



SHENZHEN EXPRESSWAY COMPANY LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 600548 (SSE) 00548 (HKEx))

2019

SOCIAL RESPONSIBILITY REPORT





About this Report

● Introduction

We publish the annual Social Responsibility Report with an aim to regularly and systematically provide the information on fulfillment of corporate social responsibility by the Company to stakeholders such as the Company's shareholders, customers, employees, service providers and partners, and government authorities, non-governmental organizations and community, and hence strengthen the understanding and relationship between the stakeholders and the Company, and accept supervision from the society.

● Reporting Cycle

Annually. This Report is the eleventh Social Responsibility Report published by the Company.

● Reporting Period

This Report covered the year 2019 (i.e. from 1 January 2019 to 31 December 2019). Taking into account the continuity and comparability of the information disclosed, some of the information is adjusted forward or backward properly.

● Coverage

The Company and its subsidiaries.

● Basis of Preparation

This Report has been prepared according to the requirements of the Guidelines on Preparation of Corporate Social Responsibility Report of the Shanghai Stock Exchange and with reference to the Environmental, Social and Governance Reporting Guide of The Stock Exchange of Hong Kong Limited. This Report focuses on the responsibility and practices of the Company in relation to product liability, employees, environment, community and other aspects.

● Indicative Statement

The references to "Shenzhen Expressway", the "Company", the "Group" or "We" used in this Report represent Shenzhen Expressway Company Limited and/or its subsidiaries for identification purpose; the "Headquarters" represents Shenzhen Expressway Company Limited and its directly-managed subsidiaries in Shenzhen. All amounts are presented in Renminbi (RMB), unless otherwise stated within this Report.

● Date of Approval

18 March 2020.

● Form of Publication

This Report is available and can be downloaded from the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) in Chinese, the website of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) in both Chinese and English and the website of the Company (<http://www.sz-expressway.com>) in both Chinese and English. For further enquiries, please contact us at (86)755-82853411 (by fax) or ir@sz-expressway.com (by e-mail).



Chairman's Statement



Facing a series of unprecedented challenges in today's society in aspects such as economic growth, social development and environmental protection, how to realise effective integration between the environment and the economy while striving for sustainable corporate development has become a challenge for every enterprise.

Since its establishment, Shenzhen Expressway has been shouldering the social responsibilities and its mission, and has always committed itself to creating higher corporate value, balancing the long term and short term interests of its investors, providing promising and sustainable returns to its shareholders. In 2019, the Group recorded revenue of RMB6,186 million and realised profit of RMB2,499 million. In addition, Shenzhen Expressway has always regarded environmentally-friendly,

recycling and low carbon operation as an important guarantee for sustainable development of the Company throughout the years. During its production and operation, the Company strictly complies with the Government's legal and regulatory requirements for green operation and pays attention to the conservation of water and soil resources, advocates green operation, actively promotes the application of new materials and new technologies, and encourages the recycling of resources.

In order to foster sustainable corporate development while balancing environmental protection, social development and economic benefits, the Group has clearly put forward its dual-engine driven strategy for the development of both the toll highway principal business and general-environmental protection industry during the five-year strategic period from 2015 to 2019. With the implementation and progress of such strategy, on one hand, the Group constructed and operated highways with the adoption of high-tech and informationalised approaches to enhance traffic efficiency and ensure road safety. On the other hand, the Group tapped into the environmental and new energy fields such as water environment remediation, solid waste treatment, organic waste treatment and wind power from a high starting point through investments and M&A.

Provision of quality services to ensure road accessibility and safety

The Company successfully maintained smooth traffic for 365 days in 2019. The road quality maintained at a higher level with the average road maintenance quality index (MQI) of each road section reaching 94.3. During the year, the Group has completed the upgrade and reform of ETC system for all road sections on schedule. With the improvement and advancement of ETC toll system, the traffic efficiency will be further enhanced.



Expanding into the environmental protection field and practicing social responsibility

Through the acquisition of Derun Environment and Shenzhen Water Planning Company in 2017, the Group has expanded into various segments of the environmental industry, such as water environment remediation and solid waste treatment, from a high starting point, which further expanded the Group's business scope in the general-environmental protection industry. After exploration and prudent research, the Group acquired 51% and 67% equity interests in Nanjing Wind Power and Baotou Nanfeng respectively in March and September 2019, which marked the Group's foray into the new energy sector of wind power. In January 2020, the Group acquired the controlling stake in Lande Environmental and realised the business synergy along the entire industrial chain of organic waste treatment, thereby officially expanding into the organic waste treatment segment. Shenzhen Expressway is committed to practicing its social responsibility of environmental protection and building Beautiful China with real actions.

Motivating the staff and creating higher social efficiency

Human resources are the cornerstone for sustainable development of an enterprise. In order to establish and accomplish a long-term incentive mechanism for the Company, attract and retain outstanding talents, and fully mobilize the initiative of the Company's senior management, intermediate management, core management and technical backbones, in January 2019, focusing on the increment in future operation results, the 14th meeting of the eighth session of the Board of the Company considered and approved the resolutions in relation to the implementation of Incentive and Restraint Scheme for Core Employees, and approved the implementation of the Profit Increment Based Incentive and Restraint Scheme by the Company. The Scheme was approved by the General Meeting of shareholders in March. The implementation of the Scheme not only protects the rights and interests of employees, but also effectively combines the interests of shareholders, the interests of the Company and the personal interests of the proprietors, so that all stakeholders may pay attention to the long-term development of the Company and promote the implementation of the Company's strategy.

Forging ahead through challenges and staying true to its original aspiration, Shenzhen Expressway will continue to adhere to its philosophy of sustainable development in the new strategic period of the Group, at the same time thoroughly implementing the spirit of the 19th National Congress of the Communist Party to undertake the historical mission and responsibility with a view to creating a better future with its stakeholders.

HU Wei
Chairman



Stakeholders

Stakeholders of Shenzhen Expressway include the government, shareholders, creditors, suppliers, customers, employees and other parties. Committed to good corporate citizenship, the Company has incorporated the concepts of sustainable development and social responsibility into its daily operation and corporate culture. While achieving its growth, the Company assumes its responsibilities towards its stakeholders.



I. Local Governments and Regulatory Authorities

As a company under Shenzhen SASAC and listed in both Shanghai and Hong Kong, Shenzhen Expressway has always attach great importance to its relationship with the local governments and regulatory authorities and complied with the guidelines and supervision of the local governments and regulatory authorities. It has laid down strict requirements in aspects such as corporate governance, information disclosure and compliant operation. The Company has fulfilled its obligations in relation to tax payment and due performance of statutory information disclosure according to the laws, and obtained the honor of "Top 100 Taxpayer Enterprises" in the region for many years . There was no breach of regulatory requirements and the Company has attained Grade A (Outstanding) in the appraisal carried out by the SSE for ten consecutive years. As for corporate governance, the Company received numerous awards in 2019 successively, including the “2019 Shenzhen Top 10 Listed Companies Board Governance Award” and “2019 Shenzhen Top 10 Listed Companies Green Governance Award” by Shenzhen Research Association of Corporate Governance.



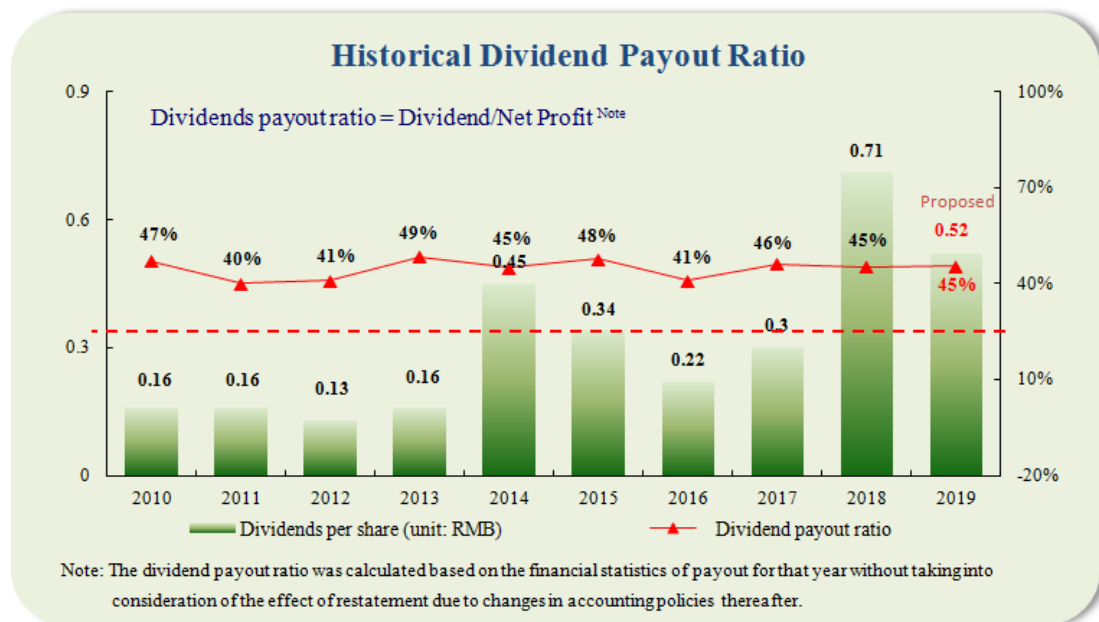


II. Shareholders and Investors

Shenzhen Expressway, being an A+H listed company, strictly complied with the relevant requirements under the Company Law, the Securities Law, the relevant laws and regulations issued by the CSRC, and the Listing Rules of the SSE and HKEx, performed its disclosure obligation honestly and diligently and adhered to the basic compliance requirements. The Company conducted its operating activities in strict compliance with various regulatory regimes and continuously improved its corporate governance standard with a view to creating good investment returns for the shareholders.

