



Care for the Environment



Effective Communication



CORPORATE SOCIAL RESPONSIBILITY

Overview and Strategy

As a responsible leader in the public transport industry, TIH is committed to contributing to sustainable economic development. We have invested and will continue to invest in efforts that positively impact our community, via working with our customers, our staff and the other stakeholders. We believe the cornerstone of our continued success depends on how we can responsibly manage the impact of our business on the environment, while sustaining positive contributions to the communities we serve. We aim to achieve results by working and communicating openly with our stakeholders in a timely manner and partnering with leading organisations that embrace these objectives.



Community Outreach



Care for the Environment

As a major provider of essential public transport services, the Group recognises its responsibility towards the environment in which it operates. Our environmental initiatives fall under four main areas: environment-friendly buses, green use of consumables, environmental waste treatment and green premises. Our efforts have been recognised by the Hong Kong Q-Mark Council, from whom KMB has received Green Mark Certification.



The introduction of the first Euro V double-decker in Hong Kong represents KMB's commitment to environmental protection

Q-MARK COUNCIL RECOGNITION FOR KMB'S ENVIRONMENTAL MANAGEMENT

KMB has been awarded Green Mark Certification by the Q-Mark Council of the Federation of Hong Kong Industries, the first public transport organisation to be thus recognised. The certification pays tribute to the fact that KMB's delivery of franchised bus services and the repair and maintenance of buses at its four major operating depots, namely, Kowloon Bay

Depot, Lai Chi Kok Depot, Sha Tin Depot and Tuen Mun Depot, meet the prescribed Hong Kong Green Mark Standard under the Hong Kong Green Mark Certification Scheme. The Scheme is aimed at helping businesses identify, control and monitor the environmental aspects of their operations. KMB is subject to surveillance audits on a quarterly basis to ensure that stringent environmental management standards are maintained throughout the certification period from 4 May 2007 to 30 April 2010.



ENVIRONMENT-FRIENDLY BUSES

The KMB and LWB bus fleets are continuously being upgraded to ensure that they comply with applicable environmental standards. Indeed, the new buses we introduce typically have environmental performances far exceeding the requirements in Hong Kong. The Group is pleased to fulfill its role as industry leader by introducing innovative technologies and equipment that improve our environmental performance.

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Euro IV and Euro V Engines

Proud of its status as a pioneer of the latest green engines, KMB between 2006 and 2008 introduced two types of Euro IV engines with different emission control technologies in order to evaluate and assess their environmental effectiveness and performance. Compared to Euro III engines, Euro IV engines can reduce emissions of nitrogen oxides and particulates. The two types of Euro IV engine technologies are the Selective Catalytic Reduction (SCR) and Exhaust Gas Recirculation (EGR) technologies, which are set to become the basic specification for KMB’s newly purchased buses. In early 2009, as a result of KMB’s initiative, one of the Euro IV prototypes was re-powered to be Euro V compliant, making this bus the first double-decker in Asia to be equipped with the newest generation of green engine. Additionally, we began to order new buses equipped with Euro V engines in 2009.

Green Fleet

KMB is installing Diesel Particulate Filters (DPFs) on 1,670 Euro II

and Euro III buses to upgrade their exhaust emission levels to Euro IV/ Euro V standards in terms of particulate matter. The project is scheduled for completion in 2010, when the average particulate emission levels of the entire KMB bus fleet will be reduced by 90.5% compared with particulate emission levels in 1992.

At the end of 2009, KMB had a total of 3,880 buses, the majority of which meet the strict exhaust emission standards of the European Council of Environmental Ministers. Diesel Particulate Filters and/or Exhaust Gas Recirculation devices had been fitted on a total of 1,500 Euro II and Euro III buses, resulting in the Euro IV/Euro V particulate emission standard. In addition, there were 54 Euro IV buses in the fleet. The number of buses achieving the Euro III particulate emission standard was 433. Also, by the end of 2009, catalytic converters had been installed on 938 Euro I buses and 300 pre-Euro buses, bringing their exhaust emission standards close to Euro II and Euro I standards respectively in terms of particulate matter.

Corporate Social Responsibility

As at 31 December 2009, the number of KMB and LWB buses that met the respective emission standards was as follows:

Emission Level (in terms of particulate matter)	Number of buses meeting such level		
	KMB	LWB	Total
Euro I	300	2	302
Euro II	1,582	136	1,718
Euro III	443	18	461
Euro IV	1,554	11	1,565
Euro V	1	–	1
Total	3,880	167	4,047

Over 70% of the bus fleets of the Group's Non-franchised Transport Operations Division, namely the SBH Group and New Hong Kong Bus Company Limited, are also equipped with environment-friendly Euro III, Euro IV or Euro V engines.

