FOSUN PHARMA
复星医药

2023 ESG AND SUSTAINABILITY REPORT

持續創新 樂享健康
INNOVATION FOR GOOD HEALTH

Contents

Chairman's Statement

Wu Yifang
Chairman of
Fosun Pharma

Chairman's Statement

In 2024, on the 30th anniversary of its inception, Fosun Pharma officially released its first ESG and Sustainability Report. This marks another milestone for Fosun Pharma to advance its sustainable development strategy and present its practices and achievements in environmental protection, social responsibility and corporate governance to stakeholders, following the release of our corporate social responsibility reports for 15 consecutive years and ESG reports for 3 consecutive years.

As China's economy enters a new stage of high-quality development, especially in the backdrop of increasingly important national strategies such as the dual carbon goal, practicing the ESG concept has become a global consensus and megatrend. As a dual-listed company, the Group has actively embraced ESG to constantly improve ESG management in a bid to fuel its sustainable development. This is not only driven by the external environment, but also our proactive choice.

In recent years, Fosun Pharma continuously improves its ESG management system by taking ESG as a management entry point. The ESG Committee of the Board and its subordinate ESG working group are tasked to promote ESG management in a top-down approach, while seeking to fully understand demands and expectations of stakeholders, respond to requirements of capital market and regulators, identify potential risks, and develop risk response plans. We also benchmarked against excellent practices of leading peers, continuing our efforts in building up the ESG system for long-term sustainable development of the Group.

Backed by the ESG management system, the Group continued to promote ESG practices for innovation-driven high-quality development, with continuous innovation centered around unmet clinical needs, as well as a commitment to providing patients with accessible, affordable and trustworthy products and services, bringing good health for every family.

Driven by accelerated new product launches in 2023, a range of innovative drugs and new indications of the Group were included in the National Medical Insurance Drug Catalogue, further improving the accessibility and affordability of innovative drugs. Yi Kai Da®, the first CAR-T cell therapy product in China, has benefited over 600 patients with relapsed or refractory large B-cell lymphoma. In 2023, it obtained another approval for second-line indications, bringing the hope of cure to more patients with lymphoma that is refractory to first-line immunochemotherapy or that relapses. In January 2024, we further announced the "Payment by Efficacy Value Plan". In June 2023, our domestically-manufactured Da Vinci Xi Surgical Robot was approved by NMPA for domestic medical device registration, which will improve medical accessibility and benefit more Chinese patients. Meanwhile, the Group accelerated the R&D of drugs for rare diseases and clinically urgently needed drugs. Our independently developed and produced "Human Interferon γ for Injection" (trade name: Clone Gamma®) continued to bring new hope of cure to children with chronic granulomatous rare disease.

We stay rooted in China and extend presence globally. Furthermore, the Group gave full play to its strengths to help solve the difficulty in drug accessibility across developing countries. In the anti-malaria field, Artesun® (artesunate for injection), one of our independently developed innovative drugs, has become a first-line drug recommended by the WHO for treatment of severe malaria. It has treated over 68 million severe malaria patients worldwide, helping to effectively reduce local malaria mortality rates. In June 2023, the second generation of artesunate for injection (trade name: Argesun®) independently developed by the Group was approved by WHO Prequalification and became the first single-solvent artesunate injection approved by WHO Prequalification, further improving accessibility of innovative anti-malaria drugs to save more lives.

On environment, health and safety (EHS), the Group actively responded to the challenges of climate change and China's call for green development and transformation. In 2023, we established the Carbon Neutrality Committee and stepped up our efforts in supervising and promoting carbon neutrality, seeking to fulfill our environmental responsibilities and jointly build an environment-friendly community. 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 of "Respect for Life, Focus on Quality, Commitment to Perfection, and Pursuit of Excellence", the Group have established a production management and quality system in compliance with international standards.

As for community charity, leverage on its industrial strengths, Fosun Pharma established "Fosun Care 121", a special fund that carries out charitable activities in the field of health care, scientific research and innovation, and charitable donations, continuously guarding health with responsibility. In 2023, Fosun Pharma continued to join hands with the Fosun Foundation to deeply participate in the "Rural Doctor Project", effectively improving primary medical care and accessibility of clinically urgently needed drugs through activities such as "Doctors Go to the Countryside Project" and "A Healthy Winter Action". We worked with Shanghai Soong Ching Ling Foundation on "Shanghai-Yunnan Cooperation", launching the program of "Caring for Women's Health — Pink Blue Ribbon Charity Tour" in Xishuangbanna, Yunnan, which helped to expand the screening coverage for two leading cancers among women (breast cancer and cervical cancer) and improve the health, diagnosis and treatment level for local women at the grassroots level.

In the future, innovation will continue to be our foremost responsibility in sustainable development. Leveraging on unmet clinical needs, we will continuously create value for stakeholders and bring good health for every family.

About This Report

With the increasing awareness of the international and domestic society on corporate sustainable development, the capital market and the public's perception on ESG and social responsibility is gradually becoming universal. To comprehensively respond to capital market and the public's concerns on corporate sustainable development, and to enhance the readability of the report and the consistency of the information, we hereby disclose this ESG and Sustainability Report following the release of our corporate social responsibility reports for 15 consecutive years and ESG reports for 3 consecutive years.

Basis of Preparation

This report is prepared in accordance with the disclosure requirements of Global Reporting Initiative (GRI) Sustainability Reporting Standards and the ESG Reporting Guide as set out in Appendix C2 to the Hong Kong Listing Rules. In response to the concerns of investors with the ESG performance of the Group, this report also refers to and responds to the issues concerned by Morgan Stanley Capital International ESG rating (i.e. MSCI ESG rating). This report also covers all matters related to corporate social responsibilities ("**CSR**") to acquaint shareholders with more detailed information related to the social responsibility and sustainable development of the Group.

The financial data covered in this report have been prepared in accordance with Hong Kong Financial Reporting Standards.

Scope and Boundary of Report

The scope of disclosure of this report is consistent with that of financial information in the Group's 2023 Annual Report.

This report covers the time period from 1 January 2023 to 31 December 2023 (the "**Reporting Period**"), certain contents of which trace retrospectively to prior years and cover the first quarter of 2024.

Data Source and Reliability Assurance

The data and cases contained herein are mainly from the Group. The Company commits that there are not any false records or misleading statements in this report, and is liable for the authenticity, accuracy and integrity of the contents herein. The Company uses consistent statistical methods for the key performance indicators disclosed in the report, and explanations will be complemented for the corrected data to facilitate effective comparison.

Approval

This report was adopted by the Board of Directors on 26 March 2024.

Access to and Feedback of this Report

For an environmental friendly option, we suggest you to read the electronic version of the report, which can be obtained from the official website of Fosun Pharma at https://www.fosunpharma.com/.

Readers are welcome to contact us by the following ways. Your opinions will help us further improve this report and enhance the overall sustainable development of the Group.

Contact Information

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Company Profile & Development Strategy

Company Profile

Founded in 1994, 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, Fosun Pharma expands its areas in the pharmaceutical commerce.

The Group is patient-centered and clinical needs-oriented, and continuously enriches its innovative product pipeline through independent research and 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) products 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. Fosun Pharma will actively promote key business and rapidly enhance operational and asset efficiency, and is committed to becoming a first-class enterprise in the global major pharmaceutical and healthcare market.

Please visit the official website of the Fosun Pharma for more details of the Group: http://www.fosunpharma.com.

Company Profile & Development Strategy

Corporate Strategy

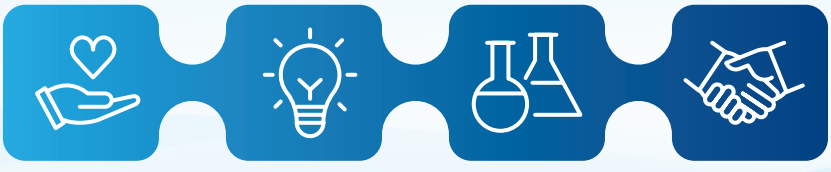
Mission

Better Health for Families Worldwide

Vision

We are committed to becoming a first-class enterprise in the global pharmaceutical and healthcare markets

Values



2023 Milestones

March

- Marketing authorization application (MAA) for Han Si Zhuang (generic name: serplulimab injection), a self-developed biopharmaceutical innovative anti-PD-1 monoclonal antibody drug, in combination with chemotherapy for first-line treatment of extensive-stage small cell lung cancer (ES-SCLC), has been approved by the European Medicine Agency
- Comirnaty Bivalent mRNA Vaccine self-payment vaccination Service officially launched in Macau

July

- New generation of Pei Jin® (telpegfilgrastim injection), a long-acting white blood cell booster drug, was approved for launch in Chinese mainland, providing a more efficient and cost-effective option for patients with neutropenia related to radiotherapy and oncology
- FCN-159 tablets, a new anti-tumor drug for treatment of adult patients with NF1 (neurofibromatosis type I) related plexiform neurofibroma that are inoperable or residual/recurrent, were included in the breakthrough drug therapy category by the Center for Drug Evaluation of NMPA

January

- Comirnaty Bivalent mRNA Vaccine self-payment vaccination service launched in Hong Kong and was officially approved as regular imported vaccines by Macau Pharmaceutical Administration Bureau
- Carried out the "A Healthy Winter Action" in cooperation with Fosun Foundation and donated azvudine, an antiviral drug, amounted to RMB100 million to rural areas in the central and western regions to ensure the accessibility of medicines to the elderly in rural areas
- A new indication of Han Si Zhuang (generic name: serplulimab injection), a self-developed biopharmaceutical innovative anti-PD-1 monoclonal antibody drug for first-line treatment of ES-SCLC, was approved in Chinese mainland (excluding Hong Kong, Macau and Taiwan region), becoming the first anti-PD-1 monoclonal antibody drug approved for the first-line treatment of ES-SCLC in the world
- A range of innovative drugs and new indications of the Group were included in the National Medical Insurance Drug Catalogue, further improving the accessibility and affordability of innovative drugs, and became effective since March 2023 (Akynzeo, Han Li Kang, Su Ke Xin, Otezla, etc.)

April

- The NDA of RT002, an innovative botulinum toxin product, was approved by NMPA
- FCN-159 tablets, a new anti-tumor drug, were recognized as a breakthrough drug therapy by the Center for Drug Evaluation of NMPA. The drug was intended for treatment of histiocytic tumors

June

- Domestically-manufactured Da Vinci Surgical Robot of Intuitive Fosun, which can be applied in endoscopic surgeries in urology, general surgery, obstetrics and gynecology, thoracic surgery etc., was approved by NMPA
- The new second-line indication of Yi Kai Da® (generic name: ejilunsai injection), a CAR-T cell therapy product of Fosun Kite for treatment of adults patients with large B-cell lymphoma (r/r LBCL) refractory to first-line immunochemotherapy or relapsing within 12 months of first-line immunochemotherapy, was approved in Chinese mainland
- The second generation of the self-developed artesunate for injection (trade name: Argesun®) was approved by WHO Prequalification, and became the first single-solvent artesunate injection approved by WHO Prequalification

October

- The first domestically-manufactured Da Vinci Surgical Robot was manufactured and officially commenced domestic production, continuously enhancing its accessibility

September

- Launched the program of "Caring for Women's Health — Pink Blue Ribbon Charity Tour" in Xishuangbanna, Yunnan in cooperation with Shanghai Soong Ching Ling Foundation, which helped to expand the screening coverage for two leading cancers among local women and improved medical care at the grassroots level

Company Awards

- 2023 Most Admired Chinese Companies (Fortune Magazine) (2023最受讚賞的中國公司(《財富》雜誌))
- 2023 Emerging Awarded Enterprise of China's Excellence Management Company (Deloitte China) (2023中國卓越管理公司新晉獲獎企業(德勤中國))
- 2023 Top 25 Global Pharmaceutical Companies in R&D Pipeline Size (2023年全球醫藥企業研發管線規模TOP25) (Informa Pharma Intelligence)
- 2023 Rank 1 in China's Biopharmaceutical R&D Strength (Biopharmaceutical Ranking) (2023中國生物藥研發實力排行榜(生物藥榜)第一名)
- 2023 Rank 2 in China's Comprehensive Drug R&D Strength (Overall Ranking) (2023中國藥品研發綜合實力排行榜(總榜)第二名)
- 2023 MSCI ESG A Rating
- 2023 Top 30 ESG Excellence Practices (CCTV, State-owned Assets Supervision and Administration Commission of the State Council, All-China Federation of Industry and Commerce, Chinese Academy of Social Sciences, etc.) (2023 ESG卓越實踐30強(中央廣播電視總台、國務院國資委、全國工商聯、中國社科院等))
- 2023 Outstanding Responsible Company (Southern Weekly) (2023年度傑出責任企業(《南方週末》))
- 2022 CSR Report 5-Star Excellence (《2022年度企業社會責任報告》五星級卓越)

August

- Yi Xin Tan® (generic name: sacubitril valsartan sodium tablets), a first-line drug with independent intellectual property rights for the treatment of heart failure and hypertension in an innovative crystalline form, was approved for launch in Chinese mainland, which would benefit more Chinese patients with heart failure and hypertension.

December

- Three domestically-manufactured new drugs (Bei Wen®, Pei Jin®, Yi Xin Tan®) were included in the National Medical Insurance Drug Catalogue, which further enhanced the accessibility of drugs for relevant diseases in Chinese mainland and practically reduced the burdens of drugs on patients
- Officially entered into cooperation agreements with Insightec, pursuant to which both parties will establish a joint venture, Fosun-Insightel Medical Technologies Co., Ltd. (復星醫視特醫療科技有限公司), in Chinese mainland, focusing on the commercialization, clinical application and research of magnetic resonance image guided focused ultrasound brain therapy system (i.e. MRgFUS brain therapy system) in the Chinese market, thus helping patients with Parkinson's disease and idiopathic tremor to regain quality of life
- Serplulimab injection, a self-developed anti-PD-1 monoclonal antibody drug, was approved for treatment of ES-SCLC by the Indonesian Food and Drugs Authority (BPOM). Trade name is Zerpidio®. It was the first time this product was approved for launch in an overseas market, making it the first Chinese PD-1 monoclonal antibody drug approved for launch in Southeast Asia

Content of the Sustainable Development Goals (SDGs) of the United Nations

Supporting the SDGs of the United Nations

SDGs	Key progress as at the end of the Reporting Period
	• Launched 4 rare disease drugs and 10 rare disease drugs were under development • Supplied more than 340 million doses of Artesun® (artesunate injection) to the global market, helping more than 68 million patients with severe malaria to regain their health • In January 2023, a number of our innovative drugs and new indications were included in the 2022 National Health Insurance Drug Catalog (effective in March 2023). In December 2023, three innovative drugs were included in the 2023 National Health Insurance Drug Catalog (effective in January 2024), reaching more patients through various accessible channels • Developed business in developing countries to promote equal and accessible health • Released a fair pricing policy that takes into account factors such as local GDP levels, the United Nations Human Development Index, public healthcare investment, patient needs and affordability when considering drug prices
	• Established scholarships at five universities, including Fudan University, honoring more than 150 distinguish students and teachers • Provided various in-house training and development programs for employees and encouraged them to obtain degrees and take qualification exams
	• Implemented an equal pay policy and provided fair treatment for employees of different nationalities, races, religions, genders and ages • Created a diverse, inclusive and equal work environment for all employees
	• Set sewage discharge targets , i.e. to reduce the intensity discharge of sewage, chemical oxygen demand (COD) and ammonia nitrogen in 2025 by 15% as compared with 2020, of which the annual targets for the emission intensity of sewage and COD for 2023 have been achieved • Set water consumption intensity targets, i.e. to reduce consumption in 2025 by 15% as compared to 2020. The water consumption intensity target for 2023 has been achieved
	• Provided employees with appropriate training systems and clear career paths, as well as diversified and equal opportunities to minimize employee turnover • Launched various recruitment programs and attracted talents through cooperation with universities and subsidiaries • Carried out four series of training programs, namely "New Employee Series", "Leadership Development Series", "Professional Development Series" and "Common Skill Series", which provided employees with a comprehensive platform for improving their capabilities and skills • Issued the "Employee Diversity Policy" and implemented an equal pay policy, which provided fair treatment for different nationalities, races, and religions, and strictly eliminated child labor or any form of forced labor, and respected employees' political rights and freedom of association • Established a human rights policy monitoring mechanism to ensure that the policy is effectively implemented
	• built a technical platform containing biosimilars, small molecule innovative drugs, high-value generic drugs and new technology treatment • striving to improve the quality and standard of primary public health services and promote the development of rural health. Joined hands with Fosun Foundation to establish the Special Fund for Fosun Phama Health Care Initiative, which carried out charitable activities such as the "Rural Revitalization Health Demonstration Project" and the "Hand-in-Hand Rural Medical Talent Revitalization Project" • Established a 24-hour global R&D center to enhance R&D and innovation capabilities

Content of the Sustainable Development Goals (SDGs) of the United Nations

SDGs	Key progress as at the end of the Reporting Period
	• Formulated the EHS management system framework, which includes the requirements of the environmental management system, occupational health and safety management system and national standardization of production safety • Formulated the Supplier Code of Conduct, which is applicable to suppliers, service providers and contractors • Lean supply chain: For example, through system analysis of the end-to-end supply chain process, Suzhou Erye 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 • Completed the Compliance Management System Report of Domestic Marketing Platform 2.0 according to the responsible marking principle to ensure compliance with laws and regulations, continuously improve the customer relationship management system and ensure customers' access to information
	• Identified climate change risks and took targeted measures to reduce, adapt and respond to climate changes • Actively participated in renewable energy projects, procured green power and built photovoltaics • Formulated relevant working systems and established an assessment mechanism based on performance in energy saving and emission reduction: issued the Notice on Energy Saving and Emission Reduction for Subsidiaries of Fosun Pharma to clarify emission reduction targets and incorporated energy management and control into the performance assessment of corporate management personnel at all levels • Analyzed climate change scenarios and identified the climate change exposure of the Group with reference to the TCFD framework, and formulated adaptation and mitigation strategies • Conducted energy saving and emission reduction programs and invested RMB13.4760 million in various energy saving and emission reduction measures throughout the year • Set carbon emission targets, i.e. to reduce carbon emissions per unit income in 2025 by 15% as compared to 2020. The carbon emission target for 2023 has been achieved
	• Established an integrity management system and reporting channels to protect whistleblowers • Provided employees with anti-corruption and business ethics training
	• Invested a substantial amount in innovative R&D of new drugs, built an international synchronous R&D operation system and established a development cooperation model • Continuously increased product sales and exports • Provided drugs to developing countries, provided training in professional knowledge and skills and provided support in enhancing the capabilities of developing countries

1. Responsible Operation

1.1 Corporate Governance

Corporate governance is crucial to the healthy and sustainable development of an enterprise. Establishing a transparent, responsible and effective governance mechanism will help enhance corporate value and earn the trust of investors and stakeholders in the corporate. To this end, Fosun Pharma continuously improves its corporate governance structure and system to provide an effective guarantee for making scientific and efficient decisions on governance in accordance with the Guidelines for Corporate Governance of Listed Companies of the CSRC.

1.1.1 Specialization and Diversity

The Group's efficient operations build upon a sound governance structure. The governance structure of the Group is composed of the general meeting, the Board and the management. In particular, the five professional committees, namely the Strategic Committee, the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, and the Environment, Social and Governance Committee (the "**ESG Committee**"), under the Board are responsible for supervision over matters in different dimensions to ensure the stable, lawful and efficient operations of the company. Under the supervision and guidance of the Board and various committees, the Group maintains high-quality governance and actively safeguards the rights and interests of all stakeholders to enhance corporate value on an ongoing basis.

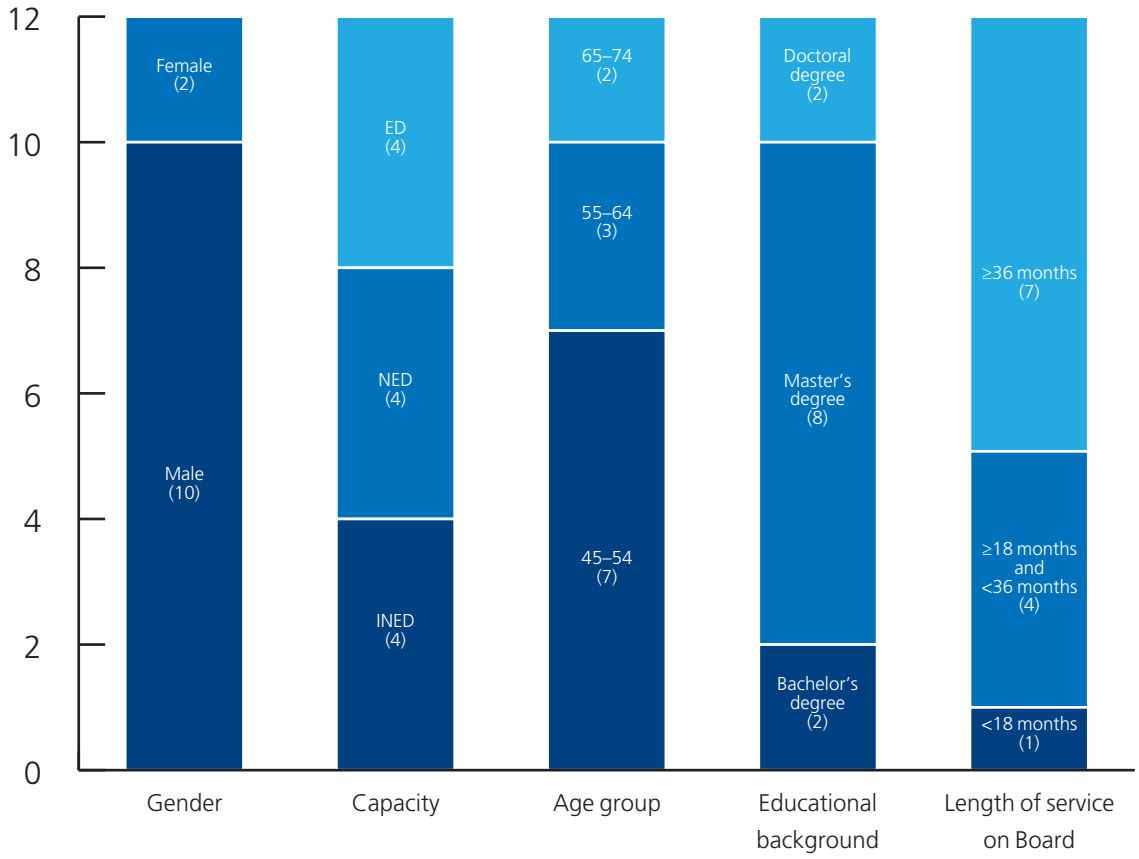
In compliance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Guidelines for Corporate Governance of Listed Companies of the CSRC and other laws and regulations, and making comprehensive reference to the requirements of various standards and normative documents of the Hong Kong Stock Exchange and the Shanghai Stock Exchange, Fosun Pharma has formulated the Articles of Association, the Rules of Procedure for General Meetings of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., the Rules of Procedure of the Board Meetings of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., the Rules of Procedure of the Supervisory Committee Meetings of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., the terms of reference and implementation rules of each committee, as well as other internal rules and policies, in order to secure and regulate the effective operation of its governance structure.

As the key decision-making body of the group, a diverse Board enables the Group to respond to the ever-changing business environment and safeguard the rights and interests of a wider range of stakeholders. In 2013, Fosun Pharma issued the Board Diversity Policy, which clearly stipulated that, when electing Board members, various dimensions such as gender, age, cultural and educational background, expertise, skills, knowledge and term of service should be taken into account, and discrimination is prohibited to ensure a fair and just election process. In addition, the Nomination Committee under the Board reviews the structure, size and composition of the Board every year, and makes recommendations on any changes to the Board to ensure the effective implementation of the diversity policy.

As at the end of the Reporting Period, the Board of Fosun Pharma comprised 12 Directors (including 2 female Directors) and 4 of which were independent non-executive Directors of the professions including accounting, legal, pharmaceutical industry, and license-in and transfer of scientific and technological outcomes.

1. Responsible Operation

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

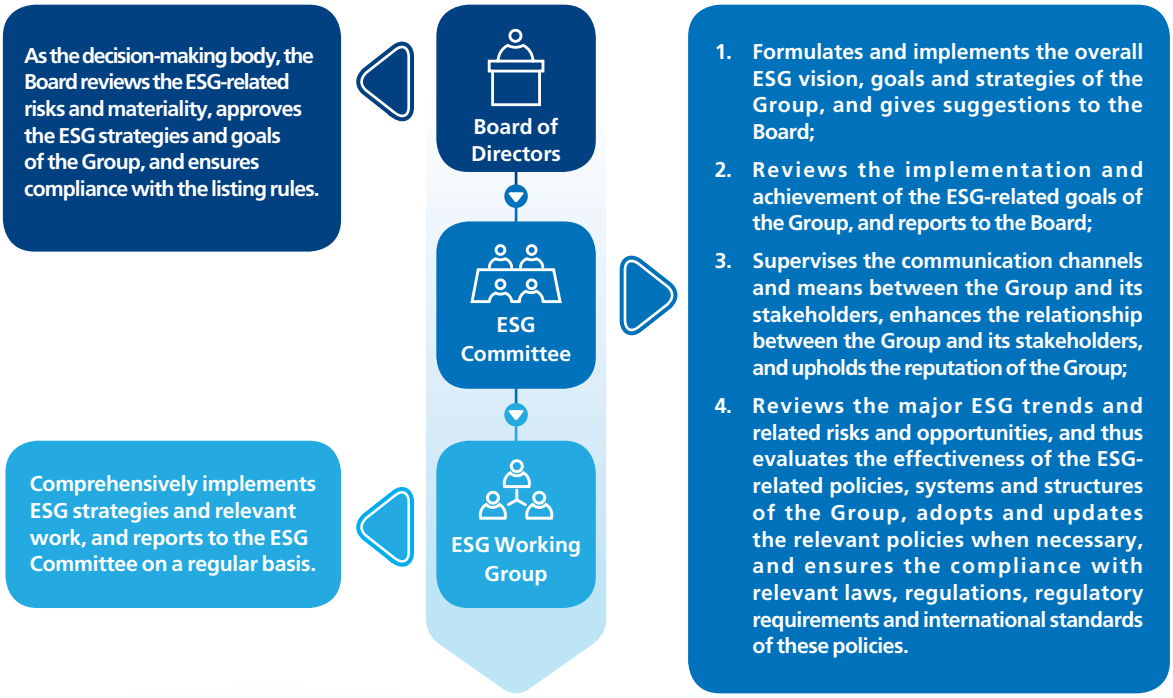


Board's diversity data in terms of gender, capacity, age, educational background and length of service

1. Responsible Operation

1.1.2 ESG Governance

Sustainable development is one of the key elements of the Group's business development. In order to ensure that the Group takes sustainability into consideration when formulating strategies and making decisions, the Group has established a three-tier ESG governance structure which is supervised by the Board, implemented by the ESG Committee, and executed by the ESG Working Group, guaranteeing the supervision, guidance and support from the Board and the management as to the sustainable development of the Group. In addition, we formulated the Terms of Reference and Implementation Rules of the Environmental, Social and Governance Committee under the Board of Directors in 2020 to further specify the job responsibilities of each tier in the ESG governance structure, guide the execution of tasks in pursuit of sustainable development of the Group, and thus improve the overall sustainability performance. At the same time, the Group has incorporated ESG sustainable development indicators into the performance assessment for the senior management. Evaluation dimensions include the rate of achieving carbon neutrality in major operating entities, construction of ESG systems, responsible investment management, and ESG risk management. We conduct assessments on an annual basis, and determine performance based on the assessment results. The results of which will be converted into a coefficient between 0 and 1, and serve as a multiplier factor for the overall performance of the senior management. Failure to meet the ESG performance standards will lead to a reduction in remuneration.



ESG Governance Structure

1. Responsible Operation

Board Statement

Board Responsibilities

Fosun Pharma has established an ESG governance mechanism with the Board as the main body of responsibility, under which the ESG Committee and the ESG Working Group are established. The Board is the highest responsible body for the ESG governance of the Group, and is overall responsible for the sustainability performance of the Group. As delegated by the Board, the ESG Committee is responsible for supervision, guidance and review on sustainable development and ESG matters. In 2023, the ESG Committee held two meetings in total.

Sustainability Risk Management

In order to prevent and control various potential risks that may hinder the sustainable development of the Group, the ESG Committee supervises and guides the management and various functional departments to identify and control relevant risks on a regular basis in day-to-day operations, and makes regular reports and recommendations to the Board on identified risks and management measures. Such processes enable us to fully integrate sustainability risks into our enterprise risk management system as an important category of enterprise risk management. Under the supervision of the Board, the Group continues to improve its internal control and risk management systems to ensure that effective controls have been in place over sustainability risks.

Execution of Tasks in Pursuit of Sustainable Development

The ESG Working Group established by the Group is composed of the management of key functional departments. Under the comprehensive guidance of the ESG Committee, the working group is responsible for promoting the implementation of the sustainable development strategies and projects of the Group in order to improve the sustainability performance of the Group in all respects. To ensure the effective implementation and goal attainment of ESG projects, the Group has included ESG performance in the performance assessment of the senior management, and has adopted remuneration reward and punishment measures to enhance the enthusiasm and efficiency of the management.

Material Sustainability Issues

The Group has established a transparent and efficient communication mechanism for stakeholders, which identifies the concerns of stakeholders in terms of sustainable development on a regular basis to keep abreast of the demands and expectations of stakeholders. For sustainability issues of high importance, we will formulate effective management strategies, and regularly review and evaluate the performance of the Group so as to meet the requirements of stakeholders.

1. Responsible Operation

1.1.3 Stakeholder Engagement

Communication with Stakeholders

The Group takes the initiative to communicate with customers, shareholders, government and regulatory authorities, employees, media and the public, suppliers, communities and non-governmental organizations, institutional investors and other key stakeholders through various online and offline methods to convey the mid- and long-term strategic plans of the Group. By communicating with all these parties, we are fully aware of the expectations of stakeholders for the sustainable development of the Group, which is regarded as an important consideration for improvement.

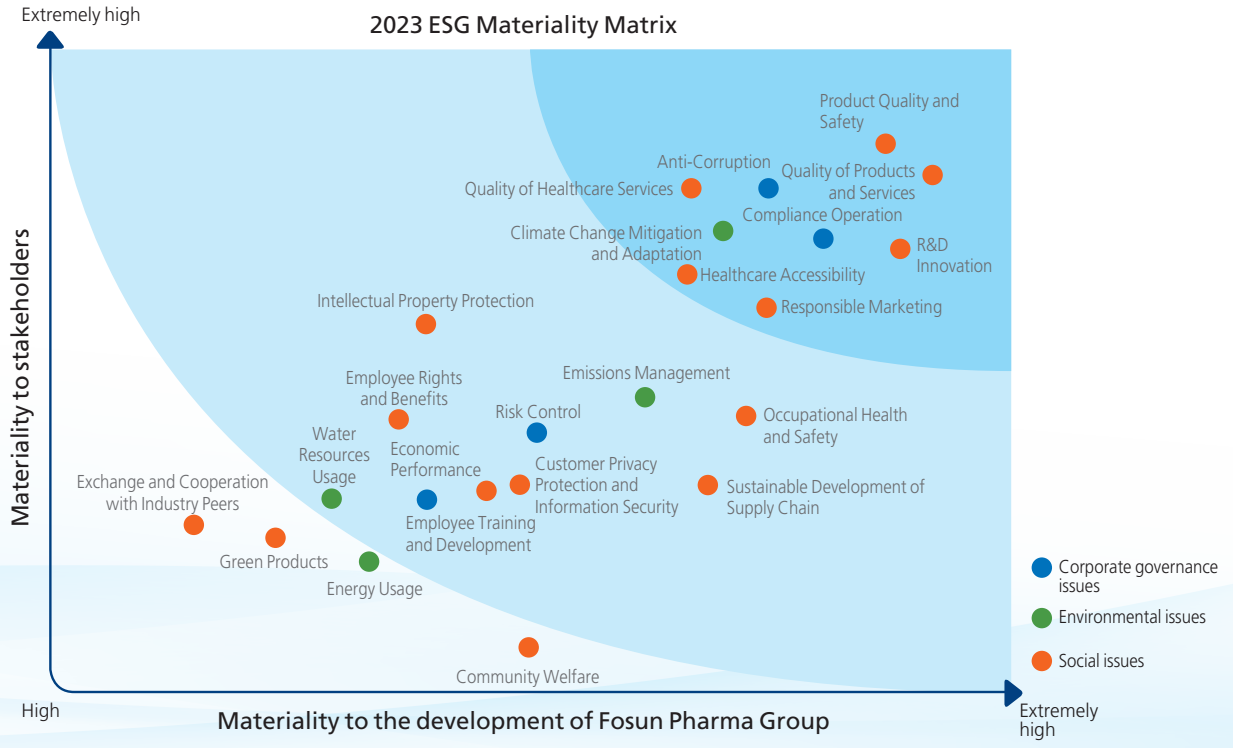
Identified stakeholders	Important sustainability issues in focus	Stakeholder communication channels/ company's response methods
Shareholders and investors[Note] 	Compliance Operation Risk Prevention and Control Economic Performance	Organize on-site visits and inspections Organize online/offline roadshows Attend domestic and overseas strategy meetings Host investor open days Convene results presentations Set up feedback platforms such as hotline, email and website Continue to improve the corporate governance system
Customers and consumers 	Product Quality and Safety Quality of Healthcare Services Quality of Products and Services Responsible Marketing Customer Privacy Protection and Information Security	Continue to improve the pharmaceutical quality system and provide high-quality healthcare services Maintain good doctor-patient relationship and conduct customer satisfaction survey Establish a professional commercialization team and a compliant marketing mechanism Continue to improve the innovation mechanism Continue to improve the customer privacy protection mechanism
Media 	Information Disclosure	Continue to improve and implement the information disclosure system Establish an effective media communication mechanism Timely disclose information through the official website, WeChat official account and other platforms of Fosun Pharma
Employees 	Employee Rights and Benefits Employee Training and Development Occupational Health and Safety	Establish a labor union to safeguard employees' rights and interests Enter into collective contracts Establish a long-term talent training mechanism and Healthcare Management Institute Organize regular employee caring activities Solicit employees' opinions and suggestions on rationalization Pursue occupational health and safety management
Suppliers 	Sustainable Development of Supply Chain Exchange and Cooperation with Industry Peers Anti-Corruption	Establish regulated and transparent supplier procurement, tender and management procedures Conduct on-site audit on suppliers Pursue green supply chain management

Note: In 2023, the Group convened three results presentations, held one investor open day with the theme of innovative R&D strategies, responded to over 900 questions from investors through the SSE e-interactive platform, investor hotline/email and other channels, and conducted/attended more than 200 on-site inspections (visits), online/telephone conference roadshows, and domestic and overseas strategy meetings.

1. Responsible Operation

Identified stakeholders	Important sustainability issues in focus	Stakeholder communication channels/ company's response methods
Government and regulatory authorities	Compliance Operation R&D Innovation Healthcare Accessibility Exchange and Cooperation with Industry Peers	Operate under the laws Continue to pursue innovatives R&D Participate in policy formulation and provide suggestions Actively participate in government projects Participate in industry association platforms
Communities, the public and non-governmental organizations	Community Welfare Green Products Energy Usage Climate Change Mitigation and Adaptation Emissions Management	Actively participate in community services Participate in various activities of public welfare organizations Actively carry out various public welfare activities Actively reduce emission and pollution during production
Doctors	Product Quality and Safety R&D Innovation Quality of Healthcare Services Exchange and Cooperation with Industry Peers Anti-Corruption	Communicate with industry peers Participate in industry association platforms Communicate with media partners

We identify material ESG issues that require special attention of the Group on a regular basis. Through evaluation on and communication with internal and external stakeholders, we rank the materiality of these issues and develop a materiality matrix to provide support for the long-term ESG strategies to be formulated by the Group. During the Reporting Period, we identified a total of 23 sustainability issues for the Group, 9 of which were material sustainability issues, including product quality and safety, quality of healthcare services, R&D innovation, healthcare accessibility, responsible marketing, compliance operation, climate change mitigation and adaptation, quality of products and services, and anti-corruption.

