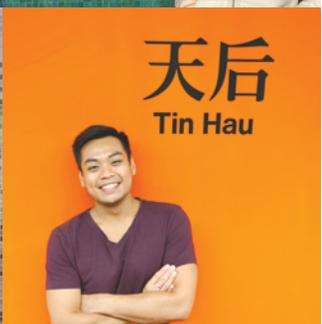




5 MILLION STORIES

SUSTAINABILITY REPORT 2015



Every day in Hong Kong, more than 5.5 million people journey with MTR, with hundreds of thousands living, working and shopping in our property developments.

While outside of Hong Kong, every day, another 5 million people journey on an MTR-operated train.

Behind every number is a person. Our railways and properties are shared spaces for families and students, business people and schoolchildren, tourists and grandparents. Each with their own needs, all riding the same trains, together on a journey.

Hong Kong is a dynamic place like no other, constantly evolving, creating new opportunities and challenges. As the city grows, so do the needs of our customers and stakeholders.

MTR's success depends on fulfilling these needs and our customers' success also depends on our world-class transport and property.

This report tells the story of what really matters to our customers, exploring their changing world and showing how we respond to them. It is truly a shared journey.



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About this Report

This sustainability report chronicles our approach to corporate responsibility, which for us is about embedding the sustainable thinking that is integral to the long-term success of MTR Corporation. Our goal is to contribute to the sustainability of our business and the community by meeting the current and future needs of our stakeholders.

We have published an annual sustainability report in print and online since 2001. This year we continue to report in two complementary ways:

1. *A printed report.* Our printed report features stories from a wide group of our stakeholders followed by staff stories showing how we are responding to their needs. To us, this is the definition of being a responsible and sustainable business – balancing their current and future needs. To accompany each section, we also provide performance highlights and the wider societal context across relevant sustainability topics. This is the right document if you are looking for an overview of our activities in 2015.
2. *A report website* (www.mtr.com.hk/sustainability_report) is the reference for more information about any of the topics covered in this printed report, including management approaches, sustainability programmes and key performance indicators (KPIs). It has been prepared in accordance

with the Global Reporting Initiative G4 Sustainability Reporting Guidelines (GRI-G4) Core option, 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. Information on our materiality assessment, independent assurance report on selected KPIs, as well as the full content index are also available on the website.

We welcome your feedback and invite you to send comments to sdmng@tr.com.hk.

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



2016 Constituent
MSCI Global
Sustainability Indexes



ABOUT MTR

For more than 35 years, MTR's railway service has seamlessly connected communities in Hong Kong and around the world, optimising land use and contributing to the growth of cities in financially and environmentally sustainable ways. Inside and outside of Hong Kong, our employees are committed to serving their communities with excellence, professionalism and a spirit of continuous improvement.



Vision

We aim to be a leading multinational company that connects and grows communities with caring service.

Mission

We will:

- Strengthen our Hong Kong corporate citizen reputation
- Grow and enhance our Hong Kong core businesses
- Accelerate our success in the Mainland and internationally
- Inspire, engage and develop our staff

Values

Excellent Service

We anticipate, listen and respond to customer needs and provide a safe, effective and caring service.

Value Creation

We create profit and community goodwill through growth, effective execution, continuous improvement and innovation.

Mutual Respect

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

Enterprising Spirit

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

Our businesses in Hong Kong include the following:

- **Hong Kong Property and Other Businesses.** We work with leading property developers to build properties above or near our stations. We also manage a portfolio of residential properties, office space and commercial space. Other businesses include rail-related consultancy, the Ngong Ping 360 cable car and associated theme village, and the Octopus card payments system.
- **Hong Kong Station Commercial Businesses.** To make the most of our railway assets, we operate related businesses such as the leasing of station retail space, advertising in trains and stations, and fixed and mobile telecommunications systems.
- **Hong Kong Transport Operations.** We operate an urban mass transit railway system with 10 heavy rail lines and a Light Rail system. The heavy rail network comprises domestic and cross-boundary services and a dedicated Airport Express link. We also provide intercity services to and from the Mainland of China as well as a small feeder bus service in Hong Kong.
- **Hong Kong Network Expansion.** We manage the design and construction of new railway extensions along with a multitude of other projects each year to upgrade and improve the operating railway network. The Island Line Extension to Western District project was completed in 2014. Four other projects are still under construction including the South Island Line (East), Shatin to Central Link, Kwun Tong Line Extension and Express Rail Link. Together these five projects will increase the route length of our network in Hong Kong by 25%.
- **Mainland and International Business.** Our subsidiaries and affiliates build, operate and maintain railway systems and provide related services in the Mainland of China, the United Kingdom, Sweden and Australia. In the Mainland of China, we are also involved in leasing retail space, providing estate management services and developing properties.



CEO LETTER

MTR has a deep impact on the lives of the many people who live in our city and who rely on our services every day. With this in mind, we come to work every day committed to delivering the world-class service that our customers have come to expect from us.

This year, our customers' voices are once again at the heart of our sustainability report, reflecting our on-going commitment to putting customers first. In 2015, our service performance has been one of our best since 2007's rail merger. We know, however, that there is always room for improvement and we remain committed to listening to customer feedback so that we can continue to make our services better and better with every journey.

As we are expanding our network to provide convenient and accessible connections to more parts of Hong Kong, we will also be upgrading our signalling systems, purchasing new trains and continuing to enhance our station facilities and customer offerings. This is part of "Rail Gen 2.0", our vision for the next generation of rail travel for Hong Kong, where we can look forward to more integrated, modern and efficient journeys on our railway. To deliver on this vision, we need a sustainable financial model. In 2015 alone, we reinvested over HK\$7 billion into the network for maintenance, renewals and upgrades.

At the same time, we continue to build new communities and will be adding more than 11,000 units to the housing market through the seven tenders announced in 2015 and early 2016, and delivering a 40% expansion in our retail property portfolio by 2021.

Shaping the MTR of tomorrow, while staying true to the MTR of today, also requires a committed workforce and the support of our local communities. At the core of our operations is our most important asset: our people. As our founding generation retires, we are working to recruit and train the best talent while retaining the knowledge and experience that have been built up through the years.

We are also strengthening our community programmes for Hong Kong's next generation. Building on existing initiatives, we cemented our commitment to youth by launching "Youth Connect" in 2015 to empower young people so that they have the skills, perspectives, motivation and opportunities to achieve their aspirations. After all, they are our future and their talent will help guide and build MTR and our communities for years to come. For our wider community, we will be launching "Community Connect" in 2016 – our umbrella identity of community outreach, arts and culture and green and healthy living initiatives to deepen our engagement with them.

The future will certainly bring successes and challenges for MTR: new lines, changing demographics, evolving customer expectations and the globalisation of our company. To manage all these factors successfully, we need to operate responsibly and sustainably – balancing the current and future needs of our stakeholders.

We serve 5.5 million people every day in Hong Kong and over 5 million outside of Hong Kong, enabling our staff to contribute positively to each of their stories and lives, and allowing MTR the incredible privilege of helping shape the future of Hong Kong and the cities in which we operate. This is what makes my colleagues and I proud to work at MTR – and excited about 2016 and beyond.

Lincoln Leong Kwok-kuen

Chief Executive Officer

12 May 2016



Q & A WITH THE CHAIRMAN

As the new Chairman of MTR Corporation, we caught up with Professor Frederick Ma Si-hang to ask him a few questions about his new role and his vision for the future.

As the new Chairman of MTR, what does this position mean to you?

I am both honoured and humbled to be in this role at MTR. MTR has an enviable reputation as a world-class rail operator, and I am extremely proud to be part of it with all of its achievements.

I am also aware of the challenges that lie ahead. There is a real need, and opportunity, for us to better ourselves in every aspect of our operations.

We have a profound responsibility to Hong Kong. To use an analogy, we are the arteries of this city, connecting its people to places, events and things that matter to them. Every day, it is crucial that we deliver the high quality services that our customers expect from us.

How do you envision MTR during your term?

Building on our world-class operations, I envision an MTR that is the pride of Hong Kong and a multinational leader in sustainable rail transport. There are three parts to this: our rail network, our customers and our people.

The first is the successful opening of three new railway lines, namely the Kwun Tong Line Extension and South Island Line (East) this year, with the Express Rail Link in 2018. Constructing the Express Rail Link has continued to be a challenge, but we are making progress, and with further funding approved and secured, we will put our best efforts to take the project forward to its completion. These projects are part of "Rail Gen 2.0", a new era for rail travel which will benefit the Hong Kong community with enhanced connectivity and help drive economic and social development.

