

# 2022

## *Environmental, Social and Governance Report*



# About This Report

## Reporting Period

This report covers the reporting period from 1 January 2022 to 31 December 2022 (the “Reporting Period”).

## Reporting Scope

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

## Basis of Preparation

Environmental, Social and Governance Reporting Guide, Guidance on Climate Disclosures and Practical Net-Zero Guide for Business of the Hong Kong Stock Exchange.

## Source of Information

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

## Languages

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

## Access to the report

You can download both Chinese and English versions of this report from the Hong Kong Stock Exchange’s website at <http://www.hkexnews.hk>.

We highly value the opinions of our stakeholders. Please do not hesitate to contact us via the contact details below. Your comments will help us further improve this report and enhance our ESG performance.

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# Chairman's Statement

In 2022, the Company continued to adhere to the philosophy of sustainable development, and effectively coped with impacts and challenges that exceeded our expectations. We have made breakthroughs in conceptual reshaping, tackling difficulties in reforms, deepening innovation, team building and fundamental level governance, and we have enhanced the Company's market-oriented operation capability, professional operation capability and digital reform capability, and accomplished its annual targets and tasks satisfactorily. The overall development of the Company showed a good trend of steady progress, with focused energy and strengthened momentum.

In 2022, the Company was fully committed to practicing the concept of green development. We actively responded to the global policy of addressing climate change, continued to promote the implementation of the Carbon Neutral Action Plan, strengthened the application of innovative technologies and optimization of institutional norms, continuously reduced pollution emissions, improved the use of resources, and helped to build a new framework for green development.

In 2022, the Company grew together with all stakeholders, by deepening the logical thinking in products and the service concept of "customer first, service trumps", continuously improving safety and smoothness, enhancing quality service capabilities, and building a leading national model of highway operation and service brand. We provide our employees with a good working environment and welfare protection, and help them realise their self-worth and personal dreams through a comprehensive growth and training system. We cooperate with suppliers on an equal footing and for mutual benefit, and work together to create an open and transparent business environment. We proactively participate in the revitalisation of the countryside and actively carry out community welfare activities, giving back to the community with practical actions and realising the prosperity of the enterprise and society together.

The road may be long, we will definitely arrive at our destination as long as we keep our pace; our goals may be difficult to achieve, as long as we are willing to meet the challenge, things can be accomplished. In 2023, the Company will continue to focus on the goal of building the number one brand of national highway operation services, focusing on the development direction of "professionalism, marketization and technology", constantly reforming and innovating, cultivating development advantages, and striving to write a new chapter of high-quality development of the Company on yet another new starting point.

# *Responsibility Governance*

The Company integrates the concept of sustainable development into its management and daily operations, and actively explores the path of harmonious development of economy, society and environment. A special working group is responsible for the planning, deployment and promotion of the Company's environmental, social and governance (ESG) work.



# 01 Stakeholder Communication

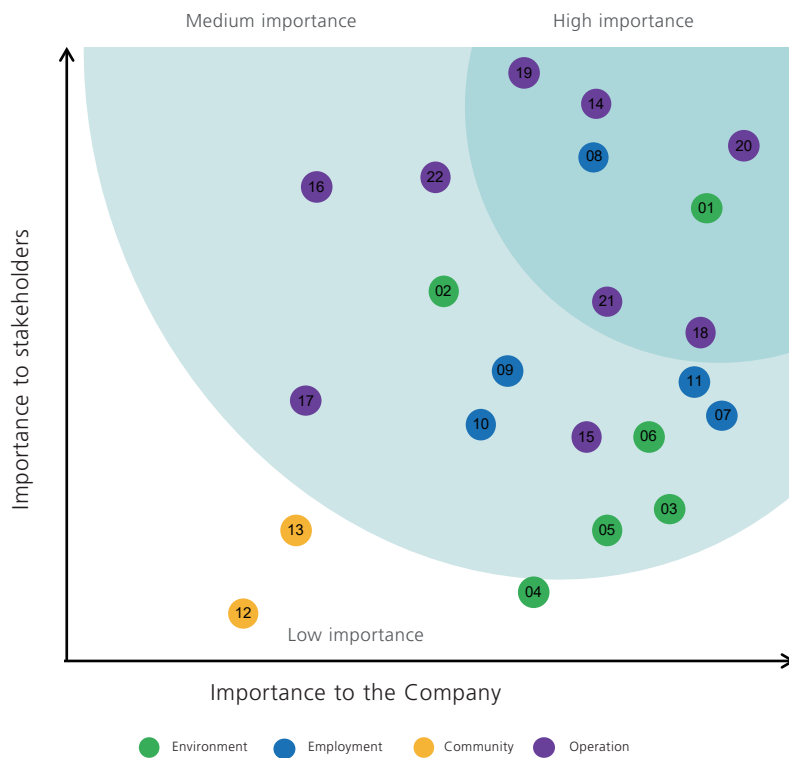
The Company analyses and fully understands the demands and concerns of stakeholders, through the establishment of a regular information disclosure and diversified communication mechanism in close connection with its business, forming a good interaction with stakeholders and striving to gain the trust and recognition of internal and external stakeholders.

Stakeholders	Main issues of concern	Communication and response methods
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Unblocked, intact and comfortable road access</li> <li>• A wide range of services in the service areas</li> <li>• Good and efficient toll collection service</li> <li>• Timely arrival for roadside assistance and obstacle clearance in an effective manner</li> <li>• Timely and comprehensive information dissemination with easy access</li> </ul>	<ul style="list-style-type: none"> <li>• Visits</li> <li>• On-site surveys</li> <li>• Questionnaire surveys</li> <li>• Telephone interviews</li> </ul>
<b>Government and regulatory authorities</b>	<ul style="list-style-type: none"> <li>• Operating results</li> <li>• Supporting government work plans and contributing economic and social development</li> <li>• Compliance with national and local policies and regulations, payment of taxes in accordance with the law</li> <li>• Contributing to the construction of intelligent transportation</li> <li>• Compliance and Integrity</li> <li>• Industrial optimization and upgrading</li> <li>• Sharing industry experience</li> </ul>	<ul style="list-style-type: none"> <li>• Reporting</li> <li>• Inspection</li> <li>• Approval</li> <li>• Institutional documents</li> <li>• Work meetings</li> <li>• Annual reports</li> </ul>
<b>Securities regulators</b>	<ul style="list-style-type: none"> <li>• Compliance with relevant regulations of stock exchanges</li> <li>• Disclosure of information in a timely and high-quality manner</li> </ul>	<ul style="list-style-type: none"> <li>• Institutional documents</li> <li>• Reporting</li> <li>• Publication of announcements</li> <li>• Annual reports</li> </ul>
<b>Investors and creditors</b>	<ul style="list-style-type: none"> <li>• Return on Investment</li> <li>• Preservation and appreciation of value</li> <li>• Risk defence</li> <li>• Stable income and dividends</li> <li>• Exploring new points of profit growth</li> <li>• Reducing the risk of business investment</li> </ul>	<ul style="list-style-type: none"> <li>• Board meetings</li> <li>• Annual reports</li> <li>• Public announcements</li> <li>• Roadshows</li> <li>• General meeting of shareholders</li> <li>• Investor surveys</li> </ul>
<b>Partners</b>	<ul style="list-style-type: none"> <li>• Mutual benefits</li> <li>• Performance in good faith</li> <li>• Stable development of the partnership</li> <li>• Support on the information and conditions of roads</li> </ul>	<ul style="list-style-type: none"> <li>• Contractual agreements</li> <li>• Work meetings</li> <li>• Daily communication</li> </ul>
<b>Industry competitors</b>	<ul style="list-style-type: none"> <li>• Experience Sharing</li> <li>• Promoting the healthy development of the industry</li> </ul>	<ul style="list-style-type: none"> <li>• Industry conferences</li> <li>• Visit and exchange</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Good welfare and benefit system</li> <li>• Sound career development plan</li> <li>• Providing opportunities for transition</li> <li>• Safer and more comfortable working environment</li> <li>• Caring about occupational mental health</li> </ul>	<ul style="list-style-type: none"> <li>• Employment contracts</li> <li>• Collective contracts</li> <li>• Congress of employees</li> <li>• Staff satisfaction surveys</li> </ul>
<b>Communities where we operate</b>	<ul style="list-style-type: none"> <li>• Reducing road noise</li> <li>• Protecting the local ecology</li> </ul>	<ul style="list-style-type: none"> <li>• Visits</li> <li>• Daily communication</li> <li>• Complaints and suggestions</li> </ul>
<b>Public/Media</b>	<ul style="list-style-type: none"> <li>• Open and transparent information</li> <li>• Disclosure of significant information in a timely manner</li> </ul>	<ul style="list-style-type: none"> <li>• Information publication</li> <li>• Interviews and reports</li> </ul>

# 02 Identification of Material Issues

By integrating the opinions and expectations of stakeholders into its management and development goals, the Company has conducted a materiality assessment and analysis on ESG issues designed in its operations in order to respond to stakeholders' concerns proactively and specifically in this report. The Company has engaged a third party certification entity to form an analysis team with our dedicated task force, which conducted a materiality assessment in a rigorous and effective manner through four stages: identification, prioritising, verification and review.

