

HOPEWELL HIGHWAY INFRASTRUCTURE LIMITED

Stock Codes: 737 (HKD counter) & 80737 (RMB counter)

2018 SUSTAINABILITY REPORT



Hopewell Highway Infrastructure Limited

SUSTAINABILITY REPORT 2018

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ABOUT US

Hopewell Highway Infrastructure Limited (the "Company"; Stock Code: 737 (HKD counter) and 80737 (RMB counter)) focuses on the construction and operation of expressway infrastructure projects in Guangdong Province. Listed on the Main Board of the Stock Exchange of Hong Kong (the "SEHK") in 2003, the Company is now a subsidiary of Shenzhen Investment Holdings Company Limited. Through partnering with Guangdong Provincial Highway Construction Company Limited, the Company holds two Sino-foreign Co-operative joint venture enterprises (together as the "Group" or "we"), which are Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited ("GS Superhighway JV") and Guangdong Guangzhou-Zhuhai West Superhighway Company Limited ("West Route JV"), operating Guangzhou-Shenzhen Superhighway and Western Delta Route on east and west sides of Pearl River estuary respectively.

The Western Delta Route, with location advantage, is linked to the Hong Kong-Zhuhai-Macao Bridge through a connecting expressway. The completion and commencement of the Hong Kong-Zhuhai-Macao Bridge in 2018 will enhance the business performance of the Western Delta Route in the long term. In addition, the promulgation of the Outline Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area will provide guidance for the future development of the Guangdong, Hong Kong and Macao regions. The expressways we currently operate run through the core regions of the Guangdong-Hong Kong-Macao Greater Bay Area (the "Greater Bay Area"), connecting cities like Shenzhen, Dongguan, Guangzhou and Zhuhai.

In the future, the Group will further integrate with the development of the Greater Bay Area to grasp various opportunities and fulfil the huge transportation needs brought by its development to promote business growth.



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ABOUT THIS REPORT

This is the eighth Sustainability Report (the “report”) published by the Company. The Group hopes that all stakeholders can understand the policies, measures and performances of the Group in environmental, social and governance aspects through this report. The report is compiled in Chinese and English, and has been uploaded to the websites of HKEXnews and the Company (www.hopewellhighway.com).

Reporting Scope

This report presents the environmental, social and governance performance of the Group from 1 July 2018 to 31 December 2018 (the “reporting period” or “second half of 2018”). The report only discloses the Group’s sustainability performance in the second half of 2018, as the Company announced in August 2018 its decision to change the financial year end date¹. Consistent with previous reports, the report continues to cover the operations of the Group’s Hong Kong office and two expressways (namely the Guangzhou-Shenzhen Superhighway and the Western Delta Route).

Reporting Standard

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) under Appendix 27 of the Rules Governing the Listing of Securities on the SEHK. During its preparation, the report adheres to the principles of materiality, quantitative, balance and consistency stated in the Guide. To ensure the accuracy of report content and key performance indicators, the Group commissioned a professional consultancy to conduct a carbon assessment, as well as Hong Kong Quality Assurance Agency to conduct independent verification with the issuance of a verification statement. An index is inserted in the last chapter for the reader’s easy reference to the Guide.

Opinion and Feedback

The Group values the opinion of stakeholders. If you have any questions or suggestions regarding the content or format of the report, please contact the Group through the following channels:

Address: Room 63-02, 63/F Hopewell Centre,
183 Queen’s Road East, Wan Chai, Hong Kong
Email: info@hopewellhighway.com
Tel: (852) 2528 4975
Fax: (852) 2861 0177

¹ The Board of Directors of the Company has resolved to change the financial year end date of the Company from June 30 to December 31 after the publication of the Group’s audited consolidated financial statements for the year ended 30 June 2018. For details please refer to the Company’s announcement made on 27 August 2018.



CHAIRMAN PREFACE

The concept of sustainable development gradually consolidates in every social groups. As a company with good social responsibility, we have undertaken the duties of constructing corporate citizenship. With commitment to reduction of environmental and social impacts of our day-to-day operations, we aim to respond to the relevant risks and opportunities, and to address stakeholder demands for increased corporate sustainability, in a more resilient manner.

Providing safe and satisfactory transportation services to our customers is our constant pursuit. We have established an Operational Safety Committee and formulated relevant policies such as the Emergency Response Plan, striving to reduce harm to the lives of road users and their property caused by traffic accidents. In order to reduce the risks of traffic accidents and ensure the quality of service, the Maintenance and Engineering department of the two joint ventures regularly carry out and supervise the daily maintenance of roads.

In addition to the provision of efficient and safe services to our customers, we also adhere to people-oriented spirit and regard employees as the driving force of the Group's future development. Therefore, the Group attaches great importance to adopting a range of systems to regulate our management models of employment, occupational health and safety, as well as career development and professional training to create a good working environment for our employees.

We are fully aware that environmental pollution stirs up heated debates in today's society. How to carry out energy conservation and emission reduction according to its own business characteristics is a challenge faced by every company. The Group sets out to reduce its emissions and energy consumption by raising environmental awareness of employees and adopting new energy sources for electricity supply.

In addition to continuously strengthening internal management, stakeholder engagement is an important step towards achieving sustainability. Through communicating with stakeholders, we can understand the sustainability issues that different stakeholders are concerned about to determine the mode of resource investment. In the future, we will also adopt a more diverse approach to stakeholder engagement to reach different categories of stakeholders.

Looking ahead, the Group will continue to keep up with international standards and strive to enhance our environmental and social performance, in order to contribute to the sustainable development of society.

Zhengyu LIU*

Chairman

31 May 2019, Hong Kong

* For identification purpose only

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SUSTAINABILITY GOVERNANCE

The Committee of Executive Directors directly reporting to the Board of Directors is fully responsible for the Group's formulation and review of strategic approaches and policies in sustainability, and supervision of the implementation of sustainability related task plans and budgets. We hope to achieve the Group's long-term goals and plans through effective corporate governance strategies. At present, in line with our core principles of corporate sustainable development, the Company reformulated the Sustainability Policy in 2018, to incorporate sustainability ideals into all aspects of the Group's process of operation, regulating its approach to employees, community, environment and value chain. This Sustainability Policy serves as a foundation to continuously promote the Group's plan for sustainability. The Board of Directors also plans to review the governance structure of sustainability in a timely manner taking into account the Company's development needs.

