

2014

SUSTAINABILITY REPORT

LIFE OF THE CITY



Issued in May 2015

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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



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.

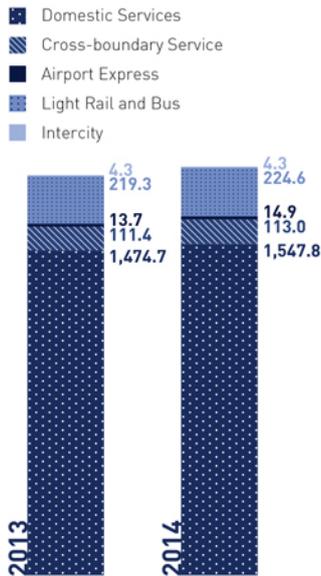
Airport Express refers to the direct service linking Hong Kong International Airport and Hong Kong Station in the Central business hub.

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.

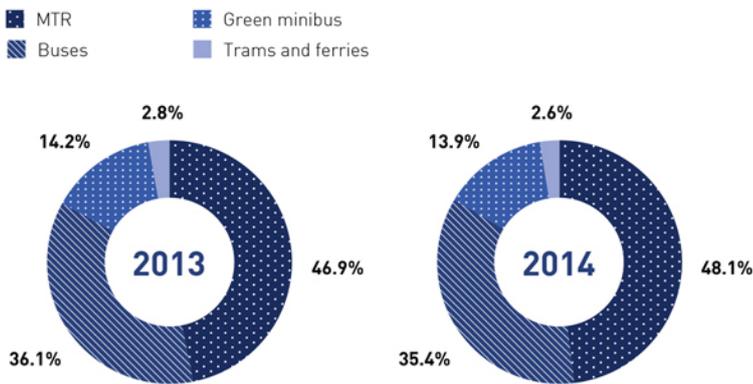
Our railway operations in Hong Kong are among the most intensively used in the world, and are well regarded for their safety, efficiency and reliability. Please refer to Safety, Environment and Customers to read more.

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...

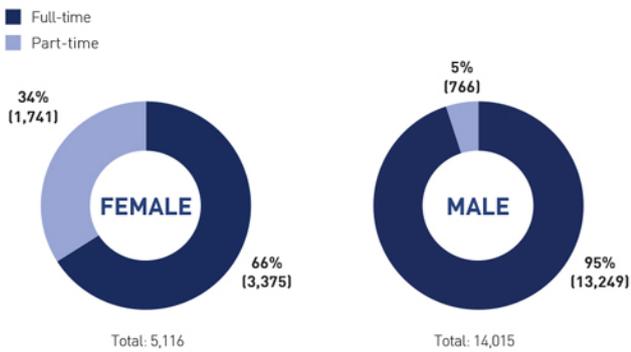
Please refer to separate websites for more information about [Ngong Ping 360](#) and [Octopus](#).

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.

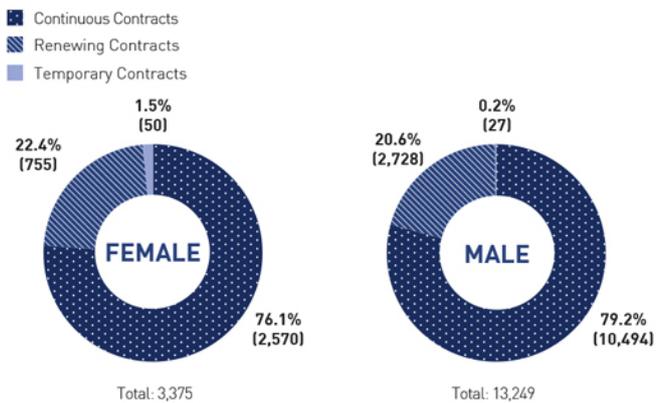
The following tables show the composition of our workforce in Hong Kong, excluding temporary and part-time staff, staff of our subsidiaries and staff based in our offices in the United Kingdom.

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

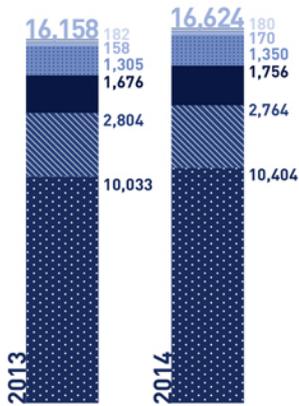
BREAKDOWN OF FULL-TIME EMPLOYEES BY GENDER AND EMPLOYMENT CONTRACT IN 2014



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

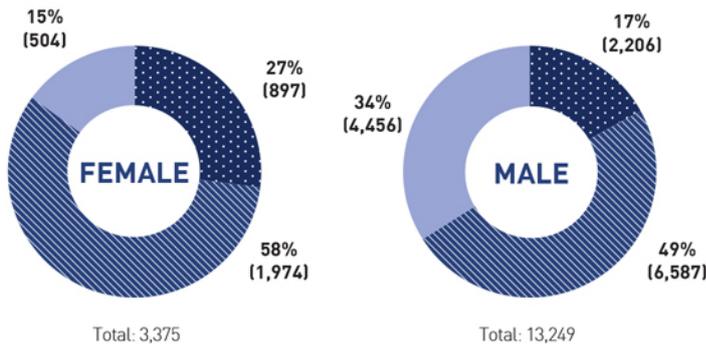
BREAKDOWN OF FULL-TIME EMPLOYEES BY EMPLOYMENT AREA

- 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](#).





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.





Introduction

MTR is a world leader in safety performance. We are proud to provide our customers with the safest public transportation option in every city where we operate. With 35 years of continuous attention by management, our uncompromising Safety First culture — encompassing care for customers, staff, contractors and anyone else who legitimately enters our facilities — has become deeply ingrained in our corporate DNA.

Providing passengers with a safe and reliable service is the bedrock of our operations; strong performance in this aspect of our business allows us to leverage our expertise and reputation into new areas of growth. We are responding to challenges in order to continue to prioritise safety in our operations:

- Public and regulator interest in safety performance remains as high as ever. Listening and responding to stakeholders' concerns pushes us to innovate and find solutions.
- Carrying more passengers has resulted in our network operating near capacity more often and leaves our frontline staff and maintenance teams with less room for error.
- Hong Kong's demographics are changing so we must adapt to the changing needs of our customers, including elderly passengers and visitors to Hong Kong who are not familiar with our network.
- The profile of our workforce is evolving and workers on construction sites are particularly affected. We must ensure that valuable skills are developed and retained within our workforce and continually transferred to new joiners.



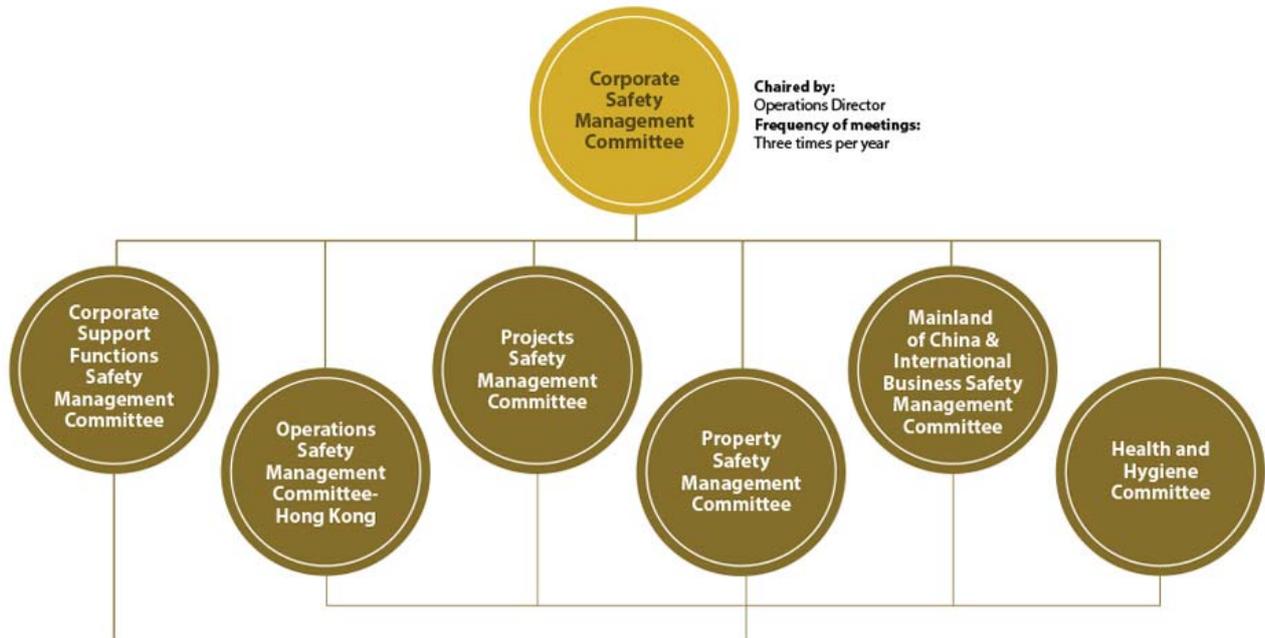
Management Approach

GUIDING STRUCTURE

Safety Policy and Strategy

The Corporate Safety Policy and the Corporate Safety Strategy outline our approach and objectives for safety management. Our Corporate Safety Management Committee (CSMC) structure

ensures that safety management is the responsibility of every director, manager and supervisor. To support implementation of this policy and strategy, the Corporate Strategic Safety Plan 2013–2016 includes three strategic approaches: fostering a Safety First culture, driving continuous improvement and engaging stakeholders.

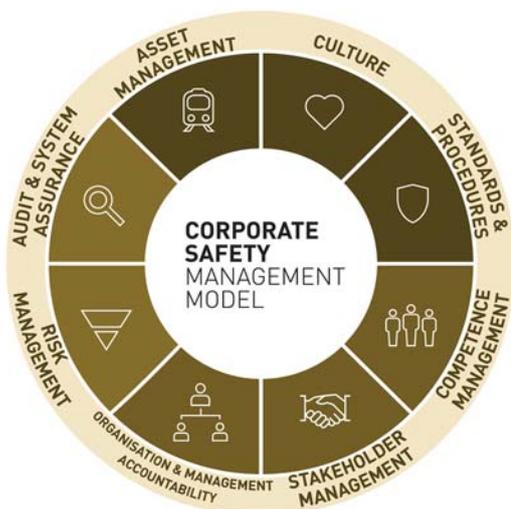


The CSMC provides assurance to the Executive Committee and the Board on safety management and risk controls. It monitors safety performance and the implementation of the Corporate Strategic Safety Plan by each division and corporate support functions. It also commissions reviews and audits to promote continuous safety improvement.

Supporting the CSMC are five Divisional Safety Management Committees, each of which oversees the work of line managers in discharging their safety responsibilities in their respective areas of the business. Reporting to the CSMC, the Health and Hygiene Committee is responsible for health and hygiene issues that are relevant to all divisions.

Safety Management Model

The Corporate Safety Management Model is comprised of eight core elements for implementing our management approach to safety. Fit-for-purpose safety management processes for each of the eight core elements have been established to manage safety performance across our businesses.



Crisis Management Plan

In accordance with this plan, the Crisis Management Team is comprised of members of the Executive Directorate, Executive Managers and support personnel. The Executive Committee oversees the status and implementation of major corporate contingency plans, regular safety drills and safety exercises for all areas of our business.

Public Health & Hygiene Policy

Our Public Health & Hygiene Policy underlines our commitment to safeguarding the health of customers, the public, contractors, and employees by providing a clean, healthy and hygienic environment.

Corporate Infectious Disease Continuity Plan

We work closely with the Government to monitor public health-related issues and concerns. This plan outlines our response to public outbreaks of serious infectious diseases and includes our approach to business continuity in the event of a pandemic.

KEY PRINCIPLES

Safety Values

As a multinational company, we insist that all of our Hong Kong based operations as well as our subsidiaries and associates located outside Hong Kong share the same set of safety values (ALERT):

Absolute Pre-requisite	Keeping Safety First in our hearts and minds and in everything that we do.
Learning and Sharing	Sharing lessons learned and knowledge across our businesses. Learning from other railways and industries to seek continuous improvement.
Excellent Performance	Always being committed to improving safety performance and not being complacent. Setting high safety standards and, as a minimum, meeting or exceeding statutory requirements.

Responsible Citizen Being a responsible corporate citizen caring for the safety of stakeholders. Listening and responding to safety needs of communities and stakeholders.

Total Commitment and Ownership Safety is everyone’s responsibility and must be ingrained in our DNA. Safety management is the responsibility of each director, manager and supervisor.

ALARP Principle

We apply the “As Low As Reasonably Practicable” (ALARP) principle to the management of risks relating to the safety and well-being of customers, staff and other stakeholders. This stringent approach to risk management also contributes to maintaining high standards of train service performance.

KEY PROCESSES

+ Safety Leadership Training

A mandatory corporate safety management training course was launched in 2013 to ensure that all of our managers are familiar with the Corporate Strategic Safety Plan, understand their safety management responsibilities and develop skills for safety leadership.

+ Safety Targets and Monitoring

We set targets for the safety of passengers, staff and contractors and monitor our safety performance against these targets regularly throughout the year. The annual review of safety targets is based on a systematic approach that takes into account actual performance, new safety challenges and safety improvement initiatives. Since the three types of transport that we provide — Heavy Rail, Light Rail and Bus — have different operating environments and have adopted different types of safety controls and protection measures, safety targets for each type of transport are not directly comparable.

+ Learning and Sharing

As a learning organisation, we encourage information sharing and adoption of best safety practices among our own staff and among metro systems worldwide through a variety of channels:

Safety Learning and Sharing Channels

iSPOTit - A safety reporting scheme implemented by the Operations Division that utilises a mobile app to enable staff to report hazards and near misses so that appropriate and timely action can be taken.

SIMS Mobile - A mobile app utilised by the Projects Division to provide senior management with accident and incident information and statistics from railway construction projects.

Projects Safety - A mobile app utilised by the Projects Division that allows frontline staff to view safety alerts, receive safety information and learn important lessons from accidents and experiences

Did You Know?

The Rolling Stock Maintenance Department at Chai Wan Depot has achieved 16 consecutive years without an accident. Staff members have achieved this remarkable track record despite growing risk factors that could lead to accidents, such as increasing numbers of new recruits. The team at Chai Wan depot has provided support and training to many newcomers in preparation for the opening of the Island Line Extension to Western District.

that are reported by their colleagues.

SafePedia - An intranet portal for Hong Kong based staff to share safety-related knowledge across divisions.

mtrconnects - An online portal with a dedicated safety section to share safety management best practices, knowledge and experiences with employees of subsidiaries and associates outside of Hong Kong. It includes a Monthly Safety Briefing Notes section from the Operations Division as well as a catalogue of international railway incidents and lessons learned.

m-tube - An online portal to upload videos demonstrating important skills and competencies. The videos are used by trainees in the Operations Division as a complement to more traditional training materials.

iShare - An online portal for sharing safety and other information with contractors.

Internal Benchmarking - To facilitate learning and sharing between business units in Hong Kong and those in the Mainland of China and overseas, safety topics are identified for international benchmarking with the objective of promoting continuous improvement in safety management and performance.

CoMET Benchmarking - We participate in safety performance benchmarking and information sharing with metro operators around the world through the Community of Metros.

External Safety Management System Review

During 2014, an international review team of railway safety experts conducted the 8th External Safety Management System Review for the Operations Division. These reviews, which are required under the terms of our Operating Agreement, take place every three years. This year, the review team was led by the American Public Transportation Association and included representatives from the UK Office of Rail Regulation and Transport for London.

The main finding of the Review is that our safety management system is excellent and that the resources

committed to making our Hong Kong transport operations safe and secure are exceptional. Although the team identified 29 industry-leading practices, it also highlighted several areas for improvement. We have resolved to address these areas in order to continue improving our overall safety management in future.

Human Factors

Good safety performance is contingent upon peoples' behaviours in various situations. Understanding behaviour patterns in emergencies as well as repetitive actions in or around a specific work environment can be a crucial factor in reducing safety incidents. Our Human Factors Programme makes use of information about human behaviour to facilitate safe, comfortable and effective work practices. It is designed to maximise staff performance, whether under normal circumstances where the same action is repeated many times, or in emergency situations when staff must respond quickly and correctly to an unexpected situation.

Weary World Cup fans get a boost

Although many football fans among our staff and contractors were overjoyed by the arrival of the World Cup in Brazil during June and July 2014, they also faced a daunting challenge. As Brazil is halfway across the globe from Hong Kong, watching the games meant staying up late into the night and risking the consequences of fatigue at work the following day.

Our response to this situation is a good example of Human Factors Integration at work. The World Cup Fatigue Management Campaign, which was jointly organised by the Safety & Quality Department and the Human Factor Management Committee, featured a series of specially designed promotional banners, posters and a video. Innovative fatigue management cue cards were also distributed to reinforce safety awareness among our operations staff and contractors.

+ Construction Site Safety

Close monitoring by our site teams maintains a high standard of safety on all construction sites. We have a number of schemes in place to promote safety of workers, including quarterly safety conferences for contractors and major safety promotion activities during our annual Safety Week.

For more information, please refer to [contractor safety in context](#), [contractor safety initiatives](#) and [collaboration with our contractors](#).

+ Property Development Contractors

Under our Safety Incentive Scheme, the Property Division conducts a formal assessment of its development contractors every three months and rewards them with a bonus for good safety management and performance. The assessment is based on standardised performance indicators and an evaluation of how effectively the contractors are implementing safety-at-work guidelines established by the Occupational Health and Safety Council.

Under our Safety Hero Award Scheme, we give cash prizes

to workers who demonstrate exemplary safety behaviour. The award encourages workers to set a good example for their colleagues by reporting safety incidents, including near-miss cases, and participating proactively in safety training and briefing sessions.

Projects Division Contractors

All contractors working on our network expansion projects are audited, rated and rewarded for best safety practices. Our Safety and Environmental Improvement Incentive Scheme rewards contractors on our network expansion projects who put in extra effort to achieve stringent safety and environmental criteria.

The Projects Division also engages directly with construction workers through training, highly visible multilingual workplace campaigns, mentoring and a variety of communications initiatives.

Projects Division Safety Campaigns

Mobile Incidents Command Centre - A centre in Tsim Sha Tsui East with live feeds to all project sites, and staff who can travel to any project site at short notice enabling a rapid and coordinated response to serious incidents.

iPromise - A campaign built around the theme of Your Family Needs You, reminding workers to take responsibility for safety because it's important to their family members.



Zero Excuse - A campaign to promote the use of impact resistant gloves to reduce work-related injuries to hands and fingers.

Heat Stress Prevention - A campaign that is mobilised during summer months to ensure workers are provided with sun shelters, electrolyte drinks and regular breaks.

Don't Walk By! - A campaign to encourage all workers to report unsafe working conditions to their supervisors or managers immediately.

Safety Starts with Me - A campaign to remind all workers to take responsibility for their own safety and others.

Near-Miss Reporting - A campaign to share information about incidents that could have resulted in injury so that contractors can learn from one another's experiences.

Life Insurance - We provide additional life insurance coverage of HK\$200,000 for all our contractors' site workers and supervisors, covering natural and accidental causes of death.





Customer Safety

The safety of customers cannot be compromised in any area or aspect of our business. In this report we use the terms “customers” and “passengers” interchangeably to refer to persons using our Hong Kong transport operations. In the context of our Property business, “customers” also refers to tenants of managed properties.

Passenger Safety Performance

The data that we report on passenger safety performance excludes incidents of suicide and attempted suicide and injuries arising as a result of brawls between passengers or passengers’ prior medical conditions.

In 2014, we achieved significant improvements for passenger and public safety on all three types of transport operations. The number of passenger injuries requiring hospitalisation dropped by 21 per cent on heavy rail domestic services, 45 per cent on Light Rail and 5 per cent on our bus network compared with 2013. Most importantly, there were no passenger fatalities during the year.

Reduction in Number of Passenger Injuries Requiring Hospitalisation Compared with 2013

↓21% ON HEAVY RAIL	↓5% ON BUS	↓45% ON LIGHT RAIL
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Passenger and Public Safety – Fatality

	2013	2014
Heavy Rail	2	0
Light Rail	0	0
Bus	0	0

No. of Injuries Requiring Hospitalisation (per 100 Million Passenger Journeys)

	2013	2014
Heavy Rail		
Target	9.72	10.02
Performance	10.25	8.12
Light Rail		
Target	11.50	12.08
Performance	15.73	8.61
Bus		
Target	9.12	8.66
Performance	4.91	4.68

Escalator Safety

We operate nearly 1,000 escalators across our railway network. In order to reduce risks to customer safety as much as possible we set up a special task force at the end of 2012 to make our escalators safer. As part of our ongoing campaign, in 2014 we appointed a new 25-member team of Escalator Safety Ambassadors, launched an entertaining video and introduced new posters in our stations featuring characters from the video. We also installed additional yellow escalator handrails and pasted new stickers on our escalators containing safety reminders.



Learn more...

The [MTR Escalator Safety campaign video](#) reminds passengers of our key safety message - “hold the handrail and stand still”. It premiered on 6 August 2014 at the kick-off ceremony for the 2014 Escalator Safety Campaign.

Customer Safety Initiatives

In recognition of our achievements, we received the Gold Award and Bronze Award (Pointing and Calling category) and Bronze Award (Safety Promotion category) at the 13th Hong Kong Occupational Safety and Health Awards during 2014. This award programme is supported by the Occupational Safety and Health Council and the Labour Department.

+ Suicide Prevention

In Hong Kong, about 1,000 people take their own lives by suicide each year. According to our internally collected statistics, there were seven suicide attempts on our railway network during 2014. To try to reduce the number of these tragic events as much as possible, we joined with The Samaritan Befrienders to set up Emotional First Aid counters in our Mong Kok East, Shatin and Tai Wai stations during 2014. Staffed by volunteer social workers, the counters displayed banners and provided leaflets with information about the emotional cycle and positive suggestions for handling emotional problems.

Passengers were invited to take a test to assess their current emotional state. On one occasion, a passenger who identified as having suicidal thoughts during the testing process was attended to by a volunteer social worker and referred to The Samaritan Befrienders Hong Kong for professional counselling.

+ Crime Prevention

Thanks to the continued efforts of the Hong Kong Police and our passengers to maintain vigilance against crime, the overall crime rate on our railway network fell by 13 per cent compared with 2013. We launched our annual MTR Crime Prevention Campaign in August 2014 co-organised with the Railway District of the Hong Kong Police. The theme of this year's campaign - Stay Alert and Report Crime - was featured on station posters and train door stickers across our network.



+ Light Rail Safety

Maintaining safety on Light Rail can be a challenge since, unlike heavy rail, Light Rail vehicles run in manual mode on sections of track that are shared with other road users and cannot be totally partitioned. In an effort to increase safety standards on Light Rail, the Light Rail Operations team launched a comprehensive safety enhancement and promotion campaign in 2014. Among other initiatives, we established a Safety Management Office for increasing train captains' safety awareness and enhancing engineering controls. We also introduced community engagement activities with the aim of promoting pedestrian safety and safe customer behaviour on Light Rail vehicles.

+ Door Chimes Standardisation

Standardised train door chimes across MTR lines are being rolled out from December 2014 to facilitate smoother train operations and to raise passenger awareness of door safety by providing clearer audio signals to indicate when doors are opening and closing.

+ Property Management

Promoting safety in our managed properties for customers and the general public is a priority for the Property Division. We carry out regular audits on plant and equipment, make frequent visits to evaluate the physical conditions of our buildings, and conduct more than 200 emergency drills per year.

During 2014, we reached out to tenants and their contractors to enhance safety of renovations and fitting-out works. In June 2014, we collaborated with the Occupational Health and Safety Council and the Labour Department to update our safety leaflet on renovation, maintenance, addition and alteration (RMAA) works. We also reviewed our safety guidelines for residential owners and occupiers, and distributed revised leaflets to all managed properties.

During the year, we also reached out to food and beverage tenants of our commercial properties to promote fire safety. In addition to conducting 488 fire safety audits of food and beverage outlets, we hosted two sessions on fire safety that were attended by more than 110 representatives.





Staff and Contractor Safety Performance

Fatalities on our Construction Sites

We are committed to full transparency in disclosing the details of serious incidents affecting our staff and contractors. We deeply regret the loss of two lives in 2014 involving contractors on our construction sites:

- At the Nam Cheong Station property development site, two workers were found unconscious at the bottom of a manhole, with one suffering from serious injuries and the other certified dead on arrival at hospital. A detailed investigation is ongoing to determine the cause of death and identify lessons from this tragic event.
- At the Shatin to Central Link network expansion project site in Wong Tai Sin, a worker was hit on the chin and neck by the bracing arm of a site investigation rig when it was being dismantled and was certified dead on arrival at hospital after suffering from serious bleeding. An Investigation Panel was convened to identify the causes of the incident and to make recommendations to prevent a recurrence. The recommendations have been fully implemented.

**Phubbers,
beware!**

A new word has entered the dictionary — phubbing, the act of snubbing people by looking at your phone. With the rising popularity of smartphones, phubbers among our staff are becoming increasingly at risk of accidents. To remind colleagues not to use mobile phones while walking at work, the Safety & Quality Department designed giant eye-catching 3D posters that were displayed at MTR Headquarters, Fo Tan Railway House, Kam Tin Building and Light Rail Administration Building during 2014 to alert everyone about the safety risks of phubbing.

Staff Safety – Fatality

2013: 0

2014: 0

Contractor Safety Fatality

2013: 4

2014: 2

Lost Time Injuries for Staff

In 2014, there was significant improvement in the lost time injury frequency rate for staff of our Property Division and Operations Division compared with the previous year on account of improved safety awareness. This measure of staff safety also improved for the corporate support functions, but the Projects Division experienced a slight decline in performance during the year.

Staff Safety – Lost Time Injuries (per 100,000 man-hour)

	2013	2014
Corporate Support Functions	0.23	0.17
Operations Division	0.67	0.40
Projects Division	0.08	0.11
Property Division	0.29	0.10
Mainland of China and International Business	0.00	0.00

Reportable Accidents for Contractors

In 2014, the reportable accident frequency rate for contractors working in corporate support functions, the operating railway and network expansion projects improved or remained stable compared with the previous year. There was a decline in performance of this measure of contractor safety performance for property development projects. During the year, nine accidents occurred on our property development sites, of which about one third were attributable to lifting or carrying materials. Consequently, additional training for workers has been arranged to address this issue.

Contractor Safety – Reportable Accidents (per 100,000 man-hour)

	2013	2014
Corporate Support Functions	0.17	0.08
Operations Railway	0.24	0.16
Project Construction - Railway Extension Projects	0.56	0.57
Property Development and Investment Projects	0.04	0.06
Investment Property	0.16	0.15
Management Property	0.13	0.13
China and International Business Division ⁽¹⁾	0.00	0.00

Footnote(1):

Due to the small number of contractors hired, the Mainland of China and International Business Division measures contractor safety using reportable accidents starting from 2013.

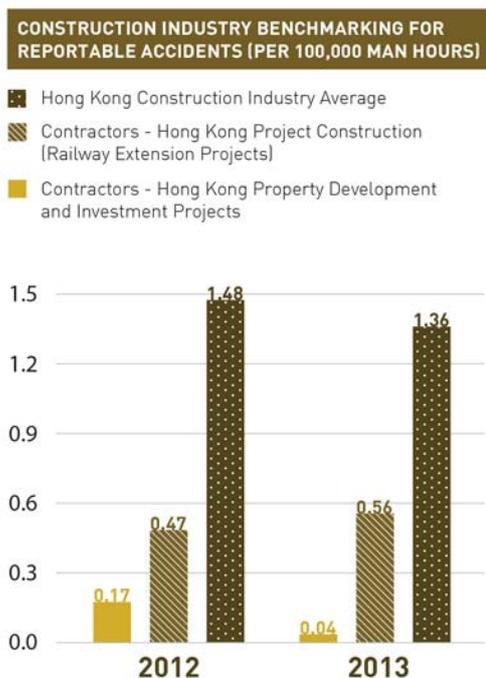
Contractor Safety in Context

Work on construction sites presents many safety challenges. That is why our management approach places special emphasis on promoting safety for workers on our network expansion, property development and investment projects. As a testament to the efficacy of our various initiatives, the rate of reportable accidents on our network expansion project sites continues to compare favourably with the Hong Kong Construction Industry average.

The rate of reportable accidents refers to work-related injuries of primary contractor staff that result in more than three days of sick leave. This comparison demonstrates the extent to which we believe there are very real opportunities for improving safety practices across the construction industry in Hong Kong.

Learn more...

Safety data for the Hong Kong Construction Industry is published by the [Occupational Safety and Health Branch](#) of the Hong Kong Labour Department.



Contractor Safety Audit

We engage external auditors from Det Norske Veritas (DNV) to evaluate safety standards on the construction sites of our network expansion projects. During 2014, the majority of our contractors achieved an excellent result, level 7, in the DNV Safety Audit Protocol. This result is comparable to the highest international standards and best practices.

Contractor Safety Initiatives

During 2014, the construction industry in Hong Kong continued to be affected by a general shortage of experienced workers due to an aging workforce and the large number of construction projects currently underway. In response, we have implemented new initiatives to ensure high levels of safety and welfare for all workers on our project sites. Please refer to [collaboration with contractors](#) for more information.

Contractor P-licensing System

As new and inexperienced workers are at most risk of being involved in accidents on construction sites, we launched a new P-licensing system for our contractors in 2014. Under this scheme, newcomers and probationary workers must be identified with an N or P sticker affixed to their helmet or chest badge. We provide additional support to these workers such as ensuring that they fully understand our safety procedures and assigning them with mentors on each shift to provide supervision when they perform high risk tasks. Only workers who successfully complete an assessment process can graduate from the scheme and remove the sticker.

Worker Health and Well-being

We held our second Worker Health and Well-being Month in May 2014 in collaboration with QBE Hong Kong & Shanghai Insurance Limited and the Department of Community Medicine of the University of Hong Kong. Over the course of the month, a mobile clinic visited 37 locations at all major railway project sites to conduct free, voluntary health screenings for workers, including tests for hearing, cholesterol and blood sugar levels, body mass index, waist to hip ratio, blood pressure and lung function. In total, 1,903 workers received expert counselling about their state of health.

Did You Know?

The Rolling Stock Maintenance Department at Chai Wan Depot has gone 16 consecutive years without an accident. Staff and contractors have achieved this remarkable track-record despite growing risk factors that could lead to accidents, such as loss of experienced staff due to retirement.





Financial Performance

Introduction

The capital intensive nature of our industry has traditionally made it difficult for railway companies to secure the financing that they need to operate and grow. In this context, it is crucially important that we are able to deliver financial returns for our shareholders while also generating steady revenue streams to finance asset maintenance and service enhancements, construct new railways, and to do so in a way that is consistent with corporate responsibility.

We use a number of proven financing models such as the Rail plus Property model, Public-Private Partnerships and operating franchises to support delivery of high quality railway services over the long term. The Rail plus Property model and fares for Hong Kong transport operations are two particularly important components of our financial performance that are highlighted in this section.

In other sections of this report, you can read about how we invest continuously to maintain, improve and expand our services for customers, and learn about our plans for construction of new railway lines.

Financial Performance Highlights

In 2014, we recorded satisfactory financial performance in our businesses. Total revenue for 2014 grew by 3.7 per cent to HK\$40,156 million. Operating profit before Hong Kong property developments, depreciation, amortisation and variable annual payments also increased by 7.1 per cent to HK\$15,423 million. Excluding our Mainland of China and international subsidiaries, revenue increased by 8.1 per cent and operating profit rose by 7.4 per cent, while operating margin decreased slightly by 0.3 percentage point to 53.1 per cent.

Total revenue from Hong Kong transport operations in 2014 was HK\$16,223 million, a 7.0 per cent increase over 2013. Operating costs of the Hong Kong transport operations increased by 9.3 per cent to HK\$9,236 million, resulting in a 4.0 per cent rise in operating profit for this business to HK\$6,987 million, with an

Learn more...

Please also refer to the Annual Report to learn more about the financial performance of the Company in 2014.

operating margin of 43.1 per cent.

Total Hong Kong fare revenue in 2014 was HK\$16,066 million, a 7.0 per cent increase over 2013. Of this total, the Domestic Service accounted for HK\$11,318 million or 70.4 per cent. The average fare per passenger on our Domestic Service increased by 2.6 per cent to HK\$7.31. This increase was offset by fare promotions that were provided to passengers throughout the year.

Consolidated data on financial and economic performance is available in the Performance Metrics section of this report.

Did you know?

In 2014, we spent over HK\$6 billion to maintain and upgrade our railway network in Hong Kong. This amount is expected to increase significantly in future years as our network continues to mature.

CONSOLIDATED FINANCIAL PERFORMANCE

TOTAL REVENUE
HK\$40.2 billion

TOTAL ASSETS
HK\$227.2 billion

OPERATING PROFIT
HK\$14.7 billion
(before interest and finance charges)

NET DEBT-TO-EQUITY RATIO
7.6%

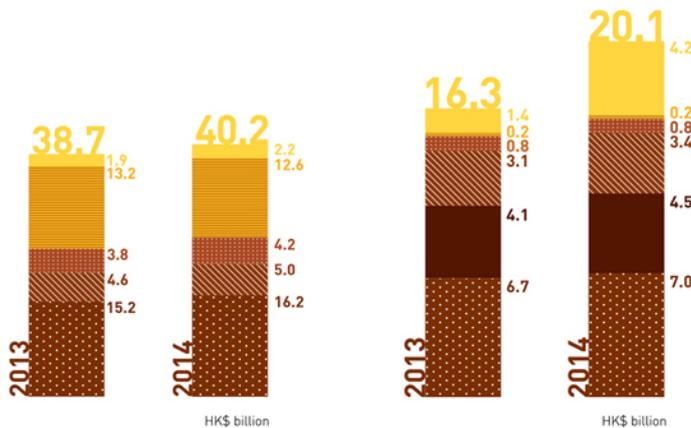
GLOBAL TURNOVER

- Hong Kong transport operations
- Hong Kong station commercial businesses
- Hong Kong property rental and management businesses
- Mainland China and international subsidiaries
- Other businesses

OPERATING PROFIT CONTRIBUTIONS

- Hong Kong transport operations
- Hong Kong station commercial business
- Hong Kong property rental and management businesses
- Mainland of China and international subsidiaries
- Other businesses
- Property development

* Excluding project study and business development expenses

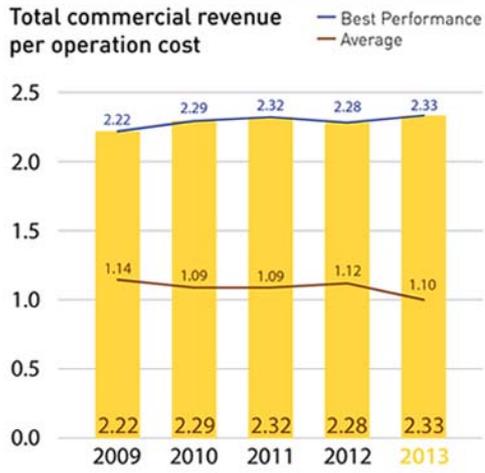


Financial Performance Benchmarking

According to CoMET Benchmarking, we consistently outperform all other participating metros on financial performance measured by capacity provision and utilisation. This result reflects some attributes of the situation in Hong Kong, such as high density of population, as well as the success of our Rail plus Property model, which allows us to operate on a self-sustaining

basis while also maintaining fares at an affordable level.

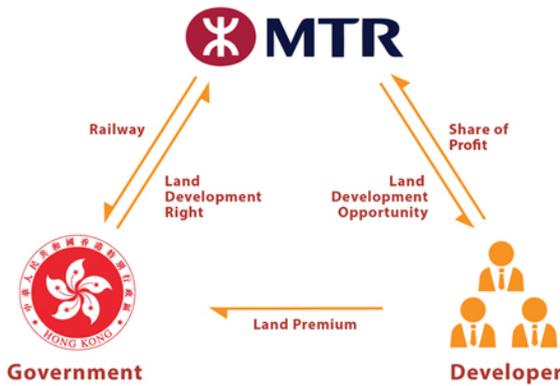
CoMET Benchmarking 2013 for Capacity Provision and Utilisation





Rail plus Property Model

Our ability to provide a reliable world-class railway service is made possible through our Rail plus Property model. Established 40 years ago for financing our first railway line, the Rail plus Property model continues to be the foundation of our business today. In accordance with this model, we are granted land development rights alongside railway alignments and build integrated communities incorporating residences, offices, shops, schools, kindergartens, green spaces and other public facilities above our stations and depots.



In addition to providing resources for railway operations through recurrent income generated by Rail plus Property assets such as investment properties, the model helps to fill funding gaps when building new railway lines. The system also benefits local residents by providing convenient access to railway services and other facilities.



