Caring for the Environment

We are driving into a new, greener era with our eco-friendly bus fleet and a range of other sustainable innovations and technologies. We aim to become a carbon-neutral bus operator, setting a new industry standard in Hong Kong.

SUSTAINABLE DEVELOPMENT GOALS

- 3 GOOD HEALTH AND WELL-BEING — Good Health and Well-Being
- 6 CLEAN WATER AND SANITATION — Clean Water and Sanitation
- 7 AFFORDABLE AND CLEAN ENERGY — Affordable and Clean Energy
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE — Industry, Innovation and Infrastructure
- 11 SUSTAINABLE CITIES AND COMMUNITIES — Sustainable Cities and Communities
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION — Responsible Consumption and Production
- 13 CLIMATE ACTION — Climate Action

Environmental Policy

We recognise the environmental impacts inherent in our bus operations and are committed to mitigating them through the following actions:

- Preventing pollution and enhancing environmental performance by establishing, monitoring, and achieving clear environmental objectives and targets;
- Conserving resources by reducing waste at source and promoting recycling and reuse across our operations;
- Minimising and controlling emissions through effective control measures and high-quality repair and maintenance services;
- Reducing our environmental footprint and actively contributing to efforts to combat climate change;
- Raising staff awareness by providing environmental training aligned with our policy, objectives and targets, ensuring employees understand the potential environmental impacts of our operations;
- Communicating our environmental requirements to suppliers and making our environmental policy publicly accessible;
- Responding promptly to environmental enquiries and ensuring effective internal communication on environmental issues; and
- Ensuring full compliance with all applicable local environmental legislation and relevant regulatory requirements.

Environmental Management

KMB has achieved ISO 14001 certification for the environmental management systems at its two largest depots. To maintain these standards, KMB's four major depots and LWB's depot undergo quarterly surveillance audits. Environmental working groups oversee key initiatives and ensure effective implementation of the ISO framework. Guided by Senior Management, the Engineering Team continues to adopt innovative technologies to enhance the environmental performance of our fleet and operations.

KMB operates the largest new energy bus fleet in Hong Kong, providing zero-emission, environmentally friendly services across busy urban areas, helping to improve roadside air quality and gaining strong passenger support, while driving the development of green transport in the city

Our Environmental Targets

In 2023, TIH engaged an external consultant to review the Group's environmental performance. Building on this review, the Board has set new Environmental Targets for FY2024-FY2028, using FY2019 as the baseline year for consistency.

The scope has also been expanded to cover Hong Kong Franchised Public Bus Operations, Hong Kong Non franchised Transport Operations, and Property Holdings and Development. Within this broader scope, we have updated six key environmental targets addressing diesel consumption (Scope 1), electricity consumption for property operations (Scope 2), GHG emissions (Scopes 1 & 2), water use, hazardous solid chemical waste, and non hazardous metal waste.

Performance against FY2025's environmental KPIs showed overall positive progress. The Company will continue to closely monitor operations and implement measures to manage energy use, reduce waste, and minimise greenhouse gas emissions across Scopes 1 and 2.

