





About the Report

Report Overview

The Report provides an overview of the performance and management measures of Waterdrop Inc. and its affiliates (hereinafter "Waterdrop", "the Company" or "We") in respect of ESG in 2022, focusing on stakeholders' concerns. It is recommended that the Report should be read in conjunction with the 2022 Annual Report to obtain a thorough understanding of the Company.

Reporting Scope

Unless otherwise stated, the reporting period is from January 1, 2022, to December 31, 2022, while some information may be beyond such time range.

Basis of Preparation

The report mainly refers to the Global Sustainability Standards Board's Global Reporting Initiative (GRI) Standards, and combines the Ten Principles of the United Nations Global Compact (UNGC) and the United Nations Sustainable Development Goals (SDGs), the Task Force on Climate-related Financial Disclosure's Recommendations on Climate-related Financial Disclosures, the Sustainability Accounting Standards Board's Software and IT Services Standards, and the Chinese Academy of Social Sciences' Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 5.0) and other standards and initiatives to be developed.

Data Source

The Report follows the principles of materiality, quantitative, balance, and consistency. The data in the Report derives from public data from government departments, internal documents and statistical statements of Waterdrop Inc., and third-party questionnaires, etc. Unless otherwise stated, the currency involved in this Report is presented in Renminbi ("RMB").

External Assurance

The Company has engaged Zhongcai Green Index Co., Ltd. to perform limited assurance on the key data selected in the Report in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

Report Access

Visit our official website at www.waterdrop-inc.com to download the Chinese and English versions of the Report. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.

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“It is not the technology itself that determines human destiny, but the humanity carried by technology.”

Message from the Founder

In 2022, the report to the 20th National Congress of the Communist Party of China outlined the grand blueprint of promoting national rejuvenation through Chinese modernization and pointed out the development direction to ensure that the fruits of modernization benefit all people in a more equitable manner. In 2022, staying true to our original aspiration and mission of “bring insurance and healthcare service to billions through technology”, Waterdrop keeps thinking and practicing the following issues: How can our insurance and health businesses better serve people's lives? How can we use the power of technology to solve more social problems? How can we demonstrate our new actions in promoting high-quality development?

This year, we stick to putting the people first and protecting their healthy lives

Waterdrop gives persistent love and care to all people. Deeply rooted in serious illness relief, we try our best to help every family in need. By the end of 2022, Waterdrop Medical Crowdfunding had enabled over 2.77 million patients and the cumulative amount raised by Waterdrop Medical Crowdfunding was about RMB56.9 billion. Waterdrop Charity and the Beijing Illness

Challenge Foundation jointly assisted 318 patients with rare diseases and allocated more than RMB5.31 million in assistance funds. Waterdrop Charity and Shenzhen One Foundation raised more than RMB10 million for the Family Support Program for People with Intellectual or Mental Disabilities. Our “Charitable Plan of a Thousand Rural Clinics in a Hundred Counties” helped build 103 rural clinics in Xinjiang, Sichuan, Shandong, Fujian, and Guizhou provinces, benefiting over 300,000 people. The warm smiles of relieved patients and the selfless efforts of rural medical workers have inspired us to keep engaging in building a multi-layer medical protection system.

Adhering to the principle of “insurance for the people”, we serve to ensure people's livelihood. Waterdrop has been following the concept of “people-centered” in the insurance life cycle of design, acceptance, underwriting, policyholder services and claims settlement, and keeps innovating on the product supply side. By the end of 2022, Waterdrop had launched 775 insurance products in total, an increase of 411 compared to the end of 2021. Meanwhile, we have jointly developed a number of new products with insurance companies to provide more health security solutions for vulnerable groups such as users with pre-existing conditions. In 2022, Waterdrop launched Waterdrop Sui Wu You to better meet the insurance needs of leukemia patients. In the future, we will continue to develop, customize, and innovate insurance products, and start bit by bit to help solve the most concerned problem of “urgent difficulties and worries” for the people.

This year, we stick to innovation-driven development and assisting in industrial digitalization

As a leading insurance technology and healthcare platform in China, we keep exploring the application of AI and big data in the industry under the guidance of the “ABDC” (AI + Blockchain + Data = Construction) strategy. Moreover, we integrate information technology with innovation to create value and optimize user experience. In 2022, Waterdrop's investment in R&D reached RMB291 million. With our competence in medical technology and insurance technology gained over the years, E-Find, our innovative business provided integrated, full-process digital clinical trial solutions for pharmaceutical enterprises, greatly speeding up the progress of clinical research of innovative drugs.

“Bangbang”, the first digital worker of Waterdrop went into service in 2022. “Bangbang” is equipped with technologies such as voice recognition, natural language processing, and semantic understanding, which can “understand” users' demands and “answer” users' questions, with an intention recognition accuracy rate of 97%, greatly improving the speed, quality and scope of customer service. The application of “Bangbang” is a successful exploration to promote the digital transformation of insurance services and convert the insurance “scientific and technological power” into “productivity”.

This year, we stick to practicing what we advocate and accelerating the green and low-carbon development

To protect environment with green development, Waterdrop sticks to the national carbon peaking and carbon neutrality strategy, continuously improves the environmental management system, and integrates with international advanced standards and excellent practices in the industry. In 2022, we officially joined the United Nations Global Compact (UNGC) and became one of the Chinese enterprises to pass the Climate Ambition Accelerator (CAA) Program in the first phase by participating in related activities. Waterdrop attaches great importance to the promotion of green environmental protection and green office concept in operation management. Through renovation of water-saving facilities in office buildings, promotion of LED lighting, full realization of online office and other measures, we make contributions by motivating our employees and partners to participate in the ecological civilization construction.

We strengthen our will to forge ahead and explore the future. The year 2023 is an opening year to fully implement the spirit of the 20th National Congress of the Communist Party of China. In 2023, staying true to the original aspiration and adhering to high-quality development, Waterdrop will take active initiatives in governance, technological innovation, green and low-carbon development and fulfillment of corporate social responsibility, and proactively solve more social problems and create greater social values. Moreover, we will strive to keep our development in alignment with national strategies, society, and people's livelihood for a better tomorrow.

Mr. Shen Peng

the founder and the Chief Executive Officer (CEO) of Waterdrop Inc.



About Waterdrop

Company Profile

Waterdrop was founded in 2016 and listed on the New York Stock Exchange in May 2021. The Company shoulders the mission of "bring insurance and healthcare services to billions through technology", committed to providing users with health security solutions. The Company has built a leading inclusive health insurance platform, Waterdrop Insurance Marketplace, and an Internet service platform for personal critical illness help in China, Waterdrop Medical Crowdfunding. Through our two platforms, we help millions of patients with critical illnesses cover their medical expenses every year. The Company launched E-Find and other businesses, actively explored and strengthened cooperation with medical service partners, and focused on providing a wider range of health and medical services for users.



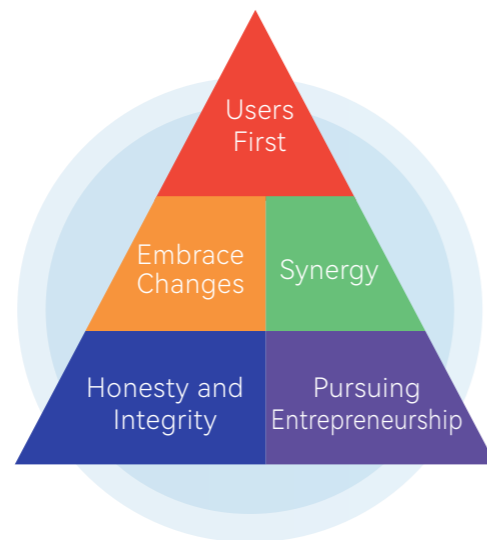
Mission

We at Waterdrop aspire to bring insurance and healthcare services to billions through technology.

Vision

Cooperate with our business partners to become China's UnitedHealth Group and offer our customers better products and services at lower cost

Value



Business introduction

Waterdrop Inc.



Insurance Division



Waterdrop Insurance
Marketplace has
served around

113 million
insurance customers
in aggregate

In 2022, the first year
premiums of Waterdrop
Insurance Marketplace
reached

RMB **6.89** billion

Waterdrop Insurance Marketplace

Waterdrop Insurance Marketplace is an insurance technology platform launched by Waterdrop in May 2017, operated by Shuidi Insurance Brokerage Co., Ltd. - a national insurance brokerage company approved by the former China Banking and Insurance Regulatory Commission. Waterdrop Insurance Marketplace is committed to promoting inclusive insurance with technology and providing more cost-effective products and an optimal service experience. Adhering to the service concept of "helping users select cost-effective insurance products", we provide users with a wide range of protection services, making it possible that "accessible insurance products can cover a wide range of diseases".

By the end of the reporting period, Waterdrop Insurance Marketplace had collaborated with nearly 100 Chinese insurance carriers and launched over 700 cost-effective insurance products, covering medical, critical illness, accident, life insurance, annuity and other types of health insurance. In addition, by launching a number of insurance products with no deductible for substandard risk to meet diversified user needs, Waterdrop Insurance Marketplace has served around 113 million insurance customers in aggregate. In 2022, the first year premiums of Waterdrop Insurance Marketplace reached RMB6.89 billion.

Serious Illness Relief Division



Waterdrop Medical Crowdfunding

Launched in July 2016, Waterdrop Medical Crowdfunding is China's leading Internet service platform for patients with critical illnesses to seek help. We are committed to providing more efficient assistance for patients with critical illnesses by means of mobile Internet to shift "mutual aid and assistance" to online platforms. This allows those bearing significant medical costs to publish and spread crowdfunding information more easily through social sharing, mobile payment and other functions. Donors, on the other hand, can offer help with more ease. At the same time, we continue to take measures to ensure the safe and transparent use of medical assistance funds.

Waterdrop Medical Crowdfunding is the first in China to introduce an Internet fundraising service that allows patients with critical illnesses to raise and use money at the same time. During the fundraising period, a patient may apply for fund withdrawal at any time as required by his or her therapy. Once necessary documents are examined and approved, the patient can receive money in 3 seconds at the soonest. This is regarded as an industry-leading practice that truly helps those in need.

By the end of
the reporting
period,
approximately **426** million people donated over
RMB **56.9** billion in aggregate to enable over **2.77** million
patients through Waterdrop Medical Crowdfunding.

Pharmaceutical Innovation Division



E-Find

Relying on the large scale of patients served by Waterdrop and the intelligent matching system, E-Find provides professional patient recruitment and management services for pharmaceutical R&D.

E-Find Patient Recruitment is a patient recruitment platform for clinical trials under E-Find. Currently, it has grown into a leading third-party patient recruitment platform in China. It helps patients find the best matches for clinical trials efficiently, and access investigational medicine and frontier innovative therapies, while mitigating their financial burden from treatment costs. As of December 2022, E-Find Patient Recruitment has helped multiple clinical trial projects complete patient enrolment, with a cumulative number of patients enrolled exceeding 2,800.

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Waterdrop Charity

Waterdrop Charity Platform is selected for the second batch of online public charity crowdfunding information platforms for charitable organizations designated by the Ministry of Civil Affairs. It aims to improve the use efficiency of charity infrastructure and funds with the help of technology, providing all-around support for charity organizations.

By the end of the reporting period, Waterdrop Charity had organized a series of social public welfare activities surrounding serious illness relief, rural revitalization, emergency response and disaster relief, natural environmental protection and special populations, joining forces with a total of 108 public charitable organizations across China, as well as various social resources such as non-profit organizations, businesses, media, and individuals. A total of more than 15 thousand public welfare projects had been launched, involving more than 67.08 million donors.

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Social Recognition

Individual awards

(Shen Peng, the Company's founder and CEO)



2022
Young Global
Leader

World Economic
Forum



2022
"Beijing Role
Model - Support and
Cooperation Pioneer"

Beijing Municipal
Support and Cooperation
Office and Beijing
Spiritual Civilization Office



2022
"Double Star Festival -
The Star of Start-ups"

Zhicheng
Enterprise Research
Institute

Product and project awards



2022 Zhejiang Data Open Innovation
Application Competition Award
(Medical Insurance and Poverty
Prevention Project - "Jin Qing Bang")

Big Data Development
Administration of Zhejiang Province



2022 "Brilliant Star"
Award Ceremony
2022 "Brilliant Star"
- Annual Project
(Waterdrop Rural Clinic)

China Society for Promotion
of the Guangcai Program



The 10th Outstanding Social Work
Service Project Award
(The Project "Construction and
Promotion of Clinical Service System
for Medical Social Workers")

Hong Kong Lin Hu
Foundation



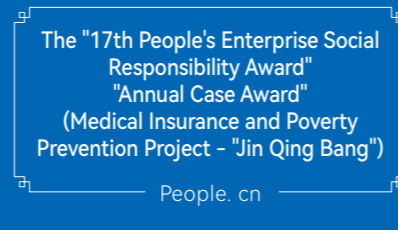
2022 "China Yi Company" Corporate
Social Responsibility Annual Forum
Outstanding Case Award for Social Practice
(Medical Insurance and Poverty
Prevention Project - "Jin Qing Bang")

Tencent News



Excellent Case of Multi-level
Medical Protection
Outstanding Case of Protection
Vanguard Special Project in 2022
(Zibo Qi Hui Insurance)

People's Daily, Health
Application



The "17th People's Enterprise Social
Responsibility Award"
"Annual Case Award"
(Medical Insurance and Poverty
Prevention Project - "Jin Qing Bang")

People.cn



2022 Insurance Today · Insurance
and Health Care Services Selection
Top 10 Recommended
Commercial Health
Insurance Products
("Waterdrop Blue Ocean")

Insurance Today



The 2nd China Insurance
Digital Transformation Summit
"Excellent Case of Digital
Services in China's Insurance
Industry in 2022"
(Waterdrop Digital Worker "Bangbang")

China Banking and
Insurance News



2022 Service Innovation Cases
in China's Banking
and Insurance Industry
Customer Service Classic Case
("Help for Claims Settlement" realizes
the full coverage of claims settlement
service with assistance)

China Banking and Insurance
Media Company Limited

Corporate awards



National Intellectual
Property Advantage
Enterprise in 2022

China National Intellectual
Property Administration



Integrity Beijing 3·15 Gala
"New Power of Consumption"
Integrity Commitment
Enterprise in 2023

Beijing Municipal Commerce
Bureau, Beijing Radio & Television Station



List of "Specialization, Refinement, Uniqueness
and Innovation" Small and Medium-sized
Enterprises in Beijing in the fourth quarter of 2022
Beijing Small and Medium-sized Enterprises
with the Feature of "Specialization, Refinement,
Uniqueness and Innovation"

Beijing Municipal Bureau of
Economy and Information Technology



The second batch of Beijing
Municipal Enterprise Technology
Center Newly Created list in 2022
Beijing Municipal Enterprise
Technology Centers

Beijing Municipal Bureau of
Economy and Information Technology



List of the first batch of Innovative
Small and Medium-sized Enterprises
in Chaoyang District, Beijing in 2022
Chaoyang District, Beijing Innovative
Small and Medium-sized
Enterprises in 2022

Beijing Municipal Bureau of
Economy and Information Technology



The 4th China Urban Credit Construction
Summit Forum - Carbon Road China ESG
Practice and Development Theme Forum
"Xinhua Credit Jinlan Cup" Excellent Case of
ESG Outstanding Contribution

China Economic
Information Service



2022 China Private Economy
Annual Conference
"The Most Socially Responsible
Enterprises in 2022"

China Business Times



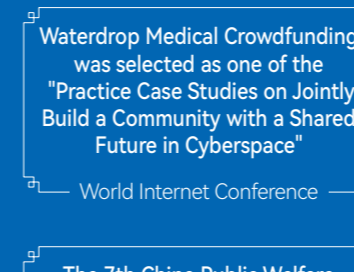
2022 National Business
Technology Innovation
Enterprise Award

China General Chamber
of Commerce



Top 100 Beijing Enterprises List of "Top 100
Digital Economy
Enterprises in Beijing in 2022"

Beijing Enterprise Confederation, Beijing
Entrepreneurs Association



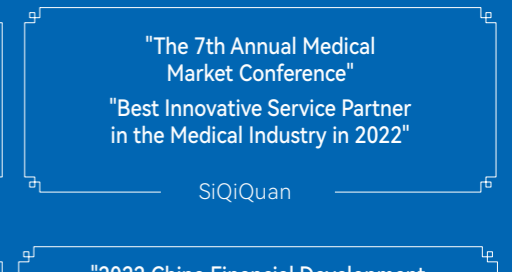
Waterdrop Medical Crowdfunding
was selected as one of the
"Practice Case Studies on Jointly
Build a Community with a Shared
Future in Cyberspace"

World Internet Conference



The 21st China Internet
Conference 2022
"China Internet Industry Self-
Regulation Contribution and Public
Welfare Award (2021-2022)"

Internet Society of China



"The 7th Annual Medical
Market Conference"
"Best Innovative Service Partner
in the Medical Industry in 2022"

SiQiQuan



The 7th China Public Welfare
Annual Conference
"Public Welfare Enterprises
in 2022"

China Philanthropy Times



The 7th Zhitong Finance Listed
Company Selection
The Most Valuable Investment in
China Concept Stocks

Zhitong Finance,
Tonghuashun Finance



"2022 China Financial Development
Forum and the 13th China Golden Tripod Award
(Finance) Award Ceremony"
Annual InsurTech Progress
Award of the "13th China Jinding
(Finance) Awards"

National Business Daily

ESG Governance

ESG Governance Structure

Waterdrop's Board of Directors and management are responsible for ensuring that the Company's ESG strategy and related activities, including climate change-related issues, are aligned with the Company's strategic direction. The Company has established a top-down ESG governance structure and integrated ESG management into key decisions to promote high-quality and sustainable development.

Board of Directors

The Board of Directors is responsible for setting the tone at the top for strategic objectives. The Board of Directors regularly listens to briefings, provides review recommendations, and supervises ESG matters.

ESG Committee

The ESG Committee is composed of 12 members of the Company's senior management. It is responsible for reviewing ESG-related matters, coordinating the planning, promotion, and implementation of ESG tasks, and regularly reporting the progress of ESG to the Board of Directors.

ESG working group

The ESG working group consists of relevant personnel from the ESG executive department and the ESG working group is led by the social responsibility department. It is responsible for making ESG-related policies and plans, supporting the ESG Committee in advancing ESG internally and externally, and reporting to the ESG Committee regularly.

The ESG executive departments are functional departments and business units. The ESG executive departments assist the ESG working group in carrying out ESG daily work.

ESG Strategy

Human health is not only a core of the 2030 Agenda for Sustainable Development of the United Nations, but also a prerequisite for achieving other sustainable development goals. As a member of the UNGC and a practitioner of sustainable development, Waterdrop integrates ESG into daily operations, environmental protection, talent development and community investments. In response to the United Nations Sustainable Development Goals, we also actively protect human health with technology, and contribute to the global environment and social well-being for sustainable development.



Environment

Respond to climate change and promote green operations to reduce negative impacts on the environment and ecology.



Community



Carry out public welfare projects and advocate for public welfare actions in areas such as serious illness relief, rural revitalization, emergency response and disaster relief and targeted assistance to improve social welfare.

Governance



Establish an efficient, sound, clean and honest business environment to strengthen risk prevention and control.

Operation



Use Internet technology to protect the health of users and create value for users.

Talent



Protect employees' rights and interests, build a diverse talent team, and grow together with employees.

