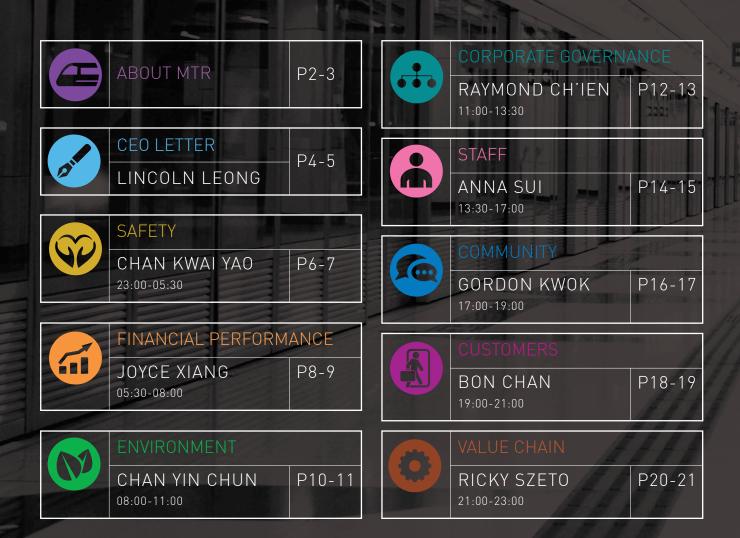


Welcome to our Sustainability Report 2014. The theme of this year's report, Life of the City, is a journey across a day in Hong Kong.

In the following pages, you will meet members of our staff who work on the front lines and behind the scenes to deliver our services, and also hear from customers who depend on us. These people, and others like them, represent the life of this incredibly dynamic city we call home; they are the people to whom we pay tribute in this report.

Although we are primarily a passenger rail company, we are more than that. We are a service that connects people with one another 20 hours of the day, every day of the year.

We are the physical network that connects the human one.



## About this report

This sustainability report chronicles our approach to corporate responsibility, which for us is about embedding the sustainable thinking that is integral to the long-term success of MTR Corporation. Our goal is to contribute to the sustainability of our business and the community by meeting the current and future needs of our stakeholders. In 2001, we became one of the pioneers of sustainability reporting in Hong Kong when we published our first report on environmental issues. Since then, we have published a sustainability report each year in print and online versions, and we have broadened the scope to supplement our Annual Report with information about social and governance as well as environmental issues.

This year we are reporting in two different but complementary ways to provide information to our stakeholders:

1. A printed report. We believe in the power of storytelling. This printed report features stories from our stakeholders in Hong Kong to demonstrate our approach to corporate responsibility and to illustrate how it impacts them. To accompany each story, we provide performance highlights for relevant sustainability topics. Key information has been selected to reflect external reporting standards and requests from stakeholders. If you are

looking for an overview of our activities for the year, this is the right document.

2. A report website. Each stakeholder story highlights an issue that is important to us and our stakeholders based on our materiality assessment. full details of which can be found alongside our management approaches, programmes and key performance indicators on our dedicated microsite. The report website has been prepared in accordance with the Global Reporting Initiative G4 Sustainability Reporting Guidelines Core option and with reference to other reporting standards published by the Hong Kong Stock Exchange and the International Association of Public Transport. If you are looking for detailed information on a specific sustainability topic, please go to www.mtr.com.hk/ sustainability\_report.

We welcome your feedback and invite you to send comments to sdmngr@mtr.com.hk.

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Hang Seng Corporate Sustainability Index Series Member 2014-2015





# About MTR

Our successful track record of over 35 years of customer service is based on our Vision to be a leading multinational company that connects and grows communities with caring service. We are committed to serving the community with excellence, professionalism and a spirit of continuous improvement.





We work internally and externally in a collaborative environment based on trust, joint commitment and respect.

goodwill through growth, effective execution, continuous improvement

#### **Enterprising Spirit**

We question the status quo, proactively seek improvement and take ownership to overcome obstacles.

