



WEBSITE



# 5 MILLION STORIES

SUSTAINABILITY REPORT 2015



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The following sections have been updated since the report's launch in May 2016: *About MTR Corporation* (page 14), *Safety* (page 32&36), *Community* (page 109), *Mainland of China and International Business* (page 146), *Performance Metrics* (page 187).

The second updates made in January 2017 cover the following sections: *About MTR Corporation* (page 7 & 20), *Environment* (page 69), *Performance Metrics* (page 173, 175 & 178).

## 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 city like no other, constantly evolving, creating new opportunities and challenges. As the city grows, so do the needs of our customers and stakeholders. This is also true for the other cities in which we operate.

MTR's success depends on fulfilling these needs and our customers' success depends on our world-class transport and property. We are all on a journey together.

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

### About this Report

#### How to read this report

This year we continue to report in two different but complementary ways to provide information to our stakeholders:

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 wider societal context across relevant sustainability topics. Please refer to the printed report if you are looking for an overview of our activities in 2015.
2. A report website. This dedicated microsite provides full details about our management approaches, programmes and key performance indicators (KPIs) across a wide range of issues. You can learn more about any sustainability topic that is covered in our printed report and additional topics, such as highlights from our subsidiaries outside of Hong Kong and information about our business plans for the future. There are 12 sections in the report website and unless otherwise indicated the information in our report website relates to our businesses in Hong Kong. If you would like specific information on our overseas subsidiaries, they can be found in the dedicated [Mainland of China and International Business section](#).



## Legacy of sustainability reporting

In 2001, we were one of the pioneers of sustainability reporting in Hong Kong when we published our first report on environmental issues. Since then, we have published an annual sustainability report in print and online, while we have also broadened its scope to supplement our Annual Report with information on social, governance and environmental issues.

## External Review Panel

We convened our second External Review Panel to provide both independent advice on our plans for sustainability reporting and also feedback on a draft of this report. The panel members, all based in Hong Kong, were chosen for their extensive experience across different aspects of sustainability reporting. We are grateful for the comments received, all of which have been carefully considered during the preparation of the final report.

This year's panel are:



### Stephen Frost

Director,  
GoBlu International



### Robert Gibson

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



### Mike Kilburn

Acting General Manager,  
Sustainability, Hong  
Kong Airport Authority



### Calvin Kwan

General Manager,  
Sustainability, Link REIT



### Jane Lau

CEO, UNICEF Hong  
Kong and Vice Chair,  
Sustainable Business  
Hong Kong, Hong Kong  
Council of Social Service



### Simon Ng

Chief Research Officer,  
Civic Exchange



### Jessica Robinson

Head of Asia (ex-Japan)  
at Principles for  
Responsible Investment  
(UN PRI)



### Agnes Tai

Director, Great Glory  
Investment Corporation

## Sustainability reporting guidelines

This report has been prepared in accordance with the Global Reporting Initiative G4 Sustainability Reporting Guidelines (GRI-G4) Core option. We have provided a [GRI Content Index](#), which includes cross-references to the International Association of Public Transport (UITP) Sustainability Charter Reporting Guide 1.0. We have also provided a [HKEx ESG Content Index](#) in order to demonstrate our current level of compliance with the 2015 Revision of the Hong Kong Stock Exchange Environmental, Social and Governance Reporting Guide (HKEx ESG Guide).

## Independent assurance

Deloitte Touche Tohmatsu has provided an [independent assurance report](#) for selected quantitative data.

## Scope of this Report

This report covers material issues arising from the Company's principal activities in Hong Kong during 2015 (1 January to 31 December) with reference to our [Materiality Matrix](#) and with particular focus on impacts arising from our railway operations, which are the core of our business and account for the major share of our revenues.

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

## About our subsidiaries

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

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

### Learn More...

Please refer to the [Annual Report](#) for data on the contribution from different businesses to total revenues (Consolidated Profit and Loss Account, *page 171*) and details of the Company's interest in subsidiaries and major associates (Notes to the Accounts, *Note 28*).

## 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.



## ABOUT MTR CORPORATION

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

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

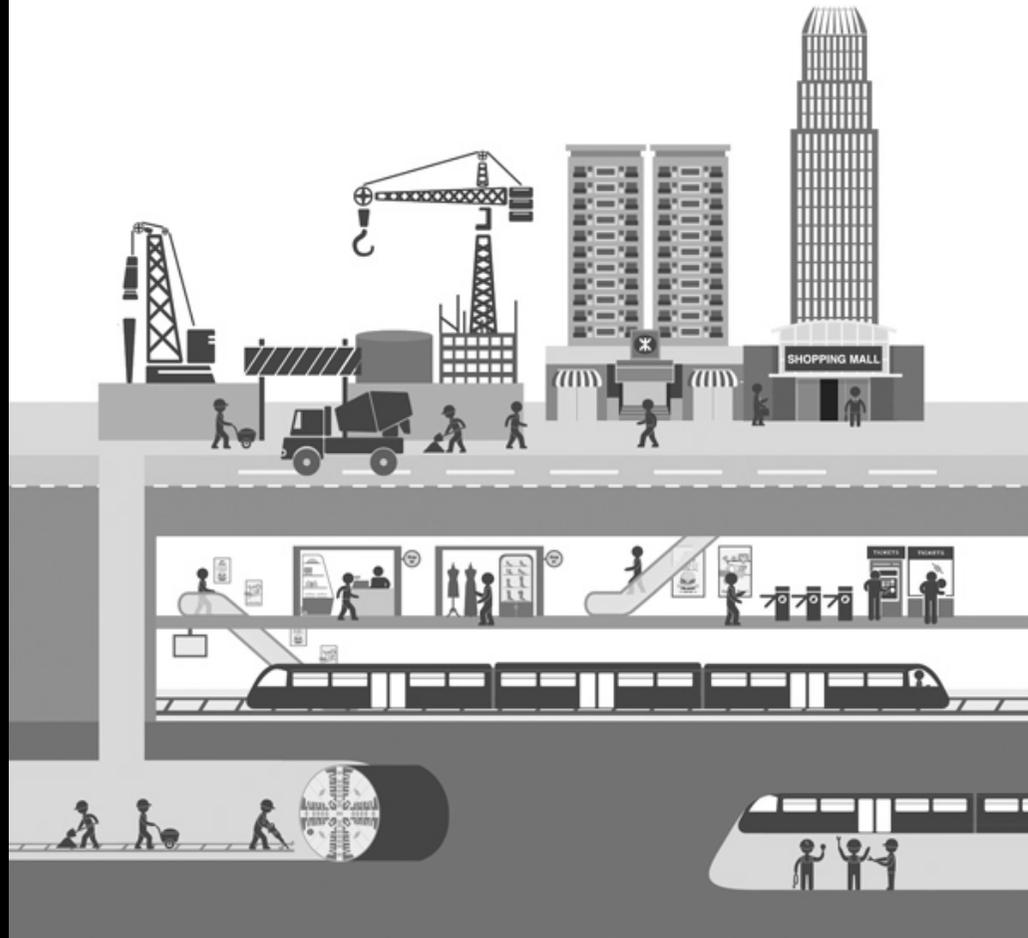
Our primary business is the construction and operation of mass transit railway systems in Hong Kong, which carried an average of more than 5.5 million passengers every weekday as at the end of 2015. While we are recognised as one of the best passenger railway transport providers in the world, we also engage in the development and sale of residential and commercial properties in partnership with property developers, and operate a property management service. The success of these businesses is based on our unique Rail plus Property model, which has enabled us to be self-sustaining and to keep our fares at affordable levels. Our railway operations in Hong Kong are among the most intensively used in the world, and are well regarded for their safety, efficiency and reliability.

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

In recent years, we have succeeded in expanding our business to other cities in the Mainland of China, Australia and Europe. In 2015, we carried nearly as many passengers on networks outside of Hong Kong as we did at home. In total, the Company and its subsidiaries and associates employ more than 31,000 people around the world, of which majority are locally-employed staff.



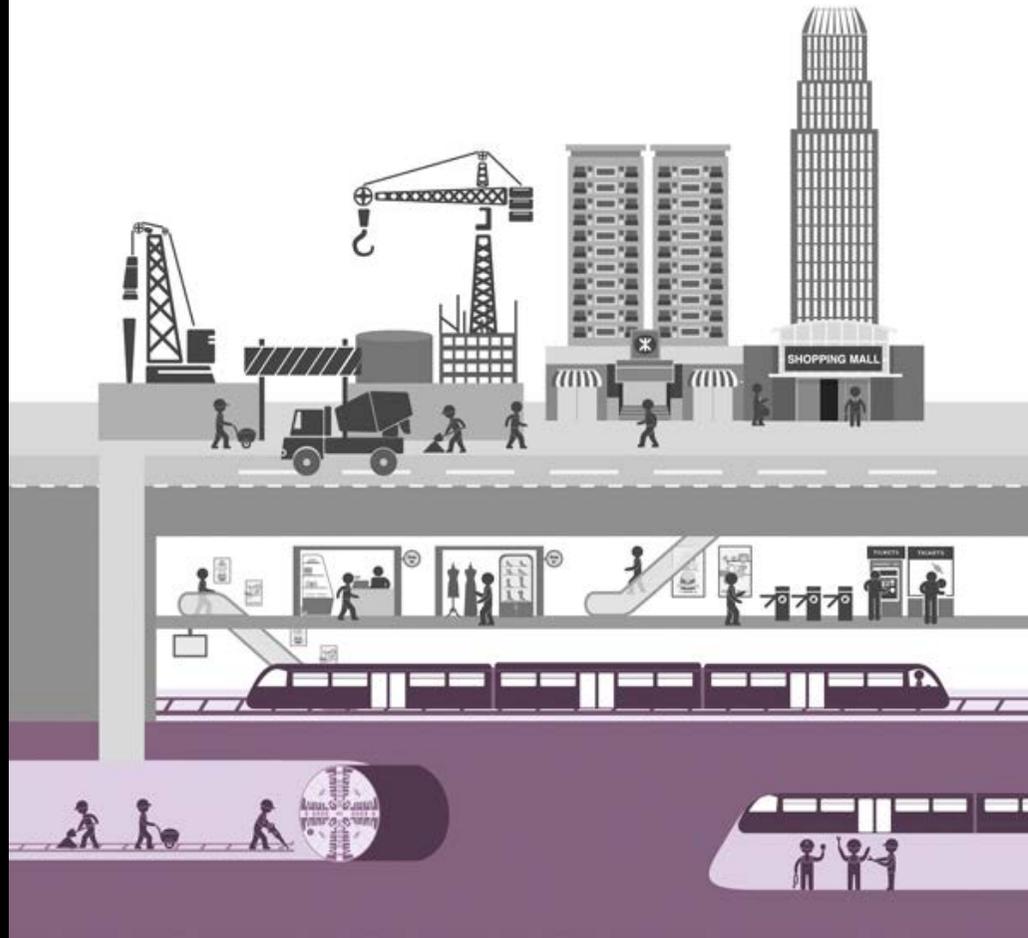
## KEY BUSINESS FIGURES FOR 2015



### List of Awards

Please click [here](#) for a list of awards received by the Company during 2015.

## KEY BUSINESS FIGURES FOR 2015



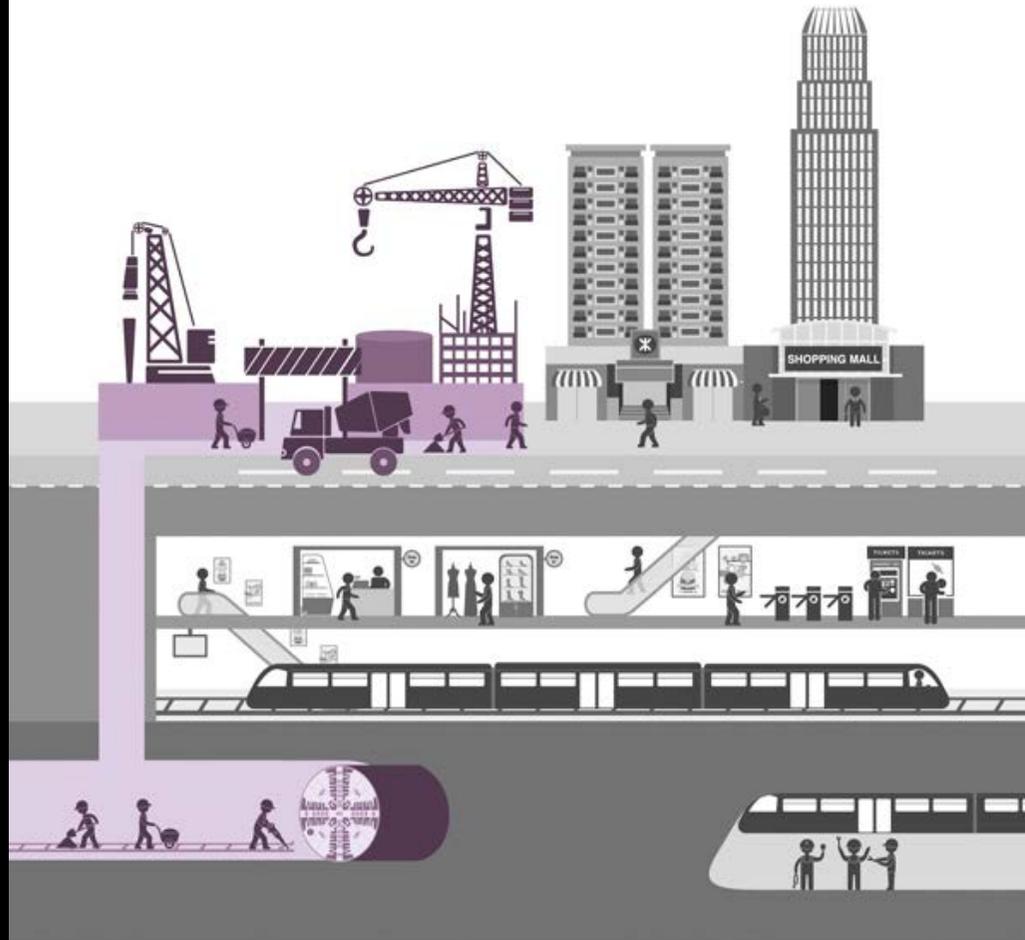
We operate an urban mass transit railway system with 10 heavy rail lines and a Light Rail system. The heavy rail network comprises domestic and cross-boundary services and a dedicated Airport Express link. We also provide intercity services to and from the Mainland of China as well as a small feeder bus service in Hong Kong.

- Total route length of 220.9km
- 87 stations and 68 Light Rail stops
- Average of more than 5.5 million passengers per weekday
- Total patronage of more than 1.9 billion

### List of Awards

Please click [here](#) for a list of awards received by the Company during 2015.

## KEY BUSINESS FIGURES FOR 2015



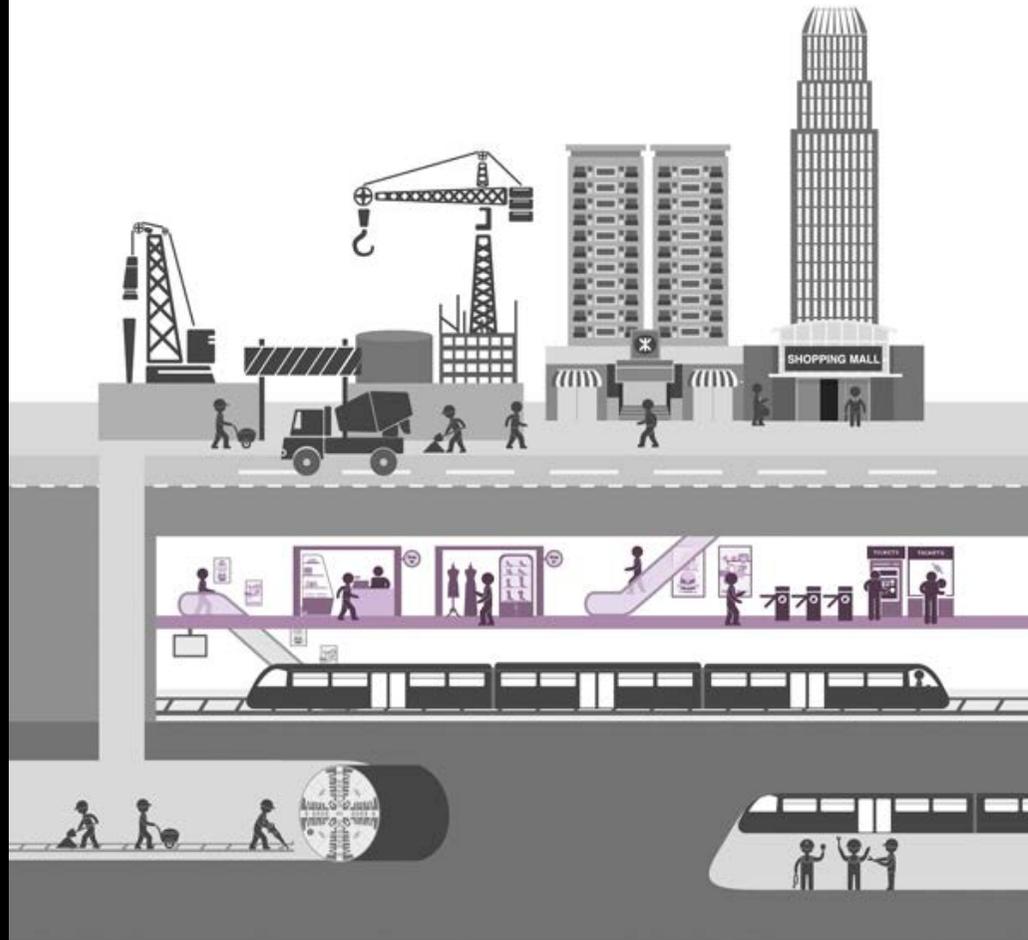
We manage the design and construction of new railway extensions along with a multitude of other projects each year to upgrade and improve the operating railway network. The Island Line Extension to Western District project was completed in 2014. Four other projects are still under construction including 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 per cent.

- 1 rail project completed in 2014
- 4 rail projects under construction
- These projects will increase the route length of our network by about 25%

### List of Awards

Please click [here](#) for a list of awards received by the Company during 2015.

## KEY BUSINESS FIGURES FOR 2015



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.

- 1,362 station shops for passenger convenience
- 45,185 advertising units on stations and trains
- Enhanced mobile service through 4G access at all stations
- Free Wi-Fi available at all stations

### List of Awards

Please click [here](#) for a list of awards received by the Company during 2015.

## KEY BUSINESS FIGURES FOR 2015



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.

- 96,066 managed residential units
- 764,018 m<sup>2</sup> of commercial and office space under management
- Investment portfolio:
  - 212,301 m<sup>2</sup> of retail properties
  - 55,288 m<sup>2</sup> of lettable office space and other uses

### List of Awards

Please click [here](#) for a list of awards received by the Company during 2015.

## KEY BUSINESS FIGURES FOR 2015



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.

### List of Awards

Please click [here](#) for a list of awards received by the Company during 2015.

## Vision, Mission and Values

Our success of providing passenger rail transport reflects our consistent and conscientious pursuit of our Vision to be a leading multinational company that connects and grows communities with caring service. Our Mission includes four key objectives: to strengthen our Hong Kong corporate citizen reputation, to grow and enhance our Hong Kong core businesses, to accelerate our success in the Mainland and internationally, and to inspire, engage and develop our staff.

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



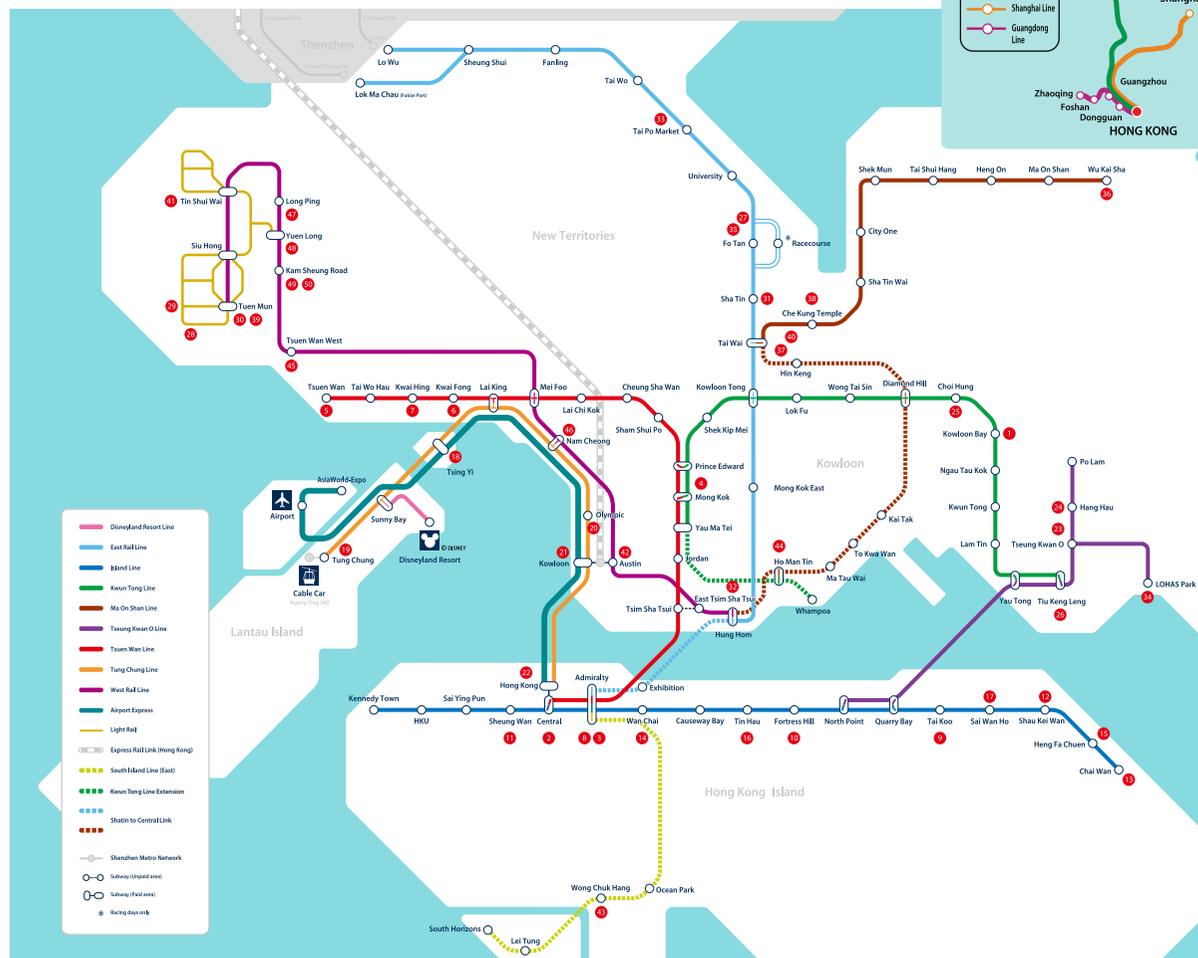
## OUR BUSINESSES

### Hong Kong Transport Operations and Network Expansion

In Hong Kong, 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 Line. We also provide intercity services to and from the Mainland of China as well as a small feeder bus service in Hong Kong.

The following map provides an overview of these services.

### MTR system and properties



### Properties Owned / Developed / Managed by the Corporation

- 1 Telford Gardens / Telford Plaza I and II
- 2 World-wide House
- 3 Admiralty Centre
- 4 Argyle Centre
- 5 Luk Yeung Sun Chuen / Luk Yeung Galleria
- 6 New Kwai Fong Gardens
- 7 Sun Kwai Hing Gardens
- 8 Fairmont House
- 9 Kornhill / Kornhill Gardens
- 10 Fortress Metro Towers
- 11 Hongway Garden / Infinitus Plaza
- 12 Perfect Mount Gardens
- 13 New Jade Garden
- 14 Southorn Garden
- 15 Heng Fa Chuen / Heng Fa Villa / Paradise Mall
- 16 Park Towers
- 17 Felicity Garden
- 18 Tierra Verde / Maritime Square
- 19 Tung Chung Crescent / Citygate / Novotel Citygate / Seaview Crescent / Coastal Skyline / Caribbean Coast
- 20 Central Park / Island Harbourview / Park Avenue / Harbour Green / Bank of China Centre / HSBC Centre / Olympian City One / Olympian City Two
- 21 The Waterfront / Sorrento / The Harbourside / The Arch / Elements / The Cullinan / The Harbourview Place / W Hong Kong / International Commerce Centre / The Ritz-Carlton, Hong Kong
- 22 One International Finance Centre / Two International Finance Centre / IFC Mall / Four Seasons Hotel / Four Seasons Place
- 23 Central Heights / The Grandiose / The Wings / PopCorn 1 / PopCorn 2 / Crowne Plaza, Hong Kong, Kowloon East Holiday Inn Express, Hong Kong, Kowloon East / Vegas Suites
- 24 Residence Oasis / The Lane
- 25 No. 8 Clear Water Bay Road / Choi Hung Park & Ride
- 26 Metro Town
- 27 Royal Ascot / Plaza Ascot
- 28 Ocean Walk
- 29 Sun Tuen Mun Centre / Sun Tuen Mun Shopping Centre
- 30 Hanford Garden / Hanford Plaza
- 31 Citylink Plaza
- 32 MTR Hung Hom Building / Hung Hom Station Carpark
- 33 Trackside Villas
- 34 The Capitol / Le Prestige / Le Prime / La Splendeur / Hemera
- 35 The Palazzo
- 36 Lake Silver
- 37 Festival City
- 38 The Riverpark
- 39 Century Gateway / Century Gateway II
- 40 The Austin / Grand Austin
- 41 City Point

### Property Developments under Construction / Planning

- 42 LOHAS Park Package 4-10
- 43 Tai Wai Station
- 44 Tin Wing Stop
- 45 Wong Chuk Hang Station
- 46 Ho Man Tin Station

### West Rail Line Property Development (As Agent for the Relevant Subsidiary of KCRC)

- 47 Century Gateway / Century Gateway II
- 48 Tsuen Wan West Station (TW5) Bayside / Tsuen Wan West Station (TW5) Cityside / Tsuen Wan West Station (TW6) / City Point
- 49 Nam Cheong Station
- 50 The Spectra / Long Ping Station (South)
- 51 Yuen Long Station
- 52 Kam Sheung Road Station
- 53 Pat Heung Maintenance Centre

### Hong Kong Rail Network

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

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

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

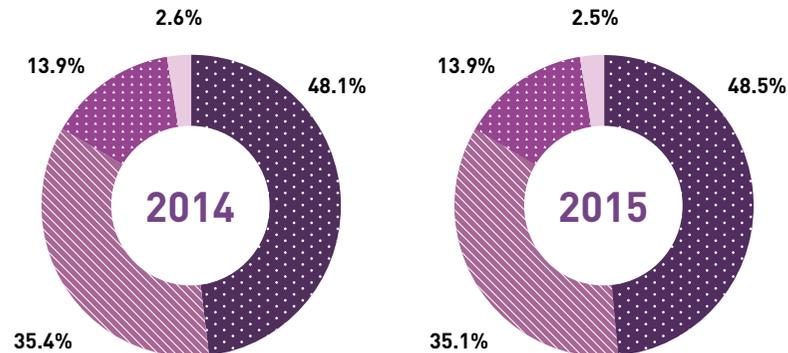
Light Rail and Bus refers to the Light Rail network in the northwestern New Territories and feeder bus services to/from many MTR stations in the New Territories.

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

Since 2006, our share of total franchised public transport boardings in Hong Kong has increased year on year and now exceeds 48.5%.

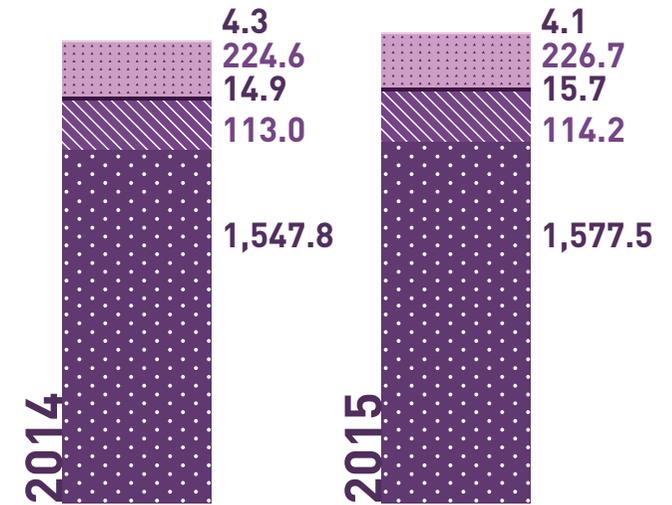
### FRANCHISED PUBLIC TRANSPORT BOARDINGS IN HONG KONG (%)

MTR
  Buses
  Green minibus
  Trams and ferries



### TOTAL PATRONAGE FOR HONG KONG TRANSPORT OPERATIONS (MILLIONS)

Intercity
  Cross-boundary Service
  Light Rail and Bus
  Domestic Services
  Airport Express



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

On 29 March 2015, we completed the [Island Line Extension to Western District](#) with the opening of Sai Ying Pun Station, the first of five new railway projects. The following map provides an overview of four projects that are still under construction. All together, the new railway projects, including the Island Line Extension to Western District, will expand the route length of our railway network in Hong Kong by about 25%.

### Hong Kong Network Expansion Projects (and Completion Status of Rail Projects in 2015)

[South Island Line \(East\)](#) — The first metro service to the Southern District, extending from Admiralty to the southern part of Hong Kong Island and serving an estimated 350,000 residential and working population. We are responsible for financing this new line as well as for its design, construction, operation and maintenance. The most recent example of our [Rail plus Property model](#) will be in evidence on this line. At year end, completion reached 93%, with opening of the line targeted for the end of 2016.

[Kwun Tong Line Extension](#) — Extending the existing line to connect Yau Ma Tei with the Whampoa area. At year end, completion had reached 91%, with the opening of the line targeted for the third or fourth quarter of 2016.

[Express Rail Link](#) — A 26km high-speed cross-boundary rail service connecting Hong Kong with Shenzhen, Guangzhou and the high-speed rail network in the Mainland of China. At year end, completion had reached 76%.

[Shatin to Central Link](#) — The 17-km Shatin to Central Link connects existing railway lines to form an East West Corridor and a North South Corridor. The lines will provide much needed new links across the New Territories, serving an estimated residential and working population of 640,000 in 2021. At year end, completion had reached 48% overall.

#### Learn More...

Learn more about our railway extension projects on the [MTR YouTube Channel](#).

#### Learn More...

##### Express Rail Link

In 30 November 2015, the Company announced that it had reached an agreement called the “[XRL Agreement](#)”. The XRL Agreement, which includes a proposal to resolve the additional funding for the Express Rail Link Project, was approved by the HKSAR Legislative Council on 11 March, 2016. On 1 February 2016 the Company’s independent shareholders supported the resolution to approve, confirm and ratify the terms of the XRL Agreement including the conditional Special Dividend (as defined in the XRL Agreement), with 99.83% voting in favour.

Refer to [this link](#) for more information.

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

## Hong Kong Station Commercial Business

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

As at 31 December 2015, there were 1,362 shops inside stations covering 56,238 square metres of retail space, an increase of 542 square metres from 2014.

### Learn More...

More information about [MTR Shops and Malls](#).

For our telecommunications services business, in 2015, we agreed with all mobile network operators to build a new mobile network offering increased data capacity and more 4G services at eight busy stations, for which the tender is in progress.

## Hong Kong Property Business

In Hong Kong, we work with leading property developers to build properties above or near our stations. We have a portfolio of investment properties comprising 212,301 m<sup>2</sup> of shopping malls and 41,006 m<sup>2</sup> of office space.

The Company also manages a portfolio of residential properties, office space and commercial space. As of the end of 2015, we had 96,066 residential units, including Century Gateway II which opened in October 2014, and 764,018 square metres of commercial and office space under management. We are enhancing the assets of our existing shopping centre portfolio while making significant additions. These projects will add a total of about 120,620 square metres (gross floor area, "GFA") to the existing retail portfolio, increasing by approximately 40%.

A number of new property development projects were initiated in 2014 and 2015 comprising approximately 10,000 residential units to support the community's housing needs. More details of these projects and expansion of our shopping centre portfolio are available in [2016 and Beyond](#).

### Learn More...

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

## Consulting Services and Other Businesses

We offer worldwide consultancy and contracting services on railway planning, design management, system integration and assurance, project management, construction management, railway operations and maintenance, and non-fare revenue business. In recent years our consultancy business has provided services in cities across Asia, Australia and the Middle East.

### Did you know?

We served as technical consultant to Metro Barra for the Rio Metro Line 4, which is scheduled to open in 2016 as a key infrastructure project for the 2016 Olympic Games in Rio de Janeiro, Brazil. We also previously assisted Metro Rio for Metro Rio Lines 1 and 2.

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

We are engaged in other businesses in Hong Kong which are outside the scope of this report, including the Ngong Ping 360 cable car service, named as one of the "Ten Amazing Cable Car Rides Around the World" by the UK's Daily Telegraph newspaper in 2014, and associated theme village, and the Octopus smart card payments system.

### Learn more...

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

## Mainland of China and International Business

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

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

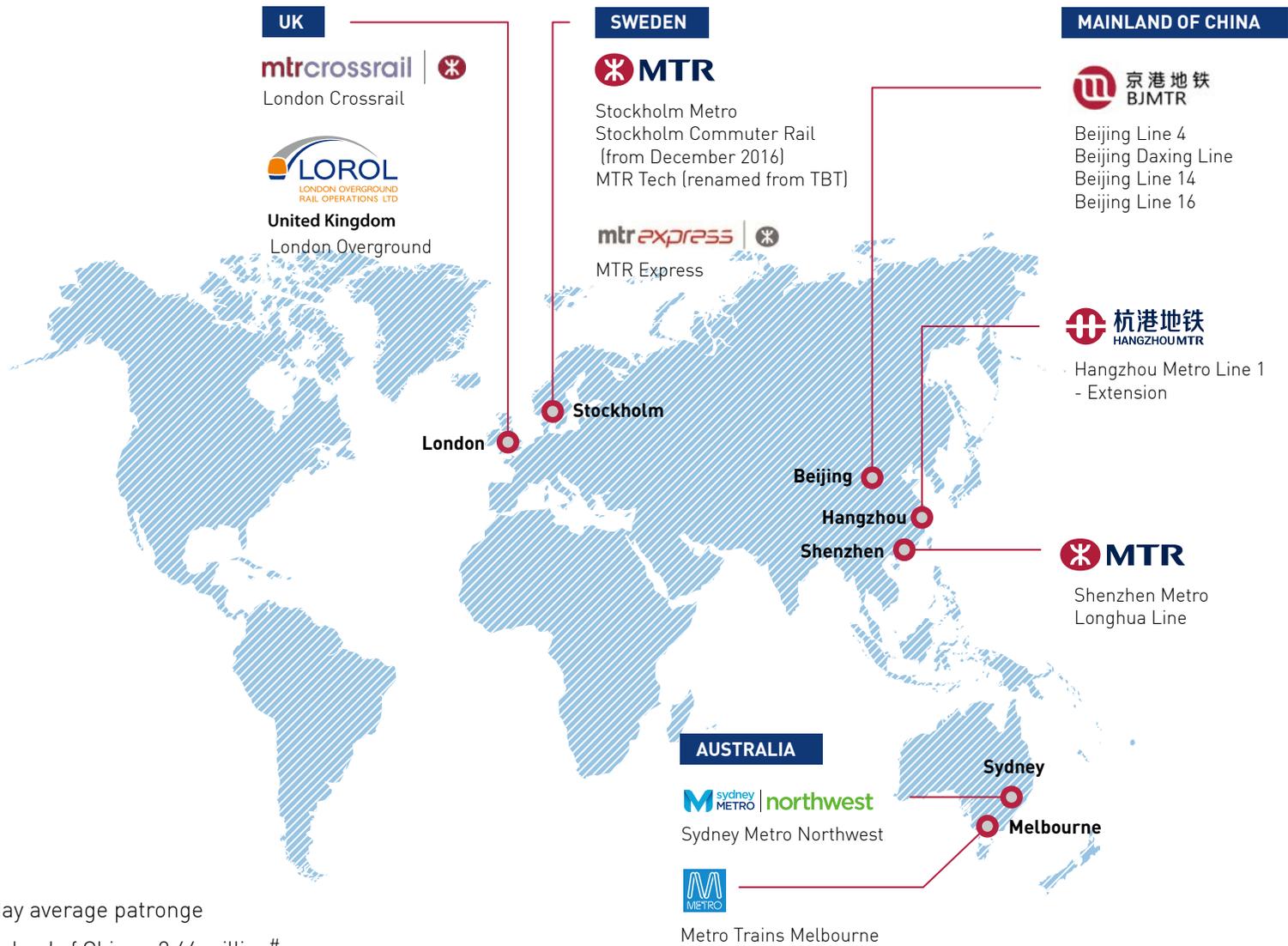
The total number of passengers carried by our subsidiaries and associates in six cities outside of Hong Kong reached approximately 1.46 billion in 2015.

In 2015 we saw our overseas operations progress well:

- Australia: our consortium is implementing the Operations, Trains and Systems Contract for Australia's largest public transport project, the Sydney Metro North West, our first international Public-Private-Partnership ("PPP") project
- Beijing: Phase 3 Middle Section of Beijing Metro Line 14 ("BJL14") was opened in December 2015 and the PPP for Line 14 commenced on 31 December 2015 under a 30-year concession
- Hangzhou: took on the operation and maintenance of an extended section of Hangzhou Metro Line 1, which commenced services in November 2015
- Sweden: the new MTR Express ("MTRX") linking Stockholm with Gothenburg launched its full service in August 2015 (with initial service commencing in March 2015), while MTR Stockholm ("MTRS") was awarded a six-year extension of its concession for the Stockholm Metro
- UK: commenced operations of the Crossrail Train Service in London in May 2015
- Shenzhen: successful presales of our first property development in China, Tiara

Please refer to [Mainland of China and International Business](#) for an introduction to the sustainability approach and performance of the railway operations conducted by our subsidiaries outside of Hong Kong. More information about our future plans outside of Hong Kong is available in [2016 and Beyond](#).





Weekday average patronage

- Mainland of China - 2.44 million#
- Europe - 1.79 million
- Australia - 0.80 million

# Patronage number based on "line boarding"

## VALUE CHAIN, MATERIALITY AND STAKEHOLDER ENGAGEMENT

We recognise that being a responsible and sustainable business cannot be done in isolation. We look for opportunities to collaborate with stakeholders to scale our positive impact. We are also committed to continually deepening our understanding of our stakeholders' needs through strategic and regular engagement.

### Value chain

Our value chain is complex because it encompasses a wide range of activities from planning and construction through to delivery of rail, property, retail and other services.

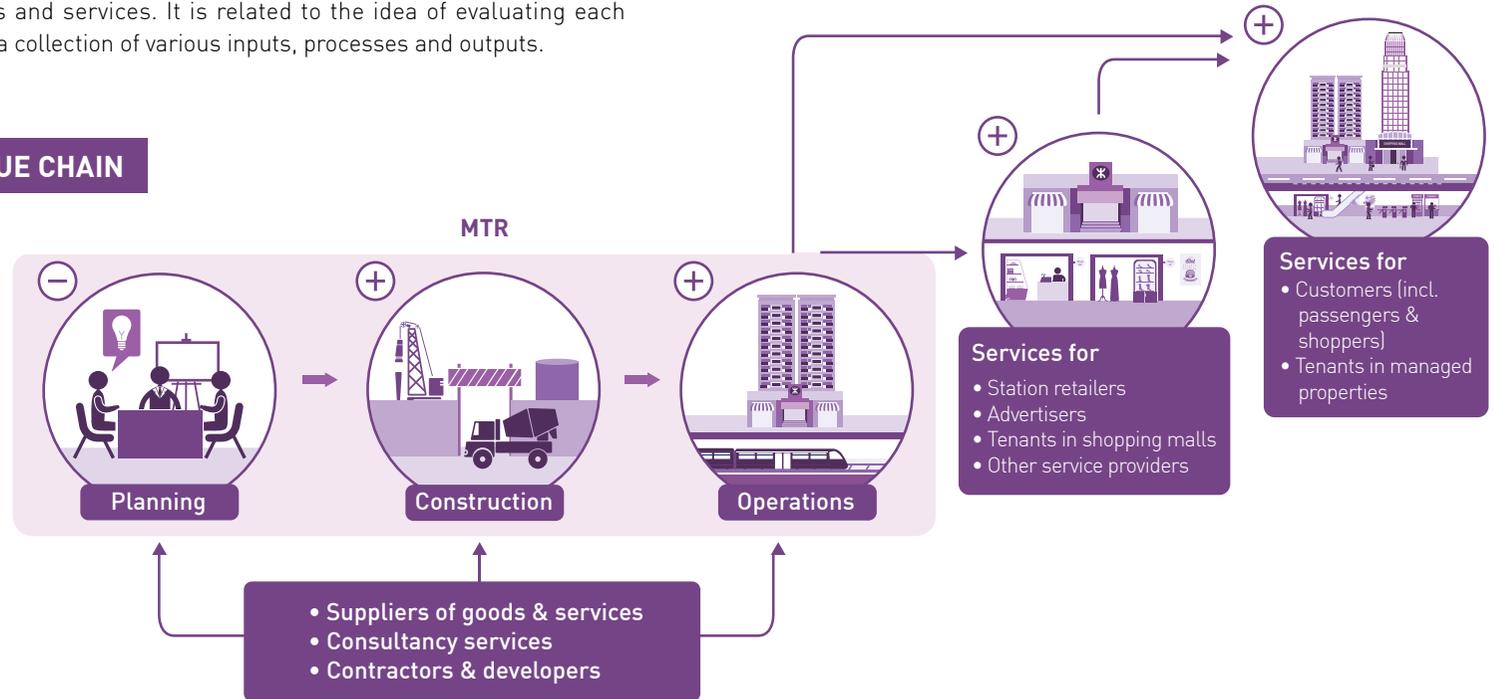
### Working with our value chain

Despite, or indeed because of, this complexity our value chain provides many opportunities to broaden, amplify and deepen the Company's contribution to society. In particular, our suppliers are a crucial component of our value chain, our [supply chain section](#) provides more details on our work with them. The table on the next page outlines how we respond to the concerns of our main stakeholders throughout the different phases of our value chain. This is linked and aligned to our materiality matrix, which is addressed in more detail in the relevant sections of this report.

## What is a value chain?

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

### MTR'S VALUE CHAIN



PHASE	MAIN STAKEHOLDERS	TOP MATERIALITY ISSUES OF CONCERN	HOW MTR RESPONDS
PLANNING	<ul style="list-style-type: none"> <li>Regulators</li> <li>Political Interest</li> <li>Environmental Interest</li> <li>Communities</li> <li>Investors</li> <li>Staff</li> </ul>	<ul style="list-style-type: none"> <li>Access to essential services</li> <li>Community involvement and development (engagement)</li> </ul>	<a href="#">Customers 2016 and Beyond</a> <a href="#">Community</a>

## Materiality

Sustainability reporting is one way that we engage with our stakeholders throughout our value chain on an annual basis. The infographic below presents an overview of our approach to stakeholder engagement and risk management and reflects outcomes from our stakeholder engagement process that were relevant to our sustainability reporting in 2015.



### Stakeholder Engagement and Risk Management

Stakeholder engagement is a dynamic and evolving process that provides essential input into our business. Despite the enormous diversity of views and opinions that are represented, we want all of our stakeholders to feel heard and understood. For the purposes of our materiality assessment, we have created 10 categories of stakeholders. Definitions for each stakeholder group can be found in our interactive [Materiality Matrix](#). Learn more about our [Risk Management Approach](#) in our Corporate Governance Section.

## Materiality Matrix

In the next two pages, please click on each of the sustainability reporting categories in the leader bar to see the position of relevant sustainability reporting issues in the Materiality Matrix and a description of the issues below.

Alternatively, you can click on the stakeholder headings in the side bar to learn about engagement channels and information resources that are relevant to each category of stakeholder. At the same time, key sustainability reporting issues (utilising the terms under the ISO 26000; refer to [Materiality Methodology](#) for more details) of importance to this category of stakeholders will appear in the [Materiality Matrix](#).

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

Materiality Outcomes for Stakeholder Groups

Investors	-	Business Partners	+
Staff	+	Regulators	+
Environmental Interests	+	Customers and Passengers	+
Communities	+	Political Interests	+
Suppliers	+	Media	+

Description

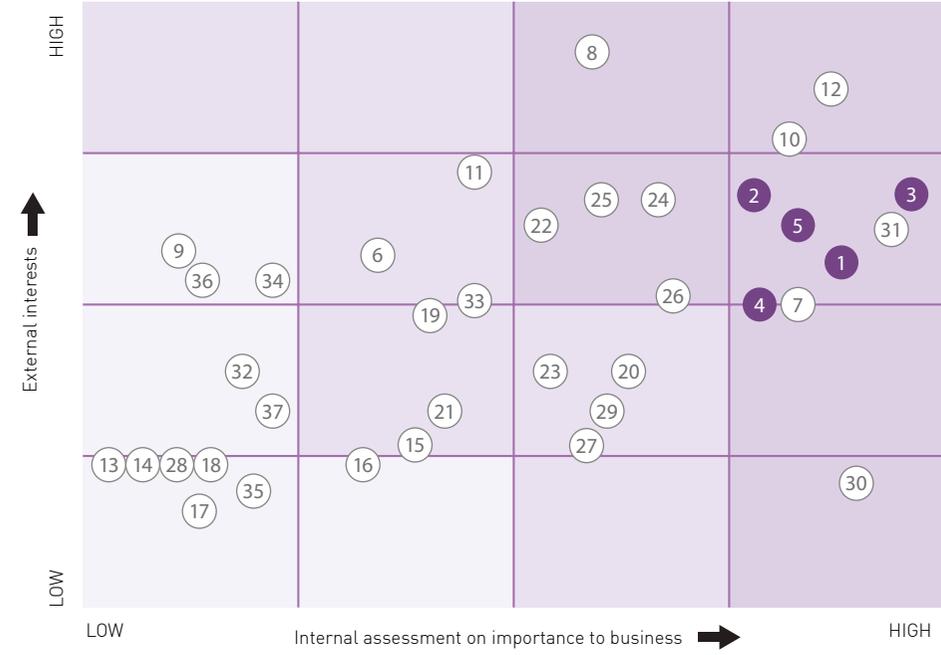
Shareholders, including our majority shareholder, the Hong Kong Government, other providers of capital and financial analysts.



Engagement channels	Key interests	Materiality level	How MTR responds
<ul style="list-style-type: none"> <li>Annual and interim reporting</li> <li>Annual General Meeting</li> <li>Special announcements</li> <li>Investor road shows</li> <li>MTR Hotline</li> <li>Socially Responsible Investment Indices</li> </ul>	1 Organisational governance structure and process	High	<a href="#">Corporate Governance - Management Approach</a>
	2 Fair operating practices (ethical dealings with other organisations)	High	<a href="#">Fair and Ethical Business</a>
	3 Anti-corruption	High	<a href="#">Anti-Corruption and Whistle-Blowing</a>
	4 Responsible political involvement	High	<a href="#">Materiality</a>
	6 Fair marketing (factual and unbiased information & fair contractual practices)	Medium	Not reported
	7 Customer education	High	<a href="#">Safety Management Approach</a>
	8 Customers' health & safety	High	<a href="#">Customer Safety</a>
	10 Customer service, support, and complaint handling	High	<a href="#">Customers - Management Approach</a>
	12 Access to essential services (incl avoidance of service disruption)	High	<a href="#">Concessions and Discounts</a> <a href="#">Train Service Performance</a> <a href="#">New Railway Lines</a>

Materiality Outcomes Arranged by Topic

- I. Fair Operating Practices −
- II. Consumer Issues +
- III. Human Rights Labour Practices +
- IV. The Environment +
- V. Supply Chain +
- VI. Community Involvement and Development +



Materiality Level  Low  Medium  High

	Materiality level	How MTR responds
1 Organisational Governance structure and process	High	<a href="#">Corporate Governance - Management Approach</a>
2 Fair operating practices (including ethical dealings with other organisations)	High	<a href="#">Fair and Ethical Business</a>
3 Anti-corruption	High	<a href="#">Anti-Corruption and Whistle-Blowing</a>
4 Responsible political involvement	High	<a href="#">Materiality</a>
5 Fair competition	High	<a href="#">Anti-Corruption and Whistle-Blowing</a>

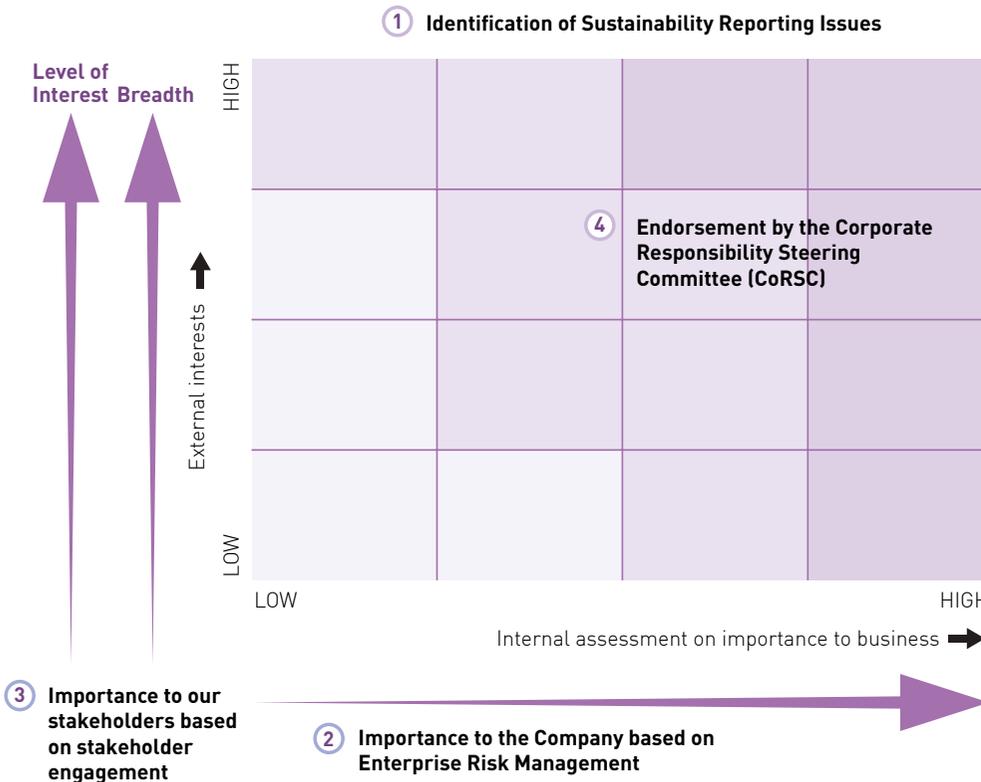
## Materiality Methodology

The principle of materiality states that our sustainability report should address topics that reflect the Company's significant economic, environmental and social impacts, and/or that substantively influence the assessments and decisions of our stakeholders. Our materiality assessment methodology involves four basic steps as summarised in the following graphic.

