Bribery Agreement as an annex to the contracts with the Group.
- During the procurement process, the suppliers which participate in the bidding shall sign the Letter of Commitment on Integrity before signing up to undertake that they shall not engage in fraudulent behavior or offer unjust benefits to the staff in charge of tender in the bidding process.

All internal staff of Fosun Pharma

- They shall sign the Employee Integrity Commitment of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. during induction.

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The Group has established an anti-corruption and business ethics control system with four lines of defense as the main body, and the Board of Directors is responsible for supervising and reviewing related matters. We have stipulated the basic requirements of anti-corruption and business ethics from the four levels comprising system, financial monitoring, proactive review, and system improvement to ensure the stable operation of the Group.



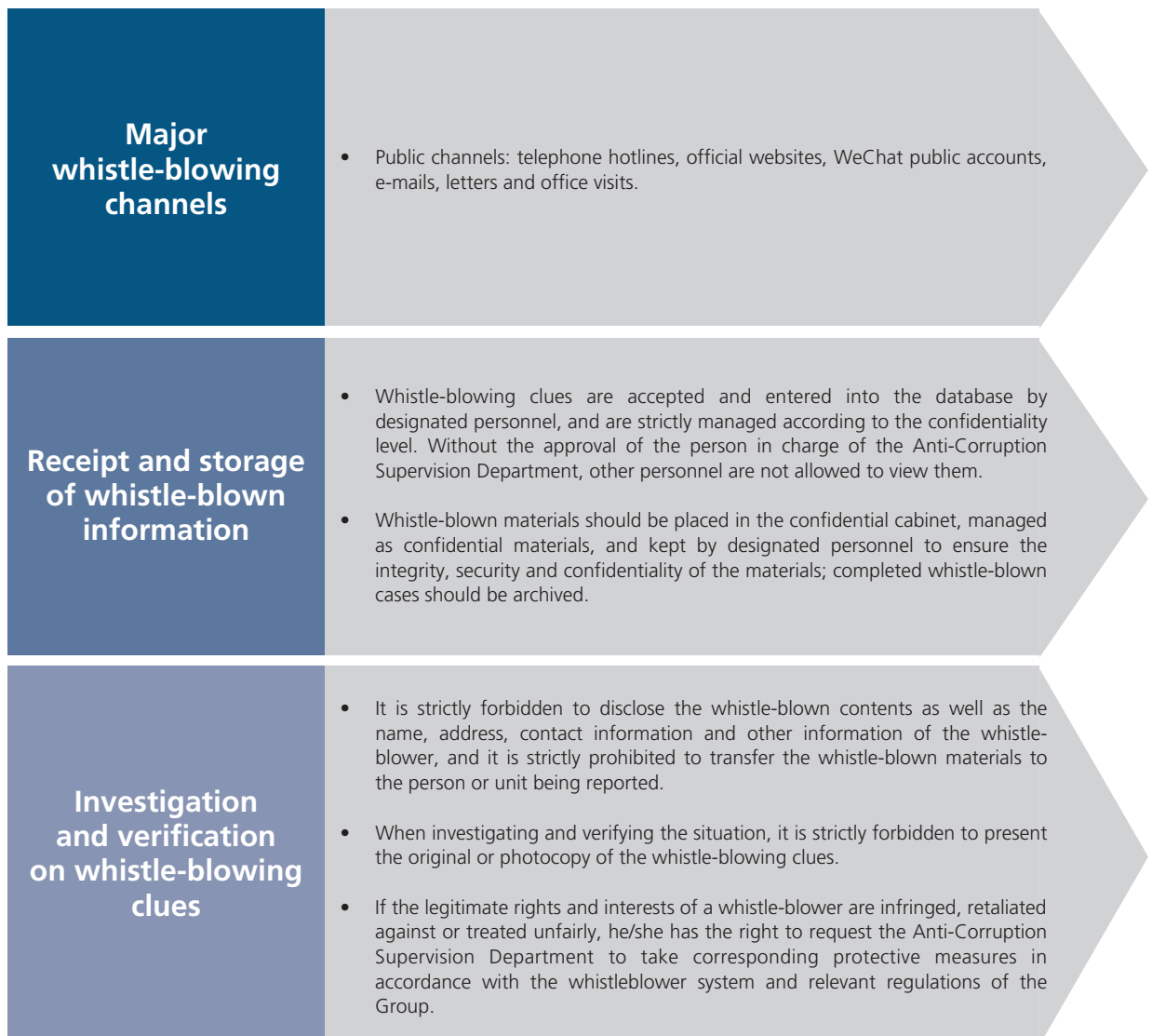
Anti-corruption and Business Ethics Control System

In order to supervise the effective implementation of anti-corruption and business ethics-related systems, the internal audit department formulates key or targeted audit plans for subsidiaries or business lines every year, and submits them to the Board of Directors for review and approval before implementation. The internal audit plan for business ethics can cover all operating locations and business lines of the Group every three years. For violations of business ethics and corruption screened out in various business lines, the internal audit department will jointly conduct follow-up investigations with the Anti-Corruption Supervision Department. At the same time, in the process of cooperation with third parties, the Group regularly audits and supervises the integrity of all key suppliers to strengthen management and control.

In order to strengthen the awareness and understanding of the business code of conduct and anti-corruption system among employees, and implement the corporate culture of integrity and compliance, the Group regularly conducts business ethics and anti-corruption training for the headquarters and subsidiaries, covering all employees, part-time employees and contractors. During the Reporting Period, the Anti-Corruption Supervision Department of the Group provided a total of 16 anti-corruption training sessions or presentations, including 8 anti-corruption training sessions for all new recruits at the headquarters and Fosun Health, and an anti-corruption training session for each of the investment lines and strategic product sales lines. In addition, we have carried out publicity and implementation of anti-corruption awareness among all employees, suppliers and other partners by setting up the portal websites of the Commission for Discipline Inspection and the Anti-Corruption Supervision Department, publishing the Special Anti-corruption Issue and producing integrity publicity posters.

We continue to improve the whistle-blowing process against corruption cases, and encourage employees to speak out boldly through the channels we provide. The Group has established a complete whistle-blowing mechanism. By formulating the *Whistle-blowing Management Regulations, Whistleblower and Witness Protection Act and Reward Provisions* as well as other protection system documents, we encourages active supervision, both internally and externally, continuously improves protection measures for whistleblowers, strictly prevent disclosure of reported content and personal information of whistleblowers, and eliminate acts of retaliation against whistleblowers.

At the same time, the Group has established a sound whistle-blowing process. We conduct investigations and collect evidence on the reported cases we receive, deal with violations of laws and disciplines in accordance with the reward and punishment system of the Group, and report the results to the whistleblower in a timely manner.



Whistle-blowing Handling Process

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By adopting active review and encouraging whistle-blowing, the Anti-Corruption Supervision Department accepted 19 clues in aggregate and properly handled all the clues during the Reporting Period. According to the relevant regulations of anti-corruption, the Anti-Corruption Supervision Department issues anti-corruption supervision proposals to relevant subsidiaries in respect of management problems discovered during the case investigation process, putting forward rectification opinions, and requiring relevant subsidiaries to implement rectification and give feedback, which prevents risks in a timely and effective manner to avoid major losses for the Group.

In 2022, the Group had a total of 5 employees subject to the punishment of termination of their labor contracts and 6 employees subject to disciplinary measures such as warnings as they violated relevant anti-corruption regulations, and 7 employees subject to criminal compulsory measures as they violated criminal laws. Through the investigation of the cases, more than RMB4.07 million of losses were recovered for the Group.

2. PRODUCT RESPONSIBILITY

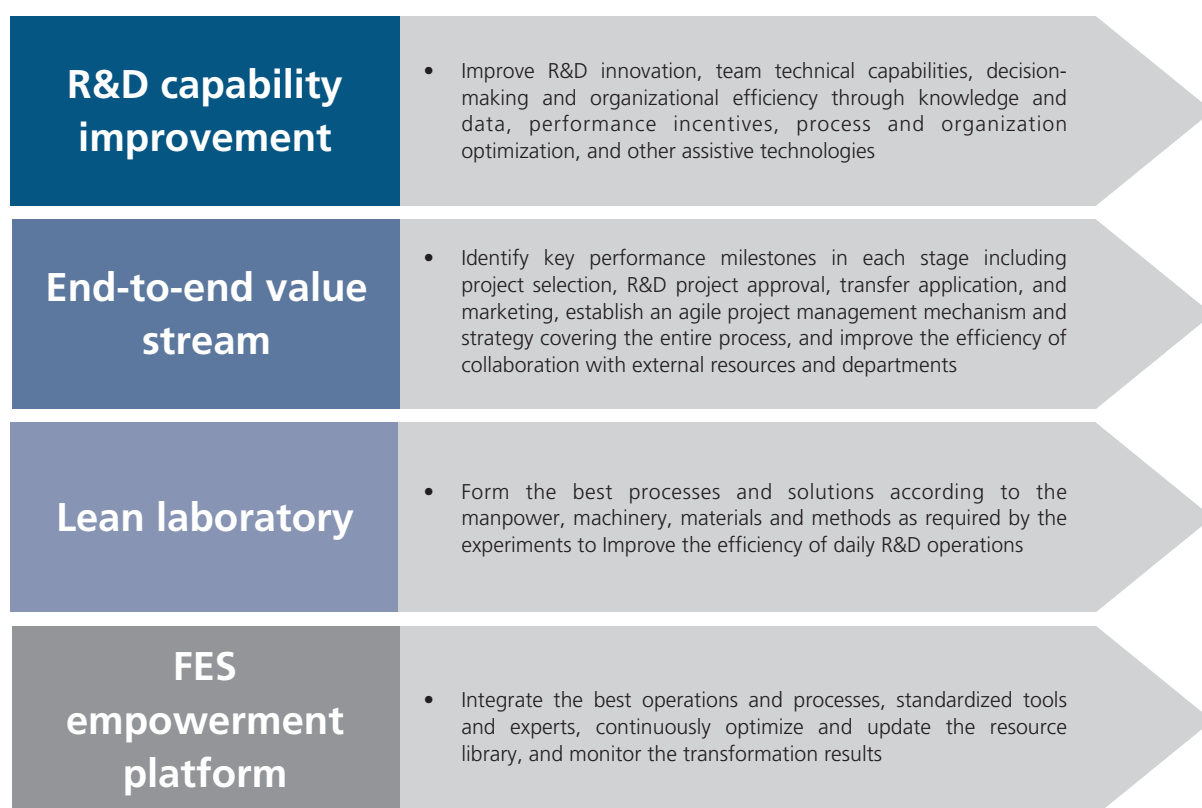
Taking protecting the health of patients as its own responsibility while adhering to the quality policy of “Respect for Life, Focus on Quality, Commitment to Perfection, and Pursuit of Excellence”, the Group focuses on the closed-loop of product management covering the entire life cycle, continuously promotes product research and development, and improves product quality, in order to provides patients and customers with quality and accessible products and services.

2.1 Drug Accessibility

2.1.1 R&D and Innovation

“Patient-centered, clinical demand-oriented and high-tech-driven” is the consistent research and development concept of the Group. We continue to steer by innovation and internationalization, increase R&D investment and the introduction of scientific researchers, and focus on core therapeutic areas such as tumors (solid tumors and hematological tumors), immunity, central nervous system, and chronic diseases (liver disease/metabolism/kidney disease) through diversified and multi-level models such as independent R&D, co-development, license-in projects and deep incubation. With a focus on strengthening core technology platforms such as small molecules, antibody/ADC, cell therapy, and RNA, we create an open and global innovative R&D system for continuous improvement, and enhance the value of the pipeline for promoting the R&D and commercialization of more FIC and BIC products.

The Group continues to promote the development and implementation of product R&D innovation and technology platforms, implements the internationalization strategy of innovative R&D, and strengthens the core driving force for the long-term development of the enterprise. Based on FOPEX (Fosun Pharma Operation Excellence), the FES (Fosun Entrepreneurship & Ecosystem System) R&D management system has been further upgraded to support the agile and efficient R&D of products through the improvement and innovation platforms.



FES R&D Management System

In addition, we have further specified the division of responsibilities for R&D and innovation. At the beginning of 2022, the pharmaceutical manufacturing segment was upgraded and divided into the innovative medicines division, established medicines manufacturing & supply division and vaccines division to rationalize the division of business segments in the form of business divisions. At the same time, by setting up and upgrading the global R&D center, the Group has further reinforced the structure of R&D function, and sped up the product incubation process with a diversified R&D model.

During the Reporting Period, the Group further increased its investment in resources for R&D and innovation to give full support to enhance R&D and innovation capabilities, and at the same time lay a solid foundation for later transformation towards industrialization. During the Reporting Period, the investment in R&D of the Group was RMB5,885 million (including capitalized expenses), representing a year-on-year increase of 18.22%. In 2022, R&D expenses amounted to RMB4,302 million, representing a year-on-year increase of 12.12%. As of 31 December 2022, the number of pipeline innovative drugs, biosimilars, generic drugs and consistency evaluation projects of the Group exceeded 260, including 63 pipeline innovative drugs, 14 biosimilars under independent development, 118 generic drugs and 21 consistency evaluation projects.

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Featured self-developed products

- Our self-developed product Han Li Kang[®] (rituximab injection) is the first domestic biosimilar approved for launch in China
- Our self-developed product Han Qu You[®] (trastuzumab injection) is the first trastuzumab biosimilar approved for launch in China, and also the first domestic monoclonal antibody biosimilar approved by both China and Europe, which changed the domestic treatment landscape in the field of HER2 (Human Epidermal Growth Factor Receptor 2) positive breast cancer in China while improving the accessibility of monoclonal antibodies
- Our licensed-in Su Ke Xin[®] (avatrombopag maleate tablets) is currently the first oral drug approved for the treatment of thrombocytopenia related to chronic liver disease in the world, filling the gap of treatment in relevant therapeutic area in China and introducing a world-leading new clinical treatment plan for patients with thrombocytopenia related to chronic liver disease in China

The compliance of product innovation and R&D has a significant impact on the business operations of enterprises. The Group continues to pay attention to ethical considerations in the R&D process, and regards R&D compliance as the primary principle of innovation. We strictly abide by relevant laws and regulations and ethical requirements, and have developed the “New Product R&D Management Regulations and Standard Operation Manual (SOP)” to ensure that all tests in drug research and development meet the requirements of relevant national standards. At the same time, clinical trials involving human beings are in compliance with the quality management standards for drug clinical trials (GCP Standards) and have passed the ethics committee review. Operations involving animal testing are conducted in accordance with the relevant regulations on the management of laboratory animals.

Protecting intellectual property rights is an important means to ensure that R&D achievements are not infringed and enthusiasm for innovation is not dampened. The Group has developed “Intellectual Property Strategy for Key Products” to safeguard its innovation and R&D achievements. We strictly abide by the “Corporate Intellectual Property Management Code”, and proactively identify IP risks through technical and legal analysis at the start-up of R&D projects, and build intellectual property portfolios for key products to extend product life cycles. During the Reporting Period, a total of 249 patents had been applied for in the pharmaceutical manufacturing segment of the Group, including 16 U.S. patent applications, 17 PCT applications, with 48 licensed invention patents obtained.

2.1.2 Inclusive Healthcare

The Group’s inclusive healthcare strategy is supervised by the Board of Directors and the ESG Committee. Under the leadership of the Board of Directors, the Group uses R&D and innovation to care for the rare disease population, continues to promote the construction of rare disease product lines, and further deploys the internationalization strategy, with commitments to provide better products and services to patients worldwide.

Paying attention to R&D in rare diseases

Due to the extremely low market demand, limited R&D profits and lack of clinical drug experience, rare disease drugs have problems such as low R&D enthusiasm and excessive treatment burden. As a responsible enterprise, the Group is committed to using industry-leading professional means to accelerate the R&D of drugs for rare diseases and clinically urgently needed drugs, so as to fill the gaps in the field of treatment of related diseases. During the Reporting Period, the Group had launched 2 rare disease symptomatic drugs, also called as the orphan drug (infantile spasm), and carried out about 10 R&D projects related to rare diseases and orphan drugs.

Fosun Pharma's drugs for rare diseases*	Indications	Model	Marketing status
Vigabatrin powder for oral solution (trade name: Wei Ge Ding)	Infantile spasms (IS), especially IS patients with tuberous sclerosis complex (TSC)	License-in ¹	Marketed
Pirfenidone	Idiopathic pulmonary fibrosis	License-in ²	Not marketed
Treprostinil	Pulmonary arterial hypertension	License-in ³	Not marketed
HLX208	Langerhans histiocytosis and Erdheim-Chester disease (ECD, non-Langerhans histiocytosis)	License-in ⁴	Not marketed

During the Reporting Period, Han Si Zhuang (serplulimab injection), the first self-developed biopharmaceutical innovative drug of the Group, for the treatment of small cell lung cancer (SCLC) was granted Orphan Drug Designation by the U.S. FDA. Artesunate for injection, an innovative drug which we own its proprietary intellectual property rights, is recommended by the WHO as the first choice for the treatment of severe malaria, which has treated more than 56 million severe malaria patients worldwide by the end of 2022.

Introduced epilepsy drug Wei Ge Ding

A subsidiary, Wanbang Pharma, which had introduced Wei Ge Ding, the first vigabatrin drug officially launched in China, reached a strategic cooperation with the Chinese Anti-Epileptic Association to establish the Special Committee for Tuberous Sclerosis and Epilepsy Rare Diseases. At the same time, Wanbang Pharma has also launched a patient care and welfare program, focusing on disease diagnosis and treatment, patient assistance, drug insurance, family care and other aspects, to help more children with epilepsy. During the Reporting Period, Wanbang Pharma held a total of more than 50 public welfare lectures on knowledge introduction for patients, benefiting 1,300 children.

¹ The licensed area is the territory of China (excluding Hong Kong, Macau and Taiwan regions).

² The licensed area is the territory of China (excluding Hong Kong, Macau and Taiwan regions).

³ The licensed area is the territory of China (excluding Hong Kong, Macau and Taiwan regions).

⁴ The licensed area is Mainland China and Hong Kong, Macau and Taiwan regions.

* Take the First Batch of Medicine Catalogue published by the National Health Commission as the standard.

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Promoting accessibility of products

The Group firmly believes that the value of medicine lies in benefiting more patients and bringing hope of recovery to more people. We are committed to continuously promoting the accessibility and affordability of medicines, so that the outcomes of innovation and R&D can benefit more people. At the beginning of 2023, a number of innovative drugs and new indications of the Group have been included in the 2022 National Medical Insurance Drug Catalogue, reaching more patients through various accessible channels.

As at the end of the Reporting Period, as the first CAR-T cell therapy product approved for domestic launch, Yi Kai Da[®] (ejilunsai injection)⁵ has successfully benefited more than 300 patients, and has been included in the urban customized commercial health insurance of 70 provinces and municipalities and over 60 commercial insurances, while the number of treatment centers on record reached 130.

In August 2022, Azvudine tablets under exclusive commercialization by the Group were included in the Diagnosis and Treatment Guideline for COVID-19 (9th Edition) (《新型冠状病毒肺炎診療方案(第九版)》). As at the date of this report, Azvudine tablets have been included in procurement platform of medical insurance system in 31 provinces, autonomous regions and municipalities across China, including Gansu, Henan, Hainan, Jilin, Heilongjiang and Guangdong. After being officially included in the National Medical Insurance Drug Catalogue, the price of Azvudine tablets as covered by medical insurance was reduced by about 35%. We have also entered into a strategic cooperation agreement with Sinopharm, a leading pharmaceutical distribution enterprise in China, to accelerate the nationwide channel network coverage of Azvudine tablets and continue to provide terminal accessibility.

In addition, Akynzeo[®] (netupitant and palonosetron hydrochloride capsules), the only imported original antiemetic drug successfully negotiated for the National Medical Insurance Drug Catalogue, and Otezla[®] (apremilast tablets), the first oral targeted small-molecule drug approved for the treatment of psoriasis in the world, have also been successfully included in the National Medical Insurance Drug Catalogue, helping more patients control their diseases and improve their quality of life.

In addition to the drugs newly included in the National Medical Insurance Drug Catalogue, several products of the Group that have been included in the National Medical Insurance Drug Catalogue have added new indications or renewed their inclusions. In particular, the new indication rheumatoid arthritis of Han Li Kang[®] (rituximab injection), the first biosimilar in China, was included in the National Medical Insurance Drug Catalogue, which has benefited more than 130,000 patients in China as at the end of the Reporting Period. Products such as Han Li Kang and Han Qu You have helped more than 500,000 patients fight against tumors. Su Ke Xin[®] (avatrombopag maleate tablets), the first small molecule innovative drug introduced by the Group and the world's first oral thrombopoietin receptor agonist (TPO-RA) approved by the U.S. FDA for CLD-related thrombocytopenia, renewed its inclusion in the National Medical Insurance Drug Catalogue.

In January 2023, Comirnaty BNT162b2 and Comirnaty Bivalent Vaccine were officially registered as drugs/products in Hong Kong, and approved as regular imported vaccines in Macau of the PRC, which achieve a full coverage of public and private markets. Non-local residents may received these vaccines at their own expense, expanding the vaccination options for people in need.

