

SUSTAINABILITY REPORT

About the Report

In 2024, Transport International Holdings Limited ("TIH") continued its journey toward creating sustainable values for its stakeholders and the wider community. TIH is committed to building a sustainable legacy through safe operations, innovative services, community care and environmental protection.



SUSTAINABLE DEVELOPMENT GOALS



Responsible Consumption and Production



Peace, Justice and Strong Institutions

Reporting Focus

The Sustainability Report (the “Report”) of TIH outlines the environmental and corporate social responsibility performance and sustainability achievements of its wholly-owned subsidiaries, The Kowloon Motor Bus Company (1933) Limited (“KMB”), Long Win Bus Company Limited (“LWB”), Sun Bus Holdings Limited and its subsidiaries (“Sun Bus”), and New Hong Kong Bus Company Limited (“NHKB”). The Report also includes TIH’s wholly-owned subsidiaries, KT Real Estate Limited (“KTRE”), LCK Commercial Properties Limited (“LCKCP”) and LCK Real Estate Limited (“LCKRE”), as well as TM Properties Investment Limited (“TMPI”), in which TIH holds a 50% interest. The Report covers the reporting period from 1 January to 31 December 2024. 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, date and statistics in the Report cover the performance of KMB, LWB, SBH Group, NHKB, KTRE, LCKCP, LCKRE and TMPI.

There is no specific limitation on the scope and boundary of the Report with respect to TIH’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 Code (“ESG Reporting Code”) issued by 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 Code. To align our strategies with international sustainability principles, the Report also makes reference to the United Nations Sustainable Development Goals (“UNSDGs”) and the IFRS Sustainability Disclosure Standards, including IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (“IFRS S1”) and IFRS S2 Climate-related Disclosures (“IFRS S2”), developed by the International Sustainability Standards Board (“ISSB”).

Reporting Principles	Application
Materiality	To identify material ESG-related issues, stakeholder engagement exercises are conducted to gather opinions and feedback from stakeholders. These material ESG issues are then incorporated into the Group’s core business strategy. For more details, please refer to the section “Stakeholder Engagement and Materiality Assessment”.
Quantitative	<p>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 more details, please refer to the section “Performance Statistics”.</p> <p>In 2023, the scope of the Report covered only KMB and LWB; in 2024, it was expanded to include KMB, LWB, SBH Group, NHKB, KTRE, LCKCP, LCKRE and TMPI. As such, comparative quantitative data between 2023 and 2024 is not applicable to the Report. The comparative quantitative data will be available in the 2025 Report.</p>
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 GRI Standards 2021 and the ESG Reporting Code issued by the HKEX, using consistent methodologies to ensure meaningful data comparisons over time.

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Adopting ISSB Standards

The International Sustainability Standards Board ("ISSB"), established by the Trustees of the IFRS Foundation, aims to provide a high-quality, comprehensive global baseline for sustainability disclosures that meet the information needs of investors.

TIH adopted the IFRS sustainability disclosure framework recommended by ISSB, detailing the risks and opportunities associated with climate change, their potential impact on our business, and the actions we are taking to address these risks and opportunities. TIH is committed to communicating our approach and strategies across ISSB's four thematic areas: governance, strategy, risk management, and metrics and targets.

Sustainability Governance

We adhere to recommended best corporate governance practices to achieve sustainable business development, ensuring compliance with applicable legal and regulatory requirements while also 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, six Independent Non-executive Directors and one Executive Director. The biographies of our current Directors can be found on pages 156 to 166 of our 2024 Annual Report.

The overall strategic planning and accountability for the Group's sustainable development rest with TIH's Board-level Committee, which determines the Group's sustainability strategy and oversees its progress. The Board-level Audit and Risk Management Committee is appointed to oversee strategic ESG-related issues concerning TIH, including climate-related strategies, policies, actions and disclosures. It informs the Board of the strategic risks and opportunities presented by climate change, which are considered as part of the Board's discussion of TIH's strategic plans.

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 of corporate social responsibilities, sharing knowledge and industry best practices, and working with the Enterprise Risk Management Task Force of the Company to assess emerging ESG-related risks.

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. It also outlines 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 (defined as 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 that encourages 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 measures, 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 report the matter to the Independent Commission Against Corruption ("ICAC"). There were zero concluded legal cases regarding corruption during the reporting year. Furthermore, we invite the ICAC to provide training to the Board and employees bi-annually to enhance their awareness of anti-corruption and integrity management.

