



Reporting Approach

This is the Sustainability Report of Transport International Holdings Limited, in which we highlight our major sustainability initiatives and achievements. The TIH 2018 Sustainability Report mainly presents the environmental and corporate social responsibility performance and achievements of the Hong Kong franchised public bus operations provided by two of TIH's wholly-owned subsidiaries, namely The Kowloon Motor Bus Company (1933) Limited and Long Win Bus Company Limited operating in Hong Kong. This Report covers the period from 1 January to 31 December 2018.

During the reporting period, the Group had no leased facilities and no outsourced operation of significant importance that requires reporting. Data and statistics in this Report are presented as absolute figures and are normalised into comparable terms as far as possible. Unless otherwise stated, data and statistics in this Report cover the performance of KMB and LWB, covering the whole reporting period of one year. There is no specific limitation on the scope and boundary of this Report in respect of KMB and LWB's operations.

Reporting Guidelines

The TIH 2018 Sustainability Report was prepared in accordance with the Core Option of the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards") and the Environmental, Social and Governance Reporting Guide ("ESG Guide") issued by the Hong Kong Exchanges and Clearing Limited ("HKEx"). In addition, we have taken into account the concerns of stakeholders as identified through engagement exercises such as the annual passenger liaison group meetings and interviews with representatives of different groups. The latest Annual Report of TIH contains more information about the Group including corporate governance and the financial performance of KMB and LWB.

Stakeholder Engagement and Materiality Assessment

Stakeholder engagement exercises and materiality assessments are crucial when developing the annual sustainability report, as they are vital to identifying the sustainability topics that are most relevant to our operations and the shared interests of our stakeholders. In 2018, we engaged an external consultant to carry out a series of stakeholder engagement activities to define the

scope of the Report and identify the relevant economic, environmental and social impacts to be reported on, with reference to the principles and the requirements stipulated in the GRI Standards and the ESG Guide of HKEx.

The key stakeholder groups relevant to the public transport operations of KMB and LWB include passengers, staff, FRIENDS OF KMB, suppliers and non-governmental organisations. In 2018, we invited internal stakeholders like employees and external stakeholders like passengers,

suppliers, non-governmental organisations and green group to participate in a number of stakeholder engagement activities. Their valuable feedback was collected through an online questionnaire, face-to-face interviews and focus group meetings.

Based on the opinions collected from these engagement activities and the results of the previous years' materiality assessments, the following material aspects have been prioritised for disclosure in the TIH 2018 Sustainability Report while the corresponding boundaries were identified:

Material Aspects	Reporting Boundaries	
	KMB & LWB's Operations	KMB & LWB's Suppliers
 Environment		
Energy and Efficiency Measures	✓	
Emissions	✓	✓
Effluents and Waste	✓	
 Employees		
Employment	✓	✓
Training and Education	✓	
Staff Communication	✓	
 Community		
Customer Health and Safety	✓	
Community Engagement	✓	

Major Recognition and Awards

We aim to deliver excellent public transport services in a sustainable manner and are pleased to receive due acknowledgement. TIH or KMB received the following awards in 2018:

Brand

- Manpower Developer from the Employees Retraining Board
- Silver Award for Chairman's Letter and Bronze Award for Written Text for the TIH 2017 Annual Report in the Transportation and Leasing category of the International ARC Awards
- Gold in the Public Transport category of the Reader's Digest Trusted Brands Awards



Sustainability Report

Corporate Social Responsibility

- Silver Award in the Transport and Logistics category of the Hong Kong Awards for Environmental Excellence from the Environmental Campaign Committee
- Hong Kong Green Organisation Certificate from the Environmental Campaign Committee
- 15 Years Plus Caring Company Logo from The Hong Kong Council of Social Service
- Award of 10,000 Hours for Volunteer Service from the Social Welfare Department
- Award of Distinction from The Community Chest of Hong Kong
- Certificate of Appreciation in the Age-friendly Community Kwai Tsing Award from the Kwai Tsing District Council Safe and Healthy Community Working Group and HSKSH Lady MacLehose Centre
- Tai Po District Civic Education Outstanding Enterprise Award from the Tai Po District Civic Education Campaign
- Gold Star Award in the 2018-2019 Age-friendly Appreciation Scheme from The Hong Kong Council of Social Service
- Social Capital Builder Logo Award from the Labour and Welfare Bureau and Community Investment and Inclusion Fund

