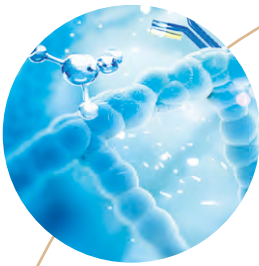


**FOSUN PHARMA**



# **2022 Corporate Social Responsibility Report**



INNOVATION FOR GOOD HEALTH

# Key Performance

## In 2022

Revenue for 2022 **RMB43,952** million **12.66%** YOY increase

net profit after deducting extraordinary gain or loss attributable to shareholders of the listed company

**RMB3,873** million **18.17%** YOY increase

Social contribution value per share **RMB6.13**

Tax payment **RMB2,317** million

Providing **38,399** job vacancies for the world, including **6,426** overseas employees

**RMB5,885** million R&D expenditure for 2022 **18.22%** YOY increase

By the end of 2022, over **260** pipeline projects, including innovative drugs, biosimilars, generic drugs and consistent evaluation project

As at the end of 2022, Azvudine Tablets, the first oral small-molecule anti-COVID-19 drug in China, had been covered by the medical insurance network in 31 provinces and cities across the country, and the price of its medical insurance was reduced by about **35%**

The self-developed anti-malarial innovative drug Artesun® (artesunate for injection) has treated more than **56** million severe malaria patients worldwide



The Fosun Pharma Operation Excellence (FOPEX) projects realized about **RMB110** million annual cost saving

Cultivated **513** people with green belt

Cultivated **20** people with black belt

With innovative integrated services of "medical + pharmacy + insurance + healthcare", Fosun Health made it affordable for patients and families

Ensuring the safety and health of patients through advanced development of physical medical care

Fosun Health has 18 holding member hospitals with **6,333** authorized beds

In 2022, the investment in environmental protection, safety, and health exceeded **RMB240** million

Implementation of the concept of low-carbon green development

Purchased **16,920,000** kWh of green electricity

Carbon emission of **8,825** tons was reduced by purchasing green electricity

Improvement of energy use efficiency

Saved **8,860,000** kWh of electricity

Saved **968,000** m³ of natural gas

Improvement in water use efficiency

Saved **338,000** tons of water

Water consumption intensity decreased by **11%** year on year

Saved **4,700** tons of outsourced steam

Reduced **9,433** tons of carbon through energy-saving and emission-reduction measures

# Preface

In 2022, China's pharmaceutical industry underwent a new round of adjustment under the influence of the national pharmaceutical supply-side reform, pharmaceutical policy adjustments and other factors. It was pointed out in the 20th National Congress of the CPC that, China must maintain the core position of innovation in the overall modernization drive. Meanwhile, efforts should be made to constantly promote the construction of a healthy China, and place the protection of people's life and health in the strategic position of development priority.

Under such an environment, Fosun Pharma has always taken innovation as the most crucial social responsibility for the sustainable development of an enterprise. In 2022, Fosun Pharma constantly increased investment in innovation and promoted the launch of innovative products by focusing on unmet clinical needs with the aim of enhancing the accessibility and affordability of drugs, solving people's health demands, and promoting the sustainable development of China's health industry.

Over the years, Fosun Pharma has been enriching its product pipeline through independent research and development as well as external collaborations. Several products such as Artesun® (artesunate for injection), Han Li Kang® (rituximab injection), Han Qu You® (trastuzumab injection), Su Ke Xin® (avatrombopag maleate tablets), Han Da Yuan® (adalimumab injection) and Yi Kai Da® (ejilunsai injection), constantly benefiting patients. Multiple innovative drugs and new indications were included in the updated National Medical Insurance Drug Catalogue, which further improved the accessibility and affordability of drugs and benefited more domestic patients.

As a global innovation-driven pharmaceutical and healthcare industry group deep-rooted in China, Fosun Pharma also capitalized on its advantages to help developing countries and underdeveloped regions in addressing the accessibility of medicines. In 2022, a wholly-owned subsidiary of Fosun Pharma was licensed to manufacture and supply two high-quality and affordable COVID-19 oral drugs by MPP for certain mid- and low-income countries in the world. As at the end of the reporting period, Fosun Pharma Group's self-developed innovative drug Artesun® (artesunate for injection) for malaria has been used to treat more than 56 million patients with severe malaria worldwide.

Quality is the lifeblood of a pharmaceutical enterprise as it is closely related to the life safety of the public. Adhering to the quality principle and concept of "Respect for Life, Focus on Quality, Commitment to Perfection, and Pursuit of Excellence", we have established our production management and quality system in compliance with international standards. Since the launch of Operation Excellence (FOPEX) in 2017, we have continuously enhanced our internal operational efficiency. Since 2022, FOPEX has been upgraded towards an excellent operation system, FES (Fosun Entrepreneurship & Ecosystem System), to cover a more comprehensive operation and management dimension and facilitate the forging of our core competitiveness as a centennial enterprise. In terms of environment, health and safety (EHS), we have continuously strengthened investment in environmental protection and promoted air pollution control following the concept of sustainable development, in order to reach goals in aspects of energy conservation, emission reduction and environmental protection.

As for community charity, leveraging on its own industrial advantages, Fosun Pharma joined hands with Shanghai Fosun Public Welfare Foundation to set up the "Fosun Care 121" special fund and carried out various public welfare activities in the fields of rural revitalization, health care and education support. In order to implement the "Rural Construction Action" requirements of the Party Central Committee's rural revitalization strategy, Fosun Pharma and Shanghai Soong Ching Ling Foundation launched strategic cooperation, with women as the main service targets and beneficiaries, and promoted the quality of primary medical care mainly in the Xishuangbanna Prefecture in Yunnan Province, which was one of Shanghai's target areas of relief. It also continued to empower rural doctors together with the Fosun Foundation to carry out a "Hand-in-Hand Rural Medical Talent Revitalization Project", striving to promote the development of rural health. Meanwhile, Fosun Pharma supported the building of the History Hall of Shanghai Medical College of Fudan University under the project of Shanghai Medical Culture Center, in a bid to stimulate the development of Chinese medical talents and boost national medical education.

In the future, Fosun Pharma will continue to implement our social responsibility strategy and adhere to the brand concept of "Innovation for Good Health". It is committed to enabling everyone to enjoy high-quality pharmaceutical products and healthcare services in a sustainable way, bringing good health to families worldwide.





PAGE

06

## About This Report

PAGE

10

## About Fosun Pharma

A global innovation-driven pharmaceutical and healthcare industry group

- Company Profile
- Financial Performance
- Standard Corporate Governance
- Promotion of Integrity and Anti-corruption

PAGE

24

## Responsible Management

In pursuit of sustainable development of talents and products

- Social Responsibility Strategy
- CSR and ESG Management
- Stakeholders
- Substantive Issue Analysis

PAGE

32

## Responsible Innovation

Innovation is the most important responsibility in the sustainable development of Fosun Pharma

- Innovative R&D
- Inclusive Medical Care



# Contents

PAGE

40

## Responsible Operation

Providing of accessible, affordable and trustworthy products and services

- Quality First – Operation Excellence
- Healthcare Services Quality and Patient Safety
- Responsible Marketing
- Information Security and Data Protection

PAGE

64

## Responsible Supply Chain

Win-win sustainable business partnership

- Supplier Management System
- Sustainable Supply Chain Management

PAGE

70

## Responsible Employer

Attract people by development, appraise people over performance, train people through works, and unite people with career opportunities

- HR Strategic Objectives and Policy Objectives
- Employee Learning and Development
- Care of Labor Union
- Occupational Health and Safety

PAGE

90

## Responsible Environmental Protection

Joint construction of an environmental friendly community

- EHS Strategic Objective
- Climate Change Response
- Green Manufacturing and Continuous Improvement

PAGE

114

## Responsible Community

Guarding health with responsibility

- Social Contribution Value per Share
- Public Welfare

PAGE

125

## Indicator Index

PAGE

135

## Assurance Statement

PAGE

138

## Rating Report

# About This Report

This is a Corporate Social Responsibility (CSR) Report published by Shanghai Fosun Pharmaceutical (Group) Co., Ltd. for the fifteenth consecutive year.

This report aims to truthfully present the CSR practice and achievements of Fosun Pharma Group in 2022 to our shareholders, employees, government agencies, customers and consumers, partners and other stakeholders.



## Basis of Report

This report is in line with the disclosure requirements of GRI sustainability reporting standards (GRI Standards) (2021 version) and is also in compliance with requirements set out in the ESG Reporting Guide in Appendix 27 to the Listing Rules issued by the Stock Exchange Hong Kong Limited and is prepared with reference to the national standards on social responsibility (GB/T36000) and the Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR4.0) published by the Corporate Social Responsibility Research Center of School of Economics of Chinese Academy of Social Sciences.

## Reporting Period

1 January 2022 to 31 December 2022

## Scope of Report

The scope of wholly-owned subsidiaries disclosed in this report is consistent with that disclosed in the 2022 Annual Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.

## Report Disclosure

This report is published at the same time with the 2022 Annual Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., which was released on the Shanghai Stock Exchange. The financial data in this report is consistent with the 2022 Annual Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. published on the Shanghai Stock Exchange. In this report, all amounts are presented in Renminbi ("RMB") unless otherwise specified.

## Definitions

For the convenience of expression and reading, Fosun Pharma may be referred to, according to the context, as "the Company", "Fosun Pharma" or "the Listed Company" in the report; Fosun Pharma and its wholly-owned subsidiaries included in the consolidated report may be referred to as "the Group", or "Fosun Pharma Group"; the wholly-owned subsidiaries of the Fosun Pharma are described as "member enterprises". For more description of company names, please refer to the Definitions of enterprise name.

## Access to the Report

The report is prepared and printed in simplified Chinese, traditional Chinese, and English and is available in both hardcopy and electronic versions. The latter may be downloaded from the website of Fosun Pharma (<https://www.fosunpharma.com/sustainability/report.html>). In case of any disparity between different versions, the version in simplified Chinese shall prevail.

## Report Assurance

An external institution has been commissioned by Fosun Pharma to perform independent verification of the Chinese CSR report and issued an Assurance Statement. The Assurance Statement covers the head office of Fosun Pharma as well as its member enterprise, Yao Pharma.

Please visit the official website of Fosun Pharma ([www.fosunpharma.com](http://www.fosunpharma.com)) for more information on the Group's strategy of social responsibility and related practices.



# CSR Milestones Path of Social Responsibility

Innovation is the most important responsibility  
in the sustainable development of Fosun Pharma

## 1994

The Company was established  
It put forward the corporate  
spirit of "Self-improvement,  
Teamwork, Performance and  
Contribution to Society"

## 2009

Issued the first CSR report



## 2010

Artesun® (artesunate for  
injection), an antimalarial  
innovative drug with  
independent intellectual  
property rights, obtained the  
WHO PQ certification



## 2016

The green supply chain project  
was launched to promote the  
sustainable development of the  
industrial supply chain

## 2017

Commitment to perfection, and  
pursuit of excellence  
Operation excellence  
FOPEX was launched



Future Stars  
Program

Tan Jiazhen Life  
Science Award

Supported the  
construction of the  
History Museum of  
Shanghai Medical  
College of Fudan  
University



星爱121  
用责任守护健康

## 2018

Sisram, a member enterprise (01696.HK), issued the first ESG report

## 2019

Shanghai Henlius, a member enterprise (02696.HK), issued the first ESG report

The first biosimilar Han Li Kang® was approved to be launched

Guilin Pharma, a member enterprise, issued the first CSR report



## 2020

Several self-developed and license-in innovative products of Fosun Pharma were approved to be launched



## 2021

Issued the first ESG report

Set up the "Fosun Care 121" special fund

Yi Kai Da® (Axicabtagene Ciloleucel) of the joint venture Fosun Kite was China's first approved CAR-T therapy product



## 2022

MSCI ESG A rating



Launched strategic cooperation with Shanghai Soong Ching Ling Foundation

Hand in hand - Rural Medical Talent Revitalization Plan



Donation of Azvudine

Rural Revitalization Health Demonstration Project



Build a Malaria-free world together



A global innovation-driven pharmaceutical and healthcare industry group



# About Fosun Pharma

A global innovation-driven pharmaceutical and healthcare industry group

Founded in 1994, Fosun Pharma (stock code: 600196.SH, 02196.HK) is a leading pharmaceutical and healthcare industry group in China. In accordance with relevant national laws and regulations and listed company governance requirements, Fosun Pharma continues to improve the corporate governance structure, optimize internal management, establish a sound risk control management system, and proactively promote responsible business practices.

10 Innovation for Good Health



# Company Profile

Founded in 1994, Shanghai Fosun Pharmaceutical (Group) Co., Ltd.\* ("Fosun Pharma"; stock code: 600196. SH, 02196. HK) is a global innovation-driven pharmaceutical and healthcare industry group. Fosun Pharma directly operates businesses including pharmaceutical manufacturing, medical devices, medical diagnosis, and healthcare services. As a shareholder of Sinopharm Co., Ltd., Fosun Pharma expands its areas in the pharmaceutical commerce.

Fosun Pharma is patient-centered and clinical needs-oriented. The company continuously enriches its innovative product pipeline through independent research and development, cooperative development, license-in, and in-depth incubation. Fosun Pharma improves the research and clinical development capabilities of FIC (First-in-class) and BIC (Best-in-class) new drugs as well as accelerates the R&D and launch

of innovative technologies and products.

Guided by the 4IN strategy (Innovation, Internationalization, Intelligentization, and Integration), Fosun Pharma will uphold the development model of "Innovation Transformation, Integrated Operation and Steady Growth", with the mission of creating shareholder values through strengthening its independent R&D and external cooperation and enriching its product pipelines, as well as promoting the global networks and enhancing operational efficiency. Fosun Pharma will actively promote the digital and physical business layout in the pharmaceutical and healthcare industry and is committed to becoming a first-class enterprise in the global pharmaceutical and healthcare market.

*Please visit the official website and official WeChat of the Company for more details.*

Official website: [www.fosunpharma.com](http://www.fosunpharma.com)

Wechat Official Account:



## Mission

Better Health for Families Worldwide

## Vision

Committed to becoming a first-tier enterprise in the global pharmaceutical and healthcare market.

## Values



Care for life



Continuous innovation



Pursuit of excellence



Sustainable Partnership

## TOP10

TOP 100 in Pharmaceutical Industry in China (MIIT)

## TOP25

Scale of R&D Pipeline of Global Pharmaceutical Companies (Informa Pharma Intelligence)

## A

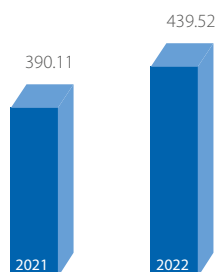
MSCI ESG Rating

# Financial Performance

In 2022, Fosun Pharma Group adhered to the “4IN” (innovation, internationalization, integration, intelligentization) strategy by continuously promoting innovation and transformation, integrating operations, and realizing steady growth.

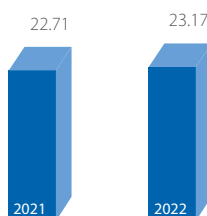
## Revenue

(Unit: RMB100 million)



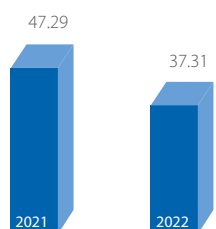
## Tax payment

(Unit: RMB100 million)



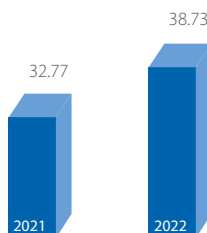
## Net profits attributable to shareholders of the listed company

(Unit: RMB100 million)



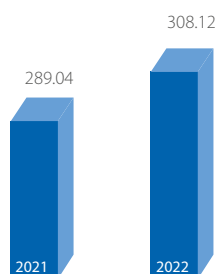
## net profit after deducting extraordinary gain or loss attributable to shareholders of the listed company

(Unit: RMB100 million)



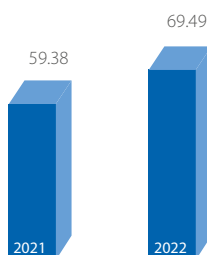
## Revenue from pharmaceutical manufacturing segment

(Unit: RMB100 million)



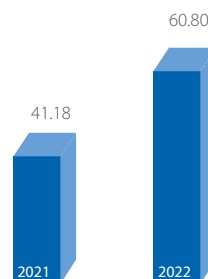
## Revenue from medical devices and medical diagnosis segment

(Unit: RMB100 million)



## Revenue from healthcare services segment

(Unit: RMB100 million)



Note: During the reporting period, the Group made retrospective adjustments to the comparative financial data for 2022 and prior years in accordance with the accounting standards due to the company combination under the same control.

# Industrial Associations

## List of major national-level associations or social institutions in which Fosun Pharma and its member enterprises participated

Name of association	Position held	Company
China Association for Public Companies	Vice chairman	Fosun Pharma
China Pharmaceutical Industry Association	Vice chairman Member Member	Fosun Pharma Guilin Pharma Erye Pharma
China Pharmaceutical Enterprises Association	Vice chairman	Fosun Pharma
China Medical Pharmaceutical Material Association	Chairman	Fosun Pharma
China Pharmaceutical Industry Research and Development Association	Vice chairman	Fosun Pharma
China Association for Pharmaceuticals and Medical Devices Technology Exchange	Vice chairman	Fosun Pharma
China Nonprescription Medicines Association	Rotating chairman	Fosun Pharma
China Society for Drug Regulation	Vice chairman	Fosun Pharma
China Research Association of Pharmaceutical Labour's Ideological and Political Work	Standing vice chairman	Fosun Pharma
The Price Association of China	Standing director	Fosun Pharma
China Association for Vaccines	Member	Aleph
China National Narcotic Drugs Association	Director	Guilin Pharma
China Biochemical Pharmaceutical Industry Association	Member	Erye Pharma
Medical Laboratory Industry Branch of National Association of Health Industry and Enterprise Management	Vice chairman	Fosun Diagnosis
In-Vitro Diagnostics System Professional Committee of China Association for Medical Devices Industry	President	Fosun Diagnosis
Medical Laboratory Branch of CAME	Vice chairman	Fosun Diagnosis
China Association for Medical Devices Industry	Member	Fosun Beiling
Emergency Treatment Equipment Branch of CAME	Member	Fosun Beiling
Healthcare Logistics Association of CFLP	Director	Fosun Beiling
Standardization Technical Committee of China Automotive Maintenance and Repair Trade Association	Director	Fosun Beiling
Vehicles and Medical Equipment Branch of CAME	Member	Fosun Beiling
Standardization Committee of China Association for Disaster & Emergency Rescue Medicine	Member	Fosun Beiling
Chinese Non-government Medical Institutions Association	Director Member Member	Fosun Pharma Shenzhen Hengsheng Hospital Wenzhou Geriatric Hospital
Art Committee of China Medical Humanities and Art Troupe	Director	Fosun Chancheng Hospital
China Adult Education Association	Member	Shenzhen Hengsheng Hospital
Hip Preservation Professional Committee of Chinese Research Hospital Association	Member	Suqian Zhongwu Hospital

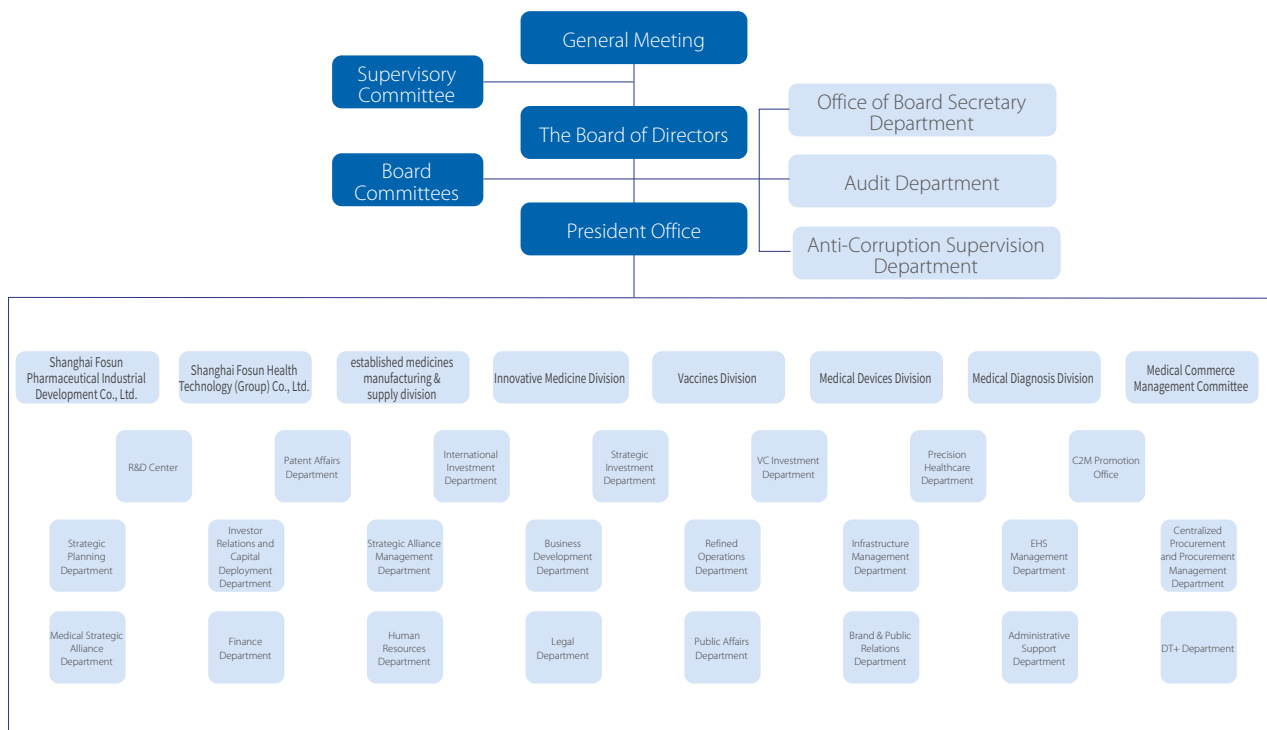


# Standard Corporate Governance

## Organizational Structure

Fosun Pharma Group embarks on transformation in response to market changes and improves organizational structure in a timely manner. The Company has also built a corporate governance structure comprising the general meeting, the Board of Directors (including Board Committees), a Supervisory Committee and management. To enhance the efficiency and expertise decision-making and to effectively prevent risks to Group's development brought about by erroneous decisions and judgments made

by a few individuals, Fosun Pharma promotes and strengthens the creation and effective operations of interdepartmental working committees. At the management level, the Company has set up a number of committees composed of senior managerial officers, heads of functional departments and other specialists. The committees are collectively an inter-department decision-making and coordination organization that aims to enhance decision-making and execution.



\*Notes:

1. The above departments with light blue bottom frames are all parallel first-level departments
2. This is the organization structure as of the end of 2022

## Corporate Governance

In the reporting period, the Company further improves its corporate governance structure and internal management in accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies issued by China Securities Regulatory Commission, the

Stock Listing Rules of the Shanghai Stock Exchange, and the Corporate Governance Code in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and other requirements under laws and regulations and normative documents.

1

As to controlling shareholders and listed company: The controlling shareholders of the Company have not acted in a way that exceeds the limit of their authority to directly intervene in the decision-making processes or production and operational activities of the Group or has performed any acts that damage the interests of the Company and other shareholders. The controlling shareholders of the Company are mutually independent from the Group in respect of personnel, assets, finance, organizations, and businesses. The Boards of Directors, Supervisors, and other internal authorities of the Company operate independently.

2

As to directors and the Board of Directors: The Company selects and appoints directors in strict compliance with the procedures stipulated in the Articles of Association of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (hereinafter referred to as "Articles of Association"), and completed the change of the Board of Directors as scheduled during the reporting period and the number of members and composition of the Board of Directors are in conformity with the applicable laws, regulations, and the Articles of Association. The Articles of Association clearly specify the rules of procedures for Board meetings and formulate the Board Member Diversity Policy. As at the end of the reporting period, the Board of Directors of the Company consisted of twelve directors (including two female directors), four of which were independent non-executive directors who are professionals in accounting, legal, management, and strategic fields, respectively, which comply with the provisions of the Code of Corporate Governance for Listed Companies and development needs of the Group. The Board of Directors of the Company governs the Strategic Committee, Audit Committee, Nomination Committee, Remuneration and Appraisal Committee, and Environmental, Social and Governance Committee. The Company has also set the scope of authority and implementation rules for respective Board committees.

3

As to supervisors and the Supervisory Committee: The Company selects and appoints supervisors in strict compliance with the procedures stipulated in the Articles of Association, and the number of members and composition of the Supervisory Committee are in conformity with the applicable laws, regulations and Articles of Association. The Supervisory Committee of the Company can independently and effectively exercise its supervision and examination rights over the directors and senior management. The Supervisory Committee conducts meetings regularly and convenes extraordinary meetings in a timely manner whenever necessary. The Articles of Association have stipulated the rules of procedures for the meetings of the Supervisory Committee.

4

As to performance assessment and incentive mechanisms: The Company has formulated performance assessment standards and procedures for its senior management personnel, and continuously refined its incentive mechanisms for senior management personnel and key personnel, in order to promote the long-term and stable development of the Group. During the reporting period, the 2022 Restricted A Share Incentive Scheme and the 2022 H Share Employee Stock Ownership Scheme have been considered and approved at the general meeting of the Company, and the first grant of such Schemes has been completed.

5

As to stakeholders: The Company fully respects the legal rights of shareholders, employees, clients and consumers, suppliers, communities and other stakeholders, and actively works with them to jointly push forward the sustained and sound development of the Company.

6

As to information disclosure: The Company fulfilled its information disclosure obligation as a listed company in strict compliance with applicable laws and regulations as well as the requirements stipulated in the Administration Measures for Information Disclosure of the Listed Companies issued by China Securities Regulatory Commission, the Articles of Association, the Regulation on Information Disclosure of the Company and other relevant requirements. In addition to information subject to statutory disclosure requirements, the Company has periodically published its Self-Assessment Report on Internal Controls, Corporate Social Responsibility Report (CSR Report) and Environmental, Social and Governance Report (ESG Report) to the public and retained professional institutions to provide the Company with examination/audit opinions to illustrate fully the transparent and standardized operations of the Group. The Company values communication and interaction with its investors and ensures that investors can acquire public information about the Company fairly and timely. Pursuant to the relevant requirements of the Self-regulatory Guidelines No. 9 - Evaluation of Information Disclosure of the Shanghai Stock Exchange, the Company's information disclosure has been awarded the "A" rating for six consecutive years by the Shanghai Stock Exchange as at the end of the reporting period.

7

As to continuous improvement of the duty performance: directors, supervisors, and senior management of the Company make full use of various channels to participate in numerous trainings on the standardized operation of listed companies to enhance the ability to perform duties continuously, including but not limited to, various special training/forums and continuous professional development courses, in-house training and reading of regulatory communications/executive briefings on listing rules published by the Stock Exchange.

Sound corporate governance is the foundation and assurance for the development of corporate development. The Company will continue to shore up and further improve its corporate governance level and boost its competitive edge in the hope of generating better operating results for its investors.

# Diversified Governance

The Board of Directors of the Company governs the Strategic Committee, Audit Committee, Nomination Committee, Remuneration and Appraisal Committee, and Environmental, Social and Governance Committee. The Company has also set the scope of authority and implementation rules for respective Board committees.

## Strategic Committee

The primary responsibilities of the Strategic Committee are to analyze and advise on the medium-term and long-term Strategic planning of the Group's and significant matters affecting the Group's development, and review the research report on development strategies.

During the reporting period, the Strategic Committee of the Board of the Company held 1 meeting to review and advise on Strategic planning of the Group's medium-term and long-term development for 2022 to 2032.

## Audit Committee

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and periodic reports, to review and supervise the internal control procedures and risk management system, to examine and supervise the effectiveness of internal audit function, to review and inspect the appointment and dismissal of external auditors, to formulate and review the Company's corporate governance and practices and to make recommendations thereon.

During the reporting period, the Audit Committee held 18 meetings including 2 meetings with the external auditors without the presence of the executive directors, to review periodic reports, audit plans, internal control implementation, major and ongoing related party/connected transactions, and make recommendations to the Group on strengthening internal control system.

## Nomination Committee

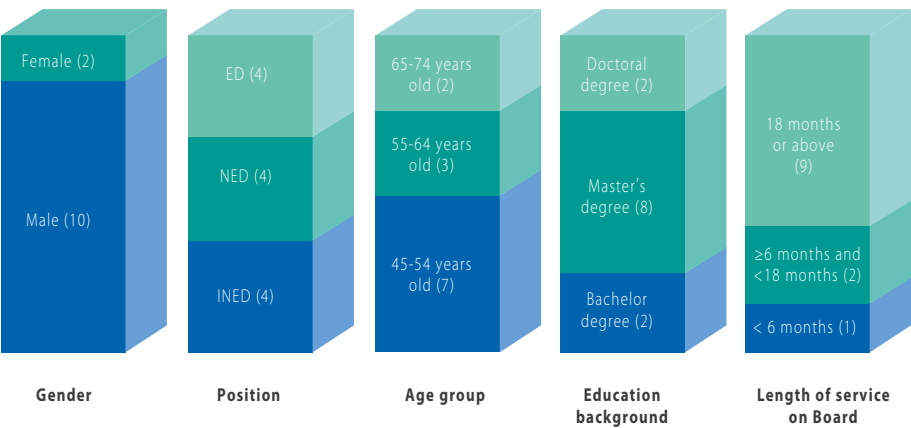
The main duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of directors and senior management, making recommendations to the Board on the appointment and succession planning of directors, assessing the independence of independent non-executive directors and reviewing the training and sustainable professional development of directors and senior management.

The Board has adopted a nomination policy, setting out the standards and procedures for the nomination and appointment of directors, to ensure the members of the Board have the skills, knowledge, experience and diversity that meet the Group's requirements and to ensure the continuity of the Board and maintain its leadership, for the nomination of candidates for the directorship of the Company by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of such individuals, the Group's needs and other relevant statutory requirements and regulations.

In August 2013, the Company adopted the Board Diversity Policy, which has been made available on the Company's website. The Nomination Committee, in nominating and appointing new Board members, shall consider a range of diversity perspectives pursuant to the Policy, including but not limited to gender, age, culture and education background, professional experience, skills, knowledge and term of service, and make the final decision based on the merits and contribution that the candidate will bring to the Board. The Nomination Committee will review the Policy from time to time to ensure its continued effectiveness.

During the reporting period, the Nomination Committee held 5 meetings to discuss and approve matters relating to the selection of the candidates of the ninth session of the Board of Directors and senior management, and made recommendations to the Board in this regard. The Nomination Committee considered that an appropriate balance of diversity of the Board had been maintained.

An analysis of the Board's diversity as at the end of the reporting period is set out as follows:





## Remuneration and Appraisal Committee

The primary functions of the Remuneration and Appraisal Committee include formulating and inspecting the remuneration policy and structure of directors and senior management and making recommendations to the Board thereon, inspecting the performance of duties by directors and senior management, and reviewing the annual performance assessment and remuneration packages.

During the reporting period, the Company organized and convened 4 meetings of the Remuneration and Appraisal Committee to review the performance appraisal and remuneration packages of the executive directors and senior management of the Company and the implementation thereof in the prior year, formulate Shares Incentive Scheme of the Company and its member enterprises, and make recommendations to the Board.

## Remuneration Policy

The executive directors who are also the senior management of the Company are not entitled to remuneration for their services as executive directors, but are entitled to remuneration for their services as the senior management of the Company, and such remuneration will be assessed and determined by the Board. The remuneration for the full-time directors should be determined by the general meetings mainly based on the economic benefits received by the Company and by reference to other factors including the responsibilities and actual performance of the directors and the remuneration standards of the industry. The allowances for the independent

non-executive directors of the Company are based on the relevant provisions of the Guiding Opinions on the Establishment of Independent Director System in Listed Companies issued by the China Securities Regulatory Commission and the Independent Non-executive Director System of the Company and are determined based on the role of the independent non-executive directors in the Board of the Company and the actual performance of their duties with reference to the allowance for independent non-executive directors of listed companies of the same size, and have been reviewed and approved at the general meeting in 2015.

## Environmental, Social and Governance Committee

The primary functions of the Environmental, Social and Governance Committee include formulation of environmental, social, and governance ( "ESG" ) vision, objective, strategy and structure, examination of the implementation thereof, evaluation of the external and internal impact of ESG work, taking feedbacks from internal and external consultants or experts on ESG work, review of relevant achievement reports, review of progress towards ESG objective, and suggestions for improvement in ESG work in the next step.

During the reporting period, the Company organized and convened 2 meetings of the Environmental, Social, and Governance Committee. The Environmental, Social and Governance Committee reviewed the Group's 2021 ESG Report and the 2022-2023 ESG work plan, as well as made strategic recommendations to the Board on relevant risk management and control, including but not limited to ESG risk and climate change.

## Convening of Meetings

The Board, the Supervisory Committee and the Board committees of the Company carried out the work diligently, lawfully, and efficiently in accordance with the Articles of Association of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., the Rules of Procedures for the Board of Directors of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., the Rules of Procedures for the Supervisory Committee of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. and the implementation rules of Board committees. During the reporting period, the Company organized and convened 33 meetings of the Board and 8 meetings of the Supervisory Committee. During the reporting period, the Company organized and

convened 1 meeting of the Strategic Committee of the Board, 18 meetings of the Audit Committee of the Board, 5 meetings of the Nomination Committee of the Board, 4 meetings of the Remuneration and Appraisal Committee of the Board and 2 meetings of the Environmental, Social and Governance Committee of the Board. During the reporting period, the Company also convened 1 annual general meeting, 2 extraordinary general meetings, 2 A share class meetings, and 2 H share class meetings in accordance with the Articles of Association of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. and the actual needs.






## Comprehensive Risk Management

Fosun Pharma Group always focuses on corporate risks, and attaches great importance to risk management and control. Fosun Pharma's internal control construction, internal audit and anti-corruption functions have jointly composed a sound risk control system.

In the daily operations involving risk-related projects of operation functional departments including procurement, infrastructure construction, quality, and informatization, the internal control department is introduced to conduct prior approval control and in-event counseling; in terms of post-event control, the breadth and depth of the internal audit business are strengthened, in order to ensure the warning of the bottom line of risk control. Meanwhile, the Anti-Corruption Supervision Department (ACSD) makes public the whistle-blowing channels to train and educate employees of the Group through internal and external cases, continuously maintains the deterrence of anti-corruption, proactively builds an all-round, multi-dimensional and hierarchical empowering risk control system to support the

Group's achievement of strategic and operational goals under the national laws and regulations and the governance framework for listed companies.

Meanwhile, Fosun Pharma has a "News Interview and Release Management System" in place and an established mechanism for daily public opinion monitoring and crisis response. Fosun Pharma has also established a 7x24 public opinion monitoring system and early warning mechanism to maintain real-time attention to the global public opinion dynamics. In response to sudden crisis events, the Group has set up a public relations working group for crisis response to assess the crisis at the first time and formulate a response plan. According to the progress of the incident and the regulatory requirements of information disclosure, the Group would actively communicate with the public, media practitioners, investors and stakeholders through official statements, media communication, telephone conference communication, and online or offline conference communication in a timely manner, so as to maintain the reputation of the Company.

 <p>Centralized procurement and procurement risk management</p>	<ul style="list-style-type: none"> <li>The Company further strengthened Fosun Pharma Group's procurement management for materials and services in terms of compliance, efficiency and quality, in particular, it established a procurement management system framework for R&amp;D services to achieve cost reduction and efficiency enhancement;</li> <li>The Company released the R&amp;D and Procurement Management Practice for Global R&amp;D Center (《全球研發中心研發採購管理辦法》) to regulate the implementation of R&amp;D and procurement practices;</li> <li>The Group handled a total of 41 cases of violation by suppliers in 2022.</li> </ul>
 <p>Management of infrastructure construction projects</p> <p>Internal control construction</p>	<ul style="list-style-type: none"> <li>In 2022, the Company further improved its cost management and design management systems for infrastructure construction projects to control project costs and strengthen the whole-process management of design to mitigate project risks. The Company also strengthened the management of project bidding to reduce the process management risks arising from bidding and to enhance project safety, quality and progress management;</li> <li>Through the effective implementation of the monthly regular meeting report system for construction project management, we keep abreast of the project implementation situation, and track from various dimensions such as project safety, quality, progress and cost to ensure the smooth progress of infrastructure construction projects. Especially for major projects, the Company conducted multi-dimensional tracking and on-site research and inspection in terms of safety, quality, progress and cost to keep abreast of the progress of each infrastructure construction project and the difficulties and problems encountered in the implementation process, analyzed the causes and formulated targeted solutions to promote the smooth progress of the projects. The Group's project management, costing, design and other professionals help to solve practical problems on-site for each infrastructure construction project through on-site research and inspection, and work with the project management team to ensure that the expected objectives of the construction projects are met.</li> <li>A project bidding expert pool system has been established. The expert pool consists of excellent engineering project management and technical personnel from each member enterprise within the Group, and is classified based on profession. In the process of project bidding, experts are selected from the expert pool by the functional departments of the Group to participate in bid evaluation, which makes project bidding more standardized, transparent, fair and just.</li> <li>Cost management of projects has been strengthened. The audit for all expenses in the course of project execution was strengthened, especially for project investment estimation, production drawing budget, tender control price, design changes and on-site visas, project settlement report, etc., which were reviewed based on the audit by a third-party cost consultancy company. At the same time, a system of one-off or twice-off audits for each preparation was implemented for the bidding quantity list of the turnkey engineering and major project settlement to ensure the accuracy and reasonableness of the costs.</li> <li>The Company continues to promote refined management measures, formulate construction drawing review requirements, evaluate each phase of project design, and strengthen the whole-process management of design, so as to enhance the advancement and scientificity of project design. The Group regularly collects and sorts out engineering regulations and documents, and uniformly publicizes them to engineering project management teams of member enterprises for implementation to ensure the advancement and compliance of project management. The management of project contracts is strengthened and the contract terms and their implementation are strictly managed to ensure that the contract terms are reasonable and strictly adhered to, and ensure prompt payment for the project construction based on such contracts.</li> </ul>
<p>Quality and safety management</p>	<ul style="list-style-type: none"> <li>The Company fulfilled the responsibility system of holders, strengthened full life cycle quality management, and promoted continuous quality improvement;</li> <li>The Group enhanced the professional skills and audit quality of its quality internal audit group and continued to expand its internal audit team;</li> <li>The Group optimized the reporting of key quality indicators and developed a digital reporting system and a visible reporting module.</li> <li>Quality management appraisal has been carried out to enhance internal communication and study to help enterprises develop with high quality.</li> <li>Four technical committees were set up to build up a talent pool in terms of core competencies and to comprehensively improve the quality management capabilities of the enterprise.</li> </ul>
<p>Information security management</p>	<ul style="list-style-type: none"> <li>The Company participated in the cyber security classification inspection of industrial Internet enterprises led by the Economic and Information Commission and organized by the MIIT, and was classified as a grade II enterprise;</li> <li>The Company engaged a third-party security service provider to monitor the status of the Group's information security equipment and systems on a 24-hour basis;</li> <li>The Company further improved its information security system and passed the ISO27001 accreditation;</li> <li>The Company optimized 28 management systems and 19 working guidelines, and issued the Data Security Management Regulations in line with the key laws and regulations governing information security and its own data management requirements.</li> </ul>
 <p>Internal audit</p>	<ul style="list-style-type: none"> <li>The Audit Department of Fosun Pharma independently carried out work, exercised the right of internal supervision, and gave play to functions of supervision, appraisal and service in accordance with the Internal Auditing System and various requirements and systems of the Company, as well as relevant national laws, regulations and policies;</li> <li>In 2022, the Audit Department of Fosun Pharma totally completed 20 audit projects, covering all the business segments of headquarters and major member enterprises such as pharmaceutical manufacturing, healthcare services, medical diagnosis and devices;</li> <li>The Company carried out special audit on several engineering projects under construction with high investment amounts, promptly discovered important management and control defects in the project implementation, and provided compliant and efficient rationalized suggestions; continuously carried out special management audit on key businesses such as R&amp;D, sales, purchase and expenses, and focused on key problems such as R&amp;D efficiency, sales compliance, tendering and bidding risks and expense control;</li> <li>The Company conducted comprehensive audits on three new enterprises to help them rapidly integrated into the Group's management system, and effectively convey the corporate culture and values of Fosun Pharma Group.</li> <li>The Company carried out in-depth investigation into the malfunction found in the audit, and has taken appropriate action against 45 employees according to investigation results;</li> <li>The Company provided guidance and assisted member enterprises to carry out internal control evaluation to continuously improve the quality of internal control self-evaluation;</li> <li>The Group conducted continuous tracking for the improvement of internal control defects, and counseled to ensure good rectification results;</li> <li>The Company promoted the better performance of internal supervision by the auditing via various means such as appointing talents as the person in charge of audit of member enterprises, extending functions or designating staff to segments.</li> </ul>
 <p>Anti-corruption</p>	<ul style="list-style-type: none"> <li>Published 8 anti-corruption and compliance documents.</li> <li>Promoted anti-corruption education by providing nearly 16 training to the headquarters of Fosun Pharma and its member enterprises;</li> <li>Fosun Pharma set an integrity and compliance column on the home page of the official website, and established a portal site of ACSD for OA to update anti-corruption news, cases, laws, and regulations on a weekly basis;</li> <li>Continued to enhance integrity supervision. In 2022, the ACSD participated in the supervision of open tender of 35 projects, discovered and held down some nonconforming acts; processed 19 clues in total with fully reviewed or investigated. Five employees received the punishment of rescission of the labor contract, six received the disciplinary punishment including a warning due to violations of relevant integrity regulations; seven were imposed with compulsory criminal measures due to violation of criminal laws; losses totaling RMB4.07 million were recovered for the Company through case investigation.</li> </ul>
 <p>External results evaluation</p>	<ul style="list-style-type: none"> <li>Ernst &amp; Young, an external auditor, conducted the internal control audit for the Group in 2022, including 19 member enterprises subject to comprehensive audit and 6 member enterprises subject to specific audit. The internal control audit was performed based on various business types and the audited modules focused on enterprise-level control, investment business, sales business, procurement business, inventory management, capital activities, R&amp;D activities, asset management, financial reports, human resources, tax management, information system, etc. No major or significant defects were identified during the Year.</li> </ul>



Picture: Leading group of Party Committee of Fosun Pharma visited the former site of the First National Congress of the CPC for a study tour

## Party Committee

Formally established in 2007, the Party Committee of the Fosun Pharma has explored the establishment of the “Fosun Pharma Family” Party Building Work System, and greatly promoted the quality and efficiency of business development for several years by focusing on the concept of “simultaneous and healthy development under the guidance of Party building” as its working core.

As of the end of February 2023, the Party Committee of Fosun Pharma comprised 775 members, of which 460 members were young people under 35 years old, accounting for 59.4%, and 454 members held a master’s degree or above, accounting for 58.6%. In 2022, the Group saw the establishment of the Fosun Health Party Branch and the Beijing Office Joint Branch. As of the end of February 2023, the Fosun Health Party branch consists of 43 members, covering the Company’s management team, middle-level cadres and grassroots employees.

In October 2022, the 20th National Congress of the Communist Party of China was held successfully. In order to thoroughly implement the spirit of the 20th National Congress of the Communist Party of China, and rally people’s strength and vigor for advancement, the Party Committee of Fosun Pharma and its subordinate party organizations at all levels have launched a series of activities to study and implement the spirit of the 20th National Congress of the Communist Party of China. Additionally, we have persisted in instilling the principles outlined in

the 20th National Congress of the Communist Party of China in the consciousness of party groups across all echelons via political instruction, intellectual cultivation, emotional invigoration, and the exchange of individual perspectives.

The Party Committee of Fosun Pharma has always advocated core socialist values and strengthened the spiritual civilization construction of its member enterprises. Fosun Pharma has been honored as the “Civilized Unit of Shanghai City”. The united working team of corporate culture composed of the Party group, labor union and labor force was established under the leadership of the Party Committee, and a wide variety of activities were organized with the cultural values of “cultivating moral character, regulating the family, establishing the career and helping the world” as a core. The sense of identity, cohesion and belonging of Party members and employees to Fosun Pharma has been significantly enhanced.

With the guidance and support of the Party Committee, Fosun Pharma’s business performance has grown steadily, continuously bringing patients more accessible products and quality medical services. At the same time, Fosun Pharma Group’s innovation strategy has been recognized and strongly supported by the Party and the government, and many innovations have been implemented in recent years, benefiting more patients and families and contributing to the development of the pharmaceutical industry and people’s health.

