

山高控股集團有限公司

Shandong Hi-Speed Holdings Group Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 00412

2022

Environmental,
Social and Governance
Report



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About the Report

This report (the “Report”) is a true reflection of Shandong Hi-Speed Holdings Group Limited’s proactive approach in fulfilling its environmental, social and governance (“ESG”) responsibilities and achieving comprehensive and coordinated sustainable development. This Report covers the Group’s ESG policies, initiatives and performance. The forward-looking descriptions of business plans and development strategies set out in the Report do not constitute actual commitments by the Company to investors.

• Reporting Period

The time limit for the contents of this Report is from 1 January to 31 December 2022 (the “Reporting Period”), and some of the contents go beyond above-mentioned range.

• Reporting Specification

For the convenience of presentation and readability, Shandong Hi-Speed Holdings Group Limited and its subsidiaries are referred to as “SDHG”, the “Company”, “we” or the “Group” respectively in the Report.

• Reporting Scope

The reporting scope is determined by the management of the Group, taking consideration of the Group’s resource allocation and status of operations of different segments, which includes subsidiaries actually operated by the Group, including the Group’s business operations in Hong Kong, Mainland China and Singapore. During the Reporting Period, the Group completed the acquisition of shares of Beijing Enterprises Clean Energy Group Limited (“BECE”) (now renamed as “Shandong Hi-Speed New Energy Group Limited”) (“SHNE”), a Hong Kong-listed company (01250.HK), and this Report will include relevant ESG data of SHNE.

• Sources of Information

All information and data obtained from the Company’s official documents, statistical and financial reports, as well as environmental, social and governance information compiled, aggregated and audited by the Company. The Chinese version shall always prevail in case of any discrepancy or inconsistency between the English version and the Chinese version.

• Basis of Preparation

The Report is prepared in accordance with Appendix 27 Environmental, Social and Governance Reporting Guide of the Main Board Listing Rules issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Group attaches importance to materiality, quantitative, balance and consistency during the preparation of the Report, and strictly complies with the mandatory disclosure requirements and “comply or explain” provisions in the Environmental, Social and Governance Reporting Guide, fully demonstrating the Group’s ESG efforts and achievements during the Reporting Period to all stakeholders. The reporting principles covered in the Report are detailed as follows:

Materiality principle: In accordance with the requirements of the Environmental, Social and Governance Reporting Guidelines of the Stock Exchange and other relevant principles, SDHG has combined the concerns of the capital market to the sustainable development of the Company with various forms of communication and exchanges with various stakeholders and conducted benchmarking analysis on the issues disclosed in the reports of peer companies to identify and screen out issues of materiality relevant to SDHG. Materiality of different material issues has been reviewed and confirmed by the Board and senior management.

Quantitative principle: SDHG has established a standardised ESG Indicator Management tool to compile quantitative key disclosure indicators for all “environmental” areas and certain “social” areas of the ESG reporting guidelines on a regular basis and to summarize them during the year to form this Report for external disclosure. The quantitative ESG information is detailed in the sections of this Report.

Balance principle: This Report has presented SDHG’s 2022 ESG performance in an objective and fair manner, avoiding choices, omissions, and presentation formats that may inappropriately affect the decision-making or judgment of report readers as much as possible.

Consistency principle: There are newly added ESG data from SHNE to the scope of disclosure in this Report compared to previous sustainability reports, and a consistent approach to disclosure statistics has been used, with further refinements to the categories of disclosure corresponding to certain ESG reporting guidelines of the Stock Exchange.

• Access to the Report

The Report is available in an electronic version. The electronic version of the Report can be viewed and downloaded from the Company’s website (www.sdhg.com.hk) and the HKEXnews website of the Stock Exchange (www.hkexnews.hk).

Chairman's Statement

2022 is an extraordinary year as the 20th Party Congress was successfully convened, which outlined a grand blueprint for the comprehensive construction of a modernized socialist country and the comprehensive promotion of the great rejuvenation of the Chinese nation through Chinese modernization, and clarified the national mission of high-quality development. Looking around the world, the epidemic is still severe, climate change is intensifying, the international situation is volatile and foreign central banks are forced to raise interest rates. At a time when the economy, society and the natural environment are facing many challenges, high-quality sustainable development is still a common expectation of both domestic and international societies.

A new outlook on green energy and a new chapter of industrial investment. In 2022, in the face of the global economic downturn and capital market fluctuations, SDHG has set the strategic transformation target of building an outstanding industrial investment group, seized the development opportunity of the “dual carbon economy”, launched precise industrial investment, focused on promoting industrial solidity, refined governance, fine management and improved operational efficiency, and accelerated the realization of high-quality transformational development. In May, through the completion of the acquisition of BECE (renamed as SHNE), we made a high start and quickly entered the new energy industry, achieving a breakthrough from 0 to 1 in our strategic transformation. In November, SDHG was accredited with an A- credit rating by Fitch Ratings, one of the top three international rating agencies, making it the first overseas subsidiary of a provincial enterprise to receive an A rating, signifying that the strategic transformation of the Company has achieved significant results and has been fully recognized by the market.

We adhere to the risk and compliance line and operate with integrity and stability. In the course of our business operations, we strictly comply with the laws and regulations of the country and other jurisdictions in which we operate, and adhere to the bottom line of risk compliance and ensure high-quality business development through dynamic and continuous optimization of our existing system guidelines. We uphold the highest standards of integrity and professional ethics, value the security of our clients' information and intellectual property rights, with zero tolerance for bribery and corruption in any form.

Social responsibility is practiced during the course of our business, and green office promotes company operations. As we develop our business, we are also committed to serving the community and fulfilling our social responsibilities as a corporate citizen. We are fully aware of the growing importance and impact of sustainable development on our business. As a result, we continue to strengthen our ESG management and actively engage with our shareholders, customers, employees, partners and other stakeholders to understand their aspirations and expectations. We work closely with our stakeholders to identify and address the risks and opportunities associated with sustainable development, with a view to working with all parties to achieve our sustainability goals. We are committed to interpreting the concept of green environmental protection in action, actively promoting green offices and making every effort to reduce energy and resource consumption and greenhouse gas emissions associated with our business activities, thereby contributing to the fight against climate change.

In the future, SDHG will adhere to the strategic transformation objective of “becoming a respected industrial investment holding group”, give full play to its advantages of “industry-financing combination + cross-border linkage”, continue to enhance its “investment + investment management” capabilities, build a green and environmental protection industry ecosystem driven by the national “double carbon” target, plough deep into the green and low-carbon industry sector, enhance long-term sustainable value and create substantial returns for shareholders.

Board Statement

The Board of SDHG highly recognises the importance of sustainable development and ESG management to the long-term stability of the Company. The Board, the highest decision-making body, is not only responsible for the management of the entire business of the Group and leading the development of the Company, but also fully responsible for ESG-related matters such as sustainable development strategy and ESG reporting of the Group. Each of the Board's members has extensive knowledge and experience in a wide range of professional areas including accounting, finance and business management. Making use of their professional skills and expertise, the Board's members regularly review the Group's sustainability strategy, objectives and risk, review the progress in achieving ESG objectives, monitor ESG-related issues that may affect the Company's business or operations, shareholders and other stakeholders, monitor ESG commitments and performance on key issues, achieve more independent, efficient and professional Board ESG management, ensure the integration of ESG concepts with the Company's policies, and explore a new model of sustainable development that integrates ESG with the Company's business.

The Board has set up an ESG taskforce (the “Taskforce”). The Taskforce comprises of core supervisors from different departments who assist the Board in supervising ESG matters. The Taskforce is responsible for collecting and analysing ESG data, monitoring and evaluating the Group's ESG performances, following up and reviewing the progress toward the Group's ESG-related targets, ensuring compliance with ESG-related laws and regulations, assisting in conducting materiality assessment, and preparing ESG reports. Based on the socio-economic macro environment and the Company's development strategy, the Taskforce regularly conducts assessments on important ESG issues and reports to the Board for review. The Board discusses and determines the Company's ESG risks and opportunities, takes the management and enhancement of key issues as ESG key tasks, and incorporates into the Company's overall strategy for consideration, and supervises issue management and performance. In 2022, the Company has initially identified the risks and opportunities arising from climate change and will continue to strengthen its capacity to manage climate risks and opportunities and actively address them.

Under the leadership of the Board, SDHG has determined the strategic transformation policy of “professionalization, concentration, marketization, and institutionalization”, and is committed to taking the sustainable development strategy as an important part of the strategic transformation policy and effectively integrating it into the Company's daily operation and development. Focusing on the ESG strategic policy, the Company clarifies the ESG work responsibilities of each level and each unit. With the support of the Company's main business and combining with regulatory requirements, we set ESG action targets and enhancements by combining regulatory requirements, industry characteristics and operation reality to gradually form an ESG management organization system with clear responsibilities and efficient operation to jointly promote the achievement of strategic objectives. In 2022, the Company has set environmental targets which cover areas such as emissions reduction, waste management and resource conservation, and the Board reviews and monitors progress towards the achievement of the ESG targets of SDHG.

This Report provides detailed disclosure on the progress and effectiveness of SDHG's ESG efforts in 2022, which is reviewed and approved by the Board.

About Us

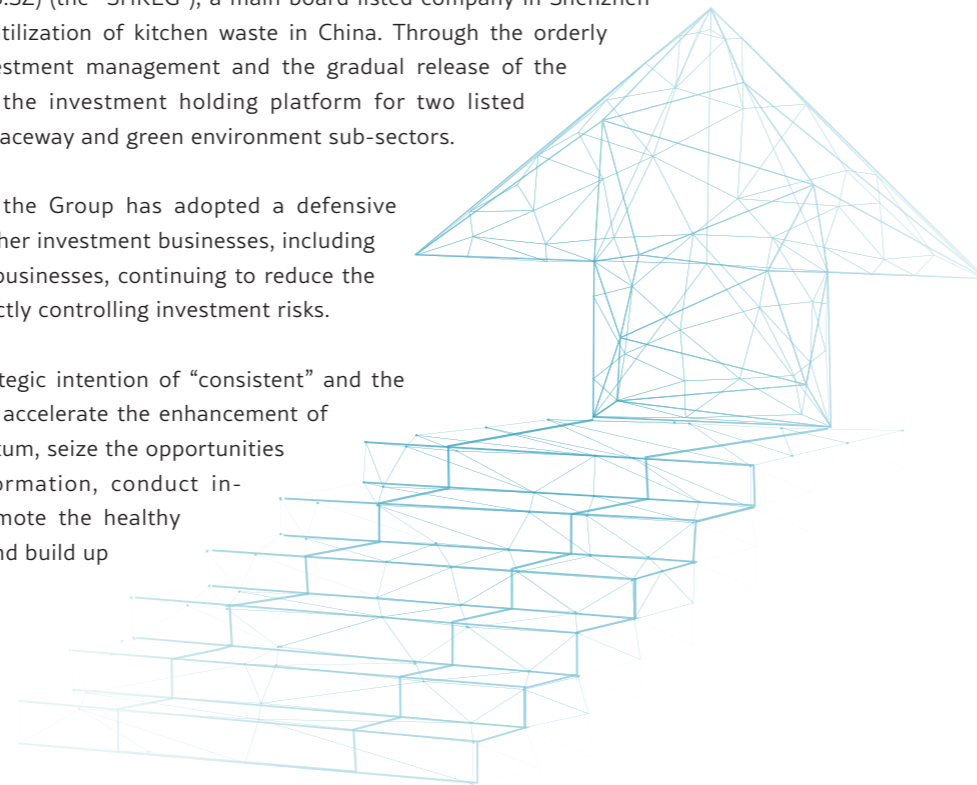
About SDHG

Shandong Hi-Speed Holdings Group Limited (00412.HK) is an important overseas investment, financing and industrial holding platform of Shandong Hi-Speed Group Co., Ltd. ("Shandong Hi-Speed Group" or "SDHS"). The Company is mainly engaged in industrial investment, standardized investment, non-standard investment and licensed financial services business. The Company is licensed by the Securities and Futures Commission of Hong Kong to carry on Type 1, 4, 5, 6 and 9 regulated activities and holds a Qualified Foreign Limited Partner (QFLP) license, financial leasing, factoring and other licenses, empowering industrial development through domestic and international linkages and flexible use of diversified investment tools. As of the end of 2022, the Company has total assets of HK\$68.96 billion and owns two listed companies, SHNE (01250.HK) and SHREG (000803.SZ). The Company's international primary rating is A- (Fitch).

