



中國恒大集團

CHINA EVERGRANDE GROUP

China Evergrande Group

中國恒大集團

(incorporated in the Cayman Islands with limited liability)

Stock Code: 3333

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2020



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ADDRESS FROM CHAIRMAN

Since establishment in 1996, Evergrande Group has been making unremitting endeavour to create beautiful life for people, sticking to the development philosophy of "Put people first, serve the country through industry development". The year of 2020 was the final year of the eighth "Three-year Plan" of the Group, the year of transformation for the implementation of the new development strategy of "Growing Sales, Controlled Scale & Reduced Leverage", and the beginning year of the six-year medium and long-term planning of the Group. Evergrande Group forged ahead to make contributions to the national economic development, remaining true to the original aspiration.

REALIZING HIGH-QUALITY DEVELOPMENT AND PURSUING PERFECTION

The brand represents the quality of products and services, and reflects the corporate recognition, reputation and customer loyalty to the corporate brand. Evergrande Group always bears in mind the corporate mission of "building the brand with quality and establishing the enterprise with integrity", continuously carries forward the corporate spirit of "enterprising, dedicated, struggling and pioneering", and maintains the corporate style of "elaborate planning, vigorous implementation and efficient work". In 2020, Evergrande Group strove to build an enterprise group integrating properties for people, new energy vehicles, digital technology, cultural tourism and health and well-being management in active response to the national strategy of strengthening the country with science and technology, ranking No. 152 among the Fortune Global 500.

JOINING HANDS TO FORGE AHEAD

We regard the communication and cooperation with various stakeholders as the significant strategy of Evergrande Group. Realizing stable growth and reducing leverage. In 2020, the Group achieved a large increase in sales and cash collection, obtained obvious effects in terms of reduction of leverage, and continuously returned investors and shareholders with stable values. Having cooperation for mutual benefits and progress, Evergrande Group has strategic cooperation with more than 860 famous enterprises all over the world to implement the quality strategy, build high-quality and cost-efficient products. Following the philosophy of "talent-based country and talent-based industry", Evergrande Group focuses on team building, introduces talents via various channels, cultivates talents with high-efficiency mechanism, and promotes talents with a broad platform.

PROVIDING LIBERAL RELIEF TO THE MASSES FOR CHARITY

Always remembering its original intention of undertaking social responsibilities, Evergrande Group accumulatively donated RMB17.29 billion for the cause of poverty alleviation, and created jobs for 3.3 million people per year, which enhanced the accumulation of social wealth, creation of jobs and economic and social development. The Group has been pursuing its original intention with actual actions by devoting itself to poverty alleviation and participating in the pandemic prevention despite of difficulties, which has made due contributions to the poverty alleviation and pandemic prevention, and interpreted the actions and responsibilities of civil enterprises in the new era.

Looking into the future, Evergrande Group will exert its greatest endeavour to build a "top 100 enterprise in the world", realize the objective of "two-century" development, and contribute to the great rejuvenation of the Chinese nation with greater enthusiasm and higher enterprising spirit.

China Evergrande Group

Hui Ka Yan

Chairman





ABOUT THIS REPORT

China Evergrande Group and its subsidiaries (the “Evergrande Group”, “Group”, “we” or “us”) is pleased to announce the Environmental, Social and Governance Report 2020 (this “Report”). This Report discloses the development and performance of the Group in economic, social and environmental aspects in 2020, so as to show the Group’s sustainable development vision to stakeholders, enhance the understanding and confidence of all stakeholders in the Group and promote the environmental, social and governance performance of the Group in a sustainable manner.

1. SCOPE OF REPORTING

The information contained in this Report covers the period from 1 January to 31 December 2020, with some content slightly extended beyond the time frame. This Report covers the principal businesses of the Group, including real estate development, new energy vehicle, cultural tourism and health business. For details of the businesses of the Group, please refer to the 2020 financial report of the Group. For environmental, social and governance details of the new energy vehicle and health businesses, please refer to the 2020 ESG Report of China Evergrande New Energy Vehicle Group Limited. For environmental, social and governance details of the property management business, please refer to the 2020 ESG Report of Evergrande Property Services Group Limited. For environmental, social and governance details of the Internet business, please refer to the 2020 ESG Report of HengTen Networks Group Limited.

2. BASIS OF PREPARATION

The Environmental, Social and Governance Report 2020 was prepared by the Group in accordance with the Environmental, Social and Governance Reporting Guide (“ESG Reporting Guide”) issued by the Stock Exchange of Hong Kong Limited (the “HKEX”) with reference to the requirements of the Global Reporting Initiative Standards (“GRI Standards”): Core option, the Task Force on Climate-related Financial Disclosures (“TCFD”), the Sustainability Accounting Standards Board (“SASB”) and the United Nations Sustainable Development Goals (“SDGs”). The final section of this Report contains a detailed content index of the ESG Reporting Guide for readers’ quick reference.

3. SOURCES OF INFORMATION

The disclosed information in this Report is derived from the internal and official documents and statistical data, third-party questionnaire surveys and public information. Unless otherwise stated, the data in this Report shall use RMB as the settlement currency.

4. ACCESS TO THE REPORT

This Report is available in Chinese and English versions. In case of any discrepancy between the Chinese and English versions of this Report, the Chinese version shall prevail. You may access the Group’s official website <http://www.evergrande.com> or the HKEX’s website <http://www.hkex.com.hk> for an electronic copy of this Report.





ABOUT THIS REPORT

5. RESPONSE TO REPORTING PRINCIPLE

The Group sticks to the following reporting principle during the formulation process: compatibility of stakeholders, sustainable development background, materiality, integrity, accuracy, balance, quantitative, consistency, reliability and timeliness. Details can be seen in the following chart:

| Principle | Response from Group |
|------------------------------------|---|
| Compatibility of stakeholders | The Report shall specify stakeholders, and explain how to respond to the reasonable expectations and interests of stakeholders. We directly listen to the opinions of stakeholders via communication. Results of communication with stakeholders are consistent with significant topics deliberated in the Report. |
| Sustainable development background | The Report shall introduce the performance of the reporting agency under the background of more extensive sustainable development. The Group shall try to consider its long-term strategies, risks, opportunities and objectives while discussing the topic of sustainable development. |
| Materiality | The Report shall cover the category that reflects the obvious effects of the agency on the economy, environment and society, or substantively affects the evaluation and decision-making by stakeholders. The Report identified the current significant topics related to sustainable development through communication with stakeholders, and considered the business nature, operating mode and premises of the Group. |
| Integrity | The Report shall cover substantive themes and boundaries, reflect significant economic, environmental and social impacts, and enable stakeholders to evaluate the performance of the reporting agency during the reporting period of evaluation. The Report covered all the categories of HKEX ESG Reporting Guide, and responded to all the significant topics related to sustainable development. |
| Accuracy | The Report shall provide adequate, accurate and detailed information for stakeholders to evaluate the performance of the agency. We have conducted strict due diligence procedures to guarantee the authenticity of the disclosed data. |
| Balance | The information in the Report shall reflect the positive and negative aspects of the performance of the reporting agency for the convenience of the reasonable evaluation of the overall performance. The Report identified and expounded on the Group's achievements and challenges, and disclosed quantitative information, for the convenience of transparent comparison of tendency. |
| Quantitative | Key performance indicators may be measured. Objectives to reduce individual impacts may be set. As a result, the benefits of ESG policies and management system may be evaluated and verified. Quantitative materials shall be attached with explanations, elaborations on purposes and effects, and comparative data when appropriate. The Group disclosed key performance indicators of ESG Reporting Guide in compliance with regulations, and gave extra disclosure of the annual quantitative data on different management areas to prove the ESG management performance of the Group for the current year. Meanwhile, the Group proactively explored the direction for the formulation of energy-saving and emission reduction objectives. |
| Consistency | The Report shall disclose the information in a consistent manner, so that stakeholders may analyze and evaluate the performance of the agency at different time. The agency shall interpret any changes in methods. The Group compared the current and previous key performance indicators and information in different categories, so that stakeholders may make year-on-year comparison of the performance. |
| Reliability | The Report shall be presented in such a way that enables stakeholders to confidently examine the authenticity of the reporting data following the reporting principle. The Report clearly presented materials without any misleading or fraudulent intentions. The sustainable development Report has been externally verified. |
| Timeliness | The reporting organization shall make reports on a regular basis, so that stakeholders may promptly obtain information and make wise decisions. The Group disclosed reports in a regular manner with data therein explicitly representing the corresponding period and disclosing comprehensive economic, environmental and social impacts for stakeholders. |





ABOUT US

BUSINESS OVERVIEW

Evergrande Group is a Fortune Global 500 enterprise group integrating properties for people, new energy vehicles, digital technology, cultural tourism and health and well-being management. At present, Evergrande Group has total assets of RMB2.3 trillion, annual sales volume exceeding RMB700 billion, accumulative tax payment exceeding RMB300 billion, charity and public-welfare donations accumulated to RMB17.29 billion, 120,000 employees, and job offers exceeding 3.3 million per year, ranking No.152 among the Fortune Global 500.

Real Estate Segment

As at 31 December 2020, the Group's total land reserves covered 798 projects located in 234 cities across China and has strategic cooperation with more than 860 well-known enterprises in the world. Evergrande Real Estate implements the quality strategy, builds quality and cost-efficient products, and becomes a forerunner of the industry in "delivering the building with fine decoration", "return with no reason required" and "online sales", helping more than 12 million property owners realize their dream of livability.





ABOUT US

New Energy Vehicle Segment



Integrating the worldwide vehicle manufacture resources, Evergrande New Energy Automobile has established a whole industry chain of new energy vehicles covering advanced vehicle manufacturing, 3.0 chassis architecture, powertrains, power batteries, spare parts, intelligent network, vehicle sales and smart charging. The Group cooperated with the automotive engineering technology leaders and top design and styling masters in the world to simultaneously develop 14 new car models. Nine Hengchi series have been launched all over the world, and the world's most advanced smart production bases have been built in Shanghai, Guangzhou and other places as per Industry 4.0 standards. The annual production and sales volume will exceed one million by 2025, and exceed five million by 2035. The Group strives to become one of the largest and strongest new energy automobile group, and helped the country transform from a big automobile country into a strong automobile country.





ABOUT US

Digital Technology Segment

With the vision of “digital technology for integration of properties and automobiles”, Fangchebao innovatively applied digital technology such as big data, AI, cloud computing and virtual reality to build online and offline full-channel transaction and service platforms for properties and automobiles. It has 20 million of broker users and over 40,000 offline stores. The platforms accurately attracted more than 20 million customers to inspect houses, and the transaction volume is expected to exceed 2 trillion in 2021.



Cultural Tourism and Health Management Segment

Evergrande Cultural Tourism has developed two flagship products that are the first of their kind in the world, namely Evergrande Fairyland and Evergrande Water World, created Evergrande Elderly Care Valley that meets the unmet demands in China and built the top cultural tourist resort “Ocean Flower Island in Hainan China” yearned by the world.





ABOUT US

PERFORMANCE FOR THE YEAR

| Economic Efficiency | | |
|--|--|--|
| Amount of contract sales RMB 723.2 billion | Area of contract sales 80.86 million square meters | Operating income RMB 507.2 billion |
| Area under construction 132 million square meters | Area completed for the year 73.92 million square meters | Income tax expenses RMB 36.8 billion |
| Social Efficiency | | |
| Total number of employees 123,276 | Percentage of female employees 35.05% | |
| Cumulative number of employees participating in training 2,084,881 | Total area of green building certification 56.49 million square meters | |
| Job offers for the year exceeded 3.3 million people | Total charity donations in 2020 RMB 3.276 billion | |





ABOUT US

HONORS FOR THE YEAR

3



1



6



4



5



7



10



9



12



14

1. Top 100 Chinese Private Enterprises in Terms of Credit for 2019
2. The 80th place for the World's Top 500 Most Valuable Brands in 2020
3. Top 100 Chinese Real Estate Firms for 2020
4. Top 10 Financing Capability of Top 100 Chinese Real Estate Firms for 2020
5. Top 10 China Real Estate Developers for 2020
6. Top 10 Comprehensive Strength of China Real Estate Developers for 2020
7. Top 10 Operation Efficiency of China Real Estate Developers for 2020
8. Top 100 Brand Value List of Chinese Listed Companies for 2020
9. Top 10 Comprehensive Strength of Chinese Real Estate Companies Listed in Hong Kong for 2020
10. Top 10 Investment Value of Chinese Real Estate Companies Listed in Hong Kong for 2020
11. Top 10 Corporate Governance of Chinese Listed Real Estate Companies for 2020
12. The first place for Real Estate Companies Worth Attention in Capital Market for 2020
13. No. 152 among Fortune Global 500 in 2020
14. Enterprise Credit Rating Certificate (AAA)





ABOUT US



1. Model Chinese Real Estate Company on Poverty Alleviation for the Year 2019-2020
2. Top 10 Responsible Property of China Real Estate Developers for 2020
3. “2019 Outstanding Contribution” Award of China Foundation for Poverty Alleviation
4. Caring Enterprise with Outstanding Contributions at the 10th Anniversary of Guangdong Poverty Alleviation Day
5. Golden Cup of 2019 Guangdong Poverty Alleviation Hongmian Cup
6. Private Enterprise with Great Contributions to Fight Against COVID-19 of Guangdong Province
7. Advanced Real Estate Enterprise in Social Responsibilities of Guangdong Province for 2019
8. Real Estate Enterprise with Outstanding Contributions to Targeted Poverty Alleviation (for 2020)
9. Advanced Private Enterprise during Fight against COVID-19





ESG PHILOSOPHY AND GOVERNANCE

SUSTAINABLE DEVELOPMENT STRATEGY AND GOALS

Insisting on the operation philosophy of “Properties for People”, the Group regards people’s needs and national industrial policy trends as major driving force for the Group’s development, and deeply develops four main operating businesses, i.e., properties for people, cultural tourism, health and well-being management and new energy vehicles. Being well aware of the significance of the fulfilment of corporate social responsibilities, we regard it as the important cornerstone for the healthy and sustainable development of the enterprise.

We continuously focus on six categories of sustainable development, i.e. talent development, product quality, compliance operation, environmental management, community investment and corporate responsibilities, continuously review the environmental and social impacts of its businesses in line with the Sustainable Development Goals (“SDGs”) of the United Nations, and clarify sustainable development objectives and key topics.

Talent development

1

We focus on the team building following the philosophy of “talent-based country and talent-based industry”, introduce talents through multiple channels, effectively cultivate talents, and provide a broad development platform and promotion space for employees.



Community investment

4

Always bearing in mind the original intention of proactively fulfilling social responsibilities, we have made outstanding contributions to the industrial poverty alleviation and education poverty alleviation in active response to the national policy on targeted poverty alleviation.



Product quality

2

We implement the quality strategy, and build quality and cost-efficient products, aiming to help more than six million property owners realize their dream of livability.



Corporate responsibilities

5

Fulfilling social responsibilities as a large enterprise, we take the lead in the industry, provide more job opportunities for the masses, and create more value for the society.



Compliance operation

3

We have cooperation with suppliers following the operation philosophy of integrity and compliance, and guarantee the compliance and effectiveness of operation procedures, in order to promote the stable development of the enterprise.



Environmental management

6

We select the green materials, guarantee environment-friendly and civilized construction, and create a green community, in order to build a healthy and environment-friendly living environment for owners.



SUSTAINABLE DEVELOPMENT GOVERNANCE

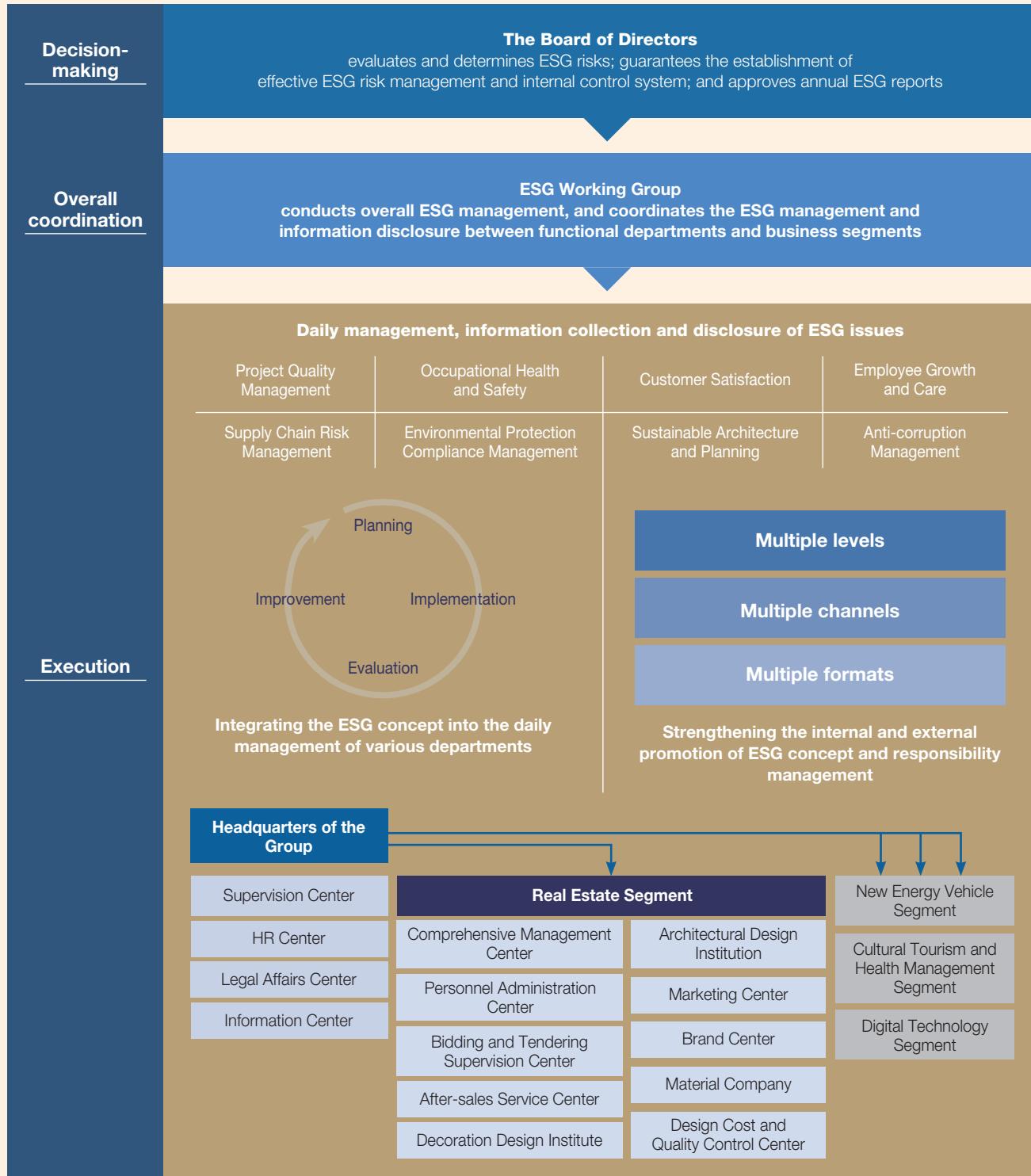
Being well aware of the possible impacts of ESG issues on the Group’s business and sustainable development such as talent development, product quality, compliance operation, environmental management, community investment and corporate responsibilities, the Group attaches great importance to the management of environmental, social and governance risks. The Board of Directors assumes full responsibilities for the environmental, social and governance strategies and the reporting of the Group, as well as the review and formal approval of its annual environmental, social and governance reports. The Board of Directors understands and discusses the issues related to ESG governance through general meetings and board meetings, and issues instructions depending on the particular situations of the relevant issues.





ESG PHILOSOPHY AND GOVERNANCE

The Group's ESG Working Group makes overall plans for and coordinate daily ESG management, and cooperates with functional departments in continuous ESG management practice including ESG information collection and report disclosure. We are devoted to integrating ESG concept into the daily work of various industries and departments, in order to realize sustainable business development of the Group.





ESG PHILOSOPHY AND GOVERNANCE

SUSTAINABLE DEVELOPMENT RISK MANAGEMENT

The Group always attaches great importance to the risk management and internal control, establishes and continuously improves the risk management system and structure, and implements risk management including sustainable development risks, which covers the top-down supervision, identification and evaluation of corporate risks by the Board of Directors and the Audit Committee, and the bottom-up identification, management and reporting risks of the leading teams and management of various business segments.

The Group conducts continuous risk monitoring and management with risk management procedures comprising identification, evaluation, response, monitoring and reporting, and carries out risk management evaluation and report at least once a year. Based on changes in internal and external environments and in combination with business nature, operation characteristics, strategic objectives and risk preference of the management, the Group continuously updates risk evaluation standards, and applies commonly recognized evaluation methods and standards to evaluate risks that are most likely to affect the realization of the enterprise objectives. Relevant risks of sustainable development including bribery, corruption, business ethics, and occupational health and safety have been included into the aforesaid risk evaluation. In addition, the Group organized special evaluation on risks and opportunities related to the climate for the year to identify major risks caused by climate changes to business operation, and business opportunities brought forth by the future climate environment. Please refer to the “Climate-related Financial Disclosures” in this Report for more information on evaluation of climate-related risks and opportunities.

The Group has established its internal monitoring system in accordance with the COSO (The Committee of Sponsoring Organizations of the Treadway Commission) internal control management framework. The management of the headquarters, subordinate segments and various departments have designed and implemented a series of policies and procedures according to relevant procedures of finance, operation and compliance, and supervised the implementation and effects of relevant policies and procedures. Meanwhile, the Group has established the internal audit function. The management formulates the improvement plan for loopholes and weakness found in the internal audit, and follows up the internal audit in a regular manner to guarantee the prompt implementation of relevant improvement measures. For more information on the Group’s Board of Directors, corporate governance structure, risk management and internal control, please refer to the sections headed “Corporate Governance Report” in 2020 Annual Report published on the Group’s official website: <http://www.evergrande.com> or the website of HKEX.

SUSTAINABLE DEVELOPMENT TRAINING

In order to consolidate the sustainable development management consciousness of employees of the Group and its regional companies, and strengthen the Group’s ESG data management, we specially invited the third-party professional institution for the year to conduct ESG data training via online meetings, which were attended by members of the ESG Working Group, and persons in charge of ESG data from relevant functional departments of the Group and its regional companies. Training contents covered the sustainable development trend of the industry, the latest requirements on HKEX ESG disclosure, collection and management of ESG data, and setting of environmental protection objectives. In addition, various functional departments of the Group integrated sustainable development into the daily business training, focused on sustainable development topics including product quality and safety, occupational health and safety, anti-corruption, sustainable risk management of supply chain, and continuously strengthened the Group’s management level in each field of sustainable development.





STAKEHOLDER ENGAGEMENT

CONTINUOUS COMMUNICATION MECHANISM

In order to guarantee that the Environmental, Social and Governance Report could give adequate feedback and response to stakeholders' expectations on the Group, we continuously improved the communication mechanism with stakeholders including shareholders, investors, employees, clients, suppliers, governments and the public, solicited opinions and suggestions on the Group's sustainable development from stakeholders, jointly reviewed the significance of ESG category on the Group, and continuously improved the strategic planning on sustainable development, in order to achieve common values with stakeholders.

| Stakeholders | Main communication channels | Expectations and appeals | Communication and response |
|---------------------------------------|--|---|---|
| Shareholders and investors | Annual general meetings Official website of the Group Promotion meetings/roadshows Investor hotline/email | Financial performance Investors' interests Operation transparency Risk management | Improve profitability Convene general meetings Daily information disclosure Risk control and management |
| Employees | Labor union of the Group OA system of the Group Performance appraisal/interviews Employee-caring/welfare activities | Career development Remuneration and benefits Healthy and safe working environment Listen to employees' feedback | Establishing talent cultivation channels Guaranteeing competitive salary and benefits Improving health and safety management system Employee communication and complaint mechanism |
| Customers | Official website of the Group Customer visit/satisfaction survey 400 hotline WeChat Official Account Open day activities of construction sites | Product quality Customer service quality Customer privacy safety Customers' rights protection | Strengthening quality control All-round thoughtful services Network security permission settings Compliance marketing |
| Suppliers and partners | Suppliers skill exchange/training sessions Excellent suppliers commendation meetings Suppliers recruitment field trips Inspection and evaluation of suppliers | Communication and exchange Integrity cooperation Win-win cooperation Business ethics and credit standing | Improving supplier cooperation mechanism Promote daily communication Establishing responsible supply chain Perform contractual obligations in accordance with laws |
| Government and regulatory authorities | Reporting tax information Reporting information under regulatory requirements | Operate in compliance Tax payment in accordance with the laws Respond to the national call Support local development | Law-abiding operations Tax payment on time and in full Actively implementing related policies Undertaking social responsibilities |
| Community and the public | News report Public information disclosure Official website of the Group WeChat Official Account | Care for the poor Support for social welfare Protection of the environment Promotion of social progress | Participating in targeted poverty alleviation Participating in charity events Adhere to green operations Sharing development achievements |



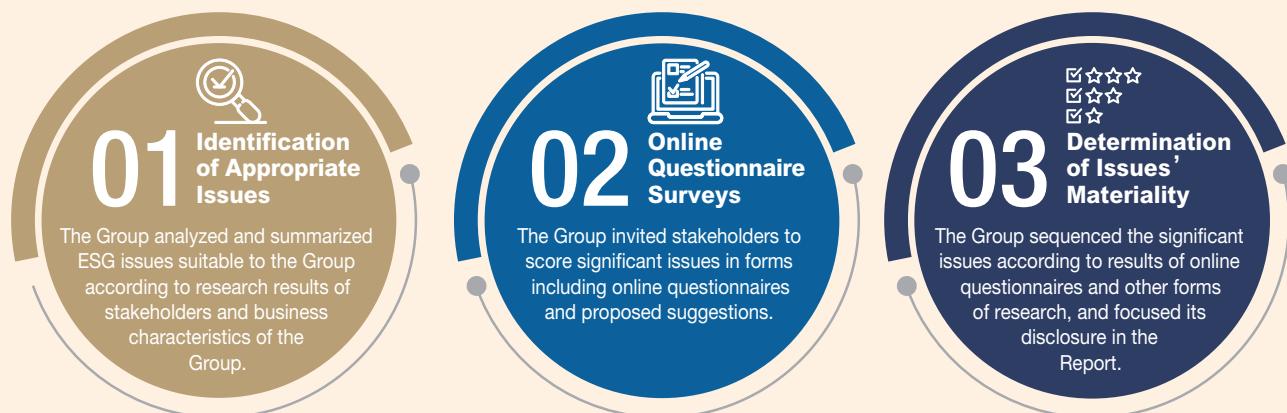


STAKEHOLDER ENGAGEMENT

MATERIALITY ASSESSMENT

The Group conducted materiality assessment of annual ESG issues through online questionnaire surveys and face-to-face interviews. Making overall consideration on the interest of stakeholders in various issues and the importance of these issues to the Group's strategy and business, the Group ranked these issues by materiality and determined the focuses of disclosure in this Report in order to address the expectations and appeals of stakeholders with a targeted approach.