## The Party Committee of Yao Pharma Made Efforts to Secure Supply at the Front Line of Epidemic Prevention and Production

In 2022, the demand for Yao Pharma's antipyretic and analgesic, antiviral and anti-inflammatory products increased amid the optimized and adjusted national epidemic prevention and control policy, which led to the urgency of accessibility. To meet the market demand for drugs, more than 200 Party members and 1,500 employees of the production and quality control line worked overtime day and night at the front line of epidemic prevention and production to ensure supply. Yao Pharma's Party members took the initiative to work at the plant in their spare time to

ensure production, which demonstrated their responsibility and commitment as Party members in different positions. At the same time, over 10 Party members actively applied to join the community to undertake volunteer work and provide service in active response to the appeal for volunteers. During the lockdown, we provided living necessities such as down vests, disinfectants, toiletries, and warm clothing for the Party members and employees stationed at the factory to ensure that they have food, comfortable clothes and accommodation.



Picture: A scene of Yao Pharma securing supply



## Agglomerating Efforts for Continuous Improvement and Making the Endeavor under the Party Leadership - Avanc Pharma's Party Committee Keeps Its Original Inspiration and Takes on the Mission

In 2022, Avanc Pharma's Party Committee led all party members to hold high the great banner of Xi Jinping's socialist ideology with Chinese characteristics in the new era and conscientiously implemented the general requirements of the party building in the new era and the new requirements of the provincial and municipal party committees on strengthening the construction of grassroots party organizations, further carrying out the "fortress consolidation" project. In 2022, the Party Committee won the honorary title of "Five-Star Fortress" grassroots party organization in Jinzhou City.

In terms of organizational construction, in 2022, the Party Committee further promoted the standardization and normalization of party organizations, and strived to create a distinctive brand of party building with fruitful results; in terms of democratic management, it has insisted on the purpose of "strong party building" and promoting "strong development", deeply integrating the party building work with production and operation, and constantly demonstrating its leading role; in terms of innovative cultural construction, it comprehensively promoted the normalization and long-term effect of party history learning and education, and guided

the majority of party members to take the study of party history as a compulsory and regular course. The party lecture activities were multi-level and multi-dimensional, focusing on practical results, joint construction of the party and the masses, and promotion of cultural inheritance; in terms of poverty alleviation, it has always been brave in fulfilling social responsibilities, and strived to provide practical assistance. In 2022, it made the targeted investment of RMB250,000 to Liulonggou Village, Liulonggou Town, Yi County, Jinzhou City to build bazaars and improve people's livelihood.

In the future, the Party Committee will continue to organize and lead the majority of party members to keep in mind the original mission of the party, actively create an atmosphere of "fighting for the vanguard based on the foundation, and promoting development with party leadership", constantly stimulate the vitality of party building work, and give full play to the grassroots party organizations as the role of the battle fortress, maintain and play the vanguard and exemplary role of party members, and contribute to the development of the enterprise.



Picture: Avanc Pharma's party day activity with the theme of "studying and implementing the spirit of the 20th National Congress of the Communist Party of China, and working hard for a new journey"



# Promotion of Integrity and Anti-corruption

## Practice Business Ethics

In accordance with the requirements of the Regulations on Management of Anti-Corruption Supervision by Shanghai Fosun Pharmaceutical (Group) Co., Ltd., Fosun Pharma adheres to the principles of "investigating every case, learning from past mistakes to avoid future ones, prevention as the first priority and addressing both the symptoms and root causes of a problem", takes action under the guiding philosophy of "preventing risks in advance to empower business", and vigorously promotes the integrity values. Fosun Pharma has continuously improved the "prevention - monitoring - punishment" (prevention-detection-remediation) anti-corruption compliance control system by optimizing the

management system, strengthening risk prevention and control and combining case detection and damage recovery with risk prevention and control, to achieve the goals of strengthening supervision, improving governance and practicing good business ethics.

Moreover, in early 2023, Fosun Pharma introduced the "Fosun Pharma Group Business Ethics Guidelines" to promote the establishment of a robust business ethics regulatory system, disseminate corporate core values, encourage compliance and ethical integrity building, and enhance the Group's ability to govern by law and manage business ethics regulations.

## Improve Anti-Corruption System

In terms of the anti-corruption system, Fosun Pharma has issued a total of 8 basic anti-corruption documents, including the Anti-Corruption Regulations, the Anti-Commercial Bribery Agreement, Provisions on Integrity Management of Engineering Construction Projects, the Whistleblowing Management Regulations, the Regulations on Protection and Reward for Whistle-blowers and Witnesses, the Regulations on the Employee Integrity Management, the Administrative

Measures for Cash and Gifts Received in Official Activities (Trial), and the Reward, Punishment, and Appeal Management System. On the basis of these anti-corruption documents, Fosun Pharma continuously strengthened the research on the integrity of its major member enterprises, furthered the improvement of its integrity system and speeded up the establishment of the anticorruption system.

## Promote Public Awareness and Training on Anti-Corruption

Fosun Pharma has always regarded the establishment of an Integrity culture as its strategic effort. To protect normalized and orderly management in the Company, and boost awareness and spontaneous compliance with national laws and regulations and the various internal requirements and systems of the Company, honest fulfillment of duties, and honest practice, as one of the important initiatives in combating corruption and upholding integrity, new hires of Fosun Pharma must sign the "Letter of Undertaking for Honest Employee Practice of Shanghai Fosun Pharmaceutical (Group) Co., Ltd." upon employment. Basically, the letter of undertaking covers all of the employees. The letter of undertaking stipulates that employees of Fosun Pharma must not take advantage of their duties and work to seek illegitimate interests and undermine corporate interests.

In 2022, the Anti-Corruption Supervision Department (ACSD) of Fosun Pharma provided a total of 16 sessions of anti-corruption training or publicities, including 8 sessions of anti-corruption training for new hires in head office and Fosun Health, covering all newly recruited employees; provided 1 session for the investment line and the strategic product sales line respectively; and provided 1 session for its core subsidiary, Fosun Chancheng Hospital, Shanghai Henlius, and a joint venture Fosun Kite respectively, and 1 session of specific training for President of Fosun Health. Anti-corruption publicities were held twice at the morning meetings of Fosun Pharma, an integrity column on the Fosun Pharma Newspaper was prepared and the Integrity Poster was sent once during the Spring Festival via email, posters, DingTalk and OA. The Integrity column of the OA is updated during the year with 59 anti-corruption-related cases and laws and regulations.

In order to guarantee the accessibility of anticorruption publicity, Fosun Pharma set an integrity and compliance column on the home page of the official website, and established a portal site of ACSD for OA to update anti-corruption news, cases, laws, and regulations on a weekly basis, and proactively provides legal publicity and education on anticorruption and integrity. The ACSD pertinently revealed risk points in combination with specific cases for education and prevention of violations of employees.

As part of its efforts to raise the anti-corruption awareness of all employees, Fosun Pharma has conducted integrity promotion activities in its headquarters and member enterprises by displaying integrity posters and distributing tri-folders promoting integrity. To prevent possible conflicts of interest and conveyance of benefits in business activities, the ACSD requires senior management of the Fosun Pharma headquarters and core member enterprises as well as individuals in charge of relevant sensitive positions to declare potential conflicts of interest.

### Our attitude

Objection to all forms of bribery and corruption and zero tolerance for corrupt behavior

### Our goals

To strengthen internal governance and control, guide employees to perform their duties with integrity, create and maintain a clean and honest cultural environment for the Company, promote the Company's compliance construction, and ensure the Company's healthy, stable, and sustainable development

Prevention  
Detection  
Remediation

### Our measures

Regulations on the Management of Integrity in Practice  
Anti-Corruption Regulations  
Regulations on Integrity Management  
Whistle-blowing Management Regulations  
Regulations on Protection and Reward for Whistleblowers and Witnesses  
Administrative Measures for Cash and Gifts Received in Official Activities (Trial)  
Anti-Commercial Bribery Agreement  
Provisions on Integrity Administration of Engineering Construction Projects

### Our anti-corruption system



## Strengthen Supervision

Supervision on bidding projects is also routine work of the ACSD. In 2022, the ACSD participated in the supervision on the open tender of 35 projects, discovered and held down some nonconforming acts, and eliminated certain potential risks. For example, during the tendering process of Fosun Northbell, our subsidiary, the ACSD discovered the suspicion of bid-rigging by the bidding unit, and took control measures in accordance with laws and regulations to defeat the bid-rigging behavior of unlawful suppliers, and at the same time, forced the manufacturer to reduce the price and provide more favorable business terms under the premise of compliance, so as to solve the risk and ensure the maximum benefit of the enterprise, and also ensure that the progress of the project is not affected.

The ACSD has laid stress on the investigation of relevant cases. In 2022, it accepted 19 cases, and reviewed or investigated all leads. The ACSD has found the truth through investigations. In addition to punishing the persons who were accountable for the wrongdoings, the disciplinary committee also played a corrective and disciplinary function, to correct the mishandling of criminal suspects by its subordinate enterprises and pursuing the management responsibility of the major leaders who were directly responsible, which strengthened the deterrence of anti-corruption and effectively prevented potential risks and major losses to the enterprise.

The Company emphasizes the compliance of

business cooperation for third-party suppliers and partners in its business activities. The Company has formulated and promulgated the Anti-Commercial Bribery Agreement for third-party suppliers or partners. When the Company and its member enterprises sign the contract, they must sign the Anti-Commercial Bribery Agreement as an annex to the contract. The agreement requires that the Group's staff shall not solicit or accept improper benefits from others, and requires the counterparty to the contract not to seek benefits by bribery or give improper benefits to the staff of the Group. In case of deliberate obstacles or solicitation of bribery, it is required to proactively report thereof. The Group guarantees the legal rights of whistleblowers and contract counterparties. During the procurement process, the Group requires suppliers participating in the bidding to sign the Letter of Commitment on Integrity before signing up and undertakes that in the bidding process, they will not have fraudulent behavior or offer unjust benefits to the staff in charge of tender.

In 2022, five employees received the punishment of rescission of the labor contract, six received disciplinary punishment including warnings due to violation of anti-corruption regulations; seven were imposed with compulsory criminal measures due to violation of criminal laws; A total loss of over RMB4.07 million were recovered for the enterprise through case investigation.

## Perfect Anti-corruption Governance

In 2022, in response to the management problems found during the investigation and handling of cases, the ACSD of Fosun Pharma issued an Integrity Supervision Proposal to relevant member enterprises in accordance with the relevant provisions on integrity, put forward rectification opinions, and requested relevant member enterprises to implement rectification and provide feedback. It played an active role in establishing rules and regulations, plugging loopholes, and preventing risks.

In the future, Fosun Pharma will continually adhere to the principle of combining punishment and prevention with leniency and severity, and conduct

systematic sessions to promote integrity among its core member enterprises through integrity training and lectures; strengthen cooperation between the integrity department and the audit and procurement departments, intense integrity monitoring of upcoming and ongoing infrastructure projects and procurement projects; continue to promote the review and investigation of existing active clues and process the judicial cases for conclusions; take advanced prevention control on risk and effective measures to protect the interests of the Company and its member enterprises. The Company will further strengthen the construction of the anticorruption compliance control system of prevention, monitoring and penalty.

# PURE AND CLEAN, INSIDE OUT

We not only provide clean products and services, but also provide them in a clean way



Dean of the Hospital  
Ma Lingyan

Village doctor  
Han Shenghong

# A Little “Warm” in this Spring Festival

Ma Lingyan, dean of the hospital, and Han Shenghong, a rural doctor, were very happy to receive this batch of Azvudine. The villagers feel more at ease for this Spring Festival.

Wanghu Village, Hetan Town,  
Dongxiang County, Gansu Province

## A Healthy Winter Action

Fosun Pharma, together with Shanghai Fosun Public Welfare Foundation and Genuine Biotech, donated **RMB100 million** worth of oral drug Azvudine for the COVID-19 to ensure the availability of medicines for the elderly in rural areas.





# Responsible Management

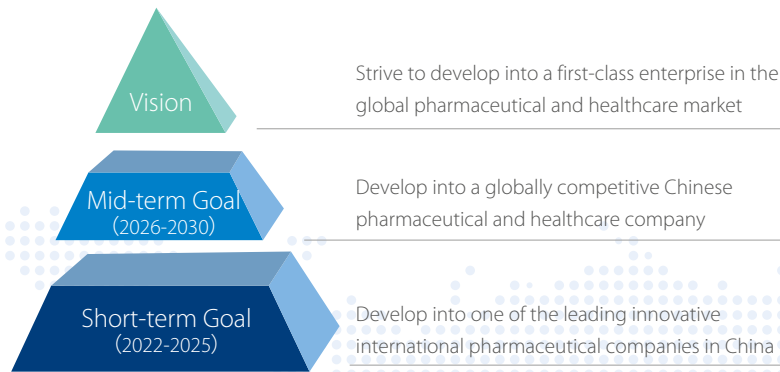
In pursuit of sustainable development of talents and products

“In pursuit of sustainable development of talents and products” is the social responsibility concept of Fosun Pharma Group. Fosun Pharma Group has incorporated the social responsibility strategy into its overall development strategy and promoted sustainable development through social responsibility practices and a management system. It has established a comprehensive stakeholder communication mechanism to continuously improve stakeholders’ satisfaction.





## Corporate Strategy



## Social Responsibility Strategy

The social responsibility strategy of the Group is inseparable from its overall strategy. The Group has formulated the short-term goal, mid-term goal and vision of the social responsibility strategy to proactively improve social responsibility management.



Short-term Goal  
(2022-2025)

To gradually keep up with international norms and become the most socially responsible and sustainable enterprise in China's pharmaceutical and healthcare industry



Mid-term Goal  
(2026-2030)

To be a part of the global sustainable development system, and become a Chinese pharmaceutical and healthcare enterprise with international social responsibility awareness and reputation



Vision

Develop into a Chinese pharmaceutical and healthcare enterprise with global social responsibility influence



## Social Responsibility Strategy

In the field of social responsibility, with the vision of “develop into a Chinese pharmaceutical and healthcare enterprise with global social responsibility influence”, Fosun Pharma Group has formulated the social responsibility strategy to review and manage the company’s impact on the environment, society and economy, and integrated the concept of social responsibility into each operating aspect. Based on the brand values of “care for life, continuous innovation, pursuit of excellence, sustainable partnership”, we have formed four strategic pillars in the field of social responsibility and are actively carrying out strategic planning and key actions around such four strategic pillars.

## Four Strategic Pillars

The brand values of “care for life, continuous innovation, pursuit of excellence, sustainable partnership” upheld by Fosun Pharma Group are the norms for every staff of Fosun Pharma in work, and also a social responsibility commitment of Fosun Pharma Group.



### Care for life

We respect life and provide safe, convenient and high-quality healthcare products and services, continuously striving to improve the quality of human life.

We cherish the individual living environment and promote public health and environmental improvement with the concept of sustainable development.

We are enthusiastic about social welfare and helping poverty-stricken patients and vulnerable groups, in order to proactively bear CSR.

Key management issues

product/service quality, healthcare accessibility, occupational health and safety, environment, and community public welfare



### Continuous innovation

We persist in innovation and R&D and bring new possibilities to public health through original breakthroughs and the application of technology improvements.

We bring together global innovation resources and follow up on cutting-edge R&D technologies to build an international R&D platform.

We promote management innovation and continuously improve the efficiency of operations to become a continuously evolving intelligent entity.

Key management issues

R&D and innovation, intellectual property protection and healthcare accessibility



### Pursuit of excellence

We prioritize quality, and have established a production management and service system that meets international standards.

We continuously improve manufacturing processes and optimize service experience to provide high-quality products and services.

We pursue excellence and do the right things, the difficult things, and the things taking time to develop.

Key management issues

product/service quality and safety, energy conservation and environment protection, and sustainable supply chain management



### Sustainable Partnership

We adhere to the entrepreneurial ideal, advocate entrepreneurship, and recommend the enterprise culture of teamwork.

We integrate industrial resources and promote integration and synergy to create value and share development.

We promote the sustainable development of the industry and create long-term value with excellent partners, striving to build a harmonious and healthy business ecosystem.

Key management issues

compliance operation, responsible marketing, and emissions management



# CSR and ESG Management

## CSR Management

Fosun Pharma Group has continuously improved the CSR management system, in order to instruct and coordinate the action plans of the member enterprises in the aspect of social responsibility, as well as, to promote social responsibility management via a refined indicator assessment system. In 2022, Fosun Pharma updated the mandates of CSR Management Committee to continuously improve the social responsibility work system, standardize corporate social donation and public welfare project management, and promote the company to continuously improve the social responsibility capacity building and information disclosure to ensure scientific and efficient decision-making for various social responsibility affairs of the Group. The Chairman of Fosun Pharma chairs the committee, the co-Chairman and vice-Chairman act as the co-directors, the CEO and co-CEO act as the deputy directors and the committee members are composed of the Executive President, senior vice-President and vice President of Fosun Pharma.

The Fosun Pharma CSR Committee governs a CSR task force, which convenes meetings regularly every year. It is responsible for implementing the Group's social responsibility work, and completing Fosun Pharma's annual CSR report in accordance with enterprise management and information disclosure requirements to continuously improve the Group's social responsibility construction. Under the leadership of the Brand and Public Relations Department, the Company has published CSR reports annually since 2009. In 2022, the CSR task force covered various key functions including EHS, HR, product quality and centralized purchasing.

In 2022, Fosun Pharma published its CSR report for the 14th consecutive year, proactively responding to the requirements of the new ESG guidelines of the Stock Exchange and complying with the GRI Standard (2021).

## ESG Management

With the improvement of environmental, social and governance awareness around the world, the capital market is increasingly following ESG investment and taking ESG capability as an important indicator to access the value of enterprises. In 2022, Fosun Pharma Group continued to attach importance to ESG vertically and constantly promoted ESG Management, while taking ESG as a strategic starting point to empower corporate sustainable development. Besides, Fosun Pharma Group actively responded to the Paris Agreement and the national dual carbon goal of "carbon peak, carbon neutral", and continued to practice the concept of low-carbon green development.

Relying on the ESG Committee of the Board and its subordinate ESG working group, Fosun Pharma fully understood the

demands and expectations of its stakeholders, and targeted the best practices of the leading enterprises in its peers, so as to further coordinate and assist its stakeholders to optimize and improve environmental, social and corporate governance, thereby continuously promoting the Group's ESG system building and driving the company's long-term sustainable development.

In 2022, Fosun Pharma's MSCI ESG rating jumped to A. Among the pharmaceutical companies that have received MSCI ratings around the world, Fosun Pharma Group is at the forefront of the industry in terms of human capital development, product quality and safety and inclusive medical care.



Picture: Guan Xiaohui, Vice-Chairman of Fosun Pharma, attending the kick-off meeting of compiling the CSR Report



Picture: Inspectors of CSR report from SGS, a third-party inspection institution, visited to Yao Pharma's injection workshop

## Capability Building

The Group attaches great importance to CSR and ESG capacity building, pays continuous attention to the development trends of international and domestic ESG and relevant regulatory agencies' disclosure requirements on CSR and ESG, and proactively addresses ESG concerns in the capital market.

Training on social responsibility reporting for members on the CSR task force is organized each year to elevate the quality of the CSR report. Meanwhile, the persons in charge of CSR of the Company actively participate in external training on social responsibility and pay attention to policies and developments in relation to social responsibility, in order to continuously enhance the CSR management level of the Group. In December 2022, at the kick-off meeting of the 2022 Corporate Social Responsibility Report, Fosun Pharma invited the experts from Ernst & Young and SynTao as well as journalists

of People.cn to conduct three special trainings on the topic namely the ESG Development Trend and Response of Fosun Pharma, An Introduction to the New Version of GRI Standard and Peer Case Sharing and Leading Development with High-quality and Sustainable Social Responsibility for members of the Fosun Pharma CSR report task force. The participants exchanged their views on the highlights and outstanding cases of social responsibility performed by Fosun Pharma in 2022, made plans and expressed expectations for the future development direction.

# Stakeholders

Thanks to the Fosun Foundation for sending Azivudine, our villagers were well the next day after taking Azivudine two days ago.

- Yanyin Village, Jiujiang Town, Lancang Lahu Autonomous County, Pu'er City, Yunnan Province  
Village doctor Zhong Liping

## Highlights of communication with stakeholders

- The Company improved CRM (customer relation management) system, and continuously optimized quality management
- The Company proactively held academic conferences in the field of tumors, anti-infectives, cardiovascular diseases, endocrine, etc., to strengthen communication with customers
- The Company improved the compliance system, completed the Compliance Management System Report of Domestic Marketing Platform 2.0, strictly enforced compliance marketing in the marketing process, and there were no non-compliance incidents
- There were no complaints about infringement on customer privacy and loss of customer information
- Multiple innovative products were launched to benefit more patients
- The Company strengthened online customer privacy protection, and there were no complaints about customer privacy leakage

## Major expectations from stakeholders

- Provision of quality products and services
- Protection of interests of consumers
- Responsible marketing
- R&D and innovation
- Protection of the privacy of clients

## Response from the Group

- Establish a well-developed pharmaceutical quality system and provide high-quality medical services
- Maintain good doctor-patient relationship and conduct customer satisfaction survey
- Establish a professional commercialization team and a compliant marketing mechanism
- Improve the innovation mechanism and increase R&D expenditure
- Establish a comprehensive customer privacy protection mechanism

## Response from the Group

- Improvement of the corporate governance system
- Establishment of feedback platforms such as telephone, e-mail and website
- Convening of meetings with investors

## Major expectations from stakeholders

- Compliance Operation
- Risk management and control



Shareholders



Customers and consumers

## Major expectations from stakeholders

- Timely, open and transparent information disclosure
- News report and interview

## Response from the Group

- Establish the comprehensive information disclosure mechanism
- Establish the effective media communication mechanism
- Timely disclose information through the Group's official website, WeChat Official Account and other platforms



Media and public

Your devotion and contribution in face of crisis turned out to be valuable. In this extraordinary winter of 2022, your company donated anti-epidemic drugs and conveyed your warmth to the Peopledailyhealth.com. We hereby issue this certificate to express our gratitude!

-Peopledailyhealth.com  
28 December 2022

## Highlights of communication with stakeholders

- The News was regularly published through the WeChat Official Account, official website and other channels
- The "Press Spokesman Mechanism" was developed, and public opinion monitoring and crisis response mechanisms were established
- Daily media communication and interview mechanism was established
- In 2022, 786,293 articles related to the Group were published on the global media, disseminating positive news
- Four activities including 2021 Annual Results presentation, 2022 Interim Results presentation, Fosun Pharma media salons and Xingyao Import Expo-FOSUN HEALTH Brand Saloon were held to enhance the communication with media, enhance their understanding of the Group's development and promote brand enhancing of the Group



Employees

## Major expectations from stakeholders

- Protection of employees' rights and interests
- Provision of training and development platform to employees

## Response from the Group

- Establish labor union
- Enter into collective contracts covering all employees
- Establish the long-term talent training mechanism and Healthcare Management Institute
- Organize regular employee caring activities
- Solicitation of employees' opinions and suggestions on rationalization
- Safety management

## Highlights of communication with stakeholders

- Labor union coverage rate of 100% in domestic enterprises
- Signing Collective Contract of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., the Agreement on Collective Negotiation on Salary of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. and the Collective Agreement on Protection of Special Rights and Interests for Female Employees of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. in accordance with laws
- The Company protects employees' rights and interests in terms of labor remuneration, labor safety and health protection
- Four series of training programs, namely the New Employee Series, Leadership Development Series, Professional Development Series and Common Skill Series, were offered

If I divide my life into two halves, the first half of my life would be when I was born in Fosun Chancheng Hospital, while the second half was after I joined in the hospital as a doctor. Fosun Chancheng Hospital would be a partner to inspire me to move forward and achieve my life goals on the way.

-Fosun Chancheng Hospital  
Gynecologist Ye Xiaofeng

### Highlights of communication with stakeholders

- Further strengthened Fosun Pharma Group's procurement management of materials and services in terms of compliance, efficiency and quality, especially to establish the framework of procurement management system for R&D services, and achieve the goal of cost reduction and efficiency enhancement
- Released the R&D and Procurement Management Measures of the Global R&D Center to regulate the procurement for R&D
- In 2022, the Group handled 41 violations of suppliers

### Response from the Group

- Establishing regulated and transparent supplier procurement, tender and management procedures
- Conducting on-site audit on suppliers
- Green supply chain management

### Major expectations from stakeholders

- Sustainable development of supply chain



Supplier



Government

### Major expectations from stakeholders

- Compliance operation
- Payment of tax
- Leading the healthy development of the industry

### Response from the Group

- Operation under the laws
- Continuous innovation and R&D
- Participating in policy formulation and providing suggestions
- Actively participating in government projects
- Participating in industry association platforms

### Highlights of communication with stakeholders

- Established a new type of government-enterprise relationship. According to incomplete statistics, the Company received more than 100 reports, exchanges and visits with governments and competent authorities at all levels during the year, including over 20 reports and exchanges involving ministerial and provincial-level leaders
- The Company participated in policy formulation and provided suggestions. It actively participated in relevant industrial standard formulation and policy suggestions by providing more than 12 industry suggestions
- The Company obtained support for over 100 project from the national and local governments; received several honors including High-tech Enterprise, Demonstration Enterprise of IT Application and Industrialization Integration Management System at the Provincial Level, Demonstration Enterprise of Enterprise Credit Management and Leading Innovative Enterprise
- The Company successfully held the appraisal meeting of "Light-Free Artemisinin Synthesis Method and Its New Technology of Industrialized Continuous Flow Synthesis", which promoted the further technical innovation of artemisinin products
- The Company actively cooperated with all levels of industry organizations, supported and participated in more than 60 related industry events covering areas such as pharmaceutical policy, innovative research and development, clinical application, foreign exchange and cooperation and public welfare science popularization

The year 2022 was the first year for China to embark on a new journey of comprehensively building a modern socialist country and march towards the second centenary goal. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company has firmly implemented the major decisions and deployments of the Party Central Committee and the State Council, faced up to difficulties, worked hard, and made great contributions to ensuring the production and supply of drugs against COVID-19. Thanks a lot!

- Consumer Products Industry Department of the Ministry of Industry and Information Technology of Shanghai



Community/NGO

### Major expectations from stakeholders

- Community service
- Charity and public welfare
- Environmental protection

### Highlights of communication with stakeholders

- The Company, jointly with Shanghai Fosun Foundation, established "Fosun Care 121" special fund to carry out various public welfare activities covering support for innovation, health care and charitable donations
- Donation of RMB60.31 million to the society in 2022
- Investment of over RMB240 million for environmental protection, safety and health in 2022

### Response from the Group

- Actively participating in community services
- Participating in various activities of public welfare organizations
- Actively carrying out various public welfare activities
- Actively reducing emission and pollution of production environment

### Major expectations from stakeholders

- Exchanges and cooperation



Partner/Peer

### Response from the Group

- Visiting and conducting research on enterprises
- Industry exchanges
- Benchmarking study

### Highlights of communication with stakeholders

- The Company invited Sino Pharm, Danaher, CR Pharma, Apollomics and other pharmaceutical companies for exchange and communication
- The Company has paid attention to the macro environment and industry development trends, actively learned about the strategic development models of international multinational pharmaceutical companies such as Pfizer and conducted all-round benchmarking studies from the dimensions of innovation models, international layout, and marketing to provide directions for corporate strategy formulation
- In November 2022, the Company attended the 5th Hongqiao International Health Science and Technology Innovation Forum with the theme of "Gathering Innovative Breakthroughs to Build a Healthy Future", which gathered global medical science and technology innovation wisdom, discussed how to promote health science and technology innovation through international cooperation, jointly addressed the challenges in key diseases and public health field, promoted the building of a healthy China, and promoted global health and well-being
- 2022 Shanghai and Hong Kong Production and Medicine Integration Meeting was held in Shanghai on 10 November, 2022, during which Fosun Pharma CEO, Mr. Wen Deyong was present and gave a report on the "Shanghai-Hong Kong Synergy and Fosun Pharma Innovation Development"

The "Fosun Medicine Scholarship" of Tongji Medical College has supported a total of 90 merit-based and academically excellent students, helping them successfully complete their studies and serve at the front line of the national health. As the old saying goes: "little help brings much return". Fosun's spirit and love inspire and spur our students to devote themselves to medicine, abide by medical ethics, cherish gratitude and inherit great love. We would like to express our most heartfelt thanks and our highest respect to your group.

-Tongji Medical College of HUST  
1 September 2022

By licensing the two products (Ortelor® and Parsabiv®) to Fosun Pharma, we are able to accumulate our strengths and combine our efforts to ensure that our innovative products could benefit more patients.

-Amgen Vice President and GM  
Xu Ailing

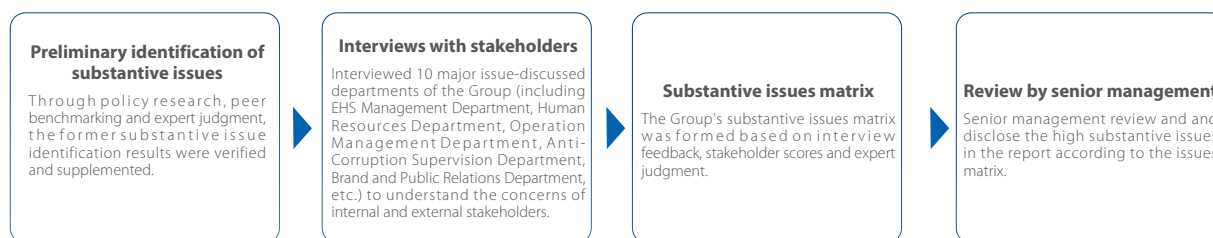
# Substantive Issue Analysis

## Substantive Issues

Substantive issues are issues that reflect the Company's impact on the economy, environment, and society; or issues that have a substantial impact on stakeholders' assessments and decisions.

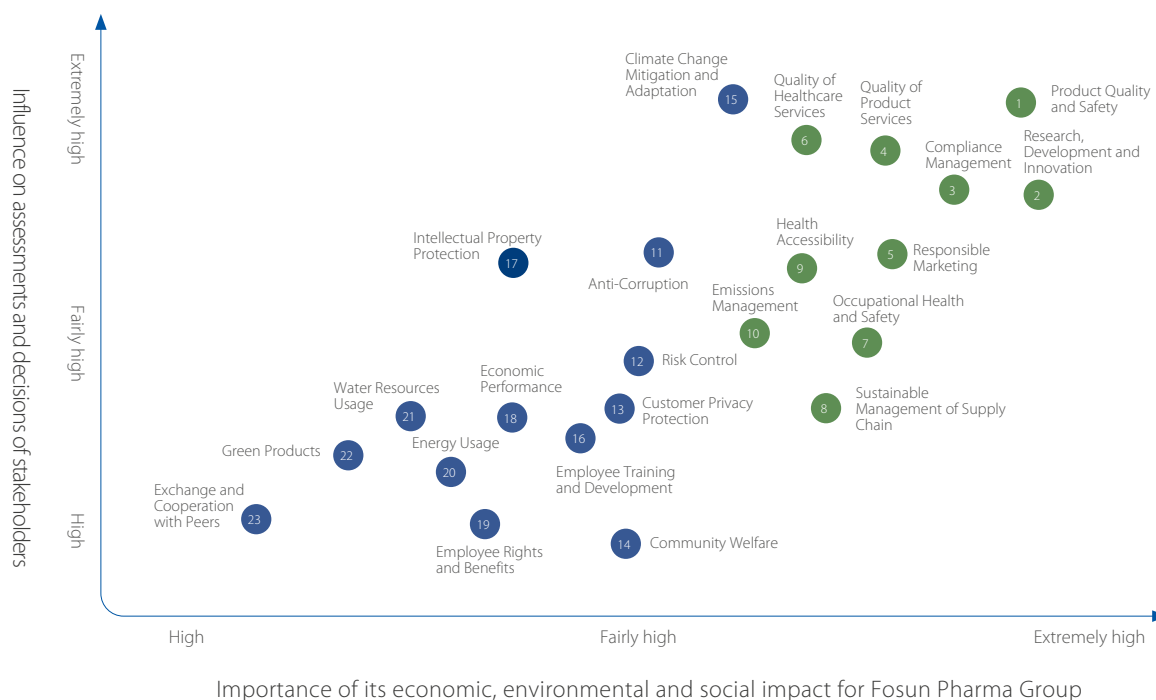
Fosun Pharma Group maintained continuous communication with its stakeholders to understand their key issues of concern, and updated substantive issues as needed in light of stakeholders' concerns and operational reality.

## Process of Substantive Issue Analysis



## Results of the Substantive Issue Analysis

Substantive issues of Fosun Pharma Group include product quality and safety, quality of healthcare services, quality of product services, research, development and innovation, compliance management, responsible marketing, health accessibility, emissions management, occupational health and safety, sustainable management of supply chain, anti-corruption and risk control, etc.







# A Little “Warm” in this Spring Festival

The clinic came to inform that the elderly infected with COVID-19 could receive drugs for free, and the most urgent needs of the villagers were responded to in a timely manner.

📍 Huilong Village, Donghui Town, Lancang County, Yunnan Province

## *A Healthy Winter Action*

Fosun Pharma, together with Shanghai Fosun Public Welfare Foundation and Genuine Biotech, donated **RMB100 million** worth of the oral drug Azvudine for COVID-19 to ensure the availability of medicines for the elderly in rural areas.





# Responsible Innovation

Innovation is the most important responsibility in the sustainable development of Fosun Pharma

Patient-centered and clinical needs-oriented, Fosun Pharma has made continuous innovations, and conducted independent research and development as well as cooperative development with external parties to enrich its product pipelines, thereby promoting inclusive health care by offering better, more accessible and affordable products and services for patients.







**RMB5.885** billion R&D investment for 2022

(including capitalized expenditures)

Increase more than **18.22%** year on year

Among them, R&D expenditures are **RMB4.302** billion

Increase **12.12%** year on year

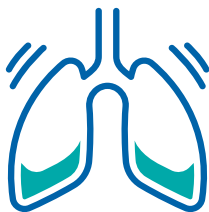


By the end of 2022, the Group has more than **260** projects on pipeline innovative drugs, generic drugs, biosimilars and consistency evaluation of projects. Among these, **63** are projects on innovative drugs, **14** on biosimilars, **118** on generic drugs, and **21** on consistency evaluation



Azvudine Tablets, the first oral small molecule anti-COVID-19 drug in China with completely independent intellectual property rights, reduce the risk of disease progression and death, and protect the lives and health of high-risk groups such as the elderly. By the end of 2022, its inclusion into the medical insurance network has been completed in 31 provinces and cities across the country, and the price of its medical insurance was reduced by about

**35%**



Promoting the R&D and accessibility of innovative drugs for rare diseases  
Deploying rare disease drugs in the fields of infantile spasms, idiopathic pulmonary fibrosis, and pulmonary hypertension



The self-developed anti-malarial innovative drug Artesun® (artesunate for injection) has treated more than **56** million severe malaria patients worldwide

# Innovative R&D

Adhering to the R&D policy of “Patient-centered, clinical needs-oriented, and high-tech-driven”, Fosun Pharma Group has fully promoted innovative R&D.

## 24h Global R&D

Fosun Pharma Group has actively engaged in innovative R&D. The global R&D center is responsible for the overall leadership of the pharmaceutical innovation strategy and layout, coordination of the construction of the technical platform, promotion of the global clinical development and registration, and enhancement of new drug innovation. The Group has independently operated each technical platform, actively carried out pre-clinic exploration and research and made external cooperation.

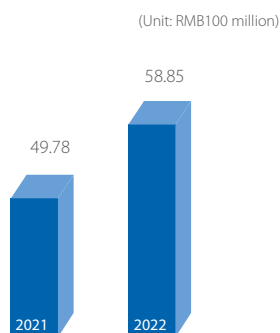
Boasting extensive and hierarchical pipelines, Fosun Pharma Group, in response to unsatisfied treatment demands, has actively expanded the R&D pipeline layout, and accelerated the innovative R&D, with an aim of benefiting more patients.

## R&D Expenditure

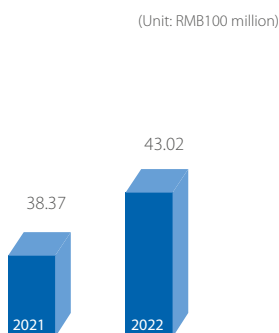
The R&D expenditure (including capitalized investment expenses) of Fosun Pharma Group in 2022 was RMB5.885 billion, with a year-on-year increase of over 18.22%, of which the R&D expenses were RMB4.302 billion, with a year-on-year increase of RMB465 million or 12.12%. In particular, the R&D expenditure of the pharmaceutical manufacturing

segment amounted to RMB5.097 billion, with a year-on-year increase of 13.62%. In 2022, Fosun Pharma Group’s R&D expenses on the pharmaceutical manufacturing segment amounted to RMB3.552 billion, accounting for 11.53% of the revenue from the pharmaceutical manufacturing segment.

**R&D expenditure (including capitalized investment expenses)**



**R&D expenses**



Note: During the reporting period, the Group retroactively adjusted its comparative financial data for 2022 and previous years in accordance with the provisions of the accounting standards due to the merger of enterprises under the same control.

## R&D Pipelines

Under the guidance of innovation and internationalization, Fosun Pharma Group has strengthened R&D investment and introduction of scientific research personnel, enriched its innovative product pipelines through diversified and multi-level cooperation models such as independent research and development, cooperative development, license-in, and in-depth incubation,

enhanced R&D and clinical development capability for FIC (First-in-class) and BIC (Best-in-class) new drug, and accelerated the R&D and application of innovative technology and products.



Picture: Laboratory of Fosun Kite, a joint venture

## R&D Achievements

By the end of 2022, the Group had over 260 projects on pipeline innovative drugs, biosimilars, generic drugs and consistency evaluation. Among these, 63 are projects on innovative drugs, 14 on self-developed biosimilars, 118 on generic drugs, and 21 on

consistency evaluation. The Group continued to promote the registration of drugs (products) (including import registration, and approval for overseas sales) and the centralized and bulk purchase of drugs.

## Intellectual Property Protection

The Group has established, improved, and continuously implemented the “blockbuster product intellectual property strategy”, carried out the national standard of Enterprise Intellectual Property Management Standards, improved patent quality with high standards, and comprehensively leveraged intellectual property systems such as patents, technical secrets and trademarks to build an intellectual property barrier for pharmaceutical R&D and innovation achievements. Combining intellectual property operation with the whole process of project initiation, R&D and marketing of new products, the Group has carried out a dynamic technical and legal analysis of project-related intellectual property rights during the project initiation and the whole research and development process, and identified and warned

intellectual property risks, using independent research and development, cooperative research and development or license-in to develop blockbuster products. The Group has established intellectual property portfolios including patent portfolios for key products to prolong the life cycle of products and ensure the realization of the economic and social value of research and development investment.

During the reporting period, the pharmaceutical manufacturing segment of the Group submitted 249 patent applications, including 16 American patents applications, 17 PCT applications, and the Group has obtained 48 patents for invention.



Picture: On January 3, 2023, the oral small-molecule COVID-19 drug Azvudine is available in the community health service centers in Shanghai.

## Inclusive Medical Care

### Based in China to Serve Global Patients

Fosun Pharma has always been patient-centered and clinical needs-oriented, continuously improving its innovative R&D capabilities. Over the years, several products such as Artesun® (artesunate for injection), Han Li Kang® (rituximab injection), Han Qu You® (trastuzumab for injection), Su Ke Xin® (alvatrobopag maleate tablets), Handayuan® (adalimumab injection) and Yi Kai Da® (aquilensel injection) continue to benefit patients. At the same time, a number of innovative drugs and new indications under Fosun Pharma have been included in the latest version of the National Medical Insurance Drug Catalogue, including the only imported self-developed antiemetic drug Akynzeo® (Netupitant and Palonosetron Hydrochloride Capsules) used to treat the vomiting that has been successfully negotiated in the country so far, the world's first oral targeted small-molecule drug Otezla® (apremilast tablet) approved for the treatment of psoriasis, the world's first FDA-approved oral thrombopoietin receptor agonist (TPO-RA) Su Ke Xin® (Avatrombopag Maleate) for CLD-related thrombocytopenia, further improving the availability and affordability of innovative drugs and benefiting more domestic patients.

As the first oral small-molecule anti-COVID-19 drug in China with completely independent intellectual property rights, since the strategic cooperation between Fosun Pharma and Genuine Biotech in July 2022, Azvudine Tablets has played a positive role, especially for the elderly, chronic patients with underlying diseases and those with low immunity, who are more likely to develop severe disease after being infected with the COVID-19 virus. Early use of Azvudine for antiviral treatment can effectively reduce the risk of disease progression and death, and protect the lives and health of high-risk groups such as the elderly. By the end of 2022, Azvudine Tablets has completed coverage of the medical insurance network in 31 provinces and cities across the country, and the price of its medical insurance was reduced by about 35%.

In order to allow more patients around the world to obtain therapeutic drugs and help solve the problem of drug accessibility in developing countries and underdeveloped regions, Fosun Pharma made full use of its professional advantages to serve global patients. As one of the largest R&D and manufacturing enterprises of antimalarial drugs in the world, the Group has become an antimalarial drug supplier for the Global Fund, UNICEF, World Health Organization and drug procurement centers of African countries. As of the end of the reporting period, Artesun® (artesunate for injection), an innovative antimalarial drug independently developed by the Group, has treated more than 56 million severe malaria patients worldwide. At the same time, Fosun Pharma has established three regional distribution centers in emerging markets such as Africa, equipped with a front-line sales team of about 800 people. During the reporting period, the Côte d'Ivoire distribution center in West Africa was put into operation, which is currently the largest local distribution center in the French-speaking region of West Africa, helping more drugs enter emerging markets.

In January and March 2022, Fosun Pharmaceutical Industrial, a member enterprise of Fosun Pharma, 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 MPP for certain mid- and low-income countries in the world.

In addition, relying on industry-leading two-way licensing capabilities and internationalization capabilities, Fosun Pharma helps maximize the value of innovative products and benefits more patients around the world. In 2022, Shanghai Henlius, a member enterprise of Fosun Pharma, successively granted multiple product licenses to overseas companies such as Organon, Eurofarma, and Getz Pharma. By the end of 2022, Shanghai Henlius has launched five models in China and one model internationally, being widely recognized for its excellent quality, and safe and effective clinical performance.



## Promotion of R&D and Accessibility of Innovative Drugs for Rare Diseases

Fosun Pharma Group actively responds to the country's vigorous promotion of developing clinically urgently needed and orphan drugs. At present, it has a number of orphan drugs under development in the fields of infantile spasm, idiopathic pulmonary

fibrothrosis and pulmonary arterial hypertension through license-in, and is committed to improving the accessibility of innovative treatments to patients with rare diseases.

### Fosun Pharma Rare Disease Pipelines<sup>1</sup>

Drug	Indications	Model	Listing situation
Vigabatrin powder for oral solution (commodity name: Wei Ge Ding)	Infantile spasm (IS), especially those with tuberous sclerosis complex (TSC)	License-in 2	Listed
Pirfenidone	Idiopathic pulmonary fibrothrosis	License-in 3	Non-listed
Treprostinil	Pulmonary arterial hypertension	License-in 4	Non-listed
HLX208	Langerhans cell histiocytosis and Erdheim-Chester (ECD, i.e. non- Langerhans cell histiocytosis)	License-in 5	Non-listed

\* Note 1: Subject to the First Catalogue of Rare Diseases published by the National Health Commission

Note 2, 3, 4: Granted in China (excluding Hong Kong, Macao and Taiwan);

Note 5: Granted in Mainland China, Hong Kong, Macao and Taiwan.



## Case

### Wanbang Pharma's Patient Care and Welfare Program Caring about Epilepsy Children and Benefiting More Children

Wei Ge Ding is the first vigabatrin officially launched in China, introduced by Wanbang Pharma, a member enterprise of Fosun Pharma, for the treatment of infantile spasm (IS). Infantile spasm is known to be a more common form of epileptic encephalopathy in infants and children. It is typically characterized by a triad of spastic seizures, EEG peak arrhythmias and psychomotor developmental disorders, and is prone to develop into a refractory epilepsy syndrome. In December 2021, Wanbang Pharma and China Association Against Epilepsy reached a strategic cooperation to jointly establish a special committee for tuberous sclerosis and rare diseases of epilepsy to promote the improvement of the diagnosis and treatment of rare diseases of epilepsy in China, so that more epilepsy children can receive early diagnosis and treatment.

In order to effectively help families of children with rare diseases to reduce the financial burden, Wanbang Pharma launched the Patient Care and Welfare Program, inviting industry experts to address the difficulties of patients with rare diseases and their families in terms of disease diagnosis and treatment, patient assistance, medication insurance, and family care, etc. In 2022, Wanbang Pharma held more than 50 public lectures on science popularization for patients, and the Patient Care and Welfare Program benefited 1,300 children with rare diseases, greatly reducing the financial burden of patients and improving drug accessibility and compliance.



