

# SUSTAINABILITY REPORT

## About the Report

In 2022, Transport International Holdings Limited (“TIH”) continued to make progress in its journey to create sustainable values for its stakeholders and the community at large. TIH is committed to building sustainable legacies through safe operations, innovative service, community care and environmental protection.

## 2040 Vision

By 2040, TIH’s Hong Kong franchised public bus operations will be upgrading its entire fleet to **NEW ENERGY BUSES** to support Hong Kong’s Climate Action Plan 2050 to achieve **CARBON NEUTRALITY**.

### SUSTAINABLE DEVELOPMENT GOALS



Responsible Consumption and Production



Peace, Justice and Strong Institutions

## Reporting Focus

The 2022 Sustainability Report ("the Report") of TIH highlights the environmental and corporate social responsibility performance and sustainability achievements of The Kowloon Motor Bus Company (1933) Limited ("KMB") and Long Win Bus Company Limited ("LWB"), TIH's wholly-owned subsidiaries. These two Hong Kong franchised public bus companies comprise significant business operations of TIH. The Report covers the reporting period from 1 January to 31 December 2022.

There were no significant changes with regard to TIH's size, structure, ownership or supply chain during the reporting period. In the 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 the Report cover the performance of KMB and LWB during the entire reporting period. There is no specific limitation on the scope and boundary of the Report in respect of KMB's and LWB's operations.

## Reporting Principles

The Report was prepared in accordance with the Updated Global Reporting Initiative Standards 2021 ("GRI Standards") and the Environmental, Social and Governance Reporting Guide ("ESG Guide") issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The GRI Content Index correlates GRI disclosures with associated sections in this report. The Group strictly adheres to the reporting principles of materiality, quantitative, balance and consistency which are set out in the ESG Guide.

Reporting Principles	Description	Application
<b>Materiality</b>	The threshold at which ESG issues determined by the Board are sufficiently important to investors and other stakeholders that they should be reported.	To identify the material ESG-related issues, a stakeholder engagement exercise was conducted to collect opinions and feedback from stakeholders. The material ESG issues are incorporated into the Group's core business strategy.
<b>Quantitative</b>	KPIs in respect of historical data need to be measurable. The issuer should set targets (which may be actual numerical figures or directional, forward-looking statements) to reduce a particular impact. In this way, the effectiveness of ESG policies and management systems can be evaluated and validated. Quantitative information should be accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate.	The Group discloses its ESG performances in a quantitative manner. Data and statistics are presented as absolute figures and are normalised into comparable terms as far as possible.
<b>Balance</b>	The ESG report should provide an unbiased picture of the issuer's performance. The Report should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.	The Group prepares this report and discloses its ESG performance and achievements in a transparent, unbiased and fair manner.
<b>Consistency</b>	The issuer should use consistent methodologies to allow for meaningful comparisons of ESG data over time.	The Report was prepared in accordance with the Updated Global Reporting Initiative Standards 2021 and the Environmental, Social and Governance Reporting Guide issued by The Stock Exchange of Hong Kong Limited.

To align our strategies with international sustainability principles, the Report also makes reference to the United Nations Sustainable Development Goals ("SDGs") and the recommendations on the Task Force on Climate-related Financial Disclosures ("TCFD") established by the Financial Stability Board. In addition, through engagement exercises such as annual passenger liaison group meetings and

interviews with representatives of different interest groups, we have identified stakeholder concerns and incorporated them into our sustainability strategies. 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 the Report, please contact us via [ccd@kmb.hk](mailto:ccd@kmb.hk).