The materiality assessment procedures of ESG issues for the current year:



Materiality ranking and matrix of the Group's significant ESG issues in 2020 are as follows:

| Category of issues | Name of issues | Response to the SDGs of the United Nations |
|---------------------------------|--|--|
| Environmental Management | 1. Use of Sustainable Materials 2. Research & Promotion of Green Buildings 3. Sewage & Waste Treatment 4. Management of Energy & Resources Utilization 5. Response to Climate Change | <ul style="list-style-type: none"> Good Health and Well-being Sustainable Cities and Communities Responsible Consumption and Production Climate Action Life Below Water Life On Land <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>3 GOOD HEALTH AND WELL-BEING</p> </div> <div style="text-align: center;"> <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> <div style="text-align: center;"> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> <div style="text-align: center;"> <p>13 CLIMATE ACTION</p> </div> <div style="text-align: center;"> <p>14 LIFE BELOW WATER</p> </div> <div style="text-align: center;"> <p>15 LIFE ON LAND</p> </div> </div> |
| Employment Management | 6. Employee Training & Development 7. Employee Recruitment & Team Building 8. Employee Benefits & Care 9. Occupational Health and Safety 10. Protection of Employees' Legal Rights 11. Employee Diversity and Equal Participation | <ul style="list-style-type: none"> Good Health and Well-being Gender Equality Decent Work and Economic Growth Reduced Inequalities <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>3 GOOD HEALTH AND WELL-BEING</p> </div> <div style="text-align: center;"> <p>5 GENDER EQUALITY</p> </div> <div style="text-align: center;"> <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> <div style="text-align: center;"> <p>10 REDUCED INEQUALITIES</p> </div> </div> |





STAKEHOLDER ENGAGEMENT

| Category of issues | Name of issues | Response to the SDGs of the United Nations |
|--------------------------------|---|---|
| Compliant Operation | 12. Quality of Products & Services 13. Compliance Marketing & Promotion 14. Operational Performance & Investor Equity 15. Environmental & Social Risk Management of Supply Chain 16. Anti-corruption Management Mechanism 17. Customer Satisfaction & Complaint Handling 18. Customer Information & Privacy Protection 19. Protection of Intellectual Property Rights 20. Research and Application of New Techniques 21. Anti-illegitimate Competition | <ul style="list-style-type: none"> • Good Health and Well-being • Industry, Innovation and Infrastructure • Sustainable Cities and Communities • Responsible Consumption and Production |
| Community Contributions | 22. Policy Response & Participation in Public Welfare 23. Response to Public Crisis Events 24. Community Care & Community Service 25. Protection of Ecology & Cultural Heritage | <ul style="list-style-type: none"> • No poverty • Good Health and Well-being • Quality Education • Industry, Innovation and Infrastructure |



Significance to the Group's Strategy and Business

- Very important
- Less important
- ▲ Issues regarding compliant operation
- ▲ Issues regarding contributions to the society
- ▲ Issues regarding employment management
- ▲ Issues regarding environmental management



STAKEHOLDER ENGAGEMENT

In 2020, with reference to the ESG management of the Group, characteristics of ESG information disclosure in the industry and development trends of ESG investment, we added two issues to the list of the materiality of ESG issues, namely response to public crisis events and employee diversity and equal participation. Upon assessment, it was found that the stakeholders concerned about two issues, i.e. Quality of Products & Services and Compliant Marketing and Publicity the most during the year, among which issues such as Compliant Marketing and Publicity and Employee Training and Development were slightly improved in terms of ranking compared with last year, which was basically the same as those of last year.

Evergrande Group will make detailed disclosure of various issues in subsequent chapters of the Report, taking the materiality assessment results of ESG issues for the year as a reference and guidance for the ESG management planning for 2021, and continuously enhance its ESG governance and performance in response to stakeholders' expectations on the Group.



PRODUCTS AND SERVICES

OVERVIEW

Quality of products and services is the top priority of the sustainable development of Evergrande Group. The Group strictly controls the quality of products during the full life cycle, and builds quality houses in strict accordance with laws and regulations related to product design and safe and civilized construction such as the Construction Law of the People's Republic of China and the Safety Production Law of the People's Republic of China. Meanwhile, the Group focuses on legitimate rights and interests of customers, strictly abides by the Law of the People's Republic of China on Protection of Consumer Rights and Interests and the Advertisement Law of the People's Republic of China, and strengthens the management of compliant marketing, customer information and privacy protection and intellectual property rights, in order to provide considerate and secure service for customers.

The Group comprehensively carried out the campaign of “grasping quality and safety, building quality engineering” for 2020, promoted new processes, new technology and new standards, greatly enhanced the quality management level, and concentrated on research on added-value of products, in order to develop products in line with actual customer demands. Meanwhile, the Group continuously strengthened development of software and hardware in sales, after-sales and property management, gradually promoted the construction of supporting facilities such as intelligent communities, enhanced service standards and cultivation of customer service staff, and provided satisfactory service to customers.

OUR STRATEGY AND ACTIONS

| | |
|--|--|
| Product Safety and Quality | <p>Evergrande Property Group Co., Ltd. (“Evergrande Property”) under the Group, which specializes in property management services, has obtained ISO 9001 Quality Management System certification;</p> <p>conducted regular surveys on service satisfaction for sales and property services, and strengthened the performance management of service quality indicators;</p> <p>formulated the Safe and Civilized Construction Standards covering the whole group and contractors;</p> <p>carried out training on product quality and safety for all the employees, including internal employees of the product lines and the contractors;</p> <p>formulated emergency plans and mitigation control system for product quality and safety.</p> |
| Responsible Marketing and Sales | <p>The Group formulated and implemented responsible marketing, advertising and sales policies such as the Measures for Responsible Sales Management of Newly Opened Projects of the Real Estate Group;</p> <p>carried out standardized training on the demonstration on the project marketing cases for employees of all the marketing systems and aftersales lines nationwide;</p> <p>the Group’s internal and external professional institutes conducted regular audit on marketing activities on an annual basis.</p> |





PRODUCTS AND SERVICES

ANNUAL PERFORMANCE

Product quality

Conducting construction system applying new techniques

271 projects

Quality of projects under construction

100% qualified

Passing rate of test of unified materials

97.88%

Online collaboration platform for construction units of projects under construction

100% coverage

Service quality

Overall satisfaction of sales service

97.01 points

Overall satisfaction of property service

95.6 points

Customer relationship maintenance

The Group issued customer complaint supervision orders totaling

15,867 times

Satisfaction score of handling of complaints from real estate customers

4.3 points

(out of 5 points, 0.1 points up from 2019)

PRODUCT QUALITY

“Grasping quality and safety, building quality engineering”— 2020 quality and safety campaign

Evergrande Group comprehensively carried out the campaign of “grasping quality and safety, building quality engineering” for the year, requiring self-inspection and self-correction on structural safety, production safety, product quality and processes, and product added value of nationwide projects; selected technical backbone to form an inspection team for nationwide inspections on a monthly basis, strict inspection on various problems with the attitude of “zero tolerance and no discussion”, and gradual implementation and correction of each project.

Problems found in the quality and safety campaign included product quality, construction safety, material quality and comprehensive inspection

Completion rate of rectification of general issues

100%

100% major issues were incorporated into the rectification and follow-up plan

We comprehensively controlled each procedure and each link in the whole process on the construction site through the quality and safety campaign; comprehensively promoted new processes, new technology and new standards, and greatly enhanced the quality management level, in order to produce quality products.





PRODUCTS AND SERVICES

After several years' development and accumulation in the industry, Evergrande Group has formed comprehensive project quality and safety management system, strictly implemented internal system requirements such as the Management System for Designing of Real Estate Group, the Management System for Engineering Construction and the Safe and Civilized Construction Standards, and set up a quality management team comprising members from the Architectural Design Institute, Material Company, Comprehensive Management Center, After-sales Service Center and Property Group, which guaranteed the quality of products during the whole process of projects. Our quality management mechanism during the full life cycle of projects is as follows:

| Three-level quality control of construction drawing | | | | |
|---|---|---|--|---|
| Examined and Verified by Regional General Engineer's Office — Reviewed by Architectural Design Institute — Inspected by Design Cost and Quality Control Center on a Sample Basis | | | | |
| Design | 11,365 sets Review of construction drawings submitted for approval, public construction drawings and residential construction drawings, average score of residential construction drawings 93.41 | 5,491 copies Review of garden construction drawings Average score 88.48 | 5,260 people Total number of participants in the internal training of the Standardization Design Department of architectural design institutes | 8 categories Decoration and design standards matching personalized demands of different groups |
| Construction | The third-party material testing 10,333 batches of unified materials for inspection Passing rate of monitoring of unified materials 97.88% | 5-level quality management and control Comprehensive Management Center of the Group Engineering Technology Department Engineering Department Monitoring and Management Units Construction Units | 7 management mechanisms <ul style="list-style-type: none"> • Comprehensive planning meeting • Construction organization • Joint hearings of drawings • Three-level checking • Sample as the priority • Handover of work • Acceptance inspection by household | New Technology Construction System 2 aspects of safety management and control <ul style="list-style-type: none"> Safety inspection Monthly self-inspection and self-rectification in the regions; monthly national inspection by Group Inspection Team Safety training The Group and regional engineering companies accumulatively organized 9,717 times of safety training |
| Before Delivery | | | | |
| | Joint inspection and evaluation before launch | | Risk Inspection | Open day activities of owners |
| After Delivery | | | | |
| | Return visits of delivery projects | Establishing After-sales Service Center and 400 hotline | Property management company providing considerate service | Survey on owners' satisfaction and continuous improvement |





PRODUCTS AND SERVICES

Product Design

Evergrande Group is specialized in the R&D of products that satisfy the customer demands. It extensively collects the improvement suggestions on product design from customers, experts and internal employees in terms of sales, construction, after-sales and property, continuously studies and discusses excellent design plans of the industry, and continuously optimizes and implements the product design standards. In May 2020, the Group released the Measures for Product Optimization Management, stipulating that the After-sales Service Center should organize relevant functional departments such as design, engineering, sales and property departments to study and discuss the problems and optimization suggestions of owners, formulate standard optimization plans, and form monthly product optimization suggestions. The Group's main optimization measures in terms of product quality, comfort and intelligence for the year included but not limited to:

| | |
|----------------------------|---|
| Product quality and safety | <ul style="list-style-type: none"> • Optimization of waterproof system: Improved waterproof design standards; formulated more than ten single optimization standards as per the waterproof system structure of toilets, balconies, indoor and outdoor units of residence to improve the waterproof quality of residence; • Optimization of railing design standards: Solved difficulty in window cleaning and gluing due to railings clung to the window of the enclosed balcony; • Upgrading of component installation requirements: Detailed installation principle for components including bay window railings and hardware of fireproof doors to enhance the installation quality; • Optimization of material equipment: Optimized ten categories of material equipment through visits and systematically market surveys taking full consideration to indicators such as the environmental protection, style and function of products to further enhance the performance and quality of materials. |
| Product comfort | <ul style="list-style-type: none"> • Optimization of toilet layout design plan: Solved the inconvenience for exit and entrance due to the close distance between the close stool and vertical hinged door of shower partition to enhance the usage experience of residents; • Optimization of the position of indoor and outdoor air outlets: Enhanced the air quality in the room and of the residential areas under the background of COVID-19 to guarantee the health of residents; • Addition of lighting function of air heater: Installed air heaters with the lighting function in the dry zone according to results of market survey, and enhanced comfort while meeting the usage specification of electrical appliances. |
| Smart products | <ul style="list-style-type: none"> • Smart home: Conducted pilots of smart home in 22 residential and apartment projects, linked equipment for lighting, heating, ventilation, locking, security, door and window sun-shading to intelligent system with the brand-new IoT technology, and offered interactive modes such as key-pressing, touch screen, remote APP and voice, which brought brand-new intelligent human living experience. • Smart community: Intelligent management was conducted for interconnectivity between owner living, property service, community service system and surrounding shops on the basis of advanced technology such as internet and IoT, in order to serve the owners in the community. As at 2020, around 5 million owners in 687 communities were covered. |



Several departments of the Group including the Design Cost and Quality Control Center, Architectural Design Institute and Comprehensive Management Center jointly conducted special research and improvement on the house leakage problem arising from frequent extreme weather (such as storms, typhoons and floods) in recent years, summarized the 50 Years' Waterproof Solutions, which had stipulations in six aspects, namely, basic requirements, implementation principle, waterproof materials, waterproof design, construction management and maintenance and operation, and established whole-system waterproof system comprising five parts, namely, basement waterproof, roof waterproof, exterior wall waterproof, kitchen and toilet waterproof and indoor moisture-proof.

Meanwhile, the Group released construction standards including the Construction Technology Standards of "Non-cured Rubber Asphalt + SBS Waterproof Coiled Material" and Construction Technology Standards of Pre-laying Anti-adhesion Polymer Self-adhesive Film (HDPE), and piloted the defect-free waterproof technology in projects, which strengthened anti-leakage effect and effectively enhanced the construction efficiency.





PRODUCTS AND SERVICES

Regarding the product design quality management and control as the core of design management, the Group formulated and implemented management requirements including the Detailed Rules for Monthly Assessment of Design Quality of Regional Companies and the Measures for Deepening the Management of Construction Drawings, Joint Hearings of Drawings and Design Modification, scored the design quality of construction drawings for residences and gardens of the regional companies in terms of construction drawings submitted for approval, construction drawings, design modification, plan adjustment and design implementation effects, and conducted monthly assessment and rewards. Meanwhile, the Architectural Design Institute and Decoration Design Institute of the Group conducted inspection on project implementation by regional companies to guarantee the perfect implementation of design effects.

Meanwhile, the Group promptly summarized typical problems during the review of construction drawings, and regularly conducted training for the design departments and commissioned design institutes of regional companies, in order to continuously consolidate the professional level of teams and improve the design quality of construction drawings.

| Standardization Design Department | Garden R&D and Design Department | Drawing Review Management Department |
|--|--|--|
| <p>Organized 37 sessions of employee training</p> <p>5,260 people participated in the training</p> <p>Training theme: Standards newly formulated or revised by the Group, relevant management systems and new products and new technology of plants, covering architecture, structure, water supply and drainage, electric, heating, ventilation, doors & windows, component materials, garden and waterproof</p> | <p>Organized 14 sessions of employee training</p> <p>More than 320 people participated in the training</p> <p>Training theme: Training on the whole process of the garden plan management including approval authority, design conditions, standard usage, drawing review, plan summary and sharing, and special training on management structure, maximization of design benefits, standards of health preservation town and temporary exhibition area</p> | <p>3-level training, 11 sessions in total</p> <p>Routine training: Monthly training for regions according to problems found in the drawing review</p> <p>Supporting training: Systematical training for regions with backward design quality</p> <p>Summative training: Monthly summary of common problems across the country, and organization of training meetings by specialty among all the General Engineer's Offices and Drawing Review Departments</p> |

Case: Training on implementation inspection for Henan General Engineer's Office and commissioned design institutes



In August 2020, experts of the Drawing Review Department of the Group conducted in-depth special training on implementation inspection for relevant staff of Henan General Engineer's Office and commissioned design institutes, making in-depth explanations on nodes, processes, inspection direction and key points, and providing guidance for the local General Engineer's Office in work as planned. Meanwhile, strengthened the attention of internal and external designers on problems such as rework and owners' complaints, and intensified their understanding of quality requirements of Evergrande Group.



Training session





PRODUCTS AND SERVICES

Quality of Materials

The Group attaches great importance to materials quality, controls product quality in the whole process of unified purchase and supply of main materials, equipment and materials, and formulates strict admission standards and perfect inspection mechanism to ensure the selection of safe, environment-friendly and high-quality products. Major links and management measures in the Group's material quality management and control are as follows:

Material quality control system

| Five management phases | Major management measures | Management system and standards |
|------------------------------|---|--|
| Factory investigation | Conduct an investigation to confirm that the self-owned factory of the supplier has complete manufacturing equipment, processes and operation specifications, strict controllable quality management system and inspection and testing mechanism | Comprehensive Evaluation Measures for Material Equipment Suppliers Management Measures for Engineering Inspection of Delivered Fully Decorated Properties |
| Product review | Suppliers are required to comprehensively respond to the Group's product standard requirements, and provide products for review or inspection. Only qualified products are entitled to bidding | Measures for the Quality Control of Fully Furnished Materials Management and Assessment Measures for Unified Supply Materials and Equipment |
| Factory inspection | Conduct surprise inspections on raw materials, semi-finished products, manufacturing procedures and quality of finished products from time to time during cooperation to guarantee the manufacturing process could meet the quality standards; Establish factory monitoring system to conduct real-time monitoring on factory production | Standards for Product Quality, Standards for Product Acceptance Standards for Construction Technology, Standards for Finished Product Protection Standards for Materials Storage |
| Sampling inspection | Formulate the sampling inspection plan for each category of materials during cooperation, and conduct sampling inspections in combination with quantity of material supply | Participation by multiple functional departments |
| On-site acceptance | Each batch of materials shall be jointly inspected by the Material Company, Project Company and Construction Unit. Samples shall be chosen to be compared with the acceptance sample, and the appearance quality and accompanying inspection report shall be examined | Material Company Decoration Design Institute Bidding and Tendering Supervision Center Comprehensive Management Center External third-party inspection unit |





PRODUCTS AND SERVICES

The major working achievements of the Group in terms of material monitoring and factory supervision for the year are as follows:



Construction Quality

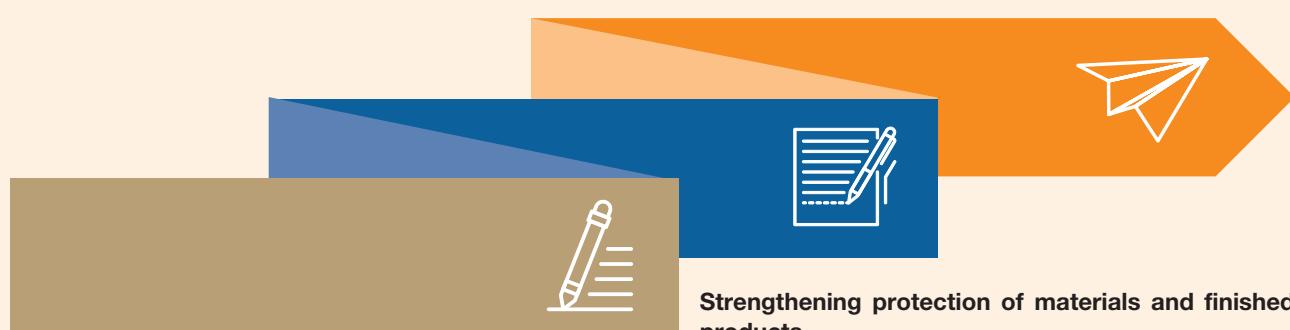
The Group has formulated and implemented internal systems such as the Management System of Engineering Construction and the Construction Technology and Quality Standards of Interior Decoration of Residences, formulated strict quality standards for project construction and decoration, and ensured the quality requirements through perfect inspection and training mechanism. In 2020, the Group further strengthened and detailed construction quality standards and inspection specifications, and made key improvements in following three aspects:

Implementing systems, standards and specifications

- Regional companies are required to strictly implement specifications such as the Management System of Engineering Construction, and strictly carry out important work such as “Three-level Checking, Sample as the Priority, Joint Hearings of Drawings”;
- Regional companies shall promptly learn various new technique standards and engineering inspection standards formulated and issued by the Group, and organize exams.

Strengthen the management of key projects

- As for significant engineering that affects foundation pit and structural safety, relevant departments at various levels shall strengthen daily inspection and the engineering department shall conduct aside supervision.
- Strengthen the inspection on interior decoration quality of projects to be delivered, and carry out inspection according to the inspection requirements of the Group in a strict and careful manner.



Strengthening protection of materials and finished products

- Strictly control the inspection of incoming materials and storage management, prevent usage of faked or defective materials, and avoid the long-term overstock, deterioration and damage of materials;
- Pertinent and effective measures for protection of finished products shall be formulated and implemented according to the Group's guidance for protection of finished products;
- Strengthen the random inspection on environmental protection of on-site materials, and use materials with qualified indicators of environmental protection;
- Environmental protection detection shall be conducted indoor upon completion of decoration, and projects may be delivered to owners upon qualification in detection.





PRODUCTS AND SERVICES

Case: Inspection on design implementation of the Decoration Design Institute and Return Visit of Delivered Projects



Inspection on implementation of decoration design

In 2020, the Decoration Design Institute of the Group totally dispatched 161 employees to conduct monthly inspections on the implementation of national decoration design and return visits of delivered projects, and inspected 317 residential projects, including 114 newly launched projects and 203 projects delivered with fine decoration; 6,946 problems were found out on the site, and rectification opinions were raised. We summarized and analysed problems found in the inspection, and planned to optimize the inspection standards and principles on such basis in the ensuing year, and further strengthen the guidance, supervision, assessment and training on regional companies. In addition, the Group piloted the online inspection on delivered projects for the year, which reduced travelling costs and effectively enhanced inspection efficiency.

In order to strengthen the management of construction units, the Group has continuously developed and improved the smart site system, and realized real-time monitoring on the site via the information system. The information-based system of the smart site of the Group is mainly divided into two segments:

| Engineering management information platform 100% coverage of projects under construction | Cooperative platform of construction units 100% coverage of projects under construction |
|---|---|
| <ul style="list-style-type: none"> Conduct daily quality scoring and daily inspection on the project construction Submit problems found in the quality inspection to relevant construction units for rectification, and conduct comprehensive appraisal on the quality management of construction units | Daily ledger management and system implementation, online quality inspection management platform, mainly including management of quality inspection, material acceptance, visa management and completion inspection |

Meanwhile, 100% of the Group's projects under construction adopt high-resolution video monitoring system to have real-time monitoring on the quality, safety and progress of the construction site in over 6,000 monitoring stations. In the ensuing years, the Group will further strengthen the usage of launched system, increase training frequency, intensify support for usage, deepen the management of inspection and supervision on system application, continue to optimize programmed algorithm, enhance user experience and guarantee the stable usage of cooperative platform.

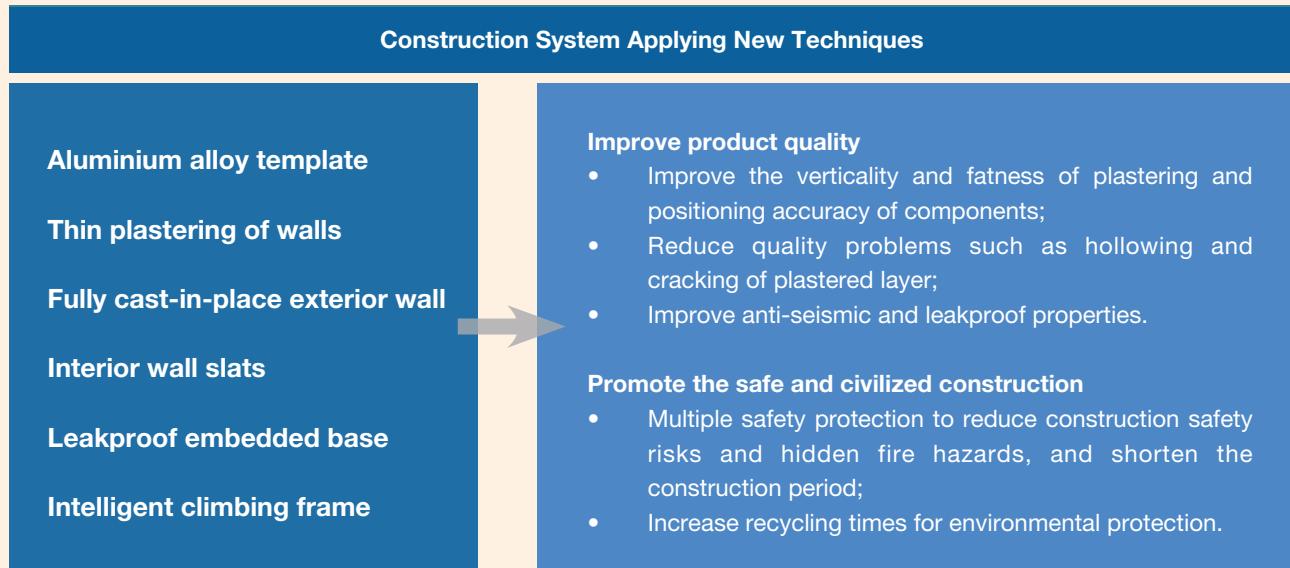




PRODUCTS AND SERVICES

Construction System Applying New Techniques and Application of BIM Technology

In 2020, Evergrande Group continued to enhance the research and application of the construction system applying new techniques, updated several standards for construction techniques, and accelerated the implementation of the construction system applying new techniques in projects.



After the construction system applying new techniques is adopted, several actually measured values of the project were lifted by over 50% than the allowable deviation on average



In addition, we continued with the pilot promotion of Building Information Model (“BIM”) technology, and adopted such technology for information integration and sharing during the project design, construction and property management. The Group’s super high-rise projects (including key public construction projects) applying BIM technology reached a total construction area of 1.6636 million square meters. The application of BIM technology can help enhance the project quality and efficiency, including enhancing design and construction efficiency, reducing image recognition errors and rework, directly reporting design results, and helping the decision-making by Party A.





PRODUCTS AND SERVICES

Safe and Civilized Construction

Evergrande Group attaches great importance to the management of safe and civilized construction, strictly implements internal system such as the Safe and Civilized Construction Standards, and specifies safe and civilized management principles, objectives and division of responsibilities, in order to ensure systematical and standardized management of safe and civilized construction:

| | |
|--|---|
| Safety and civilization management principles | Legal compliance, people-oriented, ensuring safety and health of employees; Safety first, prevention foremost and comprehensive governance. |
| Safety and civilization management objectives | Firmly grasping civilized construction, and building sample sites for civilized construction; Enhancing engineering quality, eliminating fire accidents, reducing consumption of materials, eliminating pollution, beautifying the environment, and continuously enhancing the overall benefits and social benefits of the enterprise. |
| Safety and civilization management structure | Three-level management structure with managers of the engineering department as first persons responsible for safety and civilization; The Group's Comprehensive Management Center and supervision companies are responsible for supervising, guiding and inspecting compliance with safe construction standards. |

Evergrande Group pays high attention to the safety and civilization management on sites, strictly monitors the management indicators of health and safety of sites and contractors. The Group's safe and civilized construction management was linked to the performance appraisal and remuneration of different levels of management and relevant responsible staffs, so as to further strengthen safety management and enhance their awareness of accountability.

The Group has formulated explicit safe and civilized construction specifications, explicit safe usage standards for construction equipment and facilities such as external scaffolding, construction machinery and tools and temporary electricity, and clear requirements on factory layout such as the construction gate, enclosure and roads. Meanwhile, in order to guarantee the fire safety, fire tools such as fire water tanks, sand, fire extinguishers and fire hydrants shall be established on the construction site, and regular fire drills shall be conducted to enhance the protective consciousness of construction staff.

In order to realize the safe and civilized construction objectives, the Group guaranteed the effective implementation of relevant requirements in projects through safety inspection and safety training:

| Safe and civilized construction inspection | Major problems: Incomplete safety education, insufficient safety publicity and improper safety protection |
|---|--|
| <ul style="list-style-type: none"> ▶ Monthly inspection and rectification of safe and civilized construction of the Engineering Technology Department ▶ Monthly special inspection site of the Comprehensive Management Center <p>165,189 problems were accumulatively found out in the safe construction inspection for 2020, and 100% of which were rectified</p> | <ul style="list-style-type: none"> Rectification plans: Strengthen review of construction plans for sites with large hidden safety hazards and pre-operation disclosure; Strengthen review and rectification of the implementation of safety training and safety publicity |

Safe and civilized construction training

Cumulative number of safety training organized by the Group and regional engineering companies for 2020:

9,717 times



Pre-work education

100% coverage of projects



Safety training

Number of trainees **360,700**



Safety emergency drill



PRODUCTS AND SERVICES



Considering the extreme weather such as typhoons and storms in recent years, the Group requires that each region and project shall:

- Strengthen emergency early warning, formulate emergency plans and conduct emergency drills;
- Formulate flood and typhoon prevention duty system to ensure 24-hour duty under adverse weather;
- Ensure safety protection for construction workers, suspend construction under adverse weather, and evacuate them to the safe area;
- Resume work in an orderly manner after typhoons and storms, troubleshoot hidden safety hazards, and prevent safety accidents.

Quality Control before Delivery

In order to guarantee the delivery quality, the Group strictly conducted quality inspection before delivery, organized several departments for joint inspection and evaluation to investigate potential risks, understood customers' demands and suggestions on the fine decoration and garden through open day activities for owners, and promoted the quality of product delivery from the angle of owners.

