



111

Volunteering Projects Organised

HK\$16.2 million

Donated and Sponsored to Charitable and Other Organisations

Setting

Science-Based Targets

for 2030 and achieving

Carbon Neutrality

by 2050

ENVIRONMENTAL & SOCIAL RESPONSIBILITY

MTR's success has been built on the clear vision, purpose 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 development of society.

MTR's rail and property services 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, accessible and environmentally friendly operations throughout these services and all aspects of our business. The Company's Corporate Strategy, "Transforming the Future", ensures 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 towards a better future.

We have published a Sustainability Report every year for the past two decades to keep stakeholders up to date on our sustainability performance. The Sustainability Report fulfils the disclosure requirements of the Hong Kong Stock Exchange ESG Reporting Guide and is prepared in accordance with Global Reporting Initiative Standards. The Sustainability Report contains an Independent Assurance Report prepared by an external auditor, who performed limited assurance in relation to certain sustainability performance data. 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 regarding sustainability information.

Our management approach to sustainability is 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” (pages 108 to 109) for its principal responsibilities. Our Environmental & Social Responsibility Steering Committee (formerly known as the Corporate Responsibility Steering Committee) supports our sustainability efforts by providing direction on responsible business practices and fostering collaboration across all business units and functions.

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 forth three environmental and social objectives to strive for further enhancement of the Company and the communities where it operates: GHG Emissions Reduction, Social Inclusion, and

Advancement & Opportunities. Ten commitments further define the areas in which we strive to make a difference. Our Key Performance Indicators (“KPIs”) also establish clear areas of emphasis for each commitment, giving focus to our efforts to achieve meaningful results.

3 ENVIRONMENTAL AND SOCIAL OBJECTIVES AND 10 COMMITMENTS

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

SOCIAL INCLUSION

Universal Basic Mobility

To promote universal basic mobility, we launched a social inclusion app, “MTR • Care”, in November 2022 to serve the elderly and people in need. More features are planned to be introduced in the coming year. We also continued to communicate with non-governmental organisations (“NGOs”) to better understand the mobility needs of different services users and made improvements to our age- and people with disabilities friendly facilities at new and existing stations.

Safety First

Our number one priority is the safety of our customers, colleagues and business partners. Fostering a safety-first culture throughout our operations helps ensure safe and healthy environments in our trains, stations and properties and enhances the accessibility and inclusivity of our services.

Our Corporate Strategic Safety Plan has been updated for 2021-2024 under the four-year review cycle with our path to Zero Harm defined. The Plan guides all our business areas to continue effectively managing safety and maintaining safety performance excellence in support of our growth and global expansion. It sets out our safety goals and strategic focus areas, enabling a systematic way to meet our safety objectives across all our business units, subsidiaries and associates, both in Hong Kong and around the world. We also use the “Three Lines of Defence” model for enhanced safety governance.

To promote our safety-first culture, we evolved the traditional safety month to a year-long “Corporate Safety Campaign”. We invited participation from colleagues in Hong Kong and our global hubs in activities that strengthen our safety culture and enable the sharing of safe practices corporate-wide. We created innovative initiatives to enhance engagement and interactions with our businesses, such as the Global Safety Hackathon and Global Safety and Health Conference, to share expertise and build a stronger proactive safety culture for the MTR community globally.

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



Diversity and Inclusion

In 2022, 9% of our summer interns recruited were from ethnic minority backgrounds or students with special educational needs. We have also started a number of initiatives to support diversity and inclusion, including an assessment of office accessibility and the establishment of a “Gender Equity Network”.

To raise awareness of diversity and inclusion among our colleagues and to strengthen connections with the community, “Social Inclusion Week” was launched in September with 13 activities including a marketplace with social enterprises, team challenges, cross-industry/ cross-hub seminars and experiential workshops, in collaboration with over 30 NGOs and social enterprises. Over 3,000 colleagues were engaged to understand more about the needs of different people in the community. One of the highlights was an inclusive concert, at which the inclusive orchestra True Colors Symphony’s visually impaired musicians performed pieces with MTR colleague, and shared their stories of overcoming adversity with general public.

Equal Opportunities

We continued to promote equal opportunities during the year under review. We aim to make Hong Kong a better, more caring and liveable city through “Community Connect”, our platform for activities that support the needs of communities across the city, and launched initiatives in collaborations with non-profit organisations,

social enterprises and Government entities. We also aim to promote appreciation of the arts and enhance the passenger experience through our “Art in MTR” programme.

