

# SHENZHEN INVESTMENT HOLDINGS BAY AREA DEVELOPMENT COMPANY LIMITED

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



ENVIRONMENTAL, SOCIAL,  
AND GOVERNANCE REPORT **2021**

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT **2021**

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# 1. ABOUT THIS REPORT

This is the eleventh *Environmental, Social and Governance Report*<sup>1</sup> published by Shenzhen Investment Holdings Bay Area Development Company Limited (the “Company” or “Bay Area Development”), 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

The reporting period of this report is consistent with the *Shenzhen Investment Holdings Bay Area Development Company Limited 2021 Annual Report*, covering the period from 1 January 2021 to 31 December 2021 (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.

In view of its relevance to the ESG strategy, the organisational boundaries of this report cover the Company’s Hong Kong and Shenzhen offices, as well as the Guangzhou-Shenzhen Superhighway (the “GS Superhighway”) and the Guangzhou-Zhuhai West Superhighway (the “GZ West Superhighway”) projects operated by two joint ventures. Part of the reporting content covers different organisational boundaries, and such content has been indicated in the relevant section.

## Compilatory Basis

The Group compiles this report in accordance with the *Environmental, Social and Governance Reporting Guide* (the “Guide”) 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. The Board of Directors has confirmed the results of material issues in conjunction with this report.

### Quantitative

The key performance indicators disclosed by the Group in respect of historical data are measurable and, where applicable, information on standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used was disclosed.

### Balance

This report provides an unbiased picture of the Group’s performance within the Reporting Period, avoiding selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

### Consistency

Where applicable and unless stated otherwise, the methodologies and key performance indicators in this report are consistent with those in previous reports to allow for meaningful comparisons.

## Reliability Assurance

The information involved in the content of this report comes from official documents, statistical reports, and publicly disclosed materials of the Group. The Board of Directors of the Company has reviewed and approved this report and is responsible for the authenticity and validity of the content contained therein. In addition, to ensure the accuracy of the content of this report, we have commissioned the Hong Kong Quality Assurance Agency to conduct an independent verification of the content of the report and to issue a verification statement.

## 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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183 Queen’s Road East, Wan Chai,  
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<sup>1</sup>

In order to thoroughly implement the ESG concept, establish a sound ESG management system, and continuously improve the quality of ESG information disclosure, the Company’s *Sustainability Report/Corporate Social Responsibility Report* has been officially renamed as *Environmental, Social and Governance Report* from this year.

## 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 Expressway Corporation Limited. The Company is principally engaged in toll expressway projects and adopts development strategies focusing on infrastructure construction and correlated business within the Guangdong-Hong Kong-Macao Greater Bay Area (the “Bay Area”) as well as land development and utilisation along the GS Superhighway. Through partnership with Guangdong Provincial Highway Construction Company Limited<sup>2</sup>, 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. In addition, the Company is fully engaged in the development and utilisation of land along the GS Superhighway and the realisation of land value. The Company currently holds a 15% interests in the Grand Park City<sup>3</sup> (formerly the Xintang Interchange Residential Project) of Guangzhou Zhentong Industrial 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 bears the great responsibility of connecting the Bay Area internally and externally, and provides convenience in daily travelling for the general public. During the Reporting Period, the Company continued to promote the expansion work of the GS Superhighway as planned, aiming to achieve a win-win project that benefits the government, society, shareholders and all stakeholders, and to contribute to the development and construction of the Bay Area.

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. It is an important part of the “one-hour living circle” of the Bay Area.

<sup>2</sup> Guangdong Provincial Highway Company Limited is a Chinese joint venture partner of the GS JV and the GZ West JV.

<sup>3</sup> The Group holds only 15% interests of the Xintang JV and is not included in the scope of the report due to the small shareholding proportion.



## Business Review for 2021



2021	GS Superhighway	GZ West Superhighway
Average daily toll revenue (RMB'000) <sup>4</sup>	8,087	3,758
Average daily full-length equivalent traffic (No. of vehicles '000) <sup>5</sup>	93	53

## Major Honors and Awards Received in 2021

### DECEMBER 2021

#### The Company Awarded "Best ESG Award" and "Greater Bay Area Outstanding Business Award"

The Company was awarded the "Best ESG Award" and the "Greater Bay Area Outstanding Business Award" at the "China Financial Market Awards 2021" organised by the financial magazine *China Financial Market* in recognition of the Company's outstanding performance in ESG strategy, information disclosure and business development by the capital market.

### FEBRUARY 2021

#### The Company Awarded in the "Caring Company Logo" for More than Ten Consecutive Years

The Company was awarded "10 Years Plus Caring Company Logo" by the Hong Kong Council of Social Service in recognition of its sustainable commitment to the community, the employees and the environment.



### DECEMBER 2021

#### The Company's Subsidiary Awarded "2020-2021 Harmonious Labor Relationship Promotion (2020-2021) Award"

The Company's subsidiary, Shenwan Infrastructure (Shenzhen) Co., Ltd., was awarded the "Harmonious Labor Relationship Promotion (2020-2021) Award" in the Selection Activities of National (Shenzhen) Excellent Enterprise with Foreign investment organised by Shenzhen Association of Enterprises with Foreign Investment, which is a full recognition of the subsidiary's compliance operations.



### JANUARY 2021

#### The Company Awarded "Best Infrastructure and Public Utilities Company"

The Company was awarded the "Best Infrastructure and Public Utilities Company" at the "5th Golden Hong Kong Stocks Awards Ceremony" co-organised by Zhitong Finance and RoyalFlush Information Finance in recognition of the Company's outstanding performance in the field of infrastructure and public utilities by the capital market.



<sup>4</sup> Average daily toll revenue includes taxes.

<sup>5</sup> 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

2021 marks the start of China's "14th Five-Year" Plan. During the Year, efforts have been launched to build national strength in transportation, and the country has accelerated the weaving of a transportation network, laying a solid foundation for steady economic growth. As one of China's regions with a high degree of openness and strong economic vitality, the Bay Area plays an important strategic role in the overall development of the country. Driven by the existing national planning, the Bay Area will become a breakthrough in China's new round of opening-up and technological innovation, enabling the convenient and efficient flow of people, capital, logistics, technology and information. We believe that the vibrant development of the Bay Area will accelerate the release of the development potential of the Group's expressway business and provide strong support for the Group's sustainable and sound operation.

In the past year, the Group has continued to maintain good communication with stakeholders to jointly promote sustainable development and made unremitting efforts to meet people's needs for better transportation. To this end, the Group has deeply implemented ESG philosophy, adopted a set of corporate governance system integrated into ESG, and gradually established and improved a series of management mechanisms and procedures for ESG risks, objectives and other related issues. Meanwhile, the Group has also attached importance to the implementation of corporate social responsibility in operational management, employee care, environmental protection and community participation, so as to conform to the international trend of balancing economic benefits, environmental benefits and social responsibility.

Improving the quality of road services and ensure the safety of drivers and passengers to the maximum extent are the foundation of the Group's operation. In the past year, with better public service as the starting point, we made solid progress in ensuring smooth traffic and building a service standardisation system. Meanwhile, we have continued to strengthen road safety management and risk prevention, improve the road safety emergency response mechanism, and strive to improve the level of safety control.

Adhering to the people-oriented concept and earnestly strengthening humanistic care are the core of the Group's harmonious and stable development. We know that employees are the most valuable asset in a company. In the past year, on the basis of providing a good welfare and working environment, we have carried out a variety of cultural and sports activities to help employees achieve work-life balance, so that they can move towards their dreams in a better state.