1. Equal treatment for all shareholders. The Company ensured that the substantial shareholders and minority shareholders would enjoy equal status and may fully exercise their rights. In 2019, the Company convened the General Meeting in accordance with requirements, and completed the preparation and disclosure of annual, interim and quarterly reports on time, and issued more than 170 announcements and other shareholder documents and information. .

2. Strong emphasis on creating reasonable investment returns for the shareholders, The Company persisted to implement a sustainable and stable policy for profit distribution. Since its listing, the Company has been paying cash dividends for 22 consecutive years with an accumulated cash dividend paid of approximately **RMB8.8 billion**. The Board recommended payment of a final dividend of **RMB0.52** (tax included) per ordinary share in cash for 2019, accounting for **45.37%** of earnings per share. Such proposal will be submitted to the 2019 Annual General Meeting of the Company for approval before implementing the same.



3. Advocacy of a corporate culture that respects investors and holds itself accountable for investors, On the basis of sufficient information disclosure, the Company established a smooth communication channel with investors by initiating various investor relation activities, which has enhanced the mutual trust and interaction and provided investors with sufficient rights of information and options. During 2019, the Company received, in aggregate, over 30 investors' visits, and communicated with more than 800 investors and journalists through various forms of presentation activities, including organising result presentations and press conferences, online investor meetings and road-shows as well as participating in different types of investor forums. During the year, the Company successively received the "Second China Excellent IR Award – Best Innovation Award", "New Fortune Best IR of Hong Kong Listed Companies", "New Fortune Top 50 Best Listed Companies", "Golden Intelligence Award – Listed Company Award for Outstanding



2019 Social Responsibility Report

Investor Returns by JRJ.com” and “2019 China Financial Market Award – Best Investor Relations Award”. The Company maintained sufficient information exchange with investors, achieved good communication effects, and obtained full affirmation from the capital market.



III. Creditors

Paying high regard to the protection of the legitimate interests of all creditors, and in order to ensure a healthy and sustainable business operation of the Company, Shenzhen Expressway consistently adhered to stable financial strategies and maintained a reasonable level of indebtedness, debt structure and a relatively high debt repayment capability. In 2019, the debt-to-asset ratio, interest coverage multiple and EBITDA interest multiple of the Company were **53.87%**, **4.56** and **6.93** respectively, with each financial indicator remaining at a sound level.

Meanwhile, the Company placed strong emphasis on strengthening its credit construction and gained trust from different creditors by timely repayment of the principals and interests for various debts. The Company was classified as strategic or key co-operating client by several banks. In 2019, the Company maintained the credit rating of AAA for domestic entities. And except for the higher rating granted by Fitch to “BBB” from “BBB-”, the existing investment grade ratings for international entities and the existing grade ratings in respect of follow-up debt credit rating for various bonds and medium-term notes issued by the Company remain unchanged at the highest credit rating of AAA. Relying on its stable cash flow, sound capital structure, comprehensive debt management system and good credit history, the Company has established and maintained good credit relationships with creditors.

IV. Suppliers

Shenzhen Expressway regards all co-operating parties in the value chain (including materials and equipment suppliers, construction contractors, design companies, supervisory authorities, consulting firms, intermediary advisors, etc.) as our working partners. The Company never deems itself as a superior, nor does it give up its stances, rights or interests even when it is disadvantaged. The Company seeks to grow with its working partners. We have established a comprehensive supply chain management system and improved our internal controls. Meanwhile, we duly implemented the tendering and bidding management system of the Company and prudently adopted measures such as public tender, project comparison and quotation and tender invitation in compliance with the relevant laws and regulation of the PRC. We also arranged the Discipline Inspection and Supervision Office, Audit Department and other relevant departments of the Company to review the tendering and bidding process at multiple levels. Through these measures, we ensured the tendering and bidding of the Company are conducted in an open and transparent manner, thereby effectively protecting the legitimate rights of the co-operating parties in the value chain.

V. Customers

As a company specialised in the operation of expressways, drivers and passengers are the major customers of the Company. It is always the principle of the Company to provide “safe, speedy, cost-efficient and



comfortable” transportation services to the society. The Company built quality and safe highway products by promoting institutionalized, systematic and informational quality control and management system. Besides, the Company maintained good technological conditions of highways during operation and management period and established a sound service mechanism for road rescue to ensure the quality and safety of the products provided. The Company timely communicated with customers through 24-hour customer service centre and reporting real-time traffic updates in a bid to enhance its service quality and boost customers’ satisfaction.

VI. Employees

Talent have always been the key element in promoting the sustainable development of a company and an essential part of the core competitiveness of Shenzhen Expressway. Shenzhen Expressway is committed to the principle of legal and equal employment and strives to create a cultural atmosphere of “honest and diligent, joyful working, harmonious and mutually-benefitted” to provide a safe and healthy working environment for the staff, and continuously promotes the appreciation of human resources to build up a desirable career development platform for the staff. The Company also introduced a management concept of “let the staff share the achievements of the Company’s development” in order to achieve a harmonious win-win situation between the interests of the staff and the interests of the Company.





Environment and Resources

As a public utility enterprise principally engaged in the investment, construction, operation and management of toll highway and other urban and transportation infrastructure, Shenzhen Expressway has neither consumed excessive resources, nor directly produced a substantial volume of waste in its operating activities. However, the Company regards environmentally-friendly, recycling and low carbon operation as an important guarantee for corporate sustainable development, and always strictly complies with the Government's legal and regulatory requirements for green operation in its operation. The Company pays attention to the conservation of water and soil resources, advocates green operation, actively promotes the application of innovative materials and technologies, and promotes recycling of resources. The Group's strategy in the five years between 2015 and 2019 has expressly stated the development path with urban infrastructure and environmental protection industry as the main target of its upgrade and transformation. With the implementation and progress of such strategy, the Group has stepped into segments in further environmental protection such as water environment remediation, solid waste treatment, wind power operation and organic waste treatment through investment and M&A.

Social responsibility strategy of the Company—environment
Rational utilization of resources and environmental protection to facilitate the actual usage of environmental technologies and materials in stages such as daily management, project design and construction.

In its operating activities, Shenzhen Expressway strictly complies with the following laws, regulations and industry provisions such as Environmental Protection Law, Air Pollution Prevention Law, Solid Waste Pollution Prevention Law, Water Pollution Prevention Law, Law on Prevention and Control of Environmental Pollution by Solid Waste, Environmental Impact Assessment Law, Regulations on the Administration of Construction Project Regarding Environmental Protection, Comprehensive Air Pollution Discharge Standard, Integrated Wastewater Discharge Standard, Technical Policy for the Prevention and Control of Motor Vehicle Emission Pollution, Measures for the Supervision and Administration of Vehicle Emission Pollution, Regulations on the Administration of Construction Project Regarding Environmental Protection in Guangdong Province, Regulations on Protection of Drinking Water Sources and Water Quality of Guangdong Province, Regulations on Prevention and Control of Solid Waste Pollution to the Environment of Guangdong Province, Regulations on Environmental Impact Assessment of Highway Construction Projects promulgated by the Ministry of Transport and Regulations on the Reduction and Utilization of Construction Wastes of Shenzhen Municipality, and has formulated respective systems, working procedures and operational guidelines in respect of each operational stage, so as to ensure the enforcement of such laws and regulations.

I. Emissions and Control

The Group's emissions mainly include the exhaust gases and greenhouse gases generated by the vehicles required by the Company's operation and management, as well as emissions from engineering construction and production operations.

1. Waste and Greenhouse Gases

The waste and greenhouse gases that generated by the vehicles required by the Company's operation and management possibly produced mainly include CO (carbon monoxide), CO₂ (carbon dioxide), HC + NO_x (hydrocarbon and nitrogen oxides), PM (particle, soot) and other hazardous gases.



It is difficult for the Company to quantify the total emission, density and other data in relation to emission with its existing techniques. However, the Company has formulated relevant pollution prevention and emission reduction systems or operational guidelines for each operation stage and has introduced intelligent equipment and information-based technology so as to enhance operational efficiency and monitor working process which will in turn reduce energy consumption and emission. Measures taken mainly include:

(1). The Company controls and cuts the exhaust emissions of special vehicles for management and maintenance of road assets by scraping the heavy-polluting "yellow label vehicles" on a voluntary basis while making sure that the newly purchased ones are in line with the latest environmental protection standards; carries out regular repair, maintenance and environmental protection tests to ensure that the exhaust emission thereof is in compliance with relevant requirements.

(2). Promote Electronic Toll Collection system (ETC).

According to the content of "Notice on the Implementation Plan of the Deepening the Reform of the Toll Road System and implementation plan of Removing Provincial Toll Stations on Expressways" issued by the General Office of the State Council, all highway toll stations on provincial boundaries across the country will be removed by the end of 2019, and required that the adoption proportion of ETC at expressway entrances across the all provinces (municipalities and regions) shall reach more than 90% by the end of 2019. The Group actively responded to the requirements of the notice plan by promoting ETC at all sections. As at the end of the Reporting Period, installation of ETC equipment is all completed in the sections directly managed by the Group. The Group has constructed a total of **51** ETC beltways and **90** combined roads and optimized **44** existing ETC lanes.

Compared with semi-automatic toll collection system (MTC) and calculated based on the traffic efficiency of ETC lanes at toll collection site and its designed road capacity standard, adopting ETC at the entrance and exit saves 8 seconds and 21 seconds in terms of travelling time for each vehicle, respectively, thus conserving **0.03 litres** of fuel for each vehicle. As such, each ETC lane reduces the emission of carbon dioxide and carbon monoxide of each vehicle by approximately **50%** and approximately **70%** respectively.

