

# 2019

## *Environmental and Social Responsibility Report*





# ABOUT THIS REPORT

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## REPORTING PERIOD

This report covers the reporting period from January 1, 2019 to December 31, 2019 (the “Reporting Period”).



## REPORTING SCOPE

This Environmental and Social Responsibility Report covers the Company and its subsidiaries (the “Company”) engaging in the expressway business, excluding Zheshang Securities Co., Ltd., Zhejiang Grand Hotel Limited and their associates, joint ventures and joint-stock companies.



## BASIS OF PREPARATION

Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange.



## SOURCE OF INFORMATION

All information referred to in this report is derived from the official documents, statistical reports and financial reports of the Company, and has been verified by a third party. All information referred to in this report is solely for the purpose of disclosure on the progress of sustainability management of the Company and shall not be used for commercial purposes.



## LANGUAGES

This report is prepared in both traditional Chinese and English. In case of discrepancies, the traditional Chinese version shall prevail.

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## Chairman's Statement

2019 was a challenging year as international trade disputes occurred frequently and domestic economic growth slowed down. We continued to monitor policy changes and market environment, and made adjustment to the Company's business strategy according to development needs. While improving the Company's operational efficiency, we also kept track of the social and environmental impact of our operations. Only by taking on more social responsibilities and reducing the adverse impact on the environment for ensuring the Company to develop harmoniously with society and the environment, and thus better serve social and economic developments.

In recent years, the Company has always been upholding the "energy saving, consumption reduction and green environment" concept, firmly implementing the national policy of removing highway toll stations at provincial borders to improve highway traffic efficiency and reduce transportation costs and time cost, achieving energy conservation and emission reduction. In addition, the Company completed LED lighting retrofit projects for Qingshan Lake Bridge and the Phase I section of Zhoushan Bay Bridge, etc., which effectively reduced energy consumption. It is a long way to go for environmental governance. We will step up investment in science and technology, and continue to expand the application of preventive maintenance technologies such as on-site thermal regeneration and ultra-thin wearing layer, continuously promoting technological innovation, energy conservation and emission reduction.

In August 2019, the super typhoon "Lichma" adversely affected the traffic conditions of the Company's expressways. The Company mobilised the entire manpower to hold fast to the frontline of the battle against typhoon to ensure smooth traffic flow. We have always paid attention to employees' concerns and helped to address their concerns. We have established a normalised assistance mechanism for employees in need, helping out 60 employees in total and granting RMB520,000 in relief funds during the year. To solve the issue of decreasing job positions of toll collectors arising from the policy of removing toll stations at provincial borders, the Company has adopted the staff transfer and rotation approach in implementing the transfer arrangements for 254 toll collection staff to ensure overall stability of the team. The Company not only provides employees with a good working environment, but also gives employees the opportunity to demonstrate their talents, thus enhancing their sense of belonging and accordingly achieving social harmony and stability.

The Company will continue to maintain the corporate values of "Integrity, Harmony, Openness and Progress", seizing the opportunities given by the times, and striving to build a renowned national expressway service brand.

Yu Zhihong, Chairman

March 20, 2020

# 1 Emissions

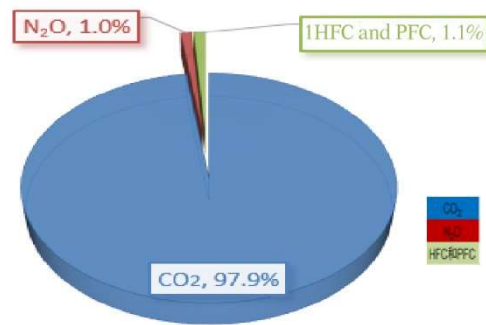
## 1.1 Waste gas emissions

The Company's waste gas emissions are mainly derived from motor vehicles, including nitrogen oxides (NO<sub>x</sub>), sulfur oxides (SO<sub>x</sub>) and particulate matters (PM)<sup>①</sup>. In 2019, the Company's emissions of nitrogen oxides (NO<sub>x</sub>), sulfur oxides (SO<sub>x</sub>) and particulate matters (PM) were 12,825 kg, 22 kg and 727 kg, respectively.

Type of waste gas	Emissions in 2018 (kg)	Emissions in 2019 (kg)	
		Excluding additions <sup>②</sup>	Including additions <sup>③</sup>
Nitrogen oxide (NO <sub>x</sub> )	10,591	11,333	12,825
Sulfur oxide (SO <sub>x</sub> )	14	18	22
Particulate matter (PM)	687	631	727

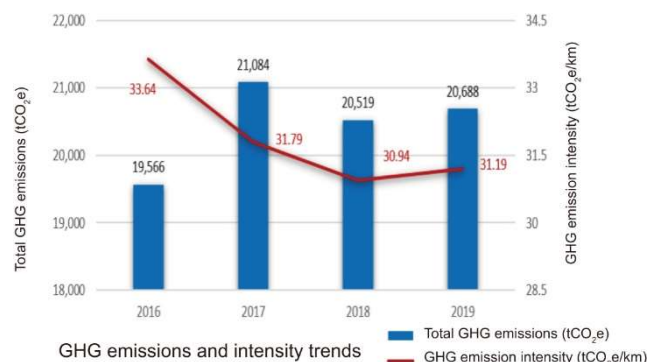
## 1.2 Greenhouse Gas (GHG) emissions<sup>④</sup>

In 2019, the Company's total GHG emissions (including new additions) were 28,865 tonnes of carbon dioxide equivalent<sup>⑤</sup>, of which, direct (Scope 1) GHG emissions were 3,888 tonnes of carbon dioxide equivalent and indirect (Scope 2) GHG emissions were 24,977 tonnes of carbon dioxide equivalent. The GHG emission intensity in 2019 was 31.19 tonnes of carbon dioxide equivalent/km. The breakdown of GHG emissions is shown on the right.



