

# FOSUN PHARMA



## 2021 Corporate Social Responsibility Report

# Message From Chairman

## 董事長致辭



Wu Yifang

Chairman and CEO of Fosun Pharma

In 2021, the COVID-19 pandemic still impact our lives, and the domestic and international environment remained complicated. Under this situation, I was deeply aware of the importance of corporate social responsibility for the competitiveness of companies. It will have a far-reaching impact not only on the companies themselves, but on the whole society.

Since its establishment in 1994, Fosun Pharma has insisted on operating by law and in good faith to improve its profitability while also optimizing the company's social responsibility management to effectively enhance product quality and service levels. We always uphold our accountability to the environment, the health and safety of employees and all our stakeholders, in order to create more and better welfare for the society and families.

Taking innovation as the most crucial social responsibility for our sustainable development and adhering to the social responsibility concept of "in pursuit of the sustainability of talents and products", Fosun Pharma vigorously promoted innovative research and development and accelerated the implementation of innovative technologies and products by focusing on unmet clinical needs with the aim of enhancing the accessibility and affordability of drugs. After over a decade of continuous investment, a number of biosimilars and innovative drugs such as Han Li Kang®, Han Qu You®, Su Ke Xin® and COMIRNATY (for Hong Kong, Macao and Taiwan markets) have been approved and sold in large quantities in the past three years, continuing to benefit more patients.

Quality is the lifeblood of a pharmaceutical enterprise as it is closely related to the life safety of the public. Adhering to the quality principle and concept of "Respect for Life, Focus on Quality, Commitment to Perfection, and Pursuit of Excellence", Fosun Pharma has established its production management and quality system in compliance with international standards. Since the launch of Operation Excellence (FOPEX) in 2017, we have continuously enhanced our internal operation efficiency. In 2021, we also continued to promote FOPEX, and made significant progress. In terms of environment, health and safety (EHS), we have continuously strengthened investment in environmental protection and promoted air pollution control following the concept of sustainable development, in order to reach goals in aspects of energy conservation, emission reduction and environmental protection.

As for community charity, in order to implement the Party's new-era hygiene and health policy of "focusing on the grassroots" and in response to the "Healthy China" and "Rural Revitalization" strategies and the population aging trend, in September 2021, Fosun Pharma joined hands with Shanghai Fosun Public Welfare Foundation to set up the "Fosun Care 121" special fund, which is dedicated to providing comprehensive and life-cycle health services to family customers and helping people overcome diseases. In November 2021, Fosun Pharma signed a strategic cooperation memorandum with the International Exchange and Cooperation Center of the National Health Commission for the "Rural Revitalization Health Demonstration Project", pursuant to which both parties will build a "Rural Revitalization Health Demonstration Project" to empower "Rural Doctors Project" together with the Fosun Foundation to carry out a "Hand-in-Hand Rural Medical Talent Revitalization Project" with a focus on rural doctors, striving to improve the quality and standard of primary public health services and promote the development of rural health.

As part of its corporate social responsibility, Fosun Pharma has always been committed to helping the world fight and eliminates malaria. Fosun Pharma's innovative drug Artesun® with independent intellectual property rights has been recommended by the WHO as the first choice for the treatment of severe malaria and has been used to treat more than 48 million patients with severe malaria worldwide.

Faced with sudden public health emergencies and natural disasters, Fosun Pharma has made active responses by leveraging on its own industrial advantages. Since 2020, upon the sudden outbreak of the COVID-19 pandemic, Fosun Pharma independently developed the COVID-19 Test Kit, and Fosun Healthcare fought in the front line, supplying medical equipment such as ventilators and negative pressure ambulances. In addition, COMIRNATY (mRNA COVID-19 vaccine) jointly developed by Fosun Pharma and BioNTech has been vaccinated in Hong Kong, SAR, Macau SAR and Taiwan region to help the prevention and control of the pandemic.

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

A handwritten signature in black ink, appearing to be the name 'Wu Yifang' in a stylized cursive script.

Chairman and CEO of Fosun Pharma  
Wu Yifang

# Contents 目錄

06

PAGE

## About This Report

08

PAGE

## Key Performance in 2021

10

PAGE

## About Fosun Pharma

A global innovation-driven pharmaceutical and healthcare industry group

- Company Profile
- Financial Performance
- Standard Corporate Governance

22

PAGE

## Responsible Management

In pursuit of sustainable development of talents and product

- Social Responsibility Strategy
- CSR Management
- Promotion of Integrity and Anti-corruption

32

PAGE

## Responsible Operation

Provision of assessable, affordable and reliable products and services  
Improvement of Health Accessibility

- Quality First – Operation Excellence
- Enhancing customer value
- Healthcare Services Quality and Patient Safety

58

PAGE

## Responsible Supply Chain

Win-win and sustainable business partnership

- Supplier Management System
- Sustainable Supply Chain Management



64

PAGE

### **Responsible Employer**

Attracting talents through development, building our team through a common cause, training talents through their works, evaluating talents through their performance

- Employee Training
- Employee Development
- Employee Safety and Health Protection

80

PAGE

### **Responsible Environmental Protection**

Joint construction of an environment-friendly community

- EHS Strategic Objective
- Climate Change Response
- Greenhouse Gas Emissions and Energy Management

106

PAGE

### **Responsible Community**

Innovation for Good Health

- Social Contribution Value per Share
- Public Welfare

112

PAGE

### **Feedback Form**

117

PAGE

### **GRI Standard Indicator Index**

127

PAGE

### **Assurance Statement**



# About This Report

## 關於本報告

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

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

### **Basis of Report:**

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

### **Reporting Period:**

1 January 2021 to 31 December 2021

### **Scope of Report:**

The scope of subsidiaries disclosed in this report is consistent with that disclosed in the 2021 Annual Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.

### **Data Description:**

This report is published at the same time with 2021 Annual Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., which was released on the Shanghai Stock Exchange. The financial data in this report is consistent with the 2021 Annual Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. published for A-shares. In this report, all amounts are presented in Renminbi ("RMB") unless otherwise specified.

### **Definitions:**

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

### **Access to the Report:**

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

### **Report Assurance:**

An external institution has been commissioned by Fosun Pharma to perform third-party verification of the Chinese CSR report and issued an Assurance Statement. The Assurance Statement covers the head office of Fosun Pharma as well as the on-site assurance of pharmaceutical subsidiary, Wanbang Pharma.

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

# Key Performance In 2021

## 2021 年關鍵績效

Revenue for 2021

RMB **39,005** million

**28.70%** YOY

Net profits attributable to shareholders of the listed company

RMB **4,735** million

**29.28%** YOY

Net profits attributable to the listed company after the one-off gain

RMB **3,277** million

**20.60%** YOY

Social contribution value per share

RMB **5.85**

Tax payment

RMB **2,271** million

Providing **36,279** job vacancies for the world, including

**6,204** overseas employees

RMB **4,975** million

R&D expenditure for 2021 (including capitalized expenditures)

**24.28%** YOY

By the end of 2021, over **240**

pipeline projects, including innovative candidates, biosimilars, generic candidates and consistent evaluation of generic candidates

RMB **100** million

Annual earnings from Fosun Pharma FOPEX approximately

Cultivated **364**

people with green belt

Cultivated **16**

people with black belt (as of the end of 2021)



PHARMA  
医药



Total donation of  
RMB **36.06** million  
to the society in 2021

Fosun Health has **18** holding member  
hospitals with  
**5,532** approved beds  
(as of the end of February 2022)

Deeply promoted the online and offline  
integrated diagnosis and treatment  
ability, and constantly provided  
high-quality and full life-cycle medical  
health management service for users

Artesunate, an innovative drug, has  
saved more than

**48.00** million

patients with severe malaria over the  
world, most of whom are children  
under 5

Supplied

**700** million

SPAQ-CO\* Disp products used to prevent  
children's malaria for Africa

Implemented the concept of low carbon and  
green development

Purchasing  
**26,590,000** kWh  
of green power, and

saving  
**16,230** tons of carbon

Investment in environmental  
protection in 2021 exceeded

RMB **150** million

Enhanced energy utilization  
efficiency Saving

**7,465,000** kWh

of electricity,  
**339,000** m<sup>3</sup> of  
natural gas, and

**5,546** tons  
of outsourced steam, and

reducing  
**7,916** tons of carbon

Enhanced water resource utilization efficiency

Saving **303,088** tons

of water with a year-on-year decline of water  
consumption by

**13%**





# About Fosun Pharma

A global innovation-driven pharmaceutical and healthcare industry group

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



## Company Profile

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

Fosun Pharma is patient-centered and clinical needs-oriented. The Company enriches its innovative product pipeline through diversified and multi-level cooperation models such as independent research and development, cooperative development, license-in, and in-depth incubation. Fosun Pharma has formed technological platforms for innovative small molecule drugs, antibody drugs, and cell therapy with a focus on key disease areas including oncology and immunomodulation, metabolism

and digestive system, and central nervous system. Fosun Pharma also vigorously explores cutting-edge technologies, such as RNA, oncolytic viruses, gene therapy and PROTAC, to enhance its innovation capabilities.

Guided by the "4IN" strategy (Innovation, Internationalization, Integration, and Intelligentization), Fosun Pharma will uphold the development model of "innovation transformation, integrated operation, and steady growth", with the mission of creating shareholder values as well as promoting the global networks through strengthening its innovative R&D and in-licensing ability and enriching its product pipelines. Fosun Pharma will actively promote the digital and physical business layout in the pharmaceutical and healthcare industry and is committed to becoming a first-class enterprise in the global mainstream medical and health market.

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

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

Wechat Official Account:



## Mission

Better Health for Families Worldwide

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## Vision

Committed to becoming a first-tier enterprise in the global mainstream medical and healthcare market

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## Values



Care for life



Continuous innovation



Pursuit of excellence



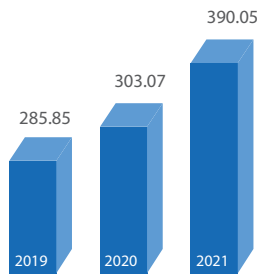
Sustainable partnership

## Financial Performance

In 2021, Fosun Pharma Group adhered to the “4IN” (innovation, internationalization, intelligence, integration) strategy by continuously promoting innovation and transformation, integrating operations, stabilizing internationalization, and realizing steady growth in performance.

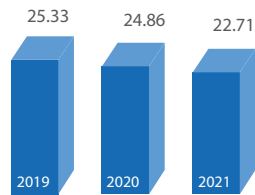
### Revenue

(Unit: RMB100 million)



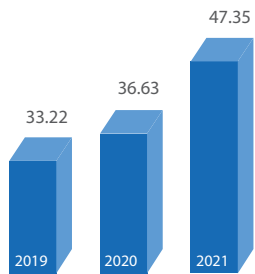
### Tax payment

(Unit: RMB100 million)



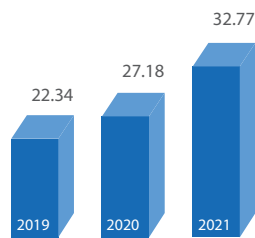
### Net profits attributable to shareholders of the listed company

(Unit: RMB100 million)



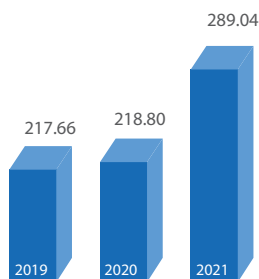
### Net profit attributable to shareholders of the listed company after the one-off gain

(Unit: RMB100 million)



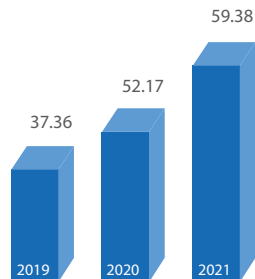
### Revenue from pharmaceutical manufacturing segment

(Unit: RMB100 million)



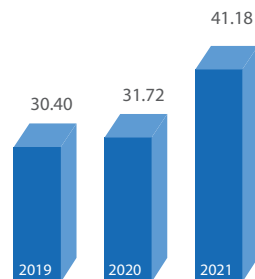
### Revenue from medical devices and medical diagnosis segment

(Unit: RMB100 million)



### Revenue from healthcare services segment

(Unit: RMB100 million)



\*Note: revenue for 2019 and 2020 were generated from healthcare services segment

## Company Honors

### Industrial status

Ranked the sixth in China Top 100 Pharmaceutical Manufacturing Company for 2020 (Menet)  
Ranked the seventh in China Top 100 Healthcare Company for 2020 (China Pharmaceutical Industry Information Center)  
China's Top 500 Brands for 2021 (Asiabrand)  
Enterprise with Excellent Innovation of the Enterprise Management Award for the Pharmaceutical Industry in the 13th Five-Year Plan (China Pharmaceutical Enterprises Association and China Nonprescription Medicines Association)  
China's Biopharmaceutical Industry Chain Innovation Billboard for 2021  
The Best R&D Pipeline Enterprise (Top 3) for 2021  
Golden Horse Award for Innovative Enterprise with the Best R&D Capabilities for 2021  
Golden Horse Award for Enterprise with the Best Business Development for 2021 (Progress in Pharmaceutical Sciences)  
Guangdong-Hong Kong-Macau-Bay Area Top 100 Heritage Enterprises Award (Guangdong-Hong Kong-Macau-Bay Area Economic and Trade Association)  
China Company Award of Hong Kong Business Awards for 2021 (SCMP)  
Influential Enterprise in the Pharmaceutical Industry for 2021 (med.sina.cn (新浪醫藥))  
Top 100 Chinese Pharmaceutical Innovation Enterprises for 2021 (E Medicine Manager Magazine (E藥經理人))

### Market appraisal

Top 20 Most Competitive Listed Pharmaceutical Companies in China - China Pharmaceutical Enterprise Management Association

### Social responsibility

China Corporate Responsibility Social Contribution Award 2020 (Benefit Enterprise Future) - Shanghai Charity Foundation  
"Contribution to the Fight Against Pandemic Award 2020" - Chinese Society of Clinical Oncology  
2020 Corporate Social Responsibility Report rated as a 5 Star Report (Excellent) - Corporate Social Responsibility Committee of the Chinese Academy of Social Sciences  
Outstanding Company in Technological Innovation Award for Corporate Social Responsibility Promotion Project in "2021 China Benefit Corporation" - Tencent News  
Golden Bee 2021 Excellent CSR Report •Evergreen Award - China Sustainability Tribune, GoldenBee Think Tank  
Sina China Top ESG 500 - Sina Finance ESG Rating Center, CCTV series "The Making of a Great Brand"

### Enterprise Culture

2019-2020 Shanghai Civilized Unit - Shanghai Committee of the Communist Party of China - Shanghai Municipal Peoples Government  
Shanghai Advanced Grassroots Party Organization - Shanghai Committee of the Communist Party of China

### Individual Honors

Wu Yifang, president and CEO of Fosun Pharma, won the "Forbes China's Best CEOs 2021" - (Forbes China)  
Wu Yifang, president and CEO of Fosun Pharma, won "Shanghai May 1st Labour Medal 2021" - Shanghai Federation of Trade Unions  
Wu Yifang, president and CEO of Fosun Pharma, won "Shanghai Outstanding Entrepreneur 2019-2020" - Shanghai Enterprise Federation, Shanghai Entrepreneurs Association  
Wu Yifang, president and CEO of Fosun Pharma, won the "Top 10 Pharmaceutical Industry" from the 13th Health China Forum - People's Daily Health app, health.people.com  
Wu Yifang, president and CEO of Fosun Pharma, won the "Honorary Personality at the First China OTC Conference" - China Nonprescription Medicines Association  
Wu Yifang, president and CEO of Fosun Pharma, won "Golden Leaf Award Man of 2021" - China Medical Pharmaceutical Material Association

## Industrial Associations

### List of major associations/social institutions Fosun Pharma and its member companies involved

National association			Provincial and municipal associations		
Name of association	Position held	Company	Name of association	Position held	Company
China Pharmaceutical Industry Association	Vice chairman Member Member	Fosun Pharma Guilin Pharma Suzhou Erye	Shanghai Medical Insurance Association	Vice chairman	Fosun Pharma
China Pharmaceutical Enterprises Association	Vice chairman	Fosun Pharma	Shanghai Pharmaceutical Profession Association	Vice chairman	Fosun Pharma
China Medical Pharmaceutical Material Association	Chairman	Fosun Pharma	Shanghai Society of Genetics	Vice chairman	Fosun Pharma
China Pharmaceutical Industry Research and Development Association	Vice chairman	Fosun Pharma	Shanghai Hospital Association	Standing director	Fosun Pharma
China Association for Pharmaceuticals and Medical Devices Technology Exchange	Vice chairman	Fosun Pharma	Shanghai Pharmaceutical Association	Standing director	Fosun Pharma
China Nonprescription Medicines Association	Rotating chairman	Fosun Pharma	Health Industry Association of Zhejiang Province	Vice president	Fosun Pharma
China Society for Drug Regulation	Vice chairman	Fosun Pharma	The Listed Companies Association of Shanghai	Vice chairman	Fosun Pharma
China Research Association of Pharmaceutical Labour's Ideological and Political work	Standing vice chairman	Fosun Pharma	Guangxi Customs Brokers Association	Director	Guilin Pharma
The Price Association of China	Standing director	Fosun Pharma	Guangxi Pharmaceutical Association	Group member	Guilin Pharma
China Association for Public Companies	Vice chairman	Fosun Pharma	Confederation of Guangxi's Enterprises and Employers	Director	Guilin Pharma
China Association for Vaccines	Member	Dalian Aleph Biomedical	Guangxi High-Tech Enterprises Association	Director	Guilin Pharma
China National Narcotic Drugs Association	Director	Guilin Pharma	Guangxi Association for Quality	Director	Guilin Pharma
China Biochemical Pharmaceutical Industry Association	Member	Erye Pharmaceutical	Artemisinin Science and Technology Consortium	Alliance	Guilin Pharma
Medical Laboratory Industry Branch of National Association of Health Industry and Enterprise Management	Vice chairman	Fosun Diagnostic	Guilin Association for Science and Technology	Committee member	Guilin Pharma
In-Vitro Diagnostics system Professional Committee of China Association for Medical Devices Industry	President	Fosun Diagnostic	Guilin CCPIT / Guilin International Chamber of Commerce	Vice chairman	Guilin Pharma
Medical Laboratory Branch of CAME	Vice chairman	Fosun Diagnostic	Confederation of Guilin's Enterprises and Employers	Vice chairman	Guilin Pharma
China Association for Medical Devices Industry	Member	Fosun Beiling	Guilin Federation of Industry and Commerce Enterprise Association	Member	Guilin Pharma
Emergency Treatment Equipment Branch of CAME	Member	Fosun Beiling	Guilin Association for Quality	Member	Guilin Pharma
Healthcare Logistics Association of CFLP	Director	Fosun Beiling	Jiangsu Province Association of Medical Quality Management	Member	Erye Pharmaceutical
Standardization Technical Committee of China Automotive Maintenance and Repair Trade Association	Director	Fosun Beiling	Jiangsu Provincial Pharmacy Association	Member	Erye Pharmaceutical
Vehicles and Medical Equipment Branch of CAME	Member	Fosun Beiling	Suzhou Pharmaceutical Association	Vice chairman	Erye Pharmaceutical
Standardization Committee of China Association for Disaster & Emergency Rescue Medicine	Member	Fosun Beiling	Dalian Pharmacy Association	Member	Dalian Aleph Biomedical
Chinese Non-government Medical Institutions Association	Director Member Member	Fosun Pharma Shenzhen Hengsheng Hospital Wenzhou Geriatric Hospital	Shanghai Biopharmaceutics Industry Association	Honorary chairman and president Director	Fosun Pharma Fosun Diagnostic
Art Committee of China Medical Humanities and Art Troupe	Committee member	Fosun Chancheng Hospital	Shanghai Medical Instrument Trade Association	Vice chairman	Fosun Diagnostic
China Adult Education Association	Committee member	Shenzhen Hengsheng Hospital	Beijing Association of Automobile Manufacturers	standing director unit	Fosun Beiling
Hip Preservation Professional Committee of Chinese Research Hospital Association	Committee member	Suqian Zhongwu Hospital	Beijing Society of Automotive Engineers	Member unit	Fosun Beiling

### Provincial and municipal associations

Name of association	Position held	Corporation
HUAIAN pharmaceutical profession association	Director	Huaiyin Medical
Huaian Pharmaceutical Association	Director	Huaiyin Medical
Humanistic Medicine Committee of Guangdong Medical Doctor Association	Member of the standing committee	Fosun Chancheng Hospital
Narrative Medicine and Humanistic Care Committee of Guangdong Province Hospital Association	Deputy director	Fosun Chancheng Hospital
Association of Non-governmental Medical Institutions in Xiangzhou District of Zhuhai City	Chairman	Zhuhai Chancheng Hospital
Zhuhai Pharmaceutical Association	Vice chairman	Zhuhai Chancheng Hospital
Guangdong Medical Association	Member	Shenzhen Hengsheng Hospital
Guangdong Medical Doctor Association	Director	Shenzhen Hengsheng Hospital
Rehabilitation Management Branch of Health Economics Association of Guangdong Province	Director	Shenzhen Hengsheng Hospital
Private Medical Institutions Rehabilitation Branch of Guangdong Rehabilitation Medical Association	Vice chairman	Shenzhen Hengsheng Hospital
Shenzhen Hospital Association	Standing director	Shenzhen Hengsheng Hospital
Shenzhen Medical Doctor Association	Director	Shenzhen Hengsheng Hospital
Shenzhen Medical Association	Director	Shenzhen Hengsheng Hospital
Shenzhen Community Health Association	Vice chairman	Shenzhen Hengsheng Hospital
Shenzhen Health Talents Association	Member	Shenzhen Hengsheng Hospital
Shenzhen Non-government Medical Institutions Association	Member	Shenzhen Hengsheng Hospital

### Provincial and municipal associations

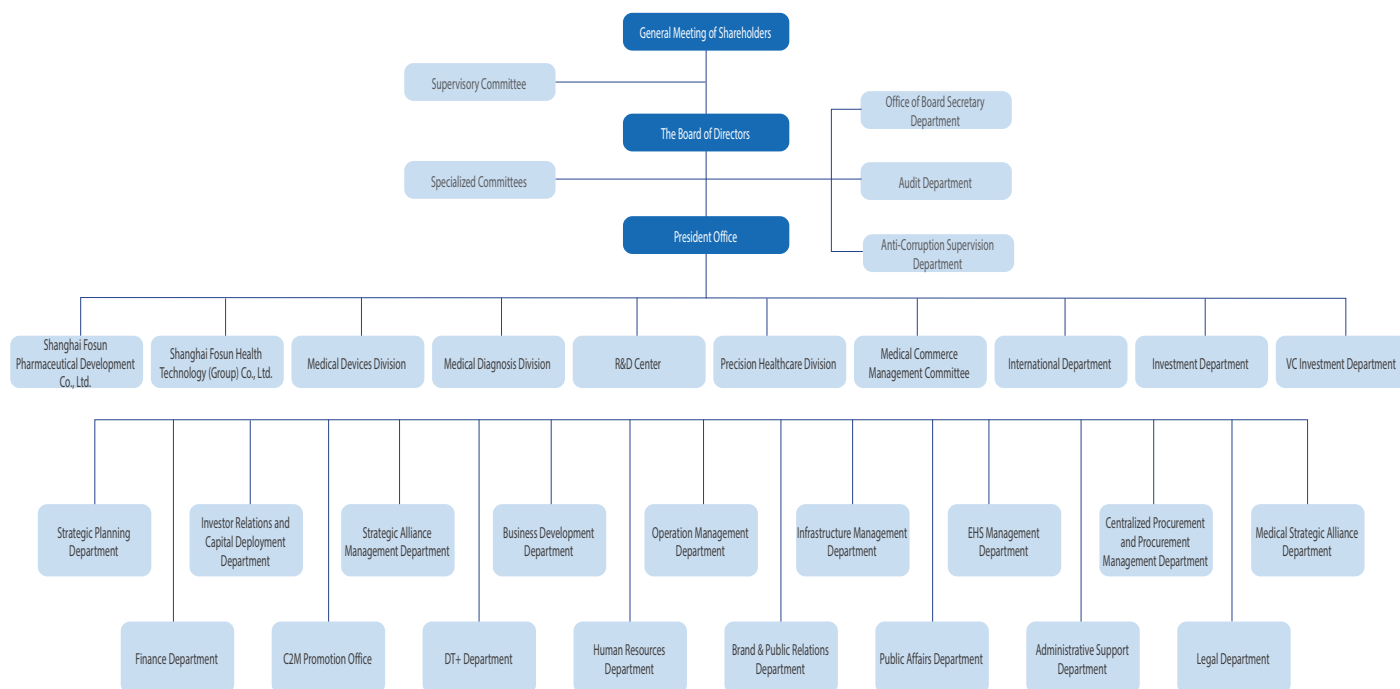
Name of association	Position held	Corporation
South China Consciousness Disorders Alliance	Member	Shenzhen Hengsheng Hospital
Jiangsu Critical Care Medicine Branch	Committee member	Suqian Zhongwu Hospital
Jiangsu Cardiovascular Nursing Specialized Committee	Member	Suqian Zhongwu Hospital
Jiangsu Gastroenterology Nursing Specialized Committee	Member	Suqian Zhongwu Hospital
Nursing Specialized Committee of Jiangsu Association of Rehabilitations Medicine	Member	Suqian Zhongwu Hospital
Jiangsu Intravenous Therapy Specialized Committee	Member	Suqian Zhongwu Hospital
Jiangsu Oncology Nursing Specialized Committee	Member	Suqian Zhongwu Hospital
The 2nd Specialized Committee on Tumor Recurrence and Metastasis, Jiagnsu Anticancer Association	Committee member	Suqian Zhongwu Hospital
Anhui Anticancer Association	Chairman	Jimin Cancer Hospital
Non-governmental Medical Institutions Branch of Anhui Hospital Association	Chairman	Jimin Cancer Hospital
Anhui Health Service Industry Association	Chairman	Jimin Cancer Hospital
Wenzhou Association of Senior Service	Vice chairman	Wenzhou Geriatric Hospital
Wuhan Pharmaceutical Procurement Alliance for Non-governmental Medical Institutions	Deputy director	Wuhan Jihe Hospital
Association of Social Medical Institutions in Minhang District of Shanghai City	Vice chairman	Starkids Children's Hospital Shanghai
Chongqing Non-government Medical Institutions Association	Honorary chairman	Chongqing Xingrong Medical Cosmetology Hospital

## Standard Corporate Governance

### Organizational Structure

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

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



\* Note: This is the organization structure as of the end of 2021

## Corporate Governance

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

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

1

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

2

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

3

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

4

As to performance assessment and incentive mechanisms: The Company has actively formulated performance assessment standards and procedures for its senior management personnel, and amended and refined the standards and procedures according to the actual conditions in a timely manner. Meanwhile, in order to promote long-term and stable development of the Group, the incentive mechanisms for senior management personnel and key personnel has been constantly improved.

5

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

6

As to information disclosure: The Company fulfilled its information disclosure obligation as a listed company in strict compliance with applicable laws and regulations as well as the requirements stipulated in the Administration Measures for Information Disclosure of the Listed Companies issued by China Securities Regulatory Commission, the Articles of Association, the Regulation on Information Disclosure of the Company and other relevant requirements, in order to ensure the disclosure of information is timely, fair, true, accurate and complete. In addition to information subject to statutory disclosure requirements, the Company has periodically published its Self-Assessment Report on Internal Controls, Corporate Social Responsibility Report (CSR Report) and Environmental, Social and Governance Report (ESG Report) to the public and retained professional institutions to provide the Company with examination/audit opinions to illustrate fully the transparent and standardized operations of the Group. The Company values communication and interaction with its investors and has formulated relevant systems such as the Management Measures for Investor Relations so as to ensure that investors can acquire public information of the Company fairly and timely. Pursuant to the relevant requirements of the Measures for the Evaluation of Information Disclosure of Listed Companies of the Shanghai Stock Exchange, the Company's information disclosure has been awarded the "A" rating for five consecutive years by the Shanghai Stock Exchange as at the end of the reporting period.

7

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

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



## Diversified Governance

The Board of the Company governs Strategic Committee, Audit Committee, Nomination Committee, Compensation and Appraisal Committee, and Environmental, Social and Governance Committee.

### Strategic Committee

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

During the Reporting Period, the Strategic Committee of the Board of the Company held 1 meeting to review the Group's medium-term and long-term development strategies and plans for 2021 to 2031 and put forward reasonable suggestions. It has effectively fulfilled the duties of the Strategy Committee.

### Audit Committee

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

During the Reporting Period, the Audit Committee of the Board of the Company held 16 meetings including 2 meetings with the external auditors without the presence of the executive directors to review periodic reports, audit plan, internal control implementation, major and ongoing related party/connected transactions, and make recommendations to the Group on strengthening internal control system. It has effectively fulfilled the duties of the Audit Committee.

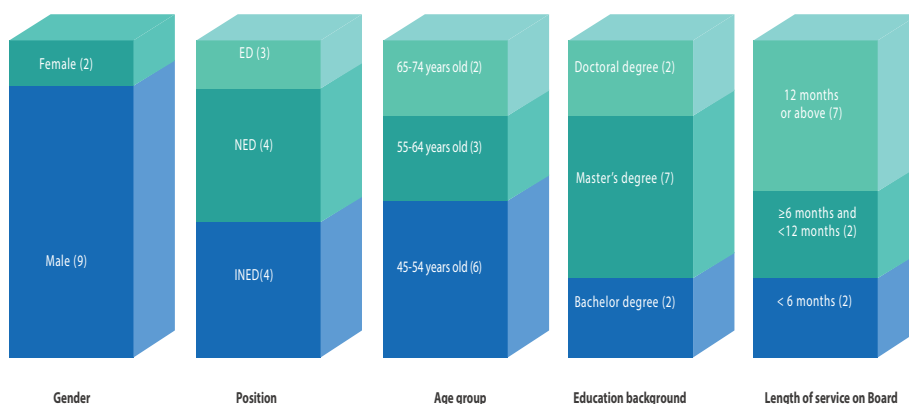
### Nomination Committee

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

In terms of nominating and appointing Board members, the Nomination Committee shall consider a range of diversity perspectives pursuant to the Board Diversity Policy, including but not limited to gender, age, culture and education background, professional experience, skills, knowledge and term of service when reviewing and evaluating the composition of the Board. The Nomination Committee considered an appropriate balance of diversity of the Board has been maintained.

During the Reporting Period, the Nomination Committee of the Board of the Company held 5 meetings to discuss and approve matters relating to the selection of Directors and senior management. It has effectively fulfilled the duties of the Nomination Committee.

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



## Remuneration and Appraisal Committee

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

During the Reporting Period, the Remuneration and Appraisal Committee of the Board of the Company held 2 meetings to review the performance appraisal and remuneration packages of the executive Directors and senior management of the Company and the implementation thereof in the prior year, the 2021 Restricted Shares Incentive Scheme (Draft) and the assessment management measures of the Company. It has effectively fulfilled the duties of the Remuneration and Appraisal Committee.

## Remuneration Policy

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

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

## Environmental, Social and Governance Committee

Main functions of the Environmental, Social and Governance Committee include formulation of social and governance vision, objective strategy and structure, examination of the implementation thereof, review of annual ESG reports, and proposing for specific actions or decisions for the Board of Directors for deliberation.

During the Reporting Period, the Company organized and convened 3 meetings of the Environmental, Social, and Governance Committee of the Board. The Environmental, Social and Governance Committee reviewed and commented on the Group's 2020 ESG Report and the 2021 ESG Report work plan, as well as reviewed and monitored the second five-year environmental protection strategic objectives and their implementation. It has effectively performed the duties of the Environmental, Social and Governance Committee.

## Convening of Meetings

The Board, the Supervisory Committee and the specialized committees carried out the work diligently, lawfully and efficiently in accordance with the Articles of Association of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., the Rules of Procedures for the Board of Directors of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., the Rules of Procedures for the Supervisory Committee of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. and the implementation rules of specialized committees. During the Reporting Period, the Company organized and convened 28 meetings of the Board and 7 meetings of the Supervisory Committee. During the Reporting Period, the Company organized and convened 16 meetings of the Audit Committee of the Board, 5 meetings of the








Nomination Committee of the Board, 2 meetings of the Remuneration and Appraisal Committee of the Board, 1 meeting of the Strategic Committee of the Board and 3 meetings of the Environmental, Social and Governance Committee of the Board. During the Reporting Period, the Company also convened 1 annual general meeting, 3 extraordinary general meetings, 1 A-share class meeting, and 1 H-share class meeting in accordance with the Articles of Association of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. and the actual needs.

## Comprehensive Risk Management

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

In the daily operations involving risk-related projects of operation functional departments including procurement, capital construction, quality, and informatization, the internal control department is introduced to conduct prior approval control and in-event counseling; in terms of post-event control, the breadth and depth of the internal audit business

are strengthened, in order to ensure the warning of the bottom line of risk control. Meanwhile, the Anti-Corruption Supervision Department (ACSD) makes public the whistle-blowing channels to train and educate employees of the Group through internal and external cases, continuously maintains the deterrence of anti-corruption, proactively builds an all-round, multidimensional and hierarchical empowering risk control system to support the Group's achievement of strategic and operational goals under the national laws and regulations and the governance framework for listed companies.

 <p>Centralized procurement and procurement risk management</p>	<ul style="list-style-type: none"> <li>The Company continuously promotes the strategic centralized procurement of commonly purchased materials within the Group / empowers value chain through centralized procurement, and further optimizes the purchase management of the Group in terms of quality, supply stability, cost control and efficiency optimization;</li> <li>The Company released the Supplier Code of Conduct of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. to regulate the behavior of suppliers in terms of integrity and sustainable development;</li> <li>The supplies whose quality does not meet requirements will be subject to downgrading, rejection, etc. In 2021, member enterprises of the Group rejected 38 suppliers.</li> </ul>
 <p>Management of capital construction projects</p>	<ul style="list-style-type: none"> <li>In 2021, the Rules on the Management of Design Changes and On-site Visas for Infrastructure Projects was issued to further improve and strengthen the management of design changes and on-site visas for engineering projects, control project costs and reduce contract risks;</li> <li>Through the effective implementation of the monthly regular meeting report system for construction project management, we keep abreast of the project implementation situation, and track from various dimensions such as project safety, quality, progress and cost to ensure the smooth progress of capital construction projects. The Group has established a mechanism for research and inspection of engineering projects to help solve relevant problems in the implementation process of each capital construction project, thereby further improving the management level of projects and reducing the project management risk;</li> <li>A project bidding expert pool system has been established. The expert pool is consisted of excellent engineering project management and technical personnel from each member enterprise within the Group, and is classified based on profession. In the process of project bidding, experts are selected from the expert pool by the functional departments of the Group to participate in bid evaluation, which makes project bidding more standardized, transparent, fair and just;</li> <li>The Company continues to promote refined management measures, formulate construction drawing review requirements, evaluate each phase of project design, and strengthen the whole-process management of design, so as to enhance the advancement and scientificness of project design. The Group regularly collects and sorts out engineering regulations and documents, and uniformly publicizes them to engineering project management teams of member enterprises for implementation to ensure the advancement and compliance of project management.</li> </ul>
 <p>Internal control construction</p>	<p>Quality and safety management</p> <ul style="list-style-type: none"> <li>The Company fulfilled the responsibility system of holders, strengthened full life cycle quality management, and promoted continuous quality improvement.</li> <li>The Company improved the quality audit system for member enterprises, and established a group audit team.</li> <li>Critical support was given to member enterprises' international inspection and certification projects, such as Gullin Pharma's WHO inspection, Wanbang Pharma's FDA inspection, CareVision's audit and etc., to continuously promote the construction of the international quality system.</li> </ul>
 <p>Information security management</p>	<ul style="list-style-type: none"> <li>Based on the Fosun Pharma Group Information Security System Building Planning, the Group's information security and data protection capabilities are comprehensively improved through mechanism development and technology deployment.</li> <li>The Company participated in the Network Protection Operation led by the National Health Commission of the PRC and organized by the Ministry of Public Security of the PRC, and achieved excellent results. The Company has optimized the existing security architecture and improved the ability to resist security threats based on the results of the Operation.</li> <li>The Company continuously carried out, promoted and implemented the national classified protection of cybersecurity. Several member enterprises completed the evaluation and registration of classified protection of relevant important information system.</li> <li>The Company further improved the IT system building such as ISO27001.</li> </ul>
 <p>Internal audit</p>	<ul style="list-style-type: none"> <li>The Audit Department of Fosun Pharma independently carried out work, exercised the right of internal supervision, and gave play to functions of supervision, appraisal and service in accordance with the Internal Auditing System and various requirements and systems of the Company, as well as relevant national laws, regulations and policies.</li> <li>In 2021, Fosun Pharma totally completed 21 audit projects, covering all the business segments of major wholly-owned subsidiaries/units such as pharmaceutical manufacturing and R&amp;D, healthcare services, medical diagnosis and devices.</li> <li>The Company carried out special audit on several engineering projects under construction with high investment amounts, promptly discovered important management and control defects in the project implementation, and provided compliant and efficient rationalized suggestions; continuously carried out special management audit on key businesses such as R&amp;D, purchase and expenses, and focused on key problems such as R&amp;D efficiency, tendering and bidding risks and expense control.</li> <li>The Company strengthened the comprehensive audit on new enterprises to help them rapidly integrated into the Group's management system, and effectively convey the corporate culture and values of Fosun.</li> <li>The Company carried out in-depth investigation into the malfunction found in the audit, and handled according to investigation results.</li> <li>The Company provided guidance and assisted member companies to carry out internal control evaluation to continuously improve the quality of internal control self-evaluation.</li> <li>The Group conducted continuous tracking for the improvement of internal control defects, and counseled to ensure good rectification results.</li> <li>The Company promoted the better performance of internal supervision by the auditing via various means such as appointing talents as the person in charge of audit of wholly-owned subsidiaries, extending functions or designating staff to segments.</li> </ul>
 <p>Anti-corruption</p>	<ul style="list-style-type: none"> <li>Published 8 anti-corruption and compliance documents;</li> <li>Promoted anti-corruption education by providing nearly 20 training to the headquarter of Fosun Pharma and its member enterprises;</li> <li>Fosun Pharma set an integrity and compliance column on the home page of the official website, and established a portal site of ACSD for OA to update anti-corruption news, cases, laws, and regulations on a weekly basis;</li> <li>Continued to enhance integrity supervision. In 2021, the ACSD participated in the supervision open tender of 46 projects, discovered and held down some nonconforming act; processed 30 clues in total with fully reviewed or investigated. Three employees received the punishment of rescission of the labor contract, two received the disciplinary punishment including warning due to violations of relevant integrity regulations; two were imposed with compulsory criminal measures due to violation of criminal laws; losses totaling RMB3.497 million were recovered for the Company through case investigation.</li> </ul>
 <p>External results evaluation</p>	<ul style="list-style-type: none"> <li>Ernst &amp; Young, an external auditor, conducted the inner controlling audit for the Group in 2021, including 19 member enterprises subject to comprehensive audit and 6 member enterprises subject to specific audit. The inner controlling audit was performed based on various business types and the audited modules focused on enterprise-level control, investment business, sales business, procurement business, inventory management, capital activities, R&amp;D activities, asset management, financial reports, human resources, tax management, information system, etc. No major or significant defects were identified during the Year.</li> </ul>

## Crisis Management

Fosun Pharma set a "Management System for Interview and Publish" and a sound public opinion monitoring and crisis response mechanism. It mastered real-time dynamic global public opinion by building the 7x24 hours public opinion monitoring and pre-warning system accompanied by the working group mechanism. Regarding the emergent crisis, the Group set up a crisis PR response working group to timely conduct evaluation and make the corresponding proposal in respect of the crisis. According to the event progress and the regulatory requirements for information disclosure, the Group maintained its reputation by proactively and timely communicating with the public, media

and investors through official announcements, media communication, telephone conference or offline communication.

