

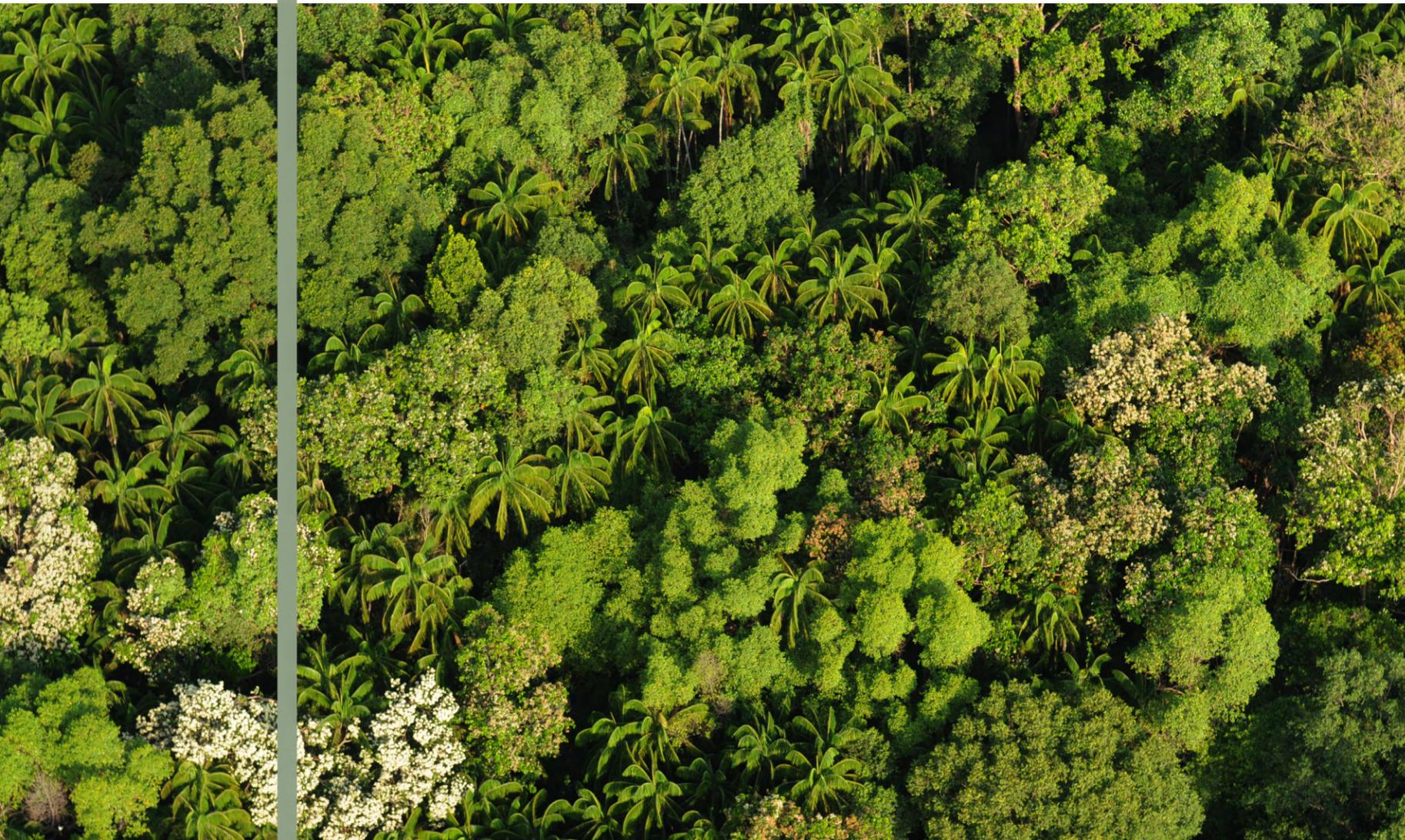
# 2022

TASK FORCE ON  
CLIMATE-RELATED  
FINANCIAL  
DISCLOSURES  
REPORT



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## Foreword

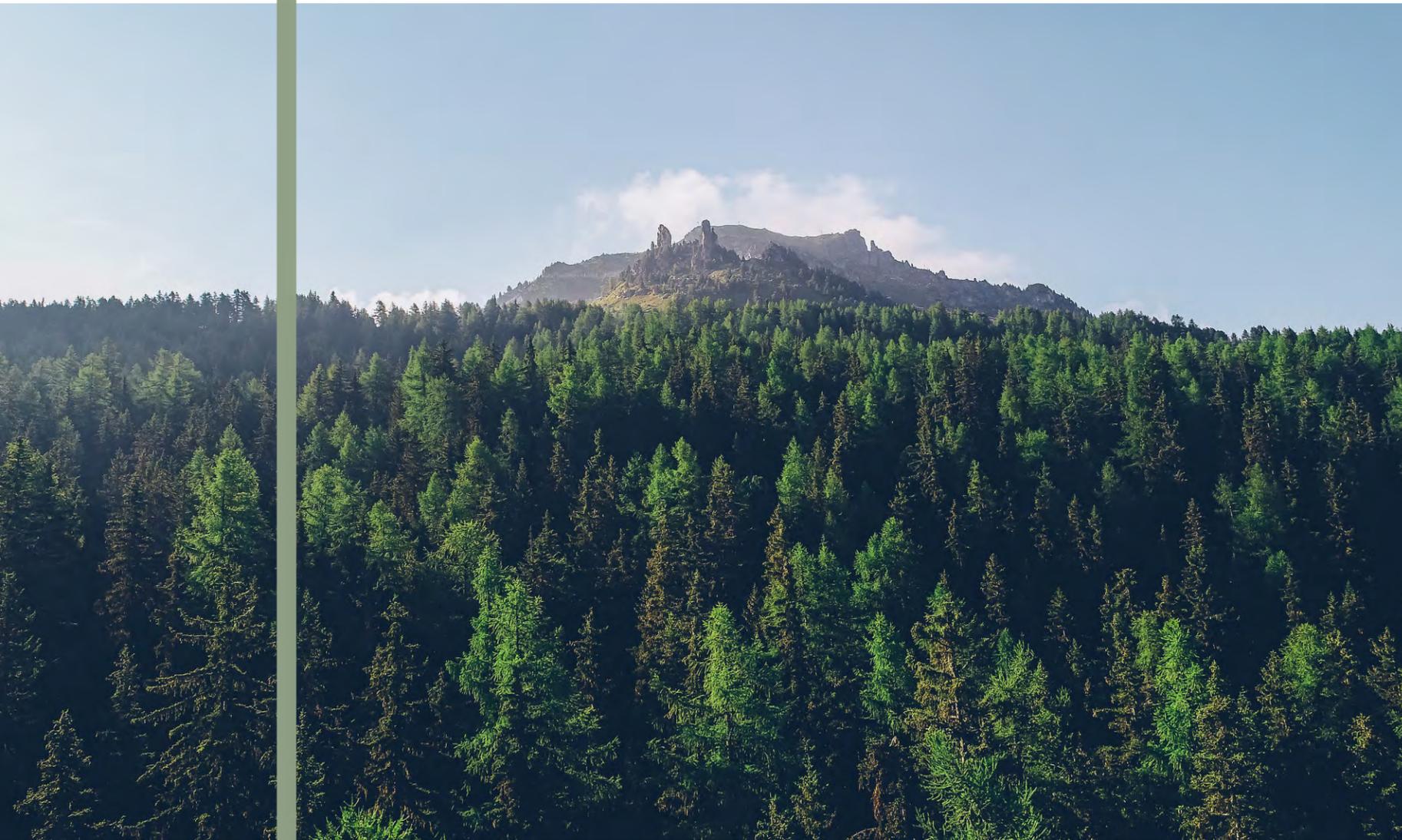
The latest *Global Risks Report 2023* released by the World Economic Forum points out that the world must cooperate more effectively in the next decade to mitigate and adapt to climate change, which is the most severe long-term risk the world is facing, to avoid “ecosystem collapse” and continued global warming. While global efforts are being made to address climate change, the Chinese government also officially announced in September 2020 that it will strive to “achieve carbon peaking by 2030 and carbon neutrality by 2060”. Moreover, it has issued the *Working Guidance for Carbon Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy* and the *Action Plan for Carbon Peaking Before 2030*, and put in place a “1+N” system, striving to achieve synergy in pollution reduction and carbon reduction.

Joining the United Nations Global Compact in August 2014, Fosun endeavors to help fulfill the global commitment to sustainable development by participating in and promoting the achievement of the United Nations Sustainable Development Goals globally and locally. In 2021, the Group set the carbon reduction target and committed to society - “strive to peak carbon emissions by 2028 and achieve carbon neutrality by 2050”.

In the past year, Fosun continued to enhance the establishment and investment of the ESG system, winning recognition from professional institutions around the world with excellent performance. Fosun International is the only conglomerate in Greater China rated AA by MSCI ESG Ratings, and has been selected in the index of MSCI CHINA ESG LEADERS 10-40; Fosun International has obtained the Hang Seng sustainability rating of A, and has been selected as a constituent stock of the Hang Seng Corporate Sustainability Benchmark Index (HSSUSB) and the Hang Seng ESG 50 Index. Fosun International has made improvement in FTSE Russell ESG rating for two consecutive years, and has been selected as a constituent stock of the FTSE4Good Index Series for the first time in 2022. Fosun International outperformed 91% of the global peers in the S&P Global Corporate Sustainability Assessment.

The year 2022 marked the 30<sup>th</sup> anniversary of Fosun. Upholding the core values of “Self-improvement, Teamwork, Performance and Contribution to Society”, Fosun focuses on the development of business segments such as Health, Happiness and Wealth, and has grown into a global innovation-driven consumer group with its mission of “Creating happier lives for families worldwide”. In the future, we will continue to create value and contribute to society, and work with our member companies to push forward the implementation of ESG strategies and boost the sustainable development of the Group.

Starting a new journey on the 30<sup>th</sup> anniversary, Fosun releases the first TCFD report based on the TCFD recommendations. By conducting the analysis and assessment of climate-related risks and opportunities, we identified key risks and opportunities and mapped out response measures, and further improved the management of metrics and targets accordingly, to ultimately cultivate a capability to address climate issues in the long term and enhance climate resilience. This Report describes our approach to identifying and addressing climate risks and opportunities, and presents our progress in climate action.



## About this Report

This is the first TCFD Report of Fosun International, covering the period from 1 January 2022 to 31 December 2022. Description in some parts of the Report goes beyond the above period.

### Basis for Preparation

This Report makes a disclosure with respect to Governance, Strategy, Risk Management, and Metrics and Targets in light of the framework of the TCFD recommendations.

### Scope of the Report

This Report covers the Group's main businesses in four business segments, namely Health, Happiness, Wealth and Intelligent Manufacturing.

### Notes on the Report's Data

The financial data mentioned in the Report all come from the Group's consolidated financial statements for the year ended 31 December 2022, which have been independently audited by Ernst & Young. Other data are sourced from internal statistical reports and official documents of the Group. Unless otherwise stated, all monetary amounts quoted in the Report are presented in Renminbi ("RMB").

### Report Availability

The electronic copy of the Report is available on the Company's Sustainability Page (<https://en.fosun.com/development/>).

### Contact Information

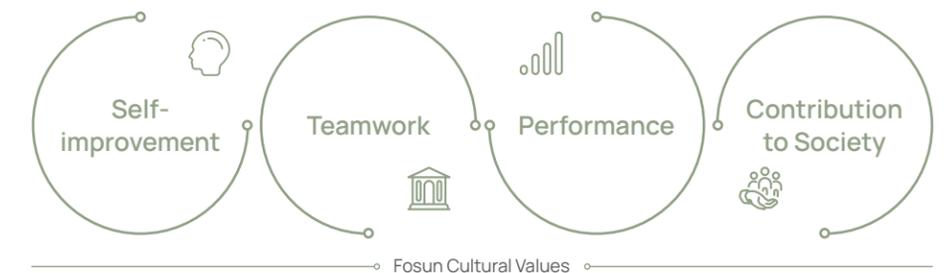
Fosun encourages all stakeholders to provide feedback and suggestions on the Group's climate-related work. For any related enquiries, please contact [esg@fosun.com](mailto:esg@fosun.com).

## Group Overview

Upholding the cultural values of “Self-improvement, Teamwork, Performance and Contribution to Society” and fulfilling the mission of “Creating happier lives for families worldwide”, Fosun International has achieved rapid development by capitalizing on the impetus of economic development in China and the world and investing in the fast-growing industries in different stages.

Throughout its three decades of development, the Group has remained true to its original aspiration of “Contribution to Society”. In response to the macroeconomic situation and opportunities arisen from industries, the Group has grown together with the Chinese and global economies into a global innovation driven consumer group that focuses on the development of business segments such as Health, Happiness and Wealth. The Group has accumulated profound experience and built up capabilities in the fields of global operations, technology and innovation, business ecosystem and FES<sup>1</sup> management system, building core businesses that could bring stable, synergistic and sustainable growth. The Group presses ahead with the “profound industry operations + industrial investment” strategy to continuously accelerate its strategic focus, consolidate its asset base, and provide high-quality products and services to families around the world while enhancing its global competitiveness.

