

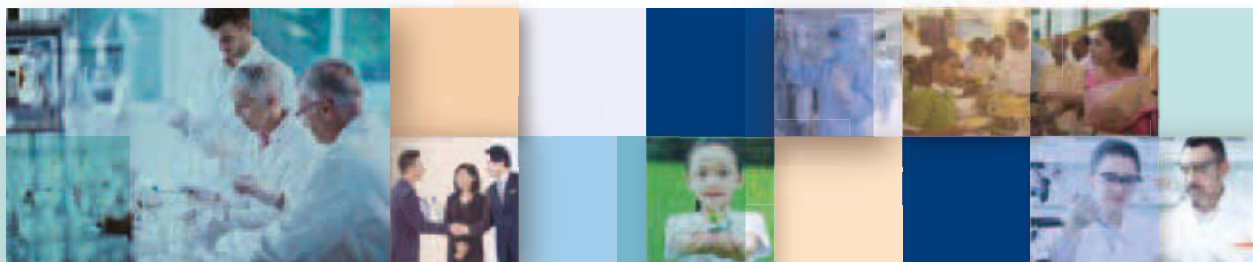
2019

Corporate Social Responsibility Report



CONTENTS

04	About the Report	10	About Fosun Pharma <small>A + H share listed company with business covering the whole industry chain of pharmacy and healthcare</small>	105	Feedback Form
06	Key performance in 2019	24	CSR Management <small>Pursuit of sustainable development of talents and products</small>	109	Indicator Index
08	Message from Management	30	Responsible Operation <small>Provision of accessible, affordable and trustworthy products and services</small>	119	Assurance Statement
		54	Responsible Supply Chain <small>Win-win sustainable business partnership</small>		
		60	Responsible Employer <small>Attracting Talents Through Development Building Our Team Through A Common Cause Training Talents Through Their Works Evaluating Talents Through Their Performance</small>		
		78	Responsible Environmental Protection <small>Joint construction of an environment friendly community</small>		
		98	Responsible Public Welfare <small>Innovation for Good Health</small>		



ABOUT THE REPORT

About the Report

This is a corporate social responsibility (CSR) report published by Shanghai Fosun Pharmaceutical (Group) Co., Ltd. ("Fosun Pharma") for the twelfth 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 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 (2015) in Appendix 27 to the Listing Rules issued by the Stock Exchange (the "ESG Reporting Guide") and is prepared with reference to the Consultation Conclusions on Review of the ESG Reporting Guide (issued on 18 December 2019), the national standards on social responsibility (GB/T36000) and the Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 4.0) published by the Corporate Social Responsibility Research Center of School of Economics of Chinese Academy of Social Sciences.

Report Principles

This report follows the report principles under the ESG Reporting Guide.

Materiality Principle: material stakeholders have been identified in the preparation of this report and the communication with stakeholders has been included in the substantive assessment process as the basis for determining material ESG topics.

Quantitative Principle: All data in this report is from relevant statistical reports and formal documents of the Company and relevant standards and methods used in the calculation of GHG emission/energy consumption.

Consistency Principle: The statistical and key performance indicators disclosure methods used in this report are consistent with those in the Corporate Social Responsibility Report of Fosun Pharma for previous years.

Reporting Period

1 January 2019 to 31 December 2019

Scope of Report

The scope of enterprises disclosed in this report is consistent with that of the 2019 Annual Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.



Data Description

This report is published at the same time with 2019 Annual Report of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. The financial data in this report is consistent with the 2019 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 subsidiaries of the Fosun Pharma are described as “member enterprises”; Shanghai Fosun Pharmaceutical Industrial Development Limited may be referred to as “Fosun Pharmaceutical Industrial Company” or “Industrial Company”.

Access to the Report

The report is prepared in simplified Chinese, traditional Chinese and English and published in 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>).

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 two subsidiaries of Wanbang Pharma and Wanbang Biopharma.

Contact Information

All stakeholders are encouraged to provide suggestions and opinions on this report to Fosun Pharma to help us make continuous improvement.

Email: sunl@fosunpharma.com

Address: Brand & Public Relations Department, Building A, Fosun Science Park, No. 1289 Yishan Road, Xuhui District, Shanghai

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

KEY PERFORMANCE

Revenue for 2019

RMB28.585 billion

Net profit attributable to shareholders of the listed parent company for 2019

RMB3.322 billion

Tax payment of

RMB2.533 billion in 2019

Social contribution value per share of

RMB4.59

FOPEX lean projects

263

Annual saving of over

RMB34 million



R&D expenditures (including capitalized R&D expenditures) of

RMB3.463 billion in 2019, representing a year-on-year increase of

38.15%

264

innovative drugs, generic drugs, biosimilars and consistency evaluation projects of generic drugs at the end of 2019



Average satisfaction of outpatients and inpatients of the member hospitals of Fosun Pharma Group exceeded

96%



IN 2019



Total donation of **RMB15.04** million to the society in 2019

Total investment of nearly **RMB9** million in targeted poverty alleviation

The Group proactively participated in the "Rural Doctor Poverty Alleviation Project" and accumulatively donated cash and drugs in an amount of more than

RMB4 million

Artesunate for injection, an innovative drug, has saved more than

24 million

patients with severe malaria, most of which are children under 5



The Group proactively participated in the construction of environment friendly community and invested a total of over

RMB124.83 million in environmental protection in 2019

In 2019, the comprehensive energy consumption intensity was **2.65** GJ per RMB10,000 of output value,

representing a year-on-year decrease of **14.8%**;

and the water consumption intensity was **3.33** m³ per RMB10,000 of output value, representing a year-on-year

decrease of **16.5%**



MESSAGE FROM MANAGEMENT

Message from Management

Innovation for Sustainable Development

Dear friends:

In the past year of 2019, the national medical system reform was further deepened and the research and development of innovative drugs entered a period of rapid development. The National Healthcare Security Administration deeply promoted the reform of the “4+7” centralized drugs procurement system, which changed the previous situation of the medical market in the PRC and ushered in a new era at an unexpected speed.

In the last year, centering on the core pharmaceutical and healthcare businesses, Fosun Pharma firmly implemented the strategy of innovation and internationalization and achieved stable development. In the process of rapid development, Fosun Pharma Group adhered to the idea of “pursuit of sustainable development of talents and products” by incorporating sustainable development in its overall strategy and proactively carried out social responsibility practices.

Innovation is the most important responsibility assumed by pharmaceutical companies in the sustainable development. China's unmet clinical needs are the priority of our innovation focus.

After a decade of accumulation, Fosun Pharma has formed a joint entrepreneurial model based on scientists in the field of innovative drugs and multiple teams in multiple fields and the unique advantages in global resources in China, the United States, India, and Europe. Through innovation, we are providing more patients and customers with better, more convenient and more accountable products and services.

In 2019, Fosun Pharma launched China's first biosimilar drug, Han Li Kang, which greatly reduced the burden on patients and medical insurance and benefited more lymphoma patients; As at the end of 2019, Artesunate for injection, an innovative drug, was a treatment for severe malaria recommended by the World Health Organization (WHO). Globally, our antimalarial products have saved more than 24 million lives; In China, our anti-tuberculosis drugs have helped more than 13 million tuberculosis patients. In 2019, we also served more than 13 million patients with chronic diseases.

In the future, most of Fosun Pharma's resources will be invested in R&D, and most of the R&D resources will be invested in innovation. In 2019, Shanghai Henlius completed IPO in Hong Kong, and it will continue to increase R&D investment in the future; as the small molecule innovative drug ORIN1001 is fast approved by the FDA, triple negative breast cancer treatment is expected to achieve new breakthroughs; a number of innovative drugs were under clinical trials in China and the United States, and the clinical progress of PD1 and combination drugs was accelerated. Our innovative technology platforms including small molecules, large molecules, cell therapy and gene therapy are all aimed at resulting in good medicines and good therapeutic schedules with global cost advantages. Innovative

Chen Qiyu
Chairman



Yao Fang
Co-chairman



Wu Yifang
President and
Chief Executive Officer



technologies including monoclonal antibody, Car-T cell therapy and stem cell therapy will surely give birth to the future blockbuster products of Fosun Pharma.

Quality is the cornerstone of the survival and development of an enterprise. We pay attention to the quality risk management throughout the entire life cycle of products. We have put in place strict quality and safety mechanisms and adverse drug reaction monitoring mechanisms at all aspects of the industrial chain from product research and development to sales to ensure that the whole process covering product research and development, production, sales, phase-out or recall is safe without mistakes. In 2019, we continued to implement "Fosun Pharma Operation Excellence" (i.e. FOPEX), which effectively improved the enterprise management model and operation efficiency. In terms of environment, health, and safety (EHS), we continued to increase investment in environmental protection and promoted air pollution control in order to achieve energy conservation, emission reduction and environmental protection.

We do not forget to be grateful and give back to the society, and make due contributions to society by supporting social welfare activities such as education, poverty alleviation through healthcare, child care, and doctor-patient education. In 2019, we continued to proactively participate in the "Rural Doctors Poverty Alleviation" project sponsored by Shanghai Fosun Foundation and China Population Welfare Foundation. China has a long way to go in its poverty alleviation through healthcare which requires the participation of forces from all walks of life and is also the due responsibility of pharmaceutical companies.

In the future, adhering to the mission of "Better Health for Families Worldwide" and the brand concept of "Innovation for Good Health", we are committed to enabling everyone to enjoy high-quality pharmaceutical products and healthcare services and enjoy a happy life with good health.

Chen Qiyu, Chairman
Yao Fang, Co-chairman
Wu Yifang, President and Chief Executive Officer

About Fosun Pharma

A + H share listed company with business covering the Entire Healthcare Industry Chain

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



About Fosun Pharma

Company Profile

Founded in 1994, Fosun Pharma (stock code: 600196.SH, 02196.HK) is a leading healthcare group in China. Taking root in China and global layout, Fosun Pharma's business covering the entire healthcare industry chain, with pharmaceutical manufacturing and R&D segment as the core business, medical devices and diagnosis, healthcare services, as well as pharmaceutical distribution and retail.

Fosun Pharma regarded innovation and R&D as the core-driving factor of development and conducted layouts in China, the US, India and other places, developed efficient small-molecule innovative drugs platform, high-value generic drugs platform, biologics platform and cell-therapy platform, and has formed a globally interactive R&D system as well as strong R&D

capability. Fosun Pharma owns several advantageous products in metabolic and digestive system, oncology, anti-infectives, central nervous system, cardiovascular system, hematology and other areas.

Fosun Pharma always adheres to the guideline of "Valuing Discipline Development and Offering Quality Medical Services" for medical services. Fosun Pharma had completed a strategic deployment of healthcare services in specialty and general hospitals with the Pearl River Delta Greater Bay Area, Yangtze River Delta and Huaihai Economic Zone being the regional focus for healthcare services. As of the end of 2019, over 10 medical institutions controlled by the Group, with a total of 4,328 authorized beds available for the public.

Mission

Better Health for Families Worldwide

Vision

Dedicate to become a first-tier enterprise in the global mainstream pharmaceutical and healthcare market

Values



Care for life



Continuous innovation



Pursuit of excellence



Sustainable partnership

Core Brands



Note: the brands include certain investee companies and joint ventures



As the honorary chairman and chief supervisor unit of the Shanghai Bio Industry Association, Fosun Pharma has proactively conducted internal governance including members congress and board of governors, which has effectively improved the standardization of the daily operation mechanism of the association. Based on the actual work of the association, Fosun Pharma has leveraged its influence in the field of biopharmaceutical industry to promote research and exchange among members of the association, and played a role of service and guidance in line with the law of industry development, to improve and expand the brand of the association. It has gathered all forces to promote the development of Shanghai Pharmaceuticals Industry Association.

——Chen Shaoxiang, secretary general of Shanghai Biopharmaceutics Industry Association

Industry Associations

List of associations/social institutions Fosun Pharma Group involved

National associations

Name of association	Position held
China Pharmaceutical Industry Association	Vice chairman
China Pharmaceutical Enterprise Management Association	Vice chairman
China Medical Pharmaceutical Material Association	Chairman
China Pharmaceutical Innovation and Research Development Association	Vice chairman
National Medical Technology Market Association	Vice chairman
China Non-Prescription Medicines Association	Vice chairman
China Medical Media Association	Vice chairman
China Society for Drug Regulation	Vice chairman
China Pharmaceutical Staff Ideological and Political Work Research Association	Standing vice chairman
China Non-Public Hospital Association	Standing director
China Price Association	Standing director

Provincial and municipal associations

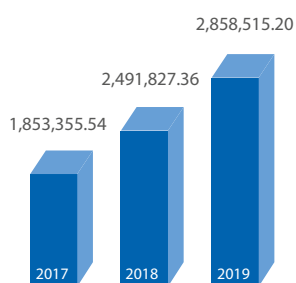
Name of association	Position held
Health Industry Association of Zhejiang Province	Vice chairman
Shanghai Biopharmaceutics Industry Association	Honorary chairman and chief supervisor
Shanghai Health Insurance Association	Vice chairman
Shanghai Pharmaceutical Profession Association	Vice chairman
Shanghai Genetics Society	Vice chairman
Shanghai Hospital Association	Standing director
Shanghai Pharmaceutical Association	Standing director

Financial Performance

In 2019, upholding the business philosophy of "Innovation for Good Health", Fosun Pharma Group insisted on product innovation, management improvement and internationalization for its core business of pharmaceuticals and healthcare and proactively promoted organic growth, external expansion and integrated development. As a result, its principal businesses sustained balanced growth.

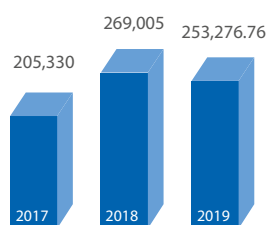
Revenue

(Unit: RMB0'000)



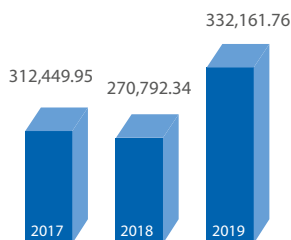
Tax payment

(Unit: RMB0'000)



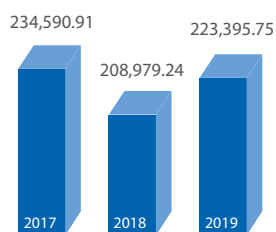
Net profits attributable to shareholders of the listed parent company

(Unit: RMB0'000)



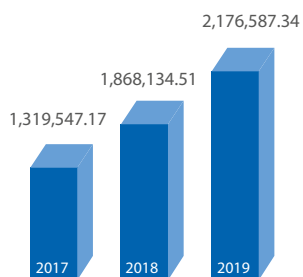
Net profit (after deduction of non-recurring profit or loss) attributable to the shareholders of the Company

(Unit: RMB0'000)



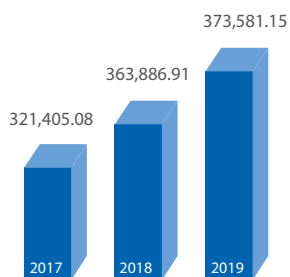
Revenue from pharmaceutical manufacturing and R&D business segment

(Unit: RMB0'000)



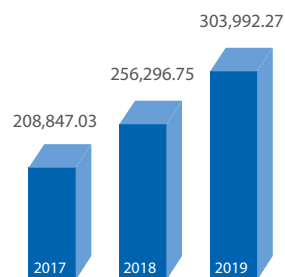
Revenue from medical devices and medical diagnosis segment

(Unit: RMB0'000)



Revenue from healthcare services segment

(Unit: RMB0'000)



Company Honors

Ranked the sixth in China Top 100 Pharmaceutical Manufacturing Company for 2018 (Menet, Medical Economics)

Ranked the seventh in China Top 100 Healthcare Company for 2018 (China Pharmaceutical Industry Information Center)

China Top 10 Pharmaceutical Industry Enterprise Group for 2019 (China chemical pharmaceutical industry association, China pharmaceutical business association, China non-prescription drug association, etc.)

China Pharmaceutical R & D Innovation Benchmark at the 70th Anniversary of the founding of the People's Republic of China (Medical Economics)

Meritorious Chinese Medical and Healthcare Enterprise • Technology Innovation Award at the 70th Anniversary of the founding of the People's Republic of China (China Hospital CEO magazine)

The Most Investment-Worthy Company for 2019 (China Investment Network)

Golden Bee 2019 Excellent CSR Report •Evergreen Award (Responsibility Covering the Society)

Most Socially Responsible Award for Hong Kong Listed Companies (Gelonghui)

ESG Golden Award • Annual Sustainability Award (Sina Finance)

“Pioneer List” Enterprises of Environmental Responsibility Information Disclosure of Chinese Listed Companies (China Forum of Environmental Journalists, Beijing University of Chemical Technology)

2018 Shanghai Role-model Family of Workers

Shanghai Civilized Unit

Individual Honors

Chen Qiyu, chairman of Fosun Pharma, won the “National Poverty Alleviation Award•Innovation Award” (The State Council Leading Group Office of Poverty Alleviation and Development)

Chen Qiyu, chairman of Fosun Pharma, won “Shanghai Outstanding Entrepreneur 2018” (Shanghai Enterprise Federation, Shanghai Entrepreneurs Association, etc.)

Wu Yifang, president and CEO of Fosun Pharma, won the “Outstanding Leader of Chinese Enterprises in Transnational Operation” (Forbes China)

Wu Yifang, president and CEO of Fosun Pharma, won the “Best CEO of Hong Kong Listed Companies” (Gelonghui)

“

The top ten enterprises in respect of the Evaluation Report on Environmental Responsibility Information Disclosure by Listed Companies in the PRC basically rank the top in recent years. In particular, Fosun Pharma always ranks the top three. However, a lot of enterprises are still in the start-up stage.

– Liu Xuezhi, director of the Low Carbon Economy and Management Research Center of Beijing University of Chemical Technology

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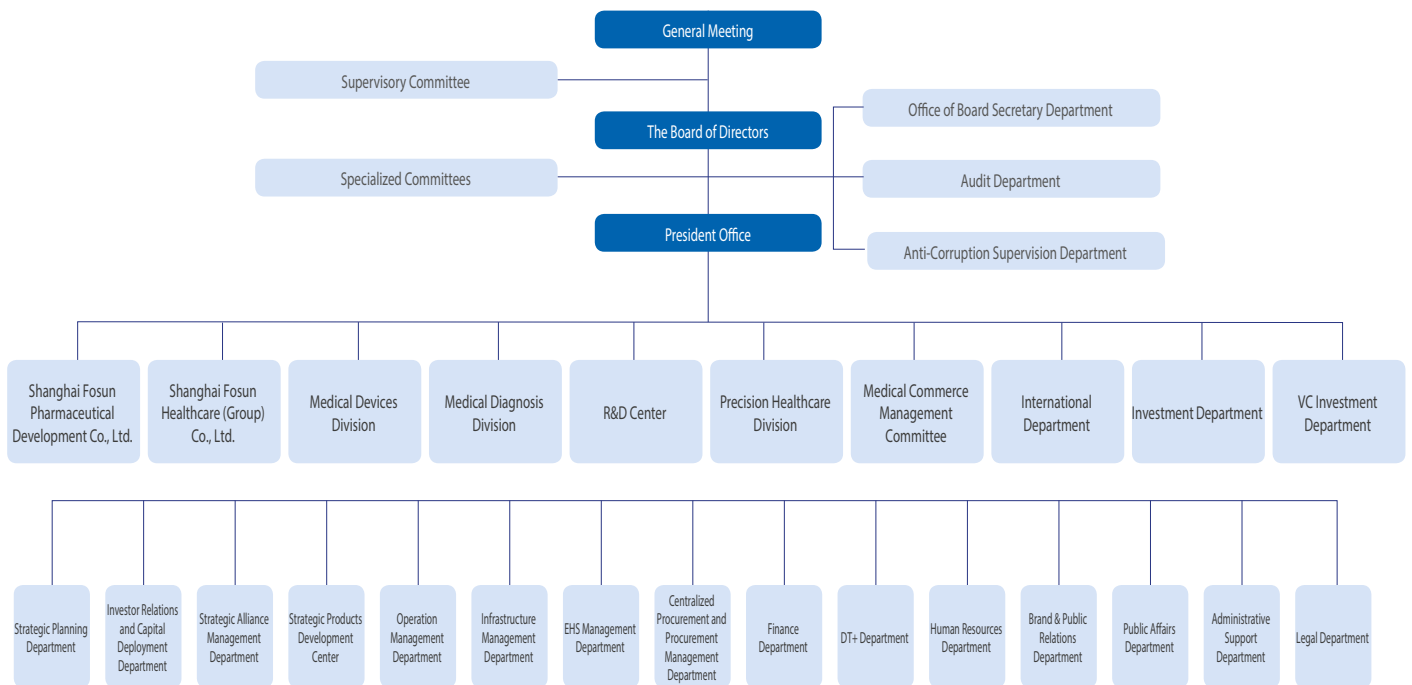


Standard Corporate Governance

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 Shareholders' Meeting, 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 inter-departmental working committees. At the management level, the Company has set up a number of working 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 chart as at the end of 2019

Corporate Governance

In the reporting period, the Company further improved its corporate governance structure and internal management in accordance with the Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Code of

Corporate Governance for Listed Companies issued by China Securities Regulatory Commission and the Stock Listing Rules of the Shanghai Stock Exchange, Appendix 14 Corporate Governance Code under 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 independent from the Company in respect of employees, assets, finance, organizations and businesses. The Boards of Directors and 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. (the "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 of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. The Articles of Association of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. clearly defines the rules of procedures for Board meetings. The Company has formulated the Board Diversity Policy of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. As at the end of the reporting period the Board had eleven directors (including two female directors), four of which were independent nonexecutive directors who are respectively professionals in accounting, law and strategic fields, which comply with the provisions of the Code of Corporate Governance for Listed Companies and development needs of the Company. The Board has established four specialized committees, namely, Strategic Committee, Audit Committee, Nomination Committee, and Compensation and Appraisal 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 of the Company. 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. As of the end of the reporting period, the second tranche of restricted A Shares under the Incentive Scheme implemented by the Company has been unlocked and the Company has satisfied the unlocking conditions for the third tranche. 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 further improved.

5

As to stakeholders: The Company fully respects the legal rights of shareholders, employees, clients and consumers, suppliers, communities and her 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 fully fulfilled its information disclosure obligation 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 Guidelines for Management System of Information Disclosure of the Listed Companies issued by the Shanghai Stock Exchange, the Guidelines for Suspension and Exemption on the Disclosure of the Listed Companies issued by the Shanghai Stock Exchange, the Articles of Association, the Regulation on Information Disclosure of the Company and the Regulation on Suspension and Exemption on the Disclosure of the Companies. Meanwhile, the Company has drafted the Management System for External Information Reporting and Use, Management System for the Insiders of Inside Information, and Accountability System for Material Errors in Annual Report Information Disclosure, and has fully implemented those systems 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 and Corporate Social Responsibility 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 formulated related 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. According 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 three consecutive years by the Shanghai Stock Exchange since 2016.

7

As to compliance training: Directors, supervisors and senior management of the Company proactively attended professional training and learning of the standardized operation of the securities market in accordance with the Implementation Rules for the Training of Directors and Supervisors of Listed Companies and the Guidelines for the Training of Senior Management of Listed Companies issued by the CSRC, and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules of Hong Kong Stock Exchange, to continuously enhance the ability to perform duties. At the same time, the Company organized external directors and supervisors to visit important subsidiaries of the Group and the site inspections and communications further strengthened external directors and supervisors' understanding of and participation of the Company's daily operations.

Strong corporate governance is the foundation and assurance for the development of a business. 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

As at the end of the reporting period, the Board of the Company governs four specialized committees, namely, Strategic Committee, Audit Committee,

Nomination Committee, and Compensation and Appraisal Committee. The Company has also set the scope of authority and implementation rules for respective specialized committees.

Strategic Committee

The primary responsibilities of the Strategic Committee are to research and advise on the medium-term and long-term development strategies 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 met once to review the Group's medium-term and long-term development strategies and plans for 2019 to 2023, and 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 13 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

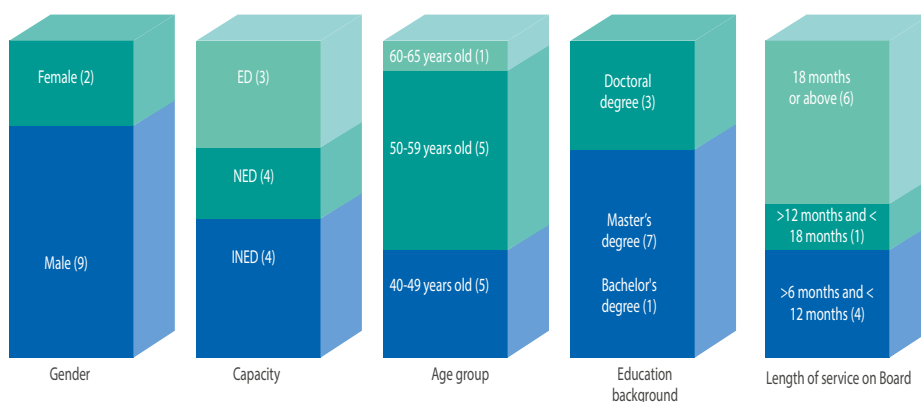
The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors and senior management, making recommendations to the Board on the appointment and succession planning of Directors,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

relating to the selection of Directors and senior management. It has effectively fulfilled the duties of the Nomination Committee.

The Nomination Committee, in nominating and appointing new Board members, 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.

During the Reporting Period, the Nomination Committee of the Board of the Company held 3 meetings to discuss and approve matters

An analysis of the Board's diversity as at the date of this report 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 1 meeting to review and make recommendations to the Board on the performance appraisal and

remuneration packages of the executive Directors and senior management of the Company and the implementation thereof in the prior year, and the share option incentive scheme of Gland Pharma Limited, a subsidiary 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 receive by way of remuneration for their services as being executive Directors, but entitled to receive by way of 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 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 are subject to consideration and approval at the general meeting.

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 17 meetings of the Board and 5 meetings of the Supervisory Committee.

During the Reporting Period, the Board of the Company also convened 1 annual general meeting, 3 extraordinary general meetings, and 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 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, on the one hand, 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 integrity supervision platform is proactively used to train and educate employees of the Group through internal and external cases. The Company has also expanded the internal

and external reporting channels, to maintain the deterrence of anti-corruption, and proactively builds an all-round, multi-dimensional and hierarchical empowering risk control system to support the Group's achievement of strategic and operational goals under the national laws and regulations and the governance framework for listed companies.

 <p>Centralized procurement and procurement risk management</p>	<ul style="list-style-type: none"> The Company improved the Basic Standards for Procurement and Tender Management of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (Trial Implementation) In 2019, the Company completed a total of 13 centralized procurement and strategic bidding projects, including production materials, production equipment, and medical equipment to empower member companies to purchase and further reduce costs and increase efficiency The cooperation with audit and integrity efforts ensured transparency in procurement; The Company initially promoted the construction of digital procurement business platform, and further advanced the closed-loop, transparent, visible, comparable, and traceable procurement business
 <p>Management of capital construction projects</p>	<ul style="list-style-type: none"> The Company urged member companies (project units) to establish and improve capital construction management systems and build a complete management system, to further refine the Group's capital construction management and improve management accuracy; The Company prepared bidding documents and contract templates for general construction contract, design bidding documents and templates, bidding documents and contract templates for decoration and renovation projects, and standardized various terms to strengthen risk management and control of capital construction projects from the bidding stage to the project implementation process; The Company strengthened the management of suppliers of capital construction projects, updated the assessment and evaluation form, and evaluated and scored from different perspectives of the supplier's work coordination, staffing, and on-site management to ensure the quality of the supplier's work Through the unified dynamic cost breakdown for engineering projects as prepared by the Group, the Company implemented full-cycle tracking and control of capital construction projects, and design changes and engineering visas were strictly controlled to ensure the legality and compliance of project process, thereby promoting the controllability of the overall project cost.
<p>Internal control construction</p>	<p>Quality and safety management</p> <ul style="list-style-type: none"> The Company promulgated the "Ten GMP Principles of Fosun Pharma" to refine the daily GMP code of conduct of member enterprises; The Company improved the quality audit system for member enterprises, and conducted a total of 17 quality audits in 2019; Critical support was given to member enterprises' international certification projects, such as Gland Pharma's multi-site FDA certification, Wanbang Pharma's EU and FDA certifications, Guilin Pharma's WHO certification, and Yao Pharma's FDA certification, etc., to continuously promote the construction of the international quality system; The quality information system of member enterprises was steadily advanced to improve the reliability of the data of member enterprises
<p>Information security management</p>	<ul style="list-style-type: none"> The information security system framework was completed and gradually promoted to the Group, and the information security level of the Group was improved through audit; The Company promoted the management of R&D informatization management, launched and optimized R&D project management, online application, and pharmacovigilance system, to help improve R&D and clinical efficiency and strengthen compliance control; The HIS system planning was implemented at Fosun Pharma Group to assist the medical service segment to improve the level of comprehensive operation and management and improve the quality of medical treatment. The Company completed the blueprint design of the HRP system and the iteration and optimization of the Xingqiao Scheme. The overall operation and maintenance quality of the medical service segment was improved through training of relevant department personnel, to provide assistance for the sustainable development of medical services. In terms of digital innovation, through the incubation of projects such as Internet hospitals, innovation and entrepreneurship competitions, and Internet Summit, achievements have been made in innovation culture, incubation investment management, and innovative operations; by boosting Internet marketing projects, the Company empowered digital marketing capabilities.
 <p>Internal audit</p>	<ul style="list-style-type: none"> In 2019, the audit department of Fosun Pharma completed a total of 15 special audit projects for key business process for 14 member enterprises / investees; The Group further strengthened the combination of financial audit and internal control audit to optimize business processes. In 2019, a total of 11 comprehensive audit projects combining financial and internal control were carried out, and targeted management recommendations were made on the audit results; Special surveys were carried out on procurement, engineering, finance, etc. for investees to assist them in establishing a standardized management system Special audits on R&D management and efficiency were mainly conducted in terms of R&D project management, R&D personnel and capital utilization efficiency The Company assisted member companies to carry out internal control evaluation to continuously improve the quality of internal control self-evaluation Through the Group's unified internal control defect tracking table, the Company conducted continuous tracking for the improvement of internal control defects, and counseled and supported the persons in charge of internal control of member enterprises at the Group level to ensure good rectification results.
 <p>Anti-corruption</p>	<ul style="list-style-type: none"> 7 basic anti-corruption documents were issued to construct Fosun Pharma's anti-corruption system; Anti-corruption publicity was conducted through multiple channels in multiple forms, including induction training on the construction of clean culture, including setting an integrity and compliance column on the websites of the head office and member enterprises, establishment of a portal site of integrity inspection department for OA, production of integrity publicity poster and three-fold leaflets on integrity for publicity in the Group, etc. The Company strengthened daily supervision and implemented key supervision for businesses with high risks of integrity
 <p>External results evaluation</p>	<ul style="list-style-type: none"> The scope of the external auditor Ernst & Young's annual internal control audit for the Group includes 14 enterprises subject to comprehensive audit and 7 enterprises subject to specific audit. Internal control audit was performed based on the different characteristics of each enterprise's business types in terms of company-level control, investment business, sales business, procurement business, inventory management, capital activities, R&D activities, asset management, financial reporting, human resources, tax management, information system and other business modules, and no major defects or significant defects were identified during the year.