Key Performance in 2022

RMB **291** million funds invested in R&D

Obtained **23** authorized patents,

134 registered trademarks and

completed **26** copyright registrations

Around **113** million insurance customers are served by Waterdrop Insurance Marketplace

The cumulative amount raised by Waterdrop Medical Crowdfunding was about RMB **56.9** billion

The number of patients enabled by Waterdrop Medical Crowdfunding was over **2.77** million

The average monthly telephone customer service satisfaction of Waterdrop Insurance Marketplace reached **96%**

and the customer satisfaction of Waterdrop Medical Crowdfunding reached **99%**

The average solution rate of Waterdrop Insurance Marketplace customer service robot exceeded **70%**

Awarded as the "National Intellectual Property Advantage Enterprise"

Operation

Governance

Approximately **21%** of female directors and executives

100% employee coverage of anti-corruption training

100% signing rate of the Anti-Commercial Bribery Commitment Letter by suppliers

2,176 participants in supplier compliance training

51 public charitable organizations that raise funds on Waterdrop Charity Platform

Total of **108** public charitable organizations in cooperation

Funds raised through Waterdrop Charity Platform:

RMB **87.66** million

1,244 public welfare projects launched by Waterdrop Charity Platform

Community

Talent

Environment

2,719 employees in total

Training investment: RMB **4** million

84,400

Total hours of employee training
Average training hours per employee:

31 hours

Greenhouse gas emissions per unit area: **0.04** ton CO₂e/ m²

Annual water consumption decreased by **8.45%** compared to the previous year

Annual paper use decreased by **56.04%** compared to the previous year

30 training sessions on environmental protection

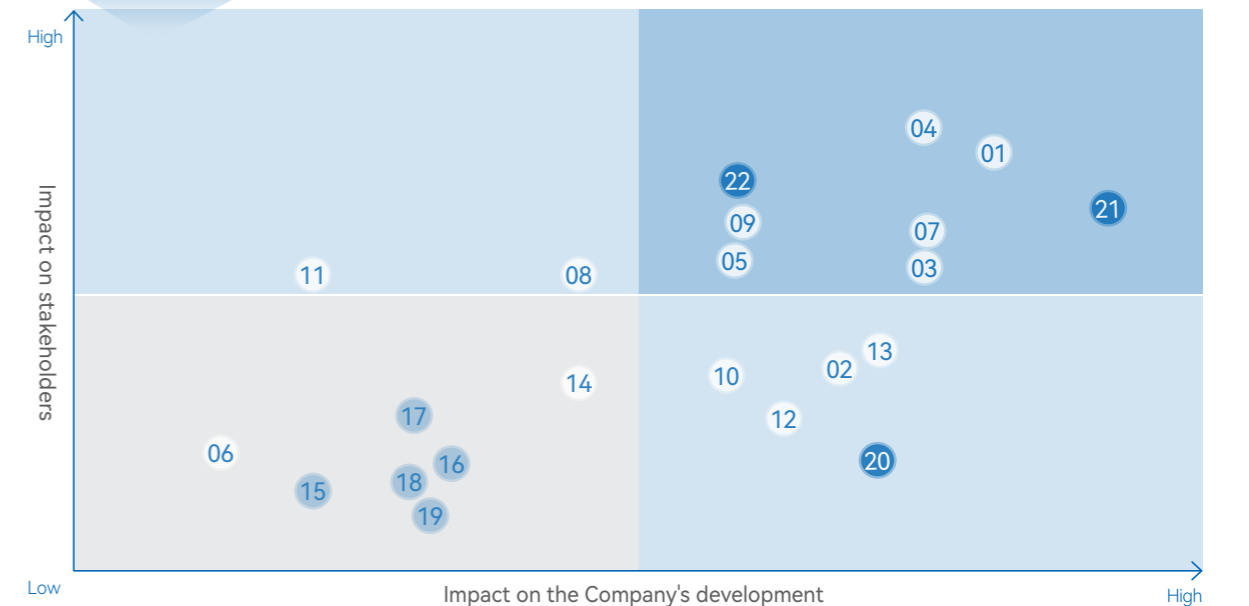
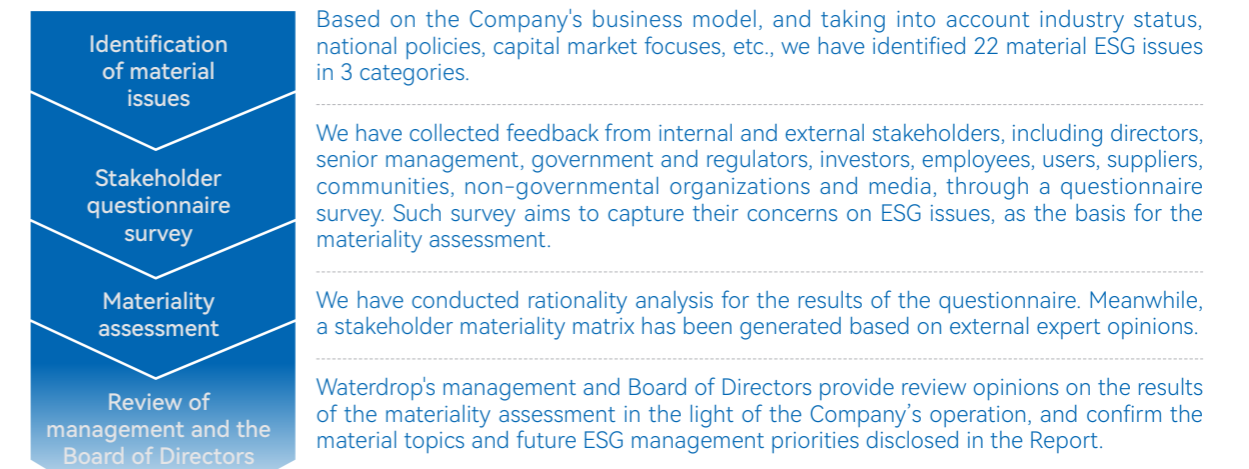
Stakeholders Engagement

Waterdrop maintains close communication with stakeholders to understand their voices and demands. The Company has built and expanded a variety of communication channels to better respond to the demands of stakeholders, optimize ESG strategies, and prompt ESG performance.

Stakeholders	Main Communication Channels	Key Issues Concerned
 Government and regulators	<ul style="list-style-type: none"> Information disclosure Policy consultation Formal conferences Official correspondence Company research Special reports 	<ul style="list-style-type: none"> Corporate governance Business integrity Anti-Corruption Response to climate change
 Shareholders and other investors	<ul style="list-style-type: none"> General meeting of stockholders Information disclosure Investor conferences 	<ul style="list-style-type: none"> Corporate governance Technological innovation Product quality Response to climate change
 Users	<ul style="list-style-type: none"> Product launch Customer service hotline Satisfaction survey Complaint channels 	<ul style="list-style-type: none"> Product quality Technological innovation Customer services Information security and privacy protection
 Employees	<ul style="list-style-type: none"> Employee complaints Labor union Employee activities Organizational health survey Satisfaction survey 	<ul style="list-style-type: none"> Employee rights Diversity and equality Employee health and safety Employee training and development Employee benefits and care
 Media, non-governmental organizations and industry associations	<ul style="list-style-type: none"> Information disclosure Press conference 	<ul style="list-style-type: none"> Product quality Customer services Information security and privacy protection Response to climate change Energy management
 Suppliers and other partners	<ul style="list-style-type: none"> Industrial exchanges Supplier visits Procurement 	<ul style="list-style-type: none"> Supply chain management Protection of intellectual property rights Business integrity Anti-Corruption
 Public and communities	<ul style="list-style-type: none"> Public platforms Public welfare activities Questionnaire survey 	<ul style="list-style-type: none"> Public welfare and charity Inclusive medical protection Support for vulnerable groups

Assessment of Material Issues

This year, to respond to stakeholders' concerns and disclose the progress of ESG, the Company adhered to improve the identification and assessment of ESG issues. Through identification of material issues, stakeholder survey, topic analysis and review, etc., a materiality matrix of ESG issues was formulated, as a reference for our information disclosure and ESG priorities.



Social			Environmental		Governance
01 Product quality	06 Supply chain management	11 Employee benefits and care	15 Waste management	20 Corporate governance	
02 Technological innovation	07 Employee rights	12 Public welfare and charity	16 Energy management	21 Business integrity	
03 Customer services	08 Diversity and equality	13 Inclusive medical protection	17 Response to climate change	22 Anti-corruption	
04 Information security and privacy protection	09 Employee health and safety	14 Support for vulnerable groups	18 Water management		
05 Protection of intellectual property rights	10 Employee training and development		19 Promotion of environmental protection		

Special Report Engage in the Building of a Multi-Layer Medical Protection System



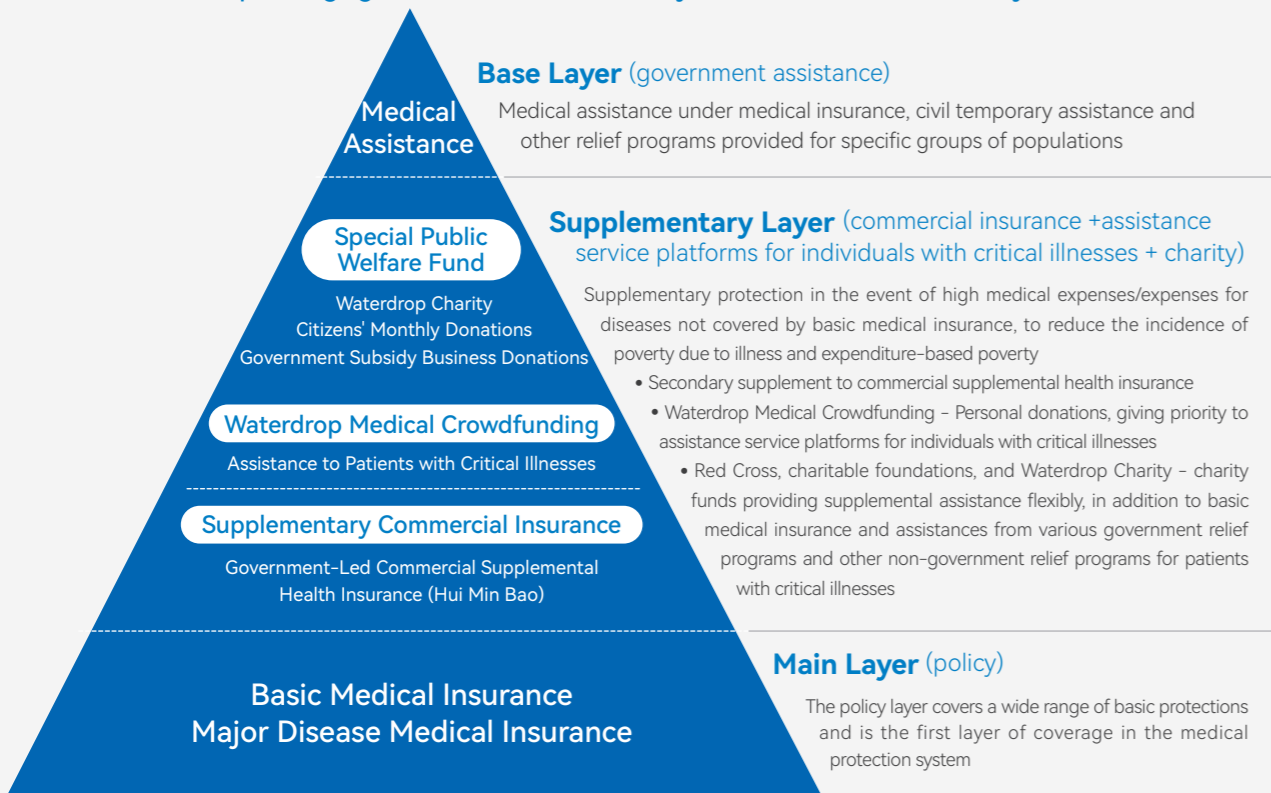
With the implementation of the national health plan of the "14th Five-Year Plan", China is building the multi-layer medical protection system. The system centers on basic medical insurance, underpinned by medical assistance, and supplemented by other forms of insurance and commercial health insurance. Commercial health insurance, assistance service platforms for individuals with critical illnesses, charity platforms and public welfare and charity play a critical role in building the multi-layer medical protection system.

As a leading insurance technology and healthcare platform in China, Waterdrop Inc. responds to the needs of the times based on the advantages of digital intelligence. To help promote the development of new business forms and models fit for the digital economy, the Company actively engages in building a multi-layer medical protection system, and supports the government with the power to play a complementary role in gradually reducing the financial burden on patients with critical illnesses. Relying on Waterdrop Medical Crowdfunding, Waterdrop Insurance Marketplace and Waterdrop Charity Platform, we provide supplementary protection in case of high medical expenses or patients' out-of-pocket payments not covered by basic

medical insurance, critical illness insurance and medical assistance, so as to reduce the incidence of poverty due to illness and expenditure-based poverty. In this way, we make serious illness relief more targeted and efficient to promote common prosperity.

Waterdrop Inc. actively develops commercial health insurance to supplement the basic medical insurance. By virtue of Internet technologies, the Company innovates to improve the coverage of insurance, and enhances the level of protection and service capabilities. Based on our technical capability, we have deepened our cooperation with the government and social organizations, and built a one-stop assistance system to identify and assist patients with critical illnesses by working together with various institutions such as medical insurance companies, Civil Affairs Administration and charitable organizations. We have set up assistance service platforms for individuals with critical illnesses based on Waterdrop Medical Crowdfunding, and raise funds for charitable projects through the Waterdrop Charity Platform, so as to build a precise and diversified medical assistance system and ensure comprehensive and effective protection.

Waterdrop's Engagement in the Multi-Layer Medical Protection System (Illustrative)



Inclusive Insurance Based on Technology Empowerment



Launch Ceremony of 2022 Zibo Qi Hui Insurance

The local customized commercial medical insurance (Hui Min Insurance), available to residents covered by the national basic medical insurance programs, is an inclusive supplemental medical insurance led by the local government and underwritten by insurance companies. Hui Min Insurance provides the insured with additional protection beyond basic medical insurance. As an inclusive supplemental medical insurance policy, Hui Min Insurance has proven its value in safeguarding people's happiness and promoting social progress. Compared with traditional commercial health insurance, Hui Min Insurance is a new attempt to meet the needs of the development of China's medical protection system, with higher cost performance, broader coverage and closer connection with basic medical insurance.

Waterdrop Inc. intensifies its efforts to cooperate with the government on the Hui Min Insurance projects in several cities, in an effort to become a new model company for inclusive insurance with technology. The Company is positioned as a "one-stop" technology platform dedicated to insurance services, providing various technical support services, such as the development of insurance purchase platforms and the development of payment systems for personal medical insurance accounts. The Company actively puts into play the coordination function of Waterdrop Medical Crowdfunding and other channels to provide patients with improved access to medical care, fundraising for critical illnesses, etc. By doing so, we strive to create an innovative medical assistance model featured by "inclusive insurance + assistance services for individuals + public welfare support".

By the end of the reporting period, the Company had been engaged in the Hui Min Insurance projects in several cities, including Beijing, Nanchang, Zibo and Dezhou. Besides, the Company was the major third-party operating platform for Zibo Qi Hui Insurance, Dezhou Hui Min Insurance and Nanchang Hui Min Insurance.

Zibo Qi Hui Insurance is the first inclusive commercial health insurance policy in Shandong Province. Based on information about people's health and medical expenses, the Qi Hui Insurance project provides inclusive insurance products with broad coverage, a low threshold for enrolment, and high protection level. In 2021, a multi-layer protection plan for rare diseases was created based on Zibo Qi Hui Insurance, focusing on medication for patients with rare diseases. In September 2022, the "2022 Zibo Qi Hui Insurance" insurance purchase platform was officially launched. The platform keeps the principle of shared benefits, expands the scope of coverage and makes differentiated adjustments based on the age of policyholders. In this way, we aim to guide people of different ages and health conditions to purchase insurance as needed.

By the end of the reporting period, the insurance penetration rate had been among the highest in China under the Zibo Qi Hui Insurance project, easing policyholders' financial burden of seeking medical treatment. In 2022, Zibo Qi Hui Insurance won several awards, including the "Inclusive Insurance Product of the Year" of Insurance Today and "Outstanding Case of Protection Vanguard Special Project in 2022" of People's Daily, Health Application.

Accessible Insurance and Intelligent Healthcare Service

In 2021, the former China Banking and Insurance Regulatory Commission (CBIRC) issued the *Guiding Opinions on Further Enriching the Supply of Personal Insurance Products*, which encouraged and supported insurance institutions to relax the insurance purchase conditions and provide adequate protection for the elderly with pre-existing conditions and chronic diseases.

Compared with standard healthy people, a large number of elderly people and sufferers of chronic diseases have a stronger need for insurance. However, these groups also are severely underinsured. In 2022, Waterdrop Insurance Marketplace partnered with companies such as China Insurance ("CIC") to launch the "Waterdrop Blue Ocean", a series of critical illness products with a waiver on health declarations, pioneering the provision of insurance products for users with pre-existing conditions within the industry. By doing so, the Company addressed the major concerns of the elderly people and sufferers of chronic diseases when purchasing critical illness insurance products, and constantly innovated on the supply side of insurance products.

To provide users with optimal services, Waterdrop depends on technological superiority to protect the rights and interests of users and improve product quality and service efficiency. While strictly abiding by relevant data compliance requirements, we use Waterdrop Insurance digital intelligence solutions to identify and manage risks in the service process. In addition, with big data and artificial intelligence, we continuously optimize the "Waterdrop Blue Ocean" series from aspects such as intelligent insurance underwriting, online service and claim settlement based on user needs to improve product quality and service efficiency.

Going forward, Waterdrop will develop more insurance products for people with pre-existing conditions, so that more people can get reasonable and effective protection.

Critical illness insurance

The accessible "Waterdrop Blue Ocean" series covers a total of 193 mild, moderate, and critical illnesses. The claim criteria of the series are in line with those of other critical illness products that require health declarations, with no stricter claims settlement restrictions imposed. Furthermore, the claim amount is up to RMB1 million. After a claim is settled, users can re-purchase the insurance.



Illness recurrence insurance

Waterdrop has launched recurrence insurance products such as Waterdrop Sui Wu You (for the recurrence of leukemia) and Waterdrop You Jia Ai (for the recurrence of thyroid carcinoma) to protect people with pre-existing conditions and ease their financial burden of seeking medical treatment.



Product Launch Conference of "Waterdrop Blue Ocean" Series

Multi-Party Cooperation for One-Stop Assistance

With over five years of serious illness relief experience, Waterdrop Inc. has engaged multiple parties in building the industry ecosystem of serious illness relief to make relief services more efficient and personalized. We solve the pain points in serious illness relief and build a multi-layer medical assistance system based on technological empowerment, to reduce the financial burden of seeking medical treatment for patients with critical illnesses.



Pain points of serious illness relief

- Difficulty in accurately identifying, recognizing, and recognizing relief recipients
- The efficiency of matching the supply and demand of relief resources needs to be improved
- The information barrier still exists among the relief organizations

Join hands with various institutions to build a multi-layer one-stop assistance system

Set up a hospital-centered offline relief service system

Rely on Waterdrop Medical Crowdfunding and public welfare foundations to raise the relief funds

Solution - Jointly build a multi-layer medical assistance model

Medical Insurance and Poverty Prevention Project - "Jin Qing Bang"

Case Study

In 2021, Zhejiang Jinyun County Medical Insurance Bureau and Waterdrop jointly launched a medical insurance and poverty prevention project - "Jin Qing Bang". The project built a one-stop assistance platform to discover, identify and assist patients with critical illnesses through multiple channels by working together with 43 institutions such as medical insurance companies, Civil Affairs Administration and charitable organizations. The platform integrates all related assistance policies to work out assistance and settlement plans through AI algorithms, and achieve "one-click to get aid funds". The project established an offline serious illness relief 1-to-1 special service + gridded serious illness relief service system, and continued to "water" the serious illness relief fund pool through Waterdrop Medical Crowdfunding, Waterdrop public welfare platform and other channels, aiming at providing assistance precisely to address actual needs and gaps. By the end of the reporting period, "Jin Qing Bang" had realized the whole-population monitoring of people in Jinyun who received medical treatment, automatically investigated more than 4 million people in total, provided assistance for a total of 335 patients, and allocated more than RMB8.2 million for relief.

Charity Medical Assistance Project - "Love in the Eagle City: Assistance for Patients with Critical Illnesses in Pingdingshan City"

Case Study

In September 2022, Waterdrop Inc. joined hands with the Pingdingshan Charity Federation of Henan Province to launch the charity medical assistance project - "Love in the Eagle City: Assistance for Patients with Critical Illnesses in Pingdingshan City". The project aims to build a multi-layer medical assistance model led by charity foundations by uniting social forces such as government and public charitable organizations, and effectively reducing the burden of out-of-pocket medical expenses for patients with critical illnesses. Under the academic guidance of the China Philanthropy Research Institute of Beijing Normal University, Waterdrop and Pingdingshan Charity Federation jointly explored and established the first four-level^① cooperative response model for serious illness relief in China. For the medical expenses incurred by patients with critical illnesses in county-level or above medical institutions, the out-of-pocket part after reimbursement by basic medical insurance, serious illness insurance, serious illness supplementary insurance, and civil assistance will be covered level by level based on the hospital settlement documents under the four-level cooperative model.

By the end of the reporting period, we had provided aid funds totaling over RMB

530,000

through Waterdrop Medical Crowdfunding and charity aid funds.

① The "four levels" are villages (communities), towns (streets), counties (districts) and cities.

"Charitable Aid for Patients with Critical Illness · Waterdrop" and Multi-layer Medical Aid Project in Chongqing

Case Study

In September 2022, Waterdrop Inc., China Charity Federation and Chongqing Charity Federation jointly launched the "Charitable Aid for Patients with Critical Illness · Waterdrop" and Multi-layer Medical Aid Project in Chongqing, working together to build a one-stop assistance system, a relief service system and a pool of serious illness relief funds to expand the relief channels and improve the relief service efficiency. By the end of the reporting period, the project had raised nearly RMB800,000 through "public welfare monthly donation + public welfare matching donation + charitable donation", and a total of 95 patients received more than RMB410,000 of aid through initiating Waterdrop Medical Crowdfunding or applying for charitable aid.



Charitable Aid for Patients with Critical Illness · Waterdrop" and Multi-Layer Medical Aid Project in Chongqing

Support for patients

Link and integrate various resources to provide patients with diversified services such as case management, ward visits and wardmate groups, helping patients in various ways such as policy interpretation and psychological care.

Medical work promotion

Popularize health care knowledge in the community by providing residents with information and explanations on general knowledge of diseases and health care, and promote medical work by sharing medical knowledge and other information as needed by patients and families.

Talent training

Assist hospitals in building the medical social work system, and provide talent training and supervision services. We also provide technical support in various aspects, such as exploring the clinical service mode of medical social workers, and designing medical social service projects.

Pink Ribbon Peer Support Project for Breast Cancer Patients

Case Study

Breast cancer is among the major malignant tumors that endanger women's health worldwide. Patients with breast cancer face psychological stress at all stages of diagnosis, treatment and recovery.

Based on the Pink Ribbon Peer Support Project for Breast Cancer Patients, social workers of Waterdrop pay daily visits to the patients and provide psychological counseling and access to relief funds for those in need. In addition, we have established the "Pink Ribbon Salon" in the wards, where we organize various educational and supportive activities to provide emotional support for patients, popularize scientific knowledge, and build peer support groups.

By the end of the reporting period, the project had paid about 5,000 visits to patients and organized 27 salon events.



Waterdrop set up "Pink Ribbon Salon Space"

Social Work Service, Comprehensive Assistance

Social workers are a group of professionals who use scientific methods and expertise to help needy groups, such as helping individuals better adapt to their surrounding social environment. Waterdrop cooperates with multiple hospitals to build the medical social worker system, providing patients with psychological and social services, and is committed to becoming "a competent helper of medical staff and a friend of patients".

In the course of medical social work, we have developed the single serious illness relief service into integrated relief services including emotional support and adaptation to diseases. We have also added post-event assistance to the pre-hospital care and to the out-of-hospital management, thereby creating an integrated relief service system.