Fosun Pharma published information regularly through its official website, WeChat Official Account and official Weibo to provide the public with the latest development of the Group. The "Press Spokesman Mechanism" was developed for the press release from public media and we-media, including the internal publication, WeChat Official Account, official website, and official Weibo, etc. At the same time, Fosun Pharma's Brand & Public Relations Department has designated media and PR person for following

up interviews and media communication. To boost its international development, Fosun Pharma strengthened communication with the media via organizing exchange conference, and cooperated with professional public relations consulting companies to enhance its communication with media in Hong Kong, Taiwan, Macau, and other international media. According to incomplete statistics, in 2021, 415,836 articles related to the Group were published in the global media. Overall, those articles disseminated positive news of the Group by concentrating on the innovation and international development of the Group, which built up a sound brand image for the Group.



## **Mission**

Providing comprehensive health services centered on customers

## **Vision**

Better Health for Families Worldwide

On September 9, 2021, in order to promote the construction of a healthy China and provide family customers with better health services, the Company, jointly with Shanghai Fosun Foundation, established “Fosun Care 121” special fund to carry out various public welfare activities covering support for innovation, health care, and charitable donations. In light of the unmet clinical needs, it is committed to providing patients with accessible, affordable and trustworthy health services to conquer diseases.

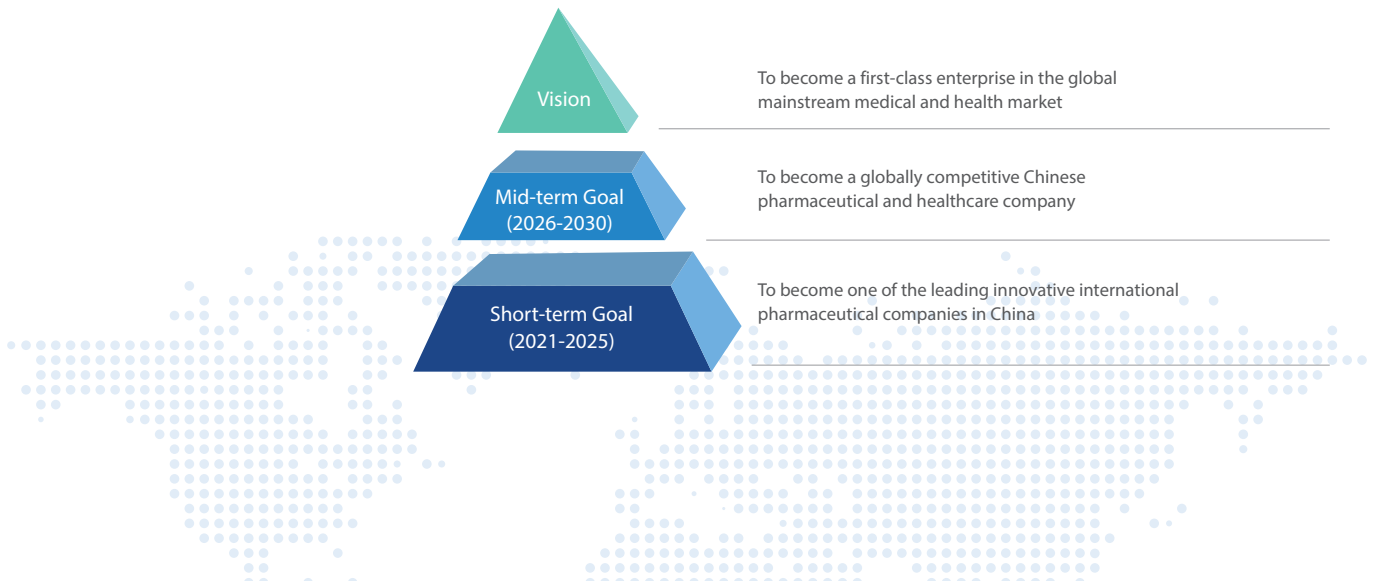


## Responsible Management

In pursuit of of sustainable development of talents and product

“In pursuit of sustainable development of talents and products” is the social responsibility concept of Fosun Pharma. Fosun Pharma has incorporated the social responsibility strategy into its over-all development strategy, and promoted the sustainable development through social responsibility practices and management system; it has established a comprehensive stakeholder communication mechanism, to continuously improve stakeholder satisfaction.

## Corporate Strategy



## Social Responsibility Strategy

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



**Short-term Goal**  
(2021-2025)

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



**Mid-term Goal**  
(2026-2030)

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



**Vision**

To become a Chinese pharmaceutical and healthcare enterprise with global social responsibility influence



### Strategies and Goals

To achieve the Company's vision of social responsibility, we have formulated the following social responsibility strategies to review and manage the Company's impact on the environment, society and economy, and integrate the concept of social responsibility into each operating aspect.

#### Four strategic pillars

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



Care for life

We respect life, provide safe, convenient and high-quality healthcare products and services, and continuously strive to improve the quality of human life.  
 We cherish individual living environment and promote public health and environmental improvement with the concept of sustainable development.  
 We are enthusiastic about social welfare and help poverty-stricken patients and vulnerable groups, in order to proactively bear corporate social responsibility.

**Key management Topics** product/service quality, healthcare accessibility, occupational health and safety, environment and community public welfare



Continuous innovation

We persist in innovation and R&D and bring new possibilities to public health through original breakthroughs and application of technology improvements.  
 We bring together global innovation resources and follow up on cutting-edge R&D technology, to build an international R&D platform.  
 We promote management innovation and continuously improve the efficiency of operations, to become a continuously evolving intelligent entity.

**Key management Topics** R&D and innovation, intellectual property protection and healthcare accessibility



Pursuit of excellence

We prioritize quality, and have established a production management and service system that meets international standards.  
 We continuously improve manufacturing processes and optimize service experience, to provide high quality products and services.  
 We pursue excellent and do the right things, the difficult things, and the things taking time to develop.

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



Sustainable partnership

We adhere to the entrepreneurial ideal and advocate entrepreneurship, and advocate the enterprise culture of team work.  
 We integrate industrial resources and promote integration and synergy, to create value and share development.  
 We promote the sustainable development of the industry and create long-term value with excellent partners and strive to build a harmonious and healthy business ecosystem.

**Key management Topics** compliance operation, responsible marketing, and emissions management

## CSR Management

### CSR Management Committee

Fosun Pharma Group has continuously improved the CSR management system, to instruct and coordinate the action plans of the member enterprises of the Group in the aspect of social responsibility, as well as, to promote the CSR management via refined indicator assessment system.

In 2021, Fosun Pharma updated the mandates of CSR Management Committee to continuously improve the corporate social responsibility work system, standardize corporate social donation and public welfare project management, and promote the Company to continuously improve the social responsibility capacity building and information

disclosure to ensure scientific and efficient decision-making for various social responsibility affairs of the Group. The Chairman and CEO of Fosun Pharma chairs the committee, the co-Chairman, the Executive President and CFO of Fosun Pharma acts as the deputy directors and the committee members are composed of relevant heads of various segments and departments of Fosun Pharma.

In 2021, Fosun Pharma attached importance to and promoted the ESG management vertically, while took ESG as a strategic starting point to empower the corporate sustainable development. Besides, Fosun Pharma actively responded to the Paris Agreement

and the national dual carbon goal of “carbon peak, carbon neutral”, and continued to practice the concept of low-carbon green development. Relying on the ESG Committee of the Board and its subordinate ESG working group, Fosun Pharma fully understood the demands and expectations of its stakeholders, and targeted the best practices of the leading enterprises in its peers, so as to further coordinate and assist its stakeholders to optimize and improve environmental, social and corporate governance, thereby continuously promoting the Company's ESG system building and driving the Company's long-term sustainable development.

### CSR Task Force

The Fosun Pharma CSR Committee governs a CSR Task Force, which is responsible for coordinating and planning of the Group's social responsibility work, and completing Fosun Pharma's annual CSR report in accordance with company management and information disclosure requirements. Through

the smooth operation of the social responsibility framework, the Group has strengthened supervision and management to continuously improve corporate social responsibility construction.

The Company has continuously published CSR report annually since 2009. The Brand and Public Relations Department is responsible for leading and coordination as well as compiling the report.

In 2021, the CSR task force covered various key functions including EHS, HR, product quality and centralized purchasing, to instruct and implement the CSR affairs of Fosun Pharma Group, and further carry out CSR work via the enhancement of indicators of assessment. Meetings are convened regularly every year to implement specific CSR work.



Chen Yuqing, Co-president of Fosun Pharma, attending the kick-off meeting of compiling the CSR Report



Group photo of CSR Task Force

In 2021, Fosun Pharma published its corporate social responsibility report for the 13th consecutive year and issued its first ESG report together with its annual report, proactively responding to the requirements of the new ESG guidelines of the Stock Exchange and the concerns of the capital markets. Fosun Pharma's MSC IESG rating is

BBB. Among the 95 pharmaceutical companies that have received MSCI ratings around the world, Fosun Pharma Group is at the forefront of the industry in terms of human capital development, product quality and safety, and inclusive medical care.

### Capability Building

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

Training on social responsibility reporting for members on CSR Task Force is organized each year to elevate qualities of the report. Meanwhile, the persons in charge of CSR of the Company actively participate in external training on social

responsibility and pay attention to policies and developments in relation to the social responsibility, to continuously enhance the social responsibility management level of the Group.

In December 2021, at the kick-off meeting of 2021 Corporate Social Responsibility Report, Fosun Pharma invited the experts of Ernst & Young and SGS to conduct two special trainings on the topic namely the ESG Review and Outlook of Fosun Pharma and the Findings of Ten-year CSR report inspection and introduction of the United Nations Sustainable Development Goals (SDGs) for members of the Fosun Pharma CSR report task force.



## Stakeholders

Stakeholders	Expectation to Fosun Pharma	Response from Fosun Pharma	Highlights of communication with stakeholders
 Shareholders	<ul style="list-style-type: none"> <li>Compliance Operation</li> <li>Risk management</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of the corporate governance system</li> <li>Timely disclosure of information in relation to daily operation</li> <li>Establishment of feedback platforms such as telephone, e-mail and website</li> <li>Convening of meetings with investors</li> </ul>	<ul style="list-style-type: none"> <li>Convened 28 meetings of the Board and 7 meetings of the Supervisory Committee, 16 meetings of the Audit Committee of the Board, 5 meetings of the Nomination Committee of the Board, 2 meetings of the Remuneration and Appraisal Committee of the Board, 1 meeting of the Strategic Committee of the Board, 3 meetings of the Environmental of the Board, Social and Governance Committee, 1 annual general meeting of shareholders, 3 extraordinary general meetings of shareholders, and 1 A-shares meeting and 1 H-shares meeting</li> <li>The Company received about 10 on-site visits and surveys of institutional investor groups, held more than 90 online/telephone conference calls with domestic and overseas investors, participated in more than 50 domestic and overseas forum, and communicated with institutional investors via various channels to convey the medium and long-term strategic planning of the Group;</li> <li>The Company convened the 2020 Annual Results presentation on SSE Roadshow Center to help investors to understand the results of the Company and clarify the future business development philosophy of the Group, thus further expanding the interaction channels with investors;</li> <li>The Company arranged the presentation of materials related to its annual reports in the Investor section on its official website to help a broader range of investors to further understand the Group's business framework;</li> <li>The Company listened to and answered questions and suggestions from small and medium investors via investors' hot line and e-Interaction platform</li> </ul>
 Clients and consumers	<ul style="list-style-type: none"> <li>Provision of quality products and services</li> <li>Protection of interests of consumers</li> <li>Responsible marketing</li> <li>R&amp;D and innovation</li> <li>Protection of the privacy of clients</li> </ul>	<ul style="list-style-type: none"> <li>Established a well-developed pharmaceutical quality system and provided high-quality medical services</li> <li>Maintained good doctor-patient relationship and conducted the customer satisfaction survey</li> <li>Established a professional commercialization team and a compliant marketing mechanism</li> <li>Improved the innovation mechanism and increased R&amp;D expenditure</li> <li>Established a comprehensive customer privacy protection mechanism</li> </ul>	<ul style="list-style-type: none"> <li>The Company strengthened the whole life cycle quality management and continuously optimized quality management</li> <li>The Company proactively held academic conferences in the field of tumors, anti-infectives, cardiovascular diseases, endocrine, vaccine, etc., to strengthen communication with clients</li> <li>The Company strictly enforced compliance marketing in the marketing process, and there were no non-compliance incidents</li> <li>There were no complaints about infringement on customer privacy and loss of customer information</li> <li>Multiple innovative products launched to benefit more patients</li> <li>The Company strengthened online customer privacy protection, and there were no complaints about customer privacy leakage</li> </ul>
 Media and public	<ul style="list-style-type: none"> <li>Timely and transparent information disclosure</li> <li>News report and interview</li> </ul>	<ul style="list-style-type: none"> <li>Established the comprehensive information disclosure mechanism</li> <li>Established the effective media communication mechanism</li> <li>Timely disclosing information through the Group's official website, WeChat Official Account and other platforms</li> </ul>	<ul style="list-style-type: none"> <li>The News was regularly published through the WeChat Official Account, official website and other channels</li> <li>The "Press Spokesman Mechanism" was developed, and complete public opinion monitoring and crisis response mechanism were established</li> <li>Daily media communication and interview mechanism was established</li> <li>In 2021, 415,836 articles related to the Group were published on the global media, disseminating positive news</li> <li>Media science salons related to explorations into mRNA technology and knowledge about immune cell therapy were held to enhance the communication between the Company and the media</li> </ul>
 Employees	<ul style="list-style-type: none"> <li>Protection of employees' rights and interests</li> <li>Provision of training and development platform to employees</li> </ul>	<ul style="list-style-type: none"> <li>Establishing labor union</li> <li>Entering into collective contracts</li> <li>Establishing the long-term talent training mechanism and Healthcare Management Institute</li> <li>Organizing regular employee caring activities</li> <li>Solicitation of employees' opinion and suggestion on rationalization</li> <li>Safety management</li> </ul>	<ul style="list-style-type: none"> <li>Labor union coverage rate of 100%</li> <li>Signing Collective Contract of Shanghai Fosun Pharmaceutical (Group) Co., Ltd., the Agreement on Collective Negotiation on Salary of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. and the Collective Agreement on Protection of Special Rights and Interests for Female Employees of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.</li> <li>The Company protects employees' rights and interests in terms of labor remuneration, labor security and health protection</li> <li>Four series of training programs, namely the New Employee Series, Leadership Development Series, Professional Development Series and Common Skill Series, were offered</li> </ul>
 Suppliers	<ul style="list-style-type: none"> <li>Sustainable development of supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Establishing regulated and transparent supplier procurement, tender and management procedures</li> <li>Conducting on-site audit on suppliers</li> <li>Green supply chain management</li> </ul>	<ul style="list-style-type: none"> <li>Strictly implementation of the issued procurement system and improved the current management system</li> <li>The Company continued to promote strategic and centralized procurement projects for production materials, services, equipment, medical equipment and other items within the Group</li> <li>At the end of 2021, the Group implemented 418 green supply chain audits for its suppliers</li> </ul>
 Government	<ul style="list-style-type: none"> <li>Compliance operation</li> <li>Payment of tax</li> <li>Leading the healthy development of the industry</li> </ul>	<ul style="list-style-type: none"> <li>Operation under the laws</li> <li>Continuous innovation and R&amp;D</li> <li>Participating in policy formulation and providing suggestions</li> <li>Actively participating in government projects</li> <li>Participating in industry association platforms</li> </ul>	<ul style="list-style-type: none"> <li>According to incomplete statistics, the Company received more than 100 reports, exchanges and visits with governments and competent authorities at all levels during the year, including over 20 reports and exchanges involving ministerial and provincial-level leaders.</li> <li>The Company participated in policy formulation and provided suggestions. It actively participated in relevant industrial standard formulation and policy suggestions by with providing more than 15 industry suggestions centering on the policies including the Regulations on the Administration for Production and Circulation of Vaccine (《疫苗生產流通管理規定》), the Guidelines for Quality Management of Pharmaceuticals in Colinear Production (《藥品共線生產質量管理指南》), the Printing Specification of the Drug Traceability Code (《藥品追溯碼印刷規範》) and other relevant local policies.</li> <li>The Company actively participated in various government projects, such as organising Seminar on Regulation Cooperation and Industry Development of Medical Products for Belt and Road Countries, supporting the successful hosting of the first International Biopharma Industry Week Shanghai; obtained project support from the national and local governments, including over 18 projects of National Science and Technology Major Project, Strategic Emerging Industry Project, MIT Excellent Robotic Application Scenario Project, Local Open Competition Mechanism to Select the Best Candidate Projects, and Local Science and Technology Commission Projects; and received more than 50 awards, including the National Science and Technology Progress Award, Nomination of China Quality Award, National Outstanding Unit for Adverse Drug Reaction Monitoring and Evaluation, Green Manufacturing Enterprise and Local Advanced Unit for Quality Management.</li> <li>The Company actively cooperated with all level of industry organisations, supported and participated in more than 60 related industry events covering areas such as pharmaceutical policy, innovative research and development, clinical application, foreign exchange and cooperation and public welfare science popularisation.</li> </ul>
 Communities/non-governmental organisations	<ul style="list-style-type: none"> <li>Community service</li> <li>Charity and public welfare</li> <li>Environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>Actively participating in community services</li> <li>Participating in various activities of public welfare organizations</li> <li>Actively carrying out various public welfare activities</li> <li>Actively reducing emission and pollution of production environment</li> </ul>	<ul style="list-style-type: none"> <li>The Company, jointly with Shanghai Fosun Foundation, established "Fosun Care 121" special fund to carry out various public welfare activities covering support for innovation, health care and charitable donations</li> <li>Donation of RMB36.06 million to the society in 2021</li> <li>Cumulative investment of approximately RMB152.845 million for implementing various energy-saving measures</li> </ul>
 Partners/Peers	<ul style="list-style-type: none"> <li>Exchanges and cooperation</li> </ul>	<ul style="list-style-type: none"> <li>Visiting and conducting research on enterprises</li> <li>Industry exchanges</li> <li>Benchmarking study</li> </ul>	<ul style="list-style-type: none"> <li>The Company invited AstraZeneca, BeiGene and other pharmaceutical companies for exchange and communication</li> <li>The Company has paid attention to the macro environment and industry development trends, actively learned about the strategic development models of international multinational pharmaceutical companies such as Pfizer and Takeda and conducted all-round benchmarking studies from the dimensions of innovation models, international layout, and marketing to provide directions for corporate strategy formulation.</li> <li>In November 2021, the fourth Hongqiao International Health Technology Innovation Forum was successfully held with the theme of "Innovation for Good Health". Hot topics around China's local pharmaceutical innovation and internationalization were discussed, in a bid to jointly explore the road for Healthy China and contribute Chinese wisdom to global health.</li> </ul>

## Some Stakeholder Feedback

Effective corporate social responsibility management must be based on fully listening to the opinions of stakeholders, fully understanding their concerns, and fully responding to their demands. In 2021, Fosun Pharma continued to maintain close communication with stakeholders, including shareholders, customers and consumers, media, employees, suppliers, and the government, to build a sound communication system and enhance mutual understanding. In 2021, Fosun Pharma's corporate social responsibility working group, relevant departments, and member companies actively collected stakeholder feedback through face-to-face communication, online and offline meetings, keynote speeches, and written feedback, covering industry experts and doctors, media representatives, customers, partners, etc.



The launch of Yescarta® (Ejilunsaï injection) is undoubtedly a milestone in the history of cell therapy in China, which is inseparable from the efforts of clinicians, scientific researchers and enterprise R&D personnel with an innovative and open attitude, rigorous scientific preclinical and transitional medicine and clinical research, as well as the selfless contributions of patients.

— Ma Jun, Director of Harbin Institute of Hematology and Oncology



Huo Yong delivered a speech at the activity of "Hand in Hand" Rural Medical Talent Revitalization Program

As a medical worker, I am honored to be deeply involved in the "Hand-in-Hand" Rural Medical Talent Revitalization Program and the Pocket Book for Rural Doctors' Diagnosis and Treatment. I am pleased to join hands with Prof. Mu Yiming from the PLA General Hospital to be the editor-in-chief to write this book together with 30 experts from the fields of cardiology, neurology, gastroenterology, endocrinology, respiratory medicine. We hope to provide the most practical and convenient reference materials to village doctors to solve the common problems encountered in general practice diagnosis and treatment, so that their professional ability can be improved.

— Peking University First Hospital Huo Yong, Chief Physician, Department of Cardiovascular Medicine

Someone asked

What can a scientific presentation bring us?  
 What can a free medical treatment bring us?  
 We want to say  
 Even if it can only bring you  
 A little more understanding of the disease  
 A little more confidence in therapy  
 We shall  
 Try to do something like this  
 Small charities can help make big dreams come true  
 No matter how thick the dark cloud is, it cannot resist the penetrating power of love  
 It turns out that love is a ray of light  
 Light up the starry sky and regain confidence

— "Star Love 121 Health and Care Month"  
 Fosun Pharma Speech from an  
 Event Organizer of Marketing Department

The public relations team of Fosun Pharma is in close contact with the media on a daily basis, and maintains active, timely, good and effective communication with the media in terms of the Company's product development, social responsibility practices, and capital market information transmission. At the same time, the Company regularly organizes a series of scientific activities of "Learning Fosun Pharma" to help the media better understand relevant cutting-edge technologies and innovative technologies, and provide a wealth of information for our media coverage in this field.

— "Learning Fosun Pharma" series of activities:  
 "Exploring CAR-T - The New Future of Lymphoma  
 Diagnosis and Treatment" Media Salon  
 Invited Media Representative

Grassroots people have high requirements for medical resources, but with little access to high-quality medical resources. The remote imaging diagnosis platform and remote consultation are of great significance. Through the Fosun Health cloud imaging platform, I have performed remote diagnosis for more than ten patients. Remote consultation not only plays an important role in early detection, early diagnosis and early treatment, but also improves the disease treatment capabilities of primary-level medical institutions. It can serve to promote the homogenization of diagnosis and treatment, and enable patients to enjoy high-quality medical resources across the country within their regions and reduce their medical burden.

— The Southern District of Zhongshan Hospital  
 Affiliated to Fudan University  
 Shi Yuxin, Vice President

The "Cloud Guardian" online platform of the "Hand-in-Hand" Rural Medical Talent Revitalization Program will give us the opportunity to learn more cutting-edge medical knowledge, exchange and learn with well-known experts in the field, and satisfy our village doctors' desire to improve their professional skills and realize accurate diagnosis and treatment. It is hoped that with the help of this platform, the villagers will be able to receive treatment for general diseases in towns and minor diseases in village.

— Pingbian Miao Autonomous County, Honghe  
 Prefecture, Yunnan Province  
 Bai Junmei, Vice President of People's Hospital

The spread of love is ongoing. For a long time, the construction and development of Huazhong University of Science and Technology have been inseparable from the generous donations of domestic and foreign enterprises, warm-hearted people and alumni. Every donation is a valuable support for the development of Huazhong University of Science and Technology, which helps to shape its bright future. Every donation from Fosun Pharma will be transformed into a powerful driving force for the university's development and help it write a new chapter. We will manage and make good use of every penny in accordance with the donation agreement to ensure that the donations are put into practice and maximize the benefits.

— Education Development Foundation of  
 Huazhong University of Science and Technology  
 Letter of Appreciation to Fosun Pharma

Sustainable development is an attitude and commitment of an enterprise to its stakeholders. The goal of Fosun Pharma for the next 10 years is to gradually integrate into the global sustainable development system and become a Chinese pharmaceutical and healthcare enterprise with international social responsibility awareness and reputation. In the future, I hope that Fosun Pharma will have the courage to challenge itself, step forward from a higher position and vision in terms of social responsibility system management and other aspects, base on the national development strategy and the development trend of the times to carry out social responsibility work at a higher level, follow the trend and take social responsibility as the core content of the soft power construction of the enterprise, make it closely integrated with the long-term development strategy and international operation of the enterprise, thereby ensuring the sustainable development of the enterprise, and becoming a model for the international pharmaceutical industry to fulfill social responsibility.

— SGS-CSCT Standard Technical Service Co., Ltd.  
 Wang Chang, Manager of Social  
 Responsibility, (SGS) Shanghai Branch

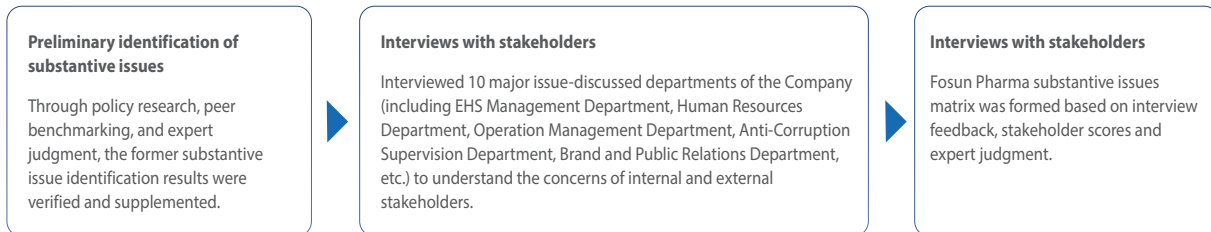


## Substantive Issue Analysis

### Substantive issues

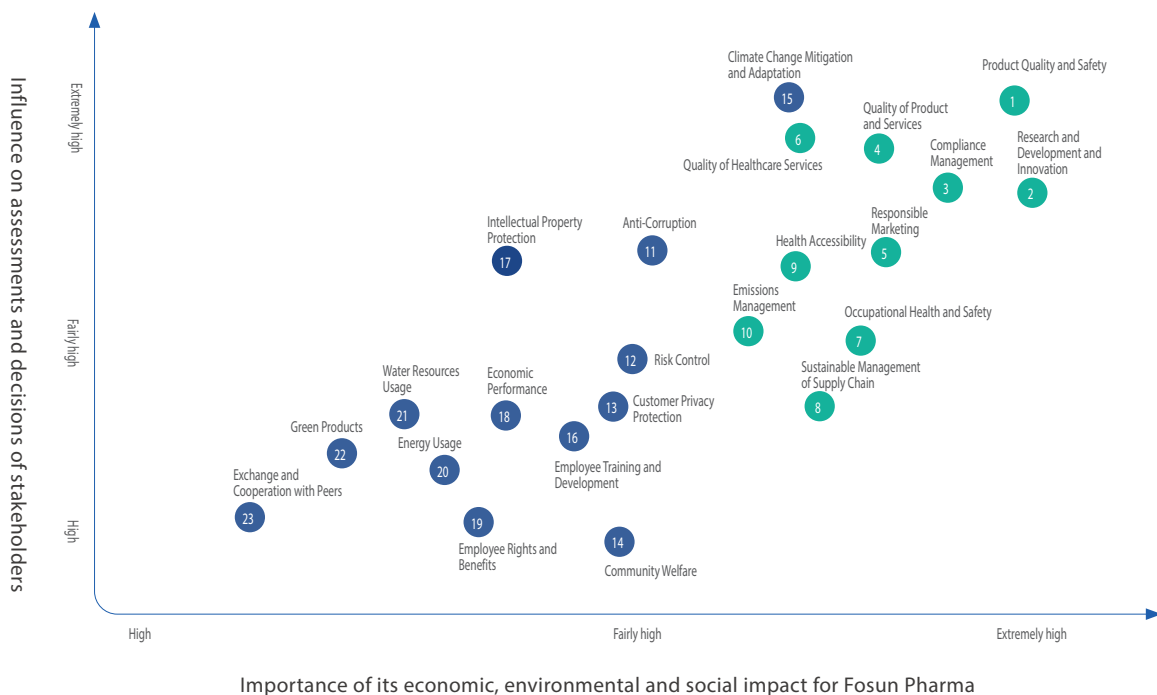
Substantive issues are issues that reflect the Company's impact on the economy, environment, and society; or issues that have a substantial impact on stakeholders' assessments and decisions.

### Process of Substantive Issue Analysis



### Results of the Substantive Issue Analysis

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



## Promotion of Integrity and Anti-corruption

In accordance with the requirements of the Regulations on Management of Anti-Corruption Supervision by Shanghai Fosun Pharmaceutical (Group) Co., Ltd., Fosun Pharma adheres to the principles of “investigating every case, learning from past mistakes to avoid future ones, prevention as the first priority and addressing both the

symptoms and root causes of a problem”, takes action under the guiding philosophy of “preventing risks in advance to assist business”, and vigorously promotes the integrity values. Fosun Pharma has continuously improved the “prevention-detection-remediation” anti-corruption compliance control system through optimizing the management

system and strengthening risk prevention and control, to achieve the goals of strengthening supervision, improving governance and practicing good business ethics.

### Improve Anti-Corruption System

In terms of the anti-corruption system, Fosun Pharma has issued a total of 8 basic anti-corruption documents, including the Anti-Corruption Regulations, the Anti-Commercial Bribery Agreement, Provisions on Integrity Management of Engineering Construction Projects, the Whistle-blowing Management Regulations, the Regulations

on Protection and Reward for Whistle-blowers and Witnesses, the Regulations on the Employee Integrity Management, the Administrative Measures for Cash and Gifts Received in Official Activities (Trial), and the Reward, Punishment, and Appeal Management System. On the basis of these anti-corruption documents, Fosun Pharma strengthened the instructions on the anti-

corruption work of major member enterprises and speeded up the establishment of the anti-corruption system. At the same time, the integrity line of member enterprises independently carried out relevant integrity training and increased anti-corruption publicity.

### Promote Public Awareness and Training on Anti-Corruption

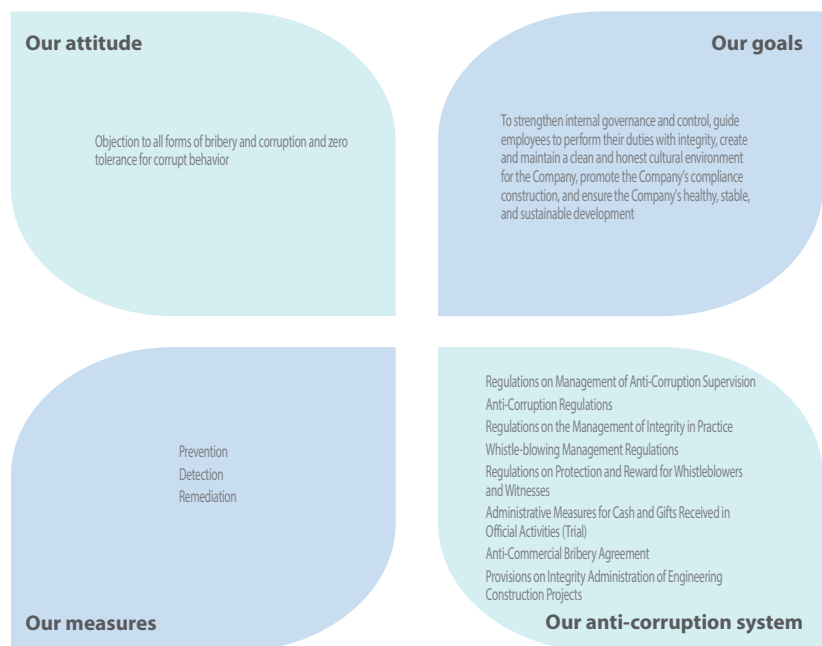
Fosun Pharma Group has always regarded the establishment of an Integrity culture as its strategic effort. To protect normalized and orderly management in the Group, and boost awareness and spontaneous compliance with national laws and regulations and the various internal requirements and systems of the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

undermine corporate interests.

In 2021, the Anti-Corruption Supervision Department (ACSD) of Fosun Pharma provided a total of 13 sessions of anti-corruption training for new hires in head office and Fosun Health, covering all newly recruited employees; provided 1 session of anti-corruption training for business lines subject to high risks of corruption (i.e. the centralized procurement line); and provided 5 sessions of anti-corruption training for its core subsidiary, Shanghai Henlius. A morning meeting case sharing of Fosun Pharma was held, and the integrity column on the Fosun Pharma Newspaper and the monthly compliance reports of Fosun Kite were compiled.

In order to guarantee the accessibility of anti-corruption publicity, Fosun Pharma set an integrity

and compliance column on the home page of the official website, and established a portal site of ACSD for OA to update anti-corruption news, cases, laws, and regulations on a weekly basis, and proactively provides legal publicity and education on anti-corruption and integrity. The ACSD has focused on anti-corruption news of the pharmaceutical and healthcare industry, interpreted domestic and international anti-corruption laws and regulations, and pertinently revealed risk points in combination with specific cases for education and prevention of violations of employees.



## Strengthen supervision

With complaint and whistle-blowing, the ACSD has laid stress on the investigation of relevant cases. In 2021, it accepted 30 cases, and reviewed or investigated all leads. The ACSD has found the truth through investigation and punished the persons who were accountable for the wrongdoings, which strengthened the deterrence of anti-corruption and effectively prevented potential risks and major losses to the Company.

The supervision of bidding projects is also routine work of the ACSD. In 2021, the ACSD participated in the supervision open tender of 46 projects, discovered and held down some nonconforming acts, and eliminated certain potential risks.

Capital construction projects and centralized procurement projects are subject to high risks of corruption, which is under key supervision by the ACSD. In recent years, Fosun Pharma Group and its member enterprises had a large number of capital construction projects and centralized procurement projects involving a huge amount of money. In order to effectively prevent fraud and

## Perfect anti-corruption governance

In 2021, in response to the management problems found during the investigation and handling of cases, the ACSD of Fosun Pharma issued an Integrity Supervision Proposal to relevant member enterprises in accordance with the relevant provisions on integrity, put forward rectification opinions, and requested relevant member enterprises to implement rectification and provide feedback. It played an active role in improving management, establishing rules and regulations, plugging loopholes, and preventing risks for the units with problems.

corruption in aforesaid projects, the ACSD closely cooperated with the centralized procurement and procurement management department, capital construction department, and other relevant functional departments, to identify problems or potential problems, and exchange information in a timely manner to complement with each other for cross supervision to build a comprehensive antifraud firewall, striving to eliminate fraud risks in the bud.

The Company emphasizes the compliance of business cooperation for third-party suppliers and partners in its business activities. The Company has formulated and promulgated the Anti-Commercial Bribery Agreement for third-party suppliers or partners. When the Company and its member enterprises sign the contract, they must sign the Anti-Commercial Bribery Agreement as an annex to the contract. The agreement requires that the Company's staff shall not solicit or accept improper benefits from others, requires the counterparty to the contract not to seek benefits by bribery or give improper benefits to the staff of the Company. In case of deliberate obstacles or solicitation of

bribery, it is required to proactively report thereof. The Company guarantees the legal rights of whistleblowers and the contract counterparties. During the procurement process, the Company requires suppliers participating in the bidding to sign the Letter of Commitment on Integrity before signing up and undertakes that in the bidding process, they will not have fraudulent behavior or offer unjust benefits to the staff in charge of tender.

In 2021, three employees received the punishment of rescission of the labor contract, two received disciplinary punishment including warnings due to violation of anti-corruption regulations; two were imposed with compulsory criminal measures due to violation of criminal laws; losses totaling RMB3.497million were recovered for the Company through case investigation.

In the future, the Group will continually adhere to the principle of combining punishment and prevention with leniency and severity, and conduct systematic sessions to promote integrity among its core member enterprises through integrity training and lectures; strengthen cooperation between the integrity department and the audit and procurement departments, intense integrity monitoring of upcoming and ongoing infrastructure projects and procurement projects; continue to promote the review and investigation

of existing active clues and process the judicial cases for conclusions; take advanced prevention control on risk and effective measures to protect the interests of the Company and its member enterprises. The Company will take an in-depth look at the compliance system, regime and policies of multinational pharmaceutical enterprises, and further strengthen the construction of the "prevention-detection-remediation" anti-corruption compliance control system.

# PURE AND CLEAN, INSIDE OUT

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



# 乡村振兴健康示范工程 战略合作签约仪式

国家卫生健康委国际交流与合作中心、上海复星医药(集团)股份有限公司



## Strategic collaboration on the “Health Demonstration Project of Rural Revitalization”

On November 6, 2021, the International Exchange and Cooperation Centre of the National Health Commission and Fosun Pharma signed a memorandum of strategic cooperation on the “Health Demonstration Project of Rural Revitalization”. In the future, the parties will implement the “Health Demonstration Project of Rural Revitalization” to progress the building of a Health China and Rural Revitalization at the new development stage.



## Responsible Operation

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

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



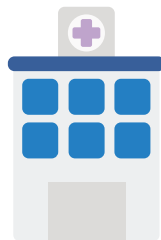
Han Li Kang®, Han Qu You®, Su Ke Xin® and COMIRNATY (Hong Kong, Macau and Taiwan markets) have been approved and sold in large quantities, innovative products continue to benefit more patients



Fosun Pharma continued to promote FOPEX and the project annual cost saving in 2021 reached approximately **RMB100** million. Fosun Pharma cultivated **364** people with green belt and **16** with black belt as of the end of 2021.



As of the end of 2021, over **10** APIs received GMP certification from national health authorities including the US FDA, EU, Ministry of Health and Labor and Welfare of Japan. Guilin Pharma's **1** production line of oral solid formation and **3** injection production lines passed the WHO-PQ certification. Yao Pharma's **1** production line of oral solid formation passed the certification of FDA of USA and Health department of Canada. Wanbang Pharma's **1** lyophilized aseptic production line passed the cGMP certification of EU, **1** oral dosage production line passed the FDA cGMP of US and **1** aseptic dosage production line passed the certification of FDA of USA. Shanghai Henlius' **1** aseptic production line passed the cGMP certification of EU and a number of aseptic production lines at **3** pharmaceutical manufacturing sites of Gland Pharma, an Indian pharmaceutical company, passed GMP reviews/certifications in the United States, EU, Japan, Australia, Brazil and other countries.



Fosun Health has **18** holding member hospitals with **5,532** approved beds

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



## Improvement of Health Accessibility

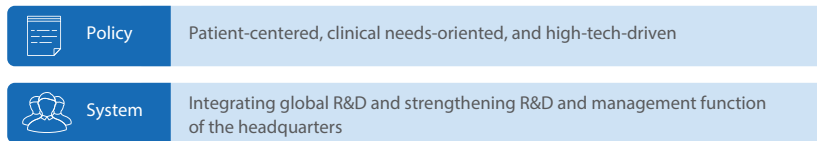
Around the unmet clinical needs, Fosun Pharma Group provides its own products and services relying on technological innovation through open and win-win innovation models such as

independent research and development and cooperative development, license-in and in-depth incubation. It committed to improving the health accessibility to Chinese patients.