### Did you know?

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

## STEPS TO DETERMINE MATERIALITY



### STEP 1

#### Identification of Sustainability Reporting Issues

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

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

### Learn more...

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

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## STEPS TO DETERMINE MATERIALITY



### STEP 2

#### Importance to the Company based on Enterprise Risk Management

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

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

### Learn more...

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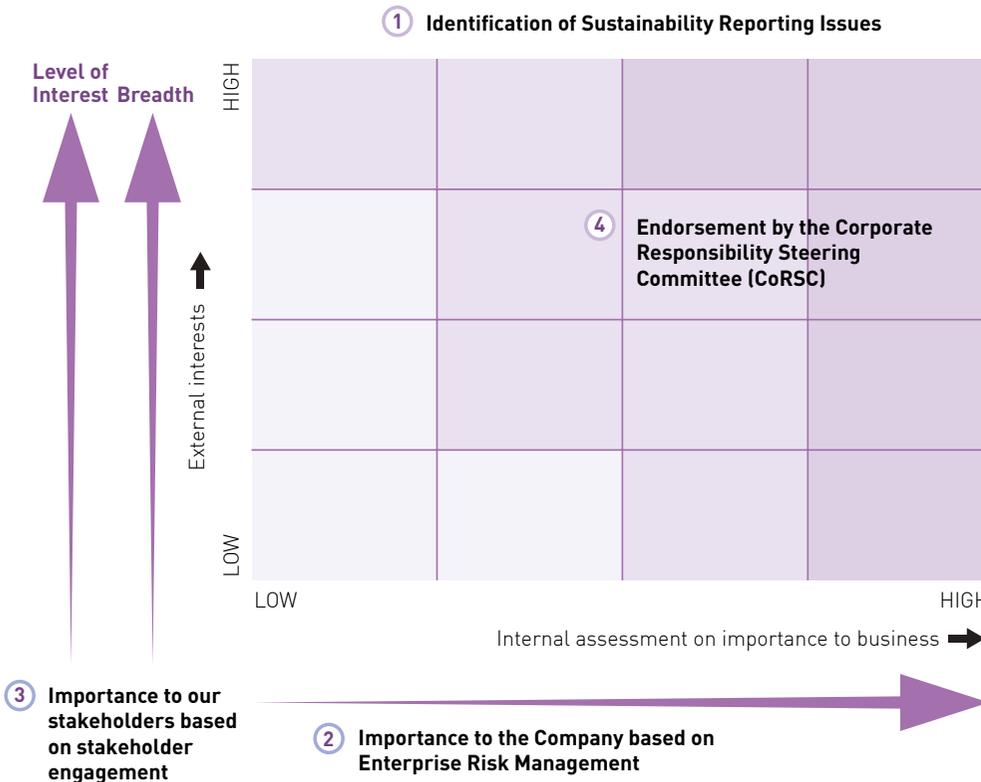
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## STEPS TO DETERMINE MATERIALITY



### STEP 3

#### Importance to stakeholders based on stakeholder engagement

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

Our sustainability team synthesised the outcomes of engagement with all categories of stakeholders during the year in order to determine the relative importance of each of the 37 issues for them. Please note that the position of each issue moving towards the top of the horizontal axis reflects the level of interest (for example, intense interest expressed by some stakeholders) and/or breadth of interest (for example, large number of stakeholders expressing some interest).

### Learn more...

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

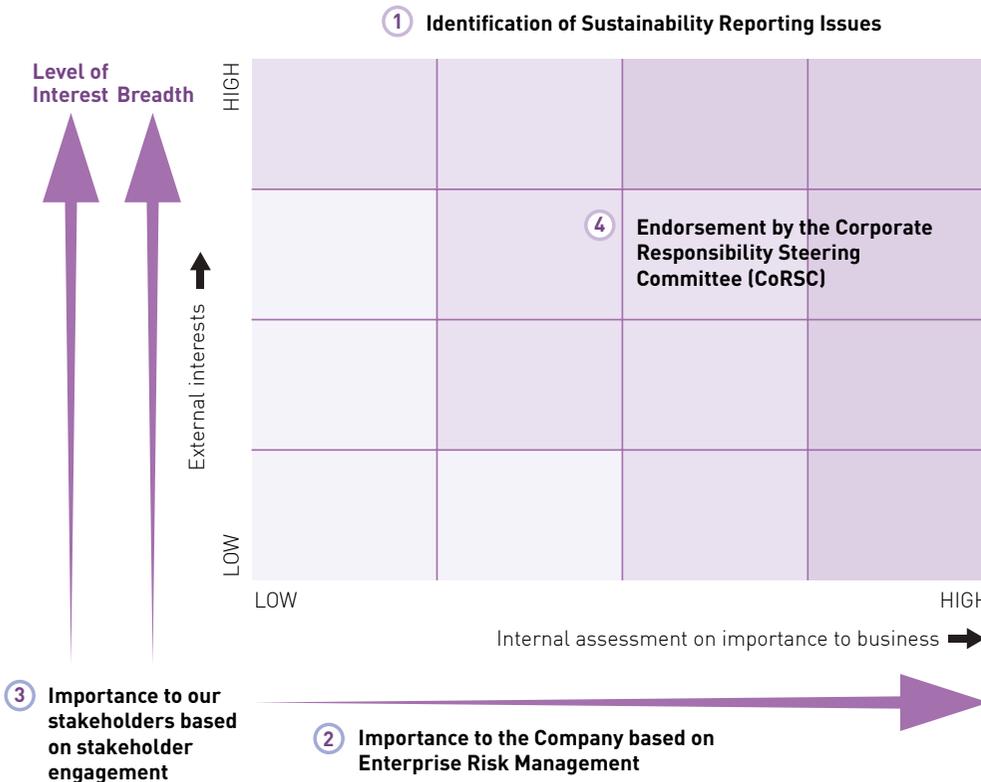
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## STEPS TO DETERMINE MATERIALITY



### STEP 4

#### Endorsement by the Corporate Responsibility Steering Committee

The overall position of each issue moving from the bottom left to the top right of the matrix determines its level of materiality. We have assigned low, medium and high materiality to each issue depending on its position in the matrix. The materiality assessment of all 37 issues was reviewed and approved by the Corporate Responsibility Steering Committee during 2015.

### Learn more...

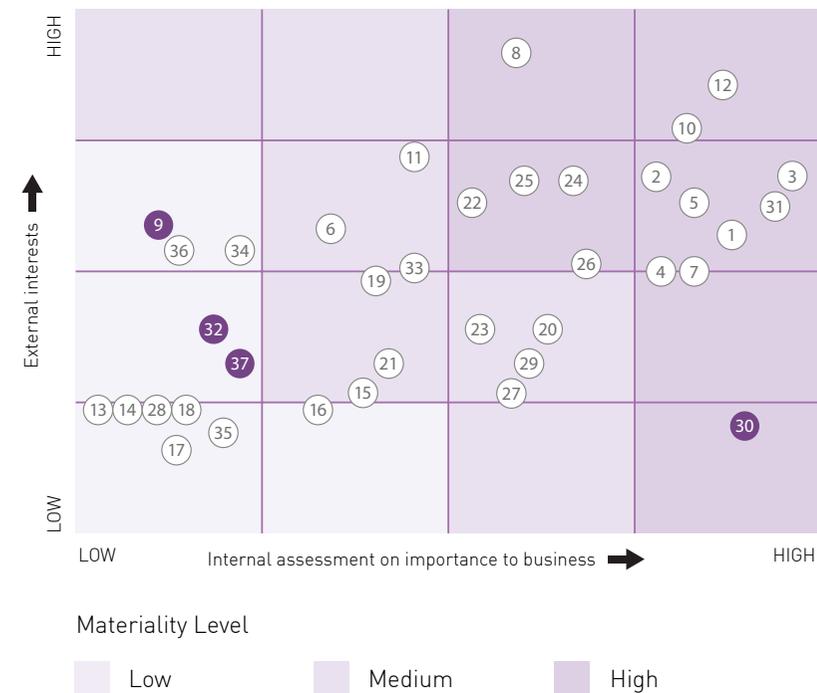
ISO 26000 is an internationally recognised standard for clarifying what corporate responsibility is and translating its principles into best practices.

## Evaluation of Results

Since it is not feasible for us to report extensively on every issue, we have applied the principle of materiality to help us determine what information to disclose in this report. If you would like to provide feedback on the outcome of our materiality assessment, we [welcome your views](#).

As a result of our assessment in 2015, the following topics have been identified as outliers. This means that one party, either the Company or the collective assessment of our stakeholder groups, showed high interest in the topic but the other party considered it to be of relatively low importance. We also include topics where we believe there is an opportunity for us to work on, but are considered of relatively low materiality by both parties.

- Sustainable products and services (issue #9) relates to reducing unsustainable patterns of production and consumption. Since our core business does not give rise to any physical products, we do not consider this to be an important topic for the Company. However, we recognise that there are indirect impacts on our business of importance for some stakeholders, so we are working to promote sustainable patterns of production and consumption in our [Value Chain](#).
- Payment from government/tax payment (issue #30) relates to payment from government in the form of subsidies or other contractual agreement as well as payment of taxes from the Company. Although our stakeholders did not appear to place high importance on this topic, it is important to us since we have entrustment agreements with Government on the Express Rail Link and the Shatin to Central Link, both of which are funded by the Government. While we do receive payments from Government, it should be noted, that for the significant majority of our businesses, such as for our rail operations, it is crucial that we have a [sustainable financial model](#) to ensure that we can deliver world-class services to our customers for now and in the long term.
- Education and culture (#32) and Community investment (incl staff volunteering) (#37) while considered low materiality by stakeholders, we believe that there is an opportunity for us to leverage our skills, resources, and networks to contribute to community development, including our focus on youth, art, green and healthy living and safety. As such, we report on our related activities and programmes in our [Community Initiatives](#) section and Staff section on [staff volunteering](#).



# SAFETY



6.5%

Reduction in reportable incidents involving escalators



1 fatality in heavy rail  
1 fatality in light rail  
0 fatality in bus



>1800

Number of construction workers who received free health checks at our mobile clinic



## INTRODUCTION

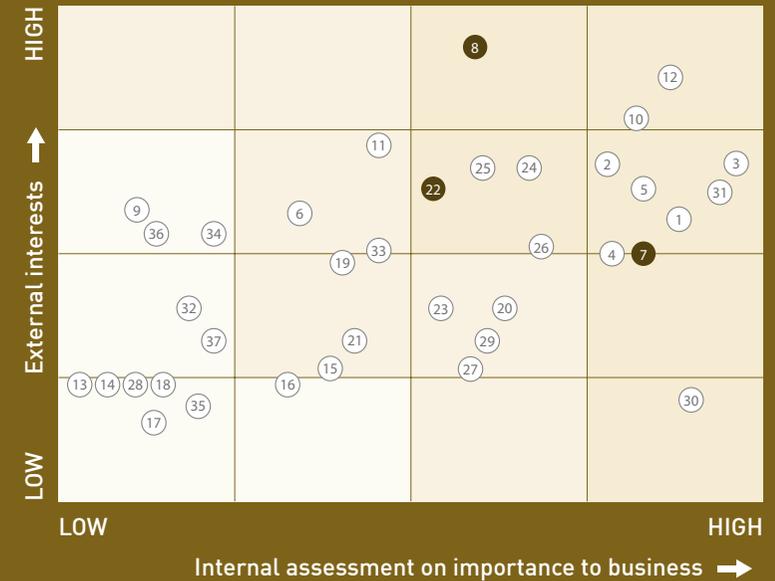
MTR is a world leader in safety performance. We are proud to provide our customers with the safest public transportation option in every city where we operate. With decades of continuous attention by management, our uncompromising Safety-First culture — encompassing care for customers, staff, contractors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

However, we are deeply saddened to report two fatalities in our railway operations, two in our construction activities, and one in our managed properties. We will continue our efforts to raise safety awareness amongst our stakeholders, and to ensure that we learn from these events to prevent a reoccurrence. The safety of customers, staff and contractors cannot be compromised in any area or aspect of our business.

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

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

## Materiality issues covered in this chapter



- ⑦ Customer education
- ⑧ Customers' health & safety
- ②② Employee and contractor health & safety

- As we are upgrading and expanding our network to further enhance service, there has been an increase in the number and complexity of brown field works in the operating railway. As such we have developed additional contingency plans and enhanced risk management measures to ensure safety of the railway is maintained.

## Management Approach

### GUIDING STRUCTURE

#### Safety Policy and Strategy

The Corporate Safety Policy and the Corporate Safety Strategy outline our approach and objectives for safety management. Our Corporate Safety Governance framework ensures that safety is the responsibility of every director, manager, supervisor and all staff- it is essentially everyone's responsibility. To support implementation of this policy and strategy, the Corporate Strategic Safety Plan 2013-2016 includes three strategic approaches: fostering a Safety-First culture, driving continuous improvement and engaging stakeholders.

#### Corporate Safety Management Model

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

#### Public Health & Hygiene Policy

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



## KEY PRINCIPLES

### Safety values

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

#### **A**bsolute Pre-requisite

Keeping Safety-First in our hearts and minds and in everything that we do.

#### **L**earning and Sharing

Sharing lessons learned and knowledge across our businesses. Learning from other railways and industries to seek continuous improvement.

#### **E**xcellent Performance

Always being committed to improving safety performance and not being complacent. Setting high safety standards and, as a minimum, meeting or exceeding statutory requirements.

#### **R**esponsible Citizen

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

#### **T**otal Commitment and Ownership

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

### ALARP principle

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



KEY PROCESS

Organisation and Management Accountability

Corporate Safety Management Structure

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



**Chaired by:**  
Engineering Director  
**Frequency of meetings:**  
Three times per year



Supporting the CSMC are five Divisional Safety Management Committees, each of which oversees the work of line managers in discharging their safety responsibilities in their respective areas of the business.

Reporting to the CSMC, the Health and Hygiene Committee is responsible for health and hygiene issues that are relevant to all divisions.

## Culture

### Safety leadership training

A mandatory corporate safety management training course was launched in 2013 to ensure that all of our managers are familiar with the Corporate Strategic Safety Plan, understand their safety management responsibilities and develop skills for safety leadership. As at end of 2015, over 1,600 managers have completed the training.

### Learning and sharing

As a learning organisation, we encourage information sharing and adoption of best safety practices among our own staff and among metro systems worldwide through a variety of channels where we encourage staff to proactively report opportunities for continuous improvement:

#### Safety Learning and Sharing

##### Communications within Projects Division

- **SIMS Mobile** — A mobile app to provide senior management with accident and incident information and statistics from railway construction projects.
- **Projects Safety** — A mobile app that allows frontline staff to view safety alerts, receive safety information and learn important lessons from accidents and experiences that are reported by their colleagues.

##### Internal learning

- **SafePedia** — An intranet portal for Hong Kong based staff to share safety-related knowledge across divisions.
- **MTR Creators** — an online discussion platform for sharing among staff, accessible in the intranet as well as by using a mobile app newly launched to staff in 2015.
- **Other internal knowledge platforms** (mtrconnects, OK Mall, m-tube and iShare): online portals that have dedicated safety sections; safety chats and sharing [videos](#).

##### Cross-divisional learning

- **Safety Professionals' Community** — established to develop a communication network across the Company covering subsidiaries and associates inside and outside Hong Kong to facilitate sharing on safety management and good practices.

##### External learning

- **Joint Utilities Safety and Occupational Health Policy Group** — to provide enhanced consultation and liaison, as well as sharing of good practices between the Government, Occupational Safety and Health Council (OSHC) and the utility companies on safety and occupational health issues.
- **International Association of Public Transport (UITP)** — provides a worldwide network to bring together all public transport stakeholders and all sustainable transport modes. MTR actively participates in UITP for sharing and learning with other transport operators.
- **Learnings on other railways** — Railway incidents around the world are monitored continuously to understand the lessons learnt for internal review and sharing.

##### Benchmarking

- **Internal Benchmarking** — to facilitate learning and sharing between our business units in Hong Kong and those in the Mainland of China and overseas, safety topics are identified for international benchmarking with the objective of promoting continuous improvements in safety management and performance.
- **CoMET Benchmarking** — we participate in safety performance benchmarking and information sharing with metro operators around the world through the [Community of Metros](#).

##### iSPOTit:

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



## Standards and procedures

We adhere strongly to the principle of “how safety is managed is documented”. Safety documents provide instruction for managing risk, for working safely and to clearly state management’s commitment to safety at work. These documents include the Corporate Safety Policy, safety rules, procedures and work instructions. We have systems in place for safety document formulation, dissemination and regular review, with all staff having ready access to information relating to safety.

## **Safety targets and monitoring**

We set targets for the safety of customers/public, staff and contractors and monitor our safety performance against these targets regularly throughout the year. The annual review of safety targets is based on a systematic approach that takes into account actual performance, new safety challenges and safety improvement initiatives. Since the three types of transport that we provide — Heavy Rail, Light Rail and Bus — have different operating environments and have adopted different types of safety controls and protection measures, safety targets for each type of transport are not directly comparable. Similarly, safety targets for other business types such as construction works and property management adopt different methodologies in their target setting.

## Risk management

We proactively identify and register safety hazards, as well assess and control associated risks in a structured manner to a level that is as low as reasonably practicable. As such, ownership for risks and their controls are identified, regularly reviewed and prioritised.

## **Corporate Infectious Disease Continuity Plan**

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

## **Crisis Management Plan**

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

## Asset management

Our capital assets are systematically managed, with continuous improvement principles, throughout the asset lifecycle not only to achieve our corporate objectives, but also to ensure compliance with statutory obligations and adequate identification and mitigation of risks. The Asset Management System of the Operations Division has been certified to ISO 55001.

## **Ensuring quality of critical items**

To meet our high standards of safety and service, we developed and implemented a robust assurance process to ensure that critical items conform with our specifications. Critical items are defined as items that either are associated with a high safety risk (“safety critical engineering spares”) or potentially lead to prolonged service interruption (“service critical engineering spares”).

## Audit and system assurance

Our structured audit programmes are in place to provide assurance that our plans in our Safety Management System are implemented and effective in meeting its intended objectives. These audits ensure that safety management processes are adequately implemented and identify opportunities for improvement. The system assurance process is applied where necessary to ensure that safety risks are and continue to be managed to as low as reasonably practicable throughout the system lifecycle with reference to the European Standard EN50126.



### External safety management system review

Conducted every three years, with the last in 2014, an international review team of railway safety experts conducted the 8th External Safety Management System Review for the Operations Division and conducted a follow-up visit in 2015. These reviews, which are required under the terms of our [Operating Agreement](#), provide additional assurance that our safety management is up to international standards. The international review team found the completion status of the findings as satisfactory and concluded all the findings from the 2014 review closed.

### Safety system assurance in the new lines

For more than 20 years we have been implementing an established and robust system assurance process in the design, construction and commissioning of our lines, referring to international standards such as EN50126. Our process is guided by the ALARP principle to manage risks adequately and is aimed at meeting four focus areas: reliability, availability, maintainability and safety of the system.

### Competence management

We determine competence requirements systematically. Arrangements for the selection, placement and qualification of people are in place to:

- ensure that staff have the physical and mental abilities required for their work;
- assess the competence of contractors, as part of the contractor selection and as an on-going process;
- equip those working within the Company with the ability to work safely and manage risks;
- confirm that changes to the business are planned for, over the medium to long term, to ensure the required distribution of skills and competence.

### Human factors

Good safety performance is contingent upon peoples' behaviours in various situations. Understanding behaviour patterns in emergencies as well as repetitive actions in or around a specific work environment can be a crucial factor in reducing safety incidents.

Our Human Factors Programme makes use of information about human behaviour and design to facilitate safe, comfortable and effective work practices. It aims to maximise staff safety and service performance, whether under normal circumstances where the same action is repeated many times, or in emergency situations when staff must respond quickly and correctly to a novel and sometimes changing situation. We are adopting "Fingering" in many areas of our businesses, as it is proven to be effective in reducing human errors. We also encourage our staff to conduct peer-to-peer observations to identify at-risk behaviours under the "No Name, No Blame and No Sneak-up" principle. Our Behavioural Accident Prevention Process (BAPP) has been widely recognised and secured us the Gold Award in the Work Safe Behaviour Award category in the 14th Hong Kong Occupational Safety & Health Award Ceremony.



## Stakeholder management

Individuals and organisations have an effect on or can be affected by the safety performance of the business activities, this is why we actively engage them to:

- inform, educate and enhance better understanding of safety requirements and performance;
- establish areas of cooperation and involvement by listening to understand concerns and by responding to resolve them;
- promote understanding and ownership of safety responsibilities; and
- learn and improve through sharing lessons and knowledge.

## **Construction site safety**

Close monitoring by our site teams maintains a high standard of safety on all construction sites. We have a number of schemes in place to promote safety of workers, including half-yearly safety conferences for contractors and major safety promotion activities over the year.

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

### **Spousal Engagement on Safety**

We directly engage with spouses of workers to create a bigger impact on how critical safety is and ensure that their spouses working in construction sites take home these messages more seriously and personally. In 2015, we piloted with Nepalese workers, the largest non-Chinese ethnic group amongst our workers, through the Namu Buddha Mother Committee. This initiative will be extended to other ethnic groups progressively.

## CUSTOMER SAFETY

### A Safe System for All

#### Ensuring quality of critical items

Our robust 5-stage assurance process, approved by the Board and Executive Committee, involves identifying all items to subsystem and component levels that are considered as safety or service critical items by its relevant task force. Currently, there are defined service critical items for existing lines; with an ongoing exercise being undertaken for the new lines.



#### Safety system assurance in the new lines

The safety assurance process involves assessing operational safety impacts throughout the project lifecycle, checking throughout its different milestones. For example, we work with different departments and contractors interfacing the different systems and mitigating the impacts that may arise. We integrate, verify and validate safety requirements through both a bottom-up and top-down approach including setting requirements in contracts, safety integrity level assessments for safety-related and safety-critical systems and design as well as onsite verification and validation activities. We also employ independent safety assessors to check the adequacy and effectiveness of the development processes for our safety critical systems. These assessors are also involved at all stages of the projects.

#### Passenger Safety Performance

In 2015, we achieved improvements for customers and public safety on two types of transport operations. The number of customer injuries requiring hospitalisation dropped by 2.6% on heavy rail Domestic Services and no injuries requiring hospitalisation in our MTR bus operations in 2015. Incidents from our Light Rail operations rose 71% compared with 2014. There were increased "Door" and "Collision (LRV/other vehicle)" cases, while "customer tripping" remains a key factor. A dedicated safety management office has been set up to drive improvements on Light Rail safety. Despite our best efforts to implement safety programmes, we deeply regret to report two fatalities during the year that occurred within our rail operations premises.

- On 14 April at Light Rail: a man dashed out while the "redman" signal of the traffic light was turned on. Although the emergency brake and horn of the approaching light rail vehicle were activated, the man was hit by the light rail vehicle and was trapped underneath. He was then certified dead after arriving at hospital.

- On 6 November at Kowloon Tong Station: a man and his wife were walking down the staircase at Entrance E when he misjudged his footing and lost balance. As a result, he fell on the staircase and sustained an injury to the back of his head. The Police classified the case as "Person Collapsed - Death on Arrival". An investigation confirmed that the staircase was dry, clean and well-lit at the time of incident.

While the case is not included in our safety performance statistics, we deeply regret another loss of life.

- A fatal accident occurred on 1 March 2015 in the non-paid area of Long Ping station. The deceased climbed over a glass balustrade and fell onto the ground by accident from a height of 9 metres. The Police classified the case as "Person Fell from Height". Both the Police's investigation and our own internal investigation did not uncover any causal factors that were due to the Company.

#### Changes Number of Passenger Injuries Requiring Hospitalisation Compared with 2014



#### Passenger and Public Safety - Fatalities



#### Number of Injuries Requiring Hospitalisation (per 100 million passenger journeys)

	2014	2015
<b>Heavy Rail</b>		
Target	10.02	<b>9.72</b>
Performance	8.12	<b>7.91</b>
<b>Light Rail</b>		
Target	12.08	<b>12.67</b>
Performance	8.61	<b>14.76</b>
<b>Bus</b>		
Target	8.66	<b>7.48</b>
Performance	4.68	<b>0.00</b>

#### Escalator safety

We operate nearly 1,000 escalators across our railway network. In order to reduce risks to customer safety as much as possible we set up a special task force at the end of 2012 to make our escalators safer. As part of our ongoing campaign, in 2015 we introduced a new publicity campaign showing an overturned pram, a shattered mobile screen and damaged shoes to demonstrate some of the stark consequences of unsafe escalator behaviour. We also installed additional yellow escalator handrails and pasted new stickers on our escalators containing safety reminders. In 2015, we recorded a 6.5% decrease in reportable incidents involving escalators compared to 2014.

**Learn more...**

Watch the [MTR Escalator Safety campaign video](#)

## Customer Safety Initiatives

### Suicide prevention

According to our internally collected statistics, there were three suicide attempts on our railway network during 2015. To try to reduce the number of these tragic events as much as possible, we joined with The Samaritan Befrienders to set up Emotional First Aid counters in our Mong Kok East, Shatin, Tai Wai and University stations during 2015. Staffed by volunteer social workers, the counters displayed banners and provided leaflets with information about the emotional cycle and positive suggestions for handling emotional problems.

### Crime prevention

Thanks to the continued efforts of the Hong Kong Police and our customers to maintain vigilance against crime, we have successfully maintained crime rates at low levels and the MTR is recognised as one of the safest urban passenger railways in the world. We launched our annual MTR Crime Prevention Campaign in December 2015 co-organised with the Railway District of the Hong Kong Police. The theme of this year's campaign — Stay alert, watch out! Report crime! — was featured on station posters and customer information display systems across our network.

### Light Rail safety

Maintaining safety on Light Rail can be a challenge since, unlike heavy rail, Light Rail vehicles run in manual mode on sections of track that are shared with other road users and cannot be totally partitioned. Among other initiatives, we established a Safety Management Office for increasing train captains' safety awareness and enhancing engineering controls, such as the platform improvement works at Tai Tong Road Stop to relieve congestion during peak hours. We also introduced community engagement activities with the aim of promoting pedestrian safety and safe customer behaviour when using the Light Rail system.

### Door chimes standardisation

Standardised train door chimes across MTR lines was completed in the first quarter of 2015 to facilitate smoother train operations and to raise passenger awareness of door safety. A 22% reduction in door-related reportable events was recorded in 2015.

## Property management

Promoting safety in our managed properties for customers; residents and the general public is a priority for the Property Division. We carry out regular inspections on plant and electrical equipment, escape exits from our buildings and shopping malls with more than 900 safety visits conducted by the independent safety team in 2015. We also conducted more than 250 emergency drills in 2015.

For our efforts, we received a Safety Management System Gold Award and Safety Performance Award from the 14th Hong Kong Occupational Safety and Health Award organised by Occupational Safety and Health Council.

## Dog guides in the system

We have also been working with the Hong Kong Guide Dogs Association to allow potential guide dogs to be trained in the railway systems since October 2015.

## Safety awareness initiatives in the community

To instil the importance of safe and courteous behaviour when travelling on the MTR in an engaging manner, the MTR x Hong Kong Repertory Theatre "Railway Safety School Tour Programme" was introduced. The performances are staged in kindergartens, primary and secondary schools, and special needs schools to promote safe and courteous manners when travelling on the MTR. Since it started in 2011, over 117,000 students will have seen the performance by the end of the 2015/2016 school year.

We also organised a number of safety and courtesy talks in schools and with the elderly. At elderly centres we provided "elderly kits" to familiarise them with the facilities and safe usage of the MTR network. We also partnered with RTHK 5 on an elderly programme to visit stations and learn about safety in stations.



### Safety learning made fun and easy

In 2015, along with People on Board, a social enterprise in Hong Kong, we developed a board game that aims to help children develop a better sense of railway safety and passenger courtesy from an early age. The board game was well-received and was sold out during the Hong Kong Book Fair 2015. Proceeds of the sales/profits of the board game went to People on Board supporting youth development projects in Hong Kong. We also distributed 500 “youngster kits” for free to primary school students which included a copy of the board game, two teaching booklets, an MTR and Light Rail map and a cartoon DVD depicting railway safety and passenger courtesy.



## STAFF AND CONTRACTOR SAFETY

### Staff and Contractor Safety Performance

#### Fatalities on our construction sites

Despite our best efforts to implement safety practices across all our construction sites, and reinforcing these with our contractors and their subcontractors, we deeply regret the loss of two lives in 2015 involving contractors on our construction sites:

- At the Shatin to Central Link network expansion project site at Tze Wan Shan, a crane operator was crushed by the jib of a crawler crane during dismantling and died. An Investigation Panel was convened and concluded that the contractor had failed to implement a safe system of work for the task. A number of measures were implemented which included enhancement of disassembling procedures, training of workers and supervision of the works.
- At the Express Rail Link project site at Mai Po, a worker was struck by a high pressure air hose which burst suddenly near him, causing him to fall about 1.5 metres from a walkway, resulting in critical injuries from which he passed away later. An Investigation Panel was convened and concluded that the accident was attributable to the failure of the air hose under pressure for an unknown reason. A number of measures were implemented which included tighter control of procurement, better use of pressure hoses including the tying down of hoses at regular intervals to prevent accidental movement.

At our managed property, we also deeply regret the loss of one life:

- On 9 June 2015, a vehicle lost control and crashed into the car park entrance of Waterfront at Kowloon Station and hit the security guard in the guard post, he was a contractor staff of MTR. Although the accident was outside the control of the Company, our improvement actions included enhancing signage and road marks, installing CCTV / speed camera and road rumpling strips.

	2014	2015
Staff Safety – Fatalities	0	0
Contractor Safety – Fatalities	2	3

#### Lost time injuries for staff

In 2015, there was an increase in the lost time injury frequency rate for staff of our Property Division and Operations Division compared with the previous year mainly due to a sharp increase in staff assault cases as well as minor cases of staff's lack of attention in our Operations Division. A special task force has been formed in our Operations Division to respond to the rising trend of staff injuries.

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

	2014	2015
Corporate Support Functions	0.17	0.17
Operations Division	0.40	0.56
Projects Division	0.11	0.11
Property Division	0.10	0.14
Division of China and International Business	0.00	0.00

#### Reportable accidents for contractors

In 2015, the reportable accident frequency rate for contractors working in corporate support functions and property management rose due to an increase of one case in 2015, which was considered minor in nature.

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

	2014	2015
Corporate Support Functions	0.08	<b>0.15</b>
Operations Railway	0.16	<b>0.16</b>
Project Construction - Railway Extension Projects	0.57	<b>0.48</b>
Property Development and Investment Projects	0.06	<b>0.06</b>
Investment Property	0.15	<b>0.08</b>
Management Property	0.13	<b>0.15</b>
China and International Business Division	0.00	<b>0.00</b>

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

### Occupational Safety and Health Awards

Eight awards including two "Gold Awards" were received in the "14th Hong Kong Occupational Safety and Health Award" in recognition of our Safety-First culture and improvements in safety management standards.

#### Safety Film sweeps screen awards

Our construction site safety awareness film "[Your Family Needs You](#)" received four gold awards for drama, direction, music and photography at the EVCOM Screen Awards in London. The influence of the film's message has stirred up a lot of thoughts and reflections on the importance of safety across broad sectors of society, from Hong Kong to China, Macau, Singapore and Melbourne.

#### Zero traffic record commended

Forty-five captains were presented with the 15-year Safety Driving Award to recognise their zero traffic accident record in the past 15 years.

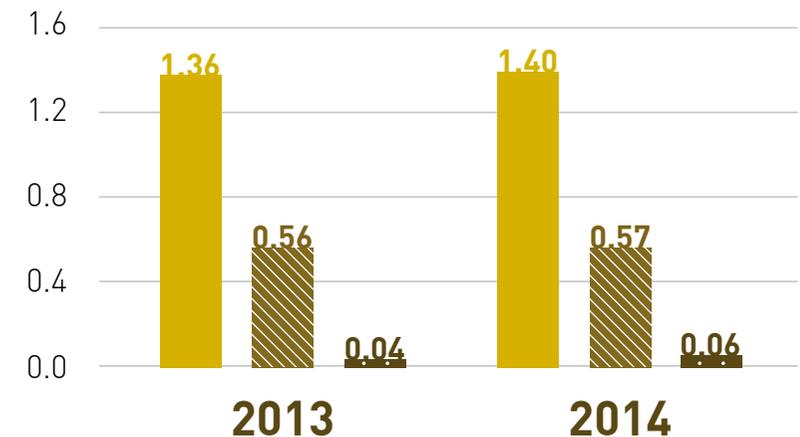
### Contractor Safety in Context

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

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

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

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



### Learn more...

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

### Contractor safety audit

We engage external auditors from Det Norske Veritas (DNV) to evaluate safety standards on the construction sites of our network expansion projects. In 2015, our Projects Division received a level 8.8 out of 10 in the DNV Safety Audit Protocol. This result is comparable to the highest international standards and best practices.

### Contractor Safety Initiatives

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

### Projects Division Contractors

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

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

### Projects Division Safety Campaigns

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

*Don't Walk By!* — A campaign to encourage all workers to report unsafe working conditions to their supervisors or managers immediately. A number of "Don't Walk By" workshops were held for different levels of staff to reinforce the mindset of a high standard of safety on our construction sites.



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

*Safety Climate Surveys* — In 2015, we surveyed attitudes and perceptions of staff and contractors on 10 key elements of our safety culture. The survey showed that staff at the Projects Division have a good knowledge of safety and are striving for continuous improvement in safety performance.

*Safety Campaign on High Risk Subjects* — Four campaigns were launched in 2015 including a "train the trainer" sessions on Working at Height; Use of Electricity; Lifting Operation and Plant and Equipment.

*No Time To Lose* — We became the first company in Hong Kong to pledge its support for the "No Time to Lose" campaign launched by the UK-based Institution of Occupational Safety and Health (IOSH) to raise awareness of preventing exposure to work-related carcinogens. A number of campaigns were launched by the Projects Division to staff and contractors on these issues.

### Worker health and well-being

We held our third Worker Health and Well-Being Month in May 2015 to raise health awareness and disease prevention among construction workers in our new lines. Over the course of the month, a mobile clinic visited 41 locations at all major railway project sites to conduct free, voluntary health screenings for workers, including tests for hearing, cholesterol and blood sugar levels, body mass index, waist to hip ratio, blood pressure, lung function and newly-added this year, electrocardiogram (ECG) testing. Over 2,000 workers received expert counselling about their state of health.

### Providing support to construction workers

Working closely with the Construction Industry Council (CIC) to promote the well-being of construction workers in Hong Kong, in 2015, the Company donated HK\$500,000 to the Construction Charity Fund of the Government. The Construction Charity Fund was founded to provide emergency financial assistance to families of deceased or severely injured construction workers involved in industrial accidents.

### Engagement with subcontractors

As subcontractors carry out most of the work on site, it was crucial for us to ensure that we continued to engage with them to reiterate the importance of working safely. In 2015, we held a number of activities which include:

- Participate in their committee meetings to provide safety information and support; as well as collect suggestions and listen to their concerns;
- Invite them to attend our impact resistant gloves selection process to gain their feedback and preference;
- Share findings from investigations of fatal accidents related to crane dismantling and heavy lifting with trade associations;
- Invite crane experts from subcontractor associations to share practical safety knowledge at the annual MTR Safety Conference.

### Property Development contractors

With our staff, we work with developers, consultants and contractors to provide an accident-free work place. Numerous safety initiatives were launched in 2015 to achieve safety excellence:

- Different levels of inspection and audits planned in property sites and shopping malls:
  - Senior management site walks to demonstrate safety leadership;
  - Safety cross checks by safety teams such that an independent safety check can be made;
  - Identify high risk activities and increase frequency of inspections, including, pre-work meetings conducted before the work commences;
  - Safety audits on working at height, fire, emergency preparedness, plant and equipment check, electricity safety.
- Organise regular safety training, workshops, lunch meetings, seminars with relevant stakeholders including new joiners. Promote learning from accidents / incidents via Safety Alerts, Near-miss Reports, Monthly safety newsletter; safety seminars and workshops to prevent accident and incident recurrence.
  - Reinforce the "safety is your own responsibility" mindset with safety campaigns refreshed regularly and disseminated;
  - Continue to implement the risk management approach to ensure hazards and controls are identified and developed before works commence;
  - Continue to liaise with Government (i.e. Labour Department) to obtain the most updated information from the industry;
  - Continue to implement Safety Incentive Scheme and Safety Hero Scheme for contractors and their frontline staff.



# FINANCIAL AND ECONOMIC PERFORMANCE



**HK \$241.1 billion**

Total Assets



**3.8%**

Increase in total revenue



**11.3%**

Net debt-to-equity Ratio



## INTRODUCTION

The capital intensive nature of our industry has traditionally made it difficult for railway companies to secure the financing that they need to operate and grow. For us to consistently deliver the world-class service that our customers expect, it is crucial that we have sufficient financial capability to fund the investments, maintenance and upgrades across our businesses.

We use a number of proven financing models such as the Rail plus Property model, Public-Private Partnerships and service concession and cash grant to support the delivery of high quality railway services over the long term. The Rail plus Property model and fares for Hong Kong transport operations are two particularly important components of our financial performance in Hong Kong that are highlighted in this section. We also include a summary of significant expenditures for Hong Kong transport operations to demonstrate how we maintain and invest in our infrastructure to ensure world-class levels of service not only for today but into the future.

In other sections of this report, you can read about how we invest continuously to maintain, improve and expand our services for customers; future trends that may impact or contribute to our future success. We also contribute to the economy of Hong Kong and other places through our value chain.

## Materiality issues covered in this chapter



12 Access to essential services (incl avoidance of service disruption)

30 Payment from government / tax payment

## Financial Performance Highlights

In 2015, we recorded satisfactory financial performance in our businesses. Total revenue for 2015 grew by 3.8% to HK\$41,701 million. Operating profit before Hong Kong property development, depreciation, amortisation and variable annual payments increased by 4.5% to HK\$16,120 million. Excluding our Mainland of China and international subsidiaries, revenue increased by 5.8% and operating profit rose by 6.3%, while operating margin increased slightly by 0.2 percentage point to 53.3%.

Total revenue from Hong Kong transport operations in 2015 was HK\$16,916 million, a 4.3% increase over 2014. Operating costs of the Hong Kong transport operations increased by 5.0% to HK\$9,702 million, resulting in a 3.2% rise in operating profit for this business to HK\$7,214 million, with an operating margin of 42.6%.

Total Hong Kong fare revenue in 2015 was HK\$16,754 million, a 4.3% increase over 2014. Of this total, the Domestic Service accounted for HK\$11,819 million or 71%. The average fare per passenger on our Domestic Service increased by 2.5% to HK\$7.49. This increase was offset by fare promotions that were provided to passengers throughout the year.

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

### CONSOLIDATED FINANCIAL PERFORMANCE

#### TOTAL REVENUE

**HK\$41.7 billion**

#### TOTAL ASSETS

**HK\$241.1 billion**

#### OPERATING PROFIT

**HK\$16.1 billion**  
(before interest and finance charges)

#### NET DEBT-TO-EQUITY RATIO

**11.3%**

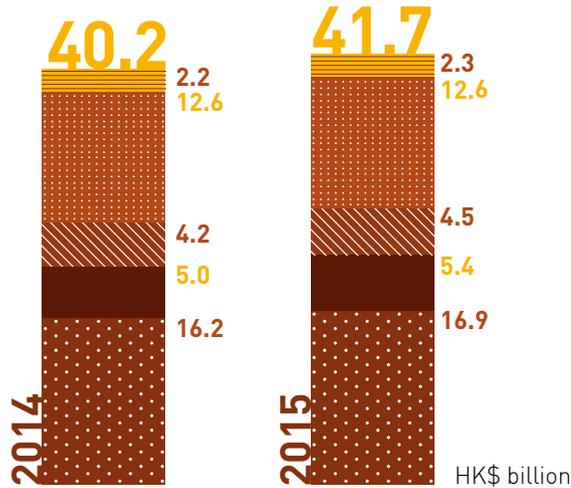
**Over \$7 billion**

being spent on the Hong Kong network in 2015 in asset maintenance and replacement programme



### TOTAL REVENUE

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



#### Learn more...

Please also refer to the [Annual Report](#) to learn more about the financial performance of the Company in 2015.

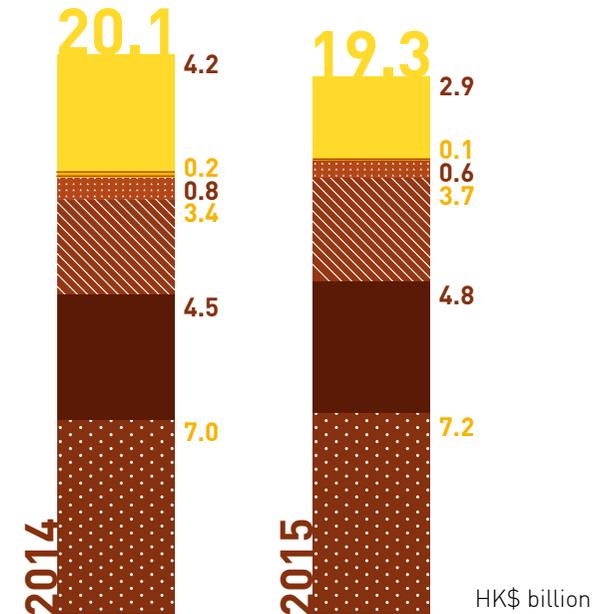
#### Did you know?

In 2015, we spent over HK\$7 billion to maintain and upgrade our railway network in Hong Kong. This amount is expected to increase significantly in future years as our network continues to mature.

### 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



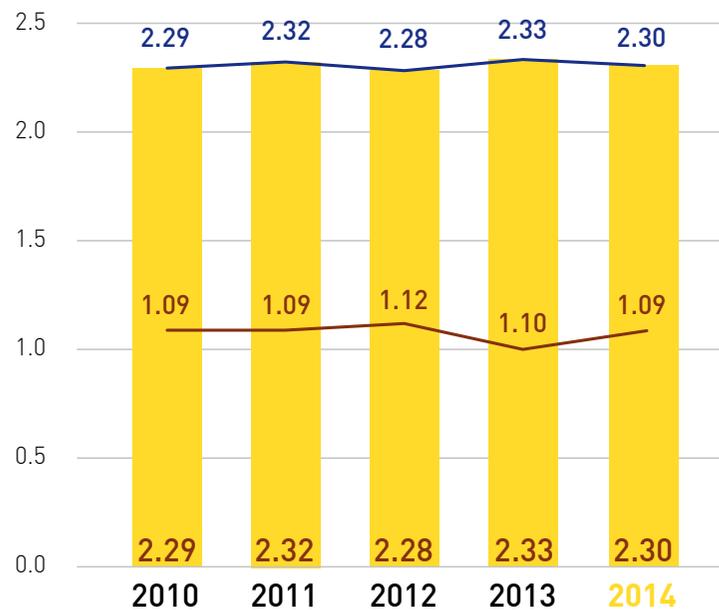
## Financial Performance Benchmarking

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

### CoMET BENCHMARKING 2014 FOR CAPACITY PROVISION AND UTILISATION

Total commercial revenue  
per operation cost

— Best Performance  
— Average



## RAIL PLUS PROPERTY MODEL

Our ability to provide a reliable world-class railway service is made possible through our Rail plus Property model. Established around 40 years ago for financing our first railway line, this model continues to be the foundation of our business in Hong Kong today. We are granted land development rights alongside railway alignments, upon payment of the relevant land premiums. We build integrated communities incorporating residences, offices, shops, schools, green spaces and other community facilities in association with our stations, depots and developments, with stakeholders benefitting from the additional value brought to the vicinity by the MTR system.

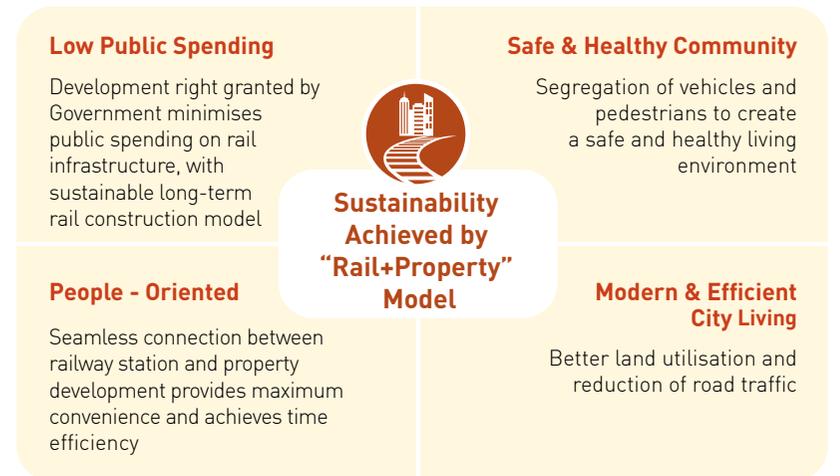
In addition to providing resources for railway operations through income generated by Rail plus Property assets such as investment properties, the model helps to fill funding gaps when building new railway lines. The system also benefits local residents by providing convenient access to railway services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

### RAIL PLUS PROPERTY MODEL



Note: This is a simplified model, only meant to illustrate and explain the general framework of the Rail plus Property Model. Actual implementation may vary.

### SUMMARY OF THE SUSTAINABILITY BENEFITS OF RAIL PLUS PROPERTY MODEL IN HONG KONG



## Transit-Oriented Development

Transit-oriented development (TOD) is an initiative of the Government that has railway at its core. In accordance with this strategy, the framework for public transport in Hong Kong has set rail as the backbone of public transport. One key objective is to utilise Hong Kong's limited land resources in a prudent way by promoting development near railway stations. It also aims to facilitate efficient, mass transportation of Hong Kong's population in an environmentally-friendly way and to make optimal use of land with railway facilities.

As a result of the Rail plus Property model, we have supported TOD at stations all over our network. This infographic illustrates a few examples of our success stories.



### Examples of MTR's Rail plus Property Success Stories in Hong Kong

#### TELFORD GARDENS

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



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### Examples of MTR's Rail plus Property Success Stories in Hong Kong

#### LOHAS PARK

As one of our biggest developments to date, LOHAS Park is being developed as a comprehensively-planned, integrated community. The station itself, which opened in 2009, serves as the principal transport hub for the area, connecting approximately 68,000 residents via a network of covered walkways. In 2015 and early 2016, we awarded an additional five tenders for the development's further expansion.

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### Examples of MTR's Rail plus Property Success Stories in Hong Kong

#### TAI WAI STATION DEVELOPMENT

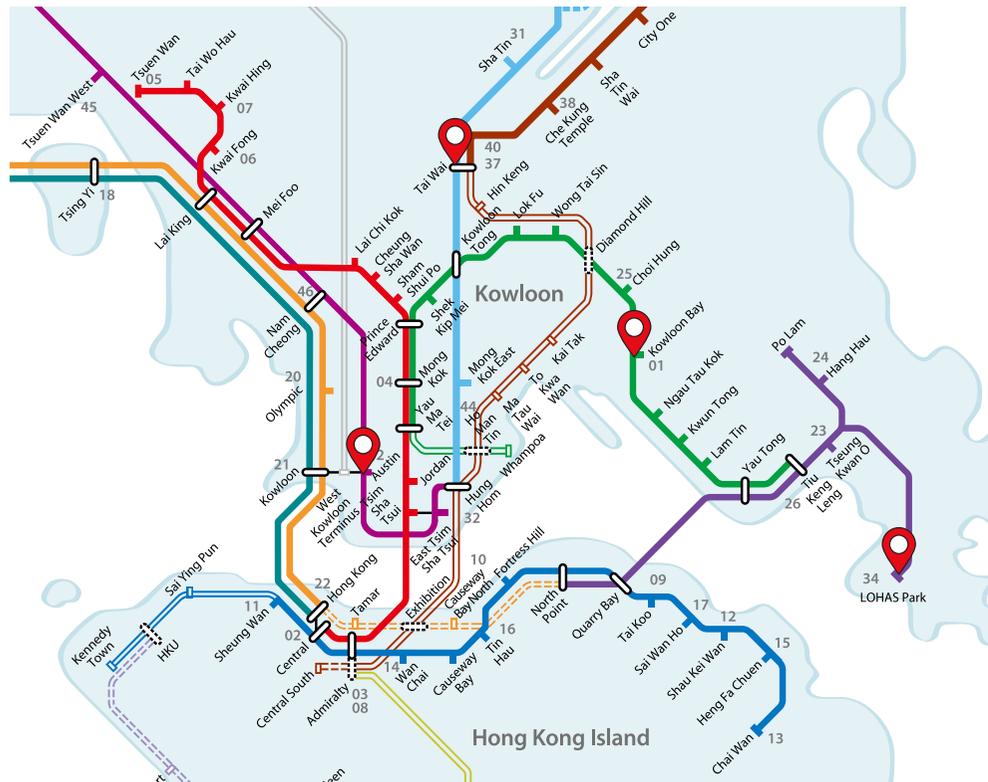
As the interchange station for the East Rail Line and Ma On Shan Line, this development will serve as the main transport hub of the district in the future. The future integration of the station, public transport interchange, retail/residential uses and a post-secondary college will provide a good example of a sustainable TOD concept.



