

FOSUN 复星

2023

CLIMATE INFORMATION
DISCLOSURES REPORT

復星國際有限公司
FOSUN INTERNATIONAL LIMITED



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Foreword

Joining forces to fight the climate crisis has become a global consensus. The 28th UN Climate Change Conference (COP28) resulted in the "UAE Consensus", which includes a commitment to "transitioning away from all fossil fuels in energy systems, in a just, orderly and equitable manner in this critical decade to enable the world to reach net zero emissions by 2050". As the world's second-largest economy, China sticks to the green and low-carbon development path and implements a national strategy of actively responding to climate change. Currently, China is among the countries that reduce energy intensity the fastest in the world.

From the tightening of global carbon policies and the impacts of extreme weather on supply chains to green consumption trends reshaping product markets, enterprises are also facing climate-related risks and opportunities. As a global innovation-driven consumer group with the mission of "creating happier lives for families worldwide", Fosun focuses on the development of business segments such as Health, Happiness, and Wealth. We integrate the analysis and assessment of climate-related risks and opportunities into various dimensions of strategy development and business operations, with an expectation of providing sustainable products and services for more families worldwide.

As a participant in the UN Global Compact, Fosun actively responds to the initiatives of the *Paris Agreement* and the national strategy, having made continuous efforts to contribute to the achievement of China's "Dual-Carbon goals". In 2021, Fosun formally committed to "striving to achieve peak carbon emissions by 2028 and carbon neutrality by 2050" and established a Carbon Neutrality Committee and a Carbon Neutrality Working Group to integrate carbon neutrality into the EHS audit and management system. Fosun worked with its member companies to push forward the construction of the "1+N" system. In 2023, we released the first TCFD report to demonstrate our commitment of climate action to international community. We are pleased to see the positive actions taken by our member companies in carbon neutrality and response to climate change. During the Reporting Period, many member companies of Fosun, both at home and abroad, completed the greenhouse gas (GHG) inventory across the value chain and set carbon reduction targets in succession.

In recent years, Fosun International's ESG ratings have continued to excel, underscoring its outstanding sustainability performance. Fosun International has received an MSCI ESG rating of AA for three consecutive years and is the only conglomerate in Greater China with such rating. Fosun International has ranked among the top 6% of industries worldwide in the S&P Global Corporate Sustainability Assessment and has been included in S&P Global's Sustainability Yearbook 2024. Fosun International's HSI ESG rating has been upgraded to AA- and has been selected as a constituent of the Hang Seng Corporate Sustainability Index (The constituent stocks in this index are composed of 30 Hong Kong listed companies with the best ESG performance). Fosun International has also been selected as a constituent of the FTSE4Good Index Series for two consecutive years.

In 2024, we release our second *Climate Information Disclosures Report*, reaffirming the Group's firm commitment to "achieving carbon neutrality by 2050". With reference to the *Guidance on Climate Disclosure*, the *Enhancement of Climate-related Disclosures Under the Environmental, Social and Governance Framework* of the Hong Kong Stock Exchange, the TCFD recommendations and the recent global guidance on climate disclosures, this report provides a more in-depth analysis of the specific impacts of climate change on key businesses and further improves the management of metrics and targets. In the future, we will continue to promote climate change management, strive to achieve the carbon neutrality target, fulfil our obligations as a "corporate citizen", and unite our member companies to contribute wisdom and strength to global climate governance.

About this Report

This is the second *Climate Information Disclosures Report* of Fosun International, covering the period from 1 January 2023 to 31 December 2023. Description in some parts of the Report goes beyond the above period.

Basis for Preparation

This report adheres to the *Guidance on Climate Disclosure*, the *Enhancement of Climate-related Disclosures Under the Environmental, Social and Governance Framework* of the Hong Kong Stock Exchange, and the framework of the TCFD recommendations. It also makes reference to the *IFRS S2 Climate-related Disclosures Requirements* and presents disclosures across four key areas: Governance, Strategy, Risk Management, and Metrics and Targets.

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 2023, which have been independently audited by Ernst & Young. Other data are sourced from internal statistical reports and official documents of the Group.

Report Availability

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

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.



Group Overview

Upholding the cultural values of “Self-improvement, Teamwork, Performance and Contribution to Society”, Fosun International is committed to providing high-quality products and services, so as to create happier lives for families worldwide.

Throughout its three decades of development, the Group’s original aspiration of “Contribution to Society” remains unchanged. Riding the everchanging macroeconomic situation and emerging business opportunities, the Group has evolved together with China and global economies and has developed itself into a global innovation-driven consumer group, focusing 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 & innovation, business ecosystem and FES¹ management system, building up its core businesses that can 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.

¹Fosun 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-honoured enterprise and cultivate talents with Fosun’s entrepreneurial spirit.

Since 2020, the Group has reinforced its focus on household consumption as the priority sector based on its existing business presence, and has gradually divested non-strategy and non-core businesses. The Group has continuously improved operational capabilities of core subsidiaries and increased investment in scientific research and development (“R&D”) to seize global development opportunities. Despite the challenges posed by the global economy and capital markets in the past several years, the Group has maintained an upward trend in terms of overall business performance, attesting to the quality and resilience of the Group’s asset base.



Fosun Cultural Values



Health Segment

The Health segment of the Group focuses on the ecosystem of pharmaceutical business (Fosun Pharma, Shanghai Henlius and Gland Pharma), devices and diagnosis (Sisram) and healthcare services and consumption (Fosun Health). It adheres to the "4 IN" strategy (Innovation, Internationalization, Integration and Intelligentization) to continuously improve its product competitiveness and brand value.



Happiness Segment

The Group directs its focus on addressing the happiness-oriented consumption needs of family customers. 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 culture, the Group actively organizes teams of personnel, creates goods and arranges venues to meet customer needs directly.

The platforms within the brand consumption business include Yuyuan, Lanvin Group and Fosun Sports, which engage in businesses such as jewelry and fashion, liquor and spirits, 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 four businesses segments including "Club Med and Others", "Atlantis Sanya", "Vacation Asset Management Center", and "Foryou Club and Other Services".



Wealth Segment

The Group's Wealth segment mainly consists of underlying financial services with insurance as the core business. On the basis of achieving synergy between insurance business and asset allocation, it leverages the Group's profound industrial operation capabilities and global investment capabilities to build an ecosystem of its global asset management businesses, thereby contributing to the industrial advancement of the Health, Happiness and Intelligent Manufacturing segments.

The Wealth segment is divided into two major business segments, namely insurance (includes overseas and domestic insurance businesses, with major member companies including Fosun Insurance Portugal and Peak Reinsurance) and asset management (covers investment and property).



Intelligent Manufacturing Segment

Intelligent manufacturing segment of the Group focuses on strategic resources, functional new materials and intelligent manufacturing industries, and will continue to consolidate and enhance its industry position. The Group's business of minerals, oil and gas, which is represented by Hainan Mining, continues to maintain steady growth; its new materials business, represented by Wansheng, continues to maintain its leading position in the industry segments. Meanwhile, with a boom in the intelligent manufacturing services, which is represented by Easun Technology, other companies in the Group's Intelligent Manufacturing sector are expected to reap dividends from the rapid development of the industry.

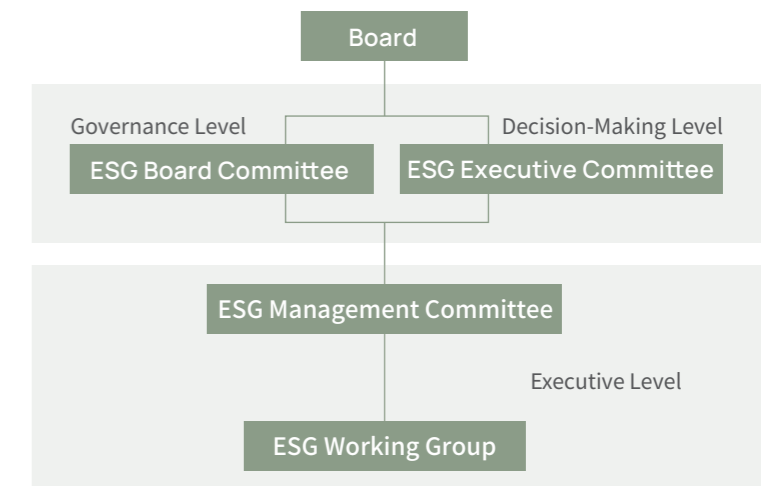


Governance

As a global enterprise rooted in China, Fosun International has been investing vigorous efforts in response and explore solutions to climate change by virtue of our global operation resources and industrial investment experience. 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 Board pays close attention to global climate change related trends and understands the impact of related issues on the Company's business and operations. The Company provides regular training to its Directors on climate-related issues to ensure that they are kept abreast of the latest developments.

The Company has established an ESG Committee ("ESG Board Committee") under the Board, and an ESG Executive Committee at the governance and decision-making level respectively, and an ESG Management Committee at the executive level with a corresponding ESG Working Group to fully implement the Company's ESG strategies and actions, including the response to climate change.



Carbon Neutrality Management

To further push forward the “2028 Carbon Peaking Goal” and “2050 Carbon Neutrality Goal” of Fosun, the Group has established a Carbon Neutrality Committee and a Carbon Neutrality Working Group to better promote carbon neutrality work.



Carbon Neutrality Committee

The Carbon Neutrality Committee, composed of directors of the Group and 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 and responsible personnel of environmental protection department from Pilot Companies of Carbon Neutrality, is responsible for implementing and driving carbon neutrality tasks, and regularly reporting achievements to the Carbon Neutrality Committee.

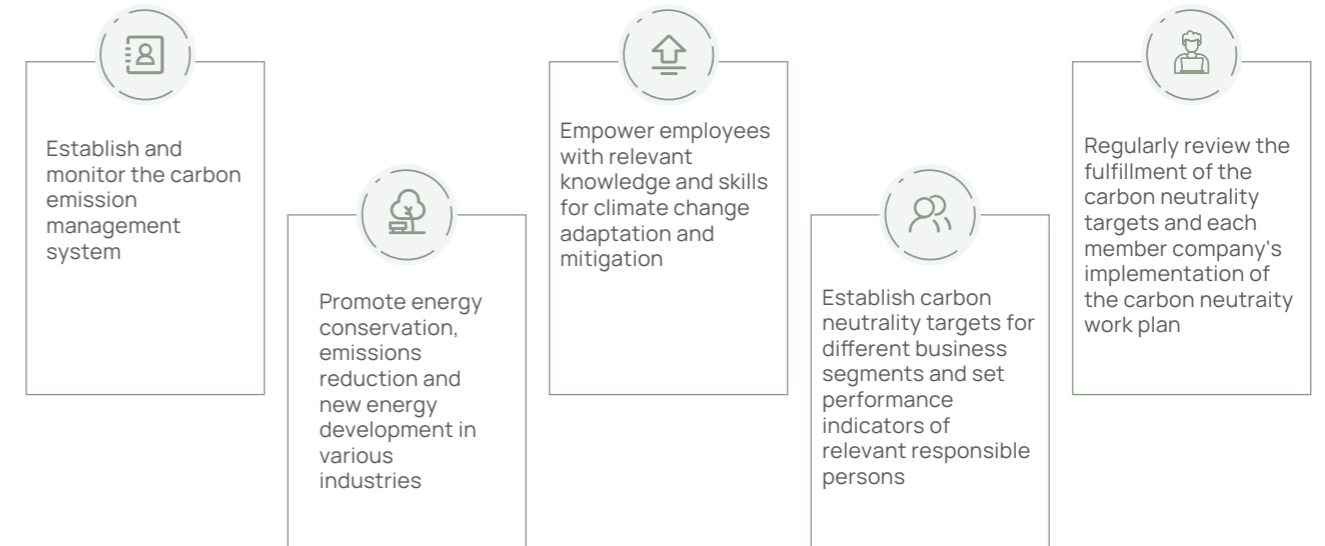
Pilot Companies of Carbon Neutrality include Fosun Pharma, Yuyuan, FTG, Fosun Hive, Fosun Insurance Portugal, Peak Reinsurance, and Hainan Mining.

Pilot Companies of Carbon Neutrality

Pilot Companies of Carbon Neutrality are required to incorporate the strategy of carbon neutrality into their daily operation and management, and to actively carry out carbon reduction work based on the selection of pathways and specific implementation measures applicable to their business sectors.

Pilot Companies of Carbon Neutrality are required to specify the organizational structure, objectives, measures, timeframe, and responsible departments for managing carbon neutrality issues, and to establish a reward and punishment incentive mechanism, which is regularly evaluated and assessed by the EHSQ Department.

In 2023, the Group adjusted the staffing and organizational structure of the Carbon Neutrality Committee and the Carbon Neutrality Working Group to accommodate the demands of the Company and its member companies in management on “Dual Carbon goals”. We also supplemented and revised the management responsibilities of the Carbon Neutrality Committee:



The Carbon Neutrality Committee reported to the ESG Board Committee twice a year on climate-related trends and the progress of Fosun's carbon neutrality management. In March and December 2023, the Company's ESG Board Committee held two meetings to review reports from the Carbon Neutrality Committee respectively.