Rooted in China, Fosun has been developing globally. It is one of the few domestic companies that is equipped with global operation and investment capabilities, and has accumulated profound technology and innovation capabilities. The journey of global operations of Fosun started in 2007 when Fosun International was listed in Hong Kong. After nearly 16 years, Fosun has continued to deepen and expand the coverage of its global operations. Since 2022, Fosun's global operations strategy has entered the third stage of “global organization + local operations” to foster cross-regional, cross-cultural, and cross-organizational operation capabilities of Fosun's global business ecosystem, thereby providing new impetus for the improvement and expansion of Fosun's industry operations. While striving for development, we take the initiative to shoulder corporate social responsibility and take advantage of the “multiplier” effect of Fosun's global industrial ecosystem to help the Group overcome the difficulties during the COVID-19 pandemic period and promote the development of its global operations. After the outbreak of the pandemic, the global operation capability has become increasingly valuable. Each business segment of the Group has been adapting business models to the socio-economic activities, shaping unique global operation and investment capabilities.



<sup>1</sup>Fosun Entrepreneurship/Ecosystem System (“FES”) refers to a business management system with high management efficiency that continuously evolves in practice in order to build the core competitiveness of a time-honored enterprise and cultivate talents with Fosun's entrepreneurial spirit.



### Health Segment

The Health segment of the Group focuses on the ecosystem of pharmaceuticals, devices & diagnosis, healthcare services and products, and adheres to the "4 IN" strategy (Innovation, Internationalization, Integration, Intelligentization) to continuously improve the product competitiveness and brand values.



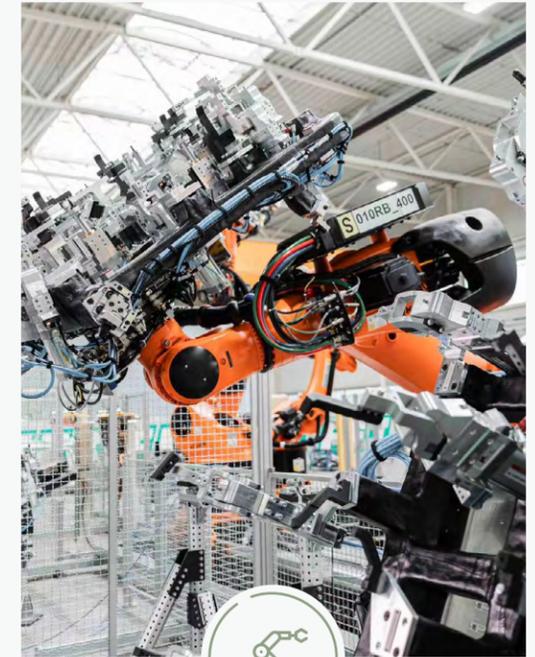
### Happiness Segment

The Group targets the consumption needs of family customers in the happiness aspect. Through the twin-driver strategy of "profound industry operations + industrial investment", the Group builds a globalized happiness ecosystem covering the whole value chain of the industry. Centering on brand consumption and tourism and leisure, the Group actively organizes teams of people, creates goods and arranges venues to meet customer needs directly. The platforms for brand consumption business include Yuyuan, Lanvin Group and Fosun Sports, which engage in businesses such as jewelry and fashion, C-end platforms, fashion brands, food, catering, beauty and health, sports, cultural business and pet care. Meanwhile, FTG is the platform for the tourism and leisure business, engaging in businesses such as the operation of tourism destinations, resorts and hotels, services and solutions in tourism and leisure settings.



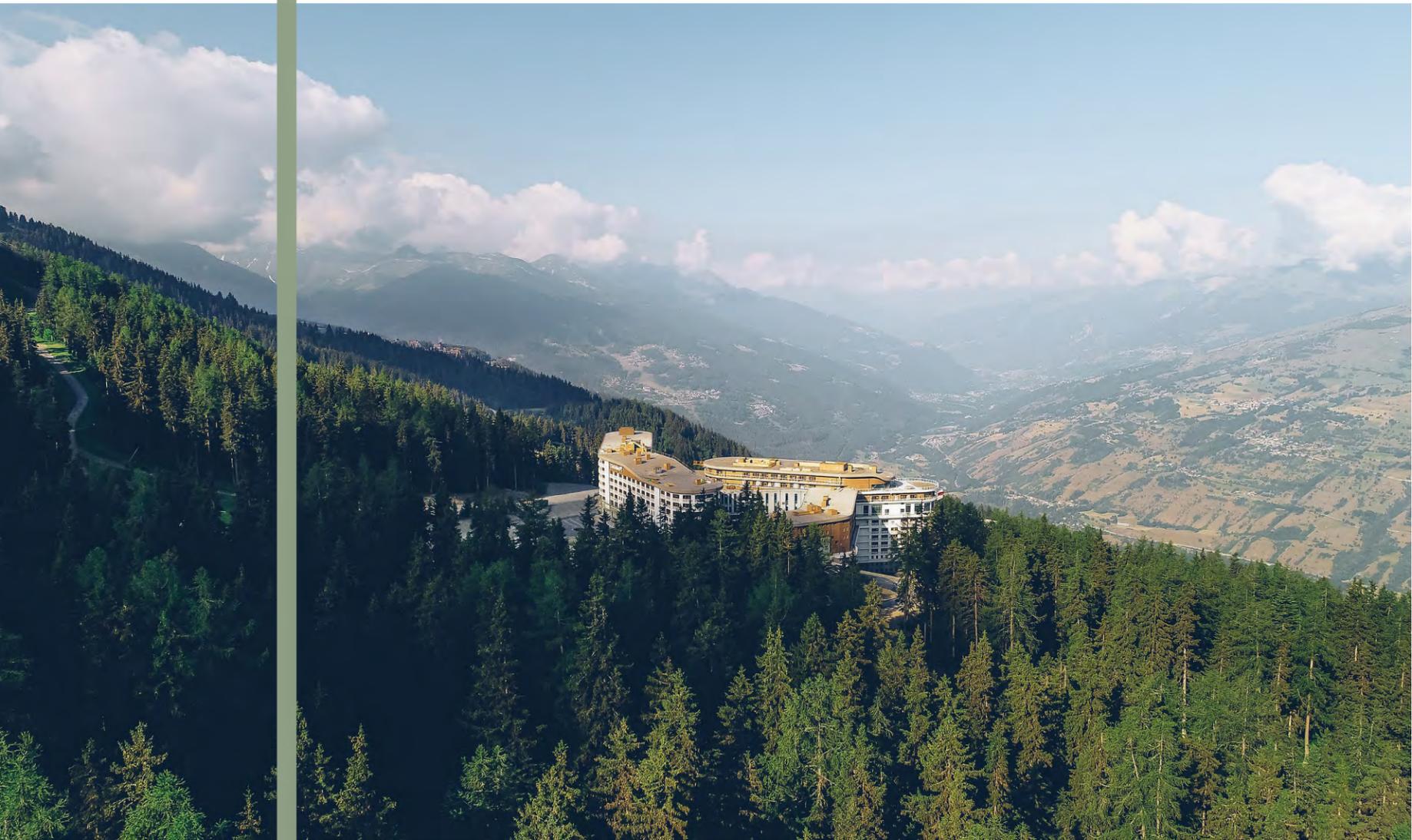
### Wealth Segment

The Group's Wealth segment mainly consists of financial services, with insurance as the core business. On the basis of achieving synergy between insurance and industrial asset allocation, it leverages the Group's profound industry operations capability and global investment capability to build an ecosystem of global asset management businesses to help the Group's Health, Happiness and Intelligent Manufacturing segments achieve industrial enhancement.



### Intelligent Manufacturing Segment

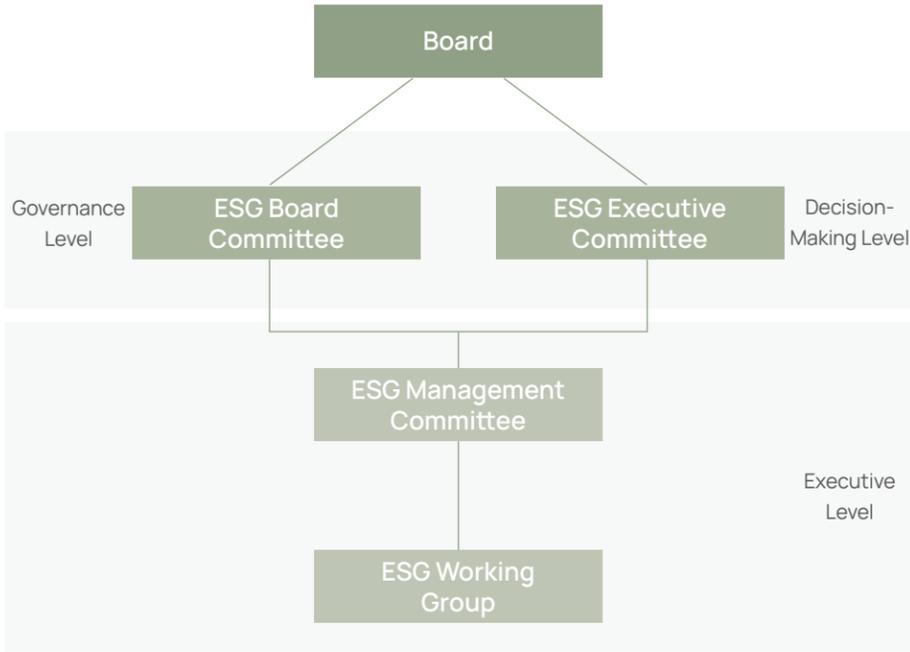
The Group's Intelligent Manufacturing segment mainly focuses on mineral oil and gas resources and intelligent manufacturing, and actively expand relevant industries with high value-added technology, such as fields of new materials and smart mobility. The Group's mineral oil and gas resources business, represented by Hainan Mining, continues to maintain rapid growth under the cycle of continuous global commodity boom. At the same time, with the vigorous development of intelligent manufacturing services represented by Easun Technology, other companies under the Group's Intelligent Manufacturing segment are expected to benefit from the rapid growth of the industry.



# Governance

As a responsible global enterprise, Fosun International has been investing vigorous efforts in response to climate change and exploring solutions to climate change by virtue of our global operation resources and industrial investment experience. To further facilitate the response to global climate change, the Group is committed to continuing our actions that have been well implemented on climate change mitigation at the group level, and further integrating these actions into strategies and business models of the Group to address the growing challenge of climate change.

The Company's Board is responsible for guiding and overseeing the Group's ESG-related tasks and risks, including climate change-related risks. The Company has established an ESG Board Committee under the Board, an ESG Executive Committee at the management and decision-making level, and an ESG Management Committee and an ESG Working Group at the executive level to fully implement the Company's ESG strategies and actions, including the response to climate change.



## Supervision by the Board

The Board is the highest-level ESG governance body of the Company, and the Company has set up the ESG Board Committee under the Board to reinforce the Board's ESG management. In addition, in order to promote the implementation of the ESG strategy of the Board, in March 2022, the Company established an ESG Executive Committee consisting of the executive directors of the Company. The ESG Executive Committee is responsible for making decisions on the ESG matters of the Group.



### | ESG Board Committee

The ESG Board Committee aims at assisting the Board in providing direction on and overseeing the development and implementation of the ESG initiatives of the Group, including but not limited to the management of health and safety risks, climate change risks, tax risks, and diversity, etc. The ESG Board Committee regularly reports the results of ESG risks assessment and relevant performance to the Board for continuous monitoring.



### | ESG Executive Committee

The ESG Executive Committee aims at assisting the ESG Board Committee in making comprehensive decisions on Fosun's ESG matters, guiding and monitoring the implementation of ESG work of the ESG Management Committee and ESG Working Group, and comprehensively promoting the effective implementation of Fosun's ESG strategies and actions.

## Management Responsibilities

The Company has established ESG Management Committee under the ESG Board Committee and ESG Executive Committee, consisting of senior management from various functional departments involved in the ESG issues of the Company. The Company has also established an ESG Working Group under the ESG Management Committee, consisting of the heads of functional departments involved in the Company's ESG matters.



### | ESG Management Committee

ESG Management Committee assists the ESG Board Committee in guiding and monitoring the ESG work of the Group and implementing the ESG strategies and goals, including the management of climate risks and opportunities, and regularly reports the priorities and plans of ESG work to the ESG Board Committee and ESG Executive Committee to comprehensively implement the Company's ESG strategies and relevant actions.



