



SUNac 融創中國

融創中國控股有限公司

SUNAC CHINA HOLDINGS LIMITED

STOCK CODE: 01918.HK

2021

**ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT**

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About This Report

As a leading property developer, the Group (as defined below) actively fulfills social responsibilities to promote the harmony and progress of the society while focusing on its own development. Based on the identification of key stakeholders and their attention to environmental, social and governance (“ESG”) issues, the Group collects and summarizes the relevant information and data, and prepares and publishes the ESG Report for 2021, for the purpose of disclosing the management and the performance of the Group in the environmental, social and governance aspects during 2021.

(1) Basis of Preparation

This report is prepared in accordance with the “Environmental, Social and Governance Reporting Guide” (the “ESG Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), following the principles of materiality, quantification, balance and consistency set out by the Stock Exchange, with reference to the “Sustainability Reporting Standards of Global Reporting Initiative” (“GRI Standards”), and the “United Nations Sustainable Development Goals” (“UNSDGs”). The Group has also disclosed relevant information in this report in accordance with mandatory disclosure requirements and “comply or explain” provisions under the ESG Guide.

(2) Scope of the Report

The scope of this report covers the year of 2021 (from 1 January 2021 to 31 December 2021), with certain events tracing back to the previous year. The disclosure scope of this report covers the headquarters of the Group, all property regional groups, all business groups (the Service Group, the Culture & Tourism Group and the Culture Group) and their subsidiaries, whose principal activities include property development and investment, property management, culture & tourism city construction and operation. For further details of the ESG disclosures of the Service Group, please refer to the “2021 Environmental, Social and Governance Report of Sunac Services Holdings Limited”.

(3) Definitions

In this report, the “Group” refers to “Sunac China Holdings Limited and its subsidiaries”, the “Company” or “Sunac China” refers to “Sunac China Holdings Limited”, and unless otherwise specified, “RMB” in this report refers to “renminbi”.

(4) How to Obtain This Report

The electronic version of this Report can be browsed and downloaded from the Company’s website (<https://www.sunac.com.cn/>) and the website of the Stock Exchange (www.hkexnews.hk).

(5) Feedback

The ESG Report is committed to responding to issues which key stakeholders consider important. For any doubt or advice on the ESG Report, you are welcome to contact the Group anytime through the following means:

Address: Building 4, One Central, No.8, Dongzhimen North Street, Dongcheng District, Beijing, the PRC

Email: esg@sunac.com.cn

Chairman's Statement

The Group has always been adhering to the brand philosophy of “passion for perfection”, actively fulfilling its social responsibility and creating quality products and services with its best efforts. After 18 years of efforts and development, the Group has now become one of the most widely recognized integrated service providers that provides Chinese families with a better life. In addition to providing Chinese families with a better life, the Group also fulfils its social responsibility to make more contributions to social development.

In the past year, the Group implemented the concept of sustainable development and made its contribution to achieve the national carbon peaking and carbon neutrality goals. The Group has taken measures to reduce the environmental impact of its business during the processes of building design, construction and operation, and its new buildings all met green building requirements, making it the only enterprise in China with full coverage of green building certifications in the culture & tourism segment and one of the first batch of enterprises to obtain dual certifications of green buildings and LEED for culture & tourism projects.

In the past year, the Group has grown together with its partners and paid attention to the expectations and demands of all stakeholders. The Group insisted on the cultural value of “trust and respect”, treating its partners, customers and employees sincerely, with a view to building a fair and win-win cooperation platform for its partners, providing quality and safe products and services for its customers, and creating a harmonious and inclusive working environment for its employees.

In the past year, the Group continued to develop in the fields of urban construction, property services and culture & tourism resort to build a new pattern and contribute to the high quality development of cities relying on its comprehensive advantages in industries. In addition, the Group has always relied on its own ability to make contributions to the development of education in China, and through the public welfare foundation and other public charity mechanisms, the Group encouraged and organized people and groups from all sectors to participate in public welfare projects, giving back to society.

In 2021, in active response to the call of the party and the nation, the Group implemented a new development concept and built a new development pattern in a new stage of development. In the future, the Group will continue to give full play to the synergies of the segments of real estate, property services, culture & tourism, culture and other business, and participate more deeply in urban construction with a more diversified layout, so as to play an active role in the improvement of urban quality and urban economic development, thus contributing to the new development of urban economy and building a better future together.

In the future, the Group will continue to implement the concept of sustainable development while achieving high-quality construction of more livable, healthier and heart-warming cities, and strive to become an industry leader in green products, green technologies, green construction, resource use and management, contributing to achieving the national carbon peaking and carbon neutrality goals. The Group will continue to promote product innovation and upgrade, maintain leading product capabilities in the industry, and continue to lead the industry's service standards. The Group will create a good, harmonious and mutually trusting working environment. And the Group will continue to promote the implementation of urban construction and public welfare projects, and work together with all sectors of society to create value and share beauty.

Sunac China Holdings Limited
SUN Hongbin
Chairman of the Board

About the Group

The Company is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange from 2010. With the brand philosophy of “passion for perfection”, the Group is committed to providing wonderful living environment and services for Chinese families through high-quality products and services and integration of high-quality resources. With a focus on its core business of real estate, the Group implements its strategic layout in Sunac Real Estate, Sunac Services, Sunac Culture & Tourism, Sunac Culture and other business segments. After 18 years of development, the Group has become a leading enterprise in China’s real estate industry, and a leading culture and tourism industry operator and property owner in China, with nationwide leading capabilities in comprehensive urban development and integrated industrial operation.

Relying on its high-quality land bank with an advantageous layout and leading product development capabilities, the Group’s real estate development business has achieved its national layout in tier-1 cities, tier-2 cities and strong tier-3 cities in China, which are currently divided into 9 major regions for management, namely the Beijing region (including Beijing, Ji’nan and Qingdao, etc.), North China region (including Tianjin, Zhengzhou and Shenyang, etc.), Shanghai region (including Shanghai, Nanjing and Suzhou, etc.), Southeastern China region (including Hangzhou, Fuzhou and Hefei, etc.), Central China region (including Wuhan, Changsha and Nanchang, etc.), South China region (including Guangzhou, Shenzhen and Sanya, etc.), Northwestern China region (including Xi’an and Taiyuan, etc.), Cheng Yu region (including Chongqing and Chengdu, etc.) and Yun Gui region (including Kunming and Guiyang, etc.).

Development History



2014 ◀ Annual contract sales amounted to RMB65.85 billion, ranking China's Top 10 Real Estate Developers in terms of sales for the first time

Released the high-end lifestyle value system "Living a Perfect Lifestyle" ▶
Annual contract sales amounted to RMB68.21 billion, ranking China's Top 9 Real Estate Developers in terms of sales ▶ **2015**

2016 ◀ Completed national strategic layout consisting of core cities in the Bohai Rim, Yangtze River Delta, South China, Central regions and Western regions
▶ Annual contract sales amounted to RMB150.63 billion, ranking China's Top 7 Real Estate Developers in terms of sales
▶ Won the honors of "Best Employer in China's Real Estate Industry (中國房地產最佳僱主企業)" for 2 consecutive years

Annual contract sales amounted to RMB362.01 billion, ranking China's Top 4 Real Estate Developers in terms of sales ▶ **2017**

2018 ◀ Established the Sunac Culture & Tourism Group and Sunac Culture Group
▶ Launched Sunac Chinese-style Products
▶ Established the Sunac Foundation
▶ Annual contract sales amounted to RMB460.83 billion, ranking China's Top 4 Real Estate Developers in terms of sales

Annual contract sales amounted to RMB556.21 billion, ranking China's Top 4 Real Estate Developers in terms of sales ▶ **2019**

2020 ◀ Released "Sunac Chinese-style Product Strategic Value Blueprint (《融創中式產品戰略價值藍本》)"
▶ Annual contract sales amounted to RMB575.26 billion, ranking China's Top 4 Real Estate Developers in terms of sales

Annual contract sales amounted to RMB597.36 billion ▶
Won the honors of the "TOP 1 Typical Real Estate Developer in terms of Service Capacity" and ranked first in "Top 100 China Real Estate Company Product Capability" ▶ **2021**
Won the "China Charity Award" ▶

ESG Performance Highlights for 2021

Green Building



- New buildings of the Group are **100%** compliant with the green building requirements
- The Culture & Tourism Group is the only enterprise in China with full coverage of green building certifications in the culture & tourism segment and one of the first batch of enterprises to obtain dual certifications of green buildings and LEED for culture & tourism projects
- The Group had in the past two years a total of **49** projects certified as two-star or three-star green buildings, with an additional total GFA of projects with two-star or three-star green building certification of **4.07 million sq.m.** in 2021

Customer Service



- The Real Estate Group maintained its **100%** response rate for customer complaints throughout the year
- The Culture & Tourism Group reported a customer complaint closure rate of **100%**, and a customer satisfaction rate of **99.4%**

Supplier Management



- The Real Estate Group reported a **100%** safety training coverage of its contractors
- The Group promoted the adoption in each project of the environmental protection materials or healthy materials by the suppliers engaged in the strategic centralized procurement, with the relevant ratio **exceeding 90%**, developed the third-party material testing program, and had the ability to realize **100%** of the categories undergoing environmental protection testing and sampling

Staff Training



- The Group reported a **100%** staff training coverage and a total of **5,162,889 training hours**
- The Group organized online and offline integrity training sessions for all its staff and Directors, with a total of **more than 110,000 training hours**

Social Development



- The Group accelerated the construction of residential environment, social environment and ecological environment protection projects, and carried out business activities such as affordable housing construction, brownfield land development, integrated land utilization, urban renewal
- The Group launched **49** public welfare activities in **39** cities of 20 provinces (municipalities) with **more than 13,000** volunteering participants contributing a total **68,496 hours** of social services



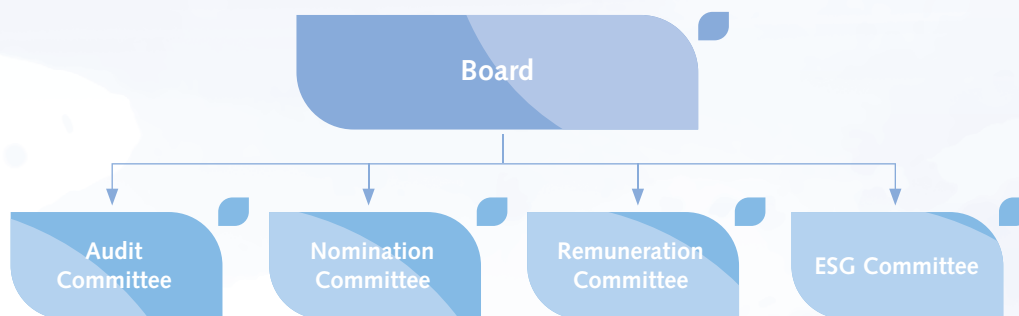
Compliant Operation and Prudent Management

1 Compliant Operation and Prudent Management

The Group has been constantly improving its corporate governance system on the basis of its existing governance architecture, while continuously optimizing its governance structure, enhancing communication with its stakeholders, and conducting strict internal audit and internal control, aiming to facilitate the construction of its ESG system and improve its sustainable competitiveness.

1.1 Corporate Governance

The board (“Board”) of directors (“Directors”) of the Company oversees and approves the Group’s strategic development objectives, significant operational decisions and financial performance with a number of Board committees established underneath to perform specific tasks, including the Audit Committee, the Nomination Committee, the Remuneration Committee and the Environmental, Social and Governance Committee (the “ESG Committee”).



The Group’s insistence on increasing diversity of the Board is a key element in achieving its strategic objectives and maintaining sustainable development. In 2021, the Group further improved “Board Diversity Policy of Sunac China” in the hope of achieving an appropriate balance in terms of diversity of skills, experience and perspectives among the Directors, thereby enhancing the effective operation of the Board and maintaining a high standard of corporate governance. In addition, the Group has also formulated the “Nomination Policy of Sunac China”, which clarified that the selection of Board candidates would be based on a range of diverse criteria, including but not limited to gender, cultural and educational background, race, professional experience, skills, knowledge and tenure of service.

In 2021, the Group further improved its ESG governance system by formulating the “Terms of Reference of the ESG Committee of Sunac China Holdings Limited (《融創中國控股有限公司環境、社會及管治委員會職權範圍》)” and the “ESG Management Regulations of Sunac China Holdings Limited (《融創中國控股有限公司環境、社會及管治管理規定》)”, which clearly defined the composition and responsibilities of the Board, the ESG Committee and the Environmental, Social and Governance Workgroup (the “ESG Workgroup”) and standardized the ESG workflows and mechanisms, including ESG objectives and strategic planning, ESG policy formulation, stakeholder communication, ESG risk identification and management, ESG information disclosure, and special improvement.



	Members	Responsibilities
Board	<ul style="list-style-type: none"> Executive Directors: Sun Hongbin (Chairman), Wang Mengde (Chief Executive Officer), Jing Hong, Chi Xun, Tian Qiang, Shang Yu, Huang Shuping and Sun Kevin Zheyi Independent Non-Executive Directors: Poon Chiu Kwok, Zhu Jia, Ma Lishan and Yuan Zhigang 	<ul style="list-style-type: none"> To lead and be responsible for the overall ESG management of the Group, and supervise and review the Group's ESG performance To review and determine the Group's ESG strategies, ESG management structure and strategy To urge the Group to implement its ESG targets effectively, and regularly monitor and assess the implementation of such objectives To review and ensure that the Group has established appropriate and effective ESG risk management and internal control systems, and review, identify, evaluate and manage important ESG-related impacts, risks and opportunities To consider and approve the Group's ESG report
ESG Committee	<ul style="list-style-type: none"> Chairman: Wang Mengde Members: Poon Chiu Kwok, Zhu Jia, Ma Lishan and Yuan Zhigang 	<ul style="list-style-type: none"> To formulate ESG management objectives, policies and channels of implementation, and provide advice to the Board To review the Group's ESG risk management and internal control systems, make recommendations to the Board and report to the Board on significant ESG risks To review the Group's ESG-related work programs, including but not limited to green buildings, health and safety, business ethics and anti-corruption and labor management etc., and report to the Board on the planning and implementation of specific work To review the Group's ESG report, and report and make recommendations to the Board To consider and approve the Group's ESG-related regulations
ESG Workgroup	<ul style="list-style-type: none"> Capital Management Center, Product Innovation and Construction Center, Procurement Platform, Legal Affairs Center, Branding Management Center, Internal Audit and Supervision Center, Marketing and Customer Center, Administration Management Department, Organization Development Center, relevant departments of the Service Group, the Culture & Tourism Group and the Culture Group, etc. 	<ul style="list-style-type: none"> To formulate ESG targets and work plans for each department according to ESG overall management objectives and policies To execute key tasks, and monitor the achievement of targets according to the ESG targets and work plans To report to the ESG Committee on the progress of ESG work To prepare the ESG report and related systems, and report to the ESG Committee

In 2021, the Group held one ESG Committee meeting, two ESG Workgroup reporting sessions, and one ESG Workgroup training session, during which the preparation and publication of the ESG reports, ESG performance deficiency analysis and improvement plans, progress of the ESG objectives and other special ESG work were considered and discussed.

The Group formulated and updated eight ESG policies to strengthen its sustainable management, providing institutional support and guidance on important ESG issues and practices such as energy conservation and emission reduction, green building, health and safety, supplier management and integrity and anti-corruption, etc.



1.2 The Board's Statement

The Group has established an ESG governance structure with a three-level (the Board, ESG Committee and ESG Workgroup) management system with the Board at the top. In 2021, the Board and the ESG Committee reviewed the ESG strategies, objectives, risk identification and other specific work, established sound ESG workflows and mechanisms, provided guidance for the ESG Workgroup to carry out specific tasks and listened to the reports on work progress regularly.

In order to adapt to the external economic environment and industry development trends, the Group identified and determined materiality Issues every year, discussed and determined the risks and opportunities in environment, society and corporate governance, and managed and supervised the key issues as part of the Company's strategy. In 2021, the Board reviewed and supervised the Group's performance in core works, including safe operation, product and service quality, and green building strategy.

This report provides a detailed disclosure of the management and progress of the Group's ESG work in 2021, which was approved by the Board on 26 May 2022.

1.3 Communication with Stakeholders

The Group cares seriously about the expectations and appeals of its stakeholders, and regularly discusses the ESG issues with them through efficient and diversified communication and feedback channels, attentively listening to their opinions and suggestions on the Group, identifying the ESG issues they are concerned about, responding to their demands, and facilitating the continuous improvement of the Group's ESG management efforts.

Stakeholders	Expectations and appeals	Primary communication channels
Government and regulators	Compliant operations Paying taxes by law Risk control Climatic change Green building	Policy and guidance Work report Daily communication Information disclosure Being supervised
Shareholders and investors	Generating solid returns Investor relations management Comprehensive information disclosure	Shareholder meetings Information disclosure Investor meetings Project visits
The public	Promoting local employment Participating in charity activities Driving community economy	Company website & official accounts Social communication and survey Public welfare activities Volunteer services Forum and communication
Suppliers and partners	Company reputation Fair competition Mutual benefit Exchange and cooperation	Daily communication Signing agreements Company visits Supplier meetings
Property owners and customers	Providing high-quality products Protecting legitimate rights and interests Optimizing customer experience	Satisfaction survey Customer service hotline Customer service center Forum and communication
Employees	Basic interests Compensation and benefits Occupational health and safety Employee development Employee care	Employee training Employee activities Employee meeting Company office system Satisfaction surveys Benefits distribution

1.4 Identification of Material Issues

In order to truly understand the concerns of its stakeholders, the Group arranged for the determination of material issues and identified ESG issues of materiality to both the stakeholders and the sustainable development of the Group, with 17 ESG issues concluded.

The specific steps for the Group to obtain the assessment results of material issues are as follows:

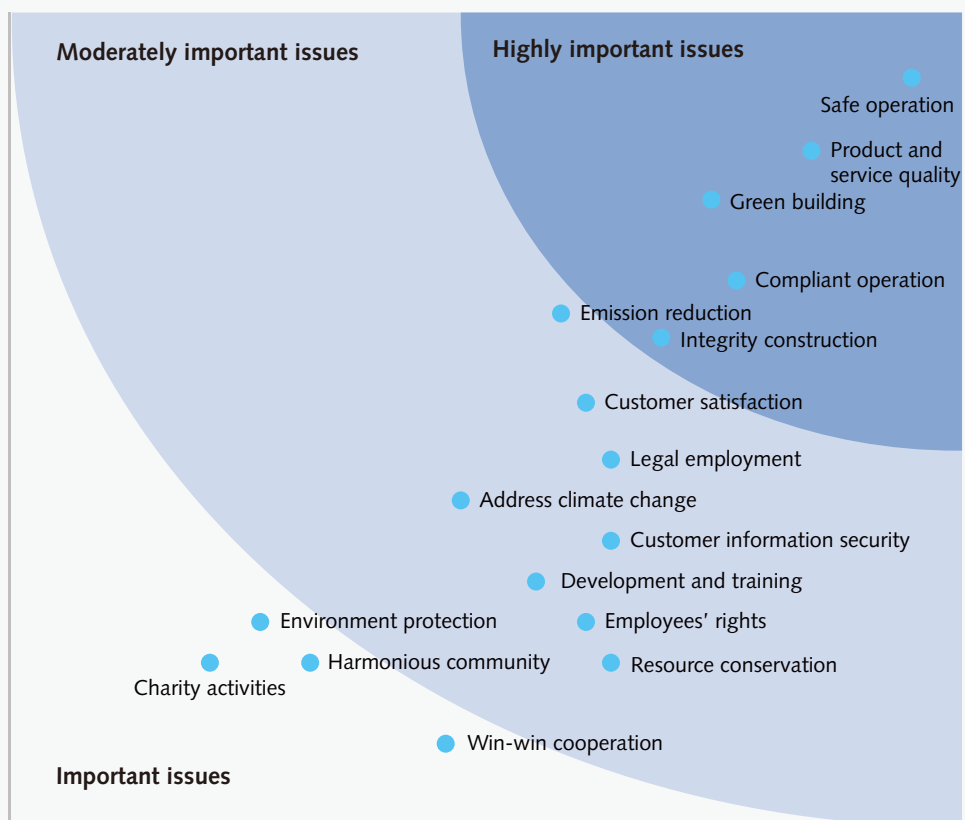
- Identification and determination of ESG issues: Refer to the ESG Guide of the Stock Exchange, the GRI Standards and the UNSDGs, and summarize 17 ESG issues out of the concerns of internal and external stakeholders, the actual situation of the Group and the ESG hotspots of the industry.
- Stakeholder questionnaires: Prepare online questionnaires for assessing the materiality of ESG issues, and invite internal and external stakeholders to assess the materiality of corresponding ESG issues.
- Assessment of material issues: Based on the results of stakeholder questionnaires as well as the development of the Company, assess the material issues by two dimensions, the materiality to the sustainable development of the Group and the materiality to stakeholders, and rank the ESG issues by the materiality.

Based on the material issues assessment results in 2020, the Group adjusted and determined the material issues matrix in 2021, taking into account the development trend of national policies, the focus of capital market, the communication with and feedback from the stakeholders and by reference to the best practice of industry peers.

