



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 2017



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Environmental, Social and Governance Report 2017

I. About this Report

China Evergrande Group is delighted to announce the Environmental, Social and Governance Report of the Company and its subsidiaries (the “Group” or “us”). This Report describes the system establishment and performance of the Group in terms of sustainable development such as environment, society and governance.

This Report covers the period from 1 January 2017 to 31 December 2017, and includes contents dating back to previous years.

This Report covers the principal businesses of the Group, including real estate development, property investment, property management, real estate construction, hotel operation, finance business, internet business and health business. For details of the businesses of the Group, please refer to the 2017 financial report of the Group. For details of the environmental, social and governance of the internet and health businesses, please refer to the 2017 Annual Report of Hengteng Network Group Co., Ltd. and the 2017 Annual Report of Evergrande Health Industry Group Limited.

This Report was prepared in accordance with Appendix 27 Environmental, Social and Governance Reporting Guide of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“ESG Reporting Guide”). The preparation of the report was in compliance with the principles of materiality, quantitative, balance and consistency, aiming at adequate reflection of the efforts and achievements of the Group in the aspect of ESG.

All data in this Report is derived from the official system documents of the Group, statistical reports or relevant public information.

II. Environmental, Social and Governance Philosophy and Strategy

The Group upholds the development philosophy of “caring people’s livelihood, and serving the nation with industrial development”. The Group adheres to the national strategic direction and concerns the needs of the people’s livelihood. It steadily develops itself from a single industry structure of real estate to a diversified industrial layout involving real estate, tourism, health industry etc. On the basis of developing real estate for the people, it strives to provide all-round high-quality life for all walks of life in the society.

As a company with a strong sense of responsibility and mission, we are actively fulfilling our environmental and social responsibilities while realizing business growth. We listen and respond to the demands and expectations of stakeholders, and strive to achieve a balanced development of economic, environmental and social benefits. By leveraging its own advantages, the Group will gather the strength to jointly solve social problems and promote social harmony and sustainable development.

The Group continues to improve its environmental, social and governance systems, clearly defines the division of responsibilities from management to administration, and ensures that the environmental, social and governance philosophy is better integrated into the strategic planning and operational decision-making processes of the Group. The Board of Directors of the Group is ultimately responsible for environmental, social, and governance related matters. These include the formulation and implementation of ESG strategies and ensures the effective operation of ESG risk management and internal control system, and at the same time monitoring and endorsing the effectiveness of ESG work, and reviews and officially endorses annual ESG report.

III. Stakeholder Engagement

The trust from stakeholders and their participation are the basis for the sustainable development of a company. The Group emphasizes on the management of stakeholder relationship, continuously improves the communication mechanism, actively communicates with the government, investors, shareholders, customers, suppliers, partners, community and other internal and external stakeholder groups through various channels to understand their expectations and suggestions, and takes these as the basis to continuously improve its sustainable development strategies to strive to deepen the trust and cooperation to achieve a sustainable future of economic growth, environmental friendliness and social development.

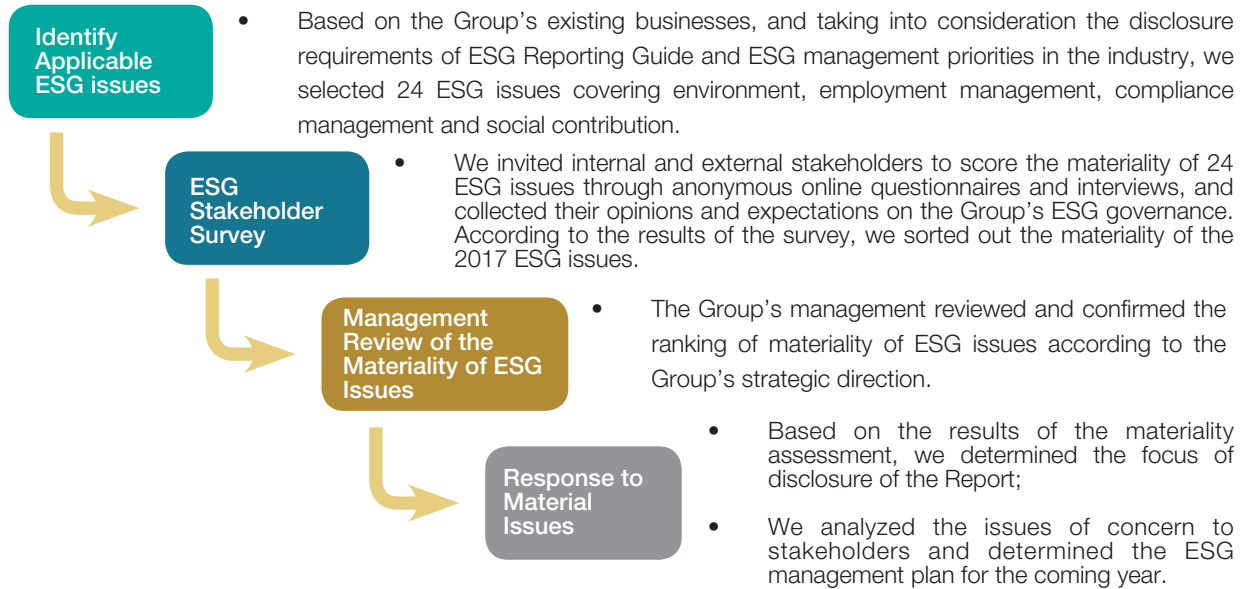
Stakeholder	Expectations and Requirements	Communication and Response
Shareholders and investors	Financial performance Protection of interests Transparency Risk control	Improves profitability Convenes general meetings Daily information disclosure Optimizes internal control and risk management
Government and regulatory authorities	Operate in compliance with the law 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 implements related policies Proactively undertakes social responsibilities
Employees	Career development platform Remuneration and benefits Healthy and safe working environment Listen to employees' opinions	Improves the career promotion mechanism Competitive salary and benefits protection Implements health and safety management system Equal communication and complaint mechanism
Customers	Product quality and cost performance Customer service quality Customer information security Customer rights protection	Real estate development for people's livelihood All-round caring services Network security and well-defined authority Law-abiding marketing
Suppliers and partners	Integrity cooperation Experience sharing Win-win cooperation Business ethics and credit standing	Establishes supply chain responsibility Promotes daily communication Carries out project cooperation Performance of obligations under any contract in accordance with laws
Community and the public	Care for the poor Support social welfare Protect the nature Promote social progress	Participate in targeted poverty alleviation Participate in charity works Adhere to green operations Sharing development achievements

IV. Materiality Assessment of ESG Issues in 2017

The Group entrusted an independent consultant to carry out materiality assessment of ESG issues in 2017 to fully assess the ESG issues that were crucial to the Group's business development and were of the utmost concern to stakeholders, which helped the Group determine the ESG management objectives for the coming year and the focus of the disclosure of this Report in order to actively respond to the expectations and requirements of all parties.

Environmental, Social and Governance Report 2017

The materiality assessment for the year mainly covered the following four steps:



The materiality matrix of ESG issues and material issues in 2017 are as follows:

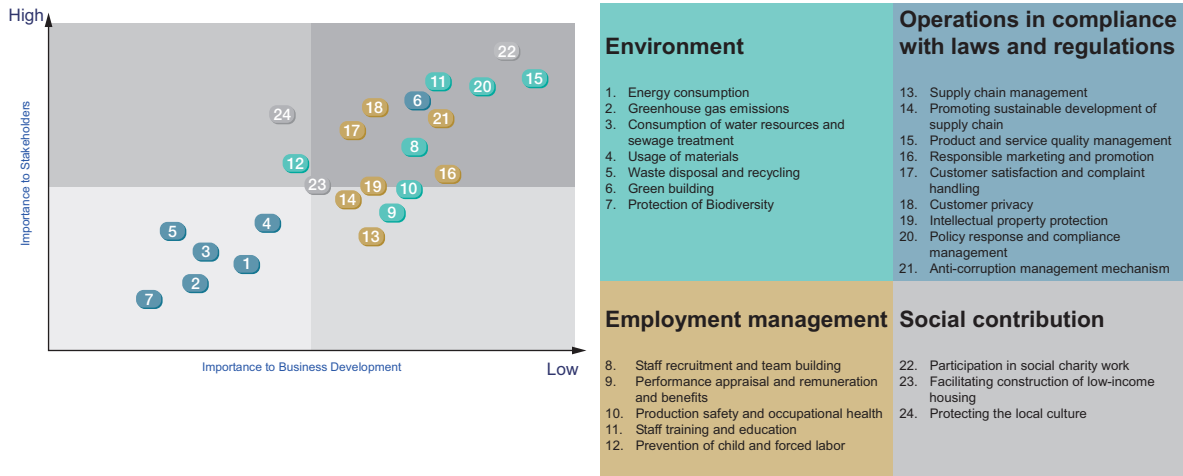


Figure 1: Materiality Matrix of 2017

The 2017 materiality assessment results show that the material issues mainly focus in products and customer services, and staff recruitment and training. Meanwhile, stakeholders are concerned about the performance of the Group in green building and social charity. The assessment results in 2017 are largely consistent with those in 2016. The Group focuses on the very important issues and makes disclosures in the subsequent chapters of this Report to respond to the concerns of stakeholders. At the same time, the Group will take these assessment results as the focus of the 2018 annual environmental, social and governance work plan to improve and perfect the management systems of the related issues, thus improving its performance and creating shared sustainable value for stakeholders in economic, social and environmental aspects.

V. Creating Value for Employees

Talent forms the important cornerstone for the country foundation and prosperity of the industries. The Group regards talent as the fundamental productive force for the development of enterprise, and adheres to the principle of fair and open recruitment, protects the legitimate rights and interests of employees, maintains a healthy and comfortable working environment, and strives to build a good career development platform for employees. The Group encourages employees to maximize their potential, and realize a virtuous circle of personal values and business development.

