



載通國際

Transport International



Sustainability Report 2019
Transport International Holdings Limited



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



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



Sustainability Report

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



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	✓	

Sustainability 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	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

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.



Sustainability Report

Safety First



Safety First

Safety is our number one priority and we continue to invest heavily in improving the safety of our bus operations.



Sustainability Report
Safety First

Safety Policy

The KMB and LWB Safety Policy is predicated on a commitment made by all employees to provide a safe and healthy environment for everyone who may be affected by our work activities. It is our objective to minimise the risk of injury and ill health.

Safety is an absolute pre-requisite in everything we do and is an integral part of our business strategy. Employees at all levels are required to comply with all legal requirements and other requirements applicable to our work activities. We consult our employees by engaging them in our safety management system. We shall continue to maintain our safety risks at as low a level as reasonably practicable and strive for continual improvement in safety performance.

Safety Committees

Safety Committees are responsible for ensuring that information about Occupational Safety and Health risks, trends and policies are properly communicated up and down the chain of command. Meetings of the Working Committee for Safety

are held to discuss safety issues at the corporate level. Meetings of Departmental Safety Committees, Maintenance Safety Committees and Operations Safety Committees are held at the local level to discuss safety issues relating to departments and sections. Departmental Safety Committees may vary the frequency of their meetings in accordance with the scale of their local safety risks.

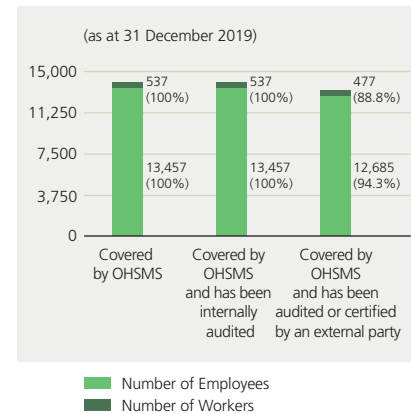
Safety Management

KMB adopts ISO45001:2018 Occupational Health and Safety Management System to promote further improvement of safety performance in all aspects of our business, including bus maintenance and design upgrades.

The key benchmarks of our operational performance are mechanical reliability and operational capability. Mechanical reliability refers to the average number of kilometres a bus operates before it experiences one mechanical breakdown on the road with passengers on board. In 2019, the mechanical reliability of KMB's bus fleet was 74,278km:1, while LWB's bus fleet was 80,068km:1. Operational capability refers to the ratio of actual

to scheduled departures during the peak hours of 7:00 a.m. to 9:00 a.m. across the bus network. In 2019, KMB and LWB attained an operational capability of 96.67% and 100.61% respectively.

The Number and the Percentage of Staff and Workers Covered by Our Occupational Health and Safety Management System (OHSMS)



Operational Excellence

KMB and LWB are ISO9001 certified for their Quality Management Systems. Both companies have been accredited with the latest version of ISO9001, reflecting our commitment to achieving up-to-date operational and service standards.

KMB and LWB offer professional operations and maintenance training to provide safe and quality bus services; we also boost public awareness of safety matters by education and promotion in schools and the community at large



Sustainability Report
Safety First

Risk Assessment

Risk assessments are critically conducted by managerial staff together with the relevant workers before the commencement of work. Both the working environment and staff working behaviour are checked during safety inspections and safety audits to ensure compliance with not just the legal requirements but also

the in-house safety rules and the best practices of the industry. We adopted the Plan-Do-Check-Act cycle to ensure continual improvement.

Bus Safety Facilities and Maintenance

A number of technological devices, including speed limiting devices and the telematics system, have been

incorporated on buses to improve safety and record operational data. All KMB and LWB buses undergo an ISO-certified maintenance regime, comprising daily and monthly servicing, a semi-annual minor dock and an annual road-worthiness inspection, as well as random checks from the Transport Department of the HKSAR Government.

Latest Bus Safety Measures



Drowsiness Monitoring System ("DMS")

The DMS is installed on around one-third of LWB buses to monitor the status of bus captains when they are driving. This device, which is mounted on the dashboard, uses image-processing technology and advanced facial recognition to detect the level of alertness of a driver. Early audio and vibratory warnings are activated when "fatigue" or "microsleep" is detected.

Advanced Driver Assistance System ("ADAS")

The ADAS is installed on all LWB buses to monitor the road condition in front of a moving bus. The device is installed on the lower saloon windscreen and uses image-processing technology to detect the presence of different objects on the road and the corresponding distance. Early audio and vibratory warnings are activated when "unsafe" conditions are detected.

Safety Belts

KMB and LWB have requested bus manufacturers to install 3-point safety belts on all seats as a standard feature for new buses ordered after March 2018. Currently, close to 400 new buses are fully equipped with seat belts on both decks. As for buses that are currently in service and running on long-haul or expressway routes, 3-point safety belts will be installed on all upper-deck seats in phases.

Electronic Stability Programme ("ESP")

The ESP is an important safety feature, which reduces the risk of buses skidding or overturning when

cornering or operating on slippery road surfaces. To safeguard road safety, all new Euro VI buses will be equipped with the ESP. The first batch of these buses was deployed in 2019.

Speed Limiting Retarder

In addition to the current speed limitation technology installed on the fleet, which limits the fuel supply to the engine when the speed limit is reached, the Speed Limiting Retarder automatically activates the brakes or retarder to prevent speeding when travelling downhill. The retarder, with which a hydraulic brake built into the gearbox, is installed on all new buses introduced after August 2019.

Geo-fencing and Driver Feedback Device

With Global Positioning System (GPS) technology and the road speed restriction database provided by the Government, Geo-fencing and the Driver Feedback Device can identify the speed limit of each road section. When a bus runs on a road at a speed exceeding the speed limit of the road, an alarm will sound and a warning light will be turned on to alert the bus captain to reduce the speed.

Smart Indicator System, "Give Way to Bus"

KMB and LWB have introduced the Smart Indicator System on 1,478 buses. When the bus captain turns on an indicator, the LED route display at the rear of the bus will display the message "Give Way to Bus" to remind drivers to be courteous.

Parking Sensor

KMB and LWB have been installing parking sensors for trial. The system will alert the driver if the bus is nearing obstacles when reversing. In addition to the camera system, bus captains can monitor the real-time situation through the screen in the driving cab.

Surveillance Cameras and Data Protection

Surveillance cameras, including forward-looking cameras, to monitor road and saloon condition, have been standard features on all new buses since 2015. At the end of 2019, surveillance cameras were installed on 4,069 KMB buses and 279 LWB buses. The cameras protect the interests of bus captains in the event of police investigations or legal proceedings.

Attaching great importance to personal data protection, the Group has established working instruction guidelines to prevent inappropriate disclosure of personal data. Stickers are posted on all buses equipped with a CCTV system to inform bus passengers and bus captains of their presence and purpose. Recordings from CCTV cameras will be accessed by authorised persons only for the purposes of security and incident investigation. The recorded data is controlled by management and will only be accessed, copied or viewed following management approval in accordance with the governing procedures.

○ Sustainability Report
Safety First



○ To promote driving and road safety, KMB and LWB conducted events for staff and the public

Bus Captain Safety Training

The Bus Captain Training School provides comprehensive basic training to all new bus captains, including a safe driving mind-set, bus manoeuvring skills and bus route knowledge. The school also offers a series of training courses for in-service bus captains. These include route training, remedial training and bus type training as well as refresher training. Bus captains may upgrade their driving skills and enhance their safety awareness.

Practical defensive driving training and target-based remedial training, including prevention of speeding and awareness of passing through bus washing machines, have been introduced to address areas identified for improvement. A skills revision training course has been developed to help new bus captains with less than six months' service further enhance their driving skills and safety awareness.

In order to meet customers' needs and expectations, the "Bus Captain Performance Management

System" helps our bus captains maintain high standards in terms of driving safety, driving manner and quality customer service. Through coaching and guidance, we strive for continuous improvement in bus captains' performance to exceed the expectations of the general public.

For the Group's business growth and rising training needs, the number of Driving Instructors has been increased to enhance the service quality of our bus captains.



