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ESG **REPORT**

2017 ENVIRONMENTAL
SOCIAL AND
GOVERNANCE



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The Board of Directors and all Directors of the Company guarantee that this report does not contain any false records, misleading statements or material omissions, and that they bear several and joint responsibility for the truthfulness, accuracy and completeness of the contents.



This report is prepared in accordance with Guidelines on Preparing the Report on Corporate Fulfillment of Social Responsibility issued by the Shanghai Stock Exchange (Hereinafter referred to as "SSE"), and the Environmental, Social and Governance Reporting Guide (hereinafter referred to as "Guidelines") issued by The Stock Exchange of Hong Kong Limited (Hereinafter referred to as "Stock Exchange"). It covers the important practices and performance of the Company in relation to its stakeholders, environment and resources, employees, supply chain and products, anti-corruption, community services as well as targeted poverty alleviation from 1 January 2017 to 31 December 2017. In this report, "Chengyu Company", "Company", "the Company" or "we" refer to Sichuan Expressway Company Limited and its subsidiaries.

The report was considered and approved at the 17th meeting of the sixth session of the board of directors convened by the Company on 29 March 2018.

The report is available in simplified Chinese, traditional Chinese and English, which may be obtained on the websites of SSE (<http://www.sse.com.cn>), Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cygs.com>) as needed.

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SICHUAN EXPRESSWAY COMPANY LIMITED

The Company's principal business include operation of expressways, provision of traffic services to vehicles and collection of tolls in accordance with charging standards stipulated by relevant government authorities. At the same time, the Company also conducts a range of various other businesses including "city operation", "financial investment", "energy investment" and "culture, tourism, health and elderly care".

Playing a fundamental and forerunner role in the national economy, the expressway sector does not merely satisfy people's needs for efficient and speedy travel, but also facilitates social and economic development. The Company obtains its operating expressway assets by way of investment and construction as well as acquisition. Currently, we own all or substantially all interests in a number of expressways in Sichuan Province such as Chengyu Expressway, Chengya Expressway, Chengle Expressway, Chengren Expressway, Chengbei Exit Expressway, Suixi Expressway and Suiguang Expressway. The length of expressways of the Company has reached approximately 744 km in total, representing over 10% of the whole expressway mileage throughout the province. Therefore, we exert significant impact and play a critical role in investment, construction and operation of expressways in Sichuan province.

Being fully aware that corporate development is bound up with the society and environment where it operates, the Company has been committed to providing safe, fast and comfortable transportation services to the public and promoting the social and economic development by fulfillment of its social responsibility since its establishment. While gaining economic benefits, the Company pays close attention to the impacts of the products and services it delivers on the society and environment on an ongoing basis, shows respect to stakeholders' interests and holds itself accountable for resulting obligations. Meanwhile, the Company upholds the concept of "green development, convenience and safety, efficiency and excellence", implements the development goal of co-existence and co-prosperity with society and environment, and endeavors to achieve the win-win situation between self-development, environment protection and harmonious society.

In 2017, we celebrated the 20th anniversary of our establishment. In the year, certain practices and efforts made by the Company in respect of environment, society and governance allowed us to solidify our strength through retrospect, be committed to our original aspiration by persistence, and step forward while cherishing the memory. We are grateful to the tolerance of the environment and support from the society. We firmly believe that our Company will reach a new level of development and create impressive results in the new era provided that we make ongoing and positive progress in environment, society and governance.

Road Network of the Group's Expressways





A. Shareholders

The Company has been strictly complying with the Company Law, the Securities Law, the relevant laws and regulations of China Securities Regulatory Commission (CSRC) and the relevant requirements of the listing rules of the SSE and Stock Exchange. It has also been strictly fulfilling the obligations required by CSRC's Code of Corporate Governance for Listed Companies and the Stock Exchange's Corporate Governance Code. Meanwhile, the Company scrupulously abides by the compliance requirements of the A share and H share markets, conducts operating activities by strictly obeying various regulatory and administrative systems, and strives to enhance the operating transparency, to keep raising the corporate governance level and attach sustainable and sound investment returns to shareholders.

a. Equally treat shareholders, and guarantee all shareholders, especially the minority shareholders, enjoy equal status and that they can fully exercise their rights. In 2017, the Company held one annual general meeting (AGM), four extraordinary general meeting (EGM), one A Shares class meeting and one H Shares class meeting, respectively. The convening of the meetings was in line with the provisions of the Company Law, the Articles of Association of the Company, and the Rules of Procedure for the Shareholders' General Meeting, where a combination of both on-spot and online voting was adopted to facilitate the minority shareholders to exercise their rights.

b. Pay attention to the appropriate return on the shareholders' investment, and carry out sustainable, stable profit distribution policy. Since its listing, the Company made an annual distribution of cash dividends to the shareholders on a continuous basis, enabling the shareholders to benefit from the corporate development. In this year, we distributed cash dividend per share of RMB0.11 (tax inclusive) to holders of A shares and H shares, totaling approximately RMB336 million, approximately accounting for 47.79% of the distributable profit of the Company for the year.