Breakdown of GHG emissions<sup>④</sup>

Scope	Emissions in 2018 (tCO <sub>2</sub> e)	Emissions in 2019 (tCO <sub>2</sub> e)	
		Excluding additions	Including additions
Scope 1 Direct GHG emissions	3,378	3,872	3,888
Scope 2 Indirect GHG emissions	17,141	17,430	24,977
Total GHG emissions	20,519	20,688	28,865
GHG emission intensity (tCO <sub>2</sub> e/km)	30.94	31.19	35.99



①NO<sub>x</sub> and SO<sub>x</sub> emission factors are based on The Clean Air Charter – A Business Handbook issued by the Hong Kong General Chamber of Commerce and the Hong Kong Business Coalition and that data comes from the Sustainability Report 2014 of Towngas. PM emission factors are based on the EMFC-HK Vehicle Emission Calculation Model of the Hong Kong Environmental Protection Department (EPD) and the vehicle emission modelling software of the US Environmental Protection Agency, assuming 80% relative humidity, 25 degrees Celsius, an average speed of 30 kmh and emissions only during driving.

②Excluding additions: Shanghai-Hangzhou-Ningbo Expressway, Shangsán Expressway, Yongjin Expressway, Hanghui Expressway and Huihang Expressway operated by the Company in 2018.

③Including additions: In 2019, the Company added Shenjiahuhang Expressway and Zhoushan Bay Bridge.

④Classification is based on the Hong Kong EPD's Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong.

⑤CO<sub>2</sub>e: Carbon dioxide equivalent which is the basic unit for measuring the greenhouse effect. Remarks on unit: tCO<sub>2</sub>e: tonne of carbon dioxide equivalent; tCO<sub>2</sub>e/km: tonne of carbon dioxide equivalent per kilometre; kgCO<sub>2</sub>e: kilogram of carbon dioxide equivalent; m<sup>3</sup>: cubic metre; L: litre; kg: kilogram; kWh: kilowatt hour; km: kilometre

⑥Breakdown of GHG emissions: Given that methane (CH<sub>4</sub>) emissions account for close to zero of the total, the portion of CH<sub>4</sub> has not been shown in the pie chart.

### 1.3 Waste emissions



100% of the asphalt pavement materials recycled

In 2019, the Company cumulatively produced old asphalt of 140,721 tonnes, of which, 69,569 tonnes were used for on-site thermal regeneration, 68,538 tonnes were for sale, and 2,614 tonnes were used for soil road shoulder, achieving a recovery rate of as high as 100% and a recycling rate of 49%.

Waste treatment measures

- ① Domestic garbage is processed regularly by local environmental and hygiene companies. Kitchen waste, beverage bottles, packaging materials, etc. are recycled.
- ② Toner cartridges, ink cartridges, batteries, lamps and other waste generated in the office are disposed of by qualified enterprises.
- ③ For the discharge of hazardous waste such as paint slag and waste paint buckets involved in the maintenance process, the Company requires the maintenance company to dispose of the waste according to regulations by signing an environmental protection agreement and supervises and inspects its performance in environmental protection.

### 1.4 Emission reduction measures

#### Application of low-noise anti-skid super surface treatment<sup>①</sup> technology on maintenance works

During the Reporting Period, the low-noise anti-skid super surface treatment technology was applied for the first time by Yongjin Management Office to carry out maintenance works on a section of about 1km long at the exit of Xucun Toll Station. Low-noise anti-skid super surface is a new type of preventive maintenance method. After maintenance, the road surface has such character's tics such as low traffic noise, strong anti-sliding ability and good sealing effect, and does not affect the original road marking, allowing it to be quickly opened for use.



Maintenance works conducted by Yongjin Management Office

#### Abolition of highway toll stations at provincial borders

The abolition of toll stations at provincial borders is conducive to improving highway traffic efficiency and reducing transportation costs and time cost, It can also achieve energy conservation and emissions reduction, and reduce potential safety hazards caused by stoppage and congestion. Passing vehicles will travel directly through the ETC frame, enabling travelling out of the province on a way clear of obstacles .



Toll station demolition works commenced at the Zhejiang-Shanghai main line

#### Construction of a photovoltaic power station

Jiaxing Management Office installed a distributed photovoltaic power station with a total installed capacity of 283.65 kWp. Since its trial operation in September 2019, the station has generated 36,000 kWh of power per month, of which, about 10,000 kWh on the grid and about 26,000 kWh for its own use, saving 14,400 kg of standard coal and RMB1,700 in electricity costs. It has also reduced 9,792 kg of carbon emissions and 28,260 kg of carbon dioxide. In addition, photovoltaic power is being used to charge electric cars to meet the needs of employees in low-carbon travel.



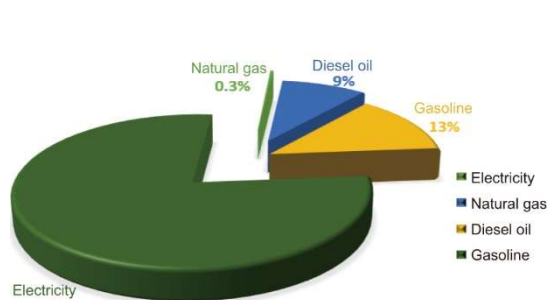
Installation of a distributed photovoltaic power station by Jiaxing Management Office

① Low-noise anti-skid super-surface treatment: A new type of preventive maintenance method that uses special spraying equipment to simultaneously spread interfacial agents and other materials onto the pavement to form a preventive sealing layer of a certain thickness.