Type of Issues	Order	Issues
Highly important issues	1	Safe operation
	2	Product and service quality
	3	Green building
	4	Compliant operation
	5	Integrity construction
Moderately important issues	6	Emission reduction
	7	Customer satisfaction
	8	Legal employment
	9	Customer information security

Type of Issues	Order	Issues
	10	Resource conservation
	11	Employees' rights
	12	Development and training
	13	Address climate change
Important issues	14	Win-win cooperation
	15	Harmonious community
	16	Environment protection
	17	Charity activities

Materiality to stakeholders



Materiality to the sustainable development of the Group

1.5 Commitment to Sustainability

The Group supports the 17 UNSDGs with focus placed on 14 of those which are most relevant to the Group. The UNSDGs that are most relevant to the Group are set out below, with the achievement of the goals and initiatives taken in 2021 disclosed in the relevant sections of this report.

UNSDGs		Initiatives taken by the Group	Section of this report
 SDG 1	End poverty in all its forms everywhere	Under the “Rural Revitalization Program”, the Group contributed to the Zhongyi Town assistance project in cooperation with Tsinghua University to establish a public welfare platform featuring government-enterprise-school interaction and explore the long-term co-construction model of rural revitalization, aiming to help people in rural areas achieve sustainable development	Rewarding the Society
 SDG 4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all		
 SDG 10	Reduce inequality within and among countries	Under the “Saplings Charity Program”, the Group leveraged its resources to support the primary and secondary schools in the underdeveloped areas, aiming to achieve balance between the education in urban and rural areas	
 SDG 3	Ensure healthy lives and promote well-being for all at all ages	Organize employee care activities, diverse team building activities, and nucleic acid testing at the office and vaccination during the COVID-19 outbreak Organize health and safety education sessions, etc.	Employee Care Safety and Health
 SDG 5	Achieve gender equality and empower all women and girls	Organize Women’s Day events, equip baby-care rooms within our facilities, and reserve parking space at the Group’s headquarter for female employees in pregnancy, childbirth and lactation periods	Talent Protection Employee Care
 SDG 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Protect the rights and interests of our employees, establish a sophisticated talent training system, and optimize the employee welfare system	Talent Protection Talent Cultivation Employee Care

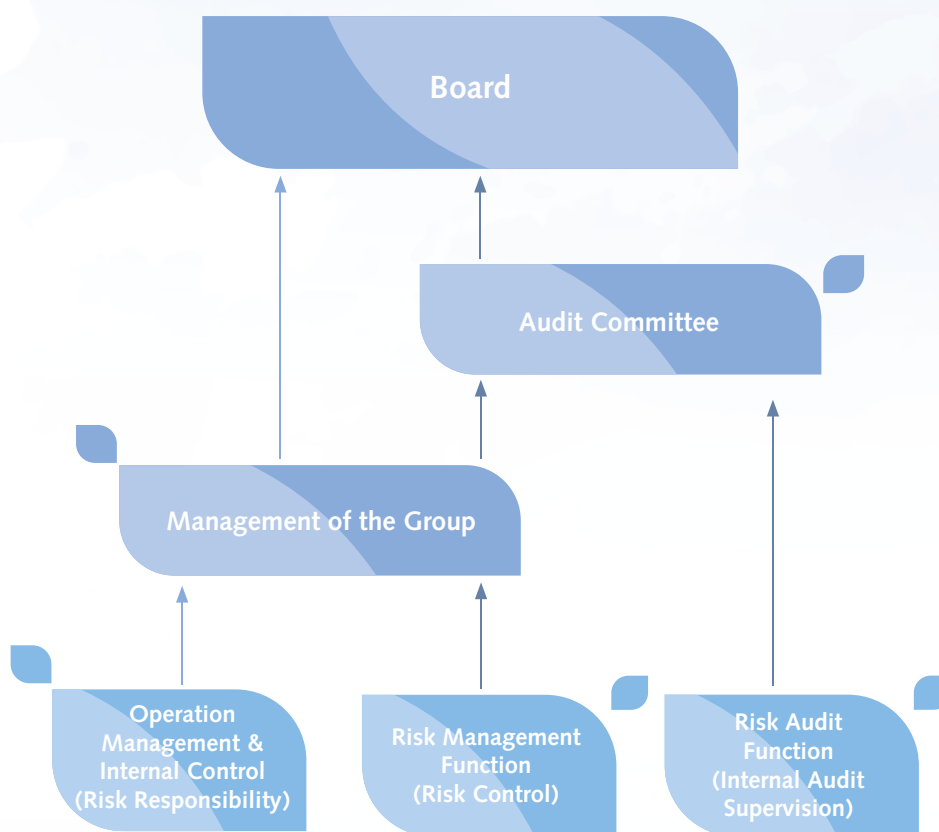
UNSDGs		Initiatives taken by the Group	Section of this report
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE SDG 9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Increase investment in R&D of green buildings and strengthen the resilience of buildings and the communities to long-term climate change and disasters	Green Concept Green Design Green Construction
 11 SUSTAINABLE CITIES AND COMMUNITIES SDG 11	Make cities and human settlements inclusive, safe, resilient and sustainable	Carry out life-cycle control of project quality, and provide healthy, safe and high-quality products and services Launch the “Shanzhu China Program (善築中國計劃)” to protect traditional Chinese architecture and inherit ancient building culture	Quality Management Cultural Construction
 7 AFFORDABLE AND CLEAN ENERGY SDG 7	Ensure access to affordable, reliable, sustainable and modern energy for all	Promote the use of clean energy and establish Sunac Intelligent Integrated Management Platform, research and develop more energy-saving and eco-friendly products and technologies	Green Concept Green Design Green Construction
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION SDG 12	Ensure sustainable consumption and production patterns	Incorporate climate change into corporate management and commit to taking measures to mitigate the impact of climate change on the Group's business and society	Green Operation Climate Change
 13 CLIMATE ACTION SDG 13	Take urgent action to combat climate change and its impacts	Investigate and explore the ecological environment of the project site, protect local native species, and carry out ecological protection and governance work	
 15 LIFE ON LAND SDG 15	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss		
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS SDG 16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Strengthen risk management and control, integrity operation and intellectual property protection	Compliant Operation
 17 PARTNERSHIPS FOR THE GOALS SDG 17	Strengthen the means of implementation and revitalize the global partnership for sustainable development	Strengthen supplier management and practice the concept of green procurement Practice social responsibility and create long-term value for the whole society	Responsible Supply Rewarding the Society

1.6 Compliant Operation

The Group insists on compliant operations while continuously strengthening its risk control capability with the establishment of a sophisticated risk prevention and control mechanism, regularly promoting internal standardization & optimization and efficient internal control practice, aiming to improve the safety of the Group's operations.

1.6.1 Risk Control

The Group has established an audit & internal control system with clear definition of rights and responsibilities and complete functions. The Internal Audit and Supervision Center is authorized by the Board and the Audit Committee to perform the audit work under the direct management of the Chief Executive Officer while putting forward suggestions on improving the effectiveness of the Group's risk management and internal control system, and regularly reporting to the Audit Committee and the Board.



The Group continued to revise and improve its audit risk management system. In 2021, on the basis of the original framework, the Group added performance appraisal and quality evaluation for its audit system as well as operation and business guidelines for various types of business, which provided effective assurance of business standardization of its audit supervision work and overall quality of its audit supervision system. In accordance with the "Provisions on Internal Audit of Sunac Group (《融創集團內部審計規定》)" and the "Regulations on Internal Control Management of Sunac Group (《融創集團內控管理規定》)", the Group clarified and standardized the division of rights and responsibilities, operation processes and authorization of its annual audit plan, audit project establishment and audit report, and established a risk database based on the business risks, management defects and irregularities spotted in internal control evaluation & inspection, special audit, regular audit and whistle-blowing investigation, and guided the audit team in performing its duty and the business departments in improving their management.

The Group continued to improve its legal risk management and control system by formulating regulatory documents such as the “Provisions on Contract Management of Sunac Group (《融創集團合同管理規定》)”, the “Regulations on Project Management of Sunac Group (《融創集團代建項目管理規定》)”, the “Notice on Regulating the Statistics and Filing of Customer Complaints and Compensation (《關於規範客戶投訴及賠付情況統計及報備工作的通知》)”, and the “Notice on Issuing and Using of Standard Contracts of Sunac Group (《關於下發使用融創集團標準合同文本的通知》)”, etc. In 2021, the Group revised the monitoring and management practice for major risky issues such as the transaction structure and the regularity of the sales process in key projects, further strengthened the management of contractual documents and materials for projects under construction, standardized the maintenance and storage of contractual documents so as to prevent disputes and adversities that may result from the lack of such documents, continuously standardized the post-investment management of its projects, ensured the implementation of various post-investment decisions so as to protect the Group’s rights and interests in various asset-light expansion projects and invested enterprises, while maintaining a good cooperative relationship with its partners.

The Group actively carried out promotion and implementation of legal culture and knowledge, with focus placed on prevention and control of the real estate-related legal risks for the whole lifecycle, and management and control of operational risks in the properties it held. In 2021, the Group organized legal training sessions through its internal online learning platform (Sunac E-learning (融E學)), with focus on a series of training and promotion on sales-related legal risks, delivery-related issues, brand marketing, property management case studies.

1.6.2 Integrity Operation

The Group strictly complies with the “Anti-unfair Competition Law of the People’s Republic of China (《中華人民共和國反不正當競爭法》)”, the “Anti-Money Laundering Law of the People’s Republic of China (《中華人民共和國反洗錢法》)” and the “Interim Provisions on Banning Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》)”, while formulating the “Regulations on Integrity Management of Sunac Group (《融創集團廉潔工作管理規定》)” and the “Integrity Code of Sunac” to prohibit any form of bribery, extortion, fraud and money laundering, demand all its employees to obey disciplines and laws in their daily work and adhere to the bottom line of integrity and morality. The Group also continuously promoted the development of its supervisory functions and conducted regular audits on business ethics for all its business segments. In 2021, the Group conducted a total of 281 internal control inspections in the areas of business ethics and anti-corruption, with zero corruption case filed and concluded during the year.

The Group took an active part in the anti-fraud construction and helped to create a clean business environment in the industry. As of now, it has joined the Enterprise Anti-Fraud Alliance and the Trust and Integrity Enterprise Alliance, and established a blacklist system for the anti-corruption alliance. The Group will resolutely reject those with major violations and frauds, as well as those included in the blacklist of the Enterprise Anti-Fraud Alliance and the Trust and Integrity Enterprise Alliance. The Group continuously strengthened the management of business ethics of its employees by requiring them to sign an integrity agreement, and new recruits are required to complete an integrity test within two weeks after the end of the induction training, and those who fail the test will be put on extended probation.

The Group actively carried out integrity publicity and education activities by holding at important holidays promotional events within the Group for all its employees and suppliers on integrity, organizing special activities such as visit to the integrity education bases, holding seminars, setting up walls of corporate culture, and inviting staff from the law enforcement authorities to give our employees a lecture, and regularly conducting integrity training, so as to enhance their awareness of integrity. In 2021, the Group organized online and offline integrity training sessions for all its staff and Directors, with a total of more than 110,000 training hours.

By formulating the “Regulations on the Management of Complaints and Whistle-blowing of Sunac Group (《融創集團投訴舉報管理規定》)”, the Group clarified and standardized the division of rights and responsibilities, operation processes and approval authority for complaints and whistle-blowing, and improved the whistle-blowing handling process. The Group has set up multiple complaining and whistle-blowing channels, with public channels such as official website, telephone, email, official accounts etc. established to receive anti-corruption complaints and whistle-blowing, and a rewarding mechanism to encourage whistleblowers. The Group takes careful steps to protect the personal information, unit information and reporting content of whistleblowers in accordance with the law, and clearly stipulates in the “Regulations on Management of Complaints and Whistle-blowing of Sunac Group (《融創集團投訴舉報管理規定》)” that, those who threaten and retaliate against the whistleblowers will in accordance with the “Audit Penalty Rules (《審計處罰細則》)” be demoted, given a salary reduction, dismissed, blacklisted by the Anti-fraud Alliance, or transferred to the judicial authorities according to the law.

The Group's whistleblowing and monitoring procedures

Acceptance of Whistle-blowing Reports	Whistle-blowing reports received via all channels should be input in the system
Auditing Project Approval	Approve cases that meet the conditions after preliminary review to enter the audit stage
Formal Investigation	Conduct investigations to obtain evidence according to institutional arrangements
Investigation Report	Issue the audit report and provide feedback internally
Audit Resolution	Issue the confirmation letter on audit treatment opinions according to the seriousness of the case
Rectification	Make rectification according to the audit treatment opinions, hand over the case to judicial authorities if it breaches the law and follow up the case
Case closed	

1.6.3 Intellectual Property Protection

The Group attaches great importance to the protection of its intellectual property rights as it continuously strengthens the management thereof by establishing a sound management system, and maintains its intellectual property rights (such as trademarks) regularly. In 2021, the Group was not involved in any punishment relating to intellectual property rights by the government.

- **Applying for trademarks and other intellectual property rights:** Apply for trademarks and other intellectual property rights according to the promotion names that project companies use, to ensure they obtain the effective legal protection;
- **Monitoring similar trademarks and applying for trademark opposition/invalidation:** Monitor trademarks similar to “融創” and “SUNAC” on regular basis, and apply for opposition of those trademarks within the publication period and invalidation or revocation of those already approved for registration;
- **Responding actively to others’ application for trademark opposition/revocation:** In the event that others raise the application of trademark opposition or revocation against the Group, the legal control center organizes business departments to collect evidence and defend actively to protect the Group’s trademark right;
- **Protecting the trademark right proactively:** To protect the trademark right from being infringed, the Group conducts special investigation in the trademark right infringement and the unfair competition on regular basis. For the case of infringement, the Group protects its legitimate rights by negotiating with the infringing party, reporting to the industrial and commerce administration department for investigation and punishment, and filing a lawsuit, based on which we have established a normalized trademark protection mechanism;
- **Establishing and improving the intellectual property rights management system:** Formulate the trademark management system, the project-promotion naming specifications, the standard on the use of font copyright, and other rules and standards, and work out the project-promotion naming review guidelines and the guidelines on protecting the trademark right by considering the business requirements.

The Group also pays close attention to the application for and maintenance of patents, and applies for patents in a timely manner according to its actual needs. As of December 2021, the Group has obtained a total of 16 patents.

Summary of Patent Application in 2021

Indicator		Number
Number of patents granted in 2021	Number of patents pending	23
	Number of patents obtained	0
Total number of patents obtained		16



**A Green Home of
Superior Quality**

2 A Green Home of Superior Quality

Through implementing the philosophy of sustainable development, the Group comprehensively balanced the impact of green building design, green construction and operation on the environment while striving to construct high-quality communities in cities that are more livable, healthier and warmer, aiming to mitigate the impact of our business development on the environment with the greatest sincerity, contributing to the achievement of the national peaking carbon emission and carbon neutrality.

2.1 Green Concept

With unwavering adherence to the guideline of "tailored measures to suit local conditions and comprehensive consideration", the Group carefully performs its responsibility of saving resources and reducing emissions throughout the life cycle of its buildings. The Group knows that green buildings use resources more efficiently than traditional buildings and are beneficial to property owners, tenants and the society in general. Therefore, the Group integrates the concept of eco-friendly development into all aspects of its project R&D, construction and operation, i.e. setting environmental targets, participating in the compilation of industry standards, building exemplary projects that address climate change properly, and taking concrete actions to provide customers with healthy, applicable and resource-efficient properties.

2.1.1 Strategic Positioning

Strategic positioning:
An eco-friendly pioneer in the real estate industry

Development goals:
Cooperate with multiple parties to be a leader in the industry

● To be a leader in the industry for achievement in green products, green technology and green construction

● To be a leader in the industry for use and management of resources

● Build a green supply chain and guide and encourage property owners, tenants and other stakeholders to practice the ideas of environment protection jointly

2.1.2 Green Path

In 2021, the Group formulated the “Environmental Policy of Sunac” and “Green Building Policy of Sunac” which apply to all new projects and projects under construction. The Group advocates joint ventures and associates to improve their management by following the aforesaid policies. In addition, the Group relies on the three core paths, i.e. green R&D, green construction and green operation, to ensure the implementation of its green development positioning.

Green R&D	Green building	The Group’s new projects 100% comply with the green building requirements, aiming to promote the implementation of high-star, ultra-low energy consumption products
	Digital design	Promote digital design to improve expertise in design, construction and management, reduce waste of resources, and promote energy conservation & emission reduction
	Green planning	Adopt green planning to facilitate green development, and maximize land resources and ecological value
	Green standard	Formulate green standards, promote green innovation, and promote the application of green technologies
Green construction	Green construction system	Promote the green construction system, with the proportion of prefabricated building steadily increasing
	Green construction	Strengthen green construction management and reduce resource consumption and environmental pollution
	Green procurement	Promote green procurement, urge suppliers to improve environmental management capability, and build a sustainable supply chain
	Green building materials	Increase the proportion of green building materials to promote eco-friendly development of the industry
Green operation	Energy consumption management	Strengthen the management of green operation, reduce resource consumption and environmental pollution
	Water resources management	Improve water utilization efficiency by effectively reducing water consumption and its intensity year by year
	Waste management	Strictly control waste discharge, improve garbage classification rate and comprehensive utilization rate
	Green leasing	Fully implement green leasing with strengthened publicity efforts and thereby extending its influence in the industry
	Green office	Create a green environment in the workplace

Case: Practicing the Green Concept, Highlighting the Eco-friendly Performance of One Sino Park

As the most representative masterpiece of the Group, One Series carry the Group's commitment interpreted as "customization but no reproduction (只定制不複製)", and adheres to the concept of constructing classic residence, giving a perfect representation of green concepts i.e. eco-friendliness, green development and adaption to local conditions. The One Sino Park is located in Beijing's Haidian District, with a total gross floor area of about 330,000 sq.m. It is the first "high-standard" residential project with "shared ownership" in China, and is also the culmination of the Group's thorough implementation of three-star green buildings, prefabricated building and ultra-low energy consumption buildings.

Three-star green building: It adopts China's highest level of green building standards, i.e. the "Assessment Standard for Green Building (《綠色建築評價標準》)" (GB/T50378-2019) for three-star green buildings, which are designed from the perspective of residents, with the adoption of a variety of intelligent technologies to ensure that ventilation, lighting, energy consumption, air quality, etc. meet customers' needs and their demands for safety and durability, convenient living, livable environment and resource conservation are fulfilled; adopts the sponge-city technology, featuring effective use of the space to build community greening in the external landscape design while using green materials, recyclable materials, efficient cooling and heating units and other advanced technologies in the interior.

Prefabricated building: It complies with the "Assessment Standard for Prefabricated Building (《装配式建築評價標準》)" (GB/T 51129-2017), with a prefabricated building scheme and optimized layout of the structural boards, and an assembly rate of 91% above.

Ultra-low energy consumption building: It is equipped with an efficient, non-transparent envelope (roof and external walls) insulation system, high-efficiency energy-saving thermal insulation doors and windows and high efficiency fresh air system with heat recovery and makes full use of renewable energy at the same time. Therefore, it achieves the excellent airtightness and no thermal bridge design, and completes ultra-low energy consumption building requirements.



Beijing One Sino Park

Case: Sunac Snow Park Leads Technological Innovation and Excels in Energy Conservation with Passive Building Technology and Active Electromechanical Processes

In the design of Snow Park, Sunac Culture & Tourism Group took energy and resource conservation into serious consideration, and combined passive building technology (such as improved thermal insulation and air tightness, natural ventilation) with active electromechanical technology (such as research and development of energy-saving snowmaking equipment and improvement of refrigeration & snowmaking system with automatic control) to achieve optimized energy-saving performance on the energy-consuming side, and reduce carbon emissions without compromising user experience.

In 2021, the Group continued to explore the possibility of energy consumption reduction in the Snow Park through the following measures, aiming to propel the technological innovation of the industry:

- Optimization of design and construction, which combines visual beauty and comfortable space with functions in the cold zone, keeping the net height of the indoor functional area within a reasonable and comfortable range, while reducing the loss of board materials during the construction process, thus eliminating the risk of cool air leakage at the butt joints, achieving higher construction and thermal insulation efficiency;
- System optimization, i.e. upgrading refrigeration & snowmaking control system, by improving control strategy and reducing energy consumption in refrigeration and snowmaking;
- Technical optimization, i.e. using hot water to flush frost in certain snow park fields, and recovering the frost flushing water from the cold air blower for evaporative cold water refill, so as to save water.

In addition, on the energy supply side, the Group (1) actively promoted the application of photovoltaic systems and use of green electricity, which can substitute 10% of the traditional electricity; (2) was able to achieve an annual average comprehensive energy utilization rate of 80% or higher through the distributed natural gas combined cooling, heating and power supply technology; (3) promoted the highly-efficient machine room model, which upon completion, will be able to save more than 20% of energy from refrigeration per year, representing a saving of about 14 million kWh of electricity and reduction of 11,000 tons of carbon emissions.

