KELSIAN
CONNECTING PEOPLE & PLACES

Sustainability Report

2022–2023

We acknowledge the Traditional Owners and Custodians of Country throughout Australia and their continuing connection to the land, waterways and community. We pay our respects to Aboriginal and Torres Strait Island cultures, people and Elders past, present and emerging.

CONTENTS

FY23 HIGHLIGHTS

Achievements

Delivered 2,269,114 customer journeys and 1,881,652 kms in Battery Electric Buses

SafeConnect rollout across Australia and internal hazard reporting target improved by 192%

Employee engagement score up by 10% from the previous year
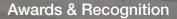
Seabin plastic waste collector installation in Sydney harbor

67% increase in solar generation across our sites

Developed a Human Rights Statement of Intent, Supplier Expectations, and Modern Slavery training

Awards & Recognition

Winner of UK Social Values Award in the Organisation Leadership category

Finalist for the Australian Financial Review 'Sustainability Leaders' List Award

SeaLink North Queensland achieved Eco Tourism certification

Leichhardt Depot Solar Panels, Transit Systems - NSW

MESSAGE FROM THE CHAIR OF THE BOARD AUDIT, RISK AND SUSTAINABILITY COMMITTEE

I am pleased to present Kelsian's FY23 Sustainability Report which provides an overview of our non-financial performance.

This year we continued to improve our sustainability performance and transparency of reporting, whilst building and refining our processes. We recognise that the scale of global sustainability challenges and expectations is becoming more significant. As such, we have set sustainability targets to ensure sustainability becomes central to everything we do so that we can effectively manage our impact on the environment and society.

In addition to the newly established sustainability targets, we want to further emphasise the importance of sustainability to both our internal and external stakeholders. To achieve this, we refined our Company's purpose to include 'sustainable transport solutions'. It now reads, 'To be a world leader in delivering essential journeys through safe, intelligent and sustainable transport solutions, while creating brilliant customer experiences.' We are committed to ensuring sustainability is part of everything that we do and decisions we make.

> Kelsian is one of the largest providers of low and zero emissions land transport in Australia. We are dedicated to working with transport authorities to deliver more cost-effective and environmentally friendly passenger journeys.

We want to lead the way for fellow transport organisations by showcasing alternative solutions. This was reflected in our selection as a finalist in the Logistics & Transport category in the 2023 Sustainability Leaders List by the Australian Financial Review. Transit Systems, our Australian Bus division, proudly completed the construction of Australia's largest electrified bus depot at Leichhardt, NSW, in December 2022, providing a verified blueprint for the future of green transport.

In addition, the Jersey operations of LibertyBus in the Channel Islands, won the prestigious UK Social Values Award in the category of Organisation Leadership. This Award is a testament to LibertyBus' outstanding efforts in fostering positive social impact in their community working in partnership with the Government of Jersey.

Safety will always be a priority at Kelsian, and I was pleased with the completion of the rollout of SafeConnect across all our Australian operations. This platform will help digitise our records, and workflows whilst ensuring consistency in incident reporting.

I look forward to sharing our progress on all aspects of our sustainability performance over the coming year.

FIONA HELE
Chair – Audit, Risk and Sustainability Committee
22 September 2023

ABOUT THIS REPORT

Scope of this Report

This report outlines Kelsian Group Limited's ("Kelsian") sustainability performance and covers assets owned and operated by Kelsian for the period 1 July 2022 – 30 June 2023. While reference is made to the acquisition of All Aboard America! Holdings, Inc. ("AAAHI"), which completed on 1 June 2023, sustainability data related to our USA operations is not included in this report. Sustainability data from AAAHI will be included in the FY24 sustainability reporting.

People-related data included in this report refers to all direct employees working within Kelsian's operations. Kelsian reports on Health, Safety, Environment and Quality ("HSEQ") information from operations within its control.

All monetary amounts reported are in Australian dollars, unless otherwise stated. Non-operated activities are excluded from the scope of this report unless specifically stated.

Our Operations

Kelsian is the parent company of businesses operating in geographically diverse locations across the public transport and tourism industries. Headquartered in Adelaide, South Australia, Kelsian is Australia's largest integrated multi-modal transport provider and tourism operator, with established operations in Australia, USA, Singapore, London and the Channel Islands.

Kelsian is made up of:

- Marine and Tourism: operating essential ferry services to 19 island communities around Australia and connecting travellers with Australia's most iconic holiday destinations and experiences

- Australian Bus: operating essential domestic metropolitan public bus transport contracts, resources bus contracts and charters, spanning six Australian states and territories

- International Bus: operating international public bus transport contracts in Singapore, Channel Islands (Guernsey and Jersey) and USA (California, Arizona, New Mexico, Texas, Colorado, Louisiana and Mississippi).

Reporting Guidelines

This report has been prepared with reference to the Global Reporting Initiative (GRI) Standards. Refer to the GRI content index on of this report.

MANAGING SUSTAINABILITY

Governance and Risk Management

Risk is inherent in every industry, and effective risk management is crucial to the long-term success of Kelsian. Our approach to sustainability is governed by our Group Sustainability Policy which outlines our commitment to effectively manage our material sustainability risks.

The Board of Directors of Kelsian ("Board") provides oversight of risks and proactively considers and reviews risks relating to financial and non-financial issues. Kelsian has a group-wide Risk Management Framework for the identification, analysis, evaluation, and management of risk and uncertainty throughout Kelsian. It enables identified risks, and their treatment, to be considered. Risks include but are not limited to, those associated with maintaining Kelsian's reputation, health, safety, environment, climate change management, and cyber security. Significant and emerging risks are regularly reviewed and updated in the corporate risk framework.

MATERIALITY

Material Topics and Our Focus

Through the sustainability materiality assessment process, we identified the issues and opportunities that matter most to our stakeholders. Whilst the materiality assessment was conducted in FY21, we reviewed the topics in FY23 to ensure they are still current. The materiality process conducted in FY21 involved:

1. Identification of topics;

2. Interviews with relevant stakeholders; and

3. Material issues identification.

As an ASX200 company with global operations, we have the potential to influence and accelerate change in the public transport sector and create a positive impact in communities we operate in, by leading the way in providing low or zero emissions and smart transport solutions, and by looking after our workforce, and the natural environment.

Our Sustainability Focus Areas

Collaborating for Impact

Providing low/zero emissions and smart transport solutions

Being a Responsible Employer and Operator

Promoting diverse and inclusive culture

Reducing our environmental impact

Ensuring health, safety and wellbeing of our employees

Building Trusted and Enduring External Relationships

Driving positive change in the communities where we operate

Supporting the following UN Sustainable Development Goals SDGs

| 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 11 SUSTAINABLE CITIES AND COMMUNITIES | 13 CLIMATE ACTION | | 3 GOOD HEALTH AND WELL-BEING | 5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | | 3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION | 14 LIFE BELOW WATER | 15 LIFE ON LAND |

How We Engage With Our Stakeholders

Employees
Surveys, performance reviews, emails, training, intranet site, regular meetings, frontline employee communication applications, engagement with unions, social functions and leadership site visits.

Regulators
Meetings, feedback and information sharing through enquiries and other reporting obligations.

Suppliers
Regular meetings, supplier forums, tender contract documents, emails, conferences and industry forums.

Customers
Community events, on-mode signage, timetables, disruption notices, website/s, social media, electronic direct mail (EDM), customer apps, surveys, telephone, emails.

Media
Announcements, media releases, corporate website/s, social media channels, media monitoring software, key industry journalists, industry events, industry partnerships and sponsorships (Australian Hydrogen Council, PTAANZ, TTF, SA Press Club).

Investment Community
Company website/s, AGM, periodic reporting, investor presentations, roadshows, regular meetings, email alerts, ASX announcements, Half Year and Full Year audited accounts.

Joint Venture Partners
Regular meetings, communication, and information sharing.

Local and Indigenous Communities
Regular meetings, participation in community programs, sponsorships, and our RAP.

Clients (Governments)
Operational reports, client meetings, tenders and proposal submissions.