The Group takes "professionalization, concentration, marketisation, and institutionalization" as its strategic transformation approach, focusing on strategic emerging industries such as new energy and new technology, and selecting investment targets with good growth potential and strategic and industrial synergies with the controlling shareholder's business, continuing to steadily increase the proportion of industrial investments, vertical layout of upstream and downstream enterprises in the industry chain to enhance industry chain synergy and to achieve a positive circle of self-development. In May 2022, the Group completed the acquisitions of BECE (renamed as SHNE), a Hong Kong-listed company, to make a high start in the new energy industry. Leveraging on the rich resources of Shandong Hi-Speed Group, its controlling shareholder, SDHG has promoted the development of a high-quality integrated infrastructure network and energy network, and is committed to building SHNE into a leading enterprise in the industry. Through its holding in SHNE, the Company has also indirectly become the largest single shareholder of Shandong Hi-Speed Renewable Energy Group Co. Ltd (000803.SZ) (the "SHREG"), a main board listed company in Shenzhen Stock Exchange that focuses on the resource utilization of kitchen waste in China. Through the orderly advancement of industrial investment and investment management and the gradual release of the empowerment effect, the Group has become the investment holding platform for two listed companies that actually control the new energy raceway and green environment sub-sectors.


Apart from increasing industrial investments, the Group has adopted a defensive management strategy and prudently launched other investment businesses, including significantly reducing non-standard investment businesses, continuing to reduce the scale of standard investment businesses and strictly controlling investment risks.

Looking ahead, the Group will maintain its strategic intention of "consistent" and the strategic flexibility of "changing with the times", accelerate the enhancement of "investment + investment management" momentum, seize the opportunities of green and low-carbon and digital transformation, conduct in-depth research and analysis, and steadily promote the healthy development of industrial investment business and build up the brand of industrial investment experts.





Annual Highlight Performance



In terms of the overall business and social responsibility, the Company won a number of authoritative awards and honours in the industry, demonstrating the market's recognition of the Company's investment value and philosophy, as well as a high degree of recognition in corporate governance, compliance control, brand value and other areas. During the Reporting Period, we mainly obtained the following honours:



SDHG was accredited with an A- credit rating by Fitch Ratings, making it the first overseas subsidiary of a provincially managed enterprise in Shandong Province to receive an A rating.

Sustainable Fitch has assigned SDHG an ESG entity rating of "2" (on a scale from "1" to "5", where "1" is the strongest). This rating is the highest ESG entity rating currently assigned by Sustainable Fitch in Asia Pacific.

The Company was awarded the "Outstanding Issuer" and "Outstanding Issuer - ESG Category" at the "2022 International Bond Annual Conference of Guangdong-Hong Kong-Macau Greater Bay Area and 'Golden Duration' (金久期) Offshore Bond Summit" organised by Duration Finance.




The Company was awarded the "Listed Company Awards of Excellence 2022" under the main board category by Hong Kong Economic Journal.



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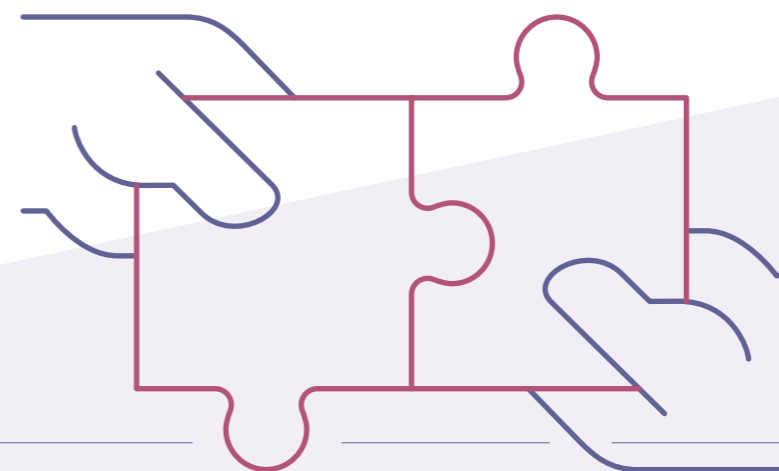
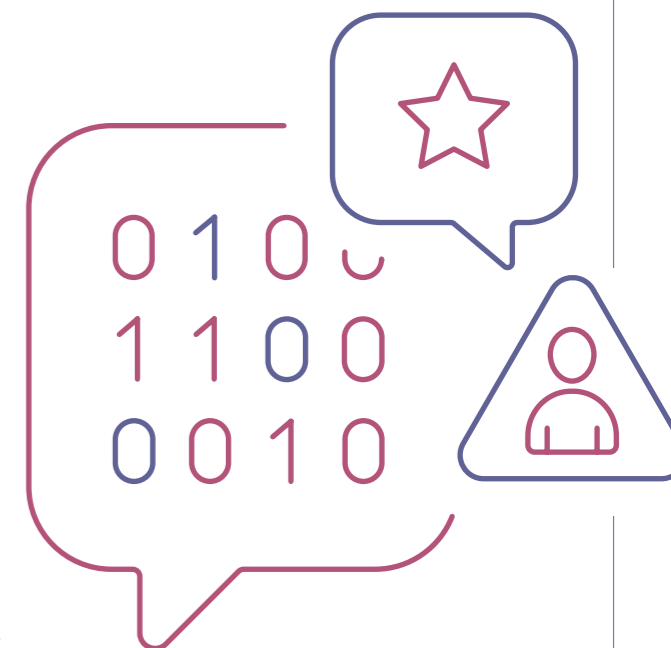
Responsible Governance

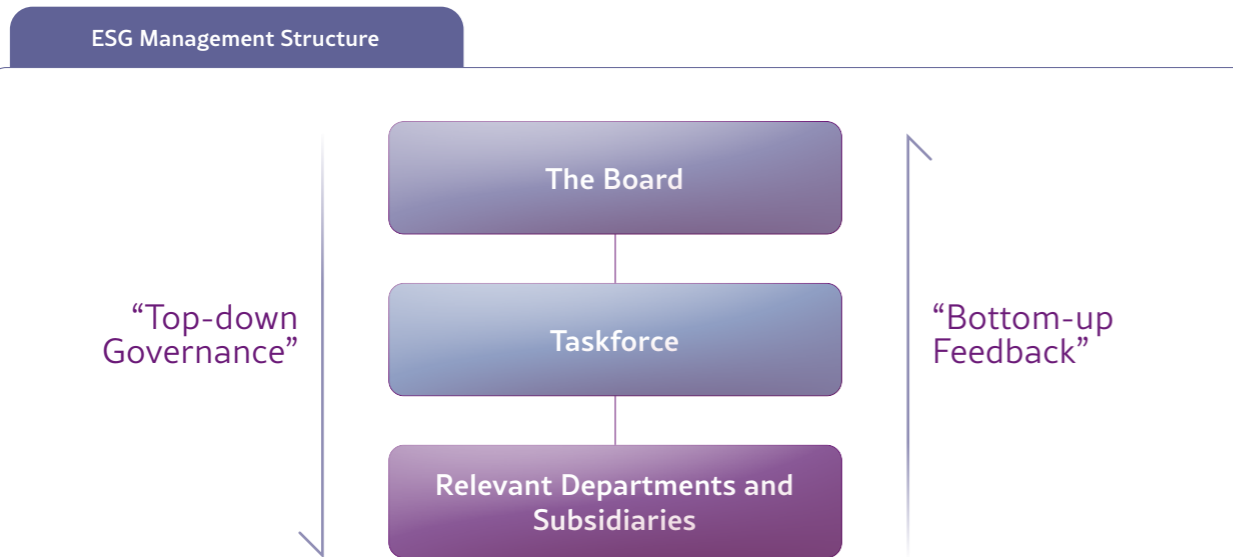
SDHG regards responsible governance as the cornerstone of sustainable development. We have taken our corporate responsibility seriously, and have explored a path of sustainable development with the characteristics of SDHG by focusing on the needs of relevant parties and improving corporate governance standards, as well as by solidly promoting the construction of a comprehensive risk management system and fulfilling the requirements of business compliance.

1.1 ESG Management

We have fully integrated ESG factors into corporate governance, established and improved the Company's ESG management structure, and continued to enhance our ESG management standards. As the highest decision-making body of the Company, the Board is responsible for regularly reviewing and overseeing the Company's ESG strategies, objectives, progress, as well as the implementation of ESG practices, and assumes full responsibility for ESG-related matters, with its members possessing extensive knowledge and experience in accounting, finance and business management. The Company organised two ESG training sessions for the Board during the Reporting Period to enhance the ESG expertise of the Board members and further improve the science and compliance of their decision-making.

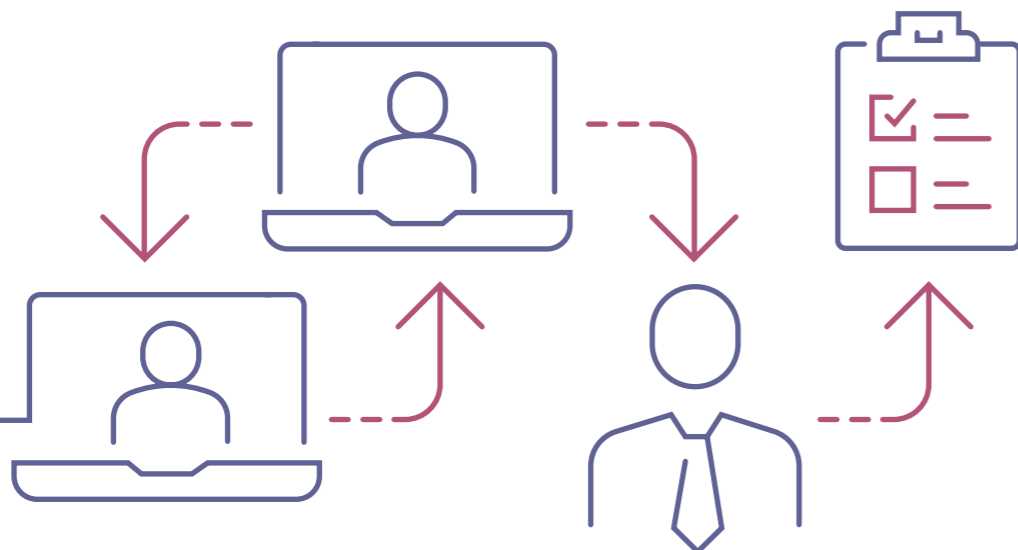
The Board has set up an ESG taskforce (the "Taskforce") as the executive body for ESG tasks. The Chief Operating Officer of the Company serves as the chairman of the Taskforce, and core members from all relevant departments serve as members of the Taskforce to systematically manage ESG issues and assist in overseeing ESG matters under the authority of the Board. On a day-to-day basis, the Taskforce is responsible for collecting and analysing ESG information, assessing the Company's ESG performance, following up and reviewing the progress of ESG-related objectives, assisting in the commencement of materiality assessment and preparation of ESG reports. The Taskforce will arrange regular meetings to evaluate the effectiveness of the existing policies and procedures, formulate appropriate solutions and work with all relevant departments to complete ESG-related work, so as to jointly ensure the effective implementation of ESG tasks. The Taskforce is required to report to the Board in a timely manner regarding the progress of each ESG-related task, the Company's ESG performance and the progress of achieving the relevant objectives, and to make relevant recommendations to seek further room for improvement in the sustainable development of the Company.