Second is enhancing our customer focus. We have received criticism from our customers due to their experience on our networks. We aim to change that. We need to increase customer trust and satisfaction by making the passenger experience much more positive. We will do this by listening to passenger feedback, keeping their interests at heart and by doing what we can to improve. We have been rolling out several initiatives this year, and watch out for more!

None of our achievements would have been possible without the men and women who work at MTR. They are our greatest assets. And this is why the third part of my vision is to invest in the training and development of future generations of railway professionals. We recently announced our plan to set-up the MTR Academy to strengthen our pool of human resources, and enhance our relationship with partners here and abroad. With this, I would also like to see our growth here and overseas create exciting opportunities for Hong Kong's younger generation. We need to create opportunities for upward mobility.

How will you make this happen?

An increased focus on good governance and communication at all levels is key, both internally and externally. Internally, to ensure all MTR staff – from the board and senior management to our frontline staff – are aligned and aware of what we are trying to achieve.

Externally, MTR has many stakeholders who have different needs and we need to find the right balance. We are also working on communicating more effectively on our new lines and other customer and community initiatives.

We have suffered some setbacks in the past, but ultimately we have a great foundation to build on – our sustainable business model, our can-do attitude and our unwavering commitment to our customers and to our communities – has got us back on track. Indeed, I am confident that we will strive to find better ways to deliver for the people of Hong Kong, today and into the future, and I am very much looking forward to the task ahead.



SAFETY

Providing customers with a safe and reliable service is the bedrock of our operations. Our uncompromising “Safety First” culture is underpinned by decades of continuous management focus and is deeply ingrained in our corporate DNA. Due to the extensive use of our system as well as the growth of our network in Hong Kong and in the cities in which we operate, we remain steadfast in prioritising safety in our operations – leveraging our industry-leading expertise and sustaining our reputation as one of the world’s safest public transport operators.

MITSUKO WONG **WORKING MOM**

It’s not entirely easy getting around stations with a pram. Now that I have all this baby stuff dangling around I’ve noticed that accessibility for prams and wheelchairs is lacking. I didn’t realise this before. I think part of the problem is that design took place so long ago, and there weren’t as many people commuting. But in order to improve accessibility it would mean changes to infrastructure.

There are ways around having a pram in the station – I always take the baby carrier with me now. And the gates are wide enough for the pram to get through the station. I still prefer to take the MTR because it saves me time but it has its inconveniences.



JUSTIN MURGAI **HUMANITARIAN AID WORKER**

A lot of people take safety for granted when using the MTR, as it’s quite a safe system. It’s the small things I appreciate, like the message about not using mobile phones while on the escalator. It’s silly but it’s true. And it’s really nice to see staff present at peak hours, encouraging people to slow down. But I think more could be done – staff could be a little more authoritative. Also, something that’s bothered me is crowd control situations—the staff always speak in Cantonese. I never know what’s going on! During festivals and events, like when there are fireworks, it can get really crowded. Visual messages could be quite helpful during these times.



SEAN NG **HAIR STYLIST**

I take the MTR to work every day, and overall the service is good. The chance of an incident occurring is very low but if something were to happen, it would create a huge impact – that’s undeniable. Once when I was on the Tung Chung Line after work, a train took the wrong track. I felt safe because I trust MTR but many passengers, including myself, were confused and wanted more information. In terms of station safety, it’s common to see people rushing into the train, or taking the escalator with oversized luggage. The staff try their best to provide direction, but it doesn’t always work because people in Hong Kong are always in a rush!



往月台
to Platform



優先使用 Priority

請讓有需要人士優先使用 Please give priority to those in need

此升降機只供
此升降機只供
此升降機只供



升降機
Lift





ISA TANG
PERMANENT WAY WORKS
MANAGER

MTR has a range of controls in place to respond to different safety issues. On one end of the spectrum are low impact threats that we deal with through warnings and communication. On the other end of the spectrum are the most critical safety issues, which we address through design solutions, when possible. As engineers, we need to ensure the system is safe from a design perspective, and assets are properly maintained. My job relates to the tracks, which look simple but are quite complex. We monitor all aspects of the tracks regularly and immediately address any problems we come across. There are only a few hours a night when the train isn't running to do this work.

Any safety-related incidents are taken very seriously. We thoroughly review what happened and why it happened. When incidents occur we have systems in place to facilitate discussion and learning, and to apply that knowledge to prevent future incidents.

There's always risk, no matter how low—because we can't 100% predict everything. Technology is changing. Passengers' behaviour is changing. That's why we need engineers, to analyse what's happening and help us understand how we can do better. Everyone in my department works closely together to find solutions when problems arise.

YEAR IN REVIEW

While rates of injury declined on heavy rail and MTR bus operations, passenger injuries requiring hospitalisation unfortunately increased in light rail with tripping remaining a key factor. We also deeply regret to report the fatalities in our rail services in 2015, due to less controllable factors, i.e. customer behavior. Sadly, three contractor fatalities were also reported in our construction sites and our premises. While we cannot eliminate all risks, we have taken rigorous steps from the lessons learnt with the aim to prevent a reoccurrence. As such, we continue to increase safety awareness and to inculcate a safety-first culture in our businesses.

We operate nearly 1,000 escalators across our network. In 2015, we introduced a new publicity campaign demonstrating some of the stark consequences of unsafe escalator behaviour. We also installed additional yellow escalator handrails and pasted new reminders on our escalators. These initiatives and more demonstrate our continued commitment to improving overall safety and accessibility, especially those with reduced mobility, such as people with disabilities, the elderly, customers with prams and bulky luggage, and children.

0

STAFF FATALITY

3

CONTRACTOR FATALITY

6.5%

REDUCTION IN REPORTABLE INCIDENTS INVOLVING ESCALATORS

PASSENGER FATALITIES

	2014	2015
Heavy Rail	0	1
Light Rail	0	1
Bus	0	0

PASSENGER INJURIES REQUIRING HOSPITALISATION (PER 100 MILLION PASSENGER JOURNEYS)

	2014	2015
Heavy Rail	8.12	7.91
Light Rail	8.61	14.76
Bus	4.68	0.00

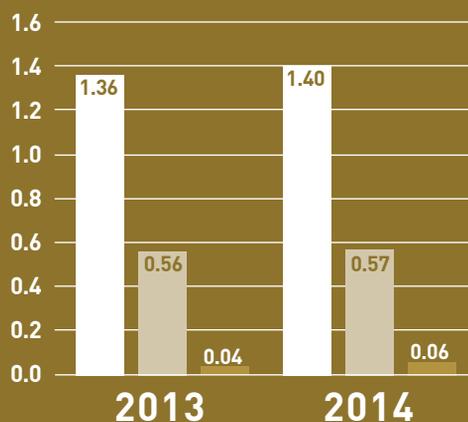
IN CONTEXT

We strive to enhance Hong Kong's railway network by building more lines and integrated property developments. Demographic changes, however, continue to affect the whole construction industry and lead to a skills shortage and an aging workforce. This is why we place great emphasis on ensuring the wellbeing and appropriate training of staff and contractors at all times by delivering training and health care programmes. While safety performance on our sites compares favourably with the industry average, we continue to seek opportunities to further improve safety practices across the Hong Kong construction industry.

>1800

NUMBER OF CONSTRUCTION WORKERS WHO RECEIVED FREE HEALTH CHECKS AT OUR MOBILE CLINIC

CONSTRUCTION INDUSTRY BENCHMARKING FOR REPORTABLE ACCIDENTS (PER 100,000 MAN-HOUR)



- Hong Kong Construction Industry Average
- Contractors - MTR Hong Kong Project Construction (Railway Extension Projects)
- Contractors - MTR Hong Kong Property Development and Investment Projects

Find out more:

http://www.mtr.com.hk/sr_safety_en



FINANCIAL AND ECONOMICAL PERFORMANCE

To consistently deliver a world-class railway service, we need a sustainable financial model to fund the investments, maintenance and upgrades that are required across our capital-intensive businesses. We do so through stable revenues and our Rail plus Property model in Hong Kong. As a commercial organisation, our financial strategy not only looks at the current MTR but also towards the future – enabling us to continually serve the people of Hong Kong and cities in which we operate for generations to come.

RAYMOND LO PETROCHEMICAL TRADING INDUSTRY PROFESSIONAL

I've lived close to the MTR network for many years, mostly because it's convenient. As far as I know, there will be fewer and fewer property development projects at the new stations, which may impact MTR's profitability. As well, Hong Kong is very small and so MTR's expansion will eventually be restricted, although it won't happen in the next 8 to 10 years. If MTR relies solely on fare revenue, it may not be very profitable because the Government sets limitations for fare adjustments. I think that MTR will make a profit from operating and managing railway projects in overseas countries, like the UK, because they just charge a fee and don't actually own the rail.



