

SHENZHEN INVESTMENT HOLDINGS BAY AREA DEVELOPMENT COMPANY LIMITED

(incorporated in the Cayman Islands with limited liability)
Stock Codes: 737 (HKD counter) & 80737 (RMB counter)



2020 SUSTAINABILITY REPORT



SUSTAINABILITY REPORT 2020

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1. ABOUT THIS REPORT

This is the tenth *Sustainability Report* published by Shenzhen Investment Holdings Bay Area Development Company Limited (the “Company” or “Bay Area Development”, formerly known as Hopewell Highway Infrastructure Limited), presenting the latest policies, measures and performance of the Company and two joint ventures (collectively referred to as the “Group” or “we”) in environmental, social and governance (“ESG”) aspects for the sake of strengthening stakeholders’ understanding of the Group’s sustainable development process and commitments. This report is compiled in Chinese and English, and has been uploaded to the website of the Stock Exchange of Hong Kong Limited (“SEHK”) and the Company website (www.sihbay.com).

Reporting Scope and Boundary

The reporting period of this report is consistent with the *Shenzhen Investment Holdings Bay Area Development Company Limited 2020 Annual Report*, covering the period from 1 January 2020 to 31 December 2020 (the “Year” or the “Reporting Period”). To enhance the comparability of this report, part of the content is extended to other years as appropriate, details can be found in the relevant content. The scope of disclosure in this report covers the social performance of the Company’s Hong Kong and Shenzhen offices in the Year, as well as the environmental and social performance of the Guangzhou-Shenzhen Superhighway (the “GS Superhighway”) and the Guangzhou-Zhuhai West Superhighway (the “GZ West Superhighway”) projects operated by two joint ventures in the Year, and increasing coverage of the Shenzhen office as compared to the previous year.

Reporting Standard and Verification

The Group compiles this report in accordance with the *Environmental, Social and Governance Reporting Guide* (the “Guide”) (2016 version) set out in Appendix 27 to the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*. This report has complied with the “comply or explain” provisions set out in the Guide, and is prepared based on the four reporting principles of “Materiality”, “Quantitative”, “Balance” and “Consistency”, to ensure high quality information is presented.

Materiality

The Group has communicated with stakeholders through online questionnaires to gather their opinions on sustainable development issues. By analysing and summarising the opinions, the Group identified the material issues that serves as the basis in compiling this report.

Quantitative

To assess the Group’s performance in the environmental and social areas, we have presented the quantitative KPIs for the Reporting Period, and disclosed the information on the standards, methods, assumptions and/or calculation tools used to quantify the KPIs, as well as the sources of the conversion factors applied.

Balance

When compiling this report, the Group takes into account of fair presentation of its performance on sustainable development. The information involved in the content of this report comes from official documents, statistical reports, and publicly disclosed materials of the Group.

Consistency

When practical and unless stated otherwise, the statistical methods applied in this report are consistent with last year’s methods. Quantitative data are analysed and presented in a year-on-year comparison for review by stakeholders.

In addition, to ensure the accuracy of the content of this report and key performance indicators (“KPIs”), we have commissioned the Hong Kong Quality Assurance Agency to conduct independent verification of the content of the report and to issue a verification statement. A content index is attached at the last section of this report for the convenience of readers.

Opinion and Feedback

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

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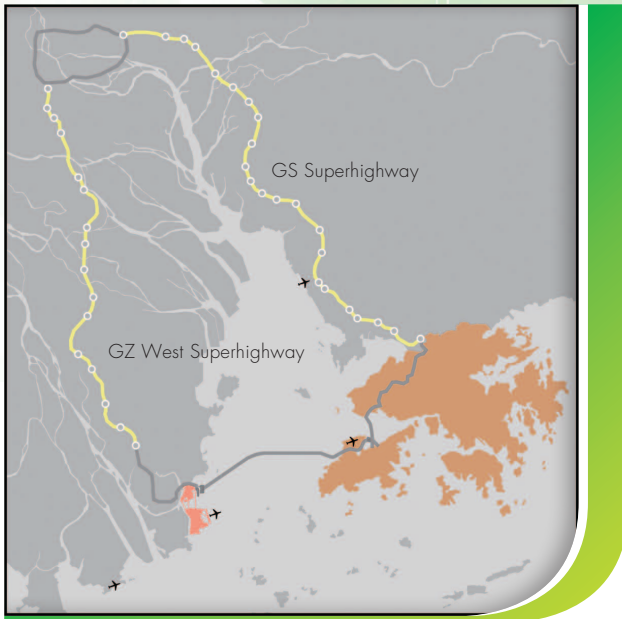
2. ABOUT BAY AREA DEVELOPMENT

Bay Area Development was incorporated in the Cayman Islands, and has been listed on the main board of SEHK since 6 August 2003. It is currently a subsidiary of Shenzhen Investment Holdings Company Limited. The Company is principally engaged in toll-expressway projects and adopts development strategies focusing on infrastructure construction and correlated business as well as land development and utilisation along the GS Superhighway within the Guangdong-Hong Kong-Macao Greater Bay Area (the "Bay Area"). Through partnership with Guangdong Provincial Highway Construction Company Limited¹, the Company currently owns 45% and 50% of interests of the GS Superhighway operated by the Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited (the "GS JV") and the GZ West Superhighway operated by the Guangdong Guangzhou-Zhuhai West Superhighway Company Limited (the "GZ West JV") respectively. The Company also owns 15% of interest of the Xintang Interchange Residential Project of Guangzhou Zhentong Development Company Limited (the "Xintang JV").

As a main expressway artery connecting Guangzhou, Dongguan and Shenzhen — the three major cities on the eastern bank of the Bay Area — and the Huanggang Port, the GS Superhighway sustains the great responsibility of connecting the Bay Area internally and externally, and provides convenience in daily travelling for the general public. Due to the heavy traffic flow of the GS Superhighway, the GS JV has accelerated to promote the expansion works of the GS Superhighway, in line with government plan, with the aim to integrate the expansion with land planning of the local government, optimising and making good use of land resources, and forming a win-win expansion plan for the Company, the government and the society.

The GZ West Superhighway is the main expressway artery between Guangzhou and Zhuhai, and offers the most convenient access to Hengqin, Macao and Hong Kong respectively through its connection with the Second Hengqin Bridge, the Zhuhai Link Road and the Hong Kong-Zhuhai-Macao Bridge. To comply with Foshan government's plan on development of Sanlongwan area, the Shizhou toll station on the GZ West Superhighway carried out transformation and landscape improvement works during the Reporting Period, so as to improve the capacity of the toll station to handle traffic flow, and contribute to the development of Sanlongwan area. As the Bay Area continues to develop, the demand for transportation and the volume of traffic continue to increase, the GZ West JV will persist in improving its service level and deliver better services to the public.

¹ Guangdong Provincial Highway Construction Company Limited is a Chinese joint venture partner of the GS JV and the GZ West JV.



Year 2020	GS Superhighway	GZ West Superhighway
Average daily toll revenue (RMB'000) ²	6,509	2,994
Average daily full-length equivalent traffic (No. of vehicles '000) ³	74	43

Important Honors and Awards Received in 2020

DECEMBER 2020

- GS JV was awarded the "Excellent National Transport Cultural Brand" and the "Excellent National Transport Unit in Culture Development" in 2020
- GS JV was entitled "Civilised Unit of Guangdong Province 2018-2020"



NOVEMBER 2020



- GS JV (GS Superhighway) was awarded the 2020 National "Long-life Asphalt Pavement Medal"



- GS JV was entitled Advanced Unit for Safety Culture Publicity in the 2020 National "Ankang Cup" Contest

MARCH 2020



- The Company has been awarded in the "Caring Company" logo for more than ten consecutive years

² Average daily toll revenue includes taxes.

