



Life of the City: Sustainability Report 2014

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

Stories presented throughout this report feature members of our staff who work on the front lines and behind the scenes to deliver our services, and the 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 MTR is 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 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. Our 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. Please refer to the printed report if you are looking for an overview of our activities in 2014.
2. *A report website.* Full details about our management approaches, programmes and key performance indicators (KPIs) across a wide range of issues relating to corporate responsibility are organised and presented on this dedicated microsite. You can navigate around the site to learn more about any sustainability topic that is covered in our printed report. Additional topics, such as highlights from our subsidiaries outside of Hong Kong and information about our business plans for the future, are also available here.

Legacy of Sustainability Reporting

In 2001, we were 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 have broadened its scope to supplement our Annual Report with information about social and governance as well as environmental issues.

A Fresh Approach

Recognising that our stakeholders' preferences and expectations with respect to sustainability reporting are constantly evolving, this year we have made some changes to our approach. For example, in addition to introducing stories about our stakeholders, we have improved the layout of information in this report and highlighted inter-connections between different sustainability topics with hyperlinks.

External Review Panel

This year, for the first time, we convened an External Review Panel to provide independent advice on our plans for sustainability reporting and feedback on a draft of the report. The panel was comprised of eight members, all based in Hong Kong, with extensive experience in different aspects of sustainability reporting. We are grateful for the comments received, all of which have been carefully considered during preparation of the final report.

This year's panel comprised the following members:



Robert Gibson
Fellow, Civic Exchange & Adjunct Professor,
Hong Kong University of Science and Technology



Mike Kilburn
Senior Manager, Environment,
Hong Kong Airport Authority



Jane Lau
Vice Chair, Sustainable Business Hong Kong,
Hong Kong Council of Social Service



Agnes Li
CEO,
Business Environment Council



Jeremy Prepscius
Vice President,
Asia, BSR



Jessica Robinson
CEO, Association for Sustainable and
Responsible Investment in Asia



Ciara Shannon
Director,
Eden Ventures



Agnes Tai
Director,
Great Glory Investment Corporation

Sustainability Reporting Guidelines

This report has been prepared in accordance with the Global Reporting Initiative G4 Sustainability Reporting Guidelines (GRI-G4) Core option. We have provided a [GRI Content Index](#), which includes cross-references to KPIs for the Hong Kong Stock Exchange Environmental, Social and Governance Reporting Guide (HKEx ESG Guide) and the International Association of Public Transport (UITP) Sustainability Charter Reporting Guide 1.0.

Independent Assurance

PricewaterhouseCoopers Limited (PwC) has provided an [independent assurance report](#) for selected quantitative data.

Scope of this Report

This report covers material issues arising from the Company's principal activities in Hong Kong during 2014 (1 January to 31 December) with reference to our [Materiality Matrix](#) and with particular focus on impacts arising from our railway operations, which are the core of our business and account for the major share of our revenues.

Please click [here](#) to download a list of Identified Material Aspects and Boundaries.

About our Subsidiaries

We refer to subsidiaries as wholly or majority owned entities over which the Company has management control, and associates as entities over which the Company has significant influence but not control or joint control.

Generally speaking, this report does not address sustainability impacts arising from activities of our subsidiaries and associates outside of Hong Kong. The exception is when there is direct relevance for our businesses or stakeholders in Hong Kong. We are committed to working with our subsidiaries to promote disclosure of environmental, social and governance impacts. Please refer to [Mainland of China and International Business and Performance Metrics](#) for more information.

To learn more...

Please refer to the [Annual Report](#) for data on the contribution from different businesses to total revenues (Consolidated Profit and Loss Account, page 167) and details of the Company's interest in subsidiaries and major associates (Notes to the Accounts, Note 28 and 29).



About MTR Corporation

MTR Corporation Limited (“the Company”) is a publicly-listed company (SEHK: 0066) headquartered in the Hong Kong Special Administrative Region (“Hong Kong”).

