



CORPORATE RESPONSIBILITY

95

Volunteering Projects Organised

HK\$10.7 million

Donated and Sponsored to Charitable and Other Organisations

Setting **Science-Based Targets** for 2030 and achieving **Carbon Neutrality** by 2050

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 conscientious business that contributes to the positive development of society.

MTR's rail and property services together form integral parts of people's lives and fulfil our purpose to "keep cities moving". Our sustainability efforts, underpinned by our sustainable financial model, focus on ensuring safe, reliable, inclusive and environmentally friendly operations across these services and throughout all aspects of our business.

The Company's Corporate Strategy, "Transforming the Future", was introduced in 2020 to ensure sustainable long-term growth according to robust environmental,

social and governance ("ESG") principles, operational excellence, and innovation. We are striving to foster an even stronger sense of corporate responsibility throughout our organisation 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. The Sustainability Report 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 contains an Independent Assurance Report prepared by an external auditor, who performed limited assurance in relation to certain sustainability performance data. The Sustainability Report 2021 has been published on our sustainability website,




and includes data for our Hong Kong, Mainland 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 figures.

KEEP CITIES MOVING SUSTAINABLY

Our Corporate Strategy outlines a business development approach guided by strong ESG principles to create value for all our stakeholders. It sets out three priorities for the betterment of our Company and the communities where it operates – GHG Emissions Reduction, Social Inclusion, and

Advancement & Opportunities – and 10 commitments that further define the areas in which we strive to make a difference. It also establishes clear focus areas for each commitment, giving focus to our efforts and helping us achieve meaningful results.

3 SOCIAL AND ENVIRONMENTAL OBJECTIVES AND 10 COMMITMENTS

 <h3>Social Inclusion</h3> <p>As a provider of public transport services for all, social inclusion lies at the very heart of who we are and what we do</p> <p>Contribute to the following United Nations Sustainable Development Goals (“SDGs”):</p>  <p>Commitments</p> <ol style="list-style-type: none">  Universal Basic Mobility  Diversity & Inclusion  Equal Opportunities 	 <h3>Advancement & Opportunities</h3> <p>As we fulfil our vision to connect and grow communities, we create opportunities for others to develop themselves and grow alongside us</p> <p>Contribute to the following SDGs:</p>  <p>Commitments</p> <ol style="list-style-type: none">  Employees  Business Partners  Future Skills & Innovation 	 <h3>GHG Emissions Reduction</h3> <p>As a low-carbon transport provider, we are committed to managing our environmental footprint and achieving carbon neutrality</p> <p>Contribute to the following SDGs:</p>  <p>Commitments</p> <ol style="list-style-type: none">  Carbon Emissions  Clean Energy and Energy Efficiency  Waste Management  Green and Low-carbon Designs
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SOCIAL INCLUSION

Community Outreach

“Community Connect” is our platform to offer care and support for 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.

On a corporate level, we collaborate with non-profit organisations and social enterprises to address evolving community needs. We also encourage our employees to volunteer for activities that benefit the community. Our staff continued to volunteer their own time through the “More Time Reaching Community” Scheme. This year, 95 volunteering projects were organised, involving 1,730 participating volunteer headcounts and contributing over 8,500 hours of volunteer services to help people in need. Various volunteering activities focused on supporting the underprivileged groups and the elderly to combat against COVID-19. Our volunteers also organised flight simulation for the mentally or physically challenged beneficiaries for them to experience boarding on a plane, and took part in green activities such as hiking trail clean-ups. To support the Company’s ESG Strategy, MTR Volunteering Month with three community projects under the theme of “Happy Rail Green & Love” were organised from June to July.

In 2021, MTR donated and sponsored HK\$10.7 million to charitable and other organisations. In September 2021,

The Community Chest recognised MTR as one of its top 10 Donors of the Year for raising more than HK\$2 million, of which around HK\$0.7 million was from staff donations.

To promote universal basic mobility, we stepped up dialogue with The Hong Kong Council of Social Service and paid visits to various non-governmental organisations to better understand the mobility needs of different service users. We also introduced the inclusive elements of our facilities to various groups and hosted tailored visits for non-governmental organisations to the Shek Kong Stabling Sidings and Vibrant Express train to collect feedback from relevant stakeholders, for example members of ethnic minority families.

To help enhance internal awareness of the special needs of different groups within our community, we collaborated with community partners to organise a series of online Corporate Responsibility Talks for more than 300 staff members, covering topics such as persons with intellectual disabilities, at-risk youth and the homeless. Follow-up volunteering activities were arranged when appropriate to turn these learning activities into community service.