Collaborating
for Impact

Electric buses, Transit
Systems - Victoria

PROVIDING LOW AND ZERO SMART TRANSPORT SOLUTIONS

Kelsian has a vision to work with State and Federal government agencies to move towards a truly zero-emission public transport system. As a business, we are at the forefront of using zero-emission vehicle technology and have the experience to effectively operate and maintain all variations of zero and low emission powered transport vehicles. We have the largest number of zero-emissions buses of any privately owned public transport bus operators in Australia. As at 30 June 2023, we had a fleet of 73 Battery Electric Buses ("BEB"s), and two Hydrogen Fuel Cell Buses ("HFCB"s), with committed plans underway (including grid upgrades and charging infrastructure) to more than triple this to around 375 BEBs and 4 HFCBs over the next two years.

Since the deployment of the first BEB in Australia in 2019, we have installed 54 depot bus charging points and saved over 3,700 tonnes of tailpipe CO_2 emissions. Our network of electric buses has already transported over 2.5 million passengers in Australia. During the FY23 period, our BEBs covered 1,881,652 kms and provided 2,269,114 customer journeys.

Further, we have created Australia's largest electrified bus depot at Leichhardt in New South Wales, which is now being used as a blueprint by other bus operators and government agencies around the country. In June 2023, Transit Systems (Kelsian's Australian bus business) was recognised as a finalist on the Australian Financial Review's Sustainability Leaders 2023 list in the Logistics & Transport category in recognition of this achievement.

Transit Systems is also the only Australian bus company with a hydrogen capability and vision to work with State and Federal agencies towards a truly zero-emission public transport system. We are a proud member of Hydrogen Mobility Australia whose vision is a society built on clean, renewable energy technology, including hydrogen-powered transport. We are pleased to be part of a collection of vehicle manufacturers, energy companies, infrastructure providers, research organisations, financial institutions, and governments committed to making this hydrogen vision a reality.

Transport is one of the largest sources of greenhouse gas emissions. The bus industry is well advanced in switching to zero-emission vehicles.

Electric Bus, Transit Systems- WA

PROVIDING LOW AND ZERO SMART TRANSPORT SOLUTIONS CONT.

In Australia, we deploy GreenRoad advanced telematics systems on public transport buses which monitors fuel usage and the individual driving style of each bus driver. The analytics offered by GreenRoad provide visibility into fuel efficiency Key Performance Indicators ("KPI"s) and, combined with a program of driver training that makes clear the optimum driving style, results in improved driver behaviour and fuel efficiency. In addition to deploying best-in-class technology to improve fleet performance, we use large extracts of data to enhance bus driver performance to increase safety, reduce costs through preventative maintenance and optimise energy usage on battery electric buses to minimise carbon footprint.

In the Channel Islands, our LibertyBus business shares the Government's vision and has supported them in their efforts over the years by championing their plans to electrify the Jersey fleet and providing a complete zero-emission public transport system to the Island. This is evidenced by the trialling and running of six bio-diesel double-decker buses that have covered over 330 thousand miles (531,000 km) in Jersey since early 2022. We have also trialled three zero-emissions buses on the Island to ensure they service the desired operational need while providing the required quality and support needed for future services.

While the land transport sector has multiple options for decarbonisation, the maritime sector is notoriously difficult to decarbonise due to some key challenges, including a lack of commercially viable alternative fuel options and sufficient charging infrastructure for electric ferries at ports. Despite the challenges, our Marine & Tourism Division remains abreast of emerging technologies as they evolve and we continue to explore opportunities to collaborate with the government, marine vessel manufacturers and fuel suppliers to make our marine-based operations cleaner and more environmentally friendly. Currently, we are evaluating several alternative energy projects across hydrogen, dual fuel engines, diesel electric hybrids and fully electric vessels, and we have a vessel under construction that will use battery technology for the supply of onboard power generation for lighting and air conditioning electrical loads.

In addition to continuing to explore opportunities to deliver sustainable transport solutions and tourism products to our customers, we are also exploring options to make our accommodation offerings in Queensland more sustainable as we work towards a possible off-grid solution for the Kingfisher Bay Resort on K'gari (Fraser Island). In FY23, we engaged a consultant to review and assist in looking at the power solution options to cover the long-term strategy of reducing or eliminating reliance on the aging infrastructure, meeting the load requirement, and decarbonising the footprint while maintaining power reliability.

SeaLink North Queensland Achieved ECO Tourism Certification

During the year, our North Queensland operations received ECO Certification from Ecotourism Australia. The ECO Certification program recognises businesses in the tourism supply chain with a genuine focus on providing sustainable and responsible tourism visitor experiences. Achieving ECO Certification assures customers that SeaLink North Queensland's services are backed by a commitment to sustainable practices while providing high-quality nature based tourism experiences.

SeaLink North Queensland achieved three levels of Ecotourism Australia's certification for:

- Ecotourism Certification: SeaLink's popular Orpheus Island Day Tour, Whale Watching, Charter Tours, and Outer Reef Experiences which incorporates the world-first Museum of Underwater Art

- Nature Tourism Certificate: Recognising SeaLink's work with the community and environmental groups, and sustainable business practices for its Magnetic Island and Palm Island ferry services

- Respecting of Culture Certification: Recognition for SeaLink's work with the Munburra and Wulgurukaba Traditional Owners in the North Queensland region.

Being a Responsible Employer and Operator

Seabin Project, Captain
Cook Cruises - NSW

REDUCING OUR ENVIRONMENTAL IMPACT

Our Approach

We recognise our responsibility to operate in a manner that minimises the impact on the natural environment. Kelsian's Health, Safety, Environment and Quality policy outlines Kelsian's commitment to preserving the natural environment through efficient use of resources while minimising our environmental impact. We give our clients and partners assurance by delivering services to international, national, local, and client-based requirements through accreditations in the various jurisdictions and environments that we operate in. This includes having an integrated management system underpinning our operations that is built to internationally recognised standards including ISO 14001:20015 Environmental Management Systems, ISO 9001:2015 Quality Assurance Systems, ISO 45001:2018 Occupational Health & Safety Management System and ISO 55001:2014 Asset Management. Most of our public transport businesses have ISO accreditations which we maintain through a robust internal and external auditing process.

The Board, Executive and Senior Leaders of the business meet regularly to ensure we have robust governance in place to deliver our strategies and plans to achieve our Health, Safety, Environment and Quality related commitments.

Managing Our Impact on the Environment

We understand the role of passenger transport in society and the impact it has on the environment. As part of the Environmental Management Plan, which is specifically developed for every contract, several key elements are taken into consideration to reduce our environmental impact.

KPIs, strategies and actions are considered and put in place to minimise fuel consumption and emissions from our vehicles and vessels. These initiatives include tracking fuel efficiency performance, monitoring driver behaviours to ensure more economical fuel consumption, and liaising with regulatory authorities to facilitate the adoption of low and zero-emissions solutions. Some of the measures taken to improve the efficiency of our diesel-powered vehicles and vessels include:

- Regular monitoring of fuel usage
- Use of telematics technology and staff training to encourage efficient and safe driving
- Use of efficient buses
- Use of additives such as Adblue to reduce pollution
- Efficient planning and schedule to reduce "dead runs"
- Development of plans for operations to optimise fuel usage
- Regular servicing and maintenance of vehicles and vessels
- Application of antifoul to vessels
- All new buses comply with or exceed Australian emissions standards.

Our Marine & Tourism business has several initiatives in place to decrease the environmental impact of our operations. Some examples include the installation of solar-powered car park lights, the introduction of digital e-tickets and a commuter app reducing the use of paper tickets, purchasing of products locally (where possible) to reduce transport-related emissions, and supporting local businesses, using recycled paper and being an active member of the Plastic Free Townsville initiative.

Seabin for Marine Cleanup

In April 2023, Captain Cook Cruises (Sydney), part of our Marine & Tourism division, partnered up with the Seabin Project to reduce the plastic in Sydney Harbour. Through this partnership, customers can have comfort knowing that every cruise booking is helping in the clean-up of Sydney Harbour.

Seabins use a water pump to suck in large quantities of "dirty" water and debris and capture and trap any debris before the clean water is pumped back into the Harbour. The debris is then sent to a waste management or recycling facility.

During the three months to 30 June 2023, Seabin successfully filtered approximately 67 million litres of water and removed approximately 88 kgs of marine litter, including microplastics, plastic fibres, oils and fuels from the Harbour.