In June 2000, the Hong Kong Government (“the Government”) sold a portion of its issued share capital to private investors in an Initial Public Offering. The Company’s shares were listed for trading on the Stock Exchange of Hong Kong in October 2000. They are also traded in the United States through an American Depositary Receipt Level 1 Programme. Today, the Hong Kong Government holds a majority (76.5 per cent) of the shareholding while private investors, including institutional and retail investors, hold the remainder.

Our primary business is the construction and operation of mass transit railway systems in Hong Kong, which carried an average of 5.46 million passengers every weekday as at the end of 2014. We also engage in the development and sale of residential and commercial properties in partnership with property developers, and operate a property management service. The success of these businesses is based on our unique Rail plus Property model, which has enabled us to be self-sustaining and to keep our fares at affordable levels.

In addition to our Hong Kong rail operations, we also have a presence in the Mainland of China, Europe and Australia where we provide operational and maintenance services directly or through joint ventures.

Key Business Figures for 2014

Hong Kong Transport Operations

 Total Route Length
220.9km

 Carrying an average
5.46 million
people per weekday

 Total Patronage
1.9 billion

 **87** stations
68 light rail stops

Hong Kong Network Expansion

 **4** new rail projects under construction

1 rail project completed in 2014

These projects will increase the route length of our network by about **25%**

Hong Kong Station Commercial Business


1,350 station shops for passenger convenience

 Enhanced mobile services through **4G** access at all stations

 **45,007** advertising units on stations and trains

 **Free Wifi** available at all stations

Hong Kong Property Business


91,434 residential units under management

Investment portfolio 
212,500 m² of Retail Properties
763,018 m² of commercial and office space under management

35 Years of Service

In 2014, we celebrated our 35th year of service to the community in Hong Kong.

Since commencing train services on 1 October 1979, we have grown from a single 8km length of track serving 280,000 passengers into a 221km network with 87 railway stations. We are recognised as one of the best passenger railway transport providers in the world and remain committed to serving our customers and the community with excellence, professionalism and a spirit of continuous improvement.

In recent years, we have also succeeded in expanding our business to other cities in the Mainland of China, Australia and Europe. In 2014, we carried nearly as many passengers on networks outside of Hong Kong as we did at home. In total, the Company and its subsidiaries and associates employ more than 31,000 people on a full-time basis, of which about 16,000 are

List of Awards

Please click [here](#) to see a list of awards received by the Company.

based in Hong Kong and about 15,000 are located outside of Hong Kong.

Vision, Mission and Values

Our success spanning 35 years of providing passenger rail transport reflects our consistent and conscientious pursuit of our Vision to be a leading multinational company that connects and grows communities with caring service. Our Mission includes four key objectives: to strengthen our Hong Kong corporate citizen reputation, to grow and enhance our Hong Kong core businesses, to accelerate our success in the Mainland of China and internationally, and to inspire, engage and develop our staff. Throughout this report, you will find examples of how we put our Values into practice, such as Fair and Ethical Business, Corporate Culture and Responding to Challenges.

This concise statement of our Vision, Mission and Values (VMV) is integral to our management approach in all areas of our business.





CEO Letter

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 world-class 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



Hong Kong Rail Network

Please click on each service category to access more information from our customer website.

Domestic Services refer to nine main commuter lines: Kwun Tong, Tsuen Wan, Island, Tung Chung, Tseung Kwan O, East Rail, West Rail, Ma On Shan and Disneyland Resort lines.

Cross-boundary Service refers to our service running to/from Hong Kong and Shenzhen via Lo Wu or Lok Ma Chau on the East Rail Line.

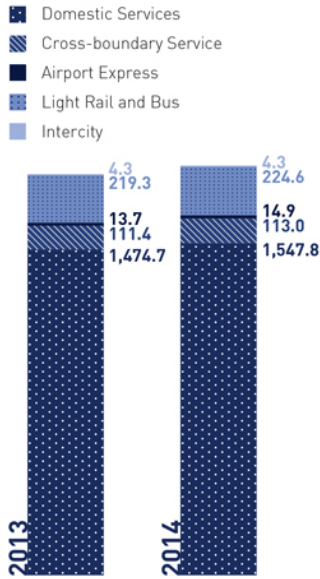
Airport Express refers to the direct service linking Hong Kong International Airport and Hong Kong Station in the Central business hub.