### Innovative R&D

Fosun Pharma Group considers innovative R&D as the most important responsibility in the sustainable development of the Company. The major unmet clinical needs of Chinese patients are the priority of the Group's innovation focus. Fosun Pharma Group has continuously enhanced its R&D and

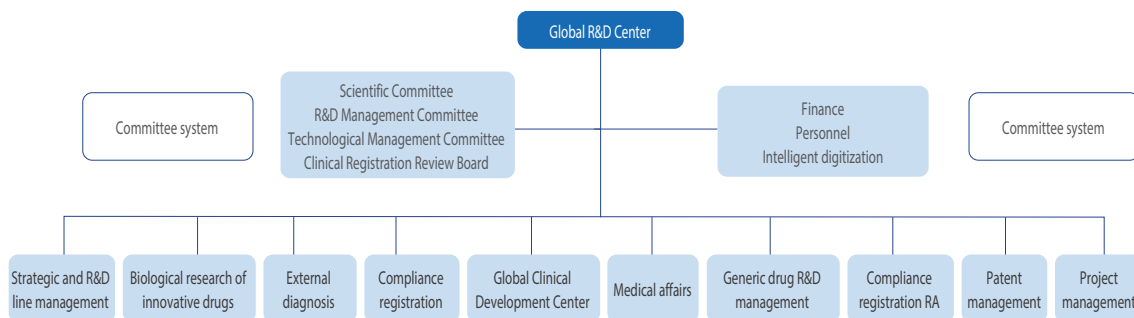
innovation capabilities to provide its own products and services. It accelerated the launch of palliative and disease-modifying drugs through multi-level innovation, and is committed to providing patients with better, more accessible and more affordable products and services.



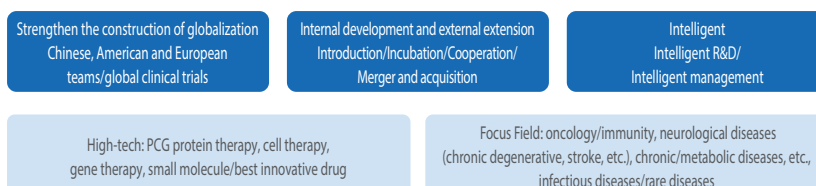
### Innovation System

The Group established and upgraded the global R&D center at the beginning of 2020 to coordinate the management of project approval and special projects, give priority to the R&D of strategic products, strengthen global clinical and registration capabilities, and improve R&D efficiency. Relying on the global BD resources, the Group had access to the leading products and technology platforms in the industry for commercialization. Through independent R&D, cooperative development, license-in and in-depth incubation, the Group has formed technological platforms for innovative small molecule drugs, antibody drugs and cell therapy with a focus on key disease areas including oncology and immune modulation, metabolism and digestion system, and central nervous system. Fosun Pharma also vigorously explores cutting-edge technologies, such as RNA, oncolytic viruses, gene therapy and PROTAC, to enrich its innovation layout.

In respect of R&D practices, Fosun Pharma Global R&D Center and its subsidiaries have established a systematic New Product R&D Management Practice and Standard Operating Procedure (SOP) in accordance with industrial standards. All trials in the drug development have complied with related state standards. All clinical trials involving human bodies have complied with Good Clinical Practice (GCP) and passed by the Ethics Committee, and all researches involving animals have complied with the related requirements of laboratory animal management.



#### Optimization: Project initiation, value evaluation and life cycle management



Global R&D Center Organization Structure and Strategy map

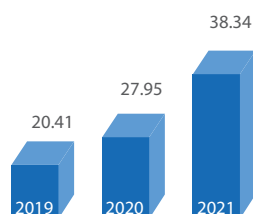
### R&D Expenditure

The R&D Expenditure (including capitalized investment expense) of Fosun Pharma Group in 2021 was RMB4.975 billion, with a year-on-year increase of over 24.28%, of which the R&D expenses were RMB3.834 billion, with a year-on-year increase of 37.17% for actual R&D expenses. In particular, the R&D Expenditure of the pharmaceutical manufacturing segment amounted to RMB4.486 billion, with an increase of 22.23%. After Fosun

Pharma announced the Restricted Share Incentive Scheme, the Group's percentage of R&D expenses were included in its major appraisal in the long term. In 2021, Fosun Pharma Group's R&D expenditure on pharmaceutical manufacturing segment amounted to RMB3.359 billion with a year-on-year increase of 36.10%, accounting for 11.62% of the revenue of the pharmaceutical segment.

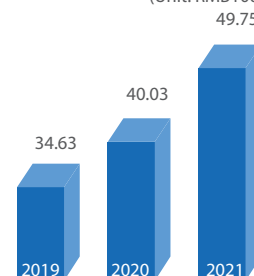
R&D expense

(Unit: RMB100 million)



R&D Expenditure (including capitalized investment expense)

(Unit: RMB100 million)



### R&D Progress and Achievements

By the end of 2021, the Group had over 240 projects on pipeline innovative drugs, generic drugs, biosimilars and consistency evaluation of generic drugs. Among which, 64 are projects on innovative drugs (including 27 on self-developed small-molecule innovative drugs, 26 on self-developed biopharmaceutical innovative drugs, and 11 on license-in innovative drugs), 14 on biosimilars, 105 on generic drugs, and 25 on consistency evaluation.

The Group continued to promote the registration of drugs (products) (including import registration, and approval for overseas sales) and the centralized and bulk purchase of drugs. During the Reporting Period, certain self-developed and license-in

products, including Han Bei Tai® and the CAR-T cell therapy product Yi Kai Da® of the joint venture Fosun Kite were approved for launch within China.

COMIRNATY® (mRNA COVID-19 vaccine) jointly developed by Fosun Pharma and BioNTech, was included in the government vaccination programs in Hong Kong SAR and Macau SAR in March 2021 and supplied to the Taiwan region in September 2021. By the end of February 2022, over 20 million doses of BNT162b2 have been administrated in Hong Kong SAR, Macau SAR, and Taiwan region, helping to establish the local COVID-19 immune barrier.

### License-in and License-out

Based on open R&D ecology and internationalized system, several years' experience in the domestic industry and global network, the Group has formed the world-leading capability of bilateral license. The Group obtained efficient access to the emerging fields and advanced technology through channels such as overseas subsidiaries or invested overseas VC funds and completed the license and introduction of several key varieties in recent years. Meanwhile, with the gradual maturity of the independent R&D platform, the Group also proactively sought for opportunities for cooperation with world-leading pharmaceutical enterprises to realize the rapid transformation of R&D achievements and covered the incremental market with the help of internationally advanced partners, in order to realize the maximum product value.

In 2021, the wholly-owned subsidiary Shanghai Henlius entered into exclusive license cooperation in BRAF V600E inhibitor (HLX208) with NeuPharma, obtaining the exclusive right to research, develop, produce and commercialize such products in China (including Hong Kong, Macau and Taiwan). At present, the treatment of advanced solid tumor with single drug of HLX208 or in combination with other drugs has entered into the Phase Ib/II clinical test; in February 2022, the wholly-owned subsidiary Shanghai Henlius entered into a license and supply agreement with Getz Pharma, granting the exclusive commercialized rights and interests to sell Handayuan (adalimumab injection) in eleven emerging markets in Asia, Africa and Europe. In addition, the wholly-owned subsidiary Fosun Pharma AG entered into an exclusive license and distribution agreement with Helsinn Group, a Swiss biopharmaceutical group, to distribute, promote and sell Akynzeo products (Netupitant and Palonosetron Hydrochloride Capsules) used to treat the nausea and vomiting arising from the tumor chemotherapy in the mainland China, Hong Kong and Macau.

## Intellectual Property Protection

### Patent Protection

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

technical and legal analysis of project-related intellectual property rights during the project initiation and the whole research and development process, and identified and warned intellectual property risks, using independent research and development, cooperative research and development or license-in to develop blockbuster products. The Group has established intellectual property portfolios including patent portfolios for key products to prolong the life cycle of products and ensure the realization of the economic and social value of research and development investment.

### Patent Results

During the Reporting Period, the pharmaceutical manufacturing businesses of the Group submitted 186 patents applications, including 35 American patents applications, 26 PCT applications, and the Group has obtained 62 patents for invention.

### R&D and License-in of Innovative Drugs for Rare Diseases

Fosun Pharma Group actively responds to the country's vigorous promotion of developing clinically urgently needed and orphan drugs. At present, through independent R&D, license-in, etc., it has a number of orphan drugs under development in the fields of oncology, ophthalmology, respiratory system, and hematologic system,

and is committed to improving the accessibility of innovative treatments to patients with rare diseases. At the same time, it actively carries out the “Star Bud” public welfare project of caring for children's rare diseases.

Drug	Indications	Model
Avatrombopag tablet	Thrombocytopenia in adult patients with chronic immune thrombocytopenia (ITP), thrombocytopenia in adult patients with chronic liver disease who undergo elective diagnostic operation or surgery (CLDT)	License-in
hPRC	Retinal pigment degeneration	License-in
SurVaxM	Glioblastoma	License-in
Aminohexanoic acid oral liquid	Infantile spasms and refractory epilepsy	License-in
FS1502	HER2 positive/mutant non-small cell lung cancer HER2 positive advanced gastric cancer HER2 positive advanced urothelial carcinoma HER2 positive advanced colorectal cancer	License-in
FCN159	NF1 related plexus neuropathy in children NF1 related plexus neuropathy in adults Melanoma with NRAS mutation	Independent R&D
FS1501	FLT3 mutant acute myeloid leukemia	Independent R&D
FCN338	Chronic lymphoblastic leukemia after failure of BTK inhibitor therapy	Independent R&D
FCN011	Advanced solid tumor with positive NTRK	Independent R&D
SAF189	Relapsed and refractory ALK positive non-small cell lung cancer ROS1 positive non-small cell lung cancer	Independent R&D

Note \*: Fosun Pharma's product line for rare diseases is based on the definition of rare diseases in the United States (diseases with less than 200,000 patients).

## Improvement of Health Accessibility with Innovative Drugs Benefitting More Patients

Fosun Pharma Group considers innovation as the most important social responsibility in the sustainable development of enterprises, actively promotes R&D innovation, and focuses on the unmet clinical needs, so as to improve the accessibility and affordability of drugs and speed up the implementation of innovative technologies and products.

After over a decade of continuous investment, many varieties such as Han Li Kang®, Han Qu You®, Su Ke Xin® and COMIRNATY® (Hong Kong, Macau and Taiwan markets) have been approved for marketing in the past three years, innovative products continue to benefit more patients.



### Yi Kai Da®: benefit more patients with lymphoma

The first CAR-T cell therapy Yi Kai Da® (Axicabtagene Ciloleucel) of Fosun Kite has been approved for marketing by National Medical Products Administration (NMPA) on 22 June 2021, which was China's first approved CAR-T therapy product. The investigational new drug (IND) of the new indication of Yi Kai Da® (for the treatment of Relapsed or Refractory non-Hodgkin's lymphoma) has been approved by NMPA in June and was granted breakthrough therapy designation by the NMPA in August.

As of February 2022, Yi Kai Da® has been included in more than 40 commercial insurances and urban customized commercial supplementary insurance (Hui Min Bao (惠民保)) in 21 provinces and cities, so that innovative CAR-T cell therapy with curative potential can benefit more lymphoma patients. Going forward, innovative payment will be continuously distributed at multiple levels to further improve the accessibility of drugs.

### Han Li Kang®: Benefit more than 100,000 Chinese patients

Han Li Kang® (Rituximab Injection) is the first self-developed mAb biosimilar drugs by Henlius, the biopharmaceutical platform of Fosun Pharma, and was approved by the NMPA for the marketing on 22 February 2019. It becomes the first biosimilar approved for marketing in China in accordance with the guidance of national biosimilar drugs, filling the gap in the domestic biosimilar drug market and making it possible for more Chinese patients to achieve accessible and curable solutions.



\* As of February 2022, Han Li Kang® has benefited more than 100,000 Chinese patients in aggregate. Its excellent product quality, safe and effective clinical performance have been recognized by doctors, patients and the industry.



As of the end of 2021, Artesunate for injection, an innovative drug of Fosun Pharma, has saved more than 48 million patients with severe malaria

### Serving patients worldwide

With the help of product advantages, Fosun Pharma Group continues to serve patients around the world. In the area of anti-infectives, Artesunate for injection, an innovative drug of Fosun Pharma, has saved more than 48 million patients with severe malaria; frontline anti-

tuberculosis drugs have served more than 15 million tuberculosis patients; in 2021, Fosun Pharma has served nearly 16 million patients in the fields of chronic diseases such as hyperuric acid, hyperglycemia, hyperlipidemia and hypertension, etc.

### Improve primary medical care

In order to implement the Central Committee's hygiene and public health work policies for the new era focusing on lower-level medical institutions, follow the Healthy China strategy, the Rural Revitalization strategy, and actively respond to population aging, on 9 September 2021, Fosun Pharma set up a "Star Love 121" special fund jointly with Shanghai Fosun Foundation, and initiated and carried out public welfare projects such as the "Rural Revitalization Health Demonstration

Project" and "Hand in Hand Rural Medical Talent Revitalization Program", with an aim to improve the quality and level of public health services at the lower-level medical institutions, thereby promoting the healthy development of rural areas. (For details, please refer the section headed "Responsibility and Public Welfare" of this Report)

Number of patients with severe malaria saved by Artesunate for injection



**>48** million

Number of patients with tuberculosis helped by first-line anti-tuberculosis drugs



**>15** million

Number of patients with chronic diseases served in 2021



**16** million

## Quality First – Operation Excellence

### Quality policy and strategy

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

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



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



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



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



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

### Product quality and safety

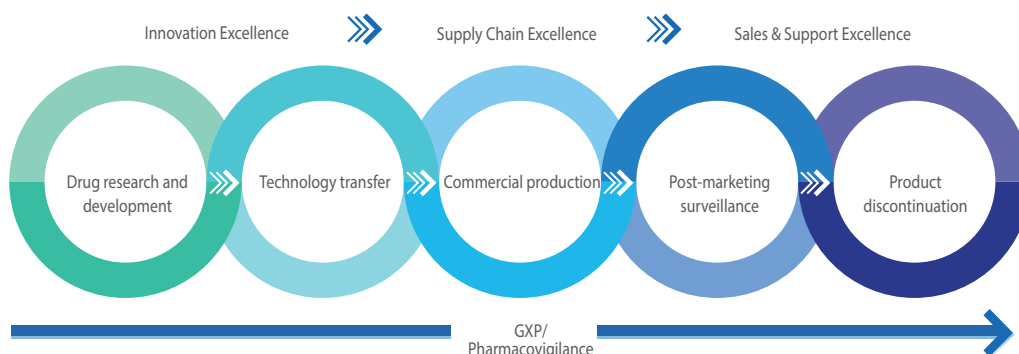
The subsidiaries of pharmaceutical, diagnosis and medical device of Fosun Pharma Group are located in 12 provinces, autonomous regions, and municipalities in China as well as India, Israel, Sweden, etc. Some of subsidiaries were established in Europe and the United States. The products produced by pharmaceutical subsidiaries include biological products, TCMs, chemical drugs, biochemical drugs, etc. The medicinal products produced cover most of the ordinary categories and dosage forms, such as small volume parenteral solution, lyophilized powder for injection, powder for injection, tablet, hard capsule,

soft capsule, granule, Chinese medicine pills, etc. related to the treatment of diseases in terms of cardiovascular system, central nervous system, hematology, metabolic and digestive system, and anti-infectives. Medical diagnosis subsidiaries and medical devices subsidiaries are mainly engaged in research and development, production and sales of diagnostic reagents, medical device consumables, non-invasive ventilators and distribution of high-end medical devices, e.g. Da Vinci surgical robot.

## Full Life Cycle Management

The “life cycle of drugs” refers broadly to the whole process from the beginning of drug development, registration evaluation, launch, reevaluation, removal off shelf due to market and other reasons, and narrowly refers to all measures taken after the development and marketing of the first dosage form and adaptation in order to maintain and increase the sales and profit of the drug and to protect the sales and profit of the drug from the impact of competitive drugs.

Fosun Pharma Group has established a continuous improvement management system over the entire life cycle of products (drug development, technology transfer, commercial production, and product discontinuation) through the establishment of the research and development system prior to marketing of drugs, the production supply chain management system and the post-marketing service system. GXP regulations are complied with during the life cycle. In addition, it has also established a pharmacovigilance system throughout the life cycle to provide comprehensive and effective assurance for the quality and safety of products.



## Lean Management

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

In June 2017, Fosun Pharma Operation Excellence (FOPEX) was officially launched.

FOPEX, i.e. Fosun Pharma Operation Excellence, is the operational excellence of Fosun Pharma and is committed to unifying the internal operation management language, promoting the improvement of enterprise management level, improving the operational efficiency of enterprises, and establishing an excellent operation system with comprehensive competitive advantages and integrated agile supply network to support product innovation and business growth.

In 2021, Fosun Pharma continued to promote FOPEX among subsidiaries and use PMO management platform to promote FOPEX project management, so as to realize online project management in an information-based way. The member enterprises of all segments actively participated in the activities of lean improvement. In 2021, there were 507 new FOPEX Projects, including quality, cost, efficiency, cycle time and R&D. By the end of 2021, a total

of 364 projects had been completed with about 100 million RMB annual cost saving, a significant increase over the previous year, mainly due to the strength of lean R&D in core businesses, which has resulted in significant cost reductions and efficiency gains. The FOPEX Promotion Committee was established in the diagnostics and devices section of Fosun and a dedicated black belt was responsible for the promotion of FOPEX, which was carried out with remarkable achievement.

Talent is the key to the continued advancement of FOPEX. In 2021, Fosun Pharma Group further strengthened the training of FOPEX talents with three green belt training courses conducted in Shanghai. In 2021, the Group newly granted 112 people with green belt and 5 people with black belt. By the end of 2021, 364 people and 16 people were awarded green belt and black belt after the completion of the training courses. With the further advancement of FOPEX, the application of lean tools, theories and methods in all aspects of work has helped Fosun Pharma cultivate a group of outstanding talents with logic and data thinking and laid a solid foundation for the continuous implementation of FOPEX in Fosun Pharma and its subsidiaries.

Annual income of Fosun Pharma Operation Excellence (FOPEX) about

 **RMB100** million



Black belt certification

### Wanbang Pharma Packaging Cost Reduction Project

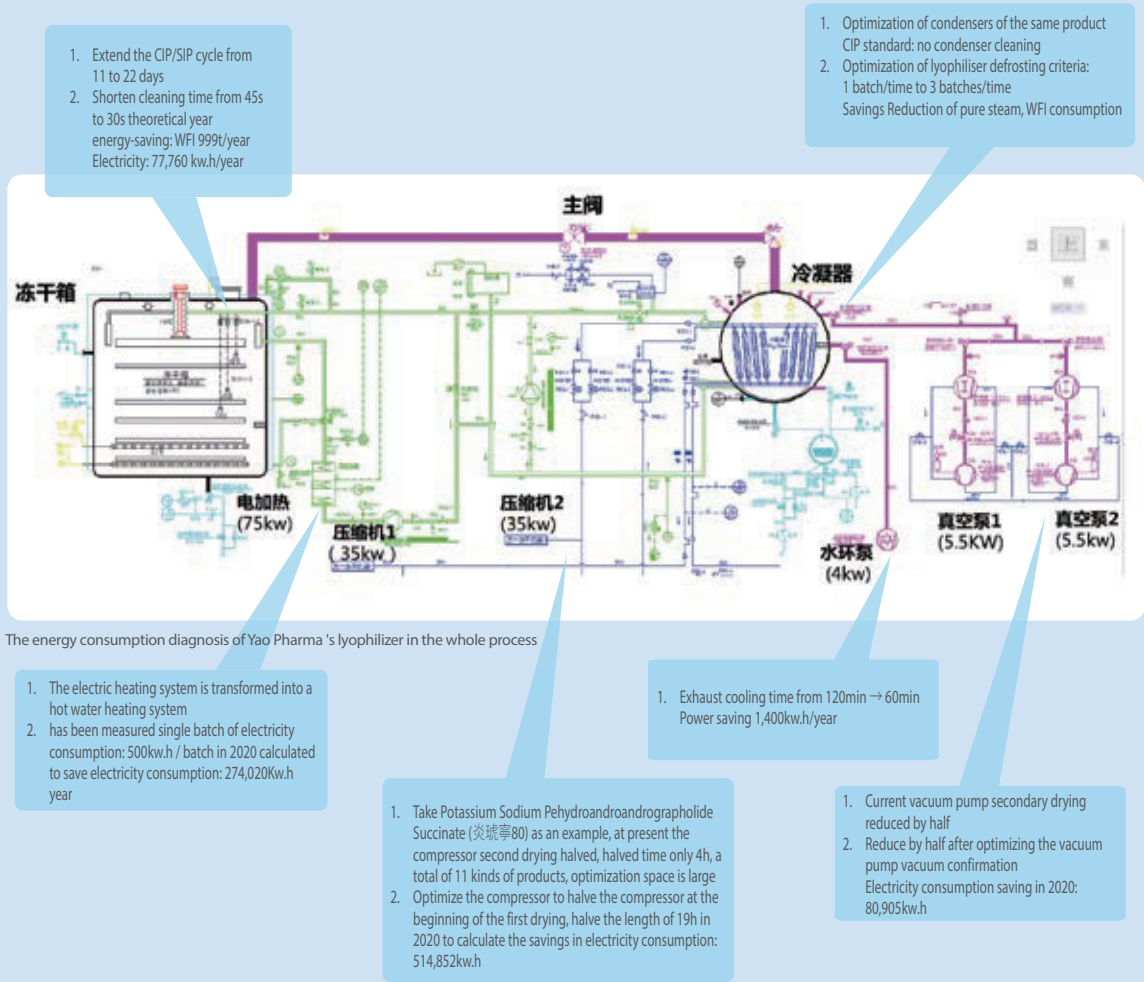
Wanbang Pharma analyzed and optimized the packaging cost for several core centralized procurement products, and through reasonable packaging board design, multiple boards in one box, reasonable design of the size of the outer packaging

box, improved the density of the packaging materials used. As a result, the packaging cost and logistics cost of the products were significantly reduced, resulting in an annual cost saving of over 100 millions RMB.

### Yao Pharma 's Energy Consumption Systematic Optimization Project

Yao Pharma systematically rationalized the energy (water, electricity and gas) of its factory, and analyzed and optimized the generation, pipeline transportation and consumption points of the energy, so as to eliminate energy waste in all aspects

and significantly reduce the energy consumption costs. At the same time, Yao Pharma has established an energy monitoring platform to real-time monitor energy consumption and reporting and improving the situation when abnormalities occur.





## Quality System Audit

The Group implements a four-level quality system architecture system (quality manual, GMP guidelines, management procedures, and documents of enterprises), and provides topdown guidance to help improve enterprises' quality system. By the end of 2021, the Group has issued a total of 19 GMP technical guides and the process of key quality elements is becoming more and more standardized. The Group continued to follow the update pace of domestic and international regulations and continued to provide technical support for the quality improvement of member enterprises, to promote the construction and management of quality system with a global perspective and height.

In 2021, the Group continued to quantitatively evaluate the quality system of pharmaceutical enterprises. According to the FDA requirements, it comprehensively evaluated and multi-dimensionally scored six systems of quality, manufacture, documents, materials, laboratories and equipment and facilities to quickly identify weaknesses of enterprises' quality system and urge enterprises to conduct self-improvement. In 2021, the Group engaged a chief quality consultant with extensive experience in international official inspections and actively involved in cooperation with third-party quality management consulting firms. In addition, we will optimise the quality management model of the head office for each member company, and in accordance with the new quality audit management approach, select quality audit experts from member companies to form audit teams that will participate in the audit work of each member company after receiving training in the corresponding audits. The team members have at least 10 years of experience in the pharmaceutical industry. They are professional and experienced and insist on attending industry training, seminars and self-learning, to ensure quality system evaluation in an objective, fair and realistic way. A total of 9 audits of pharmaceutical and medical device companies were completed during 2021 and all were passed. At the same time, gap analysis, operation investigation, special inspection, and special training were conducted to promote the member enterprises to establish a quality system that meets domestic and international requirements, to continuously improve the compliance level.

In 2021, Fosun Pharma Industrial Company adhered to the drug marketing authorization holder responsibility system, proactively improved the quality management system of drug marketing authorization holder (MAH) in accordance with the requirements of the Drug Administration Law (revised in 2019) and the Measures for the Supervision and Administration of Drug Production (issued in 2020); at the same time, it continued to evaluate the quality system of contract manufacturers and sellers to ensure the quality and supply of the products.

In 2021, as an entity for the domestic commercialization of mRNA COVID-19 vaccines, the Fosun Pharma Industrial Company has established and improved the Mainland agent system and the operation quality management system in accordance with the regulatory requirements

of the Drug Administration Law of the People's Republic of China (the "Drug Administration Law") and the Vaccine Administration Law of the People's Republic of China, and has successfully passed the acceptance inspection of pharmaceutical operation permit and the quality audits of foreign suppliers. The operation quality management system for Hong Kong was established to facilitate the supply of mRNA COVID-19 vaccines in Hong Kong, Macau, Taiwan and the continuous quality management of vaccines after launch.

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

While constantly enhancing the systems, Fosun Pharma also encouraged its member enterprises to prioritize advanced equipment and technology in the production of drugs and proactively introduce various quality information management systems to meet the requirement of data integrity. The Group continued to deepen its investment in intelligent manufacture and published Intelligent Manufacturing Guide to guide enterprises to carry out information-based and intelligent transformation. It also advanced the pilot construction of MES (Manufacturing Execution System) in several member enterprises, and rapidly promoted the construction and promulgation of LIMS (Laboratory Information Management System), WMS (Warehouse Management System), SCADA (Supervisory Control and Data Acquisition), QMS (Quality Management System) and DTMS (Document and Training Management System). At the same time, Fosun Pharma emphasized process validation and daily monitoring, and strictly abided by applicable state requirements and international standards to conduct change management so as to ensure that production process met registered technology requirements and drug quality met registered standard requirements.

In 2021, the Group's domestic pharmaceutical subsidiaries accepted and successfully passed inspection by authorities for 69 times in total. In 2021, domestic pharmaceutical subsidiaries were sampled 763 batches, which were qualified in test. During the post-epidemic period in 2021, the nucleic acid detection reagent of the Group's domestic member enterprise of medical devices Fosun Diagnostic (Shanghai) and the negative pressure ambulances and P2+ inspection vehicles of Beiling Auto continued to contribute to the epidemic prevention, all of which passed various special inspections and market inspections at the national, provincial and municipal levels. In 2021, 12 domestic medical device member enterprises of the Group accepted and successfully passed 28 official inspections in total.

Pass rate of official  
inspection/sampling



100%

## Quality System Certification

In 2021, all pharmaceutical subsidiaries of the Group meet the Edition 2010 GMP requirements. As of the end of 2021, the production lines of the Group's holding subsidiaries of pharmaceutical business that passed GMP compliance inspection included 38 sterile preparation production lines, 40 oral preparation production lines and 87 APIs and all the holding subsidiaries of the pharmaceutical business met the requirements of the Edition 2010 GMP requirements of the PRC. While the production line meets the Edition 2010 GMP requirements, the Group actively promotes the internationalization of pharmaceutical companies and encourages enterprises to participate in the implementation of international cGMP and other quality system certifications such as the United States, European Union, and WHO. For the Year of 2021, over ten APIs received GMP certification of national health authorities including the U.S. FDA, EU, PMDA and German Federal Ministry of Health. As of the end of the Reporting Period, Guilin Pharma's 1 production line of oral solid formation and 3 injection production lines passed the WHOPQ certification. Yao Pharma's 1 production line of oral solid formation passed the certification of FDA of US and Health department of Canada. Wanbang Pharma's 1 lyophilized aseptic production line passed the cGMP certification of EU, 1 oral dosage production line passed the FDA cGMP of US and 1 sterile preparation production line passed the certification of FDA of US. Shanghai Henlius' 1 aseptic production line passed the cGMP certification of EU. A number of aseptic production lines at 3 pharmaceutical manufacturing sites of

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

In 2021, while the medical device subsidiaries of the Group met the Specification for Production Quality Control of Medical Devices of the PRC and eight enterprises also accepted the international ISO13485:2016 certification, three of which passed the ISO9001:2015 certification and five of which passed the CE certification with several products. The COVID-19 nucleic acid detection kit of Long March Medical has obtained EU CE certification, U.S. FDA emergency authorization, and Australia TGA certification and entered WHO Emergency Use List. At the same time, the Fosun Diagnostic Medical Laboratory passed the annual recognition re-certification by CNAS Laboratories.

After the implementation of the new version of the Drug Administration Law on 1 December 2019, the separate GMP certification has been cancelled. Supervisory authorities will strengthen preapproval inspections and daily supervision and inspection, but maintaining and continuously improving the GMP system is still the quality responsibility of enterprises. The Group will continue to strengthen corporate compliance operation control, and increase normalized GMP irregular inspections and technical supervision, to ensure corporate compliance operations, continuously improve GMP quality system construction and steadily improve quality management.

### GMP certification of domestic pharmaceutical subsidiaries of Fosun Pharma in terms of production lines as of the end of 2021

Inspection type	Certification agency	Certification status
China GMP	NMPA and drug administration of provinces	87 APIs 38 sterile preparation production lines 40 oral dosage production lines
US FDA	US Food and Drug Administration	13 APIs 1 sterile preparation production line 2 production lines of oral solid formation
EU	Drug administration of the members of EU	3 APIs 2 aseptic production lines
WHO	World Health Organization	4 APIs 1 production line of oral solid formation 4 injection production lines
Japan PMDA	Japan Pharmaceuticals and Medical Devices Agency	4 APIs

### International system certification of the domestic medical devices and medical diagnosis subsidiaries of Fosun Pharma in 2021

Certification type	Certification agency	Certification status
ISO 13485:2016	TUV SUD, TUV Rheinland, DNV.GL, BSI	8 enterprises passed
ISO9001:2015	Shanghai Quality System Certification Center, TUV Rheinland, Beijing Xingyuan Authentication Center	3 enterprises passed
CE product certification	TUV SUD, TUV Rheinland, DNV.GL	5 enterprises with several products passed



Poster of Fosun Pharma's Quality Management Month

## Quality Risk Management

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

the life cycle of products are in line with the GMP and relevant laws and regulations to ensure that product quality can protect all persons involved and always meet patients' requirements.

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

## Quality Culture Construction

In 2021, in order to implement Fosun Pharma's quality policy of "Respect for Life; Quality First; Pursuit of Perfection; Striving for Excellence", improve the awareness of quality risks and quality management capabilities of all employees, and implement Fosun Pharma's quality culture of quality first, in September and October, the Group launched a quality management month event covering all pharmaceutical, medical device and medical diagnosis subsidiaries. The Quality Management Month with the theme namely "Quality by Design" aims to reinforce the quality control from design, eliminate the source of defects, as well as improve the product quality and corporate competitiveness. Members of Fosun Pharma's pharmaceutical, medical device and medical diagnosis segments all attended the event of this management month. During the event, the Group held the launching ceremony, released posters on the theme of the event, displayed cultural slogans of each member, and organized a series of related activities, such as a gap analysis of domestic and international regulations, a VR factory

tour and quality management forums, and member enterprises organized a series of quality activities.

The VR factory tour was an innovative event of this Quality Management Month. Based on the theme of "Quality by Design", Operation Management Department of Fosun Pharma selected outstanding manufacturing companies that fit this theme, and demonstrated the workshop and production process of those companies through video shooting, allowing the audience to understand how they implement quality control in the very first designing phase, thereby ensuring compliance and efficiency throughout the entire production process. Moreover, member enterprises carried out a series of activities to promote quality culture, such as the online knowledge contest on quality knowledge, the English competition for learning WHO GMP, and the preparation of special magazine for this quality event. Employees were enthusiastic with the new format of quality culture learning.



Yao Pharma's international industry base for preparations

Annual quality training hours per capita on average of pharmaceutical subsidiaries exceeded



**70** hours

A YoY increase of **81.2%**

#### Quality Training

In order to continuously enhance the standards for quality management systems, facilitate the employees to absorb the latest quality ideas, and consolidate standard operating procedures, subsidiaries under the Group highly value the training related to quality and further enhance the awareness of conforming operation through regulations promotion in combination with internal and external training. In response to the laws and regulations collectively promulgated in 2021, the Group and member enterprises proactively sent staff to attend various publicity trainings, and implemented transfer training and targeted training within the enterprises. In 2021, the Group invited internal and external experts to continuously carry

out a training course for the Excellent Production Quality Directors; provided support for the internationalization needs of member enterprises. Key production quality managers were offered professional forums, trainings and education opportunities on specific topics such as validation and verification, process validation, cleaning validation, analytical method validation, and usage of the United States Pharmacopeia. In 2021, the employees of pharmaceutical subsidiaries received quality training of more than 70 hours per capita on average, up by 81.2% year-on-year, and the employees of medical diagnose and medical device enterprises received quality training of more than 20 hours per capita on average.

#### Quality Training of Major Pharmaceutical Enterprises of Fosun Pharma Group in 2021

Unit: Hours

Item	Shanghai Henlius	Wanbang Pharma	Yao Pharma	Guilin Pharma	Aohong Pharma	Erye Pharma	Hongqi Pharma	Aleph
Average training time per capita	346.6	23.2	23.2	74.5	24.9	32.2	50.5	64.8

\* Note: Shanghai Henlius has upgraded its documentation system to computerised system in 2021, thus nearly all the documents therein were revised and came into effect subsequent to the passing of training.

#### Medication Safety

The Group values quality risk management throughout the life cycle of its products and has strict quality and safety management mechanisms in place in terms of product research and development, clinical trial, technical transfer, production and manufacturing, marketing and sales, etc. to ensure the safety in the process of research and development, production, sales, recall or market withdrawal of medicinal products and medical devices.

The Group has formulated management systems including the GMP Management Regulations for Production and R&D of Products at Workshops and the Management Regulations for Clinical Trial Drug Audit, to guide member enterprises to pay attention to compliance at the R&D stage and participate in audits and investigations by R&D units. As a result, product quality risks were better controlled at the early stage of the life cycle.

## Pharmacovigilance

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

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

In 2021, the Group improved its pharmacovigilance operations, pharmacovigilance scientific support, pharmacovigilance compliance and education related functions in terms of organizational construction, process system construction, pharmacovigilance data management system construction, and quality system construction.

In 2021, the Group devoted its efforts to establish the procedures and systems. In accordance with the Pharmacovigilance Quality Management Code promulgated in 2021 and other domestic and international regulations, in conjunction with its own work experience, the Group newly completed the main documents related to Pharmacovigilance system and its management processes, as well as the procedure documents for filing and preservation of information related to pharmacovigilance activities, while updated and improved the existing regulation.

In 2021, the Group continually improved the construction of the pharmacovigilance data management system, strengthened the deployment, setup and training of the advanced global pharmacovigilance system ArisG at the group level. On the one hand, the use of the pharmacovigilance system realized the PV process standardization and standardized operation, has the autonomy of data, and improves the data quality. The system makes data scientific, and connects with the data of regulatory authorities and important partners, realizing the electronic submission of PV data. On the other hand, it achieved PV work informatization and data management electronicization of the Group, to improve work efficiency, while meeting international regulatory requirements and the needs of internationalization strategy.

In terms of pharmacovigilance management throughout life cycle, the Group improved scientific support for pharmacovigilance during the drug development phase. In 2021, the Group improved the

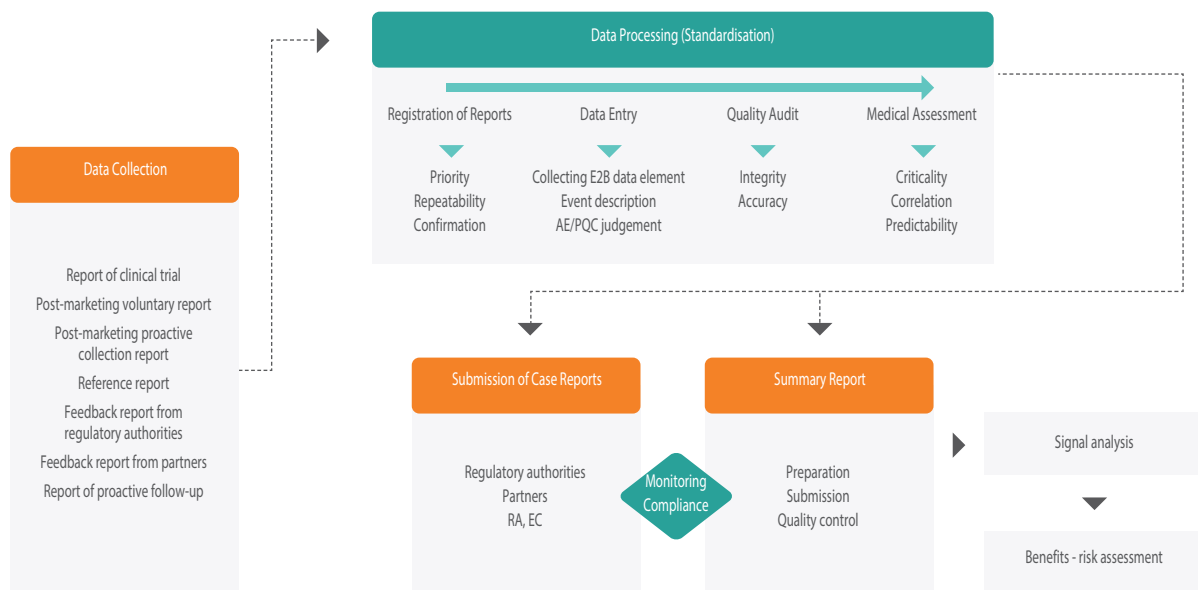
risk control plan during the research and development period, update of safety reports during the research and development period, regular benefits – risk assessment reports/regular update of safety reports, and the process of preparing the risk management plan after the drug was launched, so that the scientific support for pharmacovigilance was provided in a more deeply way throughout the entire life of drugs from research and development to marketing, to better ensure patients' medication safety.

In 2021, the Group improved the construction of its pharmacovigilance quality system. It continued to implement the regular pharmacovigilance communication mechanism for pharmaceutical subsidiaries and the mechanism for regular delivery of pharmacovigilance newsletters, established the pharmacovigilance field investigation and pharmacovigilance training course mechanism, and transmitted regulations and relevant requirements on internal pharmacovigilance of the Group in a timely manner through a series of measures. In addition, the Group also provided training and sharing of professional knowledge to strengthen communication and interaction among subsidiaries. Through improving the pharmacovigilance training mechanism, we strengthened the pharmacovigilance training for internal staff and external partners, and enhanced the overall pharmacovigilance awareness and working ability of our staff and partners.

In 2021, in terms of pharmacovigilance, the Group was deeply involved in the project of mRNA vaccine of novel coronavirus pneumonia, and was in charge of the clinical trial of vaccine and the PV work after the vaccine was launched. The Group continuously tested and evaluated the safety and risks of the vaccine, and maintained in-depth communication with regulatory authorities in Mainland China, Hong Kong, Macau and Taiwan to make contribution to the smooth operation of the project.

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

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



A/E Handling Process

Pharmaceutical subsidiaries proactively collect information on adverse drug reaction



**100%** report

Group adverse reaction caused by drug quality defects



**0**

Reporting compliance rate of the adverse drug reaction collected by Fosun Pharma's member enterprises



**100%** report

Death and group adverse events of Fosun Pharma's medical devices subsidiaries



**0**

### Adverse Drug Reaction Report

The Group cares about medication and device usage safety for patients and values the strict monitoring and reporting of adverse drug reactions and adverse events of devices as well. In 2021, the Group continued to strictly implement the "Drug Administration Law", the "Pharmacovigilance Quality Management Standards", the "Adverse Drug Reaction Reporting and Monitoring Management System" and the "Measures for Monitoring and Reevaluation Management of Adverse Events of Medical Devices", fully implemented the drug marketing authorization holder system and asked each of its pharmaceutical subsidiaries to report adverse drug reactions and adverse events of medical devices as soon as they become aware thereof.