Performance Incentives for Climate Management

We have added the indicator of “carbon neutrality management” to the ESG management performance appraisal mechanism of Group's CEOs and responsible persons of each business segment, 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.

Target personnel
Heads of EHSQ Department, responsible persons of each business segment

Incentive approach
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

Pilot Companies of Carbon Neutrality

In accordance with the relevant definition regarding the significant member company in the Listing Rules and the principle of above 2/3 accumulated equity attributable to owners of the parent of the Group, with certain consideration given to a comprehensive assessment on the carbon emissions of each member company, the Group identified the pilot companies of Carbon Neutrality including Fosun Pharma, Yuyuan, FTG, Fosun Hive, Fosun Insurance Portugal, Peak Reinsurance, and Hainan Mining.

The holding companies of non-pilot companies of Carbon Neutrality are also required to formulate carbon neutrality management frameworks, targets, and relevant measures by considering the same of the Group. During the Reporting Period, the EHSQ Department urged member companies to implement carbon neutrality plans with various measures such as EHSQ audit and unannounced inspection, so as to facilitate the Group in achieving the carbon reduction targets.

<p>Fosun Pharma</p>	<p>Fosun Pharma has established an ESG committee responsible for reviewing and approving the ESG strategy and objectives, supervising and deliberating ESG-related policies and the target completion progress, and reviewing the public disclosure of ESG matters. Under the ESG committee, the ESG working group is set up to comprehensively promote the implementation of ESG strategies and projects.</p>
<p>Yuyuan</p>	<p>Yuyuan has established a carbon neutrality committee and a working group. In addition, various member companies of Yuyuan 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.</p>
<p>FTG</p>	<p>FTG has established an ESG committee to assess climate-related risks and opportunities, overseeing the implementation of climate actions and reviewing the progress of climate-related targets. The ESG working group is accountable for implementing climate-related management, including the identification, assessment and management of climate-related risks and opportunities in daily operations.</p>
<p>Hainan Mining</p>	<p>Hainan Mining has established an energy management organizational structure at its headquarters and subsidiaries and set up a strategy and ESG committee under the board to ensure the management and implementation of ESG-related policies. They have also defined a set of standardized energy performance evaluation criteria to enhance detailed energy management.</p>
<p>Fosun Insurance Portugal</p>	<p>Fosun Insurance Portugal has established a dedicated department for sustainability which is responsible for implementing sustainable development strategies and integrating them into daily operations. The executive committee of Fosun Insurance Portugal oversees and regularly reviews sustainable development strategies and goals, including climate risk management and net zero emission targets, based on recommendations from the sustainability department. Additionally, a sustainable development committee is formed under the executive committee to assist in making crucial decisions on key sustainable issues.</p>
<p>Peak Reinsurance</p>	<p>Peak Reinsurance, with a mission to support the protection needs of the middle class in Emerging Asia and beyond, is progressively enhancing the integration of climate-related risk management into its top-down governance. The board committee and executive committee of Peak Reinsurance are well-informed on ESG progress as well as guiding the direction in defining Peak Reinsurance's ESG targets and ambitions.</p>

Fosun Carbon Management Standard and Audit Training

In September 2023, personnel in charge of EHSQ and carbon neutrality from different business segments of the Group gathered in Lijiang to participate in the first "Carbon Emission Management Standard and Audit Training" for member companies. The content of the training included understanding the *Fosun Group Carbon Neutrality Management Manual* and audit standard. The training also took Club Med Lijiang Resort as a pilot site, combining theory with practice to train on and sort corporate full life cycle GHG emission. The training was organized on-site and also held live-streaming with bilingual interpretation provided. EHSQ and carbon neutrality personnel in charge from 48 domestic and foreign member companies completed the training, laying a foundation for the systematization and standardization of carbon neutral management of member companies in the future, assisting in the realization of the Group's "Dual-Carbon" goal.





Strategy

In line with the Hong Kong Stock Exchange's *Guidance on Climate Disclosures*, the TCFD recommendations and the requirements of IFRS S2, we have identified, assessed, and managed physical risks, transition risks and climate-related opportunities that potentially affect the Company's assets. They are reflected in Fosun International's climate change response strategy. The process is presented as follows:



Identification of Key Risks/ Opportunities
Identify key climate-related risks and opportunities related to the Group's principal businesses based on the TCFD framework and extensive industry research



Assessment of Key Risks/ Opportunities
Analyze the specific impacts of key climate-related risks and opportunities on the industry and value chain based on the Group's business characteristics



Scenario Analysis
Integrate multiple climate scenarios into the analysis and discussion about the impact of key climate-related risks and opportunities



Strategy Review
Review the adequacy and effectiveness of the Group's "Dual-Carbon" target and other business strategies in response to climate change



Key Risks and Opportunities

Identification of Key Risks and Opportunities

Considering the Group's business planning, the 2050 Carbon Neutrality Goal and the climate policies of the regions or countries where the Group operates, we have determined the time horizons and critical timepoints for the short term (0-3 years), medium term (3-10 years) and long term (more than 10 years).

According to the financial materiality principle (i.e., the principle of above 2/3 accumulated equity attributable to owners of the parent of the Group) and the business characteristics of individual member companies with higher climate risks, we identify and prioritize key climate risks and opportunities, taking into account the main businesses of the Group's four segments of Health, Happiness, Wealth and Intelligent Manufacturing. We have extensively conducted industry research and expert interviews in light of the TCFD framework and have identified climate-related risks by risk types. Through the comprehensive assessment, the identified key climate-related risks and opportunities of the Group are as follows:

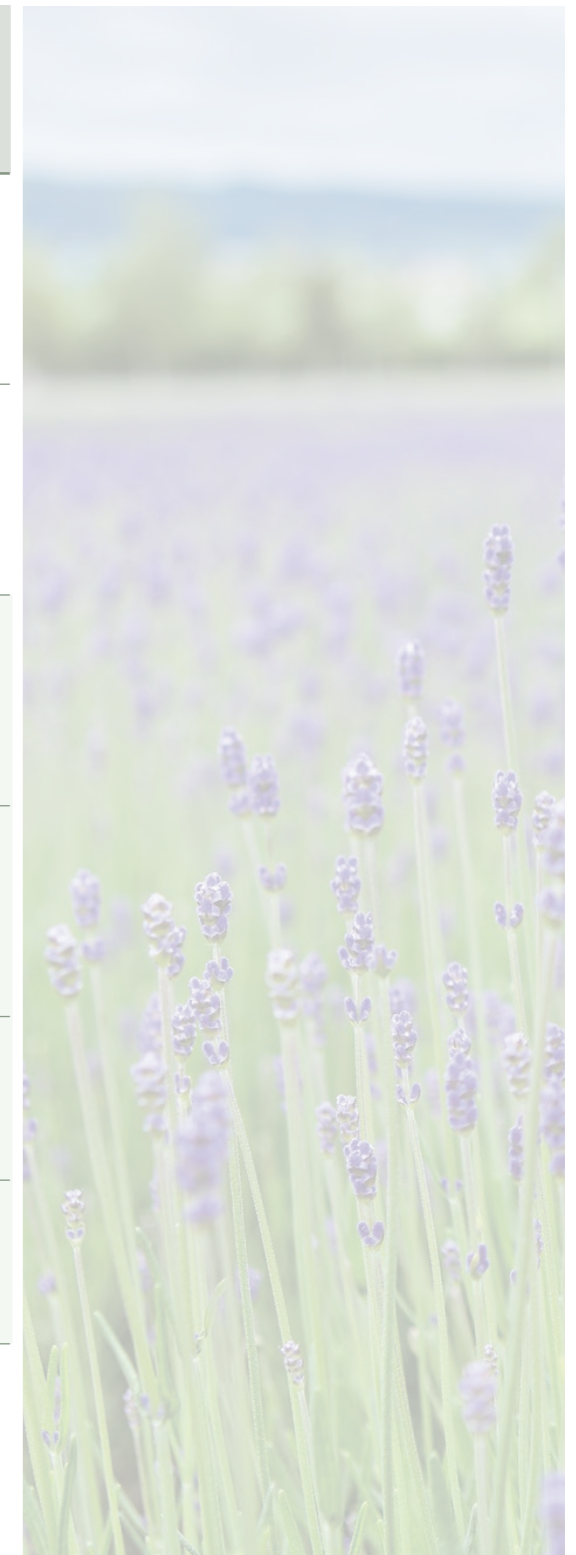
Physical risks		Transition risks			Climate-related opportunities
Acute	Chronic	Policy and law	Market	Reputation	
<ul style="list-style-type: none"> Increased severity of extreme weather events such as floods and cyclones 	<ul style="list-style-type: none"> Rising mean temperatures 	<ul style="list-style-type: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

Assessment of Key Risks and Opportunities

We have held several internal workshops on climate-related risk assessment to assess the potential impact of each climate-related risk and opportunity on the Group's business operations in the short-, medium- and long-term, respectively, from the level of impact and likelihood. During the Reporting Period, we reviewed the impact paths and materiality of the above key climate-related risks and opportunities on the Group's operations and finance. Besides, based on the results of industry research, interviews with internal and external experts and other research findings, we further identified and refined the classification of risks and opportunities by business segments, and adjusted the scenario analysis and climate strategy concerns according to their impacts on different segments.

Impact Assessment of Key Climate-related Risks and Opportunities

 Climate-related Risks/ Opportunities	 Risk/Opportunities Description	 Business segments	 Value Chain	 Time Frame
Physical risks	<ul style="list-style-type: none"> Increased risks of transportation difficulties, facility damage, and supply chain disruption Negative impacts on the workforce (e.g.: health, safety, absence) Physical losses to physical assets Increased probability of occurrence and degree of loss of insurance events 	<ul style="list-style-type: none"> All Segments 	<ul style="list-style-type: none"> Inbound logistics Operations Marketing and sales 	Medium term
	<ul style="list-style-type: none"> Dual risks of supply chain downtime and business downtime due to power rationing Negative impacts on outdoor labor Increased power consumption of air conditioners and other equipment in operating sites Increased demand for cold chain transportation 	<ul style="list-style-type: none"> Health Segment Happiness Segment 	<ul style="list-style-type: none"> Inbound logistics Operations Outbound logistics Marketing and sales 	Long term
Transition risks	<ul style="list-style-type: none"> Limited expansion of production capacity, increased pressure to control production and operational safety High uncertainty of risk Elimination of facilities and equipment with outdated production capacity Losing competitiveness in product prices due to the inability to shift carbon costs 	<ul style="list-style-type: none"> All Segments 	<ul style="list-style-type: none"> Inbound logistics Operations Marketing and sales 	Medium to long term
	<ul style="list-style-type: none"> More stringent government climate compliance regulation Elimination of high energy consuming equipment and increased requirements for products and services Increased probability and frequency of products and services regulation violations, negatively impacting the brand and resulting in sales declines 	<ul style="list-style-type: none"> Happiness Segment Wealth Segment Intelligent Manufacturing Segment 	<ul style="list-style-type: none"> Inbound logistics Operations Marketing and sales Services 	Medium term
	<ul style="list-style-type: none"> Customers' environmental awareness has changed, and their attention and expectations for green and low-carbon products have increased Failure to respond to increased consumer demand for environmentally friendly products and timely industrial transformation led to a decline in market share 	<ul style="list-style-type: none"> Happiness Segment Intelligent Manufacturing Segment 	<ul style="list-style-type: none"> Operations Marketing and sales Services 	Medium to long term
	<ul style="list-style-type: none"> Investment and financing institutions have shifted their attitude towards enterprise ESG performance from encouraging to stricter supervision Negative ESG news has a significant impact on corporate reputation 	<ul style="list-style-type: none"> Wealth Segment 	<ul style="list-style-type: none"> Operations Marketing and sales Services 	Medium to long term
	<ul style="list-style-type: none"> Rising demand in the cleantech market Increased awareness and demand for sustainable consumption 	<ul style="list-style-type: none"> All Segments 	<ul style="list-style-type: none"> Inbound logistics Operations Outbound logistics Marketing and sales 	Medium to long term
Climate-related opportunities				



Scenario Analysis

Fosun International has conducted a scenario analysis of the identified key climate risks and opportunities, to have an in-depth assessment on their impacts to the Group's business, strategies and financial planning. In addition, forward-looking analyses and assessments have also been performed to guide our strategic planning and risk management. Based on scenario analysis results, we have also evaluated the resilience of the Group's operations to climate change and formulated a response plan to further improve operational resilience.