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### Examples of MTR's Rail plus Property Success Stories in Hong Kong

#### AUSTIN STATION DEVELOPMENT

The recently completed Austin Station development, integrated with Austin Station, similar to our other property developments, is divided into two projects, namely, The Austin and Grand Austin. Both were newly completed in 2015 with residents having moved in. Both projects have achieved a Provisional Gold rating in the BEAM Plus rating system of the Hong Kong Green Building Council (HKGBC).



### Learn more...

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

## Looking Beyond Hong Kong

We believe that the Rail plus Property model can be adopted in other cities around the world to suit different market conditions. For example, our own development on top of Shenzhen Longhua Line Depot - Tiara - has received very good response from the market.



## FARES FOR HONG KONG TRANSPORT OPERATIONS

### Fare Adjustment Mechanism

Fare adjustments are a sensitive issue for many of our stakeholders, particularly those living on low incomes or who depend on our services for convenient transportation to and from remote parts of our city. The Fare Adjustment Mechanism (FAM) was agreed with Government at the time of the rail merger in 2007. It is designed to meet three key objectives, namely, to ensure that our fares reflect Hong Kong's economic conditions, to address the travelling public's concern about affordability of our services, and to ensure that we generate sufficient revenues to support our operations over the long term.

### Review of the FAM

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

#### Learn more...

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.

For updates on this topic, please refer to [our corporate news webpage](#).

### FAM formula

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

	<b>Year-on-year % change in Composite Consumer Price Index (CCPI)</b> <b>Y%</b>	<b>Year-on-year % change in Nominal Wage Index (Transportation)</b> <b>X%</b>	<b>Productivity Factor</b> <b>0.6%</b>			
<b>Overall Fare Adjustment Rate</b>	<b>=</b>	<b>(Y% x 0.5)</b>	<b>+</b>	<b>(X% x 0.5)</b>	<b>-</b>	<b>0.6%</b>

### Fare adjustment in 2015

The latest fare adjustment came into effect in June 2015 with an Overall Fare Adjustment Rate of +4.3%, reflecting

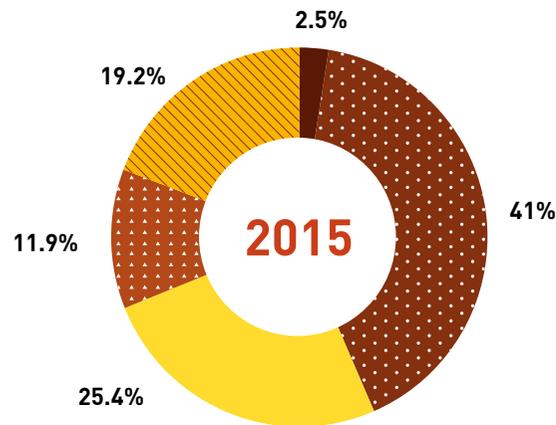
- a year-on-year increase in the Nominal Wage Index of 4.9%,
- an increase in the Composite Consumer Price Index of 4.9%; and,
- a Productivity Factor of 0.6%.

The 2015 adjustment is lower than the 6.67% year-on-year increase in the Median Monthly Household Income for the fourth quarter of 2014.

As agreed with the Government during the review of the FAM in 2013, the Productivity Factor for five years between 2013 and 2017 will be 0.6% instead of 0.1%, as originally specified before the FAM review. This means that fare increases during this period will be lower each year than they would have been under the original formula.

### FARE INCREASE IN 2015 UNDER FAM

- Remain unchanged
- 10 or 20 cents
- 30 or 40 cents
- 50 cents
- More than 50 cents

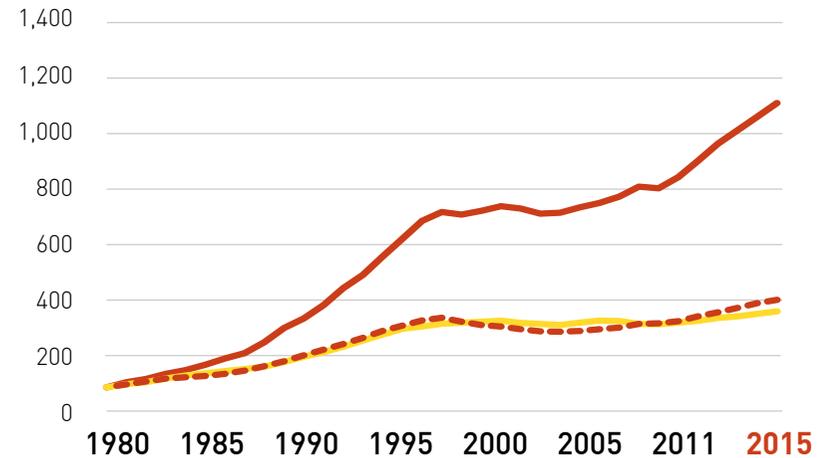


### Learn more...

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

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

### 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.)

### Learn more...

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



## Concessions and Discounts

We provided around HK\$2.4 billion worth of ongoing fare concessions and promotions in 2015.

### Fare concession schemes agreed under FAM

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

- 
**Profit-related Fare Concession Scheme**
- 
**Service Performance Arrangement**
- 
**Affordability Discount**



**Learn more...**

Details of the discounts can be found on the [MTR customer website](#)

## Discounts in 2015

In 2015, we announced additional, enhanced or extended fare promotions package worth over HK\$500 million. These are:

- 
**MTR Festive Discount**
- 
**Promotion extension of the MTR City Saver**
- 
**Promotion extension of the Early Bird Discount**

Other discount schemes in 2015 included Monthly Pass Extra and Day Pass. We also offered free travel for elderly and disabled passengers to celebrate Senior Citizen's Day and the International Day of Disabled Persons respectively.

## Regular Fare Promotions and Concessions

We continue to provide discounts through these special schemes:

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**Discount**

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#### Profit-related Fare Concession Scheme

Given to customers through the 10% Same-Day Second Trip Discount, this is a from a pre-determined amount based on a sliding scale referencing the amount of profit that is generated by its underlying business.



#### Service Performance Arrangement



#### Affordability Discount



#### Learn more...

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#### Profit-related Fare Concession Scheme



#### Service Performance Arrangement

In addition to the Profit-related Concession Scheme, this is also given through the 10% Same-Day Second-Trip Discount when there is a service disruption of 31+ minutes, this is from a pre-determined amount based on a sliding scale referencing the length of delay.



#### Affordability Discount



#### Learn more...

Details of the discounts can be found on the [MTR customer website](#)

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**Profit-related Fare Concession Scheme**



**Service Performance Arrangement**



**Affordability Discount**

Introduced for a limited period of up to two years and designed to provide temporary relief to customers during difficult economic times (when the FAM overall adjustment rate and the yearly percentage change in Median Monthly Household Income (MMHI) for the 4th quarter of the most recent calendar year are both positive, and the FAM rate is higher than the rate of change of MMHI).



#### Learn more...

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### MTR Festive Discount

New promotion on six designated festive days, Adult Octopus holders enjoy concessionary fares equal to Child Octopus fares while other concessionary Octopus holders pay \$1 per domestic journey.



### Promotion extension of the MTR City Saver



### Promotion extension of the Early Bird Discount

Other discount schemes in 2015 included Monthly Pass Extra and Day Pass. We also offered free travel for elderly and disabled passengers to celebrate Senior Citizen's Day and the International Day of Disabled Persons respectively.

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#### Service Performance Arrangement

#### Affordability Discount



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## Discounts in 2015

In 2015, we announced additional, enhanced or extended fare promotions package worth over HK\$500 million. These are:



#### MTR Festive Discount



#### Promotion extension of the MTR City Saver

11% to 25% discount on fares for regular commuters making medium to long distance cross-harbour journeys within urban areas. Extended for one year to 30 June 2016.



#### Promotion extension of the Early Bird Discount

Other discount schemes in 2015 included Monthly Pass Extra and Day Pass. We also offered free travel for elderly and disabled passengers to celebrate Senior Citizen's Day and the International Day of Disabled Persons respectively.

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### MTR Festive Discount



### Promotion extension of the MTR City Saver



### Promotion extension of the Early Bird Discount

25% fare discount if commuters exit gates between 7:15am and 8:15am; Extended for one year to 31 May 2016; offers adult passengers a discount on ordinary weekdays at 29 designated stations.

Other discount schemes in 2015 included Monthly Pass Extra and Day Pass. We also offered free travel for elderly and disabled passengers to celebrate Senior Citizen's Day and the International Day of Disabled Persons respectively.

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## Regular Fare Promotions and Concessions

We continue to provide discounts through these special schemes:

- 
**Discount**
  - Elderly and Eligible Persons with Disabilities
  - Student Travel Scheme
  - Fare Saver Scheme
  - Intermodal discounts

# ENVIRONMENT



**1,343,723** tCO<sub>2</sub>e  
Total GHG Emissions



**15%**

MTR Malls food waste reduction target  
All participating tenants have achieved the target



**21%**

Electricity intensity reduction target by 2020, compared with 2008



## INTRODUCTION

We strive to become one of the most resource-efficient and ecologically sustainable railway and property service companies in the world. This means that we will:

- Increase energy efficiency
- Use natural resources sustainably; and,
- Adapt to climate change.

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

In support of this view, the International Association of Public Transport (UITP) and management consultancy Arthur D Little concluded that Hong Kong has "the most advanced urban system in the world" and ranks first in terms of low carbon transport.

### Learn more...

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

## Materiality issues covered in this chapter



- 9 Sustainable products & services
- 24 Prevention of pollution (air, water & waste)
- 25 Sustainable resource use (resource efficiency & water use)
- 26 Climate change
- 27 Biodiversity

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

### Snapshot of MTR's Contribution to the Environment

1 MTR Train



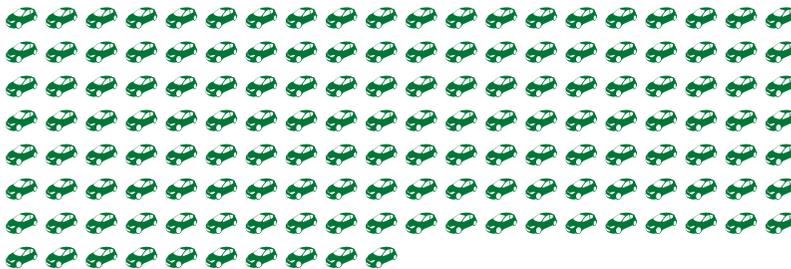
25 Buses



150 Mini-buses



1,500 Cars



### Management Approach

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

#### GUIDING STRUCTURE

#### Climate Change Statement

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

#### Biodiversity Policy

Our [Corporate Biodiversity Policy](#) commits us to safeguarding ecologically sensitive areas. Under this policy, we have integrated biodiversity considerations into our Environmental Management Systems. An example is our management of the [Lok Ma Chau Ecological Enhancement Area](#).

#### Green Procurement Policy

Our [Green Procurement Policy](#) incorporates principles for responsible management of natural resources.

#### Managing risk

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

## Energy efficiency

We have been a signatory of the World Business Council for Sustainable Development (WBCSD) Manifesto for Energy Efficiency in Buildings since October 2012. When it comes to energy efficiency, we strive to go well beyond regulatory compliance.

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

### Learn more...

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

## Tree Protection

We are committed to enhancing the urban environment by protecting existing trees and introducing new trees according to established guidelines. Our approach includes evaluating the impact of our projects on trees and determining whether they can be preserved in place or need to be transplanted. Where they have to be removed, we undertake compensatory planting of new trees after the project is completed.

## Landscape/Visual Impacts

To enhance the visuals surrounding our stations, greening elements such as green roof and vertical greening are included where feasible in the new stations, entrances and ventilation shaft designs. For example, to reduce visual impacts, we are designing the ventilation shafts for the West Kowloon Terminus of the Express Rail Link in collaboration with the West Kowloon Culture District (WKCD) Authority to be seamlessly integrated within the area.

## KEY PROCESSES

### Environmental Management Systems

Our Environmental Management Systems (EMS), which are designed and certified to the standard of ISO 14001:2004, support our teams from the Operations, Projects and Property Divisions (through the selected property developments) to estate managements to identify environmental impacts and achieve continuous improvement. Where appropriate, we will be transitioning to the new ISO 14001:2015 version.

### Learn more...

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

### Internal Working Groups

To ensure that we adequately minimise the environmental impact of our businesses, we have set-up relevant environmental working groups across the Company. For example, we have formal and ad-hoc working groups on overall environmental management, energy, waste, food waste and wastewater.

On the construction of our new railway lines, we have specific environmental teams assigned to manage environmental issues for each line.

### Working with Stakeholders in the New Lines

As part of our new railway lines engagement, we launched a Continuous Environmental Improvement Programme (CEIP) in 2012. CEIP provides a platform for knowledge sharing among our construction and environmental staff as well as our consultants, contractors and relevant government officials.

We also conduct regular engagements with environmental NGOs to update them on the environmental aspects of the construction of the new lines.

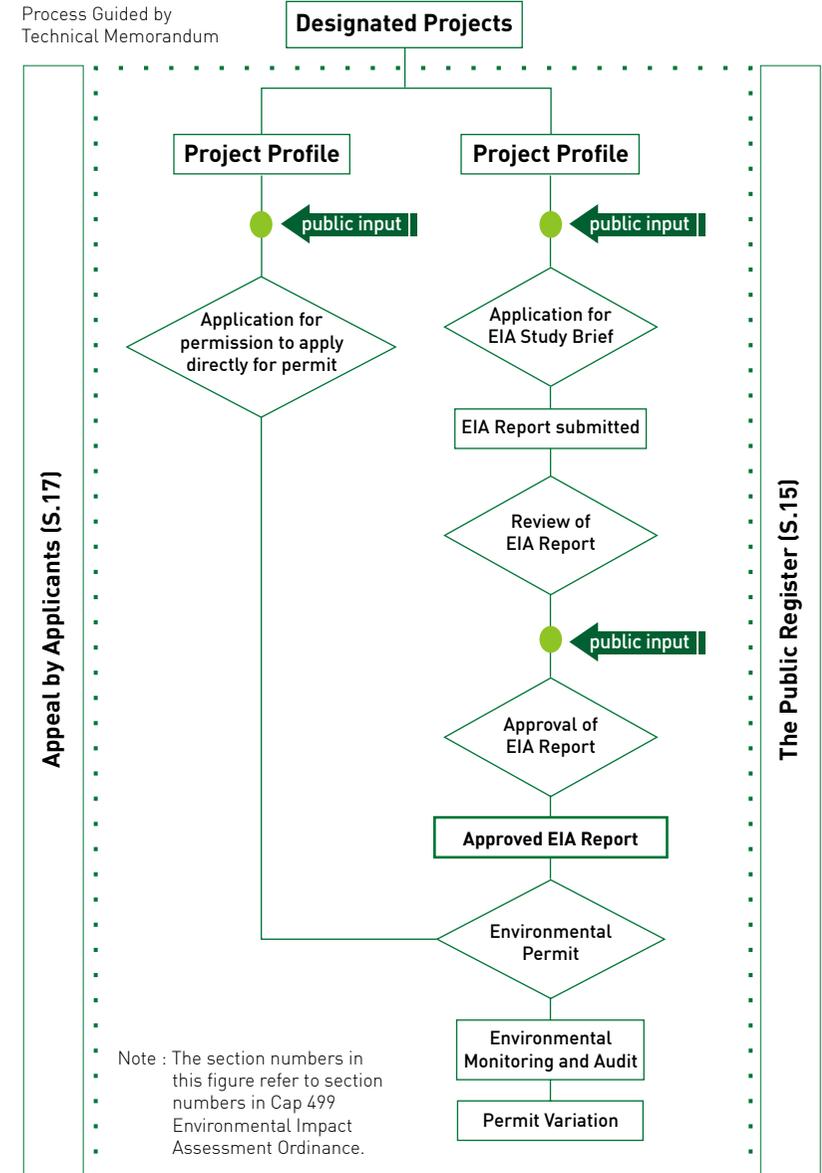


## Environmental Impact Assessment

We follow a statutory process of Environmental Impact Assessment (EIA) for new projects involving impact avoidance, minimisation and mitigation recommendation. The process also involves public consultation and expert review. Based on the outcomes of this process, environmental permits issued by the Environmental Protection Department specify conditions that must be complied with throughout the lifespan of our projects, including control and monitoring of environmental impacts relating to noise, water quality, air quality, waste disposal and ecology, to name a few.

## The Statutory Environmental Impact Assessment Process

Process Guided by  
Technical Memorandum



## SUSTAINABLE RESOURCE USE

In 2015, we purchased over 1,950 GWh from Hong Kong's two electricity providers, representing about 4% of Hong Kong's total energy consumption. Heavy rail accounts for the vast majority, or about 76%, of the electricity that we consume, with our Property Division also representing about 21% of our total electricity consumption. This calculation includes all properties that we own and manage, but only takes account of energy use that we control in those properties (i.e. it does not reflect energy consumed by our tenants).

### Electricity consumption (MWh)

	2014	2015
<b>Total</b>	1,881,469	<b>1,954,893</b>
<b>Railway Operations</b>	1,471,301	<b>1,541,108</b>
Heavy Rail	1,417,339	<b>1,486,014</b>
(Share of total)	75%	<b>76%</b>
Light Rail and Bus	53,962	<b>55,094</b>
(Share of total)	3%	<b>3%</b>
<b>Properties</b>	410,168	<b>413,785</b>
(Share of total)	22%	<b>21%</b>

### Energy efficiency

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

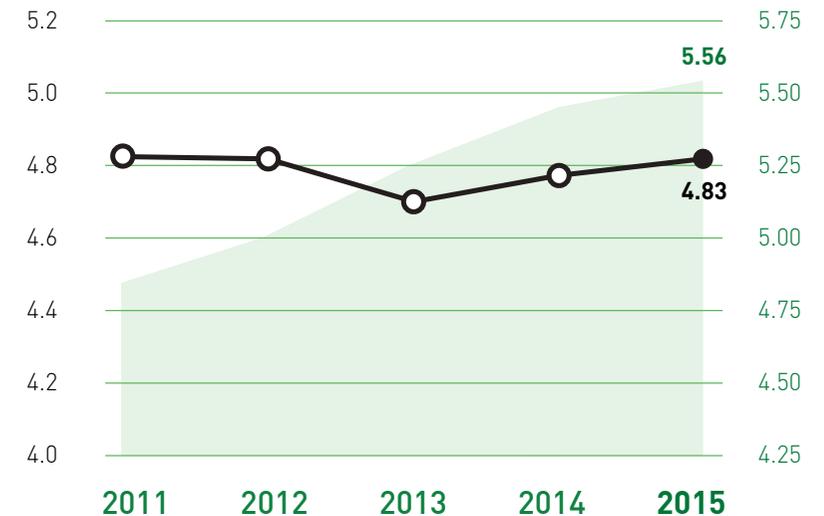
We normalise electricity consumption in two ways in order to evaluate our performance on energy efficiency:

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

### ELECTRICITY EFFICIENCY RATIO OF RAIL ASSETS (HONG KONG)

Electricity consumption per revenue car km (KWh/car km)

Passenger trips (weekday average in millions)



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

## Trends in electricity supply

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

During 2015, we participated in a consultation exercise organised by the Environment Bureau to consider the future arrangements of the SCA in Hong Kong. We reiterated our views for the Government to continue to find an appropriate balance between the objectives of safety, reliability, affordability and environmental protection. To reinforce the introduction of renewable energy and demand side management measures, we also suggested that the Government provide more financial support to the private sector, not only through tax incentives.

### Learn more...

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

## Energy Saving Measures

We have implemented many initiatives to save energy over the years and continue to find new ways to reduce energy consumption in all areas of our business.

At the procurement phase of our new railway lines, we implement a lifecycle cost assessment with our potential suppliers. This assessment enables us to embed energy saving technologies as early as possible, ensuring energy efficient operations at the onset.

In our railway operations, our Energy Management Working Group explores energy efficiency initiatives, including promoting energy conservation amongst staff. At our malls, comprehensive energy saving plans have been established including promotion of energy conservation with staff, tenants, contractors and the public. In 2015 we were awarded for our energy saving efforts with the GREEN PLUS Award in Hong Kong, a collaborative platform that recognises energy efficiency and conservation:

- Railway Operations and The Palazzo received the Grand Award – Prestige Honour Awards for their initiatives; continuing efforts in implementing new energy saving initiatives;
- PopCorn mall received a Bronze Award in the Property Management – Shopping Mall Category.

We are a pioneering signatory of the Government's Energy Saving Charter, voluntarily setting the average indoor temperatures at MTR Headquarters and common areas of office buildings and shopping malls under our management to 24–26°C during summer months. We are also a pioneering signatory of the new Charter for External Lighting – switching off external non-essential lighting after midnight daily.

This infographic in the next page brings together all these initiatives into a concise summary. Please click on the different parts of the diagram to learn more about what we are doing in each area.



### Energy Savings Initiatives

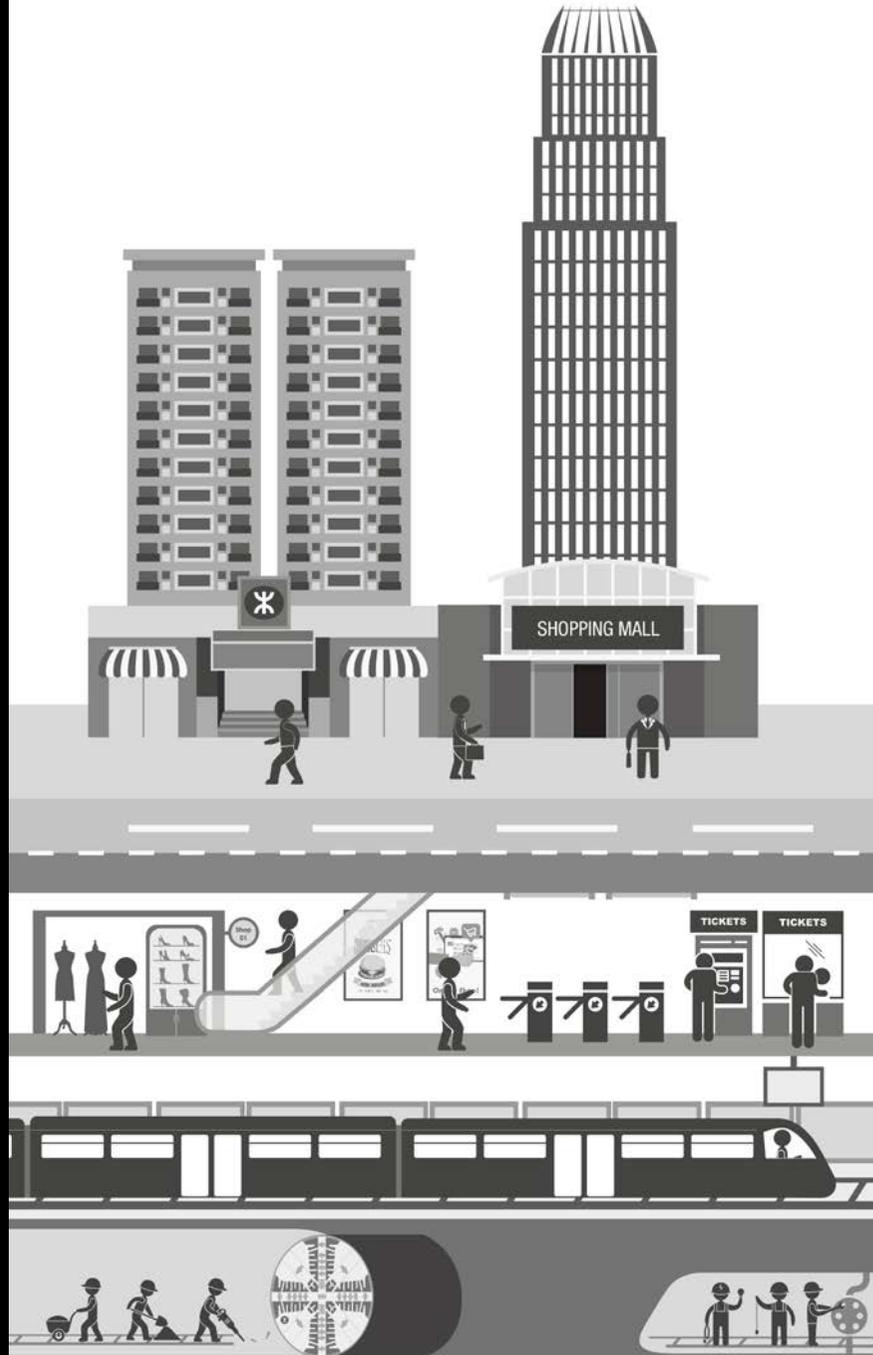
LIGHTING

STATIONS

TRAINS AND TRACKS

PROPERTIES - MALLS / OFFICES

PROPERTIES - MANAGED RESIDENTIAL



## Energy Savings Initiatives



### LIGHTING

**Light Emitting Diodes (LEDs)** - Ongoing replacement to LED lights in stations, advertising panels on trains, tunnelling of new lines, and managed properties including managed residential to provide energy savings of up to 40% compared to conventional light bulbs. They can last up to 50,000 hours, which is two and a half times longer than conventional bulbs.

### STATIONS

### TRAINS AND TRACKS

### PROPERTIES - MALLS / OFFICES

### PROPERTIES - MANAGED RESIDENTIAL

## Energy Savings Initiatives



### LIGHTING

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

### STATIONS

### TRAINS AND TRACKS

### PROPERTIES - MALLS / OFFICES

### PROPERTIES - MANAGED RESIDENTIAL



## Energy Savings Initiatives



### LIGHTING

### STATIONS

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

### TRAINS AND TRACKS

### PROPERTIES - MALLS / OFFICES

### PROPERTIES - MANAGED RESIDENTIAL



## Energy Savings Initiatives

### LIGHTING

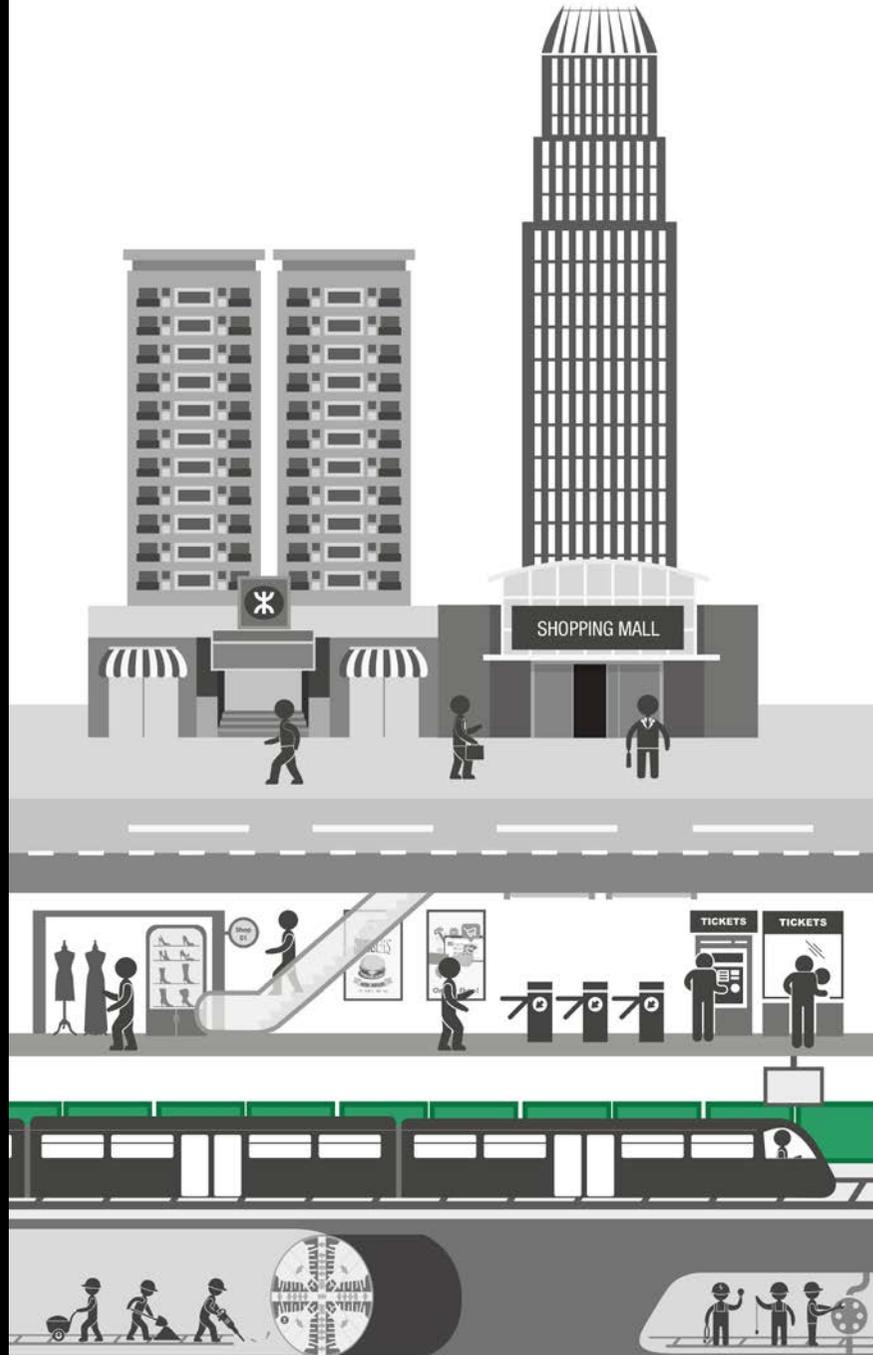
### STATIONS

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

### TRAINS AND TRACKS

### PROPERTIES - MALLS / OFFICES

### PROPERTIES - MANAGED RESIDENTIAL



## Energy Savings Initiatives

### LIGHTING

### STATIONS

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

### TRAINS AND TRACKS

### PROPERTIES - MALLS / OFFICES

### PROPERTIES - MANAGED RESIDENTIAL



### Energy Savings Initiatives

#### LIGHTING

#### STATIONS

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

#### TRAINS AND TRACKS

#### PROPERTIES - MALLS / OFFICES

#### PROPERTIES - MANAGED RESIDENTIAL



## Energy Savings Initiatives

### LIGHTING

### STATIONS

**Variable Frequency Drives (VFD)** - We are installing VFDs at station ventilation systems enabling better energy efficiency. These are now being implemented in stations on the West Rail Line, which started as a pilot C40 Cities Climate Leadership Group initiative.

### TRAINS AND TRACKS

### PROPERTIES - MALLS / OFFICES

### PROPERTIES - MANAGED RESIDENTIAL



## Energy Savings Initiatives

### LIGHTING

### STATIONS

**Chiller Replacement** - Implementing life cycle cost assessment, we will be implementing our 10-year chiller replacement plan in stations, equipping them with higher efficiency chillers (variable speed drive/oil free).

### TRAINS AND TRACKS

### PROPERTIES - MALLS / OFFICES

### PROPERTIES - MANAGED RESIDENTIAL



### Energy Savings Initiatives

LIGHTING

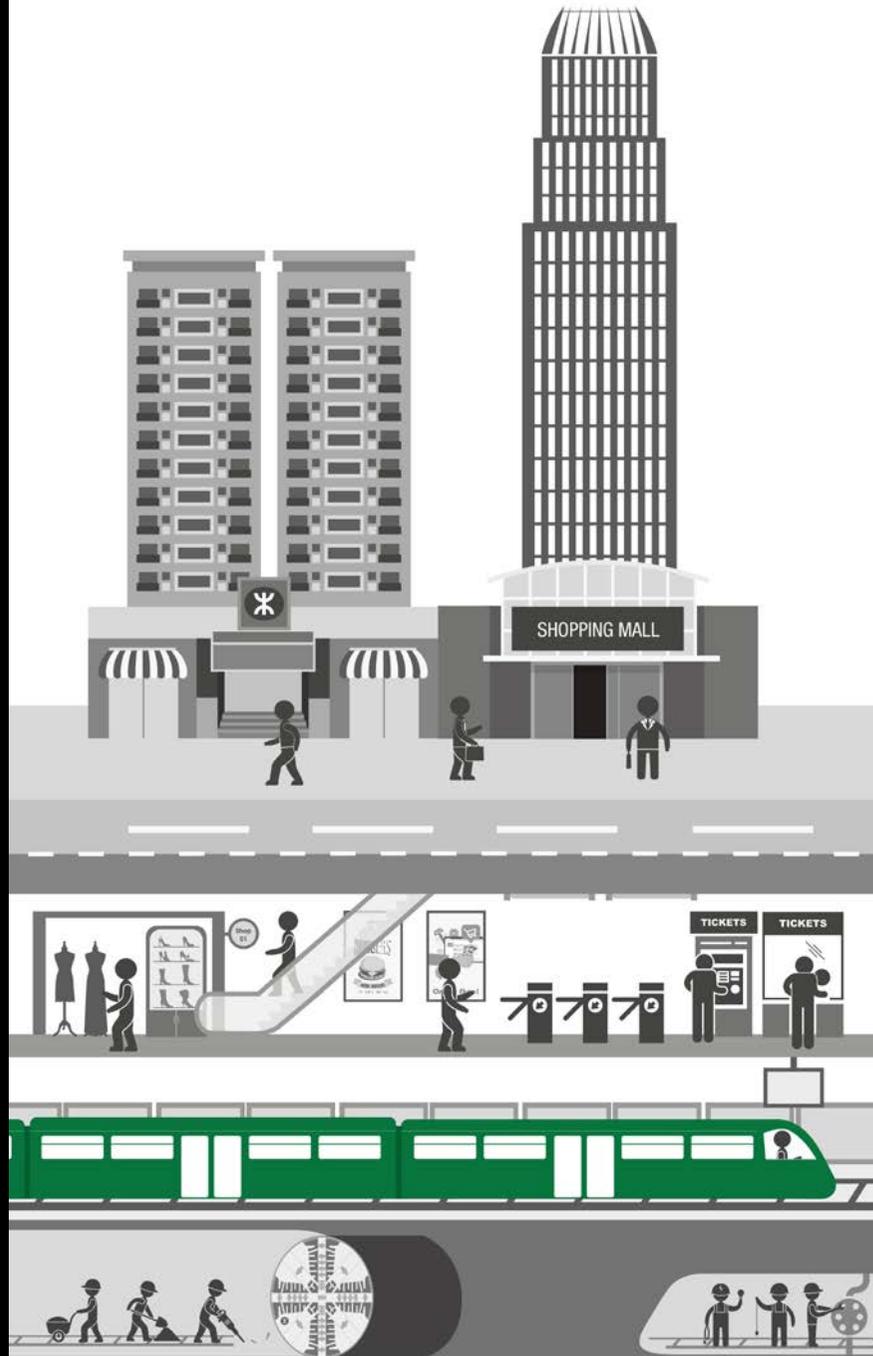
STATIONS

TRAINS AND TRACKS

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

PROPERTIES - MALLS / OFFICES

PROPERTIES - MANAGED RESIDENTIAL



### Energy Savings Initiatives

#### LIGHTING

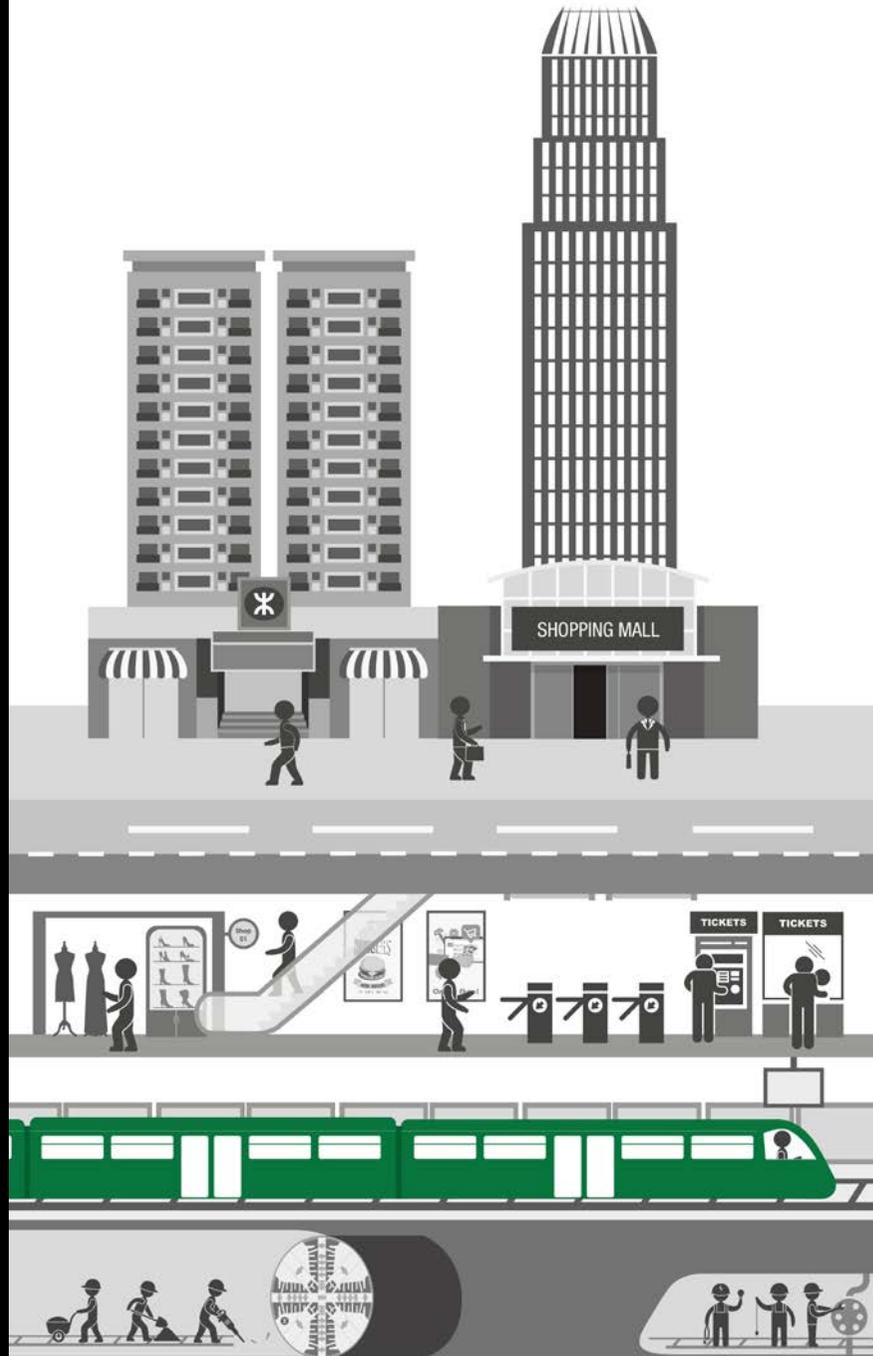
#### STATIONS

#### TRAINS AND TRACKS

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

#### PROPERTIES - MALLS / OFFICES

#### PROPERTIES - MANAGED RESIDENTIAL

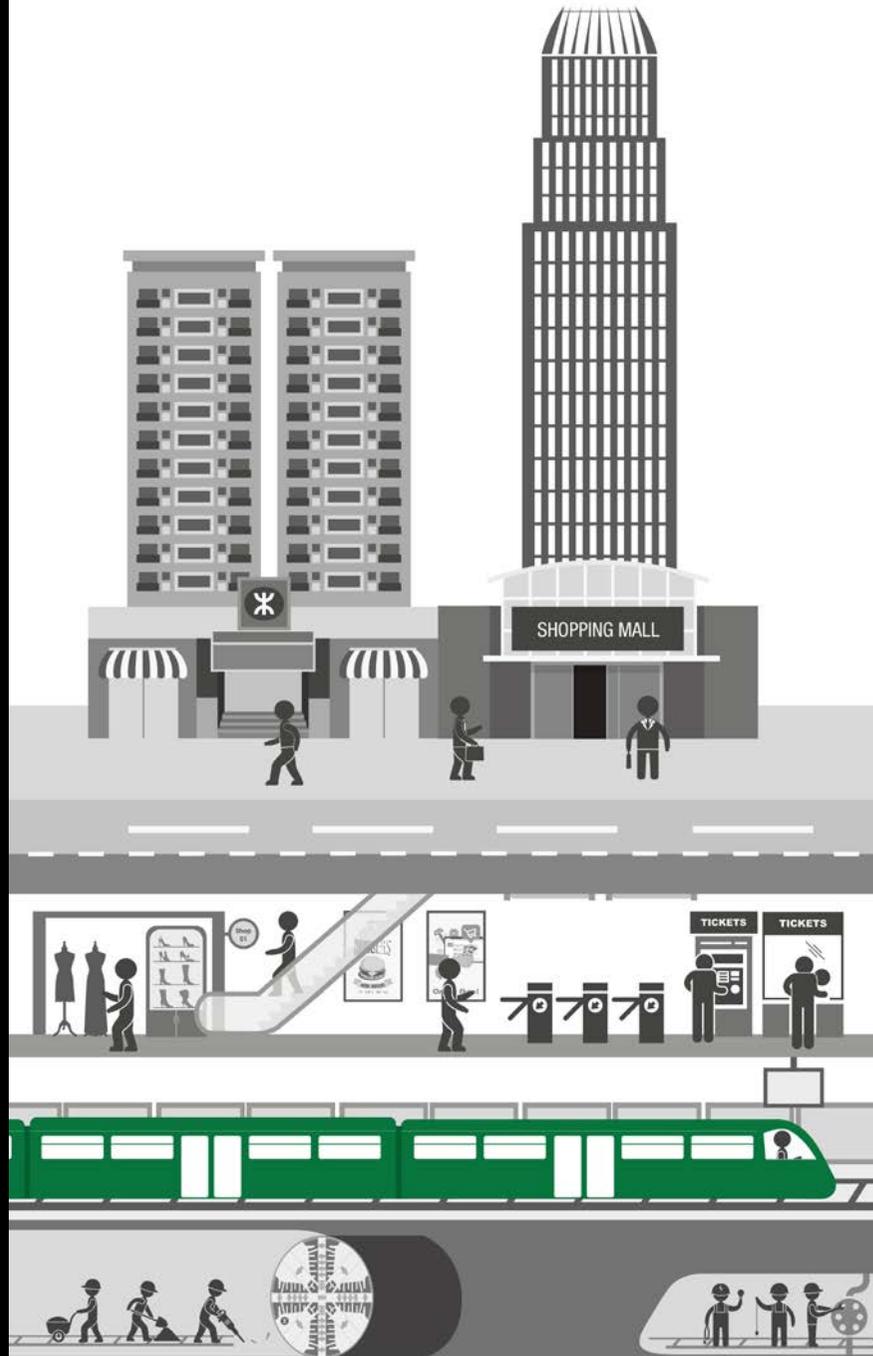


### Energy Savings Initiatives

LIGHTING

STATIONS

TRAINS AND TRACKS



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

PROPERTIES - MALLS / OFFICES

PROPERTIES - MANAGED RESIDENTIAL

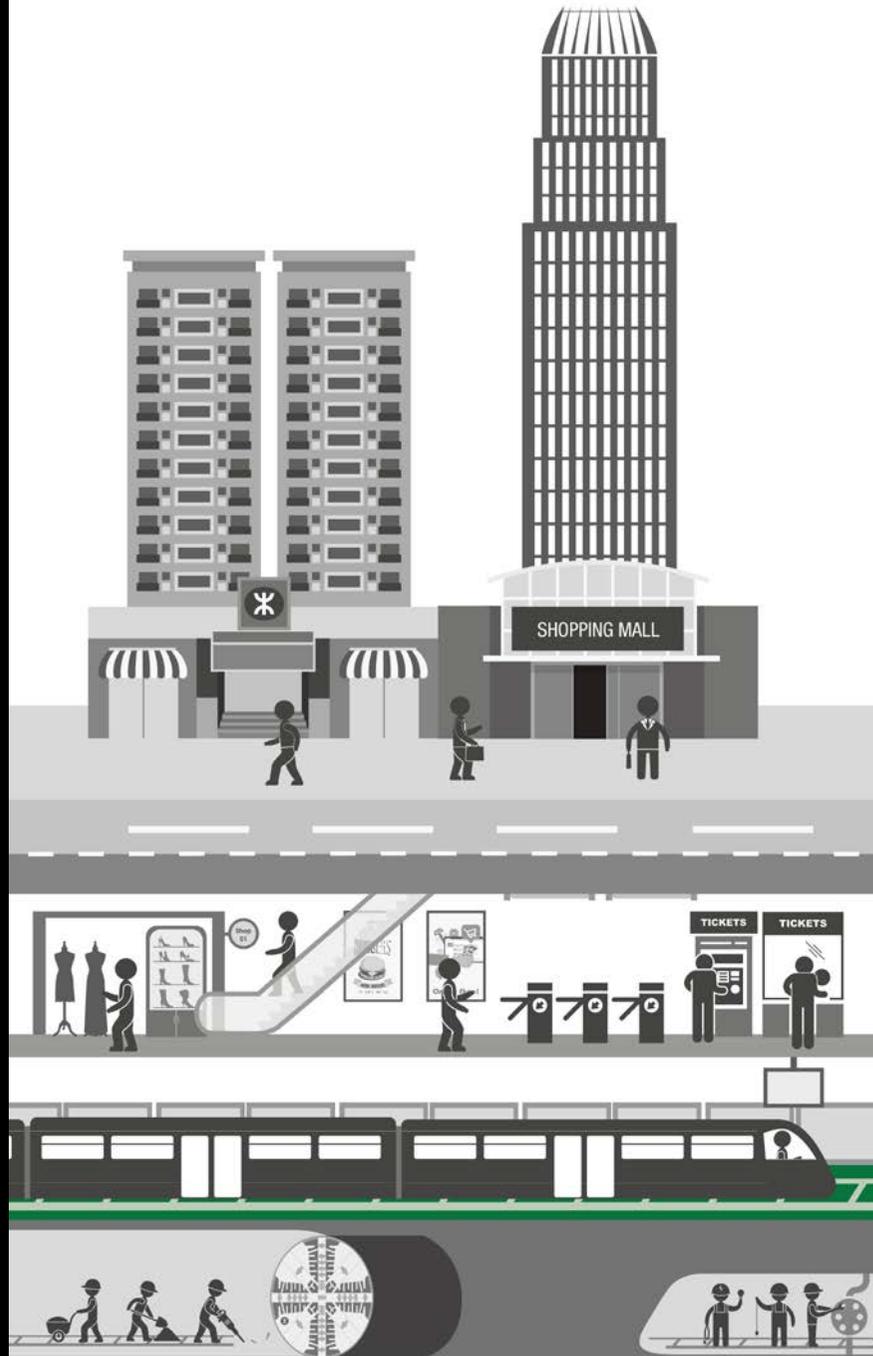


### Energy Savings Initiatives

LIGHTING

STATIONS

TRAINS AND TRACKS



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

**PROPERTIES - MALLS / OFFICES**

**PROPERTIES - MANAGED RESIDENTIAL**



### Energy Savings Initiatives

LIGHTING

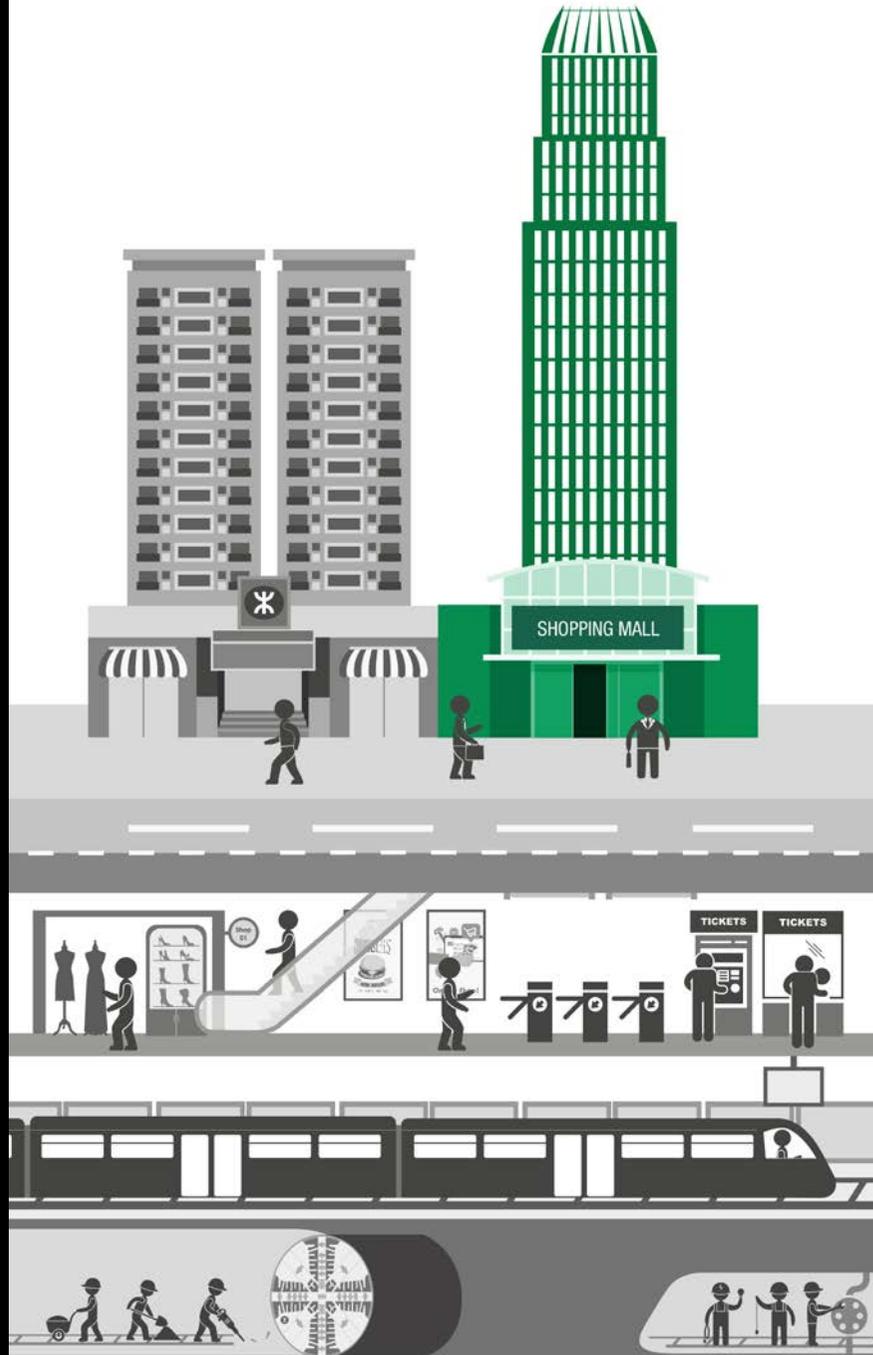
STATIONS

TRAINS AND TRACKS

PROPERTIES - MALLS / OFFICES

**Water-cooled air conditioning system with a combination of conventional and oil-free chillers** - The use of water-cooled systems are more energy efficient than traditional air coolers, and can save up to 20% in energy use.