The Company has adopted a *Board Diversity Policy* and regularly reviews the structure, size, composition and diversity of the Board on an annual basis. The Company added a new female director in 2022, giving the Board female representation. The Board will be committed to stakeholder expectations and international and local recommended best practices to progressively achieve an appropriate balance of gender diversity.

The Company attaches great importance to communication with its stakeholders, establishes and improves various communication channels according to their concerns, maintains close contact with key stakeholders such as government and regulatory authorities, investors and shareholders, customers, employees, partners and the community, understands and actively responds to their expectations and aspirations in a timely manner, deepens the Company's ESG practices and continuously improves its ESG management standards.

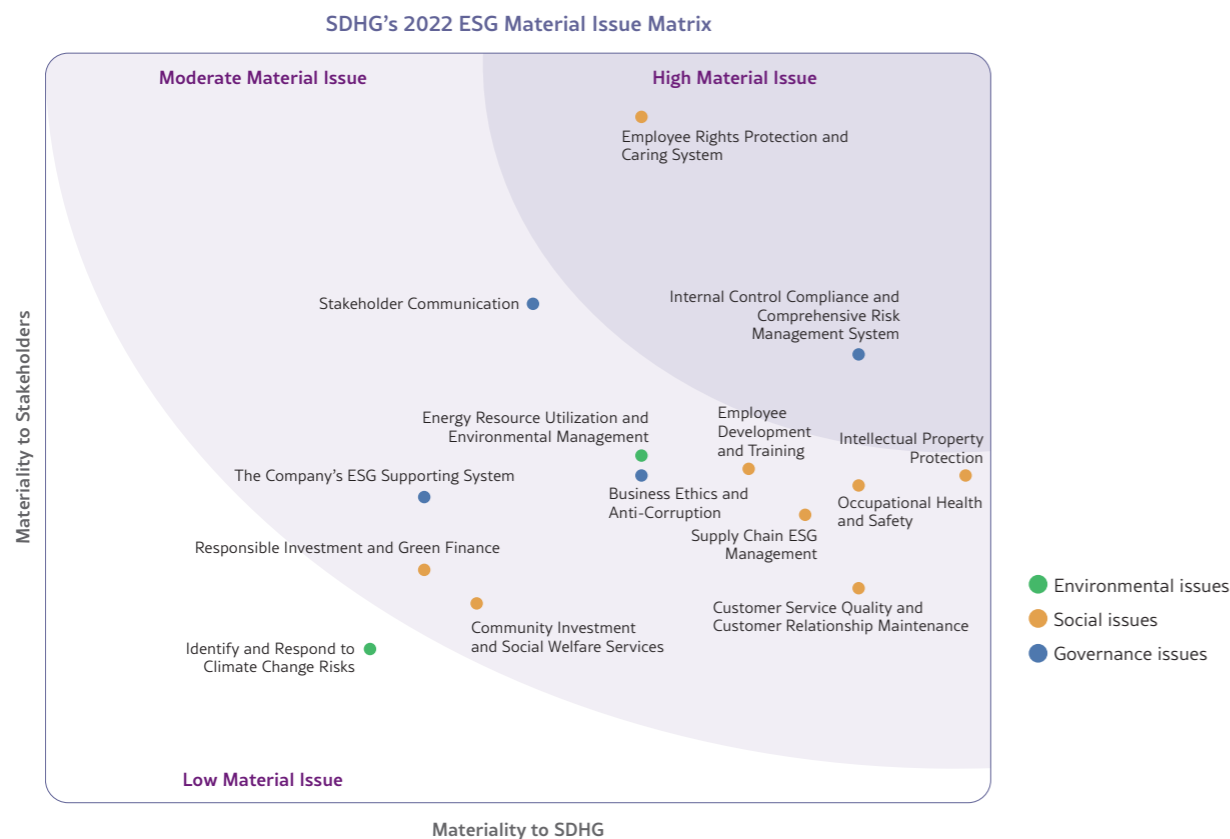


Stakeholders	Main Concern	Main Engagement Channel
Government/ Regulatory Authorities	Comply with the law Respond to national policies Economic and social Impact Anti-corruption	Corporate announcements Financial reports and press releases Institutional visits Regular visits and communications
Shareholders/Investors	Corporate governance ESG governance Economic performance and market performance Investment returns and growth Disclosure	Investor conferences and roadshows General meetings Corporate announcements Financial reports and press releases ESG reports Regular visits and communications
Customers	Customer service Demand response Management service	Daily communications Company website Feedback from frontline employees After-sales services and complaints Customer activities
Employees	Legal rights of employees Compensation and benefits Development and training Health and safety	Feedback from training workshops Collection of employees' opinions Internal management systems Employee activities
Partners	Business ethics and anti-corruption Economic performance and market performance Customer relationship management Building long term relationships	Cooperative negotiation Assessments and surveys Daily business communications and visits
Community Groups	Economic and social impact Supporting the community	Support charity organisations in relevant fields

In 2022, based on the actual business practice, combined with the national policy direction, and with reference to the compliance guidelines of the Stock Exchange, the ESG rating system of the capital market and the best practices of the investment holding industry, we initially identified ESG issues related to the Company and conducted a stakeholder survey to further screen and evaluate ESG materiality issues and implement issue management and practice. A total of 73 valid questionnaires were collected during the Reporting Period. Based on the survey results, a matrix of materiality issues was formed and the Board of the Company made a final determination on the assessment results to ensure that the issues were reasonable and compliant.

During the Reporting Period, a total of 14 material issues were identified and relevant disclosures were made in this Report in a targeted manner to address stakeholder expectations.

Matrix of Material Issues



Materiality	Material Issues	Scope
High Material Issues	Internal Control Compliance and Comprehensive Risk Management System	Governance
	Employee Right Protection and Caring System	Social
Moderate Material Issues	Intellectual Property Protection	Social
	Occupational Health and Safety	Social
	Employee Development and Training	Social
	Supply Chain ESG Management	Social
	Customer Service Quality and Customer Relationship Maintenance	Social
	Stakeholder Communication	Governance
	Energy Resource Utilization and Environmental Management	Environment
	Business Ethics and Anti-Corruption	Governance
	The Company's ESG Supporting System	Governance
	Responsible Investment and Green Finance	Social
Community Investment and Social Welfare Services	Social	
Low Material Issues	Identify and Respond to Climate Change Risks	Environment

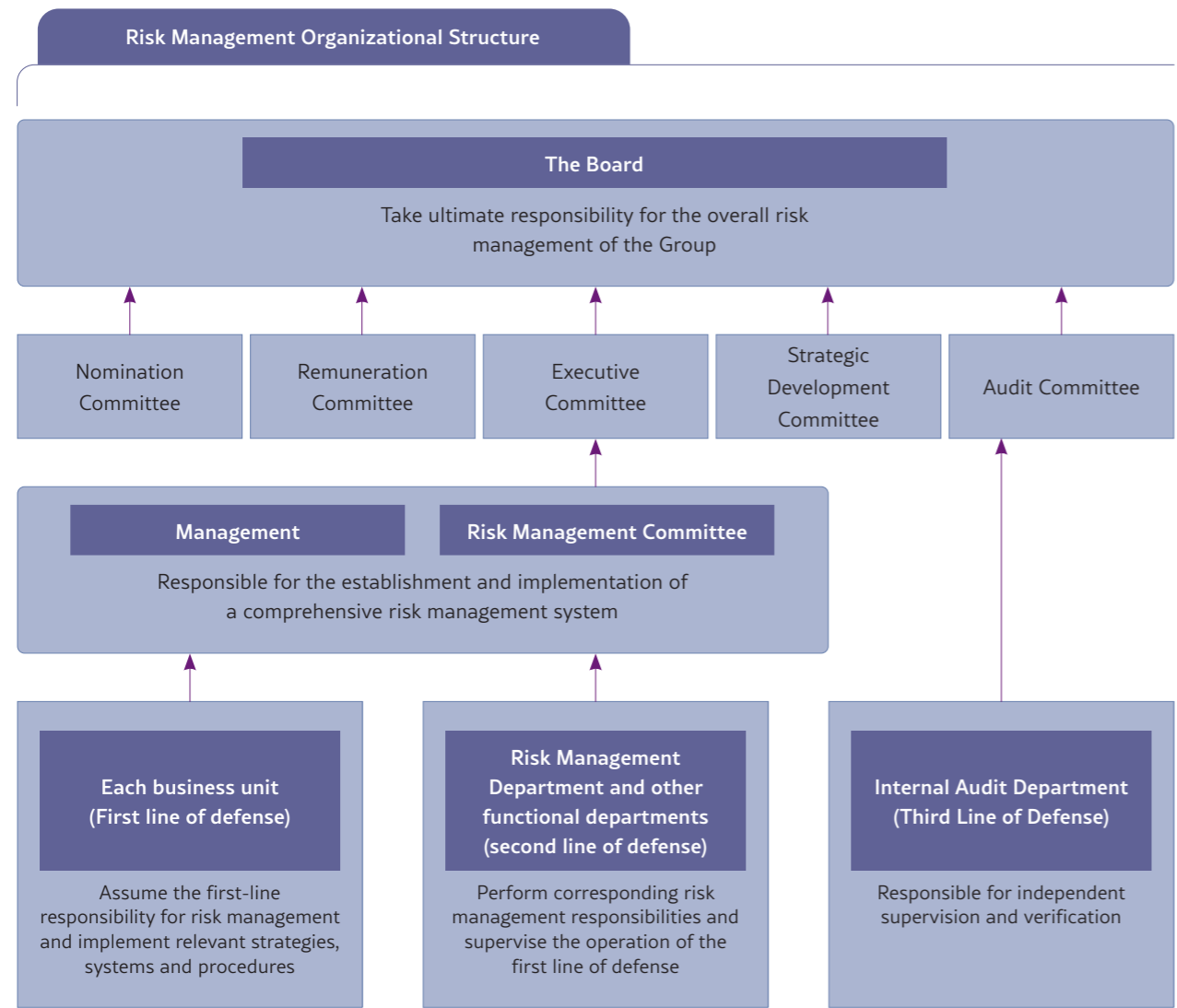
1.2 Risk Management

SDHG adheres to a stable and long-term development path and continues to improve its risk management system. The Company complies with applicable laws and regulations, and in accordance with the requirements of the Listing Rules and the actual business situation, the Company has formulated the *Comprehensive Risk Management Framework System of Shandong Hi-Speed Holdings Group Limited* with reference to the COSO framework¹, which defines the management organization and preferences, basic management policies and procedures, and establishes a risk identification, analysis, assessment, handling, monitoring and reporting mechanism for various types of risks faced by the Company, including strategic risks, market risks, credit risks, liquidity risks, operational risks, reputation risks, legal and compliance risks, human resources risks and other risks.

¹ COSO is the English acronym for the Committee of Sponsoring Organizations of the Treadway Commission.

The Company has also formulated the *Bond Financing Management Regulations*, which set out the asset and liability management requirements to be complied with when conducting financing business to ensure that the Company's business operations are in full compliance with the laws and regulations of Hong Kong, China, and that risks are managed as far as possible within reasonable limits. We have also clearly explained the procedures for approving guarantees, the procedures for preparing and approving budgets and the procedures for approving monetary funds in the *Rules for the Management of Guarantees*, *Rules for the Payment of Monetary Funds* and *Rules for the Management of Monthly Capital Budget* to further strengthen the operational risk management of the Company.