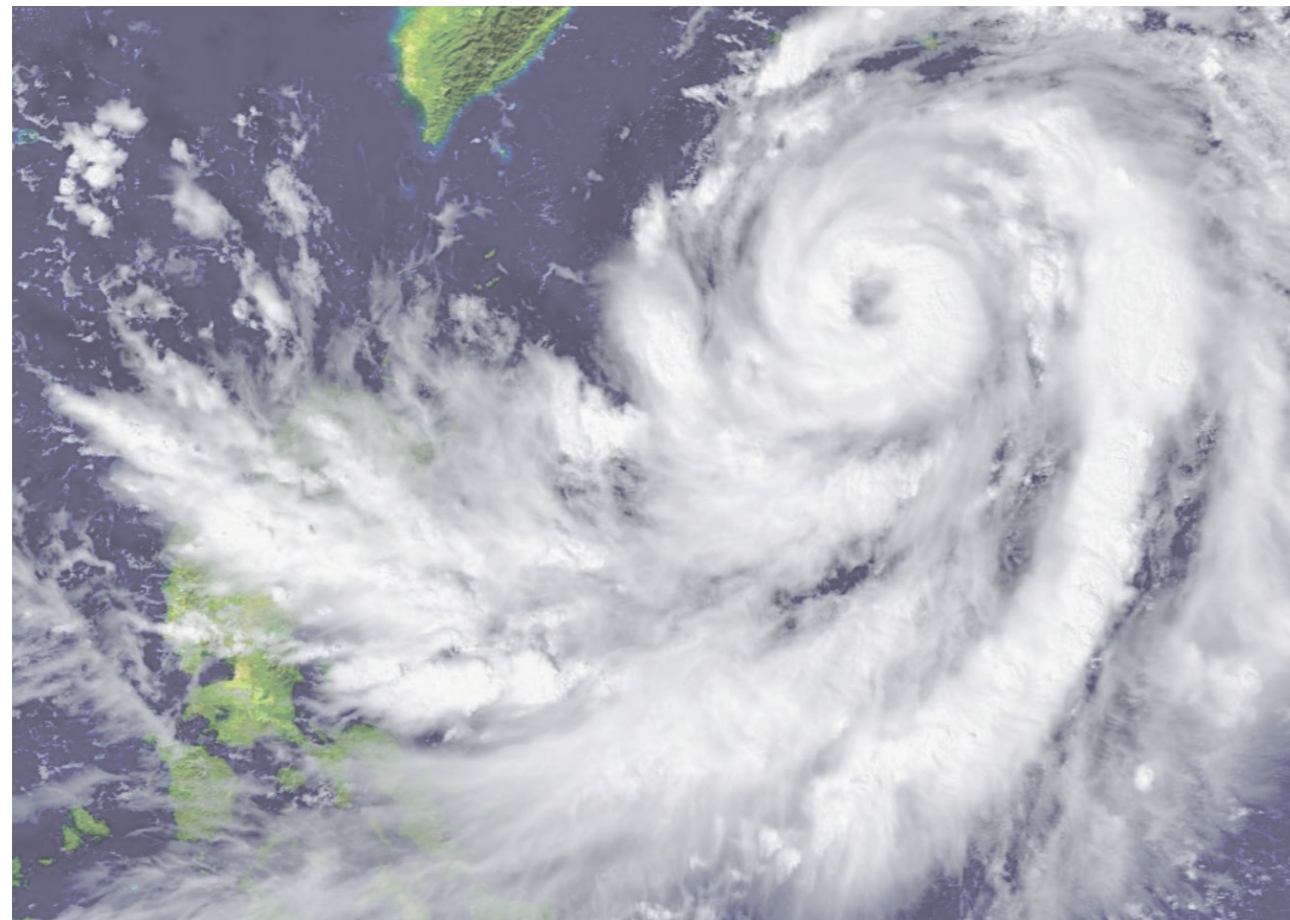
Conduct climate change scenario analysis

- Define two climate scenarios (low-emission and high-emission)
- Conduct analysis based on public scenario models
- Derive quantitative/ qualitative parameters under two scenarios

Assess the duration and level of climate change's impacts on operations

- Based on scenario analysis results, assess the short-, medium- and long-term impacts of climate-related risks and opportunities, considering the business characteristics and geographical location of the Group and its member companies

→ Climate change scenario analysis ←



| Scenario Analysis Principles

The Group has defined two climate scenarios. We conducted the scenario analysis and operational impact assessment under the year 2030 and 2050, with the scope of analysis covers our four business segments, namely, Health, Happiness, Wealth and Intelligent Manufacturing. The specific principles of scenario analysis are as follows:



A low-emission scenario

The ambitious climate action limits global warming to 1.5°C or well below 2°C.

To assess the impact of ambitious climate action that aims to achieve the 1.5°C target or well below the 2°C target under the *Paris Agreement*. Therefore, transition risks are our main concern under this scenario.

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.

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.

IPCC SSP 1-2.6 Scenario: a sustainable society mainly relying on clean energy, where climate policies are launched to keep global warming well below 2°C.



A high-emission scenario

The global temperature may rise by over 4°C by the end of this century without additional climate action taken.

To assess the impact of intensified climate change due to the lack of effective climate action. Therefore, physical risks have a higher priority under this scenario.

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.

NGFS Current Policies Scenario: maintain the current status without any additional policy introduced to control GHG emissions.

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.

< Definition >

< Reason >

< Scenario narrative >

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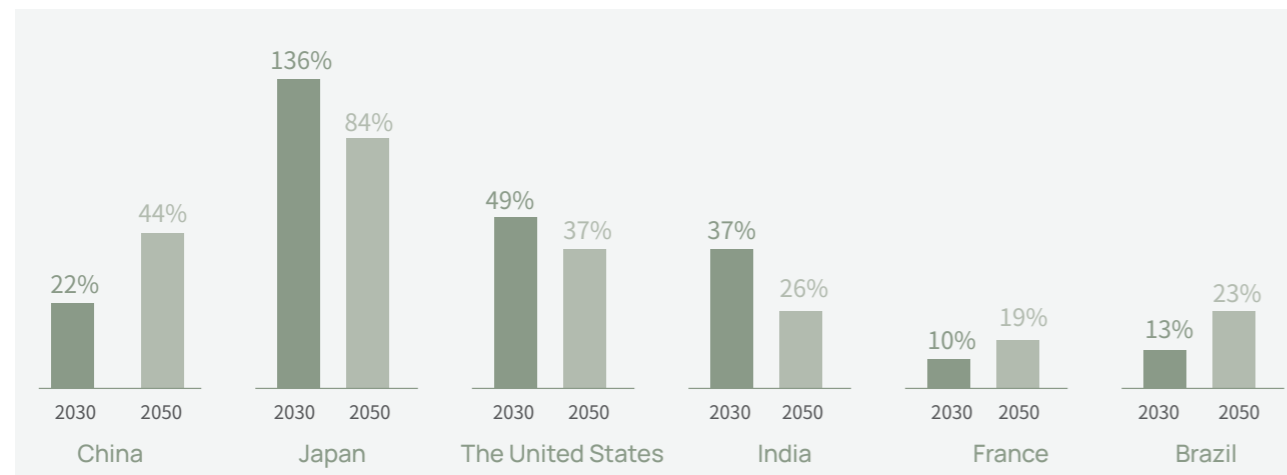
Operational Impact Assessment and Response Plan

We have analyzed significant risks and opportunities as well as their potential impacts on the Group's operations following climate scenario discussions, and have tailored adaptation and mitigation measures for specific risks to address the differences in business segments, countries, and value chains affected by the risks. We also pursue climate opportunities in different aspects, including products, services, and investments to support sustainable business development.

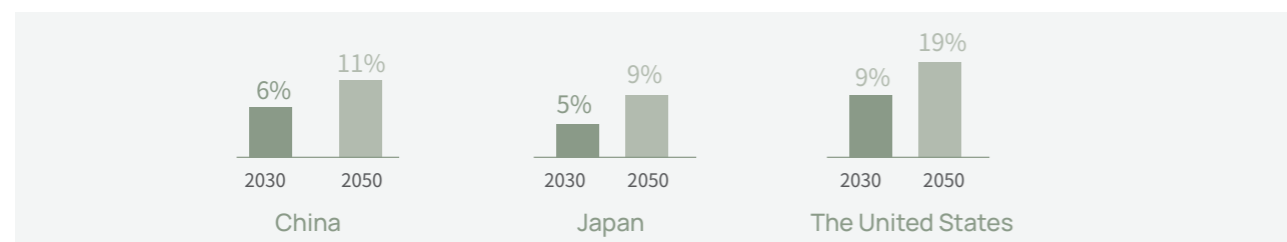
Physical risks

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

The Group recognizes that extreme weather events can have potential impacts on all our Health, Happiness, Wealth and Intelligent Manufacturing segments. According to the Water Risk Atlas Aqueduct™, a water risk filter tool, developed by the World Resources Institute (WRI), China, Japan, the United States, India, Brazil, and France are more vulnerable to flooding among the Group's major operating countries worldwide. Under the NGFS Current Policies Scenario, we analyze the changes in damage due to flooding in 2030 and 2050 compared to 2015 for these 6 countries, and the results are presented as follows:



According to the IPCC's 2021 Climate Report, China, Japan, and the United States are among the major operating countries of the Group that are most vulnerable to typhoons and hurricanes. Under the NGFS Current Policies Scenario, the changes in damage due to typhoons/hurricanes in 2030 and 2050 compared to 2015 for these 3 countries are as follows:



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. Beyond that, we have to invest more to reinforce buildings and infrastructure, establish disaster warning systems, etc., to cope with extreme weather. As such, the operating costs will be higher accordingly.

According to AON 2023 Weather, Climate and Catastrophe Insight and Gallagher Re Natural Catastrophe Report 2023, global insured losses from natural catastrophes in 2023 are estimated at USD123 billion, marking the 6th year since 2017 that the total insured losses from disasters crossed the USD100 billion threshold. The increased frequency of extreme weather events may pose new challenges to the insurance business in our Wealth segment, e.g., the rise in insurance claims cost caused by disastrous weather will increase operating costs.

Adaptation measures

With relevant early warning and response mechanisms, we guide and urge our member companies to continuously improve the relevant work in accordance with the actual situation of the industry, so that extreme weather events such as floods can be prevented and handled effectively, and our business continuity and sustainability can be ensured.

Guidelines of the Group

We work with our partners to build resilient supply chains. The Group has more than 70 thousand potential suppliers. We take diversity as a priority when selecting suppliers, and continues to adhere to decentralized inventory strategy, with active suppliers located around the world. To continuously strengthen the supplier operational risk management, we incorporated ESG-related requirements into supplier onboarding review and performance evaluation. Besides, we have established organizations and policies for supplier operational risk management at the Group and the member company level, which involves supply chain diagnosis, risk identification, establishment of early warning mechanism and risk mitigation/remediation plan.

We manage 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 2023, the proportion of localized material purchases in terms of purchase value reached 35%, with 25 localized projects in progress and 78% of materials having two or more alternative suppliers. Diversified sourcing effectively reduces the potential risks posed by extreme weather events to business continuity.

Jiangsu Wanbang Biopharmaceuticals Co., Ltd. (Jiangsu Wanbang) has implemented a localization strategy by actively promoting and successfully implementing 15 localization procurement projects during the Reporting Period, such as Supplier Reserve Project for Localization of Insulin Injectors. This series of initiatives not only saved approximately RMB12 million in costs, but also effectively shortened the delivery time, thereby significantly improving the stability and reliability of the supply chain and greatly enhancing the response speed of the supply chain.



Happiness Segment

Club Med, a subsidiary of FTG, worked with a third party to assess the impact of climate-related physical risks on the resort by 2030 and 2050 under the SSP 5-8.5 scenario. The assessment considered the magnitude of risks, the level of exposure to risks, and the vulnerability of the resorts to related physical climate risk. The physical risks assessed include fires, typhoons/hurricanes, storms, floods, landslides, earthquakes, volcanoes, and tsunamis, etc. The analysis shows that by 2030, 4 resorts in Malaysia, Mexico and China (2 resorts) will be at extreme risk. The resorts in China are mainly exposed to heat and landslides, and those in Malaysia and Mexico are additionally exposed to floods. Also, some risks affect some regions more than others, like earthquakes and tropical hurricanes to resorts in Central and North America and the Caribbean, winter storms and landslides to ski resorts in Europe.

To effectively prevent and respond to various catastrophic events caused by extreme weather conditions such as typhoons and floods, FTG has established comprehensive early warning and emergency management mechanisms. FTG is also increasing investment in disaster prevention infrastructures and carrying out regular safety training and emergency drills. This ensures FTG's business continuity and sustainability. All subsidiaries of FTG have formulated appropriate contingency plans based on their own operations and geographical locations to safeguard the staff and the customers.



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.

Physical climate risks are core to Peak Reinsurance's business, and exposures are closely monitored using catastrophe models as well as public and proprietary data sources. Seasonal climate-event losses are forecasted by catastrophe models and mitigated by refining the risk selection process and securing retrocession covers. A deeper challenge from climate change comes from lower-intensity but higher-frequency events, the so-called "secondary perils" which include thunderstorms, hailstorms, droughts, flashfloods, wildfires and landslides. Peak Reinsurance has invested resources in enhancing the understanding of these secondary perils and better assessing their financial consequences.