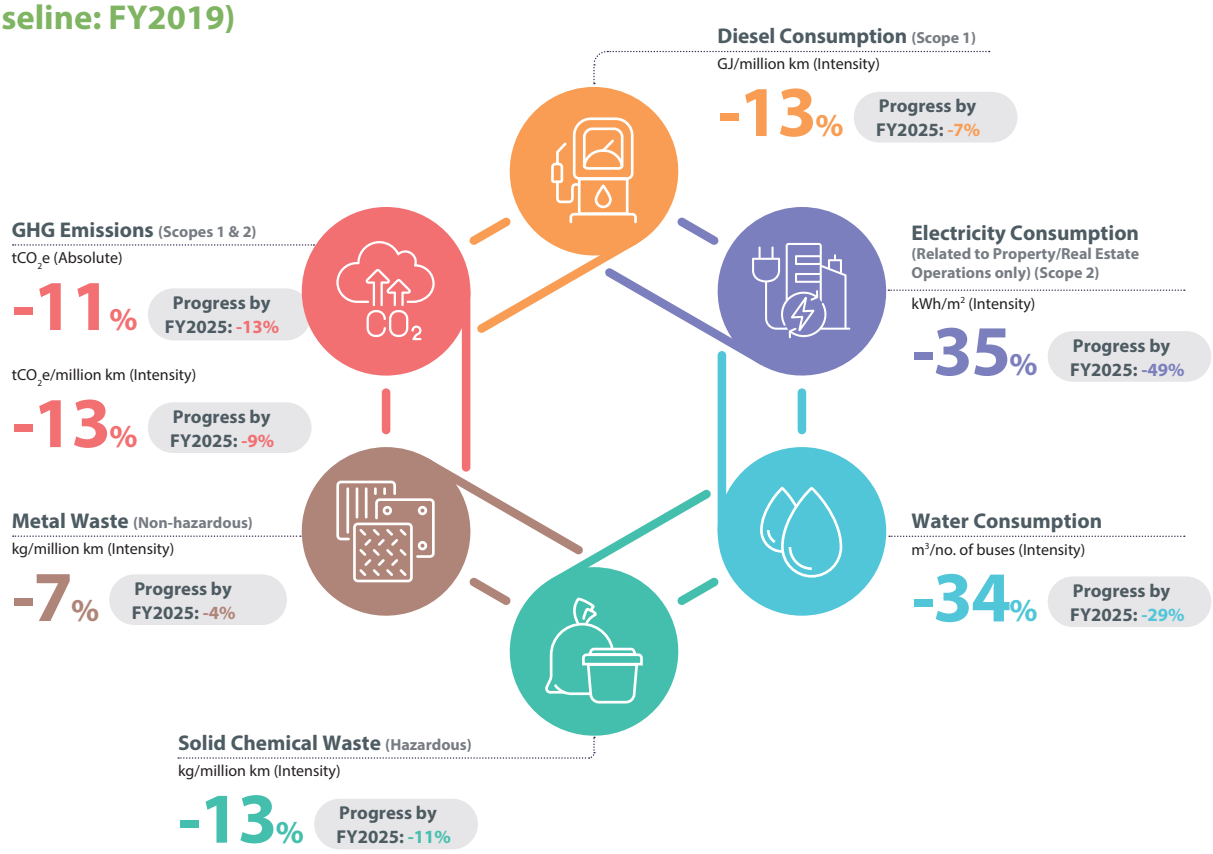
The Group continues to report its Scope 1 and Scope 2 greenhouse gas emissions in accordance with HKEX requirements. To strengthen the completeness of its climate reporting, the Group is adopting a phased approach to Scope 3 reporting.

Building on earlier preliminary screening of Scope 3 value chain hotspots, the Group has begun transitioning its methodology to align with updated standards and increase data granularity. During the reporting year, trial engagements were conducted with selected key suppliers to assess data readiness and inform the design of future data-collection processes.

Guided by the reporting principles of materiality and consistency, the Group aims to progressively expand its Scope 3 disclosure capabilities, with the goal of reporting on the most material Scope 3 categories by 2027.

Environmental Targets for Key Performance Indicators by FY2028

(Baseline: FY2019)



Note:
The previously reported FY2024 progress for (1) GHG Emissions (Scope 1 & 2) intensity and (ii) Solid Chemical Waste (Hazardous) intensity have been restated from -6% to -7%, and Metal Waste (Non-hazardous) has been restated from 29% to 40% against the FY2019 baseline.

Green Finance

In 2025, the Group maintained sustainable deposits and secured green loan and sustainability-linked loan facilities totalling HK$3,800 million. This amount represents over 50% of our committed loan facilities and underscores our commitment to supporting Hong Kong's transition toward zero emissions through effective green finance arrangements.

We have established key sustainability performance targets focused on reducing greenhouse gas emissions from our bus fleet, strengthening green procurement practices, and increasing average training hours. Looking ahead, TIH Group will continue to pursue suitable financing solutions that can propel Hong Kong's transportation sector into a more sustainable future.