³ Average daily full-length equivalent traffic is defined as the total distance travelled by all vehicles on the expressway divided by the full length of the expressway and the total number of days this Year. It can better reflect road usage as it considers total travelling distance by all vehicles on the expressway and is a standard operational statistic used throughout the industry.

3. CHAIRMAN PREFACE

Since the beginning of 2020, duties to guarantee unimpeded traffic during the Spring Festival travel rush, adopt pandemic prevention and control measures, and support resumption of operation and production activities have emerged successively. Under such a complex operating situation, all of our employees continued to demonstrate their commitment in the front-line, ensuring the safety and mobility of expressway traffic in real earnest, dedicating to serving the overall pandemic prevention and control works, and contributing to the overall stability of the economy and society. As the pandemic prevention and control measures has become a common practice, on behalf of the Group, I would like to extend my sincere greetings and blessings to all employees and their families, and my sincere gratitude to all customers, partners and suppliers for their support.

Looking back on the past year, despite the hardships, our pace of development has never stopped. As a company with good social responsibility, we have always undertaken the duties of constructing social responsibility, operated our business in an honest and responsible manner, and strived to create sustainable and long-term value for stakeholders. During the Year, we persisted in exploring the path of sustainable development and effectively promoting environmental, social and governance work.

Compliance should be a prerequisite for wise development. Nowadays, the development of expressways in our country has gradually entered the stage of operation and management from the stage of large-scale investment and construction. Meanwhile, there is increasing demand from the society for efficient operation of the expressway transportation network, and there are unified regulations on operation and service in the country. In order to enhance the competitiveness, the Group attaches great importance to the improvement of compliance and management standards. We are committed to implanting the awareness of compliance and quality service into the corporate culture, and looks forward to receiving widespread recognition and response from the society, forming a good and mutually reinforcing cycle.

Safe operation is our engraved responsibility. Providing safe and satisfactory transportation services to the public has been our long-term pursuit. We adhere to the concept of life-cycle and preventive maintenance, and promote the all-rounded expressway maintenance through scientific decision-making and efficient construction. Moreover, we attach great importance to the occupational health and safety of employees, and strive to create a safe and comfortable working environment for all employees through standardised management.

Going green to earn a better future. In the context of the continuous growth of transportation demand and the ever-increasing constraints on natural resources, it is an arduous task for expressway enterprises to pave the pathway to green development. We continue to advocate the concept of green and low-carbon, and strive to implement it into all aspects of the expressway operation, contributing to building a green and beautiful Bay Area.

The simplest principle is to do solid work. We will always stand at the forefront of the industry, grasp the pulse of the industry, unswervingly implement the concept of sustainable development, and unite our efforts to take the path of sustainable development. We also believe that the sound core business of the GS Superhighway and the GZ West Superhighway, coupled with strategic development arrangements, will continue to support the sustainable development of the Group.

Zhengyu LIU

Chairman

14 May 2021, Hong Kong

4. SUSTAINABILITY GOVERNANCE

The Group has always been committed to creating sustainable and long-term value for stakeholders, and contributing to the environment and community charity. We strive to operate in a sustainable mode, seize development opportunities from all aspects of the environment, society and economy, and at the same time deal with the risks that come along.

Sustainability Policy

The Committee of Executive Directors assumes overall responsibility for formulating and reviewing strategic approaches and policies in sustainability, and supervising the implementation of sustainability-related

task plans and budgets of the Group. While the Board of Directors reviews the sustainability governance structure in due course based on the development needs of the Group. We have reformulated and implemented the *Sustainability Policy* in 2018, and put our all-rounded sustainability commitments into practice in accordance with the sustainability approaches set out. This policy incorporates the idea of sustainability into all aspects of the Group's operational process, regulating the management of employees, communities, the environment and the value chain, and has currently become the basis for the continuous promotion of the Group's sustainability plan.



Employee

- Treat employees with fairness and respect
- Provide training and development opportunities for employees
- Maintain a healthy, safe and suitable working environment

Community

- Actively support and participate in positive initiatives, activities and cooperation in the communities where the operations are located
- Encourage employees and stakeholders to support community and educational charitable activities, and to participate in voluntary work
- Maintain good relationships and close communication with stakeholders

Environment

- Minimise the potential impact of the operational process on the environment
- Efficiently use of resources and promote environmentally friendly practices
- Integrate sustainability practices into the supply chain where feasible

Value chain

- Conduct business in an ethical and legal manner and maintain a high degree of integrity
- Jointly promote sustainability practices with business partners, suppliers, customers and other value chain entities
- Strengthen service quality management to cope with changing market demands

Sustainability Risk Management

The Group is committed to continuously improving and implementing the *Risk Management Policy* to ensure that risk management and internal controls are integrated into the business processes, thereby implementing our commitment to good corporate governance. The Board of Directors understands that it has overall responsibility for the Group's risk management and internal control systems, and overseeing its effectiveness on an on-going basis through the Audit Committee. After years of exploration and practice, the Group has developed a holistic risk assessment framework, which regulates the six key steps of our on-going risk assessment program:



During the Year, the Group continued to review and update the risk register to ensure that risk management was carried out efficiently and with high-quality. Moreover, we explored a new model for sustainability risk management that incorporates ESG-related risks. Through industry benchmarking and gap analysis, we examined the underlying general trends of sustainability and identified a library of ESG trends related to the Group's business. After internal discussion, we have added ESG risk category to the existing five major risks, including strategic, operational, financial, information technology and compliance, and incorporated the ESG risks into the risk register, in order to implement a more targeted and comprehensive management of the Group's sustainability-related issues. After a comprehensive assessment, we identified two major risks during the Year. The results are detailed in the table below:

Risk	ESG risk	Risk description
Regulatory	Governance	Unfavourable government policies, regulations and legislative changes, such as the implementation of the policy of waiver of tolls on toll roads nationwide in response to the prevention and control measures for the COVID-19 pandemic by the Ministry of Transport of the People's Republic of China ("PRC").
Commercial and Operating	Social and Governance	Market risks resulting from increasing local competition, government free roads, heightened customer requirement and price sensitivity, unfavourable changes in the demographics of surrounding communities and areas. Safety risks resulting from any failure to perform the responsibility of road safety management.

To improve the management system and organisation in terms of the sustainability and to build a standardised, efficient external information communication channel with the characteristics of Bay Area Development as well as to provide high-quality disclosure, the Group is currently planning to further integrate ESG factors into the existing governance system.

5. STAKEHOLDER⁴ ENGAGEMENT

We are fully aware that stakeholder engagement is vital to the sustainability of the Group. Therefore, we have been maintaining good communication with internal and external stakeholders through a variety of channels to understand the significant impact of the Group's business operations on them and their expectations on the Group's sustainability.



Materiality Assessment of sustainability issues for 2020

In addition to the above regular channels of communication, the Group has engaged an independent consultant to assist in the implementation of a stakeholder communication activity this Year, aiming to gain insight about the expectations and needs of stakeholders, and to identify relatively significant sustainability issues for 2020 ("material issues"). Our materiality assessment this Year has followed the four steps of identification of potential issues, questionnaire survey, summarise and analyse survey opinions, and result verification. During this period, based on the nature of the industry and the characteristics of the Company, as well as management discussion and analysis, we preliminarily screened out 19 potential material issues related to the Group's sustainability. On this basis, we invited the management (including middle-level staff) of Bay Area Development, employees, customers/expressway users, joint venture partners, and family of employees to evaluate the significance of issues from the two dimensions of "significance to Bay Area Development" and "significance to stakeholders". After comprehensively scoring the significance of issues under the two dimensions, we identified a total of 11 material issues (as shown in the matrix). In this report, we will focus on responding to management strategies and performance related to these issues during the Reporting Period.

Materiality Assessment Process



⁴ 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, management, administration staffs and general staffs. External stakeholders include shareholders, business partners, customers, government and regulatory agencies, banks and investors, community groups, etc.