## Material Matrix of Zhejiang Expressway in 2022



<b>Less important issues</b>	12 Enhancing social welfare	13 Local economic impact	
<b>Moderately important issues</b>	02 Reducing greenhouse gas emissions 03 Waste management 04 Environmental management 05 Water resources management 06 Climate change impacts	07 Occupational health and safety 09 Diversity and inclusion 10 Employee benefits 11 Respect for human rights and labour practices	16 Anti-corruption 17 Fair competition 22 Developing with partners
<b>Highly important issues</b>	01 Energy management 08 Talent attraction and development 14 Economic growth	15 Sustainable operations 18 Digital reform 19 Product safety and quality	20 Privacy and information security 21 Supply chain management

# *Environment*





# 01 Emissions

The Company strictly complies with all laws and regulations, with an aim to minimise emissions. It constantly updates and improves the Company's relevant systems and regulations, and continuously strengthens the standard management of emissions such as waste gas, sewage, solid waste and noise by reducing emission volume in combination with standardised disposal management, so as to reduce the impact of the Company's operations on the environment.

During the Reporting Period, the Company's various operations involved emissions of 13,339 kg of nitrogen oxides (NO<sub>x</sub>), 18 kg of sulphur oxides (SO<sub>x</sub>) and 826 kg of particulate matter (PM)<sup>1</sup>. A total of 294 sound barriers were installed, with a total length of 83,968 metres. The sewage discharge rate connected to the municipal network was 100%, and 100% of domestic waste and refuse was properly disposed of.

## ① Reducing emissions

- Reasonable planning of equipment and vehicle use, actively promoting the use of new energy vehicles for inspection of official vehicles and staff-owned vehicles to reduce emissions from their own operations.
- Using technology and innovation to improve the efficiency of vehicle access and assistance and reduce emissions in the service area.
- Carrying out the remediation of noise sensitive points along the highway and keeping the road in excellent condition by timely repair of bridge expansion joints, road potholes and other defects.
- Taking measures such as implementing noise-reducing road surfaces, planting more greenery and installing additional sound barriers in an effort to reduce the impact of traffic noise on residents along the route.

## ② Regulated disposal

- Strictly enforcing the relevant regulations and regulating the treatment of sewage and waste generated from operations through the integration of sewage into the network, up to standard treatment and waste separation.
- General waste and toxic and hazardous waste are handled by outsourcing units with relevant qualifications to ensure harmless and resourceful treatment of solid waste.

<sup>①</sup>: The data collected and disclosed in this Reporting Period includes data for all jurisdictional sections, with new data coverage compared to previous years. NO<sub>x</sub> and SO<sub>x</sub> emission factors are based on The Clean Air Charter - A Business Handbook issued by the Hong Kong General Chamber of Commerce and the Hong Kong Business Coalition and that data comes from the Sustainability Report 2014 of Towngas. PM emission factors are based on the EMFAC-HK Vehicle Emission Calculation Model of the Hong Kong Environmental Protection Department (EPD) and the vehicle emission modelling software of the US Environmental Protection Agency, assuming 80% relative humidity, 25 degrees Celsius, an average speed of 30 km/h and emissions only during driving.

# 02 Use of resources

The Company continued to promote the implementation of the various initiatives of the Management Measures for Energy Conservation and Emissions Reduction, uphold the concept of energy conservation and efficiency, and strictly implement the system of prioritised procurement for energy-saving and environment-friendly products. It has completed the energy-saving renovation for tunnels, ramps, toll sheds and stations, and has comprehensively adopted measures such as intelligent lighting, centralised solar hot water heating, water-saving appliances and paperless offices. It has regularly monitored and assessed the energy saving indicators of each management centre, widely carried out publicity and education on energy saving and emission reduction, guided staff to consciously develop energy saving habits, and effectively reduced the consumption of energy such as electricity, water, gasoline and paper.

During the Reporting Period, total energy consumption was 9,181 tonnes of standard coal<sup>2</sup>, for which electricity was the main energy used, accounting for 83.06% of the total energy consumption. The comprehensive energy consumption for operating mileage was 6.10 tonnes of standard coal/km, a decrease of 17.23% compared to the previous year. Total water consumption was 509,212.10 cubic metres, with per capita water consumption of 126.39 cubic metres/person<sup>3</sup>.

## ① Saving electricity

- Establishment of decentralised photovoltaic power stations for high-volume photovoltaic energy use and grid connection.

- All street lights, high-pole lights and other timed lighting facilities are set to automatically switch on/off according to the seasonal situations, and the conditions under which all manually switching lights can be turned on/off are strictly enforced to avoid perpetual lighting under sufficient lighting conditions.

- Strictly control the air-conditioning switch-on temperatures at below 20°C in winter and above 26°C in summer.

## ③ Water conservation

- Procure and install equipment with water saving features.

- Promote the recycling of waste water and the collection of waste water from hand washing sinks for floor cleaning, toilet flushing, flower watering, etc.

## ② Saving paper

Effective use of the Company's

- OA office system for document processing.

Promote the use of the "Zhi Ding Guanjia" (智鼎管家) system to replace paper materials with electronic documents as far as possible, avoid printing paper documents unless it is necessary, and use double-sided printing when printing is indeed necessary.

- Reduce the frequency of issuing paper documents with the help of file sharing functions such as WeChat and QQ.

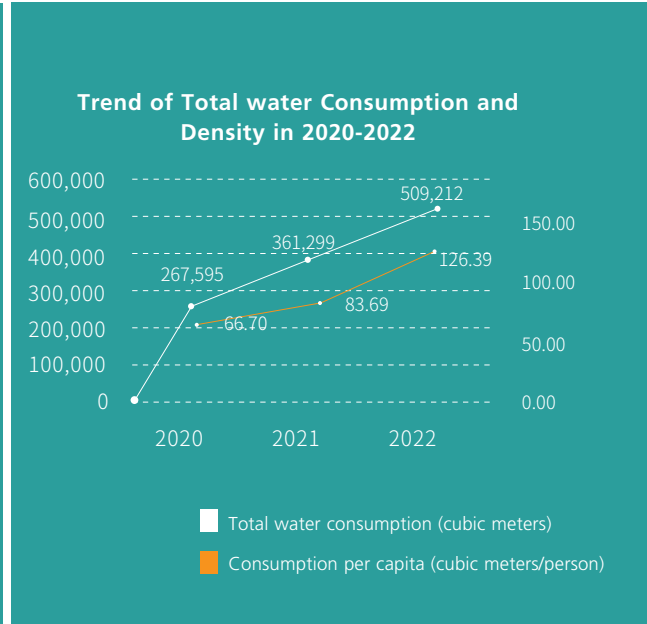
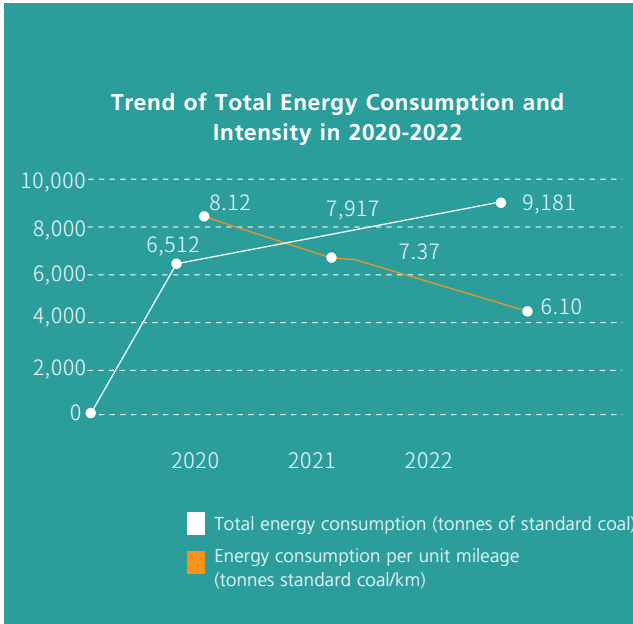
Promote a variety of methods such as campaign windows and electronic publicity screens to reduce paper-based publicity materials.

- Optimise the payment system to enable electronic reporting of charges and one-click payment, saving approximately 4,000 sheets of paper per day.

②: The conversion coefficients of various energy are quoted from GB/T 2589-2020 General Principles of Comprehensive Energy Consumption.

③: The increase in water consumption during the Reporting Period was mainly due to: 1) an increase in water consumption in some service areas due to the setting up of COVID-19 prevention and control points, which resulted in an increase in water consumption by stationed personnel, vehicles and equipment; and 2) an increase in water consumption due to the addition of newly managed road sections.





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The Zhoushan Admin Centre made full use of the photovoltaic power generation project in the Zhoushan service area, supplying power to the mechanical and electrical equipment and night lighting of the Zhoushan Bridge, with surplus power submitted to the grid.



1,821 LED street lights were newly installed on the 27.1km of the South Line of the Qianjiang Channel under the management of the Hangzhou North Admin Centre. The overall power was reduced by 40% and maximum energy savings were achieved through the single lamp dimming control function of the intelligent management system.

# 03 Environment and Natural Resources

The Company attaches great importance to and pays attention to ecological and environmental protection. On the one hand, the Company continues to reduce its impact on the environment and natural resources through sustained and in-depth promotion of green maintenance, implementation of special projects for greening and upgrading, and promotion of technological changes and upgrades of equipment “from using gasoline to natural gas”. On the other hand, the Company also pays full attention to the surrounding ecological environment during its operation, protects the environment through the application of scientific methods and organises environmental protection activities, thus protecting our green homestead together with all stakeholders.