MR CHAN AND MRS CHAN RETIRED COUPLE MTR SHAREHOLDERS

"In 1979 the Post Office issued a set of special stamps to commemorate the inauguration of the MTR. The associated "First Day" covers were sold out on the first day, two weeks before the opening of the MTR. To me, that showed how popular mass transport is to the general public. Given Hong Kong's ever increasing population density, I knew that MTR would continue to expand. I have been holding shares since MTR listed. I know MTR may not recover costs for some projects, like the new lifts in stations, but we're proud to be contributing to society as shareholders." – Mr Chan

"We're retired and at this stage in life we are looking for stable returns. We're confident in MTR's future, which is why we've been accumulating shares over the years." – Mrs Chan



JESSICA ROBINSON UNITED NATIONS PRINCIPLES FOR RESPONSIBLE INVESTMENT

As we move into a more climate-constrained world, mass transport is critical. As MTR continues to expand, in Hong Kong and overseas, doing that in a sustainable, low-carbon way has to be at the core of its operations. That's one of its value propositions. But as MTR grows it also needs to be sensitive to customers. MTR is profitable, and that's a good thing. That profitability funds upgrades and expansion, which benefit Hong Kong. It would be advantageous for MTR to be transparent about the use of its surplus, so customers have an understanding of the investment that goes into maintenance and upgrades.







LU WONG
HEAD OF
INFRASTRUCTURE WORKS

Significant capital expenditure is required to keep MTR operating at the level the public has come to expect. The MTR system is heavily used, with trains running frequently and reliably. These factors drive up costs relating to maintenance and replacement of railway assets.

Behind all of this is safety. Passengers may choose the quickest, most comfortable or most convenient mode of transport, but for a public transportation provider, like MTR, safety is the primary objective.

Continual investment is required to maintain safety whilst also achieving reliability goals, including MTR's punctuality target of 99%. We need to ensure that we have funding in place to conduct maintenance and asset replacement at the right time. We do regular maintenance, but are also constantly looking to the future.

When we planned for the Shatin to Central Link, set to complete by 2021, we saw an opportunity to upgrade existing assets while making the necessary modifications for the Link. These include upgrades to the signalling system, trains and station facilities. When the project is finished, all stations on the East Rail and Ma On Shan lines will be retrofitted with automatic platform gates, to enhance passenger safety.

MTR often thinks in 30-50 year time horizons—it's the only way the business works, given the longevity of assets and long lead times, from the planning of projects to completion. For example, the contract for replacement of the urban lines' signalling systems was awarded in March 2015 and will not be completed until 2026. The bottom line is that you can't wait until asset conditions worsen. That's already too late.

YEAR IN REVIEW

In 2015, the Company recorded reasonable profits from our recurrent businesses and moderate profits from our property development business. Total revenue grew by 3.8% and recurrent business profit increased by 6.7%. Post tax underlying profit (including property development profit) decreased by 5.9% due to lower property development profits.

In 2015, we also reached an agreement with the Government regarding the further funding of the Express Rail Link, called the XRL Arrangement. In February 2016, our independent shareholders overwhelmingly approved this approach and in March 2016 the additional funding was approved by the HKSAR Legislative Council.

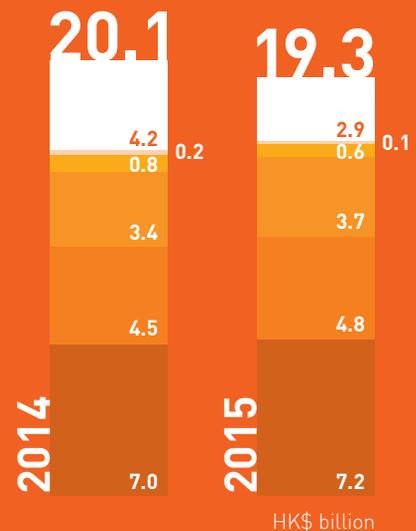
HK\$241.1

BILLION
TOTAL ASSETS

11.3%

NET DEBT-TO-EQUITY RATIO

OPERATING PROFIT CONTRIBUTIONS*



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

* Excluding project study and business development expenses

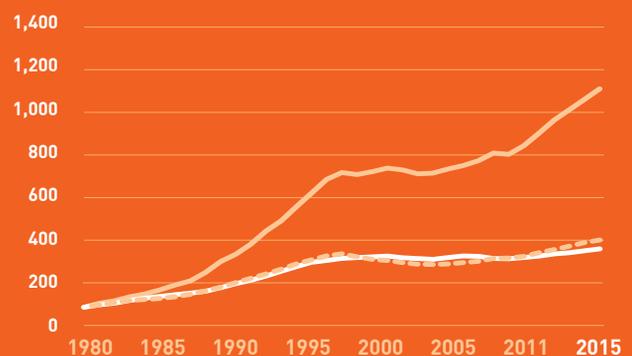
IN CONTEXT

Adjustments to fares for Hong Kong transport operations are determined by a Fare Adjustment Mechanism (FAM) that is transparent and objective. As agreed with the Government, it provides us with a framework to generate funding for continuous re-investment in high quality rail services.

Since the 1980s, increase in our fares has been in line with general price inflation and considerably lower than growth in wages in Hong Kong. The 2015 fare adjustment was lower than the increase in the Median Monthly Household Income for the fourth quarter of 2014, with fares for 80% of passenger journeys increasing by 50 cents or less.

On 20 April 2016, we announced our agreement to commence a joint review of the FAM, advancing the scheduled review by a year. This follows on Government's request and our intention to be responsive to the public's views on this issue.

FARE TREND



- HK Payroll Index (avg. 7.4% growth p.a.)
- - Composite Consumer Price Index (avg. 4.4% growth p.a.)
- MTR System Average Fare (avg. 4.0% growth p.a.)

Find out more:

http://www.mtr.com.hk/sr_financial_en



ENVIRONMENT

We strive to become one of the world's most resource-efficient and ecologically sustainable railway and property service companies. This entails a strong commitment to increasing energy efficiency, using natural resources sustainably and adapting to climate change. We recognise the Government's focus on environmental protection and we are working with business partners and other stakeholders to ensure that we continue to deliver an efficient mass transit option in the most environmentally sustainable way possible.

OLIVIA TO **PUBLIC ENGAGEMENT OFFICER** **(CLIMATE) AT WWF-HONG KONG**

More people care about climate change now than before but few view the situation as a crisis. My job is to leverage the concern of individuals, so they can influence their peers. I would especially like to see businesses take the lead, because they have a greater impact than any one person. MTR has a large network that reaches diverse sectors of society. They can be a channel for promoting and implementing visible environmental actions, like putting renewable energy installations on the rooftops of its stations and properties. This would reduce carbon emissions, and at the same time send a message about environmental protection to the community.



CHRISTINE LOH **UNDER SECRETARY FOR** **THE ENVIRONMENT, HKSAR,** **AND MTR PASSENGER**

One of the most enjoyable aspects of working in government is collaborating with stakeholders and the community. An important part of our work is social mobilisation. Policies need to be understood and acted upon by stakeholders and the public. The MTR is a major stakeholder in Hong Kong for many environmental issues, including energy saving for rail services, green building, e-mobility as an emissions-free mode of transport, implementing better waste management at MTR stations and properties and as a platform to promote green messages, since millions of people use the MTR each and every day. It would be good to deepen our collaboration on green building and waste management at MTR's property and rail stations.



EVA MAK **DIRECTOR OF PRINCE RESTAURANT,** **GOLD AWARD WINNER OF MTR** **MALLS FOOD WASTE REDUCTION** **PLEDGE 2014**

We were happy to join MTR Malls Food Waste Reduction Pledge - with our kitchen and dining room staff actively supporting the programme. The first step is to order ingredients based on reservation numbers, so we aren't left with excess at the end of the day. Waiters actually encourage diners not to over-order. Our customers also play a part by bringing their own containers and carrier bags for leftovers. Staff of MTR Mall ELEMENTS encourage and facilitates us to donate our unused ingredients daily to charities. We really appreciate their support because we don't have the manpower to do this on our own. The initiatives in place work well, and I hope to introduce similar measures to our China branches.







SAMMY WONG
HEAD OF OPERATING
- WEST REGION

During extreme weather events, when other transport services might be impacted, the MTR becomes even more important - we have to carry people home safely.

