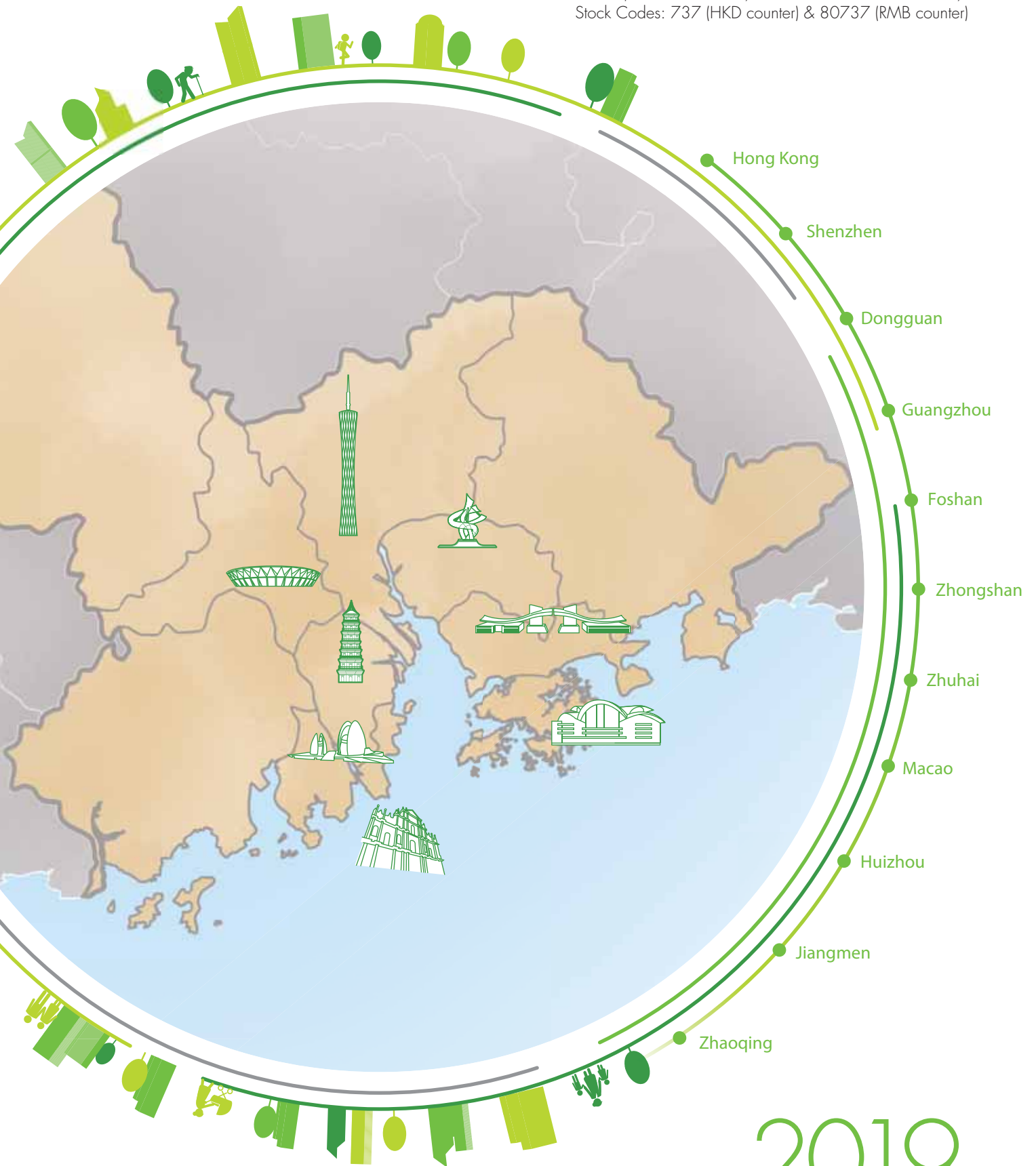


SHENZHEN INVESTMENT HOLDINGS BAY AREA DEVELOPMENT COMPANY LIMITED

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



2019

SUSTAINABILITY REPORT



Contents

About Bay Area Development	4
About this Report	6
Chairman Preface	8
Sustainability Governance	9
Stakeholder Engagement	11
Service-oriented Operations Management	15
Employee-oriented Working Environment	21
Environment-favoured Green Initiatives	27
Community-based Inclusion Actions	30
Appendix: General Disclosure	32
Appendix: Key Performance Indicator Summary	35
Appendix: Report Content Index	37
Verification Statement	41





About Bay Area Development

Shenzhen Investment Holdings Bay Area Development Company Limited (the “Company” or “Bay Area Development”), a subsidiary of Shenzhen Investment Holdings Company Limited, adopts the development strategies focusing on the infrastructure and correlated business in the Guangdong-Hong Kong-Macao Greater Bay Area (the “Greater Bay Area”). For the purpose of reshaping a clearer corporate image in the market and further highlighting its business development strategy and direction focusing on the Greater Bay Area, the Company has formally changed its name¹ and its shares were traded under the new stock short name with effect from 19 June 2019. Through partnership with Guangdong Provincial Highway Construction Company Limited, the Company holds two Sino-foreign Co-operative joint ventures (together as the “Group” or “we”), namely Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited (the “GS JV”) and Guangdong Guangzhou-Zhuhai West Superhighway Company Limited (the “GZ West JV”).

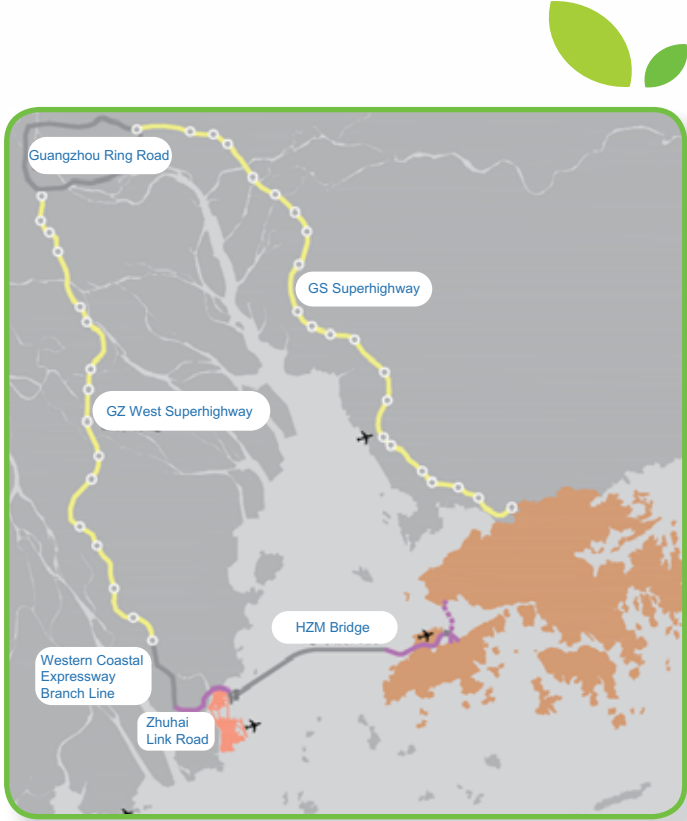
The Guangzhou-Shenzhen Superhighway (the “GS Superhighway”) operated by the GS JV is a major artery in the expressway network of Greater Bay Area, forming a north-south corridor running through the eastern Pearl River Delta. In line with the economic development and livelihood enhancement in the area, it is also the first and currently the sole expressway directly connecting Guangzhou with Shenzhen and Hong Kong Huanggang border. In view of the opportunities brought by the Outline Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area (the “Outline Plan”), the GS Superhighway will step up with expansion works in the future. To seize the opportunities of development, the GS JV has carried out a feasibility study on road expansion and has included the surrounding environment of the expansion works and community development in the scope of study, with the aim of creating a sustainable operational environment. Meanwhile, following the release of the Outline Plan, the Group is currently exploring potential comprehensive land development along the GS Superhighway. The Group will continue to promote optimised utilisation of land resources in line with the strategies for urban planning as adopted by local governments and to contribute to the community development along our expressways.