c. Strictly perform the statutory information disclosure duty, ensure all shareholders enjoy an equal access to information, and perfect and improve the external supervisory mechanism. In 2017, the Company released 4 regular reports, 66 interim announcements, and 63 other announcements in the A share market, as well as 125 announcements in the H share market. The information disclosure has been rated by SSE among A level (excellent) for four consecutive years.

d. Keep maintaining and enhancing the relation with the investors in various ways. This year, the Company participated in the theme activity titled "2017 Collective Reception Day for the Listed Company Investors from the Area under Sichuan Jurisdiction" jointly organized by Sichuan Listed Companies Association and SSE INFONET Co., Ltd., and the activity of "Board Secretary Duty Week", to answer the investors' questions online. In addition, the Company promoted the online information communication among the various market participants through its "SSE e Interaction" network platform, and exchanged information with domestic and foreign investors, as well as the news media by phone, mail and internet for nearly 135 times. It received 8 batches of site visits from institutional investors, and nearly 229 individual investors.





B. Creditors and Suppliers

The Company insists on operating by laws and rules, and in accordance with standard operation, complying with the principle of openness, fairness and justice, as well as the principle of focusing on integrity, trustworthiness, equality and mutual benefit in all commercial activities. It actively promotes the tendering and bidding system, and strictly controls its internal examination and approval procedures, in order to effectively guarantee the legal rights and interests of creditors and suppliers, and strive to establish a healthy, sustainable relationship of cooperation.

For the creditors, the Company performs a strict control of the loan management procedures, and fulfills its repayment obligation. As a result, the Company has never been in lack of loan management procedures standardization or involved in overdue repayment. Hence, this guarantees the creditors' interests. For years, with stable cash flow, sound capital structure and good credit history, the Company has established and maintained a healthy credit relation with the creditors. In 2017, China Chengxin International Credit Rating Co., Ltd. and China Chengxin Securities Rating Co., Ltd. graded the Company's corporate credit rating and facility credit rating as AAA, effectively enhancing the Company's influence and credibility in National Association of Financial Market Institutional Investors and stock exchanges.

For the suppliers, we improve the internal control to make the approval process more perfect and efficient by building a sound supply chain management system. We also effectively implement the corporate tendering and bidding management system at the same time, complying with relevant national laws and regulations, while stringently using open tender, project selection, inquiry tendering and other methods, and arranging the Company's discipline inspection & supervision personnel to review the tendering and bidding process. This can ensure open, transparent tendering and bidding procedures in the Company to effectively safeguard the legal rights of the suppliers.

C. Consumers

With the aim to "satisfy our consumers", the Company is committed to the improving the road and facilities, and enhancing the level of management and services, so as to ensure that consumers enjoy safe, convenient and comfortable road transportation services. Meanwhile, the Company, from the perspective of consumers, provides them with necessary help. By fully using the hotline, traffic radio, variable intelligence board and other media, it helps the consumers know about the road conditions, so that they could make good route arrangements to avoid traffic congestion.

The Company has provided efficient channels for the consumers for information communication. They may make inquiry or complaints by phone or through the Company's website. Once the Company has received the consumers' opinions or suggestions, it will promptly follow up with the investigation, and feedback the results to the consumers.

D. Employees

As the core competitiveness in corporate development, employees are the decisive factor for our growth, expansion and sustainable development. During the year, we adhered to the "people-oriented" concept, committed to creating a work platform benefiting the Company's employees in realizing their own value and improvement, and created a healthy working environment, thus creating an admirable atmosphere in which the employees grow together with the Company. In 2017, we actively pushed forward labor, human resources, and distribution system reform, and speeded up the introduction of market-oriented mechanism; meanwhile, we constantly improved the social security system through providing the employees with pension insurance, medical insurance, unemployment insurance, occupational injury insurance, and maternity insurance, and establishing and perfecting important systems such as the enterprise annuity and supplementary medical insurance. In addition, we paid attention to the training of our employees, and organized various activities such as new employee orientation training, position-based expertise training, and medium and senior-level management member training, and based on the differences in the employees abilities, to further consolidate the Company's talents pool. Also, we insisted on safety production by providing them with a safe, reliable and comfortable working environment through training and practicing on production safety, improving the workplace and facilities, and so on.



The ecological environment is the base on which humans relies on to survive and develop, and environmental protection is the enterprise's indispensable social responsibility. We pay great attention to the ecological environment protection and strictly comply with the relevant laws and regulations such as "Environmental Protection Law", "Air Pollution Prevention and Control Law", "Water Pollution Prevention and Control Law" and "Environmental Pollution Prevention and Control Law of Solid Wastes". The Company has established a leading group for comprehensive environmental improvement with the chairman of the board of directors serving as the head. Also, the Company has established and improved the organizational system, evaluation system for the environmental improvement and energy-saving & emission reduction, developed specific rules, and clarified the work arrangements and requirements for the environmental improvement and energy-saving & emission reduction at various stages, striving to fulfill environmental responsibilities.

A. The emissions

Engaging mainly in expressway investment, construction, operation and management, the Company does not engage in industrial production as its business nature. Although the Company's operating activities do not produce a large quantity of wastes directly, it still places great importance on the regulation on emissions in its production and operation, in which it has been striving to minimize the impact of the relevant emissions on the environment and improve the resources utilization.

