

SUSTAINABILITY REPORT

About the Report

In 2023, 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.



Carbon Footprints of Bus
(tCO₂e per million km)

FY 2023 target: -10%

Result by FY 2023:

-10.21%

(Target Met)



Diesel Oil
(GJ per million km)

FY 2023 target: -10%

Result by FY 2023:

-10.11%

(Target Met)

Reporting Focus

The Sustainability Report (the "Report") of TIH provides descriptions and highlights of 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 2023.

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 latest Global Reporting Initiative ("GRI") Standards 2021 and the Appendix C2: Environmental, Social and Governance Reporting Guide ("the ESG Reporting Guide") issued by the Hong Kong Exchanges and Clearing Limited ("HKEX"). 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 Reporting Guide.

SUSTAINABLE DEVELOPMENT GOALS



**Responsible
Consumption and
Production**



**Peace, Justice
and Strong
Institutions**

Six Environmental Targets for Key Performance Indicators from FY 2021-2023 (Baseline: FY 2019)



Electricity
(kWh per m²)

FY 2023 target: -20%

Result by FY 2023:
-43.06%*
(Beyond Target)



Water
(m³ per bus)

FY 2023 target: -25%

Result by FY 2023:
-22.54%*
(Near Attainment of Target)



Solid Chemical Waste
(kg per million km)

FY 2023 target: -8%

Result by FY 2023:
-16.75%*
(Beyond Target)



Metal
(kg per million km)

FY 2023 target: -4%

Result by FY 2023:
-4.51%
(Target Met)

* In 2022, given the local impact of the COVID-19 epidemic since 2020, we adjusted our investments in environmental initiatives for electricity and water reduction, rescheduled the deployment of electric buses, and revised our electricity and water consumption targets accordingly. In 2023, KMB and LWB introduced a series of initiatives to reduce electricity consumption, including the forming of "Green and Clean Teams" among staff members to ensure the adoption of best practices for electricity saving. While society has returned to normalcy, KMB and LWB continued to enhance the cleansing and hygiene standards of their bus fleets in 2023, resulting in an increase in water consumption. Also, the reduction of solid chemical waste was beyond expectation mainly based on the successful measures by using a new tyre model which has extended its lifecycle and implementing the advanced engine oil replacement cycle.

| Reporting Principles | Application |
|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Materiality | 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. For details, please refer to the section "Stakeholder Engagement and Materiality Assessment". |
| Quantitative | 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. For details, please refer to the section "Performance Statistics". |
| Balance | The Group prepares this report and discloses its ESG performance and achievements in a transparent, unbiased and fair manner. |
| Consistency | The Report has been prepared in accordance with the latest Global Reporting Initiative ("GRI") Standards 2021 and the Appendix C2: Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") issued by the Hong Kong Exchanges and Clearing Limited ("HKEX"). |

To align our strategies with international sustainability principles, the Report also makes reference to the United Nations Sustainable Development Goals ("UNSDGs") and the recommendations on the Task Force on Climate-related Financial Disclosures ("TCFD") established by the Financial Stability Board ("FSB"). 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.

SUSTAINABILITY REPORT



服務業 Services Sector
銀獎 SILVER AWARD
中銀香港 BOCHK
企業低碳環保領先大獎2022
Corporate Low Carbon Environmental Leadership Award

Major Recognition and Awards

We aim to deliver excellent public transport services in a sustainable manner, we are pleased to announce that we received a number of prestigious awards in 2023.



Corporate Social Responsibility

- Ⓐ 2021 Hong Kong Awards for Environmental Excellence (Transport and Logistics) - Gold Award from the Environmental Campaign Committee;
- Ⓐ Best Corporate Governance and ESG Awards 2023 - Special Mention Corporate Governance, Non-Hang Seng Index Category (Small Market Capitalisation) from The Hong Kong Institute of Certified Public Accountants;
- Ⓐ 20 Years Plus Caring Company Logo from The Hong Kong Council of Social Service;
- Ⓐ BOCHK Corporate Environmental Leadership Awards 2022 - Services Sector Silver Award, Low-Carbon Commitment and Eco Challenger from the Federation of Hong Kong Industries;
- Ⓐ People Development Award - Bronze and Environmental, Social and Governance Award - Merit in the Customer Service Excellence Award from the Hong Kong Association for Customer Service Excellence;
- Ⓐ Manpower Developer Award Scheme - Super MD 2023-28 from the Employees Retraining Board;
- Ⓐ The Good MPF Employer Award 2022-23 from the Mandatory Provident Fund Schemes Authority;
- Ⓐ Industry Cares Recognition Scheme (Enterprise Group) - Outstanding Caring Award and The Most Innovative Award from the Federation of Hong Kong Industries;
- Ⓐ Hong Kong Green Organisation Certification - Energywise Certificate (Excellent Level) from the Environmental Campaign Committee;
- Ⓐ Hong Kong Green Organisation Certification - Wastewise Certificate (Excellent Level) from the Environmental Campaign Committee;
- Ⓐ 2022/2023 Annual Presentation of Awards Ceremony - Award of Excellence from The Community Chest of Hong Kong;
- Ⓐ TVB ESG Awards 2023 - ESG Special Recognition Award from the Television Broadcasts Limited;