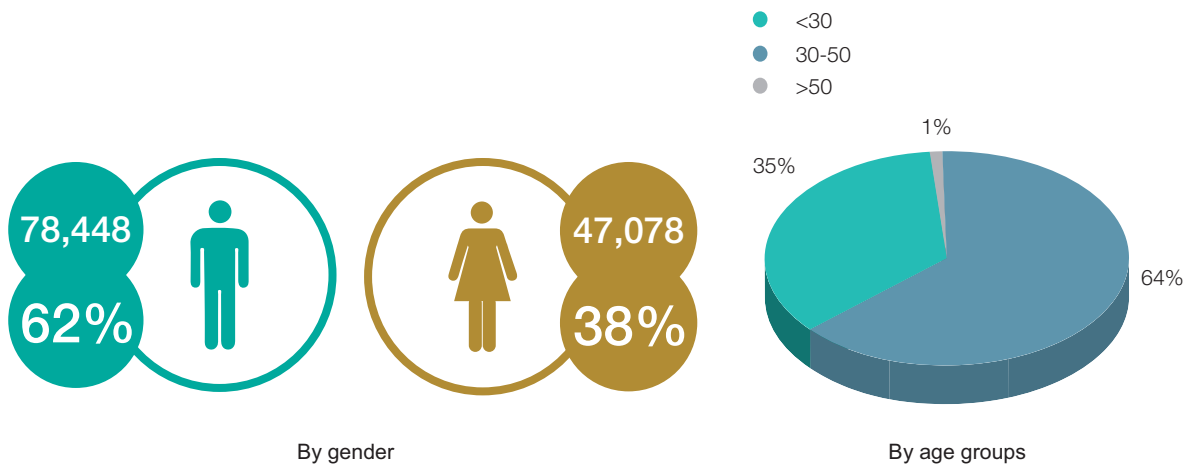
1 Employee Recruitment Management

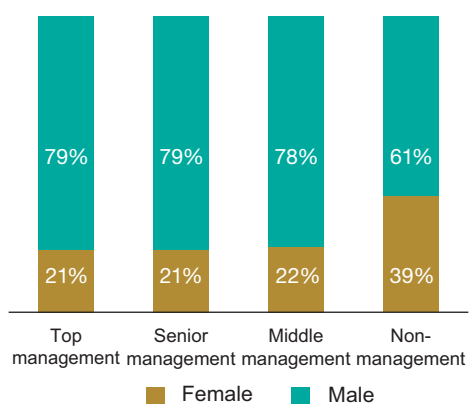
The Group adheres to the principle of equal employment and implements the “Recruitment Management System”, and introduces talents through multiple channels such as campus recruitment, public recruitment, overseas introduction, and internal referral to meet the rapid growth of the Group’s human resources needs. The Group complies with the Labor Law, Labor Contract Law and other legal requirements, and has entered into written labor contracts with each employee, and strictly performed the terms of the contracts to maintain a good labor relationship.

In order to attract fresh graduates, the Group further improved the “Stellar Project (恒星計劃)” as an undergraduate education program in 2017. Through the special training and protection programs in areas such as remuneration, benefits and training, the Group provided diversified career development pathways for graduates and assisted them in fitting into the Group and their job positions smoothly and efficiently, providing a solid force for the future development of the Group.

The Group provides internal transfer opportunities taking into account employees’ personal development aspirations and appeals. At the same time, through rational deployment of personnel, the Group can place the employees in the most suitable positions and make the best use of their talent.

In 2017, the Group provided a career platform for 36,621 outstanding social talents and fresh graduates, helping solve the social issue of employment. As at 31 December 2017, the Group had 125,526 employees. For the employees, the percentages by gender and by age groups were consistent with those in 2016. There was a slight increase in the number of female employees within the Group’s top and senior management for 2017 as compared to 2016.





Employee by position and gender

2 Performance Assessment and Career Development

The Group has set up a sophisticated employee appraisal mechanism, conducting thorough and comprehensive employee evaluation on a quarterly basis, primarily in respect of an employee’s overall competence, work attitude and job performance. Results of the appraisal serve as an important basis of reference for bonus payment and internal promotion, acknowledging the employees’ work performance and motivating them to continuously make improvements.

The Group highly values personal career development and provides employees with a desirable platform for development and promotion. Rotation, communication and training schemes are formulated according to the needs of each business segment. Meanwhile, the Group constantly upgrades its promotion channels covering management and expertise to satisfy various employees’ needs for career development and stimulate employees to unleash their potential.

3 Employee Remuneration and Benefits

The Group has set up a lawful and sophisticated remuneration and benefit protection system. Employee remuneration includes basic salary, post wage and comprehensive allowance. Meanwhile, bonus is provided based on organizational and individual performances, which serves as effective motivation. To attract and retain talents, the Group adjusts remuneration with reference to changes in prevailing industry average wage standard and price fluctuations to ensure employees enjoy competitive remuneration.

The Group has devised a “three year compensation protection system” for fresh graduates in the Stellar Project, providing significant salary boosts for graduates with outstanding performances, encouraging graduates to rapidly develop and providing them a sustainable development platform.

The Group also contributes to the “social insurance and housing fund” and protects employees’ statutory benefits such as holidays. On that basis, the Group has formulated humanized welfare policies and provides preferential treatments covering all basic necessities. The Group carries out multidimensional cultural activities which displays its care for all employees.

The Group's welfare benefits in 2017 include:

- Daily life: providing employees with free dormitories, working meals and transports, as well as free rice, cooking oil and drinking water on a monthly basis;
- Recreation: opening up a recreation club in the head office, organizing staff travels, offering Evergrande hotel discounts;
- The office area set aside with a mother-baby-care room for employees in duration of pregnancy or suckling period. Special passages were also in place in the dining hall to minimize their queuing and waiting time.

Case: 2017 Birthday Season Movie Night

On 18 November 2017, the Group's Labor Union organized the first birthday season movie night in Shenzhen, attended by employees celebrating their birthdays and sharing their joy. The event promoted employees' sense of belonging to the Group.



Figure 2: Group photo from 2017 birthday season movie night

4 Employee Training

Employee training was the focus of human resource management in 2017. The Group was dedicated to enhancing its training system, integrating internal and external resources and gradually establishing an internal trainer team to provide employees with a favorable platform for learning and communicating, which elevating the employees' team capacity and overall quality as well as laying a solid foundation for the Group's rapid growth.

The Group primarily carried out the following training programs in 2017:

- **“Stellar Project (恒星計劃)” for fresh graduates:** By providing follow-up training for three years, the Group comprehensively enhanced the professionalism and overall capability of the fresh graduates and deepened their understanding and recognition of its corporate culture through a series of training programs such as the “Spark Training Camp (星火訓練營)”, tutor one plus one (導師一加一) and growth acceleration (成長加速度).
- **Leadership training for senior management:** The training was divided in 4 levels. A set of training programs was designed for each level to provide the suitable knowledge and competency required by the management at different position levels.
- **Induction training for new employees:** The Group organized a session of induction training every two months for new employees from social recruitment, which comprised business introduction, corporate culture and general courses, so as to help new employees quickly fit into the working environment.
- **Open courses of the Group:** The Group organized an open course every two months which comprised a series of courses including professional skills, comprehensive capability and management capability.

Case: Meeting You at the Most Beautiful Moment – Evergrande 2017 Spark Training Camp

From July to August 2017, the Human Resource Center of the Group held a total of three sessions of “Spark Training Camp” in Shenzhen and Foshan. Each training session lasted for a week, providing a comprehensive introduction of the development history of the Group and the code of conduct of employees and explaining job knowledge such as the whole process of the real estate business and the diversified industrial development, in order to help new employees understand the basic norms, be familiar with their job duties and quickly fit into their positions. At the same time, the Group also organized a variety of team outreach activities to enhance the cohesion and sense of belonging of its team and improve the coordination and execution of the whole team.



Figure 3: Information session of Evergrande 2017 Spark Training Camp



Figure 4: Group photo of Evergrande 2017 Spark Training Camp

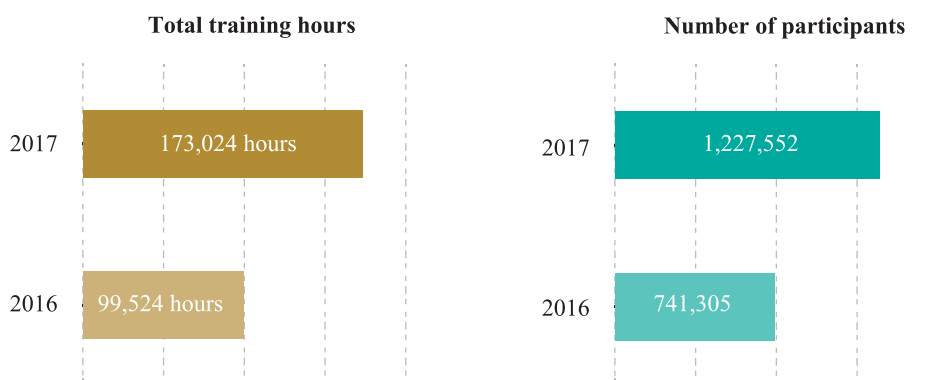
The Group has been establishing a team of internal trainers. The Human Resource Center is responsible for the selection, training and management of the part-time internal trainers, as well as the organization and development of courses of professional knowledge and skills and comprehensive quality, so as to establish a learning-oriented enterprise step by step. In 2017, the Group arranged the employees selected by each of the business segments to participate in the TTT (Training the Trainer to Train) training. In the training, the external teachers and the internal human resources lecturers of the Group gave the theory explanation and practical exercises of training methods, course teaching and assessment and evaluation. The Human Resource Center of the Group will provide different incentives for the trainers in different levels, such holding regular salon activities for trainers and providing the opportunities of external training and exchange visits.



Figure 5: Training for internal trainers of Evergrande in 2017

The Group cooperates with leading colleges and universities in China to provide on-the-job postgraduate courses for employees. In 2017, 19 employees of the Group took the second course for Master of Project Management of Tsinghua University, while 30 employees took the sixth courses for Master of Wuhan University of Science and Technology respectively. And 228 employees applied for the seventh Master program of Wuhan University of Science and Technology. At the same time, the Group also cooperated with top international institutions to organize overseas advanced studies and training courses for the senior management of the Group to help them establish an international vision to actively respond to the future challenges.