Crisis Management

Fosun Pharma has a press spokesman mechanism and a sound public opinion monitoring and crisis response mechanism. For crisis emergencies, a crisis public relations response working group will be set up to formulate crisis response plans as soon as possible, and proactively communicate with the public and investors according to the progress of events and information disclosure supervision requirements through announcements or media communication, telephone conference or offline communication in a timely manner, to safeguard the Company's reputation.

The Company regularly publishes its information on we-media platforms, such as the official WeChat

and official website, to let the public keep abreast of the Group's developments. The Company's Brand & Public Relations Department has a full-time public relations person in charge of interviews and communications. At the same time, Fosun Pharma has further strengthened communication with Hong Kong and overseas media through cooperation with Hong Kong-based professional financial and public relations companies to help the Company's international business development. According to incomplete statistics, throughout 2019, the number of media coverage exceeded 7,900 articles, and the overall dissemination was positive, establishing a good brand image for the Company.

Practice of Business Ethics

The Group strictly abides by such domestic laws and regulations as the *Interim Provisions on Prohibition of Commercial Bribery* and the *Law of the People's Republic of China for Countering Unfair Competition*, as well as the laws and regulations of the overseas countries and regions where we operate our business and

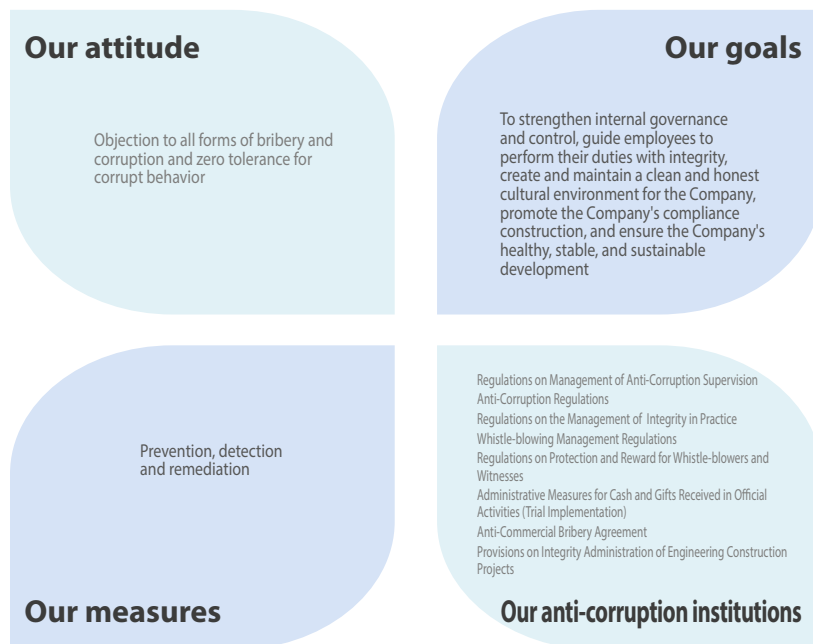
investments, including laws and regulations on prevention of bribery, extortion, fraud and countering unfair competition, to practice good business ethics.

Anti-corruption

In accordance with the requirements of the Regulations on management of Anti-Corruption Supervision by Shanghai Fosun Pharmaceutical (Group) Co., Ltd., we adhere to the principles of “emphasizing investigation with the priority of prevention and addressing both symptoms and root causes” and vigorously promote the integrity values. Fosun Pharma has continuously improved the “prevention-monitoring-punishment” anticorruption compliance control system through optimizing the management system and strengthening risk prevention

and control, to achieve the goals of strengthening supervision and improving governance.

The Anti-Corruption Supervision Department (ACSD) is a compliance department for anti-corruption, directly under the Board of the Company, reports to the chairman, and carries out work under the leadership of the Board of the Company.



Improve Anti-corruption System

As of 2019, Fosun Pharma has issued 7 basic anti-corruption documents including the Anti-Corruption Regulations, the Anti-Commercial Bribery Agreement, Provisions on Integrity Administration of Engineering Construction Projects, the Whistle-blowing Management Regulations, the Regulations on Protection and Reward for Whistle-blowers and Witnesses, the Regulations on the Management of Integrity in Practice, and the Administrative Measures for Cash and Gifts Received in Official Activities

(Trial Implementation), which compose the anti-corruption System of Fosun Pharma.

In 2019, according to the above-mentioned relevant anti-corruption rules and regulations, Fosun Pharma implemented disciplinary punishment against 3 offenders, rewarded 2 witnesses with outstanding contributions, and received 5 gifts handed over by employees initiatively which were received by them in business.

Promotion of Public Awareness and Training on Anti-Corruption

Fosun Pharma Group has always regarded the establishment of honest culture as its strategic effort. To protect normalized and orderly management in the company, and boost awareness and spontaneous compliance with local laws and regulations and the various 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 headquarter 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 with a signing rate of 100%. The letter of undertaking stipulated that employees of Fosun Pharma may not take advantage of their duties and work to seek illegitimate interest and undermine corporate interest.

In 2019, the ACSD of Fosun Pharma conducted anti-corruption and honesty practice promotion and education and induction training on honest culture construction for its new hires in Shanghai for 4 times, and organized 2 special trainings on anticorruption and 1 special lecture on anti-corruption for senior management of member enterprises.

Strengthen supervision

The supervision on bidding projects is also routine work of the ACSD. In 2019, the ACSD of the Company participated in the supervision on more than 34 projects, discovered and held down some nonconforming acts, and eliminated certain potential risks.

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 suppliers and 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 whistle-blowers 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.

With complaint and whistle-blowing, the ACSD has laid stress on the investigation of relevant cases. In 2019, it accepted 11 cases (representing a decrease of 3 cases as compared to 2018), and reviewed or investigated all leads. The ACSD has found out the truth through investigation and punished the persons who held accountable for the wrongdoings, which strengthened the deterrence anti-corruption and effectively prevented potential risks and major losses to the Company.

Construction project is the business with high risks of corruption, and is also a key area subject to supervision by the ACSD. In recent years, Fosun Pharma had a large number of construction projects involving a huge amount of money. In order to effectively prevent fraud and corruption in construction projects, the ACSD closely cooperated with the centralized procurement and

procurement management department, construction department and other relevant functional departments, to identify problems or potential problems, and exchanged 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. In 2019, 2 employees were fired and 1 employee was dismissed due to violations of relevant integrity regulations, and 5 employees were taken compulsory criminal detention for violation of criminal law. At the same time, in 2019, Fosun Pharma praised and rewarded two witnesses who proactively cooperated with the integrity investigation and played an important role in the case investigation. Through the investigation of cases, the ACSD retrieved losses of RMB4 million for the Company.

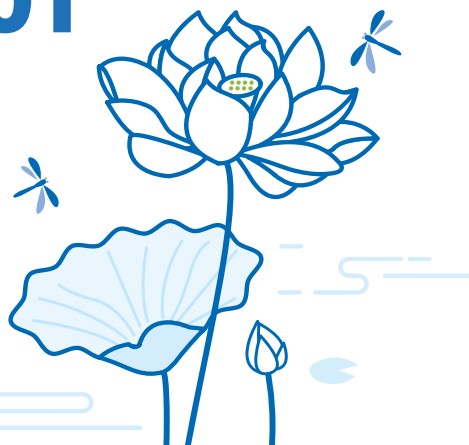
Perfect anti-corruption governance

In 2019, 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.

In the future, Fosun Pharma will further improve the Company's anti-corruption and compliance system, continue to strengthen routine supervision and special inspection and to learn from the anti-corruption practice by some transnational enterprises, enhance the research on the FCPA and the UKBA, in an desire to meet the strategic requirements of the Group's globalization and to provide strong compliance support for the Group's rapid, healthy, and sustainable development.

PURE AND CLEAN, INSIDE OUT

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





"Star State Program" helps primary medical care

"Star State Program" including Famous Doctors Go to the Countryside Project, Diabetic Retinopathy Public Screening in Primary Hospitals Project, NCD Diagnosis and Treatment Training Project, Gout Standardized Medical Service Center (GSSC) Project and Bang Project aims to empower primary care doctors by enhancing their academic understanding and capacities for the diagnosis and treatment of patients in the fields of cardiovascular health, diabetes, endocrinology, kidney disease and other chronic diseases. As of the end of 2019, Star State Program has covered more than 300 counties and held 290 online and offline trainings for more than 10,000 doctors.

CSR Management

Pursuit of sustainable development of talents and products

"Pursuit of sustainable development of talents and products" is the sustainable development concept of Fosun Pharma. Since it was founded, Fosun Pharma has incorporated the sustainable development into its overall strategy, and promoted social responsibility practices through the sustainable development management system; it has established a comprehensive stakeholder communication mechanism, to continuously improve stakeholder satisfaction.



Corporate Strategy



Social Responsibility

The social responsibility strategy of the Group is inseparable to its overall strategy. The Company formulates the short-term goal, mid-term goal and vision of the social responsibility strategy, and formulates the steps and measures of the social responsibility strategy each year to proactively improve sustainable development management.



Short-term Goal
(2018-2020)

To gradually keep up with international norms and become the leading enterprise in China's pharmaceutical and healthcare industry who highly values sustainability in business development



Mid-term Goal
(2020-2030)

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



Vision

To become a Chinese pharmaceutical health company with global social responsibility influence



Strategies and Goals

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

Four strategic pillars

The brand values of "care for life, continuous innovation, pursuit of excellence, sustainable partnership" have, from the beginning to the end, closely linked the development of individuals and enterprises to the welfare of society. Brand values are the norms for every staff of Fosun Pharma in work, and also a sustainable development 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 the improvement application 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 to and build a harmonious and healthy business ecosystem.

Key management topics:

compliant operation, responsible marketing, and emissions management

CSR Management

CSR Management Committee

Fosun Pharma Group has established a comprehensive CSR management system, to instruct and coordinate the action plans of subsidiaries under the Group in each aspect of sustainability, as well as, to promote the CSR management via refined indicator assessment system.

In 2019, Fosun Pharma set up the 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 ESG (i.e. environmental, social and governance) capacity building and information disclosure to ensure scientific and efficient decision-making for various social responsibility affairs of the Company. The chairman of Fosun Pharma chairs the committee, the co-chairman of Fosun Pharma and the president and CEO of Fosun Pharma are the deputy directors, and the committee members are composed of relevant heads of various segments and departments of Fosun Pharma.

CSR Task Force

The Fosun Pharma CSR Committee governs a CSR Task Force, which is responsible for coordinating and planning of the Company'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 2008. The Brand and Public Relations Department is responsible for leading and coordination as well as compiling the report.

In 2019, the task force appointed 38 members in charge of 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.



Kick-off meeting site of the 2019 Corporate Social Responsibility Report



Group photo of CSR Task Force

Capability Building

The Company attaches great importance to corporate social responsibility and ESG capacity building, pay 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 grasps ESG concerns in the capital market.

Training on social responsibility reporting for members on CSR Task Force is organized each year to elevate qualities for the report. Meanwhile, the report editor is encouraged to attend external social responsibility seminars and training sessions to better arm the team's capability.

In December 2019, at the kick-off meeting of Fosun Pharma 2019 Corporate Social Responsibility (CSR) report and Environmental, Social and Governance Report, Fosun Pharma invited the experts of PricewaterhouseCoopers and SynTao to conduct the trainings on the ESG Trends in the Capital Market and the Interpretations on the ESG Disclosure Policy of the Hong Kong Stock Exchange 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
 <p>Shareholders</p>	<ul style="list-style-type: none"> Compliance management Risk management 	<ul style="list-style-type: none"> Improvement of corporate governance system Timely disclosure of information in relation to daily operation Establishment of feedback platforms such as telephone, e-mail and website Convening of meetings with investors 	<ul style="list-style-type: none"> The Company received more than 40 visits and surveys of large institutional investor groups Roadshows were performed in more than 10 cities both at home and abroad, and the Company organised in-depth exchanges with investors on medium- and long-term strategic plans The Company convened 17 meetings of the board of directors and 5 meetings of the supervisory committee; 13 meetings of the audit committee of the board of directors, 3 meetings of the nomination committee of the board of directors, 1 meeting of the remuneration and appraisal committee of the board of directors, and 1 meeting of the strategic committee of the board of directors. 1 annual general meeting, 3 extraordinary general meetings, 1 A share class meeting and 1 H share class meeting
 <p>Clients and consumers</p>	<ul style="list-style-type: none"> Provision of quality products and services Protection of interests of consumers Responsible marketing Research, development and innovation intellectual property protection Protection of the privacy of clients 	<ul style="list-style-type: none"> Participating in academic seminars such as academic institutions and industry associations, academic exchanges and industry forums Maintaining good doctor-patient relationship Conducting customer satisfaction survey Establishing comprehensive customer service process and customer compliant handling process Establishing comprehensive information exchange mechanism Protecting user information security 	<ul style="list-style-type: none"> A marketing team of nearly 5,300 people was built, including an overseas marketing team of more than 1,000 people The Company proactively held academic conferences in the field of liver disease, anti-infectives, cardiovascular disease, endocrine and other fields to strengthen communication with clients Leading diagnosis and treatment programs and disease management models were introduced through professional medical support No complaints about infringement of customer privacy and loss of customer information No related violations in terms of product and service labelling The average satisfaction of outpatients and the average satisfaction of inpatients of the member hospitals of Fosun Pharma Group was 96.29% and 96.17%, respectively
 <p>Media and public</p>	<ul style="list-style-type: none"> Transparent information disclosure Special interview and communication 	<ul style="list-style-type: none"> Establishing comprehensive information disclosure mechanism Media communication mechanism Timely disclosing information through websites, WeChat and other platforms 	<ul style="list-style-type: none"> News was regularly published through official WeChat, official website and other channels The "Press Spokesman Mechanism" was developed In 2019, the number of media coverage exceeded 79000 articles. The Company promoted communication with the media by inviting media to participate in Fosun Pharma's results press conference and company events, and help the public understand the Company's information through media reports The communication between the Company and media was enhanced through media salons, media interviews, etc.
 <p>Employees</p>	<ul style="list-style-type: none"> Protection of employees' rights and interests Provision of training and development platform to employees 	<ul style="list-style-type: none"> Establishing labour union Entering into collective contract Establishing long-term talent training mechanism and HealthCare Management Institute Organizing regular employee caring activities Solicitation of employees' opinion and suggestion on rationalization Safety management 	<ul style="list-style-type: none"> Labour union coverage rate of 100% Signing rate of 100% for 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. Four series of training programmes, namely New Employee Series, Leadership Development Series, Professional Development Series and Common Skill Series, were offered The innovation and entrepreneurship competition was held for the fourth consecutive year to raise employees' awareness of innovation and create an innovation culture There are over 10 employee clubs which have held over 300 club activities The Company held 12 themed birthday parties with more than 400 employees attended the parties
 <p>Suppliers</p>	<ul style="list-style-type: none"> Sustainable development of supply chain 	<ul style="list-style-type: none"> Establishing regulated and transparent supplier procurement, tender and management procedures Conducting on-site audit on suppliers Green supply chain management 	<ul style="list-style-type: none"> Strictly implementation of the issued procurement system and improved the current management system The Company continued to promote strategic and centralized procurement projects for production materials, services, equipment, medical equipment and other items within the Group As at the end of 2019, the Group implemented 358 green supply chain audits for its suppliers
 <p>Government</p>	<ul style="list-style-type: none"> Compliance management Payment of tax Leading the healthy development of the industry 	<ul style="list-style-type: none"> Operation in accordance with the laws Continuous innovation, research and development Participating in policy formulation and providing suggestion Actively participating in government projects Participating in industry association 	<ul style="list-style-type: none"> The Company jointly built the government-enterprise relationship featured by "integrity and communication" based on innovation and received more than 30 reports, exchanges and visits with governments and competent authorities at all levels, including over 5 reports and exchanges involving ministerial leaders The Company proactively participated in industry policy formulation, offered suggestions and attended more than 20 policy seminars held by central and local business authorities and industry organizations; attended more than 20 policy seminars held by central and local business authorities and industry organizations; submitted 9 proposals to the CPPCC during the two sessions; provided nearly 30 industry recommendations and industry standard suggestions centering the policies including the Drug Management Law and its supporting measures, the drug marketing authorization holder system, the medical device registrant system, the immune cell therapy management, and centralized drug procurement The Company proactively supported government projects, hosted 3 training courses and forums sponsored by national ministries and commissions and their affiliates; implemented 4 receptions and exchanges of foreign aid training courses of the Ministry of Commerce, involving more than 100 foreign students; participated in and obtained 8 government innovation support projects The Company proactively cooperated with industry organizations at all levels and in various fields, supported and attended more than 10 industry activities, involving medical policy, innovation, clinical applications, etc.
 <p>Communities/ non-governmental organizations</p>	<ul style="list-style-type: none"> Community service Charity and public welfare 	<ul style="list-style-type: none"> Actively participating in community services Participating in various activities of public welfare organizations Actively carrying out various public welfare activities 	<ul style="list-style-type: none"> Many public welfare activities were carried out including support for education, scientific research and innovation, targeted poverty alleviation, care for children, and patient education Donation of RMB15.04 million to the society in 2019 Investment in targeted poverty alleviation or nearly RMB9 million
 <p>Partners/Peers</p>	<ul style="list-style-type: none"> Exchanges and cooperation 	<ul style="list-style-type: none"> Visiting and conducting research on enterprises Industry exchanges Benchmarking study 	<ul style="list-style-type: none"> 28 employees went to Johnson & Johnson and Wanbang Biopharma for visit and benchmarking study of their production and lean management The Company invited Bristol-Myers Squibb (BMS) and other pharmaceutical companies for exchange and communication

Process of Substantive Issue Analysis

Preliminary identification of substantive issues

- Through policy research, peer benchmarking, and expert judgment, the 2018 substantive issue identification results were verified and supplemented.

Interviews with stakeholders

- Ten departments of the Company were interviewed involving major issues (including EHS Management Department, Human Resources Department, Operation Management Department, Anti-Corruption Supervision Department, Brand and Public Relations Department, etc.) to understand the concerns of internal and external stakeholders and the Company scored the substantive issues in 2019.

Interviews with stakeholders

The Fosun Pharma substantive issues matrix for 2019 was formed based on interview feedback, stakeholder scores and expert judgment.

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.

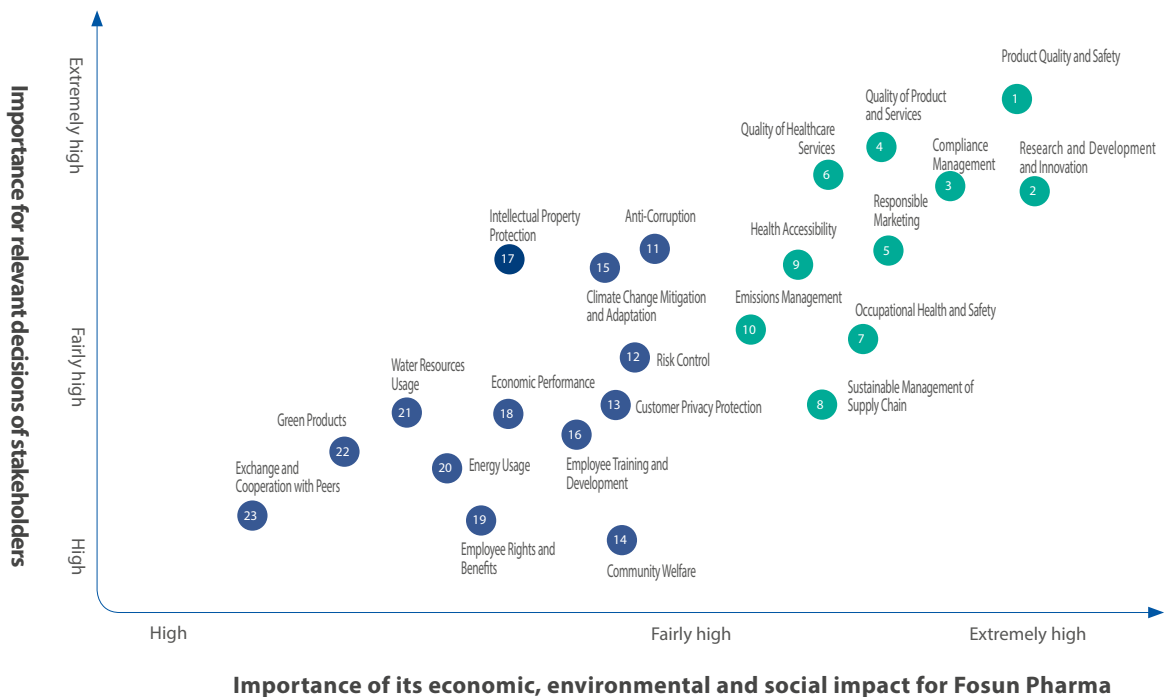
In 2019, in order to better respond to changes in industry policies, trends, and the focus of external rating agencies, Fosun Pharma conducted peer benchmarking and policy research on the basis of substantive issues in 2018, and invited relevant functional

department managers to reassess the importance of substantive issues and formed the substantive issues matrix for 2019 based on expert judgment. Compared with 2018, the main adjustments are as follows:

- Add the "Health Accessibility" issue
- The issues of "Anti-corruption" and "Climate Change Mitigation and Adaptation" become more important.

Results of the Substantive Issue Analysis

Substantive issues of Fosun Pharma for 2019 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 supply chain management, anti-corruption and risk control.



Responsible Operation

Provision of accessible, affordable and trustworthy products and services

Fosun Pharma 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, improving medical service quality, and marketing system construction. It is committed to providing patients and clients with accessible, affordable and trustworthy products and services.





The launch of China's first biosimilar drug, Han Li Kang, benefited more lymphoma patients

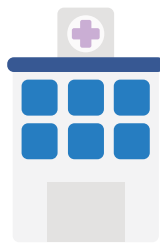
As of the end of 2019, the Group had **264** innovative drugs, generic drugs, biosimilars and consistency evaluation projects, including **19** small molecule innovative drugs, **12** biological innovative drugs, **21** biosimilars, and **133** generic drugs that meet international standards, **49** consistency evaluation projects that meet generic drugs and **2** TCMs; in addition, the Group introduced **28** drugs including **8** imported innovative drugs and **20** imported generic drugs.



Fosun Pharma continued to promote FOPEX and the project income in 2019 exceeded **RMB34** million. Fosun Pharma cultivated **304** people with green belt and **9** with black belt.



As of the end of 2019, over **10** APIs received GMP certification from national health authorities including the US FDA, EU, Ministry of Health, Labor and Welfare of Japan and Federal Ministry of Health. 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** freeze dried aseptic production line passed the cGMP certification of EU and **1** oral dosage production line passed the FDA cGMP of US. A number of aseptic production lines at **4** pharmaceutical manufacturing sites of Gland Pharma, an Indian pharmaceutical company, passed GMP reviews/certifications in the United States, EU, Australia, Brazil and other countries.



Average satisfaction of outpatients and inpatients of the member hospitals of Fosun Pharma Group
>96%



As of the end of 2019, **358** green supply chain audits have been conducted for suppliers

Enhancement of Health Accessibility

In light of the unmet clinical needs, Fosun Pharma provides its own products and services relying on technological innovation through open and win-win innovation models such as independent R&D

innovation and license-in and is committed to improving the health accessibility to Chinese patients.

R&D Innovation

Fosun Pharma considers R&D Innovation 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 Company's innovation focus. Fosun Pharma has continuously

enhanced its R&D and innovation capabilities and 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.

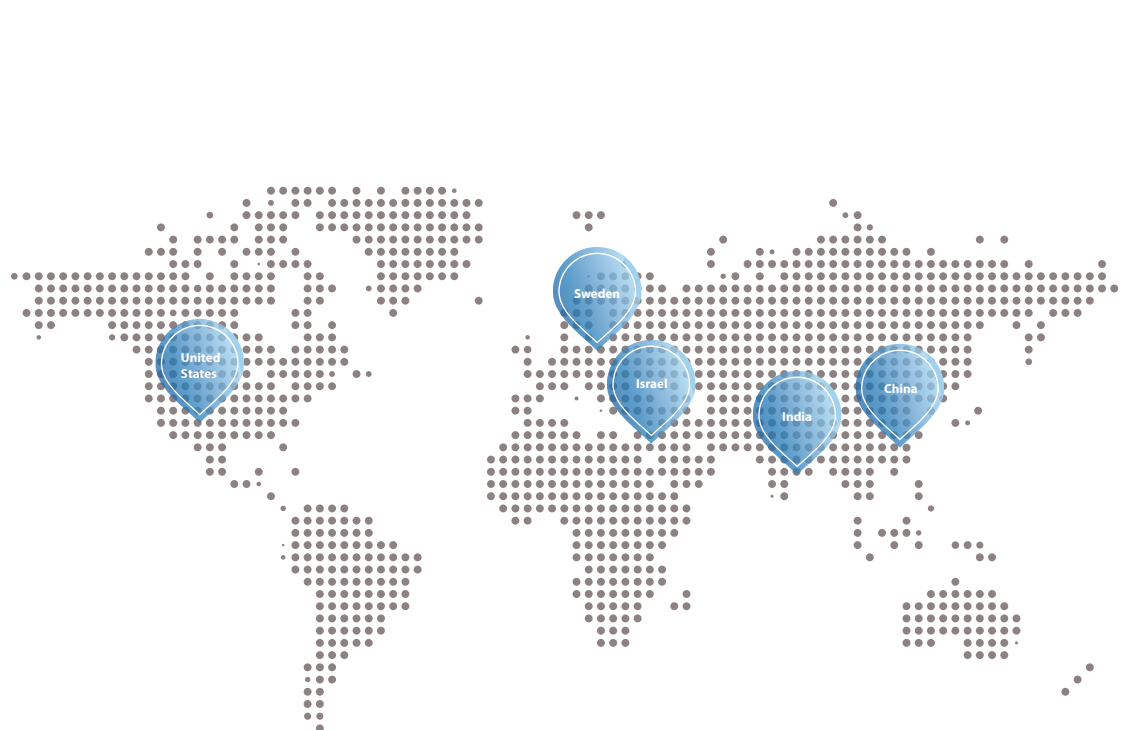
Innovation System

Mainly driven by R&D Innovation, Fosun Pharma focuses on the fields of products with clear therapeutic effects and in line with modern medical development orientation, and insists on improving its R&D capability in the entire chain and industrialization development capability in the later period.

The Group has developed internationalized R&D structure and strong R&D capabilities through the establishment of interactive and integrated R&D systems in China, the U.S., India and other countries. and has built efficient platforms to develop small molecule innovative drugs, high-value generic drugs, biological drugs and cell therapy products. In addition, with a view to achieving opening up and cooperation, the Group has accessed to global outstanding scientist teams, leading technologies and high-value products through diversified and multi-level cooperation models including license-in, deep incubation and venture investment to promote the global development and transformation of innovative technologies and products.

The Group adopts a multi-modal layout in early products, including the establishment of R&D enterprises with scientists, such as Shanghai Henlius, Fochon Pharma, Fosun Orinove, Novelstar, etc., establishment of joint venture with an internationally renowned pharmaceutical company, such as Fosun Kite etc. At the same time, the Group established Fosun Lead as a biomedical science and technology innovation incubation platform, for development of products in emerging areas including gene therapy.