The Group continued to strengthen the customer complaint investigations for hidden risks in the stages of launching, adding supply, and housing delivery, so as to identify and deal with the hidden risks early and reduce the occurrence of quality risks to the largest extent. The risk investigation progress of the Group for the year was as follows:

Risk investigation tools

Checklist for Risk Assessment of Launch/Additional Supply , Checklist for Hidden Risk Assessment of Housing Delivery , Summary Table of the Risk Checking for the Launch Across China , Summary Table of Risk Investigation of Housing Delivery Across China, Checklist for Complaint Risk Investigation Form Across China, Management Measures for Integrity Sales of Newly Launched Projects of the Real Estate Group, List of Significant Hidden Risks in Integrity Sales and Photo Album of Exhibitions on Sale Case

Risk investigation situation of for the year

Monthly inspection and self-rectification of projects

Covered **345** projects across China

Issued **610** Rectification Orders for Risk Hazard

Completion rate of rectification **86.03%**

Service Quality

Being well aware that satisfactory service is an important foundation for the sustainable development of the enterprise, the Group always establishes the customer service system with full life cycle in various service links including sales, after-sales and property according to customers' demands, and protects customers' rights and interests by continuously improving service standards, strengthening development of service teams and keeping close communication with customers, in order to build safe and comfortable homes for customers.

Improvement in Service Quality

Improvement in customer service quality

The Group continued to improve the development of all-round customer service standardization system for the year. During the sales phase, we strictly implemented requirements of Assessment Measures for the Integrity Sales Management of Newly Launched Projects, etc., and strengthened the training and assessment on the standardization of exhibition on project marketing cases. Each region and project shall strictly abide by the code of conduct, reception processes and appearance on the cases, summarize and analyze the sales and reception situations of the current day on every morning and evening, and assess the performance of property consultants on the above basis for survival of the fittest.





PRODUCTS AND SERVICES

In addition, in order to comprehensively enhance the service quality and professional level of each sale case, the Group carried out the “Activity Month for Return Visits to Transactions” nationwide for the year. The Marketing Center of the Group organized several meetings for the sales teams to exchange experience on themes such as improvement in sales capability and service quality and mutually enhance their business capability.

During the aftersales phase, the Group conducted diversified special training to enhance understanding and recognition of the aftersales staff on aftersales issues such as customer complaint handling, interpretation of significant policies, media enquiry processing and working discipline and standards. As at the end of year, the Group’s After-sales Service Center totally organized 64 internal trainings. The total number of training hours was 151 hours and 3,121 people attended the training.



Strengthening the Special Training on The External Sales Publicity and Housing Consistency Management



Training on Guidance for 400 Hotline Handling

Against the backdrop of COVID-19, the Group focused on the information development of customer service system for the year, achieved the distributed deployment of calling center at the home office at the beginning of year, realized telecommuting by means of call transfer, vpn and soft phone, normally accepted customers’ complaints during the pandemic period, and completed the relevant work of satisfaction survey as scheduled.

In addition, we established special WeChat service staff for online acceptance of customer inquiries and complaints at the WeChat side; continuously optimized the service interface to facilitate the automatic reporting for repair and complaint by owners; opened visitors complaining and integrity sales supervision and reporting functions, and made classified acceptance of customers’ complaints. Meanwhile, in order to promote the R&D progress of AI customer service for quality inspection by the Group’s smart technology company, we provided support for the collection, analysis and application of AI big data through sorting and classification of frequently complained problems. At present, AI customer service for quality inspection is setting up AI judgment standards, and has developed business knowledge library including customer suggestion speech and service taboos, key words for complaint judgment, expressions for customers’ feelings, and complaint classification principle.

Property service quality

Adhering to the service concept of “caring service and sincere companionship”, guided by the needs of the owners, aimed for the satisfaction of the owners, the Group is committed to “large-scale development, standardized operation, professional services, and intelligent management” to create the blessing community of the most habitable value and humanities in China. At present, Evergrande Property under the Group, which specializes in property management services, has obtained the qualification of National first-class property service enterprise, ISO9001 Quality Management System certification, ISO14001 Environmental Management System certification and ISO45001 Occupational health and Safety Management System certification.





PRODUCTS AND SERVICES

The Group continuously improved the standardized, professional and smart property system, and enhanced the property service quality from following several management dimensions:

Environmental Management

- Made disinfection under pandemic background and Safeguarded the public environment;
- Continuously conducted special inspection and satisfaction survey, and formulated special improvement measures for highlighted problems;

1

“The Group completed **3,566** times of quality inspection on projects for the year, and carried out the investigation on cleaning service quality on **869 projects** among **26,070 owners**”

Customer Service Management

- Consolidated business standards, revised operation standard guidance such as Customer Complaint Handling Skills and organized relevant training;

“40,689 employees participated in customer service training with total training hours of **58,661 hours** for the year”

- “Red flower” incentive mechanism was adopted for satisfaction survey to arouse the service enthusiasm of employees;
- “As at the end of 2020, nationwide employees totally obtained 27,272 “red flowers””
- Explored optimization of outsourcing model of cleaning, expanded the intelligent work process, and increased the investment of machines and equipment in large scale public projects

2

Engineering Management

- Improved the daily inspection mechanism, and inspected maintenance quality of equipment and facilities from time to time;
- Carried out inspection and test of fire extinguishing systems every month to ensure that the fire water supply system of projects has enough water and pressure ;
- “The failure rate of automatic fire warning system of various projects nationwide lower than **0.5%**”

3

- Conducted regular maintenance of elevators to guarantee the daily usage by owners
- “In 2020, elevator maintenance was completed for **1,089,744** times, and elevator repair was completed for **57,960 times**”



Elevator maintenance and inspection

Order and Safety management

- Defined the safety management standards and 24h security service of the residential complex
- Full-coverage quality inspection twice a quarter to sort out the key safety and order problems, such as fire-fighting and parking
- Implemented the fire safety responsibility system and built a fire-free community
- “The fire-fighting knowledge training covered **4,741 employees** of the Group with 5,652 training hours in total”
- “The project held fire theory training for around **922 sessions**, covering more than **18,000 employees** and over **19,000 owners**”
- “**660** fire drills were held during 119 fire publicity activity, covering around **32,000 owners**”
- “Fire film and TV works were broadcast for around **1,500 times**, which were watched by more than **87,000 owners**”

4



PRODUCTS AND SERVICES

Case: Community-based Prevention and Control of COVID-19



Confronted with the sudden outbreak of COVID-19, the Group specified various responsibilities and formulated anti-pandemic standards with the rapidest response and close attention on owners' demands:

I. Established pandemic prevention responsibility system and assigned specific responsibilities to each member

The Headquarters of the Group has established an emergency team to command the anti-pandemic work. The head of the regional property company is the first person in charge, and the person in charge of the property service center of each project is the direct person in charge. Each project designated special persons to follow up the instructions of relevant government departments on the pandemic management, guaranteed smooth communication channels with relevant government departments including street offices, neighbourhood committees and prevention and control stations, provided cooperation in the information investigation among owners and employees, and established pandemic management records.



Health pass + Work resumption certificate

Smart Community APP

II. Unified service standards to guarantee service quality

- The Group formulated and issued the Notice of COVID-19 Pandemic Prevention and Control, Residential Complex Management Requirements during Pandemic Period and COVID-19 Prevention Guidelines, specified the enclosed residential complex management requirements, examined the temperature of each employee and prohibited non-relevant personnel from entering the residential complex; stipulated on the frequency of disinfection, ventilation requirements and disposal of waste masks in the residential complex; provided guidance for the community prevention publicity and eliminated pandemic panic; unified employees' prevention measures in their dining halls, dorms and office areas.
- Enhanced the pandemic prevention with science and technology, and developed the license function of smart community app, which facilitated the exit and entrance of owners. During the pandemic period, totally 253 projects initiated the license, and totally 142,244 owners used the function.

During the pandemic period, the considerate property service of the Group won the unanimous recognition among owners and the society as follows:

- Hubei Property Company Wuhan Branch was honored as “**Advanced Anti-pandemic Enterprise**” among the property service enterprises of Wuhan City in 2020;
- Evergrande Oasis in Wuhan, Hubei and Evergrande Yayuan in Changsha, Hunan were **studied and commended by China Index Academy**;
- Delivery of vegetables by Evergrande Property Company of Evergrande Xijincheng in Chengdu, Sichuan to owners won **extensive media coverage**;
- Evergrande Property Tianjin Evergrande Mingdu Property Service Center was under **special coverage by Tianjin TV Science and Education Channel**;
- Distribution of masks by Evergrande Property Xi'an Evergrande Yujing to owners was **commended by the media**.





PRODUCTS AND SERVICES



Confronted with extreme weather due to climate change such as typhoons, storms, snow, strong cold air and hot temperature, the Group formulated corresponding emergency plans in terms of personnel organization, preliminary preparation, process management and post-disaster recovery, which greatly avoided safety accidents and unnecessary economic losses. In 2020, the Group did not have any casualties of owners and employees of projects under management due to extreme weather.

In addition, the Group continued with the building of smart communities, integrated video doorphone system, vehicle driving system, monitoring system, information release system and elevator control system on the basis of advanced technology such as IoT, cloud computing, AI and face recognition technology, and established all-in-one smart community management platform, in order to build a safe, comfortable and convenient smart residential complex for owners and residents.

Smart travel

Owners may pass the pedestrian gate, unit entrance guard and elevator control by means of face recognition, two-dimensional code and IC card, realizing automatic elevator calling;

The vehicle identification at the entrance gate enables owners to make advanced payment and realizes automated passage;

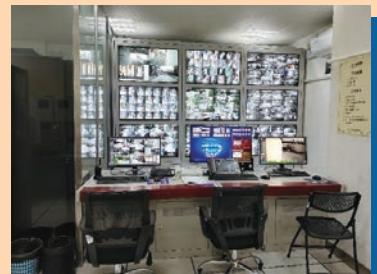
Visitors may be invited by sharing two-dimensional code via Evergrande Smart Community APP to avoid written registration and human verification.



Face recognition and pedestrian gate

Smart security guard

Install high-intensity and high-definition cameras in the residential areas, including face recognition cameras at the major and minor entrances and exits, cross warning with motion recognition cameras in the peripheral areas of the residential complex, and monitor the residential complex 24 hours with the video monitoring system, in order to enhance the safety of the residential complex.



Video monitoring system

Smart charging

In order to satisfy the increasing demands of owners for the charging of NEVs, the Group has operated 6,568 charging piles in 263 residential areas across the country, and completed the upgrade of 382 residential areas for installation of charging piles.



Smart charging pile

Smart life

Promote Evergrande Smart Community APP, and realize functions including visitor invitation, remote door opening, online reporting, complaint and suggestion, online one-key payment of parking fee and property management fee, and community activity, in order to enhance the convenience of owners' daily life.





PRODUCTS AND SERVICES

Community Culture Development

In 2020, the Group carried out a series of community cultural activities nationwide with the theme of “Friends, Neighbours and Love”, including “Friendly Neighbourhood and Flower Young of Evergrande”, “Friendly Neighbourhood and Impression of Evergrande”, “Friendly Neighbourhood and Happy Fitness with Evergrande” and “Friendly Neighbourhood and Warm Winter of Evergrande”, aiming to create a warm, happy, harmonious and loving cultural atmosphere.



Number of projects attended

1,115

Summer Experience Camp



Watermelon Film Festival



Charity bazaar

Friendly Neighbourhood and Flower Young of Evergrande



131,869

participants



Long Scroll Happy Drawing



Friendly Neighbourhood and Impression of Evergrande

Covering 518 projects
With 32,584 participants





PRODUCTS AND SERVICES

FRIENDLY NEIGHBOURHOOD AND HAPPY FITNESS WITH EVERGRANDE



Covering 1,304 projects with
167,527
participants

Friendly Neighbourhood and Warm Winter of Evergrande

15 November 2020—15 January 2021

Warm winter · Little bee action

All the property service centers cooperated with the neighbourhood committees, banks and hospitals to carry out convenient service for people such as repair of small electrical appliances, haircutting and carpet washing, following the service concept of "caring service and sincere companionship" of Evergrande Property.

Warm winter · Chinese culture classroom

The property service center invited the calligraphy and painting masters to appraise calligraphy and painting works on the site, and invited Chinese culture teachers to give lectures on the site, which fully mobilized owners' enthusiasm of participation, built a strong community cultural atmosphere, and inherited and carried forward the traditional cultural art.

Warm winter · Warmth on Winter solstice Festival

All the property service centers organized warmth activities such as making dumplings and sweet dumplings, and sent loving dumplings to the elderly who live alone and empty nesters, which carried forward traditional festivals and food culture, and built a warm and happy atmosphere with friendly neighbourhood.

Warm winter · Loving family photo

All the property service centers carried out family photo shooting activity in the community. They invited communities and photography companies, and provided shooting venue, garments and cosmetics for family members, which captured excellent moments on the site and conveyed the happy and cozy community atmosphere.





PRODUCTS AND SERVICES

Customer Relations Management

Customer satisfaction investigation

Evergrande Group continued to carry out surveys on satisfaction for sales and property services to have a good understanding of customers' demands and suggestions, explore, rectify and perfect the space to be improved in all the business links, and provide more satisfactory products and services for customers. The Group's surveys on satisfaction are as follows:

Surveys on satisfaction for sales services

Respondent: Owners who have signed the agreement for more than one year, within half a year, or whose house is delivered within one year

Mode of survey: Telephone and online questionnaire

Contents of survey: Service performance of property consultants and other service staff, project sales environment, project product design, communication service and complaint handling, repurchase intention, quality of delivered house, and repair and maintenance

Valid customer visit

552,565

persons

Collected **3,210**
suggestions from
customers

Overall sales satisfaction
score **97.01**

As for major problems found in the surveys on satisfaction for sales service such as improper handover due to replacement of property consultant, inconvenient parking in cases and complicated contract signing, the Group classified problems into common and individual problems and took different measures for different problems, and made prompt rectifications, in order to enhance customer satisfaction to the largest extent.

Through the surveys on owners' satisfaction for the year, the Group carried out assessment incentive and problem rectification, effectively enhanced community pandemic prevention of national projects, assessment of cleaning units and special maintenance of elevators of some projects; increased convenient service and community cultural activities to effectively promote the quality of property service of various projects.

Surveys on satisfaction for property management services

Scope of survey: All the projects under management of which the first batch has been delivered for over one month across the country

Respondent: All the owners and their family members and tenants

Mode of survey: Sampling survey in different batches by the quarter

Contents of survey: Overall satisfaction with property service, recognition degree of property employees and perception of service focuses in various phases

Return visits to **2,712** owners

Covering **553,000** owners

Collected **144,000**
suggestions from customers

Overall sales satisfaction
score **95.6**





PRODUCTS AND SERVICES

Customer Complaint Handling

The Group attached great importance to customer complaints and opinions, formulated and implemented the After-sales Service Management Measures of Real Estate Group, and required regions and projects to promptly solve customers' doubts in strict compliance with complaint handling procedures, and ensure the effective implementation of complaint management requirements through complete supervision and management mechanism.

Customers may feed back the complaint and comments via 24-hour 400 customer service hotline, WeChat official account, project property reception desk and other channels. Upon receipt of complaints, the After-sales Service Center of the Group classified the contents of complaints, issued the "Demand Form" and "Customer Complaint Supervision Order" according to the level of the request to corresponding departments and regions or projects, and asked the relevant personnel to follow up and deal with it as stipulated; the After-sales Service Center supervised the complaint handling in the whole process, and the work order may be closed only after the problem is resolved.

The customer complaint supervision orders issued by the After-sales Services Center of the Group and the handling performance for the year as follows:



Customers' Rights Protection

Responsible marketing

In 2020, Evergrande Group continued to implement requirements on the publicity and promotion of compliance marketing, and strengthened the management and monitoring on integrity marketing in accordance with internal systems such as the Measures for Marketing Management of the Real Estate Group and the Management Measures for Integrity Sales of Newly Launched Projects of the Real Estate Group, in order to provide transparent and responsible marketing service for customers. The Group guaranteed the compliance marketing from the following aspects:

| | |
|---------------------------------|--|
| Risk reminder for owners | <ul style="list-style-type: none"> Special Reminder for Project Housing Purchase shall be independently publicized on the visiting line of customers, including objective factors inside and outside the red line, sunlight declaration and notification to remind owners of potential risks; Special circumstances such as non-delivery standard of sample houses and non-standard room types shall be kindly reminded; The Group shall formulate preventive measures and make relevant reminders for safety risks in the residential complex and hidden safety hazards in the marketing center and sample houses; The Special Reminder for Project Housing Purchase shall be simultaneously signed with customers when the Commodity House Purchase and Sales Contract is signed for newly launched projects to acquaint owners with risk factors. |
|---------------------------------|--|





PRODUCTS AND SERVICES

Review of publicity materials

- The sales materials for external publicity of all the projects shall be jointly reviewed and signed by persons in charge of relevant department such as the marketing department and general engineer's office of regional companies, and may be used upon approval and signature by leaders in charge of marketing of regional companies;
- Publicity materials such as the first publicity poster and publicity film shall be submitted to the leaders in charge of the Group's Marketing Center for approval before the launch of new projects;
- Regional companies shall formulate the regional marketing plan according to the marketing and promotion theme and advertisement plan of the Group, which shall be implemented upon approval by the leader in charge of the Marketing Center of the Group after review by the leader in charge of marketing of regional companies.

Audit and training on responsible marketing

- Since May 2020, each sales department shall establish the visitor registration zone and be equipped with special monitoring cameras and one sales supervisor for the full-time supervision and inspection on the cases;
- The sales department shall post the Notification Letter of Reporting Channels in prominent positions, and the reporting on violations of property consultants by customers may be rewarded RMB10,000/time once verified;
- Each project shall compile the Sales 100 Questions and Answers according to the actual situation, which shall be issued to the sales team upon submission to the Group's Marketing Center for training and learning;
- Sales meetings were held for each project on every morning and evening to strengthen the speech training of property consultants; the Group conducted training on relevant systems, procedures and excellent experience for various regions and projects via video conference from time to time;
- The Group's Internal Audit department conducts regular audit on marketing activities, and external professional institutes appointed by the Group conduct audit on marketing activities on an annual basis.

Information Safety and Customer Privacy Protection

Always focusing on the protection of customer privacy and information safety, the Group strictly abides by laws and regulations such as the Cyber Security Law of the People's Republic of China, and implements the information confidentiality and safety management requirements such as the Confidentiality System of Evergrande Group. In order to strengthen the information security management, the Group has established top-down clear information safety management structure under the direct leadership of the vice president. The headquarters of the Group has established the Information Center, responsible for the formulation of technical standards, resource integration, safety review and supervision. The industry group has established the information center to be responsible for the building, implementation and operation maintenance of the information system.

The Group continued to strengthen the development of information security management system for the year. In terms of management means, the Group adopted the strictest segmented password management of relevant system storing customer information, and all the operation maintenance shall be implemented via the operation maintenance audit platform, and monitored and audited in the whole process. In case of any leakage of customer information, the Group would initiate the system emergency plan, immediately report relevant situations to relevant leaders, and seriously deal with relevant responsible people. As for the internal information, the Group organized each unit to determine the confidentiality level and requirements, and strengthened the training on information safety for employees; comprehensively promoted and used encryption tools for electronic documents, and strengthened the secure transmission management of electronic documents.

In terms of system development, the Group continuously reviewed and inspected the information and cyber security demands and proposal design of the newly established projects, and regularly carried out security loopholes scanning and patch repair of the launched information system; paid close attention to the severe security loopholes and cyber attack risk reminders published by the net police, organized the special inspection on the internet exportation equipment, and updated and transformed the old equipment and software. Meanwhile, the Group continuously strengthened the security reinforcement for internet applications of external service, and promoted the certification of classified protection of information security of the website system.





PRODUCTS AND SERVICES



Monthly inspection on confidentiality of employees' information



Quarterly comprehensive system scanning for identification of security loophole

In 2020, the Group mainly strengthened the information resource sharing and coordination between different industrial groups and information security management, examined and supervised key information projects of key industrial groups, and provided assistance for introduction and promotion of new technology and applications. So far, the Group has completed the security certification of three information systems. With the continuous progress of informatization, we will focus more attention on the information security and confidentiality, and continuously upgrade the mode and intensity of management, in order to provide powerful support for the informatization of the Group.

Diversified Innovative Products and Services

Evergrande Group is a Fortune Global 500 enterprise group integrating operations of properties for people, new energy vehicles, digital technology, cultural tourism and health and well-being management. It is committed to building a better living home for customers, while actively focusing on the green travel and cultural tourism of the public, health care for the elderly, home decoration, and other related industries. The Group constantly innovates service models and promotes service diversification, with a view to meeting customers' needs for improving the quality of life.

Making Forward-looking Layout of the NEV Industry, and Building World-class “Evergrande Smart Manufacture”

The Group made forward-looking layout of the NEV industry in active response to the national strategy of strengthening the country with science and technology, and integrated global top resources following the development positioning of “the core technology must be world-leading, the product quality must be world-class”. It has established the whole industry chain of new energy vehicles in the field including vehicle manufacturing, powertrains, power batteries, car sales, smart charging, and built the most advanced smart manufacturing bases in Shanghai, Guangzhou, etc. as per Industry 4.0 standards. It strives to become the largest and most powerful new energy automobile group in the world in 3-5 years, and help China transform from a big automobile country into a strong automobile country.

3 March 2020

World premiere of top new-energy super sport car Gemera jointly created with Koenigsegg.

3 August 2020

The Group simultaneously released six types of Hengchi series, which won unanimous praise with their outstanding style in the market.

7 August 2020

The Group's manufacturing bases in Shanghai and Guangzhou made their debut. Currently the two bases have entered the equipment installation and commissioning phase. With the most advanced equipment and technology, they can realize the most advanced smart manufacture.

12 November 2020

Evergrande Automobile manufacturing bases in Shanghai and Guangzhou comprehensively launched trial production and commissioning, which ushered in another milestone in the vehicle manufacturing.



On 10 February 2021, Evergrande Auto officially launched three new types, Hengchi 7, Hengchi 8 and Hengchi 9.

Hengchi launched winter testing. Ten Hengchi cars displayed their strong performance under extremely cold weather and on complicated ice and snow roads.

10 February 2021

The first pure electric flagship D-level car Hengchi 1 had successful road running and made its debut with shocking interior decoration.

3 February 2021

7-9 December 2020



PRODUCTS AND SERVICES

During the high-speed development, the Group has always insisted on building resource-saving and environment-friendly enterprises, gradually established the energy management system integrating data acquisition and processing, modelling, data storage and information release in new NEV workshops, and carried out real-time monitoring on the energy usage and production index, in order to enhance the energy utilization rate. In addition, the Group has also proactively promoted the energy-saving, cost-reducing and water-saving measures, and formulated energy usage efficiency and water usage efficiency objectives, in order to reach the advanced level in the industry in terms of industrial building energy consumption and water withdrawal of unit product.



Interface of energy management system

Building All-rounded Cultural Tourism Complex and World Top Tourist Attraction

The Group strives to build an all-rounded cultural tourism complex layout, focused on developing two flagship products that are the first of their kind in the world, namely Evergrande Fairyland and Evergrande Water World, and built the top cultural tourist resort "Ocean Flower Island in Hainan China" yearned by the world.

Ocean Flower Island in Hainan China — Cultural Tourist Resort Yearned by the World



Colourful amusement

Resort hotel

Commercial convention and exhibition



Cultural performance

On 22 December 2020, the opening of Ocean Flower Island stirred up the "tide of century"

With the academic support of Central Academy of Fine Arts, hosted by China Arts and Entertainment Group and Evergrande Tourism Group, sponsored by China External Art Exhibition Co., Ltd. and Ocean Flower Island Museum and co-organized by China Academy of Fine Arts Co-Innovation Art Creation and Research Center for Silk Road, the first press conference of the opening exhibition of Ocean Flower Island Museum "Tides of the Century—2020 Ocean Flower International Art Exhibition" was held at the Art Gallery of Central Academy of Fine Arts on 22 December.



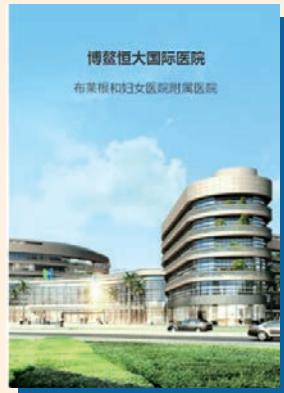
Poster of opening exhibition



PRODUCTS AND SERVICES

Fully Integrating High-end Medical Resources for the Dreams of Elderly Services in New Era

Evergrande Elderly Care Valley creates a comprehensive all-aged health and wellness new life, a new high-quality and multi-level health care method, and a new system of full-cycle highly secured health insurance system. We originally created four major parks, providing 852 facilities and 867 services. Evergrande International Hospital and Evergrande Nursing Home integrated international and domestic excellent hospitals, nursing homes and other resources to create a large-scale and high-grade health care and retirement resort in China, starting a new chapter of comprehensive healthcare and wellness system for all ages.



Four health businesses

Evergrande Health cooperated with strategic partners to make innovations in general medical service mode



Signing venue



Friendly negotiation

On the afternoon of 23 October 2020, Evergrande Health entered into a four-party strategic cooperation agreement with the First Affiliated Hospital, Sun Yat-sen University, University of Birmingham and BGP Medicare Consulting Company Limited in Guangzhou, agreeing to jointly build a healthy ecosystem centered on and linked by general medicine, conduct in-depth cooperation in the general medical service, cultivation of general medicine professionals and establishment of classified diagnosis and treatment system with Evergrande Elderly Care Valley as the service carrier, and create a new mode of general medical service.





PRODUCTS AND SERVICES

Integrating Internet Service Platform, and Realizing Media Development

Hengten Networks is a streaming media company empowered by internet technology with the largest long-form video platform Pumpkin Film App in China. As of 8 February 2021, the registered users exceeded 36 million, and paid users exceeded 6 million. The number of registered users and paid users is still on the rapid rise every day. As the HKEX-listed enterprise subordinate to the Fortune Global 500 Evergrande and Tencent, Hengten Networks also has a leading film and television producer Ruyi Films in China with top content production capability and IP development capability.



Protection of Intellectual Property rights

The Group has focused on the protection of intellectual property rights, managed the intellectual property rights of each unit in terms of development strategy, management institution and management system, used the intellectual property information management system to improve management efficiency and data security, tracked competitors, industry and market development trends in a timely manner, and avoided risks related to intellectual property rights. Up to now, the Group has registered more than 5,000 valid trademarks. The main measures for protection of intellectual property rights of the Group are as follows:

- **Implementation of management system:** The Group strictly implemented the Intellectual Property Management System of Evergrande Group and internal operational guidelines for intellectual property work and other system documents. The Group's Legal Affairs Center is responsible for intellectual property declaration and information management, and set up full-time positions of intellectual property administrators to work in various subordinate units in order to directly communicate with the Group's Legal Affairs Center.
- **Strict control of legal risks:** As for the standard system installation and usage of computer software, font and images, the Group has issued the letter of management reminder to relevant business departments to prevent copyright disputes, litigation cases, compliance risks and brand risks.
- **Scientific management of agencies:** The Group selects the intellectual property right agencies suitable to the Group, and conducts multi-dimensional assessment and appraisal on the agencies, in order to guarantee service quality;
- **Optimization of process operation:** The Group's Legal Affairs Center has optimized the work procedures and operation guidelines on the basis of the internal operational guidelines for intellectual property work in combination with the actual experience in working processes;
- **Training on intellectual property rights:** The Group totally organized the online training on intellectual property rights twice for the year, including the enterprise intellectual property management, domestic and foreign technical cooperation and defence and attack of intellectual property rights in the litigation. Lots of practical cases enabled the intellectual property administrators of the Group to have a deeper understanding of trademarks, patents and risk prevention and control.