Transit-Oriented Development

Transit-oriented development (TOD) is an initiative of the Government that has railway at its core. In accordance with this strategy, the framework for public transport in Hong Kong reflects the concept of “rail hubs” supported by secondary modes of road-based transport. One key objective of TOD is to utilise Hong Kong’s limited land resources in a prudent way by promoting intensified development near railway stations. It also aims to facilitate efficient, mass transportation of Hong Kong’s population in an environmentally-friendly way and to make

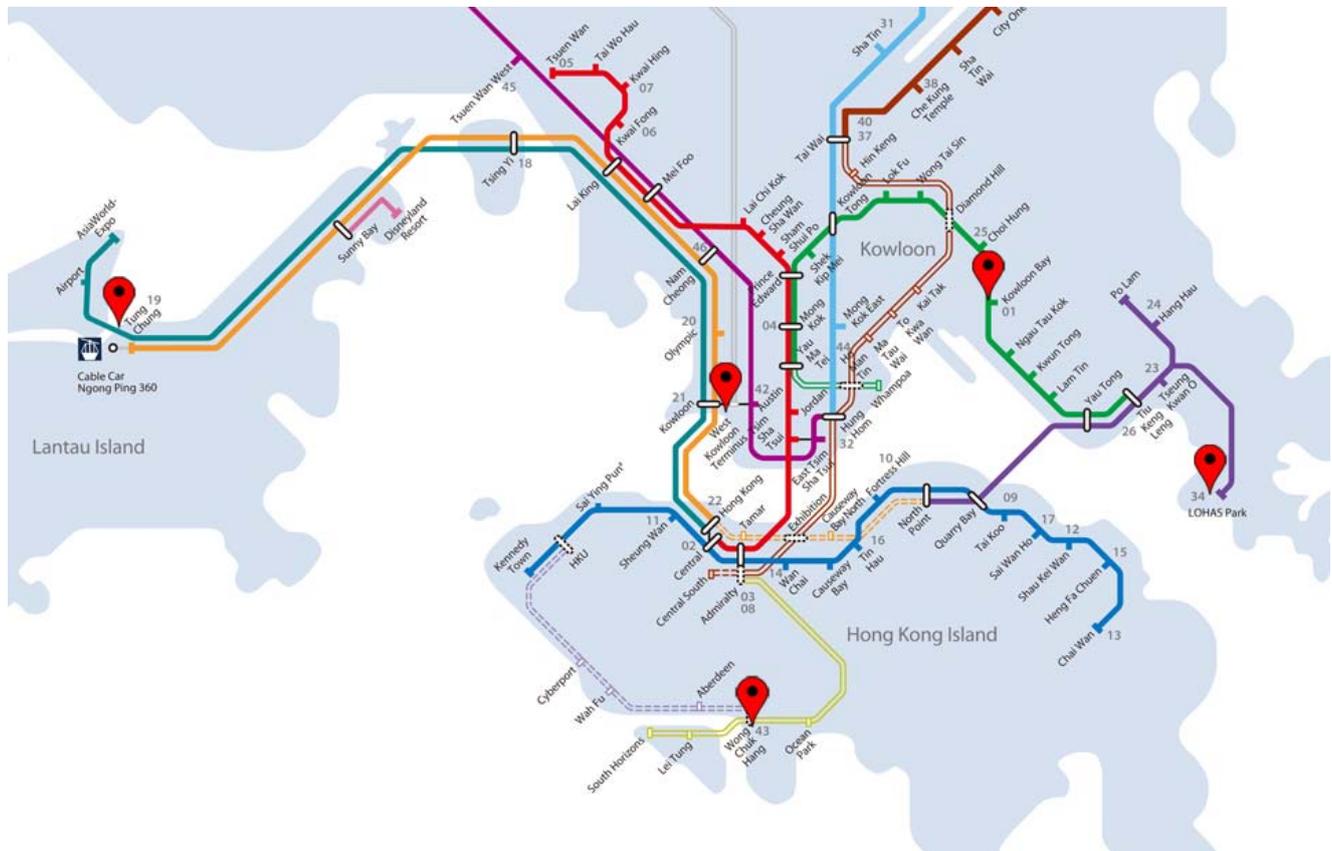
Learn more...

Click [here](#) to access our corporate website for more information about property developments along our railway lines.

optimal use of restricted development opportunities in Hong Kong's built-up areas wherever technically feasible.

As a result of the Rail plus Property model, we have supported TOD at stations all over our network. This map illustrates a few examples of our success stories. Please move the cursor over the marked stations to read more.

MTR's Rail plus Property Success Stories in Hong Kong



Tung Chung - Tung Chung Station is a good example of how TOD works. This station was built along the Tung Chung Line as part of a new town master-plan to create a community of residential housing, retail shops, offices, and a hotel next to the station.

Wong Chuk Hang - The most recent example of the Rail plus Property model development in practice is Wong Chuk Hang Station on the South Island Line (East), which is currently under construction.

West Kowloon - In 1998, Kowloon Station was completed as a key intermediate station of the Airport Express. It is located on reclaimed land in West Kowloon and is seamlessly integrated with the nearby 118-storey International Commerce Centre as well as a residential and retail complex above the station.

Telford Gardens - One of the earliest examples of how TOD has succeeded is Kowloon Bay Station and Depot on the Kwun Tong Line. Completed in the early 1980s, it comprises residential towers with a regional shopping mall and several open spaces well connected to the station.

LOHAS Park - In keeping with our 21st century urban development model, LOHAS Park is being developed as a comprehensively-planned, integrated community. The station itself, which opened in 2009, serves as the

principal transport hub for the area, connecting approximately 60,000 residents via a network of elevated covered walkways. At the end of 2014, 18 out of 50 planned towers were completed as part of the development complex that also includes a 19,000 square metre central park and 330 square metres of seafront promenade.



Looking Beyond Hong Kong

We believe that the Rail plus Property model can be applied successfully in other cities around the world or adapted to suit specific conditions of different markets. In the Mainland of China, for example, we are involved in two rail-related property developments involving the Longhua Line Depot in Shenzhen and another development site in Tianjin. These projects are consistent with plans from the State Council to reform financing of the country's railways.



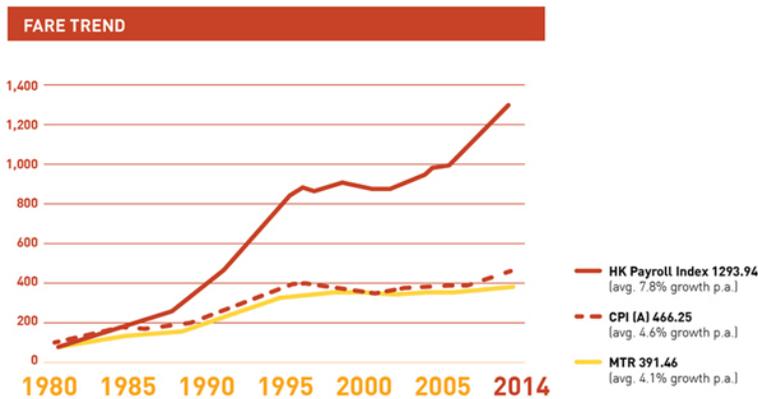


Financial Performance

Fares for Hong Kong Transport Operations

We offer three different classes of fares in our Hong Kong transport operations, namely, Adult, Student and Concessionary. Children below the age of 12, senior citizens 65 years and older, and eligible persons with disability enjoy concessionary fares on all lines. Full-time Hong Kong students between the ages of 12 and 25 are also eligible for concessionary rates.

This chart shows that adjustments to our fares have been in line with long-term consumer price changes and consistently lagged behind wage growth in Hong Kong.



Learn more ...

Please refer to our customer website for the latest information about [Tickets, Fares, Special Schemes, and Frequent User Passes](#).

Did you know?

With implementation of the Government's Public Transport Fare Concession Scheme, elderly people and eligible persons with disabilities can travel on MTR Domestic Services with a concessionary fare of HK\$2 per trip. The scheme aims to build a caring and inclusive society by encouraging these groups to participate more in community activities.

Fare Adjustment Mechanism

Fare adjustments are a sensitive issue for many of our stakeholders, particularly those living on low incomes or who depend on our services for convenient transportation to and from remote parts of our city. The Fare Adjustment Mechanism (FAM) was agreed with Government at the time of the rail

merger in 2007. It is designed to meet three key objectives, namely, to ensure that our fares reflect Hong Kong’s economic conditions, to address the travelling public’s concern about affordability of our services, and to ensure that we generate sufficient revenues to support our operations over the long term.

Learn more...

The Nominal Wage Index is provided by the Census and Statistics Department and measures changes in wage rates of employees up to supervisory level.

Review of the FAM

The FAM is subject to review once every five years, either upon request of the Company or the Government. The first review was completed in 2013, resulting in revisions to the pre-set “Productivity Factor” and new algorithms for determining the amount of funds that we put aside each year for the 10% Same-Day Second-Trip Discount. The next review of the FAM is expected to take place in 2018.

FAM Formula

The FAM is based on an objective, transparent and direct drive formula that allows us to set fares with a measure of predictability and to balance our financial obligations to shareholders with social responsibilities to the community. It takes into consideration the Composite Consumer Price Index (CCPI) and Wage Index, which are published by the Government’s Census and Statistics Department, as well as a Productivity Factor that is agreed with Government. This means that passengers will enjoy a share of productivity gains in our business.

Fare Adjustment Mechanism (FAM)

- FAM Formula

$$\text{Fare Adjustment} = 0.5 * \Delta \text{ CCPI} + 0.5 * \Delta \text{ WAGE INDEX} - t$$

- Wage index: the yearly percentage change in the Nominal Wage Index (Transportation Sector)
 - t = productivity

- Productivity Factor

▶ t = greater of zero and 0.5 x CAGR in Productivity over a reference period = 0.6 till 2018

▶ Productivity: $\frac{\text{HK Transport Operations Revenue}}{\text{HK Transport Operations Expenses}}$

Fare Adjustment in 2014

The latest fare adjustment came into effect in June 2014 with an Overall Fare Adjustment Rate of +3.6 per cent, reflecting

- a year-on-year increase in the Nominal Wage Index of 4.1 per cent,
- an increase in the Composite Consumer Price Index of 4.3 per cent; and,
- a Productivity Factor of 0.6 per cent.

As agreed with the Government during the review of the FAM in 2013, the Productivity Factor for five years between 2013 and

2017 will be 0.6 per cent instead of 0.1 per cent, as originally specified before the FAM review. This means that fare increases during this period will be lower each year than they would have been under the original formula.



Concessions and Discounts

In recognition of our 35th Anniversary of passenger services and to thank our customers for their support over the years, in May 2014 we announced a package of fare promotions, including those associated with the FAM. These have an estimated value of approximately HK\$500 million, adding to the annual HK\$2.2 billion worth of ongoing fare concessions and promotions that we already offer today.

Fare Concession Schemes

As part of the review of the FAM in 2013, we agreed to share our commercial success with passengers through schemes that give back a portion of our profits in the form of time-limited fare concessions:

- **Profit-related Fare Concession Scheme** - Each year we set aside a pre-determined amount of money based on a sliding scale referencing the amount of profit that is generated by its underlying business. The money is given directly to customers through the 10% Same-Day Second-Trip Discount.
- **Affordability Discount** - This scheme is designed to provide temporary relief to customers during difficult economic times when the FAM overall adjustment rate (calculated from FAM formula) and the yearly percentage change in Median Monthly Household Income (MMHI) for the 4th quarter of the most recent calendar year are both positive, and the FAM rate is higher than the rate of change of MMHI. We will introduce this discount for a limited period of up to two years to ensure that in any given year the actual increase in fares paid by customers is capped by the yearly percentage change in the prevailing MMHI published by the Government.
- **Service Performance Arrangement** - Each time there is a service disruption of 31 minutes or longer arising from an equipment fault or human error, we put aside a pre-determined amount of money. The amount is based on a sliding scale referencing the length of delay and is given to customers through the 10% Same-Day Second-Trip Discount.

Discounts for Our Passengers

Each day during 2014, more than 1.7 million passengers on average enjoyed the 10% Same-Day Second-Trip Discount for Octopus card holders. We extended this discount scheme for six and a half extra months from 15 October 2014 to 30 April 2015 to thank our customers for their continued support during our 35th year of passenger services.

In June 2014, we launched the first multi-ride smart card, MTR City Saver, designed to save money for regular commuters making medium to long distance cross-harbour journeys within urban areas. The 40 rides scheme proved so popular that nearly 40,000 New MTR City Saver tickets were sold within the first week.

Trial of an Early Bird Discount Promotion was introduced from September 2014 to May 2015 in order to help manage morning peak demand. This promotion offers adult passengers a 25 per cent fare discount if they exit gates between 7:15am and 8:15am on ordinary weekdays at 29 designated stations.

Other discount schemes in 2014 included discounts for outlying island ferry passengers, Monthly Pass Extra and Day Pass. We also offered free travel for elderly and disabled passengers to celebrate Senior Citizen's Day and the International Day of Disabled Persons respectively.



Learn more...

Please refer to [Tickets and Fares](#) on our customer website for the latest concessions and discounts.





Introduction

Electrically-powered mass railway is generally acknowledged to be the most environmentally sustainable way to transport the world's growing and urbanising populations. We believe that our most significant contributions to the environment arise from impacts that do not occur as a result of our services. For example, Hong Kong has cleaner air, less congested roads and makes better use of limited land resources than would otherwise be the case if passengers used our trains instead of other modes of transport.

In support of this view, the International Association of Public Transport (UITP) and management consultancy Arthur D Little have recently concluded that Hong Kong has "the most advanced urban system in the world". Compared with 28 other centres in the Asia Pacific region, our city ranks first in terms of low carbon transport.

This graphic represents the number of buses, mini-buses and cars that it would take to transport the same number of passengers, on average, as just one of our trains travelling at full capacity. In our view, this image captures our most significant contribution to a clean and healthy environment in Hong Kong and the other cities where we operate modern and efficient railway systems.

Learn more...

Download a copy of [Future of Urban Mobility 2.0](#) to read more about the findings published by Arthur D Little and UITP in January 2014, including an updated version of the Urban Mobility Index covering 84 cities.

Clearing the air

In 2014, we replaced eight older buses on our feeder service to and from West Rail Line stations and Light Rail stops. The new buses are fitted with Euro V engines, meeting the latest and most stringent emissions standards in Hong Kong.

Snapshot of MTR's Contribution to the Environment

1 MTR Train



25 Buses



150 Mini-buses



1,500 Cars



Management Approach

In this section, we introduce the key elements of our approach to the sustainable use of resources, climate change and environmental protection. A data table containing all key performance indicators (KPIs) for environmental performance is available in the Performance Metrics section.

GUIDING STRUCTURE

Climate Change Policy

Our Climate Change Policy acknowledges that climate change is affecting Hong Kong and other locations where we operate. We are committed to mitigating climate change by providing low carbon transport and lifestyle opportunities for customers and communities, and also to adapting to climate change in order to ensure safe, reliable and efficient delivery of our services in years to come.

Biodiversity Policy

Our Corporate Biodiversity Policy commits us to safeguarding ecologically sensitive areas. Under this policy, we have integrated biodiversity considerations into our Environmental Management Systems and continue to manage the Lok Ma Chau Wetlands Ecological Enhancement Area.

Green Procurement Policy

Our Green Procurement Policy incorporates principles for responsible management of natural resources.

Managing Risk

Risks associated with the environment are subject to regular assessment by our Enterprise Risk Committee. In the case of climate change for example, we distinguish between direct risks that impact service delivery, asset management, staff, and customers, and indirect risks that affect our supply chain and the communities that we serve.

Energy Efficiency

We have been a signatory of the World Business Council for Sustainable Development (WBCSD) Manifesto for Energy Efficiency in Buildings since October 2012. When it comes to

Did you know?

In support of the Environmental Protection Department's Energy Saving Charter, we voluntarily set average indoor temperatures at MTR Headquarters and common areas of office buildings and shopping malls under our management to 24–26°C during summer months.

Learn more...

According to the Electrical and Mechanical Services Department, buildings account for about 90 per cent of total energy consumption in Hong Kong. The regulatory framework governing energy efficiency in Hong Kong comprises the Building Energy Efficiency Ordinance and Building Energy Code.

energy efficiency, we strive to go well beyond regulatory compliance.

For more information about energy efficiency, please refer to [electricity consumption](#) and [energy-saving measures](#).

KEY PROCESSES

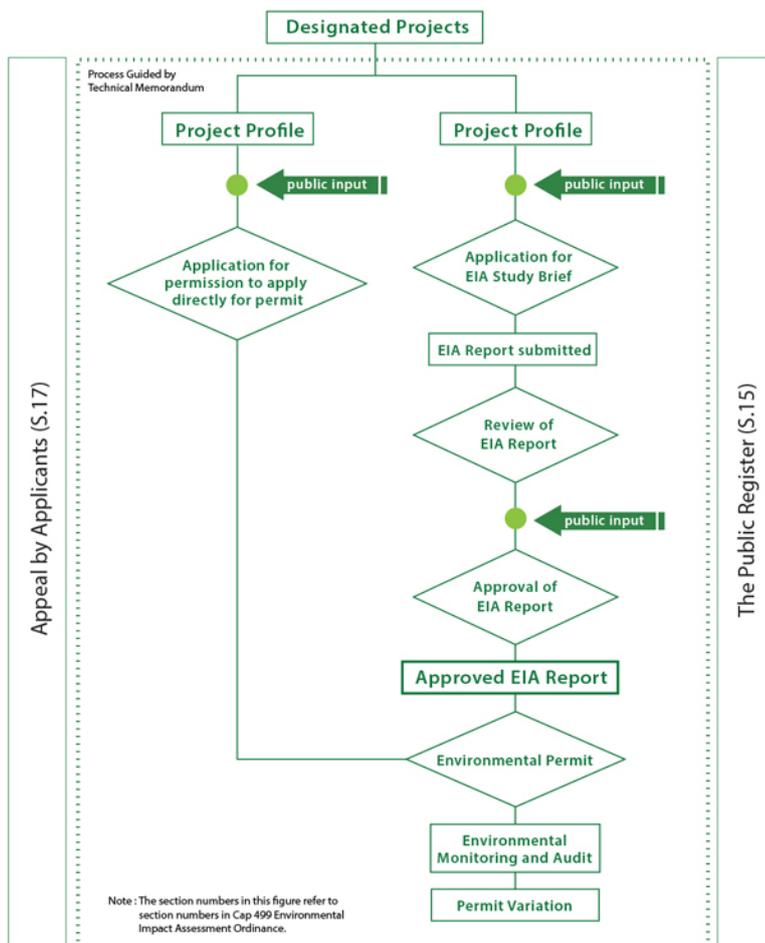
Environmental Impact Assessment

We follow a robust statutory process of Environmental Impact Assessment (EIA) for new projects involving public consultation, report preparation and expert review. Based on the outcomes of this process, environmental permits issued by the Government specify conditions that must be complied with throughout the lifespan of our projects, including control of environmental impacts relating to noise, water pollution, air pollution and waste disposal.

Learn more...

ISO (International Organization for Standardization) is the world's largest developer of voluntary international standards. [ISO 14001:2004](#) provides a framework that any company or organisation can follow to set up an effective environmental management system.

The Statutory Environmental Impact Assessment Process



Environmental Management Systems

Our Environmental Management Systems (EMS), which are designed and certified to the standard of ISO 14001:2004, support our teams from the Operations, Projects and Property Divisions to identify environmental impacts and achieve continuous improvement.





Sustainable Resource Use

In 2014, we purchased over 1,880 GWh from Hong Kong’s two electricity providers for railway and property operation, representing about 4 per cent of Hong Kong’s total energy consumption. Heavy rail accounts for the vast majority, or about 75 per cent, of the electricity that we consume, with our Property Division also representing about 22 per cent of our total electricity consumption. This calculation includes all properties that we own and manage, but only takes account of energy use that we control in those properties (i.e. it does not reflect energy consumed by our tenants).

Learn more...

Information about the regulatory framework governing the supply of electricity in Hong Kong is available from the [Environment Bureau](#).

Electricity Consumption (MWh)

	2013	2014
Total	1,832,919	1,881,469
Railway Operations	1,424,953	1,471,301
Heavy Rail	1,371,918	1,417,339
(Share of total)	75%	75%
Light Rail and Bus	53,035	53,962
(Share of total)	3%	3%
Properties	407,966	410,168
(Share of total)	22%	22%

Energy Efficiency

Purchased electricity represents our largest non-staff operating cost. Even without taking into account the environmental benefits of consuming less energy, the cost consideration alone constantly provides an important incentive to seek out innovative ways to improve energy efficiency.

We normalise electricity consumption in two ways in order to evaluate our performance on energy efficiency:

- Electricity use per revenue car km (as illustrated in the chart)
- Electricity use per passenger-kilometre (km) on heavy rail operations

ELECTRICITY EFFICIENCY RATIO OF RAIL ASSETS (HONG KONG)



By 2020, our target is to reduce by 21 per cent the amount of electricity consumed per passenger-kilometre in our heavy rail network compared with 2008 levels, the first full year after the merger of the rail operations. In 2014, we achieved a 19.35 per cent reduction of electricity intensity in our heavy rail operations compared with the baseline from 2008.

Trends in Electricity Demand

We anticipate that our demand for energy will continue to increase due to higher patronage, new rail lines and continued growth in other areas of our business.

Trends in Electricity Supply

In Hong Kong, our choice of energy suppliers is restricted to two vertically-integrated companies that are regulated by the Government under a Scheme of Control (SOC) Agreement that is valid until 2018. We anticipate that in the coming years the cost of our electricity will rise on account of tariffs being adjusted to reflect developments in world and regional energy markets, including the impact of policies to reduce air pollutants and mitigate climate change.

During 2014, we participated in a consultation exercise organised by the Environmental Protection Department to consider the future fuel mix of electricity supply in Hong Kong. We emphasised the need for the Government to continue to find an appropriate balance between competing objectives of safety, reliability, affordability and environmental protection.



Energy Saving Measures

We have implemented many initiatives to save energy over the years and continue to find new ways to reduce energy consumption in all areas of our business, particularly in the operation of our railways, management of our properties and design and planning of new buildings. This infographic brings together all these initiatives into a concise summary. Please click on each initiative to learn more about what we are doing in each area.

Energy Savings Initiatives

+ LED LIGHTING

Light Emitting Diodes (LEDs) - These are used in stations, advertising panels and on trains to provide energy savings of up to 40 per cent compared to conventional light bulbs. They can last up to 50,000 hours, which is two and a half times longer than conventional bulbs.

+ PHOTO SENSOR CONTROL

Photo-Sensor Control Systems - Redundant lights are switched off automatically on sunny days.

+ TEMPERATURE GRADIENT

In Hong Kong's sub-tropical climate, we rely on air conditioning to keep cool for over 200 days a year. Environmental Control Systems (ECS) are an important means of managing energy efficiency in our stations.

Temperature Gradient - We implement gradual changes of temperature from station entrances to the concourse and to platforms in order to reduce overall cooling demand.

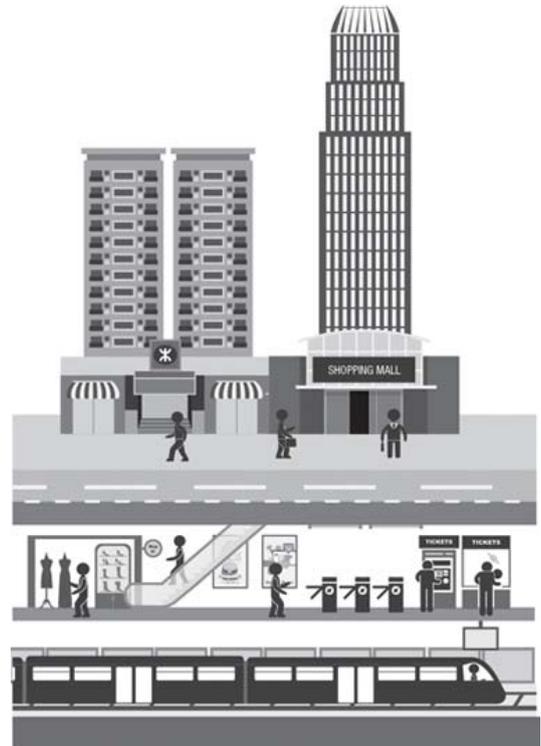
+ PLATFORM SCREEN DOORS

Platform Screen Doors - These are important for minimising the cooling volume on platforms and for reducing the piston effect, whereby moving trains pull cooled air from the station into the tunnel and push hot air from the tunnel into the station.

+ WINTER FREE EXHAUST MODE

Winter Full Exhaust Mode - When the outside temperature is below 22°C, extractor fans are used to create negative pressure in the station, allowing cool ambient air to be drawn into the station through its entrances and to reduce the overall cooling demand.

+ ESCALATOR ENERGY SAVING MODE



Escalator Energy Saving Mode - Redundant escalators are turned off during non-peak hours.

+ REGENERATIVE BRAKING

Regenerative Braking - We convert kinetic energy from trains when they are braking into electrical energy and feed it back into the power supply network for use by other trains through the overhead power system.

+ TRACKSIDE ENERGY STORAGE

Trackside Energy Storage (new technology) - We are in the process of implementing new trackside energy storage devices on some lines aimed at better utilisation of surplus energy generated by train regenerative braking.

+ TRAIN COASTING

Train Coasting - When trains are going downhill or preparing to slow down for upcoming stations, the driver puts the engine into neutral to save energy.

+ TRACKSIDE VENTILATION FAN

Trackside Ventilation Fans - These are optimised during peak and non-peak hours to maintain trackside temperatures suitable for train operation.

Efficient Lighting Systems

Our Operations and Property Divisions are implementing programmes to install energy efficient lighting systems in our railway network and managed properties. This table provides a summary of recently completed and ongoing initiatives.

Status of Energy-saving Lighting Initiatives

Initiatives	Description of Initiatives	Status
LED lighting on trains	93 M-trains on Urban Lines 21,000 LED lamps installed between 2009 and 2013	Completed in 2013
	11 trains on Airport Express Line; 3,400 LED lamps installed between 2013 and 2014	Completed in 2014
	32 trains on Disneyland Resort Line, Tung Chung Line and Urban Lines	Ongoing
LED lighting in stations	Fluorescent lamps replaced by LEDs at all heavy rail stations	Ongoing
	365 light boxes installed at Lam Tin Station	Completed in 2014
	400 light boxes installed at Kowloon Tong Station	Ongoing
	100 light boxes installed at Diamond Hill Station 110 light boxes installed at Tai Koo Station	
LED advertising panels	467 panels installed at Choi Hung, Hung Hom, Causeway Bay, Kowloon Tong, Hong Kong, Kowloon, Airport, Kwai Hing, Kwai Fong and Sheung Wan stations	Completed in 2014

Energy saving initiatives in our Maritime Square Extension

When designing the Maritime Square Extension, one of our managed properties, we implemented a number of energy-saving initiatives such as an energy management system, water-cooled air conditioning system with a combination of conventional and oil-free chillers, air lock lobbies and energy efficient lighting.

C40 Pilot Scheme

We implemented a pilot project in 2011 for energy savings at Olympic Station in partnership with the C40 Cities Climate Leadership Group (C40). We applied energy-saving window films to reduce heat gain from sunlight and deployed highly efficient Variable Frequency Drives (VFD) in the ventilation system. We have been monitoring the impact of these initiatives over time, and following on from the success of this scheme VFD are being implemented in seven other stations on the West Rail Line and Tseung Kwan O Line.

Learn more...

The C40 Cities Climate Leadership Group is a network of the world's megacities committed to addressing climate change.

C40 Pilot Scheme Outcomes

	Energy Savings (MWh)	Carbon Savings (Tonnes CO ₂ e)
2011 to 2012	324	~190
2012 to 2013	518	~325
2013 to 2014	547	~350
Total to date	1,389	~865

Green Buildings

Starting in 2010, we were the first company involved in property development in Hong Kong to implement voluntary environmental standards in a systematic way when we decided that most of our new residential property developments would achieve a minimum of Hong Kong BEAM Plus Gold certification. This is the second highest level in a five-tier system. Where appropriate, we are also implementing BEAM or LEED standards in other properties and railway stations.

This table provides a summary of properties and stations that received provisional assessment or certification for environmental standards by the end of 2014.

BEAM Plus, BEAM and LEED Certifications for Properties and Stations

Building Standard	Property/Station	Year
BEAM Plus Gold (Provisional Assessment)	Austin Station Residential	2012
BEAM Plus Gold (Provisional Assessment)	Nam Cheong Station Residential	2013
BEAM Plus Gold (Provisional Assessment)	Tsuen Wan West Station Bayside Residential	2014
BEAM Silver	Kowloon West Rail Terminus	2010
BEAM Platinum	The Riverpark, Shatin	2013
LEED Operations and Maintenance: Gold	Two IFC	2013
LEED Core and Shell: Silver	University Station entrance	2013

Learn more...

Building Environmental Assessment Method (**BEAM**) is a rating system for green buildings launched in Hong Kong in 1996. BEAM Plus is a comprehensive environmental assessment scheme for buildings recognised by the Hong Kong Green Building Council. The current version, BEAM Plus version 1.2, has been available for formal registration since November 2012. Leadership in Energy and Environmental Design (**LEED**) is a set of rating systems developed by the US Green Building Council (USGBC) for design, construction, operation, and maintenance of green buildings.



Water Consumption

All of our water is sourced from the mains supply provided by the Water Supplies Department. The most important uses of water in our railway operations are for cleaning trains, railway infrastructure, and stations.

Water Supply Risks

We recognise that consumption and availability of water is an important issue for our stakeholders. Hong Kong is highly dependent on the Dongjiang River basin for up to 80 per cent of its water supply, which is threatened by rapid urbanisation and climate change, among other factors.

Water Consumption Trends

Managed and investment properties account for the majority, about 60 per cent, of our total water consumption. In recent years, there has been a trend towards greater consumption of water in our properties due to the growing size of our property portfolio and more intensive use of water from landscaping and swimming pools.

Water Consumption (m³)

	2013	2014
Total	2,060,759	1,960,585
Railway Operations	846,709	851,639
Managed and Investment Properties	1,214,050	1,108,946

Conservation of Water

We implement measures to conserve water in our managed properties. For example, grey water recycling systems at The Capitol, Le Prestige and LOHAS Park collect and treat up to 440,000 litres of water a day. These systems recycle some of our wastewater for re-use in landscaping and cleaning of outdoor public areas.





Climate Change

Our response to climate change is consistent with the latest recommendations from climate scientists, namely, that adaptation and mitigation are complementary strategies for reducing and managing expected risks.



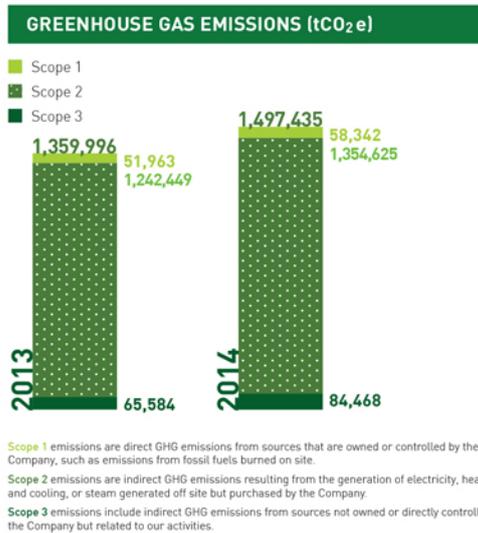
Mitigation

Greenhouse Gas Emissions

We have reported on our greenhouse gas (GHG) emissions since 2002. We monitor Scope 1, 2 and 3 GHG emissions in accordance with the Greenhouse Gas Protocol, and also make reference to guidelines published by the Environmental Protection Department and Electrical and Mechanical Services Department in Hong Kong and other international sources.

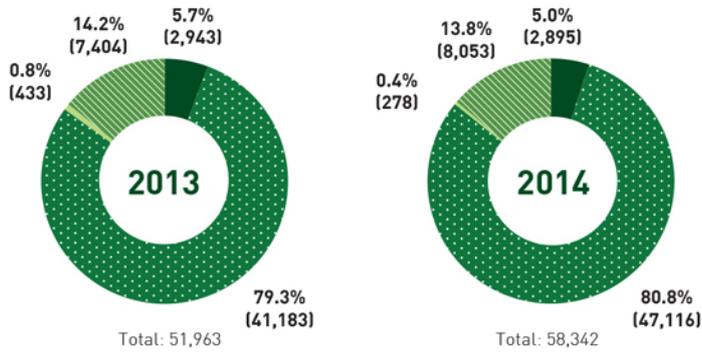
Learn more...

In 2014, the Intergovernmental Panel on Climate Change (IPCC) concluded its Fifth Assessment Report. The key findings of this report are that human influence on the climate system is unequivocal, climate change is already having widespread impacts, and continued emissions of greenhouse gases (GHG) are likely to increase the frequency and severity of impacts over the coming decades.



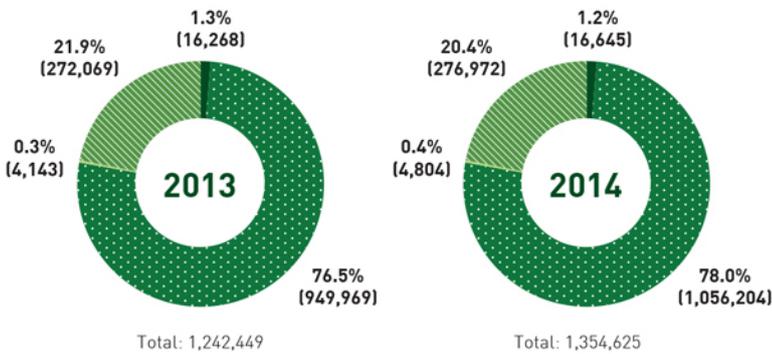
BREAKDOWN OF SCOPE 1 EMISSIONS (tCO₂e)

- Corporate Functions and Main Office Buildings
- Transport Operations
- Network Expansion
- Properties & Other Business



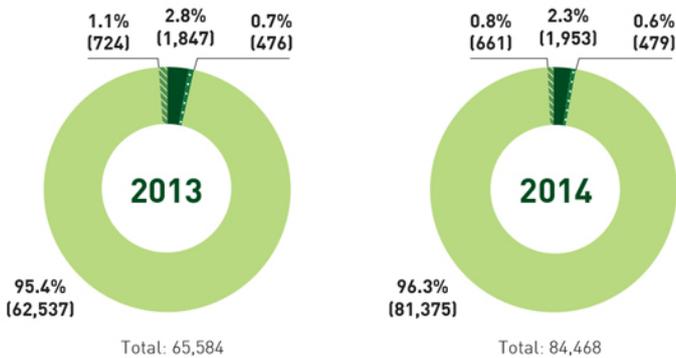
BREAKDOWN OF SCOPE 2 EMISSIONS (tCO₂e)

- Corporate Functions and Main Office Buildings
- Transport Operations
- Network Expansion
- Properties & Other Business



BREAKDOWN OF SCOPE 3 EMISSIONS (tCO₂e)

- Corporate Functions and Main Office Buildings
- Transport Operations
- Network Expansion
- Properties & Other Business



Climate Change Mitigation

Total GHG emissions reported by the Company in 2014 increased by 10 per cent compared with 2013. This outcome is largely attributable to GHG emissions from transport operations, associated with increased train frequency and higher patronage, and from our network expansion projects. The majority of our GHG emissions are indirect emissions arising from purchased electricity for transport operations, properties and other businesses. This electricity is supplied by two vertically-integrated suppliers and is generated from a mix of coal, natural gas and nuclear power. Since we exercise minimal influence over the source of electricity that we consume, our mitigation efforts focus on energy saving measures and improving energy efficiency is one of our top environmental objectives.

Carbon Disclosure Project

We have participated in the Carbon Disclosure Project (CDP) Climate Change Programme each year since 2006 and have also been included in the CDP's Asia ex-Japan Climate Disclosure Leadership Index since 2012. The main advantage of this programme is the opportunity to benchmark our performance with other organisations. In 2014, our response to the CDP's climate change questionnaire achieved a performance band score of B, representing an improvement from C in 2013. This result means that the CDP recognises climate change is a priority for our organisation but believes there is still room for improvement to ensure that our initiatives are fully established.

Lifecycle Carbon Assessment

It is widely acknowledged that emissions associated with daily operations, such as environmental control systems and lights, account for up to 90 per cent of the total lifecycle GHG emissions from buildings. Our pilot study in 2010 confirmed that a similarly high proportion of total lifecycle GHG emissions arise during the operational phase of our railway projects. This means that in comparison to railway operations, the overall contribution to climate change from construction and decommissioning phases of rail projects is relatively minor.

Learn more...

The Carbon Disclosure Project (CDP) is an organisation based in the United Kingdom, which works with shareholders and corporations to disclose GHG emissions of major corporations around the world. It is possible to obtain a copy of the Company's response to the CDP's climate change questionnaire in 2014 from their website.

Did you know?

In 2014, the Hong Kong Construction Industry Council announced that it will establish a new labelling scheme for embodied carbon of selected construction materials. Although we support this initiative, we believe that it will take significant time for the market in low-carbon products to mature in Hong Kong.



Adaptation

Research by climate scientists around the world provides increasingly accurate information about the projected impacts of climate change over the next 20 to 100 years. If significant reductions in GHG emissions are not achieved in the short term, we now know that very significant impacts may be experienced in Hong Kong over the coming decades. We are already responding to potential threats by implementing adaptation strategies to address the direct impacts of climate change on our business.

Major Drivers of Climate Change Impacts in Hong Kong

Annual Mean Temperature expected to increase by 1.5–3°C by 2060 and 3–6°C by 2100.

Average Annual Rainfall expected To increase by 11% by 2100.