Our teams take our job very seriously and prepare accordingly for different situations that we may face. The MTR system is designed to withstand adverse weather. We also engage in regular drills. We learn from each incident and improve our incident response continually.

We also work closely with other parties, like the Transport Department, Hong Kong Observatory, Hong Kong Police, the Fire Services Department, Airport Authority, NP360, and so on, to share best practice. But more importantly, to ensure we can communicate and collaborate effectively during incidents, and continue to provide services to our customers.

The climate is becoming more unpredictable and extreme. We will monitor the changes, and prepare for a new and different physical environment as best as possible.

SHIRLEY SHEK
SENIOR SHOPPING CENTRE
OFFICER, ELEMENTS

Part of my job is to support MTR's environmental initiatives. At ELEMENTS we reduce electricity consumption by setting indoor temperature between 24 and 26°C and using natural lighting when possible. We also provide recycling bins. In 2013, in support of the Government's Food Wise Programme, MTR Malls launched the Food Waste Reduction Pledge with our F&B tenants. We started by educating tenants about food waste management and encouraging them to reduce waste at the source. We help collect and keep track of the amount disposed of by participating tenants. We've seen a drop in food waste, which is encouraging. In 2015, we began helping our tenants donate safe and edible surplus food to a reputable NGO that supports underprivileged communities. Tenants appreciate our support, and some even urged us to scale up the programme. Shopkeepers sometimes take these practices to other store branches, and into their personal lives. Working together, we can create a big change.



YEAR IN REVIEW

Due to unprecedented passenger demand in 2014, our performance against our electricity target in our heavy rail operations adjusted in 2015. We have now recorded a 16.1 percent reduction of electricity intensity compared with the baseline from 2008.

We continue to implement new energy-saving initiatives in all areas of our business and, in recognition of our efforts, this year our railway operations and our Palazzo and PopCorn Mall properties received awards from GREENPLUS, a collaborative platform that recognises energy efficiency and conservation.

As part of our comprehensive response to climate change, we also review climate risk to our business yearly. In 2015, we implemented additional climate adaptation measures and continued to support the UITP Declaration on Climate Leadership.

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

21%

ELECTRICITY INTENSITY REDUCTION TARGET BY 2020 COMPARED WITH 2008

15%

MTR MALLS FOOD WASTE REDUCTION TARGET ALL PARTICIPATING TENANTS HAVE ACHIEVED THE TARGET

GREENHOUSE GAS EMISSIONS (tCO₂e)



IN CONTEXT

We deliver efficient low carbon mass transit to the residents of Hong Kong and in our international businesses.

Perhaps our most significant contribution to the environment is the avoidance of impacts associated with other forms of transport, giving rise to better roadside air quality, less congestion and more efficient use of limited land resources. 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 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.

1 MTR Train



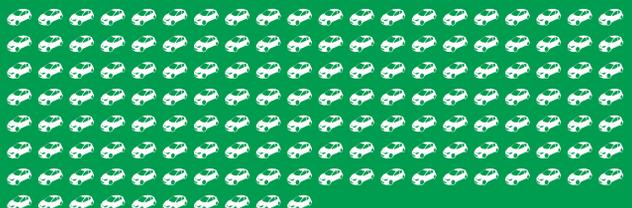
25 Buses



150 Mini-buses



1,500 Cars



Find out more:
http://www.mtr.com.hk/sr_environment_en



CORPORATE GOVERNANCE

We believe that good corporate governance is an essential part of building trust in an organisation. Members of our Board and Executive Committee are strongly committed to the collective responsibility of ensuring that the Company is well-managed in the interests of all its stakeholders. This is why we continue to seek to identify and formalise best practices that enable good corporate governance. As such, we have six committees at Board level, two of which were added in 2014 – the Risk Committee and Capital Works Committee, which provide additional monitoring of overall enterprise risk and major capital design and/or construction projects.

BEN POON DIGITAL & SOCIAL MEDIA CONSULTANT

I trust MTR because it runs every day, without fail. I trust that the trains will be on time. Trust in management is different – trust is harder to gain these days. Information is readily available, everywhere. Not everyone checks to see if the source is accurate. But if you can relate to the leader of a company then you have more trust in how the whole company runs. It would be nice to see the face of MTR, because you don't really "see" management. Maybe you could put posters of the CEO in the MTR, with something they promise to deliver. Or if they had a special message for the daily commuter on MTR's website.



ANTON WAN RESIDENT OF SOUTH HORIZONS, REGISTERED SOCIAL WORKER

I've lived in South Horizon for 14 years. Previously, I told my daughter, "When you are in Primary Three, you can use MTR's underground station to cross the road and go to school by yourself." When the project was delayed I told her that she had to wait until Primary Four. Personally, I look forward to spending less time travelling on the bus, when the South Island Line opens, so I can take my kids to school before work. The Government didn't monitor MTR sufficiently, so both parties are responsible for the delays.

I don't have the time to check MTR's website every day – it's a big company. So I rely on media. When I don't hear anything I assume no news is good news.



LUCIA LI MTR INDEPENDENT NON-EXECUTIVE DIRECTOR & RETIRED CIVIL SERVANT

I joined the MTR board last year because I wanted to continue serving the community after retiring from public service. The board is currently working hard on a number of challenging projects, including the Express Rail Link, various new extensions and improvements to the signalling system. After spending more than a year on the board, I feel strongly that MTR has a passionate and caring culture. This culture is evident in the way MTR serves its customers. As a board member I hope to make use of my experience in public service to help strengthen the link between MTR and the public. Stronger ties with the public will help MTR to better serve Hong Kong in the future.

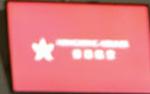


只需24分鐘

airport Only 24 minutes



自助登記行李寄放
Self check-in Baggage Drop-off



16



17



18





GILL MELLER
LEGAL DIRECTOR &
SECRETARY

Stakeholder expectations are rising and there's a lot more pressure on companies now to be much more transparent. MTR is working hard on this. Senior management is meeting more regularly with the media, there's additional information available on our website and through our apps and we are disclosing more through press releases and our more formal reporting channels.

There's been a lot of discussion lately about MTR's relationship with the Government. This relationship is incredibly important because the Government is both our regulator and our major shareholder. They are also one of our most important stakeholders. We have to strike a balance between their two roles, as we do between our two roles as a public transport provider majority owned by the Government and as a listed company.

I really believe that MTR is a fantastic company and that the service we deliver is world class. We strive to build public trust by doing what we say, carrying passengers safely, comfortably and reliably and continuing to expand the MTR network for the betterment of Hong Kong. We want MTR to be a company that Hong Kong takes pride in.

YEAR IN REVIEW

In 2015, we announced the retirement of Dr Raymond Ch'ien as Chairman of the Board of Directors and the appointment of Professor Frederick Ma Si-hang as Chairman effective from 1 January 2016. Professor Ma has extensive experience of the Company, having served as non-executive director between 2002 and 2007 and re-joining in 2013 as an independent non-executive director.

Mr Lincoln Leong Kwok-kuen, formerly Acting Chief Executive Officer, was appointed Chief Executive Officer for a term of three years commencing on 16 March 2015.

Also in 2015, we were joined by two new independent non-executive directors, Mr Lau Ping-cheung, Kaizer and Dr Allan Wong Chi-yun after the retirement of Mr T. Brian Stevenson and resignation of Ms Christine Fang Meng-sang.

With the changes of membership at the Board, we endeavour to ensure that Board members have an appropriate balance of skills, experience and diversity of perspectives, which is outlined in our Board Diversity Policy. This diversity enhances effective execution of our business strategy.

BOARD DIVERSITY

Gender

Male 
 Female 

Number of Years with MTR

0-3  7-9 
 4-6  ≥10 

Designation

INED 
 NED  ED 

Outside Directorships (Number of companies)

0-3 
 4-6  7-9  ≥10 

Age Group

50-54  55-59  60-64 
 65-69  ≥ 70  

IN CONTEXT

In his role as the new Chairman of MTR Corporation, Professor Ma in January 2016 unveiled a new identity for the next generation of rail travel that when completed, will benefit the community with enhanced connectivity to drive further economic and social development. Dubbed 'Rail Gen 2.0', we will be delivering four new lines - South Island Line (East) and Kwun Tong Line Extension in 2016, Express Rail Link in 2018 and Shatin to Central Link in 2021- as well as completing major enhancements to our existing network such as the automatic platform gates, station modification works, signalling replacement systems and the deployment of the 93 new trains procured in 2015, amongst many others planned in the next few years.

