



A first-person perspective of a motorcycle ride through a green field under a blue sky with clouds. The motorcycle handlebars and a hand on a black glove are visible in the foreground. The background is a blurred green field with trees in the distance.

CARING
IN MOTION

CORPORATE RESPONSIBILITY

Our Corporate Responsibility Policy guides practices in six focus areas of stewardship, which together aim to pursue best sustainable practices in order to achieve balance and resilience in our businesses. The policy is monitored by the Corporate Responsibility Committee of the Board, which is chaired by the Chairman of the Company.

ENVIRONMENTAL PROTECTION

We aim to protect the environment through innovation and continuous improvement.

Building new railway lines to expand our environmentally sound transportation system, while developing high quality living environments, will contribute to reducing Hong Kong's carbon footprint in the longer term. The substantial construction needed to deliver the new infrastructure, however, inevitably places demands on energy and resource use. The Company embraces these challenges as an opportunity to lead the industry in sustainable best practices.

Our new property developments make every effort to achieve a reduced environmental footprint. We identify and introduce green initiatives throughout the entire life cycle of planning, design, construction, operation and maintenance to optimise energy efficiency and reduce resources consumption.

Examples of our pursuit of low energy consumption and solar shading solutions include the adoption of low energy absorbent double glazing and high performance indoor air conditioning at Austin Station. Here, air ventilation for pedestrians is enhanced by the use of windows and light-well spaces.

We also pay close attention to water conservation, in line with increasing global concerns about fresh water as a precious natural resource. Our buildings incorporate features to recycle rainwater and central air-conditioning condensation for irrigation use, alongside other water saving devices, to reduce water consumption. The Grey Water Treatment System in LOHAS Park, now in operation, collects and treats 440,000 litres of grey water from homes every day for use in watering the landscaping and cleaning outdoor public areas. We have also launched water management programmes at our managed residential properties The Palazzo and The Grandiose, winning respectively the Champion and 2nd runner up in the Water Conservation Design Competition organised by the Water Supplies Department.

Our new property developments all adopt best practices for green building design enshrined in the Hong Kong Building Environmental Assessment Method (BEAM). The Park of LOHAS Park, the Tsuen Wan 7 development, as well as the Che Kung Temple, Nam Cheong and Austin station developments all adopt BEAM practices. At Austin Station, we have recycled

over 60% of construction waste resulting from the demolition of the former Canton Road Government Offices Building for the manufacture of road paving and other purposes.

Very careful environmental impact assessments are carried out before new railway lines are designed and constructed, significantly reducing their effect on the environment. This can be seen in the efforts we are making to preserve trees during the construction of the West Island Line and South Island Line (East). On the West Island Line project, we have undertaken the preservation of tree walls at Forbes Street, while on the South Island Line (East) project, trees with high ecological value will be retained or transplanted as far as is practicable. It is estimated that about 20% of the trees can be retained, including all trees classified as "old and valuable", while about 8% can be transplanted. New plantings will compensate for the remainder, and we target a net gain in the total number of trees.

Other efforts to preserve the environment are illustrated by our management of the Lok Ma Chau Wetland. In 2011, a total of 84 nest boxes were provided within the Lok Ma Chau and West Rail Wetlands during the breeding season, of which about 94% were used by nesting pairs. In 2011, a total of 137 broods (2010, 128) were hatched, and 544 chicks (2010, 400) bred successfully in our man-made nest sites.

Another globally endangered species we are helping to conserve is the Black-faced Spoonbill. Found only in East Asia, the estimated world population is only around 2,000 individuals and on average, some 20% of the global population, or 400 birds, winter in Hong Kong. The highest count of the Black-faced Spoonbill recorded during the 2010-2011 winter period in the Lok Ma Chau Wetland was 293, a new record.