Risk Management

The Board of Directors has overall responsibility for the Group's risk management and internal control systems. The Group has established a risk management and internal control system that complies with industry standards and continuously monitors its effectiveness through the Audit Committee. Our continuous implementation of risk assessment includes the steps of determining risk-ranking criteria; analysing, identifying, evaluating and ranking key risks; determining risk mitigation responsible parties and implementation of measures; reviewing and updating the risk registers annually; in order to identify and manage the risks related to corporate development. The Group has enacted the Code of Conduct and the Whistleblowing Policy to help us mitigate potential risks in aspects of anti-corruption and compliance.

Potential risks	Potential impacts	Risk response and management measures
Anti-corruption	The Group attaches great importance to the organisation and development of anti-corruption tasks. In the current context advocating for a culture of integrity, any corruption incidents within the Group will not only have a substantial impact on the image of the Group, but also impose stringent legal consequences on the Group.	The Group requires employees at all levels to strictly implement the provisions of the Code of Conduct. At the same time, the Group has implemented the Whistleblowing Policy to provide employees with a confidential reporting platform to make fact-based reports on inappropriate matters without fear of retaliation.

STAKEHOLDER ENGAGEMENT

The Group values the participation of stakeholders² and hopes to communicate with stakeholders in day-to-day operations and via different communication channels to build a relationship of mutual trust. This not only ensures that stakeholders understand the development and operation approaches of the Group, but also provides an opportunity for the Group to examine the potential risks in terms of sustainability to further assist us in identifying the priorities for different issues to formulate relevant policies and measures.

Key Means of Stakeholder Engagement during the reporting period

Employees	Customers	Suppliers	Community
Understand employees' opinions and suggestions for the Group's sustainability through regular seminars, networking activities and mails.	Learn about the needs and opinions of different customer groups through customer hotlines, WeChat Official Account and distribution of travel brochures and Feedback Forms to road users.	Investigate and monitor suppliers on site to see if their business model meets the environmental and social requirements of the Group.	Understand the needs of the communities where the Group operates, and create a harmonious community environment with mutual benefits through regular communication and volunteer activities.



In order to validate the Group's sustainability strategy and direction, the Group continued to commission an external consultant to conduct an interview with the management for the reporting period to explore and identify environmental and social issues that are critical to stakeholders. Combining the results of the interview and the consultants' advice, the Group selected four out of the eleven environmental and social aspects of the Guide as the key topics for the report to focus on. These four aspects include employment, health and safety, development and training, and product responsibility.

We understand the importance of communicating with stakeholders. We have therefore established effective and precise channels of communication and provided timely responses. In future, the Group will continue to enhance the means of stakeholder engagement, including to organise activities themed as "Civic Service Month" continuously, to have employee cultural activities, to encourage employees to take part in volunteer activities and so on, to strengthen interaction with stakeholders and create mutually beneficial relationships.



² Stakeholders refer to groups or individuals who have a significant impact on the Group's business or are impacted by the Group. Internal stakeholders include the Board of Directors, the management, administration staff or general staff. External stakeholders include shareholders, business partners, customers, government and regulatory agencies, banks and investors, and community groups, etc.

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GROWING WITH EMPLOYEES

We pursue to create a fair and safe working environment with diverse development opportunities for employees. The Group builds with employees an ideal working space by formulating and implementing a series of human resources management policies and measures, as well as by understanding employees' needs in a timely manner.

Employment System

The Group emphasises the establishment of a sound employment system to respect and protect employees' rights. The Company has formulated the Staff Handbook to coordinate matters related to employment. In addition, the GS Superhighway JV and the West Route JV have taken into account their respective operational circumstances and formulated internal employment policies such as the Human Resources Management Procedure, the GS Superhighway JV Staff Handbook and the West Route JV Staff Handbook to further improve the employment framework of the Group.

The Group pays attention to providing promotion opportunities based on employee performance. Given the availability of vacancies, annual assessments are arranged by the hiring department for existing employees based on their accomplishment of performance indicators and day-to-day job performance. The assessment result applies to confirming matters concerning the existing employees regarding their promotion, retaining to the original position, or redeployment to alternative job portfolios.

In order to continuously improve the standard of living of our employees, the joint ventures also arrange reasonable remuneration and benefits for our employees, including:

- Providing different types of benefits for employees, such as night shift allowance, family planning allowance, high-temperature subsidy, safety allowance and sickness relief;
- Arranging dormitory for employees, while employees with family members can rent family housing;
- Equipping employee living area with comprehensive sports and recreational facilities;
- Issuing end-of-year double pay equal to employee's one-month salary; and
- Offering year-end performance bonuses to employees based on their routine job performance and achievements.



We always believe that employees of different backgrounds can push the Group onto a more diverse development path. Our two joint ventures employed a total of 83 employees of ethnic minorities during the reporting period to endorse and include various cultures on the pathway of enterprise development. In future, the Group will amend the Staff Handbook in due course considering situations such as social development.

Health and Safety

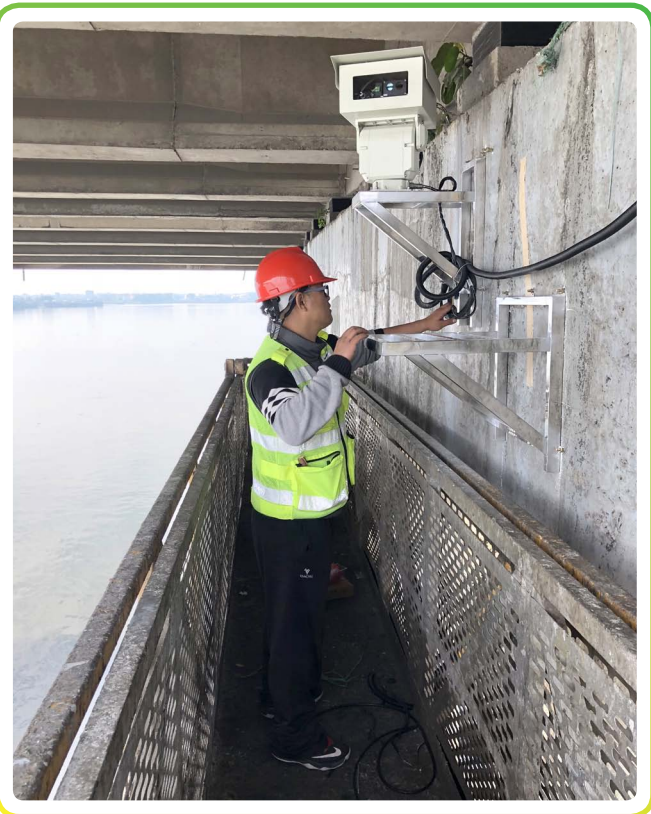
As a company engaged in the construction and operation of expressway infrastructure projects, we have always focused on the health and safety of employees in the daily operation. The joint ventures have formulated a range of internal policies to regulate work flow and raise safety awareness, such as the Operational Safety Supervision and Management Measures, the Fire Safety Management Measures and the Safe Operation Procedure for Specified Positions, as well as the Operational Safety Management Procedure for Road Administration, and strive to maintain the health and safety of employees.