GREEN USE OF CONSUMABLES

Ultra-Low Sulphur Diesel

The entire KMB and LWB bus fleets have been using ultra-low sulphur diesel ("ULSD") since 2001. ULSD contains only 0.005% sulphur and significantly reduces the exhaust emission levels of sulphur oxides, nitrous oxides and particulates. In 2008, the KMB bus fleet started adopting the more environment-friendly Near Zero Sulphur Diesel ("NZSD"), which contains only 0.001% sulphur. In 2009, NZSD was adopted fleetwise in both KMB and LWB fleets.

Synthetic Gearbox Oil

First introduced in 2001, the use of synthetic gearbox oil was extended to all KMB and LWB double-deck buses in 2005.

As a result, we have achieved an 80% reduction in waste oil, with the oil drain interval substantially increased from 30,000 kilometres to 150,000 kilometres.

Eco-Driveline System

Pioneered in 2003 and a standard feature on all new buses thereafter, the Eco-Driveline system can reduce fuel consumption by fully integrating a high-torque engine, a six-speed double-overdrive automatic gearbox controlled by a sophisticated gear-shift programme and an optimised final drive. A 6-10% improvement in fuel economy and emissions compared with conventional drivelines is achieved by use of this system.

Foam-element Air Filters

KMB and LWB are progressively adopting high performance foam-element air filters as an alternative to traditional paper-element air filters. After extensive testing, the foam-element air filters have been proved to have an average life span of about 12 months, which is six times longer than that of conventional paper

filters. Besides significant reduction in the amount of solid waste disposal, the operating performance of our buses has been maintained.

Variable Capacity Air-conditioning Compressor

The variable capacity compressor adopted by KMB has undergone extensive road testing since 2005. The system provides better adaptive and refined thermal control over the bus saloon environment in a fuel-efficient manner and can cope with the dynamic urban operating environment in all seasons. Buses ordered after 2008 come equipped with this type of power-saving compressor as a standard feature.

Tyre Retreading and Recycling

Extending the life of a bus tyre through retreading is not only environmentally friendly, by reducing the amount of industrial waste, but also cost effective. KMB's tyre retreading plant retreaded 32,500 tyres in 2009, bringing the total number of tyres retreaded since the retreading workshop began operating in 1972 to over 660,000 tyres. In addition, more than 18,000 scrapped tyres, which would previously have been disposed of at Government landfills, and over 210 tons of tyre chips are collected annually by a recycling agent and recycled into various rubber products.

ENVIRONMENTAL WASTE TREATMENT

WasteWi\$e Scheme

In recognition of its efforts in environmental preservation, KMB was once again granted the "Class of Excellence" WasteWi\$e Label by the

Environmental Campaign Committee in 2009. The Group will continue to develop and implement green initiatives to reduce the impact of its operations as part of its commitment to environmental protection.

To minimise the amount of solid waste requiring disposal, KMB has adopted a company-wide waste reduction programme. Starting in 2009, around 637 kilograms of print circuit boards, which would formerly have been disposed of at Government landfills, are collected for recycling by a recycling agent. Excellent results were recorded in waste reduction and recycling in daily operations, especially in waste paper, plastic cartridges used in fax machines and printers, rechargeable batteries and fluorescent tubes.

Waste Oil and Chemical Waste

In the course of 2009, a registered waste oil recycling agent collected around 850,000 litres of waste oil from our bus maintenance sites and handled the subsequent recycling or disposal processes in accordance with statutory standards. During the year, around 307,000 kilograms of solid chemical waste was disposed of by a registered chemical waste collector at authorised landfills following treatment at the Government's Chemical Waste Treatment Centre.

Waste Water

Eleven automatic waste water treatment systems with a daily treatment capacity of 670 cubic metres are installed at KMB depots. Waste water produced during daily operations of the depots is treated

by these systems in compliance with statutory standards before being discharged into the public drainage system.

Self-developed Filter Compressing Machine

Developed in-house by KMB, the Filter Compressing Machine has been used to process disposed fuel and oil filters since 2005. Besides reducing the volume of solid chemical waste by 60% and thereby saving landfill space, the machine allows for the waste oil squeezed from the filters during the compressing process to be recycled. The machine won the Certificate of Merit in Green Innovative Practice in the 2006 Hong Kong Eco-Business Awards.

Fluorescent Tubes

In early 2009, KMB conducted a pilot scheme at Sha Tin Depot, replacing high bay lamps with long-life energy-saving fluorescent tubes. This has resulted in a 12% saving in electricity consumption. KMB plans to extend this scheme to other premises, while continuing to explore other environment-friendly opportunities. In 2006, KMB became the first enterprise in Hong Kong to participate in the fluorescent tube recycling campaign – a measure that further reduces the solid waste impact of our operations on the environment. In 2009, approximately 82,000 used fluorescent tubes were sent to the Government's Chemical Waste Treatment Centre for recycling, bringing the total number of used tubes collected by KMB since it started to participate in the recycling campaign to around 290,000.

