

Creating a Sustainable Future

150 Apprentices and Technician Associates Recruited



Community Projects Organised by Staff Volunteers with

75 NGOs



55 Community Art Galleries

in Stations



Corporate Responsibility

Corporate responsibility is integral to the long-term success of the Company and society. We aim to contribute to the sustainable development of the Company and communities by operating on the basis of meeting the needs of stakeholders today while looking ahead to ensure that we can meet the needs of stakeholders to come.

We strive to achieve this by ensuring our customers' needs are met, treating employees with respect, using natural resources efficiently, managing our impact on the environment and contributing positively to the communities in which we have operations. Underpinning this is our sustainable financial model, which allows us to provide reasonable returns to capital providers while achieving our goals in a responsible and sustainable manner. This approach is integral to maintaining the Company's position as a competitive and profitable enterprise that builds and connects communities.

Governance and Policies

Our corporate responsibility efforts are reinforced by MTR's Vision, Mission, Values ("VMV"), and a strong corporate governance framework that articulates and incorporates our values into our daily operations and across subsidiaries and associate companies. All entities adhere to a series of management directives that provide the necessary practices, policies and procedures to ensure the integrity of business and operations.

Our corporate governance framework includes a Corporate Responsibility Policy and a Corporate Sustainability Policy. The Corporate Responsibility Board Committee monitors and provides guidance on the implementation of these policies, assists in the identification of emerging social and environmental issues, and provides regular updates to the Board on the Corporation's performance. The committee is supported by the Corporate Responsibility Steering Committee, which is chaired by the Legal Director and Secretary, a member of the Executive Directorate reporting directly to the CEO. Sustainability and corporate responsibility issues are discussed at the Steering Committee, whose members are responsible for leading the implementation of initiatives that support our corporate responsibility vision across the Corporation.

How we Operate as a Business

Safety

Maintaining high safety standards across our operations and new developments is the bedrock of our operations. Our obligations extend not only to our own employees but also to our customers, partners, contractors, and anyone who legitimately enters our facilities.

Our Corporate Strategic Safety Plan comprises three strategic approaches, namely fostering a Safety-First culture, driving continuous improvement and engaging stakeholders to achieve our safety goals.

Our efforts in reinforcing our Safety-First culture and continuous improvement in safety management secured us three awards in the 13th Hong Kong Occupational Safety & Health Award, jointly organised by the Occupational Safety and Health Council, the Labour Department and 13 other organisations.

An external review of the Safety Management System for our railway operations led by the American Public Transportation Association and representatives from the UK Office of Rail Regulation and Transport for London concluded that MTR has an excellent Safety Management System. The group identified 29 Industry Leading Effective Practices in safety management as well as several areas to further enhance overall safety management.

We work in partnership with contractors to enhance the safety standards in construction sites. For railway extension projects, Det Norske Veritas conducted bi-annual safety audits on all major contractors. For property development projects, in addition to our Safety Incentive Scheme, in 2014 we launched a Safety Hero Award Scheme to encourage our contractors' frontline worker to carry out all construction works in a safe and sound manner.

We also conducted an Integrated Safety and Operations Review in our Beijing operation to assess the implementation of safety, asset management and operating systems/procedures, staff knowledge and competence and asset condition. This new approach in evaluating the robustness of existing operations and readiness for network expansion of hubs outside Hong Kong is integral to supporting our growth plans as we strive for excellence and continuous service improvement across all business areas.

Last, but not least, our annual escalator safety campaign used multiple mediums to relay safety messages to passengers as they use the nearly 1,000 escalators in our network.

Environment and Natural Resources

We understand the interdependency between our operations and the natural environment. Our aim is to become one of the most resource-efficient and ecologically sustainable railways and property service providers in the world.

In addition to the Corporate Sustainability Policy, our environmental principles are outlined in our Climate Change and Corporate Biodiversity policies. These commit us to reducing carbon emissions, increasing energy efficiency, protecting important natural habitats and taking steps to mitigate any negative impacts of our operations. For instance, we found ways to preserve and monitor the biodiversity of ecologically-sensitive wetlands impacted by our Lok Ma Chau Spur Line and West Rail Line.