2. Waste

The wastes generated from the construction mainly comprised construction spoil, wastewater from construction and dust, etc.

The construction business of the Group had been outsourced to construction contractors with specific qualifications. These contractors were obliged to engage in construction activities according to law (including control of emissions according to statutory requirements). Through strict implementation of contractual requirements, the Group has fulfilled its duties of supervision on construction contractor by strictly implementing the contractual requirements. It has conducted regular inspections and assessments and carried out credit evaluations on contractors' contract performance to ensure construction to be carried out in compliance with laws and regulations. During the Reporting Period, the Group was not informed of any non-compliance with relevant laws and regulations by any of such contractors. In addition, the Group has no disclosable information about the emissions by such contractors.

For administration of project construction, the Group put emphasis on environmental monitoring, formulated technical specifications and construction administration procedures for each project, and made use of contracts to ensure construction contractors abided by various rules and regulations and complied with the environmental regulations specific to the industry. The Company strived to prevent waste pollution to the environment and actively promoted the recycling of waste materials. In order to minimise the



environmental impact of project construction, the Company has adopted various measures, which mainly include the following:

- (1). The commencement of construction shall be subject to the approval by the relevant authorities on the project's water and soil conservation plan, which is prepared by a qualified third party institution engaged by the Company. The Company shall adopt effective water and soil conservation measures in the responsible area for water loss and soil erosion control of the project according to the approved water and soil conservation plan and the requirements set out in the environmental impact assessment report.
- (2). The Company shall engage a qualified third party institution to carry out the construction environmental supervision system and implement various practical measures regarding water and soil conservation, ecological protection and pollution prevention and control during the construction period.
- (3). The Company shall devote efforts in the comprehensive utilization of construction wastes and make appropriate arrangement for the disposal sites of construction wastes and spoil in accordance with the relevant requirements under the Regulation on Reduction and Utilization of Construction Wastes of Shenzhen and the Measures on the Administration of Earth and Stone Works of Shenzhen during the construction period. Meanwhile, the Company shall dispose the spoil internally by fully utilise its existing lands as far as possible, balance the internal disposed spoil of each construction section throughout the project, optimise the earthwork project construction plan and coordinate the processing and consumption of stone available along the construction site of the highway.

The total spoil waste generated along the highway of the Outer Ring Project was approximately 4.4325 million cubic metres with an export volume of 0.5475 million cubic metres. Among which, 3.885 million cubic metres of waste were disposed by implementing various measures such as recycling of wastes and minor transformation of both landscape and landform of the interchange, representing a recycling rate of approximately 87%. The Company has effectively reduced the use of urban land resources, at the same time saving the construction cost. hence realising its environmental objectives.

- (4). The Company shall set up sedimentation tanks and grease traps for construction wastewater treatment and the wastewater shall be recycled for dust suppression at the construction site. When the construction wastewater cannot be fully recycled, the remaining construction wastewater will be delivered by sealed sewage suction trucks to the municipal sewage treatment plant.
- (5). The Company shall set up a dust recovery and treatment system at the discharging site of cement stabilized gravel and asphalt mixtures for road pavements to minimise the dust pollution to such mixtures at the discharging site.
- (6). The Company shall set up specific containers to collect household wastes produced during the construction and dispose of the same in a timely manner.
- (7). The hazardous wastes of the construction wastes shall be delivered to the qualified institutions for hazardous waste treatment.

II. Resources Utilization

The Group attaches importance to guiding employees to develop a sense of thrift and consciously putting it into practice. During the course of operation, the Group actively promotes application of innovative materials and technologies, and advocates recycling of resources. In terms of resources conservation, the key measures adopted by the Group are as follows:



1. Minimising office consumption

- The air conditioning of the office shall be kept at not less than 25 degrees. Office devices shall be set in energy-saving mode or turned off when unused for a long time so as to reduce standby energy consumption.
- An application and approval system for office supplies was established to ensure only necessary office supplies are procured and reduce waste.
- Double-sided printing shall be adopted wherever possible to save paper.
- Our employees are required to be in strict compliance with relevant rules regarding saving water and electricity. A standard for monthly electricity and water consumption was distinctly set for every staff of each toll collection station, and an assessment was carried out on a quarterly basis.
- The vehicle usage system was also reformed to reduce energy consumption and emission in the office.

2. Using energy-saving and environmentally-friendly products

- New environmental and energy-saving products shall be used whenever different kinds of lighting facilities are to be added or replaced. Due to the use of energy-saving streets lights, the electricity consumption of the sections directly managed by the Group has been reduced by approximately **4 million kWh** every year, representing a saving of approximately **1,300 tons** of standard coal and reduction of CO2 emission by approximately **3000 tons**.
- Degradable products were used as far as possible in terms of papers used for daily office operation.

3. Vigorously promoting the development of its information-based system

The Group enhanced management efficiency and achieved systematic paperless office through information-based, segment-oriented and scientific management of business.

The Group's statistics of resource utilization in 2019:

Water (10,000 tons)	75.3
Electricity (10,000 kWh)	3,189.6
Gasoline (10,000 litres)	105.6

Other resources used in the Group's operations were mainly used in construction activities, which had been outsourced to construction contractors with specific qualifications. These construction contractors were obliged to engage in construction activities according to law (including the management of resources utilization according to statutory requirements). The Group has fulfilled its duties of supervision on construction contractor by strictly implementing the contractual requirements. It has conducted regular inspections and assessments and carried out credit evaluations on contractors' contract performance to ensure construction to be carried out in compliance with laws and regulations. During the Reporting Period, the Group was not informed of any non-compliance with relevant laws and regulations by any of such contractors. In addition, the Group has no disclosable information about resource utilization by such contractors.



III. Environment and Natural Resources

As arable land, woodland and water sources may be occupied during the construction process of highways, which might affect the natural environment and the life of residents along the highways to a certain extent, Shenzhen Expressway pays much attention to the impact of project construction on the environment. The Company's concern over environmental protection is manifested in product planning, design, construction and management of highways:

At the stage of project line planning and design, the Company entrusts a third party with corresponding qualifications according to the requirements of industry standards to make special study on the environmental impact of the project and prepare an assessment report thereof to assess the possible environmental impact of the project on the areas along the line, and propose soil and water conservation, ecological protection and various pollution prevention and control measures in the design and construction plan based on the scope and extent of adverse impact. For instance: **Rational use of land**: Select appropriate location of the highway in line with the local land planning with a view to reducing occupation of farmland, arable land and economic forest and minimizing demolition and relocation, and set up earth-retaining walls, revetments or viaducts based on economic and technological comparison so as to occupy less land and save land resources; **Protection of water sources**: Routes of highways should be planned to avoid crossing water sources and not to occupy the drinking water sources of areas with concentration of urban resident, while well-designed drainage system for highways should be in place to avoid draining sewage into the water or soil on both sides of highways. Greening and other isolation protection measures are also necessary to protect the water sources from contamination.

At the construction stage, the construction contractors are required to strictly implement measures on greening, soil and water conservation, and pollution prevention.

- The earth needs should be satisfied first by the earth and stone in excavation section, and second by the earth in barren areas with a view to protecting local vegetation and water resources, and the borrow pits should be taken into consideration together with local aquaculture and farmland irrigation and drainage;

- The damage of construction spoil to vegetation and its occupation of farmland should be minimized. Rational planning for reclamation or greening should be made so as to improve land regeneration resources;

- In order to prevent construction noise pollution, the Company took the implementation of relevant provisions seriously, including Environmental Noise Emission Standards for Construction Sites (GB12523-2011), Regulations of Shenzhen SEZ on Environmental Noise Pollution Prevention (revised in 2011), Regulations of Shenzhen on Administration of Construction Noises, etc. It also required the installation of mufflers for construction machineries and transportation equipment, reasonable arrangement for construction sites and time and placement of noise barriers.

- During the construction, the administration on dust pollution prevention and control for projects has been reinforced according to the Proposal on Specific Construction Dust Pollution Prevention and Control of Shenzhen so as to fully implement the relevant provisions and requirements for measures on dust pollution prevention and control at construction sites.





In the course of construction of the Outer Ring Project, the Company required the construction party to strictly implement the “seven 100%” of dust control, namely the construction area must be 100% enclosed; 100% hardening treatment must be carried out over the construction site pavement; the vehicles entering and leaving must be 100% washed; the bare soil must be 100% covered or greened; 100% water sprinkling for dust control must be carried out in dust-diffusive construction sites; the entire contract section must ensure 100% installation of TSP automatic dust inspection system; site sand storage must be 100% covered. As of the end of the Reporting Period, installed with 67 washing bays and 123 sets of TSP automatic dust inspection system, deployed with 181 fog guns and equipped with 56 water spraying cars, the green net of the Outer Ring Project covered 2.41 million square meters of land, which has effectively controlled dust pollution at the construction site of highways and reduced impact on the environment for human settlement.

At the stage of road operation, the Company adopted preventive measures, such as external-soil spray seeding and grassing, side slope and slope angle grouting and dry building, for the soil and stone side slopes along highways, to prevent water loss and soil erosion. At the same time, the Company also valued the cultivation and conservation of the green belt along highways, and skillfully integrated green forest plants with noise insulation, dust proof and air cleaning functions into natural landscape so as to build ecological, environmentally-friendly and beautiful highways.

In 2019, all relevant laws and regulations have been properly complied with, the Group has not had any environmental pollution accidents, complaints, fines or sanctions due to environmental pollution or violation of environmental regulations, and no problem occurred in obtaining applicable water sources.