### Patient Care and Welfare Program Milestones

In April 2022, at the Rare Disease Live Show of China Association Against Epilepsy, Qin Jiong, the Chairman of the Special Committee for Tuberous Sclerosis and Director of Peking University People's Hospital, gave an introduction to the patient assistance program

In June 2022, educational activities for patients were carried out in several places on Epilepsy Care Day. The patient care and welfare program was publicized and explained among patients in the Pediatric Hospital Affiliated to Fudan University, the First Hospital Affiliated to Guangxi Medical University, the First Hospital Affiliated to Zhengzhou University and many other hospitals

In July 2022, Wanbang Pharma, in cooperation with the One Meter Sunshine Patient Organization, invited Professor Chen Chunhong from Beijing Children's Hospital Affiliated to Capital Medical University and Professor Ding Yifeng from the Pediatric Hospital Affiliated to Fudan University to give a special lecture on infantile spasm and offer a detailed introduction and explanation on the patient assistance program

## Help improve the level of primary medical care

In order to implement the Party's new-era hygiene and health policy of "focusing on the grassroots" and in response to the "Healthy China" and "Rural Revitalization" strategies and the population aging trend, in September 2021, Fosun Pharma joined hands with Shanghai Fosun Public Welfare Foundation to set up the "Fosun Care 121" special fund, and initiate and develop such welfare projects as the "Rural Revitalization Health Demonstration

Project" and the "Hand-in-Hand Rural Medical Talent Revitalization Project", and launched strategic cooperation with Shanghai Soong Ching Ling Foundation, striving to improve the quality and standard of primary public health services and promote the development of rural health. (For details, please refer to the section headed "Responsibility and Public Welfare" of this Report)



## Cases



### Joint Venture Fosun Kite CAR-T Product Yi Kai Da® (ejilunsai injection) was Included in 2022 Shanghai “Hu Hui Bao”

As a mAb CAR-T cell therapy product targeted at CD19, Yi Kai Da® (ejilunsai injection) was approved in June 2021 to be used for the treatment of adult patients with relapsed or refractory B cell lymphoma after systematic treatment of the second line or above. As of 31 December 2022, the drug has been included in urban customized commercial supplementary insurance (Hui Min Bao) in 70 cities and provinces and more than 60 commercial insurances with 130 registered treatment centers. Among them, public-welfare insurance such as Beijing “Jing Hui Bao”, Ningbo “Tianyi Yongning Bao” and Hangzhou “West Lake Yilian Bao” can help patients obtain large amounts of compensation. In 2022, Yi Kai Da®

(ejilunsai injection) was officially included in “Hu Hui Bao”, and applicable patients can enjoy a maximum benefit of RMB500,000, with no restriction on historical signs.

Huang Hai, CEO of Fosun Kite, said that the inclusion of Yi Kai Da® (ejilunsai injection) in 2022 Shanghai “Hu Hui Bao” was of great significance to clinicians and patients, indicating that this CAR-T cell drug will be available to the majority of lymphoma patients and give them new hope. As a representative of “innovative drug” manufacturers in Pudong, joint venture Fosun Kite will continue to improve its innovation capabilities and provide health and welfare service for Chinese people following the patient-centered and clinical demand-oriented principle.

### The First Domestic Biosimilar Han Li Kang® (rituximab injection), Benefiting More Than 130,000 Patients

As the first mAb biosimilar drug in China, Han Li Kang® (rituximab injection) was approved by the NMPA for launch in February 2019. It becomes the first biosimilar approved for launch in China in accordance with the guidance of national biosimilar drugs and used for the treatment of non-Hodgkin's lymphoma and Chronic lymphoblastic leukemia, filling the gap in the domestic biosimilar drug market and making it possible for more Chinese patients to achieve accessible and curable solutions.

In the past three years since its approval for launch, Han Li Kang® (rituximab injection) has benefited more than 130,000 Chinese patients and has been recognized by physicians, patients and the industry for its superior product quality and safe and effective clinical performance. The product is priced at approximately two-thirds the price of the original product, providing clinicians with better and more affordable drug options and effectively saving health insurance expenditures. In March 2022, the new indications of Han Li Kang® (rituximab injection) rheumatoid arthritis were approved by NMPA for launch, becoming the first and only rituximab with approved rheumatoid indications and the rituximab with the most indications approved in China.







# A Little “Warm” in this Spring Festival

The advice and care of the rural doctors made  
the elderly and children feel at ease

📍 Huilong Village, Donghui Town, Lancang County,  
Yunnan Province

## *A Healthy Winter Action*



Fosun Pharma, together with Shanghai Fosun  
Public Welfare Foundation and Genuine Biotech,  
donated **RMB100 million** worth of  
the oral drug Azvudine for COVID-19 to ensure the  
availability of medicines for the elderly in rural areas.



# Responsible Operation

## Provision of accessible, affordable and trustworthy products and services

Fosun Pharma Group integrates social responsibility practices into every business aspect of its operations, and continues to promote social responsibility practices in terms of ensuring product quality and safety, medication safety, providing quality medical service, and responsible marketing. It is committed to providing patients and clients with accessible, affordable and trustworthy products and services.







Fosun Pharma continued to promote Fosun Pharma Operation Excellence (FOPEX) and the project annual cost saving in 2022 reached approximately

**RMB110** million. In 2022, the Group newly granted **130** people

with green belt and **3** people with black belt. Fosun Pharma cultivated

**513** people with green belt and **20** with black belt and **17** FES

experts in total as of the end of 2022.



As of the end of 2022, the production lines of the Group's member enterprises of pharmaceutical business that passed GMP compliance

inspection included **37** sterile preparation production lines, **32**

oral preparation production lines and **89** APIs. Over **20** APIs of

the Group's domestic pharmaceutical member enterprises received GMP certification from national health authorities including the U.S. FDA, EU, Ministry of Health and Labor and Welfare of Japan. Guilin

Pharma's **1** production line of oral solid formation and **3** injection

production lines passed the WHO-PQ certification. Yao Pharma's **1**

production line of oral solid formation passed the certification of the

U.S. FDA and Health department of Canada. Wanbang Pharma's **1**

lyophilized aseptic production line passed the cGMP certification of

EU, **1** oral dosage production line passed the cGMP certification

of the U.S. FDA and **1** aseptic dosage production line passed the

certification of the U.S. FDA. Shanghai Henlius' **1** aseptic production

line passed the cGMP certification of EU and a number of aseptic

production lines at **3** pharmaceutical manufacturing sites of Gland

Pharma, an Indian pharmaceutical member enterprise, passed GMP reviews/certifications in the United States, EU, Japan, Australia, Brazil and other countries.



Fosun Health has **18** member hospitals

with **6,333** authorized beds

Promoted the online and offline integrated diagnosis and treatment ability in an in-depth way, and constantly provided high-quality and full life-cycle medical health management service for users

# Quality First – Operation Excellence

## Product System

The subsidiaries of pharmaceutical, medical diagnosis and medical device of Fosun Pharma Group are located in 13 provinces, autonomous regions, and municipalities in China as well as Sweden, Europe, the United States and other countries and regions. The products produced by pharmaceutical member enterprises include biological products, TCMs, chemical drugs, biochemical drugs, etc. The medicinal products produced cover most of the ordinary categories and dosage forms, such as small volume parenteral solution, lyophilized powder for injection, powder for injection, tablet, hard capsule, soft capsule, granule, Chinese medicine pills, etc. related to the

treatment of diseases in terms of cardiovascular system, central nervous system, hematology, anti-tumor and immunomodulation, metabolic and digestive system, and anti-infectives.

Member enterprises of medical diagnosis and medical devices are mainly engaged in research and development, production and sales of diagnostic reagents, medical aesthetics equipment, medical consumables, non-invasive ventilators and distribution of high-end medical devices, e.g. Da Vinci surgical robot, hair transplant surgery assistant robot, mobile CT and other devices.

## Quality Policy and Strategy

As a medical and healthcare industry group with pharmaceutical manufacturing and R&D as its core, Fosun Pharma Group regards quality as the lifeline of the enterprise and is committed to building a “quality operation system with domestic leading advantages, compliance to mainstream international regulations, and international competitiveness”.

Fosun Pharma Group has clearly defined the quality policy, i.e., “Respect for Life; Quality First; Pursuit of Perfection; Striving for Excellence”. In 2020, Fosun Pharma Group has formulated a “Stable, Mature, and Efficient” quality strategy over the next 5 years.



### A Five-year Quality Strategy (2021-2025)



Stable

Continue to carry out quality system evaluation, improve quality in-depth compliance, and strengthen quality capacity growth and quality culture construction



Mature

Develop a full life-cycle quality management system, build a group quality management platform, and promote international quality management



Efficient

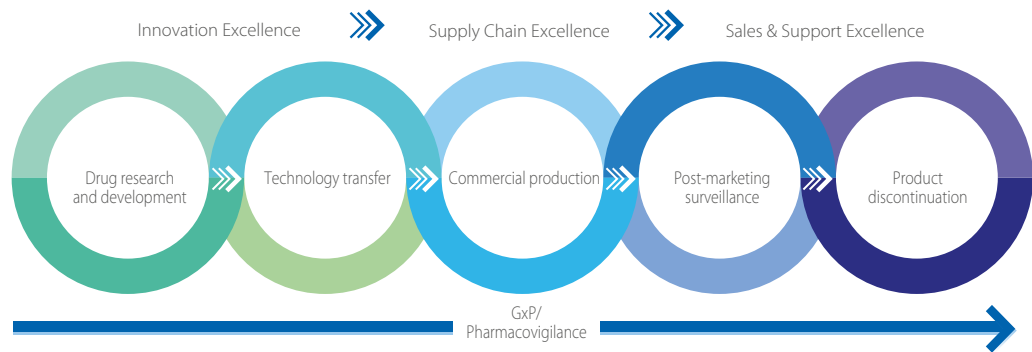
Develop the Group's digital information system and carry out the quality talent promotion plan

## Full Life Cycle Management

The “life cycle of drugs” refers to the whole process from the beginning of drug development, registration evaluation, launch, re-evaluation, removal off shelf due to market and other reasons.

Fosun Pharma Group has established a continuous improvement management system over the entire life cycle of products (drug development, technology transfer, commercial production, post-marketing

surveillance and product discontinuation) through the establishment of the research and development system prior to marketing of drugs, the production supply chain management system and the post-marketing service system. GXP regulations are complied with during the life cycle. In addition, it has also established a pharmacovigilance system throughout the life cycle to provide comprehensive and effective assurance for the quality and safety of products.



Annual income of Fosun Pharma  
Operation Excellence (FOPEX) about

 **RMB110** million



Black belt certification

## Lean Management

Fosun Pharma Group adheres to focus on quality, establishes a production management and service system that meets international standards, continuously improves manufacturing processes, optimizes service experience and provides high quality products and services.

In June 2017, Fosun Pharma Operation Excellence (FOPEX) was officially launched. FOPEX, i.e. Fosun Pharma Operation Excellence, is the operational excellence of Fosun Pharma and is committed to unifying the internal operation management language, promoting the improvement of enterprise management level, improving the operational efficiency of enterprises, and establishing an excellent operation system with comprehensive competitive advantages and integrated agile supply network to support product innovation and business growth. In 2022, there were 426 new FOPEX Projects, including quality, cost, efficiency, cycle time and R&D. By the end of 2022, a total of 323 projects had been completed with annual income of about RMB110 million, a significant increase over the previous year, mainly due

to the continuous strength of established medicines division and innovative medicines division.

Talent is the key to the continued advancement of FOPEX. In 2022, Fosun Pharma Group further strengthened the training of FES talents. The headquarters took the lead to conduct the second black belt training course, and member enterprises such as Wanbang Pharma, Yao Pharma, Guilin Pharma, Erye Pharma, and Fosun Diagnosis independently conducted green belt training courses. In 2022, the Group newly granted 130 people with green belt and 3 people with black belt. By the end of 2022, 513 people and 20 people were awarded green belt and black belt and 17 people were awarded as senior experts of FOPEX after the completion of the training courses.

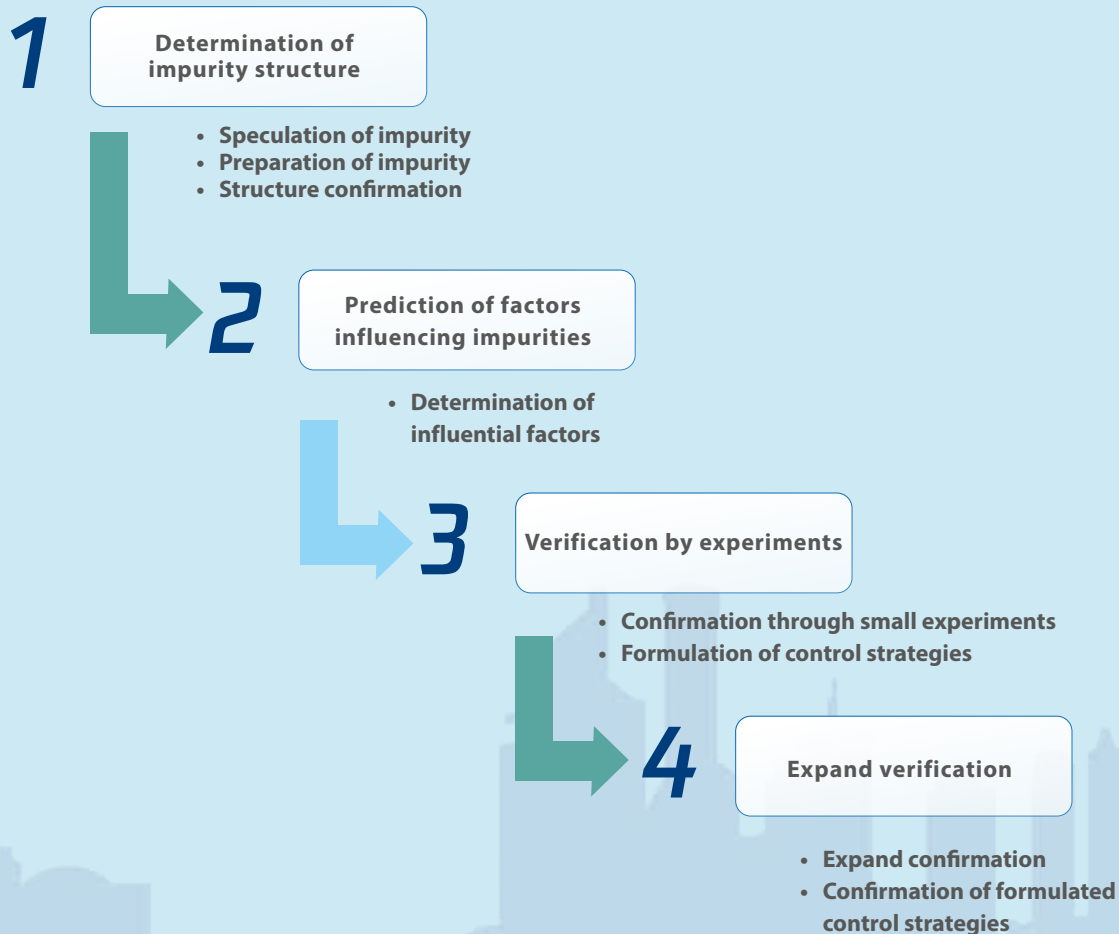
The FOPEX system promotes member enterprises to continuously improve their daily management systems and empower their development by closely focusing on the strategy of value maximization.





## Cases

### Reduction of impurity—Model establishment



### Wanbang Pharma's F Product Had Continuous Improvement in Technology with Obviously Enhanced Intermediate Yield

The project mainly aimed to improve the existing process, reduce the impurity load, improve the quality of intermediate products, which further reduced the number of back-end refinement, improved the yield, and also reduced the use of organic solvents and the generation of hazardous waste. The new technology was greener and of better quality than the old one, which saved the cost by RMB3.69 million per year.



## Quality System Building

The Group implements a four-level quality system architecture system (quality manual, Group's standard management procedures/GMP guidelines/working guidance, enterprise management procedures/working guidance and documents/records based on management procedures), and provides top-down guidance to help improve enterprises' quality system. By the end of 2022, the Group had issued a total of 19 GMP technical guides and the process of key quality elements is becoming increasingly standardized. The Group continued to follow the pace of updating domestic and international regulations and continued to provide technical support for the quality improvement of member enterprises, to promote the construction and management of quality system with a global perspective and level.

In 2022, the Group continued to quantitatively evaluate the quality system of member enterprises. According to the GMP requirements, it comprehensively evaluated six systems of quality, manufacture, documents, materials, laboratories and equipment and facilities to quickly identify weaknesses in the enterprises' quality system and urge the enterprises to conduct self-improvement. Meanwhile, the Group continued to improve the business level of the internal audit team members and organized several training sessions on domestic and international auditing with the aim of improving the professionalism and audit ability of the team members. The team members have at least 10 years of experience in the pharmaceutical industry. They are professional and experienced and insist on attending industry training, seminars and self-learning, to ensure that the assessment of the quality system is objective, fair and realistic. In 2022, a total of 2 assessments of the enterprise quality system of the pharmaceutical member enterprises were conducted to promote the enterprise quality management capability; gap analysis, operation investigation, special inspection, and special training were conducted in 2022 to promote the member enterprises to establish a quality system that meets domestic and international requirements, to continuously improve the compliance level.

In 2022, Fosun Pharmaceutical Industrial adhered to the drug marketing authorization holder responsibility system, proactively improved the quality management system of drug marketing authorization holder (MAH) in accordance with the requirements of the Drug Administration Law (revised in 2019) and the Measures for the Supervision and Administration of Drug Production (issued in 2020); at the same time, we added new manufacturing license scope in 2022, underwent GMP conformity and MAH special operation investigation, and obtained Level A in the credit rating of the pharmaceutical manufacturing enterprises in Shanghai City in 2022.

In 2022, as an entity for the domestic commercialization of mRNA COVID-19 vaccines, the Fosun Pharmaceutical Industrial continuously supported the quality control for the supply of emergency use authorization (EUA) of mRNA vaccine in Hong Kong, Macau and Taiwan and the official registration of the marketed products, provided support for the quality work related to the commercialization of new Omicron mRNA vaccine

types for children and infants, and provided quality data to local governments to ensure the release of each batch based on the fully established and continuously improved operational quality management system in strict compliance with the regulatory requirements such as the Drug Administration Law of the People's Republic of China (the "Drug Administration Law") and the Vaccine Administration Law of the People's Republic of China and other regulations.

In addition, the member enterprise Fosun Industrial has also successfully realized the commercialization of new drugs in other indication areas in Hong Kong and Australia, such as Akynzeo and Aloxi, and constantly ensured supply, with an aim of bringing benefits to more patients.

For the construction of drug manufacturing quality systems, based on the requirements of the latest domestic GMP, relevant regulations and international cGMP, the Group comprehensively implemented the idea of quality risk management throughout the Group, and focused on the establishment of quality assurance systems such as annual product quality review, change management, deviation management, OOS investigation, supplier audit and risk management etc., thereby comprehensively improving the awareness of quality and compliance standards of the member enterprises.

While constantly enhancing the systems, the Group has stably carried out information construction and intelligent manufacture. Under the guidance of the top design of the Intelligent Manufacturing Guide, the Group has formulated specifications and carried out centralized procurement of various core digital systems, such as LIMS, DMS, TMS, QMS, implemented projects in several member enterprises to gradually form a production quality data lake of enterprise standards, and enhanced the transparency and usable value of data through visualization tools. It actively explored the application of automated robots and artificial intelligence technologies in various production and R&D scenarios of innovative and mature drugs. Through the introduction of various automation and information systems, it reduced the human factors in the drug production and inspection process, and improved the overall efficiency of production quality under the premise of quality improvement. At the same time, Fosun Pharma emphasized process validation and daily monitoring, and strictly abided by applicable state requirements and international standards to conduct change management so as to ensure that production process met registered technology requirements and drug quality met registered standard requirements.

In 2022, the Group's domestic pharmaceutical member enterprises accepted and successfully passed inspection by domestic and overseas authorities for a total of 68 times. In 2022, domestic pharmaceutical member enterprises were sampled 687 batches, which were qualified in test. In 2022, 9 domestic medical device member enterprises of the Group accepted 33 official inspections in total, and successfully passed various special inspections and market inspections at the national, provincial and municipal levels.



100%

Pass rate of official inspection/sampling

## Quality System Certification

In 2022, all pharmaceutical member enterprises of the Group met the Edition 2010 GMP requirements. As of the end of 2022, the production lines of the Group's member enterprises of pharmaceutical business that passed GMP compliance inspection included 37 sterile preparation production lines, 32 oral preparation production lines and 89 APIs, and all the member enterprises of the pharmaceutical business met the requirements of the latest GMP requirements of the PRC. While the production line meets the Edition 2010 GMP requirements, the Group actively promotes the internationalization of pharmaceutical member enterprises and encourages enterprises to participate in the implementation of international cGMP and other quality system certifications such as the United States, European Union, and WHO. For the Year of 2022, over 20 APIs of domestic pharmaceutical member enterprises received GMP certification of national health authorities including the U.S. FDA, EU and Ministry of Health and Labor and Welfare of Japan; Guilin Pharma's 1 production line of oral solid formation and 3 injection production lines passed the WHO-PQ certification; Yao Pharma's 1 production line of oral solid formation passed the certification of FDA of US and Health department of Canada; Wanbang Pharma's 1 lyophilized aseptic production line passed the cGMP certification of EU, 1 oral dosage production line passed the FDA

cGMP of US and 1 sterile preparation production line passed the certification of FDA of US; Shanghai Henlius' 1 aseptic production line passed the cGMP certification of EU; a number of aseptic production lines at 3 pharmaceutical manufacturing sites of Gland Pharma, an Indian pharmaceutical member enterprise, passed GMP audits/certifications in the United States, EU, Japan, Australia, Brazil and other countries.

In 2022, while the medical device member enterprises of the Group met the Specification for Production Quality Control of Medical Devices of the PRC, seven enterprises also accepted the international ISO13485:2016 certification, two of which passed the ISO9001:2015 certification and three of which passed the CE certification with several products. The medical laboratory of Fosun Diagnosis passed the annual recognition re-certification by CNAS Laboratories.

### GMP certification of domestic pharmaceutical member enterprises of Fosun Pharma in terms of production lines as of the end of 2022

Inspection type	Certification agency	Conformity
China GMP	NMPA and drug administration of provinces	89 APIs 37 sterile preparation production lines 32 oral dosage production lines
US FDA	US Food and Drug Administration	13 APIs 1 sterile preparation production line 2 production lines of oral solid formation
EU	Drug administration of the members of EU	4 APIs 2 aseptic production lines
WHO	World Health Organization	5 APIs 1 production line of oral solid formation 3 injection production lines
Japan PMDA	Japan Pharmaceuticals and Medical Devices Agency	6 APIs

### International system certification of the domestic medical devices and medical diagnosis member enterprises of Fosun Pharma as of the end of 2022

Inspection type	Certification agency	Certification status
ISO 13485:2016	TUV SUD, DNV.GL, BSI	7 enterprises passed
ISO9001:2015	NOA, Beijing Xingyuan Authentication Center	2 enterprises passed
CE product certification	TUV SUD, DNV.GL	3 enterprises with several products passed



Picture: Poster of Fosun Pharma's Quality Management Month

## Quality Risk Management

The Group attaches great importance to medication safety of patients and has developed quality risk management procedures according to the regulatory requirements of the Edition 2010 GMP, World Health Organization (WHO), ICH Q9, etc., to identify quality risks and potential hazards and use the forward-looking or review ways to conduct scientific assessment and analysis of quality risks. Measures including elimination or reduction are implemented for risks that cannot be accepted or not fully judged, and further assessment and analysis are performed for residual risks. In addition, the Group summarized quality risk management activities and conducted communication and risk review to ensure that the management activities for the quality risks occurred or existed during the life cycle of products are in line with the GMP and relevant laws and regulations to ensure that product quality can protect all persons involved and always meet patients' requirements.

The Group uses potential failure mode and effect analysis (FMEA), fault tree analysis (FTA), hazard analysis and critical control points (HACCP), brainstorming, checklists, cause and effect diagram, 5 why analysis, process control charts, experimental design, histograms, pareto diagrams, process capability analysis, and other assessment and analysis tools to conduct risk assessment and risk classification management. Corresponding countermeasures are developed for risk control, and periodic audit and review

are conducted for the effectiveness of risk measures.

In 2022, the Group organized and implemented the "Safety, Quality and Environmental Accident Reporting System", which set higher requirements for reporting potential quality risk events and quality accidents within the company. Meanwhile, in 2022, the Group organized the "Quarterly Meeting on Quality Management Review" to report and discuss the quality risk points identified by the enterprises in the quarter. In addition, during the Quality Management Month, the Group successfully held the "Post-marketing Product Risk Management Forum", in which a number of pharmaceutical companies discussed in depth the understanding of the whole product life cycle and the risk control of each phase of the drug.





Picture: Production workshop of Avanc Pharma

## Quality Supervision Indicators

The Group strictly implements drug quality supervision and management, continuously improves the quality supervision indicators of pharmaceutical enterprises, and strengthens the enterprise quality management model. In 2022, the Group optimized the quality supervision indicator reporting system and improved the authenticity and reliability of the reported data by developing a

digital indicator filling system and a visual reporting platform, so as to focus on key quality indicators and timely follow up enterprise quality activities, such as deviations, OOS, quality complaints and other quality accidents, thereby clarifying internal enterprise gaps and helping enterprises make effective rectification and realize high-quality development.

## Quality Culture Construction

In 2022, in order to implement Fosun Pharma's quality policy of "Respect for Life, Quality First, Pursuit of Perfection, Striving for Excellence", improve the awareness of quality risk and quality management capabilities of all employees, and implement Fosun Pharma's quality culture of quality first, the Group launched the fourth Quality Management Month from September to October 2022, covering all the pharmaceutical and medical device member enterprises. Themed with "Pursuit of Perfection and Striving for Excellence", the activity aims to strengthen the quality risk awareness of all the employees, promote the quality management and prompt update, and realize continuous innovation and improvement. Members of Fosun Pharma's pharmaceutical, medical device and medical diagnosis segments all attended the event of this management month. During the event, the Group held the launching ceremony, released posters on the theme of the event, displayed cultural slogans of each member, and organized a series of related activities, such as quality summit forum, FDA & WHO audit training, a VR factory and diversified quality culture activities independently carried out by the enterprises.

The second session of VR factory tour of Fosun Pharma was based on the theme of "Pursuit of Perfection, Striving for Excellence". The Operation Management Department of Fosun Pharma selected outstanding manufacturing companies that fit this theme, and demonstrated the workshop and production process of those companies through live broadcasting, video shooting and real-time interpretation by professionals, allowing the employees to understand the detail control and quality concept of the pharmaceutical enterprise in the drug production phase, thereby ensuring compliance and efficiency of products. Moreover, member enterprises carried out a series of activities to promote quality culture during the activity month, such as the quality knowledge contest, quality knowledge sharing, quality compliance difference analysis and quality star appraisal. Employees were enthusiastic with the new format of quality culture learning.



Picture: Yao Pharma' s international industry base for preparations

## Quality Training

Annual quality training hours per capita on average of pharmaceutical member enterprises exceeded



**80** hours

A YoY increase of **11%**

In order to continuously enhance the standards for quality management systems, facilitate the employees to absorb the latest quality ideas, and consolidate standard operating procedures, subsidiaries of the Group highly value the training related to quality and further enhance the awareness of conforming operation through regulations promotion in combination with internal and external training. In response to the laws and regulations collectively promulgated in 2022, the Group and member enterprises proactively organize a comprehensive learning program for quality regulations, vigorously promote the ability of Quality staffs, improve policy sensitivity, and identify and evaluate regulatory risk to ensure that the enterprise operates in a compliant and stable manner. In 2022, the Group invited Dr. Gao Guang, a chief quality consultant, to carry out training on FDA&WHO audits and WHO inspection defect analysis within the Group to focus on FDA&WHO audits, so as to improve enterprise inspection experience, international certification capabilities and quality management

system. In addition, four Technical Committees have been established this year, and experts from each committee will also provide professional knowledge training and answer questions for key production quality personnel in the enterprise in four aspects, namely, regulation, asepsis, QC, and validation. In 2022, the employees of pharmaceutical member enterprises received quality training of more than 80 hours per capita on average, up by 11% year-on-year, and the employees of medical diagnosis and medical devices enterprises received quality training of more than 24 hours per capita on average.

### Quality Training of Major Pharmaceutical Enterprises of Fosun Pharma Group in 2022

Unit: Hours

Item	Wanbang Pharma	Yao Pharma	Guilin Pharma	Avanc Pharma	Erye Pharma	Red Flag Pharma	Aleph	Shanghai Henlius
Average training time	71.7	35.3	94.3	26.3	47.1	63.3	91.6	283.4

## Medication Safety

The Group has deployed pharmacovigilance management covering the full life cycle from the development of new drugs to the marketing of drugs. The Group has established a comprehensive pharmacovigilance system with reference to international standards, which is equipped with the pharmacovigilance management related data of advanced global pharmacovigilance system to improve efficiency and compliance.

The Group pays continued attention to the requirements and changes of pharmacovigilance related regulations, and assesses the safety of drugs by continuously collecting information to ensure that the clinical benefit of drugs to patients overwhelms the risk of medication.

In 2022, the Group improved its pharmacovigilance operations, pharmacovigilance scientific support, pharmacovigilance compliance and education related functions in terms of organizational construction, process system construction, pharmacovigilance data management system construction, and quality system construction.

In 2022, the Group devoted its efforts to establish the procedures and systems. In accordance with the new and updated domestic and international regulations, in conjunction with its own work experience, the Group newly completed the procedure documents including Management of Safety Reference Information in Investigator's Manuals and Product Brochures, Administration of the Annual Report on Pharmacovigilance for Possessors, Pharmacovigilance Business Continuity Plan, etc., and updated and improved the existing main documents related to pharmacovigilance system and several regulatory documents.

In 2022, the Group continually improved the construction of the pharmacovigilance data management system, strengthened the deployment, setup and training of the advanced global pharmacovigilance system ArisG. The procedure for using the ArisG system is constantly being optimised based on business, expanding the regularity and usability of data export, promoting the application of digitalisation in PV (pharmacovigilance) data processing and improving the efficiency of pharmacovigilance work to a certain extent. On the one hand, the use of the pharmacovigilance system realized the PV process standardization and standardized operation, has the autonomy of data, and improves the data quality. The system makes data scientific, and connects with the data of regulatory authorities and important partners, realizing the electronic submission of PV data. On the other hand, it achieved PV work informatization and data management electronicization of the Group, to improve work efficiency, while meeting international regulatory requirements and the needs of internationalization strategy.

In terms of pharmacovigilance management throughout life cycle, the Group improved scientific support for pharmacovigilance during the drug development phase. In 2022, the Group improved the risk control plan during the research and development period, regular benefits – risk assessment reports/regular update of safety reports, the risk management plan after the drug was launched and the process of preparing a pharmacovigilance annual report, comprehensively enhancing the involvement of the pharmacovigilance department in the new drug application (NDA) process. It also improved the safety

signal monitoring and risk management process, so that the scientific support for pharmacovigilance was provided in a more deeply way throughout the entire life of drugs from research and development to marketing, to better ensure patients' medication safety.

In 2022, the Group continuously improved the construction of its pharmacovigilance quality system. It continued to implement the regular pharmacovigilance communication mechanism for pharmaceutical member enterprises and the mechanism for regular delivery of Pharmacovigilance Newsletters, established the pharmacovigilance field investigation and pharmacovigilance training course mechanism, and transmitted regulations and relevant requirements on internal pharmacovigilance of the Group in a timely manner through a series of measures. In addition, the Group also provided training and sharing of professional knowledge to strengthen communication and interaction among subsidiaries. Through improving the pharmacovigilance training mechanism, we strengthened the pharmacovigilance training for internal staff and external partners, and enhanced the overall pharmacovigilance awareness and working ability of our staff and partners. In 2022, the Group fully supported its subsidiaries' acceptance of pharmacovigilance audit and regulatory inspections by collaborating parties, both achieving satisfactory results.

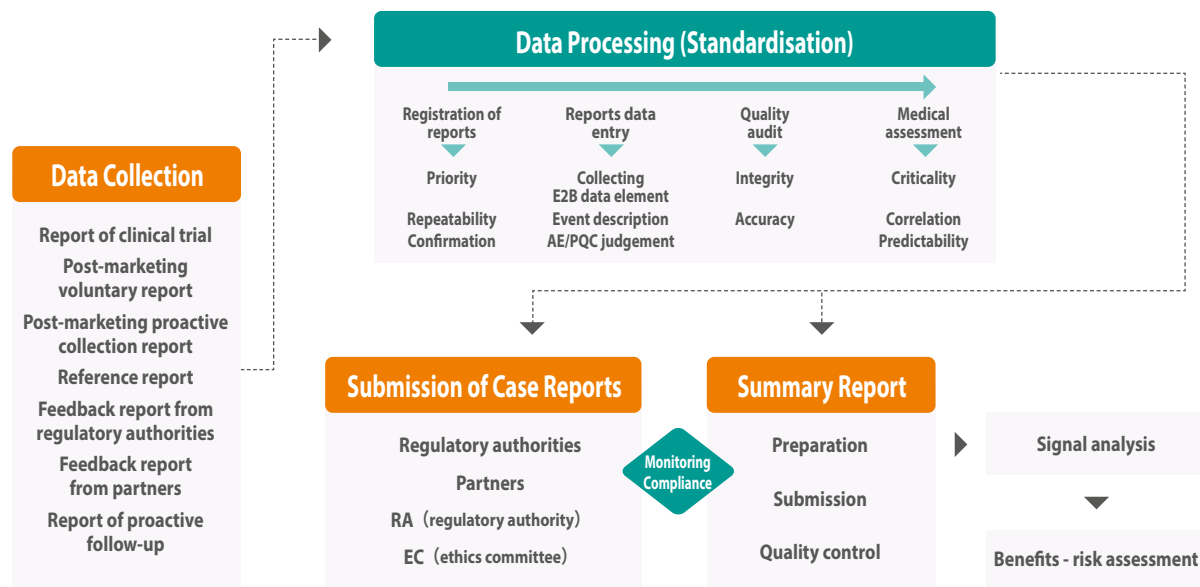
In 2022, in terms of pharmacovigilance, the Group was deeply involved in the project of mRNA vaccine of novel coronavirus pneumonia, and was in charge of the clinical trial of vaccine and the PV work after the vaccine was launched. The Group continuously tested and evaluated the safety and risks signals of the vaccine, and maintained in-depth communication with regulatory authorities in Mainland China, Hong Kong, Macau and Taiwan to make contribution to the smooth operation of the project.

In 2022, the Group strengthened its pharmacovigilance cooperation with domestic and foreign business partners, signed pharmacovigilance agreements that comply with domestic and international regulations, and passed all due diligence and audits on pharmacovigilance. The Group also strictly controlled the safety of imported products to ensure compliance and quality of all relevant pharmacovigilance work.

The Group continued to implement key monitoring on varieties that need special attention and require pharmaceutical member enterprises to regularly summarize the adverse reaction data information of the varieties according to a certain frequency, and conduct analysis and evaluation and signal detection to form written reports, while actively taking measures to formulate adverse reaction risk management plans, promoting them as scheduled, regularly conducting benefit risk re-evaluation and submitting summary analysis reports to the headquarters of Fosun Pharma on time.

Protecting the health of patients and public is the ultimate goal of our pharmacovigilance work. The Group will continue to strengthen the construction of pharmacovigilance system according to international standards to convey patients' medication.





A/E Handling Process



## Adverse Drug Reaction Report

The Group cares about medication and device usage safety for patients and values the strict monitoring and reporting of adverse drug reactions and adverse events of devices as well. In 2022, the Group continued to strictly implement the "Drug Administration Law", the "Pharmacovigilance Quality Management Standards", the "Adverse Drug Reaction Reporting and Monitoring Management System" and the "Measures for Monitoring and Reevaluation Management of Adverse Events of Medical Devices", fully implemented the drug marketing authorization holder system and required each of its pharmaceutical member enterprises to report adverse drug reactions and adverse events of medical devices as soon as they become aware thereof.

Pharmaceutical member enterprises and medical devices subsidiaries implement "zero-reporting" management for adverse reactions and adverse events of medical devices according to the requirements of the adverse reaction monitoring procedures of the Group. That is, pharmaceutical member enterprises shall submit the adverse reaction information sheet to the headquarters of the Group at the beginning of every month even if there is no adverse reaction to report the number and situation of adverse reactions and adverse events of pharmaceutical member enterprises for the current month. For new or serious adverse reactions, reporting must be completed within prescribed

period, pharmaceutical member enterprises are required to report to the headquarters of Fosun Pharma within prescribed period to ensure that all information of adverse drug reactions are collected and handled in a timely manner. In 2022, pharmaceutical member enterprises of the Group, in accordance with the national requirements, collected adverse drug reactions information and reported all the information to the national adverse reaction reporting system in a timely manner with a 100% compliance rate of reporting. Member enterprises strengthened training and expanded the proportion of report of self-collected adverse drug reactions. In 2022, the proportion of adverse drug reaction reports collected independently by the Group in the total reports increased significantly, indicating that member enterprises had better fulfilled the obligation of drug marketing authorization holder and better collected drug safety information, which provided more professional support for patients' medication safety. There were no group adverse reactions events or deaths caused by drugs with quality defects in 2022. In 2022, no deaths or group adverse events occurred with the medical devices manufacturing enterprises of the Group.

Pharmaceutical and medical devices subsidiaries attach great importance to the monitoring and management of adverse reactions and actively arrange relevant training sessions related to adverse reactions and implemented effective risk control measures.

## Product Recall

The pharmaceutical member enterprises of the Group have prepared the "Procedures for Management of Product Recall" in accordance with the "Administrative Measures for Drugs Recall" and other regulations and relevant management systems of China. The member enterprises regularly conduct simulated recall to systematically verify the effectiveness of the existing recall system and ensure that drugs can be quickly recalled in case of quality

concern and to protect consumers' interests. In 2022, the domestic pharmaceutical member enterprises of the Group conducted a total of 9 simulated recall with no actual product recall incident. In 2022, there were no product recall by medical diagnosis or medical devices member enterprises.

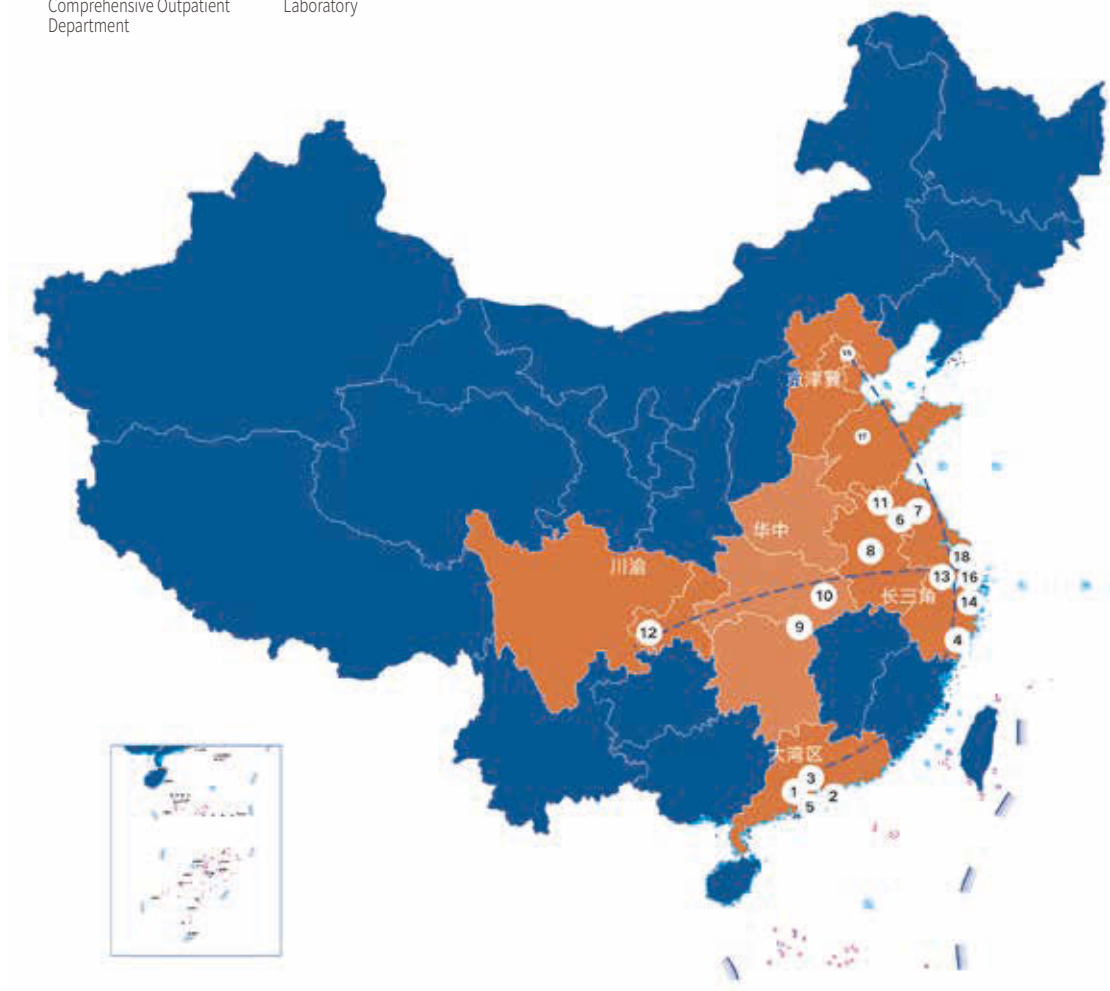
# Healthcare Services Quality and Patient Safety

In 2022, bearing in mind the mission of “Enabling Family a Healthier and Better Living”, the subsidiary Fosun Health attached great importance to the national health demands, and actively fulfilled the objective of “extending the average life expectancy by one year by 2025” put forward in the “14th Five-year” National Health Plan, integrating the corporate mission and national strategy. Putting forward the aim of “happiness +1”, Fosun Health is devoted to providing more service in a better and faster manner for users, assuming the historical mission to promote “Healthy China”, actively fulfilling social responsibilities, and protecting national health. Fosun Health has been fulfilling its social

responsibility from the following aspects, following the medicine-oriented original intention: 1. promoted high-quality medical resources to more patient groups so as to contribute to rural revitalization; 2. strategically focused on the establishment of FHMO (Fosun Health Maintenance Organization) adapted to Chinese conditions, and explored the integration and innovation of “medical care + pharmaceutical+ insurance +healthcare”, in order to make it affordable to patients and their families; 3. further developed the physical medical treatment to ensure the safety of patients.

## Extensive Coverage Layout

- |   |                                      |  |                               |                             |
|---|--------------------------------------|--|-------------------------------|-----------------------------|
| 1 Foshan Fosun Chancheng Hospital                       | 2 Shenzhen Heng Sheng Hospital       | 3 Guangzhou New City Hospital            | 4 Wenzhou Geriatric Hospital  | 5 Zhuhai Chancheng Hospital |
| 6 Suqian Zhongwu Hospital                               | 7 Suqian Rehabilitation Hospital     | 8 Anhui Jimin Cancer Hospital            | 9 Yueyang Guangji Hospital    | 10 Wuhan Jihe Hospital      |
| 11 Xuzhou Xingchen Women's and Children's Hospital      | 12 Shinrong Plastic Surgery Hospital | 13 Suzhou Sungin Rehabilitation Hospital | 14 Sungin Garden Nursing Home | 15 Healstar Health Clinic   |
| 16 Shanghai Zhuorui Comprehensive Outpatient Department | 17 Jinan Xingqi Medical Laboratory   | 18 Starkids Children's Hospital          |                               |                             |



Source: Official website of the Ministry of Natural Resources



Picture: "Speeches by Famous Doctors" was broadcasted live on the doctor side and rural doctor side of Fosun Health APP simultaneously

## Medical Resources were Promoted to More Patient Groups to Contribute to Rural Revitalization

The year of 2022 was a critical year for the comprehensive implementation of rural revitalization. The health of more than 500 million Chinese farmers also affects the achievement of the goal of "Healthy China 2030". In the medical and public health fields, especially diabetes, coronary heart disease, tumors and other chronic diseases, the incidence rate at the grassroots level is on the rise. The majority of rural doctors are elderly, and the average age of rural doctors in many areas is over 50 years old. Rural doctors are the "gatekeepers" of grassroots health and support the "bottom" of health in China. To strengthen the construction of the team of rural doctors, it is necessary not only to improve welfare benefits and career planning, but also to make up for the shortcomings in terms of improving training mechanisms and enhancing business capabilities.

Maintaining kindness, focusing on medical treatment and leveraging technology, Fosun Health has constantly promoted the implementation and operation of the Cloud Guardian Platform, in order to effectively solve the pain points of grassroots medical needs, upgrade rural doctors' intelligence and contribute to rural revitalization by helping village doctors practice efficiently, activating village medical insurance, and conducting online village doctor training, assisting in the prescription of consultations, remote consultation, etc.