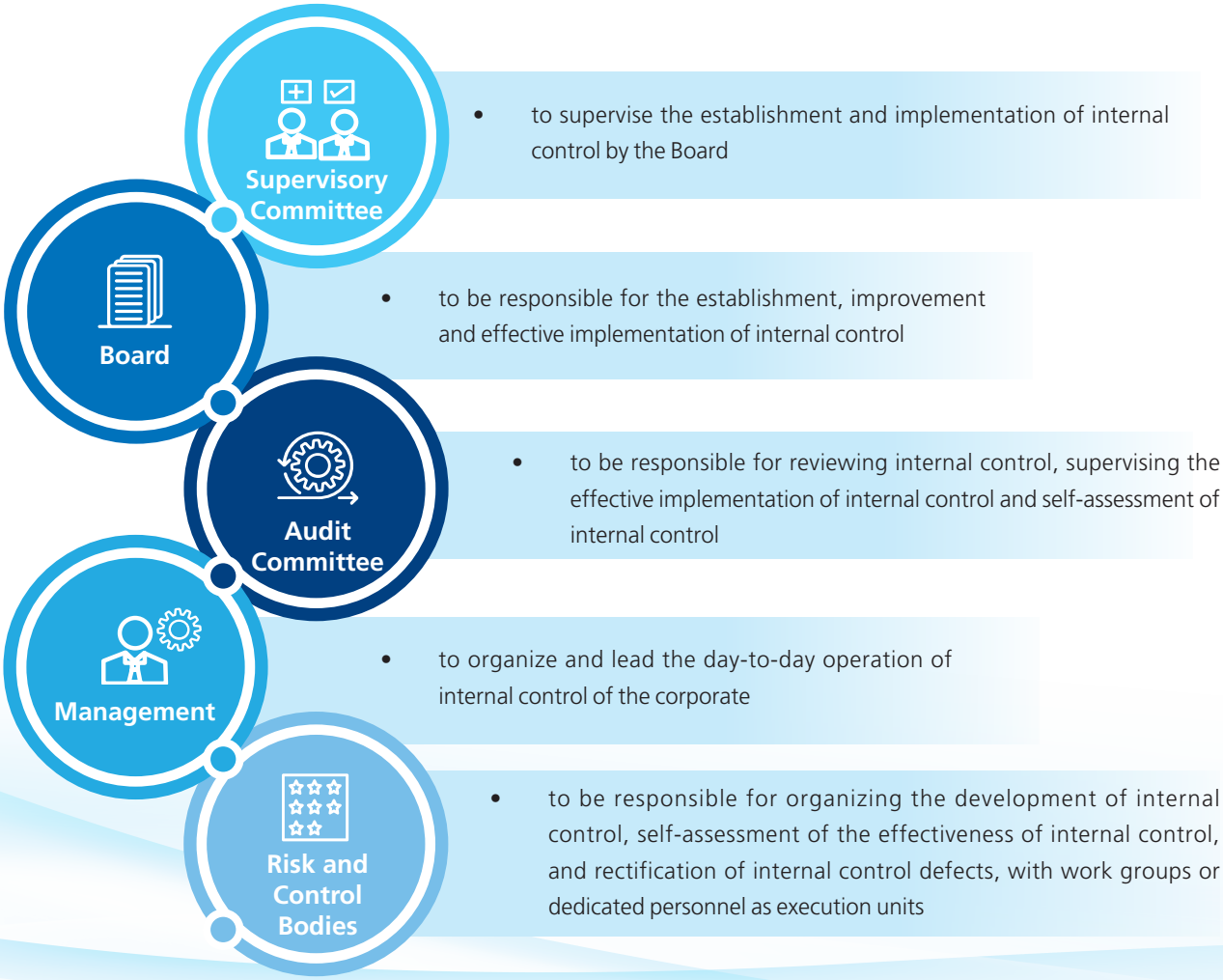


1. Responsible Operation

1.2 Risk Control

Comprehensive risk control plays an important role in corporate management, helping companies strengthen their business capabilities and rise to changes and uncertainties in the external environment. Accordingly, the establishment and continuous optimization of a risk prevention and control structure is an inevitable act. Under which, the Group may maintain long-term and stable operation, reduce potential economic losses by identifying and managing various risks, and make wise decisions on development directions, thereby laying a solid foundation for long-term sustainable operations and success.

In order to reinforce risk and internal control management, the Group has integrated ESG-related risks and climate change risks into its risk management and internal control management structure, and has adopted ongoing monitoring measures to mitigate their impacts.



Risk Management Structure

1. Responsible Operation

Risk Prevention and Control System

Focusing on the long-term corporate risks, the Group has established a sound risk prevention and control system with the joint efforts of internal control construction, internal audit and anti-corruption functions. Pursuant to the relevant laws, regulations and regulatory requirements, the Group has formulated the Internal Control Manual, setting forth the internal control standards and processes in detail, which establishes a management framework for the risk prevention and control system of the Group, and ensures the effective operation of the risk management and control system.

During the Reporting Period, in response to the key risk points in the course of operations, such as procurement, infrastructure, product quality and safety and information security, the Group further optimized its internal control management process, and strengthened its control and supervision over those risk points, thereby maximizing its control on the adverse impacts of potential risks on the Group. Specific measures are as follows:

Centralized procurement and procurement risk management	Infrastructure project risk management	Quality and safety risk management	Information security risk management
• Formulated internal procurement management documents, and continued to improve the supplier life cycle management process • Circulated the Code of Conduct of Suppliers of the Group and supplier quality requirements to suppliers • In 2023, the Group conducted green supply chain audits on 23 suppliers, and handled 35 cases of violation by suppliers	• Continued to improve the infrastructure project management system, and enhanced project safety, quality and progress management • Convened monthly regular meetings to keep abreast of the situation and track project progress in an all-round way • Conducted project inspections • Established a project bidding expert pool system • Strengthened project audit, and conducted one-off or twice-off audits for each preparation • Continued to promote refined management measures, and reviewed each stage of the project to ensure effective execution and timely delivery of the project	• Fulfilled the responsibility system of holders, strengthened full life cycle quality management, and promoted continuous quality improvement • Enhanced the professional skills and audit competence of the internal audit team • Optimized the reporting of key quality indicators of the Group, and developed a digital reporting system and visual reporting • Carried out quality management appraisals • Set up technical committees to build up a talent pool in terms of core competencies	• Participated in the cyber security classification, and was classified as a grade II enterprise • 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 • Established and continuously improved the information security system, and passed the IS027001 accreditation • Issued the Data Security Management Regulations

Internal Control Risk Management Measures

Internal Audit

According to the Internal Auditing System, the Audit Department of the Group conducts independent internal audits, exercises the right of internal supervision, and performs supervision, evaluation and service functions. The Internal Audit Department carries out business line construction and strives to establish internal audit teams in various business segments. The synergy of the business lines further maximizes the effectiveness of internal supervision of the Group.

The Group conducts special audits on key construction projects to ensure timely identification of defects during project implementation so as to advise on compliance and efficiency. The Group continues to promote special audits, covering key processes such as R&D, sales, procurement and expenses, so as to ensure timely and effective risk control and eliminate hidden hazards. In addition, the Group continues to conduct internal control audits and evaluations, and continues to evaluate and advise on the design and effectiveness of internal controls.

During the Reporting Period, the audit line of the Group conducted more than 50 audits in total, covering the headquarter and major subsidiaries of various business segments, and carried out annual internal control audit and evaluation within the Group, covering entities with revenue accounting for approximately 98.76% of the consolidated revenue of the Group. The Group will conduct rectification and ongoing follow-up actions for major problems identified in audits to ensure that the problems are rectified, continue to improve the quality of internal control, and thus achieve its goal towards sustainable development.

1.3 Business Ethics

Business Ethics Management System

Adhering to the principle of "investigating every case, learning from the past mistakes to avoid future ones, emphasizing investigation with the priority of prevention, and addressing both symptoms and root causes", the Group eliminates any form of corruption. The Group has brought issues related to business ethics into the scope of oversight of the Board and the Audit Committee to create a fair and integrity internal business environment from top to bottom.

As the highest guidelines of business ethics of the Group, the Guidelines on Business Ethics, which restrains ourselves, employees and suppliers, has been reviewed and approved by the Board and announced to the public. As delegated by the Board, the Board Audit Committee conducts comprehensive supervision over the business ethics matters of the Group and supervises its implementation. As the day-to-day management body of the code of business ethics, The Disciplinary Committee of Fosun Pharma is responsible for the comprehensive implementation of the guidelines within the Group, including the establishment and implementation of the mechanism of the code of business ethics, and discussions and decisions on the corresponding penalties for those who violate the guidelines. The Disciplinary Committee of Fosun Pharma shall report to the Board Audit Committee on the implementation of the code of business ethics on a regular basis.

In order to ensure the effective implementation of the code of business ethics by employees and suppliers, the Group continues to improve its business ethics system, and has formulated 9 anti-corruption related documents, including but not limited to the Regulations on Anti-Corruption, the Anti-Commercial Bribery Agreement, the Provisions on Integrity Administration of Engineering Construction Projects, the Whistle-blowing Management Regulations, the Whistleblower and Witness Protection Act and Reward Provisions, the Regulations on the Management of Employee Integrity in Practice, the Administrative Measures for Cash and Gifts Received in Official Activities (Trial Implementation) and the Reward, Punishment and Appeal Management System, to ensure that employees at all levels and business partners of the Group regulate their own behavior, and establish and maintain an integrity corporate atmosphere.

1. Responsible Operation

The Group has established an anti-corruption compliance control system of "prevention-detection-remediation", continuously strengthened its supervision over anti-corruption, and implemented business ethics management from multiple dimensions such as employee rights, information security, anti-corruption and anti-bribery, and international trade compliance. The Group has established four prevention and control processes, in which business department acts as the first line of defense, and then move up tier by tier to the Anti-Corruption Supervision Department to conduct public supervision of any behavior that may lead to non-compliance, eliminate potential risks, and secure the stable operation of the Group.

First line of defense

- Business department: strictly abides by the corporate system, internal supervision, and regulates its own behavior

Second line of defense

- Financial department: is responsible for the daily financial monitoring and timely detection of abnormal situations

Third line of defense

- Internal audit department: actively conducts anti-corruption and business ethics reviews to ensure the compliance with business ethics in the daily operations of various functional departments and subsidiaries

Fourth line of defense

- Anti-Corruption Supervision Department: is committed to establishing a sound anti-corruption governance system to ensure timely investigation and handling of corruption cases, and create an integrity and fair corporate atmosphere

Business Ethics Audit and Supervision

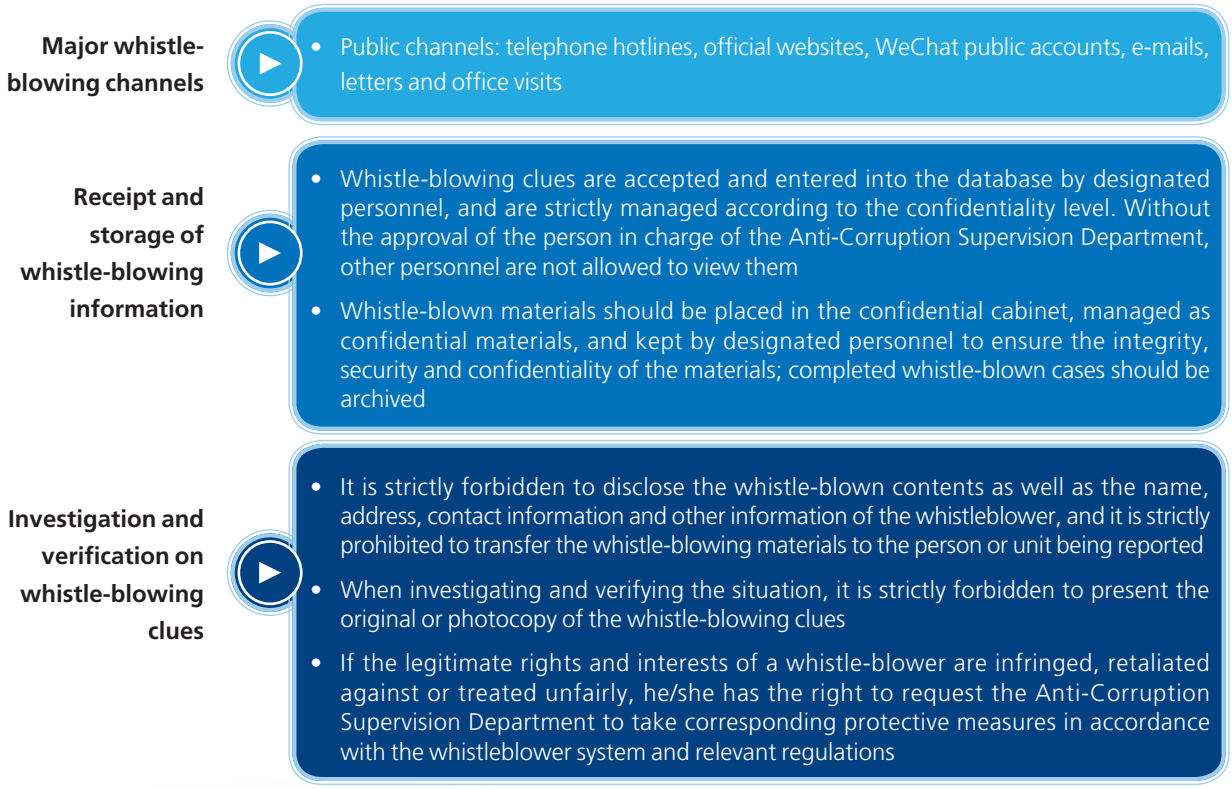
The Internal Audit Department and the Anti-Corruption Supervision Department further reinforce the effectiveness of the anti-corruption and business ethics management of the Group in the form of audits and supervisions.

At the audit level, the Internal Audit Department has taken the compliance of business ethics into consideration when formulating the audit plan every year. On the basis of conducting audits for various business segments, additional special audits will be conducted on sectors with great business ethics risks and new subsidiaries to ensure compliance in key processes and sectors. The audit covered all the business operations every three years. Clues to business ethics issues identified during the audit will be handed over to the Anti-Corruption Supervision Department for in-depth investigation to ensure that the incident is properly handled. At the same time, the Group also cooperates with external third-party auditors to audit and supervise the business ethics of suppliers on a regular basis to strengthen the stability of business operations.

1. Responsible Operation

At the supervision level, the Anti-Corruption Supervision Department continues to strengthen supervision and proactively supervise processes with high business ethics risks to reduce the occurrence of non-compliance incidents. In 2023, the Anti-Corruption Supervision Department participated in the supervision of open tender of 14 projects in total, processed 19 clues in total with 18 of them reviewed or investigated. 10 employees received the punishment of rescission of the labor contract, 2 received the disciplinary punishment including a warning due to violations of relevant integrity regulations; 3 were imposed with compulsory criminal measures due to violation of criminal laws; losses totaling RMB7.81 million were recovered for the corporate through case investigation.

At the same time, the Group has opened up whistle-blowing channels, improved whistleblower protection measures by formulating and announcing the Whistle-blowing Management Regulations and the Whistleblower and Witness Protection Act and Reward Provisions, and encouraged all employees, internal and external parties to actively speak up. The Group has established a comprehensive whistle-blowing process to evaluate, investigate and collect evidence on the reported cases received, and report the results to the whistleblower in a timely manner.



Whistle-blowing Handling Process

Integrity Culture Construction and Training

Building a culture of integrity is one of the most powerful means for the Group to ensure the compliance of business ethics. In order to enhance the awareness and understanding of anti-corruption among employees, the Group regularly conducts business ethics and anti-corruption training for all employees, part-time employees and contractors at the headquarter and subsidiaries. During the Reporting Period, a total of 18 business ethics training sessions and lectures were provided, including 2 morning meetings for employees, 4 induction training sessions for new recruits, 8 training sessions for 8 subsidiaries including Guilin Pharma, Yao Pharma, Fosun Antejin and Jiangsu Fosun Pharma, 1 training and teaching session for the President Class of Fosun Health, 1 anti-corruption lecture for the procurement line and 1 special anti-corruption training session for senior executives.

In addition to training, the Group set an integrity and compliance channel on the home page of the official website of Fosun Pharma, and established a portal site of the Disciplinary Committee and the Anti-Corruption Supervision Department on the OA system. By updating anti-corruption news, cases and laws and regulations from time to time on a weekly basis, the Group proactively provides legal publicity and education on anti-corruption and integrity for all employees and partners in a subtle and silent way to strengthen a clean and honest corporate atmosphere.

1. Responsible Operation

Case: Anti-Corruption Training in the ESG Culture Month

In September 2023, the Group provided training sessions on business ethics for all employees with the theme of anti-corruption. The content covered the concept of anti-corruption, introduction to relevant laws and regulations, as well as the anti-corruption management system, policy mechanisms and internal cases, emphasizing that all levels of employees must be strict with themselves and strive to practice the values of integrity of the Group, so as to achieve mutual success in personal development and corporate prosperity. The training sessions further enhanced the knowledge and understanding of anti-corruption tasks among employees, enhanced the awareness of compliance among employees, and laid a solid foundation for the integrity culture and sustainable development of the Group.

Anti-Corruption Training

1. Responsible Operation

Anti-Corruption Management on Suppliers

The Group emphasizes the compliance of business cooperation for third-party suppliers and partners in its business activities. The Group has formulated and promulgated the Anti-Commercial Bribery Agreement policy for third-party suppliers or partners. When the Group signs contracts with external parties, the Anti-Commercial Bribery Agreement must be signed as well. 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 when signing contracts, such circumstances should be reported through the designated whistle-blowing channels, and all parties will be treated equally. In terms of procurement, the Group also requires suppliers participating in the bidding to sign the Letter of Commitment on Integrity as Suppliers before signing up to undertake that they will not engage in fraudulent behavior or offer unjust benefits to the staff in charge of tender in the bidding process.

External partners	All internal staff of the Group
• All suppliers and external partners are required to formulate their own anti-corruption policies and sign with the Group the Anti-Commercial Bribery Agreement, which is included in the contracts. • During the procurement process, the suppliers participating in the bidding are required to sign the Letter of Commitment on Integrity as Suppliers before signing up to undertake that they will not engage in fraudulent behavior or offer unjust benefits to the staff in charge of tender in the bidding process	• The Employee Integrity Commitment shall be signed during induction

Anti-Commercial Bribery Requirements of Fosun Pharma Group

1. Responsible Operation

1.4 Party Building Efforts

Established in 2007, the Party Committee of Fosun Pharma has secured high-quality corporate development as guided by high-quality Party building efforts while upholding the concept of "simultaneous and healthy development under the guidance of Party building" as its working core over the years. As at the end of the Reporting Period, the Party Committee of Fosun Pharma comprised 696 members, of which 370 members were young people under 35 years old, accounting for 53.16%, and 402 members held a master's degree or above, accounting for 57.76%.

2023 was the first year that the guiding principles of the 20th CPC National Congress were implemented fully. In order to thoroughly study Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the guiding principles of the 20th CPC National Congress, the Party Committee of Fosun Pharma held a thematic education and deployment meeting and a thematic pep rally for studying and implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. Focusing on the general requirements of "learning thoughts, strengthening Party spirit, emphasizing practice, and making new progress", the Party Committee and its branch organizations launched a series of thematic education activities such as self-studying of theories, collaborative studying in branches, thematic education lectures, "red" studying in revolutionary education bases, music and art thematic Party day activities, and collaborative construction and joint studying on Party building, so as to strengthen ideological and political guidance, guide all Party members to deeply understand and grasp the insight of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, maintain a spirit of hard work and accountability, and always maintain the passion for innovation and entrepreneurship, thereby providing a strong organizational guarantee for promoting high-quality corporate development.

The Party Committee of Fosun Pharma has always insisted on leading the spiritual civilization construction by core socialist values. In 2023, the Company maintained the title of "Civilized Unit of Shanghai City". Led by the Party Committee, and regarding the hot topics concerned by employees, key points of corporate development, and crucial points of organizational construction as the starting point, the labor union continues to strengthen its organizational construction, strives to serve and unite employees, and supports the economic development of the corporate, such that employees can have a sense that the labor union is the "home of employees". In 2023, the labor union of Fosun Pharma won the honorary title of "National Advanced Enterprise Labor Union with Double Caring and Double Evaluation" jointly awarded by the All-China Federation of Industry and Commerce, the Ministry of Human Resources and Social Security and the All-China Federation of Trade Unions. It is the only corporate labor union in Shanghai that has won such honor.

With the guidance and support of the Party Committee of Fosun Pharma, the Group maintains steady growth in business performance, and continuously brings patients more accessible products and quality medical services. At the same time, the 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.

Thematic Party Day Activity

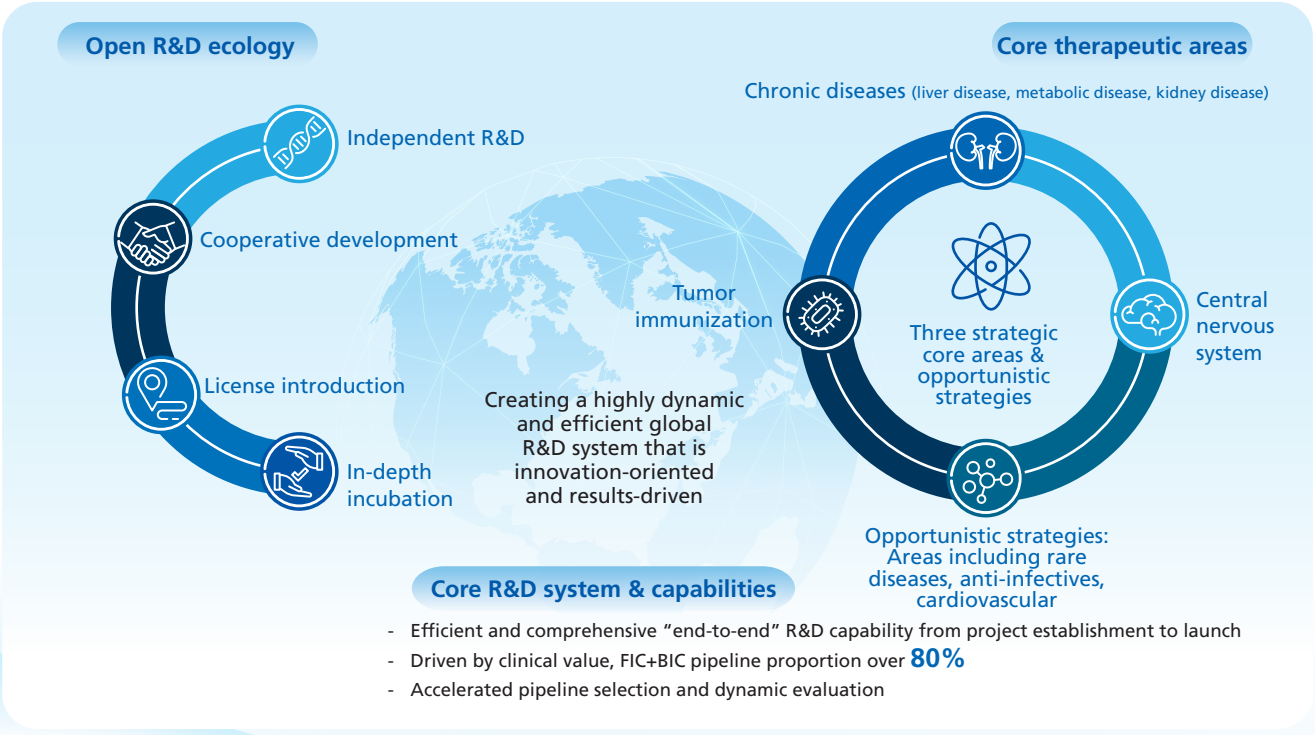
2. Product Responsibility

Adhering to the quality policy of "Respect for Life, Focus on Quality, Commitment to Perfection, and Pursuit of Excellence", the Group strengthens independent R&D and external cooperation, enriches its product pipelines and improves product quality, in order to provide patients and customers with quality and accessible products and services.

2.1 Drug Accessibility

2.1.1 Innovative R&D

Innovation is the most important responsibility in the sustainable development of the Group. The Group is patient-centered and driven by clinical needs. Through the open innovation model encompassing independent R&D, collaborative development, license introduction and in-depth incubation, the Group focused on the core therapeutic areas such as oncology (solid tumors and hematological tumors), immunology, central nervous system and chronic diseases (liver disease/metabolic disease/kidney disease), as well as improving the core technology platforms of small molecules, antibodies/ADCs, cellular therapies and RNAs, so as to build an open, global, efficient and comprehensive "end-to-end" R&D system from project establishment, early research to clinical stage. The Group continued to enhance pipeline value, promote the R&D and commercialization of FIC (First-in-class) and BIC (Best-in-class) products and enrich its innovative product pipeline.



R&D Investment

In 2023, the R&D expenditure of the Group amounted to RMB5,937 million (including capitalization expenses), of which R&D expenses amounted to RMB4,346 million, representing a year-on-year increase of 1.02%. R&D expenditures in the pharmaceutical manufacturing segment amounted to RMB5,172 million, representing a year-on-year increase of 1.47%.

2. Product Responsibility

R&D capability improvement

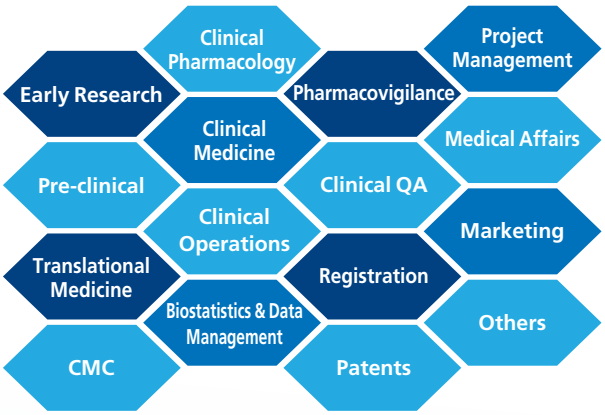
The Group continuously strengthened its R&D capability and promoted technological innovation and product upgrading through diversified R&D incentives and a comprehensive R&D team training system.

In view of the characteristics of our R&D business, the Group formulated various ESOP (Employee Stock Ownership Plan) incentive plans, such as innovative drug R&D incentives, generic drug CMC R&D incentives and ESOPs which are in line with the characteristics of domestic and overseas incubator platforms and incubates, so as to effectively achieve retention and incentives of key core R&D personnel to grow and develop with the enterprise in the long term.

In terms of R&D capacity building, the Group adopted a training method that combines online and offline to ensure that the R&D team is constantly update with the latest trends and to enhance their professionalism. During the Reporting Period, the Group launched the "Special Training Camp for R&D Managers" and organized a series of R&D courses and activities on the global R&D center platform to continuously improve its R&D capabilities.

Innovative R&D Capacity Building (Global R&D Center)

In 2023, the global R&D center continued to provide training and empowerment for innovative pharmaceutical R&D project managers. Starting from the capabilities required for innovative R&D, the global R&D center established a competency model for project managers through interviews and refinement of successful traits, and assessed the gaps between requirements and capability through professional assessment tools. At the same time, a series of training and development activities, including leadership training, practice sharing, and cross-departmental experience development, were launched on such basis. During the period, the global R&D center cooperated with the Talent Development Center on the content side and the platform side, launched two brands of professional competency building, "Fosun R&D Sharing" and "R&D Knowledge Base", produced more than 50 professional courses in 15 modules consecutively, which covered innovative drug R&D and life-cycle management, and continued to build a knowledge base of professional capabilities. With course resources stored and gathered through the online learning platform, the Group provided employees with rich and convenient academic systems and courses and updated industry knowledge.



R&D Knowledge Base

2. Product Responsibility

R&D Achievements

As at the end of the Reporting Period, the Group had over 70 major innovative drug and biosimilar projects under development (by indications).

Launched core innovative products of the Group:

Product name	Generic name	Product information
Han Li Kang®	Rituximab injection	The first biosimilar in China
Han Qu You® (Europe product name: Zercepac®, Australia product name: Tuzucip®, Trastucip®)	Trastuzumab injection	The first domestic self-developed monoclonal antibody biosimilar in China approved in both China and Europe
Han Si Zhuang® (Indonesia product name: Zerpidio®)	Serplulimab injection	The first self-developed innovative monoclonal antibody H drug
Han Da Yuan®	Adalimumab injection	The first domestic adalimumab biosimilar with GMP certified production base approved in both China and Europe
Han Bei Tai®	Bevacizumab injection	The only bevacizumab with phase III clinical trial statistics of metastatic colorectal cancer in China Biosimilar
Comirnaty Bivalent mRNA Vaccine	/	Full coverage of the Omicron variant, can be received in Hong Kong and Macau at own expense
Yi Kai Da®Note	Ejilunsai injection	The first CAR-T cell therapy product approved for launch in China
Jie Bei An®	Azvudine tablets	The first domestic COVID-19 small molecule oral drug
Artesun®	Artesunate injection	First-line drug for the treatment of severe malaria recommended by the WHO Guidelines for the Treatment of Malaria
Argesun®	Artesunate injection	The first artesunate injectable presented with a single solvent system approved by the WHO prequalification in the world
Su Ke Xin®	Avatrombopag maleate tablets	The first oral drug approved for the treatment of thrombocytopenia related to chronic liver diseases in the world
Akynzeo®	Netupitant and palonosetron hydrochloride capsules	The first and only innovative dual-channel antiemetic drug in the world
Pei Jin®	Telpegfilgrastim injection	New generation of long-acting white blood cell booster drug in China with independent intellectual property rights
Bei Wen®	Keverprazan hydrochloride tablets	The first potassium ion competitive acid blocker (P-CAB) independently developed in China for the treatment of duodenal ulcer (DU) and reflux esophagitis (RE)
Yi Xin Tan®	Sacubitril valsartan sodium tablets	First-line drug for the treatment of heart failure and hypertension in an innovative crystalline form
Otezla®	Apremilast tablets	The first oral phosphodiesterase-4 (PDE4) inhibitor for the treatment of plaque psoriasis in China

Note: Product of Fosun Kite, a joint venture

2. Product Responsibility

R&D Ethics

While the fostering continuous innovation and R&D to bring more hope of cure to patients, the Group also pays attention to the ethical issues in the R&D process. In the early clinical stage, we conduct of ethical animal experiments and protect experimental animals. In the late-clinical stage, we comply with relevant regulations and ethical standards, respect and protect the life, health and legal rights of the subjects and safeguard the dignity of human beings.

Laboratory animals are the fundamental elements and important supporting conditions for life science research, while animal experiments are the basic means of life science research. The Group manages laboratory animals in three ways, including laboratory animals, animal experiments and facility operation. Specifically: 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.

Intellectual Property Protection

While actively conducting innovative R&D, the Group continuously improved its intellectual property management system. We complied with the national standard such as Enterprise Intellectual Property Management Standards and continued to implement the "blockbuster product intellectual property strategy", 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, we have 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. 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 R&D investment.

During the Reporting Period, the pharmaceutical manufacturing segment of the Group submitted 206 patent applications, including 5 American patents applications, 11 PCT applications, and the Group has obtained 74 patents for invention.

2.1.2 Access to Healthcare

The Group has been adhering to the mission of "Better Health for Families Worldwide", continuously focusing on unmet clinical needs and considering R&D and innovation as the most important responsibility in sustainable development. The Group established a clear and rich product R&D pipeline, fully took into account the medical needs in China and overseas pharmaceutical markets, formulated a differentiated strategy for global expansion and is committed to guarding the health of more patients.

The Board is the highest responsible organization for access to healthcare issues and oversees the implementation of access to healthcare related work through the ESG Committee. The ESG Committee is responsible for reviewing the Group's strategies, policies and performance on access to healthcare issues on an annual basis and reporting to the Board on the progress of such issues to ensure they are in line with the Group's mission and to provide more accessible and affordable products and services to patients worldwide.

The Group considers the promotion of access to healthcare as an important corporate responsibility and supports The Doha Declaration on the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement and Public Health and the provisions of the Patent Law of the People's Republic of China on the compulsory licensing of relevant pharmaceutical patents for the purpose of public interest or in case of emergency. The Group explicitly supports reasonable generic drug competition. As at the end of the Reporting Period, a total of 32 products of the Group that had passed or deemed to have passed the consistency evaluation of generic drugs were selected in nine batches of national centralized drug procurement bidding. For the existing products included in centralized procurement, the Group leveraged the advantages of multi-channel marketing and lean production to strengthen the life cycle management of centralized procurement products while sacrificing price for volume, and actively promoted incremental products to quickly enter the market through centralized procurement. Meanwhile, for the least developed countries and low-income countries with actual demands, the Group will consider selecting suitable third parties and entering into voluntary licensing agreements in accordance with appropriate terms and conditions, so as to manufacture and export relevant medicines to such regions to enhance the well-being of the local population.

2. Product Responsibility

Paying attention to R&D in rare diseases

Due to the extremely low market demand, limited R&D profits and lack of clinical drug experience, rare disease drugs have problems such as low R&D enthusiasm and excessive treatment burden. To focus on the huge unmet demand in this area, the Group is committed to accelerating the R&D of drugs for rare diseases and clinically urgently needed drugs, so as to fill the gaps in the field of treatment of related diseases and improve the accessibility of innovative therapeutic drugs to patients with rare diseases.

During the Reporting Period, the Group launched 4 orphan drugs for rare diseases and had 10 orphan drugs for rare diseases under development.

Rare disease drugs launched and certain rare disease drugs under development

Rare disease drugs	Indications	Marketing situation
Gamma interferon	Chronic granulomatous disease	Marketed
Remodulin	Idiopathic pulmonary hypertension	Marketed
Su Ke Xin	Immune thrombocytopenia	Marketed
Wei Ge Ding	Infantile severe myoclonic epilepsy	Marketed
FCN-159	Histiocytic tumors (Langerhans histiocytosis) Neurofibromatosis type I in adults	Under development Under development
HLX 208	Langerhans cell histiocytosis (LCH) and Erdheim Chester disease (ECD)	Under development

Case: Effectively guarantee medication for patients with chronic granulomatous disease, bring attention to more rare disease patients

Chronic granulomatous disease (CGD) is a rare primary immunodeficiency disease, with only a few hundred domestic cases reported over the years. CGD develops in infancy or early childhood, characterized by recurrent and severe bacterial and fungal infections and granuloma formation. The most typical clinical manifestations are recurrent fever and localized suppurative inflammation, which can be life-threatening in severe cases.

In 2022, the Group's self-developed "human interferon γ for injection" (trade name: CLONGAMMA®, or IFNγ) CGD indication was approved for marketing, which is the exclusive CGD immunotherapy drug marketed in China. Due to the rarity of the disease, the market demand for the drug is limited. The minimum batch size for the production of the drug is usually tens of thousands, which is expensive to produce. In addition, most of the products produced may be scrapped due to limited demand and sales. We uphold the concept of humanitarian treatment and insist on producing the drug even if it would result in a loss, so as to alleviate the suffering, reduce the lethality rate of children with rare diseases and bring hope of cure and survival to their families.

2. Product Responsibility

Enhance Product Accessibility

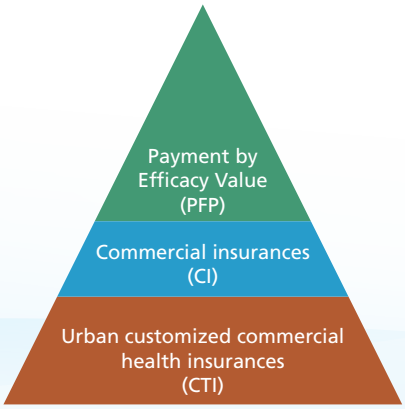
As at the end of the Reporting Period, several products of the Group, such as Artesun®, Argesun® (artesunate injection), Han Li Kang® (rituximab injection), Han Qu You® (trastuzumab injection), Han Si Zhuang (serplulimab injection), are constantly benefiting patients. Meanwhile, a range of innovative drugs and new indications of the Group were included in the National Medical Insurance Drug Catalogue, further improving the accessibility and affordability of innovative drugs. The new second-line indication of Yi Kai Da® (ejilunsai injection), the first domestic CAR-T cell therapy product, was approved, domestically-manufactured Da Vinci Surgical Robot was approved by NMPA, which continuously improve product accessibility and benefit more patients.

Case: Yi Kai Da® innovative payment plan to increase accessibility of high quality CAR-T drugs to more patients

In June 2023, the new second-line indication of Yi Kai Da® (ejilunsai injection), the first domestic CAR-T cell therapy product of Fosun Kite, a joint venture, for treatment of adults patients with large B-cell lymphoma (r/r LBCL) refractory to first-line immunochemotherapy or relapsing within 12 months of first-line immunochemotherapy, was approved in Chinese mainland, which will bring the hope of cure to more patients with lymphoma that is refractory to first-line immunochemotherapy or relapses.

For cancer patients, five-year survival rate is an important milestone, signaling that the cancer has been cured. By the end of 2023, Yi Kai Da® successfully treated more than 600 LBCL patients in China. According to research data, the five-year overall survival (OS) rate of patients treated with Yi Kai Da® is 42.6%; the five-year OS rate of patients in complete remission (CR) is 64.4%. 92% of patients who survive for 5 years do not need additional cancer treatment and may potentially be cured clinically.

At the same time, Fosun Kite actively promoted the accessibility of CAR-T products. In terms of "accessibility", Fosun Kite assisted hospitals across the country to establish more than 160 Yi Kai Da® qualified treatment centers covering 25 provinces, autonomous regions and municipalities, so that patients across the country can receive standardized CAR-T cell therapy in their vicinity. In terms of "affordability", relying on the national multi-level medical insurance system, Fosun Kite actively explored innovative payment plans, such as including such drugs in the urban customized commercial supplementary insurance in various provinces and cities, and deepening cooperation with TPAs (Third Party Administrators) and insurance companies to improve the affordability of Yi Kai Da® for insured patients. As of 31 December 2023, Yi Kai Da® was included in the urban customized commercial supplementary insurance in more than 100 provinces and municipalities and 75 commercial insurances. In January 2024, Fosun Kite launched China's first lymphoma payment plan by value of efficacy to reduce patients' financial burden.



- Launched China's first biopharmaceutical innovative drug "Payment by Efficacy Value Plan" centered on the concept of "cure". Yi Kai Da® will also be the first biopharmaceutical innovative drug in China paid by efficacy value.
- Eligible patients who do not achieve a complete response (CR) after treatment with Yi Kai Da® will receive a refund up to RMB600,000.
- Included in more than 75 commercial insurances
- Included in more than 100 provincial and municipal urban customized commercial health insurances

2. Product Responsibility

Case: Domestically-manufactured Da Vinci Surgical Robot to enhance accessibility to quality medical resources

As at the end of the Reporting Period, the accumulated total installation volume of Da Vinci Surgical Robot of Intuitive Fosun, a joint venture, in China was more than 360. More than 420,000 patients had benefited from the Da Vinci Surgical Robot's precise treatment and returned to normal life. More than 3,000 medical professionals received training on the Da Vinci Surgical System at the Da Vinci Innovation Center in Zhangjiang, Pudong, Shanghai.

To further upgrade local medical care services and enhance the accessibility of quality medical care resources, the Da Vinci Surgical Robot has made several breakthroughs on its road to localization in 2023:

In June 2023, the thoracic and abdominal endoscopy surgical control system (domestically-manufactured Da Vinci Xi Surgical System) of Intuitive Fosun, which can be applied in endoscopic surgeries in urology, general surgery, obstetrics and gynecology, thoracic surgery etc., was approved by NMPA;

In August 2023, Intuitive Fosun obtained the medical device manufacturing certificate for domestically-manufactured surgical robots;

In October 2023, the first domestically-manufactured Da Vinci Xi Surgical Robot was officially applied, realizing the mission of "Made in China, Joint R&D and Global Distribution".

At the same time, the "Da Vinci China Tour" organized by Intuitive Fosun covered 57 cities in 22 provincial administrative regions of China in 2023, and carried out Da Vinci Surgical Robot trial activities in 80 hospitals. A total of more than 3,500 medical care personnels experienced the innovative technology of Da Vinci Surgical Robot. The robot was shown to and recognized by more hospital administrators, doctors and patients, and benefited more patients.