## ① Green Maintenance

- In the design and decision-making stages of maintenance projects, we advocate the concept of “localization, using local materials, recycling and green environmental protection” and vigorously promote the application of green environmental protection materials and techniques.
- Prior to the implementation of the maintenance project, we urge all participating units to establish an environmental management system and develop an environmental implementation plan for the project prior to construction.
  - We monitor the implementation of environmental protection measures during the implementation of maintenance works.

**32.8k** square metres

**99.8%** waste asphalt recycling rate

During the Reporting Period, 32,800 square metres of on-site recycling was carried out, and 383,400 square metres of preventive maintenance using ultra-thin wearing layers (very thin, super sticky, elastic and surfacing layers) was carried out, with a recycling rate of 99.8% for waste asphalt and an on-site recycling rate of 2.3% for waste asphalt.

## Energy Saving of On-site Thermal Regeneration Technology

The Company's first on-site thermal regeneration technology application for SMA overlay was selected by the China Highway & Transportation Society as an excellent case of national highway operation and management in 2022. Compared with the traditional overlay process, it can save more than 10%-20% of energy consumption and reduce greenhouse gas emissions by about 20-30%.



## Organising Tree Planting Activity

In the tree planting activity organised by the Company, each participating employee put up a "growth tag" with an identification code for the tree he or she planted, which was scanned and registered. The growth of the trees will then be followed and monitored through the online App "Tree Care on Cloud" (雲養樹).



## Setting up Love Heron Protection Team

Every April, the woods at the Nanxun Toll Station interchange of the Shanghai-Chongqing Expressway will welcome nearly 1,000 herons such as egrets, cattle-backed herons and night herons to roost and breed. The Huzhou Admin Centre has set up a "Love Heron Protection Team" to protect the herons through daily patrols and other means.



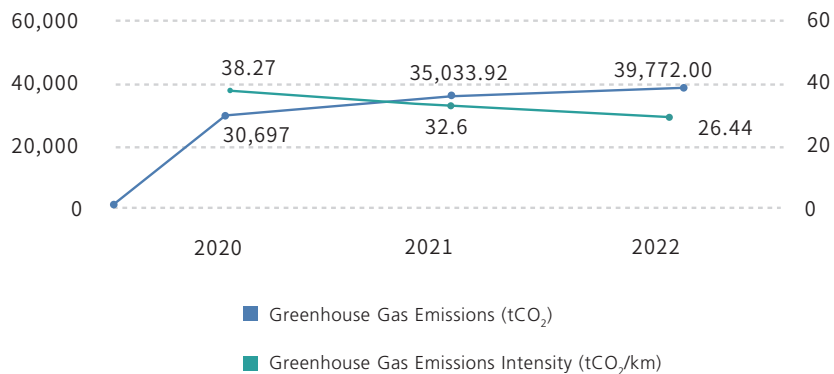
# 04 Climate Change

Recognising that the issue of climate change is evolving, the Company values the identification of the risks and opportunities brought about by climate change, in order to reduce the adverse impact of the environment on the Company’s production and operations. The Company has continued to promote the implementation of the “Special Action Plan to Realise Carbon Peaking and Carbon Neutral” to ensure high efficiency, safety and green highways as the basis for accelerating the diversified and low-carbon energy supply and facilitate efficient and reduced resource consumption.

With focus on the uncertain impact and risk brought by extreme severe weather events, the Company strictly implemented the initiatives to prevent the impact of severe weather, formulated the list of seven tasks for “three preventions”, established two lists of risks and hazards, revised the emergency plan of “three preventions” and carried out the “three preventions” emergency drill training, all contributed to further consolidate the safety barrier. At the same time, the Company has independently developed its own emergency management system for typhoon and flood prevention measures as well as ice and snow emergency management. After completing the practical tests during the typhoons Hinnamnor and Muifa, and gaining experience in emergency counter-ice and snow measures, the system has been optimised and put into use, further enhancing the level of information and digitalisation of emergency measures.

During the Reporting Period, the Company’s total greenhouse gas emissions amounted to 39,771.80 tonnes of carbon dioxide equivalent<sup>1</sup>, of which carbon dioxide accounted for 97.86% and was the major type of greenhouse gas emissions. The direct GHG emissions (Scope 1) amounted to 3,540.57 tonnes of carbon dioxide equivalent and the indirect GHG emissions (Scope 2) amounted to 36,231.23 tonnes of carbon dioxide equivalent. The greenhouse gas emission intensity was 26.44 tonnes of carbon dioxide equivalent/kilometre, a decrease of 18.90% from the previous year. The reduction in CO<sub>2</sub> emissions from photovoltaic power generation was 538.40 tonnes of carbon dioxide equivalent.

**Trend of Greenhouse Gas emissions and Intensity 2020-2022**



<sup>①</sup>The emission and removal factors are based on the Hong Kong EPD’s Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes), and the electricity emission factors are derived from the national average electricity emission factors in the “Guidelines on Enterprises’ Greenhouse Gas Emissions Accounting and Reporting – Power Generating Equipment (2021 Revision)” of the Ministry of Ecology and Environment.



## ◀ Seedling Planting

With the concept of promoting green applications of resources, 70 mus of unused land resources in Fuxi Interchange are used for seedling planting.



## ◀ Combatting Ice and Snow

During the period from the end of January to the beginning of February 2022, many road sections under the Company's management were hit by cold and snowing weather. The Company launched a comprehensive response mechanism by arranging personnel and equipment to combat the ice and snow, ensuring smooth traffic flow of roads and the safety of drivers and passengers.



## ◀ Ensuring Smooth Passage of Highways

At the beginning of September 2022, Typhoon Hinnamnor hit, the Company immediately launched an emergency response, and all units made every effort to implement measures to combat the typhoon. With adequate preparations, a safety barrier was built against the typhoon and every effort was made to ensure the smooth passage of the highways managed by the Company.

# Society





# 01 Employment

The Company insists on the employment principles of fairness, transparency, person-job matching and competition on merit. Recruitment channels include online recruitment (company website and third-party professional websites), internal recommendation, headhunting, school-enterprise cooperation and social groups, etc. The Company uses the MOKA recruitment system to promote the optimization and upgrading of a three-dimensional and diversified talent recruitment management system. During the Reporting Period, the Company obtained ACCA Accredited Employer accreditation, which provides extra support for the growth of the organisation’s value and the international development of talents.

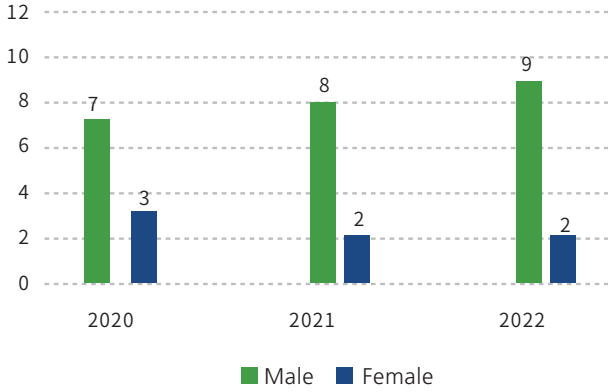
The Company has five types of employment, i.e. contract, seconded labour, outsourced labour, temporary labour and reemployment after retirement. Employees come from various provinces including Zhejiang, Anhui, Jiangxi, Jiangsu, Henan, Shaanxi, Sichuan, Hubei, Heilongjiang, Fujian, with relatively even regional distribution and no significant regional differences. The Company signs employment contracts with its employees in accordance with the law, pays social insurance in strict accordance with the regulations, and arranges medical protection programs or commercial insurance for its employees. We protect employees’ personal privacy and continuously optimise the basic management of labour employment.

The Company provides its employees with diverse welfare benefits such as talent allowance, paid annual leave, staff dormitory, recreational activities, trade union benefits and holiday benefits. During the Reporting Period, the Company formulated and issued the “Rewarding Measures for Employees to Grow and Succeed on the Job” and the “interim measures for the management of management trainees in the (Talent Recruitment Programme)”, further improving the job remuneration system by optimising performance appraisal and remuneration incentives with fairness and efficiency.

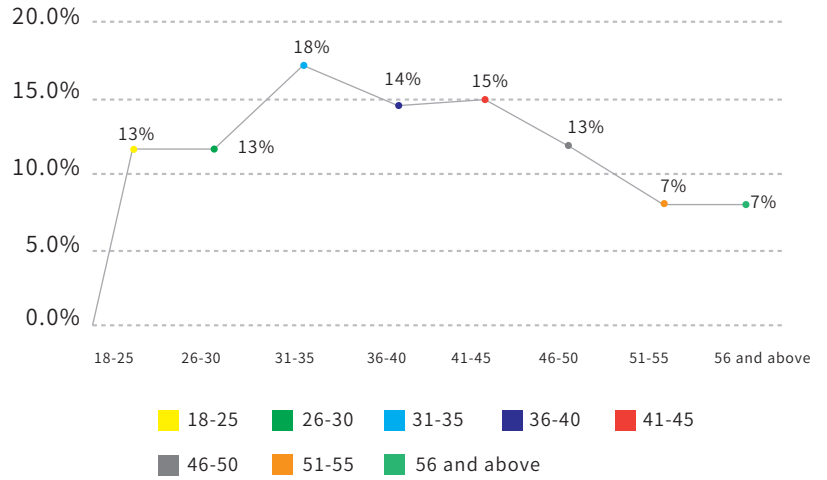
During the Reporting Period, data relating to the Company’s employees are shown in the following table.