Extreme Rain - Rain events exceeding 100mm of rainfall per hour to occur more frequently.

Coastal Flooding - Cities in the Pearl River Delta, including parts of Hong Kong and Shenzhen, are at risk of flooding from major storm surges combined with rising sea levels.

Learn more...

The [Hong Kong Observatory](#) provides extensive information about climate change on its website, including projections for Hong Kong's climate in the 21st century.

Heavy Rain and Flooding

Railway structures are designed and built for a lifespan of over 100 years. In preparation for the longer term effects of climate change, we regularly review our Design Standard Manual to ensure that new railway projects have appropriate protection for 1:200 year rainfall events. We also inspect and assess our existing railway infrastructure on a regular basis to ensure its robustness in extreme weather events.

Extreme weather has the potential to disrupt normal operations and to endanger the safety of our customers. Our Operations Division has incorporated appropriate procedures into the Standing Operations Procedures Manual (SOPM) for frontline staff, including special procedures for super typhoons, strong winds and hailstorms. Our Property Division has also taken steps to ensure that there is sufficient manpower and equipment to handle serious flooding situations.

Learn more...

During 2014, we published [MTR Typhoon Travelling Tips](#), a guide to promote safe travel for passengers during extreme weather.

Rising Temperatures

Hotter weather will have a direct impact on Heat, Ventilation and Air-Conditioning (HVAC) systems, leading to increased maintenance requirements and higher operational costs.

Extreme heat also presents a direct risk to the well-being of staff and contractors, especially those working on construction sites. With reference to advice published by the Hong Kong Labour Department, we have put strong guidelines in place governing outdoor work on hot weather days.





Noise

Noise generated by operations of our trains and maintenance activities on our railway network is a major concern for stakeholders who are affected. During 2014, our Operations Division received 170 complaints about noise, accounting for 94 per cent of all environment-related complaints received throughout the year.

In addition to following up on every complaint in accordance with our internal procedures, we conduct regular surveillance on noise levels along our railway and monitor saloon noise inside our trains with reference to an internal benchmark that was established based on feedback from passengers. We are also continually making improvements to mitigate the effects of operational train noise on the community. For example, in 2014 we implemented several initiatives on the East Rail Line such as rail dampers in Tai Po North and a noise mitigation scheme near The Palazzo in Fo Tan.



Waste

Our new rail projects generate tremendous amounts of construction waste and excavation materials. We adhere to a Government-regulated trip ticket system on all sites in order to keep track of waste and ensure proper disposal, while also continuously exploring new ways to reduce waste.



Discharge of Wastewater

Apart from greywater recycling in LOHAS Park residential estate, all of the water consumed by the Company in Hong Kong is discharged, with appropriate treatment, into the public drainage/sewerage system, which is maintained by the Drainage

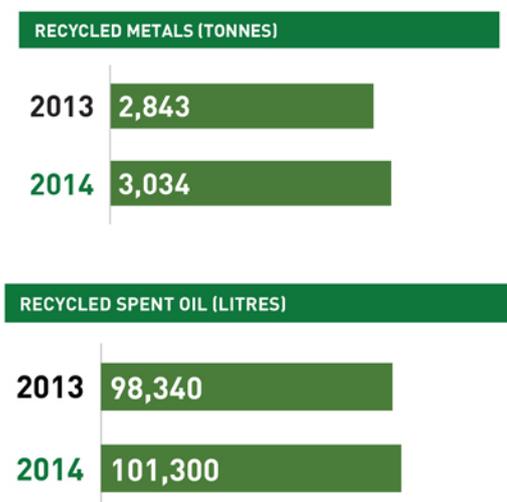
Services Department.

Recycling of Construction Waste

We are able to reuse or recycle about two-thirds of excavation waste from our network expansion projects and try to find uses for demolition waste generated from our property development business in the local recycling industry. For example, we recycled 60 per cent of the waste generated during construction of our Austin Station residential development into eco-friendly paving blocks and also recycled 60 per cent of waste generated from demolition of an existing car park at our Tsuen Wan West Station Cityside development.

Recycling Waste from Railway Operations

Our Operations Division implements recycling programmes for metals and spent oil. The diagram shows the scale of these initiatives.



Recycling in Managed Properties

We provide waste recycling bins to separate waste for recycling at all common areas of our managed properties. Where possible, we also work jointly with Owners’ Committees and Incorporated Owners to promote waste separation programmes to residents. Through our Green Train initiatives and provision of special recycling bins in the common areas of our managed properties, we collect used clothes, ink cartridges and CD discs. Under the Glass to Brick programme, we went one step further to collect and turn waste glass bottles into reusable materials.

Reducing Food Waste

To learn more about our work to reduce food waste generated by customers in our shopping malls and residential developments, please refer to [Value Chain](#).



Ecology

We are committed to protecting the natural environment during construction of new rail projects and take particular care on sections of the lines that impact natural habitats and areas with high ecological sensitivity.

Lok Ma Chau Wetlands

In 2002, the Sheung Shui to Lok Ma Chau Spur Line, part of the East Rail Line, became a Designated Project under the Environmental Impact Assessment Ordinance. The Environmental Impact Assessment (EIA) for this project identified the need for a 32-hectare Ecological Enhancement Area (EEA) to mitigate impacts from construction and operation of the spur line on wetland fauna in this biologically sensitive part of Hong Kong. Located on the eastern side of the Mai Po Inner Deep Bay Ramsar Site in the northeast New Territories, the EEA was established in 2007 and helps to maintain biodiversity by providing habitat environments for target species. Its success relies on active management of the wetland environment, including water management, structural management, control of access and prevention of avian influenza and botulism.

Conservation of Migratory Birds

The marshes and fishpond areas of the EEA provide important nesting sites for migratory birds. During the 2014 breeding season, for example, 87 pairs of birds representing five different species are believed to have bred successfully. Overall, more than 240 species have been spotted in the EEA since 2007, including the first recorded sightings in Hong Kong of Greater White-fronted Goose (*Anser albifrons*), Lesser White-fronted Goose (*Anser erythropus*) and Common House Martin (*Delichon urbicum*). There is also high abundance of a globally-threatened species called the Black-faced Spoonbill (*Gracupica nigricollis*).

Learn more...

Project teams working on the [Express Rail Link](#) are conserving natural habitats located near the Mai Po marshes.

Did you know?

In our [case study on the Island Line Extension to Western District](#), we mention our efforts to preserve century-old tree walls at Forbes Street in Kennedy Town. The full story of conserving this precious natural heritage is told in a book that was launched on 14 July 2014 entitled *Conservation of Stonewall Trees*, co-authored by tree specialist Professor Jim Chi-yung, Department of Geography of The University of Hong Kong, and Dr Glenn Frommer, former Head of Corporate Sustainability at MTR Corporation (now retired).

Conservation of Other Species

The EEA attracts a large diversity of dragonfly and amphibian species. There have been regular sightings of the Chinese Soft-shelled Turtle (*Pelodiscus sinensis*), which is a threatened species, and the Eurasian Otter (*Lutra lutra*), which is a near-threatened species.

Food Angel

Each winter it is necessary to drain fish ponds in the Lok Ma Chau EEA to allow migratory birds to feed on small fish and water creatures. This management activity leaves behind larger fish that are unable to survive in shallow water. In 2014, we donated this nutritious and delicious resource to underprivileged communities in Hong Kong via a not-for-profit food assistance programme called Food Angel.





Introduction

Our approach to corporate responsibility is integral to corporate governance and corporate strategy. Directed by our Vision, Mission and Values and guided by our established processes of Enterprise Risk Management and Stakeholder Engagement, we manage our businesses to balance the interests of all stakeholders.

Sustainable Competitive Advantage



Learn more...

Each year, we publish a Corporate Governance Report as part of our Annual Report. It describes the best practices we have adopted with reference to the Corporate Governance Code from the Listing Rules of Hong Kong Exchanges and Clearing Limited.

What Does Corporate Responsibility Mean to Us?

Our approach to corporate responsibility is documented throughout this report. We strive to be a leader in safety, to meet and exceed our customers' expectations for service, to treat our staff with respect, to manage our impacts on the environment and to contribute positively to the community.

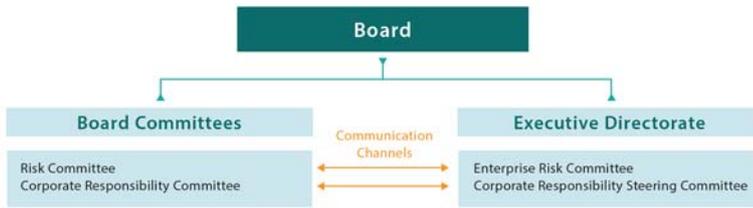
Underpinning all of this are sustainable financial models, allowing us to provide reasonable returns to capital providers while achieving our Vision, Mission and Values. Working with partners in our Value Chain is also important for being a responsible, competitive and profitable enterprise that builds and connects communities.



Management Approach

Corporate responsibility is embedded in our organisation through established committees at both Board and Executive levels.

Committee Structures for Risk and Corporate Responsibility



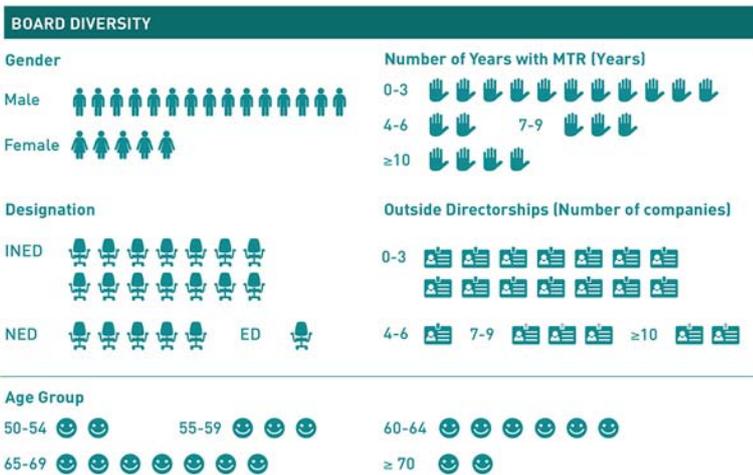
Learn more...

Please refer to [Terms of Reference](#) for the Board Corporate Governance Functions and our [Board Diversity Policy](#).

Board of Directors

The Board of Directors is our highest governing body. Led by the Chairman, it focuses on overall strategic policies and corporate governance. During 2014, the Board of Directors strengthened corporate governance by setting up new committees for Capital Works and Risk and by appointing four new Non-Executive and Independent Non-Executive Directors.

Our Board Diversity Policy ensures that Board members have an appropriate balance of skills, experience and diversity of perspectives. This diversity enhances effective execution of our business strategy.



Corporate Responsibility (CoR) Committee

- Reports to: Board of Directors
- Chaired by: Chairman of the Board
- Frequency of meetings: Twice per year
- Composition: Two Non-Executive Directors (including the Chairman), four Independent Non- Executive Directors, and three members of the Executive Directorate, including the

Learn more...

Please refer to [Terms of Reference](#) for the Corporate Responsibility Committee.

Chief Executive Officer (CEO) and the Legal Director & Secretary (LD&S).

The Corporate Responsibility (CoR) Committee monitors implementation of the Corporate Responsibility Policy and the Corporate Sustainability Policy.

Learn more...

Please refer to Terms of Reference for the Risk Committee.

Risk Committee

Reports to:	Board of Directors
Chaired by:	An Independent Non-Executive Director, appointed by the Board
Frequency of meetings:	No less than once every quarter
Composition:	At least four Non-Executive Directors, with a majority of Independent Non-Executive Directors.

The Risk Committee has oversight on Enterprise Risk Management (ERM); it is mandated by the Board to review the effectiveness of the ERM framework, including top risks and emerging risks and to commission “deep dive” reviews on key risk areas. Crisis management arrangements are reviewed on a regular basis.

Executive Committee

The Board has delegated day-to-day management of the Company’s business to the Executive Committee. Led by the Chief Executive Officer, this committee is comprised of seven Executive Directors and the General Manager - Corporate Relations.

Corporate Responsibility Steering Committee (CoRSC)

Reports to:	CoR Committee
Chaired by:	Legal Director & Secretary
Frequency of meetings:	Four times per year
Composition:	Executive Directors and senior managers representing all major business units.

The CoR Steering Committee monitors and approves initiatives related to corporate responsibility and sustainability in consultation with all major business units.

Enterprise Risk Committee (ERC)

Reports to:	Risk Committee
Chaired by:	Legal Director & Secretary
Frequency of meetings:	Four times per year

Composition: Executive Directors and senior managers representing all major business units.

The Enterprise Risk Committee monitors enterprise risks and approves risk management measures in consultation with all business units.

Enhancing Corporate Governance in 2014

The Board established an Independent Board Committee (IBC) to examine the Express Rail Link delay that was announced in the first half of 2014. We have accepted the findings of two IBC reports, including recommendations to enhance management systems and reporting, monitoring and communication processes.

After the departure of Chief Executive Officer Mr Jay H Walder on 15 August 2014, the Board appointed Deputy Chief Executive Officer Mr Lincoln Leong to be Acting Chief Executive Officer with effect from 16 August 2014. On 12 March 2015 the Board appointed Mr Leong as Chief Executive Officer with effect from 16 March 2015, for a term of three years.

During the year, the Risk Committee and the Capital Works Committee (CWC) were established at Board level to provide additional monitoring of overall enterprise risk and major capital projects. The Board also adopted key milestones and performance indicators that were recommended by the IBC, and the implementation of these measures is being monitored by the CWC.

The Office of the Chief Executive of the HKSAR published the Report of the Express Rail Link Independent Expert Panel on 30 January 2015. We have reviewed this report in conjunction with experts appointed by the IBC and will implement its recommendations where appropriate.

Learn more...

In the spirit of openness and transparency, we released a [Supplementary Note](#) to our Sustainability Report 2013 to address public concern and criticism about the revised programme for the Express Rail Link project that was announced in the first half of 2014. Subsequent to that, we have made more information available about project delays and enhancement of corporate governance in relevant [press releases](#) on our corporate website and also in our [Annual Report 2014](#).

The [Report of the Express Rail Link Independent Expert Panel](#) has been published by the Government.

Enhancing Enterprise Risk Management in 2014

Our framework for Enterprise Risk Management (ERM) provides a simple and effective management process to aid business units across the organisation to identify and review risks and prioritise resources to manage risks that arise. It provides our managers with a clear view of the significant risks facing the Company and is used to support decision making and project execution, helping to deliver better business performance.

We are taking proactive measures to manage risks arising from our recurrent business and business growth as well as from the constantly changing business environment. Some key risks that we are currently managing include the following:

- Reputational impacts arising from programme slippage and cost overruns on network expansion projects in 2014. In response, we have implemented measures to enhance corporate governance.
- Reputational impacts arising from public dissatisfaction with the tendering process for property development projects. In response, we have formulated a comprehensive communication plan and reviewed our tendering strategy for individual property development projects.
- Risks to successful completion of four major new railway projects that are underway in Hong Kong, including general shortage of workers, geotechnical difficulties, and technicalities related to carrying out construction activities in close proximity to operational rail lines and urban developments.
- Service disruptions and over-crowding in some sections of our network. Please refer to Customers.
- Impacts of workforce transition and growing manpower needs. Please refer to Staff.

In mid-2014, the ERC conducted a thorough review of the ERM framework and implemented some new measures to raise risk awareness across all levels of the organisation. These measures include launching our first Risk Awareness Week in October 2014, introducing a computer-based ERM training programme for managers, holding regular meetings of the Executive Committee to discuss top risks and emerging risks, and increasing the frequency of reporting by the ERC to the Executive Committee and the Board. These enhancements are helping to reinforce a risk-informed and risk-aware culture.

We keep ourselves abreast of the latest developments in risk management through reviews with users, cross-industry benchmarking and experience sharing. During Risk Awareness Week 2014, we engaged external risk experts to share best

practices on risk management with our executives, senior managers, members of the ERC and divisional risk co-ordinators.

Corporate Policies

Our management approach to corporate responsibility comprises a number of corporate policies, particularly on issues that are considered to be highly material to our stakeholders and/or that require extensive cross-departmental coordination.

Please refer to the following policies, which can be downloaded from this site. Please click on the name of each document to open it as a pdf file or follow the links provided to other relevant information about implementation of each policy in this report.

[Corporate Responsibility Policy](#)

[Corporate Sustainability Policy](#)

[Safety Policy](#)

[Climate Change Policy](#)

[Biodiversity Policy](#)

[Whistle-blowing Policy](#)

[Corporate Board Diversity Policy](#)

External charters and memberships

We endorse externally developed charters, principles and initiatives, and participate in associations and advocacy organisations. To download a list, please click [here](#).



Fair and Ethical Business

Our success depends on the trust placed in us by our stakeholders. It is therefore the responsibility of all members of our staff to uphold our reputation as a fair and ethical business at all times.



Code of Conduct

In 2014, we carried out a comprehensive review of our Code of Conduct (“the Code”) for employees and made revisions so that it will be more understandable and user-friendly for members of our staff. Together with other corporate policies and guidelines, the Code reinforces the trust placed in us by our stakeholders. It aligns with our VMV and supports our goal to enhance transparency. Staff members at all levels of the organisation must uphold the highest standard of business ethics and respect principles of fairness, impartiality and integrity in all locations where we do business.

Ethical behaviour starts at the top, so leaders of our organisation must set an example for all members of staff. They are responsible for identifying potential issues, encouraging compliance with the Code, challenging unethical behaviour, and addressing any reported violations or practices that do not match our standards.

Learn more...

Please refer to the latest version of our [Code of Conduct](#).



Anti-Corruption and Whistle-Blowing

We encourage and assist whistle-blowers to raise grievances without fear of reprisal. Our [Whistle-blowing Policy](#) applies to all members of staff and to anyone who has dealings with the Company, including customers, business partners and suppliers.

All reports of misconduct are treated with the utmost urgency, confidentiality, and respect. During 2014, our Whistle-blowing Panel evaluated 14 cases, of which nine were determined to be unsubstantiated through follow-up investigations. The three cases that were substantiated or partially substantiated related

to conduct of individual staff members and did not involve allegations of unfair or unlawful behaviour by the Company. Appropriate follow-up action is being taken in response to the substantiated cases, including disciplinary action where appropriate. Two of the cases are still under investigation.





Our Stakeholders

Our stakeholders include any entity or individual who is significantly affected by our principal activities in Hong Kong and/or whose actions are expected to significantly affect the ability of the Company to achieve its objectives. By this definition, we have millions of stakeholders from all parts of our city, of all ages, all socio-economic groups, and all types of employment.

Stakeholder engagement is a dynamic and evolving process that provides essential input into our business. Please refer to Safety, Environment, Staff, Community, Customers and Value Chain to learn about our approach to engaging with stakeholders on all of these topics.

Despite the enormous diversity of views and opinions that are represented, we want all of our stakeholders to feel heard and understood. For the purposes of our materiality assessment, we have created nine categories of stakeholders. Definitions for each stakeholder group can be found in our interactive Materiality Matrix.



Materiality Matrix

Sustainability reporting is one way that we engage with our stakeholders on an annual basis. The infographic below presents an overview of our approach to stakeholder engagement and reflects outcomes from our stakeholder engagement process that were relevant to our sustainability reporting in 2014.

Materiality Outcomes Arranged by Topic

Please click on each Topic to see a list of relevant sustainability issues and their position in the Materiality Matrix. Where appropriate, the list contains links to more information about the sustainability issues on this report website.

I. FAIR OPERATING PRACTICES	Materiality Level	Website location
1 Organizational Governance structure and process	High	Corporate Governance Introduction
2 Fair operating practices (including ethical dealings with other organisations)	High	Fair and Ethical Business
3 Anti-corruption	High	Anti-Corruption and Whistle-Blowing
4 Responsible political involvement	High	Stakeholder Engagement and Materiality
5 Fair competition	High	Fair and Ethical Business

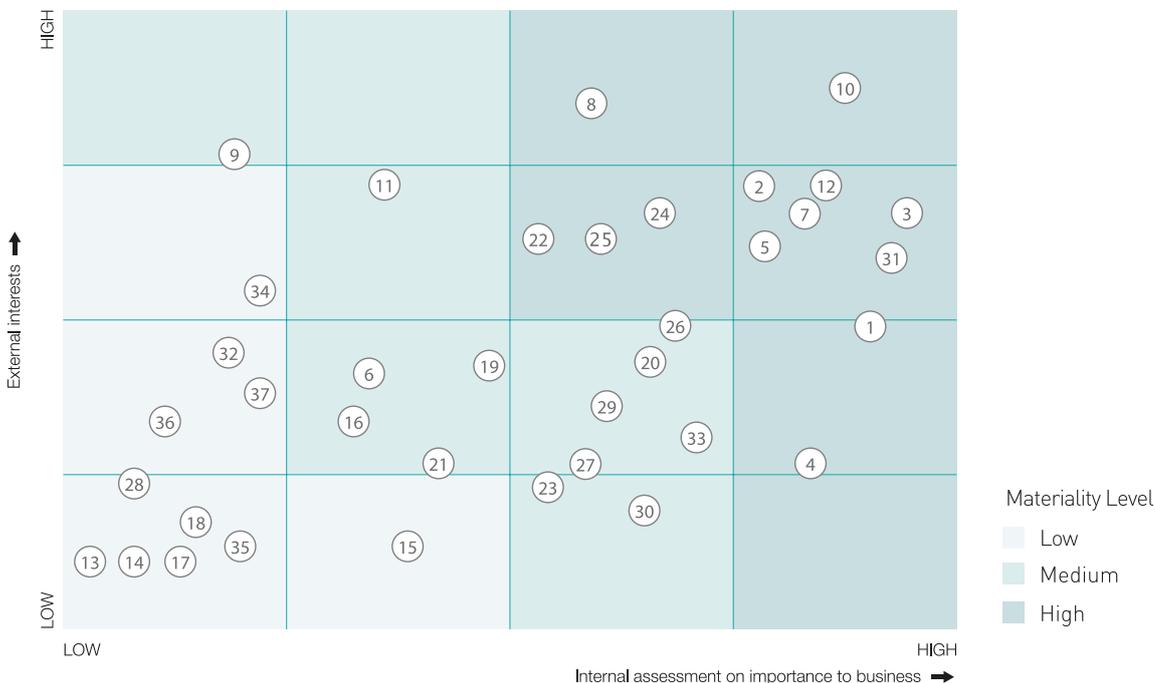
II. CONSUMER ISSUES	Materiality Level	Website location
6 Fair marketing (including factual and unbiased information)	Medium	Not reported
7 Customer education	High	Safety Management Approach Fares for Hong Kong Transport Operations
8 Customers' health & safety	High	Customer Safety
9 Sustainable products & services	Medium	Evaluation of Materiality Assessment Results
10 Customer service, support, and complaint handling	High	Customers Introduction
11 Customer data protection & privacy	Medium	Evaluation of Materiality Assessment Results
12 Access to essential services (including avoidance of service disruption)	High	Train Service Performance

III. HUMAN RIGHTS LABOUR PRACTICES	Materiality Level	Website location
13 Human rights risks assessment	Low	Not reported
14 Human rights risk issues	Low	Not reported
15 Human rights grievances mechanism	Low	Anti-Corruption and Whistle-Blowing
16 Diversity and equal opportunity	Medium	Corporate Governance Introduction Staff Introduction
17 Fundamental principles & rights at work (based on Internal Labour Organisation standards)	Low	Not reported
18 Protection of civil & political rights of staff	Low	Not reported
19 Employment practices	Medium	Staff Introduction
20 Conditions of work & social protection	Medium	Staff Management Approach
21 Staff consultation and engagement (including freedom of association and collective bargaining)	Medium	Staff Management Approach
22 Employee and contractor health & safety	High	Staff and Contractor Safety
23 Employee development & training	Medium	Training Programmes

IV. THE ENVIRONMENT	Materiality Level	Website location
24 Prevention of pollution (including air, water & waste)	High	Environmental Protection
25 Sustainable resource use (including resource efficiency & water use)	High	Sustainable Resource Use
26 Climate change	Medium	Climate Change
27 Biodiversity	Medium	Ecology

V. SUPPLY CHAIN	Materiality Level	Website location
28 Supply chain human rights risk	Low	Supply Chain Management
29 Promoting social responsibility in the value chain	Medium	Value Chain Introduction

VI. COMMUNITY INVOLVEMENT AND DEVELOPMENT	Materiality Level	Website location
30 Payment from government / tax payment	Medium	Rail plus Property Model
31 Community involvement and development (including stakeholder engagement)	High	Community Engagement
32 Education and culture	Low	Case study: Island Line Extension to Western District Community Investment
33 Employment creation and skills development	Medium	Our People Recruitment in Hong Kong
34 Technology development and access	Low	Not reported
35 Wealth and income creation	Low	Not reported
36 Community health	Low	Not reported
37 Community investment (including staff volunteering)	Low	Staff Volunteering Community Investment



Materiality Outcomes for Stakeholder Groups

Please select any stakeholder group to see a definition, and to learn about engagement channels and sustainability issues of interest to each type of stakeholder. Where appropriate, there are links to more information about MTR’s response to stakeholders’ interests on this report website.

Stakeholder	Engagement Channels	Key interests	Materiality Level	How MTR responds
Investors	Shareholders, including our majority shareholder the Hong Kong Government, other providers of capital and financial analysts.			
<ul style="list-style-type: none"> • Annual and interim reporting • Annual General Meeting • Special announcements • Investor road shows • MTR Hotline • Socially Responsible Investment Indices 	1	Organizational governance structure and Process	High	Corporate Governance Introduction
	2	Fair operating practices	High	Fair and Ethical Business
	3	Anti-corruption	High	Anti-Corruption and Whistle-Blowing
	4	Responsible political involvement	High	Stakeholder Engagement and Materiality
	5	Fair competition	High	Fair and Ethical Business
	6	Fair marketing	Medium	Not reported
	7	Customer education	High	Safety Management Approach Fares for Hong Kong Transport Operations
	8	Customers’ health & safety	High	Customer Safety
	9	Sustainable products & services	Medium	Evaluation of Materiality Assessment Results
	10	Customer service, support, and complaint handling	High	Customers Introduction
	12	Access to essential services	High	Train Service Performance
Staff	All employees of the Company and its subsidiaries.			
<ul style="list-style-type: none"> • Management Communication Meetings • Divisional Communication Meetings • Staff Attitude Survey • Meetings with staff unions • Joint Consultation Committee (JCC) • Staff Consultation Committee (SCC) meetings • Various internal communication channels • “We are MTR” - MTR Retiree Network 	8	Customers’ health & safety	High	Customer Safety
	10	Customer service, support, and complaint handling	High	Customers Introduction
	12	Access to essential services	High	Train Service Performance
	18	Protection of civil & political rights of staff	Low	Not reported
	19	Employment practices	Medium	Staff Introduction
	20	Conditions of work & social protection	Medium	Staff Management Approach
	21	Staff consultation and engagement	Medium	Staff Management Approach
	22	Employee and contractor health & safety	High	Staff and Contractor Safety
	23	Employee development & training	Medium	Training Programmes

Stakeholder	Engagement Channels	Key interests	Materiality Level	How MTR responds
Environmental Interests	Combines stakeholders from a variety of backgrounds, including NGOs, academic institutions and industry bodies, who have expressed interest in the environmental impacts of our activities and/or particular environmental issues.			
<ul style="list-style-type: none"> Environmental Impac Assessment Consultation Environmental Impact Assessment Expert Review Ecologists' advisory services CDP Disclosure Meetings with green groups Wetland Special Advisory Committee" 	24	Prevention of pollution	High	Environmental Protection
	25	Sustainable resource use	High	Sustainable Resource Use
	26	Climate change	Medium	Climate Change
	27	Biodiversity	Medium	Ecology
	31	Community involvement and development	High	Community Engagement

Communities Our largest stakeholder category in terms of both the number of people and the range of interests represented. It includes members of local communities who are directly impacted by our activities due to their close proximity to our railway operations, property developments or network expansion projects. It also includes community groups representing sections of the wider Hong Kong society, for example youth and the elderly, as well as less advantaged members of our society such as the disabled and those living on low incomes.

<ul style="list-style-type: none"> MTR facebook Public announcements, press releases Bi-weekly meeting of CEO and senior mangement with the press Community liaison group meeting Society Link Staff volunteering "art in MTR" Partnering programmes with NGOs 	7	Customer education	High	Safety Management Approach Fares for Hong Kong Transport Operations
	8	Customers' health & safety	High	Customer Safety
	9	Sustainable products & services	Medium	Evaluation of Materiality Assessment Results
	10	Customer service, support, and complaint handling	High	Customers Introduction
	11	Customer data protection & privacy	Medium	Evaluation of Materiality Assessment Results
	12	Access to essential services	High	Train Service Performance
	24	Prevention of pollution	High	Environmental Protection
	31	Community involvement and development	High	Community Engagement
	33	Employment creation and skills development	Medium	Our People Recruitment in Hong Kong
	34	Technology development and access	Low	Not reported
37	Community investment	Low	Staff Volunteering Community Investment	

Stakeholder	Engagement Channels	Key interests	Materiality Level	How MTR responds
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Suppliers All organisations and persons who provide products and services used in our supply chain.

	<ul style="list-style-type: none"> • Supplier survey on Corporate Responsibility • Supplier audit • Industry conferences and road shows • Partnering programmes, site visits and seminars 	<ul style="list-style-type: none"> 5 Fair competition 	High	<u>Fair and Ethical Business</u>
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Business partners A sub-set within our supply chain made up of contractors (and employees of our contractors) working on behalf of the Company on network expansion and property development and investment projects. These business partners have been singled out from other suppliers because of their close collaborative relationship with the organisation.

	<ul style="list-style-type: none"> • Industry meetings, conferences, job fairs, road shows • Partnering programmes, contract and site meetings, seminars 	2 Fair operating practices	High	<u>Fair and Ethical Business</u>
		5 Fair competition	High	<u>Fair and Ethical Business</u>
		22 Employee and contractor health & safety	High	<u>Staff and Contractor Safety</u>

Regulators Bodies concerned with enforcement of laws, regulations and other standards that affect our day-to-day operations and business development, including Government departments and the Hong Kong Stock Exchange.

<ul style="list-style-type: none"> • Regulatory compliance reports • Legislative Council meetings • Advisory panels on transport and urban planning • Meetings with District Councillors • Meetings with Legislative Councillors 	2 Fair operating practices	High	<u>Fair and Ethical Business</u>
	3 Anti-corruption	High	<u>Anti-Corruption and Whistle-Blowing</u>
	7 Customer education	High	<u>Safety Management Approach</u> <u>Fares for Hong Kong</u> <u>Transport Operations</u>
	8 Customers' health & safety	High	<u>Customer Safety</u>
	9 Sustainable products & services	Medium	<u>Evaluation of Materiality</u> <u>Assessment Results</u>
	10 Customer service, support, and complaint handling	High	<u>Customers Introduction</u>
	11 Customer data protection & privacy	Medium	<u>Evaluation of Materiality</u> <u>Assessment Results</u>
	12 Access to essential services	High	<u>Train Service Performance</u>
	16 Diversity and equal opportunity	Medium	<u>Corporate Governance</u> <u>Introduction</u> <u>Staff Introduction</u>
24 Prevention of pollution	High	<u>Environmental Protection</u>	

Stakeholder	Engagement Channels	Key interests	Materiality Level	How MTR responds
		25 Sustainable resource use	High	Sustainable Resource Use
		26 Climate change	Medium	Climate Change
		31 Community involvement and development	High	Community Engagement
		32 Education and culture	Low	Case study: Island Line Extension to Western District Community Investment
		34 Technology development and access	Low	Not reported
		36 Community health	Low	Not reported
		37 Community investment	Low	Staff Volunteering Community Investment

Customers and Passengers

In the context of our rail business, “customers” and “passengers” refer to persons travelling on types of services provided by our Hong Kong transport operations. In the context of our Property business, this category also refers to residential and commercial tenants of our managed properties, and patrons of all MTR Malls.

<ul style="list-style-type: none"> • Customer satisfaction surveys • MTR Mobile app • MTR Club • MTR website and facebook page • MTR hotline 	6 Fair marketing	Medium	Not reported
	8 Customers' health & safety	High	Customer Safety
	9 Sustainable products & services	Medium	Evaluation of Materiality Assessment Results
	10 Customer service, support, and complaint handling	High	Customers Introduction
	11 Customer data protection & privacy	Medium	Evaluation of Materiality Assessment Results
	12 Access to essential services	High	Train Service Performance

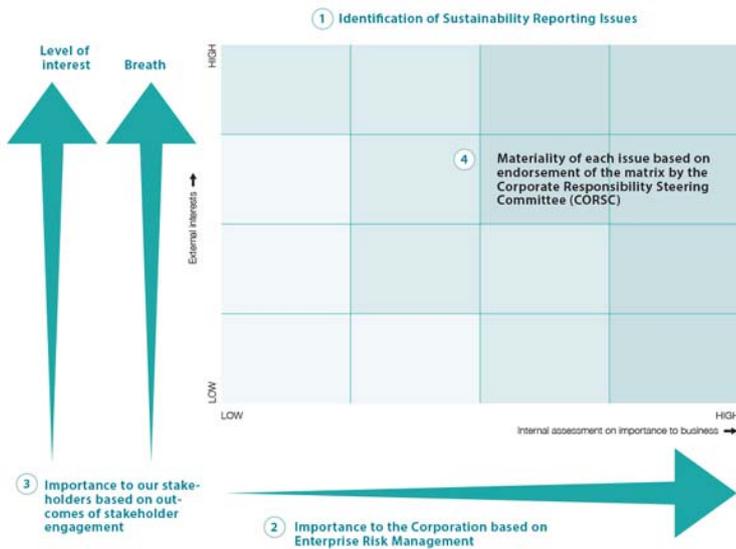
Political Interests

Representatives of Hong Kong’s political institutions, including District Councillors and members of the Legislative Council whom we need to update and report to on a regular basis on matters related to our operating agreement or the construction of our new railway lines.

<ul style="list-style-type: none"> • Customer satisfaction surveys • MTR Mobile app • MTR Club • MTR website and facebook page • MTR hotline 	2 Fair operating practices	High	Fair and Ethical Business
	3 Anti-corruption	High	Anti-Corruption and Whistle-Blowing
	4 Responsible political involvement	High	Stakeholder Engagement and Materiality
	6 Fair marketing	Medium	Not reported
	10 Customer service, support, and complaint handling	High	Customers Introduction
	12 Access to essential services	High	Train Service Performance
	19 Employment practices	Medium	Staff Introduction
	21 Staff consultation and engagement	Medium	Staff Management Approach
	30 Payment from government/ tax payment	Medium	Rail plus Property Model
	31 Community involvement and development	High	Community Engagement

Materiality Methodology

The principle of materiality states that our sustainability report should address topics that reflect the Company’s significant economic, environmental and social impacts, and/or that substantively influence the assessments and decisions of our stakeholders. During 2014, we reviewed and revised our method of materiality assessment with the objective of making this sustainability report more relevant, and user-friendly. The updated methodology involves four basic steps as summarised in the following graphic.



Did you know?

In financial reporting, materiality is commonly thought of as a threshold for influencing the economic decisions of investors. The concept of a threshold is also applicable to sustainability reporting but materiality in this context refers to the shared concerns of the Company and all stakeholders, not just investors.

Materiality Level

- Low
- Medium
- High

Steps to Determine Materiality

+ Step 1. Identification of Sustainability Reporting Issues

We refer to the ISO 26000 Guidance on Social Responsibility to identify the set of all possible issues that are relevant to sustainability reporting for our organisation. For the sake of convenience, we organise the issues into six categories:

- i. Fair Operating Practices
- ii. Consumer Issues
- iii. Human Rights and Labour Practices
- iv. The Environment
- v. Supply Chain
- vi. Community Involvement and Development

+ Step 2. Importance to the Company based on Enterprise Risk Management

The issues are positioned along the horizontal axis from left to right in order of increasing risk.

Our sustainability team assessed the relationship among all of the 37 issues that were identified in the ISO 26000 standard and the top 30 enterprise risks from our enterprise risk register in order to evaluate the relative importance of each of the issues to the Company. The outcome of this assessment, which was reviewed and endorsed by the Enterprise Risk Committee during 2014, is reflected in the position of each of the 37 issues along the horizontal axis of the Materiality Matrix.

+ Step 3. Interest to Stakeholders based on Stakeholder Engagement

The issues are positioned along the vertical axis from bottom to top in order of increasing stakeholder interest.

Our sustainability team synthesised the outcomes of engagement with all categories of stakeholders during the year in order to determine the relative importance of each of the 37 issues for them.

Learn more...

ISO 26000 is an internationally recognised standard for clarifying what corporate responsibility is and translating its principles into best practices.

Please note that the position of each issue moving towards the top of the horizontal axis reflects the level of interest (for example, intense interest expressed by some stakeholders) and/or breadth of interest (for example, large number of stakeholders expressing some interest).

+ Step 4. Endorsement by the Corporate Responsibility Steering Committee

The overall position of each issue moving from the bottom left to the top right of the matrix determines its level of materiality. We have assigned low, medium and high materiality to each issue depending on its position in the matrix. The materiality assessment of all 37 issues was reviewed and approved by the CoRSC during 2014.