Enhancing the overall aesthetic image of the road and comprehensively promoting the development of green transportation are the Group's outstanding development pursuit. In the past year, we have adhered to green maintenance and committed to promote the renovation of traffic facilities, while taking into account the protection of road ecology and environment. Meanwhile, we have attached great importance to the cultivation of employees' environmental awareness and have been committed to implementing the concept of green development into all aspects of operation and contributing to the building of a beautiful China.

It is an important work for the Group to devote itself to community public welfare undertakings and carry out voluntary service activities regularly. In the past year, we have placed great emphasis to build road service volunteer team to ensure all kinds of facilitating services and smooth traffic measures were in order during major holidays and activities. Meanwhile, we have strengthened our responsibility for pandemic prevention and control, continued to do our best to ensure regular pandemic prevention and control, and resolutely consolidated the hard-won achievements.

Looking into the future, the Group will continue to unswervingly follow the path of sustainable development, insist on creating more value with the advantage of high-quality road properties in the Bay Area, and strive to meet people's expectation and pursuit of a better transportation.

**Wei HU**

*Chairman*

25 March 2022, Hong Kong

## 4. ESG GOVERNANCE

In recent years, with the popularisation and deepening of the concept of sustainable development, corporate social responsibility has gradually become a global consensus, and corporate ESG information has been widely concerned. Therefore, sound ESG management system and strategy will lead the direction for the sustainable development of enterprises.

### Development Strategy

The Group firmly believes that the sustainable operation and development of the enterprise is not only to achieve long-term business growth, but also to fulfill ESG responsibilities. As a responsible company,

we always strictly abide by the laws, regulations and ethics of the place where we operate. We have implemented our commitment to sustainable development in an all-round way through the development of a *Sustainable Development Policy* to regulate the management of employees, communities, the environment and the value chain. On this basis, we gradually integrate the ESG concept into the overall strategy, establish and continue to improve the ESG indicator collection system and the two-way communication channel for information disclosure, to ensure the harmonious development of operations with social and environmental benefits.



### 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

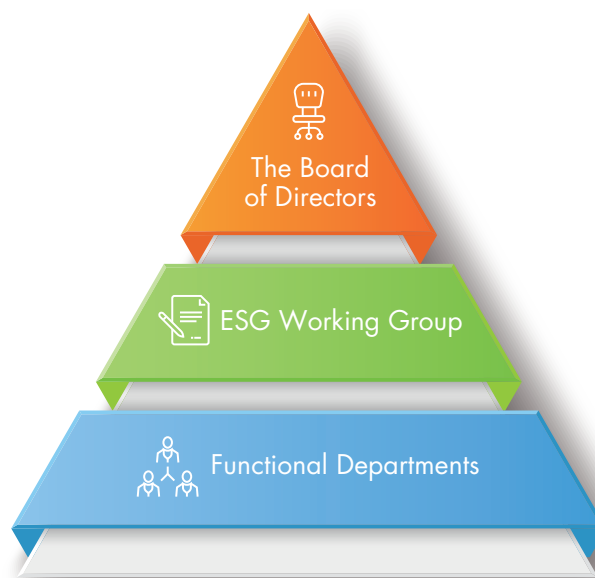
- Minimise the potential impact of the operational process on the environment
- Efficiently use of resources and promote environmentally friendly practices
- Integrate sustainability practices into the supply chain where feasible

### 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

## Governance Structure

During the Year, the Group adopted a corporate governance system integrated with ESG. As the highest decision-making body for ESG work, the Board of Directors is responsible for the Group's ESG strategy and reporting. The ESG Working Group ("Working Group"), under the supervision of the Board of Directors, shall be responsible for the implementation of ESG work. It assists the Board of Directors in guiding and overseeing the formulation and implementation of the Group's ESG-related strategies and activities to achieve sustainable development goals. The leader of the Working Group shall be the general manager or deputy general manager of the Company; members include the heads of functional departments or their designated department personnel.



## Board Statement

The Group recognises the importance of good corporate governance, including the governance of ESG-related issues that are critical to sustainable development.

The Board of Directors is responsible for overseeing and approving ESG management policies and strategies, including the identification, evaluation, prioritisation and management of material ESG issues and the Working Group is responsible for identifying key stakeholders and preparing a list of material issues and analytical reports. Based on the sustainable development strategy, the Group conducts an annual materiality assessment of ESG issues, regarding the management of material issues as an annual ESG priority, taking the material issues into consideration as part of the overall strategy formulation of the Group, and monitoring the management and performance of such issues.

In terms of risk management, the Board of Directors ensures that the Group has established an appropriate and effective ESG risk management and internal monitoring system and the Working Group is responsible for analysing the potential risks and opportunities and related implications of material ESG issues on the Group's business strategy based on this risk management and internal monitoring system. After years of exploration and practice, the Group has developed a comprehensive risk assessment framework and has basically completed the ESG risk integration. To ensure that the risk assessment can be carried out continuously, the Group has standardised the relevant procedures, including annual identification and assessment of major risks by business units and departments, determination of risk mitigation measures and the person responsible for implementation, as well as routine review and update of the risk register.

In terms of target management, the Board of Directors is responsible for approving the Group's ESG-related targets and reviewing progress on achieving such targets and the Working Group is responsible for formulating relevant targets and work plans, supervising the implementation progress and reviewing the effectiveness. During the Year, the Board of Directors approved a series of management targets, including improving the utilisation efficiency of air pollution prevention and control facilities, low-carbon travel, increasing the carbon sink of the ecosystem, recycling electronic equipment and other wastes, optimising the management of kitchen waste, saving energy, and saving water, so as to guide the Group's direction of ESG work. In the future, the Group will be committed to implementing the targets set and vigorously promoting ecological and environmental protection, thus proving the effectiveness of our ESG management system.

This report provides detailed information on the progress and effectiveness of the Group's ESG work in 2021 as well as the assessment results of material issues, which have been reviewed and approved by the Board of Directors.



## 5. STAKEHOLDER<sup>6</sup> ENGAGEMENT

The Group has always attached great value to establish mutual trust and win-win relationship with stakeholders, and actively transmits the latest information on our business development and operation through various communication channels in a timely manner, and understands stakeholders' expectations and demands for our sustainability work, so as to help us objectively examine the issues that need to be paid attention to and solved in the sustainability work, which is conducive to the realisation of our vision of sustainable development.