IV. Engagement in the Environmental Protection Industry

During the process of strategy execution in the five years between 2015 and 2019, Shenzhen Expressway has further decided that the main target of upgrade and transformation would be urban infrastructure and general environmental protection industry upon the Company’s assets (i.e. toll highways), in the future, the Company will strive to becoming an industry leader in terms of segments in new energy environmental protection such as organic waste treatment, solid waste treatment and wind power through cooperation with industry-leading enterprises, merger and acquisition of enterprises with advantages, independent innovation and operation and other methods.

To achieve this strategic goal, the Company has successively established Environmental Company and the new energy business department, built a professional team responsible for expanding into the general environmental protection businesses and has continuously facilitated business development in relevant segments.



During the Reporting Period, the Group successively acquired 51% and 67% equity interests in Nanjing Wind Power and Baotou Nanfeng, and officially expanded into the wind power new energy sector.

The wind turbines, wind towers and other equipment involved in the wind power business of the Group were all purchased from the suppliers with specific qualifications. These suppliers were obliged to engage in production and operation activities according to the law (Including managing emissions and resource utilization in accordance with legal requirements). During the Reporting Period, the Group was not informed of any non-compliance with relevant laws and regulations by any of such suppliers. In addition, the Group has no disclosable information about emissions and resource utilization by such suppliers.

Wind power is a clean and pollution-free renewable energy. Making full use of wind power can reduce the consumption of conventional petrochemical energy, which is in line with the national energy development strategies and the international energy development direction, with high performance-to-price ratio, wind power is a safe, renewable, recyclable and cost-effective energy. Wind farms discharge zero pollutants into the atmosphere, thereby achieving zero emissions of solids and gases, which play a positive role in protecting the atmospheric environment. In 2019, Baotou Nanfeng's total power generation was about **578,467MWh**. Calculated on the basis of 360g of standard coal consumed per kilowatt-hour, Baotou Nanfeng saved about **208,200 tons** of standard coal as compared to coal-fired power plants of the same scale.



The Staff

Shenzhen Expressway is committed to its staff-oriented business philosophy, and has introduced a concept of “let the staff share the achievements of the Company’s development” and created a cultural atmosphere of “honest and diligent, joyful working, harmonious and mutually-benefitted”. Adhered to its strategic goals and the needs of personal growth, the Company has established a multi-level staff training system, set up a platform for talents of all levels to fulfill their career dreams, and thereby achieving organic integration of the staff personal development and organizational goals; measures such as establishing mutual aid fund, re-employment incentive fund and caring for the cultivation of the staff re-employment capabilities has facilitated the enhancement of employee compatibility. The Company helps its staff to improve and advance by giving full play to their potential and talents, so as to achieve mutual and sustainable development of the enterprise and the staff.

I. Assurance of Staff’s Rights and Interests

During the Reporting Period, the Group strictly complied with the provisions of relevant laws and regulations such as the new Labor Law, Labor Contract Law, Regulations on the Implementation of Labor Contract Law of Guangdong Province and Law on the Protection of Minors, and formulated a number of internal systems such as the Staff Manual, the Management Procedures for Employment Contracts, Administrative Measures for Staff Training and Administrative Measures for Employee Position System in accordance with the laws, in order to effectively protect the legitimate rights and interests of employees and build up a good labor relation.

1. Employment

The Company is committed to the concept of long-term employment with gender equality, equal pay for equal working conditions, and prohibition of labor outsourcing and employment of temporary labor. During the recruitment process of front-line staff, the form of school-industry collaboration is adopted to ensure the quality of students and avoid the employment risk. During the employment process, in the event of fraud and concealment in reporting employees’ ages, the Company will terminate the employment contracts according to law and such employees will return safely with the assistance of the school authority. Adhering to our human resources philosophy of “embracing diversification and maintaining an inclusive and open attitude”, we will not treat candidates differently because of gender, ethnicity, geographical region, cultural background and other factors during recruitment of staff. We prohibit the use of minors and forced labor in any manner and the recruitment of citizens aged below 16. During the Reporting Period, no relevant non-compliance or negative incidents occurred within the Company. The Company extensively recruits outstanding talents through campus recruitment and open recruitment in the society. In 2019, the Group (including the Company and its consolidated subsidiaries) had a total of **4,889** employees, of whom **2,192** were female employees, accounting for approximately **45%** of the total number of staff; **1,362** were management and professional staff, while **3,527** were front-line staff. The Company strictly abided by the government’s legal requirements for labor time, and introduced the “Staff Attendance and Leave Management Measures” and other normative systems. Paid annual leave system has been implemented to protect the staff’s rights to obtain normal workload, rest and leave according to the laws.



2019 Social Responsibility Report

In 2019, the Group's staff structure is as follows:

Staff structure	Number of staff	Proportion (%)
As per age		
30 or below	3,229	66.0%
31-40	864	17.7%
41-50	625	12.8%
50 or above	171	3.5%
As per educational level		
Under tertiary	3,109	63.6%
Tertiary	880	18.0%
Bachelor	705	14.4%
Master and above	195	4.0%

In 2019, the Group's overall staff turnover rate was **34.21%**, as shown in the table below:

Breakdown of Departed Staff	Number of staff	Staff turnover rate (%)
As per gender		
Female	810	16.31%
Male	889	17.90%
As per age		
30 or below	1,591	32.03%
31-40	62	1.25%
41-50	31	0.62%
50 or above	15	0.30%
As per region		
Guangdong Province	1,561	31.43%
Other areas	138	2.78%



2. Remuneration Policies

The remuneration and benefit policies of the Company were implemented pursuant to the statutory requirements and the Management Procedures for Remuneration and Benefits (《薪酬福利管理程序》) of the Company. The remuneration and benefits of the staff include position salary, the performance bonus and the statutory and corporate welfares and are determined by the market value of the position and the comprehensive performance of staff on the principle of “salary based on the position and changed with the position”, with strategy-oriented, market-oriented and performance-oriented objectives, taking into account of both internal and external fairness. In 2019, the Company implemented its remuneration adjustment plan again for toll collection staff, with an average increase of 4.1%. This marked the ninth consecutive year in which the Company increased the overall remuneration level of toll collection staff in order to effectively protect the rights and interests of staff and share with them the Company's operating results.

Pursuant to statutory requirements, the Group has participated in an employee retirement scheme organised by the local government authorities (social pension insurance), and has adopted various protection plans such as medical insurance, work injury insurance, unemployment insurance, and maternity insurance for its employees. During the Reporting Period, a total amount of **RMB4.74 million** of social retirement insurance, **RMB1.94 million** of medical insurance, **RMB110,000** of work injury insurance, **RMB170,000** of maternity insurance and **RMB30,000** of unemployment insurance was paid. As at 31 December 2019, the Group has a total of **43** retired staff. The registration procedures in relation to their retirement have been completed through Shenzhen social security authorities, concurrently the Company provides a free physical examination and important festivals sympathy to retirees every year.

Taking into account the characteristics of the industry where the Company operates, the Company maintains commercial insurance related to personal accidental injury for all its employees. The labor union of the Company established “Mutual Fund for Staff’s Critical Illness and Personal Accidental Injuries” to enhance staff’s ability to protect themselves against diseases and accidental risks. Since 2006, the Group has made regular enterprise annuity payments for its management personnel and key technical staff members so as to allow the staff to further share the achievements of the Company's development, to ensure their living standard upon retirement, and to build a long-term trust between the Company and its staff.

II. Safety and Health

1. Production Safety

The company focuses on the safety production policy of “safety first, double prevention, systematic protection, responsibilities delegation”, and regards employee health and safety as the core of safety management. In the process of production and operation, the Company carefully implemented the Work Safety Law and other relevant laws and regulations. 2019 is a crucial year for the Group to comprehensively improve its management and achieve its strategic goals. The Company' closely adheres to the annual working theme of “consolidating the foundation”, with “strengthening the basics, focusing on key areas, rectifying weaknesses and attending to details” as the key working approach, so as to deepen and implement the standardisation of production safety, promote the implementation of major works, strengthen the management in weak aspects and areas, and show concerns for key areas and detail management. The Company has laid a solid foundation for the work of production safety by controlling material risks at source, and has established related systems such as production safety responsibility system, hidden trouble investigation and remediation system, stratified risk control system and emergency management procedures. Various basic works for safety management such as safety inspection and assessment, safety training and emergency drill have commenced. The standardisation of production safety



2019 Social Responsibility Report

has been continuously deepened to consistently improve safety management systems and ensure production safety.

The Group's production safety statistics in 2019:

Attendance in various emergency drills (number)	164
Regular and irregular safety inspection (number)	1,500
Hidden trouble investigation (number)	5,600
Hidden trouble rectification rate	100%
Safety trainings at the corporate level (number)	7
Safety trainings at the departmental level (number)	850

The Company adheres to the goal of “zero casualties” in production safety. During the Reporting Period, no production safety accidents with major responsibilities and owners’ responsibilities occurred within the Group.

During the Reporting Period, the Group commenced the construction safety management consultation & upgrading project and the special upgrading project for fire safety management. Through public tendering procedures, the Company has introduced the world's top consulting firm — DuPont Sustainable Development Consultation to provide comprehensive safety management diagnosis and enhancement services for the Company's construction projects. In order to further standardise the Company's fire safety management, the Company has prepared corporate codes for fire safety management and their implementing rules, both of which have provided various departments and subsidiaries with guidance and approaches for fire safety management.

2. Occupational Health

The health of the staff is of utmost concern of the Company. All new staff are required to pass the physical check-up. The Company provides regular health counselling and annual body checks at its own expenses, so as to ensure the physical and mental health of its staff. The Company also conducts statistical analysis on the body check results, provides counselling service, and purchases various medical equipment, such as fully-automated blood pressure monitor, body fat scale and spectrum healthcare and treatment device, for staff in the headquarter. Seminars on nutrition and health were also organized. In order to implement a long-term effective supporting mechanism for staff in need, the Company provides “Small medical kits” for front-line staff to use without charge. During hot seasons, allowances are given to staff and free drinks are provided to front-line staff to lower their body temperature.