To improve service skills and capabilities, Waterdrop has implemented a national talent training program for medical social workers. In 2022, the talent training program provided 4 special training sessions, during which renowned experts were invited to give online and offline lectures. By the end of the reporting period, a total of 221 people had attended the offline training, and the online learning videos had been viewed by 4,513 people.

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From January 2021 to October 2022, Waterdrop's Medical Social Worker Project had served a total of 50 thousand patients, organized 403 ward activities, cooperated with 81 charitable relief fund donors, and raised a total of RMB79.72 million. In March 2022, the "Construction and Promotion of Clinical Service System for Medical Social Workers" project was awarded the 10th Lin Hu Outstanding Social Work Service Project Award.

From January 2021 to October 2022

Waterdrop's Medical Social Worker Project

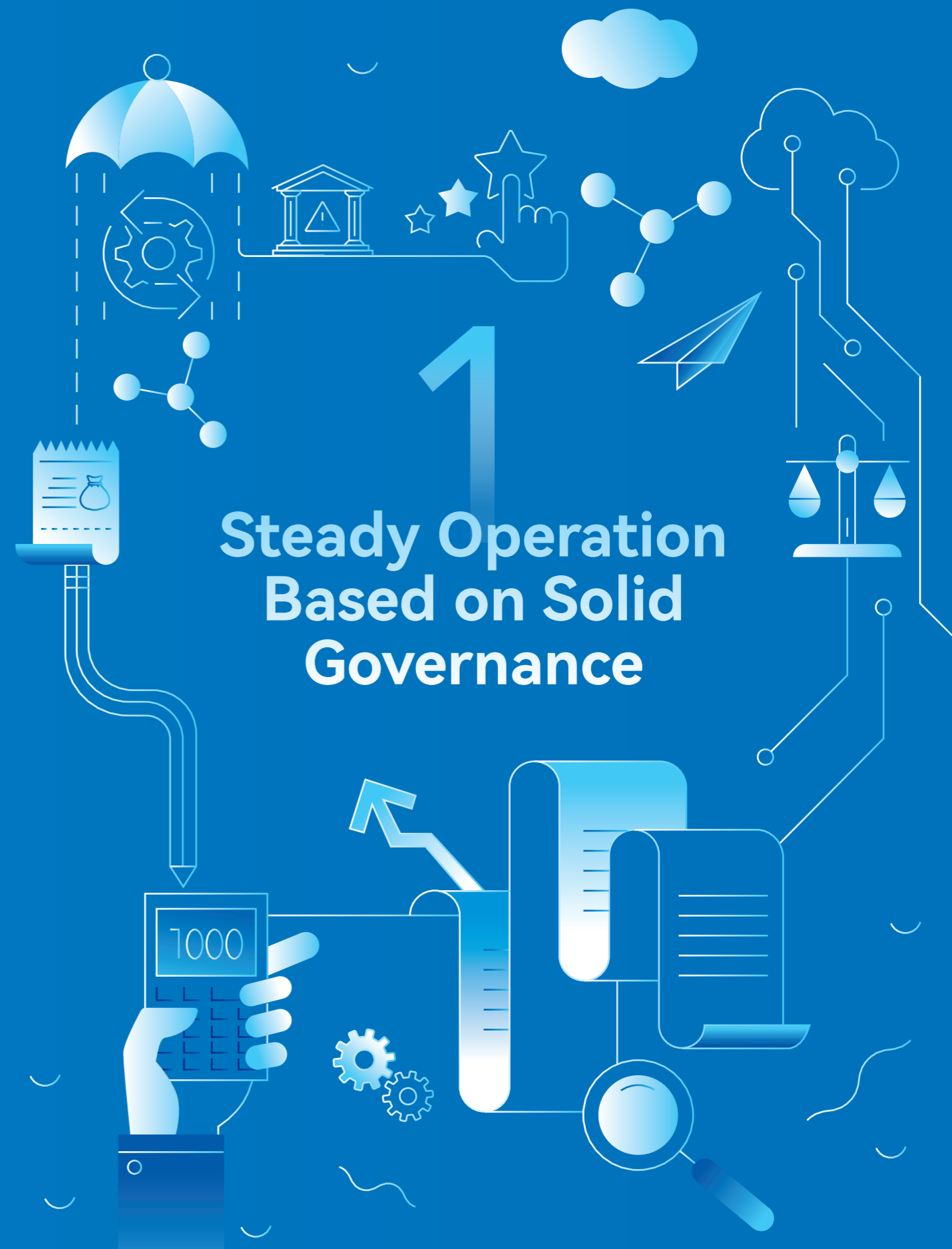
had served a total of **50** thousand patients

organized **403** ward activities



Lin Hu Outstanding Social Work Service Project Award for "Construction and Promotion of Clinical Service System for Medical Social Workers" project

We are keenly aware that a well-functioning governance system is the foundation for sound operation. Waterdrop continuously improves corporate governance and risk prevention and control to empower stable operation and development. Upholding the principle of compliance and integrity and adhering to business ethics, we work with our partners to create a solid foundation for development and build a sustainable business environment together.



Response to United Nations Sustainable Development Goals:

 SUSTAINABLE DEVELOPMENT GOALS	8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	17 PARTNERSHIPS FOR THE GOALS 
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Corporate Governance

Waterdrop Inc. is committed to achieving a high level of corporate governance. Based on laws and regulations such as the *Company Law of the People's Republic of China* and the *Securities Exchange Act of 1934* of the United States, we continuously improve corporate governance, information transparency and effective communication with investors.

Governance Framework

In strict adherence to the laws and regulations of the operating and listing locations, the Company continuously improves the corporate governance framework and standardizes the operation. We have established a governance framework consisting of the general meeting of stockholders, the Board of Directors and its professional sub-committees, and the management. The Board of Directors, supported by its professional committees, provides guidance and advice on the internal management of the Company, including the development of strategies and oversight of their implementation, the supervision of operational and financial performance, and the establishment of effective internal control and risk management policies.

We recognize the importance of the diversity and independence of the Board members. The selection and appointment of Board members are based on various considerations, including but not limited to professional skills, industry experience and qualifications, educational and cultural background, gender, and ethnicity. By doing so, we ensure that a proper balance of skills, experience and diversity of perspectives is maintained to enhance the working capacity of the Board. Furthermore, approximately 21% of the directors and executives were female.

Directors are encouraged to attend appropriate and continuous professional training and courses. The Company also provides directors with relevant documents, including legal and regulatory updates, for their reference and study, so as to enhance Board members' awareness of compliance and working capacity.

By the end of the reporting period, the Board of Waterdrop Inc. had **9** directors, including **3** independent directors, accounting for about **33%**.

Investor Relations

The Company takes the initiative to communicate with investors. In this way, we hope to build long-term and stable relations with investors, by enhancing the transparency of information disclosure, deepening investors' understanding and recognition of the Company, and protecting the rights and interests of the Company, shareholders and other stakeholders.

Information disclosure is the main channel for investors to understand the governance structure, financial status and operation management of listed companies. As a listed company, we strictly comply with and implement the relevant regulations on information disclosure and fulfill our information disclosure obligations. The Company has released the *Detailed Rules for the Implementation of Information Disclosure of Waterdrop Inc.* stipulating that the Company's information disclosure work is led by the board of directors. We have also set up a disclosure committee to supervise the effectiveness of the disclosure management mechanism and relevant procedures of the Company, while managing and coordinating the Company's disclosure of financial and operating information.



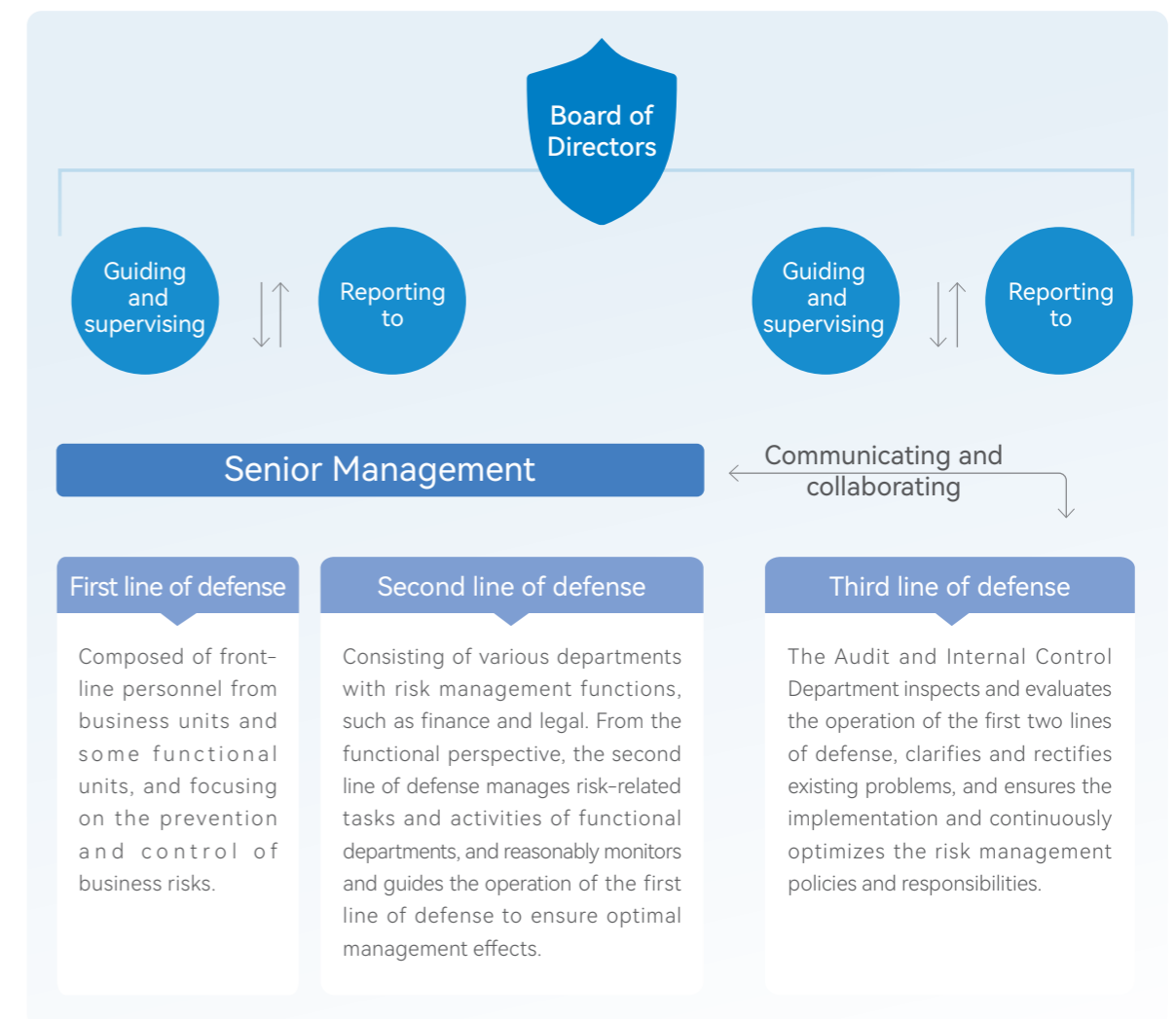
Waterdrop Inc. WeChat Official Account Posted Financial Results Reports (partial example)

Risk Prevention and Control

Effective risk management and internal controls are critical to the successful operation of a company. Waterdrop Inc. continually strengthens risk identification and assessment mechanisms, improves internal control systems and processes, clarifies the basic responsibilities of each department, pays attention to risk control awareness dissemination, and takes multiple measures to ensure that the internal risk control system is stable, safe and effective.

Three Lines of Defense

The Company has established risk management and internal control systems based on business development characteristics, with reference to national laws and regulations and regulatory requirements of its operating and listing locations, achieved effective identification, early warning, prevention and control of financial and non-financial risks in its operations.



Risk Control

The Company has put a lot of effort into implementing and improving the risk control work, and coordinates various departments to promote risk management. This year, the company based on the business characteristics of Waterdrop Medical Crowdfunding, Waterdrop Insurance Marketplace, E-Find, and functional departments, we reviewed business processes to identify risks in critical processes and make a risk map. Based on the map, we use information technology to visualize and analyze business data in real time so that exceptions can be detected and followed up in a timely manner.

The Audit and Internal Control Department is responsible for daily internal control consulting and risk management work, providing all departments with risk alerts and internal control suggestions on various areas, including permission and information security risks, fraud risk alerts, business process review and optimization, to continuously refine the Company's risk control system.

Internal Control and Audit

Based on the *Waterdrop Inc. Internal Audit Policies and the Waterdrop Inc. Internal Control Manual*, the Company reviews and evaluates the suitability and effectiveness of business activities, internal control and risk management in a systematic and standard manner. We regularly test and self-evaluate the effectiveness of the design and implementation of our internal control system, and we also engage auditors annually to audit the effectiveness of our internal control over financial reporting and to make improvements to the material weaknesses in non-financial reporting that come to their attention.



Business Ethics

Waterdrop Inc. understands the importance of following ethical standards in the global business environment today. In accordance with laws and regulations such as the *Company Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and the *Anti-monopoly Law of the People's Republic of China*, as well as the regulatory requirements of the listing locations, the Company constantly refines the compliance management system based on actual businesses.

The Company has formulated and released the *Waterdrop Inc. Code of Business Conduct and Ethics*, requiring all full-time and part-time employees, interns and partners to follow the code in business activities. We constantly strengthen the management of misconducts such as unfair competition, monopoly and money laundering. In 2022, there were no incidents relating to the violation of the code of business conduct^② in the Company.

The Company invests a lot in building the compliance culture, and actively conducts publicity and education concerning compliance. We provide compliance training based on the requirements of local industry associations and the business characteristics of each department, etc. In this way, we raise compliance awareness, and enhance the professional and business ethics of our employees in compliance, honesty and integrity.

② Incidents such as privacy violation, bribery and discrimination.

Anti-Corruption Management

The Company adopts a "zero tolerance" attitude towards corruption. Following the principles of education, supervision, punishment and protection, we build a sound supervision management system and guide the standardization of supervision work based on internal documents such as the *Waterdrop Inc. Workplace Positive Code of Conduct* and the *Guidelines for Strong Measures Against Anti-corruption of Waterdrop Inc.* This year, we updated the *Guidelines for Strong Measures Against Anti-corruption of Waterdrop Inc.*, further standardized the definition of violations based on business development, and continuously optimized the construction of the anti-corruption system.

Supervision System

The Company has formulated internal policies such as the *Waterdrop Inc. Supervision Policy*, the *Waterdrop Inc. Supervision Case Investigation and Handling Process* to establish a standard and effective whistleblowing and handling process. We have publicized whistleblowing channels, and the Supervision Department is responsible for receiving reports, and handling violations. This year, there were no cases of corruption in the Company.

Email: jubao@shuidi-inc.com



Protection for Whistleblowers

The Company respects and protects every whistleblower, and the policy related to whistleblower protection is clearly defined in the *Waterdrop Inc. Supervision Policy*, and the *Waterdrop Inc. Supervision Case Investigation and Handling Process*. We strictly comply with the whistleblower protection system and keep whistleblower information strictly confidential. When the identity of the whistleblower needs to be disclosed for investigation purposes or legal requirements, the scope of disclosure is strictly limited. Investigators who violate confidentiality provisions or have other misconducts in the performance of duties, as well as those who retaliate against whistleblowers or take hostile measures against investigators will be severely punished according to laws and regulations.

Awareness Publicity

The Company attaches great importance to anti-corruption training and publicity and is committed to building a culture of integrity with transparency and integrity. Through the official internal WeChat account "Clean Waterdrop", we published articles on anti-corruption topics, including conflict of interest declaration and violation notification, to help employees improve integrity awareness. We arrange at least one training session themed on strong measures against anti-corruption every year for employees. Based on the departmental business characteristics, we conduct targeted anti-corruption training for the departments and positions with higher risks.

In 2022, the Company's employee coverage of anti-corruption training was **100%**
a total of **24** articles on anti-corruption topics were published through the "Clean Waterdrop" WeChat account



Scan the QR code to follow the WeChat Official Account "Clean Waterdrop"

Anti-Corruption Training of Procurement Department

Case Study

On December 30, 2022, the Procurement Department organized anti-corruption training. The training content included the promotion of the *Guidelines for Strong Measures Against Anti-corruption of Waterdrop Inc.*, explanation of typical cases and introduction of whistleblowing channels. All staff of the Procurement Department attended the training and passed the training examination, which enhanced procurement staff's awareness of professional ethics and professional competence.

Series Activities for Clean Financial Culture Promotion and Education

Case Study

In 2022, Waterdrop Inc. responded positively to the *Guiding Opinions on Improving the Clean Financial Culture in the CBIRC System (For Trial Implementation)* and organized its insurance institutions to carry out a series of activities for the clean financial culture promotion and education. During the activity, Waterdrop Inc. Insurance Brokers Joint Party Branch led some party members and backbones of the Company to visit the Museum of the Communist Party of China to learn from history and promote a clean and honest style. We also put up promotional materials on building a clean culture, released clean financial micro-videos, and conducted daily training and education on clean culture to help employees deeply understand and firmly establish the concept of the clean culture.



The Chinese Communist Party History Exhibition Hall Visit

Responsible Marketing

The Company's marketing activities are strictly based on laws and regulations such as the *Advertising Law of the People's Republic of China*, the *Anti-unfair Competition Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, the *E-Commerce Law of the People's Republic of China*, the *Cybersecurity Law of the People's Republic of China*.

We have established a comprehensive and effective compliance review process for advertising materials to standardize marketing management. After advertising agencies upload advertising materials, the relevant departments of the Company will review them in turn, and only the approved advertisement can be launched. In the review process, we prioritize self-inspection and rectification of unfair competition, and formulate relevant provisions, so as to eliminate false advertising, improper sales tactics and commercial libel. In case of advertising-related complaints received by the Company, we initiate investigation in a timely manner and have these complaints reviewed and handled by the Legal Department. The Company collects and responds to questions about advertising materials, refines review rules, and provides training to related parties on review processes and rules.

Supply Chain Management

Waterdrop Inc. is committed to fostering win-win cooperation with its suppliers. We recognize the importance of supplier compliance management. We strictly abide by national laws and regulations, as well as industry rules, and constantly regulate supplier management and implement responsible procurement based on internal policies such as the *Waterdrop Inc. Procurement Management Policies* and the *Waterdrop Inc. Supplier Management Policies*.

We place emphasis on compliance training for our suppliers and organize lectures on the *Guidelines for Strong Measures Against Anti-corruption of Waterdrop Inc.*

By the end of the reporting period,
the Company had **293**
cooperative suppliers in its
supplier management system.

During the reporting period,
a total of **2,176** participants
attended Waterdrop Inc.'s supplier
compliance training.

Process Management

The Company keeps refining the whole process of supplier management and actively identifies and controls risks in all aspects.

Supplier Access	Build a special procurement platform to collect supplier information, which is reviewed by dedicated staff to select high-quality suppliers based on comprehensive assessment. Require suppliers to sign the Anti-commercial Bribery Commitment Letter, the Confidentiality Commitment Letter, and the Pre-procurement Notice in the access process, to strengthen the integrity management and information security management of suppliers.
Site Investigation	Assess suppliers from various aspects such as operating conditions and technical capabilities to identify potential risks in their onsite operations.
Supplier Review	The Company regularly reviews existing suppliers to comprehensively assess their service awareness, product quality, delivery capability, etc. The Company requires non-compliant suppliers to rectify the issues, and terminates cooperation with suppliers in case of two consecutive non-compliance findings.

Sunshine Procurement

Waterdrop Inc. insists on the concept of sunshine procurement, actively carries out anti-corruption publicity work for suppliers, and takes multiple measures to create a fair and honest sunshine procurement environment.

Supplier Blacklisting Mechanism

Based on the supplier blacklist mechanism, the Company has blacklisted dishonest and non-compliant suppliers disclosed by the Trust and Integrity Enterprise Alliance to prevent business ethics risks.



Business Ethics Publicizing and Implementation

Launches relevant training in the procurement system, posts the anti-bribery rules and whistleblowing email on the home page. The anti-commercial bribery policies are further promoted through channels such as the WeChat official account and offline communication.

Supply Chain ESG Risk

Waterdrop conducts supply chain ESG risk assessments to review suppliers' performance in areas such as environment and society, and mitigate supplier risks.

Information security risk management

Sign Information Security Confidentiality Agreements, etc. with the selected suppliers when necessary, to clarify its information security responsibilities and confidentiality obligations.

Occupational health and safety management

Require suppliers to follow applicable safety regulations and establish a sound occupational health and safety management system; sign the Fire Safety Responsibility Letter with leased employees, etc. to clarify fire safety responsibilities.

Supplier-related ESG risk management elements

Supplier employee rights and interests management

Strictly prohibit the employment of child labor and forced labor by suppliers, and actively protect the legitimate rights and interests of employees across our suppliers.

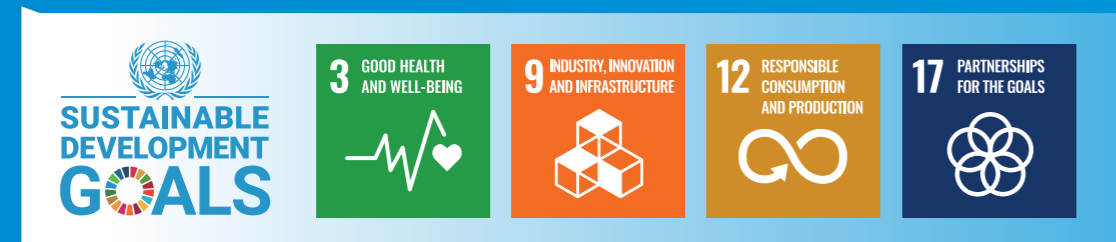
Environmental management

Encourage suppliers to upgrade their environmental management capabilities, and prefer suppliers with excellent performance in environmental and low-carbon management.

Under the tide of the digital economy, Waterdrop practices scientific and technological innovation from the two aspects of business development and user service, and uses digitalization and intelligence to promote more reliable products, more controllable risks, and better services.