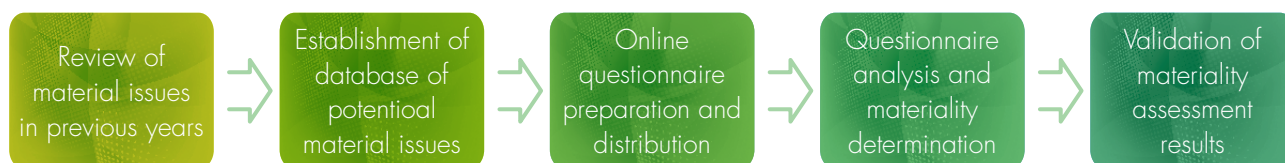
### Normalised Communication Mechanism



### Materiality Assessment of ESG Issues for 2021

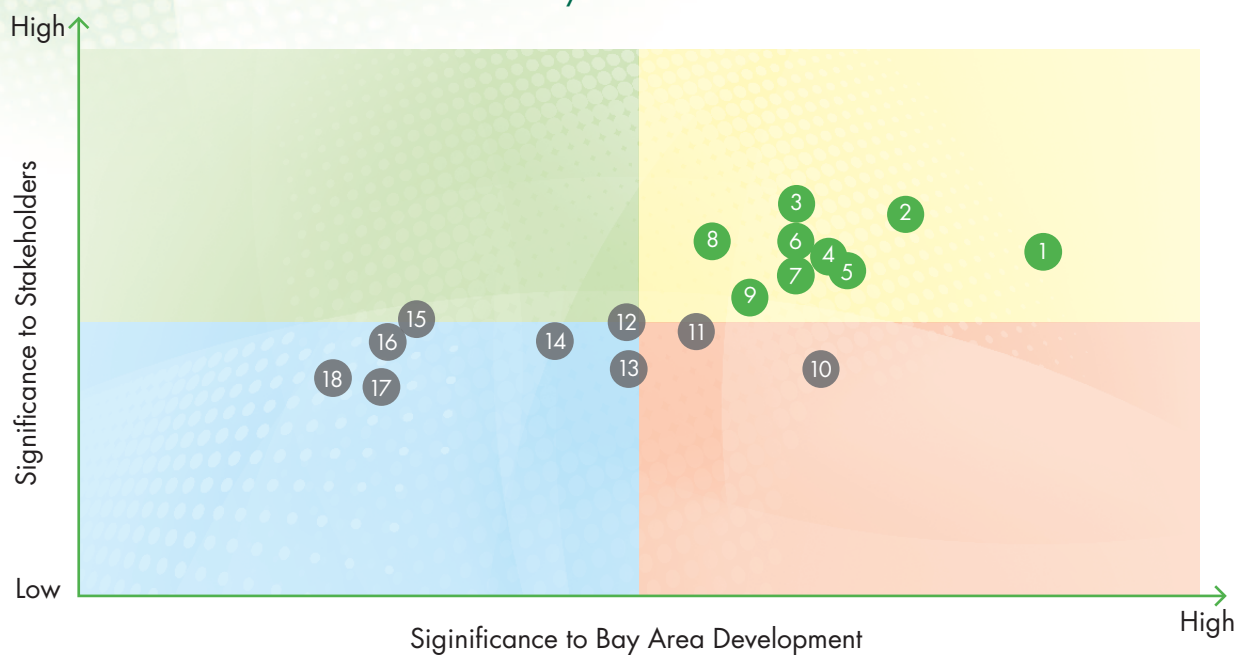
During the Year, the Group commissioned an independent advisory agency to carry out a materiality assessment of ESG issues, so as to gain an in-depth understanding of stakeholders' expectations and demands for ESG issues, and to respond to their concerns and demonstrate the corresponding performance in a targeted manner. In preparation for the materiality assessment, a review of previous material issues was carried out as an important reference for building a database of potential material issues during the Reporting Period. In the subsequent stage of establishing a database of potential material issues, we conducted an in-depth interpretation of the current ESG regulatory requirements, and preliminarily screened out 18 potential material issues through discussion in the Working Group. On this basis, we collected, sorted out and analysed stakeholders' expectations, evaluated and prioritised potential material issues during the Reporting Period, and finally determined 9 issues as material issues.

### Materiality Assessment Process



<sup>6</sup> 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 employees and general employees. 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	Service responsibility management	10	Energy management
2	Operational compliance	11	Privacy data protection
3	Occupational health and safety	12	Diversity and equal opportunity
4	Service quality protection	13	Community care
5	Talent attraction	14	Customer complaint and communication
6	Employee development and training	15	Air pollutant emission management
7	Customer health and safety	16	Anti-discrimination/sexual harassment
8	Employment compliance	17	Waste management
9	Anti-corruption	18	Water usage
Note: The above issues are sorted according to statistical scores from high to low.			

## 6. OPERATIONAL COMPLIANCE TO LAY THE FOUNDATION FOR LONG-TERM DEVELOPMENT

As a responsible enterprise, the Group is increasingly concerned about the compliance and sustainability of its business operations, and is committed to promoting the implementation of responsibilities with its business partners through the formulation of clear standards and continuous improvement, thereby gaining greater influence.

### Standardise Operation System

In order to further standardise the Company's operation management mechanism and unify the content and elements of operation management, the Group has formulated and implemented a series of operation management standards. The GS JV and the GZ West JV have clear operational management standards for toll station operation, road property management, road inspection management, emergency management, maintenance project management, safety production supervision, etc., to ensure that toll collection and road administration duties are performed in accordance with the law, and that the roads are intact, safe and unimpeded.

Besides, the Group pays close attention to the latest trends in industry policies, follows up in a timely manner and completes toll adjustments and toll station renovations due to policy changes, so as to ensure smooth traffic and efficient operation on the basis of operational compliance and rectification that is up to standard.

### Strengthen Anti-Corruption Management

The Group attaches great importance to the maintenance of an honest and upright working environment, and adopts a "zero tolerance" attitude towards improper conduct such as corruption, bribery and fraud. We have formulated the *Code of Conduct and Whistleblowing Policy*. The former regulates the ethics of employees at all levels of the Group. The main content includes: unless with the prior and specific approval from the Group, directors and staff should not solicit or accept any advantage for themselves or others from any person, company or organisation having business dealings with the Group; and, when actual or potential conflicts of interest arises, employees should report to the general manager or the Board of Directors. The latter provides employees with relevant guidelines to ensure that improper behavior can be reported in a timely manner. The main content includes: when employee who has a legitimate malpractice concern, should inform the respective head of department and head of internal audit department in person or in writing; and depending on the nature and circumstances, the reported matter can be investigated internally, referred to the Hong Kong Police Force or relevant regulatory body, referred to an external auditor and/or constituted an independent inquiry.

### Organise disciplinary education learning activities

Bay Area Development attaches importance to the disciplinary conduct of its employees and organises educational activities from time to time. During the Year, we held a special training on integrity risk prevention and control. In this training, we promoted the integrity of all employees and strengthened the red line of discipline by propagating the *Code of Conduct*, broadcasting anti-corruption warning educational videos, and organising site visit to education center.



### Sustainable Supply Chain

The Group adheres to the principles of integrity, transparency, and legal compliance in supply chain management, advocates fair and open competition, and is committed to developing and maintaining long-term mutually beneficial relationships with supply chain partners on the basis of mutual trust. Our *Code of Conduct* stipulates that we will follow the highest ethical standards for material procurement and service employment; and procurement and bidding activities shall comply with all applicable laws, rules and contractual obligations, and strictly adopt effective supervision system and management system to monitor and prevent misconduct, and selects competent and responsible partners in an impartial manner to ensure the quality of expressway operation. During the Reporting Period, the two joint ventures have employed a total of 100 units of approved suppliers, contractors and service providers in China.

The Group also recognises the role of enterprises in promoting the environmental and social responsibility of the supply chain and is committed to extending ESG concepts and practical standards to the entire supply chain. The two joint ventures give priority to select environmentally friendly products and services and pay attention to the environmental compliance of suppliers. The two joint ventures have implemented effective environmental and social risk management and control on contractors' responsibility for maintenance and construction projects by establishing clauses in their construction contracts. In terms of environmental sector, the clause stipulates the contractor shall strictly follow the relevant regulations on environmental protection and water and soil conservation, clarify the main person in charge, and make defensive measures and implementation records in accordance with the requirements of the supervising engineer; and the contractor shall bear full responsibility for the consequences of damage to the ecological environment and marine life caused by the contractor's illegal and unregulated operations. In terms of social, the clauses cover areas such as anti-corruption construction, safe operation management, and labor wage payment regulations, clarifying contractor's responsibilities and explaining irregular on-site inspections and punishment mechanisms.

### Upgrading of soundproof panels along the GS Superhighway

The comprehensive improvement project of traffic facilities in the Shenzhen section of the GS Superhighway upgraded the soundproof panels that was installed years ago. The new soundproof panels are designed as a combination of "shielding + transparent", using wood chip concrete, microporous rock, acrylic and other new environmentally friendly materials. These materials not only have superior sound absorption performance and long service life, but also meet the requirements of ecological balance.