(1) Waste Gas and Greenhouse Gas

The waste and greenhouse gases possibly produced during the expressway operation and management mainly include CO (carbon monoxide), CO₂ (carbon dioxide), HC + NO_x (hydrocarbon and nitrogen oxides), PM (particle, soot) and other hazardous gases. The main sources of the emissions are general vehicles travelling on expressways and special vehicles used for road management and maintenance of the expressway (patrol cars and troubleshooting vehicles) for the purpose of operation and management of expressway. In particular, general vehicles prove to be the major source of emission. It is difficult for the Company to quantify the total emission, density and other data with its existing techniques. However, the Company carries out the following specific measures against such emission sources. On the one hand, the Company controls and cuts the emissions of the vehicles used for road and maintenance, by strictly implementing the relevant standards stipulated by the environmental protection authorities. We select and purchase the vehicle strictly in accordance with the national standards for emission, to guarantee the newly purchased vehicles meet the latest environmental standards for vehicle exhausts. In addition, we conduct environmental testing and maintenance on the vehicles used for road management and maintenance on a regular basis, enabling the vehicles to be in a good operating status, and the emissions released are in accordance with the standards on emission. On the other hand, the Company focuses on guiding the majority of the drivers and conductors to drive in a low-carbon and energy-saving way. In the expressway operation and management, through establishing and promoting Electronic Toll Collection (ETC) system and other measures, it strives to maintain smooth road transportation and improves the transportation efficiency. As of 31 December 2017, there were a total of 150 ETC lanes built and put into use on the expressways under the Company, accounting for 27.42% of the total number of the lanes, representing a year-on-year increase of 29 lanes; and 71 ETC / manual lanes are built and put into use, accounting for 12.98% of the total number of the lanes, representing a year-on-year increase of 26 lanes. In 2017, at the entrances and exits of all the expressways under the Company, the ETC traffic flow reached 57.80 million vehicles, accounting for 32.65% of the total traffic flow at the entrances and exits. Such practices have effectively facilitated the reduction of gas consumption and exhaust emission¹.

¹ According to the calculation and estimation conducted by relevant authorities, when a vehicle travels the distance of 300 meters along a toll station, the integrated fuel consumption for a vehicle passing through ETC lane is 50% lower than that of a vehicle passing by way of traditional manual toll collection, with decrease in emission of CO (carbon monoxide) and CO₂ (carbon dioxide) by 71.3% and 48.9%, respectively. (Data resource: the website of China highway, www.chinahighway.com/news/2012/718465.php)



(2) Wastewater Discharge

The wastewater produced in the Company's operation and management is mainly from the expressway service area. The service facilities in our expressway service area have been contracted to the merchants in the form of lease. In order to effectively monitor the wastewater discharge by the merchants in their operation, reduce the impact of the wastewater on the air, water, vegetation, soil and other environmental resources surrounding the area, the Company has constantly strengthened the wastewater management and treatment in the service area in the following: first, the wastewater from the service area flows into the urban sewage pipe network for a unified treatment and discharge, and for facilitating an intensive management; second, wastewater treatment systems meeting the national standards were built in the service area; as a result, the wastewater is only discharged after treatment. The wastewater treatment and discharge standards in the service area operated under the Company have satisfied the national standards during the year.

(3) Solid Wastes

There may be a huge quantity of garbage produced in the service area of the expressways operated under the Company in its operating activities. Therefore, we have set up many classified recyclable trash bins to store and treat the garbage by category, in order to alleviate their impact on the surrounding environment. At the same time, we have also set up trash temporary storage places in all service areas, so that the garbage generated in the service area may be stored on a centralized basis, and then transported by the local sanitation department to the location designated by the government for centralized treatment. For the construction wastes produced in the Company's road maintenance and construction such as asphalt pavement, construction waste residue, steel, and dumped spoil, we actively put them into recycling for sidewalk and local road paving, reducing the wastes pollution and resources consumption.

B. Resources Utilization

We know that resource consumption is inevitable in the Company's daily operating activities, but reducing resources consumption and improving utilization efficiency are significant to corporate healthy development and environmental protection. The Company has always been serious in management of resources consumption, to which the Company attaches the same importance to the Company's sustainable development and implementation of environmental responsibility. The Company applies several measures such as technology investment, promotion and education, and energy saving reconstruction in the operating activities, endeavors to fulfill our obligation within our capability to save resources and effectively improve the efficiency in using the resources:

(1) Actively promote application of new technology and process in the production and operation activities to reduce energy consumption and pollution, and enhance resource utilization efficiency. In the maintenance and construction of the asphalt pavement on the expressway operated by the Company, process of preventive overlay of pavement is broadly used in order to reduce the excavation volume. The milled old pavement materials are stacked at fixed locations, and then transported to rural roads for basic use or reuse in the future. In this way, the Company promotes the recycling of road-use materials to effectively lower resource consumption and wastes pollution. In the year, the recycling of the milled old pavement materials of Chengle Expressway under the Company reached 100%.