We will also be further enhancing customer service and continue to invest in the training and development of future generations of Hong Kong railway professionals, through the setting-up of MTR Academy.



Find out more about Rail Gen 2.0:





STAFF

The dedication and commitment of our people is at the heart of MTR's success. Our staff recognises the trust placed in us by our customers. This is why even as our staff number grows, the most important aspects of our corporate culture remain unchanged: excellent service, mutual respect, value creation and enterprising spirit. In all areas of our businesses, we strive to inspire, engage and develop our staff to achieve excellence and encourage everyone to take pride in providing caring service for all our customers and the community.

REGINIA CHONG CUSTOMER SERVICE OFFICER

To be honest, I thought my role as a customer service officer would just involve ticketing and making public announcements. But it's much more than that – my induction training covered everything that has to do with operating a station, many things I've never thought of before. The outdoor training was especially tough because we were outside rain or shine but as we went through the theory, I understood why it was needed. MTR training has given me a strong foundation but I don't think I will ever be prepared for all future challenges because there are so many possible scenarios – but MTR has helped me to gain confidence in making the right decisions.



SEBASTIAN KONG GRADUATE ENGINEER

After I completed my civil engineering degree in the UK, I applied for a graduate engineer position at MTR because I wanted to be a part of the new railway projects. It's really exciting to learn about the new technologies and innovative construction methods in these projects. I'm currently working on the Shatin to Central Link Project. It's great working side by side with experienced colleagues, and learning from them. As a young member of the Projects Division, my goal is to help lead MTR's future network expansion. I'm going through a steep learning curve trying to achieve this goal. My tutors at MTR have been really supportive, and I'm grateful to them. They've shown me how to overcome challenges in real time.



FERNANDO TSANG FORMER SENIOR MANAGER – SECURITY, RETIRED IN SEPTEMBER 2015

I fell into my role at MTR in 1975 when I thought I would give this new corporation a try. There wasn't much to do at first and I wasn't sure the job was a good fit. I quickly realised there was so much to learn. I worked across departments to gain insight into its operations and the industry. Security eventually became my profession and I got a Master's Degree in Security Management in my spare time. I've actually been invited by institutes to speak at lectures. MTR gave me forty years of lifelong learning that enabled me to advance my career. I take pride in my work and appreciate the opportunities at MTR. I hope our young colleagues can embrace these opportunities too.





九龍灣
Kowloon Bay



DR. CHESTER TSANG
ACTING GENERAL MANAGER
- HUMAN RESOURCES
(CHINA/INTERNATIONAL &
DEVELOPMENT)

The people at MTR have a “can do” attitude – they have a strong will to do their job well. We all work towards the common goal of providing safe and reliable transport to millions of people daily. Our Vision, Mission, Value (VMV) statement reflects the character of our staff, and is the driving force behind how we operate. VMV is cascaded from the top down but formulated from bottom-up. We conduct thorough engagement across all departments and levels of staff to inform people of our VMV and we invest a lot of time to ensure that the VMV is well communicated.

Our people are the face of the company. MTR’s long standing Code of Conduct was updated in 2015 to reinforce the principles that guide the way we conduct daily business. All employees play a role in ensuring an ethical environment for our stakeholders, and building trust with them. But we don’t just rely on what we already know. For example,

we have a new programme called “Culture in Action” that will help prepare us for the future and to respond with agility to a changing external environment.

YEAR IN REVIEW

In 2015, Top Award for MTR Grand Awards for Outstanding Contribution went to our Public Order Event Response Team for exemplary service during the critical time of street protests from late 2014 to early 2015. In support of an initiative that both reflects and strengthens our culture of working together for continuous improvement, over 1,120 employees participated in the first Global Work Improvement Team Conference.

To support staff development, we constantly enhance training and provide opportunities for staff at all levels. The Operations Training Network, for example, is an interactive learning platform that connects training units in Hong Kong, the Mainland of China and international locations. Network members share ideas to improve training services as well as information about best practices and the latest training technologies.

6.6

AVERAGE TRAINING DAYS PER EMPLOYEE

92.9%

OF EMPLOYEES TRAINED (MANAGERS)

88.0%

OF EMPLOYEES TRAINED (NON-MANAGERS)

GLOBAL STAFF STRENGTH (FULL-TIME EMPLOYEES)



Outside of Hong Kong

■ Offshore employees

Hong Kong

- Operations
- Projects
- Corporate management and support departments
- Property and other businesses
- Station commercial businesses
- Mainland of China and International businesses

IN CONTEXT

Hong Kong is facing the challenge of an aging workforce, one in which MTR shares. On one hand, opportunities are being created for younger people as a result of retirement of our long-serving staff members. On the other hand, valuable experience could be lost. To facilitate a seamless workforce transition, MTR has a variety of programmes to ensure the valuable experience and skill-sets are retained and developed. These also reinforce our reputation as an employer of choice, by providing career opportunities for the younger generation and enhancing transferable skills across our expanding global operations.

12.8

AVERAGE YEARS of employment with MTR

VOLUNTARY TURNOVER RATE



Among the lowest in different industries of Hong Kong



COMMUNITY

Our Vision is to connect and grow communities with caring service. Working with the community in Hong Kong is mutually beneficial. With a vast network reaching most parts of Hong Kong, we leverage our skills, resources and networks to contribute to the development of communities, enhance quality of life, and foster a thriving living and business environment for the people of Hong Kong.

KENNETH WAN LOHAS PARK RESIDENT

My family moved to LOHAS Park to be closer to my older sister. It's more convenient now for my parents to take care of my niece. They enjoy spending time together in the park and the garden. As for me, on weekends I go for jogs along the waterfront or on nearby trails, which have a bird's eye view of Tseung Kwan O. LOHAS Park is still under development, so it feels a bit remote and quiet at the moment. When there's a shopping mall, people will spend more time in the local area. I would really like to have more sports facilities, like an outdoor football pitch, sports ground and jogging path, similar to what is available at Victoria Park.



YICK, YIN CHUN RETIRED LOCAL RESIDENT

I used to spend more than an hour and a half travelling between my factory job in North Point and my home in Kwai Chung, before the Tsuen Wan and Island lines opened in the 80s. Commuting back and forth between the New Territories and Hong Kong Island has become more convenient over the years – but for over twenty years I didn't visit the Western District because there wasn't a direct way for me to get home. The first thing I did when the Island Line Extension opened last year was to visit Kennedy Town. I recognised some spots—but was surprised to see how much it's changed. Still, there was such a feeling of nostalgia, so many old memories.



LOUISE SOLOWAY "ART IN MTR" PARTICIPATING ARTIST

My art is very much about people, specifically your everyday working people. Being a foreigner and capturing scenes of Sai Ying Pun, I thought the public might be very critical of my work and say, "Oh, this is a foreigner's eye." So I was really worried about that. But the best thing since the station opened has been the response—there are always people stopping, looking, photographing, laughing. There seems to be different generations responding. I think it's a talking point. At least, I hope it is. MTR has done a lot to promote public art—it's making art accessible to a wide cross-section of society.



火炭
Fo Tan



出
EXIT





KELVIN WU
SENIOR LIAISON
ENGINEER

As engineers, it's our job to communicate technical information to our stakeholders in a way that they can understand. We also need to figure out how we can address the concerns of the public, District Councilors and professional bodies within the limitations of engineering.

We engage the public at different stages. During the design process, we address aspects of a project that are relevant to the whole of society, such as temporary land reclamation. Then there are more local issues, like the location of exits. Traffic is a concern when construction starts, so we devise a plan with the community to keep traffic flowing. We also want to make the stations and trains enjoyable, for example through the "art in MTR" programme.

Public engagement is important because people want to be part of the projects that transform their neighbourhoods. Locals know their communities best, and provide insightful recommendations.

Every railway project will bring with it certain changes and disruptions. It's important that we get community buy-in for a shared vision, so people can tolerate the temporary inconveniences. It's not just about transport —we are working to build communities.

YEAR IN REVIEW

The strength of our business lies in our ability to connect communities across Hong Kong. This is why we support various community initiatives, known as "Community Connect", an umbrella identity of wider community initiatives to create long-term benefits for both our business and society at large. With youth as the focus of our community work, in 2015 we launched "Youth Connect" a new platform that unites all of our youth development programmes. Our aim is to empower young people to create bright futures for themselves and their communities. These initiatives include a range of life-skills training, work experience and personal development opportunities such as "'Train' for Life's Journey" and "'Friend' for Life's Journey".