In respect of R&D practices, Fosun Pharmaceutical Research Center and its subsidiaries have established 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 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.



R&D Platform

Fosun Pharma continuously optimizes its pharmaceutical R&D system that “integrates imitation and innovation”. It owns national-level enterprise technical centers, and has created efficient small molecule innovative drugs, high-value generic drugs, biopharmaceutical drugs and cell therapy platforms.

The products developed by Fosun Pharma's biological drugs platform include a variety of biosimilars and innovative drugs. These products help reduce the financial burden for patients, improve their accessibility, and benefit more patients. Biological R&D is focused on the field of tumor immunotherapy. Fosun Pharma is the first in China to launch combined immunotherapy and has prospectively established a diversified and innovative monoclonal antibody and combined tumor immunotherapy pipeline to provide affordable therapeutic schedule with better effects for cancer patients.

Fosun Pharma's chemical drug innovation platform focuses on the development of

small molecule innovative drugs for targeted cancer therapy, and quick follows up on internationally leading targets, making Me-too or Me-Better's small molecular innovative drugs available in China as soon as possible to address the clinical needs of Chinese patients.

Fosun Pharma's immune cell therapy platform is committed to R&D and the industrialization of tumor immune cell therapy products for the benefit of Chinese patients.

Fosun Pharma's high-value generic drug platform focuses on the fields of tumors, chronic diseases, central nervous system, and anti-infectives. It develops generic drugs of newly approved drugs with clear clinical efficacy and therapeutic advantages. Meanwhile, it licenses in and develops the generic drugs of specialized products including drugs for surgery, pediatric drug and narcotic and psychotropic drug to meet domestic clinical needs and improve the availability of drugs for domestic patients.

Innovative Drugs R&D Platform



Small molecule innovative drugs



High-value generic drugs



Biological drugs



Cell therapy product

Medical technology innovation platform



Laser medical cosmetology technology



Respiratory medicine



Minimally invasive therapy for early tumor

R&D Investment

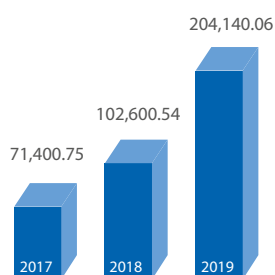
In 2019, the Group continued to increase its investment in R&D of small molecule and biological innovative drugs, innovative monoclonal drug and biosimilar drugs, CAR-T and cell therapy products.

The R&D investment (including capitalized investment expense) of Fosun Pharma Group in 2019 was RMB3,463.2278 million, with a year-on-year increase of over 38.15%, of which the R&D expenses were RMB2,041.4006 million with a year-on-year increase of 37.97% for actual R&D expenses. In particular, the R&D investment

in pharmaceutical manufacturing segment amounted to RMB3,130.9253 million, with an increase of 39.12% as compared with that of 2018. 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 2019, Fosun Pharma Group's R&D expenditure on pharmaceutical manufacturing segment amounted to RMB1,741.2031 million, accounting for 8.00% of the sales revenue of the pharmaceutical business.

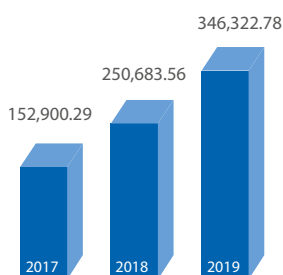
R&D expense

(Unit: RMB'000)



R&D investment (including capitalized investment expense)

(Unit: RMB'000)



R&D Achievements

At the end of 2019, the Group had a total of 264 projects: 19 small molecular innovative drugs, 12 biological innovative drugs, 21 biosimilars, 133 generic drugs that meet international standards, 49 consistency evaluation projects of generic drugs, and 2 TCMs; in addition, the Group licensed in 28 drugs including 8 imported innovative drugs and 20 imported generic drugs.

As at the end of 2019, 9 small molecular innovative drugs (including 1 505b(2) product) and 9 indications had obtained approval for clinical trial in Mainland China; 3 small molecular innovative drugs and 3 indications had obtained approval for overseas clinical trial. In particular, ORIN1001 underwent clinical phase I trial and received fast track designation by the FDA of the

United States; Rituximab (Han Li Kang), the first domestic biosimilar, was launched in the PRC and 2 monoclonal antibody products (Trastuzumab for injection and adalimumab for injection) had approved NDA and were included in the priority review procedures. Over 20 clinical trials were carried out worldwide for 12 monoclonal antibody products and 8 combos; Axicabtagene Ciloleucele injection (tentative) (code FK876, i.e. autologous CD19 CAR-T cell injection) of the joint venture Fosun Kite has passed bridging clinical trials and was included in the priority review procedures in March 2020; a total of 16 products of the Group has passed or been deemed to have passed consistency evaluation of generic drugs.

In 2019, 15 generic drug products of Gland Pharma were approved for marketing in the United States by FDA.

Number of innovative drugs, generic drugs, biosimilars and consistency evaluation projects



264



China's first biosimilar Han Li Kang provides more affordable products for lymphoma patients

In February 2019, Han Li Kang, a rituximab injection developed by Shanghai Henlius as Fosun Pharma's biological drugs platform, was approved by the NMPA for the marketing, becoming the first biosimilar approved for marketing in China.

The drug is mainly used to treat non-Hodgkin's lymphoma. Lymphoma is one of the most common hematological malignancies and can be divided into Hodgkin's lymphoma (HL) and non-Hodgkin's lymphoma (NHL). In recent years, the incidence of lymphoma in China has gradually increased, becoming one of the top ten malignant tumors with the highest morbidity and mortality. The incidence of lymphoma in China is about 5.94 per 100,000 people, of which non-Hodgkin's lymphoma accounts for about 90% of all lymphoma cases, and the incidence has increased year by year.

The R&D and registration of Han Li Kang are conducted in strict accordance with China's biosimilar regulations. Through clinical studies, it has been proven that there is no clinical statistical difference from the branded drug, and it is safe and effective. In order to benefit more patients

with lymphoma, the price of Han Li Kang is set at 40% off the branded product, which greatly reduces the burden on patients and medical insurance. After launch, Fosun Pharma actively promoted the concept of biosimilar in various academic platforms, allowing doctors and patients to have an objective understanding of biosimilars, and has become the leader and benchmark of biosimilars in China.



Intellectual Property Protection

Patent Protection

The Group has established the "blockbuster product intellectual property strategy" and protected product patents through a series of implementations and means, including analysis of intellectual property status of products at project approval, grasping domestic and overseas licensing opportunities to develop patent blockbuster product, application for a batch of patent groups for existing key products to extend their product life cycle and strengthening patent training.

License-in Products

In terms of license-in products, Fosun Pharma has licensed in a number of cutting-edge technologies and high-value products to the Company through cooperation methods such as license-in. These products focus on four major areas of tumors, chronic diseases, rare diseases and central nervous system diseases. In 2019, Fosun Pharma and ReNeuron, a global leader in cell therapy, licensed in cell therapy products for post-stroke disability and retinal pigment degeneration to promote the establishment of a stem cell therapy platform; Authorized by Aucta, Fosun Pharma exclusively commercialized aminohexanoic acid powder for infant spasm and refractory epilepsy in China; Fosun Pharma exclusively conducted

Patent Results

In 2019, the pharmaceutical manufacturing and R&D businesses of the Group submitted 136 patents applications, including 13 American patents applications, 3 Japanese patent applications, 7 European patent applications, and 6 PCT applications, and the Group has obtained 47 patents for invention.

clinical development and commercialization of the glioblastoma immunotherapy product SurVaxM, further enriching the tumor treatment product line; The Tenapanor tablets for the treatment of hyperphosphatemia in end-stage renal disease dialysis patients has been successful in the US Phase 3 clinical trials, and its clinical trial application has also been accepted by the NMPA. In addition, Fosun Pharma has been authorized by Solvotrin of Ireland to exclusively commercialize a new iron supplement product, Active Iron, in China, providing a better iron supplementation option for people with iron deficiency anemia in China.

R&D and license-in of innovative drugs for rare diseases

Fosun Pharma actively responds to the country's vigorous promotion of the development of 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 hematology, and is committed to improving the accessibility of innovative treatments to patients with rare diseases.

Drug	Indications	Model
FN-1501	Acute myeloid leukemia	Independent R&D
FCN-159	Malignant melanoma	Independent R&D
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 (signed a license agreement in 2018)
hPRC	Retinal pigment degeneration	License-in
SurVaxM	Glioblastoma	License-in
Aminohexanoic acid powder	Infantile spasms and refractory epilepsy	License-in

Improve primary medical care

In 2019, Fosun Pharma carried out a number of activities mainly in its own advantageous business areas including chronic diseases, tumors, and anti-infectives, and is committed to improving primary medical care, including active participation in the "Rural Doctor Poverty Alleviation" project sponsored by Shanghai The Fosun Foundation and China Population Welfare Foundation, launch of the

Han Li Kang lymphoma knowledge popularization project, launch of the "Star State Program", and continuous implementation of the "Double Thousand Action" project for tuberculosis in poor areas. (For details, please refer the section headed "Responsibility and Public Welfare")

Quality First – Operation Excellence

Number of patients with severe malaria saved by artesunate for injection

 **>24** million

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

 **>13** million

Number of patients with chronic diseases served

 **>13** million

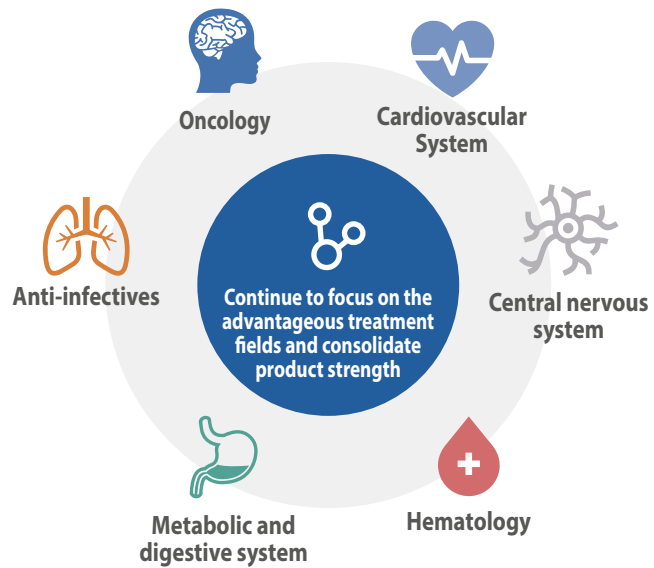
Product quality and safety

Pharmaceutical manufacturing and research and development subsidiaries, medical diagnosis subsidiaries and medical devices subsidiaries under Fosun Pharma Group are located in 12 provinces, autonomous regions, and municipalities in China as well as India, Israel, Sweden, etc. Subsidiaries were established in Europe and the United States.

The products produced by pharmaceutical manufacturing and research and development subsidiaries include biological products, TCMs, chemical drugs, biochemical drugs, etc. The produced medicinal products 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 metabolic and digestive system, oncology, anti-infectives, central nervous system, hematology and cardiovascular system. Medical devices

subsidiaries are mainly engaged in research and development, production and sales of diagnostic reagents, medical device consumables and distribution of high-end medical devices, e.g. Da Vinci surgical robotic system leading the world in respect of minimally invasive surgery system, Breas, a professional brand in the global respiratory field, Alma Lasers, a cosmetic medicine laser product from Israel, etc.

By leveraging on product advantages, Fosun Pharma continuously serves global customers and patients. In the field of anti-infectives, as at the end of 2019, artesunate for injection, an innovative drug, had saved more than 24 million patients with severe malaria. At the same time, first-line anti-tuberculosis drugs have helped more than 13 million patients with tuberculosis. In 2019, in the field of chronic diseases (including high uric acid, hyperglycemia, hyperlipidemia, high blood pressure, etc.), Fosun Pharma served about 13 million patients.

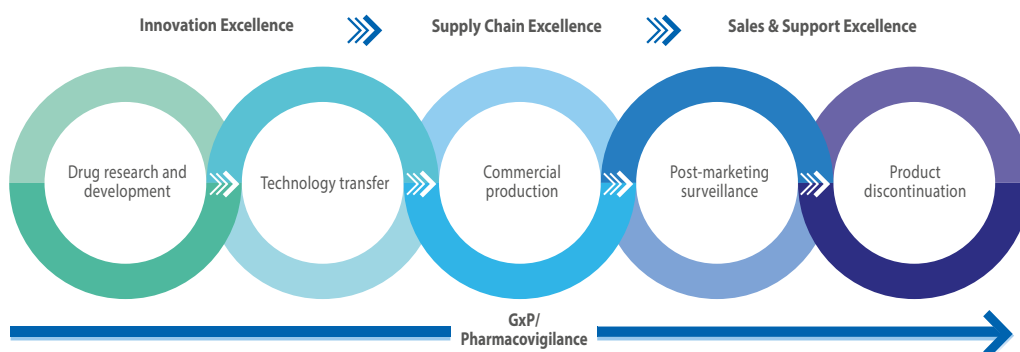


Full Life Cycle Management

The “life cycle of drugs” refers broadly to the whole process from the beginning of drug development, registration evaluation, marketing and use, reevaluation, to discontinuation 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 adheres to quality first, 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 2019, Fosun Pharma continued to promote FOPEX among subsidiaries and the member enterprises of all segments participated in the activities of lean improvement. In 2019, there were 472 new FOPEX lean operation projects, including efficiency projects, cost projects, and quality projects. As of the end of 2019, a total of 263 projects were completed, with an annual saving of over RMB34 million.

At the end of 2019, Fosun Pharma upgraded FOPEX to version 2.0. From the three aspects of management architecture, operating system, and culture and capabilities, it penetrated into various functional segments of the enterprise, and formed a closed-loop system of FOPEXTAR star factory evaluation and FOPEX 2.0. Fosun Pharma found gaps through rating and then continued to make improvement based thereon.

Talent is the key to the continued advancement of FOPEX. In 2019, Fosun Pharma further strengthened the training of FOPEX talents. Green belt training courses were established in Shanghai, Xuzhou and Chongqing, and a new research and development green belt class was established, benefiting a total of over 1,000 people including 304 people with green belt and 9 with black belt. With the further advancement of FOPEX, the application of lean tools, theories and methods in all aspects of work has help 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) exceeded

 **RMB34**
million



Black belt certification



Case

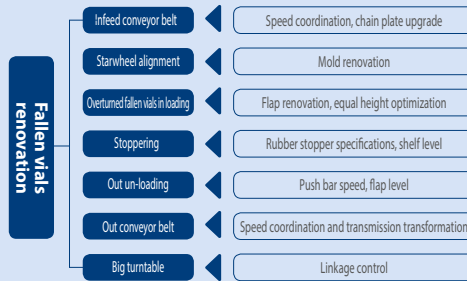
Wanbang Pharma reduced fallen vials of freeze-dried products in automatic loading and un-loading system to improve the yield of finished products

Wanbang Pharma conducted analysis on the production line of the workshop through DMAIC (i.e. Define, Measure, Analyze, Improve, Control), before the freeze-dried products enter the cabinet. Measurement was conducted for the entire array of star wheels and all stations including where the products enter the box, congestion, where the products exit the box, Wanbang Pharma applied the DMAIC (i.e. Define, Measure, Analyze, Improve, Control) method on the production

line of the workshop. For lyophilization products, measurement was conducted for the fallen vials during the process of pre-loading, starwheel alignment, loading, stoppering, un-loading, tray transferring, and analysis and improvement was performed to achieve zero fallen vials. After meticulous troubleshooting and improvement of measures, the goal of zero fallen vials was achieved during the movement of vials, which improved the yield of finished products.



Situation of overturned bottles before improvement



Key measures



Situation of overturned bottles after improvement

Pass rate of official inspection/audit



100%

Quality System Audit

Fosun Pharma is committed to becoming "a leading company in the mainstream global healthcare markets" and has a clear quality policy of "Respect for Life, Focus on Quality, Commitment to Perfection, and Pursuit of Excellence". The Group implements a four-level quality system architecture system (quality manual, GMP guidelines, management procedures, and documents of enterprises), and provides top-down guidance to help improve enterprises' quality system. As of 2019, the Group has issued a total of 17 GMP technical guides. In 2019, the Group issued the "Ten GMP Principles of Fosun Pharma" to refine the daily GMP code of conduct of member enterprises. The Group continued to follow the 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 2019, 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. The Group is equipped with a professional quality audit team. 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. In 2019, audit was conducted for 17 times including 6 unannounced inspections. Full-coverage quality audit was conducted for 4 productions sites of the overseas enterprise Gland Pharma, and the audit evaluation was also continuously carried out for medical devices enterprises. In 2019, audit evaluation was completed for 8 medical devices enterprises. At the same time, GMP pre-inspection, operation investigation, special inspection, and special regulation investigation 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 2019, 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), and continued to evaluate the quality system of contract manufacturers and sellers to ensure the quality and supply of the products.

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 root cause 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 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. 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 2019, the Group's domestic pharmaceutical subsidiaries accepted and successfully passed inspection by authorities for 80 times in total. In 2019, the overseas enterprise Gland Pharma accepted and passed 10 official audits. In 2019, domestic pharmaceutical subsidiaries were sampled 396 times and qualified reports were issued for 395 times (* Note: Notice of NMPA on 83 Batches of Drugs Not in Compliance of Provisions (2019 No. 75). In 2019, 10 domestic medical device member enterprises of the Group accepted and successfully passed 20 official inspections).



Production Workshop of Aohong Pharma

In 2019, all pharmaceutical subsidiaries of the Group meet the Edition 2010 GMP requirements of the PRC. As of the end of 2019, the pharmaceutical subsidiaries of the Group held a total of 56 2010 GMP certifications, including 30 sterile preparation production lines, 43 oral preparation production lines and 63 APIs. 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.

As of the end of 2019, over ten APIs received GMP certification national health authorities including the US FDA, EU, PMDA and Federal Ministry of Health. 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 freeze dried aseptic production line passed the cGMP certification of EU and 1 oral dosage production line passed the FDA cGMP of US. A number of aseptic production lines at 4 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 2019, while the medical device subsidiaries of the Group met the new "Specification for Production Quality Control of Medical Devices" of the PRC and seven enterprises also accepted the international ISO13485: 2016 re-certification, six of which passed the CE annual re-certification. Two

enterprises also passed the ISO9001:2015 re-certification. At the same time, the Long March Medical Laboratory passed the recognition 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 pre-approval 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 2019

Certification type	Certification agency	Certification status
China GMP certification	NMPA and drug administration of provinces	63 APIs 30 sterile preparation production lines 43 oral dosage production lines
US FDA certification	US Food and Drug Administration	12 APIs 2 production lines of oral solid formation
EU certification	Drug administration of the members of EU	3 APIs 1 freeze dried aseptic production line
WHO certification	World Health Organization	4 APIs 1 production line of oral solid formation 3 injection production lines
Japan PMDA certification	Japan Pharmaceuticals and Medical Devices Agency	4 APIs

International system certification of the domestic medical devices and medical diagnosis subsidiaries of Fosun Pharma in 2019

Certification type	Certification agency	Certification status
ISO 13485:2016	TUV SUD, TUV Rheinland, DNV.GL	7 enterprises passed
CE product certification	TUV SUD, TUV Rheinland, DNV.GL	6 enterprises passed
ISO9001:2015	Shanghai Quality System Certification Center, TUV Rheinland	2 enterprises passed

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) and 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 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 took 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.





Ten Principles of CMP

Quality Culture Construction

In 2019, in order to implement Fosun Pharma's quality policy of "Respect for Life, Focus on Quality, Commitment to Perfection, and Pursuit of 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 2019, the Group launched a quality management month event covering 30 pharmaceutical, medical device and medical diagnosis subsidiaries. On 5 September, the launching ceremony of the quality management month event was unveiled. At the same time, the theme of the Quality Month, i.e. "Strengthening Quality Risk Awareness, All Employees Practice Quality First" and the poster of Fosun Pharma's quality policy and ten principles of GMP were announced. The colorful management month event included quality culture essay competition, quality skills competition, QP summit forum, quality improvement proposals, etc., which not only demonstrated the style and level of quality management of the enterprises, but also improved the enterprises' ability of quality culture

construction and strengthened their competitiveness.

In particular, about 700 articles from 20 enterprises participated in the essay competition, and 20 articles were rewarded for outstanding articles by the Group. Yao Pharma's "Analysis on Quality Measurement Plan and Construction of Drug Quality Culture", Guilin Pharma's "Knowledge Management is a Key Element of Quality Culture Construction", Wanbang Pharma's "Piousness, Flowers Blooming in the Garden", Zhaohui Pharma's "On the Skills and Spirit of Quality Management" and Wanbang Jinqiao's "The Story of Me and Quality" won the first, second, and third prizes. The wonderful GMP knowledge contest, hot topic debate, and experimental skill contest stimulated the interest of employees in learning GMP knowledge, which not only promoted the enthusiasm of employees to study process skills, but also showcased modern medical staff's elegant demeanour. Quality improvement activities such as Yaneng Bio's "Golden Ideas" and Aleph's "Quenching Plan" greatly enhanced the enthusiasm of employees for "ownership".

On 21 and 22 October, the Operation Management Department of Fosun Pharma Group held a QP summit forum for member enterprises to conduct in-depth discussion of current hot topics including the drug administration law and the medical device registrant system, as well as issues such as the internationalization of enterprises and the construction of quality culture.

In 2019, the subsidiaries of the Group focused on quality culture construction and organized a variety of quality and cultural activities including annual quality conference of the Group, quality month activities of subsidiaries, quality knowledge contest, operation skill competition and other activities. At the 7th Brand Story Contest organized by the Guangxi Quality Association, Guilin Pharma's "Wormwood, Business Card of the Country" won the first prize of the speech contest and the "Growth of Heroes of Innovative Drug 001 of China" won the second prize in the micro film competition, and Qin Jianhe won the honorary title of "Guilin Craftsman".



Launch Ceremony of the Quality Management Month of Fosun Pharma

Annual quality training hours per capita of pharmaceutical subsidiaries exceeded

 **49** hours

Year-on-year  **11.36%**

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 combining internal and external training. In response to the Drug Administration Law and the Vaccine Administration Law newly promulgated in 2019, the Group and member enterprises proactively sent staff to attend various publicity trainings, and implemented transfer training and targeted training within the enterprises. In particular, Shenyang Hongqi Pharma specially invited Professor Yang Yue from Shenyang Pharmaceutical University to conduct in-depth training for employees. In 2019, the Group launched a training course for the Excellent Production Quality Directors, and invited internal and external experts to give lectures; Meanwhile, the Group invited experts in the pharmaceutical industry to jointly organize the production technology forum and data integrity technology forum,

and also increased the training on the new Drug Administration Law and international regulations for subsidiaries and organized training on knowledge of EU regulations, to provide support for the international development demands of subsidiaries. Key production quality managers are offered professional forums, trainings and education opportunities on specific topics such as risk management, the production, change of techniques, verification and change management of sterile preparations on the one hand, and all staff within these enterprises participate in management training on the 2010 GMP and training of standard operation procedure on the other hand. In 2019, the employees of pharmaceutical subsidiaries received quality training of more than 49 hours per capita on average and the employees of medical device enterprises received a total of 1,852.5 hours of external training, representing an average of 14.8 hours per capita; the total internal training hours were 22,257h, representing an average of 15.8 hours per capita.

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 Company 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 2019, 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 2019, the Group strengthened the construction of the pharmacovigilance data management system, completed the deployment, setup and training of the advanced global pharmacovigilance system ArisG at the group level, and officially launched it in May 2019. 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 NMPA, FDA and EMA, 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 2019, the Group improved the risk control plan during the research and development period, regular update of reports in a safe way, 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 2019, 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 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.

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.

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 2019, the Group continued to strictly implement the "Drug Administration Law", 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 2019, pharmaceutical subsidiaries of Fosun Pharma 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. Member enterprises strengthened training and expanded the proportion of report of self-collected adverse drug reactions. In 2019, the proportion of adverse drug reaction reports collected independently by the Group in the total reports increased by 255% over 2018, 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 adverse reactions events caused by drugs with quality defects in 2019. In 2019, no adverse event 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 subsidiaries regularly conduct drug recall drills 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 2019, the domestic pharmaceutical subsidiaries of the Group conducted a total of 10 drug recall drills. In 2019, Fosun Pharma Group conducted 2 product recalls, involving two

pharmaceutical subsidiaries. During the year, the Group proactively completed rectification or self-inspection in accordance with regulatory requirements without causing any risk of medication to patients.

Healthcare Services Quality and Patient Safety

In 2019, the state's new medical reform for the healthcare service industry was accelerating, and DRGs medical insurance reform, and tiered diagnosis and treatment were gradually launched. In response to changes in the external environment, Shanghai Fosun Hospital Investment (Group) Co., Ltd., a subsidiary of Fosun Pharma, officially changed its name to Shanghai Fosun Healthcare

(Group) Co., Ltd. ("Fosun Healthcare Group"), and continuously strengthened operation management capabilities of Fosun Healthcare Group and its member hospitals. Focusing on the construction of disciplines and medical technology and striving to create a medical service industry platform with "advanced medical technologies, quality management science, and excellent service quality", the

member hospitals of the Group continuously improved the ability of clinical medical services following the principle of "patient safety as the center and medical quality as the core", to let every patient feel warm, comfortable, safe and assured.

Healthcare Service Capability

In 2019, Foshan Chancheng Central Hospital, Hengsheng Hospital, Zhongwu Hospital, Wenzhou Geriatrics Hospital, Guangji Hospital, Jimin Hospital, Zhuhai Chancheng, and Wuhan Jihe Hospital, controlled by Fosun Healthcare Group, had a total of 4,328 beds. The total number of outpatient and emergency department visits was 4.296 million, representing a year-on-year increase of 13.3%, and the number of discharged patients was over 135 thousand, representing

a year-on-year increase of 19.5%. Fosun Healthcare Group focuses on specialty construction and enhancement of the service capabilities of member medical institutions. It introduced more than 400 advanced medical technologies throughout the year. In 2019, a total of 9 specialty alliances including oncology, obstetrics and gynecology, orthopedics, rehabilitation, nursing, laboratory pathology, cardiology, neurology, and respiratory medicine were established, and

the alliances carried out work through remote consultation, remote learning, joint talent cultivation, and academic conference; it has established specialized nurse training bases for obstetric nursing and stroke nursing; and perfected specialty nursing specifications, specialty nursing operating procedures and core competence building quality evaluation standards; as a result, member hospitals' medical service capabilities have improved rapidly.

Average satisfaction of outpatients and inpatients exceeded



96.0%

Healthcare Service Quality and Safety

In 2019, Fosun Healthcare Group kept abreast of the national medical reform situation in terms of medical quality management. It consolidated its advantages and improved its weaknesses based on superintendent performance and further consolidated the foundation of medical quality management, to provide solid healthcare service quality assurance for the construction and development of member medical institutions.

In April, Fosun Healthcare Group organized a symposium on medical quality management for member medical institutions to improve group medical quality management. In respect of system construction, efforts were made to strengthen the "six major systems" of organizational management system, diagnostic standardization system, management system, medical record control system, quality control index system, and early warning and monitoring system supported by information data and medical quality management tools, to promote the continuous improvement of medical quality management level through system construction. The work focus was still placed on the implementation of the 18 core medical systems to strengthen the safety management of perioperative period, implementation of the surgical grading management system, major surgery approval system, preoperative discussion system, new technology and new project access system (new surgery), and surgical inspection

system to strengthen the multidisciplinary diagnosis and treatment of postoperative critically ill patients. In July, the informationization of antibacterial drug management was promoted. Through the introduction of rational drug management software, micro-organisms and multiple resistant bacteria management software and other systems, Fosun Healthcare Group gradually realized antibacterial drug orders (prescriptions) management, perioperative period management, electronic antibacterial drug prescription reviews, bacterial drug resistance monitoring and reminders, and dynamic monitoring, assessment and early warning of clinical application of antibacterial drugs.

The member hospitals of Fosun Healthcare Group have established standardized medical ethics committees to ensure that the safety, health, and rights of subjects are closely protected. In 2019, member medical institutions further standardized the work of the medical ethics committee and further improved the personnel organization structure and constitution and completed the filing in a timely manner in strict accordance with the requirements of the "Ethical Examination Methods for Biomedical Research Involving Human Beings" issued by the National Health Commission and other regulations. The medical ethics committee of Hengsheng Hospital is composed of experts in various fields such as medical ethics, reproductive medicine, law, genetics, nursing, andrology, and community representatives. It has a multidisciplinary structure and also participates in ethics training at all levels to ensure quality of ethical management. The ethics committee has a work charter and work system to standardize ethical review, ethical consultation and ethical supervision, supervises the entire process of assisted reproductive technology and related

researches, and reviews, consults, arguments and gives advices on ethical issues encountered during implementation. Each year, the medical ethics committee of Hengsheng Hospital holds one or two ethical meetings. In case of special events, it is requested to hold extraordinary meetings for discussion. All work has a sound ethical file which is kept by dedicated personnel to regulate ethical management, safeguard the rights and interests of patients, and thoroughly implement ethical principles.