The Guangzhou-Zhuhai West Superhighway (the “GZ West Superhighway”)² operated by the GZ West JV is the main expressway artery between the city centres of Guangzhou and Zhuhai. It offers the most convenient access to Hengqin, Macao and Hong Kong through its connection with Second Hengqin Bridge, the Zhuhai Link Road and the Hong Kong – Zhuhai – Macao Bridge. As the Hengqin New Zone will be developed into an international recreation island to further promote tourism, the GZ West Superhighway will continue to provide quality and convenient service for users and to meet the travel needs of residents in the Greater Bay Area.

¹ Formerly known as Hopewell Highway Infrastructure Limited.

² Also known as the Western Delta Route.

About Bay Area Development



Year 2019	GS Superhighway	GZ West Superhighway
Average daily toll revenue (RMB'000) ³	8,835	4,150
Average daily full-length equivalent traffic (No. of vehicles '000) ⁴	100	59

³ Including taxes.

⁴ Average daily full-length equivalent traffic is defined as the total distance travelled by all vehicles on the expressway divided by the full length of the expressway and the total number of days during the reporting year. It can better reflect road usage and is a standard operational statistic used throughout the industry.

About this Report

The report is the ninth Sustainability Report (the “report”) published by the Company. As the previous issue, the report covers the latest policies, measures and performances of the Group in environmental, social and governance (“ESG”) aspects to fulfil the Group’s promise and provide stakeholders with further information on the Group’s directions of development. The report is compiled in Chinese and English, and has been uploaded to the websites of the Stock Exchange of Hong Kong (“SEHK”) and the Company (www.sihbay.com).

Reporting Scope

This report presents the ESG performance of the Group from 1 January 2019 to 31 December 2019 (the “reporting year”). Consistent with previous reports, the report continues to cover the operations of the Group’s Hong Kong office and two expressways (namely the GS Superhighway and the GZ West Superhighway).

Reporting Standard

The report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) under Appendix 27 of the Rules Governing the Listing of Securities on the SEHK, and four reporting principles (materiality, quantitative, balance and consistency) are used as the basis of the report preparation. All applicable recommended disclosures’ in the Guide are also covered in the report. To ensure the accuracy of the content of the report and key performance indicators (“KPIs”), the Group commissioned a professional consultancy to conduct a carbon assessment, and commissioned Hong Kong Quality Assurance Agency to conduct independent verification with the issuance of a verification statement. A content index is provided in the last section for the reader’s easy reference to the Guide.

About this Report

Reporting principles	Definition	Application in the report
Materiality	The threshold at which ESG issues become sufficiently important to investors and other stakeholders that they should be reported.	The Group has been informed of the sustainability development issues of different stakeholders through management interviews and online questionnaires. During the reporting year, the stakeholders have selected nine material issues, please refer to the section “Stakeholder Engagement” for the specific evaluation process.
Quantitative	KPIs need to be measurable, giving comparative data where appropriate.	The raw data of the Group's social KPIs are derived from statistics of relevant departments. To ensure the accuracy of environmental KPIs, the process of carbon assessment references the guideline released by the National Development and Reform Commission of the People's Republic of China (the “PRC”) ⁵ and international standards such as ISO14064-1 and the Greenhouse Gas Protocol.
Balance	The report should provide an unbiased picture of the issuer’s ESG performance for the reporting year.	During the preparation of the report, the Group focused not only on explaining the ESG results, but also describing the difficulties encountered and solutions.
Consistency	The issuer should use consistent methodologies to allow for meaningful comparisons of ESG data over time.	Unless otherwise stated, all data in the report have been disclosed using the same statistical methods as in previous years. For details, please refer to the section “Appendix: Key Performance Indicator Summary”.

Opinion and Feedback

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

Address: Room 63-02, 63/F Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong
 Email: info@sihbay.com
 Tel: (852) 2528 4975
 Fax: (852) 2861 0177

⁵ Including Guidelines for Accounting and Reporting Greenhouse Gas Emissions by China Land Transportation Enterprises (Trial)

Chairman Preface

Bay Area Development believes that a sustainable business development strategy is as important as achieving long-term business growth, and this belief drives the Group's determination to fulfil its responsibilities for corporate sustainable development. The Committee of Executive Directors under the Board of Directors is responsible for supervising the sustainable development of the Company, and full consideration has been given to various sustainable development factors in our operation and management. As expectations of regulators and stakeholders for sustainability governance continue to rise, we will actively respond with actions to comprehensively improve the Group's performance in sustainability.

The Group focuses on optimising the service links in different operating scopes and continues to make contributions to the improvement of the quality of life of residents in the Greater Bay Area. The Group has organised a range of volunteer service activities during the reporting year, such as promoting road safety and offering complimentary refreshments, which have been well received by users of our expressways. At the same time, the continuous optimisation of the electronic toll collection ("ETC") system has also provided more convenient payment methods for expressway users. During the reporting year, the Group has installed more than 200 additional ETC lanes to meet the growing needs of customers.

To prepare the report and better understand stakeholders' concern, we invited internal and external stakeholders to participate in stakeholder engagement activities during the reporting year and commissioned an independent external consultant to conduct a materiality assessment and analysis. The results showed that topics in the areas of operating practices and employment and labour practices received the most attention, among which customer privacy protection and healthy and safe working environment are the most important issues. For customer privacy, we ensure that all expressway user information is used solely for operational management purposes and ensure its security. In terms of health and safety of employees, we have also adopted a series of measures and provided necessary safety protective equipment to create a healthy and safe working environment for all employees.

Climate change is closely related to the transportation and infrastructure industries. It is also a new issue addressed in the amendment to the ESG Reporting Guide. As a next step, we will explore the development of strategies to address climate change and will disclose relevant information. There is still room for improvement in our work on sustainability, and we are also willing to listen to the views of various stakeholders to help us continue to improve our performance in sustainability.

Looking forward, we will continue to provide high-quality service to expressway users and incorporate the views of various stakeholders to integrate the concept of sustainability into our business goals. In the meantime, we will continue to monitor the risks and opportunities related to sustainable development and take flexible measures to better support social and environmental development.