Materiality Assessment Matrix



Material issues		Other related issues	
1	Operational compliance	12	Employee development and training
2	Anti-corruption	13	Diversity and equal opportunity
3	Occupational health and safety	14	Energy management
4	Privacy data protection	15	Waste management
5	Anti-discrimination/sexual harassment	16	Community care
6	Customer complaint and communication	17	Environment and natural resources
7	Customer health and safety	18	Green maintenance
8	Employment compliance	19	Combating climate change
9	Talent attraction	Note: The above issues are sorted according to statistical scores from high to low. The issues marked in green are material issues, while issues marked in gray are other related issues.	
10	Service quality protection		
11	Service responsibility management		

6. ADHERE TO THE BASIC PRINCIPLE OF COMPLIANCE AND ESCORT BUSINESS DEVELOPMENT

Adherence to compliance is an important part of ensuring high-quality development. As an enterprise dedicated to providing safe, convenient and high-quality expressway travel services to the public, the Group is deeply rooted in a compliance culture, shoulders the mission of ensuring unimpeded expressways, and contributes to the promotion of high-quality economic development in the Bay Area.

Standardise Operation System

The Group is committed to improving the toll collection process and optimising the management process by establishing a sound operation management system, thereby enhancing the enterprises competitiveness. At the same time, we earnestly implement the national policies, completed works relating to the removal of provincial boundary expressway toll stations and connected to the nation network in standard specification by the end of 2019. We also pay close attention to the dynamics of toll policies for expressways, and strive to actively explore efficient and scientific expressway operation and management modes based on abiding by the principles of compliant operation.

Strengthen Anti-Corruption Management

The Group is fully aware that continuously creating an honest and upright working environment is not only a prerequisite for enterprises, but also an important way for enterprises to embody their sense of social responsibility. Through the development and enforcement of the *Whistleblowing Policy*, we encourage employees to report suspected malfeasance, corruption or other improper practices to department heads, internal audit or senior management through various channels. At the same time, we promise to keep the personal information of the whistleblower strictly confidential and to protect their legitimate rights and interests in accordance with the law.

In addition to establishing a reporting mechanism, the Group also regulates the daily activities of employees and cultivates their professional ethics through the formulation and implementation of the *Code of Conduct* and the *Staff Handbook*. We strictly prohibit employees from soliciting or accepting cash, gifts or benefits of any kind, and require employees to promptly report to the management or the Board of Directors when they become aware of any actual or potential conflicts of interest.

Protect Customer Privacy

While continuously advancing the construction of informatisation, the Group pays attention to protecting the identities and personal information of drivers and passengers. We have formulated *Confidentiality Management Measures* and *File Management Procedures* to coordinate information security works, to ensure that the data collected are merely used for internal operations, and to protect customer privacy to the greatest extent. In accordance with the Group's internal policies, the documents and materials that need to be kept confidential shall be taken care of or stored by designated personnel in designated places; any confidential content including customer information must not be disclosed to third parties without permission.

Improve Service Quality

The Group is committed to promoting the steady improvement of expressway quality by continuously strengthening the management and practice of scientific expressway maintenance. The GS JV and the GZ West JV have formulated the *Expressway Maintenance Management Measures* and the *Administrative Measures for Maintenance Projects*, respectively. These policies aim to maintain the expressways and their facilities in a healthy state and to provide a safe, unimpeded and comfortable driving environment for drivers through carrying out management procedures of scientific planning, reasonable organisational structuring, rigorous implementation and strict assessment for expressway maintenance.

Apart from expressway maintenance, the Group also pays attention to standardising service standards and improving service levels. The GZ West JV has undertaken a national pilot project on the standardisation of expressway services since 26 December 2017. Since then, the GZ West JV has set out to build and implement a standard system of expressway service industry with "safety, facility, and service" as its core content. On 22 May 2020, the GZ West JV passed the final evaluation and acceptance of the national pilot project on the standardisation of expressway services with a high score of 92, becoming the first expressway unit in China to pass the acceptance. While standardising service standards, the Group continues to increase capital and technology investment in the establishment of facilities for convenient expressway service.

In addition, the Group regards customer opinions as a continuous driving force for business development. During the Year, GS Superhighway and GZ West Superhighway received 510 and 33 complaints on service attitudes, toll disputes and construction respectively, representing a complaint rate⁵ of 0.0003% and 0.00004%. For each complaint, we have proactively sought to communicate with the customer to verify the relevant situation and resolve as soon as possible. In the future, we will continue to strengthen daily operation management, pay attention to customers' comments and suggestions, and comprehensively improve the level of quality service.

Set up ETC express service point

The GS JV continued to carry out the promotion and issuance of ETC during the Year to comprehensively improve the traffic efficiency and service level. Specific measures include setting up ETC express service points along the GS Superhighway to provide ETC users with electronic tag activation, card expiration renewal, and guidance for self-service card application. These measures have laid a solid foundation for the establishment of a long-term ETC operation and maintenance guarantee mechanism.

As of the end of 2020, the number of lanes supporting ETC payment on both the GS Superhighway and the GZ West Superhighway accounted for more than 70% of the total number of lanes, to meet the growth of customer demand.



Maintain Expressway Safety

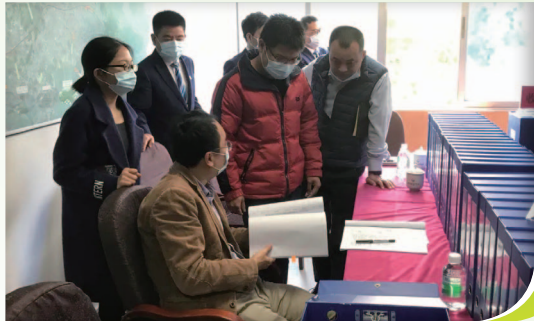
The Group is committed to clearly define the responsibilities of all staffs and formulate emergency measures through a sound operation management system, so as to effectively guarantee the safety in travelling of the public while improving the service quality. Both the GS JV and the GZ West JV have formulated the *Emergency Response Plan* and *Emergency Management Measures* which covers the framework of the general emergency response plan, the special emergency response plan as well as the on-site procedures. In order to regulate the emergency response mechanism and set up, the emergency management leading group shall perform the duties of routine emergency management, information collection and comprehensive coordination.

In addition, the GS JV and the GZ West JV have respectively formulated *Road Administration Measures* and *Road Property Management Measures*, highlighting the significance of strengthening expressway administration enforcement and safeguarding the rights and interests of expressway property in ensuring the safe operation of expressways. Both policies contain relevant requirements for routine expressway inspection and maintenance work, emphasising the adoption of effective safety measures to prevent expressway traffic accidents and to ensure the safety and smooth flow of expressways in their jurisdiction.

⁵ The complaint rate is calculated by dividing the number of complaints by the total annual traffic volume.

Both clerical and field works meet the standard and successfully passed the examination of the “Safe Highway Model”

On 8 to 9 December 2020, the GS Superhighway was examined by the joint inspection team of the Transport Department of Guangdong Province and the Guangdong Provincial Communication Group.



On-site inspection on documents



Field inspection

Maintain Stable Supply

We encourage all suppliers to be environmentally and socially responsible. The suppliers are required to manage related risks properly, such requirements are specified and regulated in the contract (relevant requirements are listed in the table below). During the Year, the two joint ventures have engaged a total of over 100 approved contractors, suppliers and service providers. They are all located in Mainland China.