In January 2022, the Cloud Guardian Platform launched the electronic version of Pocket Book for Rural Doctors' Diagnosis and Treatment to rural doctors all over the country for free, which will standardize and specialize the treatment and diagnosis process, enhance the diagnosis capability and solve the pain points of grassroots medical needs. The Pocket Book was compiled by Prof. Huo Yong from Peking University First Hospital and Prof. Mu Yiming from the PLA General Hospital as the editor-in-chief together with 30 experts from the

fields of cardiology, neurology, gastroenterology, endocrinology, respiratory medicine, and rheumatology and immunology. We hope that it can be used as the reference book for the daily treatment and diagnosis of grassroots medical staff and used for publicity to the people by grassroots rural doctors.

In August 2022, the open class of the Pocket Book for Rural Doctors' Diagnosis and Treatment – "Speeches by Famous Doctors" was broadcasted live on the doctor side and rural doctor side of Fosun Health APP simultaneously to facilitate rural doctors' in-depth understanding of relevant contents of the book. The first edition was mainly compiled by Prof. Huo Yong from Peking University First Hospital and Prof. Mu Yiming from the PLA General Hospital, who had face-to-face exchange with Wu Guoxing, a rural doctor from Fengjie County, Chongqing City, communicated about relevant knowledge of cardiovascular and endocrine diseases, and shared the original intention of the Pocket Book and the feelings of grassroots doctors.

In November 2022, the live broadcast lessons entitled "Speeches by Famous Doctors" were held at the site of China International Import Expo, where two rural doctors, Li Yayi and Huang Qingwen, met with Professor Peng Yongde from the Department of Endocrinology of Shanghai General Hospital and Professor Feng Bo from the Department of Endocrinology of Shanghai Oriental Hospital in Fosun Health live booth and they had an interactive exchange on topics such as gout and osteoporosis, as well as the difficulties of clinical diagnosis and treatment of rural doctors.

As at 31 December 2022, the Cloud Guardian Platform had issued 223 medical science popularization articles, 134 science popularization videos and 35 live broadcasts of famous doctors, attracting 10,369 registered rural doctors.



## Digital and Intelligent Medical Treatment with Integrated Innovation Contributed to Accessible and Affordable Medical Treatment

Insisting on technological innovation and focusing on innovations and breakthroughs in intelligent medical treatment, Fosun Pharma Group has created the new-generation intelligent medical treatment cloud platform which is the first in the industry to launch double SaaS (HIS-SaaS, internet SaaS) system, which has enabled member hospitals to get rid of the traditional operation mode, broken through the boundaries of different departments, further released excellent medical treatment resources, realized new pattern of intelligent medical treatment in the Greater Bay Area, achieved integrated development of online and offline medical service in and out of hospital before, during and after treatment, and made high-quality medical treatment sources more accessible. Meanwhile, the intelligent consultation platform and active health management service platform have been completed, and the innovative insurance payment platform has been updated, which supports diversified

scenarios and provides affordable medical treatment service for patients.

At the same time, we have established the patient-centered whole disease course management according to the disease journey and user disease course, and offered online and offline service integrating “medical care+ pharmacy + insurance + healthcare” to patients according to patients’ medical demands, protecting the lives of patients through online consultation, offline medical assistance, insurances and health management service. By integrating and exploring the product innovation and services of “medical”, “pharmacy” and “insurance”, Fosun Health provides online consultation service for nearly 20,000 patients, offers convenient online medical treatment to patients, effectively controls disease development, and saves expenses and expenditures for the patients’ families.



### Fosun Health Launched New-generation Intelligent Medical Treatment Cloud Platform Jointly with Winning Health, Which Has Been Fully Applied in Foshan Fosun Chancheng Hospital

The evening of 26 August saw a significant moment for the Inpatient Department of Foshan Fosun Chancheng Hospital (our member enterprise) —the formal launch of the new-generation intelligent medical treatment cloud platform (hereinafter referred to as “cloud HIS”) jointly built by Fosun Health and Winning Health. Cloud HIS is a knowledge-driven innovative medical treatment information system under the digital medical treatment transformation platform based on the “middle-platform” concept.

Based on the above, Fosun Pharma Group’s member hospitals have broken away from the limitations of traditional operation models, and further released high-quality medical treatment resources when the boundaries between different departments are removed. Under such circumstances, excellent doctors can provide service for more specialized hospitals under the Group beyond the single hospital system, and finally help more hospitals realize digital and intelligent department building and comprehensive patient management.

For patients and their families, the complicated medical procedures and difficulties in cross-hospital access have seriously affected the medical experience. The intelligent service of the new-generation cloud HIS has opened up the pre-hospital, in-hospital and post-hospital treatment and diagnosis process and built a closed loop of intelligent medical service, which offers an “invisible attendant” when patients see the doctor. A patient Ms. Wu (pseudonym) said, “With this app, I can make an appointment, wait for consultation, pay the bill, and check the report without having to wait in a long line. If I don’t feel well, I can check myself against the symptoms on the platform.” It has not only solved the dilemma in seeing the doctor, and greatly reduced the time and economic cost for non-local patients. The realization of information circulation and cross-hospital sharing of electronic medical records contributes to the convenient, excellent and efficient medical health service for patients in various places in local hospitals.



Picture: Intelligent medical treatment cloud platform



Picture: Ma Mingguang exchanging the treatment program with BPD children's family members

### Starting from the Pediatric Department and Proficient in BPD | Medical Journey of the Post-80s Pediatric Expert Ma Mingguang

The pediatric expert of member enterprise Fosun Health Ma Mingguang led its team to provide treatment and care for more than 150 BPD (bronchopulmonary dysplasia) children jointly with national medical institutions at various levels. With several years of clinical experience and Fosun Health's innovative and effective treatment and diagnosis model, Fosun Health has provided outstanding in-hospital treatment and off-hospital management for nationwide BPD children.

Among them, Wen Wen (pseudonym), with a birth weight of 900 grams, was the most critically ill BPD child with the lowest weight, youngest gestational age (26 weeks) and longest tracheal intubation admitted to Fosun Health and Guilin Maternal and Child Health Hospital. The child recovered from 7-month-long tracheal intubation through "synchronic treatment of heart and lungs", and returned home for rehabilitation with household respirators.

### Fosun Health Pharmacy Benefit Management (PBM)

Member enterprise Fosun Health Pharmacy Benefit Management Program provides patients with pharmacy benefits and health management services. By the end of December 2022, it had saved RMB36.99 million of treatment

costs for 4,680 patients with ITP, RMB6.64 million for 1,153 patients with lymphoma, and RMB25.54 million for 2,286 patients with colorectal cancer.

### Innovative Payment Program for Cyber Knife

Fosun Health, together with its member hospital Foshan Fosun Chancheng Hospital, has introduced the world's latest stereotactic radiosurgery technology, "Cyber Knife Therapy" to patients through an innovative payment method, offering

patients with an expense reduction as much as RMB20,000, and providing high-tech medical products for more patients with benign and malignant tumors.



## Further Development of Physical Medical Treatment Ensured Patient Safety

Fosun Pharma Group adheres to the concept of “care for life and protection of health” and the eternal principle of keeping patients’ interests utmost. Following the principle of “centered on patients’ safety and medical treatment quality”, the member hospitals provide world-class expertise, innovative services and health management for every family by constantly enhancing the clinical care service capability. The most professional medical treatment network has been built in the industry ecosphere

of important regions such as the Greater Bay Area and the Yangtze River Delta. While deepening the layout, Fosun Pharma Group has combined the advantages of each member hospital, mainly built the international quality safety system, strengthened the building of disciplines and specialty alliances, enhanced the innovation in science & technology and high-level clinical technology, and consolidated the strength of medical treatment.



Fosun Health has

## Enhance the Connotation of Disciplines and Promote the High-quality Development of Group-run Medicine

Relying on the advantages of Fosun Pharma Group, we continue to make great investments in the hardware and software of member medical institutions, promote the building of “specialty alliance”, enhance the rapid multi-discipline development of member medical institutions, improve the medical service capability, and focus on the hospital level appraisal, key discipline building and talent team cultivation in response to the national strategy of “Healthy China”. By the end of 2022, the member hospitals, and Huaihai Medical Management, which has a stake in Fosun Healthcare, have been awarded six provincial vital specialties and 46 municipal key specialties. For the fifth consecutive year, Foshan Fosun Chancheng Hospital was awarded the top ranking of China’s private hospitals, and the hospital has established the Foshan Clinical Medical School of Guangzhou University of Traditional Chinese Medicine, as well as the Clinical Skills Simulation Center. The construction of key specialties has been vigorously promoted. Currently, the member hospitals have five chest pain centers, two reproductive medicine centers, four stroke treatment centers, two trauma centers, one treatment center for critically ill children and newborns, two rescue centers for critically ill pregnant and lying-in woman, and seven internet hospitals.

In 2022, Foshan Fosun Chancheng Hospital completed the declaration of key specialties of Foshan 14th Five-Year Plan; the Baiyulan Building was put into full use, and the obstetrics and gynecology, pediatrics and breast surgery departments were fully occupied; the cyber knife was put into full use; the da Vinci robot obtained the national

configuration certificate; the hospital completed the Triple A and JCI review. The Department of Neurology of General Hospital of Xuzhou Mining Group was approved as the “National Parkinson’s Disease Standard Center”, the Reproductive Center was approved for the IVF-XIN technology project, and Xuzhou City-level Emergency and Critical Maternity Treatment Center was established. Suqian Zhongwu Hospital Biocell Diagnostic Center was approved as Suqian Biocell Key Laboratory, and honored as “Geriatric Friendly Hospital”. Meanwhile, the government agreed to establish a tertiary specialty hospital, which was included in Suqian 14th Five-Year Plan and reported to the province. Also, the team of Zhejiang Trauma Repair and Transformation Center and Fosun Health established Xingkun Doctor Group and landed the first doctor group project in Wenzhou Geriatric Hospital, which was started operation in June.

In terms of scientific research, the member hospitals obtained nine provincial projects and initiations, 38 municipal initiations, six provincial awards for new technology introduction; eight national further education initiations; 39 provincial initiations and published more than 47 SCI papers. Guangzhou Xinshi Hospital obtained an international patent: “Standardized Treatment and Diagnosis of Programmed Inactivation of Tumor Bioactivity” passed the patent of Luxembourg Government Intellectual Property Office, and won the first prize of scientific research of Guangdong Provincial Health Care Commission and the third prize of Guangdong Provincial Science and Technology Progress.

**18** holding member hospitals

Authorized beds



**6,333**

(as of 31 December 2022)



## Patient-centric, Improving Medical Quality, and Ensuring Patient Safety

Fosun Pharma Group consciously fulfilled its social responsibility and led all member medical institutions to strictly implement policies, actively participated in work, and tackle with inadequate medical resources in response to the challenge.

The quality and safety management of the member medical institutions of the Group is generally in good condition. The Operation Management Department focused on the medical quality and security, conducted supervision, regulation and correction of the member medical institutions through adverse events. As compared with 2021, there were obviously fewer adverse events (especially Grade I and II adverse events) in member hospitals. In accordance with the national standards for special inspections of private hospitals, the Group strengthened the supervision of medical institutions, enhanced safety management, carried out several overall inspections, in order to eliminate hidden hazards of medical treatment, further consolidate the foundation of medical quality and safety management, improve internal construction, enhance the construction of quality control system, and make the medical behavior of member hospitals more reasonable, compliant and legal.

No major deficiencies were found in unannounced investigations of national and provincial medical insurance operation on member medical institutions, and the operation of medical insurance was in good condition, which was in line with the requirements in the "Medical Insurance Management Responsibility Letter". Foshan Fosun Chancheng Hospital insisted on a long-term mechanism of responsibility management at the hospital and department levels. It implemented a reward and punishment system linked to the annual evaluation of medical ethics and merit pay. The "Medical Insurance Joint Conference System" was implemented continuously, and a team of medical insurance price commissioners in the department was added to regulate the medical insurance charging behavior. At the same time, the development of key specialties was supported,

and the medical insurance policy was tilted toward new technologies and projects. The preliminary test of DIP management software was completed and the trial operation was conducted. The solvency ratio was measured and feed back to the department at the end of each month for rectification.

The organizational structure of medical quality management has been continuously improved. In 2022, Fosun Health Group adjusted and improved the medical quality and safety committee system, gave full play to the committee's supervision and management functions, led the hospital's quality management committees to carry out their work normally, and ensured the continuous improvement of the overall medical quality. Foshan Fosun Chancheng Hospital has passed the latest version of JCI accreditation with high scores. The reporting rate of single disease management was 100%, adverse event management was 100%, PDCA was adopted, and clinical pathway management has covered all hospital clinical departments with a total of 200 diseases, and the pathway rate and pathway completion rate have reached the national requirements. Yueyang Guang Ji Hospital completed the establishment of the national basic-level chest pain center. Chongqing SHINRONG Plastic Surgery Hospital has one national further medical education project and eleven patents. "Chinese Medical Aesthetic Training Project" was launched and operated, and a national academic conference was successfully held. Huaihai Medical Management won the second prize in the 10th National Quality Management Circle Competition, achieved 1 second prize, 2 second prizes of Jiangsu Province and 1 third prize; 2 first prizes and 1 second prize in the Innovation Competition of Chinese Smart Hospital Application Cases; 1 second prize and 1 excellent prize in the 7th Asian Medical Quality Improvement and Innovation Competition. Two nursing quality management circles of Suqian Zhongwu Hospital won the second prize in the provincial competition.

## Improving Nursing and Serving Quality to Protect Patients' Interests

In 2022, each member medical institution under Fosun Pharma Group ensured nursing safety and provided a quality and safe hospital environment for patients centered on the concept of promoting high-quality nursing development in a multiple manner.

In terms of nursing service system building, we created and optimized nursing service systems including departmental operation task force, 6S management, and departmental drug management task force. At the same time, in order to improve the service quality of member hospitals and increase the recognition and popularity of the industry, the Group analyzed and investigated the current situation of the service capacity of each member hospital and strengthened the development of nursing information technology; improved and innovated in nurse deployment, job training, performance appraisal, quality improvement, discipline construction and process transformation. According to the national nursing quality data platform, the median percentage of national nursing senior titles in the country in 2021 was 4.6%, while the proportion of nursing senior titles in each member medical institution of Fosun Health Group in 2022 was as high as 5.7%, far exceeding the national average.

In terms of nursing scientific research and discipline capability, Fosun Pharma Group has taken targeted measures to improve the shortcomings and enhance the competitiveness of member hospitals. According to the work needs of each member hospital, we organized remote academic conferences and on-site training; strengthened scientific research collaboration, jointly published academic papers, jointly carried out scientific research projects, and applied for various projects of School of Nursing, Fudan University, national and provincial projects. We accumulatively obtained 61 national patents; held 204 provincial academic posts, nearly five times higher than last year; opened nursing specialist clinics, famous nurse workstations, specialist nurse training bases, and senior nursing management seminars.

At the same time, in order to create care without limitations and enhance patients' experience, member medical institutions have improved their nursing service capabilities, extended the scope of home services, and carried out integrated nursing services such as post-visit health management, community, nursing home, emergency alarm system, physical rehabilitation for the disabled, internet + nursing services, and extended nursing care at home.

## Voluntary Diagnosis and Public-welfare Assistance

Relying on its advantages of physical medical institutions, Fosun Pharma Group engaged in medical treatment for special diseases based on grassroots hospitals, allowing doctors to help the disadvantaged group in the sunken

region in the community, relieving the difficulty in seeing the doctor, enhancing citizens' health consciousness and quality, popularizing the health knowledge, and actively lifting the happiness index of people's lives.





## Cases



### Voluntary Diagnosis of Member Hospitals

In order to build a solid foundation for grassroots health, member hospitals of Fosun Health not only strengthened the discipline construction, but also conducted more than 200 public welfare diagnosis activities, providing service for over 700,000 people in several regions such as Beijing-Tianjin-Hebei, the Yangtze River Delta, the Greater Bay Area, Central China, Sichuan and Chongqing, etc., and receiving unanimous recognition among citizens.



### Chongqing SHINRONG “Twinkling Stars” Public Welfare Program

The “Twinkling Stars” Public Welfare Program of Chongqing SHINRONG Plastic Surgery Hospital, the member hospital of Fosun Health, continuously carried out public welfare assistance. The aesthetic public welfare activities helped patients in need return to normal life out of difficulties through operations and medical aid, and accumulatively rescued eight patients in need with a total rescue amount of nearly RMB700,000.

## Responsible Marketing

Customers are the key component of the commercialization for domestic marketing platform of Fosun Pharma Group, including patients, doctors, distributors, agents and medical experts. Fosun Pharma Group's mission is to achieve "Better Health for Families Worldwide" and is committed to providing high-quality products and services for customers around unmet medical needs. The Group continues to maintain good communication with its customers and understand their needs and expectations continuously, timely and accurately, in order to build trusting customer service relationships and smooth communication bridges, and to continuously enhance customer value. At the same time, the Group will continue to explore intelligent marketing

platform, make use of the Internet and other means to deeply empower, integrate the Group's global resource and unlock synergistic value of Fosun Pharma to optimize customer service experience and provide customers with more health solutions.

At the beginning of 2023, Fosun Pharma issued the Responsible Marketing Policy of Fosun Pharma Group, further standardizing the responsible marketing behaviors of Fosun Pharma Group, and ensuring the compliance with relevant laws, regulations and business ethics during the communication with relevant stakeholders, promotion and marketing of the Group's products and services.

## Compliance Operation

In the past year, Fosun Pharma Group has realized development based on compliance, motivated the internal management with external compliance requirements, established the overall compliance system, and completed the Compliance Management System Report of Domestic Marketing Platform 2.0 in combination with the international standards, industrial specifications and strategic deployment requirements of the Company, covering "strategic vision, compliance organization structure, three lines of defense of compliance management, compliance management system contents and modules, compliance management mechanism, compliance management guarantee system", etc. Moreover, Fosun Pharma Group strengthened the corporate governance system, reinforced the in-process and post-process management and realized closed-loop compliance with legal compliance risk list 1.0- developed into the compliance risk list of the "self-operation, CSO, retail and e-commerce" marketing operation modes in terms of modules of "anti- commercial bribery, anti-monopoly, fiscal and tax compliance, medical compliance, drug

advertisement and information security", while also promoted the construction of long-term compliance management mechanism, improved the risk management system and mechanism, constantly enhanced the level of internal control compliance, continuously consolidated foundation for compliance operation, persevered in learning and sharing, and realized continuous growth and innovation, so as to secure the high-quality development of the Company.

The Group specify the product ingredients, composition, usage, expiration date and other potential environmental or social effects on the external packing/ specification.

During the reporting period, the Group was not aware of any events in violation of the product and service information and logo regulations and/ or voluntary rules. The Group was not aware of any events concerning the regulations and/ or voluntary rules of marketing communication (including advertisement, promotion and sponsorship).

## Customer Management System

With the upgrading of the industrial structure, each member enterprise of Fosun Pharma Group has constantly improved the CRM (customer relationship management) system based on its actual situation, realized functions such as assisted diagnosis and treatment, and precise matching of doctors and patients to retrieve the previous diagnosis and treatment records of similar diseases in massive resource pool through medical big data computing and artificial intelligence and professional medical research support in various fields, then provided better and more efficient diagnosis and treatment proposals by comparing and analyzing patients' conditions, introduced leading medical treatment

and disease management models throughout links such as clinical treatment, management and operation, and determined the management upgrading and transformation such as the treatment strategy, implementation standards and refined management and control centered on patients' demands to help customers and benefit patients. At the same time, each member enterprise conducts customer satisfaction surveys, analyzes customer needs through questionnaires and customer interviews, identifies customer needs and expectations and provides differentiated services and more health solutions according to the needs of different customers.



### “Star Love Package for Household Medical Aids”

In 2022, in order to meet patients' online medical needs, popularize health knowledge, improve people's health literacy, and help patients get timely and effective medical assistance, Fosun Pharma Group, with the support of Shanghai Fosun Foundation's Fosun Pharma Star Love 121 Project and people-health.cn, has launched a large-scale health education project of “Star Love Package for Household Medical Aids” to provide online medical protection and medical services for the general public through online charity clinics, science education and other activities, helping improve the public ability in

disease prevention, emergency rescue, rational drug use and health management. The project launched more than 200 live science activities from April to June 2022, covering rare diseases, renal diseases, diabetes, high blood pressure, tumors and other fields, and inviting nationwide authoritative experts in immunology, neurology, oncology, endocrinology and other fields to popularize science and answer questions, which not only gave full play to Fosun Pharma's professional advantages, but also applied “digital intelligence” in public welfare activities to return the society.

### Simplifying the Psoriasis Treatment with Oral Medication



Picture: Health Guideline Manual of Psoriasis Patients in China 2022

In recent years, with a deeper understanding of psoriasis, it has been clinically discovered that the damage brought by psoriasis to patients is not only limited to the disease itself. Among more than eight million patients with psoriasis in China, nearly 85% of them have moderate to severe psoriasis, and most of them have specific manifestations and co-morbidities such as cardiovascular disease, metabolic syndrome and psoriatic arthritis. Fosun Pharma Group has been working in the field of autoimmune diseases, including psoriasis, for many years, understood the urgent need of Chinese patients for better treatment solutions. This year, the oral PDE-4 inhibitor Otezla® (Apumisite tablets), introduced by Fosun Pharma Group, has made a breakthrough in the treatment of inflammatory diseases such as psoriasis and atopic dermatitis. And it has mild clinical adverse reactions, appearing only during the initial treatment phase. In addition, it has no significant hepatic or renal toxicity or bone marrow suppression, not to mention the absence of tuberculosis relapse. It is friendly to patients with hepatic or renal insufficiency and women during pregnancy, and has received a much higher overall clinical evaluation than traditional hormonal drugs and traditional immunosuppressants, making it a front-line systemic treatment option for adults with moderate to severe psoriasis. When Apumisite is released, Fosun Pharma released the “Health Guideline Manual of Psoriasis Patients in China 2022”, which addresses the unmet needs of psoriasis patients and provides more comprehensive health guidelines for psoriasis patients in China under the new context from six dimensions such as awareness promotion, prevention first, standardized consultation, rational treatment, progress control and life management. At the same time, we call on all walks of life to pay attention to psoriasis, give psoriasis patients more support and understanding, and help them return to their families and society - to get out of the “psoriasis” shadow and realize mental and physical health.

## Customer Complaints

The pharmaceutical member enterprises of the Group highly value the reasonable needs of users and continuously strengthen the handling of customer complaints. Such subsidiaries set up dedicated personnel for this regard and the complaints hotline can be put through around the clock. They also have built a customer complaint and consulting system. The subsidiaries record complaints to every detail and give a satisfactory reply to customers with thorough explanation after investigation, analysis and responding actions. They also record the batch number of the products in question. The handling of complaints is led by our subsidiaries' quality control department and supported by relevant functional departments. Complaints are replied to and resolved adequately within a prescribed period. Remedial and preventive actions will be implemented to ensure high customer satisfaction. In 2022, the pharmaceutical member enterprises of the Group at home received a total of 39 complaints related to product quality, and all of which were replied to and handled with the active effort of subsidiaries.

The medical device subsidiaries of the Group value product quality and handling of product complaints. Full-time product managers or marketing personnel are responsible for recording of the complaints related to product quality and other problems. Fulltime processing staff for product complaints will obtain the detailed information about the complaints by end users about product problems via telephone or on-site service and report to the management representative or quality manager after determining the reason for the complaints through a preliminary assessment so as to earnestly conduct investigation and handle the quality defects. All relevant complaint records and investigation information are summarized and registered in time to carry out corrective and preventive measures. In 2022, a total of 99 customer complaints related to product quality were received, all of which were responded, and the response rate of user complaints was 100%.



# Information Security and Data Protection

Fosun Pharma Group has always attached great importance to information security and data protection, and has continued to strengthen its information security infrastructure and build a network security ecology by improving its information security management system and technical deployment while thoroughly implementing relevant national/regional laws and regulations, so as to comprehensively

improve the Group's information security and data protection capabilities in the post-epidemic era and eliminate the hidden security risks brought about by the Group's continuous progress in informationization and the application of new technologies such as big data in the medical field.

## Information Security

In 2022, Fosun Pharma Group updated a number of security products and devices, newly deployed a vulnerability scanning system in the backbone network, and regularly scanned and fixed vulnerabilities in infrastructure devices and application systems, greatly improving the Group's ability to resist internal and external security threats. In addition, we introduced a third-party security service provider to monitor information security devices and systems 24 hours a day, so that security alerts can be received and handled promptly. At the same time, the Group continuously strengthened employees' awareness of information security and organized information security awareness training and propaganda in various forms. The Group also participated in the classified and graded network security inspection of industrial Internet enterprises led by the Economic and Information Commission and organized

by the Ministry of Industry and Information Technology, and was assessed as a Level 2 enterprise. In 2022, the Group further improved the information security system construction work, passed the ISO27001 accreditation and obtained the CNAS and UKAS accreditation certificates. We optimized 28 management systems and 19 work guidelines, including information security policy and information security incident management, and achieved all-round security and stable operation of the Group's information system through process optimization and implementation of various services to ensure the smooth operation of the Group's businesses and help serve the society and customers.

## Data Protection

In 2022, with the increasing data dependence, the DT+ Department of Fosun Pharma Group issued the Data Security Administrative Regulations in combination with core laws, regulations and self data management requirements in the information security field such as the Cybersecurity Law, the Data Security Law, the Personal Information Protection Law and the Regulations on the Administration of Network Data Security, and carried out safety management in various phases such as data acquisition, transmission, storage and usage, in order to reduce the data leakage risks and lay foundation for the construction of data security system covering the whole life cycle and usage scenario of data in the Group. Fosun Pharma Group

maintained security protection for private data, both on the online Internet platform and offline hospitals, and desensitized sensitive data. At the same time, we updated the privacy protection policy of online internet platform by adopting login authentication and transmission encryption to better protect customers' private data. Throughout the year, the Group did not receive any complaints about user privacy leakage, nor had any data leakage. It fulfilled its social responsibility and obligation as a leading medical and health care industry group in China.

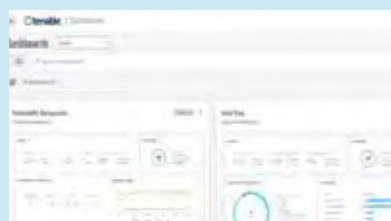




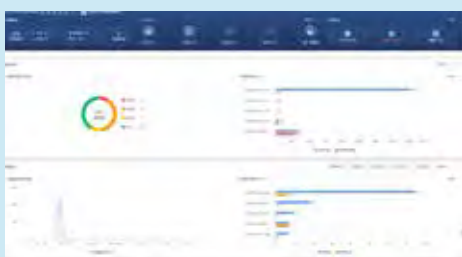
## Information Security Protection Measures



Picture: 24h information security monitoring platform



Picture: Safety vulnerability scanning platform



Picture: Terminal virus prevention system

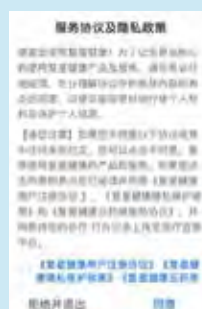


Picture: Network access system

## Privacy Protection Measures



Picture: Access control and authorized access for hospital wards



Picture: Online application of privacy protection policies



Picture: Protective display of patients' information in public places of the hospital



Picture: Protected patients' information on the internet platform



# Responsible Supply Chain

## Win-win sustainable business partnership

Fosun Pharma Group adheres to the procurement principle of “openness, transparency and quality first”, and works with upstream and downstream supply chains to build harmonious partnership. It advocates and promotes the green and healthy development of the industry supply chain, to create a sustainable business ecosystem, complement each other’s advantages, and be mutually beneficial, thus finally achieving the goal of win-win cooperation.







We continue to promote green supply chain project. As of the end of 2022, the Group implemented **434** green supply chain audits to suppliers

In 2022, the Group implemented **23** green supply chain audits to major suppliers, and implemented green supply chain audits to **11** raw materials and **8** packaging materials suppliers



Establish an annual quality review system for suppliers to ensure drug quality and safety from the source

In 2022, member enterprises of the Group rejected **103** suppliers



With “openness, transparency and quality first” as the procurement principle, the suppliers of Fosun Pharma Group are located in more than **30** provinces, municipalities, autonomous regions or special administrative regions in China and many overseas countries



To continuously promote lean management of the supply chain, Fosun Pharma Group emphasizes supply stability, agility, and synergy in the end-to-end supply chain



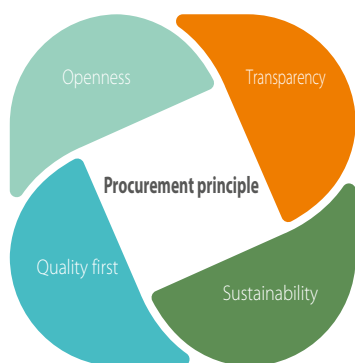
# Supplier Management System

Fosun Pharma Group adheres to the procurement principle of “openness, transparency and quality first”, and works with upstream and downstream suppliers to build harmonious partnership, create a sustainable business ecosystem, complement each other’s advantages, and be mutually beneficial, thus finally achieving the goal of Sustainable Partnership. The Group strictly abides by relevant national and local laws and regulations. By establishing a sound procurement and supplier management system, it reduces procurement risks, saves procurement costs, and improves management efficiency, creating value for the Group’s sustainable development. The Group

actively explores and promotes the construction of a “localized and multi-sourced” supply system to enhance its sustainability and stability.

Fosun Pharma strictly implements the procurement system that has been issued, perfects the current management system, and further standardizes procurement management. Fosun Pharma Group institutionalizes supplier evaluation, and evaluates suppliers in terms of quality, EHS, etc. At the same time, it uses information technology to identify suppliers that violate regulations and keeps a blacklist of suppliers to continuously strengthen the risk control system for supplier management.

Fosun Pharma continuously promotes the strategic common procurement of materials within the Group/centralized procurement to empower value chain, and further optimizes the purchase management of the Group in terms of quality, supply stability, cost control and efficiency optimization to empower member enterprises.



## Supplier Integrity Management

In order to further standardize supplier management and improve the quality of supplier services, on the one-chain network procurement platform established by Fosun, the supplier information is subject to structured management, and third-party credit reports are introduced during the tender process based on actual conditions. In 2022, the Group published a code to regulate suppliers’ conduct with respect to integrity and sustainability. It requires suppliers not to disrupt the normal procurement organization order in participating in the procurement process or to seek benefits by improper means such as falsification, malicious fraud,

etc.. It is prohibited to conduct acts in violation of laws, regulations and rules, etc., without proper reasons, including failure of contract performance. For suppliers’ violation of the principle of integrity, different punishment measures including warnings and bans have been formulated. For serious cases, cooperation will be permanently prohibited. In order to monitor suppliers’ behaviors, we have announced complaint channels, hoping that more stakeholders will participate in the supervision and build good business practices with us. The Group handled 41 violations of suppliers in 2022.

## Compliance Management of Suppliers

All member enterprises of Fosun Pharma Group have formulated their supplier management procedures and established the supplier quality annual review system, adopting the principle of fair price competition, tendering for purchase and quality-first. The member enterprises perform various supplier audits (such as on-site quality audits, questionnaire audits and phone audits) prior to determining a qualified supplier, to ensure the quality and safety of drugs at the source.

In terms of supplier management, the member enterprises of the Group adopt supplier audit procedures, supplier management regulations, quality agreements entered into with suppliers, supplier assessment guidelines, etc. to facilitate the scientific assessment of suppliers in terms of qualification, production site, production technique standards, and quality assurance systems, etc. The Group implements classification management for suppliers based on the risk about suppliers’ the

influence of supply of goods on product quality. Prior to the commencement of supply by a new supplier, the member enterprises of the Group perform audit on the supplier’s qualification, quality system, production process and operation of production site, perform quality testing and trial experiment on the sample received, and conduct further validation of production process, stability testing and filing of the supplier. The supplier must meet all requirements to be qualified. During the supplying period, comprehensive assessment is conducted on suppliers’ quality, delivery time, and service attitude. In case of problems, the member enterprises will communicate and exchange with and provide feedback to suppliers, in order to urge suppliers to make necessary quality improvements. The suppliers whose quality does not meet requirements will be subject to downgrading, rejection, etc. In 2022, the member enterprises of the Group rejected 103 suppliers.

## Geographical distribution of suppliers of domestic pharmaceutical member enterprises of Fosun Pharma Group in 2022

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

## Review of suppliers of major pharmaceutical member enterprises of Fosun Pharma Group in 2022

	Wanbang Pharma	Yao Pharma	Avanc Pharma	Red Flag Pharma	Aleph	Erye Pharma	Guilin Pharma	Shanghai 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
Number of suppliers under annual review/Number of suppliers involved in business for the year	64.4%	71.5%	87.2%	63.2%	55.9%	58.2%	100.0%	100.0%

Note: The data of Wanbang Pharma, Yao Pharma, Erye Pharma and Shanghai Henlius include the data of all member enterprises within the system;

Member enterprises reviewed core suppliers, such as suppliers of raw and auxiliary materials and internal packaging materials;

Some member enterprises did not carry out annual reviews for suppliers who have been purchased less than three batches of products.



# Sustainable Supply Chain Management

The Group values the construction and investment of sustainable development of the supply chain. Through the implementation of lean supply chain projects and green supply chain projects, the Group has enhanced the competitiveness of the supply chain, and made good achievements in

terms of ensuring supply, improving efficiency, and building green supply chain ecology. It expects to promote innovation in business management and build a benign ecosystem composed of customers, enterprises and suppliers through exploring innovations and changes in the supply chain.

## Sustainable Supply Chain Management

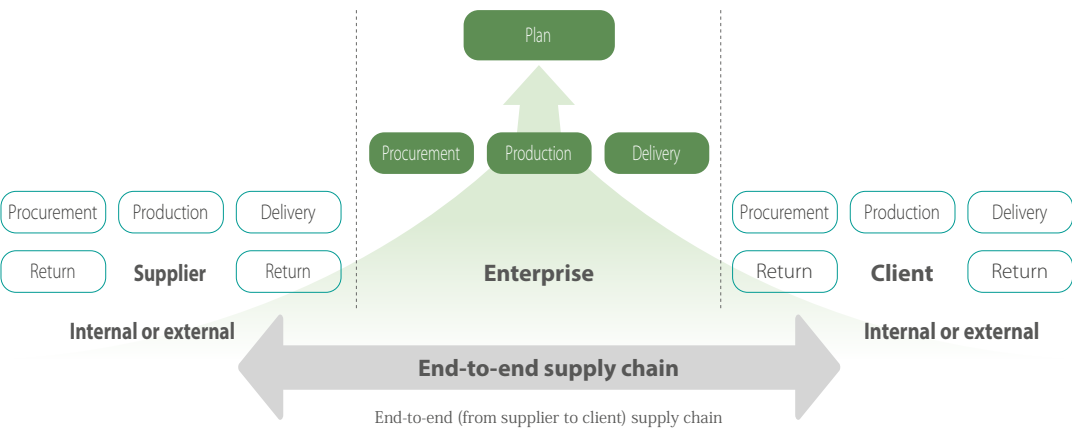
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## Lean Supply Chain

Fosun Pharma Group has continuously deepened its operation excellence (FOPEX) in terms of scope and influence and made overall planning starting from the supply chain based on production management and service system in compliance with international standards. Since 2018, it has started the integration, optimization and lean management of the supply chain. Taking Gartner as the benchmark, the Group realized overall optimization, covering four pillars of the supply chain, i.e. procurement, plan, production and logistics, supplemented by relevant other business management.

Fosun Pharma Group strives to achieve quality, low price, agile and stable supply. In terms of quality, it strictly controls the quality of incoming materials, processes and finished products from suppliers to the manufacturing process. In terms of cost, cost reduction and efficiency enhancement are achieved by reducing the cost of raw materials, auxiliary materials, packaging materials and centralized procurement and lean production. In terms of agile and stable supply, it coordinates end-to-end plans, makes rapid response to market fluctuations, and makes lean optimization of production and release cycle, in order to reduce the delivery time to the largest extent.



In 2022, the member enterprises achieved outstanding achievements in terms of the lean supply chain.

Through system analysis of the end-to-end supply chain process, Erye Pharma has reduced overall amount of inventory and overall inventory turnover days by improving sales accuracy, reducing the inspection cycle of raw and auxiliary materials, and reducing the inventory amount of Class A finished goods.

Yao Pharma has reduced overall inventory levels, shortened delivery cycles, and improved inventory turnover through a comprehensive diagnosis of

the end-to-end supply chain by optimizing Class A material procurement cycles, integrating core product packaging forms and optimizing production cycles.

Wanbang Pharma has conducted system data analysis and measurement in terms of inventory turnover, and conducted system measurement and analysis by focusing on the core varieties and core materials that occupy capital, so as to find the best improvement plan and implement it, thereby ultimately achieving effective improvement of inventory turnover.

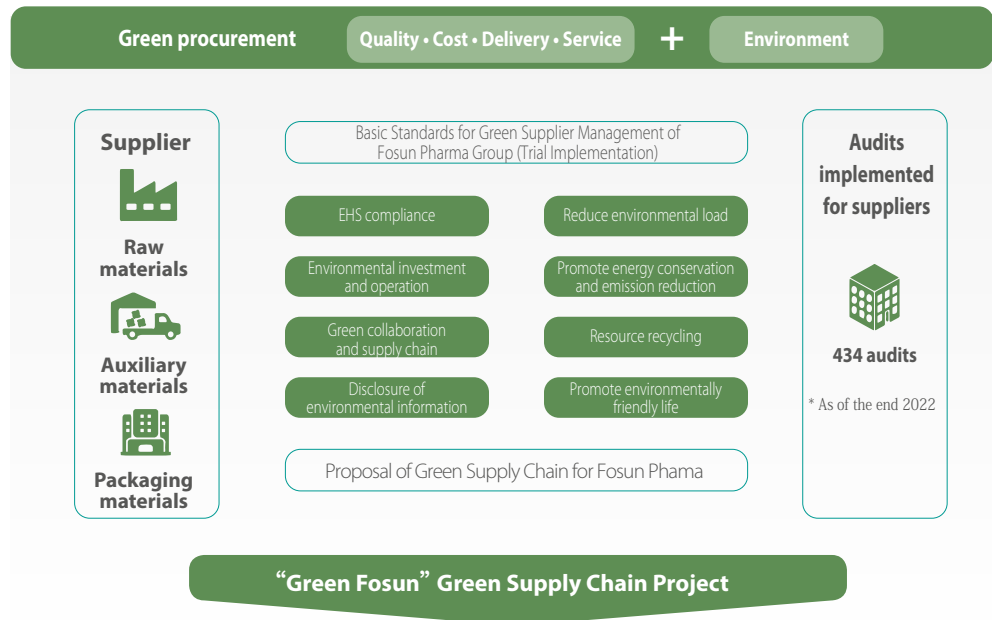


## Green Supply Chain

Fosun Pharma Group has dedicated to green supply chain for years. It also guides Fosun Pharma and the member enterprises to raise EHS standards and to promote the supply chain ecology healthier and more sustainable in the industry. With an emphasis on “environmental awareness” and “economic development”, Fosun Pharma Group aims to jointly achieve sustainable development of the industrial chain. Fosun Pharma Group hopes to work closely with outstanding partners to build a responsible supply chain system and make the whole industry supply chain more sustainable and greener by leveraging on innovative ways of sustainable partnership.

As of the end of 2022, the member enterprises of Fosun Pharma Group implemented 434 audits on the green supply chain to their suppliers. In 2022, member enterprises of the Group implemented 23 green supply chain audits for its major suppliers and carried out green supply chain audits on 11 and 8 suppliers of raw materials and packaging materials, respectively.

Category	Audits implemented for suppliers in 2022
API	11
Packaging materials	8
Auxiliary materials	2
Consumables	1
Equipment	1
Total	23





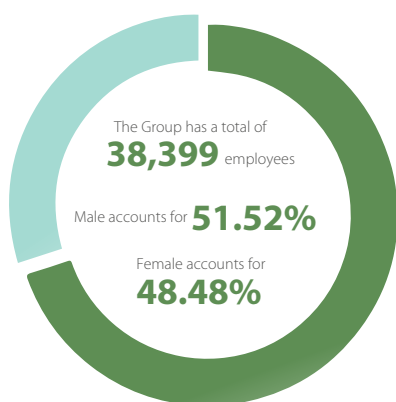
# Responsible Employer

Attract people by development, appraise people over performance, train people through works, and unite people with career opportunities

“Attract people by development, appraise people over performance, train people through works, and unite people with career opportunities” is the talent development strategy of Fosun Pharma Group. While proactively attracting external outstanding talents, Fosun Pharma Group focuses on strengthening internal cultivation and promotion and has built a talented team of corporate culture and entrepreneurship, building the talent highland of the Group.







Employees under the age of 40 account for nearly **72.02%**



The Group's overseas employees reach **6,426**

and are distributed in the United States, Switzerland, Poland, India, France, Israel, Cote d'Ivoire and other countries



**586** employees holding doctorate degrees,

representing a year-on-year increase of **↑29.65%**

**4,989** employees holding master's degrees,

representing a year-on-year increase of **↑13.41%**



In 2022, the Group reported **zero** confirmed occupational disease, **zero** major injury incident, rate of lost time injury case of **0.101**, representing a year-on-year decrease of **↓40.6%**, recordable incident rate of **0.202**, representing a year-on-year decrease of **↓43.1%**, EHS training hours per employee of **15.37**, the number of EHS training per employee of **9**



Fosun Pharma University continues to carry out the four major series training programs, namely "New Employee Series", "Leadership Development Series", "Professional Development Series" and "Common Skill Series"



# HR Strategic Objectives and Policy Objectives

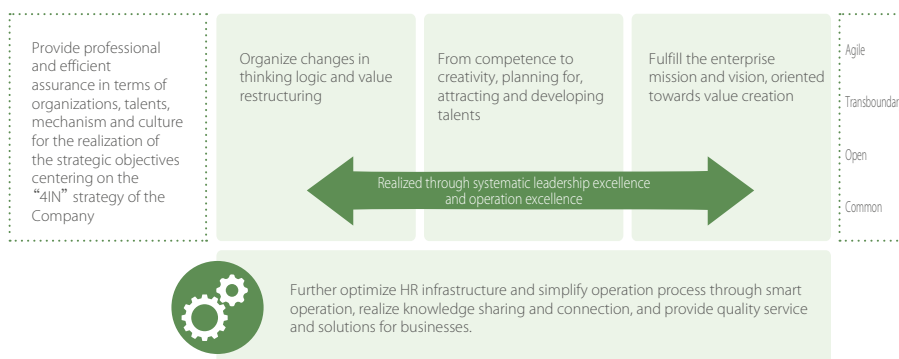
By taking the “4IN” strategy of the Company, HR objective is to promote organizational reform, provide professional and efficient assurance in terms of organizations, talents, mechanism and culture for the realization of strategic objectives, and promote the sustainable development of talents.

In terms of HR strategy, Fosun Pharma Group has established and improved the HR management system comprising selection, training and retention and also promoted the establishment of top-level mechanisms such as partners and cadre management in an active manner and global organizational assurance according to the Company's development since 2008. In addition, HR management team of Fosun Pharma has implemented the globally leading HR management model namely “Tri-pillar” : HR business partners cooperate with each segment and enterprise to manage their controlled enterprises; HR professional

teams are in charge of the HR work of the Group; teams responsible for talent cultivation and consulting team are to enhance the HR management level of the enterprise.

Fosun Pharma Group regards employees as the most valuable assets, and highly values the development and training of talents. Based on the concept of serving the Company's strategy and corporate culture, it promotes the common growth of employees and the Company by helping employees improve work performance and personal capabilities. Adhering to the combination of external introduction and internal training, Fosun Pharma Group proactively attracts outstanding external talents. At the same time, it has always focused on strengthening internal training and upgrading, on creating an entrepreneurial talent team that recognizes the Company's cultural values to build a talented highland for the Group.

## Fosun Pharma Group HR Strategy



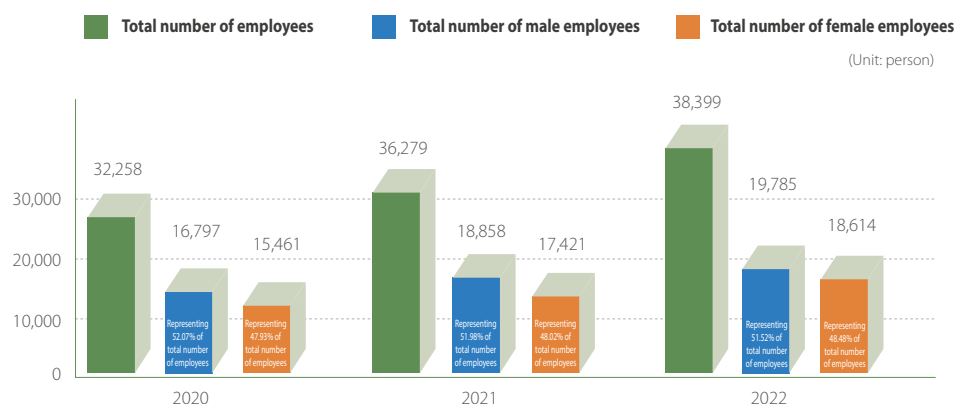
## Talent Value

“Attract people by development, appraise people over performance, train people through works, and unite people with career opportunities” is the talent development strategy of Fosun Pharma Group. The Group is committed to continuously training talents with outstanding performance and high potential, bringing together

the world's most entrepreneurial talents: who identify and practice the cultural values of Fosun Pharma Group and are featured by self-motivation, rapid learning and continuous value creation.