III. Promotion of Staff Development

The Company has established a staff performance administration system and a multi-level training system, which are customer-oriented and aim on business improvement, to motivate our staff to unleash potential and to offer a platform for talented and virtuous staff to fully showcase their talents. The Company employs various management tools, such as setting up systems for directing guidelines, position rotation, adopting a “dual path” career development approach, establishing a Reserve Talent Bank, launching the personal quality enhancement program and qualification management, with a view to helping its staff with planning of their career paths and provide effective support for staff’s career development. In addition, the utilisation of quality models also helps the staff of the Company to set clearer targets for quality development, hence effectively commence to prepare the development plans of their career paths.

1. Career Development

By developing and implementing Measures on Employment Administration (《聘用管理辦法》), Measures for the Management of the Employee Position System (《員工職位體系管理辦法》), Measures for the Management of Job Titles and Qualification Examination (《職稱及資格考試管理辦法》) and Measures for the Management of Staff Competition for Promotion (《員工競爭上崗管理辦法》) in accordance with relevant requirements, the Company adheres to the market-oriented talent introduction mechanism, and recruits staff through campus recruitment, recruitment from talent market, online recruitment, etc. The Company pays more attention to training and selecting talents from within the enterprise. In accordance with the professional capacity and performance of the staff and based on key position quality models, the Company selects staff with outstanding performance to join its talent reserve and provides them with corresponding vocational guidance and training in order to expand talent reserve for the Company. The Company encourages its staff to proactively participate in on-job learning and business training. The study club of the party committee helped 115 staff sign up for the “Dream Programme”, offering them more opportunities and choices for career development.

Besides, the Company also values the career development of front-line staff and has supported them to enhance their various professional abilities such as qualification upgrade and skill training. For front-line staff who have been working with the Company for more than five years, the Company also offers re-employment incentive fund to finance staff to return to the workforce on the basis of acknowledging such staff’s contributions to the Company, providing them with more opportunities and choices for their career development. As at the end of the Reporting Period, re-employment incentive fund of RMB610,000 was distributed during the year and 91 staff were benefited.

2. Staff Training

The Company pays high regard to continuous staff training and proactively provides targeted training materials through means such as lectures by experts, internal special training, exchange of experience, job experience and online training college.

For the implementation of training, the advanced management skill course hosted by Tsinghua University and Shenzhen Expressway was provided to the Company’s management personnel at middle level or above with emphasis on the requirements of the staff’s core capabilities during the strategic period. The Company also organized training sessions on topics such as Induction for New Staff, Official Document Writing, Emotion Management, Navigating through Career, Effective Decision-Making, Seven Habits of Highly Effective People, and held a seminar on Innovative Technology for Three-dimensional Expansion and Transformation of Expressways. Different trainings were also arranged, including special training on safe production, training on risk management of construction projects, training on functional positioning of



2019 Social Responsibility Report

Financial Controller and value creation under the new environment, training on procedures of outsourcing management and training on safety leadership. The Company also conducted a series of training on civilised services for front-line staff with emphasis on providing counseling and strengthening civilised services and business procedures.

Statistics on training seminars organized by the Group in 2019:

Total number of trainings (time)	32
Total number of training hours (hour)	3,200
Total cost for training (RMB)	770,000
Total number of staff trained (person)	400

IV. Caring for Staff Life

Members of the leading team listen to staff's opinions and collected a total of over **170** suggestions from its staff through six different channels. Adjustments have been made accordingly, which have improved the operation and management of the Company. To enrich the staff's cultural life, the Group organizes various recreational activities, such as Table-tennis competition, Lantern Festival Event, Tug-of-war Competition, Women's Day Event, Badminton Team Competition, Caring Show for rank-and-file staff performed by the Theatrical Team, joined the series of sports competition organized by Shenzhen International and events held by SASAC at city-level, carried out Roadshow Expert and Micro-Video Contest, visited the Cemetery of Revolutionary Martyrs, and hosted activities such as large-scale youth gathering and group exchanges. Through those rich cultural and sports activities, the Company helps its staff to maintain their work-life balance, leading them to pursue a wonderful and enjoyable life.





Supply Chain Management

As a company specialised in the operation of toll highways and general-environmental protection industry, supply chain management is not the main driver for sustainable development of the Company, but we regard all co-operating parties in the supply chain (including materials and equipment suppliers, construction contractors, design companies, supervisory authorities, consulting firms, intermediary advisors, etc.) as our working partners. The Company never deems itself as a superior, nor does it give up its stances, rights or interests even when it is disadvantaged. The Company seeks to grow with its working partners.

In collaboration with co-operating parties in the supply chain, the Company strictly complies with the requirements of regulations such as Law on Tenders and Bids (《招投標法》) and Regulations on the Implementation of the Law on Tenders and Bids (《招投標法實施條例》) as well as Measures on the Administration of Procurement (《採購管理辦法》), Implementation Measures for Testing and Evaluation of the Performance of Suppliers (《供應商履約試評價實施辦法》) and Management and Control of Outsourcing Procedures (《外包管理控制程序》) formulated by the Company. For procurement projects which fall within the stipulated scope and meet the standards, market mechanism has been introduced based on the principle of being open, fair, justified, honest, equal and mutually beneficial and the cooperating parties shall be determined based on merits through various methods such as open tenders, invited tenders, competitive quotation and price quotation. Information on the relevant successful bidders is published on Sunlight Procurement Service Platform (陽光採購服務平台), a municipal-level state-owned enterprise.

The Company strengthened the supervision of the quality of engineering materials. The Company also establishes a database of qualified suppliers, project constructors and contractors through assessment evaluations of their performance with a view to reducing quality risk of procurement along the supply chain and creating a quality supply chain. At the same time, the Group has achieved mutual benefits with its partners by consistently upholding the cooperation philosophy of “sharing information, rewards and risks” so as to continuously optimize the supply chain and provide the best solution for the whole supply chain in terms of quality, cost, delivery and service.



System

- Implement material access system, and clearly stipulate that, before use of materials, it should be reported to the supervising department for approval and to the owner for filing.
- Formulate engineering tender administration procedures and special technical procedures for construction;
- Establish supplier/contractor inspection/assessment system.

Process

- Formulate tender procurement plan;
- Strict control of the quality and technical requirements of tender documents;
- Conduct contractor qualification review;
- Implement such construction tender manner as qualification pre-examination and comprehensive assessment;
- identify suppliers/contractors' supply quality and service capabilities.

Implementation

- Specify the performance standards, special quality requirements and designate the brands of main engineering materials to be chosen; other engineering materials should be applied by the contractor, approved by the supervising company and reported to the owner for filing;
- Implement third party independent sampling for main raw materials and engineering entities and adopt sampling inspection for important construction materials
- Assess the contractor's construction quality and service capabilities and create records.



Quality and Services

Shenzhen Expressway is in pursuit of the establishment of high-grade highways. It is the Company's basic social responsibility to provide high quality products and safe, speedy, economical and comfortable transportation services to the society. The Company has implemented ISO9000 quality control and management system in the whole Group and built quality and safe highway products by promoting institutionalized, systemized and informational quality control and management system. Besides, the Company keeps good technological conditions of highways during operation and management periods to ensure the quality and safety of the products and services provided.

During the process of construction and management, the Group required all its business departments to seriously study and implement relevant laws, regulations and industry provisions such as Highway Law of the People's Republic of China, Product Quality Law, Measures on the Administration of Highway Project Quality, Several Opinions on Strictly Implementing Highway Project Quality Responsibility System (JIAOGONGLUFA [2008] No. 116), Environmental Protection Law of the People's Republic of China, Technical Standards (Norms) for Highway Projects (Maintenance), Regulations on the Administration of Toll Highways, Measures on the Administration of Inter-network Toll Collection of Expressways of Guangdong Province, Inspection Management System of Guangdong Province Concerning Inter-network Toll Collection of Expressway (Trial), and Rules on the Operation of Inter-network Toll Collection of Expressways of Guangdong Province (Trial). During the Reporting Period, all relevant laws, regulations and industry provisions were duly complied.

I. Create Excellent Projects

In order to ensure the safety and quality of the construction works, the Company has established the business process and quality control system covering pre-project planning, project design, project bidding, materials monitoring, construction and project operation. For every aspects of project operation, the Company will enter into relevant business contracts with its cooperating parties, supervise all responsible parties in performing their duties according to the terms of the contracts and ensure the quality and safety of construction projects through scientific quality management systems and technologies.

The Company placed strong emphasis on pre-project technical management. It will carry out site survey and conduct specific technical study and verification on the project so as to provide basic information to the designers. Besides, it will fully participate in preliminary work such as feasibility study, initial design and design of construction drawing, and have in-depth communication and discussion with the designers about the key issues of the construction project, so as to minimize design defects of projects and reduce safety risks during the implementation process.

During the tendering stage, the Company formulated the Procedures for Project Tendering Management (《工程招標管理規程》) and Procedures for Special Construction Technologies (《專用施工技術規程》) in accordance with the regulatory requirements regarding quality management and tendering and bidding management. The Company will review the qualification of potential contractors, strengthen its control over the quality of tender documents and create appraisal and assessment records for the constructors with whom it cooperates, striving to select qualified constructors and establish long term cooperation relationship with creditworthy partners.