In November, a medical quality survey and inspection was organized for all member hospitals. The PDCA continuous improvement was achieved for comprehensive quality management and medical quality thorough plan at the beginning of the year, survey in the mid of the year and assessment at the end of the year. Fosun Healthcare Group promotes the homogeneous nursing management. Based on the homogenization of new nurse training manual and nursing quality inspection standards, in 2019, all member hospitals strictly implemented 45 homogeneous nursing quality management standards including nursing quality and safety management standards, nursing staff responsibilities, training program and assessment standards for nursing managers at all levels, 6S lean management standards and SOP, home continuous care standards and SOP, new nursing business and new technology management standards, etc.; Fosun Healthcare Group has built "Internet + remote nursing center" and established specialty remote nursing consultation and nursing case model, realizing sharing of nursing experience and nursing resource with the group and forming a cross-regional service pattern with secondary and tertiary hospitals linked.



Nursing skills training site of Hengsheng Hospital

Medical Quality and Safety Training

The member hospitals of Fosun Healthcare Group attach great importance to the internal training of employees and improve medical staff's medical service ability

and the hospital's quality and safety culture through training, to continuously consolidate medical quality and safety. The member hospitals organized a total of 386 hospital-level trainings throughout the

year, with a total duration of 886.5 hours, covering a total of 42,173 person times, and dispatched professional technicians for training for 197 person times.

Doctor-patient relationship

The member hospitals of Fosun Healthcare Group highly value the relationship between doctors and patients. They have set up special departments to be responsible for the construction and management of health practices, and have provided smooth channels with appeal for rights through satisfaction surveys, third-party surveys, superintendent's mailbox, online letters and hospital leaders' reception and established systems and specifications including the

first consultation responsibility system, the first question responsibility system, and the first complaint responsibility system with a view to establishing a friendly and trusting doctor-patient relationship with benign interaction with patients. Throughout the year, the member hospitals received a total of 636 letters of thanks, silk banners, and plaques from patients and their families. Patient satisfaction surveys

(survey forms: bedside questionnaires, random sample surveys of outpatients, telephone follow-up of discharged patients, collection of feedback information from the superintendent's mailbox, etc.) show that the average satisfaction of outpatients of the member hospitals of Fosun Healthcare Group was 96.29%, and the average satisfaction of inpatients is 96.17%.

Patient satisfaction of the member hospitals of Fosun Healthcare Group in 2019

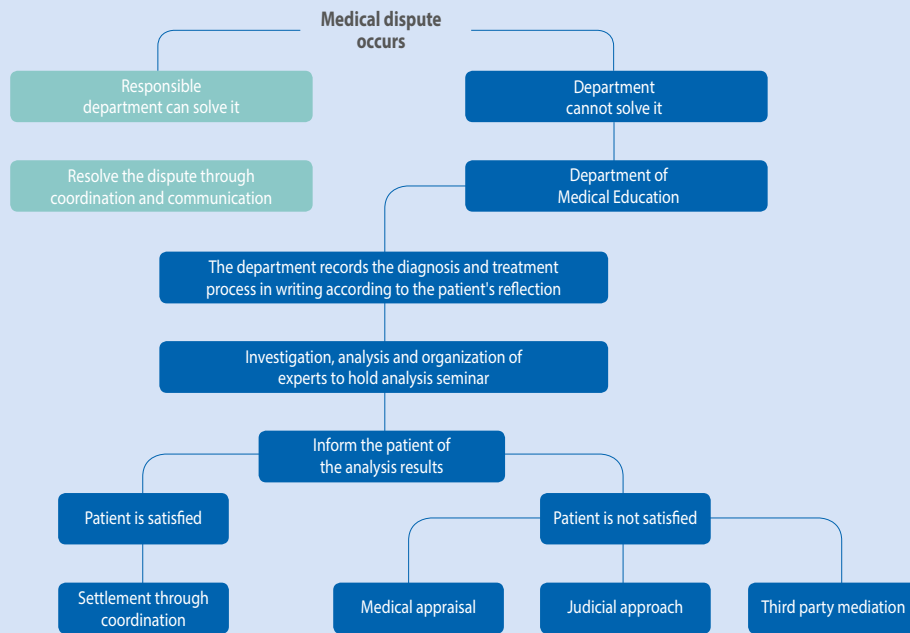
Name of medical institution	Foshan Chancheng Central Hospital	Shenzhen Hengsheng Hospital	Zhongwu Hospital	Yueyang Guangji Hospital	Jimin Cancer Hospital	Wenzhou Geriatrics Hospital	Zhuhai Chancheng Hospital	Wuhan Jihe Hospital
Outpatient satisfaction	96.97%	92.6%	96.12%	93.0%	99.0%	95.9%	95.51%	98.91%
Inpatient satisfaction	96.94%	94%	92.77%	95.0%	97.9%	96.8%	96.65%	98.73%

The member hospitals of Fosun Healthcare Group have always attached great importance to the quality of medical care, with patients as the center and medical quality as the core, to reduce and prevent medical disputes. Each hospital has established a complete complaint reception and handling process. In 2019, the Group listed the implementation of the new national Regulations on the Prevention

and Handling of Medical Disputes and the Measures for the Management of Complaints of Medical Institutions as key tasks for the year and organized member medical institutions to learn systems, update procedures, establish a doctor-patient relationship office and a "first complaint responsibility system", to strengthen medical complaint management, analysis and follow-up.

Case

Medical dispute handling flowchart of Hengsheng Hospital



Enhancement of Customer Value

Customers are important stakeholders of Fosun Pharma, mainly including patients, doctors, distributors, agents, medical experts, etc. Fosun Pharma takes "Better Health for Families Worldwide" as its mission. Driven by technological innovation, the Group focuses on unmet medical needs and is committed to providing high-quality products and service to customers.

The Group continues to maintain healthy communication with customers, continuously, timely and accurately understand the needs and expectations of customers, and has established a trustworthy customer service relationship and a smooth communication bridge, to continuously enhance customer value. At

the same time, by integrating the Group's worldwide resource and releasing the synergistic value of Fosun Pharma, the Group keeps on exploring intelligence and deeply empowers it using the Internet and other means to optimize the customer service.

Customer Management System

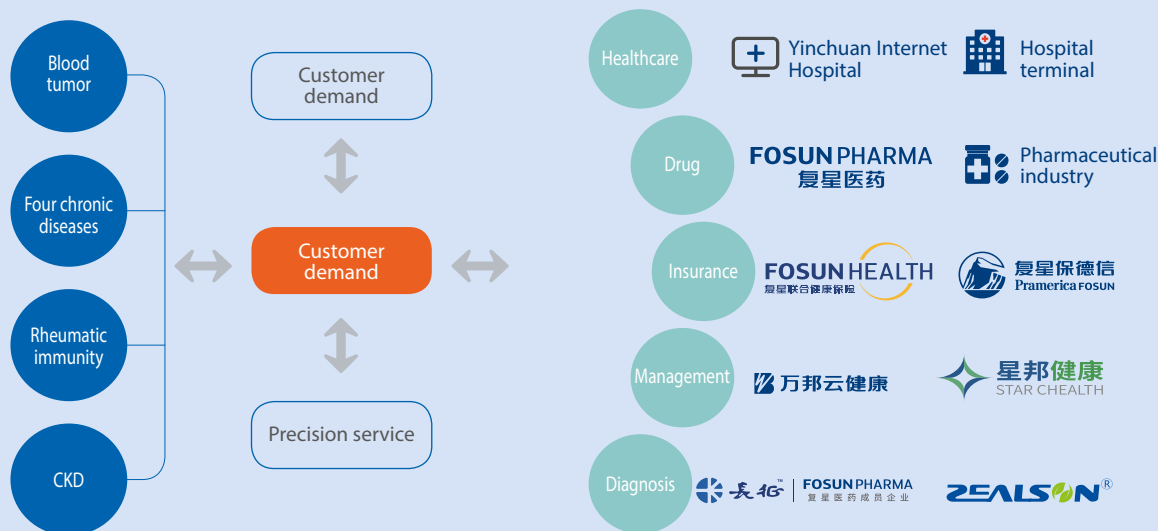
The member enterprises of Fosun Pharma Group have established a complete CRM (customer relationship management) system according to the actual situation. Through professional medical support,

they have introduced leading diagnosis and treatment programs and disease management models to help customers and benefit patients. Meanwhile, each member enterprise conducts various customer satisfaction surveys through questionnaire,

customer interviews, etc. and makes efforts to identify and analyze customer needs and expectations in order to provide differentiated services based on different customer needs.

Case

Wanbang Pharma's customer needs solutions—C2M strategic model



The development of China's pharmaceutical and healthcare industry is deeply affecting the industry's efforts to make more changes in operating models and structural adjustments. In the future, the needs, experiences and value perceptions from C-end will drive M-end to make model innovation, iteration and upgrades. Wanbang Pharma always takes "high quality & affordability" as the customer value proposition, and is dedicated to becoming a M-end integrating drug research and development, BD and manufacturing by relying on the advantages in the field of health management system covering "diagnosis + drug + insurance + health management" for patients. Through such a deep industrial layout, it will create more space for the overall development of China's pharmaceutical industry, and provide patients with better and accessible innovative treatment solutions and ecological upgrade solutions for disease management.

For example, the concept of integrated disease diagnosis and treatment helps clinicians conduct better early diagnosis and early treatment. On the diagnosis side, it relies on Internet resources and offline retail pharmacies to carry out early diagnosis screening (blood glucose monitoring, blood pressure monitoring, fundus AI technology aid, etc.); On the treatment side, it will provide integrated drug, special medical food and nutrition rehabilitation support; the insurance product resources in the Group will further increase the confidence of doctors and patients in medication; Meanwhile based on the Group's digital and intelligent management platform, doctors could better make processed management of patients and clinical research data administration.



Case

Cross-department customer management system of Yao Pharma

Yao Pharma has a cross-department team which is responsible for checking, adjusting and upgrading the customer management system from the customer side to standardize customer interactions and clarify department responsibilities. It sets up the communication channel between

organizations and customers and helps improve the company's relationship management.

Quality training of major pharmaceutical subsidiaries of Fosun Pharma in 2019

Customer type	Channel	Access to information	Result	Responsible department
Domestic distributors	Market visits	Regional market characteristics, industry and competitor dynamics, market capacity and development trends, customer needs and expectations, sales service feedback, regional market policies	Value customer profile	Business department
	Industry conferences		Product Improvement Report	
	Industry websites and newspapers		Service improvement plan	Commerce department
	Third party investigations		Countermeasures	
Questionnaire				
Hospitals	Academic seminars	Clinical efficacy of products	Clinical report	Marketing department
	Invention projects			
	Personal visits	New indications	Product Improvement Report	
	Questionnaires			
Patients	Market research analysis	Patient needs and expectations	Product and service improvement report	Business department
	Questionnaires			
Overseas preparation manufacturers	Industry websites and newspapers	Industry dynamics, market capacity and development trends, competitors, customer needs and expectations	Special report	Raw materials marketing department
	API exhibitions			
	Third party investigation			
Overseas agents	Industry websites	Industry dynamics, market capacity and development trends, competitors, customer needs and expectations	Special report	Preparation sales department
	API exhibitions			

"Digital and Intelligent" Customer Service

Against the background and trend of China's Internet + healthcare, China's medical industry is actively promoting digital transformation. Fosun Pharma uses digital technologies and platforms

to actively grasp the new opportunities brought by innovative business models and digitalization, respond to new challenges and meet the individual needs of customers, and enhance the customer experience.

Case

Youyibang launches "digital and intelligent" empowerment business to improve customer service effectiveness

"Youyibang" is a service platform built in 2016 focusing on patients with chronic diseases, which provides diagnosis, treatment and health management service. This innovative platform has six functions including medical service... which allows patients to experience smart medical life at their own home.

There are three subdivided platforms targeting to different audiences, such as patient-oriented chronic disease forming a complete ecological chain that can serve patients, doctors and pharmacies simultaneously. At the same time, Youyibang is also one of the first batch of enterprises to obtain an Internet hospital license issued by Yinchuan City, which qualifies itself to provide online medical consultation and

prescription, telemedicine, medication guidance, live video, clinical research, and patient follow-up management.

As of December 2019, the platform had more than 50,000 certified doctors, 6,000 prescription drugs and OTCs, 10,000 nutrition and healthcare products and 60,000 drug information databases. In respect of logistics and distribution, the platform supports express delivery, self pick-up at nearby pharmacies and DTP pharmacies And had realized drug delivery to home in one hour cooperating with JD.com, Meituan and Eleme The cumulative number of patients served has exceeded 10 million.

Responsible Marketing

Fosun Pharma has continued to strengthen the marketing system at home and abroad. As of the end of 2019, Fosun Pharma has formed a marketing team of nearly 5,300 people, including an overseas marketing team of nearly 1,000 people. In African countries and regions, Fosun Pharma has established a mature drug sales network, specializing in the promotion and sales of anti-malarial products and other generic drugs, and has formed a sophisticated international marketing platform.

During the market promotion and publicity in 2019, no subsidiaries of Fosun Pharma Group were reported and investigated by the regulatory 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 2019, no subsidiaries of Fosun Pharma Group had related violations in terms of product and service labeling.

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.

Curable and accessible Listen to the opinions of patients ——Science Popularization Public Welfare Activity and Fosun Pharmaceutical Enterprises Open Day Event on the 2019 World Lymphoma Day



In 2019, China's first biosimilar Han Li Kang came into the market. The marketing team of Fosun Pharma proactively promoted the concept of biosimilars in various academic platforms, allowing doctors and patients to have an objective understanding of biosimilars. On September 14, 2019, the day before the World Lymphoma Awareness Day, the "Curable and accessible Listen to the opinions of patients - Science Popularization Public Welfare Activity and Fosun Pharmaceutical Enterprises Open Day Event on the 2019 World Lymphoma Day" event as jointly sponsored by Shanghai Fosun Foundation and House086 and supported by Fosun Pharma was held in Shanghai Zhangjiang Hi-Tech Park. Professor Zhu Jun, secretary of the Party Committee of Beijing Cancer Hospital and chairman of CSCO China Anti-Lymphoma Alliance; Professor Zhao Weili, executive deputy director of Hematology, Ruijin

“ At the event site, experts mentioned that although the incidence of lymphoma is gradually increasing, medical technology advances and new drugs are constantly emerging, and the survival rate of patients with lymphoma is also increasing year by year. The level of diagnosis and treatment in domestic professional hospitals is close to that of developed countries, which makes our patients confident in treatment.

——Yu Si, a patient

I have recovered for ten years. I am grateful for the company of House086. Thanks to experts for providing us with the expertise to better fight lymphoma in life and treatment. Thanks to Fosun Pharma for letting us have a knowledge of cutting-edge medical technology at Fosun Kite!

——Ma Ge, a patient

Many thanks to House086 and Fosun Pharma for providing patients with the opportunity to communicate face-to-face with major experts. After hearing the experts' interpretation of the diagnosis and treatment of lymphoma and the progress of new drugs, I am more determined about the next step of treatment.

—— Liu Liu, a patient ”

Hospital, Shanghai Jiaotong University School of Medicine; Professor Zhang Huilai, director of Lymphoma, Tianjin Medical University Cancer Institute & Hospital, and other experts, more than 40 patients from House086 and family representatives, as well as volunteers from Fosun Pharma, jointly promoted the awareness of lymphoma diagnosis and treatment, and helped patients and families build confidence in fighting disease, improving quality of life, and gaining the confidence in cure.

Zero Malaria Starts With Me 2019 World Malaria Day



In 2019, Fosun Pharma's World Malaria Day in English-speaking countries in Africa was different from the past. The implementation of mass media campaigns aimed to strengthen working relationships with national malaria control projects in the Africa and directly engaged the public in the "Zero Malaria Starts With Me" event.

In Uganda and Ghana, Fosun Pharma promoted the dissemination of easy-to-understand and easy-to-use knowledge of malaria through local radio stations and influential newspapers, including the malaria prevention and use of oral ACT antimalarial drugs such as D-Artepp, to increase the public's



awareness of malaria prevention And encourage the public to learn to, so as to truly achieve "Zero Malaria Starts With Me".

In Zambia, we worked with the Malaria Control Committee of the Ministry of Health to distribute a large number of publicity materials on science popularization of malaria and the way for the public to fight malaria on site; in Zambia and Tanzania, marketers joined various malaria clinics, screenings and visits organized by the National Malaria Control Program; we participated in the local malaria prevention and control publicity in Africa by donating anti-malarial drugs (D-Artepp) and other methods.

User Complaint Management

The Fosun Pharma Group highly values the reasonable needs of users and continuously strengthen the handling of customer complaints.

The pharmaceutical subsidiaries of the Group 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 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 properly resolved within prescribed period. Remedial and preventive actions will be implemented to ensure high customer satisfaction. In 2019, the pharmaceutical

subsidiaries of the Group at home received a total of 26 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 risk 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 for recording of the complaints related to product quality. Full-time 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 (i.e. the senior management in the enterprise quality management system) after determining the reason for the

complaints through 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 2019, a total of 206 customer complaints were received, all of which were responded, and the response rate of user complaints was 100%.

The medical diagnosis subsidiaries of the Group have a dedicated customer service center with specially-assigned personnel to handle customer complaints, keep records of relevant departments, and implement the relevant systems after complaints in accordance with the rules and regulations of each enterprise.

Customer complaint response rate

 **100%**

Information Security and Privacy Protection

As a company whose business covers the entire industry chain of the pharmaceutical industry, Fosun Pharma fully realizes the importance of information security and privacy protection to the Company and its customers. The Group strictly abides by the rules and related regulations on privacy

protection and information security in the countries/regions where it operates, such as the Measures for the Management of Internet Information Services and the Law of the People's Republic of China on the Protection of Consumer Rights and Interests of China. The Digital Technology Innovation

Department of Fosun Pharma is responsible for the information security of the Group.

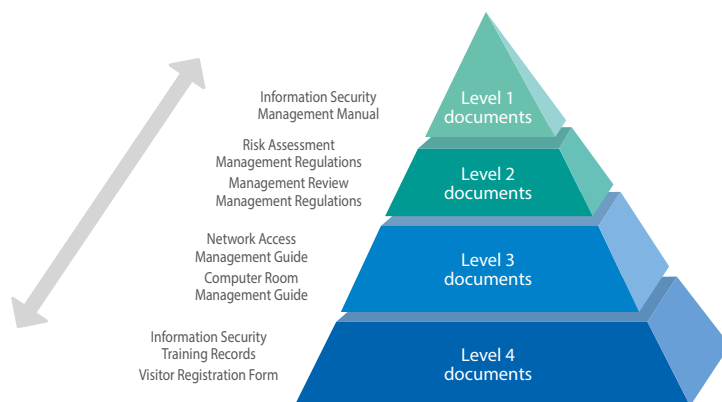
In 2019, the Group did not receive any complaints about user data privacy, nor has any data leakage incident occurred.

Information Security

At present, Fosun Pharma has established an information security management system for the Company's business operations, user needs and the Company's important assets, and provides comprehensive information security guarantees to users, shareholders, partners and other stakeholders to effectively protect customer information.

In 2019, The Digital Technology Innovation Department of Fosun Pharma determined the scope of the Company's information security management through surveys, and conducted a risk assessment based on the Company's actual business needs, after which it clearly specified the requirements for information security management in accordance with the ISO27001: 2013 standard requirements, best practices in the

industry and the Fosun Pharma Information Security Policy to provide a strategic direction for the Company's information security management. The policy clarifies the Company's overall requirements on information security work, guides the information security work, and provides guidelines and foundations for establishing management procedures and operating procedures for information and information processing facilities. At the same time, the implementation of this policy guarantees the confidentiality, integrity and availability of the Company's information assets, and ensures the safe and stable operation of the Company's information system, and the smooth development of various businesses.



Privacy Protection

Fosun Pharma Group strictly protects user data and all other sensitive information and prevents leakage. Without permission, the Group will not share, transfer or disclose the personal information of users to any other company, organization or individual.

The Group attaches great importance to the protection of personal information and privacy of employees, and adheres to work-related principles in collection and use in the recruitment and employment of employees; after employment of employees, specially-assigned personnel will file and maintain employees' personal information, and manages and hands over information on performance and salary, to ensure confidentiality.

The member hospital of Fosun Healthcare Group strictly protect the privacy of patients with a complete hospital information management system and various measures. In October 2019, the hospital information management system (HIS), Web system, and OA system of Foshan Chancheng Central Hospital, a flagship hospital of Fosun Healthcare, officially passed the three-level evaluation of information system security level protection, and obtained a filing certification issued by the Ministry of Public Security. This is an authoritative certification of hospital information systems and security protection capabilities. In the future, the member hospitals of Fosun Healthcare will continue to strengthen the construction of hospital information security in accordance with the strict standards of information system security level protection.

Case

Patient Privacy Protection Measures of Hengsheng Hospital



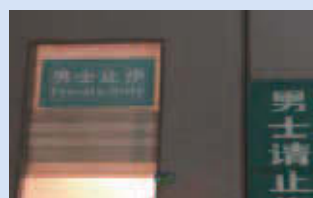
A warning board is fixed on the office door of each outpatient doctor, saying that One Person A Time, Please Wait Consciously to protect the privacy of others.



The outpatient dressing room is set with the warning board saying that Staff Only



The office of the Department of Gynaecology is set with the warning board saying that Female Only, to protect the privacy of female patients



The office of the Department of Gynaecology is set with the warning board saying that Female Only, to protect the privacy of female patients

Responsible Supply Chain

Win-win sustainable business partnership

Fosun Pharma adheres to the procurement principle of "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.





Continuous promotion green supply chain project

As of the end of 2019, the Group implemented **358** green supply chain audits to suppliers

A total of **6,242** suppliers accepted the "Proposal of Green Supply Chain for Fosun Pharma"

In 2019, **20** member enterprises conducted green supply chain audits to **139** suppliers



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

In 2019, member enterprises of the Group rejected **24** suppliers.



With "transparency, quality first" as the procurement principle, the suppliers of Fosun Pharma Group are located in more than **20** provinces, autonomous regions, municipalities or special administrative regions in China and many overseas countries.



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

Wanbang Pharma has launched more than **30** supply chain lean management projects

Supplier Management System

Fosun Pharma Group adheres to the procurement principle of "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.

In 2019, Fosun Pharma Group strictly implemented the procurement system that had been issued, perfected the current management system, and further standardized 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.

In order to further reduce costs and increase efficiency, and empower member enterprises' procurement, Fosun Pharma

Group's centralized procurement and procurement management department promoted the signing of strategic agreements with relevant suppliers, promoted the centralized procurement projects of various business segments and member enterprises, and fully utilized the value of centralized procurement management of the head office. In 2019, Fosun Pharma continued to advance its strategic and centralized procurement projects for production materials, services, equipment, and medical devices within the group.

Procurement principle

Transparency, quality first

Partial management systems

Basic Standards for Procurement and Tender Management of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (Trial Implementation)

Basic Standards for Green Supplier Management of Fosun Pharma Group and Its Controlled Subsidiaries (Trial Implementation)

Notice on Regulating the Management of Procurement and Tender Process Documents of Fosun Pharma Group

Management Measures for IT Procurement of Fosun Pharma Group (Trial Implementation)

Notice on Issue and Implementation of Procurement and Tender Document Templates for Medical Services of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.

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 structured management, and third-party credit reports are introduced during the tender process based on actual conditions. The Group 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., and it is prohibited to conduct acts in violation of laws, regulations and rules, etc. without proper reasons including failure of performance of contract. For suppliers' violation of the principle of

integrity, different punishment measures including warnings and bans have been formulated. For serious cases, cooperation will be permanently prohibited. In order to monitor suppliers' behaviors, we have announced complaint channels, hoping that more stakeholders will participate in the supervision and build good business practices with us.

Compliance Management of Suppliers

Fosun Pharma Group conducts compliance management of suppliers in accordance with national GMP requirements. All member enterprises of Fosun Pharma Group have formulated their supplier management procedures and established the supplier quality annual review system. 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. Meanwhile, the member enterprises of the Group adopt supplier audit procedures, supplier management regulations, quality agreements entered into with supplier, supplier assessment guidelines, etc. to facilitate the scientific

assessment of suppliers in terms of qualification, production environments, production technique standards, and quality assurance systems, etc. The Group implements classification management for suppliers based on the risk in relation to the influence of supply of goods by suppliers on product quality.

Prior to the commencement of supply by a new supplier, the member enterprises of the Group perform audit on supplier's qualification, quality system, production techniques and operation of production site, perform quality testing and small scale inspection on the sample received, and conduct further verification of production techniques, stability inspection and filing

of supplier. The supplier must meet all requirements to be qualified. During the supplying period, subsidiaries perform comprehensive assessment on the quality, delivery time and service attitude of suppliers. In case of problems, the subsidiaries will communicate and exchange with and provide feedback to suppliers, in order to urge suppliers to make necessary quality improvement, which is necessary for them to be incorporated into the list of qualified suppliers. The suppliers who quality does not meet requirements will be subject to downgrading, rejection, etc. In 2019, the subsidiaries of the Group rejected 24 supplies.

Province	Number of suppliers	Province	Number of suppliers	Province	Number of suppliers	Province	Number of suppliers
Beijing	91	Jiangsu	534	Guangdong	245	Gansu	4
Tianjin	39	Zhejiang	202	Guangxi	64	Qinghai	4
Hebei	109	Anhui	78	Hainan	7	Ningxia	4
Shanxi	19	Fujian	13	Chongqing	103	Xinjiang	11
Inner Mongolia	11	Jiangxi	36	Sichuan	78	Hong Kong, Macao and Taiwan	9
Liaoning	92	Shandong	185	Guizhou	0	Overseas suppliers	268
Jilin	21	Henan	31	Yunnan	7		
Heilongjiang	8	Hubei	72	Tibet	2		
Shanghai	487	Hunan	81	Shaanxi	17		

Review of suppliers of major pharmaceutical subsidiaries of Fosun Pharma Group in 2019

	Wanbang Pharma	Yao Pharma	Guilin Pharma	Aohong Pharma	Erye Pharma	Hongqi Pharma
Average training time per capita	48.4	50.1	26.0	27.7	32.0	67.6
Number of suppliers under annual review	497	433	255	60	111	104
Number of suppliers involved in business for the year	570	471	255	60	182	104
Number of suppliers under annual review/ Number of suppliers involved in business for the year	87.2%	91.9%	100.0%	100.0%	61.5%	100.0%

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

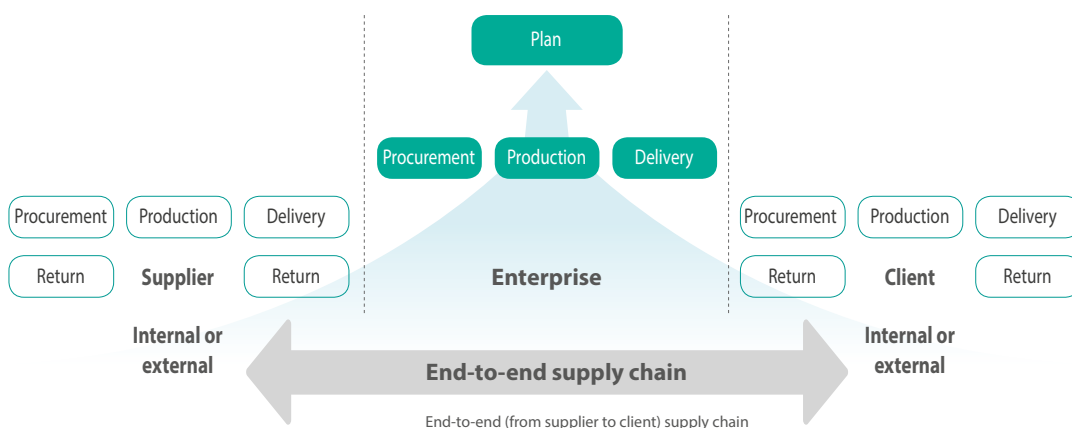
made good achievements in terms of ensuring supply, improving efficiency, and building green supply chain ecology. It expects to promote innovation in business management and build a benign ecosystem composed of customers, enterprises and suppliers through exploring innovations and changes in the supply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

Lean Supply Chain

Fosun Pharma has continued to extend its operation excellence (FOPEX) from production expansion to the end-to-end (from the supplier to the client) supply chain. It has started lean management of supply chain from 2018 and carried out related system improvement, talent introduction, and pilot selection, to get prepared for subsequent implementation.

Fosun Pharma learns from Gartner, an international company, to cover the four pillars of supply chain, i.e. procurement, plan, production and logistics, from three dimensions, i.e. management structure, operating system, and culture and capabilities, supplemented by relevant other business management, to optimize

supply chain management in terms of end-to-end plan, automatic scheduling, material integration, cycle reduction, etc. At the same time, it interacts with safety and quality management to investigate hidden dangers and make gradual improvement.



In 2019, Fosun Pharma conducted pilot projects at three factories of Wanbang Pharma and emphasized the stability, agility and synergy of supply in terms of end-to-end supply chain.

In 2019, Wanbang Pharma's three factories launched more than 30 pilot projects of lean supply chain management, and established capacity forecast models, and optimized product production cycles and release cycles, and outstanding results were achieved.

Stability

Fosun Pharma ensures stable supply of raw materials, auxiliary materials, and packaging materials, supplies goods in a timely manner, and optimizes production capacity and order forecast and evaluation, to ensure stable supply to downstream customers.