Relevant requirements for supply chain risk management	
Environmental risk	<ul style="list-style-type: none"> The contractor shall store and dispose waste generated during the construction process in accordance with the provisions of the construction environmental protection measures plan The contractor shall adopt measures such as dust prevention equipment and sprinkler dust reduction to reduce dust pollution generated during the construction process For construction sites within 150 metres from residential areas, the contractor shall strictly control the construction time to reduce noise pollution
Social risk	<ul style="list-style-type: none"> The contractor shall establish an anti-corruption system, set up an anti-corruption bulletin board, provide a whistleblowing hotline, and investigate and prosecute acts in violation of regulations The contractor shall have a sound safety production responsibility system and management system, the operating personnel and equipment shall be qualified, and the construction and operation shall be conducted in accordance with the provisions

7. SAFEGUARD THE RIGHTS AND INTERESTS OF EMPLOYEES TO ACHIEVE LASTING SUCCESS

Talent is the most precious resource of an enterprise. The Group has always adhered to the “people-oriented” concept, resolutely safeguarded the basic rights and interests of employees, and striving to create an equal, friendly and safe working environment. Meanwhile, it also attaches great importance to the cultivation and reserve of talents and expects to grow together with employees.

Avoid Employment Risks

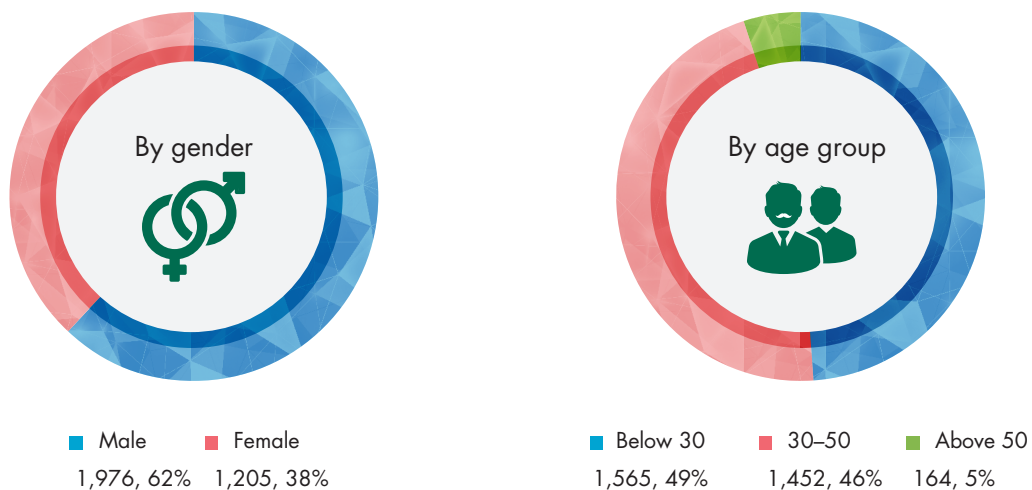
The Group always abides by the employment principle of “fair, impartial, open, merit-based enrollment, and competitive employment”, and promises not to employ minors under the age of 16 or arrange forced labor of any kind. We have formulated rules and regulations such as the *Staff Handbook*, the *Human Resources Management Procedure* and the *Overtime Work Management Rules* to govern the prevention of child or forced labour, of which the details are as follows:

Avoid child labour	Avoid forced labour
<ul style="list-style-type: none"> Require applicants to fill out the <i>Employee Application Form</i> truthfully, and strictly review the identity information of applicants to ensure that their ages meet the legal requirements of employment Immediate dismissal if violations are found during the employment period 	<ul style="list-style-type: none"> Guarantee employees’ rights to rest and leave, make reasonable effort to schedule shifts, and discourage employees from working overtime Employees who need to work overtime due to business needs should obtain approval from department heads or relevant department Overtime employees can be arranged for leave adjustment or receive overtime pay

Building Talent Team

As of the end of the Reporting Period, the Group had a total of 3,181 full-time employees (with no part-time employees), among which the number and ratio of employees by gender and age group are as follows:

Total number of employees by gender and age group



The Group attaches great importance to the establishment of a sound employment system, respects employees and gives them the rights and interests they deserve. Our *Staff Handbook* has set out employment-related policies, protecting various rights and interests of employees including compensation and dismissal, recruitment and promotion, working hours, rest periods and other benefits and welfare, of which the details are as follows:

Compensation and dismissal

- Employee's remuneration consists of monthly salary and year-end performance bonus, salary review will be conducted annually
- Employees will be dismissed immediately for any violations of laws and regulations

Recruitment and promotion

- Functional department shall report the staff request plan according to staffing, turnover and business needs. The human resources department shall organise the recruitment after the plan is approved by the management
- Any promotion will be subject to factors such as availability of vacancies or job requirements, the employee's ability, achievements, educational background and performance

Working hours

- Implement work system of 5 days a week, 8 hours a day, and 40 hours a week
- Arrange shifts for departments and units that require 24-hour work in shifts

Rest periods

- Employees are entitled to annual leave, marriage leave, funeral leave, maternity leave, nursing leave and work-related injury leave and other paid leave in accordance with the law

Other benefits and welfare

- Paid social insurance for JV employees including endowment insurance, work-related injury insurance, maternity insurance, unemployment insurance and medical insurance
- Provide JV employees with electricity and food subsidies, night shift and outdoor work subsidies, high temperature subsidy, and other benefits according to their positions or operational needs

Create A Good Working Environment

The Group has fully realised diversifying talents is an inevitable choice for the future innovative development of enterprises. Therefore, we focus on recruiting staff with different cultural backgrounds and different professional skills through multiple channels to meet the operational needs of different positions. Documents such as the *Staff Handbook* stated a fair and impartial employment policy and we are committed to creating an equal and inclusive workplace for employees regardless of their age, gender, marital status, sexual orientation, race, religion, disability, or political background.

In addition, the JV companies have organised employee care activities such as holiday greetings, "sending coolness" in summer, and "sending warmth" in winter, expecting to improve the cohesion of the enterprise, enhance the friendship among employees and to create a pleasant, harmonious and democratic working atmosphere for employees. We have paid special attention to helping employees who are facing difficulties, made them feel the warmth and care from the company through visiting and distributing security funds.



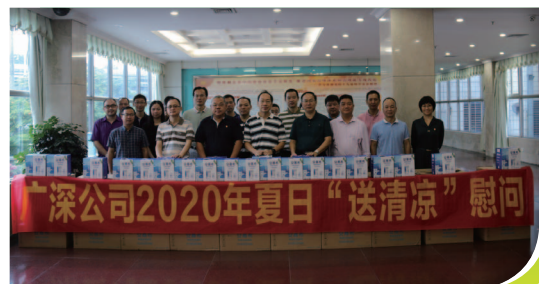
Fish delivery activity



"Sending Warmth" in winter



New Year's greeting



"Sending Coolness" in summer

Take Good Care of the Health of Employees

The Group attaches great importance to the occupational health and safety of its employees. We set "safety first, crucial precaution, and comprehensive treatment" as the working guideline, and stipulate explicitly to guarantee the health and safety of employees at the same time, which include provide annual employees health check-up, regular improvement measure for the safety and health of the workplace and arrange safety and health training, etc.

Both joint ventures have formulated a series of internal policies to address employee safety related risks, and established safety production committees to conduct overall management of the related issues. For instance, the *Measures for the Supervision and Administration of Work Safety* of the GS JV and the *Management Measures for Safe Production of Road Maintenance and Safe Operation Procedure for Specified Positions to Regulate Relevant Management Measures* of the GZ West JV have made clear the safety instructions for employees in their daily work, and covered the safety production responsibility system to all employees and positions as well as the entire process of production, operation and management. The GS JV and the GZ West JV have also formulated the *Road Construction Safety Management Measures and Provisions on Safety Administration of Highway Maintenance and Construction* respectively, which regulate the requirements for on-site workers, such as not entering the construction site without safety training and workers must wear reflective vests.

During the fight against the pandemic this Year, the Group attached great importance to employee care and the Group has taken multiple active actions to ensure the prevention and control of the pandemic and the stability in safe production. To avoid the risk of cross-infection, the GS JV has specially arranged shuttle buses for employees to return home in the east, west and north of Guangdong directly. With the gradual improvement of pandemic prevention and control measures, the GS JV organised various units to carry out publicity and education activities such as "Safety Lessons Taught by the Responsible Person for Safety", "Safety Lessons Taught by Party Members" and "Safety Knowledge Quiz" to strengthen employees' awareness of pandemic prevention and control and safety risk prevention, and to ensure the steady progress of resumption of work and production. The GZ West JV established a steering group on pandemic prevention and control at the early stage of the outbreak, and issued a series of regulations and guidelines for pandemic prevention and control so as to implement service to protect employees against the pandemic and actively showing care.