Zhengyu LIU*

Chairman

18 June 2020, Hong Kong

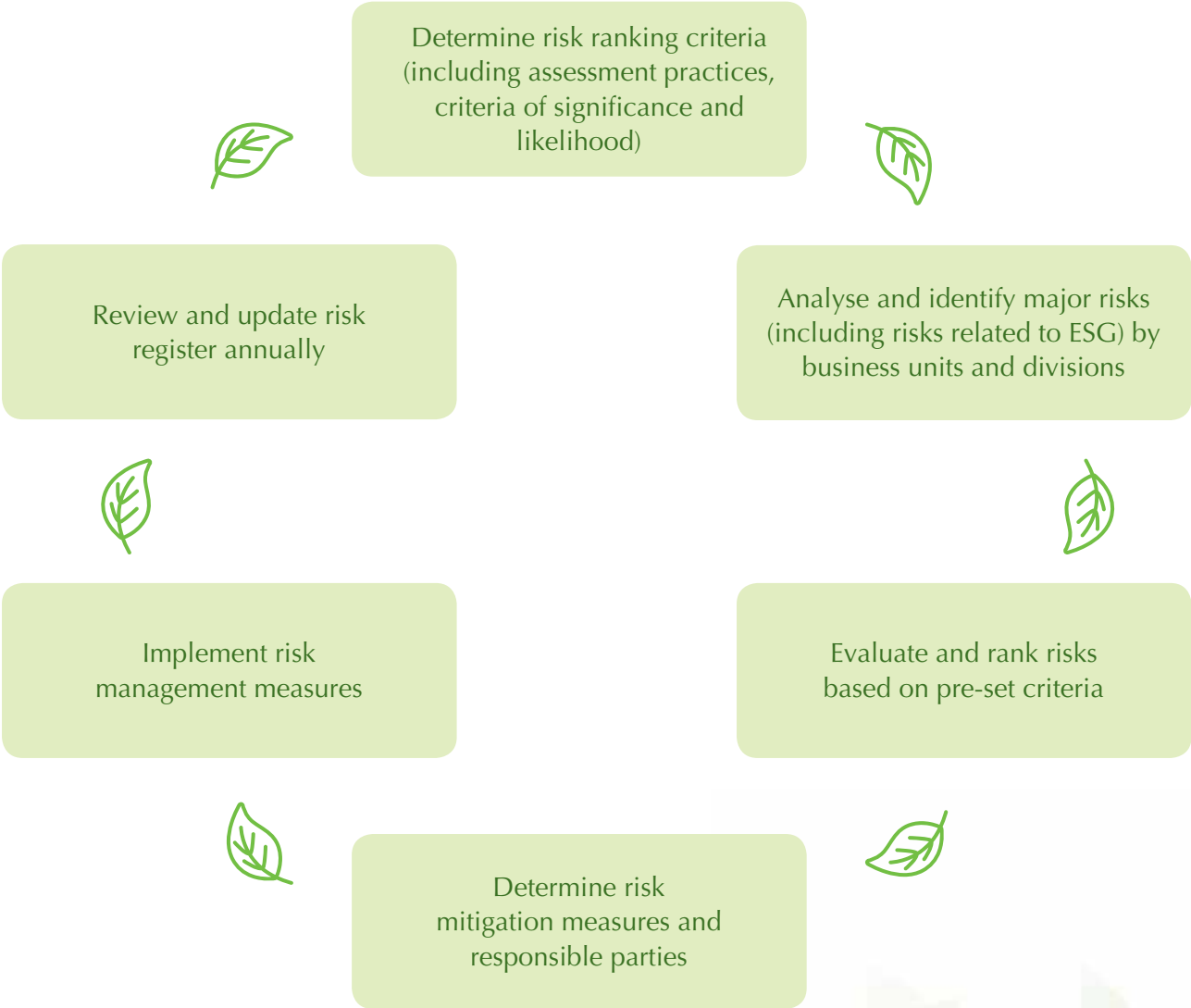
* For identification purpose only

Sustainability Governance

The Committee of Executive Directors of Bay Area Development is fully responsible for the formulation and review of strategic approaches and policies in sustainability, and supervision of the implementation of sustainability related task plans and budgets. The Group achieves its long-term goals and plans through effective corporate governance strategies. The Sustainability Policy of the Company is based on core principles of sustainability and aims to incorporate the idea of sustainability into all aspects of the Group’s operational process, regulating its initiatives in various areas such as environment, community, labour and the value chain. The Board of Directors also reviews the sustainability governance structure from time to time to ensure that the demands and expectations of stakeholders are met.

ESG Risk Management

According to the Risk Management Policy adopted by the Board of Directors, we are committed to incorporating risk management and internal controls into general business procedures to achieve the strategic goals of the Group. Our annual risk management efforts include six key steps:



Sustainability Governance

During the reporting year, the most critical ESG risks identified by our management mainly included policy shifts, demographic changes in surrounding communities and road safety, which are summarised below.

Category of Risks	Risk Events
Regulatory and Political	Political instability, unfavourable changes in government policies, regulations and legislation.
Commercial and Operating	Market risks arising from government free roads, heightened customer requirement, and unfavourable changes in the demographics of surrounding communities and areas.
	Safety risks arising from any failure to perform the responsibility of road safety management.

Stakeholder Engagement

As always, we value communication with stakeholders⁶. During the reporting year, we organised various activities to listen to the opinion and suggestions of stakeholders on the Group’s sustainable development. The Group believes that stakeholder participation will help us identify the risks and opportunities in different aspects of sustainability and facilitate the formulation of more comprehensive management policies and measures.

During the reporting year, there were no significant changes in the Group’s business or its approaches to ESG. Therefore, we stick with the existing stakeholder engagement approaches as shown below.



Internal stakeholders

Employees and joint venture partners



External stakeholders

Shareholders, investors, customers/expressway users, family of employees, joint venture partners, service providers and community groups



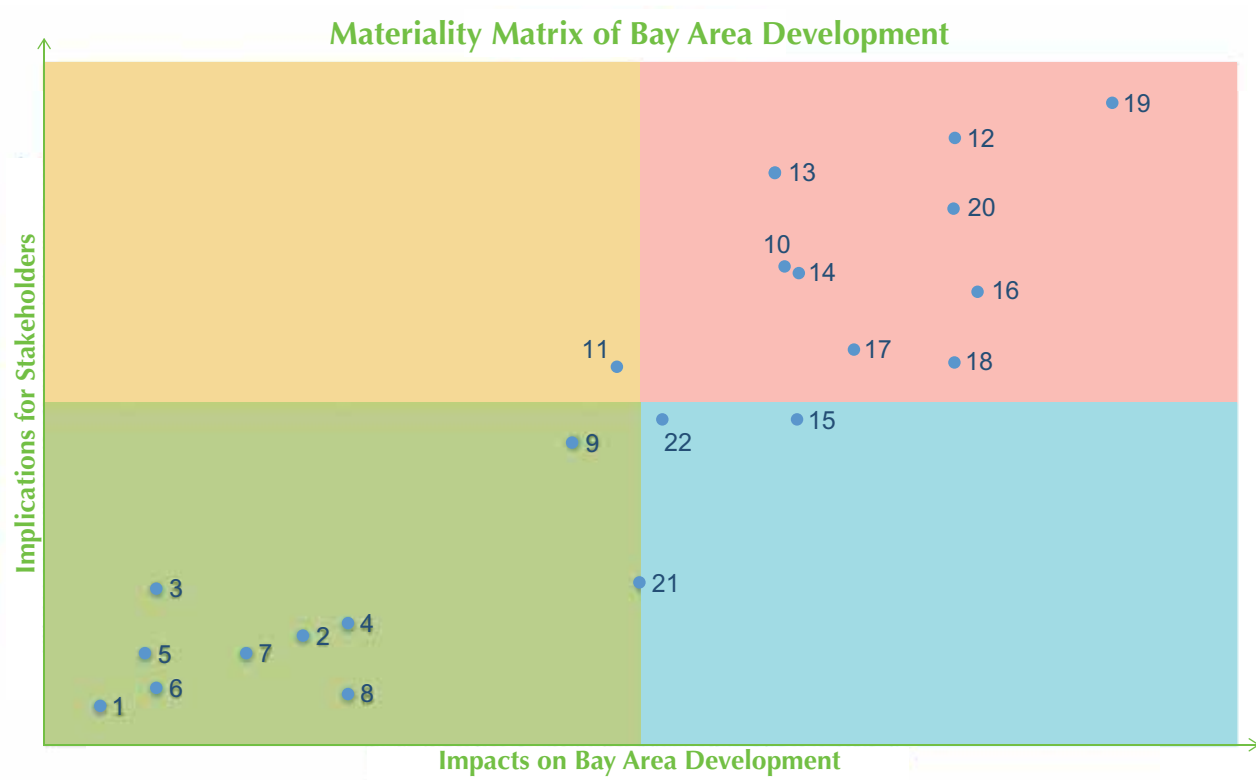
Means of stakeholder engagement

Staff seminar, networking activities, direct mail, email, hotline, conference call, interview, company website, written report, WeChat public account, distribution of travel booklet, site visit, volunteer activities and online survey

⁶ Stakeholders refer to groups or individuals who have a significant impact on the Group’s business or are impacted by the Group. Internal stakeholders include the Board of Directors, management, administration staff and general staff. External stakeholders include shareholders, business partners, customers, government and regulatory agencies, banks and investors, and community groups, etc.

Material Sustainability Issues

During the reporting year, the Group commissioned an independent consultant to conduct an interview with the management. Four strategic issues on sustainability were selected, including employment, health and safety, development and training and product responsibility. In view of the industry nature and characteristics of the business, we have identified 22 sustainability-related issues. The consultant conducted an online survey to understand the degree of concerns of various group of stakeholders on different issues. Through the analysis of survey response, nine material issues were identified (in the red portion of the figure below).