Our Vision and Strategy

To ensure our business remains resilient to climate change, we assess its potential impact on different business units and develop plans to mitigate and adapt accordingly. When refining our business strategy, the Group recognises that sustainable development is crucial for long-term success. The Group has identified physical risks, such as more frequent extreme weather events, and transition risks, including regulatory changes and shifts in customer demand, which may affect our operations to varying degrees. By identifying and effectively managing the financial risks and opportunities associated with climate change, the Group acknowledges the potential for growth that comes with transitioning towards a low-carbon economy.

As such, to align with the National 14th Five-Year Plan and the emissions reduction target of the Hong Kong SAR Government, the Group has determined a clear roadmap for upgrading its whole fleet with new energy buses. In addition, we have set six environmental targets for key performance indicators over a three-year period, starting in the financial year ("FY") 2023. Using FY2019 as the baseline, we plan to reduce both carbon and energy intensity, including the carbon footprints of buses, as well as oil, electricity and water consumption. We are pleased to announce that both KMB and LWB have reached positive results in all six environmental targets by 2023. The Board has already established new environmental targets for the period from FY2024 to FY2028. We have maintained consistency in our targets by using FY2019 as the baseline year once again. Additionally, we

have expanded the scope cover our key business segments including Hong Kong Franchised Public Bus Operations, Hong Kong Non-franchised Transport Operations, and Property Holdings and Development. Six revised environmental targets have been introduced to specifically address diesel consumption (Scope 1), electricity consumption (related to property/real estate operations only) (Scope 2), GHG emissions (Scopes 1 & 2), water consumption, solid chemical waste (hazardous), and metal waste (non-hazardous). More details are provided on pages 60 to 65.

Risk Management

We have incorporated climate-related risks into the Group's Enterprise Risk Management System, utilising a systematic approach and consistent risk assessment criteria to identify and manage risks. Accurate risk information is provided to Management to assist them in decision-making and risk control without compromising cost-effectiveness and efficiency.

A Key Risk Indicator Report ("KRI Report"), summarising the Group's major risks as identified by Management, is submitted to the Audit and Risk Management Committee three times a year. The KRI Report provides a comprehensive overview of major risks and outlines the established mechanisms for monitoring them.

For further details on our corporate governance, please refer to pages 128 to 151 of our 2024 Annual Report.

Stakeholder Engagement and Materiality Assessment

Stakeholder engagement exercises and materiality assessments provide a solid basis for developing our sustainability report. These exercises 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. Dialogues with stakeholders are conducted through various channels, including the chatbot platform on the KMB and LWB websites and App1933, KMB's social media channels, corporate publications such as *KMB Today*, as well as face-to-face meetings and media networking. Through engagement exercises, such as annual passenger liaison group meetings and interviews with representatives from various 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 details on corporate governance and financial performance. If you have any comments regarding the Report, please contact us at ccd@kmb.hk.

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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 in line with the principles and requirements of the GRI Standards, the HKEX ESG Reporting Code, the UNSDGs and the ISSB Standards. 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 such as 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 12 issues. The top ten issues were prioritised as material for TIH to address and report. The eleventh and twelve issues, "Emissions" and "Effluents and Waste", which have been reported in the previous years, are also included for consistency. The other two topics "Environmental Compliance" and "Forced and Child Labour" are embedded in the consideration given that they are standard practices in operations. 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 impact. The following material topics have been prioritised for disclosure in TIH's Sustainability Report, with corresponding boundaries specified:

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

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 Response and Disclosures in the Report
Safety	<ul style="list-style-type: none"> 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"> Recycle operational waste; and Explore more 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"> 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 customers. (See details in Caring for Customers)
Employees	<ul style="list-style-type: none"> Enhance communication with internal stakeholders. 	To strengthen bilateral communication, we have established a variety of internal communication channels and platforms for employees. (See details in Caring for Employees)
Community	<ul style="list-style-type: none"> Participate more actively in key environmental and social sustainability issues (e.g. 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 vehicles and spare parts that are adapted to the local climate and operational environment, while prioritising energy efficiency and the latest emission standards.

We encourage fair and open competition to develop long-term relationships with suppliers based on mutual trust. Our supply chain policies and procedures are designed to ensure the ethical procurement of supplies and services, enabling us to deliver high-quality end products that our customers can trust. In 2024, KMB and LWB added 52 new suppliers after evaluating their potential capabilities and considering social criteria (100% of new suppliers were screened). During the same year, KMB and LWB procured from 373 local and 34 non-local suppliers and conducted vendor appraisals on 148 suppliers (36% of suppliers) to assess their performance in terms of quality, continuity of supply and general services. This allows us to continually monitor and improve their services or, if necessary, terminate procurement from individual suppliers. The proportion of spending on local suppliers was 72%.