○ The Bus Captain Training School offers professional training for all new and in-service bus captains

Benchmark Our Performance

Take an Extra Step Improve Public Safety Awareness

KMB and LWB attach great importance to enhancing bus safety performance and make use of different channels to boost public awareness of safety issues. A series of safety messages, broadcast on the Bus Stop Announcement System in Cantonese, English and Putonghua, reminds passengers to hold the handrail at all times. This message is also periodically conveyed via App1933 and on KMB's Facebook page. KMB has also cooperated with the Hong Kong Police Force to promote road safety in some primary school zones as well as the community at large. During the reporting period, we conducted 17 safety talks for 1,590 students and 480 elderly people. In line with its mission of always putting safety first, KMB held a Road Safety Carnival to promote road safety to the general public.



“ Having been a bus captain for more than seven years, I always remind myself to drive safely, stay alert to the road conditions, and exercise tolerance and patience. To transport passengers to their destinations safely is the most important thing for me. I attended a safety forum, which helped me deepen my understanding of defensive driving. I can see that the Company continues to enhance the public's awareness of road safety and improve bus safety, with safety messages broadcast on the Bus Stop Announcement System to remind passengers to hold the handrails during their bus journey. ”

Mr Sung Wun Hei

Bus Captain

“ As a KMB customer from an early age, KMB accompanied me on numerous occasions and I naturally have a special feeling for the Company. KMB provides steady and comfortable journeys. I notice that bus captains' service has greatly improved in terms of politeness and concern for customers' needs. KMB has put more effort and resources into promoting road safety in recent years. I'm impressed with the safety messages broadcast and "Warm Notice" stickers inside the bus compartment that inspire me to pay special attention to safety on board. I attended the Road Safety Carnival, where the booth games deepened my awareness of road safety. ”

Mr Tsoi Kcon Wah

Customer





Sustainability Report

Care for Customers



Care for Customers

Safety, efficiency, value-for-money and comfort underpin our customer service philosophy.





New Bus Fleet and Facilities

Following the introduction of KMB's new red bus fleet in 2017, KMB introduced the double-decker featuring a glass window that shows the staircase leading to the upper deck. Sunlight is directed onto the staircase, thus enhancing safety and passengers' experience.

KMB and LWB's latest double-deck buses are equipped with upgraded passenger facilities, including a free Wi-Fi service and a number of USB charging points on both upper and lower decks, a straight staircase for easy access to the upper deck, additional space for 2+2 seating, priority seats for passengers in need, a designated area for wheelchair users near the entrance/exit, colour contrasted handrails and easy-reach bell-pushes. In addition, the provision of continuous railing and hand poles on the lower deck ensures a smooth passenger flow in the space between the entrance and exit doors. All seats on the upper deck of LWB's Airbuses are equipped with an armrest to

provide a more comfortable bus journey. As of the end of 2019, 3,073 buses at Euro V standard or above were licensed in the KMB fleet, while 229 buses at Euro V standard or above were licensed in the LWB fleet. The majority of these buses have been deployed on routes passing through low-emission zones to help improve the air quality in busy districts.

The entire KMB and LWB fleets deploy super-low floor buses for easy boarding and alighting, as well as wide entrance and exit doors for better passenger access, which means that all KMB and LWB buses are accessible to the elderly and wheelchair users. In addition, KMB has retrofitted around 200 buses to accommodate two wheelchair passengers, to run mainly on routes travelling to hospitals.

KMB and LWB have installed the Bus Information Panel System on 3,323 buses. Together with the Bus Stop Announcement System, passengers can obtain bus stop information easily and clearly through the display screens on the upper and lower decks.

Upgraded Compartments

The air quality in bus compartments benefits from electrostatic air filters installed on all KMB and LWB buses, which are able to remove up to 80% of fine particles. As at the end of 2019, electrostatic air filters were installed on 3,885 KMB buses and 272 LWB buses. In addition, all KMB and LWB buses ordered after 2008 are equipped with power-saving variable capacity air-conditioning compressors, which provide more adaptive and refined thermal control in the most fuel-efficient manner in all weather conditions.

KMB refurbishes buses with a new look to enhance passengers' travelling experience. Mid-life buses with around eight years' service benefit from the "Refurbished Bus Scheme", which focuses on improving passenger comfort and safety on board. The scheme will also aid the maintenance and repair of buses in the long term. The refurbishment includes reupholstery of the seats and the installation of a light-coloured

To offer passengers, especially young people, a caring bus service experience, buses have upgraded passenger facilities including USB charging ports



Sustainability Report

Care for Customers



- KMB works with different banks to launch bus fare rebate schemes providing passengers with cost effective services

compartment floor to make the bus look bright and comfortable. In addition, the interior of the buses has been resprayed for a clean and fresh look, bringing comfort levels to the same standard as the new generation of the "Red Bus". The stair nosing and hand-holds are also replaced in the revamped compartments.

Fare Concession Schemes

KMB and LWB are committed to providing efficient bus services for the public. A number of fare concession schemes were introduced in 2019, including:

KMB

- ICBC/KMB UnionPay Dual Currency Card holders can enjoy a maximum 20% bus fare rebate whenever they pay for KMB and LWB rides;
- KMB Fare Saver Scheme was extended to ten tertiary institutions, offering a HK\$2.0 rebate on each ride;

- A fare rebate scheme with Citibank earning cardholders a year-round 15% bus fare rebate;
- Partnership with Hong Kong Tramways Limited providing inter-modal interchange fare concessions;
- A KMB-AMS interchange discount when interchanging from designated cross-harbour routes solely operated by KMB to designated Hong Kong Island Green Minibus routes operated by AMS Public Transport Holdings Limited, and vice versa; and
- Four new Bus-Bus Interchange concessions covering more than 90 routes.



- To promote the use of public transport, KMB Fare Saver kiosks are set up on the campuses of tertiary education institutions; teachers and students can enjoy a HK\$2.0 fare rebate

LWB

- ICBC/KMB UnionPay Dual Currency Card holders can enjoy a maximum 20% bus fare rebate whenever they pay for KMB and LWB rides; and
- A fare rebate scheme with Citibank earning cardholders a year-round 15% bus fare rebate.

Octopus Bus-Bus Interchange ("BBI") Schemes

KMB and LWB's Octopus BBI Schemes offer fare discounts to passengers on the second leg of journeys and broaden the network coverage. The schemes contribute to a greener environment by improving bus use and reducing congestion on busy roads. As of the end of 2019, KMB operated a total of 157 Octopus BBI Schemes covering all KMB operated routes, while LWB operated 27 Octopus BBI Schemes covering 27 routes. The KMB and LWB websites provide more detailed and comprehensive route-to-route BBI information for passengers.

Special Service Arrangements

KMB and LWB provide special bus services during festive periods, such as Lunar New Year, Christmas, New Year and Ching Ming, and for people participating in mega-events, including the Hong Kong Marathon, concerts at the Hong Kong Coliseum, and concerts at Hong Kong Disneyland. In 2019, KMB and LWB introduced 66 and 12 special bus routes respectively.

Upgrade of Depots, Termini and Bus Stops

The four major KMB depots at Lai Chi Kok, Kowloon Bay, Sha Tin and Tuen Mun, as well as the LWB depot at Siu Ho Wan, provide the KMB and LWB fleets with maintenance and repair services. The KMB Overhaul Centre in Tuen Mun provides major overhaul services, while ten smaller depots offer parking and minor maintenance services.

KMB and LWB's commitment to upgrading the facilities at their termini and bus stops is reflected in the following measures:

- A solar bus pole featuring solar-powered bulbs with an auto-sensor has been installed so passengers may obtain bus route information day and night;
- Seats for the elderly, disabled and people with young children are being introduced at bus shelters, bus termini and interchanges. At the end of 2019, 984 seats had been installed;
- The Solar-powered Bus Shelter Campaign promotes green energy by installing solar panels to power up lighting, mosquito repelling devices and ventilation fans. 117 bus stops have been equipped with solar power equipment;



- App1933 continues to upgrade its functions to keep passengers up-to-date with important bus information

- Alcohol-based hand-rub dispensers have been installed at the airport, the Hong Kong Port of the Hong Kong-Zhuhai-Macao Bridge, Lok Ma Chau Station Bus Terminus, interchanges and other bus termini for passengers and frontline staff members;
- Bus stop railings with cement bases are being phased out to enable easier access for wheelchair passengers;
- 756 KMB and LWB bus termini and bus shelters are equipped with the Integrated Bus Service Information Display System;
- KMB has installed LED kerb lights, flashing lights and buzzers at Mei Foo Bus Terminus to remind pedestrians to be aware of road conditions;
- 10,000 with the new layout of bus route information sheets at the bus poles have been enhanced. Passengers can scan a two-dimensional QR code for further bus route information, including bus frequencies; and
- In 2019, 25 new bus shelters were constructed, bringing the total to 2,597.