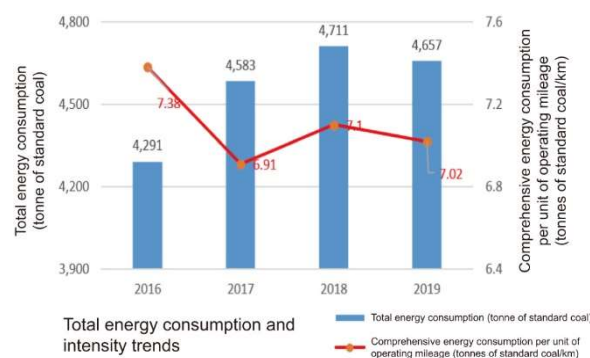
## 2 Use of Resources and the Environment

### 2.1 Energy

The Company consumes energy including electricity, diesel oil, gasoline and natural gas. Total energy consumption in 2018 was 4,711 tonnes of standard coal. Total energy consumption (including additions)<sup>①</sup> in 2019 was 6,274 tonnes of standard coal<sup>②</sup>, of which, electricity was the major type of energy used, accounting for more than 75% of the total energy consumption. Total energy consumption in 2019 (excluding additions)<sup>③</sup> was 4,657 tonnes of standard coal, and comprehensive energy consumption per unit of operating mileage (excluding additions)<sup>③</sup> was 7.02 tonnes of standard coal/km, a decrease of 1.13% compared with 2018.



Breakdown of energy consumption in 2019

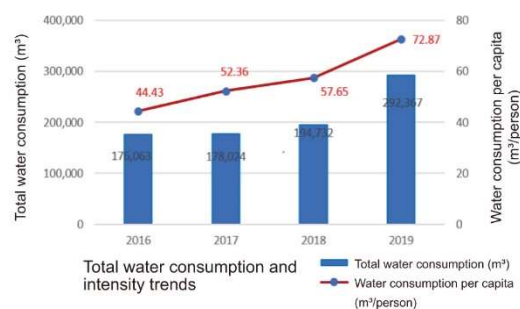


Energy	Unit	2018	2019	
			Excluding additions <sup>③</sup>	Including additions <sup>①</sup>
Natural gas	cubic metre	26,000	8,371	14,891
Diesel oil	metre	697,521	652,066	672,485
Gasoline	litre	429,340	400,120	503,576
Electricity	kilowatt hour	27,208,128	27,667,006	39,646,455
Comprehensive energy consumption	tonne of standard coal	4,711	4,657	6,274
Energy consumption per unit of mileage	tonne of standard coal/km	7.1	7.02	7.82

### 2.2 Water resources

Total water consumption (including additions)<sup>①</sup> in 2019 was 292,367 cubic metres, and total water consumption (excluding additions)<sup>③</sup> in 2019 was 207,956 cubic meters. Water consumption per capita (excluding additions)<sup>③</sup> was 61.56 cubic metre/person, an increase of 6.79% over 2018.

Water resources	2018	2019	
		Excluding additions	Including additions
Total water consumption (m <sup>3</sup> )	194,732	207,956	292,367
Water consumption per capita (m <sup>3</sup> /person)	57.65	61.56	72.87



①Including additions: Refer to page 4.

②The standard coefficient is quoted from the GB/T2589-2008 General Principles for the Calculation of Comprehensive Energy Consumption.

③Excluding additions: Refer to page 4.



### 2.3 Resource utilisation improvement and measures

The Company has established a sound energy conservation and emission reduction management system for developing assessment targets on energy conservation and emission reduction, and has adopted various measures to reduce energy consumption. For example, low-carbon energy-saving campaigns were organised and promoted by the Company to encourage employees to reduce the use of water and electricity and choose green travel to become a good employee in energy conservation and emission reduction and thus jointly create a good atmosphere for green and low-carbon living.



Low-carbon promotion campaign



Going green travel with the shift from big to small cars



Voluntary tree planting activity



Garbage classification

The Company saves energy and reduces emissions through a variety of green technology transformation projects. For example, LED retrofit for road lighting, on-site thermal regeneration technology for asphalt pavements, and the popularisation and application of SMA<sup>①</sup>.

#### LED lighting retrofit project in Qingshan Bridge

Upon completion of the retrofit project, lighting device of the bridge will be 160W LED. Comparing with the original sodium lamps, it can save over RMB12,000 in electricity fees and about 40% in annual power consumption expenses. While effectively reducing energy consumption, it has further enhanced the brightness of the lighting, creating a good road environment for drivers to drive safely.



LED lighting retrofit project in Qingshan Bridge

#### Continuous application of on-site thermal regeneration technology on asphalt roads

The Company has been using on-site thermal regeneration technology since 2012. By 2019, it completed regeneration of 2.307 million square metres. Among which, 696,000 square meters were completed in 2019, marking a record high. According to calculations, using on-site thermal regeneration technology in the works on a single carriageway road<sup>②</sup> can save 0.65 tonnes of heavy oil, 15.95 tonnes of asphalt, and 353 tonnes of new materials per lane/kilometer compared with the traditional milling and paving method, reducing 2.02 tonnes of CO2 emissions.



Trial of on-site thermal regeneration technology in the G56 section of Huihang Expressway

①SMA: A thin asphalt concrete overlay technology which is used for preventive maintenance. As the overlay is thinner than the traditional one, less stone is consumed and so it is more environmentally friendly and can save more resources.