## Staff Structure

As of 31 December 2022, the Group had a total of 38,399 employees, representing an increase of 5.84 % as compared to 2021.



### Younger talents

The Group attaches great importance to young talents and constructing a new generation of talent team. In order to better match the Group's future business development, more and more young people have taken up the Company's core positions to inject more vitality into the Company. As of

December 31, 2022, the number of employees aged under 40 in the Group reached 27,654, representing 72.02% of the total number of employees of the Group.

Year	Aged 16~20	Aged 21~30	Aged 31~40	Aged 41~50	Aged 51~55	Aged 56~60	Aged above 61	Total
2022	31	12,475	15,148	6,871	2,103	1,283	488	38,399
2021	90	12,157	14,042	6,768	1,848	1,094	280	36,279
2020	29	9,828	12,584	6,383	1,953	1,118	363	32,258

\* Engagement with juvenile workers between 16-18 years old shall be subject to relevant national regulations on the protection of minors

### Highly educated talents

As of December 31, 2022, the number of employees with a doctor's degree in the Group reached 586, a year-on-year increase of 29.65%. The number of employees with a master's degree reached 4,989, a

year-on-year increase of 13.41%, and the proportion of personnel with bachelor's degrees or above reached 55.12%. The overall education level of talents has further improved.

Year	Doctor' degree	Master' degree	Undergraduate	Junior college student	Secondary school student and below	Total
2022	586	4989	15,591	9,791	7,442	38,399
2021	452	4399	13,762	9,410	8,256	36,279
2020	411	3613	11,329	8,516	8,389	32,258

Number of overseas employees

 **6,426**

### Globalized talents

Globalized talents: The Group's employees are widely located. The Group provides more job opportunities in Eastern China, Southern China, Central China, Southwest China, and Northeast China. Globally, the Group has 6,426 employees in the United States, Switzerland, Poland, India, France, Israel, Cote d'Ivoire and other countries in 2022.

Region	Number of employees in 2020	Number of employees in 2021	Number of employees in 2022		
			Total	Male	Female
Eastern China (Shandong, Jiangsu, Anhui, Zhejiang, Fujian, Shanghai)	10,637	12,421	12,796	5,739	7,057
Southern China (Guangdong, Guangxi, Hainan)	5,570	5,746	6,949	2,345	4,604
Central China (Hubei, Hunan, Henan, Jiangxi)	4,718	4,891	5,100	2,978	2,122
Northern China (Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia)	1,249	1,830	1,786	904	882
Northwest China (Ningxia, Xinjiang, Qinghai, Shaanxi, Gansu)	212	271	269	152	117
Southwest China (Sichuan, Yunnan, Guizhou, Tibet, Chongqing)	2,540	2,848	2,904	1,384	1,520
Northeast China (Liaoning, Jilin, Heilongjiang)	2,079	2,050	2,150	1,129	1,021
Hong Kong, Macau and Taiwan	0	18	19	8	11
Overseas	5,253	6,204	6,426	5,141	1,285

## Employee Learning and Development

Talent is the core competitiveness of an enterprise. Fosun Pharma Group has always regarded the mutual development of the Company and its employees as one of the most important responsibilities of the Company and continuously strives to provide employees with more better career development opportunities and working

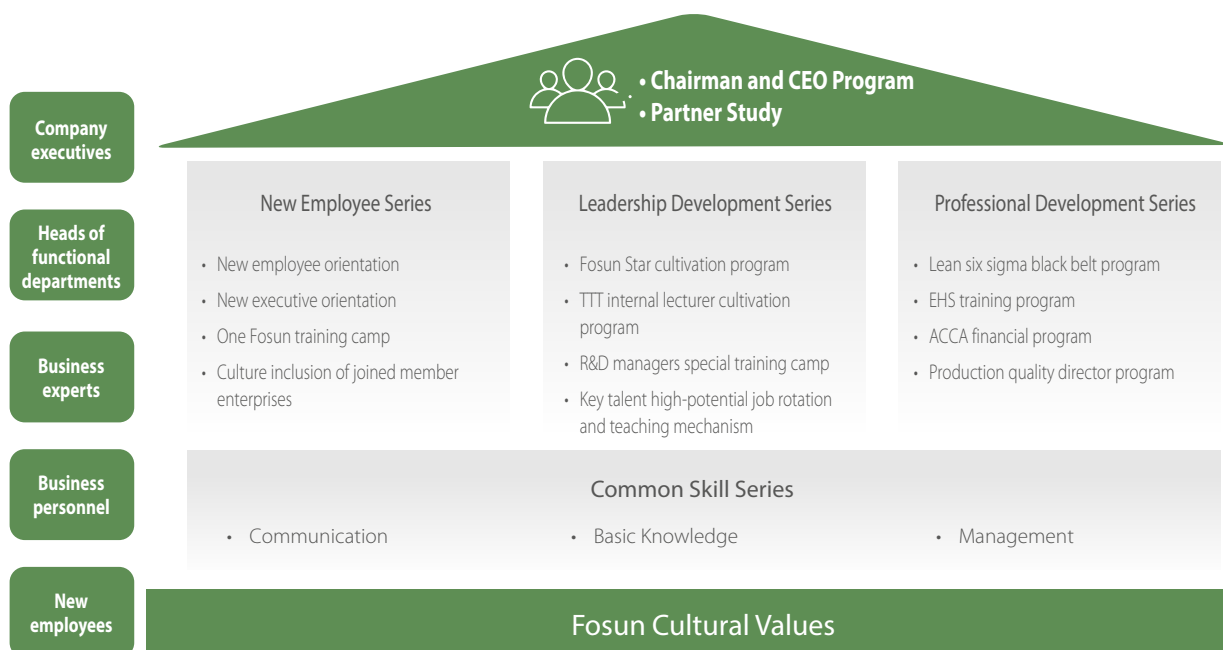
environment. Through the continuous growth and the optimization of organizations, we have promoted team cooperation and jointly created value and continued to build elite cultural organizations to achieve the vision of mutual development of the Group and its employees.

### Employee Training

Fosun Pharma established a training and development center in 2009 and set up its own corporate university, Fosun Medical Talent Development Center (formerly known as Fosun Healthcare Management Institute), in 2017, which gave it the functions of “four platforms”, namely the headquarters leadership and functional training platform, platform of professional skills training base for member enterprises, platform for the inheritance of knowledge and experience, and platform for dissemination of cultural concepts. Employees can learn in work and grow in learning through effective resource integration, which boost the Company’s continuous development.

In 2022, relying on the Group’s corporate culture and development strategy, we continued to develop four series of training programs, namely “New Employee Series”, “Leadership Development Series”, “Professional Development Series” and “Common Skill Series”.

In the future, the Group will continue to focus on the development needs of employees, and expand the course categories and its coverage by increasing investment in training.





## 1 New Employee Series

The Company provides informative orientation, executive luncheon and pan discussions on fresh employees and continued to care about their work and life for three months since Day 1, to help newcomers integrate into the Company's culture and environment smoothly. In addition to immersion training for new employees, we also organized "One Fosun Training Camp" for fresh graduates.

## 2 Leadership Development Series

Leadership Development Series: We provide pertinent management and leadership program to experienced and senior managers as well as key talents, which will accelerate the development of leadership and reserve excellent talents for the Company. In 2022, we expanded the training scope for management by organizing a leadership enhancement program for the management of each subsidiary; in addition, we further formed the learning atmosphere by practicing knowledge skills through training by internal lecturers.

## 3 Professional development Series

Professional Development Series: Fosun Pharma Talent Development Center cooperates with subsidiaries to provide training courses that are in line with the professional development of critical positions in specialized fields including quality, lean management, finance, investment and financing. The "ACCA High-potential Financial Program" conducted in 2022 have become an important way for the Company to cultivate leaders in key businesses.

## 4 Common Skill Series

Common Skill Series: A "Lunch Sharing Session" is held for all employees in headquarters, at which executives of the Company, leaders of member enterprises and external professionals are invited to share fresh and interesting hot topics. Meanwhile, the Company continuously promotes several series of common skill training such as the FoTED internal lecturer program and battlefield gas station to provide professional, refined and comprehensive training programs and help employees apply the knowledge learned in work, improve their personal soft skills, broaden their horizons and increase their knowledge.

### Key training indicators

Training indicators		Unit	2020	2021	2022
Total Training Expenses		RMB0'000	904	837	985
Average Training Hours Per Person	All employees	hours/person	21	19	49.5
	of which: Female employees	hours/person	20	19	57.2
	of which: Male employees	hours/person	21	20	43.9
Training for Senior Management	Number of trainees	Person	482	258	559
	Total training time	Hour	20,712	14,016	18,695
Training for employees other than senior management	Number of trainees	Person	30,260	27,982	27,250
	Total training time	Hour	646,849	656,078	1,358,624



Picture: Wen Deyong, CEO of Fosun Pharma addressed on the Special Training Camp for Fosun Pharma R&D Manager

## Special Training Camp for Fosun Pharma R&D Manager

Following the R&D principle of “patient-centered, clinical needs-oriented, and high-tech-driven”, Fosun Pharma Group has fully promoted innovative R&D.

Over the years, Fosun Pharma Group has consistently invested intensively in new drug innovation R&D, built an international synchronous R&D operation system, established a development cooperation model, created a full value chain process of discovery and clinical development, and built a multi-level and focused technical platform containing biosimilars, small molecule innovative drugs, high-value generic drugs and new technology treatment as the leader in original research and development innovation in China.

In recent years, the competition in the pharmaceutical industry has intensified, raising the requirements for R&D speed and quality. Fosun Pharma’s global R&D center has been expanding with higher demands for the professional

competence of R&D personnel. Against the backdrop, in 2022, Fosun Pharma Talent Development Center and Global R&D Center cooperated to hold a special training camp for R&D managers, with the goal of training versatile talents with proficiency in both specialty and management in the R&D system of Fosun Pharma, consolidating talent foundation for the enhancement of R&D projects.

A total of 58 R&D middle managers have been selected for the training since its beginning in June 2022. The course includes not only professional courses in R&D, but also general courses on leadership and innovation tools, interspersed with many visits to benchmark companies, which help trainees improve their professional ability, strengthen their management ability, understand the whole process of R&D in the field, break the team barriers, and build up an overall awareness of R&D.

## Yao Pharma: Cost Reduction and Efficiency Enhancement to Build A Front-line Manufacturing Team with “Four Understandings and Four Skills”

In recent years, the centralized procurement model of domestic drugs has led to the average decline of the sales price by approximately 50%, and the manufacturing segment of pharmaceutical companies is faced with huge challenges in terms of yield delivery, equipment efficiency, manufacturing costs, and personnel skills. For this end in 2022, Yao Pharma Shuitu Plant rapidly set up the “TPM/Operation and Maintenance Integration Project” in order to reduce costs and increase efficiency, and conducted following actions in order to build a front-line manufacturing team with “four understandings and four skills” and improve the efficiency of production equipment:

At present, the OEE of key amlodipine production line which is under national centralized procurement in the Yao Pharma Shuitu Plant has increased by 18%, reaching the first-class level in the pharmaceutical industry; the number of third-party maintenance has been reduced by 30%, the equipment maintenance cost in the Shuitu Plant has been reduced by 13%, and the facility maintenance cost has dropped by 30%.

1. Building a team: We set up an equipment management committee, establish three levels and 12 professional groups with equipment managers, maintenance personnel, team leaders and equipment operators as the core, totaling more than 50 people, and build a project implementation team.

2. Determining standards: More than 90 handbooks of independent equipment maintenance benchmark in the form of both pictures and texts covering 100% equipment, in order to acquaint the front-line employees with the “fixed position, model, time and responsibility” requirements of equipment management.

3. Establishing systems: With the goal of cultivating versatile talents with “four understandings and four skills”, more than 180 practical courses and single-point courses have been developed; meanwhile, through the cycle of “training - teaching - practice - examination - investigation”, the operation, maintenance and repair skills of employees have been steadily improved.



## Shanghai Henlius: New Manager Learning and Growth Camp

New Manager Learning and Growth Camp project is an annual customized learning and development project for the year 2022 and is the first learning course offered for our new managers. The main target is newly promoted managers with teams or some supervisory employees. The main purpose of the project is to help the newly promoted management to successfully transition their roles and to develop a better awareness and positioning knowledge of the team and the business for themselves. These efforts may improve their awareness and habits as managers, learn the necessary management knowledge and concepts, and master and improve the necessary management skills of managers.

The project was launched in November 2022, and was attended by 32 newly promoted managers or team managers from various departments. The project achieved a 100% participation rate with good after-course feedback.

The project provides references and concepts for the subsequent project learning for newly promoted new managers or team managers, and the new manager learning project will be continuously improved and refined on the existing basis!

**Project-based learning design:** Three-week learning consists of a series of offline classroom courses from easy to difficult and an online community-based operation model. The project consists of six classroom teaching, several management situation cases, experience sharing for twice and learning group interaction for the three-week learning.

**Course design and development:** The courses are designed for newly promoted managers, with management knowledge, models and tools arranged from easy to difficult; carried out in combination with the pre-course research needs and newly promoted manager management case scenarios, and supported by group discussions, experience sharing between trainees and excellent manager to make learning contents better absorbed. Non-HR human resource management is adopted, which enables trainees to master the necessary basic skills of people recognition, identification and management by the HR skills. All courses from HR internal annual plan lecturers integrate theories and practice based on trainees' demands and actual scenarios, which enhanced the interaction and trust between trainees and lecturers.



**Community-based operation model:** The model motivates the trainees' enthusiasm and promotes the exchange and sharing between trainees, lecturers and trainees by setting up new manager learning groups, supplementing and absorbing knowledge from homework and interactive Q&A after classroom learning, accumulating group points and class-group interaction points.

**Trainees' knowledge manual:** The knowledge, learning tools, theoretical models, management skills and methods learned in the course will be extracted, and compiled into a characteristic manager's handbook - [Learning and Growth Camp Knowledge Manual], a rare collection of knowledge which is desired and shared by each participant at any time.





## Case

### Wanbang Pharma: Optimization of T24 Teaching Operation System

In 2022, Wanbang Pharma carried out the “T24 teaching operation system” optimization project initiated by the HR Department, in order to help new graduates (referred to as T24 in Wanbang Cultivation System, T24 for short) become “Fosuners” who can rapidly understand and adapt to Fosun culture and capability requirements: a complete set of the operation system that can be

presented and replicated was sorted out according to the previous T24 teaching experience and achievements, and the closed loop of four operation items of T24 teaching system from the aspect of project demands, core capabilities and cultural values, including:

1

Curriculum system line:  
Set up T24 online learning growth route map based on the learning platform.

2

Sustaining promotion line: Provide knowledge and energy required for the career sustaining of T24 with offline theme activities and training for cultivation and selection.

3

Tutor empowering line: Every T24 has a tutor to help the empowering and growth, and effectively evaluate the teaching results.

4

Result evaluation line: Output visualized information on the results of talent inventory through cultivation and observation in different phases.

Cultivation phase		T1 (Exploration Phase)	T2-T6 (Adaptation Phase)	T7-T12 (Absorption Phase)	T13-T24 (Responsibility Phase)
Cultivation theme		Integration into Wanbang Orientation course (Basic course on professional quality)	Integration into Wanbang Communication course	Strengthening foundation Career planning Advanced course on professional quality	Work independently in major positions Project management and self-driven course
Series courses	Compulsory	<ul style="list-style-type: none"> <li>Professional image creation just as a professional</li> <li>Succeed in career with the help of office etiquette</li> </ul>	<ul style="list-style-type: none"> <li>Communication methods (preliminary and advanced)</li> <li>To be a master of interpersonal communication after four courses</li> <li>How to support your superiors and organizations</li> </ul>	<ul style="list-style-type: none"> <li>Career management and self-guidance</li> <li>Four habits of professional style</li> <li>Four keywords of professional style</li> <li>Four qualities of professional style</li> </ul>	<ul style="list-style-type: none"> <li>Introduction to Lean Six Sigma</li> <li>Rapid methods of emotional management</li> <li>Six steps to make a mind map</li> <li>How to manage time</li> </ul>
	Optional	<ul style="list-style-type: none"> <li>Operation and usage of Excel common functions (preliminary, intermediate and advanced)</li> <li>PPT layout and animation design</li> </ul>	<ul style="list-style-type: none"> <li>Learn to listen</li> <li>Effective expression</li> <li>Be practical</li> <li>Be empathetic</li> <li>Words speak louder than action</li> <li>Establishment of interpersonal network</li> <li>Establishment of good interpersonal relations in career</li> </ul>	<ul style="list-style-type: none"> <li>PPT skills from a beginner to a master (Preliminary, advanced)</li> <li>Excel skills from a beginner to a master (Preliminary, advanced)</li> <li>How to build a structural concept</li> <li>Workplace Effectiveness in Mind Map</li> <li>Workplace pressure management rules</li> <li>Developing with pressure</li> <li>How to be empathetic</li> <li>Keys to happy work</li> </ul>	<ul style="list-style-type: none"> <li>Cultivate a positive mind</li> <li>Build emotions and establish self-adaptation system in workplace</li> <li>Isolation and knowledge, rebuilding emotional management system</li> <li>How to tackle conflicts and emotions</li> <li>Where has the time gone?</li> <li>How to efficiently manage working hours?</li> <li>How to tackle procrastination in work</li> </ul>

Picture: Overview of curriculum system line

Cultivation phase		T1 (Exploration Phase)	T2-T6 (Adaptation Phase)	T7-T12 (Absorption Phase)	T13-T24 (Responsibility Phase)
Cultivation theme		Integration into Wanbang Integration into the position	Integration into Wanbang Communication theme	Solid foundation Career planning and advanced professional qualities	Work independently in major positions Project management and self-driven course

#### Point-based operation + Self-management by class leaders + Self-organization by trainees + Record of training behavior

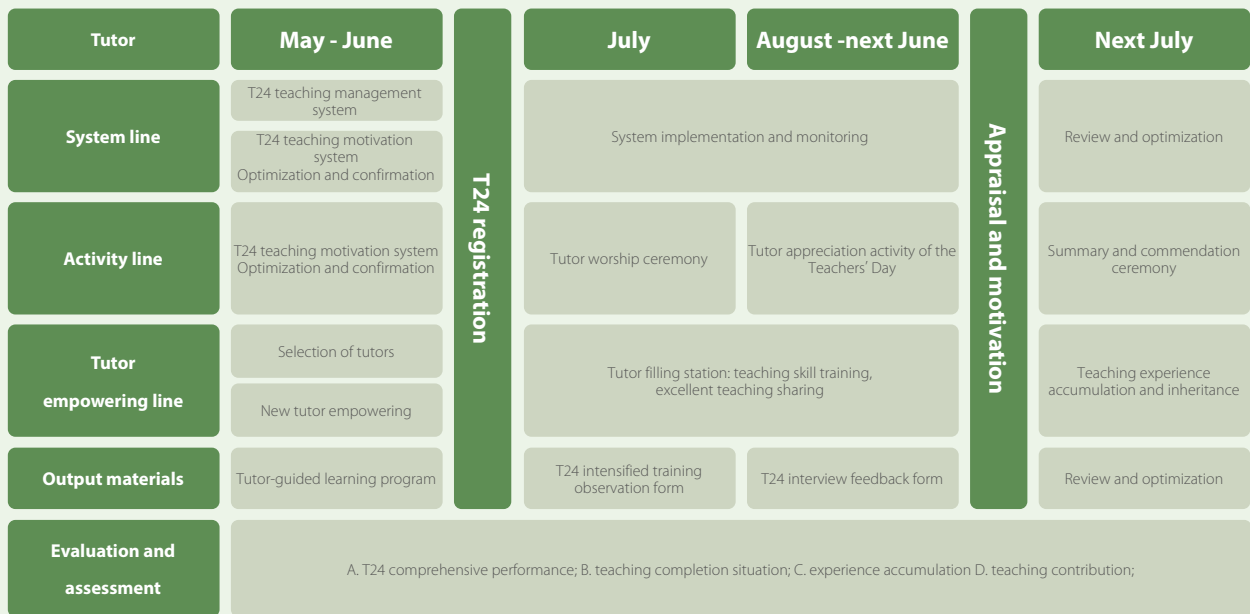
Theme activities	Setting sail (acquaintance)	Development (integration)	Further development (growth)	Leadership (sharing)
	<b>Familiar with Wanbang:</b> Face-to-face teaching for 3 days + expansion for 2 days	<b>Communication theme activities</b> Good communication for greater influence -World Coffee Theme Discussion	<b>Career planning theme activities</b> Career planning workshop	<b>Project management theme sharing</b> T24 project sharing meeting
	<b>Familiar with team:</b> tutor worship ceremony			
	<b>Familiar with environment and culture:</b> Corporate culture competition	Becoming a formal worker	<b>T24 competitions</b> Basketball/badminton/LOL, etc.	<b>T24 internal exchange</b> Tea party with senior schoolmates

#### Diversified games, matches and trainings

Picture: Overview of sustaining promotion line



## Case



Picture: Overview of tutor empowering line



Picture: Result evaluation line



New employee teaching is the key content of talent reserve for enterprise development. In the future, HR will provide continuous and optimized promotion for the development of staff at various levels from the perspective of talent development strategy and business demands.

## Occupational Health and Safety Training to Protect Employees' Safety

The development of people-oriented EHS culture participated by all the staff is an important part of EHS work. Fosun Pharma Group highly emphasizes employees' occupational health and safety, organizes different forms of EHS training, and carries out several safety culture activities, so as to further strengthen employees' safety awareness. Member enterprises of Fosun Pharma completed 468,731 hours of EHS training in 2022, including a total of 274,444 person-times, the average hours per person was 15.4 hours, and the average times per person was 9 times.

Because the EHS risk of manufacturing enterprises is relatively high and complex, the pharmaceutical sector and the medical devices and diagnosis sector have strengthened training efforts in environmental protection, health, and safety, with the average training hours per capita of 20.0 hours in 2022. The number of training per capita of 11.8 times, both of which have reached the target number of 18 hours of average hours per person and 6.5 times of average times per person in 2022.

### EHS training of Fosun Pharma Group

Segment	Total hours of EHS training (hour)	Total number of person-times of EHS training (time)	Average hours of EHS training per person (hour)	Average times of EHS training per person (time)
2020	434,130	158,521	14.99	5.47
2021	391,582	212,253	13.97	7.57
2022	468,731	274,444	15.37	9.00

### EHS training of Fosun Pharma Group by segment

Segment	Total hours (hour)	Total number of person-times (time)	Average hours per person (hour)	Average times per person (time)
Pharmaceutical manufacturing	428,427	244,935	20.51	11.72
Healthcare service	19,056	7,383	2.40	0.93
Medical devices and diagnosis	21,248	22,126	12.82	13.34
Total	468,731	274,444	15.37	9.00



## Cases



Picture: Emergency Damage and Rescue Skill Training for Wanbang Pharma and Wanbang Jinqiao

### First-aid Medical Training

In order to protect the life and health of employees and further improve their safety protection awareness and self-rescue ability, several member enterprises have conducted training on medical emergency rescue skills training, including basic knowledge of emergency rescue and emergency injury response measures such as hemostasis and bandaging, trauma rescue, cardiopulmonary resuscitation, AED first aid and casualty transfer.

### Firefighting Training and Drills

In order to consolidate and enhance the fire emergency and escape ability of employees, several member enterprises have conducted fire training and drills, including PPE wearing, fire extinguisher usage, escape methods and other related contents. In conjunction with the local firefighting association, Red Flag Pharma conducted a fire evacuation drill in a "fire escape tent", which was equipped with a maze of partition walls to simulate a closed, dark, smoke-filled and barricaded state in case of fire, allowing employees to experience the real fire environment and master the correct escape methods.



Picture: Fire evacuation drills of escape tents of Red Flag Pharma



Picture: Contractor training of Chemo Biopharma

### Contractor Training

Contractor EHS training is an effective way to strengthen the control of external staff. Contractor training covers many key points such as three-level safety education, EHS management agreement, laws and regulations, risk identification and control measures, and construction project safety knowledge. Many member enterprises integrate several training methods such as accident case study, safety site explanation and post-operation summary to solidly improve the quality of contractor control.



## Employee Development

Talent is the core competitiveness and important asset of an enterprise. The team with an entrepreneurial spirit is the core of Fosun Pharma's development.

Fosun Pharma Group has always regarded the mutual development of the enterprise and its employees as one of the most important enterprise responsibilities and continuously strives to provide employees with more and better career development opportunities and working environment. Through the continuous growth of organizations and the optimization of organizations, Fosun Pharma has promoted team

cooperation and jointly created value and continued to build elite cultural organizations to achieve the vision of mutual development of the Group and its employees.

At the same time, Fosun Pharma Group proactively creates value and shares development with teams through the partnership mechanism. Fosun Pharma Group directly introduces outstanding scientists or technical teams for internal incubation through an open and win-win innovation mechanism. It encourages and supports teams to start and restart a business with Fosun Pharma.

## Performance Management

The design, implementation and utilization of the results obtained from the Group's KPI management system are based on the comprehensive and objective assessment of employees' overall performance and are meant to improve the matching among employees' quality, capability, performance and functional requirements and facilitate sustainable development between employees and the corporation.

The Group assesses the management teams at respective member enterprises to ensure effective relay of KPI and advancement and consolidation of the performance culture. In in-hospital management, for example, the superintendent responsibility system under the leadership of the hospital's board of directors is adopted. Each year, the board of directors of the hospital reviews and activates amendments to mid-term to long-term strategic plans of the hospital, deliberates on the annual operation and development goals for the hospital, and confirms the superintendent's performance rating proposal. Apart from financial results, among performance rating indicators, the Group pays more attention to hospital strategies, discipline construction, healthcare quality and safety, medical characteristics, patient and employee satisfaction, service process flows, talent cultivation, employee development,

etc. For medical liability incidents, the one-vote-down system is adopted. Efforts are made to ensure that the hospital's operation is not meant to pursue a short-term interest. Instead, it focuses on long-term, sustainable, and benign developments that answer the hospital's social and community charity nature.

A department-based normal distribution is enforced on the performance results of employees in the Group. The 360-Degree Feedback System is meant to tailor personalized enhancement and improvement solutions for each employee to enhance their specific performance and capabilities.

The Group always attaches importance to the guidance, coaching and motivation provided by leaders and managers to employees during the performance implementation process. Through the performance management cycle of goal setting, monthly/quarterly review, and continuous coaching and communication, managers give employees the most authentic and direct opinions and suggestions through evaluation, thereby helping employees to continuously improve their knowledge, skills and capabilities, and achieve sustainable career development and continuous growth.

## Employee Incentives

We have established a diversified and multidimensional incentive system to share development accomplishments with all employees so that employees can feel a sense of success while working for the Group and be willing to devote themselves to helping the Group grow over the long term.

The framework of a long-term incentive system at Fosun Pharma Group was formed preliminarily based on the properties in the Group's business development, including the "Long-term Incentive Plan for Management of Member Enterprises/Hospitals", "Restricted Shares Incentive Plan", "Employee Share Ownership Plan", "R&D System Incentive Plan", "Incentive Plan for Strategic

Investment Items", and "Incentive Plan for Pre-IPO Investment Items". Constantly perfected, the long-term incentive system of Fosun Pharma Group realizes strategic support and innovation in terms of business development. Since the establishment in 2007, the management has practiced the system mentioned above over the years. The system effectively supports investment and operation strategies and comprehensively covers the Company and individual member enterprises to successfully facilitate the enterprises' fulfillment of long-term performance goals. It has also helps inspire and retain talent management goals. In addition to enhancing R&D quality and efficiency, it also fully promotes and stimulates the staff's incentive.

## Talent Acquisition

With the continuous improvement and extension in significant health, the Group's business has maintained steady growth and its scale and platform have further grown. The pace of internationalization has enabled us to move out of China and tap into the rest of the world, attracting more local and overseas talents to join us. Talent is the core competitiveness and essential asset of Fosun Pharma. The team

with an entrepreneurial spirit is the core of Fosun Pharma Group's development. Fosun Pharma Group proactively creates value and shares stories with units through the partnership mechanism. Fosun Pharma directly introduces outstanding scientists or technical teams for internal incubation through an open and win-win innovation mechanism. It encourages and supports groups to start and restart a business with Fosun Pharma.

## Internal Referral

External talent referral by internal employees is an important way to acquire high-quality talents, which is better than normal recruitment pattern in terms of personnel fitness, on-job loyalty and recruitment cost efficiency. In 2022, the Group improved its internal referral policy, internal referral bonus and other related systems and procedures to improve the internal referral mechanism, enabling the Company to build a first-class talent team.

In 2022, employees recruited through internal referrals basically met performance requirements and successfully passed their probationary periods. It has

been proven that internal employees not only have a better understanding of the Company's strategy, culture and values, but are also more sensitive to the cultural traits, skills and motivations of the talents they referred. Through the active participation of internal employees in internal referral activities, talents with entrepreneurial spirit, recognition of the Company's strategies and cultural values, enthusiasm for work and insistence on continuous learning and independent thinking will be introduced for the Company, so as to reserve abundant talent resources for us and urge us to develop.

## Salary and Benefits of Employees

Fosun Pharma's member enterprises are located worldwide in many countries and regions. We adhere to the construction of all human resources policies in strict accordance with the requirements on salaries and layoffs, recruitment and promotion, work and rest timetable of employees, equal opportunities, diversity, working hours, holidays and other benefits and other relevant provisions of the countries/regions where we operate.

The remuneration of all employees of the Group in all operating locations is higher than the local minimum wage and complies with local Labor laws and regulations. The Group upholds fair principles and opposes discrimination. It implements the policy of the same starting salary for employees of a different gender. It also complies with minimum wage standards and achieves the same wage at the same position. In compliance with the Labor laws and regulations in operating locations, the Group has contributed to social security and public accumulation fund for all employees. Employees in certain locations are provided with additional commercial medical insurance, additional provident fund, etc. Employees are entitled to have statutory paid annual leave. The Group has provided holidays and

benefits by national and local laws and regulations for all female employees during their three stages of pregnancy (i.e. pregnancy period, birth period and breastfeeding period). The working position of pregnant employees will be retained unless the employee resigns, and she can return to her position after pregnancy holidays. Male employees are entitled to paternity leave. The Group encourages employees to proactively participate in various activities of the Party, the League and the Labor Union. Employees' right to participate and organize a Labor union is written into the Group's rules and regulations and is implemented. The Group provides necessary facilities and outlay on activities. The Group cares about its employees and offers periodic health examinations, health consultations or seminars to take the initiative to invest in the health of its employees.

By implementation of above remuneration and benefit system and measures, we could provide employees with sustainable income, enhance the health and benefits of our employees and their families, and strengthen the stability of employment with our staff while creating a positive, equal and healthy working environment.

## Diversity and Equal Opportunity

The Group attaches great importance to employee diversity and stresses the introduction and cultivation of local talents of member enterprises, striving to nurture a diversified, just and inclusive working environment. By adhering to the principles of compliance, equal and inclusive, equal wages at the same positions, the Group formulated the Employee Diversity Policy in 2022, which ensures that the employment, remuneration and promotion of employees are not affected by race, colour, gender, religion, nationality, disability, marital status, veteran status, sexual orientation, gender identity or other status protected by law. It also ensures that employees are free from discrimination, harassment and other unfair treatment in workplace due to above status, and they are provided with a development space of health, equal and respected. Internal communication and exchange among employees are encouraged to promote fusion and collision between different cultures. For newly acquired member enterprises, the Group focuses on retaining local linguistic talents and has prepared a talent retention plan and implemented the same according to law.

Compliance with provisions on the prohibition of child labor and forced labor: The Group strives to fully protect the legal interest as well as physical and mental health of minors and labor, and hire legal labor. All employees of the Group meet the minimum working age requirements under relevant laws in the countries/regions where we operate, and child labor or forced labor is prohibited. Meanwhile, when selecting a supplier, Fosun Pharma conducts an assessment of supplier.

The number of juvenile workers employed is strictly controlled and the employment of juvenile workers complies with the requirements of laws relating to labor protection and working hours. Channels for employee communication and appeals, signing of collective agreements of the labor union, and holding of employee representatives congresses: The Group always respects the hearing and appeal rights of employees and offers an unimpeded channel for them to complain and express their opinions. We also take measures to keep confidentiality and safeguard employees from retaliation. In respect of the system, the Company revised the "Reward and Punishment and Appeal Management System" in 2019, and set up a disciplinary committee and a secretariat of the disciplinary committee to improve the appeal mechanism and appeal process involving disciplinary incidents; the Company provides necessary convenience for employee appeals and protects the complainant's reasonable claims and legitimate rights and interests, and keep the relevant information and content of the complainant confidential. The Company respects the hearing and appeal rights of employees and offers an unimpeded channel for them to complain and express their opinions. The company also takes measures to keep confidentiality and safeguard employees from retaliation.

The Group respects employees' political rights, which is clearly stated in the overseas employee handbook.

## Number and proportion of female employees, disabled employees and minority employees of Fosun Pharma Group

Year	Item	Total employees	Female employees	Disabled employees	Minority employees
2020	Number	32,258	15,461	72	934
	Proportion	100.00%	47.93%	0.22%	2.90%
2021	Number	36,279	17,421	83	1,117
	Proportion	100.00%	48.02%	0.23%	3.08%
2022	Number	38,399	18,614	89	2,107
	Proportion	100.00%	48.48%	0.23%	5.49%

## Staff outflow change at Fosun Pharma Group

Year	2020	2021	2022
Outflow rate	18.76%	21.01%	21.28%
Loss rate	15.40%	17.14%	15.95%

Note: The outflow rate = The total number of employees leaving the company\*2/ (totals at the beginning + end of year); The loss rate = The number of employees voluntarily leaving the company\*2/ (totals at the beginning + end of year)

## Care of Labor Union

Under the leadership of Putuo District Federation of Labor Unions, Fosun Group Labor Union and Fosun Pharma Party Committee, in 2022, Fosun Pharma Labor Union stuck to our original intentions, made efforts in preparation for keeping the main business, fulfilling our main responsibilities, promoting the resumption of production, benefiting employees, and tamping the foundation, gave full play to the organizational advantages and unique roles of labor union, continuously improved employees' satisfaction and sense of gain, and played a role in building a harmonious Fosun Pharma, conveying corporate care and social responsibility, helping the construction of corporate culture and enhancing organizational cohesion.

In order to further improve the labor union organization, in 2022, the Company held the second member congress and worker congress of the third labor union according to laws and regulations, and elected and added one vice chairman of the labor union, three labor union members and one audited member to ensure the orderly and standardized operation of all work of the labor union, better serve the development of the enterprise and better serve the needs of employees. In addition, the Company has continuously expanded the coverage of labor union organization, and brought the Group's innovation incubation platforms/enterprises in Shanghai, such as Xinghao Pengbo, Xingsheng Xinhui and Star Future, and the newly established member enterprise Jiebeian, into the unified management of the headquarters joint labor union to further enhance the influence of labor union organization.

Fosun Pharma Group advocates happy work and physical and mental balance, and believes

that happiness can be transmitted to colleagues, customers and patients. The labor union cares for employees in multiple dimensions, constantly improve their happiness index, and help employees better balance their work and life. In 2022, the Group continued to provide high-quality physical examination services for employees and provide special physical examination items for employees of different ages. The Group will continue to set up regular Tai Chi classes, yoga classes and dance classes throughout the year, and do a good job in the daily operation of fitness centers in Yishan Road Park and Zhangjiang High-tech Park.

Fosun Pharma Labor Union attaches great importance to Chinese traditional culture, and organizes various interesting activities for employees during Spring Festival, Lantern Festival, Women's Day on March 8th, Children's Day, Dragon Boat Festival and Double Ninth Festival to convey the organization's care for employees. For employees who give birth, are ill and hospitalized, have major difficulties in life, and undergo bereavement of immediate family members, the labor union insists on visiting for condolences at the first time. In 2022, the labor union sent condolences to 40 employees for childbirth, illness, and death of immediate family members; continued to handle the medical mutual assistance insurance plan for retired employees of the headquarters; and applied for "Shanghai Labor Union Membership Card" for nearly 300 members who have not applied for membership cards.

In 2022, Fosun Pharma and labor unions of member enterprises meticulously organized and carried out colorful online and offline activities, which further enriched the spiritual and cultural life of employees, improved their physical and mental health and enhanced the cohesion of enterprises.



### Case



### “YAO YOU, Everything for You” Family Day of Yao Pharma

On June 18, 2022, the labor union of Yao Pharma, a member enterprise of Fosun Pharma, held “YAO YOU, Everything for You” Family Day. It is reported that the “Family Day” has been held in Yao Pharma for 7 years, and is well received by all employees and their families. The activity was divided into day show and night show, which lasted for a whole day and was attended by more than 600 people from more than 200 families of Yao Pharma's employees. Liu Qiang, Chairman of Yao Pharma, Zhang Yan, President of Yao Pharma and other leaders attended the activity and served Yao Pharma's family.



Pictures: “YAO YOU, Everything for You” Family Day of Yao Pharma



# Employee Safety and Health

## Risk and Incident Management and Control

### Major action strategy

- Risk assessment, the establishment of SOP and emergency response system, planning and implementation of employee training
- Troubleshooting and rectification, promotion of good practices, and building safety culture

### Five-year strategic goals of EHS



#### Fatality, major injury incident

Zero fatality, zero major injury incident



#### Annual lost time injury rate

Annual lost time injury rate in 2021-2025 shall be maintained lower than 0.3



#### Recordable incident rate

Recordable incident rate in 2025 shall be 0.447, representing a decrease of 10% as compared to 2020

### Fulfillment of the performance targets

Performance targets	2021 (target value VS actual value)	2022 (target value VS actual value)
Fatality, major injury incident	<b>0 VS 0</b>	<b>0 VS 0</b>
Lost time injury rate	<b>0.297 VS 0.17</b>	<b>0.282 VS 0.10</b>
Recordable incident rate	<b>0.484 VS 0.355</b>	<b>0.474 VS 0.202</b>

## Risk Control

Following the principle of “safety first, prevention foremost, comprehensive treatment”, Fosun Pharma Group strengthens and fulfills their safety production responsibility; and establishes the mechanism featuring enterprise accountability and employee participation; requires member enterprises to abide by relevant local and national laws, rules, regulations and standards on safety production, strengthens safety production management, establishes and improves safety production rules, and enhances standardization of safety production. It establishes SOP and emergency response system through risk assessment, and plans and implements employee training. It also conducts troubleshooting and rectification, promotes good practices, builds safety culture and enhances safety production level. In terms of contractor management, the Group takes strict risk management measures in the whole business process of contractors from

the aspects of contractor selection, contract notification, admission requirements, training, process supervision and performance appraisal.

Adhering to the concepts of “one position with two responsibilities, and production management must include EHS management” and “employees are both EHS contributors and EHS beneficiaries”, every manager and front-line employee of the Group actively participate in all aspects of risk control. Each enterprise fully identifies and evaluates the general and major risks in personnel, equipment, procedures, environment and management through hazard identification and evaluation control procedures and special self-inspection checklists, and adopts corresponding measures according to different risk levels.



## Case

### Safety Inspection under the Leadership of the Management

Fosun Pharma Group actively implements the national safety production responsibility system and emphasizes the safety responsibility of the person in charge of the enterprise. The concept of “the person in charge shall be responsible” has been deeply rooted in every manager’s heart. In 2022, the management of each member company carried out daily, special, pre-holiday and key area safety inspections with different contents, covering various aspects such as equipment condition, staff safety measures, chemical storage and usage, etc., in order to solidly implement production safety responsibilities, effectively control risks, eliminate hidden dangers in time, and ensure the safety production.



Pictures: Safety inspection site



## Cases

### Behavior-Based Safety Observation



Picture: Poster of behavior-based safety observation

Fosun Pharma employees' participation in the behavior-based safety observation was further increased in 2022. More than 600 behavior-based safety observation cards were accumulatively produced, and the accidents caused by employees' unsafe behavior were on the decrease. In 2022, the BBS (behavior based safety) focused on seven high-risk operation activities, i.e. work at height, hot work, mechanical protection, electrical safety, lifting operation, confined space, and explosion-proof in-process safety, in order to guide employees to beware and stop unsafe behaviors and situations.

This activity helps employees gradually establish the consciousness to pay attention to on-site behavior safety, choose the correct behavior in a directional manner, and avoid and eliminate unsafe behaviors to reduce the probability of accidents on site. Each employee can gradually develop good behavioral habits through this activity, which also further strengthens the foundation for "full participation" in the safety work.

### BBS Whole Process



#### Formulating BBS plan

Each enterprise shall designate the phased BBS plan and announce for implementation according to respective situations.

#### Pre-BBS special learning

Organize the learning of following themes at the team safety meetings or special team work meetings prior to safety observation, the content of learning includes but is not limited to:

- Identification results of relevant hazards
- Internal EHS procedures
- On-site implementation record sheet
- Special materials of enterprise training
- Experience summarized from internal/external accidents

#### On-site safety observation

Safety observers shall respectively choose the persons to be observed, and observe guided by the contents in the safety observation card.

#### Output of BBS summary results

BBS summary results can be used as the output basis for following work:

- Key points of safety inspection and hidden hazard troubleshooting
- Key points of safety training and publicity
- Emphasis of team safety meetings
- Guidebook for the employees' behavior safety

## Accident Control

Fosun Pharma Group always emphasizes that accidents and potential problems should be nipped in the bud at the early stage. The Group organizes the study of typical external accident cases from time to time to achieve the accident warning effect of preventing accidents before happen. On the basis of in-depth study of the causes of external accidents, member companies are required to conduct timely self-examination and self-inspection of hidden internal dangers, so as to achieve comprehensive investigation and removal of similar hidden dangers.

After the accident, the Group shall take effective controlling measures, and prevent the accident expansion and reduce losses. Upon the end of the accident, the Group shall analyze the direct, indirect and root causes of the accident in multiple aspects and dimensions including “human, machine, material, law, environment and management”, formulate and implement corrective and preventive measures, and share the accident cases as valuable experience among member enterprises, in order to prevent the recurrence of similar accidents.

After the incident, the Group shall take effective controlling measures promptly, and prevent the incident expansion and reduce losses: upon the end of the incident, the Group shall analyze the

direct, indirect and root causes of the incident in multiple aspects and dimensions including “human, machine, material, law, environment and management”, formulate and implement corrective and preventive measures, and share the incident cases as valuable experience among member enterprises, in order to prevent the recurrence of similar incidents.

In 2022, the Group had no major safety incidents or major fire incidents occurred and the overall security situation remained stable. There were seven lost time injuries throughout the year, two of which were caused by striking (running or collision), two of which were caused by being stricken (collision by moving objects) and three of which were caused by falling over. The Group’s annual lost time injury (LTI) rate (excluding lost time of outsourced workers) is 0.101, of which the major injury case rate is 0, the minor injury case rate is 0.101. There were 14 recordable incidents throughout the year with the recordable incident (RI) rate was 0.202. Among all recordable incidents of the Group in the year, there were 7 female employees, accounting for 50%. In 2022, there were no safety incidents and secondary disasters arising from natural disasters, nor fatality and major injury or more serious incidents of contractors.

Lost time injury rate represents a decrease of

 **↓ 40.6%**

as compared to 2021

### The key performance of Fosun Pharma Group’s safety

	Major injury rate per million working hours	Minor injury rate per million working hours	LTI rate per million working hours	RI rate per million working hours
2016	0.220	0.360	0.580	1.050
2017	0.030	0.385	0.415	0.915
2018	0.038	0.188	0.226	0.433
2019	0	0.343	0.343	0.395
2020	0.033	0.280	0.313	0.494
2021	0	0.170	0.170	0.355
2022	0	0.101	0.101	0.202

Note:

- GB6441-86 The classification for casualty and injury accidents of enterprise staff and workers and OSHA standard is applied to the classification of incidents. The data disclosed in this report includes OSHA Lost time injury and recordable incident (an incident that requires a prescription from a hospital or more serious incident);
- Incident rate = Number of incidents / Total working hours \* 1,000,000 hours.