⁵ Product of Fosun Kite, a joint venture.

Serving patients worldwide

The Group is committed to developing business in more developing countries to improve access to medicines in underdeveloped regions such as Africa and South America. As at the end of the Reporting Period, we have set up 5 regional distribution centers, with a team of about 800 frontline sales personnel. During the Reporting Period, the Group's distribution center in Kenya passed the on-site inspection of the International Red Cross (ICRC), and the distribution center in Cote d'Ivoire, West Africa commenced operation, which is currently the largest local distribution center in the French-speaking region of West Africa, facilitating more drugs entering into emerging markets.

We are also committed to supplying medicines to developing countries and making full use of our professional advantages to benefit patients around the world. As one of the world's largest companies covering the production, development and manufacturing of anti-malaria drugs, the Group has become a supplier of anti-malaria drugs to the Global Fund, UNICEF, the WHO and pharmaceutical procurement centers in different countries in Africa. As at the end of the Reporting Period, the Group supplied more than 280 million vials of its self-developed and-produced Artesun[®] (Artesunate for injection) to the international market, curing over 56 million patients with severe malaria worldwide. In particular, our "Seasonal Malaria Chemoprevention Project" has covered 175 million children from countries with high malaria incidence in Africa, effectively reducing the incidence of malaria among local children.

We also strive to improve access to medicines in developing countries through the use of non-exclusive licenses. In January and March 2022, our subsidiary Fosun Pharmaceutical Industrial was licensed to manufacture and supply the generic versions of Molnupiravir, a COVID-19 oral drug of Merck, and Nirmatrelvir, a COVID-19 oral drug of Pfizer, and a combination of Nirmatrelvir/Ritonavir by Medicines Patent Pool (MPP) for certain mid- and low-income countries in the world. The license allows the production of the active pharmaceutical ingredient and the finished drug.

In February 2022, Shanghai Henlius, a subsidiary, granted Getz Pharma the exclusive commercialization rights to sell Han Da Yuan (adalimumab injection) in 11 emerging markets in Asia, Africa and Europe so as to promote the layout of innovative drugs in emerging markets and improve the availability of drugs for local residents. In May 2022, Shanghai Henlius granted a license to Eurofarma, a leading local pharmaceutical company in Brazil, allowing it to, among others, commercialize three products, namely Han Li Kang[®] (rituximab injection), Han Qu You[®] (trastuzumab injection) and Han Bei Tai[®] (bevacizumab injection), in 16 Latin American countries, and in June 2022, granted Organon a license to exclusively commercialize pertuzumab biosimilar HLX11 (recombinant anti-HER2 domain II humanized monoclonal antibody injection) and Denosumab biosimilar HLX14 (recombinant anti-RANKL human monoclonal antibody injection) worldwide except for China.

Exhibition on fighting against malaria

During the Reporting Period, the Group participated in the "International Forum on the 50th Anniversary of the Discovery of Artemisinin and on Building a Global Community of Health for All" jointly organized by the China International Development Cooperation Agency, the National Health Commission and the National Administration of Traditional Chinese Medicine with its self-developed artemisinin-type innovative drug series products and its anti-malarial achievements in Africa to help the R&D of artemisinin and promote global cooperation in fighting against malaria.

Environmental, Social and Governance Report

Fair pricing of drugs

The Group pays attention to the legal compliance and fairness of drug pricing at home and abroad. In 2022, we have formulated and published *the Fair Pricing Policy* to further promote innovation in the pharmaceutical industry and benefit patients and customers. We promise to follow the definition of “fair pricing” by the WHO, and take value as the pricing standard. For pricing considerations, we take into account factors such as local economic development level, patient demand and affordability, and adopt different product structures and pricing strategies for different domestic and overseas markets to ensure that all products of the Group are priced to reflect value to patients, the healthcare system and the local community as a whole.



Pricing Considerations

The Group adheres to the principle of matching quality and price, pays attention to the transparency of drug pricing, facilitates the rationality and fairness of drug pricing, and promotes pharmaceutical products to benefit more patients. At present, the Group regularly discloses the winning bid prices of centralized procurement of drugs in the annual reports. In the future, relevant information about drug prices will be disclosed in a timely manner according to the specific development of the Group to help the public better understand our pricing practices.

Empowering local medical construction

With the original aspiration of being medical-oriented, we take it as our responsibility to provide better medical services and more inclusive patient health, taking our industry advantages to drive the sinking of medical resources and radiate more patients in need.

Smart medical cloud platform

Subsidiaries Fosun Health and Winning Health Technology Group Co., Ltd. have joined hands to create a smart medical cloud platform, breaking the traditional hospital operation model, empowering more hospitals of the same specialty under Fosun Health, and promoting the construction of digital and intelligent departments and patient management. The platform helps patients simplify the medical treatment process and procedures, solves the problem of cross-hospital medical treatment in different places, connects the pre-hospital, in-hospital and post-hospital diagnosis and treatment processes, and realizes the closed loop of smart medical care. While providing high-quality and convenient services, smart medical care can benefit more patients.



Online empowerment training for medical staff

During the Reporting Period, the Group actively builds the “Cloud Guardian Platform”, relied on the platform to launch the “Pocket Book of Rural Doctors’ Diagnosis and Treatment” jointly compiled by more than 30 experts, and held the “Famous Doctors Lecture” public class to teach medical treatment knowledge to grassroots medical staff, targeted to solve the acute problem of high demand for primary medical needs. As at the end of the Reporting Period, we have published a total of 223 medical knowledge introduction articles and 134 knowledge introduction videos, conducted 35 live broadcasts of famous doctors, and registered more than 10,000 rural doctors on the platform.



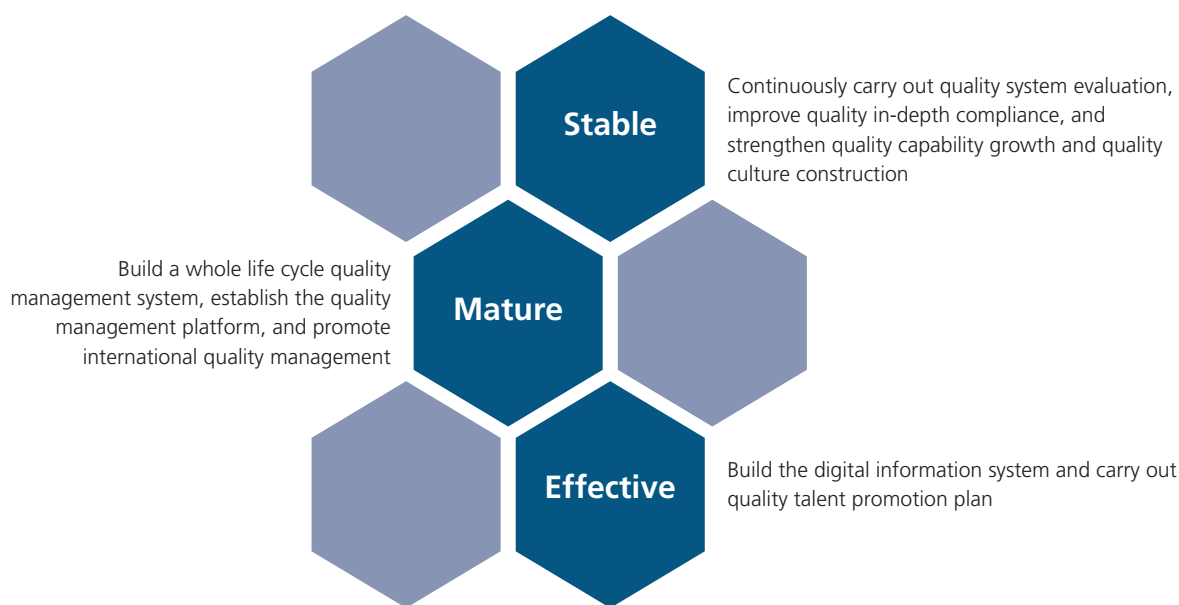
Promoting rational use of medicines

Bacterial drug resistance is becoming an international public health crisis. The Group deeply understands that irrational abuse of antibiotics will accelerate the process of bacterial resistance, leading to the emergence and widespread transmission of drug-resistant bacteria, severely reducing the therapeutic effect of original drugs, and posing a great threat to human health. In order to curb the serious harm of antibiotic resistance to medical progress, we pay close attention to and call for the scientific and prudent use of antibiotics, and strictly abide by the management measures such as Administrative Measures for the Clinical Application of Antimicrobial Drugs and Notice on Further Strengthening the Management of Antimicrobial Drugs to Contain Drug Resistance in order to continue to strengthen the management of prescription drugs, and actively promote research and development in the field of antibiotics to deal with drug resistance.

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2.2 Quality Management

Quality is the lifeline of an enterprise. It is also the soul and core of the positive development of an enterprise. The Group adheres to the policies of “respect life, prioritize the quality, endeavor to do better and pursue excellence”, and undertakes strict control of product quality to ensure drug safety. We have developed a five-year (2021–2025) medium-term quality strategy as the direction for our quality efforts, with “stable”, “mature” and “efficient” being the key words for the future quality management path.

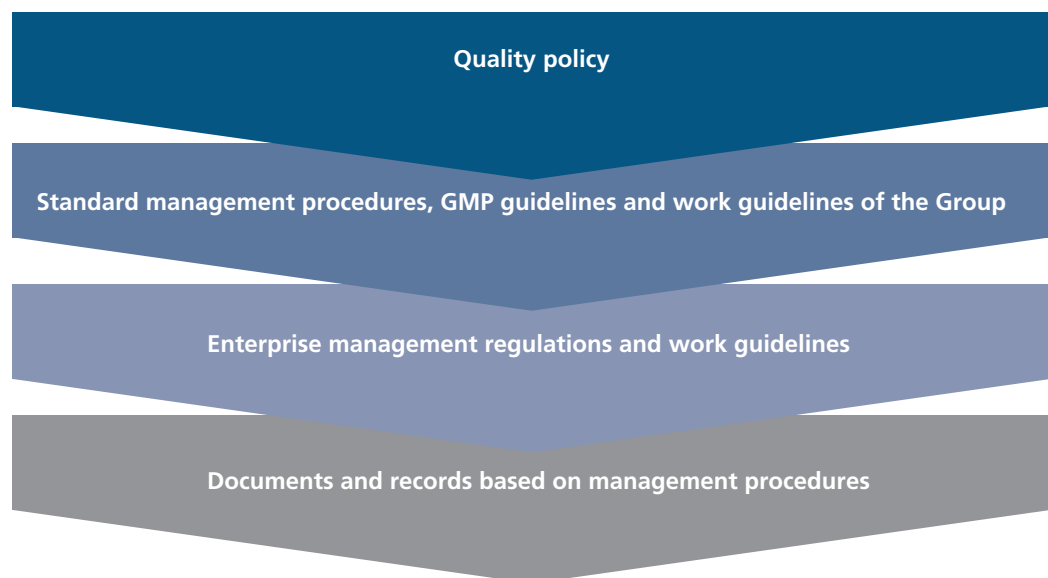


Five-Year Quality Strategy

2.2.1 Quality Management System

As a global pharmaceutical and health industry group, we strictly abide by the relevant requirements of 2010 GMP, WHO and ICHQ9 (International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use Quality Risk Management Guide), and have formulated the comprehensive a four-level quality framework system, clarifying the quality management process and standards of the Group from top to bottom.

In order to better promote daily quality management, we split the quality management responsibilities to each level to further ensure the effectiveness of the quality management system. In addition, we have also built a quality management system for the whole product life cycle, with strict quality control carried out for each step of the product from raw material procurement, production process to finished product storage. The Group continues to promote the establishment and improvement of the quality management system of each manufacturing subsidiary, and has received multiple certifications.



Four-level Quality Management System Structure System

In order to ensure the effectiveness of the quality management measures of the Group, all of our manufacturing subsidiaries have established quality management systems in strict accordance with GMP or ISO 9001 requirements, with a coverage rate of 100%, and have received multiple certifications. As at the end of the Reporting Period, all pharmaceutical subsidiaries of the Group met the requirements of GMP 2010 and all medical device subsidiaries complied with the new version of the "Quality Management Practice for Manufacturing of Medical Devices".

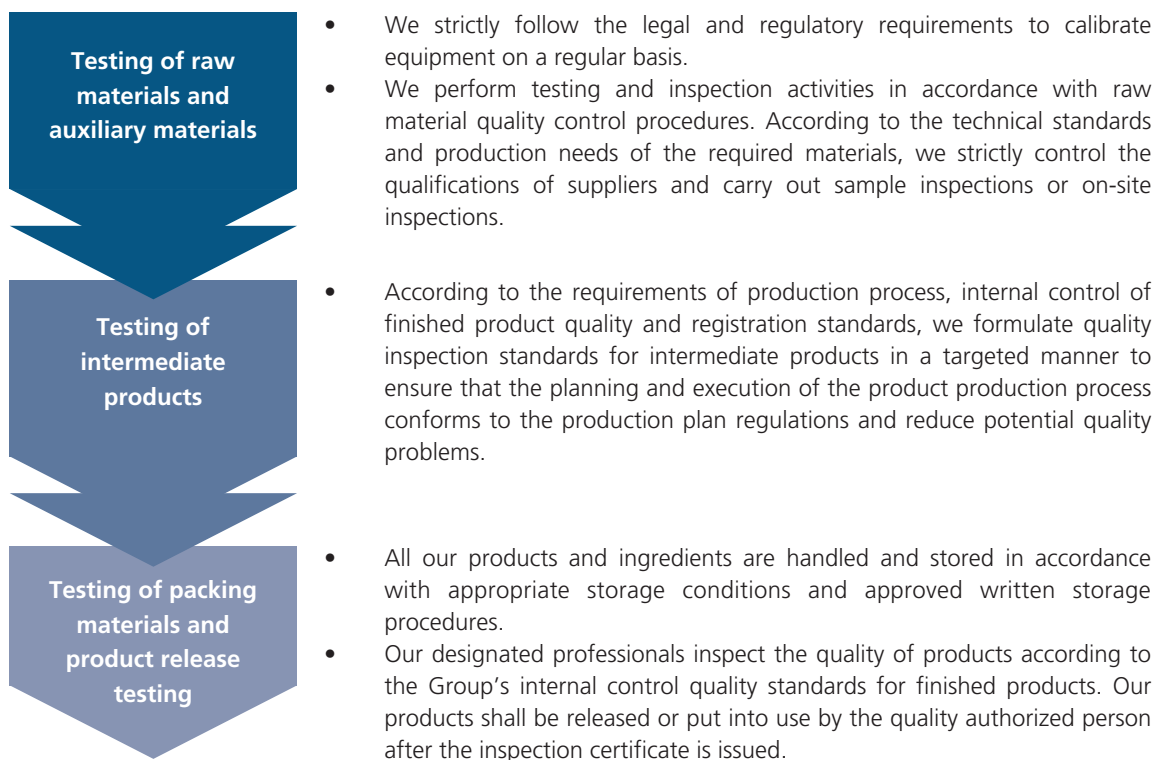
Environmental, Social and Governance Report

Quality certification and inspection	Quality certification compliance of pharmaceutical subsidiaries as at the end of 2022
Compliance with China's GMP	<p>All pharmaceutical subsidiaries with sites located in China met the requirements of GMP 2010, with a quality management system coverage rate of 100%.</p> <p>37 sterile preparation production lines, 32 oral preparation production lines and 89 APIs have passed China's GMP certification;</p> <p>The GMP certification rate of the pharmaceutical production line has reached 100%.</p>
Compliance with foreign GMP	<p>1 sterile preparation production line, 2 oral solid preparation production lines and 13 APIs have passed the US FDA GMP compliance inspection;</p> <p>2 sterile preparation production lines and 4 APIs have passed the EU GMP compliance inspection;</p> <p>6 APIs have passed the Japan PMDA (Pharmaceuticals and Medical Devices Agency) GMP compliance inspection;</p> <p>1 oral solid preparation production line, 5 APIs and 3 injection production lines have passed the WHO GMP compliance inspection;</p> <p>The GMP certification rate of pharmaceutical production lines sold overseas has reached 100%.</p>
Official quality inspection status	<p>The pharmaceutical subsidiaries received a total of 68 official inspections and official sample tests on more than 687 batches, all of which were passed smoothly.</p>
Quality certification and inspection	Quality certification compliance of medical device subsidiaries as at the end of 2022
Compliance with management regulations	<p>All medical device subsidiaries with sites located in China complied with the new version of the "Quality Management Practice for Manufacturing of Medical Devices".</p>
ISO quality management system certification	<p>7 medical device subsidiaries have passed ISO 13485:2016 certification;</p> <p>2 medical device subsidiaries have passed ISO 9001:2015 certification;</p> <p>About 100% of medical device subsidiaries received ISO certification.</p>
Other international certification	<p>Multiple products of 3 medical device subsidiaries have passed CE (Conformite Europeenne) product certification.</p>
Official inspection	<p>9 domestic medical device subsidiaries received a total of 33 official inspections, all of which were passed smoothly.</p>

Pharmaceutical and Medical Device Compliance and Certification

2.2.2 Quality Testing Capability

The Group has established a comprehensive quality inspection and monitoring mechanism to guarantee the quality of our products through laboratory monitoring and measurement throughout the production process. All pharmaceutical manufacturing subsidiaries have internal quality control laboratories. Some subsidiaries have obtained CNAS (China National Accreditation Service for Conformity Assessment) accreditation for their quality control laboratories. We require our subsidiaries to conduct quality testing on products, and the coverage rate of products subject to internal laboratory testing reaches 100%. For exceeded test results, we have developed the “Technical Guide for Laboratory Test Results Exceeding Standards” to clarify the investigation process, and process batches that are confirmed to exceed standards by investigations.



Product Life Cycle Quality Inspection

The Group attaches great importance to the information construction of quality management, and continues to build and implement various digital systems such as LIMS (Laboratory Information Management System), DMS (Database Management System) and QMS (Quality Management System) to actively explore the application of automated robots and artificial intelligence technology in various scenarios of R&D and production, with an aim to improve the efficiency of drug quality inspection and avoid human errors in the production inspection process.

2.2.3 Quality Audit

Quality audit is a powerful guarantee for improving the quality management system and optimizing quality management methods. As a well-known international pharmaceutical enterprise, the Group regularly conducts third-party quality audits every year in accordance with high-standard FDA requirements, the consideration dimensions of which cover quality, production, documentation, materials, laboratory, facilities and equipment to comprehensively evaluate the effectiveness of the quality management system, timely identify and make up for shortcomings in quality management, and ultimately ensure product quality. During the Reporting Period, the Group conducted a total of two evaluations on the quality system of its pharmaceutical subsidiaries.

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2.2.4 Quality Culture

In addition to improving quality control measures, the Group also attaches great importance to the continuous improvement in quality awareness and conducts quality training courses to facilitate the dissemination of quality culture within the company. We provide regular product quality training to all our employees through a combination of internal training and external training. For new employees, we incorporate quality issues into new employee training at the beginning of their employment; for veteran employees, annual quality training and promotion will be conducted every year. For employees in production and quality control related positions, we will organize more comprehensive training on quality topics to further standardize employees' production operations, deepen their quality awareness and cultivate correct quality concepts. During the Reporting Period, the employees of pharmaceutical subsidiaries received quality training of more than 80 hours per capita on average, representing a year-on-year increase of nearly 11% as compared with 2021, and the employees of medical diagnosis and medical device subsidiaries received quality training of more than 24 hours per capita on average. Quality-related training covered 100% of all quality-related business employees under the quality system of the Group.

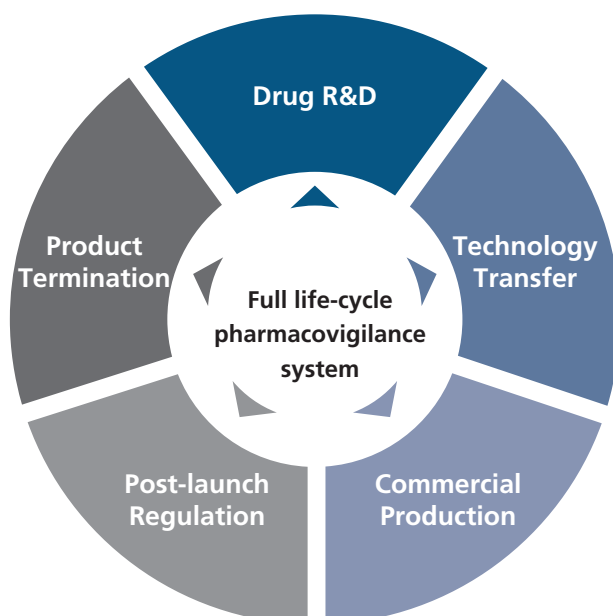
The 4th Quality Management Month activities

During the Reporting Period, the Group launched the 4th Quality Management Month activities for all its pharmaceutical and medical device subsidiaries centering on the theme of "Strive for Excellence, Create Excellent Quality", including publishing related posters and slogans on quality culture.