Indicators	Data		
Total number of employees (persons)	4,029	Male employees (persons)	2,578
		Female employees (persons)	1,451
Number of leavers (persons)	635	Male employees (persons)	259
		Female employees (persons)	376
		Contract workers (persons)	108
		Retirees (persons)	87
Employment contract signing rate (%)			100
Social insurance coverage rate (%)			100

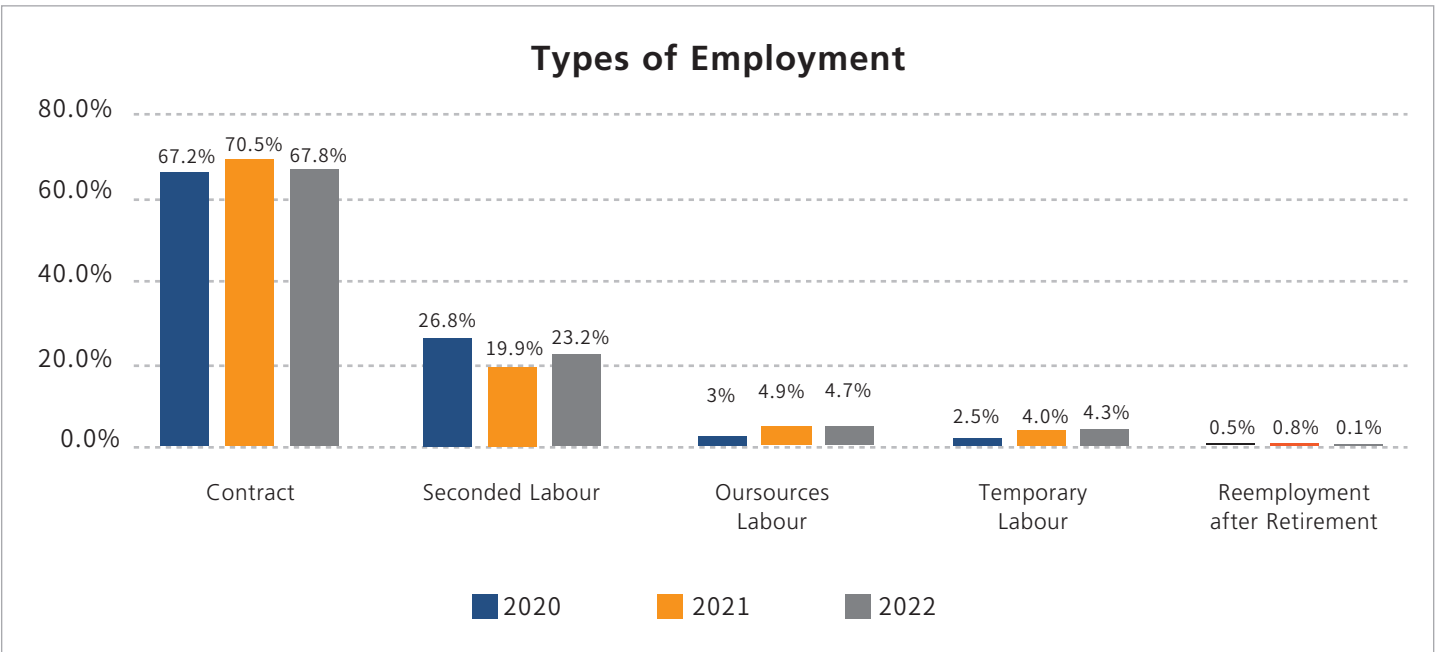
Male and Female Ratio of Senior Management



Percentage of Employees by Age Group



Types of Employment



## 02 Health and Safety

Adhering to the “people-oriented, safety first, prevention priority, comprehensive governance, and secured development” production safety policy, the Company is committed to fully implementing the prime responsibility of safety production, and effectively fulfilling the responsibility system of safety production for all staff. By improving the safety management system, strengthening the construction of safety teams, enhancing the level of intelligent safety supervision, strengthening the emergency management capability, consolidating the efforts in potential hazard investigation and treatment, ensuring the physical and mental health of employees, and creating a safety culture, the Company strives to improve its comprehensive safety management capability, protect the safety of employees as well as drivers and passengers, and ensure its high-quality and sustainable safety development.

During the Reporting Period, the overall production safety of the Company was stable, with no accidents involving production safety responsibility and no occupational diseases among employees. Safety meetings were held 1,001 times with 17,840 participants, 5,055 safety inspections were conducted, 7,596 potential safety hazards were identified with a 98.8% treatment rate, over RMB24 million of rectification funds were approved and over RMB87,000 of safety expenses were spent. 92 emergency drills of various types were carried out, 815 safety training sessions were organised, and 25,640 persons of various types were trained. The total number of working days lost due to work-related injuries was 2,081.5 days. The number of work-related fatality was 0.

### ① Improving Safety Management Systems

The Company headquarters and all admin centres have set up production safety committees, set up full-time safety management agencies, clarified and consolidated the responsibility for production safety at all levels. All levels are required to sign the safety responsibility letters. The “Production Safety Management Target Assessment Measures” and “Safety Production Responsibility System Assessment Indicators (Management Indicators)” have been revised, and regular performance assessments have been carried out to ensure full implementation of safety responsibilities.



## ② Strengthening the Structure of the Safety Teams

The Company revised the “Management Measures for Safety Supervisory Managing Personnel” and the “Management Measures for Safety Education and Training”, improved the information management platform for safety supervisors, organised safety supervisory teams to go to railway and petrochemical enterprises for exchange and studies, organised key members to participate in provincial safety inspections, and continuously improved the professional level of the team by inspection instead of training. A committee of registered safety engineers was established, and a trial operation mechanism and annual key tasks were formulated for the continuous improvements in the comprehensive quality of the safety supervision team. During the Reporting Period, the Company was staffed with 62 full-time safety supervision and management personnel at all levels, 86 part-time safety supervision and management personnel, and 45 registered safety engineers. The Company’s Huzhou toll station class three and Huangshan Shexian station were successfully awarded the Zhejiang Province and Anhui Province Safety Production Youth Demonstration Post.

## ③ Enhancing Intelligent Safety Monitoring

To fully promote the work of “safety through technologies”, the Company has continued to improve the functions of the safety management platform of Zhi Ding Guanjia, completed an emergency digital immersion training platform, implemented a digital remote monitoring system for the operation of power distribution boxes, and built an interactive digital intelligence platform for highland linkage to ensure smooth operation.

## ④ Strengthening Emergency Management Capabilities

The Company issued a standardized emergency response manual to guide staff in the systematic handling of emergencies. A progressive integrated emergency rescue base and a safety experience hall were constructed to simulate the real scenes of tunnel emergencies, obstacle clearing and rescue, and work-at-height to facilitate the instruction of scientific and efficient handling of emergencies. A safety and emergency expert pool and established contact channels with top experts and scholars in the safety field were set up to strengthen emergency protection. 115 standardized emergency reserve points were constructed. The Company organized the revision of its overall and special emergency plans, built for the first time in Huzhou an integrated emergency network of institutions comprising “fire-fighting, traffic police, transportation authority, health and medical institutions, parties of road ownership and mass media”, and formally established a high-speed emergency alliance in Jiaying, continuously consolidating the foundation of emergency management.

## ⑤ Consolidating Detection and Rectification of Potential Safety Hazards

The Company organised a full staff, full process and all-encompassing safety hazard investigation and rectification, took strong measures to clear all kinds of risks and hazards, and resolutely and severely punished illegal and unlawful acts. The Company launched an innovative monthly safety E report and built a platform for work exchange and experience sharing. It completed the rectification of six listed potential hazards ahead of schedule, and issued three sets of system guidance documents including risk grading and control, potential hazard investigation and rectification, and safety checklist. Its cooperation with the provincial road transport management centre to pilot the construction of a dual preventive mechanism produced satisfactory results. It strengthened its problem tracking and rectification capabilities by further extending the accident review mechanism, developing post-accident mandatory inspection work lists and reviewing templates for five types of accidents, as well as organizing and conducting 188 in-depth reviews.

## ⑥ Protecting the Physical and Mental Health of Employees

The Company provided personal accident insurance and work injury insurance for all employees, arranged regular medical check-ups for employees and purchased work protection gears. To address the psychological health of employees, each staff station is furnished with a specific mental consultation room and areas for emotional release. In order to strengthen epidemic safety management, the Company has compiled the “Manual for Handling Outbreak of COVID-19 Epidemic in the Expressway Sector” and the “Guidance on Strengthening Epidemic Prevention Work at Toll Stations”, established a three-level epidemic prevention and emergency plan for the Company’s headquarters, admin centres and toll stations, and independently developed technological improvement products such as the “Easy Automatic Disinfection Passage System” to reduce the risk of infection. The completion of staff training on knowledge of epidemic prevention and maintenance of reserve material were effective in protecting the employees’ safety and health.

## ⑦ Creating a Culture of Safety

During the Reporting Period, the Company continued to improve the construction of safety signs, slogans and other facilities, while organising special activities such as safety knowledge competitions, region-wide environmental hygiene and safety programme, the “100-day Challenge” in risk rectification and safety assurance, and production safety month, etc. The Company has successfully created a culture of safety awareness and was awarded the title of “Zhejiang Province Safety Culture Construction Model Enterprise”.



