

CORPORATE RESPONSIBILITY



Environmental Protection

Community Investment

HK\$15.4 million
Donated and Sponsored to
**Charitable and Other
Organisations**

64
Volunteering Projects
Organised

MTR's success has been built on the clear vision, mission and values that steer our corporate behaviour and guide us toward achieving business results. We also recognise that corporate responsibility is crucial to maintaining our position as a responsible business that contributes to and benefits society.

As an organisation whose purpose is to "keep cities moving", MTR provides rail and property services that are integral parts of people's lives. Therefore, our corporate responsibility

strategy and efforts, underpinned by our sustainable financial model, focus on ensuring safe, responsible operations in all aspects of our business and contributing positively to the development of communities.

As outlined in our Corporate Strategy, the Company is placing greater emphasis than ever on its Environmental, Social and Governance ("ESG") behaviour and practices. Moving forward, our aim is to foster an even stronger sense of corporate responsibility as we address our

communities' ever-changing societal and environmental needs and work together toward a better future.

We have published a Sustainability Report every year for the past two decades to keep stakeholders up to date on our ESG performance. It fulfils the disclosure requirements of both the Hong Kong Stock Exchange ESG Reporting Guide and the Global Reporting Initiative Standards: Core option. We also produce a separate sustainability website, which in addition to the Sustainability Report itself provides details of our approach to sustainability and serves as a focal point of the Company.

The Sustainability Report will contain an Independent Assurance Report prepared by an external auditor, who performed limited assurance in relation to certain sustainability performance data. These include data for our Hong Kong, Mainland of China and international businesses covering greenhouse gas ("GHG") emissions; staff indicators such as turnover and training days; safety performance for operations, staff and contractors; and supply chain management numbers. The Sustainability Report 2020 has been published on our sustainability website.

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ACTIONS WE HAVE TAKEN UNDER COVID-19

The global pandemic demonstrated the power of corporate social responsibility and firm action to help communities dealing with adversity. Our responsibility is to provide safe and reliable service to the community, allowing cities to keep moving during the pandemic. Following the outbreak of COVID-19, face masks were in very short supply in Hong Kong society. In response, we immediately donated 100,000 surgical masks to communities in need. We also installed vending machines at our stations to ensure that members of the public could more easily obtain potentially life-saving personal protective equipment ("PPE"). We launched our own mask production lines, provided PPE to staff for their protection at their workplace, and initiated appropriate flexible work arrangements.

COVID-19 had a severely detrimental impact on the local economy and affected people's livelihoods. In response, we announced a number of fare rebates to help make transit more affordable, and we offered rental concessions for many of our station and mall tenants to help them ride

out the storm. Our Board and Executive Directors donated HK\$4.3 million of their remuneration to local charity groups providing special pandemic support such as food, study kits and shelter for around 50,000 beneficiaries. Such initiatives supported our operational efforts to address people's immediate health and safety concerns, namely by requiring frontline staff to wear face masks in trains and stations and by thoroughly cleaning and disinfecting our trains, stations and other facilities on a regular basis. We also set up vending machines at 20 stations where the public could conveniently pick up COVID-19 testing specimen collection packs. Since March 2020, we have been providing free Airport Express tickets through the Hospital Authority to healthcare workers who need to travel between AsiaWorld-Expo Station and the urban area. Over 16,900 tickets had been provided as at the end of January 2021. We also donated 200 tablet devices to underprivileged children to facilitate their online learning.

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CORPORATE STRATEGY

Our Corporate Strategy outlines a fresh approach to our business development by entrenching robust ESG principles even deeper into our businesses and operations in order to create value for all our stakeholders. We aim to lead the way in three priority areas: social inclusion, GHG emissions, as well as advancement and opportunities for our staff and the community.

- Social inclusion: We strive to design journeys around each individual – from a railway system that is accessible to all, to age-friendly policies catering for senior citizens. We also foster diversity and inclusion to nurture the uniqueness of Hong Kong and its community.