Our businesses include the following:

Hong Kong Property and Other Businesses. We work with leading property developers to build properties above or near our stations. We also manage a portfolio of residential properties, office space and commercial space. Other businesses include a rail-related consultancy business, the Ngong Ping 360 cable car service and associated theme village, and the Octopus card payments system.

Hong Kong Station Commercial Businesses. To make the most of our railway assets, we operate related businesses such as the leasing of station retail space, advertising in trains and stations, and fixed and mobile telecommunications services.

- Hong Kong Transport Operations. We operate an urban mass transit railway system with 10 heavy rail lines and a Light Rail system. The heavy rail network comprises domestic and cross-boundary services and a dedicated Airport Express link. We also provide intercity services to and from the Mainland of China as well as a small feeder bus service in Hong Kong.
- Hong Kong Network Expansion. We manage the design and construction of new railway extensions along with a multitude of other projects each year to upgrade and improve the operating railway network. The Island Line Extension to Western District project was completed in 2014. Four other projects are still under construction, including the South Island Line (East), Shatin to Central Link, Kwun Tong Line Extension and Express Rail Link. Together, these five projects will increase the route length of our network in Hong Kong by about 25 per cent.
- Mainland and International Businesses and Growth. Our subsidiaries and affiliates build, operate and maintain railway systems and provide related services in the Mainland of China, the United Kingdom, Sweden and Australia. In the Mainland of China, we are also involved in leasing retail space, providing estate management services and developing properties.



MTR has a profound responsibility to the people of Hong Kong. Our fulfilment of this responsibility is ingrained in our values and visible in our core strengths: our people, our operational performance and our role in connecting communities with caring service.

In 2014, we marked the 35th anniversary since we first started serving the Hong Kong community. From a local railway company to becoming a leading multinational corporation, MTR has indeed come a long way. However, in the last year, our understanding of this responsibility was tested, which has caused us to reflect and refocus on building on our core strengths.

The first part of 2014 was an especially challenging period for the Company. We had to contend with delays in our new railway infrastructure projects, service delays in our transport operations and criticism over our handling of the dog-on-track incident. These setbacks caused us to examine how we respond to the concerns of our customers and how we report to and engage with our stakeholders. In the latter part of 2014, we encountered challenges of a different nature. One of these challenges was the public activities on the streets of Hong Kong, which closed off roads and significantly increased passenger volumes on our trains and in our stations. This increase in ridership enhanced our focus on safety, underscored the importance of clear communication with our passengers and called upon the can-do spirit of our employees. Staff came together from across our organisation, including retired employees who returned to lend a hand and our on-the-ground staff who volunteered in our "Pink Rangers" station ambassador programme. Working as one team, they provided the worldclass service that passengers have come to expect and helped them reach their destinations on time.



Another challenge at the end of 2014 was preparing for the opening of the Island Line Extension to Western District. Thanks to the untiring efforts of all staff involved, we were able to ensure a smooth start to the service and connect this area of Hong Kong to the MTR network for the first time.

While the events of the past year have shown that we need to maintain the positive aspects of our performance, culture and values. we have also learned three key lessons. First is the need to focus on what truly matters to our stakeholders. We aim to do this by enhancing our engagement with them so we can understand and meet their needs more effectively. and strengthening the collaborative environment within our teams, allowing for more diverse but constructive views and the means to find solutions together.

The second key lesson is the importance of openness and transparency in building trust with our stakeholders. There will be times when we may not meet stakeholders' expectations. For instance, while we will do our best to avoid unplanned delays and incidents from happening, it is our aim to communicate these issues in a more transparent and timely manner. We also recognise that enhanced governance is critical as we execute and deliver complex and difficult construction projects for the people of Hong Kong. This is reflected in the addition of the Capital Works Committee and Risk Committee at the Board level in 2014.