GREEN PREMISES

The twin values of energy conservation and environmental protection underpin the design, construction and operation of our bus depots. All KMB and LWB depots are equipped with dedicated green facilities, including waste water treatment systems, water recycling facilities and environment-friendly fire service systems. Energy-saving features are also built into our lighting, air-conditioning and ventilation systems to conserve energy. Air sampling is conducted regularly in depot areas to ensure a healthy work environment.

At the Group's Lai Chi Kok headquarters, the Green Office concept drove both the design and renovation of the premises. As well as the installation of pre-set timers to turn lights off when they are not needed or when natural light is sufficient, air-conditioning thermostats are set to 25.5°C to conserve energy and reduce air quality impact in support of the Government's Action Blue Sky Campaign.

Effective Communication

The Group understands the importance of maintaining effective communication through a variety of channels with its key stakeholders, including passengers and business partners, as well as with the wider community.



KMB's Passenger Liaison Group meetings provide valuable feedback from our customers

PASSENGER LIAISON GROUP MEETINGS

Serving a combined total of around 2.7 million passenger trips every day, KMB and LWB recognise the importance of listening to their passengers and understanding their needs and expectations in order to provide even higher levels of service. In 2009, six KMB Passenger Liaison Group (PLG) meetings were held in the presence of Transport Department observers to collect the views and gauge the expectations of passengers. Appropriate improvements and adjustments to our bus operations have been made

in response to the suggestions received. The 2009 KMB PLG Report was published and uploaded to the KMB website. LWB likewise held six PLG meetings in 2009 and proceeded to adopt a number of suggestions made by meeting participants.

The high standards of KMB's customer service won recognition in 2009 when the company was named Bronze winner of the Grand Award category of the Customer Service Excellence Award 2008 organised by Hong Kong Association for Customer Service Excellence.



“ In November 2009, KMB launched a revamped corporate website to match the changing times and the changing needs of its stakeholders. The new website boasts the first map-based point-to-point bus route search function for a Hong Kong public bus company, allowing a user to obtain details of relevant bus routes by clicking the desired origin and destination on a map. ”

CORPORATE SOCIAL RESPONSIBILITY CHARTER

In 2009, the KMB Corporate Social Responsibility (CSR) Charter was published with reference to the Global Reporting Initiative (GRI) G3 Guidelines and the GRI sector supplement for Logistics and Transportation. KMB's CSR performance was presented in an open manner, highlighting details of the company's corporate values, including caring for people, contribution to the community, adherence to business ethics and

promotion of economic development. Sections were also devoted to KMB's service charter, customer communications, employee engagement and environmental performance.

CORPORATE WEBSITES

The TIH website (www.tih.hk) keeps the public up to date on the activities of the Group and its various businesses. In November 2009, KMB launched a revamped corporate website (www.kmb.hk) to match the changing times and the changing needs of its stakeholders.

In addition to a more contemporary look and user-friendly interface, the new website offers barrier-free access to the visually impaired and boasts the first map-based point-to-point bus route search function for a Hong Kong public bus company, allowing a user to obtain details of relevant bus routes by clicking the desired origin and destination on a map. A number of other new website items, such as “Corporate Citizen”, “KMB World” and “Leisure”, have also been added.

Corporate Social Responsibility

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KMB BUS GUIDE

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INFORMATION PUBLICATIONS

In 2009, KMB published its booklet “Efforts in Environmental Protection”, which focuses on the environment-friendly measures the company has adopted on buses, in depots and at the corporate level. Additional features in the booklet highlight KMB’s contributions to the economic and social development of Hong Kong. The travel guide “Summer Tours with KMB” was also published to encourage passengers to use KMB’s extensive network to enjoy outdoor activities in Hong Kong.

During the year, LWB distributed about 12,000 copies of various information leaflets, including Airbus Cards, which provide route and departure information for LWB’s Airport routes, and the “LWB Bus Services for North Lantau and the Airport” leaflet.

CIVIC EDUCATION CAMPAIGNS

KMB’s award-winning Civic Education campaign, centred on a series of five 10-second civic education television programmes focusing on passenger safety, was broadcast between July and October 2009. The importance of passenger safety and courtesy while travelling on buses was reinforced by a series of 15-second television programmes, which began airing on RoadShow in August 2009. The campaign was supported by a range of related posters which were displayed inside bus compartments and at bus shelters.

