

## **MTR Corporation**

### **Environmental & Social Responsibility Policy**

#### **1. Introduction**

MTR's success has been built on a clear vision, purpose and values which serve as the guiding principles of our corporate behaviour for achieving business results, sound corporate governance and a sustainable financial model. We recognise Environmental & Social Responsibility (E&SR) as an integral element in maintaining our position as a responsible business that contributes to society.

Continuing our success requires us to maintain our commitment to operating responsibly. This means:

- balancing the current and future needs of our stakeholders
- providing a safe and inclusive environment for all users of our facilities
- effectively meeting customers' needs
- developing and caring for the health and well-being of our staff and business partners
- managing our impact on the environment
- working with our suppliers and business partners to enhance and reward good environmental, social and governance performances
- contributing positively to the communities in which we operate

#### **2. E&SR Policy Statement**

Our rail and property services are closely linked to the lives of the people and communities we serve. Here at MTR, underpinned by our sustainable financial model, E&SR is therefore about operating safely and responsibly in all aspects of our business and contributing positively to the development of the communities in which we operate.

### 3. Approach

Given our geographic footprint and our reach across communities, as a corporate citizen, we leverage our assets, skills, and resources to connect, grow and support communities to help them thrive.

#### *Compliance*

Across all business units and functions of the Corporation, we are committed to complying with all relevant and applicable laws and the Corporation's requirements within our operational frameworks. In the absence of legislation, we seek out and observe appropriate international best practices and formulate them as the Corporation's requirements where applicable. Where appropriate, we differentiate ourselves by exceeding expectations and going above what is required. Doing so enables us to maintain our position as a competitive and profitable enterprise that builds and connects communities with caring, innovative and sustainable services.

#### *Regular review and response*

Recognising that stakeholder expectations will evolve, we regularly review our business operations and consult stakeholders to identify and respond to emerging issues.

#### *Communication, education, and training*

To support the embedding of E&SR practices in all business units and functions, we are committed to communicating, educating and training staff and business partners to ensure the effective implementation of this policy and raising awareness of the benefits of being a responsible and sustainable business.

#### *Three Environmental and Social objectives and ten commitments*

Our purpose is to “keep cities moving” and we strive to connect and grow communities with inclusive, innovative and sustainable services. We have developed three Environmental and Social objectives and ten commitments that are material to our business and communities we serve. We have set key performance indicators (“KPIs”) that will ensure prioritisation of our efforts in creating positive impact to the society, aligning our resources to meet our objectives and commitments, and ultimately ensuring we keep cities moving sustainably.

1. **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.
  - 1.1 Universal basic mobility
  - 1.2 Diversity and inclusion
  - 1.3 Equal opportunities

2. **Advancement & Opportunities** – as we fulfil our vision to connect and grow communities, we create opportunities for others to develop themselves and grow alongside us.
  - 2.1 Employees
  - 2.2 Business partners
  - 2.3 Future skills & innovation
  
3. **Greenhouse gas emissions reduction** – as a low-carbon transport provider, we are committed to managing our environmental footprint and achieving carbon neutrality.
  - 3.1 Carbon emissions
  - 3.2 Clean energy & energy efficiency
  - 3.3 Waste management
  - 3.4 Green and low-carbon designs

#### *Guiding principles*

The goal of our E&SR strategy and approach is to create long-term benefits for both the Corporation and society, enhance our reputation and maintain our social license to operate. We are guided by the following principles to determine initiatives to meet our KPIs. All E&SR initiatives should be:

- **Aligned with business objectives and corporate values:** initiatives should originate from business needs and have the potential to bring positive value to both the Corporation and the community.
  
- **Designed to address stakeholder and societal needs:** we will proactively engage stakeholders to assist with reviewing E&SR initiatives to ensure that our initiatives create shared value and support community development.
  
- **Focused and impact-driven:** initiatives should fit under one of our ten commitments and assist with the achievement of or otherwise support one or more of our selected KPIs so that the Corporation can effectively leverage its competencies and resources to deliver the greatest impact with tangible outcomes for the business and the community as well as goodwill for the Corporation.
  
- **Coordinated and collaborative:** cross-functional coordination reduces duplication of effort and facilitates the identification of synergies and collaboration opportunities. It enables the Corporation to stay focused and allocate resources strategically.



- **Measurable and sustainable:** we invest in capacity building and skills transfer to encourage local communities, institutions, and partners to be self-reliant, rather than dependent on the Corporation's support. We do so by establishing outcome and impact indicators to track changes and gain feedback on performance; establishing viable exit or handover strategies at the outset; and reinforcing local institutions and processes where feasible. We will proactively monitor and evaluate performance and communicate the results of our efforts to internal and external stakeholders.

#### 4. Our Stakeholders

We engage our stakeholders in our decision-making process to understand their needs and identify areas where we can provide meaningful actions. Through proactive stakeholder engagement, we build collective ownership, and enhance the likelihood that our operations and initiatives deliver positive impact and are sustainable in the long run.

The safety of our customers, employees and business partners remains our number-one priority. It is the bedrock of our operations. We ensure a safe and healthy environment by fostering a safety-first culture, driving continuous improvement, and engaging and educating our stakeholders to achieve our Corporate Safety Policy and goals.

E&SR practices are embedded across all business units and functions of the Corporation – in how we conduct our business and how we contribute to society in order to deliver on our ten commitments to our stakeholders: our people, our customers, our business partners, our community, our investors and the environment.

- **Our people**

We believe a work environment that is engaging, supportive and inclusive, and encourages healthy debate and constructive resolution of challenges by welcoming creative ideas and ownership of decision-making by all team members will foster innovation and build a sense of belonging. We commit to eliminating discrimination in our practices and policies and to increasing the diversity of our workforce. We support that by providing a wide range of professional and personal development opportunities that enhance our colleagues' knowledge base and skillsets to manage current and future challenges. In addition, we care for the well-being of our staff and business partners, and customise a range of facilities, seminars and initiatives to encourage healthy living as their well-being is integral to the ongoing success of our business.