In addition, Evergrande Group firmly protects its legitimate rights and interests, and prevents any infringements. As for infringements, the Group will bring lawsuits according to legal procedures, and demand the cease of infringement and compensation for corresponding losses by the infringing party.





PUBLIC CHARITY AND COMMUNITY PARTICIPATION

OVERVIEW

As a representative of the private enterprises in the new era, Evergrande Group has provided assistance for pandemic prevention and poverty alleviation, and proactively fulfilled the original commitment to social responsibilities with actual actions, making due contributions to the fight against COVID-19 and poverty alleviation.

Confronted with the outburst of COVID-19, Evergrande Group took immediate actions to donate materials, money and manpower to prevent the pandemic spread, dispatched medical teams to the anti-pandemic rescue, and assisted the smooth operation of the international pandemic research, which fully displayed the social responsibilities of the enterprise. The Group took the lead to initiate the “online house sales” measures, which

- promoted the resumption of production and comprehensively upgraded marketing measures against the backdrop of the fight against the pandemic.

In addition, we enhanced the assistance for various nationwide projects according to respective characteristics in active response to the national call on targeted poverty alleviation policies, following the charitable concept of “helping people in trouble and the poor”. In 2020, the Group accumulatively got more than one million people in Bijie City out of poverty, committed to donate RMB11 billion, and successively helped several provinces win the battle against poverty.

OUR STRATEGY AND ACTIONS

| | |
|--|---|
| Pandemic prevention and donation | <p>The Group firmly implemented the decision and deployments of the CPC Central Committee and the State Council, and took several measures for pandemic prevention and resumption of production;</p> <p>It donated materials and food and provided funds for scientific research to fight against the pandemic;</p> <p>The Group cooperated with Chinese and American leading medical and scientific research teams in the fight against the pandemic, and took active actions to overcome the virus.</p> |
| Promotion of poverty alleviation plan | <p>The Group promoted the comprehensive resumption of various assistance projects in strict accordance with the targeted prevention strategies of the Party committees and governments at various levels;</p> <p>The Group realized the integration of resource allocation, industrial integration and base distribution via industrial poverty alleviation, relocation poverty alleviation and employment poverty alleviation, and motivated the production of local people.</p> |





PUBLIC CHARITY AND COMMUNITY PARTICIPATION

ANNUAL PERFORMANCE

Pandemic prevention

RMB **200 million** and
5,000 tons of fresh vegetables were donated to Wuhan

Provided funds for the Sino-US COVID-19 scientific research

RMB 800 million

Donated for the R&D expenses of innovative drugs of Chinese Academy of Medical Sciences

RMB 100 million

Charitable donation

The number of people in Bijie City stably helped out of poverty

More than 1 million

Donated for Bijie City

RMB 11 billion

Charitable donation of Evergrande Group in 2020

RMB 3.276 billion

The number of members of the resident poverty alleviation team in Wumeng Mountain Area

2,108

Promotion of sports

The number of championships won by Evergrande Football School in major competitions

99





PUBLIC CHARITY AND COMMUNITY PARTICIPATION

Joint Fight Against COVID-19

In 2020, numerous Chinese people were greatly concerned about COVID-19. Since the occurrence of the pandemic, Evergrande firmly implemented the decisions and deployments of the Party Central Committee and the State Council, made rapid deployment calmly, proactively took several measures to participate in the pandemic prevention and production resumption, and actively donated material supplies to the anti-pandemic frontlines, which displayed the responsibilities of the enterprise.

22 January 2020 | Joint prevention and control

Evergrande Group established the leading team for pandemic prevention and control, took anti-pandemic measures such as establishing observation and quarantine rooms, temperature detecting stations and special cars for sending patients for diagnosis on the project sites, and purchased anti-pandemic materials such as temperature guns, masks and disinfectants.

1 February 2020 | Charitable donation

Evergrande Group donated 5,000 tons of fresh vegetables to Wuhan City to guarantee supply of vegetables and stabilize local price of vegetables.

8 February 2020 | Aid fund

Evergrande Group donated RMB100 million in cash to the Chinese Academy of Medical Sciences to support the establishment of the Research Fund for Innovative Anti-Virus Drug for the acceleration of the R&D of innovative drugs related to combating COVID-19.

13 February 2020 | Online marketing

In response to the impacts of pandemic on the industry, Evergrande Group took the initiative to launch “online sales”, which realized high sales growth, guaranteed normal operation of the Company, and stabilized the employment of more than 3.3 million people.

8 April 2020 | Stabilizing employment and ensuring labor force

Under the severe pressure of employment, Evergrande Group initiated large-scale nationwide recruitment, during which 30,000 professionals in the NEV and real estate industry were recruited from the society; it also reduced and exempted partial rental of large-scale complex and community commerce.

24 January 2020 | Joint response to challenges

Evergrande Group donated RMB200 million to the account of Wuhan Charity Federation designated by the Headquarters of Wuhan for Novel Coronavirus Pneumonia Prevention and Control to fight the pandemic and overcome the difficult times together with millions of citizens in Wuhan.

4 February 2020 | Scientific research

Evergrande Group provided RMB800 million to support scientific research, and collaborated with the Zhong Nanshan Team and Harvard University to establish “Sino-US COVID-19 Scientific Research Expert Team” to conduct scientific research cooperation in the rapid detection of novel coronavirus, infection and pathogenesis, clinical treatment, medicine and vaccine R&D.

12 February 2020 | Continuous donation

Evergrande Group donated RMB10 million to Chinese Red Cross Foundation for the provision of humanitarian assistance funds to people who recovered from COVID-19 and donated blood, and the purchase of Tocilizumab injection to rescue severe COVID-19 patients.

23 March 2020 | International aid

The Group donated RMB100 million to Red Cross Society of China and established the Evergrande International Anti-Pandemic Aid Fund to support Red Cross to purchase medical treatment and protective materials urgently needed in the recipient country, collect blood from people who recovered from COVID-19, purchase of drugs inhibiting cytokine storm, and provide logistics guarantee for the dispatched international medical rescue team.

Continuous support for normalized management of COVID-19...



PUBLIC CHARITY AND COMMUNITY PARTICIPATION

Joint Efforts for Rescue and Aid

From 24 January to 1 February, 2020, Evergrande Group donated **RMB200 million in cash and 5,000 tons of fresh vegetables** to Wuhan under severe pandemic situations, in order to supply fresh vegetables for local citizens and jointly fight against COVID-19, which displayed social responsibilities of the large enterprise.

COVID-19 has soon developed into everyone's concern. Private enterprises represented by Evergrande Property donated money and materials to Wuhan to contribute to the pandemic prevention.

At 16:00 pm on New Year's Eve (24 January), the Headquarters of Wuhan for Novel Coronavirus Pneumonia Prevention and Control received RMB200 million from Evergrande Group. The Group fought the pandemic and overcame the difficult times together with millions of citizens in Wuhan.



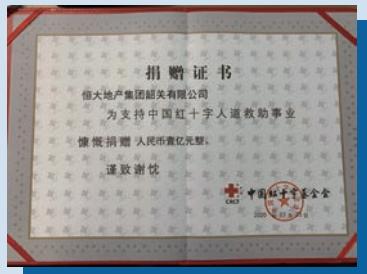
Source: Xinhuanet

RMB200 million in cash and 5,000 tons of fresh vegetables



5,000t transport fleet of Evergrande Group rushed to Wuhan for rescue

With the increasingly challenging pandemic prevention and control in the world, China is joining hands with the world to fight against COVID-19. In order to demonstrate social responsibilities and international sentiments of Chinese enterprises to share joys and sorrows, Evergrande Group cooperated with the Red Cross Society of China to establish the International Aid Fund, which offered support for the international medical rescue team dispatched by Red Cross, provided humanitarian assistance for regions and countries in urgent need of help, and contributed to the nationwide pandemic prevention.



Evergrande Group supported the humanitarian assistance of the Red Cross Society of China, and donated materials for international pandemic prevention





PUBLIC CHARITY AND COMMUNITY PARTICIPATION

Sino-US COVID-19 Scientific Research Expert Team



"1st video conference of Sino-US COVID-19 Scientific Research Expert Team"

On 24 February 2020, Harvard University issued an official announcement officially confirming that it was collaborating with Chinese scientific researchers led by Academician Zhong Nanshan to strive to seek together better diagnostic and treatment options against COVID-19. Evergrande Group provided financial support of a total of US\$115 million (approximately RMB800 million) for scientific research.

As of 27 March, Sino-US COVID-19 Scientific Research Expert Team had held five video conferences, and carried out various work in an orderly manner. Zhong Nanshan Team introduced how to rapidly detect COVID-19 and pandemic prevention experience to the team of Harvard University at the meeting.



"2nd video conference of Sino-US COVID-19 Scientific Research Expert Team"

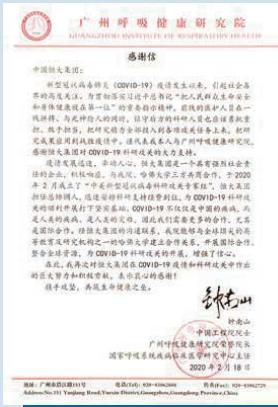
Academician Zhong Nanshan also wrote a letter to extend gratitude to Evergrande Group for its great endeavor and active contributions to the pandemic prevention and scientific research for COVID-19 on behalf of himself and Guangzhou Institute of Respiratory Health: "The pandemic has rapidly developed into everyone's concern. As an enterprise with strong social responsibilities, Evergrande Group made active response and cooperated with the Institute and Harvard University to lay solid foundation for the smooth scientific research on COVID-19."



4th video conference of "Sino-US COVID-19 Scientific Research Expert Team" reported on CCTV

President of Harvard University Lawrence Bacow spoke highly of efforts made by Evergrande Group as an overall coordinator to promote cooperation among world-class medical treatment and scientific research staff such as Zhong Nanshan Team and Harvard University for the concern for common destiny of human beings, health protection and life safety, its active actions to overcome COVID-19, as well as the strong sense of social responsibilities of the Group.

China Evergrande Group provided financial support of a total of **US\$115 million** (approximately RMB800 million) for a term of 5 years for this collaboration.



Letter of Gratitude from Academician Zhong Nanshan to the Group



Letter of Gratitude from President of Harvard University to the Group



PUBLIC CHARITY AND COMMUNITY PARTICIPATION

Targeted Poverty Alleviation

Targeted Poverty Alleviation in Bijie City

As social force, Evergrande Group actively participated in the targeted poverty alleviation. In active response to the call of the CPC Central Committee and with the support from CPPCC, the Group has been assisting Bijie City with targeted poverty alleviation in partnership since December 2015. It committed to donate RMB11 billion, and formed a resident poverty alleviation team of 2,108 people in Wumeng Mountain Area. As at the end of 2020, it helped all the poor counties in Bijie City out of poverty, covering more than one million poor residents.

The year of 2020 was the final year in building an all-round well-off society and fulfilling the “13th Five-year Plan”, among which poverty alleviation was a tough issue. Confronted with greater tasks and higher requirements due to pandemic, it was necessary for the Group to control the schedule and ensure effects in a shorter period. Evergrande Group strictly implemented the targeted prevention and control strategies of the Party committees and governments at various levels, and promoted the comprehensive work resumption of various assistance projects in an orderly manner. As of the end of 2020, Evergrande Group had helped all the poor villages and counties of Bijie City out of poverty, covering more than one million poor people.



The local eldersies moved into a new house in the Evergrande Second Village (恒大二村)



Created jobs in local industrial bases



Absorbed poverty-stricken households into the private enterprises under the Group



Gerocomium constructed under the assistance of the Group



Dafang County Evergrande Hospital (大方縣恒大醫院) constructed under the assistance of the Group



The vegetable industrial base had a bumper harvest





PUBLIC CHARITY AND COMMUNITY PARTICIPATION

1

Industrial
poverty
alleviation



The well-being of the masses depends on the prosperity of industries. We helped Bijie City to develop industries such as vegetable, beef cattle, traditional Chinese medicine and economic fruit trees, formed the marketized operation model of “leading companies + cooperation stations + poor families + base”, and realized integrated operation of “supply, production and sales”, which solved the basic problem of “what and how to produce, the quantity to produce and to whom they shall be sold” of poor householders, and guaranteed continuous income rise and poverty alleviation.



Vegetable industry 60,980 vegetable greenhouses, 367,000 acres of vegetable field base, vegetable seedling center of 288,000 square meters, 68 storage and initial processing bases were completed and put into use.

Beef industry High-yield and high-quality forage base of 310,000 acres was completed and into use, 83,127 Angus and Simmental high-quality beef cattle were introduced and bred, and 323,000 breeding cattle were improved.

Special industry Traditional Chinese medicine and edible fungi base of 139,000 acres, economic fruit trees base of 367,000 acres were completed and put into use.

2

Relocation
poverty
alleviation



Moving out of the mountain to embrace happiness. Evergrande Group donated RMB5.7 billion to help 10 counties and districts in Bijie City construct 17 relocation communities for immigrants and 50 new villages with educational, commercial and other supporting facilities, and suitable industries for employment of immigrants, which solved the immigration and relocation of 221,800 people in Bijie City. Up to now, 221,800 people have been relocated.



New life after relocation to communities

3

Employment
poverty
alleviation



One member's employment helps the whole family out of poverty. Evergrande Group has helped train 113,217 people in the city, and recommended a total of 75,462 persons for employment within and outside the city. The annual income per capita in the city has reached RMB42,000.

In addition, Evergrande Group also implemented educational assistance program and extreme poverty groups livelihood guarantee program in Bijie City. 43 schools constructed under assistance of the Group were completed and put into use. Excellent educational resources were introduced in cooperation with Tsinghua University. 1 hospital, 1 welfare house for children and 1 old people's home were completed and delivered for use.



School constructed under assistance of Evergrande Group was opened



Employment recruitments were held vigorously





PUBLIC CHARITY AND COMMUNITY PARTICIPATION

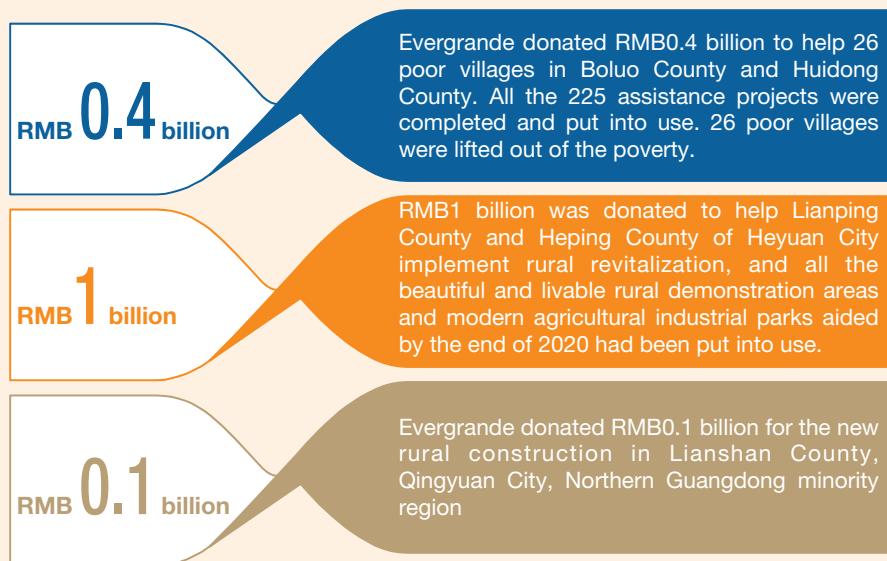
Other Poverty Alleviation Activities

In recent years, the Group has replicated and promoted its assistance experience in Bijie to help a number of provinces and regions including Guangdong, Henan, Shaanxi, Xinjiang, Gansu, Yunnan, Jiangxi and Qinghai to win the battle against poverty.



Guangdong

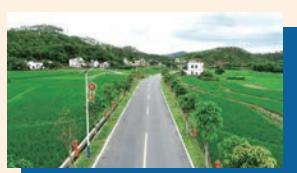
As the earliest enterprise participating in the "Poverty Alleviation Day" activity in Guangdong, Evergrande Group has donated over **RMB3.68 billion** in total for the cause of poverty alleviation in Guangdong and more than **RMB4.74 billion** for the cause of public welfare and charity in Guangdong. In June 2020, Evergrande Group donated **RMB750 million** to the cause of poverty alleviation in Guangdong to alleviate poverty.



New village in Guangdong Heyuan Demonstration Area



Beautiful Rural Demonstration Area in Lianping County



Road lighting and greening in Huidong County



Rural Appearance Reform in Huidong County



Assistance for construction of immigrant resettlement area in Huidong County



Assistance for construction of smart greenhouse base in Boluo County





PUBLIC CHARITY AND COMMUNITY PARTICIPATION

Henan

Evergrande Group donated **RMB1.65 billion** to Zhoukou City, Henan Province, implementing industrial assistance, educational assistance and guarantee program. At present, **4** schools, **1** hospital and **1** modern agricultural base have been completed and put into use.



Modern agricultural base in Taikang County



Senior high school constructed under assistance in Taikang County



High school constructed under assistance in Taikang County



Primary school constructed under assistance in Taikang County



Hospitals constructed under assistance in Taikang County



High school constructed under assistance in Zhoukou City



Evergrande Primary School in Changwu County



School life of children

Shaanxi

Evergrande donated **RMB1 billion** in Shaanxi to build **30** kindergartens, primary schools and high schools, offering opportunities for totalling **24,000** students. Currently, **30** schools have been put into use.

Qinghai

Evergrande Group donated **RMB20 million** to Datong County, Qinghai Province, helping build **33** beautiful demonstration villages. All the projects will be delivered for use by the end of current year.

Gansu

Evergrande Group donated **RMB0.7 billion** to Gansu, helping 21 counties and districts out of poverty.





PUBLIC CHARITY AND COMMUNITY PARTICIPATION

Xinjiang

Evergrande Group donated **RMB0.9 billion** to Xinjiang, helping Urumqi and Kashi City of Xinjiang realize poverty alleviation and rural rejuvenation. **7** breeding stations and **1** feed mill constructed under assistance were completed and put into use, and **13,000** pure Angus cows were introduced. It helped Makit County in Xinjiang out of poverty on 14 January, 2020.



Breeding stations for pure Angus cows



Pure quality Angus cows



Equipped with modernized machinery and equipment



Collection and storage of silage

Yunnan

Evergrande Group donated **RMB0.1 billion** to Zhaotong City, Yunnan Province, implementing industrial poverty alleviation and employment poverty alleviation. **3,254** vegetable greenhouses, **1** seedling center and **3** storage and initial processing bases have been completed and put into use, and **24,310** are recommended for employment.



Jing'an Vegetable Base in Zhaoyang District



Employment in the local industrial bases



Employment in enterprises subordinate to Evergrande

Jiangxi

Evergrande Group donated **RMB50 million** to Xunwu County, Jiangxi Province to realize the rural rejuvenation and build a “happy town” in the beautiful village equipped with educational and commercial facilities. At present, all the projects have been completed.



Happy town in Xunwu County





PUBLIC CHARITY AND COMMUNITY PARTICIPATION

Promotion of Sports

Evergrande Football Club

Established in March 2010 in Guangzhou, Evergrande Taobao Football Club won 17 championships during the past eleven years, including two championships in AFC Champions League and eight championships in CSL, with the highest world ranking reaching the 30th. In November 2015, Evergrande Taobao Football Club was successfully launched into the market, becoming No.1 share of Football Asia, and one of the most successful and most influential occupational football clubs in Asia at present.

Outstanding results of Evergrande Taobao Football Team promoted the foot market in China, and enhanced the level of CSL;

The “chief coach responsibility system under the leadership of the Board Chairman” initiated by Evergrande Taobao Football Club promoted the reform in the football management system in China;

The management mode with “strict management, handsome reward and severe punishment” enhanced the management and development level of CSL Club.



Evergrande Taobao Football Club won eight trophies in CSL





PUBLIC CHARITY AND COMMUNITY PARTICIPATION

Evergrande Football School

Evergrande Group established a new football school with the largest scale and first-class hardware facilities in Qingyuan, Guangdong in 2011. In September 2012, Evergrande Football School was opened, and the Spanish branch was established in October 2014. With the purpose of “rejuvenating Chinese football and cultivating football stars”, Evergrande Football School implemented internationally leading youth training model, introduced the world’s top coaching team, built a high-level international competition platform, and cultivated excellent football talents aged 9 to 18.

Since the school running, Evergrande Football School has formed the “one-stop” youth training model with five years’ special domestic training and five years’ overseas further education. Since 2018, the school has adopted “all-elite and all-free” training mechanism, and the trainees are entitled to training, competition, learning, catering, clothes and accommodation free of charge. Aged 9-13 students receive special training by world’s top coaching team at the Evergrande Football School in China, and 25 members are selected from excellent students aged above 13 to receive training in the Evergrande Spanish branch. The team aged 13-18 years old is composed of 25 students, and there are 125 elite trainees in the Evergrande Spanish branch. Since 2019, “Evergrande Cup” Madrid Football Championship has been held in Spain each year, and the league team from Madrid at the highest level of the same age is invited to attend the championship, which guarantees that students at various ages from Spanish branch could have high-level, high-quality and high-strength competition on a weekly basis.



Evergrande Football School signed the youth football strategic cooperation agreement in 2020



Aerial photo of Evergrande Football School

Evergrande Football School won **99** championships in major competitions, and students were selected into the national teams at various levels for **425** times. Nearly 100 football players were selected into the Evergrande Club at various ages, and more than **3,000** young talents at various levels were cultivated.





ANTI-CORRUPTION

OVERVIEW

Evergrande Group focuses on the integrity and compliance. It strictly supervised the key operation links in strict accordance with the Criminal Law of the People's Republic of China, the Interim Provisions on Prohibiting Commercial Bribery and other laws and regulations on prohibiting commercial bribery and fraud, as well as the anti-money laundering requirements under the Anti-money Laundering Law of the People's Republic of China and the Notice of Regulating the Financing of Home Buying and Strengthening Anti-money Laundering Work (Jian Fang (2017) No.215), in order to build an honest and transparent operating environment.

OUR STRATEGY AND ACTIONS

| | |
|---|--|
| Anti-corruption and anti-money laundering governance | Highly emphasizing anti-corruption work, the Group established three-level anti-corruption governance structure and relevant internal system; Implemented the whistleblower protection principle, strictly protected the information of whistleblowers and prevent retaliation; Continuously conducted anti-corruption training throughout the employment for employees, publicized anti-corruption consciousness, and promoted anti-corruption and integrity culture; Strictly abided by laws and regulations related to anti-money laundering, and improved money laundering risk control and identification mechanism. |
|---|--|

ANNUAL PERFORMANCE

Anti-corruption and advocacy of integrity

Anti-corruption education were carried out for all employees. Cumulative number of participants in the centralized anti-corruption training in 2020

31,884

Total direct economic losses recovered by the case handling efforts of the Supervision Center

RMB 193 million





ANTI-CORRUPTION

Anti-corruption and Ethical Business Management

Anti-corruption Management System and Structure

Attaching great importance to the anti-corruption, the Group sets up the rule of defense in advance in strict accordance with the internal management system such as the Evergrande Real Estate Group Integrity Supervision Work Management Measures and the Measures for the Administration of Cash Gift and Gifts. As for anti-corruption, the Group issues the “Five Regulation, Five Expulsion” ban and specifies the reporting mechanism and punishments in accordance with the Notice on the Reaffirmation of the Group System Integrity Provisions and Penalties and other rules.

In order to strengthen the integrity development, Evergrande Group establishes the three-level anti-corruption governance, and sets up a group-level Supervision Center to supervise the integrity, discipline and economic activities of the operation management activities of each unit; supervision units are established subordinate to each industrial segment and province, which are under the direct management of the Group; the supervision units are divided into four areas, namely, East China, North China, West China and South China, responsible for the daily management on the operation of each unit of the system.

Anti-corruption Training

Evergrande Group continuously conducts anti-corruption training for employees, and promotes anti-corruption and integrity culture. We provide anti-corruption and integrity training on the recruitment, induction and daily work of the employees newly recruited from universities and the society, and on-boarding employees throughout their whole career cycle. Meanwhile, the Group has prepared the Evergrande Group White Paper for Anti-Corruption, and promoted it to various strategic partners simultaneously, in order to jointly build a transparent and healthy cooperation industry environment.

1

Specialized anti-corruption training for employees of each industrial group

23,533 participants cumulative training **23,533 hours**



2

Spark Training Camp for employees recruited from universities

1,271 participants **2,542 training hours**



3

Anti-corruption training for employees recruited from the society

7,080 participants **14,160 training hours**





ANTI-CORRUPTION

Case: Film warning against corruption and seminar



On 22 May 2020, the Comprehensive Management Center of Evergrande Real Estate Group organized all the employees of the Design Cost and Quality Control Center to watch the film warning against corruption, and organized meetings to have group discussion of the relevant issues by the department.

The Group encouraged all the employees of various departments to take advantage of film watching and learning to carry forward the culture of Evergrande, foster correct styles, combat corruption, uphold integrity, purify the team, improve the fighting capacity of all the employees, enhance employees' qualities, loyalty to the position and Company, and consciousness of integrity; actively reported all the phenomena and behaviour that impair the corporate interests such as dereliction of duty, malpractice, corruption, bribery and abuse of power for personal gains to purify the atmosphere and employee team, maintain fighting capacity of employee team, and protect the corporate interests.



Employees watching a film warning
against corruption



Group discussion of integrity issues



Meetings for warning against corruption

Management of Complaints or Reports

The Group mainly finds out or receives relevant reports on corruption or malpractice via telephone, E-mail and internal communication software, and sets up the “notification letter of reporting channels” in prominent positions at each office area, project construction site and sales center. Upon receiving a report, the reporting information processing specialist submits the information to the department leader upon classification, hands over to the supervision unit within the territory of the place of occurrence for investigation, and issues a qualitative conclusion of the consistency or inconsistency with the fact within three days. As for clues confirmed to be true after investigation, the Group shall issue a document or investigate the case based on the violation or illegality of the matters involved.

Following the principle of whistleblower protection, Evergrande Group advocates anonymity of whistleblower, lists requirements on confidentiality of whistleblower information in relevant system documents, and strictly stipulates on the confidentiality of supervisory archives. Meanwhile, the Group pays close attention to the incident tendency, and prevents the potential retaliation in advance.

In 2020, the Group's Supervision Center carried out punishments on internal corruption. It strengthened proactive monitoring efforts in links or business lines prone to corruption, and conducted monthly in-depth inspections of each business department's external business activities in proportion to sort out suspicious clues, strengthen relevant supervision, and conducted whole-process supervision over each bidding and tendering.

Total direct economic losses recovered by the case handling efforts of the Supervision Center in 2020 amounted to **RMB 193 million**.





ANTI-CORRUPTION

Business Ethics Management

Evergrande Group always persists in the building of talent teams with high quality and good morality, standardizes moral behaviour standards and restrains employees' daily style by formulating the Eight Prohibitions on Inspection Discipline of Evergrande Group and the Evergrande Group Cadres Code 36. Meanwhile, the Group regularly reviews and inspects employees' moral behaviour standards to guarantee the consistency with the Group's business development strategy requirements and corporate culture. The Group includes the inspection on style and discipline into the daily business supervision, and encourages employees to report behaviour that violates moral standards, in order to build a civilized and equal working environment. In addition, the Group continuously carries out publicity and training on business ethics for all employees and contractors in the convening of meetings, induction training and cadre promotion, and constantly enhances employees' moral consciousness and standards.

Anti-money Laundering

The Group strictly complies with laws and regulations relating to anti-money laundering. In view of the examination and verification of the seal used in the commercial housing contract, the Group issued and implemented the Notice on Strengthening the Security of the Seal Used in the Commercial Housing Sales Contract.