The third lesson is the benefit that our ongoing investment will bring as we grow together with Hong Kong and beyond. Our city is a dynamic place that is constantly evolving and creating new opportunities and challenges. We will therefore continue investing in our staff, particularly the new generation replacing our more experienced staff members as they retire. We will also continue to invest in infrastructure and equipment. as well as our rail and station operations in order to enhance our services. And finally, we will continue to invest in Hong Kong in more meaningful ways to build vibrant and prosperous communities for the benefit of all.

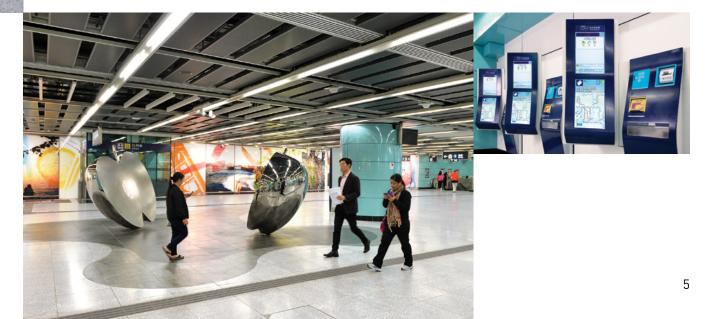


In the 35 years since our first rail line opened, we have grown alongside the city and the people we serve. They have motivated us to build and deliver this world-class service. And it is their lives — our customers, employees and partners — that we celebrate in this year's report. We are inspired by their example; they are truly the life of our city.

It is our privilege to continue serving the people of Hong Kong as well as customers in cities around the world where we operate. We look forward to the next stage of our journey with you.

#### Lincoln Leong

Chief Executive Officer 05 May 2015



TIME:

23:00-05:30

NAME: Chan Kwai Yao

ROLE:

TRADESMAN

SAFETY

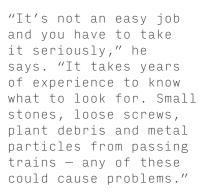
LOCATION:

MTR

It's late in the evening, and as most of us are getting ready for the comforts of our beds, one man's day is just beginning.

He is Chan Kwai Yao, an MTR "rail doctor" who is among the small band of railway track inspectors who labour through the night to help passengers enjoy a safe journey aboard the city's trains.

With MTR for 30 years, he only began working the night shift in 2009. He's still adjusting to the hours that start at 11pm and do not end until 7 the next morning. His route runs a distance of 9 to 10 kilometres - the length of over 30 twelve-car trains - and he must cover it all in just 3 hours. Only his torch lights the way.



If he and his teammate spot a small crack in the rails, they must log it and see whether they can repair it on their own or call in a team to help. Then they need to keep moving on. "Patrolling the tracks is vital to the company," he says. "We are the eyes of MTR and must be alert at all times so we can identify potential problems and fix them as quickly as possible."



Finding debris or cracks is all the more difficult when he and his teammate work during the night, although he still sometimes goes on patrol during daylight hours when there is a typhoon. On those occasions, he'll join a driver onboard a train to monitor the track.

Another duty that Kwai Yao undertakes is passing on what he has learned over the years to his younger colleagues because he wants them to do their job well too. Even simple things, such as how to hold a torch when inspecting the rails. "At first, many of them waved it back and forth," he says. "But that made them dizzy and they couldn't find things as easily." The horizon begins to glow in the east, and Kwai Yao's shift is nearly done. He goes home to his family, has breakfast and does some household chores before going to bed at 4pm. His wife, son and daughter by now are used to his odd hours and keep down the noise so he can rest.

Later that evening, Kwai Yao rises again to have a meal before setting off for another shift. He takes pride in the work he does, despite the challenges.

"My personal philosophy is that if you take up a job it is your responsibility to do it well," says Kwai Yao. "That is all I know."