(2) Vigorously promote the concept of "protecting the environment is everyone's responsibility" and "energy-saving and emission reduction gets started from me". First, the Company devised a water use plan with its consumption measured by water meter, and fully advanced the renovation for adoption of inductive water supply facilities in its all service areas, where valves for water saving were widely applied and new faucets were installed for further control of water volume. By application of the above measures, the water consumption across all the service areas was under reasonable control. Second, renovation of LED energy saving lights was widely promoted in all service areas. We installed solar lights for the exit ramps, replaced machinery and equipment with high energy consumption, adopted new energy saving products to the utmost, introduced time-control instruments and voice-operated switches and regularly inspected and repaired network for water and electricity supply to avoid waste from dripping and leakage. Third, the Company actively encourage employees to develop good habits including turning off lights when leaving, using less air conditioning, encouraging paper double-sided use and re-use, and taking work meal according to need. The Company has further improved the Office Automation system, and implemented paperless office, which carries out strict management on office supplies, cars for business use, business meetings, reception and other aspects. Through reducing waste, the Company well implements environment protection and energy-saving & emission reduction.

Table of statistics on resources used by the Company

	2017	2016
Water (0'000 tonnes)	78.7	92
Electricity (0'000 kwh)	1,957	1,505
Gas (0'000 litre)	123	109
Paper (0'000 pieces)	337	408
Natural gas (0'000 m ³)	23	16



C. Environment and Natural Resources

When operating expressways, the Company strictly complies with the Environmental Protection Law and relevant laws and regulations. The Company fully takes account into the vital interests of the local government and the residents along the expressway, and adopts effective ecological protection and pollution prevention & control measures, to minimize the damage caused by the road operations to the surrounding environment, and promote a harmonious relation between the road environment and the natural environment. The Company keeps strengthening the management and maintenance of the greening facilities along the expressway, the regular cleaning of the culverts and side ditches, and the emergency treatment of the slope retaining walls, which effectively play the role of purifying the air, reducing noise, beautifying the landscapes and preventing soil erosion; in the meantime, the Company keeps strengthening the management on the vehicles transporting hazardous goods, and develops corresponding contingency plans to prevent environmental damage caused by emergencies. The Company builds a soundproof wall (sound barrier) according to relevant regulations. Moreover, it has security staff to guide drivers to avoid make noise from siren and manages to reduce noise pollution by broadcasting light music within service areas, producing a warm and cozy atmosphere. The Company's Suixi and Suiguang Expressways stretch across Jialing River and Chicheng Lake drinking water source protection areas, respectively. In order to protect sensitive water body and aquatic environment along these expressways, the Company proactively designs logos and signs for particular spots such as collection system of runoff and rainfall along bridge decks, sedimentation basins, accident tanks and drinking water protection areas. In addition, the "Promotion of Application of Techniques for Protection of Sensitive Water Body and Water Environment", a provincial scientific and technological project of Sichuan in traffic applied by the Company came into use during the reporting period, including six systems for collection and treatment and one warning and monitoring system for bridge deck runoff. The Company's Chengyu Expressway stretches across the Longquan Lake. In order to completely solve pollution issues relating to rubbish-throwing from the vehicles, the Company equipped the bridges across the lake with anti-throwing fences and actively assists local government to proceed with environmental protection of Longquan Lake natural protection area.

In the construction and maintenance of the expressways, the Company focuses on an ecologically sustainable development, and carries out ecological environment protection throughout the whole process including engineering design and construction, which actively promotes standardized construction, and at the same time carries out fine management, and reduces the impact on the environment as much as possible; the Company also selects the construction site, time and equipment, in order to reduce the disturbance caused by construction to the surrounding residents; it also develops relevant prevention and control measures in advance for possible issues including soil erosion, water pollution, noise and dust pollution; constructs environmental protection facilities and main projects at the same time, and completes both construction at the same time; strengthens material management and wastes monitoring in the construction, and prevents environmental pollution caused by the construction materials and wastes; conducts an unified transportation of the stone and sand, with the transport vehicles covered with tarpaulin to prevent leakage, and sprinkles water to reduce dust, to alleviate the impact of the dust from construction site on the environment and air; monitors waste residues, waste water, and noise at the construction sites, and prevents pollution to the surrounding environment and groundwater sources. Once the construction is completed, the Company restores the original land surface functions and the original green vegetation of the temporary occupied lands as early as possible. During the year, Chengle Company, a subsidiary of the Company, took initiatives in arrangement of an emergency drill in case of outburst of environmental accidents throughout all entities involved in the expansion construction of Chengle Expressway and delivered assessment report for the drill.



As the core competitive element for enterprises, employees represent the factor determining the corporate growth and expansion, as well as realization of a sustainable development. Adhering to the people-oriented concept, the Company has been actively building a harmonious relationship with the employees, paying great attention to and safeguarding the employees' basic rights and interests; respecting the reasonable demands and requirements of the employees, and caring about their personal growth; and creating a safe, healthy working environment to the employees, and providing self-improvement opportunities to them, in order to promote mutual development between the employees and the Company.