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

of the Group within prescribed period to ensure that all information of adverse drug reactions are collected and handled in a timely manner. In 2021, pharmaceutical subsidiaries of the Group have, in accordance with the national requirements, collected adverse drug reactions information and have reported all the information to the national adverse reaction reporting system in a timely manner with a 100% compliance rate of reporting. Member enterprises strengthened training and expanded the proportion of report of self-collected adverse drug reactions. In 2021, the proportion of adverse drug reaction reports collected independently by the Group in the total reports increased significantly, indicating that member enterprises had better fulfilled the obligation of drug marketing authorization holder and better collected drug safety information, which provided more professional support for patients' medication safety. There were no group adverse reactions events or deaths caused by drugs with quality defects in 2021. In 2021, no deaths or group adverse events occurred with the medical devices manufacturing enterprises of the Group.

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

### Product Recall

The pharmaceutical subsidiaries of the Group have prepared the "Procedures for Management of Product Recall" in accordance with the "Administrative Measures for Drugs Recall" and other regulations and relevant management systems of China. The member enterprises regularly conduct simulated recall to systematically verify the effectiveness of the existing recall system and ensure that drugs can be quickly recalled in case of quality concern and to protect consumers' interests. In 2021, the domestic pharmaceutical subsidiaries of the Group conducted a total of 8 simulated recall with one product recall incident. This recall was an voluntary recall caused by

the misprinting of the product approval number on bottle labels some batches of products. The member enterprise submitted a description of the recall to the provincial medical products administration and issued the "Product Recall Notification Letter" within 72 hours to their downstream customers. In order to ensure the accessibility of medicines to patients, the downstream distributors will be refunded and exchanged in an orderly manner. All product recalls have been completed as of the end of 2021. In 2021, there were no product recalls at medical diagnosis or medical device member enterprises.



## Healthcare Services Quality and Patient Safety

Fosun Health, a subsidiary of Fosun Pharma, has incorporated social responsibility into its long-term corporate development strategy. During its business development, Fosun Health has always been grateful and strives to be a company that satisfies the society, government, its employees and shareholders.

In 2021, Fosun Health assumed its social responsibility and created social value by promoting inclusive healthcare through continuously facilitating the integration of online and offline medical services. During the year, while practicing and inheriting Fosun's mission of "Creating Happy Lives for Global Families", Fosun Health established the mission of "Healthy Family, Better Life" and the vision of building a one-stop all-scenario medical health-ecosystem.

Maintaining kindness and leveraging technology, Fosun Health fulfilled its social responsibility from the following four aspects:



### We promoted high-quality medical resources to more patient groups so as to contribute to rural revitalization

Fosun Health proactively promoted the upgrade of "Internet + Healthcare" by integrating and optimizing medical resources to make national quality medical resources available to patients at home, thus alleviating the difficulties of patients in seeking medical care and under-affordability and reducing medical expenses. At the same time,

Fosun Health improved the ability of primary medical care institutions to treat diseases through the integration of online and offline medical services, allowing more families to enjoy intelligent medical care, thus alleviating the problem of uneven distribution of medical resources, reducing the frequency of doctor-patient conflicts, and contributing to rural revitalization.

**Fosun Health “Cloud Guardian” Platform**

The Fosun Health “Cloud Guardian” Platform officially launched on 6 November 2021 is a public welfare platform specifically built for rural doctors nationwide. Based on the Fosun Health App, the platform brings together rural doctors in 73 poor counties across China. It provides them with online learning, online insurance application, remote consultation guidance from experts, and online consultation by villagers and other services, so that the linkage of technology and experts can generate more diversified value for grassroots public health services. Through the combination of online platform operation and offline team member support, the rural doctor project has completed the rapid uploading of more than

9,900 village doctors to the “Cloud Guardian” platform and the simultaneous radiation to the villagers and their families. In 2022, Fosun Health will continue to promote the implementation of the “Cloud Guardian” platform and achieve more county coverage through county medical community cooperation services. Fosun Health will effectively solve the pain points of grassroots medical needs, upgrade village doctors’ intelligence and contribute to rural revitalization by helping village doctors practice efficiently, activating village medical insurance, and conducting online village doctor training, remote consultation, and MDT, etc.

**With technology empowering medical industry in downturn, cloud imaging business has broken through geographical boundaries to achieve inclusive benefits of high-quality medical care, helping more than 670 patients in 2021**

**Media Coverage: By “communicating online”, medical experts in Shanghai and Yunnan successfully treated a 10-year-old girl**

The epidemic prevention and control that has lasted for nearly two years has brought many new challenges to the cross-regional treatment of major and difficult diseases, and has also provided a broader space for the application of new technologies for diagnosis and treatment such as digitization and intelligence. Not long ago, through the online medical technology platform, experts in Shanghai and Yunnan, though being thousands of miles apart, conducted medical image reading, consultation and communication online to complete a difficult operation in five and a half hours to save a 10-year-old girl’s life from the disease, which was an example of “online + offline” integrated diagnosis and treatment solutions.

Yueyue, a 10-year-old girl from Yongping County, Dali, Yunnan, went to a local hospital because of abdominal pain. Due to the indeterminate diagnosis result, at the suggestion of the local hospital, Yueyue’s parents initiated a remote diagnosis application to the experts from the hospitals under the system of Shanghai Fudan through the Fosun Health Cloud Imaging Platform. Experts far away in Shanghai soon gave a clear diagnosis feedback – “cystic solid tumor of the pancreas”.

Pancreatic tumors in children are very rare, so Yueyue must be treated as soon as possible. To this end, a number of experts such as Zhang Zhiyong, an imaging expert of Zhongshan Hospital Affiliated to Fudan University and Vice President of Fudan University, and Shi Yuxin, Vice President of the Zhongshan Hospital (South) joined the medical staff of the First Affiliated Hospital of Dali University and the People’s Hospital in Yongping County thousands of miles away to log in to the Fosun Health Cloud Imaging Platform to discuss the patient’s condition and determine the treatment plan. Through the detailed analysis of the medical images on the platform, experts from the three places finalized the final diagnosis and treatment options in just one hour.

On November 25, the operation was successfully carried out in Dali under the remote guidance of several experts from the hospitals under the system of Fudan. As for the operation that lasted for five and a half hours, Yang Jiwu, the chief surgeon and Chief Physician of the General Surgery Department of the First Affiliated Hospital of Dali University, said it was “complicated, but very successful!”

Shi Yuxin, Vice President of Zhongshan Hospital (South) Affiliated with Fudan University, who remotely followed up on the diagnosis and treatment of Yueyue during the whole process, said: “Ordinary folks have high requirements for medical resources, but there are few ways for them to obtain high-quality medical resources. Therefore, the remote imaging diagnosis platform and remote consultation are of great significance. ” Through the Fosun Health Cloud Imaging Platform, he has performed remote diagnosis for more than ten patients. Remote consultation not only plays a vital role in early screening, early diagnosis and early treatment, but also improves the disease treatment capabilities of primary



Photos of Yueyue before her surgery

medical institutions and promotes the level of homogenization of diagnosis and treatment, so that patients can enjoy high-quality medical resources across China without having to cross regions and with lower medical burdens.

China’s online medical industry is developing rapidly. Users can consult online through the online hospital network, get electronic prescriptions, and have medicines delivered to their homes directly. And they can communicate with doctors in real-time through online subsequent online visits. However, online medical services are still limited. Truly realizing the integration of online and offline services is the needs of patients and the direction of exploration in the medical industry.

The Fosun Health Cloud Imaging Platform used by experts in Shanghai and Yunnan to jointly treat Yueyue this time is a new achievement that integrates high-quality medical resources, including cloud imaging reading, remote consultation, and multi-site collaborative surgical treatment. It provides “online and offline integrated diagnosis and treatment solutions”. Li Shengli, CEO of Fosun Health, said that creating a medical-grade, one-stop, all-scenario health ecosystem and building online and offline integrated diagnosis and treatment solutions will enable more people to enjoy high-quality, efficient and accessible medical and healthcare services.

Source: People’s Daily App



## Vigorously develop key disease areas and create innovative integrated services of "medical + pharmacy + insurance" to address the needs of patients

With innovative integrated services of "medical + pharmacy + insurance", Fosun Health provides user-oriented multi-dimensional services such as medical services, pharmaceutical services, insurance services and health management. Moreover, it provides solutions for the entire life cycle, covering a single disease and complications, as well as treatment and prevention and rehabilitation, striving to become a leader under active health management models.

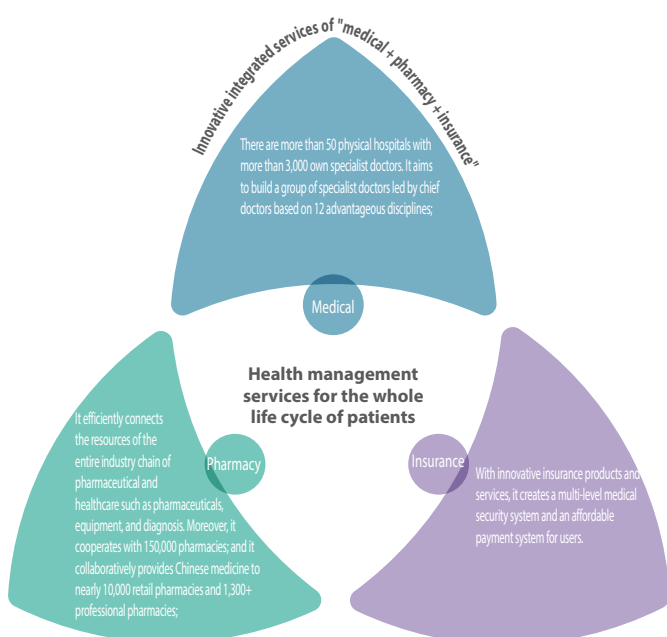
With an advanced medical risk management and control system, Fosun Health actively explores and realizes the innovation of medical models in payment, service and risk control, setting a precedent for the industry and helping to improve financial management and public service innovation in the

whole society. It has been vigorously developing in crucial disease areas to address the needs of patients. With the innovative integrated services of "medical + pharmacy + insurance", it provides users with professional health value-added services with minimum medical expenditure costs, so as to meet more health consumption needs that are more personalized for users.

As an integrated service provider, Fosun Health cooperates with financial institutions, Fosun United, Guoda Pharmacy, Dapeng & Jiangsu Fosun, etc., to provide pharmaceutical companies with full-process solutions to benefit patients. They make efforts to prolong the life cycle of colorectal cancer patients, improve the quality of life of patients with thrombocytopenia, and reduce

patients' payment burdens. By the end of February 2022, it has benefited more than 5,000 patients, saving them more than RMB20 million.

In order to further improve the social security system for most grass-roots rural doctors, reduce the unexpected risks and significant disease risks of rural doctors due to going out for medical treatment, and solve the worries of rural doctors, the Fosun Foundation purchases group accident insurances and group critical illness insurances for rural doctors in project-related counties according to the rural doctor protection project among the rural doctor projects called "Five Ones". As of February 2022, we have purchased 43,999 accident insurances and 23,229 critical illness insurances for rural doctors.



## Cases

### "Ningju Xinsheng (凝聚欣生)" Benefit Medication Service Program

For the first oral innovative drug for chronic liver disease-related thrombocytopenia - Doptelet® (Avatrombopag Maleate), Fosun Health has innovated benefit medication

service programs represented by "Ningju Xinsheng (凝聚欣生)". The program has been launched for 155 days, and has helped 996 patients save RMB5,870,176 in treatment costs.

### "Pu Xian Bao (莆仙保)" Medical Security Service

With its health management services and technical support provided by Fosun Health, "Pu Xian Bao (莆仙保)" is committed to creating comprehensive social-business-integrated multi-level medical security services covering "medical, pharmacy, insurance, and healthcare". It is committed to improving the level of medical security in Putian to meet the diversified and differentiated medical security needs of the people of Putian and Taiwan compatriots in Putian. As an integral part of the multi-level medical security system in Putian City, "Pu Xian Bao (莆仙

保)" includes Taiwan compatriots into the insurable groups, so that Taiwan compatriots in Putian can enjoy the same treatment of inclusive supplementary medical insurance products as residents of Putian. It aims to improve the medical security for Taiwan compatriots working and living in Putian and reduce the burden of Taiwan compatriots seeking medical treatment in Putian, so as to make Taiwan compatriots work and live in Puzhou with greater comfort, peace of mind and confidence.



**The offline physical hospital has been deployed for more than ten years, making medical services easily accessible, insisting on high-quality medical service assistance, and ensuring patient safety**

Fosun Healthcare is a platform for the health service industry integrating comprehensive and specialty medicine subordinate to Shanghai Fosun Health Technology (Group) Co., Ltd. Since its establishment in 2010, Fosun Healthcare has made critical business placement in five economic zones, i.e., Pearl River Delta and the Greater Bay Area region, the Yangtze River Delta, Huaihai Economic Zone, Chengdu- Chongqing Economic Zone and Central China Economic Zone, and established

the innovative medical service system integrating offline hospitals with online medical treatment capability.

Following the concept of “care for life and protection of health” and the eternal principle of keeping patients’ interests utmost, Fosun Healthcare strives to become an industry leader in serving global family health by providing world-class expertise, innovative services and health management for every family, and adhering to the mission of “well-respected medical practice and better health for families worldwide”.



Fosun Healthcare has

- 18** wholly-owned member hospitals
- 1** associated hospital (Shanghai Xingchen Children's Hospital)
- 1** joint-stock hospital (Huaihai Hospital)

Registered beds



**5,532**

(by the end of February 2022 )

**The Group actively sought development with medical service capabilities improved continuously**

By the end of 2021, the member hospitals, and Huaihai Medical Management, which has a stake in Fosun Healthcare, have been awarded seven provincial vital specialties and 48 municipal key specialties. For the fourth consecutive year, Foshan Chancheng Central Hospital was awarded the top ranking of China's socially run hospitals, and the hospital has established the Foshan Clinical Medical School of Guangzhou University of Traditional Chinese Medicine, as well as the Clinical Skills Simulation Center. The construction of key specialties has been vigorously promoted. At present, TCM gynecology is a provincial key specialty, and spinal surgery is a provincial key specialty for cultivation. Anhui Jimin Cancer Hospital was officially listed as Jimin Cancer Hospital affiliated to Anhui Medical University. Shenzhen HengSeng Hospital has obtained the qualification of Guangdong Provincial Basic-level Chest Pain Center and the qualification of Shenzhen Acute Myocardial Infarction Designated Treatment Hospital and obtained one project of Shenzhen Science and Technology Innovation Committee. Suqian Zhongwu Hospital has passed the national chest pain center certification (basic version) and successfully established the Suqian county-level chest pain, trauma, and stroke treatment center.

have been published. Fosun Chancheng Hospital Obstetrics Specialist Nurse Training Base was awarded the construction unit of the China Maternal and Child Health Association.

Guangzhou Xinshi Hospital officially joined the big family of Fosun Healthcare. This general tertiary hospital integrates medical treatment, teaching, scientific research, and preventive health care with 800 approved beds. It is also a teaching hospital for general medical colleges in Guangdong Province.

The third-party disinfection supply center of Foshan Chancheng Central Hospital is fully operational and has already achieved cooperation with other medical institutions in the city. Chandi Precision Medicine Health Promotion Center, which is dedicated to developing a precision diagnosis, precision treatment, functional medicine, 3D printing, clinical experiments, and tissue specimen bank, was established. Community service center resources were integrated, and the medical and nursing model with family beds and family doctors was implemented (9 nursing homes, 513 family beds). Wenzhou Geriatrics Hospital has strengthened its medical cooperation with Zhongshan Hospital Affiliated with Fudan University and conducted nearly 30 remote consultations throughout the year. A new round of contracts for the public security supervision ward of Yueyang Guangji Hospital was signed, and the reconstruction was completed. The blood glucose monitoring system inside and outside the hospital has covered the community service centers around the hospital, creating conditions for further completion of MMC outpatient clinics.

In terms of scientific research, the member hospitals obtained five projects from Fudan-Fosun Foundation, four provincial projects, five provincial awards for new technology introduction, and 81 patents, including 80 utility models and one invention patent. More than 30 SCI papers

## Patient-centered, improving medical quality, and ensuring patient safety

In 2021, all member medical institutions of Fosun Healthcare continued to actively respond to the COVID-19 epidemic, grasp the trend of medical policies and market changes, adhere to the original intention of returning to the essence of medical care, continue to focus on hospital grade evaluation, construction of key disciplines, and talent training, further consolidate the foundation of medical quality and safety management, carry out work in strict accordance with the "Year of Private Hospital Management" and other requirements, focus on strengthening medical quality, enhancing safety management, improving internal construction, and perfecting the construction of quality control system.

The quality and safety management of the Group is generally in good condition. The member medical institutions practiced strictly according to the law throughout the year, and there were no incidents of illegal practice and medical insurance violation reports, and no significant medical disputes or accidents occurred in the member medical institutions throughout the year.

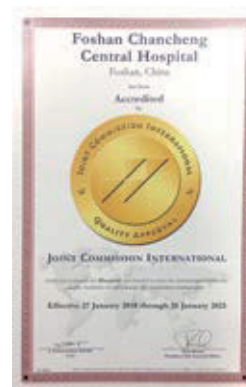
No major deficiencies were found in member medical institutions' national and provincial medical insurance operation investigations, and the operation of medical insurance was in good condition. Foshan Chancheng Central Hospital insisted on a long-term mechanism of responsibility management at the hospital and department levels. It implemented a reward and punishment system linked to the annual evaluation of

medical ethics and merit pay. The "Medical Insurance Joint Conference System" was implemented continuously, and a team of medical insurance price commissioners in the department was added to regulate the medical insurance charging behavior. At the same time, the development of key specialties was supported, and the medical insurance policy was tilted toward new technologies and projects. Yueyang Guangji Hospital received the 2020 annual medical insurance management target reviews of Yueyang City Medical Insurance and Yueyang Lou District Medical Insurance. The hospital was ranked first in the city in both reviews and was designated by the Medical Insurance Bureau as the city's benchmark study unit.

The organizational structure of medical quality management has been continuously improved. The quality management committees of the member hospitals are working usually, and the three-level quality control system has been basically established and is functioning normally. The hospital system is complete, and the overall medical quality remains safe and stable.

The overall situation of medical quality continued to improve. Foshan Chancheng Central Hospital has passed the latest version of JCI accreditation with high scores. The reporting rate of single disease management was 100%, adverse event management was 100% using PDCA, clinical pathway management has covered all hospital clinical departments

with a total of 200 diseases, and the pathway rate and pathway completion rate have reached the national requirements. Medical quality performance assessment was implemented and publicized every quarter. Shenzhen Hengsheng has started the work of the Triple-A accreditation and has conducted a comprehensive review of the hospital's medical quality data. The hospital-acquired indicators and patient safety medical indicators have been significantly improved. Chongqing Xingrong Plastic Surgery Hospital has established a system of hospital-level, department-level, and division-level indicators covering key or weak areas of medical care such as perioperative period, medical malpractice prevention and control, and medical documentation. The General Hospital of XZCMG participated in the Quality Management Circle Competition in Jiangsu Province and achieved one second prize and two third prizes, Suqian Zhongwu Hospital achieved two excellent prizes, and the Second Hospital of XZCMG achieved one excellent prize.



Fosun Foshan Chancheng Central Hospital passed JCI Certification

## Improving nursing and serving quality to protect patients' interests

The member hospitals of Fosun Healthcare actively strengthened the nursing quality and ensured nursing safety in 2021, leading to a decrease of 2.3% in nursing incidents as compared to 2020, especially a decrease of 18.2% in Grade II and above incidents. A total of 9 standards relating to falls, pressure sores, assessment of unplanned extubation, etc. were revised at the group level by reference to JCI accreditation standards. Six new quality management systems have been established to supplement the existing 108 original homogeneous quality management systems, which involving nursing transfer handover, early warning, assessment and intervention for nursing risk.

In terms of organizational culture, member hospitals took initiatives to promote the professional spirit of nursing and Fosun culture as well as raise their sense of occupational value as nursing staff, such as organizing activities to commemorate Nurses' Day on May 12 and nursing skills competitions. The member hospitals managed their nursing staff by levels and positions and formulated job descriptions respectively.

In order to enhance the competitiveness of member hospitals, the Group has taken targeted measures to improve the shortcomings and the nursing research and professional capabilities. While the first Fudan-Fosun advanced nursing management seminar and the first hemodialysis-specialized nurse training course have been successfully held, the second training course for obstetrics and stroke specialized nurses will open soon.

In order to provide distinctive caring services and improve patients' experience, member hospitals extended the coverage of their home services and enriched their service offerings. The pain-free hospital was also set up to assess and provide assistance to pain-suffering patients so as to protect their dignity while providing comfort.

In order to strengthen the prevention and control measures to cope with the evolving COVID-19 pandemic, the administrative department of each

member hospital conducted key deployments, such as issuing the "Notice of Fosun Healthcare on Prevention and Control of the Current COVID-19 Pandemic", tracking the implementation of the corresponding prevention and control work in real-time, formulating more than 10 fungible standards for normalization of pandemic prevention and control that involving standard precautions, hand hygiene, nucleic acid testing, vaccination, etc.

In terms of quality services, in order to improve the service quality of member hospitals and increase recognition and popularity in the industry, we have formulated a hospital-targeted training solution by analyzing and investigating the current service capacity of each member hospital. We improved and upgraded the nursing service process based on existing service guidances, and implemented fungible service evaluation standards for member hospitals, including standardized service processes for the first diagnosis responsibility system, reception of new patients and outpatient services.



**We actively fulfill our social responsibility by taking the head at the outbreak of the pandemic and escorting the health of Chinese people in the post-pandemic era**

While deepening the layout of the medical industry, Fosun Health fully utilized the power of industrial synergy to fight against the pandemic. It mobilized all the available resources and performed its responsibility by taking the lead at

the outbreak of pandemic and escorting the health of Chinese people in the post-pandemic era, and demonstrated its contributions to the society with its capability, efficiency and actions.



**Cases**



**Donation for Xi'an Outbreak**

After the outbreak of pandemic in Xi'an in 2021, Fosun Health and Shanghai Fosun Public Welfare Foundation (hereinafter referred to as "Fosun Foundation") jointly donated 3,000 cans of high protein and low sodium nutrition products for kidney dialysis to Xi'an Gaoxin Hospital, and 8 hemodialysis machines and Fosun Health Dialysis Help Hemodialysis Intelligent Management System to Xi'an Huashan Central Hospital to satisfy the urgent needs of patients who could not receive dialysis treatment in time due to the pandemic.

**Small Emergency Medicine Boxes Donated to Victims in Henan**

Donation to stricken areas in Henan. In August, an extremely rare rainstorm struck Henan, which once again reminded people the importance of keeping a comprehensive set of household disaster supplies in case of accidents.

Purified water, antibiotics and disinfectant tablets are life-saving when coming to the crucial moment. Fosun Health donated emergency medicine kits to stricken areas with an accumulated value of RMB54,946.

**Donation of Anti-epidemic Materials to Inner Mongolia**

On 17 October, a tourist infection found in Ejin Banner, Inner Mongolia triggered the largest wave of imported indigenous epidemic since the normalization of pandemic prevention and control, characterized by multiple transmission chains, rapid and wide spread. As of 24:00 on November 14, a total of 1,308 confirmed cases have been reported in the Mainland covering 21 provinces. Fosun

Health donated 4,800 3M N95 (9132 model) masks (in 16 boxes) to Yinchuan First People's Hospital through Fosun Charity Foundation as anti-pandemic materials. Fosun Health will also accelerate the progress of internet hospital in Yinchuan in the future to bring quality medical resources and services to more people.

## Enhancing customer value

Customers are the key stakeholders of Fosun Pharma Group, primarily including patients, doctors, distributors, agents, medical experts, etc. Fosun Pharma Group's mission is to achieve "Better Health for Families Worldwide" and is committed to providing high-quality products and services to customers around unmet medical needs.

### Customer Management System

Each member company of the Fosun Pharma Group has established a comprehensive CRM (customer relationship management) system based on its actual situation and introduced leading medical treatment and disease management models through professional medical support to help customers and benefit patients. At the same

### Responsible Marketing

Fosun Pharma Group has continued to strengthen the marketing system at home and abroad, and established a professional international marketing team mainly for innovative drugs, new retail and African and US markets. As of the end of 2021, Fosun Pharma Group has formed a marketing team of nearly 6,500 people. In African countries and regions, Fosun Pharma Group has established a mature drug sales network, specializing in the promotion and sales of antimalarial products and other generic drugs, and has formed a sophisticated international marketing platform.

During the market promotion and publicity in 2021, no subsidiaries of Fosun Pharma Group were reported and investigated by the regulatory

### Customer Complaints

The pharmaceutical subsidiaries of the Group highly value the reasonable needs of users and continuously strengthen the handling of customer complaints; they have dedicated personnel for this regard and the complaints hotline can be put through around the clock. We also have built a customer complaint and consulting system at the Group level. 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 the quality control department and supported by relevant functional departments. Complaints are replied to and resolved adequately within

The Group continues to maintain good communication with its customers, to continuously, timely and accurately understand their needs and expectations, to build trusting customer service relationships and smooth communication bridges, and to continuously enhance customer value. At the same time, the Group will continue to explore intelligence, make use of the Internet and other

time, each member company conducts customer satisfaction surveys, analyzes customer needs through questionnaires and customer interviews, identifies customer needs and expectations and provides differentiated services according to the needs of different customers. In particular, this year, the Group was able to obtain more objective and

authorities for illegal advertising or promotion. In market promotion, the subsidiaries strictly implemented the measures on compliant operation for marketing and sales team to ensure that the respective company entered into compliant operation agreements with its business units and implemented the compliance operation responsibility system. Approval procedures for marketing plans and relevant contracts were formulated. All responsible departments coordinated with each other in order to achieve prevention in advance, process monitoring and post audits and ensure operational compliance with requirements of national laws and regulations. In 2021, no subsidiaries of Fosun Pharma Group had related violations in terms of product and service labeling.

a prescribed period. Remedial and preventive actions will be implemented to ensure high customer satisfaction. In 2021, the pharmaceutical subsidiaries of the Group at home received a total of 59 complaints related to product quality, and all of which were replied to and handled with the active effort of subsidiaries. A recall will be put into practice in accordance with the "product recall procedural guidelines" if defects of products with potential safety risks are found in the investigation of complaints.

The medical device subsidiaries of the Group value product quality and handling of product complaints. Full-time product managers or marketing personnel are responsible the recording

means to deeply empower the Group, integrate the Group's global resources, unlock synergistic value of Fosun Pharma, optimize the user service experience and provide more health solutions to customers.

effective information on customer needs based on the satisfaction and awareness surveys conducted by Ipsos, a professional research company, on the core brands of each member company so as to provide targeted and diversified services.

In line with national laws and regulations, subsidiaries of the Fosun Pharma Group actively carry out responsible marketing activities, and take active actions in providing professional medical consultation, improving the level of doctors' diagnosis and treatment, expanding patients' knowledge on diagnosis and treatment, and promoting professional medical concepts, and organises online and offline marketing activities, marketing training, patient education, etc.

of the complaints related to product quality. Fulltime processing staff for product complaints will obtain the detailed information about the complaints by end users about product problems via telephone or on-site service and report to the management representative or quality manager after determining the reason for the complaints through a preliminary assessment so as to earnestly conduct investigation and handle the quality defects. All relevant complaint records and investigation information are summarized and registered in time to carry out corrective and preventive measures. In 2021, a total of 138 customer complaints related to product quality were received, all of which were responded, and the response rate of user complaints was 100%.

Customer complaint response rate



100%

## Case

### Light up hope and confidence for patients during "FOSUN PHARMA HEALTH CARE INITIATIVE" Health Care Month

According to IARC, 19.29 million new cancer patients were reported worldwide in 2020, of which 4.57 million were in China, accounting for 23.7% of all new reported cancer patients worldwide and ranking first in the world. Among them, 560,000, 420,000 and 90,000 patients were diagnosed with colorectal cancer, breast cancer and lymphoma respectively. However, due to the uneven distribution of medical resources, there are still many difficulties in the treatment of hematologic and oncologic patients, such as the difficulty in accessing and diagnosing medical treatment.

In September 2021, in line with the 9.15 World Lymphoma Day and 9.21-9.27 World Immune Thrombocytopenia (ITP) Care Week, Fosun Healthcare launched the "FOSUN PHARMA HEALTH CARE INITIATIVE" Health Care Month campaign to light up hope and confidence for patients, which lasting about a month in collaboration with Fosun

Foundation, Anti-Lymphoma Alliance and Anti-Leukemia Alliance of Chinese Society of Clinical Oncology ("CSCO"), the Society of Hematological Malignancies of China Anti-Cancer Association, Lymphocytic Diseases Group of Chinese Society of Hematology, Lymphocytic Diseases Group of Chinese Society of Hematology and Lymphoma Professional Committee of Chinese Aging Well Association to care for patients with hematological diseases and oncology. Almost 100 authoritative experts from all over China were invited to carry out free clinic activities, expert live broadcasts, and science education for patients through a combination of online and offline activities to arouse public concern for the hematology and oncology patient groups and help patients to understand the concept of disease treatment and build up confidence in treatment. There were 26 free expert clinic activities, 45 live online science education sessions, and over 50 offline free clinic activities with over 25,000 participants.

## Information Security and Privacy Protection

In 2021, the national legislative work was advanced in an orderly manner, with the basic legal system in the field of information security gradually improving. The core legal framework of "3 + 1" in the field of information security, represented by the Cybersecurity Law, the Data Security Law, the Personal Information Protection Law and the Regulations on the Administration of Network Data Security, has been formed, which ensures there are laws for information security practices to abide by and elevates information security protection to

a new height at the national level. As the leading pharmaceutical and healthcare industry group in China, Fosun Pharma deeply implements relevant laws and regulations, strictly enforces information security and data protection and spares no effort to maintain national cybersecurity, corporate image and customer privacy information. Meanwhile, in the process of internationalization, Fosun Pharma strictly abides by relevant laws and regulations on information security and personal privacy protection in the countries/regions where it

operates, such as the General Data Protection Regulation of the European Union. Relying on the Fosun Pharma Group Information Security System Building Planning, DT+ Department has comprehensively enhanced Fosun Pharma Group's information security and data protection capabilities in the post-COVID-19 era through the two dimensions of mechanism formulation and technology deployment.

### Information Security

Fosun Pharma participated in the network protection action led by the National Health Commission and organized by the Ministry of Public Security in 2021, and achieved excellent results in the whole action. Based on the action results, the Group optimized its existing security architecture, and deployed security protection and monitoring equipment such as firewalls and situation awareness in the backbone network, greatly enhancing the Group's ability to resist security threats. In 2021, Fosun Pharma Group disclosed and reported two fraudulent websites in the name of Fosun Pharma, which timely maintained the reputation of the Group and

retrieved the property losses of customers. At the same time, the Group regularly organized information security awareness training to enhance employees' information security awareness. In addition, Fosun Pharma Group continuously carried out, promoted, and implemented the national cybersecurity classified protection. A number of member enterprises including Shanghai Xingchen, Wenzhou Geriatric Hospital, Wuhan Jihe Hospital, General Hospital of Xuzhou Mining Group and Chongqing Xingrong also carried out or passed the classified protection assessment and filing of relevant important information systems in 2021. Besides, Fosun Pharma further improved

the IT system standardization such as ISO27001 in 2021, including formulating the Group's security policy, building the Group's information security organization, defining information assets and establishing the access control mechanism, as well as setting up an effective business continuity plan framework through regular disaster recovery drills, which achieved safe and stable operation of the enterprise's information system in all aspects, ensured smooth development of various businesses, and helped serve the society and customers.

### Data Protection

With the penetration and application of new technologies, such as big data and AI in the medical field, modern medical technology develops rapidly, and the dependence of emerging key fields on data continues to increase. In 2021, Fosun Pharma Group applied database audit equipment to monitor and audit the database of core applications and deployed virtual desktop solutions in important departments to reduce the risk of data leakage. At the same time, the mobile terminal updated the privacy protection policy, and adopted login authentication and transmission encryption ways to better protect customers' private data. Throughout the year, the Group did not receive any complaint

about user privacy leakage, and no data leakage related incident occurred. Fosun Pharma Group is committed to building a data-centered data security system covering the entire life cycle and using scenarios of data. Overall consideration from decision-making to technology, from mechanism to tool, from organizational structure to security technology, the Group achieved value-added and free circulation of data based on controllable risks and fulfilled its social responsibilities and obligations as a leading pharmaceutical and healthcare industry group.



## Case

### Information Security Protection Measures



Data Centre Fire Fighting System



Data Centre Access Control System



Data Centre Battery Status Monitor System

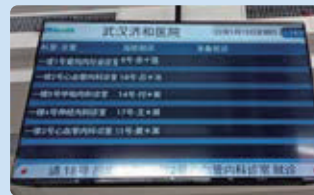


Network Access and Terminal Security Management System

### Privacy Protection Measures



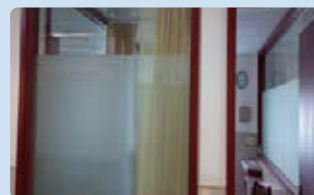
Warning "Don't talk about the patient's condition" in the public area of the hospital



Desensitization display of patient information in the public area of the hospital



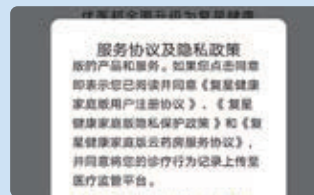
One consulting room for one patient



Rehabilitation treatment room covered with frosted glass film to protect patients' privacy



Access control and authorized access for hospital wards



Online applications provide privacy protection policies and obtain users' consent



## **“Future Stars Program” Continued to Support Education**

In 2021, Fosun Pharma continued to implement the “Future Stars Program”, setting up scholarships and teaching assistantships in the School of Life Science, Fudan University, China Pharmaceutical University, Shenyang Pharmaceutical University, Tongji Medical College of Huazhong University of Science & Technology, and Xuzhou Medical University. Over 150 excellent students and teachers have been encouraged in the past year. In this way, outstanding students are encouraged to seek knowledge and make medical breakthroughs, and teachers are inspired to do scientific research and nurture talents for the society.



# Responsible Supply Chain

## Win-win sustainable business partnership

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





We continue to promote green supply chain project. As of the end of 2021, the Group implemented **411** green supply chain audits to suppliers

A total of **7,193** suppliers accepted the "Proposal of Green Supply Chain for Fosun Pharma"

In 2021, **13** suppliers of raw materials, auxiliary materials and packaging materials had green supply chain audits



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

In 2021, member enterprises of the Group rejected **38** suppliers with substandard quality



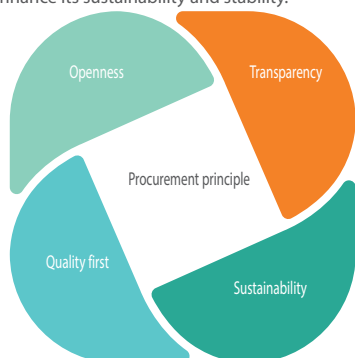
With "openness, transparency and quality first" as the procurement principle, the suppliers of Fosun Pharma Group are located in more than **30** provinces, municipalities, autonomous regions or special administrative regions in China and many overseas countries



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

## Supplier Management System

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



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

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

## Supplier Integrity Management

In order to further standardize supplier management and improve the quality of supplier services, on the one-chain network procurement platform established by Fosun, the supplier information is subject to structured management, and third-party credit reports are introduced during the tender process based on actual conditions. In 2021, the Group published a code to regulate suppliers’ conduct with respect to integrity and sustainability. It requires suppliers not to disrupt the normal procurement organization order in participating in the procurement process or to seek benefits by improper means such as falsification, malicious fraud, etc.. It is prohibited to

conduct acts in violation of laws, regulations and rules, etc., without proper reasons, including failure of contract performance. For suppliers’ violation of the principle of integrity, different punishment measures including warnings and bans have been formulated. For serious cases, cooperation will be permanently prohibited. In order to monitor suppliers’ behaviors, Fosun Pharma have announced complaint channels, hoping that more stakeholders will participate in the supervision and build good business practices with Fosun Pharma. The Group handled 126 violations of suppliers in 2021.

## Compliance Management of Suppliers

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

In terms of supplier management, the member enterprises of the Group adopt supplier audit procedures, supplier management regulations, quality agreements entered into with suppliers,

supplier assessment guidelines, etc. to facilitate the scientific assessment of suppliers in terms of qualification, production site, production technique standards, and quality assurance systems, etc. The Group implements classification management for suppliers based on the risk about suppliers’ the influence of supply of goods on product quality. Prior to the commencement of supply by a new supplier, the member enterprises of the Group perform audit on the supplier’s qualification, quality system, production process and operation of production site, perform quality testing and trial experiment on the sample received, and conduct further validation of production process, stability testing and filing of the supplier. The supplier must

meet all requirements to be qualified. During the supplying period, comprehensive assessment is conducted on suppliers’ quality, delivery time, and service attitude. In case of problems, the member enterprises will communicate and exchange with and provide feedback to suppliers, in order to urge suppliers to make necessary quality improvements, which is necessary for them to be incorporated into the list of qualified suppliers. The suppliers whose quality does not meet requirements will be subject to downgrading, rejection, etc. In 2021, the member enterprises of the Group rejected 38 suppliers.

### Geographical Distribution of Suppliers of Domestic Pharmaceutical Member Enterprises of Fosun Pharma Group in 2021

Province	Number of suppliers	Province	Number of suppliers	Province	Number of suppliers	Province	Number of suppliers	Province	Number of suppliers
Beijing	68	Heilongjiang	26	Shandong	269	Chongqing	118	Qinghai	3
Tianjin	50	Shanghai	335	Henan	47	Sichuan	103	Ningxia	4
Hebei	155	Jiangsu	563	Hubei	69	Guizhou	2	Xinjiang	12
Shanxi	23	Zhejiang	186	Hunan	71	Yunnan	5	Hong Kong, Macau, Taiwan	9
Inner Mongolia	13	Anhui	63	Guangdong	88	Tibet	2	Overseas	315
Liaoning	110	Fujian	16	Guangxi	71	Shaanxi	19		
Jilin	32	Jiangxi	47	Hainan	14	Gansu	9		

### Review of Suppliers of Major Pharmaceutical Member Enterprises of Fosun Pharma Group in 2021

	Shanghai Henlius	Wanbang Pharma	Yao Pharma	Aohong Pharma	Hongqi Pharma	Aleph	Erye Pharma	Guilin Pharma
Number of suppliers under annual review	140	670	400	62	75	25	149	137
Number of suppliers involved in business for the year	140	780	578	62	75	25	177	137
Number of suppliers under annual review/ Number of suppliers involved in business for the year	100.0%	86.1%	69.2%	100.0%	100.0%	100.0%	84.2%	100.0%

Note: Member enterprises reviewed core suppliers, such as suppliers of raw and auxiliary materials and internal packaging materials. Some member enterprises did not carry out annual reviews for suppliers who have purchased less than three batches of products.

Explanations:

1. The data of Wanbang Pharma include the data of all member enterprises within the system.
2. The data of Yao Pharma include the data of all member enterprises within the system.
3. The data of Erye Pharma include the data of all member enterprises within the system.
4. Products provided by suppliers mainly include: raw and auxiliary materials, packaging materials and auxiliary consumables.