With a comprehensive risk management framework as its guide, the Company has established a "three lines of defences" risk management model consisting of business departments, middle office functions and internal audit departments, and formed a risk prevention and control mechanism with the Board as the highest responsible body.



During the Reporting Period, the Company conducted two studies on the relevant ESG risk management and internal control system, and engaged a third party to assist in improving the comprehensive risk management system, establishing a risk inventory and ensuring coverage of the various risks faced by the Company in its operations, so as to enhance the Company's risk identification and control capabilities. The Company regularly updates and improves its risk list, and in December 2022, it added sustainability (ESG)-related risks, including risks related to changes in the business environment, innovation and technology, partnerships and collaboration, business disruption, system downtime, data loss and leakage, negative impact on the environment and ecosphere, health and safety, to integrate sustainability as a strategic risk into its decision-making and lay a solid foundation for the Company to properly manage ESG risks in the future.

On the basis of a comprehensive risk management system and a sound risk management framework, the Company carries out unified risk management at the headquarters and subsidiary levels, forming an effective mode of operation, communication and management to achieve full coverage of business types. The Company's risk management has entered a stage of development with a clear framework, comprehensive coverage and professional management. We must follow the following four principles in implementing project risk monitoring and early warning, and implement targeted risk monitoring measures according to the risk level to effectively prevent major risks. During the Reporting Period, the Company also carried out various audits, such as audits on follow-up matters of third party review and rectification, comprehensive audits and strategic transformation audits, to promote the improvement of the Company's internal control and risk management standards.



1.3 Business Ethics

SDHG conducts various businesses based on the operating principles of integrity and compliance and strictly abides by relevant laws and regulations including the *Anti-corruption Law of the People's Republic of China*, the *Anti-Money Laundering Law of the People's Republic of China* in Mainland China, *Anti-Money Laundering and Counter-Terrorist Financing Ordinance*, the *Prevention of Bribery Ordinance* and the *Sample Code of Conduct* in Hong Kong, China, and the *Anti-corruption Act* in Singapore, to prohibit any form of corruption, bribery, money-laundering and other violations of business ethics.

Business Ethics Compliance Initiatives

Improvement for system constraints

The Company has established a *Compliance Manual* and received confirmation from employees for agreement to the contents of the Compliance Manual, requiring all directors and employees to follow the core values of *honesty, integrity and fairness* at all times and to regulate the ethical business conduct of all employees in all aspects, including bribery, acceptance or offer of benefits, hospitality and part-time employment. The Company has formulated the anti-money laundering system of *Policies and Procedures for Combating Money Laundering and Terrorist Fund Raising*, and clarified the responsibilities of the management and control departments and the handling methods when encountering suspicious transactions or customers to ensure compliance operations.

Strengthened Senior Management Supervision

At the supervisory level, the Corporate Compliance Officer is responsible for conducting pre-money laundering checks on potential counterparties, and the Investment Decision Committee at the senior level is responsible for approving contracts and voting on investment cases to make it clear that there is no conflict of interest in the case and to prevent corruption from occurring.

Facilitation of whistle-blowing channels

The Company has completed the first amendment to the *Internal Complaint Policy* and upgraded it to the *Internal Complaint Management Regulations*, further optimising the complaint process against corruption, extortion, fraud and money laundering, clarifying the responsibilities of various organisations and departments, adjusting the decision-making authority on the investigation and handling of internal complaints from the Audit Committee to the Executive Committee, and breaking down the relevant investigation and handling results to help improve the standard of the Company's internal complaint management.

Implementation of staff training

The Company sends out SFC circulars and compliance news highlights to its employees by email at the beginning of each month to keep them abreast of the regulatory developments of the SFC and the Hong Kong Stock Exchange, and organises anti-corruption training seminars and training related to the *Compliance Manual* from time to time. During the Reporting Period, a total of 8 courses on business ethics and anti-corruption were conducted, which effectively enhanced the awareness of our staff to work with integrity and created a clean and healthy environment.

Anti-Money Laundering and Counter Terrorist Financing Training

In December 2022, the Company invited Mr. Leung Chin Keung² to conduct a training session for all staff on the topic of "Compliance with AML/CFT legal requirements through the use of compliant technology" to enhance their awareness of anti-money laundering and counter terrorist financing activities.



Anti-money laundering training site

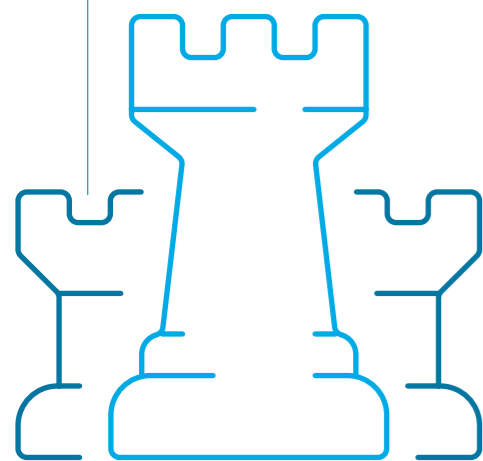
The Company regularly reviews its anti-corruption and employee reporting systems to ensure their effectiveness. During the Reporting Period, the Company was not aware of any material breaches of the laws and regulations relating to the prevention of bribery, extortion, fraud and money laundering, nor were there any corruption proceedings brought against the Company or its employees that were concluded.

² Former Police Former Head of the Joint Financial Intelligence Unit (JFIU)

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Sound Operation

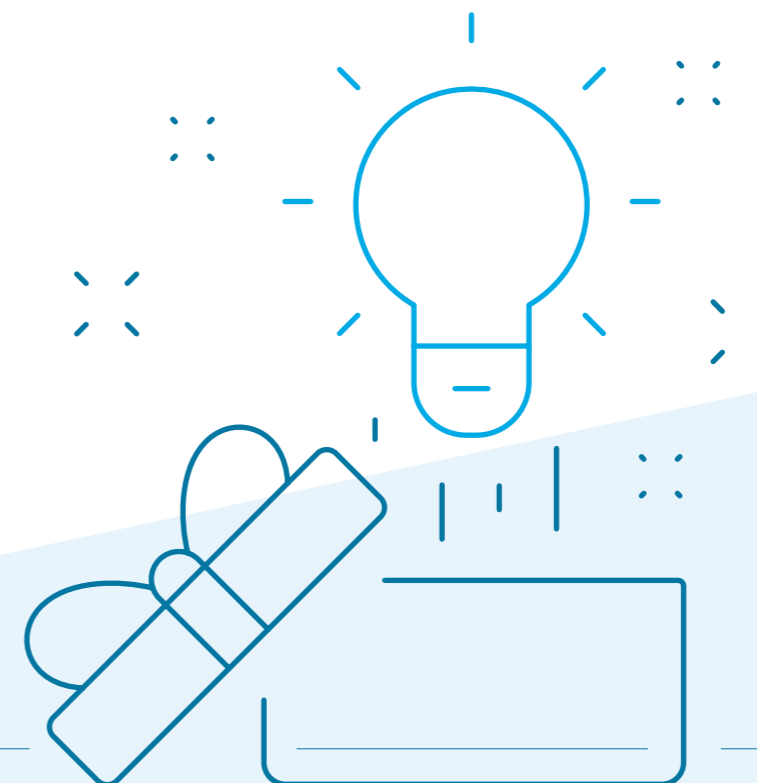
SDHG deeply practices corporate responsibility, integrates responsibility strategy into daily investment and operation, and builds a responsible supply chain to promote the Company's high-quality development.





2.1 Responsible Investment

SDHG is steadily promoting responsible investment, and implemented a business unit system for our investment business in 2021, establishing three business units, i.e. fixed income, standardised equity and industrial investment, and setting up professional investment committees for each of the three business units to clarify the boundaries of investment responsibilities and business sectors and to enhance the quality and efficiency of investment decisions and promote strategic transformation.

The Company prepared a strategic planning report at the end of 2021, incorporating ESG considerations into investment decisions. With reference to domestic and foreign laws and regulations and banking regulatory requirements, the Company has formulated the *Credit Risk Management Regulations of Shandong Hi-Speed Holdings Group Limited* in combination with the Company's actual situation, which clarifies the negative and restricted lists of counterparties, investment projects and industries. Investment projects that do not comply with national and provincial industrial policies, development plans, and industry access requirements within the negative list, as well as projects that do not comply with relevant laws and regulations on environmental protection, land, energy consumption, pollution emissions, and production safety, are prohibited for investment.



List of negative and restricted categories

<p>Negative List</p> 	<ul style="list-style-type: none"> • The Environment Impact Assessment of the project corresponding to the investment of funds failed • Enterprises with environmental protection credit ratings of “red” and “black” • Industries listed in the <i>Guidance Catalogue for Industrial Restructuring (2019)</i>³ that have been eliminated • Industries in the <i>Catalogue for the Elimination of High Water-Consuming Processes, Technologies and Equipment</i>⁴ and the <i>Catalogue for the Elimination of High Energy Consumption Outdated Electromechanical Equipment (Products)</i> published by the Ministry of Industry and Information Technology
<p>Restricted List</p> 	<ul style="list-style-type: none"> • Traditional manufacturing industries not on the negative list, with high energy consumption, high pollution and excess production capacity • Industries not included in the negative list, subject to dual environmental and resource constraints, and heavily influenced by industrial upgrading and environmental policies

Against the backdrop of national carbon neutrality, the Company has actively explored the strategic tilt and transformation of its investment portfolio by combining its investment philosophy with national policies and integrating economic performance with social responsibility.

Acquisition of SHNE for new energy industry

In May 2022, SDHG actively implemented its strategic transformation and completed the acquisition of Shandong Hi-Speed New Energy Group Limited (01250.HK), whose main business is photovoltaic and wind power generation, and became the controlling shareholder of SHNE, successfully entering the new energy race. SHNE has become the main platform for the group company⁵ to lay out the new energy industry. On the one hand, it can make full use of the resources of transportation and other infrastructures to expand the scale of the new energy industry, and on the other hand, it can feed the development of transportation and other infrastructures through the operational benefits of the new energy industry, forming a positive circle of two-way promotion.

³ Subject to the latest version updated by the NDRC in due course

⁴ Subject to the latest version updated by the Ministry of Industry and Information Technology in due course

⁵ Shandong Hi-Speed Group Co., Ltd.

Product Responsibility

Due to the nature of the Company’s business, the Company does not have any products that need to be recalled for safety and health reasons. The Company complies with relevant laws and regulations related to health and safety, advertising marketing and labeling that may have a significant impact on the company, including the *Consumer Rights Protection Law of the People’s Republic of China*, *Advertising Law of the People’s Republic of China*, *the Interim Measures for the Administration of Internet Advertising*, and *Product Quality Law of the People’s Republic of China*, *Trade Descriptions Ordinance* in Hong Kong, China and Singapore’s *Consumer Protection (Trade Descriptions and Safety Requirements) Act*. The Company has formulated the *Management Measures for Brand Promotion and Public Opinion Risk Emergency Response of Shandong Hi-Speed Holdings Group Limited* to standardize brand promotion management and practice responsible marketing.

The Company always takes a serious and professional attitude to provide valuable services to customers, and continues to collect feedback from customers on the quality of services to improve service standards. In response to customer complaints, we promptly identify the causes of incidents, implement remedial measures, review preventive measures to avoid related problems and improve our customer service mechanism. During the Reporting Period, the Company has not had any complaints related to the provision of customer service.