Agility

It refers to reducing delivery time, optimizing MOQ, flexibly responding to large and small orders, and responding quickly to urgent orders.

Synergy

Fosun Pharma optimizes the information flow from the sales end to the production end and to the logistics end, and exchanges data, to improve forecast accuracy.

Green Supply Chain

In 2016, Fosun Pharma jointly launched the green supply chain construction project called "Green Fosun" together with its subsidiaries and upstream and downstream suppliers aiming at guiding the subsidiaries 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 Its Controlled Subsidiaries (Trial Implementation) and the Proposal of Green Supply Chain for Fosun Pharma (the Proposal). As of the end of 2019, a total of 6,242 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.

After the launch of the green supply chain project, Fosun Pharma has established a green supply chain assessment system. In 2019, Fosun Pharma iterated the assessment system and set 25 indicators in three

categories, i.e. environmental sustainability, safety and accident prevention, and system management. In June, Fosun Pharma organized special training on procurement and EHS functions for member enterprises, to improve their green supply chain management capabilities.

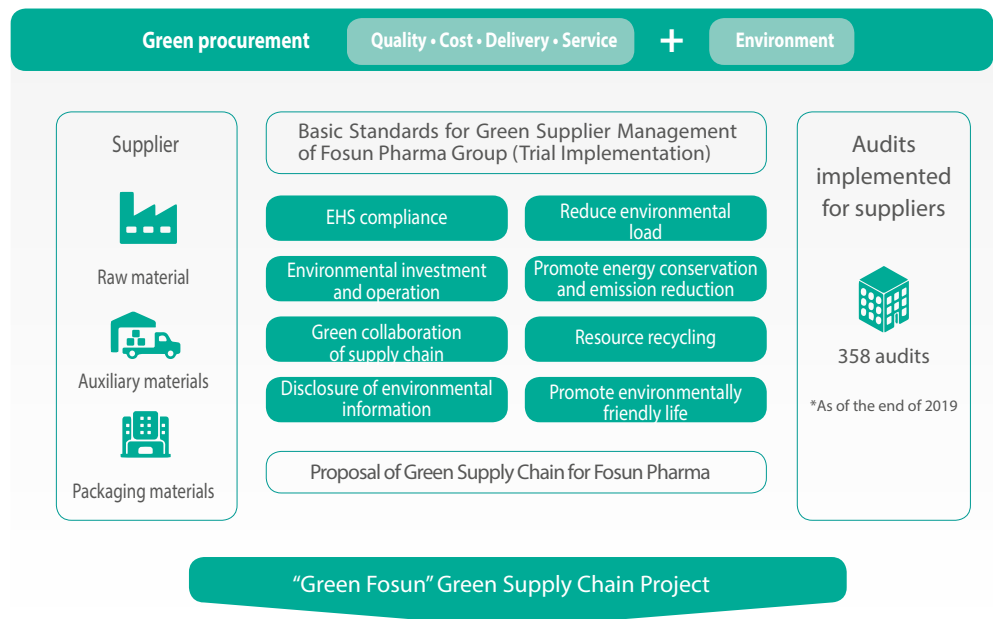
As of the end of 2019, the member enterprises of Fosun Pharma implemented 358 green supply chain audits to their suppliers. In 2019, 20 member enterprises carried out green supply chain audits to 139 suppliers of raw materials, auxiliary materials and packaging materials, of which 51 suppliers conducted on-site audits, and member enterprises communicated with suppliers on rectification program for disqualified items identified in documents and on-site audits.

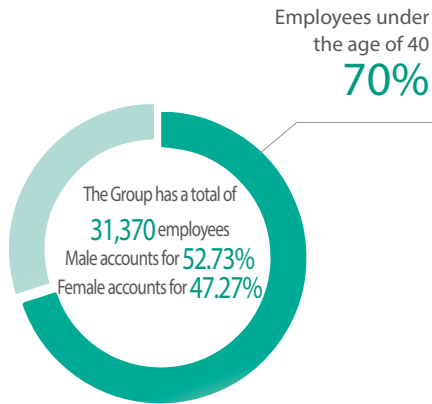
In 2019, Fosun Pharma selected three suppliers, i.e. Shanghai Colorcon Coating Technology Co., Ltd., Shenzhen Salubris Pharmaceuticals Co., Ltd, and United Laboratories International Holdings Limited to conduct on-site inspections. None of them was found to be of actual or potential significant negative environmental impact.

Green supply chain audit implemented by Fosun Pharma Group to suppliers



358 times





350 employees holding a doctorate degree,
representing a year-on-year increase of **↑6.71%**

3,312 employees holding a master's degree,
representing a year-on-year increase of **↑13.35%**



The Group's overseas employees reach **5,256**
and are distributed in the United States, India,
Israel, Africa, Europe and other countries and
regions



Fosun HealthCare Management Institute continues
to carry out New Employee/Company Series,
leadership development series, professional /
functional series and common skill series training
programs to provide employees with a platform for
continuous growth and development.



**Occupational health and safety
training protects employees' safety**

EHS training hours per capita **14.65** hours
Year-on-year **↑55.5%**



Improvement of employee safety control

Recordable incident rate **0.395**
Year-on-year **↓8.8%**

Talent Development and Cultivation

The sustainable development of talent is an important step in the accomplishment of Fosun Pharma's goals.

Fosun Pharma 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 external

outstanding talents. At the same time, it has always focused on strengthening internal training and upgrading, to create an entrepreneurial talent team that recognizes the Company's cultural values to build a talented highland for the Group.

Talent Value

"Attracting Talents Through Development, Building Our Team Through A Common Cause, Training Talents Through Their Works, Evaluating Talents Through Their Performance"

is talent value of Fosun Pharma. The Company is committed to continuously training talents with outstanding performance and high potential, bringing together the world's most

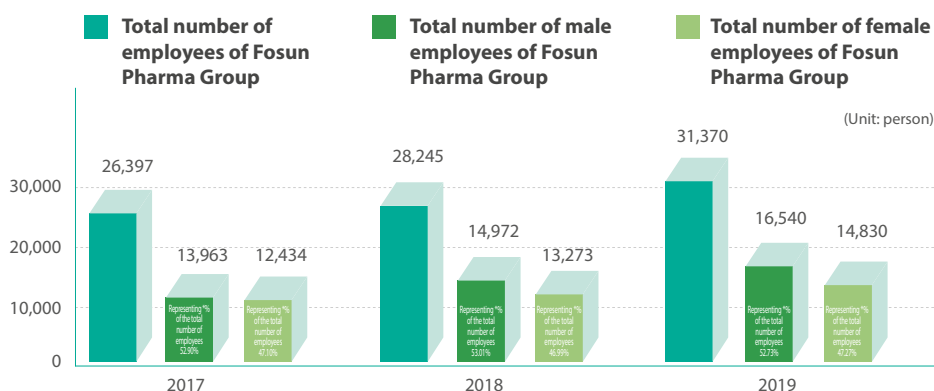
entrepreneurial talents: who identify and practice the cultural values of Fosun Pharma and are featured by self-motivation, rapid learning and continuous value creation.

Staff Structure

As at 31 December 2019, the Group had a total of 31,370 employees, representing an increase of 11.11% as compared to 2018.

In 2019, the Group continued to optimize the talent structure and adhere to the policy of young, highly-educated and

global talent structure to better match business development and further attract outstanding talents to join the Group.



Young talent

The Group attaches great importance to young talents and the construction of 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 at the end of 2019, the number of employees aged under 40 of the Group reached 21,665, representing nearly 70% 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
2019	51	9,975	11,639	6,441	1,894	1,037	333	31,370
2018	140	9,768	9,964	5,886	1,486	711	290	28,245
2017	106	8,951	8,887	5,940	1,546	683	284	26,397

Highly educated talent

In 2019, the Group continued to increase the introduction of highly educated talents to better train the Company's reserve talents.

As at the end of 2019, the number of doctors in the Group reached 350, a year-on-year increase of 6.71%. The number

of masters reached 3,312, an increase of 13.35% year-on-year, and the proportion of personnel with a bachelor's degree or above reached 44.32%. The overall education level of talents has further improved.

Year	Doctor	Master	Undergraduate	Junior college student	Secondary school student and below	Total
2019	350	3,312	10,242	8,236	9,230	31,370
2018	328	2,922	9,137	7,183	8,675	28,245
2017	256	2,453	8,193	6,541	8,954	26,397



Talent and Technology Exchange (TTE) Program

Global talent

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 5,256 employees in the United States, Switzerland, Poland, India, France, Israel, Côte d'Ivoire and other countries in 2019.

Region	Number of employees in 2017	Number of employees in 2018	Number of employees in 2019
Eastern China (Shandong, Jiangsu, Anhui, Zhejiang, Fujian, Shanghai)	10,096	11,094	12,590
Southern China (Guangdong, Guangxi, Hainan)	4,604	4,812	4,929
Central China (Hubei, Hunan, Henan, Jiangxi)	3,543	3,853	4,081
Northern China (Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia)	241	280	292
Northwest China (Ningxia, Xinjiang, Qinghai, Shaanxi, Gansu)	0	0	0
Southwest China (Sichuan, Yunnan, Guizhou, Tibet, Chongqing)	1,951	1,869	2,584
Northeast China (Liaoning, Jilin, Heilongjiang)	1,500	1,493	1,638
Hong Kong, Macao and Taiwan	14	0	0
Overseas	4448	4844	5256



Fosun HealthCare Management Institute established Guilin Pharma College

Employee Training

The Company established a training and development center in 2009, and set up its own corporate university, 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 inheritance of knowledge and experience, and platform for dissemination of cultural concepts, let everyone learn in work and grow in learning through effective resource integration, to boost the Company's continuous development.

In 2019, relying on the Company's corporate culture, we continued to develop four series of training programs, namely "New Employee/Company Series", "Leadership Development Series", "Professional / Functional Series" and "Common Skill Series".

Learning and Development Course System

New Employee/ Company Series

- New Employee Orientation
- New Executive Orientation
- Fosun Military Training Camp
- Culture Inclusion of New Subsidiaries

Leadership Development Series

- Executive Committee Training
- Mini MBA
- Advanced Leadership Program
- Intermediate Leadership Program
- Fundamental Leadership Program
- Management Trainee Program

Professional/ Functional Series

- Marketing Director Program
- Production Quality Director Program
- Medical Nursing Director Program
- Finance Director Program
- R & D Manager Program
- Other professional functions training

Common Skill Series

- Basic Knowledge
- Communication
- Management

Enterprise Culture of Fosun Pharma - Self-improvement, Teamwork, Development and Contribution to Society

1

New Employee/Company Series: Fosun Pharma provides informative orientation, executive luncheon and sharing with classmates to fresh employees and continued to care about their work and life within three months since Day 1, to help newcomers understand corporate culture and better integrate into Fosun Pharma's family. In 2019, in addition to the "One Fosun Military Training Summer Camp", we also provided immersion training for new employees.

2

Leadership Development Series: We provide management and leadership program to experienced and senior managers, which will accelerate the development of managers and leaders and reserve excellent talents for the Group. Based on the previous training of the Executive Committee, we have expanded the training scope for management by inclusion of the leaders of member enterprises to form a partner training mechanism; in addition, we launched a series of basic leadership training and team activities for high-potential MTs who have just entered the Company for 1-2 years.

3

Professional/Functional Series: we cooperate with subsidiaries to provide professional learning courses which are in line with the development of those on critical positions in key areas including marketing, operation and lean management. The "Marketing Director Program", "Production Quality Director Program" and "R&D Manager Program" conducted in 2019 have become an important way for the Company to cultivate leaders in terms of marketing, production quality, and research and development.

4

Common Skill Series: A "Lunch Sharing Session" is held every month for all employees, at which company executives, leaders of subsidiaries and external professionals are invited to share corporate strategies, best practices, hot topics, etc. In 2019, we promoted the FoTED internal lecturer program. Meanwhile, Common Professional Skills Training is provided to all employees on a monthly basis to provide professional and refined training and help employees apply the knowledge learned in work to help employees improve their personal soft skills, broaden their horizons and increase their knowledge.

Training indicators	Unit	2017	2018	2019	
Total Training Expenses	RMB0'000	686	993	1,480	
Average Training Hours Per Person	All employees	hours/person	43	34	31
	Of which, female employees	hours/person	40	37	28
	Of which, male employees	hours/person	47	32	34
Training for Senior Management	Number of trainees	Person	374	376	1,193
	Total training time	Hour	7,831	15,412	33,356
Training for employees other than senior management	Number of trainees	Person	22,275	25,144	30,012
	Total training time	Hour	963,408	839,581	960,008

Note: the statistics of the total number of trainees in the average training hours per capita include all overseas employees for the first time, and the overseas training hours are incomplete statistics.

“Lunch Sharing Session” of Fosun HealthCare Management Institute

Fosun HealthCare Management Institute holds a "Lunch Sharing Session" at the headquarters of Fosun Pharma on a monthly basis, at which company executives, management of subsidiaries and external professionals are invited to share corporate strategies, best practices, hot topics, etc. The Lunch Sharing Session is committed to creating "fun and relaxed" sharing activities. All employees in Shanghai voluntarily sign up. Everyone enthusiastically communicates in a free environment and sparks ideas.

In August 2019, Professor Xu Tian, Chief Scientific Advisor of Fosun Pharma and Chairman of Fosun Lead, made a sharing session themed by "take you to explore the mysterious brain-computer combination", which aroused strong response from the participating employees. Xu Tian introduced the latest developments in the field of brain-computer interface, shared some wearable devices with brain-computer



interface technology, and gradually popularized the principles and milestones of brain-computer integration for everyone. He also introduced our current cooperation with hospitals. After the sharing session, the students had a more in-depth discussion and communication with Professor Xu Tian.

Occupational health and safety training protects employees' safety

Occupational health and safety training is one of the countermeasures for production safety in enterprises, and an important measure to prevent "three violations" and prevent and contain production safety accidents.

Member enterprises of Fosun Pharma completed 404,227 hours of EHS training in 2019, including a total of 67,557 person times, the number of trainings per capita was 2.45 and the time of training per capita was 14.65 hours.

Segment	Total number of person-times	Total hours (hour)	Average hours per person (hour)	Average times per person (time)
Pharmaceutical manufacturing and R&D	58,641	277,248	13.96	2.95
Medical devices and diagnosis	3,970	25,240	12.03	1.89
Healthcare services	4,946	101,739	18.03	0.88
Total	67,557	404,227	14.65	2.45

Accumulated EHS training hours per person in 2019

404,227 hours

as compared to 2018

↑ **70.2%**

Average EHS training hours per person in 2019

14.65 hours

as compared to 2018

↑ **55.5%**



In 2019, Wanbang Biopharma conducted special emergency drills such as comprehensive fire emergency drills, falling from heights, being trapped in elevators, and on-site emergency treatments such

as chemical leakage and burns which were mainly conducted by various departments; the emergency drills tested the emergency response procedures and trained emergency response teams.



“Agile Organization Building” of Wanbang Pharma and Hongqi Pharma

According to the 2017 Forbes’ survey on global CEOs, 70% of the companies surveyed worry that their companies will lose their competitiveness within two years! Fosun Pharma attaches great importance to the sustainable development of itself and its member enterprises. In the current volatile and uncertain market environment, Fosun Pharma has vigorously introduced the concept of agility and promoted agile organizational change.

In October 2019, Wanbang Pharma, a member enterprise of Fosun Pharma, launched the guanfacine sustained release tablet agile project. The Company’s management highly valued it and designated the COE (i.e. Human Resources Expert Center) team and project leaders immediately. The management required to leverage on this project as an engine to promote Wanbang’s internal changes. In respect of design, the project goals are divided into three levels. The first and most important thing is to be agile at the cultural level, establish agile language, build an agile mechanism, and cultivate an agile culture. The second is to be agile at the capability



level, to strengthen self-learning and internal driving; the third is to be agile at the project level, to implement specific projects and promote R&D and innovation.

At the same time, a series of agile tools were promoted through training, the concept was incorporated into mechanism and culture, and the agile behaviors within organizations were guaranteed.



Display board of the agile project of Hongqi Pharma

In March 2019, Hongqi Pharma launched the R&D agile project and innovatively introduced visual board management, which effectively improved project promotion efficiency.

• Easily management of work items

On a concise electronic "board", it is always obvious to see "who", "what to do", and "when" to complete, which improves collaboration and cross-team cooperation and helps implementation of projects in an efficient way.

• Linkage to project related contents, ensuring effective communication

All documents, key discussions, and meeting schedules are place in the "Task Details Page", which keeps structured records and links the same to tasks for easy finding.

• Quantitative work arrangements and scientific allocation of resources

The visual "timeline view" allows intuitive understanding of the work schedule and load of each member, so that the project planning and allocation of resources are more reasonable.

• Powerful statistical reports, data-driven improvement

It allows to keep abreast of project status and team performance, and resolve potential risks in a timely manner. Rich optional dimensions make statistics of working hours simpler, performance evaluation more scientific, and working environment more transparent.

“Guilin Pharma College Program” of Guilin Pharma

As required by the talent strategy, Guilin Pharma further systematically planned the talent training path and created a learning-oriented and high-performance organization. On 19 July 2019, "Guilin Pharma College" was officially established to help corporate business and strategic development. Guilin Pharma College aims to create professional programs in line with international GMP on quality management and production site management and leadership training programs in line with the characteristics of Guilin Pharma and to train a group of outstanding lecturers of Guilin Pharma College to make it become a training base for professionals in international quality production operations, to better meet the company's needs of construction of an international talent team.

In July 2019, Guilin Pharma College cooperated with Fosun HealthCare Management Institute

for the first time to organise the first production quality director program. In the program, on-site special lectures and field visits were conducted at Guilin Pharma, and audit and self-inspection were arranged. In the exchange and interaction in classroom, the problems found in the site audit and self-inspection were tracked and rectified.

Subsequently, Guilin Pharma College also opened management programs including "Comprehensive Management Skills Improvement Training for Middle and Senior Management and Newly-hired Managers", "Shift Leaders Management and Improvement Training", "Enterprise Change Management in the New Normal" and GMP knowledge series programs including "English Program for Acceptance of International GMP Inspections", to improve employees' professional skills in all aspects.

Employee Development

Talent is the core competitiveness and important asset of an enterprise. The team with 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. Through an open and win-win innovation mechanism, Fosun Pharma Group directly introduces outstanding scientists or technical teams for internal incubation, and encourages and supports teams to start and re-start a business together 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 constant perfection in terms of sustainable development between employees and the corporation.

Fosun Pharma Group assesses the management teams at respective enterprises to ensure effective relay of KPI and advancement and consolidation of the performance culture. In hospital management, for example, the superintendent responsibility system under the leadership of the board of directors of the hospital is adopted. Each year, the board of directors of the hospital reviews and activates amendment of 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 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 operation of the hospital is not meant to pursue short-term interest. Instead, it focuses on long-term, sustainable, and benign developments that answer to the social and community charity nature of the hospital.

Department-based normal distribution is enforced on the performance results of employees at the Group. With reference to the 360-Degree Feedback System, it is meant to tailor personalized enhancement and improvement solutions for each of the employees in order 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 the strategic support and innovation in terms of business development. Since it was established in 2007, the system mentioned above has been practiced by the management over the years. The systems effectively support investment and operation strategies and comprehensively cover the Company and individual subsidiaries to successfully facilitate the fulfillment of long-term performance goals by the enterprises. 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 incentive of the staff.

Talent Acquisition

With the continuous improvement and extension in the field of big 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 from China and tap into the rest of the world, attracting more and more local and overseas talents to join us. Talent is the core competitiveness and important asset of Fosun Pharma. The team with entrepreneurial

spirit is the core of Fosun Pharma's development. Fosun Pharma proactively creates value and shares development with teams through the partnership mechanism. Through an open and win-win innovation mechanism, Fosun Pharma directly introduces outstanding scientists or technical teams for internal incubation, and encourages and supports teams to start and re-start a business together with Fosun Pharma.

Internal Referral

The Group actively encourages internal staff to recommend external personnel for enriching the reserve of human resources, which helped the Company to build a first-class team. Our employees actively participate in talent acquisition plan. In 2019,

29% of the new employees joined the Company through internal referral channels, which helped the Company to find talents tallying with development needs.

Salary and Benefits of Employees

Fosun Pharma Group's member enterprises are located in many countries and regions around the world. 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 location is higher than local minimum wage and complies with local labour laws and regulations. The Group upholds fair principle and opposes discrimination. It implements the policy of same starting salary for employees with different gender. It also complies with minimum wage standard, and achieves same salary at 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 labour laws and regulations in operating locations. It has contributed social security and public accumulation fund for all employees. In certain regions, the Group

provides additional commercial medical insurance (100% coverage), supplementary provident fund, etc. Employees are entitled to have statutory paid annual leave and home leave. The Group has provided holidays and benefits in accordance with national and local laws and regulations for all female employees during their three stages in pregnancy (i.e. pregnancy period, birth period and breastfeeding period). The working position of pregnant employees retains unless the employee resigns, and she can go back to her position after pregnancy holidays. For 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 Labour Union. Employees' right of participating and organizing labour union is written into the Group's regulations and systems and is implemented. Necessary facility and outlay on activities are provided by the Company. The Group cares about its employees and provides periodic health examinations, health consultation or seminars, so as 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, color and religion, and all employees have equal rights. The Group promotes fair competition, disapproves of discrimination and respects freedom of religions belief. Its 2019 employee structure consisted of 47.12% female employees, 0.24% disabled employees, and 3.57% minorities. 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 prohibition of child labour and forced labour: The Group strives to hire legal labour. All employees of the Group meet the minimum working age requirements under relevant laws in the countries/regions where we operate, and child labour or forced labour is prohibited. Meanwhile, when selecting supplier, Fosun Pharma conducts assessment on supplier. The number of juvenile workers employed is strictly controlled and the employment of juvenile workers complies with the requirements of laws relating to labour protection and working hours.

Channels for employee communication and appeals, signing of collective agreements of labour union, and holding of employee representatives congresses: The Group always respects the hearing and appeal rights of employees and offers 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 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 unimpeded channel for them to complain and express their opinions. We also take measures to keep confidentiality and safeguard employees from retaliation.

The Group respects the political rights of employees, which is clarified in the overseas employee handbook.

Staff outflow change at Fosun Pharma Group

Year	2017	2018	2019
Out flow rate	20.54%	21.22%	17.70%
Loss rate	16.93%	17.69%	16.13%

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)



The Third Congress of CCP of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.

Party Committee and Labour Union

The Party Committee of Fosun Pharma and its subsidiaries and hospitals (General Party Branch and Party Branch) insisted on giving full play to the political core and leading role of the Party and did not forget to focus on Party building at the beginning and condense their efforts to promote development.

Founded in 2007, the Party Committee of Fosun Pharma consisting of the subsidiaries in Shanghai currently has 7 branches and 510 Party members, 67.6% of which are young people under the age of 35 and 53.3% have master's degree or above. These Party members have effectively demonstrated the advanced role of Party members in the Company's innovative R&D and operation management positions and have made extraordinary contributions to their ordinary jobs. In 2019, 1 grass-root Party organization, 2 Party workers and 4 outstanding Party members were commended by the Party committee of Fosun Pharma

The Party Committee of Fosun Pharma focuses on the ideological and political construction of Party members, and continuously improves the Party members' self-cultivation, and insists

on the goal of building a learning-type Party organization. It has put forward the goal of building a learning-type Party organization, so that grass-roots Party branches and Party members will become the "core" of enterprise development. At the same time, we attach great importance to research and inspection of problems, rectification and reform, and inspire the Party members to keep the passion for innovation and entrepreneurship, be brave to take responsibility and work hard through the education themed by "remain true to the original aspiration, remember the mission". In recent years, Fosun Pharma has won the honor of National Model Home of Staff in 2018, and won the title of Shanghai Civilized Unit for the eighth consecutive year. The core team of HLX-01 project of Shanghai Henlius, a member enterprise of the Company, was awarded the title of Shanghai Worker Pioneer in 2019.

The labour union of Fosun Pharma, sub-unions, subsidiaries, and labour unions of hospitals fully perform the four functions of maintenance, construction, participation, and education, endeavour to consolidate infrastructure, and continuously improve the vitality of

organization. The participation in the democratic management of enterprise, cultivation of a culture of innovation, launch of employee care program and enriching the spiritual and cultural life of employees help the enterprises to fulfill their social responsibilities and conduct a series of characteristic works, giving full play to the role of labour union in increasing cohesion and promoting harmony and development. In 2019, the labour union of Fosun Pharma elected a new session of employee representative supervisors, a new labour union committee and a fund review committee. In addition, in respect of the grassroots labour union branches, the united diagnosis labour union successfully completed the general election and the establishment meeting of the united labour union of Shanghai Henlius was successfully held.

Employee Activities

Fosun Pharma takes "care for life, continuous innovation, pursuit of excellence, sustainable partnership" as its corporate values and advocates creation of a healthy, harmonious and pleasant working atmosphere, to provide employees with a stage for growth and development and subtle and considerate humanistic care. The Company continues

to inspire team cohesion by fostering an innovative culture, building a learning-type organization, and carrying out employee care activities, so that employees can realize their self-worth in dedication.



Group photo of the 2019 innovation and entrepreneurship competition of Fosun Pharma



Birthday party for employees of Fosun Pharma in 2019

Development of management innovation activities both internally and externally

Innovation is the DNA of Fosun Pharma's corporate culture and the source of corporate development. Each year, Fosun Pharma will carry out innovation and entrepreneurship competitions, FOPEX Operation Excellence Management Month, Quality Management Month and EHS Management Month activities, and expand the ecological circle of the culture of Fosun Pharma through internal and

external integration. The 4th Innovation and Entrepreneurship Competition held in 2019 attracted 21 member enterprises and more than 77 applications for innovation projects. The holding of the competition has established and developed employees' innovative consciousness, and provided a stage for the development of talents with innovative thinking.

Diversified learning and training help employees grow





Fosun Pharma attaches great importance to self-learning of employees and strives to create a favourable learning environment for employees. In 2019, Fosun Pharma continued to build a "never graduated university" and carried out training and sharing activities including special training courses, general vocational skills





training, Lunch Sharing Session, weekend lectures, etc., which promoted the internal borderless flow of knowledge and assist employees in their career growth in an all-round way. In 2019, we continued to strengthen the construction of Xinglong Book Store's online and offline libraries which lent 580 books and visited by nearly 400 people throughout the year.

Multi-dimensional care Launch of employee care program

Fosun Pharma Group advocates happy work and physical and mental balance, and believes that happiness can be passed on to colleagues, customers and patients. It gives employees sufficient trust and respect by creating an open

and inclusive working atmosphere. Fosun Pharma's employee care program provides multi-dimensional care for employees' work and life and helps employees better balance work and life.

-  Provision of employees with high-quality medical examination services to keep employees informed of their health status in a timely manner, which facilitates early detection and early intervention to maintain physical health;
-  To provide support for employees' healthy sports, Tai Chi classes, yoga classes and dance classes were set and employee gyms, table tennis rooms, basketball courts, and tennis courts were established throughout the year, so that employees have good places for healthy exercise beyond 8 hours of work;
-  An employee care center was established to provide free professional medical consultation services for employees throughout the year;
-  12 birthday parties with different themes were organized to make employees feel the

-  warmth of "home". In 2019, more than 400 people joined the parties.
-  The Company visited 41 employees for giving birth to child, illness, and funeral, and helped allocation of medical resources for employees' families for more than 60 person times.
-  The head office established more than 10 employee clubs, which carried out a series of activities including badminton, football, basketball, table tennis, etc.;
-  The Company carefully organized and carried out various holiday activities, to send all kinds of care to employees.

Employee Safety and Health Protection

Accident control



Proactive action strategy management

- Risk assessment, establishment of SOP and emergency response, plan 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
- Number of Lost Time Injury case in 2020 was 0.290, representing a decrease of 50% as compared to 2016
- Recordable incident in 2020 was 0.525, representing a decrease of 50% as compared to 2016



Performance in 2019

Performance indicator	Current target value in 2019	Actual value completed in 2019	Status
Fatality, major injury incident	0	0	Completed
Lost Time Injury rate	0.363	0.343	Completed
Recordable incident rate	0.656	0.395	Completed

EHS Employee Representative

Fosun Pharma Group attaches great importance to the protection and implementation of various legal rights of employees in terms of health and safety. Fosun Pharma Group has two organisations, i.e. EHS special committee and labour union, to promote and supervise EHS work and protect the relevant rights of employees. The EHS special committee covers the top management, middle-level executive team, and EHS functional departments. Its main function is to formulate EHS policies and specific control targets for member enterprises, and ensure the investment of

necessary personnel, materials and financial resources as planned for the operation of the EHS management system. The EHS special committee will regularly hold internal working meetings to review the problems in the progress and development of EHS work and coordinate the internal management resources in time to solve the obstacles and difficulties in the development of EHS work. The EHS special committee is the core organisation that plans, develops and implements EHS work from top to bottom, and the labour union is the organisation, as employee representative, that participates

in and supervises the implementation of EHS work and investigates corporate accidents, supervises and urges enterprises to effectively ensure the due rights of employees in terms of health and safety. The EHS special committee and labour union cover 100% of the member enterprises of the Fosun Pharma Group, thereby effectively monitoring and protecting employees' rights in terms of health and safety.