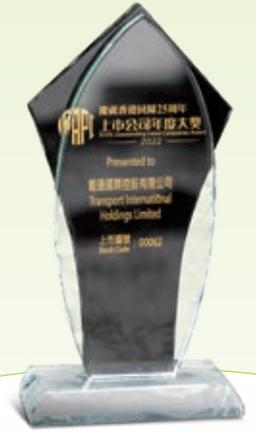
# SUSTAINABILITY REPORT

## 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 2022.

## Corporate Social Responsibility

- ✔ Hong Kong Sustainability Award 2021/22 – Distinction Award (Large-size Organisations) from The Hong Kong Management Association;
- ✔ CLP Smart Energy Award 2022 – Carbon Management Award from the CLP Power Hong Kong Limited;
- ✔ BOCHK Corporate Environmental Leadership Awards 2021 (Services Sector) – Silver Award from the Federation of Hong Kong Industries;
- ✔ Hong Kong Green Organisation Certification – Wastewise (Excellent Level) and Energywise Certificate (Excellent Level) from the Environmental Campaign Committee;
- ✔ 20 Years Plus Caring Company Logo from The Hong Kong Council of Social Service;
- ✔ Award of Merit from The Community Chest of Hong Kong;
- ✔ Social Capital Builder Awards 2022 – Logo Awards from the Community Investment and Inclusion Fund;
- ✔ Charter on External Lighting from The Environment and Ecology Bureau;
- ✔ The Good MPF Employer Award 2021-22 from the Mandatory Provident Fund Schemes Authority;
- ✔ Manpower Developer Award Scheme – Manpower Developer from the Employees Retraining Board;
- ✔ Health Partnership Awards 2022 – Outstanding Green Transportation Service from the ET Net;
- ✔ Sport-Friendly Action Decal from the Chinese YMCA of Hong Kong; and
- ✔ SportsHour Company Scheme and “CO-FIT” Best Practice Showcase from the InspiringHK Sports Foundation.





## Brand

- ✔ IFAPC Outstanding Listed Companies Award 2022 from The Hong Kong Institute of Financial Analysts and Professional Commentators Limited;
- ✔ Gold Award for Traditional Annual Reports, and Gold Award for Traditional Annual Reports and Cover Photo/Design, Silver for Written Text in the Transportation and Leasing category of the 2022 International ARC Awards from The MerComm, Inc;
- ✔ Silver Award for Transportation & Logistics category of the 2021 Vision Awards from The League of American Communications Professionals LLC;
- ✔ Smart Service Award – Gold Award, Individual Award (Contact Centre Service) – Gold Award, Top 5 Young Stars of the Year 2021 and Anti-epidemic Customer Service Excellence Award – Bronze Award from the Hong Kong Association for Customer Service Excellence;
- ✔ Reader's Digest Trusted Brands 2022 Gold Award – Public Transport category from the Reader's Digest;
- ✔ Eco-Brand Awards 2022 from the East Week; and
- ✔ Living Smart Awards 2022 – Smart Design from Ming Pao.

## Sustainability Governance

We adhere to the best corporate governance practices to achieve sustainable business development. We ensure compliance with applicable legal and regulatory requirements while considering the interests of our stakeholders. The Group has adopted an integrated management approach to guide the sustainable development of TIH based on the principles of integrity, equity and transparency. This integrated management approach is strengthened by ongoing staff training and communication with stakeholders. The board of directors of TIH (the "Board"), as its highest governance body, is responsible for stewarding the long-term development of the Group and 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 from pages 142 to 150 of our 2022 Annual Report.

The overall strategic planning and accountability for the Group's sustainable development rest with our Board-level Committee, which determines the sustainability strategy and oversees its progress. Our ESG Task Force, under the oversight of the Committee, implements the Board's ESG strategy and policies to drive sustainable initiatives throughout our operations, including safety, environmental protection, staff welfare, community engagement and volunteering. The ESG Task Force is also responsible for optimising environmental performance, raising staff awareness on corporate social responsibilities, sharing knowledge and industry best practices 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 adopts a systemic approach and uses a set of consistent risk assessment criteria to identify and manage risks. Accurate risk information is provided for the Management to assist them in decision-making and risk control without compromising cost-effectiveness and efficiency. In addition, with the Enterprise Risk Management System, the Management monitors and reviews risk levels of various issues that might impact the Group, including climate change, to ensure that risk exposure remains at an acceptable level. A Key Risk Indicator Report ("KRI Report") summarises the Group's major risks identified by the Management and is submitted to the Audit and Risk Management Committee three times a year. The KRI Report provides a comprehensive profile of the major risks and the mechanism established by the Management for monitoring these risks.