While ensuring the safety of employees at work, the Group also pays great attention to their mental health. During the Year, we have organised a number of activities for employees such as football matches, fishing competitions, tennis training and farm picking, to enrich their leisure time and to help them achieve work life balance.

Number of work-related fatalities (person)

0



Number of work-related injuries

8



Lost days due to work injury (day)

136



Shuttle bus for employees to return home safely



Pandemic prevention and control works



Football match



Fishing competition



Tennis competition



Farm picking

Build a Development Platform

The Group is committed to providing employees with good training and learning conditions, with a view to improving their professional skills and business knowledge, and vigorously stimulating their initiative and creativity. Both joint ventures' training and education system consists of four parts including pre-job training, on-the-job training, continuing education and academic education, and sets up four types of assessment including assessments for new employees during the probationary period, probationary assessments for promotion and transfer, monthly assessments and annual assessments. The assessment result is an important basis for hire talents, organise training and adjust wages. Training types, content and requirements details are as follows:

Training types	Training content and requirements
Pre-job training	• Provide pre-job training for new or transfer employees who do not possess relevant knowledge and skills
	• Trained staffs are required to pass an assessment before commencement of work
On-the-job training	• Organise job skills training for employees in due course according to operational needs
	• All employees have the right and obligation to participate in job training and educational activities organised by the company
Continuous education	• Arrange skilled professionals to participate in continuing education in the form of professional training, advanced studies, seminars and field trips in a planned, organised and purposeful manner
	• Encourage employees to declare or take examinations for various professional titles
Academic education	• Encourage and support employees to participate in various forms of academic education
	• Relevant academic record should be reported to the human resources department, as a reference for the subsequent appointment and promotion



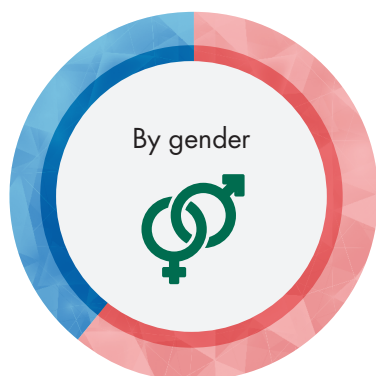
Staff development training



Seminars for professionals

During the Year, a total of 2,588 employees of the Group participated in internal training, representing 81% of the total number of employees, and the training hours for these employees reached 196,094 hours in total. The training-related performance is shown in the figure below:

Number and percentage of trained employees by gender and employee category



■ Male
1,584, 61%

■ Female
1,004, 39%

■ General staff
2,526, 97%

■ Middle management
44, 2%

■ Senior management
18, 1%

8. PRACTICE THE CONCEPT OF ENVIRONMENTAL PROTECTION AND MOVE TOWARDS A GREEN FUTURE

In the context of the continuous growth of transportation demand and the ever-increasing constraints on natural resources, it is an arduous task for expressway enterprises to take the path of green development. The Group is committed to implementing the concept of green development into every link of the expressway operation and contributing to the construction of a beautiful China.

Strictly Control Pollutant Emissions

The Group endeavors to minimise the potential impact of operations on the environment. Considering that the maintenance work of expressway inevitably imposes certain level of environmental impacts (such as generating noise, dust and other emissions), the two joint ventures include provisions relating to emission limitation in the construction contracts signed with the contractors that require them to adopt measures mitigating pollution in surrounding environment when using construction materials and preventing dust pollution. During project acceptance inspection, contractors also have to submit a report explaining the environmental protection measures adopted, to ensure compliance with the requirements.

- **Exhaust Gas**

During the Year, the two joint ventures emitted a total of 10.44 tonnes of air pollutants, including 5.67 tonnes of nitrogen oxides, 4.61 tonnes of sulphur oxides and 0.16 tonnes of respirable suspended particulates. Most of these emissions come from the combustion of liquefied petroleum gas for cooking and the fuel use of automobiles, and a small part from the combustion of natural gas for cooking.

- **Greenhouse Gas**

During the Year, the total greenhouse gas emissions of the two joint ventures amounted to 25,033 tonnes of carbon dioxide equivalent, among which the direct emissions caused by the combustion of natural gas and liquefied petroleum gas for cooking and the fuel consumption of automobiles are 2,149 tonnes of carbon dioxide equivalent, accounting for about 8.6% of the total greenhouse gas emissions; while the indirect emissions caused by the purchased electricity during the production process are 22,884 tonnes of carbon dioxide, accounting for about 91.4% of the total greenhouse gas emissions.

- **Waste**

During the Year, the two joint ventures cleaned up approximately 4,895 tonnes of non-hazardous, mainly from garbage along the expressway including waste generated by expressway users, branches and leaves, etc. The waste has been sent to domestic waste treatment stations for disposal in accordance with relevant regulations.

Save Resources

The Group encourages employees to use resources, such as water and electricity, effectively and to promote practices that protect the environment.

- **Energy**

During the Year, the two joint ventures consumed a total of 46,345 MWh of energy, of which purchased electricity accounted for 81% of the total consumption and was the main source of energy consumption. Compared to 2019, the total energy consumption this Year has been reduced by approximately 4%. To reduce electricity consumption, the GZ West JV continued to use energy efficient surveillance cameras that rely on micro wind and solar power along the expressways this Year. This initiative has demonstrated positive outcomes in terms of energy efficiency, which has continued to strengthen our confidence in choosing energy efficient and low carbon products in the future equipment configuration.

- **Water Resource**

During the Year, the two joint ventures consumed a total of 594,752 cubic metres of water resources, which was mainly consumed by the office and staff quarter. Compared to 2019, the total water consumption for this year has basically remained at a similar level. To promote the efficient use and conservation of water resources, we have made efforts to promote water conservation in our offices during daily operations. In addition, the water used by the two joint ventures comes from the municipal water supply network, and thus there is no concern in obtaining suitable water resources.

Care for the Ecological Environment

The Group is highly concerned about the impact on the surrounding environment during the period of expressway operation. We expect a comprehensive green ecological management could ensure and continuously improve the overall landscape quality of the expressways and of the living environment of residents along the surrounding areas, contributing to the construction of a better society. In development planning and work-in-progress stage, we avoid causing environmental pollution and affecting ecological environment and wildlife around the expressways. Relevant requirements will be stated in the tender documents and construction contracts of the two joint ventures. For instance, we require contractors to:

- Obtain logging permits in compliance with the law before felling within the project area;
- Fully restore the temporary sites after the completion of work if they occupy the sites during construction;
- Maintain the slopes excavated during construction to ensure the smooth operation of the drainage facilities; and
- Follow the requirements of water and land conservation plans during construction process, to avoid any geological hazards caused.

Relevant instructions on the management of green maintenance techniques are both stated in the *Expressway Maintenance Management Measures* of the GS JV and the *Administrative Measures for Maintenance Projects* of the GZ West JV. For example, the GS JV required the maintenance engineering department to strengthen the management of construction quality and to attach importance to the research and development and promotion of maintenance technology, and to enhance the role of environmental technology in expressway maintenance by actively introducing and applying new skills, new techniques, new materials and new equipment for energy conservation and environmental protection.

In addition to mitigating the environmental risks of expressway construction, the two joint ventures have also formulated the *Emergency Response Plan* and the *Emergency Management Measures* to regulate the management of ecological and environmental pollution incidents that may occur during expressway transportation and at toll stations, such as leakage of dangerous chemicals. In the event of an ecological pollution incident, the two joint ventures will immediately set up an emergency headquarters with senior management as the commander in chief, responsible for organising and directing the on-site work group to carry out disposal and aftermath work to reduce the impact of the incident.

