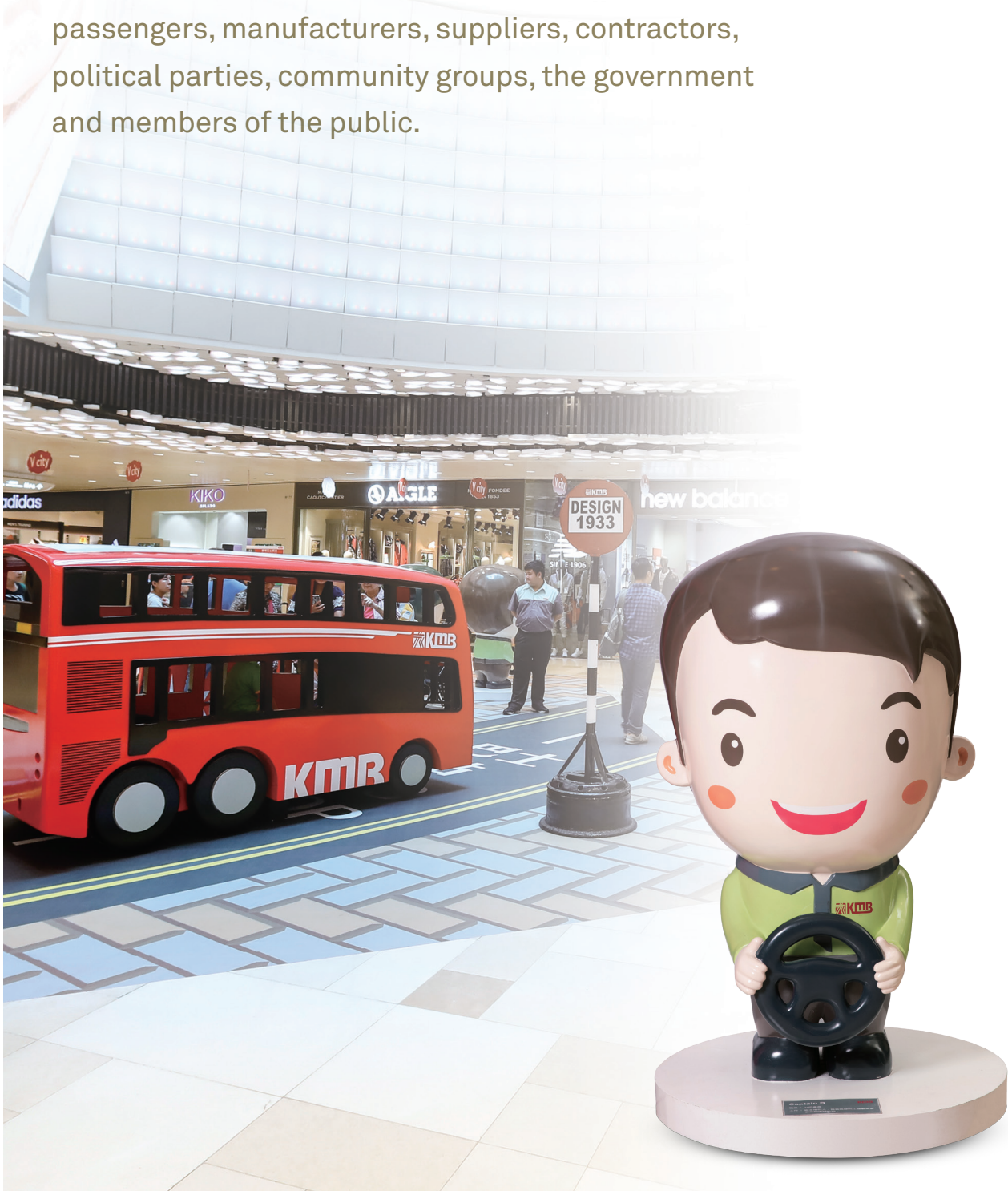


Engaging Stakeholders

Many different communication channels are employed to engage our stakeholders, including passengers, manufacturers, suppliers, contractors, political parties, community groups, the government and members of the public.