CORPORATE RESPONSIBILITY

- **GHG emissions:** The MTR railway network is already a green, low-carbon mode of transport, but we aim to strengthen our current actions to reduce emissions even further. Our long-term strategy is focused on continuing to develop a low-carbon transport network, further reducing our carbon emissions, and pursuing climate adaptation and resilience.
- **Advancement and opportunities:** We seek to empower people by striving to address societal needs and enable new growth opportunities. We will also champion ideas and innovation to support the growth of individuals and communities, shaping a flourishing society and a better future.

VALUE ADDED AND DISTRIBUTION STATEMENT IN 2020 (HK\$ MILLION)

Economic Value Generated

49,655	Revenue from Hong Kong Transport Operations	11,896
	Revenue from Hong Kong Station Commercial Businesses	3,269
	Revenue from Hong Kong Property Rental and Management Businesses	5,054
	Revenue from Mainland of China and International Subsidiaries	21,428
	Revenue from Other Businesses ¹	1,499
	Profit from Hong Kong Property Development ²	6,509
3,923	Economic Value Retained from Prior Years and Reinvested in 2020	



Economic Value Distributed

Staff Costs ³		Employees 15,138
Maintenance, Renewal and Upgrade Expenditure on Existing Hong Kong Railway System		Existing Hong Kong Railway System 10,985
Other Operating Costs ⁴		Suppliers & Business Partners 16,905
Fixed and Variable Annual Payments		KCRC 988
Interest & Finance Costs ⁵		Lenders 701
Taxes ⁶		Governments 1,258
Ordinary Dividends		HK SAR Government 5,700 Other Shareholders 1,881
Community Investment ⁷		Community 22

Total: 53,578

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Notes:

- ¹ Includes share of profit of associates and joint venture.
- ² Before taking into account staff costs of HK\$18 million.
- ³ Excludes staff costs related to Hong Kong railway system maintenance of HK\$2,430 million, capitalised for asset creation of HK\$1,412 million and recoverable of HK\$596 million.
- ⁴ For simplicity reason, other operating costs include interest income, netted with non-controlling interests. Excludes operating costs related to Hong Kong railway system maintenance of HK\$2,424 million.
- ⁵ Excludes interest expenses capitalised for asset creation of HK\$360 million.
- ⁶ Represents current tax and excludes deferred tax for the year.
- ⁷ Includes donations, sponsorships and other community engagement contributions, and excludes in-kind donations of HK\$20 million given. In addition, there were (i) ongoing fare concessions and promotions of HK\$1,710 million, (ii) MTR's share of additional fare promotions offered to our Hong Kong passengers (including 20% rebate on every Octopus trip and HK\$100 discounts on MTR City Saver and Monthly Pass Extras), and (iii) rental concessions granted to station and mall tenants that have not been accounted for in this amount.

COMMUNITY INVESTMENT

“Community Connect” is our platform for initiatives that help a wide range of sectors in the communities we serve while also enhancing the liveability of our city. Programmes and activities are carefully designed to support and engage communities across all 18 districts of Hong Kong. In addition, we enhance customers’ travel experiences and promote art appreciation through our “Art in MTR” programme.

We also encourage our employees to volunteer for activities that benefit the community. On a corporate level, we collaborate with non-profit organisations and social enterprises to address evolving community needs.

Youth, Children and the Elderly

Our youth and children’s programmes are designed to support young people’s aspirations for a better future, promote education, and disseminate important messages regarding railway safety and courtesy.

For 13 years, our annual summer programme, “Train’ for Life’s Journeys”, has been helping secondary school students develop soft skills and strengthen their self-confidence through interactive workshops, adventure camps and on-the-job experience. The event was deferred and carried out online between 1 and 4 October 2020 in view of continued disruption to school calendars due to COVID-19. The four-day programme proved popular with nearly 100 students from Secondary Three to Secondary Five participating in various workshops and sharing sessions.