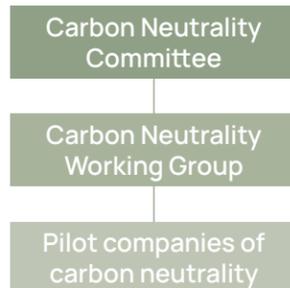
### | ESG Working Group

The ESG Working Group assists the ESG Management Committee in carrying out and implementing the management of the climate topics (including identifying climate risks and opportunities in day-to-day operation, establishing business-specific responses, etc.), and ensures the establishment of appropriate and effective systems of ESG management and internal control. Besides, the ESG Working Group regularly reports to the ESG Management Committee and shares best practices with member companies.



## Carbon Neutrality Governance

In 2021, the Group set and announced an ambitious carbon reduction target - "strive to peak carbon emissions by 2028 and achieve carbon neutrality by 2050". In order to further push forward the "2050 Carbon Neutrality Goal" of Fosun, the Group has established a Carbon Neutrality Committee and a Carbon Neutrality Working Group, with carbon neutrality led and progressed by the EHSQ Department.



### FTG

FTG has established an ESG committee to review and assess climate risks, and manage and oversee the matters related to climate change and carbon neutrality in an all-round manner. The ESG working group of FTG is responsible for promoting the implementation of carbon neutrality work.

The EHSQ Department of Atlantis Sanya, a subsidiary of FTG, is fully responsible for overseeing emission reduction. A dedicated team has been established to push energy conservation and emission reduction forward. Moreover, Atlantis Sanya has established an accountability system and a reward and punishment mechanism for energy conservation and emission reduction. The results of energy conservation are linked to the salary, reward and punishment of the corresponding responsible person.



### Yuyuan

Yuyuan has established a carbon neutrality committee and a working group, and the EHSQ department takes the lead in promoting carbon neutrality. In addition, various industries and industrial development groups have also established carbon neutrality committees and working groups, with the departments responsible for leading the carbon neutrality work and persons in charge of such work defined clearly, to ensure that carbon neutrality work is implemented properly.

#### Carbon Neutrality Committee

The Carbon Neutrality Committee, composed of directors of the Group and directors of member companies, is responsible for supervising and promoting the overall carbon neutrality strategy, and regulating and monitoring climate-related risks and opportunities.

#### Carbon Neutrality Working Group

The Carbon Neutrality Working Group, led by senior management of the Company's key departments involving carbon neutrality, is responsible for implementing and driving carbon neutrality tasks, and regularly reporting achievements to the Carbon Neutrality Committee.

#### Pilot companies of carbon neutrality

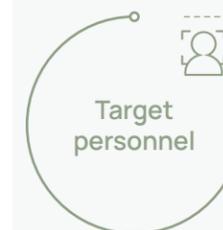
The Group has listed the enterprises with intensive carbon emissions as the pilot companies of carbon neutrality work based on the analysis of carbon emission data for four consecutive years (namely Fosun Pharma, Yuyuan, FTG, Hainan Mining and Forte).

In order to ensure the step-by-step promotion of carbon neutrality work, the Group encourages pilot companies to incorporate their own carbon strategies into daily operation management, and to actively carry out carbon neutrality work by selecting applicable paths and measures according to the national green development requirements.

Pilot companies are required to specify the organizational structure, targets, measures, schedules, responsible departments and incentive and reward mechanisms. The EHSQ Department will regularly assess pilot companies' performance. We also encourage other member companies not involved in piloting carbon neutrality to formulate a carbon neutrality management framework and measures to facilitate the achievement of global carbon reduction goals.

## Performance Incentives for Climate Management

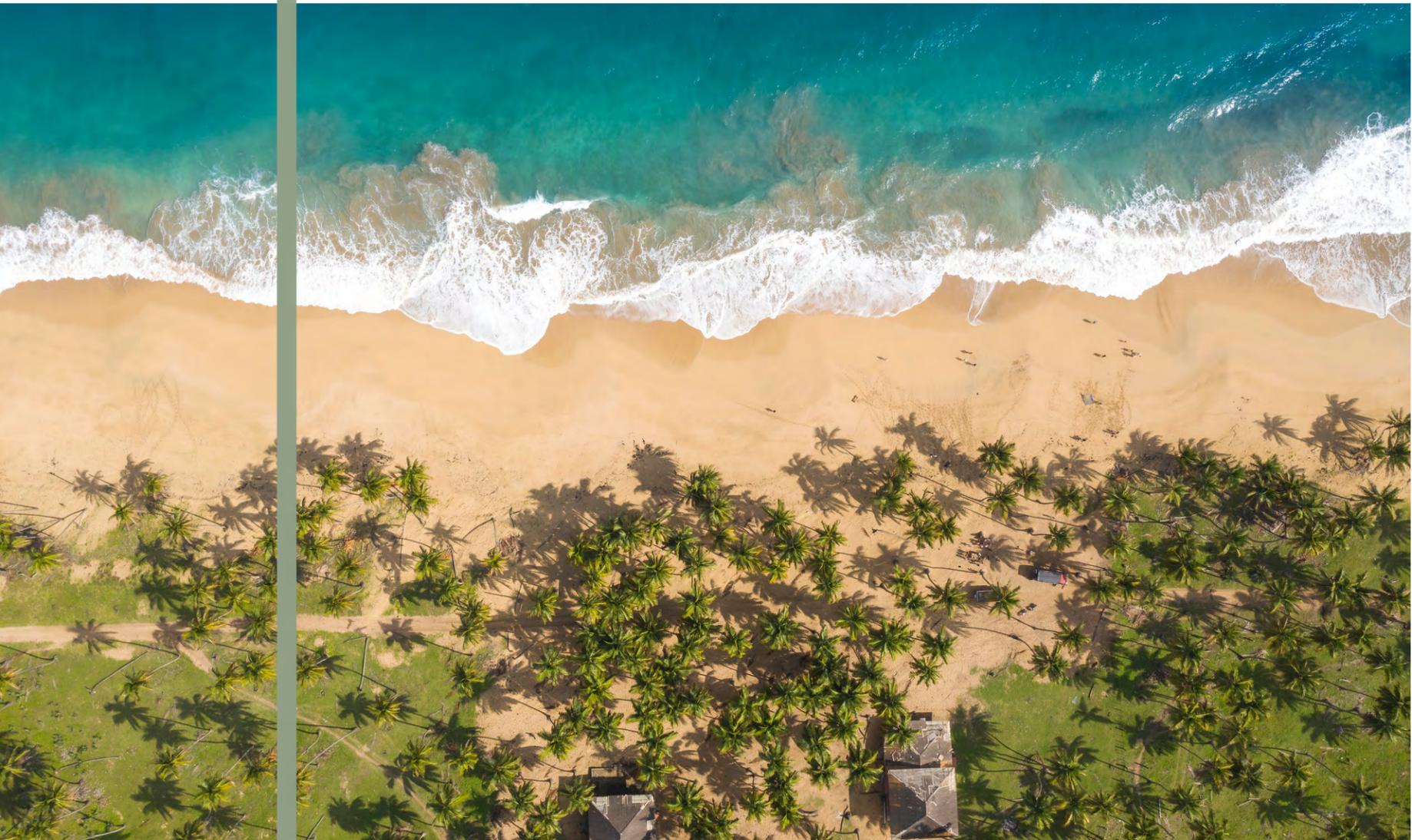
We have added the indicator of "carbon neutrality management" to the ESG management performance appraisal mechanism of responsible persons of each business segment of the Group, with the aim of further assessing the achievement rate of carbon-neutral projects of their managing operating entities, promoting further implementation and enforcement of carbon-neutral management across the Group.



Heads of EHSQ Department, responsible persons of each business segment



Set the assessment indicators (including the indicator of "carbon neutrality management") for ESG management on an annual basis, and determine the performance score and performance bonus of relevant responsible personnel based on the assessment results



# Strategy

## Identification and Assessment of Risks and Opportunities

The Group identifies climate change risks by specific risk types based on the TCFD framework and extensive survey work on peer companies. On this basis, we have further established a risk matrix based on the Group's business situation and development strategy, as well as the concerns of internal and external stakeholders. In the meantime, we have analyzed the short-term, medium-term and long-term impacts of each risk type. We communicated with stakeholders and engaged internal and external experts to review significant risk projects. By doing so, we have developed a climate impact response plan, which is incorporated into Fosun International's strategy for addressing climate change.

### Climate-related Risks

In light of the TCFD framework and based on the main business characteristics of the Group's four business segments, namely Health, Happiness, Wealth and Intelligent Manufacturing, we have extensively conducted industry surveys and expert interviews, and held a number of internal workshops of climate risk assessment. Through the assessment, we have identified the following climate risks and opportunities as the key climate risks of the Group.

Physical risks		Transition risks		
Acute	Chronic	Policy and Legal	Market	Reputation
<ul style="list-style-type: none"> <li>Increased severity of extreme weather events such as cyclones and floods</li> </ul>	<ul style="list-style-type: none"> <li>Rising mean temperatures</li> </ul>	<ul style="list-style-type: none"> <li>Increased pricing of GHG emissions</li> <li>Mandates on and regulation of existing products and services</li> </ul>	<ul style="list-style-type: none"> <li>Changing customer behavior</li> </ul>	<ul style="list-style-type: none"> <li>Increased stakeholder concern or negative stakeholder feedback</li> </ul>

## Climate-related Risks

### Analysis of the Financial Impact of Climate-related Risks

	 Climate-related Risks	 Risk Description	 Potential Financial Impacts	 Value Chain	 Time Frame <sup>2</sup>
Physical risks	Increased severity of extreme weather events such as cyclones and floods	<ul style="list-style-type: none"> <li>Increased risks of transportation difficulties, facility damage, and supply chain disruption</li> <li>Negative impacts on the workforce (e.g., health, safety, absence)</li> <li>Physical losses to physical assets</li> <li>Increased probability of occurrence and degree of loss of insurance events</li> </ul>	<ul style="list-style-type: none"> <li>Reduced revenue due to reduced production capacity</li> <li>Impairment of existing assets</li> <li>Increased production and operating costs (such as insurance costs)</li> </ul>	<ul style="list-style-type: none"> <li>Inbound logistics</li> <li>Operations</li> <li>Marketing and sales</li> </ul>	Medium term
	Rising mean temperatures	<ul style="list-style-type: none"> <li>Dual risks of supply chain downtime and business downtime due to power rationing</li> <li>Negative impacts on outdoor labor</li> <li>Increased power consumption of air conditioners and other equipment in operating sites</li> <li>Increased demand for cold chain transportation</li> </ul>	<ul style="list-style-type: none"> <li>Reduced revenue due to reduced production capacity</li> <li>Increased production and operating costs</li> </ul>	<ul style="list-style-type: none"> <li>Inbound logistics</li> <li>Operations</li> <li>Outbound logistics</li> <li>Marketing and sales</li> </ul>	Long term
Transition risks	Increased pricing of GHG emissions	<ul style="list-style-type: none"> <li>Limited expansion of production capacity, increased pressure to control production and operational safety</li> <li>High uncertainty of risk</li> <li>Elimination of facilities and equipment with outdated production capacity</li> <li>Losing competitiveness in product prices due to the inability to shift carbon costs</li> </ul>	<ul style="list-style-type: none"> <li>Increased production and operating costs</li> <li>Impairment of existing assets</li> <li>Decrease in revenue due to lower sales</li> </ul>	<ul style="list-style-type: none"> <li>Inbound logistics</li> <li>Operations</li> <li>Marketing and sales</li> </ul>	Medium to long term
	Mandates on and regulation of existing products and services	<ul style="list-style-type: none"> <li>More stringent government climate compliance regulation</li> <li>Elimination of high energy consuming equipment and increased requirements for products and services</li> <li>Increased probability and frequency of products and services regulation violations, negatively impacting the brand and resulting in sales declines</li> </ul>	<ul style="list-style-type: none"> <li>Impairment of existing assets</li> <li>Rising operating costs</li> <li>Increased fines</li> <li>Decrease in revenue</li> </ul>	<ul style="list-style-type: none"> <li>Inbound logistics</li> <li>Operations</li> <li>Marketing and sales</li> <li>Services</li> </ul>	Medium term
	Changing customer behavior	<ul style="list-style-type: none"> <li>Customers' environmental awareness has changed, and their attention and expectations for green and low-carbon products have increased</li> <li>Failure to respond to increased consumer demand for environmentally friendly products and timely industrial transformation led to a decline in market share</li> </ul>	<ul style="list-style-type: none"> <li>Increased production and operating costs</li> <li>Increased investment in clean technology research and development</li> <li>Decrease in revenue due to decreased sales</li> </ul>	<ul style="list-style-type: none"> <li>Operations</li> <li>Marketing and sales</li> <li>Services</li> </ul>	Medium to long term
	Increased stakeholder concern or negative stakeholder feedback	<ul style="list-style-type: none"> <li>Investment and financing institutions have shifted their attitude towards enterprise ESG performance from encouraging to more strict supervision</li> <li>Negative ESG news has a significant impact on corporate reputation</li> </ul>	<ul style="list-style-type: none"> <li>Lower borrowing limits, higher interest rates, and increased difficulty in obtaining capital</li> <li>The stock price drops due to investors withdrawing their investments</li> </ul>	<ul style="list-style-type: none"> <li>Operations</li> <li>Marketing and sales</li> <li>Services</li> </ul>	Medium to long term

## Climate-related Opportunities

Besides the risks and impacts mentioned above, Fosun International has identified climate-related opportunities through the climate impact assessment. We comprehensively analyzed the types of opportunities, with the current situation and future development trends of the Group's business taken into account, striving to proactively seize development opportunities through investment in green products and services.