Stakeholder Engagement

The nine material issues identified are detailed below (by aspects and in descending order of importance):

Aspects		Number	Issues
Service-oriented Operations Management	Operating Practices	19	Protection of privacy (e.g. preventing leakage, misuse or misappropriation of customer data)
		20	Prevent corruption (e.g. bribery, fraud, extortion, money laundering, offering or receiving benefits, and abuse of authority)
		16	Improve road safety and service responsibility management (e.g. real-time monitoring of road conditions, clear traffic information and road signs, and accident response mechanisms)
		18	Comply with regulations on toll road management (e.g. charging at standard rates, setting up service areas and gas stations)
		17	Ensuring the quality of road services, including improving traffic order, efficiency and road quality (e.g. opening more ETC lanes and improving their operating efficiency, and capital and technology investment for road maintenance management)
Employee-oriented Working Environment	Employment and Labour Practice	12	Provide employees with a healthy and safe working environment to prevent occupational diseases and injuries (e.g. provide employees with personal protective equipment; implement occupational health and safety management systems; promote safety risk and hazard assessment methods; improve statistical methods for occupational injury; and organise activities that promote the wellbeing of workers)
		13	Provide employees with training to enhance their knowledge and skills (e.g. review the performance of personal development for training to enhance their professional functions)
		10	Establish a comprehensive employment system (e.g. recruitment and promotion processes, remuneration and dismissal systems, working hours and holidays)
		14	Prohibit child labour or forced labour (e.g. forcing employees to work overtime by way of threatening dismissal, and abuse of children in work that harms their physical and mental development or violates human rights)

Stakeholder Engagement

Other relevant issues are summarised in the table below:

Aspects	Number	Issues
Environment	1	Manage greenhouse gas emissions
	6	Enhance the effectiveness of other resources
	5	Water conservation/enhancing water efficiency
	7	Manage the impact of operations on the environment and natural resources
	8	Climate adaptation actions and measures to address climate change
	3	Waste management
	2	Wastewater discharge management
	4	Energy saving/enhancing energy efficiency
	9	Comply with the laws and regulations for environmental protection
Community Investment	21	Understand community needs and manage the impact of operations on the community
	22	Invest resources in community development
Employment and Labour Practice	11	Eliminate discrimination or sexual harassment in the workplace and provide an equal and diverse employment environment
Operating Practices	15	Evaluate and manage environmental and social risks in the supply chain

Regarding the material issues identified by the stakeholders, which are described in detail in the sections below, the Group is committed to managing them through a standardised system and sound policies. The Group will also continue to pay attention to issues with lower scores temporarily. Looking ahead, the Group will continue to solicit the opinions and suggestions of stakeholders through diversified, transparent, honest and precise communication channels to support and empower the sustainability strategy of the Group.

Service-oriented Operations Management

Safety of expressways lies at the core of the Group's philosophy. We are committed to mitigating expressway safety risks through strict control measures. At the same time, supply chain management and anti-corruption are also important steps in maintaining our corporate brand and business ethics.

Enhance road management

The Group clearly defines the responsibilities of all parties and put in place emergency measures through a sound operations management system to improve road service quality while maintaining road safety.

Pay as you drive

In order to further improve efficiency, service level and the capacity of expressways, the two joint ventures are actively promoting the installation of ETC devices by expressway users and have increased the discount on vehicle toll charges from 2% to 5% for ETC Card users. During the reporting year, more than 200 additional ETC lanes were installed in the GS Superhighway and the GZ West Superhighway, to meet the growing demands for ETC systems.

In addition, staff of two joint ventures also promoted using of ETC to expressway users and assisted the installation of ETC device, enabling the users to enjoy convenient service.



Service-oriented Operations Management

Enhance service quality

The GS JV has formulated the Toll Collection Management Methods, which stipulates the focus of toll collection service for toll station operators, such as:

- Toll Management Department, Management Office and Toll Collection Stations should enhance the assessment and training for toll collectors;
- Toll collectors should have knowledge of the basic conditions of the area and surrounding traffics, and answer enquiries of drivers in a timely manner;
- Ensure that toll collection equipment is functioning properly and handle blockages caused by equipment failure; and
- When complaints occur, all units should respond rapidly through cooperation to minimise the negative impact and prevent the incident from worsening.

Traveller-friendly parking zones

The GS Superhighway Fuyong parking area was officially put into use during the reporting year. This parking area provides approximately 120 parking spaces, rest areas, lavatories, kiosks and car refueling service for expressway users. The establishment of the Fuyong parking area helps alleviate the pressure on Huanggang gas station in the Shenzhen section of the GS Superhighway. In addition, the public lavatories in the Fuyong parking area are designed considering the usage needs of pregnant women and the physically challenged, and are equipped with nursing rooms and specialised facilities for children and the physically challenged.



Service-oriented Operations Management

Cashless mobile payment lanes

In line with the general trend of non-cash transactions in the society, the GS Superhighway and the GZ West Superhighway have been equipped with “mobile payment” devices to facilitate users to pay the tolls by mobile apps such as WeChat and Alipay and smooth pass through the toll booths.



The GZ West JV also formulated the Operations Management Regulations to lay down the rules of service management, requiring toll collectors to conduct expressway card issuance and toll collection according to the “Five Elements” of service, and uncivilised language is strictly prohibited. In the event of tricky situations, the toll collectors should direct the driver away from the toll booths for further communication and to avoid congestion.

During the reporting year, the customer complaint rates of the GS Superhighway and the GZ West Superhighway were 0.00023% and 0.00006%, respectively (the complaint rate is calculated by dividing the number of complaints with the total annual traffic volume), which were mainly about service attitudes, toll disputes and construction. Relevant departments have contacted the complainants to verify their complaints and resolve the issue. In the future, the Group will continue to listen to the opinions and suggestions of drivers to enhance quality of service.

Service-oriented Operations Management

Maintain road safety

To mitigate the potential hazards of road safety incidents, the two joint ventures have formulated the Emergency Response Plan to regulate emergency management procedures for emergencies. To ensure that risks are dealt with in a timely manner, the two joint ventures have established emergency management leadership groups respectively to oversee various emergency response actions within the scope of operations. The group is headed by general manager and deputy general manager of either of the joint ventures, with heads of various departments serving as members. The main responsibilities of the emergency management leadership group are:

- Review various emergency plans and on-site handling plans;
- Activate or deactivate the emergency warning status, and assist government departments in emergency response;
- Arrange relevant personnel to contact government departments, such as public security department, environmental protection department or medical agencies, to ensure that emergency response can be carried out smoothly; and
- Prepare emergency management budgets and monitor its implementation.



During the reporting year, the GZ West JV received recognition from Safety Commission Office of Ministry of Transport for its safety performances in traffic system.

Service-oriented Operations Management

Protection of customer privacy

The Group ensures that all information of expressway users is used solely for operational management purposes. The GS JV and the GZ West JV have formulated the Confidentiality Management Measures and the File Management Procedures which require all employees to protect customer privacy. Sensitive data should be stored and saved in designated places. Confidential content including customer information must not be disclosed to third parties without permission.

The current business of the Group does not involve product labelling, product recall and advertising, therefore, no relevant policies were formulated. In the future, we will amend the relevant policy depending on the actual situation.

Supply chain management

The Group encourages all suppliers or contractors to take responsibilities for the environment and society, and clearly states the relevant requirements in the contractor contract to mitigate environmental and social risks in the supply chain, and we will also review and improve the management system in a timely manner in the future. During the reporting year, the two joint ventures have engaged over 100 approved contractors, suppliers and service providers in China.

Environment

- The contractor shall store and dispose of waste generated during the construction process in accordance with the provisions of the construction environmental protection measures plan;
- For dust pollution generated during the construction process, measures such as dust prevention equipment and sprinkler dust reduction shall be adopted; and
- For construction sites within 150 metres of residential areas, construction time should be strictly controlled to reduce the impact of noise on residents in surrounding areas.

Society

- Establish an anti-corruption system, set up an anti-corruption bulletin board, and provide a whistleblowing hotline to prevent any form of corruption; and
- All employees are prohibited from soliciting and receiving benefits from, or offering benefits to, any person except with the Group's prior special approval.

Service-oriented Operations Management

Prevention of corruption

We recognise that any form of corruption must be prohibited for healthy corporate development. The Company has formulated the Code of Conduct and the Whistleblowing Policy. The two joint ventures have managed the relevant behaviour with their Staff Handbook.

The Code of Conduct stipulates that offering and accepting any form of benefits, including but not limited to gifts, cash, loans and contracts, are prohibited among employees. In addition, the Company is committed to developing its business without conflict of interest. An employee should make a conflict of interest statement if he/she has any conflict of interests with the Group, including but not limited to interests related to partnership with suppliers or contractors.

In addition, in order to ensure that corruption can be reported in a timely manner, the Whistleblowing Policy stipulates that the Company encourages employees to report inappropriate behaviour to department heads by mail or letter. Depending on the severity of the incident, the Company will conduct internal investigations, or transfer the case to judicial authorities or external auditing institutions.