2.3 Pharmacovigilance and Recall

2.3.1 Pharmacovigilance

The Group actively responds to and strictly abides by the Drug Administration Law of the People's Republic of China, the Adverse Drug Reaction Reporting and Monitoring Management System, the Medical Device Adverse Event Monitoring and Re-evaluation Management Measures, the Specifications for Pharmacovigilance Quality Management, and other laws and regulations. During the Reporting Period, the Group has formulated and enhanced the Management of Safety Reference Information in Investigator Manuals and Product Specifications, the Management of Pharmacovigilance Annual Reports of the Holders, the Pharmacovigilance Business Continuity Plan, and other internal systems, and has established a pharmacovigilance system covering the entire product life cycle and built a comprehensive pharmacovigilance function structure, to continuously upgrade and optimize the operational efficiency and responsiveness of the pharmacovigilance system.



The Group classifies the drugs into categories and assigns monitoring priorities according to the risk or importance level of the drug category. For the focus drugs categories, each subsidiary needs to regularly summarize its adverse data information, analyze and evaluate abnormal findings, as well as regularly submit written reports on the relevant situation to the headquarters.

In order to further reduce the information gap between subsidiaries and the headquarters, the Group has established and smoothed the regular reporting process for pharmacovigilance. We strictly implement “zero reporting” management for adverse reactions discovered by various pharmaceutical subsidiaries and adverse events in the medical equipment industry. Each pharmaceutical affiliate is still required to report adverse reactions or adverse events every month even if no adverse events occur during the month. For newly discovered or serious adverse reactions, each subsidiary must report to the group headquarters within a time limit to ensure that all adverse drug reaction information is collected and processed in a timely manner.

In addition, the Group also have an advanced global pharmacovigilance system, ArisG, which standardizes the pharmacovigilance process and improve all aspects of data manipulation through several advanced data management functions. The ArisG system achieved data connection with NMPA, U.S. FDA and European Medicines Agency (EMA) and electronic submission of pharmacovigilance (PV) data. The introduction of the ArisG system has greatly improved the efficiency of our data management and the level of data management, giving important support in detecting and analyzing adverse data information.

The pharmaceutical manufacturing subsidiaries of the Group reported 100% of the information on adverse reactions to the national adverse reaction direct reporting system in strict accordance with national requirements and internal regulations, and the reporting pass rate reached 100%. During the Reporting Period, there were zero mass adverse reactions and fatalities caused by drug quality defects, and none of the Group’s medical device subsidiaries reported fatalities or mass adverse events.

2.3.2 Product Recall

In order to strengthen the emergency management capability for product emergencies and further protect the rights and interests of patients and drug safety, the Group closely monitors the drugs that have been marketed and established a complete product recall process. The Group strictly abides by the Administrative Measures for Drugs Recall, the Law of the People’s Republic of China on Drug Administration, the Law of the People’s Republic of China on Vaccine Administration, the Regulations on the Implementation of the Law of the People’s Republic of China on Drug Administration, the Special Provisions of the State Council on Strengthening the Supervision and Administration of Food and Other Products Safety and other relevant laws and regulations, and has formulated the Product Recall Management Procedures to regulate the workflow of the various aspects of product recall. Besides, the Group has established a comprehensive drug traceability system to ensure the traceability of drugs and requires that in the event of defective products, they should be recalled and investigated and evaluated in a timely manner. During the Reporting Period, the Group did not incur any product recall incident.

Meanwhile, the Group requires each of its subsidiaries to conduct drug recall drills regularly, in order to validate the effectiveness of the recall system and identify areas for improvement in time to fully improve the recall system, enabling the relevant personnel to be familiar with the key procedures of the whole recall process, and ensure a rapid and orderly recall of all drugs in an emergency. During the Reporting Period, the Group’s domestic pharmaceutical subsidiaries conducted nine recall drills in total.

2.4 Customer Responsibility

2.4.1 Responsible Marketing

The Group conducts relevant marketing business activities in a lawful and compliant manner, and strictly abides by the applicable laws, regulations and industry guidelines in its operating locations, including but not limited to the Federal Trade Commission Act, the Honest Advertising Act, the Data Protection Act 2018, the EU General Data Protection Regulation, the UK General Data Protection Regulation, the Advertising Law of the People's Republic of China, the Measures for the Administration of Medical Advertisements, the Measures for the Examination of Pharmaceutical Products Advertisements, and the Notice on Regulating the Use of Drug Names in Drug Advertisements. During the Reporting Period, the Group has formulated and announced *the Responsible Marketing Policy* to ensure the accuracy of the information delivered during the marketing process, and we strictly prohibit the exaggeration, deception and falsehood in marketing, advertising and sales activities.

The Group has a comprehensive domestic and international marketing system and a professional international marketing team to provide sufficient support to ensure the compliance of its marketing activities. For marketing promotion plans, the Group has set up a strict review and monitoring process, covering several functional departments to ensure the compliance of marketing activities, marketing methods, marketing content, marketing materials, etc. In addition, we continue to strengthen the internal audit of responsible marketing, and carry out audits on the implementation of responsible marketing policies, sales processes and sales contract signing of all subsidiaries to ensure the compliance of marketing activities.

In addition, the Group regularly provides responsible marketing special training to all employees in marketing-related positions, covering laws and regulations, internal rules and regulations, and product knowledge. The training adopts a combination of online and offline methods to help marketing personnel understand the marketing-related regulations of the Group and ensure that they promote our products reasonably and sell our products and services in a legally compliant manner.

During the Reporting Period, none of the subsidiaries of the Group had any violations of regulations and/or voluntary codes in relation to product and service information and labeling, and there were no incidents of non-compliance with regulations and/or voluntary codes in relation to marketing and dissemination (including advertising, promotion and sponsorship).

2.4.2 Customer Communication

The Group has established an efficient and scientific communication and feedback mechanism, and actively communicates with patients and customers to keep abreast of market demands and improve service quality while providing them with excellent products and services. The Group has set up a variety of channels for feedback and problem solving, and has created a professional product or service complaint handling system including a 24-hour complaint hotline to ensure efficient, accurate and caring solutions to questions from customers. During the Reporting Period, the Group received a total of 99 complaints related to quality from patients and customers, all of which were responded to, and the complaint closure rate had been maintained at 100% for consecutive years.

Efficient reply

If patients and customers have any questions, they can contact us at our 24-hour complaint hotline to submit complaints or suggestions

Professional support

We have a professional complaint handling team responsible for accepting, verifying and replying all kinds of complaint information to ensure that the questions from patients and customers can be properly handled

Customer Communication Mechanism

2.4.3 Information and Privacy Protection

Information Security

The Group attaches great importance to the protection of information technology assets and data, and has developed the Security System Construction Plan in strict accordance with the Cybersecurity Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China and other laws and regulations of its operating locations, covering the Company and all subsidiaries.

Under the supervision of the Board of Directors and the management, the Group undertook comprehensive construction of information security system from three perspectives: security management system, security technology system, and security operation system to protect the internal data from intrusion. Leveraging the newly deployed loophole scanning system, we conducted regular loophole scanning and rectification for infrastructure equipment and application systems, and entrusted third parties to monitor the Group's facilities and systems in real time to ensure effective protection of information security. At the same time, we regularly carried out internal and external audits of information security to ensure the effective operation of internal IT systems and related management systems. During the Reporting Period, the Group was rated as a second-level enterprise in the network security classification inspection of industrial Internet enterprises, and obtained ISO 27001 certification. The OA system at the headquarters of the Group has obtained Level 3 certification for information security protection, and its official website system has obtained Level 2 certification for information security protection, and the important information systems of certain subsidiaries have also passed the evaluation and filing of level protection. During the Reporting Period, no major information security incidents occurred in the Group.

In order to further strengthen the awareness of information security within the Group, the Group conducts information security training for all employees every year based on the Security System Construction Plan to ensure that they understand and abide by relevant systems. The training content includes but not limited to information protection, phishing emails, web browsing and mobile security, etc.

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Privacy Protection

Patient privacy protection is the cornerstone of trust between pharmaceutical companies and all parties. Attaching great importance to the protection of patient privacy, the Group strictly abides by the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, the Regulation on Protecting the Security of Critical Information Infrastructure, and other laws and regulations, and issued the Data Security Management Regulations to establish a privacy data management system. In our affiliated medical institutions, we desensitize the display of patient information in public places and ensure there is only one patient in each consultation in outpatient consultation rooms. We upgrade the IT system on the hospital side and require the setting of automatic system exit and automatic computer lock screen; in addition, we have set up a data security system at the system level to further protect patient privacy data.

In order to ensure that we can respond in an efficient and timely manner in case of any information security and privacy protection incident, the Group has formulated a variety of risk point identification, response and handling plans for different types of security incidents to improve our response to security incidents.

During the Reporting Period, the Group did not receive any complaints regarding the leakage of user privacy.

3. ENVIRONMENTAL PROTECTION

3.1 Coping with Climate Change

Climate change is a prominent global challenge at present, and it is imminent to achieve carbon neutrality. This is not only related to the natural ecosystem, but also an important assurance for the sustainable development of human economy and society. Countries and companies around the world need to work together to facilitate the transition to a low-carbon economy and achieve the goal of keeping a global temperature rise this century well below 2°C in the Paris Agreement. On 6 November 2022, the 27th session of the Conference of the Parties (COP 27) to the United Nations Framework Convention on Climate Change was held in Sharm El Sheikh, Egypt, with the aim of establishing and operating a climate change loss and damage fund to compensate the countries which are most vulnerable to but least responsible for climate change for better global climate resilience.

As a responsible international pharmaceutical and healthcare industry group, the Group actively responds to the climate change initiative of the Paris Agreement and China's strategic goal of "carbon peaking and carbon neutrality", identifies risks and opportunities related to climate change, and discloses relevant information on management of risks relating to climate change with reference to the recommendations in TCFD (The Task Force on Climate-Related Financial Disclosures).

3.1.1 Governance

The Board of Directors and the ESG Committee of the Group are responsible for and regularly reviewing the implementation of climate change-related matters, including but not limited to carbon emissions, energy consumption and other targets, and their achievement. Under the leadership of the Board of Directors, the ESG Committee supervises ESG work, conduct ESG communication meetings to discuss issues related to climate change. The ESG workgroup is responsible for the identification of climate change risks, and carries out targeted measures to mitigate, adapt to and combat climate change.

3.1.2 Strategies

The Group has formulated a comprehensive risk management strategy against climate change, covering all aspects of risk identification, evaluation and management. In order to comprehensively understand the impact of policy transition, market changes, intensified extreme weather and other aspects on the operations of the Group, and to respond more flexibly to various potential conditions of climate change, we selected two high-contrast climate scenarios, i.e. RCP 8.5 (Representative Concentration Pathway 8.5) and APS (Announced Pledges Scenario), for risk identification.

Climate scenario	Overview
RCP 8.5	The baseline scenario, assuming no intervention from climate change policies, is characterized by increasing greenhouse gas emissions and concentrations, with a temperature rise of 5°C by 2100.
APS	Assuming that all climate commitments made by governments around the world, including Nationally Determined Contributions (NDCs) and long-term net-zero targets, will all be met on time.

Based on the analysis of climate change risk scenarios, we have identified a list of major climate change risks related to the Group based on factors such as industry characteristics, policy orientation and geographical characteristics of the operating locations, and historical records of extreme weather, and integrated these factors with the overall risk management system of the Group, in order to promote the implementation of climate change risk management throughout the entire value chain.

Major climate change risks	Relevance
Increased pricing of greenhouse gas emissions	In order to accomplish the temperature control goal of the Paris Agreement, governments at home and abroad have been gradually improving the control of the carbon emissions trading management system and total carbon emissions. The cost of greenhouse gas emissions is expected to increase, either directly (carbon taxation) or indirectly (carbon offsets, higher fuel prices, electricity tariffs, etc.). Once the industry is further included in the scope of the national carbon emission trading industry, the Group must bear the cost of compliance of excess emissions according to the mandatory verification of carbon trading, which will lead to the continuous increase of the operating costs of the Group.
Costs to transition to lower emissions technology	According to the “dual carbon ⁶ ” policy proposed by the government and the expectations of investors, customers and other stakeholders, the Group needs to further promote low-carbon transformation, invest in the research and development of low-carbon technologies, improve energy structure, and optimize energy-consuming equipment, which will result in an increased operating costs for the Group.

⁶ Refers to “carbon peaking” and “carbon neutrality”.

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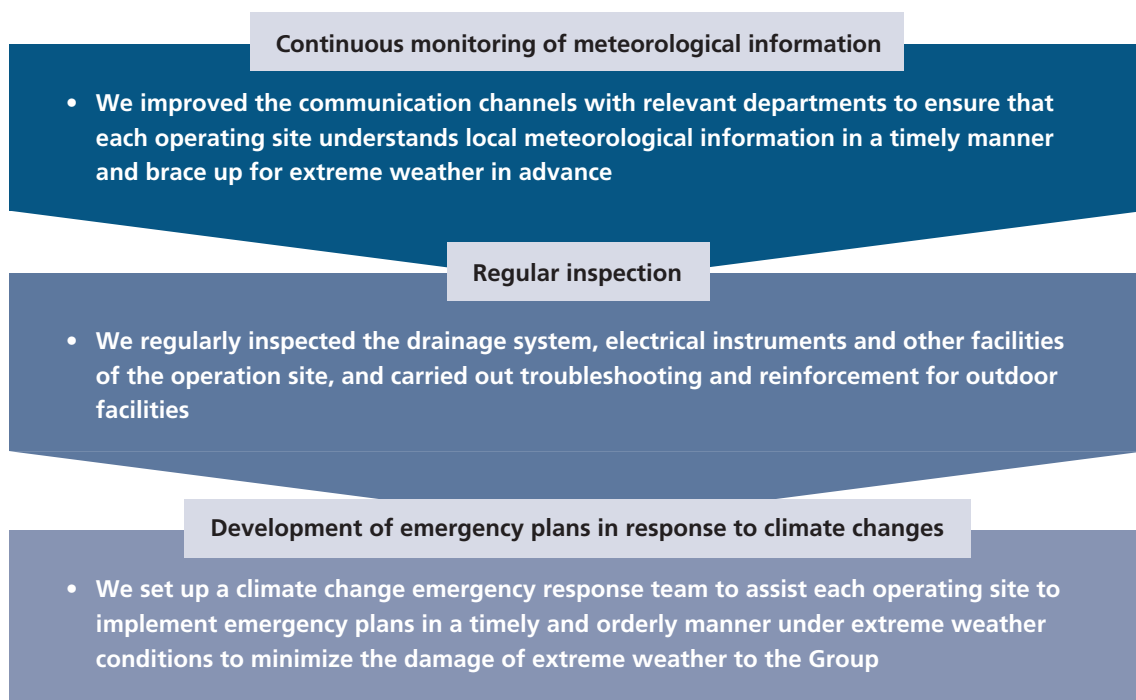
Major climate change risks	Relevance
Rising mean temperatures	The pharmaceutical production workshop puts forward higher requirements on the temperature. In view of climate warming, the Group expects to increase energy consumption to maintain normal production, and the operating costs will further increase. At the same time, rising temperatures have led to frequent occurrences of hot weather, exacerbating health risks for employees.
Increased severity of extreme weather events	Due to global warming, the instability of the climate system will increase, and the frequency and intensity of extreme weather will increase, which will affect the stability of the Group's operations. At the same time, due to the increase in expenses for dealing with extreme weather, operating costs will further increase.

3.1.3 Risk Management

In order to actively respond to the identified risks of climate change and effectively prevent the adverse effects and risks of climate change, the Group has formulated strategies to adapt to and mitigate climate change based on material issues.

Adaptation

The Group is committed to improving the monitoring and early warning of climate change at the its place of operation, identifying the vulnerability of key infrastructure to climate change, and improving its adaptability and resilience to climate change.



Mitigation

In order to mitigate the impact of operations on the environment, the Group has implemented efficient and effective energy management measures to continuously optimize the energy use structure while reducing energy consumption. We have issued the Notice on Energy Conservation and Emission Reduction Work of Fosun Pharma Group Subsidiaries to define emission reduction targets, and incorporate energy management and control results into the performance appraisal of enterprise managers at all levels. Striving to promote the professional construction of energy management system, we continue to promote energy management system certification, improve energy-intelligent monitoring coverage, and continuously raise our energy management level. As at the end of the Reporting Period, five major subsidiaries⁷ under the Group had passed the certification of ISO 50001 energy management system.

3.1.4 Metrics and Targets

The Group has set up strategic goals for greenhouse gas emissions and energy consumption from 2021 to 2025, providing guidance for energy saving and emission reduction tasks. The Group actively carried out major measures such as technological upgrading and innovation, energy-saving optimization of hardware facilities, exploration and promotion of renewable energy applications, etc., implemented energy-saving and emission-reduction tasks, and comprehensively improved the efficiency of energy use. During the Reporting Period, the Group invested RMB3.80 million to promote energy-saving technological transformation projects, saving electricity of 8.86 million kWh, natural gas of 968 thousand m³, and purchased steam of 4,700 tonnes.

2021-2025 greenhouse gas emission targets:

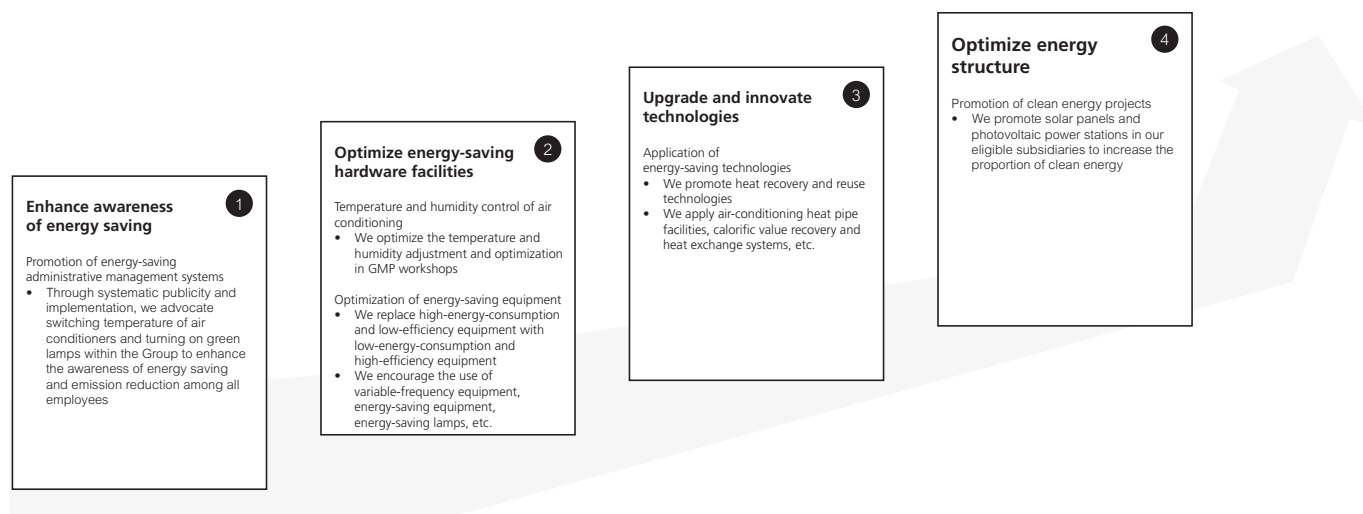
Carbon emissions per unit income: In 2025, it will decrease by 15% compared with 2020, i.e. in 2025, it will reach 0.23 tonne/RMB10,000 revenue
Carbon emission reduction of energy-saving projects: the cumulative carbon reduction will reach 30,000 tonnes, and the annual carbon reduction is planned to be 6,000 tonnes

2021-2025 energy consumption target:

Comprehensive energy consumption per unit income: In 2025, it will decrease by 10% compared with 2020, i.e. it will reach 2.29GJ/RMB10,000 revenue in 2025

⁷ They are Wanbang Pharma, Zhaohui Pharma, Suzhou Erye, Red Flag Pharma and Dengrui Feiye, respectively.

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Energy saving and emission reduction pathway

The Group is committed to sorting out and analyzing the applicable conditions of green power consumption channels, project economic factors, market maturity and other aspects in each operating location, exploring the feasibility of applying renewable energy, and further promote its application in various subsidiaries and operating locations.

We encourage subsidiaries eligible for installing distributed renewable energy power generation systems to choose to realize green power consumption in the form of self-investment or enjoying preferential tariffs after construction through third-party investment according to their own capital and personnel conditions. As at the end of the Reporting Period, having built internal photovoltaic power generation systems, Wanbang Pharma, Zhaohui Pharma, Suqian Zhongwu and Xinxing Rehabilitation generated a total of 1,374,733 kWh of electricity in 2022.