②Single carriageway road: a road that does not divide roadways with a separation zone




# 3 Employment

As a modern management enterprise, the Company has always adhered to the concept of “respecting and mortaring talents” upholding the values of “Integrity, Harmony, Openness and Progress”. While safeguarding the legitimate rights and interests of employees, the Company focuses on the sustainable development of employees and insists on the cultivation of an excellent team, striving to provide a positive working environment to help employees develop in an all-round way.

**Total number of employees**  
**4,012**



**57%**



**43%**

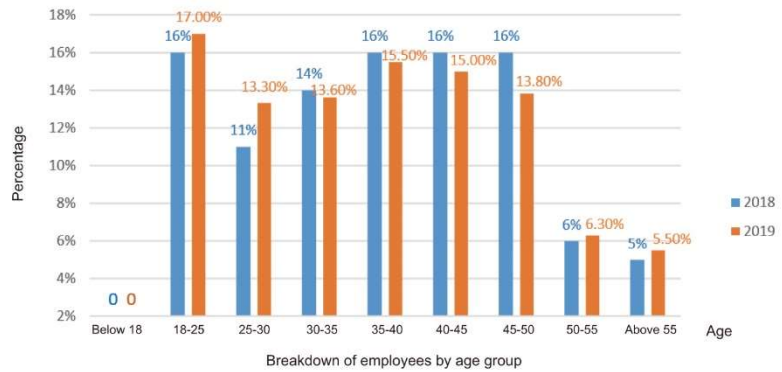
**Introducing talents through multiple channels:**  
A variety of channels such as **campus recruitment, open recruitment, referral and self-recommendation, recruitment agency**

**Open and fair talent selection and recruitment principles:**  
**Being both virtuous and talented, morality first, emphasis on performance**

**Career development paths:** **Competition, two-way options, democratic referrals and post exchanges**

The Company's employees come from various regions, mainly Zhejiang, Anhui, Fujian, Henan, Hubei, Jiangsu, Jiangxi, Shaanxi, Sichuan, Heilongjiang, etc. The age distribution of employees is shown in the figure on the right. Employees aged under 45 are still the majority.

During the Reporting Period, 332 employees left the Company.



As a vanguard of the expressway industry the Company has been focusing on building a sound employer brand. In recent years, It improves the work experience of employees in various aspects such as providing employees with a good working environment, creating a relaxed working atmosphere, protecting employees' rights, paying respect to their individuality, and establishing a family culture of “working, feeling and achieving together”, and guides employees in defining their career development direction, effectively providing a platform for the use of talents.

The Company won the honour of “Extraordinary Employer” in Zhejiang province in 2019

## 4 Health and Safety



Adhering to the “people-oriented, safety first, prevention the key, comprehensive governance, and secured development” production safety policy as well as the management principle of close integration of operation and production safety, the Company continuously implements the production safety target-oriented responsibility system and the security risk mortgage system, which have defined the production safety duties and responsibilities in each position, thus maintaining a standardised safety operation program that matches the characteristics of the job, which was the first in China to pass the first-level national onsite assessment of production safety standardisation and obtained the level national certificate of “Standardised Production Safety for Transportation Enterprises” issued by the Ministry of Transport in January 2019.

During the reporting period,

- No incident of major occupational injury occurred among employees
- No incident of occupational disease experienced by employees
- No incident of work fatality reported among employees

### Always putting production safety first

- Making guarantees on safety expenses, implementing special production safety funds and strengthening supervision on the use of special production safety funds
- Deepening the dual prevention and control mechanisms for hidden risks, focusing on the most important security risks and hidden dangers, actively planning administrative countermeasures, and maintaining a highly alert condition.
- Continuously strengthening supervision and inspection of production safety:
  - 101 potential problems were troubleshot
  - 183 special inspections were organised
  - 999 hidden dangers were troubleshot
 A third party was invited to evaluate production safety twice, and 204 issues were identified and required for rectification.

### Protecting employees' health and safety

- Personal accident insurance and work injury insurance are purchased for all employees
- Regular physical examinations are arranged for employees
- Work protection supplies are purchased as needed
- To ensure the mental health of employees, special psychological consultation rooms and areas for emotional release have been established at primary-level stations to carry out staff counselling on a regular basis



Fire drill



A mental health lecture

## 5 Development and Training

As a modern management enterprise, the Company adheres to the concept of “respecting and martyring talents”, and pays attention to the sustainable development of employees, insists on fostering and forging outstanding staff teams. During the reporting period, expenditures on education and training amounted to RMB5,476,100, basically remaining comparing to last year, and the staff training rate was as high as 100%. For the length of training, the training hours for non-management personnel, general management, mid management personnel and senior management personnel were still maintained at 8 hours, 60 hours, 100 hours and more than 50 hours, respectively.

The Company has introduced external professional institutions, revised the Company’s human resources planning, completed the Company’s personnel quality inventory check, and accordingly resolved issues being exposed in the process of the inventory check, promoting the building of backbone teams.



Appraisals and incentives were strengthened to stimulate the enthusiasm and initiative of talents. The Company revised and improved its comprehensive performance appraisal system, optimising and adjusting the salary distribution and performance appraisal systems to encourage a remuneration system based on performance.

The organisational and personnel management standards were improved, and a series of related systems were introduced for cadre selection, cadre management, employee care, and other aspects and further improving the Company’s organisational and personnel management system.

The training system was continuously optimised . Relying on skill master studios, the Company carried out training in the form of mentorship, practical training, skill competition, etc., and formulated special plans to effectively improve the management, skills and professional knowledge of employees.