2. Product Responsibility

Serving patients worldwide and helping developing countries in building public health capacity

We stay rooted in China and extend presence globally. The Group is committed to providing high quality medical care solutions to patients worldwide and actively expanding business in emerging markets, including Africa, India and Southeast Asia, so as to continuously enhance the accessibility of medicines in developing countries. As at the end of the Reporting Period, the Group had established 5 regional distribution centers in emerging markets such as Africa, with an overseas commercialization team of approximately 1,000 people, making every effort to enhance the accessibility of medicines. Southeast Asia is a key emerging market region for expansion of the Group. We will develop the pharmaceutical market in this region, especially in ASEAN (Association of Southeast Asian Nations) countries, through various business models such as BD and agency cooperation.

2. Product Responsibility

Case: Innovative development of "Artemisinin" continued to enhance malaria prevention and treatment capability in Africa

As a leading global R&D and production enterprise of anti-malaria drugs, anti-malaria drugs produced under the R&D and innovation of the Group cover malaria prevention, general malaria treatment and severe malaria treatment. A total of 33 products in the anti-malaria series were approved by WHO PQ (i.e. WHO Pre-qualification), which have made significant contribution to malaria prevention and treatment in countries and regions such as Africa.

In 2010, Artesun®, an artesunate injection independently developed and manufactured by the Group, was approved by WHO PQ. Since 2011, it has been recommended by WHO as a first-line drug for the treatment of severe malaria in children and adults. At the same time, the Group is also a supplier of anti-malaria drugs of the Global Fund, UNICEF, WHO and African governments. By the end of 2023, Artesun® (artesunate for injection) has saved more than 68 million patients with severe malaria globally, and the number of children in Africa who have used oral malaria prophylaxis has reached 258 million.

Meanwhile, the Group went deep into the remote areas of African villages and meet the needs of clinicians through continuous innovation. Through process optimization, the Group independently developed and launched the second generation of artesunate injection (trade name: Argesun®), which is the first single-solvent artesunate injection approved by WHO PQ in the world. The preparation time of the drug was reduced from 3 minutes to 1 minute, which can save the time for treating patients with severe malaria. Meanwhile, the concentration of Argesun® was standardized for intravenous and intramuscular injections, which makes it more convenient and safer for clinical purposes.

Artemisinin medicines developed with China's scientific research efforts have become a ticket for China's innovative medicines to go global. According to the WHO World Malaria Report 2023, globally in 2022, there were an estimated 249 million malaria cases and 608,000 malaria deaths. Sub-Saharan Africa accounted for more than 95% of the global malaria cases and deaths. Globally, an estimated 11.7 million malaria deaths were averted in the period 2000-2022. Among them, the average malaria mortality rate (number of deaths per 100,000 population at risk) in Africa decreased from 0.14% per 100,000 population to 0.055%, from 142.6 per 100,000 population in 2020 to 55.5 in 2022. The widespread use of artemisinin medicines is one of the key success factors. Several global multi-center phase III clinical studies and real-world data have shown that artesunate injection is effective in reducing malaria mortality rate.

In addition to continuous innovation, donation and supply of malaria prevention and treatment drugs, the Group actively cooperated with African countries in healthcare issues such as malaria prevention and control, contributing to the improvement of the global public healthcare system and the building of a human healthcare system.

Since 2006, the Group has been actively cooperating with the Chinese government in the fight against malaria in Africa, and has been organizing malaria prevention and control workshops for African health authorities to enhance the local malaria prevention and control capacity in Africa. Since 2014, the Group, together with experts in the field of malaria prevention and treatment, has launched more than 20 "eCME Multimedia Online Medical Training" programs in regard to different topics to enhance the professional knowledge of local medical personnel and local healthcare standards in Africa.

As at the end of the Reporting Period, the eCME program had covered nearly 10 African countries, including Kenya, Tanzania, Uganda, Malawi, Zambia, Ghana, Cote d'Ivoire and Burkina Faso. On 12 October 2023, a symposium on "Creating a New Era in the Treatment of Severe Malaria", jointly organized by the Group and the Department of Health of the Executive Council of the City of Kisumu, Kenya, was held in Kisumu, Kenya. A number of authoritative experts, including Dr. Kibor Keitany, Head of the National Malaria Prevention and Control Program of the Ministry of Health of Kenya, Professor Arjen Dondorp, Professor of the Mahidol Oxford Tropical Medicine Research Unit at the University of Oxford and Professor Gilbert Onyango Kokwaro, Strathmore University, Kenya, delivered speeches and introduced the global trend of severe malaria in recent years, especially in Africa, as well as the latest drugs and clinical management programs to more than 30 malaria technical officers from African countries and 120 frontline healthcare workers from Kisumu, Kenya, as well as more than 50 malaria control and treatment specialists and clinicians online from 6 malaria-endemic African countries.

In addition, the Group, in collaboration with the National Malaria Control Program in Africa, continued to carry out the "Promoting Malaria Prevention Knowledge among Children Program" in 14 malaria-prone countries in Africa, targeting at the community level, in order to raise the awareness of malaria prevention among the local population in Africa, and to help reduce the incidence rate of malaria and interrupt the transmission of malaria in the community.

2. Product Responsibility

Case: Promoting the production of local medicines and providing free medical aid to enhance the medical and healthcare capabilities of developing countries

To achieve localized pharmaceutical manufacturing and supply in Africa and to enhance the accessibility and affordability of pharmaceutical and healthcare products in the African region, the Group's Cote d'Ivoire park project was initiated in November 2022. The project is planned to be carried out in three phases, with the first phase expected to be completed in 2024. Upon completion of the project, the production capacity of the park will be expanded to 5 billion tablets per year and include a warehouse with a storage capacity of 10,000 pallets, which is expected to bring nearly 1,000 job opportunities to the Greater Bassam area and effectively promote the development of the pharmaceutical industry in Cote d'Ivoire. In June 2023, the International Finance Corporation (IFC) announced the provision of two loans totaling EUR50 million to Fosun Pharma's subsidiaries in order to support the establishment of pharmaceutical production facilities and distribution centers in Cote d'Ivoire, which will jointly enhance the accessibility and affordability of high-quality pharmaceutical products in the West African region.

In terms of medical assistance in developing countries, Fosun Pharma supports the "Cataract Blindness Elimination Project" organized by the Hong Kong GX Foundation, an international medical humanitarian aid organization. Since 2022, Fosun Pharma has donated RMB5 million annually to GX Foundation and for three consecutive years provides free surgical assistance to poor cataract patients in developing countries along the "One Belt and One Road". Cataract is the world's leading blinding eye disease. Many patients in developing countries lose their eyesight due to lack of timely and effective treatment restricted by economic and medical conditions.

Following the launch of the program in Laos and Cambodia in 2022, we organized and dispatched ophthalmologists from China in 2023 to provide surgical assistance in Gibraltar in East Africa and Mauritania and Senegal in West Africa. As of March 2024, 18 batches of ophthalmology medical teams totaling more than 130 persons have been dispatched, which completed more than 10,000 cataract surgeries and improved the medical and healthcare standards of developing countries.

Fair pricing of drugs

Adhering to the mission of "Better Health for Families Worldwide", we are committed to providing quality medicines at reasonable prices to patients. On the basis of our existing practice, we issued the "Fair Pricing Policy of Shanghai Fosun Pharmaceutical (Group) Co., Ltd." in 2022 and continued to promote the innovative development of the pharmaceutical industry to benefit patients and customers. We are committed to following the WHO definition of "fair pricing", which is a value-based pricing, while taking into full consideration of factors such as the level of economic development of each region, patients' needs and affordability. We adopt different product structures and pricing strategies for markets in different country to ensure that the pricing of the Group's products are priced to reflect value to patients, the healthcare system and the local community as a whole.

Pricing Considerations

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

2. Product Responsibility

Case: Significant increase in accessibility as 3 new drugs entering the Medical Insurance Drug Catalogue

On 13 December 2023, the National Healthcare Security Administration announced the adjustment results of the National Medical Insurance Drug Catalogue, which became effective in January 2024. 3 of the Group's domestically-manufactured new drugs were included in the new version of National Medical Insurance Drug Catalogue for the first time, including Bei Wen® (keverprazan hydrochloride tablets), the first potassium ion competitive acid blocker (P-CAB) independently developed in China, Pei Jin® (telpegfilgrastim injection), a long-lasting recombinant human granulocyte colony-stimulating factor product with independent intellectual property rights, and Yi Xin Tan® (sacubitril valsartan sodium tablets), a first-line drug for the treatment of heart failure and hypertension in an innovative crystalline form. This will significantly improve the accessibility of medicines for relevant diseases in China, effectively reduce the burden of medication on patients, and enable more patients to improve their survival rate and quality of life through standardized treatment.

Promoting rational use of medicines

Due to the rapid development of the pharmaceutical industry and the abuse of antibiotics, antimicrobial resistance has become a medical problem in countries around the globe. WHO has declared it as one of the major public health threats to humanity in the 21st century. An increasing number of diseases are becoming more difficult to treat due to a decline in the effectiveness of antibiotics used to treat diseases. The market for multidrug-resistant antibiotics has increased as aging increases and herd immunity declines in the post-pandemic era.

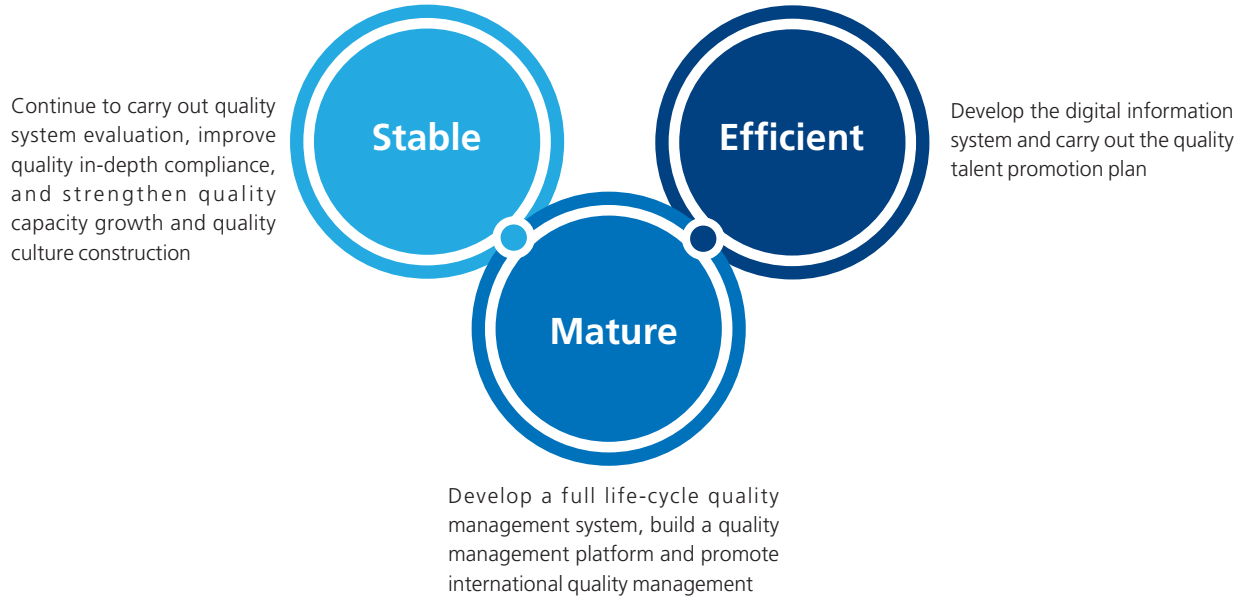
In order to curb the serious harm of antibiotic resistance to medical progress, the Group pays close attention to and calls for the scientific and prudent use of antibiotics, and abides by the management measures such as Administrative Measures for the Clinical Application of Antimicrobial Drugs and Notice on Further Strengthening the Management of Antimicrobial Drugs to Contain Drug Resistance continues to strengthen the management of prescription drugs, and actively promotes R&D in the field of antibiotics to deal with drug resistance.

As of the end of the Reporting Period, the Group had a total of 2 innovative drug products under the antibiotic resistance category under research and development: (1) novel monocyclic β-lactam antibiotic SZEY-2018, a small-molecule innovative drug independently developed by the Group, which is intended to be mainly used for the clinical treatment of Carbapenem Resistant Enterobacteriaceae (CRE) infection with limited options, which is currently in Phase I clinical trial; (2) OP0595, a small molecule innovative β-lactamase inhibitor developed by Fobeni, a subsidiary, in collaboration with Meiji Seika Pharma Co., Ltd. for the treatment of Carbapenem Resistant Enterobacteriaceae (CRE) infections, which is approved for Phase I and III clinical trials.

2. Product Responsibility

2.2 Quality Management

As a healthcare industry group focusing on pharmaceutical manufacturing and R&D, the Group regards quality as the lifeline of the enterprise and ensures that the quality policy of "Respect for Life, Focus on Quality, Commitment to Perfection, and Pursuit of Excellence" is implemented throughout the entire life cycle of products. We have formulated a five-year (2021-2025) quality strategy that is stable, mature and efficient, and we are committed to building a "quality operation system with domestic leading advantages, in compliance with mainstream international regulations, and with international competitiveness".



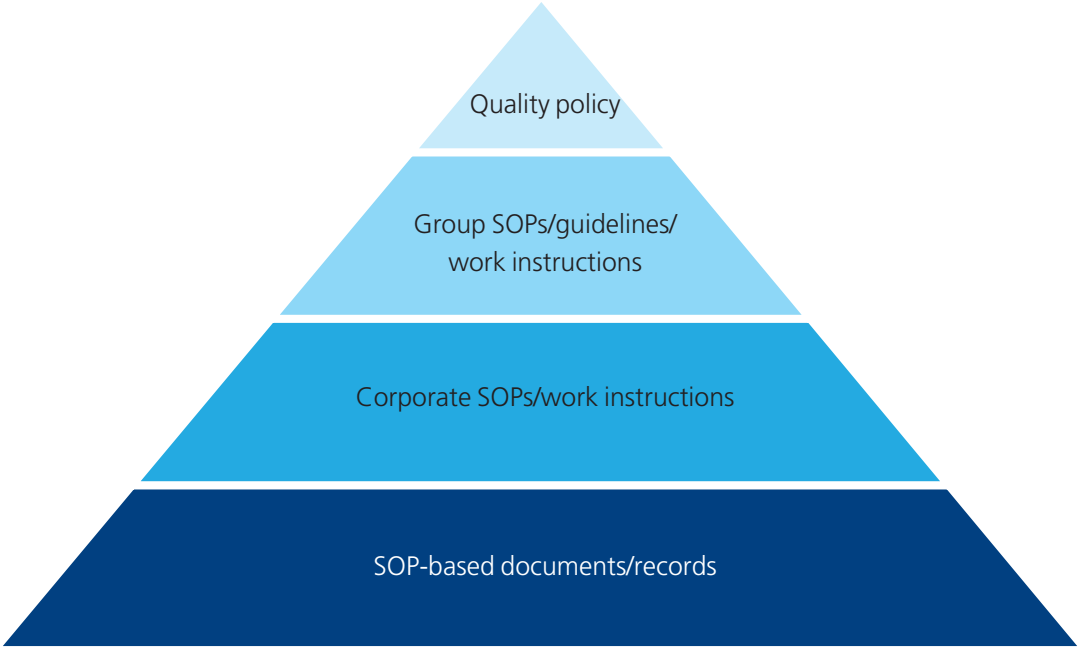
5-year quality strategy

2. Product Responsibility

2.2.1 Quality Management System

In accordance with the Good Manufacturing Practice for Drugs (2010 Revision), WHO and ICHQ9 (Guidelines for Quality Risk Management of the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use), we have established a lifecycle quality control system covering the stages including raw material procurement, production, and storage of finished products to ensure safety and control of product quality.

In order to better promote daily quality control, the duty of quality control were split into different levels to further ensure the effectiveness of the quality control system.



Four-level quality system structure system

As at the end of the Reporting Period, 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 subsidiaries, to promote the construction and management of quality system with a global perspective and level.

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

2. Product Responsibility

Quality certification and inspection	Quality certification compliance of subsidiaries in the pharmaceuticals sector as at the end of the Reporting Period
Compliance with China's GMP	All subsidiaries in the pharmaceutical sector with production sites in Chinese mainland met the requirements of GMP 2010, with a quality management system coverage rate of 100%. A number of the subsidiaries have obtained quality certificates for overseas regulated markets
	90 sterile preparation production lines, 31 oral preparation production lines and 81 APIs have passed China's GMP inspection The GMP official certification rate of the pharmaceutical commercial production line has reached 100%
Compliance with overseas GMP	As at the end of the Reporting Period, a total of 9 production lines and related APIs have passed the GMP compliance inspections in mainstream overseas regulatory markets, including: 2 sterile preparation production lines, 2 oral preparation production lines and 11 APIs have passed the US FDA GMP compliance inspection 3 sterile preparation production lines and 4 APIs have passed the EU GMP compliance inspection 6 APIs have passed the Japan PMDA (Pharmaceuticals and Medical Devices Agency) GMP compliance inspection 1 oral solid preparation production line, 6 APIs and 3 injection production lines have passed the WHO GMP compliance inspection 2 APIs and 2 sterile preparation production lines have passed the Brazilian Health Regulatory Agency GMP compliance inspection 3 APIs have passed the Australian Therapeutic Goods Administration GMP compliance inspection 1 sterile preparation production lines has passed the Indonesian Food and Drug Authority GMP compliance inspection The GMP official certification rate of pharmaceutical production lines sold overseas has reached 100%
ISO quality management system certification	5 subsidiaries in the pharmaceutical sector have passed ISO 9001:2015 certification 1 subsidiary in the pharmaceutical sector has passed ISO/IEC 17025 certification The passing rate of ISO certification for subsidiaries in the pharmaceutical sector is 37%
Official quality inspection	Subsidiaries in the pharmaceutical sector received a total of 111 official inspections and official sample tests on more than 687 batches, all of which were passed

2. Product Responsibility

Item	Quality certification compliance of subsidiaries in the medical devices sector as at the end of the Reporting Period
Compliance with management regulations	All manufacturing subsidiaries in the medical devices sector complied with the new version of the "Quality Management Practice for Manufacturing of Medical Devices"
ISO quality management system certification	8 subsidiaries in the medical devices sector have passed ISO13485:2016 certification 1 subsidiary in the medical devices sector has passed ISO 9001:2015 certification Approximately 72% of medical devices subsidiaries received ISO certification
Other international certification	Multiple products of 4 subsidiaries in the medical devices sector have passed CE (Conformite Europeenne) product certification
Official inspection	12 domestic medical device subsidiaries received a total of 37 official inspections, all of which were passed smoothly

Case: Establishing a quality control system for mRNA COVID-19 vaccines

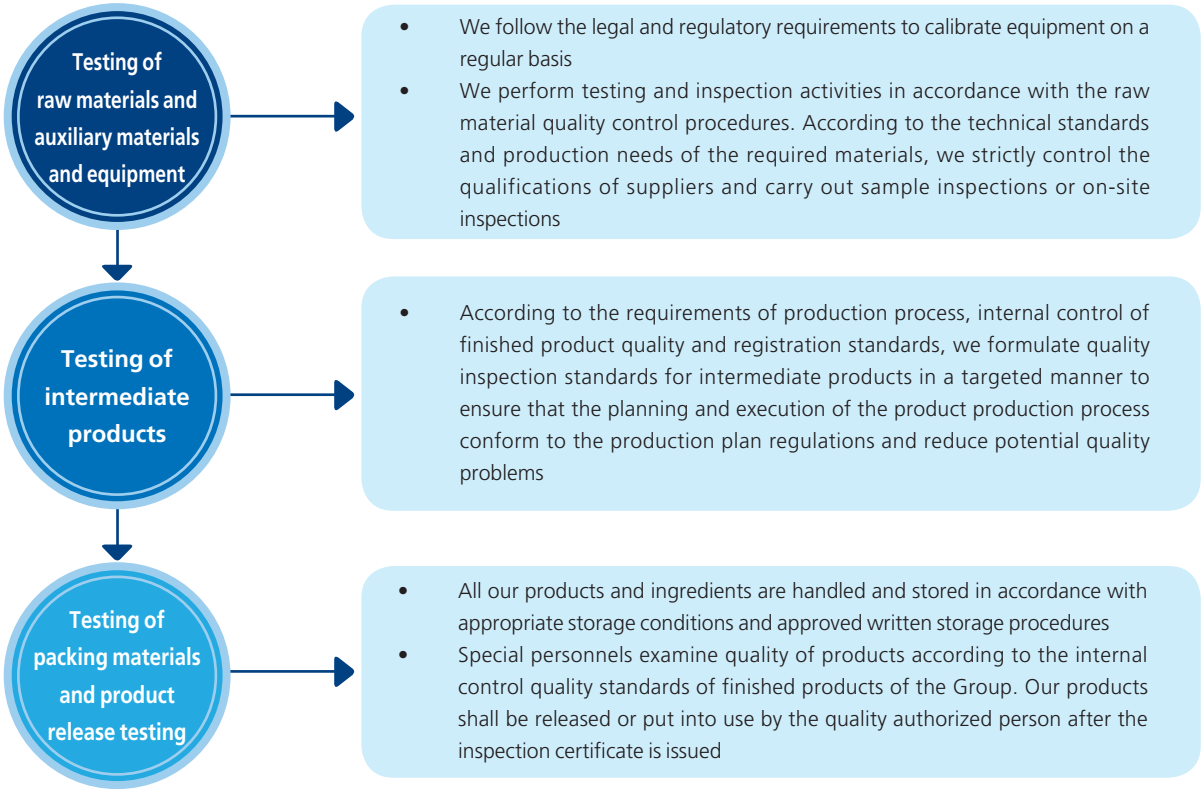
In 2023, as the entity for the commercialization of mRNA COVID-19 vaccines in the Greater China and in compliance with the regulatory requirements such as the Drug Administration Law of the People's Republic of China and the Vaccine Administration Law of the People's Republic of China and market regulations of the Hong Kong, Macau and Taiwan region, Fosun Pharmaceutical Industrial continuously conducted quality control for the supply of emergency use authorization (EUA) of mRNA vaccines in Hong Kong, Macau and Taiwan region and the official registration of the marketed products. In addition, it provided support for the quality work related to the commercialization of new Omicron Bivalent mRNA vaccine types for children and infants, and provided complete and quality data to governments to effectively ensure the release of each batch based on the fully established operational quality management system.

2.2.2 Quality Testing Capability

Quality testing is a top priority for pharmaceutical companies, which is not only related to the safety and efficacy of the products, but also a pharmaceutical company's adherence to its social responsibilities. The Group has established a comprehensive quality testing and monitoring system to ensure the quality and stability of our products through laboratory monitoring and accurate measurement throughout the production process.

We conduct regular precautionary testing on all our products and services, including testing of raw and auxiliary materials, intermediate process testing, procedure control and certification, product release testing and stability testing of biological products, in order to identify and eliminate potential quality and safety issues in a timely manner. All subsidiaries in the pharmaceutical sector have internal quality control laboratories and have formulated corporate internal control standards based on the requirements of the pharmacopoeias of the target markets (e.g. ChP, USP, EP), registration standards approved by the local regulatory authorities, industry standards (e.g. GB, ISO), and in conjunction with the characteristics of the product processes, which cover the key quality attributes of all products. For emerging quality issues that are not yet listed in national and industry standards, the Group have collaborated with a number of peer companies to formulate joint testing standards. At the same time, 15% of our subsidiaries have obtained CNAS (China National Accreditation Service for Conformity Assessment) accreditation for their quality control laboratories. Testing conducted by the laboratory of the subsidiaries covers 100% of the products manufactured by the Company, while testing of products manufactured by third parties are conducted by such third parties. For testing results that exceed the standards, we have formulated the "Technical Guide for Laboratory Test Results Exceeding Standards" to clarify the inspection process and handle batches that are confirmed to exceed standards after inspection.

2. Product Responsibility



Full life-cycle product quality inspections

In 2023, the Group continuously deepened the transformation and implementation of the digitalization of quality control, and enhanced the coverage of various digitalized systems in our subsidiaries, such as LIMS (Laboratory Information Management System), ELN (Electronic Laboratory Notebook), DMS (Document Management System), TMS (Training Management System) and QMS (Quality Management System). The Group actively explored the application of automated robots and artificial intelligence technologies in various R&D and production scenarios. The Group adopted a lean and digitalized strategy to ensure the continuous quality improvement of our pharmaceutical products while reducing cost, increasing efficiency and eliminating wastage.

According to the guidelines of the Group's "Intelligent Manufacturing Technology Guide", a number of key digitization projects have been implemented and launched in various subsidiaries, such as the completion of the launch of the LIMS/ELN laboratory management and electronic experiment record system in two companies and the commencement of two new projects. Through internal and external cooperation, the Group has established digitalized self-development capability and developed applications such as laboratory scheduling system, PV data system and instrument and equipment management system, which effectively reduced the cost pressure of digitalization.

2. Product Responsibility

2.2.3 Quality Audit

The Group conducts quality audits for its subsidiaries annually in accordance with the quality requirements of international standards, which has taken into consideration the quality system, production, documentation, materials, laboratory control and equipment and facilities, so as to comprehensively enhance and assess the quality system throughout the life cycle of pharmaceutical products, strictly control quality risks, and identify and rectify defects of the quality management in a timely manner. This ensures the production of high standard pharmaceutical products in compliance with international and domestic GMP conditions to satisfy patients' needs. During the Reporting Period, the Group conducted a total of 9 GMP audits and quality system evaluations of subsidiaries in the pharmaceutical manufacturing segment.

In 2023, subsidiaries in the medical devices segment formulated and implemented corporate internal audit scheme in accordance with the "Quality Management Practice for Manufacturing of Medical Devices" and ISO 13485:2016, and completed a total of 4 quality audits, 2 system surveys and 4 regulatory studies on subsidiaries in the medical devices segment. In 2023, the medical diagnosis segment conducted 3 cross-audits on internal quality control system in its production bases in accordance with the regulatory requirements of the "Quality Management Practice for Manufacturing of Medical Devices", the "Quality Management Practice for Manufacturing of Medical Devices and Appendix In Vitro Diagnostic Reagents" and ISO 13485:2016. The results of the audits were all excellent.

Meanwhile, the Group conducts regular audits on suppliers through qualification audits, document audits and on-site audits, and implements targeted and continuous quality control measures.

2.2.4 Quality Culture

The Group always adheres to the building and promotion of quality culture. Through continuous quality management month activities, the Group ensures all of its employees deeply study the laws and regulations on quality, thus strengthening the awareness of employees on quality risks and creating a positive quality culture atmosphere.

Case: Quality and safety training

In order to deepen the promotion of quality culture concept, the Group organizes product quality and safety training for all employees every year. During the Reporting Period, we have launched the special training of "Focusing on Both Quality and Safety, Compliance and Efficiency — Compliance Requirements on Drug Warning in Pharmaceutical Manufacturing Industry", which helped employees to build quality awareness, strengthened their sensitivity on behaviors that might affect quality, and promoted the continuous improvement in product and service quality level.

2. Product Responsibility

On the basis of quality culture building, we also conduct special quality trainings for different business segments so as to further standardize the production operations of employees and enhance their awareness on quality. During the Reporting Period, the quality-related trainings conducted by the Group in the Quality Month Campaign covered all business personnel in relation to quality operations. We update and deliver our quality requirements for suppliers annually, aiming to enhance the awareness and capability of suppliers on quality management.

In response to the laws and regulations promulgated in 2023, headquarters of Fosun Pharma and its subsidiaries proactively organize a comprehensive learning program for quality regulations, vigorously promote the ability of quality management staff, improve regulation and policy sensitivity, and identify and evaluate regulatory risk to ensure that the Company operates in a compliant and stable manner. In 2023, the Group invited Dr. Gao Guang, the chief quality consultant, to carry out training on Strategy for Facing FDA Inspection within the Group to focus on FDA audits, so as to improve subsidiaries' inspection experience and international certification capabilities.

In 2023, subsidiaries in the pharmaceutical manufacturing segment formulated and implemented training plans regarding quality laws and regulations, skills for positions, procedure requirements and other aspects based on the GMP requirements. The annual average quality training hours per employee exceeded 87 hours, representing a year-on-year increase of approximately 8.75% as compared to 2022.

Quality Training of Major Pharmaceutical Subsidiaries in 2023

Unit: Hours

Item	Wanbang Pharma	Yao Pharma	Guilin Pharma	Avanc Pharma	Suzhou Erye	Red Flag Pharma	Fosun Aleph	Shanghai Henlius
Average training time per employee	96.63	56.78	96.28	35.45	56.92	64.54	123.04	160.56

In 2023, the annual average training hours per employee of subsidiaries in the medical devices segment reached 13.80 hours. The annual average quality training hours per employee in the medical diagnosis segment exceeded 6 hours, and the training coverage of core quality personnel was 100%.

Case: The fifth Quality Management Month Campaign

In September to November 2023, the Group conducted the fifth Quality Management Month campaign, covering all subsidiaries in the pharmaceutical manufacturing segment. The campaign aims to enhance the quality risk awareness of all employees, facilitate improvement in quality management in line with trends, and promote continuous innovation and improvement. The Quality Management Month campaign included opening ceremony, publishing of campaign posters, display of different corporate quality culture slogans, as well as the quality forums, "Cloud" factory visit conducted by the Group and various quality culture activities independently initiated by subsidiaries. During the Quality Management Month, various subsidiaries conducted excellent quality culture promotion activities, such as quality quiz for all employees, special quality forum, election of Star of Quality and others, boosting the enthusiasm of employees in joining thanks to the novel mode of these activities.

2. Product Responsibility

2.2.5 Management of lean operations

In 2023, Fosun Pharma established the FES Committee to improve the management of its operations. At the same time, we continuously promoted Fosun Pharma Operation Excellence (FOPEX) in our subsidiaries to improve the enterprise management level and the operational efficiency of enterprises. The project utilized the PMO management platform to achieve online project management and further promote the digital transformation of enterprises. In 2023, there were 550 new FOPEX Projects, including quality, cost, efficiency, cycle time and R&D. As at the end of the Reporting Period, a total of 443 projects had been completed with annual income of approximately RMB180 million.

Case: Yao Pharma optimized its production process with a cost reduction of over 50%

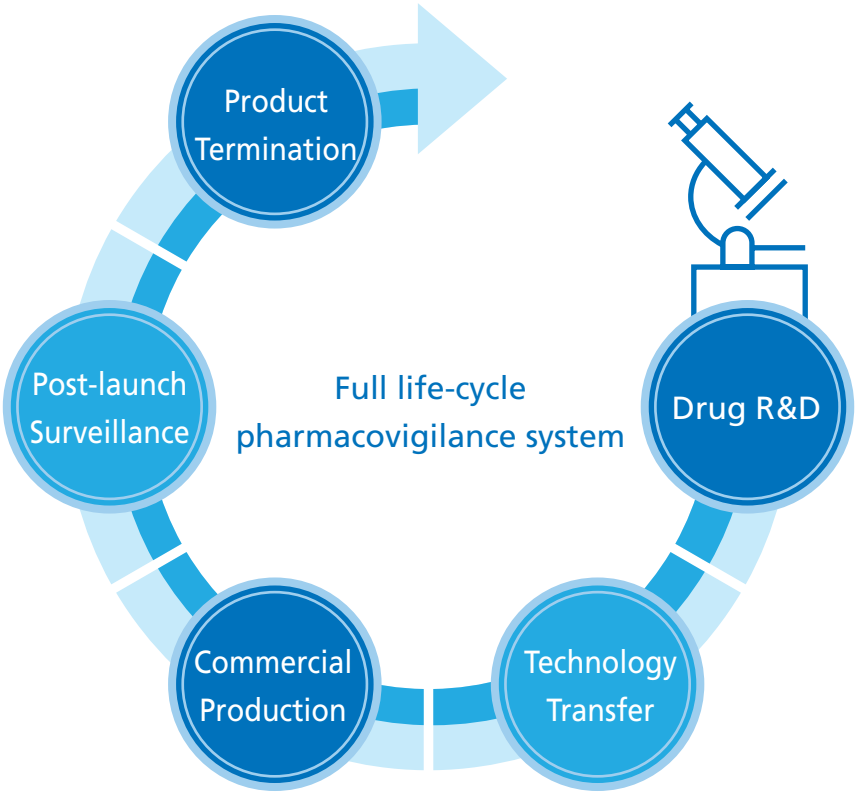
Yao Pharma, a subsidiary, finally achieved self-sufficiency of the intermediate MPA-V through the process development and industrialization of the highly difficult intermediate, thus greatly reducing the risk of outsourcing. This self-developed process featured original technological innovation, making the process more eco-friendly and better for the environment, and greatly improving the conversion rate and yield of the production process, with an overall cost reduction of more than 50%, and superior product quality.

2.3 Pharmacovigilance and Recall

2.3.1 Pharmacovigilance

The Group strictly abides by the related laws and regulations such as the Drug Administration Law of the People's Republic of China and the Specifications for Pharmacovigilance Quality Management. It has deployed pharmacovigilance management covering the full product life cycle and built a relatively comprehensive pharmacovigilance system to ensure compliance with legal requirements in drug development, production and distribution. We have formulated a complete set of internal process systems such as standard operating procedures including the Receipt, Follow-up and Handling of Individual Drug Safety Reports, the Preparation and Submission of Regular Safety Update Reports, the Pharmacovigilance Training Procedures, the Preparation and Submission of Risk Management Plans, the Documentation and Storage of Information Related to Pharmacovigilance Activities, the Management of Pharmacovigilance Annual Reports of the Holders, and the Pharmacovigilance Business Continuity Plan, which cover the safety monitoring of the full product life cycle from the clinical trial stage to post-launch to guarantee the effective operation of the pharmacovigilance system. The Group has deployed an advanced global pharmacovigilance system to manage pharmacovigilance-related data to safeguard the safety of medications for patients.

2. Product Responsibility



Full life-cycle pharmacovigilance system

During the Reporting Period, the Group further improved its pharmacovigilance operations, pharmacovigilance scientific support and pharmacovigilance compliance and education-related functions in terms of quality system construction, process and system construction, pharmacovigilance data management system construction, safety reporting management, signaling and risk management, and external cooperation and exchange.

For pharmacovigilance quality system construction, the Group has developed a commissioned manufacturing model for marketed drugs, and maintained and monitored the safety and quality of products sold by the Group and through third-party cooperation through its comprehensive marketing authorization holder (MAH) management system and regime. In order to improve the quality of healthcare services, we control the risks in healthcare services, strengthen the drug access mechanism to prevent substandard drugs from being marketed, and promptly identify and deal with products sold without authorization. During the Reporting Period, the Group implemented the regular pharmacovigilance communication mechanism and the monthly pharmacovigilance reporting mechanism, the mechanism for regular delivery of Pharmacovigilance Newsletters, the pharmacovigilance field investigation and pharmacovigilance training course mechanism. It transmitted regulations and relevant requirements on internal pharmacovigilance of the Group in a timely manner through a series of measures, and provided training and sharing of professional knowledge.

For pharmacovigilance process and system construction, the Group issued new process documents such as the Patient Safety Management Team Charter and Working Guidelines, Writing Guidelines for Risk Control Plans, Guidelines for Pharmacovigilance-Related Due Diligence, Working Guidelines for Safety Update Report Writing During Research and Development, and Working Guidelines for Safety Document Writing During New Drug Application in 2023, which enabled pharmacovigilance workflows to continuously improve, and work specifications to be refined, thereby integrating high quality and standards into all aspects of daily pharmacovigilance practice, and continuously strengthening cooperation with other functional departments.

2. Product Responsibility

For pharmacovigilance data management system construction, we strengthened the deployment, setup and training of the advanced global pharmacovigilance system ArisG at the group level. The procedure for using the ArisG system was constantly being optimized based on business, expanding the regularity and usability of data export, promoting the application of digitalization and automation in PV (pharmacovigilance) data processing and improving the efficiency of pharmacovigilance work to a certain extent.

For safety reporting management, the Group collects information on adverse drug reactions in a comprehensive and timely manner in accordance with the national requirements. During the Reporting Period, the pharmacovigilance team dealt with over 5,200 reports on safety during clinical trials, and over 41,000 reports on post-launch safety of individual drugs in accordance with the regulations such as the Quality Management Standards for Drug Clinical Trials, the Standards and Procedure for Rapid Reporting of Safety Data during Drug Clinical Trials, the Quality Management Standards for Pharmacovigilance, and the Guiding Principles for the Collection and Reporting of Adverse Reactions to Individual Drugs issued by the NMPA, and reported to the Center for Drug Evaluation of NMPA or the National Center for ADR Monitoring with the reporting pass rate of 100%. Meanwhile, we strengthened training and expanded the proportion of report of self-collected adverse drug reactions. During the Reporting Period, there were no group adverse reactions events or deaths caused by drugs with quality defects, and no deaths or group adverse events occurred in the medical devices and medical diagnosis segment.

For signaling and risk management, the Group has established relevant processes for signal detection, evaluation and risk management, and set up a drug safety committee responsible for analyzing, evaluating and identifying risks related to product safety and assessing the risks and benefits of products. If identified risks are found, corresponding risk control measures will be taken based on the risk characteristics to minimize the risks and potential impacts and to protect the safety of medications for patients.

For external cooperation and exchange, the Group continuously strengthened its pharmacovigilance cooperation with domestic and foreign business partners, signed pharmacovigilance agreements that had complied with domestic and international regulations, and passed all due diligence and audits on pharmacovigilance undertaken during the Reporting Period. The Group also strictly controlled the safety of imported products to ensure compliance and quality of all relevant pharmacovigilance work.

