

**FOSUN 复星**

**Fosun Group  
Measures of Responsible  
Investment Management (for  
Trial Implementation)**

IN\_007 \_V1.0

Investment Management Department

Fosun Group  
May 22, 2020

## **Chapter 1: Introduction**

1. This policy refers to the international standards of responsible investment and clarifies the position and activities of Fosun on responsible investment. It aims to integrate Environmental, Social and Governance factors into the investment decision-making process and promote the integration and development of responsible investment in Fosun.
2. This system is related to the activities of Fosun as an asset owner, that is, the decisions and activities undertaken during investment decisions and post-investment management. This policy is applicable to Fosun Group and its subsidiaries.

## **Chapter 2: Organization Structure**

3. To coordinate, promote and implement the application of responsible investment, Fosun has set up a scientific top-down organization structure for responsible investment .
  - 1) Investment Committee: The decision-making body of Fosun's responsible investment. During the investment committee meeting, the responsible investment factors are taken into account as one of the significant topics.
  - 2) ESG Committee: Review and ensure the effectiveness of the responsible investment policy.
  - 3) ESG Working Group: Supervise and manage ESG-related risks in pre-investment ESG-related due diligence, post-investment management and industrial operations.
  - 4) The investment and post-investment management personnel of each investment team and industry platform should be responsible for the implementation of the responsible investment policy.

## **Chapter 3: Specific Content**

4. In the project screening stage, investment teams should actively analyze the potential impact of responsible investment factors. In addition to business considerations such as company fundamentals, financial performance, strategic significance and synergy value, a qualitative analysis regarding ESG should also be conducted.
5. Investment teams should encourage the invested enterprises to carry out high standard corporate governance and excellent management of environmental and social risks, meanwhile convey Fosun's ESG expectations and promote them to realize such expectations by using the rights of shareholders.
6. In implementing the principle of responsible investment, Fosun consider factors including but not limited to:
  - 1) Corporate governance (structure of the Board, remuneration of senior management,

etc.)

- 2) Shareholder authority (election of directors, amendment of Articles of Association, etc.)
- 3) Environmental protection (GHG emission limits, environmental protection requirements, etc.)
- 4) Brand and reputation issues (poor health and safety records, cybersecurity problems, etc.)
- 5) Supply chain management (work-related injury rate, labor relation, etc.)
- 6) Working environment (compliance with health, safety and human rights regulations, etc.)
- 7) Other matters requiring attention

During the process of the investment project, the investment team should complete the ESG Due Diligence List, and report the major ESG risks to the Investment Committee.

7. Referring to global best practice standards, Fosun votes on the issues related to the invested enterprises according to the following principles, and supervise the invested enterprises to abide by the principles. These principles include:

- 1) Effective board of directors: An effective board of directors is critical to a company's long-term success. On behalf of shareholders, the board of directors provides strategic guidance and supervision to the management of the company. The board of directors should also consider the interests of other interest-related side, including employees, suppliers, customers, environment and society.
- 2) Effective responsibility and risk management: The board of directors must always be aware of its responsibilities to stakeholders. The board of directors should take into account any significant risks undertaken by the company in pursuing its strategic objectives.
- 3) Protected shareholder rights: Shareholders should be encouraged to participate in supporting good governance; The exercise of voting rights should not be subject to unnecessary obstacles; The company should contact the shareholders and explain the voting issues when necessary; Shareholders shall have a say in major decisions in accordance with relevant laws.
- 4) Higher transparency: The company should ensure that shareholders receive accurate, relevant, and timely information on financial, strategic, operational, and ESG issues.

8. Fosun establishes a "responsible director" system, and encourages the accredited responsible directors to fully communicate with the board of directors from the invested enterprises, rather than rashly proposing a resolution that may be rejected at the shareholders' meeting. We are concerned about whether the corporate governance, business management, business environment, financial situation and working environment of the invested enterprise have undergone major adverse changes. If the perspectives of Fosun are different from that of the management, the responsible director should seek to

contact the board of directors at the early stage and try to resolve the divergences. If necessary, further exchange of views shall be conducted with the consultants and/or independent director of the invested enterprise. If such communication is still invalid, the responsible directors shall consider abstaining or voting against the general meeting of shareholders, or even require a special general meeting of shareholders to enable all investors to vote on the disputed matters. For companies with a large proportion of shares in Fosun, their management should understand the voting principles as well as the opposition principles of Fosun. When Fosun is in lack of information and there are restrictions on access enough information, it is recommended to abstain. Stock sale could also be a response in this situation.

#### **Chapter 4: Supplementary Provision**

9. This policy is explained by the investment management department of Fosun Group.
10. The policy comes into effect from May 14, 2020.

| ESG Responsible investment due diligence checklist |   |   |        |                       |
|--|---|---|--------|-----------------------|
| Number   | Topic                                   | Evaluation  | Yes/No | If no, Please Specify |
| 1  | Corporate Governance                    | Whether to establish a two-way communication channel with stakeholders  |        |                       |
| 2  | Human Rights                            | Whether there have been significant incidents of employee discrimination or harassment  |        |                       |
| 3  |   | Whether to establish a staff grievance channel and handle properly  |        |                       |
| 4  | Labor Rules                             | Whether to establish human resources management system, including development and training, salary and assessment, incentive, welfare and other systems |        |                       |
| 5  |   | Whether there have been cases of child labor and forced labor   |        |                       |
| 6  |   | Whether there have been major violations of the relevant provisions of the labor law  |        |                       |
| 7  | Environment, Health, Safety and Quality | Whether to abide by relevant safety laws and regulations applicable in the region of operating  |        |                       |
| 8  |   | Whether to abide by relevant environmental protection laws and regulations applicable in the region of operating  |        |                       |
| 9  |   | Whether to abide by relevant occupational health laws and regulations applicable in the region of operating   |        |                       |
| 10   |   | Whether to abide by relevant quality laws and regulations applicable in the region of operating   |        |                       |
| 11   |   | No significant EHS risks in operation activities and sites  |        |                       |
| 12   | Fair Operation Practice                 | Whether there have been major corruptions or briberies  |        |                       |
| 13   |   | Whether to establish a prevention and control mechanism against corruption or bribery   |        |                       |
| 14   |   | Whether to abide by relevant intellectual property laws and regulations applicable in the region of operating   |        |                       |
| 15   |   | Whether to abide by relevant Anti-Unfair competition laws and regulations applicable in the region of operating   |        |                       |

|   |                      |  |  |  |
|---|----------------------|--|--|--|
| 16  |                      | Whether to establish a perfect procurement management system   |  |  |
| 17  |                      | Whether to establish a code of conduct for suppliers   |  |  |
| 18  | Consumer Related     | Whether there have been major information security incidents or user data and privacy leaks  |  |  |
| 19  |                      | Whether to establish a complete governance system of information security and user privacy protection                                    |  |  |
| 20  |                      | Whether the acquisition and usage of data comply with local laws and regulations   |  |  |
| 21  |                      | Whether there have been major misleading marketing behaviors   |  |  |
| 22  |                      | Whether there have been major consumer rights protection incidents   |  |  |
| 23  |                      | Whether to establish a complete consumer complaint and dispute handling system, including standards, procedures, systems, training, etc. |  |  |
| 24  | Community Investment | Consider the impact on the relevant communities (especially vulnerable groups) in business operations                                    |  |  |
| Note: The checklist is part of the overall due diligence of the invested enterprise, the team should further analyze and evaluate from business, technology, finance, law, tax, IT, EHSQ and other parts. |                      |  |  |  |