PROPERTIES - MANAGED RESIDENTIAL



### Energy Savings Initiatives

LIGHTING

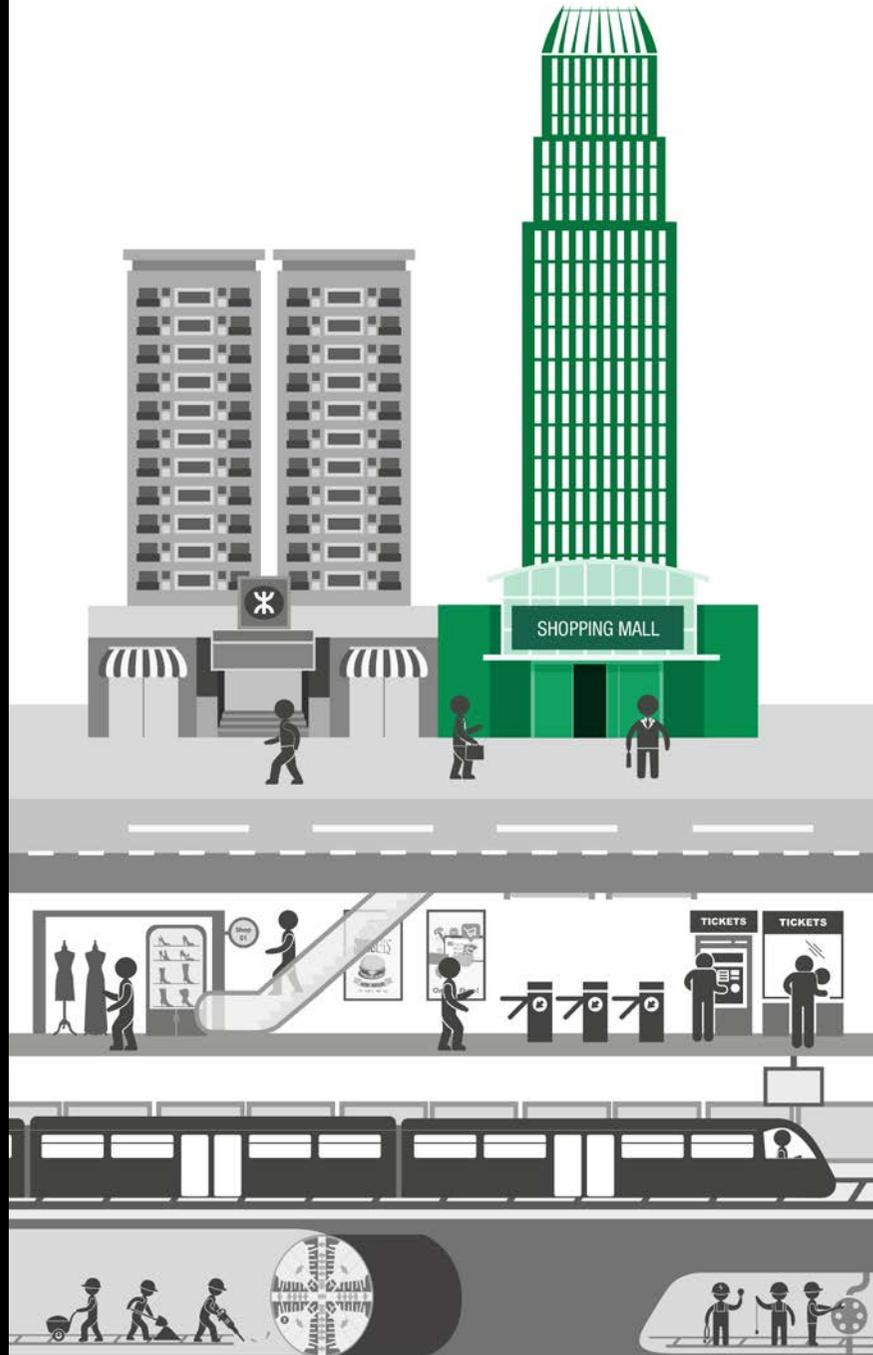
STATIONS

TRAINS AND TRACKS

PROPERTIES - MALLS / OFFICES

**Air Lock Lobbies** - Preventing external hot air from entering and keeping lobbies cooled more effectively.

PROPERTIES - MANAGED RESIDENTIAL



### Energy Savings Initiatives

LIGHTING

STATIONS

TRAINS AND TRACKS

PROPERTIES - MALLS / OFFICES

PROPERTIES - MANAGED RESIDENTIAL

**Air Curtains** - installing air curtains to the air-conditioning fresh air unit at the Clubhouse's Olympic Hall of The Palazzo to enable energy savings.



### Energy Savings Initiatives

LIGHTING

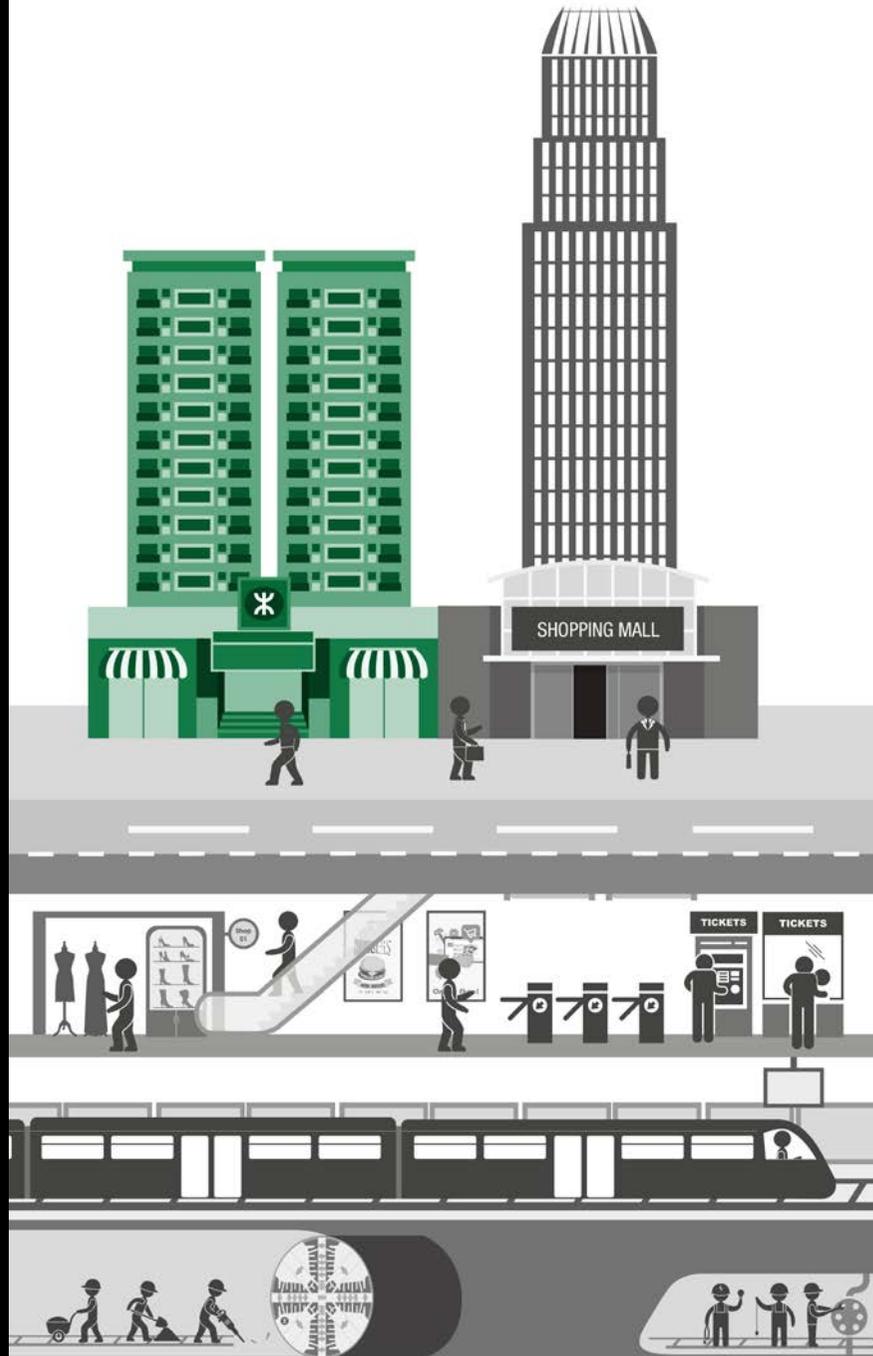
STATIONS

TRAINS AND TRACKS

PROPERTIES - MALLS / OFFICES

PROPERTIES - MANAGED RESIDENTIAL

**Adjustment of operating time for energy consumption equipment** - re-adjusting the operating time for lighting and chillers at common areas.



## Green buildings

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

As we develop more properties in the coming years and renovate our existing managed properties, we are planning to install and utilise equipment that will reduce the buildings' environmental impact.

This table provides a summary of properties and stations that received provisional assessment or certification for environmental standards by the end of 2015.

### Learn more...

Building Environmental Assessment Method ([BEAM](#)) is a rating system for green buildings launched in Hong Kong in 1996.

BEAM Plus is a comprehensive environmental assessment scheme for buildings recognised by the [Hong Kong Green Building Council](#). The current version for new buildings, BEAM Plus version 1.2, has been available for formal registration since November 2012.

Leadership in Energy and Environmental Design ([LEED](#)) is a set of rating systems developed by the US Green Building Council (USGBC) for design, construction, operation, and maintenance of green buildings.

## BEAM Plus, BEAM and LEED Certifications for Properties and Stations

Building Standard	Property	Year
BEAM Plus Gold (Provisional Assessment)	Austin Station Residential	2012
BEAM Plus Gold (Provisional Assessment)	Nam Cheong Station Residential	2013
BEAM Plus Gold (Provisional Assessment)	Tsuen Wan West Station Bayside Residential	2014
BEAM Plus Gold (Provisional Assessment)	Tsuen Wan West Station Cityside Residential	2015
BEAM Plus Gold (Provisional Assessment)	Tsuen Wan West Station Tsuen Wan 6 Residential	2015
BEAM Plus Gold (Provisional Assessment)	Long Ping Station Long Ping (North) Residential	2015
BEAM Plus Gold (Provisional Assessment)	LOHAS Park Site 0 Residential	2015
BEAM Silver	Kowloon West Rail Terminus	2010
BEAM Platinum	The Riverpark, Shatin	2013
LEED Operations and Maintenance: Gold	Two IFC	2013
LEED Core and Shell: Silver	University Station Entrance	2013

## Water Consumption

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

### Water supply risks

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

### Water consumption trends

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

### Water Consumptions (m<sup>3</sup>)

	2014	2015
Total	1,960,585	<b>2,023,116</b>
Railway Operations	851,639	<b>870,630</b>
Managed and Investment Properties	1,108,946	<b>1,152,486</b>

### Conservation of water

We implement measures to conserve water in our managed properties. For example, grey water recycling system at the LOHAS Park collects and treats up to 440,000 litres of water a day from the Capitol and Le Prestige. The system recycles some of the wastewater for re-use in landscaping and cleaning of outdoor public spaces.



## CLIMATE CHANGE

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

We fully support the UITP Declaration on [Climate Leadership](#), which is an 11-point declaration outlining the impact of climate change, our responsibility to act and our commitment to be Climate Leaders.

### Learn more...

On 12 December 2015, the Paris Agreement was adopted by the governments of 195 countries following two weeks of negotiations at the 21st Conference of Parties in Paris (COP 21). The international agreement sets an ambition to keep temperature rise below 2°C; as well as to make efforts to keep it below 1.5°C with countries to set emission reduction targets. The MTR Corporation applauds this milestone. Leading up to COP 21 and in support of it, we provided information regarding our climate change measures in the [Hong Kong Government's Climate Change Report 2015](#) launched in November 2015.

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

### Climate Risks

At corporate level, the Company's [Enterprise Risk Management \(ERM\) Framework](#) also includes a yearly risk assessment of climate risks. Specific issues related to climate change impacting railway operations, property development, investment and management facilities are identified and managed at asset-level by respective departments. When reviewing the risks, we make reference to local and international organisations including the UITP and the Hong Kong-based Business Environment Council.

### Mitigation

#### Greenhouse gas emissions

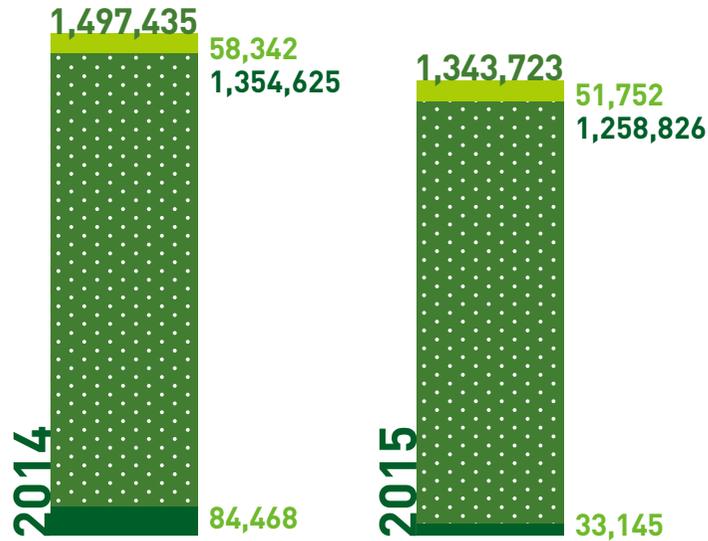
We have been reporting on our Greenhouse gas (GHG) emissions since 2002. We monitor Scope 1, 2 and 3 GHG emissions in accordance with the [Greenhouse Gas Protocol](#), and also make reference to [guidelines](#) published by the Environmental Protection Department and Electrical and Mechanical Services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

With the majority of our GHG emissions coming from energy use, our mitigation strategy is significantly dependent on our energy saving efforts.



### GREENHOUSE GAS EMISSIONS (tCO<sub>2</sub>e)

- Scope 1
- Scope 2
- Scope 3



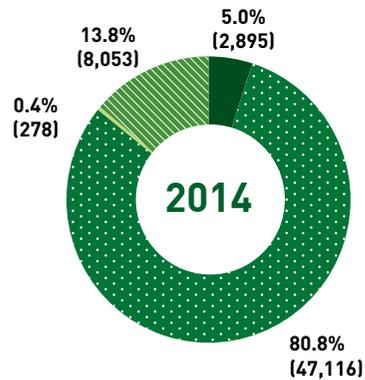
**Scope 1** emissions are direct GHG emissions from sources that are owned or controlled by the Company, such as emissions from fossil fuels burned on site.

**Scope 2** emissions are indirect GHG emissions resulting from the generation of electricity, heating and cooling, or steam generated off site but purchased by the Company.

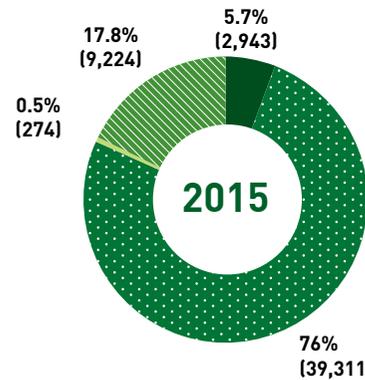
**Scope 3** emissions include indirect GHG emissions from sources not owned or directly controlled by the Company but related to our activities.

### BREAKDOWN OF SCOPE 1 EMISSIONS (tCO<sub>2</sub>e)

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



Total: 58,342



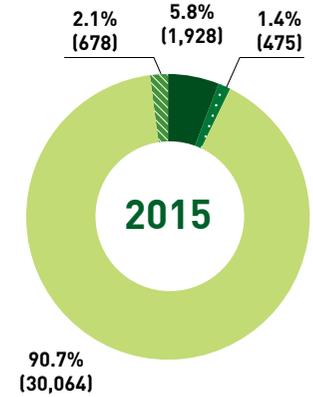
Total: 51,752

### BREAKDOWN OF SCOPE 3 EMISSIONS (tCO<sub>2</sub>e)

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



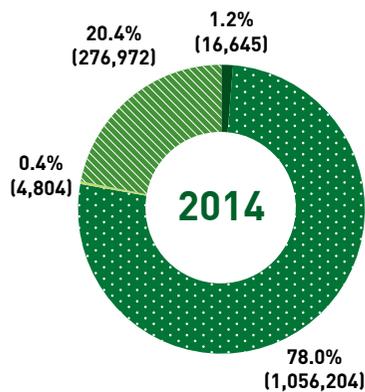
Total: 84,468



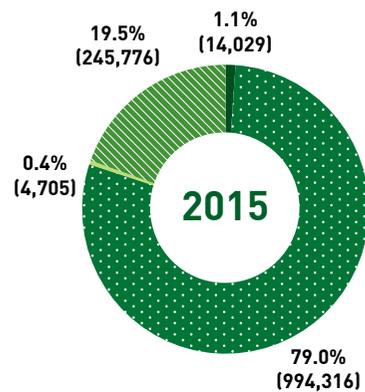
Total: 33,145

### BREAKDOWN OF SCOPE 2 EMISSIONS (tCO<sub>2</sub>e)

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



Total: 1,354,625



Total: 1,258,826



### Carbon Disclosure Project

We have participated in the Carbon Disclosure Project (CDP) Climate Change Programme each year since 2006 and have also been included in the CDP's Asia ex-Japan Climate Disclosure Leadership Index since 2012.

#### Learn more...

The Carbon Disclosure Project [CDP] is an organisation based in the United Kingdom, which works with shareholders and corporations to disclose GHG emissions of major corporations around the world. It is possible to obtain a copy of the Company's response to the CDP's climate change questionnaire in 2015 from their website.

### Lifecycle carbon assessment

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

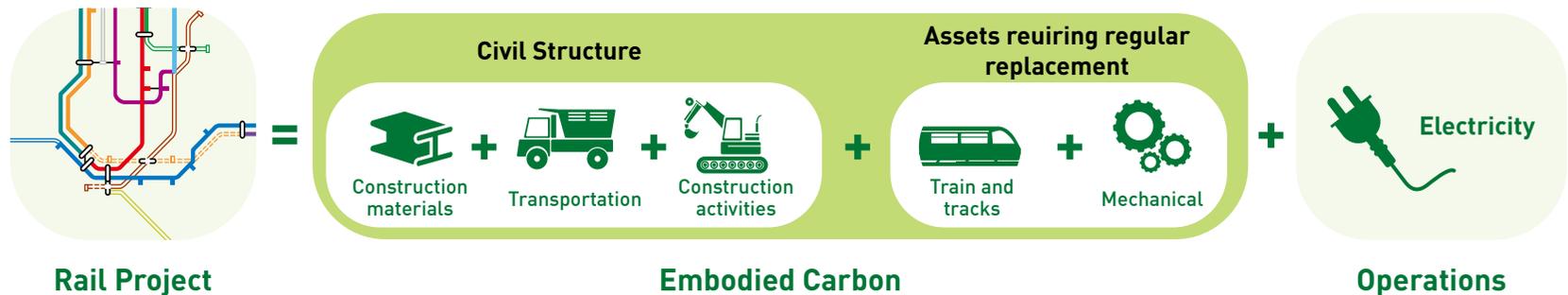
#### Did you know?

In 2015, the Hong Kong Construction Industry Council launched a new labelling scheme for embodied carbon of selected construction materials. Although we support this initiative, we believe that it will take significant time for the market in low-carbon products to mature in Hong Kong.

### Climate change mitigation

The majority of our GHG emissions are indirect emissions arising from purchased electricity for transport operations, properties and other businesses. This electricity is supplied by two vertically-integrated suppliers and is generated from a mix of coal, natural gas and nuclear power. Since we exercise minimal influence over the source of electricity that we consume, our mitigation efforts focus on energy saving measures.

### SCOPE OF LIFE CYCLE ASSESSMENT



## Adaptation

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

### Major Drivers of Climate Change Impacts in Hong Kong

*Annual Mean Temperature* — To increase by 1.5–3°C by 2060 and 3–6°C by 2100.

*Average Annual Rainfall* — To increase by 11% by 2100.

*Extreme Rain* — Rain events > 100mm per hour to occur more frequently.

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

#### Learn more...

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

## Heavy rain and flooding

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

Extreme weather has the potential to disrupt normal operations. To provide safe and reliable service to our customers, our Operations Division has incorporated appropriate procedures for frontline staff, including special procedures and equipment for extreme weather such as stronger typhoons, rainstorms, amongst others. Our Property Division has also taken steps to ensure the implementation of procedures and that there is sufficient manpower and equipment to handle serious flooding situations.

## Rising temperatures

Hotter weather will have a direct impact on Heat, Ventilation and Air-Conditioning (HVAC) systems, leading to increased maintenance requirements and higher operational costs. Extreme heat also presents a direct risk to the well-being of staff and contractors, especially those working on construction sites. We have been implementing heat stress prevention measures and guidelines across all our sites during hot summer months in line with the advice published by the Hong Kong Labour Department.

#### Learn more...

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



## ENVIRONMENTAL PROTECTION

### Noise

#### Rail operations

Noise generated by operations of our trains and maintenance activities on our railway network is a major concern for affected stakeholders. During 2015, our Operations Division received 246 complaints about noise, accounting for 91% of all environment-related complaints received throughout the year.

We conduct regular surveillance on noise levels along our railway and monitor saloon noise inside our trains with reference to an internal benchmark that was established based on feedback from passengers. While our railway is kept in good condition, we are also continually making improvements to mitigate the effects of operational train noise on the community. For example, in 2015 we implemented several initiatives such as modifying two turnouts to plain tracks near Yim Po Fong Street on the East Rail Line, and installing rail dampers on a section of the track from Sai Ying Pun Station to Sheung Wan Station to improve the saloon noise inside our trains.

#### Construction of new lines

When construction is in proximity to a densely populated area, we take extra care to control noise reasonably. As such, we have implemented a number of systematic initiatives to ensure consistent application of noise mitigation measures across the construction of new lines. These include:

- The employment of independent acoustic consultants
- Provision of a construction noise permit management plan
- Establishment of a permit-to-work system to ensure equipment use meets specifications and users are trained in noise control compliance.

Noise mitigation measures are typically developed through inter-departmental collaboration in the different project stages. This cooperation has enabled us to come up with innovative mitigation measures.

#### Did you know?

##### Innovative noise mitigation measures on new lines

To minimise noise disturbance in the construction of our new lines, we developed a “mobile sound insulation booth” for the East Rail Line platform strengthening works. These mobile, full noise enclosures can be set up within 15 minutes to reduce noise by 25 dB(A). The flexibility provided by these noise enclosures means we are able to carry out the retrofitting works at night during the non-traffic hours without disturbing neighbouring residents, and the platforms can be quickly restored to operational condition every morning.

Our noise mitigation measures are often designed to be aesthetically pleasing as well. The green noise enclosure/barriers around the viaduct section of South Island Line (East) will be complemented by trees and shrubs planted under the viaducts to help structures blend in with the natural landscape in the area.



## Air Quality

Monitoring air quality in our trains and stations helps to ensure healthy and comfortable journeys for our passengers, whilst contributing to the wellbeing of our workers. We undertake regular indoor air quality monitoring in our railway system in accordance with the Government's guidance note for railway facilities.

The carbon dioxide levels at our stations and in our trains in 2015 are within 2,500 ppm in peak traffic hours.\* No measurements of carbon dioxide levels during the monitoring periods exceeding the EPD Level One hourly average criteria have been recorded. Air quality of this standard indicates "good air quality of a comfortable railway facility with no health concerns identified," and is defined as Level One Criteria by the Environmental Protection Department (EPD) of Hong Kong's Practice Note for managing air quality in air-conditioned railway facilities.

\*Carbon dioxide is selected as a surrogate indicator because its concentration in an indoor environment is a good indicator of the effectiveness of ventilation systems and the adequacy of ventilation. Reference: "Practice Note for Managing Air Quality in Air-conditioned Public Transport Facilities."

### Did you know?

#### Using modern Euro buses

MTR Bus has been providing a safe and comfortable feeder service for residents of the Northwest New Territories since the railway merger.

Since 2012, a total of 52 replacement buses have been introduced, all fitted with environmentally friendly Euro V engines, meeting the latest and most stringent emissions standards in Hong Kong. The next round of replacement involves 68 buses which will be in full service before the end of 2017.

### Did you know?

MTR was presented with a "Special Commendation Award" by the Environmental Protection Department for continuous efforts over the years to maintain a good and healthy indoor environment for staff and customers at our offices and properties. The following MTR properties were awarded:

- "Excellent Class": Citylink Plaza, Two ifc, Sorrento, The Palazzo, Maritime Square, Ocean Walk, Paradise Mall (East Wing), Paradise Mall (West Wing) and MTR Hung Hom Building
- "Good Class": 25 properties including MTR Headquarters Building, Fo Tan Railway House, MTR Kam Tin Building; and 22 shopping malls and managed properties.



## Waste

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

### Recycling of construction waste

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

### Recycling waste from railway operations

Each station in our heavy rail network has at least one set of recycling bins, and more for larger and more frequented stations. We are working to add more recycling bins in selected stations, as well as to inform customers of the locations of these bins. We are also currently working on the robust collection and reporting of our waste data – both recycled and general waste in preparation for the Government’s proposed regulation on waste.

We have also implemented recycling programmes for metals and spent oil.

### Discharge of wastewater

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

## Recycling in managed properties

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

### Partnerships to reduce food waste

To contribute to tackling the issue on food waste, MTR joined the Food Wise Hong Kong Campaign as one of its first signatories and as a member of its steering committee to support the Government and other stakeholders. We strive to reduce the environmental impacts of food waste in the following ways:

**MTR Malls** — Under our self-initiated MTR Malls Food Waste Reduction Pledge, we work with food and beverage tenants to minimise potential waste at source and to promote food-waste reduction practices in the shopping mall sector. In 2015, we partnered with Food Angel for a pilot programme to collect edible surplus food from our Food and Beverage tenants to benefit the underprivileged communities in Hong Kong.

**Managed residential estates** — Under our Central Food Waste Recycling for Improving Estate Environment initiative, we have organised different promotional programmes such as Leftover Dyeing Workshop to encourage residents to turn their food waste into other uses and installed food waste composting machines to convert food waste into compost at some of our managed properties.

#### Learn more...

According to a report issued by the Environmental Protection Department, Hong Kong generates over 3,000 tonnes of food waste every day. The Food Wise Hong Kong Steering Committee formulates and oversees the implementation strategy of the [Food Wise Hong Kong Campaign](#).

## Ecology

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

### Learn more...

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

## Tree Protection

In 2015 we developed DANTE Tree for implementation on Shatin to Central Link. It is a collaborative platform that acts as a central control hub for conducting tree health and risk evaluation for over 3,000 trees. This web-based application is loaded with built-in local arboriculture knowledge and provides visualisation interfaces for our new railway projects. Since the implementation of the system, the survival rate of our trees (both transplanted and retained) has been maintained well above 90% with no incidents or accidents related to tree health. The DANTE Tree was awarded the Certificate of Merit in the Best Innovation (Green ICT Innovation) category under the annual Hong Kong ICT Awards scheme.

To date, we have transplanted about 2,000 trees as part of the five railway projects.

### Did you know?

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

## Lok Ma Chau (LMC) Ecological Enhancement Area

In 2002, the Sheung Shui to Lok Ma Chau Spur Line, part of the East Rail Line, became a Designated Project under the Environmental Impact Assessment Ordinance. The Environmental Impact Assessment (EIA) for this project identified the need for a 32-hectare Ecological Enhancement Area (EEA) to mitigate impacts from construction and operation of the spur line on wetland fauna in this ecologically sensitive part of Hong Kong. Located on the eastern side of the Mai Po Inner Deep Bay Ramsar Site in the northeast New Territories, the EEA was established in 2007 and helps to maintain biodiversity by providing habitat environments for target species. For the past 13 years, we have been working with a group of environmental professionals on the management of the EEA. This arrangement is the first of its kind and an example of best practice in the region on biodiversity management.





Bena Smith, Mai Po,  
WWF - Hong Kong,  
LMC Environmental Committee Member



*" The LMC EEA is an exemplary example of wetland compensation. Through consistent implementation of high quality habitat management, ecological monitoring and research, it has set the standard for similar projects in Hong Kong. Part of its success can be attributed to the management team's flexibility to adapt management practices, willingness to introduce new measures, and receptiveness to advice given by the Environmental Committee.*

Karen Barretto,  
Friends of the Earth Hong Kong,  
LMC Environmental Committee Member



*" MTR have demonstrated their commitment by putting money towards the project and monitoring its performance and this has meant that a highly valuable model of excellence has been created which sets the benchmark for other projects here in Hong Kong and elsewhere.*

### Conservation of migratory birds

The marshes and fishpond areas of the EEA provide important nesting sites for migratory birds. During the 2015 breeding season, for example, 136 pairs of birds representing 10 different species are believed to have bred successfully. Overall, more than 260 species have been spotted in the EEA since 2007, about half of all species ever recorded in Hong Kong. There is also high abundance of a globally-threatened species called the Black-faced Spoonbill (*Platalea minor*).

We are working on implementing measures to improve the habitat of a local concern targeted species such as the Pheasant-tailed Jacana (*Hydrophasianus chirurgus*).

### Conservation of other species

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

# CORPORATE GOVERNANCE



21%

Female on the Board



13 INED

5 NED

1 ED



4

Substantiated / partially substantiated whistle-blowing cases



## INTRODUCTION

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.

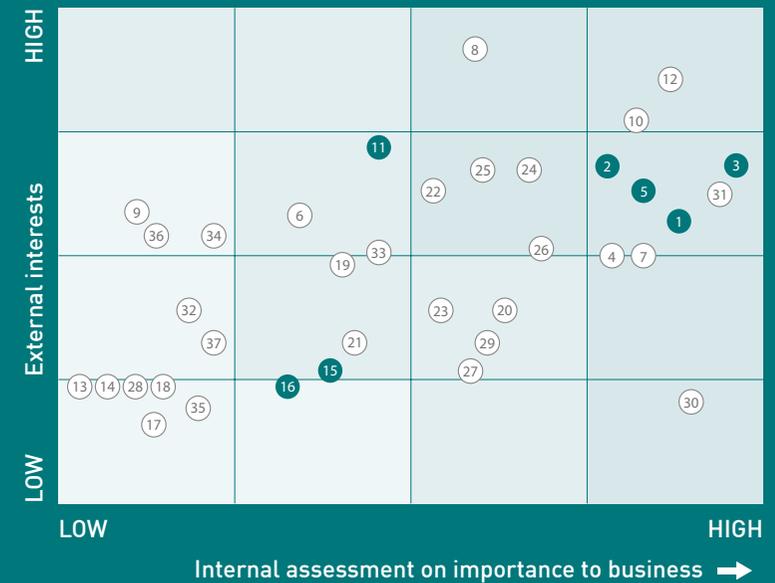
### Learn more...

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

Since our Annual Report details our corporate governance activities, this section outlines our corporate governance approach in relation to corporate responsibility.

Corporate responsibility is one of the principles that guides our corporate behaviour and supports the delivery of our corporate strategy. Grounded on our Vision, Mission and Values (VMV) and informed by our established Enterprise Risk Management and Stakeholder Engagement processes, it is our aim to grow sustainably as a Company while contributing to the development of our communities.

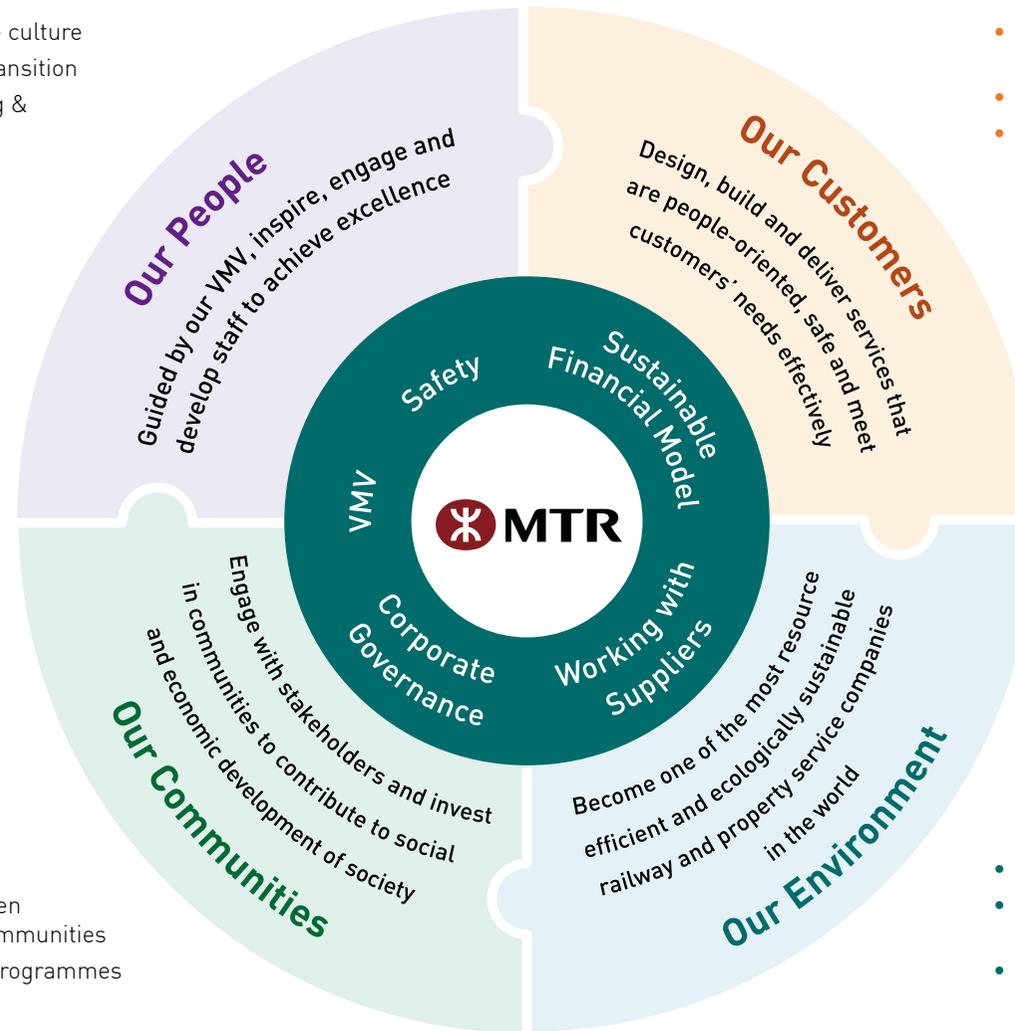
## Materiality issues covered in this chapter



- ① Organisational governance structure and process
- ② Fair operating practices (ethical dealings with other organisations)
- ③ Anti-corruption
- ⑤ Fair competition
- ⑪ Customer data protection & privacy
- ⑮ Human rights grievances mechanism
- ⑯ Diversity and equal opportunity

Enabling the social and economic development of communities, enhancing quality of life and fostering a thriving environment in which to live and do business

- Strengthen corporate culture
- Support workforce transition
- Invest in staff training & development



- Design and plan customer needs at the core
- Enhance service delivery
- Improve accessibility

- Enable progress
- Engage and strengthen relationships with communities
- Deepen community programmes

- Increase energy efficiency
- Use natural resources sustainably
- Adapt to climate change



## What does corporate responsibility mean to us?

Our rail and property services are closely linked to the lives of the people and communities we serve. Here at MTR, corporate responsibility is therefore about maintaining our sustainable financial model and, at the same time, operating safely and responsibly in all aspects of our business and contributing positively to the development of the communities in which we operate.

## Management Approach

As Corporate Responsibility is every employee's responsibility, we established a governance structure both at the board and executive levels to ensure that it is embedded within the organisation. The Corporate Responsibility Committee and Risk Committee at the Board, as well as the Executive Committee, work hand-in-hand to ensure that risks and opportunities arising from corporate responsibility issues are identified and addressed proactively and effectively.

## Board of Directors

The Board of Directors is our highest governing body. Led by the Chairman, it focuses on overall strategic policies and corporate governance. In 2015, we announced the retirement of Dr Raymond Ch'ien after 12 years as Chairman of the Company; and the appointment of Professor Frederick Ma Si-hang as the Company's Chairman, effective on 1 January 2016. Professor Ma chairs the Corporate Responsibility Committee at the Board level, in addition to being a member of two other committees formed at the Board level. Mr Lincoln Leong Kwok-kuen, formerly Acting Chief Executive Officer, was appointed as Chief Executive Officer and a Member of the Board for a term of three years commencing 16 March 2015. He is also a member of the Corporate Responsibility Committee.

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

### Learn more...

Please visit the Investors Relations page to find out more about our [members of the Board and the Executive Committee](#).

The Company has a Board Diversity Policy which ensures that Board members have an appropriate balance of skills, experience and diversity of perspectives. This diversity enhances the effective execution of our business strategy.



## BOARD DIVERSITY

### Gender



### Number of Years with MTR (Years)



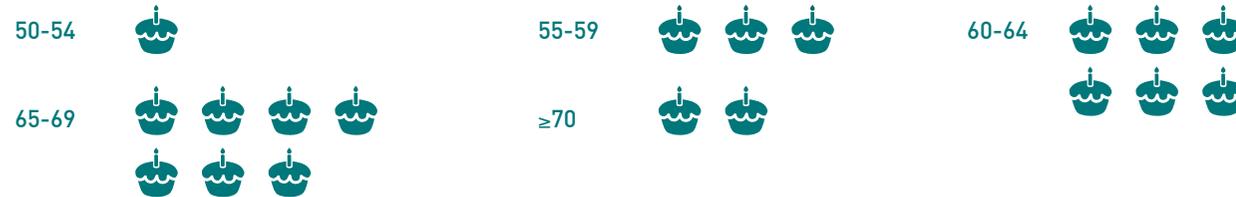
### Designation



### Outside Directorships (Number of companies)



### Age Group



### Learn more...

Please refer to [Terms of Reference](#) and our [Board Diversity Policy](#) on the [Investor Relations](#) section on our website.

### Executive Committee

The Board has delegated the day to day management of the Company's business to the Executive Committee. Led by the Chief Executive Officer and since 1 May 2016, this Committee is made up of all the Members of the Executive Directorate, of which four new positions were created between 2015 and 2016. They are the Managing Director - Operations and Mainland Business, the European Business Director, the Corporate Affairs Director and the Engineering Director.

### Corporate Responsibility (CoR) Committee

Reports to: Board of Directors  
 Chaired by: Chairman of the Board  
 Frequency of meetings: Twice a year  
 Composition: One Non-Executive Director (being the Chairman of the Board), three Independent Non-Executive Directors (since 1 January 2016), and three members of the Executive Directorate, including the Chief Executive Officer (CEO), the Legal Director & Secretary (LD&S) Human Resources Director (up to 31 December 2015) and Corporate Affairs Director (since 1 January 2016).

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

### Risk Committee

Reports to: Board of Directors  
 Chaired by: An Independent Non-Executive Director, appointed by the Board  
 Frequency of meetings: Quarterly  
 Composition: At least four Non-Executive Directors, with a majority of Independent Non-Executive Directors.

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

### Corporate Responsibility Steering Committee (CoRSC)

Reports to: Executive Committee  
 Chaired by: Legal Director & Secretary (up to 31/12/2015); Corporate Affairs Director (since 1/1/2016)  
 Frequency of meetings: Three times a year  
 Composition: Executive Directors and senior managers representing all major business units.

The CoR Steering Committee provides input to and cascades initiatives related to corporate responsibility and sustainability across all divisions of the Company.

### Enterprise Risk Committee (ERC)

Reports to: Executive Committee  
 Chaired by: Legal Director & Secretary  
 Frequency of meetings: Quarterly  
 Composition: Members of the Executive Directorate and senior managers representing all major business units.

The Enterprise Risk Committee ("ERC"), which is chaired by the Legal Director & Secretary and comprises management representatives from key business functions, has accountability for the ERM framework. The ERC is mandated by the Executive Committee to steer the implementation and improvement of the framework, review the Company's top risks and key emerging risks every quarter, and also report the key risks to the Executive Committee and the Risk Committee, on a quarterly basis, and to the Board on a six monthly basis.

### External charters and memberships

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



### Learn more...

For more information regarding the status our new lines, please refer to the [Executive Management Report - Network Expansion](#) in our Annual Report, and the [Express Rail Link website](#) for more information.

## Enterprise Risk Management

Our ERM framework provides a simple and effective management process to identify and review risks across all business units of the organisation, and prioritise resources to manage those risks that arise. It also gives management a clear view of the significant risks facing the Company and is used to support decision making and project execution, in turn helping to deliver better business performance. Each risk is evaluated by the likelihood of the identified risk and the consequence of the risk event taking into consideration the control measures in place. A risk matrix is used to determine risk ratings (E1 – E4), E1 being a very high risk and E4 being a low risk. The risk ratings reflect the required management attention and risk treatment effort.

The Company takes proactive measures to identify, evaluate and manage significant risks arising from its recurrent and growth businesses and from the constantly changing business environment. The ERC, the Executive Committee and the Risk Committee review the enterprise risk profile and brainstorm emerging risks quarterly to ensure significant risks are captured. Identified significant risks are then evaluated using the risk matrix, and risk control owners are identified to follow through the implementation of risk controls. Significant risks currently being managed are set out in our [Annual Report](#).

## Corporate Policies

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

Please refer to the following policies, which can be downloaded from this site:

[Corporate Responsibility Policy](#)

– which includes sustainability, climate change and biodiversity policies

[Safety Policy](#)

[Whistle-blowing Policy](#)

[Corporate Board Diversity Policy](#)

[Green Procurement Policy](#)



## FAIR AND ETHICAL BUSINESS

Our success depends on the trust placed in us by our stakeholders. It is therefore the responsibility of all members of our staff to uphold our reputation as a fair and ethical business at all times. In 2015, in line with the full operation of the Competition Ordinance on 14 December 2015, we reviewed our business arrangements and practices, released a new compliance manual and organised seminars to increase awareness of our staff on this topic.

### Code of Conduct

In 2014, we carried out a comprehensive review of our Code of Conduct ("the Code") and made revisions so that it will be more user-friendly for members of our staff to comprehend. In 2015, we launched the revised Code and undertook a massive internal communication and education campaign to raise awareness and understanding on the revised Code. The campaign involved games and videos with quizzes in mobile apps to explain the Code in real life situations and in a fun and easy manner. Together with other corporate policies and guidelines, the Code reinforces the trust placed in us by our stakeholders. It aligns with our VMV and supports our goal to enhance transparency. Staff members at all levels are required to uphold the highest standard of business ethics and respect principles of fairness, impartiality and integrity in all locations where we do business.

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

#### Learn more...

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

### Anti-Corruption and Whistle-Blowing

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

All reports of misconduct are treated with the utmost urgency, confidentiality, and respect. During 2015, our Whistle-blowing Panel evaluated 19 cases, of which 12 did not meet our definition of "whistle-blowing", with three determined to be unsubstantiated through follow-up investigations. The four cases that were substantiated or partially substantiated related to conduct of individual staff members and did not involve allegations of unfair or unlawful behaviour by the Company. Appropriate follow-up action is being taken in response to the substantiated cases, including disciplinary action where appropriate. The two cases that were still under investigation as reported in the 2014 Sustainability Report were both found partially substantiated. Both cases were related to the conduct of individual staff members.



# STAFF



**25,284**  
Global staff strength



**3.7%**  
Voluntary turnover rate



**6.6 days**  
Average training days  
per employee



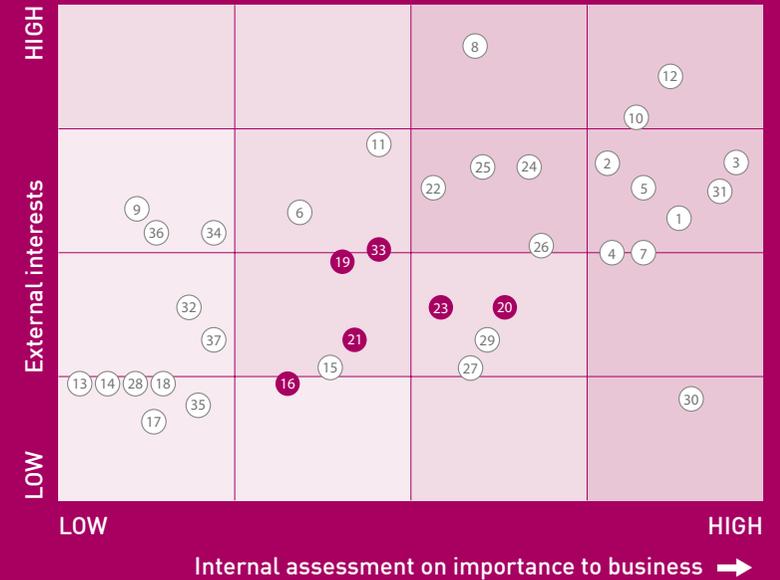
## INTRODUCTION

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

In 2015, we were identified as one of Hong Kong's most attractive employers in a survey conducted by the Randstad Group, one of the world's most established providers of human resource services. This is the third year in a row that we have been included in the top five.

Although it is gratifying to receive recognition for our achievements, as our business expands within Hong Kong and across the globe, we also recognise that we are facing a number of challenges for our management of human resources (HR). These include increasing manpower demand due to network expansion, service enhancement, and staff movements, workforce transition, succession planning and knowledge transfer. Responding to the need for nurturing future railway professionals, our Chairman, Professor Ma announced our plans to set-up the MTR Academy in January 2016.

## Materiality issues covered in this chapter



- 16 Diversity and equal opportunity
- 19 Employment practices
- 20 Conditions of work & social protection
- 21 Staff consultation and engagement (incl freedom of association and collective bargaining)
- 23 Employee development & training
- 33 Employment creation and skills development



## Our People

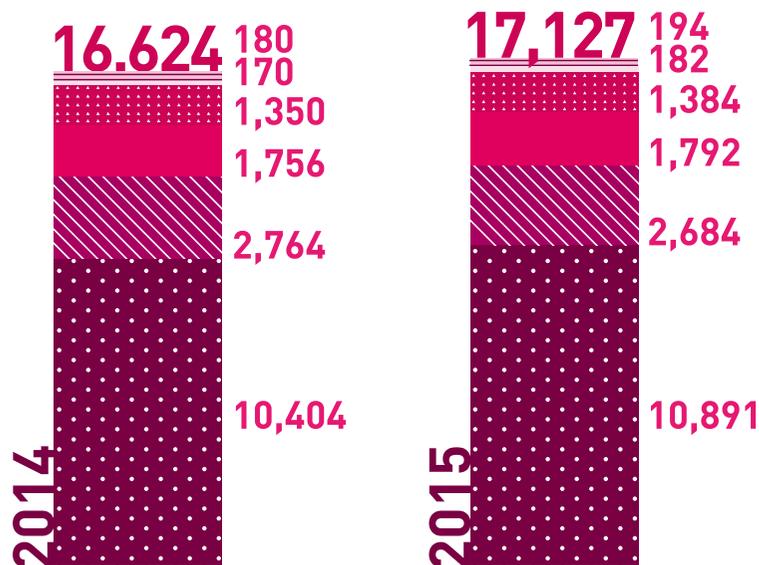
Our businesses are commonly associated with physical assets, such as rails and tracks, stations, depots and buildings. Ultimately, however, we depend on the strength and versatility of our workforce to design, build, operate and maintain this infrastructure, bringing it to life each day.

The following tables introduce the composition of our workforce in Hong Kong.

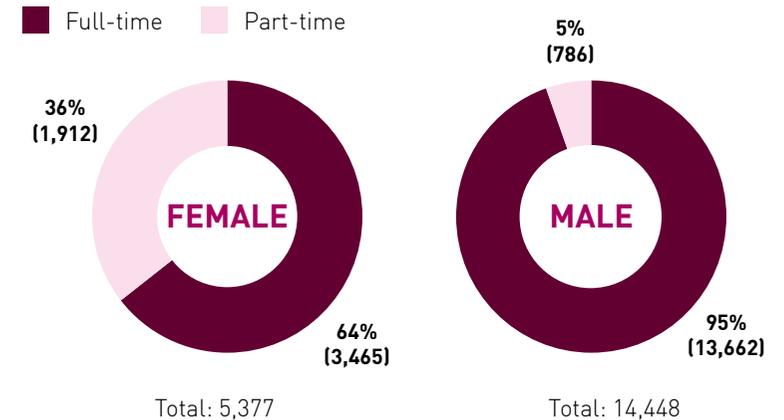
Please refer to Performance Metrics for relevant key performance indicators (KPIs).