## 7. QUALITY COMES FIRST, BUILDING ROAD SAFETY BARRIER

The Group takes the safe operation of expressways and high-quality services as its own responsibility. At the same time, it attaches great significance to data security and customer privacy protection, and is responsible for safeguarding corporate interests and protecting the legitimate rights and interests of customers.

### Maintain Expressway Safety

As an expressway operator, the Group has the responsibility to ensure the safety of drivers and passengers. In view of this, the two joint ventures have standardised the emergency response process. In order to ensure effective emergency rescue operations, the two joint ventures classified the nature of emergencies, established an early warning mechanism to monitor unstable factors or sources of danger, and established relevant contingency plans and early warning response grading systems. The two joint ventures also established an emergency management leading group to perform information collection and overall coordination duties, and set up a special emergency command agency under it, responsible for organising and carrying out propagation of contingency plan, drills and emergency response.

### Carry out emergency drills for hazardous chemical vehicle leakage accidents

A number of departments of the GS JV teamed up with local government's emergency departments to conduct an emergency response drill for a hazardous chemical vehicle leakage accident at the toll plaza of Changan North Exit of the GS Superhighway. The whole rescue process was carried out in a tense and orderly manner, from receiving the alarm to the rescue team arriving at the scene, and the following up on the incident. The drill achieved the purpose of testing the contingency plan, training the emergency team and improving the emergency response capability.



The Group also recognises the important role of expressway maintenance in ensuring the safety of expressway operations. Two joint ventures specify the responsibilities for expressway maintenance and management, and prepare annual, quarterly and monthly maintenance work plans, and require that the quality of maintenance must meet the requirements of the *Measures for the Maintenance and Supervision of Toll Roads in Guangdong Province*. The two joint ventures also carry out regular technical inspections of road surfaces, road foundations, bridges, culverts, tunnels and structures of facilities along the expressway, and strictly take on the responsibility of investigating and managing various types of hidden dangers to effectively prevent the occurrence of accidents.

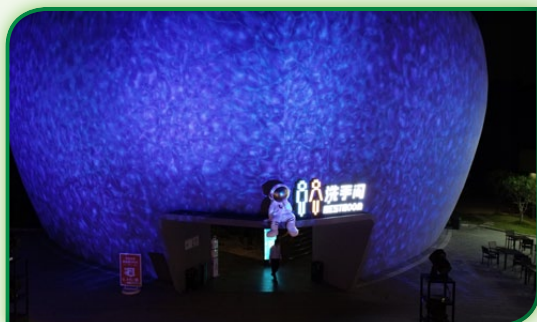
In addition, the Group pays great attention to road security management and road inspections. Two joint ventures have set relevant requirements for regular supervision and inspection of roads, emphasising the elimination of road safety hazards and the protection of road property and rights through the strict implementation of the road administration inspection system.

### Improve Service Quality

The Group values the promotion of the use of the Electronic Toll Collection (ETC) system to reduce traffic congestion and time-consuming problems caused by toll collection at toll stations. At the same time, we have made great efforts to enhance the construction and operation of our service areas and continue to improve our services to the public. The two joint ventures emphasise the promulgation of the code of civilised service. For example, the GZ West JV requires its toll collection staff to follow the "five elements" of civilised service in issuing cards and collecting tolls; promotes the use of Putonghua and recommends the use of basic English in conversations to create a good service atmosphere; and, in case of disputes or complaints, the management departments and the toll stations should react promptly and coordinate effectively to avoid aggravating the situation due to untimely, inappropriate or improper handling.

## Opening of smart toilets in the Houjie southbound service area on the GS Superhighway

In order to minimise queuing disturbance, the public toilet in the Houjie southbound service area on the GS Superhighway is adjusted according to the ratio of 1:1.5, increasing the total number of toilet seats to 234, and adding basic facilities, such as unisex toilets, baby care rooms, dressing rooms, showers, separate children's areas, etc. The public toilets are also equipped with intelligent air purification system, intelligent deodorant system, and intelligent emergency assistance system, which greatly enhance the experience of using the toilet for drivers and passengers.



## Promote service standardisation for the GZ West Superhighway

In accordance with the requirements of the pilot project on standardisation of service industries at the national level, the team of the most beautiful "Little Bee" female toll collectors of the GZ West Superhighway optimised the original service process and supplemented and improved the relevant standards. The project has been implemented for more than a year now and has improved the overall standard and service level of the expressway operation and established a good benchmark image of the transportation industry.



During the Year, a total of 463 and 49 complaints were received on the GS Superhighway and the GZ West Superhighway respectively in relation to service attitude, toll objections and equipment and facilities, with complaint rates<sup>7</sup> of 0.0002% and 0.00005% respectively. Upon receiving the complaints, relevant department has contacted the complainants immediately to verify the situation and handle the complaints. In the future, the Group will continue to pay attention to the opinions and suggestions of drivers and passengers and make every effort to protect and continuously improve the service quality.

### Protect Customer Privacy

The Group fully recognises the importance of protecting customers' privacy in the information age. The two joint ventures ensure that the data collected are used for internal operations only so as to maximise the protection of customer privacy. In accordance with internal policies, documents and information that require confidentiality should be kept or stored by designated personnel in designated places; and no one should provide any confidential content, including customer information, to third parties without prior approval.

<sup>7</sup> The complaint rate is calculated by dividing the number of complaints by the total annual traffic volume.



## 8. CREATE A HARMONIOUS DEVELOPMENT ATMOSPHERE WITH A PEOPLE-ORIENTED APPROACH

The Group earnestly protects the legitimate rights and interests of employees, and strives to create a harmonious working environment, so that every employee can have equal opportunities to learn and grow, live a healthy life and work happily.

### Harmonious Employment Relations

The Group fully recognises the significance of building a harmonious employment relationship and expects to grow together with its employees. In terms of employment and labor practices, we respect every employee and protect their well-deserved rights and interests.

#### • Recruitment, promotion and dismissal

At the recruitment stage, we always adhere to the recruitment principle of "fairness, justice, openness, merit-based enrollment, and competitive employment", resolutely abstain from discrimination against candidates based on race, gender, location, physical health, marital status, sexual orientation, etc., and strive to provide equal employment opportunities for the right talents, thus creating a diversified corporate atmosphere. Meanwhile, we require applicants to fill out the application form truthfully and refuse to recruit minors under the age of 16 in accordance with the law. In the course of employment, anyone found to be falsifying or deliberately withholding relevant information shall be dismissed immediately.

Our employees have equal opportunities for promotion in the workplace. Any promotion depends on the vacancy of the position or position requirements, the employees' ability, achievements, education background and performance. An employees who fails to perform the job duties or is incompetent, or who commits serious dereliction of duty or malpractice and other illegal acts, shall be dismissed or demoted.



Mutual Aid Fund Disbursement

#### • Compensation, welfare and other benefits

We implement a post structure wage system. Under the system, types and standard of wages are determined by the position or job title held by employees. Employee compensation consists of monthly wages and year-end bonuses. Salary evaluation is also conducted annually.

We actively implement employee benefits and provide comprehensive social insurance and employee benefits above national standards. In addition to public holidays and statutory holidays, our employees are entitled to annual leave, marriage leave, funeral leave, maternity leave, nursing leave and work-related injury leave and other paid leave. The two joint ventures provide employees with work uniforms and labor protective gears according to the actual needs of expressway operations, as well as subsidies for electricity usage, meal, night shift, working in the open air or high temperature, and also provide allowance for birth control, health care, safety and sickness relief, etc.