### Case Study



#### “Optimised Service, Enhanced Skills” monitoring skills contest

Those skill contests for the first time, included text entry, event monitoring, images positioning, monitoring events entry, information boards’ data release and other items for competition, which not only tested the operational and service standards of front-line monitoring personnel in each unit, but also demonstrated the image of an effective and capable monitoring team, laying a solid foundation conducive to building a renowned national brand in expressway operation services for the Company.

#### TPM training

In order to implement the Company’s strategy of strengthening the enterprise with talents, and comprehensively improve the quality of employees, especially the job adaptability of front-line staff, Yongjin Office actively established a total productive maintenance (TPM) training room and conducted the training, which covers three-in-one checking, visual management, in-process disposal procedures and other contents, effectively guiding employees to actively adapt to the new job being transferred after the provincial toll stations are removed.



## 6 Labour Standards

### ◎ Compliance

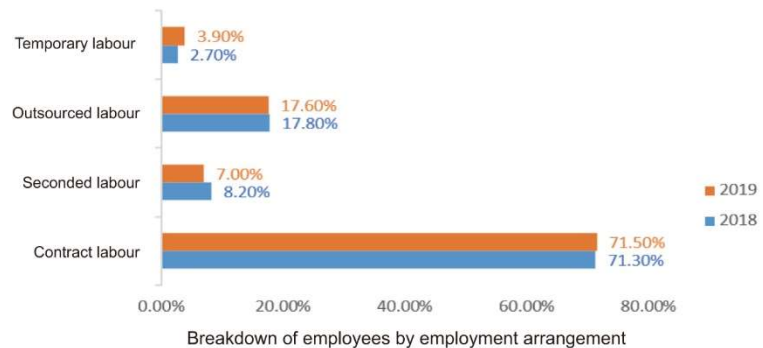
During the Reporting Period, the Company strictly complied with the Law of the People's Republic of China on the Protection of Women's Rights and Interests, Regulation on the Prohibited Use of Child Labour and other laws and regulations in establishing and implementing a collective wage negotiation system for employees and a wage increase mechanism, allocating a Labour Dispute Mediation Committee, an employees' home, a psychological consultation room and an area for emotional release, setting up employee assistance funds, Party members service platforms and others, effectively protecting employees' rights and interests, and actively guiding employees to stay rational and peaceful, work happily and live a happy life.

### ◎ Employment

During the Reporting Period, the Company had four types of employment, i.e. contract labour, seconded labour, outsourced labour and temporary labour.

Labour contract rate **100%**

Social insurance coverage **100%**

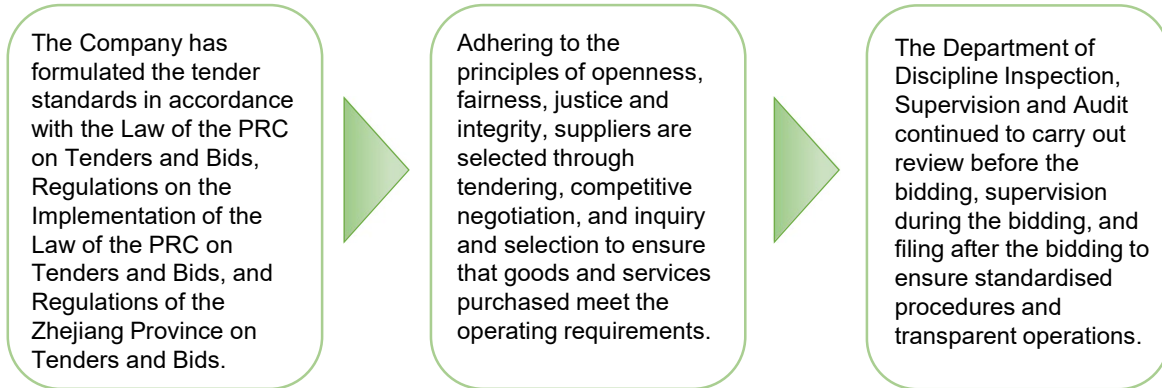


### ◎ Care for employees

In order to make the spare time of employees more lively, effectively relieve employees from their stressful work, and give full play to their hobbies, the Company has been active in organising staff activities, such as photograph exhibition themed as "Charming China" held by Huzhou Office, the event organised by Yueqing Bay Office striving to build a family-like corporate culture, the autumn sports day held by Changxing West Toll Station, etc., actively participating in company sports games and achieving good results. At the same time, the Company also has set up photography, basketball, outdoor, swimming, badminton, table tennis and other clubs, which are well received among employees.



## 7 Supply Chain Management



- In 2019, under the tender system, the Company selected 48 major construction suppliers (including maintenance projects, inspection, supervision, design, consulting, and agency-related), 22 suppliers more than last year. 38 of them were located in Zhejiang Province and ten of them outside the Zhejiang province.
- In the course of cooperation with suppliers, the Company and the suppliers entered into commercial contracts, safety and civilized construction agreements and integrity agreements respectively which convey messages of the Company's dedication to and requirements on environmental and social responsibilities to the suppliers.
- In accordance with the Company's policies including the Administrative Measures for Tendering and Bidding, Administrative Measures for Maintenance Projects, Administrative Measures for Acceptance of Dedicated Maintenance Projects on Delivery (Completion), and Administrative Measures for Post-Evaluation of Maintenance Companies winning the Bid, the Company conducts a comprehensive evaluation of suppliers in the bidding stage, contract execution stage, and post completion stage, mainly covering the aspects of contract performance, safety, quality, progress, wage payment, cost control, environmental protection, and technological innovation.