2.2 Green Design

In the design of projects, the Group strictly complies with the “Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》)”, the “Environmental Impact Assessment Law of the People’s Republic of China (《中華人民共和國環境影響評價法》)” and the “Regulations on the Administration of Environmental Protection in Construction Projects (《建設項目環境保護管理條例》)”, while actively practicing the concept of green design, with focus on green habitat, green business and green landscape, and striving to achieve a win-win outcome in terms of ecological value, economic benefits and habitat experience with a better design concept. The Group has formulated a series of management systems i.e. “Design Application Guidelines for Prefabricated Building of Sunac Group (《融創集團裝配式建築設計應用指引》)”, “Implementation Standards for Passive Low-energy Consuming Buildings of Sunac Group (《融創集團被動式低能耗建築實施標準》)”, “Technical Standards for Exterior Wall Insulation Systems of Sunac Group (《融創集團外牆保溫系統技術標準》)” and “Guiding Requirements on Design of Smart Communities of Sunac Group (《融創集團智慧社區設計要求導則》)”, aiming to continuously enhance project design capability.

The Group attaches great importance to green planning, with an active commitment to green development, aiming to maximize land resources and ecological value. We tried to fully understand the background of the land for our projects to avoid development of green land while strictly keeping ourselves from touching the red line of natural reserves, farmland and arable land, cultural protection areas etc.

In the stage of project planning and survey, the Group inspected the ecological environment around the project site and assessed the environmental impact of the project, while carefully protecting the local native species, actively participating in ecological protection and governance work, so as to reduce the impact of our projects on the ecological environment.

2.2.1 Commitment to Green Building

Commitment to Green Building

Green Building: 100% of new buildings complied with the requirements for green building, promoting the implementation of high-star and ultra-low energy consumption green buildings:



- Real Estate Group: 100% of the new residential projects developed by the Real Estate Group met the standards for green building, promoting them to obtain various green building certifications;
- Culture & Tourism Group: 100% of the newly-developed properties held and operated by the Culture & Tourism Group (including the Snow Park, business projects, hotels, and offices) met the 2-star or above green building standards; promoting them to obtain various green building certifications, among which the Snow Park, important hotels, and business projects will be promoted to receive dual certifications of “China Green Building Label + Breeam”.



In 2021, the Group had a total of 143 new projects¹, 100% of which met China's green building standards. The Group also strove to obtain the green building certification for its projects, including the "Assessment Standard for Green Building (《綠色建築評價標準》)" of China and the U.S. LEED Certification. As of the end of 2021, the Culture & Tourism Group's projects in operation have all received green building certification², with those under construction all receiving green building certification as well, making it the only enterprise in China with full coverage of green building certifications in the culture & tourism segment and one of the first batch of enterprises in China to obtain dual certifications of green buildings and LEED for culture & tourism projects.

From 2020 to 2021, the Group had a total of 49 projects¹ receiving three-star or two-star green building certifications.

The Group's New Projects with High-star Green Building Certifications in 2021

Type of Certifications	Green Building Area ('000 sq.m.)	Number of Projects
 3-Star Green Building	128	2
 2-Star Green Building	3,937	21

¹ The statistics of new projects and projects which received green building certification cover the Group as well as its joint ventures and associates.

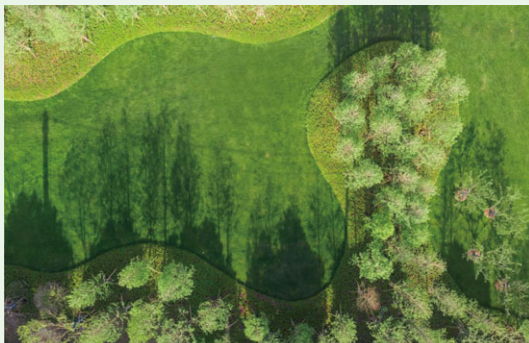
² These statistics do not cover the land park projects of the Group, which will generally have key parts of them singled out to apply for the relevant green building certification.

Case: Habitat Design and Green-building Performance of Sunac Datang Mansion (大塘御園)

The Group applied a habitat design concept in its Sunac Datang Mansion project in Wuxi, and made full use of the advantages of municipal parks and central oxygen-rich areas, to build a community that is fully interactive and enjoyable for people at all ages, including a leisure plaza, a central garden, a characteristic scenic pool and green plants. The Group used the metasequoia forest to filter the noise from the urban expressway and built a water landscape that harmoniously echoes with the main building, with trees, shrubs, flowers scattering around to present a multi-dimensional background with abundant vegetation, making Datang Mansion a place that is quiet and peaceful to spend leisure time, enjoyable by visitors of all ages.

Sunac Datang Mansion, with a well-reserved spot at the heart of city, the heart of prosperity and the heart of ecology, won the “Global French Aesthetic Design Award (全球法式美學設計獎)” at the first Cannes International Festival of Creativity for Real Estate (戛納國際不動產創意節) as well as the three-star green building design label certification in 2021, in recognition of its perfect use cutting-edge technologies and craftsmanship to innovate the way of living.

- **Eco-friendly decoration with “Zero” pollution:** Eco-friendly materials and construction technologies were applied throughout the process, with non-toxic and non-polluting techniques and strengthened management to reduce dust, noise, waste gas, and waste water, so as to ensure a peaceful mind;
- **Reduced potential carbon emissions:** Enhanced thermal insulation performance of the external envelope, coupled with an air conditioning system with Class-1 energy efficiency and distributed solar-powered water heating system to achieve energy saving and consumption reduction;
- **Smart fresh air system to protect health:** Double directional flow fresh air system with haze removal function were applied, which is equipped with the most advanced filter screen, electrostatic adsorption and other technologies, to remove PM2.5, TVOC, nitrogen oxides, sulfur oxides and such other harmful substances from the air to provide customers with an enjoyable breathing experience;
- **Perfect ventilation and lighting conditions:** Big windows and balcony were applied to get the most out of natural light and fresh air, thus making the interior space brighter and reducing the use of electricity.



Real Map of Datang Mansion

2.2.2 Green Technology Standards

The Group actively participates in the formulation and compilation of international, national, industrial and association standards for environment protection to promote green innovation in society and enterprises. As of December 2021, the Group has participated in the formulation of a number of association standards and developed approximately 25 corporate standards, covering building quality, quality improvement, energy saving, environmental protection, assembled structure, decoration materials and intelligence. In addition, the Group is working with British Building Research Establishment to formulate the world's first snow park green building evaluation standards (BREEAM – Snow Park (《BREEAM (建築研究機構環境評估方法) – 雪世界》)), covering a wide range of aspects from the energy for the main building to the ecological value of the site, with joint efforts to set a global benchmark for eco-friendly snow making, and the Group is also participating in the preparation of the national standards like “Engineering Standards for Themed Parks (《主題公園工程技術標準》)”, which are expected to be publicly released in 2022.

List of several green technological standards with the Group's participation

#	Name	Focus	Type of Standard
1	T/CECS 763-2020 Quantitative Evaluation Criteria for Quality of Residential Construction Projects	Building quality	Association standards
2	T/CECS 947-2021 Standards for the Application of Building Information Modeling for Culture & Tourism Projects	Culture & Tourism BIM	Association standards
3	T/CECS 845-2021 Design Standards for Insulation and Refrigeration Systems for Indoor Ice & Snow Sport Venues	Thermal insulation and refrigeration	Association standards
4	T/ASC 14-2020 Active Building Evaluation Criteria	Energy saving and comfort	Association standards

2.3 Green Construction

The Group strictly complies with the laws and regulations such as the “Construction Law of the People's Republic of China (《中華人民共和國建築法》)”, the “Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》)”, the “Regulations on the Administration of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》)” and the “Environmental and Hygiene Standards of Construction Sites (《建設工程施工現場環境與衛生標準》)”, based on which it has formulated and implemented its internal systems such as the “Environmental Working Standards for Construction Sites of Sunac Group (《融創集團施工現場環境工作標準》)” to clarify the green construction standards and management regulations for its projects.

In 2021, the Group continued to promote its Glorious Construction (臻營造) construction system while vigorously promoting the development of industrial construction technologies and research on prefabricated interior decoration process in response to the relevant requirements of the country, provinces and cities, and strived to reduce environmental pollution. In 2021, the Group's prefabricated construction projects accounted for 48% of its total number of projects, representing a gross floor area of 33%.

The Group leveraged the Building Information Modelling (“BIM”) technology throughout the process to achieve refined and realistic management of the construction process, as well as the BIM green construction process covering the design of construction plan and construction drawing, deepening of construction, site implementation, and handover. It resorted to virtual construction simulation based on the digital information of previous projects to reduce demolition and modification, thus make the best of BIM technology in construction. The Group continued to strengthen green construction management to reduce resource consumption and environmental pollution, aiming to establish a green construction management system covering the whole cycle of the project, and achieving its goal of “Four Conservations and One Environmental Protection (四節一環保)”, namely the conservation of energy, land, water, material as well as environmental protection. Furthermore, the Group integrated environmental protection, resource conservation, safety and health elements into its procurement process, aiming to increase the proportion of green materials and promote the eco-friendly development of the industry.

Case: Foshan Sunac Peninsula One (半島壹號, Another Name: Yingyunju (映雲居)) Was Granted the Demonstration Project Award by the Prefabricated Building Association

The Group adopted prefabricated components and technical approaches such as superimposed board, prefabricated stairs, lightweight partition strips and overall prefabricated caisson design in Foshan Sunac Peninsula One, achieving a total gross floor area of 216,800 sq.m. done with assembly technique. During the construction process, the Group adapted to local conditions, and applied a prefabricated building technique for the building first opened, thus to avoid the disadvantages of construction, which was unanimously affirmed by the local government and the Prefabricated Building Association. During the construction of the project, superimposed board was used for indoor floor, which greatly reduced the usage of aluminum formwork; autoclaved lightweight concrete (ALC) was adopted for the inner partition wall, eliminating the plastering process that is common in traditional brick laying process, thus reducing the risk of wet work and protecting the construction site environment. In September 2021, Foshan Sunac Peninsula One received the Prefabricated Building Demonstration Project (Design Stage) Award from the Foshan Prefabricated Building Association.



Aerial View of Foshan Sunac Peninsula One and ALC Assembly Scene

Case: Jinan Culture & Tourism City's Parking Structure Project (濟南文旅城停車樓項目) Received the Award of Demonstration Project of Prefabricated Building

The Parking Structure Project of Jinan Culture & Tourism City, which was completed and put into service in 2021, was widely acclaimed by the people and industry peers. During constructing process, after a comprehensive evaluation of the prefabricated building scheme, the Group decided to make it a demonstration project. With the adoption fully prefabricated building techniques, the Group extended the range of prefabricated operation to the limit by applying prefabricated structures in such suitable locations as floor slabs, stairs, steel structures, etc. without affecting the construction schedule and performance of the project. The total prefabricated floor area of the project amounted to 190,000 sq.m., making it the largest prefabricated parking structure in China, which received the Demonstration Project Award of Prefabricated Building of Shandong Province.

2.4 Green Operation

The Group strictly complies with national and local laws and regulations related to environmental protection, including the "Law of the People's Republic of China on Conserving Energy (《中華人民共和國節約能源法》)", to ensure that the operational requirements are no less stringent than those stipulated by laws and regulations. The Service Group establishes the environmental management system based on the business operation model, and has obtained the ISO14001: 2015 Environmental Management System certification. It also establishes the energy management system based on energy consumption in the business operation, and has obtained the ISO50001: 2018 Energy Management System certification in 2021. The Culture & Tourism Group formulates a series of systems such as the "Measures of Sunac Culture & Tourism Group for the Green and Energy Management in the Operation Period (《融創文旅集團運營期綠色節能管理辦法》)", the "Implementation Rules on Incentives for the Energy Conservation and Consumption Reduction Work in the Operation Period (《運營期節能降耗工作激勵實施細則》)", the "Energy Conservation Guide Book for Theme Entertainment (《主題娛樂節能工作指導手冊》)", the "Energy Conservation Guide Book for Mall (《商業節能工作指導手冊》)", the "Energy Conservation Guide Book for Hotel (《酒店最佳能源操作手冊》)" and the "Implementation Guidelines for Green Energy Conservation Management (《綠色節能管理實施指引》)" to minimize the impact on the environment in the project operation period.

The Group establishes an annual ranking mechanism to rank and evaluate the energy consumption performance of each area according to the energy conservation management system, and communicates with the relevant departments responsible for the project quality to explore a balance between quality and energy consumption. In 2021, the Culture & Tourism Group established a green energy saving work committee in charge of the overview and decision of green buildings, energy saving and emission reduction, renewable energy and other key issues of the Culture & Tourism Group, paid attention to the energy consumption of operation from the stage of R&D and construction, promoted the early arrangements of energy saving and emission reduction measures of various departments, and collaborated in energy saving and emission reduction.

The Group continues to pursue the environmental targets set by the Real Estate Group and the Culture Group in respect of office premises and by the Culture & Tourism Group in respect of office premises and culture & tourism operation projects. In 2021, the Real Estate Group and the Culture Group have fulfilled the GHG emission reduction targets and energy use efficiency targets ahead of schedule, and the environmental targets of the Real Estate Group, the Culture Group and the Culture & Tourism Group are updated synchronously as follows:

GHG emission reduction target	GHG emission intensity to decrease by 8% in 2025 as compared to that in 2021
Waste reduction target	non-hazardous waste emission intensity to decrease by 4% in 2025 as compared to that in 2021
Energy use efficiency target	comprehensive energy consumption intensity to decrease by 8% in 2025 as compared to that in 2021
Water efficiency target	water consumption intensity to decrease by 4% in 2025 as compared to that in 2021

Indicator		Unit	Real Estate Group and Culture Group		
			2019 ³	2020 ³	2021 ⁴
GHG emissions	Total	Tons	43,529.86	29,958.99	40,234.33
	Intensity	Ton per capita	1.80 ⁵	1.26	1.63
Non-hazardous waste	Total	Tons	4,721.94	4,857.56	6,136.85
	Intensity	Kg per capita	194.86	203.75	248.21
Comprehensive energy consumption	Total	MWh	85,037.94	58,788.79	74,013.09
	Intensity	MWh per capita	3.51	2.47	2.99
Water consumption	Total	Tons	2,379,986.27	956,234.64	2,499,166.97
	Intensity	Ton per capita	98.22	40.11	101.08

³ The data for 2019 and 2020 has been adjusted, the calculation basis of which are same as those for 2021.

⁴ In 2021, the Group's GHG emissions data is presented in carbon dioxide equivalent and is calculated in accordance with the "Chinese Regional Power Grid Baseline Emission Factors for 2012 (《2012年中國區域電網基準線排放因子》)", the "2006 IPCC Guidelines for National Greenhouse Gas Inventories (Revised in 2019) (《IPCC 2006年國家溫室氣體清單指南2019修訂版》)", and the "Accounting Methods and Reporting Guidelines for the GHG Emissions of Other Industrial Enterprises (《其他工業企業溫室氣體排放核算方法與報告指南》)". Total comprehensive energy consumption is derived from the translation of direct and indirect energy consumption based on the "General Principles for Calculation of the Comprehensive Energy Consumption (《綜合能耗計算通則》) (GB/T2589-2020)".

⁵ The Real Estate Group and the Culture Group had a total of 24,232 employees in 2019.

2.4.1 Green Lease

In response to the requirements of green lease in China, the Culture & Tourism Group has issued and published documents such as the “Merchant Decoration Manual (《商戶裝修手冊》)” and the “Merchant Management Manual (《商戶管理手冊》)” to form a green agreement with the merchants with reference to the “Green Mall (《綠色商場》)” (SB/T 11135-2015) of the Ministry of Commerce of the PRC, the “Notice on the Publication of the Master Plan of Action for Forging Green Living Lifestyles (《關於印發<綠色生活創建行動總體方案>的通知》)” of the National Development and Reform Commission of the PRC and the current management status, and added a supplementary lease agreement on green lease to the merchant’s lease contracts with prohibitive and encouraging provisions to urge the merchants to incorporate environmental management (covering water and energy saving, promotion of energy saving, green consumption, decoration and decoration and other aspects) into their daily operation processes to improve the energy use efficiency and reduce emissions in 2021. Meanwhile, the Group actively launches green knowledge training and organizes green practice sharing activities to promote green awareness and active participation in environmental issues.

2.4.2 Energy Efficiency Improvement

The Culture & Tourism Group conducts technology upgrade and improvement in multiple dimensions to facilitate low-carbon development: through actual operation data analysis, optimize the system design of facilities and equipment, with a reduction of equipment load index by up to 40%; improve equipment integration procurement requirements, and reduce system operation energy consumption with more stringent working condition kWh energy consumption standards (the comprehensive energy consumption performance of major equipment is better than the national standard requirement of about 8%~18%); establish the industry’s first intelligent integrated management platform relying on IoT and AI technology, with headquarters data analysis functions, and increases energy consumption comparison dimensions (such as carbon emission evaluation index) to empower operation management and improve quality and efficiency.

The Group promotes the development and application of integrated intelligent energy solutions, including:

1

Seamless integration of commercial energy storage system with the original power distribution system;



2

Application of rooftop PV (photovoltaic) power generation to promote green power generation and partial replacement of traditional utility power;



3

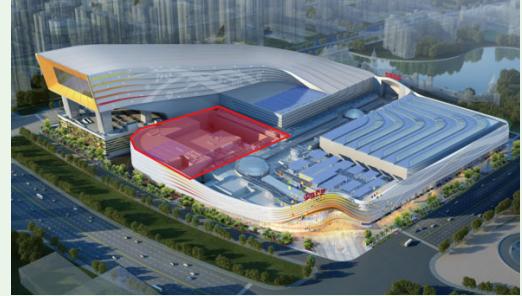
Promote the application of distributed natural gas combined cooling, heating and power supply technology.



Case: Guangzhou Sunac Mall PV Power Generation System

Responding to the national call for green energy conservation and taking into account the geographical situation of Guangzhou Sunac Mall, the Culture & Tourism Group installs a rooftop PV power generation system in Guangzhou Sunac Mall to promote green electricity, generating 2.23 million kWh, 2.75 million kWh and 2.93 million kWh in 2019, 2020 and 2021, respectively, and replacing about 10% of traditional electricity in aggregate.

Going forward, the Culture & Tourism Group expects to adopt a cooperative mode for the projects already in operation and a self-investment mode for the projects under construction, with PV power generation as a development strategy to achieve a total installed PV capacity of 41MW and an annual power generation capacity of 38 million kWh within three years, which is expected to reduce carbon emissions by 10% and reduce CO₂ emissions by more than 29,000 tons per year after completion. At the same time, intelligent lighting and energy-saving lighting fixtures have been fully applied in the culture & tourism projects under construction, with energy-saving rate reaching over 10%.



PV Power Generation System Installed in Guangzhou Sunac Mall

2.4.3 Water Environment Protection

Some projects of the Culture & Tourism Group have a high water demand, thus it is necessary to reduce the use of water resources and the discharge of waste water. The Culture & Tourism Group applies the “sponge city” design concept in the projects such as Pengshan (彭山) and Haiyan (海鹽) projects to rationally utilize water resources and reduce operation costs, and realize local consumption of 70% of rainfall; in the ocean park, it fully adopts the system of recycling of fresh desalinated wastewater, and continues to use the backwash water and suction wastewater after treatment, with a water saving rate of 60%; in the artificial lakes of hotels and parks, it fully adopts the ecological water treatment technology, which protects water quality by planting aquatic plants and breeding aquatic animals, and significantly reduces the energy consumption of the water treatment system. The Group strictly controls the water consumption of its operation projects, deploys intelligent integrated management platforms and promotes the use of water-saving appliances such as water-saving faucets to ensure that products have good performance in water saving and sewage discharge throughout their life cycle and reduce water wastage. In 2021, the Group did not encounter any issue in sourcing water.

2.4.4 Waste Management

The Group adheres to waste emission control at source and implements the national garbage classification policy; ensures that the fumes and exhausts (mainly from catering), wastewater and domestic sewage generated during the project operation satisfy the national treatment standards; and delivers a small amount of hazardous waste such as waste engine oil, waste lubricant, toner cartridges, printer cartridges and waste lamps to professional teams for recycling and disposal so as to minimize pollution.

2.4.5 Green Office

In respect of green office, the Group adopts active measures to promote the secondary use and recycling of water resources in office areas; replaces and uses energy-efficient lighting fixtures, gradually eliminates ordinary non-energy-saving lighting, and adjusts the opening and closing times as well as the temperature of air-conditioning reasonably and the lighting hours of various areas; accelerates paperless office, promotes the use of electronic documents, e-mails and video conferencing to communicate with each other, and modifies documents on electronic media, uses electronic signatures and increases the usage rate of duplex printing; encourages employees to travel by public transport, optimizes the use of official vehicles and reduces the combined traffic mileage and the corresponding carbon emissions.

2.5 Climate Change

The Group attaches great importance to the challenges and risks brought by climate change and incorporates climate change into its corporate management, and is committed to taking appropriate measures to adapt to or mitigate the impact of climate change on its business and society. The Group integrates climate change risks into its risk management system by referring to the framework of the Task Force on Climate Related Financial Disclosures (TCFD), and the ESG Workgroup regularly evaluates and reports to the ESG Committee on physical and transformation risks and their potential impacts, as well as the related coping strategies.