2019 Social Responsibility Report

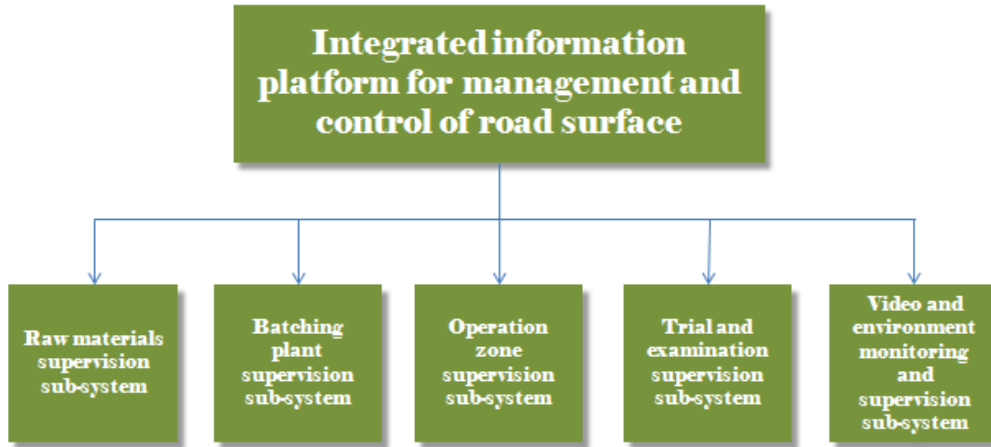
During the project management process, the Company treats contract management as the core and implements refined control over construction quality through measures such as system management, access management, construction procedure management and standardized management. It firmly implements quality management systems such as access management for equipment, access system for raw materials, owners' independent random inspection system, first construction recognition system and trial construction system, so as to ensure accomplishment of quality goals. The above is mainly reflected in the following aspects:

- Implement the dual management with the best equipment and crafts and commence standardized construction works.
- Formulate and specify standards for accessory works.
- Strictly control materials and equipment access so as to gain better control over the quality of accessory works at the preliminary stage.
- Fully implement the “first construction inspection system” by adhering to the principle of “prevention-oriented pilot trial”.

Inspection system for the first construction work: The Company will determine the best process and set an exemplary project by making comprehensive assessment on the indicators in respect of the process, technology and quality of the first construction work, which will serve as guidance for the subsequent construction works. The Company will formulate a plan prior to the first construction and organize assessments, enhance inspection during the process of implementation and rectify the direction and make corrections in a timely manner, with an aim to eventually unify the standards and commence construction works.

- Continue to adhere to the quality enhancement requirement of expressway by Guangdong Provincial Traffic Department.
- Continue to strengthen direct visual management and focus on the quality of the exterior in compliance with the traffic engineering landscape upgrade requirement of the city.
- Reinforce information-based management.

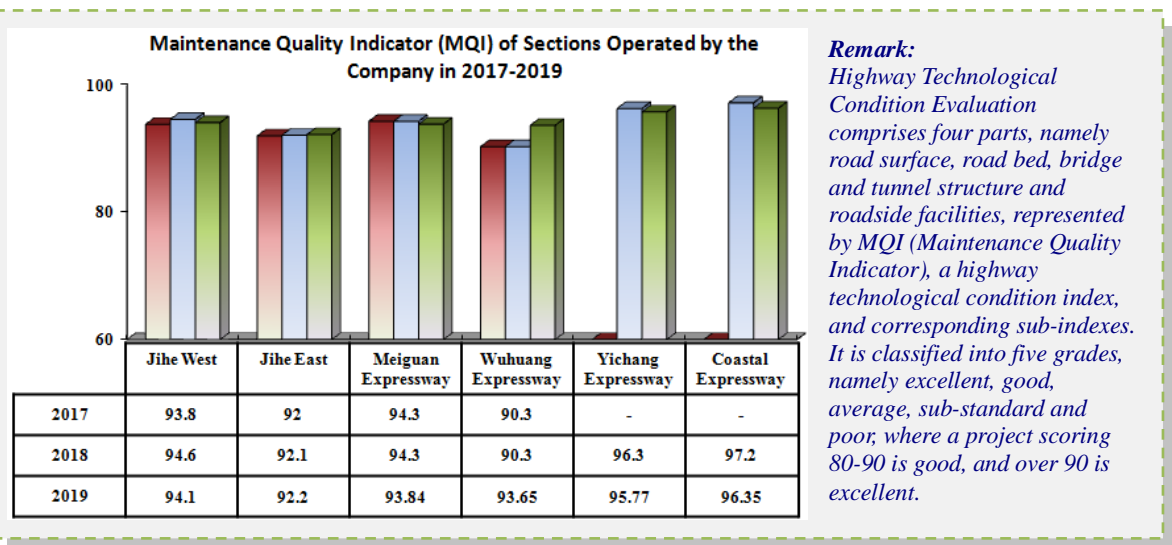
In 2019, the Group took significant engineering projects such as Outer Ring Project and Coastal Project as vehicles to promote the application of innovative technology in construction projects. An integrated information platform was established for road surface engineering of projects to carry out real-time monitoring of the entrance, transportation and storage of raw materials. Real-time trial and examination data for raw materials was uploaded to conduct analysis alert. Entrance inspection, regular inspection and on-site sampling system for materials, as well as quality management and control for key raw materials such as gravel and asphalt were duly implemented. New technologies such as 3D spreading and intelligent compaction were used to increase the level of digitalization and intelligence of construction, thereby reducing errors in manual operation and ensuring the quality of on-site construction.



II. Maintaining Highway Quality

The Company has been strictly adhering to the National Highway Maintenance Technical Specifications and Assessment Criteria. 2019 was a crucial year for the comprehensive enhancement of management and the fulfilment of strategic targets for the Company. In order to implement the Company's work arrangement of "Comprehensive Quality Improvement", the Company formulated the ledger of implementation schemes and work plan for comprehensive quality improvement of construction business segment and conducted comprehensive quality improvement on various projects while upholding the principle of "quality engineering, assembled construction, essentialized safety, intelligent operation, environment friendly and artistic architecture". During the Reporting Period, the Company continued to facilitate the development of standardized safe production and continuously improved the safety management system. On the one hand, the Company amended the Assessment Standards for Standardized Safe Production of the Company (《公司安全生產標準化考核標準》). On the other hand, it formulated the corporate specifications and assessment criteria regarding the development of standardized safe production for expressway operators and rules and specifications on the implementation of standardized safe production for the management department of road management and maintenance projects, with an aim to facilitate the development of standardized safe production from various professional fields.

By the end of the Reporting Period, the indices of technical conditions of each expressway managed by the Company were graded as excellent or good.





III. Enhancement of Service Quality

High traffic efficiency serves as an essential prerequisite and guarantee for the improvement of the traffic service quality. With a view to striving to enhance service quality and increase customer satisfaction, the Company has established an emergency management mechanism for smoothing traffic flow by progressing in its smart traffic management, and maintains timely communication with its customers through 24-hour operating customer service centres and real-time delivery of traffic updates.

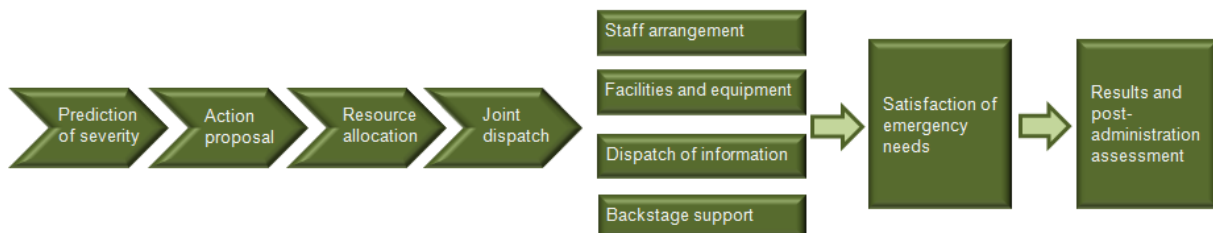
1. Stablistment of Intelligent Traffic Management System

With the rapid development of information-based technologies such as the Internet of Things , big data and cloud computing, intelligent traffic has become a development trend in the modernized comprehensive management of transportation. In recent years, the Group has been collaborating with professional research institutions and technical teams to actively promote the establishment of comprehensive intelligent traffic management system, and has implemented a systematic management over various administrative modules such as full surveillance, big data monitoring and analysis, commanding and scheduling and post-administration assessment so as to enhance the release of traffic information and hence effectively directing and channeling the traffic flows. The Company proactively attracts ETC users by increasing its promotion efforts through various means such as official account of the customer service centre and banners posted on the toll collection stations, and fully motivates its staff to participate in the promotion of ETC by formulating the Specialized Implementation Plan of ETC Promotion Projects to commence specialized ETC promotion projects.

2. Stablistment of Efficient and Convenient Emergency Management Mechanism

To maintain road safety and smoothness, the Company has established the management mechanism for channeling traffic flows and contingency responses during rush hours as modified and improved continuously based on the actual circumstances. The management mechanism covers emergency handling in various situations, including peak hours of traffic flows during festivals and holidays, highway accidents, assurance of smooth construction and extreme weather conditions. Such mechanism can effectively direct and channel traffic flows through systematic management over various administrative modules such as traffic flow forecast, emergency resource allocation, response and control by tiers, standardized operations and problem-solving guidance, business training and drilling, travel guidance and information release, traffic flow channeling during rush hours, commanding and scheduling and post-administration assessment. The Company reasonably allocates emergency resources during major festivals and holidays, and actively arranges media interviews for giving reminders to ensure smooth traffic during peak hours. The Company will also proactively conduct post-festival assessments for continuous enhancement of efficiency in handling emergency and ensuring smoothness.

Sound emergency insurance system, processes and guidance on action



Shenzhen Expressway entered into an agreement with professional work units for the provision of road rescue services to car owners, in order to minimize losses arising from accidents and breakdown vehicles,



and to prevent re-occurrence of accidents, thereby ensuring a safe and smooth traffic on the managed roads. Rescue vehicles are ready on a 24-hour basis for carrying out rescue works at the scene immediately upon receiving emergency calls, so as to assure the safety of our customers and their properties.