In addition, the Group actively organises a variety of employee care activities every year, which is also one of the highlights of the Group. During the Year, we have actively carried out activities such as care and support, visits and condolences, and continued to take good care of our employees, hoping to provide solid and reliable support and a warm and caring harbor for our employees.



"Sending Warmth to the Grassroots" Spring Festival Kindness Activity



Model Worker and Veteran's Caring Activity

## Care About the Health of Employees

The expressway operations are under a complex and volatile road transportation system. The establishment of a sound occupational safety management system is particularly important to ensure the sustainable and stable operation of the business. Both joint ventures require departments to implement a safety hazard inspection and management system, identifying and assessing safety risks during the construction phase, in order to reduce the chance of safety incidents. At the same time, both joint ventures are particularly concerned about the safety of frontline workers, providing them with workplaces and safety protection facilities that meet national or industry production safety requirements, and specifying safety procedures and precautions.

### Installation of “ETC Safety Coordination Device for People and Vehicles” at the toll station of the GZ West Superhighway

With the gradual increase of ETC utilisation rate, the safety risk incurred by excessive speed of vehicles passing the ETC lanes also increases. In order to further implement the safety management of the toll plaza and protect the personal safety of toll station employees, the GZ West JV installed a safety coordination device for people and vehicles on the ETC lanes at all toll stations, becoming the first expressway operator in China to install this device.



The Group also actively promotes employee safety education to ensure that they have the necessary safety awareness and emergency response skills. Both joint ventures require their employees to receive job safety education and training before they are put on the job position. The two joint ventures have also formulated contingency plans for various safety incidents, which include on-site handling measures and drills for specific real-life situations.

While ensuring the safety of employees at work, the Group also pays great attention to their mental health. Every year, we carry out various forms of colorful cultural and sports activities to meet the spiritual and cultural needs of our employees. Since the outbreak of Covid-19 pandemic, we have attached great emphasis to the importance of psychological guidance and humanistic care to help our employees relieve their stress and cope with the aftermath of the pandemic properly.

### “Safety First, Crucial Precaution, and Comprehensive Treatment” working guideline

- ✧ The safety and health of employees comes first.
- ✧ Hazard foresight comes first.
- ✧ Safe operation comes first.

Number of work-related fatalities (person):

**0** for the past three years



Number of work-related injuries

**5**



Lost days due to work injury (day):

**130**







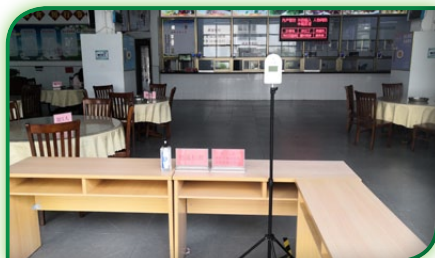
Install additional outdoor fitness equipment and distribute sporting goods



"Love Farm" weeding activity in the living area



Set up a "Happiness Station" in the staff house of the Management Center



Strictly implement normalised pandemic prevention and control in living areas

## Build a Development Platform

The Group actively invests resources in providing a good training and learning environment for employees to enhance their professional skills and business knowledge. To help employees continue to develop at different stages of their careers, the two joint ventures have developed various training and education programs, including pre-job training, on-the-job training and continuing education, and have set up probation appraisals, promotion and transfer probationary appraisals, monthly appraisals and annual appraisals to encourage employees to broaden their career paths through continuous learning.

During the Year, the two joint ventures organised thematic training for the new hired employees from high school graduates of the class of 2020, and at the same time, organised training on job skills according to the needs of operation and management, such as training on invoice and pass management at toll stations, on-the-job training for road administration staff, and training on the operation and maintenance management platform of the electrical and mechanical system. The two joint ventures also arranged 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, such as continuing education and training for professional and technical staff in the highway and transportation industry, continuing education and training for professionals in archives in Guangdong Province, exchange training for budget management, and special training for high-quality development of state-owned enterprises in Guangdong Province. In addition, in order to optimise the talent structure, the two joint ventures regard the upgrading of academic qualifications as a reference basis for subsequent appointments and promotions, and encourage employees to participate in various forms of academic education.

## 9. PRIORITISING ECOLOGY, A JOURNEY TOWARDS GREEN DEVELOPMENT

The Group always places a high value to environmental protection and strives to implement the concept of green development into every aspect of the expressway operation and contributing to the construction of a beautiful China.

### Emissions Management

The Group has been striving to reduce various types of emissions caused by its own operation activities, and think highly of environmental compliance performance of outsourced projects to enhance environmental risk management.

- **Exhaust Gas**

During the Year, the two joint ventures emitted a total of 10.19 tonnes of air pollutants, including 5.64 tonnes of nitrogen oxides, 4.39 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 company's automobiles, and a small part from the combustion of natural gas for cooking.

To effectively control vehicle emissions, the two joint ventures have regularly phased out high-emission vehicles with reference to their internal vehicle management regulations. In addition, the two joint ventures take the management of environmental practices of their outsourced contractors seriously. For example, the GZ West JV requires the maintenance unit, bound by contract, to deploy professional mechanised sweepers for road cleaning to reduce road dust. In the future, the two joint ventures will continue to select better outsourcing contractors and continue to explore and promote the application of scientific and efficient air pollution control technologies.

- **Greenhouse Gas**

During the Year, the total greenhouse gas emissions of the two joint ventures amounted to 26,012 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 company's automobiles are 2,131 tonnes of carbon dioxide equivalent, accounting for about 8.2% of the total greenhouse gas emissions; while the indirect emissions caused by the purchased electricity during the operation process are 23,881 tonnes of carbon dioxide, accounting for about 91.8% of the total greenhouse gas emissions.

In order to effectively reduce greenhouse gas emissions and accelerate the realisation of low-carbon travel, the two joint ventures have continued to strengthen the management of vehicles to maintain and preserve the effectiveness of vehicle exhaust purification, and avoiding unnecessary travel. In addition, the two joint ventures have proceed road greening renovation projects in accordance with the requirements of higher authorities or relevant policies, while regulating and supervising outsourced contractors to carry out regular greening maintenance.

### "Green Walk" by the GS JV Headquarters branch labor union

The GS JV Headquarters branch labor union took the opportunity to promote the building of "Eco-livable, Civilised and Harmonious Staff Homes" and launched the "Green Walk" campaign, promoting the improvement of the staff transportation vehicle service coverage, advocating employees to choose low-carbon travel, and encouraging carpooling or shared transportation to travel. At the same time, we have strengthened the construction of green paths for employees and carried out fitness walking activities for physical and mental well-being.



- **Waste**

During the Year, the two joint ventures collected approximately 8,591 tonnes of non-hazardous<sup>8</sup> waste, 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.

The Group is making efforts to promote waste disposal management at the operational level. For waste electronic equipment and other office waste, the two joint ventures, as well as the Hong Kong and Shenzhen headquarters, will set up more recycling collection points and formulate recycling guidelines to encourage employees to participate in source separation of waste and increase the recycling rate. For food waste, the two joint ventures continue to promote the spirit of frugality, and hand over food waste to professional collection agencies, sanitation teams or farmers to achieve harmless and resourceful treatment.

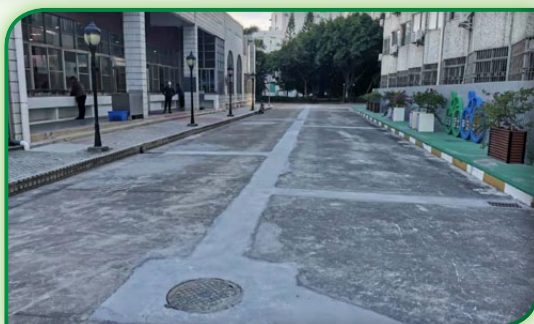
### **“Clear Your Plate” campaign by the GS JV Headquarters branch labor union**

Taking the opportunity of promoting the building of “Eco-livable, Civilised and Harmonious Staff Homes”, the GS JV Headquarters branch labor union launched “Clear Your Plate” campaign for advocating meal saving. We guided employees to order food in accordance with their actual needs and take away the unfinished portion to support the plate cleaning campaign. At the same time, we have actively promoted the use of recyclable tableware and reduced the use of disposable non-degradable plastic products.