- **66.96 million litres** of water filtered
- **88.1 kg** total capture of marine litter
- **18,426** Estimated number of plastic items captured (all plastic items including microplastics)
- **8,579** Estimated number of microplastics captured (including pellets, nurdles, microfibres & foam <5mm).

18%
Other

27%
Unidentified Soft Plastics

47%
Microplastics

8%
Ropes & Synthetic Fibres

Spills Prevention and Response

The operation of buses and marine vessels involves the storage and regular use of liquid materials such as hydrocarbon oils, fuels, and radiator coolants. Accidental spills at depots, workshops, roads and in waterways can lead to contamination of the surrounding environment. We strive to minimise the negative impact of our operations by following regulatory guidelines and our standard work procedures. If a spill does occur, established practices and resources are employed to assist with spill remediation and response.

Some of the actions undertaken to minimise the risk of spills include:

- Maintaining an up-to-date Safety Data Sheets ("SDS") for all hazardous materials used and ensuring they are easily accessible;

- Ensuring the accessibility of spill response material within workshops, on-road support vehicles and fuel bays to contain any spills;

- Maintaining specific Emergency Response Plans that outline the emergency response procedure for a spill and contact details of relevant personnel;

- Maintaining a Dangerous Goods Manifest as per regulations with current and accurate information accessible to emergency services;

- Maintaining spill containment equipment such as spill boom on vessels;

- Keeping containers of liquid (e.g. drums) tightly sealed and regularly inspecting containers for leaks;

- Keeping all above-ground stored liquids greater than five litres in volume in a bunded area to contain any spillages or leaks. This prevents a slipping hazard and pollution risk to stormwater and sewerage drains and the environment; and

- Using refuelling funnel to avoid spills when refuelling vehicles on the road.

Despite our best endeavours and intent, during the year, there was one significant spill event which included a loss of 9,000 litres of diesel at the Kingfisher Bay Resort Maintenance facility. An investigation into the incident found that a fuel hose used to refuel tour vehicles was hung up incorrectly resulting in the valve not closing as it should. Immediately following the incident, new refuelling equipment was purchased for the Kingfisher Bay Resort Maintenance facility, all fuelling equipment was inspected across the K'gari business, and learnings were shared with other Business Units to ensure a similar risk was not present.

The incident was reported to the Department of Environment and Science (DES) and a Clean Up Notice was issued with a series of remedial actions being undertaken between April 2023 and November 2023.

Additional spills related data is also disclosed in the performance table on page 26.

TARGETS:

- Improve waste tracking across the business and continue to reduce waste generation through prevention, reduction, recycling, and reuse

- Maintain a target of zero significant spills and strive to achieve Year on Year ("Y-O-Y") reduction in minor spills and leaks to the environment.

Seabin Project, Captain Cook Cruises - NSW

CLIMATE CHANGE

Climate change is the biggest challenge of our time and one that poses a fundamental threat to our natural ecosystems, our infrastructure and people's livelihoods. It therefore requires significant investment and innovation from governments and organsiations to help minimise the impact. This section outlines our approach to managing climate change and carbon emissions. Kelsian intends to continuously improve the quality of climate change-related disclosures as our processes and understanding of climate-related matters mature.

Core elements of Task Force on Climate-related Financial Disclosures (TCFD)

GOVERNANCE
The organisation's governance around climate-related risks and opportunities.

STRATEGY
The actual potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

RISK MANAGEMENT
The processes used by the organisation to identify, assess, and manage climate-related risks and opportunities.

METRICS AND TARGETS
The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

Source: Task Force on Climate-Related Financial Disclosures

Governance

Kelsian's highest level of direct responsibility over matters relating to climate change sits with its Board. The Board Audit, Risk and Sustainability Committee, which meets every quarter, provides oversight on all ESG issues including climate change and assists the Board in making decisions pertaining to these matters. Further work continues across the Group to make the governance of ESG and climate issues increasingly front of mind. To bolster the governance around climate change, Kelsian has published a Group Climate Change Statement of Intent on the Company website.

Through the Climate Change Statement of Intent, Kelsian outlines its intention to:

- Embrace and comply with the TCFD guidelines
- Identify, manage, mitigate, and monitor climate-related risks relevant to Kelsian whilst pursuing opportunities to operate more efficiently and sustainably
- Actively engage with key stakeholders in respect to transport decarbonisation policies, plans and targets
- Measure and report carbon emissions as required by the regulatory requirements of the regions in which we operate
- Embed climate-risk into strategic planning and decision-making models
- Ensure our business remains resilient to the impacts of climate change.

Strategy

As the world transitions to a low carbon emissions future, worldwide adoption of a Zero Emission Vehicles mandate is required along with rapid electrification of buses and deployment of hydrogen-powered heavy vehicles and associated infrastructure.

This year, we conducted a preliminary qualitative review of climate risks and opportunities using two scenarios and a selection of assumptions to predict the impact on our business. We picked a high carbon scenario that drives a greater level of physical impact on business as temperatures continue to increase due to lack of action from governments and the continued use of fossil fuels. This scenario assumes global sea level and temperature rises, very high frequency and intensity of heat waves, rainfall, droughts, wildfires and storms resulting from a projected temperature increase of 4°C. On the opposite end, the low carbon scenario we picked for our analysis drives a greater level of transition impacts given the dominance of policy changes and disruption as the economy transitions to a low carbon world. This scenario assumes significant investment in clean energy and electrification of transport which helps in limiting global warming to 1.5°C.

The results of the high-level assessment indicate the following climate risks to be considered further in managing these risks in our business:

Transition Risks (overall magnitude of impact on business)

Government policies and carbon tax	Medium
Consumer expectations	Small for land transport and Medium for marine and tourism
Competition for technology and resources	Large

Physical Risks (overall magnitude of impact on business)

Droughts	Small
Storms	Medium
Floods	Medium
Temperature increases	Medium
Wildfires	Small for land transport and Medium for marine and tourism
Infectious diseases	Small
Sea level increases	Small for land transport and Medium for marine and tourism
Sea temperature increases	Small for land transport and Large for marine and tourism

The analysis confirms our main transitional risk, in a low carbon scenario, stems from shifts in market and technology caused by global demand for materials, equipment, and labour to achieve net zero operations. In the low carbon scenario, there are some opportunities that Kelsian can access including improved reputation and access to investments due to increasing demand for zero and low-emissions vehicles.

To understand the potential severity of physical risks, we examined predicted changes in temperature and various climate related events (e.g., floods, wildfires, storms, temperature increases, droughts, sea level increases, and infectious diseases) in the regions around the world where Kelsian operates. In a high carbon, policy inaction scenario, physical impacts are more prominent as severe weather events become more intense and frequent, disrupting our operations and impacting our infrastructure, resulting in loss of revenue or increased cost for business. While no significant impacts are expected in the short-term (2025), in the medium to long-term (2035-2050)[1], these extremes will start to impact the way we perform our activities, and require adapting the infrastructure to withstand changing weather conditions. Overall, the physical impacts related to a warming planet are expected to largely impact Kelsian's Marine and Tourism division due to the nature and location of its operations and assets.

It must be noted that scenario analysis relies on several assumptions that may or may not eventuate, and scenarios may be impacted by additional factors to the assumptions disclosed. Nevertheless, through the application of the TCFD process and scenario analysis, Kelsian has taken a significant step toward understanding our potential climate risks and how best to position ourselves not only to survive changing conditions but to emerge even stronger. The scenario analysis activity helped create a broader understanding of climate risks and opportunities and their impact across the organisation. The next step of our climate journey will be to continue to review our risks, quantify the financial impacts and identify opportunities to improve our resilience to climate-related risks.

It must also be noted that around 85% of our business is aligned to transport authorities and state governments' climate change targets. Therefore, in line with national targets which means that the business is on the right path to delivering a transition to a zero-carbon society. Nevertheless, some increases in adverse weather events are expected even under a low carbon scenario.

Kelsian has business continuity plans and mitigative actions in place to reduce the impact of damage or loss caused by adverse weather events including factoring in natural disaster costs in our costing models. Service disruptions will likely be recognised as a force majeure / excused performance incident with no contractual penalties.

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1   Based on the assumption that almost the same temperature changes would occur in the 1.5°C and 4°C scenarios by 2030. Differences between scenarios widen in the years after 2030

CLIMATE CHANGE CONT.