In 2017, the total training hours and participants of the Group significantly increased as compared to 2016. The specific performance data is as follows:



5 Occupational Health and Safety

Promoting health and safety of employees is a key element in maintaining stable operation within the Group. The Group continues to enhance its health and safety management systems and promote activities and training on safety, provides healthy and comfortable working environment for employees and safeguards their physical and mental health.

(1) Occupational Safety

In strict compliance with the Work Safety Law of the People's Republic of China and other relevant national and local laws and regulations, the Group has formulated and implemented the rules and regulations as well as operating procedures for construction safety in accordance with the safety principle of "safety first, prevention-oriented and comprehensive management" in order to carry out effective management for the occupational safety of the projects under construction with contractors and subcontractors to ensure the safe and civilized construction of the projects.

In 2017, the Group amended and issued the Safe and Civilized Construction Standards, which provided systematic protection for the Group to strengthen the safety management at the construction sites, regulate the construction safety behavior, specify safety management responsibilities, enhance the awareness of safety prevention and supervision of the companies and construction units and prevent the occurrence of safety incidents.

Measures are put in place by the Group to prevent workplace accidents. These include fences, covers and enclosures which should be set up with warning signs hanged in the locations subject to potential safety hazards including holes, borders and material storage areas. Safety emergency plans are also prepared and posted at the entrance of the construction sites. For locations with high safety risks such as those for lifting equipment and construction lifts, the operators have to obtain the relevant certification to ensure safety operation. At the same time, the Group also highly values safety education and training. Only employees who have passed the training can perform the relevant job duties. Necessary labor protection supplies are also provided.

Fire safety is of great importance to the Group. Construction sites have installed the necessary firefighting equipment according to the size of the site. Provision of means of escape in case of fire is also in place including setting up of fire emergency action teams with clear roles and responsibilities defined.



Figure 6: Firefighting equipment at a construction site



Figure 7: Major safety passage at a construction site

(2) Physical and Mental Health of Employees

The headquarters of the Group cooperates with the property management companies at various levels to conduct regular safety inspections to fully investigate the potential safety hazards for the formulation and implementation of rectification plans. The Group also carries out regular fire drills to improve the escape and self-rescue skills of employees and strengthen their awareness of fire safety.

The Group arranges health check-ups for employees on an annual basis to enhance their awareness of physical health. There are canteens in the headquarters and the major office areas to provide hygienic and healthy food for employees. Regular fitness courses are also provided to encourage the employees to exercise after work to avoid potential damages to their bodies due to desk-bound working for a long period of time. The Group also organizes seminars on mental health regularly to help the employees relieve pressure and face with the challenges from work and life with their best shape and attitude.

Case: “Evergrande Running Camp (恒跑营)” of the Group

The Labor Union of the Group held over 40 “Evergrande Running Camp” activities in 2017, including themed running activities such as “Valentine’s Day Single Night Run” and “Campus Memory Mini Marathon”, aiming to create a favorable sports environment to motivate the employees to participate in fitness exercise and physical exercise to improve their physical fitness.



Figure 8: Group photo of an “Evergrande Running Camp” activity

6 Employees’ Rights and Equal Opportunities

In strict compliance with the national and local employment laws and policies, the Group has established a comprehensive human resources management system to perform standardized and regulated management on employee recruitment, remuneration and benefits, performance appraisal, promotion, training and other aspects to safeguard employees’ rights in an effective manner.

The Group adopts a strict policy against the use of child labor and have implemented strict procedures as part of their recruitment process. At the same time, the Group has strict stipulations about overtime work. If there is a need to work overtime, employees must obtain an approval from the relevant supervisor and may apply for subsequent day off. The Group encourages employees to pay attention to work-life balance, and ensures they have enough rest to maintain a positive and healthy attitude.

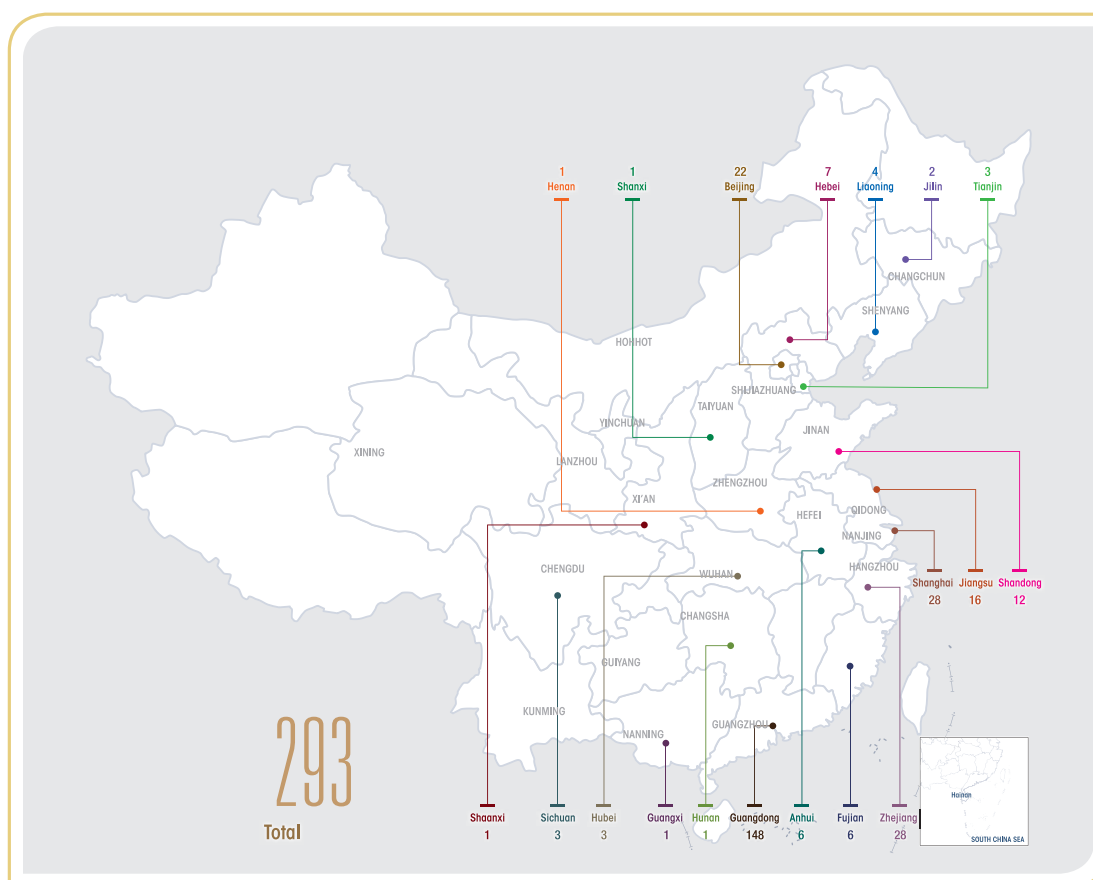
Pursuing an equal and fair employment principle, the Group focuses on the capability and competency of employees and ensures that the employees are not treated differently due to factors such as gender, age, nationality, race, religion, family and health status to eliminate any form of discrimination. We attach great importance to listening to the opinions from employees by setting up online channels and suggestion boxes and organizing employee activities to gather their opinions, strengthen communication with them and understand their opinions and suggestions.

VI. Creating Value for Suppliers

Collaboration with suppliers is fundamental to the Group's strategy in providing premium products. Upholding the equal and fair attitude in cooperation, the Group implements a standardized operation model for unified planning, tendering, procurement and distribution, and places an emphasis on communication with suppliers to enhance the understanding and recognition of suppliers about the value culture of the Group, consolidate the collaborative relationship built on mutual trust and help, and working together to facilitate the sustainable development of the industry.

The Group has formulated the system and working guidelines for procurement and supplier management to regulate the procurement process, supplier selection, evaluation and tiered management, and deepened the strategic cooperation with enterprises with clear and fair procedures and standards while managing and controlling the potential risks in the supply chain in an effective manner to optimize supply chain management.

At present, the Group has nearly 300 suppliers for materials and equipment. The Group classifies the suppliers into different categories for management and conducts regular maintenance and update for the supplier database in order to ensure the accuracy and validity of the information of suppliers.



1 Development and Selection of Suppliers

The Group has formulated procurement and tendering and bidding system documents, developed and selected new suppliers based on stringent selection criteria and regulated evaluation procedures. The Group complies with the requirements under the Tendering and Bidding Management System and strictly performs quality evaluation and on-site inspection for the tendering selection procedures to ensure the effective implementation of quality control starting from the source of procurement.

The Group has established and maintained a supplier database and classified the suppliers into different databases, namely qualified, disqualified and prohibited from cooperation, according to the evaluation results to perform tiered management and accumulate excellent supplier resources for the Group.

2 Supplier Evaluation and Responsibility Communication

To provide the quality of the products and services to our customers, the management and monitoring center is responsible for arranging the materials companies, regional companies, property management centers and after-sales service centers to evaluate their suppliers in terms of quality, service and delivery term every quarter. The annual evaluation results are calculated by using the evaluation results of four quarters on a weighted basis. The Group sets a management and control redline of “veto power on product quality” to strengthen the supply chain management and promote the consistent improvement of product quality.

The Group pays attention to the establishment of the development and incentive mechanism for suppliers. The Group conducts regular exchange meetings and organizes exchange visits to share outstanding cooperation cases and commend outstanding suppliers. The supplier management department arranges meetings with the suppliers with unsatisfactory performance to better understand the root cause, devises rectification plans and facilitates the implementation of such plans so as to encourage the suppliers to enhance the overall management.

3 Supply Chain Responsibility Management

The Group attaches great significance to supply chain management to reduce the disputes over labor employment and ensure the effective operation of the quality and safety assurance systems at the construction sites, which in turn guarantees that the construction projects can be carried out successfully. In order to safeguard the occupational safety, remuneration benefits and other legitimate rights of the migrant rural workers, the Group has established the Rights Protection Center for Migrant Workers, formulated and implemented the Management Measures for Protection of Rights of Migrant Workers, and continued to strengthen the supervision and evaluation on the employment of its construction units.