In 2020, the Group focused on the anti-money laundering data governance, check of false certificates and evaluation of money laundering risks. It offered anti-money laundering publicity and training, including training on anti-money laundering practice, domestic and foreign situations related to anti-money laundering, and implementation of annual anti-money laundering plan for directors, supervisors and senior management; and conducted training on anti-money laundering regulations, industrial situations and working situations of the anti-money laundering of the Company for all employees. The Group also publicized anti-money laundering contents to employees by means of poster, official WeChat official account and bank pamphlets.

Improve money laundering risk control and identification mechanism

01 Improve money laundering risk self-appraisal mechanism of the Group

- Specify the money laundering risk appraisal processes
- Promptly submit the risk appraisal report on money laundering and financing of terrorism for the deliberation by the Board of Directors
- Strengthen the application of appraisal results

02 Improve the risk self-appraisal mechanism of the Group's customers

- Improve appraisal indexes
- Integrate with core business system
- Improve manual rating function

03 Strengthen the special training on the grassroots

- Establish the long-term appraisal mechanism with a fixed term
- Strengthen identity recognition and conduct classified management
- Deeply carry out series of training

04 Improve anti-money laundering internal control mechanism

- Deeply carry out internal audit and independent management
- Strengthen the cultivation of consciousness of anti-money laundering risks
- Classify the anti-money laundering internal processes





SUPPLY CHAIN MANAGEMENT

OVERVIEW

Evergrande Group closely cooperates with suppliers to provide safe and quality materials and excellent service for customers. The Group strictly complies with the Law of the People's Republic of China on Tenders and Bids, Government Procurement Law of the People's Republic of China and Anti-Unfair Competition Law of the People's Republic of China on bidding activities, and carries out bidding activities following the principle of integrity, in order to guarantee transparent and fair recruitment of suppliers, and protect the common interests of customers, suppliers and enterprises.

The Group continuously carries out dynamic assessment on suppliers recruited with ERP bidding management system, to guarantee the quality of suppliers recruited and stimulate suppliers to improve their qualities. Meanwhile, during the cooperation, the Group also provides communication and exchange platforms and training activities for suppliers to promote their mutual growth.

Evergrande Group attaches great importance to the sustainable development of the supply chain, focuses on environmental protection responsibility and safe quality of suppliers, and guides suppliers during supervision to fulfil social responsibilities and realize mutual benefits.

OUR STRATEGY AND ACTIONS

| | |
|--|--|
| Dynamic management of suppliers | After qualified suppliers are recruited upon investigation, Evergrande Group will continuously carry out dynamic assessment on suppliers recruited with the ERP bidding management system; The Group conducts classified management and quarterly or annual comprehensive evaluation of engineering units; The Group regularly organizes training or meeting for suppliers to promote their mutual growth. |
| Responsible supply chain | As for sustainable development risks, the Group establishes the identification management mode from the supplier admittance investigation and appraisal and supplier cooperation process appraisal; In all aspects of bidding and purchasing, the Group adopted a decentralized management mode, with different personnel teams taking their respective responsibilities to prevent bidding manipulation. |





SUPPLY CHAIN MANAGEMENT

ANNUAL PERFORMANCE

Supplier investigation and submission

inspections of cooperating factories by the Material Company
304 times

samples sent for inspections of unified materials of the Material Company
10,333 batches

Proportion of cooperating factories of the Material Company that have obtained system certification

ISO 9001 Quality Management System Certification:
96.1%

ISO 14001 Environmental Management System Certification:
84.4%

OHSAS18001/ISO45001 Occupational Health and Safety Management System Certification:

75.6%





SUPPLY CHAIN MANAGEMENT

As at 31 December 2020, the total number of the Group's suppliers reached 30,039, of which the total number of suppliers in the real estate sector reached 27,873; 98.6% of the suppliers were distributed in 30 provinces, autonomous regions or municipalities in Mainland China, and 1.4% of the suppliers were registered in Hong Kong, Macao and Taiwan regions or abroad. The Group endeavored to source locally to reduce the carbon emissions during transportation and promoted the local economic development.

Number of suppliers by region

| No. | Name of province/municipality/ autonomous region | Number of suppliers |
|-----|--|---------------------|
| 1 | Beijing City | 1,252 |
| 2 | Tianjin City | 540 |
| 3 | Shanghai City | 1,095 |
| 4 | Chongqing City | 943 |
| 5 | Hebei Province | 1,292 |
| 6 | Shanxi Province | 870 |
| 7 | Liaoning Province | 850 |
| 8 | Jilin Province | 408 |
| 9 | Heilongjiang Province | 507 |
| 10 | Jiangsu Province | 2,490 |
| 11 | Zhejiang Province | 1,504 |
| 12 | Anhui Province | 1,303 |
| 13 | Fujian Province | 886 |
| 14 | Jiangxi Province | 714 |
| 15 | Shandong Province | 1,552 |
| 16 | Henan Province | 1,186 |
| 17 | Hubei Province | 1,156 |
| 18 | Hunan Province | 1,255 |
| 19 | Guangdong Province | 3,810 |
| 20 | Hainan Province | 334 |
| 21 | Sichuan Province | 1,054 |
| 22 | Guizhou Province | 440 |
| 23 | Yunnan Province | 537 |
| 24 | Shaanxi Province | 757 |
| 25 | Gansu Province | 577 |
| 26 | Qinghai Province | 57 |
| 27 | Inner Mongolia Autonomous Region | 7 |
| 28 | Guangxi Zhuang Autonomous Region | 763 |
| 29 | Ningxia Hui Autonomous Region | 615 |
| 30 | Xinjiang Uygur Autonomous Region | 10 |
| 31 | Hong Kong, Macao, Taiwan and overseas regions | 426 |

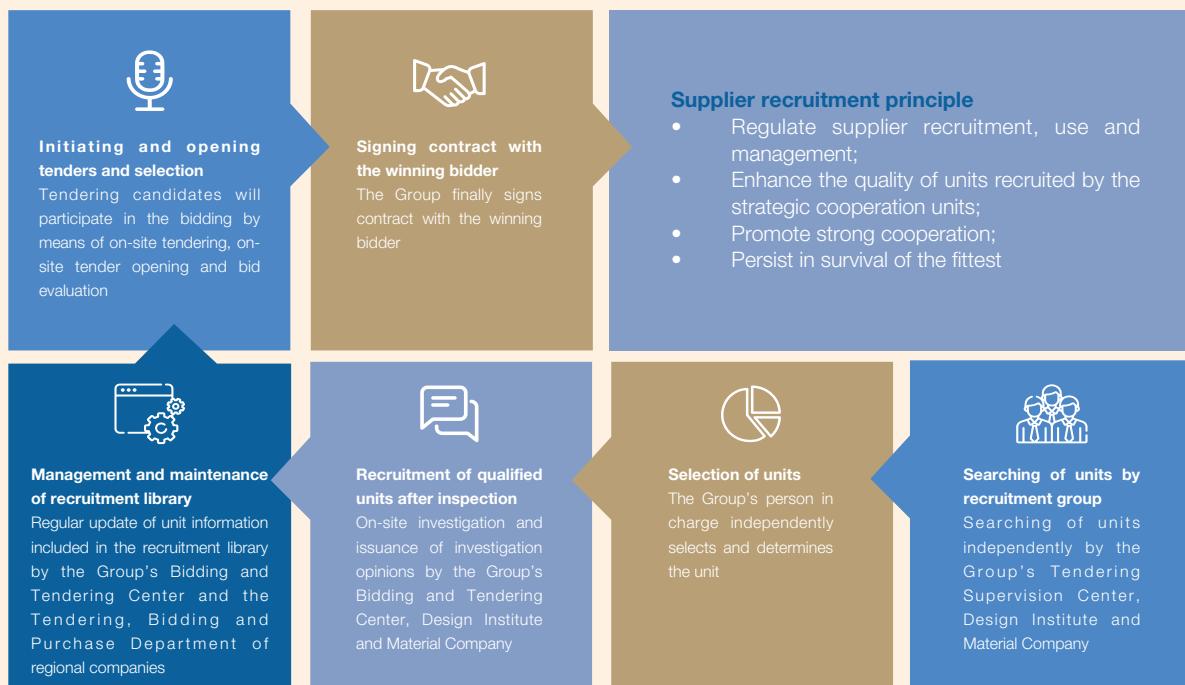




SUPPLY CHAIN MANAGEMENT

Recruitment and Dynamic Management of Suppliers

Fairness and justice are the basic requirements for the tendering and purchase of Evergrande Group. The Group implemented the supplier management mode of “recruitment before bidding”, formulated internal policies such as the Tendering and Bidding Management System of Evergrande Real Estate Group, and regulated recruitment, tendering, bid evaluation and selection of suppliers, ensuring that the supplier recruitment is transparent and fair.



Evergrande Group will continuously carry out dynamic assessment on suppliers recruited with ERP bidding management system, to guarantee the quality of suppliers recruited and stimulate suppliers to continuously improve their qualities.





SUPPLY CHAIN MANAGEMENT

For engineering suppliers, the Group has formulated and implemented the Construction Unit Evaluation Implementation Rules, and conducted classified management and quarterly comprehensive appraisal on engineering suppliers in terms of schedule success rate, quality conformity rate, safety and civilization success rate, comprehensive strength, cooperation and whether there are major problems. In 2020, the Group classified and inspected the library of engineering units in an orderly manner, and included qualified suppliers recruited offline into the online unified management; those suppliers with incomplete materials for recruitment, non-conforming processes and ineligible construction qualification shall have the problems rectified or be replaced by others.

For suppliers of materials and equipment, and goods and materials, the Group has formulated the Measures for Comprehensive Evaluation of Material and Equipment Suppliers of Shenzhen Evergrande Material Logistics Group Co., Ltd., conducting quarterly and annual evaluation and rating of suppliers' cooperation in terms of quality, delivery time and service. The Group adopts differentiated management measures for suppliers according to the quarterly rating, and takes annual rating as the important factor to be considered in the elimination of annual renewal, selection of excellent suppliers and distribution of supply in the ensuing year. Meanwhile, as for materials with great difficulty in production and supply and large scale of purchase, the Group selects suppliers with large scale, powerful strength, prompt supply, fine quality and considerate service as key suppliers to guarantee the stable supply of the supply chain.

Supplier Communication and Training

Evergrande Group emphasizes the cooperation and exchange with suppliers, and regards the supply chain as one of the important links in the enterprise development. We regularly organize the supplier training or meetings to support the mutual growth of suppliers.

Case: Exchange on products and technology with suppliers



The Group proactively organized training and exchange between suppliers and regional companies. In 2020, we organized the technical backbone of suppliers to regularly share and exchange their professional knowledge on materials with the engineering department and construction units of various regional companies, and offer guidance in on-site construction, which enhanced the accumulation of professional knowledge and skills, and guaranteed the quality of projects.



Training on knowledge and work instructions for waterproof materials



Teaching paint spraying technique on the project site



Training on stone-like painting technique on exterior walls





SUPPLY CHAIN MANAGEMENT

Case: Conference of Material and Equipment Suppliers

"Consolidating cooperation and strengthening confidence", on 5 March 2020, the Group convened the video conference of material and equipment suppliers, which was presided over by President Xu and attended by the board chairman of 50 major suppliers.

At the conference, the Group extended gratitude to suppliers for their previous cooperation, comprehensively introduced the Group's development situation and the operation plan for 2020, expounded on measures to guarantee cooperation and mutual benefits of suppliers, and stressed the importance of material quality.

At the conference, the board chairmen of suppliers made active speeches, and discussed the future cooperation planning and strategic development. The meeting consolidated supply chain cooperation, strengthened confidence of suppliers, and determined the direction of future cooperation and development path.



Online conference of suppliers

Responsible Supply Chain

Evergrande Group has continuously concerned about the fulfilment of social responsibility by various suppliers in terms of environmental protection, occupational safety and integrity. The Group supervises and appraises the social responsibilities of suppliers via recruitment assessment and regular inspection, and guides suppliers during supervision to fulfil social responsibilities, in order to achieve sustainable supply.

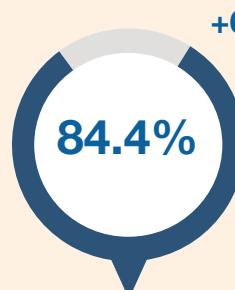
Managing the Environmental and Social Risks of the Supply Chain

In view of the risks of sustainable development, the Group has established identification and control methods from supplier access inspection and evaluation and supplier cooperation process evaluation. Among them, the specific contents of the access inspection and evaluation include the investigation of environmental protection compliance certificates such as environmental impact assessment and discharge license of suppliers during the inspection period, and the inspection and certification of the product quality management system of suppliers' factories, including the quality control methods of raw materials and finished products in the production process, before being shortlisted.

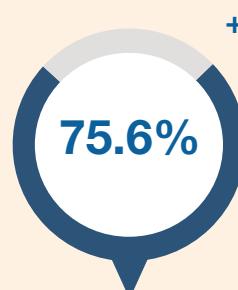
At present, the status of the third-party system certification among the factories cooperated with the Group's Materials Company is as follows:



Proportion of factories that have obtained ISO9001 Quality Management System certification

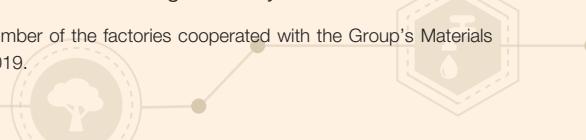


Proportion of factories that have obtained ISO14001 Environmental Management System certification



Proportion of factories that have obtained OHSAS18001/ISO45001 Occupational Health and Safety Management System certification

Note: The figure in the upper right corner of the above icon indicates that the increase in the number of the factories cooperated with the Group's Materials Company that obtained the third-party system certification in 2020 compared with that in 2019.





SUPPLY CHAIN MANAGEMENT

China Evergrande Group actively promoted green environmental protection procurement and continuously improved the environmental protection standards for material procurement. Up to now, there are 7 categories in the Group's current material standards higher than the national environmental protection standards, namely wooden floor, wardrobe, ceramic tile, interior wall paint, exterior wall paint, floor paint and waterproofing membrane.

| Wooden floor and wardrobe | Ceramic tile | Interior and exterior wall paint | Floor paint | Waterproofing membrane |
|--|--|--|--|---|
| The formaldehyde emission index is required to be $\leq 0.08\text{mg}/\text{m}^3$, which is higher than the national standard of $\leq 0.124\text{mg}/\text{m}^3$. | The limit index of radionuclide is $\text{IRa}\leq 0.9\text{q}/\text{kg}$ and $\text{Ir}\leq 1.2\text{q}/\text{kg}$, which is higher than the national standard of $\text{IRa}\leq 1.0\text{q}/\text{kg}$ and $\text{Ir}\leq 1.3\text{q}/\text{kg}$. | Among them, the total amount of volatile organic compounds (VOC), free formaldehyde, benzene, toluene, xylene and ethylbenzene are all higher than the national standards. | The environmental protection requirements of polyurethane topcoats in this category shall comply with the national environmental standards, and their physical properties and weather resistance are higher than the national standards. | The environmental protection requirements for this category of products shall comply with the national environmental standards, and the limits of harmful substances and heavy metals are higher than the national standards. |

Based on the characteristics of the real estate industry, the Group attaches importance to the compliant employment management of construction units and requires them to take reasonable and effective measures to protect the basic rights and interests of migrant workers' occupational safety and legal remuneration, and provides various complaint channels to effectively protect the rights and interests of migrant workers.

- 1 Setting up of migrant workers' rights and interests protection center** 
- 2 Introduction of real-name system for the management of migrant workers** 
- 3 Establishment of blacklist database of management personnel from construction units** 
- 4 Establishment of bank payroll system** 
- 5 Commencement of law introduction education** 

Compliant employment management

The Group strengthened the protection of migrant workers' basic rights and interests in terms of institutional setup and system construction, formulated and implemented the Management Measures of Evergrande Real Estate Group on Protection of Migrant Workers' Rights and Interests and other systems, and established an open and transparent complaint channel for migrant workers. The migrant workers' rights and interests protection center is responsible for issues including the labor outsourcing of projects and the handling of labor disputes.

In addition, the Group encouraged construction units to set up migrant workers' rights and interests stabilization offices, establish a bank payroll system, etc., and to continuously strengthen the protection of legal rights and interests of migrant workers.

Meanwhile, the Group worked with construction units to carry out various migrant workers-caring activities, effectively meeting the work and living needs of migrant workers, and being devoted to ensuring the quality of their life and enhancing their sense of belonging.





SUPPLY CHAIN MANAGEMENT

Integrity Supply Chain

The Group strictly abided by internal regulations such as the Tendering and Bidding Management System of Evergrande Real Estate Group and the Materials Company Supplier Management Red Line Regulations. In all aspects of bidding and purchasing, the Group adopted a decentralized management mode, with different personnel teams taking their respective responsibilities to prevent bidding manipulation. When the Group discusses cooperation with various suppliers and cooperative units, it will attach a fair competition undertaking to the bidding documents issued, requiring the bidders to stamp for approval. The contract agreement signed by the winning bidder and the Group has corresponding integrity clauses, and reporting channels are posted on the bulletin board of the construction site of each project. At the same time, the Group prohibits all personnel from accepting accommodation arrangements by bidders and cooperative units, accepting any personal convenience arrangements or benefits such as cash gift and gifts, and includes the corresponding requirements into the purchase and sale contracts of suppliers as attachments. The Group also actively facilitated the effective implementation of the internal anti-corruption management and relevant supervisory mechanism of suppliers to jointly build commercial cooperation relationship with integrity.

China Evergrande Group Supervision Center is responsible for the integrity supervision of the Group, establishing convenient anonymous reporting channels to collect reporting information, and investigating potential corruption problems and personnel in the supply chain. The Center regularly produces anti-corruption warning films and organizes all employees of the Company to watch them, severely punishes internal and external illegal personnel, and actively maintains open, fair, just and transparent cooperative relationship.



China Evergrande Group's tendering and bidding integrity monitoring meeting





EMPLOYMENT MANAGEMENT

OVERVIEW

China Evergrande Group is an extensive and inclusive platform. We cherish every employee and provide a good development platform and career path for employees, so that every employee can display his talents in the diversified and positive working atmosphere of the Group.

The Group shall strictly abide by the labor and social security regulations including the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and the Social Insurance Law of the People's Republic of China, which require, among others, to sign labor contracts with full-time employees, respect for human rights, prohibit the use of forced labor and child labor, and oppose any form of discrimination.

The Group provided employees with rich and varied training and development opportunities, ensured employees to contact and learn advanced knowledge in the industry, and enhanced their overall ability. The Group took organizational performance and personal performance as the basis for employee performance appraisal, and regularly carried out position streamlining and talent inventory to achieve the goals of rational allocation, best use of talents and overall improvement of work efficiency. In addition, the Group fully considered the health and well-being of employees, provided insurance for employees and organized a series of welfare and care activities to protect their physical and mental health.

OUR STRATEGY AND ACTIONS

| | |
|--|--|
| Staff Recruitment, Training and Promotion | <p>Continued to uphold the selection and appointment system of "fairness and justice, meritocracy, and having both ability and political integrity";</p> <p>Actively carried out talent promotion, talent exchange, new industry deployment, aid to Xinjiang and other work for effective and reasonable staffing;</p> <p>Orderly carried out talent inventory, did a good job in cadre management and targeted key reserve talents.</p> |
| Employee safety and care | <p>Evergrande Property Services obtained ISO45001 Occupational Health and Safety Management System certification;</p> <p>Took epidemic prevention measures within the Group, adjusted the working dates of employees, and implemented the batch work system to ensure the health and life safety of employees to the greatest extent;</p> <p>Established perfect communication channels, listened to employees' voices extensively, and organized a series of recreational activities for employees, aiming at creating a harmonious and warm working environment.</p> |





EMPLOYMENT MANAGEMENT

PERFORMANCE FOR THE YEAR

Employment Management

As at 31 December 2020, the total number of employees reached

123,276 employees

Recruited social professionals in 2020

36,752 employees

In the real estate development and construction system, the proportion of employees with bachelor degree or above is nearly

90%

Training and Development

Total training hours of employees at all levels in 2020

169,627 hours

Total number of training sessions in 2020

104,916 sessions

The cumulative number of trainees at all levels in 2020

2,084,881 person-times

The average training hours of employees in 2020

27.34 hours





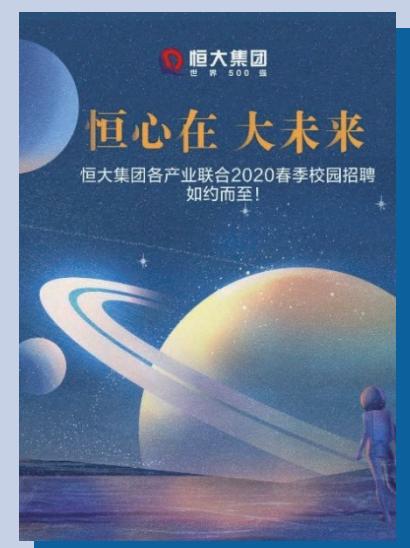
EMPLOYMENT MANAGEMENT

Employee Recruitment and Rights Protection

Employee Introduction & Team Building

The Group formulated and implemented the internal policies such as the Policy of Evergrande for Recruitment and On boarding and the Policy of Evergrande for Formal Employment of New Employees and adhered to the concept of being “people-oriented”. In 2020, in order to support the Group’s all-round strategic development and supplement the talent gap, we launched multi-channel talent introduction from the society and campus, and assessed candidates from the aspects of knowledge, morality, ability, experience and meeting job requirements, so as to absorb talents suitable for enterprise strategy.

In terms of campus recruitment, the Group continuously implemented the “Star Program”, carried out recruitment in spring 2020 and autumn 2021, and held an air lecture in mid-September to provide a platform for students to understand China Evergrande Group. The program supplemented the Group with a large number of excellent reserve cadres and talents, effectively met the Company’s growing demand for talents, and recruited and reserved a large number of excellent reserve echelons for the Group.



Evergrande 2020 Spring Recruitment

Campus Recruitment of China Evergrande Group

“With Evergrande, You will have Grand Future” China Evergrande Group actively entered the campus to communicate with fresh graduates in order to attract more high-quality talents.

In October 2020, our campus recruitment spread all over Beijing, Tianjin, Guangzhou, Shenzhen, Shanghai and other places, and the recruitment activities had been widely supported and praised by students on campus.



Evergrande 2021 Autumn Recruitment

In terms of social recruitment in 2020, the Group continued to expand and optimize recruitment methods, and carried out social recruitment publicity through RPO, professional segment website, official website of the Company, talent recruitment website and other channels, attracting high-end management personnel, professional personnel and other categories of talents to join the big family of China Evergrande Group.

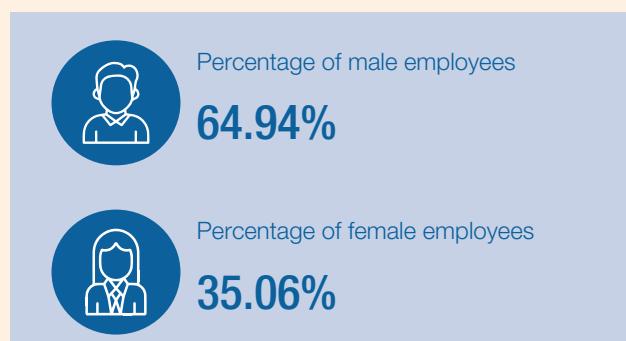




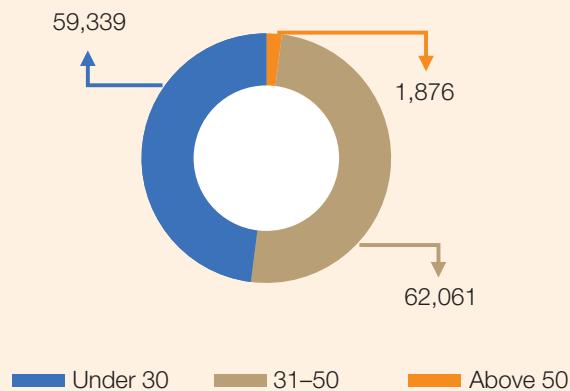
EMPLOYMENT MANAGEMENT

In 2020, we recruited 36,752 new employees through campus recruitment and social recruitment. As at 31 December 2020, our total number of employees amounted to 123,276. The details of age structure and gender structure of employees are as follows:

Number of employees by gender



Number of employees by age



Number of employees by rank



Of which, female accounted for
13.75%



Of which, female accounted for
21.57%



Of which, female accounted for
36.07%





EMPLOYMENT MANAGEMENT

Employees' Rights Protection

Evergrande Group attaches great importance to fair and compliant employment and strictly abides by the requirements of laws and regulations such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and the Provisions of the People's Republic of China on the Prohibition of Child Labor. The Group adhered to the people-oriented and employee-caring concept, continuously promoted the construction of employee security system, and strived to build a harmonious and stable labor-capital relationship.

Diversity, equal opportunities and anti-discrimination

We prohibited all forms of employee discrimination. When formulating and implementing relevant recruitment, salary, welfare, training, labor security and other systems, we adhered to the principles of fairness, justice and equality. We did not take any discrimination due to differences in race, gender, region, social class, religion, disability, political party and other aspects of employees, so as to set positions by abilities and offer equal pay for equal work.

Prevention of child and forced labour

We clearly stipulated the lower age limit for recruiting employees, and the personnel department was required to strictly check the materials provided by the candidates when the employees enter the Company. So far, the Company has not recruited or found any unit employing child labor. We have also made clear regulations on the approval process for overtime work and the transfer of leave. All overtime work was compensated or transferred for leave to employees according to the requirements of regulatory agencies.

Respect for human rights

China Evergrande Group respected human rights and defended the rights and interests of employees' legal complaints and expressions. At the same time, the Group actively protected the rights and interests of female employees, providing half-day leave for female employees on March 8 Women's Day, providing special lounges for pregnant women, and assisting female employees in applying for maternity allowance.

Care for employees and effectively provide employee welfare protection



Employees shall enjoy the rights to social insurance benefits stipulated by the State according to law

The Group strictly carried out the Regulations on Payroll Computing Management of Evergrande Group, the Regulations on Social Insurance and Housing Fund Management of Evergrande Group and other internal policies, made lawful contributions to statutory insurance and provident funds to employees, and purchased the employer liability insurance for "retired and rehired" employees and trainees.



Fully improve the medical security level of employees

The trade union of the Group and Evergrande Life Insurance actively promoted Shenzhen exclusive group medical insurance led by Shenzhen government in the Company, and organized and implemented two project interpretation meetings to advocate employees to use the balance of medical insurance personal accounts to purchase Shenzhen exclusive group medical insurance.



Implemented medical mutual aid protection plan for employees

In 2020, the Company had 103 persons newly insured for special serious illness insurance; 439 female employees newly insured for Safety and Health Insurance. In addition, the Company purchased supplementary medical insurance for serious and extremely serious diseases in Shenzhen for employees working in Shenzhen, with 6,005 person-times, fully reflecting the Company's people-oriented and employee-caring concept.





EMPLOYMENT MANAGEMENT

Employee Training and Promotion

Employee Training

Growth of employees and development of an enterprise are mutually beneficial. Attaching great importance to employees' growth and development, the Group formulated and carried out the Group's Three-year Training Plan for College Students Enrolled, and fulfilled various key training projects to help the employees quickly fit in and improve steadily. The Group's employee training in 2020 was promoted in an orderly manner. As at the end of 2020, the key training projects that had been completed include induction training for new staff recruited from communities, induction training for new staff recruited from colleges and universities, acceleration training for college students' growth, rotation of college students working at the grassroots level and the headquarters, empowerment training for business backbone, human resources practice training, personnel system debriefing study and training, etc.; at the same time, various departments continued to carry out training on professional skills process and system learning based on business posts in an orderly manner, and earnestly strengthen and enhance the post professionalism of employees.