Risk Management

Kelsian is committed to the management of risk throughout its operations and takes a holistic approach to protect the people and the environment in which we operate. Kelsian delivers this through its group-wide Risk Management Framework allowing for the identification, analysis, evaluation and management of risk and uncertainty throughout the Group.

Our approach combines top-down (strategic) and bottom-up (tactical) processes for the identification and reporting of risk at both a strategic level as well as at an operational level, ensuring risk is considered as part of the Group's strategic planning and decision-making processes as well as operational risk management. This enables risks, and their treatment, to be considered where such risks manifest themselves.

Material risks are reported to and reviewed by the Board, Audit, Risk and Sustainability Committee and Group Executive as part of the risk reporting process.

Climate Change Related Risks and Opportunities

Strategic, regulatory and operational risks and opportunities associated with climate change are incorporated into the strategic and tactical risk management processes outlined above.

In FY22, Kelsian undertook a comprehensive review of the climate-related transitional and physical risks, and opportunities, relevant to the Group. To understand Kelsian's current climate-related risks and opportunities, high level research was conducted around the primary climate-related risks and opportunities relevant to Kelsian. The analysis was drawn from relevant academic, industry and government publications such as IPCC Reports, IEA publications and other relevant material.

The risks and opportunities identified in this exercise have been analysed and evaluated using the Group's risk methodology, which is based on ISO31000, shared with the Group's Board and Executive and targeted plans developed to mitigate risk and progress opportunities.

The following summarises some of the key climate-related risks, transitional and physical, and opportunities identified by Kelsian.

Transition Risks

Transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to the Group.

Area of Risk	Risk	Risk Mitigation
Policy & Legal Risk	• Frequently changing regulatory landscape, creates uncertainty in planning • Policy changes, like carbon taxes to facilitate the decarbonisation of the economy.	• Active engagement with government and key stakeholder groups in respect of transport decarbonisation policies, plans and targets • Expansion of low or zero-emission buses and ferries can provide a long-term economic advantage in the context of changing policy around carbon pricing.
Technology Risk	• The upfront costs associated with R&D and the implementation of low and zero-emission technologies may be significant • Rapid transition in technology (driven by policy) resulting in early retirement of fleet or infrastructure • Skills and capabilities to facilitate the transition of fleets across operating markets may not be available, or sufficiently developed.	• The development of infrastructure that is climate resilient has the potential to improve service reliability, extend asset life and protect asset returns • Hydrogen and battery electric vehicle technology can provide long-term cost reductions given rising fuel costs for fossil fuel-reliant vehicles • Partnerships and funding becoming available to help facilitate the transition in fleet and infrastructure.
Market Risk	• Increased pressure from regulators, customers, and shareholders to analyse and act on climate threats • Vendors and tenderers have not decarbonised fleet appropriately (i.e., predominately diesel vehicles • Coverage and affordability of insurance as a result of transportation and assets present in risky areas.	• Kelsian's reputation as a market leader in sustainable technology and solutions • Tender criteria preferencing capabilities to run and operate electrified and decarbonised fleet • Development of environmentally friendly product offerings (i.e., Carbon Neutral products).
Reputation & Legal Risk	• Kelsian's reputation may become increasingly tied to its efforts to move towards net-zero emissions • Challenges attached to reporting and disclosure requirements.	• Opportunity to establish a reputation as a low-emission footprint transport and tourism services provider.

Physical Risks

Physical risks resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for organisations, such as direct damage to assets and indirect impacts from supply chain disruption. An organisation's financial performance may also be affected by changes in water availability, sourcing, and quality; food security; and extreme temperature changes affecting organisations' premises, operations, supply chain, transport needs, and employee safety.

Area of Risk	Risk	Risk Mitigation
Acute Risk	• Increased prevalence and severity of extreme weather events such as storms, floods and bushfires which impact safe and consistent operations • Increased temperatures over an extended period of time and the impact on operating assets and infrastructure • Increasing the frequency of disruptive weather conditions i.e., Cyclonic activity or, high winds, will lead to the increased cancellation of services • The electricity grid not operating effectively or efficiently during heat waves.	• Enhance business resilience and emergency response and continuity plans.
Chronic Risk	• Rising sea temperatures cause coral bleaching. Persistent bleaching may cause reduced tourism on the Great Barrier Reef • Drought can restrict operations and decrease the appeal for tourists.	• Changing climatic conditions can open up possibilities for increased tourism in locations of traditionally cooler weather, or greater tourist comfort in existing locations.

Climate-related Opportunities

The efforts outlined in the tables above to mitigate and adapt to climate change also provide opportunities for Kelsian. For example, through resource efficiency and cost savings, the adoption and increased use of low-emission energy sources, the development of new products and services, access to new markets, and building resilience along the supply chain. These bring opportunity and benefit both in terms of meeting our climate-change obligations and commitments as well as enhancing Kelsian's reputation and performance.

Metrics and Targets

We report greenhouse gas emissions associated with our operations under the Australian National Greenhouse and Energy Reporting Scheme. During the year, we worked on calculating our emissions footprint in Singapore which is reported in the performance figures for FY23. Whilst there is no regulatory requirement to report our emissions data from our international operations, we aim to calculate and disclose this information in our future public reports. During FY23, we developed a medium-term target to reduce the carbon intensity of our Australian Bus Scope 1 emissions by at least 50% by 2035 from a 2022 base year. This is based on our internal forecast of expanding our Zero Emission Bus portfolio in line with the existing state government commitments. It is important to clarify that our ability to achieve this target is significantly influenced by government and client decisions, funding capabilities, as well as the industry's capability to deliver the transition.

The multimodal nature of our business makes our decarbonisation journey a little challenging. We are aware of these challenges and limitations and therefore, want to progressively make our climate targets more robust as additional opportunities for emissions reduction become available, particularly in the marine space. Nonetheless, we are continually exploring and evaluating alternative technologies and fuels to reduce emissions from our marine vessels.

From a Group perspective, we aspire to transition to net zero by 2050. Our net zero commitment applies to all our operations including our global bus operations and marine operations, facilities, offices, and accommodation offerings.

TARGETS:

• Aspiration to achieve net zero Group-wide emissions (vehicles, vessels, buildings, operations) by 2050

• Reduce Scope 1 carbon intensity of Kelsian's Australian bus fleet by at least 50% by 2035 from a FY2022 base year.[2]

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2   Medium-term emissions reduction target is based on the following assumptions:
   • Transit Systems NSW assumes 100% ZEB by 2034, in line with existing NSW Government commitment of 2035
   • Transit Systems NSW total fleet includes Greater Sydney Bus Contract 3 (from 6 August 2023); and Greater Sydney Bus Contract 2 (from 8 October 2023)
   • Numbers assume no relocating of Contract Buses to other Operators by Government/Clients
   • Transit Systems VIC includes 9 x Trial BEBs and 2 x HFCBs (assuming they both continue beyond the trial)
   • Transit Systems VIC assumes all replacement buses from 2025 are Zero Emissions, in line with existing Victorian Government commitments
   • Torrens Transit 2 x Trial HFCBs (assuming they continue beyond the trial)
   • Torrens Transit assumes all replacement buses from 2025 are Zero Emissions
   • Swan Transit assumes all replacement buses from 2025 are Zero Emissions
   • Fleet numbers assume retention of all existing Bus Contracts
   • Ultimately, the ZEB deployment is significantly influenced by government and client decisions, and funding capabilities, as well as the industry's capability to deliver the transition

ENSURING THE HEALTH, SAFETY AND WELLBEING OF OUR EMPLOYEES

Our Approach

All the work we do is guided by the overarching Kelsian – Health, Safety, Environment and Quality ("HSEQ") Policy, ensuring the same commitment and values are delivered consistently across all the businesses in our portfolio. This allows us to continue to modify our policies, procedures, and systems to minimise our risk profile and achieve industry best practices while being nimble and flexible to cater to local individual business requirements in managing HSEQ. Many of our businesses have ISO accreditations that are maintained through robust internal and external audit programs. ISO standards we are accredited to include the following:

- ISO 45001:2018 Occupational Health and Safety Management Systems

- ISO 4001:2015 Environmental Management System

- ISO 9001:2015 Quality Assurance Systems

- ISO 55001:2014 Asset Management.