The engineering departments of the regional companies of the Group monitor the whole process of the payment of wages to migrant workers and keep the photos for cash payment or bank transfer receipts which should be confirmed with signature of the relevant engineering department, construction unit and migrant worker so as to make sure the wages are directly paid to the migrant workers. The inspection team for the protection of the migrant workers' rights investigates the protection of the rights of migrant workers every month and monitors the settlement of unpaid wages and other issues on the rights of migrant workers. The Group posts the 24-hour hotline, complaint mailbox and WeChat Official Account for addressing issues of unpaid wages for migrant workers in the construction sites to timely accept and deal with these issues from the migrant workers so as to ensure the migrant workers can be treated equally according to law.

VII. Creating Value for Customers

Taking real estate development as its starting point, the Group actively expands its “real estate + service industry” business structure and continues to improve its product and service management in order to create high quality living and life experiences for customers.

1 Project Quality Management

The Group strictly complies with the Construction Law of the People’s Republic of China and other national laws and regulations and industry standards. In order to make “a premium product at every procedure”, we set up specific system requirements for materials acceptance inspection, project construction, completion and delivery and other procedures, and earnestly perform our management and supervision functions and put the accountability and reward and punishment mechanism into practice so as to provide high quality living spaces for customers.

The Group performs a five-level quality management from the headquarters to the project and conducts regular inspections across the country. The Management and Monitoring Center collaborates with the relevant functional centers to monitor and evaluate the projects under construction with respect to the key issues including quality, construction techniques and progress, and selects outstanding projects according to the inspection results. It also organizes regular training to facilitate the exchange between projects so as to promote the overall enhancement in the quality management of projects. The Housing Industrialization Research Center of the Group is responsible for the research and development of new techniques and technologies for the consistent improvement of project quality.

The quality management and control measures of the Group for each procedure are as follows:

Acceptance Inspection of Materials and Equipment

On-site acceptance inspection: According to the contracts, regulations and the relevant agreements, the departments using the materials and equipment, the on-site quality inspection departments and the suppliers conduct acceptance inspection; **Factory acceptance inspection:** The quality management departments of the materials companies conduct spot checks on the factories of suppliers; **Spot checks:** We select products from the factories of suppliers or the construction sites on a random basis and send them to external inspection institutions for quality inspection.

With respect to the key materials under management and control which may affect the environmental requirements, the acceptance inspection departments focus on reviewing and examining the product pollutants contents inspection reports to ensure the health and safety of products.



Designing Stage

We design according to the Management System for Designing. The designing cost and quality control center is responsible for the management and control on the quality and technology of the designs. We fully review the construction project plans and the construction drawings so as to place effective control on the project quality at the designing stage.



Construction Stage

We implement the sample-first system for project construction to unify the operating procedures, construction approaches and quality acceptance standards. Construction can only be proceeded with upon the completion of acceptance inspection of the samples.

We perform standardized and refine management on the construction process and implement five-level management, including the self-inspection (complete inspection) of the construction units, the daily supervision (complete inspection) of the supervision units, the daily management of the engineering department, the spot checks by the engineering technology department and the management and monitoring center, as well as the monthly quality evaluation.



Completion and Delivery Acceptance Inspection

Within three months after the completion of the construction projects, the competent leaders or the general management of the relevant projects should complete the completion acceptance inspection jointly with the department heads of the engineering department and property management companies and the relevant personnel according to the criteria for completion acceptance inspection.

Before delivering the property, the engineering departments of the regional companies should fully evaluate the construction and examine whether the design requirements are met and the key procedures for construction quality so as to mitigate the risk of customer complaint arising from product quality after delivering the project.



The Group makes proactive efforts in the development and application of the intelligent and information technology. As at the end of 2017, the Group officially approved the research and development of the intelligent operation and management system, aiming to improve the comprehensive project management efficiency and guarantee the project quality from various dimensions by establishing an intelligent system with multiple platforms and terminals.

In response to the Guiding Opinion on Promoting the Application of Building Information Models issued by the Ministry of Housing and Urban-Rural Development, the Group promotes the application of technologies such as BIM collaboration in five key regions and has achieved the quick search of business information, quick calculation of construction work quantity, on-site materials management and control and collision detection and timely warning with the use of visual, parametric and three-dimensional models, so as to refine project management.

2 Responsible Promotion and Marketing

The Group strictly adheres to “The Advertisement Law of the People’s Republic of China (《中華人民共和國廣告法》) and other laws and regulations and industry regulations, formulating and stringently implementing the marketing management system. Information used in promotion and marketing, including advertisements and promotional materials of products of every business of the Group, must be approved by different levels of management before external uses. The Group strictly controls over the legality, authenticity, scientificity and accuracy of the contents of promotional materials so that deceptive and misleading information is strictly prohibited, thus safeguarding the legitimate rights of customers.

The sales information of the property projects of the Group for external publicity, including house types, standards of renovation and plans, must be jointly reviewed and countersigned by the persons-in-charge of Marketing Department, General Engineer’s Office, Engineering Department and Construction Technical Department and other relevant departments, and approved by the Legal Affairs Center of the Group, so as to ensure that the contents of promotional materials reasonably and accurately reflect the actual situations of projects. The Group attaches great importance to the understanding of compliant promotions of marketing staff. Special courses are included in induction training for new staff, and the Legal Affairs Center organizes themed training for staff on a regular basis, to strengthen their knowledge and understanding of the relevant laws and regulations in relation to marketing and promotion and internal rules of the Group, thereby ensuring the compliance of marketing and promotional works of the Group.

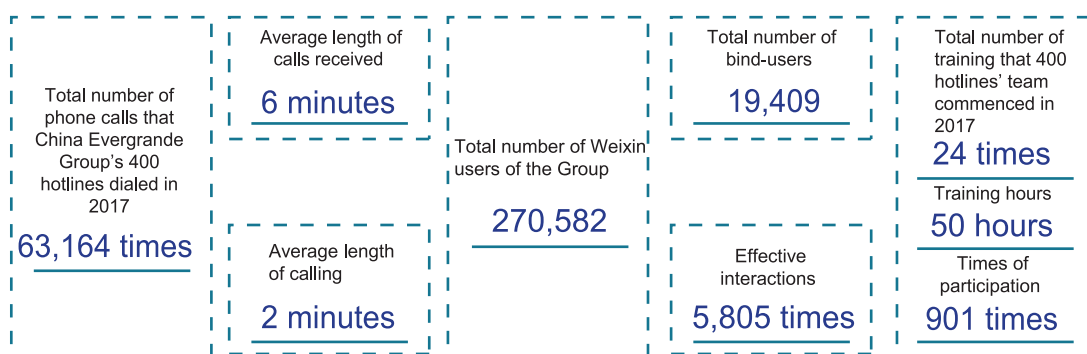
3 Customer Satisfaction and Complaint Handling

The Group adheres to the practice of full-process customer service from the construction of projects to property management. It has an insight into customer demand and safeguards the rights and interests of customers, continuously enhancing its service quality and striving to maintain good partnership relationships with customers.

In 2017, the real estate segment of the Group established Rights Protection Center for Owners and launched Security Measures of Rights and Interests of Owners, participating in all business segments of real estate development and operation from the perspective of customers. There was a team that secures and monitors the rights and interest of owners under the Center. It conducted monthly inspection and examination towards projects under construction and troubleshoot project quality pitfalls in a timely manner, and issued Reminder Letter of Correction of Risk Pitfalls to relevant companies in cities in respect of relevant risks, pushing forward and tracking the progress of correction. The Center actively held “Owners Open Day” activities to invite owners to experience the construction processes of projects. All processes were comprehensively supervised by the owners that their crucial rights and interests can hence be secured.

The Group thoroughly implements Post-sales Service Management Measures, setting up 400 hotlines, Weixin platform, official company website and complaint mailbox and other channels to listen to customers' opinions and suggestions. The Group pays great attention to complaints from customers. According to the nature and seriousness of complaints, corresponding complaint handling procedures will be implemented. Moreover, the Group will check and manage the process, enabling timely reporting of our handling to customers. Meanwhile, through enhancing our complaint analysis and correction, adopting accountability system and taking punitive action for effective complaints, our service level can be continuously improved, enhancing customer satisfaction.

Performance indicators of interaction with owners in 2017



The Group also implements high-standard product and service quality management in its property, hotel and finance businesses, striving to, dedicating itself to providing customer with quality products and attentive services, assisting the Group in fulfilling its corporate mission "quality builds the brand, integrity brings great success".

Property Management

Property companies strictly implement all systems and guidance documents, providing full lifecycle professional service covering the whole project for property owners. Since the planning and designing stage, the Property Management Center of the head office has engaged in the approval of drawings and provided optimization suggestions from the management perspective at later stages. It has participated in house inspections before the renovations of bare shells and participated in project inspection before formal handovers, so as to ensure the reaching of standard of project quality. The property business actively introduces the information management system, in order to realize the intelligent management of projects and enhance service quality. Through “attentive floor manager”, “General Manager Hospitality Day” and other measures, we can understand and respond to the needs of owners in a timely manner and continuously enhance customer satisfaction.

Tourism

The Group actively responded to the requirements of the 13th Five-Year Plan for Tourism Development published by the State Council, striving to promoting the essence of Chinese culture with Fairyland as its flagship product, building and operating large-scale cultural tourism projects centered with large mythical-themed parks by using world’s top entertainment equipments and rides. The park is themed traditional Chinese culture, adhering to the design philosophy of edutainment, enabling children to perceive and experience the five-thousand-year historical Chinese culture. Treating “Evergrande Fairyland” as a carrier, the Group strives to push forward the internationalized development of amusement park business in China, actively spreading Chinese culture, striking a balance between commerce and social charity and achieving a win-win situation.

Health Management

Evergrande Health Group actively implements the “Healthy China” strategy and dedicated to enhance the people’s healthy living standards by optimizing medical services and healthcare protection, facilitating scientific research and promoting the overall healthcare industry. Health Group mainly operates Healthy Valley and international hospital. Evergrande Health Group is listed in Hong Kong stock market with stock code of 0708.