2.2 Privacy Protection and Intellectual Property Rights Protection

Privacy Protection

The Company attaches great importance to the protection of customers’ privacy and strictly complies with relevant laws and regulations such as the *Personal Information Protection Law* in Mainland China, the *Personal Data (Privacy) Ordinance* in Hong Kong, China and the *Personal Data Protection Act* in Singapore to protect the privacy and confidential information of customers. The Company has established guidelines on the handling of customer and any confidential information in the *Compliance Manual* and the *Information Disclosure Management System*, as well as internal message management procedures and a functional segregation system to restrict the internal flow of information between departments or between companies to minimise the possibility of inter-departmental business conflicts and information leakage.

The Company has a confidentiality clause in the employment contracts signed by employees, which requires employees to comply with the Company’s measures on information privacy. When the Company receives insider information from an investor, it signs a confidentiality agreement with the other party and when an investment project is included as an investment target, it announces to the employee a restriction on trading and requires the employee to file a compliance transaction report.

• **Intellectual Property Protection**

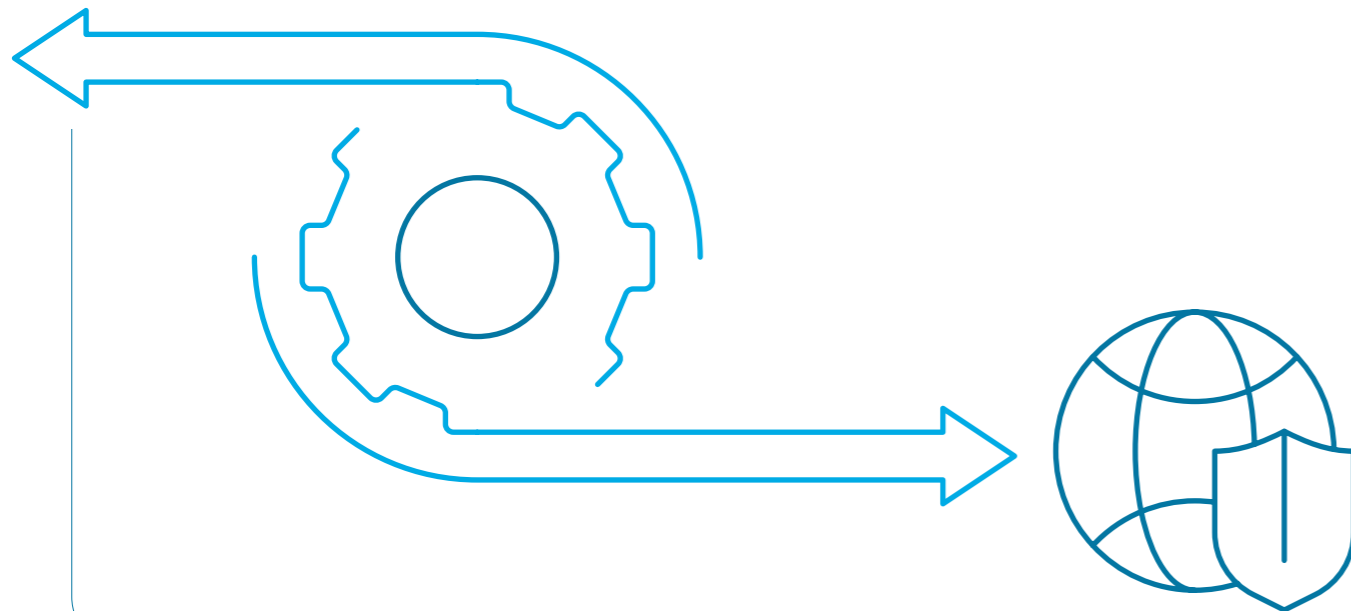
The Company complies with the laws and regulations relating to intellectual property rights in different jurisdictions, including the *Patent Law of the People's Republic of China*, the *Rules for the Implementation of the Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Regulations for the Implementation of the Trademark Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China in Mainland China*, the *Trademark Ordinance*, the *Trademark Rules*, the *Patents Ordinance* and the *Copyright Ordinance* in Hong Kong, China, and the *Patents Act*, the *Copyright Act* and the *Trademark Act* in Singapore.

During the Reporting Period, there were no incidents of non-compliance with the privacy and intellectual property rights of customers.

2.3 Supply Chain ESG Management

SDHG aims to build a sustainable supply chain and promote the standardisation of supplier management. In 2022, the Company revised the management system of *Shandong Hi-Speed Holdings Group Limited's Guidelines on Selection and Appointment of Suppliers and Intermediaries (Revised)* to improve the approval process, tender price range and other details on the basis of the existing selection and appointment process, so as to further standardise the requirements for the selection and appointment of suppliers and conduct procurement activities in strict accordance with the system.

The Company adopts the principle of fairness, impartiality and openness in selecting suppliers, requiring them to have excellent overall strength, good reputation in the industry, excellent quality and high cost performance on the basis of legal operation. We place emphasis on supply chain ESG risk management and integrate ESG risk assessment into all aspects of the supply chain in an effort to minimise potential ESG risks.



Supplier Hiring Methods

Admission stage



We combine the procurement needs of various departments of the company and select suppliers and intermediaries that meet the requirements of the company through external invitations or recommendations, and assess the ESG risks in the operation of suppliers, giving priority to suppliers that are honest and compliant, with good reputation and in line with environmental protection concepts, so as to establish a filing database and form a *Supplier and Intermediary Registration Database List* to lay a solid foundation for subsequent supplier selection

Daily Review



We continually assess and monitor the performance of our suppliers and intermediaries, requiring departments or subsidiaries to conduct annual assessments of suppliers and intermediaries based on their procurement needs and usage, and use the results as a basis for maintaining cooperative relationships. We also maintain close liaison with suppliers and intermediaries through channels such as email and telephone to consolidate the cooperative relationship between the two parties.

We insist on providing an open and transparent platform for suppliers and intermediaries, and require all staff involved in the selection process to strictly comply with local laws and regulations and company procedures, and to perform their procurement duties with integrity and discipline. If any non-compliance is found, disciplinary or legal action will be taken depending on the seriousness of the case. During the Reporting Period, all of the suppliers of the Company complied with the above supplier-related practices and there was no significant negative impact on ESG.

Number of Suppliers

Indicators	Unit	2022
Total number of suppliers	Company	262
Suppliers in Mainland China	Company	214
Suppliers in Hong Kong, Macau and Taiwan, China	Company	30
Suppliers in overseas regions	Company	18

03

Win-win for Employees

SDHG regards talents as the most valuable asset of the Company, attracts talents with an open, equal and tolerant attitude, fully protects employees' rights and interests, builds a platform for their growth, creates a harmonious, respectful, safe and healthy working environment, and promotes the realization of a win-win situation for both employees and the Company.

3.1 Employment and Diversity

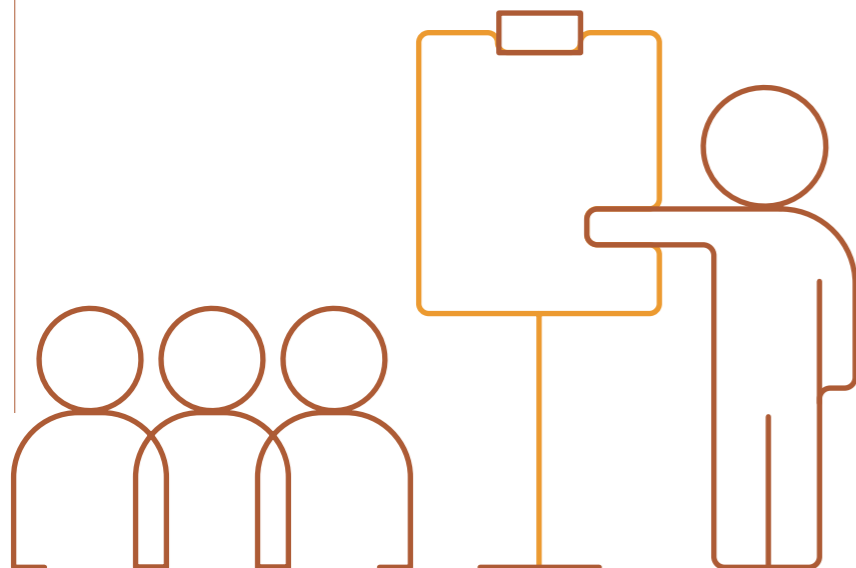
SDHG adopts the basic principle of fair and equitable and lawful employment. In accordance with the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, the *Employment Ordinance of Hong Kong* and the *Employment Act of Singapore* and other relevant laws, regulations and management rules, the company has improved its internal policies and issued and implemented the *Recruitment Management System*, which provides clear regulations on recruitment, promotion, performance appraisal, working hours and holidays to protect the legitimate rights and interests of employees.

We have an equal and non-discriminatory employment policy and are committed to eliminating discrimination on the grounds of age, gender, marital status, religious beliefs, family circumstances, ethnicity, physical disability and so on. We prohibit harassment, bullying, threats, intimidation and abuse of employees and have established policies and procedures to this end, as well as publicity and awareness-raising campaigns for our employees.



We are committed to promoting multiculturalism and inclusiveness in our Company. We are explicitly committed to equal employment and diversity in our *Recruitment Management System*, ensuring that job descriptions posted do not contain any discriminatory or biased remarks, ensuring that all employees and all candidates are given a fair chance to be employed and that each candidate is treated with respect. We consider the suitability of our employees' abilities, experience and position as a basis for recruitment or promotion. We uphold the concept of gender equality and ensure that female employees are given equal opportunities to apply for jobs. We are committed to providing a harmonious, equal and respectful working environment for all employees.

In the recruitment process, we insist on a market-oriented candidate recruitment mechanism and actively bring in outstanding talents. We have established a comprehensive recruitment process, with abundant and diversified recruitment channels and open and transparent recruitment information. The Company has adopted the appointment principles of "open recruitment, equal competition, selection of candidates according to their positions, selection of the best candidates, internal first, then external, and the best use of talents", and timely replenishment and introduction of high-potential core talents through multiple channels such as campus recruitment, headhunting and internal recommendation.



Talent Composition and Turnover Rate⁶

Indicator Name	Unit	2022	
Total number of employees	Person	2,077	
Number of employees by age	Under 30	Person	671
	31-40	Person	998
	41-50	Person	313
	Over 51	Person	95
Number of employees by employment type	Full time employee	Person	2,036
	Part time employee	Person	41
Number of Employees by job title	Senior management	Person	37
	Middle management	Person	179
	General employee	Person	1,861
Number of employees by gender	Male	Person	1,557
	Female	Person	520
Number of employees by region	Mainland China	Person	1,965
	Hong Kong, China	Person	105
	Singapore	Person	7
Employee turnover	Person	606	
Employee turnover ratio	%	22.59	
Employee turnover percentage by gender	Male	%	23.83
	Female	%	18.62
Employee turnover percentage by region	Mainland China	%	22.82
	Hong Kong, China	%	16.67
	Singapore	%	36.36
Employee turnover percentage by age	Under 30	%	19.93
	31-40	%	21.97
	41-50	%	24.94
	Over 51	%	36.24

⁶ Talent composition and turnover rate data include data from SDHG and SHNE.

3.2 Health and Safety

SDHG attaches great importance to the physical and mental health of its employees and focuses on improving the health standards of its employees. It has formulated internal health and safety regulations and implemented a number of health and safety-related initiatives to protect the health and safety of its employees in conjunction with relevant laws and regulations such as the *Prevention and Control of Occupational Diseases Law of the People's Republic of China in Mainland China*, the *Occupational Safety and Health Ordinance of Hong Kong* and the *Office Safety and Health Act* of Singapore.