## Innovative “2+1+N” initiative

All employees in the Company worked together to promote the ten major tasks of road-related operations, through launching the innovative “2+1+N” initiative, releasing three standard documents including a safety supervision manual for road-related operations, forming an electronic monitoring team, organizing a competition for road-related operations, and implementing regular on-site supervision. As a result, there was a 62.5% year-on-year decrease in the number of accidents (incidents) involving road-related operations.



## Bridge traffic accident emergency drill

Zhoushan Admin Centre worked jointly with the Bridge Construction Admin Centre, road administration, fire-fighting department and other units on Zhoudai Bridge and carried out the first bridge traffic accident emergency drill. The exercise included a total of 8 drills, including anti-terrorism, traffic control, fire rescue, medical rescue and towing away of the accident vehicle. This exercise has further improved the ability of the joint units in handling emergency and rescue responses.



## Training for emergency personnel

The Huzhou Admin Centre organised training for emergency personnel. The training covered the characteristics of common high-speed accidents, through classroom lectures, on-site practices, field lectures, drills and case studies, to improve the emergency response capabilities of the participants.



## Production safety knowledge competition

The Company held its 14th production safety knowledge competition, covering production safety laws and regulations, the Company's safety management rules and system, safety-related norms and standards as well as general knowledge.



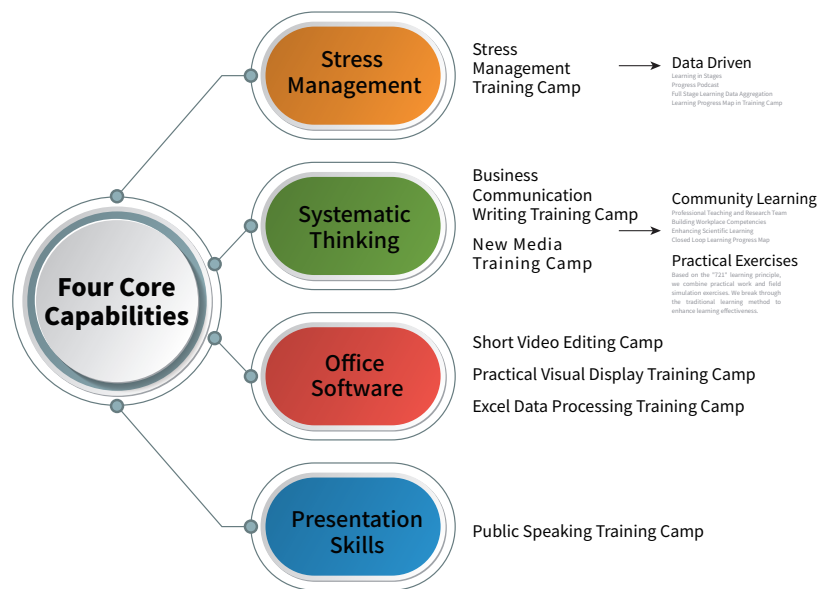
# 03 Development and Training

- The Company has formulated the “Five-Year Action Plan for Talent Development”, strived to provide employees with smooth career development path, formulated the “Incentives for Staff Growth and Achievement”, continued to improve the “Management + Professional + Skills” three-channel development system, and created the “H” type cross-sequence model.

During the Reporting Period, the Company formulated a team building plan for business lines including maintenance, electro-mechanics, road smoothing and finance, and established a training and position-transfer mechanism to divert toll collection staff to different positions such as electromechanical maintenance and comprehensive services. 23 middle management staff were selected and promoted, and several rounds of cross-line, cross-region and cross-professional exchanges were organised, resulting in a position exchange rate of 20.83% in the middle management. The Company held the obstacle clearance and rescue sub-contest of the first “Zhi Ding Cup” staff skills competition, organised the provincial-level professional skills competition in obstacle clearance and rescue and achieved excellent results, further promoting the construction of a knowledge-based and skilled industrial workforce.

- The Company formulated the Action Plan for the Construction of Learning Organization and promoted its implementation, by building a horizontal and vertical hierarchical training plan system in line with the characteristics of a new era based on digital transformation, leadership improvement and knowledge empowerment of all staff. A training management system was put on line, and was further improved with the formulation of the Interim Measures for the Management of Internal Lecturers. The “Pilot+” training for middle and senior management, “Enlighten+” training for new employees, and a special training course for toll shift leaders on “improving operation level and expanding marketing capability” were introduced to employees at different levels. The innovative “Zhi Ding Lecture Hall”, taught by managers and essential personnel in business was established, creating a strong atmosphere among all staff for lifelong learning by integrating learning and work.

- During the Reporting Period, the Company spent a total of RMB8,320,800 on education and training, conducted a total of 1,113 education and training sessions in various forms, with 19,677 participants and a 100% staff participation rate. The total number of training hours was 160,314, of which average non-management personnel, general management personnel, middle management personnel and senior management personnel maintained more than 8, 60, 100 and 50 hours of training respectively.



The Company organised two online career development training camps for employees through the "Zhi Ding • Cloud Classroom", forming 16 online learning communities and seven thematic training camps. Training was provided to 946 employees, with a total attendance of 1,523 participants and 250,822 minutes of accumulated learning time.



**Digital leadership training organised for middle management.**



**New staff induction training organised through in-house lecturers, frontline visits and thematic micro movies.**

## 04 Labour Standards

- The Company fully respects and protects the legitimate rights and interests of employees, as exemplified by its support of organizations and meetings such as Labour Dispute Mediation Committee, Labour Law Supervision Committee and Staff Representative Assembly. It has strengthened the construction of the “Digital Trade Union” project and completed the integration of the functions of the “Jiaotou e-Family” app on line. It has consolidated the transparent management of company’s affairs and safeguarded employees’ rights to information, participation, expression and supervision. During the Reporting Period, there were no instances of labour disputes, child labour nor forced labour in the Company.

- The Company focused on the care and attention of its employees. During the Reporting Period, the Company vigorously promoted the project of “Practical Affairs for Employees” project, formulated and issued a list of 76 task items, and fully rolled out ten major projects of “Practical Affairs”, including the installation of additional new energy charging devices, water purification projects at staff stations and the improvement of the quality of the courtyard economy, building a long-term mechanism for practical undertakings. Guidance on the Standardisation of “One Bedroom, One Living Room” in Units for the Company’s Frontline was issued, and the overall environment and facilities of canteens and dormitories were improved. During the Reporting Period, the Zhi Ding Culture Home Employees’ Bookstore was awarded the title of “2022 Provincial Employees’ Bookstore”. The brand names “Flowers along the Field Path” (陌上花), “Anhui Girl” (徽姑娘), “Orchid Stars” (蕙蘭星) and “Wucheng Girl” (烏程姑娘) were awarded the “Top Ten Distinguished Work Brands of Female Workers in Trade Union” by the Zhejiang Transportation Trade Union.

- The Company cares about the needs of young employees, female employees and employees in difficulties. It caters to the interests of employees, through continued promotion of the construction of staff clubs and organization of diversified staff activities to enhance the employee satisfaction. The Company revised and issued the “Measures for the Management of the Company’s Employee Helping Fund (for trial implementation)”, implemented the “Four Seasons Spring Breeze” assistance and rescue system to regulate the assistance and care work for employees in difficulties. During the Reporting Period, the Company provided relief to 38 employees through the employee relief funds, and distributed a total of RMB139,000.

**38** employees

Received Help from the Fund

RMB **139** K

Relief Funds Distributed







- **Constructed "Zhi Ding Home"**

With the concept of "small space, big scene and multi-function", the "Zhi Ding Home" was built and put into use, with functional areas such as staff bookstore, badminton court, table tennis court and gymnasium.



- **Organised "Zhi Ding Cup"**

The 2nd Staff Sports Day Divisional Swimming Competition and the "Zhi Ding Cup" Swimming Competition were organised.



- **Established "Summer Child Class"**

Huzhou East Integrated Admin Station of Huzhou Admin Centre set up a "Summer Child Care Class" to solve the problem of employees' difficulties to take care of their children during summer.



- **"Customised" Canteen Dishes Services**

The Zhoushan Admin Centre has launched a series of activities such as "customised" canteen dishes, summer cooling deliveries, restructuring of Employees' Home and "Online Dish Ordering".

## 05 Supply Chain Management

The Company has always insisted on equal cooperation with suppliers for mutual benefit and win-win situation. During the Reporting Period, the Company revised the Administrative Measures for Non-Tender Procurement (trial), and formulated the Administrative Measures for the “Red, Black, White and Grey List” of Suppliers (trial) and the Administrative Measures for Tender Evaluation Experts (trial), to further improve the Company’s tender and procurement management system.

- To strengthen the standardization of tender procurement, the Company pays attention to the corporate social responsibility and environmental management systems of supplier candidates in the selection and evaluation of suppliers.

The Company practices clean procurement, and to enhance the compliance awareness and business ability of bidding and procurement-related personnel, training and knowledge competitions on bidding and procurement are organised. During the Reporting Period, the Company organised special audits on the traffic safety facilities and management of housing projects, strengthened audit supervision on bidding and procurement, implemented special audits on key projects such as traffic safety housing, maintenance of mechanical and electrical equipment. Problems were promptly identified and rectified in the bidding and procurement process by closely working with suppliers to create an open and transparent business environment.

- During the Reporting Period, the Company selected 295 suppliers for its major products, services and engineering maintenance, with 206 suppliers in Zhejiang Province and 89 suppliers outside the province.