During the year, we continued to offer fare rebates and special concessions to ensure that our rail transit services remain affordable for all, especially those whose livelihoods have been impacted by COVID-19. We continued to grant rental concessions to affected tenants, extending relief primarily to small to medium tenants on a





case-by-case basis. Since the beginning of the pandemic, we have also 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.

Arts & Culture

We promote the development of artistic talent as well as 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 stations.

One of the artistic highlights of the year was our partnership with the Hong Kong Ballet, "The Ballet Encounters @ MTR", which allowed customers to enjoy entertaining videos of dancers performing in front of iconic "Art in MTR" station artworks at Choi Hung and Wan Chai stations. "Art for Everyone @ HKMoA" displayed 100 images of works from the Hong Kong Museum of Art at our heavy rail stations. Throughout the year, we utilised the space in our stations to cultivate artistic appreciation by hosting a number of exhibitions in Central, Sheung Wan and Sai Wan Ho stations.

To promote the importance of social inclusion through the arts, MTR and Arts with the Disabled Association Hong Kong ("ADAHK") organised a non-visual photography workshop in April 2021 for visually impaired persons to take photos of Hong Kong West Kowloon Station ("WEK") that were later exhibited in Central Station. In July, MTR and ADAHK hosted 14 students from the Hong Kong Academy for Performing Arts at WEK, where they wore blindfolds to experience non-visual photography and the perspectives of those with visual impairment. In October, we worked with the Audio Description Association (Hong Kong) to arrange an audio description art tour of WEK for 10 visually impaired persons.

Safety First

Our top priority is the safety of our customers, staff and business partners. By fostering a safety-first culture throughout our operations, we can help to ensure safe and healthy environments in our trains, stations and properties and enhance the accessibility and inclusivity of our services. We clean and disinfect our trains, stations and other facilities regularly, and we require our frontline staff to wear face masks. During the year, we continued to



produce face masks in-house for our employees. We also continued to make COVID-19 testing specimen collection packs and personal protection equipment available to the public at various points throughout our rail network.

Our Corporate Strategic Safety Plan, which has been updated for 2021-2024 under the four-year review cycle, helps us focus our safety efforts across all our business areas and maintain safety performance excellence in support of our growth and global expansion. It sets out the Corporation's safety goals and strategic focus areas, enabling a systematic way of driving continuous safety improvement towards the safety aspirations across all business units, subsidiaries and associates globally. We have also applied a Corporate Safety Management Model with a framework for overseeing safety management and governance across our businesses.

We take a rigorous approach towards the safety of our staff, contractors and customers. To promote our safety-first culture, we held a Corporate Safety Month themed "working together to build a safer future" in June 2021 alongside on-going initiatives to address specific 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.

For details on how we enhance customer safety, please refer to the "Hong Kong Transport Operations" section (page 38) of this Annual Report.

Supporting Our Athletes

To honour the Hong Kong athletes who competed at the Tokyo 2020 Olympic and Paralympic Games, MTR offered unlimited free rides for life to medallists and one year of free passes to all participants. Moreover, the Company also supported local sports development by giving 1,200 free Airport Express train tickets to athletes and supporting personnel of the Hong Kong Paralympic Committee & Sports Association for the Physically Disabled for competitions over the next three years, including the Tokyo 2020 Paralympic Games, Hangzhou 2022 Asian Para Games and Paris 2024 Paralympic Games. In addition, we offered 100,000 free domestic single journey rides to the public via MTR Mobile to celebrate Hong Kong's Olympic achievements.

In further recognition of local athletes and their accomplishments, we hosted a photo exhibition titled "Shining at the Tokyo Games" between September and October 2021 at Hong Kong and Olympic stations. The exhibition featured an opening ceremony attended by Hong Kong medallists and athletes who competed in the Tokyo Olympic and Paralympic games.

ADVANCEMENT & OPPORTUNITIES

Youth & Children Programmes

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.

Despite the logistical challenges presented by COVID-19, we continued to organise our annual "Train' for Life's Journeys" programme, which offers students a holistic career and life planning experience to help them set goals for their future development. In addition to the online version held in July 2021, which drew approximately 120 participants, we arranged a smaller-scale, in-person edition in December for around 40 "virtual" alumni from the past two years. The programme featured workshops, community visits and career sharing about various positions within MTR.

As part of our community outreach efforts, we regularly conduct school talks in Hong Kong to enhance students' understanding of rail operations, safety and courteous behaviour as well as the benefits and impacts of railway development and projects to our economy, society and environment. We delivered this programme to over 7,100 students in 2021.

Governance & Policies

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

Our management approach to sustainability 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 Environmental & Social Responsibility Committee (formerly known as the Corporate Responsibility Committee), which provides strategic guidance and reviews our sustainability practices and performance. Please also refer to the "Environmental & Social Responsibility Committee" section of this Annual Report's "Corporate Governance Report" (page 109) for its principal responsibilities. Our Environmental & Social Responsibility Steering Committee (formerly known as Corporate Responsibility Steering Committee) supports our sustainability 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. 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.