Health and Safety Regulations and Practices

<p>Code of conduct</p> 	<ul style="list-style-type: none"> To formulate an <i>Office Safety Regulation</i> to set out the potential hazards in the office environment and remind employees to stay safe at all times To formulate regulations for dealing with emergencies to ensure the basic safety of employees To prepare work guidelines related to inclement weather to clarify the work arrangements for employees in inclement weather and to ensure the safety of all employees when travelling to and from work To issue <i>Employee Epidemic Prevention and Health Guidelines</i> during the epidemic to protect the health of employees
<p>Occupational health protection</p> 	<ul style="list-style-type: none"> To provide medical supplies such as medication and first-aid materials to employees To decontaminate key areas in office premises during the epidemic To install air purifiers in offices to improve indoor air quality and provide a healthy and safe working environment for employees
<p>Security Training</p> 	<ul style="list-style-type: none"> To organize fire safety training to enhance employees' awareness of emergency response
<p>Monitoring staff health</p> 	<ul style="list-style-type: none"> To provide employees with annual health checkups

- Extreme Severe Weather**

In view of the extreme weather conditions such as typhoons and rainstorms, the Company has prepared guidelines on working in inclement weather to clarify the working arrangements for staff in inclement weather and to ensure the safety of all staff when travelling to and from work. According to the timing of the typhoon signal, we have formulated a series of countermeasures and selectively arranged for employees to work from home. Meanwhile, reasonable adjustments are made for employees working from home or returning to work depending on whether the rainstorm warning signal is black, yellow or red.

- Severe Epidemic Period**

During the critical epidemic situation, the Company strictly complied with the epidemic prevention policy, and issued documents such as the *Guidelines on Staff Epidemic Prevention and Health*, and *Notice on Flexible Work Arrangements*. To protect the health of our staff through the adoption of flexible working arrangements. Meanwhile, we are committed to providing a healthy and safe working environment for our employees by disinfecting areas such as offices, meeting rooms and washrooms, and providing employees with protective measures such as disinfectant alcohol and face masks.

In 2022 and over the past three years, the Company had no accidents resulting in death on duty, only one traffic accident occurred, and only one work-related accident in SHNE, a subsidiary of SDHG, resulting in a total loss of 351 working days.

3.3 Rights and Benefits

- Rights**

SDHG strictly complies with the *Law of the People's Republic of China on the Protection of Minors*, the *Regulations on the Prohibition of Child Labour* and other relevant laws and regulations to eliminate illegal employment practices such as forced labour and child labour, and to protect the legitimate rights and interests of its employees. In the process of signing labour contracts, the identity of employees is strictly verified to ensure that they are of legal working age and qualified for employment. During the Reporting Period, there were no incidents of forced labour or child labour violations by the Company.

In accordance with the relevant laws and regulations, the Company compiles and implements the regulations on the working hours of employees in the *Employee Handbook*, and provides reimbursement of transportation expenses and overtime compensatory leave for employees who work overtime, so as to protect the rights and interests to which employees are entitled.

We pay attention to the voices of our employees and value communication and exchange with them. In order to protect the rights and interests of our employees and to listen to their opinions, the Company has established and continuously improved our communication and feedback mechanism and formulated a whistleblowing system. We have a complaint, grievance and whistleblowing program whereby employees report and file complaints on any misconduct they have witnessed at work. Our human resources department, legal department and risk department will conduct investigations and trials to resolve and reply.

Benefits

SDHG has established a reasonable and motivating remuneration system in accordance with the Mainland's *Labour Law* and Hong Kong's *Employment Ordinance* and other laws and regulations, and formulated the *Remuneration Management System*, which is based on the management principles of "scientific and rationalized remuneration system mechanism and confidentiality of employees' personal remuneration information", to clarify the Company's remuneration philosophy, remuneration structure, salary range, employee salary determination, salary adjustment management and remuneration management discipline, and to regulate various rules and processes relating to remuneration management. We provide employees with attractive, competitive, fair and reasonable remuneration based on market development and industry standards. Meanwhile, we follow the principle of distribution according to work, strictly implement the principle of equal pay for equal work for both genders, and prohibit discrimination in remuneration due to gender and other reasons.

We actively improve our employee welfare policy and provide benefits beyond salary to our employees, covering all aspects of their work and life, to enhance their sense of belonging and enthusiasm for work, and to jointly promote the sustainable development of the enterprise.

Employee Benefits

Insurance coverage:

Social insurance, group medical and life cover, workers' compensation insurance, directors' and officers' professional liability insurance, commercial medical insurance (for employees and their children), housing fund and compulsory provident fund

Leave benefits:

Annual leave, sick leave, marriage leave, maternity leave, paternity leave, compassionate leave, patronage leave, birthday leave and examination leave

Working system:

Flexible working and work from home

Equity incentives:

Incentives under the Share Option Scheme for outstanding contributions to the Company's operations

3.4 Training and Development

Training

SDHG has established a sound training system and formulated internal guidelines such as the *Staff Training Management Regulations (Trial)* to clarify the division of labour among departments in training management, the implementation of training and the assessment requirements upon completion of training. We formulate annual training plans and strategies in accordance with the Company's development requirements and the needs of each department, and continuously improve the training system to support corporate development and employee growth.

Staff Training⁷

Indicator Name	Indicator Classification	Unit	Data for 2022
Total number of employees trained		Person	2,063
Number of trained employees by gender	Male employee	Person	1,548
	Female employee	Person	515
Percentage of trained employees by gender	Male employee	%	75.04
	Female employee	%	24.96
Number of trained employees by employee type	Senior employee	Person	37
	Middle employee	Person	179
	General employee	Person	1,847
Percentage of trainees by employee type	Senior employee	%	1.79
	Middle employee	%	8.68
	General employee	%	89.53
Average training hours of employees		Hour	42.54
Average training hours by gender	Male employee	Hour	51.07
	Female employee	Hour	33.92
Average training hours by employee type	Senior employee	Hour	34.54
	Middle employee	Hour	56.39
	General employee	Hour	41.36

In 2022, the total number of labor contract employees of SDHG participating in the training project reached 2,063, and the per capita training hours reached 42.54 hours.

⁷ The employee training data includes the data of SDHG and SHNE.

New Employee Training

The Company arranges new employee training for each new employee, introducing the Company’s history and culture, business concepts, management model, the rights and responsibilities of each unit, staff welfare, rules and regulations, business knowledge and other related contents, helping new employees to get familiar with the working environment as soon as possible, grasp the necessary work skills and enhance their workplace capabilities.

External Training

The Company recognises the need for employees to continuously improve their skills, encourages them to actively pursue further studies, supports them to participate in external professional training or examinations, and provides subsidies to employees who have obtained relevant qualifications and certificates.

Seminar

In 2022, the Company invited top experts in the industry to conduct a series of seminars to help employees accumulate industry experience and improve the Company’s investment research capabilities through in-depth communication and discussions with the experts.

Seminar	
<p>New Energy Industry Seminar</p> 	<ul style="list-style-type: none"> Invite the chief analyst of power equipment to give an in-depth explanation of the development trends and investment opportunities in the new energy industry, deepen the understanding of the new energy industry, and enhance the investment and research capabilities of each business unit and licensed companies.
<p>Bank of China International Investment Research Conference</p> 	<ul style="list-style-type: none"> The Director of Bank of China International was invited to give an online presentation and exchange on the topic “Global Financial Market Outlook in the New 2022 Scenario: Inflation, Monetary Policy, Interest Rates and Liquidity”.
<p>Macro Strategy Seminar</p> 	<ul style="list-style-type: none"> Invite CICC macro analysts to conduct an in-depth interpretation of the 20th National Congress, and discuss investment opportunities in key industries in line with the national strategic orientation in the next five years, and improve the investment and research capabilities of business units and licensed companies.

• **Promotion and Development**

SDHG is highly concerned about the development of its employees and has formulated the *Ranking System Management Regulations of Shandong Hi-Speed Holdings Group Limited*, which clearly stipulates that the assessment of employees’ personal values is the basic basis for determining and adjusting their ranks. We use the three dimensions of performance, competence and experience as the assessment criteria to evaluate employees. Meanwhile, in line with the Company’s own structure, we have established 9 ranks and linked them to salary levels to enhance employee motivation. By standardising the grading rules for new recruits, the grading adjustment rules and assessment process for existing employees, we have established a fair, reasonable, standardised and transparent career progression path, helping more employees to advance their rank.

In 2022, we continued to improve our human resources management and service capabilities by enhancing our existing performance appraisal and motivation mechanism, whereby all employees are subject to regular performance appraisals. We will combine employee performance and motivation, determine the performance level of our employees based on the performance appraisal results and implement corresponding motivation to fully motivate our employees and enhance their professional and business capabilities.

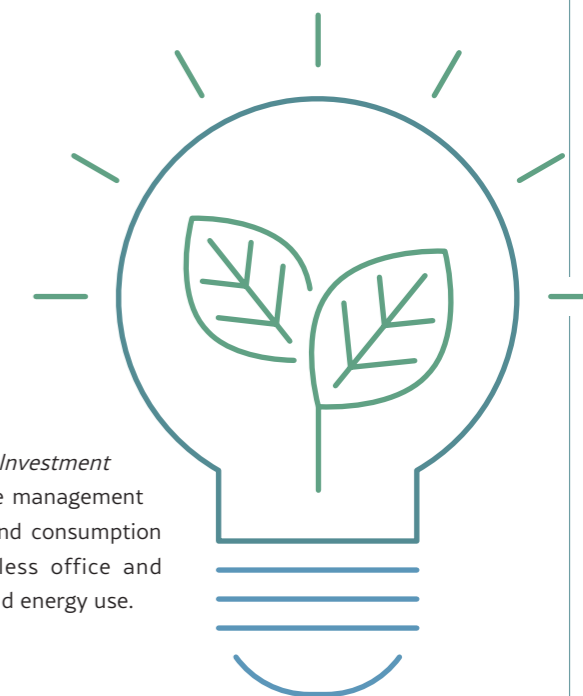
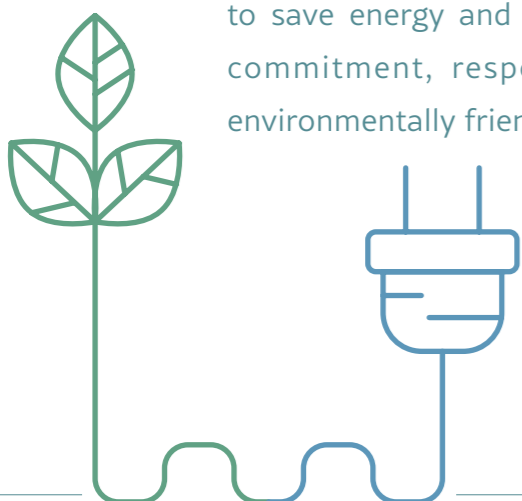




04

Green Development

Green development is the direction the Company has been pursuing. SDHG has been actively promoting green operations, continuing to save energy and reduce emissions, fulfilling its “double carbon” commitment, responding to climate change and building an environmentally friendly enterprise.



4.1 Use of Resources

SDHG compiled and implemented the *Environmental and Community Investment System of Shandong Hi-Speed Holdings Group Limited* to enhance the management of energy and resource use, and adopted a series of energy saving and consumption reduction measures such as water and electricity saving, paperless office and promotion of low carbon living to enhance the efficiency of resource and energy use.

- **Save Water and Electricity**

Water saving

- Post prominent signs on lighting switches, electrical appliances, water dispensers and toilets to remind staff to conserve electricity and water in their daily operations
- Use innovative and water-saving technologies to reduce energy and water consumption in daily operations
- In case of breakdown of water-using equipment, report for repair in a timely manner and actively cooperate with repair and maintenance to reduce waste of water resources

Electricity saving

- Install energy-efficient LED lights in offices to replace traditional light pipes, and encourage staff to minimize the use of electric lights when natural light is abundant
- Use sockets with separate switches and turn off office appliances, including lights, computers and air conditioning during non-office hours
- Install insulation film on windows to reduce indoor temperatures and use central air-conditioning systems to adjust air-conditioning temperatures to appropriate levels and reduce energy consumption associated with air-conditioning

Other energy consumption saving

- Encourage staff to use low carbon and energy efficient products or reusable products to reduce carbon emissions
- Prioritise the purchase of more energy-efficient models when purchasing office equipment to further reduce energy consumption in the office

- **Paperless Office**

In 2022, we procured a number of tablet computers for the display of conference materials to replace printed paper materials. When printing, we promote black and white, double-sided printing to reduce paper consumption. At the same time, we encourage employees to reuse printed paper to minimise paper usage.