**295** suppliers

206 suppliers in Zhejiang Province and 89 suppliers outside the province



# 06 Product Responsibility

The Company targets at building the No. 1 brand of highway operation service providers aims to “build the first brand of highway operation and service” by ensuring smooth traffic, improving road quality, strengthening intelligent innovation, optimising customer service, and providing a more “smooth, safe, comfortable and beautiful” traffic environment for drivers and passengers.

## ① Ensuring Smooth Flow

The Company has been improving the road smoothing system by developing the Guidance on Intensive Construction Work and “Plan of Management and Control of Red, Yellow and Green Road-related Construction”, fully implementing intensive construction and off-peak construction to reduce congestion on main roads. It focuses on resolving congestions, promotes the application of digital technology and improves the smoothness of traffic. Meanwhile, it collaborates and strengthens the linkage with the traffic police and the units in charge of road sections to improve the comprehensive capacity in ensuring smooth traffic. The Company has ensured the smooth traffic on expressways despite heavy traffic during major holidays and festivals such as the Spring Festival, the Dragon Boat Festival, the Mid-Autumn Festival and the National Day, and important conferences such as the World Internet Conference. The Company has also formulated the Standardized Plan for On-site Clearance and Rescue to continuously improve the capability of rapid response and comprehensive handling, and ensure timely and efficient clearance and rescue in order to build a smooth and orderly road network.

During the Reporting Period, the total number of vehicles passing through our toll stations was 383.144 million and the accident rate per million vehicles per kilometer was 86.8%. The average response time required for the deployment of rescue teams after receiving a request for rescue was 2.76 minutes. The average arrival time after receiving the request was 9.09 minutes, and the average duration of rescue operation was 18.05 minutes, with the customer satisfaction rate related to clearance and rescue of 99.97%.

During the Reporting Period, the sections under our management and maintenance of highways in Zhejiang Province had the average PQI of 95.07, PCI of 96.90, RQI of 92.55 and RDI of 95.91, with a pass rate of 100% and a qualification rate of 94.90% in terms of the technical conditions of the road surface (evaluated by kilometers), and there were no sub-standard roads.





## Full Digital Monitoring and Warning Control System (SATM)

The busiest section of the Hangzhou-Ningbo Expressway between Keqiao and Xiaoshan officially introduced the province's first "Full Digital Monitoring and Warning Control System" (SATM). The system monitors emergency accidents and congestion status in that section in real time to improve the smoothness of traffic. During the National Day holiday, the time and length of congestion on the pilot section decreased by 14.3% and 46.8% year-on-year.



## New Plaza Weighing Platform

Shaoxing Admin Centre introduced a "New Plaza Weighing Platform" and a new generation high-speed entrance non-stop overload detection system. Compared with traditional weighing platform, it can accommodate multiple trucks to pass through at the same time, solving the problems of waiting in queue, cross-lane reweighing, reversing and turning around, etc. It can quickly and accurately detect the weight of each vehicle and improve the efficiency of vehicle traffic by more than 80%.



## Completed Eight-Lane Overlaying Construction

In accordance to the requirements of the "red, yellow and green" light system, the Ningbo section of Hangzhou-Ningbo Expressway successfully completed the eight-lane high traffic red light section nighttime overlaying construction. It reduces the impact on traffic by adopting second class closure at night, which corresponds to alternate closure of 2 lanes for overlaying construction.



## Set up A Special Repair Task Force

North Hangzhou Admin Centre set up a special repair team and utilised technology to efficiently complete the repair work of a damaged bridge on the Hangzhou-Ningbo Expressway in half the estimated construction time, effectively reducing the impact of accident and ensuring safe and smooth traffic flow.

## ② Improving Quality

The Company has formulated the “Administrative Measures for Daily Maintenance”, “Administrative Measures for Bridge and Tunnel Maintenance”, “Administrative Measures for Slope” and other measures to clarify the responsibilities, frequency and quality requirements for inspection of road surfaces, bridges and tunnels, slopes and other road facilities. The Company accelerated the upgrading of equipment and facilities, strengthened the treatment of key hazards, completed overhaul work in Ningbo-Zhoushan Expressway, Hangzhou-Ningbo Expressway, Ningbo-Jinhua Expressway with high-quality in anticipation of a “state inspection”, and carried out in-depth “San Hua Yi Ping (三化一平)” special rectification to improve the overall road environment, road condition level and road surface quality.



The Linping Section of Shanghai-Hangzhou Expressway was officially opened to traffic, in which four-way traffic between Hangzhou main city district - Linping and Shanghai - Linping can be realised. This is one of the major traffic infrastructure projects for the Hangzhou Asian Games, which will also promote Linping District’s “integration with Hangzhou and Shanghai” and promote the co-prosperity development of regional economy.



Zhoushan Admin Centre carried out steel bridge surface reinstatement work and bridge bottom anti-corrosion coating repair on the Xihoumen Bridge, effectively extending the durability of the steel box girders and improving the safety and comfort of the bridge for traffic.

## ③ Intelligent Innovation

The Company continues to enhance the level of informatisation, technology and digitalisation, strengthens digital empowerment, and continues to increase investment in innovative research and development, formulate incentives for scientific and technological innovation, deepen cooperation in research and application between industry and academia, as well as enhance the gathering of innovation resources and the ability to transform innovation results. During the Reporting Period, the Company established a new Science and Technology Information Department to promote science and technology innovation and energy conservation and emission reduction, technological research and development and promotion, digital construction, network and information security, system and equipment management, and intelligent high-speed construction. It formulated systems such as “Administrative Measures for Science and Technological Innovation and Information Technology Work”, “Administrative Measures for Data Assets” and “Administrative Rules for the Zhi Ding Guan Jia Platform”, focusing on the piloting of new technologies for toll collection, optimisation of monitoring systems, construction of equipment systems and construction of intelligent service areas.

In the construction of intelligent expressway, leading by market requirement, the Company focuses on the general goal of “intelligent, fast, green and safe” as well as improving the safe operation, traffic efficiency and travel service, makes full use of mobile Internet, cloud computing, big data, Internet of Things and other advanced technologies and concepts, and develops an integrated traffic sensing system that consists of “people, vehicle, road and environment”, creating the first expressway with “digitalised traffic elements” in China. Based on digitalisation, the Company will continue to expand its service areas, innovates service format and enrich service carriers to meet the multi-level, personalised and high-quality traffic service requirements of the society, demonstrating the digital transformation of expressway operation. The research and pilot application of various future key technologies will provide more effective support for the smooth facilitation of the construction of HangShaoYong Intelligent Expressway’s free-flow charging and vehicle-road collaboration systems.

During the Reporting Period, the Company formulated the implementation plan for the second phase of the Shanghai-Hangzhou-Ningbo Expressway Intelligent Improvement Project. Focusing on “Safety - Convenience – Efficiency” and “Sustainability – Renewability”, the project adheres to the focus on drivers and passengers, enhances user loyalty, and improves customer service and road safety levels. The project will be driven by the technology of vehicle-road cooperation to achieve a closed loop of “monitoring - control - service”.

### Worry-Free

- Worry-free: “keep informed” of road conditions; “Less accidents” along the way; 10% reduction in accident rate.

### Time Saving

- Time saving: “fast and comfortable” at high speed; “zero waiting” at toll stations; 8% increase in average speed.

### Money Saving

- Money saving: “optimised” driving routes; “maximised” road use; 20% increase in traffic capacity.

### Fuel Saving

- Fuel saving: “less braking” during driving; “lower fuel consumption” for vehicle when travelling; 12% increase in carbon emission reduction at toll stations.

During the Reporting Period, there were 21 new utility model patents, 2 invention patents, 1 design patent and 7 new software copyrights. During the Reporting Period, there was no litigation involved in intellectual property rights. The Company's daily maintenance information system and SMA road surface hot-in-place recycling were rated by China Highway & Transportation Society as the top ten examples of national expressway operation and management in 2022; two projects, namely “ETC All-vehicle Traffic System Based on Free Flow of Entrance Ramps” and “Intelligent Integrated System for Expressway Obstacle Clearance and Rescue”, won the annual innovative technology category of the China Highway & Transportation Society; “Key Technology and Engineering Application of Digital Monitoring and Intelligent Management and Maintenance of Highway Bridges” won the Third Prize in Science and Technology Progress Award of Zhejiang Province; “Research and Application Demonstration of Key Technology for Intelligent Application of Expressway Based on ETC Portal Frame System” won the First Prize in Science and Technology Progress Award of China Communications and Transportation Association. The Company also participated in the formulation and publication of “Highway Static Data Catalogue and Data Element Standard (Trial)”, and participated in the formulation of 5 standards, including “Fast Passing Standard for Toll Stations”, “Standardised Management Standard for Expressway Operation and Toll Collection Business” and “Specification for Expressway Toll Station Services”.



#### building a collaborative intelligent transportation system (C-ITS)

The Company is building a collaborative intelligent transportation system (C-ITS) based on dynamic traffic information and active traffic management (ATM) to further develop vehicle-road collaboration and explore the possibility of providing low latency services to drivers and passengers. Through the deployment of roadside detection and communication equipment and facilities, on-board equipment and cloud control centre, it allows the interaction between “vehicle, road, driver, passenger, and cloud”. Through refined intelligent control and guidance and reducing the delays in intermediate stages, the system synchronises and delivers early warning to drivers and passengers in a timely manner to reduce the occurrence of safety accidents, improving operational efficiency with smooth information flow.

