



Sustainability Report



With over 13,000 employees, KMB and LWB are major employers in Hong Kong, providing attractive staff benefits; two generations of a family work together for the Company



About the Report

Reporting Focus

This is the Sustainability Report 2019 ("this Report") of Transport International Holdings Limited ("TIH"). The report highlights the major environmental and corporate social responsibility performance and sustainability achievements of the Hong Kong franchised public bus operations provided by two of TIH's wholly-owned subsidiaries, namely The Kowloon Motor Bus Company (1933) Limited ("KMB") and Long Win Bus Company Limited ("LWB"). Operating in Hong Kong, these two

companies represent the significant business operations of TIH. This Report covers the reporting period from 1 January to 31 December 2019.

During the reporting period, the Group had no leased facilities and no outsourced operation of significant importance that requires disclosure. Data and statistics in this Report are presented as absolute figures and are normalised into comparable terms as far as possible. Unless otherwise stated, data and statistics in this Report cover the performance of KMB and LWB during the entire reporting period. There is no specific limitation

on the scope and boundary of this Report in respect of KMB and LWB's operations.

Reporting Principles

The TIH Sustainability Report 2019 was prepared in accordance with the Core Option of the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards") and the Environmental, Social and Governance Reporting Guide ("ESG Guide") issued by the Hong Kong Exchanges and Clearing Limited ("HKEX"). In addition, we have taken into account the concerns of stakeholders as identified through engagement

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exercises such as the annual passenger liaison group meetings and interviews with representatives of different groups. The latest Annual Report of TIH contains more information about the Group including corporate governance and the financial performance of KMB and LWB.

If you have any comments on this Report, please send an email to ccd@kmb.hk.



Sustainability Highlights

75%

of bus fleet at Euro V standard or above



23,000
voluntary hours



40.9

Average training hour per employee



14

weeks of maternity leave



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Major Recognition and Awards

We aim to deliver excellent public transport services in a sustainable manner and are pleased to receive a number of prestigious awards in 2019.

Corporate Social Responsibility

- Gold Award in the Transport and Logistics category of the 2018 Hong Kong Awards for Environmental Excellence ("HKAEE") from the Environmental Campaign Committee
- Silver Award in the Enterprise category of The 10th Hong Kong Outstanding Corporate Citizenship Programme from the Committee on the Promotion of Civic Education
- Hong Kong Green Organisation Certificate from the Environmental Campaign Committee
- Outstanding HKAEE Promotional Partner Award from the Environmental Campaign Committee
- 15 Years Plus Caring Company Logo from The Hong Kong Council of Social Service
- Award of 10,000 Hours for Volunteer Service from the Social Welfare Department
- Award of Distinction from The Community Chest of Hong Kong
- Gold Star Award in the 2018-2019 Age-friendly Appreciation Scheme from The Hong Kong Council of Social Service
- Social Capital Builder Logo Award from the Labour and Welfare Bureau and Community Investment and Inclusion Fund
- Sport-Friendly Action Decal from the Chinese YMCA of Hong Kong
- Corporate Partnership Award from the Christian Family Service Centre
- Jockey Club Age-friendly City Partner 2019 from The Hong Kong Jockey Club Charities Trust
- Second Runner-up in the Highest Service Hour Award (Private Organisations – Best Customers Participation) from the Social Welfare Department

- Merit in the Highest Service Hour Award (Private Organisations – Best Staff Participation) from the Social Welfare Department

Brand

- Manpower Developer from the Employees Retraining Board
- HKQAA 30th Anniversary Precognition Programme For Outstanding Organisations from the Hong Kong Quality Assurance Agency
- Hong Kong Best Awards 2019 from CMO Asia
- Top Service Awards 2019 for Public Transportation from Next Magazine
- Gold in the Public Transport category of the 2019 Reader's Digest Trusted Brands Awards
- Bronze Award for Financial Data for the TIH 2018 Annual Report in the Transportation and Leasing category of the International ARC Awards



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Stakeholder Engagement and Materiality Assessment

Stakeholder engagement exercises and materiality assessments provide a sound basis for us to develop our sustainability reports, as they help identify the sustainability topics that are most relevant to both our operations and the shared interests of our stakeholders.