- **Wastewater**

The wastewater generated by the Group is mainly domestic sewage. During the Year, the two joint ventures carried out the renovation of separate sewer system and the renovation of domestic sewage treatment facilities to reduce the environmental impact of the wastewater generated.

### **Separate sewer system renovation project in the GS Superhighway management center and Daojiao branch center**



### **Reconstruction project of domestic sewage treatment facilities in Shunde and Shaxi service areas of the GZ West Superhighway**



<sup>8</sup> During the Year, there was a significant increase in the number of garbage scavenging trips by the GZ West JV, and a significant increase in the amount of road debris collected.

## Save Resources

The Group encourages employees to use resources, such as water and electricity, effectively and to promote best practices for protecting environment.

- **Energy**

During the Year, the two joint ventures consumed a total of 47,900 MWh of energy, of which purchased electricity accounted for 81.7% of the total consumption and was the main source of energy consumption.

In order to reduce energy use, the two joint ventures have included energy-saving education into employee training, and have regularly held energy-saving themed activities to encourage employees to raise awareness of energy conservation and consumption reduction. In addition, the two joint ventures have replaced the road lights along the expressway with LED lights. The lights in the toll stations, offices and living areas of the GS JV have also been replaced with energy-saving ones. At the same time, the GS JV has done regular maintenance and on-demand upgrades of office equipment to optimise energy efficiency.

### The GS JV Headquarters branch labor union “Micro-saving” program

The GS JV Headquarters branch labor union took the opportunity to promote the building of “Eco-livable, Civilised and Harmonious Staff Homes” and launched the “Micro-saving” program for promoting the green office vigorously. The program encouraged employees to adopt energy-saving and emission reduction measures during their daily work and form good habits of energy saving. At the same time, we actively carried out publicity activities such as energy saving competition and environmental protection lectures, and seriously implement national and local environmental protection systems to improve energy efficiency.

### Lighting system renovation along the GZ West Superhighway

The high-pole lighting along the GZ West Superhighway was replaced with energy-saving LED lighting fixtures of 100W, 160W and 400W from 250W, 400W and 1,000W high-pressure sodium lamps, saving about 1.29 million kWh of electricity per year.



- **Water Resource**

During the Year, the two joint ventures consumed a total of 518,262 cubic metres of water resources, which was mainly consumed by the office and living areas. Compared to 2020, the total water consumption for the Year has decreased by approximately 12.9%.

To reduce the use of water resources, the two joint ventures have included water conservation education into employee training and continue to raise awareness of water conservation among employees through regular water conservation-themed events.



## Care for the Ecological Environment

The Group recognises that the road construction and maintenance process may have certain impact on the surrounding natural environment. Therefore, we aim to avoid or reduce the corresponding impact as far as possible by strengthening the construction management and sound emergency prevention mechanism, and to continuously improve the overall landscape quality of the road and the living environment quality of the surrounding residents, so as to make a modest contribution to the realisation of the beautiful vision of lucid waters and lush mountains and blue sea and blue sky.

- **Proper Land Use**

The construction and operation of expressway requires a large amount of land. Scientific and reasonable planning of land use and reducing the use of farmland, forest land and mountain land are effective protection of natural resources. During the planning and construction stages, the two joint ventures will require the contractors to strictly follow the relevant regulations on soil and water conservation, specify the main person responsible for soil and water conservation, and take effective preventive measures as required by the supervising engineer to prevent siltation and blockage of the drainage system, as well as pollution and flooding of farmland due to the washing of the land occupied by the construction site by rainwater. Measures should also be taken to prevent damage to roads, farmland, forest land, rivers, waterways, irrigation canals, etc. along the route during construction due to material transportation, mixing and on-site construction, which may result in claims, stoppage of construction or hidden problems of project quality.

- **Green Maintenance**

The application of ecological and environmental protection and material recycling technologies in expressway green maintenance has social, environmental and economic benefits. The two joint ventures have implemented green maintenance techniques. For example, the GS JV required the maintenance engineering department to strengthen the management of construction quality and to place 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.

- **Emergency Management**

In addition to strengthening construction management, the two joint ventures have also emphasised the management of ecological and environmental pollution incidents that may occur along the expressway and at toll stations. In the event of an ecological and environment 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 response and follow-up work to reduce the impact of the incident.

## Combat Climate Change

The Group recognises that the increase in extreme weather events such as typhoons, rainstorms and dense fog, as well as a series of environmental and climate changes such as global warming, will have a number of adverse effects on construction, and road safety. To address these risks, the Group reviews the risk events included in the existing risk register and incorporates the risks related to climate change into the operational risk category; and at the same time, specifies mitigation measures, such as developing standard handling policies and procedures, and organising regular emergency drills and training.

In addition, the two joint ventures have established the specialised emergency response plans and management measures tackling natural disasters, 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 the event of a natural disaster, the responsible department will immediately set up an on-site emergency response team to carry out on-site emergency response work, and promptly report the situation to the Emergency Response Command to activate the emergency plan.

## 10. GIVING BACK TO THE SOCIETY AND CREATING A BETTER AND HAPPIER LIFE TOGETHER

The Group has always adhered to the concept of co-development with the community, actively participating in community welfare undertakings, continue to spread the spirit of volunteerism and contribute to the building of a harmonious society.

### Regular Road Service

The Group makes much of building road service volunteer team to ensure convenient and unimpeded expressways services can be provided during major holidays and events, and to host regular volunteering activities.

### Holiday voluntary service

During the Spring Festival travel season, the GS JV organised volunteers to participate in the “Journey with Love, Enjoy Unimpeded Expressways” voluntary service activity to provide practical and caring services to the drivers and passengers. During this activity, the GS JV organised 266 young volunteers to participate in 10 voluntary service activities, to disinfect and clean the service points and service areas, distribute leaflets, provided ginger tea, assist in the installation of ETC devices and recharging; the total service time was 530 hours, and the total number of people served exceeded 10,000.



The volunteer team of the GS Superhighway carry out the voluntary service activities of “Keeping the Enthusiasm, Dedicating to the City”, “Warm the Way Home, Volunteer First” and “Happy Journey, Happy Travel” during the Ching Ming Festival, Labor Day and National Day Golden Week respectively. During the period, the volunteers were full of enthusiasm and sincere attitude in solving problems and providing convenience services for the drivers and passengers in the service area, such as providing emergency medicine and offering free herbal tea, distributing traffic safety and pandemic prevention knowledge leaflet, and offering cell phone charging, etc..





## Keeping expressway unimpeded during travel rush

During the 13th China International Aerospace Exposition, the GZ West JV actively liaised with the traffic police department to deploy diversion and guidance work, and set up volunteer service points to provide drivers and passengers with route guidance and ETC installation services. At the same time, they also set up an emergency mobile team to strengthen patrols in expressway and respond to unexpected situations at any time.



## Community Service

The Group organises various public welfare activities through volunteer teams, focusing on community labour, environmental protection and knowledge popularisation, to continuously enhance the sense of responsibility and mission of our employees.