In 2020, the overall employee training situation of the Group is as follows:

| Position rank | Cumulative number of participants | Total number of training sessions | Total training hours (hours) | Average training hours completed per employee (hour/participant) |
|--------------------------|-----------------------------------|-----------------------------------|------------------------------|--|
| Management employees | 24,106 | 738 | 2,173 | 8.31 |
| Non-management employees | 2,060,775 | 104,178 | 167,454 | 28.87 |
| Total | 2,084,881 | 104,916 | 169,627 | 27.34 |

Note: As the internal training data was compiled based on echelon, which was not completely consistent with the position rank classification of leadership, senior management and middle management, the training-related performance indicators are compiled and disclosed based on employees' position rank. In addition, according to the actual statistics ledger on the Group's internal training, the calculation method of average training hours completed per employee during the year is adjusted to be as follows: average training hours completed per employee = (total training hours during the year/total number of training sessions during the year) * (Cumulative number of participants/number of employees), in order to reflect the actual situation of the Group's employee training in a more reasonable manner.





EMPLOYMENT MANAGEMENT

During the year, our key training projects included:

Leadership Training

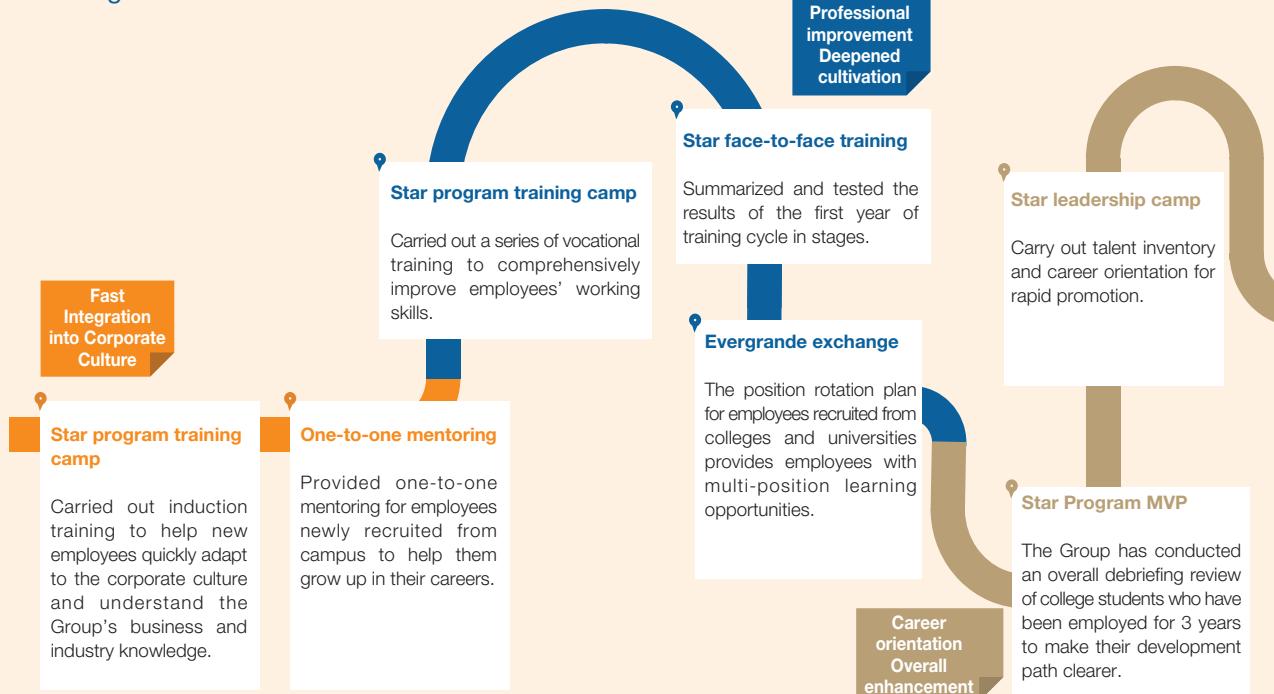
General Manager Training Course

- The Group's Human Resources Center conducted full-time training for successor general managers, mainly including centralized training, headquarters training on position rotation and other forms.

Secretarial Training Course

- In order to reserve and train excellent senior management secretaries of the Group, the Group selected 16 people to enter the headquarters in May this year for training and study of position rotation. After training, they were exported to different positions and important positions to continue on-the-job training.
- In order to improve the overall quality of the current secretaries of the Group, starting from the fourth quarter of this year, a series of trainings were conducted every three months for the current secretaries.

Star Program



2020 "Spark Training Camp" training site





EMPLOYMENT MANAGEMENT

Star program training camp

The Group adopted the “online + offline” parallel mode to carry out the systematic training for the 2020 college students enrolled, covering corporate culture, leadership sharing, industry professional knowledge and other modules, with a total of 1,313 participants and the cumulative course duration of 67 hours.

Accelerated growth

In 2020, the Group organized nine training courses on accelerated growth, covering office software, time objective management, learning ability and execution, with a total of 12,174 participants and the cumulative course duration of 14 hours.

Star leadership camp

In August 2020, the Group organized two star leadership camps. The participants were excellent 2017 college students enrolled, with a total of 235 participants and the cumulative course duration of 57 hours.

Empowerment training for business backbone



“Focus on business, extract cases, promote learning through training, and land experience” The Human Resources Center of Evergrande Group conducted empowerment training for business backbones of each unit, and promoted each unit to deposit business knowledge and management experience.

In 2020, the Group offered a total of 22 training courses, with a total of 1,033 participants, an average score of 9.82 points after training and the cumulative course duration of 132 hours. More than 62% of the trainees were team managers in their departments.

2020 empowerment training for business backbone site





EMPLOYMENT MANAGEMENT

Other training

Induction trainings for newly-recruited staff

1

It's coordinated by the Human Resources Center of the Group and organized and implemented by the personnel departments of each unit, mainly including the Company's overview, corporate culture, general system, etc. In 2020, the Group carried out **4** induction trainings for new employees, with a total of **20,628** participants, an average score of 9.94 after training and the cumulative course duration of **60** hours.

Open courses by the Group

It's organized and implemented by the Human Resources Center of the Group in conjunction with the trade union, and courses such as professional skills and general qualities were regularly conducted for employees of the Group. In 2020, a total of **7** excellent open classes were held, with a total of **10,266** participants, an average score of 9.58 points after training and the cumulative course duration of **10** hours.

2

Personnel system training

3

In order to standardize the basic personnel operation process of each unit and strengthen the working skills of the personnel module, the Human Resources Center of the Group regularly offered special training for relevant positions in the personnel departments across the Group. In 2020, the Group conducted **5** courses, with a total number of **2,491** students, with an average score of 9.76 points after training and the cumulative course duration of **10** hours.

On-the-job postgraduate education

In order to further improve the management level and educational level of employees and meet the talent reserve needs of the Group's development, the Group cooperated strategically with Wuhan University of Science and Technology to carry out on-the-job postgraduate education. In 2020, the eighth master's training class in Wuhan University of Science and Technology started smoothly, including **18** students in engineering management class and **74** students in business administration class.

4





EMPLOYMENT MANAGEMENT

Performance Appraisal and Promotion

Evergrande Group upholds the selection and appointment system of “fairness and justice, meritocracy, and having both ability and political integrity”. In terms of performance appraisal, Evergrande Group comprehensively evaluated the working conditions of employees from both organizational performance and personal performance, which served as an important basis for employee promotion and salary adjustment.

Organizational Performance

According to the Group's overall strategic objectives and business objectives, the Group's organizational performance is divided into sub-objectives with different indicators according to different business lines, and each business department formulated assessment methods respectively. The objective plan management method was mainly adopted to assess each unit of the Group on a monthly basis.

Personal Performance

According to the current comprehensive evaluation system, the Group conducted comprehensive evaluation of employees every quarter. The comprehensive evaluation adopted a 360-degree evaluation tool to comprehensively evaluate the comprehensive quality, spiritual style and work performance of employees, and divided the evaluation levels according to the evaluation results.

Each business center of the Group headquarters organized performance appraisal according to each business line and published reward and punishment results. Each unit distributed rewards and punishments according to the comprehensive evaluation results and employees' contributions. The comprehensive evaluation results also served as an important basis for employee promotion and salary adjustment.



With the diversified development of the Group's business, the Group provided a broader development space for each employee. In 2020, in addition to daily promotion, we carried out effective and reasonable staffing through special work forms such as talent exchange between the Group headquarters and regional companies, new industry deployment, aid to Xinjiang and others, which provided a strong guarantee for the Group's operation and talent development.

In order to meet the development needs of the Company, further improve the level of human resources management, and continuously optimize the position setting and the effective allocation of human resources, in 2020, the Company comprehensively carried out the position responsibility system streamlining within the Group system, combining with the position responsibility streamlining and position setting optimization. At the same time, special personnel inventory work was carried out to match the existing employees with their positions so as to achieve the goals of reasonable allocation, best use of talents and overall improvement of work efficiency. According to the results of the inventory, the Group provided targeted training and task training on the weakness of leading cadres in different positions, so as to improve their performance and core competence. For key positions, it continued to promote talent inventory through cadre interviews, cadre reporting, 360-degree evaluation and other methods.

Employee Health and Safety and Care

Evergrande Group always regards the physical and mental health of employees as an important foundation for enterprise development, unswervingly guarantees the welfare of each employee, creates a comfortable and reassuring working and living environment, and enhances the cohesion, sense of belonging and loyalty of employees.

Epidemic Control

At the beginning of 2020, the outbreak of COVID-19 epidemic involved every Chinese. Facing the urgent epidemic situation, Evergrande Group quickly took epidemic prevention measures, adjusted the working dates of employees, implemented the batch work system and was responsible to the society and employees, so as to ensure the health and life safety of employees to the greatest extent, effectively reduce the gathering of personnel and help block the spread of the epidemic situation. After the epidemic situation was controlled, Evergrande Group resumed work and production in an orderly manner, actively providing disinfection and cleaning products for employees and distributing epidemic prevention materials such as masks.





EMPLOYMENT MANAGEMENT

We attached importance to the health and well-being of the employees of the Group, implemented emergency plans in projects all over the country, resolutely built a health defense line, and protected the health and safety of the employees of the Group with practical actions, which has won high recognition from local governments and employees.

Employee Medical Examination and Insurance Purchase

Interpretation Meeting of “Shenzhen Exclusive Group Medical Insurance Welfare Project”

To fully improve the medical security level of employees, the trade union of the Group and Evergrande Life Insurance actively promoted Shenzhen exclusive group medical insurance led by Shenzhen government in the Company, and held two online interpretation meetings of “Shenzhen Exclusive Group Medical Insurance Welfare Project” on 1 and 4 September 2020 respectively, covering project welfare policy, insurance method, guarantee content, claims service, etc. During the live broadcast, employees actively interacted with each other, and trainers gave detailed answers to relevant questions raised by employees.

In 2020, the interpretation meeting of “Shenzhen Exclusive Group Medical Insurance Welfare Project” attracted 147 participants.

Employee Sports Activities

In 2020, Evergrande Group organized employees to carry out various sports activities from time to time, advocating sports spirit, expecting employees to relax, improve themselves and fully feel the corporate culture of the Group in rich sports activities.



Organized to participate in Shenzhen real estate industry
“Green View Cup” badminton competition



Organized to participate in “Baiyun Pump Cup” three-person basketball competition



EMPLOYMENT MANAGEMENT

Employee Care and Communication

Evergrande Group attached great importance to the physical and mental health of its employees, listened to their opinions and suggestions extensively, and strived to create a good organizational atmosphere and show a harmonious corporate culture. We set up good communication channels for employees and organized regular symposiums to listen to their voices; set up a maternal and infant room within the Group to provide convenience for employees during pregnancy or lactation; organized rich recreational activities and provided leisure sports places for employees, advocating the balance between work and life of employees.

Employee communication and complaint

The Group regularly organized employee symposiums, fully listened to their suggestions and voices, and understood their needs or opinions in career development, corporate culture, life and rest. The Group attached great importance to all kinds of needs and carefully summarized them to improve the corresponding work and welfare mechanism.

We also established a sound claim and complaint mechanism for employees, and opened barrier-free communication channels for employees. Employees could give feedback through the personnel department or supervision department of the Group, and the personnel department or supervision department would follow up and coordinate in time.



Love Card and Maternal and Infant Room

In line with the purpose of people-oriented and serving employees and in order to further put the humanistic care into practice, so that employees could fully feel the warmth of the Group, the trade union set up Maternal and Infant Room in Guangzhou and Shenzhen Evergrande Center and issued love cards, to provide convenience and good protection for pregnant and lactating female employees.



Maternal and Infant Room of Evergrande Center

Employee recreational activities

The Group advocated the working mode of "happy work and happy life". It has a library, an Internet cafe, a yoga room, a dance room, a spinning bicycle, a treadmill and other facilities in the staff club, and provides a good environment and conditions for employees to exercise in their spare time.

In addition, Evergrande Football Association, Basketball Association, Badminton Association and other clubs regularly organized employees to carry out sports training and participate in various competitions in a bid to increase the interest and participation of sports and provide employees with a perfect platform for recreational activities.



Evergrande Group Bicycle Room





ENVIRONMENTAL MANAGEMENT

OVERVIEW

Evergrande Group has always adhered to environmental protection and sustainable development, strictly abided by the requirements of laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Environmental Impact Assessment Law of the People's Republic of China, and the Administrative Measures for Environmental Protection Acceptance upon Completion of Construction Projects, and closely monitored and controlled the emissions and resource use during the Group's business development. Committed to reducing the adverse impact on the environment, it created green and healthy living environment for owners, and contributing strength of corporate citizens to the construction of national ecological civilization.

In response to the advocacy of vigorously developing green buildings by policies such as the Notice on the Ministry of Housing and Urban-Rural Development on Issuing the 13th Five-Year Plan for the Development of Building Energy Efficiency and Green Buildings, we revised and issued the Criteria and Standard of Evergrande Group for the Design of Green Residences (2019 Edition, One-star Level) last year, which was incorporated into the Group's new project design standards. In 2020, the standard was officially implemented throughout the Group, providing clear norms and guidelines for the promotion and implementation of green buildings in regions and projects. In addition, we continued to explore and implement various environmental protection measures in the process of project construction, sales and operation, continuously tapped the Group's potential for energy conservation and emission reduction, and strengthened the effective management of environmental data, laying a strong foundation for realizing the Group's energy conservation and emission reduction targets.

OUR STRATEGY AND ACTIONS

| | |
|-----------------------------------|---|
| Green Building Commitment | Implemented the Criteria and Standard of Evergrande Group for the Design of Green Residences (2019 Edition, One-star Level), so that all newly-built projects met the basic requirements of the new national standard for green buildings. Adhered to sustainable project site selection and development, and protected the surrounding biodiversity and cultural features. Environmental protection material selection, preferably selecting green environmental protection materials of higher than the national standard. Vigorously developed new technology construction systems and prefabricated buildings to improve the efficiency of resource use. |
| Green Operation Management | Evergrande Property Services obtained ISO14001 Environmental Management System certification. It formulated targets for energy conservation and consumption reduction of properties, and vigorously promoted energy conservation renovation of projects. It strengthened tenant participation in commercial projects, and standardized garbage removal and classification requirements in lease agreements signed with merchants. |
| Response to Climate Change | It carried out climate change risk and opportunity assessment, identified the impact of climate change and formulated countermeasures. |





ENVIRONMENTAL MANAGEMENT

ANNUAL PERFORMANCE

Green Design

Green building certification projects of the year

278 projects

Green building certification area of the year

56.4865
million square meters

The factory processing and decoration materials accounted for

89.5%

Decoration materials with clear consumption rate accounted for

57.9%

Green Construction

Number of prefabricated building projects

155 projects

Prefabricated building area

20.86
million square meters

Green Operation

Assessment targets of energy conservation and consumption reduction in property

Over **800** projects

Renovation of LED light sources

3,230,000 pcs

8.87%
projects under management used solar energy resources

53 projects under management
Obtained the title of water saving, energy saving and environmental protection





ENVIRONMENTAL MANAGEMENT

Green Design

Green Building Design

Evergrande Group strictly implemented the green building requirements of the national and local governments, gave full play to its professional strengths, continuously explored new environmental protection technologies and standards, and earnestly promoted the implementation of the Group's green building standards. The Group's green construction work was jointly carried out by the Design Cost and Quality Control Center, Architectural Design Institute, Comprehensive Management Center and other departments. In the initial stage of project design, it discussed and established a feasible green construction plan, and promoted the smooth implementation of internal green construction standard revision, green construction declaration and green construction landing assessment.

In the previous year, the Group participated in the formulation of new standards such as the Criteria for Appraisal of Green Buildings (GB50378-2019) (the "New National Criteria") and the Technical Rules for Appraisal of Green Buildings, and issued the internal new green building standard — the Criteria and Standard for Design of Green Residential Property of China Evergrande Group (2019 Version • One-star Level). The new standard further clarified the requirements of green environmental protection in the product operation stage, and promoted the actual landing of green building design in the projects. The year of 2020 was the first year of the formal implementation of the new standard. The Group conducted green building training for relevant departments and regional companies, and revised the internal green building management measures accordingly to guide the implementation of the green building work of projects. At the same time, the Group actively encouraged employees to participate in the green building qualification examination to enhance the professional ability of the team.

According to the Group's implementation principle, 100% of the newly-built projects met the basic requirements of the new national standard for green buildings, and higher-level green building standards were implemented according to the Group's development plan and the requirements of the local government. At the same time, the Group planned to further promote higher-level international and domestic green building certification for commercial projects and continuously improved the green operation level of projects under management.

In 2020, the Group actively advanced the promotion and certification of green buildings, and 278 new projects were certified by the Criteria for Appraisal of Green Buildings, of which 75 projects certified by the New National Criteria for green buildings, with an annual green building certification area of 56.4865 million square meters.

Case of green building New National Criteria Two-star level certification: Inner Mongolia Hohhot Evergrande Royal Scenery

The project implemented the design standard of New National Criteria Two-star Level for green buildings to meet the requirements of safety, durability, health and comfort, convenient living, resource conservation and livable environment. The project made full use of passive architectural design methods, was supplemented by efficient energy systems, and adopted renewable energy technology measures to greatly reduce the overall energy consumption of the project, with the building energy saving rate reaching more than 90%. At the same time, the project adopted fabricated construction technology to achieve an fabricated construction rate of 15%, effectively improving construction efficiency and saving materials.

Key features of green building technology applied in this project include:

Sponge city

The municipal water system, landscape water system and public green space formed a perfect sponge system to create a "purifiable, permeable and storables" circulation system.

Vacuum waste collection system

Through the pre-laid pipeline system, the domestic garbage was pumped to the central garbage collection station by negative pressure technology, and then transported to the garbage disposal site by garbage compacting truck.

Roof photovoltaic power generation system

Priority was given to the grid-connected power generation system, and the electric energy converted from solar energy was directly connected into the low-voltage power distribution system so as to supply power to public areas; photovoltaic panel solar power generation system was installed on the roof for lighting in public areas and underground garages.





ENVIRONMENTAL MANAGEMENT

In addition, the new environmental protection technologies adopted in the project also included:

- Cast-in-place concrete members adopted formwork systems such as aluminum formwork;
- Integrated design and construction of civil engineering and decoration;
- Passages for people and vehicles were separated, and the walking and bicycle transportation systems were provided with sufficient lighting;
- It's provided with PM10, PM2.5 and CO₂ air quality monitoring systems, and had the functions of storing monitoring data and displaying in real time.



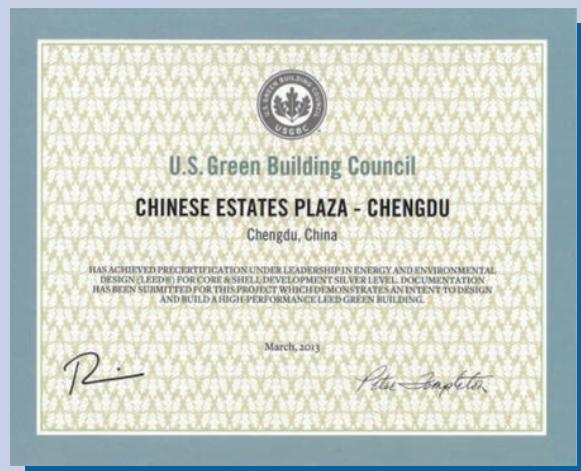
Inner Mongolia Hohhot Evergrande Royal Scenery

Case of LEED silver certification for green buildings: Chengdu Evergrande Plaza

This project obtained LEED silver-level certification, and was composed of Chengdu Evergrande Plaza, RESIDENCE and St. Regis, a super five-star hotel.

The green management concept of the project was mainly implemented from the following aspects:

- Upgraded and transformed the cooling tower to improve the energy efficiency of the motor and realize comprehensive energy conservation and consumption reduction;
- Carried out energy-saving renovation of indoor heating boilers to reduce exhaust emissions;
- Implemented the concept of green management, strictly implemented garbage classification and recycling, and effectively reduced waste;
- Worked with tenants to create a green, ecological, sustainable and environment-friendly office environment.



LEED Silver Certification of Chengdu Evergrande Plaza

Research and Application of Building Energy Saving and Consumption Reduction

In order to implement the national ecological civilization thought and respond to the initiative of building energy conservation in guiding documents such as "Action Plan for Green Building Construction", Evergrande Group continued to strengthen the research and practice of energy conservation and consumption reduction in residential buildings, large-scale cultural tourism projects and commercial projects, and steadily promoted the practical application of renewable energy in projects and the pilot work of buildings with ultra-low energy consumption.





ENVIRONMENTAL MANAGEMENT

In terms of the use of renewable energy, the Group gradually promoted the use of solar energy and geothermal energy in appropriate projects, and provided lighting for public areas and underground garages by setting up solar photovoltaic power generation systems; setting up a solar water heating system to supply warm water to households; ground source heat pump was used to providing heating for the project.

Take Lankao Evergrande Home Industrial Park Project as an example. The project made full use of the advantage of sunshine duration, and installed photovoltaic modules on the roof of the factory, parking ceiling and exhibition hall roof. The power generation in the first year was 8 million kWh, which effectively saved electric energy.



Solar Photovoltaic of Lankao Evergrande Home Industrial Park

In addition, the Group continued to promote the research on ultra-low energy consumption building technology and process, and carried out the pilot design of ultra-low energy consumption building for Inner Mongolia Hohhot Evergrande Royal Scenery project in accordance with the “Implementation Procedures for Ultra-Low Energy Consumption Building” and four “Construction Guidelines” compiled by the Group. At present, the project has passed the review of near zero energy consumption by China Construction Industry Association, and the project was progressing as scheduled. It was expected to become an important step taken by Evergrande Group towards ultra-low energy consumption buildings.

Ultra-low Energy Consumption Pilot of Inner Mongolia Hohhot Evergrande Royal Scenery Project



In addition, the Group continued to cooperate with Harvard University and Tsinghua University to carry out research and innovation on ultra-low energy consumption buildings, applied research results in existing ultra-low energy consumption building projects, and communicated and discussed application schemes, so as to continuously improve theoretical knowledge and practical experience.





ENVIRONMENTAL MANAGEMENT

Sustainable Site Selection and Development

Evergrande Group has always adhered to sustainable project development, complied with the requirements of national laws and regulations such as the Regulations of the People's Republic of China on Nature Reserves, and fully evaluated and investigated the geological, soil, biodiversity and other environmental factors of the project site during the planning and site selection stage to avoid the adverse impact of project development on the surrounding environment and ecology to the greatest extent. The Group promised not to carry out project development in national nature reserves, and to avoid development in protected areas such as farmland and green space as much as possible. If necessary, the development must be approved by government departments before it is carried out.

The Group strictly complies with laws and regulations including the Cultural Relics Protection Law and the Regulation on the Protection of Famous Historical and Cultural Cities, Towns and Villages. For related projects, it has allocated protective zone of cultural heritage and wildlife, set up construction control zones or protective isolation belts, maintained the original appearance of relics and sites, and protected the growth environment and style of ancient and famous trees; minimized the intervention of cultural relics, and truly and completely preserved and continued the historical information contained in the site. For newly built or rebuilt buildings in the project, they shall be submitted for construction approval in accordance with the regulations on the protection of famous historical and cultural cities to ensure the balancing between building and surrounding cultural heritage style.

Case: Guangxi Fangchenggang Football Cultural Tourism Town Project



The project is located in Jiangshan Peninsula Tourist Resort of Fangchenggang City. There are 35 ancient trees along the coast and an ancient canal on the north side. Following the principle of giving priority to ecology and protecting cultural relics, the Group has allocated the 20 meters outward the tree crown and 100 meters beyond the banks of the ancient canal as the protective zone, and there are no new buildings within this scope. The height of buildings outside the scope is limited to 20 meters, and the original appearance of ancient and famous trees and ecological environment should be maintained as much as possible.

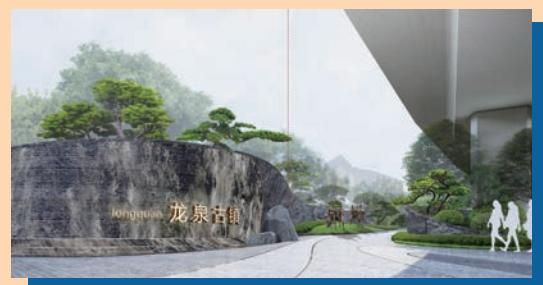


Aerial view of Guangxi Fangchenggang Football Town

Case: Kunming Evergrande Longquan Old Town Project



The project is located in Kunming City, Yunnan Province. With the concept of "Mountain City Longquan is the epitome of southwest China", it combines with the site base conditions and traditional old street shape, and integrates the culture of National Southwest Associated University, and Kunming local and caravan culture. Using modern linear design techniques, the Group combines water system with streets, restores the original life scenes, creates a landscape space with historical heritage, and shapes a new cultural brand for Kunming.



Effect picture of Kunming Evergrande Longquan Old Town

At the same time, the Group actively participated in the urban redevelopment project, fully combined with the local development planning and the actual needs of community residents, upgraded the old buildings and lots of industries, enriched the supporting resources such as transportation, education and greening, and gave full play to its professional strengths to help improve the living conditions of the community and promote the revitalization of the city. In addition, under the background of urban renewal, the Group actively explored the design of mixed use commercial properties, organically combines residential, commercial and cultural uses, promotes the connection among "industry", "city" and "people", and drives industrial upgrading and urban renewal.





ENVIRONMENTAL MANAGEMENT

Case: Shenzhen Huaqiangbei Project

Shenzhen Huaqiangbei Project for urban redevelopment is located in the third urban renewal unit of Shangbu District of Huaqiangbei Street and is one of the key renovation areas in Huaqiangbei. This project is a renovation of a large-scale commercial complex, equipped with office, business apartment (including talent apartment), cultural activity center, business and other functions. The combination of various comprehensive uses effectively promotes the industrial upgrading of old streets in Huaqiangbei, which is a powerful practice of the Group to help revitalize the old urban areas. The project is also equipped with public facilities such as fire refuge space, overhead greening and leisure, public pedestrian passages, cultural activity centers and community health service centers, so as to create a safe, convenient and comfortable living environment for local residents and newly moved high-tech talents, and to revitalize the old city.



Renderings of Huaqiangbei Project

Case: Shenzhen Shangliao Phase II Project

Shenzhen Shangliao Phase II Project is a large-scale commercial renovation project. On the basis of retaining the functional layout and shape of the building, it is upgraded to be a commercial complex including office buildings, businesses, hotels and other functions to match the pace of urban industrial upgrading. For the apartment unit type of the project, priority is given to the design of small units, which fully meets the actual living needs of the younger generation in the community. The project is also equipped with public facilities such as bus stops and markets to provide logistical support for residents' lives.