During the Reporting Period, the Group provided strong support for pharmacovigilance in developing countries in Africa for more than a dozen products including "artesunate for injection". It took on the role of the local qualified person for pharmacovigilance (QPPV) for the relevant products, and took the lead in the post-launch pharmacovigilance for a number of products in developing countries in Africa in accordance with the highest quality standards of pharmacovigilance of the European Medicines Agency (EMA). It supported the registration application of a number of products in developing countries, thereby further enhancing the capacity of pharmacovigilance in developing countries, and contributing to the Group's anti-malarial projects in Africa. In addition, we continued to complete the pharmacovigilance of key products such as Han Qu You (trastuzumab injection), Han Li Kang (rituximab injection), Su Ke Xin (avatrombopag maleate tablets), Han Si Zhuang (serplulimab injection), Yi Kai Da (ejilunsai injection), Akynzeo (netupitant and palonosetron hydrochloride capsules), Aloxi (palonosetron hydrochloride injection), and Otezla (apremilast tablets) in Chinese mainland, and the pharmacovigilance of the products such as Comirnaty (mRNA vaccine), Aloxi (palonosetron hydrochloride capsules/injection), Akynzeo (fosnetupitant/palonosetron injection/netupitant and palonosetron hydrochloride capsules), pretomanid tablets, and Wan Ti Wei (tenapanor tablets) in Hong Kong and Macau with high quality and standard.

2.3.2 Product Recall

In compliance with the Administrative Measures for Drug Recalls, the Law of the People's Republic of China on Drug Administration, the Law of the People's Republic of China on Vaccine Administration, the Regulations on the Implementation of the Law of the People's Republic of China on Drug Administration, the Special Provisions of the State Council on Strengthening the Supervision and Administration of Food and Other Products Safety and other relevant laws and regulations, the Group has formulated the Product Recall Management Procedures, which specified the standard operating procedures and division of responsibilities for drug recalls such that a prompt and accurate drug recall can be launched when necessary. Besides, the Group has established a comprehensive drug traceability system to ensure the traceability of every batch of drugs. Once a defective product is identified, we will quickly initiate the recall procedure, and conduct in-depth investigation and evaluation, aiming to maximize the protection of consumers' interests.

In order to attain an effective and responsive recall system, the Group conducts simulated drug recall drills. During the Reporting Period, the Group conducted a total of 7 simulated recall drills. By conducting simulated recall drills, companies can verify the effectiveness of the existing recall mechanism on a systematic basis, and make rectifications and improvements on the issues identified during the drills. During the Reporting Period, the Group did not conduct any product recall.

2.4 Customer Responsibility

The Group's mission is to achieve "Better Health for Families Worldwide". In addition to providing high-quality products and services for customers, we are also committed to delivering real and valid information to customers and opening up communication channels, so that we can maintain a sound relationship building upon mutual trust, take and look into customer feedback in a timely manner, and continue to improve our products and services.

2.4.1 Responsible Marketing

Launching responsible marketing activities is an important initiative taken by the Group to safeguard the rights and interests of customers. To conduct lawful marketing activities, we comply with the Criminal Law of the People's Republic of China, the Anti-unfair Competition Law of the People's Republic of China, the Advertising Law of the People's Republic of China, the Interim Measures for the Administration of Censorship of Advertisements on Drugs, Medical Devices, Dietary Supplements and Formula Foods for Special Medical Purposes, the Measures for the Administration of Medical Advertisements, the Measures for the Examination of Pharmaceutical Products Advertisements, the Notice on Regulating the Use of Drug Names in Drug Advertisements and other laws and regulations, and has issued the Responsible Marketing Policy of the Group, which further regulated the Group's principles with respect to business ethics and responsible marketing, and clearly stipulated that exaggeration, deception and false content are strictly prohibited in marketing, advertising and sales activities.

With reference to the international standards, industry norms and strategic planning requirements of the Group, the Group has established a compliance management system for its domestic marketing platform to give clear and able guidance on compliance marketing for its employees. Based upon establishing a management system, we have further formulated the Code of Conduct for Compliance Policy of the Company, which stipulated our basic code of business conduct and required our employees of the domestic marketing platform to comply with relevant laws, regulations and internal policies, including fair market competition, anti-commercial bribery, avoidance of conflict of interest, environmental protection, personal information protection, as well as financial and tax compliance, so as to provide detailed compliance guidance for marketing-related employees and enable documented and evidence-based marketing activities. The overseas subsidiaries of the Group also abide by the laws and regulations of the places where they operate when carrying out marketing activities. Subsidiaries such as Sisram Medical and Breas conduct training on responsible marketing in induction training for employees and complete at least one training session on compliance/business ethics every year to ensure compliance when pursuing marketing activities.

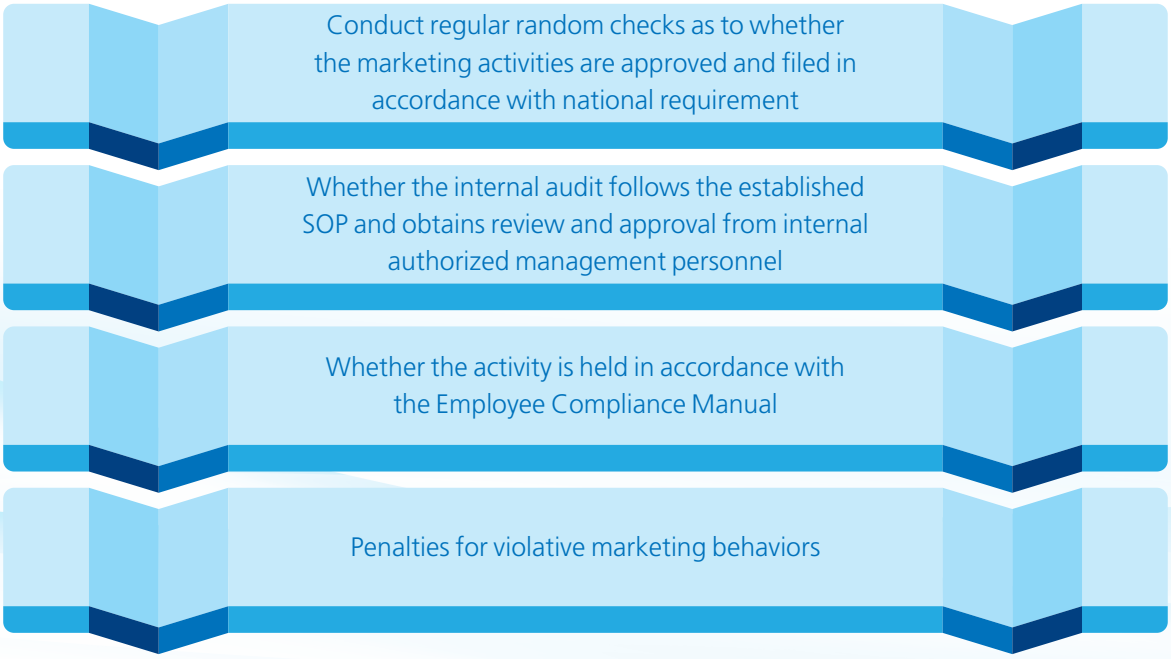
In addition, we have prepared a list of legal compliance risks covering risk points in marketing and promotion, and have formulated corresponding compliance policies and procedures to avert legal compliance risks such as illegal prescription drug advertisements, commercial bribery, misleading advertising and monopoly, in order to ensure the compliance of our marketing activities.

2. Product Responsibility

Compliance Management System of the Domestic Marketing Platform

Reviews and Audits

The Group conducts reviews and audits in pursuit of the compliance of its marketing activities. For external marketing and publicity activities, the Group complies with the national requirements for approval and filing, and reviews relevant materials to guarantee the authenticity and compliance of the promotional content involved in the activities; the use of promotional/non-promotional materials is subject to internal review, and exaggeration, deception and false content are strictly prohibited to ensure the authenticity and compliance of the data and academic opinions; for academic conferences, the Group conducts reviews and approvals for internal authorized management personnel in advance in accordance with the Employee Compliance Manual to ensure that the promotional activities can accurately convey information on the correct use of drugs, and the efficacy of drugs shall not be exaggerated. At the same time, we carry out regular and systematic internal responsible marketing audits, and conduct comprehensive reviews of all academic conference applications, donation applications and materials submitted by business departments, achieving an audit rate of 100%. Any non-compliance in marketing identified during the audit will be taken seriously in accordance with the relevant penalty provisions to ensure that the entire promotion activity is legal and fair. We have also opened up a marketing-related feedback channel to collect opinions and clues to further ensure the compliance of our marketing activities.



Responsible Marketing Audit Process

2. Product Responsibility

Responsible Marketing Training

The Group provides responsible marketing training for all employees every year, covering advertising, marketing, market promotion and other areas. In 2023, we further optimized the form of responsible marketing training and conducted two in-depth training and sharing sessions for all employees on "Sharing of Compliance Dynamics in the Pharmaceutical Industry" and "Introduction to Domestic Marketing Platform Compliance System" during the ESG Culture Month, which helped all employees understand the requirements, regulations and significance of compliance marketing, fully understand the compliance marketing management system of the Group, and enhance the awareness of compliance marketing among employees.

In addition to training for all employees, the Group also further provides responsible marketing training for its marketing employees, management, and relevant employees in areas with high responsible marketing risks. During the Reporting Period, the domestic marketing platform provided 274 compliance training sessions for all marketing employees, which emphasized compliance policies and shared industry policy changes and cases, and also conducted three assessments covering all employees to deepen the understanding of the requirements of responsible marketing among employees. In 2023, the Group also conducted special training on the promotion of commercialized medical insurance drugs, and strengthened publicity and education on medical insurance-related regulations. We launched the "First Compliance Culture Week". By hosting compliance training and knowledge competitions with various themes, as well as making use of sand painting, games and other forms, we organized playful learning activities, and the awareness towards compliance has been ingrained into all employees of the domestic marketing platform. Besides, we also held the "9th Season Compliance Ambassador Growth Training Camp". At this event, we invited experts from the medical insurance industry to give special reports on national medical insurance-related policies and provide in-depth analysis of the latest information about medical insurance funds with a variety of cases. The general manager of the Anti-Corruption Supervision Department of Fosun Pharma also provided special training on integrity to the participants, which greatly benefited the management and employees from various business departments who attended the meeting.

All these efforts are aimed at improving the awareness of external supervision and internal compliance among all employees, and cultivating the qualities, competence and vision on responsible marketing of all employees. The Group will further strive to ensure that all promotional activities will be conducted within a legal, compliant and responsible framework in the future.

Responsible Marketing Training in the ESG Culture Month

2. Product Responsibility

Marketing Compliance Management Supported by Digital Means

During the Reporting Period, in terms of developing a marketing digital system, the Group constructed a marketing customer management system with independent intellectual property rights, and completed the substitution with and transition to a localized and self-developed system. At the same time, while ensuring data security, we employed digital solutions to strengthen the full-process compliance management of marketing activities in our key business segments, including further improving the management of jurisdictions, positions and target terminals in the Customer Relationship Management (CRM) system. Through the behavior management system, we have refined the behavior management of marketing employees and regulated the marketing process to promote sustainable and healthy business development. In terms of digital marketing, we introduced sales data dashboards to our key business segments, enabling comprehensive analysis from multiple dimensions such as products, management organizations, management territory, and target terminals to digitize and visualize the marketing business and provide strong data support for us to roll out marketing plans for related products.

2.4.2 Customer Communication

The subsidiaries of the Group in the pharmaceutical manufacturing segment highly value the reasonable needs of users and continuously strengthen the handling of customer complaints. These 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 2023, the domestic subsidiaries of the Group in the pharmaceutical manufacturing segment received a total of 10 complaints related to product quality, and all of which were replied to and handled with the active efforts of these subsidiaries.

2.4.3 Information Security and Privacy Protection

The Group upholds the bottom lines of data security, privacy protection and legal compliance as always to keep its business activities staying away from the red line. We have developed the Security System Construction Plan covering the Group in accordance with the Cybersecurity Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, and other laws and regulations where we operate.

In order to further strengthen information security management, the Group has established a sound information security management structure. Adhering to the information security policy of "controlling risks with continuous improvement", the structure ensures the achievement of our information security objectives by supervising and evaluating the information security status of the Group, and regards data security and privacy protection as the top priority of information security tasks. The Chief Digital Officer (CDO) of the Group leads the information security team to be responsible for specific implementation, including the development of information security standards and processes, the construction of information security structure, and the monitoring of and response to security incidents. The OA system at the headquarters has obtained Level 3 certification for information security protection, and passed the ISO 27001 accreditation, demonstrating the further improvement in the construction of information security system. During the Reporting Period, no information security incidents occurred in the Group.

2. Product Responsibility

- Optimize and improve 120 information security-related systems, processes and standard documents, providing normative guidance for the orderly and effective information security progress, further meeting regulatory compliance requirements and reducing the probability of threats
- Engage a third-party security service provider to monitor information security devices and systems of the Group around the clock
- Continuously monitor the risks of external exposure and close the loophole to external risks through regular analysis of external exposure areas; equip with the ability to detect encrypted network traffic and identify threat content hidden in encrypted channels, greatly improving the risk identification rate
- Conduct regular vulnerability scanning and penetration testing on business systems that contain important data to identify potential or known vulnerabilities and repair them in a timely manner
- Deploy and apply encryption and decryption systems and honeypot platforms to consolidate the information security infrastructure and monitor the security status of the information system of the Group in a more comprehensive manner
- Provide regular information security awareness training for all employees, such as phishing emails for all employees and information security skills improvement for IT personnel, so as to heighten the alertness to network threats, social engineering attacks and other issues among employees, and ensure active participation of every employee in information security

Information Security Protection Measures of Fosun Pharma Group

In 2023, the Group participated in the "Solid Rock Operation" cybersecurity activities and the "Safeguarding Digital Security" special campaign organized by the Shanghai Communications Administration, and achieved excellent performance in these events, further improving our capabilities in information security management.

2. Product Responsibility

Privacy Protection

Privacy protection is the key for pharmaceutical companies to establish profound trust with patients, partners and all sectors of society. Attaching great importance to the protection of patient privacy, we strictly abide by the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, the Regulation on Protecting the Security of Critical Information Infrastructure and other laws and regulations, and have issued various systems including the Data Security Management Regulations and the Personal Information Protection and Management Regulations to establish a sound privacy data management system.

In 2023, the Group continued to secure the best protection for customer and personal information:

Transparent privacy policy

- Adhering to the principle of transparency, we have developed and announced a clear and detailed privacy policy to explain to customers how we collect, use and protect their personal information

Legal compliance

- We are committed to full compliance with applicable data privacy regulations and international privacy standards. In 2023, the Group signed standard personal information contracts for personal information processors and overseas recipients in accordance with the Measures on the Standard Contract for Cross-border Transfers of Personal Information

Proactive risk assessment

- We conduct regular privacy risk assessments to identify and assess potential privacy risks and prevent potential privacy threats. In 2023, we have formulated the Privacy Impact Assessment Procedure of Fosun Pharma Group and reported on the assessments on impacts of personal information protection

Data minimization and purpose limitation

- Adhering to the principles of data minimization and purpose limitation as always, we only collect and use the most basic customer information required for our business operations, and ensure the legal and legitimate use of information

Safety technical measures

- We implement advanced security technology measures, including data encryption, network security and access control, so as to ensure the full protection of customer information during transmission and storage

Customer rights protection

- We respect our customers' right to control their personal information, provide them with convenient ways to access and modify their personal information, and ensure that they can exercise their rights to privacy

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

3. Environmental Protection

During the Reporting Period, the Group updated the Environmental Health and Safety (EHS) Policy, which was first issued in 2016. We pledge to uphold the concept of integrity and sustainable development, and adhere to the synchronous and coordinated development of corporate business and environmental protection in order to put an end to environmental pollution, promote energy conservation and emission reduction, protect ecological diversity, and fulfill the corporate social responsibility in environmental protection. In the future, we will continue to increase our investment in energy conservation and emission reduction to help achieve the dual carbon goal.

Facing with the double challenges from internal business changes and stricter external policies, in addition to its existing efforts, the Group decomposes the current EHS objectives, constantly strengthens EHS management and optimizes the management model, actively seeks opportunities for improvement, tries to adopt new equipment and technologies, reinforces EHS risk control, and continuously improves EHS performance, so as to further mitigate the impact of business operations on the environment and provide employees with a healthy and safe working environment.

3.1 Coping with Climate Change

Climate change is a prominent issue under global focus at present. In order to secure effective protection for ecosystems, countries and enterprises around the world need to work together to promote low-carbon transition and slow down global warming, striving to achieve the global temperature rise target set by the Paris Agreement. On 30 November 2023, the 28th session of the Conference of the Parties (COP28) to the United Nations Framework Convention on Climate Change was held in Expo City, Dubai, United Arab Emirates. The Conference made the first global check after the Paris Agreement, corrected the course to climate actions, and called on countries to step away from fossil fuels and realize energy transition.

Enterprises need to take active measures to deal with the risks arising from the increasingly severe climate change and seize development opportunities through rapid transition. As a medical and healthcare industry group committed to social responsibility, the Group actively responds to the Paris Agreement, recognizes the United Arab Emirates Consensus and follows the Chinese government's "dual carbon" strategy to continuously strengthen the management and practice of tackling climate change. With reference to the proposed framework of the Task-Force on Climate Related Financial Disclosure (TCFD), the Group analyzed the risks and opportunities of climate change from four dimensions: governance, strategy, risk management, and metrics and targets.

3.1.1 Governance

The Group attaches great importance to climate-related risks and opportunities, establishes a climate-related governance framework, and incorporates climate risk works into the overall risk management. Under the leadership of the Board, the ESG Committee is responsible for the overall supervision on the matters in relation to climate change, actively works on sustainable development, organizes sustainable development exchange meetings, and discusses the risks and opportunities of climate change. As the executive layer, the ESG Working Group is responsible for the implementation of climate change risk identification, and carries out targeted climate change mitigation and takes relevant measures for adaptation in the course of implementation. In addition, during the Reporting Period, the Group formally established the Carbon Neutrality Committee to step up the efforts in supervising and promoting carbon neutrality, which is responsible for the formulation of carbon emission targets, policies and paths, the implementation of carbon reduction measures, regular evaluation of the achievement of targets and dynamic improvements.

3.1.2 Strategy

To cope with the severe challenges brought about by climate change, the Group has formulated a comprehensive risk management strategy against climate change so as to evaluate the impacts of climate change on operations in terms of risk identification, scenario analysis, risk assessment and strategy formulation, and conduct analyses from two dimensions consisting of physical risks and transition risks. During the Reporting Period, by fully making reference to the TCFD's recommendations under the scenario analysis guide, the Group selected various climate scenarios within the same category of scenario assumptions for risk identification analysis, including the high-contrast identification of RCP2.6 and NZE under Turquoise Scenarios as well as RCP8.5 and STEPS under Brown Scenarios.

Scenario assumption	Climate scenario	Scenario overview
Turquoise 2°C or below scenario	RCP2.6	In order to cope with climate change, various countries will adopt proactive policies and methods to reduce greenhouse gases in the coming 10 years, so that the temperature rise will not exceed 2°C.
	NZE	The International Energy Agency proposed a plan to achieve net zero emissions by 2050, and advised on technology and emission reduction solutions, national cooperation, and energy industry transition. It is expected to limit the rise in global average temperature within 1.5°C.
Brown above 2°C scenario	RCP8.5	It is assumed that the countries will engage in high greenhouse gas emissions and energy consumption under the baseline scenario of no intervention from climate change policies. By 2100, global CO_2 concentration will be 3 to 4 times higher than that before the industrial revolution.
	STEPS	Based on energy-related policies currently implemented and being formulated, an assessment will be conducted across industries and countries to reflect the effectiveness and feasibility of the prevailing policies. The scenario also considers the planned manufacturing capabilities for current clean energy technologies, serving as a reference for energy policy direction.

Based on the analysis of climate change risk scenarios, the Group has conducted a comprehensive analysis and identified a list of related major climate risks with reference to the characteristics of the pharmaceutical industry, policy orientation of the operating locations and geographical characteristics, in order to promote the implementation of climate change risk management throughout the entire value chain of the Group.

Risk category	Major climate change risk	Relevance
Transition risk (Risks related to changes in policies, regulations, technology, and markets, etc.)	Increased pricing of greenhouse gas emissions	In order to limit the temperature rise due to greenhouse gases within 1.5°C, governments around the world have been gradually improving and formulating their carbon trading management systems and supporting carbon pricing policies. It is expected that the overall cost of greenhouse gas emissions will increase in the future, which will indirectly lead to increases in fuel prices and electricity prices, and more industries will be included in the carbon market. The Group may be included in the carbon trading market on a mandatory basis in the future, which will result in an increase in the overall operating costs of the Group.
	Requirements and regulation of the existing products and services	The "14th Five-Year Plan" for the Development of the Pharmaceutical Industry specified the national requirements and guidance for building a green industrial system, improving the level of green manufacturing and implementing carbon emission reduction actions in the pharmaceutical industry. To align with the effective implementation of regulation and policies, the Group will need to enhance its supervision and compliance system in terms of specialization and professionalism in the future, which will lead to an increase in operating costs.
Physical risk (Risks from acute and chronic physical climate change)	Rising average temperatures	Temperature control is critical to pharmaceutical production workshops. Various equipment and facilities are at risk of overheating under high temperatures, and employee health may also be affected. In response to rising temperatures, the Group will need to increase energy consumption to maintain normal temperatures and ensure normal production, which will lead to an increase in operating costs.
	Frequent occurrence of extreme weather	Affected by global warming, various countries suffer from varying degrees of climate instability. In particular, heavy rains, typhoons and other climatic factors may affect operations in coastal areas. In order to adapt to and avert climate change, the Group has invested a certain amount of funds and manpower to respond in advance, which further increased operating costs.

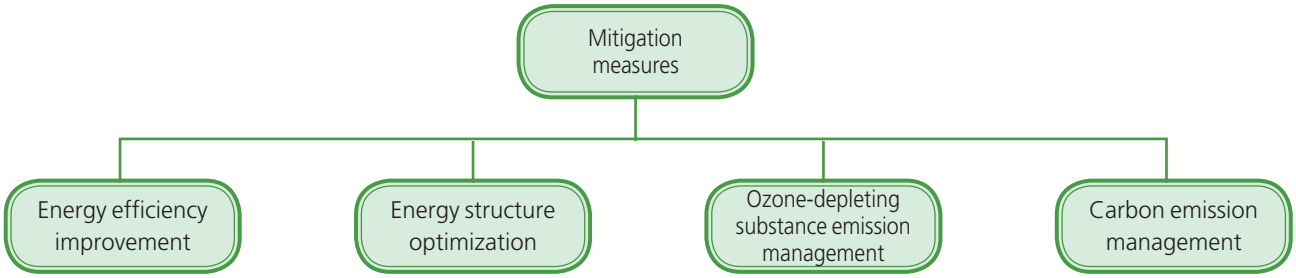
3.1.3 Risk Management

In order to actively respond to the risks of climate change and fundamentally avert the adverse effects of climate change, the Group has developed a risk management assessment framework based on the materiality issues and initiated strategies to adapt to and mitigate climate change.

Mitigation

In order to mitigate climate change, fundamentally reduce greenhouse gas emissions, protect the ozone layer, and control the global temperature rise, the Group has established a path to reduce greenhouse gas emission. Focusing on the key aspects of energy consumption and emissions, the Group reduces greenhouse gas emissions by improving energy efficiency and optimizing energy structure, and protects the ozone layer and ecological environment by limiting the use of ozone-depleting substances. During the Reporting Period, the Group actively pursued technological innovation and reinforced carbon management, and forged ahead on the path to mitigating climate change by making a series of efforts into energy saving and emission reduction including installation of heat energy recovery and reuse facilities and equipment, replacement of equipment with high energy consumption, promotion of using renewable energy, installation of photovoltaic power generation systems, and optimization of administrative management systems.

3. Environmental Protection



Major Actions and Strategies

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

Energy Efficiency Improvement

Reducing energy consumption is the core element to achieve carbon reduction goals. The Group improves energy efficiency through a systematic and comprehensive management structure, and invested a total of RMB13.476 million in the implementation of various energy conservation measures throughout the year. During the Reporting Period, the Group saved electricity of 10.56 million kWh, natural gas of 1,090 thousand m^3 and purchased steam of 4,402 tons, which correspondingly reduced carbon emissions by 10,114 tons. The comprehensive energy consumption intensity was 1.878 GJ/RMB10,000 revenue, representing a year-on-year decrease of 1.35%.

Meanwhile, the Group has issued the Notice on Energy Conservation and Emission Reduction of Subsidiaries of Fosun Pharma Group to specify the goals of energy conservation and emission reduction, attach importance to various energy management, and actively explore practical energy conservation and consumption reduction projects. During the Reporting Period, we initiated a series of systematic projects on energy conservation and emission reduction at the group level, including but not limited to establishing energy detection systems, adopting energy-efficient production facilities and equipment such as variable frequency energy-saving water pumps, HECC heat pipes and solar heat exchangers, improving energy efficiency and reducing electricity consumption. We actively encouraged our subsidiaries to participate in:

Optimization of energy efficiency of production equipment	Optimization of energy efficiency of operational facilities	Optimization of energy consumption management
• Comprehensive energy-saving optimization of solid dosage forms • Comprehensive energy-saving optimization of freeze dryers • Energy-saving renovation of workshop vacuum systems • Maintenance and packing replacement	• Air conditioning renovation • Installation of magnetic levitation units • Renovation of refrigeration system of low-temperature ethylene glycol units • Boiler renovation	• Optimization of equipment and facility runtime • Optimization of equipment and facility operation methods • Optimization of system operating parameters • Monitoring and assessment

Energy Efficiency Improvement Projects of Fosun Pharma Group

3. Environmental Protection

Summary of the Energy Conservation and Emission Reduction Projects of Certain Subsidiaries in 2023

Name of enterprise/plant	Energy conservation and emission reduction measures			Energy saved	Carbon reduction (ton)
	Application of new technologies and equipment	Optimization of production process and layout	Energy management system		
Yao Pharma (Renhe)	Condensate water reuse, LED lights, photovoltaic power generation	Air conditioning automatic control renovation		Electricity: 920,000 kWh Natural gas: 340,000 m^3	1,261
Yao Pharma (Shuitu)	Photovoltaic power generation	Comprehensive energy-saving optimization of freeze dryers, comprehensive energy consumption optimization of cooling and heating stations, energy saving optimization of air conditioners, warehouse insulation renovation	Light switches energy-saving alerts, energy saving promotion	Electricity: 2,000,000 kWh	1,141
Dongting Pharma	Frequency conversion energy-saving circulating water pumps, energy-saving chillers, compressed air cloud-based intelligent control systems	Optimization of power energy system, automatic control optimization of circulating cooling water for chilled water units		Electricity: 600,000 kWh Natural gas: 100,000 m^3	548
Shinsun Pharma		Optimization of barrel washing process, improvement of comprehensive packaging efficiency	Workshop energy management optimization	Electricity: 90,000 kWh	50
Hexin Pharma		Gas boiler renovation	Refrigeration unit energy management system, energy saving promotion	Electricity: 80,000 kWh Natural gas: 30,000 m^3	100
Jiluohua Pharma	LED lights, condensate water reuse	Frequency conversion operation renovation of secondary chilled water pumps in refrigeration machine room	Adjustment of the opening mode of the air conditioning in the warehouse building	Electricity: 460,000 kWh Purchased steam: 500 tons	426
Guilin Pharma	Magnetic levitation refrigeration units, Trane energy-saving refrigeration units			Electricity: 1,350,000 kWh Natural gas: 360,000 kWh	1,548
Suzhou Erye	HECC heat pipes	Air compression system layout optimization, Roots blower renovation in sewage station	Energy saving promotion, air conditioning mode adjustment	Electricity: 380,000 kWh	217
Shandong Erye	Solar heat exchangers, condensate water reuse, HECC heat pipes	Refrigeration cycle pump parameter optimization, Roots blower renovation in sewage station, optimization of air conditioning operation mode, refrigeration cycle pump control optimization	Air compressor parameter optimization, temperature and humidity energy saving optimization	Electricity: 790,000 kWh Natural gas: 50,000 m^3	565

3. Environmental Protection

Name of enterprise/plant	Energy conservation and emission reduction measures			Energy saved	Carbon reduction (ton)
	Application of new technologies and equipment	Optimization of production process and layout	Energy management system		
Red Flag Pharma			Air conditioning mode adjustment, off-peak operation of sewage station	Electricity: 200,000 kWh Natural gas: 10,000 m^3	140
Chemo Biopharma		Drying tower regeneration time controller optimization	Compressed air pressure regulation optimization	Electricity: 220,000 kWh Purchased steam: 547 tons	304
Wanbang Pharma	Waste heat recovery			Purchased steam: 470 tons	154
Wanbang Jinqiao	Waste heat recovery	Permanent-magnet variable-frequency air compressors, cold storage compressors, magnetic levitation chillers, magnetic levitation fans in sewage station, steam pipeline insulation	Alcohol recovery tower parameter optimization	Electricity: 800,000 kWh Purchased steam: 2,000 tons	1,110
Zhaohui Pharma	Condensate water reuse		Chiller start-up combination optimization	Electricity: 250,000 kWh Purchased steam: 600 tons	339
Avanc Pharma	Ultra-high speed centrifuges in sewage station	Steam trap leakage detection, heat exchanger descaling, boiler combustion device renovation	Heating water temperature dynamic control standards	Electricity: 700,000 kWh Natural gas: 140,000 m^3	702
Fosun Aleph			Air conditioning units are turned on quarterly	Electricity: 430,000 kWh	245
Fosun Antejin		Conversion of the steam pipes laid in the outdoor trench into a pipe-in-pipe direct burial type		Purchased steam: 285 tons	93
Shanghai Henlius (Songjiang First Plant)	LED lights, voice control and light control switches	Boiler pressure setting optimization, air compressor parameter setting optimization		Electricity: 390,000 kWh Natural gas: 60,000 m^3	350
Gland Pharma	Energy-saving chillers and air compressors, LED lights			Electricity: 910,000 kWh	823

Note: The baseline for energy conservation and emission reduction is the level of energy consumption and carbon emissions before energy conservation and emission reduction measures are taken.

In addition, the Group continues to promote the coverage of energy management system certification and continues to improve its own energy management standards. As at the end of the Reporting Period, seven subsidiaries of the Group have passed ISO50001 energy management system certification.

3. Environmental Protection

Case: Optimization of operating parameters of secondary chilled water circulating pumps

The operating parameters of secondary chilled water circulating pumps have been optimized at Shandong Erye. Based on the actual needs for chilled water pressure of the workshops, the settings for water supply pressure of the secondary chilled water circulating pump group control system and the upper and lower limit frequency of the circulating pump switches were adjusted such that the number of circulating pumps operating at the same time was reduced from 6 to 4, and the operating frequency of a single unit was reduced by 15 Hz on average, saving electricity of 490,000 kWh throughout the year.

Energy Structure Optimization

The Group continues to adjust its energy structure by reducing the use of fossil fuels and increasing the proportion of renewable energy and clean energy. During the Reporting Period, the Group pushed hard on the purchase of external green electricity and expansion of the construction of internal photovoltaic power stations to increase the proportion of green power in total electricity consumption.

During the Reporting Period, the Group purchased green electricity of 14,699,769 kWh in total, including purchased new energy of 13,843,119 kWh and purchased hydropower of 856,650 kWh. The purchased green electricity reduced carbon emissions by 8,383 tons. The internal photovoltaic power stations of the Group generated electricity of 2,879,342 kWh in total, representing a year-on-year increase of nearly 110%.

Case: Installation of internal photovoltaic systems

The Group has gradually pushed ahead the construction of self-generated power projects for its own use, such as rooftop photovoltaic systems. During the Reporting Period, the Renhe Plant and Shuitu Plant of Yao Pharma installed new photovoltaic systems and put them into operation. Wanbang Pharma also continued to expand the coverage of the photovoltaic system in the factory area. During the Reporting Period, the internal photovoltaic power stations of the Group generated electricity of 2,879,342 kWh in total, representing a year-on-year increase of nearly 110%.

Photovoltaic system installation

3. Environmental Protection

Ozone-depleting Substance Emission Management

During the Reporting Period, the ozone-depleting substances emissions by the Group were all kinds of Freon refrigerants (R22, R123, R134A, R32, R125, R143A, R407C, R404A, R410A and R507A) and the statistical Freon consumption was 9.56 tons. In order to fulfill its obligations under the Vienna Convention and the Montreal Protocol, the Group will continue to limit the amount of controlled ozone-depleting substances in use.

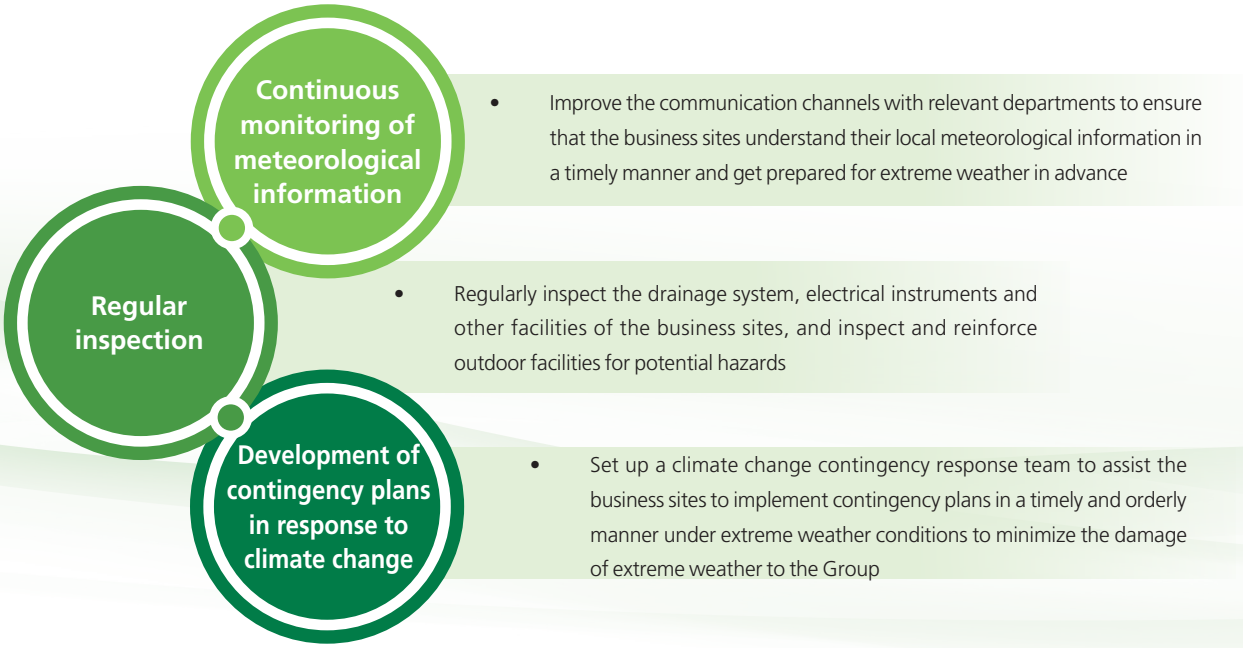
Carbon Emission Management

The Group has stepped up its efforts into the thorough investigation of other indirect emissions, namely Scope III carbon emissions, which particularly included the carbon emissions arose from employee commuting and travelling, consumption of materials and packaging materials, and consumption of chemical raw materials. During the Reporting Period, the aggregated Scope I and Scope II emissions decreased year on year, and the increase in total carbon emissions was mainly due to the substantial increase in Scope III emissions. Nevertheless, the Group will insist on tapping into Scope III emissions in the future, and will gradually include the reduction in Scope III emissions in the future plans to achieve the dual carbon targets through the influence of the supply chain, thereby ensuring the accomplishment of committed targets by the proposed year to achieve the dual carbon target.

Adaptation

Climate change brings more frequent natural disasters such as heavy rains and floods, which directly affect business operations. In order to better prepare for climate change, the Group has launched a climate change early warning model in its business sites and formulated contingency plans in response to climate change to improve its adaptability and resilience to climate change.

The Group has an internal typhoon and flood prevention management mechanism. If China's competent authority issues any typhoon and heavy rain alert, the task force responsible for typhoon and flood prevention in the affected business site will take action based on the typhoon and rain conditions in the region. The task force will be led by the person in charge of the business site, and will comprise the heads of core departments and key personnel. Before the typhoon and heavy rain come, the task force will undertake wind and flood prevention and reinforcement in key areas of the business site and the relocation and resettlement of key personnel and materials. At the same time, during the typhoon and heavy rain, the task force will also conduct rainy season inspections and get prepared for rescue and disaster relief at any time to ensure normal production and operations, and to avoid and minimize the loss of people and property caused by heavy rains and floods. The typhoon and flood prevention task forces will also organize regular training and drills during non-typhoon, rain and flood periods, summarize the experiences and lessons learned from previous typhoon and flood prevention periods, continuously optimize internal communication and coordination processes, and improve response measures to natural disasters, thereby improving business sustainability under various scenarios.