Combat Climate Change

Extreme weather events such as typhoons, rainstorms and fog will seriously affect road safety, and the access to the expressway may be temporarily closed in severe cases. Specialised emergency response plans and management measures tackling natural disasters have been covered in the *Emergency Response Plan* and the *Emergency Management Measures* of the two joint ventures, which regulate the emergency organisation system, prevention and early warning mechanism, information reporting procedures, response procedures, treatment measures and communication security requirements for various types of extreme weather emergencies. In future, we will further improve the emergency response mechanism, take multiple measures to ensure the safety of expressway operations, and continuously enhance our emergency response capability under extreme weather.

9. CREATE AN INCLUSIVE COMMUNITY AND ACCELERATE COORDINATED DEVELOPMENT

The Group always adheres to the concept of common development together with the community. We support regional economic and social development by providing effective expressway service, fulfill the community transportation demand and actively participates in community charity activities, so as to contribute to the construction of a harmonious society.

Advocate for Voluntary Service

The year 2020 marks the 14th year of the GS Superhighway Volunteer Team, the first registered volunteer team in the transportation industry of Guangdong Province, during which the iconic "Orange Vest" accompanied the volunteers to stick to the "Golden Corridor of the Pearl River Delta", and carried forward the volunteer spirit of "dedication, friendship, mutual assistance, and progress".



Service point at Dongguan Station



Provide heart-warming hair-cutting services for employees and their families who were unable to return home



Support the medical workers and their families who assisted in Hubei



Participate in an exchange camp of voluntary service organisations in six cities of Guangdong to spread the volunteerism

During the Year, the GZ West JV also carried out a large number of voluntary service activities, demonstrating the strong sense of responsibility of its employees to the country and society.



"Warmth on the Journey" voluntary service during the Spring Festival travel rush



People oriented services at toll station



Community clean up



Training for young volunteers

Popularise Safety Knowledge

The Group has always attached great importance to the popularisation of traffic safety knowledge, aiming to continuously raise the awareness of road safety and compliance with the law in the community, to create a civilised traffic environment for everyone to participate and share, and to prevent and reduce road traffic accidents from the source. During the theme event of the ninth "National Transportation Safety Day", we used a variety of online and offline education methods to popularise traffic safety knowledge to employees and past motorists and passengers.

Publicise the knowledge of safe driving

On 2 December 2020, more than 20 volunteers from the GS JV in conjunction with the Taiping Expressway Brigade of the Traffic Police Detachment of the Dongguan Municipal Public Security Bureau, held the publicity and consultation activity of the "National Transportation Safety Day" at the Houjie Southbound service area. The event publicised safe driving knowledge from multi-forms and multi-dimensions by setting up information desks, displaying promotion boards, distributing expressway safety promotion materials and answering questions on a one-to-one basis.



Join the Pandemic Prevention Frontline

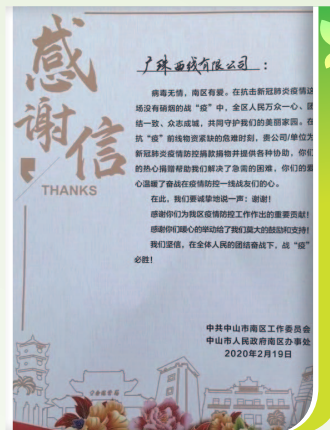
After the outbreak of the pandemic, the two joint ventures dedicated to fight against the pandemic in the forefront, fully support health departments to set up detection points at toll stations in order to do its best in pandemic prevention and control work.

Volunteer team dedicated to serve in front line of pandemic prevention

During the Year, the GS Superhighway Volunteer Team organised more than 1,500 volunteers, set up 45 joint detection points for pandemic prevention and 8 temporary isolation rooms at 17 toll stations and 8 service areas throughout the route, and deployed 4,199 person-times, assisting the local health departments to carry out the pandemic prevention and control work that "inspect each and every vehicle and person". In 54 days and nights, volunteers of the GS Superhighway inspected approximately 5.8 million vehicles and over 11.1 million travelling drivers and passengers, holding the front line of the joint quarantine of the "Golden Corridor of the Pearl River Delta" with their lives and mission.



The GZ West JV also actively cooperated with the local health departments in the prevention and control of the pandemic, and arranged station staff to actively assist the local health departments to achieve "inspect each and every vehicle and person" according to the characteristics of the exit traffic volume of each toll station. During the period of pandemic prevention, more than 2,000 person-times were dispatched and approximately 700,000 vehicles were inspected by the GZ West JV.



APPENDIX: GENERAL DISCLOSURE

Emissions (A1 of the Guide)

The Group has formulated the *Sustainability Policy* to guide departments at all levels to implement a green management system and strengthen the management of emissions. The two joint ventures have also formulated the *Emergency Response Plan* and *Emergency Management Measures* to clarify the management regulations and countermeasures for possible pollution incidents (such as sewage, noise, mud and waste, etc.) arising from routine maintenance. At the same time, the Group has always strictly complied with 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* in Hong Kong, and focused on following up their amendments to ensure the compliance of emissions. During the Year, we were not aware of any cases of non-compliance with laws and regulations in relation to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. For more details, please refer to the section "8. Practice the Concept of Environmental Protection and Move Towards a Green Future".

Use of Resources (A2 of the Guide)

The Group has developed the *Sustainability Policy* and the *Staff Handbook* to guide employees in their daily work to establish a sense of conservation and reduce waste of resources. For more details, please refer to the section "8. Practice the Concept of Environmental Protection and Move Towards a Green Future".

As water resources was mainly consumed by the office and staff quarter and has little impact on the business operations of the two joint ventures, the Group has no plan to improve water efficiency at the moment.

The Environment and Natural Resources (A3 of the Guide)

The two joint ventures have formulated the *Emergency Response Plan* and the *Emergency Management Measures* to effectively respond to emergencies and control the situation, and minimise the adverse impact on the surrounding environment and natural resources. In addition, the two joint ventures as the operators of expressways have also focused on monitoring the environmental risks of contractors and regulating their behaviour in construction contracts. For more details, please refer to the section "8. Practice the Concept of Environmental Protection and Move Towards a Green Future".

As the road works (including construction, maintenance and curing works) involved in the operations of the two joint ventures during the Reporting Period were all outsourced, construction waste was not within the reporting scope of the Group. In addition, since the hazardous waste (i.e. electronic waste) generated by the Group during the Reporting Period was not a significant issue at the operational level of the Group, we did not make quantitative statistics on such waste.

Employment (B1 of the Guide)

The Group's *Staff Handbook* has set out our management policies on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. At the same time, we have always strictly abided by laws and regulations such as the *Labour Law of the PRC*, the *Labour Contract Law of the PRC* and the *Employment Ordinance* in Hong Kong, and were not aware of any cases of non-compliance with laws and regulations in relation to employment during the Year. For more details, please refer to the section "7. Safeguard the Rights and Interests of Employees to Achieve Lasting Success".

Health and Safety (B2 of the Guide)

The Group has formulated a series of internal policies related to providing a safe working environment and protecting employees from occupational hazards, such as the *Measures for the Supervision and Administration of Work Safety* and the *Fire Safety Management Measures* of the GS JV, and the *Management Measures for Safe Production of Road Maintenance* and the *Safe Operation Procedure for Specified Positions to Regulate Relevant Management Measures* of the GZ West JV. At the same time, we have always strictly complied with laws and regulations such as the *Work Safety Law of the PRC*, the *Law of the PRC on the Prevention and Treatment of Occupational Diseases* and the *Occupational Safety and Health Ordinance*. We were not aware of any cases of non-compliance with laws and regulations in relation to health and safety during the Year. For more details, please refer to the section "7. Safeguard the Rights and Interests of Employees to Achieve Lasting Success".