The EHS Committee of Aohong Pharma learns from external events by analogy



For typical cases of external major accidents, the EHS Management Committee of Aohong Pharma organised relevant study and discussion, and conducted a special chemical inspection for key



inspection areas and key inspection contents based on its own characteristics. All the defects identified in inspection have been rectified.

Multi-dimensional employee communication of Erye Pharma



Display board of Erye Pharma

The EHS Department of Erye Pharma communicated with employees through display boards, posters, LED screens, etc. The communication content covers: on-site special operations, rectification and tracking of safety hazards, statistics of accidents and incidents, wastewater station operation, legal and regulatory information, best safety practices, occupational hazard information and monitoring results, the company's EHS policy and objectives, and other information.



Roll up banner for publicity of Erye Pharma

Through EHS information communication, personnel at all levels of the company can learn about the company's EHS performance, risks, and control.

Erye Pharma has set up general manager's mailbox, emails and other channels to let employees provide occupational health and safety recommendations at work to company leaders.

Safety Incident Control

Employees at all levels of the Fosun Pharma Group have deeply recognized the importance of safety to business operations. Through the top-level design of safety management, the safety production responsibility system has been implemented at all levels, and safety management has been incorporated into performance evaluation. The Group's EHS focuses on point-to-point supervision of key safety risks in the main production activities of member enterprises to achieve empowerment management.

Member enterprises strictly implement various risk prevention and control and hidden danger investigation and management systems, organize hidden danger investigation for dangerous operations, and urge management personnel at all levels to perform their duties carefully, to promptly eliminate hidden dangers of production safety accidents. The enterprises are equipped with emergency rescue equipment for ventilation, detection and rescue, to ensure that the probability of employee injury is minimized in unexpected situations.

During the reporting period of 2019, the Group had no major safety accidents or major fire incident occurred and the overall security situation remained stable. The serious injury rate of the Group's million man-hours was 0, the minor injury rate was 0.343, the lost time injury rate (excluding lost time outside the factory) for the year was 0.343, and the recordable incident rate was 0.395 (down 8.8% year-on-year). Female employees accounted for about 1/2 of employees involved in accidents.

Main Safety Performance of Fosun Pharma Group

	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

Note: 1. GB6441-86 The classification for casualty and injury accidents of enterprise staff and workers and OSHA standard are applied for the classification of incidents. The data includes OSHA Lost time injury and recordable incident (an incident that requires prescription in hospital or more serious)

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
				Number of major injury case	Number of minor injury case			
Pharmaceutical manufacturing and R&D	41,753,767	14	0.335	0	0.335	249	17	0.407
Medical devices and diagnosis	4,695,650	1	0.213	0	0.213	38	1	0.213
Healthcare services	11,809,641	5	0.423	0	0.423	61	5	0.423
Total	58,259,057	20	0.343	0	0.343	348	23	0.395

Note: For accident that work has not resumed by the end of 2019, the lost time is counted up to 31 December 2019

Employee Health Protection

Employees are the most valuable asset of Fosun Pharma Group, and we realize that employee protection is one of the important contents of our EHS work. Member enterprises of the Fosun Pharma Group comply with national laws and standards and use international good practices as a guide to effectively carry out risk assessment for positions exposed to toxic and harmful factors. The main occupational hazards include chemical exposure, dust, noise, high temperature, radiation, biological factors, etc. The risk control method preferentially adopts alternative and engineering control measures to achieve the effect of group defense.

In accordance with the requirements of the "Law of the People's Republic of China on Prevention and Control of Occupational Diseases", the member enterprises regularly

conduct assessment of occupational disease hazards in in-service facilities and inform its employees. Based on the assessment results of occupational disease hazards, each member enterprise strictly organizes pre-work, in-work and post-employment medical examinations of employees; during the reporting period, for the positions exposed to occupational disease hazard factors, the medical examination coverage rate of employees was 99.9%. 2 female employees of the member enterprises were in pregnancy and childbirth period during the physical examination for 2019 and were not suitable to undergo the occupational health examination of that year. They had temporarily left the positions exposed to occupational health hazards after pregnancy until the end of their lactation period. There were no occupational diseases in 2019.



1 Prediction and evaluation

Predication and evaluation are performed for occupational hazard factors for new construction, renovation and expansion projects, and risk assessment is conducted for occupational hazard factors;



2 Hazard control

Priority is given to elimination, substitution and engineering control measures for control of occupational hazard factors at source and collective protection to ensure intrinsic safety;



3 Exposure monitoring

Regular monitoring and assessment are carried out for employees' exposure to occupational hazard factors and management control and individual labour protection are adopted for residual occupational hazard factors;



4 Hazard notification

Warnings are set on operation sites to remind employees of maintenance of protection facilities for prevention of occupational hazard factors and individual labour protection;



5 Competency and training

Regular trainings are organized for employees on protection against occupational exposure to enhance employees' precaution consciousness;



6 Occupational health examination

Occupational health examination is organized for employees exposed to occupational hazard factors including pre-work, on-the-job and dismissal physical examination;



7 Analysis and improvement

In addition to analysis on the control effects of occupational hazard factors and employees' occupational health data, the Group sets improvement goals, ensures supply of resources and makes continuous improvement;



8 Filing and tracking

Occupational disease prevention facilities are established in accordance with national regulations and records are kept for employees' exposure and individual health.

Occupational health performance by segment of Fosun Pharma Group

Segment	Number of employee exposed to occupational hazards	Occupational hazard factor exposure percentage	Number of employee required for occupational health examination	Completion rate of occupational health examination	Major occupational hazards
Pharmaceutical manufacturing and R&D	2,774	13.97%	2,717	99.9%	Chemical, dust, noise, heat stress, ionizing radiation
Medical devices and diagnosis	184	8.77%	99	100%	Chemical, dust, noise, high temperature, ionizing radiation, bio-hazard, blood infection
Healthcare services	537	9.52%	537	100%	Ionizing radiation, bio-hazard
Total	3,495	12.66%	3,353	99.9%	-

Case

Research Institute Pharma launches occupational health and safety demonstration for new process



Occupational health and safety demonstration for new process of Research Institute Pharma

According to the requirements of relevant regulations, the Research Institute Pharma conducted a reliability demonstration for chemical process safety for the first time in China, covering safety, process safety, occupational health, and emergency response; and prepared



Occupational health and safety demonstration for new process of Research Institute Pharma

SOP based on the results of the demonstration to train employees and implement emergency and protective facilities and measures, to ensure the health and safety of employees.



“Rural Doctor Poverty Alleviation” project

The purpose of the “Rural Doctor Poverty Alleviation” project as sponsored by Shanghai Fosun Foundation and China Population Welfare Foundation is to stabilize the team of rural doctors, improve professional capacity of rural doctors, and effectively reduce the impoverishment and repoverty rates of national-level poverty-stricken counties. As of December 2019, the “Rural Doctor Poverty Alleviation” project covered a total of 60 counties, helped 7,669 clinics in administrative villages, and supported 25,751 village doctors.

Fosun Pharma Group proactively participated in the “Rural Doctor Poverty Alleviation” project. In 2019, Fosun Pharma Group donated a total of more than RMB4 million in the form of cash, drug and materials to the project.

Responsible Environmental Protection

Joint construction of an environment friendly community

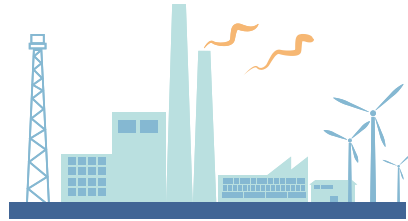
“Committing to environmental and social sustainable development, preventing pollution from occurring, actively promoting energy conservation and emission reduction, securing biodiversity and building an environmental-friendly community” is the environmental protection policy of Fosun Pharma Group. Fosun 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 **0.35** tone/RMB10,000 of output value Year-on-year **↓ 16.5%**



4 member enterprises increased VOCs emission reduction and governance facilities

100% of VOCs discharge enterprises launched renovation of terminal treatment facilities
The accumulative engineering investment was approximately RMB **20** million



Enhancement of water use efficiency

Water saving **255** thousand million m³;
Water consumption intensity **3.33** tons/RMB10,000 of output value
Year-on-year **↓ 16.5%**



Improvement of energy use efficiency

Electricity saving **5.04** million kWh
Natural gas saving **460** thousand million m³
Fuel oil saving **85** tons
Comprehensive energy consumption intensity
2.65 GJ/RMB10,000 of output value
Year-on-year **↓ 14.8%**

EHS Strategic Management and Policy

As a listed company, Fosun Pharma deeply understands that environmental protection and employee health and safety are one of the social responsibilities that an enterprise should perform. In addition to strengthening environmental pollution prevention and control in the production and operation process, attaching importance to production safety, and conducting EHS management, Fosun Pharma started to accept the supervision and guidance of Fosun Pharma's EHS work from the public and stakeholders by insisting on the disclosure of social responsibility reports since 2009. It also hoped that under the supervision of the public, the EHS management of Fosun Pharma Group can meet the requirements of relevant parties and achieve continuous improvement, striving to achieve the commitments in the EHS policy of Fosun Pharma that "Fosun Pharma 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, protecting ecological civilization, and building environment-friendly communities."

Fosun Pharma's business scale has continued to expand, the business types of member enterprises have continued to change, and the risk complexity and management difficulty faced in the Group's EHS have become more apparent. How to carry out EHS management and improve environmental management performance continuously and continue to provide employees with a healthy and safe working environment are the problems that Fosun Pharma's EHS management department is thinking about in the course of the development and growth of the Group's business. In the "13th Five-Year Plan" (2016 ~ 2020), the state clearly states that high-speed growth of the national economy is

based on a sustainable basis, and the core requirement of improving the overall quality of the ecological environment during the "13th Five-Year" period. In light of changes in internal business and external policy environment, Fosun Pharma analysed the current status of EHS management in 2016, and output the EHS risk map analysis and SWOT analysis of member enterprises of Fosun Pharma, which further determined the strategic goals of EHS management of Fosun Pharma for the first five years (2016-2020).

Focusing on the requirements of the first five-year strategic goals of EHS, Fosun Pharma has carried out EHS management and improvement in various aspects in the past reporting period. In terms of pollutant emission reduction, Fosun Pharma has paid close attention to the pollution control of member enterprises, and promoted the construction, renovation and upgrading of environmental protection facilities of member enterprises. In the period of 2017-2018, the entire group invested approximately RMB60 million in building new VOCs treatment facilities for a number of companies including Zhaohui Pharma, Wanbang Jinqiao, Guilin Pharma, Dongting Pharma and Shine Star and cumulatively invested approximately RMB20 million in upgrading and renovation of the sewage treatment facilities of many member enterprises such as Wanbang Folon and Aohong Pharma. The green factory design concept and international advanced environmental protection processing technologies were introduced in the construction planning of new production bases in Xuzhou, Changde and Chongqing. The goal is to build one or more green model factories with high efficiency, low energy consumption and maximum environmental benefits. In addition, in the past reporting period, Fosun Pharma gradually and orderly promoted the establishment and implementation of the EHS management system within the



EHS policy

group, and the core member enterprises' EHS system was gradually upgraded to the qualified or excellent management level to ensure the orderly and systematic operation of EHS management, and the core member enterprises have successively completed the EHS management system HOPES for the special environmental protection and fire safety risks of the healthcare services segment, and the process safety management system (PSM) for the safety risk control of the of pharmaceutical chemicals and APIs. The above works and the specific quantitative results were described in previous reports.

Fosun Pharma's first five-year EHS strategic goals include environmental emission reduction, effective use of energy resources, employee health and safety management, and green supply chain management, corresponding quantitative indicators included in each strategic goal, and the actual performance of EHS in the reporting period of 2019 is detailed in detailed in subsequent sections of this report. The base year for all quantitative indicators is 2016.

The EHS Management Working Committee was established

2012

The EHS Management Department of Fosun Pharma was established

2013



The Occupational Health and Safety (EHS) Manual of Fosun Pharma was promulgated

2014

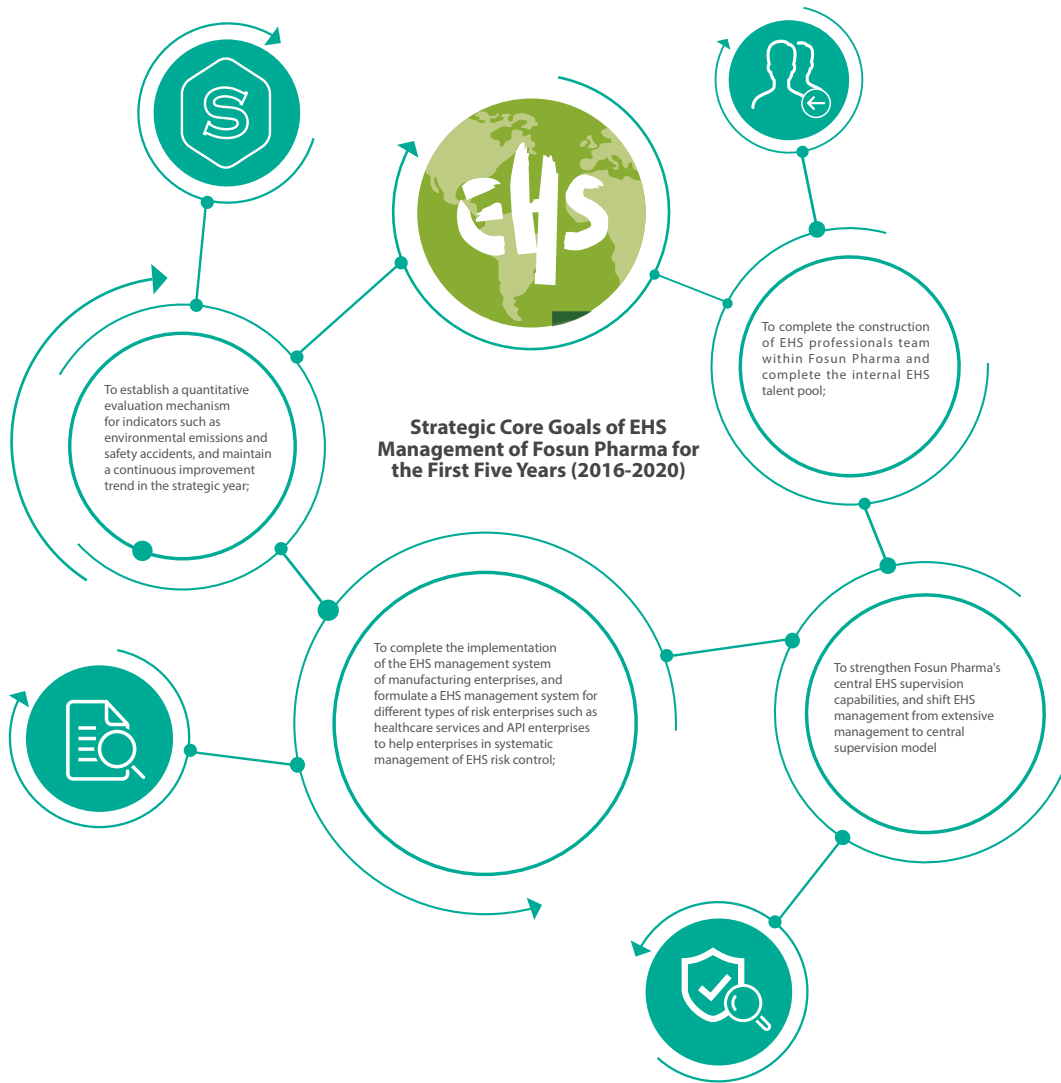
The initial framework of Fosun Pharma's EHS management system was determined

2015



- The EHS risk map analysis of member enterprises and SWOT analysis of Fosun Pharma's EHS management was completed for the first time
- Fosun Pharma's EHS policy was issued and announced for the first time
- Formulation for the first five-year strategy and targets of EHS management (2016-2020)

2016



2017

- Environmental protection promotion: upgrading and renovation of environmental protection processing facilities; construction of new VOCs collection / emission reduction facilities;
- Safety improvement: initial construction of process safety system;
- Supply chain improvement: Green supply chain launched EHS audit for the first time;
- System optimization: Development of an EHS management system for the healthcare services segment-HOPES



2018

- Lean concepts and tools were used to help improve energy efficiency and reduce greenhouse gas emissions;
- The central data platform followed up the results of EHS core indicators monthly and corrected them in a timely manner;
- Fosun Pharma's EHS system cross-examination was launched to strengthen the landing of the EHS system;
- Fosun Pharma cultivated EHS internal talents and established talent pool;



2019

- EHS management system achieved "improvement at the Group and in-depth implementation at subsidiaries", and 4.0 certification and ESH cross-audit of Fosun Healthcare Group were performed;
- The Group intensified energy management and control and greenhouse gas reduction to ensure that core member enterprises implemented the management and control indicators and management plan of energy saving and emission reduction;
- The Group strengthened study on external safety accident cases and required employees to conduct self-inspection based on learning from others to consolidate risk prevention and control;
- The design and construction of EHS supporting facilities were promoted for new bases following the principle of "green factory, intrinsic safety"

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 2019, the Group accumulatively invested RMB46.116 million in environmental protection facilities, which mainly focused on construction/upgrading of environmental protection facilities such as exhaust gas (such as VOCs) treatment facilities, sewage treatment facilities, and replacement of oil with gas for boilers; RMB78.717 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 terms of safety investment, in 2019, the entire group's investment in occupational health and safety of RMB58.013 million was used to upgrade and renovate various safety facilities of member enterprises, to improve the intrinsic safety of equipment and ensure the normal operation and maintenance of various safety and fire facilities and protection of employees' occupational health. The amount increased by RMB19.587 million over 2018.

EHS investment by segment of Fosun Pharma Group

Segment	Capital expenditure of environmental facilities		Operation expenditure of environmental facilities		Capital expenditure of safety facilities		Operation expenditure of safety facilities	
	Amount (RMB'000)	Description	Amount (RMB'000)	Description	Amount (RMB'000)	Description	Amount (RMB'000)	Description
Pharmaceutical manufacturing and R&D	4,518.8	VOCs treatment project Waste water treatment facilities upgrade and renovation Replacement of oil with gas for boilers	7,327.8	Operating costs of environmental protection facilities Hazardous waste disposal costs	3,037.1	Rectification of dangerous goods warehouse, rectification of safety and fire facilities	1,646.3	Personnel protective equipment Occupational health test Maintenance cost of fire facilities
Medical devices and diagnosis	18.7	Hardware renovation	74.2	Hazardous waste disposal	30.6	Alarm, fire equipment replacement	80.8	Personnel protective equipment Occupational health test Maintenance cost of fire facilities
Healthcare services	74.2	Upgrade and renovation of waste water treatment station	469.6	Medical waste treatment	569.1	Elevator replacement, road reconstruction	437.4	Personnel protective equipment Occupational health test Maintenance cost of fire facilities
Total	4,611.6		7,871.7		3,636.8		2,164.5	

EHS Certification

During the reporting period, Fosun Pharma has made policy commitments on environmental protection, health and safety in a stable manner, actively promoted the establishment and optimization of the internal EHS management system, and increased the coverage of cross review of the internal EHS management system during the reporting period. Fosun Pharma successively carried out cross review for internal system for all manufacturing subsidiaries to promote the effective operation of the EHS management system within member enterprises, eliminate major non-compliance items in the operation of system, and accelerate the training of EHS talents and capacity improvement through review.

As of the end of 2019, the Group and all its member enterprises had not been punished by local authorities for environmental protection issues, and no external environmental pollution incidents occurred during operation in the year. Five member enterprises were commended or awarded by local environmental protection, safety supervision and/or fire authorities.

While accelerating the establishment and review of the internal EHS system of the Group, the member enterprises have also proactively promoted and carried out external third-party system certification/appraisal. As of 2019, a total of 16 member enterprises of the Group have passed third-party certification of ISO14001 and/or OHSAS18001 system. In particular, 4

member enterprises including Zhaohui Pharma, Wanbang Folon, Erye Pharma and Jianyou Chengye completed exchange of certification of OHSAS18001 and smoothly transitioned from ISO18001 to ISO45001 system in 2019. During the reporting period, another 24 member enterprises passed the third-party review of national safety production standardization, and 14 member enterprises proactively responded to the national green manufacturing and clean production policy requirements and carried out assessment and certification of clean production.

Certifications on EHS Management Systems and Standard Certification of Major Subsidiaries of Fosun Pharma Group

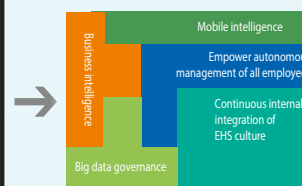
Subsidiary	Type of certification	Subsidiary	Type of certification
Wanbang Pharma	ISO14001, OHSAS18001 Class III Safety Standardization, clean production	Yao Pharma	ISO14001, OHSAS18001 Class II Safety Standardization, clean production
Wanbang Jinqiao	ISO14001, OHSAS18001 Class II Safety Standardization, clean production	Carelife Pharma	Class III Safety Standardization, clean production*
Zhaohui Pharma	ISO14001, ISO45001 Class II Safety Standardization, clean production	Guilin Pharma	ISO14001, OHSAS18001 Class II Safety Standardization, clean production
Wanbang Biopharma	ISO14001, OHSAS18001 Class II Safety Standardization, clean production	Aohong Pharma	Class III Safety Standardization*, clean production
Wanbang Folon	ISO14001, ISO45001 Class III Safety Standardization, clean production	Erye Pharma	ISO14001, ISO45001 Class II Safety Standardization, clean production
Huanghe Pharma	ISO14001, OHSAS18001 Class II Safety Standardization	Dongting Pharma	ISO14001, OHSAS18001 Class III Safety Standardization, clean production
Wanbang Tiansheng	Class III Safety Standardization	Hongqi Pharma	ISO14001, OHSAS18001 Class II Safety Standardization
Long March Medical	Class II Safety Standardization	Aleph	Class III Safety Standardization
Jiangsu Changxing	Safety Standardization (Primary)	Shine Star	ISO14001, OHSAS18001 Class II Safety Standardization
Huayin Medical	Class III Safety Standardization, clean production	Gland Pharma	ISO14001, OHSAS18001
Shanghai Transfusion	ISO14001* Class III Safety Standardization, clean production	Shanghai Henlius	Class III Safety Standardization*
Laishi Transfusion	Class III Safety Standardization, clean production	Research Institute Pharma	ISO14001, OHSAS18001 Class III Safety Standardization
Jianyou Chengye	ISO14001, ISO45001 Class III Safety Standardization		
Total	ISO14001 certification: 16 enterprises; OHSAS18001 (ISO45001) certification: 15 enterprises;	Safety standardization review: 24 enterprises; Clean production certification: 14 enterprises;	

Note: * indicates newly passed certification during the Reporting Period

Case

EHS Operations Management of Wanbang Pharma

- 01 Provision of a more advanced knowledge management platform
- 02 Provision of more comprehensive and systematic professional management methods
- 03 Provision of more complete and accurate EHS big data monitoring
- 04 Provision of more intelligent and agile control system



Wanbang Pharma practically achieved "actions in line with requirements, monitoring with methods, and powerful control", continuously optimized EHS management, and realized "full mobility, full perception, all things, full visualization, and all employees participation" of EHS management. As a result, the EHS management scored 4.0 in the annual audit for the first time, becoming world-class EHS management.

Wanbang Pharma insists on independent innovation and proactively introduces new technologies. It promotes intelligent manufacturing from the perspective of grid management organization, production process automation, scientific storage management, and engineering project innovation, etc., while conducting innovation of intelligent EHS management, to make full use of science and technologies to reduce human operation and contact and effectively ensure the safety of employees. For example,

pipe periscope was used to conduct pipe network integrity testing, and online monitoring system was used for site dust control, to reduce EHS risks in daily operations through intelligent EHS management. In addition, an EHS hidden danger rectification and tracking system was established relying on Internet platforms, to eliminate blind spots in EHS management.

In order to ensure the health and safety of employees, Wanbang Pharma has set up intelligent storage cabinets for individual protective equipment of occupational health in factories, and employees can replenish their personal equipment at any time. In addition, in order to further promote the construction of EHS culture and maintain smooth EHS information, Wanbang Pharma has launched a mobile platform. Employees can not only learn EHS knowledge online to improve EHS awareness, but also can easily query various monitoring systems in the factory at any time and view real-time data.

Environmental Management and Continuous Improvement

Greenhouse gas emissions and energy



Proactive action strategy management

- In-depth implementation of to deepen carbon management to achieve the goal of greenhouse gas emission reduction
- Promotion of clean energy projects, replacement of high energy-consuming and low-efficiency equipment with low energy-consuming and high-efficiency equipment, promotion of thermal energy recovery and reuse technologies, mediate air-conditioning temperature and humidity, and advancement of energy-saving administrative management system



Five-year strategic goals of EHS

- Carbon emission intensity: The intensity for 2020 decreased by 50% as compared to 2016 i.e. 0.30 ton/RMB10,000 of output value
- Carbon emission reduction of energy-saving projects: The cumulative carbon reduction amounted to 3% of carbon emissions in 2016, i.e. 22,000 tons of carbon emission for 2017 to 2020
- Comprehensive energy intensity: The intensity for 2020 decreased by 45% as compared to 2016 i.e. 2.44GJ/RMB10,000 of output value



Performance in 2019

Performance indicator	Current target value in 2019	Actual value completed in 2019	Status
Carbon emission intensity	0.38 ton/RMB10,000 of output value	0.35 ton/RMB10,000 of output value	Completed
Carbon emission reduction of energy-saving projects	17,800 tons*	17,800 tons*	Completed
Comprehensive energy intensity	2.77 GJ/RMB10,000 of output value	2.65 GJ/RMB10,000 of output value	Completed

Note: * indicates the sum of the values for 2017 to 2019

Greenhouse gases make the earth's surface warmer and produce a "greenhouse effect" on the entire earth. Water vapor (H₂O), carbon dioxide (CO₂), nitrous oxide (N₂O), Freon, methane (CH₄) and so on emitted in daily life and production directly and indirectly will accelerate the global greenhouse effect, thereby affecting global climate change. During the reporting period, the greenhouse gas emission sources within the physical boundary of the production,

operation, and office of member enterprises of the Group, i.e. carbon emission sources, include direct emission sources and indirect emission sources. Direct greenhouse gas emissions (such as burning of fossil fuels including natural gas, liquefied gas, raw coal, diesel, gasoline, and fuel oil) and indirect greenhouse gas emissions (purchased electricity and steam) are all closely related to the Group's energy consumption in the manufacturing process. Therefore, the main

way to reduce the Group's greenhouse gas emissions is to reduce the Group's energy consumption.

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:

- In terms of promotion of clean energy projects, Fosun Pharma promoted solar panels and photovoltaic power stations in member enterprises with conditions to apply the same;
- In respect of replacement of high energy-consuming and low efficiency equipment with low energy-consuming and high efficiency equipment, member enterprises were encouraged to use frequency conversion equipment, green energy saving equipment, energy saving lamps, etc.;
- For promotion of thermal energy recovery and reuse technologies, air conditioning heat pipe facilities, heat value recovery and heat exchange systems were applied;
- As to air-conditioning temperature and humidity control, temperature and humidity adjustment and optimization were performed for GMP workshops;
- With regard to the promotion of energy-saving administrative management system, it was advocated to adopt green turning-on for the air-conditioning switch temperature and the lamps;

In order to more effectively ensure that the current energy conservation and emission reduction targets for 2019 were fulfilled, Fosun Pharma adopted and strengthened

the following tasks in terms of saving energy consumption and improving energy efficiency during the reporting period:

- The Group issued two documents on energy saving and efficiency improvement, i.e. the "Fosun Pharma [2019] No. 12 Notice on Carrying out Power Saving and Efficiency Improvement of Member Enterprise of Fosun Pharma Group" and "Fosun Pharma [2019] No. 16 Notice on Further Deepening Cost Reduction 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 2019, the pre-declaration and collection of member enterprises' energy-saving and carbon-reduction management schemes was 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;
- 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;

According to final calculations, Fosun Pharma Group adopted various energy-saving and emission-reduction measures through member enterprises in 2019, and thus saved a total of 5.04 million kWh of electricity, 460 thousand m³ of natural gas

and 85 tons of fuel oil and reduced 4,638 tons of carbon emissions. A total of RMB3.64 million was invested in the implementation of various energy-saving measures throughout the year.