Employee-oriented Working Environment

The Group attaches importance to creating a fair, diverse and healthy working environment for employees, and is committed to creating a clear career development path for employees. To this end, the Company and the two joint ventures have formulated a series of human resources policies and measures to meet the needs of employees.

Enhance health and safety

The health and safety of employees is one of the priorities of the Group. We hope to reduce the occupational health risks of employees through sound policies and measures, as well as provide physical examination for all employees of the two joint ventures to ensure their health and safety. The two joint ventures have established their respective Operational Safety Committee to manage related matters and developed relevant management systems for different safety risks. For example, the Fire Safety Management Measures of the GS JV states that safety management department is responsible for daily work on fire safety, including drawing up work plans of fire safety, formulating fire emergency treatment plans and conducting promotion and training of fire safety, etc. Different departments organise regular fire safety inspections on a monthly basis within the scope of their management. On the other hand, the GZ West JV has also adopted Safe Operation Procedure for Specified Positions to clarify the safety requirements of its employees in their daily work.

In addition to ensuring a healthy and safe working environment for our employees, the mental health of employees is also our focus. The two joint ventures have organised various employee activities during the reporting year, such as fishing competitions, swimming competitions, singing competitions, and knowledge competitions, in the hope of helping employees to reduce pressure and achieve work-life balance.



Employee-oriented Working Environment

Provide development and training opportunities

The Group understands that improvement of employees’ work skills can help them broaden their future career path. To this end, the Company and the two joint ventures have respectively adopted Staff Handbooks to clarify the specific details of employee training. The main training activities during the reporting year are as follows:

	Bay Area Development	GS JV	GZ West JV
Training activities	<p>According to the nature of the job, employees have been arranged to participate in various functional trainings during the reporting year, such as highway reconstruction and expansion technology, highway management, taxation and risk management, etc., to enhance employees’ awareness of the latest developments in the industry and relevant regulatory requirements.</p>	<ul style="list-style-type: none"> ● During the reporting year, more than 300 employees participated in training on emotions and career management, helping employees better adapt to the new challenges that social changes pose to career development; and ● Organised new employees to participate in training activities focusing on the macro-political and economic situation, the development of the Greater Bay Area and team spirit; and ● Organised regular business training for road traffic personnel and arranged employees to attend on-the-job training courses conducted by professional instructors of the Technology Education Centre of the Guangdong Provincial Highway Administration; and ● Ten staff development training sessions were held during the reporting year, allowing nearly 300 general staffs to receive on-the-job training. 	<ul style="list-style-type: none"> ● Organised 49 employees to participate in the vocational skills competition of toll collectors during the reporting year to improve the employees’ working ability through the competition; and ● Organised grass-roots party organisation secretaries to participate in training activities on how to improve the organisational capability of grass-roots party organisations in the new situation; and ● Seven education activities for safety management employee were organised in the reporting year, with 36 employees receiving a total of 728 hours of training; and ● Over 50 senior managerial staffs and managerial staffs were arranged to attend a comprehensive management training course covering modern artificial intelligence and applications to enhance the staff ability.

Employee-oriented Working Environment

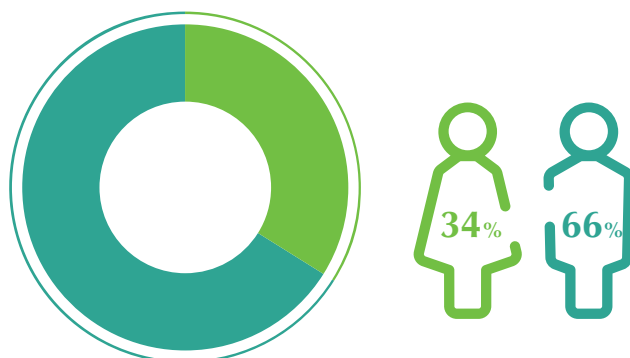
	Bay Area Development	GS JV	GZ West JV
Training resources planning	Employees may apply for position-related training costs twice a year, totalling HKD 1,000.	A certain amount of financial support is provided to employees participating in qualified training programs.	Employees participating in academic education will be reimbursed in accordance with relevant requirements for their benefits and expenses during the training period.
Performance review	The executive leadership will conduct annual performance evaluation activity with their subordinates as a consideration for their future promotion, transfer, training and salary decisions.	The performance evaluation is divided into two parts: monthly evaluation and annual evaluation. The evaluation rating is divided into four levels. If employees do not agree with the results of assessment, they may report to their superiors, personnel department or union organisation.	The performance appraisal work is divided into two forms: daily assessment and annual assessment, and adopts the graded assessment model.



Employee-oriented Working Environment

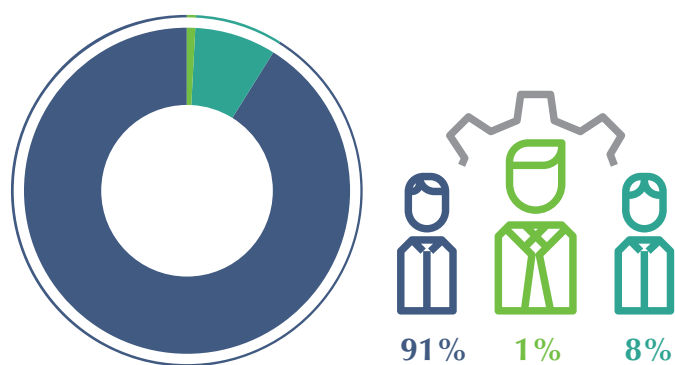
Over 1,360 employees of the Group received training during the reporting year and details of the distribution of employees trained are as follows:

The total number and percentage of employees trained by gender



■ 896, 66% Male ■ 469, 34% Female

The total number and percentage of employees trained by employee category



■ 1,247, 91% General staff ■ 102, 8% Managerial staff ■ 16, 1% Senior managerial staff

Employee-oriented Working Environment

Good employment environment

A good employment environment not only helps the Group attract high-quality talents, but also is an important prerequisite for safeguarding the rights and interests of employees. The Group has developed sound management systems in different areas of employment, including the Staff Handbook of the Company; the GS JV Staff Handbook and the Human Resources Management Procedure of the GS JV; and the GZ West JV Staff Handbook and the Overtime Work Management Rules of the GZ West JV. The system covers the following key areas:



Remuneration and dismissal

- The remuneration of employees of the Group consists of basic salary and year-end bonus. A remuneration assessment is also carried out at the beginning of each year.
- Employees will be dismissed immediately for any violations of laws and regulations.



Recruitment and promotion

- The two joint ventures will fill out application forms for personnel requirements based on their internal needs and submit the same to the Human Resources Department for approval and recruitment.
- The Company promises to consider internal employees first for any job vacancy and takes staff performance as an important criterion for promotion decisions.



Working hours

The Company implements a system of five working days a week. The two joint ventures implement a working system of eight hours a day and 40 hours a week, and adjustment will be made based on actual situations.

Employee-oriented Working Environment



Rest periods

The Group provides employees with leaves including annual leave, sick leave, maternity leave, wedding leave and funeral leave. In addition, the Company also provides jury holidays and exam leave for employees on this basis.



Equal opportunities and anti-discrimination

The Company is committed to providing employees with equal employment opportunities and eliminating discrimination in the workplace, including but not limited to the following factors: disability, marital status, age, family status, sexual orientation and race. If employees are treated unequally or discriminated against, they can lodge a complaint with the relevant department.



Diversity

The Group attaches importance to the diversity of employees. We arrange employees with different educational levels, professional disciplines and cultural backgrounds to meet the specific requirements of different positions.



Other welfare and benefits

The two joint ventures will provide employees with benefits such as night shift allowances, open-air allowances, high-temperature allowances, as well as dormitories based on actual conditions.



Prohibition of child labour

The Group promises that it will never hire minors under the age of sixteen. Any child labour will be dismissed immediately upon discovered.



Prohibition of forced labour

The Group does not encourage employees to work overtime. Employees who need to work overtime due to business needs should obtain approval from department heads or relevant departments. Overtime employees can be arranged for leave adjustment or receive overtime pay.

Environment-favoured Green Initiatives

Environmental sustainability is an important aspect of the Group's performance of corporate social responsibility. The Group has formulated the Sustainability Policy to avoid and reduce the risks and impacts of business operations on the environment. In addition, as the expressway operator, the two joint ventures have stipulated the environmental regulation of contractors in relevant construction contracts.