**們就像公司的** 時, 要時刻留心。 FINANCIAL PERFORMANCE

LOCATION:

MTR

WAN CHAI STATION

05:30-08:00

TIME:

NAME: Joyce Kiang

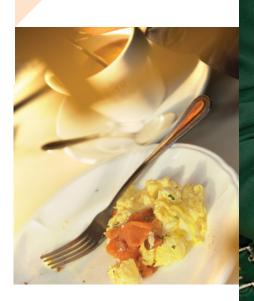
ROLE:

PASSENGER, & RESIDENT IN LOHAS PARK

> Joyce Xiang wakes up with the dawn then heads out the door on the way to her job with an investment research firm in Wanchai. Although most people are still waking up at this hour, she doesn't mind because it helps her avoid the crowds.

Recently, she discovered that she was being charged less than usual for her morning commute. "I happened to notice that the Octopus card screen read 'Early Bird Discount' then saw a poster saying I could get 25 per cent off my fare by exiting the station before 8:15am," Joyce says. "It's not a huge saving, but it still made me smile." Joyce also travels regularly out of town for her job, which covers the Asia Pacific region. During her trips overseas, she often uses the local metro system. "Travel is a constant part of my work," she says.

When returning to Hong Kong, Joyce looks forward to catching the Airport Express. While it's not the easiest of connections, it's the most practical choice for getting back to her home in the New Territories of Hong Kong.







省下的城不填很多面已藏我很强心。

For Joyce, MTR is the way she usually gets around the city. Even though she has the option to drive, she often prefers to go by train. "The connectivity between lines is just so great," she says.

Joyce is not only a frequent traveller on MTR. The residential development where she lives - LOHAS Park at the south-eastern tip of the New Territories - is also managed by the Company. When told that LOHAS Park was developed as part of the Company's Rail plus Property model, she said it makes good sense. "I can see this helps MTR. It means fewer subsidies from government to fund transport and more money to do other things."

She especially likes LOHAS Park for its quiet and relatively remote location, where she can go jogging after work or take a stroll through a nearby country park with her dog. "It is very peaceful and I feel safe living here. Yet everything is still so convenient."







As she pauses to wipe her brow under a searing mid-day sun, Chan Yin Chun laughs off the suggestion that she might have such a strange-sounding condition. But if anyone at MTR can be said to have an affinity for growing plants and an appreciation for nature, it is certainly she.



Yin Chun is the Gardening Supervisor at Caribbean Coast for MTR, a job she has held for eight years. In her first year there, she planted thousands of flowering shrubs, trees and plants, transforming what had been a drab area of the grounds surrounding the property estate into a green paradise, much to the amazement - and delight - of the residents.

"We get compliments every day, and people sometimes ask us for advice on taking care of their own houseplants," she says. "We even had one man who used to live at South Horizons move his family here just because of the landscaping."

Although she doesn't mention it herself, Yin Chun also received recognition for her achievements from the Company when she won the "2014 Grand Award for Individuals", the highest honour bestowed on staff at MTR. One of the reasons she received the Grand Award was for developing a selffertilisation method that makes use of recycled flowers and plants, which saves money for the Company and, more importantly, avoids the use of chemical fertilisers. This innovation shows that making better use of our resources and reducing harmful impacts on our environment can be achieved by anyone.



Later that day, Yin Chun will go to another MTR property, Telford Plaza, to deliver a workshop on landscaping. "It's become part of my normal routine. Many other landscapers at MTR are now asking me to share my knowledge."

MTR encourages landscaping around its properties as it creates open, green spaces where people can relax amidst the urban pressures of a city like Hong Kong. It also helps the Company to meet environmental impact certification requirements for buildings. When asked what she likes about her role at MTR, she thinks for a moment before replying. "It's my dream job," she says. "I love nature, and people really appreciate the beauty of plants and flowers. If they can see how well kept the grounds are, that shows we care about our residents and the quality of life they enjoy."



這是我最喜歡的工作。 我喜愛自然,而人們也 是真心欣賞植物和 CORPORATE GOVERNANCE

### 11:00-13:30

NAME:

TIME:

Raymond Ch'ien

ROLE:

CHAIRMAN

TWO IFC,

Dr Raymond Ch'ien Kuo-fung has been Chairman of the MTR Corporation since 2003 and a Board member since 1998, making him the longestserving person on the Board of the Company. The Corporate Responsibility team caught up with Dr Ch'ien at his office in Two IFC, where we asked him for his views on the challenges faced by the Company in 2014.