Summary of key energy saving projects of certain subsidiaries of Fosun Pharma Group

Subsidiary	Energy saving measures			Energy saved	Corresponding carbon reduction
	Application of new technologies and equipment	Optimization of production process and layout	Energy management system		
Wanbang Pharma	1. Reconstruction of lyophilizer CIP cleaning tank; 2. Replacement of compressed air preparation system; 3. Integration of refrigeration units; 4. Construction of photovoltaic power station; 5. Reconstruction of steam heating network	1. Optimization of pasteurization method of purified water system; 2. Optimization of settlement method of basic capacity fee; 3. Replacement of heat pipe and improvement of heat pipe technology; 4. Adjustment of temperature setting and reduction of control temperature fluctuation	-	Electricity: 888 thousand kWh	625
Wanbang Jinqiao	Installation of air-conditioning heat pipe	-	-	Electricity: 160 thousand kWh	113
Zhaohui Pharma	Construction of photovoltaic power station	-	-	Electricity: 200 thousand kWh	141
Wanbang Biopharma	-	1. Optimization of the temperature and humidity control of air-conditioning system; 2. Real-time adjustment of the chilled water temperature; 3. Check of the steam trap	-	Electricity: 1,062 thousand kWh	747
Wanbang Folon	1. Replacement of chiller; 2. Energy-saving renovation of air-conditioning heat pipe	1. Addition of operating system of control area in the oven of the extraction workshop; 2. combined QC inspection	-	Electricity: 302 thousand kWh Natural gas: 228 thousand m ³	759
Huanghe Pharma	Replacement of air compressor	-	-	Electricity: 56 thousand kWh	39
Wanbang Tiansheng	-	1. Adjustment of the fan operation; 2. Adjustment of the time of entering and leaving the cold storage	-	Electricity: 29 thousand kWh	23
Yao Pharma	-	1. Improvement of the automatic function and precise control of the lyophilizer; 2. Optimization of the frequency conversion of the cold pump unit and the switch of winter mode for circulating water	-	Electricity: 749 thousand kWh	394
Guilin Pharma	-	1. Cleaning of freezer condenser, air compressor heat exchanger, 2. Adjustment of pipe network pressure, check of bypass valve at steam use point and drain point	-	Electricity: 350 thousand kWh Natural gas: 228 thousand m ³	676
Aohong Pharma	Installation of frequency converter	Optimization of the use of purified air-conditioning units	-	Electricity: 6 thousand kWh	4
Erye Pharma	Renovation of incinerator	1. Adjustment of fan frequency, 2. Optimization of cleaning method of penicillin bottles, and optimization of water circulation system	Daily inspection, flow control	Electricity: 75 thousand kWh	53
Dongting Pharma	Adoption of new filter element in workshops to improve product yield	-	Electricity assessment system	Electricity: 400 thousand kWh	210
Hongqi Pharma	Replacement of LED lamp	Optimization of operating parameters of air conditioner	-	Electricity: 234 thousand kWh Fuel oil: 85.4 tons	442
Aleph	1. Replacement of LED lamp, 2. Addition of automatic regulating device for steam pipeline pressure	-	-	Electricity: 6 thousand kWh	4
Gland Pharma	1. Replacement of energy saving pump, 2. Replacement of VFD and VFD and replacement of LED lamp	Installation of regulator for blower	-	Electricity: 188 thousand kWh	175
Hengsheng Hospital	Replacement of LED lamp	-	-	Electricity: 12 thousand kWh	6
Changxing Medical	-	-	Turning on the air conditioner on demand	Electricity: 58 thousand kWh	41
Long March Medical	Replacement of LED lamp	1. Adjustment of the on and off time of purification unit 2. Parallel connection of air-conditioning unit 3. Insulation of pipeline 4. Halving of the on-time of outdoor wall lights	-	Electricity: 161 thousand kWh	113
Yuntao Optoelectronic	Replacement of LED lamp	-	-	Electricity: 3 thousand kWh	2
Bohao Laboratory	Replacement of LED lamp	-	-	Electricity: 1 thousand kWh	1
Huayin Medical	-	-	Turning on the air conditioner on demand	Electricity: 72 thousand kWh	51
Shanghai Transfusion	Replacement of LED lamp	-	-	Electricity: 27 thousand kWh	19
Jianyou Chengye	Installation of solar lighting, coal-to-electricity heating	-	-	Temporarily unable to calculate	-

Thanks to the efforts in energy management and emission reduction and efficiency improvement, the Group's total energy consumption in 2019 was 7,576,550 GJ, which was 176,712 GJ lower than that in 2018, and a year-on-year decrease of

2.3%. The total energy intensity is 2.65GJ / RMB10,000 of output value, representing a decrease of 0.46GJ/RMB10,000 of output value as compared to 2018. According to internal calculations, the Group's operating sites in China emitted a total of 758,000 tons of greenhouse gases, a decrease of 3.6% from 2018.

Energy Use and Carbon Emission of Fosun Pharma Group

	Total electricity consumption (kWh/year)	Other energy consumption (GJ / year)	Total energy consumption (GJ / year)	Total energy consumption intensity (GJ / RMB10,000 of output value)	Total carbon emissions (ton)	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	3,860,500	5,581,931	4.43	746,179	288,447	457,732	0.60
2017	513,272,112	4,648,903	6,496,683	3.51	822,786	338,285	484,501	0.54
2018	655,108,860	5,394,870	7,753,262	3.11	786,371	397,106	389,265	0.41
2019	631,436,019	5,304,416	7,576,550	2.65	758,143	381,580	376,563	0.35

* 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), nor does it include greenhouse gas emissions from overseas companies. Meanwhile, the carbon emission intensity is calculated based on the operating income of domestic enterprises. Due to the incomplete information on the conversion factors of overseas carbon emissions, it is temporarily impossible to measure overseas carbon emissions, so the carbon emissions data only includes domestic enterprises in China.

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.

Energy Consumption of Segments of Fosun Pharma Group

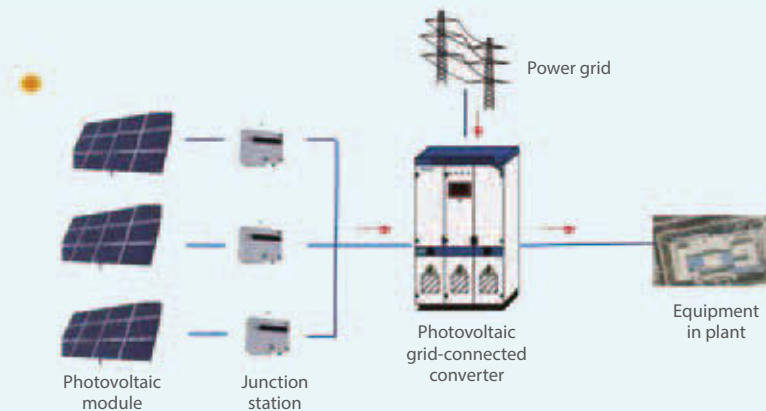
Segment	Total electricity consumption (kWh / year)	Natural gas (m ³)	Liquefied gas (kg)	Steam (ton)	Raw coal (ton)	Diesel (litre)	Gasoline (litre)	Fuel oil (ton)
Pharmaceutical manufacturing and R&D	582,111,598	16,955,867	40,728	255,008	162,637	1,906,989	193,990	4,900
Medical devices and diagnosis	13,979,589	230,441	5,194	0	0	390,176	74,565	0
Healthcare services	35,344,832	782,275	6,065	0	0	88,031	158,672	0
Total	631,436,019	17,968,583	51,987	255,008	162,637	2,385,197	427,227	4,900

Promotion of photovoltaic power generation projects



Wanbang Pharma: It made full use of the open space on the roof of the tablet factory and cooperated with photovoltaic manufacturers to lay photovoltaic panels with an installed capacity of 0.375MW for photovoltaic power generation. The average annual power generation is 250,000 kWh, and the carbon emission reduction is 176 tons.

Zhaohui Pharma: It installed 3,404 crystalline silicon photovoltaic modules with a standard power of 295w and a photovoltaic power generation capacity of 1,004.3Kw using the tilting 25° installation method. The system is a distributed photovoltaic power generation system. The project adopts a 10KV grid and is connected to the power grid system by way of “power generation for self use with the rest fed to the grid” and user-side grid-connection method. According to the system installation location, there is a total of 1 grid connection (access) point. The annual average on-grid energy during the operation period of the power station is expected to be 1.128 million kWh. Since the operation in October, it has saved about 200,000 kWh of electricity and reduced carbon emission by 141 tons during the reporting period.



Lean production management promotes energy saving and carbon reduction

Wanbang Biopharma: It established an energy conservation and carbon reduction elements group to promote energy conservation and carbon-reduction projects to reduce costs and increase efficiency. The inspection and maintenance of steam traps prevented the waste of dripping and leakage; it optimized the temperature and humidity control of air-conditioning system and performed energy-saving control on the premise of meeting production needs; reasonable control was performed while meeting the requirements according to the external environment and climatic conditions; it adjusted the chilled water temperature in a real-time manner to meet the demand and eliminate wasteful energy consumption caused by excessive low temperatures. The project was implemented since mid-May 2019, and by the end of the year, 1.062 million kWh of electricity was saved with zero hardware investment. Carbon emission reduced by 747 tons.

Yao Pharma: It promoted the implementation of energy conservation and carbon reduction by applying various tools of lean management to energy management. On the one hand, it upgraded the automatic function and improved the precision control of lyophilizer to reduce the power consumption in the secondary drying and ineffective operating conditions. On the other hand, it adopted lean optimization measures including renovation of the water charging system of cooling water tower, the frequency conversion renovation of cold pump unit, shift of the winter mode for circulating water and switching management of high and low load systems, to reduce the daily energy consumption of refrigeration stations No. 1 and No. 2 of shuitu Site. Through the aforementioned lean energy conservation projects, a total of 749,000 kWh of electricity was saved and carbon emission reduced by 394 tons in 2019.

Air Emission Management



Proactive action strategy management

Proactive promotion of terminal emission reduction of volatile organic gases to reduce total VOCs emissions



Five-year strategic goals of EHS

- 100% coverage of VOCs terminal processing equipment in 2020;
- VOCs removal rate >90%



Performance in 2019

Current target value in 2019	Actual value completed in 2019	Status
-	VOCs processing equipment is 100% installed and some are pending acceptance	In progress

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

For the emission of different air pollutants by member enterprises, Fosun Pharma has separately formulated the requirements on air pollutant emission reduction and

treatment measures for member enterprises, and approved the core processes of air pollution control facilities to ensure that the treatment facilities are effective and stable to meet standards. Operating accounts have been established for the air pollution control facilities that have been completed to urge member enterprises to operate in compliance with laws and meet standards. As of the end of 2019, none of the member enterprises had any excessive emissions or subject to official penalties.

Specific measures for the treatment of air pollutants by subsidiaries of Fosun Pharma Group

Subsidiary	Type of air pollutants	Configuration of air pollution treatment facility
Wanbang Jinqiao	Non-methane total hydrocarbons	Zeolite wheel incineration process, activated carbon adsorption
Zhaohui Pharma	Particles, non-methane total hydrocarbons	Dust removal by cyclone separation, activated carbon adsorption
Wanbang Folon	Nitrogen oxide, sulfur dioxide, particles	Low-nitrogen combustion of natural gas boiler
Wanbang Tiansheng	Nitrogen oxide, sulfur dioxide, particles	-
Yao Pharma	Nitrogen oxide, sulfur dioxide, particles, non-methane total hydrocarbons	Activated carbon adsorption
Carelife Pharma	Non-methane total hydrocarbons	Lye spray + paraffin oil absorption + activated carbon adsorption
Guilin Pharma	Nitrogen oxide, sulfur dioxide, particles, non-methane total hydrocarbons	Photocatalytic oxidation, zeolite wheel + RTO incineration
Aohong Pharma	Nitrogen oxide, sulfur dioxide, particles, non-methane total hydrocarbons	Water leaching + activated carbon adsorption, biological filter bed deodorization
Erye Pharma	Nitrogen oxide, sulfur dioxide, particles, non-methane total hydrocarbons	Bag dust removal + lye spray + atomization, activated carbon adsorption and desorption, RTO incineration
Dongting Pharma	Nitrogen oxide, sulfur dioxide, particles, non-methane total hydrocarbons	Natural gas boiler gas emission, photocatalytic oxidation, activated carbon adsorption and desorption
Hongqi Pharma	Nitrogen oxide, sulfur dioxide, particles	-
Aleph	Nitrogen oxide, sulfur dioxide, particles	-
Shine Star	Nitrogen oxide, sulfur dioxide, particles	Desulfurization inside the circulating fluidized bed boiler + wet ammonia desulfurization
Shanghai Henlius	Nitrogen oxide, sulfur dioxide, particles, non-methane total hydrocarbons	Low-nitrogen combustion of natural gas boiler, activated carbon adsorption
SunTech Pharma	Non-methane total hydrocarbons	activated carbon adsorption
Chongqing Research Institute	Non-methane total hydrocarbons	activated carbon adsorption
Research Institute Pharma	Non-methane total hydrocarbons	Lye spray + paraffin oil absorption + activated carbon adsorption
List Pharma	Nitrogen oxide, sulfur dioxide, particles	-
Foshan Chancheng Central Hospital	Nitrogen oxide, sulfur dioxide, particles	-
Shanghai Transfusion	Nitrogen oxide, sulfur dioxide, particles	Catalytic tower of oil-fired boiler
Jianyou Chengye	Non-methane total hydrocarbons	Activated carbon adsorption

Compared with the air pollution data for 2018, in the Group's air pollutants in 2019, the total emissions of sulfur dioxide decreased by 145.3 tons (52.1%), the total emissions of particles increased by 8.2 tons (18.7%) and the total emissions of nitrogen oxide increased by 6.8 tons (2.7%). In 2019, the substantial decrease in sulfur dioxide was

due to that member enterprises increased and strengthened desulfurization process and member enterprises calculated the total emissions of pollutants using the data from online monitoring equipment instead of the original "sampling concentration * benchmark wind speed * emission time".

 Case

VOCs Emission Reduction and Treatment Project

In 2019, Guilin Pharma, Dongting Pharma and Erye Pharma increased the equipment for collection and treatment of volatile organic chemicals (VOCs) generated in the production process. The core processes used include activated carbon adsorption, photocatalytic oxidation, zeolite wheel, RTO incineration, condensation adsorption, water washing adsorption, etc. According to the

different components of the source exhaust gas, a combination of two or more core processes were selected, and the discharged VOCs were treated before discharge. The design of all processes required that the VOCs collection rate and removal rate should meet the regulatory requirements of local authorities.



Picture: Guilin Pharma



Picture: Erye Pharma



Picture: Dongting Pharma

Boiler "Oil-to-gas" Project



Natural gas is currently the cleanest fuel among boiler fuels. It produces fewer pollutants during combustion and has a higher fuel utilization rate. It has both environmental and economic benefits. In 2019, two member enterprises, i.e. Shanghai Henlius and Hongqi Pharma, decided to replace the oil-fired boilers with gas-fired boilers after passing the internal comprehensive evaluation. The renovation of both projects was recognized by the local government departments, and the natural gas pipeline layout received strong support of local relevant departments. With the cooperation of all parties, both enterprises replaced their oil-fired boilers with gas-fired boilers in an orderly manner in accordance with their respective plans.

Sewage and Wastes



Proactive action strategy management

- Increase in hardware investment in sewage treatment facilities, addition of sewage treatment facilities or upgrading and renovation of sewage treatment facilities
- Promotion of the recycling of industrial solid waste and promotion of the reduction of hazardous waste



Five-year strategic goals of EHS

- Sewage discharge intensity: The intensity for 2020 decreased by 30% as compared to 2016, i.e. 3.25 tons/RMB10,000 of output value for 2020;
- COD emission intensity: The intensity for 2020 decreased by 30% as compared to 2016, i.e. 0.23 kg/RMB10,000 of output value for 2020;
- Ammonia nitrogen emission intensity: The intensity for 2020 decreased by 30% as compared to 2016, i.e. 0.029 kg/RMB10,000 of output value for 2020;
- Total solid waste intensity: The intensity for 2020 decreased by 30% as compared to 2016, i.e. 38.69 kg/RMB10,000 of output value for 2020;
- Hazardous waste intensity: The intensity for 2020 decreased by 10% as compared to 2016, i.e. 1.00 kg/RMB10,000 of output value for 2020;



Performance in 2019

Performance indicator	Current target value in 2019	Actual value completed in 2019	Status
Sewage discharge intensity	3.60 tons/RMB10,000 of output value	2.48 tons/RMB10,000 of output value	Completed
COD emission intensity	0.26 kg/RMB10,000 of output value	0.27 kg/RMB10,000 of output value	Not completed (See the section of sewage for reasons)
Ammonia nitrogen emission intensity	0.032 kg/RMB10,000 of output value	0.046 kg/RMB10,000 of output value	Not completed (See the section of sewage for reasons)
Total solid waste intensity	42.83 kg/RMB10,000 of output value	25.74 kg/RMB10,000 of output value	Completed
Hazardous waste intensity	1.03 kg/RMB10,000 of output value	1.51 kg/RMB10,000 of output value	Not completed (See the section of sewage for reasons)

Wastewater Management

As compared with the wastewater data of 2018, in 2019, the Group's total wastewater discharge increased by 474,145 tons (or 6.3%), the total chemical oxygen demand (COD) emissions increased by 69.1 tons (or 8.2%), and the total annual discharge of ammonia nitrogen decreased by 123.8 tons (or 48.7%).

During the reporting period, the wastewater of the Group was discharged into the sewage pipe network as designated by the industrial park and was not directly discharged into the surface water body. All member enterprises have achieved up-to-standard discharge.

During the reporting period, 8 member enterprises including Wanbang Jinqiao, Zhaohui Pharma, Wanbang Tiansheng, Yao Pharma, Guilin Pharma, Aleph, Chongqing Research Institute and Jimin Cancer Hospital upgraded or added wastewater treatment facilities.

In the first EHS five-year strategic goals, the total chemical oxygen demand (COD) and ammonia nitrogen (NH₃-N) increased in multiples in 2017, mainly due to the enhanced capacity of supporting wastewater treatment facilities in the park where Shine Star is located. Therefore,

the concentration of COD and ammonia nitrogen discharged into pipelines as well as the total discharge amount increased, affecting the discharge intensity. If the increase arising from the changes in Shine Star on the same basis, the COD discharge intensity for 2016 was 0.156 and the actual value for 2019 was 0.101. The ammonia nitrogen discharge intensity for 2016 was 0.012 and the target value for 2019 is 0.01. Both targets were achieved as scheduled. The unit of the above data is kg / RMB10,000 of output value.

Water pollutants discharge by the subsidiaries 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 value)
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

Water pollutants discharge by segment of Fosun Pharma Group

Segment	Total wastewater (ton)	Annual discharge of COD (ton)	Annual total discharge of NH3-N (ton)
Pharmaceutical manufacturing and R&D	5,916,573	705.1	115.9
Medical devices and diagnosis	153,768	18.6	1.4
Healthcare services	1,020,692	54.2	13.0
Total	7,091,033	777.9	130.3

 Case

Construction or Renovation of Wastewater Treatment Facilities



Wanbang Jinqiao

- Renovation: replacement of conditioning tank, pre-treatment equipment and pre-treatment room cover, and addition of activated carbon adsorption equipment to the deodorization system on the basis of the original process
- Effect: Addition of wastewater pre-treatment and deodorization capacity in the first stage, and improvement of the working environment of the wastewater treatment station



Zhaohui Pharma

- Process: Adoption of "advanced oxidation + biochemical treatment" process, firstly pre-treating high-concentration wastewater through "regulation + multidimensional electrocatalysis" process, and then treating the wastewater by "hydrolysis acidification + biological contact oxidation" process
- Effect: Treatment of wastewater from API workshop with a treatment capacity of 150m³/d



Aleph

- Renovation: BIOCOS (Bio-Combined System) process
- Effect: The daily treatment capacity was increased from 120t/d to 400t/d, the operating cost was low, the impact load resistance was strong, the degree of automation was high, which effectively guaranteed stable and continuous water output

Solid Waste Management

In 2019, the total solid waste generated by the Group's domestic enterprises was 73,583.6 tons, representing a decrease of 12,213.0 tons (or 14.2%) over 2018. In the total amount of hazardous waste of 4,320.8 tons, 64.1 tons of hazardous wastes were recycled, 3,827.1 tons of hazardous wastes were incinerated, 271.0 tons of hazardous wastes were subject to landfill disposal and 158.6 tons of hazardous wastes were treated

in other ways (including storage for later treatment). In the industrial solid waste, part of wastes was delivered to external qualified units for compliant treatment and recycling including recycling of animal pancreas, coal cinder and TCMs filter residue.

The increase in hazardous waste in 2019 was relatively obvious. On the one hand, the production expansion of member enterprises' new/expanded projects during

the reporting period increased the amount of hazardous waste produced; on the other hand, the increase in solvent standards and management requirements during the pharmaceutical production process increased the amount of solvent waste, and the amount of hazardous wastes in the research and development of new drugs and the evaluation of consistency also increased.

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	85,796.6	2,683.2	34.36	1.07
2019	73,583.6	4,320.8	25.74	1.51

Note: * represents retrospective value.

Solid wastes emission by segment of Fosun Pharma Group

Segment	Domestic waste	Industrial solid waste (non-hazardous waste) (ton)	Hazardous waste (ton)
Pharmaceutical manufacturing and R&D	1,971.3	63,496.0	3,466.0
Medical devices and diagnosis	186.6	133.1	26.9
Healthcare services	3,475.8	0	827.9
Total	5,633.6	63,629.2	4,320.8

Carelife Pharma promotes hazardous waste reduction in multiple ways

First, it carried out a low-temperature closed sludge dryer project which used the dehumidification heat pump to dry the sludge by hot air circulation at the drying temperature of less than 70°C. The closed drying process has no waste heat emission. The tail gas is easy to collect and the sludge could be dried until the amount of water content is less than 30%, to reduce the sludge treatment amount;

Second, the reduced pressure distillation for the high-concentration wastewater in the workshop was changed into atmospheric distillation, and the original distillation residues (as hazardous waste) were no longer generated; through the above measures, Carelife Pharma reduced 209 tons of hazardous waste in 2019 as compared to the previous year.

Publicity on Waste Classification



Picture: Guilin Pharma



Picture: Shanghai Henlius



Picture: internal magazine Fosun Pharma Monthly



Water Consumption Management



Proactive action strategy management

Improvement of the comprehensive utilization rate of water



Five-year strategic goals of EHS

Water consumption intensity: The intensity for 2020 decreased by 50% as compared to 2016, i.e. 3.00m³/RMB10,000 of output value for 2020;



Performance in 2019

Performance indicator	Current target value in 2019	Actual value completed in 2019	Status
Sewage discharge intensity	3.74 m ³ /RMB10,000 of output value	3.33 m ³ /RMB10,000 of output value	Completed

The Group's water consumption was from local municipal water supply and mainly used for production manufacturing, operational services, healthcare services and domestic water. In order to achieve

the five-year strategic water-saving goals, Fosun Pharma has proactively adopted the following water-saving measures to further tap water-saving potentials and improve water resource utilization efficiency:



01

Reduction of water consumption from the source, limiting high water consumption projects, and replacement of high water consumption processes and equipment;



03

Various water recycling systems (concentrate water reuse in pure water preparation, recycling of condensate water, recycling of reclaimed water, recycling of rainwater, etc.) were encouraged;



02

Promotion and refitting of water-saving equipment and appliances (such as water-saving toilets, water-saving faucets);



04

Optimization of the frequency of internal water use

In 2019, the Group invested RMB2.44 million of special funds in carrying out and implementing the following water-saving measures, achieving total water saving

of 255,018m³, representing 2.7% of the total water saving for the year, excluding the deferred water-saving benefits from previous projects.

Summary of key water saving projects of certain subsidiaries of Fosun Pharma Group

Subsidiary	Water-saving measures		Water saving volume (10,000 m ³)
	Water saving engineering measures	Administration management measures	
Wanbang Jinqiao	Automatic control and utilization of cooling water circulation of water jet vacuum unit, Recycling of clear water discharged, recycling of reclaimed water	-	4.0
Yao Pharma	Production wastewater recycling system, condensate water recycling device, etc.	Upgrading of lyophilizer SIP / CIP program to reduce water consumption of bottle washer for injection	7.6
Aohong Pharma	-	Adjustment of water washing frequency for mouse cage in animal room	2.5
Erye Pharma	Recycling of concentrate water, optimization of water circulation system, renovation of concentrate water pipelines to improve purified water production rate	Formulation of water consumption assessment system and monthly energy inspection system	1.4
Dongting Pharma	Upgrading and renovation of circulating water system	Rectification of leakage and venting	2.7
Gland Pharma	Recycling of condensate water of clothes dryer, water-saving faucet, use of flushing water for cooling tower, recycling of reverse osmosis wastewater	Posting water saving signs	3.0
Foshan Chancheng Central Hospital	Water saving renovation for toilet and faucet	-	0.3
Jimin Cancer Hospital	-	Check and repair of leakage points, control of hot water supply time	0.8
Huaiyin Medical	Recycling of concentrate water	-	0.4
Laishi Transfusion	Recycling of cooling water	-	1.8

During the reporting period, the total water consumption of Fosun Pharma Group was 9,527,927 m³, representing a decrease of 431,488 m³ or 4.3% as compared to 2018.

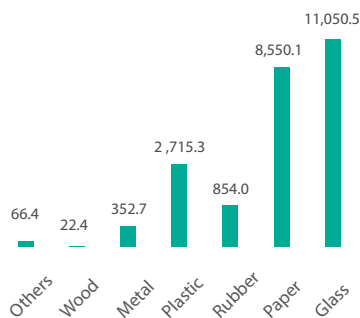
The water consumption intensity was 3.33 m³/RMB10,000 of output value, representing a decrease of 16.5% as compared to 2018.

Use of water resources of Fosun Pharma Group

	Total water consumption (m ³ /year)	Water consumption intensity (m ³ /RMB10,000 of output value)
2016	8,769,376	5.99
2017	9,515,697	5.14
2018	9,959,415	3.99
2019	9,527,927	3.33

Type of packaging materials consumed by Fosun Pharma Group

Unit: ton



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 2019 was 23,611 tons, representing an increase of 5,240.4 tons (28.5%) as compared to 2018. The consumption of glass exceeded that of paper, and became the consumption type with the highest proportion in packaging materials (paper consumption accounted for the highest proportion in 2018), mainly due to that the member enterprises in the drug manufacturing segment increased the use of penicillin bottles, ampoules and other glass bottles after expansion of production capacity.

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 and controls the source of product packaging 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.

Case

Recycling of packaging materials to reduce consumption of social resources

When Wanbang Tiansheng purchases raw materials from the slaughterhouse, the original packaging materials are circulated using disposable corrugated cardboard boxes. After the raw materials are delivered to the company for thawing, the corrugated cardboard boxes cannot be reused after being wetted and damaged, resulting in a large amount of waste packaging materials and wasting resources. In response to this situation, Wanbang Tiansheng changed the packaging materials for transportation of raw materials from disposable corrugated cardboard boxes to plastic boxes which were circulated with the car according to the procurement of raw materials at each raw material point. After the raw

materials were thawed, the plastic boxes could be reused after cleaning and disinfection.

As a leading enterprise in the field of domestic medical equipment, Yaneng Bio has witnessed an explosive growth in the production of instruments and equipment as well as market demand as the development trend continued. The number of wooden boxes used for instrument packaging also increased exponentially. In light of this, the company's EHS department and the material control / packing staff put forward a "wooden box recycling plan"-reusing the wooden boxes from the return of instrument, which can reduce the use of new wooden boxes. According to the data for the last year, the number of new wooden boxes reduced by 1/3 after recycling of wooden boxes.

Biodiversity and Climate Response

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 in 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.

The Group continues to intensify the control of soil and groundwater pollution risks, and conducts investigations of hidden hazards to prevent soil and groundwater pollution caused by chemical substance leakage, seepage, spillage, etc. during operation. 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, sewage treatment tanks, emergency ponds and other facilities, and leakage protection is timely improved and device leakage management is enhanced in these areas in daily supervision. In 2019, a total of 11 member enterprises conducted preventive tests on the soil and groundwater at the site of the plant based on the actual conditions of daily operations. In addition, Fosun Pharma specifically requires that 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 from 2019, and include environmental risk analysis of soil and groundwater in the project environmental assessment and prepare necessary environmental protection measures to reduce potential pollution risks after the project is put into operation.

The Group adheres to the principle of ecological protection throughout the life cycle of the project and 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.

Climate change has become a major challenge facing the international community today. Regarding the potential risks caused by climate change, Fosun Pharma Group continues to implement the concept of low-carbon and green development and proactively mitigates and adapts to climate change.

Climate risk	Potential hazard	Countermeasure	Performance in 2019
Unstable power supply	Production is affected and operating costs increase	Promotion of renewable energy	Wanbang Pharma & Zhaohui Pharma installed photovoltaic power plant Jianyou Chengye used solar lighting
Natural disaster	Insufficient supply of raw materials and rising prices	Advancement of green supply chain	20 member enterprises conducted green supply chain audits to 139 raw materials, auxiliary materials and packaging materials suppliers
Temperature rise	Utilities, costs and carbon emissions increase	Carrying out clean production to improve energy resource utilization efficiency	Carelife Pharma passed clean production review save 5.04 million kWh of electricity, 460 thousand m ³ of natural gas, 85 tons of fuel oil, and 255 thousand m ³ of water





Gland Pharma Launches “Free Breakfast Scheme” for Children of Government Schools

Founded in 1978, Gland Pharma is actively engaged in several community development programs. On 14 November 2019, Gland Pharma launched a “Free Breakfast Scheme” for children of Government Schools in Telangana and Andhra Pradesh, in association with Akshaya Patra Foundation. At the end of 2019, nearly 7,100 children of 58 Government Schools were covered by the scheme.