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 compliance with our social and environmental requirements, we require all suppliers to confirm adherence to our guidelines upon supplier registration in the following areas:

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

Procurement and Tendering Procedures

Our criteria for the procurement and tendering of goods and services are based on price, quality, specifications, 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 based on specifications;
- Compliance with laws, relevant regulations and contractual obligations;
- Consideration of 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 process.



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Major Recognition and Awards

We strive to deliver excellent public transport services in a sustainable manner and are pleased to announce that we received a number of prestigious awards in 2024.

Corporate Social Responsibility

- Hong Kong Volunteer Award: Outstanding Corporate Award, Top Ten Highest Volunteer Hours, Corporate Award (Volunteer Hours) - Gold Award (10,000 hours or more) and Long Service Award (25 years), conferred by the Agency for Volunteer Service;
- 2023/2024 Annual Presentation of Awards Ceremony – Platinum Award, presented by The Community Chest of Hong Kong;
- Hong Kong Sustainability Award 2024: Certificate of Excellence (Large-size Organisations), presented by The Hong Kong Management Association;
- HKACE Customer Service Excellence Award 2023: Customer Care Gold Award for the Missing Elderly Assistance Programme, and Digital Service Strategy Merit Award for bot1933, conferred by the Hong Kong Association for Customer Service Excellence;
- Industry Cares Recognition Scheme 2024: Outstanding Caring Awards (Enterprise Group) and The Best CSV Award (Enterprise Group), conferred by the Federation of Hong Kong Industries;
- Hong Kong Green Awards 2024: Green Management Award (Large Corporation) - Silver Award, conferred by Green Council;
- 20 Years Plus Caring Company Logo, awarded by The Hong Kong Council of Social Service;
- BOCHK Corporate Low-Carbon Environmental Leadership Awards 2023: Silver Award (Service Sector), Eco Challenger and Low-Carbon Commitment, awarded by the Federation of Hong Kong Industries;
- Hong Kong Green Organisation Certification – Wastewi\$e Certificate (Good Level) (Headquarters), presented by the Environmental Campaign Committee;
- AED Anywhere for Anyone Programme: Big Heart Award and Big Heart Outstanding Performance Award, presented by the Hong Kong Fire Services Department;
- HSUHK 13th Junzi Corporation Award: Junzi Corporation Award for Exemplary Business Practices with WISDOM and Junzi Corporation Award, conferred by The Hang Seng University of Hong Kong;



- Good Employer Charter 2024, presented by the Labour Department;
- Good MPF Employer 5 Years Award, awarded by the Mandatory Provident Fund Schemes Authority;
- ESG Pledge Scheme 2024, organised by The Chinese Manufacturers' Association of Hong Kong;
- Social Capital Builder Logo Award, presented by the Home and Youth Affairs Bureau;
- Jockey Club "Brain Health" Dementia Screening and Community Support Project – Supporting Organisation, presented by the Jockey Club Centre for Positive Ageing
- Carer Friendly Employment Charter, organised by Hong Kong Federation of Women's Centres Limited;
- Corporate Partner Award, presented by Christian Family Service Centre;
- Outstanding ESG Enterprises Recognition Scheme 2024: ESG Commendation Awards, presented by Sing Tao News Group and The Hong Kong Polytechnic University; and
- Sport-Friendly Action Decal, awarded by Chinese YMCA of Hong Kong.

Brand

- IFAPC Outstanding Listed Companies Award 2024, awarded by The Hong Kong Institute of Financial Analysts and Professional Commentators Limited (IFAPC);
- 2022/23 Vision Awards Annual Report Competition: Gold Award for Transportation and Logistics Category, Top 100 Reports Worldwide, and Technical Achievement Award, awarded by The League of American Communications Professionals LLC;
- 2024 International ARC Awards: Honours for illustrations in the transportation and leasing category, presented by MerComm, Inc;
- ESG Green Development & Carbon Neutrality Awards 2023: Outstanding Sustainable Enterprise Award – Listed Company (Public Transport), presented by am730;
- Reader's Digest Trusted Brands 2024 Gold Award – Public Transport category, awarded by *Reader's Digest*;
- Smart Living Partnership Awards 2023/24 – Outstanding All Man Kind Inclusive Bus App, awarded by ET Net;
- Eco-Brand Awards 2024, awarded by *East Week* magazine;
- True Living Supreme Brand Awards 2024 – Supreme Sustainable Public Transport Service Award, presented by am730; and
- Excellence in Living Smart Award 2024 – Chill Out, awarded by *Ming Pao*.