Since COVID-19, we created online shows on top of physical show for the “MTR x Hong Kong Repertory Theatre Drama Education Programme 2019-2020” to promote railway safety and courteous behaviour, which was delivered to 24,000 students from kindergarten, primary and special schools. During the year, we also launched a mobile app and online activities on social media platforms to promote railway safety to children during stay-at-home periods.

To promote STEAM (science, technology, engineering, art and math) education, MTR arranged live broadcasts of the “Summer Online Railway Workshops” and “Christmas Delight Online Workshops” in August and December 2020, respectively, to promote green and social inclusion with railway elements. These workshops attracted positive feedback from netizens.

In addition to programmes for our young passengers, we once again organised a variety of activities for the elderly. Our annual elderly programme, launched in co-operation with Radio Television Hong Kong (RTHK) Radio 5, featured a series of posters displayed throughout the MTR network and broadcasts on RTHK promoting railway safety messages to seniors. We also regularly conduct outreach activities in elderly centres, both online and offline, to provide railway and safety messages.

Community Outreach

Although many of our community programmes had to be curtailed due to the COVID-19 pandemic, our staff continued to volunteer their own time to serve the community through the “More Time Reaching Community” Scheme. In 2020 despite various challenges, 64 volunteering projects were organised involving a total of 6,344 volunteer-hours of service to help people in need, involving over 900 participating volunteer headcount.

To help the underprivileged groups ride out the pandemic, our MTR volunteers supported the Hong Kong Council of Social Service and other NGOs on a variety of special volunteering activities. These included packing and distributing pandemic supplies to the underprivileged, delivering food items for low-income families and the elderly, and preparing learning kits for children with special education needs to learn at home.

During the year, we donated and sponsored HK\$15.4 million to charitable and other organisations.

CORPORATE RESPONSIBILITY

Arts and Culture

We promote the development of artistic talent, promote public appreciation of art, and make customers' journeys more inspiring and enjoyable through our "Art in MTR" programme, which offers space for art exhibitions in our highly travelled stations.

We aim to integrate art pieces into stations and enrich passengers' journeys. In 2020, we unveiled seven new artworks in Kai Tak, Diamond Hill and Hin Keng stations following the opening of Tuen Ma Line Phase 1 in addition to Wan Chai Station and Tiu Keng Leng Station. These art pieces featured local heritage, history and

customs in various art formats such as time tunnel, colourful glass canopy, platform seats and even a photographic installation of balletic street scenes in collaboration with the Hong Kong Ballet. We also hosted a number of exhibitions, including the "Life and Hope – Ling Tsz Hin Photo Exhibition" and Ming Yue "Embrace Positive Energy for Hong Kong" painting exhibition, across both Sheung Wan and Sai Wan Ho stations, to inject positive energy into the community. In Central Station, a memorial exhibition for legendary singer Teresa Teng was held, which received positive response from the community.

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ENVIRONMENTAL PROTECTION

MTR is a proud provider of electrically powered mass transit railway services, offering low-carbon, environmentally sustainable transportation for large urban populations. In order to make our operations even more environmentally friendly, we strive to minimise emissions from our fleet of road vehicles, including buses; use resources as efficiently as possible; and minimise or mitigate other environmental impacts of our business as set out in our Corporate Responsibility Policy.

This past year we introduced our Corporate Strategy, which lays out a roadmap for our future business development as well as strong ESG guiding principles. We published our Climate Change Strategy, which specifies a three-pronged approach to combat climate change: 1) providing a low-carbon transport network; 2) further reducing our carbon emissions; and 3) adapting and remaining resilient to climate change. In line with this approach, we intend to strengthen our current actions and develop a long-term roadmap to achieve even more impactful GHG reduction goals. Therefore, the Company initiated a consultancy study to develop long-term GHG reduction targets, and it intends to launch the programme by 2021. The new targets will be disclosed soon.