Intelligent Manufacturing Segment

Hainan Mining has made the response to extreme weather events a daily priority and has rolled out a series of policies such as the *Work Safety Emergency Plan of Hainan Mining Co., Ltd.* and the *Flood Control Management Measures of Shilu Iron Ore Branch of Hainan Mining Co., Ltd.*, which clarify the relevant early warnings of floods and other disasters and the workflow of coping with them. It also conducts emergency drills and exercises from time to time each year in accordance with the actual situation to ensure the effectiveness of the management mechanism. In 2023, Hainan Mining formulated the *Emergency Drill Plan for the Overflow Well of the Concentrator No. 1 Plant's tailings pond in 2023*, organized the Concentrator No. 1 Plant and the logistics and security department to carry out a drill for the emergency event of overflowing of the Hongqi tailings pond and carried out an evaluation of the drill, so as to effectively enhance the emergency management level of the staff.

Hainan Mining has made positive efforts to invest in infrastructure construction to cope with extreme weather, and its underground flood control facilities can handle the once in 50 years flood, equipped with 19 water pumps 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 to monitor in real-time the hydrological condition of each area.

Physical Risks

Type	Driver	Time Frame
Chronic	Rising mean temperatures	Long Term
Business Implications		

Under the IPCC SSP 5-8.5 scenario, the global mean temperature will rise by 1.6°C in 2030 and 2.5°C in 2050, respectively. As the global mean temperature rises, the frequency and intensity of extreme high temperatures and the number of days in which they occur will all increase. The IPCC's 2021 Climate Report states that a 2°C rise in global mean temperature will result in a nearly 14-fold increase in the frequency of extreme high temperatures occurring once every 50 years and an increase in extreme temperatures of 2.7°C; and a 5.6-fold increase in the frequency of extreme high temperatures occurring once every 10 years and an increase in extreme temperatures of 2.6°C.

The rising global mean temperature will mainly affect the Group's Health and Happiness segments. For the Health segment, due to rising temperatures, enterprises have to invest more on electricity and equipment to provide an appropriate temperature for products. At the same time, they may face the risk of power limitations as overloaded power grids collapse. Furthermore, the summer heat has a negative impact on outdoor workers and equipment, leading to lower productivity and higher maintenance costs. For the Happiness segment, under the hot weather, the Group will have to spend more on the purchase of air-conditioning and other equipment as well as on electricity expenses to provide a comfortable environment for consumers and employees. Extreme heat and rising mean temperatures will impact outdoor activities and shorten the ski season of the resorts, making the resorts less appealing to tourists and lower revenue while exposing us to the risk of asset impairments.

Mitigation Measures



Guidelines of the Group

The Group has integrated energy saving and GHG emissions reduction as key considerations into the EHS audit system. We conduct the carbon neutrality audit on member companies annually and urge their self-supervisions starting from 2023. Additionally, we have established comprehensive EHS performance indicators for the two major industries (namely the manufacturing industry and the service industry) with respect to the six factors of system, environment, safety, occupational health, fire protection and EHS leadership. 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 of production continuity and energy supply guarantee. The plan aims to minimize the impact of limited power supply on production and operation 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 more 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

Club Med, a subsidiary of FTG, worked with a third party to assess the impact of physical risks including rising mean temperatures. Heat is the most significant risk for Club Med with 8 of its resorts largely exposed to such risk. In addition, all resorts will face greater exposure to this risk over time. FTG practices green operation throughout the planning, site selection, design, construction and operation phases of its projects, and actively responds to the impacts of climate change. Club Med has considered the risks of snow reduction and coastal erosion during the 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. During the design stage, FTG has set a green building certification target of "100% resorts obtain an certified to BREEAM or LEED (silver) or equivalent recognitions for new built and deep renovations by 2030". By the end of 2023, 86% of FTG's new resorts and hotels had been or were in the progress of being certified as green building. During the operation stage, FTG uses the energy monitoring platform to optimize the performance of energy efficiency; reduces operational energy consumption by increasing the proportion of renewable energy sources such as photovoltaics and trams and installing and retrofitting energy-saving equipment.



Health Segment

Fosun Pharma has developed an emission reduction pathway, focusing on the key aspects of energy use and emissions, and actively reducing carbon emissions through four measures: energy efficiency improvement, energy structure optimization, ozone depleting substance emission management and carbon emission management.

Fosun Pharma has established a systematic and integrated management structure and formulated the *Notice on the Launch of Energy Saving and Emission Reduction Work of Fosun Pharma Group Subsidiaries*, which specifies energy saving and emission reduction targets, and incorporates the effectiveness of energy management and control into the performance evaluation of corporate management personnels at all levels. In 2023, Fosun Pharma invested RMB13,476,000 and launched a series of energy saving and emission reduction projects, such as the establishment of the energy inspection system. During the Reporting Period, Fosun Pharma saved a total of 10.56 million kWh of electricity, 1.09 million cubic meters of natural gas and 4,402 tonnes of purchased steam, which resulted in a corresponding reduction of carbon emissions of more than 10,000 tonnes, and a consolidated energy intensity of 1.88 GJ/ 10,000 RMB of revenue, a year-on-year decrease of 1.35%.

Fosun Pharma also actively promotes its subsidiaries to create green factories. As of the end of 2023, Fosun Pharma's subsidiaries, Shandong Erye Pharma, Hongqi Pharma and Zhaohui Pharma, have been awarded the honorary title of National Green Factories.



Transition risks

Type	Driver	Time Frame
Policy and law	Increased pricing of GHG emissions	Medium to long term
Business Implications		

Governments worldwide have strengthened their climate ambitions, and are driving companies to decarbonize progressively through measures such as setting up carbon emissions trading markets and imposing carbon tariffs. The European Union (EU), one of the Group's key operating locations, initiated a trial run of the EU Emissions Trading System (EU ETS) in 2005. Since then, the carbon price in the EU has been gradually increasing with stricter regulations. By the end of 2023, the carbon price had reached EUR82.9 per tonne. In 2021, China launched a pilot national carbon trading market and a pilot scheme for green power trading. By the end of 2023, China's carbon price had reached RMB79.4 per tonne, an increase of more than 55% from 2021. Although the carbon price in China is currently lower than that in the EU, under the NGFS Net Zero 2050 scenario, the carbon price in China is expected to reach USD98 per tonne by 2030.

The Group's four segments - Health, Happiness, Wealth, and Intelligent Manufacturing - will all be subject to the increased pricing of GHG emissions. As the Health and Intelligent Manufacturing segments involve large-scale industrial production and emissions, the high carbon price will result in high operating costs if emissions are not effectively reduced. Meanwhile, the operating costs will rise further due to the purchase of carbon reduction equipment and facilities, as well as the purchase of renewable energy. Although the Happiness segment is less directly affected by the increased carbon price, suppliers may raise the price of their products in response to the rising carbon price, resulting in higher purchase costs. As member companies of the Wealth segment may invest in carbon-intensive enterprises, the increase in carbon price may lead to lower investment returns for this segment indirectly.

Mitigation Measures



Guidelines of the Group

Fosun continuously increased its investment in new energy and energy storage year by year. In 2023, the total investment in energy and environmental protection reaches RMB1.12 billion, an increase of 98% over 2022. Meanwhile, we are actively keeping an eye on the carbon market and potential carbon trading targets. It is expected that certain member companies may gain income through the carbon allowance mechanism, which can offset the rising carbon costs of the Group. Fosun has incorporated the effect of carbon price into relevant valuation models, analyzed the carbon tax sensitivity, and proactively positioned itself in the new energy industry chain.

Fosun actively explored the internal carbon pricing mechanism and compiled advanced cases and practices into the *Fosun Group Carbon Neutrality Management Manual* as a guidance on internal carbon pricing for member companies.



Health Segment

Fosun Pharma actively increases the proportion of renewable and clean energy usage by reducing the use of fossil fuels, promoting external green power procurement and constructing internal photovoltaic power plants. In 2023, the total power generated by internal photovoltaic power plants of Fosun Pharma reached 2,879,342 kWh, increased by nearly 110% compared with that in 2022.

For the companies that are not eligible for installing distributed renewable energy power generation systems or lack sufficient resources to meet the demand for green power consumption, Fosun Pharma recommends them to purchase green electricity according to the types of transaction services available on the local power trading market and participate in the market-oriented transaction for distributed power generation in a timely manner. In 2023, a total of 13,843,119 kWh of new energy electricity and 856,650 kWh of hydropower purchased, achieving carbon emissions reduction of 8,383 tonnes.



Happiness Segment

Tom Tailor has committed to reducing Scope 1 & 2 emissions by 50%, Scope 3 emissions by 30%, and Scope 3 emissions related to forest, land, and agriculture (FLAG) by 33.4% by 2030, with 2019 as the baseline year. Such emission reduction targets were approved by SBTi in 2023. As a member of amfori, Tom Tailor uses amfori's Business Environmental Performance Initiative (BEPI) 2.0 tool to track suppliers' carbon footprints. In addition, Tom Tailor progressively incorporates supplier carbon reduction performance into its "supplier scorecard", thereby encouraging suppliers to reduce emissions and managing carbon price risk across the supply chain.

Shede Spirits Co., Ltd. under Yuyuan, and Shede's subsidiary Sichuan Skyhorse Glass Co., Ltd., embarked on a series of energy-saving and carbon reduction projects in 2023, such as biogas upgrading, energy-saving technological improvement, vehicle retrofitting and residual heat recovery from kiln flue gases, resulting in an annual reduction of more than 44,000 tonnes of emissions. In addition, Sichuan Tuopai Shede Group Co., Ltd., invested in the Fujiang River Liushu Hydropower Project, which integrates hydropower and shipping, through its subsidiary Sichuan Tuopai Power Development Co., Ltd. The hydropower station has a capacity of 48MW and generates an average of 2 billion kWh of electricity over years.



Wealth Segment

BCP joined the UN Global Compact in 2005 and adopted the Principles for Responsible Banking under the United Nations Environment Program Finance Initiative (UNEP FI PRB) in 2022 to fulfill its commitment to responsible investment. BCP focuses on innovating products, supporting clients in green transition and enhancing ESG communication with internal and external stakeholders. In addition, BCP has set three major goals: reducing investments in coal - and oil - related products in the European market by 50%, ensuring that green project finance accounts for more than 50% of all project finance offered, and becoming No.1 in green bond issuance in Portugal. By doing so, BCP is committed to reducing the exposure of its credit and investment portfolios to GHG emissions.



Intelligent Manufacturing Segment

Based on the energy management policy of "all staff involvement, energy saving first, technological innovation, and low-carbon development", Hainan Mining continuously improves its energy management system. Hainan Mining has formulated and improved the *Quality, Environment, Occupational Health and Safety, and Energy Management Manuals* and the *Energy Management Measures*, and has established an organizational structure of energy management. Through these efforts, Hainan Mining aims to achieve energy saving and emission reduction by improving energy efficiency and energy consumption structure. Hainan Mining has obtained the ISO 50001:2018 energy management system certification. Hainan Mining also actively responds to China's "Dual Carbon goals", and its subsidiary Roc Oil Company Pty Limited (ROC) has committed to achieving carbon neutrality by 2050.

Hainan Mining keeps optimizing the energy consumption structure and replaces internal combustion engines with mine electrical equipment at a faster pace. Meanwhile, Hainan Mining continues to improve energy efficiency by adopting digital and intelligent mine energy control systems, eliminating high-energy-consuming equipment, promoting green logistic and offices, etc. During the Reporting Period, its subsidiary Roc Oil Company Pty Limited (ROC) continues to promote energy saving and emission reduction measures such as energy structure transformation, production process optimization, energy-saving equipment renovation, fugitive emission source restoration, and the promotion of green office and green process, with a view to reducing its fugitive emissions by 43% by 2023 as compared with 2021.

Transition risks

Type	Driver	Time Frame
Policy and law	More stringent mandates and regulations on existing products and services	Medium term
Business Implications		

With growing climate-related challenges, countries and regions worldwide are imposing more demanding regulations on existing products and services, such as green products and building codes, the phase-out of high-energy-consuming equipment, and review and regulation of "green labeling". We expect that stricter regulations on existing products and services will have a greater impact on the Group's Happiness, Wealth and Intelligent Manufacturing segments.

The EU, one of the Group's key operating locations, introduced the European Green Deal at the end of 2019, aiming to achieve carbon neutrality globally by 2050, thus signaling a strong push for green and low-carbon transformation. This initiative includes emission reduction pathways covering sectors such as energy, industry, agriculture, and transportation. Subsequently, the EU has rolled out a series of regulatory requirements including the *Net-Zero Industry Act*, *Critical Raw Materials Act*, and the EU Carbon Border Adjustment Mechanism (CBAM).

The EU is also one of the regions with the most robust legislation against "greenwashing". In January 2024, the European Parliament voted in favor of a provisional agreement on the proposal on "empowering consumers for the green transition". This agreement prohibits product or service providers from making environmental claims based on GHG emission offsets, enhancing the legal protection of consumers' right to green information.

In July 2023, the European Commission published the final versions of the first set of the *European Sustainability Reporting Standards* (ESRS), which are based on the *Corporate Sustainability Reporting Directive* (CSRD), the *EU Taxonomy*, and the *Sustainable Financial Disclosure Regulation* (SFDR). The ESRS set higher sustainable management and disclosure requirements for the Group's non-EU companies headquartered in the EU as well as those with major operations in the EU. Other major countries and regions in which the Group operates, including the Chinese Mainland, Hong Kong SAR, the US, Singapore, Japan and India, have also formulated sustainable finance taxonomies, green labeling regulations, etc.