The two joint ventures have each established an Operational Safety Committee, which is responsible for supervising safety during operation in accordance with relevant laws and regulations. This committee comprises the management and the person-in-charge of various departments, and has an office responsible for the day-to-day safety management to prevent threats to the health and safety of employees due to negligence in safety management. Duties of the Operational Safety Committee include:

- Conducting corporate level operational safety inspection;
- Monitoring implementation of safety measures;
- Organising and supervising all units to conduct operational safety incident response drills; and
- Investigating, handling and holding people accountable for safety incidents.



To enhance daily fire safety management, the GS Superhighway JV formulated the Fire Safety Management Measures to reduce the potential safety risks of fire accidents. The Measures stipulate that, fire extinguishers have to be available in venues such as meeting rooms, canteen and dormitory, to ensure the fire safety of the working and living environment of employees. At the same time, units such as the General Affairs Department should conduct a fire safety check every month to ensure all fire safety threats are reported and handled properly. In addition, to improve employees' safety skills and knowledge, the GS Superhighway JV has developed a safety training and education plan, which is organised and implemented by the Human Resources Department and the Operational Safety Management Department.

The West Route JV has also formulated the Safe Operation Procedure for Specified Positions and the Operational Safety Management Procedure for Road Administration, to clarify the safety precautions for different frontline positions to ensure the safety of employees during operational process.

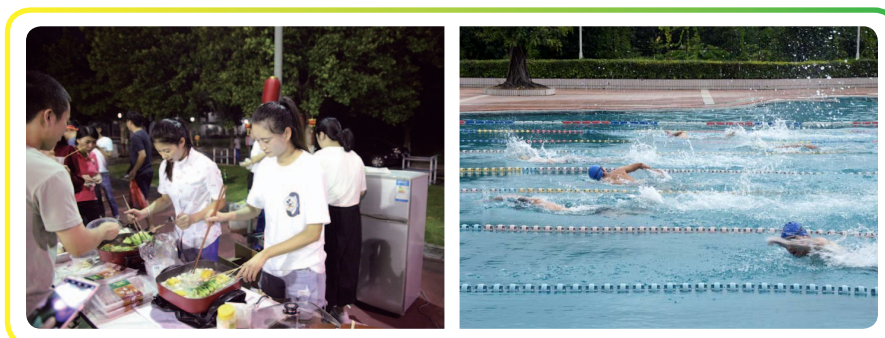


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Position	Safety precautions
Toll collection staff and supervisors	<ul style="list-style-type: none"> Wear reflective vest when leaving toll booth; In case of hazardous substance leakage or other dangerous situations, employees concerned should immediately report it to the personnel on duty and wear emergency equipment in accordance with the Emergency Response Plan; and Avoid using the walkie-talkie and keep away from high pole lights or lightning rods during extreme weather such as thunderstorms.
Road administration field staff	<ul style="list-style-type: none"> Vehicle safety inspection should be carried out before implementation of the tasks. Checks should be carried out to ensure equipment such as warning lights, sirens, walkie-talkies and mobile video recording device operates normally. Night-time operation must be equipped with high-power flashlight; and When patrolling expressway, patrol vehicle should be kept on the slow line below 80km/h. In case of emergency, the speed should be limited within 110 km/h. 
Engineering, road maintenance staff	<ul style="list-style-type: none"> Relevant personnel should wear reflective vests at work, while slippers and sandals are strictly prohibited; and When working in dangerous areas such as steep slopes or cliffs, safety equipment such as safety belts or helmets should be worn to prevent landslides or falling rocks from causing injury to relevant personnel.
Worker at height	<ul style="list-style-type: none"> Avoid work at height on the road in foggy conditions. If work is necessary due to special circumstances, yellow construction warning light should be put up. 

In addition to protecting employees' health and work safety, their mental health is also our focus. During the reporting period, joint ventures have organised a number of staff activities, such as staff swimming competition, family-friendly activities, festival fairs during Mid-Autumn and National Day, and sports day to help employees achieve work-life balance.



Development and Training

The Group attaches great importance to helping employees develop their career path by improving their work performance through different training methods. Our two joint ventures stipulate their management measures for training in the training section of the Staff Handbook. We divided the training programme into four parts: pre-job training, on-the-job training, continuous education and academic education. We are committed to strengthening the learning outcome of our employees through various training methods.

Training method	Training content
Pre-job training	Provide training for new employees or transfer employees who do not have knowledge of the post; they have to pass an assessment before commencement of work.
On-the-job training	Organise job skills training for the relevant employees in due course according to operational needs.
Continuous education	Systematically organise continuing education for employees who are engaged in professional technology and holding junior professional technical titles or above. At the same time, we also encourage employees to participate in examinations to qualify for different professional technical titles.
Academic education	Support employees' participation in academic education or systematic training related to their positions, and reimburse some or all of the fees in accordance with relevant policies. The academic qualifications obtained during employment can be used as a reference for future appointments and promotion.

In 2018, GS Superhighway JV continued to offer elite training course for junior management staff, which was coached by senior management as the tutor. The training improved employees' potential and management ability from different perspectives and dimensions by enhancing their communication skills and vision. At the same time, the West Route JV focused on enhancing the quality and capability of management staff and continuing education of junior staff, and organised themed training like Management Staff Comprehensive Quality Enhancement. Nearly 60 employees participated in this training with about 2,500 accumulative training hours.



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Labour Standards

The Group strictly prohibits the use of child labour and compulsory labour in the workplace to ensure that the legitimate rights and interests of employees are protected. We have adopted the relevant human resources management policies, such as the Overtime Work Management Rules and Staff Handbook, to regulate the Group's practice in terms of labour standards. Our policy states that the candidate's identification document will be checked during the employment process. Employment of person under the age of sixteen will be terminated immediately.

In addition, compulsory labour is another labour issue that we are concerned about. The Group respects the right of employees to take rest and vacation. The Overtime Work Management Rules and Staff Handbook respectively formulated by the two joint ventures stipulate that, if the employee has to work overtime on statutory holidays due to work arrangements, he or she has to fill in the relevant application forms and submit it to the Human Resources Department for record. The Group shall make compensation leave arrangements or overtime payment to employees according to actual conditions.

ACHIEVING EFFECTIVE OPERATION

We are vigilant against possible traffic accidents and safety threats in expressways, and are dedicated to providing efficient and safe services to all road users. In addition, the Group also attaches great importance to the business ethics and compliance with the relevant laws and regulations in the course of its operations to ensure that our operations are in line with the interests of the Company and stakeholders in society.