Greenhouse Gas Emissions Reduction

KMB and LWB are committed to advancing renewable energy and zero-emission technologies, reinforcing our determination to deliver greener public transport for Hong Kong. In support of the HKSAR Government's goal of achieving carbon neutrality by 2050, both companies have launched an electrification roadmap. In the long term, KMB aims to transition its entire fleet to new-energy buses, contributing to the development of a cleaner and more sustainable city.

Environmental Bus Fleet

KMB's newest electric and diesel buses meet stringent, environmentally-friendly emission standards equivalent to those set by the European Council of Environmental Ministers, contributing to a cleaner environment and reduced climate impacts.

As at the end of 2025, the KMB fleet comprised 856 Euro VI buses (including three diesel-electric hybrids), 2,918 Euro V buses, and 75 battery-electric buses. The LWB fleet included 192 Euro VI and 116 Euro V buses, while Sun Bus operated 158 Euro VI and 197 Euro V buses.

KMB's electric double-deckers are zero-emission vehicles built to our latest specifications. Equipped with solar panel systems, free 5G Wi-Fi, and an upper-deck occupancy monitoring system, they will be deployed along major corridors to help improve roadside air quality in high-traffic areas.

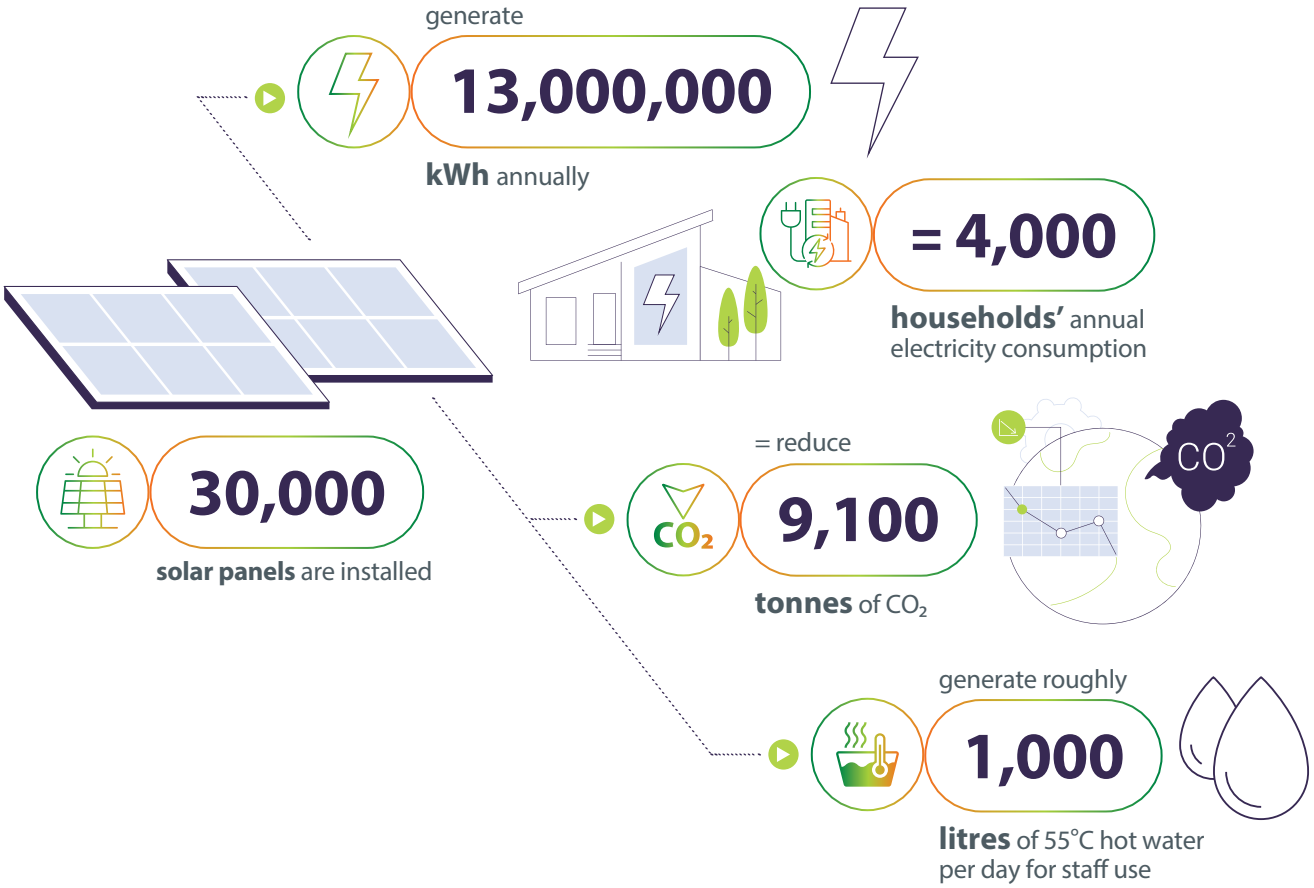
By the end of 2025, Hong Kong's largest new-energy bus fleet – comprising 75 battery-electric buses and three diesel-electric hybrid buses – had accumulated nearly eight million kilometres of service. This contribution to a reduction of 11,800 tonnes of carbon emissions, equivalent to the annual carbon emissions of approximately 2,700 individuals.