### Safety by segments of Fosun Pharma Group

Segment	Total working hours (hours)	Number of LTI	LTI rate	Including		Lost day	Number of RI	RI rate	Contractor’s major injury and fatality incident
				Major injury case rate	Minor injury case rate				
Pharmaceutical manufacturing	48,059,629	7	0.146	0	0.146	245	14	0.291	0
Healthcare services	17,335,489	0	0	0	0	0	0	0	0
Medical devices and diagnosis	3,848,897	0	0	0	0	0	0	0	0
Total	69,244,016	7	0.101	0	0.101	245	14	0.202	0





## Management Experience Sharing and Learning Activities

A fall into the pit, a gain in your wit. Fosun Pharma Group encourages its member companies to fully learn from external accidents, carry out targeted learning and draw lessons from them. Based on current hot cases, each member enterprise deeply analyzes the causes of accidents and carries out

special self-examination and self-inspection from time to time. In the daily safety production, each enterprise continues to carry out safety accident warning education activities, and always warns all the employees against safety accidents through the repeated study of warning cases.



Picture: Accident learning site of Fosun Adgenvax and Fosun Pharma (Xuzhou)



## EHS Employee Representatives

During the reporting period, EHS Committee of Fosun Pharma Group was established to fully advance and monitor the implementation of various EHS work. In addition, the member enterprises successively established their EHS special committees and EHS elements groups as sub-committees. The employee representatives proposed to be 1-2 employee(s) from the non-front-line functional departments and 1-2% of employees from the front-line production

departments, and regular meetings are held every quarter. During the reporting period, the number of sub-committee members reached 1,205, accounting for 4.0% of the total number of employees. 349 employee representatives supervised or participated in EHS work, accounting for approximately 1.1% of the total number of employees.



### EHS Committee of the Group: Headed by the President's Office of the Group

Urge Fosun Pharma and member enterprises to strengthen EHS management leadership team building, cadre team building and institutional building

Establish a reporting system for major accidents, arrange and direct the handling, investigation and analysis as well as rectification and prevention of major safety production accidents and environmental pollution incidents

Regularly review the EHS work report of Fosun Pharma and its member enterprises throughout the year and put forward specific work requirements

Set the Group's annual or periodic EHS performance target indicators and review the progress regularly

Organize internal investigation to identify EHS hidden dangers, and give instructions on the rectification of major EHS hidden dangers

Proactively respond to the green manufacturing requirement and further advance the green manufacturing work

Clarify the EHS management responsibilities at all levels in the headquarters and member enterprises, and formulate and improve the EHS responsibility systems of the Group on all fronts

Party Committee and Labor Union, a member of the collective EHS committee, have veto power over EHS



### EHS special committee: Covering top management, middle-level executive team, and EHS functional departments

Formulate EHS policies and specific control targets for member enterprises

Ensure the investment of necessary personnel, materials and financial resources for the operation of the EHS management system

Regularly hold internal working meetings to review the problems in the progress and development of EHS work

Coordinate the internal management resources in time to solve obstacles and difficulties in the development of EHS work



### Labor Union: As employee representatives

Participate in and supervise the implementation of EHS work

Supervise enterprises to effectively ensure the due rights of employees in terms of health and safety

Participate in accident investigation

## Employee Health Protection

Employee health protection is one of the important contents of our work. Fosun Pharma Group proactively fulfills the occupational health primary responsibilities and establishes the responsibility management system for the occupational disease prevention of all employees. The Group follows the national requirements on 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 in member enterprises. The Group strictly complies with the “three simultaneous” management requirements of occupational disease prevention facilities for construction projects, conducts risk evaluation for toxic and harmful positions, and regularly arranges occupational health examinations for employees in daily work and in contact with occupational hazards, and equips them with complete occupational health protection facilities and expands the coverage of occupational disease warning labels.

In order to promote the health of employees and further increase their activity time, Tai Chi classes, yoga classes and dance classes were set by the Head Office Labor Union throughout the year and more than 10 clubs including dancing, running group and basketball were established to hold diversified club activities on a regular basis. Meanwhile, the management of the employee gym, ping pong room, basketball court and tennis court of Fosun Science Park and Fosun Scitech Innovation Center was strengthened, health facilities were updated, and fitness center was initiated and completed, for the convenience of health exercise of employees in their spare time.

During the reporting period, for the positions exposed to occupational disease hazard factors, the medical examination coverage rate of employees was 100%. Those who were arranged to take physical examinations from November to December 2022 were postponed to the middle of March 2023 due to the suspension of service during the epidemic period. There were no newly increased confirmed or suspected occupational diseases throughout the year.

### Occupational health performance by segment of Fosun Pharma Group

Segment	Number of employees exposed to occupational hazards	Occupational hazard factor exposure percentage	Completion rate of occupational health examination	Major occupational hazard factor
Pharmaceutical manufacturing and R&D	4,176	19.99%	100.00%	Chemical, dust, noise, high temperature, ionizing radiation
Healthcare services	348	4.38%	100.00%	Ionizing radiation
Medical devices and diagnosis	131	7.90%	100.00%	Chemical, dust, noise, high temperature, ionizing radiation, blood infection
Total	4,655	15.27%	-	-



## Cases

### Focusing on the Intrinsic Safety of Equipment, and Updating Mechanical Protection



Picture: Overall upgrading of mechanical protection of light inspection machine of Yao Pharma

Yao Pharma pays attention to the intrinsic safety of the equipment, adhering to the concept of “EHS by Design”. The original equipment squeeze points were designed with single-point protection, which had much space for improvement in the coverage. In 2022, Yao Pharma Shuitu Plant was upgraded and optimized by equipping all the manufacturing equipment with the integrated protective shield, and changing the original mechanical contact operation to non-contact outer-shield operation. By completely isolating the operation area from the equipment area, the overall optimization of mechanical protection was achieved, and the risk of extrusion from direct contact with the equipment by operators was eliminated.

### Reduce the Risk of Occupational Exposure through Dust Control

Dust is a pervasive occupational hazard, which will be inhaled into the body with damage caused to the respiratory tract, eyes, skin and other organs. Occupational health management shall focus on dust exposure identification and risk control, keep track of on-site dust, and take effective controlling measures to ensure a safe and healthy workplace.

More and more member companies upgrade and optimize the original manual feeding method to hose absorption feeding, reducing the risk of occupational exposure to dust caused by manual operation. It not only reduces employees' risk of occupational exposure, but also reduces the amount of physical labor and avoids the risk of injury due to inadvertent falls when adding materials.



Picture: Vacuum lifting and feeding machine of Dongting Pharma

# Responsible Environmental Protection

## Joint construction of an environment-friendly community

"Committing to environmental and social sustainable development, preventing pollution from occurring, actively promoting energy conservation and emission reduction, securing biodiversity and building an environment-friendly community" is the environmental protection policy of Fosun Pharma Group. Fosun Pharma Group continuously increases investment in environmental protection and promotes air pollution control, energy conservation and emission reduction, protection of ecological diversity and harmonious development of enterprise, society and environment.





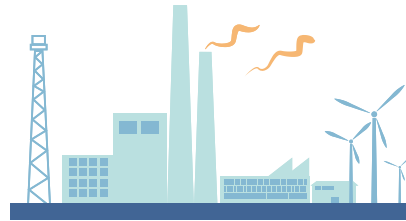


#### Implementation of the concept of low-carbon green development

Carbon emission intensity **0.22** tons/RMB10,000 of output value with a YoY decline of **6.18%**

Carbon emission of **9,433** tons was reduced by energy-saving measures

Carbon emission of **8,825** tons was reduced by purchasing green electricity of **16.92** million kWh



Over RMB **240** million was invested for environmental protection, safety and health in 2022



#### Enhancement of water use efficiency

Water-saving **3,378.06** million m<sup>3</sup>

Water consumption intensity **2.40** m<sup>3</sup>/RMB10,000 operating income with a YoY decline of **11.23%**



#### Improvement of energy use efficiency

Electricity saving **8.86** million kWh

Natural gas-saving **968** thousand m<sup>3</sup>

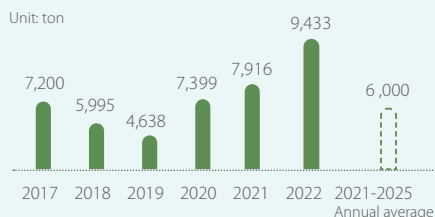
Purchased steam saving **4,700** tons

Comprehensive energy consumption intensity **1.90** GJ/RMB10,000 operating income with a YoY decline of **7.67%**

## EHS strategic environmental indicators

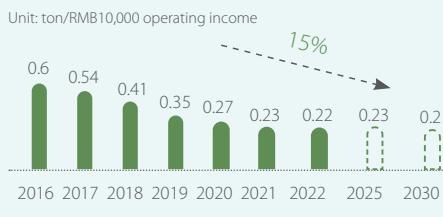
### Carbon reduction of energy-saving project

Unit: ton



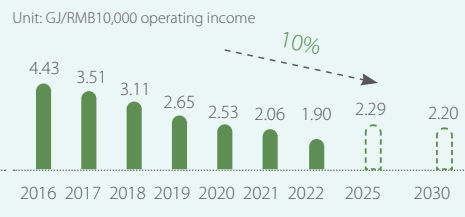
### Carbon emission intensity

Unit: ton/RMB10,000 operating income



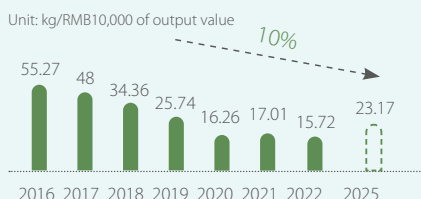
### Energy consumption intensity

Unit: GJ/RMB10,000 operating income



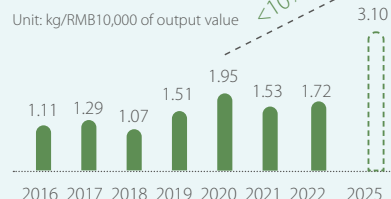
### Total waste intensity

Unit: kg/RMB10,000 of output value



### Hazardous waste intensity

Unit: kg/RMB10,000 of output value



## EHS Strategic Objective

### Strategic Objective

Fosun Pharma Group adheres to the concept of integrity and sustainable development, advocates and practices the harmonious and sustainable development between the enterprise economy and the social environment, resolutely eliminates environmental pollution, actively promotes energy conservation and emission reduction, protects ecological diversity, and builds an environment-friendly community.

In 2021, based on the completion and review of the first five-year EHS strategic objectives (2016-2020), the Group set the second five-year strategic objectives (2021-2025) with 2020 as the base year, focusing on the dual carbon targets, pollution reduction and employee health and safety protection, and further set detailed quantitative indicator values to be achieved in each year. The setting of quantifiable and measurable EHS strategic goals is ultimately expected to lead to continuous

improvement and enhancement of EHS management performance. Throughout 2022, the Group always focused its EHS management efforts on the current scaled targets, and always considered how to carry out EHS management work more consistently and effectively, so as to cope more comfortably with the dual tests from internal business changes and external policy environment on the basis of the results of existing efforts, and to continuously improve environmental management performance and provide a healthy and safe working environment for employees. In 2022, in addition to further strengthening its EHS management efforts, the Group continued to increase its investment in the expenses of EHS facilities and operations, actively sought new equipment technologies and improvement opportunities, and strengthened safety risk control in order to further reduce the impact of its operations on the environment and safeguard the health and safety of employees.

### EHS Culture

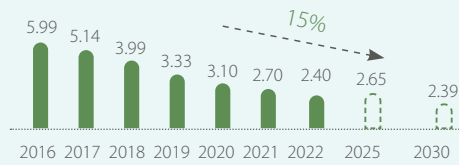
In terms of EHS cultural construction, Fosun Pharma Group further strengthened the pyramid-shaped EHS cultural layout of "attention of the senior level, promotion of the middle level, and participation of the junior level", to arouse full attention and enhance the EHS execution. From June to September 2022, the Group conducted the sixth Month of EHS Management Activity, with the theme of "Solid Waste Reduction for Waste-free City, Hidden Hazard Inspection for Health and Safety", including training on key laws and regulations, safety hazard inspection, comprehensive and special emergency drills, and the BBS observation of employees' safety behavior. Throughout the EHS management month, the Group insisted on the participation of the middle and senior management in the safety hazard inspection and rectification, the participation of all employees in EHS training and drills, and the active expansion of green low-carbon and energy conservation and emission reduction projects, so as that EHS management and responsibilities can be achieved horizontally, vertically and individually, thereby further

consolidating the EHS management of member enterprises through a series of activities.

After years of EHS team building and EHS full-time and part-time personnel training, Fosun Pharma Group has more than 120 full-time EHS personnel, who are distributed in each member enterprise in China. In 2022, due to various reasons, mobile learning and on-site exchange among EHS across the Group were affected, but various forms of online sharing and classroom training were still actively organized and carried out, which facilitated the sharing and exchange among member enterprises in energy and emission reduction, green carbon reduction and risk management, created an EHS cultural atmosphere of integration and convergence in the Group, and deepened and accelerated the communication and collision of EHS in the Group to achieve common improvement and progress.

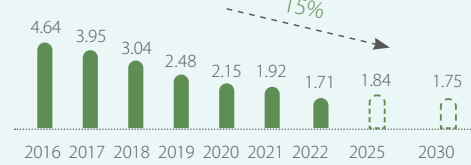
### Water consumption intensity

Unit: m<sup>3</sup>/RMB10,000 of output value



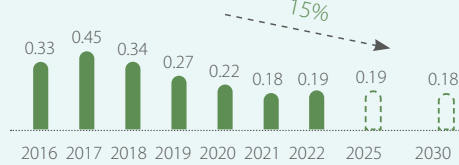
### Sewage discharge intensity

Unit: ton/RMB10,000 of output value



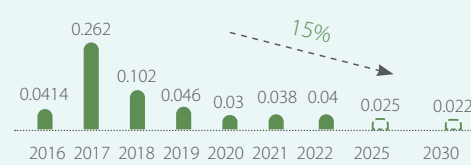
### COD emissions intensity

Unit: kg/RMB10,000 of output value



### Ammonia nitrogen intensity

Unit: kg/RMB10,000 of output value



## EHS Management System and Certification

In accordance with the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, the Law of the People's Republic of China on Work Safety and other laws and regulations, and in combination with the standard requirements of ISO14001 and ISO45001 management systems, Fosun Pharma Group has formulated management requirements for EHS work of each member enterprise and supervised the implementation thereof. Centered on PDCA management logic, EHS management aims to realize the continuous improvement of Fosun Pharma in terms of EHS management.

By the end of 2022, a total of 15 member companies of the Group had passed the third-party certification of ISO14001 and ISO 45001 systems, with the number of certified employees accounting for 91% of those in the pharmaceutical manufacturing, medical devices and diagnosis. 19 member enterprises had passed the third-party review of national safety production standardization, 13 member enterprises had conducted and passed the assessment and certification of clean production, 5 member enterprises had passed the third-party certification of ISO50001 energy management system, and 7 member enterprises had been awarded the honor of national/provincial green factory.

In 2022, the Group carried out the ISO14001/ISO45001 dual system certification in the form of group certification and was audited and certified by Germany Rheinland Certification Company. Finally, Fosun Pharma Group obtained the certification of dual system together with five member enterprises, i.e. Wanbang Pharma, Carelife Pharma, Guilin Pharma, Avanc Pharma and Erye Pharma (Suzhou base). This certification is the first time for the Group to obtain certification from external third-party certification agency in the form of group certification since its launch

of the internal EHS management system in 2014, which marks a new height in the standardized management and control of the Group's EHS management system. Member enterprises participating in the group certification in the first batch accounted for 18% of the manufacturing enterprises. In the future, the Group will gradually expand the coverage of the member enterprises participating in the group certification.

During the reporting period, the Group continued to promote the implementation and internal audit of Fosun Pharma's EHS management system, in addition to the certification work of external third-party certification agencies. The means of audit include internal cross-audit of Fosun Pharma Group, and self-examination of member enterprises. Among them, the cross-audit was conducted by the audit team composed of EHS experts/internal auditors from different member enterprises in five dimensions including EHS system, environmental protection, security, fire protection and occupational health of the audited enterprise, and the EHS management of the audited enterprise was comprehensively assessed in the form of quantitative assessment. Upon completion of an audit, the Group generated an audit report on problems found and asked the audited enterprise to formulate corrective and preventive measures and plans. The headquarters EHS department was responsible for the follow-up and completion of correction. The Group requires preparation enterprises to undergo a cross-audit at least once every three years, and API enterprises must undergo a cross-audit once a year. All types of enterprises should complete the self-audit of the EHS management system at least once a year and report the results to the EHS department of the Group, and include them in the rectification and tracking plan.




Picture: ISO45001 System Certificate



Picture: ISO14001 System Certificate

During the Reporting Period, there were no environmental pollution incidents and major safety and fire accidents of the Group, and no production safety accidents resulting in the death of employees

and/or contractors occurred in the Group. Nine member enterprises were commended and awarded by local environmental protection, safety supervision and/or fire authorities.

 **19** member enterprises passed the third-party review of national safety production standardization

**15** member enterprises passed the third-party certification of ISO14001 and ISO45001

**13** member enterprises passed the third-party certification of clean production

**7** member enterprises won the honorary title of Green Factory

**5** member enterprises passed the third-party certification of ISO50001



National-level Green Factory	Green Factory of Shanghai City	Green Factory of Liaoning Province
Zhaohui Pharma	Zhaohui Pharma	
Red Flag Pharma	Chemo Biopharma	Red Flag Pharma
Green Factory of Jiangsu Province	Green Factory of Guangxi Zhuang Autonomous Region	Green Factory of Xingtai City
Wanbang Pharma	Guilin Pharma	Wanbang Folon
Erye Pharma		

\* As of 31 December 2022

## Certifications on EHS Management Systems and Standard Certification of Major Member Enterprises of Fosun Pharma Group

Enterprise name	Type of certification	Enterprise name	Type of certification
Wanbang Pharma	ISO14001, ISO45001, ISO50001, Class II Safety Standardization, clean production, green factory	Yao Pharma	ISO14001, ISO45001
Wanbang Jinqiao	ISO14001, ISO45001, Class II Safety Standardization, clean production	Carelife Pharma	Class II Safety Standardization, clean production
Zhaohui Pharma	ISO14001, ISO45001, ISO50001, Class II Safety Standardization, clean production, green factory	Guilin Pharma	ISO14001, ISO45001, clean production, green factory
Chemo Biopharma	ISO14001, ISO45001, Class II Safety Standardization, clean production, green factory	Avanc Pharma	Class III Safety Standardization, clean production
Wanbang Folon	ISO14001, ISO45001, Class II Safety Standardization, clean production, green factory	Erye Pharma (Suzhou base)	ISO14001, ISO45001, ISO50001, Class II Safety Standardization, clean production, green factory
Wanbang Tiansheng	Class III Safety Standardization	Erye Pharma (Shandong base)	ISO14001, ISO45001, Class III Safety Standardization
Diagnostics	Class II Safety Standardization, clean production	Dongting Pharma	ISO14001, ISO45001, Class III Safety Standardization, clean production
Fosun Beiling	ISO14001, ISO45001, Class III Safety Standardization	Red Flag Pharma	ISO14001, ISO45001, ISO50001, Class III Safety Standardization, clean production, green factory
Hexin Pharma	Class III Safety Standardization, clean production	Shine Star	ISO14001, ISO45001, Class II Safety Standardization
Shanghai Henlius	Class III Safety Standardization	Dengrui Fertilizer	ISO14001, ISO45001, ISO50001
Aleph	Class III Safety Standardization	Gland Pharma	ISO14001, ISO45001
GSK (Suzhou) Pharma	Class III Safety Standardization		
Total	ISO14001 certification: 15 enterprises; ISO45001 certification: 15 enterprises; ISO50001 certification: 5 enterprises; safety standardization review: 19 enterprises; clean production certification: 13 enterprises; green factory: 7 enterprises		

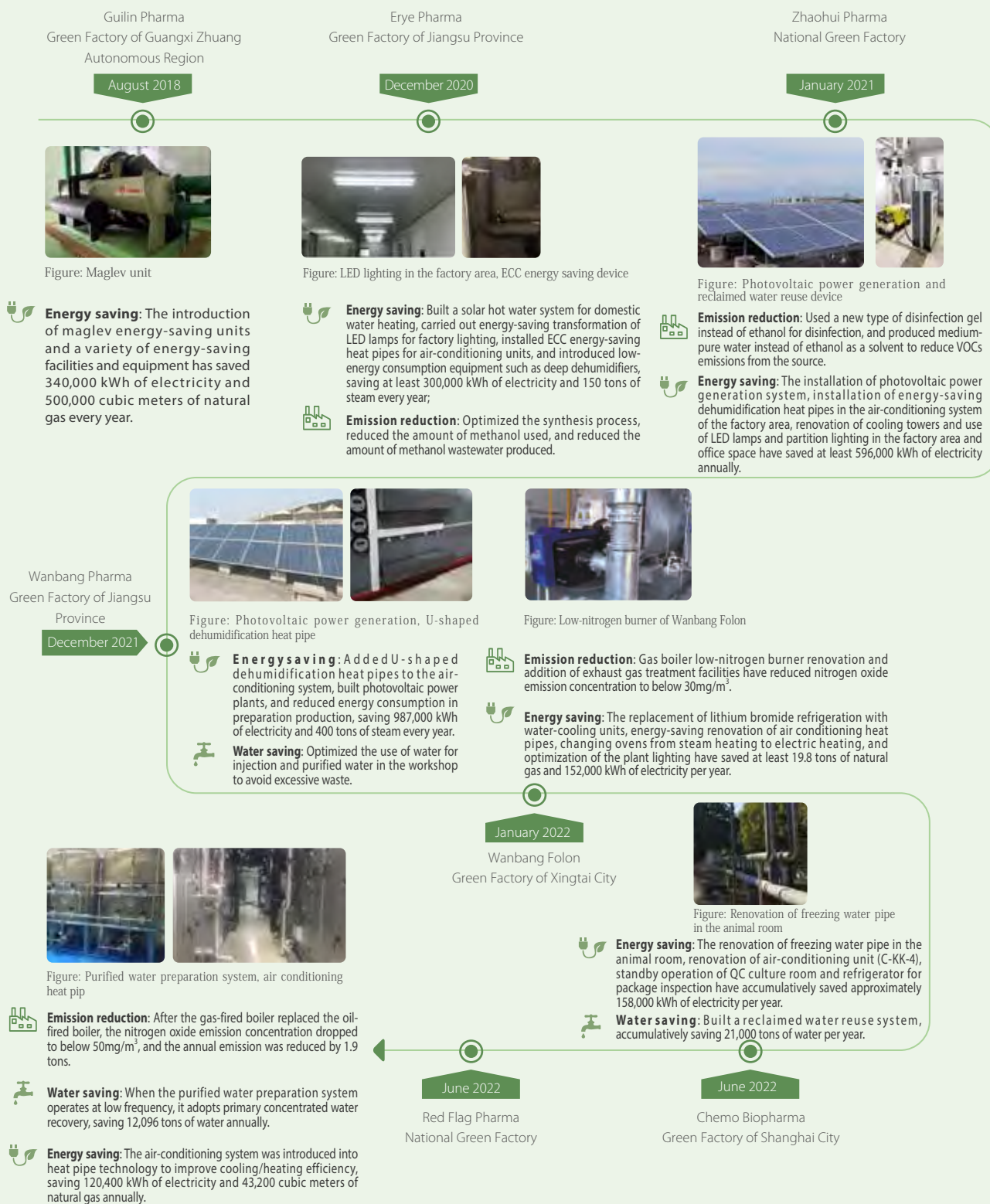




## Seven Enterprises were Successively Honored as Municipal, Provincial or National Green Factory

Several measures have been taken in terms of intensive land use, harmless materials, clean production, waste recycling, low-carbon energy and other aspects, following the design and management concept of green factory. More and more member enterprises are aiming at building green factories while operating steadily,

and enhancing sustainable competitive advantages with green operations. As at 31 December 2022, seven member enterprises had been listed in the green factory. The main enhancements in EHS by all the member enterprises are as follows:



## EHS Operating Investment

Fosun Pharma Group invested RMB28,733 million in environmental protection facilities in 2022, mainly in the construction/upgrading of environmental protection facilities such as purification engineering facilities and sewage treatment facilities; RMB109,989 million was invested in operation of environmental protection facilities for sewage and waste gas and disposal of wastes. The above amount of investment in environmental protection only includes the construction and operation costs of environmental protection facilities at the operating bases, and excludes the construction costs of environmental protection facilities at the bases currently under construction within the Group. The construction costs for environmental protection facilities already incurred

in 2022 for the new base are approximately RMB40 million.

In 2022, member enterprises paid a total of RMB0.5623 million on environment protection tax. The main taxable pollutions include COD, ammonia nitrogen, NOx, SOx and particulate matters.

In terms of safety investment, the Group invested RMB101,778 million in occupational health and safety in 2022, mainly for the upgrading and renovation of various safety facilities of member enterprises to ensure the normal operation and maintenance of various safety and fire facilities and the protection of employees' safety and health.

## EHS investment by segment

Segment	Capital expenditure of environmental facilities		Operation expenditure of environmental facilities		Capital expenditure of safety facilities		Operation expenditure of safety facilities	
	Amount (RMB'000)	Description	Amount (RMB'000)	Description	Amount (RMB'000)	Description	Amount (RMB'000)	Description
Pharmaceutical manufacturing	2,795.9	VOCs treatment facilities upgrade and renovation, sewage treatment facilities upgrade and renovation	10,095.9	Operating of environmental facilities and solid waste disposal	3,533.7	Safety and fire facilities upgrading	3,748.1	Personnel protective equipment, maintenance of fire facilities
Healthcare services	77.5	Sewage treatment facilities upgrade and renovation	687.7	Medical waste treatment	578.8	Safety and fire facilities upgrading	1,443.9	Personnel protective equipment, maintenance of fire facilities
Medical devices and diagnosis	0.0	-	215.3	Operating of environmental facilities and solid waste disposal	95.6	Safety and fire facilities upgrading	777.7	Personnel protective equipment, maintenance of fire facilities
Total	2,873.3	-	10,998.9	-	4,208.1	-	5,969.7	-

## Tackle Climate Change

Climate change is a prominent global challenge, which not only concerns natural ecosystems, but also ensures the sustainable development of the economic society. It is urgent to achieve carbon neutrality. Countries and businesses around the world need to make concerted efforts to advance the low-carbon economic transition, and realize the objective of the Paris Agreement to control the global temperature rise within 2 in the century. On 6 November 2022, the 27th meeting of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27) convened in Sharm el Sheikh, Egypt, aiming to establish and operate a climate change loss and damage fund to compensate the most vulnerable

countries with the least responsibility for climate change and enhance global climate resilience.

As a responsible international pharmaceutical and health industry group, the Group identified the relevant risks and opportunities of climate changes, and disclosed its climate change risk management in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in active response to the Paris Agreement on Climate Change and the strategic objective of "peak carbon dioxide emissions and carbon neutrality" of China.

## Governance

The Company's Board and ESG Committee are responsible for regularly reviewing the implementation of climate change related issues in the ESG report, including but not limited to carbon emissions, energy consumption and other targets and their achievement. ESG Committee shall oversee the overall ESG work and hold annual ESG communication meetings to discuss

issues related to climate change. The ESG Working Group is responsible for the implementation of climate change risk identification and targeted climate change mitigation, adaptation and resilience initiatives.

## Strategy

The Group has developed a comprehensive risk management strategy for climate change, covering all aspects of risk identification, assessment and management. In order to comprehensively understand the impact of different aspects on our operations, such as policy transition, market changes, and intensification of extreme weather, and respond more flexibly to various potential climate changes, we have selected two high-contrast climate scenarios RCP 8.5 (Representative Concentration Pathway 8.5) and APS (Announced Pledges Scenario) for risk identification.

Based on the scenario analysis of climate change risks, we have identified a list of significant climate change risks related to the Group by integrating factors such as industrial characteristics, policy guidance and geographical characteristics of operation locations, and historical records of extreme weather, and have integrated them with the Group's overall risk management system to promote the climate change risk management in the value chain.

Climate scenario	Scenario introduction
RCP 8.5	Assuming the baseline scenario without any interventions by climate changes, characterized by increasing emission and concentration of greenhouse gas, with the temperature rising by 5°C in 2100.
APS	Assuming that all climate commitments made by the world's governments, including Nationally Determined Contributions (NDCs) and long-term net zero targets, will all be met on time.

Major climate change risks	Relevance explanations
Increase in price of greenhouse gas emissions	In order to achieve the temperature control objective set forth in the Paris Agreement, domestic and foreign governments are gradually improving the regulation of the carbon emissions trading management system and total carbon emissions, which has resulted in increased greenhouse gas emissions costs, either directly (carbon taxation) or indirectly (carbon offsets, higher fuel prices, electricity prices, etc.). If the industry is included in the national carbon emission trading system, the Group must bear the performance cost once the verified emissions exceed the allocated allowances according to the mandatory verification of carbon trading, which will constantly increase the operating costs of the Group.
The front-end cost of low emissions technology transition	According to the "dual-carbon <sup>1</sup> " policy and the expectations of investors, customers and other stakeholders, the Group shall accelerate its low-carbon transition by investing in low-carbon technology research and development, improvement of its energy structure, and optimization of its energy-using equipment, which will increase the Group's operating costs.
Increase in average temperature	The production plants have raised higher requirements on the temperature. Against the backdrop of warmer weather, the Group is expected to increase energy consumption to maintain normal production, which further increases operating costs. At the same time, the temperature rise will lead to an increase in hot weather, which will increase the health risks of employees.
Frequent extreme weather	The global warming has resulted in greater instability of the climate system, higher frequency of extreme weather and stronger intensity, which will affect the stability of the Group's operations; simultaneously, the increase in expenses to cope with extreme weather will further increase operating costs.

<sup>1</sup> refers to carbon peaking and carbon neutrality

## Risk Management

In active response to the identified climate change risks, and in order to effectively prevent the adverse effects and risks of climate changes, the Group has formulated the countermeasures for adaptation and mitigation of climate changes.

### Adaptation:

The Group has strengthened the monitoring of extreme weather conditions, kept abreast of meteorological information, and established communication channels with relevant government agencies. In addition, we have strengthened our daily operational inspections, regularly checking drainage systems, electrical instruments, etc., and reinforcing and inspecting outdoor facilities for potential hazards. At the same time, we have set up an emergency response team so that in the event of extreme weather, the corresponding emergency plan can be implemented in an orderly and timely manner to minimize the damage. The Group has enhanced its adaptability and resilience to climate change through these measures.

### Mitigation:

In order to reduce the impact of our operations on the environment, the Group implements effective and powerful measures to reduce energy use and continuously optimizes its energy usage structure. The Group has issued the Notice on Energy Saving and Emission Reduction for Fosun Pharma Group Member Enterprises to clarify emission reduction targets and incorporate energy management and control into the performance assessment of corporate management personnel. We are committed to promoting the professional establishment of energy management system, continuously enhancing the certification of the energy management system, improving the coverage of energy-intelligent monitoring and continuously lifting our energy management level. As of 31 December 2022, five major member enterprises of the Group have obtained the energy management system certification.



# Green Manufacturing and Continuous Improvement

## Greenhouse Gas Emissions and Energy Management

### Main Action Strategy

- Continue to strengthen carbon management and achieve greenhouse gas emission reduction targets
- Improve energy utilization efficiency, adjust energy structure, and promote renewable energy
- Promote facilities and equipment used to recycle thermal energy, promote clean energy projects such as photovoltaic power generation systems, popularize the administrative system for the green use of energy-consuming equipment, increase the coverage of low energy-consuming energy-saving equipment, and optimize and adjust the temperature and humidity in GMP workshops

### EHS Five-Year Strategic Goals



#### Carbon emission intensity

Reduction by 15% in 2025 compared with that in 2020, i.e., 0.23 tons/RMB 10,000 revenue by 2025



#### Carbon emission reduction from energy-saving projects

The cumulative carbon emission reduction from 2021 to 2025 reaches 30,000 tons with a planned annual carbon reduction of 6,000 tons



#### Comprehensive energy consumption intensity

Reduction by 10% in 2025 compared with that in 2020, i.e., 2.29GJ/RMB 10,000 revenue by 2025

### Fulfillment of Performance Goals

Performance Goals	2021 (target value VS actual value)	2022 (target value VS actual value)
Carbon Emission Intensity (tons/RMB10,000 revenue)	0.26 VS 0.23	0.254 VS 0.216
Carbon emission reduction from energy-saving projects (10,000 tons)	0.6 VS 0.79	0.6 VS 0.94
Comprehensive energy consumption intensity (GJ/RMB 10,000 revenue)	2.48 VS 2.06	2.43 VS 1.90

### Greenhouse Gas Emission

The energy consumption during the Group's production and manufacturing process is closely related to the greenhouse gas emission source, i.e. carbon emission source. Therefore, the primary way to reduce the Group's greenhouse gas emissions is to reduce the Group's energy consumption. The carbon emissions of direct emission source (Scope 1) and indirect emission source (Scope 2) and other indirect emission sources (Scope 3) are included into the scope of carbon verification. In 2016, when

Fosun Pharma Group first disclosed its carbon emissions in its report, they only included direct and indirect emission sources. But starting from this report, carbon emissions from gasoline consumed by employees' commuter shuttles and company vehicles will be classified as other indirect emission sources (Scope 3). The year of 2022 will see the first disclosure of the carbon emissions from other indirect emission sources (Scope 3) by the Group in the report.



# Carbon Emission Development Process

## 2017

1. Continued to increase the carbon emission management pilots, and gradually expanded the scope and intensity of self-investigation on carbon emissions throughout the Group.
2. Gradually reduced and minimized greenhouse gas emissions within its controllable scope, realized energy conservation and emission reduction through technological transformation, and optimized internal production and operation management.

## 2019

1. Headquarters of the Group issued two documents on energy-saving and efficiency improvement, requiring member enterprises to pay attention to and strengthen energy conservation and emission reduction to improve energy efficiency.
2. At the beginning of the year, the pre-declaration and collection of member enterprises' energy-saving and carbon-reduction management schemes were started. Member enterprises were required to refine the annual energy-saving and emission-reduction target indicators, formulate specific energy-saving and emission-reduction management schemes and ensure the realization of preset energy-saving goals by control and management on the introduction of energy-saving equipment, the establishment and implementation of energy-saving and emission-reduction systems and other aspects.
3. An energy consumption data tracking mechanism was established to track and analyze key indicators in energy-saving and carbon-reduction schemes to ensure that the annual goals were stably realized.

## 2021

1. Followed the concept of green production to maximize the comprehensive value of environmental protection and production efficiency. Currently, several member enterprises have taken active part in various energy-saving and emission-reduction projects. They were successively honored as the municipal, provincial or national green plants, passed the energy management system certification and obtained relevant certificates.
2. Mastered the direction of management policies for greenhouse gas quantity, and constantly established and improved the carbon management system. Two member enterprises (Red Flag Pharma and Shine Star) were included into the quota management list of local carbon emissions permit trading to cooperate with competent authority in local carbon trading. All member enterprises totally purchased green power of 26.59 million kilowatts, reducing 16 thousand tons of carbon.

## 2016 (the first year of carbon emission disclosure)

1. Conducted the self-investigation and calculation of carbon emissions, and disclosed the total carbon emissions to the public in the social responsibility report for the first time.
2. Gradually reduced and minimized greenhouse gas emissions within its controllable scope, and encouraged to use clean energy.

## 2018

1. Gathered EHS staff of important carbon emission enterprises of the Group, and invited carbon accounting experts to offer relevant training on carbon accounting. Member enterprises such as Wanbang Pharma, Guilin Pharma and Avanc Pharma rechecked the carbon emissions of each member enterprise after participation in the carbon emission training.
2. Urged enterprises to proactively implement energy-saving and emission reduction projects by formulating and assessing the energy-saving and emission-reduction objectives of member enterprises.

## 2020

1. Enhanced and optimized the energy management system, and integrated the low-carbon economic development concept into the whole process including design, construction and operation. Continuously reduced energy and resource consumption, and improved the recycling rate. As of 2020, two enterprises (Erye Pharma, Shine Star) of the Group had passed the energy management system certification.
2. Encouraged enterprises to improve the coverage of intelligent energy monitoring, and regularly conducted diagnosis and analysis of the energy usage of major energy-consuming facilities and processes; carried out continuous research and improvement in the energy-consuming level, energy-saving potential and energy-saving direction, in order to provide a scientific foundation for the energy-saving technical transformation and improvement in energy usage ratio.

## 2022

1. Promoted carbon accounting and carbon verification by member enterprises, further determined the carbon emissions of enterprises, and explored more opportunities for carbon emission reduction.
2. Continuously focused on the market-oriented trading policy of green power, and timely grasped the opportunities for green power purchase and policy advantages. Three member enterprises purchased green power to replace thermal power according to the trading service category provided by local electricity trading centers, totaling purchased green power of 16.92 million kilowatts and reducing 8,825 tons of carbon.
3. As of 31 December 2022, seven member enterprises of the Group were honored as the municipal, provincial or national green plants; five member enterprises passed the energy management system certification; and four member enterprises established the internal photovoltaic power generation system, totally generating 1.375 million kilowatts during the Year.

In 2022, the Group invested a total of RMB3.8023 million in the implementation of various energy-saving measures. Through various energy-saving and emission reduction measures, member enterprises saved 8.86 million kWh of electricity, 968 thousand m<sup>3</sup> of natural gas and 4,700 tons of purchased steam,

reducing carbon emissions by 9,433 tons. In 2022, through the procurement of more than 16.92 million kWh of green power (including hydropower and new energy generation), 8,825 tons of carbon emissions were reduced.

## Amount of Energy Conservation and Emission Reduction



## Summary of key energy-saving projects of certain members of Fosun Pharma

Name of member	Energy-saving measures			Energy saved	Carbon reduction
	Application of new technologies and equipment	Optimization of production process and layout	Energy management system		
Wanbang Pharma	Air conditioning U-shaped dehumidification heat pipe installation, internal photovoltaic system installation	Integrated solids energy saving optimisation		Electricity: 987 thousand kWh Purchased steam: 400 tons	825
Wanbang Jinqiao			Optimisation of the operation of air conditioning units, glycol units and air pressure systems	Electricity: 380 thousand kWh Purchased steam: 150 tons	317
Zhaohui Pharma	Energy-saving heat pipe installation, internal photovoltaic system installation			Electricity: 596 thousand kWh Purchased steam: 1,000 tons	746
Chemo Biopharma		Retrofit of chilled ducts and air conditioning units in animal rooms	Optimisation of air-conditioning operation in refrigerating rooms	Electricity: 850 thousand kWh	598
Wanbang Folon	Replacement of LED lamp			Electricity: 49 thousand kWh	43
Yao Pharma (Renhe)	Replacement of LED lamp, concentrated water installation	Retrofit of water supply valves for air conditioning		Electricity: 768 thousand kWh Natural gas: 0.342 million m <sup>3</sup>	1,143
Yao Pharma (Shuitu)		Energy-saving transformation of air-conditioning, integrated energy-saving optimization of freeze dryer machine		Electricity: 1789 thousand kWh	941
Dongting Pharma		Comprehensive energy consumption optimisation of boilers, energy-saving retrofit of workshop vacuum systems		Electricity: 138 thousand kWh Natural gas: 40 thousand m <sup>3</sup>	160
Hexin Pharma		Boiler transformation	Refrigeration unit runtime optimisation for powder injection production line	Electricity: 80 thousand kWh Natural gas: 25 thousand m <sup>3</sup>	96
Guilin Pharma	Energy-saving unit installation for magnetic levitation machines, introduction of a methane resource recovery unit	Cleaning, maintenance and packing replacement of energy-consuming equipment	Data-based energy process control, establishment of energy performance assessment system, optimization of refrigeration system operating parameters	Electricity: 1.142 million kWh Natural gas: 500 thousand m <sup>3</sup>	1,683
Erye Pharma (Shandong base)				Electricity: 262 thousand kWh	232
Erye Pharma (Suzhou base)	Heat pipe energy saver installation		Optimisation of fan operation in cooling towers, optimisation of steam pressure data collection and monitoring range, optimisation of air pressure system parameters	Electricity: 300 thousand kWh Purchased steam: 150 tons	260
Red Flag Pharma		Optimisation of natural gas inlet flow for boilers and boiler pressure	Adjustment of heating hours and zones, establishment of communication mechanism for air-conditioning shutdown, inclusion of energy and resource consumption indicators in performance assessment	Electricity: 23 thousand kWh Natural gas: 61 thousand m <sup>3</sup>	150
Aleph	Replacement of quality hydrophobic valves			Purchased steam: 3,000 tons	980
Huaiyin Medical			Optimisation of air conditioning operation	Electricity: 6 thousand kWh	5
Suqian Zhongwu	Internal photovoltaic system installation			Electricity: 324 thousand kWh	228
Xingxing Rehabilitation	Internal photovoltaic system installation			Electricity: 138 thousand kWh	97
Gland Pharma	Replacement of LED lamp, variable frequency motor installation			Electricity: 1.028 million kWh	930

Note:

1. 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.

In 2022, the Group's annual GHG emissions were 949,469 tons, including 289,044 tons of direct GHG emissions, 659,631 tons of indirect energy GHG emissions, 794 tons of other indirect GHG emissions, 119,000 tons of GHG emissions from overseas

enterprises and 831,000 tons of GHG emissions from enterprises in the PRC. The Group's carbon intensity in 2022 was 0.216 tons/RMB10,000 of output value.

## Carbon emission of Fosun Pharma Group

	Total carbon emissions (ton)	Carbon emission type			Carbon emission intensity (ton/RMB10,000 of output value)
		Direct carbon emission (ton)	Indirect energy carbon emission (ton)	Other indirect carbon emission (ton)	
2016	746,179	-	-	-	0.60
2017	822,786	-	-	-	0.54
2018	786,371	396,062	389,265	1,044	0.41
2019	758,143	380,642	376,563	938	0.35
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

Note:

1. This data does not include carbon emissions from biological and chemical sources within the boundaries of responsibility (i.e. within the physical boundaries of production, operations and office). Only carbon dioxide from greenhouse gases was included in carbon accounting, so GMP values are not selected;
2. Direct carbon emission sources include the combustion of natural gas, liquefied gas, raw coal, diesel, fuel oil, and other fossil fuels, and energy indirect carbon emission sources include net purchased electricity and steam; Other indirect carbon emission sources include the consumption of petrol for business travel and staff commuting;
3. The 2018-2021 indirect carbon emissions reports were consistent with the definition of indirect energy carbon emissions in this report, except that carbon emissions from petrol consumption were moved from the direct carbon emissions (Scope 1) to other indirect carbon emissions (Scope 3). The retrospective adjustments result in inconsistencies between the 2018-2021 direct carbon emissions in this report and data from previous reports;
4. Carbon emission factors refer to the "2011 Regional Power Grid Average CO<sub>2</sub> Emission Factors in China", "Guidelines for Calculation Methods and Reporting of Greenhouse Gas Emissions from Industrial and Other Industrial Enterprises (Trial)", "IGES List of Grid Emission Factors V11.0" and "GHG Emission Factors for Electricity Consumption. European Commission, Joint Research Centre (JRC) [Dataset] PID", and other national and international methodological documents on carbon emission sources and calculations.



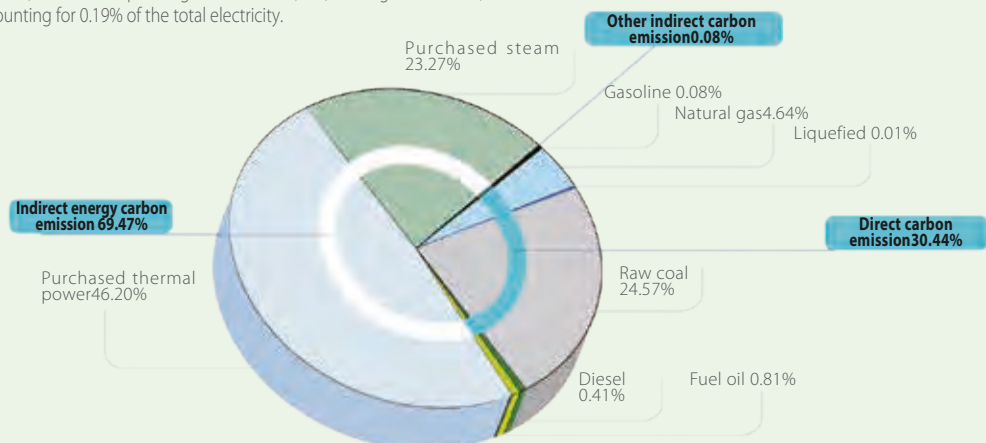
## Cases

### Purchase Green Power and Investment in the Construction of Internal Photovoltaic Power Generation Projects

Based on the existing policies, Fosun Pharma Group sorted and analyzed the applicable conditions of green power consumption, influencing factors of project economy and market maturity, and puts forward suggestions on how member enterprises choose and participate in green power consumption.