The probability and frequency of violations of regulations will rise as a result of increasingly strict regulatory requirements. Our operating costs may rise due to penalties for such violations. Meanwhile, the exposure of the penalties may cause damage to the Group's brand reputation or other significant consequences. In addition, downstream customers may purchase fewer from the Group to comply with the tightened regulatory requirements, resulting in lagging sales of relevant products and a significant decrease in the Group's revenue.



Mitigation Measures

The Legal Department and related departments in the Company continuously strengthen 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.

The Group has established a marketing management system to ensure our sales and marketing practices that comply with laws, regulations, social norms and ethical standards. We formulated and released the *Fosun Group Responsible Marketing Policy*, making commitments with respect to compliance marketing and sustainable consumption, and encouraging member companies and partners to jointly practice responsible marketing.

We have embedded the ESG module in the investment management system to incorporate ESG factors into the lifecycle management, for digital maintenance and management of responsible investment. We have formulated the *Positive and Negative Screening Lists of ESG* to identify the types of industries in which we intend to invest and explain them at the project proposal meeting before the project is set up. After the project is set up, we complete due diligence based on the *ESG Responsible Investment Due Diligence Checklist*, in coordination with business, technology, finance, law, tax, IT, EHSQ and other departments who provide due diligence information. In addition, the investment team shall file the due diligence accordingly in the ESG due diligence module of the investment management system, and deliver a report at the final investment decision meeting. Moreover, we actively carry out post-investment management, carry out regular ESG self-check on portfolio companies, and dynamically follow up their ESG performance with continuous supervision and management.



Guidelines of the Group



Happiness Segment

Tom Tailor requires all 'more' sustainable products to be third-party certified and apply corresponding tracing processes based on different certification standards and branded fibers. Tom Tailor implemented the platform RETRACED to achieve 100% digitalization and traceability of product supply chains, production, and transportation processes of every product, obtaining complete transparency information up to the production of raw materials. In response to increasingly stricter regulations from the EU on product environmental impact statements, RETRACED also provides a risk analysis function to monitor the entire supply chain.



Yuyuan adheres to the core concepts of energy-saving and environmental protection design in building design and construction, follows the national standard of *Assessment standard for Green Building (GB 50378-2019)*, and actively promotes the new and operational projects to obtain the national green building, LEED, WELL and other green building certificates. In 2023, Yuyuan has constructed a total area of more than 3 million square meters in accordance with green building certification standards.



Wealth Segment

Fosun Insurance Portugal has begun to analyze and interpret the *EU Taxonomy* since it came into force in 2020. On this basis, Fosun Insurance Portugal identifies eligible internal economic activities and discloses the proportion of eligible assets and non-life economic activities and its alignment every year in accordance with the *Taxonomy*. In addition to the *EU Taxonomy*, Fosun Insurance Portugal is actively involved in other relevant EU legislation on sustainable development and analyzes and reviews the sustainable management approaches and practices of its existing products and services, asset portfolios and investments. Fosun Insurance Portugal also incorporates this strategy into the conception and design of its new products and the review of its investment strategies, in an effort to continuously optimize its strategic positioning in sustainable development and contribute to climate change adaptation and mitigation.



Intelligent Manufacturing Segment

In response to national regulatory risks related to energy-intensive equipment, Hainan Mining carried out a detailed investigation according to the *Catalogue for Energy-intensive and outdated Mechanical and Electrical Equipment (Products) to be Eliminated (Forth batch)*, and identified 76 energy-intensive equipment that needed to be eliminated. The identified equipment is planned to be replaced. Hainan Mining has formulated an equipment renewal plan immediately to phase out the above energy-intensive equipment in order to realize the goal of green production.



Transition risks

Type	Driver	Time Frame
Market	Changing customer behaviors	Medium to long term
Business Implications		

As the sustainable development concept is widely recognized around the world, it is certain that customers will become more aware of the concept and put it into practice. According to the *Booking.com Sustainable Travel Report 2023*, 80% of travelers confirm that sustainable travel is important to them, and 76% of travelers say they want to or have started to embrace sustainable travel. According to PwC's *2023 Global Consumer Insights Survey China Report*, more than 70% of consumers worldwide are willing to pay above-average prices for ESG-related products and services.

We expect that the consumer- and business-facing Happiness and Intelligent Manufacturing segments will be more affected by ever-changing customer behaviors in the medium and long term. In response to this risk, we need to increase R&D investment, adjust the management model, promote the green transition of industries, and procure green raw materials. However, these will increase the operating costs. In the long run, if our products and services fail to respond to changes in consumer preferences, or if our competitors can address such changes more effectively, we will face a loss of consumers and customers, an overstocking of products, and a decline in business. As a result, our business, financial position and operating performance could be materially and adversely affected.

Mitigation Measures

Fosun International actively responds to the growing demand for green products and services from consumers and customers. The Group's investment teams step up its focus and investment in green consumer goods. Specifically, we actively identify and deploy green, high-quality investment targets to provide low-carbon products and services for corporate and retail customers, and rely more on green products and consumer goods to generate revenues.



Guidelines of the Group

Besides, we incorporate sustainability awareness in our marketing activities. Climate change education marketing activities are organized to advocate a low-carbon lifestyle. Meanwhile, we have been actively creating green selling points for our products, enhancing consumers' recognition of Fosun's green and low-carbon image, thereby expanding the customer base that adopts sustainable consumption concepts.



Happiness Segment

FTG is committed to providing customers with a green and low-carbon vacation experience. Through a full value chain carbon inventory, FTG has understood that customers' transportation is one of the most significant sources of carbon emissions. Considering customers' demand for green vacations and excursion, as well as the risk of transportation disruptions caused by typhoons and floods in the future, FTG has integrated its sustainability strategy with its business strategy. In 2023, FTG has launched the first urban leisure product lines "Club Med Urban Oasis" to deliver an exciting urban leisure experience while reducing carbon emissions of travels. In addition, Club Med, a subsidiary of FTG, provides customers with a tool to calculate GHG emissions from travel, invites customers to participate in the "carbon offsetting" program, and encourages customers to reduce carbon emissions by changing their means of transportation, etc.

FTG is also dedicated to meeting customers' demand for green vacations by offering innovative tourism products such as resorts with sustainable certification, locally sourced ingredients, vegetarian options and sustainable tourism activities.

Yuyuan actively builds green stores and realizes low-carbon operation through the use of environmentally friendly materials, energy-saving technologies and intelligent management systems. In the process of store design and planning, Laomiao Youque preserves the layout space of the old building as much as possible, reduces unnecessary remodeling and construction. Laomiao Youque also uses low-energy consumption electrical appliances and LED. The Laomiao Guyun actively promotes the concept of recycling materials. The theme wall, niches, and ancient craft wall in the stores all adopt modular design, which can be disassembled and assembled according to the needs, realizing that 50% of the store's construction materials can be recycled, and putting into practice the concept of green development.

Yuyuan Jewelry & Fashion Group has launched a new brand of lab-grown diamonds, LUSANT, for which advanced technology and equipment are employed to simulate the crystallization conditions and growth environment of natural diamonds, so as to grow diamonds on the earth's surface. Lab-grown diamonds has significantly reduced diamond mining. As a result, the carbon footprint from mining to transportation is reduced, which effectively conserves natural resources and satisfies people's demands for quality diamonds.

Hainan Mining actively promotes industrial transformation and upgrading, focusing on the upstream new energy industries and natural gas-based clean energy industries, which are in line with the national development strategies and plans and can realize long-term growth. Hainan Mining is committed to sustainable and high-quality development. Underpinned by the dual drivers of industrial investment and industrial operation, Hainan Mining continues to strengthen its three main businesses of "iron ore + oil & gas + new energy", and actively explores the opportunities that come with the development of Hainan Free Trade Port. Through these efforts, Hainan Mining aims to become a "world-leading industrial development group with strategic resources as the core".



Intelligent Manufacturing Segment

In exploring the clean energy sector, Hainan Mining invested 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 July 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.

In the process of global transformation to a low-carbon economy, the scarcity of upstream materials has become an important shackle to the transformation of the industry. In 2023, Hainan Mining acquired the assets of the Bougouni lithium ores in Mali and started the construction of a lithium ore processing production line. This project will enable the industrial synergy between the upstream resources of the new energy industry and lithium salts, and accelerate the layout of the integrated industrial chain of lithium salt processing.

Transition risks

Type	Driver	Time Frame
Reputation	Increased stakeholder concern or negative stakeholder feedback	Medium to long term
Business Implications		

With the growing global recognition of ESG and sustainable development concepts, internal and external stakeholders emphasize more on ESG and climate risk management capabilities and performance. Furthermore, negative feedback may cause severe damage to enterprise reputation. The *EU Taxonomy*, which came into force in 2020, requires financial market participants, such as insurance companies and investment banks, to disclose the proportion of assets that meet the requirements of the Taxonomy. On the one hand, we believe that the Taxonomy will have an impact on the Group's Wealth segment, placing higher requirements on the construction of responsible investment systems of member companies within the segment. On the other hand, financial institutions will evaluate the ESG performance of enterprises when making decisions on investment and loan disbursement and 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 and performance 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-related requirements may adversely affect our business and financial position.

Mitigation Measures

Fosun International focuses on ESG building, international and domestic ESG development trends, and hot ESG topics of the capital market. Moreover, we provide relevant staff with ESG training and participate in ESG market seminars to understand the latest ESG trends. In addition, we proactively communicate with stakeholders on climate management through the publication of *ESG Report and Climate Information Disclosures Report*, as well as through seminars, forums, social media, roadshows, official websites, etc., to understand their concerns and expectations. Fosun International also actively improves ESG management and implements sustainable development projects. With various ESG ratings being raised in 2023, Fosun International gained a good reputation for its sustainable development efforts.

In 2023, Fosun International successfully converted a bank loan into a sustainable linked loan, which was Fosun International's first green syndicated loan, marking Fosun's efforts to raise green financing.

In 2023, Fosun International, along with its member companies, carried out ESG roadshows at multiple leading financial institutions to conduct multi-dimensional and in-depth discussions on various issues including ESG disclosure, ESG rating and ESG bonds. Fosun International's ESG performance has been recognized by a number of leading ESG funds around the world, with the total positions held by ESG funds in Fosun increased by nearly 30%.

In terms of investment, we develop responsible investment policies, incorporate ESG due diligence in the investment process, and improve the sustainability performance of our invested companies through proxy voting. We value investment in eco-friendly industries and clean technologies, clarify the vision and strategy of green investment, and fully deploy new energy, new green materials, energy storage and recycling, and environmental management industries. Meanwhile, we make plans for our business footprints to strengthen industrial integration and investment deployment. By doing so, we aim to achieve a green transition in our industries.



Guidelines of the Group



Wealth Segment

Peak Reinsurance actively accommodates potential reputation risks through annual reinsurance treaty renewals, regular review of underwriting assumptions and replacement with new business opportunities. In addition, Peak Reinsurance has revised its commercial property and casualty (P&C) insurance underwriting guidelines in 2023 to include restrictions on underwriting new direct or facultative businesses involved in construction of coal power plants, coal mining, or new business that involves drilling or production of oil and gas in the Arctic Basin or fuel extraction from oil/tar sands.

Fosun Insurance Portugal has integrated ESG factors into its core business and started to develop more ESG-compliant financial products. Fosun Insurance Portugal launched two sub-funds with ESG objectives under the *EU Sustainable Finance Disclosure Regulation (SFDR)* in 2022, and has gradually integrated sustainability factors into its life insurance product "Fidelidade Savings" to ensure it is in line with the UN SDGs and the United Nations Principles for Responsible Investment (UN PRI). Industries that are controversial, have a negative impact on the environment, or do not comply with the provisions of the UN Global Compact's principles such as to human rights, work, environment and corruption will be excluded from the portfolio.



Climate-related Opportunities Action Plans

Investment in Green Products and Services

Overview of Opportunities

In recent years, countries or regions worldwide, especially Europe, China, the United States, Japan and Australia, one of the Group's key operating locations, have successively formulated strategies for 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 and relevant compliance requirements, downstream customers will turn to low-carbon products and services to reduce emissions along the value chain. Meanwhile, as consumers become increasingly aware of sustainability, their demand for green and low-carbon products and services will gradually increase. Increasing R&D and investment in clean technology and green consumption, on the one hand, can improve energy efficiency, reduce GHG emissions from our operations and thereby lower operational and compliance costs. On the other hand, it helps us enhance our brand reputation, attract corporate clients and consumers, and capture and expand in the green and low-carbon market, thus improving our financial performance with higher revenue.

Measures

Fosun International values investment in environmental industries and clean technology and has implemented a precise layout under the strategic goal of building a comprehensive ecological platform. With a focus on the core business of carbon neutrality, Fosun International is optimizing the industrial layout of new energy, green and new materials, green electricity, smart grid and new energy storage industry through industrial integration and investments. All this aims to improve the overall environmental governance ability on wastewater, solid waste and exhaust gas and help the industry to save energy, reduce emissions and improve product quality, thus contributing to the industry's strategic commission of green transformation.