KMB continues to phase out older bus models and replace them with the latest energy-efficient Euro VI and electric buses, extending fleet longevity and improving environmental performance as we work toward a zero-emission future. The average ages of the fleets are 9.2 years for KMB, 5.6 years for LWB, and 7.0 years for Sun Bus.

Other environmental facilities within KMB and LWB's bus fleets, depots and other premises include:

- **Heat insulation:** KMB has installed heat insulation boards on the roofs of around 70 operational kiosks at open-air bus termini to reduce solar heat absorption, lower air conditioning load, and enhance energy efficiency;
- **LED lighting retrofit:** The retrofit programme replacing existing bus lighting with lower-powered LED strips has been fully completed, and LED lighting is now a standard design for all our new buses. This initiative can enhance passenger comfort and reduce annual carbon emissions by 5,600 tonnes. Removed LED strips are repurposed for lighting at depots and bus stops, minimising waste from the upgrade;
- **Driver behaviour monitoring:** A driver behaviour monitoring system has been introduced through onboard black boxes. By analysing CANbus signals, such as harsh braking, rapid acceleration, and improper vehicle control, it helps improve overall driving performance, operational safety and energy-saving;
- **Cleaner fuels and emission controls:** KMB, LWB and Sun Bus use near zero sulphur diesel and have upgraded older diesel buses with emission control technologies, including diesel oxidation catalysts, diesel particulate filters, and selective catalytic reduction units; and
- **Electric patrol vehicles:** All three companies have introduced electric patrol cars for operational support and installed charging facilities at major depots to further promote low-carbon operations.

Application on Renewable Energy – KMB and LWB



Renewable Energy Applications

KMB and LWB have adopted third-generation solar panels on double-deckers to help lower interior temperatures and power onboard electronic systems. In total, 30,000 solar panels have been installed across the fleet, depots, and bus stops. These systems are expected to generate up to 13 million kWh of electricity annually, equivalent to the yearly consumption of around 4,000 Hong Kong households, reducing carbon emissions by about 9,100 tonnes. As the two franchised bus operators with the largest solar panel installations in Hong Kong, KMB and LWB aim to lead the public transport sector toward a greener, carbon-neutral future.

KMB has also installed foldable solar panels on the roofs of three bus depots to provide renewable hot-water supply. This setup can generate roughly 1,000 litres of 55°C hot water per day for staff use.

CO_2 Concentration Checks

In 2025, KMB selected 138 buses, and LWB selected 14 buses, operating on passenger-intensive routes for data-logger measurements of onboard CO_2 levels. The results confirmed that both KMB and LWB buses complied with the Environmental Protection Department's (EPD) Practice Note on acceptable CO_2 concentration levels.

- Onboard CO_2 tested on **152 buses from high-passenger routes**
- Selected **138 KMB and 14 LWB buses**
- Recorded **Real-time cabin CO_2 levels**
- **All complied with EPD's level**

Energy Saving

KMB and LWB implement a range of measures to reduce resource consumption and streamline waste-management procedures. All materials are handled and disposed of responsibly, in full compliance with relevant laws and regulations, ensuring no risk to human health or the environment.