Emissions management

Our Sustainability Policy advocates reducing the impact of the operating process on the surrounding environment through effective emission reduction measures. In the construction contract with the contractor, the two joint ventures have added environmental requirements to prevent excessive wastewater, air emissions or waste during the construction process.

Air emissions

The air pollutants produced by the operations of the two joint ventures are sulphur oxides, nitrogen oxides and respirable suspended particulates, which are mainly produced by the combustion of fossil fuels in automobiles and kitchen appliances. Among them, the three types of air pollutants produced by the combustion of fossil fuels in vehicles account for more than 90% of their total emissions. For specific emission data, please refer to the section "Appendix: Key Performance Indicator Summary" of this report.

Greenhouse gas emissions

Greenhouse gas ("GHG") emissions is the major cause of the global climate change, and companies around the world have been establishing carbon reduction measures and targets. During the reporting year, we continued to conduct a carbon assessment to quantify the GHG emissions (or "carbon emissions") generated during our operation. The process of quantification references the guideline released by the National Development and Reform Commission of the PRC and international standards such as ISO14064-1 and the Greenhouse Gas Protocol.

During the reporting year, the total carbon emissions of the two joint ventures were approximately 26,058 tonnes of carbon dioxide equivalent, of which carbon emissions from the purchase of electricity from the grid accounted for approximately 89% of the total carbon emissions. Total carbon emissions increased by 7% compared with 2018⁷. It was mainly due to the increase in the use of purchased electricity. For detailed results of carbon emissions assessment, please refer to the section "Appendix: Key Performance Indicator Summary" of this report.

⁷ All 2018 data in this report is estimation by the sum of the data reported in the second half of 2018 and the half of the data reported in the 2017-18 report.

Environment-favoured Green Initiatives

Waste

During the reporting year, the operations of the two joint ventures produced a total of 17,105 tonnes of non-hazardous waste, mainly generated by expressway users, and have been sent to domestic waste treatment stations. The two joint ventures have increased the frequency of garbage collection and transportation and are committed to ensuring the cleanliness of the expressways. In addition, we actively carried out waste reduction promotion, calling on expressway users to reduce waste and create a good highway environment. Construction wastes generated by construction works were collected and transported by the construction unit for disposal. During the reporting year, the waste generated by the asphalt pavement maintenance works along the GS Superhighway was centrally stacked for collection and storage, and were transported to designated sites for treatment.

Use of resources

The Group attaches great importance to the use of resources in its daily operations, adheres to the effective use of various resources, and has formulated the principles of resource use through the Sustainability Policy and Staff Handbook, such as encouraging employees to use environmentally friendly paper and to save water and electricity.

Energy consumption

During the reporting year, the two joint ventures consumed a total of 48,395 MWh, indicating that electricity consumption was still the main source of energy consumption of the two joint ventures, accounting for 78.2% of the total consumption. Electricity consumption has increased compared to the past, mainly because of the addition and optimisation of operation equipment for the purpose of enhancing service quality, such as additional ETC lanes and equipment, gantry⁸ and streetlight power.

During the reporting year, the Group continued to reduce electricity consumption by using energy efficient surveillance cameras that rely on micro wind and solar power along the expressways. This initiative has demonstrated positive outcomes in terms of energy efficiency, which has strengthened the Group's confidence in choosing energy efficient and low carbon products in the future equipment configuration.

Consumption of raw materials

The raw material consumption of the Group is mainly used in the repair and maintenance projects of the two joint ventures. During the reporting year, there was an increase in the consumption of raw materials due to new construction projects for the provision of high-quality, safe and reliable expressway services.

⁸ This equipment is for real-time recording of expressway users' geo-coded information.

Environment-favoured Green Initiatives

The environment and natural resources

The operations of the expressways may incur risks that adversely affect the surrounding environment, such as leakage of dangerous chemicals and gas. To address this issue, the two joint ventures have formulated their Emergency Response Plans respectively, explaining the corresponding management measures and management systems.

Environmental risks	Response measures	Departments in charge
Hazardous chemicals leak	<ul style="list-style-type: none"> ● Immediately notify the local traffic police, fire protection, emergency and environmental protection departments after the leak is identified, and ask the leaders to implement the emergency plan; ● Conduct on-site maintenance and assist traffic police and fire departments to set up security alert zones; ● Organise relevant personnel to prepare for emergency supplies; and ● Announce information in real time through online platforms such as Guangdong Gaosutong. 	Road Property Management Department, Engineering Maintenance Department, Toll Management Department and Monitoring Centre
Gas leakage	<ul style="list-style-type: none"> ● Notify the relevant staff to take emergency measures, and notify the fire and emergency departments; ● Initiate an emergency response plan at the appropriate time as directed by the commanding department; and ● Conduct information collection and report to relevant departments. 	Monitoring Centre

In addition to establishing an internal environmental emergency response system, the two joint ventures also stipulated environmental-related requirements in construction contracts with different contractors. Such requirements include preventing construction activities from polluting nearby water sources while reducing damage to ground vegetation. In addition, all construction processes should follow the relevant requirements of the soil and water conservation plan, and carry out soil and water protection measures during and after the construction.

Community-based Inclusion Actions

Bay Area Development cares about the community, and actively supports the needs of the community and contributes to the community through organising and participating in various volunteer activities. In the meantime, we help volunteer team to grow constantly by providing trainings, developing the internal volunteer culture and strengthening the cohesion of volunteer teams. We coordinate and manage community investment related work within the framework put in place under the Sustainability Policy. Activities during the reporting year mainly include:

Promoting environmental protection across communities

The two joint ventures have carried out a number of environmental protection activities, including tree planting, community garbage cleaning, waste classification and promotion, to create a culture of caring for the environment. 53 representatives from the GS Superhighway Volunteer Team participated in the large-scale environmental protection promotion campaign “Civilised Dongguan Starts with Me”, and promoted the environmental protection initiatives of the city.



Raising public awareness on road safety

Road safety has always been one of our priorities. The volunteer team of the GS JV participated in a series of traffic safety information publicity activities to raise public road safety awareness. During the reporting year, in collaboration with the Traffic Police Department, the GS Superhighway Volunteer Team organised a series of “Safety Month” activities, such as traffic safety knowledge publicity and distribution of highway emergency guide in the Houjie Service Area (Northbound) of the GS Superhighway.



Community-based Inclusion Actions

Investment in education

During the reporting year, the GZ West JV arranged volunteers to teach at an elementary school in Yunfu to promote education in mountainous areas. Since 2007, the GZ West JV has served 15 schools by mobilising about 500 volunteers, benefiting about 6,000 students.



Elderly care

The GS Superhighway Volunteer Team visited the Dongshan Welfare Home in Yuexiu District of Guangzhou in March of the reporting year, extend their care to the elderly and bringing gifts such as scarfs and fruits. The volunteers from the GZ West JV also participated in a volunteer cleaning activity in Ronggui Retirement Home, clearing weeds in the garden and creating more pleasant activity space for the elderly.



Going forward, we will continue to interact with the community actively, learn more about their needs, with a view to developing more effective social investment guidelines and measures.

Appendix: General Disclosure

Emissions (A1 of the Guide)

Due to the nature of our business, some emissions were generated during our operations. Therefore, we have formulated the Sustainability Policy as a guidance document to coordinate the Group's emissions management. The two joint ventures will also add relevant provisions to limit emissions in their construction contracts with contractors. In relation to emissions, we abided by laws and regulations such as the Environmental Protection Law of the PRC, the Water Pollution Prevention and Control Law of the PRC and the Water Pollution Control Ordinance during operations. We were not aware of any cases of non-compliance with laws and regulations in relation to emissions during the reporting year. For more details, please refer to the section "Environment-favoured Green Initiatives".

Use of Resources (A2 of the Guide)

We encouraged the promotion of employees' awareness of resources conservation and waste reduction through the Sustainability Policy and the Staff Handbook. In addition, water resources consumed by the Group was mainly from municipal supply and there was no issue in sourcing water. For more details, please refer to the section "Environment-favoured Green Initiatives".

The Environment and Natural Resources (A3 of the Guide)

Both of the two joint ventures formulated the Emergency Response Plan, stipulating measures to adopt in the event of environmental emergencies, to reduce the impact of their operations on the surrounding environment and natural resources. For more details, please refer to the section "Environment-favoured Green Initiatives".