Smartphone App

The KMB and LWB mobile app, App1933, has one million daily active users making around five million downloads allowing passengers to check information on bus routes and the estimated time of bus arrivals. App1933 received a number of upgrades during the year. Passengers can purchase the KMB Monthly Pass with App1933. The app also offers the LiveChat function so that passengers can directly communicate with customer service representatives. To provide a more convenient service for passengers planning their journeys, Bluetooth positioning technology is being adopted at 1,500 bus stops, providing nearby route information, important notifications and Bus Terminus Map Notification.





Sustainability Report

Care for the Environment



Care for the Environment

Our environment-friendly bus fleets are driving us into a new era.



Environmental Policy

KMB and LWB recognise the potential environmental impacts of bus services and are committed to mitigating and minimising these impacts in the following ways:

- Preventing pollution and continually improving our environmental performance by establishing and achieving objectives and targets;
- Conserving resources by reducing waste at source, and recycling and reusing resources;
- Minimising and controlling emissions from buses by adopting control measures and providing professional bus repair and maintenance services;
- Enhancing staff environmental awareness by providing training in line with our environmental policy and environmental objectives and targets, as well as in relation to the potential environmental impacts arising from our operations;
- Communicating our environmental policy and environmental requirements to our suppliers, and making the policy available to the public;

- Responding to environmental enquiries from stakeholders promptly and ensuring effective communication on environmental issues internally; and
- Ensuring compliance with all applicable local environmental legislation and other relevant requirements.

Environmental Management

KMB has been ISO14001 certified for its Environmental Management Systems for the two largest depots. KMB's four major depots and LWB's depot are subject to quarterly surveillance audits to ensure compliance with a set of stringent environmental management standards. Environmental working groups have been set up to handle environmental issues and ensure the implementation of the ISO systems. Under the guidance of Senior Management, the Engineering team is introducing new and innovative technologies applicable to both bus fleets and bus operations.

Environmental Bus Fleet

We are committed to creating a better environment and minimising the impact of climate-related issues by investing in environmental-friendly buses that meet the strict exhaust emission standards of the European Council of Environmental Ministers. At the end of 2019, there were 221 Euro VI buses (including three Euro VI diesel-electric hybrid buses), 2,830 Euro V buses, ten battery-electric buses and eight supercapacitor buses in the KMB fleet, and 225 Euro V buses and four battery-electric buses in the LWB fleet. In collaboration with our suppliers, we have been replacing older bus models with the latest, more energy-efficient bus models to enhance the environmental performance of our bus fleets. The average age of the KMB bus fleet has become 7.2 years, while that of LWB has become 5.5 years.



KMB and LWB spare no effort in introducing the latest technologies into their bus fleets to minimise the environmental impacts



Sustainability Report

Care for the Environment



○ KMB and LWB continue to explore the possibilities of renewable energy and zero-emission bus technologies

Exploring Renewable Energy and Zero-emission Bus Technologies

KMB and LWB strive to improve environmental performance by exploring various kinds of renewable energy and zero-emission technologies, which shows KMB and LWB's determination to introduce green public transport in Hong Kong.

- KMB introduced the first in-house developed solar power system installed on a double-decker in 2017. The system reduces the air temperature in the compartment by around 8-10°C compared to a bus without such a system. With an efficiency upgrade in 2018, the cooling time improved by 50%, saving up to 3% in terms of fuel consumption. The first batch of buses with a solar panel was deployed in October 2019;
- KMB and LWB are exploring the use of an electric bus ("eBus") with a 324 KWh Lithium Iron Phosphate

battery power pack capable of delivering 200km of zero-emission bus transport; and

- KMB has introduced the "gBus", the supercapacitor-powered 12-metre air-conditioned single-deck bus. The gBus is characterised by long working hours and frequent start-stop duty cycles, as the supercapacitor can be recharged more quickly and undertake many more charging/discharging cycles. The gBus can be powered up by an overhead pantograph or a plug-type charging port in the depot.

Checks on CO₂ Concentration

Each year, 80 KMB buses and 15 LWB buses from passenger-intensive bus routes are selected for a data-logger measurement of indoor CO₂ concentration. Our buses generally demonstrate compliance with the requirement.

Greenhouse Gas Emissions

KMB and LWB seek to minimise their greenhouse gas emissions through the judicious application of the latest technologies and relevant measures.

Total Tonnage of Greenhouse Gas Emissions

The total direct greenhouse gas emissions (Scope I) and indirect greenhouse gas emissions (Scope II)¹ of KMB and LWB are around 574,800 and 17,260 tonnes of CO₂ equivalent respectively. The total carbon intensity is 135.8 tonnes CO₂ equivalent per bus.

Emissions Reduction

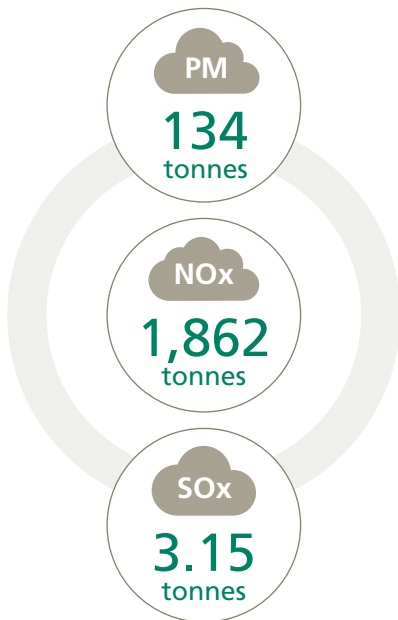
KMB and LWB adopt the latest technologies to reduce roadside emissions and maintain good air quality in bus compartments. We use Near Zero Sulphur Diesel, renew the bus fleet with the latest low-emission models and upgrade older buses by retrofitting exhaust treatment devices,

¹ The emission factors of greenhouse gas emissions due to electricity consumption are obtained from the sustainability reports of CLP Power: 0.51 kg CO₂-e/kWh.

Sustainability Report — ○
Care for the Environment

including Diesel Oxidation Catalysts, Diesel Particulate Filters, and Selective Catalytic Reduction units to meet the high standards of exhaust emissions laid down by the European Council of Environmental Ministers.

In 2019, KMB and LWB emitted around 134 tonnes of particulate matter (PM), 1,862 tonnes of nitrogen oxides (NOx) and 3.15 tonnes of sulphur oxides (SOx)².



The latest batch of KMB and LWB buses have been retrofitted with a Selective Catalytic Reduction device, which can reduce the emission of nitrogen oxides, as the ammonia formed from the urea solution converts nitrogen oxides into nitrogen gas and water vapour.

As part of our commitment to conserving the environment, KMB and LWB are investing in upgrading the environmental performance of not only the bus fleets, but also the patrol cars. KMB and LWB have introduced 20 electric patrol cars for back-up support and have set up electricity-recharging facilities at the main depots.

Consumption and Waste

KMB and LWB take all practicable measures to reduce the consumption of precious resources and streamline waste disposal procedures. We aim to handle and dispose of all materials in compliance with present laws and regulations and in a responsible manner without creating risks to human health or the environment.

Energy Consumption

KMB and LWB consumed around 8,285,000 gigajoules (GJ) of diesel oil in the reporting period, including the bus fleets and vehicles other than buses. To reduce fuel consumption, a number of measures have been adopted on the KMB and LWB bus fleets and across its operations:

- The aircraft-style “Posilock” fuel filling system is used to refuel buses;
- Ambient sensors are installed on air-conditioned buses to save energy by reducing unnecessary cooling;
- The use of synthetic gearbox oil extends the oil drain interval from 30,000 to 150,000 km, reducing waste oil by 80%; and

- The mileage-based oil change scheme brings about a 40% reduction in engine oil consumption and waste oil.