A. Employment

The Company strictly implements the "Labor Law", "Labor Contract Law" and "Social Insurance Law" and other regulations, and has developed and improved the rules and systems by combining the corporate reality, including carrying out the "Measures on Management of Employment by Labor Contract", and "Measures on Management of Employee Recruitment and Deployment (Trial)". It adheres to the long-term employment concept, and does not have different treatment in the employee recruitment process because of gender, ethnic, geographical, cultural background and other factors, in addition, the Company always obeys the principle of "fair competition, hiring employees on the basis of competitive selection" in the recruitment process. In 2017, in order to cater for its development, the Company proactively implemented the strategy of "Advancing Enterprise by Talents" and abided by the principle of "fair competition, hiring employees on the basis of competitive selection". Under such guidelines, the Company widely attracts outstanding talents through campus and general recruitment in market-oriented recruitment manner, and has selected and employed 238 base line employees, and 62 managers, totaling 300 persons. During the year, the turn over rate of the Company's employees was 4.78%. The Company will constantly improve its measures for attracting and retaining talents and offer more opportunities for employees' further development.

Number of employees (by gender and age)							Number
Gender Age	Number of employees		Total	Number of management member		Total	Remarks
	Male	Female		Male	Female		
35 or below	1,167	1,472	2,639	222	240	462	Based on the ages as at 31 December 2017
36-40	247	263	510	93	81	174	
41-50	610	410	1,020	197	144	341	
51-55	160	43	203	58	39	97	
56 or above	65	2	67	33	1	34	
Total	2,249	2,190	4,439	603	505	1,108	

Number of employees (by gender and position)				Number	
Gender	Management member			Non-management	Total
	Senior management	Middle-level management	General management		
Male	63	150	390	1,646	2,249
Female	14	87	404	1,685	2,190

Number of employees (by region)	
Region	Number
Chengdu City	2,421
Meishan City	511
Neijiang City	362
Ya'an City	285
Ziyang City	281
Leshan City	198

Number of employees (by type of employment)			Number
Type of employment	Male	Female	Total
Labor contract with a fixed term	1,321	1,336	2,657
Open-ended labor contract	910	849	1,759
Other types (non full-time)	18	5	23



The Company adopts the system of full employment contract and collective contract. It strictly performs various labor protection policies, and carefully implements the national and local laws and regulations regarding the number of employee working hours and vacation; reasonably arranges employee work and rest time, safeguard their work and rest rights, and perfects various social insurances for the employees. In 2017, the Company paid various social insurances in full amount for the employees, including insurances for pension insurance, medical insurance, unemployment insurance, occupational injury insurance, and maternity insurance. In accordance with the "multi-angle, multi-level, wide coverage, and strong support" principle, the Company has established an enterprise annuity fund, supplementary medical insurance and accident injury insurance for all employees that further strengthens the protection for the employees in pension, medical care and other aspects. It also processes the employment injury identification timely and the claim for the employment injury insurance and accident injury insurance for the injured employees. The Company pays the housing accumulation fund in full amount for the employees in a timely manner. In 2017, the Company created records for 52 needy employees and provided RMB104,000 of solicitude fund to such employees whose household per capita monthly income was less than RMB1,000. In addition, the Company offered financial assistance of RMB83,500 to 24 employees satisfying relevant application conditions in corresponding grade of application for the financial assistance.

According to the statutory requirements and the market conditions, the Company implements a remuneration system by linking wage with enterprise performance, so that the employee interests and the corporate overall interests are aligned. This can also ensure that the employee value can be reflected in the corporate development. The Company, in accordance with the "Measures on Labor Cost Management" and "Opinions on Wage Management Guidance" as well as "Measures on Performance Appraisal (Trial)", "Pilot Program on Wage Distribution Management" and other remuneration distribution systems that are in line with the main businesses of the subsidiaries and branches, maintains a reasonable competitiveness for the corporate remuneration and benefits in the job market, which effectively mobilizes the enthusiasm and creativity of the employees in work.

The Group respects gender equality, adopts identical standard and structure in calculating salary for both male and female employees and offering equal opportunity therefor. By creating a diversified corporate circumstance and opposing any kind of discrimination, the Company offers employment to the disabled with certain working capability according to actual situation, or pays Employment Security Fund for the disabled. The Company concerns greatly about offering the employees with a platform to facilitate their growth and realize their ambitions. It also established and continued to improve the evaluation competition mechanism, focusing on the principle of actual performance, democracy, openness, competition, and choosing the best in the talents selection, and adopting methods such as "selection by organization", "competition for job post", and "social recruitment". In the year, the Company selected and employed a batch of superior talents through setting up a medium-level deputy post reserve cadre talent pool, social recruitment, competition for job post, and selection by organization, constructing a fair and transparent career promotion platform for the outstanding employees. Hence, by integrating the employees' personal development and its development goals, the Company achieves a joint development with the employees.