Light Rail and Bus refers to the Light Rail network in the northwestern New Territories and feeder bus services to/from many MTR stations in the New Territories.

Intercity refers to three through train routes to/from cities in the Mainland of China, namely Beijing, Shanghai and Guangdong.

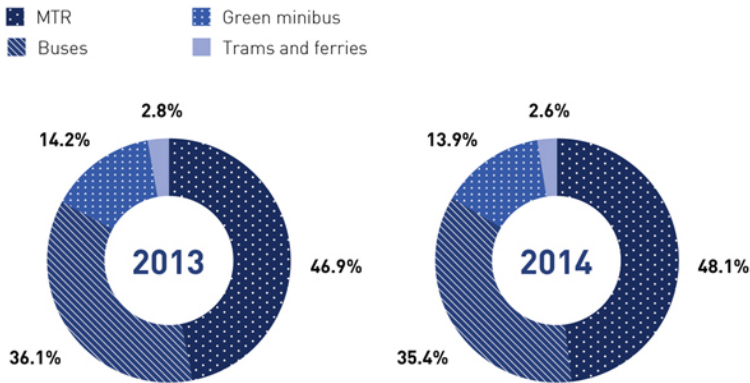
Our railway operations in Hong Kong are among the most intensively used in the world, and are well regarded for their safety, efficiency and reliability. Please refer to Safety, Environment and Customers to read more.

TOTAL PATRONAGE FOR HONG KONG TRANSPORT OPERATIONS (MILLION)



Since 2006, our share of total franchised public transport boardings in Hong Kong has increased year on year and now exceeds 48 per cent.

FRANCHISED PUBLIC TRANSPORT BOARDINGS IN HONG KONG (%)



Four new lines are currently under construction which, in addition to the Island Line Extension to Western District that was opened in 2014, will expand the capacity of our rail network in Hong Kong to meet the future transportation needs of the people of Hong Kong.



Hong Kong Station Commercial Business

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

As at 31 December 2014, there were 1,350 station shops covering 55,696 square metres of retail space. Due to the construction works for the Shatin to Central Link in a part of Hung Hom Station, the total shop area was marginally lower than in 2013.

Learn more...

More information about [MTR Shops and Malls](#) is available on our customer website.

Hong Kong Property Business

In Hong Kong, we work with leading property developers to build properties above or near our stations. We have a portfolio of investment properties comprising 13 shopping malls and 41,006 square metres of office space.

The Company also manages a portfolio of residential properties, office space and commercial space. As of the end of 2014, we had 91,434 residential units, including Century Gateway II which opened in October 2014, and 763,018 square metres of commercial and office space under management.

A number of new property development projects were initiated in 2014 involving approximately 10,000 residential units to support the community's housing needs. More details of these projects are available in [2015 and Beyond](#).

Learn more...

More information about [MTR Properties](#) is available on our corporate website.

Other Businesses

We are engaged in other businesses in Hong Kong which are outside the scope of this report, including the Ngong Ping 360 cable car service and associated theme village, and the Octopus smart card payments system.

Learn more...

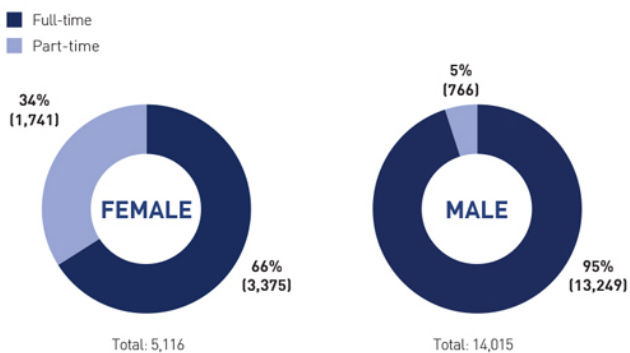
Please refer to separate websites for more information about [Ngong Ping 360](#) and [Octopus](#).