Electricity Consumption

KMB and LWB consumed around 121,700 GJ (33,820,000 kWh) of electricity in 2019, an increase of 2.5% compared to 2018. The energy intensity, by electricity in total, for the reporting year was 0.044 GJ per square feet (12.2 kWh per square feet). The number of bus stops increased by 0.09% compared to 2018 causing the increase of electricity consumption. We continued to explore environment-friendly initiatives and invested in the latest technologies to minimise energy use and reduce greenhouse gas emissions. Over 100 flood lights were changed to LED flood lights at the rooftop of KMB’s four main depots and LWB’s Siu Ho Wan Depot. After the implementation of these saving measures, the use of energy-saving LED flood lights helped the depots reduce its total electricity consumption by around 10%. In addition, we have changed 22 chiller fan coil units to VRF air-conditioning units at Sha Tin Depot. These installations bring a reduction of electricity consumption in that depot by around 30%.



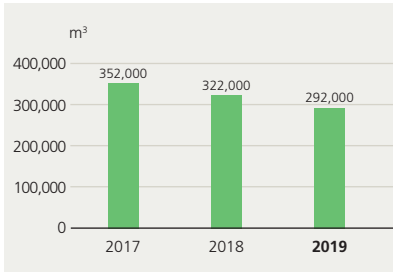
○ KMB and LWB have installed electric patrol car recharging facilities in their main depots

² The emission factors were taken from “Appendix 2: Reporting Guidance on Environmental KPIs” published by the Hong Kong Stock Exchange.

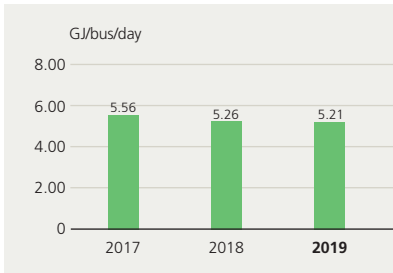
Sustainability Report

Care for the Environment

Total Water Consumption of KMB & LWB



Total Diesel Oil Consumption of KMB & LWB



Water Consumption and Waste Water Treatment

KMB and LWB are committed as responsible corporate citizens to reducing water consumption and properly treating effluents before discharge. KMB and LWB consumed around 291,600 cubic metres in the reporting period, with the average water consumption per bus being 0.18 cubic metres per day. Our depots are equipped with 11 automatic waste water treatment systems handling 548 cubic metres per day. Two water recycling systems were upgraded in two KMB depots. The water used for bus washing was collected and recycled, bring a reduction in total water consumption at depots of around 10%.

Waste Generation

KMB and LWB are committed to good waste management through responsible storage and disposal of waste, recycling and reusing resources whenever feasible. Significant types of waste generated in our operations are reported as follows:

Tyres

In 2019, 32,300 used KMB and LWB tyres (equivalent to a saving of 1,938 tonnes of solid waste disposal at landfills) were retreaded by KMB's appointed contractors.

Fluorescent Tubes

In 2019, KMB and LWB sent a total of around 3,600 used fluorescent tubes to the Government's Chemical Waste Treatment Centre for recycling.

Oil and Chemicals

In 2019, around 27,280 litres of solid chemical waste were treated and stored according to type in designated areas at bus depots before being disposed of by a registered chemical waste collector at the Government's Chemical Waste Treatment Centre. Around 102,000 litres of waste oil were recycled or disposed of in accordance with the statutory standards.

Around 118,000 kilograms of waste lead-acid batteries were disposed of by a licensed contractor in compliance with Environmental Protection Department ("EPD") instructions, including some which were exported to overseas facilities approved by the EPD under the Basel Convention.



The new generation environment-friendly air-conditioning system is equipped with electronic air filters that help improve in-vehicle air quality



○ With their environmental-friendly design, the automatic waste water treatment systems properly treat effluents, while the fuel filling system prevents spillage

Metals

In 2019, KMB and LWB sent a total of around 707 tonnes of metal to recycling companies.

Green Measures in the Office

The Green Office concept drives both the design and the renovation of our premises. The air-conditioning thermostats are set to 25.5°C to conserve energy and protect air quality in line with the Government's Action Blue Sky Campaign. Lower-energy LED lighting is used in all

newly renovated office spaces, on the ceilings of depots and in the common areas of our headquarters building, including the main lobby, to reduce electricity consumption and the demand for air-conditioning.

In 2019, KMB and LWB implemented a default setting on all computers to revert to a screensaver after a designated period of time. This measure serves as a good practice to raise the awareness of staff to the need to save electricity and conserve the environment.



Sustainability Report

Care for Employees



Care for Employees

Our employees are our greatest asset and we cherish them accordingly.



Sustainability Report

Care for Employees

Human Resources Policy

We take care of our employees by maintaining a safe, respectful and harmonious work environment. We adopt a set of comprehensive human resources policies promoting gender equality, offering protection against sexual harassment, preventing bribery, and protecting personal privacy. These and other policies are published on the staff website. We observe Hong Kong's labour and anti-discrimination laws and ensure that all our suppliers respect labour rights with regard to employment and respect employees' rights to join trade unions.

As an equal opportunity employer, we are committed to ensuring that no job applicant or employee is discriminated against on the grounds of race, sex, marital status, family status, pregnancy or disability. In collecting personal data from job applicants and existing staff members, we comply with the requirements of the Personal Data (Privacy) Ordinance, respecting the privacy of personal data while taking all reasonable steps to ensure that the personal data of job applicants and staff members are securely held and used only for the purposes stated in our personal data collection statement. As public bodies included in the Schedule of

the Prevention of Bribery Ordinance, KMB and LWB remind staff members that they should not make use of their position to solicit or receive any advantage from the public.

From time to time, we remind our employees to comply with the Human Resources Policies. In addition, we have a complete complaints handling mechanism in place. In case we receive complaints, we would thoroughly investigate all complaints on breach of the above policies and take appropriate action. Depending on the degree of seriousness of the complaint, an ad hoc committee may be set up to investigate the complaint. Serious disciplinary action, including summary dismissal, will be instigated for any violation.

Staff Benefits

To help attract and retain talented staff, competitive benefit packages are offered, including annual leave, medical benefits, hospitalisation insurance, accident insurance and free bus travel for staff and dependents. In the reporting period, KMB and LWB strengthened the benefit package of full-time employees by:

- Increasing the entitlement of Inspector to 12 days of double overtime pay every year;

- Enhancing the promotion path by adding a position of senior bus terminus supervisor;
- Enhancing the overnight allowance of monthly-paid Operations staff; and
- Enhancing the salary scale of monthly-paid Maintenance staff.

We extend our care for employees to their families. We provide a scholarship programme for the children of staff with satisfactory academic performance to support their tertiary education. At 31 December 2019, 259 children of KMB and LWB staff members had received scholarships. We brought festive joy to our staff at traditional festivals. At Lunar New Year, we distributed Chinese New Year gifts to our staff, while at Dragon Boat Festival and Mid-Autumn Festival, we distributed rice dumplings and mooncakes respectively. In addition to festive gatherings at Lunar New Year, 18 spring gatherings were held for all KMB and LWB staff in February 2019, the first time all staff have been catered for in this way. Senior corporate executives and managerial staff joined the gatherings and shared the festive joy with around 7,000 staff and retirees.

KMB and LWB aim to be an employer of choice by establishing a supportive and respectful working environment



Sustainability Report

Care for Employees



In line with KMB and LWB's commitment to upgrading the working environment for staff, Club 1933, the Company's first leisure area, was opened at Kowloon Bay Depot

Staff Communication

To strengthen bilateral communications and staff welfare, a new department was established to enhance staff relations and welfare services. Five KMB and one LWB Joint Consultative Committees, which comprise management and staff representatives representing around 90% of KMB and LWB's total workforce, hold meetings monthly and bi-monthly respectively. The meetings are to review issues including safety, operations, work environment and staff welfare. At the meetings, employee representatives generally account for 90% of attendees to ensure that the views of staff are comprehensively relayed.

Staff members are kept informed through the staff website of useful information, including KMB and LWB announcements, safe driving tips, snapshots of KMB and LWB activities and notices of forthcoming events. Staff can check duty roster information and make annual leave

arrangements online, as well as using an e-learning training platform. The bi-monthly corporate magazine, *KMB Today*, provides another means of keeping employees up to date on KMB and LWB news and industry developments.

Senior Management Visits

Members of KMB and LWB senior management visited bus termini, depots and offices during the year. These visits provided an excellent opportunity for staff to share their views about operational matters and workplace-related issues with members of the management team.