Company name	Energy saving and emission reduction measures			Outcomes ⁸
	Application of new technologies and equipment	Process and layout optimization	Energy management system	
Wanbang Pharma	Installation of U-shaped dehumidification heat pipes for air conditioners, and installation of internal photovoltaic power generation systems	Comprehensive energy-saving optimization of solid dosage forms	/	Saved purchased electricity of 987,000 kWh and purchased steam of 400 tonnes, and reduced carbon emissions of 825 tonnes
Zhaohui Pharma	Installation of energy-saving heat pipes, and installation of internal photovoltaic power generation systems	/	/	Saved purchased electricity of 596,000 kWh, purchased steam of 1,000 tonnes, and reduced carbon emissions of 746 tonnes
Suqian Zhongwu	Installation of internal photovoltaic power generation systems	/	/	Saved purchased electricity of 324,000 kWh, and reduced carbon emissions of 228 tonnes
Xinxing Rehabilitation	Installation of internal photovoltaic power generation systems	/	/	Saved purchased electricity of 138,000 kWh, and reduced carbon emissions of 97 tonnes

Energy saving and emission reduction projects of certain subsidiaries of Fosun Pharma

For subsidiaries that are not eligible for installing distributed renewable energy power generation systems or lack sufficient resources to meet the demand for green power consumption, we recommend that they purchase green power according to the types of transaction services provided by the local power trading market. We remind subsidiaries to maintain policy sensitivity and establish cooperation with competent integrated energy service providers and electricity sales enterprises, participate in market-oriented transaction for distributed power generation in a timely manner, and purchase green power. During the Reporting Period, the Group had a total of 3 subsidiaries' production bases which purchased green power of over 16.92 million kWh in total, including purchasing new energy totaling 15,705,735 kWh and purchasing hydropower of 1,217,883 kWh, accounting for about 2.20% and 0.17% of the total electricity respectively.

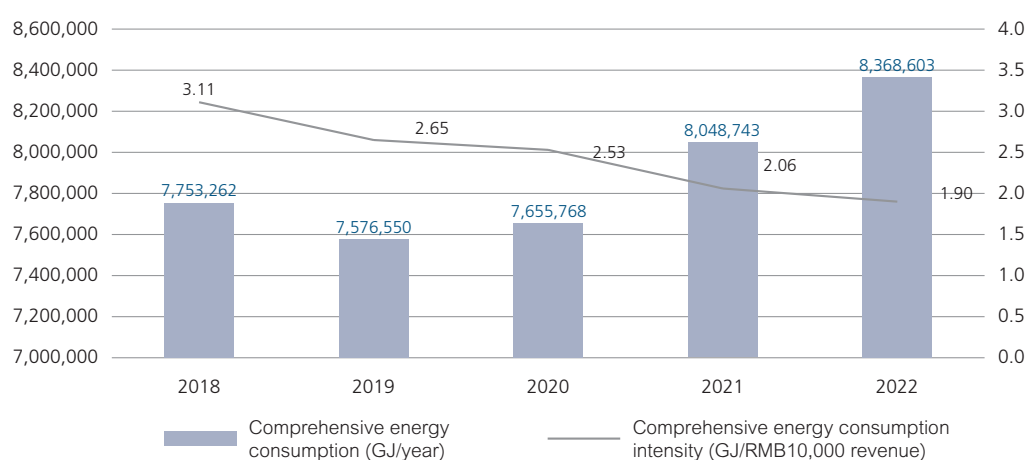
During the Reporting Period, the Group reduced carbon emissions by a total of 9,433 tonnes, and the carbon emission intensity was 0.22 tonne/RMB10,000 revenue, representing a decrease of 4.35% as compared to 2021. During the Reporting Period, the comprehensive energy consumption intensity of the Group was 1.90 GJ/RMB10,000 revenue, representing a decrease of 7.77% as compared to 2021.

⁸ The baseline for energy saving and emission reduction is the level of energy consumption and carbon emissions before energy saving and emission reduction measures are taken.

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Year	Internal energy consumption ⁹ (GJ/year)	External energy consumption ¹⁰ (GJ/year)	Comprehensive energy consumption (GJ/year)	Comprehensive energy consumption intensity (GJ/RMB10,000 revenue)
2020	7,640,595	15,173	7,655,768	2.53
2021	8,036,008	12,735	8,048,743	2.06
2022	8,357,349	11,254	8,368,603	1.90

Comprehensive energy consumption and intensity from 2018 to 2022



The proportion of carbon emission sources

Year	Total carbon emissions ¹¹ (tonnes)	Direct greenhouse gas emissions ¹² (tonnes)	Energy indirect greenhouse gas emissions ¹³ (tonnes)	Other indirect greenhouse gas emissions ¹⁴ (tonnes)	Carbon emission intensity (tonne/RMB10,000 revenue)
2020	827,858	224,552	602,236	1,070	0.27
2021	900,112	307,856	591,357	899	0.23
2022	949,469	289,044	659,631	794	0.22

⁹ The energy consumption is disclosed by direct energy consumption and indirect energy consumption in the 2020–2021 ESG report. The 2022 ESG report discloses internal energy consumption and external energy consumption based on the requirements of the GRI standard. The energy consumption in 2020–2021 has been retrospectively adjusted by type. The adjustment basis: internal energy consumption is the comprehensive energy consumption in the 2020–2021 ESG report minus the energy consumption corresponding to gasoline. The calculation basis of the energy consumption in 2021–2022 is General Principles for the Calculation of Total Energy Consumption (GB/T 2589-2020), which is inconsistent with the basis of previous data, General Principles for the Calculation of Total Energy Consumption (GB/T 2589-2008), which was due to the change in standards.

¹⁰ The energy consumption in 2020–2021 has been retrospectively adjusted by type. The adjustment basis: external energy consumption is the energy consumption corresponding to gasoline in the 2020–2021 ESG report.

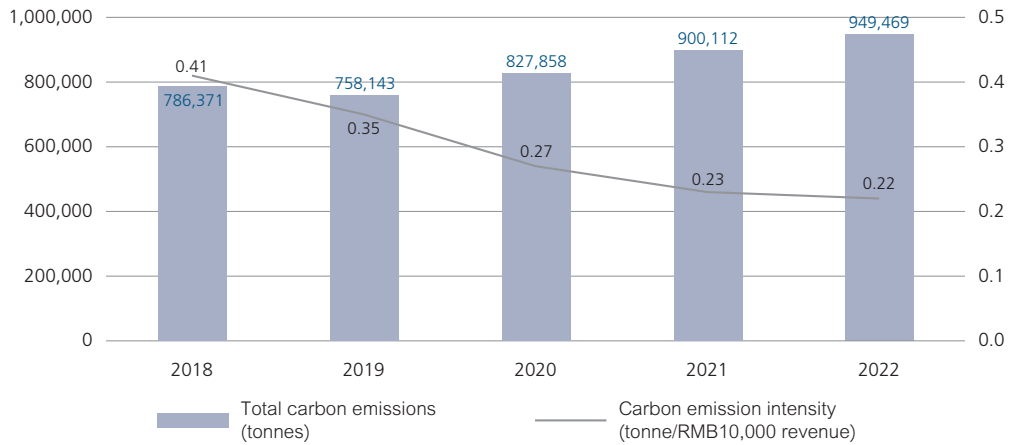
¹¹ The total carbon emission data does not include greenhouse gas emissions caused by biological sources and chemical sources within the responsibility boundary (i.e. within the physical boundary of production, operation and office). The greenhouse gases included in carbon emission accounting only include carbon dioxide, so the selection of GMP values is not involved. The carbon emission factors refer to the 2012 Regional Power Grid Average CO₂ Emission Factors in China, the Calculation Method and Reporting Guidance on Greenhouse Gas Emission by Other Industrial Enterprises (Trial), the IGES List of Grid Emission Factors V11.0, the GHG Emission Factors for Electricity Consumption, European Commission, Joint Research Centre (JRC) [Dataset] PID, and other domestic and foreign methodological documents on carbon emission sources and calculations.

¹² Direct greenhouse gas emission sources include the combustion of fossil fuels such as natural gas, liquefied gas, raw coal, diesel, gasoline and fuel oil. The carbon emissions from gasoline consumption in the 2020-2021 ESG report have been removed from the original direct carbon emission sources (Scope 1) and adjusted to other indirect carbon emissions (Scope 3). Retrospective adjustments led to inconsistencies between the direct carbon emissions for 2020-2021 in this report and previous reports.

¹³ The meaning of indirect greenhouse gas emissions in the 2020-2021 ESG report is consistent with that of energy indirect greenhouse gas emissions in this report. Energy indirect greenhouse gas emission sources include net purchased electricity and steam.

¹⁴ Other indirect sources of carbon emissions include the burning of gasoline for business travelling and employees' commuting.

Total carbon emissions and intensity from 2018 to 2022



Recovery of industrial steam condensate in Dongting Pharma

A total of RMB0.15 million has been invested in the preparation plant of Dongting Pharma to recycle steam condensate and pure steam from air-conditioning units, heaters and humidifiers, distilled water machines, pure steam generators, and solid condensate pipe networks, which significantly reduced energy consumption and greenhouse gas emissions while reducing water consumption. The project is expected to save 1,800 tonnes of soft water per year and 40,000 cubic meters of natural gas per year.



3.2 Environmental Management

Adhering to the concept of integrity and sustainable development, the Group actively advocates and assumes the responsibility of promoting environmentally sustainable development, integrates the concept of environmental protection into every link of operation, prevents pollution, protects ecological diversity and builds an environment-friendly community. In strict compliance with the laws and regulations of the place where it operates, such as the Environmental Protection Law of the People's Republic of China, the Environmental Impact Assessment Law of the People's Republic of China and the Environmental Protection Tax Law of the People's Republic of China, the Group has formulated and issued the Environmental Health and Safety (EHS) Policy, which clarifies the Group's overall management approach and vision for EHS.

Environmental, Social and Governance Report

To further standardize environmental management and implement the environmental management responsibility system, the Group continues to improve the environmental management system. The Board of Directors of the Group is the highest responsible body for ESG affairs management, and its ESG committee is responsible for supervising and reviewing the implementation of ESG-related policies such as environmental management and resource utilization as well as the progress of objective fulfillment. In addition, we have also established the EHS Special Committee and the EHS Group to be responsible for implementing the Group's EHS tasks, coordinate management and supervision of EHS-related work in five dimensions of environmental protection, safety, fire prevention, occupational health and EHS management system, and continuously optimize management methods. During the Reporting Period, we followed the Notice on Control Target Indicators of EHS Management System issued in 2021 and further incorporated EHS-related indicators such as the achievement of environmental goals and EHS performance into performance appraisal, and determined the amount of EHS bonuses based on the appraisal scores. By linking EHS management with operating performance, we encourage the implementation and efficiency enhancement of EHS management.

3.2.1 Environmental Management System

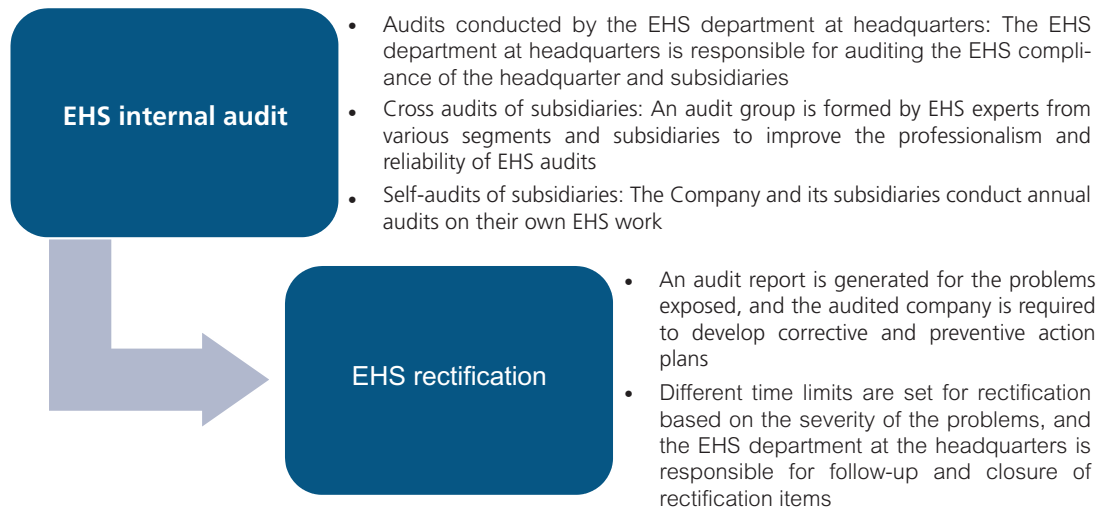
The Group has established an internal environmental management system in strict compliance with the requirements of the ISO 14001 environmental management system, covering the Group's headquarters and major subsidiaries. We have formulated and issued the EHS management system framework standard, taking the requirements of the environmental management system, occupational health and safety management system and national standardization of production safety into consideration, standardizing the EHS supervision and management process, clarifying the EHS performance assessment and reward mechanism, and supervising the effective operation of EHS management system of subsidiaries.

During the Reporting Period, in order to further improve the Group's environmental management level and help the headquarters to conduct a comprehensive review of environmental risks and the current state of environmental management of the subsidiaries, we continued to promote the improvement of environmental management systems of subsidiaries and carry out third-party assessment and certification. During the Reporting Period, the Group obtained ISO14001 certification for the first time through group certification, with the first batch of subsidiaries participating in group certification accounting for 18% of manufacturing subsidiaries. In addition, as of the end of the Reporting Period, 15 subsidiaries of the Group¹⁵ received independent ISO 14001 certification. In the future, the Group will continue to expand the coverage of subsidiaries with ISO 14001.

On the basis of accepting and successfully passing the external audit, the Group regularly conducts EHS internal audit with multiple assessment dimensions for all subsidiaries involved in manufacturing and R&D business, including EHS department audit at headquarters, internal cross audit between subsidiaries and enterprise self-audits. EHS internal audit plan takes a three-year cycle to ensure the coverage of all subsidiaries. Among them, all preparation enterprises receive cross audit at least once every three years.

¹⁵ Including Wanbang Pharma, Xuzhou Wanbang Jinqiao Pharmaceutical Company Limited, Zhaohui Pharma, Chemo Biopharma, Wanbang Folon, Fosun Beiling (Beijing) Medical Technology Co., Ltd., Yao Pharma, Guilin Pharma, Suzhou Erye, Shandong Erye, Dongting Pharma, Red Flag Pharma, Shine Star, Dengrui Feiye and Gland Pharma.

Internal audit mainly examines two aspects, namely EHS compliance and management system effectiveness. Compliance audit adopts the audit criteria in the laws, regulations and standards in environmental management, chemical safety, production safety, process safety, occupational health and firefighting safety to ensure that the effective control of EHS compliance risks in production subsidiaries. The management system internal audit is based on the Group's EHS management system requirements, so as to strengthen the central EHS supervision and coordination and ensure the efficient operation of the EHS management system.



EHS Audit Process



EHS Audit Dimensions

During the Reporting Period, the Group continued to increase investment in environmental protection in order to improve the level of corporate environmental management and make up for shortcomings in environmental governance. In 2022, the Group has invested a total of RMB28.73 million in environmental protection facilities, mainly focusing on the construction or upgrading of environmental protection facilities such as purification engineering facilities, sewage treatment facilities and boiler renovation. The cumulative investment in environmental protection operation and maintenance amounted to RMB109.99 million, mainly focusing on the operation of environmental protection facilities such as sewage and waste gas as well as the disposal of hazardous waste. The construction cost of environmental protection facilities for new bases during the Reporting Period amounted to approximately RMB40 million. During the Reporting Period, the Group did not experience any external environmental pollution incidents or major environmental penalties.

During the Reporting Period, seven subsidiaries¹⁶ were awarded the honorary title of national or provincial green factory.

¹⁶ Namely Wanbang Pharma, Zhaohui Pharma, Chemo Biopharma, Wanbang Folon, Guilin Pharma, Suzhou Erye and Red Flag Pharma.

Environmental, Social and Governance Report

3.2.2 Environmental Strategic Goals

It has always been the Group's objective to continuously reduce pollutant emissions and resource consumption, and reduce the impact of operations on the environment. In 2021, based on the solid foundation laid by the first five-year goals, the Group formulated the second five-year (2021-2025) EHS strategic objectives, among which, we set ambitious reduction targets for waste gas, waste water, waste discharge and water resource consumption. With the joint efforts of the whole group, the environmental strategic goals for 2022 have reached the standard, and the emission intensities of sulfur dioxide, particulate matter, VOCs, sewage, total waste, hazardous waste and water consumption have achieved the second five-year EHS strategic goals ahead of schedule.

Item	2021 to 2025 Emission Goals	Progress Against Goals
Waste gas emission	<ul style="list-style-type: none"> Emission intensity of nitrogen oxides: decrease by 20% in 2025 comparing to 2020, i.e. 40.86 g/RMB10,000 revenue in 2025 Emission intensity of sulfur dioxide: decrease by 20% in 2025 comparing to 2020, i.e. 27.41 g/RMB10,000 revenue in 2025 Emission intensity of particulate matter: decrease by 20% in 2025 comparing to 2020, i.e. 9.57 g/RMB10,000 revenue in 2025 Compliance rate of VOCs emission: 100% compliance with annual VOCs emission standards by 2025 	<ul style="list-style-type: none"> Emission intensity of nitrogen oxides: In progress Emission intensity of sulfur dioxide: Goal achieved Emission intensity of particulate matter: Goal achieved VOCs emission: Goal achieved
Sewage drainage	<ul style="list-style-type: none"> Emission intensity of sewage: decrease by 15% in 2025 comparing to 2020, i.e. 1.84 tonnes/RMB10,000 revenue in 2025 Emission intensity of chemical oxygen demand (COD): decrease by 15% in 2025 comparing to 2020, i.e. 0.19kg/RMB10,000 revenue in 2025 Emission intensity of ammonia nitrogen: decrease by 15% in 2025 comparing to 2020, i.e. 0.025kg/RMB10,000 revenue in 2025 	<ul style="list-style-type: none"> Emission intensity of sewage: Goal achieved Emission intensity of COD: In progress Emission intensity of ammonia nitrogen: In progress
Wastes emission	<ul style="list-style-type: none"> Emission intensity of total waste¹⁷: decrease by 10% in 2025 comparing to 2019, i.e. 23.166kg/RMB10,000 revenue in 2025 Emission intensity of hazardous waste: No more than an annual increase of 10% 	<ul style="list-style-type: none"> Emission intensity of total waste: Goal achieved Emission intensity of hazardous waste: Goal achieved
Water consumption	<ul style="list-style-type: none"> Intensity of water consumption: decrease by 15% in 2025 comparing to 2020, i.e. 2.65m³/RMB10,000 revenue in 2025 	<ul style="list-style-type: none"> Intensity of water consumption: Goal achieved

¹⁷ Including hazardous waste and general solid waste.

3.2.3 Pollutant Management

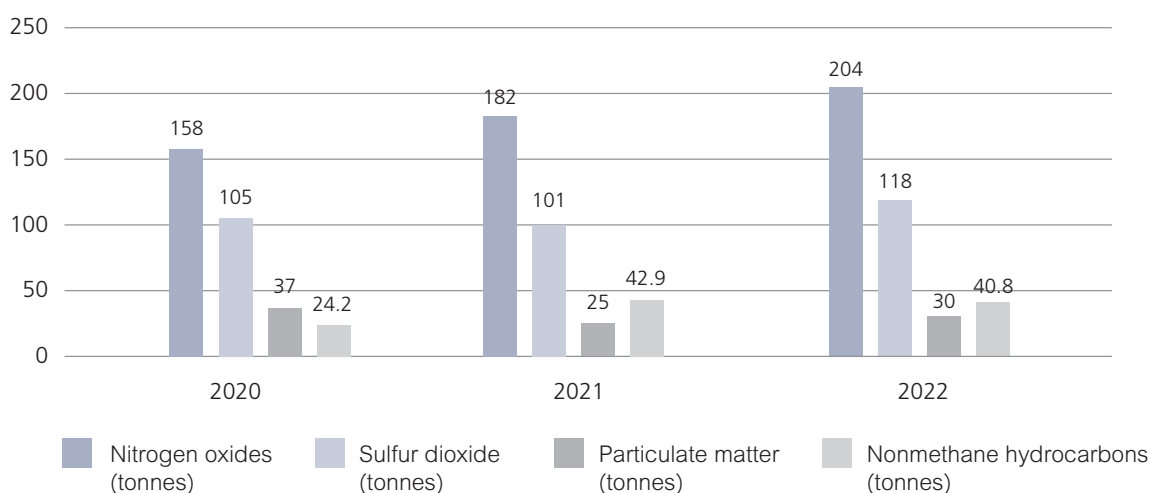
The discharge of pollutants not only directly affects the healthy operation of the ecosystem, but also poses a potential threat to human society. The Group strictly complies with laws and regulations including the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Water Pollution and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes. Meanwhile, it effectively prevents and controls the pollution of soil and groundwater, and strives to promote its reduction on the basis of ensuring the compliant emissions of waste gas, waste water, waste and other pollutants.

Waste Gas Management

In order to prevent excessive waste gas emissions from posing health threats to the surrounding environment and communities, and to effectively achieve waste gas emission targets, the Group is committed to reducing and controlling the generation and emission of waste gas from the source. The Group equips R&D and production sites with corresponding ventilation facilities, strengthens source control of volatile substances, and encourages the implementation of alternative processes. At the same time, we formulated requirements for air pollutant emission reduction and treatment measures for subsidiaries, actively responded to the organized collection of waste gas, and reduced fugitive emissions of VOCs. During the Reporting Period, the compliance rate of the Group's VOCs emissions was 100%, with the total annual emissions of non-methane hydrocarbons (NHMC) discharged in an organized way decreasing by 4.9% compared to the previous year, and the emission intensity of nitrogen oxides decreasing by 0.34% compared to the previous year.