3. Environmental Protection

3.1.4 Metrics and Targets

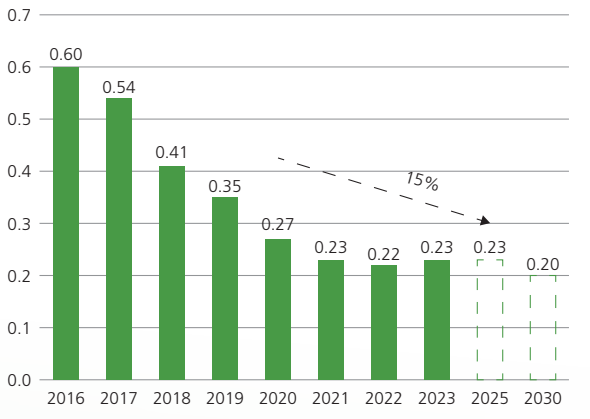
2021–2025 EHS Five-Year Strategic Goals

- Carbon emission intensity: Reduction by 15% in 2025 compared with that in 2020, i.e. 0.23 ton/RMB10,000 revenue by 2025
- Carbon emission reduction from energy conservation projects: Carbon emission reduction of 30,000 tons in aggregate from 2021 to 2025 with a planned carbon reduction of 6,000 tons per year
- Comprehensive energy consumption intensity: Reduction by 10% in 2025 compared with that in 2020, i.e. 2.287 GJ/RMB10,000 revenue by 2025

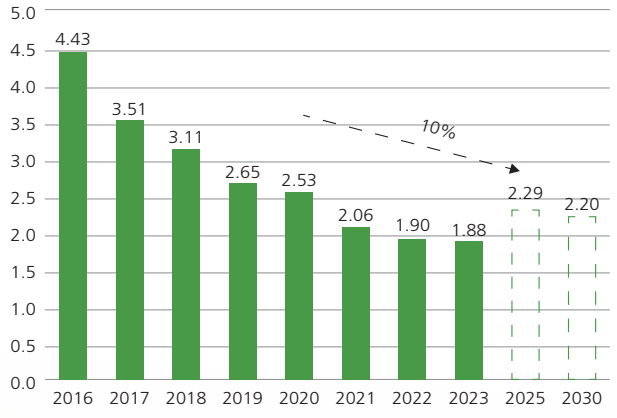
Achievement of Performance Indicators

Performance indicator	2023 (Indicator vs. Actual)	Achievement of Goal for 2023 in the Five-year Strategic Goals
Carbon emission intensity (ton/RMB10,000 revenue)	0.246 VS 0.233	Goal achieved
Comprehensive energy consumption intensity (GJ/RMB10,000 revenue)	2.381 VS 1.878	Goal achieved
Carbon emission reduction from energy conservation projects (10,000 tons)	0.60 VS 1.01	Goal achieved

Carbon emission intensity Unit: ton/RMB10,000 revenue

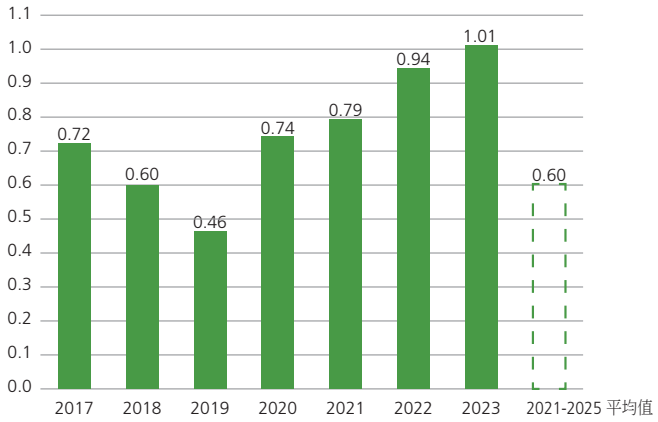


Comprehensive energy consumption intensity
Unit: GJ/RMB10,000 revenue



3. Environmental Protection

Carbon emission reduction from energy conservation projects Unit: 10,000 tons



Carbon Emissions

Year	Total carbon emissions[1] (ton CO_2e)	Type of carbon emissions[4]			Carbon emission intensity (ton/RMB10,000 revenue)
		Scope I carbon emissions[2] (ton CO_2e)	Scope II carbon emissions[2] (ton CO_2e)	Scope III carbon emissions[3] (ton CO_2e)	
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
2023	960,864	210,819	677,874	72,171	0.23

Notes:

1. The greenhouse gases included in the calculation of the boundaries of responsibility of the total carbon emissions (i.e. within the physical boundaries of production, operations and office) only include carbon dioxide, so GMP values are not selected.

2. Scope I direct carbon emission sources include the combustion of natural gas, liquefied gas, raw coal, diesel, fuel oil, and other fossil fuels, and Scope II energy indirect carbon emission sources include net purchased electricity and steam.

3. During the Reporting Period, Scope III other indirect carbon emission sources include employee commuting and business travelling, consumption of materials and packaging materials, and consumption of chemical raw materials. No retrospective adjustment has been made to the Scope 3 categories and quantities in previous reports to calculate on the same basis.

4. Carbon emission factors refer to the "2022 National Power Grid Average Emission Factors of the Ministry of Ecology and Environment of People's Republic of 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.

3. Environmental Protection

Energy Consumption

Year	Total electricity consumption[1] (kWh/year)	Internal energy consumption (GJ/year)	External energy consumption (GJ/year)	Comprehensive energy consumption[2] (GJ/year)	Comprehensive energy consumption intensity (GJ/RMB10,000 revenue)
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
2023	769,128,064	7,736,652	11,527	7,748,179	1.88

Notes:

1. The total electricity consumption comprises purchased electricity and solar energy power generated from internal photovoltaic systems.

2. The energy consumption is calculated according to the General Rules for the Calculation of Comprehensive Energy Consumption (GB/T 2589-2020).

Energy Consumption by Business Segment in 2023

	Total electricity consumption (kWh/year)	Natural gas (m^3)	Liquefied gas (kg)	Steam (kg)	Raw coal (ton)	Diesel (litre)	Gasoline (litre)	Fuel oil (kg)
Pharmaceutical manufacturing	690,203,030	19,276,543	35,605	668,221,726	75,208	1,421,323	168,104	2,194,460
Medical devices and medical diagnosis	8,498,621	0	3,887	640,000	0	42,877	51,726	0
Healthcare services	70,426,413	1,178,337	0	0	0	37,726	150,381	16,095
Total	769,128,064	20,454,880	39,492	668,861,726	75,208	1,501,926	370,211	2,210,555

During the Reporting Period, the Group recorded carbon emission intensity of 0.233 ton per RMB10,000 revenue, and comprehensive energy consumption intensity of 1.878 GJ/RMB10,000 revenue, representing a decrease of 1.35% from 2022 and reaching the target value for the current period.

3. Environmental Protection

3.2 Environmental Management

In order to minimize the possible negative impact of its own operations on the environment, the Group has established an EHS environmental management system in accordance with Environmental Protection Law of the People's Republic of China, the Air Pollution Prevention Law of the People's Republic of China, the Water Pollution Prevention Law of the People's Republic of China and other laws and regulations to actively identify, assess and manage business-related environmental risks, and strike a balance between economic benefits and environmental sustainability of the Group.

3.2.1 Environmental Management System

In order to further enhance the awareness of EHS importance among all levels, the Group has included the achievement of environmental objectives and indicators in the senior management performance appraisal. We conduct assessments and evaluate performance according to the assessment results on an annual basis, and the evaluation results will be incorporated into the ESG sustainability performance, which will be eventually converted into a coefficient between 0 and 1 as a multiplier factor of the overall senior management performance. The Group will implement remuneration cuts in case of substandard performance.

According to the ISO 14001 environmental management system standard, the Group has formulated environmental management requirements and implemented supervision for the Company and its subsidiaries. As at the end of the Reporting Period, the Group had 19 subsidiaries successively passing the ISO14001 certification, accounting for 76% of the total number of manufacturing subsidiaries [Note 1]. In the future, the Group will require the full ISO14001 certification coverage for all manufacturing subsidiaries of the Group. Meanwhile, the Group also continued to carry out clean production and green factory certification. As at the end of the Reporting Period, the Group had 15 subsidiaries passing the clean production certification and 8 subsidiaries receiving the honorary titles of national/provincial green factory.

Certifications on Environment Management Systems and Standardization of Major Subsidiaries

Enterprise name	Type of certification	Enterprise name	Type of certification
Yao Pharma	ISO14001	Wanbang Pharma	ISO14001, clean production, green factory
Carelife Pharma	ISO14001, clean production	Wanbang Jinqiao	ISO14001, clean production
Dongting Pharma	ISO14001, clean production	Zhaohui Pharma	ISO14001, clean production, green factory
Jisimei (Wuhan)	ISO14001	Wanbang Folon	ISO14001, clean production, green factory
Hexin Pharma	Clean production	Avanc Pharma	ISO14001, clean production
Jiluohua Pharma	ISO14001, clean production	Shine Star	ISO14001
Guilin Pharma	ISO14001, clean production, green factory	Dengrui Feiye	ISO14001
Suzhou Erye	ISO14001, clean production, green factory	Gland Pharma	ISO14001
Shandong Erye	ISO14001, clean production, green factory	Fosun Diagnosis	Clean production
Red Flag Pharma	ISO14001, clean production, green factory	Fosun Beiling	ISO14001
Chemo Biopharma	ISO14001, clean production, green factory		
Total	ISO14001 certification: 19; clean production certification: 15; green factory: 8		

Note 1: Excluding subsidiaries under construction and to be relocated

3. Environmental Protection

Case: With one more national-level green factory, the Group has a total of 8 subsidiaries evaluated as green factories

Under the dual carbon strategy, green manufacturing is an important mission to attain industrial transition, and has become a new trend to implement the high-quality development requirements. As the core supporting component of green manufacturing, green factory plays a key role for enterprises to practice low-carbon development. The "14th Five-Year Plan for Industrial Green Development" specified to strengthen green manufacturing benchmarking, continuously promote the construction of green products, green factories, green industrial parks and green supply chain management enterprises around key industries and important sectors, and select and publish the green manufacturing list. This aims to guide and regulate enterprises in building "green factories" according to the principles of "intensive factory buildings, harmless raw materials, clean production, waste recycling and low carbon energy", and select advanced cases to set an industry benchmark. While maintaining steady operations, more and more subsidiaries of the Group are targeting to build green factories and use green operations to enhance their sustainable competitive advantages.

- Shandong Erye won the honorary title of National-level Green Factory in 2023
- Red Flag Pharma won the honorary title of National-level Green Factory in 2022
- Chemo Biopharma won the honorary title of Green Factory of Shanghai in 2022
- Wanbang Folon won the honorary title of Green Factory of Xingtai in 2022
- Wanbang Pharma won the honorary title of Green Factory of Jiangsu in 2021
- Zhaohui Pharma won the honorary title of National-level Green Factory in 2021
- Suzhou Erye won the honorary title of Green Factory of Jiangsu in 2020
- Guilin Pharma won the honorary title of Green Factory of Guangxi in 2018

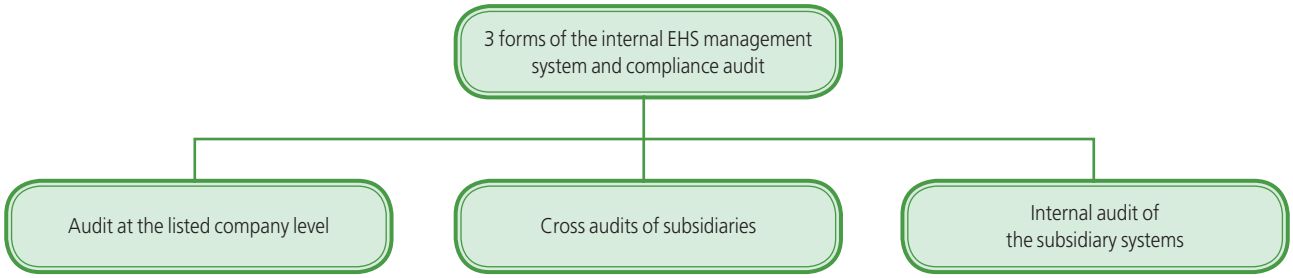
3.2.2 The EHS Management System and Compliance Audits

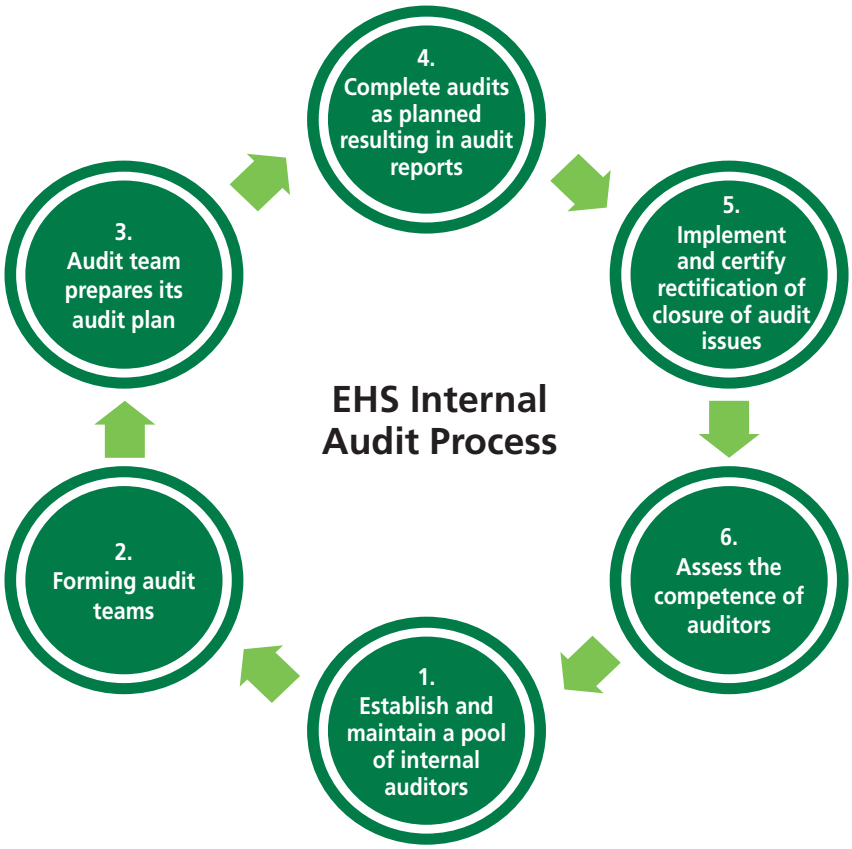
The Group conducts regular external and internal EHS management system and compliance audits, and always ensures the stable and compliant operation of the EHS management system in accordance with the PDCA (Plan, Do, Check and Act) procedure. The Group conducts annual tracking audit for all subsidiaries that have passed the ISO14001 environmental management system, and performs renewal audit every three years. On this basis, the Group actively promotes the internal audit of environmental management system and environmental compliance, including the audit of the listed company, cross-audit of subsidiaries and internal audit of subsidiary systems. During the Reporting Period, the EHS management system (including the environmental management system) of the Group had regular environmental impact audits coverage of 100%.

In view of the problems listed in the audit report, the audited subsidiaries need to make a corrective and preventive action plans, and the EHS department of the Group is responsible for following up the rectification of audit findings. The Group requires the subsidiaries engaged in preparations business to undergo at least one cross-audit every three years, the subsidiaries engaged in APIs to receive one cross-audit every year, and all subsidiaries to complete at least one EHS management system internal audit every year and report the results to the EHS department of the Company, which will all be included in the rectification tracking plan. Based on the severity level of the problems, the audited subsidiaries will make a corrective and preventive action plans and set different time limits for rectification. The EHS department of the Company is responsible for follow-up and rectification.

The EHS internal and compliance audits mainly examine five dimensions, namely EHS system, safety, environment, fire protection, and occupational health. In particular, the environment dimension includes seven audit elements, namely sewage/water resources, air, solid waste, soil/groundwater, noise, energy/carbon emissions, and general environmental protection management elements. Every environmental element audit will include compliance audits. Therefore, along with the annual self-evaluation and internal audit in the EHS management system, the Group will conduct annual audit of environmental protection compliance of subsidiaries, with a coverage rate of 100%.

3. Environmental Protection





During the Reporting Period, the Group invested a total of approximately RMB230 million in environmental protection and safety, of which RMB132 million was mainly used for the upgrading and renovation of the environmental protection treatment facilities, operation of environmental protection facilities and waste treatment in subsidiaries. During the Reporting Period, the subsidiaries paid a total of RMB86,400 in environmental protection tax, and the major taxable pollutants were sulfur dioxide, nitrogen oxides, non-methane hydrocarbons and particulate matters.

3. Environmental Protection

3.2.3 Environmental Strategic Goals

The Group continues to practice low pollution and low emissions, and actively calls for the harmonious and sustainable development between profit and social environment. In 2021, the Company set the EHS strategic goals from 2021 to 2025. In particular, the Group set high-standard quantitative target values for waste gas, sewage, waste discharge and water resource consumption, so as to urge the Group to achieve industry-leading environmental performance and further improve the environmental and resource management of subsidiaries. While formulating strategic goals, the Group has also established a detailed path to achieve the goals, and set up various quantitative indicators to follow up the progress in meeting the goals every quarter and adjust the action path accordingly. As at the end of the Reporting Period, the Group has outperformed in meeting the goals in a number of environmental indicators.

During the Reporting Period, the Group also set 10 environmental management goals, in addition to carbon emission and energy consumption management goals. The details are as follows:

Item	Unit/indicator	Goal for 2025	Goal for 2023	Progress in meeting goal for 2023
Waste gas emission				
Nitrogen oxides	g/RMB10,000 revenue	Decrease by 20% compared to 2020	Decrease by 12% compared to 2020	Goal achieved
Sulfur dioxide	g/RMB10,000 revenue	Decrease by 20% compared to 2020	Decrease by 12% compared to 2020	Goal achieved
Particulate matter	g/RMB10,000 revenue	Decrease by 20% compared to 2020	Decrease by 12% compared to 2020	Goal achieved
VOCs	Compliance	100%	100%	Goal achieved
Sewage discharge				
Sewage	ton/RMB10,000 revenue	Decrease by 15% compared to 2020	Decrease by 9% compared to 2020	Goal achieved
COD	kg/RMB10,000 revenue	Decrease by 15% compared to 2020	Decrease by 9% compared to 2020	Goal achieved
Ammonia nitrogen	kg/RMB10,000 revenue	Decrease by 15% compared to 2020	Decrease by 9% compared to 2020	Goal not yet achieved
Wastes disposal				
Total waste	kg/RMB10,000 revenue	Decrease by 10% compared to 2019	Decrease by 6% compared to 2019	Goal achieved
Hazardous waste	kg/RMB10,000 revenue	Increase by no more than 59% compared to 2020	Increase by no more than 33% compared to 2020	Goal achieved
Water consumption				
Water consumption	m^3/RMB10,000 revenue	Decrease by 15% compared to 2020	Decrease by 9% compared to 2020	Goal achieved

3. Environmental Protection

3.2.4 Pollutant Management

The Group abides by the Air Pollution Prevention Law of the People's Republic of China, the Water Pollution Prevention Law of the People's Republic of China, the Solid Waste Pollution Prevention Law of the People's Republic of China and other relevant laws and regulations, controls the emission of pollutants such as waste gas, sewage and waste, and actively adopts management measures while ensuring the compliance of emission intensity, so as to gradually reduce the pollutant emission intensity and continuously mitigate the potential impact on the environment.

Waste Gas Management

Major Actions and Strategies

- Strengthen the management of the existing air emission sources, maintain stable compliance with emission standards, and gradually reduce the amount; control new sources of air pollution
- Limit high concentration emission sources of sulfur dioxide and particulate matter; new VOCs emission sources to be equipped with treatment facilities at the same time

2021-2025 EHS Five-Year Strategic Goals

- Intensity of nitrogen oxides: Reduction by 20% in 2025 compared with that in 2020, i.e. 40.86 g/RMB10,000 revenue by 2025
- Intensity of sulfur dioxide: Reduction by 20% in 2025 compared with that in 2020, i.e. 27.41 g/RMB10,000 revenue by 2025
- Intensity of particulate matter: Reduction by 20% in 2025 compared with that in 2020, i.e. 9.57 g/RMB10,000 revenue in 2025
- 100% compliance with annual VOCs emissions to be achieved by 2025

Achievement of Performance Indicators

Performance indicator	2023 (Indicator vs. Actual)	Achievement of Goal for 2023 in the Five-year Strategic Goals
Intensity of nitrogen oxides (g/RMB10,000 revenue)	45.04 VS 38.38	Goal achieved
Intensity of sulfur dioxide (g/RMB10,000 revenue)	30.22 VS 29.77	Goal achieved
Intensity of particulate matter (g/RMB10,000 revenue)	10.55 VS 8.88	Goal achieved
VOCs emissions control rate	100% VS 100%	Goal achieved

The air pollution of the Group mainly comes from various kinds of organized and unorganized volatile organic compounds (such as non-methane hydrocarbons) emitted by manufacturing subsidiaries, nitrogen oxides/sulfur dioxide/smoke particles generated by boilers during full and incomplete combustion, etc. Accordingly, the Group has formulated four internal control characteristic pollution factors in air pollution control, namely nitrogen oxides, sulfur dioxide, particulate matter and volatile organic compounds (VOCs).

The Group actively responds to the requirements of national and regional environmental protection departments. On one hand, we reinforce source control by encouraging the adoption of processes to replace volatile substances such as organic solvents and cleaning agents, so as to control the generation of waste gas pollution from the source. On the other hand, we fully consider the organized collection of waste gas to reduce the unorganized emission of VOCs. During the Reporting Period, the air pollutant emissions of the Group comprised nitrogen oxides of 158 tons, sulfur dioxide of 123 tons, particulate matter of 37 tons and VOCs of 43 tons.

3. Environmental Protection

Air Pollutant Emissions

	Nitrogen oxides		Sulfur dioxide		Particulate matter		Volatile organic compounds (VOCs)
	Total (ton/year)	Intensity (g/RMB10,000 revenue)	Total (ton/year)	Intensity (g/RMB10,000 revenue)	Total (ton/year)	Intensity (g/RMB10,000 revenue)	Total (ton/year)
2016	466	—	485	—	19	—	—
2017	239	—	245	—	41	—	—
2018	251	—	279	—	44	—	—
2019	258	—	134	—	36	—	—
2020	158	—	105	—	37	—	24
2021	182	46.61	101	25.91	25	6.45	43
2022	204	46.45	118	26.91	30	6.90	41
2023	158	38.38	123	29.77	37	8.88	43

3. Environmental Protection

Specific Measures for the Treatment of Air Pollutants by Major Subsidiaries

Name of enterprise	Type of air pollutants	Configuration of air pollution treatment facility
Yao Pharma (Renhe)	Nitrogen oxides, particulate matter, non-methane hydrocarbons	Bag dust removal, low nitrogen combustion, activated carbon adsorption
Yao Pharma (Shuitu)	Nitrogen oxides, particulate matter, non-methane hydrocarbons	Bag dust removal, low nitrogen combustion
Jisirui Pharma	Nitrogen oxides, sulfur dioxide, particulate matter, non-methane hydrocarbons	Bag dust removal, low nitrogen combustion
Carelife Pharma (First Plant)	Non-methane hydrocarbons	Lye spray + paraffin oil spray + activated carbon adsorption, lye spray + activated carbon adsorption
Carelife Pharma (Second Plant)	Non-methane hydrocarbons	Lye spray + activated carbon adsorption, lye spray + paraffin oil spray + activated carbon adsorption, water spray + lye spray + resin adsorption
Dongting Pharma	Nitrogen oxides, sulfur dioxide, particulate matter, non-methane hydrocarbons	Lye spray + UV + lye spray + activated carbon adsorption
Shinsun Pharma	Nitrogen oxides, sulfur dioxide, particulate matter, non-methane hydrocarbons	Activated carbon adsorption
Jisimei (Wuhan)	Non-methane hydrocarbons	Primary and medium efficiency filtration + activated carbon adsorption
Hexin Pharma	Nitrogen oxides, sulfur dioxide, particulate matter, non-methane hydrocarbons	Low nitrogen combustion, spray tower + activated carbon adsorption, oil fume purifier
Guilin Pharma	Nitrogen oxides, sulfur dioxide, particulate matter, non-methane hydrocarbons	Lye/acid spray + lye spray + activated carbon adsorption + zeolite rotor adsorption + RTO
Suzhou Erye	Nitrogen oxides, sulfur dioxide, particulate matter, non-methane hydrocarbons	Activated carbon desorption and adsorption + two-level water washing, activated carbon adsorption, two-level water washing + RTO incineration + lye spray, secondary combustion chamber + quenching tower+ bag dust removal + spray washing
Shandong Erye	Nitrogen oxides, sulfur dioxide, particulate matter, non-methane 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
Red Flag Pharma	Nitrogen oxides, sulfur dioxide, particulate matter, non-methane hydrocarbons	Cloth bag filtration, low nitrogen combustion technology, water washing + activated carbon adsorption, water washing +cloth bag filtration
Chemo Biopharma	Non-methane hydrocarbons	Activated carbon adsorption
Wanbang Jinqiao	Non-methane 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	Particulate matter, non-methane hydrocarbons	Filter cartridge dust removal + alkaline wash + dehydration and demisting + activated carbon absorption, activated carbon absorption, oil fume purifier, alkaline cleaner, spray, bag dust removal

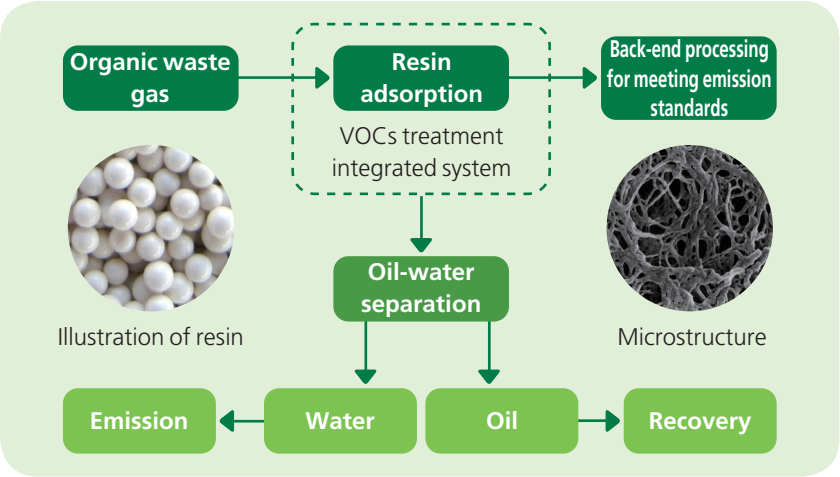
3. Environmental Protection

Name of enterprise	Type of air pollutants	Configuration of air pollution treatment facility
Wanbang Folon	Nitrogen oxides, sulfur dioxide, particulate matter	Low nitrogen combustion of boilers, bag dust removal, biological filter deodorization, spray + electrostatic adsorption, photocatalytic oxidation+ activated carbon
Wanbang Tiansheng	Nitrogen oxides, sulfur dioxide, particulate matter	Low nitrogen combustion of boilers
Suntech Pharma	Particulate matter, non-methane hydrocarbons	Activated carbon adsorption
Xingnuo Pharma	Non-methane hydrocarbons	RTO incineration, lye spray, bag filter, two-stage activated carbon adsorption + biological deodorization
Fosun Pharma (Xuzhou)	Particulate matter, non-methane hydrocarbons	Bag dust removal, water spray + activated carbon adsorption, alkaline water spray tower + biological filter box deodorization, activated carbon adsorption
Avanc Pharma	Nitrogen oxides, sulfur dioxide, particulate matter, non-methane 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
Fosun Aleph	Nitrogen oxides, sulfur dioxide, particulate matter, non-methane hydrocarbons	Spray tower, demisting, low temperature plasma purifier, activated carbon adsorption box
Fosun Antejin	Non-methane 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)	Nitrogen oxides, sulfur dioxide, particulate matter, non-methane hydrocarbons	Activated carbon adsorption, low nitrogen combustion
Shanghai Henlius (Songjiang First Plant)	Nitrogen oxides, sulfur dioxide, particulate matter	Activated carbon adsorption, low nitrogen combustion
Shanghai Henlius (Songjiang Second Plant)	Nitrogen oxides, sulfur dioxide, particulate matter	Activated carbon adsorption, low nitrogen combustion
Huaiyin Medical	Non-methane hydrocarbons	Activated carbon adsorption
Fosun Beiling	Non-methane hydrocarbons	Activated carbon adsorption

3. Environmental Protection

Case: Carelife Pharma adopted a new resin waste gas treatment process

Resin is a spherical polymer particle with three-dimensional mesh structure and adsorption selectivity. The principle of resin adsorption process in treating VOCs is to adsorb and recover the organic matter in the waste gas to purify the waste gas, which has an especially high removal rate for non-polar and weakly polar VOCs. At present, the process is tested to have a high VOCs removal efficiency, which not only meets the discharge requirements, but also has a discharge concentration far below the limit. Through the oil-water separation of VOCs components, the process can effectively separate and recover some organic solvents.



The new resin waste gas treatment process adopted by Carelife Pharma

Case: Air emission reduction of boiler pollutants of Avanc Pharma

Nitrogen oxides are one of the major air pollutants. Installing a low-nitrogen burner not only improves the energy utilization rate, but also reduces the nitrogen oxides emission and effectively improves the air quality. Avanc Pharma renovated the low-nitrogen burners of boilers No.4 and No.5, and saw a obvious decrease in the total amount and concentration of nitrogen oxides emitted when burning natural gas in boilers.

Boiler renovation of Avanc Pharma

3. Environmental Protection

Sewage Management

Major Actions and Strategies

- Increase in hardware investment in sewage treatment facilities, add sewage treatment facilities or upgrade and renovate sewage treatment facilities

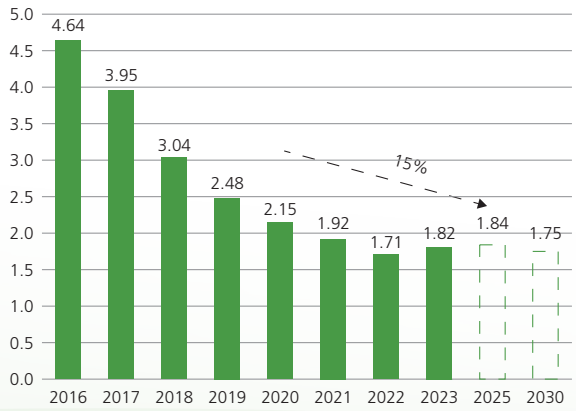
2021-2025 EHS Five-Year Strategic Goals

- Sewage discharge intensity: Reduction by 15% in 2025 compared with that in 2020, i.e. 1.838 tons/RMB10,000 revenue by 2025
- COD emission intensity: Reduction by 15% in 2025 compared with that in 2020, i.e. 0.188 kg/RMB10,000 revenue by 2025
- Ammonia nitrogen emission intensity: Reduction by 15% in 2025 compared with that in 2020, i.e. 0.0246 kg/RMB10,000 revenue by 2025

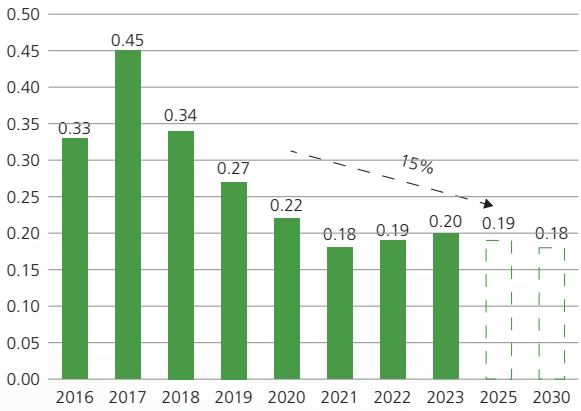
Achievement of Performance Indicators

Performance indicator	2023 (Indicator vs. Actual)	Achievement of Goal for 2023 in the Five-year Strategic Goals
Sewage discharge intensity (ton/RMB10,000 revenue)	1.962 VS 1.820	Goal achieved
COD emission intensity (kg/RMB10,000 revenue)	0.201 VS 0.198	Goal achieved
Ammonia nitrogen emission intensity (kg/RMB10,000 revenue)	0.0265 VS 0.0465	Goal not yet achieved

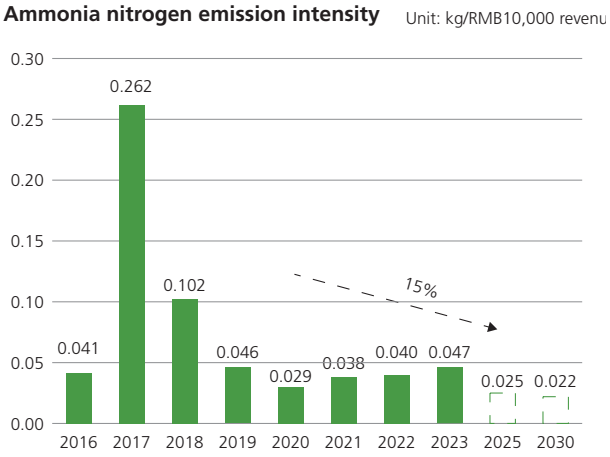
Sewage discharge intensity Unit: ton/RMB10,000 revenue



COD emission intensity Unit: kg/RMB10,000 revenue



3. Environmental Protection



The sewage discharge of the Group mainly includes production sewage and domestic sewage. According to the principle of "rainwater and sewage separation and classified treatment", all sewage, including the initial rainwater of subsidiaries engaged in API business, is first treated by the internal sewage treatment station, and then enter the designated municipal pipeline network after meeting the discharge concentration limit standard, and then further treated by the local sewage treatment unit before discharge. The Group does not directly discharge sewage into surface water, groundwater and seawater.

As at the end of the Reporting Period, all the manufacturing subsidiaries of the Group listed as key pollutant discharge entities (water) completed the installation of the online sewage monitoring system, and the Company may obtain the real time drainage indicators of the key pollutant discharge subsidiaries, thus strengthening the supervision on the discharge by subsidiaries. During the Reporting Period, the Group had a total sewage discharge of 7,507,716 tons, chemical oxygen demand (COD) of 817 tons, and ammonia nitrogen of 192 tons.

Water Pollutants Discharge

	Total sewage discharge (ton/year)	COD (ton/year)	Ammonia nitrogen (ton/year)	Sewage discharge intensity (ton/RMB10,000 revenue)	COD emission intensity (kg/RMB10,000 revenue)	Ammonia nitrogen emission intensity (kg/RMB10,000 revenue)
2016	6,785,400	490	61	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	89	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
2023	7,507,716	817	192	1.82	0.20	0.047

3. Environmental Protection

Water Pollutants Discharge by Business Segment

Segment	Total sewage discharge (ton)	Annual discharge of COD (ton)	Annual total discharge of ammonia nitrogen (ton)
Pharmaceutical manufacturing	6,385,505	743.17	171.96
Medical devices and medical diagnosis	52,857	4.61	0.41
Healthcare services	1,069,355	68.86	19.55
Total	7,507,716	816.64	191.93

Case: Renovated and upgraded the sewage stations to further enhance treatment capacity

The Group continued to invest in sewage treatment hardware facilities to enhance the treatment capacity of the sewage stations through acquisition or upgrading and renovation.

Guilin Pharma systematically renovated the sewage treatment system, and adopted the technology of "acidolysis + iron carbon" to treat high-concentration sewage, which not only enhanced the sewage treatment capacity, but also improved the degree of automation of the sewage treatment system in all aspects.

Suzhou Erye upgraded the sewage online monitoring equipment brand and replaced the aerobic zone filler, which significantly reduced the failure rate of online monitoring equipment and improved the data accuracy.

Carelife Pharma adopted the Fenton oxidation technology to treat high-concentration sewage in a targeted manner, and introduced the MBR process to deeply treat the effluent of aerobic zone filler, which further reduced the pollutant concentration, in addition to meeting the discharge standards.

Sewage treatment system of Guilin Pharma

Sewage station of Suzhou Erye

Fenton system introduced by Carelife Pharma

3. Environmental Protection

Waste Management

Major Actions and Strategies

- Give priority to zero landfill for hazardous waste disposal to mitigate the long-term impact of the pollutant disposal on the environment
- Launch waste reduction projects, 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

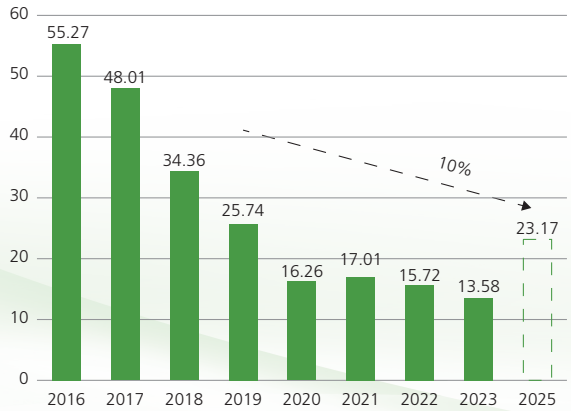
2021–2025 EHS Five-Year Strategic Goals

- Total waste intensity: Reduction by 10% in 2025 compared with that in 2019, i.e. 23.166 kg/RMB10,000 revenue by 2025
- Hazardous waste intensity: Increase by no more than 10% every year, i.e. 3.10 kg/RMB10,000 revenue by 2025

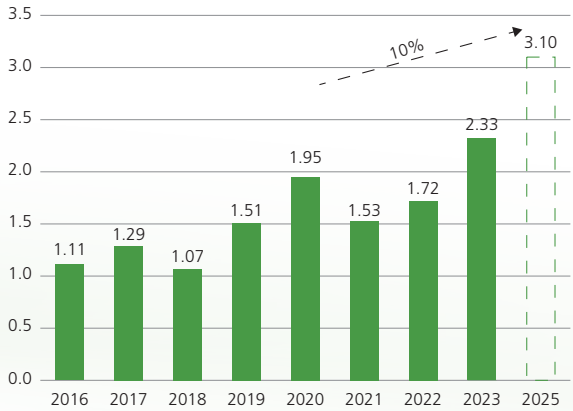
Achievement of Performance Indicators

Performance indicator	2023 (Indicator vs. Actual)	Achievement of Goal for 2023 in the Five-year Strategic Goals
Total waste intensity (kg/RMB10,000 revenue)	24.226 VS 13.583	Goal achieved
Hazardous waste intensity (kg/RMB10,000 revenue)	2.60 VS 2.332	Goal achieved

Total waste intensity Unit: kg/RMB10,000 revenue



Hazardous waste intensity Unit: kg/RMB10,000 revenue



3. Environmental Protection

The Group has included the recycling and comprehensive utilization of internal wastes in the 2021-2025 EHS five-year strategic goals. Adhering to the principle of "reduction, recycling and harmless treatment", we attach great importance to the impact of waste input, generation and discharge on human health and environment during the whole process of raw material procurement, production and operation and final product disposal. The Company requires all subsidiaries to check the types, sources and quantities of wastes, establish a list of wastes, and monitor the generation, transfer and disposal of wastes. On the premise of preventing wastes from polluting the environment, the Company strengthens the management and reduction of hazardous wastes and other wastes with potential environmental risks, and treats and disposes of all kinds of wastes safely according to law.

The Group classifies wastes into three major categories: domestic wastes, general industrial wastes and hazardous wastes. During the Reporting Period, the Group had a total waste of 56,029 tons, representing a year-on-year decrease of approximately 19%, and a total waste intensity of 13.583 kg/RMB10,000 revenue. Among the industrial wastes, the Group recycled 38,093 tons of wastes, and engaged the qualified third-party entities for compliance disposal and reuse. Such recycled industrial wastes include recycled waste packaging materials, animal pancreatic residues, coal residues and Chinese medicine filter residue.