## 8 Product Responsibility

The Company adheres to the quality management policy for “safe, smooth, high-quality and efficient” traffic, and ensuring sound, intact and unblocked expressways and facilities is the core responsibility of the Company’s products and services. It reviewed and revised the Expressway Operations Management Standards, carried out the “Year of Greater Service Optimisation” event, and established a toll and service video surveillance system.



During the reporting period, the Company completed the following maintenance projects, including disease treatment of road surface of 838,800 sq.m., pavement overlay of 137.99 km (single carriageway road mileage), asphalt road surface on-site thermal regeneration of 220.05 km (single carriageway road mileage), NovaChip for 40.64 km (single carriageway road mileage), overlay for 145 bridge areas, maintenance and reinforcement of 272 bridges, reinforcement and treatment of 89 slopes, as well as routine maintenance of subgrade, pavement, greening, etc.

No. of days of smooth road passage  
About **354** days

Total no. of vehicles passing through the toll stations  
**324 million**

● After the annual inspection of the CICO Inspection Centre, the Company’s pavement quality indicators (PQI) recorded an average of **95.18** points.

Congestion rate<sup>①</sup>  
**0.098%**

No. of free green agricultural vehicles  
**1.21 million**

Pavement condition index (PCI): **96.54** points

Road quality index (RQI): **92.56** points

No. of ETC lanes  
Cumulatively about **511**

Amount of toll waiver for free green agricultural vehicles  
**RMB194 million**



During the reporting period  
Numbers of complaints related to clearance and rescue

**127 times**

Average response time for complaints

**32.7 hours**

Customer complaints handling and response rate

**100%**

Customer satisfaction rate related to clearance and rescue

**99.6%**

Overall customer satisfaction rate

**98.04%**

The Company implemented the full-range process monitoring of roads under its management and control, established frequent road inspection and special road inspection systems in the circumstances of special weather and events to facilitate early detection and removal of abandoned objects on the road, and purchased public liability insurance, so as to avoid losses incurred to the Company as a result of traffic accidents due to abandoned objects.

① Congestion rate = time of congestion over 1 km \* length/total mileage \* 365 \* 24

## Service Optimisation

During the Reporting Period, on the basis of the existing produces, the Company dedicated efforts to enhance service quality under the “Year of Service Optimisation”. In addition to standardising the toll service of expressways in operation, the Company endeavoured to strengthen service refinement, thus achieving an upgrade in customer experience and an improvement in the depth of its quality service.

### Reforming toll collector service scoring system

The Company reformed service scoring system for toll collectors, whereby the service quality of toll collectors will be scored at four levels of “Excellent”, “Good”, “Pass” and “Fail”, and the rates of excellent and good toll collectors as well as the passing rate will be calculated by the management office to promote improvement in the rates of excellent and good toll collectors.

### Optimising third-party assessment

The Company optimised third-party assessments to enhance customer experience. Standardisation of scoring has been strengthened to enhance the compatibility of assessments with the driver’s needs. The appraisal of toll service quality and communications have also been strengthened to improve the initiative of toll stations to excel.

### Carrying out competition among business lines

The Company carried out contests among business lines for “operation and service optimisation” and innovated the selection of stars of service based on “recommendation and competition”. Special service quality improvement conferences and internal exchanges on management experience in toll stations of expressways were organised to create a good service atmosphere.



In 2019, the Company won more than 15 awards.

- Three employees from Hangzhou Office, Xintian Office and Huihang Office won awards in the 6th “Most Beautiful Toll Collector in China” election.
- The “Smiling Camellia” of Yongjin Office won the “Excellent Service Project Award” in the “Quality Service” competition organised by China Association for Quality and was awarded the title of “Window for Quality Service” by meiligaosu.com.
- The “Huilan Star” of Shaoxing Office was appraised as an innovative brand achievement of Chinese enterprises by China Association for Quality.
- Shaoxing Management Office was named the “National Outstanding Unit in the Construction of Transportation Service Culture in 2019” by the China Association of Transportation Management Enterprises.

Service windows of the Company's toll stations in 2019

Civilised service rate **100%**

Smiling service rate **100%**

Legitimate complaints **0**

During the Reporting Period, no litigation relating to intellectual property rights, nor litigation relating to divulgement of customer data was identified.

## 9 Anti-corruption



The Company has established a legal internal audit department and a discipline monitoring office. Part-time discipline inspection officers are allocated to each basic level station to strengthen the anticorruption and anti-bribery internal control.

In 2019, under the strong leadership of the Group's disciplinary committee and the Company's Party committee, the Company's disciplinary committee resolutely put into practice the general requirements for Party building in the new era, intensifying the deployment of "clean and honest transport investment" construction, strengthening work measures, paying close attention to the implementation of work, and carefully performing the responsibility of ensuring good supervision. As a result, new progress and effect have been achieved in various Party style and clean government construction tasks, providing a strong assurance in political discipline for the Company to achieve the "Two No. 1" goal.

"Sunlight project:  
Role model of clean practice"

Ongoing development of model project

"Clean family"

Themed education event

"Qing Feng"

Column in Wechat Public Platform



Company leaders went to Dajiangdong toll station to investigate and guide the Party discipline inspection

- The Division of Responsibilities for Clean and Honest Establishments of the Company in 2019 was printed and released, and Responsibility Letters the Constriction of the party's working style and a clean and honest Administration and Letters of Commitment for Integrity were signed at different grades and levels.
- The Company deepened the fostering of integrity culture demonstration sites, and carried out on-site acceptance work for the second group of 23 integrity practice demonstration sites;
- Based on the characteristics of different business segments and the operational realities of various units, the Company actively explored the "Macro Safety" integrity management model integrating the four responsibilities of clean Party and government, risk prevention and control, safety management, and efficiency monitoring, as well as a three-level integrity education mechanism, integrity risk prevention and control systems in the securities industry, joint developments on integrity with local governments and other innovative practices



Focusing on the implementation of various bans, the use of company cars, and the enforcement of labour discipline, the Company conducted 292 times of discipline inspections at all levels involving 349 primary-level units and departments, and 71 problems were identified, which has resolutely prevented and curbed the growth of unhealthy practices.

