ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORT 2015



2015 Environmental and Social Responsibility Report

REPORTING SCOPE

This Environmental and Social Responsibility Report covers the Company and its subsidiary companies (the "Company") related to the highway business, excluding Zheshang securities co., Ltd. and its associated companies, joint venture companies and joint-stock companies.

REPORTING PERIOD

This Environmental and Social Responsibility Report covers the period (the "Reporting Period") from January 1, 2015 to December 31, 2015.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORT

Elements of Work Environment

Work Environment

The Company is committed to the corporate values of integrity, harmony, openmindedness and ambition, in order to provide a good and positive work environment where employees may fully utilise their talents. The Company attracts and retains talents who fit well into the strategic requirements of the Company on the recruitment principle of "ability and integrity, virtue first and drive for results" and by means of campus recruiting, social recruiting, references and recruitment through agencies. Remuneration is determined based on an employee's function, ability and performance. The whole remuneration package offered by the Company to its employees includes basic salary, incentive pay, paid leave, supplementary health insurance, annuity, etc. Employees are given the opportunity to pursue their most suitable career path through competition, discretionary choice, references and rotations.

As at December 31, 2015, the Company had a total headcount of 4,236 employees, with male and female employees representing 56.4% and 43.6% respectively, of which 390 employees were hired by third party labor service agencies. During the Reporting Period, 173 employees resigned, representing 4.1% of the total headcount of the Company.

Staff Age Distribution of the Company



Occupational Health and Safety

The Company insists on "safe, human-oriented development", and focuses primarily on safety in all business and production activities. The Company has implemented production safety accountability and safety risk deposits, defined the duties and responsibilities of each position for the purpose of production safety, set forth standardized safe operation procedures in line with the nature of each job, assessed hazards and risks in occupational health and safety and taken appropriate action to ensure risks are under control. The Occupational Health and Safety (OHS) management system of the Company has been certified by a third party institution.

During the Reporting Period, the Company continued to standardize safety procedures, procure safety production management information software, build a safety production information management platform, carry out specific projects, namely "safe management standard year" for tunnels and "fire control safety checks". The Company also conducted various training sessions on safety warnings on a regular basis, all in an effort to minimize accidents. Zhejiang Expressway Co., Ltd, Zhejiang Jiaxing Expressway Co., Ltd, Zhejiang Shangsan Expressway Co., Ltd, Zhejiang Jinhuayongjin Expressway Co., Ltd and Zhejiang Hanghui Expressway Co., Ltd. have achieved "State Safety Standardization (grade 2) Enterprises status" among all expressway companies across the country.

The Company buys personal accident insurance for all employees, arranges for employees to take physical examinations and purchases labor protection supplies for the protection of employees as required. During the Reporting Period, the Company paid RMB614,000 for personal accident insurance, RMB1,059,000 for physical examinations and RMB8,460,000 for labor protection supplies. No work-related injuries or deaths occurred with respect to any employees.

Development and Training

The Company encourages employees to continue to study and awards them in an appropriate way on meeting the requirements and obtaining the results of study. According to the nature of each job, the Company provides different classes and levels of comprehensive management knowledge training, professional technical training and job skills training to enhance the business skills and management level of employees.

During the Reporting Period, the Company actively conducted various training activities and paid RMB5,678,000 for such training activities. Such training activities included the training conducted together with Shanghai Jiaotong University for middle-level leaders, with respect to new safety laws and toll collection interns. Moreover, the Company perfected its training assessment mechanism and on the basis of the assessment result of previous trainings, learning and behavior assortment were introduced to quantify the results of training, providing a basis to increase the efficiency of such training. Meanwhile, the Company further implemented the internal trainer mechanism by selecting 108 employees to constitute a team of internal trainers.



Corporate Culture

During the Reporting Period, the Company focused on reform, innovation, transformation and development, and promoted corporate culture by carrying out corporate culture trainings, defining vision, core values and philosophy of the Company and practicing core cultural conception so as to enhance a sense of belonging and cohesion. During the Reporting Period, the Company organized 6 culture training activities and over 20 other culture themed activities.