## Sustainable Supply Chain Management

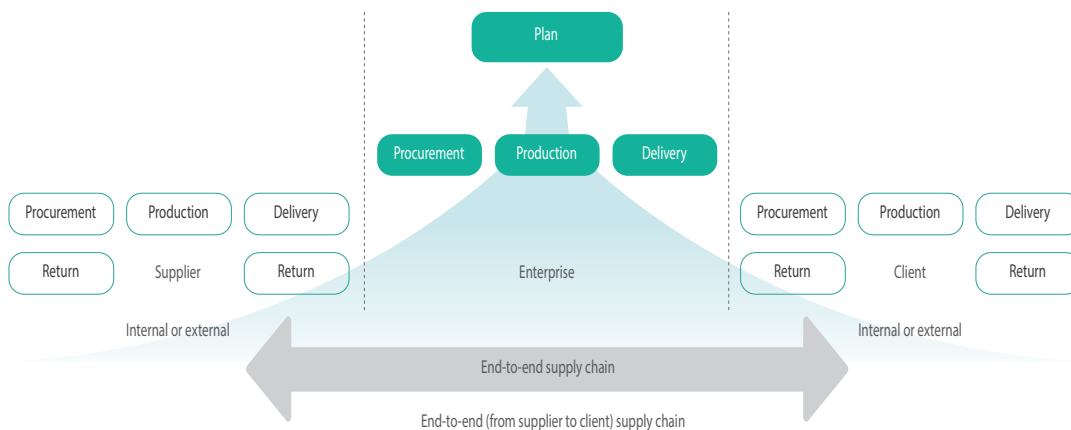
Fosun Pharma values the construction and investment of sustainable development of the supply chain. Through the implementation of lean supply chain projects and green supply chain projects, Fosun Pharma has enhanced the competitiveness of the supply chain, and made good achievements in terms of ensuring supply, improving efficiency, and building green supply chain ecology. It expects to promote innovation in business management and build a benign ecosystem composed of customers, enterprises and suppliers through exploring innovations and changes in the supply chain.

The first FC2M Supply Chain Summit will be organised by the Fosun Group in 2020, with Fosun Pharma hosting a sub-forum on the pharmaceutical industry to form a platform for supply chain ecology exchange. The summit will be organised from time to time to disseminate the latest ecological concepts to supply chain partners and to create a sustainable supply chain ecosystem.

### Lean Supply Chain

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

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



In 2020, the member enterprises achieved outstanding achievements in terms of the lean supply chain.

To address the problem of high inventory turnaround days, Guilin Pharma developed business-wide measures through analysis of the entire supply chain process: front-end through the changes in order patterns; internal through security of inventory, adjustment of rhythm, process improvement and inter-departmental cooperation to improve the timely delivery rate of orders and

shorten the cycle time; and back-end through collaboration with suppliers to ensure stable and reliable supply. The inventory turnover days have been significantly reduced through internal and external improvements, meeting the company's target.

Yao Pharma has reduced overall inventory levels, shortened delivery cycles, and improved inventory turnover through a comprehensive diagnosis of the end-to-end supply chain.

Wanbang Pharma has been able to reduce costs, increase production capacity and shorten delivery lead time to ensure a stable supply of collected varieties through the comprehensive diagnosis of key varieties

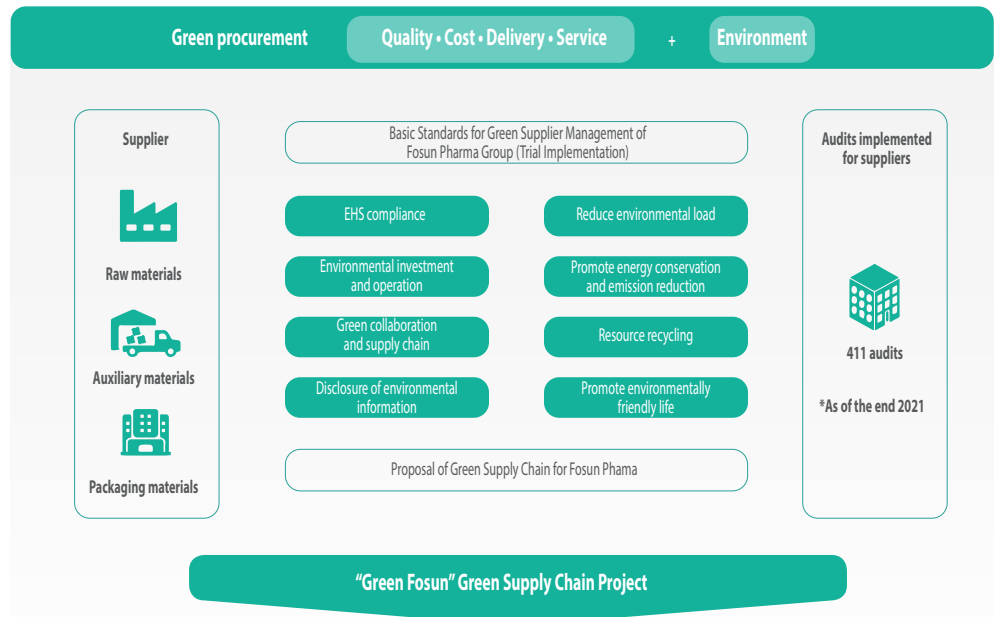
## Green Supply Chain

In 2016, Fosun Pharma jointly launched the green supply chain project called “Green Fosun” together with its member enterprises and upstream and downstream suppliers aiming at guiding Fosun Pharma and the member enterprises to raise EHS standards and drive suppliers to strengthen self-control and self-regulation on EHS in the industry, to promote the supply chain ecology healthier and more sustainable in the industry.

In 2016, Fosun Pharma released the Basic Standards for Green Supplier Management of Fosun Pharma Group and the Controlled Member Enterprises (Trial Implementation) and the Proposal of Green Supply Chain for Fosun Pharma (the Proposal). As of the end of 2021, a total of 7,193 suppliers accepted the Proposal. The project was awarded the “Green Supply Chain Star Award” by a number

of authorities including Shanghai Environmental Protection Bureau and was awarded the title of “Outstanding Case Award of Shanghai Green Supply Chain” for the second consecutive year.

As of the end of 2021, the member enterprises of Fosun Pharma implemented 411 audits on the green supply chain to their suppliers. In 2021, member enterprises carried out green supply chain audited on 13 suppliers of raw materials, auxiliary materials and packaging materials, and member enterprises communicated with suppliers on rectification program for disqualified items identified in documents and on-site audits.



# Responsible Employer

## Attracting Talents Through Development

"Attracting Talents Through Development, Building Our Team Through A Common Cause, Training Talents Through Their Works, Evaluating Talents Through Their Performance" is the talent value of Fosun Pharma. While proactively attracting external outstanding talents, Fosun Pharma Group focuses on strengthening internal cultivation and promotion and has built a talented team that recognizes corporate culture and has entrepreneurship, building the talent highland of the Group.





Employees under the age of 40 account for nearly **72.46%**



The Group's overseas employees reach **6,204** and are distributed in the United States, Switzerland, Poland, India, France, Israel, Cote d'Ivoire and other countries



**452** employees holding doctorate degrees, representing a year-on-year increase of **↑9.98%**

**4,399** employees holding master's degrees, representing a year-on-year increase of **↑21.75%**



In 2021, the Group reported **zero** confirmed occupational disease, **zero** major injury incident, rate of lost time injury case of **0.170**, representing a year-on-year decrease of **↓45.8%**, recordable incident rate of **0.355**, representing a year-on-year decrease of **↓28.1%**



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

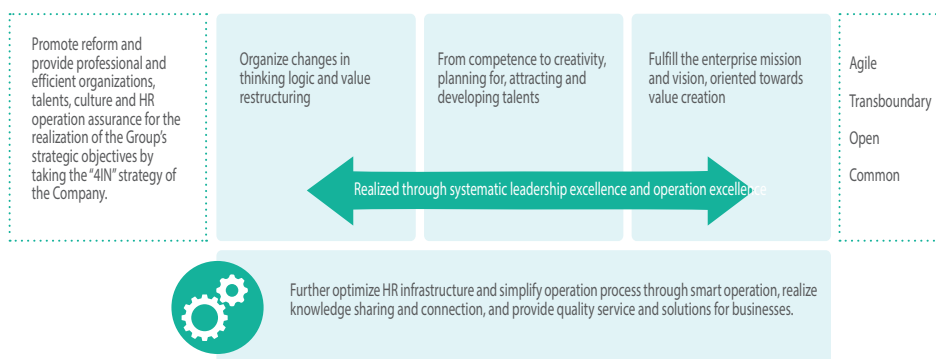


## HR Strategic Objectives

By taking the "4IN" strategy of the Company, HR objective is to promote reform, provide professional and efficient organizations, talents and culture for the realization of strategic objectives, and guarantee the sustainable development of talents. In terms of HR strategy, Fosun Pharma Group has established and improved the HR management system comprising performance appraisal, remuneration and incentive, recruitment allocation, employee relationship, organization structure and HR due diligence investigation according to business development needs since 2008. Work was divided among HR teams based on their respective specializations: HR business partners cooperate with each segment and enterprise to manage their subsidiaries; HR professional teams are in charge of the HR work of the Group; teams responsible for talent cultivation; consulting team is to enhance the HR management level of the enterprise.

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

### Fosun Pharma Group HR Strategy



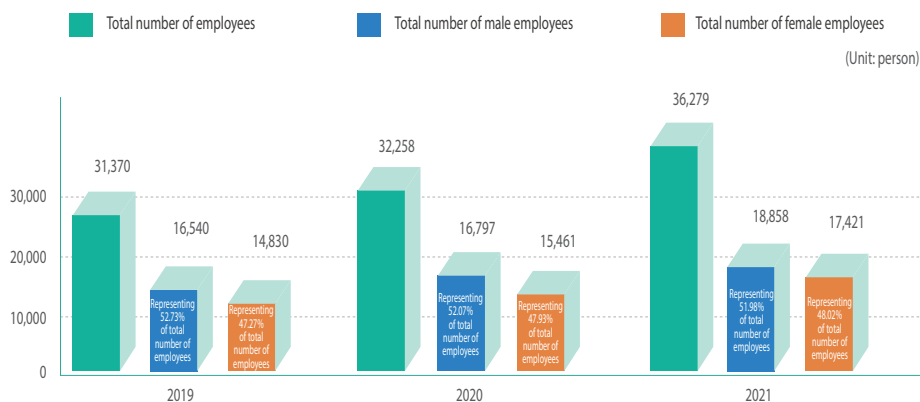
### Talent Value

"Attracting Talents Through Development, Building Our Team Through A Common Cause, Training Talents Through Their Works, Evaluating Talents Through Their Performance" is the talent value of Fosun Pharma Group. The Group is committed to continuously training talents with outstanding

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

### Staff Structure

As of 31 December 2021, the Group had a total of 36,279 employees, representing an increase of 12.47% as compared to 2020.



### Younger talents

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

positions to inject more vitality into the Company. As of December 31, 2021, the number of employees aged under 40 in the Group reached 26,289, representing nearly 72.46% of the total number of employees of the Group.

Year	Aged 16~20	Aged 20~30	Aged 30~40	Aged 40~50	Aged 50~55	Aged 55~60	Aged above 60	Total
2021	90	12,157	14,042	6,768	1,848	1,094	280	36,279
2020	29	9,828	12,584	6,383	1,953	1,118	363	32,258
2019	51	9,975	11,639	6,441	1,894	1,037	333	31,370

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

### Highly educated talents

As of December 31, 2021, the number of doctors in the Group reached 452, a year-on-year increase of 9.98%. The number of masters reached 4,399, an increase of 21.75% year-on-year, and the

proportion of personnel with bachelor's degrees or above reached 51.31%. The overall education level of talents has further improved.

Year	Doctor	Master	Undergraduate	Junior college student	Secondary school student and below	Total
2021	452	4,399	13,762	9,410	8,256	36,279
2020	411	3,613	11,329	8,516	8,389	32,258
2019	350	3,312	10,242	8,236	9,230	31,370

### Globalized talents

The Group's employees are widely distributed. The Group provides more job opportunities in Eastern China, Southern China, Central China, Southwest China, and Northeast China. Globally, the Group has 6,204 employees in the United States, Switzerland, Poland, India, France, Israel, Cote d'Ivoire and other countries in 2021.

Number of overseas employees:

 **6,204**

Region	Number of employees in 2019	Number of employees in 2020	Number of employees in 2021
Eastern China (Shandong, Jiangsu, Anhui, Zhejiang, Fujian, Shanghai)	12,590	10,637	12,421
Southern China (Guangdong, Guangxi, Hainan)	4,929	5,570	5,746
Central China (Hubei, Hunan, Henan, Jiangxi)	4,081	4,718	4,891
Northern China (Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia)	292	1,249	1,830
Northwest China (Ningxia, Xinjiang, Qinghai, Shaanxi, Gansu)	0	212	271
Southwest China (Sichuan, Yunnan, Guizhou, Tibet, Chongqing)	2,584	2,540	2,848
Northeast China (Liaoning, Jilin, Heilongjiang)	1,638	2,079	2,050
Hong Kong, Macau and Taiwan	0	0	18
Overseas	5,256	5,253	6,204

Note: More accurate region classification was adopted for 2020, which classified each employee according to the actual working region; the classification was made prior to 2019 as per the region where the company is located.

## Employee Learning and Development

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

growth of organizations and the optimization of organizations, Fosun Pharma has promoted team cooperation and jointly created value and continued to build elite cultural organizations to achieve the vision of mutual development of the Group and its employees.

## Training and Development

Fosun Pharma established a training and development center in 2009 and set up its own corporate university, Fosun Medical Talent Development Center (formerly known as Fosun Healthcare Management Institute), in 2017, which gave it the functions of "four platforms", namely the headquarters leadership and functional training platform, platform of professional skills training base for member enterprises, platform for the inheritance of knowledge and experience, and platform for dissemination of cultural concepts.

Employees can learn in work and grow in learning through effective resource integration, to boost the Company's continuous development.

In 2021, relying on the Group's corporate culture and development strategy, we continued to develop four series of training programs, namely "New Employee Series", "Leadership Development Series", "Professional Development Series" and "Common Skill Series".



## 1 Newcomer Series

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

## 2 Leadership Development Series

We provide pertinent management and leadership program to experienced and senior managers as well as key talents, which will accelerate the development of leadership and reserve excellent talents for the Group. In 2021, Fosun Pharma expanded the training scope for management by organizing a leadership enhancement program for the management of each subsidiary; in addition, we further formed the learning atmosphere by practicing knowledge skills through training by internal lecturers.

## 3 Professional Development Series

Fosun Pharma Talent Development Center cooperates with subsidiaries to provide training courses that are in line with the professional development of critical positions in specialized fields including quality, lean management, finance, investment and financing. The "CIO Camp" and "ACCA High-potential Financial Program" conducted in 2021 have become an important way for the Group to cultivate leaders in key businesses.

## 4 Common Skill Series

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

Training indicators		Unit	2019	2020	2021
Total Training Expenses		RMB0'000	1,480	904	837
Average Training Hours Per Person	All employees	hours/person	31	21	19
	of which: Female employees	hours/person	28	20	19
	of which: Male employees	hours/person	34	21	20
Training for Senior Management	Number of trainees	Person	1,193	482	258
	Total training time	Hour	33,356	20,712	14,016
Training for employees other than senior management	Number of trainees	Person	30,012	30,260	27,982
	Total training time	Hour	960,008	646,849	656,078

\*Note: Affected by the pandemic, some offline training was changed into online training. The training data of the current year exclude the online training hours.



## Case

### Wanbang Pharma: Established the operation mechanism for a data-based on-line learning platform and provided multi-dimension learning resources with continuous optimization and full coverage

At the request of promoting and implementing excellent performance and building a learning organization, Wanbang Pharma launched the online learning platform in January 2020. The platform was in the start-up period in 2020. Wanbang Pharma attracted and stabilized a large group of loyalty trainees by attracting newcomers and

launching a series of operation activities. In 2021, the platform gradually stepped from the growth phase into the maturity period with great progress in the establishment of operation mechanism and enrichment of course resources. It obtained subsidies and awards by making full use of the platform resources.

#### Abundant high-quality courses and operation management mechanism for higher vitality

As at the end of 2021, the online learning platform totally had 2,800+ high-quality courses, covering eight institutions of financial management, production management, sales management, R&D management, human resources, leadership, individual development, and internal training. It provided all-round multi-dimension learning resources for all the employees. The Management Regulations of Learning Platform was established to specify the platform operation mechanism. During the high-frequency operation maintenance activities, the platform login rate reached 96.92% in 2021 with the average learning hours of 110.55.



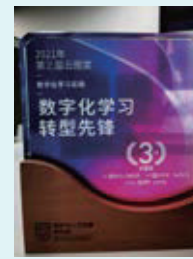
#### Special training program customized in response to policy requirements for subsidies

In September 2021, the online training was organized for enterprise employees via the learning platform in response to the policy requirements of the Human Resources and Social Security Bureau of Xuzhou City. Five satisfactory learning topics including integrity, intermediate and senior

management, production, R&D and function were designed according to employees' demands. The enterprise obtained a subsidy of more than RMB500,000 after employees of each department finally passed the review through learning.

#### Benchmarking against Industry Standards, the Company Actively Participated in Competitions and Won Awards

In July 2021, in order to better benchmark against the professional standards of external peers, Wanbang Pharma actively participated in the selection of the Cloud Atlas Award, jointly organized by the Institute of Organization and Talent Development, Cloud Academy and CEIBS Business Review. It submitted the online learning operation project as the case for competing the selection of digital operations competency award and was awarded the "3rd Cloud Atlas Award for 2021·Digital Learning Transformation Pioneer Award" (2021年第三届云图奖数字化学学习转型先锋奖) after submitting application materials, preliminary evaluation, expert review and final evaluation.



### Aohong Pharma: Facilitating the Fission and Enhancement in Capabilities of the Middle Management - Junior Leadership Development Programme of Aohong Pharma Starlight Project

In order to further enhance skills of the middle management and facilitate a positive cycle of carrying forward the excellent experience and talent cultivation, the HR Center of Aohong Pharma organized and launched the "Starlight Project·Junior Leadership Development Programme".

In 2021, in order to enhance the capabilities of the middle management, Aohong Pharma created a groundbreaking training programme – the Junior Leadership Development Programme. Such programme was conducted with the selection of training institutions and instructors, interviews with senior executives, collection of trainee needs, HR diagnosis and talent inventory in earlier stage. The 57-day programme regarded the duration of the three offline courses as the cut-off point of key learning cycle. The offline courses mainly covered themes such as "Fast Track for Management" for advanced management, "Effective Communication" for advanced communication and "Six Keys to Resolve Problem" for advanced problem solving ability. In addition to the offline courses, there were five sections of case study on innovative design, group discussion, learning plan tracking, online review, and pre- and post-course interview and feedback in place to help trainees internalizing the knowledge, in hoping of trainees coming to classroom with questions and bringing solutions back into post practice to achieve the unity of knowledge and action.

With aims to facilitate the fission and enhancement in capabilities of the middle management, the designing scheme of such programme continuously improved organizational



capabilities in business transformation. Through providing three-dimensional training courses and practical design, the programme effectively enhanced the core middle and high potential talents in role cognition, problem solving and processing, planning and management and other capabilities, so as to provide a systematic development foundation for fission in capabilities of the middle management.

Aohong Pharma has gradually established a classification and stratification mechanism. In the future, it will also successively introduce other core talent development and enhancement projects to support business transformation and enhanced organizational capability.

**CIO Future Camp to Enhance the Professional Capacity of Investment Practitioners**

The professionalism, self-drive and market acumen of investment practitioners have long been an important driving force behind the rapid development of Fosun's major health industry. In 2021, Fosun Pharma Talent Development Center cooperated with the CIO Office to develop a tailor-made "CIO Future Camp" training programme for trainees in the investment segment after repeated discussions and polishing. Such programme was officially launched in June 2021.

The CIO Future Camp developed the comprehensive capacity of investment practitioners through face-to-face and hands-on training to provide trainees with a platform for experience exchange and resource flow. The 10-day programme covers four modules of investment, finance, management and exit, together with six extensive and diverse investment-themed sharing sessions. Once launching, the programme was well received by trainees from all sectors. After selection, 52 outstanding high potential trainees from the Company's headquarters, various sectors and member companies, as well as the investment segment of the Major Health Operation Committee were recruited to join the camp.

The courses included introduction on Fosun's investment history, project value judgment, transaction model design and relevant laws and regulations, as well as rich and practical sharing of medical industry policies and trends by leading



experts from various investment and related segments. The courses also invited leaders of investment departments for each sector to introduce their current investment sectors, objectives and strategic plans, so as to propel trainees to step out of their business boundaries and gain a more comprehensive understanding of the investment sectors and blueprint of Fosun.

The CIO Future Camp is designed to enable trainees to break down barriers between different departments on the top of further enhancing their professionalism, so as to allow resources and knowledge to flow regardless of boundaries and create new sparks in exchange of thoughts.

**Guilin Pharma: "Agglomerating Efforts to Empower Teams" • Grassroots Leadership Training Camp of Pharma Academy (南藥學苑)**

In 2021, Pharma Academy developed a series of talent training camp programmes for the senior management, the middle management and the low-level employees from perspectives of corporate strategy and talent development, together with combining its own demand for quickly building a high performance team. It had organized various training activities such as the Artemisia Star Manager Training Camp (青蒿星經理訓練營), the CEIBS High Performance Manager Online Training Camp and the Grassroots Team Leader Training Camp with the average satisfaction in such trainings over 90% and covering 120 participants. Through improving the knowledge and role definition in the management system of the junior-and middle-level management, the ability of team management was enhanced.

As the person in charge of frontline team management, the grassroots team leaders play an important role in production site management, quality management, safety management and personnel management. Leveraging on the feedback collected from a preliminary survey on departmental managers, trainees, and upstream and downstream counterparts, it identified the need for systematic improvement in four aspects of role definition, team work instruction and planning, communication influence and equipment management. For this end, Pharma Academy plotted "Agglomerating Efforts



to Empower Teams" • Grassroots Leadership Training Camp, organized the first phase of training camp concluding and the second phase of management experience sharing sessions for grassroots team leaders with satisfaction of trainees reaching 90.8%.

In the future, Grassroots Leadership Training Camp of Pharma will also organize and conduct thematic courses on EHS risk identification and prevention, production quality risk management, study tours to benchmarking enterprise, diagnosis and rectification on-site problems of teams and groups, supplementing with other activity teaching combined with the reality.

## Occupational health and safety training protects employees' safety

The development of people-oriented EHS culture participated by all the staff is an important part of EHS work. Fosun Pharma Group highly emphasizes employees' occupational health and safety, organizes different forms of EHS training, carries out several safety culture activities, and further strengthens employees' safety awareness. Member enterprises of Fosun Pharma completed 391,582 hours of EHS training in 2021, including a total of 212,253 person-times, the number of training per capita was 7.57 times, and the time of activity per capita was 13.97 hours. Because the

EHS risk of manufacturing enterprises is relatively high and complex, the pharmaceutical sector and the medical devices and diagnosis sector have strengthened training efforts in environmental protection, health, and safety, with the time of training per capita reaching 16.87 hours. The number of training per capita reached 8.93 times, both of which have reached the target number of "16 hours of training per employee and six times of training per capita" set by the Group in early 2021.

Segment	Total number of person-times	Total hours (hour)	Average hours per person (hour)	Average times per person (time)
Pharmaceutical manufacturing	174,574	330,924	16.88	8.90
Healthcare service	15,719	20,452	3.40	2.61
Medical devices and diagnosis	21,960	40,206	16.78	9.16
Total	212,253	391,582	13.97	7.57

## Case

### Training in EHS management system

In 2021, the internal EHS management system framework of Fosun Pharma Group was upgraded and revised to further enhance workplace health and safety and environmental sustainability. Fosun Pharma organized EHS executives of member enterprises to carry out EHS management system and auditor training in Yao Pharma and Wanbang

Pharma, respectively, to convey the changes in and latest requirements of the EHS management system for enterprises conducting self-examination and appraisal under the new EHS management system; on the other hand, to improve the professional skills of EHS staff and develop an internal EHS audit team.

### Online EHS learning platform

Online EHS learning platform, "EHS Class", successively launched several EHS topics for manufacturing enterprise's EHS team member and front-line employee to read and learn at any time, among which, the "EHS Element and Practice" module extracts the management process and implementation main points of EHS elements by sharing practical cases of member enterprises, the "Behavior-based Safety Observation" module introduces the importance, focus and procedure of employee behavior-based safety observation, and provides sample behavior-based safety observation cards for the convenience of member enterprises to carry out this activity, the "EHS System Upgrade Training" module introduces the specific requirements on EHS management system from EHS system, environmental protection, safety, fire control, occupational health and other dimensions, and the "EHS System Internal Auditor Training" module aims to improve the audit skills of internal EHS auditors and assists them to complete corporation EHS self-appraisal and the internal EHS cross-audit of the group.



## Employee Development

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

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

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

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

## Performance Management

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

The Group assesses the management teams at respective member enterprises to ensure effective relay of KPI and advancement and consolidation of the performance culture. In in-hospital management, for example, the superintendent responsibility system under the leadership of the hospital's board of directors is adopted. Each year,

the board of directors of the hospital reviews and activates amendments to mid-term to long-term strategic plans of the hospital, deliberates on the annual operation and development goals for the hospital, and confirms the superintendent's performance rating proposal. Apart from financial results, among performance rating indicators, the Group pays more attention to hospital strategies, discipline construction, healthcare quality and safety, medical characteristics, patient and employee satisfaction, service process flows, talent cultivation, employee development, etc. For medical liability incidents, the one-vote-down system is adopted. Efforts are made to ensure that the hospital's operation is not meant to pursue a short-term interest. Instead, it focuses on long-term, sustainable, and benign developments that answer the hospital's social and community charity nature.

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

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

## Employee Incentives

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

The framework of a long-term incentive system at Fosun Pharma Group was formed preliminarily based on the properties in the Group's business development, including the "Long-term Incentive Plan for Management of Member Enterprises/Hospitals", "Restricted Stock Incentive Plan", "R&D System Incentive Plan", "Incentive Plan for Strategic Investment Items", and "Incentive Plan for Pre-IPO Investment Items". Constantly

perfected, the long-term incentive system of Fosun Pharma Group realizes strategic support and innovation in terms of business development. Since it was established in 2007, the management has practiced the system mentioned above over the years. The systems effectively support investment and operation strategies and comprehensively cover the Company and individual member enterprises to successfully facilitate the enterprises' fulfillment of long-term performance goals. It has also helped inspire and retain talent management goals. In addition to enhancing R&D quality and efficiency, it also fully promotes and stimulates the staff's incentive.

## Talent Acquisition

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

join us. Talent is the core competitiveness and essential asset of Fosun Pharma. The team with an entrepreneurial spirit is the core of Fosun Pharma Group's development. The Group proactively creates value and shares stories with units through the partnership mechanism. Fosun Pharma directly introduces outstanding scientists or technical

teams for internal incubation through an open and win-win innovation mechanism. It encourages and supports groups to start and restart a business with Fosun Pharma.

## Internal Referral

The Group actively encourages internal staff to recommend external personnel to enrich the reserve of human resources, which helped the company build a first-class team. Our employees actively participate in the talent acquisition plan.



## Salary and Benefits of Employees

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

The remuneration of all employees of the Group in all operating locations is higher than the local minimum wage and complies with local Labor laws and regulations. The Group upholds fair principles and opposes discrimination. It implements the policy of the same starting salary for employees of a different gender. It also complies with minimum wage standards and achieves the same wage at

the same position. Regulated by the Company's employee handbook, working overtime shall be compensated after passing the application according to the law. The Group complies with the Labor laws and regulations in operating locations. It has contributed to social security and public accumulation fund for all employees. The Group provides additional commercial medical insurance, additional provident fund, etc. Employees are entitled to have statutory paid annual leave and home leave. The Group has provided holidays and benefits by national and local laws and regulations for all female employees during their three stages of pregnancy (i.e. pregnancy period, birth period and breastfeeding period). The working position of pregnant employees retains unless the employee resigns, and she can return to her position after pregnancy holidays. Male employees, they are entitled to paternity leave. The Group encourages

employees to proactively participate in various activities of the Party, the League and the Labor Union. Employees' right to participate and organize a Labor union is written into the Group's regulations and systems and is implemented. The Company provides necessary facilities and outlay on activities. The Group cares about its employees and offers periodic health examinations, health consultations or seminars to take the initiative to invest in the health of its employees.

## Diversity and Equal Opportunity

The Group stresses the introduction and cultivation of local talents of member enterprises. In terms of talent introduction, cultivation and promotion, all employees are not subject to restrictions such as gender, age, race, colour and religion, and all employees have equal rights. The Group promotes fair competition, disapproves of discrimination, respects freedom of religious belief and offers equal employment opportunities for the disabled. For newly acquired member enterprises, the Group focuses on retaining local talents and has prepared a talent retention plan and implemented the same according to law.

Compliance with provisions on the prohibition of child labor and forced labor: The Group strives to hire legal labor. All employees of the Group meet the minimum working age requirements under relevant laws in the countries/regions where

we operate, and child labor or forced labor is prohibited. Meanwhile, when selecting a supplier, Fosun Pharma conducts an assessment of supplier. The number of juvenile workers employed is strictly controlled and the employment of juvenile workers complies with the requirements of laws relating to Labor protection and working hours. Channels for employee communication and appeals, signing of collective agreements of the labor union, and holding of employee representatives congresses: The Group always respects the hearing and appeal rights of employees and offers an unimpeded channel for them to complain and express their opinions. We also take measures to keep confidentiality and safeguard employees from retaliation. In respect of the system, the Company revised the "Reward and Punishment and Appeal Management System" in 2019, and set up a disciplinary committee and a secretariat

of the disciplinary committee to improve the appeal mechanism and appeal process involving disciplinary incidents; the Company provides necessary convenience for employee appeals and protects the complainant's reasonable claims and legitimate rights and interests, and keep the relevant information and content of the complainant confidential. The Company respects the hearing and appeal rights of employees and offers an unimpeded channel for them to complain and express their opinions. We also take measures to keep confidentiality and safeguard employees from retaliation.

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

Year	Item	Total employees	Female employees	Disabled employees	Minority employees
2020	Number	32,258	15,461	72	934
	Proportion	100.00%	47.93%	0.22%	2.90%
2021	Number	36,279	17,421	83	1117
	Proportion	100.00%	48.02%	0.23%	3.08%

## Staff outflow change at Fosun Pharma Group

Year	2019	2020	2021
Outflow rate	17.70%	18.76%	21.01%
Loss rate	16.13%	15.40%	17.14%

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

## Party Committee and Labor Union

The year of 2021 is the 100th anniversary of the founding of the CPC, and the beginning year of the "14th Five-year Plan". Confronted with uncertainties and challenges of the external environment, the Group's Party organizations at various levels deeply studied, publicized and implemented the spirits of the Central Committee and important speeches of the General Secretary Xi Jinping, strengthened the development of the Party's grassroots organization, organized the learning and education of the Party's history and theme activities in celebration of the 100th anniversary of the founding of the CPC, called on all the Party members and employees to firmly remember the original intention of the enterprise, carried out the spirit of arduous struggle, and overcame the impacts of the pandemic on the enterprise development. We forged ahead with pioneering and persistent spirits and made greater contributions to the development of the pharmaceutical industry and people's health with many innovative R&D achievements and more benefits for patients and families. During the post-pandemic era, while enhancing the pandemic prevention and control and guaranteeing the health of employees, the Labor unions at various levels of

the Group conducted the main work, continued to promote the democratic management of the enterprise, enhanced the development of excellent culture, promoted the employee care and festival entertainment activities, increased the appeal and cohesion of the labor unions, and enhanced the healthy and sustainable development of the enterprise.

The labor unions prudently fulfilled four functions, namely, maintenance, building, participation and education. Centered on the key enterprise development strategy, the labor unions constantly strengthened the organization development and conducted democratic management and democratic supervision according to the law based on the focus of employees, priority of enterprise development and organization development, served employees whole-heartedly, promoted the business development, and gave play to the harmony of Fosun Pharma and mutual benefits of enterprises and employees.

In 2021, the Party committees and labor unions at various levels obtained nearly 50 municipal,

provincial and national honors as follows: the Party Committee of Fosun Pharma was honored as the Excellent Grassroots Party Organization of Shanghai City, General Manager Assistant of Xingyao Wu Dazhi was honored as Excellent CPC Member of Shanghai City, Board Chairman of Fosun Pharma Wu Yifang was awarded the "May 1st Labor Medal of Shanghai City", CEO of Aohong Pharma Mao Guihua was awarded the "May 1st Labor Medal of Liaoning Province", the HLX-001 Team and Han Qu You Team of Shanghai Henlius were respectively awarded the "National Worker Vanguard" and "Worker Vanguard of Shanghai City", and the Quality Control Department of Aohong Pharma was awarded the "National May 1st Woman Model" and "National Worker Vanguard". In addition, several groups and individuals such as Yao Pharma, Aohong Pharma, Guilin Pharma, Foshan Chancheng Central Hospital, Zhuhai Chancheng Central Hospital and Chongqing Xingrong were honored as the advanced organizations, May 1st Medal, Excellent Medical Care or other model groups and excellent individuals at the municipal level and above.

### Shanghai Henlius: The first Party Committee and Discipline Inspection Commission were founded

In order to strengthen the development of the Party's grassroots organization and guide the development of high-tech innovation enterprises through Party building in a better manner, the first Party Committee and Discipline Inspection Commission of Shanghai Henlius was formally

established under the concern and guidance of the Party Committee and Medical Party Committee, which indicated that the Party building of Shanghai Henlius marked a new step. We believe that, under the guidance of the Party building, Shanghai Henlius will grasp opportunities to

face the challenges, and make innovations in the technology exploration product R&D, customer service and international competition, in order to the stable and long-term development of the enterprise against the backdrop of China's reform and opening up.

### Wanbang Pharma: Party Building Cultural Room was opened

In celebration of "July 1st Party Founding Day", the Party Building Cultural Room of Wanbang Pharma was formally completed and opened on July 1st, which will serve as a new carrier to publicize the Party building knowledge, a new platform for the education of Party members and employees and

a new window for the grassroots Party building. It will remind Party members to firmly their original intention and mission and build a favorable cultural atmosphere for grassroots Party members to learn, study and publicize Party building.

### Guilin Pharma: A series of activities in celebration of the 100th anniversary of CPC founding

In terms of the maintenance of the legitimate rights and interests of employees in accordance with the law, Guilin Pharma implemented the workers' congress system and factory affair disclosure system and made public the factory affairs via various channels and levels by means of bulletin boards, wall newspaper, company websites, internal area network and WeChat. It protected the employees' rights and interests by participating in the management of employees' labor contract, remuneration, performance,

attendance and vocation, and social security, and issuance of individual labor protective articles. Meanwhile, the Labor Mediation Committee was established and optimized to adjust and optimize relevant functions, conduct training for mediation committee members from time to time, enhance the mediation capability, and provide harmonious relationship for the normal production and operation. In 2021, the "Nan Yao Zhi +" applet was selected as the "National Excellent Cases of WeChat Applets of Labor Unions".

### Yao Pharma: Recreation and sports league

The recreational and sports league of Yao Pharma was relaunched as expected from August to November 2021. With not only traditional sports and dance PK, but also singing and football league, the upgraded league attracted all the employees of

Yao Pharma. Employees struggle courageously and transcend themselves in the arena, and displayed their talents on the stage, which fully represented the "vigorous, knowledgeable and responsible" spirits of Yao Pharma.

## Employee Safety and Health Protection



### Proactive action strategy management

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



### Five-year strategic goals of EHS

- Zero fatality, zero major injury incident
- Annual lost time injury rate in 2021-2025 shall be maintained lower than 0.3
- Recordable incident rate in 2025 shall be 0.447, representing a decrease of 10% as compared to 2020



### Performance in 2021

Performance indicator	Current target value in 2021	Actual value completed in 2021	Status
Fatality, major injury incident	0	0	Completed
Lost time injury rate	0.3	0.170	Completed
Recordable incident rate	0.484	0.355	Completed

### Accident control

Following the principle of “safety first, prevention foremost, comprehensive treatment”, the Group strengthens and fulfills their safety production responsibility, and establishes the mechanism featuring enterprise accountability and employee participation; abides by relevant local and national laws, rules, regulations and standards on safety production, strengthens safety production management, establishes and improves safety production rules, and enhances standardization of safety production. It establishes SOP and emergency response system through risk assessment, and plans and implements employee training. It also conducts troubleshooting and rectification, promotes good practices, builds safety culture and enhances safety production level.

In 2021, the Group had no major safety incidents or major fire incident occurred and the overall security situation remained stable. The Group's major injury case rate per million man-hour is 0, the minor injury case rate is 0.170, the annual LTI rate (excluding lost time of outsourced workers) is 0.170, and the Recordable Incident (RI) rate is 0.355. Among 23 recordable incidents of the Group in the year, there were 5 female employees, accounting for approximately 21.7%. In 2021, contractors didn't have any deaths or major injury or more serious accidents, or safety incidents and secondary disasters arising from natural disasters.

Lost time injury rate represents a decrease of

  **45.8%**

as compared to 2020

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

	Major injury rate per million man-hour	Minor injury rate per million man-hour	Loss time injury rate per million man-hour	Recordable incident rate per million man-hour
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

Note:

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

### Safety of Segments of Fosun Pharma Group

Segment	Total working hours (hours)	Number of Lost Time Injury (LTI) case	LTI rate	Including		Lost time	Number of Recordable Incident (RI)	RI rate	Contractor fatality incident
				Major injury case rate	Minor injury case rate				
Pharmaceutical manufacturing	45,789,199	8	0.175	0	0.175	222	20	0.437	0
Healthcare services	13,954,551	3	0.215	0	0.215	60	3	0.215	0
Medical devices and diagnosis	5,048,472	0	0	0	0	0	0	0	0
Total	64,792,222	11	0.170	0	0.170	282	23	0.355	0



Behavior-based safety observation poster

### Behavior-Based Safety Observation Poster

According to the statistics of LTI from 2016 to 2020, accidents caused by staff tripping and slipping caused by the working environment and by staff's unsafe behaviors accounted for 39% and 33% respectively. The Company carried out the Behavior-Based Safety Observation (BBS) activity in 2021, to guide employees to beware and stop unsafe behaviors and situations to further decrease the injury rate. The BBS focused on seven high-risk operation activities, i.e. work at height, hot work, mechanical protection, electrical safety, lifting operation, confined space, and explosion-proof in process safety,

and identified employees' unsafe behaviors in such high-risk operations by observation, therefore, we were able to guide employees to review and correct their unsafe behaviors. We also encouraged our staff to help stop and correct any unsafe behaviors they noticed so as to build a safe working environment with all engaged and being part of the administration. Thereby, we can achieve the goal of "Zero Harm" at the production site through early detection, prevention and correction. The core manufacturing member enterprises carried out this activity and obtained a total of 264 BBS cards.



Yao Pharma BBS videos by employees

## EHS Employee Representative

EHS work is not just the responsibility of EHS department and full-time personnel within Fosun Pharma Group. Each manager is well aware that production management is inseparable from EHS management and its corresponding responsibilities. The frontier workers are increasingly realized that the implementation of EHS relies on and benefits each of them. From the overall safety management to the regional EHS responsibility system, the headquarter of the Group and member enterprises determine and fulfill EHS responsibilities at all levels, and establish the employee representative supervision mechanism. As part of the EHS committee and EHS elements group, employee representatives are entitled to put forward opinions and suggestions on the

EHS working mechanism as well as supervise the implementation of various EHS work for the staff's benefit.

During the Reporting Period, Fosun Pharma Group EHS Committee was established to fully advance and monitor the implementation of various EHS work. In addition, the member enterprises (including all the manufacturing and healthcare service enterprises) successively established their EHS special committees and EHS elements groups as sub-committees with 1,101 members, accounting for approximately 3.7% of the total number. 370 employee representatives supervised and/or participated in EHS work, accounting for approximately 1.3% of the total number.