Corporate Governance

With a commitment to conducting our businesses in line with the best corporate governance practices, we aim to achieve sustainable business development by taking into account the interests of all our stakeholders while ensuring compliance with legal and regulatory requirements. Our stakeholders include passengers, employees, suppliers, Legislative Councillors, District Councillors, transport advisory bodies, interest groups

and the government. We have established a number of engagement programmes to obtain their views on our operations and services. Our dialogue with stakeholders is conducted through a number of channels, including the LiveChat enquiry channel on the KMB and LWB websites and on App1933, the KMB Facebook page, the KMB Instagram account, corporate publications such as KMB Today, face-to-face meetings and media networking.

For details of our corporate governance, please refer to the TIH 2018 Annual Report on pages 86 to 103.

Working with Suppliers

We believe in upstream integrated supply chain management with the emphasis on quality and logistics control. We work closely with our business partners to develop new buses and services that are well adapted to the local climatic and operational environment. We encourage fair and open competition with the aim of developing long term relationships with suppliers based on mutual trust. Our supply chain activities are guided by policies and procedures that are geared to ensuring the ethical procurement of supplies and services, as well as high quality end products in which our customers can be confident.

To ensure compliance by our suppliers with our guidelines on social and environmental requirements, we require suppliers to declare their compliance with our guidelines upon supplier registration:

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



Environmental Care, Health and Safety of Suppliers

Our suppliers are expected to show their commitment to environmental protection and a healthy and safe workplace by adopting these measures:

- Promoting employee awareness of environmental issues;
- Encouraging energy conservation;
- Reducing waste in appropriate ways and finding alternative uses for waste;
- Providing and maintaining a safe and risk-free operating environment by adopting good systems and equipment;
- Enforcing appropriate procedures for the use, handling, storage and transport of materials; and
- Complying with all relevant statutes.

Forced Labour and Child Labour

Suppliers undertake that they will not use forced labour in any form or child labour (persons below the local minimum age or below the age of 16).

Legal and Regulatory Compliance

Our suppliers are expected to fulfill all their contracts with us in a proper and lawful manner and in no way violate the laws of the HKSAR. Suppliers are asked to declare any close personal or business relationships they may have with any of our directors, staff or handling agents. They are also requested to make a report to the Independent Commission Against Corruption if an employee has committed any offence of corruption under the Prevention of Bribery Ordinance (Chapter 201, Laws of Hong Kong). Should a supplier be found to have committed any offence of corruption under this Ordinance, we reserve the right to immediately terminate all outstanding contract(s) without allowing the supplier recourse to any compensation or claim for loss.

Prevention of Bribery and of Corrupt Practices in Procurement

We make efforts to ensure that the procurement of supplies and services is conducted to the highest ethical standards so as to ensure a high quality end product and the sustained confidence of customers, suppliers and the public. We ensure that all suppliers, whether local or overseas, are managed equally without prejudice and that staff involved in the selection of and purchase from suppliers avoid misuse of authority and do not engage in actions which could interfere with their ability to make free and independent decisions in respect of purchase and procurement.

Procurement and Tendering Procedures

The criteria for the procurement and tendering of services or goods are based solely upon price, quality, requirement and other relevant factors, including environmental and social responsibility standards. Our procurement and tendering measures are implemented on the following principles:

- Impartial selection of capable and responsible suppliers;
- Fair competition;
- Selection of appropriate contract types according to need;
- Compliance with laws, relevant regulations and contractual obligations; and
- Adoption of an effective monitoring system, management controls and practices:
 - to prevent bribery, fraud or other malpractices; and
 - to ensure declaration of conflicts of interests by staff involved in the system.