#### “Zhi Zai Xing” (智在行) APP

The Company spearheaded the development of “Zhi Zai Xing (智在行)” APP, which brings together a number of expressway smart travel functions, was released at the 4th Zhejiang International Intelligent Transportation Industry Expo. Car owners can use the “Zhi Zai Xing” APP to: find the real-time operation and closure information of toll stations and information about road conditions in seconds; enjoy the first free towing and direct compensation for road damage across the country, realising one-click reporting and multi-linkage; enjoy high-speed mileage exchange points and check electronic invoices at any time, creating a more personal, heart-warming and comfortable travelling experience for customers.

#### Launch of “Zhe Dao Yun” (浙道雲)

The Company officially launched the “Zhe Dao Yun (浙道雲)” management platform. The platform is the Company's independent developed management cockpit, which will be integrated with more business management indicators and more comprehensive management analysis scenarios. It facilitates quality improvement, cost reduction and efficiency enhancement, and empowers the Company's high-quality sustainable development.

#### Launch of “Tunnel Traffic Radar Monitoring System”

Shaoxing Admin Centre in Ningbo-Jinhua Expressway launched the “Tunnel Traffic Radar Monitoring System”, which can accurately and quickly identify various types of traffic abnormal events and improve the tunnel traffic abnormal events active detection rate through AI intelligent computing, providing accurate data for tunnel safety and emergency rescue.

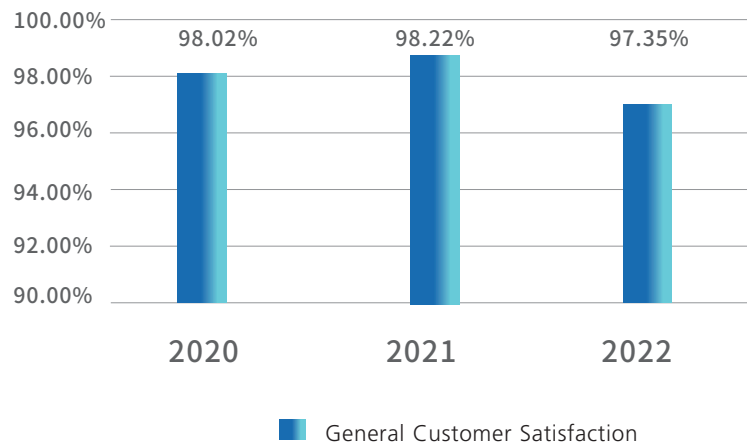
## ④ Optimising Services

Focusing on customer experience, the Company optimized the service system, further promoted the standardization of service areas, collaborated in the preparation of the local standard of "Specification for Expressway Toll Station Services" in Zhejiang Province, and participated in the preparation of national standards and specifications for expressway networks. The Company explored differentiated toll collection models, carried out special projects such as "Yi Hui Xing" (醫惠行), and continued to optimize and improve the functions of the customer complaint module of the "Zhi Zai Xing" (智在行) Applet. The Company improved the level of intelligent services to open up the last stage of customer service, creating 6 application scenarios, including the "Zhi Zai Xing" APP, "Zhi Zai Xing" Applet, 12 tonnes trucks, ETC vehicles, frequent vehicles and vehicles carrying hazardous chemicals. It actively responds to customer needs and continuously improves the quality of service.

**97.35%** General Customer Satisfaction

During the Reporting Period, the general customer satisfaction rate was 97.35%. There was no litigation involved in the leakage of customer privacy.

### General Customer Satisfaction for 2020-2022



## Cloud Toll Station



### Construction of Cloud Toll Station

The Company built the first pilot “cloud toll station” in Zhejiang Province at Shangyu Toll Station of the Hangzhou-Ningbo Expressway, introducing self-service pass issuing machines, self-service payment machines, manned payment machines and other equipment and facilities to realise the “automated control, unmanned lane, mobilised charging, kioskless toll, remote handling of special situations, cloud-based business, digital declaration, one-click payment settling and humanised management” of toll station. The Company has also created an intelligent charging model in which “ETC vehicles pass through toll station in seconds and non-ETC vehicles can quickly pay their tolls and pass through without manual intervention”.



### Toll Collector team “Anhui Girl”

The toll collector team “Anhui Girl” of North Hangzhou Admin Centre was rated as the inaugural winner of “The Most Beautiful Highway Personnel”.



### Established ETC Service Network

Jiaxing Admin Centre established the first ETC service network of expressway toll stations in Jiaxing City, providing a “face-to-face and instant comprehensive one-stop service” for drivers and passengers, such as new ETC issuance, maintenance, consultation, after-sales service and exception handling.





# 07 Anti-corruption

- The Company intensifies the construction of “corruption-free Zhejiang Expressway” and prepares an enhancement plan for the construction of “corruption-free Zhejiang Expressway” to improve the system construction, tighten the supervision network and strengthen the integrity education, thus enhancing the Company’s anti-corruption effectiveness, shaping the culture of business integrity and ensuring the healthy development of the enterprise.
- During the Reporting Period, there was no corruption lawsuit brought against the Company. The Company was rated as the unit with outstanding achievements in “clean and honest transport investment” construction.

## ① Improving System Construction

During the Reporting Period, the Company developed and issued the “Implementation Rules for Inspection Work”, “Guidance on Accountability Work (Trial)”, “Guidance on Strengthening the Handling of Reports and Accusations (Trial)”, “Guidance on Integrity Education for Newly Recruited and Promoted Employees” and “Work System for Grassroot Integrity Supervisors”, and prepared a “Micro Corruption” prevention workbook, which set 148 preventive and control measures for risk points covering 7 major areas, to build a more comprehensive management system.

## ② Tightening Supervision Network

The Company has built a “five-in-one” supervision pattern consisting discipline inspection, organisation, audit, legal affairs and risk control. It continuously improves the three-level multi-dimensional supervision system of “discipline monitoring office + dispatch inspection group + grassroot integrity supervisor”. It launched the “clean unit” benchmarking initiative to promote integrity construction to each and every corner of the Company. The Company has developed an intelligent supervision platform, forming “one dashboard, three modules” composition. Lastly, the Company has launched the WeChat official accounts as a platform to receive reports and complaints to provide new means of digital supervision.



### ③ Strengthening Integrity Education

The Company has built 6 new clean culture positions, opened a “Qingfeng” micro-classroom and a “Zhi Ding Qingfeng” column, and produced 31 short anti-corruption lessons and short-films. Through “learning, observing, testing, promising and chatting”, it strengthened the education and guidance of the “two new” employees<sup>1</sup>. During the Reporting Period, the Company provided ideological, theoretical, disciplinary and law education for 255 participants, with a 100% pass rate for pre-employment integrity tests and a 100% coverage rate for integrity talks and signing of commitment letters. A total of 3,626 employees across all levels of units participated in integrity warning educations, continuously enhancing the dissemination and penetration of integrity education.

#### Implementation of the “eight areas of transparency” construction to explore new practices of clean construction at the grassroots level

The Lin’an Centre of North Hangzhou Admin Centre strengthens the integrity construction from key areas and key links by focusing on the “eight areas of sunshine”. Through the implementation of the eight areas of “transparent performance, transparent negotiation, transparent pricing, transparent employment, transparent assessment, transparent maintenance, transparent operation of canteen and positive attitude”, it promotes the democratic management of the grassroots and the sunshine operation of small and micro power and achieves the target of “zero corruption, zero petitions, zero complaints”.



The Company organises visits to educational bases for new employees, conducts integrity and compliance trainings and organises employees to watch anti-corruption videos to better integrate the culture of integrity into the professional spirit.

<sup>①</sup>The “two new” employees refer to newly recruited and promoted employees.

# 08 Community Investment

The Company has been actively participating in rural revitalisation and actively engages in community charity activities to create a harmonious community. During the Reporting Period, the Company launched 5 poverty alleviation programs in pair-up villages and townships such as Dujiaoyuan Village in Jinshuitan Town, Yunhe County, Lishui City, and Takeng Village in Xinxikou Township, Huangshan City, serving more than 330 villagers and purchasing RMB940,000 of various agricultural products.

The Company has intensified the brand building of the “Tong Yi Jia” volunteer service, forming six volunteer service teams for social welfare to promote the voluntary spirit of “dedication, friendship, mutual help and progress”, and organised charity activities in respect of helping the elderly and the young and caring for the disadvantaged group. During the Reporting Period, the Company conducted 123 volunteer services such as manner guidance, blood donation, environmental protection, as well as helping farmers in eradicating poverty, with a total of 1,682 volunteers participated.

## Helping Farmers With Love



The volunteer service team of Hangzhou North Management Centre Huangshan Centre organised a “helping farmers with love” event in Xinxikou Township, She County, Huangshan City, Anhui Province.

## Gift Packages



The Huzhou Admin Centre’s trade union volunteer team went to the Huzhou Special Education Experimental School to deliver an excellent performance for the children and provide them with “gift packages”.

## Fundraising for Youths to Fulfil Their Mini Wishes



Tiantai Toll Collection Centre, Shaoxing Admin Centre organized the “fundraising for youths to fulfil their mini wishes” initiative to help poor left-behind children to fulfil their wishes and solve their difficulties.

## Care for Sanitation Workers



For the third year in a row, Lin’an Centre of North Hangzhou Admin Centre has organized activities to show care for sanitation workers, donating cold-resistant supplies and organising movie-watching activities to show warmth and care.