Year	NO _x (tonnes)	SO ₂ (tonnes)	Particulate matter (tonnes)	NHMC (tonnes)	NO _x emission intensities (gram/ RMB10,000 revenue)	SO ₂ emission intensities (gram/ RMB10,000 revenue)	Particular matter emission intensities (gram/ RMB10,000 revenue)
2020	158	105	37	24.2	—	—	—
2021	182	101	25	42.9	46.61	25.91	6.45
2022	204	118	30	40.8	46.45	26.91	6.90

Waste Pollutant Emissions from 2020 to 2022 (tonnes)



Environmental, Social and Governance Report

VOCs emission reduction and treatment project

During the Reporting Period, various subsidiaries including Guilin Pharma, Avanc Pharma and Xingnuo Pharmaceutical added or upgraded VOCs treatment facilities with a total investment of more than RMB3.1 million, using activated carbon adsorption, spray pre-treatment, condensation pre-treatment and other processes to carry out treatment of VOCs gases, so as to ensure compliant emissions when discharged.



Sewage Management

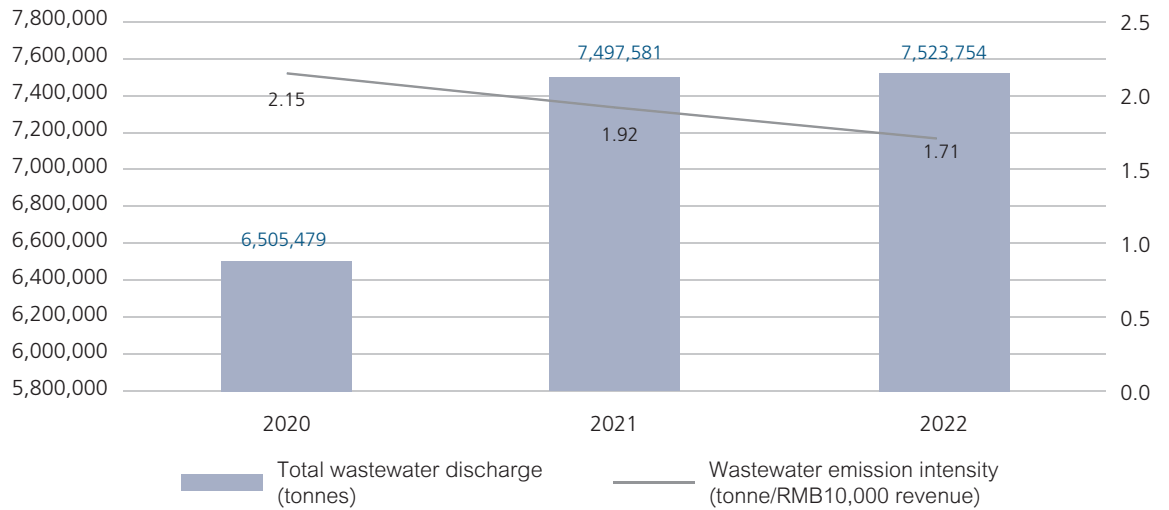
The Group actively adopts measures to reduce wastewater discharge in order to reduce the burden on the surrounding environment of the place of operation. The Group's wastewater mainly includes domestic wastewater and production wastewater. To further promote the progress of the strategic goal of wastewater discharge and reduce the discharge intensity of sewage, as well as the emission intensities of COD and ammonia nitrogen, the Group strictly abides by the laws and regulations of the places where it operates, conducts classification and collection in adherence to the principle of "classified treatment of rainwater and sewage", and establishes a sound drainage pipe network, thus ensuring that the wastewater is discharged into the municipal official system under the premise of compliant water quality parameters, and it is strictly forbidden to discharge wastewater directly into the surface water body. During the Reporting Period, the Group's wastewater discharge intensity decreased by 10.94% year-on-year as compared to 2021, with the COD emission intensity increasing by 5.56% year-on-year and the ammonia nitrogen emission intensity increasing by 5.26% year-on-year.

Year	Total sewage emission (tonnes)	Sewage emission intensity (tonne/RMB10,000 revenue)	Chemical oxygen demand ¹⁸ (tonne/year)	Chemical oxygen demand intensity (kg/RMB10,000 revenue)	Ammonia nitrogen ¹⁹ (tonnes/year)	Ammonia nitrogen emission intensity (kg/RMB10,000 revenue)
2020	6,505,479	2.15	655	0.22	88.5	0.030
2021	7,497,581	1.92	704	0.18	146	0.038
2022	7,523,754	1.71	841	0.19	175	0.040

¹⁸ In 2022, the adjustment of the COD statistical caliber of Shine Star, from the original emission of COD concentration of 114.35mg/L estimated by the sampling method to the direct reading of the online monitoring equipment, led to a large increase in COD during the Reporting Period.

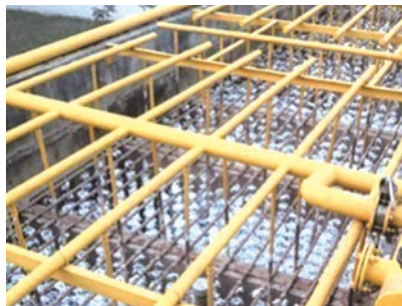
¹⁹ In 2022, the adjustment of the statistical caliber of the ammonia nitrogen emission, from the original emission of ammonia nitrogen concentration of 37.04mg/L estimated by the sampling method to the direct reading of the online monitoring equipment, led to a large increase in ammonia nitrogen emission during the Reporting Period.

Total wastewater discharge and intensity from 2020 to 2022



Systematic upgrade of sewage station

Since 2016, various subsidiaries have successively carried out systematic sewage treatment upgrading projects. During the Reporting Period, Suzhou Erye and Carelife Pharma carried out renovation and upgrading for the on-line sewage monitoring equipment and advanced treatment system of high-concentration wastewater, which improved the accuracy of wastewater discharge monitoring data and reduced pollutant discharge.



Filler replacement of aerobic zone



Newly-added advanced processing system

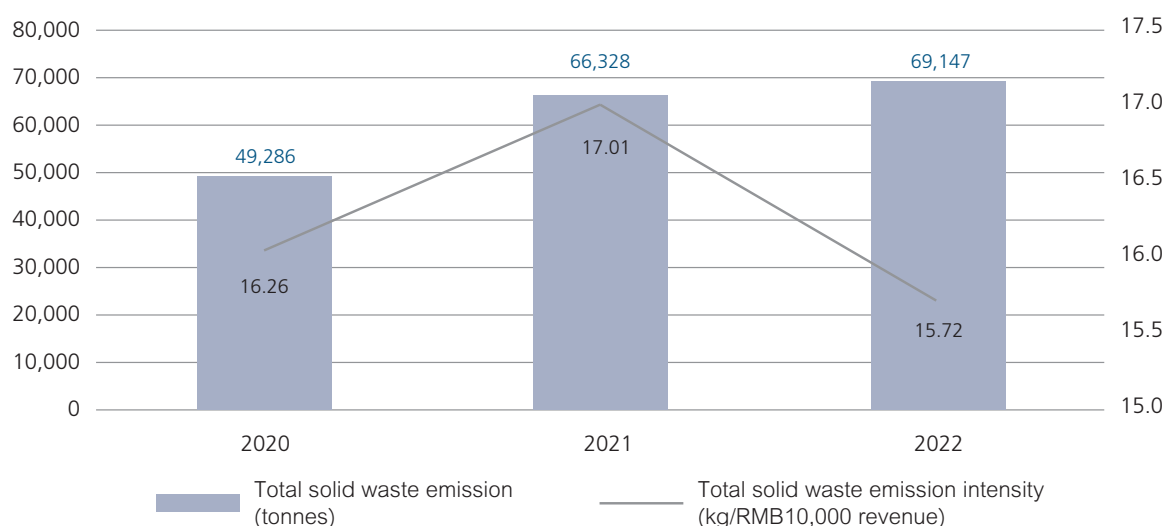
Environmental, Social and Governance Report

Waste Management

The Group attaches great importance to the standardized disposal of solid waste, which mainly involves domestic waste, industrial waste (excluding hazardous waste) and hazardous waste. The Group adheres to the principle of “reduction, recycling and harmless treatment”. Some subsidiaries have adopted various measures to reduce the generation of waste, including but not limited to inspecting the type, source and quantity of waste, establishing a list of waste, and monitoring waste generation, transfer and disposal, etc. For industrial waste, we strive to improve the resource reuse rate and entrust a third party to dispose of and reuse waste packaging materials, animal pancreas residues, coal residues and traditional Chinese medicine filter residues in compliance with regulations, reusing 45,476.2 tonnes of industrial waste throughout the year. In addition, we have also carried out a series of hazardous waste optimization projects to advance the reduction of hazardous waste, and realized the reuse of 82.9 tonnes of hazardous waste throughout the year, with a recycling rate of 1.10% of hazardous waste. During the Reporting Period, the Group’s emission intensity of total solid waste decreased by 7.58% year-on-year compared with 2021, while the hazardous waste emission intensity increased by 12.42% year-on-year.

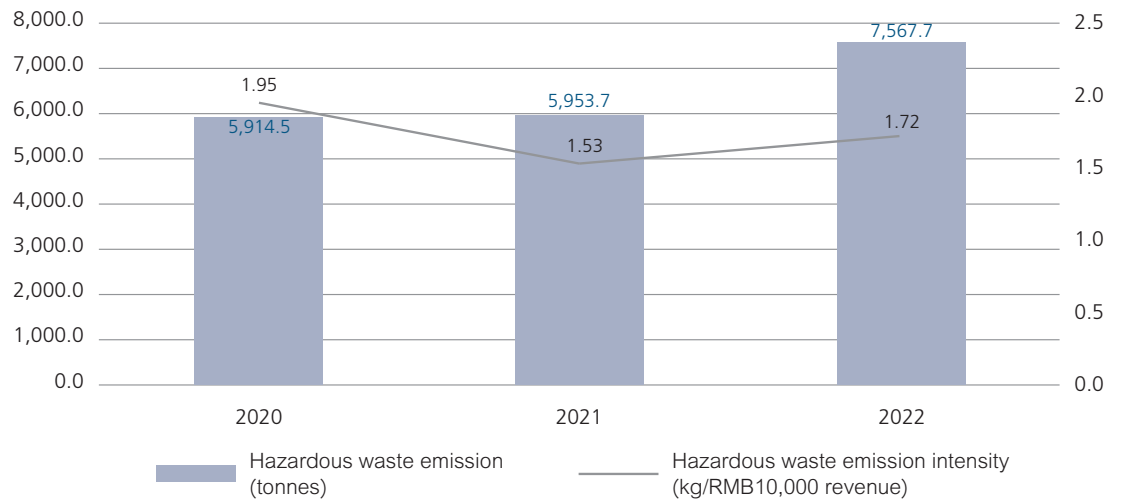
Year	Total solid waste emission (tonnes)	Total solid waste emission intensity (kg/RMB10,000 revenue)	Hazardous waste emission (tonnes)	Hazardous waste emission intensity (kg/RMB10,000 revenue)	Non-hazardous waste emission ²⁰ (tonnes)	Non-hazardous waste emission intensity (kg/RMB10,000 revenue)
2020	49,286	16.26	5,914.50	1.95	43,371.5	14.31
2021	66,328	17.01	5,953.70	1.53	60,374.3	15.48
2022	69,147	15.72	7,567.70	1.72	61,579.3	14.01

Total solid waste emission and intensity from 2020 to 2022

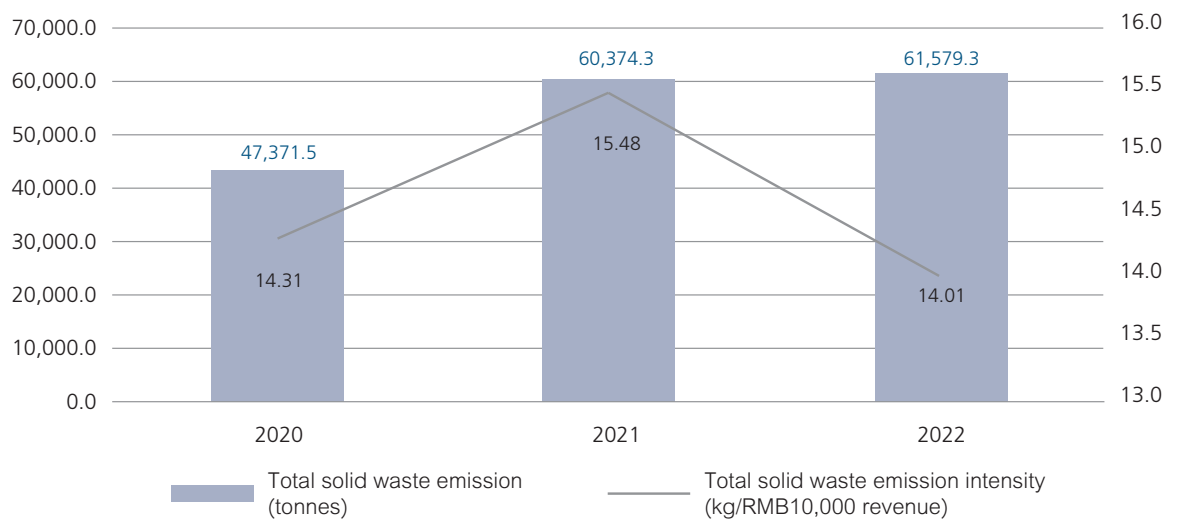


²⁰ Non-hazardous waste includes domestic waste and industrial waste (excluding hazardous waste).

Total hazardous waste emission and intensity from 2020 to 2022

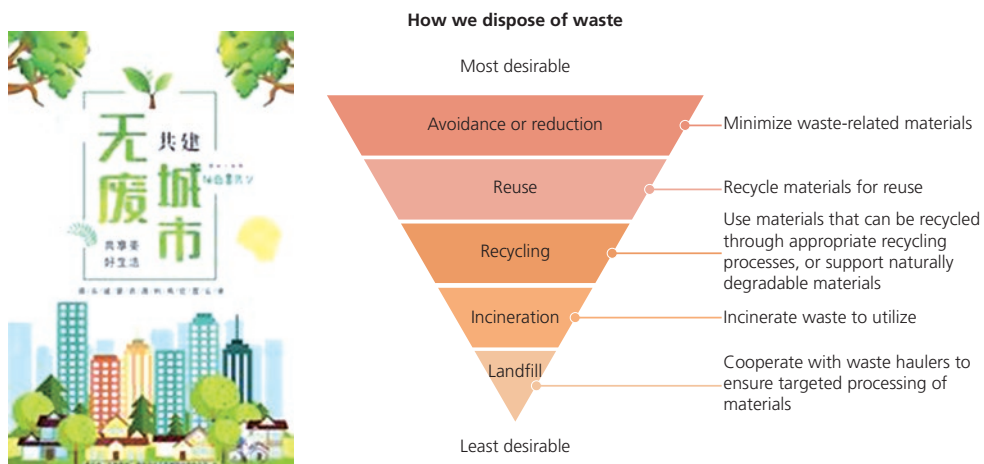


Total solid waste emission and intensity from 2020 to 2022



"Zero Waste City" Construction Project

The Group actively responded to the national goal of building a "waste-free city" and took it as one of the theme activities of 2022 EHS Management Month to publicize and actively explore waste-free project opportunities. During the Reporting Period, the extracted salt residue produced in the production process of Shandong Erye was listed as a waste-free optimization project. Carelife Pharma adopted the resin adsorption waste gas treatment process, which contributed to green environmental protection of waste disposal.



Soil and Groundwater Management

The Group strictly complies with the Environment Protection Law of the PRC, the Law of the People's Republic of China on Prevention and Control of Soil Pollution, the Environment Protection Law of the PRC, Guidelines for Investigation of Hidden Dangers of Soil Pollution in Key Supervision Units (Trial) and other relevant laws and regulations, attaches great importance to the soil and groundwater pollution prevention, and vigorously controls soil and groundwater pollution throughout the operation life cycle. During the Reporting Period, there were no soil and groundwater pollution incidents caused by waste and chemical leakage in the Group.

Risk screening before acquisition

- Before the acquisition, we conduct environmental due diligence on all manufacturing companies to identify the environmental risks of the acquired enterprise
- For projects with a high risk of soil and groundwater pollution, we will make conditional acquisitions or directly stop the acquisitions

Control over daily operations

- We require our subsidiaries to formulate hazard classification standards based on their own production activities and potential pollutant types, adopt higher leakage protection levels for key areas that may have an impact on soil and groundwater, apply appropriate anti-seepage measures, and strengthen the investigation and detection in daily operations

Soil and Groundwater Pollution Control Measures

3.2.4 Resources Management

Natural resources are the guarantee for human survival. The Group attaches great importance to the natural resources protection, promotes resource recycling on the basis of reducing resource consumption, integrates the sustainability concept into every link of production and operation, actively practices green environmental protection, and minimizes the impact on the environment.

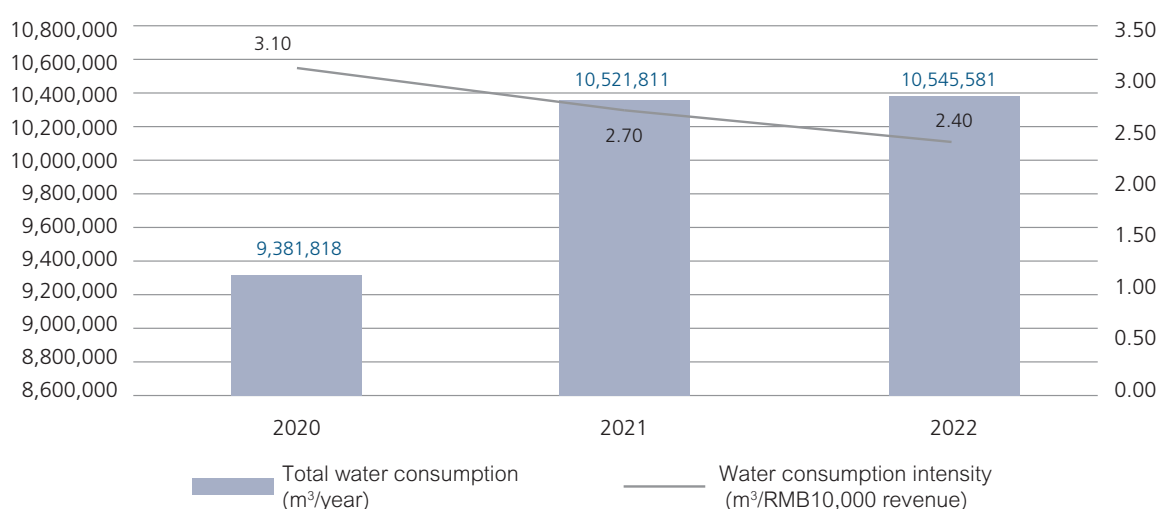
Water Resources Management

The Group strictly abides by the Water Law of the People's Republic of China and other relevant laws and regulations, and supports the No. 6 Sustainable Development Goals of the United Nations, "Clean Water and Sanitation", in order to regularly monitor and manage water risks and regulate the use and consumption of water resources, thus achieving sustainable water management in the Group's business operations and supply chain.

The Group attaches great importance to the issue of water resources, and reduces the use of water resources through measures such as source control, equipment upgrades, application and transformation of water cycle system, optimization of internal water use frequency and establishment of a water use performance assessment system, taking practical actions to protect water resources. During the Reporting Period, the Group invested a total of RMB1.15 million of special funds to carry out various water-saving measures. The total annual water saving totaled approximately 338,000m³, accounting for 3.2% of the total annual water consumption, the recycled and reused water volume reached 10,084,225 tonnes, accounting for 48.9% of the total annual water consumption, and the intensity of water consumption dropped by 11.11% compared with 2021.