### BREAKDOWN OF FULL-TIME EMPLOYEES BY EMPLOYMENT AREA IN 2015

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

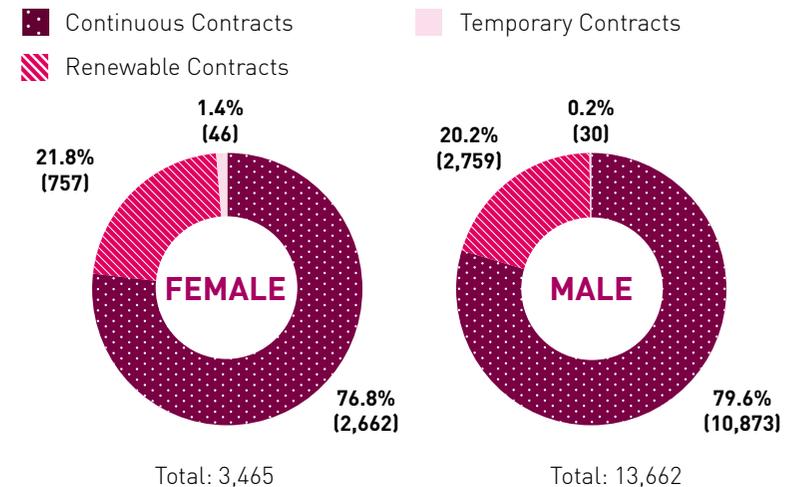


### COMPOSITION OF OUR WORKFORCE BY GENDER AND EMPLOYMENT TYPE IN HONG KONG IN 2015



19,825 : Total Number of Full-time and Part-time Employees of the Company based in Hong Kong, excluding subsidiaries

### BREAKDOWN OF FULL-TIME EMPLOYEES BY GENDER AND EMPLOYMENT CONTRACT IN 2015

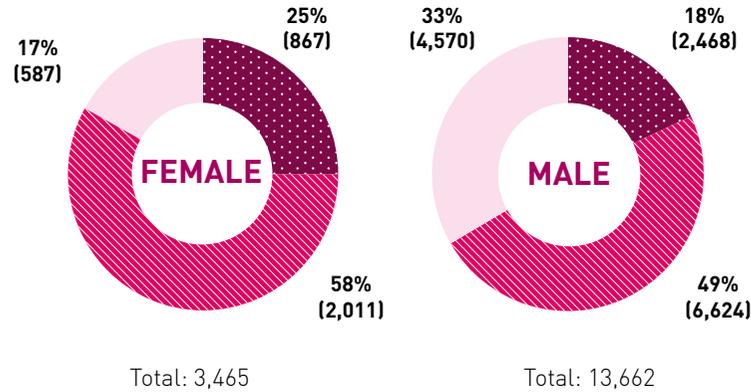


17,127 : Total Number of Full-time Employees of the Company based in Hong Kong, excluding subsidiaries



### BREAKDOWN OF FULL-TIME EMPLOYEES BY AGE AND GENDER IN 2015

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



#### Did you know?

We employ 271 people with disabilities, representing 1.6% of full-time employees.

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

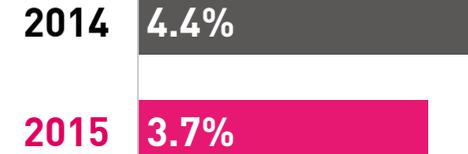
#### Length of Service

The ability of our organisation to attract and retain skilled and motivated people is reflected in the length of service of our employees. In 2015, the average length of service for full-time employees in Hong Kong was 12.8 years.

#### Rate of voluntary turnover

The rate of voluntary turnover for our staff, at 3.7% in 2015, is low when compared to other employers in Hong Kong and the railway industry worldwide.

#### VOLUNTARY STAFF TURNOVER RATE IN HONG KONG



## Management Approach

### GUIDING FRAMEWORK

#### Executive responsibility

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

#### Code of Conduct

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

#### Staff consultation

We comply with legal obligations concerning collective bargaining and union membership where applicable in all countries and regions where we operate. In Hong Kong, we engage in open and regular consultation with our staff through a well-established Staff Consultation Mechanism. As a result, we have successfully maintained harmonious relations with staff.

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

## Global HR Strategy

As we grow beyond Hong Kong, we must find ways to replicate the success we have enjoyed in our home market in new and different contexts. We developed our global HR strategy and we provide comprehensive HR services to support the business development and growth of our operations in the Mainland of China and internationally.

### KEY PRINCIPLES AND PROCESSES

#### Equal opportunity

We do not tolerate any form of discrimination on the grounds of gender, sexual orientation, disability, age, race, national or ethnic origin, family status or other personal characteristics that are protected by law. All employment activities and HR related matters are handled based on an objective assessment of every individual’s competencies, experience, skills and qualifications.

We provide support for employment of persons with disabilities. In 2015, we collaborated with the Hong Kong Council of Social Service and local universities to provide summer internship opportunities for eight university students with disabilities or special educational needs. To facilitate line supervisors to understand students’ needs, a training workshop was organised to share practical experience in interacting with persons with disabilities and special educational needs.

#### Career development

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

#### Work Improvement Team

In place for more than 27 years, the Work Improvement Team (WIT) is an activity designed to motivate staff members to apply their own initiative, innovative thinking, and organisation, planning, problem-solving and decision-making skills. Each team is formed voluntarily by four to ten members who perform the same or similar type of work. They meet at least once a month to develop work improvement projects and are supported by a facilitator.



### First Global WIT Conference

For the first time, in 2015, we organised the Global WIT Conference with a theme of "To Widen, To Inspire and To Thrive" that gathered colleagues from different hubs who have been actively involved in the implementation and development of WIT in their daily work. Several external guest speakers were invited to share their knowledge and experience on innovation and quality excellence with the conference participants.



## RECRUITMENT IN HONG KONG

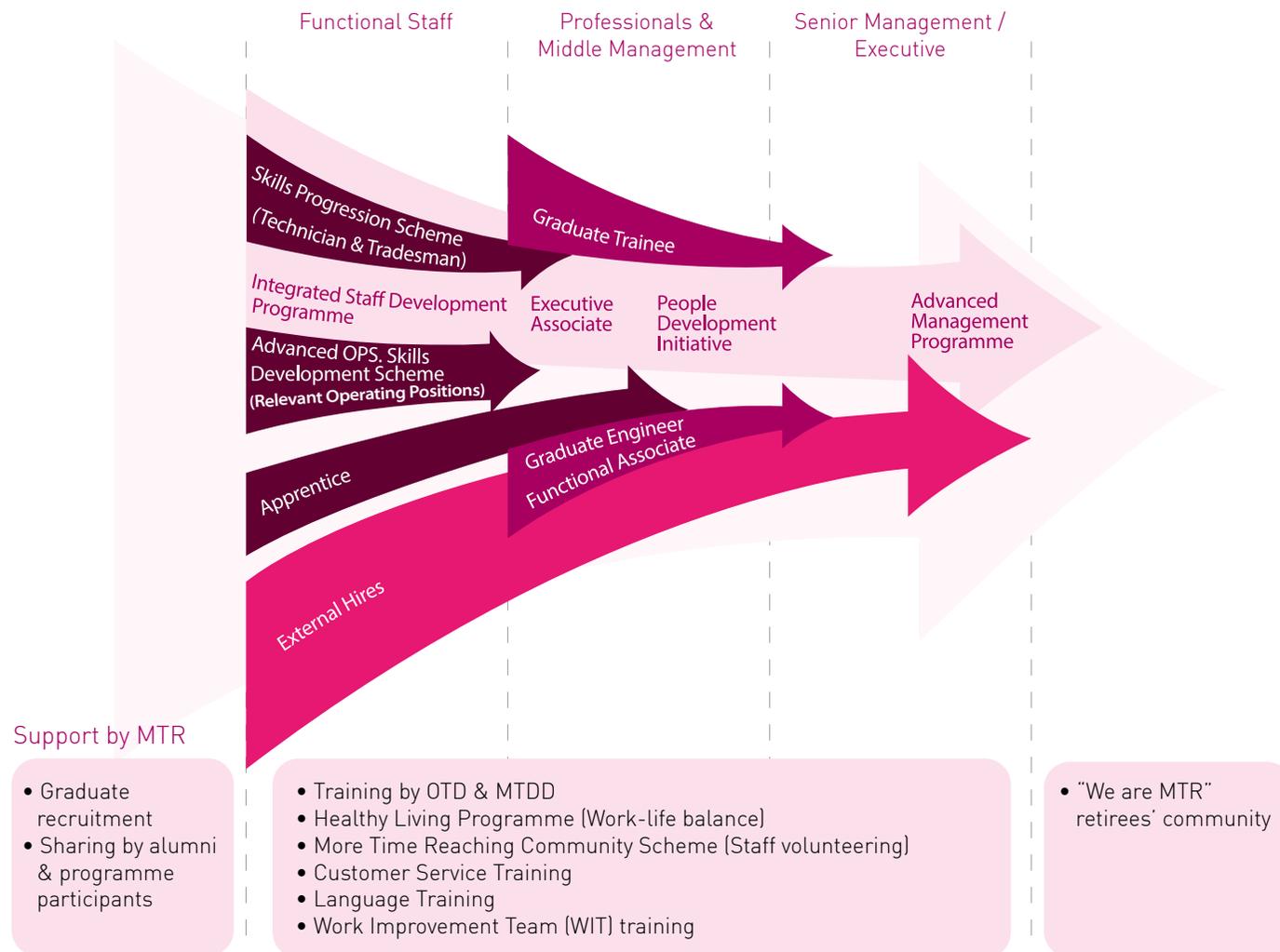
In order to meet the manpower demands of our expanding businesses, we are continuously looking to recruit new people who have a can-do attitude - ready to embrace challenges, demonstrate commitment to excellence, and

are highly motivated to develop themselves for a rewarding career with us. We select people with good communication skills, who work well in teams, and who respond proactively in face of rapid changes.

### Recruitment

### Professional & Career Development

### Retirement



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

### Learn more...

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

### Did you know?

#### What kind of person works for MTR?

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

## Opportunities for Graduates and Young Professionals

Many of our staff began their careers with us as part of a Graduate Development Programme. Through this leadership pipeline we identify and groom talented young people so that they are capable of assuming senior management positions. In 2015, we recruited 40 Graduates including seven Graduate Trainees, 19 Graduate Engineers and 14 Functional Associates with prospects for succession into managerial positions in the future. We now have a total of more than 130 trainees under training.

Our accelerated graduate development programmes offers trainees the opportunity to experience up to four intensive cross-functional job rotations over a two-year period to gain in-depth knowledge and hands-on experience relevant to their chosen area of expertise. The objective is to identify and nurture talented young people who may one day become leaders of the Company. Through separate streams focusing on general management or professional expertise, opportunities are available in all areas of our businesses.

Now in its second year, our Tradesman Associate Programme recruited 27 people in 2015 to participate in structured on-the-job training for maintenance work.

### Learn more...

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

## Executive Associate Programme

We also identify and select young professionals into our Executive Associate Programme, developing high potential middle managers through cross-functional or geographical job rotations, mentoring by cross-divisional senior managers and cross-border experiential group learning.



## Apprentices and Technician Associates

In 2015, we recruited a record high 153 Apprentices and Technician Associates to fulfil our operational requirements for the future.

### Apprentice Training Scheme

Originally established in 1978 under the Apprenticeship Ordinance, our Apprentice Training Scheme has provided training to more than 1,400 young people. Apprentices receive systematic on-the-job training, access to technical knowledge and guidance on career development. They may also have the opportunity to attend designated Vocational Training Council programmes to acquire recognised academic qualifications.

In 2015, we received an Excellence in Practice Award under the Integrated Talent Management category from the Association for Talent Development in the USA, with several of our recent graduates receiving Outstanding Apprentice/Trainee Awards from the Vocational Training Council. Many graduates go on to hold senior engineering and management positions both within our own organisation and elsewhere.

#### Learn more...

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

### Technician Associate Scheme

We have offered a two-year training programme named the Technician Associate Scheme since 2011, which is targeted at higher diploma holders from engineering disciplines. Our Technician Associates receive a wide range of on-the-job and professional training opportunities relating to railway maintenance. In 2015, we hired 25 associates to join this scheme.



## NURTURING OUR CORPORATE CULTURE

### Corporate Culture

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

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

#### Did you know?

##### Strengthening our Corporate Culture

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

Following the announcement of a delay to our Express Rail Link project and subsequent investigation by an Independent Board Committee (IBC) in the first half of 2014, we initiated a comprehensive review of our corporate culture.

The review identified some areas of strength on which to build and other areas requiring improvement. In 2015, we strengthened our culture frameworks, and organised workshops and seminars with the participation of our managers, led by senior management, with the aim of rolling this out more broadly to all staff in the Company. Moving forward, we aspire to foster more healthy debate and constructive discussion, openness to new ideas, agility to change and ownership of decision-making by team members at all levels of management.



## Training Programmes

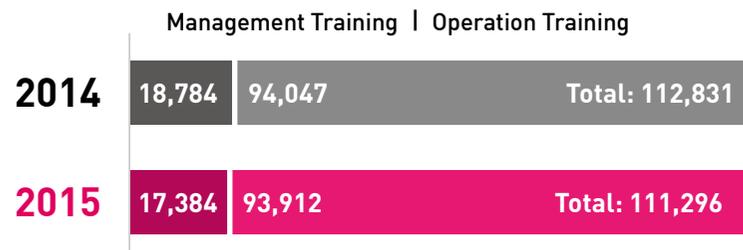
We invest in training programmes for our staff so that they can keep pace with changes in their professions, manage advances in technology and respond to constant evolution in our business environment.

In 2015 MTR was one of five companies that were awarded by the Hong Kong Management Association (HKMA) with its “25th Anniversary – Most Dedicated Organization to People Development Award” recognising the Corporation’s outstanding achievements in staff development over the past 25 years.

### AVERAGE TRAINING DAYS PER EMPLOYEE



### TOTAL STAFF TRAINING DAYS (MAN DAY)



## MTR Academy

At the beginning of 2016, we announced our plans to establish “MTR Academy” which will enable Hong Kong to be a training base for developing highly-competent railway professionals that will operate and maintain safe, reliable and efficient railway systems in and outside of Hong Kong.

With the planning of MTR Academy in its early stages, it is envisaged that it will offer signature programmes in engineering technology, operations, management and customer service. The MTR Academy will also look to partner with local and overseas institutions to offer joint programmes in the above disciplines. In due course, it will also offer rail-related programmes to participants from outside of Hong Kong.



## Staff Training and Development Programmes

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

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

\* by invitation / nomination

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

## Management training

The Executive Continuous Learning Programme promotes effective leadership by supporting our managers to improve professional competencies and management skills. The Integrated Staff Development Programme helps to develop future leaders by providing general staff and supervisors with the opportunity to gain supervisory experience and develop a network of colleagues to support them as they progress in their careers.

## Operations Training Network

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

## Safety and customer service training

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

## Masters Study

We partner with a number of universities in Hong Kong and abroad to support the further masters studies of our colleagues. One example is the Master of Engineering Asset Management programme co-organised with the University of Wollongong.

## Self-learning resources

Our Learning Resource Centre provides resources for staff members to enhance their knowledge and skills using a variety of self-training and development materials. It fosters a continuous learning culture, sending out monthly learning highlights and recommendations. In 2015 we enhanced our mobile learning platform to provide on-the-go learning on smartphone devices.

## Engagement and Recognition

### Consultation and communication

We value the opinion of every member of our staff. In addition to the Staff Consultation Mechanism, we reach out through a variety of other staff communication channels. An example is the Enhanced Staff Communication Programme, with 8,700 communication sessions organised in 2015, involving over 110,000 participants to encourage two-way communication between line management and staff and to gauge staff sentiments. Periodic Staff Attitude Surveys are also conducted.

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

### Motivation and reward

We continued to produce a series of short motivational videos called MTR People Making a Difference, featuring stories about the work of our staff. This initiative has received a very positive response. We also incentivise members of staff who participate in our Staff Suggestion Scheme. In 2015, we received a record high of 735 suggestions, nine of which were awarded the "Great Ideas Award" including resource saving initiatives, improving or installing drainage systems, more effective safety procedures and streamlining inspection processes. Eight of these have now been implemented.

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

In support of staff with children, we also provide a number of scholarships to eligible children of staff at the secondary and tertiary school levels. These scholarships are given to secondary students who have demonstrated active participation in community volunteering and for those in the tertiary level ranging from book allowance, a portion of their tuition fee or a pre-determined lump sum. Each year around 75 students benefit from this programme.



### Did you know?

#### MTR Grand Awards for Outstanding Contribution

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

In 2015, we received 74 nominations across the Company for the Grand Awards. The winners were acknowledged at a yearly presentation ceremony in October.

### Did you know?

#### Keeping Hong Kong moving wins Top Award

For 2015, the Top Award was given to the "Public Order Event Response Team" in recognition of the concerted efforts of a huge number of staff, departments and divisions in the Company responding to the large scale road closures and protests from late 2014 through to early 2015. Thanks to the Team's professionalism, teamwork, performance and customer-centric approach, MTR maintained a safe and reliable train service for the people of Hong Kong in spite of public activities and road closures in several areas. In some affected areas, MTR was the only transport option that remained in operation, meaning our city and community were able to continue leading their daily lives.

## Work-life Balance

We offer a range of programmes to ensure our employees lead balanced and healthy lifestyles.

### Family-friendly Employment Practices

Family-friendly employment practices offer further support to our staff and their families. Marriage leave, maternity leave, paternity leave, compassionate leave and study leave with full pay are provided for all eligible staff in Hong Kong.

### Metro Recreation Club

Annual events and social activities are organised for staff and their families to get together on a casual basis. For a nominal fee, employees can join our Metro Recreation Club (MRC) together with their families, and enjoy a range of recreational facilities. MRC members can also participate in various sub-clubs, interest classes, social and recreational activities such as outings and barbecues. A Corporate Sports Day and a Christmas Children's Day were organised in 2015 to engage our staff and share the joy of the events with their families. Currently, 77% of our employees are MRC members.

### Healthy Living Programme

We offer a range of programmes to ensure our employees lead balanced and healthy lifestyles. We integrate these activities as the "Healthy Living Programme" (HLP), which emphasises a holistic approach to wellness including physical, mental, intellectual and social wellness.

We reach out to our staff by organising seminars and activities on popular topics like sleeping well, promoting workplace hygiene and minimising stress levels. To further support our employees' learning, we invite guest speakers to present to our staff and lead interactive group sessions. We also provide staff with resource materials, books, posters and health tips. Additionally, a dedicated counselling service hotline manned by professional counsellors is available to all MTR employees and their eligible dependents.



## Retirement Community

### We are MTR

Over the course of their working lives, many of our staff members develop strong ties with their colleagues so we understand that retirement can mark a big and sometimes difficult transition. Leading up to retirement, staff members receive helpful information and newsletters. Following retirement, the We are MTR programme encourages former employees to continue to feel part of our extended family by assisting them to stay in touch with other retirees and former colleagues. Since its launch in 2013, this programme has provided support to over 1000 retirees.

#### Reminiscing over lunch

Now on its third year, in July 2015, a special We are MTR lunch brought together more than 150 colleagues who were retiring during the year. The event, held under the theme of Happy and Healthy Retirement Life, was an opportunity to recognise the many valuable contributions made by the retirees during their service with us.

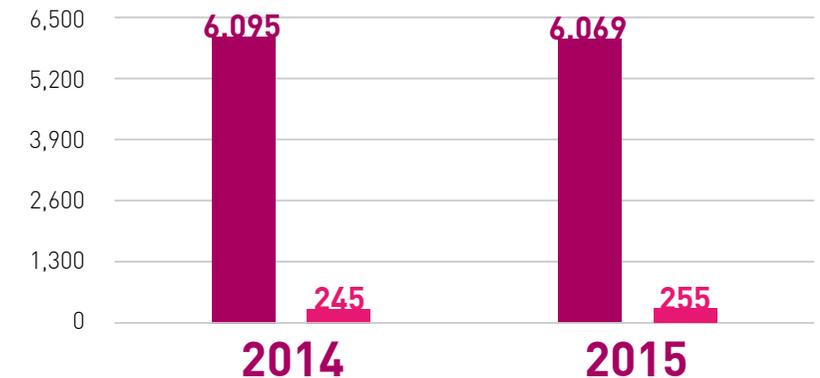
## Staff Volunteering

Staff members from all parts of our organisation are supported and encouraged to reach out to the community by volunteering their time and skills. Under our More Time Reaching Community Scheme, staff members can initiate, organise and participate in volunteer activities.

2015 marks the 10th anniversary of this Scheme. In March, an anniversary celebration and award presentation ceremony was held with the presence of MTR Board Members, CEO, senior management, representatives from the Hong Kong Council of Social Service and NGOs, as well as staff and retiree volunteers. In 2015, a total of 255 volunteering projects were organised involving over 6,000 volunteers. A total of 53 awards were presented to staff and retiree volunteers in recognition of their outstanding contributions to the community.

### STAFF VOLUNTEERING

- Number of Volunteers
- Number of Volunteering Projects



#### Learn more...

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

## GLOBAL STRATEGY

We are committed to replicating our success in Hong Kong to our overseas operations by ensuring that we have the right people, culture and working environment. Part of our global strategy includes expanding our China and International Business Resource Pool to include international resources that can be accessed by our overseas operations.

We organise regular global meetings with our HR colleagues to ensure that our overall strategy can be reviewed and implemented effectively. In June 2015, the second Global HR Meeting was held with the participation of Human Resources teams from Hong Kong and China & International Business hubs – with discussions on implementation plans for various global initiatives.

### Tailored approaches

In the Mainland of China, we are focusing on recruiting local talents and developing the skill sets that we need for existing operations and future expansion. We have partnered with a number of educational institutions in different parts of China to recruit and develop trainees.

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

### Strategic HR framework

Our global framework provides three clear objectives for our human resources strategy over the coming years, focusing on the culture development, talent management and human capital mobility and development. Since 2013, we have started to implement structured programmes in pursuit of these objectives.

### Staff mobility

With our growing portfolio of operations outside of Hong Kong, in 2015 we established a Global Mobility Policy to facilitate global resource deployment and provide consistent relocation terms across global offices.

### Work Improvement Team

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

### Platform for communication

We introduced a multinational internal communication platform in January 2014 called MTRconnects to bring together staff members from our worldwide network. It provides updates about the latest developments affecting our global operations and encourages staff members to get to know each other by sharing work experiences and MTR people stories.



# COMMUNITY

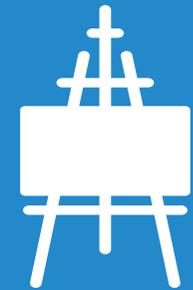


9

Number of programmes under Community Connect

255

More Time Reaching Community projects



60

Station artworks



10

skills creation and confidence building programmes under Youth Connect



## INTRODUCTION

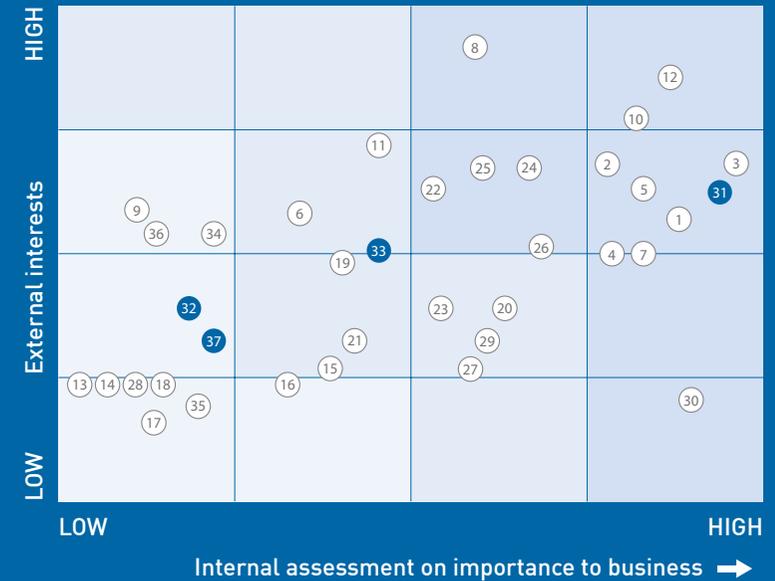
Hong Kong's communities are integral to realising our Vision of connecting and growing communities with caring service. This is why we put emphasis on engaging with local communities who are directly impacted by our projects, and on supporting community programmes to improve the quality of life in our city for all.

### Socially Sustainable Cities

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

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

## Materiality issues covered in this chapter



- 31 Community involvement and development (engagement)
- 32 Education and culture
- 33 Employment creation and skills development
- 37 Community investment (incl staff volunteering)



## What does socially sustainable cities mean to MTR Corporation?



### Learn more...

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

## Connecting and Growing Communities

Our business is closely linked with the life of the communities in which we operate. For many years, our approach to transit-oriented developments (TOD) has enabled Hong Kong to maintain and enhance its reputation for moving people efficiently and reliably. TOD maximises land use efficiency by focusing high-density living and working spaces around network stations. Transport hubs are connected through a rail network, at the same time allowing for provision of green space and other community amenities.

The integration of transport and urban planning significantly reduces residents' dependence on cars: in Hong Kong, 90% of commuter trips are by public transport, with MTR playing a major role at 48.5% market share. This helps to reduce car accidents and injuries, household spending on transport, traffic congestion, and transport-related carbon emissions, while encouraging walking and healthier lifestyles, and increasing patronage for local businesses.

By integrating rail and property developments, we build sustainable community hubs along the MTR network. New residential areas have a chance to grow, as with LOHAS Park and Tung Chung in Hong Kong, while older communities are revitalised when the MTR reaches their neighbourhood, such as in the Western District with the Island Line Extension. Communities benefit from the new facilities that come with the expanded MTR network. We also make significant efforts to preserve heritage spaces and natural habitats and work towards offering the Hong Kong community a greener, more liveable urban environment.

We recognise that in order to connect and grow communities in parts of Hong Kong that are underserved by an efficient mass transportation system, we must continue to explore opportunities to expand our network. For this reason, we are working with the Government to investigate options for construction of [additional lines](#). We also carry this vision in the [other cities in which we operate](#).

To us, transforming communities does not only refer to the hard infrastructure, it also requires supporting the development of human capital. Complementing the way we build infrastructure for tomorrow, the primary focus of our community programmes is on youth. Our goal is to empower young people so that they have the skills, motivation, perspectives and opportunities to build and create a bright and sustainable future for themselves and their communities.



## Transforming Communities

Apart from the benefits with the opening of the Island Line extension to the Western District, one of the oldest residential settlements in Hong Kong, following are some more examples of how we are making our vision a reality.

### Regeneration of Wong Chuk Hang

Our planned large-scale development at Wong Chuk Hang will act as a catalyst to enhance the transformation of the Southern District. It will create a district focal point providing convenience and vitality to the community while promoting tourism in the area. Our master plan for the former public housing estate accommodates a station, a rail depot, and over 4,000 residential units.

### Expanding the Central Business District

The International Finance Centre above Hong Kong Station has expanded Hong Kong's Central Business District by adding world-class Grade A office space. On the other side of the harbour, the International Commerce Centre in West Kowloon – previously an inconvenient area to travel to – is now only a ten-minute journey from Central via the Tung Chung and Airport Express lines. This is helping to support the continuing economic development and growth of Hong Kong.

### Connecting Communities from East to West and North to South

Our expansion in Hong Kong is bringing efficient transport access to nearly every corner of the territory, connecting communities. A new corridor will provide the first ever direct railway link between the eastern and western New Territories. Meanwhile, Hong Kong's oldest railway line, the century-old East Rail Line, will be extended to Hong Kong Island via the city's fourth harbour rail crossing – the Shatin to Central Link (SCL). This will provide a direct service between the south of the Hong Kong Island and the northern boundary with Shenzhen.



## COMMUNITY ENGAGEMENT

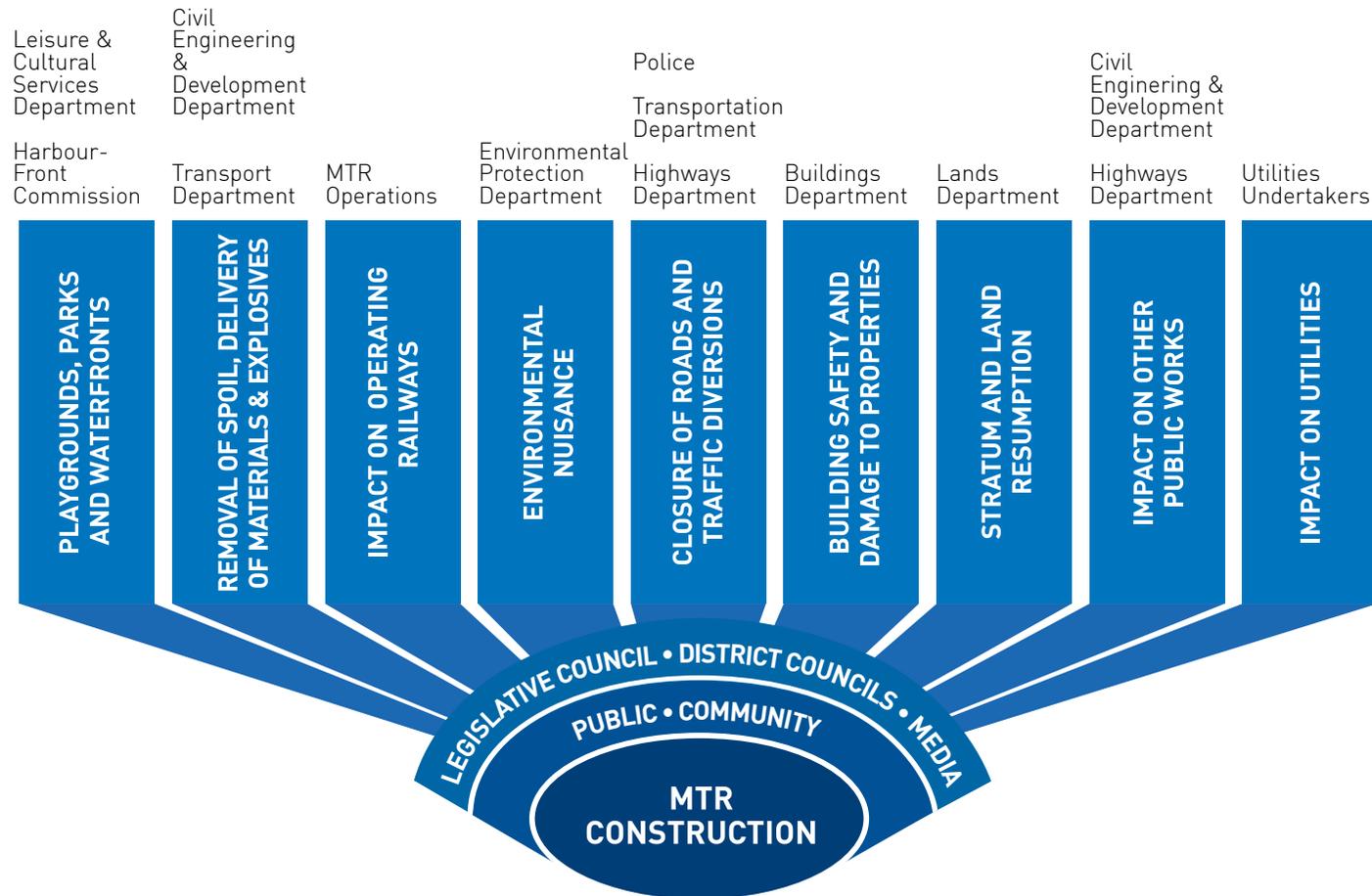
We consult extensively with local communities on the impacts of new lines, property developments and other major works. On the one hand, we seek to work with stakeholders to mitigate inconvenience for local neighbourhoods due to noise, dust, traffic disruption and other considerations. On the other hand,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

### New Railway Lines

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

### Typical Oversight and Control of Construction Impacts on Stakeholders

#### MTR PROJECT MANAGEMENT, STAKEHOLDER ENGAGEMENT, COMMUNITY & MEDIA RELATIONS



### Did you know?

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

## Preserving heritage sites

Working in collaboration with the Antiquities Monument Office (AMO), the Antiquities Advisory Board (AAB), and a team of qualified independent archaeologists led by Dr Liu Wen-suo, we have been implementing measures to protect and preserve artefacts or relics dating back to the Song-Yuan dynasties, particularly around the site of To Kwa Wan (TKW) Station and Diamond Hill Station of the future SCL. With agreement from relevant parties, conservation proposals were also incorporated into the revised design of TKW station taking into account suggestions from the public, including display of some artefacts found in the archeological works. We continue to update members of the Legislative Council and the Kowloon City District Council on the progress of the archaeological and construction work.

At the Diamond Hill Station, we conserved two historical structures – an Old Pillbox and Former Royal Air Force Hangar, classified as Grade 2 and Grade 3 historical buildings, respectively. Working with the AMO and built heritage experts, we temporarily dismantled and relocated these structures in a temporary storage compound on site.

## Property Development and Management

### Property development

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

The development will include enhancement of the existing Public Transport Interchange and will provide pedestrian connections as well as a podium landscape garden covering around 5,000 square metres. These facilities address the aspirations of residents to live in a more compatibly built environment by improving integration and providing a more pleasant townscape for the local community. We also adopted [energy-efficient design features](#) for this project.

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

### MTR Malls

MTR Malls are closely integrated with MTR railway stations across our network. We design and operate them as neighbourhood malls to provide hubs for shopping and other recreational or social activities. Providing space for social activities, our malls serve as a platform for local communities to get together and enjoy arts and lifestyle events for better quality living. We supported over 100 Community Care programmes in 2015 covering a wide variety of activities, from youth development to art, community service, charitable, and environmental protection activities.

### Residential estates

MTR managed residential estates held over 400 social activities during 2015. Our social activities included community relations events, environmental protection initiatives and charitable/fundraising initiatives that help to create a harmonious living environment for the residents and promote sustainability practices in the community. For example, we organised festive celebration and musical events to promote the culture of different countries, educational talks delivered by The Society for the Prevention of Cruelty to Animals, household appliances recycle programme and visits to the aged.

### Offices

All MTR managed offices organised a number of environmental campaigns and donation drives with the participation of our tenants.



## Rail Operations

### MTR Society Link

MTR Society Link, as part of [Community Connect](#) was established in 2009 as a platform for our Operations Division to exchange views and connect with members through visits, gatherings, and e-newsletters. There are now 24 member organisations representing a range of societies, associations and professional institutes in Hong Kong. In 2015, this initiative was awarded the "Outstanding Award for Social Inclusion" for engaging a wide range of stakeholders and proactively exploring opportunities for continuous improvement in building community-friendly facilities.

One of the priorities of Society Link is to engage with young members from professional groups such as The Hong Kong Institute of Surveyors, The Hong Kong Institution of Engineers and The Chartered Institute of Building (Hong Kong). In 2015, we organised three gatherings of Society Link to engage with stakeholders on customer service, safety and railway development topics. Almost 950 individual members participated in nine visits that we hosted during the year.



## CASE STUDY: ISLAND LINE EXTENSION TO WESTERN DISTRICT

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

The Island Line Extension to Western District has three new stations, namely Sai Ying Pun, HKU and Kennedy Town stations. Built as a community railway, it was designed to provide convenient access for more than 90% of residents of the Western District, including an integrated all-weather pedestrian network. We have, since 2005, been conducting a series of proactive community engagement activities with a view to incorporating opinions from stakeholders and residents of the local community.

Following completion of the project at a cost of HK\$18.5 billion (latest estimate), a journey from Kennedy Town to Sheung Wan takes only 7 minutes compared to 15 to 25 minutes by road-based transport. Following the opening of HKU and Kennedy Town stations on 28 December 2014, Sai Ying Pun Station was opened on 29 March 2015. The new stations incorporate innovative environmental management features and artistic design elements, providing our passengers with a vision of how refurbished stations elsewhere in our network could look in the future.

In March 2015, an "Our Thanks to the Community" Ceremony was held and certificates of appreciation were presented to Central and Western District Councillors, West Island Line (WIL) Community Liaison Group members and the WIL Youth Ambassadors to thank them for their support and close partnership during the construction and commissioning of the Island Line Extension to Western District.

The overall operations of the new rail line are generally smooth with a daily average patronage of around 200,000 for the three stations. In the initial phase of operations, additional staff and station assistants were deployed to the new stations and along the Island Line to provide assistance to passengers to familiarise with the service and station facilities. According to our observation, the new rail line service is welcomed by the local community and people from other parts of Hong Kong.



### What is a “Community Railway”?

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

- A convenient all-weather pedestrian network, including comfortable passageways, escalators and lifts in the unpaid areas of HKU and Sai Ying Pun stations, offers seamless connections between uphill and downhill areas in the West Mid-Levels and the area along Queen’s Road West.
- A Green Mini Bus Boarding / Alighting Area is provided at Smithfield and a recreational area of about 7,300 square metres has been re-provisioned atop Kennedy Town Station entrances.
- Lifts and escalator have been built at Sands Street and Rock Hill Street to enhance accessibility to Kennedy Town Station.
- A footbridge connecting a HKU Station entrance and the Centennial Campus of The University of Hong Kong has been built to enhance pedestrian accessibility.
- A brand new Kennedy Town Swimming Pool was re-provisioned and an historic building was revitalised into a new rehabilitation centre, allowing for the continued provision of service even during the project’s construction.
- Across the Western District, we upgraded and enhanced open space areas including parks, rest gardens, sitting out areas, and increased leisure space within the community.

## Partnership with Government Agencies

### Planning consultations

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

### Progress reports

As the project got underway, we submitted regular progress reports to the Legislative Council Sub-committee on Matters Relating to Railways including papers on construction safety and community liaison activities. We also met with the Central and Western District Council to keep its members up to date on developments.

### Ongoing cooperation

We continued to work closely with Government departments from construction to commissioning of the new rail line, ensuring that necessary approvals could be granted in a timely manner. With assistance from the Railway Development Office of the Highways Department, requirements and concerns raised by the relevant Government departments and the local communities could be addressed. Proactive communication with other Government offices such as the Electrical and Mechanical Services Department (EMSD), Buildings Department, Fire Services Department (FSD) and Geotechnical Engineering Office (GEO) helped to reach agreements on proposed works and compliance of statutory requirements. We coordinated with the Environmental Protection Department to minimise environmental impacts on the community. The Lands Department provided advice on land resumption and tree removals, while the Transport Department (TD) provided support on road closures, traffic diversions and spoil removal and, as a result of discussions with the FSD, we adopted new guidelines for fire safety.



## Emergency drills

In preparation for the opening of the new line to the public, we held a joint drill exercise with the FSD and Hong Kong Police Force to test emergency response and evacuation procedures, which was also observed by TD and EMSD. Around 120 staff members from MTR took part in this drill, which was just one of more than 70 emergency simulation exercises that we implemented before commencement of service.

## Links with the Local Community

### Community liaison groups

To communicate with stakeholders impacted by the construction of the Island Line Extension, three community liaison groups (CLGs) were set up for Sai Ying Pun, HKU and Kennedy Town sections respectively. Each CLG comprised of local District Councillors, relevant area committees, community members, residents, schools, as well as representatives from the Corporation and relevant Government departments. CLG meetings of each section were held regularly to update the members and residents on the project progress and its community liaison works. Through the meetings, we listened to public opinions about the new railway project and responded to enquiries from residents.

### Website and information centre

During the construction phase of the Island Line Extension, we established a dedicated project website providing background information of the project, its construction progress and our community liaison works. In addition, an Information Centre was set up in Kennedy Town to serve as one of the communication channels in the front line with the public for the project in order to address the concerns of the neighbourhood.

### Learn more...

We maintain dedicated websites for all our new rail projects. You may also be interested to check out websites for any of our other [network expansion projects](#).

## Youth Ambassadors

We initiated an innovative community outreach programme in partnership with the Community Project Workshop of the Faculty of Architecture of The University of Hong Kong to appoint more than 50 students as WIL Youth Ambassadors. From May to September 2014, the Youth Ambassadors visited over 30 local schools, elderly homes, residential buildings and community centres in Western District to promote the features and station facilities of the new line. The programme provided a good opportunity for students to develop their leadership skills and cultivate a sense of responsibility towards the community.



## Meeting New Challenges

### Pedestrian mobility

Both Sai Ying Pun and HKU stations feature an integrated pedestrian network of all-weather walkways, escalators and lifts connecting the up and down hillsides of Western District. Hilly terrain in the vicinity of these two stations presented our engineers with particular challenges for station access and pedestrian mobility. In response to these challenges, we introduced lift-only entrances at both stations — the first stations in the MTR network with this feature. At HKU Station, for example, lifts have been installed in the unpaid area to connect the station concourse level with Pok Fu Lam Road and The University of Hong Kong, providing enhanced convenience for local residents and our customers.

### Minimising disruptions

In the densely populated urban environment of Western District, we recognised that construction activities could affect on the local community. To address their concerns, we engaged and consulted the stakeholders from the start of the project, and endeavoured to strike a balance between the needs of residents and our construction programme. Our project team had to identify possible construction impacts and adopt appropriate mitigation measures throughout the construction:

- How will traffic diversions affect daily commuters?
- Will construction works affect the structural integrity of the nearby buildings?
- Will there be noise, dust or other nuisances caused to the local residents?

### Did you know?

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

### Conservation of ancient trees

When constructing the Island Line Extension to Western District, we were keenly aware of our effect on surrounding communities and the need to conserve our natural heritage where practicable. One particular challenge arose in Kennedy Town, where we encountered magnificent century-old tree walls at Forbes Street which are colonised by 22 Chinese Banyans and five Japanese fig trees. Four of the trees are listed by the Government as Old and Valuable Trees. They are the oldest and largest tree walls in Hong Kong and are of high ecological and historical value.

After more than 100 consultation meetings with the local community and Government on preserving the highly-valued tree walls, we decided to relocate the Kennedy Town Station from its original location at Forbes Street to the location underneath the former Kennedy Town Swimming Pool at the preliminary design stage of the project in 2005. The tree walls conservation, the demolition of the old swimming pool, and the reprovisioning of a new swimming pool at Shing Sai Road in two phases cost a total of about \$900 million. The first phase of the new swimming pool opened in May 2011. The second phase, which will include indoor pool facilities, is expected to be completed in late 2016.

As a result of these efforts, we successfully developed a strong and lasting urban conservation programme for the tree walls at Forbes Street. This experience has given us an opportunity to set new standards for preservation of natural heritage and tree protection for all of our new projects.



## Promoting Art and Culture

We launched the WIL Community Art Programme to help bring out the unique culture of Western District in the design of three new MTR stations. For example, panoramic collages composed of winning entries of Our Memories of Western District Photographic Competition and photographs collected from the public are permanently displayed at the station concourse, and the permanent artwork display at Kennedy Town Station concourse entitled Blooming Bud was designed with handprints collected from local residents. During the construction phase of the project, we also invited local students to help decorate construction sites by participating in a hoarding drawing competition.

## Impressions of Western District

Together with the Hong Kong Youth Art Foundation, we organised a series of workshops and tours under the theme Our Impressions of Western District. Led by local artists, a group of youngsters created artworks depicting traditional shops and the heritage of Western District. The artworks are on display at Sai Ying Pun and HKU stations.

## Short films

We collaborated with ifva greenlab of the Hong Kong Arts Centre and three young emerging directors, Cheuk Wan-chi, Chow Kwun-wai and Nick Cheuk, to produce a series of three short films depicting the unique characteristics of Central and Western District and its close-knit community as well as excitement about the new rail line.



## COMMUNITY PROGRAMMES

Given our geographic footprint and our reach across communities, we aim to be good corporate citizens and leverage our skills, resources, and networks to contribute to community development. Our intention is to enable the social and economic development of communities, enhance quality of life, and foster a thriving environment in which to live and do business. The ultimate goal of our community initiatives is to create long-term benefits for both the Company and society in the following areas that have a direct linkage to our business:

- **Youth:** Investing in young people is vital to driving and sustaining the long-term development of the Company and the community as they are our customers, future workforce, caretakers and innovators. We contribute to the development of the next generation through a range of programmes such as mentorship, life-skills training and workplace experiences with the goal of equipping young people with skills and perspectives to meet future challenges.
- **Art:** Arts and culture are integral components of communities' heritage, history and identity. They align with the Company's vision of building and connecting communities for generations to come. We support the development and appreciation of arts to improve our quality of life and encourage creative thinking.
- **Green and Healthy Living:** Our Rail plus Property business model creates vibrant, walkable and liveable communities. We contribute positively to physical health by encouraging walking, energy savings and the reduction of carbon emissions, and we support initiatives that enhance public awareness of, or promote or enable the adoption of, a green and healthy lifestyle.
- **Safety:** In everything we do, we ensure, with absolute certainty, that safety of our customers, the public, contractors and our staff always comes first. We need to bring stakeholders along on our safety-first culture - promoting and increasing awareness of safe and courteous journeys for our customers, and providing a safe environment for the public, staff, and our contractors.

In this section we outline some of our major community initiatives such as Youth Connect and Community Connect.

### Youth Connect

Young people are a key part of the community that we connect and we depend on them for the future of our communities. Thus, we are investing in our future innovators, leaders, and caretakers of the assets that we build today.

In September 2015, we launched 'Youth Connect', a platform that unites our community initiatives focused on empowering young people. Our vision for Youth Connect is to empower young people with skills, motivation and opportunities to create a bright and sustainable future for themselves and their communities.

Youth Connect houses a variety of initiatives that reflect our multi-faceted approach in unleashing the potential of young people. They aim to provide young people and those who engage closely with them, with support, knowledge and experiences. We leverage our network, resources and expertise to keep our communities informed of issues that are impacting youth, to allow us to better engage with and understand young people, and to provide youth with opportunities, skills and experiences. By bringing our programmes together on this platform, we are aligning our community initiatives in this area with the goal of contributing to the development of healthy and vibrant communities in which our business can thrive.

Initiatives under the Youth Connect include:

- Youth Forum
- Flagship Programme on Pathways to Employment
- "Train" for life's journeys
- "Friend" for life's journeys
- The MTR-CUHK Youth Quality of Life Index survey
- Student Quality Circle – WIT programme
- School Company Parent Programme
- Customer Service Ambassador and Tourist Ambassador Internship
- "Life skills" - Hong Kong Athletes Career & Education Programme
- Youth talks



## Youth Forum

Young people have a desire to be involved in the development of our communities, and their input can help us keep abreast of what matters most to the public from a youth perspective. Launched in July 2015, the inaugural Youth Forum comprises four young MTR staff and ten young people from the wider community drawn from various MTR Corporation community programmes. They have been providing feedback to help us refine early-stage initiatives through the eyes of our young passengers, so that they are relevant to the community. In 2015, the group held two meetings that offered MTR valuable feedback on the way we communicate and helped us create the "Rail Gen 2.0" identity that was rolled out in 2016.

In return for their time and advice, Youth Forum members gain valuable business experience as well as skills from the programme. They regularly interact with senior business leaders at MTR, receive professional training sessions and behind-the-scenes site visits to MTR facilities. Participants also have the opportunity to build relationships with peers and enhance their personal network.



## Flagship Programme on Pathways to Employment

We also launched our Flagship Programme that focuses on Pathways to Employment in September 2015. With Hong Kong's competitiveness hinging on the next generation's ability to meet the demand for a highly effective and creative workforce, young people and employers alike are conscious of the gaps between the skills and ambitions of Hong Kong's youth and the demands of a shifting labour market and more technology-driven economy. The city's continued success therefore hinges on the business, education and social sectors working together.

Very much like the way our trains bring people of different backgrounds together, we kicked off our flagship programme with a cross-sector summit that brought together over 300 professionals from the education, social work, business, policy-making, the NGO sectors and MTR staff, to discuss with young people their journeys from education to work. Co-organised with The Hong Kong Council of Social Service and supported by Asian Charity Service, participants exchanged insights and perspectives and explored potential areas for intervention.

Developing multiple Pathways to Employment is a challenge that cannot be solved in one day. We launched an online Community Innovation Platform that uses design thinking, a proven innovation process, to continue the dialogue and facilitate the co-creation of solutions in 2016. The Company intends to provide financial and other support to pilot solutions that addresses real needs in an innovative way, and are ripe for implementation, so that we can ease young people's transition into the world of work.

## 'Train' for life's journeys

Since 2009, "'Train' for life's journeys" has been providing a 10-day multi-dimensional summer training programme to a total of 700 secondary school students. Activities comprise workshops, training camps, visits to MTR facilities and work experiences at MTR stations. It aims to broaden students' horizons as they gain the valuable skills and perspectives necessary to create a promising future for themselves and their communities. In 2015, this programme won the Learning! 100 Awards and Association for Talent Development (ATD) Excellence in Practice from the USA.

### 'Friend' for life's journeys

In its seventh year, this programme which runs over an eight-month period, pairs up secondary school students with a young and enthusiastic MTR staff member – an "MTR Friend" as mentor. In addition to one-on-one sharing sessions, mentors and mentees take part in new experiences together such as visits to MTR back-of-house facilities and volunteering activities. In this shared journey, both mentee and mentor gain new and positive perspectives.

### The MTR-CUHK Youth Quality of Life Index

Since 2013, we have been supporting the annual Youth Quality of Life Index, which was developed by the Chinese University of Hong Kong (CUHK). It tracks 28 indicators grouped into eight domains, including physical health, psychological well-being, society, economics, education, politics, living environment and overall well-being. The Index is designed to provide policy-makers and the community with a reference when they devise policies and programmes for the betterment of youth and society at large.

### Student Quality Circle Programme

The Company's Property Division developed the Student Quality Circle programme in 2009 to promote our culture of continuous improvement to the younger generation. We partnered with three primary schools to reach almost 220 primary students. The programme has been extended to secondary schools in 2015.

### School-Company-Parent programme

Since 2006, the Company has taken part in the School-Company-Parent programme organised by The Young Entrepreneurs Development Council. Members of our Property Division serve as company ambassadors with the objective of providing a glimpse of the commercial world and developing an entrepreneurial mindset for secondary school students before they enter the workforce. Over the years, we have partnered with over 30 secondary schools and provided support to almost 1000 youths.

### Customer Service Ambassador and Tourist Ambassador Internships

In 2015, our Customer Service Ambassador Internship programme, now in its seventh year, continued to offer job experience opportunities to 200 students from five tertiary institutions. The programme offers participants the opportunity to gain practical customer service knowledge and strengthen their communication and interpersonal skills.

### "Life Skills Training" for retired athletes – Hong Kong Athletes Career and Education Programme

Since 2013, we have been partnering with the Sports Federation and Olympics Committee of HK (SF&OC) to support the Hong Kong Athletes Career and Education Programme (HKACEP) by providing "Life Skills Training" for retired athletes to facilitate their career transition. The training programme consists of five workshops on problem solving, effective communication, time management, decision making, and presentation skills. Over 30 workshops were conducted with the attendance of over 500 athletes. To recognise MTR's support, we were named as a "Caring Organisation for Retired Athletes" by SF&OC.

#### Learn more...

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



## Community Connect

Launched in March 2016, the Community Connect platform houses a variety of initiatives that reflect our commitment in providing caring service through actively engaging in the communities that we serve and live in. By bringing our corporate responsibility programmes together on this platform, we are focusing our efforts in art through the “art in mtr” programme, in giving back to the society through fundraising and volunteering projects, and in reaching out to local communities through regular visits, sporting events, supporting NGOs and school tours.