Our People

Our businesses are commonly associated with physical assets, such as rolling stock, rails and tracks, stations, depots and buildings. Ultimately, however, we depend on the strength and versatility of our workforce to design, build, operate and maintain this infrastructure, bringing it to life each day in service of our customers and communities.

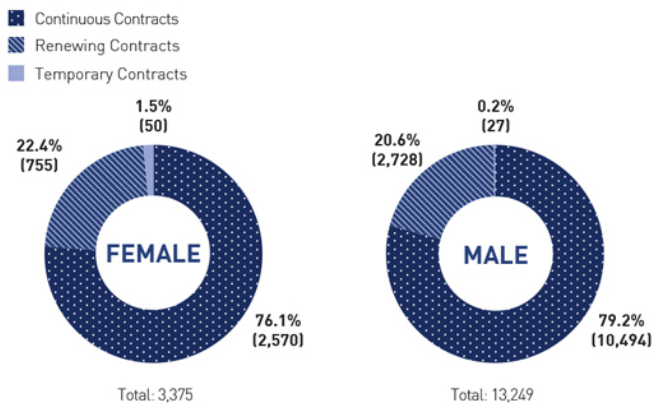
The following tables show the composition of our workforce in Hong Kong, excluding temporary and part-time staff, staff of our subsidiaries and staff based in our offices in the United Kingdom.

COMPOSITION OF OUR WORKFORCE BY GENDER AND EMPLOYMENT TYPE IN HONG KONG IN 2014



19,131 Total Number of Full-time and Part-time Employees of the Company based in Hong Kong, excluding subsidiaries

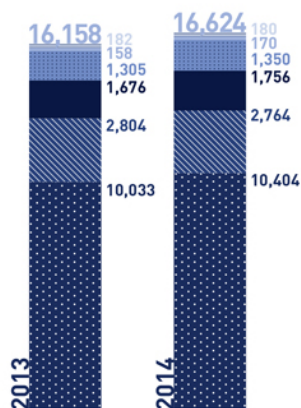
BREAKDOWN OF FULL-TIME EMPLOYEES BY GENDER AND EMPLOYMENT CONTRACT IN 2014



16,624 Total Number of Full-time Employees of the Company based in Hong Kong, excluding subsidiaries

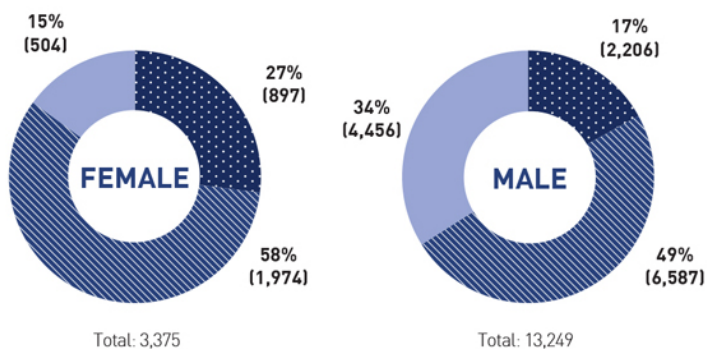
BREAKDOWN OF FULL-TIME EMPLOYEES BY EMPLOYMENT AREA

- Operations
- Projects
- Corporate management and support
- Property and other businesses
- Station commercial business
- Mainland of China and international business



BREAKDOWN OF FULL-TIME EMPLOYEES BY AGE AND GENDER IN 2014

- Below 30 Years
- 30-49 Years
- 50 Years & Above



We employ 256 people with disabilities, representing 1.6 per cent of our Hong Kong workforce (excluding TraxComm, Rugby Office, NP360, and European Business Unit).

In some business areas, particularly construction of new lines and properties, we rely extensively on contractors who work on our behalf but who are not directly employed by the Company. Please read more about working with contractors in [Safety](#) and [Value Chain](#).