Evaluation of Results

Since it is not feasible for us to report extensively on every issue, we have applied the principle of materiality to help us determine what information to disclose in this report.

As a result of our assessment in 2014, three topics have been identified as non-material outliers. This means that one party, either the Company or the collective assessment of our stakeholder groups, showed high interest in the topic but the other party considered it to be of relatively low importance.

- Responsible political involvement (**issue #4**) relates to restricting behaviour that could undermine the public political process. Although our stakeholders did not appear to place importance on this topic, it is important for the Company, and our Code of Conduct addresses it directly with clear guidelines on political involvement, donations and conflicts of interest.
- Sustainable products and services (**issue #9**) relates to reducing unsustainable patterns of production and consumption. Since our core business does not give rise to any physical products, we do not consider this to be an important topic for the Company. However, we recognise that there are indirect impacts on our business of importance for some stakeholders, so we are working to promote sustainable patterns of production and consumption in our Value Chain.
- Even though customer data protection and privacy (**issue**

#11) has not been identified as a material issue for discussion in this report, we have in place a number of initiatives to address this topic that go beyond Hong Kong regulatory requirements.





Introduction

The dedication and commitment of our staff is at the heart of MTR's success. Their can-do attitude enables us to meet our customers' expectations and this contributes to a corporate culture that encourages everyone to take pride in providing caring service for our customers and the community. Guided by our Vision, Mission and Values (VMV), we strive to inspire, engage and develop our staff to achieve excellence.

Please refer to About MTR for an overview of our workforce and to Performance Metrics for relevant key performance indicators (KPIs).

In 2014, we were identified as one of Hong Kong's most attractive employers, achieving the second place in a survey conducted by the Randstad Group, which is one of the world's most established providers of human resource services. This is the second year in a row that we have been included in the top two of this survey.

Although it is gratifying to receive recognition for our achievements, as our business expands within Hong Kong and across the globe we also recognise that we are facing a number of challenges for our management of human resources. These include increasing demand for staff due to network expansion and staff movements, workforce transition, succession planning and knowledge transfer.



Management Approach

GUIDING FRAMEWORK

Executive Responsibility

Our Human Resources Director, a member of the Executive Directorate, oversees all matters relating to manpower resourcing, staff relations, compensation and benefits, training, organisational development, security and office administration.

Code of Conduct

Together with other corporate policies and guidelines governing the behaviour of employees, the Code of Conduct (“the Code”) underlies our success by reinforcing the trust placed in us by our stakeholders. It is a guide for staff at all levels to uphold our VMV, containing practical advice about responding to situations that may arise in our daily work. Please download a copy of the latest version of the Code.

Staff Consultation

We comply with legal obligations concerning collective bargaining and union membership in all countries and regions where we operate. In Hong Kong, we engage in meaningful and regular consultation with our staff through an established Staff Consultation Mechanism. As a result, we have successfully maintained harmonious relations with staff and implemented a number of programmes with implications for staff.

More than 800 staff members have been elected by their colleagues to serve on Joint Consultative Committees (JCCs) for handling matters of staff concern at the level of individual departments or employee groups. The Staff Consultative Council (SCC), made up of 48 elected JCC representatives and representatives from senior management, is the platform for consultation on corporate-wide affairs, including terms and conditions of employment. It is chaired by the Human Resources Director. Eight staff unions also provide additional channels to enhance communication between staff and management.

KEY PRINCIPLES AND PROCESSES

Equal Opportunity

We do not practise or tolerate any form of discrimination on the grounds of gender, sexual orientation, disability, age, race, national or ethnic origin, family status or other personal characteristics that are protected by law. All employment activities and human resource related matters, including but not restricted to recruitment, promotions, transfers, provision of rewards and training, are based on an objective assessment of every individual’s competencies, experience, skills and qualifications.

We provide support for employment of persons with disabilities. In 2014, we collaborated with the Hong Kong Council of Social Service and local universities to provide summer internship opportunities for 14 university students with disabilities or special educational needs. In September, we received the

Talent-Wise Employment Charter - Outstanding Inclusive Organisation Award.

Work Improvement Team

The Work Improvement Team (WIT) is an activity designed to motivate staff members to apply their own initiative, innovative thinking, and organisation, planning, problem-solving and decision-making skills. Each team is formed voluntarily by four to ten members who perform the same or similar type of work. They meet at least once a month to develop work improvement projects and are supported by a facilitator.

The WIT initiative has been in place for more than 26 years. In 2014, we had more than 5,000 staff registered as WIT members, forming 920 teams and submitting 905 work improvement projects during the year. WIT is now also being implemented by subsidiaries and associates outside of Hong Kong.

Career Development

Our training programmes are designed to meet the organisation's long-term requirements for skills and management succession. We aim to recruit the right individuals and then retain and develop them through different stages of their careers with us.



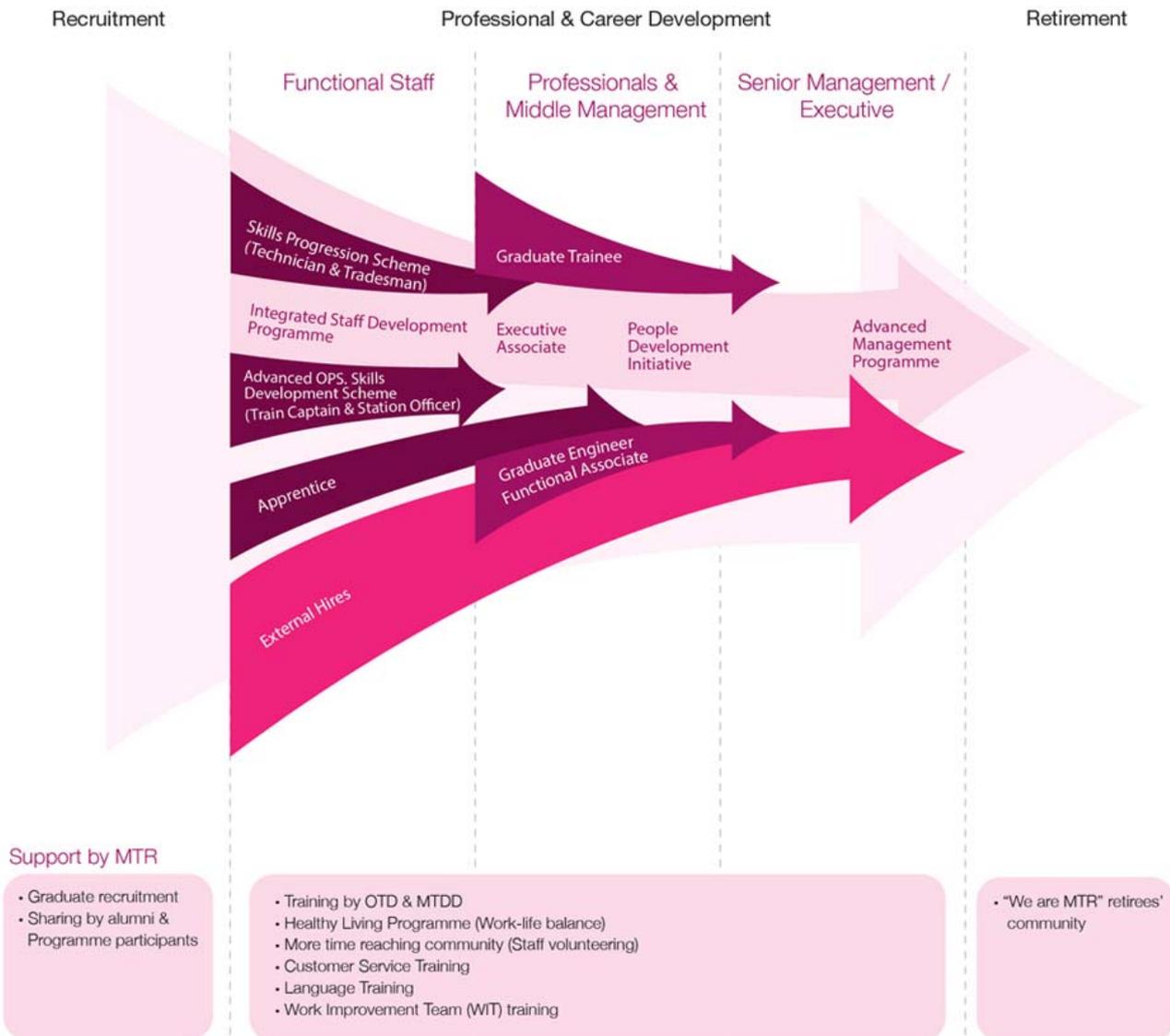


Recruitment in Hong Kong

In order to meet the human resource demands of our business in the context of network expansion and workforce transitions, we are continuously looking to recruit new people who are ready to embrace challenges, demonstrate commitment to excellence, and are highly motivated to develop themselves for a rewarding career with us. We select people with good communication skills, who work well in teams, and who respond proactively in the face of rapid changes in our operating and business environments.

Learn more...

For more information about recruitment opportunities in Hong Kong, please refer to our [careers page](#).



A variety of career choices are available for the right candidates.

For example, there are [opportunities with the Operations Division](#) to serve passengers on the frontlines in our stations and on our trains, or behind the scenes maintaining rolling stock and tracks, managing safety and quality, and providing technical and engineering design services and support. There are also [opportunities with the Projects Division](#) to work on constructing network expansion projects and preparing for new railway lines.

Opportunities for Graduates

Many of our staff began their careers with us as part of a Graduate Development Programme. Through this leadership pipeline we identify and groom talented young people so that they are capable of assuming senior management positions. In 2014, we recruited 24 Graduate Engineers, 25 Functional Associates and five Graduate Trainees with prospects for succession into managerial positions in the future.

Our accelerated graduate development programmes offer trainees the opportunity to experience up to four intensive cross-functional job rotations over a two-year period in order to gain in-depth knowledge and hands-on experience relevant to their chosen area of expertise. The objective is to identify and nurture talented young people who may one day become leaders of the Company. Through separate streams focusing on general management or professional expertise, opportunities are available in all areas of our business, including corporate management, engineering, property, human resources, inventory and materials management, corporate relations, and railway officer training.

In 2014, we also launched a new Tradesman Associate Programme, recruiting 33 people to participate in structured on-the-job training for maintenance work.

Learn more...

Please refer to the careers section of our corporate website to learn more about [Graduate Careers](#).

Apprentices and Technician Associates

In 2014, we recruited 150 Apprentices and Technician Associates to fulfil our operational requirements for the future.

Apprentice Training Scheme

Originally established in 1978 under the Apprenticeship Ordinance, our Apprentice Training Scheme has provided training to more than 1,200 young people. Under the scheme, apprentices receive systematic on-the-job training, access to technical

Learn more...

Please refer to the careers section of our corporate website to learn more about the [Apprentice Training Scheme](#).

knowledge and guidance on career development. They may also have the opportunity to attend designated Vocational Training Council programmes with a full sponsorship in order to acquire recognised academic qualifications.

In 2014, we received the Excellent Learning & Development Award from the Hong Kong Institute of Human Resource Management, and several of our recent graduates received Outstanding Apprentice/Trainee Awards from the Vocational Training Council. Many graduates go on to hold senior engineering and management positions both within our own organisation and elsewhere.

Technician Associate Scheme

We have offered a two-year training programme called the Technician Associate Scheme since 2011, which is targeted at higher diploma holders from engineering disciplines. Our Technician Associates receive a wide range of on-the-job and professional training opportunities relating to railway maintenance, including overhead lines, signalling and telecommunication systems, rolling stock and station equipment.

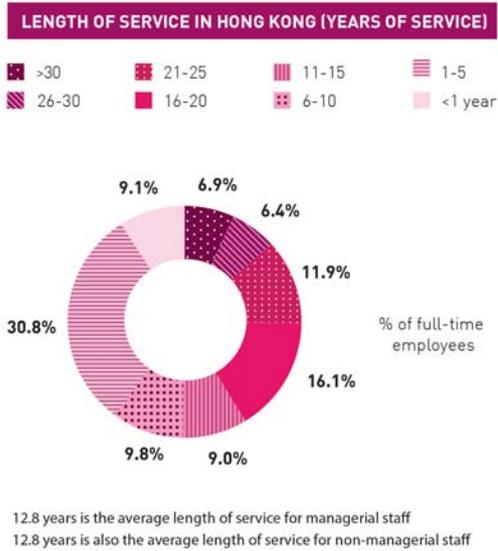
What kind of person works for MTR?

Although there is no “typical” MTR employee, members of our staff tend to share some common characteristics, such as respect for the trust placed in us by our customers, willingness to work harmoniously with others, enthusiasm for completing every task to a high standard, and drive to find solutions in the face of challenges. From Hong Kong to the Mainland of China, Australia and Europe, MTR people around the world have our Values in common.



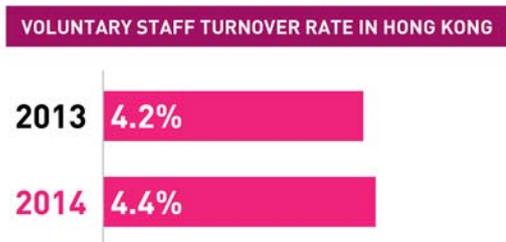
Length of Service

The ability of our organisation to attract and retain skilled and motivated people is reflected in the length of service of our employees. In 2014, the average length of service for full-time employees in Hong Kong was 12.8 years. As demonstrated in the chart below, half of all employees have been with us for 11 years or more, and 25 per cent have been with us for 21 years or more.



Rate of Voluntary Turnover

The rate of voluntary turnover for our staff, at 4.4 per cent in 2014, is low when compared to other employers in Hong Kong and the railway industry worldwide.





Corporate Culture

Our corporate culture is important for aligning the behaviour of our people with our Vision, Mission and Values and for creating a working environment where all members of staff are inspired, engaged and fulfilled in their roles. Although the concept of a corporate culture is difficult to define or measure, our people know what it is and often describe how powerfully it shapes their personal experience of working with us. Other sections of this report also touch on important aspects of our corporate culture:

- Safety - Our uncompromising approach to safety has become deeply ingrained in our corporate DNA.
- Customers - Staff volunteers on the Customer Service Support Team demonstrate how deeply committed we are to understanding and serving the needs of our customers.
- Community - Sincere and meaningful engagement with members of the community is embedded in our approach to designing and constructing new projects.

Reflecting on our Corporate Culture

Our corporate culture is characterised by a relentless focus on performance excellence and dedication to providing caring service, and reflects the hard work of the people who have shaped the Company into the organisation it is today. However, we also recognise that the culture of our organisation must constantly evolve to meet the changing demands of our business and stakeholders.

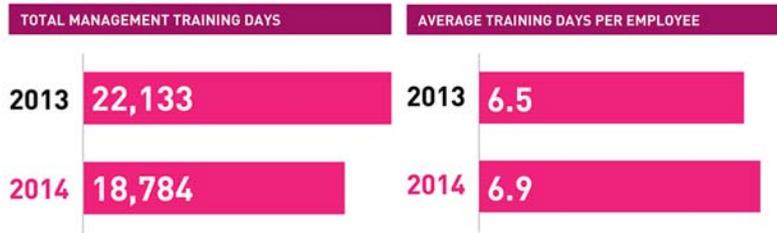
Following the announcement of a delay to our Express Rail Link project and subsequent investigation by an Independent Board Committee (IBC) in the first half of 2014, we initiated a comprehensive review of our corporate culture. Please refer to [enhancing corporate governance in 2014](#) for more information.

The review identified some areas of strength on which to build and other areas requiring improvement. Moving forward, we aspire to foster more healthy debate and constructive discussion, openness to new ideas and ownership of decision-making by team members at all levels of management. In 2015, we plan to implement workshops and seminars to strengthen our corporate culture through dialogue with staff. Each major business unit has allocated a budget to conduct [VMV](#) training activities.



Training Programmes

We invest in training programmes for our staff so that they can keep pace with changes in their professions, manage advances in technology and respond to constant evolution in our business environment.



This table outlines the main types of training and development opportunities that are available for various categories of staff.

Staff Training Programmes

Staff Category	New Joiner	General Staff	Newly Promoted Senior Supervisor	Supervisor	Newly Promoted Manager	Manager
Corporate Induction	✓					
Managerial Curriculum						✓
Supervisory and Professional Curriculum				✓		
Non-Supervisory Curriculum		✓				
Customer Service	✓	✓		✓		✓
Language		✓		✓		✓
Executive Continuous Learning Programme (ECLP)*						✓
Graduate Development Programme* [Graduate Trainee (GT) / Functional Trainee (FT)]				✓		
Integrated Staff Development Programme (ISDP)*		✓		✓		
Supervisor Associates (SA) Programme*				✓		
*Reaching New Horizons' Leadership Transformation Programme (RHLT)			✓		✓	

* by invitation/ nomination

Please refer to [Recruitment in Hong Kong](#) to learn about training opportunities for Graduates, Apprentices and Technician Associates.

+ Management Training

The Executive Continuous Learning Programme promotes effective leadership by supporting our managers to improve professional competencies and management skills. It also helps them to gain a broader perspective on business and economic issues from external speakers representing leading private and public sector organisations. The

Integrated Staff Development Programme helps to develop future leaders by providing general staff and supervisors with the opportunity to gain supervisory experience and develop a network of colleagues to support them as they make progress in their careers.



+ Operations Training Network

The Operations Training Network is an interactive learning and sharing platform for trainers to maintain a high level of training quality. It is designed to connect training units from across all business units in Hong Kong and our Mainland of China and international network, so that ideas and strategies to improve training services can be shared and members of the network can gain access to best practices and the latest training technologies.

+ Safety and Customer Service Training

Training is an important aspect of our management approach to safety and customer service, with all members of our staff undergoing training that is appropriate to their area of work and level of responsibility.

+ Self-learning Resources

Our Learning Resource Centre provides resources for staff members to enhance their knowledge and skills using a variety of self-training and development materials. It fosters a continuous learning culture, sending out monthly learning highlights and recommendations and providing e/Mobile Learning as another flexible learning tool. To stimulate creativity, eight We Can Innovate learning videos were launched showcasing MTR innovations from various business units. These videos are accessible to all members of staff via our intranet, on TVs located in our stations, Espedia, M-board, and a discussion board on our website.



Engagement and Recognition

Consultation and Communication

We value the opinion of every member of our staff. In addition to the Staff Consultation Mechanism, we reach out through a variety of other communication channels, such as carrying out periodic staff attitude surveys to receive valuable input and feedback.

In 2014, new sections were introduced on our intranet such as CEO Messages and MTR In Focus to engage staff on corporate developments including news about progress on our railway extension projects. Forums for dialogue between executives and general managers have strengthened communication and interaction, and site visits conducted by the CEO and other executives to meet and exchange ideas with staff have helped to improve understanding about our challenges.

Motivation and Reward

In 2014, we continued to produce a series of short motivational videos called MTR People Making a Difference, featuring stories about the work of our staff. This initiative has received a very positive response. We also decided to incentivise members of staff to participate in our Staff Suggestion Scheme by offering even better rewards for ideas that lead to innovative improvements in safety, efficiency, service quality, corporate relations, cost effectiveness and technological enhancement.

We take great care to acknowledge outstanding performance by members of our staff. We have a number of award schemes in place, such as the Living Values Award Scheme, through which managers and supervisors show appreciation for staff members who exemplify our core values through their work.

MTR Grand Awards for Outstanding Contribution

Winning a Grand Award for Outstanding Contribution is the highest form of recognition for members of our staff. Nominations are open for all individuals and teams across our businesses in Hong Kong and subsidiaries outside of Hong Kong. They are submitted through department heads or local management, and the winners are selected by a cross-divisional vetting committee.

In 2014, we received 65 nominations for the Grand Awards. The winners were acknowledged at a yearly presentation ceremony in October attended by around 500 staff, including individual winners and representatives of winning teams from the Mainland of China, Australia and Europe.



Retirement Community

We are MTR

Over the course of their working lives, many of our staff members develop strong ties with their colleagues so we understand that retirement can mark a big and sometimes difficult transition. Leading up to retirement, staff members receive personal thank-you letters from the Human Resources Director as well as helpful information and newsletters.



Following retirement the We are MTR programme encourages former employees to continue to feel part of our extended family by assisting them to stay in touch with other retirees and former colleagues. Since its launch in 2013, this programme has provided support to over 840 retirees.

Reminiscing over Lunch

In August 2014, a special We are MTR lunch brought together more than 160 colleagues who were retiring during the year. The event, held under the theme of Connecting with Heart, was an opportunity to recognise the many valuable contributions made by the retirees during their service with us. At the lunch, our CEO thanked the retirees personally and said they had played a valuable role in supporting the continued development of our operations and businesses in Hong Kong and internationally over the past 35 years.

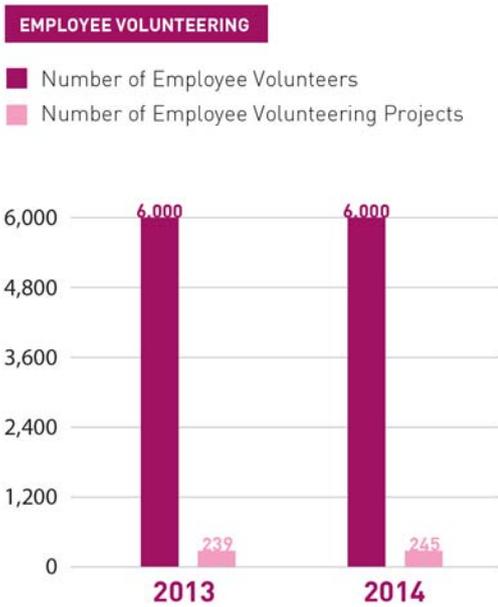


Staff Volunteering

Members of staff from all parts of our organisation are supported and encouraged to reach out to the community by volunteering their time and skills. Under our More Time Reaching the Community scheme, staff members can initiate, organise and participate in volunteer activities. In 2014, a total of 245 community projects were organised involving over 6,000 volunteers. The More Time Reaching the Community annual gathering was held in March 2014. A total of 44 awards were presented to staff volunteers in recognition of their outstanding contributions.

Learn more...

[More Time Reaching Community](#) is also featured on our customer website.





Global Strategy

As we grow beyond Hong Kong, we must find ways to replicate the success we have enjoyed in our home market in new and different contexts. Our Human Resources Department provides comprehensive human resource services to support the business development and growth of our operations in new markets.

Tailored Approaches

In the Mainland of China, we are focusing on recruiting local talent and developing the skill sets that we need for existing operations and future expansion. We have partnered with two educational institutions - Guangzhou Institute of Railway Technology and Shenzhen No. 2 Vocational Technical School - to recruit and develop trainees.

In the more established markets of Australia and Europe, we are providing support to strong local teams that are already in place. In these regions, we are looking at ways to build on our experiences in Hong Kong to strengthen operational processes and enhance business opportunities.

Strategic Framework

Our global framework provides three clear objectives for our human resources strategy over the coming years. Since 2013, we have started to implement structured programmes in pursuit of these objectives.

Global HR Strategic Framework

Objective 1	Objective 2	Objective 3
Global Culture Development	Global Leadership Pipeline / People Development	Global Resourcing & Human Capital Development

Standardisation and Mobility

We are in the process of standardising our global job grade system to facilitate greater mobility of staff and to promote leadership development across the organisation. In 2015, a review committee comprising representatives from Hong Kong and our overseas hubs will be established to oversee the work of an independent remuneration consultant.

Work Improvement Team

The Work Improvement Team (WIT) concept has been adopted by subsidiaries and associates in Shenzhen, Beijing, Hangzhou, Melbourne and Stockholm. There are now 250 teams established outside of Hong Kong, involving more than 2,000 participants. In 2014, these teams submitted over 300 work improvement projects. In 2015, we plan to host the first Global WIT Conference to promote sharing and collaboration.

Platform for Communication

We introduced a multinational internal communication platform in January 2014 called mtrconnects to bring together staff members from our worldwide network. It provides updates about the latest developments affecting our global operations and encourages staff members to get to know each other by sharing work experiences. In its first year, the platform has attracted more than 338,000 page views and 9,900 unique visitors, achieving a global penetration rate of 37 per cent. During 2015, we plan to enhance the content of the platform and include more interactive functions.

Getting to Know a Friendly Station Manager in Stockholm

In July 2014, staff members around the world were introduced to Yosef Tlahun, Station Manager with MTRS in Stockholm. Yosef's profile was featured on mtrconnects and provided fascinating insights into his personal approach to customer service and problem solving. "I'm trusted to use my creativity, common sense and experience," he said. "That means that I can challenge myself and my colleagues to try new approaches, see our goal, and create the path to get there."

Sharing his views on being part of the MTR global community, Yosef also expressed an interest to visit our operations in Hong Kong. As the relationship between headquarters and our subsidiaries grows ever closer, he may have an opportunity to do so in the future.





Introduction

Hong Kong’s communities are integral to our Vision to connect and grow communities with caring service. Working with the community also underpins one of the key objectives of our Mission to grow and enhance our core business in Hong Kong.

It is for these reasons that we put great emphasis on engaging with local communities who are directly impacted by our projects, and on supporting community investment programmes to improve quality of life in our city for all members of society.

Socially Sustainable Cities

According to the United Nations Educational, Scientific and Cultural Organisation (UNESCO), Social Sustainability for a city can be defined as *“development which is compatible with the harmonious evolution of civil society, fostering an environment conducive to the compatible contribution of culturally and socially diverse groups while at the same time encouraging social integration with improvements in the quality of life of all segments of the population.”*

Translating this concept into the context of our businesses means designing, building and delivering services to be people-oriented, safe, efficient, and conducive to a higher standard of living. Clearly, we cannot achieve social sustainability of our city in isolation; as a responsible and caring member of Hong Kong society, we work together with Government agencies and other organisations to address social, economic and environmental issues that are beyond our direct influence and control.

What does socially sustainability cities mean to MTR Corporation?



Learn more...

This definition for socially sustainable cities comes from *Towards Socially Sustainable Cities: Building a knowledge base for urban management in the twenty-first century*, a study published in 2000 by the United Nations Educational, Scientific and Cultural Organisation (UNESCO) in partnership with other organisations as part of its project on Management of Social Transformations (MOST).



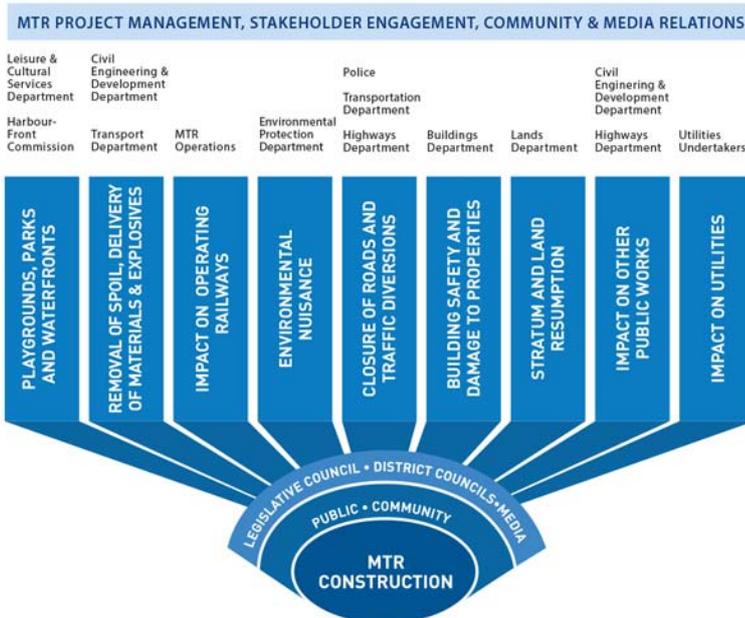
Community Engagement

We consult extensively with local communities on the impacts of new rail projects managed by the Projects Division, property developments managed by the Property Division and other major works managed by the Operations Division. On the one hand, we seek to work with stakeholders to mitigate inconvenience for local neighbourhoods due to noise, dust, traffic disruption and numerous other considerations. On the other hand, in order to design and deliver our projects for the greatest possible benefit of local communities it is important that we consider and incorporate their views as much as practically possible.

Projects Division

This diagram illustrates the typical oversight and control exercised by our Projects Division during construction of our network expansion projects. Please refer to our [case study](#) to read about how we put these principles into practice.

Typical Oversight and Control of Construction Impacts on Stakeholders



Did you know?

We publish [MTR Projects Journal](#) on a quarterly basis to highlight key aspects of our network expansion and improvement projects, including information about challenges and complexities that we are facing, and innovative techniques to address them.

Lessons Learned in 2014

We failed to communicate in a timely manner about unforeseen

delays and cost implications affecting network expansion projects, particularly the Express Rail Link which we are project managing for the Hong Kong SAR Government. Although production schedule revisions are not uncommon for construction projects of this size and complexity, it was our responsibility to provide updates on the challenges that we were facing and on the effectiveness of mitigation measures to address those challenges.

We are determined to learn from our experiences on the Express Rail Link and to improve delivery of all projects in the present and future. Please refer to [Corporate Governance](#) for more information.

Community Engagement Activities by the Projects Division in 2014

- 44 Community Liaison Group meetings
- 39 District Council meetings
- 8 LegCo meetings
- 15+ community and Government relations activities, including site visits
- 50 Youth Ambassadors community visits to raise awareness about the opening of the Island Line Extension to Western District
- 4 green group meetings
- Secondary school visit to the South Island Line (East) project site office with the Hong Kong Institute of Education
- Knowledge sharing with local, Mainland of China and overseas delegates of the 18th Pacific Association of Quantity Surveyors Congress 2014



Property Division

Our Vision is to connect and grow communities through our property development initiatives. We work hard to meet the expectations of our stakeholders by creating shared value for our business and society. Through ongoing dialogue, we strive to enhance the quality of life for all as we build and connect communities through deepening relationships with stakeholders and achieving common objectives.

+ Property Development

In all our property developments, we strive to meet the expectations of the communities in which we operate. For instance, during the development of the Maritime Square Extension, where we are converting a lorry park site on Tsing Tsuen Road near Tsing Yi Station into a commercial development, we have carried out years of continuous consultation with local residents and the District Council.

To address the concerns from residents about the potential high density of the project, a smaller-scale retail development project was pursued. The development will include enhancement of the existing Public Transport Interchange and will provide pedestrian connections as well as a podium landscape garden covering around 5,000 square metres. These facilities address the aspirations of residents to live in a more compatibly built environment by improving integration and providing a more pleasant townscape for the local community. We also adopted energy-efficient design features for this project.

Similarly, our PopCorn mall at Tseung Kwan O Station was designed to cater for changing aspirations of the local community such as better connectivity and more open space. The development includes a civic square, an elevated park, barrier-free access and connected walkways to neighbouring developments.

+ MTR Malls

MTR Malls supported over 100 Community Care programmes in 2014 covering a wide variety of activities, from youth development to art, community service, charitable, and environmental protection activities. MTR Malls provides space for social activities, serving as a platform for local communities to get together and enjoy arts and lifestyle events for better quality living. MTR Malls also supported environmental initiatives by participating in Earth Hour 2014 organised by WWF Hong Kong, as well as promoting waste recycling across the mall portfolio.

Community Engagement Activities in 2014

MTR Malls

- Over 100 community care programmes ranging from youth development to art, community service, fundraising for charity and environmental protection
- Yearly participation in Earth Hour
- Promoting waste recycling and food waste reduction
- Providing space for social activities and serving as a platform for local communities to get together and enjoy arts and lifestyle events for better quality living

+ Residential Estates

MTR managed residential estates held 464 social activities during 2014, with recycling initiatives in all managed estates. Our social activities included community relations events, environmental protection initiatives and charitable/fundraising initiatives. For example, flea markets were held in Caribbean Coast, Coastal Skyline and Tung Chung Crescent in Tung Chung to promote green living. In Luk Yeung Sun Chuen, free haircuts and free blood pressure tests were offered to elderly members of the community. Harbour Green initiated a volunteer recruitment drive for hosting charitable events.

Supported charities included the Scout Association of Hong Kong, Haven of Hope, World Vision, YMCA, The Salvation Army and Children's Cancer Foundation.

Community Engagement Activities in 2014

Residential Estates

- 464 social activities including community relations, environmental protection and fundraising to support charities such as the Scout Association of Hong Kong, Haven of Hope, World Vision, YMCA, The Salvation Army and Children's Cancer Foundation
- Recycling initiatives in all managed residential estates
- Caribbean Coast, Coastal Skyline and Tung Chung Crescent held flea markets to promote green living
- Luk Yeung Sun Chuen provided free haircuts and free blood pressure tests for the elderly
- Harbour Green initiated a volunteer recruitment drive for charitable events

+ Offices

All MTR managed offices participated in Earth Hour 2014 to raise awareness about energy use and climate change. One of our office properties, Two ifc, was awarded the Class of Excellence in the Wastewi\$e Label campaign by the Hong Kong Productivity Council to recognise their outstanding performance for reducing waste production. Two ifc organised a Low Carbon Living seminar and Green Upcycling Lantern workshop for its tenants.

Donation events at all managed offices were arranged for charity organisation, St James Settlement, which is a non-governmental organisation that has provided continuing care, counselling services and community centres to people in need for over 60 years.

Community Engagement Activities in 2014

Offices

- Yearly participation in Earth Hour
- Donation events for St James' Settlement, which is a non-governmental organisation that has provided continuing care, counselling services and community centres for the needy in Hong Kong for over 60 years
- Two ifc received Class of Excellence in the Wastewi\$e Label campaign from the Hong Kong Productivity Council
- Two ifc organised a Low Carbon Living seminar and Green Upcycling Lantern workshop for its tenants

+ Student Quality Circle Programme

The Property Division developed the Student Quality Circle programme in 2009 to promote our culture of continuous improvement to the young generation. We partnered with three primary schools to reach almost 200 primary students. The programme will be extended to secondary schools in 2015.

+ Volunteering and Fundraising

During 2014, our Property Division took part in over 30 volunteering activities, including School-Company-Parent events. We supported 16 NGOs through fundraising, including the Children's Cancer Foundation, Helping Hand, Hong Chi, Leap of Mind, Lok Sin Tong, Oxfam Hong Kong, Po Leung Kuk, Regeneration Charity Fund, Scout Association of Hong Kong, S.K.H. St. Christopher's Home, The Salvation Army, The Hong Kong Council of Early Childhood Education and Services (CECES), The Hong Kong Girl Guides Association, UNICEF, Wallace & Gromit's Grand Appeal (UK), Art in Hospital (HK) and Yan Chai Hospital.

Community Engagement Activities in 2014

Fundraising and Volunteering

- Over 30 volunteering activities for 16 beneficiary NGOs, including Children’s Cancer Foundation, Helping Hand, Hong Chi, Leap of Mind, Lok Sin Tong, Oxfam Hong Kong, Po Leung Kuk, Regeneration Charity Fund, Scout Association of Hong Kong, S.K.H. St. Christopher’s Home, The Salvation Army, The Hong Kong Council of Early Childhood Education and Services (CECES), The Hong Kong Girl Guides Association, UNICEF, Wallace & Gromit’s Grand Appeal (UK), Art in Hospital (HK) and Yan Chai Hospital
- Our volunteers have worked with 30 secondary schools and over 800 students through the School-Company-Parent programme since 2006 - this programme is organised by The Young Entrepreneurs Development Council and helps secondary students to connect with the commercial world and acquire an entrepreneurial mindset

+ School-Company-Parent Programme

The Property Division has taken part in the School-Company-Parent programme organised by The Young Entrepreneurs Development Council since 2006, with members of our staff serving as company ambassadors. The objective is to help secondary students connect to the commercial world and acquire an entrepreneurial mindset before they enter the workforce. Over the years, we have partnered with over 30 secondary schools and provided support to almost 800 youths.



Operations Division

MTR Society Link

MTR Society Link was established in 2009 as a platform for our Operations Division to exchange views and connect with Society Link members through visits, gatherings, and e-newsletters. There are now 23 member organisations representing a range of

societies, associations and chartered institutes in Hong Kong, including Caritas Social Work Services Division and The Federation of Youth Groups, among others.

One of the priorities of Society Link is to engage with young members from professional groups such as The Hong Kong Institute of Surveyors, The Hong Kong Institution of Engineers and The Chartered Institute of Building (Hong Kong). In 2014, we organised three gatherings of Society Link to engage with stakeholders on customer service, crowding and safety topics. Almost 950 individual members participated in nine visits that we hosted during the year.

Community Engagement Activities by Operations Division in 2014

- 168 charity collections for various charities
- +500 community members reached through
 - 14 school talks
 - 5 elderly talks
 - 9 youth activities





Case Study: Island Line Extension to Western District



At 6:00am on 28 December 2014, the MTR Island Line Extension to Western District officially began passenger service. More than a thousand commuters crowded the station at Kennedy Town to experience the first ride on the new three-kilometre line. In preparation for the start of service, more than 500 MTR and contractor staff worked through the night changing more than 23,000 signs and information boards across the MTR network. Other digital information and the fare collection software were also updated to incorporate two new stations.

Built as a community railway, the Island Line Extension to Western District was designed to provide convenient access for more than 90 per cent of residents of the Western District, including an integrated all-weather pedestrian network. Preparation for the new line began in 2008 and involved consultations with all sections of the community. Many views and opinions from the Government and members of the public were incorporated, including suggestions on how to minimise disruptions during construction.