Product Responsibility

The Group is committed to maintaining road safety and ensuring effective services. The two joint ventures of the Group have improved service quality and road safety, while protecting customer privacy, by advancing the corporate system and applying new technologies.

Service quality

In order to maintain road facilities in good conditions and ensure the quality of service, the two joint ventures have the Maintenance and Engineering Department, which is responsible for the planning and implementation of road maintenance projects and routine road maintenance. Its main responsibilities are as follows:

- Carrying out daily maintenance of expressways in accordance with road maintenance management standards and regulations;
- Preparation of medium and long-term maintenance plans for expressways; and
- Regularly conducting inspection and assessment of road surface, bridges, culverts and tunnels, as well as proposing restoration plans.

In addition, the West Route JV continued to strengthen and optimise the quality of operations. On the one hand, it enhanced the management and service level of the road service areas along the route, such as setting up vehicle owners service centres and improving the environment of lavatory facilities. On the other hand, it applied pre-paid Electronic Toll Collection ("ETC") on the main alignment and ramp, the first in the country, which has effectively improved traffic efficiency. Recognising our efforts, in the evaluation of highway operation service quality in Guangdong Province from 2017 to 2018, the West Route JV was ranked first among 101 assessed units; its Shunde and Shaxi service areas were ranked 10th and 13th respectively among 153 service areas in Guangdong. The assessment is carried out every two years and is jointly evaluated by government departments in conjunction with industry associations and third-party agencies.



During the reporting period, the customer complaint rates³ of GS Superhighway JV and West Route JV were 0.0008% and 0.0001% respectively. Complaints were mainly related to service attitude, tariff standards and facilities. In response to the complaints, the responsible department had conducted checks and contacted the complainant for follow-up actions. We will continue to strengthen the management of daily operations to provide better service to road users.

Road safety

Road safety is a key issue in the operation of our expressway infrastructure. In order to ensure road safety and smooth traffic, the two joint ventures have assigned road administration personnel to be responsible for road safety and traffic management through arrangement of regular road and bridge space patrols. The road administration personnel should sign a letter of responsibility on operational safety, which clarifies the road safety responsibilities of each position. In addition, during the daily inspection process, the road administration personnel should report problems with the road or bridges to the road maintenance department for timely repair and elimination of potential safety risks.



In the event of road safety accidents, the joint ventures shall form an on-site handling team comprising personnel involved at the scene according to requirements specified in the emergency response plan, providing immediate incident report to the monitoring centre. If the accident involves the leakage of hazardous chemicals, the on-site handling team shall organise and evacuation of people at the scene to an upwind safety zone. At the same time, the road administration personnel should cooperate with the local traffic police and firefighters to resolve the on-site accident, and cooperate with the local government departments to carry out the rescue work.

Apart from day-to-day management, the West Route JV fully upgraded the traffic guidance signs and markings along the Western Delta Route during the reporting period. This not only renovated the traffic markings of the expressway interchanges and added deceleration markings at appropriate locations, but also supplemented outline markings at the tunnel section and enhanced configurations of safety facilities, which aim to improve driving safety.

Customer privacy

The joint venture's regulations such as the Confidentiality Management Measures and File Management Procedures state that employees must keep sensitive information confidential. Confidential documents and information are recorded, kept and stored by designated personnel. To protect customer privacy, all employees are prohibited from disclosing confidential information to external parties without authorisation.

³ Complaint rate is calculated by dividing the number of complaints with the total full-length equivalent traffic volume.

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Supply Chain Management

To ensure that suppliers meet the environmental and social requirements of the Group, the two joint ventures stipulate in the tender document for open selection of contractors that selected contractors are required to sign contracts with terms on anti-corruption and operational safety, to help ensure their adoption of effective environmental and social risk management measures.

Scope of Risks	Relevant requirements
Environmental	<ul style="list-style-type: none"> The contractor shall abide by relevant environmental laws and regulations during the construction process, and formulate a plan for environmental protection during construction to be submitted to the supervisor for approval; The contractor shall strengthen the control of emissions such as noise, dust, exhaust gas and wastewater during the construction process to reduce the impact of emissions on the surrounding environment; and The contractor shall regularly maintain drainage facilities and conduct water and soil protection to avoid geological hazards caused by construction.
Social	<ul style="list-style-type: none"> The contractor shall establish a sound anti-corruption system and organise internal integrity education. Reporting hotlines should be announced, and illegal conduct shall be investigated; and The contractor should have a sound operational safety framework and management system, with qualified practitioners and equipment, who should carry out works and use the equipment according to regulations.

During the reporting period, there were over 100 approved contractors, suppliers and service providers on the two joint ventures' lists, all of which were located in China. The two joint ventures have established management systems for procurement and tendering, and have set specific provisions in the contractor's contract covering environmental protection and operational safety to effectively manage and regulate contractors. In future, these management systems will be reviewed in due course.

Anti-Corruption

To reinforce anti-corruption in business practices and prevent any forms of bribery, extortion, fraud and money laundering, we have stipulated the relevant working requirements through policy guidelines in the Staff Handbook, the Code of Conduct and the Whistleblowing Policy. Our Whistleblowing Policy stipulates that the Group encourages employees to report inappropriate conducts to department heads, Internal Audit Department or more senior managerial staff through mails or in person. The Group pledges to keep the identity of the whistleblower confidential and prohibits retaliation against the whistleblower. Besides, the Code of Conduct stipulates that, in the course of business activities, unless claims were made to and prior authorization was granted by the Group, employees are prohibited from soliciting or receiving benefits from others taking advantage of their positions. When faced with actual or potential conflict of interests, employees should notify the management or the Board of Directors in time. During the reporting period, there were no litigations in relation to corruption during operations within the Group.

CO-CREATING GREEN DEVELOPMENT

We value the management of environmental problems created during the course of operation and committed ourselves to reducing the environmental impact of operation. To this end, the Group has formulated the Sustainability Policy to coordinate environmental issues and implement an environmentally-friendly and energy saving model of development.

Emissions

Maintenance works of expressway inevitably imposes certain level of environmental impacts. In order to mitigate further the environmental impacts of noise, dust and other emissions generated during construction works, we have formulated the Sustainability Policy as a guiding principle and introduced environmental protection terms into the contract with the construction contractors. For instance, the contractors are required to adopt measures mitigating pollution in surrounding environment from the use of construction materials and preventing dust pollution. During project acceptance inspection, contractors have to submit a report to explain the environmental protection and safety measures adopted, to ensure compliance with the requirements.