### Group EHS Committee: Headed by the Chairman of the Group and CEO

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

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

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

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

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

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

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

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



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

Formulate EHS policies and specific control targets for member enterprises

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

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

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



### Labor Union: As employee representatives

Participate in and supervises the implementation of EHS work

Participate in accident investigation

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

### Employee Health Protection

Employee protection is one of the important contents of the Group's work. The Group proactively fulfills the occupational health primary responsibilities and establishes the responsibility management system for the occupational disease prevention of all employees. The Group follows the national requirements on occupational health risk warnings, individual protection, on-site supervision and sampling, and employee health examination in daily supervision, in order to realize the closed-loop management of occupational health in member enterprises. The Group strictly complies with the "three simultaneous" management requirements of occupational disease prevention facilities for construction projects, conducts risk evaluation for toxic and harmful positions, and regularly arranges occupational health examinations for employees in daily work and in contact with occupational hazards, and equips them with complete occupational health protection facilities and improves occupational disease warning labels.

In order to promote the health of employees and further increase their activity time, Tai Chi classes, yoga classes and dance classes were set by the Head

Office Labor Union throughout the year and more than 10 clubs including dancing, running group and basketball were established to hold diversified club activities on a regular basis. Meanwhile, the management of the employee gym, ping pong room, basketball court and tennis court of Fosun Science Park and Fosun Scitech Innovation Center was strengthened, health facilities were updated, and Fitness Center was initiated and completed, for the convenience of health exercise of employees in their spare time.

During the reporting period, for the positions exposed to occupational disease hazard factors, the medical examination coverage rate of employees was 99.9%. 3 female employees of the member enterprises were in pregnancy period and were not suitable to undergo the occupational health examination during the physical examination for 2021. They had temporarily left the positions exposed to occupational health hazards after pregnancy until the end of their lactation period. There were no newly increased confirmed or suspected occupational diseases in 2021.

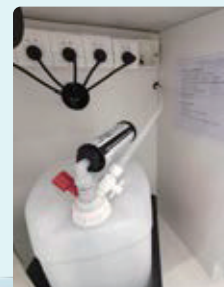
### Occupational Health Performance by Segment of Fosun Pharma Group

Segment	Number of employees exposed to occupational hazards	Occupational hazard factor exposure percentage	Completion rate of occupational health examination	Completion rate of occupational health examination
Pharmaceutical manufacturing	3,750	19.12%	99.9%	Chemical, dust, noise, high temperature, ionizing radiation
Healthcare services	302	5.02%	100%	Ionizing radiation
Medical devices and diagnosis	195	8.14%	100%	Chemical, dust, noise, high temperature, ionizing radiation, blood infection
Total	4,247	15.16%	99.9%	-

## Case

### Integrated Waste Liquid System of Yao Pharma Labs

During the operation of the laboratory high-performance liquid detector, organic solvent waste liquid is continuously generated. If a large amount of laboratory waste liquid is not collected in a centralized manner, its volatile gas will spread in the room and be easily inhaled by the human body, which may affect the health of laboratory personnel. In 2021, at the commencement of laboratory design and construction, Yao Pharma invested more than RMB600,000 to increase the number of integrated waste liquid collection system and changed the traditional single collection into multiple integrated and connected collection, so as to improve the collection efficiency and 5S management level on site. Meanwhile, the number of collecting respirator was increased, which greatly improved the working environment of the laboratory, effectively avoided the risk of chemical inhalation by the laboratory staff, and protected the health of the operators.



# Responsible Environmental Protection

## Joint construction of an environment-friendly community

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

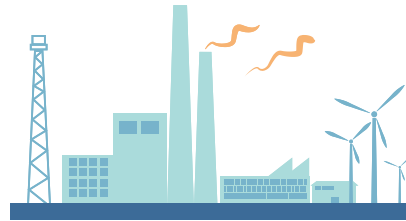




### Implementation of the concept of low-carbon green development

Carbon emission intensity **0.23** tons/RMB10,000 of output value with a YoY decline of **15.5%**  
Carbon emission of **7,916** tons was reduced by energy-saving measures

Carbon emission of **16,230** tons was reduced by purchasing green electricity of **26.59** million kWh



RMB **152.845** million was invested in total for environmental protection in 2021



### Enhancement of water use efficiency

Water-saving **3,030.88** million m<sup>3</sup>  
Water consumption intensity **2.70** m<sup>3</sup>/RMB10,000 of output value with a YoY decline of **13.0%**



### Improvement of energy use efficiency

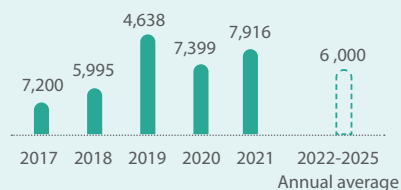
Electricity saving **7.465** million kWh  
Natural gas-saving **339** thousand m<sup>3</sup>  
Purchased steam saving **5,546** tons  
Comprehensive energy consumption intensity **2.06** GJ/RMB10,000 of output value with a YoY decline of **18.4%**



## EHS strategic environmental indicators

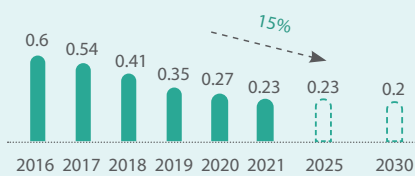
### Carbon reduction of energy-saving project

Unit: ton



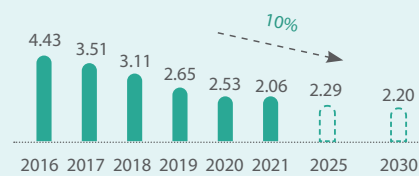
### Carbon emission intensity

Unit: ton/RMB10,000 of output value



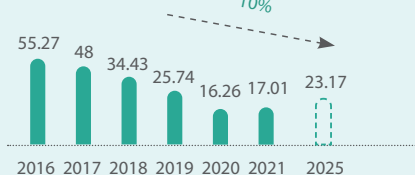
### Energy consumption intensity

Unit: GJ/RMB10,000 of output value



### Solid waste intensity

Unit: kg/RMB10,000 of output value



### Hazardous waste intensity

Unit: kg/RMB10,000 of output value



## EHS Strategic Objective

### Strategic Objective

The Group upholds the concept of integrity and sustainable development, and advocates and guarantees the harmonious development of enterprise, society and environment, and insists on sustainable developments of both environment and society, by preventing contaminants and pollutions, saving energies and reducing emissions, protecting ecological civilization, and building environment friendly communities

In 2020, the Group formulated and completed the first Five-Year (2016-2020) Strategic Objective for EHS management based on the requirements of the "13th Five-Year Plan" (2016-2020), and tracked the achievement of the objectives on an annual basis. By 2020, the first Five-Year Strategic Objectives has been basically completed.

In 2021, Fosun Pharma has set its second Five-Year (2021-2025) Strategic Objectives based on the completion and review of the first Five-Year Strategic Objectives (2016-2020). In the next five years, Fosun Pharma Group will further strengthen EHS management, increase investment in EHS operation, and proactively seek new technologies and opportunities to further reduce the impact of its operations on the environment. Meanwhile, we have set a preliminary mid-to-long-term objective for 2030 with an aim to continuously improve and enhance the EHS management performance, which will be considered and reviewed based on the actual achievement in 2025 and policy developments.

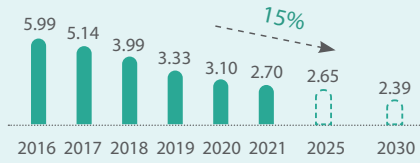
### EHS Culture

In terms of EHS cultural construction, the Group further strengthened the pyramid-shaped EHS cultural layout of "attention of the senior level, promotion of the middle level, and participation of the junior level", to arouse full attention and enhance the EHS execution. From June to September 2021, a monthly series of EHS management activities themed "Safety, health, green and low-carbon, I am an actor (安全健康、綠色低碳，我是行动者)" were carried out from headquarters and member companies of Fosun Pharma, including carbon emission popularization activity, lyrics collection for the song of EHS. Member companies were required to conduct behavioral safety observation activities,

Specifically, regional leaders conducted self-inspection namely "100 days of safety in summer (夏季安全100天)" in their areas, while corporate leaders led safety inspections, and all employees participated in emergency drills. Through such series of activities, Fosun Pharma strengthened corporate EHS leadership, created a stronger EHS culture, and guided its employees to care about the carbon emissions and unsafe hazards around them, so as to actively participate in the EHS work, thereby contributing to the "green environmental protection as well as safety and health (綠色環保和安全健康)".

### Water consumption intensity

Unit: m<sup>3</sup>/RMB10,000



### Sewage discharge intensity

Unit: ton/RMB10,000



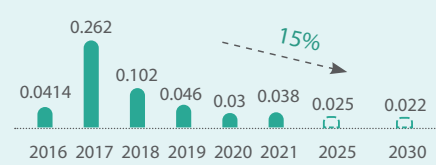
### COD emissions intensity

Unit: kg/RMB10,000



### Ammonia nitrogen intensity

Unit: kg/RMB10,000



### EHS Management System and Certification

The Group carries out the environmental management among member enterprises in strict accordance with ISO14001. The Group plans to carry out ISO14001 certification at the level of the Group, in order to further establish the unified environmental management system and policies, enhance the level of the Group's environmental management, and help the Group comprehensively understand the environmental risks and environmental management situations of all the member enterprises. Meanwhile, the Group constantly supervises all the member enterprises to improve their environmental management system. As of December 31, 2021, 14 major member enterprises passed the ISO14001 certification and 16 member enterprises carried out the assessment and certification of clean production.

In order to ensure the effective implementation of the EHS management system and strengthen its central EHS supervision capabilities, Fosun Pharma conducted EHS reviews on all the manufacturing and R&D member enterprises on a regular basis by means of headquarters audit, internal cross-audit,

and self-examination. Among them, the EHS cross-audit was conducted by the audit team composed of EHS experts from different segments and member enterprises in five dimensions including EHS system, environmental protection, security, fire protection and occupational health. Fosun Pharma gave a comprehensive score to member enterprises through an audit in terms of EHS compliance and effectiveness of the EHS management system to confirm the level of EHS performance. Upon completion of an audit, the Group generated an audit report on problems found and asked the audited enterprise to formulate corrective and preventive measures and plans. Different deadlines for correction were established based on the degree of severity, and the headquarters EHS department was responsible for the follow-up and completion of correction. The Group conducted reviews on the core manufacturing member enterprises on an annual basis and conducted reviews on other manufacturing and R&D member enterprises at least every three years with full coverage.

During the Reporting Period, no external environmental pollution incidents occurred, and the Group did not suffer from heavy penalties for environmental protection issues. Eleven member enterprises were commended and awarded by local environmental protection, safety supervision and/or fire authorities.



\* As of December 31, 2021



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

**14** member enterprises passed the third-party certification of ISO14001 and/or ISO45001

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

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

Enterprise name	Type of certification	Enterprise name	Type of certification
Wanbang Pharma	ISO14001, ISO45001, ISO50001* Class II Safety Standardization, clean production*	Yao Pharma	ISO14001, ISO45001
Wanbang Jinqiao	ISO14001, ISO45001 Class II Safety Standardization, clean production	Carelife Pharma	Class III Safety Standardization, clean production
Zhaohui Pharma	ISO14001, ISO45001, ISO50001* Class II Safety Standardization, clean production	Guilin Pharma	ISO14001, ISO45001 Class II Safety Standardization, clean production
Chemo Biopharm	ISO14001, ISO45001 Class II Safety Standardization, clean production	Aohong Pharma	Class III Safety Standardization, clean production
Wanbang Folon	ISO14001, ISO45001 Class III Safety Standardization, clean production	Suzhou Erye	ISO14001, ISO45001, ISO50001 Class II Safety Standardization, clean production
Huanghe Pharma (sold)	ISO14001, ISO45001 Class II Safety Standardization	Dongting Pharma	Class III Safety Standardization, clean production
Wanbang Tiansheng	Class III Safety Standardization	Hongqi Pharma	ISO14001, ISO45001, ISO50001* Class III Safety Standardization*, clean production
Diagnostics	Class II Safety Standardization, clean production*	Shine Star	Class II Safety Standardization, clean production*
Shanghai Transfusion (sold)	ISO14001 Class III Safety Standardization, clean production	Dengrui Fertilizer	ISO14001*, ISO45001*, ISO50001*
Laishi Transfusion (sold)	Class III Safety Standardization, clean production	Gland Pharma	ISO14001, ISO45001
Fosun Beiling	ISO14001, ISO45001 Class III Safety Standardization	Shanghai Henlius	Class III Safety Standardization
Hexin Pharma	Class III Safety Standardization, clean production	GSK (Suzhou) Pharma	Class III Safety Standardization
Yaneng Bio (sold)	Class III Safety Standardization*	Aleph Biomedical	Class III Safety Standardization*
Total	ISO14001 certification: 14 enterprises; ISO45001 certification: 13 enterprises; ISO50001 certification: 5 enterprises; safety standardization review: 23 enterprises; Clean production certification: 16 enterprises;		

Note: \* indicates newly passed certification during the Reporting Period.

## Zhaohui Pharma and Hongqi Pharma Honored as 2021 National-level Green Plant

### Zhaohui Pharma

The design and management concept of the green plant was comprehensively introduced in the aspects such as intensive land use, harmless materials, clean production, waste recycling, and low-carbon energy:



Picture for factory



Device for reuse of reclaimed water



Photovoltaic power generation system

#### Process design

It replaced ethanol sterilization with a new gel disinfectant, and substituted ethanol solvent with pure water in production, which reduced the emission of VOCs from the source, and completely used green materials.

#### Cyclic utilization of water

The Company built a recycling system for reclaimed water, which can obtain approximately 17,600 tons of reclaimed water after "multi-medium filtration + water softening + ozone disinfection" in the sewage stations. The reclaimed water was reused for water consumption by cooling towers refilling, ground cleaning, toilet-flushing and fire pool with a recycling rate of 13.3%.

#### Energy conservation and carbon reduction

(1) Distributed photovoltaic power generation system was installed with an inclination of 25°, 10kV voltage was connected to the grid at the users' side, self-generated power was for private use and the remaining power was connected to the grid, generating 800,000 kilowatt-hours' power in the first year; (2) Energy-saving dehumidified heat pipes were added to the air-conditioning system in the plant, which saved 1,470,000 kilowatt-hours per year; (3) Permanent magnet motors and frequency conversion control system were used to transform the cooling tower, which effectively reduced the energy consumption of the cooling tower, lowered the reactive power, and saved approximately 16,300 kilowatt-hours per year; (4) Energy-saving lighting measures such as localized lighting and automatic control were taken in plants and offices, the turn-on time was adjusted according to time and illuminance of lighting, effectively reduced the energy consumption of lighting, and fully used LED lamps, which saved 1,200 kilowatt-hours per year.

### Hongqi Pharma

By fully introducing the management concept of the green factory, the Company carries out energy-saving and emission reduction through technical transformation, energy-saving transformation of equipment and facilities, technological innovation, process improvement and lean production, etc., which will bring sustainable benefits to the future:



Picture for factory



Purified water preparation system



Air conditioning heat pipe

#### Clean energy use

By changing energy type, using gas boilers instead of oil boilers, improving the thermal efficiency of boilers and improving the gas to steam ratio, the low-nitrogen combustion technology has been adopted in new boilers, which has reduced the NOx emission concentration to below 50mg/m<sup>3</sup> and reduced the annual NOx emission by 1.9 tons under current production.

#### Energy-saving and carbon reduction

The company has introduced heat pipe technology in the air conditioning system of the workshop to recycle the cold/heat from the exhaust air of the air conditioning system and used the air source heat pump + heat pipe model in the air conditioning systems of the R&D laboratory and office building to improve the cooling/heating efficiency and reduce energy consumption, which has helped to save 300,000 kWh of electricity and 108,000m<sup>3</sup> of natural gas annually.

#### Water use

(1) The disinfection waste pure water of the water purification system is recycled and incorporated into the boiler system, saving 3,240 tons of water per year; (2) The primary concentrated water of the purified water preparation system of the plant is recycled during low-frequency operation, saving 12,096 tons of water per year; (3) By adjusting the BIN drum cleaning method and optimizing equipment online cleaning method, 1,400 tons of water have been saved annually.

## EHS Operating Investment

In order to effectively control various environmental pollutions during the operation of the Group, reduce or improve the environmental impacts, and ensure the environmental protection management in line with regulations, in 2021, the Group accumulatively invested RMB33.4132 million in environmental protection facilities, which mainly focused on construction/upgrading of environmental protection facilities such as purification engineering facilities, sewage treatment facilities and boiler transformation facilities; RMB119.4318 million was

invested in the environmental protection operation and maintenance, mainly in terms of operation of environmental protection facilities for sewage and waste gas and disposal of hazardous wastes.

In 2021, member enterprises paid a total of RMB438.2 thousand on environment protection tax, and the tax mainly covered pollutions such as COD, ammonia nitrogen, NOx, SOx and particulate matters.

In terms of safety investment, in 2021, the Group's investment in occupational health and safety of RMB81.920 million was used to upgrade and renovate various safety facilities of member enterprises, improve the intrinsic safety of equipment, and ensure the normal operation and maintenance of various safety and fire facilities and the protection of employees' occupational health.

## EHS investment by segment

Segment	Capital expenditure of environmental facilities		Operation expenditure of environmental facilities		Capital expenditure of safety facilities		Operation expenditure of safety facilities	
	Amount (RMB'0'000)	Description	Amount (RMB'0'000)	Description	Amount (RMB'0'000)	Description	Amount (RMB'0'000)	Description
Pharmaceutical manufacturing	3,045.4	VOCs treatment project Wastewater treatment facilities upgrade and renovation Transformation of boilers	11,188.3	Operating costs of environmental facilities Hazardous waste disposal costs	3,517.7	Rectification of safety and fire facilities	2,852.3	Personnel protective equipment, maintenance of fire facilities
Healthcare services	281.2	Upgrade and renovation of waste water treatment station	677.3	Medical waste treatment	454.9	Safety upgrade and renovation	1,027.8	Personnel protective equipment, maintenance of fire facilities
Medical devices and diagnosis	14.8	The air pollution treatment project	77.6	Operating of environmental facilities	94.6	Safety and fire renovation	244.7	Personnel protective equipment, maintenance of fire facilities
Total	3,341.3	-	11,943.2	-	4,067.2	-	4,124.8	-

## Climate Change Response

On 31 October 2021, the 26th meeting of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26) opened in Glasgow, United Kingdom. During the Conference, the United Nations Environment Programme released the Adaptation Gap Report 2021: On the Eve of the Storm, calling for urgent global action to scale up climate finance and actively implement climate action plans to adapt to increasing climate impacts. In the general debate of the 75th session of the United Nations General Assembly, General Secretary Xi Jinping also said that "the Paris Agreement on Climate Change represents a major direction for global green and low-carbon transition and the minimum action

needed to protect our planet, and all countries must take decisive steps. China will increase its national contribution, adopt stronger policies and measures, and strive to peak carbon dioxide emissions by 2030 and achieve carbon neutrality by 2060."

As a leading, innovation-driven international pharmaceutical and health industry group in China, the Group understands that climate change poses a variety of risks to the Group's business, so has disclosed its climate change risk management in 2021 in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

## Governance Governance

Since 2021, the ESG Committee of Fosun Pharma has been responsible for setting targets and regularly reviewing the implementation of climate change-related issues, including those related to carbon emission and energy consumption, and regularly reviewing the achievement of these targets. The Board has authorized the ESG Committee to oversee the overall ESG work and conduct annual ESG communication meetings

to discuss issues related to climate change. In this regard, the Group's ESG working group actively identifies climate change risks, and the list of identified risks will be reviewed by the ESG Committee to guide the Group in taking initiatives related to climate change mitigation, adaptation and resistance.

## Risk Management

The Group's ESG working group has carried out the identification of climate change risks in 2021 and incorporated climate change risks into the Group's risk management.

The ESG working group selected two high-contrast climate scenarios for risk identification, namely the Representative Concentration Pathways (RCP) 2.6 and RCP 8.5 as presented in the Fifth Assessment Report of the United Nations Intergovernmental Panel on Climate Change (IPCC). Through the analysis of different scenarios, we hoped to

understand the risks of climate change under the low-emission, high-governance scenario, and the high-emission, low-governance scenario, respectively. Our preliminary risk identification revealed that transition risks are more likely to occur in the low-emission scenario of RCP2.6, while the physical risk is more likely to occur in the high emission scenario of RCP8.5.

After analyzing the climate change risks in different scenarios, we screened out the industry-level risks relevant to the Group and developed a preliminary climate change risk list.

Increase in price of greenhouse gas emissions

China's regulation of the carbon emissions trading management system and total carbon emissions has resulted in increased greenhouse gas emissions costs, either directly (carbon taxation) or indirectly (carbon offsets, higher fuel prices, electricity prices, etc.). If the industry is included in the carbon trading system, the Group must bear the performance cost once the verified emissions exceed the allocated allowances according to the mandatory verification of carbon trading, and the cost of excess carbon emissions continues to increase.

The front-end cost of low-emissions technology transition

At present, China has proposed a "carbon peaking and carbon neutrality" policy and vigorously advocates energy-saving and emission reduction. Fosun Pharma shall accelerate its low-carbon transition by investing in improving its energy structure, optimizing its energy-using equipment, and developing low-carbon production technologies to reduce greenhouse gas emissions in its production process.

Increase in average temperature

The temperature rise will cause Fosun Pharma to increase energy consumption to maintain the temperature of production plants to meet production conditions, which will increase operating costs for Fosun Pharma; at the same time, the temperature rise will lead to an increase in hot weather, which will affect the health and safety of employees.

Frequent extreme weather

The frequent occurrence of extreme weather will affect the stability of Fosun Pharma's operations; simultaneously, the increase in expenses to cope with extreme weather will further increase operating costs.

## Strategies

By identifying climate change risks, the Group is fully aware of the potential impacts of climate change. We will reduce the effects of climate change on the Group in terms of both adaptation and mitigation.

### Adaptation:

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

### Mitigation:

The Group actively optimizes its energy management, explores effective measures to reduce energy use and greenhouse gas emissions, and contributes to global climate change mitigation while improving its own ability to cope with climate change risks. The Group has issued the Notice on Energy Saving and Emission Reduction for Fosun Pharma Group Member Enterprises (《關於開展復星醫藥集團各成員企業節能減排工作的通知》) to clarify emission reduction targets and incorporate energy management and control into the performance assessment of corporate management personnel. We continue to promote energy management system certification, improve the coverage of energy-intelligent monitoring, and continuously improve our energy management level. As of 31 December 2021, five major member companies of the Group have obtained the energy management system certification.

# Green Manufacturing and Continuous Improvement

## Greenhouse Gas Emissions and Energy Management



### Main Action Strategy Management

- Continuous commitment to carbon management and achieve greenhouse gas emission reduction targets
- Improve energy utilization efficiency, adjust energy structure, and promote renewable energy
- Promote clean energy projects, replace high-energy-consumption and low-efficiency equipment with low-energy-consumption and high-efficiency equipment, promote thermal energy recycling and reusing technology, adjust air-conditioning temperature and humidity, and promote energy-saving administrative management systems



### EHS Five-Year Strategic Goals

- Carbon emission intensity: reduction by 15% in 2025 compared with that in 2020, i.e., 0.23 tons/RMB 10,000 revenue
- Carbon emission reduction from energy-saving projects: The cumulative carbon emission reduction from 2021 to 2025 reaches 30,000 tons
- Comprehensive energy consumption intensity: reduction by 10% in 2025 compared with that in 2020, i.e., 2.29GJ/RMB 10,000 revenue



### Performance in 2021

Performance goal	Current target in 2021	Actual Completion in 2021	Status
Carbon Emission Intensity	0.26 tons/RMB10,000 revenue	0.23tons/RMB10,000 revenue	Completed
Carbon emission reduction from energy-saving projects	6,000 tons	7,900 tons	Completed
Comprehensive energy consumption intensity	2.48GJ/RMB10,000 revenue	2.06 GJ/RMB10,000 revenue	Completed

The greenhouse gas emission sources within the physical scope of the production, operation, and office of the member enterprises are carbon emission sources, including direct emission sources and indirect emission sources. Direct greenhouse gas emissions (such as combustion of fossil fuels like natural gas, liquefied gas, city gas, raw coal, diesel,

gasoline, and fuel oil) and indirect greenhouse gas emissions (net purchased electricity and steam) are closely related to the Group's energy consumption in the in production and manufacturing process. Therefore, the primary way to reduce the Group's GHG emissions is to reduce the Group's energy consumption.

- Conducted the first self-calculation of carbon emissions, and disclosed the total carbon emissions to the public in the social responsibility report for the first time.

- Continued to increase the carbon emission management pilots, and gradually expanded the scope and intensity of carbon emission calculation of the whole Group.

- Gathered EHS staff of important carbon emission enterprises of the Group, and invited carbon check experts to offer systematic training on carbon check. Member enterprises such as Wanbang Pharma, Guilin Pharma and Aohong Pharma rechecked the carbon emission of the enterprise after participation in the carbon emission training.

2016

- Gradually reduced and minimized greenhouse gas emissions within its controllable scope, and encouraged the selection of clean energy

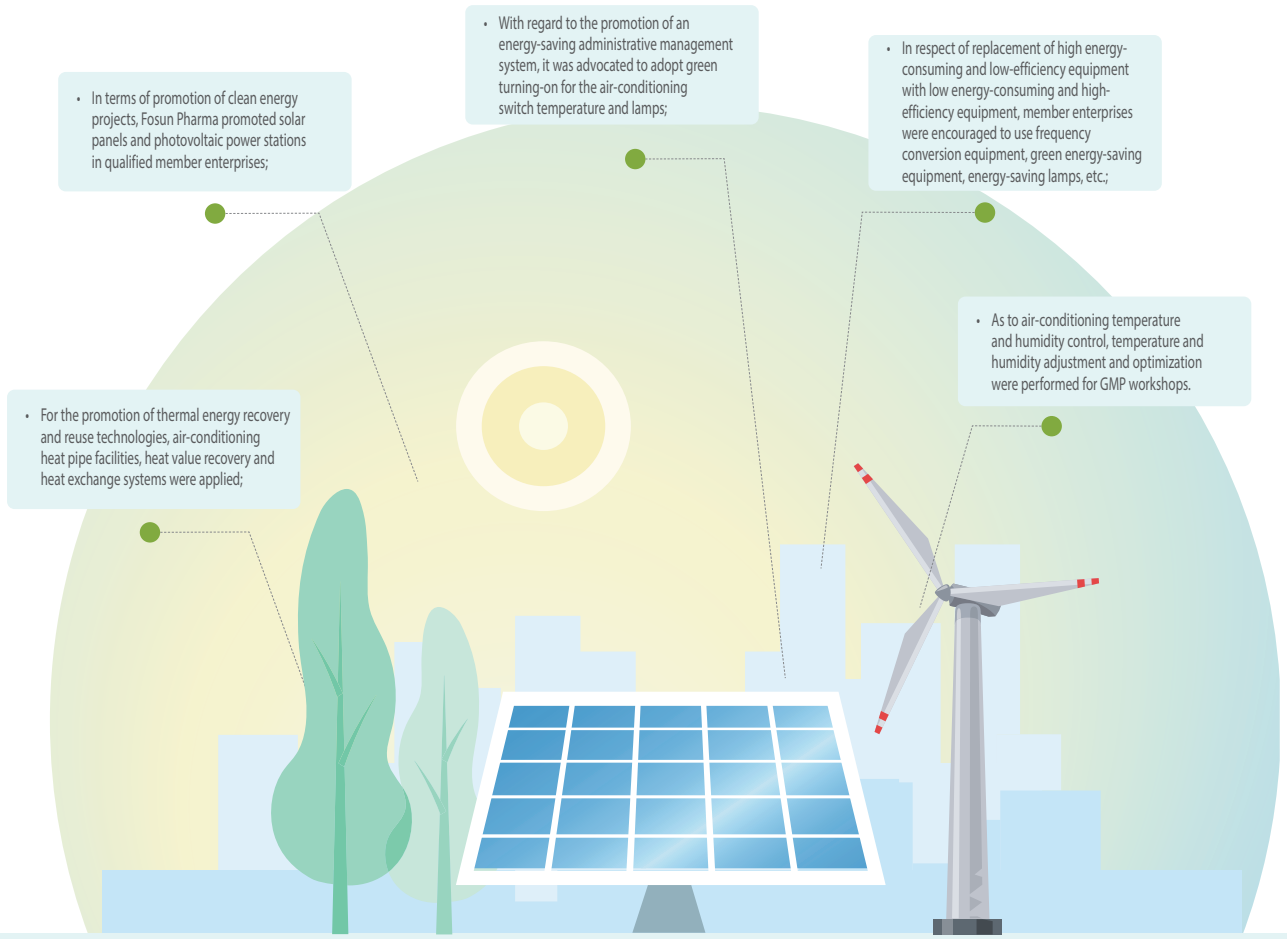
2017

- Gradually reduced and minimized greenhouse gas emissions within its controllable scope, realized energy conservation and emission reduction through technological transformation, and continuously optimized the internal production and operation management.

2018

- Proactively promoted and implemented energy-saving and emission reduction projects, and urged enterprises to proactively implement the energy-saving and emission reduction projects by formulating and assessing the energy-saving and emission reduction objectives of member enterprises.

The core strategic initiatives identified by Fosun Pharma in terms of energy conservation and emission reduction include the following five aspects. In the previous reporting period, the following initiatives were promoted in an orderly and step-by-step manner:



- Headquarters of the Group issued two documents on energy-saving and efficiency improvement, requiring member enterprises to pay attention to and strengthen energy conservation and emission reduction and improve energy efficiency.
- At the beginning of the year, the pre-declaration and collection of member enterprises' energy-saving and carbon reduction management schemes were started. Member enterprises were required to refine the annual energy-saving and emission-reduction target indicators, formulate specific energy-saving and emission-reduction management schemes and strengthen and ensure the realization of preset energy-saving goals from the introduction of energy-saving equipment and the establishment of energy-saving and emission-reduction systems to the intensified implementation and other aspects.

- Enhance the energy management system certification, guarantee the standardized and effective operation of the energy management system, continuously make optimization through refined management and energy efficiency diagnosis, integrate low-carbon operation and circular economy development concept into planning, design, construction, production, operation, selection of construction materials and equipment installation, constantly reduce energy and resource consumption, and improve the recycling rate of energy and resources. At present, two enterprises (Erye Pharma, Shine Star) under the Group have passed the energy management system certification.

- Following the concept of clean production and green operation, Fosun Pharma continuously enhanced the intelligent manufacture and EHS management level, proactively adopted clean production technology or harmless or low-harm new technology and processes, and minimized the impacts on social environment while creating economic values, in order to maximize the comprehensive value of environmental protection and production efficiency. Currently, seven member enterprises of the Group were honored as the municipal, provincial or national green plants, five member enterprises passed the energy management system certification, and four member enterprises established the internal photovoltaic power generation system, totally generating 1.58 million kilowatt-hours in the year.

**2019**      **2020**      **2021**

- An energy consumption data tracking mechanism was established to track and analyze key indicators in energy-saving and carbon-reduction schemes to ensure that the schemes prepared at the beginning of the year were stably realized at the end of the year.

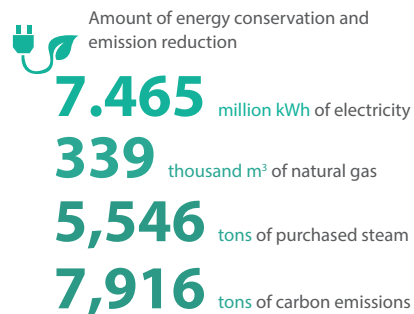
- Encourage enterprises to improve the coverage of intelligent energy monitoring, regularly conduct diagnosis, analysis and benchmarking management of major energy-consuming facilities, process system and energy usage, determine the energy-consuming level, seek for energy-saving potential, and specify energy-saving direction, in order to provide a scientific foundation for the improvement in energy management, in energy-saving technical transformation and improvement in energy usage ratio. The intelligent energy monitoring system was successively established and promoted within the Group.
- Enhance supervision and assessment, specify emission reduction objectives and include into the annual assessment of enterprise management staff, promote the internal energy target indicators and management schemes, and provide guidance for energy consumption planning, process and reduction by setting energy management target indicators.

- It continuously focused on relevant policies on the management of total greenhouse gas, promptly mastered the direction of policies, improved the carbon management system by making use of data statistics submission system, and proactively participated in the carbon market development. Two member enterprises (Hongqi Pharma and Shine Star) were included into the quota management of local carbon emissions permit trading, cooperating with competent authority in the arrangement of local carbon trading.
- It focused on the market-based trading of green power, and grasped the opportunity for green power purchase. 15 manufacturing bases purchased green power to replace thermal power according to the trading service category provided by local electricity trading centers, totaling purchased green power of 26.59 million kilowatt-hours and reducing 16 thousand tons of carbon.



According to final calculations, the Group adopted various energy-saving and emission-reduction measures through member enterprises in 2021, and thus saved a total of 7.465 million kWh of electricity, 339 thousand m<sup>3</sup> of natural gas, 5,546 tons of purchased steam and reduced 7,916 tons of

carbon emissions. A total of RMB1.378 million was invested in the implementation of various energy-saving measures throughout the year. A total of 16,230 tons of carbon emissions was reduced through purchasing 26.59 million kWh of green power.



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

Name of member	Energy-saving measures			Energy saved	Carbon reduction
	Application of new technologies and equipment	Optimization of production process and layout	Energy management system		
Wanbang Pharma	Addition of U-shaped dehumidifying heat pipe to air conditioning system	Optimization of controlling conditions of product process		Electricity: 750 thousand kWh Purchased steam: 1,300t	952
Wanbang Jinqiao		Main and auxiliary machine linkage of cooling chiller		Electricity: 600 thousand kWh	422
Zhaohui Pharma		Replacement of fixed frequency air compressor with permanent magnet inverter compressor, replacement of steam trap, pipe insulation and flash steam		Electricity: 510 thousand kWh Purchased steam: 1,000t	686
Chemo Biopharm	Reduction of air conditioning frequency			Electricity: 700 thousand kWh Purchased steam: 557t	674
Wanbang Folon	Replacement of LED lamp			Electricity: 49 thousand kWh	44
Huanghe Pharma			Optimization of turning on workshop steam	Purchased steam: 145t	47
Suzhou Erye		Optimization of disinfection cycle, reduction of water pump volume through pipeline modification		Electricity: 88 thousand kWh Purchased steam: 48t	78
Shandong Erye		Utilization of old workshop refrigeration unit for transformation purpose		Electricity: 213 thousand kWh	188
Yao Pharma (Renhe)	Replacement of LED lamp	Energy-saving optimization of air conditioner		Electricity: 118 thousand kWh	62
Yao Pharma (Shuitu)		Transformation of high energy consumption pump, energy-saving optimization of freeze dryer machine, energy-saving optimization of air conditioner, transformation of refrigeration/heating station		Electricity: 643 thousand kWh	338
Carelife Pharma (Fab 2)		Energy-saving transformation of purified water preparation equipment/distribution system, optimization of transformer usage management, reduction of transformer power loss		Electricity: 61 thousand kWh	32
Dongting Pharma			Optimization of steam production cycle	Natural gas: 60 thousand m <sup>3</sup>	130
GSK (Suzhou) Pharma		Addition of dehumidifier for high rack storage	Energy-saving optimization of air conditioner	Electricity: 50 thousand kWh Natural gas: 23 thousand m <sup>3</sup>	85
Guilin Pharma			1. Improvement of cleaning and sterilization of rubber stopper, improvement of manual cleaning water, and improvement of lyophilization process; 2. Cleaning of the gas-fired boiler scale, economizer and condenser, and cleaning of the dust pipe;	Electricity: 39 thousand kWh Natural gas: 225 thousand m <sup>3</sup>	507
Aohong Pharma		Optimization of glutamine granules cleaning, suspending the use of the original cold storage and optimization of the production cycle	Optimization of the use of nitrogen generator	Electricity: 786 thousand kWh	611
Aleph		Replacement of quality valve		Electricity: 806 thousand kWh Purchased steam: 2,496t	1,442
Fosun Diagnostic Technology (Shanghai)		Optimization of the operating time of production equipment and air conditioner unit	Sharing office equipment, night lighting halved	Electricity: 118 thousand kWh	83
Fosun Diagnostic Technology (Taizhou)		Optimization of the operating time of production equipment and air conditioner unit	Sharing office equipment	Electricity: 16 thousand kWh	11
Yaneng Bio (sold)	Installation of energy-saving module in air conditioner			Electricity: 600 thousand kWh	316
SunTech Pharma		Optimization of the operating time of fans		Electricity: 50 thousand kWh	35
Hongqi Pharma		R&D of QC, using air energy heat pump for office building heating and cooling	Optimization of production mode	Electricity: 260 thousand kWh	202
Xingxing Rehabilitation		Solar photovoltaic power generation, solar water heater, air energy heat pump		Electricity: 140 thousand kWh Natural gas: 18 thousand m <sup>3</sup>	137
Zhongwu Hospital		Solar photovoltaic power generation and optimization of elevator usage		Electricity: 5 thousand kWh Natural gas: 13 thousand m <sup>3</sup>	31
Gland Pharma	Replacement of LED lamp and installation of new inverter motor			Electricity: 862 thousand kWh	802

The Group's total energy consumption in 2021 was 8,048,743 GJ, which was 392,975 GJ higher than that in 2020, and a year-on-year increase of 5.12%. The total energy intensity is 2.06 GJ/RMB10,000 of output value, representing a decrease of 0.47 GJ/RMB10,000 of output value as compared to 2020.

The Group's operating sites in China emitted a total of 787,000 tons of greenhouse gases, while 113,000 tons of greenhouse gases emitted by overseas enterprises. The Group had a total of 900 thousand tons of carbon emission and the carbon intensity is 0.23 tons/RMB10,000 of output value, representing a decrease of 15.5% as compared with previous year.

### Energy Use and Carbon Emission of Fosun Pharma Group

	Total electricity consumption (kWh/year)	Direct energy consumption (GJ/year)	Indirect energy consumption (GJ/year)	Total energy consumption (GJ/year)	Total energy consumption intensity (GJ/RMB10,000 of output value)	Total carbon emissions (ton)	The proportion of carbon emission sources		Carbon emission intensity (ton/RMB10,000 of output value)
							Direct greenhouse gas emissions (ton)	Indirect greenhouse gas emissions (ton)	
2016	478,175,186	3,281,502	2,300,429	5,581,931	4.43	746,179	288,447	457,732	0.60
2017	513,272,112	3,839,551	2,657,132	6,496,683	3.51	822,786	338,285	484,501	0.54
2018	655,108,860	4,466,930	3,286,332	7,753,262	3.11	786,371	397,106	389,265	0.41
2019	631,436,019	4,344,819	3,231,731	7,576,550	2.65	758,143	381,580	376,563	0.35
2020	637,986,028	2,604,950	5,050,819	7,655,768	2.53	827,858	225,622	602,236	0.27
2021	664,674,268	3,463,822	4,584,921	8,048,743	2.06	900,112	308,755	591,357	0.23

Note:

1. This data does not include greenhouse gas emissions from biological and chemical sources within the boundaries of responsibility (i.e. within the physical boundaries of production, operations and office);
2. Direct greenhouse gas emission sources include the combustion of natural gas, liquefied gas, raw coal, diesel, gasoline, fuel oil, and other fossil fuels, and indirect greenhouse gas emission sources include net purchased electricity and steam;
3. The total electricity consumption is purchased power, excluding the self-owned renewable power of internal photovoltaic power generation projects;
4. The direct energy consumption in 2021 is calculated according to the General Rules for the Calculation of Comprehensive Energy Consumption (GB/T 2589-2020), which was inconsistent with the General Rules for the Calculation of Comprehensive Energy Consumption (GB/T 2589-2008);
5. The carbon emission data in 2020 and 2021 included the carbon emissions of overseas enterprises, which was inconsistent with the basis for previous data.