Following completion of the project at a cost of HK\$18.5 billion by latest estimates, travelling time on Hong Kong Island has been reduced significantly. The Island Line is served by new stations at HKU (The University of Hong Kong) and Kennedy Town, which opened in late 2014, and a third station at Sai Ying Pun, which opened on 29 March 2015. The new stations incorporate innovative environmental management features and artistic design elements, providing our passengers with a vision of how refurbished stations elsewhere in our network could look in the future.

What is a “Community Railway”?

The Island Line Extension to the Western District is an example of a community railway built to meet the needs of people living and working in the communities it serves. Here are some illustrative examples of how we accommodated the specific needs of community members in our approach to implementation of this project:

- A convenient pedestrian network connecting uphill and downhill areas in the West Mid-Levels and the area along Queen’s Road West has been created by lifts, escalators and walkways in the unpaid area of our stations.
- Provisions were made for green minibus boarding and alighting and a recreational area outside Kennedy Town Station.
- At Kennedy Town we introduced a passenger lift connecting Sands Street to Rock Hill Street and an escalator on Sands Street to improve pedestrian accessibility.
- We restored and enhanced public facilities affected by construction of the project, building a new public swimming pool and restoring a historic building by converting it into a rehabilitation centre.

Partnership with Government Agencies

Planning Consultations

During the planning stage, we held a series of consultations with representatives of Government departments and District Councils to ensure the new railway would meet the needs of the city and local communities. We carefully considered all comments on the design of the extension, including rail alignment, station locations, works sites and other factors.

Progress Reports

As the project got underway, we submitted regular progress reports to the Legislative Council Sub-committee on Matters Relating to Railways including papers on construction safety and

community liaison activities. We also met with the Central and Western District Council to keep its members up to date on developments.

Ongoing Cooperation

We continued to work closely with Government departments during all phases of construction, ensuring that necessary approvals could be granted in a timely manner to avoid delays. Cooperation with the Environmental Protection Department enabled us to minimise disruptions from noise, wastewater discharge and dust. The Lands Department advised us on land resumption and tree removals, the Transport Department provided support on road closures, traffic diversions and spoil removal and, as a result of discussions with the Fire Services Department, we adopted new guidelines for fire safety.

Emergency Drills

In preparation for the opening of the new line to the public, we held a joint exercise with the Fire Services Department and Hong Kong Police to test emergency response and evacuation procedures. The drill, which was also observed by the Transport Department and Electrical and Mechanical Services Department, simulated an air-conditioning fault causing dense smoke to spread throughout a train between HKU Station and Kennedy Town Station. Around 120 staff members from MTR took part in this drill, which was just one of more than 70 emergency simulation exercises that we implemented before commencement of service.



Links with the Local Community

Community Liaison Groups

To communicate with stakeholders impacted by the construction of Sai Ying Pun, HKU and Kennedy Town stations, we set up three community liaison groups comprising local District Councillors, concerned residents and representatives from various Government departments, such as the Home Affairs Department, Transport Department and Highways Department. We held public meetings four times a year to report to each of these groups on the progress of the project and its impacts.

Website and Information Centre

We established a website dedicated to the project containing progress reports and information on construction methods and community outreach activities, and also opened an Information Centre in Kennedy Town where members of the public could make enquiries in person.

Youth Ambassadors

We initiated an innovative scheme in partnership with the Community Project Workshop of the Faculty of Architecture of The University of Hong Kong to appoint more than 50 students as MTR Youth Ambassadors. In the six months leading up to the opening of the new line, the Youth Ambassadors visited over 30 local schools, senior citizens homes, residential buildings and community centres to improve awareness of station facilities. The programme provided an excellent opportunity for students to develop leadership skills and cultivate a sense of responsibility towards their community.

Learn more...

We maintain dedicated websites for all our new rail projects. In addition to the [Island Line Extension Project to Western District](#), you may also be interested to check out websites for any of our [network expansion projects](#).



Meeting New Challenges

Pedestrian Mobility

Three new stations located at Sai Ying Pun, The University of Hong Kong and Kennedy Town form part of an integrated system of all-weather walkways and escalators connecting the upper and lower levels of Western District. Hilly terrain in the vicinity of Sai Ying Pun and HKU stations presented our engineers with particular challenges for station access and pedestrian mobility. In response to these challenges, we implemented lift-only access at both stations - a first across the MTR network. The integrated pedestrian system incorporates unpaid access through the concourse of HKU Station, providing a better connection between The University of Hong Kong and its local community and bringing it closer to the heart of Western District.

Minimising Disruptions

In the densely populated urban environment of Western District, we recognised that construction activities could have particularly significant and disruptive impacts on local residents. To address their concerns, we consulted with stakeholders from the start of the project, seeking constantly to strike a balance between the needs of residents and demands of our construction schedule. Our project team had to consider and resolve many questions on a daily basis, such as the following:

How will traffic diversions affect daily commuters?

Will construction works affect the structural integrity of nearby buildings?

How can we address public concerns about building safety?

Will there be excessive noise, dust or other causes of discomfort for local residents?

Conservation of Ancient Trees

When constructing the Island Line Extension to Western District, we took great care to protect trees along the alignment as much as possible. One particular challenge arose in Kennedy Town, where we encountered magnificent tree walls at Forbes Street dating back more than 120 years and containing 22 Chinese banyans and five Japanese fig trees. Four of the trees are listed by the Hong Kong Government as Old and Valuable Trees. Under our initial design for the new Kennedy Town Station, the tree wall would have been harmed by construction of one of the station's exits. We consulted with representatives of the local community and Government to consider different opinions about the best way to proceed.

Taking into consideration the outcomes of more than 100 consultation meetings, we decided to revise our plan by building

Did you know?

The Island Line Extension to Western District runs underneath a heavily built-up part of Hong Kong. Construction of the line unavoidably required resumption of over 300 portions of underground strata from owners of private buildings sitting above the railway alignment. This process was facilitated by the Government in accordance with the Railways Ordinance. The rate of stratum resumption for the Island Line Extension Project to Western District was the highest for any project in the history of the Company, and lessons from this experience are influencing the way we approach construction of other new lines.



an alternative station exit on the site of a public swimming pool, and to compensate the community by building an entirely new swimming pool at a different location at a cost of HK\$600 million. The first phase of the new swimming pool complex opened in May 2011. The second phase, which will include indoor pool facilities, is expected to be completed in late 2016.

In the process of resolving our dilemma at Forbes Street, we made another important decision - to create a Tree Protection Zone around which construction work had to follow strict guidelines. Our tunnelling methodology and excavation techniques were adapted to mitigate risk to the trees, and a drainage layer was built around the entire Kennedy Town Station perimeter to allow contaminated water to escape from the trees' roots.

As a result of these efforts, we successfully developed a strong and lasting urban conservation programme for the tree walls at Forbes Street. This experience taught us many important lessons that have now been incorporated into standard tree protection measures being implemented on all of our new projects.

Learn more...

Please [click here](#) to view an informative video about the magnificent tree walls at Forbes Street.



Promoting Art and Culture

We launched the West Island Line Community Art Programme to help bring out the unique culture of Western District in the design of three new MTR stations. For example, winning photos submitted by members of the public to a competition entitled Our Memories of Western District are on permanent display, and a permanent art installation at Kennedy Town Station was created from handprints of local residents. During the construction phase of the project, we also invited students, teachers and parents representing local schools to help decorate construction sites by participating in a hoarding design competition.



Learn more...

More information about [West Island Line Community Art Programme](#) is available on the dedicated project website, including images of the artistic features that make each of our Western District stations unique.

Impressions of Western District

Together with the Hong Kong Youth Arts Foundation, we organised a series of workshops under the theme Our Impressions of Western District. Led by local artists, a group of young people created art pieces portraying traditional shops and the heritage of Western District. The art pieces are on permanent display at Sai Ying Pun Station and HKU Station.

Short Films

We joined with ifva greenlab of the Hong Kong Arts Centre and three young emerging directors, Cheuk Wan-chi, Chow Kwun-wai

and Nick Cheuk, to produce a series of short films depicting the close connections between Western District and the people of Hong Kong.





Community Investment

We aim to leverage our resources to contribute to a better quality of life for members of our society. Two of our priorities for community investment are to support youth development and art, and we continued to implement various initiatives in collaboration with a range of organisations in 2014.

Please refer to [Community Engagement](#) for an overview of activities supported by our Projects, Property and Operations Divisions.

Youth Programmes

Young people are future leaders of the community. Investing in them today is integral to building and sustaining our communities for the long term. Our goal is to empower young people with skills, motivation, perspectives and opportunities to create a secure future for themselves and their communities. Bringing members of our staff along on the journey to turn that goal into reality is also important; in 2014, over 800 staff members participated in a series of seminars and movie screenings to learn more about the dynamism and outlook of our youngest community members.

Learn more...

More information about our [youth programmes](#) is available on our customer website.

Community Investment Programmes

Friend for Life's Journeys and Train for Life's Journeys

We aim to empower young people by providing opportunities for students from secondary schools to broaden their horizons and empower them with life skills through our Train for Life's Journeys and Friend for Life's Journeys programmes. In 2014, these programmes reached over 220 students from 63 schools in Hong Kong.



Customer Service Internships

In 2014, our Customer Service Ambassador Internship programme, now in its sixth year, offered job experience opportunities to 200 students from five tertiary institutions. The programme offers participants the opportunity to gain practical customer service knowledge and strengthen their communication and interpersonal skills.

Activities for Primary and Secondary School Students

For the fifth year running, the Student Quality Circle programme saw staff members from across the organisation sharing our Work Improvement Team concept with primary school students. We also continued our collaboration with the Young Entrepreneurs Development Council, holding six workshops, mock job interview sessions and company visits for secondary school students.

Opportunities for University Students with Disabilities

In support of the Talent-Wise Employment Charter and Inclusive Organisations Recognition Scheme championed by the Labour and Welfare Bureau, we collaborated with the Hong Kong Council of Social Service and local universities to provide summer internship opportunities for university students with disabilities or special educational needs. In recognition of our initiatives in 2013–14, the Company received the

Talent-Wise Employment Charter – Outstanding Inclusive Organisation Award in September 2014 for promoting and implementing measures for employment of persons with disabilities.

Art in MTR

Whether produced by internationally acclaimed artists or local school children, we believe that art is an integral component in the heritage, history and identities of communities. Now in its sixteenth year, the Art in MTR initiative aims to enhance passengers' life journeys - as well as their daily travelling experiences - by providing inspiration from artwork on display throughout our railway network. All year round, we continue to support aspiring local artists to showcase their talent at the arttube, our permanent mini gallery located at Central Station. At stations across our network, we hosted regular, temporary exhibitions of two- and three-dimensional artworks under the roving art programme.

Marking our 35th Anniversary, in June 2014 we showcased the evolution of MTR tickets and specially-designed tickets commemorating important occasions at an arttube exhibition, MTR Ticket Collection - 35 Years of Tickets to Ride, in Central Station. In addition to hosting live performances every Friday evening at our venue in Hong Kong Station under the living art programme, during 2014 the MTR network continued to be enriched by 53 community art galleries and 59 art in station architecture installations, including new installations in stations on the Island Line Extension to Western District.

Learn more...

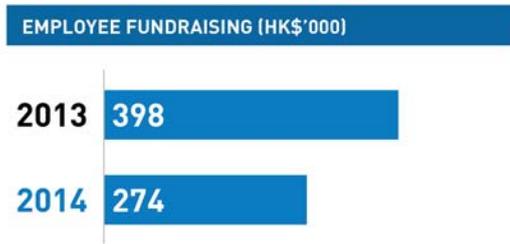
To download a copy of our short guide to Art in MTR, and to learn more about any of our Art in MTR initiatives, please refer to more information on our [customer website](#).

Did you know...

In 2012, we issued an open invitation for proposal of original artwork to decorate the network expansion projects that were under construction at that time. The winning proposal for the Island Line Extension to Western District, Blooming Bud, is now on permanent display in Kennedy Town Station and is the largest example of community artwork in the MTR network.

Fundraising and Donations

Staff members' active participation in volunteering and fundraising activities is an important part of our corporate culture. In 2014, our staff raised over HK\$274,000 for donation to various worthy causes.



MTR HONG KONG Race Walking 2014, a community health and charity event that has been held every year since 2005, was cancelled after an assessment of public activities on the street taking place in Hong Kong along the race circuit and in its vicinity. We donated HK\$10 million to the Hospital Authority Health InfoWorld from our own resources to express our appreciation to the public for their support of the event and for their support of MTR during this challenging period. Our staff donated an additional HK\$35,000 to the Hospital Authority and other participating organisations contributed HK\$950,000.

We contribute to the development of a vibrant civil society by offering non-profit organisations advertising space in stations across our network, encouraging them to raise awareness about important issues affecting society and promoting their work. In 2014, we offered space to over 49 organisations supporting causes ranging from community volunteering to elderly care services.

Big ideas for small spaces

Innovative and environmentally-friendly design solutions for small living spaces created by Hong Kong students were in the spotlight at a roving art exhibition, which was hosted in Sheung Wan and Tiu Keng Leng stations between June and September 2014. Entitled Social Innovation Inventor - Competition for Innovative Design, the exhibition featured prize-winning and shortlisted designs submitted by secondary and tertiary students for a multi-purpose bed to improve living conditions in sub-divided flats. The 13 designs on display incorporated a range of creative ideas to enhance energy saving, improve ventilation and provide smart storage options.





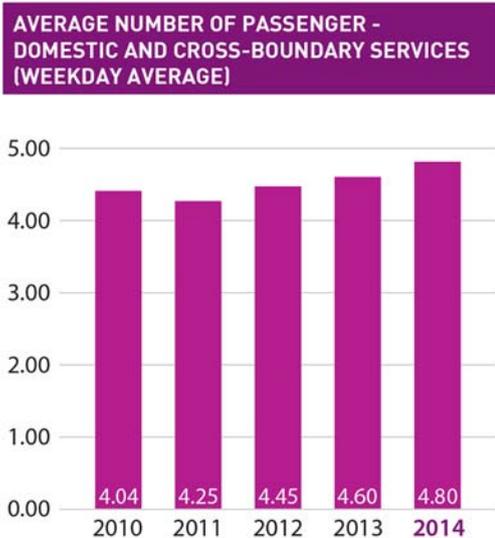
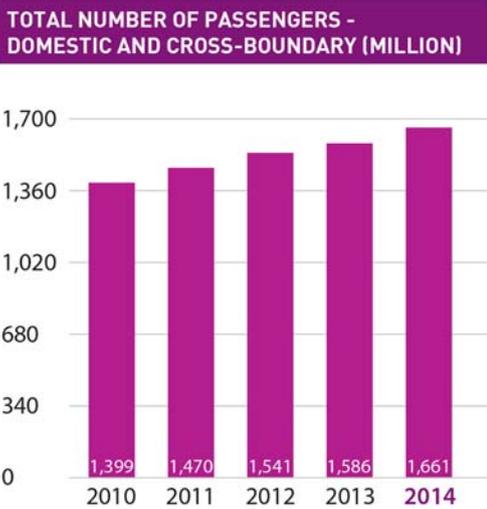
Introduction

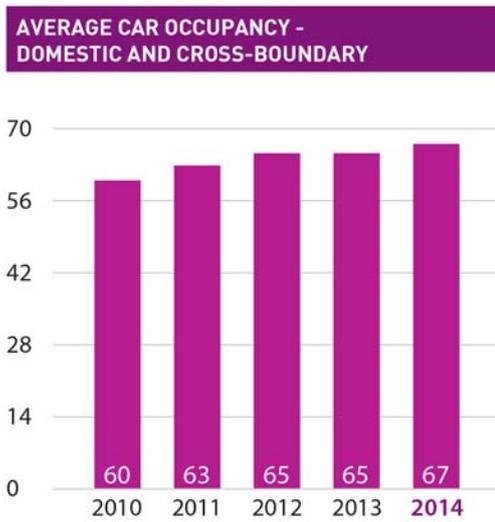
With an average of 5.46 million passengers using our network in Hong Kong each working day, we recognise that our train services have a profound impact on the daily lives of many people in our city. Bearing this responsibility in mind, members of our staff come to work committed to providing reliable and comfortable journeys for our customers; we strive to excel at what we do, all day, every day of the year.

During 2014, average weekday patronage on our rail and bus passenger services in Hong Kong increased by nearly 4 per cent. Underlying this headline figure, several long-term trends are putting increasing demands on our network as summarised in the following charts.

Did you know?

About 90 per cent of Hong Kong's population uses public transport every working day. With a 48.1 per cent market share for franchised public transport boardings in 2014, we play a critical role in keeping our city's residents on the move across Hong Kong.





In this section, you can read how we are responding to challenges associated with these trends in order to sustain and improve upon train service performance. You can also read about customer services in our managed properties.



Management Approach

GUIDING STRUCTURE

Operating Agreement

The conditions of our license to operate are set out in our Operating Agreement with the Government. In our drive for excellence, we have set internal targets that meet or exceed the terms of this agreement.

Customer Service Pledge

The Customer Service Pledge is the primary document spelling out our service commitments to customers. It contains ambitious quantitative targets across 15 areas of performance, including punctuality, reliability, indoor environment, cleanliness and customer response. We update the pledge annually and publish it on our customer website.

Learn more ...

Please download updates on our [performance against our pledge](#) or [click here](#) to access more information from our customer website.

Asset Management Framework

The Operations Division has an Asset Management Manual that sets out system requirements for asset management in alignment with best practices and uses a self-developed asset management system known as RailASSURE, providing a functional overview of equipment management, work management, maintenance planning, budgets and analysis. Our risk based asset management framework is accredited to PAS 55, the first publicly available specification for optimised management of physical assets. Following publication of a newer standard by the International Organization for Standardization in 2014, we are currently in the process of migrating to ISO 55000, Standard for Asset Management.

Learn more ...

Customer satisfaction, as recorded by our regular surveys, remained high during 2014. The Service Quality Index and the Fare Index that measure the level of customer satisfaction with fares can be found in our [Annual Report](#).

KEY PRINCIPLES AND PROCESSES

Investment, Investment, Investment ...

In the railway industry, it is extremely important that infrastructure is constantly maintained. Our ability to deliver the highest levels of service to our customers depends on continuous investment in more reliable, convenient and comfortable journeys. The amount of annual expenditure on maintenance and upgrading is expected to increase significantly over time as our network continues to mature.

In 2014, we spent over HK\$6 billion to maintain and [upgrade](#) our existing rail system in Hong Kong.

Accountability

Throughout the year, we publish Train Service Report Cards to keep our stakeholders up to date on our performance trends.

Customer Service Training

To ensure that excellent service continues to be promoted as an integral part of our corporate culture, the Academy of Excellent Service (AES) was established jointly by the Operation Division and the Human Resources and Administration Division in 2012. It provides comprehensive, competency-based customer service training programmes for staff at various levels to build up their skills and capabilities for excellent service.

Rapid Response Teams

When train service disruptions occur, our Customer Service Rapid Response Unit is on the frontline to assist passengers by providing timely information about the situation and the impact on train services. They also manage boarding and alighting arrangements for free shuttle bus services to transport some affected customers to the nearest MTR station so that they can continue on their journey.

Specialised teams are mobilised behind the scenes as soon as a problem is detected. For example, the Infrastructure Maintenance Rapid Response Unit repairs railway infrastructure, the Rolling Stock Rapid Response Units rectify train faults, and the Infrastructure Engineering Control Centre uses its real-time monitoring and control system to integrate fault reporting centres that are located at depots across the railway network.

Caring Response

Since the end of 2013, volunteers from our Customer Service Support Team (CSST) have provided extra support to frontline staff during emergencies to ensure that all passengers receive caring service.

Listening and Responding

Since 2012, we have been coordinating service improvements across all areas of our business under the Listening•Responding programme. The initiatives launched under this programme have focused on providing more comfortable journeys, improving station access and facilities, and communicating service information to passengers.

Customer Service Teams

We pledge to respond to 99 per cent of written passenger enquiries within six working days. All legitimate enquiries are

Learn more ...

Our Customer Service Centres provide information and assistance to customers within stations across our network. Please [click here](#) to contact us through the various channels that are available.



Learn more ...

More information about the [Listening•Responding programme](#) can be found on our customer website.

taken very seriously by senior managers from relevant business units. Occasionally, if we are not clear on the meaning or significance of an enquiry our customer service representatives will contact the customer concerned to ensure we have fully understood the situation.

Barrier-free Access

To ensure equal access for all members of our community, including the elderly and the disabled, our standard design manual contains specifications for barrier-free access facilities that go beyond Hong Kong regulatory requirements for our stations. For example, we strive to meet the needs of Hong Kong's changing demographics by installing external lifts, wide gates, braille signs and other such facilities. We are also addressing the specific needs of people with disabilities by enhancing our communication with them.

Enhancing Mobile Communication

How can we take the "mass" out of the mass transit system? To answer this question, we have developed a range of mobile apps to provide real-time information to our customers, including train arrival information, immediate updates on service information for specific lines in the event of a long delay, and a virtual tour guide for visitors to Hong Kong.

Learn more ...

To learn more about the facilities available across our network, please refer to the barrier-free facilities search function on our customer website or to our MTR Mobile app.

Learn more ...

Please click on each of the following for more information about our apps:

- Next Train
- MTR Mobile
- MTR Tourist





Performance Scorecard

In 2014, we achieved world-class levels of performance for Hong Kong rail services despite carrying more passengers as a result of providing additional train trips and the impact of public activities on the streets of Hong Kong during the second half of the year. Even though particular lines and stations, such as the Island Line and Sheung Wan Station, experienced significant increases in patronage, we responded by providing additional services and staff and maintained overall passenger journeys on time at 99.9 per cent.

The following table summarises the key performance indicators (KPIs) that we track for train service quality on our heavy rail network.

MTR TRAIN SERVICE PERFORMANCE JANUARY – DECEMBER 2014

	2014	Compared with same period in 2013
Passenger journeys on time	99.9%	Maintained at 99.9%
Total no. of train trips operated	1,861,260 trips	Increased by 1.8%
Total no. of ≥ 8 minutes delays	190	17 more
Cumulative days without delay of ≥ 8 minutes	222 Days <small>Total No. of Days in Jan-Dec: 365 days</small>	10 Days less

During 2014, there was a slight increase in the number of service disruptions lasting more than 31 minutes. These delays, which particularly affected passengers on the East Rail Line, raised public concern about our reliability. We moved swiftly to examine the reasons for these delays and, in the spirit of continuous improvement, we are making positive changes. These improvements have been communicated to passengers through various channels.



Customer Service Benchmarking

The overall performance of any metro system is impacted by many factors. In the case of Hong Kong, the high density of population living in close proximity to our railway network helps us to operate our services in a highly efficient way. Comparing the quality of train services provided by metro systems around the world, our Hong Kong heavy rail network performs well but there is still room for improvement. According to CoMET

Benchmarking Results 2013, the most recent data available, we ranked fourth out of 12 participating metros on the KPI for passenger journeys on time.

Why Do We Participate in CoMET?

MTR Corporation participates in the Community of Metros (CoMET) programme, which collects data annually from large metro system operators around the world in order to compare performance and drive up standards across the industry. The data covers a number of important areas, including profitability, customer service and safety. The 2014 benchmarking exercise looked at data for 2013 for metro systems from 15 cities including Beijing, Berlin, Guangzhou, Hong Kong, London, Mexico City, Madrid, Moscow, New York, Paris, Santiago, Singapore, Shanghai, São Paulo and Taipei. Performance is measured across six categories, including growth and learning, customers, internal processes, safety and security, financial performance and environmental performance.

As the data covers several years, trends and best practices can be reliably tracked. This helps to identify which members of the group are improving their performance and to demonstrate the level of improvement that is achievable relative to other participants. Our participation in the programme allows us to share information about best practices, innovations and new technologies that will continue to raise the bar for best performance. Case studies help to raise awareness about management approaches and tools that are being deployed by metro operators around the world to achieve optimal performance.





Responding to Challenges

In 2014, we implemented a number of significant initiatives based on feedback from our passengers focusing on reducing congestion, upgrading facilities, and enhancing communication. Even though our Hong Kong transport operations continued to achieve world-class levels of performance overall, we are facing ongoing challenges for service delivery.

Reducing Congestion

We have taken steps to ease crowding in certain parts of our network by, for example, increasing the frequency of trains during peak periods to the capacity limit of our signalling equipment on many lines.

In 2014, we added 1,150 extra train services to our weekly heavy rail train schedule on the Tsuen Wan, Kwun Tong, Island, East Rail, West Rail, Tseung Kwan O and Tung Chung lines. We implemented longer operating hours on selected Light Rail routes to allow passengers to interchange from the last West Rail Line service of the day for onward travel to 68 Light Rail stops. We also recruited 300 additional staff to offer assistance and give directions to passengers on our platforms.

As a result of sustained efforts over several years to make our services more comfortable and convenient for passengers, since 2012 we have added more than 2,400 additional train trips to our network each week and deployed over 1,000 extra staff to control passenger flows on our platforms.

In addition to upgrading the signalling systems on six existing lines and the Airport Express to allow us to run more frequent train trips, the long-term solution to congestion involves construction of additional lines that will enhance the overall robustness of our network. Two examples are the [Shatin to Central Link](#), which is currently under construction, and the North Island Line, which has been recommended for development under the [Railway Development Strategy](#).

Learn more ...

Please click [here](#) to access information about average train frequency and service hours for all lines.



Upgrading our Assets

Here are some of the initiatives that we were working on to maintain and upgrade our assets during the year:

Light Rail

- We replaced the platform canopy at Tai Tong Road Light Rail Stop to create a more spacious environment.
- Work began in September 2014 to replace all existing Light Rail Single Journey Ticket Issuing Machines with new 2-in-1 models. When completed in 2015, add-value services will be available at all 150 platforms on all Light Rail stops.



Stations and In-station Facilities

- Our programme to replace old-style tickets with more convenient Single Journey Smart Tickets was completed in March 2014.
- We built new station entrances at Yuen Long Station, and in August 2014 we completed a connecting walkway in partnership with the developer of a neighbouring residential complex.
- Across our network, eight new external lifts were installed to provide better station access. We also replaced five hydraulic lifts to provide swifter movement within our stations.
- New public toilet facilities were completed in our stations at Mong Kok and Prince Edward.
- Construction continued on the new Crystal Cube entrance at Tsim Sha Tsui Station that is scheduled to open in the second half of 2015.



Railway Infrastructure and Trains

- A HK\$3.3 billion contract to install replacement signalling systems using advanced Communications Based Train Control (CBTC) technology was awarded to two internationally renowned railway infrastructure suppliers. Starting in 2018, the Tsuen Wan Line will be upgraded first, followed by the Island, Kwun Tong, Tseung Kwan O, Tung Chung, Disneyland Resort and Airport Express lines. The whole project is targeted for completion in 2026.
- We initiated the procurement process to replace all 78 M-type trains that are currently operating on the Kwun Tong, Tsuen Wan, Island and Tseung Kwan O lines with new 8-car trains. The new trains are due to come into service between 2019 and 2022, making journeys more comfortable for our passengers.



Enhancing Communication

MTR Mobile

During 2014, we expanded the MTR Mobile app with real-time station lift status reports, a Light Rail planner and MTR bus information to enhance awareness of our barrier-free facilities and improve our customers' journey planning experience. The app was also upgraded to incorporate accessibility design, quicker navigation and better audio information for visually impaired passengers. At the end of 2014, a total of 2.4 million users had downloaded the app.

As a result of these initiatives, we received two Gold Awards in 2014 from the Office of the Government Chief Information Officer and Equal Opportunities Commission in the Web Accessibility Recognition Scheme (Mobile Stream).



MTR Customer Website

In 2014, we also enhanced our customer website to comply with the latest standards for accessibility. According to a recent report on web accessibility of major websites in Hong Kong issued by the Hong Kong Blind Union, our site has achieved 100 per cent of requirements following the upgrade, compared with 76.9 per cent in 2012.

CSST Saves the Day

The Customer Service Support Team (CSST) was set up at the end of 2013 as part of our commitment to ensure that customers receive caring service during major railway incidents or service disruptions. The team, which is comprised of volunteers from various departments of the Company, is called out when needed to help with passenger enquiries and assist with crowd control, allowing station staff to focus on incident handling and recovery.

Most CSST volunteers have desk-based jobs with office duties, so many of them had little experience working with customers directly prior to volunteering. The skills needed to handle incidents are developed through training and briefings, as well as participation in monthly drills and familiarisation sessions. All volunteers receive appropriate recognition from the Company for their contributions in response to emergencies, including holiday-leave time in lieu, awards and appreciation certificates.

Between its establishment in October 2013 and the end of 2014, the CSST was called upon on six occasions. As a result of the volunteers' swift deployment to problem sites and their professional conduct when assisting passengers, there was a noticeable reduction in the number of customer complaints arising from service disruptions during 2014.

New Procedures for Animals on Our Tracks

On 20 August 2014, a stray dog wandered onto the tracks at Sheung Shui Station on the East Rail Line. When attempts to guide the dog away from the track were not successful, it wandered down the line toward Fanling Station where it was struck by a train. This incident gave rise to much public concern.

To prevent a recurrence of similar incidents, we appointed a task force to conduct a thorough review of how the incident was handled and to make recommendations for improvements. We have subsequently implemented a number of enhanced measures in consultation with animal welfare experts, including sealing off gaps in boundary fences, stepping up the fence maintenance regime, increasing staff training, equipping staff with the right tools to handle animals and providing clearer instructions for train drivers to slow down or stop when a dog is reported on the tracks.

According to our new procedures when a dog is spotted on our tracks, staff will seek advice and assistance from the Agriculture, Fisheries and Conservation Department and Society for the Prevention of Cruelty to Animals. Trains will resume operating at normal speed when the dog is reported to have left the track area or cannot be found following a thorough search.





Customer Services in our Managed Properties

In our managed properties, we strive to provide facilities and services that meet and exceed our customers' expectations.

MTR Malls

To provide a high quality shopping experience for our customers, MTR Malls endeavours to improve on the facilities and services offered in our portfolio of shopping centres. Apart from offering a wide array of services to enhance customers' comfort and convenience, including concierge, baby care rooms, in-mall breast-feeding facilities and barrier-free access, we continuously optimise our in-mall facilities to better cater for the needs of different types of users.

For continuous improvement and to sustain high quality customer services, we have been operating a self-initiated quality service programme called Total Service Assurance Regime across MTR Malls for over 12 years. This programme promotes good customer service practices and a consistent quality of service throughout our malls, including engaging our tenants through workshops as well as training and performance monitoring activities.

The outstanding performance of MTR Malls has been recognised in the various awards received in 2014, including Top Ten: My Favourite Shopping Mall in Hong Kong from Hong Kong Economic Times, and the Customer Caring Service Award and Luxurious Experience Shopping Centre Award in the Hong Kong Service Awards 2014 held by East West Magazine.

Premier Plus

Premier Plus, a brand under our Property Management offering, provides management services to Grade-A office buildings and residential properties, including Two ifc located in a prestigious business area and home to many international financial institutions. The management services we provide to our tenants at Two ifc are of comparable quality to a luxury hotel, including a concierge service that handles tenant enquiries and requests 24 hours a day.

Learn more ...

To learn more about [MTR Malls](#) and [Premier Plus](#) please refer to their respective websites.





Introduction

This year, for the first time we are broadening the scope of our sustainability report to provide a more complete picture of the many ways in which we create value for our stakeholders and society at large. Whether it is through working closely with suppliers or enabling the growth of small businesses through our station retail network, we strive to maximise the Company's contribution to society by working with stakeholders outside of the organisation, in line with our policy on corporate responsibility.



What is a Value Chain?

A value chain is a set of activities performed by an organisation in order to deliver products and services. It is related to the idea of evaluating each organisation as a collection of various inputs, processes and outputs.

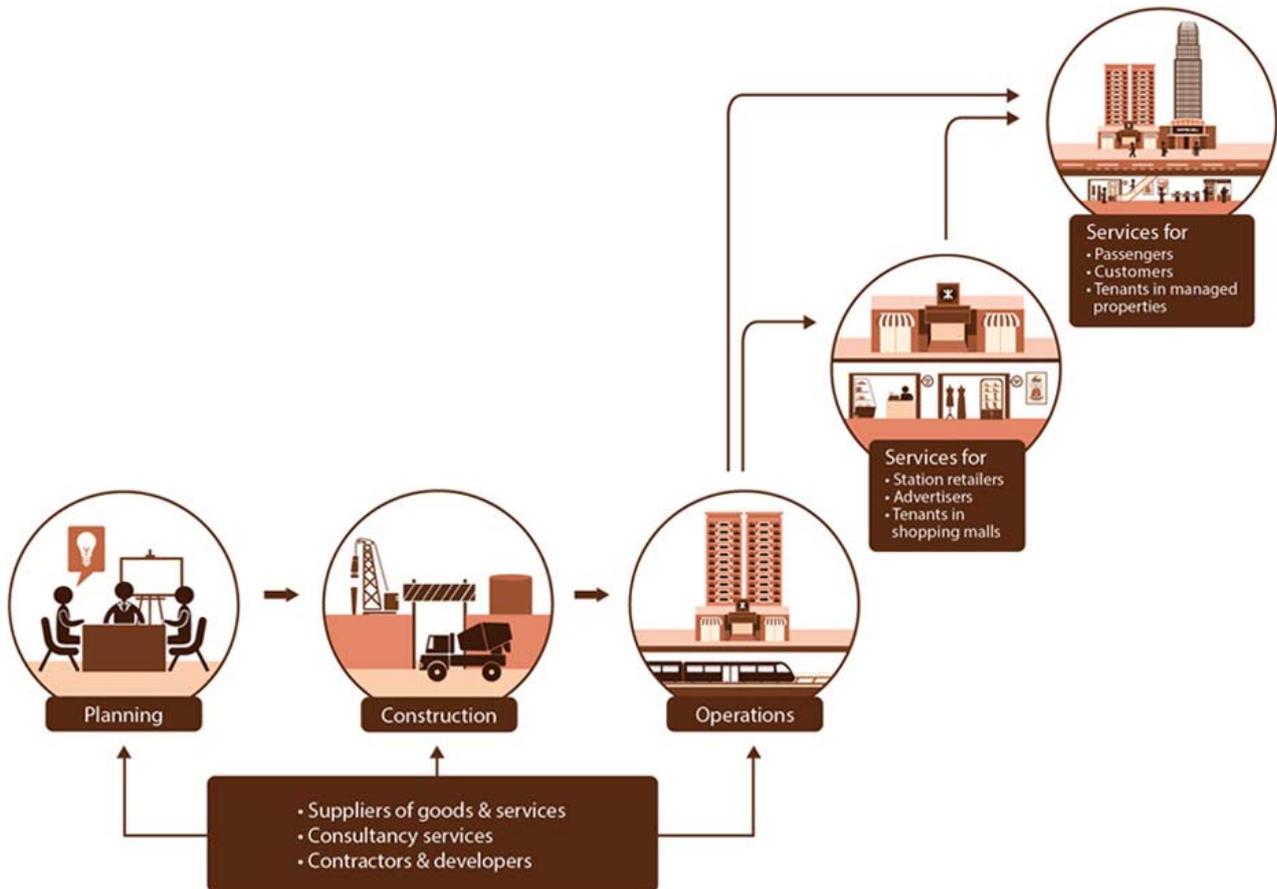


Our Value Chain

Our value chain is complex because it encompasses a wide range of activities from planning and construction through to delivery of rail, property, retail and other services. Despite, or indeed because of, this complexity our value chain provides many opportunities to broaden, amplify and deepen the Company's contribution to society.

MTR's Value Chain

VALUE CHAIN FOR MTR CORPORATION



In future, we plan to report comprehensively on all aspects of our value chain. For the time being, we are featuring particular aspects of our value chain in this section of the report to reflect the current focus of our value chain activities, including the following:

- **Supply Chain Management** refers to suppliers of goods and services, including contractors and developers on our construction sites.
- **Working with Station Retailers** refers to tenants of MTR Shops that provide services to passengers in stations across our railway network.
- **Working with Partners in our Properties** refers to tenants of MTR Malls as well as tenants of managed residential estates.

Links to Other Sections

Stakeholder engagement activities to promote corporate responsibility and sustainable practices are also covered

elsewhere in this report. The following are two examples:

Financial Performance — An integral part of our Rail plus Property model involves working with the Government and property developers to create sustainable and integrated communities all across Hong Kong.

Community — We work hard to engage with communities impacted by our railway extension projects, and we also have a programme of community investment to promote social sustainability in partnership with the Government and other organisations that share our values.





Supply Chain Management

We contribute significantly to the economy of Hong Kong and other places through our diverse supply chain, which comprises the full sequence of activities involved in providing products and services to all areas of our business. Consider the wide range of products and services involved in the different categories of spending for railway construction projects, transport operations, property management and other business. Managing the procurement process for such a complicated supply chain in a responsible manner requires focus and a strategic approach.

Fortunately, we are in a position to build upon a strong foundation of working with stakeholders in our supply chain over more than three decades to promote quality, efficiency and a commitment to corporate responsibility. Our reputation as a fair and equitable business partner is well established among our suppliers, and we find that this helps to maintain constructive and productive working relationships with them.