The Group's climate change risks and coping strategies

Climate change risks		Potential impacts	Coping strategies
Physical risk	Acute risk	In the context of climate change, the probability and frequency of extreme weather in the Group's operation activities increase, and extreme weather conditions such as typhoons and floods may affect the Group's construction projects and commercial operations.	<ul style="list-style-type: none"> At the early stage of project design, the Group fully considers the local natural climate risks and utilizes various techniques to mitigate the impact of heavy rainfall weather, typhoons and prolonged droughts on residents and consumers during the operation period of projects; In the process of project construction, the Group stresses safety management, purchases insurance for the relevant personnel and equips them with safety equipment, and pays attention to the health effects caused by the physical risks of climate; The physical risks of climate change are fully considered in project management, commercial operations and daily office operations, and emergency drainage work is strategically deployed in advance to reduce the impact of extreme weather on normal life in extreme weather conditions such as floods and typhoons, with strict reference to the requirements of the Group's emergency management regulations;
	Chronic risk	Chronic risk can be characterized by gradual changes in temperature and rainfall. As the number of heavy rainfall days, maximum rainfall and extremely cold and hot days increase during the year, the normal operation of the Group's construction, property and office premises will be affected.	

Climate change risks		Potential impacts	Coping strategies
Transformation risk	Policy risk	<p>China will issue more and more laws and regulations related to climate change to refine the management requirements for the industry. In 2021, the Ministry of Ecology and Environment of China, the State Council of China and other authorities issued a series of policies such as the "Guiding Opinions on Organizing and Strengthening Relevant Works of Responding to Climate Change and Ecological Environmental Protection (《關於統籌和加強應對氣候變化與生態環境保護相關工作的指導意見》)", the "Action Plan for Peak Carbon Emissions by 2030 (《2030年前碳達峰行動方案》)", the "Guidance on Accelerating the Establishment and Improvement of a Green and Low-carbon Cyclic Development Economic System (《關於加快建立健全綠色低碳循環發展經濟體系的指導意見》)" and the "Administrative Measures for Carbon Emissions Rights Trading (Trial) (《碳排放權交易管理辦法(試行)》)", etc., and with the successive implementation of these systems and management regulations, the Group will be exposed to higher policy compliance risks.</p>	<ul style="list-style-type: none"> • The Group researches and sets a reasonable carbon neutral target and implementation approach based on the national carbon peaking and carbon neutrality goals, with reference to leading international standards and best practices in the industry; the ESG Workgroup monitors and manages the Group's GHG reduction measures and reports the implementation status to the ESG Committee and the Board on a regular basis; discloses to the public the GHG reduction targets already set and their progress; and requires each business group to formulate GHG reduction implementation rules and measures for each company and project in accordance with industry standards, best practices and the requirements of the Group's headquarters; • The Group incorporates climate change factors in project investment, design, development, construction, operation, material procurement and other stages; • The Group participates in brownfield development, greenfield development and urban renewal, and reinforce green building certification in relevant areas to be developed;

Climate change risks		Potential impacts	Coping strategies
	Technical risks	The society tends to choose more environment-friendly technologies. China actively promotes a series of advanced technologies such as green buildings, green building materials, ultra-low energy buildings, low-carbon buildings and sponge cities to be applied in the production and operation activities of relevant enterprises. The Group may be exposed to the risk of being phased out if it fails to adapt to the wave of technological advancement in society.	<ul style="list-style-type: none"> For new construction and expansion projects, the Group increases investment in green building research to enhance the buildings and their communities' resistance to long-term climate change and climate disasters through keep increasing green buildings; The Group promotes the innovation of sustainable building concepts and technologies such as sponge cities and passive houses, and strives to reduce the impact of project operations on the ecology and environment and slows down the process of climate change; The Group expands the usage of clean energy, promotes intelligent integrated management platform during the project operation stage, and tracks the performance of GHG emission data in real time; The Group develops more energy-saving and environmental products and technologies to reduce GHG emissions through low-energy sustainable buildings and operations; The Group promotes the reduction of GHG emissions in the daily business and life of stakeholders such as employees, suppliers and customers.
	Reputational risk	As climate change becomes increasingly concerned by society, the Group's customers, investors and stakeholders may have lower expectations of the Company's reputation if the Group is unable to actively respond to climate change and demonstrate its green transformation efforts through a variety of actions.	
	Market risk	The Group's business environment will be affected amidst the society-wide green transformation process, such as customers requesting companies to extensively use green products and green building materials, and they may choose the Group's competitor's products if there is a negative public opinion regarding climate change for the Group.	



Commitment to Pragmatic Practice and Perfect Quality

The Group upholds the brand philosophy of “passion for perfection”, adheres to the product concept of prioritizing quality and safety, grows together with customers and partners, empowers with technology, contributes to business innovation by means of intelligent technology, and promotes the digital transformation and upgrade of the industry and the Group.

3.1 Quality Innovation

Guided by the national digitalization and informatization policy of constructing “Digital China”, the Group promotes digitalization construction and conducts lifecycle control of construction quality at three levels of management, namely informatization integration, online tool empowerment and data-driven business transformation with intelligent construction and analysis.

3.1.1 Quality Management

The Group guides the planning and implementation of projects in the process of project construction management in accordance with relevant national quality standards and norms and internal control documents such as “Standard Practice for Leakage Prevention of Sunac Group (《融创集團防滲漏標準做法》)”, “the Application Guidelines for Prefabricated Building of Sunac Group (《融创集團裝配式建築應用導則》)”, “Internal Control System for Process Quality Control of Sunac Group (《融创集團過程質量管控內控體系》)” and “Project Delivery Evaluation System of Sunac Group (《融创集團項目交付測評體系》)”, and standardizes project construction standards, and specifies the contents and requirements of project material inspection in special systems such as “Regulations on Project Material Inspection Management of Sunac Group (《融创集團工程材料檢查管理規定》)” to ensure that the scope and quality of project materials used meet relevant national norms and requirements.

The Culture & Tourism Group has dedicated quality and safety management departments in its headquarters, branches and project companies, which are responsible for establishing quality and safety standard systems and evaluating project quality. In order to ensure quality management, the Culture & Tourism Group formulates 16 quality management systems and 10 technical standards according to the project requirements, such as the “Rules for Joint Inspection on Fire Protection of the External Curtain Wall of Sunac Culture & Tourism Group (《融创文旅集團建築外幕牆消防專項聯合驗收辦法》)”, “Rules for the Management of Sealing Material Samples of Sunac Culture & Tourism Group (《融创文旅集團材料封樣管理辦法》)”, and “Rules for the Management of Material Acceptance and Use of Sunac Culture & Tourism Group (《融创文旅集團材料進場驗收及使用管理辦法》)”, which set up a complete production quality supervision process and carry out the whole process of pre-management of products, with quality results evaluated with rewards and punishments, and an improvement mechanism is implemented according to the results, achieving comprehensive quality assurance for projects in six dimensions, including organization quality assurance, supply chain quality assurance, quality assurance upon project design, construction and acceptance, headquarters sampling and inspection, third-party evaluation, operation supervision and problem elimination. In 2021, the Group did not recall any product due to unqualified quality inspection.

3.1.2 Application of Digitalization

The Group actively responds to the national policies of “high standard/high quality” and “energy saving and environmental protection”, leveraging on industry Internet + IoT + BIM and digital technology to facilitate the business innovation of its teams and realize cost reduction and efficiency increase. Taking the Real Estate Group as a guide, the Group focuses on the digital upgrade of design + supply chain + platform management, so as to provide strong digital support for the “safer, more unruffled, longer-term and more valuable” strategic development. In response to the needs of the residential business type, the Group develops a unified BIM design standard at the technical level, focusing on the residential positive design phase and regulating BIM project management. Regarding the needs of non-residential business type, with the experience of the previous work, the Culture & Tourism Group establishes the prototype of lifecycle digital construction mode with BIM application as the carrier, and BIM for the whole process of design and construction, which lays the technical foundation for the project to improve the production efficiency, enhance the design quality and realize the construction refinement management.

The Group continues to build a digitalization construction model for the entire life cycle and promotes the intelligent project management platform of “Sunac Intelligent Construction” in all business segments of the construction process, realizing full coverage of 25 modules on quality, safety, progress, personnel, evaluation and assessment of projects, and formulating the “Sunac Intelligent Construction Usage Management Regulations (《融創智造使用管理規定》)” for standardized management.

In 2021, the Group integrated its internal engineering construction and management standard system with the Sunac Intelligent Construction Platform to enable the integration of IoT hardware, software and management. Based on the Sunac Intelligent Construction smart site platform, the Group integrates monitoring, laser measuring instrument, bluetooth plate thickness measuring instrument and other IoT devices to realize the data integration function of Sunac Intelligent Construction, achieving digital management of progress, quality, safety and risk analysis, and assisting the enterprise management in decision making with the big data platform, at the same time, empowering managers, producers and participants at all levels to become users of the Sunac Intelligent Construction Platform, and providing real-time guidelines for accessing, collecting and applying data information and participating in training.

In 2021, the Sunac Intelligent Construction Platform completed over 2.2 million work procedures in total, over 1.14 million field survey and measurement data, over 260,000 batches of materials acceptance, and over 410,000 supervision logs, effectively enhancing the capability and efficiency of the Group's engineering management. In addition, by leveraging the digital engineering management platform, the Group provides experience in system standards for reference by peer companies and assists small and medium-sized real estate enterprises in sorting out a standard system that is in line with their own development conditions, thereby facilitating the steady development of the industry.

Case: Sunac Intelligent Construction Platform Builds Smart IoT

The Group constantly expands the application functions of Sunac Intelligent Construction Platform and strengthens the building of the smart IoT platform. In 2021, the Group promoted third-party online evaluation and online inspection of functional departments through the smart IoT technology, and developed the field survey and measurement function of laser instruments, i.e. using laser scanning instruments to carry out the field survey and measurement of the main structure and decoration works.

Through the connection at the software level, the Sunac Intelligent Construction Platform enables the field survey tasks created on the platform to automatically identify the rules and information of CAD drawings and carry out BIM informatization and reconstruction of the drawings, thus realize one-click control of various measurement indicators of the rooms, and the laser field survey instruments carry out simultaneous measurements, through which the gauge points are automatically marked in the corresponding positions of the floor plans after the measurements, then automatically generate contour diagrams, which facilitate the work staff to carry out timely rectification, while providing structured data support for all stages of project management, thus significantly saving the field survey and measurement time and labor cost.



Traditional Manual Measurement vs. Equipment Automatic Measurement

The Group integrates existing equipment and various service resources by using various intelligent technology methods, and applies technology to the construction of IoT and community platforms. In 2021, the Real Estate Group responded to the government's "Future Community" request on the basis of the Smart Community Platform to provide diversified value-added services to customers and further extend the coordination philosophy of the digital platform to community operation and management.

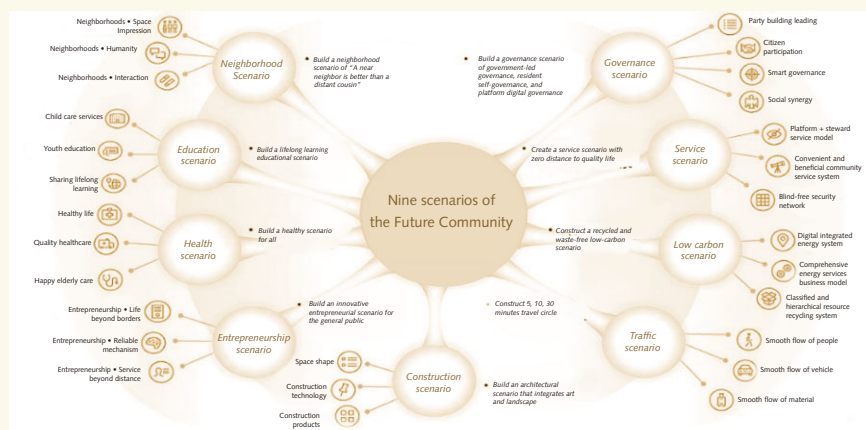
Case: Smart Community & Future Community

By implementing the industry-leading Smart Community system platform, the Group adopts a cloud-edge collaboration solution to realize the intelligent interconnection of community equipment and facilities, empowering a total of 81 application scenarios in four functional modules, namely, car management, pedestrian management, security management, equipment and facility management, to improve service efficiency and save overall property operation expenses. At present, it has been running steadily in hundreds of projects in various regions on a trial basis, and will be fully implemented across the Group's residential projects in the future. The Smart Community also adopts a centralized data management model, with the "Sunac Livable (融創歸心)" APP as the sole communication channel for owners, thus avoiding the scattering of various data in different sub-systems, greatly improving the timeliness and sharing of data, and enhancing the security of owners' data.



Smart Community Project – Jì'nán Peak Mansion (濟南望岳府)

In order to build a new type of city function unit with humanization, ecology and digitalization, and actively respond to the "Future Community" service concept proposed by the government, the Real Estate Group optimizes the traditional community in terms of system and integrity, realizing intelligent coverage of nine major service scenarios in life, and the interconnection and promotion among scenarios based on the Smart Community system.



Nine Scenarios Layout of the Future Community

3.2 Safety and Health

The Group takes health and safety as its first priority, establishes and improves its safety management system, and is committed to providing healthy, safe and high-quality products and services to its customers. At the same time, the Group regards the protection of health and safety as one of its strategic red lines, promotes the construction of a safety culture, and makes every effort to protect the occupational health and safety of its employees.

3.2.1 Safety Management System

The Group strictly complies with the “Fire Prevention Law of the People’s Republic of China (《中華人民共和國消防法》)”, “Production Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》)”, “Regulations on the Reporting, Investigation and Handling of Production Safety Accidents (《生產安全事故報告和調查處理條例》)”, “Provisions on the Supervision and Inspection Over Fire Protection (《消防監督檢查規定》)”, and other national laws and regulations as well as industry standards, and constructs an internal system and management structure for project construction and operation, so as to regulate the execution process of project quality and safety management, strengthen the risk control in project construction, and improve the level of product safety management.

In 2021, the Group established a health and safety committee under the direct supervision of the executive Director and the Chief Executive Officer, which is responsible for setting the Group’s health and safety strategy and performance, and delegates the day-to-day management responsibilities to the project management department. The project management department has a dedicated quality and safety working group, which is responsible for the health and safety of employees, suppliers, contractors and other partners, and organizes regular occupational health and safety training in collaboration with the organization development center and reports to the health and safety committee periodically.



Health and Safety Management Framework

In terms of occupational health and safety management, the Group specifies occupational health management, improves the working environment of employees, strictly complies with the “Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》)”, formulates the “Health and Safety Policy of Sunac” with reference to the “Occupational Health and Safety Management Systems Requirements with User Guidelines (《職業健康安全管理系統要求及使用指南》)”, and conducts regular reviews and improvements, strives for the goal of zero fatalities, and effectively protects the health interests of all employees, suppliers and other partners. In the past three years, the Real Estate Group had no work-related fatalities. In 2021, the Real Estate Group suffered 21 work-related injuries and 709.5 working days lost due to work-related injuries.

The Group’s Health and Safety Goals

- Committed to achieving the **goal of zero fatalities**, for all employees, suppliers, contractors and other partners of the Group
- **Full coverage** of health and safety training for all employees and contractors of the Group

The Group has gradually improved its health management measures from administration to daily operation, from management personnel to general employees, and has formulated and continuously reviewed and updated its management objectives, workflow and plans and implementation proposals related to occupational health and safety, and incorporated the management objectives into the performance evaluation indicators and reward and punishment program of relevant management personnel and executives. In its daily operations, the Group continuously inspects the documents and records and circumstances in connection to the rights and interests of employed workers and occupational health and safety. In the event of any disputes, non-compliance reports and work-related accidents related to occupational health and safety, the Group requests, urges and supports the relevant companies to review the inspection and investigation results, and requests the relevant companies to make rectification.

Regarding safety of project construction, the Real Estate Group has formulated internal management systems such as the “Safety Management Bottom Line of Sunac Group (《融創集團安全管理底線標準》)” and the “Measures of Sunac Group for Investigating the Accountability of Work Safety Accidents (《融創集團安全生產事故事件責任追究管理辦法》)” and emphasized construction safety requirements in the general subcontracting contracts. The Real Estate Group has also formulated the corresponding safety management bottom line and accountability system to continuously strengthen the management and optimization of the staff deployment, special equipment, accountability mechanism and online application, etc. and also stipulated the responsibilities, the accident reporting process and the conditions for derogation of responsibility of the first responsible person for project safety in accordance with the “Measures of Sunac Group for Investigating the Accountability of Work Safety Accidents (《融創集團安全生產事故事件責任追究管理辦法》)”. In the “Evaluation and Incentive Program for the Project, Operation and Customer Relations Systems of Sunac Group (《融創集團工程、運營及客關體系考核激勵方案》)” released in 2021, the Real Estate Group has upgraded the accountability and punishment level for safety accidents and accident concealment, so as to comprehensively improve the safety management of project construction.

The Culture & Tourism Group has established a systematic and full-coverage three-level safety management structure, combined with the safety management information system, and implemented a safety management system of “implementation at each level and supervision by all employees” from the Group to all subsidiaries under its supervision.



The Culture & Tourism Group's Three-level Safety Management Structure

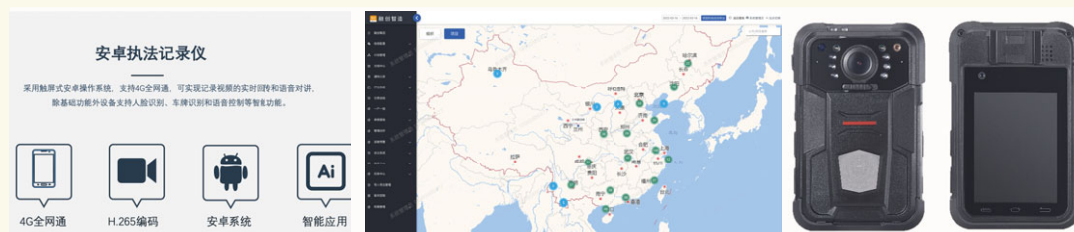
According to its own business type, the Culture & Tourism Group has compiled a safety system consisting of 5 segments, 16 categories and 126 sub-items, covering five major scenarios: safety training system, operation process guidelines, maintenance system, emergency response program and accident investigation guidelines, including safety management standards, processes and samples for personnel, operation, equipment, emergency response and investigation in the whole process and all-around way. In 2021, taking into account the adjustment of project operation and responsibilities, the Culture & Tourism Group has reviewed and updated the internal safety management system such as the “General Safety Regulations (《通用安全管理規定》)”, “Standard Safe Operation Guidelines (《安全標準化操作手冊》)”, “Work Safety Accountability (《安全生產責任制》)” and “Regulations on the Management of Safety Punishment (《安全處罰管理辦法》)”, and compiled more detailed emergency handling guidelines for each business scenario in order to efficiently coordinate various resources and reduce accident losses and liability risks. For example, the “Guidelines for the Emergency Response to the Stranding of Amusement Equipment at High Altitude (《遊樂設備高空滯留應急處置指引》)” specifies the work flow for equipment repair and support, personnel evacuation and on-site handling after an incident occurred, so as to achieve orderly and efficient on-site handling, as well as strict enforcement of the subsequent survey, accountability investigation and inspection work.

3.2.2 Improving Safety Performance

The Group is committed to developing and applying new technologies and methods that facilitate safe operational performance, and incorporating the safety production concept into every aspect of its operations to continuously improve safety performance and achieve the goal of “zero fatalities”. During the construction, the Real Estate Group gives priority to safety and environmental protection technologies such as interspersed construction, new technology of well type construction lift, high heat recovery technology and prefabricated construction, which achieves the overall improvement of safety performance, environmental benefits and construction efficiency while ensuring quality. Regarding the safety, quality and delivery of products, the Real Estate Group has introduced third-party evaluation, and also launched internal promotion after considering the current pain points and concern directions, evaluation system, evaluation modules and processes. In 2021, the Real Estate Group has fully implemented online evaluation and extensively applied third-party evaluation on safety and civilization.

Case: Third-party Evaluation Process Optimization of Real Estate Group

In 2021, the Real Estate Group standardized the process evaluation system, modularized the process evaluation content, and introduced “online” evaluation of process quality and safety by using remote video recorders. Through the integration of tower crane camera, video recorder, Sunac Intelligent Construction Platform and evaluation platform, the Real Estate Group realizes comprehensive online intelligent management, effectively breaks the geographical barrier and improves the management scope and efficiency. In particular, the civil engineering process evaluation system was adjusted to a combined “offline + online” evaluation mode, divided into nine modules for comprehensive evaluation, and the evaluation results showed that the indicators largely met the expectations, and the effect of online closed-loop rectification for key processes was significantly improved, and about 82% of the secondary online evaluation scores among the evaluation batches were greatly enhanced.



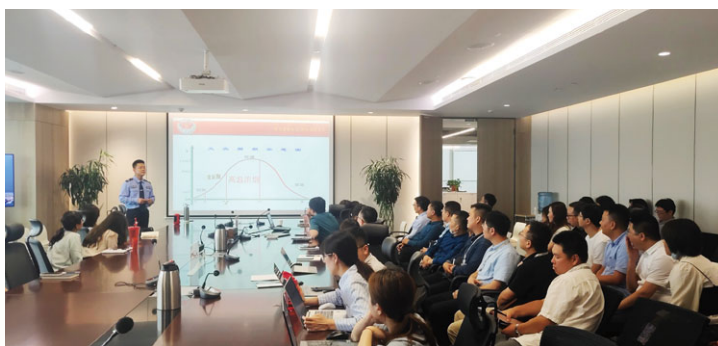
Multi-platform Online Evaluation System

For safety evaluation, the Real Estate Group oriented itself to strengthening the performance of personnel, adjusted the composition of the safety evaluation module, and increased the proportion of “management behaviors” in the evaluation. By comparing the safety status inspection with the safety management behaviors data in “Sunac Intelligent Construction”, the actual implementation of management actions can be fed back to realize technology empowerment, promote the performance of on-site management, and achieve management in progress.