Initiatives under Community Connect include:

- “art in mtr”
- More Time Reaching Community
- MTR x Hong Kong Repertory Theatre “Railway Safety School Tour” Programme
- School talks and Elderly Programme
- Railway Safety Board Game and Youngster Kits
- Support for Social Enterprises
- MTR Society Link
- MTR Hong Kong Race Walking
- Fundraising and donations

## “art in mtr”

Now in its 17th year, the “art in mtr” initiative aims to enhance passengers’ life journeys — as well as their daily travelling experiences — by providing inspiration from artwork on display throughout our railway network. Originally introduced in 1998 as part of the opening of the Airport Express and Tung Chung Line, different types of artworks have been incorporated into the actual design of the station architecture. Since then, the programme has expanded to all MTR railway lines.

We continue to support aspiring local artists to showcase their work at the “arttube”, our permanent mini gallery in Central Station. At stations across our network, we host regular, temporary exhibitions of two- and three-dimensional artworks under the “roving art” programme. Under the “living art” programme, we also host live performances every Friday evenings in Hong Kong Station.

In 2015, we held the first extended “roving art” exhibition simultaneously in two different MTR stations – Sai Wan Ho and Tiu Keng Leng. Twenty-one outstanding sustainable fashion pieces were featured from the EcoChic Design Award 2014/15, a competition organised by the Hong Kong charity, Redress. As part of “Hong Kong Arts Month-Art@MTR” Exhibition, paintings, sculptures, and installations by 11 acclaimed artists filled the “arttube” in Central Station. In total we now have 55 “community art galleries” and 60 “art in mtr” installations, including new artworks in Sai Ying Pun and Fo Tan. We also unveiled a number of student artworks at the hoardings of the construction sites in Shatin to Central Link (SCL) at Diamond Hill Station and in Hin Keng Station.

## “art in mtr” in the new lines

As part of our “art in mtr” programme, we work with our Art Advisory Panel comprised of five art experts to assist in the selection of artists and development of art concepts. For two of our new lines, Shatin to Central Link and Express Rail Link, we work with curators to provide curatorial guidance, as well as manage the development of the artworks.





At the South Island Line (East), we commissioned a number of artists including the Hong Kong Youth Arts Foundation to create site-specific artworks. Many of the artworks were created with input from local residents, fostering a sense of ownership of the stations. For stations on the Kwun Tong Line (Extension), a number of artworks were selected through our public art competition, including Kwok Man Ho who created two sculptures for Ho Man Tin Station. The programme is now the largest public art collection in Hong Kong.

### Learn more...

To download a copy of our short guide to Art in Station, and to learn more about any of our Art in Station initiatives, please refer to more information on our [customer website](#) or our [virtual gallery 1](#) and [2](#) on YouTube.

You can also learn more about our artists and their artworks in our YouTube [videos](#).

### More Time Reaching Community

We celebrated the 10th anniversary of our staff-led volunteering programme, [More Time Reaching Community Scheme](#). In celebration of this milestone, we launched a competition within the Hong Kong community aiming to showcase and give recognition to the contribution to the community made by our staff and retiree volunteers under the Scheme, and encourage the general public to take volunteer works. Over 350 inspiring and encouraging volunteer stories were received and a one-year MTR free ride was given to all the winners of the winning stories as encouragement to do outreach work in the community.

### Railway Safety School Tour Programme

To instil the importance of safe and courteous behaviour when travelling on the MTR in an engaging manner, the MTR x Hong Kong Repertory Theatre "Railway Safety School Tour Programme" was introduced. The performances are staged in kindergartens, primary and secondary schools, and special needs schools to promote safe and courteous manners when travelling on the MTR. Since it started in 2011, over 117,000 students will have seen the performance by the end of the 2015/2016 school year.

We also organised a number of safety and courtesy talks in schools and with the elderly. At elderly centres we provide "elderly kits" to familiarise them with the facilities and safe usage of the MTR network. We also partnered with RTHK 5 on an elderly programme to visit stations and learn about safety in stations.

### Safety Board Game

In 2015, along with People on Board, a social enterprise in Hong Kong, we developed a board game that aims to help children develop a better sense of railway safety and passenger courtesy from an early age. The board game was well-received and was sold out during the Hong Kong Book Fair 2015. Proceeds of the sales/profits of the board game went to People on Board supporting youth development projects in Hong Kong. We also distributed 500 "youngster kits" for free to primary school students which included a copy of the board game, two teaching booklets, an MTR and Light Rail map and a cartoon DVD depicting railway safety and passenger courtesy.



### Support for Social Enterprises

In the past few years, there has been an increase of the number of social enterprises in Hong Kong serving the differing needs of the community. Apart from supporting social enterprises by directly purchasing products or services with them, as we have done throughout the years, we are looking for opportunities and station retail shops where we can leverage our existing resources to support their efforts.

This year, we developed an initiative in our station retail shops to support social enterprises. We are recruiting qualified NGOs via the Home Affairs Department and the Social Welfare Department. Under the scheme, selected enterprises will receive concessionary rental fees of HK\$1,500/month at 12 shops along the West Rail Line. It is our hope that this initiative enables them to effectively serve the needs of the community, while thriving in a highly competitive business environment.

### MTR Hong Kong Race Walking

In promoting healthy living, the MTR Hong Kong Race Walking has been held annually since 2005. In 2015, this community health and charity event attracted 1,500 participants. With the support of participating individuals and organisations, we raised HK\$1.42 million (including over \$137,000 from MTR staff) for the Hospital Authority Health InfoWorld to support its work on enhancing disease management skills and educating others on the importance of fostering healthy lifestyles and practices from an early age.

### Fundraising and Donations

Staff members' active participation in volunteering and fundraising activities is an important part of our corporate culture. In 2015, our staff raised over \$515,000 for donation to various worthy causes.

#### EMPLOYEE FUNDRAISING (HK\$'000)

2014 274

2015 515

For our fundraising efforts, we received the President's Award from The Community Chest of Hong Kong, including being named as one of the Top Ten fundraising organisations in the Corporate Employee Contribution Programme having raised more than HK\$1 million in the years 2014/2015.

Our total corporate donation for 2015 was at HK\$8.2 million. In addition, we offered free use of our advertising spaces to over 50 organisations supporting causes ranging from community volunteering to elderly care services. We hope that we are able to support the work of these organisations by raising awareness on important issues affecting society, as well as promoting their work to the wider community.



# CUSTOMERS



**99.9%**

Passenger journeys  
on time



**>\$7 billion**

Spent on maintaining,  
renewing and upgrading our  
Hong Kong network



**5.56 million**

Average weekday patronage



## INTRODUCTION

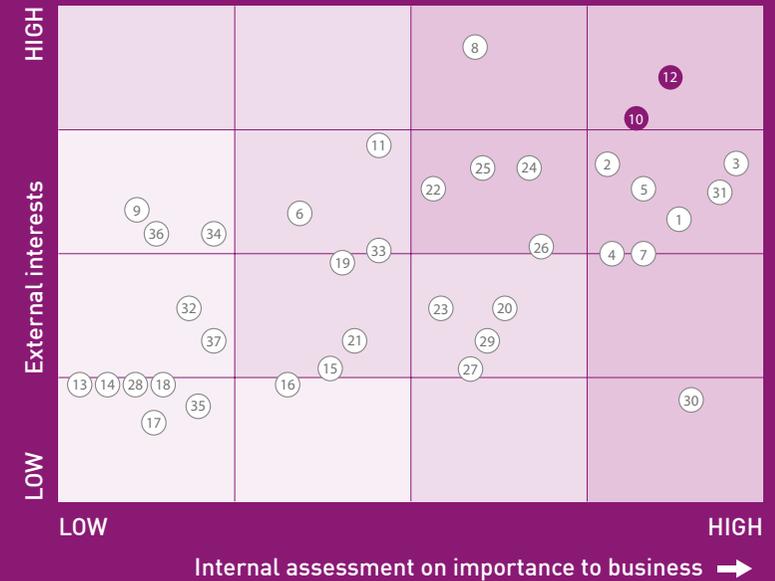
It is our aim to design, build and deliver services that are people-oriented, safe and meet customers' needs effectively. This means that we:

- Design and plan customer needs at the core
- Enhance service delivery, and
- Improve accessibility

With an average of more than 5.5 million passengers using our network in Hong Kong each working day, we recognise that our train services have a profound impact on the daily lives of many people in our city. Bearing this responsibility in mind, our staff comes to work committed to providing reliable and comfortable journeys for our customers.

During 2015, average weekday patronage on our rail and bus passenger services in Hong Kong increased by nearly 1.8%. Underlying this headline figure, several long-term trends are putting increasing demands on our network as summarised in the following charts.

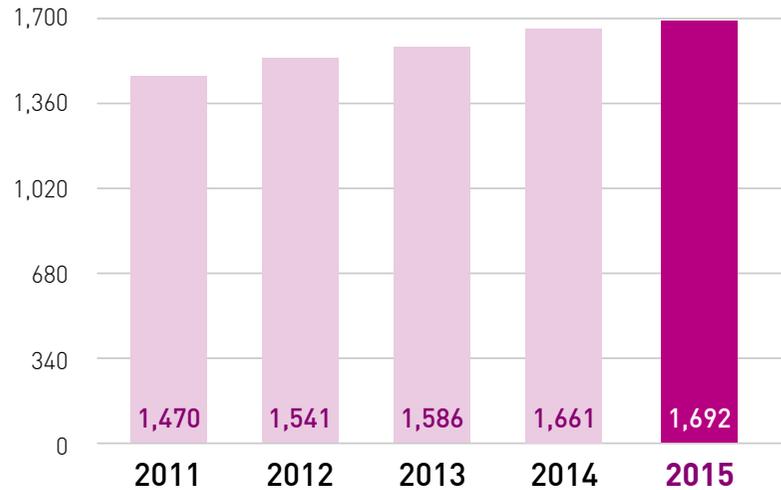
## Materiality issues covered in this chapter



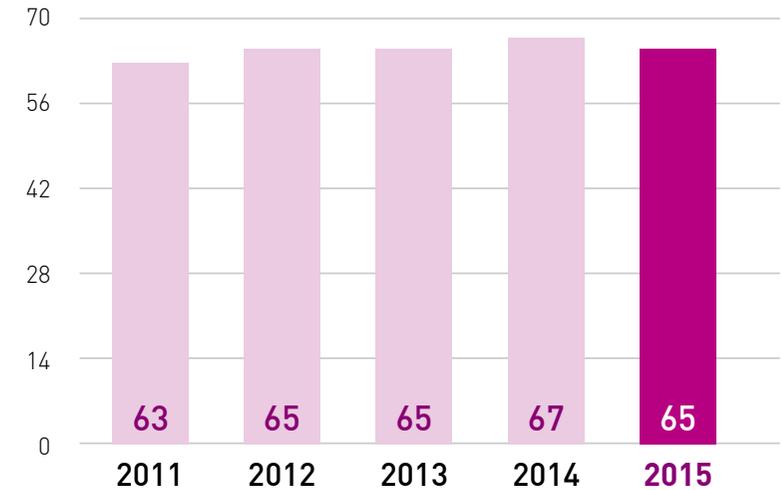
- ⑩ Customer service, support, and complaint handling
- ⑫ Access to essential services (incl avoidance of service disruption)



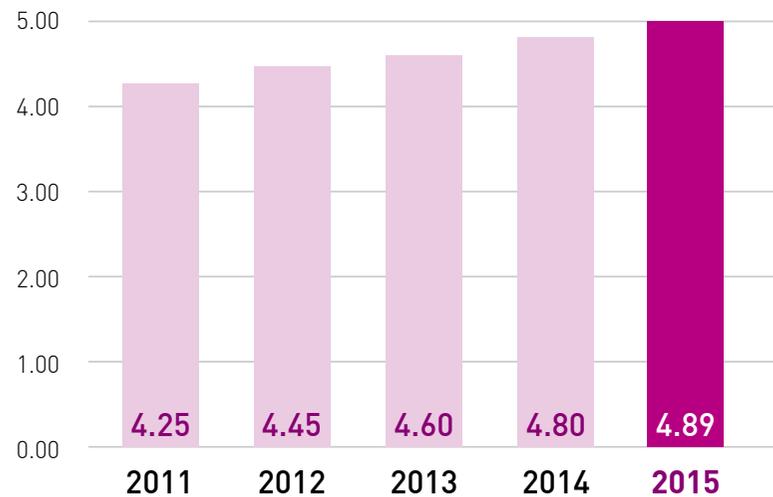
**TOTAL NUMBER OF PASSENGERS - DOMESTIC AND CROSS-BOUNDARY (MILLIONS)**



**AVERAGE CAR OCCUPANCY - DOMESTIC AND CROSS-BOUNDARY**



**AVERAGE NUMBER OF PASSENGERS - DOMESTIC AND CROSS-BOUNDARY SERVICES (WEEKDAY AVERAGE) (MILLIONS)**



In this section, you can read how we are responding to challenges associated with these trends in order to sustain and improve upon train service performance. We also continue to include information on [customer services](#) in our managed properties and our [station retail shops](#).



## MANAGEMENT APPROACH

### Operating Agreement

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

### Customer Service Pledge

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

#### Learn more...

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

#### Learn more...

Customer satisfaction, as recorded by our regular surveys, remained high during 2015. The Service Quality Index and the Fare Index that measure the level of customer satisfaction with fares can be found in our [Annual Report](#).

### Asset management framework

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



## KEY PRINCIPLES AND PROCESSES

### Hardware improvement/investment

Our ability to deliver the highest levels of service to our customers depends on continuous investment in more reliable, convenient and comfortable journeys. The amount of annual expenditure on maintenance and upgrading is expected to increase over time as our network continues to mature.

### Customer experience

Building on from our previous customer experience enhancement initiatives in response to the public's needs, in 2015, we established a new Customer Experience Development Section to improve our customers' end-to-end experience. We aim to deepen our understanding of what matters most to our customers and to formulate plans to bring about continuous enhancement in our service – particularly in four key areas: people, processes, facilities and passenger information. Our initial focus is on enhanced ways to communicate with our passengers, particularly during service delays, by providing timely and effective information to help them in their onward journeys.

### Enhancing mobile communication

We have developed a range of mobile apps to provide real-time information to our customers, including train arrival information, immediate updates on service information for specific lines in the event of a long delay, and a virtual tour guide for visitors to Hong Kong. The app has been incorporated with accessibility design, quicker navigation and better audio information for visually impaired passengers. As a result of these initiatives, we received two Gold Awards in 2015 for the second consecutive year from the Office of the Government Chief Information Officer and Equal Opportunities Commission in the Web Accessibility Recognition Scheme (Mobile App Stream).

#### Learn more...

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

- [MTR Mobile](#)
- [Next Train](#)
- [MTR Tourist](#)

### Customer service teams

We pledge to respond to 99% of written passenger enquiries within six working days. All legitimate enquiries are taken very seriously by senior managers from relevant business units. Occasionally, if we are not clear on the meaning or significance of an enquiry our customer service representatives will contact the customer concerned to ensure we have fully understood the situation.

#### Learn more...

Please click [here](#) to contact us through the various channels that are available.

### Customer service training

To ensure that excellent service continues to be promoted as an integral part of our corporate culture, the Academy of Excellent Service (AES) was established jointly by the Operation Division and the Human Resources and Administration Division in 2012. It provides comprehensive, competency-based customer service training programmes for staff at various levels to build up their skills and capabilities for excellent service. Apart from customer service training, we also conduct regular refresher operations training courses on incident handling, and most recently on safety awareness and incident response.



## Incident Response

There are occasions when our services are disrupted. As such, we are prepared to respond rapidly, providing timely and accurate service information and proactive assistance to customers. At the same time, we have teams working on restoring service as soon as possible.

### **Rapid response teams and caring response**

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

Specialised teams are mobilised behind the scenes as soon as a problem is detected. For example, the Infrastructure Maintenance Rapid Response Unit repairs railway infrastructure, the Rolling Stock Rapid Response Units rectify train faults, and the Infrastructure Engineering Control Centre uses its real-time monitoring and control system to integrate fault reporting centres that are located at depots across the railway network. Since the end of 2013, volunteers from our various departments of the Company established our Customer Service Support Team (CSST). They provide extra support to frontline staff during incidents and are trained with the skills needed to handle these types of situations.



## TRAIN SERVICE PERFORMANCE

### Performance Scorecard

Our service performance in Hong Kong in 2015 was one of our best since the rail merger in 2007 despite passenger numbers increasing significantly by 30.5%.

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

#### MTR Train Service Performance January–December 2015

##### Passenger journeys on time

<b>2015</b>	<b>99.9%</b>
<b>Change from 2014</b>	<b>Maintained at 99.9%</b>

##### Revenue car-km operated

<b>2015</b>	<b>307,729,166</b>
<b>Change from 2014</b>	<b>Increased by 3.6%</b>

##### Total number of train trips operated (Heavy rail only)

<b>2015</b>	<b>1,911,637</b>
<b>Change from 2014</b>	<b>Increased by 2.7%</b>

##### Total no. of >8 minutes delays\*/ million car-km

<b>2015</b>	<b>0.4</b>
<b>Change from 2014</b>	<b>No change</b>

\* excluding the delays caused by external factors

During 2015, of more than 1.9 million train trips on our heavy rail, there was a decrease in the number of service disruptions lasting more than 31 minutes, at only seven delays.

### Customer Service Benchmarking

Comparing the quality of train services provided by metro systems around the world, our Hong Kong heavy rail network performs well but there is still room for improvement. based on the [CoMET Benchmarking Results 2014](#), the most recent data available, we maintained or increased in our performance on majority of the indicators.

#### Why do we participate in CoMET?

We participate in the Community of Metros (CoMET) programme, which collects data annually from large metro system operators around the world in order to compare performance and drive up standards across the industry. The data covers a number of important areas, including profitability, customer service, environmental performance and safety.

As the data covers several years, trends and best practices can be reliably tracked. This helps to identify which members of the group are improving their performance and to demonstrate the level of improvement that is achievable relative to other participants. Our participation in the programme allows us to share information about best practices, innovations and new technologies that will continue to raise the bar for best performance.



## RESPONDING TO CHALLENGES

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

### Reducing Congestion

We have taken steps to ease crowding in certain parts of our network by, for example, increasing the frequency of trains during peak periods.

Starting from March 2015, 599 additional weekly services have been gradually added on the Ma On Shan, Tseung Kwan O and Island Lines as well as on some Light Rail routes. This has increased overall capacity by about 420,000 passenger journeys per week. In addition, more coupled-set Light rail vehicles have been deployed on nine routes to provide extra carrying capacity on both weekdays and at weekends. Since March 2012, more than 2,600 extra train trips have been added per week to different MTR [Heavy Rail] lines, and more than 650 weekly train trips added to Light Rail routes.

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

#### Learn more...

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



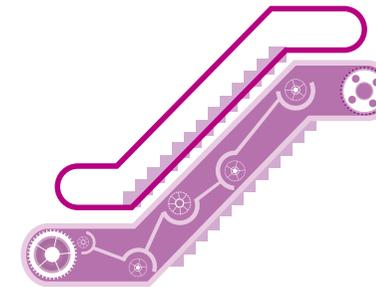
## Upgrading our Assets

Delivering to 99.9% reliability does not happen without meticulous planning. Continuous investment and re-investments are vital to ensure that we can continue to deliver to our customers' high expectation, not only for today but also in the future. As such, we continue to set aside a large portion of our yearly profits to maintain and upgrade our assets. Here are some highlights that were completed or announced in 2015:

### STATIONS AND IN-STATION FACILITIES



- **New entrances** opened at Tsim Sha Tsui and Austin Station



- Concourse improvement and installation of **additional escalators** at Mong Kok (concourse to be completed in 2017), Diamond Hill and Fo Tan



- **8 new external lifts** were installed and
- **8 hydraulic lifts** replaced in our stations
- **16 hydraulic lifts** will be replaced in phases in various stations and seven additional external lifts will be completed by 2019



- **New public toilet** facilities were completed in our stations at Mong Kok and Prince Edward and Ma On Shan Line. We commit to installing toilets at all major interchanges as part of station improvement works.



- Installed wide gates at **25 stations**
- At Ma On Shan Line, the first set of automatic platform gates opened in Tai Wai Station, with full completion of this installation targeted by 2017



- The completion of **Door Chimes Standardisation Programme** on the East Rail Line

- Replace **160 chillers** with energy efficient models
- Planned installation of a **new CCTV station**



## RAILWAY INFRASTRUCTURE AND TRAINS



- Continued to maintain our rail infrastructure at a cost of \$7 billion.

- Awarded a **HK\$3.3 billion** contract to install replacement signalling systems. Initial design and advance works commenced in 2015 with targeted completion in 2026.



- Massive modification of the oldest line in the network, East Rail Line including platform enhancement and installation of automatic platform gates in all stations.



- Purchased a total **93 8-car trains** at about HK\$6 billion, the largest ever train order in our history to replace first generation trains. The new trains are due to come into service between 2018 and 2022.



- Other asset replacement initiatives include about HK\$200 million worth of new **track maintenance vehicles**.



## LIGHT RAIL AND BUS FLEET



- Replaced the platform canopy at Tai Tong Road Light Rail Stop.



- Replacing all existing Light Rail Single Journey Ticket Issuing Machines with new **2-in-1 models** are targeted for public use in early 2016.



- Invested HK\$300 million in the purchase of **10 additional Light Rail vehicles** and buses with final details to be determined based on completion of a feasibility study by the Government.



- **4 new double decker buses** delivered to replace older buses.

- Purchased **6 new buses** to serve passengers in the Northwest New Territories.



## Enhancing the Customer Experience

### Responding to our customers

Since 2012, we have been coordinating service improvements across all areas of our business in response to the public's needs. The initiatives launched have focused on providing more comfortable journeys, improving station access and facilities, and communicating service information to passengers.

### Customer Experience Management Model

During the year, a Customer Experience Management Model was established, with journey mapping exercises conducted and regular customer user groups meetings held, leading to the development of various customer service initiatives that are now being implemented. To enhance communication during incidents, clear, timely and accurate information is now being delivered to affected customers, with a detailed survey carried out after each major incident to collect feedback with a view to improving services.

### Support Staff in Stations

An additional 300 station assistants were introduced during 2015 to help ease the flow of passengers through stations.

### Special assistance required by customers

We have set up nine Caring Points at six stations during peak hours to provide support to those who require special assistance. We also launched a campaign during winter months to remind customers, particularly if they are ill, to contact MTR staff to seek assistance.

### Courtesy Campaign

To make travelling on the MTR more enjoyable, we have been encouraging different courtesy behaviours in various channels regularly. In particular, we organised the 2015 MTR x RTHK Courtesy Campaign under the theme "To live and share love in Hong Kong". Posters on the MTR network demonstrated the do's and don'ts of good passenger behaviour and the joy of assisting others in their MTR journeys.

## Enhancing Customer Service Centres

Our Customer Service Centres provide information and assistance to customers within stations across our network. To better serve our passengers and further support our colleagues' working environment, we have been rolling out the enhanced design of these centres since 2010. In 2015 we opened a new and enlarged centre in Tung Chung Station which replaced the old centre that was in service for 17 years.

### Barrier-free access

To ensure equal access for all members of our community, including the elderly and the disabled, our standard design manual contains specifications for barrier-free access facilities that go beyond the Hong Kong regulatory requirements for our stations. For example, we strive to meet the needs of Hong Kong's changing demographics by installing external lifts, wide gates, braille signs and other such facilities. We now have barrier-free access at all major stations. We are also addressing the specific needs of people with disabilities by enhancing communication with them. During 2015, new provisions such as braille maps, braille plates on handrails, tactile toilet signs and tactile guide paths were installed in several stations, including Light Rail Customer Service Centres. Installation of tactile hazard warning tiles was also completed at Light Rail pedestrian crossings. In 2015, we received the "Award for Demonstrating Care by Barrier Free Facilities" from People of Fortitude, International Mutual Aid Association for the Disabled, one of the renowned NGOs in Hong Kong serving people with disabilities.



### Did you know?

#### Installing New Lifts

Barrier-free access facilities allow our passengers to have easy access to stations. In 2008, we established the External Lift Construction Project Team. Constructing lifts in a busy urban environment is not an easy task with various challenges such as anti-flooding control measures, uncertainties over excavation during lift shaft construction and limiting the inconvenience to operations at busier stations. In particular, the installation or retrofitting of external lifts has been challenging for us in older stations where there is a need to seek regulatory approval for use of areas outside of MTR's remit.

We have added eight lifts in stations with more to be opened in the coming years.

Work of External Lift Construction Project Team

Year of opening	Station
2009	Tai Wo Hau
2011	Sheung Wan, Wong Tai Sin
2012	Jordan, Cheung Sha Wan, Sham Shui Po
2013	Shek Kip Mei
2015	Lai Chi Kok, Prince Edward, Sai Wan Ho
2016	Shau Kei Wan, Yau Ma Tei
2019*	Fortress Hill

\*Estimated date of opening for passenger service

### Learn more ...

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

#### Communication with passengers

Public announcements in stations and the Traffic News function on MTR Mobile are the two most important channels of communication and will be the focus of further improvements. In 2015, new LCD passenger information display systems were installed on the Tung Chung Line and Airport Express, and will gradually be installed on the Island, Kwun Tong and Tsuen Wan lines to provide timely information.

#### MTR Mobile

In 2015 we enhanced the point-to-point search function of the Train Trip Planner in the MTR Mobile app, to include over 35,000 landmarks for route search. At the end of 2015, a total of 3.5 million users had downloaded our mobile app.

#### MTR customer website

In 2015, we further enhanced our website to comply with the latest standards for accessibility. MTR received the Gold Award from the Office of the Government Chief Information Officer and Equal Opportunities Commission in the Web Accessibility Recognition Scheme.



## Registration of Oversized Musical Instruments

Balancing the needs and interests of our customers can sometimes be a challenge. Our shared starting point has always been to ensure the safe and comfortable travel of our customers. In September 2015, we received criticism on our long-standing size restrictions on personal items, particularly on musical instruments. Despite a perception that there is selective enforcement, we reiterated that these rules apply to all passengers and are enforced in that way.

Nevertheless, based on the views we received, we conducted a public consultation on this issue in October 2015. We also held several discussions with a number of representatives from the music community, at the same time conducting internal reviews. Consultation submissions showed that 50% were in favour of having a registration or exemption system for oversized musical instruments, 30% suggested relaxing the existing restrictions and 20% are for maintaining or tightening them. We reiterated the need to allow for smooth passenger flow, to ensure emergency evacuation and minimise the risk of long objects conducting electricity from high voltage overhead lines and equipment, particularly in the event of detrainment inside tunnels as basis for our restrictions or exemptions.

Starting from 2 November 2015 we began a four-month trial scheme for oversized musical instruments and on 1 March 2016 announced its [continued implementation](#).

We do recognise that sporting and other recreational groups have also submitted views through our review and since there is a vast variety of sports and recreational equipment involved, we hope for our customers' understanding for the need to study any further special arrangement very carefully.



## CUSTOMER SERVICES IN OUR PROPERTIES

### MTR Malls

To provide a high quality shopping experience for our customers, MTR Malls endeavours to offer a wide array of services to enhance customers' comfort and convenience. We also continuously optimise our in-mall facilities to better cater for the different needs of our shoppers. For instance, baby care rooms with breast-feeding facilities have been extended across all MTR Malls in 2015, while we have also started to improve the barrier-free facilities in the MTR Malls portfolio to go beyond current statutory requirements which are on-going in phases. In 2015, Elements, Telford Plaza, Maritime Square and PopCorn received the Barrier Free Accessibility (BFA) Certification by the Hong Kong Quality Assurance Agency (HKQAA).

We have been operating a self-initiated quality service programme called Total Service Assurance Regime across MTR Malls for over 13 years. Advocating good customer service practices and consistent service quality throughout our malls, this programme engages our tenants through workshops as well as training and performance monitoring activities.

The outstanding performance of MTR Malls has been recognised in the various awards received in 2015, including the "Hong Kong Service Award - Shopping Mall" from the East Week magazine as well as "Top 10 My Favourite Shopping Mall Awards 2014-2015" from *Hong Kong Economic Times*.

### Did you know?

#### Family Care Rooms

MTR Malls pioneered in providing high quality family care rooms and services in the mall industry in Hong Kong. In a territory-wide survey conducted by the New Century Forum in 2015, Elements and Maritime Square ranked top across the market with full marks in terms of provision of appliances and equipment, environment, ambience and added-value services; while Telford Plaza also received the highest marks in the provision of appliances and equipment with Paradise Mall winning the best improvement award.

### Premier Plus

Premier Plus, the elite brand under our Property Management portfolio, provides management services to high-end developments including residential development, The Cullinan and office building, Two ifc. Integrating the hospitality of international five-star hotels, we provide a one-stop round-the clock concierge service to our tenants. In 2015, Two ifc was awarded the Property/Facility Management Team of the Year at the Royal Institution of Chartered Surveyors Hong Kong Awards and the Grand Award winner of the Hong Kong Institute of Facility Management Excellence in Facility Management Award for the excellent service provided to our customers.

#### Learn more ...

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



## CUSTOMER SERVICE IN STATION RETAIL SHOPS

At the end of 2015, there were over 1,360 outlets — known as MTR Shops. MTR Shops consist of a wide variety of trades that cater to the daily needs of our passengers. The trades include convenience stores, food and beverages, health and beauty, fashion and accessories, and passenger services.

### Optimal Trade Mix

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

- *Core Trade* — Convenience stores, cake and bakery, banking
- *Edible Trade* — Takeaway food and beverage, confectionery and grocery shops
- *Retail Trade* — Fashion, accessories, health and beauty, passenger services, etc

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

- *Domestic* — Varied purposes such as transport interchange and business
- *Leisure* — Sightseeing and shopping
- *Residential* — Daily commuting from and to home
- *Cross-boundary* — Tourist and business travel to and from the Mainland of China

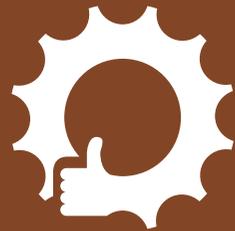
With the aid of the Optimal Trade Mix Model, our commercial team evaluates the passenger profile and geographical location of each station and introduces an appropriate mix of tenants to best suit our customers' needs.

### Support to Station Retail Tenants

We provide assistance to support new tenants in [MTR Shops](#), including advice on shop design, guidelines on operations and management to facilitate their initial set-up at stations and a one-time free poster package within the MTR network for increased exposure to potential customers. In 2015, we also launched a new initiative offering 12 designated shop spaces along the West Rail Line to [social enterprises](#).



# SUPPLY CHAIN



**4.6%**

Average improvement of suppliers aligning with our Supplier Code of Practice



**567**

Trainees under the Contractor Cooperative Training Scheme since 2012



**43%**

Suppliers having a Corporate Responsibility Policy

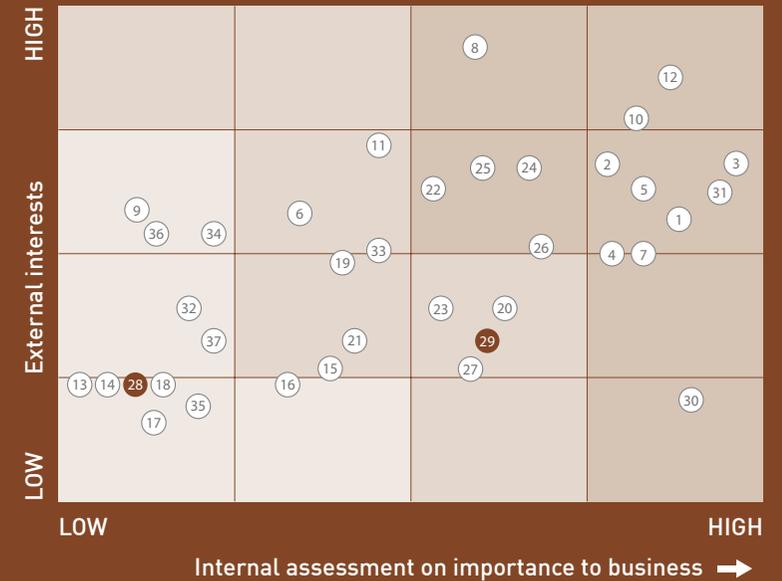


## INTRODUCTION

We contribute significantly to the economy of Hong Kong and other places through our diverse supply chain. Consider the wide range of products and services involved in the different categories of spending for railway construction projects, transport operations, property management and other businesses.

Fortunately, we are in a position to build upon a strong foundation of working with stakeholders in our supply chain to promote quality, safety, reliability, business ethics and a commitment to being a responsible and sustainable business. Our reputation as a fair and equitable business partner is well established and we find that this helps to maintain collaborative working relationships with them.

## Materiality issues covered in this chapter



- 28** Supply chain human rights risk
- 29** Promoting social responsibility in the value chain

## Management Approach

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

### GUIDING STRUCTURE

#### Procurement process

The Company has a transparent and independent procurement process based on principles of good governance. The key objectives of this process are to serve the interests of our shareholders and other stakeholders by promoting competition, providing value for money to the Company, and ensuring compliance with our policies on [being a responsible and sustainable business](#).

#### Supply chain risk management

Risks in our supply chain are subject to regular assessment by our [Enterprise Risk Committee](#). For example, we anticipate that flooding and other extreme weather events associated with climate change could have major impacts on our supply chain, including delays to production and delivery of goods, and higher insurance premiums for our infrastructure and property assets. Hence, we have put in place risk mitigation measures such as working closely with suppliers to ensure the continuity of supply for goods and services, especially safety and [service critical spares](#) keeping sufficient levels of stock for critical spares and investigating ways to develop alternative sources of supply.

## Sustainable Procurement Taskforce

Established in 2012, the Procurement and Contracts Department Sustainable Procurement Task Force comprises colleagues from across the different sections within the department that look into the overall and on the ground implementation of sustainable procurement across the Company. The task force reports to the General Manager – Procurement and Contracts and Legal Director & Secretary. There are five teams in the task force organised according to these categories:

- Reporting: sustainability indices and sustainability reporting
- Supplier Survey & Compliance: surveys of the Supplier Code of Practice
- Green Procurement: share green procurement initiatives and practice
- Event & Promotion: coordinate awareness raising and sharing activities with suppliers, as well as promotion of the sustainability initiatives of the Company
- Training & Development: organise and recommend sustainability related training to Task Force members for capability building

### KEY PRINCIPLES AND PROCESSES

#### Supplier survey

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

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

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



## Supplier Code of Practice

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

### Learn more...

Download a copy of our [Supplier Code of Practice](#).

## Green procurement

Our Green Procurement Policy encourages our procurement teams to promote sustainability in our supply chain. We are a founding member of the Hong Kong Green Purchasing Charter and apply green specifications for procurement of a range of items, such as lifecycle assessment of our purchase of long-term infrastructure such as trains, air conditioning chiller units, etc; energy efficient equipment such as LED lights and Forest Stewardship Council (FSC) certified products for stationery supplies, to name a few. We encourage our suppliers to adopt eco-labelling where appropriate and possible.

### Learn more...

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

## Supplier engagement

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

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

## Promoting transparency

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

### Learn more...

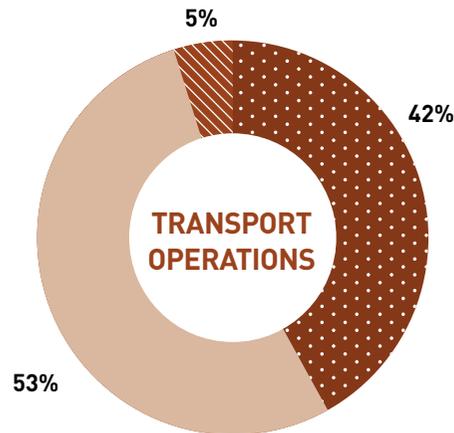
Please refer to our [corporate website](#) for Information on Tender Notices, Invitation for Tenders/Expressions of Interest, and Notices of Contract Award and Supplier Registration and Administration.



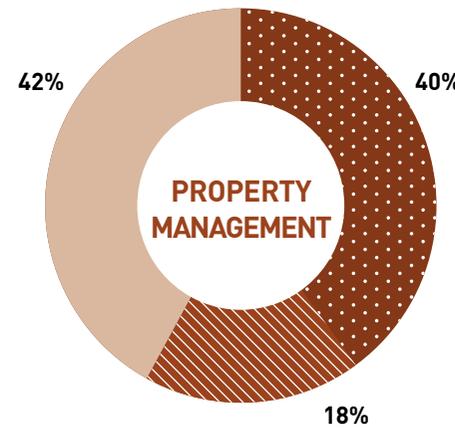
## SUPPLY CHAIN ASSESSMENT

These diagrams show the breakdown of our spending on products and services during 2015 as well as our strategic focus areas for supplier engagement by division and category of spending.

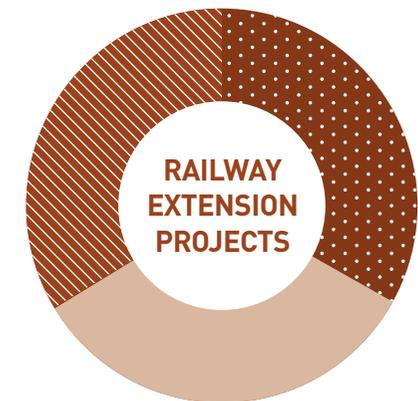
### PERCENTAGE OF SPENDING BY MAJOR CATEGORIES IN 2015



- Works & Maintenance Services  
Worker safety and health
- Goods Services & Spares  
Human rights and labour practices
- General Goods & Services



- Cleaning, Security & Clubhouse Services  
Human rights and labour practices
- Works & Maintenance Services  
Worker safety and health
- Other Goods & Services



Proportional spend data is not shown due to the cyclical nature of spending

- Civil Works  
Human rights and labour practices  
Worker safety and health
- Consultancies & Others
- Engineering & Mechanical Works  
Human rights and labour practices  
Worker safety and health



### Supplier survey in 2014

We survey our suppliers regularly with 2014 as the most recent year of the survey. In 2014, we received information from 660 suppliers in response to our Corporate Responsibility Questionnaire. Compared with the baseline from 2011, we have observed an overall increase in the proportion of suppliers indicating they have corporate responsibility policies – from 27.6% to 46%, initiatives and monitoring systems in place. There was an average improvement of 4.6% across all other indicators.

### Supply chain sustainability benchmark exercise

In 2015 we completed an independent study to benchmark MTR's supply chain sustainability. In some aspects we are already on par with best practices in the railway and properties industries, but in other aspects we are considering how to refine our approaches in order to meet and exceed market norms. Looking to the future, we recognise the growing demand for all corporations to strengthen supply chain performance on product responsibility, efficiency and environmental and social impacts.

### Did you know?

#### Model management practices in our supply chain

Since 2009, we have committed a total of HK\$9.7 billion towards procurement of trains for our new railway lines. Given the huge scale of this investment, we have put a lot of effort in recent years into refining our lifecycle assessment approach for this kind of equipment. Our decisions take into consideration future energy use and maintenance costs of our trains over an average lifespan of 40 years, in addition to upfront capital costs. We also monitor the performance of equipment purchased that has undergone a lifecycle assessment in its initial period to check the accuracy of performance. In some cases, we incentivise suppliers that are able to meet their stated performance range.

Furthermore, in order to meet our high standards for quality we maintain close working relationships with manufacturers who fabricate our trains. Our model practice for quality management of trains grew out of an enhanced partnership that has developed with one of our major suppliers. We work closely with this supplier through a joint project office located at the manufacturing base to ensure all performance indicators for quality are achieved, including complete traceability of all major components, with particular attention to service and safety critical parts. We have implemented this approach across all our train purchases for the new lines.

We continued this practice in the tendering process of the 93 new 8-car trains we announced in 2015. Under the contract, the supply, manufacture, testing and commissioning of the new trains are required to be carried out in accordance with MTR specifications and under our rigorous design and manufacturing standards. We have stationed full-time staff at the factory to ensure the quality of the manufacturing and assembly process.



## COLLABORATION WITH CONTRACTORS

The work that we do to engage with contractors is an aspect of our value chain. In general, contractors hire their own staff directly but they may also hire sub-contractors and specialist contractors. Securing buy-in from contractors is integral to our strategy to our objectives of being a responsible and sustainable business.

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

### Graduate trainee programmes in our new lines

To attract new blood to join the construction industry, we initiated the Shatin to Central Link Contractors Cooperative Training Scheme (SCL CCTS) in 2012. The Scheme provides training and internship programmes for various trades in the construction industry for those who wish to work in the field. The 58 trainees received their Certificate of Graduation at the first SCL CCTS Recognition Ceremony to mark the completion of their training programme. Contractors that have actively participated in the Scheme were also awarded at the ceremony. The SCL CCTS requires all contractors of SCL civil works contracts to recruit a specified number of trainees, provide training for them and offer 12-month employment contracts to graduate trainees who pass relevant trade tests. Up to the end of 2015, 567 trainees have received training with 313 of them having completed the programme and are re-continuing their careers in 17 trades including levellers, carpenters and general welders.

### Safety and cleanliness on construction sites

We provide [leadership on safety standards](#) for construction workers in Hong Kong in partnership with the Labour Department, industry bodies, unions and other major employers. We also require our contractors to ensure cleanliness of sites to contribute to site safety and reflect a better image of the construction industry.



### Did you know?

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

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

In 2015, the Grand Safety Award was presented to Samsung - Hsin Chong Joint Venture (Shatin to Central Link) for being the best performer among all extension project contractors based on a set of objective criteria including accident rates, site conditions, safety audit results, training efforts and leadership on safety. We particularly appreciated the strong safety commitment shown by this contractor in planning and allocation of resources in conducting their work in a safe and caring manner.

Other award winners in 2015:

- The Gold Environmental Award was won by Nishimatsu Construction Company Ltd (South Island Line (East)) for their consistent implementation of innovative environmental initiatives. Their new initiatives include tailor-made noise mitigation measures used for Hong Kong Park ventilation shaft construction allowing for noisy work to continue in close proximity to 5-star hotels, apartments, the British Consulate and the Hong Kong High Court. Another example is the 50% water savings achieved during tunnel construction.
- The Gold Stakeholder Engagement Award was won by Samsung - Hsin Chong Joint Venture (Shatin Central Link) for its continuous efforts during major road diversions in busy Ma Tau Wai and Kowloon City for maintaining good support and communications with road users and pedestrians. This also includes maintaining a good working relationship with shops along Ma Tau Wai Road as well as schools in the area.

- The Gold Quality Award was won by 761 & 962C: Radio Frequency Engineering Limited (South Island Line (East)) for their commitment to ensuring the high quality of their work. They were awarded for proactively carrying out tests on their own initiative and going beyond contractual requirements - hence increasing the confidence in the quality of their delivery.



# 2016 AND BEYOND



**93**

New trains procured

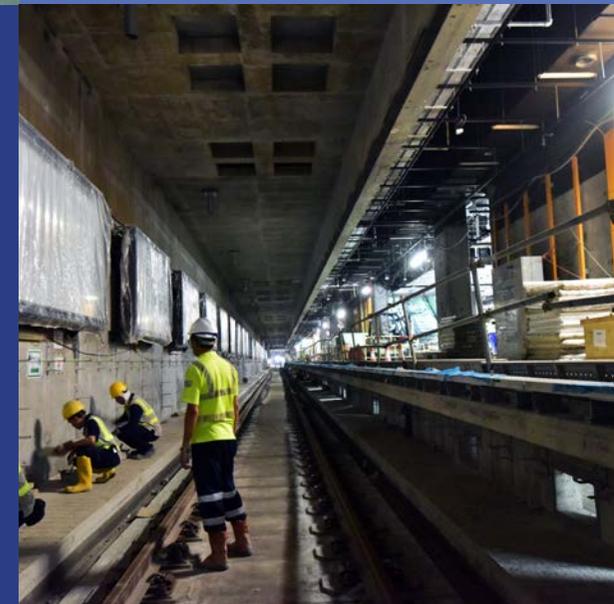


**7**  
Railway projects  
proposed in the Railway  
Development Strategy  
2014



**11,410**

New residential units under  
the 7 property development  
projects rolled out in 2015  
and early 2016



## INTRODUCTION

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

### Global Context

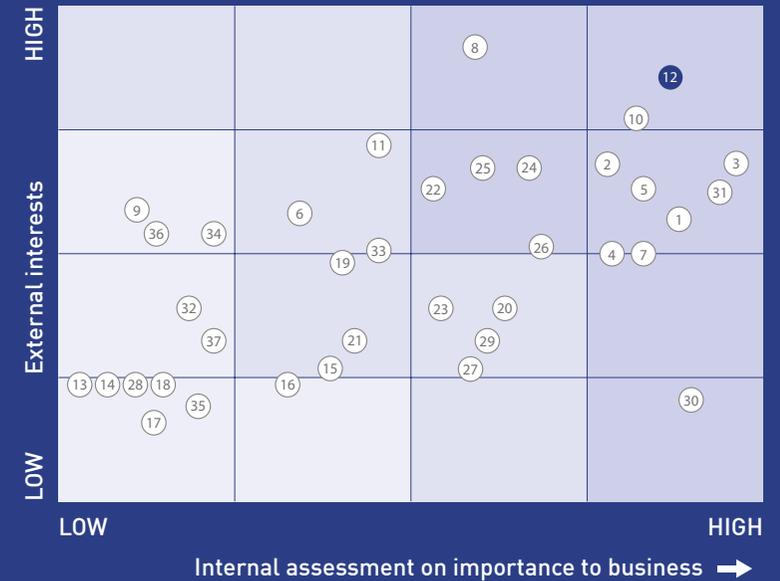
In a recent study launched in 2014, about 54% of the world's population lived in urban areas, but this proportion is expected to increase to 66% by 2050. According to its 2014 biennial study published by the United Nations Department of Economic and Social Affairs (UN DESA) the majority of population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

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

#### Learn more...

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

## Materiality issues covered in this chapter



**12** Access to essential services (incl avoidance of service disruption)

With the [impacts of climate change](#) being felt globally and in Hong Kong, and as a result of the landmark agreement reached on climate change in Paris at the 21st Conference of Parties, the demand for investment in sustainable public transport has never been more urgent.

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

### Learn more...

Please download a copy of [Future of Urban Mobility 2.0](#).

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

## Links to Other Sections

Throughout this report, we have highlighted a number of challenges that have implications on how we deliver our services.

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

[Financial Performance](#) — We recognise that we must balance the expectations of shareholders to receive reasonable investment returns with the needs of other stakeholders to maintain train fares at affordable levels while investing in safe, comfortable and convenient journeys. Understanding that new property development projects are a significant source of income, in order to ensure the continued success of our Rail plus Property model, we are working to identify untapped opportunities within our existing portfolio of businesses.

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

[Corporate Governance](#) — Learning from the responses of our stakeholders, we made changes to our corporate governance in 2014 in order to become more transparent about implementation of network expansion projects. We recognise that we must communicate effectively to stakeholders for other major opportunities to expand and develop our business in future.

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

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

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

[Supply Chain](#) — We recognise our responsibility to encourage sustainable practices throughout our value chain, including our suppliers, contractors, tenants and passengers.



## FUTURE OF RAILWAY IN HONG KONG

### Investing for the Future

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

### What will the future MTR look like?

#### Optimising Our Assets

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

#### Upgrading Our Trains

In addition to procuring 93 new 8-car trains, we shared some of the features of the future urban trains with a new-look interior design, including:

- New dynamic route maps in the new-generation train compartments allow for the display of more useful information
- Branched handrails
- Enhanced set back
- Enhanced lighting
- Straphangers

We are planning to refurbish first-generation trains serving the Kwun Tong, Tsuen Wan, Island and Tseung Kwan O lines in the next few years.

### How are we preparing for the future?

We are implementing a plan that looks holistically at the systems, processes and skills that we will need to effectively respond to the needs of our passengers in the future. This requires collaboration amongst different departments and openness as to how the future could look. Part of this plan is leveraging big data, advanced technologies and innovation to better predict, prevent, respond and recover from disruptions, further enhancing our service to passengers.

#### Science fact, not fiction

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

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

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



## Building new lines with technology

To assist us in building new lines for Hong Kong, we have been exploring the use of Building Information Modelling (BIM) processes and technologies on our current railway projects.

BIM presents the construction industry with an opportunity to enhance the quality and coordination of complex projects and realise the efficiencies seen in other countries and in other industries. Similar sectors are already taking advantage of improved collaboration, quality, coordination and efficiency in their project and production cycles using digital technologies.

We recognise these benefits and industry trends and will be utilising BIM at the heart of our design process on new railway projects. The BIM process will deliver a digital representation of the asset being built, in our case, a railway. This will provide improved information management early in the design process ready to be leveraged throughout each stage of each project. But BIM will also allow us to manage the final asset better due to the accurate, data-rich model created, with every element of the railway identified and with critical operational and maintenance data built-in to the model.

BIM is a game changer to the traditional practices of asset delivery and operation. As we develop our next generation of railway projects, we will be working together with the Hong Kong industry and our design partners both to improve project delivery and grow our ability and competence.

## New Railway Lines

We recognise that in order to connect and grow communities in parts of Hong Kong that are underserved by an efficient mass transportation system, we must continue to explore opportunities to expand our network. For this reason, we will continue to provide technical responses to Government to support the planning and implementation of further rail network expansion plans in Hong Kong.

## Railway Development Strategy

To meet Hong Kong's growing public transport needs, Government's strategy is to continue using railway as the backbone in the development of our public transport network. Beyond the four rail lines that we are building now, Government has identified seven new rail projects under its Railway Development Strategy 2014 to be implemented in phases up to 2031, of which three are priority lines, namely the Tuen Mun South Extension, the Northern Link including Kwu Tung Station, and the East Kowloon Line. We continue to work with Government in taking forward these rail expansion plans.



Railway projects proposed in the railway development strategy 2014

PROJECT
Northern Link and Kwun Tung Station
DESCRIPTION
<ul style="list-style-type: none"> <li>• a major regional line formed by linking the Kam Sheung Road Station on the West Rail Line to a new station at Kwu Tung on the Lok Ma Chau Spur Line</li> <li>• a route length of about 10.7km</li> <li>• indicative implementation schedule for planning purpose: 2018 to 2023</li> </ul>
PURPOSE
<ul style="list-style-type: none"> <li>• improve network robustness and east-west connectivity</li> <li>• divert passenger flow of the East Rail Line</li> <li>• serve the New Development Areas (NDAs) in the northern New Territories (including the Kwu Tung North and Fanling North NDAs)</li> <li>• enhance cross-boundary movement</li> </ul>

Should construction of these seven railway proposals go ahead, the railway network is expected to serve areas inhabited by 75% of the local population and about 85% of job locations.