During the Reporting Period, the Group generated a total hazardous waste of 9,618 tons, of which 2,101 tons were reused, 7,276 tons were incinerated, 164 tons were landfilled, and 77 tons were otherwise disposed of. Since the 2022 EHS Management Month, the Group has kept responding to the national call of the Zero-Waste City. During the Reporting Period, the Group continued to promote and implement the target requirement of "zero landfill" of hazardous wastes, and pushed ahead the landfill process replacement projects of a number of subsidiaries, with the hazardous wastes landfill volume decreasing by 21% or 44 tons year on year. During the Reporting Period, the Group had no soil and groundwater pollution incident caused by waste/chemical leakage.

Wastes and Intensity

	Total waste volume (ton)	**Hazardous waste volume** (ton)	**Total waste intensity** (kg/RMB10,000 revenue)	**Hazardous waste intensity** (kg/RMB10,000 revenue)
2016	80,848	1,627	55.27	1.11
2017	88,967	2,397	48.01	1.29
2018	85,797	2,683	34.36	1.07
2019	73,548	4,321	25.74	1.51
2020	49,286	5,915	16.26	1.95
2021	66,328	5,954	17.01	1.53
2022	69,147	7,568	15.72	1.72
2023	56,029	9,618	13.58	2.33

3. Environmental Protection

Waste Disposal by Business Segment in 2023

Segment	Domestic waste (ton)	Industrial solid waste (non-hazardous waste) (ton)	Hazardous waste (ton)
Pharmaceutical manufacturing	2,271	40,303	8,291
Medical devices and medical diagnosis	129	107	61
Healthcare services	3,602	0	1,266
Total	6,002	40,410	9,618

Case: Guilin Pharma won the title of the first batch of "waste-free factories" with the highest score in Guilin

In 2023, Guilin Bureau of Industry and Information Technology and Guilin Bureau of Ecology and Environment announced the list of demonstration entities (first batch) for establishing "waste-free factories" in Guilin, and our subsidiary Guilin Pharma won the title of the first batch of "waste-free factories" in Guilin with a high score of 98.7. "Waste-free factory" is one of the important component for the construction of "waste-free city", which refers to a factory that, based on the principles of source reduction, in-plant circulation and green and low carbon, urges industrial solid waste generating entities to continuously promote the source reduction and resource utilization of solid waste by means of raw material substitution, process transformation, technological upgrading and point-to-point utilization, so as to minimize the landfill volume and the environmental impact of solid waste. Guilin Pharma will adhere to the green recycling development concept, unswervingly follow the green development path, and build a recycling development model according to the ideas of "intra-company small recycling, inter-company medium recycling and social participation big recycling", continuously and effectively promote the construction of "waste-free factories" and support the construction of "waste-free cities".

"Waste-free factory" of Guilin Pharma

3. Environmental Protection

3.2.5 Resources Management

Water Resources Management

Major Actions and Strategies

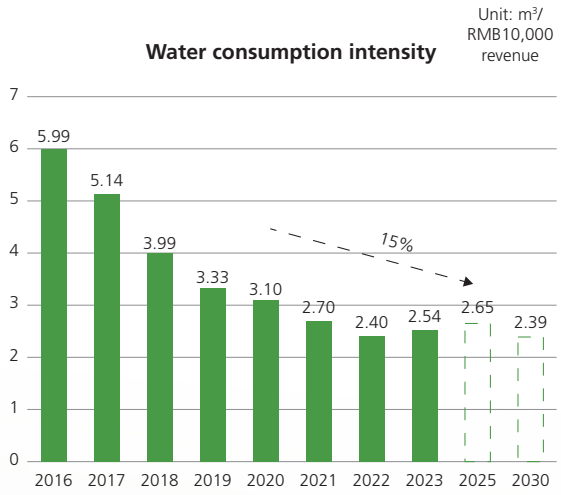
- Reduce consumption from the source, limit projects with high water consumption, and replace high-water consumption processes and high-water consumption equipment
- Promote and modify water-saving equipment and water-saving appliances (such as water-saving toilet and water-saving faucets)
- Encourage all kinds of water recycling systems (such as condensate water reuse, reclaimed water reuse and rainwater reuse)

2021–2025 EHS Five-Year Strategic Goals

- Water consumption intensity: Reduction by 15% in 2025 compared with that in 2020, i.e. 2.65 m^3/RMB10,000 revenue by 2025

Achievement of Performance Indicators

Performance indicator	2023 (Indicator vs. Actual)	Achievement of Goal for 2023 in the Five-year Strategic Goals
Water consumption intensity (m^3/RMB10,000 revenue)	2.83 VS 2.54	Goal achieved



3. Environmental Protection

The Group recognizes the importance of water resources for sustainable production and life, human health and ecosystem stability, and also pay attention to the impact on its business continuity. During the Reporting Period, the Group mainly used municipal water supply for production and domestic use, and made no unauthorized use of underground or surface water sources. The total water consumption was 10,489,189 m^3, representing a decrease of 0.53% compared with 2022, and the water consumption intensity was 2.54 m^3/RMB10,000 revenue.

During the Reporting Period, the Group carried out and implemented a number of water-saving measures, achieving a total water saving of 760,000 m^3, accounting for 7.26% of the total water consumption for the year.

Total Water Consumption and Water Consumption Intensity

	Total water consumption (m^3/year)	Water consumption intensity (m^3/year)
2016	8,769,376	5.99
2017	9,515,697	5.14
2018	9,959,415	3.99
2019	9,527,927	3.33
2020	9,381,818	3.10
2021	10,521,811	2.70
2022	10,545,581	2.40
2023	10,489,189	2.54

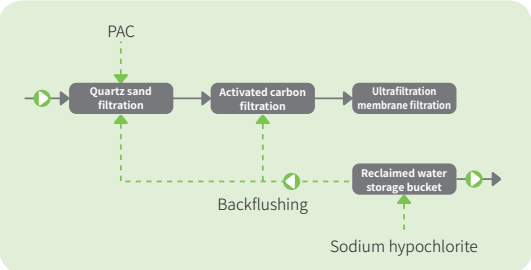
Summary of the Key Water-saving Projects of Certain Subsidiaries

Name of enterprise	Water-saving measures		Total water-saving volume (10,000 m^3)
	Water-saving engineering measures	Administrative measures	
Yao Pharma (Renhe)	Recover concentrated water, recover condensate water	Post water-saving reminders in toilets	2.5
Yao Pharma (Shuitu)	Recover condensate water, optimize the reuse of rainwater in landscape pools during the rainy season, improve the efficiency of purified water production	Post water-saving reminders in toilets	15.2
Jisirui Pharma	Recover condensate water		0.2
Carelife Pharma (Second Plant)		Optimize water meter measurement	3.6
Dongting Pharma	Recover condensate water, optimize cooling circulation system		1.4
Hexin Pharma	Recover condensate water, reuse bottle washing water for replenishment of water in cooling towers	Post water-saving reminders	0.7
Jiluohua Pharma	Recover concentrated water, reuse reclaimed water for greening		3.4
Guilin Pharma	Recover concentrated water, modify freeze dryers	Optimize water meter measurement	3.2
Suzhou Erye	Reuse reclaimed water, modify liquid level automatic control in cooling tower, recycle vacuum pump cooling water	Post water-saving reminders	1.8
Shandong Erye	Reuse reclaimed water, recover condensate water, increase the use of reclaimed water in sewage stations	Optimize water meter measurement	3.7
Red Flag Pharma	Optimize cooling methods of purified water system, recycle concentrated water		1.4
Chemo Biopharma	Reuse reclaimed water	Optimize water meter measurement	0.1
Wanbang Jinqiao	Modify temperature control and water replenishment of water jet vacuum units, control TCU cooling water flow		0.1
Zhaohui Pharma	Adopt automatic control measures for vacuum pump to reduce the use of cooling water usage, improve the utilization rate of raw water for water production	Optimize water meter measurement	2.6
Wanbang Folon	Reuse reclaimed water	Add a standby mode to purified water system	0.9
Xingnuo Pharma	Install water meter in different zones	Optimize water meter measurement	2.1
Avanc Pharma	Adjust purified water system to interval production, use reclaimed water for greening and irrigation		31.3
Fosun Aleph		Adjust production plans during high temperature seasons, avoid peak operation	0.9
Shanghai Henlius (Yishan Road)	Reuse reclaimed water, recycle with in cooling water tower	Optimize water meter measurement, post water-saving reminders	0.8
Shanghai Henlius (Songjiang First Plant)	Reuse reclaimed water, recycle with in cooling water tower	Optimize water meter measurement, post water-saving reminders	0.3

3. Environmental Protection

Case: Introduced reclaimed water reuse system to improve the utilization rate of water resources

In order to save water resources and reduce sewage discharge, Shanghai Henlius introduced a reclaimed water reuse system to further improve the utilization rate of water resources, and collected concentrated water and pure steam condensate during the preparation of pure water for reuse, which was used to replenish water for some equipment of the factory public works. The reclaimed water recycling device adopts UF+RO process, which can effectively save water resources and reduce sewage discharge, and has obvious environmental and economic benefits. At present, the reclaimed water reuse system has been widely used in various subsidiaries.



Process flow of reclaimed water reuse treatment of Shanghai Henlius

Case: Regular maintenance and improvement of underground water pipes in factories

Our subsidiaries mainly use underground pipes for water supply networks. If there is any leakage in underground pipes, it may be difficult to find them in time. For enterprises with multiple years of operation, pipe network leakage could be highly probable. Therefore, the Company requires all subsidiaries, especially those with high water consumption level, to regularly inspect the leakage of their underground water supply networks, and make a comprehensive examination of the wear and tear of the whole underground water supply network with the help of technologies such as micro-probe or small robot, so as to timely find out the leakage points or seriously worn sections for replacement, and reduce or prevent water waste in the underground water supply network.

3. Environmental Protection

Packaging Materials Management

Based on the properties of the packaging materials, the Group divides the packaging materials involved in the manufacturing, transportation and sales of products into six categories: glass, metal, wood, paper, rubber and plastic. During the Reporting Period, the Group consumed traceable packaging materials of 18,772 tons in total, including non-renewable materials of 9,624 tons and renewable materials of 9,148 tons.

Drugs are special products directly related to people's livelihood and health. Both the designs for the inner packaging and the outer packaging of drugs must meet the requirements of the drug safety supervision law, and cannot be recycled completely based on the environmental protection and reduction principle. Therefore, under the premise of meeting the drug safety supervision, the Group is actively finding a way of maximizing the reduction and recycling of drug package materials. On the one hand, the Group reduces and streamlines the outer packaging of products from the source, and optimizes the product manufacturing process to reduce packaging material waste. Certain subsidiaries cooperate with upstream and downstream customers to use material turnover boxes instead of disposable material boxes to reduce packaging material loss in the transportation process, while other subsidiaries reduce the printing size of drug instructions to reduce paper consumption. On the other hand, the Group actively promotes the packaging material recycling process, classifies and manages the packaging materials from unpacking incoming materials, and recycles the packaging materials within the Company. The Group sells the non-recyclable packaging materials to the resource recycling department to complete materials recycling with the help of social resources. The Group pays due attention to the environmental footprint of materials involved in the product manufacturing, transportation and sales, and continuously reduces material consumption and improves the material recycling rate to reduce the compensation for natural resources and promote the efficient and sustainable resource utilization. During the Reporting Period, the Group recycled 853 tons of packaging materials externally, accounting for 4.54% of the total packaging materials consumption, and the packaging materials consumption intensity was 4.55 kg/RMB10,000 revenue.

Packaging Materials Consumption

	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)
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
2023	18,772	9,148	48.7%	9,116	32	9,624	51.3%	2,047	1,076	5,278	1,222

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

3. Environmental Protection

Case: Our healthcare service institutions promoted "plastic ban" measures to further support the building of "waste-free cities"

After proposing the national goal of building "waste-free cities", the healthcare services segment of the Group made great efforts to explore opportunities for waste reduction, and continued to promote the "plastic ban" measures to further build "waste-free hospitals". The World Environment Day in 2023 had a global theme of "Solution to Plastic Pollution", aiming at calling for reducing the use of disposable plastic products and promoting the recycling of resources. Our three affiliated healthcare institutions, namely Shanghai Xingchen Children's Hospital, Shanghai Zhuoerhui and Beijing Xingyi, no longer provide disposable plastic bags, but offer fully biodegradable environmental protection bags or paper bags to broaden patients' awareness of "plastic ban" and promote the green urban development. The measures not only facilitate patients to pack drugs, but also reduce plastic pollution from the source. During the Reporting Period, the healthcare services segment reduced the use of more than 42,000 plastic bags of different sizes, which is equivalent to over 300 kg of plastics.

3.2.6 Biodiversity

The Group has always attached great importance to biodiversity protection around us and paid close attention to the relevant local government policies. We have no activity, product and service that has a significant impact on biodiversity, and no office, business premise and industrial plant that is located in nature reserves or biodiversity-rich areas outside nature reserves. We do not destroy original vegetation and ecosystems, do not use protected animals for animal experiments, and do not utilize protected plants and animals as raw materials in the production process.

3.2.7 Investment in Environmental Protection

During the Reporting Period, the Group invested a total of RMB131,709,600 in environmental protection, which was mainly used for the upgrading and renovation of environmental protection treatment facilities, operation of environmental protection facilities, and waste disposal of our subsidiaries.

Segment	Investment in environmental protection (RMB10,000)
Pharmaceutical manufacturing	12,090.61
Medical devices and medical diagnosis	86.26
Healthcare services	994.09
Total	13,170.96

4. Win-win Partnership

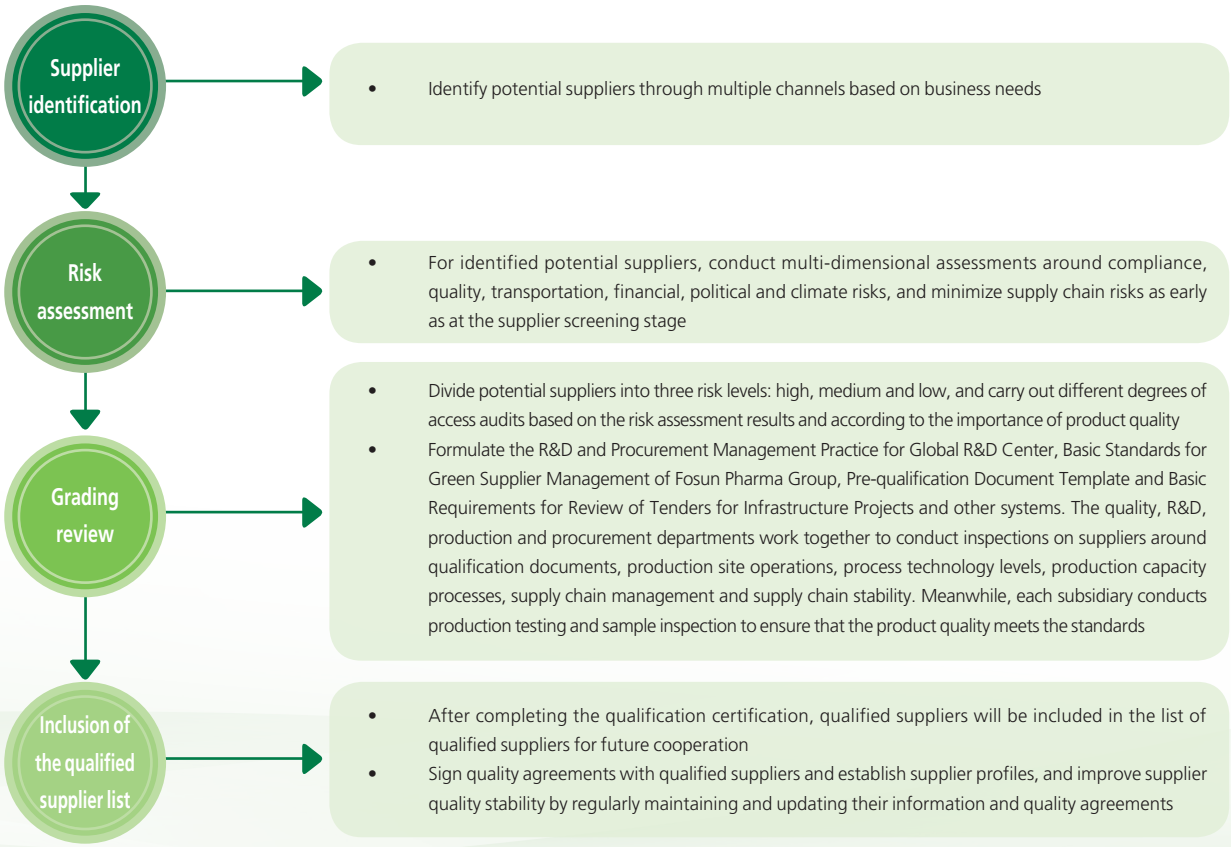
We understand the importance of good supply chain management in promoting business development. As a responsible international pharmaceutical and health industry group, the Group attaches great importance to the development of synergies with suppliers, and has always carried out business operations and upheld business ethics with high standards and strict requirements, and looked forward to cooperating with suppliers who share the same values and sense of responsibility. Adhering to the procurement principle of "legal and compliant, transparent and quality first", the Group continuously improves its supplier management system, collaborates to form win-win partnerships in the value chain ecosystem and leads the sustainable development of the industry chain.

4.1 Supplier Management

In compliance with the Tendering and Bidding Law of the People's Republic of China and other relevant laws and regulations of the place where it operates, the Group has formulated the Basic Standards for Procurement and Tender Management, the Basic Standards for Green Supplier Management (Trial Implementation) and other internal management system documents to ensure that the supplier management is standardized. The Group has established a supplier lifecycle management process, covering all aspects of supplier identification and exploration, risk assessment, qualification confirmation, comprehensive assessment and termination of cooperation, to ensure a stable and sustainable supply chain.

4.1.1 Strict Screening and Selection

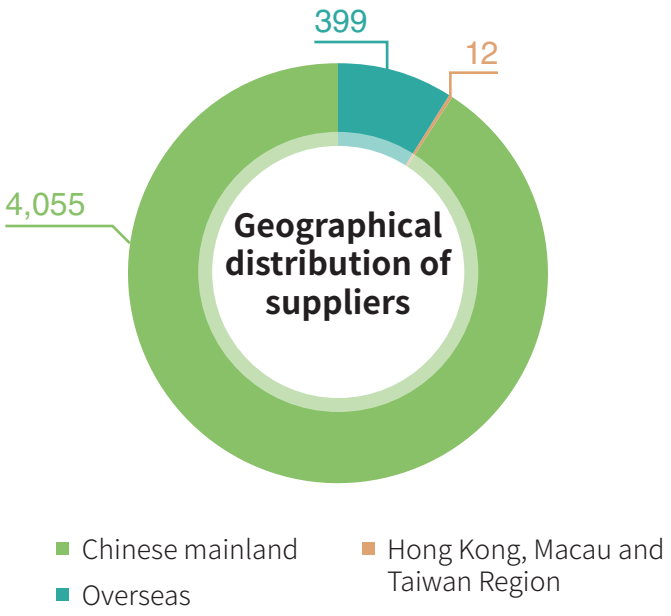
In order to ensure that the Group's products are always of high quality and standard, the Group fully integrates quality management and risk control measures at the supplier admission stage, and screens qualified suppliers from a number of links such as supplier identification, risk assessment and grading review. The Group continuously tracks supplier information and quality agreements to ensure that suppliers are capable of meeting the Group's requirements in various aspects such as product quality and performance level. The Group controls and manages suppliers in a systematic and standardized manner and continuously improves the level of supply chain management.



Supplier Screening Process

4. Win-win Partnership

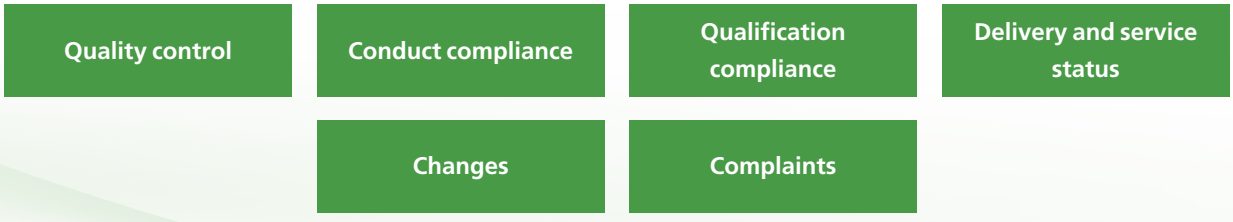
The geographical distribution of suppliers of domestic subsidiaries in the pharmaceutical manufacturing segment of the Company as at the end of the Reporting Period, is set out below:



4.1.2 Continuous Management and Control

The Group regards supply chain assessment as the focus of supplier management to comprehensively safeguard a stable material supply. After suppliers are admitted, the Group conducts performance assessment and grading review of suppliers from various dimensions, continuously tracks the performance of suppliers and promotes their continuous improvement in order to achieve win-win partnerships.

Meanwhile, the Group conducts annual audits on suppliers through, among others, qualification audit, document audit, and on-site inspection, regularly adjusts the ratings of suppliers based on the audit results, and implements targeted ongoing control measures.



Supplier Audit Dimensions

During the Reporting Period, the Group audited a total of 1,114 suppliers and rejected 58 suppliers.

4. Win-win Partnership

The audits of suppliers of the major subsidiaries in the pharmaceutical manufacturing segment in 2023 are as follows:

Company name	Wanbang Pharma	Yao Pharma	Avanc Pharma	Red Flag Pharma	Fosun Aleph	Suzhou Erye	Guilin Pharma	Shanghai Henlius
Number of suppliers under annual review	297	229	96	59	9	131	161	106
Number of suppliers involved in business for the year	488	716	96	168	58	210	261	138
Proportion of suppliers under annual review	60.86%	31.98%	100.00%	35.12%	15.52%	62.38%	61.69%	76.81%

Note: The data of Wanbang Pharma, Yao Pharma, Suzhou Erye, Red Flag Pharma and Shanghai Henlius includes the data of all subsidiaries.

On the basis of continuous improvement in its supplier management, the Group is committed to continuously empowering its supply chain partners. Adhering to the "quality first" procurement principle, the Group conducted product quality and safety training targeting all suppliers based on the supplier assessment results and the weak points identified in the audit, and increased training frequency according to supplier classification during the Reporting Period. At the same time, we also continued to track standard requirement and latest information about product quality, and shared them with suppliers in real time to assist them to interpret relevant meanings and requirements, thereby maintaining their industry knowledge sensitivity.

We communicate the Supplier Code of Conduct, the Anti-Commercial Bribery Agreement and the Supplier Quality Requirements to all suppliers once annually in order to encourage compliance.

Training materials for suppliers

4.2 Sustainable Supply

The Group attaches great importance to sustainable development of the supply chain. It enhances the competitiveness of its supply chain through implementing green supply chain projects and safeguarding the stability of the supply chain. The Group has made good achievements in terms of ensuring supply, improving efficiency, and jointly building green supply chain ecology. In the future, we will promote consistent innovation in business management and build a benign ecosystem composed of customers, enterprises and suppliers through continuously exploring innovation and reforms in the supply chain.

4. Win-win Partnership

4.2.1 Responsible Supply

We regard "responsible procurement" as an important supply chain management goal, and expect to promote the sustainable development of the whole supply chain through own industry influence. We work with our suppliers to focus on sustainability issues in the supply chain. The Company and some subsidiaries has served as the governing unit of several trade associations, and actively responded to the requirements of the associations for enterprise supply chain risk assessment and management to manage and control supply chain ESG risks. While adhering to the procurement principle of "quality first" and strengthening supply chain quality control, the Group has integrated ESG requirements into the supplier management process, striving to build a high-quality and sustainable supply chain.

The Supplier Code of Conduct formulated by the Group sets strict and clear requirements for suppliers' ESG performance, and it is applicable to all relevant personnel including suppliers, service providers and contractors. The Group will publicize and promote the implementation of the system to such personnel. The Supplier Code of Conduct covers the following aspects:

Topics Covered by the Code of Conduct of Suppliers

We always take honesty and trustworthiness as the criterion of business operation. In order to jointly build fair, just and transparent supply chain partnerships, the Group attaches great importance to integrity and compliance in the supply chain, and anti-corruption is included in the screening criteria from the supplier admission stage. After cooperating with suppliers, the Group conducts regular follow-up inspections of key suppliers according to the audit plan to ensure compliance in the procurement and use of materials, as well as in the performance of duties by supervisory personnel, and conducts random inspections of documents such as procurement files, contracts, and financial payments from time to time to ensure compliance and promote transparent cooperation.

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

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

For suppliers who violate the Code of Conduct of Suppliers, the Group has set different punishment measures according to the degree of violation. Suppliers with serious violation will be permanently banned from cooperating with the Group. With the joint efforts of the Group and suppliers, during the Reporting Period, the Group dealt with a total of 35 violations by suppliers, representing a decrease of 14.63% compared with the previous year.

4. Win-win Partnership

4.2.2 Supply Chain Stability

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

Considering the fluctuations in supply chain stability caused by geopolitics, pandemic control and other factors in recent years, the Group has continued to promote the multi-sourcing and localization of core materials to support product stability, accessibility and sustainability. Through comprehensive market research and sourcing, Yao Pharma, a subsidiary, has promoted the localization and substitution of imported auxiliary materials such as imported starch and microcrystalline cellulose, which has resulted in a significant reduction in procurement costs and shortened the delivery cycle from 90 days to 30 days.

Supply Chain Stability Management			
• Ensure the stable supply in every procedure in production cycle (including raw materials, auxiliary materials and packaging materials). Ensure that there are two to three qualified suppliers in different regions for each material.	• For materials featuring a high supply risk, reasonably establish inventory (to meet the production needs of half a year to one year) and carry out dynamic management.	• For exclusive supply materials, increase the frequency of on-site audits or build a backup base.	• Improve the accuracy of future order forecasts.

4.2.3 Green Supply Chain

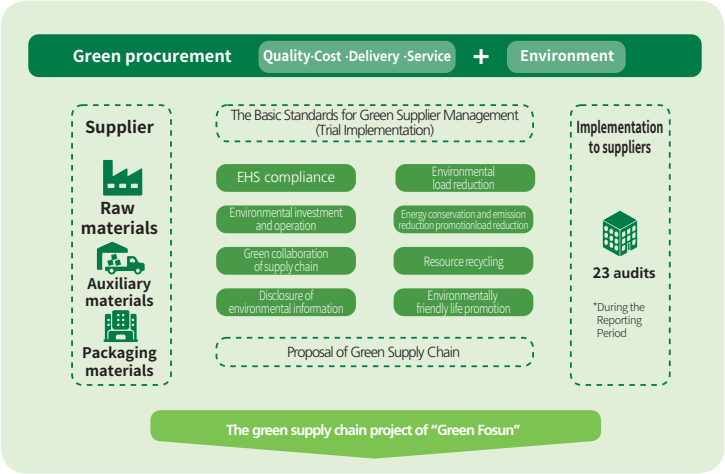
The Group has been deeply engaged in its green supply chain project for many years, leading the Company and its subsidiaries to improve their EHS standards and promote a healthier and more sustainable supply chain ecology in the industry as a whole. We attach equal importance to both "environmental awareness" and "economic development" in order to realize the sustainable development of the industry chain. The Group hopes to work closely with outstanding partners to build a responsible supply chain system through win-win cooperation in an innovative manner, so as to make the supply chain of the entire industry more sustainable and greener.

During the Reporting Period, the Group carried out a total of 23 audits on green supply chain to major suppliers. Details are set out in the following table:

4. Win-win Partnership

Type	Supplier audited in 2023
API	2
Packaging materials	6
Auxiliary materials	10
Solid waste disposal	2
Hazardous waste disposal	3
Total	23

The audits were conducted on the basis of a star rating, with one star being the lowest and five stars being the highest. The results of the audits showed that all of the Group's major suppliers were rated with three stars or above, of which six were rated with three stars, eight were rated with four stars and nine were rated with five stars.



In order to better promote the continuous improvement in ESG in the upstream and downstream supply chain operations, the Group started to explore the audits of Tier 2- sub suppliers in 2023. In November 2023, the Centralized Procurement and Procurement Management Department of the Company and the EHS Management Department, the Branding and Public Relation Department and the related subsidiaries completed the ESG-related audits of its supplier of borosilicate controlled injection bottles and its corresponding sub-supplier.

On-site audit of sub-supplier

At the same time, the Group has gradually introduced ESG scoring items for supplier selection from relevant types to examine a supplier's own sustainability in terms of ESG and their compatibility with the Group's ESG objectives. During the Reporting Period, in the selection of suppliers for pharmaceutical outsourcing materials, the Group assessed a supplier in terms of quality, environment, occupational health and safety system, external ESG ratings/certifications, and the supplier's ESG systems and initiatives, with the ESG assessment component accounting for 8% of the technical score.

4. Win-win Partnership

4.3 Membership in Associations

List of major national-level associations or social institutions in which the Group participated

Name of association	Position held	Participants from the Group
China Association for Public Companies	Vice chairman	Fosun Pharma
China Pharmaceutical Industry Association	Vice chairman, member, member	Fosun Pharma, Guilin Pharma, Suzhou Erye
China Pharmaceutical Enterprises Association	Vice chairman	Fosun Pharma
China Medical Pharmaceutical Material Association	Chairman	Fosun Pharma
China Pharmaceutical Innovation and Research Development Association	Vice chairman	Fosun Pharma
China Non-prescription Medicines Association	Vice 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
China Association for Vaccines	Member	Fosun Aleph
China National Narcotic Drugs Association	Director	Guilin Pharma
China Biochemical Pharmaceutical Industry Association	Member	Suzhou Erye
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	Chairman	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	Foshan Fosun Chancheng Hospital
China Adult Education Association	Member	Shenzhen Hengsheng Hospital
Hip Preservation Professional Committee of Chinese Research Hospital Association	Member	Suqian Zhongwu Hospital

5. Talent Development

In this era of information explosion, high quality, creative talents are most needed to overcome various complex challenges in different industries. Hence, the Group proactively studies and understands the needs of talents, and formulates talent management strategies, so as to gain competitive edges, maintain creativity and sustainable development for the Group under the current market condition.

5.1 Diversity and Equal Opportunity

It is the immutable value of the Group "to attract talent through business development, gather talent through career path, cultivate talent through work tasks, to appraise talent through work performance", which is also the key momentum to secure the long-term operation and sustainable development of enterprises. The Group fully respect the rights of its employees, provides reasonable, legitimate rights for employees, and offers employee growth platform and good work environment and atmosphere, thus realizing win-win future with employees.

5.1.1 Recruitment Management

In accordance with relevant national laws and regulations such as the Labor Law of the People's Republic of China and the Contract Law of the People's Republic of China, the Group proactively formulates a series of systems based on relevant requirements in respect of human rights protection under the United Nations Global Compact and the International Labour Organization Declaration on Fundamental Principles and Rights at Work, so as to ensure open, fair and equal recruitment campaign in a scientific and standard manner. The Group adheres to legal employment, and requires all employees to provide their identity information upon joining the Group, and does not employ those who do not meet the legal working age or other employment requirements. During the Reporting Period, all employees met the minimum age of employment as stipulated in relevant laws of the countries/regions where the operations were located. We have also established a mechanism to monitor our human rights policies and legally signed and implemented labor contracts to ensure the effective implementation of our human rights policies. Once any violation of human rights policies and employment regulations is identified, the Group will take timely corrective and punitive measures, and terminate the labor contracts of those who do not meet the employment requirements.

The Group attaches great importance to employee diversity, and focuses on the introduction and cultivation of local talents for subsidiaries of the Company, aiming to create diversified, inclusive and fair work environment. By adhering to the principles of compliance, equal and inclusive, equal wages at the same positions, the Group has formulated the Employee Diversity Policy, which ensures that the employment, remuneration and promotion of employees are not affected by race, color, gender, religion, nationality, disability, marital status, veteran status, sexual orientation, gender identity or other status protected by law. Moreover, the Group encourages culture exchange and collision through internal exchange and mobilization. For newly acquired subsidiaries, the Group focuses on retaining local talents, proactively formulates talent retention plan and implements the same according to laws. The ESG Committee of the Company regularly monitors data of employee diversity and reports to the Board. The Board shall review relevant contents at least once a year.

The Group conducts diversify training for all employees at least once a year. During the Reporting Period, we had conducted diversity special trainings to help employees understand the corporate diversify principle, thus promoting the building of diversified culture.

5. Talent Development

Case: Special Training on "What is Diversity, Inclusive and Sense of Belonging (DIB)"

In September 2023, the Group initiated the special training under the theme of "What is DIB (Diversity, Inclusive and Sense of Belonging)?" for all employees (including part-time staff, interns and contractors). Training was conducted offline and online. While offering personalized learning opportunities for employees, the training also helped employees to explore and develop their potential, and enhance work efficiency and quality so that employees can adapt to the ever-changing work environment and challenges. In addition, it can help employees to better understand and respect different cultural backgrounds, and the value, philosophy and code of conduct under these backgrounds, thus building a more open, inclusive and efficient organization to attract and retain talents from different backgrounds.

DIB Special Training

Staff Structure

As at the end of the Reporting Period, the Group had a total of 40,370 employees, representing an increase of 5.13% as compared to 2022. The percentage of female employees to total employees was 49.53%, and 39.7% of middle-level management was female employees. There were 7,666 overseas employees, 156 disabled employees and 1,220 minority employees. Specific details are as follow:

		Gender	
Year	Total employees	Male	Female
2023	40,370	20,375	19,995
2022	38,399	19,785	18,614
2021	36,279	18,858	17,421

5. Talent Development

Year	Item	Total employees	Female employees	Disabled employees	Minority employees
2023	Number	40,370	19,995	156	1,220
	Proportion	100.00%	49.53%	0.39%	3.02%
2022	Number	38,399	18,614	89	1,115
	Proportion	100.00%	48.48%	0.23%	2.90%
2021	Number	36,279	17,421	83	1,117
	Proportion	100.00%	48.02%	0.23%	3.08%

During the Reporting Period, the employee turnover rate[1] of the Group was 13.02%, representing a decrease of 2.93 percentage points as compared to last year.

5.1.2 Staff Caring

Apart from taking into consideration of the impacts of external factors on employees, the Group also strives to create a warm, harmony, equal and caring work environment. By continuously improving staff welfare and caring system and launching diversified staff activities, the Group strengthens the cohesion of employees and enhances their sense of belonging. We care about staff benefits and continuously to improve various welfare and benefits for all employees. In compliance with requirements under laws and regulations of countries or regions where the enterprise is located, the Group provides various welfare for employees, including social insurance, housing provident fund (not classify as local legal welfare in certain countries or regions, same applies below), statutory public holidays and paid leaves, and offers additional specific internal welfare on this basis such as travel subsidy and additional insurance etc., so as to protect the all-rounded mental and physical health of employees.

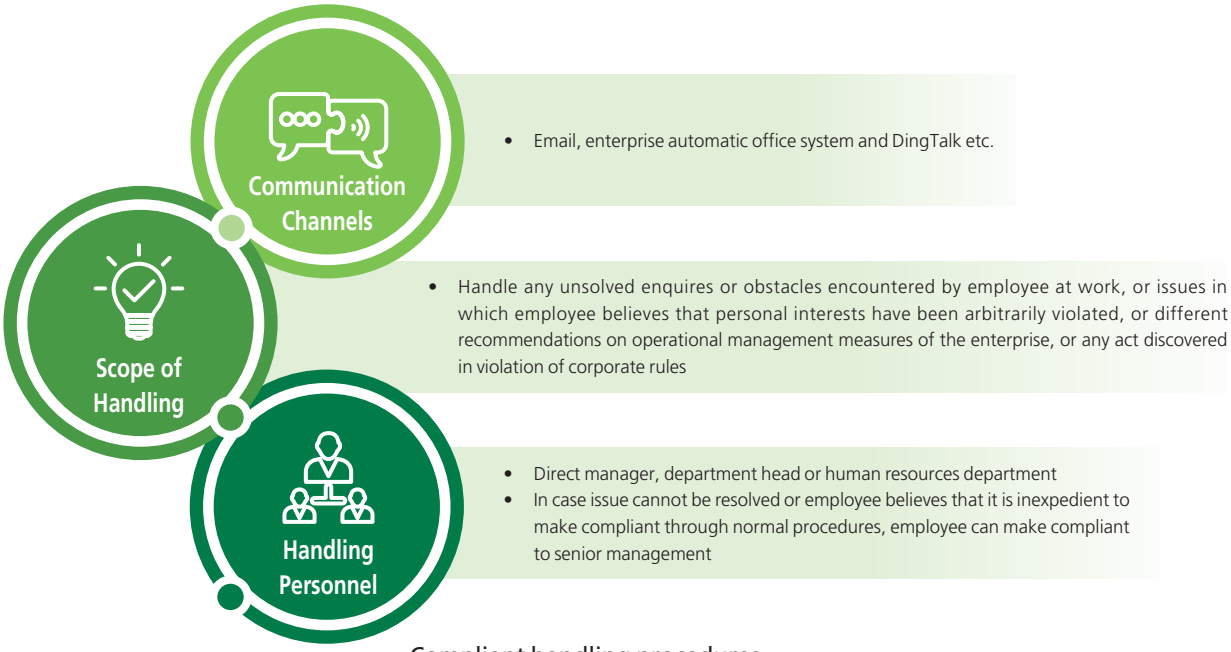
Statutory welfare	Specific internal welfare
Holiday: • Welfare for statutory public holiday • Statutory holiday such as paid leave, marriage leave, pregnancy leave, maternity leave, breastfeeding leave, paternity leave and personal leave etc. **Insurance:** • Social insurance including basic pension insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance and housing provident fund **Other statutory welfare**	**Supplemental insurance:** • Personal accident insurance, critical illness insurance, traffic accident insurance and supplemental medical insurance etc. **Subsidy:** • Travel subsidy, communication subsidy, lunch subsidy and cooling gifts for high-temperature condition **Child-care related welfare:** • Nursery room **Other welfare:** • Supplemental provident fund, only-child allowance and condolence gift • Body check, health consultation, team building, retired employee caring, assistance to employees in difficult times etc.