In daily operation management, the Real Estate Group holds safety training meetings for construction units every morning, and regularly organizes communication and theme training on product quality and safety across different regions with 100% coverage of safety training for employees and contractors, thereby achieving management empowerment and joint improvement across different regions; at the same time, it optimizes online evaluation tools and gradually establishes a smart site platform to further promote the application of digital and online systems in safety management.

To ensure safe operation, the Culture & Tourism Group displays safety warning signs in security facilities and other equipment and places in accordance with the relevant provisions of the "Safety VI Sign Application Regulations of Sunac Culture & Tourism Group (《融创文旅集團安全VI標識應用規範》)" to raise the awareness of safety prevention among all employees, and conducts safety monitoring training for all employees and suppliers. According to the "General Safety Regulations (《通用安全管理規定》)" and the "Safety Evaluation Management Regulations (《安全考核管理辦法》)", the safety supervisors at headquarters of each professional company of the Culture & Tourism Group carry out safety evaluation and inspection twice a year for each subsidiary, regularly carry out special safety inspection, and incorporate the safety threats into the safety monitoring information system of the project properties and supervise the rectification, which is also included in the annual safety evaluation.

The Culture & Tourism Group pays great attention to the promotion and implementation of the safety management system. In 2021, it launched a number of relevant trainings through the company's internal online learning platform (Sunac E-learning), covering system promotion, fire safety, equipment safety (e.g. large lifting machinery, work high above the ground hanging basket, amusement facilities), and dangerous position training, etc., and was committed to cultivating the safety awareness of employees and reducing the incidence of safety and health accidents. In order to satisfy the requirements of different positions, the Culture & Tourism Group has also established a safety training team led by the general manager of the project company to enable systematic management of staff safety training, achieve the closed-loop management of analyzing training needs, conducting training and evaluating training effects, and promote the continuous enhancement of staff's safety awareness. In addition, the Culture & Tourism Group has also established mechanisms for employee safety training at three levels, special training and targeted safety training to implement multi-channel, multi-scenario and multi-level safety culture construction in a tiered, classified and localized manner.



North China Group Fire Safety Training



Large Lifting Machinery
Safety Training

Case: The Culture & Tourism Group Safety Education Training

The Culture & Tourism Group stipulates that safety training should be conducted for local companies at least once every six months, and the safety training video should be uploaded to the operation safety module in the Group's online learning platform (Sunac E-learning), where all employees can log in to play and review the video without limitation. In 2021, a total of 3,342 people from the Culture & Tourism Group participated in safety education training.



The Culture & Tourism Group's Safety Education Training Courseware in Sunac E-learning

3.3 Customer-Centric Concept

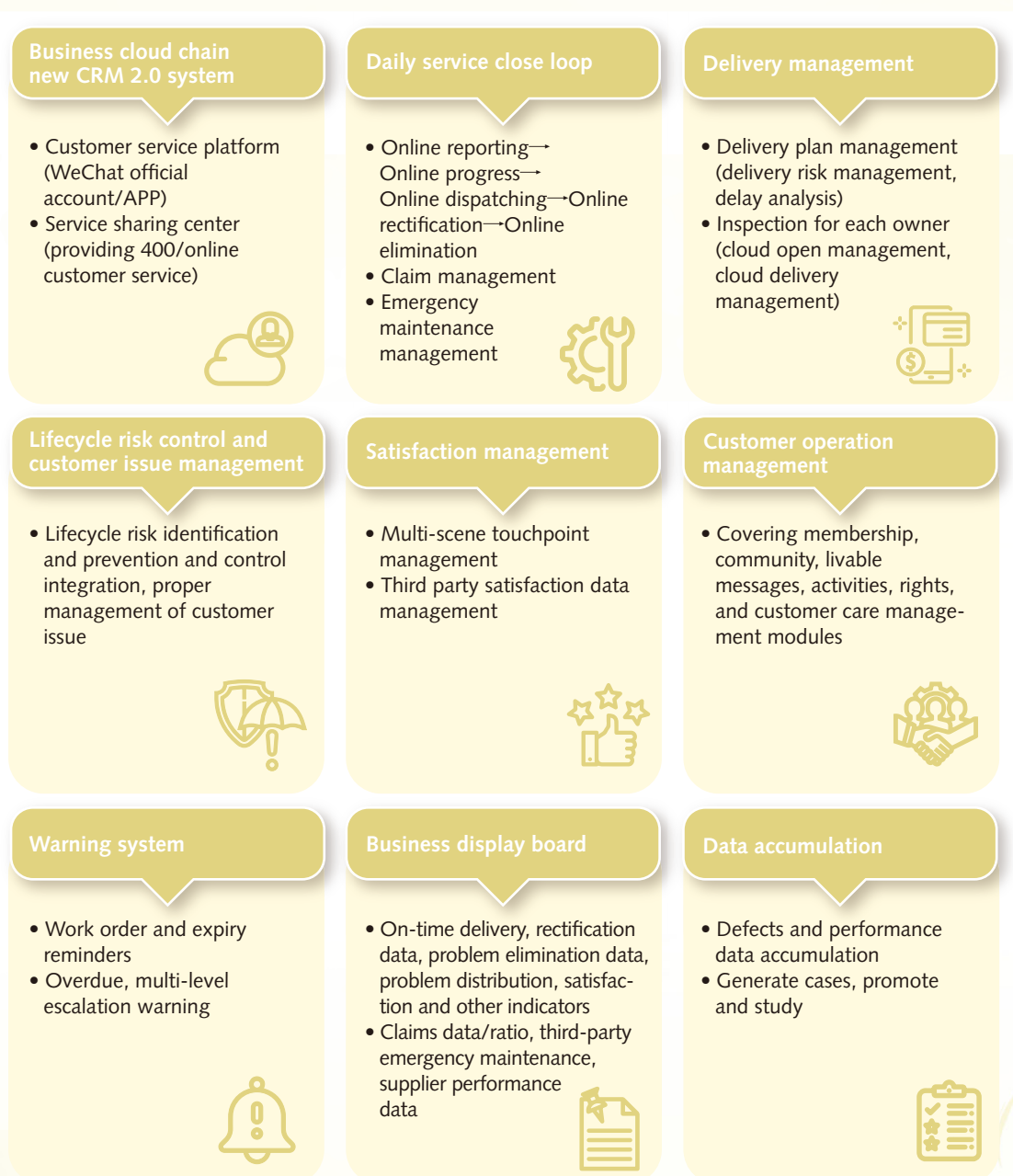
On the basis of continuously improving the customer service system and protecting the customers' data and privacy, the Group strengthens the customer awareness of each responsible organization according to the customers' needs and opinions, and provides the customers with quality products and services.

3.3.1 Improve Customer Experience

The Group has set up a service quality monitoring and evaluation system for each business type, and conducts a full process evaluation of customer experience through a combination of multi-channels online and offline. From the perspective of customer product experience evaluation, result analysis, target setting and suggestion improvement, the Group has set up a full-cycle touch point evaluation mechanism for all projects it developed and participated in cooperation and used the Sunac brand, and keeps pursuing higher targets and better customer reputation.

The Group has identified the key touch points of customer experience in each business type, and evaluated each touch-point by timely and efficient means such as online official account touch point survey and 400 telephone survey, and monitored key data of each business type to analyze customer service experience. Each business type sets targets from multiple dimensions, analyzes the progress of target achievement and major customers' feedback through the "Monthly Operation Quality Report (《月度运营品质报告》)", and carries out assessment on the relevant persons in charge of the business type every quarter, and take the achievement of the year-end targets into account when determining the year-end bonus coefficient of each region.

Focusing on customers, the Group has been building a one-stop "cloud" service platform for customers, allowing them to participate in the business and become the supervisors of the Group's services, as well as continuously leveraging customer communication channels such as the "Sunac Club (融創會)" online operation platform and "Sunac Friends (融創老友季)" activity to provide customers with lifecycle services. In 2021, the Group further constructed a full business "cloud" chain for customer relationship management (CRM 2.0), to build a smart customer service "cloud" platform, establish a core business index system for customer relationship management, which is used for health analysis of customer relationship core business indicators and multi-level early warning upgrade iterations; establish a customer relationship case database for interaction and feedback with related lines to achieve standardization enhancement; and improve the lifecycle customer database to achieve digital empowerment and promote the transformation from "digital" to "digital intelligence" empowered business model.



Customer Cloud Service System

In terms of customer delivery, the Real Estate Group has set up detailed evaluation programs and rules from the dimensions of customer satisfaction management, quality management, Group-level red line penalty and punishment, and service rewards, and strictly enforced the penalty and reward standards.

During the operation period of projects, the Group also takes various measures to pay attention to the improvement of customer service quality. The Culture & Tourism Group organizes random inspections from time to time, with staff from the headquarters acting as mystery visitors to secretly investigate the face-to-face customer service information of each business type, and produce inspection reports on customer service, entertainment, environmental hygiene, environmental image, etc. and also develops third-party customer feedback analysis tools to assist in the evaluation, so as to promote each business type to continuously iterate the on-site operation service standards and improve the service quality.

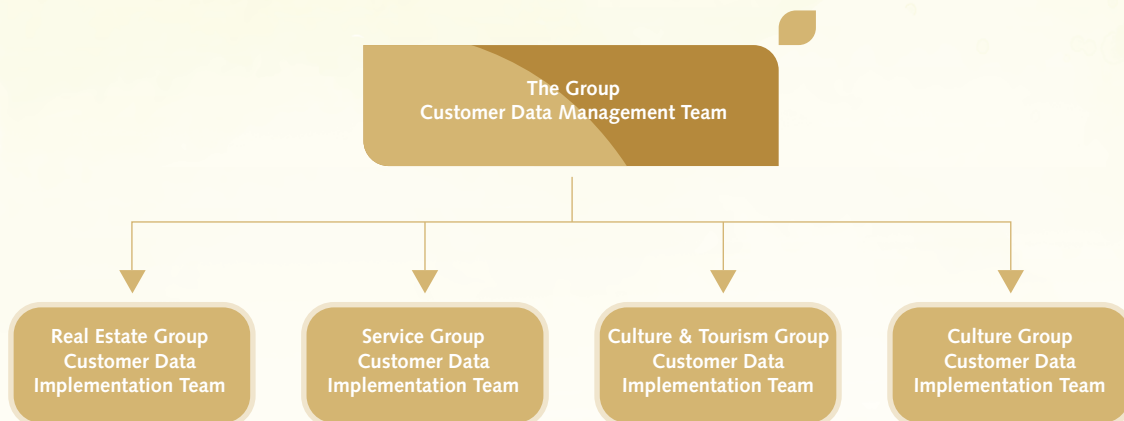
Case: The Culture & Tourism Group and Meituan Cooperate to Develop Customer Feedback Analysis Tool

In 2021, the Culture & Tourism Group cooperated with Meituan, jointly designed and developed the "Reputation Score (美譽分)" rating logic, which is combined with Meituan's rating, viewpoint rate and other indicators, and developed the Group's scenic rating system display board (景評系統集團看板), becoming the first enterprise in the industry to use the scenic rating system to achieve group control. In respect of the characteristics and management requirements of the business types, the analysis tool can comprehensively sort out customer feedback, design multiple matrix comparison logic from the region, culture & tourism city, and the business type, and realize horizontal comparison of various indicators among the business types, as well as real-time monitoring of competing business types and competing groups by using the scenic rating system to present more comprehensive and objective comparison among business types and competing products, and between Culture & Tourism Group and peer companies.



3.3.2 Customer Privacy Protection

The Group formulates policies for the protection of customers' privacy and personal information in accordance with the "Law of the People's Republic of China on the Protection of Personal Data (《中華人民共和國個人信息保護法》)" and other laws and regulations, and strengthens internal management requirements for the collection, storage, use, processing, transmission, provision and disclosure of data with reference to the "Data Security Law (《數據安全法》)". The Group has established a virtual management organization for the Group's customers – the customer data management team, which is led by the Group's market and customer center and jointly composed of the digital technology center and the brand management department of the Culture & Tourism Group. It is responsible for the establishment, improvement and optimization of the customer data management system, the establishment of the Group's central customer database and the customer interconnection platform, the audit, processing, display and security management of customer data, and the provision of guidance to promote the online use of customer data of various business groups. Under the guidance of the customer data management team, each business group sets up a virtual organization of customer data implementation team, which is responsible for the implementation of the customer data system, data management and modification, and the interconnection of customer's business systems with the Group's central customer database.



Customer Data Management Structure

The Group has formulated the “Cybersecurity Policy of Sunac”, stipulating relevant requirements on the centralization, connection, identification and use of data to ensure the compliant use of customer data across the Group, regions and business types, and to strictly comply with the approval process for the use of customer data. In addition, the Group has formulated data security regulations, which clearly stipulate the database account information, service names and ports of customer’s business systems, information encryption, password change frequency and external customer data interconnection methods, and require additional file security restrictions on customer data, signing of customer data confidentiality agreements between the two parties when interconnecting with third party system data, and conducting data masking for customer base data. In 2021, the Group fully promoted corporate WeChat as a customer communication tool, and by the end of the year, it had accomplished the target owner adding rate of 50%, achieving direct access to high-frequency customer services for lifecycle business while protecting customer privacy, and supplementing the business system application scenario with terminal value.

3.3.3 Customer Complaint Management

In 2021, the Group revised the original “Customer Complaint Management Measures of Sunac Group (《融创集團客戶投訴管理辦法》)”, and “Management Measures for the Standardization of Daily Customer Reporting Services of Sunac Group (《融创集團客戶日常報事服務規範管理辦法》)”, adjusted the classification standards and reporting requirements for customer incidents, improved the conditions for closing complaints and consulting reports, and added conditions for closing major customer incidents and requirements for dealing with emergencies.

The Group has established a multi-node customer complaint risk management and control and customer complaint management system.

- In order to reduce the occurrence of complaints in advance, the Group has set up a risk pre-intervention management process, and added third-party maintenance and spare parts resources inspection procedures and pre-delivery customer handling procedures to the "Delivery Risk Assessment Standards of Sunac Group (《融创集團交付風險測評標準》)", and improved the standards for sales commitment risks to strengthen the standards for risk prevention and control in advance;
- During the construction process, the Group carried out a comprehensive process evaluation for the projects and implemented a strict approval system for design changes to ensure the quality of the projects;
- During the sales process of the projects, the Group requires each sales office to display the "Sincerity Notice (《臻心公告》)" to its customers, which covers reminders of adverse factors inside and outside the red line and other important information of the projects, and includes the contents of the notice in the sales contract to ensure that customers are fully informed.

Through the expansion of service channels, the adoption of pre-consultation and comprehensive coverage of problems in various scenarios, the Group has been able to achieve advance understanding and internal communication of questions that may be raised by customers, improve communication efficiency and information accuracy, and analyze the causes of problems and improvement plans by reviewing and analyzing customer complaints from various regions to minimize the risk of complaints in an all-round manner.

The Group has established a comprehensive after-sales service system and formed a systematic control mechanism for the 400 service to ensure smooth and timely access to and high quality service of the hotline. The Group continuously improves the quality training system for the customer service team, stipulates clear management and assessment indicators, manages and controls the answer rate, participant satisfaction, quality inspection results and other dimensions, pays attention to the service quality of each region through daily data analysis and communication, and regularly conducts special analysis and formulates special improvement plans to ensure that the overall satisfaction rate of the customer service center is maintained at over 99%. In 2021, the Real Estate Group received a total of 74,064 complaints from customers, with a 100% complaint response rate, and the Culture & Tourism Group received a total of 1,564 complaints from customers, with a customer complaint closure rate of 100% and a customer satisfaction rate of 99.4%.

3.3.4 Responsible Marketing

The Group adheres to the operational philosophy of responsible marketing and strictly complies with the “Advertising Law of the People’s Republic of China (《中華人民共和國廣告法》)”, the “Provisions on the Release of Real Estate Advertisements (《房地產廣告發佈規定》)” and local policies and regulations, carefully reviews the content of advertisements, makes sure that advertisements are true, legal and accurate, and avoids advertisements containing seriously distorted contents. The Group strictly audits the sales materials, including whether the promotional terms comply with relevant laws and regulations, whether the basic information of the materials is accurate, whether the disclaimers comply with laws and regulations and internal management regulations, whether the data quotation and use of pictures are accurate or there is risk of infringement, etc.; sets up a project inspection team to complete project site inspections according to the progress of projects.

Through the professional risk pre-intervention work covering the whole process of project, the Group focuses on the control of each major node and timely warning, eliminating most of the potential complaints in the early stage and ensuring the provision of good products and services for customers. The Group conducts relevant training for the sales team according to the construction and sales progress of the projects, carries out risk checks at the sales stage, engages third-party consulting agencies to perform mystery shopper checks and sales risk assessments, and requires relevant displays and materials to be strictly approved with disclaimers to ensure truthful displays. During the delivery process, the Group upholds the principles of lifecycle quality delivery and quality service to ensure satisfying, comprehensive, timely and convenient service.

Case: Full Online Process of Information Disclosure and Delivery

The Group upholds the principles of openness, transparency and honesty, and regulates the frequency and content of the construction progress notification of each project, and takes “Livable Message (歸心家書)” as an integration channel to regularly deliver information to owners online on a monthly basis, as well as to disclose information on potential unfavorable factors in the sales process. The Group requires all projects to have at least one site opening day event before delivery and invites all customers to visit the site for inspection; at the same time, the Group launches the “Sincerity Site (臻心工場)” brand to restore the construction process of houses to ensure customers’ satisfaction.

The Group took the lead in fully promoting “Cloud Delivery” in the industry, starting with a pilot program in March 2021 and achieving a 100% project implementation rate by May, fully accomplishing online delivery in terms of delivery appointment, sign-in, document signature, payment and feedback on housing acceptance. Compared with the traditional delivery mode, customers can not only choose their own time of acceptance of their houses, but also avoid such situations as waiting, cumbersome process and people gathering, which greatly improves the delivery experience of customers.



3.4 Responsible Supply

The Group takes suppliers as important partners and implements a lifecycle management process for suppliers from entry, evaluation to withdrawal. The Group has established a standardized supply chain management system, comprehensively incorporating environmental and social factors into the evaluation and consideration of the supply chain, and continues to practice the concept of sustainable procurement.

3.4.1 Supplier Management

For the purpose of optimizing the supplier management system and strengthening the prevention and control of environmental and social risks in the supply chain, the Group has formulated the “Supplier Management Regulations of Sunac Group (《融創集團供應商管理規定》)”, setting up a standardized workflow for supplier management, specifying the responsibility system of all relevant departments of the Group for supplier management as well as the whole process management model of supplier from sourcing, review, entry, selection, process management and performance evaluation, etc., which will be continuously improved in accordance with the business development and potential risks in the supply chain.

- The Group requires all suppliers to provide a signed and valid “Supplier Integrity Commitment Letter (《供應商廉潔承諾函》)” before the selection inspection and to sign the “Supplier Integrity Agreement (《供方廉潔協議》)” at the same time when entering into the contract, which requires suppliers to establish a sound self-discipline system, carry out integrity education, publish channels for whistle-blowing, supervise and carefully investigate and deal with illegal, non-compliant and disciplinary offence acts.
- The Internal Audit and Supervision Center is responsible for the long-term supervision of suppliers and the implementation of supervision for potential irregularities and frauds in all aspects, and receives whistle-blowing from suppliers at any time and handles relevant whistle-blowing in accordance with the regulations.
- According to the supplier management requirements, the Group carries out classified and hierarchical management of suppliers according to the procurement value and risk impact of each category, and stipulates the reward and punishment principles according to the classification recognition standards, and also carries out hierarchical management and whole-process differentiated management of suppliers according to the classification and hierarchy status.
- For the eliminated suppliers, the Group will perform annual clearance out of the pool or directly include them in the blacklist for the corresponding years, and subsequently handle it in accordance with the blacklist management regulations.

The “Supplier Code of Conduct of Sunac” established by the Group clearly stipulates the minimum requirements for suppliers to comply with in terms of environmental protection, lawful employment, safe operation, safeguarding intellectual property rights and business ethics, and requires all cooperative suppliers to comply with these requirements so as to achieve effective prevention and proper handling of supply chain risks. In addition, the Group encourages suppliers to strengthen their own ESG performance management, set emission reduction targets, reduce their own carbon footprint, strengthen communication and exchange with employees in labor management, and actively obtain ESG related certifications. As at the end of 2021, approximately 60% of suppliers of the Group had the ISO 14001 Environmental Management System certification, approximately 74% of the suppliers had the ISO 45001/OHSAS 18001 Occupational Health and Safety Management Systems certification and approximately 74% of the suppliers had ISO 9001 Quality Management System certification.