Greenhouse gases

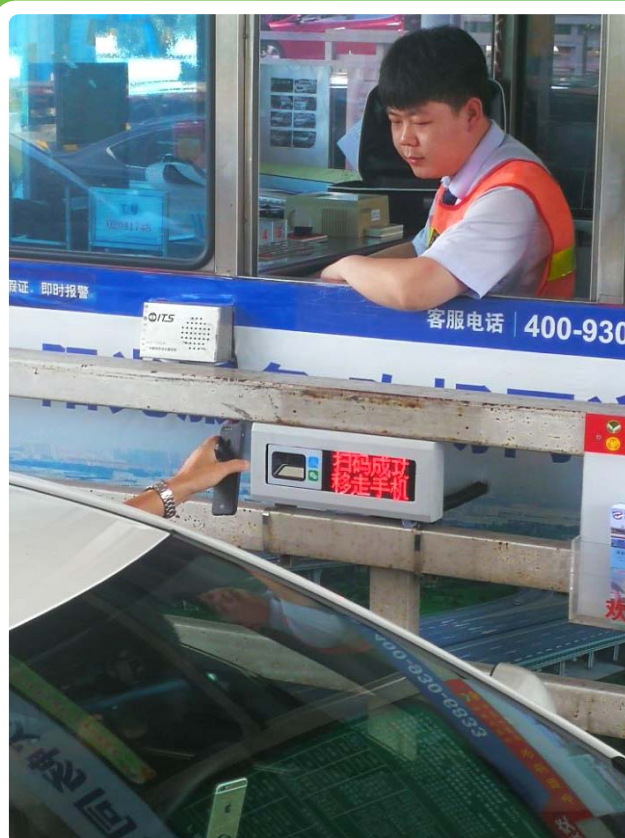
Greenhouse gas ("GHG") emissions are closely related to climate change and global warming, and companies around the world have been establishing carbon reduction measures and targets. During the reporting period, we have commissioned a consultancy to conduct a carbon assessment to quantify the GHG emissions (or "carbon emissions") generated by the two joint ventures during their operations. The process of quantification references the guideline launched by the National Development and Reform Commission of the People's Republic of China⁴ (the "PRC") and international standards such as ISO14064-1 and the GHG Protocol.

During the reporting period, carbon emissions of the two joint ventures were approximately 12,440 tonnes of carbon dioxide equivalent, most of which were energy indirect GHG emissions from purchased electricity, reaching 11,043 tonnes of carbon dioxide equivalent and accounting for approximately 89% of total carbon emissions. Besides, direct GHG emissions released during the use of mobile source of fossil fuels accounted for approximately

8.5% of the total carbon emissions, reaching 1,058 tonnes of carbon dioxide equivalent. For detailed results of carbon assessment, please refer to the chapter of Appendix: Key Performance Indicator Summary of the report.

Air emissions

The air pollutants of the two joint ventures during the reporting period were mainly generated from the combustion of fossil fuels in automobiles and kitchen appliances. Among them, the sulfur oxides, nitrogen oxides and respirable suspended particulates produced from fossil fuel combustion in vehicles accounted for 94%, 77% and 93% of the respective categories of emissions. The two joint ventures increased facilities to support mobile payment at the exits of toll stations along the entire route, and actively promoted ETC payment, enhancing its ability to relieve traffic, which should reduce congestion and the duration that vehicles stop on the road.



⁴ Guidelines for Accounting and Reporting GHG Emissions by China Land Transportation Enterprises (Trial)

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Wastes

During the reporting period, the two joint ventures produced a total of 7,880 tonnes of non-hazardous waste. The non-hazardous waste mainly consists of domestic waste produced by expressway users. To ensure the compliance of waste recycling with relevant regulations, we have signed a contract with a third-party cleaning contractor to transfer non-hazardous waste produced by the Group's operation to waste processing station for handling. For construction waste produced during construction works, the construction unit is responsible for the collection, transfer and handling. During the reporting period, the waste generated from GS Superhighway JV asphalt road surface maintenance was stored in a centralized location on site and transported by construction units for external disposal.

Use of Resources

To control the use of resources in the operation, we have provided guidance to our employees through the Sustainability Policy and the Staff Handbook to regulate employee behaviours, such as reducing wasted resources, encouraging use of recycled paper, saving water and electricity and reducing vehicle usage.

During the reporting period, the two joint ventures consumed a total of 85,081 GJ of energy, of which about 76.6% was attributable to purchased electricity, which was a main source of energy consumption. To reduce consumption of electricity and the relevant GHG emissions, the Group continuously assess and adopt cost effective technology or devices to increase the energy efficiency. For example, part of surveillance equipment along the Western Delta Route had adopted wind power and solar energy for electricity supply.

Apart from energy consumption, water resources and raw materials were two other main categories of resource consumption. The two joint ventures consumed a total of 317,919 cubic meters of water during the reporting period. Besides, consumption of raw materials was mainly attributable to maintenance projects. Since the GS Superhighway JV carried out a road surface maintenance project, the consumption of cement and asphalt was relatively substantial.

The Environment and Natural Resources

Emergencies in the operation of expressways may pose negative impacts on the surrounding environment. To effectively respond to and control emergencies, the two joint ventures both formulated the Emergency Response Plan and management systems that help supervise the operation of expressway and maintenance projects so as to prevent environmental pollution.

In the event of a sudden environmental pollution incident, joint ventures will immediately set up an emergency response headquarter with senior management as the chief commander to be responsible for organising and commanding on-site working team to handle the incident and reduce negative impacts.

In the tender documents and construction contracts of the two joint ventures, the contractor is required to obtain logging permits in accordance with the law before logging within project site, and must pay attention to protecting the surrounding ecology and wildlife. If land is temporarily occupied during construction, the construction unit shall fully restore the land at the end of the construction. For the slope excavated during construction, the construction unit shall carry out maintenance to ensure drainage facilities work in good order. Water and soil protection measures should also be in place to avoid geological hazards caused by the construction. In addition, during the process of expressway planning, the Group adheres to the principle of reasonable use of land to avoid environmental pollution.

BUILDING INCLUSIVE COMMUNITY

We always pay close attention to the actual needs of the community where we operate, and hope to contribute to community development by encouraging the active participation of our employees. During the reporting period, the Group organised and participated in multiple community charity events organised by established organisations. To name a few:

- Hong Kong employees participated in the Community Chest Green Day and Love Teeth Day organised by the Community Chest of Hong Kong to support services provided by social welfare organisations;
- The Company formed a team to join the 8km race of GoRun2018 organised by St. James' Settlement to raise fund to offer emergency assistance and food for people in need;
- Volunteers of GS Superhighway JV participated in regional charity events including a large-scale charity walk event in Dongguan, and a showcase cum finals of a Dongguan volunteer service competition; and
- Volunteers of West Route JV conducted visits to schools in the rural regions and visited elderly in Ronggui Elderly Care Home.