## INDICATOR INDEX

Level	Description of indicators		Disclosure	Location in the report
<b>Environment</b>				
<b>A1: Emissions</b>	<b>General Disclosure</b>	Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	√	P8
	<b>A1.1</b>	The types of emissions and respective emissions data.	√	P8
	<b>A1.2</b>	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	√	P13
	<b>A1.3</b>	Total volume of hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	√	P8
	<b>A1.4</b>	Total volume of non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	√	P8
	<b>A1.5</b>	Description of emission target(s) set and steps taken to achieve them.	√	P8
	<b>A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, and description of reduction target(s) set and steps taken to achieve them.	√	P8
<b>A2: Use of Resources</b>	<b>General disclosure</b>	Policies on the efficient use of resources, including energy, water and other raw materials.	√	P9-10
	<b>A2.1</b>	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	√	P10
	<b>A2.2</b>	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	√	P10
	<b>A2.3</b>	Description of energy use efficiency target(s) set and steps taken to achieve them.	√	P9
	<b>A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	√	P9
	<b>A2.5</b>	Total volume of packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable as the product is a service	
<b>A3: Environment and Natural Resources</b>	<b>General disclosure</b>	Policies on minimising the issuer's significant impact on the environment and natural resources.	√	P11-12
	<b>A3.1</b>	Description of the significant impact of business activities on the environment and natural resources and the actions taken to manage the same.	√	P11-12
<b>A4: Climate change</b>	<b>General disclosure</b>	Policies on the identification of significant climate-related issues which have impacted and may impact the issuer and the responses thereto.	√	P13-14
	<b>A4.1</b>	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	√	P13-14

Level	Description of indicators		Disclosure	Location in the report
<b>Social</b>				
<b>B1: Employment</b>	<b>General disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	√	P16-17
	<b>B1.1</b>	Total workforce by gender, employment type (e.g. full-time or part-time), age group and geographical region.	√	P16
	<b>B1.2</b>	Employee turnover rate by gender, age group and geographical region.	√	P16
<b>B2: Health and Safety</b>	<b>General disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to providing a safe working environment and protecting employees from occupational hazards.	√	P18-20
	<b>B2.1</b>	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	√	P18
	<b>B2.2</b>	Lost days due to work injury.	√	P18
	<b>B2.3</b>	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	√	P18-20
<b>B3: Development and Training</b>	<b>General disclosure</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	√	P21-22
	<b>B3.1</b>	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	√	P17
	<b>B3.2</b>	The average training hours completed per employee by gender and employee category.	√	P21
<b>B4: Labour Standards</b>	<b>General disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to preventing child and forced labour.	√	P23-24
	<b>B4.1</b>	Describe measures to review recruitment practices to avoid child labour and forced labour.	√	P23
	<b>B4.2</b>	Describe the steps taken to eliminate the situation if a breach is identified.	√	P23
<b>B5: Supply Chain Management</b>	<b>General disclosure</b>	Policies on managing environmental and social risks of the supply chain.	√	P25
	<b>B5.1</b>	Number of suppliers by geographical region.	√	P25
	<b>B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	√	P25
	<b>B5.3</b>	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	√	P25
	<b>B5.4</b>	Description of practices used to promote the use of environment-friendly products and services when selecting suppliers, and how they are implemented and monitored.	√	P25

Level	Description of indicators		Disclosure	Location in the report
<b>B6: Product Responsibility</b>	<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and remedies.	√	P26-31 Advertising and labelling are not applicable as the product is a service
	<b>B6.1</b>	Percentage of total products sold or delivered subject to recalls for safety and health reasons.	Not applicable as the product is a service	
	<b>B6.2</b>	Number of products and service related complaints received and how they are dealt with.	√	P30 Product returns are not applicable as the product is a service
	<b>B6.3</b>	Description of practices relating to preserving and protecting intellectual property rights.	√	P28-29
	<b>B6.4</b>	Description of quality assurance process and recall procedures.	Not applicable as the product is a service	
	<b>B6.5</b>	Description of policies on consumer data protection and privacy, and how they are implemented and monitored.	√	P30
<b>B7: Anti-corruption</b>	<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to bribery, extortion, fraud and money laundering.	√	P32-33
	<b>B7.1</b>	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	√	P32
	<b>B7.2</b>	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	√	P32
	<b>B7.3</b>	Description of anti-corruption training provided to directors and staff.	√	P33
<b>B8: Community investment</b>	<b>General Disclosure</b>	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	√	P34
	<b>B8.1</b>	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	√	P34
	<b>B8.2</b>	Resources contributed (e.g. money or time) to the focus areas.	√	P34

## VERIFICATION STATEMENT

### VERIFICATION STATEMENT OF ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORT

Pursuant to the engagement by Zhejiang Expressway Co., Ltd. (“Zhejiang Expressway”), Hangzhou Wantai Attestation Limited Company (“Wantai Attestation”) has conducted an independent review verification on the 2022 environmental and social responsibility report of Zhejiang Expressway (the “Report”).

Zhejiang Expressway is responsible for the information collected, analysed, compiled and disclosed in the Report, whereas Wantai Attestation is responsible for verifying the contents of the Report within its terms of reference under the agreement with Zhejiang Expressway. Zhejiang Expressway is the customer designated under this verification statement. This verification statement is based on the 2022 environmental and social responsibility report prepared by Zhejiang Expressway. Zhejiang Expressway takes responsibility for the completeness and truthfulness of the information and materials in the Report.

### Scope of Verification

The accuracy and reliability of the Report as to key performance indicators, information and management systems in the year of disclosure (2022);

The locations of verification including relevant departments of Zhejiang Expressway Co., Ltd., which is situated at No. 2, Mingzhu International Business Centre, 199 Wuxing Road, Hangzhou City, Zhejiang Province, China, namely the Secretarial Office to the Board, human resources department, road network management department, maintenance management department, union office, discipline inspection and supervision office, as well as audit department. We did not interview other business units and stakeholders of Zhejiang Expressway Co., Ltd.;

We assessed the processes including collection, analysis and inspection of the data in the Report. The verification is conducted on March 31, 2023.

### Verification Process

The verification process includes the following activities:

Assess the information and documents provided by Zhejiang Expressway;

Interview the personnel of Zhejiang Expressway responsible for collecting the information in the Report;

Examine the public information published on the related websites and media, and verify the relevant data and information in the Report at random.

Assess the balance of the content and reporting structure, comparability, accuracy, timeliness, clarity and reliability of the data disclosed in the Report with reference to the requirements of Environmental, Social and Governance Reporting Guide (2021 revision) in the Appendix 27 to the Rules Governing of the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange Listing Rules”), and if applicable, with reference to the requirements of “Guidance on Climate Disclosures” and “Practical Net-Zero Guide for Business”.

## Verification Conclusion

The 2022 environmental and social responsibility report prepared by Zhejiang Expressway Co., Ltd. objectively reflects the progress of the Company's performance of social responsibilities in 2022 and the performance results obtained. By random verification, the data in the Report is reliable and objective. Wantai Attestation is not aware of any systematic or material mistakes. The information disclosure is clear, understandable and accessible;

The Report is prepared based on the structure of the Environmental, Social and Governance Reporting Guide (2021 revision) of Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange Listing Rules") in the manner that the requirements of the Guide are implemented, and the expectations and demands of the stakeholders are responded.

<b>Completeness</b>	●	Completeness: The Report of Zhejiang Expressway covers all material issues identified and their boundaries, which give a full picture of their important impacts as to the environmental and social aspects such that the stakeholders can assess the performance of Zhejiang Expressway during the Reporting Period.
<b>Balance</b>	●	Balance: The Report is in compliance with the principle of balance which truly discloses both positive and negative information.
<b>Comparability</b>	●	Comparability: The Report discloses various performance indicators of Zhejiang Expressway for 2022 and historical data have been disclosed for emissions and the use of resources. These data allow the stakeholders to understand the improvement in performance each year.
<b>Accuracy</b>	●	Accuracy: The information set out in the Report is accurate where qualitative and quantitative information of many performance indicators is publicly disclosed to the stakeholders.
<b>Timeliness</b>	●	Timeliness: The data and information set out in the Report are timely and valid during the Reporting Period. Social responsibility report is published as and when appropriate, indicating its good timeliness.
<b>Clarity</b>	●	Clarity: The Report takes a combination of forms including textual description, charts, remarks and photos as well as case studies such that the stakeholders can easily understand it.
<b>Reliability</b>	●	Reliability: Through timely collection, record and analysis review of the information and data set out in the Report of Zhejiang Expressway, the information and data disclosed in the Report are true and reliable.

## Rectification Recommendations

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

It is advised to further quantify the indicators in respect of energy saving, carbon emission and response to climate changes, and disclose in more details the performance indicators so as to satisfy the increasingly stringent disclosure requirements of the Hong Kong Stock Exchange.

It is advised to strengthen the data collection on waste classification in the environmental aspect.

It is advised to continuously improve the standardisation and refinement of responsibility governance, enriching the contents of the social responsibility section with details of professional staff and special systems.



## Special Statement

This verification statement does not include:

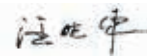
the activities other than in the information disclosed;

the statements regarding the positions, views, beliefs, objectives and future development directions and undertakings of Zhejiang Expressway.

## Statement of Independence and Competence

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

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



Signed by the General Manager

Date: March 31, 2023