Engaging the Public

In 2017, a number of events were organised to interact with the public we serve:

- ⦿ From 22 to 28 January 2017, KMB operated a store at the Lunar New Year Market in Yuen Long, offering the public the chance to buy new KMB products as New Year gifts;
- ⦿ On 29 April 2017, KMB organised the “Retrospective Carnival with KMB” at the Hong Kong Cultural Centre Piazza in Tsim Sha Tsui, giving the public the opportunity to appreciate the bus services provided by KMB over the past 80-plus years. At the event, a vintage bus was displayed and interactive games were provided;
- ⦿ From June to December 2017, KMB hosted pop-up stores at different shopping malls in Hong Kong, including Tai Po Mega Mall (June), Lai Chi Kok D2 Place (July), Tuen Mun V city (October), Yuen Long Yoho Mall (November) and Tseung Kwan O East Point City (December). The stores allowed the public to understand more about KMB’s services, showcasing bus models from past decades and providing various games and activities related to bus services;
- ⦿ Between 19 and 25 July 2017, KMB organised their first booth at the Hong Kong Book Fair at the Hong Kong Convention and Exhibition Centre in Wan Chai, where the new generation “red bus” models were introduced;

- ⦿ On 13 August 2017, KMB organised a “Red Bus Day” at the Star Ferry Bus Terminus in Tsim Sha Tsui, offering the public the opportunity to ride on a red bus. A fleet of red buses was arranged to operate on Route 1A; and
- ⦿ KMB and LWB held a total of 12 Passenger Liaison Group meetings at bus termini across their operating areas to collect customer views on a variety of issues, including interchange schemes, environment-friendly buses, passenger facilities and network connectivity.

Media and Online Communication

In the reporting period, we invited the media to events to strengthen communications and made increasing use of social media platforms such as Facebook and Instagram to publicise KMB and LWB-related information. Our interaction with netizens included a number of cross-media activities that have been well received, as the number of fans of our Facebook page grew to over 60,000 in December 2017. Likewise, the number of followers of our Instagram account had reached more than 59,000 in December 2017.

Firm in the belief that social media platforms constitute a major communication means between the public and the company, KMB continued to make good use of online communication platforms to strengthen its ties with the public.

The following activities were organised via online social media platforms:

- ⦿ From March to May 2017, KMB used its Facebook page to recruit the public to participate in a running training activity, which encouraged the public to live a healthy life;
- ⦿ In April 2017, KMB recruited participants via Facebook to dress in costumes from the 1930s to the 1980s in a vintage cosplay activity at a carnival in Tsim Sha Tsui;
- ⦿ In May 2017, KMB used the Facebook live function to introduce the new-generation KMB “Red Bus”, with its new brand image and the slogan “Heartbeat of the City”;
- ⦿ In July 2017, KMB used the Instagram photo sharing function to encourage the public to visit and take photos of the KMB pop-up store at D2 Place in Lai Chi Kok, and get a free gift from the store;
- ⦿ In October 2017, KMB used its Facebook page to encourage the public to participate in a busking at a bus stop video competition, which provided a good means for KMB to engage the public via music; and
- ⦿ In November 2017, KMB used the Facebook live function to introduce two new facilities, “Bus captain security screen” and “Solar bus stop”.

Smartphone App

The in-house developed Bus Estimated Time of Arrival (“ETA”) service has been applied to all KMB

and LWB regular routes. Passengers are able to obtain bus arrival information via display panels at bus termini and bus stops, as well as via the KMB and LWB smartphone App “App1933” and the KMB and LWB websites.

Providing real-time bus information for the whole fleet, the “Nearby ETA” feature gives users the estimated arrival time of buses on nearby routes. When a passenger enters a desired destination, the App will immediately display all recommended routes available at nearby bus stops, including information on estimated time of arrival, destinations for the routes, journey distance and fares. After choosing or inputting a location, the App will display each bus stop with the expected arrival time of the next bus. If the passenger needs to make use of a bus-bus interchange on the journey, the App will immediately calculate the total fare after taking the relevant fare concession into account. To provide helpful information for passengers, App1933 has launched a trial project to show seat availability on the next bus.

App1933 ranked Number 1 in App Store of iPhone Applications (free download category) in Hong Kong in 2017.

Websites

The KMB and LWB websites (www.kmb.hk and www.lwb.hk) not only serve as a corporate information portal, providing corporate news, promotion schemes and customer enquiries; they also provide a map-based point-to-point bus route search function with 360-degree photo Street View, Live Chat and the Octopus Refund Enquiry functions.