We have been reporting our GHG emissions since 2002. We monitor Scope 1, 2 and 3 GHG emissions in accordance with the Greenhouse Gas Protocol established by the World Resources Institute and the

World Business Council for Sustainable Development. In tandem, we follow the guidelines published by the Environmental Protection Department and Electrical and Mechanical Services Department in Hong Kong as well as other international guidelines.

To help conserve our planet's natural resources, we continued to reduce electricity consumption across all our businesses. We were active in continuing to replace our air conditioning systems with more energy-efficient chillers in our Hong Kong network. We also supported the development of renewable energy in Hong Kong by installing a 93.24 kW solar energy system at our headquarters. Actions like these will help Hong Kong become carbon-neutral in the future.

In 2020, we issued a new, US\$1.2 billion 10-year Green Bond under our new Sustainable Finance Framework to fund projects that conserve energy and protect the environment while enhancing and expanding low-carbon railway services. It was the largest single-tranche green bond for corporates in Asia Pacific. Our Sustainable Finance Framework covers additional eligible investments that support the United Nations Sustainable Development Goals. Details of our sustainable investments are provided in our annual Green Finance Report, which will be published on our sustainability website.

As a builder of new railways and property developments, we are also conscientious of meeting our environmental

responsibilities when undertaking new projects. In Hong Kong, an Environmental Impact Assessment must be conducted and appropriate mitigation measures have to

be put in place before the start of all designated projects. We are also guided by Environmental Management Systems that are independently audited and certified to be ISO 14001 compliant.

SAFETY FIRST

The safety of our customers, employees and business partners is always our number one priority. We ensure a safe and healthy environment through cultivating a safety-first culture and promoting continuous improvement.

Our Corporate Strategic Safety Plan, which is reviewed and updated every four years, helps us focus our safety efforts across all our business areas to maintain safety performance excellence in support of our growth and global expansion. We have applied a Corporate Safety Management Model with a framework for overseeing our safety management and governance across our businesses. For details on how we enhance customer

safety, please refer to the “Hong Kong Transport Operations” section (page 38) of this Annual Report.

We take a rigorous approach with regard to the safety of our staff, contractors and customers. To promote our safety-first culture, we hold a Corporate Safety Month each year alongside on-going initiatives to address specific safety focuses. Another initiative is pursuing our long-term ambition to achieve a “Zero Harm” operating and working environment by prioritising efforts in safety, health and well-being and building a strong preventive culture.

We also invest heavily in maintaining our assets, and we assess operational safety impacts throughout the lifecycles of our projects.

GOVERNANCE AND POLICIES

All our corporate responsibility initiatives are aligned with our business objectives and corporate values and are supported by our corporate governance framework.

Our management approach to corporate responsibility comprises a number of policies, including our Corporate Responsibility Policy, Green Procurement Policy, Climate Change Strategy, and Modern Slavery and Human Trafficking Statement. These policies are overseen by the Board’s Corporate Responsibility Committee, which

provides strategic guidance and reviews our corporate responsibility practices and performance. Please also refer to the Corporate Responsibility Committee section of the “Corporate Governance Report” (page 103) of this Annual Report for its principal responsibilities. Our Corporate Responsibility Steering Committee supports our corporate responsibility efforts by providing direction on responsible business practices and fostering collaboration across all divisions.

RESPONSIBLE PROCUREMENT

All our suppliers and contractors are required to comply with our Supplier Code of Practice, which sets out a compulsory behavioural framework covering ethical standards, human and labour rights, and supply chain management. We also have a Green Procurement Policy that promotes high standards of environmental

protection, both internally and among our suppliers and contractors. To comply with the UK Modern Slavery Act, we have updated our Modern Slavery and Human Trafficking Statement to elucidate our commitment to preventing any incidence of modern slavery or human trafficking within our supply chains and business.