Life insurance

Evergrande Life Insurance put the concept of “protection as the central insurance value proposition” into practice, gradually developing the strategic model of “insurance protection+ecology pension+integration of medical and health care”, and vigorously developing community insurance. It continuously optimizes the direction of product development, assisting in solving the problem of lack of supply of elderly care service and dealing with the social problem of aging. The Company sets up 400 Calling Center to solve customers’ problems round the clock. In 2017, the satisfaction rate towards the staff of the Calling Center reached 99.75%, and the successful connection rate reached 98.76%, far higher than the average rate of the industry.

After the earthquake in Jiuzhaigou Valley in 2017, Evergrande Life Insurance responded actively. It carried out its contingency plans for emergency cases and issued emergency measures through various channels, closely monitoring the situation and actively conducted searching, checking the conditions of claiming of customers and employees for the earthquake. Meanwhile, it launched a series of emergency measures, including a rapid claim settlement mechanism, 24-hours claiming hotline service and no-slip claiming, exerting all efforts to ensure the implementation and effectiveness of all emergency initiatives and providing customers in the stricken area with insurance claiming and supporting services at any time.

4 Customer Information and Privacy Protection

The Group has strictly complied with the requirements of the Cyber Security Law of the PRC and other laws and regulations and formulated and implemented the Information Security Management Measures and Information Security Risk Prevention and Control Measures. Through access control to the information system environment and on-duty mechanisms, regular inspections of hardware and software and disaster management, database permissions settings and other measures, the Group strives to ensure safe operation of information systems to safeguard customer information.

The Group has established strict standards and implementation rules for customer information management systems. Diversified leak prevention measures are carried out, and the use of various information media that contains customer information are strictly restricted whereas specific trainings are provided to employees who dealing with customer information in order to enhance employees' awareness of information protection to prevent leakage of customer information.

Case: Evergrande Finance and Evergrande Life customer information security risk prevention and control measures

We have established a customer sensitive information protection mechanism. The Risk Control Center is responsible for the process quality supervision and effectiveness evaluation of the customer information management and protection, and ensures that the information management staff properly maintains records of the identity information, transaction records and other related documents of customers. For key locations such as engine room, the Group delegates staff to conduct duty watch 24/7. The Group and its employees and suppliers will sign confidentiality clause when they enter into contracts to limit the scope of customer information exposed during their course of work, and reserve the right to pursue legal action so as to prevent them from divulging customer information with an aim to fully protect the privacy and security of customers.

5 Intellectual Property Management

In order to effectively protect the intangible assets of the Group, we have formulated and implemented an intellectual property management system. The Legal Affairs Center is responsible for the declaration and information management of intellectual property rights; and it will appoint agencies as external experts to assist in the application for patents depending on actual needs.

Intellectual property management and corporate brand strategy are inseparable and require the participation of all employees. The Group actively carries out relevant training and presentations to raise employees' awareness of intellectual property protection, and the Legal Affairs and Brand Center will jointly introduce the existing intellectual property rights and management methods in the induction training for new employees. In our daily operation, we will conduct internal training and lectures on topics related to intellectual property management based on important or common intellectual property issues.

Taking into account the diversity of business types of the Group, the Legal Affairs Center of the Group timely handles the intellectual property consultations of various businesses and promptly provides professional legal advice. For lawsuits involving infringements, the regional company must report the specific situation to the Legal Affairs Department within 24 hours to effectively defend the intangible assets of the Group.

VIII. Anti-corruption and Business Integrity

The Group strictly abides by the relevant anti-corruption laws and regulations, and continuously improves the anti-corruption management system, strengthens the systematic anti-corruption and clear construction measures for prevention and follow-up supervision, and strictly eliminates corruption, fraud, bribery and other violations of law and discipline.

The Group earnestly implements the Administrative Measures on Anti-corruption Supervision, and set up dedicated supervisory departments in headquarters, regional companies, and business departments, and joins hands with the Patrol Office, Office Against Corruption, Management and Supervision Center and other functional departments in conducting managements and supervisions of non-compliance and violations in relation to anti-corruption. Staff discipline and various business compliance operations are inspected, problems are identified and rectified in a timely manner, and regular report will be made to the Group's Board of Directors.

The Group has established a unified informants' hotline, email, etc., which are made public at the office premises, construction sites, and sales centers of each unit. The Inspection Center of the Group conducts investigations on reported matters. Cases involving illegal activities are submitted to the judicial authority after the approval of the Board of Directors, and the Group will provide assistance to the judicial authority according to law. Cases involving no illegal activities are dealt with by relevant functional departments, and serious violations and non-compliance are strictly penalized and rectified. The Group is highly confidential about the identity of the informer and the reported matters, and strictly limits the scope of disclosure during the investigation.

The Group maintains high integrity and honesty standards of its employees. The Employee Handbook specifies the red lines and restrictions for employee behavior, and clearly defines the relevant accountability and punitive decisions. The Group attaches great importance to integrity education, cultivates employees' integrity at work, and jointly safeguards the integrity of the Group. In 2017, the Group arranged all business segments to watch videos on anti-corruption by batches, and carried out study sessions on special topics for employees to summarize and share their feelings and experiences. The Group held specific training for new employees on employee behavior standards and self-cultivation standards to enhance the new employees' understanding of the Group's clean culture and work style to exercise strict discipline and due diligence.

Anti-money Laundering Management

In 2017, the Group's hdfax.com and life insurance segments strictly abided by the laws and regulations and administrative regulations such as the Anti-money Laundering Law of the PRC, and continued to improve the construction of the anti-money laundering management system, duly fulfilled anti-money laundering obligations, and strengthened the control over money laundering exposures.

In the aspect of the anti-money laundering management structure, the supervisory functions of the Board of Directors, the supervisory committee, and the management are defined, and the daily management positions for anti-money laundering are established to facilitate smooth development of anti-money laundering work from the top down. In the aspect of policy building, the Group reviews and revises the Anti-money Laundering Management System and Management Measures for Block Trade and Suspicious Transaction Report", and strengthen the regular notification mechanism for suspicious transaction reports, and report to the People's Bank of China or public security agencies in accordance with the law in a timely manner.

In 2017, Evergrande Life upgraded the anti-money laundering system, and introduced 15 automatic monitoring indicators for suspicious trading systems and 26 manual monitoring indicators for suspicious transactions. Functions such as automatic verification of customer information, blacklist monitoring and retrospection, customer classification management, risk ratings of products, suspicious transaction analysis reports are improved. The Company will also collaborate with external professional organizations to introduce advanced compliance monitoring systems and Global Watchlist Database products to effectively handle customer transaction information and data screening in the system, to improve the efficiency of anti-money laundering work, and effectively prevent money laundering.

IX. Creating Value for the Environment

The Group complies with relevant environmental protection laws and regulations, and integrates the concept of environmental protection into business development and daily operation and management by enhancing energy efficiency and resource utilization, and vigorously develops green buildings in an effort to minimize the adverse effects of business operations on the environment. The Group understands that ecological protection requires the participation of all sectors of the community and actively invests in green trainings and education to promote the awareness of environmental protection among stakeholders, and jointly fulfill environmental protection commitments.

1 Green Construction

The Group emphasizes on the environmental impact during project construction and strictly monitors the key influencing factors such as dust, noise, and exhaust gas. In 2017, the Group further optimized the Safety and Civilization Construction Standards and put forward detailed requirements for various environmental management measures for construction roads and site areas:



Dust: conducted greening on the plant area, sprayed water several times a day, actively used dust suppression systems such as anti-dust trucks, sprinklers, flushing tanks, etc. to ensure that the roads were clean and free from dust; lime, sand, and stones were collected and stacked together; and earthwork was 100% covered.



Noise: strictly abided by regulations on construction hour and adopted low-noise equipment to reduce noise interference.



Exhaust gas: it was forbidden to burn waste materials and toxic and hazardous substances in the construction site.



Waste: construction waste was cleaned and bagged to the construction waste transfer station every two days to ensure compliance.



Energy saving and emission reduction: actively introduced solar street lights to reduce energy consumption.

Joint inspections by the departments of inspection, engineering, technology, and real estate are conducted on a monthly basis to timely rectify problems identified and ensure compliance management of environmental issues of projects.



Figure 9: External sprinkler system at construction site Figure 10: Solar street lights at construction site

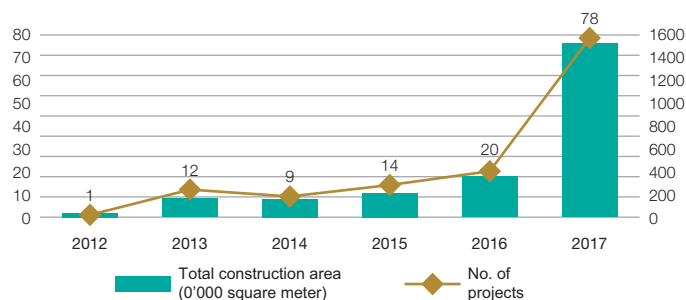
In response to the Guiding Opinions on Vigorously Developing Prefabricated Construction issued by the Ministry of Housing and Urban-Rural Development, the Group will take Jinan and Shenyang as the pilot cities for vigorous promotion of prefabricated buildings to reduce noise and dust pollution at the construction site while project quality is guaranteed, so as to optimize the utilization of resources and minimize construction waste.

2 Green Buildings

(1) Application of Green Buildings

Over the years, the Group has made significant investment to the research and application of green buildings in order to maximize the resources and energy conserved, reduce pollutants produced during the construction process, protect the natural environment, and at the same time provide the house owners with a healthy and comfortable living environment. At the initial stage of the project, various departments such as the Green Building Center, Design Institute, Management and Supervision Center, and the real estate department have joint discussions with full consideration of various factors such as the region, technology, and policies to formulate green design proposal based on local conditions, which facilitates the practice and application of green building from such aspects as water resources, renewable energy, intensive land use, ecological environment, green transportation, and energy information management.

In 2017, a total of 78 projects of the Group achieved green building certification including Evaluation Standard of Green Building GB50378-2014 and Building Research Establishment Environmental Assessment Method (BREEAM) of UK, and the number of projects increased by 290% as compared to the same period in 2016. Ten of them obtained the two-star national green building certification, and two of them obtained three-star certification under BREEAM. The total construction area of green buildings reached 15,099,200 square meters, representing an increase of 323.6% as compared to the same period in 2016.