As part of Community Connect, our "More Time Reaching Community" scheme has encouraged staff members to give back to the society for more than ten years. In 2015, over 6,000 volunteers participated in 255 community projects.

10

SKILLS CREATION AND CONFIDENCE BUILDING PROGRAMMES

under Youth Connect

9

NUMBER OF PROGRAMMES

under Community Connect

235

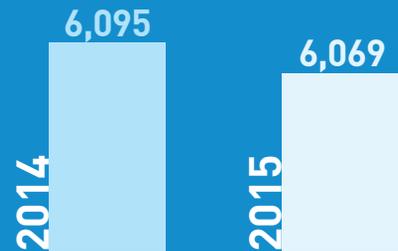
SECONDARY SCHOOL STUDENTS PARTICIPATED

in 'Friend' for Life's Journey and 'Train' for Life's Journey

MORE TIME REACHING COMMUNITY PROJECTS



NUMBER OF VOLUNTEERS



IN CONTEXT

We focus our programmes on youth as they are future leaders of the communities we connect. As Hong Kong's competitiveness hinges on a productive and creative workforce and the economy becomes more knowledge- and service sector-based, requirements have changed. Consequently MTR has launched initiatives including the "Cross-Sector Summit on Pathways to Employment", and the new Community Innovation Platform to facilitate dialogue with the cross-sectors and co-create solutions that can empower young people to acquire the skills and perspectives required to achieve their goals.

835,200

POPULATION OF 15-24 YEAR OLDS

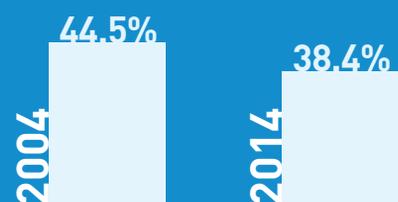
in Hong Kong in 2014

60%

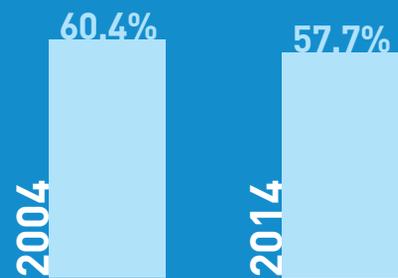
OF 15-24 YEAR OLDS

feel unprepared for employment, according to MTR research, based on 2014 data

YOUTH LABOUR FORCE PARTICIPATION RATE



■ Age 15 - 24



■ Age 15 - 29

Find out more:
http://www.mtr.com.hk/sr_community_en



CUSTOMERS

We recognise that our customers across our various businesses have very high expectations of our services. For example, our rail services have a profound impact on the lives of an average of 5.5 million passengers who use the network daily. But also, whether on the train or in our managed properties and station shops, it is our aim to build and deliver services that are safe, reliable and people-oriented. This means that we will continue to design and plan with customers' needs at the core; enhance service delivery; and improve accessibility to meet their needs effectively.

EDISON CHAN PROFESSIONAL

I had a problem on the West Rail once, when it first opened. I used to live near Mei Foo station and one day there were signal issues. They kept saying the problem would be resolved in 15 minutes, but it ended up taking 45 minutes. I think people were kind of upset because they thought it would be over quickly, but it took a lot longer than they expected. That was 10 years ago. One 45-minute delay 10 years ago. That's as bad as it gets! I would say MTR is the most reliable form of transport in the city. 99 times out of 100 you know how long your journey is going to take.



HAIDER KIKABHOY AND MING SUM CHOI CO-AUTHOR OF THE ILLUSTRATED MTR MAP, COLLEAGUES AT CHINESE UNIVERSITY OF HONG KONG

"Hong Kong has a lot of fascinating neighbourhoods, where modern meets traditional, and East meets West. People are familiar with the MTR map, as most see it every day, but few know the neighbourhoods well. That's why Sum and I created the map. We invite everyone to re-imagine Hong Kong through Sum's illustrations and my narratives." - Haider

"MTR is more than just a means of transportation. It's a public space that people use daily. It's part of people's lives, and it's upsetting when passengers clip nails or play TV shows loudly without considering others. Sometimes I draw cartoons to capture these moments. It would be helpful if MTR promoted proper behaviour and etiquette on trains and in stations." - Sum



MAX REBOL EXPATRIATE LIVED IN SAI YING PUN FOR 2 YEARS

I first visited Hong Kong over ten years ago and distinctly remember my initial impressions of MTR. It seemed so futuristic, especially compared to my hometown in Austria, where we don't have an underground. Two years ago I moved to Hong Kong from Shanghai. Living here, it strikes me how each station has its own character and the whole system feels very organic in such a positive way. I do have a couple of ideas for MTR. The seats are really slippery. Can you do something about that? I would also like to see internal layouts of the stations integrated into Google or Apple maps. That would be useful.







ALLEN DING
OPERATIONS MANAGER

The objective of my job is quite clear, to provide a safe, comfortable and smooth journey to passengers, from the moment they enter the station. But the work behind it is quite immense. 5.5 million passengers use the same trains every day – but they all have different needs. We want to understand our customers and balance their requirements, so we listen to them through many channels, like our Voice of Customers survey and our Society Link programme, where NGOs visit stations and depots. We also pay attention to social media. Recently, we introduced our Youth Connect programme, to engage the younger generations. Customer demands vary, sometimes to the point that they are completely opposite. We try our best to strike a balance – but we always have to look to safety, as it's our top priority. That's never compromised. It all comes back to our professionalism at MTR. That's our anchor.

ANNIE LEUNG
**GENERAL MANAGER,
CUSTOMER EXPERIENCE
DEVELOPMENT**

We take a customer-centric approach to customer service at MTR, from beyond the station to touchpoints along a person's entire journey. We also work hard to understand what matters to our customers. One way we do this is through a holistic "customer journey mapping", where we walk through the entire MTR journey with different types of customers, starting from before they even walk into the station. Customer demands are immediate but we can't change things overnight. For example infrastructure changes require long lead times – so we try to be as forward-thinking as possible. Other changes can be made more quickly. For example, we have started to offer QR code tickets for Airport Express, and free Wi-Fi hotspots are now available throughout our network. Globally and locally, the trend is towards digitisation, so we are thinking about other ways we can move in that direction to enhance the customer experience.



YEAR IN REVIEW

Our service performance in Hong Kong in 2015 was one of our best since the rail merger in 2007 despite a significant increase in passenger numbers by 30.5%. This year, there was an increase of 420,000 passengers due to the additional 599 train services per week on the Ma On Shan, Tseung Kwan O and Island Lines and Light Rail routes. Since 2012, we have added more than 2,600 train trips per week. To improve communication with our passengers, we installed LCD information systems on the Island, Kwun Tong and Tsuen Wan lines and upgraded the MTR Mobile App with better search functionality.

We continue to improve station and in-station facilities such as building new entrances and external lifts for better access. New toilet facilities were installed in stations at Mong Kok, Prince Edward and various locations on the Ma On Shan Line. We are also improving barrier-free access beyond current statutory requirements. These initiatives are on-going in phases.

Our customer-centric approach to service extends to property management. High quality family care services, including baby care rooms with breast-feeding facilities have been installed across all MTR Malls in 2015.

5,024

NUMBER OF CUSTOMER SERVICE STAFF
in operating railway

4,451

NUMBER OF RAILWAY MAINTENANCE STAFF

> \$7 BILLION

IN MAINTENANCE /
Total investment - \$10 billion

TRAIN SERVICE PERFORMANCE

Passenger journeys on time

2015	99.9%
Change from 2014	Maintained at 99.9%

Revenue car-km operated

2015	307,729,166
Change from 2014	Increased by 3.6%

Total number of train trips operated (Heavy rail only)

2015	1,911,637
Change from 2014	Increased by 2.7%

No. of ≥ 8 minutes delays* / million car-km

2015	0.4
Change from 2014	No change

*excluding the delays caused by external factor

IN CONTEXT

The overall performance of any metro system could be affected by many factors. In the case of Hong Kong, the high-density population living in close proximity to our railway network helps us operate our services in a highly efficient way. Comparing punctuality and reliability of heavy rail services in Hong Kong with other metro systems around the world, our passengers can enjoy world class levels of service. According to the Community of Metros (CoMET) Benchmarking Results 2014, the most recent data available, we ranked 6th out of 16 participating metros for passenger journeys on time and 4th for trains on time.