The Board's People, Culture and Remuneration Committee, company executive and senior leaders of the business meet regularly to ensure we have robust governance in place to deliver our strategies and plans to achieve our Health and Safety targets.

Safety Performance

The strategic framework for HSEQ was set in FY22 to FY25 as a roadmap for Kelsian to sharpen its focus in three areas – Capability, Accountability and Awareness. The framework is critical in delivering safety and wellbeing performance improvements by:

- Reviewing HSEQ structures, systems and resources to put in a model to support capability, growth and performance improvement through a business partnering model;

- Having leaders own the accountability through ensuring targets are understood, and achievable; and

- Building awareness in the business through initiatives to embed our value of being Safety Focused.

During the year, we launched our HSEQ system called SafeConnect, for hazard, incident, injury reporting and risk management, throughout our Australian business. SafeConnect is accessible through a web browser or an App on mobile devices and was implemented to digitise our records, workflows, and create consistent reporting, governance, and make information readily available. This has seen a significant uplift in our hazard reporting through education and campaigns, and enabled us to exceed our internal reporting target by 192%. This achievement meant we were better able to address identified hazards and minimise harm to our people and the communities we serve. In FY24, we will work with businesses outside of Australia on a roadmap to implement SafeConnect.

We set a goal to improve our safety incidents and Injury Frequency Rates (LTIFR and TRIFR) by 10% for FY23, and while we didn't achieve the target, we achieved a year-on-year improvement of our overall TRIFR by 6.3% compared to FY22.

We continued to roll out safety campaigns and programs tailored for the individual markets across our operations globally such as our ongoing investment in safety technology. These include a detection system for fatigue and distraction monitoring, trial of 360-degree cameras, and collision detection and avoidance systems. Our Tower Transit business is the only bus operator in Singapore to install start inhibit technology across our fleet which prevents vehicles from starting unless an authorised driver identification tag is presented, preventing our buses from being driven by an unauthorised person. They are also the only bus operator in Singapore with 360-degree cameras installed across its fleet which eliminates blind spots and assists with safer driving.

Safety Focus Leads to Engaged Employees, Better Customer Experiences and Safer Communites

We commenced operating route buses in North Stradbroke Island in Queensland, partnering Translink (Queensland Government) in December 2022 following a private acquisition. Through the course of the integration of this business, we were informed of various issues concerning the overloading of buses, speeding, and safety. Being a safety-focused organisation, we promptly assessed and took actions to rectify the issues and instil confidence in the bus service operations. Some of these actions are highlighted below:

Route Run Survey – The Translink schedule for the route was a 25-minute service, while our timed survey following road rules and speed was at 43 minutes. We used the data collected and engaged Translink to change the route schedule immediately.

Result: Within 5 business days, the schedule was updated through Translink which provided a great outcome for our drivers, customers and the community.

Team Talk – Our safety values and philosophy was shared with the frontline staff and all drivers were made accountable for operating safely with strict actions against those who breached safety rules.

Result: Engaged and accountable local team who now operate safely within rules, enabling them to provide a better customer experience.

Bus Fleet – Hired additional buses to provide extra route runs to accommodate for the customers that got left behind to prevent overloading.

Result: Improved customer experience

Safety Concerns at Bus Stops - The HSEQ team was deployed to meet with the drivers and conduct an assessment of on-road safety. Traffic engineers were engaged to review road infrastructure and designs to provide recommendations. A concise assessment was provided to the council to lobby for change and make it a safer operating environment in the community.

Result: The infrastructure near One Mile Jetty stop was changed to accommodate a sweeping turn rather than a three-point turn to reach the stop. We also partnered with the local council after another assessment to put in place a plan to move stop to allow for safer turns.

Employee Wellbeing,
Tower Transit - Singapore

In addition, we continued to introduce programs aimed at improving safety awareness and culture such as Safe Working Month, Wellbeing Webinars, and Road Awareness.

As part of our continued HSEQ governance enhancement, we have commenced the integration of our HSEQ systems globally with the development of Group Standards for all businesses to work towards. We are pleased to announce that all existing ISO Certifications have been maintained whilst integrating to the new Kelsian Global HSEQ Standards. We continue to work towards ensuring all our businesses work towards compliance to these new Global HSEQ Standards in FY24.

Employee Wellbeing

The physical and mental health and wellbeing of our employees is critical for Kelsian's success. With a global workforce, we continue to invest in employee wellbeing, making it a significant part of our health and safety strategy. Kelsian continues to invest significantly in employee wellbeing strategies including the Employee Assistance Program, an annual flu vaccination program, Driver Resilience Training Program in Australia, support of team social activities, and internal communications that enable a direct dialogue with our frontline workers regardless of their location or business unit.

Kelsian employees can also make use of staff travel discounts to experience and enjoy our great products and services. We continue to provide webinars to our employees throughout the year on topics such as nutrition, mental health, exercise, mindfulness, and workplace posture to help them improve their lifestyle choices as well as physical and mental wellbeing.

In Singapore, employees are treated to monthly Traditional Chinese Medicine consultations and treatments like cupping therapy, acupuncture, herbal remedies, along with free monthly haircuts and massages. This service is provided by a visually impaired massage team from the Singapore Association of the Visually Handicapped.

TARGETS:

To continue our journey to safety excellence, we are committing to the following targets:

- Improve our year on year injury frequency rates (LTIFR and TRIFR) by 10%.

PROMOTING A DIVERSE AND INCLUSIVE CULTURE

Our Approach

Our workforce is essential to sustaining business performance. We have been working to accelerate the development of our employees, strengthening leadership capabilities, and cultivating a diverse and inclusive workplace to ensure Kelsian remains a great place to work.

Our Performance

Kelsian is committed to encouraging an environment that promotes diversity and cultivates inclusion in the workforce. To support this commitment, Kelsian continued to deliver on its Diversity and Inclusion Strategy[3] which is being implemented over the FY22-FY26 period and outlines a roadmap to provide a safer, more inclusive, and accessible workplace, where team members and customers feel respected, appreciated, and celebrated.

The following work was carried out during the reporting period in relation to the Diversity and Inclusion Strategy implementation.

- Held several key diversity and inclusion activities for workplace teams to participate in including NAIDOC week, Harmony Day, bus wrap partnership for National Reconciliation Week World Pride Bus Launch and awareness campaign, and International Women's Day educational talks

- Engaged with key stakeholders to establish diversity and inclusion-related KPIs for management including Aboriginal cultural awareness sessions, smoking and cleansing ceremonies, procurement of products and services through Indigenous businesses, and attendance at Aboriginal and Torrens Strait Islander fundraising events

- Commenced recording diversity and inclusion information into Kelsian's recruitment onboarding process to enable new employees to self-identify diversity information during their onboarding journey and provide the business with the opportunity to better understand the demographics of applicants and new recruits

- Undertook several communication campaigns to increase awareness around diversity and inclusion initiatives

- Updated advertising and position description templates to incorporate inclusive language and completed the plan for a paid parental leave policy for implementation in FY24.

Additional information against the delivery of these diversity and inclusion objectives is available on pages 3 to 5 of the Corporate Governance Statement.

Diversity and Inclusion Census

As a global organisation with a diverse workforce, we are focused on removing barriers and creating an inclusive workplace culture for our employees, however for us to achieve that we first need to accurately understand our workforce demographic and diversity profile. With this in mind, we conducted our first diversity and inclusion census of our Australian workforce to obtain baseline information on our current workforce including statistics about employees' ethnicity or cultural background, gender, LGBTQI+ representation, primary caregivers, and those living with a disability.

Employee Engagement Survey

The success of our business is a direct reflection of our workforce culture, so it is important that our 'people-focused' initiatives are based on the voice of our employees. During the reporting year, we conducted an employee survey to understand our employee needs, satisfaction and morale throughout the organisation. The survey was targeted and accessible to all employees covering 100% of Kelsian's workforce. Conducting an engagement survey such as this allows leaders to assess what is working well and identify opportunities for improvement. Both organisation-wide as well as department-level results were shared with individual teams. The results indicate that 64% of employees throughout Australia, Channel Islands and Singapore who completed the survey are enthusiastic and positively connected with the organisation, and 70% recognised that their business unit values diversity. From the results, 76% of employees know what they need to do to be successful in their role (up by 29% from 2022) and 70% are proud to work for their respective business units (up by 9% from 2022). The overall engagement score increased by 10% from the previous survey in 2022, which was a fantastic result.