Fuel

Across KMB, LWB and Sun Bus operations, several initiatives have been adopted to enhance fuel efficiency and reduce waste:

- Aircraft-style "Posilock" refuelling system: Helps shorten idling time during refuelling, lowering fuel consumption;
- Ambient sensors for air-conditioned buses: Reduce unnecessary cooling and improve overall fuel efficiency;
- Synthetic gearbox oil: Extends oil-drain intervals, reducing both oil use and waste-oil generation;
- Mileage-based oil-change scheme: Further reduces engine-oil consumption and waste; and
- Use of Biodiesel B5: Selected Sun Bus services use Biodiesel B5, a renewable fuel produced from animal fats and vegetable oils, to reduce carbon emissions and overall environmental impact.

Electricity

We continue to explore environmentally-friendly initiatives and invest in advanced technologies to reduce energy consumption and minimise greenhouse gas emissions.

Beyond the one-off replacement of LED lighting and ongoing housekeeping measures, we have also adjusted our electricity-use patterns in line with operational needs, for example, optimising illumination schedules at parking depots and enhancing the efficiency of equipment supporting our facilities.

Green Measures in the Office

The green office concept guides the design and renovation of our premises. We maintain indoor temperatures at 25.5°C in support of the HKSAR Government's Action Blue Sky Campaign and have adjusted operating hours to avoid unnecessary energy use outside office hours. All newly renovated offices are equipped with high-efficiency air-conditioning units.

Recycling systems are in place for used toner cartridges, paper, and plastics, and regular awareness initiatives are conducted to encourage good housekeeping practices among staff to further promote energy saving.

Waste Reduction

KMB and LWB are committed to responsible waste management, including proper storage, disposal, recycling, and reuse of resources wherever feasible. The major types of waste generated in our operations are managed as follows:

Wastewater

KMB and LWB strive to reduce water consumption and ensure all effluents are properly treated before discharge. Our depots operate nine automatic wastewater treatment systems with a combined capacity of 400 cubic metres per day. Recycled water from bus-washing operations has helped reduce total depot water consumption by around 4%. Several satellite depots also incorporate rainwater collection and water-recycling systems.

Tyres and Metals

Used tyres from KMB and LWB are retreaded by appointed contractors, while metal waste is sent to licensed recyclers for processing.

Oil and Chemicals

Solid chemical waste is classified and stored in designated areas at bus depots before being collected by registered contractors for treatment at the Hong Kong SAR Government's Chemical Waste Treatment Centre. Waste oil is recycled or disposed of in accordance with statutory requirements. During the reporting period, KMB and LWB further reduced solid chemical waste by extending engine-oil drain intervals.

Batteries are handled by licensed contractors in compliance with Environmental Protection Department (EPD) requirements, with some exported to EPD-approved overseas facilities under the Basel Convention.

Case Study

KMB Green Journey – Towards Zero Emissions

Driving Electric Bus Fleet Expansion, Strengthening Maintenance Training and Advancing Green Mobility

KMB is committed to advancing green transportation initiatives in support of a low-carbon economy. As Hong Kong's largest franchised bus operator, KMB and LWB together operate a fleet of 82 electric buses – currently the most extensive electric bus fleet in the city – serving more than 50 routes. Beyond investing in electric buses and charging facilities, cultivating skilled electric vehicle (EV) maintenance professionals is a critical pillar in enabling the successful advancement of green transportation and contributing to Hong Kong's sustainable development.

Building on its extensive experience in EV maintenance, KMB, through the KMB Academy, offers two EV maintenance training programmes. The Academy is among the first four institutions recognised by the Electrical and Mechanical Services Department (EMSD) to provide accredited EV maintenance training courses. Upon completion, registered vehicle mechanics are qualified to perform EV maintenance, supporting the Hong Kong SAR Government's target of achieving carbon neutrality before 2050.