MTR has long been considered a world-class company by the global transport industry. However, the events of the past year - most of which were related to the growing public expectations of MTR - challenged my perceptions of who we are as an organisation. These included our reporting of the delay in the Express Rail Link project and the ensuing reviews that followed, the dog-ontrack incident and our service delays. Many of the criticisms levelled at us were justified and caused me to reflect on what we could have done better.



#### What have you done to make the Company more accountable from a governance perspective?

We started by further strengthening the Company internally, so as to better understand the risks and complexities of our new railway projects and to provide more timely and relevant reports on their progress. We set up a new committee to do this - the Capital Works Committee – as well as a Risk Committee, and appointed four new Non-Executive and Independent NonExecutive Directors to the Board. These measures are not only helping us meet the high standards of governance that people expect of us, they are also making us more accountable to our stakeholders and more resilient so that we will be better prepared for future challenges. As our operational footprint in and out of Hong Kong has grown rapidly over the past decade, enhanced governance will ensure our rate of growth is sustainable and beneficial to stakeholders.

#### How successful do you think MTR has been in regaining the public's trust?

I think we are already being seen as more open by the public through initiatives such as Lincoln Leong's monthly sessions with the media and our more proactive way of engaging with our stakeholders. I believe we are much more responsive now and better at providing relevant information.

The way we managed the public transport and property management challenges engendered by the recent public activities on the streets of Hong Kong also went a long way to restore public confidence and demonstrated that we have always been an organisation that is people oriented and delivers through thick and thin. For that, the Company is grateful to its dedicated and spirited staff.

港戰可成為正面的

力量為香港帶來

具建設性的改變

#### 2014 was MTR's 35th anniversary. How has the Company changed over the years?

MTR has been part of the fabric of Hong Kong ever since our first eightkilometre line went into operation in 1979. That line, and the ones that soon followed, made a huge difference in people's lives. As the network has grown, MTR has played a critical role in bringing communities together and contributing to the growth of Hong Kong. This is still a primary focus of what we do and we will continue to drive the development of new communities around our stations.

#### How does corporate responsibility fit in with that mission?

To succeed as a truly sustainable business, we must embed corporate responsibility into everything we do. The reality is that Hong Kong is changing and we must adapt to the changes taking place. While we need to keep the perception that we are an astute organisation with engineering excellence, we also need to show that we care deeply about our customers and the communities in which we operate.

#### MTR can be a force for good and an agent of constructive change in Hong Kong and I've taken a personal interest in making this happen. In addition to serving as the Chairman of the Board, I also chair the Corporate Responsibility Committee at the Board level. This is the only committee I chair.

### How can MTR continue to succeed in the years ahead?

MTR can still succeed but we must learn from challenges and adapt to new realities. We can do a lot of good for society by identifying areas where MTR can make a difference.

To do that, we need to continue understanding our customers and stakeholders. Although there is a perception that we haven't always been successful in showing our "caring heart", the fact is we do care and we care very deeply for them. We are a world-class company because through the years our stakeholders have expected nothing less from us. I will make sure we continue meeting their expectations as best as we can.

### STAFF

TIME:

NAME:

<sup>ROLE:</sup> SENIOR EXECUTIVE SECRETARY, <u>CSS</u>T MEMBER

hha

13:30-17:00

LOCATION: MTR **UNIVERSITY STATION** 

It's just past lunchtime, and water is gushing 20 metres into the air out of a burst pipe next to the East Rail Line. Drenching the overhead cables, it cuts the electricity powering trains along the railway.

Anna Sui, a senior executive secretary in the Commercial & Marketing Division, gets an urgent request. "Please come to University Station immediately." As a member of MTR's Pink Rangers team, she quickly joins her fellow volunteers.