TARGETS:

- Achieve at least 30% female representation at senior management[4] levels by 2030

- Achieve Board gender diversity of not less than 30% of its Directors being of each gender

- Australia-wide roll out the Anti-Racism and Unconscious Bias training

- Roll out of a Cultural Leave Policy across Australia.

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3   Focused on Australian operations only

4   Senior management includes divisional CEOs (excluding MD & Group CEO), Group Executives, Managing Directors, General Managers, Heads of roles that are up to three levels down from the Group CEO. At the time of target setting, the M:F ratio for senior managers was 76:24

Building Trusted and Enduring Community Relationships

Tiwi By Design, Tiwi Islands
– Northern Territory
Image Credit: Tourism NT/Helen Orr

DRIVING POSITIVE CHANGE IN THE COMMUNITIES WHERE WE OPERATE

Kelsian plays a major role in the socio-economic development of the local communities in which we operate and is therefore, focused on delivering sustainable services that matter most to our customers and communities. This entails providing safe and efficient services, providing local employment and business opportunities, and contributing to the communities in which we operate through sponsorships and donations.

Supplier Diversity

Our current supply chain is constructed and underpinned by diverse suppliers. We incorporate a range of suppliers of varied sizes and demographics into our supply chain. We aim to incorporate as much local content as possible into our operations to support local small-to-medium sized enterprises, as well as Aboriginal and Torres Strait Islanders businesses. This is evidenced in our Australian operations where our supply chain is predominately local to our operations, resulting in a local economic boost.

Aboriginal and Torres Strait Islander People Engagement

Kelsian is an organisation that embraces and incorporates recognition, acknowledgment and understanding of Indigenous peoples and cultures, to create opportunity and capacity building for Aboriginal and Torres Strait Islanders and their businesses in the areas of our operation. Kelsian has an embedded history of community engagement and has provided Indigenous communities with economic and a broad range of employment opportunities for many years. We consult on an ongoing basis with multiple Traditional Owners/Cultural Authorities on activities our business is undertaking that reflects or impacts First Nations history, language, country where we are operating.

Throughout the year, the business continued to take meaningful steps towards better understanding and improving relationships with the Aboriginal and Torres Strait Islander community. Engagement and education opportunities were delivered via a range of formats including, but not limited to formal training, relationship building, internal presentations, invitations to events including Indigenous employment career fairs and supplier introductions. We also engaged First Nations consultants to facilitate Reconciliation Action Plan strategy sessions with our Executive Committee.

Reconciliation Action During NAIDOC Week

During the year, Kelsian appointed Indigenous business Maramubl Maintenance Services for a significant industrial and office cleaning service contract in Sydney. The appointment comes as Kelsian continues to deliver on its Reconciliation Action Plan ("RAP") as an intentional journey to creating an organisation that embraces, acknowledges, supports, respects and builds relationships with Aboriginal and Torres Strait Islander peoples and cultures around Australia.

Kelsian connected with Maramubl Services through the Company's proactive research in sourcing Indigenous-owned and operated service providers, which has also included attending the Supply Nation Connect event. This appointment also achieved one of Kelsian's RAP actions to increase Aboriginal and Torres Strait Islander supplier diversity and inclusivity to support improved economic and social outcomes.

This appointment has further enhanced Kelsian's supplier diversity and value, following the appointment of Knowledge Water in the Northern Territory last year, with SeaLink proudly being the first business to sign a contract with Arnhem Beverage Company and take delivery of their first-ever pallet of water.

Artwork created by Indigenous Artist, Shane Mankitya Cook

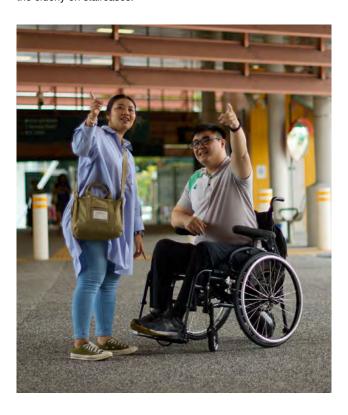Shane is a proud Wulli Wulli and Guwa (Koa) descendant from Queensland

Aboriginal Engagement Initiatives

- Held several cultural education and RAP strategy-defining workshops with senior executives

- Conducted workplace census identifying Aboriginal and Torres Strait Islander staff and included self-identification methods in our onboarding practice

- Delivered cultural capability training to senior executives

- Increased Indigenous Business spend through cleaning, stationery and printing, design and production, food & beverage products, consultancy and education

- Commissioned new artwork to use across NSW to promote the Driver Excellence Academy and Aboriginal engagement, particularly in the areas of employment and training/development

- Ongoing consultation with multiple Traditional Owners and Cultural Authorities on any activities our business is undertaking that reflects or impacts First Nations history/language/Country in areas of our operations

- Collaborated with an Indigenous Media company in Northern Territory to develop culturally appropriate safety and informational videos for our ferries servicing Indigenous communities in Tiwi Islands that are played in traditional language

- Supported Yalari, and Aboriginal organisations promoting education and academic outcomes for Aboriginal youth

- Recorded Acknowledgment of Country, Spoken by Aunty Margaret Campbell, across all the Captain Cook Cruises fleet

- Continued to support Queensland Tourism Industry Council NAIDOC Breakfast and Tiwi Islands Grand Final Community Event through our Marine and Tourism Division.

In Singapore, Tower Transit partnered with UNIQLO to give away free face masks to frontline workers and commuters with the aim to supporting safer bus rides. About 75,000 face masks were distributed through Jurong East, Bukit Batok, Yishun and Sembawang bus interchanges.

During the year, Tower Transit Singapore also launched the Student Co-Host Programme where students volunteer to help commuters in need at the Bukit Batok Bus Interchange. The first batch of 16 student co-hosts from the Institute of Technical Education College West offered to perform simple acts of care such as helping to carry bags, providing directions and supporting the elderly on staircases.

Social Inclusion and Investment

Creating a positive impact in our communities allows us to demonstrate our responsibility to enhancing the communities we operate in and extend our care to those in need. Kelsian provides direct and indirect contributions to the communities in which it operates such as through the payment of taxes, provision of essential services, employment, as well as sponsorships and donations. We support various local events throughout Australia that helps bring people together and create positive change.

Over the year, Kelsian collectively invested $1,526,035 in our local communities in the form of direct cash contributions, in-kind support, services, and time volunteered. 4.5% of our pre-taxed profits have been used to support the needs of local communities to empower and build capacity.

During the year we developed a Community Investment Framework with the intention to simplify the community investment process by focusing on three areas – Education, Environment and Health and Wellbeing. These focus areas have been designed to align with the UN Sustainable Development Goals (Good Health and Wellbeing, Life below Water, Life on Land and Quality Education).

"We hope to raise a generation of caring commuters who will actively look out for and help their fellow commuter as they travel on public transport. The Student Co-Host Programme gives young Singaporeans an opportunity to develop this sense of community and a culture to care for those around them."

Winston Toh - Managing Director, Tower Transit Singapore

DRIVING POSITIVE CHANGE IN THE COMMUNITIES WHERE WE OPERATE CONT.

Additionally, the Singaporean team rolled out free community courses to encourage a more caring and inclusive commuting culture.

Public Bus Inclusivity Course

Course activities included:

- Understanding the challenges faced by people with disabilities and mobility challenges on board a bus
- Learning how to be sensitive and inclusive in speech
- Learning how to offer assistance
- Hands-on session with a wheelchair.

5 sessions held

50 employee hours invested

62 community members reached

Public Bus Confidence Course

Course activities included:

- Demonstration and practice sessions of pre-boarding, boarding, on-board, and alighting procedures
- Guided tours and experiences on operational bus services
- Tour of the new Jurong East Interim Bus Interchange, including the Heart Zone facilities that enable easier movement across our public transport system.

9 sessions held

126 employee hours invested

63 community members reached

In the Channel Islands, our LibertyBus business, which provides services to the residents of Jersey has been dedicated to delivering a service to make a positive social impact community. Recently, key improvements have included introducing contactless payments to speed boarding and facilitate bus usage, introducing a town service to eliminate the need for private vehicles in the centre of town and help reduce carbon emissions, and increasing the frequency of peak time, evening and Sunday services across the network.