We adhere to creating value for users, take innovation as the source of development, and realize "tech for good" by providing innovative health technologies for users.

Response to United Nations Sustainable Development Goals:



Technological Innovation

In recent years, insurance technology industry has been in the developmental period on a global scale. As an industry-leading technology platform dedicated to insurance and healthcare service, Waterdrop values investment in technological innovation. The Company constantly explores the use of technologies such as big data, artificial intelligence and blockchain in the industrial value chain, and has formulated the "ABDC" strategy, or AI + Blockchain + Data = Construction. During the reporting period, the Company invested RMB291 million in R&D, and expanded the R&D team for big data and AI algorithms to nearly 100 members, which supported business and product innovation.

During the reporting period, the Company invested

RMB291 million
in R&D

In November 2022, the Waterdrop Association for Science and Technology was established, with Mr. Shen Peng, the founder and CEO, as the Chairman. In the next stage of work, Waterdrop Association for Science and Technology will provide various scientific and technological services, build an exchange platform to attract more outstanding technological talents, and promote the technological development and the transformation of technological achievements. In addition, we will assume the social responsibility of popularizing scientific knowledge and improving the scientific literacy of the public in our business areas.

In the future, we will continue to pay attention to the national strategy and industry development trends, and constantly promote scientific and technological innovation, so as to drive business growth points, lead the industry progress, and write a new chapter in the sustainable development of the digital economy.



Opening Ceremony of Waterdrop Association for Science and Technology

Service Efficiency Improvement

Technology has become the core strength to drive the transformation of the insurance industry. Waterdrop applies digital technologies to customer service, claims settlement, product promotion, etc. to continuously improve work efficiency and user experience.

Digital Worker Improves Customer Service Efficiency

Based on the " Robotic Process Automation (RPA) + Intelligent Dialogue" technology, "Bangbang", the first digital worker of Waterdrop Inc. went into service in 2022. " Bangbang" is equipped with technologies such as voice recognition, natural language processing, and semantic understanding, which can help Waterdrop's online insurance service staff communicate with customers in a simple way, record and sort out customer needs based on the importance and urgency to improve the speed, quality and scope of customer service.

The application of "Bangbang" is a successful exploration to promote the digital transformation of insurance services, reduce costs and increase efficiency in the industry, and convert the insurance "scientific and technological power" into "productivity". By the end of the reporting period, "Bangbang" had an intention recognition accuracy rate of 97%, saving 32.6% of human cost of customer service.



By the end of the reporting period, "Bangbang" had an intention recognition accuracy rate of **97%** saving **32.6%** of human cost of customer service

Shorter Claims Settlement Time on Online Platforms

Digital intelligence is a "new engine" to promote the high-quality development of the insurance industry. To improve users' claims settlement service experience and shorten claims settlement time, Waterdrop Insurance Marketplace has launched the " Claims data manager" " Aid for elderly claim settlement " and a range of tools and services to build intelligent online claims settlement platforms to assist users in settling claims and make their claims settlement experience more convenient and user-friendly. Through the "Claims data Manager" function, users can upload all kinds of medical documents at the unified portal, and the system intelligently identifies the types of uploaded documents and organize, classifies and saves them through AI technology, thus helping some users who have difficulty in correctly collecting medical documents for claims to simplify the claims procedures and effectively shortening the claims processing cycle.

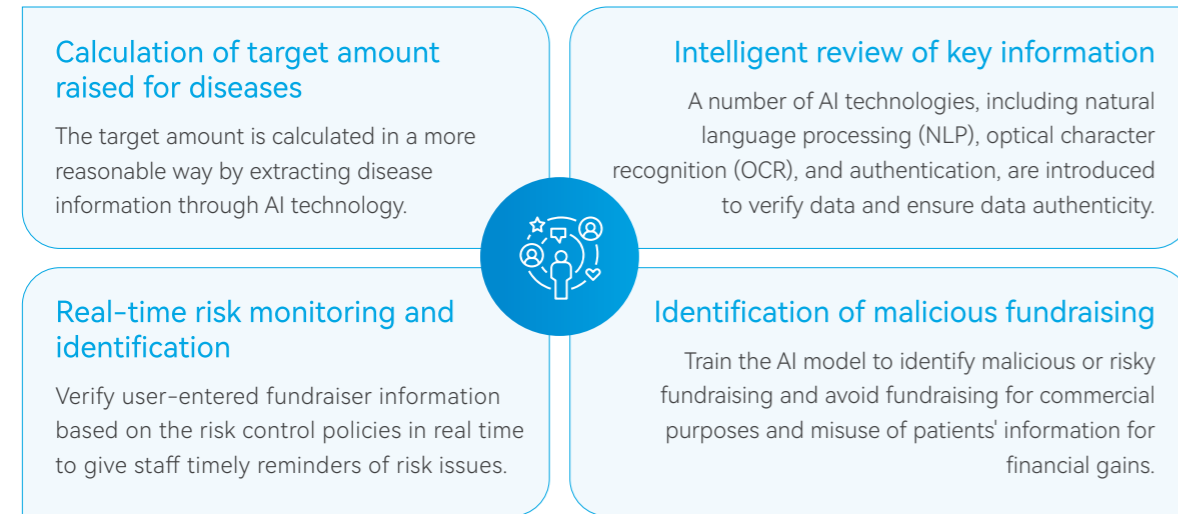


Precise Recommendations based on Data Assets

To better meet customer needs, Waterdrop leverages the underlying data to continuously build data assets and launch intelligent recommendation solutions. Without jeopardizing user privacy, we accurately recommend insurance products through a differentiation strategy based on the user's profile attributes after data masking in the platform. Through these efforts, we not only reduce users' decision-making time, but also accurately recommend the most cost-effective insurance products. Being user-centric, the strategy help meets the multi-level and diversified needs of different users.

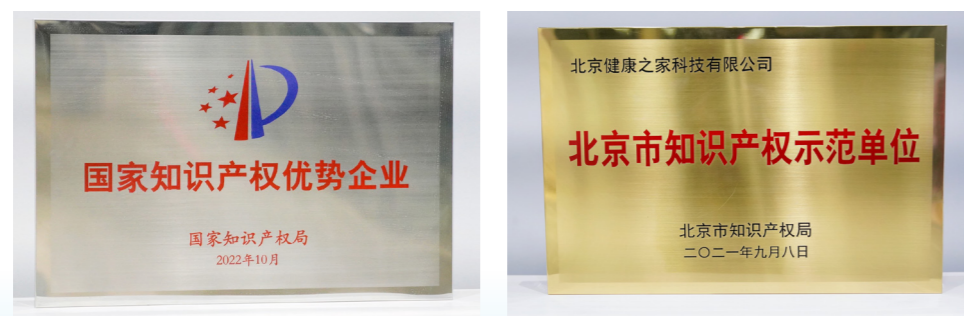
Business Risk Prevention

Waterdrop uses AI technology to identify and controls risks in our services, achieving unified and comprehensive intelligent risk management. This year, Waterdrop Medical Crowdfunding further upgraded the AI recognition function to improve intelligent risk management in fundraising business and reduce human resource costs.



Intellectual Property Management

Waterdrop actively explores new technologies, constantly improves technological innovation capabilities, and focuses on the timely transformation and protection of innovative achievements. Based on laws and regulations such as the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China* and the *Copyright Law of the People's Republic of China*, we have further developed and refined internal policies, including the *Waterdrop Inc. trademark classification management measures*, the *Guidelines for Preventing Intellectual Property Risks of Waterdrop Inc.* and the *Guidelines for Intellectual Property Business of Waterdrop Inc.* With its leading scientific and technological innovation strength and excellent intellectual property management ability, Waterdrop was successfully awarded the "National Intellectual Property Advantage Enterprise" in 2022.



Waterdrop was listed among the "National Intellectual Property Advantage Enterprise" and the "Beijing Intellectual Property Demonstration Enterprises"

Protection of Intellectual Property Rights

Waterdrop Inc. highly regards the importance of protecting our own intellectual property rights, with early preparation, timely confirmation and strong protective measures. We protect different types of intellectual property such as patents, copyrights and business secrets through independent, cross or overlapping measures. We have also built an all-round and multi-level intellectual property protection model, and actively organize intellectual property training. Waterdrop Inc. continuously refines the intellectual property incentive program by increasing incentives for patents to promote the transformation of technological achievements.

The Company also puts a lot of effort into protecting the rights of its trademarks and brands. Based on the experience of monitoring trademarks and handling trademark infringement cases, we have developed the *Trademark Infringement Monitoring and Handling Flow Chart of Waterdrop Inc.* to standardize the process of handling trademark infringement cases.

Prevention and Control of Intellectual Property Infringement Risks

We defend our own intellectual property rights while respecting those of others. The Company conducts regular internal and external monitoring and evaluation to prevent intellectual property infringement risks and ensure smooth operations. In 2022, the Company had no violations or infringements relating to intellectual property rights.

Type of Intellectual Property Rights



Reliable Product

We always shoulder the mission of "bring insurance and healthcare services to billions through technology". Based on compliance, we provide users with reliable products, and comprehensive and reassuring healthcare services.

Waterdrop Insurance Marketplace

Waterdrop Insurance Marketplace is committed to providing users with reliable service and convenient service experience throughout the entire process from insurance purchase to claims settlement. To ensure business compliance and sound development, Waterdrop Insurance Marketplace strictly adheres to laws and regulations such as the *Insurance Law of the People's Republic of China* and the *Measures for the Regulation of the Internet Insurance Business*. In addition, it has formulated and implemented internal management policies such as the *Insurance Compliance Management Measures* and the *Internet Insurance Business Management Measures*. Waterdrop Insurance Marketplace keeps refining business to help users solve problems and protect consumers' rights and interests, which makes it possible to "provide affordable insurance products covering a wide range of diseases".

Compliance Culture Building

Waterdrop takes compliance as the lifeline for a smooth, healthy and long-term development, strictly observes external regulations and internal policies, and attaches importance to compliance culture. Responding to the former CBIRC's Notice on Matters Related to the Launch of the New Practitioner Registration System to Better Regulate the Management of Practitioners, taking the new system of practitioner registration management as an opportunity, we have reviewed and improved the internal control and management system, organized special training on practitioner registration, and enhanced the standard operating capabilities of staff in specific positions.

The Company provides internal training on industry regulations and policies, analysis of previous administrative penalties, internal compliance, etc., to enhance the overall knowledge of relevant departments on industry policies and regulations and the understanding of employees on compliance, which supports the steady and healthy development.

In 2022, Waterdrop issued the *Waterdrop Compliance Special Edition* to review the laws and regulations, policy updates, key industry rectification measures and industry penalties from aspects such as major regulatory provisions, compliance topics and penalties. By doing so, we aimed to raise employees' compliance awareness, create a compliance culture within the Company and embed "proactive compliance" in the operation environment.



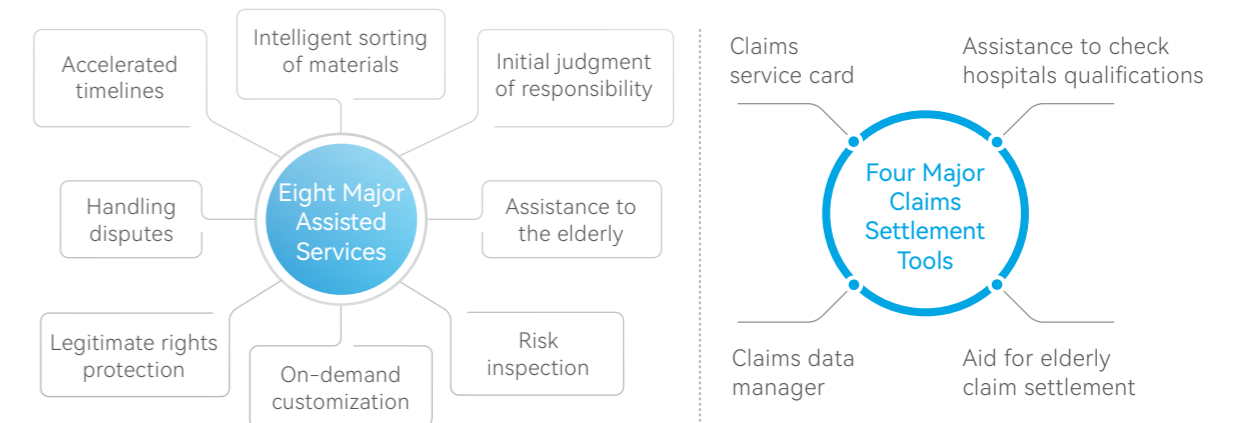
Solutions to Claims Settlement Problems

To perfect user experience by easing the "complicated and lengthy process of claims settlement", Waterdrop Insurance Marketplace has refined the claims settlement methodology based on previous cases and launched the "Help for Claims Settlement", which provides "Eight Major Assisted Services" to solve users' online claims settlement problems in all aspects, together with "Four Major Claims Settlement Tools".

We have found some of our users, such as the elderly and patients, having difficulty in completing the online process on their own, and they therefore need some help with offline claims. In November 2022, to realize the full coverage of claims settlement service with assistance, "Help for Claims Settlement" launched the pilot project for offline assistance in claims settlement in Beijing. The pilot project will gradually be extended to various cities in the future.

The "online + offline" claim model promoted by "Help for Claims Settlement" of Waterdrop Insurance Marketplace allows users to better understand how the Internet insurance brokerage platform works. This, in turn, can drive Waterdrop to establish a long-term trust relationship with users, and create a better claims experience for them.

In 2022, the annual amount of claims with "Help for Claims Settlement" of Waterdrop Insurance Marketplace exceeded RMB314 million, involving 95,238 assisted claims, and 3,385 hours of 1-on-1 service by claims consultants. "Help for Claims Settlement" also helps to improve the efficiency of settlement. By the end of the reporting period, the average time to close a case under "accelerated settlement claims" was 19.16 hours. In March 2023, the project of "Help for Claims Settlement" to realize the full coverage of claims settlement service with assistance was awarded the Customer Service Classic Case of 2022 Service Innovation Cases in China's Banking and Insurance Industry by China Banking and Insurance Media Company Limited.



Assisting Patients to Complete Offline Claims

Case Study

In October 2022, during a follow-up visit, the Waterdrop broker learned that Mr. Wang, the Beijing-based user, had a cerebral infarction in 2021. However, he did not apply for a claim then due to his poor health condition and lack of knowledge on claims handling. After understanding the situation, our "Help for Claims Settlement" team contacted and visited Mr. Wang in person and explained the claim process in a timely manner. After obtaining the authorization from Mr. Wang, the team accompanied him to obtain information at the hospital and assisted in organizing and submitting the claim application. In the end, Mr. Wang was successfully compensated.

Consumer Rights Protection

Waterdrop Insurance Marketplace takes consumers' rights and interests seriously and helps them to prevent illegal crowdfunding. Through external resources such as the Waterdrop Insurance Marketplace app, and applet, we push posters, articles and videos to help consumers properly understand and use insurance services.

Within the Company, Waterdrop Insurance Marketplace has made full use of its management software to popularize consumer rights protection knowledge among employees, and thus to raise their awareness in this regard. We make complaint hotline and consumer complaint handling procedures clearly visible on our WeChat official account and official website, and open channels for reporting clues. This move aims to encourage employees to take action against illegal crowdfunding and to protect consumer rights.

Activities on the National Insurance Publicity Day

Case Study

In July 2022, Waterdrop Insurance Marketplace actively participated in the National Insurance Publicity Day. Through the Waterdrop Insurance Marketplace app and short-form video platform, we published promotional videos for the National Insurance Publicity Day, popularizing insurance and fraud prevention knowledge, and obtained good publicity effects.



Poster of the National Insurance Publicity Day by Waterdrop

By the end of the reporting period

Waterdrop Insurance Marketplace had served around **113 million** insurance customers
cooperated with around **100** insurance companies



In 2022

the first year premiums of Water Drop Insurance Marketplace amounted to RMB **6,890 million**

Waterdrop Medical Crowdfunding

Waterdrop Medical Crowdfunding regards transparency and credibility as important components of public welfare crowdfunding projects. We adhere to "transparent, true and trustworthy" and strive to develop as a transparent and credible crowdfunding platform for patients with critical illnesses. In August 2022, we set up the Committee on Transparency Operations, which works to ensure the "truthfulness and transparency of case information, security and transparency of funds, reasonableness and transparency of platform rules". Also, we have established industry service standards and a self-regulatory mechanism, upgraded a comprehensive risk management system, contributing to an open, transparent, honest, trustworthy, healthy and orderly environment for the relief of critical illness.

Crowdfunding Information Verification

Our platform requires the fundraisers to disclose adequate information, including the patient's health conditions, his or her family's financial situation, and medical insurance coverage. It also provides functions such as whistleblowing, validation, comments, and the verification of the contacts in the patient's social network. At the same time, Waterdrop Medical Crowdfunding has established an intelligent verification system based on big data technology and the risk assessment data collected from millions of fundraising cases. The system evaluates risks by cross-checking the authenticity of patient identities and other related information.

Crowdfunding Materials Identification

Waterdrop Medical Crowdfunding, as an industry leader, was among the first to use detection techniques for malicious fundraising risks, and constantly explores innovation. With the help of information technology, we built a number of identification and detection solutions such as commercial promotion identification, asset concealment identification, picture PS identification, and duplicate picture identification to verify the authenticity of cases. This year, the risk incidence rate decreased from 2.5‰ to 0.05‰, which was a relative decline of 98%.

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Dedicated Fund Management and Public Disclosure

To ensure the safety of all funds raised on the platform, Waterdrop Medical Crowdfunding has entered into cooperation with third-party banks to directly transfer assistance funds to dedicated bank accounts. After fund draw-down by applicants, the unused portion should be returned to the platform. Following the principles of openness, fairness and transparency, Waterdrop Medical Crowdfunding will make a public disclosure of unclaimed funds for 90 days. When the period expires, the unused fund will be transferred to charity organizations with similar programs for critical illnesses which can help other patients in need.

This year, Waterdrop Medical Crowdfunding further optimized the method of funds disclosure. After each fund draw-down by the patient, the Bank issued payment certificates for Waterdrop Medical Crowdfunding and the patient. Information such as the patient's fund draw-down, service fee, third-party payment channel fee, and remaining amounts to be withdrawn are displayed on the page, making the flow of funds clear and traceable.

水滴筹 救救这位坚强的白血...		提取账单明细	
筹款总额	35,000元	第1次提现	已到账
• 提现完成	20,000元	2022年9月15日 12:58:52	
扣除平台服务费 ①	-600元	申请提现	10000元
扣除第三方支付通道费 ②	-120元	需要扣除手续费	-360元
已提现到账金额	19,280元	平台服务费	300元
• 提现中	10,000元	第三方支付通道费	60元
• 待提现	5,000元	实际到账	9640元
<small>① 为了水滴筹可持续为用户提供筹款服务, 现试运行收取提现金额5%的服务费(上限5000元)以用于承担平台运营成本</small>		银行打款对账单	

Public Fund Disclosure by Waterdrop Medical Crowdfunding

Risk Escalation System

We have risk escalation criteria for the processes of review, reporting, and customer complaints based on the case risk scenario and risk level. General risk cases are handled by the preliminary review team in a closed loop. Medium and high risk cases, such as those involving high-value assets, sensitive identities and false crowdfunding of applicants, are handled jointly by the emergency response team and the risk management team.

Anti-Fraud Actions

Waterdrop Medical Crowdfunding does not tolerate any suspected illegal and criminal acts, malicious crowdfunding and malicious promotion. Any misconduct found will be subject to investigation, and will be reported to the public security administrations or other relevant authorities, with legal actions taken. We resolutely safeguard the kindness of caring people.

In 2022, Waterdrop Inc., together with the police, cracked the first fraud case of an "illegal crowdfunding intermediary" in China, as well as a number of other fraud cases involving false crowdfunding. The Company cooperated with the police in many places to crack down on 5 gangs impersonating or using Waterdrop Medical Crowdfunding to commit fraud, with more than 60 suspects arrested in total.

Industry Leadership

In October 2022, the China Philanthropy Research Institute of Beijing Normal University, the Hainan Asia Philanthropy Institute and the Waterdrop Critical Illness Research Institute jointly released the first domestic *Research Report on Internet Assistance Service Platforms for Individuals with Critical Illnesses (2022)*. Waterdrop Medical Crowdfunding provided data support for the analysis of the status of the assistance service platforms for individuals with critical illnesses. The report has been widely recognized by the industry upon publication and will guide the assistance service platforms for individuals with critical illnesses toward future development.



The Release of the First Research Report on Internet Assistance Service Platforms for Individuals with Critical Illnesses (2022)



Waterdrop Stories

By the end of the reporting period,

approximately **426 million** people donated to patients through Waterdrop Medical Crowdfunding.

Number of enabled patients through Waterdrop Medical Crowdfunding was over **2.77 million**

Cumulative fundraising amount of Waterdrop Medical Crowdfunding is about **RMB56.9 billion**

Relay of Support

— Wenchuan Earthquake Orphan Becoming a Waterdrop Consultant

Gu Hong is a survivor of the Wenchuan Earthquake, and has since experienced the death of her parents due to cancer, making her life difficult. With the help of caring people and the government, Gu Hong successfully completed her education. In 2022, she joined Waterdrop with the initial intention of giving back and became a crowdfunding consultant. The little girl who survived the Wenchuan Earthquake, is now "Sister Xiaohong" who can bring faith to children with critical illness, sending care for hundreds of fragile lives in the children's hospital.

Gu Hong buys gifts for the children, plays games with them and listens to their hearts. Before chemotherapy, she patiently calms the children, distracts them by telling stories and gives encouragement and support. Apart from that, she also encourages the parents who are struggling with the treatment fees, and teaches them how to raise money and apply for subsidies.