Renderings of Shenzhen Shangliao Phase II Project





ENVIRONMENTAL MANAGEMENT

During the year, Evergrande Group continued to respond to national and local policies such as the Guiding Opinions on Vigorously Developing Prefabricated Buildings to promote the application of prefabricated buildings in projects and give full play to its advantages in improving construction efficiency, and reducing material consumption and construction waste generation. At the same time, the Group continued to promote the landing of Evergrande's new technology construction system to realize its green benefits such as safety, environmental protection and material saving. Please refer to the chapter "Products and Services-Product Quality" for the specific introduction and implementation of the new technology construction system.

So far, the adoption of prefabricated buildings of the Group is set out below:

Adoption of Prefabricated Buildings of Evergrande Group in 2020

Adoption of prefabricated building

155 projects

Projects with prefabricated building accounted for

20%

The construction area of projects with prefabricated building

20.86 million square meters



Construction Site of Shang Liao Projects with Prefabricated Building

Green and Environment-friendly Construction

During the year, Evergrande Group continued to strengthen the environmental protection control over the project construction, and conducted joint inspection of different departments on the construction site according to the requirements of energy conservation and consumption reduction in the project location and the environmental protection standards such as the internal rules of the Safe and Civilized Construction Standard, to realize the goal of environmental protection and compliance construction. At the same time, the Group formulated the Guidelines for Green Construction Management Standards of Evergrande Real Estate Group, which further clarifies higher green construction standards according to the requirements of green building operation identification. Projects adopting this green construction standard should decompose the green construction standard of ISO14001 Environmental Management System into the management system objectives according to the principle of adjusting measures to local conditions, so as to improve the standardization of green construction.





ENVIRONMENTAL MANAGEMENT

In order to achieve the goal of green construction, the Group adopted the following green construction measures (including but not limited to):

| Waste management | Noise control | Dust control |
|--|--|---|
| <ul style="list-style-type: none"> • All garbage must be bagged and transported out for disposal • It was forbidden to burn waste materials and toxic, non-toxic and foul-smelling substances • Three-stage sedimentation tank shall be designed for the car washing platform, and direct discharge of wastewater was strictly prohibited | <ul style="list-style-type: none"> • Utilization of low noise equipment • Large machinery should be operated during the day • Equipments such as chainsaws shall be operated in a closed manner | <ul style="list-style-type: none"> • Set up ponds to cure lime or pile up sand and gravel • The site shall be hardened and afforested • Special person was responsible for sprinkling water to reduce dust |

100% projects under construction **used dust and noise detection equipment** to monitor on-site environmental particulate matter, noise and meteorology in real time

89.5% categories of decoration materials realized **factory processing** to reduce indoor pollution, waste accumulation and noise

Green and Environment-friendly Materials

Evergrande Group attached great importance to the environmental protection and safety of construction materials, compiled and issued the Product Standards, clearly stipulated the environmental protection standards for all kinds of materials and products, and implemented environmental protection requirements higher than the national standards for 7 categories, which are strictly implemented in the whole process of material bidding, procurement and acceptance. We carried out the risk classification of materials according to national standards, and performed sampling monitoring of different frequency for products of different risk levels. The Group's Materials Company cooperated with Decoration Design Institute to strictly inspect for the environmental protection, safety and other performance of materials, so as to implement project materials specifications.

In the interior decoration design stage of the project, the Group fully combined the actual needs of the owners, continuously optimized material selection, and created a healthier and more comfortable living environment for the owners:

- Some wooden doors used water-based paint instead of oil-based paint to reduce pungent smell and flammable risks and improve environmental protection;
- Replacing natural stone with artificial stone could reduce the consumption of natural resources, avoid radioactive substances, and effectively improve the consistency and aesthetics of interior decoration;
- Using solid wood composite floor to reduce the formaldehyde emission of laminate flooring compared with laminate flooring, and maintain the colour and texture of natural wood grain;
- For some projects, replacing organic coatings with indoor inorganic coatings to improve water resistance, alkali resistance, pollution resistance, gas resistance, mildew resistance, and bacteria resistance with lasting pollution resistance.





ENVIRONMENTAL MANAGEMENT

At the same time, in order to avoid unnecessary material loss and waste, the Group has formulated loss rate standards for a number of materials, and strictly controlled the use efficiency of materials while ensuring the delivery of high-quality buildings.

Set the loss rate standard for **57.9%** categories of decoration materials

In addition, the Group actively reduced the consumption of wood resources through measures such as rational use of wood and replacement of some wooden materials, such as optimizing the steel-wood composite entrance door into a steel entrance door; replacing artificial stone foundation line with wooden foundation line; cancelling the distribution of wardrobes, shoe cabinets and closets for some projects, and configuring them by the owners as needed.

Green Marketing

Evergrande Group has always unwaveringly practiced the concept of green marketing and actively carried out green marketing practice. In the year, facing with sudden COVID-19 pandemic, the Group responded quickly, vigorously promoted the construction and optimization of "Hengfangtong" APP, and developed a new online nationwide marketing model. Online marketing not only helped the Group achieve its business objectives, but also effectively reduced the consumption of manpower, resources and energy in offline marketing. It has full green and environment-friendly benefits and is an effective exploration of the Group's new green marketing model in the future.

In terms of the display and use of offline marketing materials, the Group gradually promoted LED promotional films, intelligent display, 3D model rooms, electronic opening of sales and electronic approval process to realize electronic marketing. Among them, in terms of electronic opening of sales, using Mingyuanyun, smart case field and other systems can identify customer information in seconds, confirm sign-in, make orders quickly, automatically count the number of people leaving the market, upload real-time reports, etc., which greatly shortened the opening time on site and effectively reduced the material cost.

At the same time, the Group continued to implement the model of permanent sales department, designing the sales department as a permanent department in the project planning standards and using it as a functional building such as a children's center after the building is handed over. The area size, facade and interior decoration of the permanent sales department were all of standardized design, which could effectively reduce demolition and modification and saved resources. So far, the Group had more than 95% of the projects with permanent sales department in China.





ENVIRONMENTAL MANAGEMENT

Green Business and Community

Energy Saving and Consumption Reduction Management

To further strengthen the energy consumption management in the process of property services of the Group and improve the use efficiency of resource and energy, we continued to implement the requirements of relevant internal systems such as Measures for Energy Consumption Management of Properties, formulated the Military Order Index of Cost in Various Regions in the Second Half of 2020 in July 2020, set consumption reduction targets for electricity, water and fuel of companies in various regions based on historical energy consumption data, and assessed and reported the completion of the targets every month, covering about 800 delivered projects in 27 regions.

In order to achieve the goal of energy conservation and consumption reduction, the Group formulated and issued the Main Measures for Energy Conservation and Consumption Reduction in October to provide clear guidelines for energy conservation and consumption reduction for regions and projects. According to the actual operation situation and the Group's guidelines, various residential and commercial projects carried out energy conservation and consumption reduction management from the following dimensions:



Renovation of LED Lighting

772

- Up to now, **772** of the Group's delivered projects have adopted LED energy-saving lamps;
- A total of **3.26 million** LED lights have been renovated. After renovation, the total monthly electricity cost was saved by about **RMB4,004,000**.



Sub-circuit Control of Basement Lighting

- In September 2020, the Group issued the Guidelines for Lighting Design of Underground Garages in Residential Quarters, requiring new projects to be implemented according to this standard, and old projects to be transformed accordingly;
- Parking spaces used radar-induced LED lights, which are automatically lit near and extinguished after leaving;
- Driving route lights were controlled by time controllers.



Reasonably Controlling the Operating Hours of Waterscape Equipment

- According to the local seasonal changes, reasonably arranged the time for operating the fountain system in holidays, large-scale activities and other scenes;
- The personnel of the project maintenance department inspected the waterscape fountain in operation at least once every four hours to prevent running, emitting, dripping, leaking and other faults.



Application of Imported High-efficiency Pump Water Supply Technology

- Use high-efficiency imported water pumps and their ancillary equipment for equipment aging projects;
- Driven by the group headquarters, the water supply equipment of the project was renovated and put into use, and the average monthly electricity cost saved of the renovation project was RMB11,666.





ENVIRONMENTAL MANAGEMENT

In the operation of commercial projects, the Group has continuously explored green and low-carbon commercial management practices, requiring projects to adopt effective energy-saving and consumption-reducing management measures according to the requirements of the Group's Main Measures for Energy Conservation and Consumption Reduction:

Strengthened tenants' participation in green environmental protection

- Provided decoration guidelines and suggestions for tenants, and encouraged tenants to use energy-saving and environment-friendly electrical appliances and decoration materials that meet national environmental protection standards;
- In the lease agreement, the oil pollution discharge of catering merchants was regulated, and the organized discharge of waste gas and the discharge of oil residue and swill should conform to the national environmental protection standards;
- Through daily implementation and green publicity, tenants' awareness of environmental protection was enhanced, and tenants were urged to take the initiative to carry out energy conservation and emission reduction practices.

Strict management and control

- Strengthened the three-off and one-closure inspection, and turned off unnecessary light sources and equipment in time;
- Daily inspected faucets and bathroom equipment, adjusted appropriate water output, performed timely maintenance once problems were found;
- Recorded the data of water and electricity consumption on the meters every day, and discovered and controlled abnormal water consumption in time.

Flexible renovation

- Installed time controllers on electrical equipment to strictly control the start-up and stop time of facilities and equipment
- Enhanced refrigeration effect and reduced energy consumption by changing and renovating air conditioning panels and regular cleaning;
- Carried out LED renovation of public lighting;
- Implemented centralized repair of aging fittings to prevent water waste caused by aging pipe bursting and water leakage of fittings.

Frequent publicity

- All water use points were provided with water-saving warm reminder signs to enhance the awareness of environmental protection of all employees;
- Regularly held green publicity activities to convey the Group's green concept and encouraged stakeholders to participate in environmental protection actions.

In 2020, under the guidance of the Group's requirements for energy conservation and consumption reduction, Chengdu Evergrande Plaza Project carried out energy conservation and consumption reduction based on its own operation, effectively achieving the effect of energy conservation and consumption reduction:

Electricity consumption decreased by **939,585** kWh year on year, and water consumption decreased by **452,464** m³ year on year

Garbage Classification and Waste Recycling

In order to reduce waste emissions, in 2020, the Group continued to require projects in various regions to carry out waste recycling management and waste classification in an orderly manner based on local policies and their own actual conditions.

For commercial projects, the Group divided wastes into decoration garbage, kitchen garbage, recyclable garbage and other garbage based on the characteristics of commercial wastes, which were collected and classified independently; further increased the publicity of garbage classification and recycling by calling on owners to classify and deliver garbage through building notices and instructions; enhanced the participation of merchants, and standardized the garbage removal and classification requirements in the lease agreement, in which the kitchen garbage was removed by the catering merchants themselves, and supervised by means of notification letter to guide the merchants to transport the garbage to the project garbage transfer station.





ENVIRONMENTAL MANAGEMENT

For residential projects, the Group set up self-service recycling cabinets in convenient locations in the communities to guide owners to classify and discard garbage; continued to publicize garbage classification knowledge through WeChat online publicity and posting notices in the publicity columns of communities and corridors; carried out diversified publicity activities to encourage owners to participate, and contacted volunteers to serve as community supervisors to supervise owners for the classification and delivery of garbage; jointly held lectures on garbage classification and recycling with neighbourhood committees.

Through rich and continuous publicity and education on garbage classification, the project wastes were gradually reduced, recycled and harmless, which played a leading role in the promotion of garbage classification in the city where the project was located.

Projects of the Group that won the provincial and municipal demonstration title in terms of garbage classification

Evergrande Oasis Jiaxing in Eastern China (Provincial)

Evergrande Royal Scenic Peninsula Quzhou in Eastern China (Provincial)

Evergrande Royal View Garden Ji'an in Jiangxi (Municipal)



Community garbage classification publicity



Community garbage classification supervisor



Garbage self-service recycling cabinet



The owner classified and delivered recyclable waste



ENVIRONMENTAL MANAGEMENT

Environmental Data for the Year

| Aspect | Indicators | Unit | Total |
|--------|--|--------------------------------------|---------------|
| A1.1 | SO2 emission | Kilogram | 37.70 |
| | NOx emission | Kilogram | 9,090.14 |
| | Particulate matters | Kilogram | 745.78 |
| A1.2 | Greenhouse gas emissions (Scope I) | Tons of carbon dioxide equivalent | 9,735.44 |
| | Greenhouse gas emissions (Scope II) | Tons of carbon dioxide equivalent | 267,627.40 |
| | Greenhouse gas emissions (Scopes I + II) | Tons of carbon dioxide equivalent | 277,362.84 |
| A1.3 | Weight of waste electronic products | Kilogram | 13,387.75 |
| A1.4 | Office waste | Tons | 2,791.32 |
| A2.1 | Total energy consumption | MWh | 352,929.70 |
| | Direct energy consumption | MWh | 36,294.06 |
| | Indirect energy consumption | MWh | 316,635.64 |
| | Energy consumption intensity | MWh/Revenue (in RMB million) | 1.04 |
| | Total electricity consumption | MWh | 316,635.64 |
| A2.2 | Gasoline consumption | Liter | 2,117,876.16 |
| | Diesel consumption | Liter | 376,671.98 |
| | Consumption of liquefied petroleum gas | Kilogram | 536,665.28 |
| | Consumption of pipeline gas | Cubic meter | 678,078.79 |
| | Water Consumption | Cubic meter | 12,593,935.39 |
| A2.2 | Water consumption intensity | Cubic meter/Revenue (in RMB million) | 37.18 |

Remarks on the environmental data:

- The time of the environmental data is during 1 January to 31 December 2020; the scope of environmental data collection covers 18 regional companies and their subsidiary project companies of real estate business, and 6 offices of the headquarters in Guangzhou and Shenzhen. The regional companies covered Pearl River Delta, East China, Beijing, Anhui, Shandong, Henan, Shaanxi, Hainan, Hubei, Hunan, Shenzhen, Sichuan, Chongqing, Jiangsu, Jiangxi, Guangxi, Guizhou and Liaoning; compared with 2019, one office building of the headquarters was newly added.
- The emission comes from the use of official vehicles and burning of natural gas and liquefied petroleum gas. Emission factors of natural gas are based on the 2017 Coefficient, Material Balance Calculation Methods for Industries not Included in Emission Permit Management, and other emission factors are based on the Reporting Guidance on Environmental KPIs promulgated by HKEX.
- The emission of greenhouse gas (scope I) mainly comes from the gasoline and diesel consumption of official vehicles and the consumption of liquefied petroleum gas and pipeline gas by non-outsourced staff canteens; the emission of greenhouse gas (scope II) comes from purchased electricity. Emissions factors of greenhouse gas of purchased electricity are based on the Ministry of Ecology and Environment's China Regional Power Grid Baseline Emission Factor for Emission Reduction Project for 2017. Other emissions factors are based on the Reporting Guidance on Environmental KPIs of HKEX.
- The types of consumed energy include liquefied petroleum gas and pipeline gas consumed by non-outsourced staff canteens, purchased electricity, gasoline and diesel used by vehicles; unit conversion coefficient for energy consumption took GB/T2589-2008 General Principles for Calculation of Total Production Energy Consumption as reference.





CLIMATE-RELATED FINANCIAL DISCLOSURES

Greenhouse gas emissions are leading to global warming, and various financial market participants increasingly need to understand the potential financial risks of climate change to help them make decisions.

Evergrande Group is well aware of the impact of climate change on its own business operations, and also understands the disclosure demands of stakeholders for the Group's climate change-related information. In view of this, we referred to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), carried out climate risk and opportunity assessment in this year, and disclosed climate-related financial information in the four core categories of "governance", "strategy", "risk management" and "indicators and objectives".

TCFD

TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES

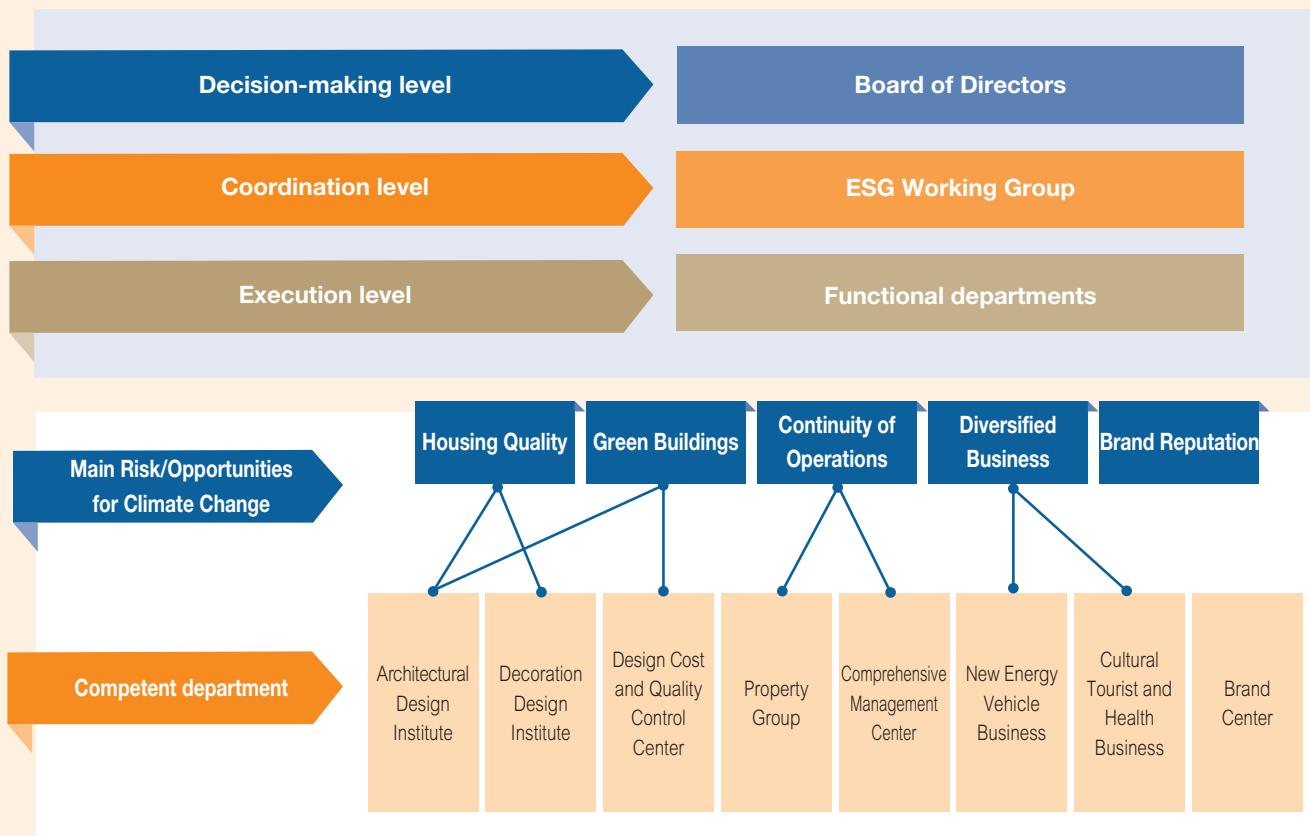
| Development Vision | Status in 2020 |
|--|---|
| Governance  <p>Clarified the management responsibilities of the Board of Directors and management for climate-related risks and opportunities, formulated written supervision and control policies and defined clear processes, with a view to building a good governance structure covering climate issues.</p> | <p>We set up an ESG governance structure to sort out the management of climate-related matters by various functional departments/business departments. In the ESG governance structure, we clearly defined the management responsibilities and reporting procedures of the Board of Directors and senior management personnel on climate change-related issues.</p> |
| Strategy  <p>Systematically and clearly identified risks and opportunities related to climate change and continuously updated them to assess the financial impact of these risks. Formulated strategies and measures to deal with climate change that have been deeply integrated into the Group's development strategy and corporate culture so as to guide the direction of action.</p> | <p>We understood the potential impact of climate change-related risks and opportunities on the Group's business strategy, operation and financial performance, and initially sorted out and constructed the overall strategy, specific field-based strategy and action policy to deal with climate change.</p> |
| Risk management  <p>Formed a process of identification, assessment and management of climate-related risks and opportunities, and incorporated the management of climate-related risks and opportunities into the existing risk management framework of enterprises to effectively control climate-related risks.</p> | <p>We initially formed an identification process for risks and opportunities related to climate change. We determined the importance of risks and opportunities related to climate change through questionnaires and other methods to clarify management priorities. At the same time, we actively implemented various management measures in response to the identified climate-related risks and opportunities.</p> |
| Indicators and objectives  <p>According to the strategies in various fields, we selected appropriate indicators, set up feasible objective values, and actively linked relevant indicators with financial data, so as to build a goal-oriented performance tracking mechanism for dealing with climate change.</p> | <p>Based on the Group's strategy for dealing with climate change and the existing statistical basis, we selected risk indicators for continuous tracking to help improve the management level of climate-related risks and opportunities. At the same time, we also took the property management project as the breakthrough point to actively explore its energy consumption and water consumption target setting and assessment management.</p> |



CLIMATE-RELATED FINANCIAL DISCLOSURES

CLIMATE-RELATED FINANCIAL DISCLOSURES – GOVERNANCE

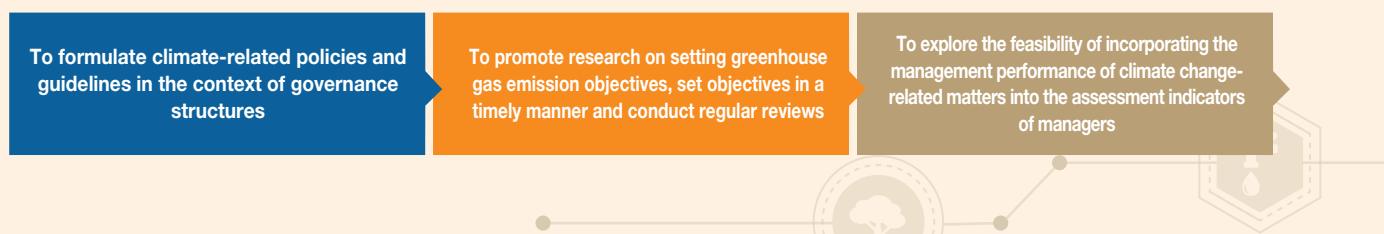
Evergrande Group formulated the ESG governance structure, adopted a unified management method integrated with the ESG governance structure to manage climate change-related issues, and clarified the monitoring and management responsibilities of the Board of Directors and senior management in terms of climate-related risks and opportunities. At the same time, each functional department identified and managed the risks and opportunities related to climate change according to its departmental responsibilities in daily operation, so as to minimize the physical risks and transformation risks brought by climate change, timely grasp the climate change-related opportunities, and promote the sustainable development of the Group's business.



All levels of the Group's ESG governance structure continued to perform their climate change-related functions in the daily operations:

- Functional departments continued to discuss issues related to climate change and formulated measures to mitigate, adapt to or resist climate change;
- The ESG Working Group included climate change-related issues in the annual assessment of important issues, and included the identified risks and opportunities related to climate change and their corresponding management information in the annual ESG report, which was submitted to the Board of Directors and senior management for review;
- The Board of Directors reviewed the annual performance of the Company's annual climate change-related key performance indicators, such as energy consumption and greenhouse gas emissions, and approved the disclosure of relevant information.

Medium- and Long-Term Plan for Climate Change Governance





CLIMATE-RELATED FINANCIAL DISCLOSURES



CLIMATE-RELATED FINANCIAL DISCLOSURES – STRATEGY

The Group understood the expression of climate-related risks and opportunities in the short-term, medium- and long-term and their potential impact on business strategy, operational and financial performance. Combined with its overall vision of sustainable development, the Group preliminarily reviewed the overall strategy for dealing with climate change, specific field-based strategies and course of action, in order to lead and guide the relevant competent persons or departments in the future to continuously and effectively strengthen the management of climate-related risks and opportunities.

Our understanding of climate-related risks and opportunities and their impacts

Evergrande Group is well aware that climate change will bring potential risks and opportunities to our business development. We sort out the list of risks and opportunities based on macro environment, industry characteristics and the current operation situation of the Group, and evaluate the significance and potential financial impact of each risk and opportunity through questionnaire survey. The survey results show that the main climate risks and opportunities faced by the Group and their impacts are as follows:

Physical Risk

- **Risk of extreme weather impact:** Extreme weather events such as floods and rainstorms may lead to quality problems such as delayed construction progress, damage to equipment and facilities, safety accidents and house leakage, resulting in delayed income due to delayed delivery of houses or increased cost due to replacement of equipment;
- **Risk of climate model:** The impact of chronic physical risk on the Group in the short term is mainly due to higher requirements for product design (e.g. residential complex design, automobile performance) and others. Its financial impact on the Group is mainly due to potential expenditure increase.

Transformation Risk

- **Risk of stricter compliance requirements:** With the stricter compliance disclosure requirements related to climate, if the collection and management of basic data and information within the Group is not timely and perfect, capital financing may be affected by non-compliance disclosure;
- **Risk of impact on reputation:** Climate-related risk events (such as house leakage and construction safety accidents) may have a negative impact on the Group's reputation, resulting in a decrease in revenue;
- **Risk of material price changes:** Climate risks may affect price changes in material supply, resulting in increased costs due to the supply chain's failure to supply smoothly;
- **Risk of investment in technology development:** Failure to invest in new technologies may lead to increased expenditure.

Opportunities for Climate Change

- **Opportunities for the development of green buildings:** Although the research and application of green buildings require a certain cost in the short term, its benefits in saving materials, energy and resources may result in less operating costs in the medium- and long-term ;
- **Opportunities for improving resource efficiency:** By adopting energy consumption monitoring platform, strengthening energy consumption objective management, and promoting the application of energy-saving and water-saving technologies, it is possible to save operating costs;
- **Opportunities for diversified business development:** Timely tracking and conforming to the national industrial development strategy and laying out green industries such as new energy vehicles and climate intelligent agriculture may have a positive impact on capital and financing;
- **Opportunities for renewable energy utilization:** Utilizing renewable energy sources like solar energy and geothermal energy in suitable projects, such as solar photovoltaic and ground source heat pump, may effectively improve energy efficiency and reduce operating costs.

