



HK\$18 million
in-kind Support for
NGOs and Community
Organisations



259
volunteering projects
organised



HK\$21 million
Community
Investment Initiatives

CORPORATE RESPONSIBILITY

MTR's success has been built on the clear vision, mission and values that steer our corporate behaviour and guide us in 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 mission is to connect people and communities, we provide rail and property services that are closely linked to the lives of people in the communities we serve. Underpinned by our sustainable financial model, corporate responsibility is about operating safely and responsibly in all aspects of our business and contributing positively to the development of the communities in which we operate.

We are placing greater emphasis on our Environmental, Social and Governance ("ESG") behaviour and practices across MTR. During the year, we began a comprehensive review of our business strategy, which includes studies on how to strengthen our reputation.

To keep stakeholders up to date on our ESG performance, we have published a sustainability report every year for the past two decades. It fulfils the disclosure requirements of both the Hong Kong Stock Exchange ESG Reporting Guide and the Global Reporting Initiative: 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 contained an Independent Assurance Report prepared by an external auditor, which performed limited assurance in relation to certain sustainability performance data. These include data for both the Hong Kong and 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.

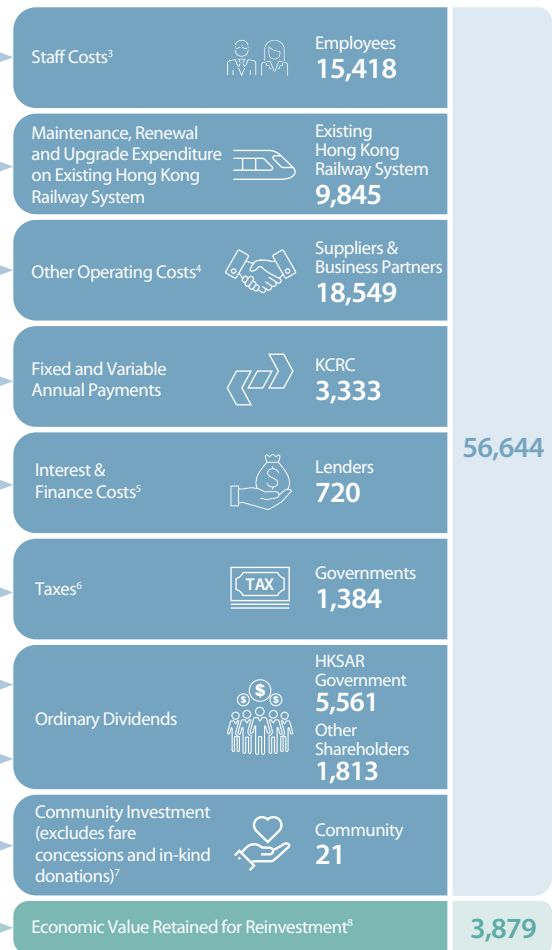
VALUE ADDED AND DISTRIBUTION STATEMENT IN 2019 (HK\$ MILLION)

Economic Value Generated



Total: 60,523

Economic Value Distributed



Total: 60,523

Notes:

- 1 Includes share of profit or loss of associates and joint venture.
- 2 Before taking into account staff costs of HK\$24 million.
- 3 Excludes staff costs related to Hong Kong railway system maintenance of HK\$2,443 million, capitalised for asset creation of HK\$1,286 million and recoverable of HK\$602 million.
- 4 For simplicity reason, operating costs include interest income, netted with profit attributable to non-controlling interests. Excludes operating costs related to Hong Kong railway system maintenance of HK\$2,320 million.
- 5 Excludes interest expenses capitalised for asset creation of HK\$449 million.
- 6 Represents current income tax and excludes deferred tax for the year.
- 7 Includes donations, sponsorships and other community engagement contributions, and excludes ongoing fare concessions and promotions of HK\$2,675 million and in-kind donations of HK\$18 million.
- 8 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.

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, Safety 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 in the "Corporate Governance Report" (pages 99 to 100) 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 across all divisions.

OUR FOCUS ON SAFETY

The safety of our customers, employees and business partners is always our number one priority. We ensure a safe and healthy environment by cultivating a safety-first culture, promoting continuous improvement, and engaging and educating our stakeholders on the requirements of our Corporate Safety Policy.

Our Corporate Strategic Safety Plan, which is reviewed and revised every four years, helps us to manage safety across all our business areas in support of our growth and global expansion. We also have a Corporate Safety Management Model with a framework for overseeing our safety performance across eight core elements of our business.

For details on how we enhance customer safety, please refer to the section "Hong Kong Transport Operations" (page 36) of this Annual Report.

We also take a rigorous approach with regard to the safety of our staff, contractors and systems. To promote our safety-first culture, we hold a Corporate Safety Month each year alongside ongoing initiatives to address specific safety issues. Another initiative, Zero Harm, was launched to raise safety awareness among our customers, staff and contractors by providing them with clear guidelines and training in safety.

Moreover, we invest heavily in the maintenance of our assets and assess operational safety impacts throughout the lifecycles of our projects.

ENVIRONMENTAL PROTECTION

As an electrically powered mass transit railway, MTR is already a provider of low-carbon and environmentally sustainable mode of transport for large volumes of people in cities. Our biggest contribution to the environment, therefore, comes from avoiding pollution, such as emissions from our fleet of road vehicles including buses.

In addition to lowering our direct emissions, we strive to use resources as efficiently as possible and to minimise the other environmental impacts of our business, as set out in our Corporate Responsibility Policy.