Development and Training (B3 of the Guide)

The Group has attached great importance to enhancing the vocational skills of employees and broadening their career paths through regular training. Joint ventures' internal training is divided into four parts of pre-job training, on-the-job training, continuous education and academic education. The relevant management rules have been specified in the *Staff Handbook*. For more details, please refer to the section "7. Safeguard the Rights and Interests of Employees to Achieve Lasting Success".

Labour Standards (B4 of the Guide)

The Group has strictly prohibited the employment of child labour or forced labour in its operations, and it has been clarified through rules and regulations such as the *Staff Handbook*, the *Human Resources Management Procedure* and the *Overtime Work Management Rules*. At the same time, we have always strictly complied with laws and regulations such as the *Labour Law of the PRC*, the *Law of the PRC on the Protection of Minors* and the *Employment Ordinance* in Hong Kong, and were not aware of any cases of non-compliance with laws and regulations in relation to labour standards during the Year. For more details, please refer to the section "7. Safeguard the Rights and Interests of Employees to Achieve Lasting Success".

Supply Chain Management (B5 of the Guide)

The Group has always attached great importance to the construction and investment of a sustainable supply chain, and thus we require all suppliers to properly manage their environmental and social risks, and to specify and regulate this in their contracts. In the future, we will also review and improve the supply chain management system in due course. For more details, please refer to the section "6. Adhere to the Basic Principle of Compliance and Escort Business Development".

Product Responsibility (B6 of the Guide)

The Group has developed a number of internal policies for the management of product responsibility. For example, we have adopted the *Management Method on Confidentiality* and the *File Management Procedure* to protect customer privacy, adopted the *Expressway Maintenance Management Measures* and the *Administrative Measures for Maintenance Projects* to clarify road maintenance responsibilities, and adopted the *Emergency Response Plan* and the *Emergency Management Measures* to improve emergency measures, and adopted the *Road Administration Measures* and the *Road Property Management Measures* to highlight the significance of strengthening expressway administration enforcement and safeguarding the rights and interests of expressway property. At the same time, we have always abided by laws and regulations such as the *Law of the PRC on Guarding State Secrets*, the *Highway Law of the PRC* and the *Regulations on the Administration of Toll Roads*, and were not aware of any cases of non-compliance with laws and regulations in relation to product responsibility during the Year. In addition, since the Group's business do not involves any labelling and recycling of products and advertising matters, we have not formulated relevant policies. For more details, please refer to the section "6. Adhere to the Basic Principle of Compliance and Escort Business Development".

Anti-Corruption (B7 of the Guide)

The Group has adopted the *Whistleblowing Policy*, *Code of Conduct* and *Staff Handbook* for the management of anti-corruption. We have always strictly abided by 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* regarding the prevention of bribery, extortion, fraud and money laundering that have a significant impact on the Group, and were not aware of any cases of non-compliance with laws and regulations in relation to anti-corruption during the Year. For more details, please refer to the section "6. Adhere to the Basic Principle of Compliance and Escort Business Development".

Community Investment (B8 of the Guide)

The Group has formulated the *Sustainability Policy* to conduct the overall management of the community investment related work, and supported the development of the community by recruiting volunteers and popularising safety knowledge. For more details, please refer to the section "9. Create an Inclusive Community and Accelerate Coordinated Development".

APPENDIX: SUMMARY OF KEY PERFORMANCE INDICATORS

Environmental Performance

			GS JV		GZ West JV		Total	
Performance Indicators	Unit		2020	2019	2020	2019	2020	2019
Emissions								
Air pollutants⁶								
Nitrogen oxides	tonne		4.44	8.08	1.23	1.32	5.67	9.39
Sulphur oxides	tonne		2.09	2.35	2.52	2.09	4.61	4.44
Respirable suspended particulates	tonne		0.13	0.23	0.03	0.04	0.16	0.26
Greenhouse gases								
Scope 1 ⁷ direct emissions	tonne of CO ₂ e		1,317	1,704	832	1,278	2,149	2,982
Scope 2 ⁸ indirect emissions	tonne of CO ₂		15,312	15,831	7,572	7,245	22,884	23,076
Total emissions	tonne of CO ₂ e		16,629	17,535	8,404	8,523	25,033	26,058
Intensity (by length of expressway)	tonne of CO ₂ e/km		N/A	N/A	N/A	N/A	113.4	118.1
Waste								
Non-hazardous waste ⁹	tonne		3,416	9,340	1,479	7,765	4,895	17,105
Intensity (by length of expressway)	tonne/km		N/A	N/A	N/A	N/A	22.2	77.5
Use of Resources¹⁰								
Energy¹¹								
Direct energy								
Natural gas	MWh		118	123	0	163	118	285
Liquefied petroleum gas	MWh		1,094	1,227	1,323	880	2,417	2,107
Renewable energy (solar and wind power)	MWh		N/A	N/A	42	42	42	42
Gasoline	MWh		3,138	2,914	2,016	2,659	5,154	5,573
Diesel	MWh		1,002	2,444	104	121	1,106	2,565
Total direct energy consumption	MWh		5,351	6,708	3,486	3,865	8,837	10,572
Intensity (by length of expressway)	MWh/km		N/A	N/A	N/A	N/A	40.0	47.9
Indirect energy								
Purchased electricity	MWh		25,097	25,948	12,411	11,875	37,508	37,823
Intensity (by length of expressway)	MWh/km		N/A	N/A	N/A	N/A	170.0	171.4
Total energy consumption	MWh		30,448	32,656	15,855	15,740	46,345	48,395
Intensity (by length of expressway)	MWh/km		N/A	N/A	N/A	N/A	210.0	219.3
Water								
Total water consumption	cubic metre		403,228	417,427	191,524	165,984	594,752	583,411
Intensity (by length of expressway)	cubic metre/km		N/A	N/A	N/A	N/A	2,694.8	2,643.5

⁶ The calculation scope of this air pollutant emission includes the two joint ventures' own use in the combustion of natural gas and liquefied petroleum gas and the fuel use of automobiles. The calculation method of natural gas and liquefied petroleum gas combustion emissions and related emission coefficients refer to the *Coefficient Manual of the First National Census on Pollution Sources for the Pollutant Generation and Discharge from Urban Living* issued by the Ministry of Ecology and Environment of the PRC. The calculation method of automobile emissions and related emission coefficients refer to the *Technical Guide for the Preparation of Air Pollutant Emission List for Road Vehicles (Trial)*. (Data related to air pollutant emissions in 2019 have been recalculated according to the above method.)

⁷ The calculation scope of this greenhouse gas emission (Scope 1) includes the two joint ventures' own use in the combustion of natural gas and liquefied petroleum gas and the fuel use of automobiles. The calculation method of natural gas and liquefied petroleum gas combustion emissions and related emission coefficients refer to the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions from Other Industrial Enterprises (Trial)* issued by the National Development and Reform Commission of the PRC. The calculation method of automobile emissions and related emission coefficients refer to the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions from China Land Transportation Enterprises (Trial)* issued by the National Development and Reform Commission of the PRC.

⁸ The calculation scope of this greenhouse gas emission (Scope 2) includes the indirect emission caused in the production process by the purchased electricity in Mainland China. The calculation method and related emission coefficients of greenhouse gas emissions from electricity usage in Mainland China refer to the *Notice on Doing a Good Job in Formulating Carbon Emission Report and Verification and Emission Monitoring Plan in 2018* issued by the Ministry of Ecology and Environment of the PRC (the calculation factor adopts the 2015 National Grid Emission Factor).

⁹ The statistic reflected the garbage along the expressway including waste generated by expressway users, branches and leaves. The weighting equipment in the payment exit were not in use since 2020, the weight of waste was estimated by the travelling frequent of the garbage collection truck which is different from the data in 2019 recorded by weighting equipment.