At present, the Group has invested in many clean technology companies in different sectors. Most investments were made in the clean energy sector (wind, solar, tidal, biomass, etc.), energy efficiency sector (battery, advanced materials, energy storage, heat & power, smart grid, industrial automation, natural gas combined, etc.), green consumer goods sector (shared mobility, E-bikes, healthy food, sustainable packaging, intelligent appliances, and paperless document management), and some were made in the green building sector (certified green property, building insulation, etc.).

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.

Boohee, in which the Group has a shareholding, has incorporated the concept of low carbon and environmental sustainability into its 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.



Guidelines of the Group



Health Segment



Happiness Segment



Wealth Segment

Hello Inc., in our investment portfolio, strives to offer consumers green and low-carbon travel options. As of the end of 2023, Hello Inc.'s bikes nationwide had a total travel distance of 58 billion kilometers, reducing carbon emissions by about 2.6 million tonnes; hitchhiking nationwide had a total travel distance of 50 billion kilometers, reducing carbon emissions by about 10 million tonnes.



Though prioritized application of eco-friendly materials and innovative design, AHAVA continuously creates more sustainable packaging solutions to help the cosmetics industry make a positive transition towards green packaging. AHAVA sets a series of 2028 sustainable packaging goals, committing to use 100% recyclable paper and plastic packaging, and 30% recycled glass packaging materials, besides reducing single-use plastics uses by 50%.

With at least 95% of its products organically grown and strong technological development and innovation capabilities, St Hubert is an innovation pioneer in the health food industry. In recent years, St Hubert has launched palm oil-free and zero-additive products. Additionally, it has partnered with local small and medium-sized suppliers to create a 100% certified and traceable organic supply chain, aiming at continuously bringing more nutritious and healthy food to consumers. Meanwhile, St Hubert has shouldered environmental and social responsibilities by actively adopting certificated recyclable packing materials. Since joining Fosun in 2018, St Hubert has accelerated the expansion of the international market, especially the Chinese market with great potential. So far, it has launched a series of healthy plant-based milk, with plans to offer more quality options to meet strong demand for healthy food among Chinese consumers.

Peak Reinsurance actively cooperates with relevant international organizations and local governments to develop targeted reinsurance and financing solutions for climate disasters, in a bid to enhance regional climate resilience and contribute to climate equity. Peak Reinsurance participates in the Southeast Asia Disaster Risk Insurance Facility (SEADRIF) that provides pre-disaster planning and post-disaster relief and reconstruction funding. Peak Reinsurance also supports a low carbon transition through reinsurance for renewable energy projects, including solar, wind, bioenergy and wind turbines, in Asia, the US and Europe. Through participation in catastrophe risk pools globally, Peak Reinsurance enables affordable natural catastrophe insurance for homeowners in high-risk areas where protections would otherwise become unaffordable. Furthermore, Peak Reinsurance supports agricultural insurance schemes to provide farmers insurance to safeguard their incomes in the event of crop destruction due to natural disasters such as floods and typhoons.

As a leading photovoltaic quartz manufacturer, Liaoning Advance Foundation Semiconductor Material Co., Ltd., in which the Group has a shareholding, cooperated with Xi'an LONGi New Energy to promote the utilization of distributed photovoltaic on rooftops of buildings in 2020, and successfully carried out the first building photovoltaic integration project of Northeast China in Shenyang. Upon completion, the project is expected to achieve an annual power output of 1 million kWh, reducing operational costs by nearly RMB600,000 and GHG emissions by nearly 1,000 tonnes.

Kuntian New Energy, the Group's participating company in China, has mastered the technology of chamber furnace graphitization and is able to apply to the production of high-end artificial graphite products. The products are mainly used to produce lithium-ion batteries in the emerging new green energy industry. Kuntian New Energy is a leading developer and supplier of anode material for lithium-ion batteries. Through several upgrades to the production line, Kuntian New Energy has successively carried out various energy conservation and emission reduction projects such as waste heat recovery, flue gas desulfurization, noise reduction and dust removal. At present, compared to the conventional crucible furnace graphitization, the chamber furnace graphitization technology adopted by Kuntian New Energy can further reduce the energy consumption per unit of production, achieving that the production capacity is increased by more than 1.6 times without any increase in equipment.



Intelligent
Manufacturing
Segment

Strategy Review



| Our Commitment to Carbon Neutrality

In 2021, the Group set the carbon reduction target and committed to society - "launch and fully promote carbon neutrality with immediate effect, strive to peak carbon emissions by 2028 and achieve carbon neutrality by 2050".

For this purpose, we continuously build a green and low-carbon management system and take measures to mitigate, adapt to and fight against climate change.



Fosun's Carbon Neutrality Management System and Work Progress

Categories	Methods 	Progress in 2023 
1. Systems and Standards	Development of the "1+N" system, which means 1 carbon management system and several ("N") sustainability reports.	Established the "ESG-Carbon Neutral Life Cycle System Platform" to supervise the establishment of carbon management systems by member companies in accordance with the requirements of the Group's headquarters in a standardized and systematic manner. Completed three internal research reports on "Water Risks", "Climate Change" and "Biodiversity" to investigate the member companies' active sustainable solutions and review the Group's commitment and actions on three important environmental issues.
	Formulation of a group-wide carbon audit standard.	Formulated and released the <i>Fosun Group Carbon Neutrality Management Manual</i> , providing guidelines on carbon inventory and carbon reduction for member companies.
	Promoting the establishment of carbon neutral targets and action paths by member companies.	Among Pilot Companies of Carbon Neutrality, Fosun Pharma, Yuyuan, FTG, Fosun Insurance Portugal have set carbon neutral targets for Scope 1 and Scope 2. Among them, Fosun Insurance Portugal has completed a greenhouse gas inventory of the whole value chain, and has set net-zero emission targets for Scope 1, Scope 2, and Scope 3, as well as a clear carbon reduction pathway.
	Formulating the <i>Fosun Group Lean + Carbon Neutrality Reward</i> and establishing a carbon neutral assessment and incentive mechanism for member companies.	"Carbon Neutral Management" indicator has been included in the performance appraisal of the CEO and the responsible persons of each business segment for the Group's carbon neutral work.
2. Training	Launching climate-related knowledge and competency training for directors.	Reported to the ESG Board Committee in March and December on the carbon neutrality work progress, latest international trends in climate change, compliance requirements, and future outlook.
	Carbon management training for EHS-related personnel of member companies.	Launched the "2023 Carbon Emission Standard and Audit Training" seminar in September, sharing and exchanging carbon management knowledge and practices with Fosun's member companies at home and abroad.
	Popularizing the knowledge of climate change and "Dual Carbon" and strengthening the concept of environmental protection and low carbon among staff.	Jointly initiated the "Fosun ESG Culture Season" series of activities with member companies and developed an ESG employee app.
	Commencement of internal and external exchanges and cooperation.	Visited universities and leading enterprises in the industry many times to exchange and learn carbon neutral management practices.
3. Supervision	Incorporating ESG and carbon neutrality into the Group's system audit and carrying out carbon neutrality system audit.	Conducted pilot carbon neutrality system audits for 6 pilot member companies in 2023.
4. Reports	Disclosure of the Group's carbon neutral progress year on year.	Released <i>2023 Climate Information Disclosures Report</i> and <i>2023 ESG Report</i> .

Strategies for Low-Carbon and Green Industry Operation

Health Segment

Fosun Pharma

Adhering to the concept of green operation, Fosun Pharma has set 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 2023, the annual objectives have been achieved for three consecutive years.



Five-year Strategic Objectives

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



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.

Objectives Completion Status

Performance objectives	2022 (Target value VS Actual value)	2023 (Target value VS Actual value)
Carbon emission intensity (tonne/RMB10,000 of revenue)	0.254 VS 0.216	0.246 VS 0.233
Carbon reduction of energy saving projects (10,000 tonnes)	0.6 VS 0.94	0.6 VS 1.01
Comprehensive energy consumption intensity (GJ/RMB10,000 of revenue)	2.43 VS 1.90	2.38 VS 1.88

Happiness Segment

Yuyuan

Yuyuan has set the goal of achieving carbon neutrality in all its holding companies by 2050 and is fully promoting carbon neutrality. Yuyuan has considered the construction of carbon emission monitoring system as a key infrastructure project. Relying on its self-developed carbon emission monitoring system and ESG data reporting platform, Yuyuan carries out data aggregation and analysis of energy usage and carbon emission data. In addition, Yuyuan also actively carries out carbon footprint assessment. Shede Spirits Co., Ltd., an affiliate of Yuyuan, has completed the carbon footprint certification for "Shede Classic", which identifies the key areas and directions for emission reduction.

FTG

In order to enhance climate resilience, FTG has formulated the *Climate Change and Energy Policy*, set carbon neutrality targets and corresponding energy saving goals and carbon reduction pathways. Club Med under FTG has completed the value chain GHG inventory, Atlantis Sanya under FTG has also launched the value chain GHG inventory and both of them have set corresponding carbon reduction targets respectively.

FTG's carbon neutrality targets

Carbon neutrality targets	By 2050, achieve Scope 1 and Scope 2 carbon neutrality.	Carbon reduction targets	Reduce Scope 1 and Scope 2 carbon intensity by 40% by 2030, reduce energy consumption intensity by 30% by 2030 (2019 baseline), maximize the use of renewable energy.
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Club Med's carbon reduction targets

By 2025, reduce emissions of GHG Scope 1 and Scope 2 by at least 20% (2019 baseline). According to French ELAN Law regarding energy consumption reduction in buildings of tertiary usage, Club Med defined the following energy conservation targets for bringing French resorts:

By 2030	By 2040	By 2050
Reduce energy consumption by 40% by 2030 (2022 baseline)	Reduce energy consumption by 50% by 2040 (2022 baseline)	Reduce energy consumption by 60% by 2050 (2022 baseline)

In response to the initiatives in *Paris Agreement*, Club Med refined the roadmap for carbon reduction (GHG Scope 1 & 2).

Atlantis Sanya's carbon neutrality targets

By 2030	By 2040	By 2050
Reduce Scope 1 and Scope 2 GHG emission intensity by 40% (2019 baseline), and strive to reduce carbon emissions in Scope 3	Reduce Scope 1 and Scope 2 GHG emission intensity by 70% (2019 baseline), and continue to reduce GHG emissions in Scope 3	Achieve Scope 1 and Scope 2 carbon neutrality

Wealth Segment

Fosun Insurance Portugal

Fosun Insurance Portugal has completed value chain GHG inventory and released the net zero transformation plan and GHG reduction targets. In terms of baseline and target setting, Fosun Insurance Portugal has made reference to the guidelines of international organizations such as the Partnership for Carbon Accounting and Finance (PCAF) and the Net-Zero Asset Owner Alliance (NZAOA), as well as the *GHG Protocol*, and collaborated with professional third parties to ensure that the Net-Zero strategy is in line with the IPCC's 1.5°C Scenario and the internationally recognized scientific methodology.

Fosun Insurance Portugal's net-zero emissions targets

		Emission reduction target			Policy & initiatives
		Interim target		Net-zero target	Planned or already in place
Investments	Listed Equities & Corporate Bonds	-40% (emission intensity over asset under management)	2030 vs. 2022	2050	<ul style="list-style-type: none"> Restrictions on oil & gas and coal investment Expand sustainable investments Green bond issuance Sustainable real estate investments
	Real Estate	-45% (emission intensity over square metre)	2030 vs. 2022	2050	
Underwriting	Commercial	-30% (emission intensity over insurance premiums)	2030 vs. 2022	2050	<ul style="list-style-type: none"> Engagement with most material clients Portfolio shift towards lower emissive clients Launch of greener products and services
	Personal motor	-26% (emission intensity over number of vehicles)	2030 vs. 2022	2050	
Operations	Directly controlled operation (excluding Luz Saúde)	-50% (emission intensity per full-time equivalent)	2025 vs. 2019	2040	<ul style="list-style-type: none"> Electricity consumption from renewable sources Transition of fleet to hybrid vehicles Optimize routes in business travels Transition to sustainable procurement

Peak Reinsurance

Peak Reinsurance is also one of the first signatories to the United Nations Environment Programme Finance Initiative Principles for Sustainable Insurance (UNEP FI PSI), committing to operating in a responsible and forward-looking manner. Peak Reinsurance has adopted the International Finance Corporation (IFC)'s *Sustainability Framework*, integrating ESG into risk management and developing ESG strategies. In the face of the challenges and opportunities posed by climate change, Peak Reinsurance has proactively conducted risk exposure reviews and risk appetite analyses, leveraging digital technology to capture and monitor climate risk factors in real time, taking into full consideration the impact of climate change on underwriting business. Peak Reinsurance has also undertaken rigorous research to establish ESG objectives and plans.