As a builder of new railways and property developments, we are conscientious of our environmental responsibilities before undertaking any new projects. In Hong Kong, Environmental Impact Assessment has to be conducted before the start of any designated project, and we have to ensure that appropriate mitigation measures are in place. We are also guided by Environmental Management Systems that are independently audited and certified to be ISO 14001 compliant.

In June 2018, we established a new Green Finance Framework, which builds on our previous Green Bond Framework to include more types of green financing, such as green loans and green credit facilities. The framework takes into account the recommendations of the Green Loan Principles issued by the Asia Pacific Loan Market Association in March 2018. With this framework in place, we are able to pursue sustainable public transport infrastructure projects, while demonstrating our support for green finance initiatives. Details of our sustainable investments are provided in our annual Green Finance Report, which will be published on our sustainability website in May 2020.

Reducing carbon emission by continuing to cut down electricity consumption and adopting energy efficiency measures is an important goal for us. We have set a target of

achieving a 21% reduction from 2008 levels in the electricity consumption per passenger-km in our heavy rail network by 2020. One of our reduction initiatives is to replace our air conditioning systems with more energy-efficient chillers in our Hong Kong network. By the end of 2019, a reduction of 12% in our electricity consumption per passenger-km as compared to the base year had been achieved.

We have also 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 with this, 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.

OUR SUPPLIERS

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 and sustainability,

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.



HOW WE CONTRIBUTE TO SOCIETY

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. We offer a wide range of programmes and activities that are carefully designed to support and engage communities across all 18 districts of Hong Kong. In addition, we enhance passengers' travel experiences by providing a showcase for local and international artists through our Art in MTR programme.

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

Youth, Children and the Elderly

For many years, we have been organising youth programmes that support young people's aspirations for a better future. These programmes are designed to equip them with the skills and knowledge they will require in an increasingly complex world, as well as provide them with opportunities to succeed in their careers. In 2019, there were about 83,000 participants in our youth and children's programmes.

One of the youth programmes we offer, the STEM Challenge, has been running since 2017 with the aim of stimulating

secondary school students' interest in STEM (Science, Technology, Engineering and Mathematics) subjects. In the 2018/19 programme, over 700 students in 132 teams submitted their proposals for sustainable infrastructure. Finalists from 14 teams presented on the Pitch Day in May 2019, and the three best performing teams joined a study tour to visit MTR's railway operations in London.

A series of STEAM (Science, Technology, Engineering, Art and Mathematics) workshops held in August, during which parents and their children had the opportunity to participate in specially designed interactive workshops to challenge themselves.

Our annual summer programme, 'Train' for life's journeys, has been running for 11 years and helped secondary school students to develop soft skills and strengthen their self-confidence through a series of interactive workshops, an adventure camp and job tasting at MTR. The Youth Forum, which brought together working youth, students and our management, also provided a platform to engage and understand the perspectives of our young people.

We also continued to run two programmes for young children – the Budding Station Master programme, in which children act as station ambassadors handing out safety



messages and gifts in selected stations, and the interactive MTR Safety Experience Zone at Tsing Yi Station, where children receive safety tips on riding our trains.

In addition to the programmes we provide for our young passengers, we organised a variety of activities aimed at the elderly. These included the 18 Districts x MTR Ngong Ping 360 Elderly Programme in which elderly people from 18 districts were invited to enjoy free cable car rides and lunch at Ngong Ping Village. About 12,000 seniors attended this popular programme in 2018/2019. Other initiatives aimed at seniors in the year included a series of talks for the elderly on safety and the Elderly Ambassadors programme in which seniors were trained to assist their peers on how to make the most of their MTR experience.

Community Outreach

Under our “More Time Reaching Community” scheme, we encourage our colleagues to volunteer their own time to serve the community. In 2019, our staff and retiree volunteers

organised a total of 259 projects, involving around 4,400 participating volunteer headcount to serve the elderly, mentally and physically challenged people, children, youth and underprivileged families. A series of MTR-themed volunteering activities for underprivileged children were also organised in celebration of MTR’s 40th Anniversary.

During the year, the Group donated and sponsored HK\$12.7 million to charitable and other organisations.

Art and Culture

We offer space in various stations for art exhibitions under the Art in MTR programme to promote artistic talent and the public’s appreciation of art.

Under this programme, we held an exhibition in honour of the resident artists of the Jockey Club Creative Arts Centre. In support of the World Green Organisation’s design competition for addressing the issue of land shortages, we featured the work of the winners at Sheung Wan and Sai Wan Ho stations.

RECOGNITION FOR CORPORATE RESPONSIBILITY

In 2019, MTR was again listed as a constituent member of global sustainability indices for investors, including the Dow Jones Sustainability Asia Pacific Index and the FTSE4Good Index. We also achieved an AAA rating in the MSCI Sustainability Indexes.

In 2019, MTR was awarded the 10 Years Plus Caring Company Logo by the Hong Kong Council of Social Service for the fifth consecutive year in recognition of our commitment to caring for the community, employees and the environment.

We also received the Award of Excellence, the Diamond Award and Outstanding Award of the Corporate and Employee Contribution Programme 2018/19 by The Community Chest. These awards recognise the contributions of our staff and the Corporation and reflect our strong commitment to the community.

Our commitment with corporate responsibility was also recognised with the Corporate Responsibility Award we received at the Hong Kong Service Awards 2019 organised by East Week Magazine.