"The most painful thing in the world is to witness the departure of a loved one. I do not want others to go through what I went through." She was young and helpless after the earthquake, and with the help of many caring people, she came out of suffering. Now she helps families suffering from critical illness to be hopeful and encourages them to move forward.



Gu Hong Accompanies the Patient

"1+1" Model

— "1+1" Model to Save a Sick Child

In June 2022, a 13-year-old boy from the rural area was rushed to various hospitals for treatment because of the sudden suspension of his breathing heart due to drowning. However, his parents could not afford the high cost of treatment. At that time, Waterdrop Medical Crowdfunding brought them hope for treatment.

In order to support families with sick children, Waterdrop adopts the "1+1" model, which comprises of one social worker team and one crowdfunding consultant team. The social worker team is responsible for providing professional services such as foundation relief resources to patients, and the crowdfunding consultant team works with patients' families to initiate crowdfunding projects. In the end, we helped the family contact the Shanghai Angel Baby Foundation and completed the crowdfunding on the Waterdrop Medical Crowdfunding platform, solving the immediate needs of the family.

The approach of "crowdfunding of Waterdrop + the assistance of the inter-hospital charity fund" has efficiently solved the financial problems of patients, and has been unanimously recognized by the resident hospitals and the patient's families.

Cycle of Kindness

— Patients' Giving Back after Recovery

The year of 2020 was a turning point of fate for Ding Ying, who was born after 1990. Her husband, Jiang Li, was driving home when he was hit by a truck that ran a red light. Jiang Li suffered severe skull and brain damage, so he was admitted to ICU and fell into a vegetative state. ICU costs were nearly RMB20 thousand per day. As the treatment proceeded, the family was quickly overstretched. In desperation, Ding Ying chose to raise money through Waterdrop Medical Crowdfunding, and received support and advice from Waterdrop Medical Crowdfunding's customer service. Love is so powerful. In 20 days, Ding Ying received crowdfunding that could be used for critical medical treatment.

In the past two years, Ding Ying did not abandon the guardian with love, miraculously woke up her husband, and managed her own farm live to help farmers. On February 26, 2023, Ding Ying returned all the money she had raised to the Waterdrop Medical Crowdfunding Fund platform, and at present, RMB183,022 has been returned to the accounts of 4,055 donors.

E-Find

E-Find is able to provide professional patient recruitment and management services for pharmaceutical R&D, relying on millions of patient groups online and offline, intelligent systems and big data capabilities.

Patient Recruitment

E-Find Patient Recruitment relies on the large patient population served by Waterdrop and the intelligent matching system to recruit patients. This achieves accurate screening, fined management and intelligent matching of patients, significantly improving the efficiency of enrolling patients in clinical trials, and meeting the needs of both patients and pharmaceutical companies. E-Find Patient Recruitment had become the largest third-party recruitment platform in the oncology field in China.

Patient Recruitment and Management Process for Waterdrop



Safety and Compliance Guarantee

In addition to strictly complying with relevant laws and regulations such as the *Medicinal Product Administration Law of the People's Republic of China* and the *Good Clinical Practice*, E-Find also sets up standardized business processes. In this way, E-Find ensures data compliance and adequate protection for personal health and safety. Also, it has passed supplier compliance reviews and on-site audits by dozens of domestic and foreign head pharmaceutical companies.

To ensure data compliance, there is no patient data transfer between Waterdrop Medical Crowdfunding and E-Find. After the patient expresses his or her willingness for clinical trials to the staff of Waterdrop Medical Crowdfunding, the patient registers as a user of E-Find platform independently. Then, E-Find platform can provide follow-up service to the patient.

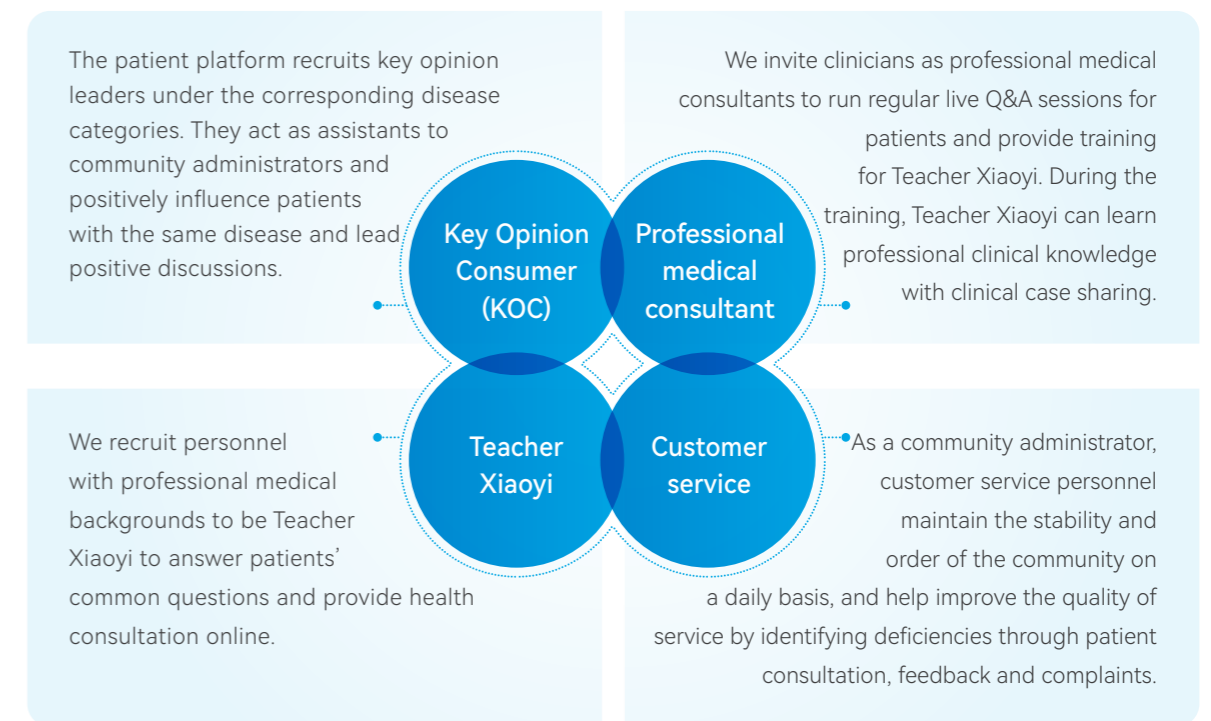
Patient Privacy Protection

E-Find takes security measures to protect users' personal information in accordance with industry standards. We de-identify the user's personal information as soon as it is collected. The information that can be used to recover the identification of individuals is stored separately from the de-identified information, and we have stricter control over information access and usage. When transmitting and storing users' personal information, we protect the privacy of personal information by using encrypted storage, permission control, and secure transfer protocols.

Patient Service

Based on different diseases, E-Find has set up a disease-specific database for knowledge sharing and Q&A sessions. We also have a multi-dimensional service system, where disease content, disease community, disease follow-up and exclusive services are available. This allows us to help patients solve health-related problems other than payment for critical diseases. We deploy public communication channels, with a WeChat official account for the patient, and specialized WeChat official accounts, video accounts and Weibo accounts opened, so that the service matrix is optimized and patients can communicate with us through different channels.

We serve patients using our four-tier service system, so that patients can enjoy our services in a more secure way.



"Teacher Xiaoyi" Helped A One-Year-Old Girl with Leukemia

Case Study

A one-year-old girl has confirmed acute myeloid leukemia with various complications. During chemotherapy, the parents of the girl considered whether to conduct a transplant operation. So, they sought help from the leukemia community on the patient platform, and added the WeChat account of "Teacher Xiaoyi". "Teacher Xiaoyi" thoroughly analyzed the doctor's expertise and the actual conditions of the family, and helped the family to understand the pros and cons of the treatment options on the basis of integrated information. During the critical period of treatment, "Teacher Xiaoyi" brought comfort to the family of the patient, stabilized their emotions, and made the family strengthen the determination to move forward with treatment.

Quality Services

Waterdrop is committed to providing quality and high-standard services to our customers. We compile and issue a series of policies and standards related to customer service and complaint management. Relying on the model of "quality control standards + rewards and punishments", we control the quality of customer service.

Quality control standards

Conform rigorously to the service standards of daily customer service from the perspective of service attitude, service awareness, and business FAQs.

Rewards and punishments

Measures targeting complaints, rewards, quality control red line are in place, so that there are rewards and penalties to motivate staff to improve service quality.

Service Efficiency Improvement

Waterdrop actively develops and applies technology to improve our services. On the one hand, we use intelligent robots to help users solve common problems, saving their time and improving the resolution rate of phone calls. On the other hand, through quality control-supervision complaint case identification algorithm, we use AI technology to monitor and inspect customer communication, urging the team to improve service level and optimize customer experience. During the reporting period, the average monthly telephone customer service satisfaction of Waterdrop Insurance Marketplace and customer satisfaction of Waterdrop Medical Crowdfunding were all more than 95%, and the average solution rate of Waterdrop Insurance Marketplace customer service robot exceeded 70%.

During the reporting period

the average monthly telephone customer service satisfaction of Waterdrop Insurance Marketplace and customer satisfaction of Waterdrop Medical Crowdfunding were all more than

95%

the average solution rate of Waterdrop Insurance Marketplace customer service robot exceeded

70%

Optimize claims service

Waterdrop Inc. pays attention to user needs, we set up a claims complaint response process and improve our claims service based on user suggestions, and effectively take a variety of measures to continuously improve the claims experience. Waterdrop has professional consultants who guide and assist users in claims. If the user has any questions about the conclusion and the amount of the claim after receiving a case closing notice, a professional consultant will give answers and help the user.

Claims complaint handling



The Claims User Center sets up a standardized process for complaint response, specifies the time limit for problem handling, and makes return visits to users after the problem is resolved to ensure that the problem is properly resolved.

Claims assistance expert training



We regularly conduct professional training and quality assessment for offline insurance co-claims experts concerning the field of disease, medicine, compliance and communication skills to continuously improve the professional skills of the claims service team and guarantee service quality.

Claims satisfaction survey

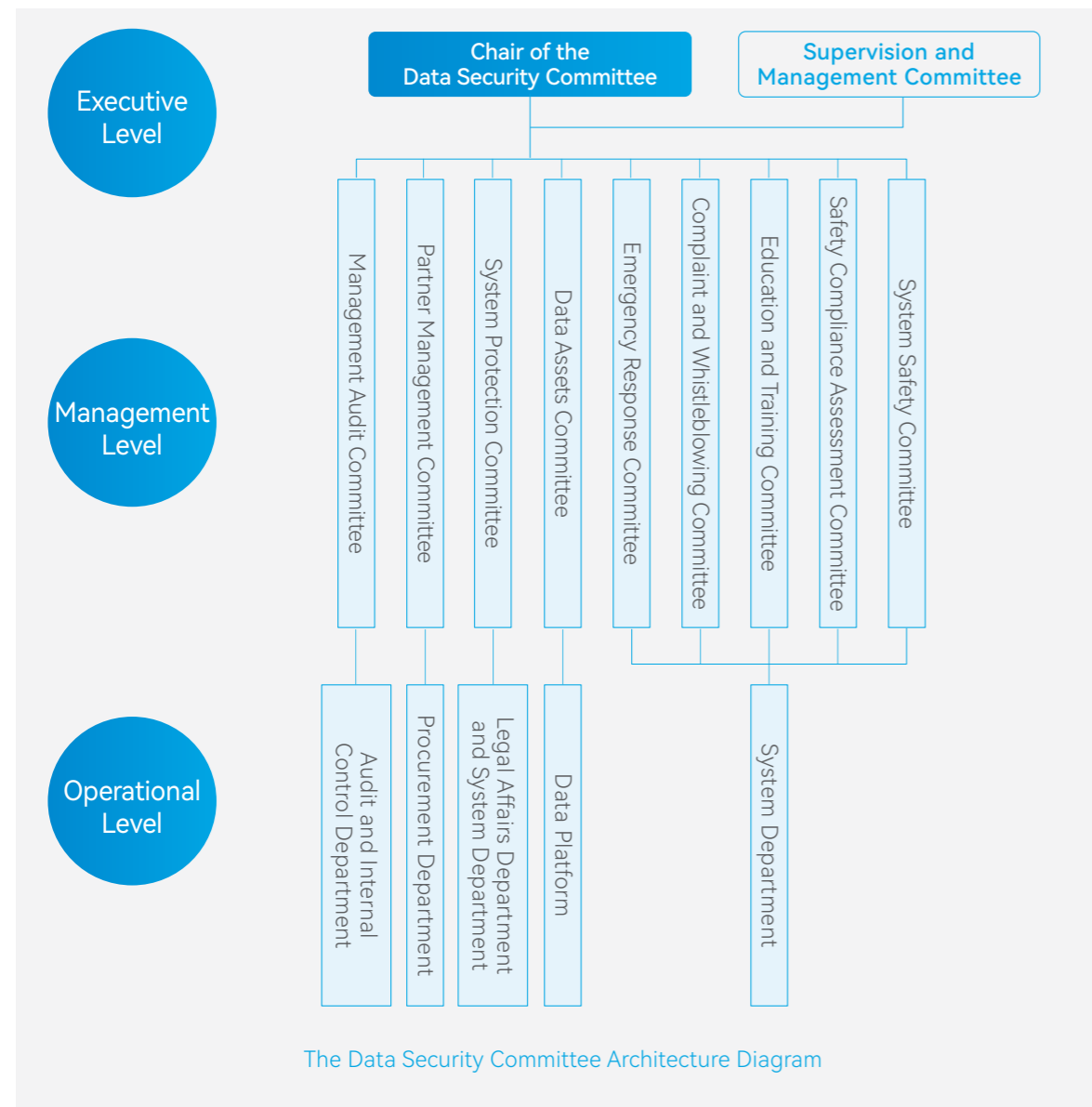


After the settlement of each claim case, we will invite the user to participate in a satisfaction evaluation and collect the user's ratings and comments, and take improvement measures to enhance service quality based on their feedback.



Information Security

Waterdrop attaches great importance to data security and user privacy. The Company has established the Data Security Committee, which is led by the head of R&D and Platform Products Department, and consisted of Data Security Oversight Group, management, and executive level to ensure the independence, objectivity and compliance of data security and privacy management. We established an information security management system, which has passed the Information Security Management System (ISO 27001) certification. Our core business platform has also passed the third-level national information security level protection certification. Our multiple core business platforms have obtained the Information Security Management System (ISO 27001) certification and the Class III information security level protection certification.



Data Security

In accordance with the requirements of laws and regulations such as the *Data Security Law of the People's Republic of China*, the *Cybersecurity Law of the People's Republic of China* and the *Personal Information Protection Law of the People's Republic of China*, Waterdrop has established a comprehensive data security management model covering authorization management, data classification and information encryption. We set up a system account authorization management mechanism and regularly check authorization information. We also formulate the *Measures for the Management of Data Classification* and the *Measures for the Management of Data Authority Approval* to ensure the classified and graded protection based on the sensitivity of data. Besides, we align our management for the storage and use of user data to industry standards. Further, we carry out daily network security monitoring and implement hierarchical management of information security vulnerabilities to prevent network security incidents.



Privacy Protection

Protecting the privacy of our users is critical to our business. Abiding by laws and regulations, we implement internal procedures and control measures to safeguard the privacy of users. Waterdrop has independently formulated corresponding privacy policies for each subject of Waterdrop, including Waterdrop Medical Crowdfunding, Waterdrop Insurance Marketplace, etc., and each Privacy Policy is displayed on the official website, corresponding product APP, applet, WeChat official accounts, H5 page and other platforms to express the rules of personal information processing to users, and solicit user authorization and consent.



We have formulated the *Personal Information Security Compliance Management Measures*, which run through the whole life cycle of information processing to regulate the collection and use of personal information. We have formulated and released the *Data Security Incident Emergency Management Code of Waterdrop Inc.*, which sets out contingency management measures for possible privacy breaches to minimize the negative impact of such incidents. We have introduced the *Data Security Reporting and Complaint Handling Standards of Waterdrop Inc.*, which smooths the reporting acceptance channels, regulates the response and management of reporting complaints.

Information Security Training

Waterdrop works to foster information security culture and raise employee awareness in this regard. We provide employees with targeted information security training based on the information security risks faced by each post. All new employees are required to get trained on information security when on boarding. And we have specific training for those in high-risk posts, who are required to pass the examination before taking the post. In our daily work, we regularly provide training on network and information security awareness and information security management standards for all employees, and conduct security awareness assessments for employees. During the reporting period, the Company has carried out comprehensive information security training for all employees.



Every employee is an important contributor to the Company's development and is the most precious asset. We are committed to protecting and supporting every employee, allowing them to give full play to their talents, make progress and create value in a diversified, equal, inclusive and harmonious working environment, so as to achieve employee growth and enterprise development at the same time.

Response to United Nations Sustainable Development Goals:



Compliant Employment

At Waterdrop Inc., we fully respect and strictly protect the rights and interests of employees. Specifically, we create a fair and inclusive workplace environment for them and retain and attract more talent with our competitive compensation system and comprehensive benefits.

Protection of Rights and Interests

Waterdrop Inc. strictly complies with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Provisions on the Prohibition of Using Child Labor*, and the core labor standard SA8000. Waterdrop signs formal labor contracts with its employees according to the law and formulates the Employee Manual and other HR-related systems to standardize employee management. As a member of the United Nations Global Compact (UNGC), the Company also respects and protects the legitimate rights and interests of employees in accordance with international treaties such as the *Declaration on Fundamental Principles and Rights at Work*, which is drawn up by the International Labour Organization.

In 2022, the Company optimized 7 management policies, including the *Recruitment Management Measures of Waterdrop Inc.*, the *Internal Position Recommendation Management Measures of Waterdrop Inc.*, and the *Talent Flow Program Management Measures of Waterdrop Inc.* In these documents, we clarify the hiring process and add internal recommendation guidelines to further standardize employment management and improve recruitment efficiency.



Equal employment

We are committed to providing a workplace free from discrimination, harassment and any form of abuse. Employees shall be treated equally, regardless of race, religion, gender, age, marital status, or nationality, in terms of recruitment, appointment, training, promotion, working hours, leave, benefits, termination, retirement and other aspects.



Compliance employment

All forms of forced labor and the employment of child labor are strictly prohibited. If a violation of employment is detected, the relevant responsible person will be seriously dealt with according to the severity of the circumstances. The case will be reported to the local labor security administration department for further legal processing. In 2022, there were no violations of human rights, forced labor or child labor in Waterdrop Inc.

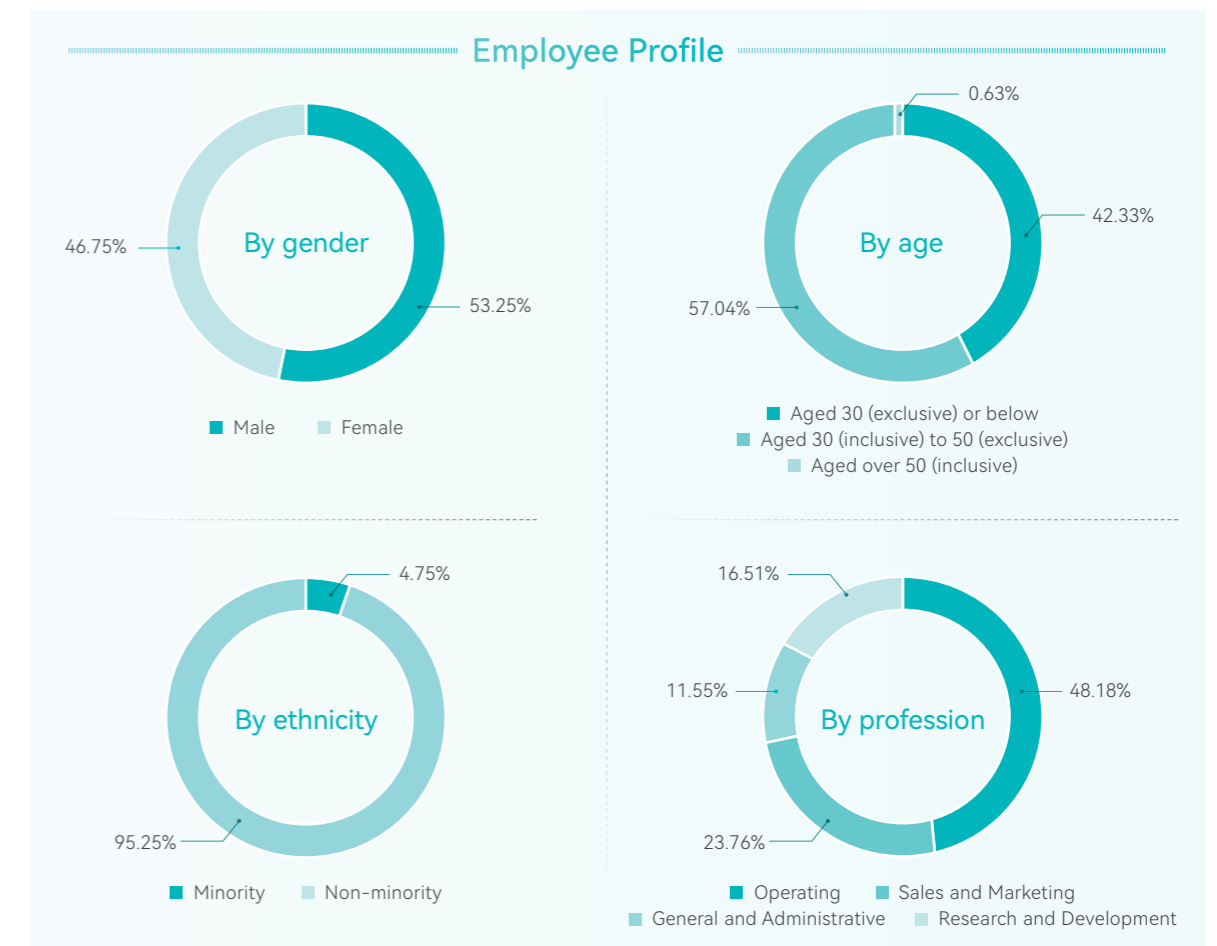
Diversity and Equality

We believe that diversity can bring new vitality to the development of the Company. The Company has always been open to diverse cultures, opinions and perspectives, respecting and accommodating differences, and maximizing the wisdom and strength of the group.