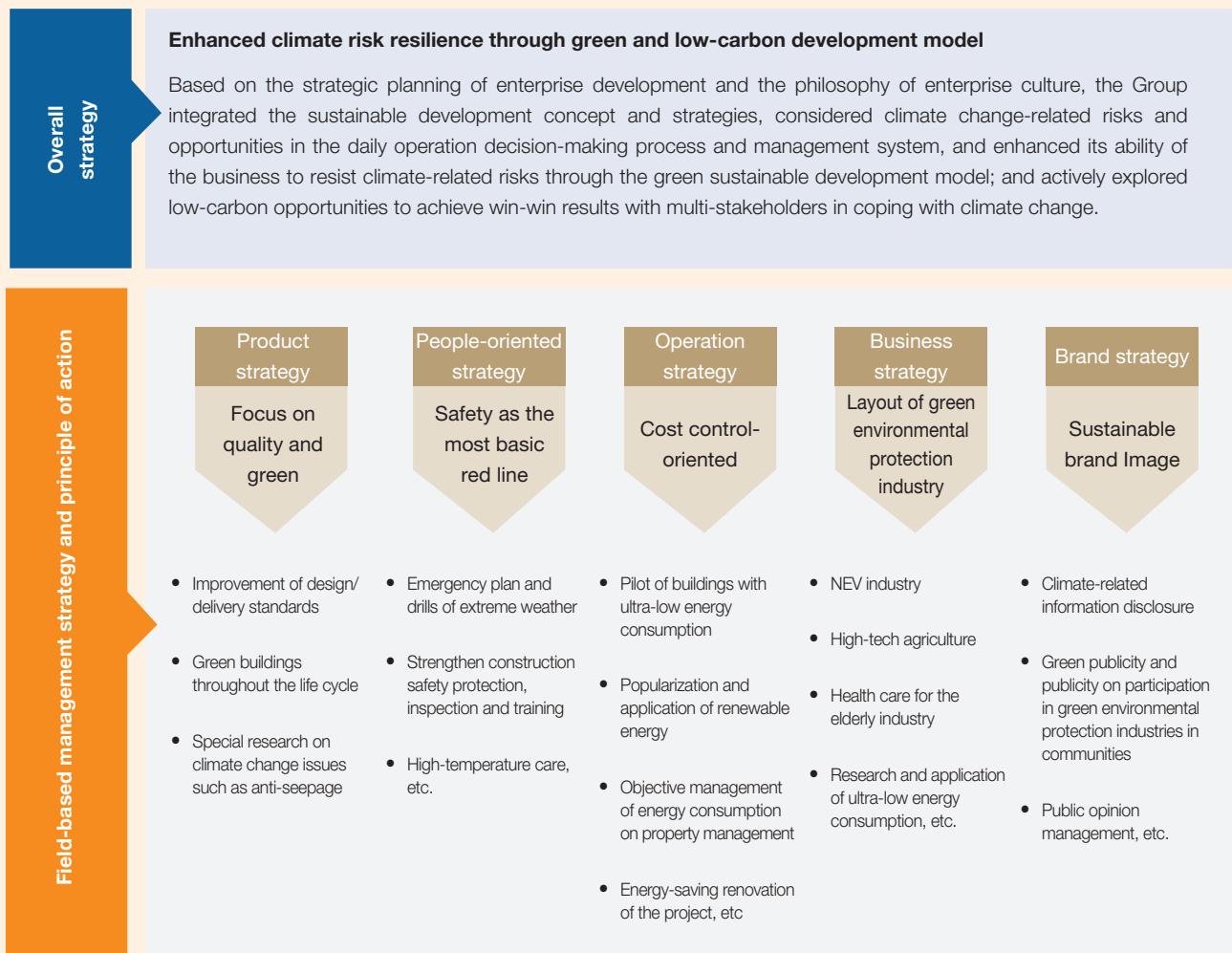




CLIMATE-RELATED FINANCIAL DISCLOSURES

CLIMATE-RELATED FINANCIAL DISCLOSURES – STRATEGY (Continued)

Our Strategy/system for Managing Climate-related Risks and Opportunities



Medium- and Long-Term Climate Change Management Strategies

- Gradually improved the list of climate change risks and opportunities and updated it regularly;
- Carried out analysis in combination with macro environment and the Group's development strategies to assess the financial impact of climate change risks and opportunities;
- Improved the climate change response strategies according to the analysis results, and deeply integrated them with business strategy and corporate culture.





CLIMATE-RELATED FINANCIAL DISCLOSURES



CLIMATE-RELATED FINANCIAL DISCLOSURE – RISK MANAGEMENT

During the year, the Group used ESG reporting to identify risks and opportunities related to climate change, preliminarily sorted out the management of major climate-related risks and opportunities, and especially paid attention to the identification of these risks and opportunities and sort out the management process, so as to lay a good foundation for further improving the management process of climate risks and opportunities.

Our methods and processes for identifying climate-related risks and opportunities

Collection of basic information and sorting of risk list

- According to the Company's report and internal data base, the list of climate risks and opportunities were sorted out in full combination with industry research reports, climate research reports of non-profit organizations, and concerns of sustainable development rating index;
- A total of 13 climate risks and opportunities related to the Group were identified and sorted out

Determination of Materiality

- Invited 50 management of middle level and above of the Group to participate in the research on climate change-related contents, including the significance of various climate risks and opportunities and their major financial impacts;
- Analyzed the materiality of climate risks and opportunities according to the questionnaire results, and the significant financial impact corresponding to each risk and opportunity;
- Determined the materiality of climate change risks and opportunities based on the macro environment, key industry concerns and the actual operation of the Group

| Sequence of Materiality | Climate Change Risks/Opportunities |
|-------------------------|--|
| 1 | Diversified business development opportunities — timely track and conform to the national industrial development strategy, and lay out green industries such as new energy vehicles and climate-smart agriculture |
| 2 | Opportunities for green building development — actively developed green buildings, such as carried out research and application of ultra-low energy consumption building technology |
| 3 | Physical risk: Impact of climate model change — impact of extreme weather on outdoor workers' health |
| 4 | Physical risk: Impact of climate model change — higher requirements for product design (such as residential complex design and automobile performance) |
| 5 | Physical risk: Impact of extreme weather — higher requirements for product quality |
| 6 | Transformation risk: Reputational impact — impact on product brand image |
| 7 | Transformation risk: Impact of technology development investment — investment in the adoption of emerging technologies |
| 8 | Physical risk: Impact of extreme weather — affecting the personal and property safety of internal and external stakeholders |
| 9 | Transformation risk: Impact of stricter compliance requirement — reporting disclosure of compliance risks |
| 10 | Opportunities for renewable energy utilization — use renewable energy like solar energy and geothermal energy in suitable projects, such as solar photovoltaic and ground source heat pump |
| 11 | Opportunities for resource efficiency improvement — realize operating cost savings through energy consumption monitoring platform, energy consumption objective management, and application of energy-saving and water-saving technologies |
| 12 | Transformation risk: Impact of material price changes — affecting the smooth supply in supply chain |
| 13 | Physical risk: Impact of extreme weather — impact on business continuity |

Communication and Disclosure

- Management reviewed and discussed the results of climate change risk survey;
- Disclosed climate change-related information in ESG reports and submitted to the Board of Directors;
- Each functional departments incorporated major climate risks and opportunities into the formulation of business development strategy.





CLIMATE-RELATED FINANCIAL DISCLOSURES

CLIMATE-RELATED FINANCIAL DISCLOSURE – RISK MANAGEMENT (Continued)

Our Management of Climate-related Risks and Opportunities

In response to the Group's major climate change risks and opportunities, the main management measures we have taken are as follows

| Climate Change Risks/Opportunities | Management measures |
|--|---|
| Opportunities for diversified business development | Actively developed industries such as new energy vehicles, cultural tourism and health. For details, please refer to the chapter "Products and Services – Diversified Innovative Products and Services" |
| Opportunities for green building development | Continuously promoted the research and application of green buildings and ultra-low energy consumption buildings, and required all new projects of the Group to meet at least the basic level standards of green buildings, and formulate higher green construction standards for suitable projects. For details, please refer to the chapter "Environmental Management – Green Design" |
| Physical risk: Impact of climate model change — impact of extreme weather on outdoor workers' health | Vigorously promoted Evergrande's new technology construction system to reduce construction safety risks; formulated emergency plans for extreme weather construction and tips for safe resumption of work and production. Please refer to the chapter "Products and Services – Safe and Civilized Construction" for specific contents |
| Physical risk: Impact of climate model change — higher requirements for product design (such as residential complex design and automobile performance) | Continuously optimized and implemented product design standards to improve product quality and safety, comfort and intelligence. For details, please refer to the chapter "Products and Services – Product Design" |
| Physical risk: Impact of extreme weather — higher requirements for product quality | Carried out special research and improvement on housing quality problems caused by extreme weather, such as anti-seepage improvement. For details, please refer to the chapter "Products and Services – Product Design" |
| Transformation risk: Reputational impact — impact on product brand image | Strengthened the disclosure of climate-related information and enhanced stakeholders' understanding of the Group's actions to deal with climate change; actively participated in green public welfare and green publicity; reinforced the management and monitoring of public opinion, and dealt with emergencies in a timely and proper manner |
| Transformation risk: Impact of technology development investment — investment in the adoption of emerging technologies | Closely tracked and evaluated the research and development process of new technologies, and strengthened the control of new technology investment through cost analysis, investment return analysis and other means |
| Physical risk: Impact of extreme weather — affecting the personal and property safety of internal and external stakeholders | Strengthened emergency plans and drills for extreme weather (such as typhoons and floods), prepared materials in advance and investigated hazard sources to avoid economic losses and safety accidents to the greatest extent |
| Transformation risk: Impact of stricter compliance requirement — reporting disclosure of compliance risks | Strictly abided by the HKEX ESG Reporting Guide to disclose the annual ESG report, and referred to more international standards and rating indexes to gradually improve the breadth and depth of information disclosure |
| Opportunities for renewable energy utilization | Gradually promoted the use of renewable energy such as solar energy and geothermal energy. For details, please refer to the chapter "Environmental Management – Green Design" |
| Opportunities for improving resource efficiency | Strengthened the monitoring and control of the energy consumption, formulated energy-saving and consumption-reducing objectives, and achieved the energy-saving and consumption-reducing objectives through energy-saving transformation and other measures. For details, please refer to the chapter "Environmental Management – Green Community" |
| Transformation risk: Impact of material price changes | Continuously improved the green standards of materials, promoted environmental procurement practices and strengthened the management and control of the risks related to sustainable development of supply chain. For details, please refer to the sections of "Environmental Management – Green Materials" and "Supply Chain Management – Responsible Supply Chain" |
| Physical risk: Impact of extreme weather — impact on business continuity | Reduced the risks related to the delay in construction progress through vigorously developing new technology construction system and intensifying contingency plan and drill and construction safety management |

Medium- and long-term climate risk management plans

- To continuously improve the process of climate risk identification and management, especially the process of assessing its financial importance and determining its risk priority; assess the current process and data quality of enterprises to identify and report climate change-related risks, and explore the transformation of these data into financial data;
- To integrate risks by referring to WBCSD (World Business Council for Sustainable Development), COSO (The Committee of Sponsoring Organizations of the Treadway Commission) and other guidelines, and include climate risk management to the current enterprise risk management process.





CLIMATE-RELATED FINANCIAL DISCLOSURES

CLIMATE-RELATED FINANCIAL DISCLOSURES - INDICATORS AND OBJECTIVES

Based on the strategy and risk management to deal with climate change, the Group selected indicators that fit its own management and regularly tracked them, with a view to continuously improving the management measures and performance related to climate change. At the same time, we also initially explored the feasibility of setting objectives for climate-related risks and opportunities, hoping to better improve the level of climate-related risk management in the medium and long term based on objective management.

Indicators

| S/N | Financial category | Climate Change Risks/Opportunities | Indicator Name | Unit of measure | 2020 Performance |
|-----|--------------------|--|--|--------------------------------------|------------------|
| 1 | Expenditure | Opportunities for improving resource efficiency | Energy intensity by income | MWh/RMB million | 1.04 |
| 2 | Expenditure | Opportunities for improving resource efficiency | Carbon intensity by income | Tons of CO ₂ /RMB million | 0.82 |
| 3 | Expenditure | Opportunities for improving resource efficiency | Proportion of projects using solar energy under management | % | 8.87 |
| 4 | Expenditure | Opportunities for improving resource efficiency | Number of water-saving/energy-saving/environment-friendly projects under management | projects | 53 |
| 5 | Expenditure | Transformation risk: Impact of material price change | Proportion of the number of factories where material suppliers have obtained ISO 14001 Environmental Management System certification | % | 81.2 |
| 6 | Revenue | Physical risk: Impact of extreme weather | Proportion of prefabricated construction projects | % | 14.3 |
| 7 | Revenue | Opportunities for green building development | Green building certification area of the year | 10,000 square meters | 5,648.65 |

Objectives

- (1) Property energy consumption management objectives: The Group formulated the Measures for Energy Consumption Management of Properties, formulated the Military Order Index of Cost in Various Regions in the Second Half of 2020, set consumption reduction objectives for electricity, water and fuel of companies in various regions, and assessed and reported the completion of the objectives every month. The assessment scope covered about 800 delivered projects in 27 regions;
- (2) Green construction objective: The Group inspected the energy conservation and emission reduction of projects according to the local policies and regulations of the company carrying out the projects to ensure that the construction was carried out according to the local requirements;
- (3) Green building development objectives: All newly-built projects must at least meet the basic requirements of the new national standard for green buildings, and implemented higher-level green building standards according to the requirements of the local government.

Medium- and long-term climate risk management plans

- (1) To improve the selection of relevant indicators and the statistical basis of their basic data, and explore the feasibility of correlating these indicator data with financial data, so as to track the financial impact of climate change more intuitively and effectively;
- (2) To promote the research on setting greenhouse gas emission objectives, set objective and conduct regular inspections.





APPENDIX I: REPORT CONTENT INDEX

GRI STANDARDS, ESG REPORTING GUIDE AND SASB

| General Disclosure | | | | |
|--|---------------|---------------------|------|--|
| Description | GRI Standards | ESG Reporting Guide | SASB | Reference Section and Remark |
| Organisational Profile | | | | |
| Name of the organisation | 102-1 | | | About This Report |
| Activities, brands, products, and services | 102-2 | | | About Us |
| Location of headquarters | 102-3 | | | Products and Services |
| Location of operations | 102-4 | | | About Us |
| Ownership and legal form | 102-5 | | | About Us |
| Markets served | 102-6 | | | About This Report |
| Scale of the organisation | 102-7 | | | About Us |
| Information on employees and other workers | 102-8 | KPI B1.1 | | About Us |
| Supply chain | 102-9 | KPI B5.1 | | Employment Management |
| Significant changes to the organisation and its supply chain | 102-10 | | | |
| | | | | Supply Chain Management |
| | | | | There are no significant changes to the scale, structure and ownership of Evergrande Group and its supply chain during this year |
| Precautionary Principle or approach | 102-11 | | | ESG Philosophy and Governance |
| External initiatives | 102-12 | | | Environmental Management |
| Membership of associations | 102-13 | | | Stakeholder Engagement |
| Strategy | | | | Stakeholder Engagement |
| Statement from senior decision-maker | 102-14 | | | Address from Chairman |
| Ethics and Integrity | | | | |
| Values, principles, standards, and norms of behaviour | 102-16 | | | ESG Philosophy and Governance |
| Governance | | | | |
| Governance structure | 102-18 | | | ESG Philosophy and Governance |
| Stakeholder Engagement | | | | |
| List of stakeholder groups | 102-40 | | | Stakeholder Engagement |
| Collective bargaining agreements | 102-41 | | | There are no collective bargaining agreements of Evergrande Group during this year |
| Identifying and selecting stakeholders | 102-42 | | | Stakeholder Engagement |
| Approach to stakeholder engagement | 102-43 | | | Stakeholder Engagement |
| Key topics and concerns raised | 102-44 | | | Stakeholder Engagement |





APPENDIX I: REPORT CONTENT INDEX

| General Disclosure | | | | |
|--|---------------|---------------------|------|---|
| Description | GRI Standards | ESG Reporting Guide | SASB | Reference Section and Remark |
| Reporting Practice | | | | |
| Entities included in the consolidated financial statements | 102-45 | | | About This Report 2020 Annual Report |
| Defining report content and topic boundaries | 102-46 | | | About This Report |
| List of material topics | 102-47 | | | Stakeholder Engagement |
| Restatements of information | 102-48 | | | There was no restatement of information |
| Changes in reporting | 102-49 | | | About This Report |
| Reporting period | 102-50 | | | Stakeholder Engagement |
| Date of most recent report | 102-51 | | | About This Report |
| Reporting cycle | 102-52 | | | About This Report |
| Contact point for questions regarding the report | 102-53 | | | About This Report |
| Claims of reporting in accordance with the GRI Standards | 102-54 | | | About This Report |
| GRI content index | 102-55 | | | Content Index |
| External assurance | 102-56 | | | The Group has yet to obtain external assurance for this Report, and will consider adopting such practice in the future based on the report compilation process and data management status |

| Economic Topics | | | | |
|--|---------------|----------------------------------|------------------------------|---|
| Description | GRI Standards | ESG Reporting Guide | SASB | Reference Section and Remark |
| Economic Performance | | | | |
| Explanation of the material topic and its boundary | 103-1 | | | About Us 2020 Annual Report |
| The management approach and its components | 103-2 | | | About Us 2020 Annual Report |
| Evaluation of the management approach | 103-3 | | | About Us 2020 Annual Report |
| Resources that are directly generated and distributed by the economic value used in the focus area | 201-1 | KPI B8.2 | | About Us Environmental Management |
| Financial implications and other risks and opportunities due to climate change | 201-2 | A4 General Disclosure & KPI A4.1 | IF-RE-450a.1 IF-RE-450a.2 | Climate-related Financial Disclosures We will conduct flood risk assessment in due course. |





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| Economic Topics | | | | |
|--|---------------|----------------------------------|------|--|
| Description | GRI Standards | ESG Reporting Guide | SASB | Reference Section and Remark |
| Market Presence | | | | |
| Explanation of the material topic and its boundary | 103-1 | | | About Us 2020 Annual Report |
| The management approach and its components | 103-2 | | | About Us 2020 Annual Report |
| Evaluation of the management approach | 103-3 | | | About Us 2020 Annual Report |
| Proportion of senior management hired from the local community | 202-2 | | | Employment Management |
| Indirect Economic Impacts | | | | |
| Explanation of the material topic and its boundary | 103-1 | | | About Us 2020 Annual Report |
| The management approach and its components | 103-2 | | | About Us 2020 Annual Report |
| Evaluation of the management approach | 103-3 | | | About Us 2020 Annual Report |
| Infrastructure investments and supporting services contribution to the focus areas | 203-1 | KPI B8.1 | | Public Charity and Community Participation |
| Anti-corruption | | | | |
| Explanation of the material topic and its boundary | 103-1 | | | Anti-corruption |
| The management approach and its components | 103-2 | B7 General Disclosure & KPI B7.3 | | Anti-corruption |
| Evaluation of the management approach | 103-3 | KPI B7.2 | | Anti-corruption |
| Confirmed incidents of corruption and actions taken | 205-3 | KPI B7.1 | | Not disclosed, considering to be disclosed in future years |
| Anti-competitive Behavior | | | | |
| Explanation of the material topic and its boundary | 103-1 | | | Anti-corruption |
| The management approach and its components | 103-2 | | | Anti-corruption |
| Evaluation of the management approach | 103-3 | | | Anti-corruption |
| Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | 206-1 | | | Anti-corruption |





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| Environmental Topics | | | | |
|--|----------------------|----------------------------------|--|--|
| Description | GRI Standards | ESG Reporting Guide | SASB | Reference Section and Remark |
| Materials | | | | |
| Explanation of the material topic and its boundary | 103-1 | | | Evergrande Group's products do not involve the use of packaging materials |
| The management approach and its components | 103-2 | A2 General Disclosure & KPI A2.5 | | |
| Evaluation of the management approach | 103-3 | | | |
| Materials used by weight or volume | 301-1 | | | |
| Energy | | | | |
| Explanation of the material topic and its boundary | 103-1 | | | Environmental Management |
| The management approach and its components | 103-2 | A2 General Disclosure | IF-RE-130a.5 | Environmental Management |
| Evaluation of the management approach | 103-3 | KPI A2.3 | | Environmental Management |
| Energy consumption within the organisation | 302-1 | KPI A2.1 | IF-RE-130a.1 IF-RE-130a.2 IF-RE-130a.3 IF-RE-130a.4 | Environmental Management |
| Energy intensity | 302-3 | KPI A2.1 | | Environmental Management |
| Water | | | | |
| Explanation of the material topic and its boundary | 103-1 | | | Environmental Management |
| The management approach and its components | 103-2 | A2 General Disclosure | IF-RE-140a.4 | Environmental Management |
| Evaluation of the management approach | 103-3 | KPI A2.4 | | Environmental Management |
| Water withdrawal by source | 303-1 | KPI A2.2 | IF-RE-140a.1 IF-RE-140a.2 IF-RE-140a.3 | Environmental Management Water consumption in areas with high or extremely high water stress represents 2.05% of total water consumption. |
| Biodiversity | | | | |
| Explanation of the material topic and its boundary | 103-1 | | | Environmental Management |
| The management approach and its components | 103-2 | A3 General Disclosure | | Environmental Management |
| Evaluation of the management approach | 103-3 | | | Environmental Management |
| Habitats protected or restored | 304-3 | | | Environmental Management |
| Emissions | | | | |
| Explanation of the material topic and its boundary | 103-1 | | | Environmental Management |





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| Environmental Topics | | | | |
|---|----------------------|----------------------------------|--------------|--|
| Description | GRI Standards | ESG Reporting Guide | SASB | Reference Section and Remark |
| The management approach and its components | 103-2 | A1 General Disclosure | | Environmental Management |
| Evaluation of the management approach | 103-3 | KPI A1.5 | | Environmental Management |
| Direct (Scope 1) GHG emissions | 305-1 | KPI A1.1 & KPI A1.2 | | Environmental Management |
| Energy indirect (Scope 2) GHG emissions | 305-2 | KPI A1.1 & KPI A1.2 | | Environmental Management |
| GHG emissions intensity | 305-4 | KPI A1.2 | | Environmental Management |
| Effluents and Waste | | | | |
| Explanation of the material topic and its boundary | 103-1 | | | Environmental Management |
| The management approach and its components | 103-2 | A1 General Disclosure | | Environmental Management |
| Evaluation of the management approach | 103-3 | KPI A1.6 | | Environmental Management |
| Total amount of waste by type and disposal method | 306-2 | KPI A1.3 & KPI A1.4 | | Environmental Management |
| Environmental Compliance | | | | |
| Explanation of the material topic and its boundary | 103-1 | | | Environmental Management |
| The management approach and its components | 103-2 | A3 General Disclosure & KPI A3.1 | IF-RE-410a.3 | Environmental Management |
| Evaluation of the management approach | 103-3 | | | Environmental Management |
| Non-compliance with environmental laws and regulations | 307-1 | A1 General Disclosure | | During the Reporting Period, the Group did not record any relevant violation |
| Supplier Environmental Assessment | | | | |
| Explanation of the material topic and its boundary | 103-1 | | | Supply Chain Management |
| The management approach and its components | 103-2 | B5 General Disclosure | | Supply Chain Management |
| Evaluation of the management approach | 103-3 | KPI B5.2 & KPI B5.3 | | Supply Chain Management |
| New suppliers that were screened using environmental criteria | 308-1 | KPI B5.2 & KPI B5.4 | | Supply Chain Management |





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| Social Topics | | | | |
|--|----------------------|----------------------------|-------------|--|
| Description | GRI Standards | ESG Reporting Guide | SASB | Reference Section and Remark |
| Employment | | | | |
| Explanation of the material topic and its boundary | 103-1 | | | Employment Management |
| The management approach and its components | 103-2 | B1 General Disclosure | | Employment Management |
| Evaluation of the management approach | 103-3 | | | Employment Management |
| New employee hires and employee turnover | 401-1 | KPI B1.2 | | Employment management, data on employee turnover is considered to be disclosed in future years |
| Policies related to prevention of child labour and forced labour and compliance of relevant laws and regulations | | B4 General Disclosure | | Employment Management |
| Measures to review employment practices to avoid child and forced labour | | KPI B4.1 | | Employment Management |
| Steps taken to eliminate child and forced labour practices when discovered | | KPI B4.2 | | Employment Management |
| Occupational Health and Safety | | | | |
| Explanation of the material topic and its boundary | 103-1 | | | Products and Services Employment Management |
| The management approach and its components | 103-2 | B2 General Disclosure | | Products and Services Employment Management |
| Evaluation of the management approach | 103-3 | KPI B2.3 | | Products and Services Employment Management |
| Types of work-related injury, and rates of work-related injuries, occupational diseases, lost days and absenteeism | 403-2 | KPI B2.1 & KPI B2.2 | | Considering to be disclosed in future years |
| Training and Education | | | | |
| Explanation of the material topic and its boundary | 103-1 | | | Employment Management |
| The management approach and its components | 103-2 | B3 General Disclosure | | Employment Management |
| Evaluation of the management approach | 103-3 | | | Employment Management |
| Average hours of training per year per employee | 404-1 | KPI B3.2 | | Employment Management |





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| Social Topics | | | | |
|---|----------------------|----------------------------|-------------|---|
| Description | GRI Standards | ESG Reporting Guide | SASB | Reference Section and Remark |
| The percentage of employees trained by gender and employee category | | KPI B3.1 | | During the year, Evergrande Group continuously provided training for employees of different genders and ranks and recorded the statistics of trainees, but did not record the relevant percentage yet |
| Diversity and Equal Opportunity | | | | |
| Explanation of the material topic and its boundary | 103-1 | | | Employment Management |
| The management approach and its components | 103-2 | B1 General Disclosure | | Employment Management |
| Evaluation of the management approach | 103-3 | | | Employment Management |
| Diversity of governance bodies and employees | 405-1 | KPI B1.1 | | Employment Management |
| Anti-discrimination | | | | |
| Explanation of the material topic and its boundary | 103-1 | | | Employment Management |
| The management approach and its components | 103-2 | B1 General Disclosure | | Employment Management |
| Evaluation of the management approach | 103-3 | | | Employment Management |
| Incidents of discrimination and corrective actions taken | 406-1 | B1 General Disclosure | | Employment Management |
| Local Communities | | | | |
| Explanation of the material topic and its boundary | 103-1 | | | Public Charity and Community Participation |
| The management approach and its components | 103-2 | B8 General Disclosure | | Public Charity and Community Participation |
| Evaluation of the management approach | 103-3 | | | Public Charity and Community Participation |
| Operation sites with local community engagement, impact assessments, and development programmes | 413-1 | | | Public Charity and Community Participation |
| Supplier Social Assessment | | | | |
| Explanation of the material topic and its boundary | 103-1 | | | Supply Chain Management |
| The management approach and its components | 103-2 | B5 General Disclosure | | Supply Chain Management |





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| Social Topics | | | | |
|--|----------------------|---|-------------|---|
| Description | GRI Standards | ESG Reporting Guide | SASB | Reference Section and Remark |
| Evaluation of the management approach | 103-3 | KPI B5.2 & KPI B5.3 | | Supply Chain Management |
| New suppliers that were screened using social criteria | 414-1 | KPI B5.2 | | Supply Chain Management |
| Customer Health and Safety | | | | |
| Explanation of the material topic and its boundary | 103-1 | | | Products and Services |
| The management approach and its components | 103-2 | B6 General Disclosure & KPI B6.1 & KPI B6.4 | | Products and Services In light with the nature of businesses and products, the indicator of procedure of product recycling is not applicable to Evergrande Group |
| Evaluation of the management approach | 103-3 | | | Products and Services |
| Incidents of non-compliance concerning the health and safety of products and services | 416-2 | | | Products and Services |
| Marketing and Labeling | | | | |
| Explanation of the material topic and its boundary | 103-1 | | | Products and Services |
| The management approach and its components | 103-2 | B6 General Disclosure | | Products and Services |
| Evaluation of the management approach | 103-3 | | | Products and Services |
| Incidents of non-compliance concerning product and service information and labeling | 417-2 | | | Products and Services |
| Customer Privacy | | | | |
| Explanation of the material topic and its boundary | 103-1 | | | Products and Services |
| The management approach and its components | 103-2 | B6 General Disclosure | | Products and Services |
| Evaluation of the management approach | 103-3 | KPI B6.5 | | Products and Services |
| Substantiated complaints concerning breaches of customer privacy and losses of customer data | 418-1 | KPI B6.2 | | Products and Services |





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| Social Topics | | | | |
|---|---------------|--|------|--|
| Description | GRI Standards | ESG Reporting Guide | SASB | Reference Section and Remark |
| Socioeconomic Compliance | | | | |
| Explanation of the material topic and its boundary | 103-1 | | | Products and Services |
| The management approach and its components | 103-2 | | | Products and Services |
| Evaluation of the management approach | 103-3 | | | Products and Services |
| Non-compliance with laws and regulations in the social and economic area | 419-1 | B1 General Disclosure & B2 General Disclosure & B4 General Disclosure & B6 General Disclosure & B7 General Disclosure | | During the Reporting Period, the Group did not record any relevant violation |
| Description of practices relating to preserving and protecting intellectual property rights | | KPI B6.3 | | Products and Services |





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www.evergrande.com



23rd Floor, China Evergrande Centre
38 Gloucester Road
Wanchai
Hong Kong

<http://www.evergrande.com>