A (Supply) Chain is Only as Strong as Its Weakest Link

During February 2014, the East Rail Line experienced lengthy delays due to faults caused by sub-quality overhead line insulators. In response to this incident, we implemented enhancement measures to prevent similar problems from occurring in the future, which include establishing in-house facilities to conduct high voltage insulator tests and strengthening the procurement process to re-emphasise the required specifications when placing orders with suppliers.



Management Approach

We introduce the key elements of our approach to procurement and working with suppliers in this section. It also contains links to more information on our corporate website.

GUIDING STRUCTURE

Procurement Process

The Company has a transparent and independent procurement process based on principles of good governance. The key objectives of this process are to serve the interests of our shareholders and other stakeholders by promoting competition, providing value for money to the Company, and ensuring compliance with our policies on corporate responsibility and sustainability.

Supply Chain Risk Management

Risks in our supply chain are subject to regular assessment by our Enterprise Risk Committee. For example, we anticipate that flooding and other extreme weather events associated with climate change could have major impacts on our supply chain, including delays to production and delivery of goods, and higher insurance premiums for our infrastructure and property assets. To address these issues, we have put in place risk mitigation measures such as keeping safe levels of stock for critical spares and investigating ways to develop alternative sources of supply for a range of goods and services.

The Supplier Code of Practice (SCoP) was launched in 2008. It provides a basic, compulsory behavioural framework for ethical standards, human and labour rights, and supply chain management. Full compliance with the SCoP is a requirement of all procurement contracts entered into by the Company, with any violation considered to be a material breach of contract. Suppliers are also responsible for ensuring that their own suppliers comply with the SCoP.

Green Procurement

Our Green Procurement Policy encourages our procurement teams to promote sustainability in our supply chain. We are a founding member of the Hong Kong Green Purchasing Charter and apply green specifications for procurement of a range of items, such as Forest Stewardship Council (FSC) certified products for stationery supplies. We encourage our suppliers to adopt eco-labelling and are currently working with some

Learn more...

You can download a copy of our Supplier Code of Practice from our corporate website.

Learn more...

The Hong Kong Green Purchasing Charter is an initiative of the Green Council, a non-profit environmental association formed in 2000 to encourage environmental protection measures in the industrial and commercial sectors of Hong Kong.

Learn more...

Please refer to our corporate website for Information on Tender Notices, Invitation for Tenders/Expressions of Interest, and Notices of Contract Award and Supplier Registration and Administration.

suppliers to explore the feasibility of introducing locally produced biodiesel into our supply chain.

KEY PRINCIPLES AND PROCESSES

Supplier Survey

We survey our suppliers periodically to collect information about the status of their policies, initiatives and monitoring systems relating to

- ethical standards
- human and labour rights
- environmental protection (including carbon emissions, energy, water, waste and noise)
- consumer protection
- supply chain management
- conflicts of interest

We use this information to understand how our suppliers are aligning with the Supplier Code of Practice and to identify areas for improvement and collaboration.

Supplier Engagement

We invite suppliers to participate in regular forums, seminars and site visits to evaluate performance and share best practices, and our procurement teams participate in regular visits to suppliers' facilities. Overall, we aim to foster a culture of cooperation and mutual support in our supply chain by working with suppliers to promote corporate responsibility beyond contractual compliance. Focusing on worker safety and health, human rights, labour practices and community engagement, our Operations, Projects and Property Divisions have identified specific parts of the supply chain in which to deliver strategic engagement on these issues.

Please refer to [supply chain assessment](#) and [collaboration with contractors](#).

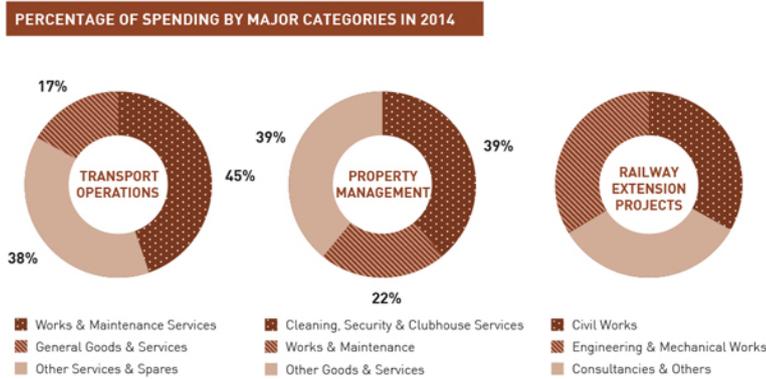
Promoting Transparency

We publicise information about contracts and tenders on our corporate website in the interests of total transparency.



Supply Chain Assessment

These diagrams show the breakdown of our spending on products and services during 2014 as well as our strategic focus areas for supplier engagement by division and category of spending.



Strategic Focus Areas for Engagement

	Transport Operations	Property Management	Railway Extension Projects
Worker safety and health	<ul style="list-style-type: none"> Works & Maintenance Services 	<ul style="list-style-type: none"> Works & Maintenance Services 	<ul style="list-style-type: none"> Civil Works Engineering & Mechanical Works
Human rights and labour practices	<ul style="list-style-type: none"> Other Services & Spares 	<ul style="list-style-type: none"> Cleaning, Security & Clubhouse Services 	<ul style="list-style-type: none"> Civil Works Engineering & Mechanical Works

Supplier Survey in 2014

During 2014, we received information from 660 suppliers in response to our Corporate Responsibility Questionnaire. Compared with the baseline from 2011, we have observed an overall increase in the proportion of suppliers indicating they have corporate responsibility policies, initiatives and monitoring systems in place. Subsequent to completion of our survey, we engaged a consultant to review corporate responsibility practices in our supply chain and to assist us in identifying the next steps to embed corporate responsibility even deeper into our procurement process. We plan to report on the progress of this activity in future.

Supply Chain Audit

Under the terms of our Supplier Code of Practice we have the right to conduct audits to ensure compliance. During 2014, we conducted an audit at the manufacturing facility of one supplier for marketing merchandise. This supplier was selected in view of the labour intensive nature of its production process, which implies a high risk profile for corporate responsibility and sustainability issues. The overall findings of the audit were considered satisfactory, with no major areas of non-compliance. However, we did take the opportunity to make a number of suggestions on how the factory could strengthen its compliance with our Supplier Code of Practice in future.

Model Management Practices in Our Supply Chain

Since 2009, we have committed a total of HK\$9.7 billion towards procurement of rolling stock for our new railway lines. Given the huge scale of this investment, we have put a lot of effort in recent years into refining our lifecycle assessment approach for this kind of equipment. Our procurement decisions take into consideration future energy use and maintenance costs of our trains over an average lifespan of 40 years, in addition to upfront capital costs.

Furthermore, in order to meet our high standards for quality we maintain close working relationships with the manufacturers who fabricate our trains. Our model practice for quality management of rolling stock grew out of an enhanced partnership that has developed with one of our major suppliers. We work closely with this supplier through a joint project office located at the manufacturing base to ensure all performance indicators for quality are achieved, including complete traceability of all major components.



Collaboration with Contractors

The work that we do to engage with contractors is an aspect of our value chain. In general, contractors hire their own staff directly but they may also hire sub-contractors and independent contractors. Securing buy-in from contractors is integral to our strategy to promote corporate responsibility.

Contractors are obliged to comply with a set of stringent safety

specifications as part of their contractual obligations for every project; however, we also strive to establish non-contractual partnering relationships that will lead to joint efforts to improve delivery plans. For example, we set up a “war room” for every major civil works contract, providing a designated physical space for project team members to work together to meet high standards of safety, quality and environmental best practice.

Safety on Construction Sites

We provide leadership on safety standards for construction workers in Hong Kong in partnership with the Labour Department, industry bodies, unions and other major employers.

Awards for Excellence in Quality, Safety, Environmental Management & Stakeholder Engagement

Launched in 2010, our Project Division’s annual awards scheme aims to promote continuous improvement in these areas during delivery of new railway projects for Hong Kong.

In 2014, the Grand Safety Award was presented to Samsung - Hsin Chong Joint Venture (Shatin to Central Link) for being the best performer among all extension project contractors based on a set of objective criteria including accident rates, site conditions, safety audit results, training efforts and leadership on safety. We particularly appreciated the initiative shown by this contractor to introduce concrete hoardings along footpaths in the To Kwa Wan area, ensuring public safety during implementation of large-scale, temporary traffic management schemes.

Other award winners in 2014:

- The Gold Environmental Award was won by Nishimatsu Construction Company Ltd (South Island Line (East)) and Leighton Contractors (Asia) Ltd (Shatin to Central Link) for successfully reducing construction noise with effective measures such as fully enclosing works plants using insulating fabric.
- The Gold Stakeholder Engagement Award was won by Chun Wo – Hip Hing Joint Venture (Kwun Tong Line Extension) for engaging with stakeholders in the Whampoa area, where more than 100 traffic diversions had to be implemented to facilitate construction work in the congested neighbourhood.

- The Gold Quality Award was won by Kier – Laing O’Rourke – Kaden Joint Venture (South Island Line (East)) for outstanding quality and control measures in project management.





Working with Station Retailers

At the end of 2014, we had over 1,350 outlets — known as MTR Shops — covering in excess of 55,696 square metres of retail space in stations across our railway network. MTR Shop tenants cater to our passengers' shopping needs, providing goods such as food and beverages, gifts, beauty and wellness products, and fashion. They also provide services such as dry cleaning, shoe repair, travel agency, express mail and banking.



Optimal Trade Mix

In order to provide maximum convenience for passengers using our network, the mix of tenants in our MTR Shops is determined with reference to the Optimal Trade Mix Model, which takes into account our commercial team's assessment of the profile of passengers utilising each station. According to the model, prospective tenants can be assigned into one of three main groups:

Core Trade — Convenience stores, cake and bakery, banking

Edible Trade — Takeaway food and beverage, confectionery and grocery shops

Retail Trade — Fashion, accessories, health and beauty, passenger services, etc

At the same time, stations in our network are classified into four groups reflecting the main purpose of customer traffic through the station:

Domestic — Varied purposes such as transport interchange and business

Leisure — Sightseeing and shopping

Residential — Daily commuting from and to home

Cross-boundary — Tourist and business travel to and from the Mainland of China

With the aid of the Optimal Trade Mix Model, our commercial

team evaluates the passenger profile and geographical location of each station and introduces an appropriate mix of tenants to best suit our customers' needs.



Support for Small Businesses

We welcome entrepreneurs and small businesses to become tenants of MTR Shops. We value their insight into Hong Kong's local preferences, willingness to lead the market through innovation, and the caring service that they provide for our passengers. We provide assistance to support new tenants in MTR Shops, including help with interior design and advice on professional presentation.





Working with Partners in our Properties

MTR Malls

MTR Malls are closely integrated with MTR railway stations across our network. We design and operate them as neighbourhood malls to provide hubs for shopping and other recreational or social activities. The facilities and services offered in our malls shape the overall experience of MTR Mall patrons and have important benefits to local residents and businesses. We prioritise the needs of our stakeholders throughout the process of retail development, endeavouring to achieve an appropriate mix of MTR Mall tenants in order to meet the constantly evolving needs of our customers and communities.

We engage with tenants of MTR Malls as part of our customer service quality programme. MTR Malls are also actively involved in engaging with local communities by supporting Community Care Programme events and providing space for community gatherings.

Managed Residential Estates and Offices

We engage with local communities around our residential estates and offices in various ways. Please refer to Community Engagement for information about our activities in 2014.

Learn more...

The Food Wise Hong Kong Steering Committee formulates and oversees the implementation strategy of the Food Wise Hong Kong Campaign.

Partnerships to Reduce Food Waste

According to a report issued by the Environmental Protection Department, Hong Kong generates over 3,000 tonnes of food waste every day. MTR is a signatory of the Food Wise Hong Kong Campaign, and we have also joined its steering committee to support the Government and other stakeholders to relieve pressure on our city's landfills. We strive to reduce environmental impacts from food waste in the following ways:

MTR Malls — Under our self-initiated MTR Malls Food Waste Reduction Pledge, we work with food and beverage tenants to minimise potential waste at source and to promote food-waste reduction practices in the shopping mall sector.

Managed Residential Estates — Under our Central Food Waste Recycling for Improving Estate Environment initiative, we have launched programmes to encourage residents to recycle their food waste at Heng Fa Chuen, Tierra Verde and The Capitol.





Introduction

Our approach to corporate responsibility requires us to take a long-term view of our business, striving to meet both the current and future needs of our stakeholders. In this section of the report, we provide an introduction to our expectations for the future, including planned improvements to our current services, new railway projects in Hong Kong, property developments that are underway and new opportunities for expansion of our business in the Mainland of China, Europe and Australia.

Global Context

In 2014, about 54 per cent of the world's population lived in urban areas, but this proportion is expected to increase to 66 per cent by 2050. According to a study published by the United Nations Department of Economic and Social Affairs (UN DESA) in 2014, the majority of population growth is expected to take place in and around the cities of Asia and Africa.

In this context, the UN points out that sustainable urbanisation — involving creation of appropriate urban infrastructure such as public transport and housing — will be key to continued economic and social development in many regions of our planet.

With the impacts of climate change being felt globally and in Hong Kong, and as a result of increased public attention on this issue following a high profile meeting of global leaders in September 2014, the demand for investment in sustainable public transport has never been more urgent.

Hong Kong is already recognised as a world leader in this regard. In a study published by the International Association of Public Transport (UITP) and management consultancy Arthur D Little, 66 cities were ranked according to their “mobility maturity and performance”. On a scale of 1 to 100, Hong Kong came out on top of the list. In particular, Hong Kong was cited for providing integrated travel services using multimodal mobility (Octopus) cards and a “clear, well-articulated mobility strategy that combines low transport-related emissions with a short average travel time to work.”

Learn more...

World Urbanization Prospects, a revised study produced by the United Nations Department of Economic and Social Affairs (UN DESA) in 2014, notes that while there were ten mega-cities with 10 million inhabitants in 1990, there could be as many as 41 mega-cities of this size by 2030.

With our Vision to be a leading multinational company that connects and grows communities with caring service, our innovative Rail plus Property model and a strong performance record operating rail services in one of the most densely populated cities in the world, we believe that we are well placed to continue to succeed in the context of these global developments in future.

Learn more...

Please download a copy of Future of Urban Mobility 2.0.

Links to Other Sections

Throughout this report, we have highlighted a number of challenges that have implications on how we strive to achieve our Vision and Mission.

Safety — As new joiners replace more experienced staff who are approaching retirement, we must address the safety risks that will inevitably arise in our workplaces. We must also respond to changing passenger demographics, especially an increase in the number of elderly passengers and visitors to Hong Kong who are not familiar with our network, that pose challenges for customer safety in future.

Financial Performance — We recognise that we must balance the expectations of shareholders to receive reasonable investment returns with the needs of other stakeholders to maintain train fares at affordable levels while investing in safe, comfortable and convenient journeys. We are concerned about the overall lack of greenfield development sites in Hong Kong because investment properties are a major source of income for our business. In order to ensure the continued success of our Rail plus Property model, we have set up an internal team to identify untapped opportunities within our existing portfolio of properties and stations.

Environment — Among other significant environmental challenges such as waste management, we are mitigating emissions of greenhouse gases that increase the threat of climate change by using energy and other resources more efficiently. We are also taking measures to identify and adapt to direct impacts from climate change on our business.

Corporate Governance — Learning from earlier mistakes and experiences, we made changes to our corporate governance in 2014 in order to become more transparent about implementation of network expansion projects. We recognise that we must hold ourselves accountable to stakeholders for

other major opportunities to expand and develop our business in future.

Staff — As older members of our workforce prepare to retire, we are stepping up training and development opportunities to equip new joiners with the skills that they need to perform their duties. We are also working to strengthen our corporate culture in order to respond to the changing demands of our business and expectations of our stakeholders.

Community — We will continue to invest in the communities we serve, looking for innovative ways to increase engagement with our stakeholders and to work with community investment partners to support the development of a socially sustainable city in Hong Kong as well as other locations where we operate.

Customers — Continued growth of our patronage places increasing demands on our services. In addition to maintaining world-class levels of train service performance and relieving congestion on our network, we must address the needs of an aging population by improving barrier-free facilities in our trains, stations and properties.

Value Chain — We recognise our responsibility to encourage sustainable practices throughout our value chain, including our suppliers, contractors, tenants and passengers.





Investing for the Future

Growing patronage combined with a maturing and expanding network will invariably place greater strain on our assets and on our ability to meet important safety and service criteria in our transport operations in future. With this in mind, we are carefully assessing the costs and benefits of various measures to meet the long-term needs of our business and our stakeholders.

Optimising our Assets

We strive to optimise our assets by regularly evaluating their performance. Our plan for asset renewal over the next 50 years is updated regularly to incorporate information about all assets owned by the Company, including their condition and performance records, operating and maintenance cost trends, and asset replacement strategies

Science Fact, Not Fiction

What if MTR could identify equipment failures before they actually happen? It sounds like science fiction, but in fact we believe that it's a plausible reality for the not-too-distant future as a result of advances in sensor technology, big data and cloud computing.

The possibilities are truly amazing. State-of-the-art sensor technology installed on our trains and other equipment would act just as our five senses do to collect operational data in real time. All of the data would be sent to the brain of the system — a cloud server — where real-time data can be compared against pre-set alarm thresholds using sophisticated analytics and artificial intelligence.

Although we don't have a timetable for this system of predictive maintenance, our vision would allow us to identify failure patterns and solve problems before they occur, thereby providing safer and more cost-effective train services.

New Signalling Systems

We have initiated the process to replace fixed block signalling equipment across our network with advanced Communications Based Train Control (CBTC) technology. We anticipate that over time this investment will reduce lifecycle costs of these systems.

Many of our lines are already operating at full capacity during rush hours. Upgrading the signalling systems will help to relieve some congestion by minimising headway (the time interval between two trains), maximising train throughput (the number of trains that can pass through a station in a specified time) and improving train service reliability. However the long-term solution to congestion involves construction of additional lines that will enhance the overall robustness of our network.

Upgrading our Stations

We are investing in our stations to minimise crowding and improve customer service. Two of our busiest stations — Mong Kok Station and Kowloon Tong Station — have been selected as model stations for our work programme, which is intended to give all stations in our network a new look and feel by redesigning station layouts for improved accessibility, and installing additional lifts, escalators and CCTV systems to relieve congestion and improve security. We also plan to improve information signage and provide public toilets at interchange stations.

Upgrading our Trains

In addition to procuring 78 new 8-car trains, we are planning to give all of our trains a makeover with new external car designs, seating options and overhead hand grips for a more aesthetically pleasing, comfortable and secure ride.

Latest Technologies

Our Asset Strategy 2030 plan focuses on adopting advanced technologies such as cloud computing, smart sensor technology and sophisticated analytics that will bring about the “internet of things” while providing the best possible assurance against security threats and cybercrime.



New Railway Lines

We recognise that in order to connect and grow communities in parts of Hong Kong that are underserved by an efficient mass transportation system, we must continue to explore

opportunities to expand our network. For this reason, we are working with the Government to investigate options for construction of additional lines.

Railway Development Strategy

The Government’s Railway Development Strategy 2014 (RDS-2014) is the first major update of Hong Kong’s plan for railway development since 2000. Based on recommendations from advisors and views collected from the public, the strategy provides a blueprint for railway development up to 2031. It considers various factors such as transportation benefits, land use planning, economic returns, environmental impacts, engineering feasibility and financial viability, and recommends the following seven projects for development:

New Railway Development Projects



- 1. Northern Link and Kwu Tung Station** — A major regional line formed by linking Kam Sheung Road Station on the West Rail Line to a new station at Kwu Tung on the Lok Ma Chau Spur Line.
- 2. Hung Shui Kiu Station** — A new station on the West Rail Line between the existing Tin Shui Wai Station and Siu Hong Station.
- 3. Tung Chung West Extension** — A new line

formed by extending the Tung Chung Line westward with a new station at Tung Chung West.

4. **Tuen Mun South Extension** — A new line formed by extending the West Rail Line southward from Tuen Mun Station to a new station at Tuen Mun South.
5. **East Kowloon Line** — A new line running in the northern East Kowloon area connecting Diamond Hill Station on the Kwun Tong Line (and the future Shatin to Central Link) and Po Lam Station on the Tseung Kwan O Line.
6. **South Island Line (West)** — A new line linking the South Island Line (East) to the West Island Line.
7. **North Island Line** — A new railway line on the northern shore of Hong Kong Island formed by extending the Tung Chung Line eastward and the Tseung Kwan O Line westward.

Should construction of these new lines go ahead, the coverage of our railway network would increase to 75 per cent of Hong Kong's homes and 85 per cent of its places of work.





New Property Developments in Hong Kong

2014 was a busy year for our Property Division with a number of new property development projects being rolled out to respond to the community’s housing needs. These developments comprise about 10,000 new residential units, and we look forward to bringing this supply of housing to the market.

New Property Developments in Hong Kong

	Tender Awarded	Developer
LOHAS Park Package 4	April 2014	Sun Hung Kai Properties Limited
Tai Wai Station	October 2014	New World Development Company
LOHAS Park Package 5	November 2014	Wheelock and Company Limited
LOHAS Park Package 6	January 2015	Nan Fung Group Holding Limited
Tin Wing Stop (Light Rail) Property Development	February 2015	Sun Hung Kai Properties Limited



Future Plans Outside of Hong Kong

Hong Kong is our home but we also see opportunities for expansion of our businesses in the Mainland of China and overseas markets where we have a presence. We have been awarded a number of new railway-related projects that we look forward to building and operating in the years ahead.

Beijing

Beijing MTR Corporation Limited (BJMTR) initialled a Concession Agreement for the investment, operations and maintenance of a new line, Beijing Line 16, on 8 February 2015. This 50km line will run from Beianhe to Wanping and will have 29 stations.

Shenzhen

We have signed a Strategic Cooperation Framework Agreement with the Longhua New District Administration Commission to explore cooperation for the North Extension of Shenzhen Metro Longhua Line. Our subsidiary in China will offer advice and technical support for the construction of the extension as well as a light rail system in Longhua.

Chongqing

We have signed a Memorandum of Understanding with the Chongqing Municipal Government and have begun preliminary discussions regarding rail and property developments in the municipality.

United Kingdom

We have signed the Concession Agreement with Transport for London (TfL) to operate the new Crossrail service for an eight-year period with an option to be extended to ten years. Crossrail is a new rail service currently under construction and will be launched under a staged approach. MTR (Crossrail) Corporation, a 100 per cent MTR-owned subsidiary, will start operating the first stage of the service from May 2015, and the service is scheduled to expand to its full scope in 2019.

Sweden

Our wholly-owned subsidiary MTR Express (Sweden) AB will operate a new rail service — MTR Express — using existing rail tracks and infrastructure between the country’s two largest cities, Stockholm and Gothenburg. The 455km line will provide 110 weekly train trips, with partial service starting in March 2015 and full service scheduled to commence in August 2015.

Australia

Northwest Rapid Transit Consortium (NRT) was awarded the Operations, Trains and Systems Public-Private Partnership (PPP) contract for the Sydney North West Rail Link, our first international PPP project. MTR will design and deliver the rail systems, and its subsidiary Metro Trains Sydney (MTS) will operate and maintain the system for 15 years after service opening.

Rail-related Property in the Mainland of China

In addition to railway projects, we are also undertaking property development projects on Shenzhen Metro Longhua Line Depot Site Lot 1 and a site at Beiyunhe Station on Tianjin Metro Line 6.

International Consulting

Our consultancy services continue to expand to new cities across Australia, South-East Asia, the Mainland of China, the Middle East and Europe. Our services include railway planning, design management, system integration and assurance, project management, construction management, railway operations and maintenance, and non-fare revenue business.

Beyond our current commitments, we see opportunities to serve new customers in markets that would benefit from our expertise in urban development, especially in parts of the world that are experiencing rapid urbanisation.



Introduction

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, we are also involved in the leasing of retail space, providing estate management services and developing properties.

In order to ensure good corporate governance and management of financial and reputational risks, we exercise oversight over our subsidiaries and associates. Beyond this, we are committed to promoting best practices in all areas where we have substantive control or influence.

In this section of the report, we highlight key aspects of the sustainability performance of railway operations managed by our subsidiaries around the world, namely, Shenzhen Metro in the Mainland of China, Stockholm Metro in Sweden and Melbourne Metro in Australia. A data table containing key performance indicators (KPIs) for these railway operations is also available in Performance Metrics.

Learn more...

Please refer to our Annual Report 2014.

Management Approach

GUIDING FRAMEWORK

Governance of Subsidiaries and Associates

Following the changes affecting our Executive Directorate in 2014, the Chief Executive Officer is responsible for oversight on governance of subsidiaries and associates. He is supported in this role by the Human Resources Director and the Operations Director.

Management Directives

Our wholly-owned and majority-owned subsidiaries are mandated to adopt a set of management directives relating to internal controls, consultation and reporting:

- **Internal controls** — Subsidiaries must implement appropriate procedures and management systems to ensure compliance with relevant laws and regulations, as well as the Company's specific requirements on safety, enterprise risk and asset management, among other issues.
- **Consultation** — Headquarters must be consulted on matters relating to material variation of the concession or franchise agreement, appointment of senior managers, litigation and non-compliance with relevant laws and regulations, among other issues.
- **Reporting** — Subsidiaries must provide timely reporting on financial, operational and safety performance.

Operating Agreements

Our subsidiaries and associates participate in various forms of agreements with local authorities, including Operations & Maintenance (O&M), Public-Private Partnerships (PPPs), and Build-Operate-Transfer (BOT) arrangements. Our ability to influence environmental, social and governance impacts through the activities of our subsidiaries and associates is largely determined by the specific terms of these agreements as well as local conditions and circumstances.

Code of Conduct

All members of staff, irrespective of their location of employment, are expected to abide by the Code of Conduct. They should not only conduct themselves in accordance with the highest ethical standards at all times, but also identify and address any instances of behaviour by other members of staff that are not in accordance with the Code.

Fair and Ethical Business

We promote a culture of fair and ethical business practices across all of our subsidiaries and associates. With respect to prevention of bribery and illegal practices, whenever the laws or customs of another country impose stricter standards than our own anti-bribery regime in Hong Kong the higher standard always prevails.

Shared Support Services

A number of business units in Hong Kong provide shared support services to promote the adoption of best practices in our subsidiaries and associates. For example, the Corporate Finance and Development team provides support for evaluation and formulation of investment proposals, the Human Resources Division provides assistance on strategic issues relating to staff, and our Operations and Safety team ensures full compliance with the corporate safety policy and strategic plan.

KEY PRINCIPLES AND PROCESSES

Assurance and Audit

We conduct thorough assurance and regular audits on all subsidiaries and associates, including a safety assurance assessment and enterprise risk management review, before the start of operations and following any substantive change in operational or business activity.

Local Talent

In general, our subsidiaries and associates are run by local teams; whenever possible, we bring on board people who share our values and contribute to fostering our unique corporate culture in their local context.

Learning and Sharing

In order to promote the flow of information and development of an open, trusting relationship, members of staff from all major business units in Hong Kong are encouraged to develop relationships with their counterparts in our subsidiaries and associates.

Working closely with colleagues from around the world creates opportunities for learning, such as the implications of severely cold weather on our operations in Stockholm or of the Victorian heritage infrastructure on our operations in Melbourne. It also provides opportunities for sharing; for example, many members of our staff enjoyed Metro Trains Melbourne's Dumb Ways to Die safety campaign and discussed it with their friends and family in Hong Kong.

Building on Firm Foundations

We are exercising prudence in our approach to the continued expansion of our global footprint. When considering future plans outside of Hong Kong, we have a strong preference for consolidating our position in countries and cities where we already have a presence.

Did you know?

Dumb Ways to Die is a public service campaign created by Metro Trains Melbourne to promote rail safety, featuring 21 characters killing themselves in increasingly stupid ways and culminating in the last 3 characters being killed by trains due to unsafe behaviour. When it was launched in November 2012, the campaign video went viral on YouTube. Two years later, it continues to be highly popular with audiences around the world. By the end of December 2014, it had attracted over 95 million views. Click [here](#) to check out for yourself what all the fuss is about.

Links to Other Sections

About MTR — This section contains an introduction to our subsidiaries and associates that are not covered in this section of the report, either because they are not currently involved in railway operations or they are not majority-owned and controlled by the Company.

Staff — An important challenge that we are facing as a consequence of expanding our global footprint is how to translate our values and extend our corporate culture to different geographical and business contexts.

Future Plans Outside of Hong Kong — This section contains a summary of our future plans outside of Hong Kong, including a number of exciting new projects that are currently underway in the Mainland of China, Australia and Europe.



Introduction

MTR Corporation Shenzhen (MTRSZ), a wholly-owned subsidiary, has operated Line 4 of the Shenzhen metro network since July 2010. Also known as the Longhua Line, our service runs north-south from an interconnection with the East Rail Line in Hong Kong at the Futian Checkpoint to Qinghu in the Longhua New District. It intersects with four other lines in the Shenzhen metro network that are managed by another operator.

Shenzhen Line 4 was built in two phases between 1999 and 2011. We designed and built phase 2 and will operate the whole line for 30 years under a Build-Operate-Transfer (BOT) Agreement with the Shenzhen Municipal Government. Although the line is designed to carry six-car trains, we decided initially to operate shorter four-car trains at a higher frequency in order to provide greater convenience for our passengers. Following the rapid expansion of Shenzhen’s population and the overwhelming popularity of the metro network with the city’s residents, the Longhua Line has experienced a growth in patronage of over 20 per cent per annum.

Key Facts and Figures for about MTRSZ in 2014



Number of Passenger Trips (Millions)

2013	2014
140	169

Year-on-year increase of
21%

Composition of our Workforce

	Age (Years)			
	Below 30	30-49	50 and above	Total
Female	253	148	1	402
Male	586	340	3	929
Total	839	488	4	1,331

30.2%
is female

63.1%
is aged below 30 years

0.3%
is aged 50 and above

Total Electricity Consumption (MWh)

2013	2014
65,166	73,987

Year-on-year increase of

14%

Incidence of Legal Non-compliance

NO
health &
safety case

NO
corruption
case

NO
environmental
fine



Management Highlights

Traditionally a less developed part of the municipality, Longhua New District is fast becoming popular as a residential area due to rising costs of living in the Central Business District (CBD) and good connectivity with the city using the Shenzhen metro network. Line 4 is primarily a commuter service for white collar workers moving in and out of Shenzhen’s CBD at rush hours. As a consequence of this, our management challenges are mostly associated with the weekday patronage profile, which has significant implications for the safety and comfort of passengers.

Conversion from Four to Six Car Trains

We made a decision at the end of 2012 to increase the length of trains running on Line 4 from four to six cars in order to ease congestion during rush hours. Following a year of preparation to implement this project, MTRSZ began the process of introducing six-car train services in early 2014. For several months, a mix of four- and six-car trains were in service but by the end of January 2015 the project had been declared a technical and customer service success with all trains having been converted safely, ahead of schedule and with minimal disruption to passengers.

Operational Performance

In 2014, MTRSZ continued to deliver its train services to a very high standard, achieving 99.99 per cent of passenger journeys on time, 99.86 per cent train punctuality and 99.95 per cent train service delivery.

Operational Performance for MTRSZ

	2014
Passenger journeys on time	100%
Train punctuality	99.9%
Train reliability	15,852,883 revenue car-km/incident
Train service delivery	100%

Investing in Our Stations

MTRSZ is responsible for the maintenance and upkeep of stations along Line 4 and works together with other operators of the Shenzhen metro network to ensure smooth management of Line 4 platforms in interconnecting stations. During 2014, MTRSZ continued to invest in sustaining a high standard of general appearance and good facilities in all its stations, including public

Did you know?

The sales office for our Tiara property development officially opened in November 2014. Tiara is modelled on our Telford Gardens and Telford Plaza complex in the Kowloon Bay area of Hong Kong. Situated above the depot of the Shenzhen Metro Line 4 in Longhua New District, this is our first property development project in the municipality of Shenzhen and will be managed by our wholly-owned subsidiary, MTR Property Development (Shenzhen) Company Limited.

Preparations are underway to launch Phase 1 pre-sales in the first half of 2015, subject to market conditions. This phase offers a total developable gross floor area of approximately 206,000 square metres. The next phase of the project, involving development of Lot 2, is currently in the planning stage.

toilets.

Safety Performance for MTRSZ

Passenger and Public - Fatality

2013	2014
0	0

Staff - Fatality

2013	2014
0	0

Contractor - Fatality

2013	2014
0	0

Passenger and public - No. of injuries per million passenger journey

2013	2014
1.36	1.07

Staff - Lost time injuries per 100,000 man-hour

2013	2014
0.14	0.18

Contractor - Lost time injuries per 100,000 man-hour

2013	2014
0.16	0.07

Engaging with Passengers on Safety

MTRSZ has developed a tailored programme of engagement with customers to promote safe and comfortable journeys. For example, we work with schools located in the vicinity of our stations to encourage children to become ambassadors for safe and considerate behaviour, such as holding the handrail on escalators, queuing appropriately on platforms and refraining from sitting on the floor of trains. In our experience, children are

receptive to these messages and are often enthusiastic to influence the behaviour of parents and other adults.

A significant proportion of our passengers are inexperienced in the use of escalators. This is particularly the case for those who have newly arrived or are visiting the city from rural areas. Safety Ambassadors have been trained to provide assistance to passengers in need, and particularly to guide them to use the lifts when travelling with bulky luggage. We also have a special programme of engagement with large factories located in the vicinity of our stations to provide assistance for crowd control at peak times, such as around Chinese New Year when many migrant workers travel home to be with their families.

Staff

Good quality training and career development opportunities for our staff are key components of our strategy to recruit and retain talent in Shenzhen’s competitive market for skilled labour. In 2014, MTRSZ developed a new partnership with a Shenzhen-based training institute to provide internship opportunities for young people. We hope that in addition to helping us develop a pool of talented young people for recruitment into our business, this initiative will also provide valuable learning opportunities for young members of our community.

Social Performance for MTRSZ

Total Employees

2013	2014
1,289	1,331

Voluntary Staff Turnover (%)

2013	2014
12.9	8.3

Training Days per Employee

2013	2014
1.5	1.8

Environment

As the operator of a single line in the Shenzhen metro network, MTRSZ has minimal direct impacts on the environment. In 2014, electricity consumption increased by 14 per cent on account of higher passenger numbers and greater energy demand from longer six-car trains. Over the past three years, water consumption has been reduced by 21 per cent as a result of effective water conservation measures.

Environmental Impacts from MTRSZ

Greenhouse Gas Emissions (Tonnes CO₂e)

	2013	2014
Scope 1	259	236
Scope 2	53,773	61,349

Total Water Consumption (m³)

2013	2014
222,071	183,813

Community

MTRSZ developed a community plan in 2014 to underscore that we are operating a community railway. The plan focuses on youth development, community outreach and public art.





Introduction

MTR Stockholm (MTRS), a wholly-owned subsidiary established in 2009, has operated the metro system in Sweden’s capital city since November 2009. According to our Operations & Maintenance franchise with Stockholm’s public transport agency, AB Storstockholms Lokaltrafik (SL), we have total responsibility for our passengers’ entire metro travelling experience. This includes railway operations, stations, in-station services, and engineering of rail system related projects and infrastructure. Fleet maintenance is handled by TBT, which is a joint venture between MTRS and Norway’s leading train maintenance company, Mantena.

Stockholm’s population is increasing at the rate of 40,000 residents per year, making it one of the fastest growing cities in Europe. In order to satisfy the transportation demands of this dynamic and expanding city, we are committed under the terms of our operating franchise to achieve high standards for safety, punctuality, cleanliness and customer service. We also work closely with SL to procure new technology for upgrading the metro system and to receive regular feedback on our performance.

Swedish Quality Award

In 2014, MTRS was awarded the 2014 Swedish Quality Award by the Swedish Institute for Quality (SIQ) for demonstrating a long-term, systematic approach to implementing improvements. We are delighted to receive this recognition, and we aspire to continue contributing to the sustainability of Stockholm’s public transportation system in the future.

Vision for the Future

We believe that significant investment is required to expand and improve Stockholm’s public transport system. In partnership with Skanska and Sweco, two Sweden-based multinational companies, we are working on a 60-year sustainable development plan for Stockholm and aspire to play a key role in making this plan a reality in future.

Learn more...

Stockholm 2070 is our sustainable development plan for Stockholm formulated in partnership with Skanska and Sweco.

Learn more...

For more information about sustainability at MTRS, please refer to the MTRS and TBT sustainability report.

Key Facts and Figures about MTRS in 2014

3
rail lines

100
stations

Total route length
110 km

Number of Passenger Trips (Million)

2013	2014
328	330

Composition of our Workforce

	Age (Years)			
	Below 30	30-49	50 and above	Total
Female	172	331	236	739
Male	270	798	712	1,780
Total	442	1,129	948	2,519

29.3%
is female

17.5%
is aged below 30 years

37.6%
is aged 50 and above

Total Electricity Consumption (MWh)

2013	2014
181,116	182,288

Year-on-year increase of
less than **1%**

Incidence of Legal Non-compliance

NO
health &
safety case

NO
corruption
case

NO
environmental
fine

Charitable Contributions

Equivalent to approx.