## Learn from Lei Feng's volunteer service and tree planting activities

5 March 2021 is the 58th Learn from Lei Feng Day and the 22nd China Youth Volunteer Service Day. The volunteer team of the GS Superhighway Headquarters and 113 employee representatives from the Road Administration Squadron "Learn from Lei Feng Demonstration Class" carried out the volunteer service of Learn from Lei Feng's Volunteer Service and Tree Planting activity of "Green Transportation, Extending Beauty". During the period, a total of 30 peach blossom trees, 50 bougainvillea and 480 Tangzhu saplings were planted, and the seedlings planted in previous years were weeded, loosened and fertilised.



## Road administration knowledge popularisation activities

Combining with the national pandemic prevention and control situation, the GZ Superhighway Road Brigade carried out "I Do Practical Things for the Public" activity, holding the video lecture into the Rongbian elementary school in Ronggui town, Shunde District, with the theme of road protection is everyone's responsibility and popular science in terms of road knowledge, to promote safety, civilised travel awareness. The event distributed a total of 100 publicity manuals and 300 bookmarks.



## Pandemic Prevention Voluntary Service

In the face of the pandemic, the Group quickly responded to the national pandemic prevention and control deployment, implemented the pandemic prevention and control work, and actively supported the frontline in fighting the pandemic while protecting the health and safety of its employees, and co-operate with the community in the fight against the pandemic.

## Assist medical staff to carry out nucleic acid testing

On 9 June 2021, after taking proper protective measures, 9 volunteers from the GS Superhighway Headquarters Volunteer Team served at the nucleic acid testing site in Beizha Community and assisted medical staff and on-site staff to maintain order and guide the scanning of codes for registration. During the period, a total of 300 nucleic acid testers were guided to scan and register, emergency masks and goggles were distributed, and cool mineral water were delivered to medical staffs.





## Carry out pandemic prevention and control publicity

The GZ West JV using publicity channels such as the electronic display screens in the service area, the variable message sign along the expressway, the LED display of toll stations, hanging banners, broadcast propaganda films, etc., to promote the pandemic prevention and control knowledge to drivers and passengers, to raise awareness of prevention and control of the pandemic publicity in the first line.



## 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 of exhaust gas, greenhouse gas and waste. The two joint ventures will also include provisions related to emission restrictions in the construction contracts signed with the contractors. 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 "9. Prioritising Ecology, A Journey Towards Green Development".

### 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 "9. Prioritising Ecology, A Journey Towards Green Development".

### The Environment and Natural Resources (A3 of the Guide)

The Group as the operator of expressways has also focused on monitoring the environmental risks of contractors and regulating their behavior in construction by contracts. At the same time, through the formulation of internal policies such as *Expressway Maintenance Management Measures*, *Emergency Response Plan* and *Emergency Management Measures* to strengthen project construction management and improve emergency prevention mechanisms, and to avoid or minimise the adverse impact on the natural surrounding environment. For more details, please refer to the section "9. Prioritising Ecology, A Journey Towards Green Development".

### Climate Change (A4 of the Guide)

The Group recognises the impact of major climate-related issues on expressway operations and has included the risks associated with climate change in its risk register. At the same time, the Group has formulated the *Emergency Response Plan* and *Emergency Management Measures* to regulate the management mechanism for responding to various extreme weather events. For more details, please refer to the section "9. Prioritising Ecology, A Journey Towards Green Development".

### 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, the Group has 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 "8. Create a Harmonious Development Atmosphere with a People-oriented Approach".

### Health and Safety (B2 of the Guide)

The Group has formulated a series of internal policies such as the *Staff Handbook*, the *Measures for the Supervision and Administration of Work Safety*, the *Road Construction Safety Management Measures* and the *Provisions on Safety Administration of Highway Maintenance and Construction* to provide clear guidelines and safeguards for safety management. 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 "8. Create a Harmonious Development Atmosphere with a People-oriented Approach".

### Development and Training (B3 of the Guide)

The Group actively invests resources to provide a good training and learning environment for employees and provides them with professional and personal development training on a regular basis to enhance their professional skills and business knowledge. The training and education programs of the two joint ventures include pre-job training, on-the-job training and continuing education, and a variety of training activities were conducted during the Year. The management details of staff training are specified in the *Staff Handbook*. For more details, please refer to the section "8. Create a Harmonious Development Atmosphere with a People-oriented Approach".

### Labour Standards (B4 of the Guide)

The Group has strictly prohibited the employment of child labour, and do not encourage employees to work overtime and forbids any form of forced labour, which has been clarified through internal rules and regulations such as the *Staff Handbook*, the *Human Resources Management Procedure*. If employees have any comments or suggestions on labour rights, they can provide their feedback through reasonable channels and the relevant department of the Group will respond to them as soon as possible. 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 "8. Create a Harmonious Development Atmosphere with a People-oriented Approach".

### Supply Chain Management (B5 of the Guide)

The Group emphasises the establishment of a sustainable supply chain, and thus we require all suppliers to properly manage their environmental and social risks, and are specified and regulated by 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. Operational Compliance to Lay the Foundation for Long-term Growth".

### 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 Measures* 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 strengthen expressway administration and safeguard the rights 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 does not involve any labelling and recycling of products and advertising matters, we have not formulated relevant policies. For more details, please refer to the section "7. Quality Comes First, Building Road Safety Barrier".

### 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. At the same time, the Group always strictly abided by laws and regulations such as the *Anti-Corruption and Anti-Bribery Law of the PRC*, the *Regulations of the PRC for Suppression of Corruption and Prevention of Bribery Ordinance* in Hong Kong regarding the prevention of bribery, extortion, fraud and money laundering, 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. Operational Compliance to Lay the Foundation for Long-term Growth".

### 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 "10. Giving Back to the Society and Creating a Better and Happier Life Together".

## APPENDIX: SUMMARY OF KEY PERFORMANCE INDICATORS

### Environmental Performance

			GS JV		GZ West JV		Total	
Performance Indicators	Unit		2021	2020	2021	2020	2021	2020
<b>Emissions</b>								
<b>Air pollutants<sup>9</sup></b>								
Nitrogen oxides	tonne		4.49	4.44	1.15	1.23	5.64	5.67
Sulphur oxides	tonne		1.96	2.09	2.43	2.52	4.39	4.61
Respirable suspended particulates	tonne		0.13	0.13	0.03	0.03	0.16	0.16
<b>Greenhouse gases</b>								
Scope 1 <sup>10</sup>	tonne of CO <sub>2</sub> e		1,266	1,317	865	832	2,131	2,149
Scope 2 <sup>11</sup>	tonne of CO <sub>2</sub>		15,829	15,312	8,052	7,572	23,881	22,884
Total emissions	tonne of CO <sub>2</sub> e		17,095	16,629	8,917	8,404	26,012	25,033
Intensity (by length of expressway <sup>12</sup> )	tonne of CO <sub>2</sub> e/km		N/A	N/A	N/A	N/A	117.9	113.4
<b>Waste</b>								
Non-hazardous waste <sup>13</sup>	tonne		2,884	3,416	5,707	1,479	8,591	4,895
Intensity (by length of expressway)	tonne/km		N/A	N/A	N/A	N/A	38.9	22.2
<b>Use of Resources</b>								
<b>Energy<sup>14</sup></b>								
Direct energy	Natural gas	MWh	97	118	0	0	97	118
	Liquefied petroleum gas	MWh	1,028	1,094	1,276	1,323	2,304	2,417
	Renewable energy (solar and wind power)	MWh	N/A	N/A	42	42	42	42
	Gasoline	MWh	2,952	3,138	2,194	2,016	5,146	5,154
	Diesel	MWh	1,053	1,002	115	104	1,168	1,106
Total direct energy consumption			5,130	5,351	3,627	3,486	8,757	8,837
Intensity (by length of expressway)			N/A	N/A	N/A	N/A	39.7	40.0
Indirect energy	Purchased electricity	MWh	25,945	25,097	13,198	12,411	39,143	37,508
	Intensity (by length of expressway)	MWh/km	N/A	N/A	N/A	N/A	177.4	170.0
Total energy consumption			31,075	30,448	16,825	15,855	47,900	46,345
Intensity (by length of expressway)			N/A	N/A	N/A	N/A	217.0	210.0
<b>Water</b>								
Total water consumption			338,841	403,228	179,421	191,524	518,262	594,752
Intensity (by length of expressway)			N/A	N/A	N/A	N/A	2,348.3	2,694.8

<sup>9</sup> 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 previous standards no longer applied after 31 December 2020, and GB1780-2018 *Natural Gas* revised the value of sulphur content, so the emission factor of natural gas used in this year is 2 (sulphur content of 100mg/m<sup>3</sup>). 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)*.