Year	Total water consumption (m ³ /year)	Water consumption intensities (m ³ /RMB10,000 revenue)
2020	9,381,818	3.10
2021	10,521,811	2.70
2022	10,545,581	2.40

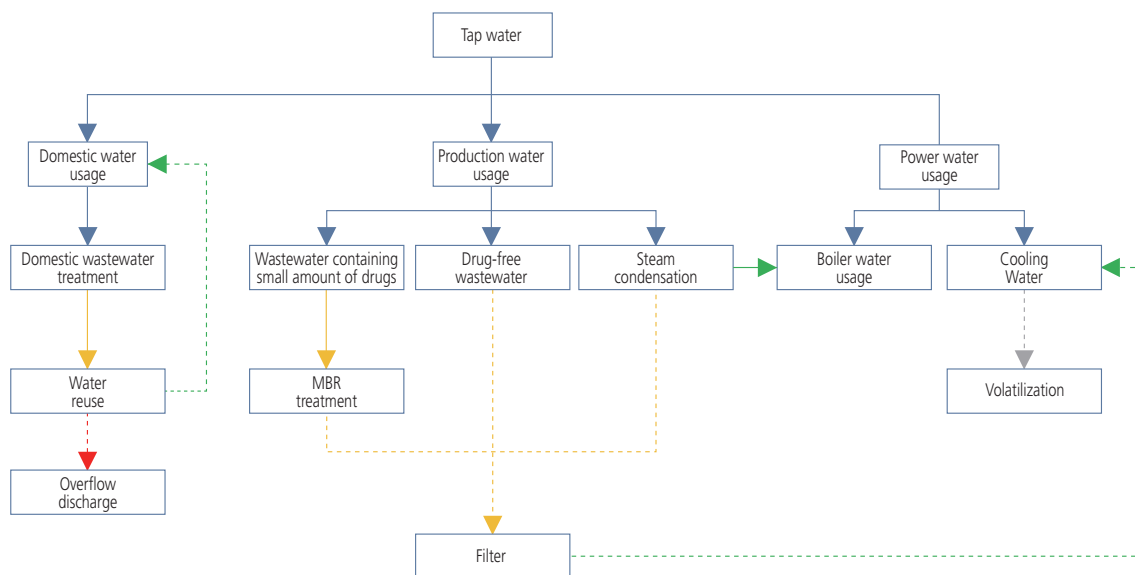
Total water consumption and intensity from 2020 to 2022



Environmental, Social and Governance Report

Water reuse projects

Various subsidiaries have implemented water reuse projects to reuse the treated production and domestic wastewater for plant greening irrigation, cooling tower circulating water replenishment, etc., so as to further reduce wastewater discharge and improve water resource utilization. As of the end of the Reporting Period, five enterprises, namely Yao Pharma, Carelife Pharma, Guilin Pharma, Shanghai Henlius and Wanbang Folon have realized the reuse of 95,000 tonnes of reclaimed water.

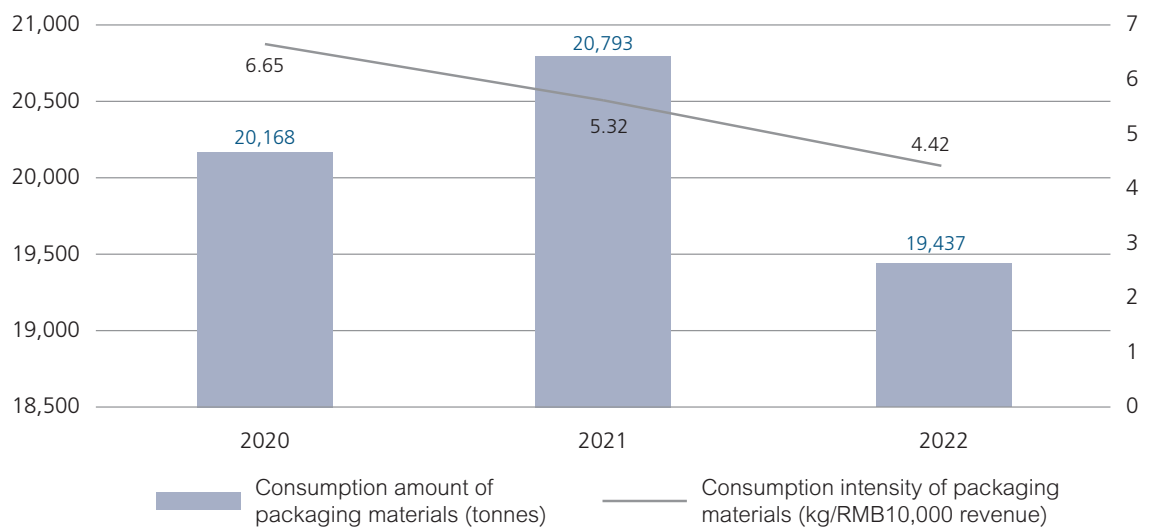


Packaging Materials Management

The Group strictly abides by the Circular Economy Promotion Law of the People's Republic of China and other laws and regulations, and is committed to reducing the usage of packaging materials and continuously improving their utilization. The Group consumes various types of packaging materials mainly in the process of product manufacturing, transportation and sales. Sticking to the principle of "source control, optimized use, reduction of resource consumption and pollutant emission", we promote the reduction of packaging materials throughout the product life cycle, covering the links of source design of product packaging, optimization of the product manufacturing process and material transportation. In addition, we also advance the recycling of packaging materials through the internal recycling of the enterprise and external sales to resource recycling companies for reuse. During the Reporting Period, the Group's packaging material consumption intensity was approximately 4.42kg/RMB10,000 revenue, a decrease of 16.87% compared with 2021, and a total of 878 tonnes of materials were recycled with a recycling rate of 4.52%.

Year	Packaging materials consumption amount (tonnes)	Packaging materials consumption intensity (kg/RMB10,000 revenue)
2020	20,168	6.65
2021	20,793	5.32
2022	19,437	4.42

Consumption amount and intensity of packaging materials from 2020 to 2022



Reusable transfer boxes

Yao Pharma actively promotes the simplification of materials at the packaging design source, and flexibly uses reusable transfer boxes instead of disposable paper material boxes according to different transfer and storage scenarios, which greatly improves the packaging materials recycling rate and realizes the packaging materials reduction by about 1 ton per year.



Environmental, Social and Governance Report

4. WIN-WIN PARTNERSHIP

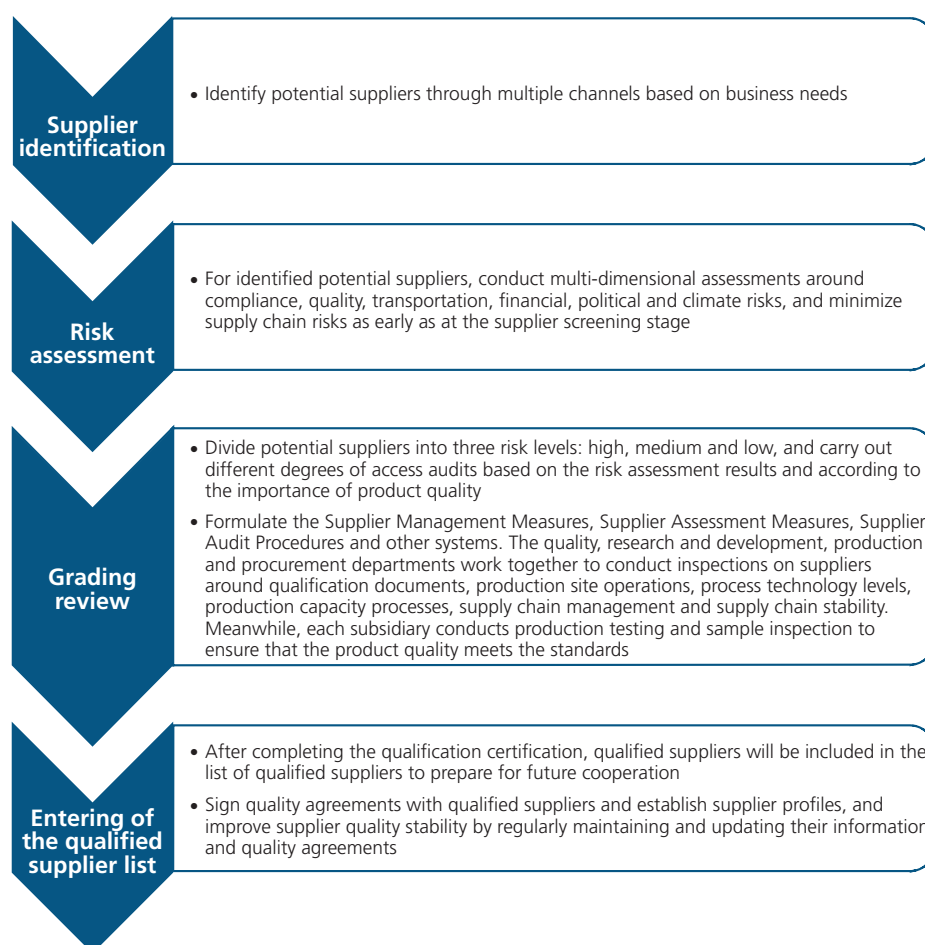
As a responsible international pharmaceutical and health industry group, the Group has always carried out business operations and upheld business ethics with high standards and strict requirements, and looked forward to cooperating with suppliers who share the same values and sense of responsibility. Adhering to the procurement principle of “legal and compliant, transparent and quality first”, the Group continuously improves its supplier management system and collaborates with suppliers to jointly build a transparent and win-win sustainable supply chain.

4.1 Supplier Management

In strict compliance with the Tendering and Bidding Law of the People’s Republic of China and other relevant laws and regulations of the place where it operates, the Group has formulated the Basic Standards for Procurement and Tender Management (Trial Implementation), the Basic Standards for Green Supplier Management (Trial Implementation) and other internal management system documents, regulates suppliers in a systematical and standardized manner, and improves supplier management efficiency. The Group has established a supplier lifecycle management process, covering all aspects of supplier identification and exploration, risk assessment, qualification confirmation, comprehensive assessment and partnership termination.

4.1.1 Strict Screening and Selection

The Group integrates quality management and risk control at the supplier admission stage, screens qualified suppliers from supplier identification, risk assessment, grading review and other links, and tracks supplier information and quality agreements to ensure that the comprehensive performance of suppliers meets our requirements, and systematically improve the overall quality of the supply chain.



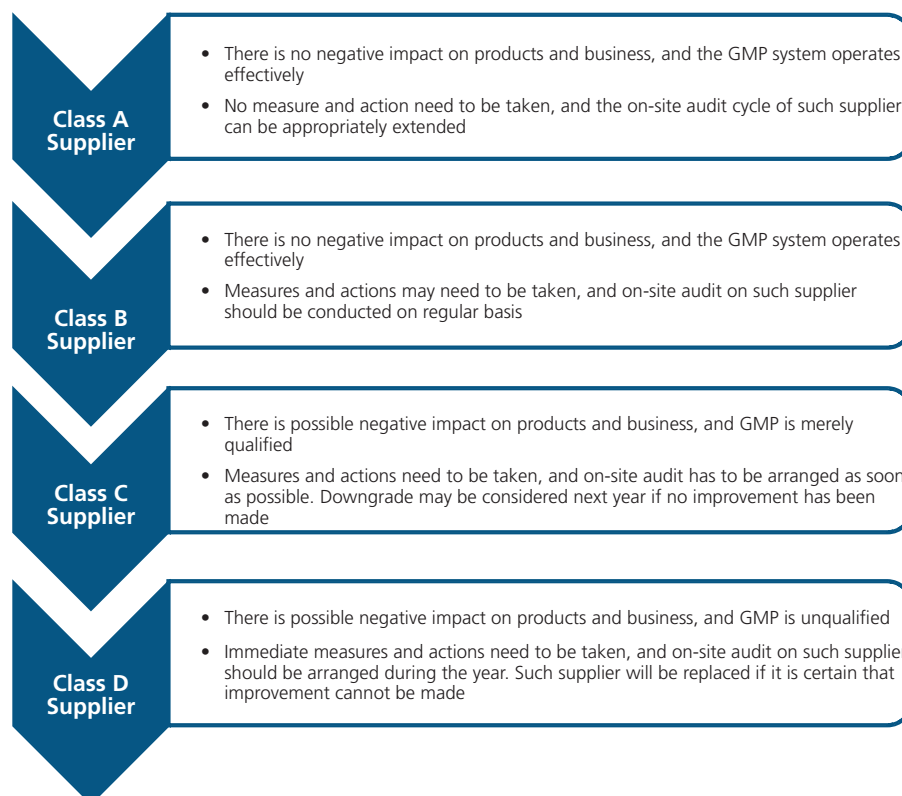
Supplier Screening Process

The geographical distribution of suppliers of domestic pharmaceutical segment of the Group as at the end of the Reporting Period, is set out below:

Province	Number of supplier	Province	Number of supplier	Province	Number of supplier	Province	Number of supplier
Beijing	60	Jiangsu	581	Guangdong	113	Gansu	8
Tianjin	50	Zhejiang	195	Guangxi	76	Qinghai	5
Hebei	151	Anhui	69	Hainan	14	Ningxia	4
Shanxi	27	Fujian	17	Chongqing	135	Xinjiang	12
Inner Mongolia	15	Jiangxi	51	Sichuan	120	Hong Kong, Macao & Taiwan	9
Liaoning	98	Shandong	295	Guizhou	4	Overseas suppliers	391
Jilin	32	Henan	74	Yunnan	3	/	/
Heilongjiang	20	Hubei	67	Tibet	3	/	/
Shanghai	365	Hunan	78	Shaanxi	24	/	/

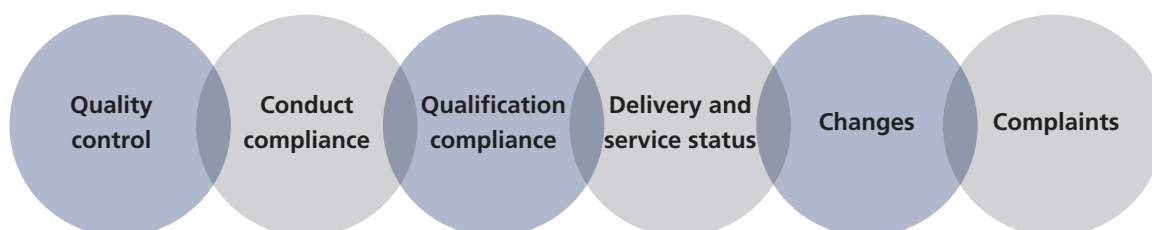
4.1.2 Continuous Management and Control

The Group well acknowledge that the stability and quality level of material supply is essential to the final performance of the product. At the delivery stage upon the admission of supplier, the suppliers in the qualified supplier list are classified into four categories (i.e. A, B, C and D) according to the two dimensions of materiality of product quality and the effectiveness of the GMP system for the implementation of classification management as well as targeted continuous management measures.



Classification Management for Suppliers

The Group conducts annual audits on suppliers through qualification review, document review, on-site inspection, etc., and regularly adjusts the ratings of suppliers based on the audit results. The annual audit includes the following six dimensions:



Supplier Audit Dimensions

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The Group sincerely cooperates with suppliers to assist them to make up for their shortcomings and meet the Group's qualification standards for suppliers. For suppliers with poor performance in the audit, we will conduct targeted on-site guidance and training to help them carry out rectification proposal and follow up continuously to ensure that problems can be solved in a timely and effective manner. For suppliers who have successfully improved, we will retain their original ratings; while for those who fail to improve in time, we will take measures to downgrade or terminate the cooperative relationship. During the Reporting Period, the Group audited a total of 1,572 suppliers and rejected 103 suppliers.

Subsidiary ²¹	Wanbang		Avanc	Red Flag	Aleph	Suzhou Erye	Guilin	Shanghai
	Pharma	Yao Pharma	Pharma	Pharma			Pharma	Henlius
Number of suppliers under annual review	488	384	129	72	33	145	157	164
Number of suppliers involved in business for the year	758	537	148	114	59	249	157	164
Proportion of suppliers under annual review	64.4%	71.5%	87.2%	63.2%	55.9%	58.2%	100.0%	100.0%

Adhering to the "quality first" procurement principle, the Group conducts empowerment training and consulting sharing for all suppliers annually based on the supplier assessment results and the weak points identified in the audit to help them improve their craftsmanship and improve their delivery quality, and increases training frequency according to supplier classification. At the same time, we also continue to track standard requirement and latest information about product quality, and share them with suppliers in real time to assist them to interpret relevant meanings and requirements, thereby maintaining their industry knowledge sensitivity.

Ensuring the smooth and stable supply chain is the cornerstone of the orderly development of production and operation activities of enterprises. In order to continuously optimize and maintain the stability of the supply chain, the Group has extended the management of the supply chain from the early stage of procurement to all aspects of production, optimizing planning, stabilizing supply and ensuring the safety of material supply.

Supply Chain Stability Management	<p>Ensure the stable supply in every procedure in production cycle (including raw materials, auxiliary materials and packaging materials). Ensure that there are two to three qualified suppliers in different regions for each material.</p> <p>For materials featuring a high supply risk, reasonably establish inventory (to meet the production needs of half a year to one year) and carry out dynamic management.</p> <p>For exclusive supply materials, increase the frequency of on-site audits or build a backup base.</p> <p>Improve the accuracy of future order forecasts.</p>
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²¹ The data of Wanbang Pharma, Yao Pharma, Suzhou Erye and Shanghai Henlius include the data of all subsidiaries within their system; subsidiaries reviewed core suppliers, such as suppliers of raw and auxiliary materials and internal packaging materials; some suppliers have not conducted annual review for suppliers purchased less than three batches of products during the year.

4.2 Sustainable Supply

4.2.1 Responsible Supply

Suppliers are not only related to the enterprise production and operation stability, but also to the enterprise reputation and community harmonious development. The Group has served as the governing unit of several trade associations, and actively responded to the requirements of the associations for enterprise supply chain risk assessment and management. While adhering to the procurement principle of “quality first” and strengthening supply chain quality control, the Group has integrated ESG requirements into the supplier management process, striving to build a high-quality and sustainable supply chain.

The Group regards “responsible procurement” as an important supply chain management goal, and expects to promote the sustainable development of the whole supply chain through its own industry influence. The *Code of Conduct for Suppliers* (the “Supplier Code of Conduct”) formulated by the Group sets strict and clear requirements for suppliers’ ESG performance, and it is applicable to suppliers, service providers and contractors, so as to ensure that the Group’s system is effectively binding on all relevant personnel. The Supplier Code of Conduct covers the following aspects:



Topics Covered by the Code of Conduct of Suppliers

In order to convey the positive corporate philosophy of upholding business ethics to upstream and downstream suppliers, and jointly build a “legal, compliant and transparent” industrial supply chain, the Group attaches great importance to the supply chain integrity and compliance, and includes anti-corruption in the screening criteria from the supplier access stage. After cooperating with suppliers, the Group regularly conducts follow-up inspection on key suppliers according to the audit plan to ensure the compliance of material procurement and use, as well as the supervisors’ duty performance, and conduct random check on procurement files, contracts, financial payments and other documents to ensure compliance and prevent corruption.

The Group has specified the reporting and complaint methods for non-compliant supplier behaviors in the Code of Conduct of Suppliers, and encourages all stakeholders to report suppliers’ violations or suspected violations of the Code of Conduct of Suppliers through these channels:

Whistle-blowing channel	Contact information
Fosun Pharma’s Centralized Procurement and Procurement Management Department	Telephone: +86 21 33987286 Email: ep_procurement@fosunpharma.com
Fosun Pharma’s Anti-Corruption Supervision Department	Telephone: +86 21 33987226 Email: lianzhengdc@fosunpharma.com
Reporting Portal	www.fosunpharma.com

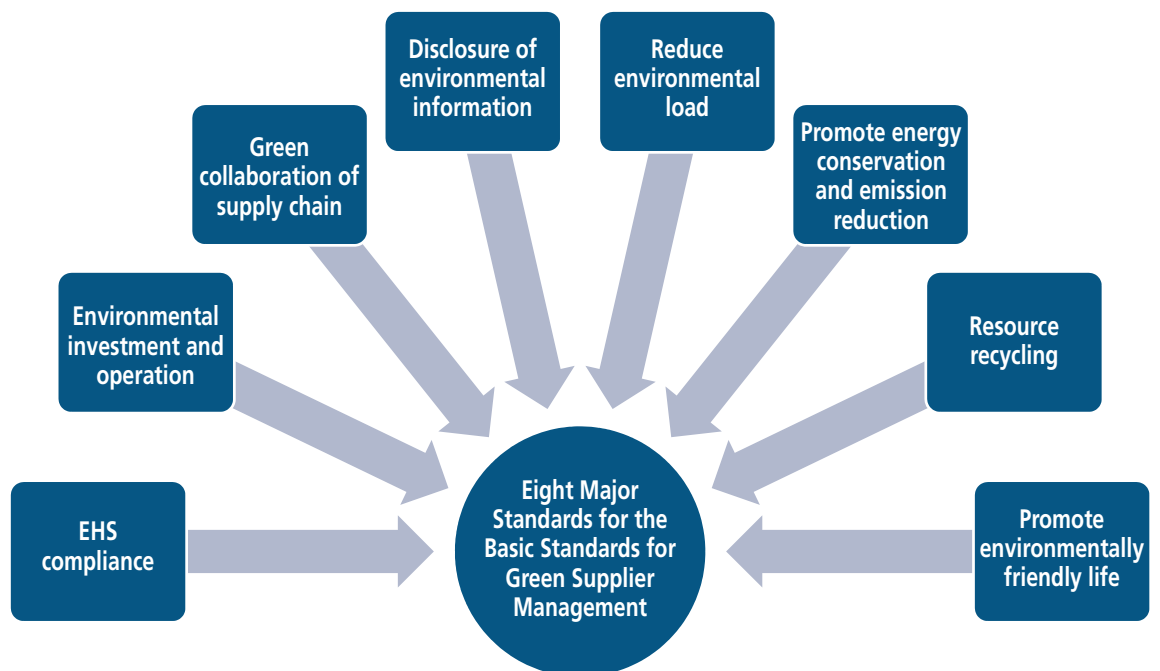
For suppliers who violate the Code of Conduct of Suppliers, the Group has set different punishment measures according to the degree of violation. Suppliers with serious circumstances will be permanently banned from cooperating with the Group. With the joint efforts of the Group and suppliers, during the Reporting Period, the Group dealt with a total of 41 violations by suppliers, representing a decrease of 67.46% compared with the previous year.