In 2022, our “More Time Reaching Community” volunteering scheme was revamped to strengthen alignment with the Company’s three primary social and environmental objectives. During the year, 111 volunteering projects were organised, involving a headcount of 1,599 participating volunteers serving 25,000 people in need. In June and July 2022, we held an “MTR Volunteering Month” themed “Go Green Grow Love” that featured five volunteering activities designed to serve people with intellectual disabilities or visual impairment, the underprivileged and ethnic minority children, and youngsters with special educational needs. During the year, our volunteers also took part in initiatives organised by the Government or NGOs to help Hong Kong people combat the pandemic, including distributing food vouchers, care packs and learning kits and providing disinfection services.

To show our support for International Volunteer Day, the Company co-organised an Inter-Company International Volunteer Week in December 2022 with 10 other companies; together, the group supported 16 NGOs and contributed more than 800 volunteer hours in one week.

We also supported the Hong Kong Family Welfare Society’s “Pla-mily” project, which aims to promote family well-being through playing and toy recycling. A total of 1,500 families, including 300 families from underrepresented groups, benefitted from the project.

In 2022, MTR donated and sponsored approximately HK\$16.2 million to charitable and other organisations.

During the year, retired train components were donated to schools and NGOs for revitalisation projects. Certain station shops were let to NGOs to help them provide services for the community and create job opportunities for families with special needs.

Through our “Art in MTR” programme, we transform our stations into spaces for arts exhibitions and promotion for the enjoyment of the travelling public and in support of local talent. In August, we collaborated with the Hong Kong Youth Arts Foundation to invite two local artists and local primary and secondary students to create an “East Rail Line • Fun Fun Art” train by decorating an East Rail Line train with landmarks and cultural icons that can be found along the line. Late in the year, we collaborated with M+ to launch the Yayoi Kusama-themed train, featuring Kusama’s signature motifs of polka dots and pumpkins and featured works, quotes and even an audio guide about the artist’s work. This eye-catching train ran along the Tuen Ma Line between November and December.



ADVANCEMENT & OPPORTUNITIES

Future Skills and Innovation

We strive to help young people achieve promising futures by promoting educational and personal development. Our “Train’ for Life’s Journeys” summer youth programme offers students a holistic career and life planning experience to help them set goals for their future development. In 2022, with the theme “Achievement • Inclusion • Dream”, 66 students including 10% students from ethnic minority backgrounds participated in the programme, which features workshops, community visits and career sharing about various positions within MTR. Participants embraced diversity and inclusion through interactions and collaboration with people from different cultural backgrounds. Throughout the year, the Company also supported various case competitions for youth, including the AIESEC Outlier Challenge, Hong Kong Shared Good Value Competition and HKMA Business Simulation Competition.

The Company supported the “She Loves Tech 2022” Global Startup Competition and Global Conference for female entrepreneurs. We also collaborated with the Hong Kong Family Welfare Society for a series of STEM

classes for 500 students from underprivileged families during the fifth wave of COVID-19, and sponsored 200 tickets for underprivileged students to attend the Social Enterprise Summit and gain exposure to entrepreneurship with social purpose.

The Company signed a collaboration agreement with Hong Kong Science and Technology Parks Corporation (“HKSTP”) in August to set up a three-year collaboration framework focusing on the application of innovative technologies, data collaboration and co-investment in tech ventures. This collaboration aims to further enhance MTR’s services and customer experience by adopting innovative technologies, while promoting an open innovation and technology (“I&T”) ecosystem in Hong Kong, as well as developing Hong Kong into an international I&T hub.

Our new subsidiary, MTR Lab Company Limited, also signed a Memorandum of Understanding with Hong Kong Cyberport Management Company Limited in June to set up a two-year collaboration framework for joint investment in digital technology start-ups.



Enabling the Development of Our Business Partners

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 have a Green Procurement Policy that promotes high standards of environmental protection, both internally and among our suppliers and contractors.

Also, our Modern Slavery and Human Trafficking Statement defines our commitment to preventing any incidence of modern slavery or human trafficking within our business and supply chains.

To promote ESG among our suppliers, we organised a session on ESG best practice sharing for our suppliers and have launched an incentive scheme for major contracts of new railway projects to measure and reward environmental and safety performance.

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.

targets have been submitted to the Science Based Targets initiative for validation. We are also proud to report that we are on track to install more than 200 additional electric vehicle ("EV") charging stations to promote EV use and reduce carbon emissions on local roads.

