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Over **82%**
of bus fleet at Euro V
standard or above



Over
22,000
voluntary hours



17.1
Average training hour per
employee



Over **16%**
of the total workforce with
minority and disabled
staff and retiree



Reporting Focus

This is the 2020 Sustainability Report (“this Report”) of Transport International Holdings Limited (“TIH”). This Report highlights the significant 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 2020.

There were no significant changes with regard to TIH’s size, structure, ownership or supply chain during the reporting period. In this Report, data and statistics 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 2020 Sustainability Report 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”) and based on the reporting principles of materiality, quantitative, consistency and balance, which are set out in the ESG Guide. In addition, we have taken into account the concerns of stakeholders as identified through engagement 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.





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 2020.

Corporate Social Responsibility

- 15 Years Plus Caring Company Logo from The Hong Kong Council of Social Service;
- Good Employer Charter from the Labour Department;
- Family-friendly Good Employer Logo from the Labour Department;
- The Good MPF Employee Award from the Mandatory Provident Fund Schemes Authority;
- Manpower Developer from the Employees Retraining Board;
- Mental Health Friendly Organisation from the Department of Health;
- Award of 10,000 Hours for Volunteer Service from the Social Welfare Department;
- Award of Merit from The Community Chest of Hong Kong;
- 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;
- Jockey Club Age-friendly City Partner 2020 from The Hong Kong Jockey Club Charities Trust;
- Honour Award in the Highest Service Hour Award (Private Organisations – Best Customers Participation) from the Social Welfare Department; and
- Merit in the Highest Service Hour Award (Private Organisations) from the Social Welfare Department.

Brand

- › Hong Kong Service Awards 2020 – Apps Award from East Week;
- › Health Partnership Awards 2020 from ET Net;
- › Gold in the Public Transport category of the 2020 Reader's Digest Trusted Brands Awards;
- › Top Service Awards 2020 – Public Transportation from Next Magazine;
- › Honour Awards for Traditional Annual Reports and Written Text for the TIH 2019 Annual Report in the Transportation and Leasing category of the International ARC Awards; and
- › Silver Award in the Transportation & Logistics category in the Vision Awards from the League of American Communications Professionals LLC.

Sustainability 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, five independent non-executive directors and one executive director. The biographies of our current directors can be found on pages 136 to 142 of our 2020 Annual Report.

The overall strategic planning and accountability for the Group's sustainable development rests with our Board-level Committee, which determines the sustainability strategy and oversees its progress across the Group. Under the oversight of the Committee, we have an ESG Task Force to implement the Board's ESG strategy and policies in driving sustainable initiatives throughout our operations, including safety, environmental protection, staff welfare, community engagement and volunteering. The Task Force members are responsible for optimising environmental performance, increasing staff awareness on corporate social responsibilities, and sharing knowledge and best practice with the industry and working with the Enterprise Risk Management Task Force of the Company to assess new and emerging ESG-related risks.

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 monitors and reviews risk levels, including 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, is submitted to the Audit and Risk Management Committee three times a year. 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 110 to 131 of our 2020 Annual Report.

Legal and Regulatory Compliance

The Group is committed to conducting its business activities in a proper and lawful manner in compliance with the HKSAR laws. 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 that 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 the 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 the age below 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 and 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 for senior executives and employees to enhance their awareness of anti-corruption. During the reporting year, we had zero concluded legal cases regarding corruption cases.

Supply Chain Management

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 2020, KMB and LWB worked with 405 local and 48 non-local suppliers, of which 55 suppliers were newly added. The proportion of spending on local suppliers was 62%.

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 the declaration of conflicts of interests by staff involved in the selection.