<sup>2</sup>Duration of impact: short term (0 to 3 years), medium term (3 to 10 years) and long term (over 10 years).

# Climate Risk Response

## Our Commitment to Carbon Neutrality

Being fully aware of the unshakeable duty to address the challenge of climate change, Fosun International actively responds to China's "carbon peaking by 2030 and carbon neutrality by 2060" decarbonization goal and has promised to promote the achievement of carbon neutrality. We are committed to enhancing our climate governance, formulating effective strategies for climate change mitigation and adaptation, and strengthening disclosure of climate-related data to align with the "1.5°C" temperature control target set in the *Paris Agreement*.

strive to peak carbon emissions by <b>2028</b>	achieve carbon neutrality by <b>2050</b>	<b>「1+N」</b> system
<p>In 2021, the Group set and announced a carbon reduction target and made a commitment to the community - "strive to peak carbon emissions by 2028 and achieve carbon neutrality by 2050". In 2022, we formally established a carbon neutrality roadmap to implement carbon neutrality work. For this purpose, we will continuously build a green and low-carbon management system and take measures to mitigate, adapt to and fight climate change. Member companies, such as Hainan Mining, Fosun Pharma, Yuyuan and FTG, have planned and implemented energy-saving and GHG reduction initiatives based on their own business characteristics. The Group plans to conduct carbon emissions and energy audits in stages starting in 2023.</p>	<p>The Group actively promotes the development of the "1+N" system, which means 1 carbon management system and several ("N") sustainability reports, including research reports on water risk assessment, climate change, biodiversity, etc. We have incorporated carbon neutrality and climate change management into the Group's system audit, and comprehensively managed the corporate ESG risks in light of the energy control audit requirements, international mainstream sustainable development disclosure standards (such as GRI standards) and ESG rating requirements, to enhance climate resilience. We have established the "Fosun Group Lean + Carbon Neutrality Reward" system, a robust carbon neutrality evaluation and reward system, and promoted member companies to set ESG carbon neutrality rating standards by building an ESG-carbon neutrality system platform.</p>	



## Strategies for Low-Carbon and Green Industry Operation

### Health Segment

#### Fosun Pharma

Adhering to the concept of green operation, Fosun Pharma has set forth five-year (2021-2025) strategic objectives of GHG emissions and energy management with 2020 as the base year, and has refined the corresponding quantitative indicators for each year. At the same time, Fosun Pharma has further determined its main action strategies to orderly promote the achievement of energy-saving and carbon reduction objectives; As of the end of 2022, the annual objectives have been achieved for two consecutive years.

#### Five-year Strategic Objectives

<p><b>Carbon emission intensity</b> a 15% decrease in 2025 compared to 2020, namely 0.23 tonne/RMB10,000 of revenue in 2025</p>	<p><b>Carbon reduction of energy saving projects</b> the cumulative carbon reduction from 2021 to 2025 reaches 30,000 tonnes, with an annual planned carbon reduction of 6,000 tonnes</p>	<p><b>Comprehensive energy consumption intensity</b> a 10% decrease in 2025 compared to 2020, namely 2.29 GJ/RMB10,000 of revenue in 2025</p>
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#### Main Action Strategies

Continuously strengthen carbon management and achieve GHG emission reduction objectives.	Improve energy utilization efficiency, adjust energy structure, and promote renewable energy.	Promote facilities and equipment for heat recovery and reuse, promote clean energy projects such as photovoltaic power generation systems, promote the administrative system for green use of energy consumption equipment, increase the coverage of low energy consumption and energy-saving equipment, and optimize and adjust the temperature and humidity of GMP (Good Manufacturing Practice of Medical Products) workshops.
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#### Objectives Completion Status

Performance objectives	2021 (Target value VS Actual value)	2022 (Target value VS Actual value)
Carbon emission intensity (tonne/RMB10,000 of revenue)	0.26 VS 0.23	0.254 VS 0.216
Carbon reduction of energy saving projects (10,000 tonnes)	0.6 VS 0.79	0.6 VS 0.94
Comprehensive energy consumption intensity (GJ/RMB10,000 of revenue)	2.48 VS 2.06	2.43 VS 1.90

## Happiness Segment



### FTG

To mitigate the impact of climate change and enhance climate resilience, FTG has established the energy conservation and carbon reduction target of "compared to the base year of 2019, reduce Scope 1 and 2 carbon intensity by 40% by 2030, reduce energy consumption intensity by 30% by 2030, and maximize the use of renewable energy", as well as the *Climate Change and Energy Policy*.

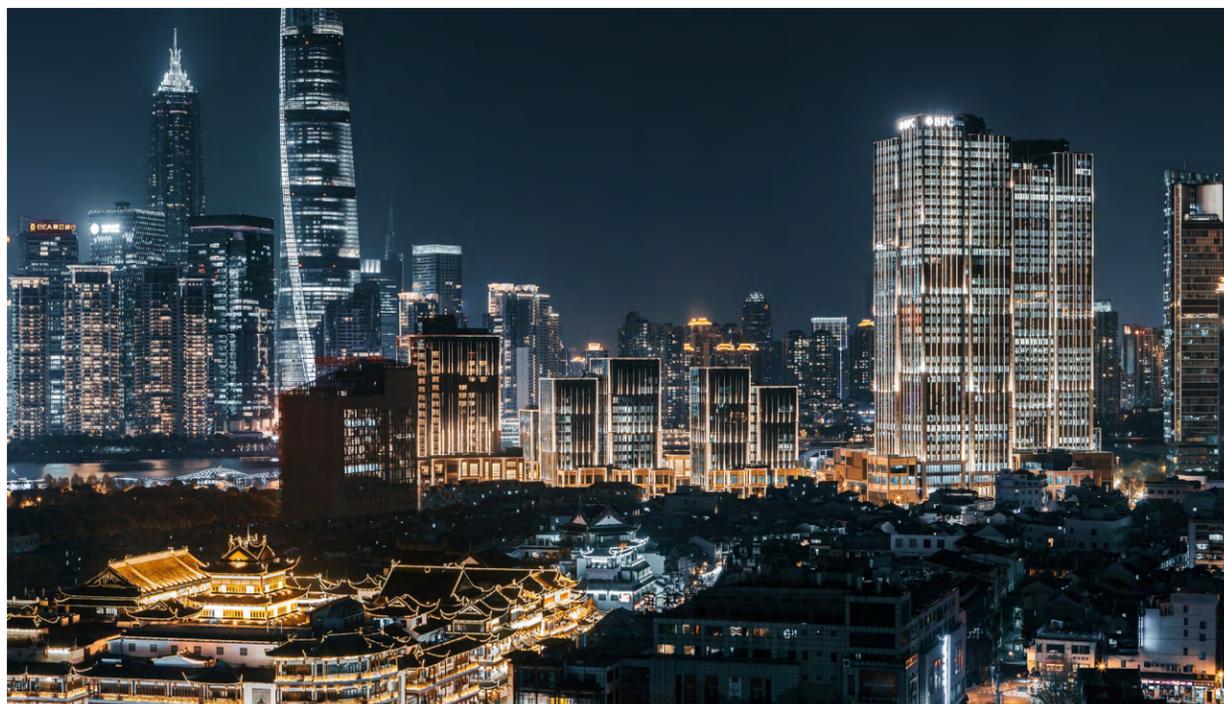
Atlantis Sanya, a subsidiary of FTG, has set the carbon neutrality target, the emission reduction target and the emission reduction path: "by 2030, reduce the intensity of Scope 1 and 2 GHG emissions by 50% compared to 2019 and strive to reduce Scope 3 carbon emissions; achieve net-zero emissions of Scope 1 and Scope 2 GHG by 2040".

Club Med, a subsidiary of FTG, launched the holiday village Life Cycle Assessment (LCAs) in 2006 and has been developing implementation paths for energy conservation and emission reduction based on the Science Based Target methodology, in response to the initiatives of the *Paris Agreement*. As of the end of 2022, Club Med has completed the carbon emission investigation of the whole value chain, and developed a carbon footprint calculation tool.

### Yuyuan

Actively practicing the low-carbon concept, Yuyuan has made a commitment to society: "Yuyuan will push forward carbon neutrality in an all-round manner, and strive to achieve carbon neutrality by 2050". Yuyuan has established a Carbon Neutrality Committee and a Working Group, and the EHSQ department takes the lead in promoting carbon neutrality. Yuyuan systematically reviews the path of carbon emission reduction, continuously optimizes the energy management system and focuses on green buildings. Moreover, Yuyuan embeds carbon emission reduction in the development of upstream and downstream value chains of various industries, and encourages a transition of production mode and lifestyle in concert with energy transition to formulate effective paths for carbon neutrality, boosting the realization of the national goal of "carbon peaking and carbon neutrality" in an overall manner.

In the carbon neutrality plan, Yuyuan listed the construction of the carbon emission monitoring system as a key basic project, and began to build a carbon emission monitoring system and ESG data reporting platform version 1.0 in 2022. Based on the summary and analysis of energy use and carbon emission data, Yuyuan set emission reduction goals and formulated corresponding emission reduction plans; At the same time, various types of ESG-related data are also included in the platform construction, providing digital support for the scientific setting of emission reduction indicators and ESG management goals.



## Wealth Segment



### Fosun Insurance Portugal

Fosun Insurance Portugal has committed to be Net-Zero in its operations in 2025 (Scope 1, Scope 2 and relevant Scope 3). In order to achieve this goal, Fosun Insurance Portugal is committed to emission reduction. It plans to conclude the undergoing Carbon Footprint calculation project by the first quarter of 2023, and define emission reduction targets with 2019 as base year. On the other hand, Fosun Insurance Portugal is investing in carbon sinks and setting up the Forest Fund in Portugal. Meanwhile, Fosun Insurance Portugal plans to launch the Center for Climate Change to take full responsibility for facilitating the achievement of the commitments for Net Zero and portfolio climate resilience.

In addition, Fosun Insurance Portugal is committed to responsible investment and plans to issue the first green bond, and will review 100% of its products and the asset portfolio on ESG criteria by 2025.

### Peak Reinsurance

Since the inception of Peak Reinsurance, sustainability has been the underlying belief of its business. It has embedded the *Sustainability Framework* of the International Financial Corporation (IFC) into its risk management, which offers a holistic and forward-looking approach to ESG. To address the challenge of climate change, Peak Reinsurance leverages its strong expertise in natural catastrophes to support its clients in mitigating and alleviating climate risks. Peak Reinsurance constantly reviews its risk appetite in line with developments in the modelling discipline to account for the impact of climate change on its underwriting business. It also takes emerging opportunities into account in setting the direction of its reinsurance business, for example, in the growth of new and alternative energy sources.

Peak Reinsurance is also a signatory company that adopted the United Nations Environment Programme Finance Initiative's (UNEP FI) Principles for Sustainable Insurance (PSI). The objectives are to support sustainable reinsurance, to better identify, mitigate and manage ESG risks, and to better leverage opportunities to provide quality and reliable risk protection to societies.

## Intelligent Manufacturing Segment



### Hainan Mining

Hainan Mining promotes the energy-saving transformation of mineral processing and the full recycling and utilization of resources through comprehensive technological innovation, steadily striving towards the corporate vision of green and harmonious mines. On the one hand, Hainan Mining is committed to minimizing the direct consumption of natural resources and the discharge of pollutants, creating a good relationship between ecological protection and industrial development. On the other hand, Hainan Mining continues to increase scientific and technological innovation, improve the comprehensive utilization rate of natural resources and reduce resource waste and consumption, to achieve maximal economic benefits at the cost of minimal resource consumption.

## Climate-related Risks Mitigation Strategy

Fosun International is aware that climate change will impose potential risks and opportunities on the entire value chain and affect our business strategy, operations and financial performance. We have identified significant climate-related risks and opportunities based on China's macro environment, industry characteristics and our own business model. We also describe the mitigation measures for the management of relevant risks and seek opportunities in various fields of the business, including operations, supply chain, logistics, and products and services.

## Physical Risks

Type	Driver	Time frame
Acute	Increased severity of extreme weather events such as cyclones and floods	Medium term

### Business Implications

Extreme weather events may severely impact some of our physical operating sites, plants or parks. On the one hand, such events may threaten the health and safety of our employees, and cause damage to physical assets such as equipment, facilities and goods. On the other hand, they may affect customer operations and logistics, disrupting production and operational activities. As a result, the Group may suffer from asset loss and a drop in revenue. In addition, the increased frequency and severity of extreme weather events may pose new challenges to the insurance business in our Wealth segment. The Group's business may see rising operating costs due to premium increases resulting from more frequent extreme weather events.