HK\$150,000



Management Highlights

MTRS is making significant progress in several key aspects of our business. Perhaps most importantly, feedback from our customers regarding overall journey experiences continues to improve. As a result of focused management attention, we are achieving better cross-functional coordination between teams within our own organisation and with TBT, the jointly-owned subsidiary responsible for fleet maintenance. In 2014, we were deeply gratified to learn through the results of our annual staff survey that staff morale is improving, which we can attribute to enhanced staff engagement, coaching and counselling initiatives that were introduced in 2013.

Safety Performance

Each year, MTRS develops a comprehensive safety plan with targets for key performance indicators based on the previous year’s result. During 2014, there was one fatality involving a passenger who fell into the track area during an altercation with another passenger.

Safety Performance for MTRS

Passenger and Public - Fatality

2013	2014
1	1

Staff - Fatality

2013	2014
0	0

Contractor - Fatality

2013	2014
0	0

Passenger and Public - No. of injuries per million passenger journeys

2013	2014
1.25	1.49

Staff - Lost time injuries per 100,000 man-hour

2013	2014
0.39	0.46

Suicide Prevention

Two of the key safety challenges that we face are to prevent and to respond to suicide attempts on our railway network, particularly during winter months when the overall trend for suicide increases. In response to these challenges, we are implementing a programme for suicide prevention with Karolinska University Hospital. In partnership with not-for-profit organisation SOS Alarm, we also strive to save precious minutes in the event of an emergency by maintaining direct contact with ambulance services.

Ensuring Security

The security of all passengers travelling on our trains and passing through our stations is a high priority for MTRS. According to a report released by Foundation Safer Sweden and Securitas AB in 2012, approximately 60 per cent of crime in Stockholm takes place either inside the metro system or within 500 metres of a metro station. In response to this statistic, we formed a unique partnership with the Tryggare Sverige Foundation to promote security within our stations and surrounding areas.

Operational Performance

MTRS has stringent targets for train service delivery — 100 per cent of scheduled train services should operate, and at least 95.5 per cent of trains should arrive on time. We also closely monitor the level of customer satisfaction with our services and the quality of passenger information that we provide.

In 2014, we achieved the best performance for train punctuality in the 60-year history of Stockholm’s metro system. As a result of additional measures implemented throughout the year, such as a new analysis tool and cross-functional approach to quality control, we also achieved our target for punctuality for the first time since 2009. Looking to the future, one of the biggest operational challenges that we face is how to cope with increasing congestion on our platforms and trains due to growing demand for our services.

Operational Performance for MTRS

	2014
Passenger journeys on time	Not available
Train punctuality	96.1%
Train reliability	50,783 revenue car-km/incident
Train service delivery	99.0%

Engaging with our Staff

MTRS fosters an open and caring culture among all staff. During 2014, we continued to roll out the Our Joint Journey initiative that was launched in 2013, involving structured dialogue with over 560 staff about what each individual and the organisation as a whole can do to promote better job satisfaction and stronger commitment to our vision of becoming a world-class railway service.

Total Employees

2013	2014
2,663	2,519

Voluntary Staff Turnover (%)

2013	2014
5.0	4.2

Training Days per Employee

2013	2014
3.0	2.8

Leader in Green Transportation

The Stockholm Metro is unique among our subsidiaries and associates because it is powered 100 per cent by renewable electricity generated from water and wind. This means that our railway operations in Stockholm produce nearly zero greenhouse gas emissions and can truly be described as the greenest mode of transport.

Environmental Impacts from MTRS

Greenhouse Gas Emissions (Tonnes CO₂e)

	2013	2014
Scope 1	27	281
Scope 2	4	-





Introduction

Metro Trains Melbourne (MTM), a majority-owned subsidiary established in 2009, took over the franchise for operations and maintenance of Melbourne’s privately-managed but publicly-owned railway system in November 2009. Under the terms of our Operations & Maintenance (O&M) Agreement with the Government of the State of Victoria, we have achieved complete vertical integration of our management system, including trains, rails, stations and station facilities such as escalators.

Melbourne is Australia’s fastest growing city, reportedly attracting more than 1,400 new residents every week. Originally opened in 1854, Melbourne’s railway network is one of the world’s oldest systems, but it is now also the busiest railway in Australia with around 2,200 services operated each weekday across 15 train lines.

Facing up to The Challenge

Together with our consortium partners, we are facing up to the challenge of transforming a traditional suburban railway into a high-frequency, high capacity metro system for a modern and growing city. In 2014, MTM accommodated a record 222.3 million customer journeys — the highest in Melbourne’s history. In future the rate of growth in patronage is expected to increase, with forecasts indicating that patronage will double within the next decade.

In recognition of consistent improvements in operational performance over the past few years, MTM received the Operator & Service Provider Excellence Award at the National Infrastructure Awards in March 2014. In light of our achievements, we are actively investigating opportunities to work together with the Government of Victoria to contribute to further improvement of the public transportation system in the State of Victoria.

Did you know?

The Melbourne rail network contains 30 sites listed on the Victorian Heritage Register, a status that has statutory significance under the Heritage Act 1995, and many places of Aboriginal cultural heritage significance that are also protected. There are also many local council listed protected places or objects, including trees, vehicles, gardens and parts of buildings. All of these require care and consideration during upgrades to the rail network in order to ensure that we preserve our historic railway for future generations.

Key Facts and Figures about MTM in 2014

15
rail lines

218
stations

Total route length
390 km

Number of Passenger Trips (Million)

2013	2014
227	222

The Metro Notify app helps passengers plan their journey with frequent updates.

The Stop Here app prompts visually impaired passengers to disembark at the correct station.

Composition of our Workforce

	Age (Years)			Total
	Below 30	30-49	50 and above	
Female	147	455	232	834
Male	348	1,745	1,594	3,687
Total	495	2,200	1,826	4,521

18.4%
is female

10.9%
is aged below 30 years

40.4%
is aged 50 and above

Total Electricity Consumption (MWh)

2013	2014
439,903	437,821

Year-on-year decrease of less than **1%**

Incidence of Legal Non-compliance

NO
health & safety case

NO
corruption case

NO
environmental fine

Charitable Contributions

Equivalent to approx.

HK\$526,415

Under our Station Air programme, we support local community groups to improve the environment in and around our stations by, for example, cultivating native plant species and painting

attractive murals.

Management Highlights

Investment for the Future

Supported by the Government of Victoria, MTM is embarking on the largest reconfiguration of Melbourne’s railway infrastructure in recent decades. Under the current franchise, 53 new trains have been introduced to the network and more than 1,500 extra weekly services provided. In 2015, 38 new six-carriage trains will be delivered as part of MTM’s commitment to fundamentally improving the way the metro system operates for the benefit of its customers.

Safety Performance

During 2014, there were eight fatalities involving passengers on Melbourne’s metro network. Seven of the fatalities involved trespassers, with four of those fatal incidents taking place at pedestrian crossings. The remaining case involved a passenger who fell into the track while attempting to board a departing train. Compared with the safety record of our other subsidiaries, the incidence of passenger, staff and contractor injuries in Melbourne is relatively high, which reflects the greater age of the network system and its infrastructure. There has been an increase in slip, trip, and fall incidents leading to injury, particularly at Inner Melbourne stations, such as Flinders Street Station and Parliament Station. A plan is being implemented to address safety concerns at these stations.

Safety Performance for MTM

Passenger and Public - Fatality

2013	2014
1	8

Staff - Fatality

2013	2014
0	0

Contractor - Fatality

2013	2014
0	0

Passenger and public - No. of injuries per million passenger journeys

2013	2014
2.04	2.32

Staff - Lost time injuries per 100,000 man-hour

2013	2014
1.04	0.61

Contractor - Lost time injuries per 100,000 man-hour

2013	2014
0.16	0.38

Modernisation of our Stations

To address concerns about safety and accessibility, MTM is implementing a modernisation programme to retrofit stations across the metro network. We have already adopted high standards for safety and accessibility in all new stations, including wheelchair ramps for getting on and off our trains. However, we face significant challenges to adapt the network’s legacy stations to meet the demands of the modern era while still protecting and preserving their unique character.

Safety Initiatives

MTM works with a national not-for-profit organisation called Track Safe to engage with the public on railway safety, including reducing rail-related suicide and minimising level-crossing risks. As part of our suicide prevention initiative, we work with The Salvation Army, providing volunteers on our platforms to identify and support people suffering from depression.

Modernisation and Preservation of our Cultural Heritage

MTM was part of a consortium that undertook a major project at Footscray in the inner west of Melbourne. The project involved refurbishment and improvement of a historic station building, an important footbridge named after a prominent local Aboriginal elder, William Cooper, and the HV Mackay memorial garden, one of only two remaining industrial gardens in Australia.

To preserve as much as possible of the unique aesthetic and architectural attributes of this site, original materials from the existing building and footbridge were incorporated into the design of the new station. A pop-up museum and information boards throughout the complex also celebrate the cultural and historical importance of the area for Aboriginal and European communities.

The new Footscray railway station complex opened on 15 November 2014, with a guided heritage tour run in 19th century costume forming part of the celebrations.

Service Delivery

MTM's customers are primarily concerned to see continued improvement in the quality and reliability of train services. We evaluate our performance against monthly benchmarks for service delivery — at least 98 per cent of scheduled services to depart; and at least 88 per cent of operated services should arrive on time. In any month that MTM does not achieve these benchmarks, eligible customers receive compensation.

During 2014, MTM's performance for delivery and punctuality exceeded its benchmarks in 11 out of 12 months, with the exception of January 2014 when Melbourne was impacted by a severe heatwave. Overall, MTM's operational performance continued to show improvement compared with 2013.

Operational Performance for MTM

	2014
Passenger journeys on time	91.4%
Train punctuality	92.8%
Train reliability	63,372 revenue car-km/incident
Train service delivery	98.8%

Staff

In 2014, MTM launched a global recruitment programme inviting experienced railway professionals from around the world to consider moving to Melbourne and joining the company. During the same period, we continued to maintain a low rate of voluntary staff turnover, indicating that overall job satisfaction among our staff remains high.

MTM is exploring new ways to provide staff with more support and better training in customer service. MTM has joined the Customer Service Industry Association (CSIA) of Australia and completed a gap analysis to identify new measures to improve its performance according to CSIA's accreditation grading system.

Total Employees

2013	2014
4,297	4,521

Voluntary Staff Turnover (%)

2013	2014
4.0	4.1

Training Days per Employee

2013	2014
11.7	13.0

Social Performance for MTM

Environment

As a major consumer of electricity, which in the State of Victoria

is largely generated by coal-fired power, the metro system generates sizeable greenhouse gas emissions. Under the terms of our Operations & Maintenance (O&M) Agreement, our role is to identify and propose initiatives to save energy. For example, we have reduced energy consumption by turning off escalators during non-peak hours, and we are currently investigating other energy-efficiency measures such as LED lighting retrofit on trains and self-illuminating emergency lighting.

MTM has a comprehensive environmental management system in place with strategies to mitigate significant environmental impacts, such as recycling material waste from offices and depots, introducing water tanks to collect water at stations and depots, and using recycled water to wash trains. During 2013 and 2014, MTM rolled out several new training modules for various levels of staff to raise awareness about environmental issues in day-to-day operations.

Environmental Impacts from MTM

Greenhouse Gas Emissions (Tonnes CO₂e)

	2013	2014
Scope 1	670	661
Scope 2	461,437	449,895

Total Water Consumption (m³)

2013	2014
123,943	143,890

Responding to Climate Change

Australia is experiencing impacts from climate change. The Victorian Climate Change Adaptation Plan 2013, for example, highlights immediate risks from more days with temperatures exceeding 35°C and increased frequency and severity of bushfires. In response to these challenges, MTM has implemented new planning and procedural measures for extremely hot weather, such as strictly enforced speed restrictions for our trains.

Serving our Customers under Extraordinary Circumstances

In January 2014, MTM's hot weather operations procedures were put to the test during a heatwave that saw maximum temperatures exceed 40°C for five days in a row. Despite the extraordinary strain that these conditions put on our system, service cancellations due to heat related faults were maintained below 10 per cent. Although still problematic for many customers who were affected by delays, this experience demonstrates considerable improvement from 2009 when, under the management of the previous network operator, a heatwave resulted in cancellation of up to one third of train services.





Introduction

This section of the report provides consolidated information about our sustainability performance and data management, including definitions for key terms and the basis of calculation for Key Performance Indicators (KPIs). Please refer to [CoMET Benchmarking Results 2013](#) if you are interested to learn how our operations compare with other metros around the world.



Content Index

This report has been prepared in accordance with the Global Reporting Initiative G4 Sustainability Reporting Guidelines (GRI-G4) Core option. The content index includes hyperlinks to GRI-G4 Indicators and Disclosures on Management Approach on this website. It also 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.

Please click [here](#) to download a copy of the Content Index.

Please also refer to the [Scope of this Report](#) for a list of Identified Material Aspects and Boundaries.

Learn more...

The [Global Reporting Initiative](#) promotes sustainability reporting as a way for organisations to become more sustainable and contribute to sustainable development. [G4 Online](#) presents the G4 Sustainability Reporting Guidelines (GRI-G4) in a dynamic and easy-to-navigate format.

Learn more...

Hong Kong Exchanges and Clearing Limited (HKEx) has published the [Environmental, Social and Governance Reporting Guide](#). This guide outlines the currently recommended practice for listed companies. UITP is a non-profit international association that brings together all public transport stakeholder and sustainable transport modes in a worldwide network. The [UITP Charter on Sustainable Development](#) is available from the association's website.





Performance Metrics

Data Management

The following components of our robust data management system ensure the integrity of data disclosed in this sustainability report:

- The Audit Committee of the Board of Directors monitors the integrity of all financial information, and the Company has engaged KPMG as its External Auditor.
- Our Human Resources Management system manages all data relating to our staff.
- Our centralised sustainability data collection system provides an audit trail and helps to identify errors or data gaps for other quantitative data.
- Regular assessments and internal monitoring programmes ensure compliance in accordance with our Corporate Guideline and Instruction (CGI) on Compliance with Statutes and Regulations.
- Bureau Veritas Certification Hong Kong provides assurance for selected customer service performance data relating to our Operating Agreement and Customer Service Pledge. The assured data have been marked with “#” in Social Performance.
- PricewaterhouseCoopers Limited (PwC) provides independent limited assurance for other selected quantitative data. The assured data have been marked with “✓” in Performance Table.

Learn more...

Please refer to our Annual Report for more information about the work of our Audit Committee.

Consolidated Financial and Economic Performance

For the convenience of our stakeholders, we have reproduced selected economic and financial KPIs from our Annual Report. Please refer to the Annual Report for more information about this data.

Learn more...

Our Annual Report 2014 is available on our corporate website.

Environmental Performance

Railway Operations

In order to facilitate like-for-like comparisons with other metro operators, some KPIs for our railway operations, such as energy use, water consumption and waste management, reflect environmental impacts from revenue-generating activities only. For example, data on electricity purchased for heavy rail includes traction energy and auxiliary energy used by trains, as well as energy use in stations and depots but excludes energy used during testing and commissioning phases of new rail lines as well as by advertising panels and station kiosks.

Projects Division and Property Division

We monitor performance on our construction sites in accordance with Environmental Impact Assessments for our projects. Our KPI for general waste monitors the amount of waste that is transferred from network expansion project sites to Public Fill Reception Facilities that are managed by the Civil Engineering and Development Department or transported to alternative construction sites.

We do not report on impacts that are outside the direct control or influence of the Company, such as energy use and water consumption that is the responsibility of contractors on our construction sites, and the responsibility of tenants in our managed and investment properties.

GHG Emissions

In line with the Scope of this Report, we disclose data on greenhouse gas (GHG) emissions, including CO₂, CH₄ and N₂O, for the principal activities of the Company in Hong Kong. In general, we apply the operational control approach to defining our organisational boundary. This means that our GHG inventory accounts for 100 per cent of GHG emissions from operations over which we have operational control, but does not account for GHG emissions from operations over which we do not have control.

Please note that our GHG emissions inventory does not currently include activities of two Hong Kong subsidiaries over which we have operational control, namely Octopus and Ngong Ping 360. Data on GHG emissions for subsidiaries engaged in railway operations outside of Hong Kong is reported separately.

The following table provides a summary of our GHG inventory, which aligns with the Greenhouse Gas Protocol that is jointly published by the World Business Council for Sustainable Development and the World Resource Institute. We have

accounted for operations and activities that contribute direct emissions and removals (Scope 1) and energy-related indirect emissions (Scope 2). We have also chosen to report on other indirect emissions (Scope 3) that we consider to be relevant and material to our business.

Definitions

Scope 1 emissions are direct emissions from owned or controlled sources such as on-site electricity generators and boilers, dedicated motor vehicle fleets and leakage from refrigeration systems.

Scope 2 emissions are indirect emissions resulting from production and transportation of electricity, heating, cooling and steam that are purchased by the reporting entity from off-site providers.

Scope 3 emissions are indirect emissions from both upstream and downstream activities in the value chain of the reporting entity other than those included in Scope 2. Some examples include emissions associated with the supply of resources and materials to the reporting entity such as water, activities that are outsourced by the reporting entity such as treatment and disposal of waste, as well as staff business travel.

Corporate Functions and Main Office Buildings	<p>Corporate Functions comprise the Finance Division, Human Resources and Administration Division, Legal and Procurement Division, Commercial and Marketing Division, Corporate Relations Department and Internal Audit Department. Main office buildings comprise Kowloon Bay Headquarters, Fo Tan Railway House, Kam Tin Building and 33/F, Two ifc.</p> <p>Scope 1 includes fuel consumption and refrigerants.</p> <p>Scope 2 includes purchased electricity.</p> <p>Scope 3 includes water consumption and sewage treatment, paper consumption and staff business travel.</p> <p>Please note:</p> <ul style="list-style-type: none"> • Refrigerants at Kowloon Bay Headquarters only. • Electricity consumption, water consumption and sewage treatment at 33/F, Two ifc from 2013 onwards only. • Since paper is procured centrally, this data reflects paper consumption for all business units, not only Corporate Functions.
Transport Operations	<p>Transport Operations comprise heavy rail, light rail and bus services, all MTR stations, depots and other railway-supporting services.</p> <p>Scope 1 includes fuel consumption supporting railway operations, fuel for feeder bus services and refrigerants.</p> <p>Scope 2 includes purchased electricity for railway operations.</p> <p>Scope 3 includes water consumption and sewage treatment.</p> <p>Please note:</p> <ul style="list-style-type: none"> • In 2014, purchased electricity includes advertising kiosks, station kiosks, station car parks, Tsueng Kwan O Laboratory, Traxcomm and telecommunications as well as testing and commissioning during the pre-operation phase of the Island Line Extension to Western District. • In 2014, water consumption includes tunnel cleaning.
Network Expansion	<p>Network Expansion includes all civil, electrical and mechanical works for Kwun Tong Line Extension, Shatin to Central Link, South Island Line (East), West Island Line and Express Rail Link (Hong Kong section).</p> <p>Scope 1 includes fuel consumption.</p> <p>Scope 2 includes purchased electricity.</p> <p>Scope 3 includes water consumption and sewage treatment, and general wastes disposed to landfill.</p> <p>Please note:</p> <ul style="list-style-type: none"> • Fuel consumption includes site offices for projects, but excludes construction activities. • Purchased electricity includes site offices for projects, but excludes construction activities. • General wastes disposed to landfill includes construction activities and site offices.
Properties and Other Businesses	<p>Properties and Other Businesses includes properties that are owned, developed and managed by the Company as follows:</p> <ul style="list-style-type: none"> • Hong Kong Investment Property, namely, Telford Plaza I, Telford Plaza II, Luk Yeung Galleria, The Lane, PopCorn 2, Paradise Mall, Elements, Maritime Square, CityLink, PopCorn 1, Hunghom Building, Riverpark, Trackside Villas, Ocean Walk.

- Hong Kong Management Property, namely Admiralty Centre, World-wide House, Fairmont House, Southern Garden, Hongway Garden, Heng Fa Chuen, Kornhill, Kornhill Gardens, Perfect Mount Gardens, Felicity Garden, Fortress Metro Tower, Two IFC, Telford Gardens, Residence Oasis, Clear Water Bay No. 8, Metro Town, Grandiose, The Capitol, Le Prestige, The Wings, The Waterfront, Sorrento, The Harbourside, The Cullinan, The Arch, Union Square, Tierra Verde, Tung Chung Crescent, Seaview Crescent, Coastal Skyline, Caribbean Coast, The Palazzo, Lake Silver, Festival City, Luk Yeung Sun Chuen, New Kwai Fong Gardens, Harbour Green, Island Harbourview, Central Park and Park Avenue, River Park, Century Gateway.

Scope 1 includes fuel consumption and refrigerants.

Scope 2 includes purchased electricity.

Scope 3 includes water consumption and sewage treatment.

Please note:

- Properties that are managed by agents on behalf of the Company are not included.
- Hong Kong Property Development and Investment Projects are not included because they are managed by project developers in partnership with the Company.

Our primary reference document for GHG calculations is “Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (February 2010)” published by the Hong Kong Environmental Protection Department and the Electrical and Mechanical Services Department. This is the main source of the following information:

- GHG emission factors, which are the average emission rates of a given GHG for a given source, relative to units of activity; and,
- Global-warming potentials, which are relative measures of how much heat a given GHG traps in the atmosphere.

We refer to two other guidance documents for specific GHG emission factors that are not available in our primary reference document:

- The emission factor for general waste disposed to landfills comes from *Guidance for Voluntary Corporate Greenhouse Gas Reporting: Data and methods for the 2012 calendar year* published by the New Zealand Ministry for the Environment; and,
- The emission factors for staff business travel come from *2014 Government GHG Conversion Factors for Company Reporting: Methodology Paper for Emission Factors* published by the United Kingdom Department for Food & Rural Affairs.

Learn more...

The [Greenhouse Gas Protocol](#) is the most widely used international accounting tool to understand, quantify, and manage greenhouse gas emissions. It serves as the foundation for nearly every GHG standard and programme in the world. Other guidelines to which we refer in our GHG emission inventory are available from their respective sources: [Hong Kong Environmental and Protection Department](#), [New Zealand Ministry for the Environment](#), [United Kingdom Department for Food & Rural Affairs](#)

Social Performance

Compliance

Our CGI on Compliance with Statutes and Regulations covers statutes and regulations in Hong Kong, Mainland of China and overseas of significant relevance to our businesses. Internally, we report on actual or potential non-compliances that may impact operations, result in financial loss, or undermine the Company’s reputation, including minor breaches. The CGI also covers non-compliance due to actions by other parties, such as contractors or business partners, where the Company could be held responsible.

In this report, we disclose data on the number of convicted cases of non-compliance that have been concluded as of 31 December 2014.

Staff

Learn more ...

Please download [Our Pledge for Service 2014](#), which is available on our customer website.

In general, all KPIs for staff reflect full-time employees of the Company in Hong Kong, excluding temporary and part-time staff, staff of our subsidiaries and staff based in our offices in the United Kingdom.

Persons with Disabilities Employed	The number of staff with physical or mental disabilities, excluding those with chronic illnesses. This data is also expressed as a percentage of the total staff strength at the end of the reporting period.
Voluntary Staff Turnover Rate	The sum of staff turnover rate for each month during the reporting period. Monthly staff turnover rate is the number of staff members who resign voluntarily during the month as a percentage of the total staff strength at month-end.
Vacant Posts Filled Internally Either by Promotion or Transfer	The number of job vacancies filled by internal candidates through job promotion or cross-departmental/sectional transfer or redeployment during the reporting period expressed as a percentage of the total number of job vacancies filled during the reporting period.
Women on the Board and Other KPIs for Board Diversity	In order to align with our Annual Report, our KPIs on Board Composition and Board Diversity, including women on the Board, reflect the composition of the Board as of 16 March 2015, which was the date of our results announcement for the 2014 financial year.

As an exception to the general case stated above, in order to align with data published in our Annual Report, the following KPIs include staff employed by our Hong Kong subsidiary Ngong Ping 360.

Total Employees	The total number of full-time employees, as of the end of the reporting period.
Women Employees	The total number of women employed full-time by the Company expressed as a percentage of the total number of full-time employees, as of the end of the reporting period.

Customer Service

Our Operating Agreement specifies several targets for customer service that we must meet or exceed. In addition to those KPIs, our Customer Service Pledge also contains a number of other service commitments.

Learn more ...

Please download Our Pledge for Service 2014, which is available on our customer website.



Safety Targets and Performance

We establish targets for passenger and public safety, staff safety and contractor safety and monitor our KPIs regularly throughout the year. Our annual review of safety targets is based on a systematic approach that takes into account actual performance, new safety challenges and safety improvement initiatives. Since

the three types of transport that we provide — Heavy Rail, Light Rail and Bus — have different operating environments and have adopted different types of safety controls and protection measures, safety targets for each type of transport are not directly comparable.

Passenger and Public Safety

Fatality	The number of passenger fatalities that have occurred in the MTR network in Hong Kong. It excludes suicides, attempted suicides, brawls between passengers and injuries due to passengers' medical conditions.
No. of Injuries Requiring Hospitalisation per 100 million journeys	The number of injuries that require admission to hospital for observation or treatment immediately after an accident. It excludes suicides, attempted suicides, brawls between passengers and injuries due to passengers' own medical conditions.

Staff and Contractor Safety

In accordance with the Mass Transit Railway Regulations (Cap 556A), we have adopted stringent reporting criteria for staff safety. Our approach to reporting on contractors' safety complies with the Factories and Industrial Undertaking Regulations (Cap 59A), the Employees' Compensation Ordinance (Cap 282) and the Occupational Safety and Health Ordinance (Cap 509).

Staff Fatality	The number of work related staff fatalities that have occurred during the reporting period.
Staff Lost Time Injuries per 100,000 man-hour	The number of work-related injuries that resulted in one or more days' sick leave being granted to members of staff.
Contractor Fatality	The number of work related fatalities affecting staff members of our primary contractors that have occurred during the reporting period.
Contractor Reportable Accidents per 100,000 man-hour	The number of work-related injuries affecting staff members of our primary contractors during the reporting period and resulting in more than three days of sick leave.
Contractor Lost Time Injuries per 100,000 man-hour	The number of work-related injuries affecting staff members of our contractors during the reporting period and resulting in at least one shift or one day of sick leave being granted. This KPI applies to China and International Business starting from 2014.

Staff and Contractor Safety Targets

To reflect the kinds of risks that are relevant for members of our staff, we apply differentiated targets for staff safety in various parts of our business as summarised in the following table. Please note that Hong Kong Property Development and Investment Projects are included even though they are managed by project developers in partnership with the Company, and we also include Hong Kong Investment Properties and Hong Kong Management Properties that are managed by agents.

Corporate Support Functions	This comprises the Finance Division, Human Resources and Administration Division, Legal and Procurement Division, Commercial
------------------------------------	--

	and Marketing Division, Corporate Relations Department and Internal Audit Department.
Operations Railway	This includes work undertaken by staff members of the Operations Division, including Operations' Projects.
Hong Kong Property Development and Investment Projects	This includes foundations, buildings, alterations and other additional works on property development sites at Austin, Che Kung Temple, LOHAS Park, Tai Wai, Tseung Kwan O, Tsuen Wan West, Long Ping, Tuen Mun, Nam Cheong and the Cullinan II.
Hong Kong Investment Property	This includes work on construction sites at Telford Plaza I, Telford Plaza II, Luk Yeung Galleria, The Lane, PopCorn 2, Paradise Mall, Elements, Maritime Square, CityLink, PopCorn 1, Hunghom Building, Riverpark, Trackside Villas, Ocean Walk, Hanford Plaza*, Sun Tuen Mun Shopping Centre* and Plaza Ascot*.
Hong Kong Management Property	This includes maintenance and management work at Admiralty Centre, World-wide House, Fairmont House, Southern Garden, Hongway Garden, Heng Fa Chuen, Kornhill, Kornhill Gardens, Perfect Mount Gardens, Felicity Garden, Fortress Metro Tower, Two IFC, Telford Gardens, Residence Oasis, Clear Water Bay No. 8, Metro Town, Grandiose, The Capitol, Le Prestige, The Wings, The Waterfront, Sorrento, The Harbourside, The Cullinan, The Arch, Union Square, Tierra Verde, Tung Chung Crescent, Seaview Crescent, Coastal Skyline, Caribbean Coast, The Palazzo, Lake Silver, Festival City, Luk Yeung Sun Chuen, New Kwai Fong Gardens, Harbour Green, Island Harbourview, Central Park and Park Avenue, River Park, Century Gateway, Hanford Garden* and Royal Ascot*.
Hong Kong Project Construction - Railway Extension Projects	This includes civil, electrical and mechanical works for Kwun Tong Line Extension, Shatin to Central Link, South Island Line (East), West Island Line and Express Rail Link (Hong Kong Section).
China and International Business Division	This includes works undertaken by the China & International Business Division.

* These properties are managed by agents.

Mainland of China and International Business

We report on the sustainability performance of railway operations managed by our subsidiaries around the world, namely, MTR Corporation (Shenzhen) Limited (MTRSZ) in the Mainland of China, MTR Stockholm AB (MTRS) in Sweden and Metro Trains Melbourne Pty Ltd (MTM) in Australia.

Please note that KPIs for MTRS include data for Tunnelbanan Teknik Stockholm (TBT), which is a 50 per cent-owned subsidiary company providing rolling stock maintenance services for MTR Stockholm.

Independent Limited Assurance Report

PricewaterhouseCoopers Limited (PwC) has provided independent limited assurance for selected quantitative data. Please click [here](#) to download a copy.





羅兵咸永道

Independent practitioner's limited assurance report

To the board of directors of MTR Corporation Limited

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Company's Identified Sustainability Information for the year ended December 31, 2014 is not prepared, in all material respects, in accordance with the Criteria.

Scope of work

We have undertaken a limited assurance engagement in respect of the selected sustainability information of MTR Corporation Limited (the "Company") listed below and identified with a ✓ in the MTR Corporation Limited Sustainability Report 2014 for the year ended 31 December 2014 ("the 2014 Sustainability Report") (the "Identified Sustainability Information") and set out in section "Performance Metrics" and subsection "Performance Data Tables" on page 217 on url http://www.mtr.com.hk/sr2014_performance_metrics.

Identified Sustainability Information

The Identified Sustainability Information for the year ended 31 December 2014 is summarised below:

<p>Environmental performance (Hong Kong)</p> <ul style="list-style-type: none"> • Total GHG Emissions (tonnes CO₂e) • GHG Emissions - Transport Operations <ul style="list-style-type: none"> - Total (tonnes CO₂e) - Scope 1 (tonnes CO₂e) - Scope 2 (tonnes CO₂e) - Scope 3 (tonnes CO₂e) • GHG Emissions - Properties and Other Businesses <ul style="list-style-type: none"> - Total (tonnes CO₂e) - Scope 1 (tonnes CO₂e) - Scope 2 (tonnes CO₂e) - Scope 3 (tonnes CO₂e) 	<p>Safety performance (Hong Kong) continued</p> <ul style="list-style-type: none"> • Staff Safety – Fatality performance <ul style="list-style-type: none"> - Corporate support functions - Operations Division - Projects Division - Property Division - China and International Business Division • Staff Safety – Lost time injuries per 100,000 man-hour performance <ul style="list-style-type: none"> - Corporate support functions - Operations Division - Projects Division - Property Division - China and International Business Division • Contractor Safety – Fatality performance <ul style="list-style-type: none"> - Corporate support functions - Operations Railway - Hong Kong property development and investment projects <ul style="list-style-type: none"> - Hong Kong investment property - Hong Kong management property - Hong Kong project construction – railway extension projects - China and International Business Division • Contractor Safety – Reportable accidents per 100,000 man-hour performance <ul style="list-style-type: none"> - Corporate support functions - Operations railway - Hong Kong project construction – railway extension projects <ul style="list-style-type: none"> - Hong Kong property development and investment projects - Hong Kong investment property - Hong Kong management property • Contractor Safety - Lost time injuries per 100,000 man-hour performance <ul style="list-style-type: none"> - China and International Business Division
<p>Social performance (Hong Kong)</p> <ul style="list-style-type: none"> • Women employees (%) • Women on the Board (%) • Voluntary staff turnover rate (%) • Vacant posts filled internally either by promotion or transfer (%) 	
<p>Safety performance (Mainland of China and International)</p> <ul style="list-style-type: none"> • Passenger and public safety – Fatality performance • Passenger and Public Safety – Number of injuries per million passenger journeys performance • Staff safety – Fatality performance • Staff safety – Lost time injuries per 100,000 man-hour performance • Contractor safety – Fatality performance • Contractor safety – Lost time injuries per 100,000 man-hour performance 	
<p>Safety performance (Hong Kong)</p> <ul style="list-style-type: none"> • Passenger and Public Safety – Fatality performance <ul style="list-style-type: none"> - Heavy rail - Light rail - Bus • Passenger and Public Safety – Number of injuries requiring hospitalisation per 100 million passenger journeys performance <ul style="list-style-type: none"> - Heavy rail - Light rail - Bus 	



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Our assurance was with respect to the year ended 31 December 2014 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2014 Sustainability Report and, therefore, do not express any conclusion thereon.

Criteria

The criteria used by the Company to prepare the Identified Sustainability Information is set out in section “Performance Metrics” and subsection “Data Management” on page 207 on url http://www.mtr.com.hk/sr2014_performance_metrics of the 2014 Sustainability Report (the “Criteria”).

The Company’s Responsibility for the Identified Sustainability Information

The Company is responsible for the preparation of the Identified Sustainability Information in accordance with the Criteria. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of Identified Sustainability Information that is free from material misstatement, whether due to fraud or error.

Inherent limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. In addition, greenhouse gas emission (“GHG”) quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Identified Sustainability Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000, *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform this engagement to obtain limited assurance about whether the Identified Sustainability Information is free from material misstatement.

A limited assurance engagement involves assessing the suitability in the circumstances of the Company’s use of the Criteria as the basis for the preparation of the Identified Sustainability Information, assessing the risks of material misstatement of the Identified Sustainability Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Identified Sustainability Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- made inquiries of the persons responsible for the Identified Sustainability Information;
- understood the process for collecting and reporting the Identified Sustainability Information.
- performed limited substantive testing on a selective basis of the Identified Sustainability Information at corporate head office to check that data had been appropriately measured, recorded, collated and reported; and
- considered the disclosure and presentation of the Identified Sustainability Information.



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The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's Identified Sustainability Information has been prepared, in all material respects, in accordance with the Criteria.

Restriction of use

Our report has been prepared for and only for the board of directors of the Company and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong
8 May 2015

Performance Metrics

Performance Data Tables

The tables in this sub-section provide data on key economic, environmental, social and safety performance trends for our businesses in Hong Kong, as well as sustainability performance trends for subsidiaries outside of Hong Kong.

The following data tables in excel format could be downloaded [here](#).