Note 1: The employee turnover rate = Total number of employees leaving the company*2/ (total number of employees at the beginning + end of the period)

5. Talent Development

5.1.3 Staff Communication

The Group always respects the appeal and hearing rights of employees and offers an unimpeded channel for them to complain and express their opinions. The Group also takes measures to keep confidentiality and safeguard employees from retaliation. The Group 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. We provide necessary convenience for employee appeals and protect the complainant's reasonable claims and legitimate rights and interests, and keep relevant information and content of the complainant confidential. In addition, we also expressly stipulate in our employee handbook that direct managers of each department, staff of human resources department and senior management shall assist grass-root employees of the Group in providing employee satisfactory survey, labor protection, career planning and work compliant where necessary, so as to ensure enquiries from employees are handled efficiently.



Compliant handling procedures

Labor Union Communication

We treat the labor union as the communication hub between the management and grass-root employees. All employees of the Group are entitled to join and organize labor union in accordance with laws, and have the rights on negotiation of collective bargaining agreement.

5. Talent Development

Employee Satisfaction

Employee satisfaction is the top priority of the Group. We strive to create a work environment which is full of happiness for our employees. In order to clarify the direction of organizational construction, we require all subsidiaries to conduct satisfaction survey every year.

Employee satisfaction and engagement survey is targeted on all employees of the Group. The engagement survey covers six aspects, including organization environment, management method, job duty, remuneration and performance, career development and engagement performance, so as to fully understand the core competitiveness and future key areas of improvement under the organizational management of the Group. Upon timely discussion within the human resources department, in combination of the feedbacks from employees, we optimize key directions in a timely manner, and formulate staff management plan and satisfaction enhancement plan for the coming year, thus creating a better work environment for employees.

5.2 Development of Human Capital

Centering on the talent management strategy of "pursuing a high degree of harmony and unity between personal success and corporate development", the Group initiates talent cultivation program. We always believe that diversified talent training resources are essential for staff development, as well as the core competitiveness of the enterprise. Hence, the Group formulates flexible welfare policy and continues to improve talent incentive system. Taking top talent cultivation and team building as our missions, we continuously attract and retain top talents with excellent performance and high potential.

5.2.1 Diversified Recruitment

The Group forecasts the recruitment needs of different departments every year. It proactively explores talent market and attracts talents by conducting various unique recruitment programs. During the Reporting Period, the Group launched different programs such as Star YAO program and Honghu Program, which further reflected our demand for new diversified talents and encouragement for the introduction of more outstanding talents.

Star YAO Program

- Covering graduate traineeship program in functional departments of the Company. The project targets all outstanding fresh graduates (including bachelor, master, doctor), provides cross-enterprise and cross-functional job rotation training plan and fast promotion channels within 3 years, thus offering key dynamics for the cultivation of middle-level management and outstanding business personnel for the group.

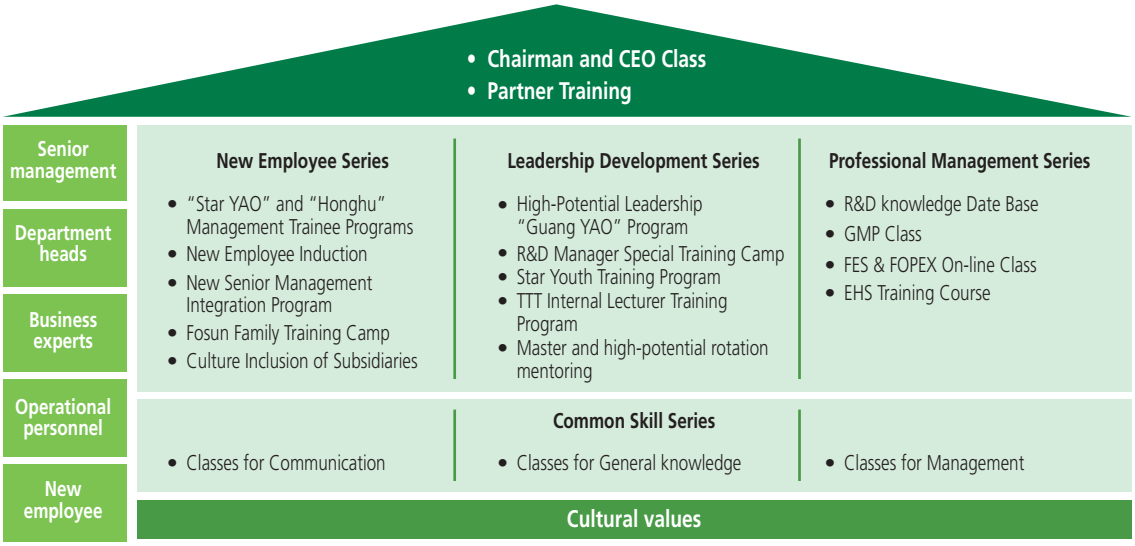
Honghu Program

- Targeting top fresh doctoral graduates majoring in biomedicine. The trainees will be taught and trained by the outstanding investment team of the Group, thus further strengthen the talent pool of the Group in terms of high technologies.

5. Talent Development

5.2.2 Talent Training

The Group has established relatively comprehensive talent training system. Taking "New Employee Series", "Leadership Development Series", "Professional Development Series" and "Common Skill Series" as breakthrough, the Group continues to offer capability building and skill training platform for all employees, which is in line with the corporate culture and development strategy of the Group.



New Employee Training	• We provide sound introduction training, executive luncheon and panel roundtable seminar for each new employee of the Company, and continuously monitor and offer assistance to new employees within 3 months upon his/her introduction, helping newcomers integrate into our big family. • We provide the special training and development program, namely "Star YAO" Program, for new management trainees, and help them to grow rapidly through trainings, rotation, mentoring and other means.
Professional Management Training	• We target on professional fields, such as manufacturing operation, lean management, innovative R&D, environment health and safety management, to organize training programs that are suitable for professional development of key personnel.
Middle-Level and Senior Management Training	• For experienced and senior management and key personnel, we offer targeted management and leadership enhancement programs, and accelerate leadership building so as to expand outstanding management talent pool. • We organize leadership enhancement projects for management of subsidiaries. In addition, we enhance knowledge and skill learning and promote corporate culture through internal mentor trainings, so as to create a learning atmosphere. • In 2023, we continued to conduct the "R&D Manager Special Training Camp" and the new "Middle-Level and Senior Management Training Program", which became one of the important ways for the Group to train its leaders in key business lines.
Common Skill Series	• We organize "Lunch Sharing Session" for all employees, and invite senior management of the Company, specialists from subsidiaries and associated companies and external experts to share interesting hot topics. • We continue to promote a variety of common skill training series such as the FoTED internal lecturer program, the internal trainer program and the cultural trainer program, thus providing professional, refined and comprehensive training programs, and helping employees to apply their knowledge, improve personal soft skills, broaden their horizons and increase their knowledge.

5. Talent Development

The Group continues to optimize new employee introduction training programs. To better help new employees to integrate into the corporate and team and rapidly create values, we initiate the following trainings:

Online training	• Leveraging on the talent development center platform of Fosun Pharma, new employees can swiftly commence learning at any time upon introduction, so as to understand general condition of the corporate and the systems and procedures of different departments
On-site training	• New employees have to attend new employee training within 3 months upon introduction, which covers key topics including corporate introduction, corporate culture, system and policy, corporate strategy and integrity operation
Department induction training	• Each department organizes induction trainings based on the business needs of the department

Case: New Employee Training (Fosun Pharma Headquarter)

During the Reporting Period, the headquarter of the Group conducted offline centralized new employee training on quarterly basis. The training covers on-site employee integration, group culture presentation, group strategy presentation, financial rule presentation, human resources system presentation and anti-corruption seminar. Through this training, the newly joined employees of the Group can understand the culture and strategies of the Group, and define the work direction. They can also learn about rules in relation to financial matters and human resources, and get familiar to work procedures. By attending anti-corruption seminar, new employees should strictly follow the compliance baseline.

5. Talent Development

Case 1: "Guang YAO" Program for high-potential Leadership development training (Fosun Pharma Headquarter)

High potential talent reserve is the "strategic asset" of the enterprise, as well as the key for realization of the globalization strategy. This talent reserve has the potential for growth, but shall be empowered through leadership development programs to accelerate growth pace and take key responsibility within the organization as soon as possible.

The "Guang YAO" Program for high-potential leadership of Fosun Pharma targets on enhancing core leadership of middle-level management, thereby creating talent pool for future senior management. A total of over 40 trainees participated in the program, covering middle-level leaders of Fosun Pharma headquarter and its subsidiaries. The plan focuses on four aspects of leadership: enhancing commercial sensitivity by learning and understanding situation, operation and mindset and habit of customers; establishing exchange platform and assisting participants to open-up themselves and stick to altruism, thus maximizing benefits; building interpersonal influence to create a winning team; exploring blind spots, deepening self-consciousness, and increasing the awareness of self-reflection and learning. In addition, the plan also arranges learning from professional aspects, such as medical industry knowledge, medical industry trend interpretation, digitalization capability and commercial operation capability.

The "Guang YAO" Program was initiated on 22 September 2023. As of January 2024, the program has arranged horizontal management class, project management class, problem solving class, action learning guide, personal learning goal analysis and others.

Training Framework of Guang YAO Program

Strengthening the training pace for middle-level power of Fosun Pharma, strategic accelerating the responsibility bearing pace of high potential team

Learning from class

- **External**
  Commercial Sensitivity, Operational Concept, Systematic Thinking, Best Decision-Making, Management Golf, Project Management
- **Internal**
  Global partner lecturer sharing
- **Online learning**

Learning from practice

- **Topic learning**
  Topic source: Bottom-up – Trainees study topic through self-learning; Top-down – Major practice topics in respect of Fosun Pharma for the year
  Learning method: Self-organized operation and trace through monthly meeting
  Inspection mode: Phasal reporting and select outstanding individual for best practice

Learning from exchange

Operational expert roundtable seminar	Internal industry benchmark medical enterprise visit	External cross-industry enterprise visit

5. Talent Development

Case 2: Graduate Traineeship Programs – "Star YAO" & "Honghu" Programs (Fosun Pharma Headquarter)

The management trainee programs are hosted by the human resources department, which, together with different business lines under the headquarters, jointly create an excellent career path for new employees with high potential. New management trainees cam improve their expertise and leadership through this platform, and obtain knowledge in different aspects through sharing and learning sessions, making them becoming high-potential management talents of Fosun Pharma. At present, "Star YAO" Program covers management trainees under functional departments of Fosun Pharma Headquarter, while "Honghu" Program covers management trainees in investment business line. In particular, following 1.5-year of training covering empowerment, duty report, job rotation, overseas assignment and other aspects, the 2022 management trainees will commence work in their respective positions in mid 2024.

5. Talent Development

Case: R&D Manager Special Training Camp

Over the years, the competition in pharmaceutical industry has been intensifying. There is higher demand for further improvement in R&D speed and quality. The scale of Fosun Pharma Global R&D Center has been expanding, and the requirements on the expertise of R&D personnel become higher. Under this backdrop, Fosun Phrama Talent Development Center and Global R&D Center jointly organized the R&D Manager Special Training Camp, aiming to train versatile talents with excellent skills in both speciality + management under the R&D sector of the Group, thus building a solid talent pool for progression of R&D projects.

The special training camp ended in February 2023. Trainees made group presentation on themes selected on their own, and senior management of the Company and Global R&D Center commented on their presentation, heating up discussions. Through this training, trainees can enhance their expertise, improve their management capability, learn about whole R&D process on-site, break barriers within the team, and build up awareness on the whole R&D process.

The development and enhancement of professional skills of all employees are vital drivers for the long-term development of the Group. Hence, we have arranged educational enhancement and vocational qualification certification programs for all employees, thereby encourage employees to improve their professional skills with practical actions, thus growing along with the Company.

We have commenced a series of educational enhancement and vocational improvement projects, including:

- On-the-job postgraduate student training program – "Pharmacy" Seminar
- Professional skill program for functional personnel
- Short-tem skill enhancement program for factory worker

5. Talent Development

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

Indicators	2023
Total training expenses	RMB7.56 million
Average training hours per person	45.0 hours
Percentage of employees trained[1]	74%
By gender	
Percentage of male employees trained	76%
Percentage of female employees trained	72%
Average training hours per male employee	45.6 hours
Average training hours per female employee	44.2 hours
By employment level	
Percentage of senior management trained	79%
Percentage of employees trained except senior management	73%
Average training hours per senior management	35.2 hours
Average training hours per employee except senior management	45.1 hours

5.2.3 Talent Incentive

With the consistent implementation of the talent management concept of "assessment by performance", the Group is committed to improving the multi-dimensional performance appraisal mechanism for employees and providing comprehensive incentive measures to ensure the long-term steady development of the Company.

Performance and remuneration

In accordance relevant laws and regulations, the Group implements individual performance management and assessment system for all operational employees (including non-officer employees and non-sales employees) to ensure that each employee enjoys same remuneration in same position and has a fair and just opportunity for promotion. We have set up a remuneration structure comprised of fixed salary and variable income. The overall performance management system focuses on system building, implementation and performance results, thereby fully analyze the qualification, capability and performance of employees.

Under the performance management system, through various performance appraisal methods such as employee performance appraisal and 360-degree competence evaluation mechanism, employee appraisal and evaluation are conducted in multiple aspects, including but not limited to employees' learning ability, leadership, execution, experience and analysis ability. We conduct management by department, set specific evaluation cycle goals, and implement specific development plan and improvement proposal for different departments. This not only helps employees to better understand their own abilities, but also enables the Group to formulate future performance plan in a better way. Moreover, in addition to taking KPI as major performance appraisal indicator, we also continue to promote OKR (objective key result), aiming to link team and individual goals and activities to assist the Group in achieving strategic goals.

We provide incentive remuneration that linked with individual work performance for all employees (including non-officer and non-sales employees), so as to encourage employees to improve their competence and work performance, thereby helping the Group improve its efficiency targeting all employees targeting all employees.

Note 1: Excluding EHS training, R&D training, relevant trainings in ESG cultural month (such as commercial ethics training, responsible marketing training, product quality and safety training, employee diversify training targeting all employees.)

5. Talent Development

Performance feedback mechanism

Apart from focusing on performance appraisal mechanisms, the Group also provides timely, comprehensive feedback to employees. During the evaluation, leaders and managers provide guidance, counseling and encouragement to employees. Moreover, the management carries out continuous tutoring and communication through monthly/quarterly review, official and unofficial talks, so as to provide employees genuine, direct opinions and recommendations.

Equity incentive

We have established a set of diversified, multi-dimensional incentive mechanism to share our development results with employees, thus enabling employees to enjoy the sense of career achievement, making them willing to contribute their power for the development of the Group in long run.

Based on the characteristics of the Group's business development, we have established a framework of the long-term incentive system of Fosun Pharma Group, including a multi-layered incentive structure comprising the Long-term Incentive Plan for Operational Team of Subsidiaries/Hospitals, Restricted Stock Incentive Plan, Employee Stock Ownership Plan (ESOP), R&D System Project Incentive Plan, Incentive Plan for Strategic Holding/Investment Items and BD Incentive Plan etc. Through continuous improvement of the Group's long-term incentive systems, it has realized the strategic support and originality for business development. In particular, while improving R&D quality and efficiency, the R&D incentive plan also fully encourages and stimulates the enthusiasm of employees.

After long-term management and practices on equity incentive, the remuneration and incentive system of the Group has fully covered the Company and each subsidiary, effectively supporting investment and operation strategies, and promoting the achievement of long-term performance goals of the Group.

5.3 Occupational Health and Safety

Major action and strategy

- To conduct risk assessment, establish SOP and emergency response system, and formulate and implement staff training
- To conduct potential hazard investigation and management, promote good practice and create safety culture

Five-year EHS strategic goals for 2021–2025

- Occupational death and major injury incident: Zero occupational death and zero major injury incident
- Lost time injury rate: Maintain an annual lost time injury rate for per million work hours in 2021–2025 at 0.3 and below
- Recordable incident rate: Recordable incident rate in 2025 decrease by 10% as compared to 2020, i.e. 0.447

5. Talent Development

Completion of performance goals

Performance indicators	2023 (Target VS Actual)	Fulfillment of goals under 5-year strategic goals in 2023
Occupational death and major injury incident	0 VS 0	Fulfilled
Lost time injury rate	0.268 VS 0.104	Fulfilled
Recordable incident rate	0.465 VS 0.193	Fulfilled

In accordance with laws and regulations such as Work Safety Law of the People's Republic of China, Fire Control Law of the People's Republic of China and Law of the People's Republic of China on Prevention and Control of Occupational Diseases, as well as the requirements under ISO45001 management system, the Group formulates management requirements on the occupational health and safety works of its subsidiaries, and supervises implementation thereof. The EHS management always adheres to the management philosophy of PDCA, thus achieving continuous improvement in occupational health and safety management.

The Group continues to conduct the certification work of ISO45001 occupational health and safety management system, and subject to annual tracking and review. As at the end of the Reporting Period, the Group has a total of 25 companies passing ISO45001 occupational health and safety management system and/or safety standardization review certification. In addition, the EHS department of the Company conducts annual internal audit to carry out in-depth inspection on safety and occupational health, thereby identifying problems and making rectification. Over the past three years (including the Reporting Period), there was no occupational death within the Group, and the lost time injury rate and recordable incident rate met the safety goals for the year.

Overview of Certifications on Health and Safety Systems and Standard Certification of Major Subsidiaries

Enterprise name	Type of certification	Enterprise name	Type of certification
Yao Pharma	ISO45001	Wanbang Jinqiao	ISO45001
Carelife Pharma	ISO45001, Class II Safety Standardization	Zhaohui Pharma	ISO45001, Class II Safety Standardization
Dongting Pharma	ISO45001, Class III Safety Standardization	Wanbang Folon	ISO45001, Class II Safety Standardization
Fresenius Kabi (Wuhan)	ISO45001	Wanbang Tiansheng	Class III Safety Standardization
GSK (Suzhou)	Class III Safety Standardization	Avanc Pharma	ISO45001, Class III Safety Standardization
Hexin Pharma	Class III Safety Standardization	Fosun Aleph	Class III Safety Standardization
Jiluohua Pharma	Class III Safety Standardization	Shine Star	ISO45001
Guilin Pharma	ISO45001	Dengrui Fertilizer	ISO45001, Class II Safety Standardization
Suzhou Erye	ISO45001, Class II Safety Standardization	Shanghai Henlius	Class III Safety Standardization
Shandong Erye	ISO45001, Class III Safety Standardization	Gland Pharma	ISO45001
Red Flag Pharma	ISO45001, Class III Safety Standardization	Fosun Diagnostics	Class II Safety Standardization
Chemo Biopharma	ISO45001	Fosun Beiling	ISO45001
Wanbang Pharma	ISO45001, Class II Safety Standardization		
Total	ISO45001 certification: 18 enterprises; safety standardization review: 17 enterprises		

5. Talent Development

5.3.1 Safety Management

Risk Control

Adhering to the policy of "safety first, prevention dominated, comprehensive governance", the Group strengthens and implements the primary responsibility of safety production of enterprises, and establishes corporate accountability and employee engagement mechanism. The Group requires its subsidiaries to abide by state and local laws and regulations, rules and regulatory standards in respect of safety production, enhance safety production management, establishes rules and regulations of safety production and promote standardization of safety production. By conducting risk assessment, the Group establishes SPO and emergency response system, and plans and arranges staff trainings. While initiating potential hazard inspection and rectification, the Group 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 frontline employee of the Group actively participate in all aspects of risk control. Each subsidiary 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: EHS Management Month Activity — Safety Training Camp

The safety training camp lasted for four days, covering two themes of "general safety" and "procedure safety". Safety management staff from over 20 subsidiaries participated in this training. In general safety training, centering on elements of "contractor management, fire operation, limited space operation and chemical management", the trainees conducted system management and analysis based on external accident cases. In respect of procedure safety session, external lecturers were invited to conduct professional training and special exercise on modules of "dangerous fire and explosion zone, identification of potential explosion spots and safety lifecycle management".

Safety training camp

5. Talent Development

Case: Emergency exercises

During the EHS management month in 2023, subsidiaries conducted a total of 83 emergency exercises, covering 3,748 participants. Several subsidiaries actively explored and conducted drills with government firefighting teams and companies nearby. For example, Zhuhai Chancheng Hospital Co., Ltd. undertook the emergency exercises of Zhuhai Healthcare System as observer and organizer in mid June, and carried out joint fire drill on patient evacuation and hospital transfer with public hospitals. Shandong Erye together with the firefighting team of its work park conducted joint fire drill, which enhanced the familiarity of the firefighting team on enterprise firefighting facilities and safety evacuation path, as well as the emergency handling capability of employees under emergent situation.

Emergency exercises

Accident Control

During the Reporting Period, the Group conducted major inspection on hidden dangers. It always emphasizes that accidents and potential problems should be nipped in the bud at the early stage. The Group has organized the study of typical external accident cases to achieve the accident warning effect of preventing accidents before happen. On the basis of in-depth study of the causes of external accidents, subsidiaries 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.

The Group shall take effective controlling measures in time after the accident to 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 subsidiaries, in order to prevent the recurrence of similar accidents.

During the Reporting Period, 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. The Group's annual lost time injury (LTI) rate (excluding lost time of outsourced workers) was 0.104, of which the major injury case rate is 0 and the minor injury case rate is 0.104. During the Reporting Period, there were 13 recordable incidents, with the recordable incident (RI) rate was 0.193. Based on the domestic accident injury classification, there were 13 recordable incidents, 3 of which were caused by machine injury and burning, 2 of which were caused by collision, 1 of which was caused by falling over, and 4 of which were caused by other injuries. Among all recordable incidents, there were 3 female employees. During the Reporting Period, there were no safety incidents and secondary disasters arising from natural disasters, nor fatality and major injury or more serious incidents of contractors.

5. Talent Development

Key safety performance

Year	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
2023	0	0.104	0.104	0.193

Notes:

1. The GB6441-86 Classification for Casualty Accidents of Enterprise Staff and Workers and OSHA international standard are applied to the classification of incidents. The data disclosed in this report includes OSHA lost time injury and recordable incident (namely the incident that requires a prescription from a hospital or more serious incident).

2. Incident rate = Number of incidents/Total working hours * 1,000,000 hours.

Safety by segments

Business segment	Total working hours (hours)	Including							Number of contractor's major injury and fatality incident
		Number of LTI	LTI rate	Major injury case rate	Minor injury case rate	Number of Lost day	Number of RI	RI rate	
Pharmaceutical manufacturing	48,072,505	6	0.125	0	0.125	199	12	0.250	0
Medical devices and medical diagnosis	2,679,982	1	0.373	0	0.373	98	1	0.373	0
Healthcare services	16,461,476	0	0	0	0	0	0	0	0
Total	67,213,962	7	0.104	0	0.104	297	13	0.193	0

5. Talent Development

Case: Inspection and rectification on major hidden dangers

In early 2023, various inspection and rectification activities on major hidden dangers were conducted at state level. Based on the different industry sectors and the respective different key areas of focus of safety control of each subsidiary, the Company imposed different targeted requirements on hidden danger inspection for subsidiaries, and conducted law study and self-inspection on hazardous chemical company, trading company, firefighting and special equipment. Based on actual situation, subsidiaries conducted risk assessment and inspection on hidden dangers according to each item under the checklist of hidden danger inspection, and formulated and implemented effective prevention measures. Hidden danger inspection has always been an important task of EHS management of the Company and subsidiaries. This not only helps identify hidden danger of safety incident but also spots out the management leaks causing hidden dangers, thus achieving "double zero" in hidden danger and management leak. Each subsidiary will continue to focus and inspect on production procedures, aiming to achieve dynamic zero of hidden danger for major safety accident.

Inspection and rectification on major hidden dangers

5. Talent Development

EHS Employee Representatives

During the Reporting Period, EHS Committee of the Group conducted phasal communication and EHS work review. The EHS work meeting of the Group was convened on quarterly basis, thereby fully advancing and monitoring the commencement and implementation of various EHS work. Meanwhile, subsidiaries 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 were held every quarter. During the Reporting Period, the number of sub-committee members reached 1,219, accounting for 4.24% of the total number of employees. 322 employee representatives supervised or participated in EHS work, accounting for approximately 1.12% of the total number of employees.

EHS Committee of the Group

1. Supervise the construction of EHS management team, cadre team and institution;
2. 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;
3. Listen to annual EHS work report on regular basis and put forward specific work requirements;
4. Set the Group's annual or periodic EHS performance target indicators and review the progress regularly;
5. Organize internal investigation to identify EHS hidden dangers, and give instructions on the rectification of major EHS hidden dangers;
6. Proactively respond to the green manufacturing requirement and further advance the green manufacturing work;
7. Clarify the EHS management responsibilities at all levels of the Group, and formulate and improve the EHS responsibility systems of the Group on all fronts;
8. Express objection and exercise veto power over works that failure in protecting employees' health and safety, social and environment.

EHS Special Committee of the Enterprise

1. Formulate EHS policies and specific control targets;
2. Ensure the investment of necessary personnel, materials and financial resources for the operation of the EHS management system;
3. Regularly hold internal working meetings to review the problems in the progress and development of EHS work;
4. Coordinate the internal management resources in time to solve difficulties in the development of EHS work.

Employee Representatives

1. Participate in and supervise the implementation of EHS work;
2. Supervise enterprises to effectively ensure the due rights of employees in terms of health and safety;
3. Participate in accident investigation.

5. Talent Development

5.3.2 Occupational Health Management

Employee Health Protection

Employee health protection is one of the important tasks of the Group. In compliance with national laws and regulations such as Law of the People's Republic of China on Prevention and Control of Occupational Diseases, the Group 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 body check in daily supervision, thus realizing the closed-loop management of occupational health. 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 body check for employee who works in occupational hazards environment and keep their results confidential for employees in daily work and in contact with occupational hazards, continues to enhance occupational health protection facilities, and expands the coverage of occupational disease warning labels.

The Group strives to strengthen the physical health of employees and increase the exercising awareness, and organizes internal sports classes, including but not limited to Tai Chi class, yoga class and dance class. It has set up near 10 clubs such as dancing, running group and basketball, offering opportunities and convenience for employees to train their body and improve physical health, thus securing the physical and mental health of employees.

During the Reporting Period, the coverage of body check for employees exposed to occupational disease hazard factors was 100%. There were no newly increased confirmed or suspected occupational diseases throughout the year.

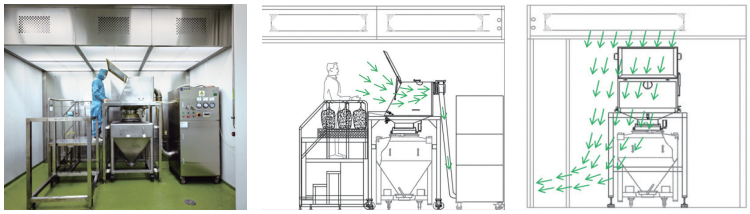
Occupational health performance by segment

Business segment	Number of employees exposed to occupational hazards	Occupational hazard factor exposure percentage	Completion rate of occupational body check	Major occupational hazard factors
Pharmaceutical manufacturing	4,233	21.49%	100%	Chemical, dust, noise, high temperature, ionizing radiation
Medical devices and medical diagnosis	165	13.04%	100%	Chemical, dust, noise, high temperature, ionizing radiation, blood infection
Healthcare services	425	5.43%	100%	Ionizing radiation
Total	4,823	16.76%	100%	—

5. Talent Development

Case: Three-level dust-free feed processing of Red Flag Pharma

In the construction of phase III solid preparation workshop of Red Flag Pharma, the triple purification measure of dust-free feeder + self-cleaning cover + room negative pressure purification is adopted in the feed processing. During feed processing, dust-free feeder maintains negative pressure within the receiving container, thus eliminating dust spilling. The self-cleaning cover can offer operator with local laminar flow purification, so as to ensure the cleanliness of the place where the operator is located and protect them from being affected by dust. At the same time, air purification system is installed in the room to ensure dust spilling from this area, thus protecting the occupational health and safety of employees.



Three-level dust-free feed processing of Red Flag Pharma

Case: Continuous flow nitrifying technology of Guilin Pharma facilitating intrinsic safety improvement of nitrifying technology

Industrial level continuous flow reactor can carry out effective, controllable continuous chemical reaction inside centimeter-level micro-channels. Large-scale product preparation can be achieved through array integration of channels. The principle is to shorten the distance of diffusion and mixing during laminar flow operation with the use of micro-channels of reactor, thus maximizing the material and energy transmission efficiency. Comparing to traditional tank reactor, the use of continuous flow reactor can facilitate nitrifying reaction, minimizing the liquid size, and enhance heat exchange efficiency by more than 10 times, thus effectively lowering the explosion risk arising from heat accumulation in nitrifying process, thereby achieving intrinsic safety.

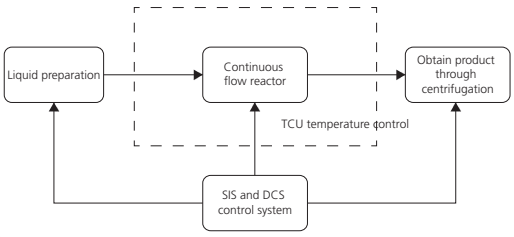


Figure: Process of continuous flow nitrifying

EHS Training

During the Reporting Period, the Group organized and participated in EHS special trainings with a total of 475,293 hours, total of 296,291 participants, average training hours per employee of 16.52 hours and average number of training per employee of 10.30. For manufacturing enterprise, the average training hours per employee reached 20.94 hours, with average number of training per employee of 13.04, exceeding the 2023 target average training hours per employee of manufacturing enterprise of 20 hours and the EHS training goal of 7 times of average number of training per employee. The Group conducts special health and safety training targeting all suppliers every year, aiming to further enhance the awareness of all employees and suppliers on safety issues. By launching extensive training activities, the Group helps employees to build and create occupational health and safety awareness and habits.

5. Talent Development

EHS Training

Year	Total hours (hours)	Total participant (attendances)	Average training hour per participant (hours)	Average number of training per participant (times)
2021	391,582	212,253	13.97	7.57
2022	468,731	274,444	15.37	9.00
2023	475,293	296,291	16.52	10.30

2023 EHS training by business segment

Business segment	Total hours (hours)	Total participant (attendances)	Average training hour per participant (hours)	Average number of training per participant (times)
Pharmaceutical manufacturing	416,471	250,243	21.25	12.71
Medical devices and medical diagnosis	22,333	23,014	17.65	18.19
Healthcare services	36,489	23,034	4.67	2.95

Case: First aid training on the use of CPR and AED

In June 2023, the EHS management department of Fosun Pharma, together with the labor union, invited first aid experts from Xuhui Red Cross to conduct the special first aid training on Use of CPR (Cardiopulmonary Resuscitation) and AED (Automated External Defibrillator) at Xinglong Bookstore. At the training, participants and experts actively exchanged with each other, and participants raised questions and actively made tries on different sessions such as theory learning, emergency case study and dummy mode operations, thus deepening their first aid knowledge, and enabling them to learn basic first aid skills.

Simulated first aid scenario with the use of dummy model

5. Talent Development

Expenditures on Occupational Health and Safety and Firefighting

During the Reporting Period, the accumulated expenditures of the Group on safety and firefighting amounted to RMB98.3003 million, mainly utilized for various upgrades and maintenance of safety and firefighting facilities of subsidiaries, as well as purchase of protective equipment for employees and other aspects.

Expenditures on Occupational Health and Safety and Firefighting by segment

Segment	Expenditures on occupational health and safety and firefighting (RMB'0,000)
Pharmaceutical manufacturing	7,364.89
Medical devices and medical diagnosis	330.79
Healthcare services	2,134.35
Total	9,830.03

5.3.3 EHS Culture Development

The Group continues to enhance the pyramid-shaped EHS cultural layout of "attention of the senior level, promotion of the middle level, and participation of all levels", to arouse full attention and enhance the EHS execution at all levels of the Group. From June to September every year, the Group conducts Month of EHS Management Activity on regular basis. During the campaign, apart from organizing explanation on relevant policies and regulations and conducting various hidden danger inspection and emergency exercises under specific themes, the Group also organizes different forms of interesting activities to promote EHS culture.

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 that EHS management and responsibilities can be achieved horizontally, vertically and individually, thereby further consolidating the EHS management of subsidiaries. After years of team building and personnel training, the Group currently has more than 100 EHS special personnel, who are distributed in subsidiaries in China.

5. Talent Development

Case: Seventh EHS Management Month of Fosun Pharma

In 2023, the seventh EHS Management Month of Fosun Pharma was conducted under the theme of "joining hands to conduct green campaign and build safety shelter". From early June to late September, in accordance with the requirements of "five guidance (五帶頭)", "five advancement (五進)" and "five points (五個一)" mentioned by the Ministry of Emergency Management during the National Safety Month in 2023, the Group conducted a series of special theme activities, aiming to achieve everyone cares about safety matters and everyone knows what to do in emergency cases. During the campaign, in addition to activities conducted under the requirements of the National Safety Month, the Group also launched the Self Rescue and Mutual Rescue Training for Practitioners and the Escape Route Map Prepared by Everyone activities. Subsidiaries have completed BBS observation of employees' safety behavior for approximately 2,000 times in aggregate. In addition, subsidiaries have completed various special inspections, such as Inspection and Rectification of Fire Operation and Other Dangerous Operations, Inspection and Rectification of Contraction, Renting and Other Operational Activities and Self-inspection on Safety Charging of Electrical Vehicle in Factory Area, and conducted emergency exercises under different themes, such as fire drill, electrocution drill, hazardous waste leakage drill, personnel poisoning drill and high falling accident drill.

The Group put great efforts in producing the Song of EHS and produced MV thereof, which was released on the 2023 World Environment Day. This not only reflects the Group's full engagement and expectation on EHS works, but also shows the support and efforts of senior management of the Group and frontline employees of subsidiaries. The song incorporates the value of Fosun Pharma on "caring about life, making innovation, pursuing lean operation and win-win cooperation". Earth is our homeland, and we should create a better environment for the joyful and healthy life of every family.

Poster of EHS Management Month

MV of Song of EHS

Scan WeChat code to view the Song of EHS

6. Social Responsibility

Insisting on the charity philosophy of "Sustainable Development of Talent and Product", the Group strives to facilitate the simultaneous development of economy and community, and gathers the power for good through every tiny action. Leveraging on our competitive edges in scientific research and innovative technologies, we continue to empower community development, and earnestly contribute power to facilitate sustainable development of society.

6.1 Community Caring

As a responsible pharmaceutical company, the Group takes "Innovation for Good Health" as its charity goal, and actively facilitates patient-orientated charity projects, thus contributing its power in protecting health of patients.

In order to actively responding and contributing to the strategy of Healthy China, the Group and Fosun Foundation jointly set up the Special Fund for Fosun Pharma Health Care Initiative. With health care, scientific research and innovation, and charitable donations as its three major directions, and by focusing on unmet medical needs, this special fund is committed to providing comprehensive and full-lifecycle healthcare services for families, serving the ultimate vision of combating human diseases and extending human life to 121 years old.

In 2023, through this special fund, the Group and Shanghai Soong Ching Ling Foundation jointly initiated the "Women Health Caring Campaign — Pink Blue Ribbon Charity Tour" in Xishuangbanna, Yunnan Province, and supported education and incentive R&D talent and innovation through Future Stars Program, Tan Jiazhen Life Science Award and other projects.

During the Reporting Period, the Group has made social donations of approximately RMB46.00 million, with social contribution value of RMB6.27 per share.

Cases: Assisting in free screening of "Two Cancers" for grassroots under the Pink Blue Ribbon Charity Campaign

On 16 September 2023, the Group and Shanghai Soong Ching Ling Foundation jointly launched the charity program of "Pink Blue Ribbon Charity Campaign" at Xishuangbanna Maternal and Child Health Hospital in Yunnan. Designed to expand the screening coverage for two primary cancers among women in Xishuangbanna and boost the primary medical level, the program offered free breast cancer and cervical cancer screening services for more than 16,000 women in Xishuangbanna. National well-known medical experts were invited to provide free consultation, training, tutoring and instructions in the locality. Meanwhile, we donated our intelligent screening solution for the two cancers to improve local medical accessibility.

On the same day, five medical experts, namely Sun Zhengkui (director of the breast surgery department of Jiangxi Cancer Hospital), Wang Lihua (director of the oncology department of the International Maternal and Infant Health Hospital of the China Welfare Institute), Wu Jiahao (director of the preventive health care department of the International Maternal and Infant Health Hospital of the China Welfare Institute), Zhou Jie (vice president of Foshan Fosun Chancheng Hospital and president of Foshan Fosun Chancheng Women's and Children's Hospital) and Gong Hairong (medical director of Shanghai Xingchen Children's Hospital and director of Fudan Pediatric Emergency Department), provided free consultation, special training sessions, tutoring and ward round services covering breast cancer, cervical cancer, pediatrics and other fields at Xishuangbanna Maternal and Child Health Hospital. The experts also exchanged views with local primary-level maternal and child health workers and the workers concerning women to understand the local medical situation, and conducted in-depth discussions on hospital management, department construction, talent cultivation and other aspects.

Cervical cancer and breast cancer are common malignant tumors among women. As females account for nearly 50% of the permanent population in Xishuangbanna, women's health has been a key agenda of Xishuangbanna government. Guided by the Health Commission of Xishuangbanna Dai Autonomous Prefecture and the Women's Federation of Xishuangbanna Dai Autonomous Prefecture, the public welfare program is expected to effectively improve the screening coverage for two primary cancers among women and the medical level in Xishuangbanna.

6. Social Responsibility

Case: Charity run for employees across the world in promoting the building of a Malaria-free world

On 25 April 2023, the World Malaria Day, the Group initiated the "Build a Malaria-free World" charity run with employees and external stakeholders from over 20 countries including Côte d'Ivoire, Uganda, Kenya, Mozambique, Angola and other African countries, as well as India and the United States. Over 1,600 people participated in the event, thereby jointly promoting the "building of a Malaria-free world" and enhancing Malaria prevention concept with actual actions.