First of all, member enterprises with the conditions for the installation of distributed renewable energy power generation systems are encouraged to invest in the construction of distributed renewable energy power generation projects for their own use, such as roof photovoltaic projects. According to their own capital and personnel conditions, member enterprises can realize green power consumption by choosing to invest by themselves or enjoy preferential electricity prices after investment and construction by a third party. Wanbang Pharma, Zhaohui Pharma, Zhongwu Hospital and Xinxing Rehabilitation have built internal photovoltaic power generation systems, with a total power generation of 1,374,733 degrees in 2022, accounting for 0.19% of the total electricity.

Secondly, for the member enterprises that lack the installation conditions of distributed renewable energy power generation system or the resources are insufficient to meet the green power consumption demand, it is recommended to purchase green power according to the transaction service varieties provided by the local power trading market, remind the member enterprises to maintain policy sensitivity, establish cooperation with powerful comprehensive energy service providers and power selling enterprises, and timely participate in the market-oriented transaction of distributed power generation and purchase green power. In 2022, a total of 3 production bases of member enterprises purchased green power, including 15,705,735 degrees of purchased new energy, 1,217,883 degrees of purchased hydropower, accounting for 2.20% and 0.17% of the total electricity respectively.



## Energy Consumption Management

Improving energy structure and energy efficiency is an important way for Fosun Pharma Group to address climate changes. The Group attaches importance to the management of all the energy used, improves energy efficiency to help reduce carbon emissions throughout the life cycle of operations and products, and realizes the replacement with renewable energy sources to further master opportunities for clean energy. The Group's total energy consumption in 2022 was 8,368,603GJ, which was 319,860 GJ higher than that in 2021, and a year-on-year increase of 3.97%. The comprehensive energy consumption intensity is 1.90GJ/RMB10,000 of output value, fulfilling the target value of the current period in 2022.

In 2022, the natural gas and liquefied gas consumption dropped slightly as compared with 2021, which was attributable to the decrease in the total amount of natural gas and liquefied gas consolidated data due to investment withdrawal, including 620,528 cubic meters of natural gas and 6,861 kilograms of liquefied gas. In addition, member companies also actively explored practical energy-saving and consumption reduction projects, which can be seen in "Summary of Energy-Saving and Emission Reduction Projects of Fosun Pharma Member Enterprises" in this report. These measures contributed to a reduction of energy

consumption by 84,052GJ in 2022. The consumption of purchased steam increased by more than 94,000 tons in 2022, mainly due to the renovation and expansion of Shine Star and Erye Pharma (Shandong Base).

The total electricity consumption in 2022 was approximately 713.53 million kWh, consisting of approximately 712.15 million kWh of purchased electricity and more than 1.37 million kWh of electricity generated from internal photovoltaic systems. The purchased electricity included more than 16.92 million kWh of green electricity, with purchased new energy, purchased hydropower and power generated by internal photovoltaic system accounting for 85.83%, 6.66% and 7.51% of the total green power consumption. The green power purchased by the Group in 2022 experienced a sharp decline, mainly due to the changes in green power procurement policies in various regions, and the decline in the purchased electricity available. For instance, enterprises in Shanghai and Chongqing failed to purchase green electricity through the existing power supply companies. However, Guilin Pharma, the Group's member enterprise, successfully purchased green electricity of 13 million kWh, contributing to the decrease in the carbon emissions by 6,852 tons.

A total reduction of energy consumption

**84,052** GJ

## Energy consumption of Fosun Pharma Group

	Total electricity consumption (kWh/year)	Internal energy consumption (GJ/year)	External energy consumption (GJ/year)	Comprehensive energy consumption (GJ/year)	Comprehensive energy consumption intensity (GJ/RMB10,000 of output value)
2016	478,175,186	-	-	5,581,931	4.43
2017	513,272,112	-	-	6,496,683	3.51
2018	655,108,860	7,738,463	14,799	7,753,262	3.11
2019	631,436,019	7,563,248	13,302	7,576,550	2.65
2020	637,986,028	7,640,595	15,173	7,655,768	2.53
2021	664,674,268	8,036,008	12,735	8,048,743	2.06
2022	713,527,824	8,357,349	11,254	8,368,603	1.90

Note:

1. The total electricity consumption is purchased electricity and internal solar energy power generation with photovoltaic system;
2. The disclosure caliber of energy consumption in the CSR report from 2016 to 2021 is classified into direct and indirect energy consumption, and the disclosure in the CSR report in 2022 is adjusted to internal energy consumption and external energy consumption based on the requirements of the GRI standard;
3. The energy consumption classification for 2016-2021 will be adjusted retroactively, and the caliber is adjusted: the comprehensive energy consumption minus the energy consumption of gasoline in the 2016-2021 report is the internal energy consumption, and the external energy consumption is the energy consumption of gasoline in the 2016-2021 report;
4. The energy consumption in 2021/2022 is calculated according to the General Rules for the Calculation of Comprehensive Energy Consumption (GB/T 2589-2020), which was inconsistent with the General Rules for the Calculation of Comprehensive Energy Consumption (GB/T 2589-2008) caused by change in standards.

## Energy consumption by segments of Fosun Pharma Group

	Total electricity consumption (kWh/year)	Natural gas (m <sup>3</sup> )	Liquefied gas (kg)	Steam (ton)	Raw coal (ton)	Diesel (litre)	Gasoline (litre)	Fuel oil (kg)
Pharmaceutical manufacturing	639,511,705	19,079,862	36,759	676,147,765	112,597	1,405,435	158,042	2,495,212
Healthcare services	60,817,890	1,315,701	0	0	0	51,529	153,120	15,146
Medical devices and medical diagnosis	13,198,230	0	4,960	116,981	0	37,874	50,288	0
Total	713,527,824	20,395,563	41,719	676,264,746	112,597	1,494,838	361,450	2,510,358





## Dongting Pharma: Recycling of Industrial Steam Condensing Water

It was found after thorough investigation that there were unrecovered steam condensate and pure steam in the air-conditioning unit, heating and humidifier, distilled water machine, pure steam generator and solid condensate pipe network of Dongting Pharma preparation plant. Such condensate water and steam can realize a sharp decline in water consumption, energy consumption and greenhouse gas emissions. Dongting Pharma invested a total of RMB150,000 in the engineering renovation of the steam recycling device, so that the condensate and remaining steam with residual temperature will enter the water storage tank and be recycled into the boiler for use, which can reduce the water used in the boiler while also reducing the quantity of natural gas consumed per cubic meter of steam generated. It is predicted that it can save 1,800 tons of soft water and 40,000 cubic meters of natural gas throughout the year.



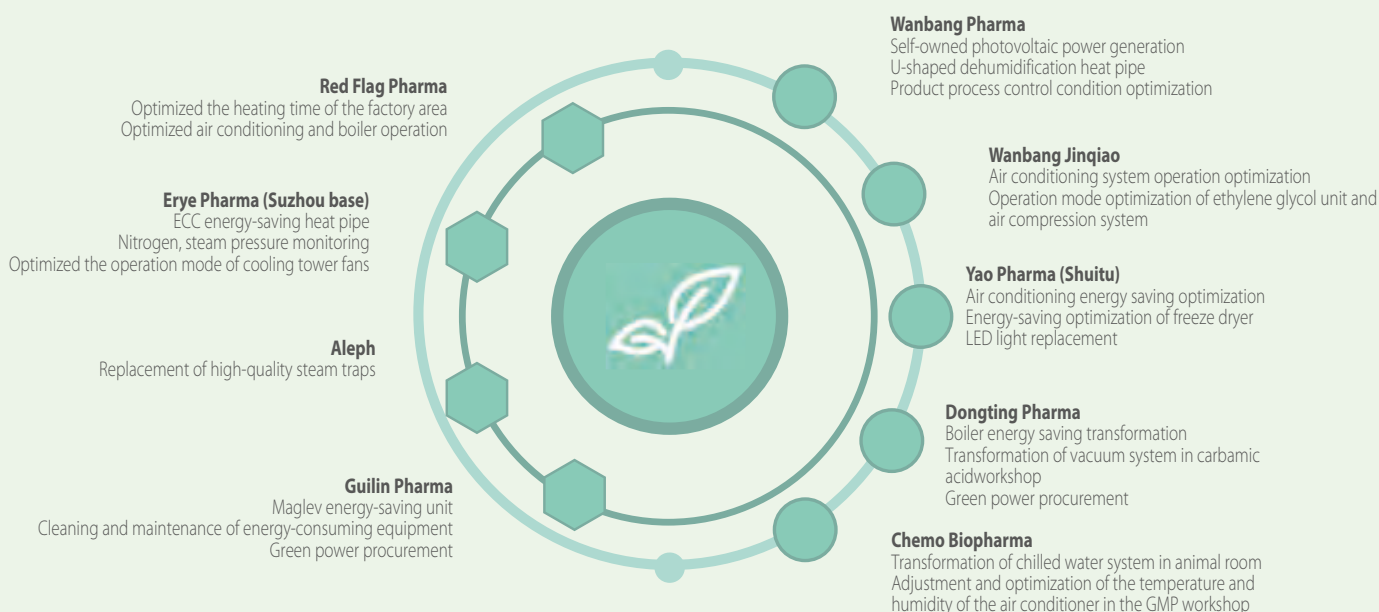
Picture: Recycling and transformation of industrial condensing water of Dongting Pharma



Picture: ECC air-conditioning economizer of Erye Pharma (Suzhou base)

## Erye Pharma (Suzhou base): Reduce Steam Consumption for Air-conditioning ECC Heat Pipe

In order to ensure the dehumidification and cooling effect of the air conditioning system in the production plant, the air conditioning system needs to consume cold and heat in circulation, so the reheating after cooling of air may result in the waste of steam energy and there is room for energy utilization optimization. Therefore, Erye Pharma (Suzhou base) invested over RMB1million to install ECC air conditioning pre-cooling and reheating heat pipe economizer, and adopted the air pre-cooling and pre-heating to reduce the consumption of additional heat source (steam) and steam consumption.



## Water Consumption Management

### Major Action Strategy


- Reduce consumption from the source, limit high water consumption projects, replace high water consumption processes and high-water consumption equipment
- Promote and refit water-saving equipment and water-saving appliances (such as water-saving toilet and water-saving faucets)
- Encourage all kinds of water recycling systems (condensate water reuse, reclaimed water reuse, rainwater reuse, etc.)
- Optimize internal water use frequency

### Five-year Strategic Goals of EHS



#### Water consumption intensity

The intensity for 2025 decreased by 15% as compared to 2020, i.e. 2.65m<sup>3</sup>/RMB10,000 of output value by 2025

<b>15</b> Member enterprises	 A total water saving of <b>338,000 m<sup>3</sup></b>
<b>115.36</b> million Water-saving projects investment	
<b>48.9%</b> Recycling rate	

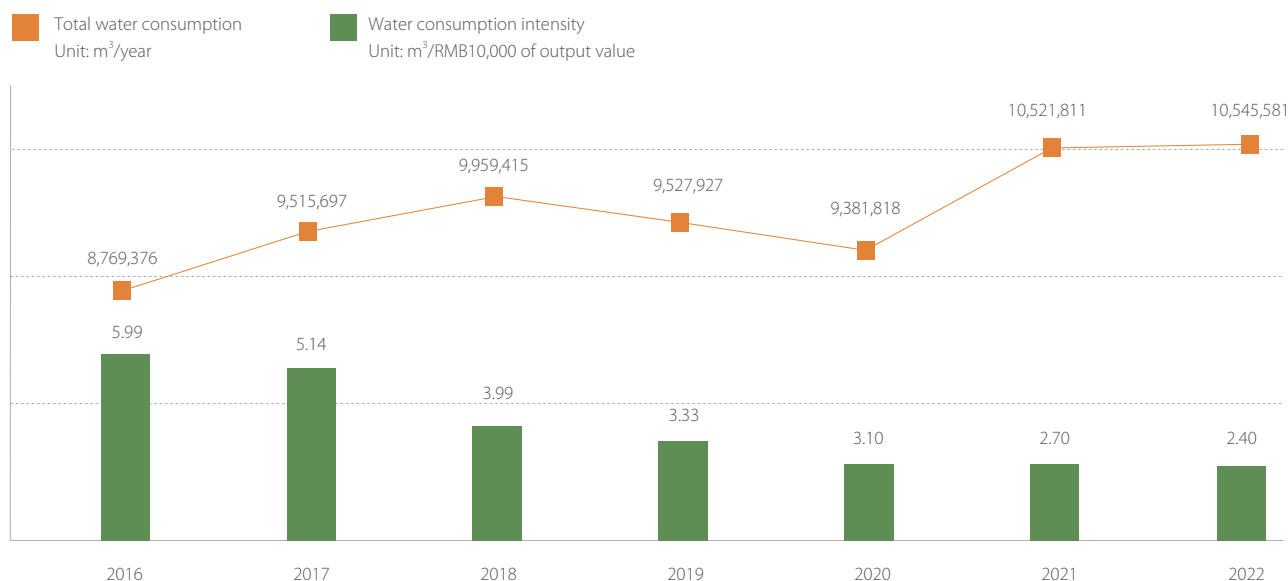
### Achievement of Performance Indicator

Performance indicator	2021 (Indicator vs. Actual)	2022 (Indicator vs. Actual)
Water consumption intensity (m <sup>3</sup> /RMB10,000 of output value)	<b>3.01 VS 2.70</b>	<b>2.92 VS 2.40</b>

Fosun Pharma Group recognizes the importance of water resources for sustainable production and living, human health and ecosystem stability, and is concerned about its impact on the continuity of the Group's own business. The Group mainly sourced water for production and living from municipal water supply, with a total water consumption of 10,545,581 m<sup>3</sup>, representing an increase of 0.23% as compared to 2021. However, the water consumption intensity was 2.40 m<sup>3</sup>/RMB10,000 of output value, maintaining a downward trend as compared to previous years.

In 2022, the Group invested RMB1.1536 million of special funds in carrying out and implementing the following water-saving measures, achieving total water saving of 338,000 m<sup>3</sup>, representing 3.2% of the total water consumption for the year. Among them, the total amount of recycled and reused water reached 10,084,225 tons, representing 48.9% of the total water consumption for the year.

### Total water consumption and water consumption intensity of Fosun Pharma Group



## Summary of key water-saving projects of certain member enterprises of Fosun Pharma Group

Enterprise name	Water-saving measures		Water-saving volume (10,000 m <sup>3</sup> )
	Water-saving engineering measures	Administrative measures	
Wanbang Pharma	Reuse of reclaimed water		
Wanbang Jinqiao	Water charging for cooling water towers	Optimize the metering system of water meter	0.1
Zhaohui Pharma	Reuse of reclaimed water		1.2
Wanbang Folon	Water charging for cooling water towers		0.7
Yao Pharma (Renhe)	Reuse of reclaimed water and cooling water recycling		8.8
Carelife Pharma (Fab 1)	Reuse of reclaimed water		0.2
Dongting Pharma	Concentrated water reuse and cooling water recycling	Optimize the metering system of water meter	7.0
Whinsun Pharma	Recycling of cooling water		4.1
Guilin Pharma	Water-using system renovation and improvement in public system equipment pipeline	Optimize the metering system of water meter and establish water-using performance appraisal	4.8
Avanc Pharma		Adjust production cycle	1.5
Erye Pharma (Suzhou base)	Cooling water branch renovation		1.4
Red Flag Pharma	Water tank newly added to vacuum pump system		0.2
Shanghai Henlius Biopharma (Base on Yishan Road)	Reuse of reclaimed water		0.7
Shanghai Henlius Biopharma (Songjiang base)	Reuse of reclaimed water		2.2
Gland Pharma	Reuse of reclaimed water		0.8



## Cases

### Several Member Enterprises such as Carelife Pharma, Wanbang Folon, Shanghai Henlius and Yao Pharma Set up the Reclaimed Water Reuse Projects

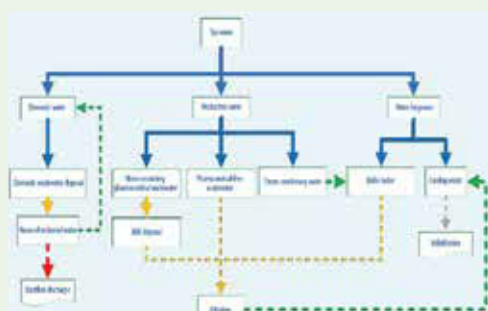


Chart: Process Chart of Reclaimed Water Reuse Project of Yao Pharma

Reclaimed water reuse refers to the water supply system in which production and domestic wastewater is reused as miscellaneous water such as plant greening and irrigation, cooling tower circulating water replenishment after proper treatment. Setting up water reuse system can effectively save water resources and reduce wastewater discharge, which has obvious environmental and economic benefits. At present, the reclaimed water reuse project has been applied in many member enterprises under the Group, and the quantity of reused water reuse by five enterprises only, including Yao Pharma, Carelife Pharma, Guilin Pharma, Shanghai Henlius and Wanbang Folon, reached as much as 95,000 tons.

### Regular Maintenance and Improvement of Buried Water Pipes in the Plant

The water supply network of the Group's member enterprise is mainly laid underground, so it may be difficult to detect leaks in time once they occur, and for companies that have been in construction and operation for many years, leaks in the network are more likely to occur. Therefore, the Group requires each member enterprise, especially those with high water consumption levels, to organize regular leak detection of the underground water supply network. With the help of micro-probes or small robots and other technologies, we can do a comprehensive inspection on the wastage and dilapidation of the entire underground pipe network, and promptly find leaks or sections that have been seriously worn out and replaced in a timely manner, in order to reduce or prevent the waste of water consumption caused by flowing water from the underground water supply network. This work is currently carried out in Chongqing Yao, Wanbang Pharma, Carelife Pharma, Dongting Pharma, Erye Pharma (Suzhou base) and many other hospitals.



Picture: Regular maintenance and improvement of buried water pipes in the plant

## Wastewater Discharge

### Major Action Strategy

Increase in hardware investment in sewage treatment facilities, the addition of sewage treatment facilities or upgrading and renovation of sewage treatment facilities

### Five-year Strategic Goals of EHS



#### Sewage discharge intensity

Sewage discharge intensity for 2025 decreased by 15% as compared to 2020, i.e., 1.84 tons/RMB10,000 of output value in 2025



#### COD emission intensity

COD emission intensity for 2025 decreased by 15% as compared to 2020, i.e., 0.19 kg/RMB10,000 of output value in 2025



#### Ammonia nitrogen emission intensity

The intensity for 2025 decreased by 15% as compared to 2020, i.e. 0.025kg/RMB10,000 of output value in 2025

### Achievement of Performance Indicator

Performance indicator	2021 (Indicator vs. Actual)	2022 (Indicator vs. Actual)
Sewage discharge intensity (tons/RMB10,000 of output value)	<b>2.09 VS 1.92</b>	<b>2.023 VS 1.710</b>
COD emission intensity (kg/RMB10,000 of output value)	<b>0.21 VS 0.18</b>	<b>0.207 VS 0.191</b>
Ammonia nitrogen emission Intensity (kg/RMB10,000 of output value)	<b>0.028 VS 0.038</b>	<b>0.027 VS 0.040</b>

The wastewater discharges generated by Fosun Pharma Group mainly comprise production wastewater and domestic wastewater. Following the principle of "rainwater and sewage separation and classified treatment" all wastewater, including initial rainwater from API enterprises, undergoes initial treatment at the internal wastewater treatment station. Once it meets the discharge concentration limits, it is then integrated into the designated municipal pipeline network and discharged into the environment after further treatment by the local sewage treatment unit. Local wastewater treatment units then undertake further in-depth treatment. There is no direct discharge of effluent to surface water, groundwater or seawater at this enterprise.

By the end of 2022, all the Group's subsidiaries

classified as key polluting units (water) have completed the installation of online monitoring systems for their wastewater discharges. Regular sampling by online monitoring equipment can indicate the sewage discharge intensity, ammonia nitrogen, PH and other characteristic factors of the discharge concentration values. Third-party sampling and testing is used as a method of data compilation for companies that do not have an online monitoring system installed.

As compared with the sewage data of 2021, the Group's total sewage discharge increased by 0.35% to 7,523,754 tons in 2022, the total chemical oxygen demand (COD) and ammonia nitrogen increased by 136.8 tons and 28.9 tons over 2021. The largest source of increase in 2022 is the adjustment of the statistical outputs for COD and ammonia nitrogen emissions from new sources. Emissions have

been estimated using direct readings from online monitoring equipment in 2022, instead of the original COD concentration of 114.35 mg/L and ammonia nitrogen concentration of 37.04 mg/L obtained from sampling and testing. This adjustment resulted in an incremental emission of 170.0 tons of COD and 28.9 tons of ammonia nitrogen respectively. Although the adjustment to the statistical output has significantly increased emissions and affected the achievement of the current effluent discharge target for the Fosun Pharma Group as a whole, it provides a more realistic and objective picture of the company's pollutant emissions.

### Water pollutants discharge of Fosun Pharma Group

	Total wastewater discharge (ton/year)	COD (ton/year)	Ammonia nitrogen (ton/year)	Sewage discharge intensity (ton/RMB10,000 of output value)	COD emission intensity (kg/RMB10,000 of output value)	Ammonia nitrogen emission intensity (kg/RMB10,000 of output)
2016	6,785,400	490	60.55	4.64	0.33	0.041
2017	7,315,890	841	486	3.95	0.45	0.262
2018	7,565,178	847	254	3.04	0.34	0.102
2019	7,091,033	778	130	2.48	0.27	0.046
2020	6,505,479	655	88.5	2.15	0.22	0.030
2021	7,497,581	704	146	1.92	0.18	0.038
2022	7,523,754	841	175	1.71	0.19	0.040



## Water pollutants discharge by segment of Fosun Pharma Group

Segment	Total wastewater discharge (ton)	Annual discharge of COD (ton)	Annual total discharge of ammonia nitrogen (ton)
Pharmaceutical manufacturing	6,430,132	766.1	162.2
Healthcare services	1,027,924	71.4	12.2
Medical devices and diagnosis	65,698	3.2	0.5
Total	7,523,754	840.8	175.0



## Case

### Systematic Upgrading and Renovation of Sewage Stations

Fosun Pharma and its member enterprises made great endeavors in the sewage treatment improvement from 2016 to 2022, and each enterprise has begun to carry out the sewage treatment upgrading project:



## Air Emission Management

### Major Action Strategy

- Strengthen the management of existing air emission from sources to maintain stable emission standards and a gradual reduction;
- Control of new air pollution sources
- Prohibit new sources of sulfur dioxide and particles of highly concentrated emissions
- Add new sources of VOCs emissions while matching treatment facilities are required

### Five-year Strategic Goals of EHS



#### Intensity of nitrogen oxides

The intensity for 2025 decreased by 20% as compared to 2020, i.e. 40.86 g/RMB10,000 of output value in 2025



#### Intensity of sulfur dioxide

The intensity for 2025 decreased by 20% as compared to 2020, i.e. 27.41 g/RMB10,000 of output value in 2025



#### Intensity of particles

The intensity for 2025 decreased by 20% as compared to 2020, i.e. 9.57 g/RMB10,000 of output value in 2025



#### VOCs emissions control rate

Achieve 100% compliance with annual VOCs emissions in 2025

### Achievement of Performance Indicator

Performance indicator	2021 (Indicator vs. Actual)	2022 (Indicator vs. Actual)
Intensity of nitrogen oxides (g/RMB10,000 of output value)	<b>49.66 VS 46.61</b>	<b>47.30 VS 46.45</b>
Intensity of sulfur dioxide (g/RMB10,000 of output value)	<b>33.32 VS 25.91</b>	<b>31.73 VS 26.91</b>
Intensity of particles (g/RMB10,000 of output value)	<b>11.63 VS 6.45</b>	<b>11.08 VS 6.90</b>
VOCs emissions control rate	<b>100% VS 100%</b>	<b>100% VS 100%</b>

The air pollution sources of Fosun Pharma are mainly various types of organized and unorganized volatile organic compounds (nonmethane total hydrocarbons, etc.) emitted during the manufacturing process of manufacturing member enterprises and nitrogen oxides/sulfur dioxide/ dust particles produced by boilers in full and incomplete combustion, for which the emission standards are referred to the national Integrated Emission Standard for Air Pollutants and the emission standard for the pharmaceutical industry.

In active response to the requirements of local and national environmental protection authorities, the Group, on the one hand, strengthened the source management, and encouraged the substitutions for technology adopting volatile substance such as organic solvent and cleaning agent, in order to prevent the production of waste gas pollution from source; on

the other hand, it gives full consideration to organized collection of waste gas, so as to reduce unorganized emissions of VOCs.

Nitrogen oxides, sulfur oxides, particles and non-methane total hydrocarbons are the distinct pollution factors of concern in this report. Enterprises that equipped for real-time monitoring use online readings to obtain data, while other enterprises use third-party sampling method for testing data. In the Group's air pollutants in 2022, emissions of nitrogen oxides, sulfur oxides and particles amount to 204 tons, 118 tons and 30 tons, respectively. During the reporting period, the annual emission of non-methane total hydrocarbons by means of organized emission by the Group was 40.8 tons, a decrease of 4.9% compared to last year.

### Air pollutant emission of Fosun Pharma Group

	Nitrogen oxides (ton/year)	Sulfur oxides (ton/year)	Particles (ton/year)	Intensity of nitrogen oxides (g/RMB10,000 of output value)	Intensity of sulfur dioxide (g/RMB10,000 of output value)	Intensity of particles (g/RMB10,000 of output value)	Non-methane total hydrocarbons (ton/year)
2016	466	485	19	-	-	-	-
2017	239	245	41	-	-	-	-
2018	251	279	44	-	-	-	-
2019	258	134	36	-	-	-	-
2020	158	105	37	-	-	-	24.2
2021	182	101	25	46.61	25.91	6.45	42.9
2022	204	118	30	46.45	26.91	6.90	40.8

## Specific measures for the treatment of air pollutants by member enterprises of Fosun Pharma Group

Enterprise name	Type of air pollutants	Configuration of air pollution treatment facility
Wanbang Jinqiao	Non-methane total hydrocarbons	Zeolite wheel + catalytic oxidation, activated carbon adsorption + steam desorption, lye spray + acid spray + biofilter + sodium hypochlorite spray, lye spray+ acid spray+ biofilter + activated carbon adsorption
Zhaohui Pharma	Particles, non-methane total hydrocarbons	Filter cartridge dust removal + alkaline wash + dehydration and demisting + activated carbon absorption, activated carbon adsorption, oil fume purifier, alkaline cleaner, spray, bag dust removal
Wanbang Folon	Nitrogen oxide, sulfur dioxide, particles	Low nitrogen combustion of boilers, bag dust removal, biological filter deodorization, spray + electrostatic adsorption, photocatalytic oxidation+ activated carbon
Fosun Pharma (Xuzhou)	Particles, non-methane total hydrocarbons	Bag dust removal, water spray + activated carbon adsorption, alkaline water spray tower + biological filter box deodorization, activated carbon adsorption
Xingnuo Pharma	Non-methane total hydrocarbons	RTO incineration, lye spray, bag filter, two-stage activated carbon adsorption + biological deodorization
Yao Pharma (Renhe)	Nitrogen oxides, particles, non-methane total hydrocarbons	Bag dust removal, low nitrogen combustion, activated carbon adsorption
Yao Pharma (Shuitu)	Nitrogen oxides, particles, non-methane total hydrocarbons	Bag dust removal, low nitrogen combustion
GSK Pharma	Nitrogen oxides, sulfur dioxide, particles	Low nitrogen combustion
Carelife Pharma (Fab 1)	Non-methane total hydrocarbons	Lye spray + paraffin oil spray + activated carbon adsorption, lye spray + activated carbon adsorption
Carelife Pharma (Fab 2)	Non-methane total hydrocarbons	Lye spray + activated carbon adsorption, lye spray + paraffin oil spray + activated carbon adsorption
Dongting Pharma	Nitrogen oxides, sulfur dioxide, particles, non-methane total hydrocarbons	Lye spray +UV + Lye spray + activated carbon adsorption
Gismet (Wuhan)	Non-methane total hydrocarbons	Primary and medium efficiency filtration + activated carbon adsorption
Hexin Pharma	Non-methane total hydrocarbons	Low nitrogen combustion, spray tower + activated carbon adsorption, oil fume purifier
Guilin Pharma	Nitrogen oxides, sulfur dioxide, particles, non-methane total hydrocarbons	Lye/Acid spray + demisting + zeolite rotor adsorption + RTO/UV photocatalysis + lye spray + activated carbon adsorption
Avanc Pharma	Nitrogen oxides, sulfur dioxide, particles, non-methane total hydrocarbons	Low nitrogen combustion, condensation + water washing + lye washing + activated carbon adsorption, water washing + biological purification + packing adsorption, dust removal system - multi-stage filtration technology
Erye Pharma (Shandong base)	Nitrogen oxides, sulfur dioxide, particles, non-methane total hydrocarbons	SNCR + flue gas quenching + dry deacidification + bag dust removal + lye spray + wet electrostatic precipitator, lye spray + water spray + activated carbon adsorption + desorption, lye spray, activated carbon adsorption, low nitrogen combustion
Erye Pharma (Suzhou base)	Nitrogen oxides, sulfur dioxide, particles, non-methane total hydrocarbons	Activated carbon desorption + two-level water washing, oxidation + acid spray + lye spray + UV + activated carbon, activated carbon adsorption, two-level water washing + RTO incineration + lye spray, secondary combustion chamber + quenching tower + bag dust removal + spray washing
Red Flag Pharma	Nitrogen oxides, sulfur dioxide, particles, non-methane total hydrocarbons	Cloth bag filtration, lye rinsing +UV light oxygen + activated carbon adsorption, low nitrogen combustion technology, water washing + activated carbon adsorption, water washing +cloth bag filtration
Aleph	Nitrogen oxides, sulfur dioxide, particles, non-methane total hydrocarbons	Spray tower, demisting, low temperature plasma purifier, activated carbon adsorption box
Antejin	Non-methane total hydrocarbons	Tunnel infrared sterilizer + activated carbon adsorption, water washing spray + UV photo-oxygen catalyst, water washing spray + tunnel infrared sterilizer + UV photo-oxygen catalyst + activated carbon adsorption
Shanghai Henlius (Yishan Road production base)	Nitrogen oxides, sulfur dioxide, particles	Activated carbon adsorption, alkali (acid) spray, low nitrogen combustion
Shanghai Henlius (Songjiang production base)	Nitrogen oxides, sulfur dioxide, particles	Activated carbon adsorption, low nitrogen combustion
Huaiyin Medical	Non-methane total hydrocarbons	Activated carbon adsorption
Fosun Beiling	Non-methane total hydrocarbons	Activated carbon adsorption



## Case

### VOCs emission reduction and treatment project

Since 2017, the Group has invested a total of approximately RMB100 million to complete the construction or renovation of VOCs treatment facilities of many member enterprises such as Zhaohui Pharma, Wanbang Jinqiao, Wanbang Folon, Guilin Pharma, Dongting Pharma, Erye Pharma (Suzhou base), Shine Star and Aleph, and promoted the treatment of VOCs emissions of member enterprises.

In 2022, Guilin Pharma, Avanc Pharma, Xingnuo Pharma and other member enterprises had added or upgraded VOCs emission treatment facilities, with a total investment of more than RMB3.10 million. The core processes adopted included activated carbon adsorption, spray pretreatment, condensation pretreatment, etc. With different process combinations for different components of source exhaust and on the basis of meeting or exceeding the requirements of the local regulatory authorities, VOCs were discharged after treatment, and the workshop production, office links and the surrounding environment of the enterprise have been greatly improved.

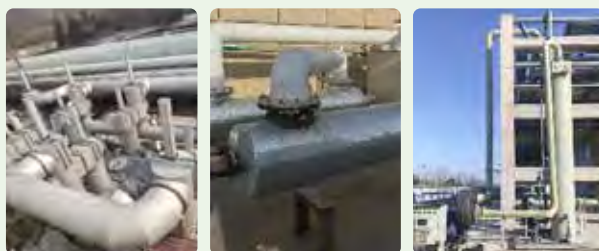


Figure: Upgrade of VOCs treatment facilities

## Wastes Management

### Major Action Strategy

- Give priority to zero landfill for hazardous waste disposal to reduce the long-term impact of the pollutant disposal on the environment
- Launch waste reduction projects to regularly assess the disposal quantities of major pollutant producers and transmit the pressure for reduction
- Evaluate the ways of waste entering the social cycle and disposal, and actively explore new value points of waste on the social cycle chain

### Five-year Strategic Goals of EHS



#### Total waste intensity

The intensity for 2025 decreasing by 10% as compared to 2019, i.e. 23.166 kg/RMB10,000 of output value in 2025



#### Hazardous waste intensity

Annual increase of no more than 10%

### Achievement of Performance Indicator

Performance indicator	2021 (Indicator vs. Actual)	2022 (Indicator vs. Actual)
Total waste intensity (kg/RMB10,000 of output value)	<b>25.225 VS 17.01</b>	<b>24.72 VS 15.72</b>
Hazardous waste intensity (kg/RMB10,000 of output value)	<b>2.15 VS 1.53</b>	<b>2.36 VS 1.72</b>

Fosun Pharma Group listed the recycling and comprehensive utilization of internal wastes as the five-year strategic goals of EHS. Following the principle of "reduction, recycling and harmless treatment", we attached great importance to the impact of waste input, generation and emission on human health and the environment throughout the entire process from raw material procurement, production and operation to final product disposal. The Group required each member enterprise to check the types, sources and quantities of waste within the enterprise and prepare a wastes list for strict monitoring of the generation, transfer and disposal of wastes. In order to prevent wastes from polluting the environment, we strengthened the management and reduction of wastes with potential environmental risks such as hazardous waste, handled and disposed of various types of waste in a safe and compliant manner, and actively raised the awareness of employees on the separation and recycling of biochemical wastes,

with an aim to realize the sustainable use of waste resources through recycling and reuse measures.

In 2022, the total waste generated by the Group was 69,147 tons, representing an increase of 2,819 tons over 2021. The total waste intensity in 2022 was 15.72 kg/RMB10,000 of output value, demonstrating the achievement of the current target value. In this report, wastes are divided into three categories by the Group: household waste, industrial waste (excluding hazardous waste) and statutory hazardous waste. In the total amount of hazardous waste of 7,567.7 tons in wastes generated in 2022, 82.9 tons of hazardous wastes were recycled, 6550.8 tons of hazardous wastes were incinerated, 207.2 tons of hazardous wastes were subject to landfill disposal and 726.8 tons of hazardous wastes were treated in other ways (including storage for later treatment). In the industrial waste, 45,476.2 tons of wastes were recycled into other resource for reuse and delivered to qualified third-party units for

compliant treatment and recycling, including recycling of discarded packaging materials, animal pancreas residue, coal cinder and traditional Chinese medicine filter residue.

There were no incidents of soil and groundwater contamination due to waste/chemical spills during the reporting period.

### Wastes emission of Fosun Pharma Group

	Total waste (ton)	Hazardous waste (ton)	Total waste intensity (kg/RMB10,000 of output value)	Hazardous waste intensity (kg/RMB10,000 of output value)
2016	80,848	1626.8	55.27	1.11
2017	88,967	2396.9	48.01	1.29
2018	85,797	2683.2	34.36	1.07
2019	73,548	4320.8	25.74	1.51
2020	49,286	5914.5	16.26	1.95
2021	66,328	5953.7	17.01	1.53
2022	69,147	7567.7	15.72	1.72

### Wastes emission by segment of Fosun Pharma

Segment	Domestic waste	Industrial solid waste (non-hazardous waste) (ton)	Hazardous waste (ton)
Pharmaceutical manufacturing	2,135.0	55,756.5	6,066.6
Healthcare services	3,485.3	0.0	1,393.3
Medical devices and diagnosis	128.0	74.8	107.9
Total	5,748.3	55,831.3	7,567.7

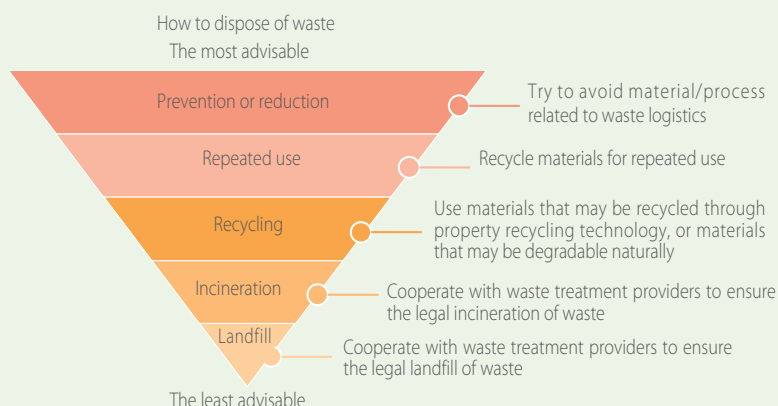




## Participating in the Construction of “Zero-waste City” and Pursuing the Harmless Reduction of Solid Waste



Picture: Poster of zero-waste city



After the country proposed the goal of building a “zero-waste city”, Fosun Pharma actively responded by combining “zero-waste city” with the theme of EHS management month in 2022, continuously promoting excellent initiatives and looking for opportunities for solid waste reduction. On the premise of meeting the compliance requirements, Erye Pharma (Shandong base) has upgraded the disposal method of salt slag waste from external third-party landfill disposal to incineration disposal. In addition, Carelife Pharma is also actively implementing the concept of “zero-waste city”, using new process of resin

adsorption in the treatment of waste gases in new projects. Compared with the traditional activated carbon adsorption process, the new process has brought about a reduction of more than 100 tons of hazardous waste. More and more enterprises are among the team of harmless reduction of solid waste. In the pursuit of “more desirable” ways to deal with waste, the operating costs for environmental protection have increased, but it has brought unpredictable environmental benefits.

## Online Waste Monitoring through “Code” Scanning

The waste lifecycle, such as input, generation and discharge, is closely related to the processes of raw material procurement, production operation and final product treatment. In order to strengthen the supervision and better track the whole lifecycle of waste, Erye Pharma (Suzhou base) has launched an online waste scanning system, setting “facility identification QR code” in waste generation facilities, storage facilities and self-use disposal facilities respectively, and pasting “hazardous waste packaging QR code” on hazardous waste package. The QR code can be synchronized with the information details of hazardous waste in real time, and through online scanning, EHS managers can be informed of the on-site physical and on-site waste generation, storage and disposal situation remotely, thus realizing the whole process of waste monitoring and information tracing of upstream links, and enhancing the level of intelligent supervision.



Picture: Whole-process scanning object of hazardous waste

## Material Circulation and Reduction

Fosun Pharma Group, based on the attributes of packaging materials, classifies packaging materials involved in the processes of product manufacturing, transportation and sales into six categories namely glass, metal, wood, paper, rubber and plastic. In 2022, the total traceable packaging materials consumed by the Group were 19,437 tons, including 9,768 tons of non-renewable materials and 9,669 tons of renewable materials.

Pharmaceutical products are special products that are directly related to people's health, the design of which, no matter of the inner and outer packaging, shall strictly meet the requirements of supervision laws relating to drug safety and cannot be recycled based on the principle of environmental protection and reduction. Therefore, the Group, under the premise of meeting regulations on drug safety, is actively exploring the reduction and recycling of pharmaceutical packaging materials to the fullest extent possible. On the one hand, the Group reduces and streamlines the external packaging of products at source, and optimises the product production process to reduce the waste of packaging materials. Some member enterprises cooperate with upstream

and downstream customers by using material turnover boxes to replace disposable materials boxes, in order to reduce the loss of packaging materials in transportation. In addition, other enterprises have scaled down printed medicine specification to reduce paper consumption. On the other hand, the Group proactively promotes the recycling of packaging materials. The packaging materials arising from unpacking for incoming materials are subject to classified management, while certain packaging materials can be recycled for internal use. For those that cannot be reused internally, they are sold to the resource recycling and reuse department for using social resources to complete the reuse of recyclable packaging materials. The Group, focusing on the environmental footprint of materials involved in the manufacturing, transportation and sales of products, continues to reduce material consumption and increase the recycling rate of materials to reduce the cost of natural resources and promote efficient and sustainable use of resources. In 2022, 878 tons of packaging materials were reused externally and the recycling amount accounted for 4.52% of the total packaging materials.

Packaging materials reused externally and the recycling amount in 2022

 **878** tons

## Types of packaging materials consumed by Fosun Pharma Group

	Total packaging materials (ton)	Total renewable materials (ton)	Percentage of renewable materials	Of which		Non-renewable materials (ton)	Percentage of non-renewable materials	Of which			
				Paper (ton)	Wood (ton)			Plastic (ton)	Rubber (ton)	Glass (ton)	Metal (ton)
2018	18,246	8,521	46.7%	8,341	180	9,725	53.3%	2,432	824	5,647	822
2019	23,545	8,573	36.4%	8,550	22	14,973	63.6%	2,715	854	11,051	353
2020	20,168	11,181	55.4%	11,000	181	8,987	44.6%	1,841	468	6,210	468
2021	20,793	9,890	47.6%	9,873	17	10,903	52.4%	3,054	578	6,810	461
2022	19,437	9,669	49.7%	9,629	40	9,768	50.3%	3,517	532	5,318	401

Note: 1. Non-renewable materials include plastic, rubber, glass and metal packaging materials; renewable materials include paper and wood packaging materials.



## Cases

### Yao Pharma: Improving Recycling Rate of Packaging Materials through Changing Manner of Packing



Picture: Reusable transshipment boxes

Yao Pharma, actively trying to new packaging and transshipment methods, replaced disposable paper packaging boxes with reusable transshipment boxes. Based on the actual situation and stacking requirements, Yao Pharma purchased a number of transshipment boxes with different sizes suitable for different scenarios and applied in the product transshipment and storage process. Such approach effectively reduced the amount of packaging materials used and improved the recycling efficiency of packaging materials, achieving an annual reduction of approximately 1 ton of packaging materials.

### Carelife Pharma: Reducing the Consumption of Non-renewable Packaging Materials through Replacing the Material Used in Drums



Picture: Drum with paper wrapped its main part

Aluminium drums, a common packaging material, inevitably increases the amount of packaging materials used by companies due to its weight of the metal material itself. In order to reduce the weight of packaging materials, Carelife Pharma has been actively promoting the replacement of material used in drums by selecting materials that do not affect the quality stability of drugs and are environmentally friendly, economical and lightweight. In 2022, Carelife Pharma witnessed a complete replacement of material used in approximately 800 drums per year. Individual drum was replaced by "paper wrapper for the main part + metab and hoop" from the original all-metal material, achieving a weight reduction of approximately 70%. Such measure helped Carelife Pharma reducing the weight of packaging materials by approximately 1.28 tons. In addition, Carelife Pharma is also actively promoting the scope and technical depth of the replacement of packaging materials, in order to continually promote material reduction.

### Biodiversity

Fosun Pharma Group has always attached great importance to the protection of ecological diversity around the enterprise and actively monitored the relevant policies of the local government in the region where it operates. All activities, products and services have no significant impact on biodiversity, and all offices, business premises and industrial plants are not located in nature reserves or biodiversity-rich areas outside the protected areas and do not damage the original vegetation and the ecosystem, do not use protected animals to complete animal experiments, and the production process does not use protected plants and protected animals as raw materials.

Laboratory animals are basic factors and important supporting conditions for life science research, while animal experiments are the basic means for life science research. The laboratory animal management by the Group includes the management of laboratory animals, animal experiments and operation of facilities,

i.e., the breeding, reproduction, raising, quality control, disease prevention and diagnosis of laboratory animals, research on the reaction and performance of laboratory animals during experiments, and their occurrence mechanism, development rules and supporting conditions, as well as the operating conditions of the environmental facilities for laboratory animals. During the reproduction and experiments of laboratory animals, the Group raises and uses laboratory animals scientifically and humanely, proactively improves animal raising environment, protects rights of laboratory animals, continuously explores and carries out refined animal experiment technology, and reduces and replaces the use of laboratory animals, in active response to the animal ethics and animal welfare protection requirements.

### Emissions of Ozone-depleting Substances

The ozone-depleting substances emissions by Fosun Pharma Group in 2022 were all kinds of Freon refrigerants (R22) and the statistical Freon consumption was 2.15 tons. According to the Ozone Depletion Potential (ODP) for various Freons defined in the Montreal Protocol, the consumption of converting R22 to CFC-11 (trichlorofluoromethane) equivalent is 0.12 tons.





# Responsible community

## Guarding Health with Responsibility

Whilst undergoing its rapid development, Fosun Pharma has also been involved in public welfare activities to contribute back to society. Alongside the Fosun Foundation, a special fund, the Fosun Pharma Health Care Initiative, has been set up and has implemented numerous types of welfare activities in the fields of health care, scientific research and innovation, and charitable donation fulfilling the group's corporate social responsibility through enterprise.