Carbon Emissions

We have been reporting our GHG emissions since 2002. We measure our 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.

Clean Energy and Energy Efficiency

In 2022, MTR shopping malls engaged tenants to participate in a variety of energy-saving initiatives. We also piloted a building energy management system in one of our shopping malls. In addition, we have installed solar photovoltaic systems at Hin Keng Station; installations at Pat Heung Depot and Chai Wan Depot are on-going.

We have completed a carbon reduction study that helped us formulate a long-term roadmap for achieving our GHG reduction objectives. We have committed to establishing science-based carbon reduction targets for the year 2030 for our railway and property businesses in Hong Kong with the aim of achieving carbon neutrality by 2050. These 2030

Waste Management

With a comprehensive railway station network and sizeable portfolio of shopping malls, waste management is a focal point of our environmental initiatives. In 2022, more than 25% of our F&B tenants in shopping malls joined our food waste reduction programme. We engaged registered food waste collectors to transfer food waste from our staff canteen to O•Park for treatment. To reduce the use of single-use plastic beverage bottles, we installed six additional water dispensers in our stations during the year, making a total of 18 water dispensers available in our network.

Green and Low-carbon Designs

In 2022, we achieved BEAM Plus Provisional Gold accreditation for our planned Tung Chung East and Tung Chung West stations. We also saved 2.5% more water at our depots in 2022 compared with 2021, and saved 2% of water at our shopping malls compared to our 2018 baseline level.

Green Finance

In 2022, green finance totalling HK\$2.8 billion was arranged to fund a variety of railway-related conservation and energy efficiency projects. Details of our sustainable investments are provided in our annual Sustainable Finance Report, which is published on our sustainability website.



INDEX AND RECOGNITION

We are proud that our ESG efforts have been recognised in several international sustainability indices. MTR has been included in S&P Global's "The Sustainability Yearbook 2023" for the fourth consecutive year for performance achievements ranking within the top 15% of the industry. Among more than 7,800 companies that were assessed, just 700+ were selected. We are pleased

that MTR was awarded an AAA rating in the MSCI ESG Leaders Indexes and "Prime Status" in the ISS ESG Corporate Rating. We are also a constituent of the Dow Jones Sustainability Indices (DJSI) Asia Pacific, FTSE4Good Index Series, Hang Seng Corporate Sustainability Index and Hang Seng ESG 50 Index, all of which serve as testimonial of MTR's unflinching efforts in the ESG space.

VALUE ADDED AND DISTRIBUTION STATEMENT IN 2022 (HK\$ MILLION)

Economic Value Generated

Revenue from Hong Kong Transport Operations	13,404
Revenue from Hong Kong Station Commercial Businesses	3,077
Revenue from Hong Kong Property Rental and Management Businesses	4,779
Revenue from Mainland China and International Subsidiaries	26,189
Revenue from Other Businesses ¹	1,458
Hong Kong Property Development Profit from Share of Surplus and Interest in Unsold Properties ²	11,599

Total: 60,506

Economic Value Distributed

Staff Costs ³	Employees 15,683	59,223
Capital and Operating Expenditures in Maintaining, Upgrading and Renewing the Existing Hong Kong Railway System	Existing Hong Kong Railway System 12,358	
Other Operating Costs ⁴	Suppliers & Business Partners 19,062	
Fixed and Variable Annual Payments	KCRC 1,073	
Interest and Finance Costs ⁵	Lenders 699	
Taxes ⁶	Governments 1,402	
Ordinary Dividends	HKSAR Government 6,673 Other Shareholders 2,248	
Community Investment ⁷	Community 25	
Economic Value Retained for Reinvestment ⁸	1,283	

Total: 60,506

Notes:

- Includes share of profit of associates and joint ventures.
- Before taking into account staff costs of HK\$10 million.
- Excludes staff costs related to Hong Kong railway system maintenance of HK\$2,477 million, capitalised for asset creation of HK\$2,168 million and recoverable of HK\$606 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\$2,511 million.
- Excludes interest expenses capitalised for asset creation of HK\$356 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\$29 million given. In addition, there were (i) ongoing fare concessions of approximately HK\$2.1 billion, (ii) other fare promotions, 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, impairment loss and deferred tax) for the year retained, after the amounts distributed to our stakeholders and invested in maintenance, upgrade and renewal of our Hong Kong railway system.

Overview

Business Review and Analysis

Corporate Governance

Financials and Other Information