Case of Green Building: Evergrande Jewelry Court, Suzhou

Evergrande Jewelry Court is the first green mansion in Suzhou to receive three-star certification under BREEAM. With an ecological green field of 21.7 million square meters, the mansion adopts a positive pressure de-haze fresh air ventilation system with haze removal, disinfection and de-dusting functions, which effectively filters PM2.5 and ensures indoor clean air. At the same time, independent air conditioning systems and ventilation systems provide constant humidity and oxygen for the residence, and maintain an annual relative humidity between 30% and 70%.

In addition, Evergrande Jewelry Court has also integrated green technologies such as permeable pavement, non-traditional water (rainwater) utilization, solar water heating system, same floor drainage, adjustable and movable outer shading which fully utilize renewable energy and recycle water resources to reduce electricity consumption and create a green community.



Figure 11: Three-star BREEAM certification, Evergrande Jewelry Court

(2) Research and Communication on Green Building



Figure 12: Seminar on the application of zero-energy consumption technology in Evergrande by Harvard

The Group continues to deepen exchanges and cooperation in the field of green construction and actively explores new paths for the establishment of standardization system of green building and application of green building technologies with universities and professional institutions. On 15 December 2017, experts from Harvard University, Tsinghua University, China Academy of Building Research, Shenzhen Institute of Building Research Co, Ltd, Huasen Architectural & Engineering Designing Consultants Ltd. and other experts discussed Harvard University's application of zero-energy consumption technology in the projects of Evergrande Group in Southern China.

Zero-energy consumption buildings are the vertical extension of the Group's green buildings. The use of passive, active designs and high-performance energy systems and renewable energy sources in construction will minimize the consumption of energy in buildings. Harvard University and the Group jointly conduct research on zero-energy consumption buildings in Southern China, hoping to establish them into cost-effective commercialized construction and operation demonstration projects with replication and promotion values to realize the commercial application of this innovative technology and give full play to its environmental and social benefits.

(3) Marketing Promotion for Green Buildings

In 2017, the Group stepped up green building promotion in the marketing segment, and set up green building-related knowledge exhibition boards at the sales center. Green manuals were distributed to salespersons to introduce the application of green building technologies in the project, and the Group actively communicated with the prospective owners to enhance the owner's understanding of green and healthy feature of buildings.

At the same time, the Group initiated the post-evaluation of the green building project, assessed the application of the green building technologies, effectiveness of environmental protection measures, incremental costs, etc., and carried out comprehensive assessment of the effectiveness of the green building project, and gradually established a post-evaluation mechanism for the project.



Figure 13: Promotion of green buildings at sales center

3 Green Operation

In compliance with the requirements under laws and regulations, the property, hotel and travel segment of the Group enhanced emission management and implemented energy saving and consumption reduction measures, aiming to achieve the Group's environmental protection goals.

Through improvement on energy saving measures, the Group actively introduced energy saving, environmentally friendly and water conservation equipment. Meanwhile, the Group enhanced the digitalization and information management on facilities and equipment, thereby improving efficiency of energy consumption control. In full support of government's requirements on waste classification and collection, the Group gradually implemented waste classification and collection in its projects and explored ways for recycling of wastes, thus minimizing land pollution from disposal of wastes at landfills.

4 Green Office

Adhering to the concept of "green office", the Group actively implemented an office area management system, and achieved its environmental protection goals through various means:



Energy Saving and Emission Reduction: Reduction of electricity consumption is the key for establishing a green office. Lighting is controlled by region. The Group has replaced obsolete light tubes with energy saving products. In addition, the Group has given priority in purchasing energy saving appliances and electronic products. Energy saving posters or tips notices are placed in areas commonly visited by employees, such as places where printers and switches are set. In order to avoid waste of electricity, automatic sleep mode is set in computers and printers. The Group has installed video conference equipment so as to reduce greenhouse gas emissions from business trips.



Saving Papers: The Group greatly promotes the implementation of paperless office. By replacing offline approval procedures with information platform, the Group avoids unnecessary photocopying. Double-sided printing is set as default printing mode, thus reducing use of paper in printing.



Water Conservation: The Group has installed sensing faucet. The Group has also enhanced the maintenance and management of water equipment, thus avoiding water leakage. Posters are posted to remind staff to minimize water usage.



Saving Office Resources: In order to ensure effective equipment operation and extend use life, the Group has conducted office equipment maintenance on regular basis and timely repaired default equipment. The Group has strictly implemented the procurement policy for office stationeries and consumables and set monthly procurement limit for staff. While fulfilling the needs for our daily operation, the Group has urged its staff to work in a resources-saving manner and avoid unnecessary waste.



Waste Management: Old electrical appliances, electronic equipment, printer cartridges and other equipment are classified and collected for recycling by qualified professional firms. Cleaners collect office garbage and hand it to sanitation station for centralized treatment so as to minimize the negative impact on environment.

5 Environmental Education and Promotion

The Group has been focusing on internal environmental education and promotion. Through training, talks and diversified propaganda, the Group has actively promoted environmental protection laws and regulations and relevant internal environmental protection policies and systems to its staff, so as to ensure that the staff can timely understand regulatory requirements, enhance their environmental protection awareness and focus on environmental protection related matters in daily operation. At the same time, the Group encouraged staff to fully implement low-carbon and environmental-friendly lifestyle.

As a responsible corporate citizen, the Group has actively organized environmental protection charity activities, aiming to promote low-carbon and environmental protection concept to stakeholders and citizens, and encourage the public to jointly participate and bear the responsibility in creating sustainable development.

Case: Shanxi Company of Evergrande Real Estate participates in the 2017 “Earth Hour” campaign

On 25 March 2017, Shanxi Company organized an environmental protection charity campaign under the theme of “Charging for the Earth” at Evergrande Scenic Garden. During the “Earth Hour”, unnecessary lighting and other electricity appliances were shut down so as to enhance public awareness on environmental issues, promote sustainable lifestyle and respond to the national strategic plan of “creating a beautiful China” with practical works.

Figure 14: Poster of the “Charging for the Earth” campaign of Evergrande Shanxi Company



Key Environmental Performance Data for 2017

Key Performance Indicators	Unit	Consumption/ Emission
Sulphur oxides	Kg	25.76
Nitrogen oxides	Kg	9,564.14
Particulate matter	Kg	842.22
Greenhouse gas emissions (Scope I)	Tonne CO ₂ e	4,716.30
Greenhouse gas emissions (Scope II)	Tonne CO ₂ e	121,764.49
Total greenhouse gas emissions (Scopes I and II)	Tonne CO ₂ e	126,480.79
Wasted electronic products	Kg	5,709.40
Office waste	Tonne	1,621.23
Direct energy consumption	GJ	54,869.11
Oil consumed (petrol and diesel)	Liter	1,743,674.97
Indirect energy consumption	GJ	484,612.65
Electricity consumption	kWh	134,614,625.28
Total energy consumption	GJ	539,481.76
Energy consumption intensity	GJ/Revenue (in RMB million)	3.10
Water consumption	m ³	3,238,577.29
Water consumption intensity	m ³ /Revenue (in RMB million)	18.60

Remarks:

- (1) The scope of environmental data covers data collected from 12 real estate region companies and their affiliated project companies and the headquarters office area of the Group from 1 January to 31 December 2017; and the region companies cover Guangdong, East China, Beijing, Anhui, Shandong, Henan, Shaanxi, Hainan, Hubei, Hunan, Shenzhen and Pearl River Delta. The Group plans to expand the scope of environmental data collection in coming years.
- (2) The emission was the result of the use of company vehicles. Greenhouse gas emissions (Scope I) were primarily due to petrol and diesel consumption of company vehicles, while greenhouse gas emissions (Scope II) were generated from purchased electricity. The emission factor was accounted for with reference to the Reporting Guidance on Environmental KPIs issued by Hong Kong Stock Exchange. In particular, the greenhouse gas emission factor of purchased electricity was accounted for with reference to the 2015 China Regional Grid Baseline Emission Factor (《2015中國區域電網基準線排放因子》) issued by the China National Development and Reform Commission.
- (3) The types of energy consumed by the Group in 2017 included purchased electricity and petrol and diesel used by company vehicles. The energy consumption factor was accounted for with reference to the national General Principles for Calculation of the Comprehensive Energy Consumption GB2589-2008T (《GB2589-2008T綜合能耗計算通則》).

X. Creating Value for the Society

The Group gives back to the community. The Group strives to perform its social responsibility and is highly concerned about social issues. The Group integrates the needs for society development into its operating decision making progress. Leveraging its own resources and competitive edge, the Group actively participates in targeted poverty alleviation, facilitates regional development and promotes improvement in society. In 2017, the Group donated RMB4.181 billion in aggregate.

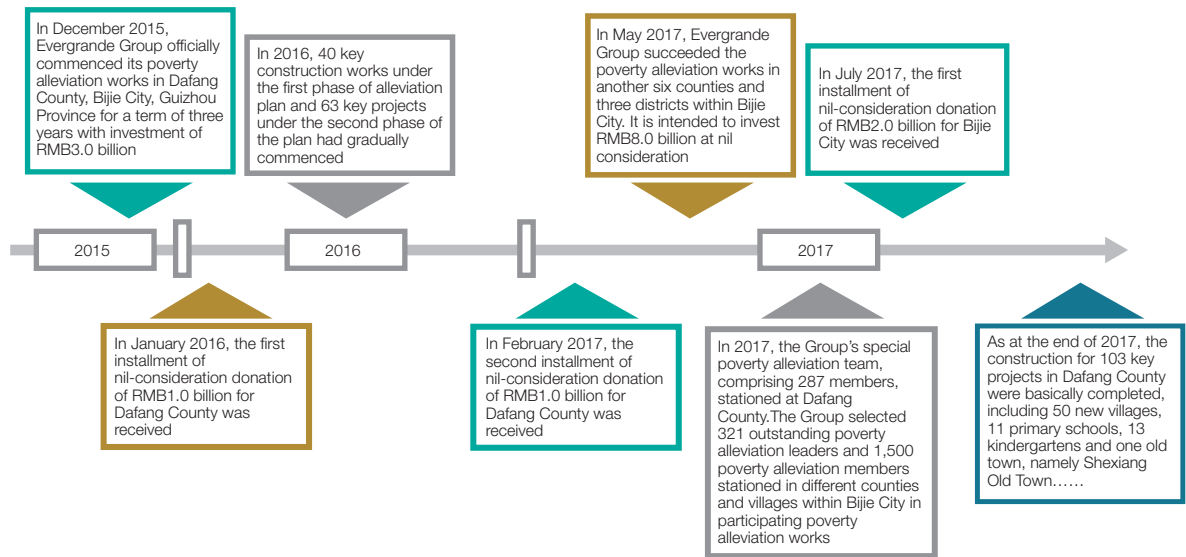
1 Targeted Poverty Alleviation

The Group actively explores and implements the mode for targeted poverty alleviation. The Group strives to adopt donation mode comprising both “blood transfusion” and “blood-making”. Instead of solely making donations, more importantly, the Group offers support in respect of human resources, technology, management and concept. Through connecting with marketing means, the Group aims to achieve efficient, long-term poverty alleviation.