### Mitigation Measures

- Guidelines of the Group**
- With relevant early warning and response mechanisms, we guide and urge our member enterprises to prevent and handle extreme weather events such as floods based on their actual situations. Thus, our business continuity and sustainability can be ensured. Under a sound audit mechanism, the EHSQ Department of the Group conducts regular on-site audits on the production safety and emergency preparedness for production resumption of member companies with higher risks related to extreme weather events.
  - We work with our partners to build resilient supply chains, considering the risks associated with extreme weather events in all aspects of the business. We take diversity as a priority when selecting suppliers. The Group has more than 60 thousand potential suppliers, and about 6,000 active suppliers across China. In 2022, the Group re-layout the supply chain to address the risk of supply chain disruption caused by extreme weather. Specifically, the Group assisted and empowered its member companies in establishing branch warehouses, offering them management guidelines for "enhancement of supply chain resilience", "backup of risk-prone resources", and "standardization and modularization".
  - Based on the *Fosun Group Supplier Code of Conduct*, suppliers are required to mitigate the Group's safety risks, such as natural disasters, in a reasonable manner. Moreover, suppliers are encouraged to meet higher standards and stricter requirements for safe and stable operation. To continuously strengthen the supplier operational risk management, we incorporated ESG-related requirements into supplier onboarding review and performance evaluation of the *Fosun Group Supplier Management Policy*. Besides, we have established organizations and policies for supplier operational risk management at the Group and the member company level. Furthermore, we are committed to setting up a differentiated risk monitoring mechanism, which involves supply chain diagnosis, risk identification, and establishment of early warning mechanism and risk mitigation/remediation plan.
  - We endeavor to prevent operational disruption caused by physical risks through technological innovation and digital transformation. With the digitalization of supply chains, we empower the efficient and precise operation of member companies, and improve their resilience and adaptability. Besides, we use big data tools to support efficient and precise coordination across the supply chain, and build better logistics networks based on intelligent infrastructure and the Internet of Things.

### Health Segment

- Shanghai Henlius Biotech Co., Ltd. has launched a strategy of local and diverse sourcing of materials to safeguard production and market supply by enhancing supply chain stability and resilience. By the end of 2022, 67% of the materials in the material procurement list were procured locally, 72 localization projects were in progress, and 65% of the materials were sourced from 2 or more alternative suppliers. This demonstrated the capability of diverse sourcing, which mitigated potential risks to business continuity posed by extreme weather events.

### Wealth Segment

- The Bund Finance Center (BFC) has formulated the *Early Warning and Response Mechanism for Extreme Weather Events* to define the organizational structure regarding extreme weather emergency work. The structure involves working groups such as the emergency support group, typhoon and flood control group, publicity and liaison group, and rehabilitation and claim settlement group. These groups are responsible for handling extreme weather events through the specific process of "preliminary risk investigation – weather monitoring – warning against emergencies – on-site response – rehabilitation", so as to minimize personnel injuries and property losses.

- Since physical risk is a major threat to property reinsurance through more frequent and extreme weather events, Peak Reinsurance has taken proactive measures to enhance its knowledge and capability to deal with physical risk. At the core of its activities is a drive to better understand the impact of climate change on natural catastrophes, including primary risks like typhoons, as well as "secondary perils" like floods, heat waves and droughts. Tropical cyclones, which have regularly resulted in major losses in China and other regional markets, are one of the top concerns. Since 2015, Peak Reinsurance has cooperated with the Shanghai Typhoon Institute (STI) and the Shanghai Central Meteorological Observatory (SCMO) to assist with storm tracking and analysis in the Northwest Pacific Basin and the South China Sea, aiming to provide up-to-date forecasts of typhoons to help insurance companies better manage their risk exposure.

In addition, Peak Reinsurance offers protection against natural perils to Southeast Asian markets through the Southeast Asia Disaster Risk Insurance Facility (SEADRIF), a regional platform to build resilience against climate shocks and disasters. Through pre-disaster planning and funding of post-disaster relief and reconstruction, SEADRIF protects people and their livelihoods, reinforces ongoing economic development and contributes to poverty reduction.

### Intelligent Manufacturing Segment

- Due to industrial and geographical characteristics, Hainan Mining has made the response to extreme weather events as a daily priority, mainly involving underground flood control, slope monitoring of open pit mines, and flood control for tailings ponds. Hainan Mining has rolled out a series of internal policies such as the *Work Safety Emergency Plan of Hainan Mining Co., Ltd.*, the *2022 Flood Control Plan for the Storm Season of Shilu Iron Ore Branch of Hainan Mining Co., Ltd.*, the *Emergency Evacuation Management Measures of Shilu Iron Ore Branch of Hainan Mining Co., Ltd.*, and the *Flood Control Management Measures of Shilu Iron Ore Branch of Hainan Mining Co., Ltd.* In the policies above, Hainan Mining has clarified the early warning and response workflow related to floods and other disasters, and conducted irregular emergency drills every year based on the actual situation to ensure the effective implementation of these policies. The underground flood control facilities of Hainan Mining can handle the once in 50 years flood, equipped with 19 water pumps at 360m underground. Hainan Mining works with external professional institutions to implement slope protection at mining sites through a series of monitoring equipment and inspection measures. Notably, the Hongqi tailings pond, as a Grade III Pond, is required to be equipped with an online monitoring system. The system monitors in real-time the working condition of the pond area, dam (including ore drawing), return pump room and recycled water pool, as well as the tailings pond's dam displacement, phreatic line, beach length, water level, precipitation, etc.

- Easun Technology has alternative suppliers for some of its standard materials, which ensures the delivery of materials through timely supplier replacement. Meanwhile, in view of the long delivery cycle and high purchase cost in overseas procurement, Easun Technology is committed to reducing costs and shortening the delivery cycle by actively developing local suppliers.

## Physical Risks

Type	Driver	Time frame
Chronic	Rising mean temperatures	Long term

### Business Implications

As global temperatures continue to rise due to climate change, the risk of limited power supply in our industrial operations increases, resulting in operational risks such as the disruption of supply chains and business activities. Meanwhile, due to rising temperatures, enterprises have to spend more on electricity and equipment to provide a comfortable indoor and outdoor environment for employees and customers. Furthermore, the summer heat has a negative impact on outdoor workers and equipment, leading to lower productivity and higher maintenance costs. The chronic change in global temperature has changed the tourism business in Fosun's Happiness segment, affecting the current and future investment for developing and managing the resorts.

### Mitigation Measures

- Guidelines of the Group**
- The Group has integrated energy saving and GHG emissions reduction as key considerations into the EHS audit system, and planned to conduct the group-level audit on member companies annually to urge their self-supervisions starting from 2023. Additionally, we have established comprehensive EHS performance indicators for the two major business lines of Fosun (namely the manufacturing industry and service industry) with respect to the five factors of system, environment, safety, occupational health and fire protection. By doing so, we urge member companies to continuously enhance EHS management to mitigate occupational health risks and operational difficulties caused by rising temperatures.
  - For the risk of limited power supply, the Group has formulated a response plan from two aspects, namely production continuity and energy supply guarantee. The plan aims at minimizing the impact of limited power supply on production operations through measures such as regulating peak load for internal production, configuring the backup power supply, building independent energy storage systems and investing in clean energy. Meanwhile, based on the industrial needs of each member company, we invest in innovative technologies at the front end, and carry out school-enterprise cooperation. Thus, Fosun's business delivery capability is guaranteed in the global climate transition from various aspects, such as talents and equipment.

### Happiness Segment

- FTG is committed to green operations throughout the project planning, site selection, design, construction and operation to deal with climate change. Atlantis Sanya obtained the National Certificate of Three-star Green Building Design and Operation Label, the highest level of Chinese green building certification. In addition, it obtained the LEED Gold Building Design and Construction Certification and the EarthCheck Silver Certification, the leading environmental certification for the global tourism industry. Taicang FOLIDAY Town and Lijiang FOLIDAY Town obtained the Certificate of Green Building Design Label (Two-Star). Since 2021, all newly opened or under-construction resorts of Club Med have obtained/are undergoing the Green Globe certification. To reduce energy consumption during the process of operation, Club Med has been increasing the proportion of renewable energy such as using photovoltaic energy and electric vehicles, and installing and transforming energy-saving equipment. In addition, Club Med has taken the risks of snow reduction and coastal erosion into consideration in the design and site selection stage of the resort, and responded to the risks caused by temperature rise through strict development management and long-term monitoring of snow mountains and coastal conditions.

### Wealth Segment

- BFC is committed to integrating green, low-carbon and energy-saving management into daily operations for sustainable development in building operation and management. To enhance energy-saving management, BFC set up an energy monitoring system to measure electricity consumption by the purpose of use, adopts air-to-air heat exchangers for heat recovery, and renovates basement lights and upgrades the lighting control system. Moreover, the air-conditioning system with ground source heat pump and the cold-source plate heat exchanging system are used due to the higher energy efficiency ratio. Besides, based on the *Office Management Standards*, BFC promotes the paperless office, and encourages green travel through measures such as installing charging piles and arranging electric shuttle buses at nearby subway entrances.



## Transition risks

Type	Driver	Time frame
Policy and legal	Increased pricing of GHG emissions	Medium to long term

### Business Implications

Governments worldwide have strengthened their climate ambitions and formulated policies for a low-carbon economy. After implementing pilot projects for carbon trading in several provinces, China launched the national carbon trading pilot market and the pilot project for green power trading to promote renewable energy in 2021. We expect that our operating cost will rise due to the purchase and operation of carbon reduction equipment and facilities, as well as the purchase of renewable energy and carbon credits. As the uncertainty of this risk heightens due to the complicated national and international environment, enterprises will feel more stressed to control costs, which will add to production uncertainty and future risks.

### Mitigation Measures

- Guidelines of the Group**
- Fosun has set the target - "strive to peak carbon emissions by 2028 and achieve carbon neutrality by 2050". To achieve the target, the Group has established a Carbon Neutrality Committee and a Carbon Neutrality Working Group, which work under the leadership and supervision of the EHSQ Department.
  - Fosun is investing in enterprises of industries such as new energy and energy storage. Meanwhile, we are working on potential investment targets for carbon trading. It's expected that certain member companies may gain income through the carbon allowance mechanism, which can offset the rising carbon costs. Fosun has incorporated the carbon price into the existing valuation model, analyzed the carbon tax sensitivity, and planned the business footprints in the new energy industry.



### Health Segment

- Fosun Pharma promotes energy saving and emission reduction through actions such as improving the energy management system, upgrading efficient equipment, and depending more on clean energy. For the companies that are unqualified for the installation of distributed renewable energy power generation systems or lack resources for green electricity consumption, Fosun Pharma recommends them to purchase green electricity according to the types of transaction services available on the local power trading market, and timely participate in the market-oriented transactions of distributed power generation; in 2022, a total of 3 member companies purchased green power at their production bases, with a total of 15,705,735kWh of new energy and 1,217,883kWh of hydropower purchased, accounting for 2.20% and 0.17% of the total power consumption respectively, reducing carbon emissions by 8,825 tonnes. Shenyang Hongqi Pharmaceutical Co., Ltd under Fosun Pharma has been included in the list of key emitting entities under local carbon emission quota management. Guided by the concept of the green factory, Shenyang Hongqi Pharmaceutical Co., Ltd implemented energy saving and emission reduction through technical transformation, renovation of equipment and facilities, technological innovation, process improvement, lean production, etc. Due to such efforts, it has been included in the 2021 Green Factory List released by the Ministry of Industry and Information Technology of the People's Republic of China.

- Fosun Pharma encourages its member companies to invest in the construction of distributed renewable energy power generation projects for self-generation and self-use, such as photovoltaic roof projects. By the end of 2022, Jiangsu Wanbang Biopharmaceutical Co., Ltd., Shanghai Zhaohui Pharmaceutical Industry Co., Ltd., Suqian Zhongwu Hospital Co., Ltd., and Suqian Xinxing Rehabilitation Physical Examination Co., Ltd. have built internal photovoltaic power generation systems, which generated a total of 1,374,733 kWh of electricity in 2022, accounting for 0.19% of the total power consumption.

### Happiness Segment

- FTG's Atlantis Sanya project adheres to the green development design concept at the beginning of the design, fully integrates the concept of "Ecology and Sustainability" into the whole life cycle of buildings, and strives to build up green, ecological, environmental and sustainable resorts. In 2021, Atlantis Sanya participated in the forestry carbon sequestration project in Le'an County, Jiangxi Province, purchased and offset Verified Carbon Units based on the international Verified Carbon Standard, and completed the carbon neutrality of 15,139 tonnes of Scope 1&2 GHG emissions from 1 April 2021 to 30 June 2021. After carbon verification by the China Quality Certification Center (CQC), Atlantis Sanya passed the project and was awarded the carbon neutral certificate by the CQC on 18 October 2021.