Environmental Impact Assessments are conducted before we embark on new projects. Our Environmental Management

System helps us track our impact and identify and manage material environmental risks throughout the lifecycle of our assets. The independently-audited ISO 14001 certification process also offers us a continuous improvement opportunity and fosters accountability among our employees and partners.

In 2014, we continued to implement staff-generated ideas from an Energy Savings Competition in our railway operations. We also continued to support Government's Energy Saving Charter on Indoor Temperature in MTR Headquarters Building, MTR managed shopping malls and office buildings. Energy saving equipment was installed and energy saving initiatives, such as advanced air conditioning systems with demand management controls and energy efficient lighting, were extensively explored during the design of the Maritime Square Extension.

Recognising growing concerns over food waste and landfill capacity, as part of the Central Food Waste Recycling for Improving Estate Environment initiative, we worked with the Heng Fa Chuen Owners' Committee to separate food waste. Under the "MTR Malls Food Waste Reduction Pledge", we worked with our food and beverage tenants to minimise potential waste at source and promote food waste reduction practices.

During the construction of the Western extension of Island Line, we undertook measures to conserve the historic tree walls near Kennedy Town Station, a success celebrated with the publication of a book "Conservation of Stonewall Trees" in July 2014.

Our people

Recognising the importance of human capital in supporting our operations and achieving our expansion goals, we invest in attracting the right calibre of employees, developing and nurturing talent. Various communication channels are also in place for the Corporation and our colleagues to discuss, respond to and resolve issues of concern.

We inspire, engage and develop our people through a range of programmes to support our colleagues' professional development. Our career development programmes focus on skills and knowledge development so that our colleagues are ready for future challenges. For instance, our MTR Advanced Management Programme enhances leadership and management capabilities for senior managers from Hong Kong, the Mainland of China and overseas.

We hold bi-monthly seminars to enhance our colleagues' knowledge on wellness as well as making available facilities in our offices to encourage physical activities.

With our business success predicated on a clear VMV, we reinforce the application of our VMV through company-wide workshops and seminars, supplemented by awards. In 2014, a comprehensive review of the Code of Conduct was carried out and it will be released in the first half of 2015. By combining the

Code and Corporate Guidelines into a single document, the revised Code is more user-friendly and easy to comprehend. In addition to highlighting key principles, the updated Code includes real-life examples demonstrating how staff can contribute to the Company's reputation for being fair and ethical.

In response to the two reports by the Independent Board Committee on the Hong Kong section of Guangzhou-Shenzhen-Hong Kong Express Rail Link, we reviewed our corporate culture, identifying strengths to build on and areas for improvement. The aim is to achieve a work environment that encourages healthy debate and constructive challenge, openness to new ideas, and ownership of decision making by all team members. Cultural-shift initiatives will be rolled out in 2015 to support the achievement of our corporate strategy and vision.

Our Customers

Further enhancing our consistently high standards of customer service and delivery, we are committed to making journeys more convenient and comfortable. This is reflected in initiatives such as increasing train frequencies, recruiting additional staff on platforms, modification of door bottom guides on certain trains, new lifts and new toilets, as well as upgrading the ticketing systems and our mobile app.

How we Contribute to Society

We recognise our role in contributing to enhancing the quality of life of the communities we serve, and we leverage our network, skills and resources to support the collective effort in addressing societal challenges.

As a company, we support various youth-related efforts and the arts. Our staff volunteers are also actively engaged in various community initiatives to serve those in need. Through this multipronged approach, we aim to build relationships and trust and to empower young people so that they have the skills, motivation, perspectives and opportunities to create a secure future for themselves and for their communities.

Youth

In 2014 our colleagues continued to donate their time and skills to support the "Train' for Life's Journeys" and "Friend' for Life's Journeys" programmes, which brought encouragement and new experiences to 220 students from 63 schools in Hong Kong.

Our Customer Service Ambassador Internship Programme, now in its ninth year, offered job experience opportunities to 200 students from five tertiary institutions. Participants indicated that the programme offered practical customer-service knowledge, strengthened their communication and interpersonal skills and contributed to their personal development.