Occupational Safety and Health

KMB and LWB staff members are encouraged to suggest improvement measures to enhance health and safety conditions. After reviewing staff suggestions at the regular

meetings of the Working Committee for Safety, a series of safety control measures is being introduced. To further raise the safety awareness of our frontline staff, 22 Safety Forums and 17 Safety Talks were conducted in 2019 at different bus termini, at which Driving Instructors discussed accidents and incidents with bus captains and shared suggestions on safety measures with frontline staff, as well as focusing on a particular topic.

KMB and LWB have organised fire warden training sessions to promote fire safety, updating knowledge of fire extinguisher and hose reel use, enhancing understanding of the role and responsibilities of fire wardens and familiarising them with emergency preparedness within depots.

In October 2019, KMB and LWB launched a series of health-related activities, including a health talk, body check session, Chinese medical consultation, stretching exercise

Sustainability Report — ○
Care for Employees

class and a weight loss campaign, to promote a healthy lifestyle.

Improved Working Environment

KMB and LWB have continued to renovate and upgrade the working environment for staff, especially frontline staff, providing improved places to rest before working. The leisure area, Club1933, was first furnished and opened at KMB's Kowloon Bay Depot, where a pool table, an air hockey table and table football are provided for staff. KMB has also retrofitted a retired bus with facilities such as chairs, TVs, refrigerators and microwave ovens as a rest station for staff.

Skills Development and Training

Our diversified learning channels provide self-learning opportunities, including internal classroom training and e-learning programmes. Job rotation and secondment opportunities are also available so that our employees may broaden their understanding of the industry.

We regularly organise customised training and learning activities for all levels of staff to keep them abreast of the latest industry trends, knowledge and work skills. For instance, we arranged training courses that focused on emotion management and inspirational empathy communication skills. Some training courses were held for accident investigators to enhance their knowledge of the causes of traffic accidents, as well as relevant regulations and laws.

Technical and Apprentice Training

The Technical Training School has been responsible for training our bus maintenance staff in the latest bus technologies since 1973. In 2019, 126 in-house training sessions were run for 798 skilled workers, while 13 training sessions were organised in collaboration with our manufacturers for 143 engineers, supervisors and foremen.

To ensure a continuous stream of skilled workers to provide maintenance for the KMB and LWB bus fleets, the school runs a four-year apprenticeship training programme

for youngsters who are interested in bus maintenance. The total number of graduates since the school was established stands at 2,473. At the end of 2019, 115 apprentices were enrolled in the School's programme. The quality of our apprentice training was once again recognised in 2019 when a KMB apprentice was awarded the Outstanding Contestant in the Vocational Training Council's Best Apprentice in the Automobile Trade Competition. The apprentice was invited to visit a motor plant in Germany. Another apprentice was recognised for Excellent Performance in the Outstanding Apprentice/Trainee of the Year Competition organised by the Vocational Training Council.

A new two-year technical trainee programme was launched to strengthen our professional team and nurture young people who aspire to a career in bus maintenance. Trainees who complete the programme will receive a Completion Certificate from bus manufacturers.



○ KMB and LWB care for the health and career development of employees, attracting talents with a multi-pronged approach

○ Sustainability Report
Care for Employees



○ KMB and LWB care for the needs of employees, their families and retirees to increase their sense of belonging

Psychological Support

KMB and LWB have engaged the Christian Family Service Centre to provide a counselling hotline service to staff members including bus captains who need assistance. In 2019, the hotline service extended its service to 24 hours a day, 7 days a week, and broadened its coverage to include family members.

Recognition for Service Excellence

In 2019, 254 Star Bus Captains were recognised for their outstanding performance in safe driving and customer care. To recognise the loyal service of our staff, the Annual Award Presentation Ceremony was held. 70 KMB and LWB staff received the 35-year award and a gold medal,

121 employees received the 30-year award with a plaque and a pin, 182 employees received the 20-year award with a plaque and a pin, and 244 employees with 10 years' service received a certificate of appreciation.

Sustainability Report — ○
Care for Employees

Sports and Leisure Activities

To promote work-life balance, KMB and LWB staff members are encouraged to participate in sports and leisure activities as well as undertake voluntary work. As at the end of 2019, nine interest clubs were available, focusing on singing, photography, basketball, table tennis, badminton, soccer, running, chess and dragon boat racing. The interest clubs arranged different activities or competitions. Interest Clubs

encourage employees to take part in periodic training, matches with other companies and recreational activities to benefit from healthy work-life balance.

TIH Retiree Association

The TIH Retiree Association was formed so that close contacts could be maintained with retired colleagues through various activities, such as picnics and gatherings. In 2019, the Association held four gatherings to celebrate the Chinese New Year and

Mid-Autumn Festival, attended by around 1,500 retirees. To maintain close contacts, we arranged afternoon tea sessions on a monthly basis. To share the festive joy with retirees, we distributed red packets, Chinese sausages, rice dumplings, and mooncakes during the traditional festivals. We have also enhanced the communication channel with retirees by setting up a KMB retiree website to share activity information and photos.



○ Board members attended the Annual Awards Presentation Ceremony to recognise the loyal service and outstanding performance of staff



○ To enhance morale, KMB and LWB distributed festive gifts and drinks to staff

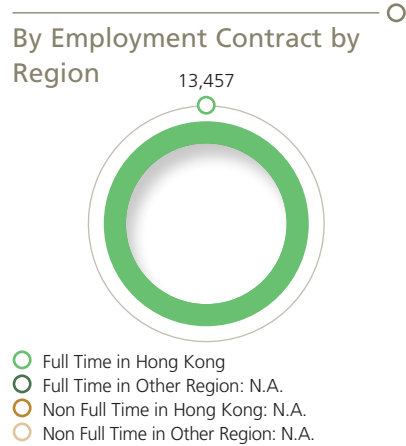
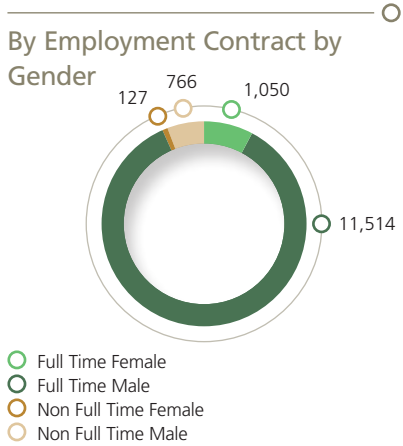
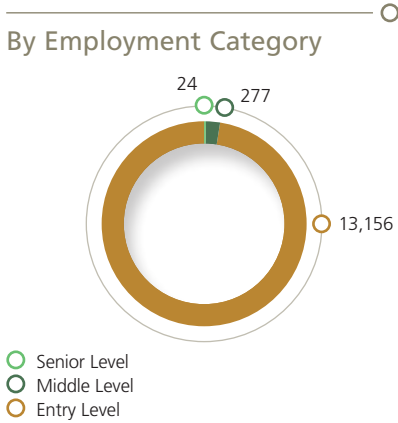
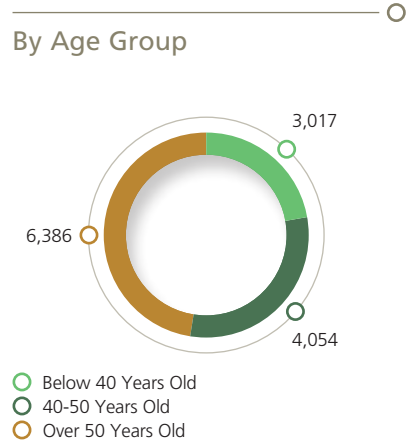
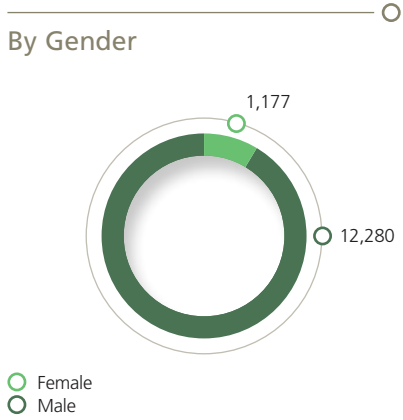
Sustainability Report
Care for Employees

Workforce

(as at 31 December 2019)