Our stakeholders include passengers, employees, suppliers, contractors, Legislative Councillors, District Councillors, transport advisory bodies, interest groups and the government. We have established several of engagement programmes to gauge their views on our operations and services. Our dialogue with

stakeholders is established through various channels, including the LiveChat enquiry channel on the KMB and LWB websites and App1933, the KMB Facebook page, the KMB Instagram account, the KMB YouTube channel and corporate publications such as *KMB Today*, as well as face-to-face meetings and media networking.

In 2019, we once again engaged an external consultant to carry out a series of stakeholder engagement activities to define the scope of this Report and to identify the material economic, environmental and social topics to be reported, with reference to the principles and requirements of the GRI Standards and the HKEX ESG Guide. We invited representatives from various stakeholder groups,

including passengers, employees, FRIENDS OF KMB, suppliers, non-governmental organisations (e.g. social organisation and green group) to participate in three stakeholder engagement activities involving surveys, focus group meetings and face-to-face interviews.

Based on the survey results and the materiality assessment conducted annually over the past few years, the Group further reviewed and validated the material topics to ensure a consistent and balanced representation of the Group's significant sustainability performance and impacts. As a result, the following material topics have been prioritised for disclosure in the TIH Sustainability Report 2019 with the corresponding boundaries specified:

Material Topics	Reporting Boundaries	
	KMB & LWB's Operations	KMB & LWB's Suppliers
 Environment		
Energy and Efficiency Measures	✓	
Emissions	✓	✓
Effluents and Waste	✓	
Green Procurement	✓	✓
 Employees		
Employment	✓	✓
Training and Education	✓	
Staff Communication	✓	
Occupational Health and Safety	✓	✓
 Community		
Customer Health and Safety	✓	
Community Engagement	✓	

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The engagement activities provided us with the constructive comments and suggestions of our stakeholders. We appreciate their valuable feedback and will strive to address their expectations through continuous improvements.

Key Area of Interest	Stakeholders' Comments	Our Responses and Relevant Disclosures in this Report
Safety	More promotional activities would be helpful to enhance public awareness of on-bus safety.	Safety is our utmost priority, and we make great efforts to implement safety measures and promote safety awareness. (See details in Safety First)
Passengers	The super-low floor buses make boarding much easier for wheelchair users.	Bus facilities and compartment designs have been upgraded to provide better accessibility and comfort for passengers. (See details in Care for Customers)
Environment	The new bus fleet has lower air emissions, while new technologies, such as electric vehicles, present technical challenges for daily application.	KMB continues to work with suppliers to employ the latest technologies in new bus models. (See details in Care for the Environment)
Employees	It is suggested to further promote awareness of a healthy lifestyle and work-life balance among staff.	We have set up a new department, Staff Relations & Welfare Services, to promote a healthy lifestyle among Group members. (See details in Care for Employees)
Community	TIH could increase communications to inform stakeholders about its community contributions.	We play an active role in a range of community activities and take various opportunities to communicate with the public. (See details in Engaging Stakeholders)

Corporate Governance

With a commitment to conducting our businesses in line with the best corporate governance practices, we aim to achieve sustainable business development by considering the interests of our stakeholders, while ensuring compliance with legal and regulatory requirements. The Group has adopted an integrated management approach to guide the sustainable development of the Group based on the principles of integrity, equity and transparency. This integrated management approach is strengthened by on-going staff training and communication with all stakeholders. The board of directors of TIH (the "Board") as the highest governance body, is responsible for promoting the long-term development of the Group

and for growing shareholder value. The Board currently comprises nine non-executive directors and five independent non-executive directors. The biographies of our current directors can be found on pages 116 to 122 of our Annual Report 2019.