PASSENGER JOURNEYS ON TIME / PASSENGER JOURNEY



TRAINS ON TIME / TOTAL TRAINS (SCHEDULED)



Find out more:

http://www.mtr.com.hk/sr_customers_en

■ MTR — Best Performance - - Average



SUPPLY CHAIN

Our supply chain provides products and services for railway construction, transport operations, property management and other business activities. It creates employment and provides benefits for the economies of Hong Kong and elsewhere. Managing the sustainability impacts of such a large and complicated set of activities requires a strategic approach. We strive to be a fair and equitable business partner, working constructively with our suppliers to guarantee quality and achieve our shared goals of being a responsible and sustainable business.

ESMOND CHEUNG
ENGINEERING DIRECTOR, RADIO
FREQUENCY ENGINEERING,
WINNER OF 2015 QUALITY
AWARD UNDER MTR PROJECTS
DIVISION QSE AWARD SCHEME

One of my jobs is to enable passengers to access mobile communication while travelling on the MTR. For example, our team had to install additional 3G wireless network equipment at Mong Kok station several times to keep up with growing demands for mobile data. MTR is serious about quality control – currently we are working on four new projects with MTR and I wouldn't be surprised if we were thoroughly audited eight times in a single year. We've become very familiar with MTR's requirements, but constantly strive for improvement. We can't afford to make errors, as they cause chain effects. These days it's not unusual to have more than 30 parties working together on a project. We work with tight schedules and everyone must cooperate closely.



JAMES CHEUNG
EXECUTIVE DIRECTOR & GENERAL
MANAGER - OPERATIONS,
LO'S CLEANING SERVICES LTD,
MTR'S CLEANING SERVICES
PROVIDER

We've been providing cleaning services for MTR for over 30 years. The public has high expectations of MTR with regard to issues like safety, customer service standards and staff grooming and politeness. We are committed to catering to these expectations and we view them as motivation to help us improve our service quality.

Compared with other property management companies, MTR Properties' management fees are a bit steep, but in turn MTR provides residents with efficient, customer-centric and high quality services. They also offer a very clean and hygienic environment, which has set a benchmark for the industry. To maintain such service standards, we hope that MTR considers the experience and competence of cleaning contractors more when awarding contracts.



THOMAS WONG
FOUNDER OF PEOPLE ON BOARD
SOCIAL ENTERPRISE

The mission of my social enterprise is to create quality parent-child time, and to design games that are related to our daily lives. We developed the "MTR Safety and Courtesy Board Game" with MTR so kids could learn about MTR's route map, and also about safety and courtesy on trains. Students at PolyU Hong Kong Community College contributed to the project whilst MTR arranged station visits and sales training for the young designers, to help them out. I hope there will be more collaboration between corporations and social enterprises in the future. If a social enterprise's mission matches with MTR's values, perhaps they can consider giving them "bonus points" during the procurement process.







SAMMI WONG
CONSTRUCTION MANAGER
- SHATIN TO CENTRAL LINK CIVIL

We engage extensively with our contractors before site work starts to make sure things run smoothly. We have detailed checklists outlining what needs to be delivered, and through which means, the quality and quantities of materials to be used, what safety tests are required, etc. We also have countless quality checks to guarantee that any problems are detected and remedied as soon as possible.

Over the past few years the relationship between clients and contractors has experienced a positive shift—there’s more collaboration and we learn a lot from each other. I tell my contractors that we are building stations for Hong Kong, for our families, the next generation. It’s something we do together. One challenge throughout the industry is getting a constant supply of qualified labour. We’re addressing this challenge through the “Train the Local” campaign, requiring contractors to bring new staff to the industry. This is MTR’s effort to sustain the industry workforce.

CORA KEUNG
PURCHASING MANAGER,
PROPERTY & MARKETING

My department acts in an impartial role to conduct the procurement process. Our Code of Conduct governs how we work so that the process is open, fair and transparent, and to ensure competition. We strive to achieve best value for money, and to strike a balance among quality, safety, delivery, and reliability. The ICAC reviews our practice regularly and also shares with us best practice to prevent bribery and malpractices.

Our doors are always open to suppliers. We allow for open registration and prequalification of new suppliers and contractors via our website and e-tendering platform. To provide more opportunities for social enterprises and smaller entities, we have introduced a social enterprise directory. We also maintain a freelancer list for minor purchases.

Nowadays things are more complex than in the past—stakeholder expectations are increasing. Close partnership and collaboration with the supply chain is very important. It helps with problem solving and continuous improvement.



YEAR IN REVIEW

A critical element of being a responsible and sustainable business is to work effectively with our supply chain partners. Our latest Supplier Code of Practice (SCoP) survey revealed an improvement in the alignment with the SCoP and an increase of suppliers having a Corporate Responsibility Policy.

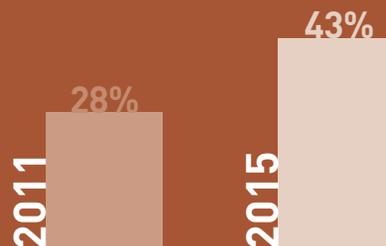
We are encouraged to continue on these improvements, and in 2015 completed a review of our supply chain practices and found that, in some aspects, our performance on corporate responsibility and sustainability is already on par with best practices in global railway and property industries. In those areas where we do not yet meet or exceed market norms, we are considering how to refine our approaches in order to improve performance.

4.6%

AVERAGE IMPROVEMENT OF SUPPLIERS

aligning with our SCoP

PERCENTAGE OF SUPPLIERS HAVING A CORPORATE RESPONSIBILITY POLICY IN SCoP SURVEY



IN CONTEXT

Contractors are critical business partners as they help us deliver our new rail and property projects. We initiated the SCL Contractors Cooperative Training Scheme in 2012, providing training and internship programmes for those wishing to work in the construction industry. By the end of 2015, 567 trainees have received training, 313 of them completing the programme and resuming their careers in 17 trades including carpentry and welding.

In order to move towards enhanced sustainable procurement, mechanisms are in place such as the SCoP which provides a basic, compulsory framework for ethical standards, human and labour rights, and supply chain management. We also introduced additional incentive schemes such as the Awards for Excellence in Quality, Safety, Environmental Management and Stakeholder Engagement to encourage contractors on our new lines to deliver according to the highest quality, safety and environmental standards.

567

TRAINEES RECEIVED TRAINING

under the Contractors Cooperative Training Scheme since 2012

313

COMPLETED THE PROGRAMME

Find out more:

http://www.mtr.com.hk/sr_supplychain_en



and 5 million more....



BRIANA DENNERT
HIGH SCHOOL STUDENT, MELBOURNE

I just finished high school. I like to play sports and want to be a sports teacher when I finish university. I live about 15 minutes from the city—sometimes I drive in, sometimes I take the train. The train doesn't take much longer than driving but today I drove in because there were a few of us coming to the city. I use an app that tells me when the train is coming. Generally public transport is very good in Melbourne. It's a lot better than other places in Australia. It's convenient, trains come often and there are always people to help. A good journey is when people are friendly, and chat with you. The worst thing is when people smell bad—it happens sometimes!



BJORN ANDERBERG
JOURNALIST, STOCKHOLM

The subway is better in Stockholm since MTR has stepped in. Service has improved—it's cleaner and more punctual. It's safe. I'm not afraid to let my 14-year old daughter use the subway in Stockholm by herself. I let her go anywhere. That's a good sign. Young people can't drive so the metro gives them freedom. They can choose the schools they want, the friends they want, the social environments. You get a better society because people aren't stuck. They can make their own choices early in life. That's a very important reason to have public transport. But with more and more people using the subway, it's much more crowded than before. We need more subways but expansion is a decision for the government to make.

MTR serves nearly as many passengers in cities across the Mainland of China, Europe and Australia as we do at home in Hong Kong. We are gaining valuable experience of sharing expertise, promoting best practices and successfully adapting our unique corporate culture in many local contexts. Our subsidiaries and associates employ more than 19,000 people around the world, the majority of which are locally-employed staff.

In this report we focus on four majority owned subsidiaries.



VICKY CHEN
COMMUTER (SHENZHEN) TAKING MTR IN SHENZHEN & HONG KONG

I've lived near Fumin Station since 2009. I can manage my time better by taking the MTR to work because it's punctual. I travel to Shatin, Hong Kong via East Rail daily, after crossing the Futian Checkpoint. But I go home by bus to avoid the crowds waiting for security checks at Futian station.

There's been rapid development along the Longhua line, which has more passengers all the time. I'm glad the trains have been converted from four to six cars. There were delays and some inconveniences during the conversion but trains are less crowded now. MTR in Shenzhen and Hong Kong have similar standards. Stations are clean and well signed, and staff are around for assistance. I hope the entire Shenzhen metro system is eventually like this.