### Energy Consumption of Segments of Fosun Pharma Group

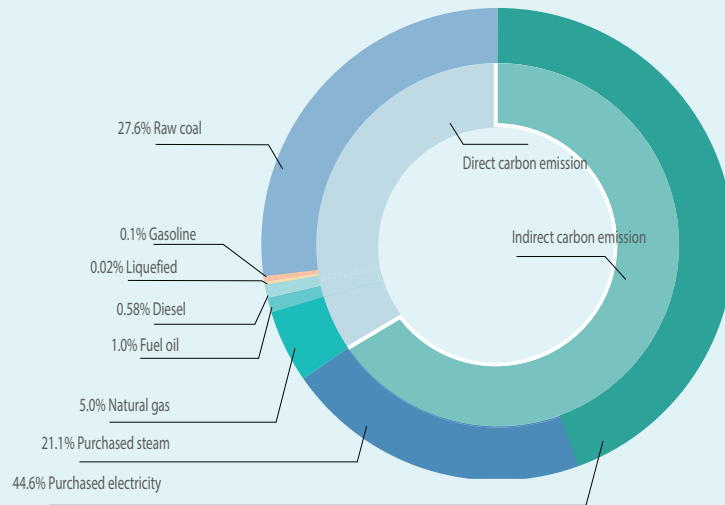
Segment	Total electricity consumption (kWh/year)	Natural gas (m <sup>3</sup> )	Liquefied gas (kg)	Steam (ton)	Raw coal (ton)	Diesel (litre)	Gasoline (litre)	Fuel oil (ton)
Pharmaceutical manufacturing	602,360,962	19,510,218	38,976	582,539	119,875	1,520,674	186,215	2,870
Healthcare services	45,740,080	1,277,336	3,414	0	0	56,383	144,110	0
Medical devices and medical diagnosis	16,573,225	228,537	6,190	0	0	405,437	78,704	0
Total	664,674,268	21,016,091	48,580	582,539	119,875	1,982,494	409,029	2,870

**Purchase green power and investment in the construction of internal photovoltaic power generation projects**

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

First of all, member enterprises with the conditions for the installation of distributed renewable energy power generation systems are encouraged to invest in the construction of distributed renewable energy power generation projects for their own use, such as roof photovoltaic projects. According to their own capital and personnel conditions, member enterprises can realize green power consumption by choosing to invest by themselves or enjoy preferential electricity prices after investment and construction by a third party. Wanbang Pharma, Zhaohui Pharma, Zhongwu Hospital and Xinxing Rehabilitation have built internal photovoltaic power generation systems, with a total power generation of 1,579,084 degrees in 2021.

Secondly, for the member enterprises that lack the installation conditions of distributed renewable energy power generation system or the resources are insufficient to meet the green power consumption demand, it is recommended to purchase green power according to the transaction service varieties provided by the local power trading market, remind the member enterprises to maintain policy sensitivity, establish cooperation with powerful comprehensive energy service providers and power selling enterprises, and timely participate in the market-oriented transaction of distributed power generation and purchase green power. In 2021, a total of 15 production bases of member enterprises purchased green power, including 3,152,391 degrees of purchased new energy, 22,162,113 degrees of purchased hydropower and 1,272,281 degrees of purchasing nuclear power, accounting for 0.5%, 3.3% and 0.2% of the total power consumption respectively, achieving 16,230 tons of carbon reduction.



## Water Consumption Management



### Proactive action strategy

Improvement of the comprehensive utilization rate of water



### Five-year strategic goals of EHS

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



### Performance in 2021

Performance indicator	Current target value in 2021	Actual value completed in 2021	Status
Water consumption intensity	3.01m <sup>3</sup> /RMB10,000 of output value	2.70m <sup>3</sup> /RMB10,000 of output value	Completed

In order to achieve the five-year strategic water-saving goal, Fosun Pharma Group actively takes the following water-saving measures to deeply tap the water-saving potential and enhance the water use efficiency:



### 01

Reduce consumption from the source, limit high water consumption projects, replace high water consumption processes and high-water consumption equipment



### 02

Promote and refit water-saving equipment and water-saving appliances (such as water-saving toilet and water-saving faucets)



### 03

Encourage all kinds of water recycling systems (reuse of concentrated water in pure water preparation, condensate water reuse, reclaimed water reuse, rainwater reuse, etc.)




### 04

Optimize internal water use frequency

During the reporting period, the total water consumption of Fosun Pharma Group was 10,521,811 m<sup>3</sup>, representing an increase of 1,139,993m<sup>3</sup> or 12.2% as compared to 2020. The water consumption intensity was 2.70 m<sup>3</sup>/RMB10,000 of output value, representing a decrease of 13.0% as compared to 2020.

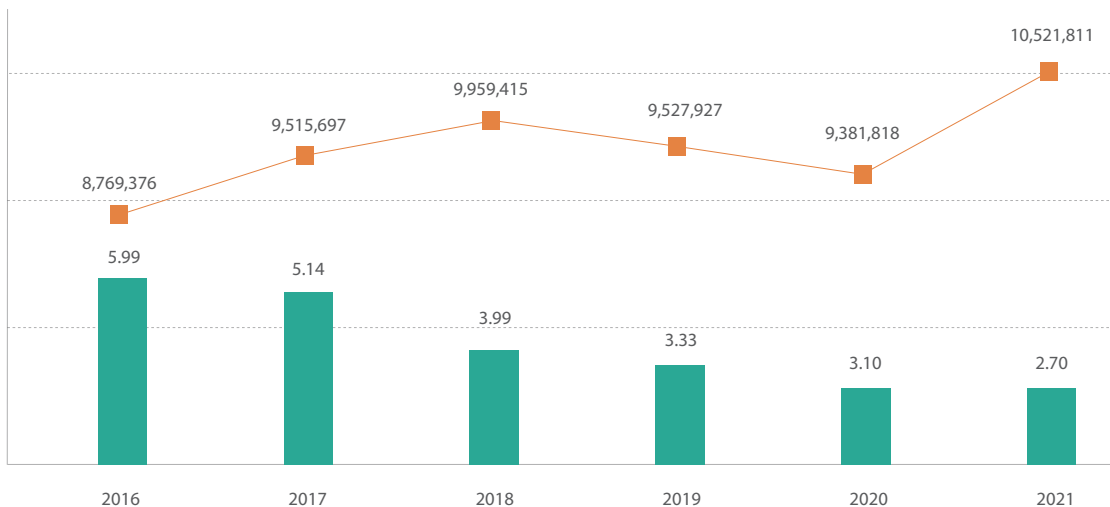
In 2021, the Group invested RMB1.031 million of special funds in carrying out and implementing the following water-saving measures, achieving total water saving of 303,088 m<sup>3</sup>, representing 2.9% of the total water consumption for the year. Among them, the total amount of recycled and reused water reached 6,839,912 tons, representing 39.4% of the total water consumption for the year.

16 Member enterprises	 A total water saving of <b>303,088</b> m <sup>3</sup>
RMB 1.031 million Water-saving projects investment	
39.4% Recycling rate	

## Total Water Consumption and Water Consumption Intensity of Fosun Pharma Group

■ Total water consumption  
Unit: m<sup>3</sup>/year

■ Water consumption intensity  
Unit: m<sup>3</sup>/RMB10,000 of output value



## Summary of Key Water-saving Projects of Certain Member Enterprises of Fosun Pharma Group

Enterprise name	Water-saving measures		Water-saving volume (10,000 m <sup>3</sup> )
	Water-saving engineering measures	Administrative measures	
Wanbang Jinqiao	Optimized automatic water replenishment device and cooling water improvement		0.4
Wanbang Folon		Management Innovation of Waterscape Oxidation Pond	0.6
Erye Pharma		Optimize the disinfection cycle of water treatment, optimize disinfectant level, optimize the positive and negative flushing time of sand and carbon in water treatment of comprehensive preparations	0.3
Yao Pharma	Concentrated water reuse		13.4
Carelife Pharma (Fab 1)		Optimize the metering system of water meter	0.9
Carelife Pharma (Fab 2)	Energy-saving transformation of purified water preparation system and distribution system		0.7
Dongting Pharma	Renovation of recycling water system		3.0
Guilin Pharma	Recycling of condensate water boiler and water charging for cooling water towers		3.7
Aleph		Adjust the production cycle	0.6
Hongqi Pharma		Adjust the BIN drum cleaning method and optimize equipment online cleaning method	0.1
Zhongwu Hospital		Water pipe plugging	6.0
Gland Pharma	Recycling of condensate water		0.5

### Case

#### Maintenance and improvement of buried water pipes in factory area

In some old factory areas, the Group identified the hidden danger of leakage of buried pipelines in time by establishing a regular maintenance and replacement mechanism for old water pipes. According to the equipment wear law and maintenance rolling plan, the factory areas organized and carried out the reconstruction work of buried pipelines in a planned way, such as general survey, overhaul,

comprehensive maintenance, underground pipe to open pipe, etc. so as to effectively improve the operational reliability of buried hidden pipeline equipment and reduce water waste. At the same time, open channel pipelines are often used in new reconstruction projects, facilitating subsequent inspection and maintenance.



Reconstruction of open channel in Aohong Pharma



## Wastewater Discharge Management



### Major action strategy

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



### Five-year strategic goals of EHS

- Sewage discharge intensity: The intensity for 2025 decreased by 15% as compared to 2020, i.e., 1.84 tons/RMB10,000 of output value;
- COD emission intensity: The intensity for 2025 decreased by 15% as compared to 2020, i.e., 0.19 kg/RMB10,000 of output value;
- Ammonia nitrogen emission intensity: The intensity for 2025 decreased by 15% as compared to 2020, i.e. 0.025kg/RMB10,000 of output value;



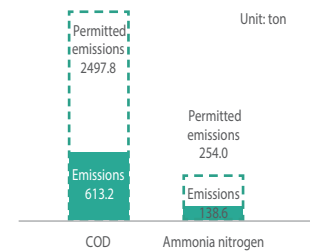
### Performance in 2021

Performance indicator	Current target value in 2021	Actual value completed in 2021	Status
Sewage discharge intensity	2.09 tons/RMB10,000 of output value	1.92 tons/RMB10,000 of output value	Completed
COD emission intensity	0.21 kg/RMB10,000 of output value	0.18 kg/RMB10,000 of output value	Completed
Ammonia nitrogen emission Intensity	0.028 kg/RMB10,000 of output value	0.038 kg/RMB10,000 of output value	To be improved

The sewage drainage of Fosun Pharma included production wastewater, domestic sewage, rainwater and clear water, which was classified and collected following the principle of "classified treatment by the quality" and discharged into the sewage pipe network as designated by the industrial park and was not directly discharged into the surface water body. The Group constructed the preliminary rainwater collection pool and accident emergency pool as required including an emergency gate (valve), to establish and improve the drainage pipeline network. All the member enterprises realized up-to-standard discharge.

As compared with the sewage data of 2020, in 2021, the Group's total sewage discharge increased by 992,102 tons (or 15.3%), the total chemical

oxygen demand (COD) emissions increased by 48.9 tons (or 7.5%), and the total discharge of ammonia nitrogen increased by 57.9 tons (or 65.5%). 2020 was the deadline for full coverage of pollutant emission permits for fixed pollution sources. The Group included production bases of 21 member enterprises in the key management of pollutant emission permits and set the requirements for total water pollutant discharge, with permitted COD emissions of 2,497.8 tons and permitted ammonia nitrogen emissions of 254.0 tons. In 2021, the total COD emissions of these enterprises was 613.2 tons, and the total discharge of ammonia nitrogen was 138.6 tons, accounting for 24.5% and 54.6% of the permits respectively, all of which were compliant.



\* The above applies to the enterprises that are included in the key management of pollutant emission permits and has set the total amount of emissions

## Water Pollutants Discharge of Fosun Pharma Group

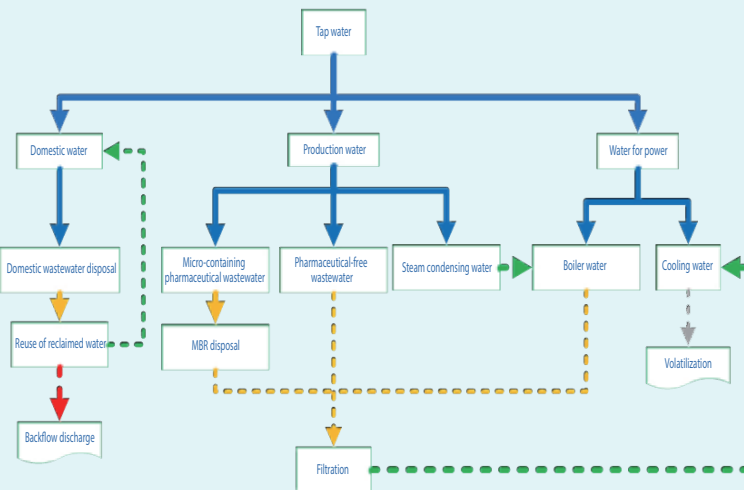
	Total wastewater discharge (ton/year)	COD (ton/year)	Ammonia nitrogen (ton/year)	Sewage discharge intensity (ton/RMB10,000 of output value)	COD emission intensity (kg/RMB10,000 of output value)	Ammonia nitrogen emission intensity (kg/RMB10,000 of output)
2016	6,785,400	490	60.55	4.64	0.33	0.041
2017	7,315,890	841	486	3.95	0.45	0.262
2018	7,565,178	847	254	3.04	0.34	0.102
2019	7,091,033	778	130	2.48	0.27	0.046
2020	6,505,479	655	88.5	2.15	0.22	0.03
2021	7,497,581	704	146	1.92	0.18	0.038

## Water Pollutants Discharge by Segment of Fosun Pharma Group

Segment	Total wastewater discharge (ton)	Annual discharge	Annual total discharge of
Pharmaceutical manufacturing	6,427,000	634.4	140.0
Healthcare services	940,127	60.2	5.9
Medical devices and diagnosis	130,454	9.3	0.6
<b>Total</b>	<b>7,497,581</b>	<b>703.9</b>	<b>146.4</b>

## Case

### Near "Zero" Discharge of Production Wastewater



#### Yao Pharma

At the beginning of the design of the water and soil plant, the production wastewater and domestic wastewater were laid out in separate networks, and corresponding wastewater treatment facilities were set up separately, of which the production wastewater was treated

and reused in the circulating water system, achieving near-zero discharge of production wastewater.

Annual water reuse in 2021 was approximately 46,000 tons, representing approximately 70% of the total water recharge.

### Systematic Upgrading and Renovation of Sewage Stations



#### Guilin Pharma

**Renovation:** Invested more than RMB13 million to systematically renovate the sewage treatment system, adopted the technology of "acidolysis + iron-carbon" to treat high-concentration wastewater, and comprehensively improved the treatment capacity and automation degree of the sewage treatment system.

**Effects:** Realized intelligent control and laid the foundation for the future unattended sewage treatment system; this project was funded by the "Technical Renovation Project" in Guangxi Zhuang Autonomous Region.



## Air emission management



### Major action strategy

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



### Five-year strategic goals of EHS

- Intensity of nitrogen oxides: The intensity for 2025 decreased by 20% as compared to 2020, i.e. 40.86 g/RMB10,000 of output value
- Intensity of sulfur dioxide: The intensity for 2025 decreased by 20% as compared to 2020, i.e. 27.41 g/RMB10,000 of output value
- Intensity of particles: The intensity for 2025 decreased by 20% as compared to 2020, i.e. 9.57 g/RMB10,000 of output value
- Achieve 100% compliance with annual VOCs emissions in 2025



### Performance in 2021

Performance indicator	Current target value in 2021	Actual value completed in 2021	Status
Intensity of nitrogen oxides	49.66 g/RMB10,000 of output value	46.61 g/RMB10,000 of output value	Completed
Intensity of sulfur dioxide	33.32 g/RMB10,000 of output value	25.91 g/RMB10,000 of output value	Completed
Intensity of particles	11.63 g/RMB10,000 of output value	6.45 g/RMB10,000 of output value	Completed
VOCs emissions control rate	100%	100%	Completed

The air pollution sources of Fosun Pharma mainly come from various types of organized and unorganized volatile organic compounds (non-methane total hydrocarbons, etc.) during the manufacturing process of manufacturing member enterprises and nitrogen oxides/sulfur dioxide/dust particles produced by boilers in full and incomplete combustion.

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

the production of waste gas pollution from source; on the other hand, it gives full consideration to organized collection of waste gas, so as to reduce unorganized emissions of VOCs.

Compared with the air pollution data for 2020, in the Group's air pollutants in 2021, the total emissions of nitrogen oxides increased by 23.8 tons (15.1%), the total emissions of sulfur dioxide decreased by 4.0 tons (3.8%), and the total emissions of particles decreased by 11.6 tons (31.5%). During the Reporting Period, the annual emission of non-methane total hydrocarbons by means of organized emission by the Group was 42.9 tons.

## Air Pollutant Emission of Fosun Pharma Group

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

## Specific Measures for the Treatment of Air Pollutants by Member Enterprises of Fosun Pharma Group

Enterprise name	Type of air pollutants	Configuration of air pollution treatment facility
Wanbang Jinqiao	Non-methane total hydrocarbons	Zeolite wheel + catalytic oxidation, activated carbon adsorption + steam desorption, lye spray + acid spray + biofilter + sodium hypochlorite spray, lye spray+ acid spray+ biofilter + activated carbon adsorption
Zhaohui Pharma	Particles, non-methane total hydrocarbons	Filter cartridge dust removal + alkaline wash + dehydration and demisting + activated carbon absorption, activated carbon absorption, oil fume purifier, alkaline cleaner, spray, bag dust removal,
Wanbang Folon	Nitrogen oxide, sulfur dioxide, particles	low nitrogen combustion of boilers, bag dust removal, biological filter deodorization, spray + electrostatic adsorption, photocatalytic oxidation+ activated carbon
Huanghe Pharma (sold)	Particles, non-methane total hydrocarbons	Two-level condenser + two-level sprinkler, bag dust removal
Yao Pharma (Renhe)	Nitrogen oxide, particles, non-methane total hydrocarbons	Bag dust removal, low-nitrogen combustion, activated carbon adsorption
Yao Pharma (Shuitu)	Nitrogen oxide, particles, non-methane total hydrocarbons	Bag dust removal, low-nitrogen combustion
GSK Pharma	Nitrogen oxide, sulfur dioxide, particles	Low-nitrogen combustion
Carelife Pharma (Fab 1)	Non-methane total hydrocarbons	Lye spray + paraffin oil spray + activated carbon adsorption, lye spray + activated carbon adsorption
Carelife Pharma (Fab 2)	Non-methane total hydrocarbons	Lye spray + activated carbon adsorption, lye spray + paraffin oil spray + activated carbon adsorption
Dongting Pharma	Nitrogen oxide, sulfur dioxide, particles, non-methane total hydrocarbons	Lye spray +UV+ lye spray + activated carbon adsorption
GSK (Suzhou) Pharma	Nitrogen oxide, sulfur dioxide, particles	Compress tablet coating, exhaust air, and install dust arrest +filter
Guilin Pharma	Nitrogen oxide, sulfur dioxide, particles, non-methane total hydrocarbons	Lye (acid) spray +water spray + (demisting+ molecular sieve absorber + RTO) /UV photocatalysis + lye spray+ activated carbon adsorption
Aohong Pharma	Nitrogen oxide, sulfur dioxide, particles, non-methane total hydrocarbons	Low-nitrogen combustion, condensing +washing+ alkaline wash + activated carbon adsorption, biological purification, dust removal system- cascade filtration
Suzhou Erye	Nitrogen oxide, sulfur dioxide, particles,	Activated carbon adsorption + two-level water wash, oxidation + acid spray+ lye spray + UV + activated carbon, two-level water wash + RTO incineration + lye spray, secondary combustion chamber + quench tower, bag dust removal + spray
Shandong Erye	Nitrogen oxide, sulfur dioxide, particles, non-methane total hydrocarbons	Quench tower +dry-type reactor, bag dust removal + two-level lye spray+ wet electrical dust precipitator, lye spray + sprinkler + activated carbon adsorption, lye spray + UV + lye spray + activated carbon adsorption
Aleph	Nitrogen oxide, sulfur dioxide, particles, non-methane total hydrocarbons	High efficiency filter, spray tower + low temperature plasma purification + activated carbon filtration, low nitrogen combustion of boilers
Shanghai Henlius Biochemical	Nitrogen oxide, sulfur dioxide, particles	Activated carbon adsorption, lye (acid) spray, low-nitrogen combustion
Shanghai Henlius Biopharmaceutics	Nitrogen oxide, sulfur dioxide, particles	Activated carbon adsorption, low-nitrogen combustion
Huaiyin Medical	Non-methane total hydrocarbons	Activated carbon adsorption
Fosun Beiling	Non-methane total hydrocarbons, welding fumes	Activated carbon adsorption, welding fume cleaner

## Cases

### VOCs Treatment

From 2017 to 2020, the Group invested a total of approximately RMB90 million to complete the construction or renovation of VOCs treatment facilities of many member enterprises such as Zhaohui Pharma, Wanbang Jinqiao, Wanbang Folon, Guilin Pharma, Dongting Pharma, Suzhou Erye, Shine Star, Aohong Pharma and Aleph, and promoted the treatment of VOCs emissions of member enterprises. In 2021, Guilin Pharma, Dongting Pharma, Suzhou Erye, Aohong Pharma, Aleph and other member enterprises had added or upgraded VOCs emission reduction and treatment facilities, with a total investment of more than RMB6 million. The core processes adopted included activated carbon adsorption, photocatalytic oxidation, low-temperature plasma, etc. For different components

of source waste gas, process combinations were selected to treat the emitted VOCs.

Guilin Pharma invested a total of RMB16 million in comprehensive VOCs treatment, gradually collected and treated the unorganized waste gas in the workshop, added a pretreatment system for VOCs gas in the workshop, optimized the VOCs terminal treatment system and monitoring system, upgraded the waste gas treatment system of the sewage treatment station, etc. The implementation of the above projects greatly improved the workshop production, office area and the surrounding environment of the enterprise. The project has entered the "Central Environmental Ecological Fund Project Reserve" and received RMB7.6 million of government subsidy funds.

### Emission Standard Improvement and Renovation of Boilers

In autumn and winter, heavy air pollution is a problem that affects people's livelihood. In order to ensure a healthy living environment for the people, many policies such as comprehensive air pollution control and emergency emission reduction in heavily polluted air in autumn and winter have been introduced. Fosun Pharma Group actively promoted the emission standard improvement and renovation of boilers to respond to government requirements and fulfilled local social responsibilities of enterprises. The Group's boiler renovation mainly included two contents, namely, "replacement of former coal-fired boilers with steam heat source", "replacement of former diesel oil-fired boilers with steam heat source" and low nitrogen combustion technology of boilers.

Since the "Thirteenth Five-Year Plan", the Group has completed the replacement of seven coal-fired boilers in five member

enterprises including Guilin Pharm and Dongting Pharma, and the replacement of four oil-fired boilers in enterprises such as Shanghai Henlius and Hongqi Pharma have been completed successively, with a total cost of more than RMB17 million. Guilin Pharm alone reduced its annual particles by 6 tons after the "replacement of former coal-fired boilers with steam heat source".

During the reporting period, GSK (Suzhou) Pharma (吉美瑞(蘇州)製藥) was the only enterprise who completed the addition of low-nitrogen combustion technology to its boilers. After the renovation of boilers, the emission concentration of nitrogen oxides of boilers was reduced from 104mg/m<sup>3</sup> to 17mg/m<sup>3</sup>. However, as of the end of the reporting period in 2021, 24 boilers have adopted low-nitrogen combustion technology, and the annual nitrogen oxide emissions from gas-fired boilers are less than 40% of the approved nitrogen oxide emissions as stated in the emission permit.

## Wastes Management



### Major action strategy

Promotion of the recycling and comprehensive utilization program of internal wastes, promotion of the reduction of internal wastes in existing bases and control of the amount of solid waste and hazardous waste in new bases



### Five-year strategic goals of EHS

Total solid waste intensity: The intensity for 2025 decreased by 10% as compared to 2019, i.e. 23.166 kg/RMB10,000 of output value

Hazardous waste intensity: Annual increase of no more than 10%



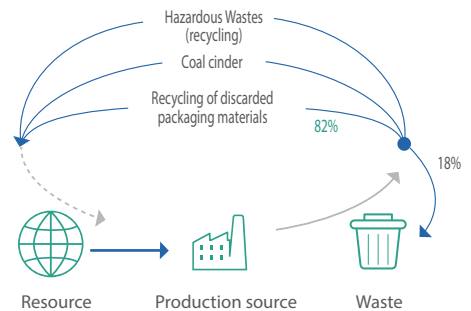
### Performance in 2021

Performance indicator	Current target value in 2021	Actual value completed in 2021	Status
Total solid waste intensity	25.225 kg/RMB10,000 of output value	17.01 kg/RMB10,000 of output value	Completed
Hazardous waste intensity	2.15 kg/RMB10,000 of output value	1.53 kg/RMB10,000 of output value	Completed

Fosun Pharma Group listed the recycling and comprehensive utilization of internal wastes as the five-year strategic goals of EHS. Following the principle of "reduction, recycling and harmless treatment", each member enterprise is required to prepare a wastes list for strict monitoring of the generation, transfer and disposal of wastes and strengthen effective control of wastes to prevent wastes from polluting the environment.

In 2021, the total solid waste generated by the Group's domestic member enterprises was 66,328.4 tons, representing an increase of 17,042.4 tons over 2020. Affected by the pandemic in 2020, there was a significant decrease in the amount of total solid waste. Therefore, the strategic target for total solid waste intensity was set with 2019 as the base year, with a planned decrease of 10% in

2025. The current target value in 2021 was 25.225 kg/RMB10,000 of output value, and the actual value completed in 2021 was 17.01 kg/RMB10,000 of output value. In the total amount of hazardous waste of 5,953.7 tons in solid wastes, 91.5 tons of hazardous wastes were recycled, 5,778.7 tons of hazardous wastes were incinerated, 49.4 tons of hazardous wastes were subject to landfill disposal and 34.1 tons of hazardous wastes were treated in other ways (including storage for later treatment). In the industrial solid waste, 54,173 tons of wastes were recycled into other resource for reuse and delivered to qualified third-party units for compliant treatment and recycling including recycling of discarded packaging materials and coal cinder.



### Solid Wastes Emission of Fosun Pharma Group

	Total solid waste (ton)	Hazardous waste (ton)	Total solid waste intensity (kg/RMB10,000 of output value)	Hazardous waste intensity (kg/RMB10,000 of output value)
2016	80,848	1,626.8	55.27	1.11
2017	88,967	2,396.9	48.01	1.29
2018	85,797	2,683.2	34.36	1.07
2019	73,584	4,320.8	25.74	1.51
2020	49,286	5,914.5	16.26	1.95
2021	66,328	5,953.7	17.01	1.53

### Solid pollutants Emission by Segment of Fosun Pharma Group

Segment	Domestic waste	Industrial solid waste (non-hazardous waste) (ton)	Hazardous waste (ton)
Pharmaceutical manufacturing	2,612.7	54,765.3	4,958.6
Healthcare services	2,702.3	不涉及	929.3
Medical devices and diagnosis	149.9	144.5	65.8
Total	5,464.9	54,909.8	5,953.7



# Cases

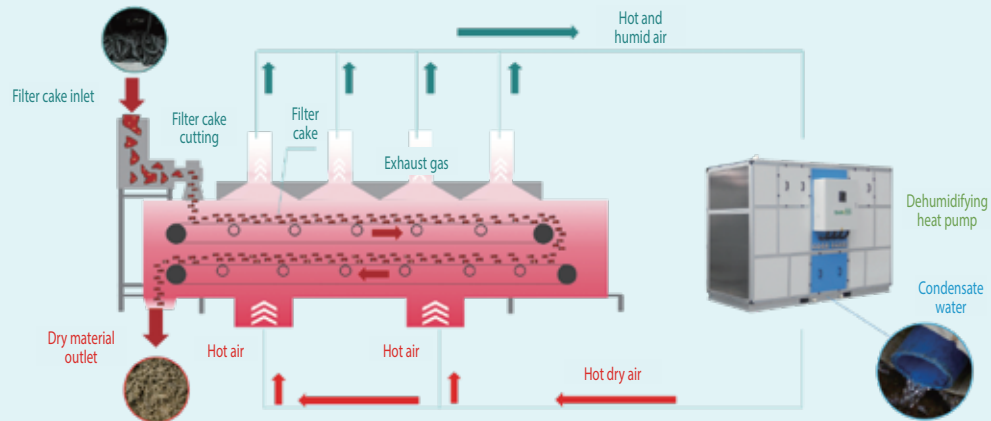
## Intelligent Monitoring Platform for Environmental Management of Hazardous Wastes

### Wanbang Pharma

By installing video monitoring devices and equipment at the entrances and exits of storage facilities and loading and unloading areas, and relying on the data sharing service interface to connect with the government's hazardous waste dynamic management platform, Wanbang Pharma conducted self-monitoring, self-recording, regular

reporting and information disclosure of hazardous wastes through the intelligent monitoring platform for environmental management of hazardous wastes, realizing "intelligent weighing, standardized labeling, ledger automation and online approval" while keeping complete and clear data and video records.

### Sludge Drying

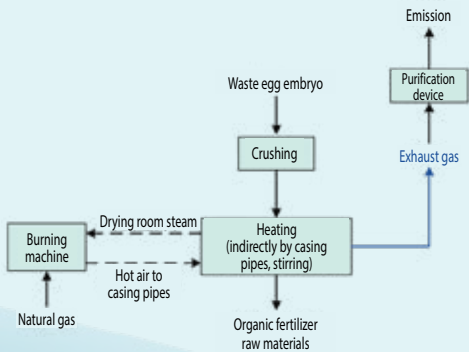


Schematic diagram of the low-temperature sludge drying device of Guilin Pharma

Fosun Pharma Group explored and carried out optimization projects of hazardous wastes. In 2020, Wanbang Jinqiao, Dongting Pharma and Hongqi Pharma were promoted to newly increase sludge drying machine on the basis of successful implementation of the sludge drying project by Erye Pharma and Carelife Pharma. The sludge reduction of Wanbang Jinqiao and Dongting Pharma reached 23 tons and 165 tons respectively in 2020. The sludge drying device of Hongqi Pharma was put into operation in the second half of 2021 and achieved a monthly sludge reduction of 70kg. In 2021, Guilin Pharma added a low-temperature sludge

drying device to dry sludge. A dehumidifying heat pump was used to dehumidify and heat the air. With circulated hot dry air as the drying medium, the moisture in the sludge absorbs the heat in the air and vaporizes into the air, thus achieving the purpose of drying. This dehumidification heating method can recover the latent heat of water vapor and sensible heat in the exhaust air. Compared with the traditional sludge drying system where 90% of the heat supply is converted into heat loss of exhaust air (latent heat of water vapor and sensible heat of hot air), there is no waste heat emission in the dehumidification heating process. 419 tons of sludge reduction was achieved with the application of this device.

### Solid Waste Reduction



### Aleph

Aleph changed the chicken embryo treatment method from steam inactivation in the original steam sterilization cabinet to harmless reduction treatment in the waste embryo processor. The crushers are set in the workshop. After crushing, a waste chicken embryo is transported into the waste chicken embryo treatment room through a closed pipeline, and the burner and stirring shaft are started to continuously stir the materials to fully heat during the waste embryo treatment process. The materials in the drying room are heated indirectly by casing pipes, thus reducing the generation of 107.6 tons of solid waste in 2021.

## Material Circulation and Reduction

In the process of product manufacturing, transportation and sales and provision of healthcare services, Fosun Pharma Group directly and/or indirectly consumes various types of packaging materials. The total consumption of packaging materials in 2021 was 20,792.6 tons, representing an increase of 555.9 tons (2.8%) as compared to 2020.

The Group adheres to the principle of "source control, optimized use, reduction of resource consumption and pollutant emission", and strengthens the management and control of various packaging materials used other than those that cannot be recycled due to the use for pharmaceutical products. On the one hand, the Group proactively promotes the reduction of packaging materials by controlling the source of product packaging and optimizing the product production process to reduce the waste of packaging materials to reduce excessive

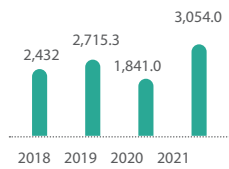
and unnecessary packaging. In addition, some member enterprises cooperate with upstream and downstream customers to use material turnover boxes to replace disposable materials boxes to reduce the loss of turnover boxes in materials transportation. On the other hand, the Group proactively promotes the recycling of packaging materials, and the packaging materials arising from unpacking for incoming materials are subject to classified management and certain packaging materials can be recycled for internal use. For those that cannot be reused internally, they are sold to the resource recycling and reuse department, and social resources are used to complete the reuse of recyclable packaging materials. In 2021, 4,388 tons were reused externally and the recycling amount of socialized resources accounted for 21.1% of the total packaging materials. Due to the requirements of product quality management in the pharmaceutical manufacturing industry, only some packaging materials can be reused.

Packaging materials reused externally and the recycling amount in 2021

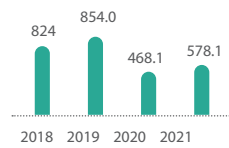
 **4,388** tons

## Types of Packaging Materials Consumed by Fosun Pharma Group Unit: ton

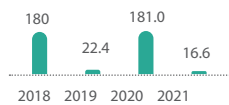
### Plastic



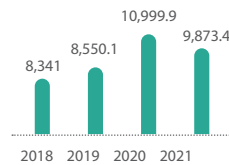
### Rubber



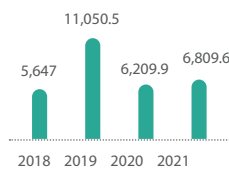
### Wood



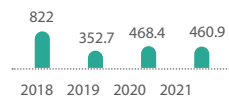
### Paper



### Glass



### Metal

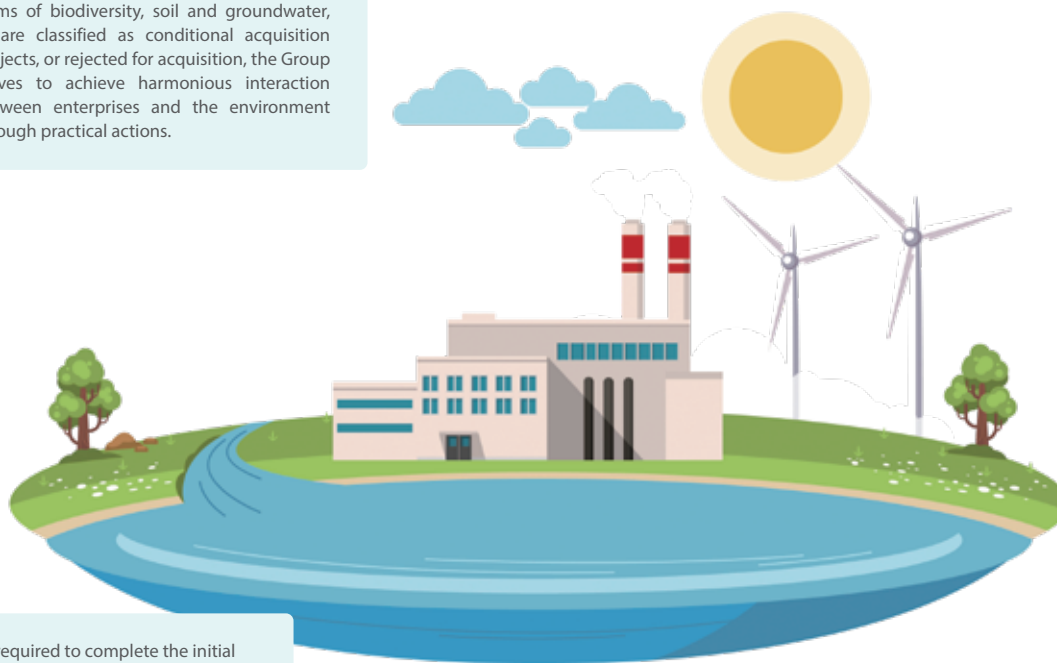


## Soil and Groundwater Management

The Group adheres to the principle of ecological protection throughout the life cycle of the project, and continuously strengthened the management of soil and groundwater pollution risks.

During the preparation for entry into the site, the Group requires EHS due diligence before the acquisition of all acquired enterprises (manufacturing enterprises) to identify environmentally sensitive targets around the project and to avoid environmental risks early, including but not limited to risk assessment of soil and groundwater. If the acquired enterprises have high-risk hidden dangers in terms of biodiversity, soil and groundwater, or are classified as conditional acquisition projects, or rejected for acquisition, the Group strives to achieve harmonious interaction between enterprises and the environment through practical actions.

During daily operation, the Group conducts investigations of hidden hazards to prevent soil and groundwater pollution caused by chemical substance leakage, seepage, spillage, etc. It has prepared the hidden danger classification standards in line with enterprises according to the characteristics of the production activities and potential pollutants of member enterprises. Corrosion prevention and leakage prevention facilities are built and installed for production areas, storage areas, wastewater treatment stations, waste storage areas, logistics and transportation of chemicals and other facilities, and leakage protection is timely improved and device leakage management is enhanced in these areas in daily supervision. The prevention of soil and groundwater pollution has been included into the emergency plan for emergency environmental pollution accidents, and measures are taken according to the emergency plan to prevent or reduce soil and groundwater pollution. In 2021, a total of 15 member enterprises conducted preventive tests on the soil and groundwater at the site of the plant based on the actual conditions of daily operations.



It is required to complete the initial background value testing of soil and groundwater before completing relevant procedures according to regulations for newly purchased/new leased land, and include an environmental risk analysis of soil and groundwater in the project environmental assessment including site background, site characteristics and potential pollution, and prepare necessary environmental protection measures to reduce potential pollution risks after the project is put into operation.

During the suspension of production and withdrawal from the site, it is required to properly dispose of the remaining solid wastes, residual materials, chemicals, pollutants, polluting equipment and facilities upon suspension of production. The hazardous wastes shall be entrusted with qualified units for safe disposal. Prior to the dismantlement of facilities, equipment or buildings, soil pollution prevention work plans including emergency measures shall be formulated. And the post-dismantlement environmental protection report and records of dismantlement shall be made upon completion of dismantlement.

## Biodiversity

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

Laboratory animals are basic factors and important supporting conditions for life science research, and animal experiments are the basic means for life science

research. The laboratory animal management by Fosun Pharma includes the management of laboratory animals, animal experiments and operation of facilities, i.e., the breeding, reproduction, raising, quality control, disease prevention and diagnosis of laboratory animals, using laboratory animals as materials and research on the reaction and performance of laboratory animals during experiments, and their occurrence mechanism, development rules and supporting conditions, as well as the operating conditions of the environmental facilities for laboratory animals. During the reproduction and experiments of laboratory animals, the Group raises and uses laboratory animals scientifically and humanely, proactively improves animal raising environment, protects rights of laboratory animals, continuously

explores and carries out refined animal experiment technology, and reduces and replaces the use of laboratory animals, in active response to the animal ethics and animal welfare protection requirements.