During the Reporting Period, Mr. Gu Weiling of Dayun Toll Station of the Company gained the honorary title of "National Model Worker"; Mr. Xu Yongquan, director of the Management Department of Shaoxing was awarded "May 1st Labor Medal" of Zhejiang Province and 20 other employees gained the honorary title of "Hundred Moral Models" of Zhejiang Communications Investment Group. Co. Ltd.; 2 employees gained the honorary title of model workers of Zhejiang Communications Investment Group. Co. Ltd. Zhejiang Expressway Co. Ltd. was the winner of the "Ankang Cup"; the Monitoring Sub-center of Hanghui Management Department was awarded the title of "National Youth Civilization"; Jiaxing, Shaoxin and Beian expressway service areas were selected to be three of the best 100 national expressway service areas; Chang'an, Yuyao, Tiantai, Cicheng, Wangqingtuo were awarded as excellent national service areas; Yongjin Management Department was awarded the title of the "Enterprise with Harmonious Labor Relationship at the Provincial Level". All grass-root units obtained more than 20 honorary titles at or above the prefectural level.

Labor Standards

The Company adopted a system whereby any adjustments pertaining to material matters such as employee salary collective negotiation and employee labor interests shall be considered and adopted at a congress of workers and staff. The Company established a labor dispute mediation committee to protect the interests of employees as well as a poverty alleviation fund to help those in need. At a grass-root station of the Company, a special psychological counseling room and an abreaction room were established with qualified part-time psychological counselors to provide psychological counseling and guidance in a bid to guide employees to maintain a calm state of mind and to work and live happily.

During the Reporting Period, the Company obeyed and followed all relevant labor laws, respected justice and fairness in its employment policies, never employed child labor or forced labor and signed employment contracts with all employees. The Company did not employ any child labor, or have any labor disputes. A total of RMB185,000 was taken out of the poverty alleviation fund to help 21 employees in distress during the Period.

Environment Protection

Emissions and Discharges

The Company is principally engaged in investing, developing and operating high-end expressways. Its businesses, though different from those enterprises involved in the environment business directly, do to some extent, directly or indirectly, have an impact on the environment. The Company follows all environment-related laws and regulations strictly, and conducts environment impact assessments as required for all new projects. All service areas meet national standards on sewage treatment and disposal. The Company's dust emission from asphalt mixing also meets national standards. The company promotes the use of low-carbon, environmentally-friendly and effective hot-in-place recycling on asphalt pavements to reduce the use of bituminous mixtures and recycle them. The recovery and recycling of waste asphalt has reached almost 100%. The environment management system of the Company has been certified by a third-party institution.

	Reporting Period
	2015
Waste water discharge from toilets, canteens and the square in the service stations (0,000 tones)	109
Waste water discharge compliance rate	100%
Recovery of bituminous mixture waste (0,000 tones)	9.2
Recycling of bituminous mixture waste (0,000 tones)	4.6
Dust emission compliance rate from asphalt mixing	100%

Resource Consumption

The Company encourages all employees to save resources, protect the environment and lower costs. Without compromising service and product quality, the Company tries to minimize resource consumption and usage. Energy-efficient processes and products are used wherever possible. The Company's lighting equipment is also remodeled for energy savings. Employees are encouraged and supported to make rational proposals for energy saving, emission reduction and efficiency improvements.

During the Reporting Period, the Company actively accelerated the construction of LNG gas stations in Chang'an, Shaoxing and Dongyang service areas; the 40 KW photovoltaic power station project with respect to the Desheng Toll Station was completed, and the completion of the LED renovation for the tunnel lighting system will save approximately RMB600,000 every year; technical renovations from gas to oil of the asphalt mixing building and the environmental protection facilities for dust removal and noise reduction at Chang'an and Shangyu were finished. Two employees at the Tunnel Management Station of Ningbo-Jinhua Expressway Management Department developed "special Flashing Lights Control for Tunnels" which allows cost effective and stable control of lights in tunnel, and obtained a national utility model patent.