- Ⓐ Charter on Employment Friendly from The Hong Kong Council of Social Service;
- Ⓐ The 21st Hong Kong Occupational Safety & Health Award - Best OSH Video Performance Award (Gold Award), OSH Strategic Partnership and OSH Enhancement Program Award from Occupational Safety & Health Council;
- Ⓐ ESG Pledge Scheme from The Chinese Manufacturers' Association of Hong Kong;
- Ⓐ Charter on BEC Net-zero Carbon from Business Environment Council;
- Ⓐ Recognition of the Jockey Club Age-friendly City Partnership Scheme 2022 from The Hong Kong Jockey Club Charities Trust;
- Ⓐ The Racial Diversity & Inclusion Charter for Employers from the Equal Opportunities Commission; and
- Ⓐ Sport-Friendly Action Decal from Chinese YMCA of Hong Kong.

Brand

- Ⓐ IFAPC Outstanding Listed Companies Award 2023 from The Hong Kong Institute of Financial Analysts and Professional Commentators Limited (IFAPC);
- Ⓐ Gold Award for Interior Design, Bronze Award for Infographics and Honours for Photography in the Transportation and Leasing category of the 2023 International ARC Awards from MerComm, Inc;
- Ⓐ Silver Award for Hong Kong ICT Awards 2023 - Smart Mobility (Smart Transport) from the GS1 Hong Kong;
- Ⓐ Reader's Digest Trusted Brands 2023 Gold Award - Public Transport category from the Reader's Digest;
- Ⓐ Smart Living Partnership Awards 2022 - Outstanding All Man Kind Inclusive Bus App from ET Net;
- Ⓐ Eco-Brand Awards 2022 from East Week magazine; and
- Ⓐ Excellence in Living Smart Award 2023 - Chill Out from Ming Pao.



Sustainability Governance

We adhere to the recommended 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 on pages 158 to 166 of our 2023 Annual Report.

The overall strategic planning and accountability for the Group's sustainable development rest with our Board, which determines the sustainability strategy and oversees its progress. Our ESG Task Force, under the oversight of the Board, 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 systematic 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 mechanisms established by the Management for monitoring these risks.

For details of our corporate governance, please refer to pages 130 to 153 of our 2023 Annual Report.

SUSTAINABILITY 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 provides 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 available on the staff website for easy access and 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 the hiring of child labour (a person below the local minimum age for employment or under the age of 15) 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 Independent Commission Against Corruption ("ICAC"). We have not committed any offence of corruption under this Ordinance. Furthermore, we invited the ICAC to provide training to the Board and employees to enhance their awareness of anti-corruption and integrity management bi-yearly. 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. This exercise helps 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.