<sup>10</sup> 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.

<sup>11</sup> 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).

<sup>12</sup> The length of expressways operated by the Group is 220.7 kilometers.

<sup>13</sup> The statistic reflected the garbage along the expressway including waste generated by expressway users, branches and leaves.

<sup>14</sup> 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
<b>Employment</b>					
<b>Total workforce</b>	Person	1,911	1,072	40	3,023
<b>By gender</b>					
Male	Person (%)	1,235(64.6)	629(58.7)	20(50.0)	1,884(62.3)
Female	Person (%)	676(35.4)	443(41.3)	20(50.0)	1,139(37.7)
<b>By employment type</b>					
Full-time	Person (%)	1,911(100.0)	1,072(100.0)	40(100.0)	3,023(100.0)
Part-time	Person (%)	0(0)	0(0)	0(0)	0(0)
<b>By age group</b>					
Below 30	Person (%)	764(40.0)	632(58.9)	2(5.0)	1,398(46.2)
30–50	Person (%)	997(52.2)	389(36.3)	31(77.5)	1,417(46.9)
Above 50	Person (%)	150(7.8)	51(4.8)	7(17.5)	208(6.9)
<b>By geographical region</b>					
Mainland China	Person (%)	1,911(100.0)	1,072(100.0)	23(57.5)	3,006(99.4)
Hong Kong	Person (%)	0(0)	0(0)	17(42.5)	17(0.6)
<b>Total employee turnover (rate<sup>15</sup>)</b>	Person (%)	443(23.2)	203(18.9)	3(7.5)	649(21.5)
<b>Breakdown of total number and percentage of employee turnover<sup>16</sup></b>					
<b>By gender</b>					
Male	Person (%)	283(14.8)	125(11.6)	1(2.5)	409(13.6)
Female	Person (%)	160(8.4)	78(7.3)	2(5.0)	240(7.9)
<b>By age group</b>					
Below 30	Person (%)	315(16.5)	157(14.6)	1(2.5)	473(15.6)
30–50	Person (%)	111(5.8)	41(3.8)	1(2.5)	153(5.1)
Above 50	Person (%)	17(0.9)	5(0.5)	1(2.5)	23(0.8)
<b>By geographical region</b>					
Mainland China	Person (%)	443(23.2)	203(18.9)	1(2.5)	647(21.4)
Hong Kong	Person (%)	0(0)	0(0)	2(5.0)	2(0.1)
<b>Health and Safety</b>					
<b>Number and rate of work-related fatalities</b>	Person (%)	0(0)	0(0)	0(0)	0(0)
<b>Number and rate of work-related injury per 100 employees</b>	Person (%)	5(0.26)	0(0)	0(0)	5(0.17)
<b>Lost days due to work injury</b>	Day	130	0	0	130
<b>Development and Training</b>					
<b>Total number and percentage of employees trained<sup>17</sup></b>	Person (%)	589(30.8)	364(34.0)	40(100.0)	993(32.8)
<b>Breakdown for total number and percentage of employees trained<sup>18</sup></b>					
<b>By gender</b>					
Male	Person (%)	413(70.1)	258(70.9)	20(50.0)	691(69.6)
Female	Person (%)	176(29.9)	106(29.1)	20(50.0)	302(30.4)
<b>By employee category</b>					
Senior management	Person (%)	10(1.7)	7(1.9)	3(7.5)	20(2.0)
Middle management	Person (%)	23(3.9)	15(4.1)	14(35.0)	52(5.2)
General staff	Person (%)	556(94.4)	342(94.0)	23(57.5)	921(92.8)
<b>Average training hours completed per employee<sup>19</sup></b>					
<b>By gender</b>					
Male	Hour	16.97	19.85	64.78	18.44
Female	Hour	11.64	8.07	18.65	10.37
<b>By employee category</b>					
Senior management	Hour	24.29	86.33	146.50	56.41
Middle management	Hour	42.62	127.00	33.39	61.08
General staff	Hour	14.59	13.08	33.11	14.19
<b>Product Responsibility</b>					
<b>Number of customer complaints</b>	Case	463	49	N/A	449
<b>Customer complaint rate</b>	%	0.0002	0.00005	N/A	0.0001

<sup>15</sup> 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.

<sup>16</sup> The breakdown for the percentage of employee turnover is calculated by dividing the number of employees in that category by the total number of employees in the year.

<sup>17</sup> The percentage of employees trained is calculated by dividing the total number of employees trained by the total workforce.

<sup>18</sup> 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.

<sup>19</sup> 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

<b>General disclosure and key performance indicator</b>	<b>Description</b>	<b>Page number or other description</b>
<b>A. Environmental</b>		
<b>Aspect A1: Emissions</b>		
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.	18–19; 26
KPI A1.1	The types of emissions and respective emissions data.	18–19; 28
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	18; 28
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 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).	19; 28
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	18
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	19
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	20; 26
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	20; 28
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	20; 28
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	20
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Since the water used by the Group comes from municipal water supply network, there is no issues in sourcing water; 20
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	As the Group's business does not involve product manufacturing, this item is not applicable to the Group
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	21; 26
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	21
<b>Aspect A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	21; 26
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	21
<b>B. Social</b>		
<b>Aspect B1: Employment</b>		
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.	15; 26
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	29
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	29
<b>Aspect B2: Health and Safety</b>		
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; 26
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	16; 29
KPI B2.2	Lost days due to work injury.	16; 29
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	16

<b>General disclosure and key performance indicator</b>	<b>Description</b>	<b>Page number or other description</b>
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	17; 26
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	29
KPI B3.2	The average training hours completed per employee by gender and employee category.	29
<b>Aspect B4: Labour Standards</b>		
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.	15; 27
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	15; 27
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	15
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	27
KPI B5.1	Number of suppliers by geographical region.	12
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.	12
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	12
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	12
<b>Aspect B6: Product Responsibility</b>		
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.	13–14; 27
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.	14; 29
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.	14
<b>Aspect B7: Anti-corruption</b>		
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; 27
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.	27
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	11
KPI B7.3	Description of anti-corruption training provided to directors and staff.	11
<b>Aspect B8: Community Investment</b>		
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.	27
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	22–25
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	22–25

## 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 Environmental, Social and Governance Report 2021 (“the Report”). The Report stated the sustainability performance of Bay Area Development for the period from 1<sup>st</sup> January 2021 to 31<sup>st</sup> December 2021 for its business in Hong Kong SAR and Mainland China. This is the eleventh 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 where HKQAA’s verification activities were entirely independent from Bay Area Development. There was no relationship between HKQAA and Bay Area Development that would affect the independence of HKQAA for providing the verification service.

### 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  
February 2022



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

**2021 ENVIRONMENTAL,  
SOCIAL, AND GOVERNANCE REPORT**

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