Liberty Bus, Jersey - Channel Islands

LibertyBus - Winner of National Social Value Awards

With an unwavering commitment to social responsibility, LibertyBus (Jersey operations) has dedicated the past decade to operating a bus network that make a positive difference in the community. The company's exceptional performance in the social area earned them the well-deserved recognition at the National Social Value Awards. The Organisation Leadership Award serves as a testament to LibertyBus's outstanding efforts in fostering positive social impact in their community working in partnership with the Government of Jersey.

To measure the impact of its services, LibertyBus commissioned a Jersey-based research agency to conduct an extensive survey among customers. The survey revealed compelling results, showcasing the transformative changes experienced by passengers as a result of utilising LibertyBus's services. Notably, a remarkable 72% of respondents acknowledged saving money due to their use of LibertyBus. This figure soared to an impressive 80% among daily commuters, reflecting the company's dedication to providing affordable transportation options for islanders.

Through a collaborative partnership with the Government of Jersey, LibertyBus has delivered several impactful initiatives that enhance the well-being of the community. Some initiatives include a concessionary pass scheme for people who are older, the AvanchiAccess card for people with disabilities, the wheelchair passports scheme, and the Accessibility Card for people with hidden disabilities. LibertyBus team also issued every Ukrainian who has migrated to Jersey because of the war, an annual bus pass free of charge.

By providing an inclusive and affordable bus network, LibertyBus helps reduce traffic congestion, promotes environmental sustainability, and enhance the communities served.

TARGETS:

- Align community investment with the focus areas described in the Community Investment Framework – Education, Environment and Health and Wellbeing

- Improve Indigenous and First Nations participation through employment, business partnerships and capability development.

BUSINESS ETHICS AND TRANSPARENCY

Our Approach

At Kelsian, we are committed to conducting our business ethically and transparently. Our Code of Conduct aligns with our values and sets clear expectations for all employees to comply with legal obligations but also to act ethically and responsibly. We provide employees with training so they can understand and work in line with our values and Code of Conduct. All material breaches are reported to the Kelsian Board. The Code of Conduct is further supported by other Company policies[5] that set out guidelines to ensure all activities are conducted ethically and transparently and in compliance with the laws and regulations of each jurisdiction in which we operate.

Reporting Grievances

At Kelsian, we are committed to maintaining a working environment of fairness, honesty and integrity. One where employees, contractors, suppliers and other stakeholders feel safe to raise questions or concerns and report unethical or unsafe behaviours through appropriate channels.

We have in place Whistleblower Protection Policies that encourage serious concerns to be reported to the designated officer. Reports can also be made anonymously via an independent third-party disclosure service.

All reported breaches of the Code of Conduct are investigated and subject to disciplinary action. Employees reporting misconduct are protected and the confidentiality of the person reporting is maintained. In FY23, there was one confirmed report received under the whistleblowing program which was investigated, actioned and responded to the satisfaction of the whistleblower. No incidents of policy violations relating to bribery and corruption, or anti-competitive behaviour were reported.

Business Approach to Industrial Negotiations and Employee Wage Payments

Maintaining a stable and productive workforce is critical to Kelsian's success, as it is our employees who deliver and maintain quality services for our customers. Kelsian values the diverse nature of our workforce and is mindful of the varied interests of our employees. We have experienced leaders and a local people and culture team with established respectful relationships with employee representatives to resolve any disagreements in a professional and efficient manner.

Tax and Transparency

View report

We comply with all tax laws in all jurisdictions where we operate and in order to maintain transparency around our tax payments, we published our first tax transparency statement in 2020 which builds on the information we already provide in our Annual Reports. Our Tax Transparency Report, which is publicly available on the Kelsian website, represents our commitment to the Australian Voluntary Tax Transparency Code and provides detailed information about how we approach tax related matters, our taxation strategy and the payments we make as a listed public company in the top 200 on the Australian Securities Exchange.

Political Donations

In FY23, Kelsian made payments totalling $27,727 in political donations in Australia. Donated amounts are not inclusive of GST and are also reported in the performance table on page 26.

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5   Including, but not limited to, the Anti-bribery and Corruption Policy, Continuous Disclosure Policy, Grievance Policy, Whistleblower Protection Policy

CYBER SECURITY

With the rapid digitisation of access to information and heightened visibility of Kelsian coupled with the clientele that we are trying to target and attract, it is important that we have in place appropriate controls and protections to protect our staff, customers, systems, and networks from cyber-attacks.

At Kelsian, security incidents are managed with a comprehensive approach aimed at swift detection and effective response. We conduct different types of resilience and penetration testing exercises and utilise a globally leading Manage, Detect, Respond service provider that offers advanced capabilities for managing, detecting, and responding to potential threats. In addition to this, we have a dedicated internal cybersecurity function that oversees all aspects of cybersecurity. At the executive level, we have a well-defined critical incident response plan in place, ensuring that any major security breach is escalated and addressed promptly with the involvement of key decision-makers. This multi-tiered approach enables us to proactively protect our systems and data, minimising the impact of security incidents on our operations and ensuring a resilient security position.

In FY23, we invested in a complete software solution to further improve our cybersecurity management and reduce the risk of cyber-attacks. This enhances our ability to mitigate and respond to cyber threats by:

- Continuously monitoring endpoints for malicious activity which helps to prevent threats from taking root in the environment before they can cause damage,

- Initiating a rapid response and remediating the threat as quickly as possible,

- Reducing security costs by offloading the burden of threat detection and response to external experts while freeing up the internal security team to focus on other priorities, and

- Improving the overall security position by providing the latest threat intelligence and best practices.

Our people are our first line of defence and therefore we regularly educate our employees through our mandatory cyber security training including phishing simulations which teaches them the skills necessary to spot and deal with real-life cyber threats. In addition to the desktop-based training, we also run simulated cyber response exercises to test our readiness for managing cyber security incidents and validate the effectiveness of our plans and procedures.

Kelsian had no cybersecurity breaches during the reporting period.

MODERN SLAVERY

As a responsible operator, Kelsian is committed to ethical dealings and the highest standard of business conduct with its customers, suppliers, employees and the communities in which we operate.

During the reporting period, we developed a Human Rights Statement of Intent and a Supplier Expectation document that will provide a basis for embedding the responsibility to respect human rights through all business functions, elaborate Kelsian's commitment to human rights and demonstrate international good business practice.

An overview of our commitment and work in this area can be found in our Modern Slavery Statements which are available on the Kelsian website. Kelsian is not aware of any human rights related incidents or violations that occurred in relation to its employees or suppliers during the reporting period.

PERFORMANCE TABLE[6]
As at 30 June, 2023

	2023	2022	2021
People			
HEALTH AND SAFETY			
Fatalities	0[7]	0	0
Number of safety fines/prosecutions	0	0	0
EMPLOYEE DATA			
Total number of employees (Global)	9,412	8,745	8,940
Australia	7,506	7,147	6,999
UK	11	11	1,078
Singapore	1,647	1,586	853
Channel Islands	248	0	0
Other	0	1	1
% Gender split (M:F)	84 : 16	-	-
% Board[8] (M:F)	71: 29	71: 29	71: 29
% CEO (M:F)	100 : 0	100 : 0	100: 0
% KMP[9] (M:F)	83: 17	88: 12	88: 12
% Employees aged under 30 (M:F)	67: 33	-	-
% Employees aged between 30-50 (M:F)	85: 15	-	-
% Employees aged above 50 (M:F)	87: 13	-	-
% Employees by tenure length of < 5 years (M:F)	82: 18	-	-
% Employees by tenure length of 5-9 years (M:F)	88: 12	-	-
% Employees by tenure length of 10-19 years (M:F)	87: 13	-	-
% Employees by tenure length of 20+ years (M:F)	89: 11	-	-
Our Communities			
SPONSORSHIPS[10]			
Total expenditure ($AUD)	1,526,035	372,2189[11]	-
POLITICAL DONATIONS[12]			
Total expenditure ($AUD)	27,727	23,636	24,091
Our Environment			
SPILLS			
Number of significant spills	1	0	0
Volume of significant spills (litres)	9,000	0	0
Number of minor spills	5	-	-
Volume of minor spills (litres)	177	-	-
FINES			
Number of fines for non-compliance with environmental regulations	0	0	0
GREENHOUSE GAS EMISSIONS BY COUNTRY			
Australia			
Scope 1 emissions (tCO$_2$e)	223,285	203,813	212,833
Scope 2 emissions (tCO$_2$e)	8,607	9,301	8,685
Total GHG emissions (tCO$_2$e)	231,892	213,114	221,491
Singapore			
Scope 1 emissions (tCO$_2$e)	90,067		
Scope 2 emissions (tCO$_2$e)	2,089		
Total GHG emissions (tCO$_2$e)	92,156		
Total Group level emissions[13]			
Scope 1 emissions (tCO$_2$e)	313,352	214,960	230,285
Scope 2 emissions (tCO$_2$e)	10,696	9,584	9,037
Total GHG emissions (tCO$_2$e)	324,048	224,544	239,295
Emissions by Division			
Australian Bus	178,249	163,158	175,402
Australian Marine and Tourism	45,036	40,655	37,431
Scope 1 emissions intensity Australian Bus (tCO2e /AUD$m)[14]	211	203	-
Scope 1 emissions intensity Australian Bus (tCO2e /km travelled)[15]	0.0012	0.0011	-
WATER CONSUMPTION (CUBIC METERS)	FY22	FY22	FY21
Australia	136,067	138,120[16]	-
Channel Islands	4,884	-	-
Singapore	72,603	72,136	-
Total water consumption	213,554	223,731[17]	-