The Pink Rangers, a part of MTR's Customer Service Support Team, are made up of office staff from various divisions and departments who help in crowd control, provide information to passengers and give other support during service incidents. Even when stations are filled with commuters, they can be easily recognised by the bright pink vests they wear.

Chaos greets Anna and her colleagues when they arrive at University Station. Because of the power outage, hundreds of passengers have been left stranded and many of them are not happy. "One local lady had been waiting for an hour to get onto a shuttle bus and started shouting at me. But I stayed calm because I could understand why she felt that way."

Not all passengers are so irate, however. Many thank her for the advice she dispenses to them. "They were very appreciative."

So why does she put herself on the front line? Anna says she decided to volunteer with the Pink Rangers even though it's not always easy. "I wanted to help our customers find their way around and to support my colleagues. I think it's just part of who we are in MTR - we're a team regardless of what job we do."

Anna has been with the Company for 30 years, a long time to be with one employer but not so unusual at MTR. Many of her colleagues have spent their entire working lives here. When Anna first came on board with MTR as a secretary, she "liked that the Company was growing so quickly, with many new lines." She applied herself and eventually worked her way up to her current position reporting to one of the Company's Directors.

Back at the office, Anna switches gears and returns to her main duties. Although the incident at University Station has interrupted her day, her boss appreciates the extra effort she put in.

A call then comes in from an elderly man who complains he cannot read the small type on MTR brochures. While this again is not part of her normal duties, she speaks at length with him and promises to follow up. For Anna and others like her at MTR, it's all part of the job.



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#### TIME:

17:00-19:00

NAME:

Gordon Knok ROLE: CONSTRUCTION ENGINEER

10 Jack

LOCATION: MTR **HKU STATION** 



"I'm not really a morning person," says Gordon Kwok. Despite that, he's been up since before dawn and the end of his day is still two hours off.

Every Tuesday morning at 8am, he attends a regular weekly meeting at MTR headquarters in Kowloon Bay, which means he has to travel all the way from his home in Western District for this early start.

Gordon is a construction engineer at the Projects Division of MTR. But his experience with MTR actually started much earlier when he was a 12-year-old schoolboy. Back then, he had suggested an idea for improving safety by closing the gap between trains and platforms. Although his idea was too technically challenging to be implemented at that time, he was invited to spend a day at MTR and even got to sit in the driver's cab. An MTR newsletter article at the time referred to him as "Little Kwok" and praised his initiative and effort.



Little Innovator







Even as a boy, Gordon had big ambitions. "I dreamed of many things. I wanted to be an accountant, an astronaut, a doctor. Eventually, I decided to become an engineer because I wanted to build things that I could see and touch and that would help people."

Fourteen years later, he joined MTR as a graduate engineer working on construction of the West Island line project. "I'm a people person. MTR runs trains as its core business but coming to work for me is not only about the trains. I like that we are engaging the public and doing our best to understand their needs.

"I know from personal experience that MTR takes engagement seriously. We want to engage stakeholders at an early stage and in an open manner — this is the most important thing I have learned in my years with the Projects Division."

Now the clock finally reads 7pm. Gordon has answered all his emails, visited project sites, and prepared an important presentation for his boss. He's ready to set out on the journey home.

But what used to be a one-and-a-half hour commute is now much shorter as the Island Line Extension to Western District has just gone into service. "I've lived in the Western District for 20 years and back then I couldn't imagine I would be working on this line one day. That's what I love about this job - I can build something that benefits the community and use it myself."





杨基鑑公眾民的魏母 THE A 鐵荷丁 歡 R Hada SC 我 並

CUSTOMERS TIME: 19:00-21:00 NAME: Bon Chan LOCATION: ROLE: MTR PASSENGER, KOWLOON TONG STATION STUDENT

Bon Chan is a student with a big heart and a mind filled with ideas on how to help the disadvantaged in Hong Kong. After he completes his degree in social work — less than two years away — he plans to work with teens who have fewer opportunities in life.

"I want a fairer and better society for the next generation," he says. "My passion is working with young people."