For details of our corporate governance, please refer to from pages 116 to 137 of our 2022 Annual Report.

### Legal and Regulatory Compliance

TIH is committed to conducting business activities in compliance with the Laws of Hong Kong. All directors and staff of the Group are subject to a written Code of Conduct when discharging their delegated duties. The Code of Conduct is available on the staff website for easy access, providing guidance on personal conduct, relations with suppliers and contractors, responsibilities to shareholders and the community, customer relations, and employment practices, as well as procedures for monitoring compliance and enforcement to promote ethical values in business activities. The Code of Conduct is reviewed and updated periodically to reflect the latest regulatory changes.

TIH's employment practices are also reviewed on a regular basis. We strictly adhere to the Employment Ordinance of Hong Kong and prohibit hiring child labour (a person below the local minimum age for employment or under the age of 16) and any form of forced labour.

The Group has a whistleblowing policy to encourage employees and related third parties 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. The Group will take appropriate follow-up actions, including disciplinary actions, 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), the Group will make a report to the Hong Kong Independent Commission Against Corruption ("ICAC"). We have not committed any offence of corruption under this Ordinance. Besides, we invited the ICAC to provide training for the Board and employees to enhance their awareness of anti-corruption and integrity management. We had zero concluded legal cases regarding corruption during the reporting year.

### Stakeholder Engagement and Materiality Assessment

Stakeholder engagement exercises and materiality assessments provide a solid basis for developing our sustainability reports. They help identify sustainability topics that are most relevant to both our operations and 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 Chatbot 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.

TIH engaged an external consultant to carry out a series of stakeholder engagement activities to define the scope of the Report and to identify material economic, environmental and social topics concerning the principles and requirements of the GRI Standards, the HKEX ESG Guide, the SDGs and the TCFD. We invited representatives from various stakeholder groups, including passengers, employees, members of the KMB volunteer team, suppliers, non-governmental organisations (e.g. social organisations and green groups) to participate in stakeholder engagement activities involving surveys, focus group meetings and interviews.

Based on the survey results and annual materiality assessments over the past few years, we have mapped the materiality of twelve 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 identified as emerging in importance. The top ten issues were prioritised as material for TIH to address and report. The eleventh and twelfth issues, community engagement and energy and efficiency measures, which have been reported in the previous years, are also included for consistency. The ESG Task Force further reviewed and validated the material topics to ensure a consistent and balanced representation of the Group's sustainability performance and impacts. The following material topics have been prioritised for disclosure in TIH's 2022 Sustainability Report with corresponding boundaries specified:

		Reporting Boundaries				
Aspects	Material Topics	Internal				
		Stakeholders	Passengers	Suppliers	Contractors	NGOs
Environmental	Emissions	✓			✓	✓
	Effluents and Waste		✓		✓	
	Energy and Efficiency Measures		✓		✓	
	Water Consumption				✓	
	Environmental Compliance	✓	✓		✓	
	Green Procurement				✓	
	Material Consumption				✓	✓
	Climate Change				✓	✓
Social	Customer Health and Safety	✓	✓	✓	✓	✓
	Customer Privacy Protection	✓	✓		✓	
	Employment Management System	✓	✓	✓	✓	✓
	Labour Management Relations	✓	✓	✓	✓	
	Training and Education	✓	✓	✓	✓	
	Occupational Health and Safety	✓	✓	✓	✓	✓
	Community Engagement			✓	✓	✓
	Socio-economic Compliance			✓	✓	✓
	Diversity and Equal Opportunity	✓				
	Forced and Child Labour	✓	✓	✓	✓	
	Human Rights Policy Training				✓	
	Freedom of Association and Collective Bargaining	✓		✓	✓	
	Accessibility	✓	✓	✓	✓	✓
	Non-discrimination	✓			✓	✓
Governance	Anti-corruption	✓	✓	✓	✓	✓
	Procurement Practices		✓	✓	✓	✓
	Economic Performance		✓	✓		

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## Materiality Matrix



**Note:**

The topics "Environmental Compliance" and "Forced and Child Labour" are excluded from the materiality matrix given that they are standard practices in operations.