During the Reporting Period, no incident of corruption in violation of laws and regulations was identified.



# 10 Community Investment

During the Reporting Period, the Company continued to actively participate in the building of civilised units. It participated in community charity activities, took part in the pairing system for poverty alleviation, provided help to people in need in material, spiritual and capacity terms, improved the civilised qualities among villagers under the pairing system, promoted ideological and moral construction, enriched the cultural life of villagers in their spare time, improved villagers' living environment and life concepts, and cared for left-behind children.

Volunteer activity is an important carrier for the Company's employees to give back to society, being also the cultural values promoted by the Company. With Party members as its major force, the Company has established and set up a number of volunteer service teams to carry out diverse and content-rich volunteer service activities, such as visits to child welfare homes and nursing homes, social convenience service, blood donation, and facilitating publicity on ETC and environmental protection, civilised transportation, and "An Hui Girl".

The Company continues to implement the three-year action plan of Zhejiang Province aiming at eliminating villages with weak collective economy. Volunteers visited the Taozikeng Village in Jinshuitan Town, Yunhe County, Lishui City, a village under the pairing system, to carry out activities such as electricity checkups, health checkups, appliance repairs, and caring activities for poor families.



- In active response to the decisions and deployments of the provincial Party committee and the provincial government for "village rejuvenation", the Company has participated in the poverty alleviation campaign of "pairing a thousand enterprises with a thousand villages for the elimination of weak villages".
- In active response to the provincial government's deployment concerning charitable sports undertakings, the Company promotes and makes donations to sports for charity.
- The Company has organised a variety of volunteer service activities giving play to the volunteer service role of members of the "Hong Ma Jia" Party of the Company.

During the Reporting Period, the Company donated approximately RMB1.1 million.

## Support to charity

Number of volunteer activities in the year

About **374**

Number of volunteers

**2,173**

# INDICATOR INDEX

Aspects	Indicator no.	Description of the indicator	Disclosure	Location in the report
<b>Environmental</b>				
<b>A1: Emissions</b>	<b>General disclosure</b>	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 nonhazardous waste.	√	P4
	<b>A1.1</b>	The types of emissions and respective emissions data.	√	P4
	<b>A1.2</b>	Greenhouse Gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	√	P4
	<b>A1.3</b>	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	√	P5
	<b>A1.4</b>	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	√	P5
	<b>A1.5</b>	Description of measures to mitigate emissions and results achieved.	√	P5
	<b>A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	√	P5
<b>A2: Use of Resources</b>	<b>General disclosure</b>	Policies on the efficient use of resources, including energy, water and other raw materials.	√	P6
	<b>A2.1</b>	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and in-intensity (e.g. per unit of production volume, per facility).	√	P6
	<b>A2.2</b>	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	√	P6
	<b>A2.3</b>	Description of energy use efficiency initiatives and results achieved.	√	P6
	<b>A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	√	P6
	<b>A2.5</b>	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable as it is a service	
<b>A3: The Environment and Natural Resources</b>	<b>General disclosure</b>	Policies on minimising the issuer's significant impact on the environment and natural resources.	√	P7
	<b>A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	√	P7

Aspects	Indicator no.	Description of the indicator	Disclosure	Location in the report
<b>Social</b>				
<b>B1: Employment</b>	<b>General disclosure</b>	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.	√	P8
	<b>B1.1</b>	Total workforce by gender, employment type, age group and geographical region.	√	P8
	<b>B1.2</b>	Employee turnover rate by gender, age group and geographical region.	√	P8
<b>B2: Health and Safety</b>	<b>General disclosure</b>	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.	√	P9
	<b>B2.1</b>	Number and rate of work-related fatalities.	√	P9
	<b>B2.2</b>	Lost days due to work injury.	√	P9
	<b>B2.3</b>	Description of occupational health and safety measures adopted, how they are implemented and monitored.	√	P9
<b>B3: Development and Training</b>	<b>General disclosure</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	√	P10
	<b>B3.1</b>	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	√	P10
	<b>B3.2</b>	The average training hours completed per employee by gender and employee category.	√	P10
<b>B4: Labour Standards</b>	<b>General disclosure</b>	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.	√	P11
	<b>B4.1</b>	Description of measures to review employment practices to avoid child and forced labour.	√	P11
	<b>B4.2</b>	Description of steps taken to eliminate such practices when discovered.	√	P11
<b>B5: Supply Chain Management</b>	<b>General disclosure</b>	Policies on managing environmental and social risks of the supply chain.	√	P12
	<b>B5.1</b>	Number of suppliers by geographical region.	√	P12
	<b>B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	√	P12

Aspects	Indicator no.	Description of the indicator	Disclosure	Location in the report
B6: Product Responsibility	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	√	Health and safety P9 Advertising and labelling are not applicable as it is a service P13-14
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable as it is a service	
	B6.2	Number of products and service related complaints received and how they are dealt with.	√	P13 Product returns are not applicable as it is a service
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	√	P14
	B6.4	Description of quality assurance process and recall procedures.	Not applicable as it is a service	
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	√	P14
B7: Anti-Corruption	General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	√	P15
	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.	√	P15
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	√	P15
B8: Community Investment	General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	√	P16
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	√	P16
	B8.2	Resources contributed (e.g. money or time) to the focus area.	√	P16

# VERIFICATION STATEMENT

## VERIFICATION STATEMENT OF ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORT

Pursuant to the engagement by Zhejiang Expressway Co., Ltd. ("Zhejiang Expressway" or the "Company"), Hangzhou Wantai Attestation Limited Company ("Wantai Attestation") has conducted an independent audit verification on the 2019 environmental and social responsibility report of Zhejiang Expressway (the "Report").