Consolidated Financial and Economic Performance

Financial and Economic Performance	Measure	Links	2010	2011	2012	2013	2014
Turnover	(HK\$ million)	Financial Performance Highlights	29,518	33,423	35,739	38,707	40,156
Total EBITDA	(HK\$ million)		10,917	12,124	12,895	14,399	15,423
Profit on property developments	(HK\$ million)		4,034	4,934	3,238	1,396	4,216
Profit for the year attributable to equity shareholders from underlying businesses before property developments (recurrent business)	(HK\$ million)		5,397	6,243	6,914	7,437	8,024
Reported net profit attributable to equitable shareholders	(HK\$ million)		12,059	15,556	13,375	13,025	15,606
Dividends per share	(HK\$)		0.59	0.76	0.79	0.92	1.05

Financial and Economic Performance	Measure	Links	2010	2011	2012	2013	2014
Total assets	(HK\$ million)		181,660	197,684	206,687	215,823	227,152
Loans, other obligations and bank overdrafts	(HK\$ million)		21,057	23,168	23,577	24,511	20,507
Total equity attributable to equity shareholders of the company	(HK\$ million)		121,914	131,907	142,904	152,557	163,325
EBITDA margin (including railway subsidiaries outside of Hong Kong)	(%)		37.0	36.3	36.1	37.2	38.4
EBITDA margin (excluding railway subsidiaries outside of Hong Kong)	(%)		54.9	55.6	53.6	53.4	53.1
Return on average equity attributable to equity shareholders arising from underlying businesses	(%)		7.7	8.2	7.0	5.8	7.3
Net debt-to-equity ratio	(%)		12.8	11.4	11.0	11.8	7.6
Interest cover	(times)		10.5	14.5	13.0	11.5	15.2
<i>Current tax paid</i>							
Hong Kong profits tax paid	(HK\$ million)		-1,007	-1,949	-1,699	-1,183	-954
Mainland of China and overseas tax paid	(HK\$ million)		-4	-154	-100	-160	-173
<i>Expenses relating to Hong Kong Transport Operations</i>							
Energy and utilities	(HK\$ million)		-1,067	-1,110	-1,200	-1,293	-1,409
Maintenance and related works	(HK\$ million)		-912	-1,048	-1,112	-1,177	-1,361
Staff costs and related expenses	(HK\$ million)		-3,398	-3,673	-4,067	-4,198	-4,450

Financial and Economic Performance	Measure	Links	2010	2011	2012	2013	2014
Stores and spares consumed	(HK\$ million)		-421	-466	-477	-514	-540

Environmental Performance

Environmental Performance	Measure	Links	2010	2011	2012	2013	2014
<i>Energy Use for Railway Operations</i>							
Total electricity purchased	MWh	<u>Electricity Consumption</u>	1,364,319	1,375,813	1,423,108	1,424,953	1,471,301
Heavy rail	MWh		1,314,659	1,323,795	1,369,518	1,371,918	1,417,339
Light rail and bus	MWh		49,660	52,019	53,590	53,035	53,962
Electricity consumption per revenue car-km	kWh per revenue car-km		4.83	4.84	4.83	4.70	4.78
Heavy rail	kWh per revenue car-km		4.82	4.83	4.82	4.69	4.77
Light rail and bus	kWh per revenue car-km		5.18	5.12	5.13	5.03	5.03
<i>Water Consumption</i>							
Water consumption from railway operations	m ³	<u>Water Consumption</u>	836,877	887,378	841,671	846,709	851,639
Water consumption from managed and investment properties	m ³		970,260	1,095,937	994,540	1,214,050	1,108,946
<i>Waste Management</i>							
Metals recycled from railway operations	tonnes	<u>Waste</u>	2,784	3,020	3,990	2,843	3,034
Spent oil recycled from railway operations - Amount	litres		94,780	106,980	90,306	98,340	101,300

Environmental Performance	Measure	Links	2010	2011	2012	2013	2014	
Spent oil recycled from railway operations - % total	%		100	100	100	100	100	
General wastes from railway extension projects	tonnes		22,765	15,855	26,267	58,967	187,831	
Total Construction Wastes Recycled (2014 onward)	tonnes		n/a	n/a	n/a	n/a	6,288,912	
<i>Climate Change Management</i>								
Annual review of climate change - risks assessment and continuous risk management action	Text	Climate Change Mitigation	Review Completed					
<i>GHG Emission Inventory</i>								
Total GHG Emissions	tonnes CO ₂ e	Climate Change Mitigation	1,178,773	1,218,242	1,255,123	1,359,996	1,497,435	✓
Scope 1	tonnes CO ₂ e		37,805	42,431	53,567	51,963	58,342	
Scope 2	tonnes CO ₂ e		1,113,168	1,156,531	1,171,763	1,242,449	1,354,625	
Scope 3	tonnes CO ₂ e		27,800	19,280	29,792	65,584	84,468	
<i>Corporate Functions and Main Office Buildings</i>								
Total	tonnes CO ₂ e		19,377	19,976	19,231	21,059	21,493	
Scope 1	tonnes CO ₂ e		2,785	3,115	2,840	2,943	2,895	
Scope 2	tonnes CO ₂ e		14,014	15,139	14,750	16,268	16,645	
Scope 3	tonnes CO ₂ e		2,578	1,722	1,641	1,847	1,953	

Environmental Performance	Measure	Links	2010	2011	2012	2013	2014	
<i>Transport Operations</i>								
Total	tonnes CO ₂ e		886,853	925,526	944,361	991,629	1,103,799	✓
Scope 1	tonnes CO ₂ e		30,081	33,000	40,709	41,183	47,116	✓
Scope 2	tonnes CO ₂ e		856,302	892,023	903,177	949,969	1,056,204	✓
Scope 3	tonnes CO ₂ e		471	503	475	476	479	✓
<i>Network Expansion</i>								
Total	tonnes CO ₂ e		26,695	19,827	30,600	67,113	86,457	
Scope 1	tonnes CO ₂ e		325	332	421	433	278	
Scope 2	tonnes CO ₂ e		2,197	3,093	3,097	4,143	4,804	
Scope 3	tonnes CO ₂ e		24,173	16,402	27,083	62,537	81,375	
<i>Properties and Other Businesses</i>								
Total	tonnes CO ₂ e		245,848	252,913	260,930	280,196	285,686	✓
Scope 1	tonnes CO ₂ e		4,615	5,984	9,598	7,404	8,053	✓
Scope 2	tonnes CO ₂ e		240,655	246,275	250,740	272,069	276,972	✓
Scope 3	tonnes CO ₂ e		578	653	593	724	661	✓

Social Performance

Social Performance	Measure	Links	2010	2011	2012	2013	2014	
Total number of passenger trips – weekday average	million	Customers Introduction	4.62	4.85	5.07	5.25	5.46	
Total number of passenger trips - Hong Kong passenger services	million		1,605	1,688	1,767	1,819	1,900	
Share of franchised public transport in Hong Kong	%	Hong Kong Transport Operations	44.3	45.4	46.4	46.9	48.1	
Total employees in Hong Kong	number	Our People	13,829	14,444	15,200	16,158	16,624	
Persons with disabilities employed	number		n/a	201	199	223	256	
Persons with disabilities employed	%		n/a	1.4	1.3	1.4	1.6	
Women employees	%		19.1	19.3	19.7	20.3	20.3	✓
Women on the Board	%	Corporate Governance Management Approach	17	17	17	27	25	✓
Voluntary staff turnover rate	%	Length of Service	2.6	3.3	4.2	4.2	4.4	✓
Vacant posts filled internally either by promotion or transfer	%		47	49	48	49	59	✓
Training days per employee	days	Training Programmes	6.4	6.0	6.3	6.5	6.9	
Total staff training days - management training	Man-day	Nurturing our Corporate Culture	22,664	21,578	23,211	22,133	18,784	
Charitable Contributions								

Social Performance	Measure	Links	2010	2011	2012	2013	2014	
Cash donations	HK\$ '000	<u>Fundraising and Donations</u>	2,401	2,700	3,800	6,700	15,400	
Gifts in kind	HK\$ '000		20,400	25,600	17,300	27,520	20,490	
Employee fundraising	HK\$ '000		310	355	399	398	274	
Employee volunteering (no. of projects)	number	<u>Staff Volunteering</u>	198	206	239	239	245	
Employee volunteering (no. of volunteers)	number		4,400	5,600	5,800	6,000	6,000	
Legal Compliance								
Number of convicted								
Cases of corruption	number	<u>Anti-Corruption and Whistle-Blowing</u>	0	0	0	0	0	
Cases involving health and safety standards	number		n/a	n/a	n/a	n/a	1 ⁽¹⁾	
Cases involving labour standards	number		n/a	n/a	n/a	n/a	0	
Cases involving product responsibility (including customer privacy)	number		n/a	n/a	n/a	n/a	0	
Cases involving working conditions	number		n/a	n/a	n/a	n/a	0	
Non-compliance with environmental standards								
Number of convicted cases								
MTR Corporation	number		0	1	0	0	2 ⁽²⁾	
Main contractors	number		2	1	4	4	1 ⁽³⁾	
Environmental fines								
MTR Corporation	HK\$		0	15,000	0	0	12,000 ⁽²⁾	
Main contractors	HK\$		10,000	2,000	232,000	278,000	15,000 ⁽³⁾	
Customer Service Pledge Items Achieved								
Train service delivery (%)		<u>Train Service Performance</u>						
Island, Kwun Tong, Tseung Kwan O, Tsuen Wan, Tung Chung and Disney Resort lines and Airport Express	%		99.8	99.9	99.9	99.9	99.9	#

Social Performance	Measure	Links	2010	2011	2012	2013	2014	
East Rail Line (including Ma On Shan Line)	%		99.9	99.9	99.9	99.9	99.9	#
West Rail Line	%		99.9	99.9	99.9	99.9	99.9	#
Light Rail	%		99.9	99.9	99.9	99.9	99.9	#
Passenger journeys on time (Passenger journeys with less than 5 minutes' delay compared to total number of passenger trips delivered)								
Island, Kwun Tong, Tseung Kwan O, Tsuen Wan, Tung Chung and Disney Resort lines	%		99.9	99.9	99.9	99.9	99.9	#
Airport Express	%		99.9	99.9	99.9	99.9	99.9	#
East Rail Line (including Ma On Shan Line)	%		99.9	99.9	99.9	99.9	99.8	#
West Rail Line	%		99.9	99.9	99.9	99.9	99.9	#
Train punctuality (Train trips delivered with delay within pre-determined length of time compared to total number of train trips delivered; the length of delay differs for different lines)								
Island, Kwun Tong, Tseung Kwan O, Tsuen Wan, Tung Chung and Disney Resort lines	%		99.7	99.7	99.8	99.8	99.7	#
Airport Express	%		99.9	99.9	99.9	99.9	99.9	#
East Rail Line (including Ma On Shan Line)	%		99.9	99.8	99.9	99.9	99.9	#
West Rail Line	%		99.8	99.8	99.9	99.9	99.9	#
Light Rail	%		99.9	99.9	99.9	99.9	99.9	#
Train reliability								

Social Performance	Measure	Links	2010	2011	2012	2013	2014
(Including incidents resulting in delay of 5 minutes or more)							
East Rail Line (including Ma On Shan Line) and West Rail line	revenue car-km/incident		3,813,015	3,292,956	7,113,301	4,412,228	4,747,878
Island, Kwun Tong, Tseung Kwan O, Tsuen Wan, Tung Chung and Disney Resort lines and Airport Express	revenue car-km/incident		2,459,083	1,841,882	4,203,807	3,474,269	3,585,340
Temperature and ventilation (Compliance with internal guidelines for a cool, pleasant and comfortable environment)							
Trains with a cool, pleasant and comfortable train environment generally at or below 26°C (excluding Light Rail)	%		99.9	99.9	99.9	99.9	99.9
Light rail on-train air-conditioning failures per month	times		0	0	0	0	0
Stations with a cool, pleasant and comfortable environment generally at or below 27°C for platforms and 29°C for station concourses, except on very hot days	%		99.8	99.9	99.9	99.7	99.9
Northwest transit service area bus service delivery (Actual bus trips delivered compared to scheduled bus trips)							
Service delivery	%		99.8	99.8	99.8	99.5	99.7

Notes

(1): In June 2014, a hose reel in one of our station was obstructed by a commercial exhibition booth and breaches the Fire Services (Fire Hazard Abatement) Regulation, Cap. 95F.

(2): In January 2014, a sewage sample on one of our station sewage treatment plant exceeded discharge limits during routine inspection. The company implemented corrective measures and no further action was taken by the EPD.

In March 2014, The company was fined \$12,000 for a contravention of Waterworks Ordinance, Cap 102 in one of our managed properties.

(3): A contractor in our railway extension projects was fined \$15,000 for non-compliance to the Noise Control Ordinance, Cap 400.

✓ Limited assurance has been provided by PwC over these KPIs for the year 2014.

These KPIs have been assured separately by Bureau Veritas Certification for the year 2014.

Safety Targets and Performance

Safety Targets and Performance			Links	2010	2011	2012	2013	2014	
<i>Passenger and Public Safety</i>									
Fatality	Heavy rail	Target Performance	<u>Customer Safety</u>	0	0	0	0	0	✓
				0	0	0	2	0	
	Light rail	Target Performance		0	0	0	0	0	✓
				1	1	0	0	0	
	Bus	Target Performance		0	0	0	0	0	✓
				0	0	0	0	0	
Number of injuries requiring hospitalisation per 100 million passenger journeys	Heavy rail	Target Performance	<u>Customer Safety</u>	7.65	7.65	9.72	9.72	10.02	✓
				7.94	9.38	9.72	10.25	8.12	
	Light rail	Target Performance		14.5	13.78	8.59	11.50	12.08	✓
				12.3	7.44	13.76	15.73	8.61	
	Bus	Target Performance		10.6	10.07	9.60	9.12	8.66	✓
				7.51	7.05	5.07	4.91	4.68	
<i>Staff Safety</i>									
Fatality	Corporate support functions	Target Performance	<u>Staff and Contractor Safety</u>	0	0	0	0	0	✓
				0	0	0	0	0	
	Operations Division	Target Performance		0	0	0	0	0	✓
				0	0	0	0	0	

Safety Targets and Performance		Links	2010	2011	2012	2013	2014			
	Projects Division	Target Performance	0 0	0 0	0 0	0 0	0 0	0 0	✓	
	Property Division	Target Performance	0 0	0 0	0 0	0 0	0 0	0 0	✓	
	China and International Business Division	Target Performance	0 0	0 0	0 0	0 0	0 0	0 0	✓	
Lost time injuries per 100,000 man-hour	Corporate support functions	Target Performance	0.13 0.12	0.10 0.26	0.10 0.19	0.14 0.23	0.13 0.17	0.13 0.17	✓	
	Operations Division	Target Performance	0.56 0.48	0.49 0.42	0.49 0.54	0.49 0.67	0.50 0.40	0.50 0.40	✓	
	Projects Division	Target Performance	0.10 0.10	0.10 0.05	0.10 0.07	0.10 0.08	0.10 0.11	0.10 0.11	✓	
	Property Division	Target Performance	0.45 0.20	0.41 0.15	0.33 0.24	0.30 0.29	0.30 0.10	0.30 0.10	✓	
	China and International Business Division	Target Performance	1.35 0.85	0.94 0.55	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	✓	
Contractor Safety										
Fatality	Corporate support functions	Target Performance	n/a n/a	n/a n/a	0 0	0 0	0 0	0 0	0 0	✓
	Operations Railway	Target Performance	0 0	0 0	0 0	0 0	0 0	0 0	0 0	✓
	Hong Kong property development and investment projects	Target Performance	0 0	0 0	0 0	0 1	0 1 ⁽⁴⁾	0 1 ⁽⁴⁾	0 1 ⁽⁴⁾	✓

Safety Targets and Performance			Links	2010	2011	2012	2013	2014	
	Hong Kong investment property	Target Performance		n/a n/a	n/a n/a	0 0	0 1	0 0	✓
	Hong Kong management property	Target Performance		n/a n/a	n/a n/a	0 0	0 0	0 0	✓
	Hong Kong project construction - railway extension projects	Target Performance		0 0	0 2	0 0	0 2	0 1 ⁽⁵⁾	✓
	China and International Business Division	Target Performance		0 1	0 0	0 0	0 0	0 0	✓
Reportable accidents per 100,000 man-hour	Corporate support functions	Target Performance	<u>Staff and Contractor Safety</u>	n/a n/a	n/a n/a	0.16 0.18	0.18 0.17	0.17 0.08	✓
	Operations railway	Target Performance		0.34 0.12	0.25 0.19	0.21 0.21	0.21 0.24	0.21 0.16	✓
	Hong Kong project construction - railway extension projects	Target Performance		0.40 0.22	0.30 0.41	0.30 0.47	0.30 0.56	0.30 0.57	✓
	Hong Kong property development and investment projects	Target Performance		0.52 0.21	0.47 0.20	0.38 0.17	0.38 0.04	0.35 0.06	✓
	Hong Kong investment property (2012)	Target Performance		n/a n/a	n/a n/a	0.20 0.15	0.22 0.16	0.22 0.15	✓

Safety Targets and Performance		Links	2010	2011	2012	2013	2014	
	onward)							
	Hong Kong management property (2012 onward)	Target Performance	n/a n/a	n/a n/a	0.20 0.17	0.22 0.13	0.22 0.13	✓
	China and International Business Division	Target Performance	0.50 0.07	0.50 0.07	0.00 0.00	n/a n/a	n/a n/a	
Lost time injuries per 100,000 man-hour (2013 onward)	China and International Business Division	Target Performance	n/a n/a	n/a n/a	n/a n/a	0.00 0.00	0.00 0.00	✓

Notes

(4): At the Nam Cheong Station property development site, two workers were found unconscious at the bottom of a manhole, with one suffering from serious injuries and the other certified dead on arrival at hospital.

(5): At the Shatin to Central Link network expansion project site in Wong Tai Sin, a worker was hit on the chin and neck by the bracing arm of a site investigation rig when it was being dismantled and was certified dead on arrival at hospital after suffering from serious bleeding.

✓ Limited assurance has been provided by PwC over these KPIs for the year 2014.

Mainland of China and International Business

		Shenzhen (MTRSZ)			Stockholm (MTRS)			Melbourne (MTM)		
KPIs	Measure	2012	2013	2014	2012	2013	2014	2012	2013	2014
Environmental Performance										
Total electricity consumption – heavy rail	MWh	66,740	65,166	73,987	184,308	181,116	182,288	433,983	439,903	437,821
Total water consumption	m ³	233,108	222,071	183,813	n/a	n/a	n/a	141,835	123,943	143,890
Metals recycled	tonnes	3.8	3.5	7.5	n/a	n/a	278.0	40.2	44.3	30.1

		Shenzhen (MTRSZ)			Stockholm (MTRS)			Melbourne (MTM)		
KPIs	Measure	2012	2013	2014	2012	2013	2014	2012	2013	2014
Spent oil recycled - Amount	litres	3,000	4,265	2,664	n/a	n/a	19,922	n/a	n/a	n/a
Total GHG emissions	tonnes CO ₂ e	52,342	54,032	61,585	42	31	281	464,386	462,107	450,556
Scope 1 emissions	tonnes CO ₂ e	285	259	236	38	27	281 ⁽⁶⁾	694	670	661
Scope 2 emissions	tonnes CO ₂ e	52,057	53,773	61,349	4	4	n/a	463,692	461,437	449,895
Social Performance										
Total employees	number	1,245	1,289	1,331	2,714	2,663	2,519	4,283	4,297	4,521
Women employees	%	34.9	32.0	30.2	29.9	29.9	29.3	16.6	21.0	18.4
Voluntary staff turnover rate	%	11.2	12.9	8.3	6.0	5.0	4.2	0.4	4.0	4.1
Training days per employee	days	1.4	1.5	1.8 ⁽⁷⁾	3.1	3.0	2.8	10.2	11.7	13.0
Train Service Performance										
Total number of passenger trips	million	117	140	169	322	328	330	227	227	222
Passenger journeys on time	%	n/a	n/a	100.0	n/a	n/a	n/a	n/a	n/a	91.4
Train punctuality	%	n/a	n/a	99.9	n/a	n/a	96.1	n/a	n/a	92.8
Train reliability	revenue car-km/ incident	n/a	n/a	15,852,883	n/a	n/a	50,783	n/a	n/a	63,372
Train service delivery	%	n/a	n/a	100	n/a	n/a	99.0	n/a	n/a	98.8
Charitable Contributions										
Cash donations	HK\$	132,012	0	0	259,710	120,927	150,000	20,501	215,579	526,415
Legal Non-Compliance (Number of convicted cases)										
Cases of corruption	number	0	0	0	0	0	0	0	0	0
Cases involving health and safety	number	n/a	n/a	0	n/a	n/a	0	n/a	n/a	0

		Shenzhen (MTRSZ)			Stockholm (MTRS)			Melbourne (MTM)			
KPIs	Measure	2012	2013	2014	2012	2013	2014	2012	2013	2014	
Cases involving labour standards	number	n/a	n/a	0	n/a	n/a	0	n/a	n/a	0	
Cases involving product responsibility (including customer privacy)	number	n/a	n/a	0	n/a	n/a	0	n/a	n/a	0	
Cases involving working conditions	number	n/a	n/a	0	n/a	n/a	0	n/a	n/a	0	
Non-compliance with environmental standards											
MTR subsidiary	number	0	0	0	0	0	0	0	0	0	
Main contractors	number	0	0	0	0	0	0	0	0	0	
Environmental fines											
MTR subsidiary	HK\$	0	0	0	0	0	0	0	0	0	
Main contractors	HK\$	0	0	0	0	0	0	0	0	0	
Safety Targets and Performance											
Passenger and public safety											
Fatality	Target Performance	0 0	0 0	0 0	0 5	0 1	0 1 ⁽⁸⁾	0 10	0 1	0 8 ⁽⁹⁾	✓
Number of injuries per million passenger journeys	Target Performance	1.47 1.46	1.47 1.36	1.47 1.07	1.00 1.33	0.99 1.25	0.98 1.49	3.60 2.76	3.60 2.04	2.00 2.32 ⁽¹⁰⁾	✓
Staff safety											
Fatality	Target Performance	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	✓
Lost time injuries per 100,000 man-hour	Target Performance	0.29 0.15	0.28 0.14	0.27 0.18	0.63 0.47	0.63 0.39	0.63 0.46	1.00 0.80	0.60 1.04	0.60 0.61	✓
Contractor safety											
Fatality	Target Performance	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	✓
Lost time injuries per 100,000	Target	0.48	0.47	0.45	n/a	n/a	n/a	0.45	0.40	0.40	

		Shenzhen (MTRSZ)			Stockholm (MTRS)			Melbourne (MTM)			
KPIs	Measure	2012	2013	2014	2012	2013	2014	2012	2013	2014	
man-hour	Performance	0.33	0.16	0.07	n/a	n/a	n/a ⁽¹¹⁾	0.11	0.16	0.38	✓

Notes

(6): In previous years, Scope 1 GHG emissions were reported for replacement services only. This year, the reported figure includes all activities.

(7): The number has been restated in previous years.

(8): One passenger was killed during an altercation between two passengers, whereby both passengers fell into the track area but one passenger climbed back onto the platform before the train arrived.

(9): Seven of the eight fatalities involved trespassers, with four of those fatal incidents taking place at pedestrian crossings. The remaining case involved a passenger who fell onto the track while attempting to board a departing train.

(10): There has been an increase in slip, trip, and fall incidents leading to injury, particularly at Inner Melbourne stations, such as Flinders Street Station and Parliament Station. A plan is being implemented to address safety concerns at these stations.

(11): MTRS does not monitor contractor injuries because this KPI is not relevant to its business nature or needs.

✓ Limited assurance has been provided by PwC over these KPIs for the year 2014.





Performance Metrics



CoMET Benchmarking Results 2013

The Community of Metros (CoMET) programme collects data from large metro system operators around the world in order to compare performance and improve standards across the industry. The data covers a number of important areas including safety, financial performance, environment, staff and customer service. The latest benchmarking exercise reflects data collected for 1 January 2013 to 31 December 2013 from metro systems in 15 cities, including Beijing, Berlin, Guangzhou, Hong Kong, London, Mexico City, Madrid, Moscow, New York, Paris, Santiago, Singapore, Shanghai, São Paulo and Taipei.

Learn more...

CoMET and Nova are metro benchmarking groups currently comprising 32 large and medium sized metro systems from 30 cities. The groups are jointly owned and steered by their members, and are facilitated by the Railway and Transport Strategy Centre (RTSC) at Imperial College London.

Why Do We Participate in CoMET?

Safety

Our passenger safety record in 2013 reflects two fatalities, which are recorded within the KPI for deaths from accidents in the CoMET benchmarking results for that year. This KPI includes deaths due to an accident on metro property or trains operated, owned or maintained by the metro, or due to metro operations, if death occurs within 30 days of an event. During 2014, we have achieved significant improvements on KPIs for passenger and public safety, which should be reflected in the benchmarking results for 2014.

Financial Performance

In 2013, we continued to outperform all other CoMET participants on the indicator for total commercial revenue per operating cost, which reflects the success of our sustainable financial models. This year, we have started to report on a new indicator, fare revenue per passenger km, which shows that over the past five years we have generated average levels of revenue from passenger fares compared with other metro operators. At the same time, in 2013 we sustained an improving trend on two measures of normalised operating cost, i.e. operating cost per revenue car km and per passenger journey.

Environment

This year we have started to report on a new indicator, CO₂ per passenger km. Since we exercise minimal influence over the source of electricity that we consume, our efforts to mitigate climate change focus on improving energy efficiency. The CoMET benchmarking results show that we are sustaining an improving trend for energy consumption per passenger km, and our performance is better than average when compared with other metro systems around the world.

Customer Service

Comparing punctuality and reliability of our train services with other metro systems, our passengers in Hong Kong enjoy good service by international standards but there is still room for moderate improvement. Despite the problems we are currently experiencing with crowding during peak hours, the data on capacity utilisation shows that we operate our services in an efficient way, doing our best to transport our passengers over the existing network.

Safety

Deaths from accidents per billion passenger journeys* — a measure of passenger safety.

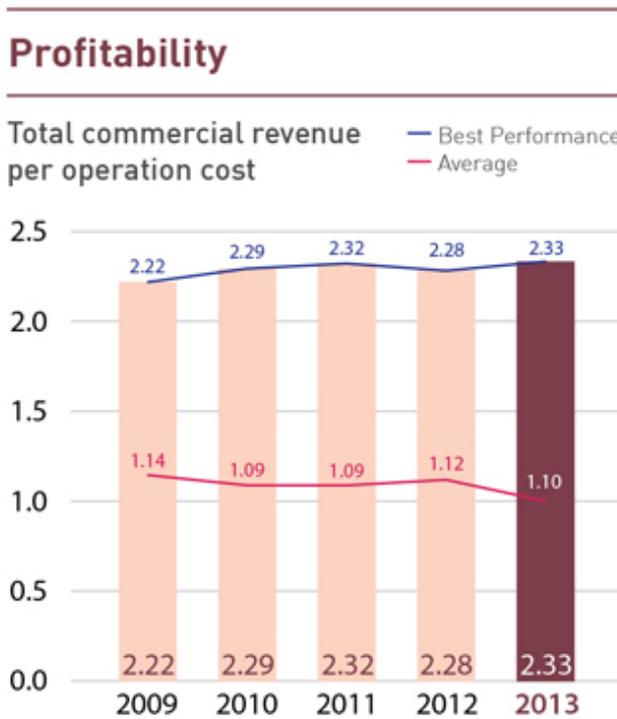


*Please note that this KPI is slightly different from Fatalities per billion passenger journeys, which is the KPI that we reported in

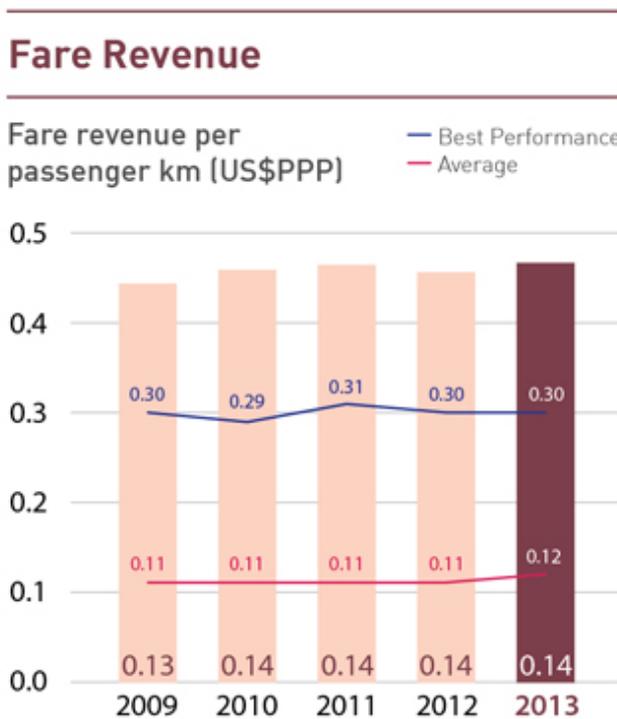
previous years.

Financial Performance

Total commercial revenue per operating cost – a measure of capacity provision and utilisation.

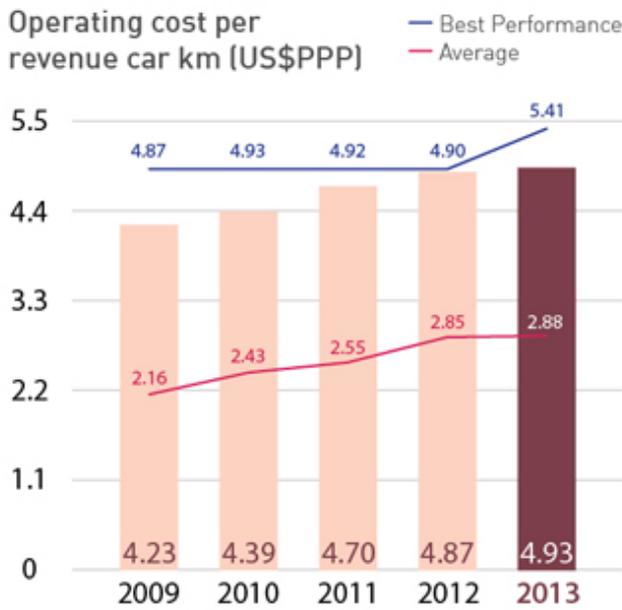


Fare revenue per passenger km (US\$PPP) — a measure of the level of our fares.



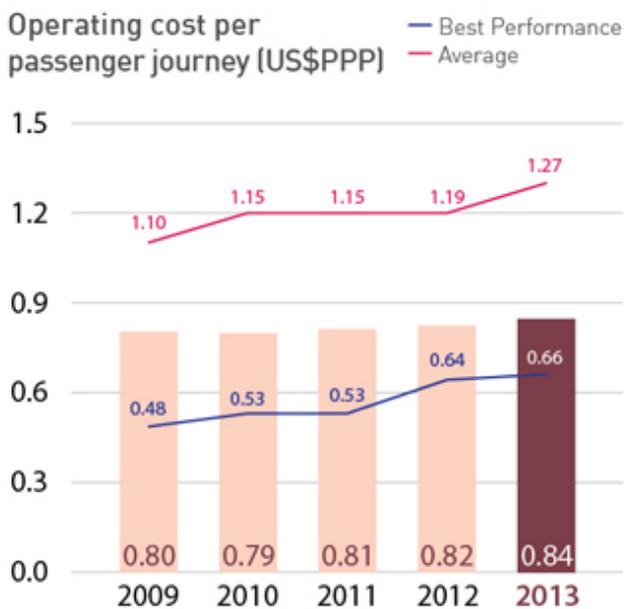
Operating costs per car km (US\$PPP)

Service Costs



Operating costs per passenger journeys (US\$PPP)

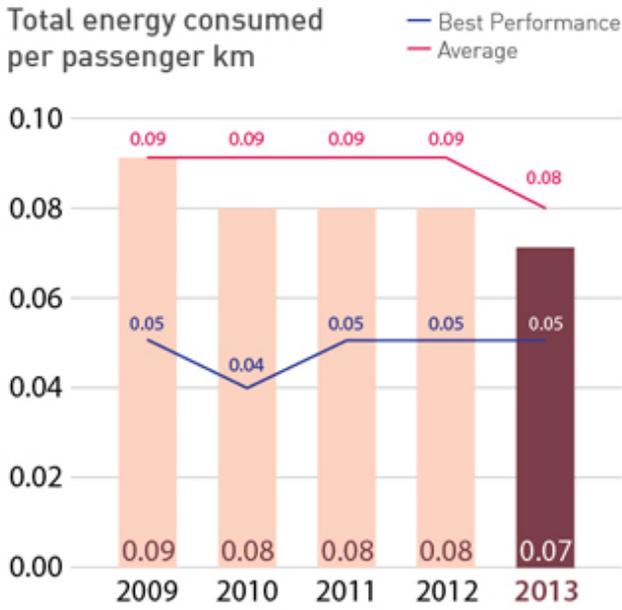
Cost per Journey



Environment

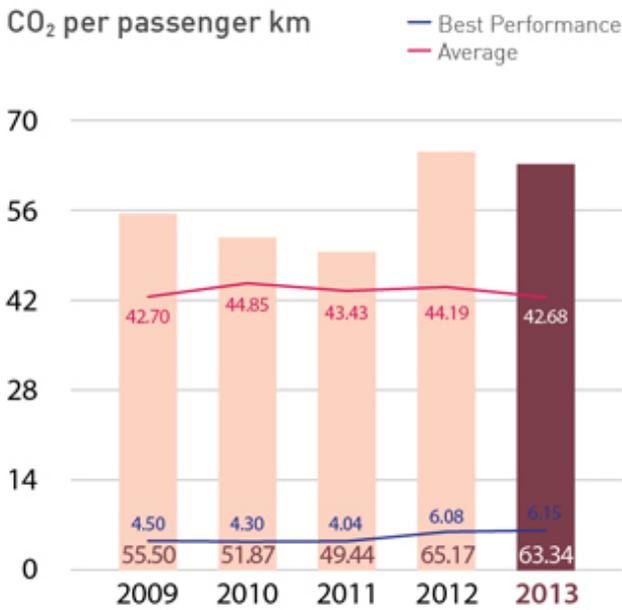
Total energy consumed per passenger km — a measure of energy efficiency

Energy Consumption



CO₂ per passenger km — a measure of contribution to climate change

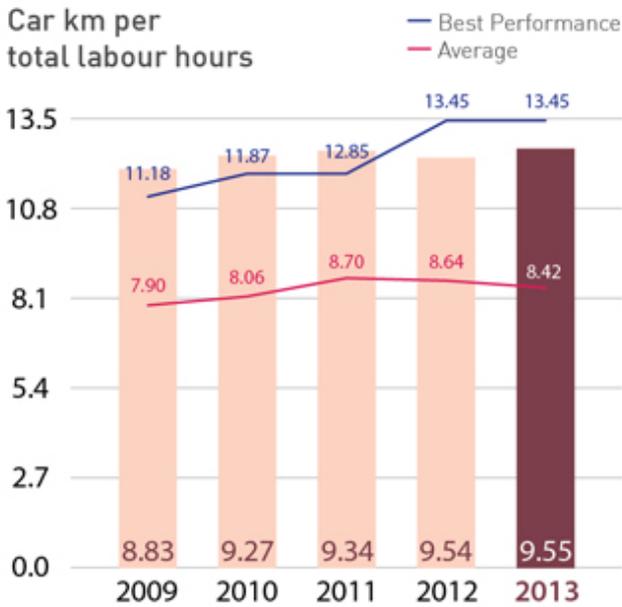
Electricity Usage



Staff

Car km per staff and contractor hours

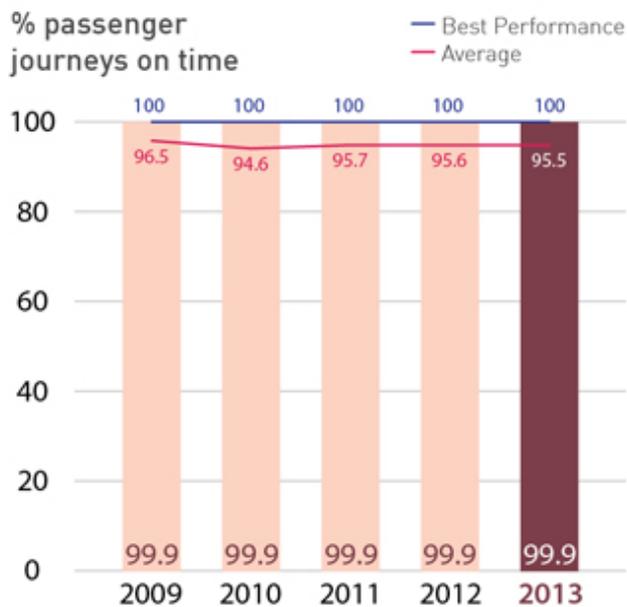
Staff Efficiency



Customers

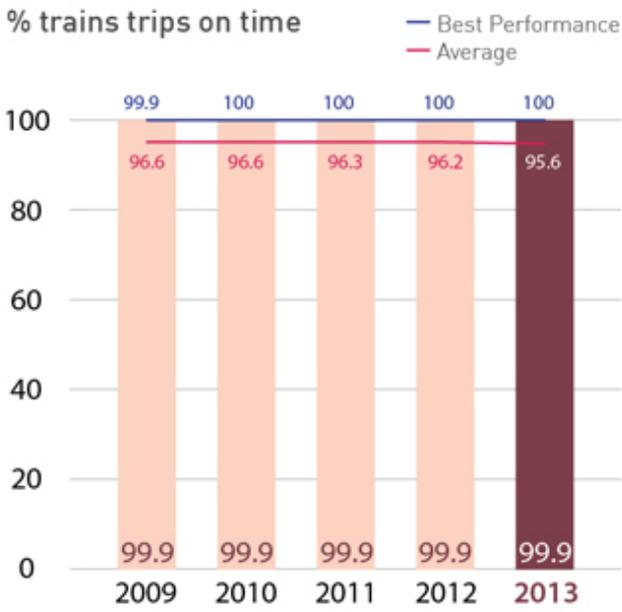
% passenger journeys on time — a measure of service performance

Customer Service



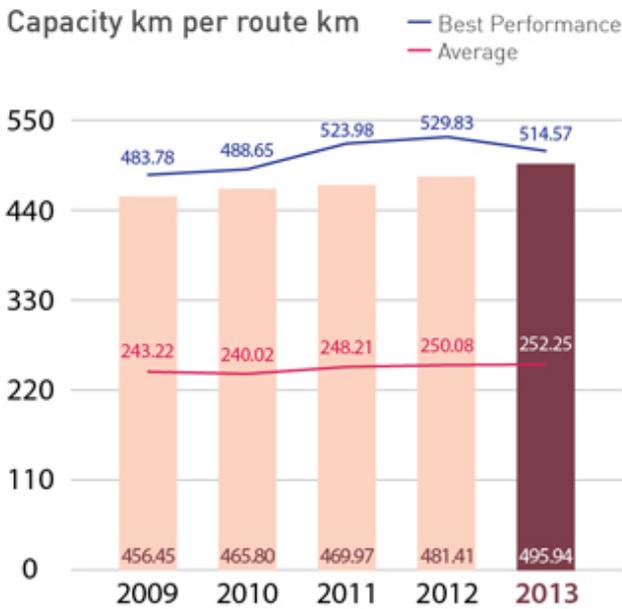
% train trips on time — a measure of service performance

Trouble Free Journey



Capacity km per route km — a measure of asset utilisation

Asset Utilisation



Definitions

Passenger journeys – The total number of passenger trips on our trains during the year

Passenger km – The total number of kilometres travelled by passengers on our trains during the year

Car km – The total number of kilometres which were operated by our trains in revenue (passenger carrying) service during the year