GREENHOUSE GAS EMISSIONS REDUCTION

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; use resources as efficiently as possible; and minimise or mitigate other environmental impacts of our business as set out in our Corporate Responsibility Policy.

Carbon Emissions

In alignment with the objectives set out in our Corporate Strategy, we recently completed a carbon reduction study to develop a long-term roadmap towards achieving even more impactful GHG reduction. Following this study, we will be setting science-based reduction targets for 2030 with the long-term goal of achieving carbon neutrality by 2050.

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 raise public awareness of carbon emissions reduction and promote green transport, the “Carbon Footprint Challenge” was launched on MTR Mobile, which encourages users to reduce emissions by taking MTR rides in exchange for MTR Points that can be redeemed for rewards. As at 30 September 2021, more than 145,000 registered users had participated in the Challenge, saving over 61,000 metric of carbon emissions.

We also introduced a “Carbon Wallet” mobile app whereby users earn points based on actions they take to reduce carbon emissions – such as recycling or filling reusable bottles at drinking water dispensers – and redeem them for green products and/or services from our business partners.

Clean Energy and Energy Efficiency

We are reducing electricity consumption by replacing air conditioning systems in our network with more energy-efficient chillers and trialling solar photovoltaic systems at Hin Keng Station.

Waste Management

We are also active in waste reduction initiatives. In 2021, we participated in the Environmental Protection Department’s Reverse Vending Machine (“RVM”) pilot scheme, which incentivises people to collect used plastic beverage containers and recycle them in exchange for instant rebates. RVMs were installed at Telford Plaza, Paradise Mall, Admiralty Centre, Maritime Square and The LOHAS.

Green and Low-carbon Designs

As a builder of new railway lines and property developments, we want to be 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.

Green Finance

In 2021, we arranged HK\$4.8 billion in green financing to fund a variety of railway-related conservation and energy efficiency projects. Our efforts in this area were recognised by the Hong Kong Quality Assurance Agency, who presented us with the “Outstanding Award for Green and Sustainable Bond Issuer (Transportation Industry) – Largest Single Green Bond” in the Hong Kong Green and Sustainable Finance Award 2021. Details of our sustainable investments are provided in our annual Sustainable Finance Report, which is published on our sustainability website.

VALUE ADDED AND DISTRIBUTION STATEMENT IN 2021 (HK\$ MILLION)

Economic Value Generated

Revenue from Hong Kong Transport Operations	13,177
Revenue from Hong Kong Station Commercial Businesses	3,208
Revenue from Hong Kong Property Rental and Management Businesses	5,036
Revenue from Mainland China and International Subsidiaries	25,398
Revenue from Other Businesses ¹	1,351
Hong Kong Property Development Profit from Share of Surplus and Interest in Unsold Properties ²	11,104



Economic Value Distributed

Staff Costs ³	Employees	15,537	56,105
Maintenance, Renewal and Upgrade Expenditure on Existing Hong Kong Railway System	Existing Hong Kong Railway System	10,893	
Other Operating Costs ⁴	Suppliers & Business Partners	18,307	
Fixed and Variable Annual Payments	KCRC	1,010	
Interest & Finance Costs ⁵	Lenders	557	
Taxes ⁶	Governments	2,178	
Ordinary Dividends	HKSAR Government	5,700	
	Other Shareholders	1,908	
Community Investment ⁷	Community	15	
Economic Value Retained for Reinvestment ⁸		3,169	3,169

Total: 59,274

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Notes:

- Includes share of profit of associates and joint ventures.
- Before taking into account staff costs of HK\$7 million.
- Excludes staff costs related to Hong Kong railway system maintenance of HK\$2,442 million, capitalised for asset creation of HK\$1,633 million and recoverable of HK\$576 million.
- 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\$2,547 million.
- Excludes interest expenses capitalised for asset creation of HK\$322 million.
- Represents current tax and excludes deferred tax for the year.
- Includes donations, sponsorships and other community engagement contributions, and excludes in-kind donations of HK\$32 million given. In addition, there were (i) ongoing fare concessions and promotions of HK\$2,267 million, (ii) MTR's share of additional fare promotions offered to our Hong Kong passengers (including 20% rebate on every Octopus trip, 5% fare reduction & rebate and 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.
- Economic value retained for reinvestment to generate future economic values. This represents underlying business profit attributable to shareholders of the Company (before depreciation, amortisation and deferred tax) for the year retained, after the amounts distributed to our stakeholders and invested in asset maintenance, renewal and upgrade of our Hong Kong railway system.