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

Key Areas of Interest	Stakeholders' Comments	Our Responses and Relevant Disclosures in the Report
<b>Safety</b>	<ul style="list-style-type: none"> <li>To enhance bus safety through innovative technologies such as the GreenRoad App;</li> <li>Strengthen public safety education; and</li> <li>Upgrade bus safety facilities such as installing safety belts for all seats.</li> </ul>	Safety has been a top priority of our operations. We make great efforts to implement safety measures and promote safety awareness. (See details in Safety First)
<b>Passengers</b>	<ul style="list-style-type: none"> <li>To improve accessibility for the elderly and people with disabilities;</li> <li>Design bus routes that cover more areas; and</li> <li>Further explore the digitalisation of the bus management system.</li> </ul>	Bus facilities and compartment designs have been upgraded to provide better accessibility and comfort for passengers. (See details in Caring for Customers)
<b>Environment</b>	<ul style="list-style-type: none"> <li>To recycle waste from the operation; and</li> <li>Further explore green energy opportunities and clean energy infrastructure.</li> </ul>	We seek to minimise the impact of our operations on the environment by employing energy-efficient buses and exploring green energy and zero-emission bus technologies. (See details in Caring for the Environment)
<b>Employees</b>	<ul style="list-style-type: none"> <li>To enhance communication with internal stakeholders.</li> </ul>	To strengthen bilateral communication, we have built a variety of internal communication channels and platforms for employees. (See details in Caring for Employees)
<b>Community</b>	<ul style="list-style-type: none"> <li>To participate more actively in key environmental and social sustainability issues (business operation and engagement with external stakeholders) and improve transparency on progress and performance.</li> </ul>	We play an active role in various community activities and make good use of different platforms and occasions to communicate with the public. (See details in Stakeholder Engagement)

## Supply Chain Management

We believe an integrated upstream supply chain management is key to quality and logistics control. We work closely with our business partners to develop new buses and services that are adapted to the local climate and operational environment, with energy efficiency and the latest emission standards being our top priorities.

We encourage fair and open competition with the aim of developing long-term relationships with suppliers based on mutual trust. Our supply chain policies and procedures are in place to ensure ethical procurement of supplies and services, which allow us to deliver high-quality end products that our customers can trust. In 2022, KMB and LWB worked with 408 local and 34 non-local suppliers, of which 92 suppliers were newly added. The proportion of spending on local suppliers was 88.00%.

Our Green and Sustainable Procurement Policy spells out the environmental and social risk considerations that should be taken into account in every purchasing decision. To ensure our suppliers comply with our social and environmental requirements, we require all of them to declare compliance with our guidelines upon supplier registrations:

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

## Procurement and Tendering Procedures

Our criteria for procurement and tendering of services and goods are based on price, quality, requirements, green and sustainable procurement and other relevant factors. The principles of our procurement and tendering procedures are as follows:

- ✔ Fair competition;
- ✔ Selection of appropriate contract types according to requirements;
- ✔ Compliance with laws, relevant regulations and contractual obligations;
- ✔ Consideration on environmental and social factors; 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 interest by staff involved in the selection.

## Performance Highlights



### Safety

More than 86.50% of bus captains received excellent results in the GreenRoad Outstanding Award on safety and eco-driving performance



### Environment

Diesel oil consumption intensity  
↓ 6.17%



### Customer

The AI Chatbot channel bot1933 provided a 24-hour service



### Employee

17.60% of the total workforce consists of non-Chinese origin, people with disabilities and retirees



### Community

Over 20,000 voluntary hours



### Supply Chain

A Green and Sustainable Procurement Policy was in place

## Reporting Governance