**Railway Projects Proposed in the Railway Development Strategy 2014**

- Station
- ◻ Interchange Station
- Existing or Committed Railway
- New Railway Scheme (Preliminary Concept) (Shown in different colours)



## NEW PROPERTY DEVELOPMENTS AND INVESTMENT PROJECTS IN HONG KONG

### New Property Developments

In 2015 and early 2016, seven new property development projects were rolled out, including one where we were acting as agent for the relevant subsidiaries of Kowloon-Canton Railway Corporation (KCRC), to respond to the community's housing needs. These developments comprise about 11,410 new residential units, and we look forward to bringing this supply of housing to the market.

Over the next 12 months or so, subject to market conditions, we expect to tender out three property development packages with one more at LOHAS Park and our first property packages at both Ho Man Tin and Wong Chuk Hang.

We continue to assess the feasibility of other property developments along our railway lines to increase housing supply in Hong Kong. One possible site is above our depot in Siu Ho Wan on Lantau Island where, with the necessary zoning and other approvals, not less than 10,000 residential units can be built. Much work is still required including zoning, site planning, depot re-positioning, obtaining necessary approvals, land premium assessment as well as the business model to implement the works. At this preliminary stage there can be no assurance that this proposal would become a viable commercial project for MTR.

### New Property Developments in Hong Kong

	TENDER AWARDED	DEVELOPER
LOHAS Park Package 6	January 2015	Nan Fung Group Holdings Limited
Tin Wing Stop (Light Rail) Property Development	February 2015	Sun Hung Kai Properties Limited
LOHAS Park Package 7*	June 2015	Wheelock and Company Limited
Yuen Long Station Property Development**	August 2015	Sun Hung Kai Properties Limited
LOHAS Park Package 8	October 2015	Cheung Kong Property Holdings Limited
LOHAS Park Package 9	December 2015	Wheelock and Company Limited
LOHAS Park Package 10	March 2016	Nan Fung Group Holdings Limited

\* Apart from profit sharing in the residential component, we will also contribute HK\$4.98 billion to the development, retain ownership of and fit out the shopping centre.

\*\* As agent for the relevant subsidiaries of KCRC.



## New Investment Projects

We are enhancing the existing assets of our existing shopping centre portfolio while making significant additions. These projects will add a total of about 120,620 square metres (gross floor area, "GFA") to the existing retail portfolio, increasing the attributable GFA by approximately 40%.

## Key Additions

	GFA (SQ M)	TARGET DATE
Tai Wai	60,620	3rd quarter 2021
LOHAS Park	44,500	4th quarter 2020

## Extensions/Enhancements

	GFA INCREASE (SQ M)	TARGET DATE	OTHER NOTES
Maritime Square	12,100	4rd quarter 2017	
Telford Plaza (2 floors of offices converted to retail use)	3,400	2th quarter 2017	Meet growing demand for retail services in East Kowloon



## FUTURE PLANS OUTSIDE OF HONG KONG

### Future Plans Outside of Hong Kong

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

#### Beijing

Beijing MTR Corporation Limited (BJMTR) signed a Concession Agreement for the investment, operations and maintenance of a new line, Beijing Line 16, on 28 November 2015. This 50km line will run from Beianhe to Wanping and will have 29 stations.

#### Shenzhen

We signed a Strategic Cooperation Framework Agreement in 2014 with the Longhua New District Administration Commission to explore cooperation for the North Extension of Shenzhen Metro Longhua Line. Our subsidiary in China will offer advice and technical support for the construction of the extension line.

#### Chongqing

We signed a Memorandum of Understanding in 2014 with the Chongqing Municipal Government and have begun preliminary discussions regarding metro and property development opportunities in the municipality.

#### Sweden

MTR Stockholm was recently awarded a six-year extension from 2017 to 2023 on the Stockholm metro operations and maintenance (O&M) concession. Besides, MTR Nordic was also awarded the O&M concession for the Stockholm Commuter Rail Systems (Stockholms Pendeltåg) for an initial period of 10 years, starting from December 2016, with an option to extend for a further four years. It is the second largest railway concession in Sweden after Stockholm Metro.

### Australia

In 2014, Northwest Rapid Transit Consortium (NRT) was awarded the Operations, Trains and Systems Public-Private Partnership (PPP) contract for the Sydney Metro Northwest, our first international PPP project. NRT will design and deliver the rail systems, and MTR's subsidiary Metro Trains Sydney (MTS) will operate and maintain the system for 15 years after service opening.

### Consultancy and Contracting Services

We offer worldwide consultancy and contracting services on railway planning, design management, system integration and assurance, project management, construction management, railway operations and maintenance and non-fare revenue businesses. We have offered services to a number of railway and metro companies, government authorities and rail system suppliers in Australia, Mainland of China, India, the Middle East and Southeast Asia. Locally in Hong Kong, we have been providing operation and maintenance services for the Automated People Mover (APM) at Hong Kong International Airport. The APM is currently being expanded to match the growth in air travel.

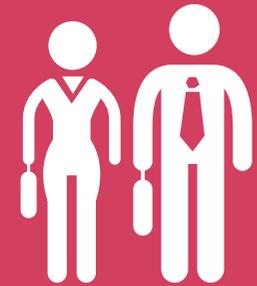


# MAINLAND OF CHINA AND INTERNATIONAL BUSINESS



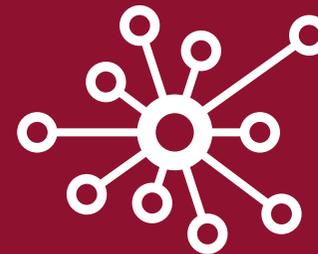
8

Rail Services in operation outside of Hong Kong



5.0 million

Total weekday patronage on average outside of Hong Kong



867.5 km

Operating route length outside of Hong Kong



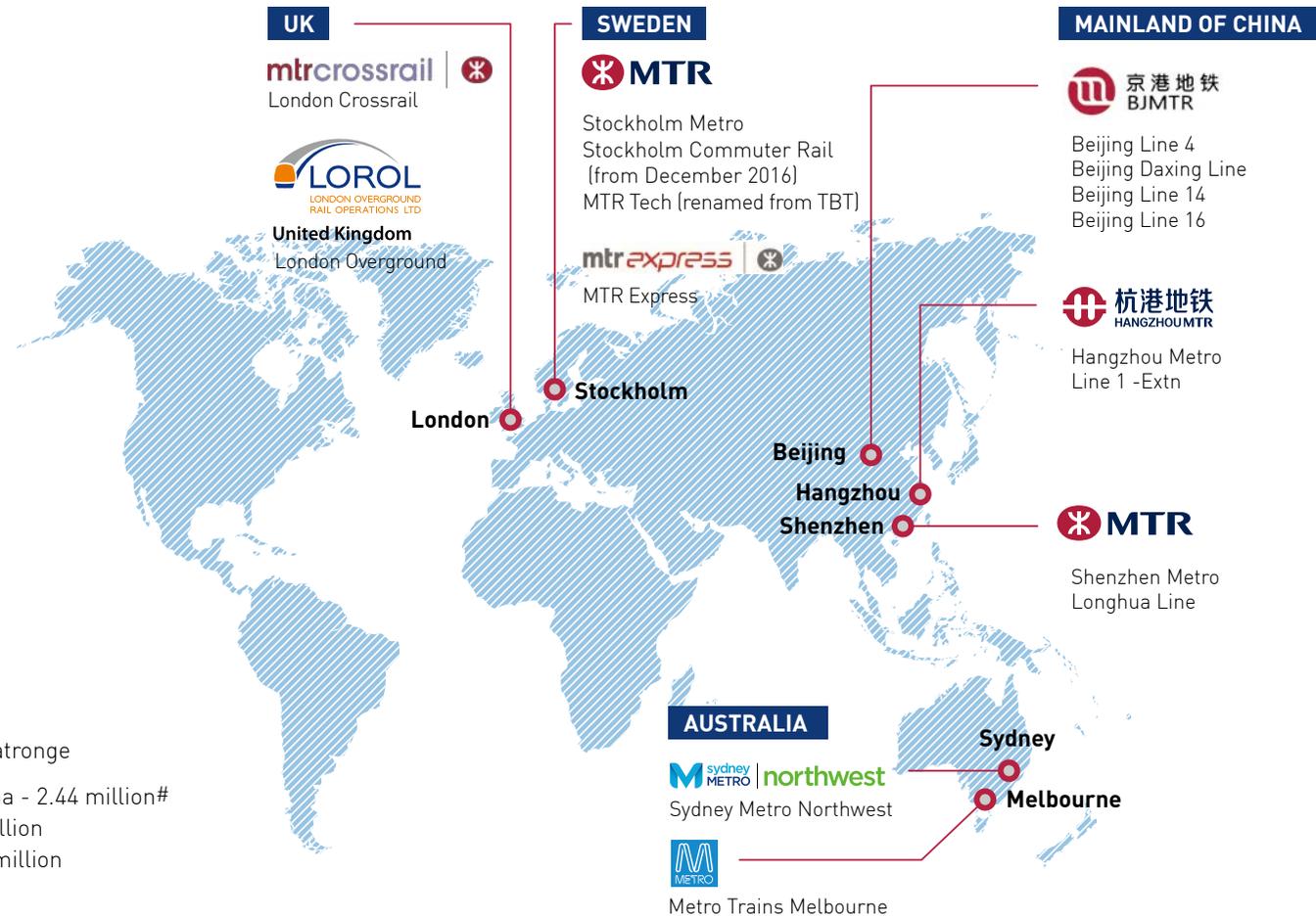
## INTRODUCTION

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

**Learn more...**

Please refer to our [Annual Report 2015](#).

In this section of the report, we highlight key aspects of the sustainability performance of railway operations managed by our subsidiaries around the world by location, namely, MTR in the Mainland of China, Europe and Australia. Key performance indicators (KPIs) for these railway operations are also available.



Weekday average patronage

- Mainland of China - 2.44 million#
- Europe - 1.79 million
- Australia - 0.80 million

# Patronage number based on "line boarding"



## Management Approach

### GUIDING FRAMEWORK

#### Governance of subsidiaries and associates

The Chief Executive Officer is responsible for oversight on governance of subsidiaries and associates. He is supported by the newly-created roles of Managing Director — Operations and Mainland Business and European Business Director.

#### Management Directives

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

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

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

#### Operating Agreements

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

#### Fair and ethical business

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

#### Code of Conduct

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



## KEY PRINCIPLES AND PROCESSES

### Assurance and audit

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

### Local talent

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

### Learning and sharing

In order to promote the flow of information and development of an open, trusting relationship, staff across the Company are encouraged to develop relationships with their counterparts and implement a culture of sharing and learning.

### Building on firm foundations

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

### Safety

We have an enhanced corporate safety governance framework based on a benchmarking study of international best practices. The resulting enhancements to the framework include providing independent risk assessment from headquarters to cover major operational changes, and requiring businesses to plan and achieve specified maturity levels.



## MTR IN THE MAINLAND OF CHINA

### OUR MAIN BUSINESSES IN THE MAINLAND OF CHINA AT A GLANCE

	MTR Corporation Shareholding	Business Model	Commencement of Franchise/Expected Date of Commencement of Operation	Franchise/Concession Period (years)	Number of Stations	Route Length (km)
<b>Projects in operation</b>						
Beijing Metro Line 4 ("BJL 4")	49%	Public Private Partnership ("PPP")	Sep 2009	30	24	28
Daxing Line of BJL 4	49%	Operations and Maintenance ("O&M") Concession	Dec 2010	10	11	22
Beijing Metro Line 14 ("BJL14")	49%	PPP	West Section: May 2013 East Section: Dec 2014 Middle Section: Dec 2015	30	West Section: 7 East Section: 12 (Note 1) Middle Section: 11	West Section: 12.4 East Section: 14.8 Middle Section: 16.6
Shenzhen Metro Line 4 (Longhua Linne)	100%	Build Operate Transfer ("BOT") (Note 2)	Phase 1: 2010 Phase 2: 2011	30	Phase 1: 5 Phase 2: 10	Phase 1: 4.5 Phase 2: 16
Hangzhou Metro Line 1	49%	PPP	Nov 2012	25	31	48
Hangzhou Metro Line 1 Extension	49%	O&M Concession	Nov 2015	End together with HZL1 concession	3	5.7
<b>Projects in progress</b>						
BJL14	49%	PPP	Full Line: After 2017	30	Full Line: 37	Full Line: 47.3
Beijing Metro Line 16	49%	PPP	Phase 1: 2016 Phase 2: After 2017	30	Full Line: 29	Full Line: 50

Notes 1) BJL14 Phase 2 East Section has 12 stations, ten opened (two are currently bypassed). BJL14 Phase 3 Middle Section has 11 stations, nine opened (two are currently bypassed).

2) Shenzhen Metro Line 4 Phase 1 assets are owned by the Shenzhen Municipal Government. MTR Corporation (Shenzhen) Ltd took over the operation of Phase 1 in July 2010.

## Beijing MTR Corporation Limited (BJMTR) Associate

**Established:** 2006

**Activity:** PPP Agreements for investment, operations and maintenance of Beijing Metro Line 4, Line 14 and Line 16, and O&M Agreement for delivery of through-train services on the Daxing Line, connecting with Beijing Line 4.

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

## MTR Corporation (Shenzhen) Limited (MTRSZ) Subsidiary

**Established:** 2004

**Activity:** BOT Agreement for investment, design and construction of the Phase 2 Shenzhen Line 4 and operation of Phase 1 and Phase 2.

## Hangzhou MTR Corporation Limited (HZMTR) Associate

**Established:** 2012

**Activity:** PPP Agreement for investment, operations and maintenance of Hangzhou Metro Line 1 and O&M Agreement for Hangzhou Metro Line 1 Extension.

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

## Property Businesses

### Shenzhen

We undertook our first property development project in the Mainland of China after winning a tender for a development site at the Shenzhen Metro Longhua Line Depot Site Lot 1 in 2011. The project, named “Tiara”, is our first self-developed property project and developed through the MTR Property Development (Shenzhen) Company Limited, which is jointly owned by our two subsidiaries, MTR Corporation (Shenzhen) Limited and MTR Property (Shenzhen) Company Limited.

Tiara comprises a total developable gross floor area of approximately 206,000 square metres, including 1,698 residential flats and a shopping centre of about 10,000 square metres. The first batch of flats was launched for pre-sale in April 2015. By the end of 2015, about 96% of the 1,698 flats were sold. The project is expected to be completed in mid-2017.

*Other property businesses in the Mainland of China*

### Tianjin

In August 2013, our 49% owned associate, Tianjin TJ-Metro MTR Construction Company Limited was awarded the land use right for a site at Beiyunhe Station atop Tianjin Metro Line 6 in the Hebei District of Tianjin. The site has a total developable gross floor area of approximately 278,650 square metres and is being developed for residential and commercial use.

### Beijing

In Beijing, we operate and provide property and rental management services to the Ginza Mall which is a third-party owned shopping mall, with a commercial gross floor area of approximately 30,000 square metres in the Dong Cheng district of Beijing.

In addition, we started to provide property management service to two third-party properties in Beijing by the end of 2015. These are the AO City Fortune Centre which is a commercial and residential property and the North Star Paseo Mall and office towers adjacent to the mall. The total gross floor area of these two properties is approximately 230,000 square metres.



## MTR Shenzhen



### Introduction

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

Following the rapid expansion of Shenzhen's population and the overwhelming popularity of the metro network with the city's residents, the Shenzhen Line 4 has experienced a growth in patronage of over 20% per annum on average.

### KEY FACTS AND FIGURES FOR LINE 4 (LONGHUA LINE)

- 1 rail line
- 15 stations
- Total route length 20.5 km



Total passenger trips  
**189 million**

### TOTAL ELECTRICITY CONSUMPTION (MWh)

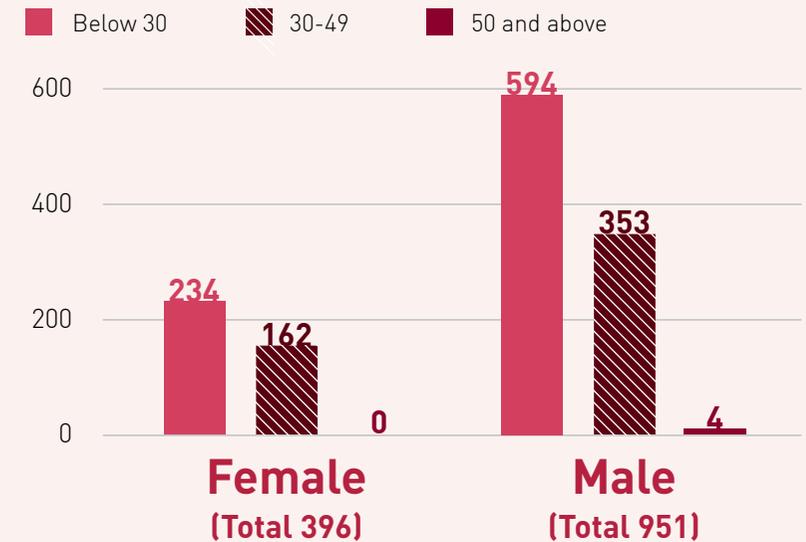


Year-on-year increase of **21.5%**

### INCIDENCE OF LEGAL NON-COMPLIANCE

**NO** health & safety cases    **NO** corruption cases    **NO** environmental fines

### TOTAL WORKFORCE BY AGE GROUP



**29.4%**  
is female

**61.5%**  
is aged below 30 years

**0.3%**  
is aged 50 and above

## Management Highlights

Traditionally a less developed part of the city, Longhua New District is becoming popular as a residential area due to rising living costs in the Central Business District (CBD) and good connectivity with the rest of the city using the Shenzhen metro network. Line 4 is primarily a commuter service for workers moving in and out of Shenzhen's CBD at rush hours. As a consequence, our challenges are mostly associated with the weekday patronage profile.

### Conversion from 4- to 6-car trains

In 2015 we completed the conversion to 6-car trains to ease congestion during rush hours. The project was a technical and customer service success with all trains having been converted safely, ahead of schedule and with minimal disruption to passengers.

### Operational performance

In 2015, MTR (SZ) achieved 99.99% of passenger journeys on time, 99.91% train punctuality and 99.95% train service delivery.

In 2015, we introduced a number of customer service improvement initiatives such as:

- From 30 September 2015, 34 weekly train trips were added, further increasing overall carrying capacity by some 270,000 passenger journeys per month;
- Shortened train intervals for peak hours to 2.5 minutes at the minimum.

## OPERATIONAL PERFORMANCE FOR LINE 4 (LONGHUA LINE)

	2015	Change from 2014
Passenger journeys on time	99.99%	Maintained
Train punctuality	99.91%	Increased by 0.1%
Train reliability	19,565,412 <small>revenue car-km/incident</small>	Increased by 23.4%
Train service delivery	99.95%	Maintained

## Investing in our stations

MTR (SZ) is responsible for the maintenance and upkeep of stations along Line 4 and works together with other operators of the Shenzhen metro network to ensure smooth management of Line 4 platforms in interconnecting stations. During 2015, MTR (SZ) continued to invest in sustaining a high standard of general appearance and good facilities in all its stations, including public toilets.

## SAFETY PERFORMANCE FOR LINE 4

	2014	2015
Passenger Fatalities	1	0
Staff Fatalities	0	0
Contractor Fatalities	0	0
Passenger Injuries (per million passenger journeys)	1.07	1.11
Staff Injuries (per 100,000 man hours)	0.18	0.21
Contractor Injuries (per 100,000 man hours)	0.07	0.12

## Engaging with passengers

Every year, MTR (SZ) conducts a customer satisfaction survey with improving results. In 2015, of the five metro lines in Shenzhen, MTR (SZ)'s ranking improved from 5<sup>th</sup> to 3<sup>rd</sup> place and the customer satisfaction index improved by 29%. Indicators on hygiene, safety and customer services reached to 90%; while indoor temperature/ventilation, facilities and passenger messaging received a score of above 85%. Based on the annual SZ RDO survey on customer satisfaction, MTR (SZ) improved from 4<sup>th</sup> to 2<sup>nd</sup> place, with our hard work well received by the Shenzhen government and the public.

Recent initiatives such as 4-to-6 car conversions, guides for queueing and enhanced signage have contributed significantly to the increased satisfaction scores. In 2015, MTR (SZ) also focused efforts on the train operating services, passenger flow, ticketing systems and customer service training.

As part of community engagement plan, an Experience Day was organised where selected passengers were invited to witness front-line train service, station operations, and train and infrastructure maintenance duties performed by our staff.



### Customer Service Review Mechanism

An internal review of our customer service mechanism put forward to frontline staff in 2015 helped to identify areas for providing better service quality. The review was undertaken at each station and done by “secret passengers” with feedback shared with MTR (SZ) senior managers.

### Safety Engagement

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

Safety Ambassadors have been trained to provide assistance to passengers in need, and particularly to guide them to use the lifts when travelling with bulky luggage. We also have a special programme of engagement with large factories located in the vicinity of our stations to provide assistance for crowd control at peak times, such as around Chinese New Year.

In 2015, we invited members of the community to a community tour held in “Hua Ban Li” near Qinghu Station. The tour included a discussion on escalator safety, with display boards, safety demonstrations and an open forum to address concerns from the community.

### Staff

We continued our partnership with a Shenzhen-based training institute to provide internship opportunities for young people. We hope that in addition to helping us develop a pool of talented young people for recruitment into our business, this initiative will also provide valuable learning opportunities for young members of our community.

For the second year in a row, MTR (SZ) was awarded by the Chinese Society for Training and Development (CSTD) with the 2014 Training and Development Best Practice Award to recognise its Career Development Plan for General and Supervisory Staff programmes.

### SOCIAL PERFORMANCE FOR LINE 4 (LONGHUA LINE)

Full-time Employees

**1,347**

Voluntary Staff Turnover

**11.4%**

Training Days per Employee

**1.8**

### Environment

As the operator of a single line in the Shenzhen metro network, MTR (SZ) has minimal direct impact on the environment. In 2015, electricity consumption increased by 21.5% on account of higher passenger numbers and greater energy demand from longer six-car trains. Over the past three years, water consumption has been increased slightly by 1%.

An Environmental Protection Working Group (EPWG) was set-up in 2015 to enable more collaboration among colleagues in the promotion of environmental protection. For example, in July, EPWG visited the local wetland with staff to learn more about biodiversity, wetland conservation and also waste management.



## ENVIRONMENTAL IMPACTS FROM LINE 4 (LONGHUA LINE)

### Greenhouse Gas Emissions (Tonnes CO<sub>2</sub>e)

#### SCOPE 1

2014 289

2015 315

#### SCOPE 2

2014 77,346

2015 85,286

### TOTAL WATER CONSUMPTION (m<sup>3</sup>)

2014 183,813

2015 185,935

## Community

Our community plan underscores that we are operating a community railway and focuses on youth development, community outreach and public art.

In 2015, through its employee volunteering scheme, the team organised a used items collection campaign, donating to children in need. Over 200 books, 80 sets of clothes and 60 toys were collected and donated to primary school children in rural areas.

MTR (SZ) introduced the "Little Station Master" programme working with several primary schools along the line to promote safety education to children. At the launch, over 40 primary children were invited from five schools. Accompanied by frontline staff, they were provided training on station tasks, safety behaviours as well as emergency procedures.

We also launched a Service Ambassador programme in collaboration with a local vocational institute with selected students to be trained to provide customer support to passengers.

The "Hunt for kind-hearted" campaign was launched by MTR (SZ) to increase awareness of courteous behaviour. Passengers were encouraged to share relevant photos and stories to MTR (SZ) Weibo account for public voting. More than 200 submissions were received and the best 41 photos were displayed at an exhibition in Shenzhen North Station.



## MTR IN EUROPE

It has been eight years since we started our first rail operations in Europe. Since then, we have grown our presence with two main hubs comprising our Europe railway business:

- United Kingdom : London Overground Rail Operations Limited (LOROL) and MTR Crossrail

- Sweden: MTR Nordic holding 100% control in MTR Stockholm, MTR Express, and MTR Pendeltågen AB (the operating entity for Stockholm Commuter Rail)

### EUROPE RAILWAY BUSINESSES AT A GLANCE

	MTR Corporation Shareholding	Business Model	Commencement of Franchise/Expected Date of Commencement of Operation	Franchise/Concession Period (years)	Number of Stations	Route Length (km)
<b>Railways in operation</b>						
London Overground, United Kingdom	50%	O&M Concession	Nov 2007	9	111 (81) (Note 1)	167
Crossrail, United Kingdom	100%	O&M Concession	May 2015	8	40 (28) (Note 3)	118
Stockholm Metro, Sweden	100%	O&M Concession (Note 2)	Nov 2009	14	100	110
MTR Express, Sweden	100%	Open Access Operation	Mar 2015 (Note 4)	N/A (Note 5)	5 (Note 6)	455

### Projects in progress

Stockholm Commuter Rail Systems (Stockholms Pendeltåg), Sweden	100%	O&M Concession (Note 7)	Dec 2016	10	53	241
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Notes 1) This represented the number of stations managed by LOROL. The total number of stations served for London Overground is 111. Starting from May 2015, these West Anglia services have been integrated into London Overground, adding 28 stations (24 managed by LOROL) and about 43km of route length.

2) Rolling stock maintenance under a 100% owned subsidiary MTR Tech AB after MTR's acquisition of 50% share from Mantena on TBT.

3) MTR Crossrail will manage 28 out of the total 40 stations in the Crossrail network.

4) MTR Express initial service commenced on 21 March 2015, with full schedule started in August 2015.

5) The license to operate this service is subject to renewal.

6) MTR Express is not responsible for the management of these stations.

7) The award of the concession is subject to a legal challenge from one of the failed bidders to the tender process which we are closely monitoring. The Swedish authority directly awarded a contract to MTR Nordic on 12 April 2016 to operate the Pendeltåg in the interim period.

### London Overground Railway Operations Limited (LOROL) Associate

**Established:** 2007

**Activity:** O&M Agreement for rail services of London Overground.

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

### MTR Corporation (Crossrail) Limited (MTR Crossrail) Subsidiary

**Established:** 2014

**Activity:** O&M Agreement with Transport for London (TfL) for rail services of Crossrail. Operations began on 31 May 2015 and has been branded "TfL Rail" for the initial phases. Crossrail is the largest construction project in Europe. It will open in phases starting from 2015, and following completion of the 118km line it will increase London's rail capacity by 10%

### MTR Stockholm AB (MTRS) Subsidiary

**Established:** 2008

**Activity:** O&M Agreement for rail services of Stockholm Metro. The O&M agreement was extended in September 2015 for another six years from 2017 to 2023 by the Stockholm authority.

### MTR Express (Sweden) AB (MTRX) Subsidiary

**Established:** 2013

**Activity:** Operations of affordable premium intercity express services using our own trains and existing rail tracks and infrastructure between Stockholm and Gothenburg.

### Tunnelbanan Teknik (TBT) Associate (renamed to MTR Tech (AB) in February 2016)

**Established:** 2008

**Activity:** Rolling stock maintenance services for MTR Stockholm.

#### Did you know

TBT was established as a 50:50 joint venture between MTRS and Mantena AS to provide rolling stock maintenance for MTR Stockholm. In February 2016, MTR Nordic completed the acquisition of Mantena's 50% share and renamed the company to MTR Tech (AB), a MTR wholly-owned subsidiary.

#### Did you know

MTR Nordic was also awarded the concession for the Stockholm Commuter Rail Systems (Stockholms Pendeltåg) for an initial period of 10 years, starting from December 2016, with an option to extend for a further four years. It is the second largest railway franchise in Sweden after Stockholm Metro. The final award is subject to a legal challenge from one of the failed bidders in the tender process which we are closely monitoring. In the interim, the Swedish authority has directly awarded a contract to MTR Nordic to operate the rail services.

### MTR Express

Following the completion of thorough testing and safety checks, passenger service commenced on the 455km route between Stockholm and Gothenburg, Sweden's two biggest cities on 21 March 2015. Initially there were four train services in each direction per weekday, and was then increased to eight return trips on the 455 km route in August 2015 with the delivery of the new Swiss-built FLIRT trains. On board, passengers can enjoy the ergonomically designed seating and have the option of receiving a full meal service in their seats during the journey.



## MTR Stockholm



### Introduction

MTR Stockholm (MTRS), a wholly-owned subsidiary, has operated the metro system in Sweden's capital city since November 2009. According to our O&M agreement with Stockholm's public transport agency, AB Storstockholms Lokaltrafik (SL), we have full responsibility for passengers' metro travelling experience. Our scope of work covers railway operations, stations, in-station services, and related projects. Fleet maintenance is handled by TBT, now known as MTR Tech AB.

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

Since taking over the operation of the metro in 2009, MTRS has introduced a range of operational and customer service enhancements, including increasing the service punctuality from 92% to a record high of more than 97% this year. In recognition of its outstanding efforts, MTRS was recently awarded a six-year extension to the concession, covering the period from 2017 to 2023. In 2015, we submitted tenders to the Stockholm authority on the operation and maintenance of the other properties in the Stockholm metro. The mandate would apply to all 100 stations and enable us to improve and enhance the quality of the whole metro journey.

### Swedish Quality Award

MTRS was awarded the 2014 Swedish Quality Award by the Swedish Institute for Quality (SIQ) for demonstrating a long-term, systematic approach in implementing improvements. We are delighted to receive this recognition, and we aspire to continue contributing to the sustainability of Stockholm's public transportation system in the future. During 2015 we have had two well appreciated "open houses" to share our success stories with other companies on our quality programmes.

### Vision for the future

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

In September 2015, we presented along with four other companies a future vision for [Gothenburg in 2070](#) which also includes issues such as diversity, inclusion and development. We were also one of nine initiators of the Infrastructure Commission to broaden the discussion on the issue of infrastructure in Sweden, with the publication of its [report](#).

We continue to be active in the discussions surrounding station developments, similar to the approach of MTR in Hong Kong, enabling the creation of revenue that can be returned to further develop the public transport infrastructure. We set-up our Public Affairs team in 2015 to help in this important agenda.

#### Learn more...

[Stockholm 2070](#) is our sustainable development plan for Stockholm formulated in partnership with Skanska and Sweco.



KEY FACTS AND FIGURES FOR STOCKHOLM METRO IN 2015

- 3 rail line
- 100 stations
- Total route length 110 km



Total passenger trips  
**337 million**

TOTAL ELECTRICITY CONSUMPTION (MWh)

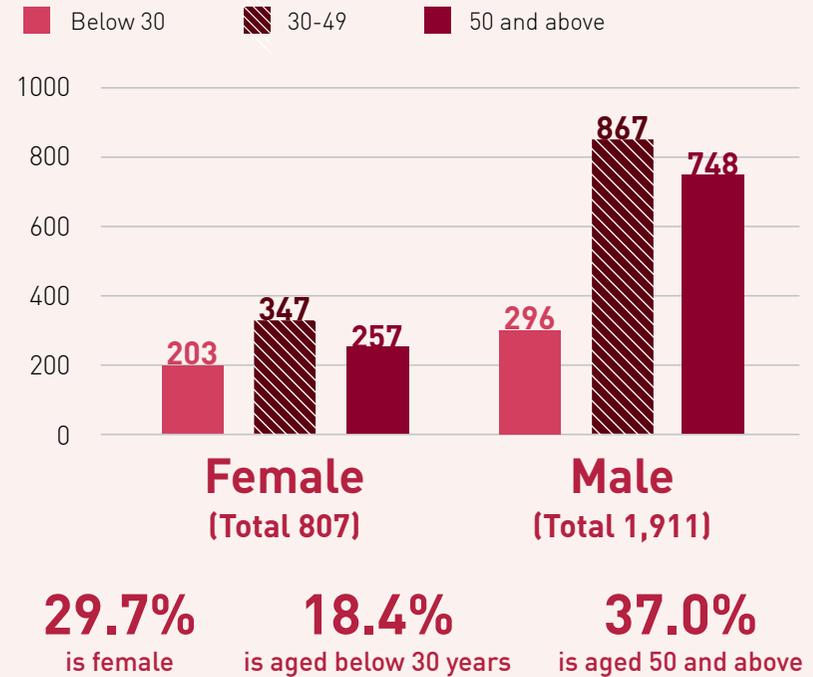


Year-on-year increase of **3.2%**

INCIDENCE OF LEGAL NON-COMPLIANCE

**NO** health & safety cases    
 **NO** corruption cases    
 **NO** environmental fines

COMPOSITION OF OUR WORKFORCE BY AGE (YEARS)



Note: Part-time staff is included in this composition.

CHARITABLE CONTRIBUTIONS

Equivalent to approx. **HK\$115,000**

Learn more...

For more information about sustainability at MTRS, please refer to the [MTRS and TBT sustainability report](#).

## Management Highlights

MTRS is making significant progress in several key aspects of our business. Perhaps most importantly, feedback from our customers regarding overall journey experiences continues to improve, in 2015, at 81%. As a result of focused management attention, we are achieving better cross-functional coordination between teams within our own organisation and with TBT. In 2015, we were deeply gratified to learn through the results of our annual staff survey that staff morale is improving again, now to 92%.

## Safety performance

Each year, MTRS develops a comprehensive safety plan with targets for key performance indicators based on the previous year's result. During 2015, there were three passenger fatalities. Please refer to [Performance Metrics](#) for details.

### SAFETY PERFORMANCE FOR STOCKHOLM METRO

	2014	2015
Passenger Fatalities	1	3
Staff Fatalities	0	0
Contractor Fatalities	0	0
Passenger Injuries (per million passenger journeys)	1.49	1.47
Staff Injuries (per 100,000 man hours)	0.46	0.32
Contractor Injuries (per 100,000 man hours)	n/a	n/a

\* Note: MTRS does not monitor contractor injuries. Please refer to Performance Metrics for details.

## Suicide prevention

Two of the key safety challenges that we face are to prevent and to respond to suicide attempts on our railway network, particularly during winter months when the overall trend for suicide increases. We are implementing a programme for suicide prevention with Karolinska University Hospital and working in partnership with not-for-profit organisation SOS Alarm, providing direct contact with ambulance services.

## Ensuring security

The security of all passengers travelling on our trains and passing through our stations is a high priority for MTRS. We formed a unique partnership with the Tryggare Sverige Foundation to promote security within our stations and surrounding areas.

## Operational performance

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

In 2015, we continued to achieve the best performance for train punctuality in the history of Stockholm's metro system. This is a result of additional measures implemented throughout the year, such as a new analysis tool and cross-functional approach to quality control. Looking to the future, one of the biggest operational challenges that we face is how to cope with increasing congestion on our platforms and trains due to growing demand for our services.

### OPERATIONAL PERFORMANCE FOR STOCKHOLM METRO

	2015	Change from 2014
Passenger journeys on time	Not available	Not available
Train punctuality	97.7	Increased by 1.7%
Train reliability	55,066 <small>revenue car-km/incident</small>	Increased by 8.4%
Train service delivery	99.4%	Increased by 0.4%



### Engaging with our staff

MTRS fosters an open and caring culture among all staff. During 2015, we continued to roll out the “Our Joint Journey” initiative that was launched in 2013, now also involving structured dialogue within TBT. We implement dialogue on core values, strategy and goals led by team managers, and conduct workplace meetings with discussion on continuous improvement to promote better job satisfaction and stronger commitment to our vision. In 2015, we announced our vision for the Work Improvement Team for 2020 involving fortifying the culture of continuous improvement, to support our goal of becoming known as a world-class operator in Sweden.

### SOCIAL PERFORMANCE FOR STOCKHOLM METRO

Full-time Employees

**1,805**

Voluntary Staff Turnover

**5.0%**

Training Days per Employee

**3.0**

### Leader in green transportation

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

### ENVIRONMENTAL IMPACTS FROM STOCKHOLM METRO

#### Greenhouse Gas Emissions (Tonnes CO<sub>2</sub>e)

#### SCOPE 1

**2014** 281

**2015** 265



## MTR Crossrail



### Introduction

On 30 July 2014, MTR Corporation (Crossrail) Limited (“MTR Crossrail”), a 100% owned subsidiary of MTR Corporation, was awarded the concession to operate the new Elizabeth Line (initially referred to as “Crossrail”) train service across London.

MTR Crossrail commenced services on 31 May 2015 between Liverpool Street and Shenfield under the interim brand banner of “TfL Rail”, MTR Crossrail initially runs existing trains that operate on that route. Additional Elizabeth Line services will be introduced in phases as work proceeds on the building of the new tunnels and stations, existing stations are upgraded and new trains brought into service. Fully integrated Elizabeth Line services are scheduled to commence by December 2019 on a 118km route with 40 stations through London, providing inter-urban and metro passenger services connecting the City, Canary Wharf, the West End and Heathrow to commuter areas east and west of London.

As the concession has only been in operation for less than a year, performance data and full management approach on ESG performance are not yet available. In the meantime, we have provided some stories and case studies to demonstrate how we are delivering services effectively to our customers in London.

### Management Highlights

#### Shadow Running

Over the last few months before the commencement of services, the MTR Crossrail team implemented a number of specific systems that were tested during the two weeks prior to 31 May 2015. This period allowed for us to test systems, training, processes, plans and functionality in a safe environment prior to the first day of operations.

## Engaging with the community

### *Project Hello*

MTR Crossrail rolled out “Project Hello” for the whole month of June for employees, customers and the community on the first month of operating what will eventually be part of the full Crossrail services. During that period, children from local primary schools helped re-open stations as they were re-branded as “TfL Rail” services.



### *Community Ambassadors*

To create a personalised service by listening and responding to the views of passengers is one of the aims of MTR Crossrail. Early on, they recruited a number of Community Ambassadors who will work on developing relations with local communities in and around every station. In doing so, it aims to strengthen not only crucial relationships within the communities, but also to transmit a sense of unity, pride and ownership with stakeholders.

#### Did you know?

MTR Crossrail holds quarterly “Tweet the Manager” sessions on the official TfL Rail twitter account. Receiving tweets directly from customers and their positive impressions of the changes the team has already been helpful in confirming that the first few months of operation have gone well. But also, it provided opportunities to understand how better to deliver services to its customers.



### Keeping London Moving!

TfL Rail and London Overground played a critical role in keeping London on the move this summer during a series of strikes on the London Underground. This caused a huge spike in passenger demand for other transport services.

London Overground's passenger demand increased by 45% to 750,000 in the period of July and August at the time of the London Underground strikes. Station staff and volunteers marshalled crowds safely on and off services during strike days. The fleet team moved maintenance around to ensure full availability of spare units and undertook additional work to keep trains clean. Similar measures were adopted for TfL Rail with senior management serving as station leads across the network, prompt information disseminated to passengers and giveaways of water and sweets.

### "Secure Station" Accreditation

In October 2015, MTR Crossrail received 100% accreditation of all its managed stations under the Secure Station scheme just four months after operating the TfL Rail service. The new initiatives such as ensuring staff presence 15 minutes before and after the first and last train every day; improving station environments and providing a punctual train service have contributed to receiving the accreditation. The scheme involves conducting detailed audits, customer perception surveys and footfall counts.

### Fleet Refreshment Programme

Within the first six months of the MTR Crossrail concession, the Engineering team, alongside Eversholt Rail Group and Bombardier Transportation successfully completed the fleet refreshment programme. This programme has fully refreshed and rebranded Class 315 fleet and included visible modifications such as exterior livery design, new interior panels, seat cushions and overall train presentation. Additionally, fleet reliability had increased significantly by eliminating long-term inherited faults and identifying the root cause of incidents to prevent re-occurrence.

### Strategic Labour Needs and Training: Supporting London

Initiated by the Greater London Authority to tackle skills shortages such as youth unemployment, MTR Crossrail's operating agreement includes provisions related to these four areas:

- Apprenticeships: Offer apprenticeship opportunities over the next eight years in various departments. Currently six apprentices work with us.
- Worklessness: Opportunities available to workless candidates where we provide wider awareness on the topic; develop partnerships with relevant agencies and attend recruitment fairs and provide pre-employment training.
- Educational/career support: Offer placement days over the concession period to enable individuals to learn, develop or enhance their knowledge and skills in relation to the employment market. As part of our School Engagement Plan to deliver school engagement days with specific reference to Science Technology Engineering Maths Network (STEMNET) subjects.
- Job creation: Vacancies advertised through the corporate [website](#) and published in local and diverse press.



## MTR IN AUSTRALIA

### AUSTRALIAN RAILWAY BUSINESSES AT A GLANCE

	MTR Corporation Shareholding	Business Model	Commencement of Franchise/Expected Date of Commencement of Operation	Franchise/Concession Period (years)	Number of Stations	Route Length (km)
<b>Projects in operation</b>						
Melbourne Metro	60%	O&M Concession	Nov 2009	8	218	390
<b>Projects in progress</b>						
Sydney Metro Northwest	Mixed	PPP (Operations, Trains & Systems)	2019	15	13 (Note 1)	36 (Note 1)

Notes 1) Sydney Metro Northwest has 8 new stations and 5 retrofitted stations, and a 13km existing line extended with a 23km new construction.

#### Metro Trains Melbourne Pty Ltd (MTM) Subsidiary

**Established:** 2009

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

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

#### Northwest Rapid Transit Consortium (NRT) Mixed Shareholding

**Established:** 2014

**Activity:** Operations, Trains & Systems Public Private Partnership for Sydney Metro Northwest (SMNW).

NRT is a consortium involving four other partners; John Holland Group, Leighton UGL Rail, a division of UGL Limited and Plenary Group.

#### Sydney Metro Northwest

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

#### Northwest Rapid Transit Consortium (NRT)

The NRT was honoured, together with Transport for New South Wales, by winning the Government Partnership Excellence Award at the National Infrastructure Awards in Sydney. The award was presented by Infrastructure Partnerships Australia, the independent think tank on infrastructure market reform in Australia.

The NRT has also won two international awards recognising outstanding Public-Private Partnerships. Together with the SMNW project team and Transport for New South Wales, the great team effort has been recognised with the Best Transit Project Award and the top Grand Prix Award.



## Metro Trains Melbourne



### Introduction

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

Melbourne is Australia's fastest growing city, reportedly attracting more than 1,800 new residents every week. Originally opened in 1854, Melbourne's railway network is one of the world's oldest systems, but it is now one of the busiest railways in Australia with around 2,200 services operated each weekday across 15 train lines.

### Facing up to the challenge

Together with our consortium partners, we are facing the challenge of transforming a traditional suburban railway into a high-frequency, high capacity metro system for a modern and growing city. In 2015, MTM accommodated a record 230 million customer journeys. At the same time, MTM has brought significant improvements on punctuality, customer satisfaction and fare compliance to the network. In future the rate of growth in patronage is expected to increase, supported by greater inter-modal connectivity with trams and buses.



KEY FACTS AND FIGURES ABOUT MTM IN 2015

- 15 rail line
- 218 stations
- Total route length 390 km



Total passenger trips  
**230 million**

TOTAL ELECTRICITY CONSUMPTION (MWh)

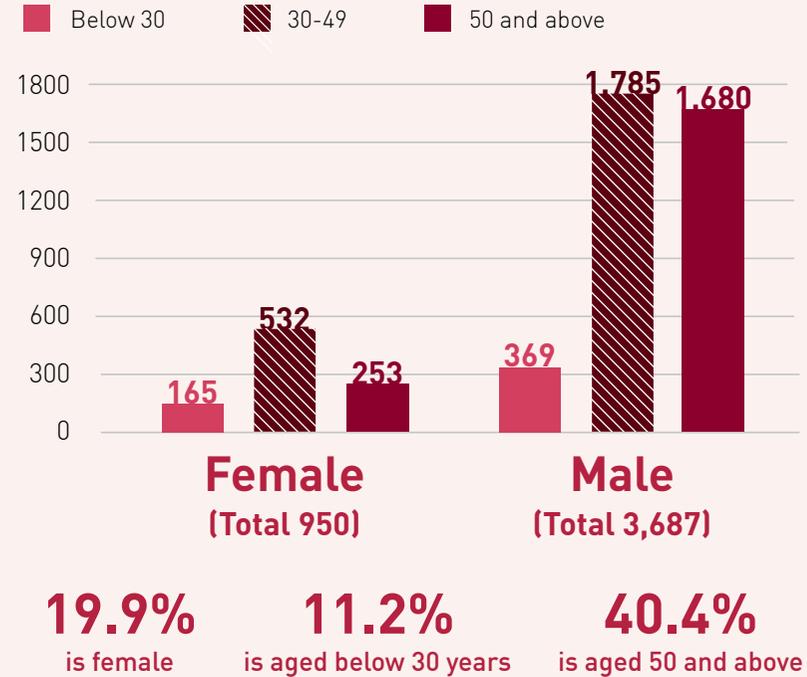


Year-on-year increase of **3.0%**

INCIDENCE OF LEGAL NON-COMPLIANCE

**NO** health & safety cases    
 **NO** corruption cases    
 **NO** environmental fines

COMPOSITION OF OUR WORKFORCE BY AGE (YEARS)



Note: Part-time staff is included in this composition.

CHARITABLE CONTRIBUTIONS

Equivalent to approx. **HK\$ 184,190**



### Did you know?

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

## Management Highlights

### SAFETY PERFORMANCE FOR MTM

During 2015, there were two passenger fatalities on the metropolitan network operated by Metro Trains Melbourne. Please refer to [Performance Metrics](#) for details.

	2014	2015
Passenger Fatalities	8	<b>2</b>
Staff Fatalities	0	<b>0</b>
Contractor Fatalities	0	<b>0</b>
Passenger Injuries (per million passenger journeys)	2.32	<b>2.07</b>
Staff Injuries (per 100,000 man hours)	0.61	<b>0.52</b>
Contractor Injuries (per 100,000 man hours)	0.38	<b>0.22</b>

### Did you know?

Dumb Ways to Die, a public service campaign created by MTM, is the most awarded safety campaign in the world. When it was launched in November 2012, the campaign video went viral on YouTube. Since then, it continues to be highly popular with audiences around the world.

Following the video's success, MTM launched Dumb Ways to Die as a digital game which has been downloaded over 100 million times with 2 billion sessions played worldwide. When it launched its most recent game, Dumb Ways to Die 2: The Games, it ranked 1st in the Australian free games chart for iPad and iPhone; and even reached 1st for iPad and 3rd for iPhone in the USA. This has allowed us to extend the reach of our safety campaign, also generating almost 70 million personal pledges to be "safe around trains".

Click [here](#) to check out for yourself what all the fuss is about.

## Safety initiatives

### Customers

MTM works with a national not-for-profit organisation called TrackSAFE to engage with the public on railway safety, including reducing rail-related suicide and minimising level-crossing risks. MTM also works closely with the Salvation Army, which sends volunteers out onto the rail network to engage with vulnerable people.

MTM is also working with the Level Crossing Removal Authority (LXRA) and the State Government of Victoria to remove 50 level crossings, which is expected to generate better performance and increase the safety of customers and local communities.



### Staff

To help employees and their families manage their mental health after experiencing a potentially traumatic event, MTM & TrackSAFE have developed a new Trauma Management Framework. This framework seeks to lessen the impact of traumatic events by tackling the problem from a holistic view.

MTM also rolled out a Fatigue Risk Management Programme to provide supervisors with the tools to manage fatigue in the workplace.

The “MetroSafe Hotline” was launched for employees to ensure that they have a quick and simple way of reporting safety issues, with feedback sent directly to the responsible department or team.

### Service delivery

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

During 2015, MTM’s performance for delivery and punctuality was at around 98.8% and 92.5% respectively, having remained above target since 2012. Due to the efforts made by MTM staff, it has also seen a significant drop in fare evasion, now at a record low of 2.7%.

### OPERATIONAL PERFORMANCE FOR MTM

	2015	Change from 2014
Passenger journeys on time	<b>Not available</b>	Not available
Train punctuality	<b>92.51%</b>	Decreased by 0.3%
Train reliability	<b>69,738</b> <small>revenue car-km/incident</small>	Increased by 10.1%
Train service delivery	<b>98.75%</b>	Decreased by 0.1%

In the past year, MTM, working with Public Transport Victoria (PTV), has introduced several enhancements to the service:

- Completion of Regional Rail Link, generating capacity for an extra 23 metropolitan and ten regional services during peak periods, adding an extra 54,000 passenger trips each day
- Introduced extra services along the Cranbourne-Pakenham line, including ten minute frequencies along the Dandenong corridor
- Increased capacity at Frankston services for 2,000 additional customers in the morning peak hours.

The Customer Experience Team works with station staff, manages disruptions, distributes digital information, increases customer safety and receives customer feedback. MTM employs both traditional tools (control centre, service announcements) and digital tools (apps, mobile platform) and programmes as it pursues a high level of customer satisfaction. With these initiatives and high customer service standards, customer satisfaction reached a record high score of 73.5% in 2015.

#### Did you know?

The metroNotify app informs customers of delays and planned works through automatic push notifications to their smart device, helping them to better plan their journey on the network. The Stop Here app enables customers to receive alerts in various ways when they are approaching a nominated station, offsetting the reliance on traditional on-board train announcements. The app has been particularly well received by those customers with a sensory disability – who can now see, hear or feel these announcements – as well as travellers who face a language barrier or may be unfamiliar with the rail network in Melbourne.



## Investment for the future

Supported by the Government of Victoria, MTM is embarking on the largest reconfiguration of Melbourne’s railway infrastructure in recent decades. MTM is working with PTV on a number of projects to upgrade Melbourne’s rail infrastructure, examples are:

- **Regional Rail Link:** The project required the removal of bottlenecks by untangling regional and metropolitan train services as they travel through Melbourne’s west into the heart of the city.
- **Calder Park Stabling Yard:** Generating significant savings to PTV, we delivered three double-road sidings with capacity to store six trains, connection into the mainline, a new signalling and communications room, a facility to house 30 drivers and 30 car parks with a new access lane onto the main road.
- **Mooroolbark Station Upgrade:** MTM and PTV transformed the station with a new café space and canopy, landscaping and new station entrance; plus a car park upgrade with 64 new parking spaces
- **Ringwood Station Upgrade:** MTM assisted in this project which has delivered modern, integrated transport facilities to Ringwood such as full accessibility and shelter for customers, a new pedestrian concourse with 24-hour access over the rail line and an upgrade to heritage-listed buildings.
- **Syndal Multi-Deck carpark:** Engaged with the community in the design of the project that provides 250 new parking spots for station users; enhanced lighting, CCTV cameras, landscaping and a bicycle cage are all features of the new car park.