The overall strategic planning and accountability for the Group's sustainable development rest with our Board-level Committees, which determine the sustainability strategy and oversees its progress across the Group. Under the oversight of the Committees, the senior management team acts as the bridge between the Group and each subsidiary in driving sustainable initiatives throughout our operations, including safety, environmental protection, staff welfare, community engagement and volunteering. Key

corporate executives are responsible for optimising environmental performance, increasing staff awareness on corporate social responsibilities, and sharing knowledge and best practice with the industry.

The Group's Enterprise Risk Management System uses consistent risk assessment criteria to provide a systematic approach to the timely identification and management of risks. Accurate and concise risk information is made available to assist management in decision-making and risk control by adopting risk treatments of cost-effectiveness and efficiency. Meanwhile, with the Enterprise Risk Management System, the management monitor and review risk levels, including

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climate change related-risks, to ensure that risk exposure remains within an acceptable level. A Risk Key Performance Indicator Report ("Risk KPI Report") summarising the Group's major risks as identified by management, are submitted to the Audit and Risk Management Committee every six months. The Risk KPI Report provides a comprehensive profile of the major risks and the mechanism established by management for monitoring these risks.

For details of our corporate governance, please refer to pages 094 to 111 of our Annual Report 2019.

Legal and Regulatory Compliance

The Group is committed to conduct its business activities in a proper and lawful manner in compliance with the laws of the HKSAR. All Directors and staff of the Group are subject to a written Code of Conduct, available on the staff website, that provides guidance on matters relating to personal conduct, relations with suppliers and contractors, responsibilities to shareholders and community, relations with customers, and employment practices, as well as procedures for monitoring compliance and means of enforcement. The Code of Conduct promotes ethical values in business activities which Directors and employees are required to adhere to when discharging their delegated duties. The Code of Conduct is reviewed and updated periodically to reflect the latest regulatory changes. Our Group also reviews its employment practices on a regular basis, including strictly following the Employment Ordinance of Hong Kong to prohibit hiring of child labour and any form of forced labour practices. We do not use forced labour in any form of child labour (persons below the local minimum age or below the age of 16).

The Group has a whistleblowing policy to encourage employees and related third parties who deal with the Group to raise concerns in confidence about misconduct, malpractice, bribery, money laundering, any forms of forced, coerced or bonded labour and irregularities in any matters related to the Group. Employees and/or related third parties may make a report to the Company Secretary or the Chairman of the Board's Audit & Risk Management Committee. Appropriate follow-up action, including disciplinary action, will be taken by the Group in respect of substantiated and partially substantiated cases. In the event of an employee committing any offence of corruption under the Prevention of Bribery Ordinance (Chapter 201, Laws of Hong Kong), we would make a report to the Hong Kong Independent Commission Against Corruption. We have not committed any offence of corruption under this Ordinance. We also invited the Hong Kong Independent Commission Against Corruption to provide training to directors and employees to enhance their awareness of anti-corruption. During the reporting year, we had zero concluded legal cases regarding corruption cases.

Working with Suppliers

We believe in upstream integrated supply chain management with an emphasis on quality and logistics control. We work closely with our business partners to develop new buses and services that are adapted to the local climatic and operational environment while taking a high level of energy efficiency and the latest emission standards into consideration. We encourage fair and open competition with the aim of developing long-term relationships with suppliers based on mutual trust. Our supply chain activities are guided by 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. In 2019, KMB and LWB worked with 384 local and 46 non-local suppliers, of which 44 suppliers are newly added.

To ensure compliance by suppliers with our social and environmental requirements, we require them to declare their compliance with our guidelines upon supplier registration:

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

Procurement and Tendering Procedures

The criteria for the procurement and tendering of services or goods are based on price, quality, requirement and other relevant factors. Our procurement and tendering measures have been established according to the following principles:

- Impartial selection of capable and responsible suppliers;
- Fair competition;
- Selection of appropriate contract types according to requirement;
- Compliance with laws, relevant regulations and contractual obligations; and
- Adoption of an effective monitoring system, management controls and practices:
 - to prevent bribery, fraud or other malpractices; and
 - to ensure declaration of conflicts of interests by staff involved in the selection.