As for supplier communication, the Group has a well-established mechanism for supplier cultivation and relationship maintenance, and adopts a combination of online and offline methods to conduct regular supplier training meetings, special Q&A sessions, special training sessions, separate telephone guidance during contract performance, training for new suppliers and many other scenarios to provide timely training and guidance to important suppliers. In addition, the Culture & Tourism Group has compiled materials on "Safety Management and Control Training for Cooperative Suppliers (《合作商戶安全管控培訓》)" and organized safety training for suppliers across the country.

For suppliers who fail to meet quality standards, the Group will make more efforts to rectify them and arrange training for them, require them to submit written "Rectification Measures (《整改措施》)" after receiving training, and will follow up the rectification results in a timely manner and decide whether to cooperate with them again based on whether the rectification results meet standards or not. The Group regularly organizes supplier meetings and supplier seminars to maintain key relationships and communicate with long-term suppliers, and facilitates smooth feedback channels for suppliers in the process of contract implementation. The Group conducts supplier satisfaction surveys several times every year, compiles the "Satisfaction Survey Conclusion Report (《滿意度調查總結報告》)" based on the survey results, conducts training and makes improvement recommendations for those lines with problems.

3.4.2 Green Procurement

The Group endeavors to build a sustainable supply chain by comprehensively integrating environmental protection, resource saving, safety and health factors into the procurement process. The Group has formulated the "Procurement Management Regulations of Sunac Group (《融創集團採購管理規定》)" to specify the procurement principles and management regulations, pursuing the general principles of integrity, fairness and impartiality, open decisions and confidentiality in procurement, and advocating the principle of environmental protection, proposing that any procurement activities should take into account the protection of the environment and the need for sustainable development. Through organizing supply chain system communications from time to time, the Group delivers the philosophy of green and healthy development to all of its suppliers and partners to strengthen collaboration, achieve win-win cooperation and jointly practice sustainable development. In the "Environmental Policy of Sunac", the Group has made specific provisions on green procurement and has committed to:

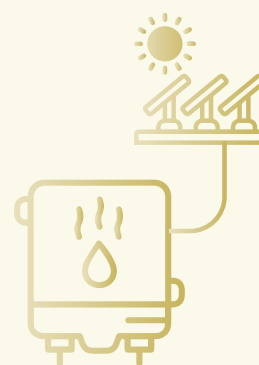
- Implementing sustainable procurement strategies and adopting materials that have low environmental impact, and are harmless and more energy efficient;
- Giving priority to materials with environmental certification granted by independent third parties in the process of procurement, ensuring that the relevant purchases comply with specific environmental standards and specifying the environmental requirements for the products in the purchase agreements signed with the suppliers;
- Considering the carbon emissions and environmental impact of material transportation and giving priority to procurement of materials nearby the project site;
- Ensuring that suppliers satisfy the Group's quality and environmental requirements and all comply with the "Supplier Code of Conduct of Sunac".

The Group promotes the adoption in each project of the environmental protection materials or healthy materials by the suppliers engaged in the strategic centralized procurement, with the relevant ratio exceeding 90%, develops the third-party material testing program, and has the ability to realize 100% of the categories undergoing environmental protection testing and sampling; through the promotion and introduction of green building materials, recycled materials and purification materials, gradually replaces the traditional low-solid content solvent-based paints (made of esters, ketones, ethers, alcohols and aromatic hydrocarbons such as benzene, toluene and xylene), and greatly reduces the volatile organic compounds (VOC) and other potential sources of human health hazards arising from the processing and production of paints and the painting process.

Case: Green Procurement Project

- Solar water heater

According to the standard catalog of the “Green Product Standards of China (《中國綠色產品標準》)”, solar water heating system belongs to one of the categories in China’s green product standards. In response to the international call for green procurement, the Group adopts the Group’s centralized procurement mode for solar water heating systems, with an annual procurement amount of RMB40 million. Solar water heaters are selected for projects according to the actual situation. It can provide owners with solar heated hot water, replace fossil energy with renewable energy, and meet the concept of green and environmentally friendly consumption.



- Cabinet body

By signing an agreement with suppliers for centralized procurement and other methods, the Group agrees on the standard level of raw materials with suppliers, and cooperates with third-party testing agencies in the process to conduct material sampling to ensure the quality of supplied materials. The panels (including MDF and particle board) used in the cabinets and storage categories of the Group are all of E1 or E0 grades, which fully meet the environmental protection requirements of national standard, and these panels are mainly used for the making of various cabinets, wardrobes, console cabinets and other products.



The background is a soft watercolor illustration. It features several large, stylized leaves in shades of light green and muted orange-brown. In the lower portion, there are faint, vertical brushstrokes in light green and orange, suggesting a city skyline or a forest. Small, dark brown dots are scattered across the lower half of the image, resembling falling leaves or rain. The overall color palette is warm and natural, with a focus on earthy tones.

Diversified Development and Being People-Oriented

The Group regards employees as the cornerstone of long-term development, adheres to the principle of fair, diversified and non-discriminatory employment of talents, continuously improves the talent management system, formulates a rich and diverse training system, creates a harmonious, inclusive and friendly working atmosphere for employees, listens to the voices and demands of employees, cares for employees' lives, ensures the sustainable growth of employees, and creates a better future with employees.

4.1 Talent Protection

Talent has always been the core competitiveness of the Group's sustainable development. The Group employs in accordance with the law, prohibits child labor and forced labor, adheres to equal and diversified recruitment of talents, enriches the recruitment system and protection mechanism, optimizes the internal salary and welfare system, and creates an image of industry-leading employer.

4.1.1 Equal Employment

The Group strictly abides by the "Labor Law of the People's Republic of China (《中華人民共和國勞動法》)" and the "Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》)", refers to the International Labor Conventions, and formulates internal systems such as the "Recruitment Management System of Sunac Group (《融創集團招聘管理制度》)", the "Administrative Measures for Recruited Employees of Sunac China (《融創中國入職員工管理辦法》)" and the "Diversity and Inclusion Policy of Sunac". In 2021, the Group revised the "Internal Recommendation Management Measures of Sunac Group (《融創集團內部推薦管理辦法》)" and the "Administrative Measures for Headhunting of Sunac China (《融創中國獵頭管理辦法》)" to encourage employees to recommend high-quality talents to join the Group and effectively regulate headhunting channels. The Group is committed to creating a diverse and inclusive working environment and development environment for all employees, respecting the human rights of all employees, not discriminating on the basis of the region, ethnicity, race, gender, habits, religious beliefs and other differences of job seekers, protecting the legitimate rights and interests of employees, and strictly implementing the labor contract system. In 2021, the Group had a total of 72,147 regular employees and 1,585 non-regular employees, including interns and secondment.

The Group has always adhered to the people-orientated principle, ensuring compliant employment and strictly prohibiting the employment of child labor and compulsory labor. The "Requirements for Management of Employee Entry of Sunac Group (《融創集團入職管理規定》)" formulated by the Group require that the age of the employees hired must be over 16 years old. In the labor contracts signed with employees, it is clearly stipulated that the average working hours of the employees every day and week shall not exceed the time stipulated in the "Labor Law of the People's Republic of China (《中華人民共和國勞動法》)"; if the Group arranges for employees to work overtime due to business needs, it will arrange workday shift leave for rest or pay corresponding labor compensation in accordance with the provisions of the law to safeguard the legitimate rights and interests of employees. In 2021, the percentage rate for entering into employment contracts with the Group's regular employees was 100%, and there were no incidents of child labor or forced labor.

In order to ensure the principle of fair, open and diverse recruitment, the Group adheres to the inclusive and open recruitment values and continuously enriches the recruitment system and guarantee mechanism.

The Measures for the Employment of 2021

Renewed avenues for employment	<ul style="list-style-type: none"> Launched the “Sunac Cloud Recruitment” platform to achieve online recruitment, online interview, and online job offers, and solve recruitment difficulties and difficulties faced by job seekers during the COVID-19 pandemic
Diversified employment	<ul style="list-style-type: none"> Social recruitment Fresh graduate recruitment Re-employment of departing employees Cross-sector transfer and competition Internal rotation Re-employment of retired employees Guaranteed placement of the disabled
Diversified guarantee mechanism	<ul style="list-style-type: none"> Increased the number of fresh graduates recruited Strengthened cooperation between enterprises and relevant teaching and research institutions Optimized the rank development system, training system and talent retention mechanism of in-service employees

The Group focuses on long-term strategic talent reserves, deepens school-enterprise cooperation and the combination of production and research, and strengthens the recruitment management of fresh graduate groups. In order to further improve the fresh graduate recruitment management system, the Group's fresh graduate recruitment brand is universally termed as “Creator”, and continues to build the brand influence of fresh graduate recruitment. In 2021, taking the opportunity of fresh graduate recruitment launch, the Group upgraded the recruitment section of the official website to simplify the recruitment information retrieval method and enhance the job-seeking experience for students.

Case: The Talent Recruitment Empowered by Sunac Cloud Recruitment

In 2021, in order to ensure that the Group's recruitment and individual job seeking are not affected by the pandemic, the Group has developed intelligent recruitment products by means of internal development forces and cooperation with external supplier teams, and ensured the diversified talent demand and supply of the Group through the “Sunac Cloud Recruitment”.

“Sunac Cloud Recruitment” uses big data and cloud computing to analyze the employment requirements of the Group, and matches talents through multiple dimensions such as location, major, education, work experience and project experience so as to achieve accurate matching between positions and job seekers. At the same time, the system can be run on PC and mobile phones, and can provide the Group with functions such as job release, talent search, talent pool management, interview notification, video interview, etc. to improve the efficiency of recruitment matching, and save time for both job seekers and the Company.

Case: The Upgraded Website for Fresh Graduate Recruitment

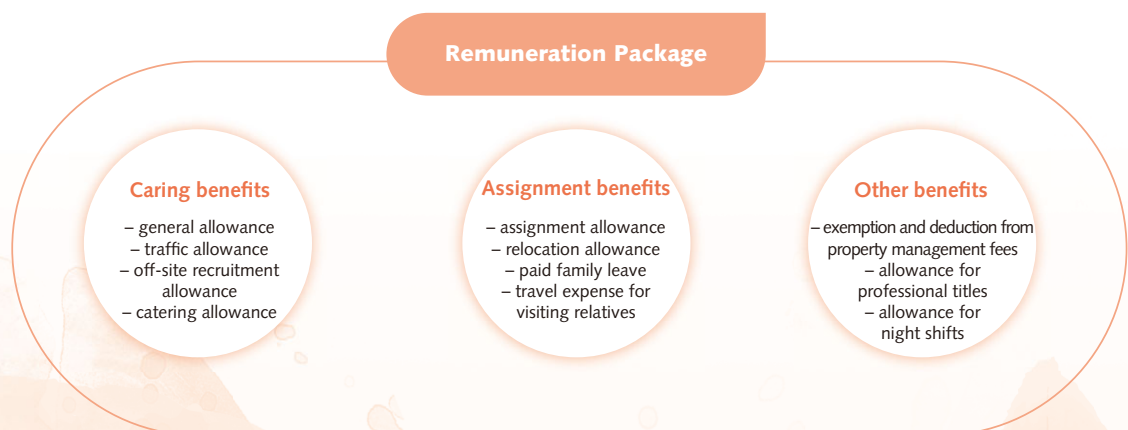
In 2021, the Group upgraded the official website for fresh graduate recruitment by taking into account the factors such as fresh graduate recruitment orientation in the new year, fresh graduate recruitment brand adjustment, external benchmarks, and students' styles and preferences presented in the research report and optimizing the content and form of presentation after considering content guidance and user experience. The newly upgraded fresh graduate recruitment official website has a total of 6 full-screen layouts, including theme pages, fresh graduate recruitment brands, recruitment positions, recruitment processes, frequently asked questions, comments from former graduates, simplifying and condensing important contents to facilitate students to understand the Group and positions in a short time, and committing to creating a minimalist style and adding a floating button for submitting resume to enhance the experience of students for job seeking.



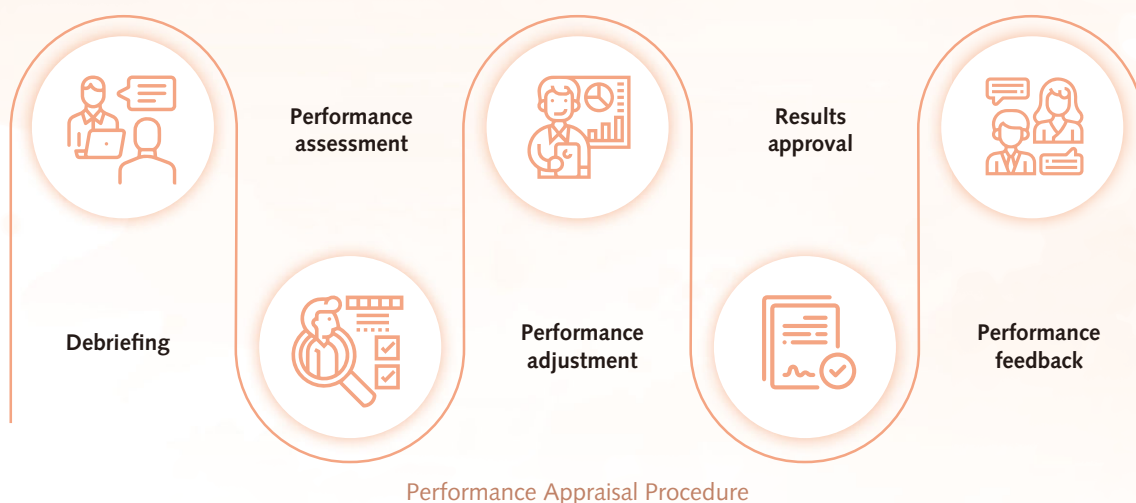
Sunac Official Website for Fresh Graduate Recruitment

4.1.2 Remuneration System

The Group continues to optimize the remuneration composition and continuously improve the remuneration and welfare system. In 2021, in order to further clarify the employee welfare standards and welfare items, the "Measures for Management of Employee Welfare (《员工福利管理办法》)" applicable to all employees of the Group was revised to fully protect fairness. On the basis of providing social insurance & housing fund, the Group continues to enrich welfare programs to inspire the enthusiasm of employees.



The Group is committed to providing competitive remuneration for employees, ensuring that employees' income is closely tied to employees' personal performance and the Company's performance, and boosting employees' motivation. The Group optimizes performance management through measures such as employee performance evaluation and performance feedback, and encourages managers to provide performance coaching to employees to help their growth. In 2021, the Group formulated the "2021 Semi-Annual Performance Appraisal Plan (《2021年半年度绩效考核方案》)", which stipulated the performance appraisal process and appraisal methods, and helped employees further enhance their work ability using the outline of the performance feedback interview and the form of performance communication record.



The Group has also formulated equity incentive plan for management to link manager's management capability with their performance to achieve long-term effective management and sustainable development of the enterprise. Since May 2018, the Group has formulated its share award scheme to motivate incumbent employees who have been determined by the Board to have made significant contributions to the Group's objectives by granting restricted shares, and to spur them on to achieve better performance.

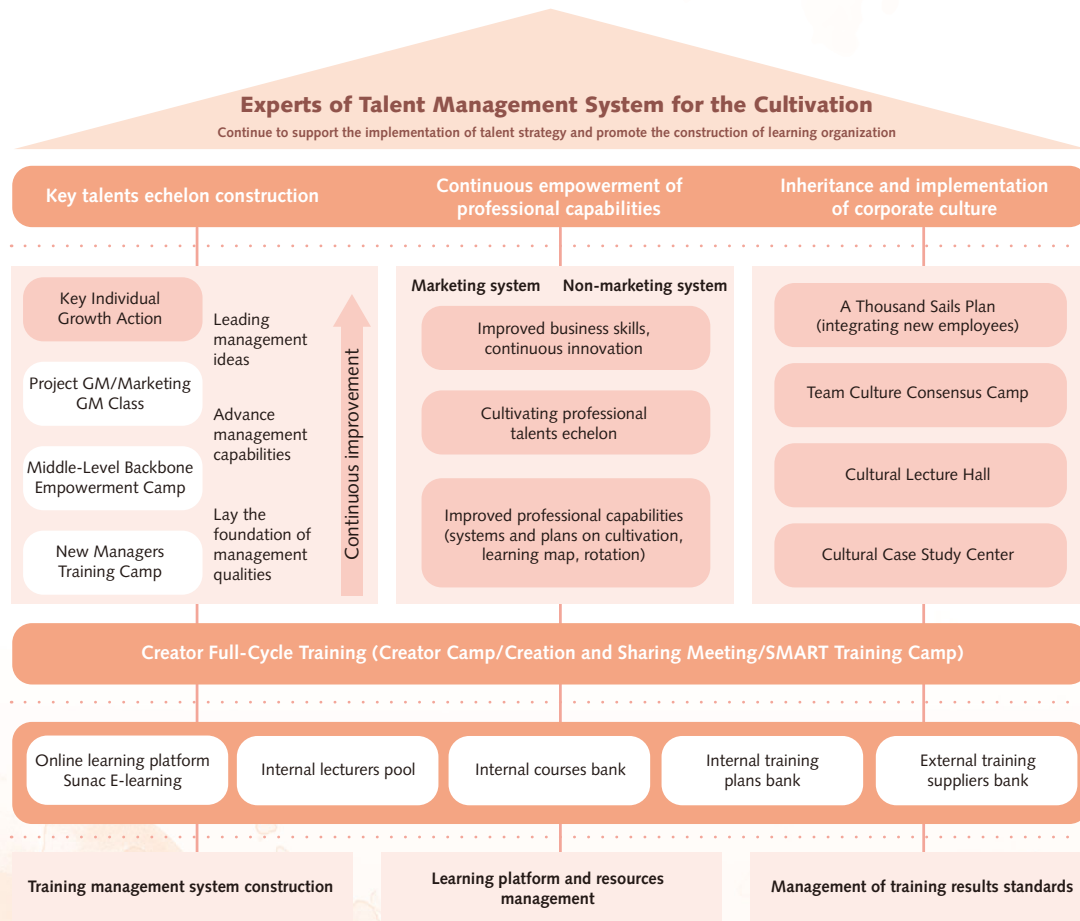
4.2 Talent Cultivation

The Group attaches great importance to the training and development of employees, regards the growth and development of employees as the foundation of the development of the Group, takes "Turning Sunac into a learning organization that continuously cultivates talents, and the cradle of cultivating lifelong learners" as its mission, and manages on the principles of "production on demand, business orientation, voluntary learning, advanced growth, and lifelong learning", helping employees to improve their vocational skills and professional knowledge, and accelerating the integration of talents and enterprises.

4.2.1 Training System

The Group has established a clear and complete talent training system to provide employees with a platform for learning and development. In 2021, on the basis of the original training system as well as considering the Company's needs for talent training in the new stage, the Group revised and improved the training system, completed the revision, consultation and release of documents on rules and regulations such as the "Management Measures for Internal Lecturers of Sunac China (《融创中國內部講師管理辦法》)" and the "Management Measures for Internal Course Evaluation of Sunac China (《融创中國內部課程評審管理辦法》)", encouraged to ramp up internal course development and lecturer certification, improved the quality and practicality of training courses, enriched the construction of learning resources, and improved the business skills of employees. In 2021, the Group's staff training coverage rate was 100%.

Leveraged on the talent development organizations established at the Group's headquarters and each region, the Group provides a variety of training contents for employees of different ranks, different professionals and different key groups. In 2021, according to the latest development strategy of the Group and the adjustment of the direction of human resources, the Group reorganized the talent training system, changed the original operation system for branch training into a training operation system focusing on the three training directions – "key talents echelon construction, continuous empowerment of professional capabilities, and inheritance and implementation of corporate culture", preliminarily completed the planning of the overall image of the training system, on which a continuous improvement of the norms and requirements for the operation and management will be made.



General View on the Training System

In 2021, in terms of training projects, the Group carried out training projects in different directions in accordance with the training system plan, and carried out capacity improvement projects in different dimensions for specific talent groups.

Introduction of 2021 Talent Training Projects

Training direction

Projects for talent training

Key talents echelon construction

Project General Managers/Marketing General Managers Class, Middle-level Backbone Empowerment Camp, New Managers Training Camp, etc.

Continuous empowerment of professional capabilities

Marketing Training, Customer Relations Evening School, "Livable+" Program, Ingenuity Club, etc.

Inheritance and implementation of corporate culture

A Thousand Sails Plan, Culture Consensus Camp, Cultural Lecture Hall, etc.

Case: The Pilot Program – Middle-level Backbone Empowerment Camp

In order to comprehensively improve the general capabilities of the middle-level individuals of the headquarters and cultivate them into coach-styled managers with overall thinking, collaborative spirit and innovative awareness, on 10 September 2021, the headquarters of the Group launched the Pilot Program for the middle-level backbone.

The empowerment camp regarded business thinking and business understanding, leadership and manager skills, overall thinking and innovation awareness as the three core modules, and carried out online and offline hybrid phased learning to promote the continuous growth of middle-level backbone individuals.