Intelligent Manufacturing Segment

Hainan Mining

Hainan Mining actively responds to the national Dual-Carbon strategy and vigorously promotes low-carbon transformation. In accordance with relevant national laws, regulations and guideline documents, Hainan Mining has formulated the *Carbon Emission Management Measures*, *Climate Change Risk Management Procedures* and other documents to coordinate the management of energy use and carbon emissions and incorporate carbon emission management into its long-term development planning.

Roc Oil Company Pty Limited, a subsidiary of Hainan Mining, is committed to progressively reducing greenhouse gas emissions from all aspects of its operations and business activities through carbon emission reduction and offsetting. Hainan Mining endeavored to achieve Scope 1 and Scope 2 net zero emissions by 2050 and has established a clear pathway and action plan for achieving its carbon reduction targets:

	2022-2023	2024-2030	2031-2050
Target	Reduce carbon emissions by 20% in 2023 compared to 2021	Achieve net zero methane emissions	Achieve net zero Scope 1 and Scope 2 emissions
Progress	Completed	Ongoing	Ongoing



Public Endorsement for Climate Change

Fosun International and its member companies have been actively responding to domestic and international initiatives and statements on climate change, and have been collaborating proactively with multi-stakeholders towards promoting the sustainable development of society. We have summarized the public climate advocacy outcomes of Fosun International and its member companies in 2023, including the outcomes of collaboration with other organizations. These actions are designed to drive changes in the industry towards a just climate transition and a more sustainable future.

Partnership and Membership

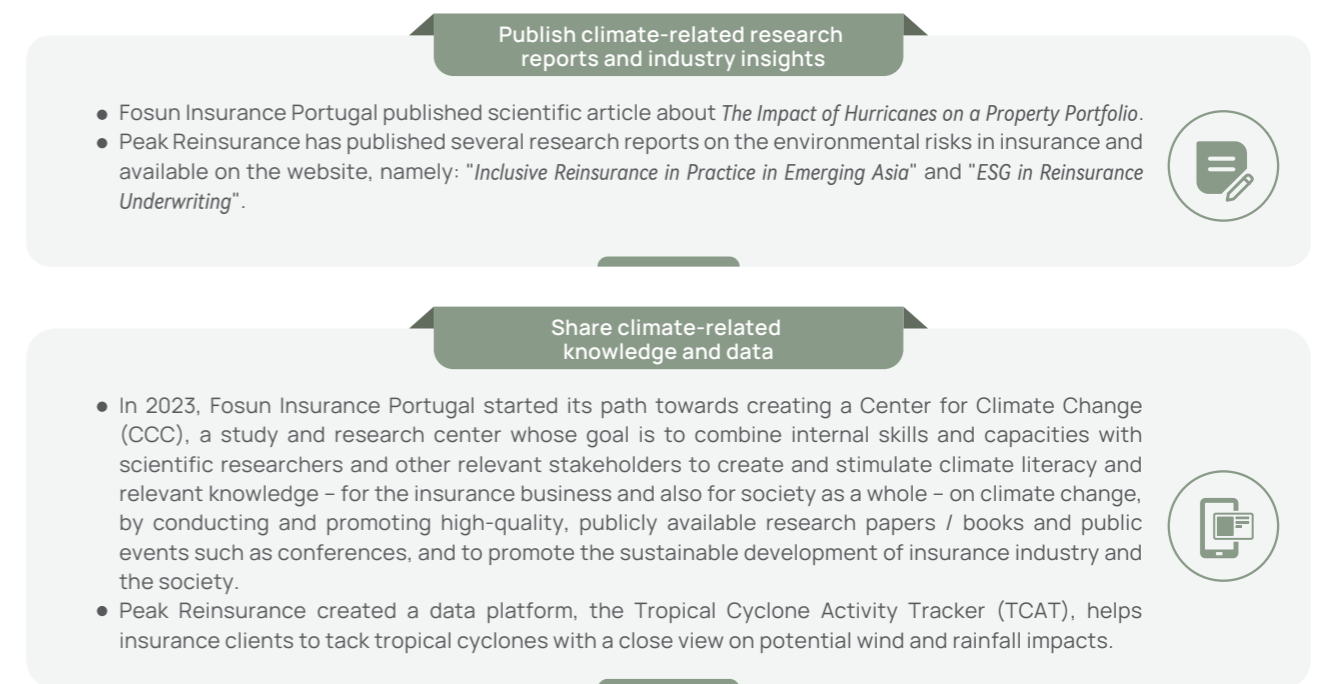
We activate corporate climate change strategy and measures by actively participating in domestic and international initiatives on climate change, beyond the scope of existing economic or industry organizations. We periodically verify the consistency between climate change measures taken by the Group and those taken by other participating organizations, and if there are any insufficient measures, we work with other companies to strengthen them.

- Fosun formally joined the UN Global Compact in 2014, which is dedicated to promoting the global commitment to sustainable development. We oversee and guide our member companies to proactively respond to climate change and carry out energy saving and emission reduction in their operations, as well as seeking low-carbon opportunities and developing a green and circular economy.
- In 2020, Fosun joined the China ESG Leaders Association Forum and became a member of the China Business Council for Sustainable Development (CBCSD). In September 2023, Fosun participated in the CEO Forum on Sustainable Development organised by the CBCSD in Hefei, Anhui Province, where Fosun discussed the domestic and international trends of sustainable development with experts from the government departments and research institutes as well as other representatives of enterprises. Fosun also initiated in-depth exchanges on how to fulfil corporate social responsibility and jointly promote the realization of high-quality development of enterprises.
- Club Med, a subsidiary of FTG, joined the ATR (Agir pour un Tourisme Responsable) in 2017. Subsequently, Club Med joined the Act4Nature in 2018 and has made public commitment to voluntary action to protect biodiversity and combat climate change by setting relevant targets. Club Med is also the largest partner with the NGO Agrisud in the tourism sectors. Since 2008, Club Med has been working with Agrisud on a "Green Farming" project, in which the resort purchases products from small local family farms and guides farmers in the sustainable use of the land based on the principles of "ecological farming". All these works contribute to climate change mitigation because of carbon sequestered through agroecology and reduced CO₂ impact through shorter transportation.
- 2023 marked the 11th year for Peak Reinsurance, and the 2nd year for Fosun Insurance Portugal, as signatories to UNEP FI PSI. Both companies report every year on the PSI website how the PSI principles are being implemented in their business operations: Progress Report (Fosun Insurance Portugal), Progress Report (Peak Reinsurance). In 2023, Peak Reinsurance has also become one of the signatories to the Hong Kong Insurance Industry Climate Charter, showing commitment to the Hong Kong government's goals on carbon neutrality and to responding to the global challenge of climate change.
- Since 2015, Peak Reinsurance has partnered with the Shanghai Typhoon Institute (STI) and the Shanghai Central Meteorological Observatory (SCMO) to increase the public's awareness and preparedness for tropical cyclones. Biannual reports have been published to provide typhoon predictions to local communities. In addition, Peak Reinsurance created a data platform the Tropical Cyclone Activity Tracker (TCAT), to help insurance clients to track tropical cyclones with a close view on potential wind and rainfall impacts. Peak Reinsurance has also established a strategic partnership with CarbonCare Innolab (CCIL) - a Hong Kong-based NGO, to encourage a low-carbon and environmentally friendly lifestyle.

Involvement in Collaborative Initiatives

Climate change is a pressing situation that requires collective action by governments, markets, organizations, and citizens. Leveraging Fosun's global operations and in-depth industry expertise, we are actively engaged in predicting, mitigating, and adapting to the impacts of climate change, advocating and contributing to climate transition.

We have extracted the public climate advocacy efforts of Fosun International and member companies in 2023, which include joint achievements with other organizations. These actions aim to drive the industry towards a just climate transition and a more sustainable future.



Operational Resilience Assessment

Scenario analysis shows that Fosun International is exposed to different levels of transition risks and physical risks under different climate scenarios. The extent of the impact of different transformation and physical risks varies across industry segments and the countries in which they operate. As Fosun has established a global business presence 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.

Fosun International and its member companies have formulated climate change adaptation plans and transformation strategies to actively address climate change risks. The Group has formulated the 2050 Carbon Neutrality Goal and actively promotes the development of the "1+N" system. Besides, we have issued the *Carbon Neutrality Management Manual of Fosun Group* to establish a systematic climate change response mechanism. The member companies also carry out climate actions such as setting emission reduction and carbon neutrality targets, conducting value chain carbon inventory and product carbon footprint certifications, and promoting energy-saving and emission reduction initiatives. With respect to the supply chain, our broad supplier base and decentralized inventory strategy can withstand supply-side shocks, including the impact of climate-related risks.

However, as the response to climate change is a long-term action, and both physical and transition risks are subject to further influence by the national and international situation, there is a high degree of uncertainty about the impact on the Group. The Group closely monitors the latest global policy and industry changes and the dynamic changes in climate scenarios and adjusts its climate strategy in conjunction with its business strategy to continuously enhance its business resilience.



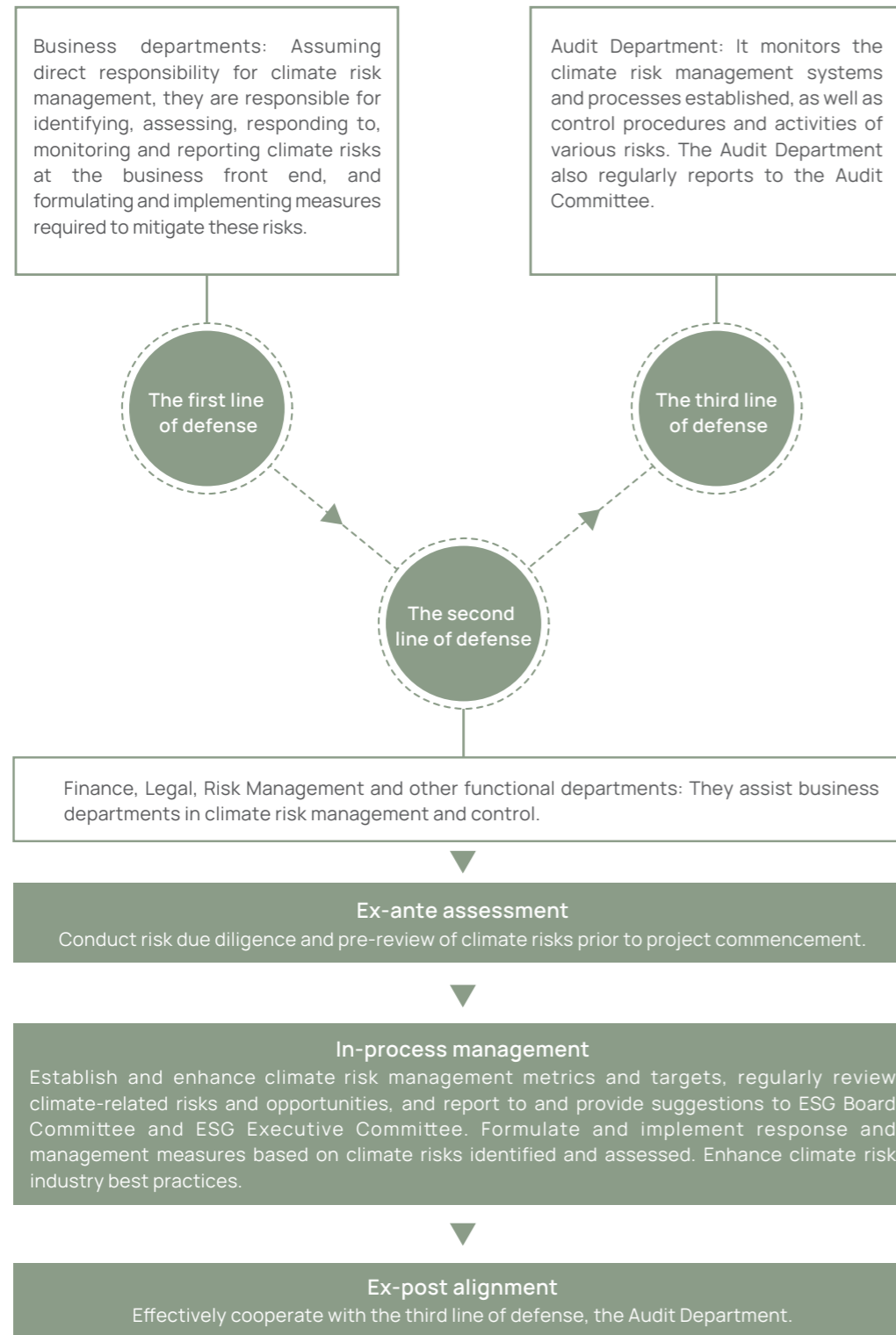
Risk Management

The Group realizes that climate-related risks may potentially cause impact on 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 the long-term development 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 management is 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:



2023 Climate Risk Management Highlights

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The Group revised the *Guidelines of Fosun International for Crisis Management* to supplement the guidelines on contingency plans for major ESG incidents, including climate risk. We also conducted staff training on business continuity and crisis management, and adequately communicated with other stakeholders.
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The Group provided different training courses related to climate and ESG. In November 2023, the Group organized ESG Culture Week activities to promote the dissemination of ESG culture and knowledge among all employees through various forms of activities. The topics shared by ESG Experts included but were not limited to establishing forest funds to increase carbon sinks and promote biodiversity.
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Two sessions of meeting of the Supply Chain Expert Committee were held to bring together Fosun's member companies and industry experts to share suppliers' excellent practices in lean management and sustainable sourcing. For example, Tom Tailor, a member company of Fosun, shared its practical experience in supply chain decarbonization and the setting of science-based targets, which empowered the risk response resilience and ESG management of supply chains in various industries.