ENGAGING AND BUILDING COMMUNITIES

Local people have been very active in the Community Liaison Groups we have established for the new railway lines. This has enabled construction of the West Island Line, South Island Line (East) and Kwun Tong Line Extension to commence with the support of local communities. As a "good neighbour" within these communities, we have made tremendous efforts to care for living environments through measures aimed at noise mitigation, dust suppression and temporary traffic management. Hence, despite the vast scale of the projects, it has been business and life as usual for those in the affected areas. Building upon the partnerships established in the Community Liaison Groups, we have continued our outreach programme through events such as school visits that are bringing knowledge about railway and urban development into classrooms.

More widely, our “Community Care Action” programme continues to gain overwhelming support among local communities. During 2011, more than 120 secondary school students joined the mentoring initiative “‘Friend’ for Life’s Journeys” while 100 students were selected for the “‘Train’ for Life’s Journeys” programme that provides multi-dimensional training.



Our “Community Care Action” programme, “‘Friend’ for Life’s Journeys”, has received positive feedback from local people

Our staff members have shown their enthusiastic support through their active participation in volunteering work organised under the “More Time Reaching Community” scheme, rising to a total of 206 projects involving over 5,600 volunteers in 2011.

ENSURING SERVICE OF VALUE TO CUSTOMERS

We maintain world leading performance in our rail services and strive to enhance value further. During 2011, we introduced MTR Mobile, as well as iPhone, iPad and Android applications for the benefit of passengers. These user-friendly tools help our customers to plan journeys and access information about stations, MTR Club, MTR shops, as well as landmarks and facilities en route. Our customer service is continually evolving along with technology, with MTR Facebook the latest to join the ranks of our customer engagement services, alongside MTR Opinion Zone, Phone-in Radio programme, MTR Club and the MTR hotline.

Regarding accessibility, the installation of external lifts, additional wide gates, and associated facilities and aids for the provision of wheelchairs reflect our continuing enhancements at stations for the elderly and passengers with disabilities.

DEVELOPING PEOPLE

We need a sustainable human capital pipeline in order to deliver sustainable world class services to the people of Hong Kong and the other cities where we operate.

Our new railway extension projects and overseas expansion create opportunities for our people but at the same time create challenges. To cope with future manpower demand, we conduct proactive manpower and advanced recruitment planning. We have continued to recruit graduate engineers, functional associates and graduate trainees, while increasing the intake of apprentices and introducing a pilot technician associate scheme. We also launched a proactive Career Development Scheme during 2011. In all, our advance recruitment programmes resulted in a total of 1,525 new hires in Hong Kong and promoted over 800 staff during the year.

We also reward and recognise staff initiatives through various motivation schemes, supporting and motivating our people to grow with the Company.

PROVIDING REASONABLE RETURNS TO INVESTORS

2011 was a year of strong growth in our rail and property businesses in Hong Kong, the Mainland of China and overseas. We are also making good progress on our five new rail projects in Hong Kong. Yet we remain prudent in identifying and managing the associated risks, and communicate potential opportunities and risks to our investors. We have established effective channels to disclose clear and up-to-date information, in an equal manner, to all categories of investors.

The Company’s listing in the Hang Seng Corporate Sustainability Index, Dow Jones Sustainability Indexes and the FTSE4Good Index, together with the awards for the Annual Report, demonstrate the market’s recognition for our achievements in this regard.

PROMOTING SAFE AND ETHICAL BUSINESS PRACTICES

The Company’s guidance on Corporate Safety Governance underpins our safety-first culture, while other best Corporate Governance practices support our enterprise risk management framework in facing societal change. Opportunities for expansion in Hong Kong, the Mainland of China and overseas come with various challenges. Shifting public agendas and social aspirations add uncertainties. These risks are identified and examined, and their impacts carefully assessed. Strategies to mitigate the risks are formulated and programmes of engagement and transformation implemented. Key areas of interest are identified in collaboration with stakeholders, focusing on environmental protection, preservation of local heritage, and minimising disruption to the community during construction.