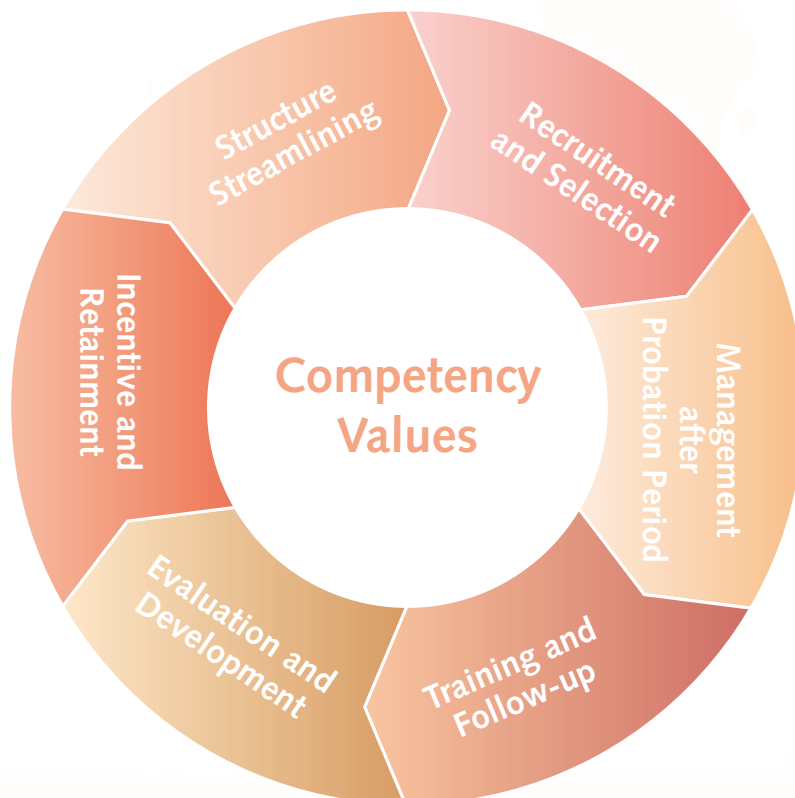
Case: The First Offline Training Camp for the Empowerment of Key Individuals

In order to further develop the long-term competitiveness of main business and enhance the comprehensive management capabilities of core team on the front line, in July 2021, the first offline training camp of "2021 Urban Growth Action – Key Individuals Empowerment (2021城市成長行動－關鍵人賦能)" was officially opened in Wuhan, with a total of more than 100 project general managers/marketing general managers participating. This training camp focused on macro market policies, strategic plans, cultural values, etc., aiming to enhance the long-term competitiveness and long-term value of trainees.

4.2.2 Promotion Channels

The Group continues to standardize and optimize employee promotion and its procedures, and formulates system documents such as the “Management Measures for Individual Performance of Sunac Group (《融創集團個人績效管理辦法》)” and the “Management Measures for Employee Promotion (《員工晉升管理辦法》)” to provide systemic and institutional support for employees’ career development. Through the assessment of employees’ performance, personal ability, up-to-standard performance and job matching, the Group regularly gives promotion to employees who have performed well and met the requirements of the position to which they are promoted. In addition, in order to flexibly combine the promotion mechanism with daily operations, the Group also values employees who have outstanding abilities and satisfy the needs of job development, and promotes them irregularly to further increase the promotion channels of employees.

The Group has always placed great importance on the retention and promotion of internal employees. As a result, most of the management is from internal selection. The Group turns itself to a learning organization by clarifying mechanisms and methods such as career development channels, so that all partners who have joined the Group can grow together with the Company. And through closed-loop management from job positioning to incentives, mechanism that allows employees room for continuous growth is formed.



Competency Values

4.3 Employee Care

The Group advocates work-life balance, is committed to creating a pleasant working atmosphere, and provides employees with a full range of practical protection, attaches importance to employee communication, actively builds employee communication channels, meets the needs of employees to the greatest extent, and enhances employees' sense of belonging and workplace happiness.

4.3.1 Welfare Security

In 2021, the Group complied with the "Trade Union Law of the People's Republic of China (《中華人民共和國工會法》)", the "Articles of Association of Trade Unions of China (《中國工會章程》)" and the "Measures for Budget Administration of Trade Union (《工會預算管理辦法》)", revised the implementation rules for management of expenditures and revenues of Trade Union of subsidiaries and improved the employee welfare system.

In order to help alleviate the life pressure of employees in difficulty and improve the quality of their lives, the Group has put in place various forms of assistance such as Employee Mutual Aid Association and assistance fees for employees in difficulty to help them solve their living difficulties, and in 2021, the Employee Mutual Aid Association handed out a total of RMB5.4035 million in mutual aid funds to help 201 employees.

The Group attaches great importance to the care of female employees. On Women's Day, the Group organizes Women's Day activities and distributes Women's Day gifts to female colleagues. In order to ensure life-work balance for female employees, those in the "three periods" (pregnancy, childbirth and lactation) have privileges over parking space at the workplace, and 80% of the regional platforms and urban platforms are equipped with mother and baby rooms in which refrigerators, disinfection machines and so on can be found.

In order to balance the work rhythm of employees and care about their physical and mental health, the Group has taken many initiatives at the same time to care for employees. The Group regularly arranges for staff to undergo physical examinations every year, and in 2021, the staff physical examination coverage rate was 100%. During the pandemic, the Group encouraged staff to work flexibly and organized medical staff to the Company for nucleic acid testing and vaccination on a regular basis. In 2021, the flexible working policy during the pandemic and caring action affected 100% of employees either working on business trips or at home, ensuring the convenience and health of employees. In order to enrich the leisure time of employees and deepen communication among employees, the Group organized employee activities such as collective mountain climbing, table tennis competitions, basketball games, and employee club.

Case: Selecting a Holiday Gift Box

In 2021, while providing employees with festive gift boxes such as the Chinese New Year, the Dragon Boat Festival and the Mid-Autumn Festival, the Group took the initiative to change the gift picking mechanism and increase the interaction of contact points to meet everyone's various needs.

During the gift box selection stage, the Group's administrative department fully communicated with various departments to encourage employees to participate in the determination of welfare contents, including organizing employees to participate in the Dragon Boat Festival zongzi tasting and choosing of tailored T-shirt fabrics and designs.



The Gift Boxes and Cultural and Creative Products for the Dragon Boat Festival in 2021

Case: A Hiking Activity in the Xishan Forest Park Organized by the Group's Headquarters

In June 2021, the Group's headquarters organized the hiking in Xishan Forest Park for employees with about 320 people participating. While relaxing physically and mentally and livening up the team atmosphere, this hiking activity strengthened communication and collaboration among employees, and created united, coherent, lively and progressive atmosphere among the Group's employees.



Group Photo of Hiking Activity in the Xishan Forest Park Organized by the Group's Headquarters

4.3.2 Democratic Communication

The Group is dedicated to protecting employees' the individual rights and freedom of expression and providing smooth communication channels. In 2021, the Group formulated the "Diversity and Inclusion Policy of Sunac", respecting the rights of employees, including the liberty of forming associations, joining trade unions, and participating in workers congress, in accordance with the law. At the same time, the Group opens up a variety of communication channels for employees, creates a simple, direct and transparent communication atmosphere, regularly organizes various activities to listen to the voices of employees and make improvements, and ensures that employees can communicate with management on matters such as the working environment, operation or management issues, and various suggestions and opinions without being threatened.

The Group keeps communication channels open for all parties and listens carefully to the voices of employees. In October 2021, the Group launched the Party Committee Organization Conference and the First Party Committee meeting, and elected the Party Secretary and members of the Group through democratic election and voting.

- **Comprehensive information release channels:** Employees can keep abreast of the Company's important events and developments as well as other information through the Group's website, internal information system, the internal communication tool, e-mail and the WeChat official account;
- **Diversified employee communication channels:** The Group opens several communication channels, including employee relation specialists, the labor union, the staff call center and the online robot, to help employees to seek support and offer feedback;
- **Open-door and transparent management:** The Group has designed open office space for the management to facilitate the communications between employees and management.

The background is a soft watercolor illustration. It features several large, stylized autumn leaves in shades of orange, red, and pink, scattered across the frame. At the bottom, there is a faint, light-colored silhouette of a city skyline with various building shapes. The overall color palette is warm and gentle, with a light cream or off-white base.

Discharging Social Responsibilities to Build Harmonious Communities

Discharging Social Responsibilities to Build Harmonious Communities

Adhering to the development concept of “a better life and social citizen”, the Group actively participates in urban and rural construction and social welfare undertakings, dedicates to establishing a long-term public welfare charity mechanism, fulfills social commitments, assumes social responsibility, promotes social progress, enhances human well-being, and strives unremittingly to create a better home and the happiness of human civilization, while enhancing corporate influence and comprehensive value.

5.1 Urban Development

Shared development is the essential requirement of socialism with Chinese characteristics, and it is premised on solving social fairness and justice, promoting poverty alleviation, narrowing the income gap, and meeting the people's growing needs for a better life. Under the premise of continuously providing high-quality services to customers, the Group accelerates the construction of residential environment, social environment and ecological environment protection projects, and carries out business activities such as affordable housing construction, brownfield land development, integrated land utilization and urban renewal.

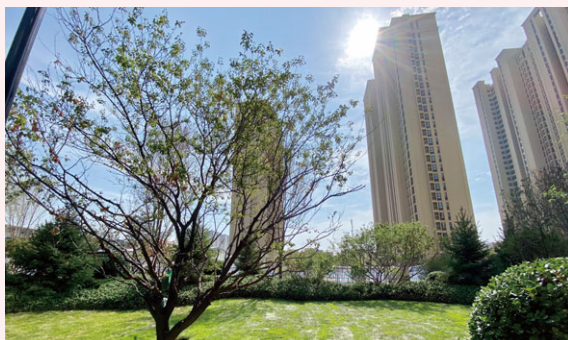
The Group strictly abides by the “Administrative Regulations on Development and Operation of Urban Real Estate (《城市房地產開發經營管理條例》)”, the “Interim Regulations on Real Estate Registration (《不動產登記暫行條例》)”, the “Urban and Rural Planning Law (《城鄉規劃法》)”, the “Land Management Law (《土地管理法》)” and the “Construction Law (《建築法》)”, strengthens the management of real estate development and construction, implements various project construction projects on this basis, and promotes social development while protecting the living environment of residents.

Type of Projects	Name of Project Examples
Affordable housing construction	Hangzhou Yunchuan Future City and Taiyuan Sunac Bund Mansion Urban Village Renovation Project
Brownfield development/urban rejuvenation/urban renewal	Tianjin Sunac Hopsca Center International, Taiyuan Mansion
Integrated land utilization	Qingdao One Sea Park, all Culture & Tourism City Projects
Urban renewal	Shaoxing Huangjiu Town, Shijiazhuang Sunac Hopsca Center

Case: Taiyuan Sunac Bund Mansion Urban Village Renovation Project

In order to continuously improve the management standard of affordable housing construction and make it possible for residents to have their own houses, the Group continues to carry out the construction of affordable housing. Taiyuan Sunac Bund Mansion Urban Village Renovation Project is a resettlement plot for urban villages, with a total gross floor area of more than 180,000 square meters and a total of 6 high-rise residential buildings, which can provide housing security for 1,156 families.

The construction of Taiyuan Sunac Bund Mansion Affordable Housing strictly abides by the indoor bare-shell standard, and its civil engineering, public areas and landscape areas adopt the same quality design and standard of commercial housing in Sunac No. 1 North District, which meets the owners' needs for comfortable life while ensuring home safety, and provides owners with diversified and humanized living conditions and housing management.



Taiyuan Sunac Bund Mansion Urban Village Renovation Project

Case: Tianjin Sunac Hopsca Center International

Located in the western part of Tianjin and the central ring line of Nankai District, the Sunac Hopsca Center International includes the renovation of old factory buildings, and construction of new commercial complexes and residential facilities. Based on the design concept of humanization, the Group has created a unique urban complex, and the 159-meter office tower has become a new landmark building in the west of Tianjin.

Urban Brownfield Redevelopment:

The Group attaches great importance to promoting the restoration of ecosystems and actively participates in the development and utilization of abandoned land. Tianjin Sunac Hopsca Center International was originally Tianjin Tractor Factory, which was built in 1956, covering an area of 650,000 square meters. Battered by winds and rains for several years, it was gradually surrounded by the new urban area, and caused different degrees of pollution to its surrounding environment, hence the restoration and reuse of brownfield was imminent. In order to avoid the adverse impact of the city's economy, society and environment caused by the brownfield, the Group responded to the call of brownfield governance to renovate the old site of Tianjin Tractor Factory, and finally transformed it into a creative base after conducting the investigation and assessment of soil environmental quality.



Pre-renovation



Post-renovation

Integrated Utilization of Land:

Tianjin Tractor Factory is strategically located, adjacent to Nankai University, Tianjin University and other domestic first-class universities. It is a rare land resource with high value in various aspects in urban center of Tianjin. The Group used its ecological foundation to reconstruct and form a new type of mixed community, promoting industrial diversification, and greatly improving the convenience of the lives of residents living nearby.

In order to build a more comfortable, convenient, environmentally friendly and more diverse integrated area, the Group made use of the historical structure of the existing Tianjin Tractor Factory floor to selectively and reasonably retain and reconstruct valuable factory floor so that it can blend with new functions and improve the accessibility of internal space. The Group divides the project into three areas: renovation of old factory buildings, residential facilities and new commercial complexes.

Case: Tianjin Sunac Hopsca Center International

The building layout followed the principle of ecological architecture, made full use of natural lighting and ventilation, and each building has a relatively independent and wide view of landscape. The design focuses on the architectural planning and digs deep into its industrial history and culture. In the process of renovation and reconstruction, the original industrial elements, such as rails, gears, sleepers, tires, red bricks, rust stones, etc., are integrated to create a cultural commercial and residential area with great characteristics of Tianjin Tractor Factory. The commercial part is surrounded by 6 groups of buildings to form a spacious inner square, with larger sections of shops set up along the outer street surface, while the inner street is divided into smaller boutique commercials.



Real Map of Tianjin Sunac Hopsca Center International

Urban Revitalization and Urban Renewal:

The Group actively participates in urban revitalization and urban reconstruction, injecting new vitality into urban development. In order to meet the needs of quality life, and at the same time conform to the traditional spirit of the Tianjin Tractor Factory plot, the Sunac Hopsca Center International retained the legacy of the post-industrial era in the design of indoor and outdoor spaces and the treatment of the façade, respected the history, continued with the culture legacies, actively innovated, and injected characteristics of the new era into the rejuvenation of the old industrial base. The transformation of Tianjin Tractor Factory not only made efficient use of land resources, but also promoted the development of economy, history and culture, ecological landscape and even science education.

Case: Tianjin Sunac Hopsca Center International



Real Map of Tianjin Sunac Hopsca Center International

Awards for Tianjin Sunac Hopsca Center International:

- 2016 Architectural Creation Silver Award of the Architectural Society of China/Building Protection and Reuse Category (2016年中國建築學會建築創作銀獎/建築保護與再利用類)
- First Prize of the Third Shenzhen Architectural Creation (深圳市第三屆建築創作一等獎)
- The 6th Shanghai Architectural Creation Award/Existing Architectural Renovation Excellence Award (第六屆上海建築創作獎/既有建築改造佳作獎)
- The 9th Architectural Design Award of Guangdong Province Registered Architect Association/Third Prize in the Public Construction Category (廣東省註冊建築師協會第九屆建築設計獎/公建類三等獎)
- 2016 WA China Architecture Award/Design Experiment Excellence Award (2016WA中國建築獎/設計實驗佳作獎)
- 2018 Top Ten Architectural Design Awards/National Architecture Institute of China (2018年十佳建築設計獎/中國民族建築研究會)
- Second Prize of the 18th Beijing Excellent Engineering Design Award (第十八屆北京優秀工程設計二等獎)
- The 14th Kinpan Awards – Best Urban Renewal Award of the Year (第十四屆金盤獎年度最佳城市更新獎)
- ILIA 2014 4th IDEA-KING Awards – Top Ten Designs of the Year (ILIA2014第四屆艾景獎年度十佳設計)
- 2017-2018 The 4th Real Estate Design Awards/Excellence Award in the Commercial Project Category (2017-2018第四屆地產設計大獎/商辦項目類優秀獎)

5.2 Cultural Construction

Cultural construction is an important strategic resource and valuable material and spiritual wealth of enterprises, and also plays an essential part in improving the overall quality and core competitiveness. In order to strengthen the cohesion, centripetal force and competitiveness of enterprises, the Group vigorously promotes the construction of urban culture & tourism, inherits the spirit of Chinese culture, carries out the protection of ancient buildings, and promotes the interaction and integration of culture, economy and society.

5.2.1 Urban Culture and Tourism

The city is the carrier of culture, and culture is the foundation of the development of the city. In order to better realize the integration of culture and life, the Group has laid out the urban culture & tourism industry from a high starting point. By the end of 2021, the Group has had the following in operation: 14 culture & tourism cities, 6 tourist resorts, 14 theme parks, 23 snow parks, 12 homestays, and nearly 150 hotels, with its operational management projects covering core cities and high-quality destinations across China. The Group continues to work to create a comfortable and safe living environment as well as prosperous cities.

As one of the leading culture & tourism enterprises in China, the Group continues to provide high-quality joyful services to Chinese families and enhance the urban entertainment experience. The Group has formulated a special service plan for Sunac Park, and consolidated the characteristic services by means of training, assessment and inspection etc. In the face of the normalization of pandemic prevention and control, the Group has been continuously expanding and developing new projects, new fields and new models, and always actively responded to the requirements of pandemic prevention policies, and always regarded the protection of the health and safety of tourists as the primary task. During the pandemic, in addition to pandemic prevention measures such as daily disinfection and appointments for restricted visitor number, each park also provided consumers with rich online experience.

Case: Guilin Sunac International Tourism Resort

In order to meet the people's traveling demands, enrich the supply of tourism products, develop the night economy, enhance the tourism environment, and promote industrial integration, Guilin International Tourism Resort opened grandly in 2021. Located in Yanshan District, Guilin, the overall design of the project incorporated Guilin landscape and ethnic culture, creating the most distinctive tourism and cultural theme park in Guangxi, known as a world-class "Joyful Aircraft Carrier".

Guilin Sunac International Tourism Resort puts strategic synergy advantages of the Group to good account. In order to create a new model of integrating culture & tourism, the resort is divided into three major sections: "Joyful Tribe", "Lijiang Houhai Commercial Town" and "Sunac Hotel Group", to fill up the blank areas in Guilin's culture & tourism industry, promote the upgrade and development of urban construction, and add brilliance to the city, which aims to become a world-class tourism city, by adopting the innovative model of "Landscape + Culture & Tourism" that integrates multi-type of operation.



Guilin Sunac International Tourism Resort

Case: Hangzhou Bay Sunac Culture & Tourism City Water Park

Hangzhou Bay Sunac Culture & Tourism City covers an area of 105,000 square meters, comprises three sections of amusement park, business and hotel, with 18 high-quality water amusement facilities, represents the Group's largest single outdoor water park built in China, and is also the first entertainment business type put into operation in Hangzhou Bay Sunac Culture & Tourism City.

Hangzhou Bay Sunac Culture & Tourism City Water Park is equipped with complete supporting facilities, including a large-scale tourist distribution center with more than 4,000 parking spaces, a tourist service center, a medical station and a tourist lounge. Among them, the amusement parks include all-season, all-weather special zones for fun such as Water Park, Sunac Park, Children's Park, Snow Park, etc., all providing tourists with rich entertainment choices, enhancing the sense of happiness of tourists' urban life while satisfying their needs for fun.



Hangzhou Bay Sunac Culture & Tourism City

5.2.2 Protection of Historic Buildings

"Sunac Shanzhu China Program" is a public welfare program for the protection of historic buildings launched by the Group in 2019, aiming to protect traditional Chinese buildings and inherit historic building culture. The Group takes full advantage of Sunac's Chinese product research and development capabilities and experience, selects culturally representative historic buildings, restores and revitalizes the cultural and historical features of historic buildings to make positive contributions to the inheritance of traditional Chinese architectural skills and talent training, find a new carrier for traditional Chinese architecture, and help cultural rejuvenation. As of December 2021, the Group has donated a total of RMB9.845 million to the protection of historic buildings, combining forces with multiple parties to protect and inherit traditional Chinese culture.

Case: Tiger Hill Tower Shadow Park (虎丘塔影園) Digital Protection Project

The Group, in association with the China Foundation for Cultural Heritage Conservation and the Tiger Hill Scenic Area Management Office, carried out the digital protection project of Tiger Hill Tower Shadow Park. In 2018, Suzhou proposed in the “Opinions on Accelerating the Implementation of ‘Paradise Suzhou City of 100 Gardens’ (《關於加快推進「天堂蘇州百園之城」的實施意見》)” that it plans to complete the renovation of 108 classical gardens by 2022. As one of the representative works of Suzhou Gardens, Tower Shadow Garden was included in the “City of 100 Gardens” action of Suzhou.

In May 2020, the Group officially launched the Sunac Special Fund for the Protection of Ancient Buildings – Tiger Hill Shadow Park Digitalization Project, exploring diversified ancient buildings protection and cultural inheritance channels while fulfilling its social responsibilities, and exploring the innovative practice of social forces participating in the protection and revitalization of historic buildings by relying on advanced digital technology. In 2021, the digital protection project of Tiger Hill Tower Shadow Park was successfully concluded, which realized the digital mapping and high-density holographic three-dimensional image construction of Tower Shadow Park, the construction of a database of typical architectural elements of Tiger Hill Garden, and the construction of a virtual interactive platform for Suzhou Garden WeChat applet, providing a detailed scientific basis for the reconstruction of Tower Shadow Park and even the research, creation, simulated restoration and cultural dissemination of Su-styled gardens.