About MTR

Investment in Rail-Related Projects

Outside of Hong Kong, we invest selectively in rail-related projects, including property developments, which we believe will generate sustainable returns within clear risk parameters.

Currently our subsidiaries and associates are involved in building, operating and maintaining mass transit railway systems and providing related services in the Mainland of China, the United Kingdom, Sweden and Australia. In the Mainland of China, subsidiaries and associates are also involved in the leasing of retail space, providing estate management services and developing properties.

Investment in Rail-Related Projects Outside of Hong Kong

Mainland of China

Beijing MTR Corporation Limited (BJMTR)



Associate

Established: 2006

Activity: Public-Private Partnership (PPP) Agreements for investment, operations and maintenance of Beijing Metro Line 4 and Beijing Metro Line 14, and Operations & Maintenance (O&M) Agreement for delivery of through-train services on the Daxing Line, connecting with Beijing Line 4.

BJMTR was the first “foreign-invested cooperation company” to participate in urban railway transportation in the Mainland of China. It is a joint venture with Beijing Infrastructure Investment Co Ltd (2 per cent) and Beijing Capital Group (49 per cent).

MTR Corporation (Shenzhen) Limited (MTRSZ)



Subsidiary

Established: 2004

Activity: Build-Operate-Transfer (BOT) Agreement for investment, design and construction of the Phase 2 Longhua Line and operation of Phase 1 and Phase 2.

Hangzhou MTR Corporation Limited (HZMTR)



Associate

Established: 2012

Activity: PPP Agreement for investment, operations and maintenance of Hangzhou Metro Line 1.

HZMTR is a 49 per cent joint venture with a subsidiary of Hangzhou Metro Group Co Ltd (51 per cent).

Investment in Rail-Related Projects Outside of Hong Kong

Europe

London Overground Railway Operations Limited (LOROL)



Associate

Established: 2007

Activity: O&M Agreement for rail services on the London Overground.

LOROL is a 50:50 joint venture with Arriva. Arriva is a subsidiary of Deutsche Bahn AG.

MTR Corporation (Crossrail) Limited (MTR Crossrail)

Subsidiary

Established: 2014

Activity: O&M Agreement for rail services on Crossrail, due to be operational from 31 May 2015 onwards.

MTR Stockholm AB (MTRS)



Subsidiary

Established: 2008

Activity: O&M Agreement for rail services on Stockholm Metro.

Tunnelbanan Teknik (TBT)

Associate

Established: 2008

Activity: Rolling stock maintenance services for MTR Stockholm.

TBT is a 50:50 joint venture between MTRS and Mantena AS. Mantena AS is a leading train maintenance company in Norway.

MTR Express (Sweden) AB (MTRX)

Subsidiary

Established: 2013

Activity: Operations of intercity express services launched on 21 March 2015 using our own trains and existing rail tracks and infrastructure between Stockholm and Gothenburg.

Investment in Rail-Related Projects Outside of Hong Kong

Australia

Metro Trains Melbourne Pty Ltd (MTM)



Subsidiary

Established: 2009

Activity: O&M Agreement for rail services on Melbourne Metro.

MTM is a consortium involving two Australian partners, namely, John Holland (20 per cent) and UGL Rail (20 per cent), a division of United Group Limited.

Northwest Rapid Transit Consortium (NRT)

Subsidiary

Established: 2014

Activity: PPP Agreement for procurement of trains and systems, and O&M Agreement for the North West Rail Link in Sydney (construction in progress).

NRT is a consortium involving four other partners; John Holland, Leighton Contractor, UGL Rail Services and Plenary Group.



Railway Operations Outside of Hong Kong

The total number of passengers carried by our subsidiaries and associates in six cities outside of Hong Kong reached approximately 1.46 billion in 2014.