## Transition risks

Type	Driver	Time frame
Policy and legal	Mandates on and regulation of existing products and services	Medium term

### Business Implications

With growing climate-related problems, countries and regions worldwide are imposing more demanding regulations on existing products and services, such as responsible investment, responsible insurance, green products and buildings, and the elimination of high-energy consumption equipment. We expect that the probability and frequency of violations of regulations will rise as a result of increasingly strict regulatory requirements for existing products and services. Our operating costs may rise due to penalties for such violations. Meanwhile, the exposure of the penalties may lead to poor sales of relevant products of the Group, damage to the Group's brand image or other significant consequences.

### Mitigation Measures

#### Guidelines of the Group

- The Group continuously strengthens compliance inspections and supervision. Among them, we require member companies to conduct risk identification of the latest laws and regulations, and incorporate this section into the Group's EHSQ audit provisions. Fosun International requires all suppliers to sign the *Fosun International Supplier Code of Conduct* to ensure that they comply with legal requirements, including environmental and safety management, child/minor labor, forced labor, health and safety, discrimination, disciplinary measures, working hours, and wages and benefits, and follow business ethics when doing business with us.
- We incorporate ESG factors and the execution of responsible investment into the entire investment lifecycle, and set up ESG modules in the investment management system, so as to maintain and manage the execution of responsible investment with digital tools. We have formulated the *Positive and Negative Lists for Responsible Investment*, which defines the types of industries to be invested in and is used for explanation at the project proposal meeting. Upon the approval of the project, we will conduct ESG due diligence with all aspects of business, technology, fiscal, and tax law information in the due diligence phase, and deliver a report based on the *ESG Responsible Investment Due Diligence Checklist*. Moreover, we actively carry out post-investment management, require portfolio companies to carry out regular ESG self-check, and dynamically follow up their ESG performance, with continuous supervision and management.

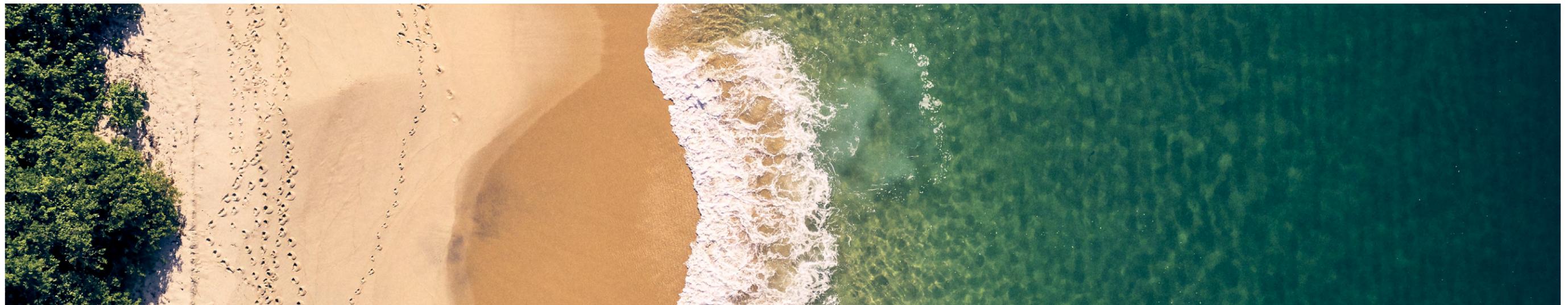
#### Wealth Segment

- The Fosun Center Residential Project in Xuhui Riverside is designed in strict accordance with the *Shanghai Ultra-low Energy Consumption Building Technology Guidelines*. Specifically, the project adopts integrated measures for thermal insulation of external walls and starts from heating and air conditioning, ventilation system configuration and renewable energy utilization, etc., and combines the "Forte WISE Health+" product system, which improves project quality, reduces living energy consumption, and saves energy expenditures for residents.



#### Intelligent Manufacturing Segment

- In response to regulatory risks related to high-energy consumption equipment, Hainan Mining investigated and identified 76 pieces of high-energy consumption equipment based on the *Catalogue for Backward High Energy Consuming Mechanical and Electrical Equipment (Products) to be Eliminated* (4 batches in total). The identified equipment is planned to be replaced.



## Transition risks

Type	Driver	Time frame
Market	Changing customer behavior	Medium to long term

### Business Implications

As customer awareness is ever-changing in a good way, we expect that changes in behaviors of corporate and retail customers will be more important in the medium and long term. The risk associated with ever-changing customer behaviors will cause difficulties in production and operation in the short term, such as increased R&D investment, management adjustment, industrial transformation, excess inventory, and weak sales. In the long run, our business, financial position and operating performance could be materially and adversely affected if our products and services fail to respond to changes in consumer preferences, or if our competitors are able to address such changes more effectively.

### Mitigation Measures

**Guidelines of the Group**

- With the increased concerns and expectations of corporate and retail customers on green and low-carbon products, the Group and its industrial investment team continue to increase the attention and investment in green consumer goods, hoping to build Fosun International into a leader in sustainability. Specifically, we explore and invest in green and high-quality targets, provide low-carbon products and services for corporate and retail customers, and rely more on green products and consumer goods to generate revenues.
- Besides, we include environmental publicity in our marketing activities. Climate change education marketing activities are organized to promote a low-carbon life. Meanwhile, we explore the selling points of green products to create a green and low-carbon Fosun International, thereby expanding the customer base that adopts sustainable consumption concepts.

**Health Segment**

- Boohee is keen on creating sustainable and low-carbon products. Its outer boxes for transportation are made of materials certified by Forest Stewardship Council (FSC). By doing so, Boohee protects the forest while reducing its carbon footprint and enhancing its performance in sustainability.



### Happiness Segment

- FTG is committed to providing consumers with green and low-carbon vacation experience. Club Med, a subsidiary of FTG, provides customers with a calculator for GHG emissions from travel, invites customers to participate in the "carbon offsetting" scheme, and encourages consumers to reduce carbon emissions by changing their means of transportation, etc. In operation, the hotels and resorts of FTG practice sustainable development by investing more in renewable energy facilities such as photovoltaic generation system and electrical vehicles, providing vegetarian menus, developing nature education activities and eco-tourism projects, eliminating disposable plastic products, prioritizing local sourcing, etc.

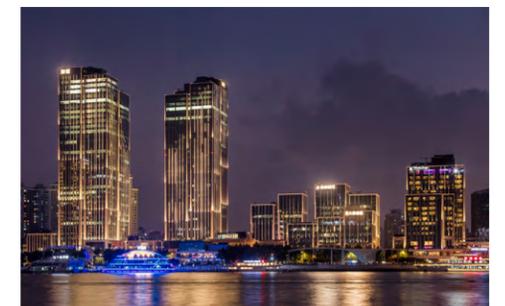
- WEI, a beauty brand under Yuyuan, is committed to environmental protection in all aspects. In designing and manufacturing gift box packaging, it uses completely degradable environmentally friendly materials following the simple and eco-friendly principle. The printing ink of its cosmetic bottles is replaced by water-soluble material, so as to create a harmonious nature through environmental protection.



### Wealth Segment

- The insurance business of the Group is actively developing products addressing climate change and working with the international community in the direction of limiting greenhouse gas emissions and the decarbonization economy. Peak Reinsurance provides reinsurance support for the adoption of renewable energy, including solar, bioenergy and wind energy, in different markets. This included support on environmental assessment and loss control, risk management and mitigation associated with pollution, and support for innovative projects such as energy from waste. Fosun Insurance Portugal actively promotes carbon sink projects and green bond products; and is setting up a Forest Fund around the topics of forest biodiversity, climate and positive socio-economic impacts; and launches products for Green Mobility in line with the trend of low-carbon consumption to provide more protection for green modes of transportation such as electric vehicles and bicycles.

- Fosun Hive insists on exploring and innovating on carbon emission reduction to create a green and energy-saving life through smart homes. With an advanced energy-saving design and the green and sustainable operation principle, BFC, one of the leaders in the low-carbon building market, has won numerous awards over the years, including LEED v4.1 O+M: EB platinum certification (the global highest score of 97 points), three-star certification of domestic green building, LEED v2009 BD+C: CS gold certification, and Golden Keys' authorization. To enhance energy-saving management, BFC set up an energy monitoring system to measure electricity consumption by the purpose of use, adopted air-to-air heat exchangers for heat recovery, and renovated basement lights and upgrades the lighting control system. Moreover, the air-conditioning system with ground source heat pump and the cold-source plate heat exchanging system are used due to the higher energy efficiency ratio. BFC in Wuhan improves energy efficiency and life quality at the same time with smart household supplies such as indoor intelligent lighting systems and electric curtains. Forte Chengdu • Tianfu Bay uses double-layer LOW-E glass to better insulate against noise, ultraviolet rays and heat, which is also eco-friendly and energy-saving. Forte Zhuhai • Xingyu Bay strictly abides by the national standards for sound insulation of green buildings. As a result, windows of all its bedrooms adopted double-layer glass to insulate against sound and heat, save energy, and shade from the sun.



## Transition risks

Type	Driver	Time frame
Reputation	Increased stakeholder concern or negative stakeholder feedback	Medium to long term

### Business Implications

With the overall improvement in ESG awareness and practices, internal and external stakeholders emphasize more on ESG and climate risk management capabilities. Furthermore, negative feedback may cause severe damage to the enterprise's reputation. Financial institutions will evaluate the ESG performance of enterprises when making decisions on investment and loan disbursement. We expect that investment and financing institutions will be more stringent in the ESG performance of enterprises, from giving advice to imposing stricter regulations. If we fail to meet the ESG and climate risk management requirements of these institutions, we may face the risk of reduced credit limits, increased interest rates, and fewer opportunities for investment and financing. In the worst case, we can obtain no financing and loans. Overall, failure to meet ESG-rated requirements may adversely affect our business and financial position.

### Mitigation Measures

#### Guidelines of the Group

- To respond to the increased concerns of internal and external stakeholders on ESG and climate change risks, and avoid the impact of negative feedback on reputation, we focus on ESG capacity building, international and domestic ESG development trends, and hot ESG topics of the capital market. Moreover, we provide relevant staff with irregular ESG training, and participate in ESG market seminars to understand the latest ESG trends. In addition, we communicate with stakeholders through ESG reports, seminars, forums, social media, roadshows, official websites, etc., to understand their concerns and expectations. In 2022, Fosun International saw continued improvement in the ESG ratings and achieved a good reputation in sustainable development.

- We strengthen ESG management within the Group based on the responsible investment policy. We also incorporate ESG due diligence in the investment process, and improve the sustainability performance of portfolio companies through proxy voting. We value investment in eco-friendly industries and clean technologies, with the Energy Industrial and Utility Group established. Moreover, we have clarified the vision and strategy of clean technology investment, and make plans for our business footprints to strengthen energy and environmental investment. By doing so, we aim to integrate the industrial chain from the environment to energy, and achieve a green transition in our industries.

- We strengthen exchanges and cooperation with supply chain partners to improve ESG performance across the value chain. With digital tools, the Group's Supply Chain Center promotes responsible procurement by implementing compliant procurement, supplier code of conduct, and supply chain risk assessment, etc. In November 2022, we held a responsible procurement seminar themed on "Ecosystem Synergy and Responsible Growth". Through the seminar, we, along with Fosun Pharma, Yuyuan, FTG and Shede Spirits Co., Ltd. under the Group and more than 30 ecological partners, explored ways and contributed material and innovative ideas to promote responsible procurement, create a sustainable supply chain, improve ESG performance across the supply chain and reduce climate change risks.



#### Happiness Segment

- Striving to further improve ESG performance, FTG sets out sustainability strategy of "Creating a Happy & Sustainable Holiday Life" and 2030 Sustainable Development Goals. And the specific approaches to better ESG performance include enhancing the sustainable development awareness and skills of all employees, and formulating and implementing action plans. FTG received an "AAA" rating by MSCI ESG and obtained the Hang Seng Sustainability rating of A.

- In August 2022, Mio Low-carbon Interactive Station opened at the BFC. People can learn more about sustainable lifestyles at the station and earn green gifts by taking fun quizzes. Based on activities at the station, Verified Carbon Units were purchased to offset CO<sub>2</sub> emissions generated at the BFC. This move called on the public to lead a green and low-carbon lifestyle and contributed to the green reputation of BFC.



- WEI, a beauty brand under Yuyuan, aims to be a green leader in the cosmetics industry. With its vision of "where there is balance, there is beauty", the brand stays committed to eco-environment protection by contributing to biodiversity conservation and sustainable development to build up its reputation. Given the product ingredient innovation, WEI planted its own tree peony garden in Luoyang, China, took action for the conservation of natural resources and the eco-environment and conveyed the concept of sustainable development. In addition, WEI added sustainable patented ingredients to its products, upgraded eco-friendly packaging materials, gradually replaced non-biodegradable materials with natural ones and participated in public welfare programs such as "SHE POWER" on its journey to sustainability.