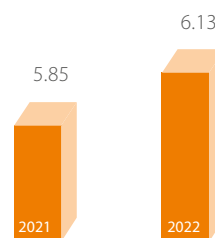




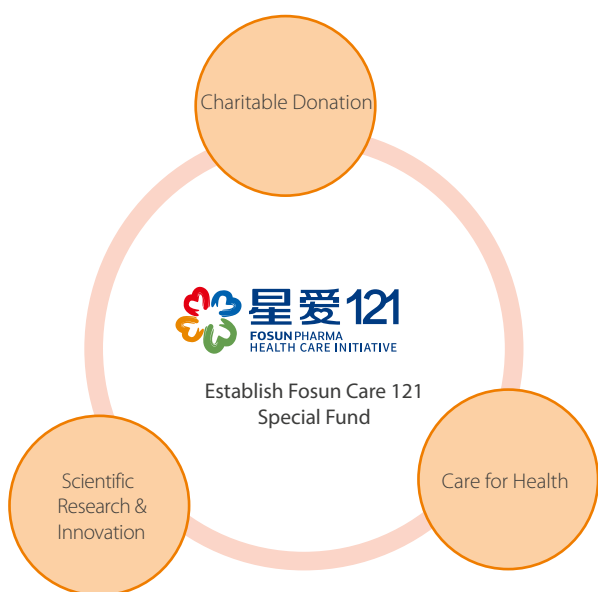
Fosun Pharma Group actively takes corporate social responsibility and contribute back to society. In 2022, Fosun Pharma has made a total of RMB **60.31** million in social donations

#### Social Contribution Value Per Share

(Unit: RMB)



The social contribution value per share reflects on the Company's overall contribution to different stakeholders in society



Fosun Pharma and Fosun Foundation have ensured vital accessibility to medications by donating Azvudine Tablets worth RMB **100** million to rural areas in central and western China, nursing homes and welfare homes, covering **253** cities and counties nationwide and benefiting more than **200,000** elderly people in rural areas.



Photo: Strategic Cooperation between Fosun Pharma and Shanghai Soong Ching Ling Foundation for Public Welfare collaborating in Welfare Projects for Women's Health

## Social Contribution Value Per Share

In 2022, the social contribution value per share of Fosun Pharma Group reached RMB 6.13.

The social contribution value per share reflects on the Company's overall contribution to different stakeholders in society and is of great significance in promoting the undertaking of corporate social responsibility. On May 14, 2008, Shanghai Stock Exchange (SSE) issued the Notice on Raising the Social Responsibility

of Listed Companies and Issuing the Guidelines on Environmental Information Disclosure for Companies Listed at the Shanghai Stock Exchange, encouraging listed companies to disclose the social contribution value per share in their annual corporate social responsibility reports. This will give the public a more comprehensive understanding of the real value created by the listed company for its shareholders, employees, customers, creditors, communities, and the whole society.

## Social Welfare

### Special Fund for Fosun Pharma Health Care Initiative

On September 9, 2021, Fosun Pharma and Fosun Foundation jointly set up the Special Fund for Fosun Pharma Health Care Initiative to promote the construction of Healthy China and provide better healthcare services for families. With health care, scientific research and innovation, and charitable donations as its three major directions,

and by focusing on unmet medical needs, this initiative is committed to providing comprehensive and full-lifecycle healthcare services for families, serving the ultimate vision of combating human diseases.

In 2022, Fosun Pharma made a total of RMB 60.31 million in social donations.





Photo: Prof. Huo Yong (third from the left) from the Department of Cardiology, Peking University First Hospital, and Prof. Mu Yiming (second from the left) from the Department of Endocrinology, Chinese PLA General Hospital, during the recording of the first session of "Doctors' Lectures — Open Classes on Pocket Book for Rural Doctors' Diagnosis and Treatment".

### "Hand in Hand" Rural Medical Talent Revitalization Plan Makes Solid Progress

In September, 2021, with the goal of promoting and better assisting in revitalizing the rural community, the Fosun Pharma Health Care Initiative launched the "Hand in Hand" Rural Medical Talent Revitalization Plan, engaging a large number of rural doctors as the target group.

The plan includes "Four Strategiess": a Pocket Book for Rural Doctors' Diagnosis and Treatment, a cloud guardian platform for rural doctors, a group of healthcare ambassadors, and online consultation that aims to combine both online and offline tools to help rural doctors master the expertise relating to diagnosis, treatment and health management timely and effectively. The Pocket Book for Diagnosis and Treatment of Rural Doctors was completed and published. To address the pain points of rural doctors in their daily practice and help them to have a deeper understanding of the book's content, sessions of "Doctors' Lectures — Open Classes on Pocket Book for Rural Doctors' Diagnosis and Treatment" were produced

in 2022. During the sessions, the lecturers focused on key diseases in the Pocket Book, providing practical knowledge that rural doctors were seeking and on online forum for discussion.

As of February 2023, there have been six sessions held for "Doctors' Lectures — Open Classes on Pocket Book for Rural Doctors' Diagnosis and Treatment". The program invited 12 experts, including Prof. Huo Yong from the Department of Cardiology, Peking University First Hospital, and Prof. Mu Yiming from the Department of Endocrinology, Chinese PLA General Hospital, and 11 rural doctors via live streaming to exchange opinions on diseases common in rural areas such as cardiovascular, endocrine conditions, and osteoporosis. Experts also answered questions posed by rural doctors, providing advice and suggestions on rural medical work. Both experts and rural doctors have applauded the program and found it to be of great success.

### Strategic Cooperation with Shanghai Soong Ching Ling Foundation for Public Welfare

In the new era of focusing on grassroots strategies and the Communist Party of China (CPC) commitment to the thorough implementation of primary-level focused policies in healthcare and through the Party Central Committee's rural revitalization strategy "Rural Construction Action" policy, in November 2022 Fosun Pharma and Shanghai Soong Ching Ling Foundation launched a strategic cooperation embarking on a number of relevant medical and healthcare public

welfare projects. These project's main targets and beneficiaries were women and mainly carried out in Xishuangbanna Prefecture, Yunnan Province, one of Shanghai's paired assistance receivers. Fosun Pharma is committed to promoting the high-quality development of primary-level health work through the ongoing implementation of public welfare projects.



## Cases



### Join the Fight Against Malaria and Build a Malaria-free World

On World Malaria Day April 25, 2022, the China International Development Cooperation Agency, the National Health Commission, and the National Administration of Traditional Chinese Medicine jointly hosted the International Forum on the 50th Anniversary of the Discovery of Artemisinin and on Building a Global Community of Health for All. Relevant exhibitions were set up on the site to highlight the research and development of Artemisinin and the significant progress of the Chinese government in the international cooperation of malaria prevention and control. Fosun Pharma attended the forum with a supporting exhibition presenting a series of its self-developed innovated artemisinin drugs and anti-malaria achievements during its active involvement in Africa. As the first widely recognized Chinese pharmaceutical brand in Africa, Fosun Pharma has supplied more than 280 million doses of Artesun® (artesunate for injection) to the global market by the end of 2022, treating more than 56 million severe cases of malaria worldwide.

On August 4, 2022, Guilin Pharma, a subsidiary of Fosun Pharma, received contact from the Medical Products Administration of Guangxi Zhuang Autonomous Region, saying that a group of African migrant workers was diagnosed with malaria, including critically ill patients, at a quarantined hotel in Hong Kong, whilst waiting for a transfer flight to return to the Chinese mainland. After receiving the message,

Guilin Pharma immediately acted, contacting the Hospital Authority of Hong Kong SAR to offer assistance and urgently dispatched 3,000 doses of Artesun® (artesunate for injection) to Hong Kong to save these patients.

Fosun Pharma's antimalarial product portfolio covers malaria prevention and treatments of complicated and severe malaria. At present, Fosun Pharma has 30 antimalarial products prequalified by the WHO, making Fosun Pharma the world's leading antimalarial drug manufacturer with the most certifications. Artesunate for Artesun® (artesunate for injection) independently developed and produced by Fosun Pharma Group has become the gold standard for the treatment of critically ill malaria cases worldwide, the preferred drug recommended by the WHO for such treatment, and a prime example of China's independent development of innovative drugs expanding on a significant scale globally. Fosun Pharma Group continues to provide ongoing prevention and treatment programs for malaria patients, vitally covering pediatric patients. Up to now, 175 million children in African countries with high malaria prevalence benefited from the "Seasonal Malaria Chemoprevention Project" with SPAQ-CO series products as the core drug, which effectively reduced the incidence rate of malaria among children under five years old there.



### Fosun Pharma and Fosun Foundation Donates Azvudine Tablets Worth RMB 100 Million



In January 2023, Fosun Pharma and Fosun Foundation initiated "A Healthy Winter Action" to donate Azvudine Tablets worth RMB 100 million to rural areas in central and western China, nursing homes and welfare homes, covering 253 cities and counties nationwide, benefiting more than 200,000 elderly people and increasing the availability of essential medicines in rural areas.

### Fosun Pharma Supports the Building of the History Museum of Shanghai Medical College of Fudan University under the Shanghai Medical College Culture Center Project

In October 2022, on the occasion of the 95th anniversary of the establishment of Shanghai Medical College of Fudan University (formerly Shanghai Medical University), Fosun Pharma and Fosun International donated RMB 5 million to Shanghai Medical College of Fudan University through the Fosun Foundation for the construction of the History Museum of Shanghai Medical College of Fudan University under the Shanghai Medical College Culture Center Project. The museum

is designed to encourage medical students to innovate, explore, forge ahead, and make greater contributions to the country's medical education and healthcare. At the same time, it will help colleges and universities cultivate innovative talents and boost the continuous development of talents in China's pharmaceutical industry.

### "Give Life to Time" Public Welfare Project Brightens the Road to Treatment and Recovery of Cancer Patients



On December 7, 2022, the "Give Life to Time" Public Welfare Project for Cancer Patients was held in Shanghai. The project was jointly initiated by Henlius, a subsidiary of Fosun Pharma, the Cancer Rehabilitation Society of the Chinese Anti-cancer Association, the Shanghai Cancer Recovery Club, Fosun Foundation, and Fosun Foundation Shanghai. More than 100 cancer patients and people from all walks of life gathered together on that day, aiming to arouse the public and society's awareness and attention to cancers, convey support and care for cancer patients, and light up the treatment and recovery road of cancer patients with art.

As an important part of the project, the art collection for cancer patients was first launched in mid-July 2022. Under the theme of "Fight against Cancer, Live a Better Life", the collection of original art works presenting the optimistic spirit of cancer prevention is open to all cancer patients in Shanghai. Within three months, nearly 300 calligraphy, painting, embroidery, photography, and handicraft works were collected, which were rich in content and profound in meaning. After the selection, 35 works were selected and the winning works were exhibited for the first time in public.

## Definition List of Subsidiaries' Names

Shortened Form	Full Name
Fosun Pharma	Shanghai Fosun Pharmaceutical Industrial Development Co. Ltd.
Fosun Industrial	Fosun Industrial Co., Limited
Henlius	Shanghai Henlius Biotech, Inc.
Fochon Pharma	Fochon Pharmaceuticals Ltd.
Fosun Orinove	Fosun Orinove PharmaTech, Inc.
Fosun Kite	Fosun Kite Biotechnology Co., Ltd.
Fosun Lead	Fosun Lead PharmaTech, Inc.
Wanbang Pharma	Jiangsu Wanbang Biopharmaceuticals Co., Ltd.
Wanbang Jinqiao	Xuzhou Wanbang Jinqiao Pharmaceutical Co., Ltd.
Wanbang Folon	Hebei Wanbang Folon Pharmaceutical Co., Ltd.
Yao Pharma	Chongqing YaoPharma Co., Ltd.
Guilin Pharma	Guilin Pharmaceutical Co., Ltd.
Avanc Pharma	Avanc Pharmaceutical Co., Ltd.
Hongqi Pharma	Shenyang Hongqi Pharmaceutical Co., Ltd.
Dongting Pharma	Hunan Dongting Pharmaceutical Co., Ltd.
Erye Pharma	Suzhou Erye Pharmaceutical Co., Ltd.
Adgenvax	Fosun Adgenvax (Chengdu) Biotechnology Co., Ltd.
Aleph	Dalian Aleph Biomedical Co., Ltd.
Shine Star	Shine Star (Hubei) Biological Engineering Co., Ltd.
Gland Pharma	Gland Pharma Limited
Chemo Biopharm	Shanghai Chemo Biopharma Co., Ltd.
Fresenius Kabi (Wuhan)	Fresenius Kabi (Wuhan) Pharmaceutical Co., Ltd.
Gisrui Pharma	Chongqing Gisrui Pharmaceutical Co., Ltd.
Hexin Pharma	Sichuan Hexin Pharmaceutical Industry Obligate Co., Ltd.
Glaxo Smith Kline Pharma (Suzhou)	Glaxo Smith Kline Pharmaceuticals (Suzhou) Co., Ltd.
Sunova Pharma	Jiangsu Sunova Pharma Tech Co., Ltd.
Carelife Pharma	Chongqing Carelife Pharmaceutical Co., Ltd.
Sisram	Sisram Medical Ltd
Intuitive Surgical	Intuitive Surgical - Fosun Medical Technology (Shanghai) Co., Ltd.
Fosun Diagnostics	Fosun Diagnostics (Shanghai) Co., Ltd.
Fosun Beiling	Fosun Beiling (Beijing) Medical Technology Co., Ltd.
Huaiyin Medical	Huaiyin Medical Instruments Co., Ltd.
Fosun Health	Shanghai Fosun Health Technology (Group) Co., Ltd.
Foshan Fosun Chancheng Hospital	Foshan Fosun Chancheng Hospital Co., Ltd.
Shenzhen Hengsheng	Shenzhen Hengsheng Hospital
Suqian Zhongwu Hospital	Suqian Zhongwu Hospital Co., Ltd.
Wenzhou Geriatric Hospital	Wenzhou Geriatric Hospital Co., Ltd.
Yueyang Guangji Hospital	Yueyang Guangji Hospital Co., Ltd.
Jimin Cancer Hospital	Anhui Jimin Cancer Hospital
Zhuhai Chancheng	Zhuhai Chancheng Hospital Co., Ltd.
Wuhan Jihe Hospital	Wuhan Jihe Hospital Co., Ltd.
Beijing Ruiclinic	Beijing Ruiclinic Medical Management Co., Ltd.
Xinxing Rehabilitation	Suqian Xinxing Rehabilitation and Health Examination Co., Ltd.



# A Little “Warm” in this Spring Festival

The clinic came to inform that the elderly infected with COVID-19 could receive drugs for free, and the most urgent needs of the villagers were responded to in a timely manner.

📍 Huilong Village, Donghui Town, Lancang County, Yunnan Province

## *A Healthy Winter Action*

Fosun Pharma, together with Shanghai Fosun Public Welfare Foundation and Genuine Biotech, donated **RMB100 million** worth of the oral drug Azvudine for COVID-19 to ensure the availability of medicines for the elderly in rural areas.



## Main Financial Indicators of Fosun Pharma Group

Item	2021	2022
Net assets value per share attributable to shareholders of the listed company (RMB/share)*	15.29	16.68
Basic earnings per share (RMB/share)	1.85	1.43
Basic earnings per share (RMB/share) after deducting non-recurring profits and losses	1.28	1.49
Weighted average return on net asset after deducting non-recurring profits and losses (%)	8.58	9.39
* Note: Net assets value per share attributable to shareholders of the listed company (RMB/share) = total shareholders' equity attributable to the parent company/number of shares held for closing stock.		

Item	2021 (Unit: RMB 100 million)	2022 (Unit: RMB 100 million)
Operating revenue	390.11	439.52
Investment income	46.24	43.78
Operating profit	63.03	46.57
Income from asset disposal	-0.15	1.26
Other Income	3.28	3.84
Plus: Non-operating income	0.29	0.35
Minus: Non-operating expenses	2.89	1.18
Total profits	60.43	45.74
Minus: Income tax expenses	10.66	6.27
Net profits	49.76	39.47
Net profit attributable to the shareholders of the parent company	47.29	37.31
Profits and losses of minority interests	2.47	2.16
Tax payments	22.71	23.17
Public donations	0.36	0.60

## R&D Indicators of Fosun Pharma Group

Item	End of 2021	End of 2022
Number of ongoing projects	Over 240	Over 260
R&D staff	2,849	3,646
Item	2021	2022
R&D expenditure (including capitalized investment expenses; unit: RMB 100 million)	49.78	58.85
Number of patent applications	186	249
Number of patents granted	62	48

Note: During the reporting period, the Fosun Pharma Group made retroactive adjustments to the comparative financial data between 2022 and previous years in accordance with the provisions of the accounting standards given the business merger among its subsidiaries.



## HR and Social Indicators of Fosun Pharma Group

Item	End of 2020	End of 2021	End of 2022
Total number of employees	32,258	36,279	38,399
Total number of male employees	16,797	18,858	19,785
Total number of female employees	15,461	17,421	18,614
Total number of employees with master's and doctor's degrees	4,024	4,851	5,575
Item	End of 2020	End of 2021	End of 2022
Labor contract signing rate	100%	100%	100%
Union coverage rate	100%	100%	100%
Employment rate of people with disabilities	0.22%	0.23%	0.23%
Employment rate of ethnic minority employees	2.90%	3.08%	5.49%
Total number of ethnic minority employees	934	1,117	2,107
Total training hours (man-hour)	667,561	670,094	1,377,319
Ration of female employees returning to work and job positions retained until the completion of the maternity leave	100%	100%	100%

## Key Environmental Health and Safety (EHS) Indicators of Fosun Pharma Group

Item	2020	2021	2022
Total water consumption (m <sup>3</sup> /year)	9,381,818	10,521,811	10,545,581
Total sewage discharge (unit: t/year)	6,505,479	7,497,581	7,523,754
COD emission (unit: t/year)	655	704	841
Ammonia nitrogen emission (unit: t/year)	88	146	175
Water consumption intensity (unit: m <sup>3</sup> /RMB 10,000 of output value)	3.10	2.70	2.40
Sewage discharge intensity (unit: t/RMB 10,000 of output value)	2.15	1.92	1.71
COD emission intensity (unit: kg/RMB 10,000 of output value)	0.22	0.18	0.19
Ammonia nitrogen emission intensity (unit: kg/RMB 10,000 of output value)	0.030	0.038	0.040
Nitrogen oxide emissions (unit: t/year)	158	182	204
Sulfur dioxide emissions (unit: t/year)	105	101	118
Emission of particles (Unit: t/year)	37	25	30
Nitrogen oxide emission intensity (unit: g/RMB 10,000 of output value)	-	46.61	46.45
Sulfur dioxide emission intensity (unit: g/RMB 10,000 of output value)	-	25.91	26.91
Particle emission intensity (unit: g/RMB 10,000 of output value)	-	6.45	6.90
Qualified rate of VOCs emission	100%	100%	100%
Total waste volume (unit: t/year)	49,286.0	66,328.4	69,147.4
Hazardous waste (unit: t/year)	5,914.5	5,953.7	7,567.7
Total waste intensity (unit: kg/RMB 10,000 of output value)	16.26	17.01	15.72
Hazardous waste intensity (unit: kg/RMB 10,000 of output value)	1.95	1.53	1.72
Total carbon emissions (unit: t/year)	827,858	900,112	949,469
Comprehensive energy consumption (unit: GJ/year)	7,655,768	8,048,743	8,368,603
Carbon emission intensity (unit: t/RMB 10,000 of output value)	0.27	0.23	0.22
Comprehensive energy consumption intensity (unit: GJ/RMB 10,000 of output value)	2.53	2.06	1.90
Loss time injury rate per million man-hours	0.313	0.170	0.101
Recordable injury rate per million man-hours	0.494	0.355	0.202
Occupational hazard exposure rate	12.33%	15.16%	15.27%
Investment in environmental protection (unit: RMB 10,000)	12,079	15,285	13,872
Investment in health and safety (unit: RMB 10,000)	6,186	8,192	10,177.8
Total EHS training hours	434,130	391,582	468,731
Total EHS training person-times	158,521	212,253	274,444
EHS training hours per employee	14.99	13.97	15.37
EHS training times per employee	5.47	7.57	9.00

## GRI Standard Indicator Index of Sustainability Reporting (2021 Edition)

GRI Standard	GRI Disclosure	Location	Omitted
General Disclosure			
GRI 2: General Disclosure 2021	2-1 Organizational details	pp.10-11	Shall not be omitted
	2-2 Entities included in the organization's sustainability reporting	pp.6-7; p.120	
	2-3 Reporting period for, and frequency of, sustainability reporting	pp. 6-7; back cover	
	2-4 Restatements of information	pp.6-7; p.101	
	2-5 External assurance	pp.135-137	
	2-6 Activities, value chain, and other business relationships	pp.8-11;p.13; pp.64-67	
	2-7 Employees	pp.72-73	
	2-8 Workers who are not employees	/	2-8-a 2-8-b 2-8-c It is temporarily difficult to actually count the total number of workers who are not employees and whose work is controlled by the organization
	2-9 Governance structure and composition	pp.14-17	
	2-10 Nomination and selection of the highest governance body	p.16 Terms of Reference and Implementation Rules of the Nominating Committee of the Board of Directors of Fosun Pharma	
	2-11 Chair of the highest governance body	p.16 Terms of Reference and Implementation Rules of the Nominating Committee of the Board of Directors of Fosun Pharma	
	2-12 Role of the highest governance body in overseeing the management of impacts	pp.15-17; pp.27-29	
	2-13 Delegation of responsibility for managing impacts	pp.27	
	2-14 Role of the highest governance body in sustainability reporting	p.27	
	2-15 Conflict of interest	p.15	
	2-16 Communication of critical concerns	pp.27-30	
	2-17 Collective knowledge of the highest governance body	p.27	
	2-18 Evaluation of the performance of the highest governance body	p.17;p.27 Terms of Reference and Implementation Rules of the Remuneration and Assessment Committee of the Board of Directors of Fosun Pharma	2-18-c Relevant internal information is unavailable for now
	2-19 Remuneration policies	p.17	2-19-a 2-19-b Relevant internal information is unavailable for now
	2-20 Process to determine remuneration	p.17;p.82 Terms of Reference and Implementation Rules of the Remuneration and Assessment Committee of the Board of Directors of Fosun Pharma	Relevant internal information is unavailable for now
	2-21 Annual total compensation ratio	/	2-21-a 2-21-b 2-21-c Relevant internal information is unavailable for now
	2-22 Statement on sustainable development strategy	p.3	
	2-23 Policy commitments	p.21;p.82 Fosun Pharma Business Ethics Guide; Employee Diversification Policy of Fosun Pharma	
	2-24 Embedding policy commitments	p.21 Fosun Pharma Business Ethics Guide	
	2-25 Processes to remediate negative impacts	pp.21-22 Regulations on Report and Complaint Regulations on Protection and Reward for Witness and Informant	
	2-26 Mechanisms for seeking advice and raising concerns	p.21 Fosun Pharma Business Ethics Guide	
	2-27 Compliance with laws and regulations	pp.21-22	
	2-28 Membership associations	p.13	
	2-29 Approach to stakeholder engagement	pp.28~30	
	2-30 Collective bargaining agreements	p.82	

## GRI Standard Indicator Index of Sustainability Reporting (2021 Edition)

GRI Standards/Other Resources	GRI Disclosure	Location	Omitted
GRI 3: Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	p.30	Shall not be omitted
	3-2 List of material topics	p.30	
GRI 201: Economic Performance			
GRI 201: Economic Performance 2016	3-3 Management of material topics	p.12; pp.28-30; p.43; p.82; p.114; p.119	
	201-1 Direct economic value generated and distributed	p.12; p.122	
	201-2 Financial implications and other risks and opportunities due to climate change	p.97	201-a-iii/v The financial impact of some risks and the cost of actions taken to manage risks or opportunities have not been assessed and quantified.
	201-3 Defined benefit plan obligations and other retirement plans	p.82 Fosun Pharma Group pays statutory benefits for all employees in accordance with the law, including defined benefit plans related to retirement (such as endowment insurance).	
	201-4 Financial assistance received from government	None	
GRI 202: Market Presence			
GRI 3: Material Topics 2021	3-3 Management of material topics	pp.28-30; p.72	
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	/	202-1-a 202-1-b 202-1-c Further information on the ratios by gender of employees, the ratios of other workers, and so on, is unavailable for now. No employees of the Group's operational sites are paid under the local minimum wage level or with a fluctuating salary.
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	/	202-2-a 202-2-b 202-2-c 202-2-d No data
GRI 203: Indirect Economic Impacts			
GRI 3: Material Topics 2021	3-3 Management of material topics	pp.24-30; pp.114-119;	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	pp.114-119	
	203-2 Significant indirect economic impacts	pp.114-119	
GRI 204: Procurement Practices			
GRI 3: Material Topics 2021	3-3 Management of material topics	pp.28-30; pp.64-69 Code of Conduct of Fosun Pharma's Suppliers	
GRI 204：采购实践 2016	204-1 Proportion of spending on local suppliers	/	204-1-a 204-1-b 204-1-c No data
GRI 205: Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	pp.21-22; pp.28-30 Fosun Pharma Business Ethics Guide; Anti-Corruption Regulations of Fosun Pharma	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	p.22	
	205-2 Communication and training about anti-corruption policies and procedures	p.21	
	205-3 Confirmed incidents of corruption and actions taken	p.22	



## GRI Standard Indicator Index of Sustainability Reporting (2021 Edition)

GRI Standards/Other Resources	GRI Disclosure	Location	Omitted
<b>GRI 301: Materials</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	p.112	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	p.112	
	301-2 Recycled input materials used	/	
	301-3 Reclaimed products and their packaging materials	p.112	
<b>GRI 302: Energy</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	pp.28-29 ; pp.102	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	p.102; p.124	Energy sales are outside Fosun Pharma's business scope
	302-2 Energy consumption outside of the organization	p.102	
	302-3 Energy intensity	p.102; p.124	
	302-4 Reduction of energy consumption	pp.100	
	302-5 Reductions in energy requirements of products and services	/	
<b>GRI 303: Water and Effluents</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	pp.28-29; pp.104	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared source	pp.104	
	303-2 Management of water discharge-related impacts	p.106	
	303-3 Water withdrawal	p.104; p.124	
	303-4 Water discharge	p.106; p.124	
	303-5 Water consumption	/	During the reporting period, Fosun Pharma did not have water storage changes identified as significant water resource-related impacts.
<b>GRI 304: Biodiversity</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	p.113	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	p.113	
	304-2 Significant impacts of activities, products, and services on biodiversity	p.113	
	304-3 Habitats protected or restored	None	
		/	During the reporting period, there are no habitats in areas affected by Fosun Pharma's operations.

## GRI Standard Indicator Index of Sustainability Reporting (2021 Edition)

GRI Standards/Other Resources	GRI Disclosure	Location	Omitted
<b>GRI 305: Emissions</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	pp.28-30; p.98; p.108	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	p.101	
	305-2 Energy indirect (Scope 2) GHG emissions	p.101	
	305-3 Other indirect (Scope 3) GHG emissions	p.101	
	305-4 GHG emissions intensity	p.101; p.124	
	305-5 Reduction of GHG emissions	p.101	
	305-6 Emissions of ozone-depleting substances (ODS)	p.113	
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	p.108; p.124	
<b>GRI 306: Waste</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	p.110	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	p.110	
	306-2 Management of significant waste-related impacts	pp.110-111	
	306-3 Waste generated	p.110; p.124	
	306-4 Waste diverted from disposal	p.110	
	306-5 Waste directed to a disposal	p.110	
GRI 306: Effluents and Waste 2020	306-3 Significant spills	p.110	
<b>GRI 308: Supplier Environmental Assessment</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	pp.28~30; p.66; p.69	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	p.69	
		p.66; p.69	
<b>GRI 401: Employment</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	pp.28-30; pp.72; p.82	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	/	401-1-a 401-1-b The total number of new hires and hiring rates have not been quantified. Only the total employee turnover rate during the reporting period was counted, and the rest of the subdivided data were not quantified.
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	p.82	
	401-3 Parental leave	p.82; p.123	
<b>GRI 402: Labor/Management Relations</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	pp.28-30; pp.82-83	
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	/	

## GRI Standard Indicator Index of Sustainability Reporting (2021 Edition)

GRI Standards/Other Resources	GRI Disclosure	Location	Omitted
<b>GRI 403: Occupational Health and Safety</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	pp.28-30; p.84	
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	p.93	
	403-2 Hazard identification, risk assessment, and incident investigation	pp.84-89	
	403-3 Occupational health services	p.89	
	403-4 Occupational health and safety matters: worker participation, consultation, and communication	p.88	
	403-5 Worker training on occupational health and safety	p.80; p.124	
	403-6 Promotion of worker health	p.82; p.89	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p.89	
	403-8 Workers covered by an occupational health and safety management system	p.93	
	403-9 Work-related injuries	p.86; p.124	
	403-10 Work-related ill health	p.86; p.124	
<b>GRI 404: Training and Education</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	pp.28-30; p.74	
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	p.75	
	404-2 Programs for upgrading employee skills and transition assistance programs	pp.75-79	
	404-3 Percentage of employees receiving regular performance and career development reviews	p.81	
<b>GRI 405: Diversity and Equal Opportunities</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	pp.28-30; pp.70-73; p.82 Employee Diversification Policy of Fosun Pharma	
<b>GRI 405: Diversity and Equal Opportunities 2016</b>	405-1 Diversity of governance bodies and employees	p.73; p.82	405-1-a The proportion of Fosun Pharma Group's management employees by gender/age is unavailable for now
	405-2 Ratio of basic salary and remuneration of women to men	/	405-2-a 405-2-b Data on the proportion of basic wages and remuneration of men and women of the Fosun Pharma Group is unavailable for now. The Group offers equal starting wages for employees of the same gender and abides by the same minimum wage standard with equal pay.
<b>GRI 406: Non-discrimination</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	pp.28-30; p.82	
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	p.82 During the reporting period, the Group has no internally confirmed discrimination incidents.	
<b>GRI 408: Child labor</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	pp.28-30; p.82	
<b>GRI 408: Child Labor 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labor	p.82 None	

## GRI Standard Indicator Index of Sustainability Reporting (2021 Edition)

GRI Standards/Other Resources	GRI Disclosure	Location	Omitted
<b>GRI 409: Forced or Compulsory Labor</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	pp.28-30; p.82	
GRI 409: Forced or compulsory labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	None	
<b>GRI 413: Local Communities</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	pp.28-30; p.114	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	/	
	413-2 Operations with significant actual and potential negative impacts on local communities	None	
<b>GRI 414: Supplier Social Assessment</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	pp.28-30; p.66 Code of Conduct of Fosun Pharma's Suppliers	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	p.66	
	414-2 Negative social impacts in the supply chain and actions taken	p.66	
<b>GRI 416: Customer Health and Safety</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	pp.28-30; p.42	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	p.51	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	None	
<b>GRI 417: Marketing and Labeling</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	pp.28-30; p.59	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	p.59 Responsible Marketing Policy of Fosun Pharma	
	417-2 Incidents of non-compliance concerning product and service information and labeling	p.59	
	417-3 Incidents of non-compliance concerning marketing communications	p.59	
<b>GRI 418: Customer Privacy</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	pp.28-30; p.62	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	p.62	



# Index of Environmental, Social and Governance Reporting Indicators

Subject Areas, Aspects, General Disclosures, and KPIs			Page
A. Environmental			
Aspect A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.		96-103
	KPI A1.1	The types of emissions and respective emissions data.	106-109
	KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, the intensity (e.g. per unit of production volume, per facility).	100
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	110
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	106-108
	KPI A1.5	Description of measures to mitigate emissions and results achieved.	100-101
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives, and results achieved.	108-110
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, storage, transportation, buildings, electronic equipment, etc.		98
	Use of Resources	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	100-101
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	104
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.	102
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives, and results achieved.	104
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	112

## Index of Environmental, Social and Governance Reporting Indicators

Subject Areas, Aspects, General Disclosures, and KPIs					Page
B. Social					
Employment and Labor Practices					
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	KPI B1.1	Total workforce by gender, employment type, age group, and geographical region.	73	
		KPI B1.2	Employee turnover rate by gender, age group, and geographical region	82	
Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	KPI B2.1	Number and rate of work-related fatalities.	None	
		KPI B2.2	Lost days due to work injury.	86	
		KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	84	
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	75	
		KPI B3.2	The average training hours completed per employee by gender and employee category.	75	
Aspect B4: Labor Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	82	
		KPI B4.2	Description of steps taken to eliminate such practices when discovered.	None	
Operating Practices					
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	KPI B5.1	Number of suppliers by geographical region.	68	
		KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	69	

## Index of Environmental, Social and Governance Reporting Indicators

Subject Areas, Aspects, General Disclosures, and KPIs					Page
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	51	
		KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	61	
		KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	61	
		KPI B6.4	Description of quality assurance process and recall procedures.	51	
		KPI B6.5	Description of consumer data protection and privacy policies and how they are implemented and monitored.	59-61	
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	22	
		KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	21	
Community					
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, Labor needs, health, culture, and sport).	116	
		KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	116-119	

# Declarations on Forward-looking Statement

This Report includes a Forward-looking Statement. The statement uses expressions such as “believe”, “assume”, “expect”, “hope”, “may be”, “design”, “plan”, or similar terms. Various known or unknown risks, uncertainties, and other factors might lead to significant differences between the substantial results, financial condition, assets, development, or performance of the Company or the Group in the future and those indicated implicitly or explicitly in the aforementioned forward-looking statement. These risks and factors include but are not limited to:

- The sluggish business period we experience;
- Increased overhead or reduced profitability as a result of new laws and regulations or amendments to the existing ones;
- Price increase of raw materials, particularly when it is impossible for us to transfer the cost to customers;
- Reduced or loss of product patent protection;
- Debts, particularly when they have something to do with environmental laws and regulations or are caused by product liability lawsuits;
- International currency exchange rate fluctuations and changes in the overall economic environment;
- Other factors indicated in this social responsibility report.





## ASSURANCE STATEMENT

### **SGS-CSTC STANDARDS TECHNICAL SERVICES' REPORT ON SUSTAINABILITY ACTIVITIES IN THE SHANGHAI FOSUN PHARMACEUTICAL (GROUP) CO., LTD. FOR 2022**

#### NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. (hereafter referred to as "SGS") was commissioned by Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (hereafter referred to as "FOSUNPHARMA") to conduct an independent assurance of the 2022 Corporate Social Responsibility Report. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text in this text and data in the accompanying tables. On-site assurance was conducted at Fosun Pharma's Headquarters located at No. 1289, Yishan Road, Xuhui District, Shanghai, P. R. China, as well as its subsidiary YaoPharma, which is located at 100 Xingguang Avenue, Yubei District, Chongqing, P.R.China. Data and information from other companies were not included in this assurance process.

The information in the 2022 Corporate Social Responsibility Report of Fosun Pharma and its presentation is the responsibility of the directors, governing body, and management of Fosun Pharma. SGS has not been involved in the preparation of any of the material included in the 2022 Corporate Social Responsibility Report.

Our responsibility is to express an opinion on the text, data, graphs, and statements within the scope of verification with the intention to inform all of Fosun Pharma's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the GRI STANDARDS (2021) for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured at a moderate level of scrutiny using our protocols for:

- Evaluation of content veracity;
- Evaluation of the report against the GRI STANDARDS and HKEX's Environmental, Social and Governance (ESG) Reporting Guide (2021).

The assurance comprised a combination of pre-assurance research, interviews with relevant employees; documentation and record review and validation with external bodies and/or stakeholders where relevant.

Financial data drawn directly from independently audited financial accounts have not been checked back to the source as part of this assurance process.

#### STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing, and verification, operating more than 2,600 affiliates and laboratories in more than 140 countries with a globalized service network. SGS affirms our independence from Fosun Pharma, being free from bias and conflicts of interest with the organization, its subsidiaries, and stakeholders.

The assurance team was assembled based on their knowledge, experience, and qualifications for this assignment, and comprised of CSR Lead Assuror, SAI Registered SA8000 auditor, CCAA Registered ISO 9001 auditor, ISO 14001 auditor, ISO 45001 auditor, and ISO 14064 verifier.

#### VERIFICATION/ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within the 2022 Corporate Social Responsibility Report verified are accurate, and reliable, and provide a fair and balanced representation of Fosun Pharma's sustainability activities in 2022. Due to the lack of available records within the time frame allowed for the assurance, some statements and data within this range have not been verified, and this part has been clearly marked in the text.

The assurance team is of the opinion that the Report can be used by the Reporting Organization's Stakeholders.

#### GRI STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

In our opinion, the 2022 Corporate Social Responsibility Report of Fosun Pharma is presented in accordance with the GRI STANDARDS and fulfills all the relevant reporting principles.

#### Principles

##### Process

Fosun Pharma attaches great importance to corporate social responsibility. The compilation of its 2022 Corporate Social Responsibility Report is initiated by its corporate social responsibility management committee, chaired by the company director, and led by the Brand and Public Communication Department. The final report is approved and issued by the committee. The Group uses the report as a favorable tool to shape the brand image of corporate responsibility, improve the level of social responsibility management and strengthen communication with stakeholders. Based on Fosun Pharma's vision that to be "committed to becoming a first-tier enterprise in the global mainstream medical and healthcare market", the report identifies material topics according to international community responsibility standards, company development strategies, and stakeholder surveys around the values "Care for Life", "Continuous Innovation", "Pursuit of Excellence", and "Sustainable Partnership". The report's Chinese and English versions are published on the company's website and various channels in electronic and printed versions, achieving outstanding performance in the aspect of process.

##### Materiality

Based on the determined topics concerned by the stakeholders, Fosun Pharma reflects the significant impact of the organization on the economy, environment, and society; meanwhile, it has considered reasonably disclosing issues and indicators with materialities, such as innovative research and development, product quality and safety, healthcare services, energy and resource management, environmental protection and governance, and responsible communities, which have a substantial impact on stakeholder evaluation and decision-making.

##### Completeness

Fosun Pharma uses the social responsibility subjects as a framework to disclose relevant information and data from multiple perspectives and fully reflects the significant economic, environmental, and social impacts.

##### Balance

Fosun Pharma follows the principle of balance and unbiasedly discloses its performance impartially, based on the expectations of stakeholders, and such information as illegal and disciplinary acts and disposal results, the number of work safety accidents, supplier audit violations, and disposal found in the process of anti-corruption and integrity construction. It achieves outstanding performance in the aspect of balance.

##### Comparability

Fosun Pharma's 2022 Social Responsibility Report provides all the relevant performance indicators of the company, including comparative data for multiple KPIs over the past three years, such as total revenue, total tax payment, R&D investment, customer complaints, carbon emission intensity, and public donations. This data allows stakeholders to make visual comparisons and better understand the company's sustainable development performance. The report boasts good comparability.

##### Quantitative

Fosun Pharma performs the statistic and analysis on KPIs, plans the management approaches and sets the internal objectives. The disclosure of performance indicators refers to the corresponding criteria and international rules and the impact and purpose are disclosed in the Report.

##### Timeliness

The data disclosed by Fosun Pharma are collected within the reporting period and enable stakeholders to obtain information and make reasonable decisions in a timely manner.

##### Readability

The report, themed on innovation, globalization, integration, and intelligence, adopts various expression methods, such as text description, data table, graphics, and photos, along with photos, specific case descriptions, and comparison of data for three consecutive years, which enhances the communication effect of the report and makes it clear and understandable for stakeholders.

##### Reliability

Through collection, recording, arrangement, analysis, and disclosure within the company, data and information can be traced and verified, and the quality and substance of information can be ensured. In addition, the company engages an independent, external agency to assure and validate the report to enhance its reliability.

##### Innovativeness

The report includes a chapter titled Responsible Innovation, which demonstrates the Group's actions and determination to improve the accessibility of innovative therapeutic drugs to patients with rare diseases. The demonstration project for improving primary medical care and rural revitalization health demonstrates the Group's practices in response to the Healthy China 2030 strategy. It showcases great performance in innovativeness.

#### Management Approach

The report clearly describes the management approach of each topic and the description of the evaluation of the effectiveness of these methods.

#### General Disclosure

The report discloses some indicators according to GRI 2: General Disclosure 2021.

#### Topic-Specific Disclosures

The principles of organizing the analysis of substantive issues and the suggestions on communication channels and methods of stakeholders are described in the internal management report of social responsibility and submitted to the relevant management departments of Fosun Pharma for continuous improvement.

#### Limitations of Assurance

Since this assurance is conducted among the headquarters and some subsidiaries of Fosun Pharma Group, the original data of other subsidiaries and partner enterprises is not validated. In this validation, only relevant department heads and some employees are interviewed and a certain number of documents are consulted, and the interviews do not involve external stakeholders. In view of the fact that the financial information quoted from the 2022 annual financial report has passed independent verification, this verification does not include the traceability and verification of such information.

**Signed:**



**For and on behalf of SGS-CSTC**

**David XIN Director**

**Certification and Business Enhancement (CBE)**

**16/F Century Yuhui Mansion, No.73, Fucheng Road, Beijing, China**

**March 25, 2023**

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## Rating Report on Fosun Pharma 2022 Corporate Social Responsibility Report

Upon the request of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.\*, the "Chinese Expert Committee on CSR Report Rating" randomly invited experts to form a rating team to rate the "Fosun Pharma 2022 Corporate Social Responsibility Report" (hereinafter referred to as "the Report").

### I. Rating Criteria

Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 4.0) of Chinese Academy of Social Sciences and Rating Standard on Corporate Social Responsibility Reporting for Chinese Enterprises (2020) of "Chinese Expert Committee on CSR Report Rating".

### II. Rating Process

1. The rating team reviews and confirms the Process Information Confirmation of Corporate Social Responsibility Report and relevant supporting materials submitted by the Report preparation team;
2. The rating team draws up the rating report based on its appraisal made toward the preparation process and information disclosure of the Report;
3. The vice-chairman of the Expert Committee and the leader and the experts of the rating team jointly signed the rating report

### III. Rating Results

#### Process (★★★★★)

The Company has made new appointments for its social responsibility management committee, with continuous improvements in the social responsibility work system, standardization for the corporate's management of social donations and public welfare projects, and promotion of the social responsibility capacity building and information disclosure of enterprises, so as to ensure the scientific and efficient decision-making of various social responsibility affairs of the Group. The Chairman & CEO of Fosun Pharma serves as the Director of the committee, while the Co-President and the Executive President serve as the Deputy Directors, and the members of the committee are composed of relevant heads of various sectors and departments of Fosun Pharma Group. The Company's Chairman participated in the management interview of the external verification institution, and the leaders above the Vice President level participated in the review of the Report's final draft and other key stages. It has achieved outstanding performance in the aspect of the process.

#### Materiality (★★★★★)

The Report disclosed key industry issues relating to product quality management, product R&D, product recall, safety production, chemical management, product accident emergency response, protection of the experimental objects' rights and interests, systematic measures of energy saving and emission reduction, and attention to social health. It has achieved outstanding performance in the aspect of materiality.

#### Completeness (★★★★☆)

The main content of the Report disclosed 80.69% of core indicators of the industry from the aspects of "responsible management", "responsible innovation", "responsible operation", "responsible supply chain", "responsible employer", "responsible environmental protection", and "responsible community", achieving leading performance in the aspect of completeness.

#### Balance (★★★★★)

The Report discloses negative data and information, such as "supplier fraud" and "fraud clues found in audits", and briefly describes the handling results after the Anti-Corruption Supervision Department accepts the clues, achieving outstanding performance in the aspect of balance.

#### Comparability (★★★★★)

The Report disclosed over 30 key indicators including "total exhaust emissions" and "total GHG emissions" for more than three years in a row, achieving outstanding performance in the aspect of comparability.

#### Readability (★★★★★)

The report is structured into eight chapters that systematically showcase the company's concept, practice, and effectiveness in fulfilling its responsibilities under key topics. This clear framework structure is designed to meet the expectations and demands of stakeholders. The report also includes KPI-related sections that highlight the company's key practices and annual responsibility performance. Furthermore, the report is interspersed with illustrations of real-life scenes that showcase the company's main businesses between chapters, making it more engaging and appealing. Overall, the report is highly readable and well-received.

#### Innovativeness (★★★★★)

The Company encouraged three subsidiaries to issue social responsibility reports and entrusted third-party verification institutions to issue assurance reports and management improvement proposals to continuously improve its responsibility management. It designed the Social Responsibility Path of Fosun Pharma section to focus on key events of enterprises over the years and respond to the expectations of stakeholders, achieving outstanding performance in the aspect of innovativeness.



Overall Rating (★★★★★)

According to the assessment of the rating team, the "Fosun Pharma 2022 Corporate Social Responsibility Report" was awarded a rating of five stars. It is an excellent CSR report.

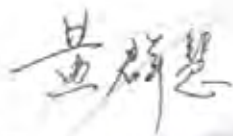


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The Corporate Social Responsibility Reports of Fosun Pharma has been awarded a rating of five stars for three consecutive years

#### IV. Suggestions for Improvement

More core indicators of the industry can be disclosed to improve the Report's completeness.



Vice-chairman of the Expert Committee  
on CSR Report Rating



Leader of the Rating Team    Expert of the Rating Team



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Scan the code to view the Corporate  
Rating Archives

# FOSUN PHARMA

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