We actively implement gender equality policies and build a gender-friendly corporate system and working environment. We pay attention to the challenges and difficulties that female employees may face in the workplace, provide the necessary support for them, and safeguard their legal rights and interests. In 2022, we set up the Women's Committee to organize a series of activities on Women's Day and launch live courses on women's health to enhance their sense of well-being in the workplace.

Following relevant laws and regulations such as the *Law of the People's Republic of China on the Protection of Disabled Persons* and the *Regulations on the Employment of the Disabled*, we provide work opportunities for people with disabilities, and increase their income which promotes the concrete implementation of China's employment policy for people with disabilities. In 2022, the Company employed 29 employees with disabilities.

By the end of the reporting period, the composition of the Company's employees was as follows:



Remuneration and Benefits

Based on the strategic development needs of the Company and the legal and regulatory requirements of the countries and regions in which we operate, Waterdrop Inc. has established a competitive comprehensive compensation system and standardized compensation management. We adhere to the principle of pay by post and focus on our employees' performance and growth. Based on the concept of "pay for value", we formulate a compensation strategy that matches the Company's performance and the employee's performance.

As humanistic care for employees is important, we provide additional humanized benefits in terms of work environment and healthy lifestyle in addition to statutory social insurance and benefits^③.



On-the-job Benefits

- Health protection**
In addition to the social security and housing provident fund for employees in accordance with the law, employees are provided with a number of health protections, including annual health check, supplementary medical scheme and million-RMB-sized medical insurance.
- Leave benefit**
In addition to regular statutory holidays, annual leave, sick leave, personal leave, marriage leave, funeral leave, maternity leave, paternity leave, parental leave, occupational injury leave, additional paid sick leave and public welfare leave are provided. Employees and interns who have been employed by Waterdrop for one year or more are entitled to seniority benefits annual leave – one day for each full year of service, up to a maximum of ten days.



Warm and Caring

- Life allowance**
Annual rental discounts, overtime taxi reimbursement, etc.
- Workplace facilities**
Lounge area, gym, pantry, snack vending machine, office Starbucks beverage, etc.
- Caring for the female**
Carry out special welfare and health-related activities for women, such as HPV vaccine, traditional Chinese medicine (TCM) consultation, HPV knowledge sharing, etc.

To help employees balance work and family, the Company provides maternity-related leave, including parental leave, maternity leave, paternity leave, lactation leave and etc., and also set up baby care rooms in the workplace. This year, the number of employees on maternity leave and paternity leave and their return rate are as follows:

Data on maternity and paternity leave		
	Male	Female
Number of employees on maternity and paternity leave	80	80
Return rate ^④	100%	99%

③ Statutory social insurance and benefits are applicable to all employees of the Waterdrop Inc. branches, subsidiaries, affiliated companies, peripheral institutions and future established companies or Chinese mainland branches. For employees outside Chinese mainland, the Company provides social insurance and benefits in accordance with relevant local laws and regulations.


④ The return rate refers to the rate of personnel returning to work after the maternity/paternity leave.

Dynamic Workplace

Waterdrop Inc. cares for the physical and mental health of employees. While safeguarding their health and safety, we carry out a variety of employee activities to enhance their sense of happiness and stimulate their creativity. We focus on promoting positive employee relations, providing employees with a smooth communication channel, and listening to their opinions and suggestions.


Safety and Health

Waterdrop believes that it is a fundamental corporate responsibility to create a healthy and safe working environment for employees. This year, the Company improved safety and health management in various aspects including inspection and prevention, insurance and security, and environmental safety based on the relevant laws and regulations such as the *Work Safety Law of the People's Republic of China* and the *Fire Protection Law of the People's Republic of China*. Meanwhile, the Company obtained the Occupational Health and Safety Management System (ISO 45001) certification at major office locations.




Medical checks

Comprehensive health check is provided to regular employee every year. Also, regular online and offline health activities are held, including TCM consultation, massage, free telephone doctor consultations, interpretation of health check report, registration service and other services, which aim to help employees detect hidden health problems early.



Emotional care

We provide free psychological consultation for each employee three times a year, including physical and psychological subhealth, emotional disorders, post-illness emotional guidance, postpartum depression relief ,etc. All the services are handled by professional psychiatrists to relieve staff psychological pressure and provide emotional support.



Environmental safety

We perform regular maintenance and repair of equipment and fire-fighting facilities in office buildings, clean and disinfect office premises, to ensure the safety and hygiene of the workplace environment.

Women's Health and Welfare Activities

Case Study

In 2022, Waterdrop launched women's health welfare activities such as yoga goddess and gynecological consultation and provided online health yoga check-in activities and offline gynecological consultation benefits for female employees to protect their health.

"Health Carnival" Activity

Case Study

Waterdrop organized "Health Carnival" in early 2023, aiming to help employees relax and stay healthy by forms of free doctor consultation, fitness games, etc.



Taking Pulse in TCM



Taking Blood Pressure



Detecting Skin Condition



Playing Hula Hoop

Diversified Activities

The Company carries out a variety of cultural and sports activities to help employees release work pressure and strengthen the connection between employees, employees and the Company to enhance team cohesion.

Waterdrop Basketball Game

Case Study

In 2022, Waterdrop organized the Waterdrop Basketball Game. In the game, players cooperated with each other and performed well, showing the striving spirit of Waterdrop employees. This game enhanced team cohesion while helping employees stay healthy.



Waterdrop Basketball Game in 2022

Waterdrop Inc. Kick-off Day in 2023

Case Study

The Company decorated the office building and held a kick-off celebration on the kick-off day in 2023. During the celebration, management dressed up in holiday costumes and gave out red packets to create a festive atmosphere, mobilize employees' enthusiasm to start work, and bring good fortune and blessings to every employee.



Shen Peng, the CEO, is Giving Out Red Packets to Employees on the Kick-off Day in 2023

"Run Forward, Little Waterdrop" Activity

Case Study

In December 2022, the Company held the first large-scale sports point level challenge and lottery activity: "Run forward, Little Waterdrop". Through mini program step count activity, topic interaction and fun sports, employees actively practiced the "Waterdrop Healthy Spirit". This activity lasted for five days, with nearly 1,000 participants. The activity can not only help employees establish a healthy sports concept, but also enhance employees' sense of identity with the company.



"Run Forward, Little Waterdrop" Activity Poster

Diversified Festival Activities



Chinese New Year
—New Year Gifts



Mid-Autumn Festival
—Mooncake DIY



Mother's Day
—Write a Message for Mom



Qixi Festival
—Summer Romance Project

Launch Party Building Activities



“Expert Interpretation”
—Waterdrop Party Committee Invites
Experts for Policy Interpretation



Waterdrop Pioneer Celebration
—Review the Admission Oath of the CPC



Blessing activities
—“Oath sent to Tian ‘anmen”
blessing activities



Red "Engine"
—“Senior executive learning
to promote action" Activity

Equal Communication

The Company protects employees' rights of knowing, participation, privacy, expression and supervision. We listen to each employee with clear communication systems, such as face-to-face meetings, labor union and cross-department communication. Meanwhile, we regularly issue the Company's publications, such as "Waterdrop Reference", to enrich employees' knowledge and help employees further understand the Company's dynamics. Standing in employees' shoes, our labor union is responsible for supervising the protection of employees' rights and interests, developing policies related to employees' vital interests from the perspective of employees, and offering opinions and suggestions to the management on enhancing employees' rights and interest protection, protecting occupational health and safety and promoting employee benefits.

We provide employees with a fair, efficient and equal complaint handling mechanism. Upon receiving a complaint, the compliant handling department will investigate the complaint immediately, verify the claim and deal with any confirmed complaint properly to safeguard employees' rights and interests. The departments and personnel in charge should keep the complaint strictly confidential. Any person who infringes upon the rights and interests of an employee will be punished by laws, regulations, and rules of the Company.

Waterdrop "CEO Face-to-Face" Activity

Case Study

To set up an effective communication channel between senior management and grassroots employees, through which employees' voices could be heard and important decisions are delivered to the grassroots in a timely manner, the Company organizes the "CEO face-to-face" activity regularly for all employees.

Through the "CEO face-to-face" activity, senior managements are able to share our recent events, strategic direction and corporate culture, and employees are able to make reasonable opinions and suggestions during Q&A. In addition, it narrows the distance between senior management and grassroots employees and lays the foundation for all Waterdrop employees to work together.



"CEO Face-to-Face" Activity

The Health of the Organizational Effectiveness Diagnosis and Survey

Case Study

In 2022, Waterdrop initiated a project to assess the health of the organizational effectiveness. This project aimed at helping the Company to understand the organizational health observed by employees at different levels, the impact of management activities on organizational health, values of employees in the organization. The Company adjusted the organizational management based on the survey results to improve the effectiveness and agility of the organization.

Growing Together

Waterdrop has built a broad development platform that provides support for employees to explore suitable career development paths. To achieve employees' and the Company's growth together, the Company has established a scientific and reasonable performance appraisal and promotion mechanism, which not only provides equal opportunities for employees but also encourages them to create value.

On-Going Training

We have developed a comprehensive talent training system for our employees to support their sustained growth and self-worth realization, including professional skills, general skills and leadership skills.

This year, the Company improved the training system in respect of training management, trainer resources and course optimization to enhance the talents cultivation ability. In addition to internal training, we encourage employees' self-improvement for their professional abilities by supporting them to obtain vocational qualifications. Meanwhile, we organized pre-exam training and provided subsidies to help crowdfunding consultants in the Waterdrop Medical Crowdfunding Service Department to encourage employees to obtain vocational qualification certificates and enhance professional quality.

Growth System

New recruits

Develop the *Waterdrop Administrative Measures on Orientation Training for New Recruits*, which specifies the trainings process and assessment requirements for newcomers to help them quickly learn about the Company's corporate culture, business overview and professional knowledge and accelerate the integration into the work environment.

Professional Skills

Conduct professional training for various positions

Add a training project for R&D front-line management to help them enhance professional ability

General Skills

Strengthen employees' high-productivity thinking and behavioral habits through classic methodologies and knowledge models

Provide general competence training and lectures from cross-border experts for regular employees

Leadership Skills

Organize training covering strategic planning, business cognition and organizational management for senior management, such as partners, business group managers

Organize training covering strategy decoding, strategy making and cultural development for middle management, such as functional managers

Organize training covering role cognition, objective management, team building and performance management for grassroots and front-line managers



Training Management

The Company has issued the *Waterdrop E-learning Management Measures* to standardize management of instructors, courses, and operation resources. For sustained growth, the Company has given full play to the advantages of e-learning and mobile learning to improve employees' vocational quality and professional skills.

Instructor Resources

In addition to inviting external training institutions and individual instructors, the Company also selects high-quality part-time instructors to join our training system to build a team with high-quality internal instructors. This year, the Company updated the *Waterdrop Management Measures on Internal Part-time Instructors*, detailed the selection and certification process of internal instructors, and attracted excellent and professional employees who want to join the internal instructor team. Also, the Company optimized the incentive form of internal instructors to encourage internal instructor to enrich the course content and enhance the training experience.

Courses Optimization

To further improve the content quality and quantity on the learning platform, the Company launched in 2022 the first session of Waterdrop V-Talk Contest centering on workplace efficiency, position-based skills, insurance sector, medical sector, management skills and cultural system. The Contest attracted 63 participants and picked out 10 micro-lesson works, which were published on the Waterdrop Academy Platform for learning by employees. This activity not only enriched the course resources, but also stimulated the enthusiasm of employees to develop micro-lessons.



First Session of Waterdrop V-Talk Contest

Training on Business Operation Review

In 2022, the Company invited famous research experts from learning organizations to give training on business operation review for Waterdrop middle management. The training combined review learning with business operation review practice, promoting both learning transformation and business strategy iteration.



Waterdrop Academy - Training on Business Operation Review

Class S Management Case Workshop

Case Study

In 2022, the Company set up the Class S Management Case Workshop to select and discuss typical problems in daily management scenarios. It could not only address the actual management pain points, but also help grassroots managers to improve their management ability and adapt to the role transformation from individual contributors to managers.



Class S Management Case Workshop

Career Development

In strict accordance with *Waterdrop Performance Policy* and *Waterdrop Performance Appraisal Program* and related policies, the Company evaluates employees' performance objectively. Through performance management, employees are promoted to continuously improve their business capabilities and grow together with the Company.

Objective and fair performance appraisal

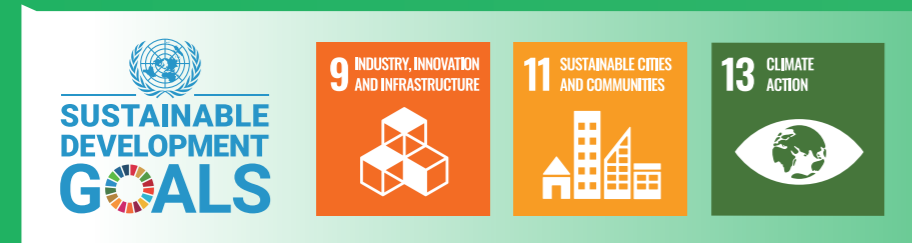
Carry out monthly, quarterly and semi-annual performance appraisals depending on the nature of employees' post characteristics; comprehensively evaluate employees through individual work summary, self-evaluation, feedback from subordinates and collaborators and rating by superiors to keep improving the appraisal objectivity and fairness; set up goal-based incentives to encourage employees to create more value.

Open communication and mutual improvement

Set up the performance communication process to deliver the performance appraisal result clearly and transparently to the corresponding employee; open the channel for employee complaints, which employees who have doubts about the performance appraisal results can apply to the HR and Organization Development Department. The departments involved will recheck the results and provide feedback to related applicants within the corresponding time limit.

In response to the United Nations Sustainable Development Goals and national carbon peaking and carbon neutrality strategy, Waterdrop Inc. endeavours to minimize the impact of our operations on the environment through environmental management, green office, awareness advocacy and other means. Facing the challenges posed by global climate change, the Company identifies and copes with relevant risks, planning for long-term sustainable development.

Response to United Nations Sustainable Development Goals:



Green Operation

"Once the carbon peaking and carbon neutrality goal is achieved, it will certainly change the way we produce and live in the future, and ultimately the destiny of mankind. It's not only a due responsibility of every enterprise, but also a great opportunity we cannot neglect. This trend is bound to generate plenty of new opportunities and foster great new companies."

—Shen Peng, the founder and CEO of Waterdrop Inc., delivered a speech at the UNGC Leaders Summit

Adhering to the eco-friendly principle, Waterdrop Inc. strictly abides by the *Energy Conservation Law of the People's Republic of China*, the *Environmental Protection Law of the People's Republic of China* and other relevant laws & regulations and keeps improving the environmental management system that advocates low-carbon and green operations and working modes. In daily office work, we keep exploring the potential of energy conservation and emission reduction, fulfilling national and industrial green development strategies with practical actions. In the future, we will continue to respond to the national carbon peaking and carbon neutrality strategy and actively take action to promote the green and sustainable development of society and enterprises.

Resources Saving

As a non-production enterprise, the Company's resource consumption mainly comes from the purchased electricity, water resources and office supplies consumed by office operations. With great importance attached to energy conservation and consumption reduction, the Company manages daily resource consumption and improves resource efficiency in a scientific way.

The Company implemented a number of energy conservation and emission reduction measures this year

Water saving



- ◆ Renovate water-saving facilities in the toilets of Beijing office to control the single water discharge volume.
- ◆ Regularly check the water facilities in buildings and promptly repair or replace faulty devices.

Electricity saving



- ◆ Increase office patrols after 20:00 and turn off lights in unoccupied office areas.
- ◆ Gradually replace the traditional lighting with LED to save electricity; all lighting facilities are expected to be replaced by LED lighting by the end of 2023.
- ◆ Upgrade air conditioners in certain office buildings to control the running time and temperature; turn off air conditioners in unoccupied office areas and on weekends.

Since 2021, Waterdrop has started promoting the paperless office to reduce paper use by encouraging the use of electronic office data and e-signature. As a result, the annual paper use was reduced by 63.75 kg compared with last year, with a year-on-year decrease of 56.04%.



Paperless meeting

Encourage online meetings with electronic meeting materials.



Paperless working

Use electronic internal documents, employee e-payslips and e-stamps.



Paperless training

Promote use of online training platform and e-training materials.



Paperless life

Reduce the use of disposable paper cups, lunch boxes, etc.

Waste Management

The Company classifies and disposes of hazardous and non-hazardous wastes in compliance with applicable national laws & regulations and company policies on waste management.

Office garbage and other non-hazardous wastes are packaged and transported by suppliers to the garbage disposal station, and then recycled and disposed of intensively by the cleaning company. For hazardous wastes, such as toner cartridge, ink cartridge and lead-acid battery, we employ qualified third parties for compliance disposal. For waste electronic equipment, we've specified disposal or recycling requirements in our *Fixed Assets Management Policy of Waterdrop Inc.* for resource recycling and harmless disposal.



Waste Classification and Recycling

Green Procurement

The Company highly values and implements green procurement. We give priority to equipment and materials that are reliable in quality, energy-saving, efficient and green during purchasing, and regularly evaluate suppliers.



Material selection

Select qualified materials in line with national environmental standards and cooperate with quality environmental suppliers, and offer reports on environmental testing, and strictly go through inspection and acceptance procedures for material entry.



Furniture selection

Select qualified products in line with national environmental standards, especially following higher environmental standards in selecting main materials like plates and carpets and preferentially choose products with low carbon emission labels.



Office supplies selection

Preferentially select environmentally certified products such as Sustainable Forest Certification (FSC) in the case of consistent quality, price and other usage requirements.

Promotion of Environmental Awareness

Sufficient awareness raising leads to an increase in daily environmental behaviours. Waterdrop attaches importance to environmental awareness publicity, we promote environmental protection concepts by posting reminders in the workplace and carrying out related training, emphasizing the basic consciousness of "environmental protection is everyone's responsibility". In addition, the Company actively participates in training programs carried out by environmental protection agencies at home and abroad to learn about domestic and international environment policies and sustainable development paths, and strives to integrate them into our development plan.

In 2022, the Company put more effort into the promotion of environmental awareness, both sessions and hours of environmental training were increased compared with last year.



Climate Ambition Accelerator (CAA) Program of United Nations Global Compact (UNGC)

Case Study

In 2022, Waterdrop Inc. participated in the CAA program organized by UNGC, and passed the CAA program in the first phase with more than 20 other Chinese companies. the Company expanded its global perspective on sustainability and learned about the best practices of leading companies, providing support to our future climate actions.



Completion Certificate of CAA Program

Green Finance Training Themed on Integrated Development Trend of Green Finance and Technology

Case Study

In 2022, Waterdrop Inc. and International Institute of Green Finance (IIGF), Central University of Finance and Economics jointly carried out an online training themed on *the Integrated Development Trend of Green Finance and Technology*.

The training mainly introduced the developing background and the current situation of green finance and financial technology, combined with domestic and foreign macroeconomic environment and needs, focused on the discussion of green financial technology and application, and put forward specific diversified and scenario-based landing suggestions for the future integration and development of green finance and technology.

Through the course, Waterdrop employees had a clearer and more comprehensive understanding of green finance, fully realized the national importance of green finance. It is also recognized that the insurance industry is an important area that green finance needs to pay attention to and make efforts.



"Waterdrop Inc. will implement the national decision and deployment of green finance, further improve the Company's environmental management through the establishment of environmental management system and climate risk management system, and support the green, low-carbon and high-quality development of the economy and society."

—Guo Nanyang, the Partner and Vice President of Waterdrop Inc. in the training speech

Training Themed on the Integrated Development Trend of Green Finance and Technology



Climate-Related Financial Disclosure

Climate change brings us realistic, severe and far-reaching challenges. The international community has now become more aware of the severity and urgency of the climate crisis. The 27th session of the Conference of the Parties of the United Nations Framework Convention on Climate Change (UNFCCC), held in 2022, focused on the theme of "Implementation", and stressed that all parties should effectively take actions based on the goals and cooperate to address the urgent challenges of climate change.

Facing the challenge of global climate change, Waterdrop Inc. has established a climate change management system by referring to the recommended framework of the Task Force on Climate-Related Financial Disclosure (TCFD), including such contents as governance, strategy, risk identification and management, metrics, and targets. At the Company level, we actively identify, assess, and manage the impact of climate change-related physical and transition risks on our operations and businesses, and make risk management and strategic planning in active response to climate change to seize new opportunities.

- Governance**
- ◆ The Board of Directors is responsible for overseeing climate risk, including management guidelines, policies, strategies, targets, risks & opportunities, action plans and other major decisions relating to climate change.
 - ◆ The ESG Committee is responsible for reviewing progress on climate change, coordinating the planning, promotion, and implementation of climate change-related work, and regularly reporting the progress of ESG work to the Board of Directors.
 - ◆ The ESG working group and the ESG execution department implement and advance specific work on addressing climate change.

- Strategy**
- ◆ Identify the impact of climate change on the Company's operations and business, and fully consider the response mechanism in the Company's development strategy.
- Support low-carbon development and transformation by practicing low-carbon operations and making full use of the capabilities & resources of each business field.

- Risk Management**
- ◆ Identify and evaluate major risks and opportunities posed by climate change to the Company's operations and business and formulate relevant management responses by referring to TCFD recommendations.