#### Health Segment

- As sustainability is part of its overall development strategy, Fosun Pharma has established a robust management system to promote its sustainable development. Further, with a sound stakeholder communication mechanism, Fosun Pharma has issued Corporate Social Responsibility Report for 15 consecutive years, to stay competitive in sustainable development as an industry leader. In recent years, Fosun Pharma's MSCI ESG Rating was upgraded and rated A in October 2022. Based on its long-standing good ESG performance, Fosun Pharma issued the first overseas sustainability-linked syndicated loan of USD 400 million in 2022.

## Climate-related Opportunities Action Plans

### Investment in Green Products and Services

#### Overview of Opportunities

Countries or regions worldwide have successively set goals of carbon peaking and carbon neutrality, and developed regulatory measures related to GHG emissions, such as carbon pricing and carbon tariffs. In response to such measures, downstream customers will turn to low-carbon products and services to reduce emissions along the value chain. Additionally, as consumers become increasingly aware of sustainability, they are showing a greater interest in green and low-carbon offerings. Increasing R&D and investment in clean technology and green consumption, on the one hand, can reduce GHG emissions from our operations, improve energy efficiency and thereby lower operational and compliance costs. On the other hand, it helps us enhance our brand reputation, attract clients and consumers, and capture and expand in the green and low-carbon market, thus improving our financial performance with higher revenue.

#### Measures

##### Guidelines of the Group

To enhance Fosun's leading position in the green and low-carbon market, the Group steps up investments in clean technology, established the Energy Industrial and Utility Investment Department and implemented a precise layout under the strategic goal of building a comprehensive ecological platform. In addition, with a focus on the national goal of "carbon peaking and carbon neutrality", Fosun developed a strategic goal of green industrial transformation. Specifically, Fosun aims to expand the industrial chain to include new energy and energy storage segments through industrial integration and investments, and drive the industries to save energy, reduce emissions and improve product quality.

At present, the Group has invested in a number of clean technology companies in different sectors. Most investments were made in the clean energy sector (wind, solar, tidal, biomass, etc.) and energy efficiency sector (battery, advanced materials, energy storage, heat & power, smart grid, industrial automation, natural gas combined, etc.), and some were made in the green building sector (certified green property, building insulation, etc.).

Moreover, actively chasing the goal of green consumption, the Group is committed to providing consumers with green and low-carbon products and services by adopting recyclable raw materials, investing in green energy projects and reducing carbon emissions throughout the product life cycle.



##### Happiness Segment

• Hello Inc., in our investment portfolio, strives to offer consumers green and low-carbon travel options. As of the end of 2022, Hello Inc.'s bikes nationwide had a total travel distance of 47.1 billion kilometers, reducing carbon emissions by about 2.22 million tonnes. Since its launch in January 2019, the company's hitchhiking service has completed 450 million orders within four years, reducing carbon emissions by approximately 6.6 million tonnes through ride sharing; Among them, 150 million orders were completed in 2022.



• WEI practices green and low-carbon concepts in all aspects. The brand reduces carbon emissions of products by developing sustainable patented ingredients, upgrading eco-friendly packaging materials, and gradually replacing non-biodegradable materials with natural ones.

• Shede Spirits Co., Ltd., an affiliate of Yuyuan, invested in the Fujiang River Liushu Hydropower Project, which integrates hydropower and shipping, through its subsidiary Tuopai Power Development Co., Ltd. The hydropower station has a capacity of 48MW and generates an average of 2 billion kWh of electricity over these years.

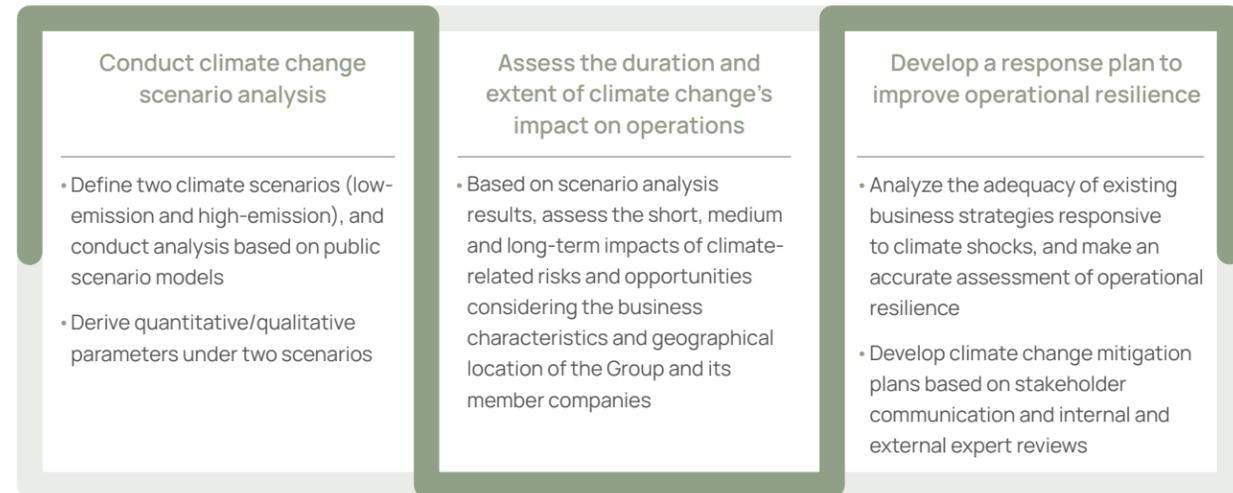


##### Intelligent Manufacturing Segment

• In exploring the clean energy sector, Hainan Mining plans to invest about RMB1 billion in a 20,000-tonne battery-grade lithium hydroxide plant through its subsidiary Hainan Xingzhilai New Materials Co., Ltd. The project is located in Yangpu Economic Development Zone, Danzhou City, Hainan Province, and is expected to be officially completed and put into operation in the first half of 2024. As the third main business that Hainan Mining focuses on, apart from "iron ore + oil & gas", the project will build a 20,000-tonnes-per-year battery-grade lithium hydroxide production line, warehouses and public facilities, to provide key raw materials for lithium battery production of new energy vehicles.

# Scenario Analysis

In response to climate change, Fosun International is deeply aware that it is critical to identify climate-related risks and opportunities, as well as their potential impact on our business, strategic and financial planning. Climate-related scenario analysis enables companies to perform forward-looking analyses of their exposure to climate-related risks, which is conducive to strategic planning and risk management. Therefore, we conducted a scenario analysis of future climate change, and evaluated the resilience of the Group's operations to climate change based on the results.



Climate change scenario analysis and operational resilience assessment



## Scenario Analysis Principles

Fosun International defines and compares two climate scenarios:



The data and scenario narratives used for the analysis are mainly drawn from publicly available data on NGFS Net Zero 2050 and Current Policies scenarios, as well as IPCC SSP 1-2.6 and SSP 5-8.5 scenarios.

Based on our target years of "peaking carbon emissions by 2028 and achieving carbon neutrality by 2050" and publicly available climate scenario data, we conducted an analysis of our four business segments, namely, Health, Happiness, Wealth and Intelligent Manufacturing, under the year 2030 and 2050 scenarios.

Low-emission scenario (1.5°C or well below 2°C)	Scenarios	High-emission scenario (above 4°C)
<p>To assess the impact of ambitious climate action that aims to achieve the 1.5°C target or "well below 2°C" target under the <i>Paris Agreement</i>.</p>	 Reason	<p>To assess the impact of intensified climate change due to the lack of effective climate action.</p>
<p>The world is aware of the severity of climate change, and countries are stepping up climate action efforts. They immediately adopt stringent policies and measures to reduce emissions, hoping to limit global warming to 1.5°C or well below 2°C by the end of the century. Technological advancements and enhanced awareness smooth the transition to a low-carbon and low-energy economy. Meanwhile, markets are shifting towards more climate-friendly production and consumption, and the growing number of communities and consumers are urging enterprises to take climate action.</p>	 Scenario narrative	<p>No action has been taken to mitigate climate change, and continued reliance on fossil fuels will lead to increased emissions and higher concentrations of GHG in the atmosphere. Physical impacts brought by climate change will significantly escalate over time. Specifically, by the end of this century, the global average temperature is projected to rise by more than 4°C, and extreme weather will be more frequent and severe.</p>
<p>NGFS Net Zero 2050 Scenario: limit global warming to 1.5°C through ambitious climate action, with certain developed countries achieving carbon neutrality by 2050.</p> <p>IPCC SSP 1-2.6 Scenario: a sustainable society relying on clean energy, where climate policies are launched to keep global warming well below 2°C.</p>	 Main reference	<p>NGFS Current Policies Scenario: maintain the current status without any additional policy introduced to control GHG emissions.</p> <p>IPCC SSP 5-8.5 Scenario: GHG emissions rise steadily as economic growth highly relies on fossil fuels, and no additional climate policy is introduced.</p>

## | Scenario Analysis Results

After analysis and comparison of low- and high-emission scenarios, Fosun International arrived at a set of scenario parameters that could be used to identify and assess transition and physical risks and opportunities.



**Under the low-emission scenarios, it is expected that the Group will face greater transition risks.**

As countries adopt increasingly stringent climate policies and carbon reduction requirements, carbon emissions trading markets may be in short supply. Based on IPCC SSP 1-2.6 Scenario, we infer that carbon price will rise significantly in the future, possibly to USD100/tonne around 2050. Meanwhile, carbon reduction requirements pose greater challenges to the energy transition. With reference to NGFS Net Zero 2050 Scenario, we predict that new energy will account for the majority of total energy consumption, with the electricity price for industrial use soaring in the future. Our financial expenditures and operational costs may increase, considering potentially high carbon and electricity prices, as well as the cost of the energy transition.

To address such risks, the Group takes the initiative to implement energy-saving and emission-reduction measures. This greatly drives progress towards energy transition and carbon neutrality and improves our climate resilience. Further, though transition risks are more critical under the low-emission scenarios, physical risks cannot be ignored as well. Under the NGFS Net Zero 2050 Scenario, China's economic losses from floods will increase by 20% despite active climate action. Therefore, we will respond to this by establishing early warning and emergency response mechanisms, strengthening facilities, and optimizing supply chain management.



**We shift our focus to physical risks under high-emission scenarios.**

In terms of acute risks, we make a prediction based on NGFS Current Policies Scenario that China's economic losses from floods will increase by 22.2% and 62.4% in 2030 and 2050, respectively, and economic losses caused by typhoons or tropical cyclones will go up by 5.6% and 11.8% in 2030 and 2050 respectively. This will have a tremendous impact on our assets, personnel safety, production and logistics. In terms of chronic risk, we expect that the global average temperature will rise by more than 4°C by 2050, and China's average temperature will be up by more than 2°C. In addition, under SSP 5-8.5 Scenario, the number of extreme heat days (above 41°C) will increase to more than 30 days a year. This will result in considerably greater energy demand and higher equipment load, and exert a negative influence on certain businesses such as tourism.

To address this challenge, we will establish a digital and intelligent early warning mechanism, refine the emergency response system, upgrade low-energy equipment and facilities, and increase investment in new energy and energy storage. Additionally, we also improve our resilience to physical risks by promoting the construction of infrastructure, ensuring personnel safety and optimizing supply chain layout.

## | Operational Resilience Assessment

Scenario analysis shows that Fosun International is exposed to different levels of transition risks and physical risks under different climate scenarios. Knowing that both decarbonization and climate adaptation bring challenges, we will get prepared to cope with them. As Fosun has established a global business presences across diversified industries, a single event in a specific location will generally not have significant effects on the overall operational and financial performance. In light of past experience, the Group has never encountered disruptions to the operation or supply chain due to weather-related disasters. In the event of a disruption, Fosun will cope with it through diversification. With respect to the supply chain, our broad supplier base and branch warehouse strategy can withstand supply-side shocks, including the impact of climate-related risks. To achieve the goal of carbon neutrality, we will introduce Management Framework for Carbon Neutrality to drive group-wide emission reduction and further enhance operational resilience.



## Risk Management

The Group realizes that climate-related risks may potentially impact our assets, operations, supply chain and brand value. For this reason, we have established a risk management system with relevant policies and procedures that are applicable to our business operations.