	Reporting Period	
	2015	
Water (0,000 tonnes)	138.9	
Power (0,000 KWH)	3,972.5	
Steam (tonne)	2,553	
Oil		
Gas (tonne)	617	
Diesel (tonne)	1,042	
Natural Gas (0,000 cubic meters)	0.25	

Environment and Natural Resources

The Company follows an environmental management policy that is focused on energy savings, consumption reductions and environmental protection. Tollhouses are beautified by planting greens, fruit trees and crops strategically in order to improve both the air quality of the local environment as well as working environment for employees. During the Reporting Period, the usage of environmentally-friendly materials were maximized when decorating new offices. A lot of plants were placed in offices to purify the air and cleanse the working environment, and the air quality inside the Company's new offices is up to national standards. In order to save on paper and other office products, the Company uses video conferencing systems as well as electronic communications such as emails widely. The Deskmedia paperless digital conferencing system was introduced in the Company's offices for the first time in order to minimize the use of paper and other office consumables. The Company also encourages double-sided printing to minimize environmental impact and paper (5,000 pieces/carton).

Business Practices

Supplier Management

The Company chooses suppliers according to the Company's "Administrative Measures for Bids". Suppliers of compliant procurement projects must be determined by means of bidding, competitive negotiation, inquiry and comparison, and are subject to the rules of transparency, fairness, justice and good faith. The Company has formed a bid management committee and a bid evaluation committee. If any member of the bid evaluation committee has any kind of interest in a prospective supplier, such member must avoid being involved in any decision- making related thereto.

During the Reporting Period, the Company selected 95 suppliers by bidding and purchased maintenance machinery, safety renovation devices and upgraded equipment at an aggregate value of approximately RMB357,430,000.



Assurance

Safe, smooth, high-quality and efficient traffic define the quality management philosophy of the Company. It is the core responsibility of the Company to keep its expressways intact, flat and smooth, and related facilities operating efficiently. In order to achieve this goal, the Company has deployed a medium- to long-term maintenance plan and annual maintenance plan, put in place a standardized toll service system, and put together a traffic accident response team and mechanism. A full range of services are provided, including catering, shopping, hygiene, fuel refills and vehicle repairs. Standard equipment maintenance, a support and emergency response mechanism and an OHS system have been implemented. The Company has also connected to Zhejiang Province's service hotline 12122, and has specified traffic video storage periods and inquiry procedures. The tollbooth staff is good-mannered with respect to toll-collection rules. The quality management system of the Company has been certified by a third party institution.

During the Reporting Period, the Company recorded road maintenance costs of approximately RMB474,030,000. This included the improvement of 380,000 square meters of distressed pavement, and pavement overlay mileage of 127 km (single breadth), repaved 134 bridgeheads, and consolidated 35 high slope protections. The Zhejiang Expressway Administration Bureau tested the Shanghai-Hangzhou-Ningbo Expressway, the Shangsan Expressway, the Jinhua Section of the Ningbo-Jinhua Expressway and the Hangzhou-Huizhou Expressway and rated their Pavement Quality Index (PQI) as 94.3, 94.3, 94.5 and 94.9 respectively, among the best in class as recognized by the government's communications authority. The Company was acclaimed as the most advanced unit for its excellent performance in Zhejiang expressway maintenance in 2015. The Company seeks to spot and clear litter on the road as early as possible by implementing regular road monitoring and patrols, and extraordinary patrols under unusual weather or events. Public liability insurance is acquired against potential losses arising from traffic accidents caused by litter on the road. During the Reporting Period, there were 429 incidents caused by road litter on the Shanghai-Hangzhou-Ningbo Expressway, the Shangsan Expressway, the Jinhua Section of the Ningbo-Jinhua Expressway, and the Hangzhou-Huizhou Expressway, of which 17 incidents were covered by public liability insurance. There were no traffic accidents for which the Company was legally obligated under a court ruling.



During the Reporting Period, the Shanghai-Hangzhou-Ningbo Expressway, the Shangsan Expressway, and the Jinhua Section of the Ningbo-Jinhua Expressway and the Hangzhou-Huizhou Expressway were open for traffic for around 335 days and were blocked or closed on the remaining around 30 days due to traffic accidents, weather, road construction or other problems (including full closure, lane closure, timed closure, tollbooth closure and split traffic). The Company has 152 ETC lanes and 106 lanes with a self-service card issue machine at the entrance, of which 21 were newly added during the reporting period. A total of 208,840,000 vehicles passed through the Company's tollbooths.