- Metrics and Targets**
- ◆ Disclose data and information related to energy consumption and greenhouse gas emissions and set management metrics and targets corresponding to major climate risks & opportunities.
 - ◆ Annual performance of climate-related metrics:

Electricity consumption per unit area	Greenhouse gas emissions per unit area
63.0 kWh/m ²	0.04 ton CO _{2e} /m ²

Risks and opportunities of climate change

Potential impact

Response

Physical risks

The risk of extreme weather intensifies, and the Company's real assets and resources (water and electricity, etc.) required for operations may be damaged by extreme climate disasters such as typhoons and floods, resulting in property loss or operation interruption, which may further increase the cost of operation and maintenance.

At the same time, extreme weather events brought by physical risks may threaten the health and safety of employees, affect daily operations and bring potential lawsuits or compensation against the Company.

To mitigate the impact of such risks, the Company assesses the risk exposure of physical assets and insures them. Meanwhile, we make emergency plans in advance to ensure the normal operation of the office building under extreme circumstances.

The Company monitors weather conditions and reminds employees of extreme weather in time, and regularly conducts training on safety, emergency drills and rescue to ensure the health and safety of employees.

Transition risks

With continuous introduction of environmental and climate-related policies, compliance requirements (such as stricter carbon neutrality policies and carbon taxes, etc. in the future) have become a major trend in domestic and foreign economic markets. Failure to identify laws & regulations in time may result in the risk of violation and incur fines. In addition, the costs associated with compliance operation may increase.

The Company keeps following up on the changes of domestic and foreign climate-related policies, and has formulated standardized management requirements in corporate governance, compliance operation, supplier management, employee management, green and low-carbon, and actively implements energy conservation and emission reduction actions, supporting the green, low-carbon and high-quality development of the society.

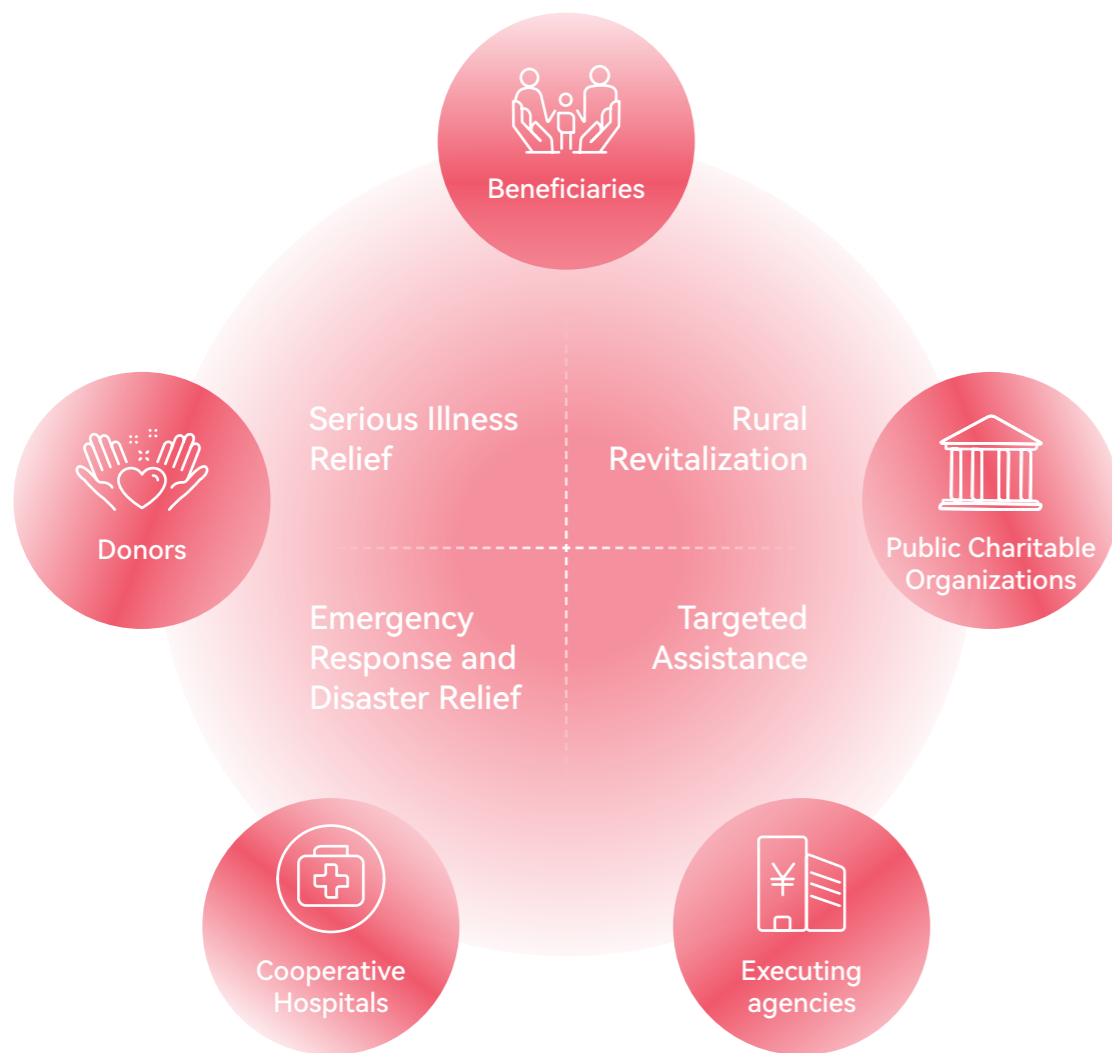
Opportunities

As climate change intensifies, new risks to human health, safety and disease may increase. More people will pay attention to the health protection of themselves and their families, and the demand for life insurance, health insurance and other related insurance may increase accordingly, thus bringing new opportunities for the Company to expand businesses such as insurance, serious illness relief and pharmaceutical innovation.

The Company pays close attention to the changes in market trends, and keeps developing new businesses such as insurance, serious illness relief and pharmaceutical innovation, creating opportunities for the Company's development while securing social health and safety.

Waterdrop Charity

In May 2018, Waterdrop Charity Platform became an Internet public fundraising information platform for charitable organizations designated by the Ministry of Civil Affairs. Waterdrop Charity integrates public welfare resources through multiple channels and calls on the public to participate in public welfare activities. As an influential Internet charity platform, Waterdrop Charity initiates fundraising among the public based on social networks and provides all-around support for public welfare organizations across the country. Waterdrop Charity is committed to making full use of Internet technology, discovering innovative public welfare models, and carrying out public welfare projects focussing on serious illness relief, rural revitalization, emergency response and disaster relief, and targeted assistance, in order to contribute to social well-being.



Waterdrop Charity Platform System

Waterdrop Inc. Social Welfare Performance Highlights in 2022



Total funds raised through
Waterdrop Charity Platform
(RMB in millions)

87.66



Number of public welfare
projects launched by
Waterdrop Charity Platform

1,244



Number of public welfare
projects that raise funds on
Waterdrop Charity Platform

2,790



Number of public charitable
organizations that raise funds on
Waterdrop Charity Platform

51



Waterdrop Charity
WeChat Official Account



Waterdrop Charity
WeChat Mini Program



Waterdrop Charity
Official Website

Rural Revitalization

Rural health undertaking is vital to the development of rural revitalization and "Healthy China". Responding to national strategies, Waterdrop Inc. works with partners and utilizes business advantages to create social values. This year, the Company actively supported rural revitalization through rural revitalization insurance, rural clinic, and other key projects.

Rural Revitalization Insurance

"Waterdrop Rural Revitalization Insurance" provides medical expenses reimbursement for rural residents of different ages, lifting the limits on medical history, guaranteeing the treatment of critical illness for rural residents.

Mengjiazhuang Village in Chengde County of Hebei Province is the first pilot site of "Waterdrop Rural Revitalization Insurance". The insurance provides a maximum coverage of RMB200,000, benefiting over 1,800 villagers. Meanwhile, Waterdrop launched the green channel service for serious diseases this year to further optimize the coverage and claim settlement scheme of rural revitalization insurance, assisting seriously ill patients in Mengjiazhuang Village to register in hospitals quickly. This project effectively relieves villagers' pressure of diagnosis and treatment and provides continuous assistance and care for the local community.

Rural Clinic

Waterdrop Rural Clinic is aimed at building clinics in rural areas that provide emergency and minor injury treatment. We provide medical equipment and first aid training and strengthen publicity to enhance rural residents' awareness of health and hygiene.



Waterdrop Rural Clinic

By the end of the reporting period,

the Company had built

103 rural clinics in **19** provinces and regions

benefiting over

300,000 people



Scan the Code to Watch Videos of Waterdrop Rural Clinic

The Company launches "the Charitable Plan of a Thousand Rural Clinics in a Hundred Counties", and will build

1,000 rural clinics in **100** counties across the country by 2030

making greater contributions to rural revitalization.

Waterdrop Rural Clinics Landed in Lankao County of Henan Province Case Study

In July 2022, Waterdrop Charity worked with partners in public welfare sectors to donate 10 rural clinics to Lankao County of Henan Province, and each clinic was equipped with medical and network equipment amounting worth RMB50,000. We gave standardized emergency first aid specialist training for medical staff. The project has improved the first aid capacity of village clinics in Lankao County, supporting the health and welfare of local people.



Waterdrop Rural Clinics Completed in Lankao County of Henan Province

Emergency Response and Disaster Relief

Waterdrop Inc. takes a proactive approach to fulfill its social responsibility for disaster relief. We gather forces from various parties, such as caring enterprises, public charitable organizations and caring netizens, to initiate public welfare projects to raise funds and donate materials to help the disaster areas.

Gathering Forces to Support Earthquake-Stricken Areas in Luding County Case Study

In September 2022, Waterdrop Inc. cooperated with Shenzhen One Foundation, China Social Assistance Foundation, Beijing Peaceland Foundation, and other charitable organizations to launch a public fundraising project for the earthquake-stricken areas in Luding County. As of September 15, 2022, over 100 thousand caring netizens participated in the donation and raised nearly RMB3 million. With the support of all walks of society, the earthquake-affected people were properly relocated.



Waterdrop Charity Cooperated with Charitable Organizations to Support Earthquake-Stricken Areas in Luding County

During the pandemic, Waterdrop Inc. joined hands with all walks of life to fight against COVID-19. We actively organized employees to participate in voluntary services during nucleic acid testing and other anti-pandemic actions and called on multiple charitable institutions and organizations to raise funds and donate anti-pandemic materials.

Targeted Assistance

Waterdrop Inc. and China Charity Federation jointly launched the Common Hero Protection Program, aiming at providing support and rewards for people who perform acts of kindness in their daily lives.

Funding Scheme of Common Hero Protection Program

Emergency

Provide funding to people who stick to their posts in sudden emergencies, such as firefighters injured in fire rescue or medical staff suffering from a sudden illness at work.

People who perform acts of kindness in daily life but have been in trouble for a long time

Non-emergency



Common Hero Protection Program Rewarded the Fire Fighting Hero Case Study

In November 2022, a courier in Baoding, Hebei Province, came across a fire in a factory building on his way to deliver goods, and he volunteered to put out the fire. After learning about his deeds, the Common Hero Protection Program of Waterdrop Inc., together with Yanzhao Metropolis Daily granted the honor of "Common Hero" and issued rewards to him, paying tribute to the extraordinary actions of ordinary people.



"Common Hero" Certificate

Public Welfare Promotion

Waterdrop Inc., depending on its rich experience and resources in the field of social welfare, cooperated with outstanding enterprises to jointly initiate a number of charity projects to promote the development of public welfare undertakings. In terms of educational undertaking, we established cooperative partnerships with Tsinghua University and other higher learning and research institutions. We joined hands with influential community ambassadors to carry out a series of public welfare promotion activities, advocated the idea of gathering small kindness and passing great love, and called on more people to care about and support public welfare undertakings.

Taking the Lead to Establish "Capital Internet Charity Consortium" Case Study

In September 2022, the "Capital Internet Charity Consortium" was established under the guidance of the Social Work Committee of Beijing Municipal Committee and Beijing Municipal Civil Affairs Bureau, led by Waterdrop Inc. and co-sponsored by a number of Internet companies. By linking Internet enterprise resources, the Union realizes mutual assistance between charity undertaking and the Internet, leading the development of the Internet charity industry and the support and participation of the whole society in the charity undertaking. In the next five years, the Union will provide RMB300 million of public welfare funds, contributing to common prosperity for everyone.



Waterdrop Inc. Took the Lead in Establishing "Capital Internet Charity Consortium"

"All for Children's Dream - Blue Sunflower Protection Program"

Case Study

In November 2022, Waterdrop Charity and POPMART joined hands with China Charity Federation to launch the "All for Children's Dream - Blue Sunflower Protection Program". Through crossover cooperation with caring enterprises, we created public welfare IP projects, combining "designer toy + public welfare" to help children with critical illnesses in hospitals to adapt to the medical scene, with a variety of designer toys and hospital-based activities to deliver warmth to children in major hospitals across the country.



"All for Children's Dream - Blue Sunflower Protection Program"

Waterdrop Xiaoshan Day



By the end of 2022, more than **130 million** caring people had brought hope to patients with critical illnesses and their families.

"Waterdrop Xiaoshan Day" is an Internet charity assistance action initiated by Waterdrop in 2018. The 11th of every month is "Waterdrop Xiaoshan Day", with a different theme each time, linking celebrities and opinion leaders who are passionate about public welfare to call for small acts of kindness around them. The platform pays tribute to the good deeds of caring users. During the campaign period, the platform concentrates its resources on promoting and publicizing related projects to help gain more attention and support for patients and their families in need of help. In 2022, the platform held 12 "Waterdrop Xiaoshan Day" events, which engaged 12 artists and brought more than 120 projects online. By the end of 2022, more than 130 million donors had brought hope to patients with critical illnesses and their families.



A number of stars served as "Waterdrop Xiaoshan Day" love ambassador

Waterdrop Xiaoshan Behaviors



"Waterdrop Xiaoshan Behaviors" refers to a series of doctor and patient caring activities initiated jointly by Waterdrop Inc. as well as public welfare and charity organizations. In the current year, the Company initiated 9 events of "Waterdrop Xiaoshan Behaviors". In the events, the Company engaged more than 20 artists to serve as "Public Welfare Ambassadors of Xiaoshan Behaviors", and worked with public welfare and charity organizations as well as caring enterprises to visit doctors and patients in more than 260 hospitals.

In May 2022, we worked with China Charity Federation to initiate the "Waterdrop Xiaoshan Behaviors - Public Welfare Action of Nurse Caring" to jointly celebrate International Nurses Day. In the event, we worked together with our kind partners to take professional profile photos for nurses and show our respect to the hard-working front-line doctors and nurses.

In the future, through the activities of "Waterdrop Xiaoshan Behaviors", the Company will involve more and more individuals in helping patients with critical illnesses and contribute to building "Healthy China".



"Waterdrop Xiaoshan Behaviors" - Public Welfare Action of Nurse Caring



"Waterdrop Xiaoshan Behaviors" -Public Welfare Action of Patient Caring

In the current year, the Company initiated **9** events of "Waterdrop Xiaoshan Behaviors".

In the events, the Company engaged more than **20** artists to serve as "Public Welfare Ambassadors of Xiaoshan Behaviors",

worked with public welfare and charity organizations as well as caring enterprises to visit doctors and patients in more than **260** hospitals



Focus on Aiding Patients with Critical Illnesses, and Prevent Them from Returning to Poverty Due to Illnesses

In order to solve the medical burden for the general public, China has established a basic medical insurance system. In recent years, the participation rate of basic medical insurance has remained stable at around 95 percent. However, the average cost of medical treatment of critical diseases is relatively high, and patients with major diseases face a heavy burden of medical expenses and the risk of returning to poverty due to illness. Together with government institutions, the state-owned media of China, public charitable organizations and multiple executing agencies, Waterdrop Inc. pushes forward the "Serious Illness Relief" model and solves the problem of returning to poverty due to critical illness based on its unique resources such as patients, hospitals, offline consultants, and social workers. Meanwhile, the Company pays close attention to the aid for special groups and takes multiple measures to provide assistance and care for patients and their families.

By the end of the reporting period



Number of patients enabled by Waterdrop Medical Crowdfunding
over 2.77 million

Cumulative amount raised by Waterdrop Medical Crowdfunding was
about RMB 56.9 billion

Waterdrop serious illness relief service station and people's relief service station cooperation hospital:

more than 350

Waterdrop Charity and the Beijing Illness Challenge Foundation jointly assisted

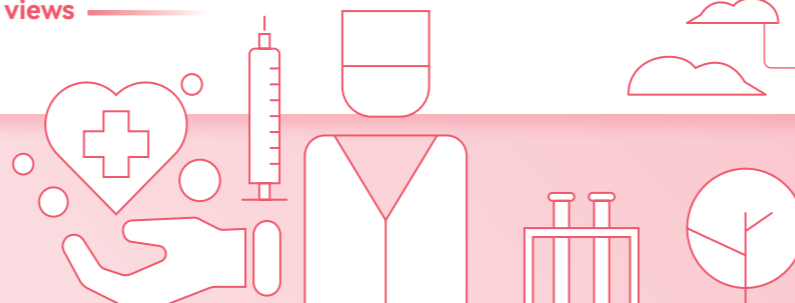
318 patients with rare diseases and allocated **more than RMB 5.31 million**

Charitable Medical Aid

Waterdrop works with charities and the media to provide medical aid to those suffering from critical illnesses. By developing a multi-party cooperation model of "social fund-raising + public welfare relief" to help doctors and patients, we have further integrated and improved the resources and mechanism of charitable medical aid, alleviating the difficulty of accessing medical care for the needy. The Company has also established "Waterdrop Medical Crowdfunding serious illness relief service stations" and "special public welfare assistance program for children" to provide targeted services to people in need. By the end of the reporting period, the reports related to the Waterdrop medical aid for critical illnesses exposed by China's state media received over 100 million views.

By the end of the reporting period, the reports related to the Waterdrop medical aid for critical illnesses exposed by China's state media received

over 100 million views



Public Welfare Project of Rehabilitation Medical Treatment and Serious Illness Relief for Disabled Persons in Zhejiang Province

Case Study

On March 3, 2022, the "Public Welfare Project of Rehabilitation Medical Treatment and Serious Illness Relief for Disabled Persons in Zhejiang Province" jointly initiated by Zhejiang Foundation for Disabled Persons, Zhejiang Medical Association and Waterdrop Inc. was officially launched. The project targets patients with critical illnesses in the partner hospitals, who will receive certain medical expense assistance and living allowances based on the definition of critical illnesses by Chinese government. In addition, regular rehabilitation medical training for disabled persons is carried out to facilitate the development of rehabilitation medical treatment for disabled persons in Zhejiang Province.



Official Launching of the "Public Welfare Project of Rehabilitation Medical Treatment and Serious Illness Relief for Disabled Persons in Zhejiang Province"

Aid for Special Groups

Through the in-depth cooperation with public welfare organizations, Waterdrop Inc. focuses on aiding special groups and families, and provides patients and their families with comprehensive assistance and care. Focusing on people suffering from rare diseases, we push forward the construction of medical protection system for rare diseases and provide financial aid and care for patients.

Medical Assistance Project for Rare Diseases

Case Study

In February 2022, the Waterdrop Charity Platform worked with the Illness Challenge Foundation to carry out the "Medical Assistance Project for Rare Diseases" and provide referral of medical resources, financial aid for individual cases and other all-around support for all people with rare diseases. The project attempts to complement the multi-level protection system for rare diseases. So far, the project has started pilots in Shandong, Shanxi, Zhejiang and Jiangsu provinces, laying the foundation for nationwide application including multi-party co-payment and charitable aid. By the end of the reporting period, Waterdrop Charity had cooperated with the Illness Challenge Foundation to help 318 patients with rare diseases in 32 categories and allocated assistance funds of more than RMB5,310 thousand.



Launching Ceremony of the Special Assistance Project for Rare Diseases in Jiangsu Province

Family Support Program for People with Intellectual or Mental Disabilities Case Study

Jointly launched by the Waterdrop Charity Platform and Shenzhen One Foundation the Family Support Program for People with Intellectual or Mental Disabilities focuses on building resource centers and parent contacting stations and works with partners to establish a nationwide "three-tier support network for people with intellectual and mental disabilities" to contribute to the social inclusion and life improvement for intellectually or mentally challenged people and their families. In February 2023, together with multiple partners, the Waterdrop Charity Platform issued the first "Manual of Supporting Resources for Families with Intellectually or Mentally Challenged Members" to provide useful information and advice for those in need. By the end of the reporting period, the Waterdrop Charity Platform had raised more than RMB10 million, established more than 40 family resource centers, and served more than 58 thousand people with intellectual or mental disabilities and more than 66 thousand parents.



"Family Support Program for People with Intellectual or Mental Disabilities"

"Waterdrop Crowdfunding & the Party" Project for New Forms of Employment Group Case Study

Waterdrop Inc. pays continuous attention to the protection of new forms of employment group. In 2022, under the guidance of the Party Committee of Beijing Chaoyang District for the Internet industry, the Waterdrop Party Committee carried out the party-building brand project of "Combined Efforts of Waterdrop Crowdfunding & the Party" to explore the establishment of a socialized relief system and health service system for new forms of employment group. The Company has started the Waterdrop Crowdfunding green channel service to help the groups in need to raise money conveniently and efficiently, and invested funds to provide assistance to the needy people from the new forms of employment group in Chaoyang District, so as to enhance the ability of the needy families to resist the risk of critical illness, and bring into play the power of social assistance. We also carried out condolence activities to send warmth and care to needy families.



Spring Festival Condolence Activities for Groups in New Forms of Employment in the Chaoyang District, Beijing

Appendix

KPI Table

Environment^①

KPIs	Unit	2020	2021	2022
Electricity consumption	kWh	705,320	625,405	790,639 ^②
Electricity consumption per unit area	kWh/ m ²	56.2	49.9	63.0
Total greenhouse gas emissions	Ton CO ₂ e	/	/	450.9 ^③
Greenhouse gas emissions per unit area	Ton CO ₂ e/ m ²	/	/	0.04
Water consumption	Ton	8,535.2	15,207.8	13,923.0
Water consumption per unit area	Ton/ m ²	0.68	1.21	1.11
Paper use	kg	160.89	113.75	50
Total hours of environmental training	Hour	8.0	12.5	15.0
Number of environmental training sessions	Number	17	20	30

Note: ① The scope of environmental statistics covers the Beijing Headquarters Office of Waterdrop Inc.