In 2025, KMB held the "KMB Green Journey – Towards Zero Emissions" ceremony, officiated by Mr. Tse Chin-wan, BBS, JP, Secretary for Environment and Ecology of the Hong Kong SAR Government, together with Mr. Wong Chi-kwong, JP, Assistant Commissioner for Transport, and several Legislative Council members. During the ceremony, Mr. Roger Lee, KMB Managing Director, highlighted the environmental performance of the electric bus fleet and reaffirmed KMB's continued commitments, including active participation in the Government's electric franchised bus subsidy scheme, further expansion of the electric bus fleet, establishment of a new EV maintenance training workshop at the KMB Academy, and launching the "Certificate in Diagnosis, Testing and Maintenance of Electric Vehicles ((High Voltage)" (EVH) Programme. Following its launch, KMB will become Hong Kong's first private organisation to offer a full three-level electric vehicle maintenance training programme.

Expanding the Electric Bus Fleet through Government Subsidy Scheme

More than a decade ago, KMB began exploring electric bus technology, acquiring both single-deck and double-deck electric buses through government subsidies and self-funding. Annual electric bus mileage grew from 210,000 km in 2021

to 2.7 million km in 2024, before reaching nearly 8 million km in 2025, contributing to a reduction of over 11,800 tonnes of carbon emissions.

The double-deck electric buses introduced three years ago offer a driving range of over 300 km after just two hours of charging and a capacity of up to 115 passengers, meeting the daily operational requirements of 80% of KMB's buses. Their quiet and comfortable cabin environment, together with performance comparable to diesel buses, has made them popular among passengers and bus captains alike.

With the launch of the Government's electric franchised bus subsidy scheme, Mr. Roger Lee, KMB Managing Director, emphasised that KMB will actively support the acceleration of fleet expansion. He noted, "The steady increase in electric bus mileage demonstrates that, as KMB expands its electric bus fleet and gains more operational and maintenance experience, our contribution to carbon reduction has become increasingly significant. I believe electric buses are now 'within reach' and will become the backbone of Hong Kong's public bus services, representing the green future of the industry."

Establishing an EV Maintenance Training Workshop and Upgrading to High-Voltage Maintenance Capabilities

As EV adoption increases, so does the demand for professional maintenance services. To provide a more specialised training environment, the KMB Academy has established a dedicated EV maintenance training workshop in addition to its existing technical workshop. The facility meets EMSD requirements for high-voltage EV maintenance environments and is equipped with component models of various EV systems, enabling trainees to acquire practical knowledge of EV structures and repair procedures. KMB also receives technical support and training from electric bus manufacturer BYD.

The Academy is preparing to launch "Certificate in Diagnosis, Testing and Maintenance of Electric Vehicles ((High Voltage)" (EVH) Programme. Together with the existing "Certificate in Electric Vehicle Maintenance Safety Awareness"(EVE) and "Certificate in Diagnosis, Testing and Maintenance of Electric Vehicles (Low-Voltage)" (EVL) Programmes, The KMB Academy will become the first private institution in Hong Kong to offer a comprehensive three-level electric vehicle maintenance training programme. The programmes not only equip KMB maintenance staff with advanced EV knowledge – enhancing its fleet operation capabilities – but are also open to industry practitioners to support the broader development of EV maintenance talents in Hong Kong.

Mr. Lee commented, "Achieving green transportation and sustainability requires supportive government policies and joint efforts across sectors. KMB will continue to strengthen both hardware, such as expanding the electric bus fleet, and software, including enhancing operational and maintenance capabilities. We will continue to support our passengers on the journey towards environmental protection and carbon reduction, contributing to Hong Kong's sustainable future."

Recognition from Government Leaders

At the ceremony, Mr. Tse Chin-wan, Secretary for Environment and Ecology, praised KMB for its long-standing support for green transformation of the transport sector:

"I am pleased to learn that KMB is expanding its procurement of electric buses to support Hong Kong's transition to green public transport. I also congratulate the KMB Academy on the establishment of the EV maintenance training workshop, which will provide targeted training for high voltage components and further support the professional development of commercial EV technicians. I thank KMB for its continued corporate leadership in emissions reduction and green transformation."