During the Reporting Period, the Company received a total of 44,943 incoming calls via its service hotline, including 80 complaints. The complaint settlement and response rate was 100%. The Company responded to 37,601 road side service requests and the average response time from service request to the dispatch of the rescue team was approximately 5 minutes.

During the Reporting Period, toll free vehicles transporting fresh agriculture products on the section of expressways managed by the Company was 920,370, with a total toll of RMB164,173,000 exempted; and toll free vehicles for passenger cars because of holidays was 6,868,889, with a total toll of RMB253,573,800 exempted.

During the Reporting Period, the Company was not involved in any charge of intellectual property, private client information leakage and no food safety accidents happened at service areas.

External Responsibility

The Company's products and services have some impact on the environment and the life of residents along the roadside, such as noise from vehicles running on expressways and occasional accidents of leakage of hazardous products. The Company regularly exchanges views with the government and affected residents, and does its best to minimize the impact of noise on the life of residents via initiatives such as installing sound-proof glass and planting trees on the roadside. The possibility of hazardous product leakage in transit is mitigated or eliminated by a combination of effective measures, for example, registration of vehicles loaded with hazardous products, warning signage, renovation of dangerous sections, development of an internal contingency plan, and organization of drills to shorten response time and sharpen employee's crisis management skills.

During the Reporting Period, one accident of hazardous product leakage occurred on the Shanghai-Hangzhou-Ningbo expressway, the Shanggyu-Sanmen expressway, the Jinhua section of the Ningbo-Jinhua expressway, and the Hangzhou-Huizhou Expressway. The Company took active measures as required by the production safety supervisor and environmental authorities and no leakage of hazardous products caused by the Company occurred.

Anti-Corruption

The Company has implemented strict internal discipline management and appointed a part-time discipline liaison for each tollhouse, to tighten the internal surveillance of corruption and bribery. The Company continues to strengthen the anti-corruption responsibility of all management members and employees by signing the "Anti-corruption Commitment". The Company also created the code of Conduct of Part-time Discipline Liaisons to reinforce the training and management of the discipline liaison team while enhancing their capabilities and performance. The "Corruption Risk Awareness" campaign was launched to effectively prevent and root up corruption risk in management. During the Reporting Period, no material events of corruption occurred.

Community Involvement

Community Investment

The Company takes part in the construction of civilized units, places significant emphasis on community activities and actively joins poverty alleviation programs to extend generous financial, social and skill-related assistance to those in need and improve the quality of the villagers in pair-up villages. The Company also promotes good manners and public morals, improves the cultural lives, living environment and life style of rural residents and cares for left-behind children. During the Reporting Period, the Company paired up with 8 households to provide them with financial and social assistance and assisted with the education of 16 children in need as well as made donations worth RMB35,000.

Volunteer Activities

Volunteer activities are an important way for the Company's employees to pay back society and strongly advocate the Company's culture and values. The Company has formed several volunteer groups, all of which are involved in a variety of activities on non-working days, including first-aid, road guidance, public service, blood donation, and safe driving initiatives. During the Reporting Period, the Company organized 60 volunteer activities, with a total of approximately 1,300 participants, and donated approximately 5,000 pieces of clothes to the Yushu area of Qinghai.

Donations

The Company supports the development of culture and sports in Zhejiang Province. A sponsorship cooperation agreement was entered with the Sports Bureau of Zhejiang Province, whereby during the Reporting Period, the Company provided funding of RMB1,000,000 for education, scientific studies and talent development to the Zhejiang College of Sports.



As of the date of this report, the executive directors of the Company are: Mr. ZHAN Xiaozhang, Mr. CHENG Tao and Ms. LUO Jianhu; the non-executive directors of the Company are: Mr. WANG Dongjie, Mr. DAI Benmeng and Mr. ZHOU Jianping; and the independent non-executive directors of the Company are: Mr. ZHOU Jun, Mr. PEI Ker-Wei and Ms. LEE Wai Tsang Rosa.