Zhejiang Expressway is responsible for the information collected, analysed, compiled and disclosed in the Report, whereas Wantai Attestation is responsible for verifying the implementation of the contents of the Report within its terms of reference under the agreement with Zhejiang Expressway. Zhejiang Expressway is the customer designated under the Verification Statement. The Verification Statement is based on the 2019 environmental and social responsibility report prepared by Zhejiang Expressway. Zhejiang Expressway takes responsibility for the completeness and truthfulness of the information in the Report.

### Scope of Audit Verification

- the accuracy and reliability of the Report as to key performance indicators, information and management systems in the year of disclosure (2019);
- the locations of verification including relevant departments of Zhejiang Expressway Co., Ltd., which is situated at No. 2, Mingzhu International Business Center, 199 Wuxing Road, Hangzhou City, Zhejiang Province, China, namely the party group department and union office, discipline inspection and audit supervision department, human resources department, operations department, maintenance management department, as well as the Information Centre and Hangzhou Management Office in Yunfeng, Pengbu Town, Hangzhou City. We did not interview other business units and stakeholders of Zhejiang Expressway Co., Ltd.;
- We assessed the processes including collection, analysis and inspection of the information in the Report.

The period of verification is March 16, 2020.

### Verification Method

The verification process includes the following activities:

- Assess the information and documents provided by Zhejiang Expressway;
- Interview the personnel responsible for collecting the information and documents of Zhejiang Expressway;
- Examine the public information published on the related websites and media, and verify the relevant information in the Report by random;
- Assess the balance of the content and reporting structure, comparability, accuracy, timeliness, clarity and reliability of the data disclosed in the Report with reference to the requirements of ESG Reporting Guide in the Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange Listing Rules") (the "ESG Reporting Guide").

### Verification Conclusion

- The 2019 environmental and social responsibility report prepared by Zhejiang Expressway Co., Ltd. objectively reflects the progress of the Company's performance of social responsibilities in 2019 and the performance results obtained. By random verification, the information in the Report is reliable and objective. Wantai Attestation is not aware of any systematic or material mistakes. The information disclosure is clear, understandable and available;
- The Report is prepared based on the structure of the ESG Reporting Guide of Appendix 27 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Stock Exchange Listing Rules") in the manner that the requirements of the Guide are fundamentally implemented, and the expectations and demands of the stakeholders are responded.

- **Completeness:** The Report of Zhejiang Expressway covers all materiality topics identified and their boundaries, which give a full picture of their important impacts as to the environmental and social aspects such that the stakeholders can assess the performance of Zhejiang Expressway during the Reporting Period.
- **Balance:** The Report is in compliance with the principle of balance which truly discloses both positive and negative information.
- **Comparability:** The Report discloses various performance indicators of Zhejiang Expressway for 2019 and historical data have been disclosed for emissions and the use of resources. These data allow the stakeholders to understand the improvement in performance each year.
- **Accuracy:** The information set out in the Report is accurate where qualitative and quantitative information of many performance indicators is publicly disclosed to the stakeholders.
- **Timeliness:** The data and information set out in the Report are timely and valid during the Reporting Period. Social responsibility report is published as and when appropriate, indicating its good timeliness.
- **Clarity:** The Report takes a combination of forms including textual description, charts, remarks and photos as well as case studies such that the stakeholders can easily understand it.
- **Reliability:** Through timely collection, record and analysis review of the information and data set out in the Report of Zhejiang Expressway, the information and data disclosed in the Report are true and reliable.

## Rectification Recommendations

Through verification and assessment, we have made the following rectification recommendations with respect to Zhejiang Expressway's practice and management of social responsibilities:

- It is advised to further refine the indicators in the environmental aspect and disclose in more details the environmental key performance indicators so as to satisfy the increasingly stringent disclosure requirements of the Hong Kong Stock Exchange.
- It is advised to strengthen the data collection on waste classification in the environmental aspect.
- It is advised to optimise the conclusion on social responsibility events and expenses incurred to fully execute the undertaking of social responsibilities. A reasonable increase in the case studies can enrich the contents of the social responsibility section.

## Special Statement:

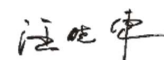
The Verification Statement does not include:

- Activities other than information disclosure;
- Statements regarding the positions, views, beliefs, objectives and future development directions and undertakings of Zhejiang Expressway.

## Statement of Independence and Capacity:

Hangzhou Wantai Attestation Limited Company is the most longstanding third-party professional institution in China engaging in attestation. The qualifications of Wantai Attestation are recognised by Certification and Accreditation Administration of the People's Republic of China ("CNAS") and ANSI-ASQ National Accreditation Board. Its businesses cover three major types of attestation namely management systems, products and services. It is currently one of the large-scale comprehensive attestation institutions in China with the most complete range of certifications and qualifications and largest scope of business.

Hangzhou Wantai Attestation Limited Company warrants that there is no conflict of interest with Zhejiang Expressway Co., Ltd. or its branches and stakeholders in the course of verifying the Report. All of the information in the Report is provided by Zhejiang Expressway. Wantai Attestation is not involved in the compilation of the Report.



General Manager

Date: March 18, 2020