Case: "Give Time to Life" brightens the road to treatment and recovery of cancer patients

The "Give Time to Life" Public Welfare Project for Cancer Patients was jointly initiated by Shanghai Henlius, the Cancer Rehabilitation Society of the Chinese Anti-cancer Association, the Shanghai Cancer Recovery Club and Fosun Foundation. This project commenced in 2022, and successively organized in Shanghai, Kunming of Yunnan, Xi'an of Shaanxi and Tianjin by the end of 2023. The project expressed its care on the physical and mental health of patients and delivered positive anti-cancer attitude to patients through mindfulness meditation, psychological counseling, patient art exhibition and other means. At the same time, the project also encourages the community to give more love and support to cancer patients, improves quality of life of patients in practical ways, and helps them to return to society as soon as possible.

6. Social Responsibility

6.2 Rural Revitalization

The Group actively participates in rural revitalization projects. The Special Fund for Fosun Pharma Health Care Initiative participates in the Rural Doctor Project jointly initiated by Fosun Foundation, China Guangcai Program Foundation and China Population Welfare Foundation, thereby actively bearing corporate responsibilities and brightening the ambitious blueprint of rural revitalization.

6. Social Responsibility

Case: Safeguarding health of grassroots, empowering rural doctors and supporting rural revitalization

In December 2017, under the guidance of the Leading Group Office of Rural Revitalization of National Health Commission (the former Office of Poverty Alleviation), Fosun Foundation initiated the Rural Doctor Project. This project aims to secure, motivate and empower rural doctors based on the fundamental medical protection needs of rural population. As at the end of 2023, the project covered 78 key counties receiving assistance in 16 provinces, cities and autonomous regions, with 366 person head dispatched to station in counties receiving assistance in aggregate, thereby protecting 24,000 rural doctors and benefitting 3 million rural families.

Over the years, the Group deeply involved in the Rural Doctor Project, actively supported and protected rural doctors, empowered the construction of rural medical system, promoted rural revitalization, and improved the livelihood of rural citizens.

"Hand in Hand" Rural Medical Talent Revitalization Plan facilitates the medical talent cultivation in rural areas

In 2023, the "Hand in Hand" Rural Medical Talent Revitalization Plan focused on the integration of Chinese and western medicine. Through online "Doctors' Lectures" and offline "Famous Doctors Visiting Rural Areas" campaigns, this plan gathered famous domestic medical experts in Chinese and western medicine to visit remote rural areas and commenced targeted medical assistance. By exporting medical technologies and integrating Chinese and western medicine, we practically assisted rural doctors to improve their diagnosis skills, and provided them practical knowledge and useful assistance, benefitting over 20,000 rural doctors in aggregate.

"Healthy and Heart-Warming Rural Doctor Training Base" makes the health guards of rural areas to better serve the grassroots

At the announcement ceremony of "Healthy China 2023 — Heart-Warming Rural Doctor and Head of Township Hospitals" held on 19 October 2023, Foshan Fosun Chancheng Hospital and Shenzhen Hengsheng Hospital, both subsidiaries of the Company, were granted the title of "Healthy and Heart-Warming Rural Doctor Training Base". As at the end of the Reporting Period, Foshan Fosun Chancheng Hospital has successfully conducted three sessions of rural doctor training class, with 33 rural doctors and heads of township hospitals from Yunnan, Shanxi, Qinghai, Xinjiang, Guizhou and other places successively visited Foshan to join training session. Shenzhen Hengsheng Hospital has conducted the first session of rural doctor training class, with a total 4 rural doctors and heads of township hospitals attended. During the training, the lecturers provided customized learning program for rural doctors, making them able to apply what they have learned and provide better medical services for grassroots.

Case: "Rural Winter-Warming Program" ensures vital accessibility to medications for elderly in rural areas

On 9 January 2023, the Group, Fosun Foundation and Genuine Biotech donated COVID-19 oral drug azvudine valued RMB100 million to rural areas in China. This batch of drug was donated to rural areas in central and western China in different phases, cover 180 counties.

Third Party Assurance Report

SGS ASSURANCE STATEMENT

SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE 2023 ESG AND SUSTAINABILITY REPORT SUBMITTED BY SHANGHAI FOSUN PHARMACEUTICAL (GROUP) CO., LTD.

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.** (thereafter as "Fosun Pharma") to conduct an independent assurance of the 2023 ESG and Sustainability Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.

INTENDED USERS OF THIS ASSURANCE STATEMENT
This Assurance Statement is provided with the intention of informing all stakeholders of Shanghai Fosun Pharmaceutical (Group) Co., Ltd..

RESPONSIBILITIES
The information and data in the 2023 ESG and Sustainability Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. is the responsibility of the related governance bodies such as the board of directors of Fosun Pharma. SGS has not been involved in the preparation of any of the material included in the report.

The responsibility of SGS is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all Shanghai Fosun Pharmaceutical (Group) Co., Ltd.'s stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE
The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards, which including:

- The principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) as:
  - GRI 1: Foundation 2021, for report quality
  - GRI 2: General Disclosure 2021, for organization's reporting practices and other organizational detail
  - GRI 3: Material Topics 2021, for organization's process of determining material topics, its list of material topics and how to manage each topic
- and the guidance on levels of assurance contained within the AA1000 series of standards and ISAE3000.

The assurance of this report has been conducted according to SGS ESG & SRA verification regulations (based on GRI Principles and AA1000 Guides). The Assurance has been conducted at a moderate level of scrutiny.

SCOPE OF ASSURANCE AND REPORTING CRITERIA

- The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below, and evaluation of adherence to GRI STANDARDS (2021) and the Environmental, Social and Governance Reporting Guide by The Stock Exchange of Hong Kong Limited.

ASSURANCE METHODOLOGY
The assurance comprised a combination of pre-assurance research, onsite interviews with Fosun Pharma employees at Fosun Pharma's Headquarters located at No. 1289, Yishan Road, Xuhui District, Shanghai, China. Documents and records are reviewed and confirmed with external institutions and a stakeholder (one of its subsidiaries: Shanghai Henlius Biotech, Inc. at B Building, Huaxin Huixiancheng, No. 188, Yizhou Rd, Xuhui District, Shanghai) as necessary.

LIMITATIONS AND MITIGATION
Financial data in the report has been independently audited by other third party and has not been checked back to source as part of this assurance process.
This validation was conducted only on the data collected at Fosun Pharma's Headquarters, and the original data provided by its subsidiaries was not fully traced.

STATEMENT OF INDEPENDENCE AND COMPETENCE
SGS is the world's leading inspection, verification, testing and certification company. SGS is recognized as the global benchmark for quality and integrity. SGS Group is a global leader in inspection, testing and verification, operating in more than 140 countries/regions, providing services including management systems and service certification;

Third Party Assurance Report

quality, environmental, social and ethical audits and training; environmental, social and sustainability report assurance. SGS affirms that it is a completely independent organization from Fosun Pharma, and that there is no bias or conflict of interest against Fosun Pharma, 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.

FINDINGS AND CONCLUSIONS

VERIFICATION/ASSURANCE OPINION
On the basis of the methodology described and the verification work performed, the information and data contained within the 2023 ESG and Sustainability Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. verified is accurate and reliable, which have provided a fair and balanced representation of sustainable development activities by Fosun Pharma in 2023.

GRI STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

- In our opinion, the 2023 ESG and Sustainability Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. is prepared with reference to GRI standards 2021 and the Environmental, Social and Governance Reporting Guide of The Stock Exchange of Hong Kong Limited.

Principles

ACCURACY
The information in Fosun Pharma's report is accurate, enabling the public disclosure of qualitative and quantitative information on a number of performances to stakeholders.

BALANCE
Fosun Pharma has made disclosure on sustainability issues based on stakeholders' expectations in a realistic manner. Fosun Pharma has actively disclosed both its positive and non-positive performance, giving stakeholders a more objective presentation of its social responsibility performance.

CLARITY
The report has adopted a variety of expressions such as text descriptions, data tables, graphs, photographs, etc., and combined case study narratives, which can be easily understood by stakeholders.

COMPARABILITY
Fosun Pharma's report discloses various relevant performance indicators for 2023, and some of the performance indicators disclose historical data, which enables stakeholders to visually compare and understand its CSR performance.

COMPLETENESS
Fosun Pharma's report essentially covers the identified material aspects and their boundaries, reflecting significant impacts on the economy, environment and society, allowing stakeholders to assess Fosun Pharma's performance during the Reporting Period.

BACKGROUND OF SUSTAINABLE DEVELOPMENT
Fosun Pharma demonstrates its sustainability efforts in economic, environmental and social terms, and presents these performances in the context of sustainable development.

TIMELINESS
Validation shows that the reported data and information are timely and valid for the reporting cycle.

VERIFIABILITY
The data and information in the report can be traced and verified.

Signed: 

For and on behalf of SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD.

16/F Century Yuhui Mansion, No. 73, Fucheng Road, Beijing
21 March 2024

WWW.SGS.COM

Appendix I Content Index of GRI Sustainability Reporting Standards

GRI 1 Adopted		GRI 1: Foundation 2021
GRI Standard	**GRI Disclosure**	**Location**
GRI 2: General Disclosures 2021		
The Organizations and its reporting practices		
2–1	Organizational details	Company Profile & Development Strategy
2–2	Entities included in the organization's sustainability reporting	Company Profile & Development Strategy
2–3	Reporting period, frequency and contact point	About This Report
2–4	Restatements of information	About This Report
2–5	External assurance	Third Party Assurance Report
Activities and workers		
2–6	Activities, value chain and other business relationships	Company Profile& Development Strategy
2–7	Employees	Talent Development — Diversity and Equal Opportunity
2–8	Workers who are not employees	Talent Development — Diversity and Equal Opportunity
Governance		
2–9	Governance structure and composition	Responsible Operation — Corporate Governance
2–10	Nomination and selection of the highest governance body	Responsible Operation — Corporate Governance
2–11	Chair of the highest governance body	Responsible Operation — Corporate Governance
2–12	Role of the highest governance body in overseeing the management of impacts	Responsible Operation — Corporate Governance
2–13	Delegation of responsibility for managing impacts	Responsible Operation — Corporate Governance
2–14	Role of the highest governance body in sustainability reporting	Responsible Operation — Corporate Governance
2–15	Conflicts of interest	Responsible Operation — Business Ethics
2–16	Communication of critical concerns	Responsible Operation — Corporate Governance
2–17	Collective knowledge of the highest governance body	Responsible Operation — Corporate Governance
2–18	Evaluation of the performance of the highest governance body	Responsible Operation — Corporate Governance
2–19	Remuneration policies	Responsible Operation — Corporate Governance
2–20	Process to determine remuneration	Responsible Operation — Corporate Governance
2–21	Annual total compensation ratio	Relevant internal information is unavailable for now
Strategy, policies and practices		
2–22	Statement on sustainable development strategy	Talent Development — Diversity and Equal Opportunity
2–23	Policy commitments	Talent Development — Diversity and Equal Opportunity
2–24	Embedding policy commitments	Responsible Operation — Business Ethics
2–25	Processes to remediate negative impacts	Responsible Operation — Business Ethics
2–26	Mechanisms for seeking advice and raising concerns	Responsible Operation — Business Ethics
2–27	Compliance with laws and regulations	Responsible Operation — Corporate Governance Responsible Operation — Business Ethics
2–28	Membership associations	Win-win Partnership — Sustainable Supply
Stakeholder engagement		
2–29	Approach to stakeholder engagement	Responsible Operation — Corporate Governance
2–30	Collective bargaining agreements	Talent Development — Diversity and Equal Opportunity

Content Index of GRI Sustainability Reporting Standards

GRI 1 Adopted GRI Standard	GRI Disclosure	GRI 1: Foundation 2021 Location
GRI 3: Material Topics 2021		
3–1	Process to determine material topics	Responsible Operation — Corporate Governance
3–2	List of material topics	Responsible Operation — Corporate Governance
Material Topics		
GRI 202: Market Presence 2016		
202–1	Ratios of standard entry level wage by gender compared to local minimum wage	Relevant internal information is unavailable for now
GRI 205: Anti-corruption 2016		
205–1	Operations assessed for risks related to corruption	Responsible Operation — Business Ethics
205–2	Communication and training about anti-corruption policies and procedures	Responsible Operation — Business Ethics
205–3	Confirmed incidents of corruption and actions taken	Responsible Operation — Business Ethics
GRI 206: Anti-competitive Behavior 2016		
206–1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Responsible Operation — Business Ethics
Environmental		
GRI 301: Materials 2016		
301–1	Materials used by weight or volume	Environmental Protection — Environmental Management
GRI 302: Energy 2016		
302–1	Energy consumption within the organization	Environmental Protection — Environmental Management
302–3	Energy intensity	Environmental Protection — Environmental Management
302–4	Reduction of energy consumption	Environmental Protection — Environmental Management
GRI 303: Water and Effluents 2018		
303–1	Interactions with water as a shared source	Environmental Protection — Environmental Management
303–2	Management of water discharge-related impacts	Environmental Protection — Environmental Management
303–4	Water discharge	Environmental Protection — Environmental Management
303–5	Water consumption	Environmental Protection — Environmental Management
GRI 305: Emissions 2016		
305–1	Direct (Scope 1) GHG emissions	Environmental Protection — Coping with Climate Change
305–2	Energy indirect (Scope 2) GHG emissions	Environmental Protection — Coping with Climate Change
305–3	Other indirect (Scope 3) GHG emissions	Environmental Protection — Coping with Climate Change
305–4	GHG emissions intensity	Environmental Protection — Coping with Climate Change
305–5	Reduction of GHG emissions	Environmental Protection — Coping with Climate Change
305–7	Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions	Environmental Protection — Environmental Management

Content Index of GRI Sustainability Reporting Standards

GRI 1 Adopted		GRI 1: Foundation 2021
GRI Standard	**GRI Disclosure**	**Location**
GRI 306: Effluents and Waste 2016		
306–1	Water discharge by quality and destination	Relevant internal information is unavailable for now
306–2	Waste by type and disposal method	Environmental Protection — Environmental Management
306–3	Significant spills	Environmental Protection — Environmental Management
306–4	Transport of hazardous waste	Environmental Protection — Environmental Management
306–5	Water bodies affected by water discharges and/or runoff	Relevant internal information is unavailable for now
GRI 308: Supplier Environmental Assessment 2016		
308–1	New suppliers that were screened using environmental criteria	Win-win Partnership — Sustainable Supply
308–2	Negative environmental impacts in the supply chain and actions taken	Win-win Partnership — Sustainable Supply

Social

GRI 401: Employment 2016		
401–1	New employee hires and employee turnover	Talent Development — Diversity and Equal Opportunity
401–3	Parental leave	Talent Development — Diversity and Equal Opportunity
GRI 403: Occupational Health and Safety 2018		
403–1	Occupational health and safety management system	Talent Development — Occupational Health and Safety
403–2	Hazard identification, risk assessment, and incident investigation	Talent Development — Occupational Health and Safety
403–3	Occupational health services	Talent Development — Occupational Health and Safety
403–4	Worker participation, consultation, and communication on occupational health and safety	Talent Development — Occupational Health and Safety
403–5	Worker training on occupational health and safety	Talent Development — Occupational Health and Safety
403–6	Promotion of worker health	Talent Development — Occupational Health and Safety
403–7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Talent Development — Occupational Health and Safety
403–8	Workers covered by an occupational health and safety management system	Talent Development — Occupational Health and Safety
403–9	Work-related injuries	Talent Development — Occupational Health and Safety
GRI 404: Training and Education 2016		
404–1	Average hours of training per year per employee	Talent Development — Development of Human Capital
404–2	Programs for upgrading employee skills and transition assistance programs	Talent Development — Development of Human Capital
404–3	Percentage of employees receiving regular performance and career development reviews	Talent Development — Development of Human Capital
GRI 405: Diversity and Equal Opportunity 2016		
405–1	Diversity of governance bodies and employees	Talent Development — Diversity and Equal Opportunity
405–2	Ratio of basic salary and remuneration of women to men	Relevant internal information is unavailable for now
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	Talent Development — Diversity and Equal Opportunity
GRI 407: Freedom of Association and Collective Bargaining 2016		Talent Development — Diversity and Equal Opportunity

Content Index of GRI Sustainability Reporting Standards

GRI 1 Adopted GRI Standard	GRI Disclosure	GRI 1: Foundation 2021 Location
GRI 408: Child Labor 2016		
408–1	Operations and suppliers at significant risk for incidents of child labor	Talent Development — Diversity and Equal Opportunity
GRI 409: Forced or Compulsory Labor 2016		
409–1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Talent Development — Diversity and Equal Opportunity
GRI 413: Local Communities 2016		
413–1	Operations with local community engagement, impact assessments, and development programs	Not applicable, less relevant to the Company's business and therefore not disclosed
413–2	Operations with significant actual and potential negative impacts on local communities	Not applicable, less relevant to the Company's business and therefore not disclosed
GRI 414: Supplier Social Assessment 2016		
414–1	New suppliers that were screened using social criteria	Win-win Partnership — Sustainable Supply
414–2	Negative social impacts in the supply chain and actions taken	Win-win Partnership — Sustainable Supply
GRI 416: Customer Health and Safety 2016		
416–1	Assessment of the health and safety impacts of product and service categories	Product Responsibility — Pharmacovigilance and Recall
416–2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product Responsibility — Pharmacovigilance and Recall
GRI 417: Marketing and Labeling 2016		
417–1	Requirements for product and service information and labeling	Product Responsibility — Customer Responsibility
417–2	Incidents of non-compliance concerning product and service information and labeling	Product Responsibility — Customer Responsibility
417–3	Incidents of non-compliance concerning marketing communications	Product Responsibility — Customer Responsibility
GRI 418: Customer Privacy 2016		
418–1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Product Responsibility — Customer Responsibility

Appendix II Content Index of the Environmental, Social and Governance Reporting Guidelines of the Hong Kong Stock Exchange

Environmental, Social and Governance Areas and General Disclosures and KPIs		Index
A. Environmental		
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 nonhazardous waste	Environmental Protection — Coping with Climate Change
KPI A1.1	The types of emissions and respective emissions data.	Environmental Protection — Environmental Management
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection — Coping with Climate Change
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection — Environmental Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection — Environmental Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Environmental Protection — Coping with Climate Change
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Protection — Environmental Management
A2: Resource		
General Disclosure	Policies on the efficient use of resources, including energy, water and. other raw materials.	Environmental Protection — Environmental Management
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000) and intensity (e.g. per unit of production volume, per facility).	Environmental Protection — Coping with Climate Change
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Protection — Environmental Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to. achieve them.	Environmental Protection — Coping with Climate Change
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Protection — Environmental Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Protection — Environmental Management
A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Environmental Protection — Coping with Climate Change
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection — Coping with Climate Change
A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental Protection — Coping with Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmental Protection — Coping with Climate Change

Appendix II Content Index of the Environmental, Social and Governance Reporting Guidelines of the Hong Kong Stock Exchange

Environmental, Social and Governance Areas and General Disclosures and KPIs		Index
B. Social		
Employment and Labor Practices		
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.	Talent Development — Diversity and Equal Opportunity
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Talent Development — Diversity and Equal Opportunity
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Talent Development — Development of Human Capital
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.	Talent Development — Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Talent Development — Occupational Health and Safety
KPI B2.2	Lost days due to work injury.	Talent Development — Occupational Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Talent Development — Occupational Health and Safety
B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent Development — Development of Human Capital
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Talent Development — Development of Human Capital
KPI B3.2	The average training hours completed per employee by gender and employee category.	Talent Development — Development of Human Capital
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.	Talent Development — Diversity and Equal Opportunity
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Talent Development — Diversity and Equal Opportunity
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Talent Development — Diversity and Equal Opportunity

Appendix II Content Index of the Environmental, Social and Governance Reporting Guidelines of the Hong Kong Stock Exchange

Environmental, Social and Governance Areas and General Disclosures and KPIs		Index
Operating Practices		
B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Win-win Partnership — Sustainable Supply
KPI B5.1	Number of suppliers by geographical region.	Win-win Partnership — Supplier Management
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.	Win-win Partnership — Supplier Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Win-win Partnership — Sustainable Supply
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Win-win Partnership — Sustainable Supply
B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility — Pharmacovigilance and Recall
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility — Customer Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility — Pharmacovigilance and Recall
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility — Pharmacovigilance and Recall
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility — Customer Responsibility
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.	Responsible Operation — Business Ethics
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.	Responsible Operation — Business Ethics
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Responsible Operation — Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Responsible Operation — Business Ethics
Community		
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.	Community Caring
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community Caring
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Caring — Health Caring

Appendix III Table of Key Performance Indicators

Economic performance	Unit	2023	2022	2021
Equity per share attributable to shareholders of the parent	RMB/share	17.08	16.67	15.27
Earnings per share — basic	RMB/share	0.90	1.43	1.85
Earnings per share after deducting non-recurring profits and losses — basic	RMB/share	0.75	1.49	1.28
Weighted average return on net asset after deducting non-recurring profits and losses	%	4.46	9.40	8.58
Revenue	RMB 100 million	412.49	438.11	388.64
Other Income	RMB 100 million	13.92	27.57	33.22
Other expenses	RMB 100 million	8.32	29.65	11.64
Profit before tax	RMB 100 million	32.77	45.81	60.43
Taxation	RMB 100 million	3.70	6.27	10.66
Profit for the year	RMB 100 million	29.07	39.54	49.76
Total comprehensive income attributable to owners of the parent	RMB 100 million	23.99	37.37	47.29
Total comprehensive income attributable to minority interests	RMB 100 million	5.09	2.17	2.47
Tax payments	RMB 100 million	28.19	23.17	22.71
Public donations	RMB 100 million	0.46	0.60	0.36
Social contribution per share	RMB/share	6.27	6.13	5.85
R&D expenditure	RMB 100 million	59.37	58.85	49.78

Appendix III Table of Key Performance Indicators

Environmental performance	Unit	2023	2022	2021
Energy				
Purchased Green Power	million kWh	14.70	16.92	26.59
Carbon reduction of purchased green electricity	ton	8,383	8,825	16,230
Electricity saving	million kWh	10.56	8.86	7.47
Saving in purchased steam	ton	4,402	4,700	5,546
Natural gas saving	million m^3	1.09	0.97	0.34
Comprehensive energy Consumption	GJ/year	7,748,179	8,368,603	8,048,743
Comprehensive energy Intensity	GJ/RMB10,000 operating income	1.88	1.90	2.06
Greenhouse Gas emission				
Scope 1 emissions	ton CO_2e	210,819	289,044	307,856
Scope 2 emissions	ton CO_2e	677,874	659,631	591,357
Scope 3 emissions	ton CO_2e	72,171	794	899
Total carbon emissions (Scope 1 + Scope 2 + Scope 3)	ton CO_2e	960,864	949,469	900,112
Carbon emission intensity	ton/RMB10,000 operating income	0.23	0.22	0.23
Carbon reduction by energy saving	ton	10,114	9,433	7,916
Water Consumption				
Water saving	million ton	0.76	0.34	0.30
Total water consumption	m^3/year	10,489,189	10,545,581	10,521,811
Water consumption intensity	m^3/RMB10,000 operating income	2.54	2.40	2.70
Waste				
Total waste volume	t/year	56,029	69,147	66,328
Total waste intensity	kg/RMB10,000 operating income	13.58	15.72	17.01
Hazardous waste	t/year	9,618	7,568	5,954
Hazardous waste intensity	kg/RMB10,000 operating income	2.33	1.72	1.53
Sewage				
Total sewage discharge	t/year	7,507,716	7,523,754	7,497,581
Sewage discharge intensity	ton/RMB10,000 operating	1.82	1.71	1.92
COD emission	t/year	817	841	704
COD emission intensity	kg/RMB10,000 operating income	0.20	0.19	0.18
Ammonia nitrogen emission	t/year	192	175	146
Ammonia nitrogen emission intensity	kg/RMB10,000 operating income	0.047	0.040	0.038
Waste gas				
Nitrogen oxide emissions	t/year	158	204	182
Nitrogen oxide emission intensity	g/RMB10,000 operating income	38.38	46.45	46.61
Sulfur dioxide emissions	t/year	123	118	101
Sulfur dioxide emissions intensity	g/RMB10,000 operating	29.77	26.91	25.91
Emission of particles	t/year	37	30	25
Particle emission intensity	g/RMB10,000 operating	8.88	6.90	6.45
Qualified rate of VOCs emission	%	100	100	100
Packaging material consumption				
Packaging material consumption	ton	18,772	19,437	20,793
Intensity of package material consumption	kg/RMB10,000 operating income	4.55	4.42	5.32

Appendix III Table of Key Performance Indicators

Social performance	Unit	2023	2022	2021
Employee Employment				
Number of employees	person	40,370	38,399	36,279
Number of male employees	person	20,375	19,785	18,858
Number of female employees	person	19,995	18,614	17,421
Number of master's and doctoral degree holders	person	5,535	5,575	4,851
Number of employees in Chinese mainland	person	32,685	31,954	30,057
Number of employees in Hong Kong, Macao and Taiwan Region	person	19	19	18
Number of employees overseas	person	7,666	6,426	6,204
Number of employees aged under 30	person	12,550	12,506	12,247
Number of employees aged between 30-50	person	23,725	22,019	20,810
Number of employees aged above 50	person	4,095	3,874	3,222
Number of full-time employees	person	39,040	36,813	34,891
Number of part-time employees	person	1,330	1,586	1,388
Employee Turnover[2]	%	13.02	15.95	17.14
Employee Equality and Diversity				
Total number of employees with disabilities	person	156	89	83
Disabled Employee employment rate	%	0.39	0.23	0.23
Total minority employees	person	1,220	1,115[1]	1,117
Employment rate of ethnic minority employees	%	3.02	2.90	3.08
Percentage of female employees returning to work and retaining their positions after maternity leave	%	100	100	100
Occupational Health and Safety				
Lost-time injury rate per million work hours	/	0.104	0.101	0.170
Recordable injury rate per million work hours	/	0.193	0.202	0.355
Occupational hazard exposure rate	%	16.76	15.27	15.16
Investment in health and safety	RMB 10,000	9,830.03	10,117.78	8,191.97
Employee training				
Total number of man-hours of training	man-hour	1,342,886	1,377,319	670,094
Number of anti-corruption training sessions	time	18	16	20
Total EHS training hours	hour	475,293	468,731	391,582
Total EHS training person-times	time	296,291	274,444	212,253
EHS training hours per employee	hour	16.52	15.37	13.97
EHS training times per employee	time	10.30	9.00	7.57
R&D				
Number of patent applications	item	206	249	186
Number of patent granted	item	74	48	62
R&D staff	person	3,491	3,646	2,849

Note 1: Statistical adjustments

Note 2: In 2023, the male employee turnover rate was 13.79%; the female employee turnover rate was 12.23%; the employee turnover rate in Chinese mainland was 12.06%; the employee turnover rate in Hong Kong, Macao and Taiwan Region was 55.81%; the employee turnover rate overseas was 17.03%; the turnover rate of employees aged under 20 was 17.54%; the turnover rate of employees aged between 20-30 was 19.82%; the turnover rate of employees aged between 30-40 was 12.58%; the turnover rate of employees aged between 40-50 was 7.06%; the turnover rate of employees aged between 50-55 was 5.40%; the turnover rate of employees aged between 55-60 was 6.03%; and the turnover rate of employees aged above 60 was 11.86%.

Appendix III Table of Key Performance Indicators

Governance performance	Unit	End of 2023	End of 2022	End of 2021
Board of Directors				
Number of members of Board of Directors	person	12	12	11
Number of female Directors	person	2	2	2
Number of independent non-executive Directors	person	4	4	4

Definitions

"ADC"	Antibody-drug Conjugate
"API"	Active Pharmaceutical Ingredient
"Articles of Association"	the articles of association of the Company
"Avanc Pharma"	Jinzhou Avanc Pharmaceutical Company Limited* (錦州奧鴻藥業有限責任公司), a subsidiary of the Company
"Beijing Xingyi"	Beijing Xingyi Clinic Co., Ltd.* (北京星宜診所有限公司), a subsidiary of the Company
"BIC"	Best-in-class
"Board"	the board of Directors
"Breas"	Breas Medical Holdings AB, a company registered in Sweden, and a subsidiary of the Company
"Carelife Pharma"	Chongqing Carelife Pharmaceutical Co., Ltd.* (重慶凱林製藥有限公司), a subsidiary of the Company
"Chemo Biopharma"	Shanghai Chemo Biopharma Co., Ltd.* (上海凱茂生物醫藥有限公司), a subsidiary of the Company
"CMC"	Chemical Manufacturing and Control
"Company" or "Fosun Pharma"	Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (上海復星醫藥(集團)股份有限公司), a joint stock company established in the PRC with limited liability, whose H Shares and A Shares are listed and traded on the main board of the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
"CSRC"	China Securities Regulatory Commission* (中國證券監督管理委員會)
"Dengrui Feiye"	Hubei Dengrui Feiye Company Limited* (湖北登瑞肥業有限公司), a subsidiary of the Company
"Director(s)"	director(s) of the Company
"Dongting Pharma"	Hunan Dongting Pharmaceutical Co., Ltd.* (湖南洞庭藥業股份有限公司), a subsidiary of the Company
"EMA"	European Medicine Agency
"EHS"	environment, health and safety
"ESG"	Environmental, Social and Governance
"ESG Committee"	Environmental, Social and Governance Committee
"EU"	European Union
"FIC"	First-in-class
"Foshan Fosun Chancheng Hospital"	Foshan Fosun Chancheng Hospital Limited* (佛山復星禪誠醫院有限公司), a subsidiary of the Company
"Fosun Aleph"	Fosun Aleph (Dalian) Biomedical Co., Ltd.* (復星雅立峰(大連)生物製藥有限公司), a subsidiary of the Company

Definitions

"Fosun Antejin"	Fosun Antejin (Chengdu) Biomedical Co., Ltd.* (復星安特金(成都)生物製藥有限公司), a subsidiary of the Company
"Fosun Beiling"	Fosun Beiling (Beijing) Medical Technology Co., Ltd.* (復星北鈴(北京)醫療科技有限公司), a subsidiary of the Company
"Fosun Diagnosis"	Fosun Diagnosis Technology (Shanghai) Co., Ltd.* (復星診斷科技(上海)有限公司), a subsidiary of the Company
"Fosun Foundation"	Shanghai Fosun Foundation
"Fosun Health"	Shanghai Fosun Health Technology (Group) Co., Ltd.* (上海復星健康科技(集團)有限公司), a subsidiary of the Company
"Fosun Kite"	Fosun Kite Biological Technology Co., Ltd.* (復星凱特生物科技有限公司), a joint venture of the Company
"Fosun Pharmaceutical Industrial"	Shanghai Fosun Pharmaceutical Industrial Development Company Limited* (上海復星醫藥產業發展有限公司), a subsidiary of the Company
"Fuhong Kanghe"	Fuhong Kanghe Pharmaceutical Jiangsu Co., Ltd* (復紅康合醫藥江蘇有限公司), a subsidiary of the Company
"GDP"	Gross Domestic Product
"Genuine Biotech"	Henan Genuine Biotech Co., Ltd.* (河南真實生物科技有限公司)
"Gland Pharma"	Gland Pharma Limited, a company incorporated in India and listed on the BSE and NSE (Stock Code: GLAND), a subsidiary of the Company
"GMP"	Good Manufacture Practices
"Group" or "Fosun Pharma" or "we"	the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the context may require)
"Guilin Pharma"	Guilin Pharmaceutical Co., Ltd.* (桂林南藥股份有限公司), a subsidiary of the Company
"Hexin Pharma"	Sichuan Hexin Pharmaceutical Co., Ltd.* (四川合信藥業有限責任公司), a subsidiary of the Company
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Huaiyin Medical"	Huaiyin Medical Instruments Co., Ltd.* (淮陰醫療器械有限公司), a subsidiary of the Company
"Insightec"	Insightec Ltd, a company incorporated in Israel
"Intuitive Fosun"	Intuitive Fosun HK and Intuitive Fosun Shanghai
"Intuitive Fosun HK"	Intuitive Surgical-Fosun (Hongkong) Co., Limited, a company registered in Hong Kong and an associated company of the Company

Definitions

"Intuitive Fosun Shanghai"	Intuitive Surgical-Fosun Medical Technology (Shanghai) Co., Ltd.* (直觀復星醫療器械技術(上海)有限公司), an associated company of the Company
"Jiangsu Fosun Pharma"	Jiangsu Fosun Pharmaceutical Sales Co., Ltd.* (江蘇復星醫藥銷售有限公司), a subsidiary of the Company
"Jiluohua Pharma"	Beijing Jiluohua Pharmaceutical Co., Ltd.* (北京吉洛華製藥有限公司), a subsidiary of the Company
"Jisikai (Suzhou)"	Jisikai (Suzhou) Pharmaceutical Co., Ltd.* (吉斯凱(蘇州)製藥有限公司), a subsidiary of the Company
"Jisimei (Wuhan)"	Jisimei (Wuhan) Pharmaceutical Co., Ltd.* (吉斯美(武漢)製藥有限公司), a subsidiary of the Company
"Jisirui Pharma"	Chongqing Jisirui Pharmaceutical Co., Ltd.* (重慶吉斯瑞製藥有限責任公司), a subsidiary of the Company
"Macau"	the Macau Special Administrative Region of the PRC
"MAH"	Marketing Authorization Holder
"National Health Commission"	National Health Commission of the People's Republic of China (中華人民共和國國家衛生健康委員會)
"National Medical Insurance Drugs Catalogue"	National Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance Drugs Catalogue (《國家基本醫療保險、工傷保險和生育保險藥品目錄》)
"NMPA"	National Medical Products Administration (中國國家藥品監督管理局)
"NSE"	The National Stock Exchange of India Limited
"PCT"	Patent Cooperation Treaty
"Red Flag Pharma"	Shenyang Red Flag Pharmaceutical Co., Ltd.* (瀋陽紅旗製藥有限公司), a subsidiary of the Company
"PRC" or "China"	The People's Republic of China
"R&D"	research and development
"Reporting Period"	the 12-month period from 1 January 2023 to 31 December 2023
"RMB"	Renminbi, the lawful currency of the PRC
"Shandong Erye"	Shandong Erye Pharmaceutical Co., Ltd.* (山東二葉製藥有限公司), a subsidiary of the Company
"Shanghai Henlius"	Shanghai Henlius Biotech, Inc.* (上海復宏漢霖生物技術股份有限公司), a company incorporated in the PRC and listed on the Hong Kong Stock Exchange (Stock code: 02696) and a subsidiary of the Company
"Shanghai Stock Exchange"	the Shanghai Stock Exchange (上海證券交易所)
"Shanghai Xingchen Children's Hospital"	Shanghai Xingchen Children's Hospital Co., Ltd.* (上海星晨兒童醫院有限公司), a subsidiary of the Company
"Shanghai Zhuoerhui"	Shanghai Zhuoerhui Integrated Outpatient Limited Company* (上海卓爾薈綜合門診部有限公司), a subsidiary of the Company

Definitions

"Shenzhen Hengsheng Hospital"	Shenzhen Hengsheng Hospital* (深圳恒生醫院), a subsidiary of the Company
"Shine Star"	Shine Star (Hubei) Biological Engineering Co., Ltd.* (湖北新生源生物工程有限公司), a subsidiary of the Company
"Shinsun Pharma"	Liaoning Shinsun Pharmaceutical Co., Ltd.* (遼寧新興藥業股份有限公司), a subsidiary of the Company
"Sinopharm"	Sinopharm Group Co. Ltd.* (國藥控股股份有限公司), a company incorporated in the PRC and listed on the Hong Kong Stock Exchange (stock code: 01099), a subsidiary of Sinopharm Industrial
"Sisram Medical"	Sisram Medical Ltd, a company incorporated in Israel and listed on the Hong Kong Stock Exchange (stock code: 01696), a subsidiary of the Company
"Suntech Pharma"	Shanghai Fosun Suntech Pharmaceutical Co., Ltd.* (上海復星星泰醫藥科技有限公司), a subsidiary of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Suqian Zhongwu Hospital"	Suqian Zhongwu Hospital Co., Ltd.* (宿遷市鐘吾醫院有限責任公司), a subsidiary of the Company
"Suzhou Erye"	Suzhou Erye Pharmaceutical Co., Ltd., * (蘇州二葉製藥有限公司, a subsidiary of the Company
"U.S." or "United States"	United States of America, its territories and possessions, any state of the United States and the District of Columbia
"U.S. FDA"	U.S. Food and Drug Administration
"Wanbang Folon"	Hebei Wanbang Folon Pharmaceutical Co., Ltd.* (河北萬邦復臨藥業有限公司), a subsidiary of the Company
"Wanbang Jinqiao"	Xuzhou Wanbang Jinqiao Pharmaceutical Co., Ltd.* (徐州萬邦金橋製藥有限公司), a subsidiary of the Company
"Wanbang Pharma"	Jiangsu Wanbang Biopharmaceutical Company Limited* (江蘇萬邦生化醫藥集團有限責任公司), a subsidiary of the Company
"Wanbang Tiansheng"	Shenyang Wanbang Tiansheng Biological Technology Co., Ltd.* (瀋陽萬邦天晟生物科技有限公司), a subsidiary of the Company
"Wenzhou Geriatric Hospital"	Wenzhou Geriatric Hospital Co., Ltd.* (溫州老年病醫院有限公司), a subsidiary of the Company
"WHO"	World Health Organization
"WHO PQ"	World Health Organization Prequalification
"Xingnuo Pharma"	Jiangsu Xingnuo Pharmaceutical Technology Company Limited* (江蘇星諾醫藥科技有限公司), a subsidiary of the Company
"Yao Pharma"	Chongqing Yao Pharmaceutical Company Limited* (重慶藥友製藥有限責任公司), a subsidiary of the Company
"Zhaohui Pharma"	Shanghai Zhaohui Pharmaceutical Co., Ltd.* (上海朝暉藥業有限公司), a subsidiary of the Company
"subsidiaries"	holding subsidiaries/entities
"%"	per cent

FOSUN PHARMA
复星医药

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