CALLUM HANSLIP AND CLIFF MARTIN
FRIENDS AND TfL-RAIL TRAVEL AMBASSADORS, LONDON

"A good train journey is when staff listens to where we want to go, making sure we get there and always having someone there waiting to meet us. Sometimes there isn't enough staff at the station to help people with disabilities on and off the train. People with disabilities want to keep their independence and be respected. As travel ambassadors, we'll train new staff and show them how to help people with special needs." – Callum

"We are really excited to be part of TfL's Travel Ambassador programme and hope things will be better from now onwards. There's only a certain amount of disabled access at the moment and we would like all stations to be disabled access friendly." – Cliff



SPIROS PRAKATES
LEADING STATION
ASSISTANT,
SOUTHERN CROSS

I've been in customer service for 20 years. I took a job with Metro because I've always been interested in railway systems. We have considerable responsibility at Southern Cross station including city train services, directing people to regional V/Line train services and the Sky Bus to the airport. It's challenging but educational—I enjoy learning and want to grow in my role.

All different types of customers come through this station. The State Premier came in yesterday! You get a lot of friendly people that like to joke—I really enjoy those customers because I like to have a bit of fun with people. It makes for a better and shorter day.

Customers ask a lot of questions and want you to be clear, concise and confident.

We use our radios if we ever get stuck for an answer—they keep us informed about disruptions and major works taking place along each line. We just received our company sponsored iPads this week, so now we have everything we need at our fingertips. At the moment the system works really well.

I want to see significantly more people use the Metro

system. It's starting to happen because of lower fares and better services. But even more people will use the service when the new underground tunnel is completed. More trains will come more often. I'm excited about that. I really enjoy working in public transport and I think it has a bright future.

Metro Trains Melbourne Pty. Ltd. (MTM)

Across our network, train service performance has been above target every year since 2012. In 2015, we added new services to reduce train intervals and increase capacity at peak times and deployed modern rail monitoring technology to mitigate the impacts of extreme heat that has caused severe delays in the past. During the year, we were gratified to see customer satisfaction ratings exceed 70% and honoured to receive the Australasian Rail Industry Workforce Diversity Award. It is a matter of great pride that more than half of our drivers-in-training are women.

15

RAIL LINES

218

STATIONS

390 KM

TOTAL ROUTE LENGTH

4,260

FULL-TIME EMPLOYEES

230

MILLION
 ANNUAL PASSENGER
 JOURNEYS



DAG LOKRANTZ
GREEN LINE
OPERATIONS MANAGER

Customer service is a big part of my job. The number one pillar in our customer service philosophy is safety—and I want customers to feel that the metro system is safe. Number two is punctuality. Number three is that we share information when something happens. That's very important. And number four is that we drive in a comfortable way.

We focus a lot on the drivers. We give them the tools that they need to do a good job and we pay attention to their wellbeing. A happy driver is a good driver. Our way at the metro is to give drivers ownership. We involve drivers in decisions when we can and we really appreciate when drivers come forward with suggestions on how we can improve.

We get more and more customers every year. That's a good thing but also a challenge. It forces us to be more punctual and to be better at informing. Punctuality and crowding in the trains is strongly linked—a steady flow of trains helps to disperse crowds. We've gone from precision in minutes to precision in seconds. We're also working with smarter scheduling. And we're keeping

customers informed. We now have an app that allows customers to see which carriages have the most seating space. These are short-term measures we are taking. In a few years' time, we will have new trains, designed to carry more passengers. We constantly look at how we can do a better job.

MTR Stockholm AB (MTRS)

In recognition of our outstanding service to the city of Stockholm, MTRS has been awarded a six-year extension to its concession agreement covering the period from 2017 to 2023. Since assuming operational control of the city's metro system in 2009, we have achieved the best train service performance in its history, with train punctuality rising to 97.7%. The Swedish Institute for Quality acknowledged our long-term, systematic approach to improving performance by presenting us with the 2014 Swedish Quality Award. In 2015, passenger satisfaction regarding overall journey experience exceeded 80%. Our annual survey indicates that staff morale is getting stronger year by year, and as a result of focused management attention, we are achieving better cross-functional coordination between teams.

3

RAIL LINES

100

STATIONS

110 KM

TOTAL ROUTE LENGTH

1,805

FULL-TIME EMPLOYEES

337

MILLION
ANNUAL PASSENGER
JOURNEYS



WILLIE TIAN
DEPUTY HEAD OF
OPERATING

Passenger volume on the Longhua line has been increasing at 20% annually since 2012. This is the sole north-south link and to meet growing passenger demand we converted the trains from four cars to six much earlier than planned. This also involved changing some major systems. Making these changes while maintaining normal service and upholding safety was a challenge. Our biggest worry was opening

platform gates for six cars on a four-car train during the gradual conversion period. To guarantee passenger and operational safety, we followed MTR's risk management system, by identifying, analysing and controlling over 100 potential risks. Our detailed risk control measures eased the city government's concerns. The project and operations teams worked closely to make all the necessary changes, safely

and successfully. They actually completed the project three months ahead of schedule!

I joined MTR for more development opportunities in the railway sector, and to experience a different corporate culture. MTR puts emphasis on staff development and provides a comprehensive career path. Colleagues of different origins gel as a team at MTR in Shenzhen. We can fully express our views,

regardless of the hierarchy. And MTR encourages staff to be proactive. This helped me to quickly overcome the language barrier. I attended classes after work to speed up my adaptation. I really appreciate MTR's culture and friendly work environment—it's easy to get along with my colleagues. There's a saying, "We don't mind working hard if we have good working relationships and are happy in our workplace".

MTR Corporation (Shenzhen) Limited (MTR(SZ))

In 2015, MTR(SZ) continued its strong train service performance record, achieving 99.99% passenger journeys on time. In January, we completed the conversion of all trains from four to six cars, and in September we added 34 extra weekly services. Overall carrying capacity was increased by 270,000 passenger journeys per month, and at peak times the running interval between trains was halved to 2.5 minutes. During the year, various initiatives were implemented to improve passenger flow through our stations, enhance our ticketing system and strengthen customer service. Our tailored programme of customer engagement continued to promote safe and comfortable journeys, for example by working with local schools to recruit "ambassadors". These children help us to educate family and friends about responsible, safe and considerate behaviour.

1
RAIL LINE

20.5 KM
TOTAL ROUTE LENGTH

15
STATIONS

1,347
FULL-TIME EMPLOYEES

189
MILLION
ANNUAL PASSENGER
JOURNEYS



NATASHA ROBERTSON
COMMUNITY
AMBASSADOR

I've worked as a ticket officer at Brentwood station for the past six years but I'm now on secondment with the Community Ambassador team. This role has forced me out of my comfort zone. I'm getting there, and I'm enjoying it because I'm learning a lot. As Community Ambassadors we engage local communities, in part to address crime on the railway and promote a safe network. We want

people to feel empowered and create a more positive connection with the station.

Recently, we met with a group of elderly people to discuss what MTR Crossrail will bring for them, through promotions and station upgrades. They were really happy that we came out—and said it's not often that they hear from youngsters on community matters. That was the most rewarding thing,

to have them thank us. We even joined their line dancing class—it was fun!

MTR Crossrail understands the importance of engaging with the local community, and that we aren't just here to run a service. There are stations that don't have a good reputation. By reaching out to the community and saying, "This is your station, help us take care of

it!" I think we make a bigger impact on the community. Maybe people will keep their streets tidier and be kinder to neighbours.

I'm really excited to be part of the changes at MTR Crossrail and the upcoming changes to the Elizabeth line—who wouldn't want to be part of something new? This is going to be the biggest construction project in Europe!

MTR Corporation (Crossrail) Limited (MTR Crossrail)

Following weeks of intense preparation, we commenced our first service between Liverpool Street and Shenfield stations under the interim brand banner of "TfL-Rail" on 31 May 2015. In partnership with our suppliers, Eversholt Rail Group and Bombardier Transportation, the entire fleet of trains operating on this route has been fully rebranded with new exterior livery designs, interior panelling and seat cushions. Looking forwards, our aspiration is to set the benchmark for passenger experience on European metro services. As the scale of operations expands over the next few years, one of our main priorities will be to engage with local communities. To initiate this process in 2015, we have recruited Community Ambassadors and coordinated with local schools to celebrate the re-opening of refurbished stations.

Current Operation

14
STATIONS

32.5 km
ROUTE LENGTH

Full service expected to commence in December 2019

118 km
TOTAL ROUTE LENGTH

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