Customer Service Centres

Customer Service Centres provide passengers with a one-stop service offering KMB and LWB souvenirs, Octopus Card add-value services and the provision of bus route information, while the Tai Lam Interchange customer service kiosk similarly provides a wide range of services. The kiosk provides cash withdrawal and free Wi-Fi services, as well as a range of convenience goods, providing a handy one-stop service for those changing buses at the Interchange. The

customer service kiosk at Hong Kong International Airport’s Ground Transportation Centre provides a passenger enquiry service and Airbus ticket sales.

Customer Service Hotline

The KMB customer service hotline (2745 4466) handled about 1.6 million calls in 2017, an average of 132,800 calls a month, with a hotline operator service, available daily from 7:00 a.m. to 11:00 p.m., being complemented by a 24-hour hotline system. The LWB customer service hotline (2261 2791) handled about 31,570 calls in the reporting period, an average of 2,630 calls a month, with a hotline operator service, available daily from 7:00 a.m. to 11:00 p.m., being complemented by a 24-hour hotline system.

Live Chat for Enquiries

To provide more channels for passenger enquiries, KMB has set up a live chat channel on the KMB website and App1933 for instant response to customer enquiries, providing a daily service from 7:00 a.m. to 11:00 p.m.

Hosting Visits

To increase our stakeholders’ understanding of the daily operations at our bus depots, including maintenance and bus cleaning procedures, we received visitors from some 70 organisations in 2017, including 33 social service organisations and 10 overseas delegations.

Membership of Associations and Advocacy

In 2017, we further strengthened our connection with stakeholders via participation in the following organisations:



KMB participated for the first time in the Hong Kong Book Fair

- ⊙ Business Environment Council
- ⊙ Employers' Federation of Hong Kong
- ⊙ Federation of Hong Kong Industries
- ⊙ The Chartered Institute of Logistics and Transport in Hong Kong
- ⊙ The Hong Kong General Chamber of Commerce

Supporting the Community

The Group takes steps to understand the communities among which we work and support various initiatives and non-governmental organisations ("NGOs") providing assistance to the needy and improving the environment. To support the elderly and passengers in need, each year KMB and LWB participate in the International Day of Disabled Persons event organised by The Hong Kong Council of Social Service offering free rides on all its bus routes to people with disabilities and one accompanying carer. KMB and LWB also supported the annual Senior Citizens Day, by offering free rides to people aged 65 and over. To share festive joy with the elderly, we distributed red packets, rice cakes, rice dumplings, and mooncakes at traditional festivals.

We sponsor and participate in a variety of local community programmes, including the New Territories Walk for Millions, Dress Casual Day and the Corporate Challenge Half Marathon, all organised by The Community Chest of Hong Kong, as well as taking part in The Hong Kong Council of Social



KMB's Donation of Retired and Used Bus Programme benefits schools and NGOs

Service Caring Company Patron's Club. In 2017, KMB provided bus-body advertisements for 13 NGOs on 17 buses.

Donation of Used and Retired Bus Programme

To nurture the next generation and show our support for sustainability and recycling, KMB launched a pilot programme, the "Donation of Used and Retired Bus Programme," to donate used and retired single-deck and double-deck buses to schools or non-profit organisations. The buses were regenerated as learning centres for use by students and teachers.

The list of beneficiary schools/non-profit organisations in 2017 is as follows:

- ⊙ Buddhist Lim Kim Tian Memorial Primary School
- ⊙ Hong Chi Tuen Mun Morninghope School
- ⊙ Buddhist Chung Wah Kornhill Primary School

FRIENDS OF KMB

KMB's volunteer club FRIENDS OF KMB ("FRN") has promoted environmental protection, civic education and social service activities since it was formed in 1995. In 2017, FRN comprised 5,300 volunteers, including KMB and LWB staff and their dependents, and passengers. We were awarded the Second Runner-up in the Highest Service Hour Award (Private Organisations – Best Customer Participation) and Merit in the Highest Service Hour Award (Private Organisations – Best Staff Participation) from the Social Welfare Department.

During the year, FRN volunteers, in partnership with Tung Wah Group of Hospitals, Prince of Wales Hospital, Suicide Prevention Services, Po Leung Kuk, Baptist Oi Kwan Social Service, Hong Kong Sheng Kung Hui, Hope Worldwide, and Lok Sin Tong, visited the elderly and less privileged people living in Eastern District, Kowloon City, Kwai Tsing, Kwun Tong, Sha Tin, Sham Shui Po, Tsuen Wan, Tuen Mun, Wan Chai, Wong Tai Sin, and Yau Tsim Mong.