¹⁰ Since all road works of the Group were outsourced during the Year, this report does not make quantitative statistics on the use of materials. The material usage data disclosed in previous years also from outsourced road works which does not fall within the reporting scope.

¹¹ The conversion standard of energy consumption and intensity is referenced from the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions from Other Industrial Enterprises (Trial)*.

Social Performance

Performance Indicators	Unit	GS JV	GZ West JV	Bay Area Development	Total
Employment					
Total workforce	Person	2,083	1,068	30	3,181
By gender					
Male	Person (%)	1,343(64.5)	621(58.1)	12(40.0)	1,976(62.1)
Female	Person (%)	740(35.5)	447(41.9)	18(60.0)	1,205(37.9)
By employment type					
Full-time	Person (%)	2,083(100.0)	1,068(100.0)	30(100.0)	3,181(100.0)
Part-time	Person (%)	0(0)	0(0)	0(0)	0(0)
By age group					
Below 30	Person (%)	934(44.8)	629(58.9)	2(6.6)	1,565(49.2)
30–50	Person (%)	1,033(49.6)	396(37.1)	23(76.7)	1,452(45.6)
Above 50	Person (%)	116(5.6)	43(4.0)	5(16.7)	164(5.2)
By geographical region					
Mainland China	Person (%)	2,083(100.0)	1,068(100.0)	11(36.7)	3,162(99.4)
Hong Kong	Person (%)	0(0)	0(0)	19(63.3)	19(0.6)
Total employee turnover (rate¹²)	Person (%)	320(15.4)	82(7.7)	0(0)	402(12.6)
By gender					
Male	Person (%)	195(9.4)	50(4.7)	0(0)	245(7.7)
Female	Person (%)	125(6.0)	32(3.0)	0(0)	157(4.9)
By age group					
Below 30	Person (%)	233(11.2)	68(6.4)	0(0)	301(9.5)
30–50	Person (%)	81(3.9)	12(1.1)	0(0)	93(2.9)
Above 50	Person (%)	6(0.3)	2(0.2)	0(0)	8(0.3)
By geographical region					
Mainland China	Person (%)	320(15.4)	82(7.7)	0(0)	402(12.6)
Hong Kong	Person (%)	N/A	N/A	0(0)	0(0)
Health and Safety					
Number and rate of work-related fatalities	Person	0(0)	0(0)	0(0)	0(0)
Number and rate of work-related injury per 100 employees	Person (%)	7(0.3)	0(0)	1(3.3)	8(0.3)
Lost days due to work injury	Day	126	0	10	136
Development and Training					
Total number and percentage of employees trained¹³	Person (%)	1,603(77.0)	959(89.8)	26(86.7)	2,588(81.4)
Breakdown for total number and percentage of employees trained¹⁴					
By gender					
Male	Person (%)	1,007(62.8)	569(59.3)	8(30.8)	1,584(61.2)
Female	Person (%)	596(37.2)	390(40.7)	18(69.2)	1,004(38.8)
By employee category					
Senior management	Person (%)	11(0.7)	6(0.6)	1(3.9)	18(0.7)
Middle management	Person (%)	23(1.4)	14(1.5)	7(26.9)	44(1.7)
General staff	Person (%)	1,569(97.9)	939(97.9)	18(69.2)	2,526(97.6)
Average training hours completed per employee¹⁵					
By gender					
Male	Hour	35.27	117.75	12.63	61.05
Female	Hour	34.31	111.25	18.40	62.62
By employee category					
Senior management	Hour	58.14	38.67	19.12	46.52
Middle management	Hour	34.69	76.00	12.72	42.01
General staff	Hour	34.78	115.98	8.00	62.09
Product Responsibility					
Number of customer complaints	Case	510	33	N/A	543
Customer complaint rate	%	0.0003%	0.00004%	N/A	0.0002%

¹² 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 workforce during the Year.

¹³ The percentage of employees trained is calculated by dividing the total number of employees trained by the total workforce.

¹⁴ The breakdown for the percentage of employees trained is calculated by dividing the number of employees trained in the specified category by the total number of employees trained.

¹⁵ The average training hours completed per employee is calculated by dividing the total number of training hours for employees in the specified category by the number of employees in the specified category.

APPENDIX: REPORT CONTENT INDEX

General disclosure and key performance indicator	Description	Page number or other description
A. Environmental		
Aspect 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.	22
KPI A1.1	The types of emissions and respective emissions data.	18, 24
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	18, 24
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Since the hazardous waste (i.e. electronic waste) generated by the Group during the Reporting Period was deemed insignificant at the operational level of the Group, we did not make quantitative statistics on such waste
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	18, 24
KPI A1.5	Description of measures to mitigate emissions and results achieved.	18
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	18
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	22
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kVWh in '000s) and intensity (e.g. per unit of production volume, per facility).	18, 24
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	18, 24
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	18
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	18, 22
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Due to the Group's business does not involve in product production, this item is not applicable to the Group
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	19, 22
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	19
B. Social		
Aspect 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.	14–15, 22
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	14, 25
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	25
Aspect 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.	16, 22
KPI B2.1	Number and rate of work-related fatalities.	16, 25
KPI B2.2	Lost days due to work injury.	16, 25
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	16

General disclosure and key performance indicator	Description	Page number or other description
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	17, 22
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	17, 25
KPI B3.2	The average training hours completed per employee by gender and employee category.	25
Aspect 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.	14, 23
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	14
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	14
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	23
KPI B5.1	Number of suppliers by geographical region.	13
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	13
Aspect 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.	11–12, 23
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Due to the Group's business does not involve in product production, this item is not applicable to the Group
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	12, 25
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Due to the Group's business does not involve in product production, this item is not applicable to the Group
KPI B6.4	Description of quality assurance process and recall procedures.	Due to the Group's business does not involve in product production, this item is not applicable to the Group
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	11
Aspect 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.	11, 23
KPI 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.	23
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	11
Aspect 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.	23
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	20–21
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	20–21

VERIFICATION STATEMENT

Scope and Objective

Hong Kong Quality Assurance Agency ("HKQAA") was commissioned by Shenzhen Investment Holdings Bay Area Development Company Limited ("Bay Area Development") to undertake an independent verification for its Sustainability Report 2020 ("the Report"). The Report stated the sustainability performance of Bay Area Development for the period from 1st January 2020 to 31st December 2020 for its business in Hong Kong SAR and Mainland China. This is the tenth report that Bay Area Development published to communicate its commitments, efforts and progress of performance towards sustainability.

The aim of this verification is to provide a reasonable assurance on the reliability of the report contents. The Report has been prepared in accordance with the Appendix 27 "Environmental, Social and Governance Reporting Guide ("ESG Guide")" of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited.

Level of Assurance and Methodology

The process applied in this verification was based on the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. Our evidence gathering process was designed to obtain a reasonable level of assurance as set out in the standard for the purpose of devising the verification conclusion. 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

Bay Area Development is responsible for the collection and presentation of the information presented. HKQAA is not involved in the collection and calculation of data or the compilation of the reporting contents. Our verification activities are independent from Bay Area Development.

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 Bay Area Development for managing and reporting sustainability performance information are effective;
- The Report illustrates the sustainability performance of Bay Area Development, covering all material aspects, in a balanced, comparable, clear and timely manner; and
- The data and information disclosed in the Report are reliable, accurate and complete.

Bay Area Development 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. Bay Area Development has also been responsive to stakeholder concerns and expectations with a number of examples shown in the Report.

Nothing has come to HKQAA attention that the selected sustainability performance information and data contained in the Report has not been prepared and presented fairly and honestly, in all material aspects, in accordance with the verification criteria.

Signed on behalf of Hong Kong Quality Assurance Agency



Jorine Tam
Director, Corporate Business
April 2021

**SHENZHEN INVESTMENT HOLDINGS
BAY AREA DEVELOPMENT COMPANY LIMITED**
(incorporated in the Cayman Islands with limited liability)

2020 SUSTAINABILITY REPORT

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