- **Promote Low-Carbon Life**

In our daily work, we encourage employees to increase the use and consumption of recyclables to help green development.

- **SDHG Subsidiary Environmental Targets**

SHNE, as the main unit of the Group's ESG data analysis, has set a water consumption target for each of its subsidiaries to reduce water consumption by 3%-5% each year from the previous year.

- **SDHG Subsidiary Environmental Training**

SHNE, the subsidiary of SDHG, conducted regular environmental protection training for employees, and organized at least one environmental protection training for all employees every year. The training mainly follows the *Water Law of the People's Republic of China*, the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and the various environmental management systems of the Company. The training covers water conservation, environmental protection laws and regulations, water conservation measures and solid waste and hazardous waste treatment and other areas to raise the awareness of environmental protection among all employees.

4.2 Waste Management

To strengthen the management of waste discharge, SDHG has actively implemented measures such as waste segregation, compliant disposal of waste and promotion of green travel to raise employees' awareness of environmental protection.

- **Garbage classification**

We strictly follow local policies on waste classifications management, set up waste separation bins and actively promote waste separation and disposal.

- **Compliant Disposal of Waste**

We strictly follow the regulations of the relevant authorities of the city where we operate to effectively dispose of harmless waste such as waste paper and domestic waste generated from the Company's operations, and separately collect and centrally dispose of hazardous waste that cannot be recycled such as waste ink cartridges and waste lamps to avoid causing environmental pollution.

- **Promote Green Travel**

In order to reduce harmful gas and greenhouse gas emissions, we have formulated the *Vehicle Management System* to optimize the use of vehicles, prevent abuse of vehicles, and reduce the consumption of fossil fuels such as gasoline. We regularly inspect and maintain our buses to maintain their performance and reduce fuel consumption. We encourage our employees to conduct online meetings whenever possible to avoid unnecessary travel. At the same time, we promote the use of green travel for daily commuting, giving preference to walking, cycling or public transport to reduce carbon emissions from transport.

- **SDHG Subsidiary Waste Management**

During the construction process, SHNE, the subsidiary of SDHG, maximised resource conservation and minimised negative impact on the environment. Based on comprehensive environmental monitoring, it accurately identified environmental risks and took effective management measures to strictly control environmental impact factors such as dust, noise, wastewater, waste gas and solid waste to ensure that no serious environmental pollution incidents occurred at the construction site.

During the operation phase of the project, SHNE has established a comprehensive environmental management system for the operation period. Through the formulation of the *Environmental Protection Management Regulations*, the environmental protection requirements during the operation period are clearly defined to ensure that the discharge of various pollutants such as wastewater, waste gas and solid waste meet the standards. Meanwhile, we have established a supervision and assessment mechanism to strengthen the management of environmental protection objectives for each operating project, and regularly carry out environmental protection performance assessment. In the event of an environmental pollution incident, immediate measures should be taken to properly handle it.

4.3 Response to Climate Change

SDHG assesses climate change and any associated financial and other risks and opportunities in accordance with the *Shandong Hi-Speed Holding Group Limited Environmental and Community Investment System*, to gain a better understanding of the impact of climate change on its business and to develop appropriate procedures and measures to prevent or minimise the potential damage caused by climate change.

- Response to Extreme Weather Events**

Extreme weather events caused by climate change, such as typhoons, floods and rainstorms, lead to the collapse of urban trees, traffic obstruction, damage to building infrastructure, or rainwater leakage, making employees unable to work normally and even threatening their lives. As a result, certain businesses cannot operate as usual.

As such, we have compiled relevant work guidelines for severe and extreme weather, clarifying the work arrangements for employees in severe weather, and ensuring the safety of all employees when commuting to and from get off work. Meanwhile, we incorporate the risk of business disruption associated with extreme weather into the risk team’s overall annual crisis management and develop and regularly review our crisis response plans. We prevent and reduce the impact of extreme weather by strengthening flood protection measures and warning systems, and regularly inspecting glass facades.

- Climate Risk Management**

We closely monitor the impact of climate risk changes on the Company’s assets, identifying and analysing the impact of climate risk from both a physical risk and a transformational risk perspective, and assessing the risk impact and financial implications under different scenarios.

Environmental and Climate Risk Assessment Table

Environmental and Climate Risk Factors

Physical risk	Transformation risk
Long-term trend: Temperature, precipitation, sea level, etc.	Policy transformation
Short-term events: Floods, storms, typhoons, heavy rains, droughts, heat waves, etc.	Technology transformation

Business and development risk assessment table

Bank financial risks are formed through market supply and demand, pricing and economic theme financial performance

Credit risk: Higher default rate of customers or counterparties and higher impairment allowances	Operational Risk: Difficulties or interruptions in the operation of certain functions of the company Difficulties or interruptions of upstream and downstream supply chain operation
Market risk: Changes in the value and expected return of assets such as commodities and derivatives	Liquidity risk: Mobility difficulties

In accordance with the requirements of the *Environmental, Social and Governance Reporting Guide* of the Listing Rules, we will disclose information on our response to climate risks and set and promote energy saving and emission reduction targets on an annual basis. To address policy risks and market risks, we regularly review existing and emerging trends, policies and regulations relating to environmental protection and climate, and consult with compliance operations to avoid increased costs, fines for non-compliance or reputational risk due to delayed response. In addition, we build trust with our investors and customers by studying the best practices in our industry to provide more sustainable services and maintaining a high level of transparency on our ESG performance. During the Reporting Period, we signed strategic cooperation agreements with Shanghai Chengtuo Environment Group Co., Ltd, Shandong High Speed Renewable Energy Group Co., Ltd (山高環能集團股份有限公司) and Shanghai Treasure Carbon New Energy Environmental Protection Technology Ltd. (上海寶碳新能源環保科技有限公司), establishing a long-term and stable strategic partnership to carry out in-depth cooperation in the fields of energy conservation, environmental protection and carbon neutral asset development and trading, in order to continue to contribute to the realization of the strategic goal of “Carbon Dioxide Emissions Peak and Carbon Neutrality”.

- Climate change initiatives of SDHG Subsidiary**

SHNE, as the main unit of the Group’s ESG data analysis, has aligned itself with the national carbon neutrality target and has chosen to achieve carbon neutrality at the Group’s operational level by 2060. The Company has taken actions to complement the deployment of carbon emission reduction and carbon credits to ensure that the Company can achieve carbon offsetting and the Group’s carbon neutrality by the target year. The Company is actively carrying out an inventory of the Group’s greenhouse gas emissions to achieve a more detailed management of energy consumption and carbon emissions. In the next step, we will also formulate carbon emission reduction action plans in line with the existing emission situation and continue to promote greenhouse gas emission reduction work.

Key Environmental Indicators^a

Key Performance Indicators	Unit	Data for 2022
Exhaust Emissions		
Sulphur oxides (So _x)	Kg	136,403.77
Nitrogen oxides (NO _x)	Kg	394,119.28
Suspended particles (PM)	Kg	25.81
Major Wastewater Discharges		
Total domestic sewage discharge	Tonnes	1,440
Total discharge of other wastewater	Tonnes	74,395.80
Hazardous Waste		
Used batteries	Kg	95.92
Waste ink tank	Kg	454.49
Discarded light bulbs/light tubes	Kg	210.40
Total hazardous waste	Kg	760.81
Hazardous waste density	Kg/HK\$ million in revenue	0.13
Non-hazardous Waste		
Paper consumption	Tonnes	1.92
General household waste	Tonnes	240.97
Waste plastic bottle	Tonnes	0.21
Other non-hazardous waste	Tonnes	70,762
Total amount of non-hazardous waste	Tonnes	71,005.10
Total non-hazardous waste density	Kg/HK\$ million in revenue	12.10

Key Environmental Indicators (Continued)

Key Performance Indicators	Unit	Data for 2022
Energy consumption		
Gasoline consumption	kWh	3,135,409.95
Other direct energy consumption	kWh	2,576,068,890.00
Direct energy consumption	kWh	2,579,204,299.95
Direct energy consumption density	MWh/HK\$ million in revenue	439.69
Purchased electricity	kWh	163,805,003.00
Other indirect energy consumption	kWh	1,980,000,000.00
Indirect energy consumption	kWh	2,143,805,003.00
Indirect energy consumption density	MWh/HK\$ million in revenue	365.46
Comprehensive energy consumption	kWh	4,723,009,302.95
Comprehensive energy consumption density	MWh/HK\$ million in revenue	805.15
Water consumption		
Water consumption	Tonnes	1,176,240.50
Total water intensity	Tonnes/HK\$ million in revenue	200.52
Greenhouse gas emissions		
Scope 1 greenhouse gas Emissions	Tonnes of carbon dioxide equivalent	787,420.56
Scope 2 greenhouse gas Emissions	Tonnes of carbon dioxide equivalent	558,226.46
Total greenhouse gas Emissions	Tonnes of carbon dioxide equivalent	1,345,647.02
Greenhouse gas emission density	Tonnes of carbon dioxide equivalent/ HK\$ million in revenue	229.40

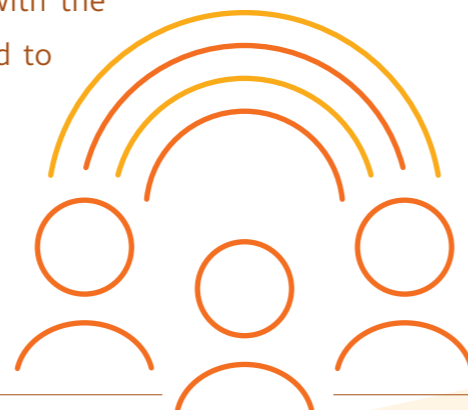
^a All density data in the key environmental indicators are calculated based on the 2022 revenue of HK\$570 million from the group entity of Shandong Hi-Speed Holdings Group Limited and the 2022 revenue of HK\$5,296 million from Shandong Hi-Speed New Energy Group Limited (01250.HK)



05

Community Benefit

SDHG attaches great importance to fulfilling its social responsibilities and actively supports social welfare projects. It is committed to building a harmonious relationship with the communities in which it operates and to spreading warmth to the community.



Charitable Activities

SDHG has always been responsive to the needs of the community and society in the spirit of “taken from the society, give back to the society”, thus striking a balance between business development and fulfilling its responsibilities.

To satisfy the specific needs of local community, the Group has formulated the *Community Investment Policy*, so as to understand the community needs, identify important areas and allocate appropriate resources to empower the community. We have been actively representing the community through diversity, and encouraging employees to actively participate in volunteer activities and concern about the society with personal input during spare time.