The customer service centre has implemented the following measures for rescue cases:

- compilation of Procedures for Handling Road Rescue Information to ensure a swift and efficient emergency mechanism;
- setting up centralised rescue hotlines, setting up road signs on each station and road section and providing scrolling display of phone numbers on traffic information boards every day for drivers and passengers to make calls easily;
- strengthening collaboration with traffic police, highway departments and rescue units to ensure timely and proper rescue works;
- conducting regular inspections on rescue units regarding their allocation of staff and equipment, GPS tracking, check-out at toll collection stations, etc.;
- regularly carrying out follow-up works for the rescued, including, among others, rescue efficiency and service quality, so as to improve our rescue works based on their responses.

In 2019, the customer service centre handled **23,540** rescue cases and **64.5** cases per day, representing an increase of **21.1%** over last year. These cases include **14** major accidents, and around **18,127** vehicles involved in accidents/breakdown have been successfully towed off. It takes **14.5** minutes on average to arrive at the scene.

3. Stablistment of customer service channels

The Company has set up a customer service centre, which is mainly responsible for, among others, information collection and release, production scheduling for emergencies, road rescue, customer complaint management and customer satisfaction survey, which serves as an information hub to establish a multi-level communication platform for the purpose of addressing customers' concerns, assuming responsibilities of collection, response, analysis and handling of information and continuously improving the communication mechanism.

■ Information Management and Release

In order to ensure safe and smooth traffic of the managed road sections and network and hence a better travel experience for drivers and passengers, the customer service centre of the Company has been keeping close contact with, among others, toll collection stations, highway departments, rescue units and traffic police through various means, such as service hotlines, traffic information boards, road broadcast, SMS, Weibo and WeChat, to notify drivers of road conditions and provide driving guidance in a timely manner, with an aim to achieve efficient collection, recording, sorting and dissemination of information as well as providing emergency scheduling and support according to the actual situation. In 2019, the customer service centre of the Company released approximately **17,000** pieces of different types of traffic information, up by **4.7%** over last year. Through timely information exchange, the Company has helped drivers and passengers wisely choose travel routes and consequently enhanced emergency handling and road traffic efficiency.



■ Mechanism for Handling Customer's Complaints

The Company has established customer complaint handling mechanisms to enhance communication with customers, understand demands and respond in a timely manner, and has also announced a 24-hour unified service hotline. Customers' opinions are collected through various channels such as on-site visits, letters, websites, media and WeChat official accounts. The Company provides trainings in relation to road networks in order to have the knowledge of the road network distribution within the Pearl River Delta, Guangdong Province, and in other provinces and cities so as to provide drivers and passengers with detailed driving guidance.

The Company has been timely handling various customer complaints, and actively carrying out works such as incident investigation and feedback, follow-up statistical analysis, improvement and enhancement tracking, and customer feedback. By mastering various relevant laws and regulations, and communicating with various parties such as toll collection stations, parties concerned and competent industrial authorities, the Company ensures that the recording, investigation, handling, feedback and written replies of the incident can be completed within 3 working days, so as to gain customers' understanding and withdraw the complaint.

Consultation and Complaint Statistics Table of Customer Service Center:

Item	2017	2018	2019
Consultation via phone	427,000 times	404,000 times	384,000 times
Complaints regarding the operation	927	1500	2497
Total annual complaint rate	0.535/100,000 vehicles	0.835/100,000 vehicles	1.424/100,000 vehicles
Among which: reasonable complaint rate	0.052/100,000 vehicles	0.017/100,000 vehicles	0.001/100,000 vehicles

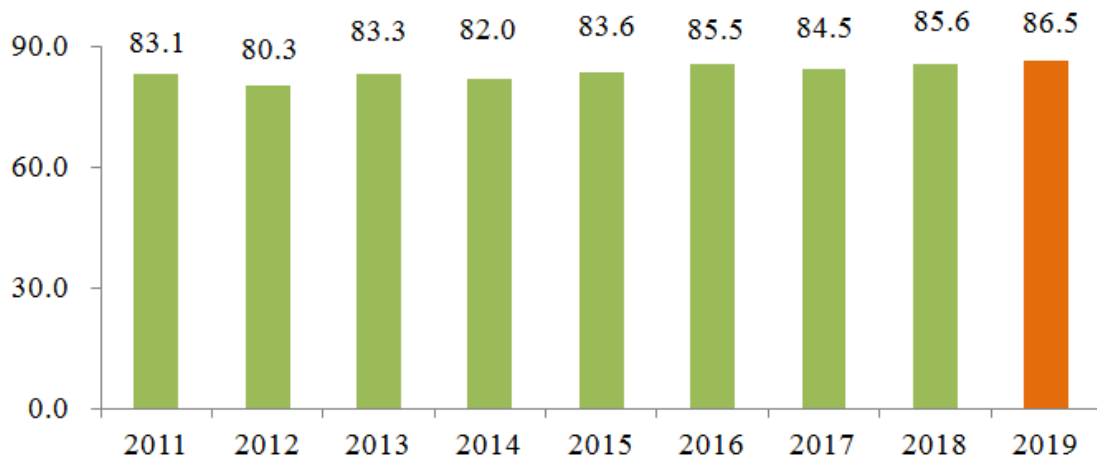
In 2019, the Company continued to improve the Cases and Analysis on Operation Complaint of Shenzhen Expressway, which provides a summary and review based on specific cases, solutions, highlights and relevant bases and delivered to each operating unit to ensure standard and consist handling of on-site complaints and problems by the toll stations in order to help improving the operation management and service quality and continuously improve complaint handling and responding skills and capabilities.

■ Customer Satisfaction Survey

In order to timely understand customers' needs and continuously improve customers' satisfaction, the Company formulates the customer satisfaction survey plan regularly every year, organizes assessments according to the plan, and carries out targeted survey on customers' opinions and demands. In 2019, the Headquarters of the Company organized customer satisfaction surveys primarily on road users by distributing questionnaires and calling for feedbacks via phone. According to the statistic results of the survey, the overall customer satisfaction index of the Company was 86.5 (2018: 85.6), which has continuously remained at a relatively high level.



Indices of Customer Satisfaction Survey over the Years





Integrity and Anti-corruption

Integrity education and risk prevention and control are the keys to combat corruption and advocate integrity within the Group. With a commitment to maintaining stable operation, the Company attaches great importance to fostering honest and clean working style, and consistently purifies the working environment and eradicates corruption through awareness enhancement and institutional improvement.

I. Establish and Improve Anti-Corruption Rules and Regulations

Steered by the spirit of the 19th National Congress of the Communist Party, the Group has arranged for all employees to study the relevant laws and regulations such as Anti-corruption Law of the People's Republic of China, Anti-Money Laundering Law of the People's Republic of China and Tendering and Bidding Law of the People's Republic of China. Besides, the Group regulates the behaviors, integrity and ethics of all staff through its Staff Manual, Staff Reward and Incentive Measures, Anti-fraud Work Regulations, etc. Standing on the highland of promoting a culture of integrity, the Group encourages its management and staff from all levels to bear in mind the concept of combating corruption and upholding integrity and put it into action by means of education through simulation of cases, organization of various integrity education lessons and special auditing exchange activities. The rules of the Company such as Anti-Fraud Work Regulations clarifies the areas of focus and division of responsibilities regarding anti-fraud work, the prevention and control of fraud, and the whistle-blowing, investigation, handling and reporting procedures of fraud cases. The Company's Audit Committee, Audit Department and Discipline Inspection and Supervision Office have set up independent tip-off telephone hot-line, tip-off e-mail and tip-off box respectively, which have been published on the Company's internal and external websites, as channels for all the Company's staff and stakeholders to reflect and report the violation of professional ethics by the Company or other staff, or the existence of any suspected fraud cases.

During the Reporting Period, the Company, focusing on key areas and major segments which are susceptible to corruption, continued to modify and improve its systems relating to integrity and prevention and control of risks. In order to rectify the corruption environment from its source, the Company has formulated the Working Plan for Promoting Establishment of a Integrity Enterprise (《深入推進廉潔企業建設工作方案》), prepared the Manual for Integrity and Prevention and Control of Risks (《廉潔風險防控工作手冊》) for departments of the Group, the Compilation of Integrity Systems for Key Areas (《重點領域廉潔制度彙編》) and the Manual for Integrity and Prevention and Control of Risks for Key Areas (《重點領域廉潔風險防控手冊》), which covered key areas including engineering construction, highway operation, investment management, financial management, integrated administration and employee management.

II. Carry Out Integrity Education Activities

In 2019, the Company modified and improved the Book of Principal Responsibility for Establishing Integrity in the CPC Party (黨風廉政建設主體責任台賬), convened special meetings to study and make deployment for the crucial works regarding establishing integrity within the Communist Party of China ("CPC") for the year, as well as urged the Party Committee at different levels to sign Letters of Responsibility on the Target of Improving the CPC's Working Style (《黨風廉政建設目標責任書》). During the year, in order to further strengthen the awareness of honest practice and foster a culture of integrity, the Company held a total of 5 education seminars on the topics of honest practice and anti-corruption, arranged viewing of 4 admonitory education films, and made promotional posters and notice boards in respect of integrity education. Besides, the Company organized essay, photography and



calligraphy competitions under the integrity-oriented theme of “Advocate Honest and Clean Working Style and Reinforce Integrity” (揚清風、樹正氣), and made a short film titled “Building up a Corruption-free Future” (廉潔之路). The “New Regulations on the Honest Governance after the 18th CPC National Congress” (《十八大以來廉政新規定》) and the “Manual for Honest Practice of Employees in State-owned Enterprises” (《國有以企業人員廉潔從業使用手冊》) were also circulated for all staff to study.