KMB and LWB
Total Workforce:
13,457

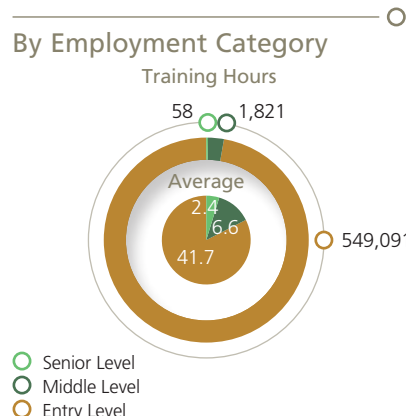
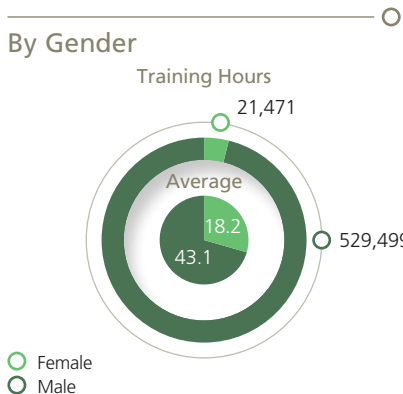
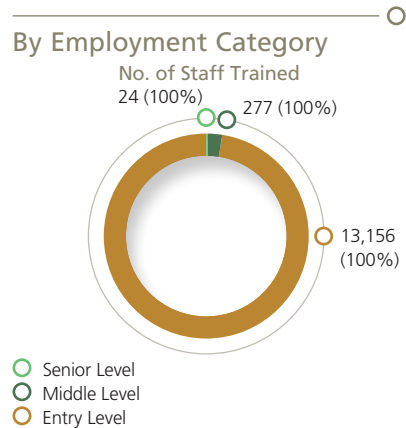
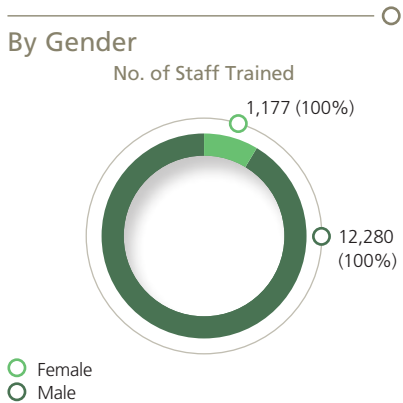


Training Statistics

(as at 31 December 2019)



KMB and LWB
Total Training Hours:
550,970 hrs



 Nurturing Talent

Attracting Talent with a Solid Career Path and Upgrading Facilities

The KMB Bus Captain Training School – the first of its kind in Hong Kong – is the largest bus captain training school in Hong Kong, providing comprehensive training to all new and in-service bus captains. To nurture more drivers in the industry, the Company renovated the Bus Captain Training School in Sha Tin Depot. The school provides a more comfortable learning environment for trainees and a pleasant working environment for trainers. The Company has always attached great importance to educational resources. Therefore, the school adopts updated bus models for training so that the trainees are able to obtain up-to-date experience and knowledge with the bus models.

After passing the written and oral test of the Transport Department and finishing an internal professional training course and passing an internal assessment, the trainee will qualify to drive for KMB or LWB. KMB offers a solid career path for bus captains with experience and a good performance record. They have the opportunity to be promoted as bus captain trainers who impart not only skills but also safety knowledge to later cohorts.



“ Having worked as a KMB bus captain with a zero-accident record for 17 years, I was delighted to switch my career path and take a promotion to become a bus captain trainer. I share my experience with new bus captains to help them improve their safety awareness. I derive satisfaction from seeing my trainees become qualified as bus captains and start serving customers. The Company provides me with excellent career prospects and personal development opportunities. Working as a bus captain is a stable career, and I enjoy life as part of the KMB family and the friendship between colleagues. The Company cares about our families and us, providing free-ride bus passes and distributing festive gifts. Over the years, the Company has improved our benefits, staff welfare and the working environment, including working hours and rest stations. ”

Mr Lam Hiu Cheung
KMB Bus Captain Trainer



○ To nurture more professional and quality bus captains in the industry, KMB and LWB continue to enhance the learning facilities and environment of the Bus Captain Training School, while upgrading the training quality



○ The KMB Bus Captain Training School provides comprehensive training to all new and in-service bus captains



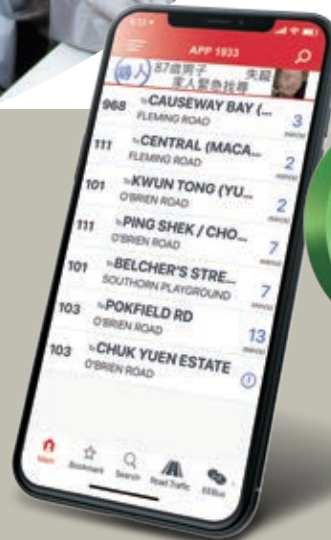
Sustainability Report

Engaging Stakeholders



Engaging Stakeholders

We are committed to supporting various initiatives to enhance the well-being of the community and engaging our stakeholders through effective communication channels.



Sustainability Report

Engaging Stakeholders

Engaging the Public

In 2019, a number of events were organised to interact with the public we serve:

- From 30 January to 5 February, KMB operated six stalls at Lunar New Year Fairs in Victoria Park, Fa Hui Park, Morse Park, Sha Tin and Yuen Long;
- From January to December, KMB ran pop-up stores at different shopping malls in Hong Kong, including Tuen Mun Chelsea Heights (January), Yuen Long YOHO Mall (April), Tuen Mun V city (May), San Po Kong Mikiki (June), Tai Kok Tsui Olympian City (July-August), Yuen Long Plaza (October), Tsuen Wan Citywalk (November) and Tseung Kwan O East Point City (December). The stores allowed the public to understand more about the KMB's services, showcasing bus models and providing various games and activities related to bus services;
- On 27 April, KMB organised a "Road Safety Carnival" in Tsim Sha Tsui to promote road safety to the public;

- Between 14 and 16 June, KMB organised a booth at the Hong Kong Toy Festival and between 17 and 23 July, KMB organised a booth at the Hong Kong Book Fair at the Hong Kong Convention and Exhibition Centre in Wan Chai; 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 2019, we invited the media to our 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. These activities proved popular, as the number of fans of our Facebook page grew from over 81,000 in January exceeded to over 151,000 at the

end of December. Likewise, the KMB Instagram account had reached more than 200,000 netizens by the end of 2019.

Firm in the belief that social media platforms constitute a major communication means between the public and the Group, we will continue 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:

- Throughout the year, KMB Facebook has promoted different events with images, GIFs and videos, especially safety promotions and recruitment;
- In February and April, KMB Facebook page organised give-away events to KMB fans;
- In March, KMB Facebook introduced the brand new Volvo B8TL bus model; and
- From June, KMB Facebook page was an effective channel for special bus service announcements.



KMB hosted pop-up stores at different sites to interact with the public

Sustainability Report Engaging Stakeholders



The Customer Service Centre at the Tuen Mun Road Bus-Bus Interchange provides passengers waiting for buses with caring services

App1933

To respond to the needs of our communities, we used App1933 to help find missing people, especially the elderly who may have dementia. Some passengers were found after appeals on App1933.

Websites

The KMB and LWB websites (www.kmb.hk and www.lwb.hk), as corporate information portals, provide corporate news, promotion information and a customer enquiry service. The websites also serve our passengers by providing a map-based point-to-point bus route search function with 360-degree photo "Street View", LiveChat and "Octopus Refund Enquiry" functions.

Customer Service Centres

Our 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. Tuen Mun Road Bus-Bus Interchange Customer Service Centre provides an air-conditioned waiting area for passengers to enjoy a comfortable environment. 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) and LWB customer service hotline (2261 2791) handled about 1.59 million and 55,223 calls in 2019 respectively, an average of 132,266 and 4,602 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.

LiveChat for Enquiries

To provide more channels for passenger enquiries, KMB and LWB have set up a LiveChat channel on their websites and App1933 to provide instant responses to customer enquiries, offering a daily service from 7:00 a.m. to 11:00 p.m.

Sustainability Report

Engaging Stakeholders

Customer Feedback

KMB and LWB place great emphasis on providing quality services to customers and welcomes customers who wish to express views on our bus service. All customer feedback is handled with due care. KMB and LWB treat substantive feedback as a reference for continuous service improvement and future service development.