Metrics and Targets

In 2021, the Group officially set the carbon reduction target and made a commitment to society - "launch and fully promote carbon neutrality with immediate effect, strive to peak carbon emissions by 2028 and achieve carbon neutrality by 2050".

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 7 member companies besides the Company: Fosun Pharma, Yuyuan, Fosun Insurance Portugal, Forte, FTG, Peak Reinsurance and Hainan Mining. Since 2021, the environmental data disclosed by the Company has been independently verified by a third-party institution to ensure data accuracy and authenticity.

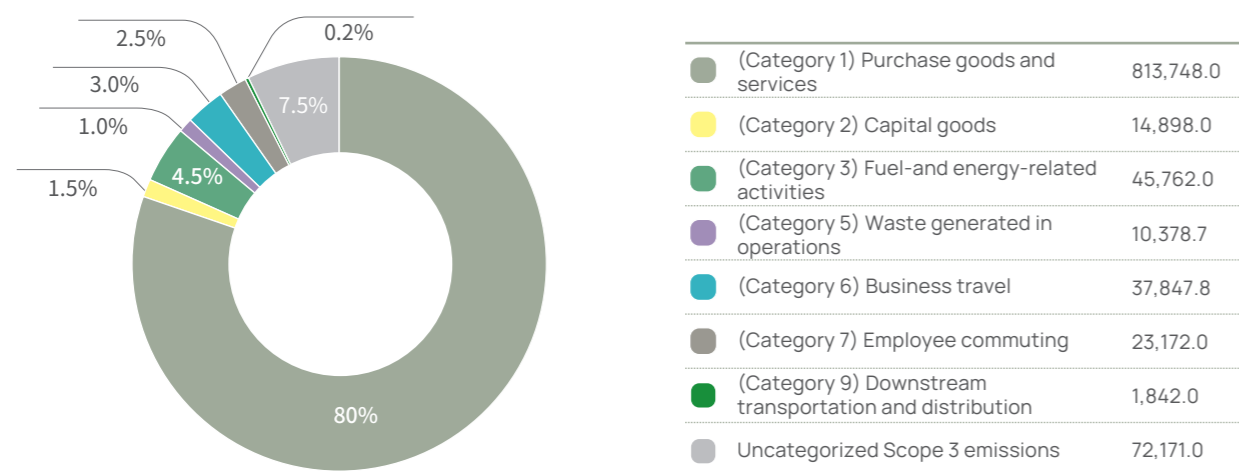
Please refer to the table below for metrics on GHG emissions and energy consumption from 2021 to 2023. For other environmental metrics, please refer to Fosun International's ESG Report.

	2021	2022	2023
Scope 1 (tCO _{2e})	445,768.5	440,336.6	330,279.0
Scope 2 (tCO _{2e})	1,071,233.6	1,156,287.0	1,215,403.9
Scope 3 (tCO _{2e})	9,831.8	65,053.8	1,019,819.5
Scope 1+Scope 2 GHG emissions (tCO _{2e})	1,517,002.1	1,596,623.7	1,545,682.9
Scope 1+Scope 2 GHG emissions intensity (tonnes/RMB million of revenue)	11.2	10.4	9.6

Notes:

- (1) The previously reported data has been restated due to the completion of the disposal of the shares of Nanjing Iron & Steel, a former member company of the Group, during the reporting period, which resulted in a change in the organizational boundary for environmental statistics and led to a decrease in greenhouse gas emissions below the previously reported level. The GHG emissions and intensity of Scope 1 and Scope 2 decreased by 3.20% and 7.8%, respectively, compared to the restated 2022 level.
- (2) Based on the member companies' business characteristics and statistical data, GHG emissions, mainly CO₂, 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.
- (3) The GHG is presented as CO₂ 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_{2e} emission factors of grid in China or the International Energy Agency (IEA) 2017 database.
- (4) Scope 3 GHG emissions mainly include the business travel, employee commuting, consumption of packaging materials and chemical raw materials, etc. of Fosun Pharma, the purchase goods and services, fuel-and energy- related activities, waste generated in operations, business travel, employee commuting of FTG, the purchase goods and services, capital goods, fuel-and energy-related activities, waste generated in operations, business travel, employee commuting of Fosun Insurance Portugal, the business travel of the headquarters of the Group, Yuyuan, Hainan Mining, and Forte. This figure in 2023 represents a significant increase compared to 2022 due to the addition of new categories, as a result of member companies' continued efforts in enhancing GHG inventory.

Scope 3 GHG emissions breakdown (tCO_{2e})



Note: Uncategorized Scope 3 emissions come from Fosun Pharma.

Energy consumption	2021	2022	2023
Direct energy (MWh)	1,383,074.5	1,340,718.2	1,155,259.8
Indirect energy (MWh)	2,144,969.8	2,379,134.7	2,522,722.9
Total energy consumption (MWh)	3,528,044.3	3,719,852.9	3,677,982.7
- Total renewable energy consumption (MWh)	49,007.7	67,716.8	39,406.1
Energy consumption intensity (MWh/RMB million of revenue)	26.0	24.2	22.8

Notes:

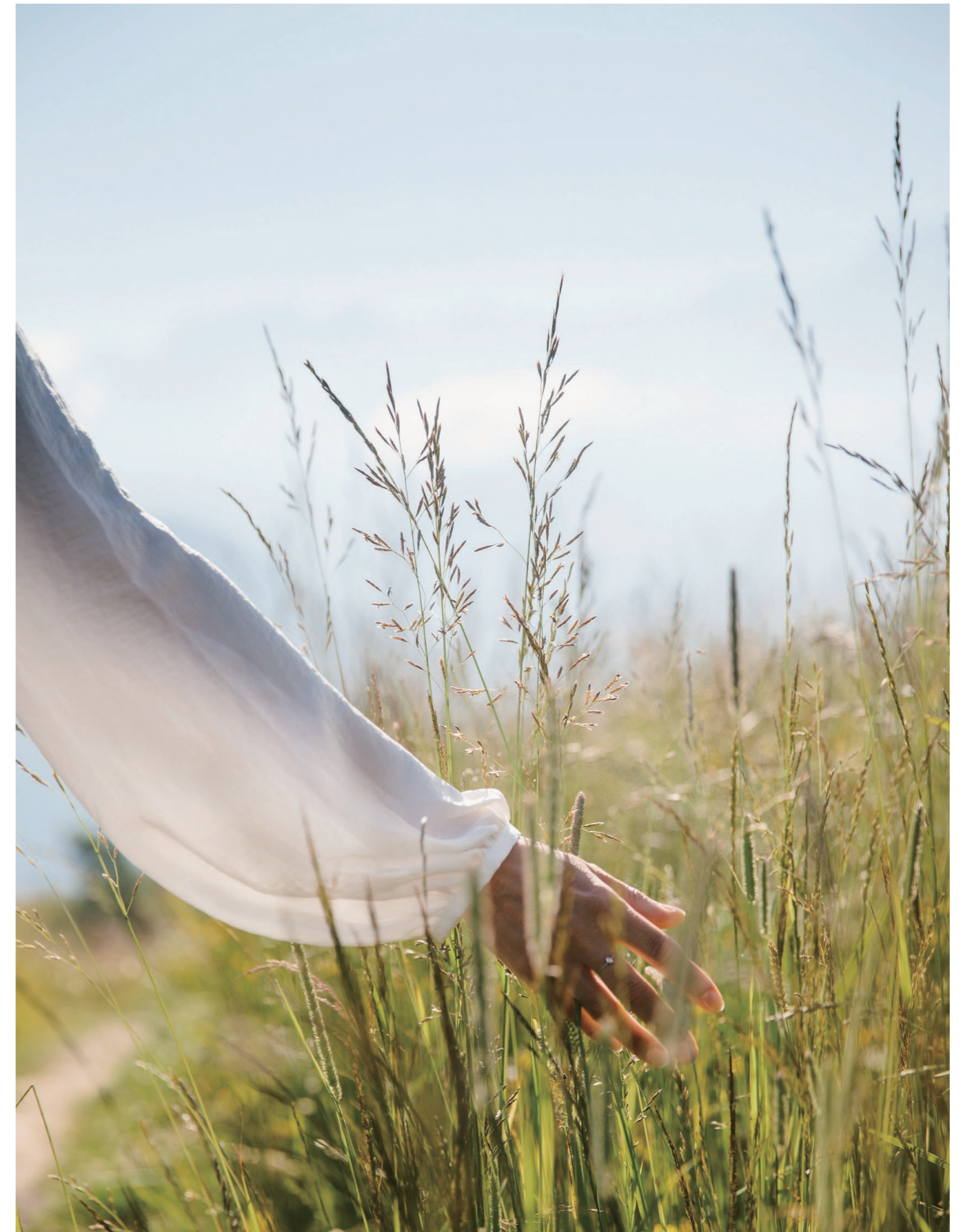
- (1) The previously reported data has been restated due to the completion of the disposal of the shares of Nanjing Iron & Steel, a former subsidiary of the Group, during the reporting period, which resulted in a change in the organizational boundary for environmental statistics and led to a decrease in greenhouse gas emissions below the previously reported level. The total energy consumption and energy consumption intensity decreased by 1.13% and 5.9%, respectively, compared to the restated 2022 level.
- (2) 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. According to the business characteristics and the countries or regions of operation of member companies, it is calculated based on the member companies' statistical data or 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.
- (3) Total energy consumption includes renewable energy, mainly used by FTG and Fosun Pharma in 2021; FTG, Forte, Fosun Pharma and Fosun Insurance Portugal in 2022; FTG, Forte, Fosun Pharma and Hainan Mining in 2023.



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

	2021	2022	2023	Unit
Lead by the Group				
Number of member companies obtaining the environmental management system certification	19	21	26	Companies
Number of member companies obtaining the energy management system certification	5	10	11	Companies
Cumulative investment of Energy Industrial and Utility Group	>150	>200	>200	RMB100 million
EHS inspection (including climate risk management)	9,470	6,727	9,743	Times
EHS training completion rate (including training on climate change)	100	100	100	%
Health Segment				
Fosun Pharma's investment in environmental protection, safety and health	1.5	2.4	2.3	RMB100 million
Amount of national/provincial green factories awarded to Fosun Pharma	6	7	8	Companies
Amount of green power sourced by Fosun Pharma	2,659	1,692	1,470	10,000 kWh
Amount of carbon emissions reduced by the energy-saving and emission-reduction measures of Fosun Pharma	16,230	9,433	10,114	tonnes
Happiness Segment				
Percentage of FTG's resorts with green certification ²	95	97	86	%
Number of FTG's resorts with extremely high water stress	7	7	9	Certificates
Total area of Yuyuan's projects with green building certificates	315	81.57	328.98	10,000m ²
– Floor area of projects with LEED certificates	45	52.41	/	10,000m ²
– Floor area of projects with WELL Platinum certificates	7.5	3.80	12.71	10,000m ²
Wealth Segment				
Proportion of renewable energy at Fosun Insurance Portugal	34	28	29	%
Proportion of non-life insurance business aligned with the EU Taxonomy at Fosun Insurance Portugal	/	/	1.92% (by counter-parties capital expenditure)	EUR million

²Resorts 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
BCP	Banco Comercial Português, S.A., a company whose shares are listed on the Euronext Lisbon with stock code BCP
BFC	The Bund Finance Center (外灘金融中心)
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.* (上海翌耀科技股份有限公司)
EHS	Environment, Health and Safety
EHSQ	Environment, Health, Safety & Quality
ESG	Environmental, Social and Governance
ESG Report	Environmental, Social and Governance Report 2023
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.
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.* (海南礦業股份有限公司)
Hong Kong	The Hong Kong Special Administrative Region of the PRC
IFRS S2	IFRS Sustainability Disclosure Standard S2 Climate-related Disclosures
IPCC	Intergovernmental Panel on Climate Change
ISSB	International Sustainability Standards Board
Kuntian New Energy	Hebei Kuntian New Energy Co., Ltd.* (河北坤天新能源股份有限公司)
Listing Rules	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
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, which, for the purpose of this report, excludes Hong Kong, Macau and Taiwan region
RMB	Renminbi, the lawful currency of the PRC
Shede Spirits	Shede Spirits Co., Ltd.* (舍得酒業股份有限公司)
SSP	Shared Socioeconomic Pathways
St Hubert	St Hubert SAS
TCFD	Task Force on Climate-Related Financial Disclosures
Yuyuan	Shanghai Yuyuan Tourist Mart (Group) Co., Ltd.* (上海豫園旅遊商城(集團)股份有限公司)

* for identification purpose only