SDHG continued to pay attention to the situation of the COVID-19 epidemic and actively carried out anti-epidemic and disaster relief work. In 2022, the Group participated in the second phase of the “Fighting against the Epidemic: Shandong Enterprises in Hong Kong” and the “Taishan Care Campaign” public welfare donation activity with a donation of HK\$50,000 to fully support the epidemic prevention and control work. SHNE, a subsidiary of SDHG, has also actively participated in social welfare by carrying out a series of activities such as rural poverty alleviation, anti-epidemic disaster relief, and voluntary services. The Company actively integrated its resources and carried out assistance activities in accordance with the actual situation in its operation sites, donating HK\$67,700 to the Anyang Power Station in Henan Province to help the poor. At the same time, in the face of natural disasters and major events such as severe rainstorms and epidemics in Zhengzhou, the Company actively participated in disaster relief and anti-epidemic work, and donated 5,000 masks, 500 thermometers, 50 sets of protective clothing, 50 barrels of alcohol, Rice noodles, food and beverages to the affected areas in kind. In addition, the Group actively responded to the aspirations of community residents by regularly carrying out activities such as rubbish removal, street light repair, safety hazard inspection and delivering essential household items to low-income families in the community, creating a harmonious and warm social atmosphere. During the Reporting Period, the cumulative amount of various charitable donations carried out by SDHG amounted to HK\$19,917,100; the total number of staff participating in the voluntary services was 800 and the total number of hours was 200.

Appendix I: Content Index of the Hong Kong Stock Exchange's "Environmental, Social and Governance Reporting Guide"

Environmental, Social and Governance Areas and General Disclosures and Key Performance Indicators (KPIs)			Page Number
Environmental			
A1: Emissions	General Disclosures	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. Note: Air emissions include NO _x , SO _x , and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	P36, 37
A1.1	The types of emissions and respective emissions data		P40
A1.2	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).		P41
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		P40
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		P40
A1.5	Description of emissions target(s) set and steps taken to achieve them.		P37
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.		P37

Environmental, Social and Governance Areas and General Disclosures and Key Performance Indicators (KPIs)			Page Number
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	P35
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).		P41
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).		P41
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.		P35
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.		P35, 36
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.		(*)
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	P35-37
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.		P35, 36
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	P38, 39
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.		P38, 39

* Due to the nature of the Group's business, the operations of the Group does not typically involve the use of packaging materials.

Environmental, Social and Governance Areas and General Disclosures and Key Performance Indicators (KPIs)			Page Number
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.	P25
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	P27
	B1.2	Employee turnover rate by gender, age group and geographical region.	P27
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.	P28
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P29
	B2.2	Lost days due to work injury.	P29
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P28

Environmental, Social and Governance Areas and General Disclosures and Key Performance Indicators (KPIs)			Page Number
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer	P31, 32
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P31
	B3.2	The average training hours completed per employee by gender and employee category.	P31
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.	P29
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	P29
	B4.2	Description of steps taken to eliminate such practices when discovered.	P29
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	P22, 23
	B5.1	Number of suppliers by geographical region.	P23
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	P23
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P22, 23
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P23

Environmental, Social and Governance Areas and General Disclosures and Key Performance Indicators (KPIs)			Page Number
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.	P21
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P21
	B6.2	Number of products and service related complaints received and how they are dealt with.	P21
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	P22
	B6.4	Description of quality assurance process and recall procedures.	(*)
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P21
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.	P16
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	P17
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P16
	B7.3	Description of anti-corruption training provided to directors and staff.	P16, 17
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.	P43
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P43
	B8.2	Resources contributed (e.g. money or time) to the focus area.	P43

* Due to the nature of the Group's business, the Group does not have any products that need to be recalled for safety and health reasons.

Appendix II: GRI Content Index Table

Instructions for use SDHG has reported the information referenced in this GRI Content Index against the GRI Standards from 1 January 2022 to 31 December 2022

GRI 1 in use GRI 1: Foundation 2021

Disclosure Topics/ Disclosure Items	Disclosure titles	Chapter Index
GRI 2: General Disclosure 2021		About the Report
Organization and its Reporting Practices		
2-1	Organization Details	About Us
2-2	Entities Included in Organizational Sustainability Reports	About Us
2-3	Reporting period, reporting frequency and contact person	About Us
2-4	Restatement of Information	About the Report
Activities and Workers		
2-6	Activities, value chains and other business relationships	ESG Management
2-7	Employees	Rights and Benefits
2-8	Workers other than employees	Supply Chain ESG Management
Governance		
2-9	Governance Structure and Composition	ESG Management, Risk Management
2-12	In terms of management influence, the oversight role of the highest governing body	ESG Management, Risk Management
2-13	Delegate responsibility for managing impacts	ESG Management, Risk Management
2-14	The role of the highest governance body in sustainability reporting	ESG Management

Disclosure Topics/ Disclosure Items	Disclosure titles	Chapter Index
2-15	Conflicts of interest	ESG Management, Risk Management
2-16	Communication of key concerns	ESG Management
2-17	Common knowledge of the highest governance body	ESG Management
2-18	Performance evaluation of the highest governance body	ESG Management
2-19	Salary policy	Rights and Benefits
2-20	Procedures for determining Salary	Rights and Benefits
Strategy, Policy and Practice		
2-22	Statement on Sustainability Strategy	Board Statement
2-23	Policy commitment	ESG Management
2-24	Inclusion policy commitment	ESG Management
2-25	Procedures for remediating negative impacts	ESG Management
2-26	Mechanisms for seeking advice and raising concerns	ESG Management
2-27	Comply with laws and regulations	ESG Management
2-28	Association membership	About Us
2-29	Approaches to stakeholder engagement	ESG Management
2-30	Collective bargaining agreement	Employment and Diversity
GRI 3: Substantive Issues 2021		
3-1	Process for identifying material topics	ESG Management
3-2	List of substantive issues	ESG Management

Disclosure Topics/ Disclosure Items	Disclosure titles	Chapter Index
Economy		
GRI 201: Economic Performance		
3-3	Management of substantive issues	ESG Management
201-2	Financial impacts and other risks and opportunities of climate change	Response to Climate Change
201-3	Obligatory defined benefit plans and other retirement plans	Rights and Benefits
GRI 204: Purchasing Practices		
3-3	Management of substantive issues	Supply Chain ESG Management
GRI 205: Anti-corruption		
3-3	Management of substantive issues	Business Ethics
205-1	Operations that have undergone a corruption risk assessment	Business Ethics
205-2	Communication and training on anti-corruption policies and procedures	Business Ethics
205-3	Confirmed incidents of corruption and actions taken	Business Ethics
GRI 206: Unfair Competitive Conduct		
3-3	Management of substantive issues	Business Ethics
206-1	Legal actions for unfair competitive conduct, antitrust and antitrust practices	Business Ethics

Disclosure Topics/ Disclosure Items	Disclosure titles	Chapter Index
Environmental		
GRI 302: Energy		
3-3	Management of substantive issues	Use of Resources
302-1	Energy consumption within the organization	Use of Resources
302-3	Energy intensity	Use of Resources
302-4	Reduce energy consumption	Use of Resources
302-5	Reduce energy demand for products and services	Use of Resources
GRI 303: Water Resources		
3-3	Management of substantive issues	Use of Resources
303-1	Water abstraction by source	Use of Resources
303-2	Water sources significantly affected by abstraction	Use of Resources
303-3	Water recycling and reuse	Use of Resources
GRI 305: Emission		
3-3	Management of substantive issues	Waste Management
305-1	Direct (Scope 1) Greenhouse Gas Emissions	Response to Climate Change
305-2	Energy indirect (Scope 2) greenhouse gas emissions	Response to Climate Change
305-4	Greenhouse gas emissions intensity	Response to Climate Change
305-5	Greenhouse gas emission reduction	Response to Climate Change
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x) and other significant gas emissions	Waste Management

Disclosure Topics/ Disclosure Items	Disclosure titles	Chapter Index
GRI 306: Sewage and Waste		
3-3	Management of substantive issues	Waste Management
306-1	Total discharge by water quality and discharge destination	Waste Management
306-2	Total waste by category and treatment method	Waste Management
306-3	Major leak	Waste Management
306-4	Hazardous waste transportation	Waste Management
306-5	Water bodies affected by drainage and/or runoff	Waste Management
GRI 308: Supplier Environmental Assessment		
3-3	Management of substantive issues	Supply Chain ESG Management
308-1	New suppliers screened using environmental criteria	Supply Chain ESG Management
308-2	Negative environmental impacts of the supply chain and actions taken	Supply Chain ESG Management
Social		
GRI 401: Employment		
3-3	Management of substantive issues	Employment and Diversity
401-1	New hires and employee turnover	Employment and Diversity
401-2	Benefits offered to full-time employees (not including temporary or part-time employees)	Rights and Benefits
401-3	Parental leave	Rights and Benefits
GRI 402: Labour Relations		
3-3	Management of substantive issues	Employment and Diversity

Disclosure Topics/ Disclosure Items	Disclosure titles	Chapter Index
GRI 403: Occupational Health and Safety		
3-3	Management of substantive issues	Health and Safety
403-1	Occupational Health and Safety Management System	Health and Safety
403-2	Hazard identification, risk assessment and incident investigation	Health and Safety
403-3	Occupational Health Services	Health and Safety
403-4	Occupational health and safety matters: worker participation, consultation and communication	Health and Safety
GRI 404: Training and Education		
3-3	Management of substantive issues	Training and Development
404-1	Average hours of training per employee per year	Training and Development
404-2	Staff Upskilling Program and Transition Assistance Program	Training and Development
404-3	Percentage of employees receiving regular performance and career development reviews	Training and Development
GRI 405: Diversity and Equal Opportunity		
3-3	Management of substantive issues	Employment and Diversity
405-1	Diversity of governance bodies and employees	Employment and Diversity
GRI 406: Anti-discrimination		
3-3	Management of substantive issues	Employment and Diversity
406-1	Incidents of Discrimination and Corrective Actions Taken	Employment and Diversity
GRI 408: Child Labor		
3-3	Management of substantive issues	Rights and Benefits

Disclosure Topics/ Disclosure Items	Disclosure titles	Chapter Index
GRI 409: Forced or Compulsory labor		
3-3	Management of substantive issues	Rights and Benefits
GRI 413: Local Community		
3-3	Management of substantive issues	Community Benefit
413-1	Operations with local community engagement, impact assessments and development plans	Community Benefit
GRI 414: Supplier Social Assessment		
3-3	Management of substantive issues	Supply Chain ESG Management
414-1	New suppliers screened using social criteria	Supply Chain ESG Management
414-2	Negative impacts of supply chains on society and actions taken	Supply Chain ESG Management
GRI 418: Customer Privacy		
3-3	Management of substantive issues	Privacy Protection and Intellectual Property Protection
418-1	Substantiated complaints related to breach of customer privacy and loss of customer data	Privacy Protection and Intellectual Property Protection

Appendix III: UNSDGs United Nations Sustainable Development Goals

UNSDGs United Nations Sustainable Development Goals	Chapter Index
 No Poverty	5 Community Benefit
 Zero Hunger	5 Community Benefit
 Good Health and Well-being	3.2 Health and Safety 5 Community Benefit
 Quality Education	3.4 Training and Development 5 Community Benefit
 Gender Equality	3.1 Employment and Diversity
 Clean Water and Sanitation	4.1 Use of Resources 4.2 Waste Management
 Affordable and Clean Energy	4.1 Use of Resources
 Decent Jobs and Economic Growth	2.1 Responsible Investment 3.1 Employment and Diversity 3.3 Rights and Benefits
 Industry, Innovation and Infrastructure	2.1 Responsible Investment 2.2 Privacy Protection and Intellectual Property Protection

UNSDGs United Nations Sustainable Development Goals	Chapter Index
 Inequality Reduction	3.1 Employment and Diversity
 Sustainable Cities and Communities	2.1 Responsible Investment 5 Community Benefit
 Responsible Consumption and Production	2.1 Responsible Investment 2.2 Privacy Protection and Intellectual Property Protection
 Climate Action	4.3 Response to Climate Change
 Underwater Life	4.2 Waste Management 4.3 Response to Climate Change
 Terrestrial Life	4.2 Waste Management
 Peace, Justice and Strong Institutions	1.1 ESG Management 1.2 Risk Management 1.3 Business Ethics 2.1 Responsible Investment
 Partnerships for Goals	2.3 Supply Chain ESG Management

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