Hosting Visits

To increase our stakeholders' understanding of the daily operations at our bus depots, we received visitors from 44 organisations in the reporting period, including social service organisations, government organisations, professional and academic institutions and overseas delegations. Schools and non-government organisations participated in the Summer Visit Programme to visit KMB depots. We hosted 36 such delegations in 2019.

Membership of Associations and Advocacy

During the reporting period, we further strengthened the connection with stakeholders via participation in the following organisations:

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

Serving the Community

We take steps to understand the needs of our community and actively support various initiatives in society. We leverage the Group's business strengths and resources to optimise positive social impacts, mainly through engagement with elderly people and nurturing youth development.

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, Chinese sausages, rice dumplings, and mooncakes during the traditional festivals.

We sponsor and participate in a variety of local community programmes, including the Dress Casual Day and the Corporate Challenge Half Marathon, both organised by The Community Chest of Hong Kong, as well as taking part in The Hong Kong Council of Social Service Caring Company Patron's Club. In 2019, KMB provided bus-body advertisements for 13 non-governmental organisations ("NGOs") on 15 buses. We took steps to utilise our resources by supporting a charity run held at KMB's Tseung Kwan O Depot. Around 6,000 runners took part in the run and donated one million calories of food.

- KMB and LWB care about the community, organising events for the elderly



Sustainability Report

Engaging Stakeholders



○ The Donation of Used and Retired Bus Programme is well received by teachers and students

Donation of Used and Retired Bus Programme

To nurture the next generation and show our support for sustainability and recycling, KMB launched the Donation of Used and Retired Bus Programme in 2016 to donate used and retired buses to schools and non-profit organisations. The buses can be regenerated specifically to meet the creative learning needs of the schools or non-profit organisations. By the end of 2019, 29 retired buses had been donated.

The list of beneficiary schools/non-profit organisations that received donated bus in 2019 is as follows:

- Buddhist Wing Yan School
- Tai Po Old Market Public School (Plover Cove)
- Cumberland Presbyterian Church Yao Dao Primary School
- Tin Shui Wai Methodist College
- The H.K.C.W.C. Hioe Tjo Yoeng Primary School

- TWGHs Ma Kam Chan Memorial Primary School
- Hong Kong And Macau Lutheran Church Ming Tao Primary School
- Kam Tsin Village Ho Tung School
- Caritas Ma On Shan Secondary School
- Rhenish Church Grace School
- Yuen Long Public Middle School Alumni Association Tang Ying Yip Primary School
- Chinese YMCA Primary School
- TWGHs Leo Tung-hai Lee Primary School
- The Yuen Yuen Institute MFBM Nei Ming Chan Lui Chung Tak Memorial College
- Kowloon Bay St. John The Baptist Catholic 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 the reporting period, FRN comprised

5,700 members, including passengers and KMB and LWB staff and their dependents.

During the reporting period, FRN volunteers participated in regular home visits to elderly people who are suffering from depression. The programme was organised by the Suicide Prevention Service, with whom FRN has built up a partnership since 2013. FRN also made care visits to paediatric patients of Prince of Wales Hospital and partnered with Hong Kong Central Library and Hapi Reading Club to arrange a reading tour on a KMB bus for 30 families. In recognition of our contributions to the community, FRN received the Award of 10,000 Hours for Volunteer Service, Second Runner-up in the Highest Service Hour Award (Private Organisations – Best Customers Participation) and Merit in the Highest Service Hour Award (Private Organisations – Best Staff Participation) from the Social Welfare Department.

Care for the Underprivileged Embracing Social Inclusion

Business-School Partnership Café1933 provides placements for students

Committed to corporate social responsibility and bringing about an inclusive working environment, KMB leverages its resources to help the community. To further its Business-School Partnership, Café1933, a staff coffee shop, has joined hands with Hong Chi Association (HCA) to offer food and beverage for patrons and retail placement for students from four HCA Special Schools to unleash their potential. Students prepare ingredients, make coffee and handle orders and cash transactions under the guidance of their teachers, which improves their communication and work skills, and helps equip them to integrate into the community with an independent approach. In addition to helping those with disabilities and special educational needs, KMB also uses its resources to benefit the youth, including donating used buses under the Donation of Used and Retired Bus Programme.



○ KMB Café1933, a staff coffee shop, offers food and beverage for patrons and retail placement for students from four Hong Chi Association Special Schools.



○ Students prepare ingredients, make coffee and handle orders and cash transactions under the guidance of their teachers.



“ Our school wants to help students equip themselves to enter the job market after graduating. Thank KMB for providing a comfortable and authentic environment for their social inclusion training. Complementing the teacher-student interaction they receive at school, working at Café 1933 students allows them to engage with a range of customers, which boosts their confidence and motivation to get a job. KMB gives us the flexibility to run Café 1933 as a relatively simple operation, which reduces the administrative workload of teachers and allows students to enjoy the moment. I must give a special mention to KMB staff, who provide great support and encouragement for our students. We hope more companies will follow KMB by providing placements for students. ”

Mr Yuen Hok Sum

Principal, Hong Chi Morninghope School, Tuen Mun



Sustainability Report

Reporting Content Index Tables

Reporting Content Index Tables

TIH has developed this report in accordance with the Core Option of the Global Reporting Initiative

Standards ("GRI") Sustainability Reporting Guidelines and the Environmental, Social and Governance Reporting Guide ("ESG" Guide) issued by the Hong Kong Exchanges and Clearing Limited ("HKEX"). The

following content index table presents the associated disclosures either by cross-referring relevant section(s) in this Report or by providing direct remarks.



HKEX ESG Reporting Guide (General Disclosures and KPIs)	GRI Standard	GRI Disclosure	Reference/*Direct Answer/+ Reason for omission	Page(s) ^: refer to TIH 2019 Annual Report
GRI 101: Foundation 2016				
GRI 102: General Disclosures 2016				
Organisation Profile				
	102-1	Name of the organisation	Group Profile	002-003 [^]
	102-2	Activities, brands, products, and services	Group Profile	002-003 [^]
			Business at a Glance	004-005 [^]
			Key Franchised Bus Network in Hong Kong	006-007 [^]
	102-3	Location of headquarters	Property Holdings and Development	036-037 [^]
	102-4	Location of operations	Business at a Glance	004-005 [^]
	102-5	Ownership and legal form	Business at a Glance	004-005 [^]
	102-6	Markets served	Business at a Glance	004-005 [^]
	102-7	Scale of the organisation	Business at a Glance	004-005 [^]
			Key Franchised Bus Network in Hong Kong	006-007 [^]
			Financial and Operational Highlights	008-009 [^]
B1.1	102-8	Information on employees and other workers	Care for Employees	060-067
B5 General Disclosure B5.1	102-9	Supply chain	Working with Suppliers	043
	102-10	Significant changes to the organisation and its supply chain	* There were no significant changes during the reporting period.	–
	102-11	Precautionary Principle or approach	Corporate Governance	042-043
			Corporate Governance Report	094-111 [^]
	102-12	External initiatives	Group Profile	002-003 [^]
			Management Discussion and Analysis	018-019 [^]
			About the Report	038-040
			Safety First	044-049
	102-13	Membership of associations	Engaging Stakeholders	071
Strategy				
	102-14	Statement from senior decision-maker	Chairman's Letter	012-015 [^]
			Managing Director's Message	016-017 [^]
	102-15	Key impacts, risks, and opportunities	Chairman's Letter	012-015 [^]
			Managing Director's Message	016-017 [^]