The targeted poverty alleviation mode of the Group focuses on implementing different policies based on different situations. The Group has adopted diversified poverty alleviation measures such as industrial poverty alleviation, relocation poverty alleviation, development and education poverty alleviation, employment poverty alleviation, entrepreneurship for poverty families and living protection for people facing extremely difficulties. The Group has also implemented poverty alleviation measures based on features of different regions so as to ensure poverty in those areas can be improved while establishing a brand new industrial-based village in line with the policies on urbanization and new village construction.

The Group has actively responded to the national policy on poverty alleviation and officially launched the general poverty alleviation project in Dafang County since the end of 2015. The Group established a special vehicle, namely Dafang Poverty Alleviation Company (大方扶貧公司). In order to ensure that steady poverty elimination for all 180,000 poverty population in Dafang County can be achieved by the end of 2018, it is intended to make a gratuitous investment of RMB3.0 billion in three years. The Group has also assigned a special poverty alleviation team, comprising 287 members stationed at Dafang County, which cooperates with the local government in conducting poverty alleviation works. The Group preliminary achieved the following results:

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In 2017, the Group conducted in-depth poverty alleviation works in Dafang County, Bijie City, Guizhou Province. As at the end of 2017, all 103 key poverty alleviation projects were completed and delivered. Various targeted poverty alleviation measures had already fully covered the 180,000 poverty population in Dafang County, helping 306,700 poverty population in Dafang County realize preliminary poverty elimination and creating a brand new image in Dafang County.

“Counting” our poverty alleviation works in Dafang:





Figure 15: Xingfu New Village constructed under the assistance of the Group



Figure 16: Shexiang Old Town constructed under the assistance of the Group



Figure 17: Ancillary vegetable bases constructed under the assistance of the Group



Figure 18: Primary school constructed under the assistance of the Group

Since May 2017, the Group expanded the scope of poverty alleviation from Dafang County to the whole Bijie City. In addition to Dafang County, the scope of poverty alleviation expanded to a total of 6 counties and 3 districts within Bijie City, including Nayong County, Weining County, Hezhang County, Zhijin County, Qianxi County, Jinsha County, Qixingguan District, Jinhaihu New District and Bailidujuan Administration Region. It is intended to help all 924,300 poverty population within the city achieve steady poverty alleviation in 2020.

The Group intended to additionally invest RMB8.0 billion at nil-consideration to conduct poverty alleviation works in Bijie City. As at the end of 2017, donation of RMB2.0 billion for poverty alleviation has been made by the Group. At the same time, the Group selected 321 outstanding poverty alleviation leaders and 1,500 poverty alleviation members holding bachelor's degree or above to form a poverty alleviation team, together with the original 287-member poverty alleviation team of Dafang County, making the team comprising of a total of 2,108 members. Members of the poverty alleviation team are stationed at different counties and villages, and cooperated with local leaders and citizens.

In respect of the poverty alleviation works in the remaining 6 counties and 3 districts within Bijie City, the Group will duplicate and promote our work experience and methods successfully adopted in Dafang County. Focusing on industrial poverty alleviation, relocation poverty alleviation and employment poverty alleviation, the Group launched its poverty alleviation works with definite objectives being set.

- Industrial poverty alleviation: The Group plans to invest RMB5.5 billion to construct 150,000 vegetable greenhouses, 500,000 mu of vegetable bases set in mountainous and cool areas, 1,000 beef rearing bases, 500,000 mu of forage grass bases, 1 million mu of forage reserve bases, 500,000 mu of traditional Chinese medicine bases covering roots of red-rooted salvia and gastrodia elata, and 500,000 mu of fruit-bearing forest bases covering tea leaves and walnuts. The Group also imported and cultivated the industrialized operation formed by upstream and downstream enterprises. The Group helped lift 203,000 impoverished families (670,000 individuals) out of poverty.
- Relocation poverty alleviation: The Group plans to invest RMB2.5 billion to help relocate all poverty stricken population in the 6 counties and 3 districts of Bijie City of 30,200 families (167,400 individuals) to the county with the local government. Currently, 9 of the resettlement areas with a gross area of 4 million square meters have commenced full-scale construction.
- Employment poverty alleviation: The Group organizes vocational skill trainings. Through the recruitments conducted by local upstream and downstream enterprises, subsidiaries of the Group and strategic partners of the Group, members of 50,000 impoverished families managed to obtain employment, which would lift their families out of poverty.

The “Government-Enterprise comprehensive poverty alleviation” of the Group in Dafang County achieved outstanding results, and was selected into the Blue Book of Poverty Reduction: Annual Report on Poverty Reduction (2017) (《扶貧藍皮書：中國扶貧開發報告(2017)》) as well as the “Livelihood Demonstration Project of China in 2017” (「2017年度中國民生示範工程」) at the 5th Livelihood Development Forum of China and the 11th International Philanthropy Forum. The fruitful poverty alleviation activities earned the Group the “2017 Social Responsibility and Poverty Alleviation Award of China) at the 2017 Social Responsibility Public Welfare Ceremony co-sponsored by Xinhua and the Research Center for Corporate Social Responsibility of China Academy of Social Sciences, among others.

2 Contributing to New Rural Construction

In recent years, Evergrande has actively participated in public welfare and philanthropy, having accumulatively donated approximately RMB1.8 billion for the livelihood, educational, sports and cultural public welfare programs in Guangzhou, contributing to the harmony and progress of the society. In response to the 2017 theme of “Care for impoverished population and alleviate poverty”, the Group made a donation of RMB400 million on the 2017 Guangzhou Poverty Alleviation Day, to be applied for the poverty alleviation of a total of 26 impoverished villages, including 13 provincial-level poverty-stricken villages in Huidong County, Huizhou, as well as 7 provincial-level poverty-stricken villages and 6 city-level poverty-stricken villages in Boluo County, Huizhou. The Group understands that industry development is the fundamental solution to poverty, therefore it resorts to multiple measures, including infrastructure construction, public service facilities construction, environment improvement and building of model villages with Lingnan characteristics, advancing the construction of the new socialist countryside model villages.

3 Contributing to Education

In 2017, Hui Ka Yan, chairman of the Group, donated RMB20 million to the education development fund of Wuhan University of Science and Technology in support of the development of the university’s scientific research and teachings. On 6 June 2017, the Evergrande Building and the Evergrande School of Management of Wuhan University of Science and Technology were officially unveiled.

The Group made donation to a world-famous university in 2017, which was used to set up the Special Fund for Science and Technology, supporting researches on health, science and green technology. In the meantime, the Group also made donations to multiple education funds such as the Education Foundation of Xihu District, Hangzhou and the Shenzhen Education Development Foundation, contributing to the education advancements of such regions.

4 Supporting Sports Undertakings

Under the philosophy of professional operation and modern enterprise management, the Group actively propelled China's sports industry. In 2017, the Evergrande football club successfully defended its Chinese Football Super League championship, claiming the top spot for the 7th consecutive year. Meanwhile, Evergrande's football school teams obtained 1 championship, 5 runner-ups and 2 third places (accumulatively, 8 times claiming a top-3 spot) in the 2017 National Junior Men's Football Championship and Tournament.

The Evergrande Football School was officially established in September 2012. For the past 5 years, Evergrande's youth training achieved rapid improvement, obtaining outstanding records among the U-series teams of multiple groups. The school incessantly strives for the prosperity of China's campus football, the enlargement of football population base and the all-around rise of China's youth training.