For now, though, he is taking a few minutes at a bench to eat a quick dinner, a pork bun that he bought at a bakery in Kowloon Tong station. When he finishes, he heads to the station then back to his home in Tin Shui Wai, a journey of about 45 minutes on East Rail Line and West Rail Line via Hung Hom Station.

Bon uses the train to get to and from CityU, where he is taking his degree, because it's a faster and smoother ride than other forms of transport. If he's travelling late in the evening, he can even open his laptop and catch up on his reading or an assignment.



But he also remembers an evening not long ago when the service was not so smooth. On a Sunday in March 2014, Kowloon Tong Station was suddenly flooded during an unprecedented downpour. "The water was halfway up to people's knees, and some were slipping on the platforms. It was a very chaotic situation, and the trains were running only at eight-minute intervals."

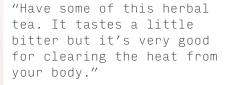
Like many passengers, Bon has high expectations of MTR. He appreciates the convenience of the trains that take him almost directly to his front door. But he also has concerns, particularly about crowding in the stations and on trains. "I had to wait for four trains to pass by before I could get on board".

He also worries that for the less fortunate who live in communities far from the city centre, MTR can be prohibitively expensive. While working in an internship position recently, he met primary school students who had never been out of their home district of Yuen Long.

Bon looks forward to the day after his degree when he can begin making contributions to the community full-time. Until then, he needs his sleep after a long day of classes and studying. He arrives home, chats with friends on Facebook for a while, and then turns in for the night.



• VALUE CHAIN TIME: 21:00-23:00	
ROLE:	LOCATION:
EXECUTIVE DIRECTOR HUNG FOOK TONG	MTR TSEUNG KWAN 0 STATION



Bitter is a concept that anyone can understand. But clearing heat? According to Ricky Szeto, General Manager and Executive Director of herbal products chain Hung Fook Tong, excessive "heat" or yang is the result of too many pathogens in the body. The secret to good health, he says, is to keep everything in balance.

At one time, the herbal tea that Ricky is sipping could only be had at home, prepared by a loving mother, or in old-style Chinese herbal teahouses. Today, it is widely available across the MTR network in the bright, modern and airy retail shops of Hung Fook Tong, especially in the stations serving residential and commercial areas of Hong Kong.





"People don't have the time to prepare herbal teas anymore," he says, "but they are such an important part of our southern Chinese culture. That's why we wanted to bring back this traditional product to our customers, by allowing them to consume it in a modern and healthy way."

Leaving a career in banking to join a new business in the year 2000, Ricky saw the opportunity to give traditional herbal teas, Chinese soups and tortoise jellies a more appealing, contemporary image. He realised that gaining access to the MTR station retail network with its huge passenger flows would provide a unique opportunity to reach the mass market and offer greater convenience to his customers.

"My first meeting with MTR was in 2002. Back then, there were no food and beverage outlets in MTR stations but the representatives I

的方法。

他們也很願意聆聽

和我一同尋求解決問題

met with took such a sincere interest in my products. I really needed to convince them that we could guarantee the hygiene and avoid cooking odours. They were willing to listen and work with me to find solutions."

Ricky's first station retail shop opened in Tseung Kwan O, just as that line opened for service. Since then, Hung Fook Tong has grown to become the largest herbal drink retailer in Hong Kong in terms of sales network. Today, it has shops in more than 105 locations in Hong Kong, nearly half of which are located inside MTR stations. The company has also recently built a new state-of-theart production plant in Tai Po to show its commitment to the local market. Outside Hong Kong, Hung Fook Tong has a growing presence in the Mainland of China with over 20 retail shops and a new plant in Suzhou.

Just as his herbal teas bring the body into balance, Ricky believes that a business should balance profits with social good. "We are a company that's not only concerned with making money, although of course that is important, we are a company that benefits people by applying traditional herbal wisdom to make healthy products."

For Ricky, that's the secret ingredient not only to a successful business but also to a healthier, and happier, life.









#### **MTR Corporation Limited**

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