A “Good Hong Kong” campaign was launched in 2009 through the use of bus body decorations and bus shelter posters, together with year-planners and calendar posters. The campaign aimed to boost the morale of Hong Kong people and demonstrate KMB’s confidence in Hong Kong in the midst of the global economic downturn. To enhance the effectiveness of KMB’s ongoing Environmental Protection campaign, a series of “Good Environment for a Good Hong Kong” posters was also launched and displayed on buses and at bus shelters.

MEDIA OUTREACH

During 2009, monthly press sessions and briefings promoting various new green initiatives launched by KMB and LWB were held to increase public awareness of our work in

environmental protection. The sessions covered the introduction of the first double-deck bus with Euro V engine, the full network coverage of the Electronic Terminus Management System and the water leakage test programme for bus windows in advance of the rainy season.

KMB also held press sessions to highlight the company-wide commitment to teamwork and to providing safe and quality services. Staff featured in such sessions included our award-winning apprentices, Safe Driving and Long

Service Award recipients, and the first batch of female bus captains to reach 20 years of service with KMB. Other initiatives introduced through press briefings included the revamped KMB website, the Lost Property Management System, the enhanced Bus Stop Announcement System, the new design of the emergency exit on the lower deck of buses, the “Service from the Heart” training programme for our frontline staff and the innovative luminous crystal bus stop pole with LED lighting.



KMB has pioneered a new map-based route search function on its revamped website

Community Outreach

With a proud tradition of community service in support of the young, the elderly, the handicapped and others in need, the Group sponsors events organised by the Government and various charities, as well as encourages staff to participate in different voluntary activities. This commitment was once again recognised in 2009, when the Group was named a Caring Company by the Hong Kong Council of Social Service and KMB was presented with an Award of Distinction by The Community Chest of Hong Kong.



FRIENDS OF KMB volunteers take part in the Walk for Millions

COMMUNITY SPONSORSHIP

As a responsible corporate citizen, the Group has a proud tradition of participation in community sponsorship programmes such as the Corporate Challenge Half Marathon, Dress Special Day and the New Territories Walk for Millions organised by The Community Chest of Hong Kong, and in other events and activities organised by the Government, charities and professional groups.

In addition to industry-improvement campaigns and social awareness initiatives, the Group sponsored

various sporting and cultural events again in 2009. Beneficiaries included the Hong Kong 2009 East Asian Games, the Hong Kong Sports Stars Awards, the Hong Kong Management Association Quality Award, the Hong Kong Awards for Industries, the Outward Bound Hong Kong Corporate Challenge, the Green Power Hike and the Volunteer Movement of the Social Welfare Department.

KMB's role as a responsible corporate citizen received recognition when it won the Tai Po District Civic Education Outstanding Enterprise Award for 2008-2009.



The Group's subsidiary, RoadShow Holdings Limited ("RoadShow"), received the "5 Years Plus Logo" in the Caring Company Award, organised by the Hong Kong Council of Social Service, in recognition of its ongoing commitment to outstanding corporate citizenship. RoadShow continues to support a host of charitable organisations by broadcasting community service messages and charity appeals on its Multi-media On-board systems installed on public buses.

FRIENDS OF KMB

KMB's volunteer club, FRIENDS OF KMB, has been active in social

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service, environmental protection and civic education promotion since its establishment in 1995. In 2009, its 3,100 members voluntarily contributed over 13,000 hours of their time to community service. Besides volunteering at children's homes and centres for the elderly and participating in various charity and environmental protection initiatives, FRIENDS OF KMB extended its service beyond Hong Kong for the first time in 2009 by organising a visit to Hong Kong for some 30 disadvantaged children from China Mainland in conjunction with the Christian Zheng Sheng Association. 2009 also witnessed the launch of new service programmes in partnership with The Boys' and Girls' Clubs Association of Hong Kong to promote civic education and with International Social Service – Hong Kong Branch to assist new arrivals in Hong Kong. In the 14 years since its inception, FRIENDS OF KMB has recorded close to 90,000 hours of voluntary service, and received further recognition when it was named first runner-up in the Highest Service Hour Award 2008 (Private Organisation – Best Customer

Participation) by the Social Welfare Department.

REACHING OUT TO PASSENGERS WITH SPECIAL NEEDS

During the year, the Group continued to provide support for events organised for passengers with special needs. On Senior Citizens' Day, 15 November 2009, free rides were offered on both KMB and LWB to passengers aged 65 and over. To mark International Day of Disabled Persons, KMB and LWB provided disabled people and their escorts with free bus services on 6 December 2009.

In 2009, to help raise public acceptance of intellectually disabled people, KMB joined with the Hong Kong Joint Council for Parents of the Mentally Handicapped in the production of an educational promotional video featuring an interview with an intellectually disabled KMB bus cleaner.