GRI CONTENT INDEX - GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURES	DISCLOSURE TITLE	PAGE NUMBER (OR LINK)
STRATEGY AND ANALYSIS		
GRI 102-14	Letter from Chair of Audit, Risk and Sustainability Committee	Message from the Chair of the Board Audit, Risk and Sustainability Committee, p.3
ORGANISATIONAL PROFILE		
GRI 102-1	Name of Organisation	About this report, p.4
GRI 102-2	Activities, brands, products and services	About this report, p.4
GRI 102-3	Headquarters location	About this report, p.4
GRI 102-4	Location of operations	About this report, p.4
GRI 102-5	Ownership and legal form	Kelsian is publicly listed on the Australian Securities Exchange
GRI 102-6	Markets served	Company Website
GRI 102-7	Scale of organisation	Company Website
GRI 102-8	Information on employees and other workers	Performance Table, p.26
GRI 102-9	Supply Chain	Modern Slavery Statement, p.25
GRI 102-10	Organisational changes during the reporting period	Acquisition of Horizons West Bus and Coachlines, Channel Islands and AAAHI businesses
GRI 102-11	Precautionary principle	Issues relating to the precautionary approach or principle are considered through our Risk Management Framework which guides managers and decision makers within the business to assess current and future risks and opportunities
GRI 102-12	External initiatives	Kelsian is not currently endorsing any externally developed economic, social, and environmental charters or principles.
GRI 102-13	Memberships of associations	Kelsian is a member of the Australian Hydrogen Council
REPORTING PRACTICE		
GRI 102-45	Entities included in consolidated financial statements	Annual Report, p. 101-103
GRI 102-46	Defining report content and topic boundaries	Materiality, p.4
GRI 102-47	List of material topics	Materiality, p.5
GRI 102-48	Restatements	See footnote 15
GRI 102-49	Changes in reporting	None
GRI 102-50	Reporting period	1 July 2021- 30 June 2022
GRI 102-51	Date of most recent previous report	30 June 2022
GRI 102-52	Reporting cycle	Annual
GRI 102-53	Contact point	Rashveen Maini – Group Sustainability Manager: rashveen.maini@kelsian.com
GRI 102-54	In accordance option	This report has been prepared with reference to the GRI Standards
GRI 102-55	GRI Content Index	GRI Content Index - General Standard Disclosures
GRI 102-56	External assurance	Non-financial disclosures currently do not undergo external verification
GOVERNANCE		
GRI 102-18	Governance structure	Managing Sustainability, p.4
STAKEHOLDER ENGAGEMENT		
GRI 102-40	List of stakeholder groups	Our Stakeholders, p.5
GRI 102-41	Employees covered by collective bargaining agreements	-
GRI 102-42	Identifying and selecting stakeholders	Our Stakeholders, p.5
GRI 102-43	Approach to stakeholder engagement	Our Stakeholders, p.5
GRI 102-44	Key topics and concerns raised	Our Material Issues, p.5
ETHICS AND INTEGRITY		
GRI 102-16	Values, principles, standards and norms of behaviour	Business Ethics and Transparency, p.24

GRI CONTENT INDEX - SPECIFIC STANDARD DISCLOSURES

SPECIFIC STANDARD DISCLOSURES	DISCLOSURE TITLE	PAGE NUMBER (OR LINK)
CATEGORY : ETHICAL CONDUCT & TRANSPARENCY		
GRI 103-1 GRI 103-2 GRI 103-3	Generic Disclosure on Management Approach	Business Ethics and Transparency, p.24
CATEGORY : PEOPLE		
GRI 103-1 GRI 103-2 GRI 103-3	Generic Disclosure on Management Approach	Promoting a Diverse and Inclusive Culture, p.18
GRI 403-2	Injury rates	Health and Safety, p.16, Performance Table, p.26
GRI 103-1 GRI 103-2 GRI 103-3	Generic Disclosure on Management Approach	Promoting a Diverse and Inclusive Culture, p.18
GRI 405-1	Composition of governance bodies and employees	Performance Table, p.26
CATEGORY : SOCIAL/COMMUNITIES		
GRI 103-1 GRI 103-2 GRI 103-3	Generic Disclosure on Management Approach	Driving Positive Change in the Communities Where We Operate, p.20
GRI 403-1	Operations with implemented local community engagement, impact assessments and development programs	Specific information requested is currently not reported by the company
GRI 411-1	Incidents of violations involving rights of indigenous peoples	There were no violations involving rights of indigenous peoples in the reporting period
GRI 205-2	Communicating and training on anti-corruption policies and procedures	Business Ethics and Transparency, p.24
GRI 205-3	Confirmed incidents of corruption and actions taken	Business Ethics and Transparency, p.24
CATEGORY : ENVIRONMENT		
GRI 103-1 GRI 103-2 GRI 103-3	Generic Disclosure on Management Approach	Reducing our Environmental Impact, p.10
GRI 306-3	Number and volume of spills	Performance Table, p.26
GRI 305-1	Direct greenhouse gas emissions (Scope 1)	Performance Table, p.26
GRI 305-2	Indirect greenhouse gas emissions (Scope 2)	Performance Table, p.26

GLOSSARY

Board	Board of directors of Kelsian Group Limited
Fatalities	Death resulting from work related injuries or occupational illness
GRI	The Global Reporting Initiative is a network-based organisation that sets out guidelines and indicators that organisations can use to measure and report their economic, social, and environmental performance
MTI	Medical Treatment Injury (MTI) is defined as an injury or disease that resulted in a certain level of treatment (not First Aid Treatment) given by physician or other medical personnel
Scope 1	Greenhouse gas emissions that are released to the atmosphere as a direct result of an activity such as diesel combustion in buses and marine vessels
Scope 2	Greenhouse gas emissions that are released to the atmosphere from the indirect consumption of an energy commodity such as from electricity purchased from the grid
SDS	Safety Data Sheet (SDS) is a document that provides health and safety information about products, substances or chemicals that are classified as hazardous substances or dangerous goods
Senior management	Divisional CEOs (excluding MD & Group CEO), Group Executives, Managing Directors, General Managers, Heads of roles that are up to three levels down from the Group CEO
tCO2e	Tonnes of carbon dioxide equivalent is a term for describing different greenhouse gases in a common unit
TCFD	Task Force on Climate Related Financial Disclosures
LTI	Lost Time Injury meaning occurrence that results in a fatality, permanent disability or time lost from work of one day/shift or more
LTIFR	Loss Time Injury Frequency rate calculated as (Number of Loss Time Injury / Number of hours worked) *1,000,000
TRI	Total Recordable Injuries is the raw number from the combination of Fatalities, Lost Time Injuries (LTIs), Restricted Duties Injuries (RDIs) and Medically Treated Injuries (MTIs)
TRIFR	Total Recordable injury Frequency rate calculated as (Number of Total Recordable Injury / Number of hours worked) *1,000,000
Significant spill	Incident that results in a remedial notice from the regulator

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