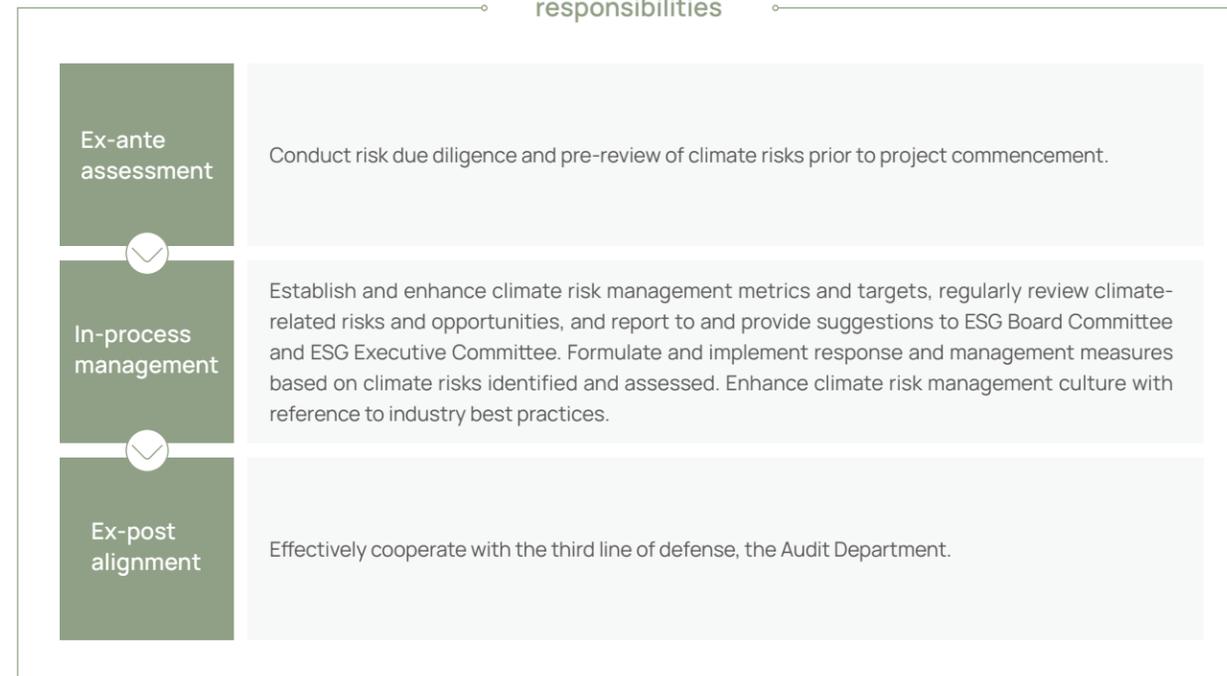
Fosun International has set up a comprehensive risk management system in line with the overall strategic targets and business targets.

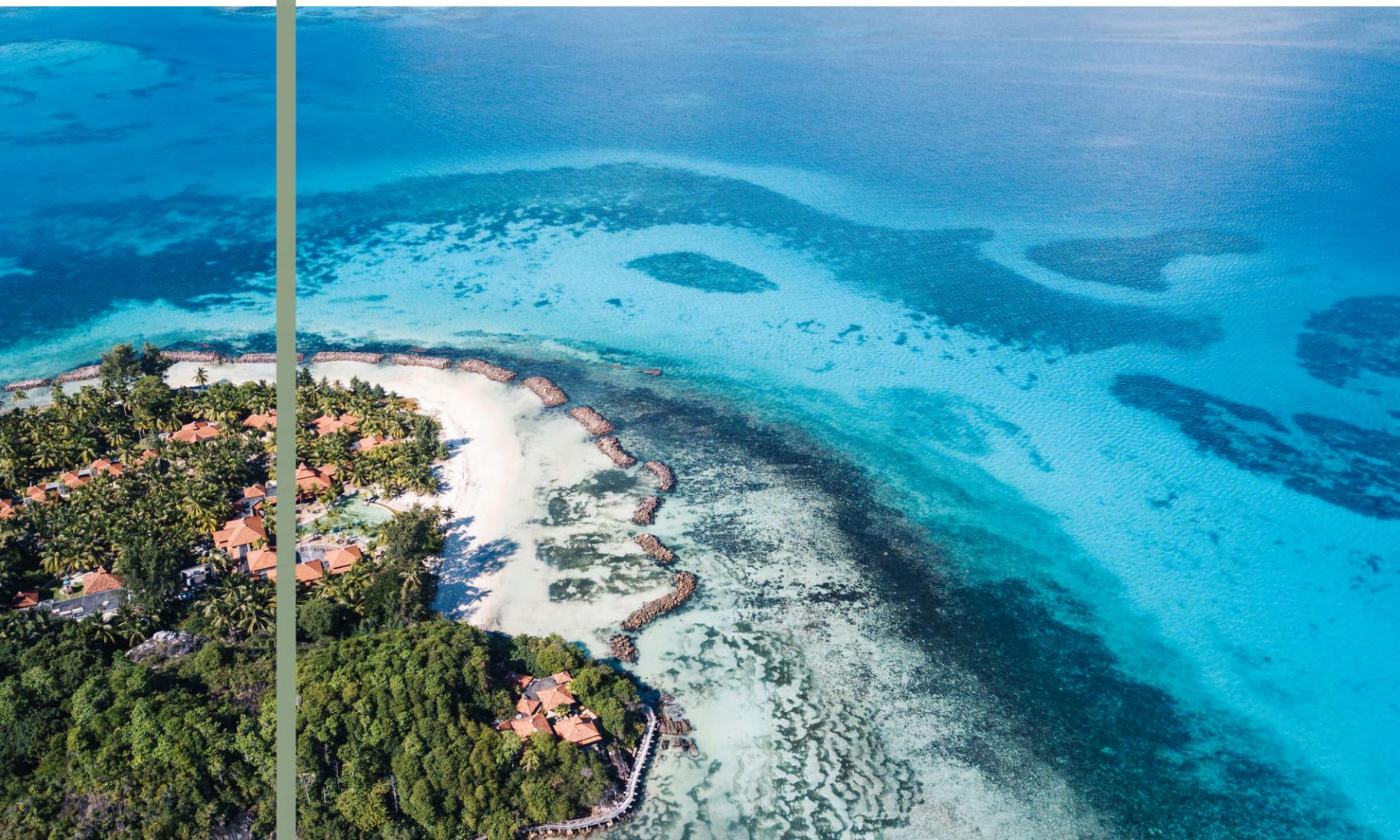
The Company practices the concept of sustainable development, and incorporates climate change into its long-term strategy. The Board is responsible for evaluating and determining the nature and extent of the risks that it is willing to take in achieving the Company's climate strategies and goals. The Board should establish and maintain appropriate and effective risk management and internal control systems and should oversee the management's design, implementation and monitoring of these systems. The Management should provide a confirmation to the Board on the effectiveness of climate risk management.

In the *Fosun Group Guidance on Enterprise Risk Management*, ESG risk arising from climate change is listed as one of the major risks faced by Fosun International in its operations, and climate risks are incorporated into the overall risk management system. In alignment with Fosun International's four lines of defense for risk management, we have established three lines of defense for climate risk management:



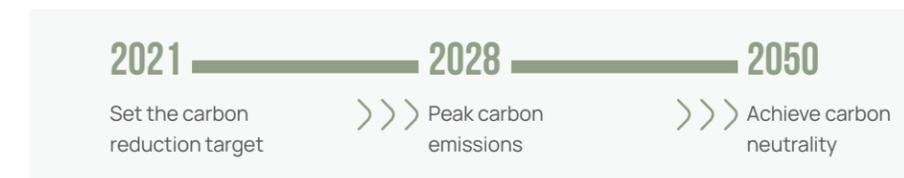
responsibilities





## Metrics and Targets

In 2021, the Group officially set the carbon reduction target and expressed a commitment to society - "strive to peak carbon emissions by 2028 and achieve carbon neutrality by 2050".



### Other Targets

We set climate-related metrics, such as GHG emissions and energy consumption, to track the effectiveness of our management, and review and disclose progress towards targets on an annual basis. Environment-related metrics have been disclosed in Fosun International's annual ESG Report, which covers 8 member companies besides the Company: Yuyuan, Fosun Insurance Portugal, Forte, Fosun Pharma, FTG, Peak Reinsurance, Hainan Mining and Nanjing Iron & Steel. Since 2021, the environmental data disclosed by the Company has been independently verified by a third-party institution to ensure data accuracy.

Please refer to the table below for metrics on GHG emissions and energy consumption from 2020 to 2022. For other environmental metrics, please refer to Fosun International's ESG Report.



	2020	2021	2022
Scope 1 (tCO <sub>2</sub> e)	19,602,119.6	19,090,518.5	17,769,066.3
Scope 2 (tCO <sub>2</sub> e)	2,528,344.6	2,879,472.0	2,921,183.1
Scope 3 (tCO <sub>2</sub> e)	1,138.6	9,831.8	65,053.8
GHG emissions intensity (tonnes/RMB million of revenue)	130.7	103.9	95.6

**Notes:**

(1) Based on the member companies' business characteristics and statistical data, GHG emissions, mainly CO<sub>2</sub>, include the direct GHG emissions (Scope 1) released from fuel combustion and industrial production process, added with energy indirect GHG emissions (Scope 2) from purchased electricity and steam.

(2) The GHG is presented as CO<sub>2</sub> equivalent. According to the member companies' industrial characteristics, GHG emissions are calculated based on the *Guide of Accounting and Report of Greenhouse Gas Emissions released by the National Development and Reform Commission*, the average CO<sub>2</sub>e emission factors of grid in China or the International Energy Agency (IEA) 2017 database.

(3) Other indirect GHG emissions (Scope 3) mainly include the GHG emissions produced by the air traveling purchased by the headquarters of the Group, Fosun Pharma, Yuyuan, FTG, Hainan Mining, and Forte through the corporate airline agents, and the combustion of gasoline consumed by employee commuting shuttle buses and business travel of Fosun Pharma and employee commuting shuttle buses of FTG. This figure in 2022 represents a significant increase compared to 2021, as new categories were added in 2022.

	2020	2021	2022
Energy consumption			
Direct energy (MWh)	50,608,952.4	53,150,256.1	47,005,239.0
Indirect energy (MWh)	4,347,599.1	4,823,533.6	4,886,957.1
Total energy consumption (MWh)	54,956,551.5	57,973,789.7	51,892,196.1
- Total renewable energy consumption (MWh)	39,700.0	54,108.0	97,608.9
Energy consumption intensity (MWh/RMB million of revenue)	324.4	274.4	239.0

**Notes:**

(1) Total energy consumption is calculated based on the amount of electricity and steam used and kinds of fuel consumed, based on the statistical data of each member company. For companies in China, according to the business characteristics and statistical data of member companies, it is calculated based on default value of fossil fuel in the *Guide of Accounting and Report of Greenhouse Gas Emissions for different industries*, which is released by the National Development and Reform Commission.

(2) Total energy consumption includes renewable energy, mainly used by FTG and Nanjing Iron & Steel in 2020, FTG, Nanjing Iron & Steel and Fosun Pharma in 2021 and FTG, Nanjing Iron & Steel, Forte, Fosun Pharma and Fosun Insurance Portugal in 2022.

Other metrics that measure the Group's climate resilience include:

Metrics	2020	2021	2022	Unit
Green building certifications	29	35	43	Certificates
Percentage of resorts with green certification <sup>3</sup>	83	94	97	%
Number of member companies obtaining the environmental management system certification	18	20	22	Companies
Number of member companies obtaining the energy management system certification	3	6	11	Companies
EHS inspection (including climate risk management)	16,812	20,529	19,413	Times
EHS training completion rate (including training on climate change)	100	100	100	%
Total energy and environmental protection investment	>50	>150	>200	RMB100 million

<sup>3</sup>Resorts with green certification refer to resorts that have obtained Green Globe certification. Eligible resorts include all resorts between one year after opening and two years before closing.



## Glossary

ABBREVIATIONS	FULL NAMES
Atlantis Sanya	Fosun Tourism Group's tourism destination on the Haitang Bay National Coast of Sanya, Hainan province, PRC
BFC	The Bund Finance Center (外滩金融中心)
Board	The Board of Directors
Company or Fosun International	Fosun International Limited
Director(s)	The director(s) of the Company
Easun Technology	Shanghai Easun Technology Co., Ltd.
EHS	Environment, Health and Safety
EHSQ	Environment, Health, Safety & Quality
ESG	Environmental, Social and Governance
ESG Report	Environmental, Social and Governance Report 2022
ESG Board Committee	The Environmental, Social and Governance Committee of the Company
Forte	Shanghai Forte Land Co., Ltd.
FTG	Fosun Tourism Group
Fosun Insurance Portugal	Fidelidade - Companhia de Seguros, S.A. and its subsidiaries
Fosun Pharma	Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海復星醫藥(集團)股份有限公司)
Group, Fosun or We	Fosun International Limited and its subsidiaries
Hainan Mining	Hainan Mining Co., Ltd.
Hong Kong	The Hong Kong Special Administrative Region of the PRC
IPCC	Intergovernmental Panel on Climate Change
MSCI	MSCI Inc.
Nanjing Iron & Steel	Nanjing Iron & Steel Co., Ltd. (南京鋼鐵股份有限公司)
NGFS	Network of Central Banks and Supervisors for Greening the Financial System
Peak Reinsurance	Peak Reinsurance Company Limited
PRC	The People's Republic of China
RMB	Renminbi, the lawful currency of the PRC
SSP	Shared Socioeconomic Pathways
TCFD	Task Force on Climate-Related Financial Disclosures
WEI	WEI Beauty
Yuyuan	Shanghai Yuyuan Tourist Mart (Group) Co., Ltd. (上海豫園旅遊商城(集團)股份有限公司)