Since its establishment in 2017, the GS Superhighway JV volunteer team has persistently provided regular volunteer services, with over 1,700 registered members and over 5,800 accumulated hours of service. In 2018, the team's effort was recognised by society, and was shortlisted in the top 100 best volunteer organisations of National Lei Feng Volunteer Service. In the future, the Group will perform timely review on the effectiveness of its resources invested in community development, to promote sustainability efforts with surrounding communities by embracing the Sustainability Policy as the core principle.

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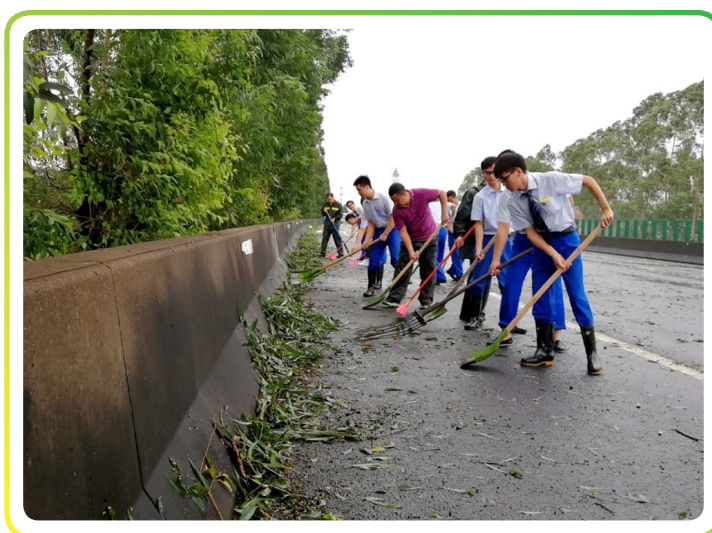


Blood donation campaign

The GS Superhighway JV's Shenzhen management office worked with Shenzhen Bao'an District Central Blood Station for the third consecutive year to organise a themed blood donation campaign. In total 76 employees participated in it, affirming a sound corporate image.

Volunteering activity

In the aftermath of Typhoon Mangkhut, we recruited internal volunteers to clear up roads in order to restore road traffic and the operation of the West Route JV.



Awareness raising campaign

To further promote the concept of civilized travel, the West Route JV volunteers set up service points at service areas along the expressway to provide route guidance, herbal tea and medical assistance to the public as well as to address tourists' enquiries.

APPENDIX: GENERAL DISCLOSURE

Emissions (A1 of the Guide)

To enhance the management of environmental impact of construction of expressway, we have formulated the Sustainability Policy as a guiding principle, adding environmental protection terms to the contract signed with construction contractors, such as water and soil protection and prevention of discharge pollution from construction waste and wastewater. During the reporting period, we abided by laws and regulations such as the Environmental Protection Law of the PRC, the Water Pollution Prevention and Control Law of the PRC and the Water Pollution Control Ordinance during operation. We were not aware of any cases of non-compliance with laws and regulations in relation to emissions. For more details, please refer to the chapter "Co-creating Green Development".

Use of Resources (A2 of the Guide)

To utilise resources effectively, we provided guidance to our employees through the Sustainability Policy and the Staff Handbook, which aim to prescribe employee behaviours in reducing wasted resources, encouraging use of recycled paper, saving water and electricity, reducing vehicle usage and so on. Moreover, regarding the use of water resources, daily use of water in the Group's operation mainly comes from municipal supplies. The Group does not have any issues in sourcing water that is fit for purpose. For more details, please refer to the chapter "Co-creating Green Development".

The Environment and Natural Resources (A3 of the Guide)

The two joint ventures both formulated the Emergency Response Plan and relevant management systems to effectively respond to and control incidents, thereby reducing the negative impacts on the surrounding environment. Besides, the two joint ventures included terms in the tender documents and construction contracts to supervise expressway operation and maintenance projects to prevent environmental pollution. For more details, please refer to the chapter "Co-creating Green Development".

Employment (B1 of the Guide)

The Group advocates the basic principles of fairness, openness, justness and recruitment that is based on qualifications. It values the establishment of a sound employment system, respects and defends employees' rights. The Company establishes a fair employment system through documents such as the Staff Handbook. Besides, the GS Superhighway JV and West Route JV, taking into account their respective operational circumstances, formulated internal employment policies including the Human Resources Management Procedure, GS Superhighway JV Staff Handbook and West Route JV Staff Handbook to further improve the employment framework of the Group. With regard to employment, the Group abides by laws and regulations such as the Labor Law of the PRC, the Labor Contract Law of the PRC and the Employment Ordinance. Besides, the Group was not aware of any cases of non-compliance with laws and regulations in relation to employment during the reporting period. For more details, please refer to the chapter "Growing with Employees".

Health and Safety (B2 of the Guide)

Health and safety of employees has always been our focus. The two joint ventures formulated a series of internal policies, including the Operational Safety Supervision and Management Measures, the Fire Safety Management Measures and the Safe Operation Procedure for Specified Positions and the Operational Safety Management Procedure for Road Administration, to standardise work procedures and enhance safety awareness to protect employees' health and safety. We abide by laws and regulations such as the Work Safety Law of the PRC, Law of the PRC on the Prevention and Treatment of Occupational Diseases and the Occupational Safety and Health Ordinance. During the reporting period, there were five cases of work-related injuries and zero work-related fatality. We were not aware of any cases of non-compliance with laws and regulations in relation to health and safety. For more details, please refer to the chapter "Growing with Employees".

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Development and Training (B3 of the Guide)

The Group attaches great importance to helping employees develop their career path by enhancing their professional skills and work performance through different training. Our two joint ventures stipulate their management measures in the training section of the Staff Handbook. Internal training programme was divided into four parts: pre-job training, on-the-job training, continuous education and academic education. The joint ventures are committed to strengthening the learning outcome of our employees through various training methods. For more details, please refer to the chapter "Growing with Employees".

Labour Standards (B4 of the Guide)

The Group strictly prohibits the use of child labour and compulsory labour in the workplace to ensure that the legitimate rights and interests of employees are protected. We have adopted the relevant human resources management policies, such as the Human Resources Management Procedure and the Staff Handbook, to regulate the Group's practice in terms of labour standards. During recruitment, we request identification documents of candidates for verification of his/her age and compensation leave arrangements or overtime payment are made to employees working overtime on statutory holidays. We abide by relevant laws and regulations such as the Labor Law of the PRC, Law of the PRC on the Protection of Minors and the Employment Ordinance during operation. We were not aware of any cases of non-compliance with laws and regulations in relation to labour standards. For more details, please refer to the chapter "Growing with Employees".