Stakeholder Engagement and Materiality Assessment

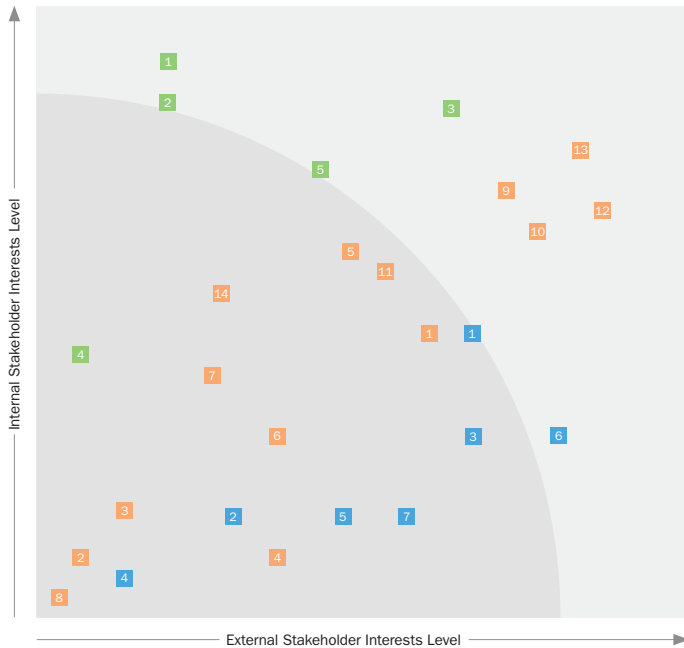
Stakeholder engagement exercises and materiality assessments provide a sound basis for us to develop our sustainability reports, as they help identify the sustainability topics that are most relevant to both our operations and the shared interests of our stakeholders.

Our stakeholders include passengers, employees, suppliers, contractors, Legislative Councillors, District Councillors, transport advisory bodies, interest groups and the government. We have established several engagement programmes to gauge their views on our operations and services. Our dialogue with stakeholders is demonstrated 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 2020, 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, concerning 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 organisations and green groups) to participate in three stakeholder engagement activities involving surveys, focus group meetings and interviews.

Based on the survey results and the materiality assessment conducted annually over the past few years, we have mapped the materiality of 12 issues. The most critical issues are listed at the top right quadrant of the matrix, while less important issues are found at the bottom left. Issues shown in the top right of the matrix are those we have identified as emerging in importance. The top ten issues were prioritised as material for TIH to address and report. The eleventh and twelve issues, namely energy and efficiency measures and community engagement, which have been reported in the previous years, are also included to make it consistent. The ESG Task Force 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 2020 Sustainability Report with the corresponding boundaries specified:

Materiality Matrix



Environment	Employees
1 Emissions	1 Employment
2 Effluents and Waste	2 Staff Communication
3 Energy and Efficiency Measures	3 Training and Education
4 Water Consumption	4 Gender Equality
5 Environmental Compliance	5 Occupational Health and Safety
6 Green Procurement	
7 Material Consumption	
Community	
1 Community Engagement	7 Human Rights Training
2 Anti-corruption	8 Forced and Child Labour
3 Socio-economic Compliance	9 Economic Performance
4 Corporate Responsible Procurement	10 Procurement Practices
5 Diversity and Equal Opportunity	11 Indirect Economic Impacts
6 Freedom of Association and Collective Bargaining	12 Customer Health and Safety
	13 Marketing and Labelling
	14 Customer Privacy Protection

Material Topics	Reporting Boundaries	
	KMB & LWB's Operations	KMB & LWB's Suppliers
Environment		
Energy and Efficiency Measures	>	>
Emissions	>	>
Green Procurement	>	>
Employees		
Employment	>	>
Training and Education	>	
Staff Communication	>	
Occupational Health and Safety	>	
Community		
Customer Health and Safety	>	
Community Engagement	>	>
Procurement Practices*	>	>
Economic Performance*	>	
Marketing and Labelling*	>	

* Newly identified material topics in this Report

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	<ul style="list-style-type: none"> ➤ Suggest promoting safety with educational buses in schools or community centres 	Safety is our utmost priority, and we make great efforts to implement safety measures and promote safety awareness. (See details in Safety First)
Passengers	<ul style="list-style-type: none"> ➤ Suggest installing facilities at bus stops (e.g. seats and shelters) and on buses (e.g. baggage racks) 	Bus facilities and compartment designs have been upgraded to provide better accessibility and comfort for passengers. (See details in Care for Customers)
Environment	<ul style="list-style-type: none"> ➤ Welcome the new introduction of the latest model buses which have contributed in lower air emissions 	KMB continues to work with suppliers to employ the latest technologies in new bus models. (See details in Care for the Environment)
Employees	<ul style="list-style-type: none"> ➤ Recognise the good practice of providing job opportunities for people with disabilities 	As an equal opportunity employer, we are committed to ensuring that no employee is discriminated. (See details in Care for Employees)
Community	<ul style="list-style-type: none"> ➤ Suggest developing a long-term plan on voluntary activities with charitable organisations 	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)