Tiger Hill Scenic Area

Case: The Upgrading and Renovation Project for Public Area Services of the Li Hongzhang Ancestral Hall and Wangshan Tower

In 2021, the Group and the China Foundation for Cultural Heritage Conservation carried out protective development and utilization of Li Hongzhang Ancestral Hall and Wangshan Tower (Principal Building) in the north, enhanced public area services, and created characteristic cultural venues such as historical book cafe, cultural lecture halls, intangible cultural heritage experience centers, etc., which can not only enhance the scenic tour space, optimize the comfort of tourist experience, disseminate and promote garden culture, but also contribute to the long-term protection of ancient buildings.

Up to now, the upgrading and renovation project for public area service of the Li Hongzhang Ancestral Hall and Wangshan Tower has completed and furnishing is undergoing.

5.3 Rewarding the Society

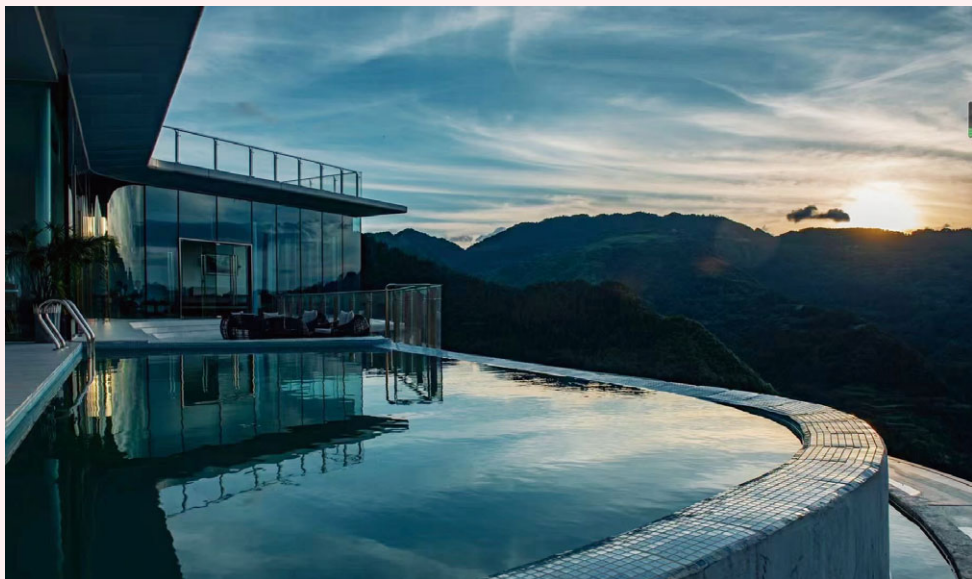
While providing customers with high-quality products and better lives, the Group always keeps in mind to give back to the society. The Group insists on the inheritance of enterprise culture. Adhering to the public welfare concept of “focusing on the questions of times, practicing social responsibility and creating long-term value for the whole society”, the Group has established a public welfare foundation and established a long-term public welfare charity mechanism to promote the innovative development of public welfare undertakings and the creative transformation and development of China’s excellent traditional culture.

5.3.1 Rural Revitalization

The Group has started with culture & tourism, and carried out rural revitalization leveraging the drive of industries, cultural activation, education support, habitat transformation and other means, and helped Longtang Village and Zhongyi Town, Chongqing to establish a long-term mechanism for poverty alleviation and sustainable development. In terms of poverty alleviation and rural revitalization, the Group always strives to create villages of culture characteristics in all respects through exerting its industrial advantages, without sacrificing the original style of the countryside, in an effort to set the paradigm for rural revitalization and jointly build a beautiful community with high quality and warmth.

Case: Continue to Help Longtang Village, Leishan County, Guizhou Province, Stimulating the Increase of Income for More Than RMB8 Million

Together with the YouChange China Social Entrepreneur Foundation, and with the support of the Leishan County Government, the Group launched the “Pairing to Help Guizhou Longtang Achieve Targeted Poverty Alleviation” project, using its own industrial resources, connecting parties of all levels, creating a comprehensive and three-dimensional poverty alleviation model for Longtang Village, activating the inherent power of the village on the basis of protecting the village’s ethnic culture and traditional life, helping Chinese villages to establish a long-term development mechanism of “poverty alleviation without returning to poverty”, and helping to achieve a better life of urban and rural integration. Since the project was launched, it has increased the income of Longtang Village for more than RMB8 million.



Real Map of Boutique Homestay “Longtang Mountain House”

Case: Zhongyi Town Assistance Project in Chongqing

The Group invested RMB135 million into four major projects in Zhongyi Town, Chongqing, namely Original Aspiration Academy (初心學院), Bizikari (畢茲卡里), China Bee Valley (中華蜜蜂穀) and Banxiang Homestay (伴鄉原宿), and joined hands with Tsinghua University to explore a new model of integrated rural revitalization and development which features in “Party leadership, industry-driven, cultural activation and green development”, and realizes the “revitalization in five aspects”, namely rural industry, talent, culture, ecology and organization.

The Group regards ecology and environmental protection as the thread of project construction in Zhongyi Town, Chongqing, with taking the lead in green development and acceptance of the red line of ecological protection as the basis, and explores cultural resources, builds eco-agriculture product industry and helps with rural revitalization by creating landscapes such as quiet lotus pond (靜心曉荷), towering woods and tenure (林泉高志), unity forest (團結林), building century-old courtyards, integrating bee industry, and transforming landscape valleys.



Real Map of Original Aspiration Academy, Bizikari, China Bee Valley and Banxiang Homestay

5.3.2 Inclusive Public Welfare

The Group has always adhered to the concept of inclusive public welfare, established a volunteer alliance, and provided a professional and convenient platform for employees, house owners and caring people in the society to participate in public welfare activities and social volunteer services by integrating public welfare projects and resources and taking mobile internet innovation, so as to gather public forces and jointly promote the development of public welfare and charity. The Group has launched the “All Staff in Public Welfare Plan” and provided paid “Public Welfare Leave” to encourage all members of the Group to actively participate in public welfare activities and continued to support public welfare in a long-term, in-depth and powerful manner, which leads to the formation of the public welfare culture and environment. It joins hands with its staff to promote the long-term development of public welfare undertakings. In 2021, the Group launched 49 public welfare activities in 39 cities of 20 provinces (municipalities), with more than 13,000 volunteers participating, and a total of 68,496 hours of service dedicated to social welfare, combining the love force of all parties, allowing more and more people to “do public welfare at will” and do public welfare anytime and anywhere.

Awards for Social Responsibility Obtained in 2021

The 11th "China Charity Award" (第十一屆「中華慈善獎」)

Outstanding Enterprise Award for Green Development of "China Benefit Corporation" (「中國益公司」綠色發展傑出企業獎)

2021 China Brand Forum Rural Revitalization Brand Case (2021中國品牌論壇鄉村振興品牌案例)

2021 C Inventory Responsibility as an Excellent Enterprise (2021C盤點責任擔當優秀企業)

Pioneer of Culture & Tourism (文旅急先鋒)

2021 Culture & Tourism Energy Saving and Green Building Model Case BREEAM-Snow Park (2021年文旅節能綠建典範案例BREEAM—雪世界)

Case: "Bending Over for Action"

With the "carbon peaking and carbon neutrality" goal in mind and in order to advocate low-carbon environmental protection, in 2021, the Group carried out three "Bending Over for Action" to guide the public to establish environmental awareness by leading owners, employees and the general public to clean up garbage in mountains, shoals and other areas, protect the environment with practical actions, and respect nature.



First "Bending Over for Action" in 2021 of Sunac South China

Case: A Public Welfare Activity Themed "Bringing Ice and Snow into Campus" of the Ice and Snow Segment of Sunac Culture & Tourism

In 2021, the ice and snow section of Sunac Culture & Tourism launched the public welfare activity themed "Bringing ice and snow into campus", and disseminated the knowledge and skills of ice and snow sports on the campus by setting up special courses for popular knowledge of ice and snow, introducing professional ice and snow knowledge systems, helping to establish ice and snow competition school teams, selecting and cultivating high-quality ice and snow talents, providing off-campus real snow training places, and providing free ice and snow sports gear. The activity has taken place in more than 100 primary and secondary schools across the country, affecting hundreds of thousands of teachers and students, helping "engaging 300 million people in ice and snow activities", and has been reported by CCTV and other national media for many times.



Kunming Sunac Snow Park "Engaging Millions of Teenagers in Ice and Snow Activities"

5.3.3 Educational Assistance

The Group will always rely on its own ability to make contributions to the development of national education and continue to create value for the society. The Group regards education and intellectual support as an important direction of corporate social responsibility, through the “Saplings Charity Program”, it helps primary and secondary schools in areas with underdeveloped education and balances urban and rural education, at the same time, it has established an education development fund with universities to support the high-quality development of education.

Case: Saplings Charity Helped Balance Education

The Group gives full play to its advantages in corporate resources to help balance urban and rural education and promote the children education development in areas with underdeveloped education. In 2021, the Group continued to carry out the “Saplings Charity Program” to support the educational development of children in underdeveloped areas in a deep, long-term and sustainable manner through the construction of facilities, donation of love book houses, the launch of Saplings Charity visits and summer camp activities.

In 2021, the Group donated a total of 29 Saplings Charity Book Houses, donated more than 11,000 books, and carried out 13 educational and intellectual support activities. Since 2015, the Group has been pairing up to help 77 schools in 17 provinces across the country, and donated 1 primary school in Daliangshan.



2021 Sunac Saplings Charity Program – Love Action of Caishi Central Primary School

Case: Established Education Funds to Support the High-quality Development of Education

The progress of education and scientific research is correlated to the future development of the country. In May 2021, the Group cooperated with the Yunnan University Education Foundation to establish the Education Development Fund, donating RMB110 million to support the development of higher education and basic education in Yunnan University and improve the level of supporting resources for education in Kunming.

In September 2021, the Group donated RMB3 million to the Chongqing University Education Development Foundation to set up the “Chongqing University – Sunac Chongqing Education Development Fund” to support the talent training, discipline construction, scientific research and other work of Chongqing University, and to help the development of higher education and social welfare undertakings of Chongqing.

5.3.4 Anti-Pandemic and Disaster Relief

The Group always pays attention to the needs of the society and fulfils corporate social responsibilities by investing in a lot of human, material and financial resources to actively cooperate with governments at all levels, and participates in the anti-pandemic and disaster relief work.

Case: Donated RMB10 Million to Shijiazhuang Charity Federation – Fight against the Pandemic

At the beginning of 2021, Shijiazhuang, Hebei Province, launched a battle against the COVID-19 pandemic. Due to the pandemic, 6 counties and districts in Gaocheng District, High-tech Zone, Yuhua District, Chang'an District, Luancheng District and Xinhua District fell into a "crisis", and the Group donated RMB10 million of charitable funds to the Shijiazhuang Charity Federation to support people in need and affected by the pandemic and help civil efforts when the prevention and control of pandemic becomes the norm.



Donation Signing Ceremony



Donation Certificate

Case: Donated RMB20 Million to Zhengzhou Charity Federation – Henan Province Flood Prevention and Disaster Relief

In July 2021, when many parts of Henan Province were hit by heavy rainfall continuously, and 10 cities including Zhengzhou suffered serious floods, the Group donated RMB20 million to the Zhengzhou Charity Federation to help Henan Province in flood prevention and relief work. The donation was used for the procurement of disaster relief materials to ensure the public's safety in the disaster-stricken areas.

Key Performance Table

Environmental Performance Table for 2021

Indicators	Unit	Real Estate Group and Culture Group	Service Group	Culture & Tourism Group
Total greenhouse gas (GHG) ⁶ emissions	Tons	40,234.33	275,153.38	338,580.69
Scope 1	Tons	4,560.16	8,399.76	30,629.11
Scope 2	Tons	35,674.17	266,753.62	307,951.59
GHG emission intensity	Tons/total number of employees	1.63	/	31.30
	Tons/sq.m. ⁷	/	0.001	/
Total non-hazardous waste ⁸	Tons	6,136.85	7,073.46	10,668.93
Non-hazardous waste intensity	Kg/total number of employees	248.21	/	986.40
	Kg/sq.m.	/	0.03	/
Total hazardous waste ⁹	Tons	6.71	3.04	29.66
Hazardous waste intensity	Kg/total number of employees	0.27	/	2.74
	Kg/sq.m.	/	0.00	/
Water consumption	Tons	2,499,166.97	12,352,367.48	9,247,871.23
Water consumption intensity	Tons/total number of employees	101.08	/	855.02
	Tons/sq.m.	/	0.06	/
Total comprehensive energy consumption ¹⁰	MWh	74,013.09	479,416.43	652,504.17
Direct energy consumption	MWh	19,327.48	42,437.81	150,817.79
Gasoline	MWh	11,355.59	809.34	2,280.60
Diesel	MWh	180.23	418.12	795.21
Natural gas	MWh	3,853.24	40,405.06	147,741.98
LPG	MWh	3,938.42	805.30	/
Indirect energy consumption	MWh	54,685.61	436,978.62	501,686.38
Purchased electricity	MWh	54,685.61	436,978.62	480,494.52
Purchased steam	MWh	/	/	13,982.03
Purchased hot water	MWh	/	/	1,183.95
Purchased heat	MWh	/	/	6,025.88
Comprehensive energy consumption intensity	MWh/total number of employees	2.99	/	60.33
	MWh/sq.m.	/	0.002	/

^{6.} The Group's GHG inventory mainly includes carbon dioxide, methane and nitrous oxide. GHG emissions data is presented in carbon dioxide equivalent and is calculated in accordance with the "2006 IPCC Guidelines for National Greenhouse Gas Inventories (Revised in 2019) (《IPCC 2006年國家溫室氣體清單指南2019 修訂版》)", the "Chinese Regional Power Grid Baseline Emission Factors for 2012 (《2012年中國區域電網基準線排放因子》)" and the "Accounting Methods and Reporting Guidelines for the GHG Emissions of Other Industrial Enterprises (《其他工業企業溫室氣體排放核算方法與報告指南》)".

^{7.} The GFA under management of the Service Group as at 31 December 2021.

^{8.} The main types of non-hazardous wastes generated by the Group are office waste, kitchen waste, office paper, etc.

^{9.} The main types of hazardous wastes generated by the Group are electronic waste, used batteries, used toner cartridges, used ink cartridges, medical waste, etc.

^{10.} Total comprehensive energy consumption is derived from the translation of direct and indirect energy consumption based on the "General Principles for Calculation of the Comprehensive Energy Consumption (《綜合能耗計算通則》)" (GB/T2589-2020).

Social Performance Table for 2021

Name of Indicators	Unit	2021
Total number of employees	Person	72,147
Gender		
Male	Person	41,634
Female	Person	30,513
Age group		
30 or below	Person	33,444
31 to 50	Person	35,689
Above 50	Person	3,014
Work regions		
Mainland China	Person	72,067
Hong Kong, Macao and Taiwan	Person	7
Overseas regions	Person	73
Business system		
The Real Estate Group	Person	23,754
The Service Group	Person	36,607
The Culture & Tourism Group	Person	10,816
The Culture Group	Person	970
Rank		
Upper level managers	Person	1,409
Mid level managers	Person	15,917
Primary level employees	Person	54,821
Total number of employee turnover	Person	33,409
Gender		
Male	Person	19,616
Female	Person	13,793
Work regions		
Mainland China	Person	33,407
Hong Kong, Macao and Taiwan	Person	0
Overseas regions	Person	2
Age group		
30 or below	Person	18,910
31 to 50	Person	13,536
Above 50	Person	963

Name of Indicators	Unit	2021
Employee turnover rates	%	31.65
Gender		
Male	%	32.03
Female	%	31.13
Work regions		
Mainland China	%	31.67
Hong Kong, Macao and Taiwan	%	0
Overseas regions	%	2.67
Age group		
30 or below	%	36.12
31 to 50	%	27.50
Above 50	%	24.21
Others		
Coverage of employees medical examinations	%	100
Percentage of employees trained	%	100
Gender		
Male	%	100
Female	%	100
Rank		
Upper level managers	%	100
Mid level managers	%	100
Primary level employees	%	100
Total training hours	Hour	5,162,889
Average hours of employee training	Hour	71.56
Gender		
Male	Hour	68.77
Female	Hour	75.37
Rank		
Upper level managers	Hour	46.29
Mid level managers	Hour	84.09
Primary level employees	Hour	68.57
Total number of suppliers		47,192
Mainland China		47,114
Hong Kong, Macao and Taiwan		21
Overseas regions		57
Social welfare donations		
Total donation amount	RMB million	167
Number of participants	Person	13,799
Total time invested	Hour	68,496

Disclosure Metrics		Responses
Category: Environmental		
A1: Emissions		
General Disclosure		2.4 Green Operation
A1.1	The types of emissions and respective emissions data	Key Performance Table
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Key Performance Table
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Key Performance Table
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Key Performance Table
A1.5	Description of emissions target(s) set and steps taken to achieve them	2.4 Green Operation
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	2.4 Green Operation
A2: Use of Resources		
General Disclosure		2.4 Green Operation
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Key Performance Table
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Key Performance Table
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	2.4 Green Operation
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	2.4.3 Water Environment Protection
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Since there are very few packaging materials generated in the Group's operation, the key performance indicator A2.5 is therefore not disclosed
A3: The Environment and Natural Resources		
General Disclosure		2.1 Green Concept
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	2.2 Green Design 2.3 Green Construction 2.4 Green Operation
A4: Climate Change		
General Disclosure		2.5 Climate Change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	2.5 Climate Change

Disclosure Metrics		Responses
Category: Social		
Employment and Labour Practices		
B1: Employment		
General Disclosure		4.1 Talent Protection 4.2.2 Promotion Channels
B1.1	Total workforce by gender, employment type (for example, full or part-time), age group and geographical region	4.1.1 Equal Employment Key Performance Table
B1.2	Employee turnover rate by gender, age group and geographical region	Key Performance Table
B2: Health and Safety		
General Disclosure		3.2.1 Safety Management System
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	3.2.1 Safety Management System
B2.2	Lost days due to work injury	3.2.1 Safety Management System
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	3.2 Safety and Health 4.3.1 Welfare Security
B3: Development and Training		
General Disclosure		4.2 Talent Cultivation
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Key Performance Table
B3.2	The average training hours completed per employee by gender and employee category	Key Performance Table
B4: Labour Standards		
General Disclosure		4.1.1 Equal Employment
B4.1	Description of measures to review employment practices to avoid child and forced labour	4.1.1 Equal Employment
B4.2	Description of steps taken to eliminate such practices when discovered	4.1.1 Equal Employment
Operating Practices		
B5: Supply Chain Management		
General Disclosure		3.4.1 Supplier Management
B5.1	Number of suppliers by geographical region	Key Performance Table
B5.2	Description of practices relating to engaging suppliers, number of suppliers where practices are being implemented, and how they are implemented and monitored	3.4.1 Supplier Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	3.4.1 Supplier Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	3.4.2 Green Procurement

Disclosure Metrics		Responses
B6: Product Responsibility		
General Disclosure		3.1.1 Quality Management 3.3 Customer-Centric Concept
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	3.1.1 Quality Management
B6.2	Number of products and service related complaints received and how they are dealt with	3.3.3 Customer Complaint Management
B6.3	Description of practices relating to observing and protecting intellectual property rights	1.6.3 Intellectual Property Protection
B6.4	Description of quality assurance process and recall procedures	3.1.1 Quality Management
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	3.3.2 Customer Privacy Protection
B7: Anti-corruption		
General Disclosure		1.6.2 Integrity Operation
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	1.6.2 Integrity Operation
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	1.6.2 Integrity Operation
B7.3	Description of anti-corruption training provided to directors and staff	1.6.2 Integrity Operation
Community		
B8: Community Investment		
General Disclosure		5.3 Rewarding the Society
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	5.3 Rewarding the Society
B8.2	Resources contributed (e.g. money or time) to the focus area	Key Performance Table

Readers Feedback Form

Dear readers,

Thank you for reading this report. The Group sincerely look forward to your valuable comments on this report, so as to help the Group further improve our work.

Multiple choice questions (please tick the appropriate box)

1. What is your identity?

- ☐ Government ☐ Investor ☐ Employee ☐ Customer ☐ Supplier/
Contractor ☐ Business partner
- ☐ Peer ☐ Community and public ☐ Media ☐ NGO ☐ Others
(please specify)

2. What do you think of the ESG performance of the Group?

- ☐ Excellent ☐ Good ☐ General ☐ Poor

3. How would you rate this report?

- ☐ Excellent ☐ Good ☐ General ☐ Poor

4. How would you rate the ESG information disclosed in this report?

- ☐ Excellent ☐ Good ☐ General ☐ Poor

5. How would you rate the structure of this report?

- ☐ Very reasonable ☐ Reasonable ☐ General ☐ Less reasonable

6. How would you rate the layout and design of this report?

- ☐ Excellent ☐ Good ☐ General ☐ Poor

7. Please feel free to share any expectations you may have from the Group in terms of the ESG of the Group.

The ESG Report is committed to responding to issues which key stakeholders consider important. For any doubt or advice on the ESG Report, you are welcome to contact the Group anytime through the following means:

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