Supply Chain Management (B5 of the Guide)

The two joint ventures implement effective environmental and social risk management in contractors responsible for maintenance and construction projects by including terms in the tender documents and contracts. In the environmental aspect, the Group requires contractors to control pollutants and wastes and protect the surrounding ecological environment. In the social aspect, the terms cover areas such as anti-corruption, operational safety management, and regulations on wage payments. For more details, please refer to the chapter "Achieving Effective Operation".

Product Responsibility (B6 of the Guide)

Road safety is a key issue in the operation of our expressways. The two joint ventures of the Group had formulated multiple systems, such as specifying the management responsibility in the Expressway Maintenance Method, formulating the Emergency Response Plan to implement effective rescue operation, and protecting customer privacy according to the Management Method on Confidentiality and File Management Procedure. We abide by laws and regulations in relation to product responsibility such as the Highway Law of the PRC and the Regulation on the Administration of Toll Roads. During the reporting period, we were not aware of any cases of non-compliance with laws and regulations in relation to product responsibility including health and safety of customers and customer privacy. For more details, please refer to the chapter "Achieving Effective Operation". The current business of the Group does not involve product labelling, product recall and advertising, therefore no relevant policies were formulated.

Anti-Corruption (B7 of the Guide)

To reinforce anti-corruption in the business, we have stipulated the relevant working requirements through policy guidelines such as the Staff Handbook, the Code of Conduct and the Whistleblowing Policy, to prevent any form of bribery, extortion, fraud and money laundering. We encourage employees to report misconduct and promise to keep whistleblower's information confidential. The Group abides by relevant laws and regulations such as the Anti-Corruption and Anti-Bribery Law of the PRC and the Regulations of the PRC for Suppression of Corruption. During the reporting period, we were not aware of any cases of non-compliance with laws and regulations in relation to bribery, extortion, fraud and money laundering. For more details, please refer to the chapter "Achieving Effective Operation".

Community Investment (B8 of the Guide)

The Group formulated the Sustainability Policy as appropriate according to the company's situation to promote community development, support the disadvantaged groups and encourage employees to support community activities. For more details, please refer to the chapter "Building Inclusive Community".

APPENDIX: KEY PERFORMANCE INDICATOR SUMMARY

Environmental Performance

		Second half of 2018		
Indicator	Unit	GS Super-highway JV	West Route JV	Total
Air emissions⁵				
Nitrogen Oxides (NO _x)	tonne	4.36	0.55	4.91
Sulphur Oxides (SO _x)	tonne	0.10	0.03	0.13
Respiratory suspended particulates (RSP)	tonne	0.21	0.02	0.23
Total GHG Emissions ⁶				
Direct Emissions	tonne of CO ₂ -e	865	532	1,397
Energy indirect emissions	tonne of CO ₂ -e	7,604	3,439	11,043
Total GHG Emissions	tonne of CO ₂ -e	8,469	3,971	12,440
GHG Emissions Intensity (by length of expressway)	tonne of CO ₂ -e/km	Not applicable	Not applicable	56.4
Generation of hazardous and non-hazardous waste				
Total hazardous waste	tonne	Not applicable	Not applicable	Not applicable
Hazardous waste intensity (by length of expressway)	tonne/km	Not applicable	Not applicable	Not applicable
Total non-hazardous waste	tonne	3,858	4,022	7,880
Non-hazardous waste intensity (by length of expressway)	tonne/km	Not applicable	Not applicable	35.7
Total energy consumption				
Direct energy				
Gasoline	litre	161,936	151,817	313,753
	GJ	5,166	4,843	10,009
Diesel	litre	126,349	6,128	132,477
	GJ	4,542	221	4,763
Natural gas ⁷	cubic meter	5,741	4,998	10,739
	GJ	224	195	419
Liquefied petroleum gas	tonne	46	46	92
	GJ	2,331	2,325	4,656
Indirect energy				
Electricity purchased	MWh	12,463	5,636	18,099
	GJ	44,868	20,290	65,158
Electricity consumption intensity (by length of expressway)	GJ/km	Not applicable	Not applicable	295.2
Renewable energy (solar energy and wind energy)	MWh	Not applicable	21	21
	GJ	Not applicable	76	76
Total energy consumption	GJ	57,131	27,950	85,081
Energy intensity (by length of expressway)	GJ/km	Not applicable	Not applicable	385.5
Water consumption				
Total water consumption	cubic meter	219,127	98,792	317,919
Water intensity (by length of expressway)	cubic meter/km	Not applicable	Not applicable	1,440.5
Use of materials				
Cement	tonne	4,353	334	4,687
Steel bar	tonne	698	86	784
Steel strand	tonne	53	0	53
Asphalt	cubic meter	13,463	1	13,464

⁵ Calculation of air emissions references standards such as the Technical Guidelines on Preparation of Emission Inventory of Air Pollutants from Road Vehicles (Trial) and the Technical Guidelines on Preparation of Emission Inventory of Primary Source of Inhalable Particulate Matter (Trial).

⁶ Calculation of GHG emissions references the references standards such as the Guidelines for Accounting and Reporting GHG Emissions by China Land Transportation Enterprises (Trial).

⁷ Starting from the reporting period, natural gas was added as a new category under direct energy to improve calculation of energy consumption.