Employment (B1 of the Guide)

The Company has prepared the Staff Handbook; the two joint ventures have respectively formulated the GS JV Staff Handbook, the Human Resources Management Procedure, the GZ West JV Staff Handbook and the Overtime Work Management Rules to fulfil the Group's undertaking in protecting employee rights and interests. With regard to employment, the Group abided by laws and regulations such as the Labour Law of the PRC, the Labour Contract Law of the PRC and the Employment Ordinance. Besides, the Group was not aware of any cases of non-compliance with laws and regulations in relation to employment during the reporting year. For more details, please refer to the section "Employee-oriented Working Environment".

Appendix: General Disclosure

Health and Safety (B2 of the Guide)

The Group pursues the protection of employees' health and safety and the creation of a comfortable working environment. The two joint ventures have adopted systems such as the Fire Safety Management Measures and the Safe Operation Procedure for Specified Positions to regulate relevant management measures. During the reporting year, there were no work-related fatalities while ten work-related injuries were recorded. All cases were dealt with in accordance with relevant national regulations. Regarding health and safety, we abided by laws and regulations such as the Work Safety Law of the PRC, Law of the PRC on the Prevention and Treatment of Occupational Diseases and the Occupational Safety and Health Ordinance. During the reporting year, we were not aware of any cases of non-compliance with laws and regulations in relation to health and safety. For more details, please refer to the section "Employee-oriented Working Environment".

Development and Training (B3 of the Guide)

Regular training for employees is especially important to grasping working skills and broadening their career development. To this end, the Company and the two joint ventures formulated the Staff Handbook respectively to stipulate the management details in relation to employee training. During the reporting year, training content included leadership training, regional development awareness and career management. For more details, please refer to the section "Employee-oriented Working Environment".

Labour Standards (B4 of the Guide)

The Group strictly prohibits the use of child labour and forced labour. Identification documents of candidates will be verified before employment to ensure compliance with the Group's requirements. In addition, the Company and the two joint ventures also provide leave adjustment and overtime pay to employees who worked overtime, as stipulated in the Human Resources Management Procedure and the Staff Handbook. With regard to labour standards, the Group abided by relevant laws and regulations such as the Labour Law of the PRC, Law of the PRC on the Protection of Minors and the Employment Ordinance. During the reporting year, we were not aware of any cases of non-compliance with laws and regulations in relation to labour standards. For more details, please refer to the section "Employee-oriented Working Environment".

Supply Chain Management (B5 of the Guide)

The management of the supply chain is critical to the Group's maintenance of road safety and service quality. Therefore, we require all suppliers to properly manage their environmental and social risks, and explain and regulate them in the construction contract. For more details, please refer to the section "Service-oriented Operations Management".

Appendix: General Disclosure

Product Responsibility (B6 of the Guide)

Maintaining road safety, improving service quality and protecting customer privacy have always been our focus. The two joint ventures have separately formulated a number of management measures to enhance management effectiveness in different areas, such as the Toll Collection Management Methods, Emergency Response Plan, the Management Method on Confidentiality and File Management Procedure. In addition, all complaints received during the reporting year were handled, and the Group will seek to improve its operations. We abided by laws and regulations in relation to product responsibility such as the Highway Law of the PRC and the Regulation on the Administration of Toll Roads. During the reporting year, we were not aware of any cases of non-compliance with laws and regulations. The current business of the Group does not involve product labelling, product recall and advertising, therefore no relevant policies were formulated. For more details, please refer to the section “Service-oriented Operations Management”.

Anti-Corruption (B7 of the Guide)

The Group prohibits any form of corruption and manages its conduct through the Staff Handbook, the Code of Conduct and the Whistleblowing Policy. The Group abided by relevant laws and regulations in relation to anti-corruption, such as the Anti-Corruption and Anti-Bribery Law of the PRC and the Regulations of the PRC for Suppression of Corruption. During the reporting year, we were not aware of any cases of non-compliance with laws and regulations in relation to bribery, extortion, fraud and money laundering. For more details, please refer to the section “Service-oriented Operations Management”.

Community Investment (B8 of the Guide)

The Group formulated the Sustainability Policy to coordinate and manage community investment related works and support community development through volunteer activities, volunteer and community safety promotion. For more details, please refer to the section “Community-based Inclusion Actions”.

Appendix: Key Performance Indicator Summary

Environmental Performance

Indicator	Unit	GS JV		GZ West JV		Total	
		2019	2018 ⁹	2019	2018 ⁹	2019	2018 ⁹
Air emissions							
Nitrogen oxides	tonne	8.33	8.39	1.10	1.07	9.43	9.46
Sulphur oxides	tonne	0.17	0.19	0.03	0.04	0.20	0.23
Respiratory suspended particulates	tonne	0.40	0.34	0.05	0.05	0.45	0.39
GHG emissions							
Scope 1 Direct emissions	tonne of CO ₂ -e	1,704	1,721	1,278	994	2,982	2,715
Scope 2 Energy indirect emissions ¹⁰	tonne of CO ₂ -e	15,831	14,821	7,245	6,820	23,076	21,641
Total GHG emissions	tonne of CO ₂ -e	17,535	16,542	8,523	7,814	26,058	24,356
GHG emissions intensity (by length of expressway)	tonne of CO ₂ -e/km	N/A	N/A	N/A	N/A	118.1	110.4
Generation of hazardous and non-hazardous waste							
Total hazardous waste ¹¹	tonne	N/A	N/A	N/A	N/A	N/A	N/A
Hazardous waste intensity (by length of expressway)	tonne/km	N/A	N/A	N/A	N/A	N/A	N/A
Total non-hazardous waste	tonne	9,340	7,469	7,765	6,411	17,105	13,880
Non-hazardous waste intensity (by length of expressway)	tonne/km	N/A	N/A	N/A	N/A	77.5	62.9
Energy consumption							
Gasoline	kWh	2,914	2,823	2,659	2,457	5,573	5,280
Diesel	kWh	2,444	2,515	121	140	2,565	2,655
Natural gas	kWh	123	127	163	54	285	181
LPG	kWh	1,227	1,286	880	1,225	2,107	2,511
Purchased electricity	kWh	25,948	24,292	11,875	11,178	37,823	35,470
Electricity intensity (by length of expressway)	kWh/km	N/A	N/A	N/A	N/A	171.4	160.7
Renewable energy (solar and wind power)	kWh	N/A	N/A	42	41	42	41
Total energy consumption	kWh	32,656	31,043	15,740	15,095	48,395	46,138
Energy intensity (by length of expressway)	kWh/km	N/A	N/A	N/A	N/A	219.3	209.1
Water consumption							
Total water consumption	cubic meter	417,427	415,109	165,984	182,205	583,411	597,314
Water intensity (by length of expressway)	cubic metre/km	N/A	N/A	N/A	N/A	2,643.5	2,706.5
Total consumption of packaging materials¹²							
Use of materials							
Cement	tonne	20,275	6,878	983	1,603	21,258	8,481
Steel bar	tonne	3,009	1,104	68	199	3,077	1,303
Steel strand	tonne	122	80	N/A	N/A	122	80
Asphalt	cubic meter	7,233	21,588	3,323	182	10,556	21,770

⁹ As the Company announced in August 2018 its decision to change the financial year end date, all 2018 data in this report is estimation by the sum of the data reported in the second half of 2018 and the half of the data reported in the 2017-18 report.

¹⁰ During the reporting year, calculation of the GHG emissions of electricity has been changed to the national grid average emission factor. Therefore, indirect energy GHG emissions in the first half of 2018 have been re-estimated for consistent comparison.

¹¹ Generation of hazardous waste (electronic waste) was deemed insignificant, thus no quantitative data was collected for the reporting year. Meanwhile, all road projects during the reporting year were outsourced and construction waste generated was handled solely by the contractor. Therefore, relevant data was excluded from the reporting scope.

¹² The Group's business did not involve any use of packaging materials.