B. Safety and Health

The Company implements thoroughly laws and regulations including but not limited to the “Production Safety Law” and attaches great importance to safe production and safeguards the life security of the employees. In 2017, the Company further intensified the safe production responsibility system, and actively promoted the construction of the system; signed the safe production responsibility agreement at all levels, and ensured the responsibility to be implemented; kept strengthening the safe production standardization system, further revised and improved the safety production regulations, and intensified the efforts in safe production construction; implemented the investment of special funds, improved the employee workplaces, perfected the supplies of safety facilities and labor protection appliances, and increased the job post safety; enhanced the employees' safety awareness and ability to deal with emergency by various safety trainings and security emergency practices. In 2017, the Company had one employee who died due to a traffic accident during the course of traveling to work which was not the responsibility of the Company, but did not have any deaths within the workplace or due to work related reasons; work-related injury accident rate was 0.45%, and the number of the working day's lost due to work-related injury reached 514 days cumulatively.

The Company also pays close attention to employee occupational health management, occupational disease prevention & control, and is committed to reducing the occurrence of occupational hazard accidents, and protecting the employees' health, related rights and interests. In the year, we improved the occupational health system and provided all-aspect occupational health protection measures to our employees, as well as arranged regular physical examination for the employees at the same time, in accordance with the Law on Prevention and Control of Occupational Diseases, and other laws and regulations; furthermore, we purchased the supplementary medical insurance and employer liability insurance for the employees, through which we continuously perfect the occupational health management system and safe production management system to prevent the physical and mental harm caused by occupational diseases to our employees.

The Company cares about the employees' physical and mental health, and pays attention to the employee cultural atmosphere construction, which is implemented through organizing various activities. During the year, we hosted and participated in art performance for new year, “Seventh Exhibition of Employees' Photographic Works” for the years 2016 and 2017, the employees' photograph competition and employees' sport games, with activities participants of more than 2,000 people, effectively enriching the employees' recreational and sports life and helping the employees to keep a healthy physical condition and to maintain a positive and optimistic attitude.





C. Development and Training

The Company encourages the employees to join various expertise learning and technical skills trainings, to improve their quality and ability. Relying on the Company's systems and considering training as the starting point, the Company keeps strengthening the talent pool construction according to the "Guiding Opinions on Management of the Employee Education and Training", and clarified issues concerning the organization management, training types, and funding support. In 2017, it held a variety of centralized and special training courses including courses for comprehensive qualities enhancement of middle & senior-level management, self-selected course for cadres, new employee orientation training, job post training for skilled employees, and professional technical personnel continuing education.

Number of person receiving training				Number	
Gender	Number of the management member receiving training			Number of non-management	Total
	Senior management	Middle-level management	General management		
Male	61	144	372	1,455	2,032
Female	14	84	358	1,492	1,948

Average training hours				hours	
Gender	Average training hours for the management member			Average training hours for non-management	Average training hours
	Senior management	Middle-level management	General management		
Male	51.59	38.93	27.47	29.00	30.10
Female	45.29	40.31	30.54	30.74	31.22

D. Labor Standards

The Company strictly complies with and implements the country's labor & personnel laws and regulations, and scrupulously abides by fair and just labor employment policy, as well as prohibits child labor and forced labor. During the reporting period, the Company did not employ any child labor or forced labor in any business, nor did it commit any circumstances violating the labor rules.



A. Supply Chain Management

When cooperating with suppliers, the Company strictly obeys the Law on Tenders and Bids, Regulation on the Implementation of the Bidding Law, and the Company's Measures on Management of Tendering and Bidding. For the procurement projects satisfying the Company's needs and standards, it insists on the principle of openness, fairness, and justice, and the principle of integrity, trustworthiness, equality and mutual benefit. The Company also introduces market-oriented mechanisms, and chooses the best through open tendering, planned comparison and inquiry. At the same time, the Company establishes a leading group managing the tendering and bidding to supervise and guide the tendering and bidding work, and sets up Tendering and Bidding Management Office composed of Investment and Development Department, the function departments of the projects, and Finance and Accounting Department, to be specifically responsible for the routine organization and coordination work for the tendering and bidding.

B. Products and Services

(1) Guarantee Safety and Smoothness of the Roads

First, the Company strictly implements the relevant laws and regulations such as "Highway Law", "Product Quality Law" and "Roll Highway Management Rules" and commits to providing a safe, rapid and comfortable expressway transportation services to consumers. In 2017, the Company continued to implement scientific, institutionalized, standardized and fine management in expressway operation, constantly improved various management systems, operating processes and emergency support systems and improved the Company's road comprehensive service capacity and emergency process efficiency. Throughout the year, the Company made investment of RMB40 million for the purpose of reconstruction of 129 sections prone to traffic accidents, upgraded and renovated the grades of road fence of over 40km for prevention and protection next to three kinds of places, improved the grades of 15 road fences for collision avoidance and introduced the anti-glare and anti-reflection facilities. As such, the pavement quality index PQI of each expressway of the Company achieved over 92 scores (excellent level) and successfully achieved the overall requirements for the roads' by achieving "safety, high quality, orderliness, and smoothness". In addition, for the road safety and smoothness in Spring Festival travel peak, major holidays, important hours and special weather conditions, the Company carefully develops work plans and contingency plans, makes arrangements and deployment in advance, soundly carries out potential safety hazard checking and controlling, strengthens the supervision and inspection as well as 24-hour duty system and to ensure the safety and smoothness for all expressways operated by the Company. The Company conducted road inspections of over 30,000 times in total with mileage of approximately 2,890,000 km, identified 658 general hidden pitfall, all of which has been rectified. The self-clearance rate for vehicles in accidents exceeded 93.37%, which ensured the safe and smooth traffic on our expressways.