Working with Suppliers

We believe in upstream integrated supply chain management with the emphasis on quality and logistics control. We work closely with our business partners to develop new buses and services that are well adapted to the local climatic and operational environment. We encourage fair and open competition with the aim of developing long term relationships with suppliers and sub-contractors based on mutual trust. Our supply chain activities are guided by KMB and LWB's policies and procedures that are geared to ensuring the ethical procurement of supplies and services, as well as high quality end products in which our customers can be confident.

To ensure compliance by our suppliers and sub-contractors with our guidelines on social and environmental requirements, we require tenderers to submit information on their performance in the following key aspects, which will be evaluated when we award contracts:

- ⊙ Environmental care;
- ⊙ Health and safety;
- ⊙ The prohibition of forced and child labour; and
- ⊙ Anti-corruption.

Environmental Care, Health and Safety of Suppliers/Sub-contractors

Our suppliers and their sub-contractors are expected to show their commitment to environmental protection and a healthy and safe workplace by adopting these measures:

- ⊙ Promoting employee awareness of environmental issues;
- ⊙ Encouraging energy conservation;
- ⊙ Reducing waste in appropriate ways and finding alternative uses for waste;
- ⊙ Providing and maintaining a safe and risk-free operating environment by adopting good systems and equipment;
- ⊙ Enforcing appropriate procedures for the use, handling, storage and transport of materials; and
- ⊙ Complying with all relevant statutes.

Forced Labour and Child Labour

Suppliers and their sub-contractors undertake that they will not use forced labour in any form or child labour (persons below the local minimum age or below the age of 16).

To ensure that our suppliers conduct operations with a comprehensive consideration of their environmental and social aspects, we require our tenderers to provide us with details of the following aspects of their operations. We review their performance in these areas carefully when considering the awarding of contracts:

- ⊙ The tenderer's awareness of environmental care, health and safety, and policies regarding the prevention of the use of forced labour and child labour;
- ⊙ Measures taken by the tenderer to check compliance of its key suppliers/sub-contractors with its standards on Environmental Care, Health and Safety of Suppliers/Sub-contractors, and Forced Labour and Child Labour; and
- ⊙ Any major social controversies, fines or settlements related to the activities of the tenderer's suppliers/sub-contractors.

Legal and Regulatory Compliance

Our suppliers are expected to fulfill all their contracts with us in a proper and lawful manner and in no way violate the laws of the HKSAR. Suppliers are asked to declare any close personal or business

relationships they may have with any of our directors, staff or handling agents. They are also requested to make a report to the Independent Commission Against Corruption if an employee has committed any offence of corruption under the Prevention of Bribery Ordinance (Chapter 201, Laws of Hong Kong). Should a supplier or sub-contractor be found to have committed any offence of corruption under this Ordinance, we reserve the right to immediately terminate all outstanding contract(s) without allowing the supplier or sub-contractor recourse to any compensation or claim for loss.

Prevention of Bribery and of Corrupt Practices in Procurement

We promote fair and open competition and aim to develop and secure long-term relationships with suppliers and sub-contractors based on mutual trust. We make efforts to ensure that the procurement of supplies and services is conducted to the highest ethical standards so as to ensure a high quality end product and the sustained confidence of customers, suppliers and the public.

We ensure that all suppliers, sub-contractors and consultants are managed equally without prejudice, both local and overseas, and that those staff involved in the selection of and purchase from suppliers and sub-contractors avoid misuse of authority and do not engage in actions which could interfere with their ability to make free and independent decisions in respect of purchase and procurement.

Procurement and Tendering Procedures

The criteria for the procurement and tendering of services or goods are based solely upon price, quality, need and other relevant factors, including environmental and social responsibility standards. Our procurement and tendering measures are implemented on the following principles:

- ⊙ Impartial selection of capable and responsible suppliers and subcontractors;
- ⊙ Fair competition;
- ⊙ Selection of appropriate contract types according to need;

- ⊙ Compliance with laws, relevant regulations and contractual obligations; and
- ⊙ Adoption of an effective monitoring system and management controls to detect and prevent bribery, fraud or other malpractices in procurement and tendering. Procurement and tendering protocols for implementing this policy will specifically include procedures and practices designed to detect and prevent fraudulent activities.