Total Patronage for Services Outside of Hong Kong in 2014 (Million)

Subsidiaries	
Shenzhen Metro Longhua Line	169
Stockholm Metro	330
Metro Trains Melbourne	222
Associates	
Beijing Metro Line 4, Daxing Line and Line 14	479
Hangzhou Metro Line 1	144
London Overground	115
Total, by region (million)	
Mainland of China	792
Europe	445
Australia	222

Please refer to [Mainland of China and International Business](#) for an introduction to the sustainability of railway operations conducted by our subsidiaries outside of Hong Kong.



Consulting Services

The Company offers worldwide consultancy and contracting services on railway planning, design management, system integration and assurance, project management, construction management, railway operations and maintenance, and non-fare revenue business. In recent years, the scope of our consultancy business has widened to cover cities across Asia, Australia and the Middle East.

Learn more...

More information about our [consulting services](#) can be found on our corporate website.





Hong Kong Network Expansion

On 28 December 2014, we opened the Island Line Extension to Western District, the first of five new railway projects. The following list provides an overview of four projects that are still under construction. All together, the new railway projects, including the Island Line Extension to Western District, will expand the route length of our railway network in Hong Kong by about 25 per cent.



Hong Kong Network Expansion Projects

South Island Line (East) (82% completion) - The first metro service to the Southern District, extending from Admiralty to the southern part of Hong Kong Island and serving an estimated 350,000 residential and working population. We are responsible for financing this new line as well as for its design, construction, operation and maintenance. The most recent example of our Rail plus Property model will be in evidence on this line.

Shatin to Central Link (27% completion) - Extending the Ma On Shan Line from Tai Wai to Hung Hom and the West Rail Line and serving a residential population of 380,000 and employment population of 260,000 in its catchment area.

Kwun Tong Line Extension (72% completion) - Extending the existing line to connect Yau Ma Tei with the Whampoa area.

Express Rail Link (66% completion) - A 26km high-speed cross-boundary rail service connecting Hong Kong with Shenzhen, Guangzhou and the high-speed rail network in the Mainland of China.

In 2014, we announced delays in construction and delivery of all four projects and implemented new measures to enhance corporate governance relating to these works.

We recognise that in order to continue to connect and grow communities in parts of Hong Kong that are currently underserved by an efficient mass transportation system, we must continue to explore new opportunities to expand our network.



Mainland of China and International Networks

During 2014, we continued to expand our business in the Mainland of China and other international markets. More information about our future plans outside of Hong Kong is available in 2015 and Beyond.

Beijing Metro

Our most recently completed railway in the Mainland of China, Phase 2 of Beijing Metro Line 14 in Beijing, came into service on 28 December 2014. This RMB50 billion project is being implemented under a PPP Agreement. The 47.3km rail line has 37 stations, including 10 interchange stations. BJMTR is responsible for the Electrical & Mechanical systems and rolling stock, and for the operations and maintenance of the line over a term of 30 years.

After signing a Letter of Intent with the Beijing Municipal Government on 26 November 2014, a Concession Agreement for the investment, as well as the operations and maintenance of a new line, Beijing Line 16, was initialled on 8 February 2015.

Crossrail

In the United Kingdom, we successfully secured a £1.4 billion contract from Transport for London (TfL) for our wholly-owned subsidiary, MTR Crossrail, to operate the new Crossrail service. Crossrail is the largest construction project in Europe. It will open in phases starting from 2015, and following completion of the 118km line it will increase London's current rail capacity by 10 per cent.

MTR Express

MTR Nordic launched a new express train service in Sweden during March 2015 using 455km of existing rail tracks and infrastructure to connect Sweden's two largest cities, the capital Stockholm and the industrial port of Gothenburg. During 2014, MTR Nordic purchased six all-new and modern train sets to operate on the route. The rolling stock manufacturer, Stadler Rail AG, will provide maintenance services for the trains.

North West Rail Link

Also in 2014, we won a multi-billion dollar bid for the North West Rail Link (NWRL) Operations, Trains and Systems PPP contract in Sydney, Australia. NWRL is MTR's first PPP project outside the Mainland of China and is one of the largest railway projects to be constructed in Australia.