## Emissions of Ozone-depleting Substances

The ozone-depleting substances emissions by the Group in 2021 were all kinds of Freon refrigerants and the statistical Freon consumption was 9.5 tons.





# TOGETHER WE BUILD

A Malaria-free World

## **Fight against Malaria Together we build a Malaria-free world**

The 25 April is "World Malaria Day". During the period of World Malaria Day in 2021, in active response to the World Health Organization's initiative of "Zero malaria starts with me", Fosun Pharma Group, together with Shanghai Fosun Foundation, launched a series of public welfare activities around the world calling on people to join in fighting malaria, including the recording of public welfare videoclip on fighting malaria by the Premier League Wolverhampton Wanderers, the slogan "Achieve Zero Malaria Goal" lighting up many landmark buildings around the world, giving lectures on malaria prevention and control for students of Ian Maud High School in Nigeria, organizing a painting competition of "A World Without Malaria in My Heart" with Beacon International School in Ghana, so that people everywhere can pay more attention to malaria prevention and control.



## Responsible Community

While achieving rapid development, Fosun Pharma Group is also paying enthusiastic effort to public welfare and repaying the society. Fosun Pharma Group, together with Shanghai Fosun Foundation, established the "Star Love 121" special fund, proactively fulfills its commitment as a corporate citizen by carrying out many public welfare activities including care for health, scientific research & innovation and public welfare donation.

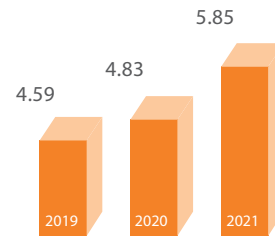




Fosun Pharma Group assumed its corporate social responsibility and contributed to the community, and donated a total of RMB **36.06** million to the community in 2021

### Social Contribution Value per Share

(units:RMB)



Social contribution value per share is a comprehensive reflection of the contribution made by the company to all interest groups in the society



As at the end of 2021, Fosun Pharma Group supplied more than 0.2 billion doses of Artesun® for injection for the international market, saving more than **48** million patients with severe malaria in the world



The launch of strategic cooperation - "Rural Rejuvenation Health Demonstration Project"

### Social Contribution Value per Share

In 2020, the social contribution value per share of Fosun Pharma Group was RMB5.85.

Social contribution value per share is a comprehensive reflection of the contribution made by the company to all interest groups in the society and is of great significance in promoting corporate social responsibility. Shanghai Stock Exchange released the "Notice on Enhanced Undertaking of Social Responsibilities for Listed Companies and Release of the 'Guidelines to Environmental

Information Disclosure of Listed Companies at Shanghai Stock Exchange" on May 14, 2008, to encourage respective listed companies to disclose social contribution value per share in their annual social responsibility report, and accordingly to help society and the general public with a comprehensive understanding of the real value that the Group has created for its shareholders, employees, customers, creditors, communities, and the overall society.

### Public Welfare

#### "Fosun Care 121" Special Fund

On September 9, 2021, in order to help promote the construction of healthy China and better provide health services for family customers, Fosun Pharma, together with Shanghai Fosun Foundation, established the "Fosun Care 121" Special Fund. The

special fund has three main directions: Care for health, Scientific research & innovation, and public welfare donation. It focuses on the unmet medical needs and aims to provide all-round and full cycle health services to family customers and help them overcome diseases.

Fosun Pharma Group donated a total of RMB36.06 million to the community in 2021.





## Cases

### The strategic cooperation of "Rural Rejuvenation Health Demonstration Project" launched

On 6 November 2021, Fosun Pharma Group and the International Exchange and Cooperation Center NHC PRC (IHECC) signed a memorandum of strategic cooperation on "Rural Rejuvenation Health Demonstration Project".

In the future, the two sides will build the "Rural Rejuvenation Health Demonstration Project". Focusing on the capacity building of rural doctors and the improvement of primary medical service capacity, they will work around the practical needs of key groups such as

the elderly and children in rural areas and explore experiences that can be replicated and promoted throughout the country, to solidly promote common prosperity and help build a healthy China and revitalize rural areas in the new development stage. According to the memorandum, the two parties will cooperate in improving the primary health care service system, strengthening the construction of primary health care talents, improving the primary health care service capacity and exploring innovative service models.

### The "Hand-in-Hand Rural Medical Talent Revitalization Plan" solidly promoted

On 6 November 2021, Fosun Pharma Group and the International Exchange and Cooperation Center NHC PRC (IHECC) signed a memorandum of strategic cooperation on "Rural Rejuvenation Health Demonstration Project".

In the future, the two parties will build the "Rural Rejuvenation Health Demonstration Project". Focusing on the competence improvement of rural doctors and the improvement of primary medical service capacity, they will work around the practical needs of key groups such as the elderly and children in rural areas, and explore experiences that can be replicated and promoted throughout the country, so as to solidly promote common prosperity and help build a healthy China and revitalize rural areas in the new development stage. According to the memorandum, the two parties will cooperate in improving the primary health care service system, strengthening the construction of primary health care talents, improving the primary health care service capacity and exploring innovative service models.



### Fight against Malaria Together we build a Malaria-free world

The 25 April is "World Malaria Day". During the period of World Malaria Day in 2021, in active response to the World Health Organization's initiative of "Zero malaria starts with me", Fosun Pharma Group and Fosun Foundation worked together with Wolverhampton Wanderers and Fosun Hive, Fosun Pharma Group to launched a series of public welfare activities around the world calling on people to join in fighting malaria, including the recording of public welfare videoclip on fighting malaria by the Premier League Wolverhampton Wanderers, the slogan "Achieve Zero Malaria Goal" lighting up many landmark buildings around the world, giving lectures on malaria prevention and control to students of Ian Maud High School in Nigeria, organizing a painting competition of "A World Without Malaria in My Heart" with Beacon International School in Ghana, etc. enabling people everywhere to pay more attention to malaria prevention and control.





## Cases



### Stayed with them, dancing with love and enjoying the beauty

On 5 May 2021, the 2021 Mother's Day Breast Cancer Health Salon under the theme of "dancing with love and enjoying the beauty", which was jointly sponsored by Fosun Foundation and Shanghai Pink Angel Cancer Care Center and supported by Shanghai Henlius, was held in Shanghai. A number of breast cancer patients, medical experts, psychological counseling experts and other guests gathered together to discuss topics such as fertility retention, precautions for pregnancy preparation, parent-child communication and emotional management of breast cancer patients from the identity of "mother".

In 2020, breast cancer has outnumbered lung cancer and became the malignant tumor with the highest incidence in the world and No.1 cancer threatening Chinese women. Attention to the health of breast cancer patients is no longer limited to the diagnosis and treatment stage. The full-cycle health management of patients, including psychological counseling, fertility retention and other topics, has gradually attracted the attention of all sectors of society. Through this activity, the guests not only gained authoritative medical knowledge, but also had a new understanding of the identity of "mother" from other people's story sharing, and also obtained the strength to move on.

### "Future Stars Program" continued to support education

In 2021, Fosun Pharma continued to implement the "Future Star Program", and set up scholarships and teaching assistantship in School of Life Sciences Fudan University, China Pharmaceutical University, Shenyang Pharmaceutical University, Tongji Medical College of Huazhong University of Science and Technology and Xuzhou Medical University. Over the past year, the program has motivated more than 150 excellent students and teachers, in order to encourage students excellent in character and learning to seek medical knowledge and encourage teachers to be devoted to scientific research and cultivation of social talents. The cooperation in university- enterprise scholarship deepened the communication and interaction between Fosun Pharma and universities, and the cooperation in talent cultivation and provision.



### Provided medical supplies to Henan's disaster-stricken areas

In July, 2021, the rainstorm in Henan caused floods, and the destruction of the infrastructure in many areas, which brought great threats to people's lives and property. On 21 July, Fosun Foundation announced a donation of RMB50 million of funds and materials, among which, Fosun Pharma, as one of the donation units, donated a total of RMB10 million of materials and funds to help Henan, especially Zhengzhou and other areas seriously hit by floods. Materials included all-terrain amphibious vehicles, Italian mobile photographic X-ray machine equipment, COVID-19 nucleic acid reagent, Fosun healthy family medicine box, HiPee intelligent health elf urine detector and other urgently needed materials.



# 欢迎暖心乡村医生

参观 FOSUN HEALTH 展台



## Hand in hand - Rural Medical Talent Revitalization Plan

In order to better assist rural rejuvenation, the "Fosun Care 121" Special Fund has launched the "Hand in Hand Rural Medical Talent Revitalization Plan" with the vast number of rural doctors as the target group. The plan includes "Four Ones", that is, a Pocket Book for Rural Doctors' Diagnosis and Treatment, a cloud guardian platform for rural doctors, a group of health care ambassador hand in hand assistance through online consultation, aiming to combine online and offline ways to help rural physicians master the expertise relating to diagnosis and treatment and health management, and obtain the most timely and effective answers to the diagnosis and treatment.

# Feedback Form

Dear Readers,

Thanks for reading this report! We would appreciate it if you can give us your precious comments and opinions on this report. It will help us continue to improve the report.

You may provide your feedback and suggestions in one of the following ways:

## I. By postal mail

Contact person: Sun Li Telephone: +86 21 33987125

Address: Brand & Public Relations Department (the recipient) in Building A, No. 1289 Yishan Road, Shanghai

Postal code: 200233

Email: sunl@fosunpharma.com Website: www.fosunpharma.com

“Shanghai Fosun Pharmaceutical (Group) Co., Ltd. 2021 Corporate Social Responsibility Report” Feedback Form

Name: \_\_\_\_\_

Employer: \_\_\_\_\_

Responsibility: \_\_\_\_\_

Telephone: \_\_\_\_\_

Email: \_\_\_\_\_

Feedback and Opinions Survey:

1. Have you found the information you need in this report?
2. Which information do you think should be further disclosed in this report?
3. Do you have any other suggestions on this report?

## II. Scan QR code for feedback online



## Definitions of enterprise name

Enterprise abbreviation	Enterprise full name
Shanghai Henlius	Shanghai Henlius Biotech, Inc.
Fuchuang Pharmaceuticals	Chongqing Fuchuang Pharmaceuticals Research Co., Ltd.
Fosun Orinove	Fosun Orinove (Suzhou) Medical Technology Co., Ltd.
Fosun Kite	Fosun Kite Biotechnology Co., Ltd.
Fosun Lead	Fosun Lead (Shanghai) Healthcare Technology Co., Ltd.
Wanbang Pharma	Jiangsu Wanbang Biopharmaceuticals Co., Ltd.
Yao Pharma	Chongqing Yao Pharmaceuticals Co., Ltd.
Guilin Pharma	Guilin Pharmaceutical Co., Ltd.
Aohong Pharma	Jinzhou Aohong Pharmaceutical Company Limited
Hongqi Pharma	Shenyang Hongqi Pharmaceutical Co., Ltd.
Dongting Pharma	Hunan Dongting Pharmaceutical Co., Ltd.
Erye Pharma	Suzhou Erye Pharmaceutical Co., Ltd.
Aleph	Dalian Aleph Biochemical Co., Ltd.
Shine Star	Shine Star (Hubei) Biological Engineering Co., Ltd.
Gland Pharma	Gland Pharma Limited
Fosun Health	Shanghai Fosun Health Technology (Group) Co., Ltd.
Fosun Healthcare	Shanghai Fosun Healthcare (Group) Co., Ltd.
Foshan Chanyi	Foshan Fosun Chancheng Hospital Co., Ltd.
Shenzhen Hengsheng	Shenzhen Hengsheng Hospital
Suqian Zhongwu	Suqian Zhongwu Hospital Co., Ltd.
Wenzhou Geriatric	Wenzhou Geriatric Hospital Limited Company
Yueyang Guangji	Yueyang Guangji Hospital Co., Ltd.
Jimin Cancer	Anhui Jimin Cancer Hospital
Zhuhai Chancheng	Zhuhai Chancheng Hospital Co., Ltd.
Wuhan Jihe	Wuhan Jihe Hospital Co., Ltd.
Beijing Zhuohui	Beijing Zhuorui Medical Management Co., Ltd.
Sisram	Sisram Medical Ltd
Intuitive Fosun	Intuitive Surgical-Fosun Medical Technology (Shanghai) Co., Ltd.
Fosun Diagnostic	Fosun Diagnostic Technology (Shanghai) Co., Ltd.
Fosun Beiling	Fosun Beiling (Beijing) Medical Instruments Co., Ltd
Huaiyin Medical	Huaiyin Medical Instruments Co., Ltd



## Major Financial Indicators of Fosun Pharma Group

Item	2019	2020	2021
Net asset value per share attributable to shareholders of listed companies (RMB/share)*	12.44	14.44	15.29
Basic earnings per share (RMB/share)	1.30	1.43	1.85
Basic earnings per share after non-recurring gain or loss (RMB/share)	0.87	1.06	1.28
The weighted average return on equity after non-recurring gain or loss (%)	7.77	8.04	8.58

\*Note: Net asset value per share attributable to shareholders of the listed companies (RMB/share)= total interests attributable to shareholders of the parent / number of shares at the end of the period.

Item	2019 (Unit: RMB0'000)	2020 (Unit: RMB0'000)	2021 (Unit: RMB100 million)
Revenue	2,858,515	3,030,698	390.05
Investment income	356,550	228,398	46.24
Operating profit	449,356	472,115	63.14
Asset disposal income	1,773	571	-0.15
Other income	31,305	39,363	3.28
Add: non-operating income	7,737	2,308	0.29
Less: non-operating expenses	4,518	6,639	2.89
Total profit	452,575	467,784	60.54
Less: income tax	78,223	73,786	10.66
Net profit	374,352	393,998	49.87
Net profit attributable to shareholders of the parent	332,162	366,281	47.35
Minority interests	42,190	27,717	2.52
Tax liability	253,227	248,578	22.71
Donations	1,504	4,038	0.36

## HR and Social Indicators of Fosun Pharma Group

Item	End of 2019	End of 2020	End of 2021
Total number of employees	31,370	32,258	36,279
Total number of male employees	16,540	16,797	18,858
Total number of female employees	14,830	15,461	17,421
Total number of employees with master and doctor degrees	3,662	4,024	4,851
Item	End of 2019	End of 2020	End of 2021
Social contribution per share (RMB)	4.59	4.83	5.85
Labor contract conclusion rate	100%	100%	100%
Cash paid to or paid for workers (RMB00,000,000)	47.65	52.89	70.97
Union coverage rate	100%	100%	100%
Employment rate of people with disabilities	0.24%	0.22%	0.23%
Employment rate of ethnic minority employees	3.57%	2.90%	3.08%
Number of ethnic minority employees	1,114	934	1,117
Total training hours (man-hour)	993,364	667,561	670,094
Ration of female employee returning to work and job positions retained till after the completion of the maternity leave	100%	100%	100%

## R&D indicators of Fosun Pharma Group

Item	End of 2019	End of 2020	End of 2021
Under investigation items (Unit: items)	264	247	over 240
Number of R&D staff	2,147	2,258	2,849
Items under clinical trials (Unit: items)	32	37	62
Item	End of 2019	End of 2020	End of 2021
R&D expenditure (including capitalized investment expenses, Unit: RMB100 million)	34.63	40.03	49.75
Number of patent application	136	176	186
Number of patents granted	47	70	62

## Key Environmental Health and Safety (EHS) Indicators of Fosun Pharma Group

Item	2019	2020	2021
Total wastewater (Unit: tons/year)	7,091,033	6,505,479	7,497,581
Emission of COD (Unit: tons/year)	778	655	704
Emission of NH <sub>3</sub> -N (Unit: tons/year)	130	88	146
Wastewater discharge intensity (Unit: tons/RMB10,000 of output value)	2.48	2.15	1.92
COD emission intensity (Unit: kg/RMB10,000 of output value)	0.27	0.22	0.18
Ammonia nitrogen emission intensity (Unit: kg/RMB10,000 of output value)	0.046	0.03	0.038
Emission of nitrogen oxides (Unit: tons/year)	258	158	182
Emission of sulphur oxides (Unit: tons/year)	134	105	101
Emission of particles (Unit: tons/year)	36	37	25
Total solid waste (Unit: tons/year)	73,583.6	49,286	66,328.4
Hazardous waste (Unit: tons/year)	4320.8	5,914.5	5,953.7
Total solid waste intensity (Unit: kg/RMB10,000 of output value)	25.74	16.26	17.01
Hazardous waste intensity (Unit: kg/RMB10,000 of output value)	1.51	1.95	1.53
Investment in environmental protection (Unit: RMB0'000)	12,483	12,078.6	15,284.5
Total electricity consumption (Unit: kWh/year)	631,436,019	637,986,028	664,674,268
Energy consumption other than electricity (Unit: GJ/year)	5,304,416	-	-
Direct energy consumption (Unit: GJ/year)	-	2,604,950	3,463,822
Indirect energy consumption (Unit: GJ/year)	-	5,050,819	4,584,921
Total energy consumption (Unit: GJ/year)	7,576,550	7,655,768	8,048,473
Total energy intensity (Unit: GJ/RMB10,000 of output value)	2.65	2.53	2.06
Total water consumption (Unit: m <sup>3</sup> /year)	9,527,927	9,381,818	10,521,811
Water consumption intensity (Unit: m <sup>3</sup> /RMB10,000 of output value)	3.33	3.1	2.70
Total carbon emission (Unit: tons/year)	758,143	827,858	900,112
Carbon emission intensity (Unit: tons/RMB10,000 of output value)	0.35	0.27	0.23
Loss time injury rate per million man-hour	0.343	0.313	0.170
Recordable injury rate per million man-hour	0.395	0.494	0.355
Occupational hazard exposure rate	12.66%	12.33	-
Investment in health and safety (Unit: RMB0'000)	5,801	6,186	8,192
Total EHS training hours (Unit: hours)	404,227	434,130	391,582
EHS training hours per employee (Unit: hours)	14.65	14.99	13.97
EHS training times per employee (Unit: times)	2.5	5.47	7.57

## GRI Standard Indicator Index

GRI standard	Item	Content	Page
GRI 102: General Disclosure	102-1	Name of the organization	Cover
	102-2	Activities, brands, products and services	11, 34-53
	102-3	Location of headquarters	Back Cover
	102-4	Location of operations	39
	102-5	Ownership and legal form	6
	102-6	Markets served	39
	102-7	Scale of the organization	64
	102-8	Information on employees and other workers	64-65
	102-9	Supply chain	58-63
	102-10	Significant changes to the organization and its supply chain	11, 58
	102-11	Precautionary Principle or approach	19-20
	102-12	External initiatives	65
	102-13	Membership of associations	14
	102-14	Statement from senior decision-maker	3
	102-15	Key impacts, risks, and opportunities	86
	102-16	Values, principles, standards, and norms of behavior	11, 17-18
	102-17	Mechanisms for advice and concerns about ethics	30-31
	102-18	Governance structure	17
	102-19	Delegating authority	27
	102-20	Executive-level responsibility for economic, environmental, and social topics	24
	102-21	Consulting stakeholders on economic, environmental, and social topics	27
	102-22	Composition of the highest governance body and its committees	14-16
	102-23	Chairman of the highest governance body	3
	102-24	Nominating and selecting the highest governance body	17-18
	102-25	Conflicts of interest	25
	102-26	Role of highest governance body in setting purpose, values, and strategy	25
	102-27	Collective knowledge of highest governance body	16-17
	102-28	Evaluating the highest governance body's performance	19
	102-29	Identifying and managing economic, environmental, and social impacts	27
	102-30	Effectiveness of risk management processes	18
	102-31	Review of economic, environmental, and social topics	18

## GRI Standard Indicator Index

GRI standard	Item	Content	Page	
GRI 102: <b>General Disclosure</b>	102-32	Highest governance body's role in sustainability reporting	25	
	102-33	Communicating critical concerns	26-27	
	102-34	Nature and total number of critical concerns	25	
	102-35	Remuneration policies	19	
	102-36	Process for determining remuneration	19	
	102-37	Stakeholders' involvement in remuneration determination	19	
	102-38	Annual total compensation ratio	19	
	102-39	Percentage of increase in annual total compensation	19	
	102-40	List of stakeholder groups	25	
	102-41	Collective bargaining agreements	25	
	102-42	Identifying and selecting stakeholders	25	
	102-43	Approach to stakeholder engagement	25	
	102-44	Key topics and concerns raised	25	
	102-45	Entities included in the consolidated financial statements	6-7	
	102-46	Defining report content and topic boundaries	27	
	102-47	List of material topics	27	
	102-48	Restatements of information	7	
	102-49	Changes in reporting	7	
	102-50	Reporting period	7	
	102-51	Date of the most recent report	7	
	102-52	Reporting cycle	7	
	102-53	Contact point for questions regarding the report	Back cover	
	102-54	Claims of reporting in accordance with the GRI Standards	7	
	102-55	GRI content index	117	
	102-56	External assurance	127-128	
	GRI 103: <b>Management Approach</b>	103-1	Explanation of the material topic and its boundary	27
		103-2	The management approach and its components	24
		103-3	Evaluation of the management approach	25-26

## GRI Standard Indicator Index

GRI standard	Item	Content	Page
GRI 201: <b>Economic Performance</b>	201-1	Direct economic value generated and distributed	12
	201-2	Financial implications and other risks and opportunities due to climate change	87-88
	201-3	Defined benefit plan obligations and other retirement plans	72
	201-4	Financial assistance received from government	Not disclosed
GRI 202: <b>Market Presence</b>	201-1	Ratios of standard entry level wage by gender compared to local minimum	None
	202-2	Proportion of senior management hired from the local community	17
GRI 203: <b>Indirect Economic Impacts</b>	203-1	Infrastructure investments and services supported	None
	203-2	Significant indirect economic impacts	12
GRI 204: <b>Procurement Practices</b>	204-1	Proportion of spending on local suppliers	61
GRI 205: <b>Anti-Corruption</b>	205-1	Operations assessed for risks related to corruption	29
	205-2	Communication and training about anti-corruption policies and procedures	29
	205-3	Confirmed incidents of corruption and actions taken	30
GRI 206: <b>Anti-Competitive Behavior</b>	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	None
GRI 301: <b>Materials</b>	301-1	Materials used by weight or volume	102
	301-2	Recycled input materials used	102
	301-3	Reclaimed products and their packaging materials	102
GRI 302: <b>Energy</b>	302-1	Energy consumption within the organization	91
	302-2	Energy consumption outside of the organization	91
	302-3	Energy intensity	91
	302-4	Reduction of energy consumption	91
	302-5	Reductions in energy requirements of products and services	91-92
GRI 303: <b>Water</b>	303-1	Water withdrawal by sources	94-95
	303-2	Water sources significantly affected by withdrawal of water	None
	303-3	Water recycled and reused	93-94

## GRI Standard Indicator Index

GRI standard	Item	Content	Page
GRI 304: <b>Biodiversity</b>	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	104
	304-2	Significant impacts of activities, products, and services on biodiversity	104
	304-3	Habitats protected or restored	104
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	None
GRI 305: <b>Emissions</b>	305-1	Direct (Scope 1) GHG emissions	92
	305-2	Energy indirect (Scope 2) GHG emissions	92
	305-3	Other indirect (Scope 3) GHG emissions	92
	305-4	GHG emissions intensity	92
	305-5	Reduction of GHG emissions	90-91
	305-6	Emissions of ozone-depleting substances (ODS)	104
	305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	98-99
GRI 306: <b>Effluents and Waste</b>	306-1	Total water discharge by quality and destination	96-97
	306-2	Total waste by type and disposal method	100
	306-3	Significant spills	None
	306-4	Transport of hazardous waste	None
	306-5	Water bodies affected by water discharges and/or runoff	None
GRI 307: <b>Environmental Compliance</b>	307-1	Non-compliance with environmental laws and regulations	None
GRI 308: <b>Supplier Environmental Assessment</b>	308-1	New suppliers that we rescreened using environmental criteria	61
	308-2	Negative environmental impacts in the supply chain and actions taken	61
GRI 401: <b>Employment</b>	401-1	New employee hires and employee turnover	61
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	70
	401-3	Parental leave	72
GRI 402: <b>Labor/Management Relations</b>	402-1	Minimum notice periods regarding operational changes	72

## GRI Standard Indicator Index

GRI standard	Item	Content	Page
GRI 403: <b>Occupational Health and Safety</b>	403-1	Worker representatives in formal joint management-worker health and safety committees	25, 78
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism	76
	403-3	Workers with high incidence or high risk of diseases related to their occupation	79
	403-4	Health and safety topics covered in formal agreements with trade unions	24, 78
GRI 404: <b>Labor/Management Relations</b>	404-1	Average hours of training per year per employee	69
	404-2	Programs for upgrading employee skills and transition assistance programs	70
	404-3	Percentage of employees receiving regular performance and career development reviews	73
GRI 405: <b>Diversity and Equal Opportunity</b>	405-1	Diversity of governance bodies and employees	66-67
	405-2	Ratio of basic salary and remuneration of women to men	Not disclosed
GRI 406: <b>Non-discrimination</b>	406-1	Incidents of discrimination and corrective actions taken	None
GRI 407: <b>Freedom of Association and Collective Bargaining</b>	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	26
GRI 408: <b>Child Labor</b>	408-1	Operations and suppliers at significant risk for incidents of child labor	None
GRI 409: <b>Forced or Compulsory Labor</b>	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	None
GRI 410: <b>Security Practices</b>	410-1	Security personnel trained in human rights policies or procedures	None
GRI 411: <b>Rights of Indigenous Peoples</b>	411-1	Incidents of violations involving rights of indigenous peoples	None
	412-1	Operations that have been subject to human rights reviews or impact assessments	None
	412-2	Employee training on human rights policies or procedures	None
GRI 4112: <b>Human Rights Assessment</b>	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	None
	413-1	Operations with local community engagement, impact assessments, and development programs	113
GRI 413: <b>Local Communities</b>	413-2	Operations with significant actual or potential negative impacts on local communities	None
	414-1	New suppliers that were screened using social criteria	61
GRI 414: <b>Supplier Social Assessment</b>	414-2	Negative social impacts in the supply chain and actions taken	62



## GRI Standard Indicator Index

GRI standard	Item	Content	Page
GRI 415: <b>Public Policy</b>	415-1	Political contributions	None
GRI 416: <b>Customer Health and Safety</b>	416-1	Assessment of the health and safety impacts of product and service categories	39-45
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None
GRI 417: <b>Marketing and Labeling</b>	417-1	Requirements for product and service information and labeling	53
	417-2	Incidents of non-compliance concerning product and service information and labeling	None
	417-3	Incidents of non-compliance concerning marketing communications	None
GRI 418: <b>Customer Privacy</b>	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	None
GRI 419: <b>Socioeconomic Compliance</b>	419-1	Non-compliance with laws and regulations in the social and economic area	None

# Environmental, Social and Governance Reporting Guide

Subject Areas, Aspects, General Disclosures and KPIs				
	"Comply or explain" Provisions	Recommended Disclosures	Pages	
A. Environmental				
	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p>Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations.</p> <p>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</p> <p>Hazardous wastes are those defined by national regulations.</p>		92-98	
Aspect A1: Emissions	KPI A1.1	The types of emissions and respective emissions data.		96-98
	KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		88
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		101
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		104
	KPI A1.5	Description of measures to mitigate emissions and results achieved.		92
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.		100
	<p>General Disclosure</p> <p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p>Note: Resources may be used in production, storage, transportation, buildings, electronic equipment, etc.</p>			90-91
Aspect A2: Use of Resources	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).		92
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).		94
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.		94
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.		94-95
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.		102

## Environmental, Social and Governance Reporting Guide

### Subject Areas, Aspects, General Disclosures and KPIs

		"Comply or explain" Provisions	Recommended Disclosures	Pages
B. Social				
Employment and Labor Practices				
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	66
		KPI B1.2	Employee turnover rate by gender, age group and geographical region.	74
Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	KPI B2.1	Number and rate of work-related fatalities.	76
		KPI B2.2	Lost days due to work injury.	76
		KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	77
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	67
		KPI B3.2	The average training hours completed per employee by gender and employee category.	69
Aspect B4: Labor Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced Labor.	KPI B4.1	Description of measures to review employment practices to avoid child and forced Labor.	73
		KPI B4.2	Description of steps taken to eliminate such practices when discovered.	None
Operating Practices				
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	KPI B5.1	Number of suppliers by geographical region.	59
		KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	58-59

# Environmental, Social and Governance Reporting Guide

## Subject Areas, Aspects, General Disclosures and KPIs

		"Comply or explain" Provisions	Recommended Disclosures	Pages
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	47
		KPI B6.2	Number of products and service related complaints received and how they are dealt with.	54
		KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	36
		KPI B6.4	Description of quality assurance process and recall procedures.	47
		KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	55-56
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	30
		KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	30
Community				
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, Labor needs, health, culture, sport).	108
		KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	108

## Declarations on Forward-looking Statement

This Report includes a statement for the future. The statement uses expressions such as “believe”, “assume”, “expect”, “hope”, “may be”, “design”, “plan”, or similar terms. Various known or unknown risks, uncertainties, and other factors might lead to significant differences between the substantial results, financial condition, assets, development, or performance of the Company or the Group in the future and those indicated implicitly or explicitly in the aforementioned forward-looking statement. These factors include but not limited to:

- The sluggish business period we experience;
- Increased overhead or reduced profitability as a result of new laws and regulations or amendments of the existing ones;
- Price increase of raw materials, particularly when it is impossible for us to transfer the cost to customers;
- Reduced or loss of product patent protection;
- Debts, particularly when they have something to do with environmental laws and regulations or are caused by product liability lawsuits;
- International currency exchange rate fluctuations and changes of the overall economic environment;
- Other factors indicated in this social responsibility report.



# ASSURANCE STATEMENT

## **SGS-CSTC'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE SHANGHAI FOSUN PHARMACEUTICAL (GROUP) CO., LTD. FOR 2021**

### **NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION**

SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. (hereafter as "SGS") was commissioned by Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (hereafter as "FOSUNPHARMA") to conduct an independent assurance of the 2021 Corporate Social Responsibility Report. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in this report of FOSUNPHARMA's Headquarters for on-site assurance, which located at No. 1289, Yishan Road, Xuhui District, Shanghai, P. R. China, as well as, Wanbang Biopharma was sampled for assurance. Data and information of other companies were not included in this assurance process.

The information in the 2021 Corporate Social Responsibility Report of FOSUNPHARMA and its presentation are the responsibility of the directors or governing body and the management of FOSUNPHARMA. SGS has not been involved in the preparation of any of the material included in the 2021 Corporate Social Responsibility Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all FOSUNPHARMA's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the GRI STANDARDS for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured at a moderate level of scrutiny using our protocols for:

- evaluation of content veracity;
- evaluation of the report against the GRI STANDARDS, HKEX Environmental, Social and Governance (ESG) Reporting Guide (2015).

The assurance comprised a combination of pre-assurance research, interviews with relevant employees; documentation and record review and validation with external bodies and/or stakeholders where relevant.

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

### **STATEMENT OF INDEPENDENCE AND COMPETENCE**

The SGS Group of companies is the world leader in inspection, testing and verification, operating more than 2,600 affiliates in more than 140 countries. SGS affirms our independence from FOSUNPHARMA, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised of CSR Lead Assuror, SAI Registered SA8000 auditor, CCAA Registered ISO 9001 auditor, ISO 14001 auditor, ISO 45001 auditor and ISO 14064 Verifier.

## **VERIFICATION/ ASSURANCE OPINION**

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within 2021 Corporate Social Responsibility Report verified is accurate, reliable and provides a fair and balanced representation of FOSUNPHARMA sustainability activities in 2021.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders.

We believe that the organisation has chosen an appropriate option for the reporting.

## **GRI STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

In our opinion the 2021 Corporate Social Responsibility Report is presented in accordance with the core option for GRI STANDARDS and fulfills all the required content and quality criteria.

### **Principles**

#### **Stakeholder Engagement**

FOSUNPHARMA can fully identify stakeholders determine and execute a diversified stakeholder's dialogue mechanism to ensure the effective participation of stakeholders in sustainability management and integrates sustainability behaviors into its decisions and activities.

#### **Materiality**

Based on the determined topics concerned by the stakeholders, FOSUNPHARMA has considered reasonably disclosing issues and indicators with materiality, which substantively influencing the assessments and decisions of stakeholders, to reflect the organization's significant economic, environmental and social impacts.

#### **Completeness**

FOSUNPHARMA uses the social responsibility subjects as framework to disclose relevant information and data, and fully reflects the significant economic, environmental and social impacts.

#### **Balance**

FOSUNPHARMA unbiasedly discloses the performance of the company based on the expectations of stakeholders, avoiding possible inappropriate influence on the decision-making or judgement of the readers of the Report.

#### **Comparability**

The Report disclosed performance indicators of FOSUNPHARMA in 2021, Some performance indicators were disclosed for the past years for comparison.

#### **Quantitative**

FOSUNPHARMA performs the statistic and analysis on KPIs, plans the management approaches and sets the internal objectives. The disclosure of performance indicators refers to the corresponding criteria and international rules, and the impact and purpose are disclosed in the Report

#### **Accuracy**

FOSUNPHARMA's reporting mechanism is objective and complete, which can disclose more information to stakeholders and reveal that the concept of social responsibility management is consistent with the expectations of stakeholders.

#### **Timeliness**

FOSUNPHARMA discloses its sustainability performance timeliness. Stakeholders can obtain information to make a reasonable decision in a timely manner.

**Clarity**

The Report used various expression ways such as words, charts, graphs, photos and combination with the case analysis, it was easily understood by stakeholders.

**Reliability**

The data and information can be traced and verified by internal collection, recording, compiling, analysis and disclosure to ensure the quality and materiality of information. In addition, an independent external organisation also provides the reliability of the report.

**Management Approach**

The report has disclosed the management approach of identified material topics.

**General Disclosures**

The general disclosure requirements of the GRI STANDARDS core option in the report can all be met.

**Topic-Specific Disclosures**

Topic-specific disclosures such as the importance of economic, environmental and social impacts on the organisation and the substantive impact on stakeholder assessments and decisions can be described in details.

**Limitations of assurance**

The assurance scope only covered the headquarters of FOSUNPHARMA and certain subsidiaries and did not involve assurance of the original data of other subsidiaries and partners.

The assurance process only involved interviews with the heads of relevant departments and certain employees and consultation with relevant documents didn't involve external stakeholder.

As the financial information in the 2021 financial report has passed independent assurance, the assurance does not contain traceability and assurance of such information.

**Signed:**



**For and on behalf of SGS-CSTC**

David XIN Director  
16/F Century Yuhui Mansion, No.73, Fucheng Road, Beijing, China  
Mar. 15<sup>th</sup>, 2022

**WWW.SGS.COM**





## Rating Report on Fosun Pharma 2021 Corporate Social Responsibility Report

Upon the request of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.\*, the "Chinese Expert Committee on CSR Report Rating" invited experts to form a rating team to rate the "Fosun Pharma 2021 Corporate Social Responsibility Report" (hereinafter referred to as "the Report").

### I. Rating Criteria

Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 4.0) of Chinese Academy of Social Sciences and Rating Standard on Corporate Social Responsibility Reporting for Chinese Enterprises (2020) of "Chinese Expert Committee on CSR Report Rating".

### II. Rating process

1. The rating team reviews and confirms the Process Information Confirmation of Corporate Social Responsibility Report and relevant supporting materials submitted by the Report preparation team;
2. The rating team draws up the rating report based on its appraisal made toward the preparation process and information disclosure of the Report;
3. The vice-chairman of the Expert Committee, the leader, and experts of the rating team jointly signed the rating report.

### III. Rating results

#### Process (★★★★★)

The Group established a corporate social responsibility management committee and ESG Committee. The Chairman of the Board, who is also the CEO, serves as the director of the committee to control the overall direction and key nodes of the Report and is jointly responsible for the final review of the Report with leaders above the vice-president level. The Brand and Public Communication Department took the lead in setting up a working group for the preparation of the Report and coordinated the specific preparation work. The Report is positioned as an important tool for compliance disclosure of responsibility performance information, improvement of corporate social responsibility management, the establishment of a responsible brand image, response to the capital market, and improvement of ESG rating, with a clear functional value positioning. Substantive issues are identified based on factors such as national macro policies, industry benchmarking, expert opinions, and stakeholder surveys. The Company has actively promoted its subsidiaries such as Sisram Med, Guilin Pharma, and Shanghai Henlius to prepare and issue social responsibility reports, strengthening the fore-and-aft integration of social responsibility. The Report is planned to publish through the official website and will be present in various forms such as electronic, printing, H5, video, Chinese and English, achieving outstanding performance in the aspect of process.

#### Materiality (★★★★★)

The Report systematically disclosed key industry issues relating to product quality management, medical service quality management, product research and development, product recall, safety production, waste management, health accessibility, energy conservation, and emission reduction, and the information was adequate and detailed, achieving outstanding performance in the aspect of materiality.

#### Completeness (★★★★★)

The main contents of the Report disclosed 90.31% of core indicators of the industry from the aspects of "responsible management", "responsible operation", "responsible supply chain", "responsible employer", "responsible environmental protection" and "responsible community", achieving outstanding performance in the aspect of completeness.

#### Balance (★★★★★)

The Report disclosed negative data information such as "number of confirmed cases of occupational diseases", "occupational hazard exposure ratio", "recordable industrial injury rate per million working hours", "work hour loss rate per million working hours", "employee turnover rate", and briefly described the causes and handling measures of product recalls during the reporting period, achieving outstanding performance in the aspect of balance.

#### Comparability (★★★★★)

The Report disclosed 116 key indicators including "operation income", "tax amount", "R&D investment", "employment rate of minority employees", "environmental protection cost investment", and "comprehensive energy consumption" for more than three years in a row, achieving outstanding performance in the aspect of comparability.

#### Readability (★★★★☆)

The Report continued the theme of "Innovation For Good Health" and uses "responsibility" as a keyword throughout the whole Report to systematically demonstrate the Company's responsibility performance actions and effectiveness towards customers, supply chain, employees, environment, community, and other stakeholders, with clear framework structure and prominent key topics; The cover design adopts a combination of virtual and real expressions, incorporates elements of the Company's main business, adopts a vector design



style across the chapters, outlines the animated scenes of the fulfillment of responsibilities, and enhances the Report's recognition and interestingness. A section of "Feedback from Some Stakeholders" has been set up to use third-party testimony to prove the effectiveness of responsibility performance, improving the credibility of the Report and achieving leading performance in the aspect of readability.

**Innovativeness (★★★★☆)**

The Report actively responds to the latest international sustainable development standards and requirements and systematically responds to the hot issues of climate change based on the TCFD framework, enhancing the leadership of the Report. The Report also disclosed in detail the management approach (DMA) of EHS issues and comprehensively presented the action strategy, strategic objectives, and core performance, concentrating on the main points and achieving outstanding performance in the aspect of innovativeness.

**Overall rating (★★★★★)**

According to the assessment of the rating team, the "Fosun Pharma 2021 Corporate Social Responsibility Report" was awarded a rating of five stars. It is a leading CSR report.



The Corporate Social Responsibility Reports of Fosun Pharma has been awarded a rating of five stars for two consecutive years

**IV. Suggestions for improvement**

The framework and content of the Report can further respond to current hot topics, enhance the sense of the times, and improve the creativity of the Report.

Vice-chairman of Chinese Expert Committee  
 on CSR Report Rating

Leader of the  
 Rating Team

Expert of  
 the Rating Team



Date of issuance: 22 March 2022

Scan the code to view the Corporate  
 Rating Archives

# FOSUN PHARMA

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