4.2.2 Green Supply Chain

In order to promote the green supply chain construction and realize sustainable procurement, the Group takes the suppliers' environmental performance into consideration and management. In the Supplier Code of Conduct, the Group explicitly requires suppliers to reduce waste emissions, and also assists them to set waste emissions reduction assessment goal in combination with their actual conditions, so as to reduce the entire value chain impact on the natural environment. In addition, we continuously evaluate the suppliers' effectiveness in water saving, and explicitly require suppliers to reduce wastewater discharge and make effective use of resources during operation.

The Company and each of its subsidiaries regularly conduct on-site audit on the green supply chain to their suppliers, and grade their suppliers based on the audit results, so as to better identify and manage environmental risks in each link of the supply chain. In respect of non-compliance behaviors, each subsidiary will communicate with supplier on the rectification proposal and follow up subsequent improvement on a continuous basis. During the Reporting Period, the Group carried out a total of 434 audits on green supply chain, a total of 23 audits on green supply chain to major suppliers, and implemented audits on green supply chain to 11 raw material and 8 packaging material suppliers.

Meanwhile, the Company also continued to deepen the green supply chain project of "Green Fosun" in conjunction with its subsidiaries and upstream and downstream suppliers, and continued to convey the positive enterprise development concept. The main goal of this project is to strengthen the suppliers' EHS autonomy, and to build a healthier industry supply chain ecosystem by improving suppliers' EHS performance. The Group took the Basic Standards for Green Supplier Management as the main project management document, defined eight main green supply chain guidelines, and signed the Proposal of Green Supply Chain with subsidiaries and suppliers, promoting the continuous development of the industry supply chain towards a more sustainable and greener direction.



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5. FOCUSING ON TALENT

The Group has always advocated the talent value of “Attracting Talents through Development, Building Our Team through a Common Cause, Training Talents through Their Works, and Evaluating Talents through Their Performance”, and firmly believed that talents are the fundamental driving force for the long-term operation and sustainable development of enterprises. We fully respect the legitimate rights and interests of every employee, provide a platform for growth and development of talents, encourage diversified development of employees, create a healthy and safe working environment, and work hard to jointly create a positive and warm working atmosphere, so that the Group and employees together step towards a broader future.

5.1 Diversity and Equal Opportunity

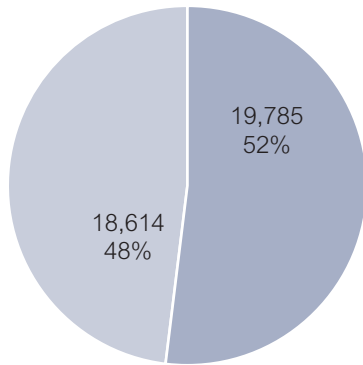
5.1.1 Employment Management

The Group strictly abides by the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization and the laws and regulations of the countries or regions where the its business operates, and establishes a scientific and standardized recruitment system to ensure an open, just and fair recruitment process. The Group respects human rights, strictly eliminates child labor or any form of forced labor, and respects employees’ political rights and freedom of association. We have also established a comprehensive human rights policy monitoring mechanism to ensure that the policy is effectively implemented. During the Reporting Period, we did not experience any violations in respect of child labor or forced labor.

The Group’s enterprise development is inseparable from diversified talents, and our employees are distributed in multiple countries and regions around the world. In order to implement an equal and diversified recruitment and training system, the Group issued the “*Employee Diversity Policy*” during the Reporting Period. The Group implemented policy under the management guidance and supervision, and carried out relevant multicultural construction, which clearly encourages equality and diversity, protects employees from the impact of nationality, race, ethnic group, religious belief, gender, disability, marital status, sexual orientation, gender identity or other legally protected status in job hunting, salary and promotion, ensures equal pay for equal work, prohibits all forms of discrimination and workplace harassment, and strives to establish and maintain a diversified and inclusive working environment. The Group organizes diversity training covering all subsidiaries at least once a year, so that employees can know, master and abide by the relevant diversity principles.

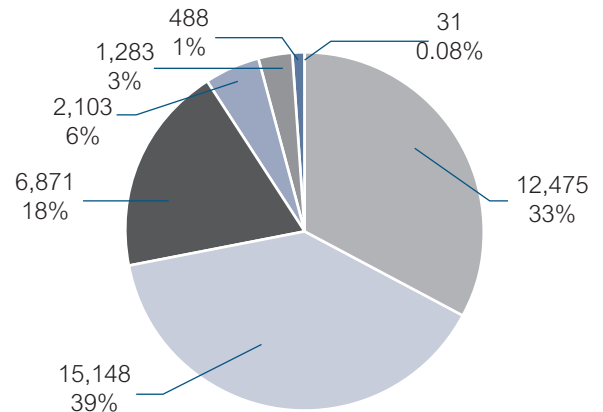
As of 31 December 2022, the Group had a total of 38,399 employees²², including 6,426 overseas employees, 89 disabled employees and 2,107 ethnic minority employees. The specific categories are as follows:

Total number of employees by gender (people, %)



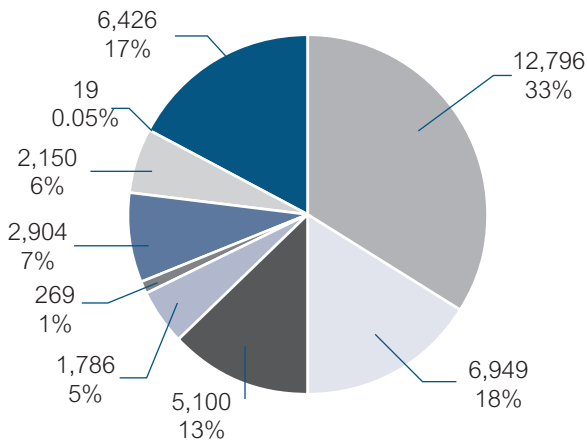
■ Male ■ Female

Total number of employees by age (people, %)



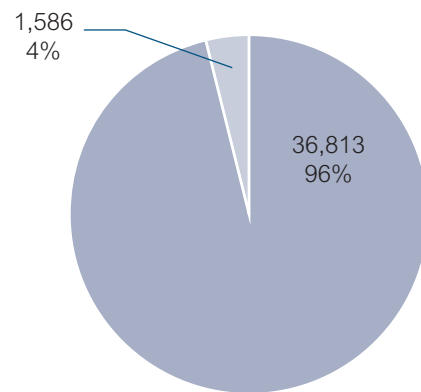
■ Aged 16-20 ■ Aged 20-30 ■ Aged 30-40
 ■ Aged 40-50 ■ Aged 50-55 ■ Aged 55-60
 ■ Aged above 60

Total number of employees by region (people, %)



■ Eastern China ■ Southern China ■ Central China
 ■ Northern China ■ Northwest China ■ Southwest China
 ■ Northeast China ■ Hong Kong, Macao and Taiwan ■ Overseas

Total number of employees by types of employment (people, %)



■ Full-time ■ Part-time

²² Employment of minors aged 16 to 18 strictly implements the relevant national and regional regulations on the protection of minors.

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5.1.2 Caring Employees

The Group actively creates a warm, harmonious, equal and caring working atmosphere, and enhances employee cohesion and sense of belonging by providing a sound employee welfare and caring system and carrying out various employee activities. We strictly abide by the requirements of relevant laws and regulations in the areas in which we operate and provide all statutory benefits for employees, including but not limited to social insurance, statutory holidays, paid vacations, etc. On this basis, we have also improved the internal special welfare projects, providing a wide range of non-salary benefits for all employees, such as flexible office, transportation subsidies, supplementary insurance, etc., to provide all-round protection for employees' rights and interests.

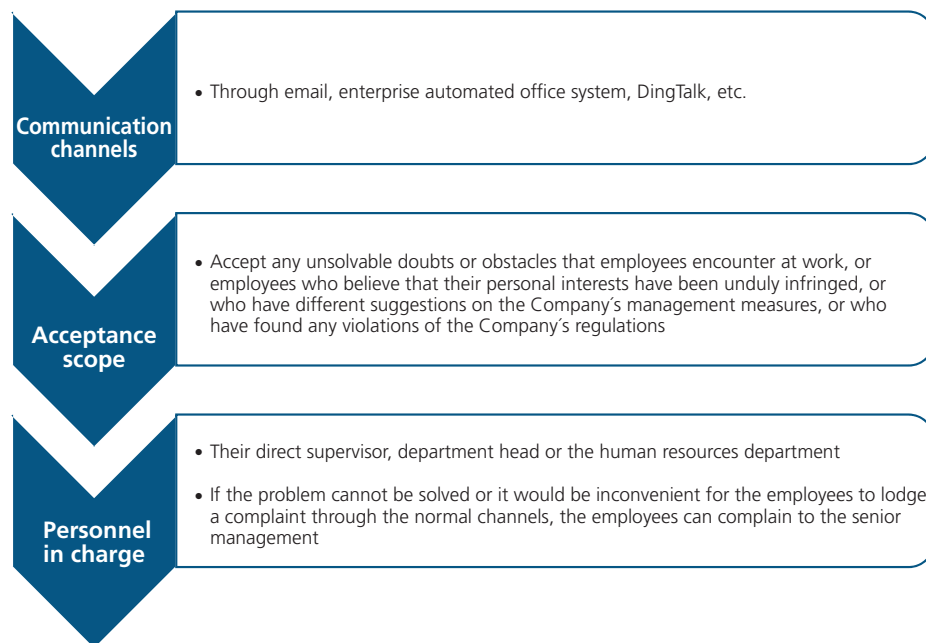
Statutory benefits	Internal special benefits
<p>Holidays:</p> <ul style="list-style-type: none"> Public holiday or holiday benefits Statutory holidays, such as paid leave, marriage leave, pregnancy leave, maternity leave, breastfeeding leave, paternity leave, personal leave, etc. <p>Insurance:</p> <ul style="list-style-type: none"> Social insurance, including basic pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund <p>Other statutory benefits</p>	<p>Additional insurance:</p> <ul style="list-style-type: none"> Personal accident insurance, critical illness insurance, traffic accident insurance, additional medical insurance, etc. <p>Allowance:</p> <ul style="list-style-type: none"> Transportation allowance, communication allowance, lunch subsidies and high-temperature benefits <p>Other welfare expenses:</p> <ul style="list-style-type: none"> Single child allowance, physical examination fee, team-building fee, funeral fee <p>Childcare related benefits:</p> <ul style="list-style-type: none"> Nursery <p>Flexible office:</p> <ul style="list-style-type: none"> Flexible hours, work from home/remote working <p>Other benefits:</p> <ul style="list-style-type: none"> Supplementary provident fund, health consultation, care for retirees, assistance for needy employees, etc.

5.1.3 Communications with Employees

The Group places heavy emphasis on the opinions and rights of employees. Through the establishment of smooth communication channels, the establishment of labor unions and the conduct of professional engagement surveys, the employees' rights to participate and express are fully guaranteed, and a bridge of communication between employees and management is established. We clearly stated in the Employee Handbook that the heads of various departments, the personnel of the human resources department and the senior management of the Group will provide assistance to employees in terms of job satisfaction improvement, labor security, career planning and work complaints.

Complaint channels

The Group has established a smooth employee communication and complaint channel to ensure the confidentiality of personal and complaint documents, and has improved the employee complaint mechanism and complaint process by setting up a disciplinary committee and a secretariat to encourage more employees to actively speak out and participate in the business development of the Company with practical actions. At the same time, we fully protect the reasonable demands and legitimate rights and interests of complainants, and have formulated corresponding confidentiality mechanisms and protective measures against retaliation to protect employees' right of speech.



Employee Complaint Mechanism

Communications through Labor Union

We regard the labor union as the communication hub between the management and employees. All employees of the Group have the right to join and organize labor unions and negotiate collective contracts in accordance with the law. During the Reporting Period, in order to further improve the labor union organization, the Company convened the second member representative meeting and employee representative meeting of the third session of the labor union, and elected to add one vice chairman of the labor union, three labor union committee members and one review committee member to ensure the orderly and standardized operation of the labor union's various tasks.

Employee satisfaction

The Group places great importance on employee satisfaction and is committed to creating a satisfactory working atmosphere for employees. In order to clarify the direction of organizational construction, since 2022, we have required all subsidiaries to conduct annual satisfaction surveys which linked to key performance indicators of the management.

The employee satisfaction and engagement survey cover all employees of the Group. The engagement survey comprehensively demonstrates the core strengths and key improvement directions of the Group's organizational management from the six dimensions of organizational environment, management style, job responsibilities, salary performance, career development and professional performance. Based on the feedback and suggestions offered by the employees, the Human Resources Department of the headquarters organizes discussions in a timely manner, carries out optimization around key aspects, and formulates an employee management plan and satisfaction improvement plan for the next year to create a better working environment for employees.

5.2 Development of Human Capital

Talent-led development is the foundation of a strong enterprise that we always adhere to. The Group advocates the corporate talent management strategy of “pursuing a high degree of harmony and unity between personal success and corporate development”, which highly integrates corporate growth and personal value enhancement. We are committed to the echelon construction and training plan of the core teams, formulate and implement a training system centered on team development and training, and implement flexible welfare policies and a complete incentive system to continuously cultivate, attract and retain global top talents with excellent performance and high potential.

5.2.1 Diversified Recruitment

The Group strives to build a high-potential talent pool, attracting outstanding talents through various channels, and injecting a steady stream of new blood into the development of the Group. We continue to promote the development strategy of talent channels, and actively develop new talent pools by predicting the recruitment needs and talent gaps of various departments on an annual basis. During the Reporting Period, we have launched a number of distinctive and attractive recruitment projects, and attracted more outstanding talents to join us through cooperation with universities and subsidiaries:

Functional management trainee Star YAO Plan

- Including finance, human resources, IT, operational quality, lean management, supply chain, EHS and other functions. The project targets all fresh graduates (bachelor, master, doctoral), provides cross-enterprise and cross-functional job rotation training opportunities and fast promotion channels within 3 years, and aims at cultivating backbone and young management for the Group.

Investment management trainee Long-term Development Program

- Targeting fresh doctoral graduates majoring in biomedicine from top universities. The trainees will be taught and trained by an internal experienced investment team, aiming to strengthen the investment talent pool within the organization and cultivate high-performing and high-potential candidates as future successor.

Summer intern Super Star Creation Camp

- Preparing for the autumn campus recruitment “Star YAO Plan”, provides practical opportunities for student representatives from top universities. Interns with excellent performance have the opportunity to directly join the Group. In this way, we can screen and nurture outstanding talents in advance.

Internal talent mobility Star Transfer Plan

- Encouraging employees to transfer jobs across departments, functions, and companies between the headquarters and subsidiaries, so as to help employees find a more suitable orientation and career development direction. Enterprises can also cultivate all-round, multi-skilled and adaptable management talents.

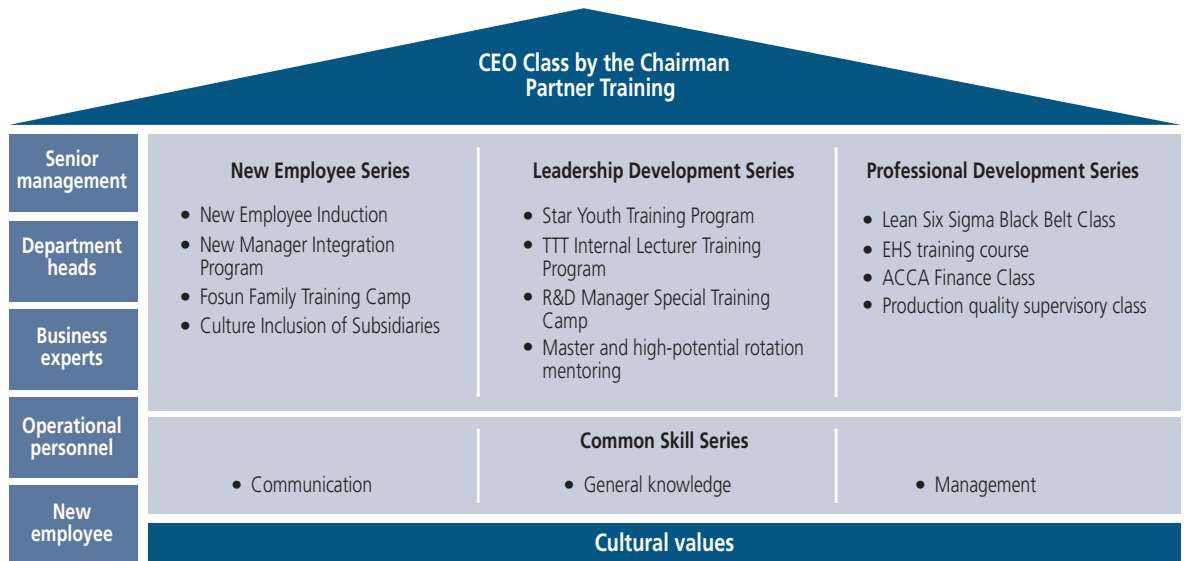
Customized personnel training Joint training plan

- Fosun Pharma, together with its subsidiaries, entering into a joint training program for professional master degree with China Pharmaceutical University and Shenyang Pharmaceutical University to fully utilize the advantages of all parties in teaching, scientific research, and personnel training, deepening the integration of production and education, promoting “customized personnel training”, and providing talent and technical support for the development of China's biomedical industry.

Fosun Pharma’s Recruitment Programs

5.2.2 Talent Training

The Group regards employee development as the core of the enterprise, continuously launching training activities and improving relevant training systems. By carrying out four series of training programs, namely “New Employee Series”, “Leadership Development Series”, “Professional Development Series” and “Common Skill Series”, we provide employees with a comprehensive platform for improving their capabilities and skills, helping employees establish the concept and habit of life-long learning.



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New Employee Series

- We provide a 3-month training tracking program for each new employee of the Group, including corporate culture promotion, human resource policy introduction, executive luncheon, panel sharing activities, etc., to help newcomers integrate into the Group as a big family better and faster. In 2022, in addition to the “Fosun Pharma Military-style Training Summer Camp” for fresh graduates, we also continued to provide immersive training activities for new employees.

Leadership Development Series

- The Group attaches great importance to leadership development of employees, and provides pertinent management and leadership programs for employees with certain experience, as well as senior management personnel and key talents, and has formed a partner training mechanism.
- In 2022, we expanded the scope of management training, organized leadership programs for the management of our subsidiaries, and refined knowledge and skills through internal lecturer training to further foster a culture of learning.
- For high-potential management trainees who have just entered the Company for 1-2 years, the Group launched a series of basic leadership training and team activities to help employees improve their leadership.
- In addition, we have formulated succession plans at all levels, such as the management trainee project, to get well prepared for talent pipeline.

Professional Development Series

- The Group is committed to creating a “reservoir” of high-level talents in various fields. The headquarters and subsidiaries work together to provide training in quality, lean management, finance, investment, financing and other directions according to the characteristics of the trainees’ abilities, to help high-potential talents identify their development positioning and develop in a targeted manner.
- In 2022, our ongoing “ACCA High Potential Finance Class” has become one of the important ways for the Group to cultivate leaders in key business lines.

Common Skill Series

- The Group continues to improve the common skills training for all employees, assisting employees to improve their professional skills, and realizing the organic alignment between employee growth and corporate needs.
- We holds a “Lunch Sharing Session” monthly, at which senior executives of the Company, top leaders of member companies and external professionals are invited to share corporate strategies, best practices, hot topics, etc. In 2022, we continued to promote a variety of common skill training series such as the FoTED internal lecturer program and cheering stations, providing professional and refined training, applying the knowledge learned in work, and helping employees improve their personal soft skills, broadening their horizons, and increasing their knowledge.

Fosun Pharma Training and Development System

The Group attaches great importance to the construction of talent teams and the professional growth of employees. In order to equip employees with the latest skill set, we have established a corporate university, Fosun Talent Development Center, which provides “four platforms”: the headquarters leadership and functional training platform, platform of professional skills training base for member companies, platform for the inheritance of knowledge and experience, and platform for dissemination of cultural concepts, helps employees learn from working and grow from learning through effective resource integration, to boost the Company’s continuous development.

Wanbang Pharma: Optimize the T24 Teaching Operation System

In 2022, Wanbang Pharma launched the project of optimizing the “T24 Teaching Operation System” to help new graduates (T24 in Wanbang Pharma training system, or T24) to quickly understand and adapt to the Group culture and improve their abilities in more dimensions. Wanbang Pharma collates and outputs a complete, reproducible operation system based on the previous T24 teaching experience and achievements, and forms four T24 teaching system operation closed-loop lines from the dimensions of project requirements, core competence and cultural values, including:

1. Curriculum system line: establish T24 online learning growth path based on the learning platform.
2. Continuous journey helping line: conduct offline design, cultivation and selection of theme activities and training to provide T24 with the staged knowledge and energy needed for continuous journey in the workplace.
3. Tutor empowerment line: Each T2 is assigned to a tutor to help empower and grow, and effectively evaluate the teaching results.
4. Achievement evaluation line: deliver visual talent inventory achievement data through training and observation in each stage.