In addition, the Company scientifically develops the annual maintenance plan, continuously carries out the total life cycle maintenance, strengthens the preventive maintenance efforts, and guarantees the expressway traffic is in good conditions; constantly improves the road maintenance, and the road construction, management and maintenance informatization and mechanization, improves the quality management means, and innovatively adopts the detection of permeable coefficient as the basis for treatment of pavement disease; as a result, the maintenance quality control effectiveness and efficiency keeps improving. It also adheres to the principle of "smoothness first, maintenance second", scientifically prepares the maintenance plans, and organizes construction reasonably, to minimize the impact of road maintenance on vehicle traffic.

Meanwhile, the Company successively consummated the targets and missions such as the reconstruction of trunk line of the communication network, improvement of logos and signs for directions and scenic spots, and construction of "Five Models" expressways. Meanwhile, the intelligent traffic service became increasingly diversified, for example, the trial of mobile payment turned out smoothly at the Chengdu toll station along Chengren Expressway. Both construction of ETC lanes and promotion of self-service card dispenser made positive progress. Consequently, the road transportation efficiency and capacity of the Company's expressways are expected to be further enhanced.

(2) Actively Implement Free Transportation and Green Channels Policy

In 2017, the Company continued to implement the toll-free policy for fresh agricultural products transport vehicles, set up specific "green channels", and developed uniform "green channels" signs, providing convenience for the fresh agricultural products transport vehicles to pass quickly. Meanwhile, the Company carefully carries out the free transportation policy for small passenger vehicles during the major holidays. In 2017, a total of 21 days were toll-free. For the traffic congestion possibly occurring during the toll-free period, the Company issued the holiday travel alert in advance through newspaper, website, traffic radio, micro-blog and on-spot interview by media; also, it offered a good contingency plan and vehicle dispersion during the holidays, so as to ensure the public enjoy a fast and safe travel.

On 8 August 2017, an earthquake of 7.0 degrees occurred in Jiuzhaigou County, Aba Prefecture, Sichuan. In response to such accident, all toll stations under the Company designated certain lanes specially for earthquake relief work, ensuring relevant vehicles to travel efficiently and free of toll. In addition, service points for relief and service stations of volunteers were set up in certain service areas and toll square, for provision of relief service and inspection of hidden geographic hazards.





(3) Improve Civilized Service Level

With regard to the characteristics of window service industry, the Company has continuously promoted high-quality civilized services, the details of which include: (1) High-quality civilized service at toll stations. The Company held kick-off meetings for service branding and seminar on civilized service, carried out related trainings and competitions for enhancing staff service awareness, formulated issue lists and countermeasures. In addition, we formulated relevant assessment methods for rewards and punishments and carried out assessments, and set up a mechanism for selection of service stars and the one with the poorest performance; we built model teams and appointed such models to demonstrate on site. Appearance and sanitary conditions were emphasized for creation of harmonious and spectacular circumstances. At the same time, the Company devoted efforts to provision of convenience to people, set up service points of youth volunteers and model CPC member demonstration posts. At the toll stations, self-service card dispensers are encouraged to use for entry. (2) High-quality civilized service at service areas. The Company exerts great efforts to improve infrastructure facilities. In particular, we newly constructed 54 emergency toilets, 12 gender-neutral toilets, 12 children wash basins, 10 baby care rooms, 4 lounges for mothers and infants and 10 water heaters within service areas. Besides, the tailored toilets and the passage for the disabled, sanitary products, parts for toilets and other previous facilities were renovated and upgraded. Within service areas, there are also background music broadcast, green plants for decoration, toilet papers for free and liquid soap available. In addition, sanitation control, water source management and facilities maintenance were strengthened. Emergency plan for suspension of water supply was also in place, which made our service areas consistent with the periodic requirements under the scheme of "Restroom Revolution" within the service areas of Sichuan. As a result, a clean, sanitary, comfortable environment was created for drivers and passengers, thus satisfying the public's need during their travel to the utmost. (3) Promotion and education for civilized service. In 2017, the Company organized over 30 activities for promotion and education of Production Safety Laws within the Company through the media or measures such as display board, Wechat, website and know-how competitions, with attendance of around 500 persons. In addition, the Company further presented a positive image in terms of corporate civilized service through such measures as set-up of enquiry and service points, distribution of promotion materials, hosting 18 seminars on laws dissemination with attendance of around 1,300 persons.





We are committed to creating a corruption-free environment for enterprise production and operation, viewing it as a key guarantee for the Company to achieve a long-term healthy development, and promoting and implementing the corruption-free style and concept from the management to each employee.