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Social Performance

Indicator	Unit	Second half of 2018	
		GS Super-highway JV	West Route JV
Total workforce			
By region	Number		
Hong Kong		3	1
Mainland China		2,331	1,019
Total workforce in Hong Kong and Mainland China	Number	2,334	1,020
By gender	Number (ratio)		
Female		868 (37.2%)	434 (42.5%)
Male		1,466 (62.8%)	586 (57.5%)
By age group	Number (ratio)		
Below 30		1,221 (52.3%)	695 (68.1%)
30–50		1,018 (43.6%)	299 (29.3%)
Above 50		95 (4.1%)	26 (2.5%)
By employee category	Number (ratio)		
Senior managerial staff		7 (0.3%)	6 (0.6%)
Managerial staff		30 (1.3%)	16 (1.6%)
General staff		2,297 (98.4%)	998 (97.8%)
Ethnic minority employees	Ratio	2.57%	2.25%
Governance organisation			
By gender	Number		
Female		0	0
Male		10	8
By age group	Number		
Below 30		0	0
30–50		2	3
Above 50		8	5
Percentage of employees protected by collective bargaining agreement	Ratio	100%	100%
Minimum notice period(s) regarding significant operational changes, and whether it is specified in collective agreements		One month	One month
Total employee turnover⁸			
By gender	Number (ratio)		
Female		73 (3.1%)	49 (4.8%)
Male		110 (4.7%)	61 (6.0%)
By age group	Number (ratio)		
Below 30		139 (6.0%)	97 (9.5%)
30–50		39 (1.7%)	13 (1.3%)
Above 50		5 (0.2%)	0 (0%)
Number and percentage	Number (ratio)	183 (7.8%)	110 (10.8%)
Total new hires			
Number and percentage	Number (ratio)	332 (14.2%)	208 (20.4%)
Occupational safety and health performance			
Number and percentage of work-related fatalities	Number (ratio)	0 (0%)	0 (0%)
Number and rate of work-related injury per 1,000 employees	Number (person)	4 (1.71)	1 (0.98)
By region			
Hong Kong		0	0
Mainland China		4	1
By gender			
Female		1	0
Male		3	1
Lost workdays due to work-related injury	day	155	48
Employees trained and training hours			
By gender	Number (average hours)		
Female		372 (16.8)	124 (56.5)
Male		693 (19.6)	233 (74.2)
By employee category	Number (average hours)		
Senior managerial staff		7 (87.4)	7 (207.2)
Managerial staff		25 (49.8)	16 (145.8)
General staff		1,033 (18.0)	334 (64.5)
Number and time	Number (average hours)	1,065 (8.5)	357 (23.8)
Percentage of employees who received regular performance review	Ratio	100%	100%
Customer complaints			
Number of customer complaints	Case	154	13
Customer complaint rate	Ratio	0.0008%	0.0001%

⁸ The employee turnover rate is calculated by dividing the total number of employees who left the company voluntarily or because of dismissal, retirement or work-related fatality by the total number of employees in the reporting period.

APPENDIX: REPORT CONTENT INDEX

Material Aspect	Content	Page Index/Remarks
A. Environmental		
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	15, 19
A1.1	The types of emissions and respective emissions data.	15, 21
A1.2	Greenhouse gas emissions in total and intensity.	15, 21
A1.3	Total hazardous waste produced and intensity.	16, 21
A1.4	Total non-hazardous waste produced and intensity.	16, 21
A1.5	Description of measures to mitigate emissions and results achieved.	15
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	16
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	16, 19
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	16, 21
A2.2	Water consumption in total and intensity.	16, 21
A2.3	Description of energy use efficiency initiatives and results achieved.	16
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	19
A2.5	Total packaging material used for finished products with reference to per unit produced.	The Group's operation does not involve packaging materials of finished products.
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	16, 19
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	16

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Material Aspect	Content	Page Index/Remarks
B. Social		
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	8, 19
B1.1	Total workforce by gender, employment type, age group and geographical region.	22
B1.2	Employee turnover rate by gender, age group and geographical region.	22
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	9–10, 19
B2.1	Number and rate of work-related fatalities.	22
B2.2	Lost days due to work injury.	22
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	9–10
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	11, 20
B3.1	The percentage of employees trained by gender and employee category.	22
B3.2	The average training hours completed per employee by gender and employee category.	22
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	12, 20
B4.1	Description of measures to review employment practices to avoid child and forced labour.	12
B4.2	Description of steps taken to eliminate such practices when discovered.	12
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	14, 20
B5.1	Number of suppliers by geographical region.	14
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	14

Material Aspect	Content	Page Index/Remarks
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	12–13, 20
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Group's operation does not involve product sales and delivery.
B6.2	Number of products and service related complaints received and how they are dealt with.	13, 22
B6.3	Description of practices relating to observing and protecting intellectual property rights.	The Group's operation does not involve product manufacturing or sales and therefore this indicator is less relevant.
B6.4	Description of quality assurance process and recall procedures.	12–13; the Group's operation does not involve product recall.
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	13, 20
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	14, 20
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.	14, 20
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	14
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	17–18, 20
B8.1	Focus areas of contribution.	17–18
B8.2	Resources contributed to the focus area.	17–18

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VERIFICATION STATEMENT

Scope and Objective

Hong Kong Quality Assurance Agency ("HKQAA") has been commissioned by Hopewell Highway Infrastructure Limited ("HHI") to undertake an independent verification for its Sustainability Report 2018 ("the Report"). The scope of this verification covers the sustainability performance data and information of HHI's business in Hong Kong SAR and Mainland China for the period of 1st July 2018 to 31st December 2018, as defined in the Report. This is the 8th Report that HHI published to communicate its commitments, efforts and progress of performance towards sustainability.

The Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide ("ESG Guide") of Hong Kong Exchanges and Clearing Limited. The aim of this verification is to provide a reasonable assurance on the completeness and accuracy of the report contents.

Level of Assurance and Methodology

HKQAA's verification procedure was designed for devising opinions and conclusions to obtain a reasonable level of assurance. The extent of this verification process undertaken covered the criteria set in the ESG Guide.

The verification process included verifying the systems and processes implemented for collecting, collating and reporting the sustainability performance data, reviewing relevant documentation, interviewing responsible personnel with accountability for preparing the reporting contents and verifying selected representative sample of data and information. Raw data and supporting evidence of the selected samples were also thoroughly examined during the verification process.

Independence

HHI was responsible for the collection and preparation of the information presented. HKQAA did not involve in calculating and compiling the reporting data, or the content development of the Report. Our verification activities were entirely independent from HHI.

Conclusion

Based on the verification results and in accordance with the verification procedures undertaken, HKQAA has obtained reasonable assurance and is in the opinion that:

- The Report has been prepared in accordance with the ESG Guide. The key performance indicators specified in the ESG Reporting Guide has been adequately addressed;
- The systems and processes used by HHI for managing and reporting sustainability performance information are effective;
- The Report illustrates the sustainability performance of HHI's material topics in a balanced, comparable, clear and timely manner; and
- The data and information disclosed in the Report are reliable, accurate and complete.

HHI has established effective mechanism to proactively engage with its stakeholders. Feedbacks from stakeholders were taken into account seriously for incorporating into the company's sustainability strategies and for preparing the report contents. HHI has also been responsive to stakeholder concerns and expectations with a number of examples shown in the Report.

In conclusion, the Report reflects truthfully the sustainability commitments, policies and performance of HHI and discloses transparently the sustainability performance of the company that is commensurate with its sustainability context and materiality.

Signed on behalf of Hong Kong Quality Assurance Agency

Jorine Tam
Director, Corporate Business
May 2019

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<http://www.hopewellhighway.com/SR>