Appendix I: 2017 List of Certified Green Building Projects

No.	Project Name	Star Level	Type of Project	Declared Area (ten thousand square meters)
1	Evergrande Emerald Court Xi'an	One Star	Residence	23.1
2	Evergrande Royal View Garden Jiangyin	One Star	Residence	36.7
3	Evergrande Royal View Garden Yancheng	Two Stars	Residence	29.8
4	Evergrande Left Bank Riverfront Xuzhou	One Star	Residence	6.8
5	Evergrande Metropolis Shangqiu	Two Stars	Residence	29.7
6	Emerald Court Xinyang	Two Stars	Residence	14.7
7	Evergrande Royal View Garden Shang Yang	Two Stars	Residence	11.2
8	Evergrande Oasis Hefei Feidong	One Star	Residence	12.8
9	Evergrande Oasis Hefei Feidong	Two Stars	Public Infrastructure	6.1
10	Evergrande Oasis Hefei Feidong	Two Stars	Public Infrastructure	1.9
11	Evergrande Royal Scenic Peninsula Zhangzhou	One Star	Residence	8.9
12	Evergrande Royal View Splendor Changsha	One Star	Residence	23.3
13	Evergrande Palace Liuzhou	One Star	Residence	15.1
14	Evergrande Palace Nanning	One Star	Residence	19.9
15	Evergrande City Yulin	Two Stars	Residence	3.8
16	Evergrande City Yulin	One Star	Residence	10.4
17	Evergrande Bay Guilin	One Star	Residence	16.8
18	Evergrande Royal Garden Guiyang	One Star	Residence	12.3
19	Evergrande Royal Scenic Bay Tianjin	One Star	Residence	22.7
20	Emerald Court Lanzhou (Phase I)	One Star	Residence	21.2
21	Evergrande Royal View Garden Yinchuan	One Star	Residence	22.1
22	Evergrande Mansion Liuzhou (Phase I)	One Star	Residence	28.1
23	Evergrande Atrium Nanning	One Star	Residence	8.1
24	Evergrande Royal Scenic Nanping (Phase I)	One Star	Residence	15.1
25	Evergrande City Fuqing	One Star	Residence	17.5
26	Evergrande Scenic Garden Wuyishan	One Star	Residence	3.3
27	Evergrande Crystal International Plaza Hefei	One Star	Residence	9.7
28	Evergrande Palace Nanchang	One Star	Residence	23.5
29	Evergrande Emerald Court Xuchang	One Star	Residence	22.7
30	Evergrande City Plaza Quanzhou	One Star	Residence	14.4
31	Evergrande Oasis Longyan	One Star	Residence	24.6
32	Evergrande Scenic Garden Fuzhou (Phase II)	One Star	Residence	6.7
33	Evergrande Atrium Zhengzhou	One Star	Residence	16.3
34	Evergrande Oasis Urumchi	Two Stars	Residence	13.7
35	Evergrande Yue Long Garden Zhengzhou	Two Stars	Residence	26.9
36	Evergrande Royal Scenic Nanning (II Plot)	One Star	Residence	2.5
37	Evergrande Royal Scenic Anxi	One Star	Residence	17.9
38	Evergrande City Zhengzhou	One Star	Residence	18.9

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No.	Project Name	Star Level	Type of Project	Declared Area (ten thousand square meters)
39	Evergrande Royal View Garden Zhanjiang	One Star	Residence	15.2
40	Evergrande New City Chongqing	Silver Rating	Residence	35.3
41	Evergrande YueLong Court Puyang	One Star	Residence	34.2
42	Evergrande Royal View Garden Chuzhou	One Star	Residence	15.4
43	Evergrande Royal View Garden Chuzhou	One Star	Public Infrastructure	0.9
44	Evergrande Oasis Maanshan	One Star	Residence	19.5
45	Evergrande Oasis Maanshan	One Star	Public Infrastructure	1.2
46	Evergrande Emerald Court Suqian	One Star	Residence	16.8
47	Evergrande Emerald Court Wuhan	One Star	Residence	15.3
48	Evergrande Royal Scenic Bay Liuzhou	One Star	Residence	19.8
49	Evergrande Mountain Palace	Silver Rating	Residence	24.9
50	Evergrande Joyful Bay Suzhou	One Star, BREEAM	Residence	10.2
51	Evergrande Jewelry Court Suzhou	One Star, BREEAM	Residence	16.4
52	Evergrande Verakin New Park City Chongqing	Silver Rating	Residence	9.7
53	Evergrande New City Chongqing	Silver Rating	Residence	35.3
54	Evergrande Left Lakefront Chongqing	Silver Rating	Residence	25.6
55	Evergrande Future City Chongqing (1# Plot)	Silver Rating	Residence	19.7
56	Evergrande Future City Chongqing (5# Plot)	Silver Rating	Residence	11.1
57	Evergrande Energetic City Chongqing (Zone V)	Silver Rating	Residence	10.4
58	Evergrande Energetic City Chongqing (Zone VI)	Silver Rating	Residence	7.2
59	Evergrande Royal Scenic Fuyang	One Star	Residence	30.8
60	Evergrande Royal Scenic Peninsula Ningde	One Star	Residence	22.7
61	Evergrande Royal Palace Sanming	One Star	Residence	22.9
62	Evergrande Splendid City Chengdu	One Star	Residence	28.5
63	Evergrande Palace Luzhou	One Star	Residence	23.6
64	Evergrande City Jiaozuo	Two Stars	Residence	33.4

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No.	Project Name	Star Level	Type of Project	Declared Area (ten thousand square meters)
65	Evergrande Emerald Court Shangqiu	One Star	Residence	11.8
66	2-05-1 and 2-06-2 Plots, 2# Island, Hainan Ocean Flower Island, PRC	One Star	Residence	60.2
67	373-379 and 386 Buildings , 3-04-1 Plot, 3# Island, Hainan Ocean Flower Island, PRC	One Star	Residence	9.8
68	3-04-5 and 3-04-1 Plots (Public Infrastructure Portion), 3# Island, Hainan Ocean Flower Island, PRC	One Star	Public Infrastructure	47.7
69	2-07-1 Plot, 2# Island, Hainan Ocean Flower Island, PRC	One Star	Public Infrastructure	35.8
70	3-05-1 Plot (Building Portion), 3# Island, Hainan Ocean Flower Island, PRC	One Star	Residence	29.6
71	2-08-1 and 2-10-2 Plots (Residential Portion), 2# Island, Hainan Ocean Flower Island, PRC	One Star	Residence	79.6
72	3-05-1 Plot (Public Infrastructure Portion), 3# Island, Hainan Ocean Flower Island, PRC	One Star	Public Infrastructure	5.5
73	2-8-1 Plot (Public Infrastructure Portion), 2-10-2 Plot (Public Infrastructure Portion) and 2-10-1 Plot, 2# Island, Hainan Ocean Flower Island, PRC	One Star	Public Infrastructure	64.0
74	Plot 2-06-1, 2# Island, Hainan Ocean Flower Island, PRC	One Star	Public Infrastructure	16.4
75	Shopping Mall Project, 1# Island, Hainan Ocean Flower Island, PRC	One Star	Public Infrastructure	14.8
76	Exhibition Centre Project, 1# Island, Hainan Ocean Flower Island, PRC	One Star	Public Infrastructure	1.4
77	Twin Towers Hotel Project, 1# Island, Hainan Ocean Flower Island, PRC	One Star	Public Infrastructure	6.8
78	Sports Centre Project, 1# Island, Hainan Ocean Flower Island, PRC	One Star	Public Infrastructure	1.4

Appendix II: HKEX Environmental, Social and Governance Reporting Guide Content Index

	ESG Indicator	Disclosure	Corresponding chapters
A1 General Disclosure	Information on the policies, compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Disclosed	Creating Value for the Environment
A1.1	Types of emissions and respective emissions data.	Disclosed	Key Environmental Performance Data for 2017
A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	Disclosed	Key Environmental Performance Data for 2017
A1.3	Total hazardous waste produced and, where appropriate, intensity	Disclosed	Key Environmental Performance Data for 2017
A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	Disclosed	Key Environmental Performance Data for 2017
A1.5	Description of measures to mitigate emissions and results achieved.	Disclosed	Generating Value for the Environment
A1.6	Description of how hazardous and nonhazardous wastes are handled, reduction initiatives and results achieved.	Disclosed	Creating Value for the Environment
A2 General Disclosure	Policies on efficient use of resources including energy, water and other raw materials.	Disclosed	Creating Value for the Environment
A2.1	Direct or indirect energy consumption in total and intensity.	Disclosed	Key Environmental Performance Data for 2017
A2.2	Water consumption in total and intensity.	Disclosed	Key Environmental Performance Data for 2017
A2.3	Description of energy use efficiency initiatives and results achieved	Disclosed	Creating Value for the Environment
A2.4	Description of whether there is any issue in sourcing water, water efficiency initiatives and results achieved	Disclosed	Creating Value for the Environment
A2.5	Total packaging material used for finished products with reference to per unit produced.	Not applicable	
A3 General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Disclosed	Creating Value for the Environment

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	ESG Indicator	Disclosure	Corresponding chapters	
A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them.	Disclosed	Creating Value for the Environment	
B1	General Disclosure	Information on the policies, and compliance with relevant laws and regulations that have a significant impact on the issuer, relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Disclosed	Creating Value for Employees
B1.1	Total workforce by gender, employment type, age group and geographical region.	Disclosed	Employee Recruitment Management	
B1.2	Employee turnover rate by gender, age group and geographical region.	Undisclosed		
B2	General Disclosure	Information on the policies, and compliance with relevant laws and regulations that have a significant impact on the issuer, relating to providing a safe working environment and protecting employees from occupational hazards.	Disclosed	Employee Health and Safety
B2.1	Number and rate of work-related fatalities.	Undisclosed		
B2.2	Lost days due to work injury.	Undisclosed		
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Disclosed	Employee Health and Safety	
B3	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	Employee Training and Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Undisclosed		
B3.2	The average training hours completed per employee by gender and employee category.	Undisclosed		
B4	General Disclosure	Information on the policies, and compliance with relevant laws and regulations that have a significant impact on the issuer, relating to preventing child and forced labor.	Disclosed	Employees' Rights and Equal Opportunities
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Disclosed	Employees' Rights and Equal Opportunities	
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	Employees' Rights and Equal Opportunities	
B5	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	Creating Value for Suppliers

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	ESG Indicator	Disclosure	Corresponding chapters
B5.1	Number of suppliers by geographical region.	Disclosed	Creating Value for Suppliers
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Disclosed	Development and Selection of Suppliers and Supplier Evaluation and Responsibility Communication
B6 General Disclosure	Information on the policies, and compliance with relevant laws and regulations that have a significant impact on the issuer, relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Disclosed	Creating Value for Customers
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Undisclosed	
B6.2	Number of products and service related complaints received and how they are dealt with.	Partially disclosed	Customer Satisfaction and Complaint Handling
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	Intellectual Property Management
B6.4	Description of quality assurance process and recall procedures.	Disclosed	Project Quality Management
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Disclosed	Customer Information and Privacy Protection
B7 General Disclosure	Information on the policies, and compliance with relevant laws and regulations that have a significant impact on the issuer, relating to bribery, extortion, fraud and money laundering.	Disclosed	Anti-corruption and Development with Integrity
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Undisclosed	Anti-corruption and Development with Integrity
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Disclosed	Anti-corruption and Development with Integrity
B8 General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Disclosed	Creating Value for the Society
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Disclosed	Creating Value for the Society
B8.2	Resources contributed (e.g. money or time) to the focus areas.	Disclosed	Creating Value for the Society



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