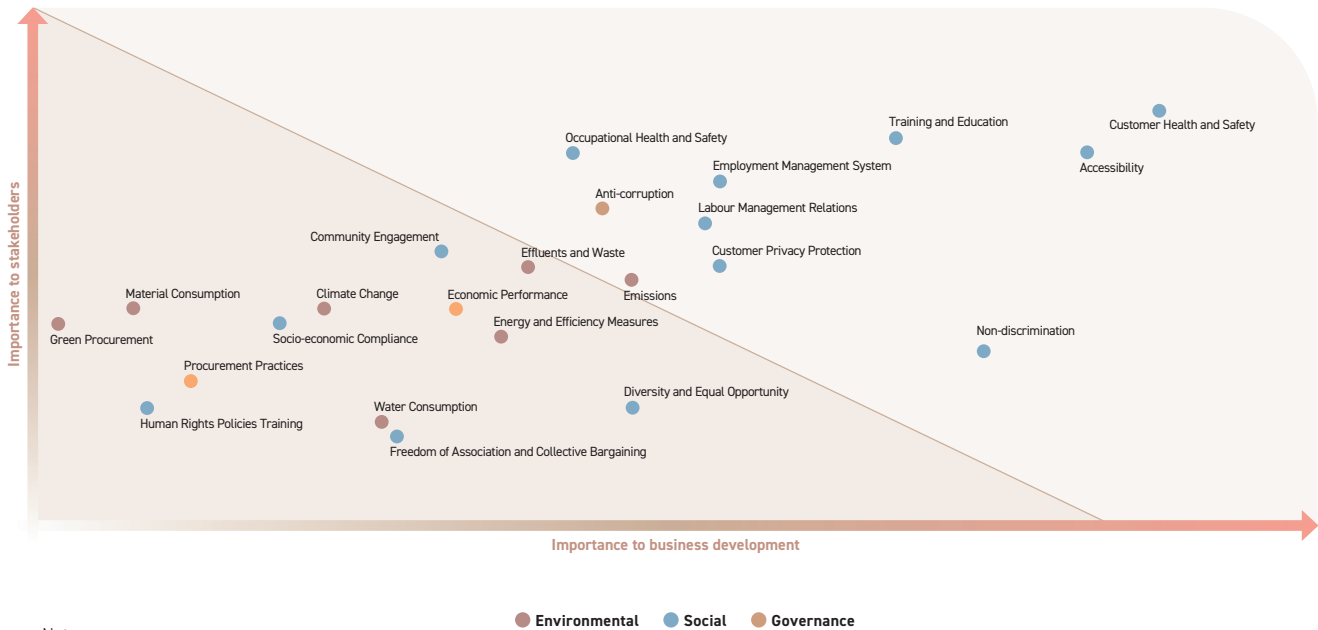
TIH engaged an external consultant to carry out a series of stakeholder engagement activities to define the scope of the Report and to identify material economic, environmental and social topics concerning the principles and requirements of the GRI Standards, the HKEX ESG Reporting Guide, the UNSDGs and the TCFD climate-related disclosures. 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.

Taking into account the findings from the survey results and annual materiality assessments carried out 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 Sustainability Report with corresponding boundaries specified:

| Aspects | Material Topics | Reporting Boundaries | | | | |
|---------------|--------------------------------------------------|-----------------------|-----------|-----------|-------------|------|
| | | Internal Stakeholders | Customers | 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 | | ✓ | ✓ | | |

SUSTAINABILITY REPORT

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 |
|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Safety | <ul style="list-style-type: none"> ⬆ To enhance bus safety through innovative technologies; ⬆ Strengthen public safety education; and ⬆ Upgrade bus safety facilities such as installing safety belts for all seats. | 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) |
| Environment | <ul style="list-style-type: none"> ⬆ To recycle waste from the operation; and ⬆ Further explore green energy opportunities and clean energy infrastructure. | 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) |
| Customers | <ul style="list-style-type: none"> ⬆ To improve accessibility for the elderly and people with disabilities; ⬆ Design bus routes that cover more areas; and ⬆ Explore further digitalisation of the bus management system. | Bus facilities and compartment designs have been upgraded to provide better accessibility and comfort for passengers. (See details in Caring for Customers) |
| Employees | <ul style="list-style-type: none"> ⬆ To enhance communication with internal stakeholders. | To strengthen bilateral communication, we have built a variety of internal communication channels and platforms for employees. (See details in Caring for Employees) |
| Community | <ul style="list-style-type: none"> ⬆ 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. | 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, whilst prioritising energy efficiency and the latest emission standards.

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 2023, KMB and LWB added 70 new suppliers considering their potential capability and also considering social criteria (100% of new suppliers were screened). Meanwhile, in 2023, KMB and LWB procured from 408 local and 34 non-local suppliers and carried out vendor appraisal on 116 active suppliers (26% of active suppliers) assessing on their performance on quality, continuity of supply and their general services, allowing us to continually improve their services or terminate relationships if they fail. The proportion of spending on local suppliers was 83%.

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 registration:

- Ⓐ 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

Number of mechanical failures of bus fleet ↓ over 20% in December compared to the same period last year.



Environment

The largest electric bus fleet in Hong Kong.



Customer

Newly-added 1,000 priority seats in bus fleet.



Employee

8.16% of employees were female.



Community

Over 21,000 voluntary hours.



Supply Chain

A Green and Sustainable Procurement Policy is in place.