■ Improve the Implementation of Daily Monitoring System

With a view to strengthening the daily inspection of front-line operation and supervision on procedures on a continuous basis, the Discipline Inspection and Supervision Office of the Company conducted a series of heart-to-heart talks, through which it has alerted 12 staff, communicated and corresponded with 1 staff, and criticized and educated 102 staff during the year. Furthermore, 25 warning letters and 9 assessment opinion reports in respect of integrity have been issued. The Company also oversaw 50 tendering and bidding processes, reviewed 67 integrity-related contracts and evaluated over 290 decisions of its subsidiaries regarding “three important and one substantial” (三重一大) matters. No lawsuit in relation to corruption has been filed against the Company or its staff during 2019.





Community Service and Charitable Activity

I. Support of Social Development

The Company upholds the mission of “Construct and Manage Quality Expressways and Enhance Social Transportation Efficiency” and holds itself accountable for fulfilling such mission. Over the past twenty years, the highway investment, construction and operation projects of the Company have not only satisfied the transportation needs of the society, but also made positive contributions to regional economic development and social progress. The Company has completed the construction and investment in highways with a total value of over RMB10 billion in Shenzhen and its surrounding areas, and the expressway network developed by the Company has become an essential route facilitating the economic development and cultural exchange in the regions. As a public product, besides having the characteristics of “safe, speedy, economical and comfortable”, expressways shall also assume the social functions of supporting national planning on regional economic and industrial policies and enhancing regional transportation capacity.

In 2019, the tax payment of the Company and its subsidiaries amounted to RMB**1,013** million in total, making appropriate contribution to national and local financial revenue. The toll highway industry is closely associated with economic development and social wellbeing. The Company has stringently implemented various reduction and exemption policies, including fee deduction for “Green Passage” and during major festivals and holidays, and discounts for Guangdong Unitoll Cards, thereby establishing itself as a hub and hence safeguarding the development of various industries in the society. When recruiting toll collection staff, the Company has introduced a policy of giving priority to the applicants from underdeveloped regions. By working and living in Shenzhen, the toll collection staff can improve the financial position of their families. Moreover, the policy provides a platform for delivering new thoughts and new concepts, which has in turn promoted the employment in these regions and supported regional development.

II. Dedication to Charitable Activities

With strong commitment to social wellbeing, the Group, while pursuing corporate development, has always paid great attention to the demand for societal development in underprivileged regions so as to fully leverage its strength in contributing to the economic development in such regions.

Targeted poverty alleviation works in Xinmin Village, Shangyao Town, Dongyuan County, Heyuan City has been implemented by phases since 2016, and RMB**420,000** was donated to the village by the Company during 2019. Currently, the Company has completed the acquisition of a Xianhu tea farm (仙湖茶園) with an area of 82 mu, installed 90 solar street lights, provided running water for 46 poor households, renovated dilapidated houses for 4 poor households, and expressed their condolences to all poor households in Xinmin Village, Dongyuan County, Heyuan City.

In order to perform the social obligations of a state-owned enterprise, extending love and care towards sanitation workers and facilitating the development of sanitation business in Shenzhen, Environmental Company, a subsidiary of Shenzhen Expressway, upon multiple negotiations with Shenzhen City Administration Bureau (“SCAB”), responded to the request of SCAB and donated RMB**500,000** to the “Beautiful Home Charitable Foundation of Shenzhen” (深圳市美麗家園公益基金會) to support the sanitation business in Shenzhen. The Party Committee branch of Shenshan Company, a wholly-owned subsidiary of the Group, organized and participated in a number of harmonious building activities in Shenzhen-Shanwei Cooperation Zone, including kicking off the volunteer service campaign of “Simple



Reading Café” (簡約書吧), thereby building a solid reputation and positive corporate image within the cooperation zone and received commendatory and appreciation letters from the Municipal Office of Three Controls, the Municipal Office Committee and the Housing and Water Affairs Bureau of the cooperation zone. Shenchang Company, a subsidiary of the Group, has donated books with value over RMB2,000 to GaoYuan Primary School in Daming Village, and gathered a total of 562 books from its staff for donation in response to the “Connecting Teens in Changlong - Book Donation” activity (長龍青年手拉手·圖書捐贈) organized by the Municipal Party Committee.

The Group has proactively launched various volunteers activities with an aim to contribute to the upgrade and establishment of the “City of Volunteers” (志願者之城). Volunteers of Communist Youth League of the Company have persistently carried out the routine volunteering services once a month, while various grassroots party organizations under the Party Committee of the Company have consistently launched volunteer services, as well as environmental protection and public welfare activities for their party members. Embodying the educational theme of “staying true to its original aspiration and always having its mission in mind” (不忘初心·牢記使命), the Group has coordinated the donations from all party members from the construction business segment for the purchase of books and schooling items, which has been donated to Shanguan Central Primary School (上莞中心小學). The Company’s party members, members of the union and the Communist Youth League have made continuous contributions to charities by actively participating in various charitable activities, such as blood donation, visiting the elderly living alone, traffic dispersion activities and forest cleaning. In 2019, the Advertising Company provided a number of complimentary advertising spaces in an effort to proactively supporting and assisting the Publicity Department of Shenzhen Municipal Party Committee and Shenzhen Federation of Labor Union to carry out promotion of public welfare activities.

III. Fighting the epidemic to ensure smooth operation, bearing the brunt with no exaggeration

In the beginning of 2020, a sudden outbreak of novel coronavirus pneumonia ravaged the whole country, with multiple provinces reporting urgent epidemic situation. Under the decision-making and deployment of the Central Party Committee and the State Council, the whole country is ready to weather the storm in the same boat. Shenzhen Expressway has demonstrated admirable commitment to its social responsibility, proactively fulfilling the social responsibilities of state-owned enterprises, carrying out day-to-day operation and management, and actively committing to front-line epidemic prevention and ensuring smooth traffic in the expressway system.

The transportation system is at the forefront of epidemic prevention and control, shouldering the important task of preventing the infiltration and outspread of the virus, and undertaking the arduous task of safeguarding the transportation of emergency supplies and materials. In order to ensure smooth traffic for the lifeline of the fight against the epidemic, the Company insists on both epidemic prevention and hindrance clearance. At the most severe period of the epidemic, additional road administration and logistics service personnel were deployed to the 68 toll stations and service areas under the People’s Public Security and health and epidemic prevention departments, 54 prevention and control quarantine points were set up, with nearly 3,000 personnel sent to duty every day, to serve the vast number of drivers and passengers, and ensure safe return of the people. The Company also strengthened on-site traffic management and control to ensure that emergency transport vehicles take precedence over others in transit.

In order to ensure that all industries in the country resume production as soon as possible and to minimize the impact of the epidemic on the economy, the Company strictly complies with the unified deployment of the State Council and the Ministry of Transport. During the period of epidemic prevention and control, tolls shall be waived for all passing vehicles, fulfilling the responsibilities of a state-owned enterprise.



2019 Social Responsibility Report

In addition, the Group also donated RMB1 million to the charity association in Hubei Province, where the Wuhuang Expressway is located and the worst affected area by the epidemic, to support the local anti-epidemic work.





Conclusion

Harmonious internal and external environment are essential for the steady and healthy development of an enterprise; and noble corporate deeds can also help improve its competitiveness. Therefore, while going through sustainable development and providing great returns to shareholders, Shenzhen Expressway is also committed to being a responsible corporate citizen. Since 2009, the Company has completed the preparation and publication of the annual Social Responsibility Report before April every year, with a view to strengthening the understanding and connection between the stakeholders and the Company, and accepting supervision from society. The Social Responsibility Report of this year places emphasis on reporting the responsibilities and practices of the Company in relation to environment, products, employees, the community, etc. For information about the Company's sustainability responsibilities, corporate governance and shareholder returns, please refer to the relevant content in the Company's 2019 Annual Report.

The rapid growth of population and social development, resource shortage, environmental degradation, ecological crisis and other issues have aroused considerable concern worldwide. Implementing comprehensive environmental remediation and strengthening ecological civilisation construction have become the mainstream of social progress. At this stage, Shenzhen Expressway has clearly defined its strategic position as a "construction and operation service provider for urban and transportation infrastructure". On the basis of toll highways, Shenzhen Expressway has decided that the main target of upgrade and transformation would be urban infrastructure and environmental protection industry with investment and financing being the important means to realise its strategies, with a view to forming an industrial structure of synergic development among highways, environmental protection and urban infrastructures. By deeply engaging in the environmental protection and remediation industry, it hopes to promote harmonious development of human society and the environment through practical actions, earnestly fulfilling its corporate social responsibility.

Shenzhen Expressway will continue to adhere to the concepts of honesty and faithfulness, with a view to realising sustainable development of the Company through scientific operation as well as innovation. We will also continue to take into account the respective interests of shareholders, creditors, service providers, customers, employees, the government and the community to achieve harmonious and mutual success between the Company and the stakeholders within our reach. We hereby express our gratitude to all sectors of society and all stakeholders of the Company for their consistent support, understanding and assistance towards the Company. We look forward to your company and support in the future development of Shenzhen Expressway!



2019 Social Responsibility Report

Feedback and Contact Information

Shenzhen Expressway takes your opinions on its corporate social responsibility work and this Report seriously. If you have any opinions on or suggestions for this Report, please fill out the following feedback form and return to us by post, fax or e-mail. We would like to express our deepest gratitude for your valuable opinions!

Please provide your personal information if you are willing to do so:

Name: _____ **Telephone:** _____

Company: _____ **E-mail:** _____

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