Sustainability Report
Reporting Content Index Tables

HKEX ESG Reporting Guide (General Disclosures and KPIs)	GRI Standard	GRI Disclosure	Reference/*Direct Answer/* Reason for omission	Page(s) ^: refer to TIH 2019 Annual Report
Ethics and integrity				
B7 General Disclosure	102-16	Values, principles, standards, and norms of behavior	Group Profile	002-003 [^]
			Legal and Regulatory Compliance	043
			Working with Suppliers	043
			Procurement and Tendering Procedures	043
			Safety First	044-049
			Care for Customers	050-053
			Care for the Environment	054-059
			Care for Employees	060-067
			Corporate Governance Report	094-111 [^]
B7.2	102-17	Mechanisms for advice and concerns about ethics	Legal and Regulatory Compliance	043
Governance				
	102-18	Governance structure	Corporate Governance	042-043
			Safety First	044-049
			Corporate Governance Report	094-111 [^]
Stakeholder engagement				
	102-40	List of stakeholder groups	Stakeholder Engagement and Materiality Assessment	041
	102-41	Collective bargaining agreements	Care for Employees	060-067
	102-42	Identifying and selecting stakeholders	Stakeholder Engagement and Materiality Assessment	041
	102-43	Approach to stakeholder engagement	Stakeholder Engagement and Materiality Assessment	041
			Engaging Stakeholders	068-073
	102-44	Key topics and concerns raised	Stakeholder Engagement and Materiality Assessment	041
Report Profile				
	102-45	Entities included in the consolidated financial statements	Financial and Operational Highlights	008-009 [^]
			Reporting Focus	038
	102-46	Defining report content and topic boundaries	Reporting Principles	038
			Stakeholder Engagement and Materiality Assessment	041
	102-47	List of material topics	Stakeholder Engagement and Materiality Assessment	041
	102-48	Restatements of information	* There were no restatement of information provided in the previous report.	–
	102-49	Changes in reporting	* There were no significant changes in the report.	–
	102-50	Reporting period	Reporting Focus	038
	102-51	Date of most recent report	* April 2019	–

Sustainability Report
 Reporting Content Index Tables

HKEX ESG Reporting Guide (General Disclosures and KPIs)	GRI Standard	GRI Disclosure	Reference/*Direct Answer/* Reason for omission	Page(s) ^: refer to TIH 2019 Annual Report
	102-52	Reporting cycle	* Annual	–
	102-53	Contact point for questions regarding the report	Reporting Principles	038
	102-54	Claims of reporting in accordance with the GRI Standards	Reporting Principles	038
	102-55	GRI content index	Reporting Content Index Tables	074-079
	102-56	External assurance	* This report was not externally assured.	–
Material Topics				
GRI 205: Anti-corruption 2016				
	103-1 103-2 103-3 Management Approach		+ Anti-corruption is not considered a material topic.	–
B7 General Disclosure, B7.1	205-3	Confirmed incidents of corruption and actions taken	Legal and Regulatory Compliance	043
GRI 301: Materials 2016				
	103-1 103-2 103-3 Management Approach		+ Materials is not considered a material topic.	–
A2.5	301-1	Materials used by weight or volume	+ Quantitative data of total packaging materials are not available as they are not applicable to KMB & LWB's business.	–
GRI 302: Energy 2016				
A2 General Disclosure, A3 General Disclosure A3.1	103-1 103-2 103-3 Management Approach		Care for Customers Care for the Environment	050-053 054-059
A2.1	302-1	Energy consumption within the organisation	Care for the Environment	054-059
A2.3	302-4	Reduction of energy consumption	Care for Customers Care for the Environment	050-053 054-059
A2.3	302-5	Reductions in energy requirements of products and services	Care for the Environment	054-059

Sustainability Report
Reporting Content Index Tables

HKEX ESG Reporting Guide (General Disclosures and KPIs)	GRI Standard	GRI Disclosure	Reference/*Direct Answer/* Reason for omission	Page(s) ^: refer to TIH 2019 Annual Report
GRI 303: Water and Effluents 2018				
A2 General Disclosure, A3 General Disclosure A3.1	103-1 103-2 103-3	Management Approach	Care for the Environment	054-059
A2.4	303-1	Interactions with water as a shared resource	* All water was sourced from municipal water supplies. No major issue concerning sourcing water and water-related impacts has been encountered.	–
	303-2	Management of water discharge-related impacts	Care for the Environment * We ensure water discharge to drainage systems and water bodies were in compliance with local government requirements.	054-059
A2.2	303-5	Water consumption	Care for the Environment * No specific regions are water stressed in Hong Kong.	054-059
GRI 305: Emissions 2016				
A1 General Disclosure, A3 General Disclosure A3.1	103-1 103-2 103-3	Management Approach	Care for the Environment	054-059
A1.2	305-1	Direct (Scope 1) GHG emissions	Care for the Environment	054-059
A1.2	305-2	Energy indirect (Scope 2) GHG emissions	Care for the Environment	054-059
A1.2	305-4	GHG emissions intensity	Care for the Environment	054-059
A1.5	305-5	Reduction of GHG emissions	Care for the Environment	054-059
A1.1	305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Care for the Environment	054-059
GRI 306: Effluents and Waste 2016				
A1 General Disclosure, A1.6, A3 General Disclosure A3.1	103-1 103-2 103-3	Management Approach	Care for the Environment	054-059
A1.3 A1.4	306-2	Waste by type and disposal method	Care for the Environment * Hazardous Waste: 1)Tyres 2)Fluorescent Tubes 3)Oil and Chemicals * Non-hazardous Waste: 4)Metals	054-059

Sustainability Report

Reporting Content Index Tables

HKEX ESG Reporting Guide (General Disclosures and KPIs)	GRI Standard	GRI Disclosure	Reference/*Direct Answer/* Reason for omission	Page(s) ^: refer to TIH 2019 Annual Report
GRI 307: Environmental Compliance 2016				
A1 General Disclosure	103-1 103-2 103-3	Management Approach	Working with Suppliers Care for the Environment	043 054-059
A1 General Disclosure	307-1	Non-compliance with environmental laws and regulations	* There was no non-compliance with local environmental laws and regulations in 2019.	–
GRI 401: Employment 2016				
B1 General Disclosure, B1.1, B4, General Disclosure	103-1 103-2 103-3	Management Approach	Legal and Regulatory Compliance Care for Employees	043 060-067
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Care for Employees	060-067
GRI 403: Occupational Health and Safety 2018				
B2 General Disclosure, B2.3	103-1 103-2 103-3	Management Approach	Safety First Care for Employees	044-049 060-067
B2.3	403-1	Occupational health and safety management system	Safety First	044-049
	403-2	Hazard identification, risk assessment, and incident investigation	Safety First	044-049
	403-3	Occupational health services	Care for Employees	060-067
	403-4	Worker participation, consultation, and communication on occupational health and safety	Safety First Care for Employees	044-049 060-067
	403-5	Worker training on occupational health and safety	Safety First Care for Employees	044-049 060-067
	403-6	Promotion of worker health	Care for Employees	060-067
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Safety First	044-049
	403-8	Workers covered by an occupational health and safety management system	Safety First	044-049

Sustainability Report
Reporting Content Index Tables

HKEX ESG Reporting Guide (General Disclosures and KPIs)	GRI Standard	GRI Disclosure	Reference/*Direct Answer/* Reason for omission	Page(s) ^: refer to TIH 2019 Annual Report
GRI 404: Training and Education 2016				
B3 General Disclosure	103-1 103-2 103-3	Management Approach	Safety First Care for Employees	044-049 060-067
B3.1 B3.2	404-1	Average hours of training per year per employee	Care for Employees	060-067
GRI 408: Child Labour 2016				
B4 General Disclosure, B4.1, B4.2	103-1 103-2 103-3	Management Approach	Legal and Regulatory Compliance + Child and forced labour is not considered a material topic.	043
	408-1	Operations and suppliers at significant risk for incidents of child labor	–	–
GRI 413: Local Communities 2016				
B8 General Disclosure	103-1 103-2 103-3	Management Approach	Engaging Stakeholders	068-073
B8.1 B8.2	413-1	Operations with local community engagement, impact assessments, and development programs	Engaging Stakeholders	068-073
GRI 416: Customer Health and Safety 2016				
B6 General Disclosure, B6.1, B6.3, B6.4	103-1 103-2 103-3	Management Approach	Operational Excellence Safety First Engaging Stakeholders * Products sold or shipped and intellectual property rights are not material to KMB and LWB's business nature.	021 & 045 044-049 068-073
	416-1	Assessment of the health and safety impacts of product and service categories	Safety First Care for the Environment	044-049 054-059
GRI 418: Customer Privacy 2016				
B6 General Disclosure, B6.5	103-1 103-2 103-3	Management Approach	Safety First + Customer Privacy is not considered a material topic.	044-049
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Safety First Care for our employee * There were no significant incidents of non-compliance concerning laws and regulations during the reporting period.	044-049 060-067



載通國際
Transport International

Transport International Holdings Limited

15/F, 9 Po Lun Street, Lai Chi Kok, Kowloon, Hong Kong
Telephone : (852) 2786 8888
Facsimile : (852) 2745 0300
www.tih.hk
Stock Code: 62