Training stage	T1 (Exploration)	T2–T6 (Adaptation)	T7–T12 (Consolidation)	T13–T24 (Commitment)
Training theme	Integrate into Wanbang Knowledge introduction to workplace newcomers (Basic courses on professionalism)	Integrate into Wanbang Communication courses	Consolidate foundation Career planning and professional quality advanced courses	Work independently Project management and self-motivation courses
Series of courses	Compulsory courses <ul style="list-style-type: none"> Professional image building — look like a professional Once you master general manners in office, you will master the rules of survival in the workplace 	<ul style="list-style-type: none"> Communication methods (upper and lower) 4 lessons to make you a professional interpersonal communication expert How to support your supervisor and the organization 	<ul style="list-style-type: none"> Career management and self-leading Four habits of professional style Four key words of professional style Four accomplishments of professional style 	<ul style="list-style-type: none"> Introduction to Lean Six Sigma Quick and practical ways to manage emotions Six-step drawing method of mind mapping method How to manage time
	Elective courses <ul style="list-style-type: none"> Operation and use of Excel common functions (upper, middle and lower) PPT content layout and animation design 	<ul style="list-style-type: none"> Learn to listen Effective expression Discuss the facts Tailor your words to the person addressed Words speak louder than deeds: speak well is better than do well Establish interpersonal network Establish good workplace interpersonal relationship 	<ul style="list-style-type: none"> PPT improvement skills from beginner to master (upper and lower) Excel improvement skills from beginner to master (upper and lower) How to develop structured thinking Mind mapping: workplace efficiency boost Workplace stress management rules Dance with stress How to develop empathy Tips for working happily 	<ul style="list-style-type: none"> Develop a positive attitude Manage your emotions and build an adaptive system in the workplace Isolation and cognition, rebuilding the emotional management system How to deal with conflicts and emotions Where did the time go? How to efficiently manage working hours How to deal with procrastination at work

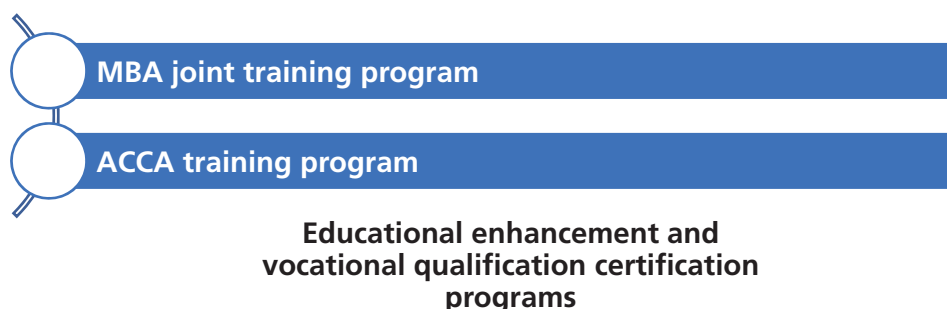
Curriculum Overview

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Training for new employees

The Group encourages employees to actively develop themselves and improve their professional skills. We have set up education improvement and vocational qualification certification programs, which are open to all employees, and encourage employees to improve their professional capabilities and achieve self-growth with practical actions.



The Group's training²³ during the Reporting Period is as follows:

Indicators	Unit	2022
Total training expenses	RMB10,000	985
Average training hours per person	Hour	49.5
Percentage of employees trained	%	72%
By gender		
Percentage of male employees trained	%	81%
Percentage of female employees trained	%	63%
Average training hours per male employee	Hour	43.9
Average training hours per female employee	Hour	57.2
By employment level		
Percentage of senior management trained	%	81%
Percentage of employees trained except senior management	%	72%
Average training hours per senior management	Hour	18,695
Average training hours per employee except senior management	Hour	1,358,624

²³ Including domestic and overseas regions.

5.2.3 Talent Incentive

The Group is willing to share benefits with all employees who create values. We are committed to improving the multi-dimensional performance appraisal mechanism for employees and taking a sound and long-term incentive mechanism as an important initiative to improve corporate governance, motivate employees and achieve stable corporate development.

Performance and remuneration

With the consistent implementation of the talent management concept of “assessment by performance”, we have established a comprehensive individual performance management and assessment system to ensure that each employee has a fair and just opportunity for promotion. The design, execution, results and improvement of the performance management system of the Group are all centered on comprehensively and objectively evaluating the comprehensive performance of employees, as well as improving the matching among employees’ quality, capability, performance and functional requirements, so as to promote the mutual and sustainable development of employees and enterprises.

In order to provide better guidance on career development for employees, the Group regularly conducts employee performance appraisals every year, and has set up a 360-degree competence evaluation mechanism to evaluate employees in terms of learning ability, leadership, execution, knowledge and experience, and comprehensive evaluation, and direct supervisors, other colleagues, and direct subordinates provide employees with multi-faceted feedback and evaluation. For the results of performance appraisal, we will carry out normal distribution by department, set evaluation cycle goals, and formulate development plans and improvement plans with personal characteristics for employees, so that employees can improve their performance and capabilities in a targeted manner. In 2022, we continued to implement the OKR management model for important functional lines, linking team and individual goals and activities to achieve the strategic mission of the Group.

In addition, we provide fair, secure and incentive remuneration for all employees (including non-office employees and non-sales employees), in which incentive remuneration is linked to individual work performance, so as to encourage employees to improve their competence and work performance, thereby helping the Group improve its efficiency.

Equity incentive

In order to reward employees for their outstanding contributions and retain outstanding talents, the Group has established a framework for a long-term incentive system, including the “Long-term Incentive Plan for Management of Subsidiaries”, “Restricted Stock Incentive Plan”, “R&D System Incentive Plan”, “Incentive Plan for Strategic Investment Items”, “Incentive Plan for Pre-IPO Investment Items”, etc.

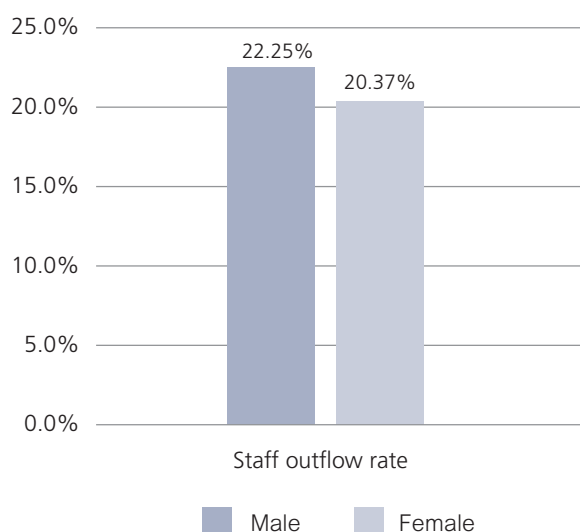
2022 Incentive Plan

In 2022, the Company adopted and implemented the 2022 Restricted A Share Incentive Plan and the 2022 H Share Employee Share Ownership Scheme. The incentive participants were the executive Directors and senior management personnel of the Company, the mid-level management personnel and core technology (business) personnel of the Group, and other core personnel having made a direct contribution to the overall business performance and sustainable development of the Group as determined by the Board. During the Reporting Period, 126 incentive participants have been granted.

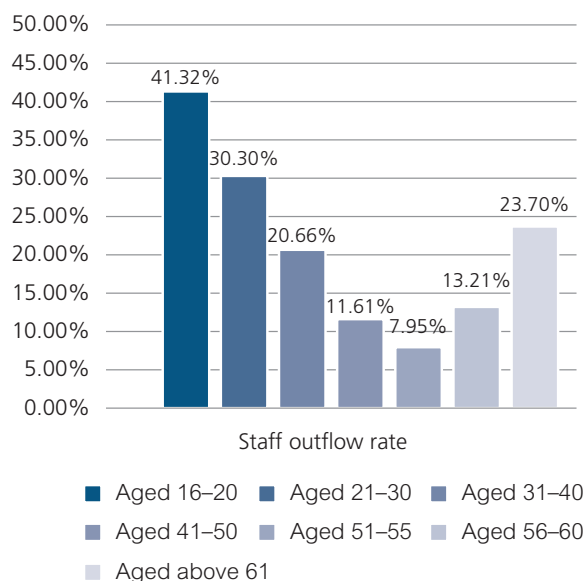
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In order to achieve the management objectives of motivating and retaining talents and ensure the strategic support for business development, we continue to improve our long-term incentive system. After long-term management practices, the remuneration and incentive system of the Group has fully covered the headquarters and all subsidiaries, effectively supporting investment and operation strategies, and promoting the achievement of long-term performance goals at all levels. During the Reporting Period, the employee turnover rate of the Group was 15.95%²⁴.

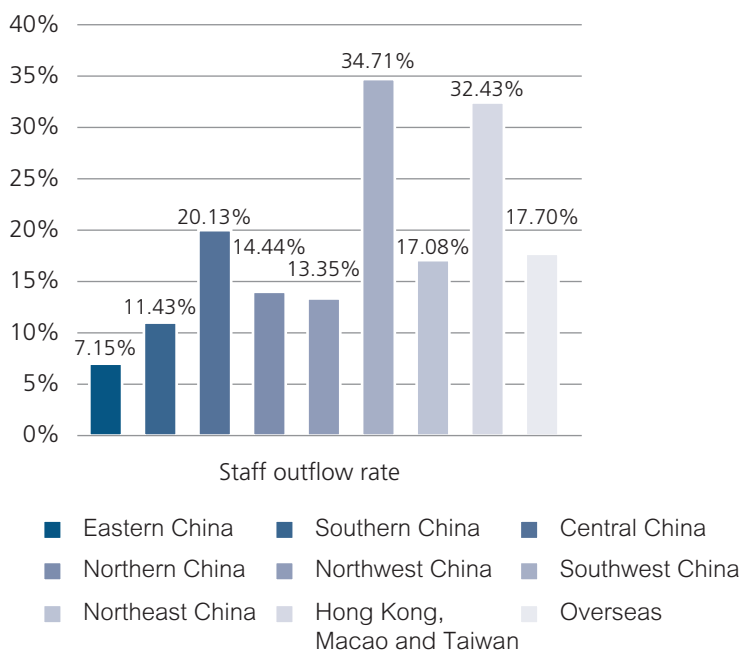
Staff outflow rate by gender



Staff outflow rate by age



Staff outflow rate by region



²⁴ Turnover rate = number of employees who voluntarily leave the company *2/(total number of people at the beginning of the period + end of the period)
 Outflow rate = number of all resigned employees*2/(total number of people at the beginning of the period + end of the period)

5.3 Occupational Health and Safety

5.3.1 Safety Management

In order to ensure the safety of employees at work, the Group adheres to the principle of “safety first, prevention-foremost, comprehensive treatment”, actively fulfills its safety production responsibility, and establishes the mechanism featuring enterprise accountability and employee participation. We strictly abide by national and local laws, regulations, rules and normative standards related to production safety, and have established comprehensive production safety rules and regulations and set safety management goals to guarantee the safety of employees in production activities in all aspects.

Safety Management Goals

Zero occupational death and zero major injury incident	Maintain an annual lost time injury rate in 2021–2025 at 0.3 and below	Recordable incident rate in 2025 decrease by 10% as compared to 2020, i.e. 0.447
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The Group adopts safety management measures in the front line. We performed risk assessment and identified major risk sources, established SOP and emergency response system, regularly carried out potential hazard investigation and management, and conducted safety knowledge training for all employees, in order to promote the construction of safety culture and improve the level of safety production. We use the lost time injury rate and recordable incident rate in 2016 as the benchmark to conduct statistics and comparisons on the annual safety accident indicators.

In the past three years (covering the Reporting Period), the Group had not had any work-related death. In 2022, the Group had 245 lost days due to work-related injuries, and the lost time injury rate per million working hours was 0.101, and the recordable incident rate was 0.202, successfully achieving our safety goal.

5.3.2 Employee Health

The Group is committed to providing employees with a healthy and comfortable working environment to protect their occupational safety and physical and mental health. We strictly abide by national and local laws and regulations on occupational health, proactively fulfill the occupational health responsibilities, establishes the responsibility management system for the occupational disease prevention of all employees, strictly avoid the adverse effects of occupational disease hazards in the work process, and protect the occupational health of employees.

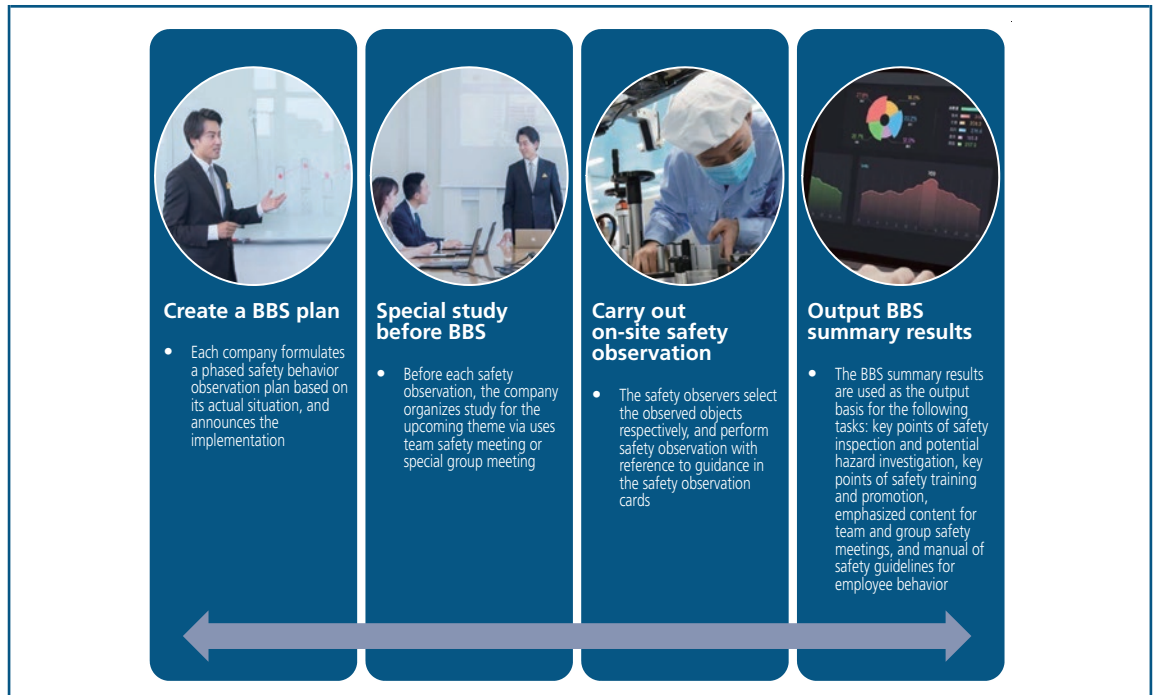
The Group implements occupational health risk warnings, individual protection, on-site supervision and sampling, and employee health examination in daily supervision, in order to realize the closed-loop management of occupational health. Meanwhile, we strictly abide by the provisions of the “Three Simultaneousness” management of occupational disease prevention facilities for construction projects, conduct risk evaluation for toxic and harmful positions, regularly arrange occupational health examinations for employees in daily work and in contact with occupational hazards, strengthen the provision of protective facilities and articles for occupational health, and improve warning signs for occupational disease hazards.

Employee behavior-based safety activity

In 2022, we continued to promote employee behavior-based safety (BBS) activity to further increase employee participation. This behavior-based safety activity continued to focus on seven high-risk operation activities, such as climbing work, hot work, mechanical protection, electrical safety, heavy lifting, confined space and process explosion-proof safety, aiming at guiding employees to find and stop unsafe behaviors and change unsafe conditions. The activity produced more than 600 behavior-based safety cards, and the number of accidents caused by employees' unsafe behaviors has also been decreasing.

This activity helps employees to gradually establish the awareness of on-site behavior safety, form correct directional behavior habits, avoid and eliminate unsafe behaviors, thus reducing the on-site accident probability and enhancing all employees' awareness in safety work participation.





Fire training and drills

In 2022, a number of affiliated companies carried out fire training and drills, including PPE wearing, fire extinguisher use, escape methods and other related contents, in order to consolidate and enhance employees' fire emergency and escape capabilities. Among them, Red Flag Pharma, together with the local fire protection association, carried out an "escape tent" fire evacuation drill. A labyrinth partition wall was set in the tent, which could simulate the closed, dark, smoke-filled and barricaded state when the fire broke out, so that employees could experience the real fire environment and master the correct escape methods.



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The Group advocates work-life balance. the Head Office Labor Union has offered Tai Chi classes, yoga classes and Pilates classes throughout the year; established more than 10 clubs including dancing, running group and basketball to promote the physical and mental health of employees while enriching their spare time. Meanwhile, we have strengthened the management of employee gym, ping pong room, basketball court and tennis court, and updated health facilities and equipment, and the fitness center has also been officially put into operation, for the convenience of health exercise of employees in their spare time.

6. COMMUNITY CARE

Keeping its mission of public welfare in mind, the Group upholds the welfare idea of “talents and product sustainable development”, and makes full use of its own resources and technical advantages to push ahead patient-oriented public welfare projects to strive to achieve the welfare goal of “Innovation for Good Health”. Meanwhile, we tap into community development, participate in rural medical construction, and support the development of medical education, with an aim to give back to the society with a sense of responsibility, and contribute to the promotion of sustainable social development.

6.1 Care for Health

As a global corporate citizen, the Group has always been committed to benefiting patients around the world with its own medical resources and new drug research and development. We continue to contribute to the building of a global health community through our various charity activities.

In order to help build a healthy China and better provide health services for family customers, the Group set up “Fosun Love 121 (星愛121)” Special Fund together with Shanghai Fosun Foundation, with the three major directions of Care for Health, Technology Innovation, Charitable Donation, and is committed to helping people overcome illness by providing all-round full cycle health management services for family clients focusing on the unmet medical needs. In 2022, the Group made a total donation of RMB60.31 million.

Supported fighting malaria to build a malaria-free world

On 25 April 2022, the World Malaria Day, the China International Development Cooperation Agency, the National Health Commission and National Administration of Traditional Chinese Medicine jointly hosted the “International Forum on the 50th Anniversary of Artemisinin and Helping to Build a Healthy Community for Human Beings”. The Group participated in the supporting exhibition with the independently developed series of innovative Artemisinin products and the Africa malaria aid achievements, which became a business card for China’s innovative drugs across the globe.

As the first China pharmaceutical brand widely recognized in Africa, the Group had supplied more than 280 million Artesun® for injection to the international market by the end of 2022, helping more than 56 million severe malaria patients around the world regain their health.

In August 2022, the subsidiary Guilin Pharma received the news from Guangxi Food and Drug Administration that a group of migrant workers in Africa were diagnosed with malaria in Hong Kong when they returned to mainland China via Hong Kong, and many of them were critically ill. After receiving the news, Guilin Pharma quickly contacted the Hospital Authority of Hong Kong, and urgently deployed and sent 3,000 Artesun® for injection to Hong Kong for timely help.



Fosun Pharma supported the construction of the Shanghai Medical College of Fudan University History Museum

In October 2022, Fosun Pharma donated RMB5 million through Shanghai Fosun Foundation to Shanghai Medical College of Fudan University on its 95th anniversary for the construction of the Shanghai Medical College of Fudan University History Museum under the Shanghai Medical College Cultural Center project, which encouraged students to be brave in innovation, actively explore and forge ahead, and make greater contributions to the national medical education and health care. Meanwhile, the Company helped cultivate innovative talents in colleges and universities, and encourages the continuous talent development of China pharmaceutical industry.

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6.2 Rural Village Revitalization

Since its establishment, the Group has been actively engaged in rural revitalization, constantly improving the rural medical care level with our specialties and resources, and contributing to the healthy society development.

“Hand in Hand” rural medical talent revitalization plan

In order to promote rural revitalization, the “Fosun Love 121” Special Fund took the vast number of rural doctors as the caring target group and launched the “Hand in Hand” rural medical talent revitalization plan. The plan aims to help rural doctors learn the diagnosis and health management knowledge with both online and offline ways, and get timely and effective diagnosis and treatment answers. In 2022, the Group launched a series of programs of “Famous Doctor Lectures”—“Diagnosis and Treatment Pocket Book for Rural Doctors”. This series of programs focuses on the key diseases chapters in the Pocket Book, shares the knowledge that rural doctors are concerned about, and conducts exchange and dialogue with online rural doctor representatives. We invited 12 senior professors and experts and 11 rural doctor representatives who took root in the grass-roots units to visit the live broadcast room, exchanging and discussing common diseases in rural areas, such as cardiovascular disease, endocrine disease and osteoporosis, answering questions for rural doctors and making suggestions for rural medical work.



Joined hands with Shanghai Soong Ching Ling Foundation on public welfare cooperation

In order to thoroughly implement the national health and wellness policy of “focusing on the grassroots” and the requirements of the rural revitalization strategy “rural construction action”, the Group started strategic cooperation in November 2022 with Shanghai Soong Ching Ling Foundation to jointly carry out related medical and health public welfare projects, with women as the main service targets and beneficiaries, and Xishuang Banna, Yunnan Province, one of the paired-up assistance areas of Shanghai, as the main public welfare project implementation place. The Group is committed to promoting the high-quality grassroots health work development through the implementation of public welfare projects.



FOSUN PHARMA

Innovation for Good Health

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