Responsible Public Welfare

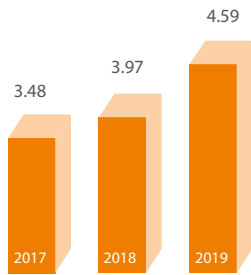
Innovation for Good Health

While achieving rapid development, Fosun Pharma Group is also enthusiastic about public welfare and giving back to the society. It proactively fulfills its commitment as a corporate citizen by carrying out many public welfare activities including support for education, scientific research and innovation, targeted poverty alleviation, care for children, and patient education through Shanghai Fosun Foundation.



Social contribution value per share

(RMB/Share)



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

Social contribution value per share = earnings per share + (tax payment + employee cost + interest expenditure + devotion to community charity)/total share capital at the end of the period



Fosun Pharma Group assumed its corporate social responsibility and contributed to the community, and donated a total of **RMB 15.04** million to the community in 2019



In 2019, Fosun Pharma Group invested a total of nearly **RMB9** million in targeted poverty alleviation



Artesunate for injection has saved more than **24** million patients with severe malaria in the world

Up to now, the Group has undertaken **11** seminars on malaria prevention and treatment in developing countries, **6** seminars on quality management in developing countries, and **4** minister level seminars on the field of drug regulation in developing countries, involving more than **50** countries; the Group has completed a total of **167** foreign aid projects



Han Li Kang understanding lymphoma medical education charity event

Social Contribution Value per Share

In 2019, the social contribution value per share of Fosun Pharma Group was RMB4.59*.

Social contribution value per share is a comprehensive reflection of the contribution made by the company to all sectors of society interest groups 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 14 May 2008, to encourage respective listed companies to disclose social contribution 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.

*Note: Social contribution value per share = earnings per share + (tax payment + employee cost + interest expenditure + devotion to community charity)/total share capital at the end of the period

Community Charity

Fosun Pharma has been proactively participating in community charity events along with its subsidiaries to contribute to the society. In 2019, Fosun Pharma Group donated RMB15.04 million in total to the society.

As one of the initiators of Shanghai Fosun Foundation, in 2019, Fosun Pharma adhered to the public welfare philosophy of "sustainable development of talents and products", striving to create high-quality public welfare projects through cooperation with Shanghai Fosun Foundation and assume corporate social responsibility.

The donations to Shanghai Fosun Foundation are used to support for education, scientific research and innovation, targeted poverty alleviation, caring for children, and doctor-patient education, especially public welfare projects related to oncology, chronic disease management, and anti-infectives (anti-malarial, antituberculosis). These public welfare projects are public welfare deployments based on the Company's business advantages, fully embodying the corporate social responsibility role.

Targeted Poverty Alleviation

Fosun Pharma Group actively responded to and facilitated the implementation of the Central Government's decision and plan of "targeted poverty alleviation and elimination" by fully utilizing its advantages in pharmaceutical and healthcare industries and adopting various measures. Currently, Fosun Pharma Group carried out targeted poverty alleviation mainly through

education, healthcare, basic support and society poverty alleviation, and achieved certain results.

In 2019, Fosun Pharma and its subsidiaries put great efforts in carrying out various poverty alleviation activities based on the overall poverty alleviation strategy of the Group, investing over RMB9 million in total.

Poverty alleviation through education

To help foster China's healthcare professionals, since 2013, Fosun Pharma started a scholarship program which helps nurture healthcare talent – the Future Star Program. Offering subsidies to first-class pharmaceutical/medical schools every year, the program aims to reward undergraduate/postgraduate students enthusiastically pursuing a healthcare career in China and with a scientifically innovative spirit and excellent academic results. Under the same conditions, scholarship will be firstly granted to students suffered from severe financial difficulties to support their comprehensive development. In 2019, Fosun Pharma set up scholarship programs in certain reputable universities in China such as the School of Life Sciences in Fudan University, China Pharmaceutical University, Shenyang Pharmaceutical University, Shanghai University of Finance and Economics, Tongji Medical College of Huazhong University of Science & Technology and Xuzhou Medical University and granted scholarships.

Poverty alleviation through healthcare

In 2019, the "Double Thousand Action" initiated by Chinese Antituberculosis Association and the Shanghai Fosun Foundation, together with Hongqi Pharma, a subsidiary of Fosun Pharma, was further promoted to help 1,000 patients and provided material support to these patients.

Fosun Pharma and its subsidiaries actively participated in the "Rural Doctor Poverty Alleviation" project as sponsored by Shanghai Fosun Foundation and China Population Welfare Foundation. The management of Shanghai Henlius donated cash and medical supplies to Yonghe County, a counterpart poverty-stricken county in Shanxi Province, and distributed them to poor local villagers who have been diagnosed with osteoarthritis, and donated emergency medical kits to the local government. Han Li Kang Understanding Lymphoma-A medical education charity event was jointly launched by Shanghai Henlius and Fosun Pharmaceutical Distribution Jiangsu Co., Ltd. through the Rural Doctor Poverty Alleviation sponsored by Fosun Foundation, and covered 11 poverty counties and regions in China throughout the year. Wanbang Pharma and Yao Pharma donated drugs and materials to poor counties such as Puge County and Rangtang County, Sichuan Province.

Fosun Pharma's hospitals proactively made investment in poverty alleviation. Foshan Chancheng Central Hospital supported Luoding Longzhou Hospital, and provided support and assistance in terms of hospital management, medical technologies, and personnel training. Yueyang Guangji Hospital funded Zhang Guying Health Center, a unit subject to targeted poverty alleviation, by carrying out large-scale free consultations and dispatching medical staff. In 2019, Jimin Cancer Hospital conducted fee reductions for poor patients and organized 11 free consultations throughout the year. Zhongwu Hospital provided surgical treatment for cataract patients free of charge.

Society poverty alleviation

Yao Pharma assisted Jiming Township, Chengkou County, Chongqing by providing student funds and subsidizing poor households. Erye Pharma implemented public welfare undertakings such as helping the elderly, helping the disabled and orphans, poverty relief, and disaster relief through Jiangxi Xinyu Foundation. Aohong Pharma launched a "Care for Children, Share Happiness" charity donation and condolences activity at the Children Welfare Association of Jinzhou City and provided children with living supplies. Jimin Cancer Hospital participated in the Tencent 99 Charity Day activity of Anhui Provincial Red Cross Foundation, and made donations.

Foshan Chancheng Central Hospital participated in the "Targeted Poverty Alleviation—For Qingping Town, Lianjiang City", performed "one-on-one" assistance and visits, and supported the construction of Namaujiao Village, Qingping Town, Lianjiang County.

Basic support

Erye Pharma regularly recruited unemployed disabled people based on its actual conditions.



“Rural Doctor Poverty Alleviation” project: We support the village doctors who safeguard us

“Rural Doctor Poverty Alleviation” is designed to stabilize the team of rural doctors, improve professional capacity of rural doctors, and effectively reduce the impoverishment and repoverty rates of national-level poverty-stricken counties. As of December 2019, the “Rural Doctor Poverty Alleviation” project covered a total of 60 counties, helped 7,669 clinics in administrative villages and supported 25,751 village doctors.

Fosun Pharma Group proactively participated in the “Rural Doctor Poverty Alleviation” project. Wanbang Biopharmaceuticals, Yao Pharma and other member enterprises donated urgently needed drugs and related

materials to 10 poor counties, including Cangxi County, Sichuan, Shizhu County, Chongqing, and Zhouzhi County, Shaanxi. The management of Fosun Pharma and its member enterprises also proactively participated in the public welfare project. Wu Yifang, the President and CEO of Fosun Pharma, and Liu Shigao, the Co-Founder and CEO of Shanghai Henlius, donated scarce medical equipment, drugs and materials to their counterpart poor counties of Jimunai County, Xinjiang and Yonghe County, Jiangxi.

In 2019, Fosun Pharma Group donated cash and drugs equivalent to a total of over RMB4 million to the “Rural Doctor Poverty Alleviation” project.

Han Li Kang Understanding Lymphoma-A Medical Education Charity Event

Han Li Kang Understanding Lymphoma-A medical education charity event was jointly launched in January 2019 by Shanghai Henlius and Fosun Pharmaceutical Distribution Jiangsu Co., Ltd. through the Rural Doctor Poverty Alleviation sponsored by Fosun Foundation. The project leads a team of medical experts in work such as delivering lymphoma-related public charity training, conducting consultation on difficult cases and providing guidance for setting up scientific laboratories for local village and town physicians. The first stage of the programme in 2019 covered a total of 11 poverty counties and regions including Xinjiang, Sichuan, Chongqing, Hainan, Jiangxi, Anhui, Henan and Yunnan.



“Double Thousand Action” TB Poverty Relief Project

Since 2016, Fosun Foundation, together with Hongqi Pharma and Chinese Antituberculosis Association, jointly launched the 5 years long “Double Thousand Action” TB Poverty Relief Project, promising to help at least 1,000 underprivileged TB patients every year with each patient receiving RMB1,000 subsidies. Over the past four years, the “Double Thousand Action” project has provided RMB4.2 million of relief funds to over 4,000 underprivileged TB patients, while thousands of TB workers put their efforts in the project. In the future, the “Double Thousand Action” public welfare project will join hands with medical practitioners to fight against tuberculosis and gather more public awareness to benefit millions of families with tuberculosis, making unremitting efforts to help to realize the goals of ending tuberculosis in China by 2030 and building a healthy China.



“Star State Program” Supports Primary Health Care

The “Star State Program” including Famous Doctors Go to the Countryside Project, Diabetic Retinopathy Public Screening in Primary Hospitals Project, NCD Diagnosis and Treatment Training Project, Gout Standardized Medical Service Center (GSSC) Project and B Plan Project aims to empower primary care doctors by enhancing their academic understanding and capabilities for the diagnosis and treatment of patients in the fields of cardiovascular health, diabetes, endocrinology, kidney disease and other chronic diseases. As of the end of 2019, the Star State Program had covered over 300 counties and held 290 online and offline training sessions covering over doctors of over 10,000 person times.

With regard to the “three most common chronic diseases” of hypertension, hyperglycemia and hyperlipemia, the “Famous Doctors Go to the Countryside Project” has held five training sessions for over 100 doctors from five county-level hospitals and over 500 doctors from village hospitals, while providing free medical consultation for 1,000 patients

as a public benefits. Diabetic Retinopathy Public Screening in Primary Hospitals Project provides diabetic retinopathy screening systems to 100 county-level hospitals and community hospitals were granted. “NCD Diagnosis and Treatment Training Project” holds 15 province-level training sessions and 270 in-hospital and online training sessions, covering more than 300 counties and 7,700 doctors. With reference to gout (high uric acid) treatment, the Gout Standardized Medical Service Center (GSSC) was established to help hospitals create a standardized chronic disease management system and explore a standardized management methodology for gout patients. Concerning chronic kidney disease (CKD), the “B Plan Project” aims to promote the rational use of drugs with primary care for CKD, improve medical treatment in remote areas, and help develop better education in poverty-stricken areas. Until now, the program has covered more than 2,000 primary healthcare providers and helped nearly 5,500 impoverished students.



Overseas Public Welfare

Aid to Africa in Fighting against Malaria

For many years, Fosun Pharma has actively supported and participated in anti-malarial action in Africa, and is committed to "building a malaria-free world".

As of 2019, artesunate for injection Artesun®, an innovative drug proprietary intellectual property right of Fosun Pharma, has saved more than 24 million patients with severe malaria. On 28 March 2019, the U.S. Centers for Disease Control and Prevention (CDC) announced that Artesun® had become the first-line treatment for patients with severe malaria in the United States since 1 April 2019.

Through continuous innovation, Fosun Pharma Group is committed to providing more solutions for malaria patients. By the end of 2019, the Group had a total of 18 antimalarial drugs pre-certified by the World Health Organization, making it the pharmaceutical enterprise with the most antimalarial drugs that have passed WHO PQ certification in the world. In November 2019, the dihydroartemisinin piperazine phosphate dispersible tablets and dihydroartemisinin piperazine phosphate tablets developed by Guilin Pharma, a member enterprise of Fosun Pharma, passed WHO Prequalification. In particular, the "dihydroartemisinin piperazine

phosphate dispersible tablet" is the first dihydroartemisinin piperazine phosphate dosage form suitable for children, and its dispersible tablet type which is easy-to-take for children will greatly improve children's medication compliance and become another blockbuster medicine for fight against malaria in Africa.

Riding on the advantages of products, the Group actively cooperated with the Chinese government in aid to Africa to fight against malaria. Up to now, it has undertaken 11 seminars on malaria prevention and treatment in developing countries, 6 seminars on quality management in developing countries, and 4 minister level seminars on the field of drug regulation in developing countries, involving more than 50 countries; the Group has completed a total of 167 foreign aid projects. In July 2019, as one of the partners, Fosun Pharma continued to support the "China-Tanzania Malaria Prevention and Control Cooperation Project" jointly conducted by the National Institute of Parasitic Diseases of Chinese Center for Disease Control And Prevention, Tanzania National Malaria Control Planning Agency, Tanzania Ifakara Health Research Institute, etc., and donated oral artemisinin preparation D-ARTEPP (dihydroartemisinin piperazine phosphate tablets) worth of RMB500,000 to the project.



Fosun Pharma carries out the malaria prevention and control cooperation project in Tanzania

Gland Pharma Launches "Free Breakfast Scheme" for Children of Government Schools

Founded in 1978, Gland Pharma is actively engaged in several community development programs. Now a part of Fosun Pharma, the company is further expanding its social outreach after the establishment of Gland Fosun Foundation in 2019. The foundation focuses on supporting public welfare such as education, poverty eradication and environmental protection, and has launched multiple public welfare activities.

On 14 November 2019, Gland Pharma launched a first-of-its-kind "Free Breakfast Scheme" for children of Government Schools in Telangana and Andhra Pradesh, in association with Akshaya Patra Foundation.

Till now, nearly 7,100 children of 58 Government Schools are being covered. Gland Pharma provides financial support for the Scheme, while Akshaya Patra prepares

and supplies healthy and hygienic meals from its community kitchens.

As most children of Government Schools are either economically backward or their parents go off to work early in the morning, they do not get to have breakfast at home. This affects not only their physical health, but their mental development as well. As breakfast is the most important meal of the day, Gland Pharma has taken the initiative to provide these children with a hearty breakfast, thereby aiding in the Government's mission to provide education to all. Gland Pharma will soon scale up this Scheme to include children of many more Government Schools in Telangana and Andhra Pradesh.



"Free Breakfast Scheme" for Children of Government Schools

Feedback Form

Dear Readers,

Thanks for reading this report! It has been the twelfth year since the first Corporate Social Responsibility Report was released to the public. 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, Clone Technology Park, No. 1289 Yishan Road, Shanghai
Postal code: 200233

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

“Shanghai Fosun Pharmaceutical (Group) Co., Ltd. 2019 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 Has the report fully reflected the economic responsibilities of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.?
- 3 Has the report fully reflected the environment, health, and safety responsibilities of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.?
- 4 Has the report fully reflected the social responsibilities of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.?
- 5 Has the report fully reflected the product and service responsibilities of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.?
- 6 Do you have any other suggestions on the social responsibility report of Fosun Pharma?

II. Scan QR code for feedback online



Major Financial Indicators of Fosun Pharma Group

Unit: RMB'000

Item	2017	2018	2019
Net asset value per share attributable to shareholders of the Company (RMB/share)*	10.15	10.92	12.44
Basic earnings per share (RMB/share)	1.27	1.07	1.30
Basic earnings per share after extraordinary gain or loss (RMB/share)	0.95	0.83	0.87
Weighted average return on equity after extraordinary gain or loss (%)	9.77	7.92	7.77
Revenue	1,853,356	2,491,827	2,858,515
Investment Income	230,699	181,545	356,550
Operating Profit	407,489	353,553	449,356
Asset disposal income	3,745	-299	1,773
Other income	14,178	27,671	31,305
Add: non-operating income	1,348	8,286	7,737
Less: non-operating expenses	2,666	3,880	4,518
Total profit	406,172	357,959	452,575
Less: income tax expenses	47,646	55,971	78,223
Net profit	358,526	301,988	374,352
Net profit attributable to shareholders of the parent	312,450	270,792	332,162
Minority interests	46,076	31,196	42,190
Tax liability	205,330	269,005	253,227
Donations	1,114	975	1,504

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

HR and Social Indicators of Fosun Pharma Group

Item	End of 2017	End of 2018	End of 2019
Total number of employees	28,884	28,245	31,370
Total number of male employees	16,084	14,972	16,540
Total number of female employees	12,764	13,273	14,830
Total number of employees with master and doctor degrees	2,735	3,250	3,662
Item	End of 2017	End of 2018	End of 2019
Social Contribution per Share	3.84	3.97	4.59
Labor contract conclusion rate	100%	100%	100%
Cash paid to or paid for workers (RMB0'000)	287,168	391,438.90	476,494.17
Union coverage rate	100%	100%	100%
Employment rate of people with disabilities	0.26%	0.23%	0.24%
Employment rate of ethnic minority employees	1.60%	2.03%	3.57%
Number of ethnic minority employees	461	574	1,114
Total training hours (man-hour)	971,239	854,993	993,364
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 2017	End of 2018	End of 2019
Under investigation items (Unit: items)	171	215	264
Number of R&D staff (excluding QA and QC employees)	1,353	1,797	2,147
Items under clinical trials (Unit: items)	29	42	32
Item	End of 2017	End of 2018	End of 2019
R&D investment (including capitalized investment expenses, Unit: RMB100 million)	15.29	25.07	34.63
Number of patent application	103	84	136
Number of patent granted	30	25	47

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

Item	2017	2018	2019
Total wastewater (Unit: tons/year)	7,315,890	7,565,178	7,091,033
Emission of COD (Unit: tons/year)	841	847	778
Emission of NH ₃ -N (Unit: tons/year)	486	254	130
Wastewater discharge intensity (Unit: tons/RMB10,000 of output value)	3.95	3.04	2.48
COD emission intensity (Unit: kg/RMB10,000 of output value)	0.45	0.34	0.27
Ammonia nitrogen emission intensity (Unit: kg/RMB10,000 of output value)	0.262	0.102	0.046
Emission of nitrogen oxides (Unit: tons/year)	239	251	258
Emission of sulphur oxides (Unit: tons/year)	245	279	134
Emission of particles (Unit: tons/year)	41	44	36
Total solid waste (Unit: tons/year)	88,967	85,796.6	73,583.6
Hazardous waste (Unit: tons/year)	2,391.8	2683.2	4320.8
Total solid waste intensity (Unit: kg/RMB10,000 of output value)	48.00	34.43	25.74
Hazardous waste intensity (Unit: kg/RMB10,000 of output value)	1.29	1.08	1.51
Investment in environmental protection (Unit: RMB0'000)	7,348	15,952	12,483
Total electricity consumption (Unit: kWh/year)	513,272,112	655,108,860	631,436,019
Energy consumption other than electricity (Unit: GJ/year)	4,648,903	5,394,870	5,304,416
Total energy consumption (Unit: GJ/year)	6,496,683	7,753,262	7,576,550
Total energy intensity (Unit: GJ/RMB10,000 of output value)	3.51	3.11	2.65
Total water consumption (Unit: m ³ /year)	9,515,697	9,959,415	9,527,927
Water consumption intensity (Unit: m ³ /RMB10,000 of output value)	5.14	3.99	3.33
Total carbon emission (Unit: ton/year)	822,786	786,371	758,143
Carbon emission intensity (Unit: tons/RMB10,000 of output value)	0.54	0.41	0.35
Loss time injury rate per million man-hour	0.415	0.226	0.343
Recordable injury rate per million man-hour	0.915	0.433	0.395
Occupational hazard exposure rate	12.42%	12.34%	12.66%
Investment in health and safety (Unit: RMB0'000)	3,919	3,843	5,801
Total EHS training hours (Unit: hours)	185,067	237,572	404,227
EHS training hours per employee (Unit: hours)	7.86	9.42	14.65
EHS training times per employee (Unit: time)	1.8	2.5	2.5

GRI Standard Indicator Index

GRI standard	Item	Content	Page
GRI 102: General Disclosure	102-1	Name of the organization	10-11
	102-2	Activities, brands, products and services	11-12, 32-47
	102-3	Location of headquarters	Back cover
	102-4	Location of operations	32
	102-5	Ownership and legal form	11
	102-6	Markets served	37
	102-7	Scale of the organization	62
	102-8	Information on employees and other workers	62-63
	102-9	Supply chain	56-59
	102-10	Significant changes to the organization and its supply chain	56-59
	102-11	Precautionary Principle or approach	19
	102-12	External initiatives	59
	102-13	Membership of associations	13
	102-14	Statement from senior decision-maker	8-9
	102-15	Key impacts, risks, and opportunities	8-9
	102-16	Values, principles, standards, and norms of behavior	11, 25-26
	102-17	Mechanisms for advice and concerns about ethics	20-21, 29
	102-18	Governance structure	15
	102-19	Delegating authority	27
	102-20	Executive-level responsibility for economic, environmental, and social topics	29
	102-21	Consulting stakeholders on economic, environmental, and social topics	28
	102-22	Composition of the highest governance body and its committees	15-18
	102-23	Chair of the highest governance body	15
	102-24	Nominating and selecting the highest governance body	17
	102-25	Conflicts of interest	17-18
	102-26	Role of highest governance body in setting purpose, values, and strategy	25
	102-27	Collective knowledge of highest governance body	8-9
	102-28	Evaluating the highest governance body's performance	18
	102-29	Identifying and managing economic, environmental, and social impacts	29
	102-30	Effectiveness of risk management processes	8-9
	102-31	Review of economic, environmental, and social topics	29

GRI Standard Indicator Index

GRI standard	Item	Content	Page
GRI 102: General Disclosure	102-32	Highest governance body' s role in sustainability reporting	27
	102-33	Communicating critical concerns	28
	102-34	Nature and total number of critical concerns	28
	102-35	Remuneration policies	18
	102-36	Process for determining remuneration	18
	102-37	Stakeholders' involvement in remuneration	69
	102-38	Annual total compensation ratio	18
	102-39	Percentage increase in annual total compensation ratio	107
	102-40	List of stakeholder groups	28
	102-41	Collective bargaining agreements	28
	102-42	Identifying and selecting stakeholders	28
	102-43	Approach to stakeholder engagement	28
	102-44	Key topics and concerns raised	28
	102-45	Entities included in the consolidated financial statements	4
	102-46	Defining report content and topic Boundaries	4-5
	102-47	List of material topics	28
	102-48	Restatements of information	4-5
	102-49	Changes in reporting	4-5
	102-50	Reporting period	4
	102-51	Date of most recent report	4
	102-52	Reporting cycle	4
	102-53	Contact point for questions regarding the report	5, back cover
	102-54	Claims of reporting in accordance with the GRI Standards	4
	102-55	GRI content index	110-115
	102-56	External assurance	117-119
	GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary
103-2		The management approach and its components	28
103-3		Evaluation of the management approach	28

GRI Standard Indicator Index

GRI standard	Item	Content	Page
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	6-7
	201-2	Financial implications and other risks and opportunities due to climate change	Not disclosed
	201-3	Defined benefit plan obligations and other retirement plans	69
	201-4	Financial assistance received from government	Not disclosed
GRI 202: Market Presence	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	8-9
GRI 203: Indirect Economic	203-1	Infrastructure investments and services supported	None
	203-2	Significant indirect economic impacts	8-9
GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers	57
GRI 205: Anti-Corruption	205-1	Operations assessed for risks related to corruption	20
	205-2	Communication and training about anti-corruption policies and procedures	21
	205-3	Confirmed incidents of corruption and actions taken	22
GRI 206: Anti-Competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	None
GRI 301: Materials	301-1	Materials used by weight or volume	95
	301-2	Recycled input materials used	95
	301-3	Reclaimed products and their packaging materials	95
GRI 302: Energy	302-1	Energy consumption within the organization	84-86
	302-2	Energy consumption outside of the organization	84
	302-3	Energy intensity	84
	302-4	Reduction of energy consumption	84-85
	302-5	Reductions in energy requirements of products and services	85
GRI 303: Water	303-1	Water withdrawal by withdrawal source	94
	303-2	Water sources significantly affected by withdrawal of water	None
	303-3	Water recycled and reused	95-95

GRI Standard Indicator Index

GRI standard	Item	Content	Page
GRI 304: Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	96
	304-2	Significant impacts of activities, products, and services on biodiversity	96
	304-3	Habitats protected or restored	96
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	None
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	84
	305-2	Energy indirect (Scope 2) GHG emissions	84
	305-3	Other indirect (Scope 3) GHG emissions	84
	305-4	GHG emissions intensity	84
	305-5	Reduction of GHG emissions	84
	305-6	Emissions of ozone-depleting substances (ODS)	Not disclosed
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	88-89
GRI 306: Effluents and Waste	306-1	Water discharge by quality and destination	90
	306-2	Waste by type and disposal method	92
	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: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	None
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	59
	308-2	Negative environmental impacts in the supply chain and actions taken	59
GRI 401: Employment	401-1	New employee hires and employee turnover	69
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	69、71
	401-3	Parental leave	69
GRI 402: Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	69

GRI Standard Indicator Index

GRI standard	Item	Content	Page
GRI 403: Occupational Health and Safety	403-1	Workers representation in formal joint management-worker health and safety committees	8
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	74
	403-3	Workers with high incidence or high risk of diseases related to their occupation	75
	403-4	Health and safety topics covered in formal agreements with trade unions	28
GRI 404: Training and Education	404-1	Average hours of training per year per employee	66
	404-2	Programs for upgrading employee skills and transition assistance programs	64-67
	404-3	Percentage of employees receiving regular performance and career development reviews	68
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	69
	405-2	Ratio of basic salary and remuneration of women to men	Not disclosed
GRI 406: Non-Discrimination	406-1	Incidents of discrimination and corrective actions taken	None
GRI 407: Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	N/A
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	None
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	None
GRI 410: Security Practices	410-1	Security personnel trained in human rights policies or procedures	None
GRI 411: Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	None
GRI 412: Human Rights Assessment	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
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	None
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	101-103
	413-2	Operations with significant actual and potential negative impacts on local communities	None
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	56-57
	414-2	Negative social impacts in the supply chain and actions taken	59

GRI Standard Indicator Index

GRI standard	Item	Content	Page
GRI 415: Public Policy	415-1	Political contributions	None
GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	48
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None
	417-1	Requirements for product and service information and labeling	50
GRI 417: Marketing and Labeling	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: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	None
GRI 419: Socioeconomic Compliance	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 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. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.</p>		84
Aspect A1: Emissions	KPI A1.1	The types of emissions and respective emissions data.	84-85
	KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	84
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	88-90
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	92
	KPI A1.5	Description of measures to mitigate emissions and results achieved.	88-89
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	90-92
	<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, in storage, transportation, in buildings, electronic equipment, etc.</p>		80-81
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).	84
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	95
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.	85
	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
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	95

Environmental, Social and Governance Reporting Guide

Subject Areas, Aspects, General Disclosures and KPIs

		"Comply or explain" Provisions	Recommended Disclosures	Pages
B. Social				
Employment and Labour Practices				
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	62-63
		KPI B1.2	Employee turnover rate by gender, age group and geographical region.	69
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.	74
		KPI B2.2	Lost days due to work injury.	74
		KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	75-76
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).	65
		KPI B3.2	The average training hours completed per employee by gender and employee category.	65
Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	69
		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.	57
		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.	56-57

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.	44
		KPI B6.2	Number of products and service related complaints received and how they are dealt with.	52
		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.	44
		KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	52-53
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.	20-21
		KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	22
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, labour needs, health, culture, sport).	100
		KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	100-104

Forward-looking Statement

This Corporate Social Responsibility 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 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;

SGS-CSTC'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE SHANGHAI FOSUN PHARMACEUTICAL (GROUP) CO., LTD. FOR 2019

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 2019 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 and Chemo Wanbang Biopharma for on-line assurance. Data and information of other companies were not included in this assurance process.

The information in the 2019 Corporate Social Responsibility Report of FOSUNPHARMA and its presentation are the responsibility of the directors of governing body and the management of FOSUNPHARMA. SGS has not been involved in the preparation of any of the material included in the 2019 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, OHSAS 18001/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 2019 Corporate Social Responsibility Report verified is accurate, reliable and provides a fair and balanced representation of FOSUNPHARMA sustainability activities in 2019.

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 2019 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 establishes a diversified stakeholders dialogue mechanism to ensure the effective engagement of stakeholders in sustainability management, and integrates sustainability behaviors into its decisions and activities.

Sustainability Context

FOSUNPHARMA considers these factors in terms of data disclosure by analyzing from the economic, environmental and social stakeholders.

Materiality

FOSUNPHARMA can fully demonstrate the principle of materiality in the report. The report discloses that the logic for the formulation of materiality issues was a combination of policy research, peers benchmarking, stakeholder interviews, and expert judgments. Finally, a matrix of substantive issues was formed. The content reflects the organisation's actions in important environmental, social and economic aspects.

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 actively discloses its own positive and negative performances based on the expectations of stakeholders, and gives stakeholders more objective performances of social responsibility.

Comparability

FOSUNPHARMA shows the historical data comparison to demonstrate the trends and forms that help readers well know the improvement of year-to-year performances.

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 is clear and can be understood by stakeholders who have a reasonable understanding of FOSUNPHARMA and its industry. FOSUNPHARMA is taking into account the utilization and type of information, and using a number of descriptions, charts and pictures and other forms while disclosure of information.

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 data for assurance of report information was from the headquarters.

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 2019 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
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Mar. 30th, 2020

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