- **Our customers**

We are committed to providing safe, quality and efficient service and a positive customer experience, making journeys more convenient and comfortable, and keeping our tenants satisfied. Our aim is to provide access to a safe, affordable, accessible and sustainable transport system for all in fulfilling our commitment to universal basic mobility. Regular engagement and feedback are sought to ensure views are integrated into the design and planning of our services. This high standard of service and delivery is maintained for the benefit of all our customers.

- **Our business partners**

We are committed to working with and supporting our business partners to develop a long-term mutually beneficial relationship and to enhance their environmental, social and governance (ESG) performance as well as promoting equal opportunity and fair access in the communities we serve. We will increase our spend on green procurement to promote and support environmental protection and track our business with small and medium sized enterprises to promote fair access of opportunity.

- **Our community**

*Supporting communities*

We build and connect communities and contribute to their social and economic development while fostering a thriving environment in which to live and do business. We achieve this through creating jobs, enabling economic growth, and supporting the needs of the community by helping excluded and under-served populations access their fair share of opportunity while minimising any negative impact on the environment and communities.

*Investing in communities*

We foster the growth and development of communities and the creation of a vibrant society by providing support to non-profit, charitable and civil society organisations through monetary and in-kind support. Our employees' active volunteerism in the community also supports our goal of serving those in need across districts and boundaries.

*Building communities*

We aim to maximise the impact of our contributions by achieving both breadth and depth in community development. To ensure we are future-ready, we commit to collaborating with local schools and universities, as well as startups and the technology ecosystem to foster innovation. We focus our activities in areas that build on our strengths and align with our business. We will review our focus areas regularly to ensure our initiatives are keeping pace with evolving societal needs.



- **Our investors**

The heavy rail transportation business is long-term and capital-intensive. Our assets require regular and substantial expenditures for operations, maintenance, replacements and upgrades. We always strive to act according to prudent commercial principles to ensure the Corporation is financially sustainable over the long haul that enables us to continue providing smooth, safe and reliable services for our passengers. Our “Rail plus Property” model (through which developments are integrated with transit hubs to create seamless connectivity and build vibrant communities) and the fare adjustment mechanism (which ensures fair, objective and transparent fare adjustments over time) are key components of our financial sustainability. Sustainable finance is also an integral part of our financing strategy for furthering the development of our sustainable infrastructure and reflecting our commitment to sustainable development.

From the economic value generated through our transport, property and other businesses, we contribute to our wide range of stakeholders including suppliers, employees, shareholders, the Government and the community at large.

- **The environment**

We strive to be one of the most resource-efficient and ecologically sustainable railways and property service providers in the world. We aim to reduce our direct emissions, use resources efficiently in our operations, support the generation of renewable energy, and strengthen our resilience to a changing climate. We are future focused and aim to develop and adopt green and low-carbon designs and technologies in our business. We have set science-based carbon reduction targets for 2030 with an aim of achieving carbon neutrality by 2050.

We manage and minimise the environmental impact of our business by conducting extensive assessments and broad stakeholder engagement programmes. Environmental management and monitoring plans are implemented throughout the life cycle of our projects and operations - covering the management of noise, air, water, waste, energy, emissions, biodiversity, natural resources and other raw materials. We are committed to pollution prevention and continuously improving our environmental management and monitoring system to comply with regulations and keep pace with best practices.

### *Climate Change*

We assess the risks and opportunities posed by climate change and implement actions to adapt to and mitigate those risks. Our Climate Change Strategy adopts a three-pronged approach, focusing our efforts to provide a low-carbon transport network, reducing our carbon emissions in a targeted and continuous manner, and strengthening climate adaptation and resilience measures in our operations.

### *Biodiversity*

We manage our impact on biodiversity by taking practical and appropriate measures to protect important natural habitats and maintain the diversity of plants and animals within the areas in which we operate; implementing relevant mitigation measures to minimise our impact on the natural environment; and exercising special care for sites of special scientific interest and protected areas as defined by local statutory regulations and international convention.

As we impact many aspects of society, we will continue to exercise our influence and work with all our stakeholders to help us realise our vision of being a leading responsible and sustainable business.

## **5. Governance**

Whilst E&SR is each employee's responsibility, the Board-level E&SR Committee provides strategic guidance and oversees and reviews our E&SR practices and performance.

The E&SR Department acts as a catalyst to support the Corporation in its drive to operate responsibly and the E&SR Steering Committee (E&SRSC) supports the E&SR Department by providing input on direction and cascading initiatives across the Corporation. The E&SRSC is also responsible for reviewing, approving and monitoring ESG investment fund submissions to ensure that initiatives are meeting the Corporation's Environmental and Social objectives and commitments. Membership of the E&SRSC comprises the following individuals or their designated alternatives:

- Legal & Governance Director (Chairperson)
- Operations Director
- General Manager - Corporate Finance
- General Manager - Environment & Social Responsibility
- General Manager - Marketing & Customer Experience
- General Manager - Corporate Communications
- General Manager - Learning & HR Transformation
- General Manager - Corporate Strategy
- Capital Works Chief of Staff
- Head of Architecture
- Head of Corporate Safety
- Head of Procurement & Supply Chain
- Chief Retail Branding Manager - Property
- Chief Strategy & Planning Manager - Mainland China & Macau Business
- Chief Sustainability Manager
- Senior Manager - Innovation
- Senior Environmental & Social Responsibility Manager - Programme & Sponsorship (Secretary)

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