A. Establish and Perfect Anti-Corruption Rules and Regulations

We strictly comply with the "Anti-Corruption and Bribery Law", "Anti Money Laundering Law", "Criminal Law" and other relevant laws and regulations, and have established and continuously improved the various rules and regulations including the internal incorruption system and covering toll collection management, project bidding, project investment, capital and financial management, personnel appointment and removal. Meanwhile, the Company insists on the policy of "comprehensive management and control, prevention and punishment together, and focus on prevention", strengthening the intervention from source and the process control, strengthening the efforts in spot check and supervision for the Company's management and operation key and weak links, puts the emphasis on monitoring the skilled job positions, and strictly controls the internal risks. In the year, there were no criminal acts such as duty encroachment and bribery occurring in the Company.

B. Carry out Corruption-free Education Activity

By way of warning education, centralized learning and visit of anti-corruption education base, the Company constantly deepens employees' awareness on the significance and urgency of anti-corruption. At the same time, by fully utilizing the platforms such as its website, Wechat and mobile message, the Company conveys the new circumstance, new tasks and new requirements for anti-corruption in a timely manner, makes communication on anti-corruption, and creates a corruption-free working atmosphere.

C. Perfect and Implement Routine Supervisory Mechanism

We closely monitor deficiencies and loopholes in the key areas, positions and links, and formulates important regulations rules such as double investigation for one case, implementation rules on "Three-Importance and One-Large (三重一大)" issues as well as anti-corruption talk. We also amend and perfect the "working mechanism for active prevention and systematic governance", further prevent corruption from the origins, research and devise the "Notice in relation to Further Implementation of 'Eight Regulations' and Earnestly Strengthening Supervision and Management of Routine Expenses (《關於進一步落實 "八項規定" 切實加強日常經費監督管理的通知》)", which further purified the social conducts and enhanced control over three public expenses (三公經費).



Caring about and helping the community has always been an important form for us to fulfill the social responsibilities and contribute to our social values, which is also a key way for the Company to enhance its social image. "Integrate into the community and help the community" has become the principle for the Company to offer services and contribute to the society. In 2017, our employees participating in the community volunteer service totaled 3,207, with the total service time up to 6,707 hours, which effectively improved the community's well-being.

(1) The Company proactively participates in the construction of community where it operates, advocates the environmental protection philosophy of harmonious coexistence of human and the nature. During the year, the Company invested an aggregate of RMB450,000 to help repair country road of 310 meters, an amount of RMB540,000 to help repair and pave roads of 540 meters for those communities along the expressways. Meanwhile, the Company plant trees in March as its annual practice with more than 2,500 fruit trees and various ornamental trees planted in 2017.

(2) In the year, the Company conducted voluntary promotion activities of over 50 times in the form of security promotion, community environmental cleanness, elderly care and assistance to household in difficulty, voluntary labour in community of over 100 times, helped orphans, widows and the disabled in the communities around 200 occasions.

(3) Chengyu Branch, Chengya Branch, Chengren Branch, Suiguang and Suixi Branches of the Company established volunteer service teams and visited community primary schools and villages along the expressways before Children's day and Middle-Autumn Festival. They helped the local communities to solve problems and won compliments from the residents.





Conscientiously implementing the country's requirement for undertaking targeted poverty reduction and alleviation, the Company devoted efforts in taking targeted measures to help the people in the counterpart-assistance area –Dageniang Village, Kuasha Town, Aba County of Aba Prefecture of Sichuan Province and Yipo Shujue Village of Liangshan Prefecture of Sichuan Province - by helping the people to lift themselves out of poverty in 2017, in accordance with the relevant corporate arrangements. With a gradual progress made by the various poverty alleviation measures, we have achieved primary effect.

The Company assigned technicians to participate in the construction of provincial roads in Aba County, a poverty alleviation project, and two cadres to work in the Dageniang Village, Kuasha Town, Aba County of Aba Prefecture to carry out poverty alleviation initiatives on a pair basis, and spent RMB20,000 to arrange training courses of labour skills; it devised relevant poverty alleviation plans, and made plans for improvement of supply of drinking water and power connection based on the actual situation. In addition, it plans to realize harden pavements for the village roads and develop collective economy of the village, aiming for enabling the village to completely alleviate off poverty before 2019.

The Company invested RMB400,000 in development of strawberry cultivation in Yipo Shujue Village of Liangshan Prefecture with a view to help villagers increase income and alleviate poverty. The Company proactively carried out the "Poverty-alleviation Day" activities, donated RMB37,294 of goods including power generators, books and medicines, 1,481 pieces clothes with an estimated value of RMB170,130, distributed articles for daily use like rice, oil, milk and tea worth RMB13,994 to the pairing poverty-alleviation regions so as to mitigate the stress of the local poor households.

Table of Statistics on 2017 Targeted Poverty Alleviation Work	Unit:RMB 0'000
Indicators	Quantity and the work carried out
A. Overall situation	
Including: 1. Funds	40(Strawberry basement in Yipo Shujue Village)
2. Value of materials donated	22.14
B. Investment by item	
1. Poverty alleviation through Industrial development	40
1.1 number of projects	1
1.2 amount invested in such projects	40
2. Poverty alleviation through employment transfers	
2.1 amount invested in occupational training	2.49
2.2 number of attendance of occupational training	4

In 2018, according to the Company's decision and arrangement in relation to targeted poverty alleviation, we will devoted more efforts in the poverty alleviation in the counterpart regions based on our previous work carried out and results achieved in 2017.