Appendix: Key Performance Indicator Summary

Social Performance

Indicator	Unit	GS JV	GZ West JV	Hong Kong Office
Total workforce	Number	2,062	1,060	18
By gender	Number (ratio)			
Female		768 (37.2%)	443 (41.8%)	11 (61.1%)
Male		1,294 (62.8%)	617 (58.2%)	7 (38.9%)
By age group	Number (ratio)			
Below 30		936 (45.4%)	690 (65.1%)	1 (5.6%)
30–50		1,025 (49.7%)	339 (32.0%)	13 (72.2%)
Above 50		101 (4.9%)	31 (2.9%)	4 (22.2%)
By employee category	Number (ratio)			
Senior managerial staff		8 (0.4%)	6 (0.6%)	3 (16.7%)
Managerial staff		23 (1.1%)	89 (8.4%)	4 (22.2%)
General staff		2,031 (98.5%)	965 (91.0%)	11 (61.1%)
Ethnic minority	Number (ratio)	53 (2.6%)	22 (2.1%)	0 (0%)
Governance organisation				
By gender	Number			
Female		1	0	0
Male		7	6	3
By age group	Number			
Below 30		0	0	0
30–50		4	3	2
Above 50		4	3	1
Labour practice				
Percentage of employees protected by collective bargaining agreement	Ratio	100%	100%	100%
Minimum notice period(s) regarding significant operational changes, and whether it is specified in collective agreements	Period	One month	One month	One month
Total employee turnover¹³				
By gender	Number (ratio)			
Female		128 (6.2%)	108 (10.2%)	2 (11.1%)
Male		229 (11.1%)	123 (11.6%)	5 (27.8%)
By age group	Number (ratio)			
Below 30		280 (13.6%)	197 (18.6%)	2 (11.1%)
30–50		64 (3.1%)	31 (2.9%)	4 (22.2%)
Above 50		13 (0.6%)	3 (0.3%)	1 (5.6%)
Number and percentage	Number (ratio)	357 (17.3%)	231 (21.8%)	7 (38.9%)
Total new hires¹⁴				
By gender	Number (ratio)			
Female		28 (1.3%)	61 (5.8%)	4 (22.2%)
Male		57 (2.8%)	79 (7.5%)	1 (5.6%)
Number and percentage	Number (ratio)	85 (4.1%)	140 (13.2%)	5 (27.8%)
Occupational safety and health performance				
Number and percentage of work-related fatalities	Number (ratio)	0 (0%)	0 (0%)	0 (0%)
Number and rate of work-related injury per 100 employees	Number (ratio)	7 (0.3)	3 (0.3)	0 (0)
By gender	Number			
Female		3	0	0
Male		4	3	0
Lost workdays due to work-related injury	Day	345	146	0
Employees trained and training hours				
By gender	Number (average hours) ¹⁵			
Female		356 (12.1)	104 (37.5)	9 (24.0)
Male		679 (15.3)	212 (57.0)	5 (45.7)
By employee category	Number (average hours) ¹⁵			
Senior managerial staff		7 (43.0)	6 (408.0)	3 (40.0)
Managerial staff		22 (26.1)	76 (140.7)	4 (71.0)
General staff		1,006 (13.9)	234 (38.2)	7 (16.4)
Percentage of employees who received regular performance review	Ratio	100%	100%	100%
Customer complaints				
Number of customer complaints	Case	492	26	0
Customer complaint rate	Ratio	0.0002%	0.00003%	0

¹³ The employee turnover rate is calculated by dividing the total number of employees who left the company voluntarily or because of dismissal, retirement or work-related fatality by the total number of employees in the reporting year.

¹⁴ New hire rate is calculated by dividing the number of new hires in a category by the total workforce in the reporting year.

¹⁵ Average training hours is calculated by the dividing the total hours of training received by a category over the number of employees of the category.

Appendix: Report Content Index

Material Aspect	Content	Page Index/Remarks
A. Environmental		
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	27, 32
A1.1	The types of emissions and respective emissions data.	27, 35
A1.2	Greenhouse gas emissions in total and intensity.	27, 35
A1.3	Total hazardous waste produced and intensity.	35; not applicable
A1.4	Total non-hazardous waste produced and intensity.	28, 35
A1.5	Description of measures to mitigate emissions and results achieved.	27
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	28
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	28, 32
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	28, 35
A2.2	Water consumption in total and intensity.	35
A2.3	Description of energy use efficiency initiatives and results achieved.	28
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	32
A2.5	Total packaging material used for finished products with reference to per unit produced.	35; the Group's operation does not involve packaging materials of finished products.

Appendix: Report Content Index

Material Aspect	Content	Page Index/Remarks
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	29, 32
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	29
B. Social		
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	25-26, 32
B1.1	Total workforce by gender, employment type, age group and geographical region.	36
B1.2	Employee turnover rate by gender, age group and geographical region.	36
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	21, 33
B2.1	Number and rate of work-related fatalities.	33, 36
B2.2	Lost days due to work injury.	36
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	21

Appendix: Report Content Index

Material Aspect	Content	Page Index/Remarks
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	22-23, 33
B3.1	The percentage of employees trained by gender and employee category.	24, 36
B3.2	The average training hours completed per employee by gender and employee category.	36
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	25, 33
B4.1	Description of measures to review employment practices to avoid child and forced labour.	26
B4.2	Description of steps taken to eliminate such practices when discovered.	26
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	19, 33
B5.1	Number of suppliers by geographical region.	19
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	19

Appendix: Report Content Index

Material Aspect	Content	Page Index/Remarks
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	15-19, 34
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Group's operations did not involve product sales or shipping.
B6.2	Number of products and service related complaints received and how they are dealt with.	17, 36
B6.3	Description of practices relating to observing and protecting intellectual property rights.	The Group's operations did not involve production or sales. Therefore, this KPI is not relevant.
B6.4	Description of quality assurance process and recall procedures.	The Group's operations did not involve product recall.
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	19
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	20, 34
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting year and the outcomes of the cases.	34
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	20
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	30, 34
B8.1	Focus areas of contribution.	30
B8.2	Resources contributed to the focus area.	30-31



Verification Statement

Scope and Objective

Hong Kong Quality Assurance Agency (“HKQAA”) has been commissioned by Shenzhen Investment Holdings Bay Area Development Company Limited (“Bay Area Development”) to undertake an independent verification for its Sustainability Report 2019 (“the Report”). The scope of this verification covers the sustainability performance data and information of Bay Area Development’s business in Hong Kong SAR and Mainland China for the period of 1st January 2019 to 31st December 2019, as defined in the Report. This is the 9th Report that Bay Area Development published to communicate its commitments, efforts and progress of performance towards sustainability.

The Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (“ESG Guide”) of Hong Kong Exchanges and Clearing Limited. The aim of this verification is to provide a reasonable assurance on the completeness and accuracy of the report contents.

Level of Assurance and Methodology

HKQAA’s verification procedure was designed for devising opinions and conclusions to obtain a reasonable level of assurance. The extent of this verification process undertaken covered the criteria set in the ESG Guide.

The verification process included verifying the systems and processes implemented for collecting, collating and reporting the sustainability performance data, reviewing relevant documentation, interviewing responsible personnel with accountability for preparing the reporting contents and verifying selected representative sample of data and information. Raw data and supporting evidence of the selected samples were also thoroughly examined during the verification process.

Independence

Bay Area Development was responsible for the collection and preparation of the information presented. HKQAA did not involve in calculating and compiling the reporting data, or the content development of the Report. Our verification activities were entirely independent from Bay Area Development.

Conclusion

Based on the verification results and in accordance with the verification procedures undertaken, HKQAA has obtained reasonable assurance and is in the opinion that:

- The Report has been prepared in accordance with the ESG Guide. The key performance indicators specified in the ESG Reporting Guide has been adequately addressed;
- The systems and processes used by Bay Area Development for managing and reporting sustainability performance information are effective;
- The Report illustrates the sustainability performance of Bay Area Development’s material topics in a balanced, comparable, clear and timely manner; and
- The data and information disclosed in the Report are reliable, accurate and complete.

Bay Area Development has established effective mechanism to proactively engage with its stakeholders. Feedbacks from stakeholders were taken into account seriously for incorporating into the company’s sustainability strategies and for preparing the report contents. Bay Area Development has also been responsive to stakeholder concerns and expectations with a number of examples shown in the Report.

In conclusion, the Report reflects truthfully the sustainability commitments, policies and performance of Bay Area Development and discloses transparently the sustainability performance of the company that is commensurate with its sustainability context and materiality.

Signed on behalf of Hong Kong Quality Assurance Agency

Jorine Tam
Director, Corporate Business
April 2020

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

2019 SUSTAINABILITY REPORT

www.sihbay.com