② The reasons for the obvious increase in the electricity consumption of the current year: employees worked fewer hours from home than the previous year, and the retrofitting of the delayed air conditioners that were originally owned by the properties in the current year, they were included in the Company's electricity consumption scope, resulting in an increase in electricity consumption in 2022.

③ Based on the business nature of the Company, our major greenhouse gases discharged are carbon dioxide (CO₂) derived from the consumption of outsourced electricity, and the emission data is accounted for based on the average emission factors of the national grid set out in the *Notice on the Reporting Management of Greenhouse Gas Emissions of Power Generation Enterprises from 2023 to 2025* issued by the Ministry of Ecology and Environment of the People's Republic of China.

Human Resources

Employment				
KPIs	Unit	2020	2021	2022
Total number of employees	Person	4,291	2,936	2,719
By gender				
Male	Person	-	-	1,448
Female	Person	-	-	1,271
By employee type				
Full-time	Person	-	-	2,719
Part-time	Person	-	-	0

Employment				
KPIs	Unit	2020	2021	2022
By age				
Aged 30 (exclusive) or below	Person	-	-	1,151
Aged 30 (inclusive) to 50 (exclusive)	Person	-	-	1,551
Aged over 50 (inclusive)	Person	-	-	17
By geographical region				
Number of Chinese employees (including employees from Hong Kong, Macau and Taiwan)	Person	-	-	2,718
Number of foreign employees	Person	-	-	1
Others				
Number of persons with disabilities employed	Person	-	-	29
Proportion of employees with disabilities employed	%	-	-	1.07
Headcount of management	Person	-	-	100
Headcount of senior management	Person	-	-	8
Proportion of female employees	%	45.14	46.80	46.75
Proportion of female managers	%	26.39	28.99	30.00
Proportion of female senior managers	%	-	-	25.00
Proportion of minority employees ^①	%	4.68	5.42	4.75
Number of employees with a bachelor's degree	Person	1,433	1,420	1,312
Number of employees with a master's degree and above	Person	127	190	240
Signing rate of labor contracts	%	100.00	100.00	100.00
Social insurance coverage	%	100.00	100.00	100.00
Employee Training				
Investment in training	RMB in millions	0.96	1.69	4.00
Total number of training participants	Number	8,375	9,683	54,000
Total hours of employee training	Hour	-	-	84,400
Average training hours	Hour	-	-	31
By gender				
Average training hours of female employees	Hour	-	-	31
Average training hours of male employees	Hour	-	-	31
Employee training coverage	%	100	100	100
Proportion of employees trained	%	-	-	100

Note: ① The percentage of minority employees refers to the percentage of minorities among employees of Chinese nationality (including Hong Kong, Macao and Taiwan).

Maternity and Paternity Leave

KPIs	Unit	2020	2021	2022
Number of employees entitled to maternity and paternity leave	Person	-	-	2,719
Number of employees on maternity and paternity leave	Male	-	-	80
	Female	-	-	80
Return rate ^①	Male	-	-	100
	Female	-	-	99

Health and Safety

Work-related fatalities	Person	-	-	0
Rate of work-related fatalities	%	-	-	0
Number of hours lost due to work injury	Hour	-	-	0

Anti-Corruption

Number of cases of corruption in the Company	Case	-	-	0
Number of cases involving anti-competitive behaviors	Case	-	-	0
Number of cases involving violations of the Code of Business Conduct ^② in the Company	Case	-	-	0
Employee coverage of anti-corruption training	%	-	-	100

Supplier

Number of supplier compliance training sessions	Number	1	2	1
Number of participants of supplier compliance training	Number	249	901	2,176

Customer Service

Waterdrop Insurance Marketplace

Annual number of customer service times	Number	-	-	3,248,921
Rate of telephone connection	%	-	-	95.6
Average monthly telephone customer service satisfaction	%	-	-	96

Waterdrop Medical Crowdfunding

Annual number of customer service times	Number	8,635,734	9,139,757	7,526,100
Customer satisfaction	%	97.30	98.14	99.02
Number of internal customer service training sessions	Number	123	121	100
Hours of internal customer service training	Hour	1,658	1,635	1,572
Number of employees participating in customer information security training	Person	300	300	255

Community Investment

Funds raised through Waterdrop Charity Platform	RMB in millions	-	-	8,766
Number of public welfare projects launched by Waterdrop Charity Platform	Number	-	-	1,244

Note: ^① The return rate refers to the rate of personnel returning to work after the maternity/paternity leave in 2022.

^② Cases involving violations of the Code of Business Conduct refer to breaches of privacy, bribery, discrimination and other relevant incidents.

GRI Index

Instructions for use: Waterdrop Inc. has prepared the report for the period from January 1, 2022 to December 31, 2022 in accordance with the GRI Standards.

GRI 1: Foundation 2021

GRI standards	Disclosure items	Page	Supplementary information and brief description (including the principles of the UN Global Compact)
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GRI 2: General disclosures 2021

1. The organization and its reporting practices	2-1	Organizational details	P6	Waterdrop Inc. (stock code: WDH), listed on the New York Stock Exchange, operates in China.
	2-2	Entities included in the organization's sustainability reporting	P1	Entities included in the reporting are Waterdrop Inc. and its affiliates, and the entities included in the report are consistent with those included in the financial report.
	2-3	Reporting period, frequency and contact point	P1	The report is an annual report, and the reporting period is from 1 January 2022 to 31 December 2022, the same reporting period as the financial reporting.
	2-4	Restatements of information	-	Not applicable
	2-5	External assurance	P96-99	Please refer to Independent Assurance Report
2. Activities and workers	2-6	Activities, value chain and other business relationships	-	Please refer to 2022 Form 20-F
	2-7	Employees	P88-89	Please refer to KPI Table
3. Governance	2-9	Governance structure and composition	-	Please refer to 2022 Form 20-F
	2-10	Nomination and selection of the highest governance body	-	Please refer to 2022 Form 20-F
	2-11	Chair of the highest governance body	-	Shen Peng
	2-12	Role of the highest governance body in overseeing the management of impacts	P26-27	
	2-13	Delegation of responsibility for managing impacts	P12	
	2-14	Role of the highest governance body in sustainability reporting	P12	The Board of Directors is responsible for setting the tone at the top for strategic objectives.
	2-15	Conflict of interest	-	Please refer to 2022 Form 20-F
	2-16	Communication of critical concerns	P16	
	2-17	Collective knowledge of the highest governance body	P28-30	The Company regularly or irregularly provides directors with the latest laws and regulations as well as regulatory requirement documents, and carries out necessary training sessions.
	2-19	Remuneration policies	-	Please refer to 2022 Form 20-F.
2-21	Annual total compensation ratio	-	Confidentiality restriction: such disclosure involves commercial and competitive sensitive information and personal privacy information of employees, and therefore will not be disclosed.	

GRI standards	Disclosure items	Page	Supplementary information and brief description (including the principles of the UN Global Compact)	
4. Strategy, policy and practice	2-22	Statement on sustainable development strategy	P12-13	
	2-23	Policy commitments	- Please refer to the <i>Waterdrop Inc. Code of Business Conduct and Ethics</i>	
	2-24	Embedding policy commitments	- Please refer to the <i>Waterdrop Inc. Code of Business Conduct and Ethics</i>	
	2-25	Processes to remediate negative impacts	- Please refer to the <i>Waterdrop Inc. Code of Business Conduct and Ethics</i>	
	2-26	Mechanism for seeking advice and raising concerns	- Please refer to policies and regulations such as the <i>Waterdrop Inc. Supervision Policy</i> and the <i>Waterdrop Inc. supervision Case Investigation and Handling Process</i> .	
	2-27	Compliance with laws and regulations	P28-29	The Company had no significant violation of laws and regulations in the current year.
5. Stakeholder engagement	2-28	Membership associations	P1	United Nations Global Compact (UNGC)
	2-29	Approach to stakeholder engagement	P16	
GRI 3: Material topics 2021				
	3-1	Process to determine material topics	P17	
	3-2	List of material topics	P17	
	3-3	Management of material topics	-	Please refer to the table below.
GRI 201: Economic performance				
GRI 3: Management approach disclosures	Economic performance management approach	-	Please refer to 2022 Form 20-F.	
Topic-specific disclosures	201-1 Direct economic value generated and distributed	-	As restricted by confidentiality requirements, our revenue, operating costs, employee compensation and benefits, payments to capital providers and payments to government will not be reported. Such disclosure involves commercial and competitively sensitive information, and therefore will not be disclosed.	
	201-2 Financial implications and other risks and opportunities due to climate change	P72-73		
GRI 202: Market presence				
GRI 3: Management approach disclosures	Market presence management approach	-	<Principle 6>	
GRI 203: Indirect economic impacts				
GRI 3: Management approach disclosures	Indirect economic impacts management approach	-	Please refer to 2022 Form 20-F.	
GRI 205: Anti-corruption				
GRI 3: Management approach disclosures	Anti-corruption management approach	P29-31	<Principle 10>	
Topic-specific disclosures	205-2 Communication and training on anti-corruption policies and procedures	P29-31	Waterdrop Inc. has developed complete anti-corruption and anti-bribery measures. We require all full-time and part-time employees, interns, partners, etc. to conduct their business activities in compliance with the Code. The compliance training covers all employees.	
	205-3 Confirmed incidents of corruption and actions taken	P29	During the reporting period, there were no incidents of corruption at Waterdrop Inc.	

GRI standards	Disclosure items	Page	Supplementary information and brief description (including the principles of the UN Global Compact)
GRI 206: Anti-competitive behaviors			
GRI 3: Management approach disclosures	Anti-competitive behaviors management approach	P28	
Topic-specific disclosures	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	No relevant actions were taken during the reporting period.
	Environmental standards		
GRI 302: Energy			
GRI 3: Management approach disclosures	Energy management approach	P68	<Principles 7, 8, 9>
GRI 305: Emissions			
GRI 3: Management approach disclosures	Emission management approach	P68-69	<Principles 7, 8, 9>
Topic-specific disclosures	305-1 Direct (Scope 1) GHG emissions	P88	
	305-2 Energy indirect (Scope 2) GHG emissions	P88	
	305-4 GHG emissions intensity	P72,88	
	305-6 Emissions of ozone-depleting substances (ODS)	-	The Company's operation does not involve the emission of such substances.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-	The Company's operation does not involve the emission of NOx and other such substances.
GRI 306: Waste			
GRI 3: Management approach disclosures	306-1 Waste generation and significant waste-related impacts	P69	<Principles 7, 8, 9>
	306-2 Management of significant waste-related impacts	P69	
Topic-specific disclosures	306-3 Waste generated	P88	
GRI 308: Supplier environmental assessment			
GRI 3: Management approach disclosures	Supplier environmental assessment management approach	P32-33	<Principles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10>
Topic-specific disclosures	308-1 New suppliers that were screened using environmental criteria	P32-33,69	
	308-2 Negative environmental impacts in the supply chain and actions	P32-33	Suppliers that do not meet the standards are required to make rectification. If they still cannot meet the standards after rectification, the elimination procedures will be implemented.

GRI standards	Disclosure items	Page	Supplementary information and brief description (including the principles of the UN Global Compact)
Social standards			
GRI 401: Employment			
GRI 3: Management approach disclosures	Employment management approach	P54	<Principles 3, 4, 5, 6>
Topic-specific disclosures	401-2 Benefits provided to full-time employees (not including temporary or part-time employees)	P56-57	
	401-3 Parental Leave	P56,90	
GRI 403: Occupational health and safety			
GRI 3: Management approach disclosures	403-1 Occupational health and safety management system	P57	
	403-5 Worker training on occupational health and safety	P57-58	
	403-6 Promotion of worker health	P57-58	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P57	
Topic-specific disclosures	403-8 Workers covered by an occupational health and safety management system	P57	
	403-9 Work-related injuries	P90	
GRI 404: Training and education			
GRI 3: Management approach disclosures	Training and education management approach	P63-65	<Principle 6>
Topic-specific disclosures	404-1 Average hours of training per year per employee	P89	
	404-2 Programs for upgrading employee skills and transition assistance programs	P63-65	
	404-3 Percentage of employees receiving regular performance and career development reviews	P65	

GRI standards	Disclosure items	Page	Supplementary information and brief description (including the principles of the UN Global Compact)
GRI 405: Diversity and equal opportunity			
GRI 3: Management approach disclosures	Diversity and equal opportunity management approach	P55	<Principles 3, 4, 5, 6>
Topic-specific disclosures	405-1 Diversity of governance bodies and employees	P26,55	
GRI 406: Non-discrimination			
GRI 3: Management approach disclosures	Non-discrimination management approach	P28, 54	<Principle 6>
Topic-specific disclosures	406-1 Incidents of discrimination and corrective actions taken	-	There were no incidents of discrimination in 2022.
GRI 408: Child labor			
GRI 3: Management approach disclosures	Child labor management approach	P33, 54	<Principles 5, 6>
Topic-specific disclosures	408-1 Operations and suppliers at significant risk for incidents of child labor	-	There were no incidents of child labor employed at Waterdrop Inc. in 2022.
GRI 409: Forced or compulsory labor			
GRI 3: Management approach disclosures	Forced or compulsory labor management approach	P54	<Principle 4>
Topic-specific disclosures	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	There were no incidents of forced or compulsory labor in 2022.
GRI 418: Customer privacy			
GRI 3: Management approach disclosures	Customer privacy management approach	P50-51	
Topic-specific disclosures	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	In 2022, no significant and substantiated complaints concerning breaches of customer privacy and losses of customer information were received.

Independent Assurance Report



The Board of Directors of Waterdrop Inc.:

We have been engaged to perform a limited assurance on the selected key data from *Waterdrop Inc.* (hereinafter referred to as “*Waterdrop*”) *Environmental, Social and Governance Report* for the period from January 1, 2022 to December 31, 2022 (hereinafter referred to as “*ESG Report 2022*”).

The selected key data in the *Waterdrop ESG Report 2022* that are covered by this report are as follows:

- Electricity consumption (kWh)
- Total greenhouse gas emissions (Ton CO₂e)
- Water consumption(Tons)
- Total number of employees(Person)
- Proportion of female employees(%)
- Proportion of female managers(%)
- Proportion of minority employees(%)
- Number of employees with a master’s degree and above(Person)
- Number of persons with disabilities employed(Person)
- Signing rate of labor contracts(%)
- Social insurance coverage(%)
- Total hours of employee training(Hour)
- Employee training coverage(%)
- Number of supplier compliance training sessions(Number)
- Number of participants of supplier compliance training(Number)
- Customer satisfaction of Waterdrop Medical Crowdfunding(%)
- Number of internal customer service training sessions of Waterdrop Medical Crowdfunding(Number)
- Rate of telephone connection of Waterdrop Insurance Marketplace (%)
- Average monthly telephone customer service satisfaction of Waterdrop Insurance Marketplace (%)
- Funds raised through Waterdrop Charity platform (RMB in millions)
- Number of public welfare projects launched by Waterdrop Charity platform (Number)

Our assurance engagement is limited to the key data for the period from January 01,2022 ended December 31,2022. Other information disclosed in the *Waterdrop ESG Report 2022* and information of previous period are not included in our scope of engagement.

Basis of Reporting

The basis of reporting adopted by Waterdrop to prepare the key data of *Waterdrop ESG Report 2022* is listed in the Basis of Reporting of key data in Appendix attached to this report (hereinafter referred to as "Basis of Reporting").

Responsibilities of the Board of Directors

It is the responsibility of the Board of Directors of Waterdrop to compile the key data of *Waterdrop ESG Report 2022* according to the Basis of Reporting. This responsibility includes designing,

implementing and maintaining internal control relevant to the preparation of key data for ESG reporting so that such data are free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

We perform the assurance process independently of Waterdrop. For the purpose of providing this limited assurance, we have no relationship with Waterdrop that would affect our independence. We follow the International Quality Control Standard No.1, and maintain a comprehensive and systematic quality control system, including policy and procedure documents related to compliance with professional ethics requirements, professional standards and applicable laws and regulations.

Our Responsibilities

Our responsibility is to publish our conclusions on the key data of the *Waterdrop ESG Report 2022* on the basis of procedures performed.

We performed the assurance engagement according to the International Standard on Assurance Engagements 3000 (revised): Assurance Engagement Other Than Audits or Reviews of Historical Financial Information, which requires us to plan and implement the engagement to form the assurance conclusion.

The nature and duration of the procedures implemented by limited assurance engagement differ from those of reasonable assurance engagement, and the scope is smaller. Therefore, the assurance extent of limited assurance engagement is significantly lower than that of reasonable assurance engagement. We will not offer reasonable assurance opinions on whether the key data disclosed in *Waterdrop ESG Report 2022* were compiled according to the Basis of Reporting in all major aspects.

Our assurance engagement includes assessing whether the key data of *Waterdrop ESG Report 2022* have material misstatement risks caused by fraud or errors, the assurance procedure chosen depends on the judgment of our assessment of risks. Our procedures includes:

- 1) Interview the staff of relevant departments involved in providing the key data disclosed in *Waterdrop ESG Report 2022*;
- 2) Implement analysis procedures for the key data;
- 3) Carry out sampling inspection on the key data in the *Waterdrop ESG Report 2022*;
- 4) Recalculate;
- 5) Other procedures deemed necessary.

Inherent limitations

As that there is no recognized evaluation and measurement standard system available for non-financial data, so a non-uniform measurement method was adopted, which would affect the comparability of inter-company data.

Limited Assurance Conclusion

Based on the implemented procedures and obtained evidence, we did not notice anything that would lead us to believe that the key data disclosed in the *Waterdrop ESG Report 2022* were not compiled according to the Basis of Reporting in all major aspects.

Limitations on use

This report is issued only to the Board of Directors of the Company and shall not be used for any other purpose. We do not accept any responsibility to any other person for the contents of this report.

Beijing Zhongcai Green Index Company Limited

Beijing, China

June 30, 2023

**Appendix****Basis of Reporting**

-Electricity consumption (kWh): Electricity consumption is the total amount of electricity consumed by Waterdrop in 2022 for the whole year.

-Total greenhouse gas emissions (Ton CO₂e): Total GHG emissions mainly include carbon dioxide (CO₂), etc., and are calculated using electricity consumption*average emission factor of the national grid set out in the *Notice on the Reporting Management of Greenhouse Gas Emissions of Power Generation Enterprises from 2023 to 2025* issued by the Ministry of Ecology and Environment of the People's Republic of China.

-Water consumption (Tons): This refers to the total annual water consumption of Waterdrop in 2022.

-Total number of employees (Person): Total number of employees refers to the total number of employees of Waterdrop as of December 31, 2022.

-Proportion of female employees (%): The proportion of female employees refers to the number of female employees of Waterdrop as a percentage of the total number of all employees as of December 31, 2022.

-Proportion of female managers (%): The proportion of female managers is the number of female managers in Waterdrop as a percentage of the total number of management as of December 31, 2022.

-Proportion of minority employees (%): Proportion of minority employees is the ratio of the total number of Chinese minority employees to the total number of Chinese employees of Waterdrop as of December 31, 2022.

-Number of employees with a master's degree and above (Person): This refers to the number of employees with a master's degree and above of Waterdrop as of December 31, 2022.

-Number of persons with disabilities employed (Person): This refers to the number of persons with disabilities employed by Waterdrop as of December 31, 2022.

-Signing rate of labor contracts(%): Signing rate of labor contracts refers to the ratio of the number of employees who have signed labor contracts among regular employees (excluding labor dispatch) to the number of regular employees (excluding labor dispatch) of Waterdrop in 2022.

-Social insurance coverage(%): Social insurance coverage rate refers to the ratio of the number of employees who have been paid social insurance to the number of all employees in Waterdrop in 2022.

-Total hours of employee training (Hour): Total hours of employee training refers to the total number of hours of online and offline training for Waterdrop employees.

-Employee training coverage (%): Employee training coverage rate is the ratio of the number of employees covered by training to the total number of employees at Waterdrop.

-Number of supplier compliance training sessions (Number): Number of supplier compliance training sessions refers to the number of compliance training sessions provided by Waterdrop to suppliers in 2022.

-Number of participants of supplier compliance training (Number): Number of participants of supplier compliance training refers to the number of participants that Waterdrop's suppliers participated in compliance training in 2022.

-Customer satisfaction of Waterdrop Medical Crowdfunding (%): Customer satisfaction of Waterdrop Medical Crowdfunding is the ratio of the number of Waterdrop Medical Crowdfunding customers giving satisfactory feedback on the services received to the total number of customer feedback in 2022.

-Number of internal customer service training sessions of Waterdrop Medical Crowdfunding(Number): This refers to the number of training sessions conducted by the Waterdrop Medical Crowdfunding on customer service content.

-Rate of telephone connection of Waterdrop Insurance Marketplace(%): This refers to the ratio of the number of customer service calls connected to the total number of calls for Waterdrop Insurance Marketplace.

-Average monthly telephone customer service satisfaction of Waterdrop Insurance Marketplace(%): Average monthly telephone customer service satisfaction of Waterdrop Insurance Marketplace is the 12-month average of the number of satisfied customer feedback received by the Waterdrop Insurance business telephone customer service as a percentage of the total customer feedback each month.

-Funds raised through Waterdrop Charity platform (RMB in millions): Funds raised through Waterdrop Charity platform refers to the total amount of money raised by all projects on the Waterdrop Charity Platform.

-Number of public welfare projects launched by Waterdrop Charity platform (Number): The number of public welfare projects launched by Waterdrop Charity platform is the total number of public welfare projects on the Waterdrop Public Welfare Platform.





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Wechat Official Account of
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