For the sixth year, the "Student Quality Circle Programme" saw our colleagues bringing MTR's Work Improvement Team

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concept to primary school students. This focuses on problem identification, information gathering and analysis, and solution generation skills. We also continued our collaboration with the Young Entrepreneurs Development Council and held workshops, mock job-interview sessions and company visits for secondary school students.

In support of the Talent-Wise Employment Charter and Inclusive Organisations Recognition Scheme initiated by the Labour and Welfare Bureau, we collaborated with the Hong Kong Council of Social Service and local universities to offer summer internship opportunities for university students with disabilities or special educational needs. The Company was awarded the “Talent-Wise Employment Charter – Outstanding Inclusive Organisation” in September 2014 for promoting the employment of persons with disabilities. We also maintained our support for the Hong Kong Athletes Career & Education Programme, which gives retired athletes job opportunities and life skills training.

With youth being the focus of our corporate responsibility efforts in the community, we strengthened our employee engagement to enhance our internal understanding of young people through seminars and movie screenings, with over 900 staff participated. Over 75% of movie participants indicated that the screening enhanced their understanding of young people and influenced their perception of young people.

Arts

Now in its 16th year, our “art in mtr” initiative continues to delight our passengers as they journey across our network. Marking our 35th Anniversary, we showcased the evolution of MTR tickets and specially-designed tickets commemorating important Hong Kong occasions in the “MTR Ticket Collection – 35 Years of Tickets to Ride” exhibition in Central Station. Performances under the “living art” programme ranged from dance to traditional Chinese music, held each week. Our 55 community art galleries as well as our “art in station architecture” programme continue to enrich the MTR travelling environment.



In caring for the community, we place particular emphasis on helping young people

Supporting our communities

The MTR HONG KONG Race Walking 2014, a charity event that has been held every year since 2005, was cancelled after a careful assessment of the prevailing situation. Nevertheless, we used our own resources to donate HK\$10 million to the Hospital Authority via the Hospital Authority Charitable Foundation to express our appreciation to the public. This donation was in addition to the over HK\$15.5 million given by the Company and staff to charitable and other organisations during the year.

We help foster a vibrant civil society by offering non-profit organisations advertising space in our stations to promote their work and raise awareness of societal issues. In 2014, we offered space to 49 organisations supporting causes ranging from volunteerism to elderly support services.

Our employees also reach out to the community in a variety of ways. With the Company’s support and encouragement, our “More Time Reaching Community” scheme organised 245 community projects for 75 non-governmental organisations involving over 6,000 volunteers.

Recognition for Corporate Responsibility

We continued to receive wide recognition for the Company’s corporate responsibility efforts in 2014.

MTR has been listed on the Asia ex-Japan Climate Disclosure Leadership Index since 2011. We have maintained our presence on the Dow Jones Sustainability Index Asia Pacific and the FTSE4Good Index Series since 2002, and on the Hang Seng Corporate Sustainability Index since its inception in 2010. MTR is a constituent of the MSCI Global Sustainability Indexes and in 2014, MSCI ESG Research granted the Company an “AA” rating in its Intangible Value Assessment. This is the second highest rating and puts MTR in the top three companies globally within the Roads and Rail Transport Industry.

During 2014, we also gained a number of awards and certifications for our practices. These included a “Platinum Award in the Category of Eco Transportation Services” in the “Prime Awards for Eco-Business 2014” from *MetroBox* magazine, for the seventh consecutive year. There was a “Gold Award”, the highest honour in the “Best Landscape Award for Private Property Development 2014 (Large Scale Residential Property – Properties up to 5 years of age)”, given by the Leisure and Cultural Services Department. We also won Gold Awards in the “Public Organization, Utility, University” and “Property Management – Residential” categories in the CLP GREEN^{PLUS} Recognition Awards 2014. Our workplace learning and talent development efforts were recognised internationally with the Association for Talent Development recognising our Integrated Staff Development Programme with an Excellence in Practice Award.