## Modernisation of our stations

To address concerns about safety and accessibility, MTM is implementing a modernisation programme to retrofit stations across the metropolitan network. We have already adopted high standards for safety and accessibility in all new stations, including raised platforms to help wheelchair customers get on and off our trains.

## Staff

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

## SOCIAL PERFORMANCE FOR MTM

Full-time  
Employees  
**4,260**

Training Days per  
Employee  
**13.8**

In 2015, MTM won the Workforce Diversity Award at the Australasian Rail Industry Awards for their Gender Diversity Programme. Recognising the benefits brought by diversity and inclusion, MTM recently appointed a new Gender Balance and Diversity Manager and developed a six-step strategy to address gender balance in the company. The work involves focusing on their recruitment strategy, talent management, policy and procedure, parental leave payments, facilities and amenities, as well as schools and universities. The results are very heartening. When MTM took over the franchise in 2009, only 16 of 570 drivers were female. In 2015, the proportion of females in its trainee driver ranks had increased to 50.6%. MTM is working on replicating this success across the wider business, setting a target of 50/50 gender split among all new recruitments across all divisions.

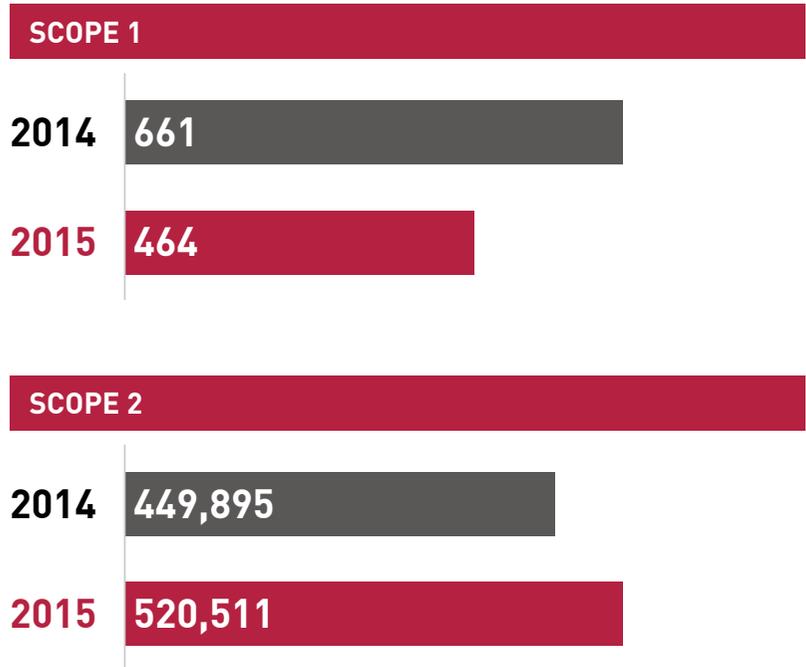


### Environment

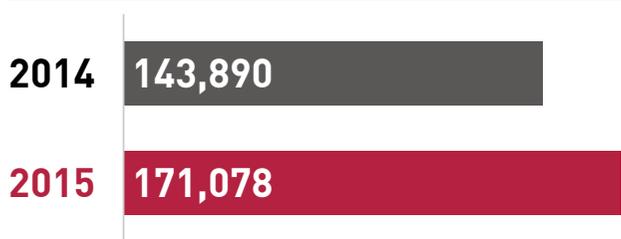
As a consumer of electricity, which in the State of Victoria is largely generated by coal-fired power, the metro system generates sizeable greenhouse gas emissions. Under the terms of our O&M Agreement, our role is to identify and propose initiatives to save energy.

MTM has a comprehensive environmental management system in place with strategies to mitigate significant environmental impacts, such as recycling material waste from offices and depots, introducing water tanks to collect water at stations and depots, and using recycled water to wash trains. We continued to raise awareness about environmental issues in day-to-day operations. In 2015, the company launched its green office programme.

### ENVIRONMENTAL IMPACTS FROM MTM'S OPERATIONS Greenhouse Gas Emissions (Tonnes CO<sub>2</sub>e)



### TOTAL WATER CONSUMPTION (m<sup>3</sup>)



### Responding to climate change

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

In 2015, we deployed real-time rail temperature monitoring technology on the rail network. The technology uses heat sensors and a web-based interface to produce heat maps, enabling the effective use of wayside flip boards that stipulate the maximum track speed for specific sections of track. This innovation provides the capability to trend temperatures in the field and apply speed restrictions where required. The appropriate crew can then be deployed more efficiently, concentrating resources in areas that are most likely to be affected during an extreme heat event.



## Community

Melbourne's railway continues to be a vital part of the city's socio-economic fabric. MTM supports a wide range of not-for-profit organisations in a variety of ways. Our Community Education Unit (CEU) works with many schools and disability groups. We also find rewarding careers for young people through our graduate and apprenticeship programmes. MTM's Corporate Social Responsibility programme has three core pillars:

- Supporting vulnerable customers
- Bringing railway stations to life
- Educating those who interact with the railway now and in the future.

### ***Supporting vulnerable customers***

MTM and the Salvation Army work together to deploy trained volunteers who assist vulnerable people on the rail network. MTM also opens up its network to many charitable organisations through its fundraising calendar, enabling them to interact with rail customers and acquire valuable funds for a wide range of worthy causes.

### ***Bringing stations to life***

MTM cares about its customers and the diversity communities that live along these rail corridors, working behind the scenes to force positive local relationships and bring stations to life, some examples are:

- Flinders Street: song and dance during Diwali, the Indian festival of lights
- Elizabeth Street entrance: tea-pouring rituals and alternative reality of Kwality Chai
- Flagstaff: with the support of the City of Melbourne organised an after-hours rock concert
- City Loop: Chinese New Year promotions in partnership with the Chinese New Year Melbourne Festival
- Kensington: installation of community art murals
- Sunshine: pop-up library
- Other locations: hip-hop performances from promising young rappers

### ***Educating those who interact with the railway***

MTM also seeks to educate tomorrow's customers, engineers and railway specialists. We are active among schools and special needs groups. MTM also has close associations with various institutions including RMIT, Swinburne University, Monash University, Engineers Australia and TrackSAFE.



# PERFORMANCE METRICS



Prepared according to  
**GRI G4**



Compliance with HK  
Stock Exchange ESG  
Reporting Guide



Independently  
Assured



## INTRODUCTION

This section provides consolidated information about our sustainability performance and data management, including definitions for key terms and the basis of calculation for Key Performance Indicators (KPIs). Please refer to [CoMET Benchmarking Results 2014](#) to learn how our operations compare with other metros globally.

This section is also available in Traditional Chinese, however for any differences in definition in the translation, the English version of this section will prevail.

### Content Index

This report has been prepared in accordance with the Global Reporting Initiative G4 Sustainability Reporting Guidelines (GRI-G4) Core option. We have provided a [GRI Content Index](#), which includes cross-references to the International Association of Public Transport (UITP) Sustainability Charter Reporting Guide 1.0. We have also provided a [HKEx ESG Content Index](#) in order to demonstrate our current level of compliance with the 2015 Revision of the Hong Kong Stock Exchange Environmental, Social and Governance Reporting Guide (HKEx ESG Guide).

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

Please refer to [Appendix - Content Index](#) for our alignment to GRI-G4 and HKEX ESG Reporting Guide.

#### Learn more...

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

#### Learn more...

Hong Kong Exchanges and Clearing Limited (HKEx) has published the revised [Environmental, Social and Governance Reporting Guide](#). This guide outlines the currently recommended practice for listed companies and has been updated to include several changes to the [guide](#).

UITP is a non-profit international association that brings together all public transport stakeholders and sustainable transport modes in a worldwide network. The [UITP Charter on Sustainable Development](#) is available from the association's website.



## DATA MANAGEMENT

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

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

### Learn more...

Please refer to our Annual Report for more information about the work of our [Audit Committee](#).

## Consolidated Financial and Economic Performance

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

### Learn more...

Our [Annual Report 2015](#) is available on our corporate website.

## Environmental Performance

### Transport operations

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



## Projects Division and Property Division

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

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

## GHG emissions

In line with the [Scope of this Report](#), we disclose data on greenhouse gas (GHG) emissions, including CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O, for the principal activities of the Company in Hong Kong. In general, we apply the operational control approach to defining our organisational boundary. This means that our GHG inventory accounts for 100 per cent of GHG emissions from operations over which we have operational control, but does not account for GHG emissions from operations over which we do not have control.

We do not have operational control over Octopus, a subsidiary in Hong Kong. Hence, its GHG emission is not included. On the other hand, please note that our GHG emissions inventory does not currently include activities of Ngong Ping 360, a Hong Kong subsidiary over which we have operational control. Data on GHG emissions for [subsidiaries engaged in railway operations outside of Hong Kong](#) is reported separately.

The following table provides a summary of our GHG inventory, which aligns with the Greenhouse Gas Protocol that is jointly published by the World Business Council for Sustainable Development and the World Resources Institute. We have accounted for operations and activities that contribute direct emissions and removals (Scope 1) and energy-related indirect emissions (Scope 2). We have also chosen to report on other indirect emissions (Scope 3) that we consider to be relevant and material to our business.

### Definitions

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

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

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

### Learn more...

The [Greenhouse Gas Protocol](#) is the most widely used international accounting tool to understand, quantify, and manage GHG emissions. It serves as the foundation for nearly every GHG standard and programme in the world.

Other guidance documents that we use to calculate GHG emissions are available from the [Hong Kong Environmental Protection Department](#), [New Zealand Ministry for the Environment](#) and [United Kingdom Department of Energy & Climate Change](#).



## Corporate Support Functions and Main Office Buildings

Corporate Support Functions comprise the Finance Division, Human Resources and Administration Division, Legal and Procurement Division, Commercial and Marketing Division, Corporate Affairs Division, Internal Audit Department and Corporate Strategy Department. Main office buildings comprise the Kowloon Bay Headquarters, Fo Tan Railway House, Kam Tin Building and 33/F IFC Two.

Scope 1 includes fuel consumption and refrigerants.

Scope 2 includes purchased electricity.

Scope 3 includes water consumption and sewage treatment, paper consumption and staff business travel.

Please note:

- Refrigerants at Kowloon Bay Headquarters only.
- Electricity consumption, water consumption and sewage treatment at 33/F IFC Two from 2013 onwards only.
- Since paper is procured centrally, this data reflects paper consumption for all business units, not only the Corporate Support Functions.

## Transport Operations

Transport Operations comprise heavy rail, light rail and feeder bus services, all MTR stations, depots and other railway-supporting services.

Scope 1 includes fuel consumption supporting railway operations, fuel for feeder bus services and refrigerants.

Scope 2 includes purchased electricity for railway operations.

Scope 3 includes water consumption and sewage treatment.

Please note:

- Starting from 2014, purchased electricity includes advertising kiosks, station kiosks, station car parks, Tseung Kwan O Laboratory, Traxcomm and telecommunications as well as testing and commissioning during the pre-operation phase for new lines.
- Starting from 2014, water consumption also includes tunnel cleaning. We are in the process of replacing old chillers in accordance with our asset replacement plan. To facilitate a like-for-like comparison of water use, water consumption from cooling towers are excluded for the time being.

## Network Expansion

Network Expansion includes all civil, electrical and mechanical works for the Kwun Tong Line Extension, Shatin to Central Link, South Island Line (East), Express Rail Link (Hong Kong section) and the Island Line Extension to the Western District (remaining works after opening to service commencement).

Scope 1 includes fuel consumption.

Scope 2 includes purchased electricity.

Scope 3 includes water consumption and sewage treatment, and general wastes disposed to landfill.

Please note:

- Fuel consumption includes site offices for projects, but excludes construction activities.
- Purchased electricity includes site offices for projects, but excludes construction activities.
- General waste disposed to landfill includes waste generated by construction activities and site offices.



## Properties and Other Businesses

Properties and Other Businesses includes properties that are owned, developed and managed by the Company as follows:

- Hong Kong Investment Property, namely, Telford Plaza I, Telford Plaza II, Luk Yeung Galleria, The Lane, PopCorn 2, Paradise Mall, Elements, Maritime Square, Citylink Plaza, PopCorn 1, Hung Hom Building, Riverpark, Trackside Villas, Ocean Walk.
- Hong Kong Management Property, namely Admiralty Centre, World-wide House, Fairmont House, Southern Garden, Hongway Garden, Heng Fa Chuen, Kornhill, Kornhill Gardens, Perfect Mount Gardens, Felicity Garden, Fortress Metro Tower, Two IFC, Telford Gardens, Residence Oasis, Clear Water Bay No. 8, Metro Town, Grandiose, The Capitol, Le Prestige (since 2014), The Wings (since 2014), The Waterfront, Sorrento, The Harbourside, The Cullinan, The Arch, Union Square, Tierra Verde, Tung Chung Crescent, Seaview Crescent, Coastal Skyline, Caribbean Coast, The Palazzo, Lake Silver, Festival City, Luk Yeung Sun Chuen, New Kwai Fong Gardens, Harbour Green, Island Harbourview, Central Park and Park Avenue, River Park (since 2014), Century Gateway (since 2014), City Point (since 2015), the Austin (since 2015), and Grand Austin (since 2015) .

Scope 1 includes fuel consumption and refrigerants.

Scope 2 includes purchased electricity.

Scope 3 includes water consumption and sewage treatment.

Please note:

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

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

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

The emission factors for electricity consumption are obtained from the sustainability reports of the two local power companies (i.e. CLP Power Hong Kong Limited and Hong Kong Electric) which are released for the reporting year. For reporting year 2015, the emission factors for fresh water consumption and sewage treatment are derived from the most recent available annual report of Water Supplies Department (WSD) and sustainability report of Drainage Services Department (DSD) at the time of report preparation.

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

- The emission factor for general waste disposed to landfills comes from the latest Guidance for Voluntary Corporate Greenhouse Gas Reporting: Data and methods for the 2013 calendar year published by the New Zealand Ministry for the Environment, which was published in April, 2015; and,
- The emission factors for staff business travel come from 2015 Government GHG Conversion Factors for Company Reporting: Methodology Paper for Emission Factors published by the United Kingdom Department of Energy & Climate Change.



## Social Performance

### Compliance

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

In this report, we disclose data on the number of convicted cases of non-compliance that have been concluded as of 31 December 2015.

### Staff

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

<b>Persons with disabilities employed</b>	The number of staff with physical or mental disabilities, excluding those with chronic illnesses. This data is also expressed as a percentage of the total staff strength at the end of the reporting period.
<b>Voluntary staff turnover rate</b>	The sum of staff turnover rate for each month during the reporting period. Monthly staff turnover rate is the number of staff members who resign voluntarily during the month as a percentage of the total staff strength at month-end.  In addition to the overall rate, the voluntary staff turnover rate is also reported, by gender and by age group. These rates are expressed as the percentages of the total number of staff strength for the same category.
<b>Vacant posts filled internally either by promotion or transfer</b>	The number of job vacancies filled by internal candidates through job promotion or cross-departmental/sectional transfer or redeployment during the reporting period expressed as a percentage of the total number of job vacancies filled during the reporting period.
<b>Women on the Board and other KPIs for board diversity</b>	In order to align with our Annual Report, our KPIs on Board Composition and Board Diversity, including women on the Board, reflect the composition of the Board as of 11 March 2016, which was the date of our results announcement for the 2015 financial year.



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

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

### Development and Training

The number of staff trained excludes part-time staff, contractors and staff employed by MTR subsidiaries.

<b>Total staff training days</b> - Management training - Operation training	Total staff training includes management and operation trainings. Total staff training days are expressed in days.
<b>Percentage of employees trained by gender</b> <ul style="list-style-type: none"> <li>• Female</li> <li>• Male</li> </ul>	The percentage of employees receiving training in the reporting period refers to the ratio of the number of trained employees by gender to the total number of employees under the same category.
<b>Percentage of employees trained by gender</b> <ul style="list-style-type: none"> <li>• Manager</li> <li>• Non-manager</li> </ul>	The percentage of employees receiving training in the reporting period refers to the ratio of the number of trained employees by management to the total number of employees under the same category.
<b>Training days per employee (overall)</b>	All training completed is expressed in days.
<b>Training days per employee by gender</b> <ul style="list-style-type: none"> <li>• Female</li> <li>• Male</li> </ul>	Training days by gender is obtained from the calculation of total training days by gender to the total number of the employees under the same category.
<b>Training days per employee by management</b> <ul style="list-style-type: none"> <li>• Manager</li> <li>• Non-manager</li> </ul>	Training days by management is obtained from the calculation of total the ratio of the total training days received by individuals in the management category to the total number of employees under the same category.



### Customer service

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

#### Learn more...

Please download [Our Pledge for Service 2015](#), which is available on our customer website.

### Supplier Distribution

In this report, the suppliers disclosed refer to our first-tier active suppliers with contract awarded or ordered in the reporting period. The distribution is categorised by continent according to the location of suppliers' primary contacting office.

### Passenger and public safety

<b>Passenger fatalities</b>	The number of passenger fatalities that have occurred in the MTR network in Hong Kong. It excludes suicides, attempted suicides, brawls between passengers and injuries due to passengers' medical conditions.
<b>Passenger injuries requiring hospitalisation per 100 million journeys</b>	The number of injuries that require admission to hospital for observation or treatment immediately after an accident. It refers to public serious injuries but excludes suicides, attempted suicides, brawls between passengers and injuries due to passengers' own medical conditions.

### Safety Targets and Performance

We establish targets for passenger and public, staff and contractor safety and monitor our KPIs regularly throughout the year. Our annual review of safety targets is based on a systematic approach that takes into account actual performance, new safety challenges and safety improvement initiatives. All safety KPIs include cases of fatalities, injuries and reportable accidents within the reporting year that are concluded by end of March, 2016.

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



### Staff and contractor safety

In accordance with Chapter 556A of the MTR Ordinance, we have adopted stringent reporting criteria for staff safety. Our approach to reporting on contractors' safety complies with Chapter 59A of the Factories and Industrial

Undertaking Regulation, Chapter 282 of the Employee's Compensation Ordinance and Chapter 509 of the Occupational Safety and Health Ordinance.

<b>Staff fatalities</b>	The number of work-related staff fatalities that have occurred during the reporting period.
<b>Staff lost time injuries per 100,000 man-hours</b>	The number of work-related injuries that resulted in one or more days' sick leave being granted to members of staff.
<b>Contractor fatalities</b>	The number of work-related fatalities affecting staff members of our primary contractors that have occurred during the reporting period.
<b>Contractor reportable accidents per 100,000 hours</b>	The number of work-related injuries affecting staff members of our primary contractors during the reporting period and resulting in more than three days of sick leave.
<b>Contractor lost time injuries per 100,000 man-hours</b>	The number of work-related injuries affecting staff members of our contractors during the reporting period and resulting in at least one shift or one day of sick leave being granted. This KPI applies to China and International Business starting from 2014.

### Staff and contractor safety targets

To reflect the kinds of risks that are relevant for members of our staff, we apply differentiated targets for staff safety in various parts of our business as summarised in the following table. Please note that Hong Kong Property Development and Investment Projects are included even though they are

managed by project developers in partnership with the Company, and we also include Hong Kong Investment Properties and Hong Kong Management Properties that are managed by agents.

<b>Corporate Support Functions</b>	This comprises the Finance Division, Human Resources and Administration Division, Legal and Procurement Division, Commercial and Marketing Division, Corporate Affairs Division, Internal Audit Department and Corporate Strategy Department.
<b>Hong Kong Railway Operations</b>	This includes work undertaken by staff members of the Operations Division, including Operations' projects.
<b>Hong Kong Property Development and Investment Projects</b>	This includes foundations, buildings, alterations and other additional works on property development sites at Austin, LOHAS Park, Tai Wai, Tseung Kwan O, Tsuen Wan West, Long Ping, Tuen Mun, Nam Cheong, Maritime Square Extension and The Cullinan II.



<b>Hong Kong Investment Property</b>	<p>This includes work on construction sites at Telford Plaza I, Telford Plaza II, Luk Yeung Galleria, The Lane, PopCorn 2, Paradise Mall, Elements, Maritime Square, CityLink Plaza, PopCorn 1, Hunghom Building, Riverpark, Trackside Villas, Ocean Walk, Heng Fa Club, Hanford Plaza*, Sun Tuen Mun Shopping Centre* and Plaza Ascot*.</p>
<b>Hong Kong Management Property</b>	<p>This includes maintenance and management work at Admiralty Centre, World-wide House, Fairmont House, Southern Garden, Hongway Garden, Heng Fa Chuen, Kornhill, Kornhill Gardens, Perfect Mount Gardens, Felicity Garden, Fortress Metro Tower, Two IFC, Telford Gardens, Residence Oasis, Clear Water Bay No. 8, Metro Town, Grandiose, The Capitol, Le Prestige (since 2014), The Wings (since 2014), The Waterfront, Sorrento, The Harbourside, The Cullinan, The Arch, Union Square, Tierra Verde, Tung Chung Crescent, Seaview Crescent, Coastal Skyline, Caribbean Coast, The Palazzo, Lake Silver, Festival City, Luk Yeung Sun Chuen, New Kwai Fong Gardens, Harbour Green, Island Harbourview, Central Park and Park Avenue, River Park (since 2014), Century Gateway (since 2014), City Point (since 2015), the Austin (since 2015), Grand Austin (since 2015), The Central Park at LOHAS Park, Hanford Garden* and Royal Ascot*.</p>
<b>Hong Kong Network Expansion</b>	<p>This includes civil, electrical and mechanical works for the Kwun Tong Line Extension, Shatin to Central Link, South Island Line (East), West Island Line and Express Rail Link (Hong Kong section).</p>
<b>Mainland of China and International Business Division</b>	<p>This includes works undertaken by the China &amp; International Business Division, except for MTR Crossrail which only started its operations in 31 May 2015 with less than a year of operations.</p>

\* These properties are managed by agents.

## Mainland of China and International Business

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

Please note that KPIs for MTRS include data for Tunnelbanan Teknik Stockholm (TBT), which is a 50 per cent-owned subsidiary company until financial year 2015 providing rolling stock maintenance services for MTR Stockholm.

\*Please note that KPIs for MTR Crossrail are not reported as it only started operations on 31 May 2015, with less than a full year of operations for the reporting period.



## INDEPENDENT ASSURANCE REPORT

Deloitte Touche Tohmatsu (Deloitte) has provided independent limited assurance for selected quantitative data. The Assurance Report is presented in English only. If there is any inconsistency or ambiguity between the English version and the Chinese version of the Sustainability Report, the English version shall prevail as the limited assured content of Deloitte. This Assurance Report is presented in the following pages.



### To the Board of Directors of MTR Corporation Limited

We have been engaged by the Directors of MTR Corporation Limited (the "Company") to perform a limited assurance engagement in relation to certain sustainability performance data (the "Subject Matter") for the year ended 31 December 2015 (the "Reporting Period") and contained in its Sustainability Report 2015 (the "Sustainability Report"), as set out below.

### Subject matter

The details of the Subject Matter selected by the Company are as follows:

### Environmental Performance (Hong Kong)

#### GHG Emission Inventory

- Total GHG Emissions (tonnes CO<sub>2</sub>e)
  - Scope 1 (tonnes CO<sub>2</sub>e)
  - Scope 2 (tonnes CO<sub>2</sub>e)
  - Scope 3 (tonnes CO<sub>2</sub>e)
- GHG Emissions - Corporate Support Functions and Main Office Buildings (tonnes CO<sub>2</sub>e)
- GHG Emissions - Transport Operations (tonnes CO<sub>2</sub>e)
  - Scope 1 (tonnes CO<sub>2</sub>e)
  - Scope 2 (tonnes CO<sub>2</sub>e)
  - Scope 3 (tonnes CO<sub>2</sub>e)
- GHG Emissions - Network Expansion (tonnes CO<sub>2</sub>e)

- GHG Emissions - Properties and Other Businesses (tonnes CO<sub>2</sub>e)
  - Scope 1 (tonnes CO<sub>2</sub>e)
  - Scope 2 (tonnes CO<sub>2</sub>e)
  - Scope 3 (tonnes CO<sub>2</sub>e)

#### Waste Management

- Metals recycled from railway operations (tonnes)

### Social Performance (Hong Kong)

- Total employees in Hong Kong (number)
- Voluntary staff turnover rate (%)
- Vacant posts filled internally either by promotion or transfer (%)
- Percentage of employees trained by management (%)
- Training days per employee (man-day)
- Training days per employee by gender (man-day)
- Training days per employee by management (man-day)

### Safety Performance (Hong Kong)

- Passenger and Public Safety - Fatality performance
  - Heavy Rail
  - Light Rail
  - Bus
- Passenger and Public Safety - Number of injuries requiring hospitalisation per 100 million passenger journeys performance
  - Heavy Rail
  - Light Rail
  - Bus
- Staff Safety - Fatality performance
  - Corporate support function
  - Operations division
  - Projects division
  - Property division
  - China and international business division



- Staff Safety - Lost time injuries per 100,000 man-hour performance
  - Corporate support function
  - Operations division
  - Projects division
  - Property division
  - China and international business division
- Contractor Safety - Fatality performance
  - Corporate support function
  - Operations railway
  - Hong Kong property development and investment projects
  - Hong Kong investment property
  - Hong Kong management property
  - Hong Kong project construction - railway extension projects
  - China and international business division
- Contractor Safety - Reportable accidents per 100,000 man-hour performance
  - Corporate support function
  - Operations railway
  - Hong Kong property development and investment projects
  - Hong Kong investment property
  - Hong Kong management property
  - Hong Kong project construction - railway extension projects
- Contractor Safety - Lost time injuries per 100,000 man-hour performance
  - China and international business division

### Safety Performance (Mainland of China and International Business)

- Passenger and Public Safety
  - Fatality performance
  - Number of injuries per million passenger journeys performance
- Staff Safety
  - Fatality performance
  - Lost time injuries per 100,000 man-hour performance
- Contractor Safety
  - Fatality performance
  - Lost time injuries per 100,000 man-hour performance

### Supply Chain Management

- Number of suppliers by geographical region

### Reporting criteria

The Subject Matter is presented in accordance with the "Performance Metrics" and subsection "Data Management" set out on Page 173 of the Company's Sustainability Report which is contained in its website (in PDF) (the "Reporting Criteria").

### Responsibilities

#### *Deloitte Touche Tohmatsu*

It is our responsibility to express a conclusion on the Subject Matter based on our work performed and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility or accept liability to any other person for the contents of this report.

#### *MTR Corporation Limited*

The Directors are responsible for the preparation and presentation of the Subject Matter in accordance with the Reporting Criteria. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter, applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances.

### Reporting Framework

We conducted our work in accordance with the International Standard on Assurance Engagements 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and the International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements (the "Standards"), issued by the International Auditing and Assurance Standards Board. The Standards require that we comply with ethical requirements, and plan and perform the engagement to obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the Subject Matter does not comply in all material respects with the Reporting Criteria.



## Objectives

The overall objectives of our procedures were to assess:

- Whether the Subject Matter was prepared, in all material respects, in accordance with the Reporting Criteria;
- The consistency of the information presented with the findings of our work.

## Procedures performed

Our work comprised the following limited procedures:

- Interviews with relevant management and personnel involved in providing information relating to the Subject Matter for inclusion in the Sustainability Report;
- Sample testing of documentary evidence at the Company's corporate-level;
- Analytical procedures; and,
- Recalculation

Our work did not include visiting the Company's operations outside Hong Kong and reviewing data collection, collation and validation at such other locations.

We have not performed any procedures in relation to other data included in the Sustainability Report. In addition, our work performed is not for the purposes of expressing an opinion on the effectiveness of the Company's internal controls.

## Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that caused us to believe that: 1) the Subject Matter contained in the Sustainability Report has not been prepared, in all material respects, in accordance with the Reporting Criteria, and 2) that relevant sections in the Sustainability Report relating to the Subject Matter are not consistent with the findings of our work.

### **Deloitte Touche Tohmatsu**

Certified Public Accountants

Hong Kong

12 May 2016



## PERFORMANCE DATA TABLES

The tables in this sub-section provide data on key economic, environmental, social and safety performance trends for our [businesses in Hong Kong](#), as

well as sustainability performance trends for subsidiaries outside of Hong Kong. The tables contain links to more information about the KPIs in the body of this report.

### Consolidated Financial and Economic Performance

KPI	Measure	Links	2011	2012	2013	2014	2015
Turnover	HK\$ million	<a href="#">Financial Performance Highlights</a>	33,423	35,739	38,707	40,156	41,701
Total EBITDA	HK\$ million		12,124	12,895	14,399	15,423	16,120
Profit on property developments	HK\$ million		4,934	3,238	1,396	4,216	2,891
Profit for the year attributable to equity shareholders from underlying businesses before property developments (recurrent business)	HK\$ million		6,243	6,914	7,437	8,024	8,565
Reported net profit attributable to equitable shareholders	HK\$ million		15,556	13,375	13,025	15,606	12,994
Dividends per share	HK\$		0.76	0.79	0.92	1.05	1.06
Total assets	HK\$ million		197,684	206,687	215,823	227,152	241,103
Loans, other obligations and bank overdrafts	HK\$ million		23,168	23,577	24,511	20,507	20,811
Total equity attributable to equity shareholders of the company	HK\$ million		131,907	142,904	152,557	163,325	170,055
EBITDA margin (including railway subsidiaries outside of Hong Kong)	%		36.3	36.1	37.2	38.4	38.7
EBITDA margin (excluding railway subsidiaries outside of Hong Kong)	%		55.6	53.6	53.4	53.1	53.3
Return on average equity attributable to equity shareholders arising from underlying businesses	%		8.2	7.0	5.8	7.3	6.5
Net debt-to-equity ratio	%		11.4	11.0	11.8	7.6	11.3
Interest cover	times		14.5	13.0	11.5	15.2	14.4
<b>Current Tax Paid</b>							
Hong Kong tax paid	HK\$ million	-1,949	-1,699	-1,183	-954	-1,800	
Mainland of China and overseas tax paid	HK\$ million	-154	-100	-160	-173	-369	
<b>Expenses relating to Hong Kong Transport Operations</b>							
Energy and utilities	HK\$ million	-1,110	-1,200	-1,293	-1,409	-1,482	
Maintenance and related works	HK\$ million	-1,048	-1,112	-1,177	-1,361	-1,324	
Staff costs and related expenses	HK\$ million	-3,673	-4,067	-4,198	-4,450	-4,906	
Stores and spares consumed	HK\$ million	-466	-477	-514	-540	-557	



## Environmental Performance

KPI	Measure	Links	2011	2012	2013	2014	2015
<b>Energy Use for Railway Operations</b>							
Total electricity purchased	MWh	<a href="#">Electricity Consumption</a>	1,375,813	1,423,108	1,424,953	1,471,301	1,541,108
Heavy rail	MWh		1,323,795	1,369,518	1,371,918	1,417,339	1,486,014
Light rail and bus	MWh		52,019	53,590	53,035	53,962	55,094
Electricity consumption per revenue car-km	kWh per revenue car-km		4.84	4.83	4.70	4.78	4.84
Heavy rail	kWh per revenue car-km		4.83	4.82	4.69	4.77	4.83
Light rail and bus	kWh per revenue car-km		5.12	5.13	5.03	5.03	4.99
<b>Water Consumption</b>							
Water consumption from railway operations	m <sup>3</sup>	<a href="#">Water</a>	887,378	841,671	846,709	851,639	870,630
Water consumption from managed and investment properties	m <sup>3</sup>		1,095,937	994,540	1,214,050	1,108,946	1,152,486
<b>Waste Management</b>							
# Metals recycled from railway operations	tonnes	<a href="#">Waste</a>	3,020	3,990	2,843	3,034	3,724
Total hazardous wastes (2015 onward)	tonnes		n/a	n/a	n/a	n/a	223
Total hazardous wastes in liquid (2015 onward)	litres		n/a	n/a	n/a	n/a	98,104
General waste from railway extension projects	tonnes		15,855	26,267	58,967	187,831	83,091
Total construction waste recycled (2014 onward)	tonnes		n/a	n/a	n/a	6,288,912	5,656,010
<b>Climate Change Management</b>							
Annual review of climate change – risks assessment and continuous risk management action	Text	<a href="#">Climate Change Mitigation</a>	Completed	Completed	Completed	Completed	Completed



## Environmental Performance

KPI	Measure	Links	2011	2012	2013	2014	2015
<b>GHG Emission Inventory</b>							
#	Total GHG emissions	tonnes CO <sub>2</sub> e	1,218,242	1,255,123	1,359,996	1,497,435	1,343,723
#	Scope 1	tonnes CO <sub>2</sub> e	42,431	53,567	51,963	58,342	51,752
#	Scope 2	tonnes CO <sub>2</sub> e	1,156,531	1,171,763	1,242,449	1,354,625	1,258,826
#	Scope 3	tonnes CO <sub>2</sub> e	19,280	29,792	65,584	84,468	33,145
<b>Corporate Support Functions and Main Office Buildings</b>							
#	Total	tonnes CO <sub>2</sub> e	19,976	19,231	21,059	21,493	18,900
	Scope 1	tonnes CO <sub>2</sub> e	3,115	2,840	2,943	2,895	2,943
	Scope 2	tonnes CO <sub>2</sub> e	15,139	14,750	16,268	16,645	14,029
	Scope 3	tonnes CO <sub>2</sub> e	1,722	1,641	1,847	1,953	1,928
<b>Transport Operations</b>							
#	Total	tonnes CO <sub>2</sub> e	925,526	944,361	991,629	1,103,799	1,034,102
#	Scope 1	tonnes CO <sub>2</sub> e	33,000	40,709	41,183	47,116	39,311
#	Scope 2	tonnes CO <sub>2</sub> e	892,023	903,177	949,969	1,056,204	994,316
#	Scope 3	tonnes CO <sub>2</sub> e	503	475	476	479	475
<b>Network Expansion</b>							
#	Total	tonnes CO <sub>2</sub> e	19,827	30,600	67,113	86,457	35,043
	Scope 1	tonnes CO <sub>2</sub> e	332	421	433	278	274
	Scope 2	tonnes CO <sub>2</sub> e	3,093	3,097	4,143	4,804	4,705
	Scope 3	tonnes CO <sub>2</sub> e	16,402	27,083	62,537	81,375	30,064
<b>Properties and Other Businesses</b>							
#	Total	tonnes CO <sub>2</sub> e	252,913	260,930	280,196	285,686	255,678
#	Scope 1	tonnes CO <sub>2</sub> e	5,984	9,598	7,404	8,053	9,224
#	Scope 2	tonnes CO <sub>2</sub> e	246,275	250,740	272,069	276,972	245,776
#	Scope 3	tonnes CO <sub>2</sub> e	653	593	724	661	678

Climate Change Mitigation

**Notes** # these KPIs have been assured by Deloitte.

## Social Performance

KPI	Measure	Links	2011	2012	2013	2014	2015	Notes
Total number of passenger trips – weekday average	million	<a href="#">Customers Introduction</a>	4.85	5.07	5.25	5.46	5.56	
Total number of passenger trips – Hong Kong passenger services	million		1,688	1,767	1,819	1,900	1,934	
Share of franchised public transport in Hong Kong	%	<a href="#">Hong Kong Transport Operations</a>	45.4	46.4	46.9	48.1	48.5	
# Total employees	number	<a href="#">Our People</a>	14,444	15,200	16,158	16,624	17,127	
Persons with disabilities employed	number		201	199	223	256	271	
Persons with disabilities employed (%)	%		1.4	1.3	1.4	1.6	1.6	
Women employees	%		19.3	19.7	20.3	20.3	20.2	
Women on the Board	%	<a href="#">Management Approach</a>	17	17	27	25	21	

### Staff Turnover

# Voluntary staff turnover rate (overall)	%	<a href="#">Our People</a>	3.3	4.2	4.2	4.4	3.7		
<b>Voluntary staff turnover rate by gender (2015 onward)</b>									
- female	%		n/a	n/a	n/a	n/a	5.6		
- male	%		n/a	n/a	n/a	n/a	3.2		
<b>Voluntary staff turnover rate by age (2015 onward)</b>									
- aged below 30	%		n/a	n/a	n/a	n/a	8.2		
- aged 30 – below 50	%		n/a	n/a	n/a	n/a	3.3		
- aged 50 & above	%		n/a	n/a	n/a	n/a	1.6		
# Vacant posts filled internally either by promotion or transfer	%			49	48	49	59	59	



## Social Performance

KPI	Measure	Links	2011	2012	2013	2014	2015	Notes	
<b>Employee Trainings</b>									
<b>Total staff training days</b>			84,801	94,401	103,517	112,831	111,296		
- management training	man-day	<a href="#">Training Programmes</a>	21,578	23,211	22,133	18,784	17,384		
- operations training	man-day		63,223	71,190	81,384	94,047	93,912		
<b>Percentage of employee trained by gender (2015 onward)</b>									
- female	%		n/a	n/a	n/a	n/a	80.3		
- male	%		n/a	n/a	n/a	n/a	90.6		
<b>Percentage of employee trained by management (2015 onward)</b>									
# - managers	%		n/a	n/a	n/a	n/a	92.9		
# - non-managers	%		n/a	n/a	n/a	n/a	88.0		
# Training days per employee (overall)	days		6.0	6.3	6.5	6.9	6.6		
<b>Training days per employee by gender (2015 onward)</b>									
# - female	Man-day		n/a	n/a	n/a	n/a	4.8		
# - male	Man-day		n/a	n/a	n/a	n/a	7.1		
<b>Training days per employee by management (2015 onward)</b>									
# - managers	Man-day		n/a	n/a	n/a	n/a	2.4		
# - non-managers	Man-day		n/a	n/a	n/a	n/a	7.2		

### Charitable Contributions

Cash donations	HK\$ '000	<a href="#">Community Connect</a>	2,700	3,800	6,700	15,400	8,200	
Gifts in kind	HK\$ '000		25,600	17,300	27,520	20,490	19,100	
Employee fundraising	HK\$ '000		355	399	398	274	515	
Employee volunteering (number of projects)	number	<a href="#">Staff Volunteering</a>	206	239	239	245	255	
Employee volunteering (number of volunteers)	number		5,600	5,800	6,000	6,000	6,069	



## Social Performance

KPI	Measure	Links	2011	2012	2013	2014	2015	Notes	
<b>Legal Non-Compliance</b>									
Number of convicted cases									
Cases of corruption	number	<a href="#">Fair and Ethical Businesses</a>	0	0	0	0	0		
Cases involving health and safety standards	number		n/a	n/a	n/a	1	0		
Cases involving labour standards	number		n/a	n/a	n/a	0	0		
Cases involving product responsibility (including customer privacy)	number		n/a	n/a	n/a	0	0		
Cases involving working conditions	number		n/a	n/a	n/a	0	0		
Cases involving environmental regulations									
- MTR Corporation Limited	number		1	0	0	2	0		
- Main contractors	number		1	4	4	1	1	Note 1	



## Social Performance

KPI	Measure	Links	2011	2012	2013	2014	2015	Notes	
<b>Customer Service Pledge Items Achieved</b>									
<b>Train service delivery</b> (Actual train trips delivered compared to scheduled train trips)									
* Island, Kwun Tong, Tseung Kwan O, Tsuen Wan, Tung Chung and Disney Resort lines and Airport Express	%	<a href="#">Train Service Performance</a>	99.9	99.9	99.9	99.9	99.9		
* East Rail Line (including Ma On Shan Line)	%		99.9	99.9	99.9	99.9	99.9		
* West Rail Line	%		99.9	99.9	99.9	99.9	99.9		
* Light Rail	%		99.9	99.9	99.9	99.9	99.9		
<b>Passenger journeys on time</b> (Passenger journeys with less than 5 minutes' delay compared to total number of passenger trips delivered)									
* Island, Kwun Tong, Tseung Kwan O, Tsuen Wan, Tung Chung and Disney Resort lines	%			99.9	99.9	99.9	99.9	99.9	
* Airport Express	%			99.9	99.9	99.9	99.9	99.9	
* East Rail Line (including Ma On Shan Line)	%			99.9	99.9	99.9	99.8	99.9	
* West Rail Line	%			99.9	99.9	99.9	99.9	99.9	
<b>Train punctuality</b> (Train trips delivered with delay within pre-determined length of time compared to total number of train trips delivered; the length of delay differs for different lines)									
* Island, Kwun Tong, Tseung Kwan O, Tsuen Wan, Tung Chung and Disney Resort lines	%			99.7	99.8	99.8	99.7	99.8	
* Airport Express	%			99.9	99.9	99.9	99.9	99.9	
* East Rail Line (including Ma On Shan Line)	%		99.8	99.9	99.9	99.9	99.9		
* West Rail Line	%		99.8	99.9	99.9	99.9	99.9		
* Light Rail	%		99.9	99.9	99.9	99.9	99.9		



## Social Performance

KPI	Measure	Links	2011	2012	2013	2014	2015	Notes	
<b>Train reliability</b> (Including incidents resulting in delay of 5 minutes or more)									
East Rail Line (including Ma On Shan Line) and West Rail line	revenue car-km/incident		3,292,956	7,113,301	4,412,228	4,747,878	7,386,248		
Island, Kwun Tong, Tseung Kwan O, Tsuen Wan, Tung Chung and Disney Resort lines and Airport Express	revenue car-km/incident		1,841,882	4,203,807	3,474,269	3,585,340	2,861,014		
<b>Temperature and ventilation</b> (Compliance with internal guidelines for a cool, pleasant and comfortable environment)									
Trains with a cool, pleasant and comfortable train environment generally at or below 26°C (excluding Light Rail)	%		<a href="#">Train Service Performance</a>	99.9	99.9	99.9	99.9	99.9	
Light rail on-train air-conditioning failures per month	times			0	0	0	0	0	
Stations with a cool, pleasant and comfortable environment generally at or below 27°C for platforms and 29°C for station concourses, except on very hot days	%			99.9	99.9	99.7	99.9	99.9	
<b>Northwest transit service area bus service delivery</b> (Actual bus trips delivered compared to scheduled bus trips)									
Service delivery	%		99.8	99.8	99.5	99.7	99.7		



## Social Performance

KPI	Measure	Links	2011	2012	2013	2014	2015	Notes
<b>Distribution of suppliers (2015 onward)</b>								
#	Asia	number	n/a	n/a	n/a	n/a	1865	
#	Europe	number	n/a	n/a	n/a	n/a	154	
#	North America	number	<a href="#">Supply Chain</a>	n/a	n/a	n/a	n/a	29
#	South America	number		n/a	n/a	n/a	n/a	0
#	Oceania	number		n/a	n/a	n/a	n/a	26

### Notes

Note 1: Water Pollution Control (General) Regulations

A contractor in our railway extension projects was fined HK\$30,000 for non-compliance with the Water Pollution Control Ordinance.

# these KPIs have been assured by Deloitte.

\* these KPIs have been assured separately by Bureau Veritas Certification for the year 2015.



## Safety Targets and Performance

KPI	Measure	Links	2011	2012	2013	2014	2015	Notes
<b>Passenger and Public Safety</b>								
<b>Fatality</b>								
<b>Heavy Rail</b>								
	Target	number	0	0	0	0	0	
#	Performance	number	0	0	2	0	1	Note 2
<b>Light Rail</b>								
	Target	number	0	0	0	0	0	
#	Performance	number	1	0	0	0	1	Note 3
<b>Bus</b>								
	Target	number	0	0	0	0	0	
#	Performance	number	0	0	0	0	0	
<b>Number of injuries requiring hospitalisation per 100 million passenger journeys</b>								
<b>Heavy Rail</b>								
	Target	number	7.65	9.72	9.72	10.02	9.72	
#	Performance	number	9.38	9.72	10.25	8.12	7.91	
<b>Light Rail</b>								
	Target	number	13.78	8.59	11.50	12.08	12.67	
#	Performance	number	7.44	13.76	15.73	8.61	14.76	
<b>Bus</b>								
	Target	number	10.07	9.60	9.12	8.66	7.48	
#	Performance	number	7.05	5.07	4.91	4.68	0.00	

### Notes

Note 2: A man lost balance when walking down the staircase at the entrance of Kowloon Tong station and was certified dead at hospital.

Note 3: A man ignored the "redman" signal and dashed out. He was hit by a light rail vehicle and was subsequently certified dead at hospital.



## Safety Targets and Performance

KPI	Measure	Links	2011	2012	2013	2014	2015	Notes
<b>Staff Safety</b>								
<b>Fatality</b>								
<b>Corporate support functions</b>								
	Target	number	0	0	0	0	0	
#	Performance	number	0	0	0	0	0	
<b>Operations Division</b>								
	Target	number	0	0	0	0	0	
#	Performance	number	0	0	0	0	0	
<b>Projects Division</b>								
	Target	number	0	0	0	0	0	
#	Performance	number	0	0	0	0	0	
<b>Property Division</b>								
	Target	number	0	0	0	0	0	
#	Performance	number	0	0	0	0	0	
<b>China and International Business Division</b>								
	Target	number	0	0	0	0	0	
#	Performance	number	0	0	0	0	0	

Staff and Contractor Safety



## Safety Targets and Performance

KPI	Measure	Links	2011	2012	2013	2014	2015	Notes
<b>Lost time injuries per 100,000 man-hour</b>								
<b>Corporate support functions</b>								
	Target	number	0.10	0.10	0.14	0.13	0.13	
#	Performance	number	0.26	0.19	0.23	0.17	0.17	
<b>Operations Division</b>								
	Target	number	0.49	0.49	0.49	0.50	0.45	
#	Performance	number	0.42	0.54	0.67	0.40	0.56	
<b>Projects Division</b>								
	Target	number	0.10	0.10	0.10	0.10	0.10	
#	Performance	number	0.05	0.07	0.08	0.11	0.11	
<b>Property Division</b>								
	Target	number	0.41	0.33	0.30	0.30	0.30	
#	Performance	number	0.15	0.24	0.29	0.10	0.14	
<b>China and International Business Division</b>								
	Target	number	0.94	0.00	0.00	0.00	0.00	
#	Performance	number	0.55	0.00	0.00	0.00	0.00	

Staff and Contractor Safety



## Safety Targets and Performance

KPI	Measure	Links	2011	2012	2013	2014	2015	Notes
<b>Contractor Safety</b>								
<b>Fatality</b>								
<b>Corporate Support Functions</b>								
	Target	number	n/a	0	0	0	0	
#	Performance	number	n/a	0	0	0	0	
<b>Operating railway</b>								
	Target	number	0	0	0	0	0	
#	Performance	number	0	0	0	0	0	
<b>Hong Kong property development and investment projects</b>								
	Target	number	0	0	0	0	0	
#	Performance	number	0	0	1	1	0	
<b>Hong Kong investment property</b>								
	Target	number	n/a	0	0	0	0	
#	Performance	number	n/a	0	1	0	0	
<b>Hong Kong management property</b>								
	Target	number	n/a	0	0	0	0	
#	Performance	number	n/a	0	0	0	1	Note 4
<b>Hong Kong project construction – railway extension projects</b>								
	Target	number	0	0	0	0	0	
#	Performance	number	2	0	2	1	2	Note 5
<b>China and International Business Division</b>								
	Target	number	0	0	0	0	0	
#	Performance	number	0	0	0	0	0	

### Notes

Note 4: A vehicle lost control and crashed into the car park entrance of The Waterfront at Kowloon Station development and hit the security guard at the guard post. The guard was certified dead later.

Note 5: At the Shatin to Central Link network expansion project, a crane operator was crushed by the jib of a crawler crane during dismantling. He was subsequently certified dead. At Express Rail Link project site at Mai Po, a worker was struck by a high pressure air hose, causing him to fall from height and he was subsequently certified dead.



## Safety Targets and Performance

KPI	Measure	Links	2011	2012	2013	2014	2015	Notes
<b>Reportable accidents per 100,000 man-hour</b>								
<b>Corporate support functions</b>								
	Target	number	n/a	0.16	0.18	0.17	0.23	
#	Performance	number	n/a	0.18	0.17	0.08	0.15	
<b>Operating railway</b>								
	Target	number	0.25	0.21	0.21	0.21	0.21	
#	Performance	number	0.19	0.21	0.24	0.16	0.16	
<b>Hong Kong project construction – railway extension projects</b>								
	Target	number	0.30	0.30	0.30	0.30	0.30	
#	Performance	number	0.41	0.47	0.56	0.57	0.48	
<b>Hong Kong property development and investment projects</b>								
	Target	number	0.47	0.38	0.38	0.35	0.30	
#	Performance	number	0.20	0.17	0.04	0.06	0.06	
<b>Hong Kong investment property</b>								
	Target	number	n/a	0.20	0.22	0.22	0.22	
#	Performance	number	n/a	0.15	0.16	0.15	0.08	
<b>Hong Kong management property</b>								
	Target	number	n/a	0.20	0.22	0.22	0.22	
#	Performance	number	n/a	0.17	0.13	0.13	0.15	
<b>China and International Business Division</b>								
	Target	number	0.50	0.00	n/a	n/a	n/a	
#	Performance	number	0.07	0.00	n/a	n/a	n/a	

Staff and Contractor Safety



## Safety Targets and Performance

KPI	Measure	Links	2011	2012	2013	2014	2015	Notes
<b>Lost time injuries per 100,000 man-hour (2013 onward)</b>								
<b>China and International Business Division</b>								
Target	number		n/a	n/a	0.00	0.00	0.00	
# Performance	number		n/a	n/a	0.00	0.00	0.00	

# these KPIs have been assured by Deloitte.



## Mainland of China and International Business

		Shenzhen (MTRSZ)				Stockholm (MTRS)				Melbourne (MTM)			
		<u>MTR Shenzhen</u>				<u>MTR Stockholm</u>				<u>Metro Trains Melbourne</u>			
KPIs	Measure	2013	2014	2015	Notes	2013	2014	2015	Notes	2013	2014	2015	Notes
<b>Environmental Performance</b>													
Total electricity consumption – heavy rail	MWh	65,166	73,987	89,879		181,116	182,288	188,147		439,903	437,821	450,867	
Total water consumption	m <sup>3</sup>	222,071	183,813	185,935		n/a	n/a	n/a		123,943	143,890	171,078	
Metals recycled	tonnes	3.5	7.5	9.4		n/a	278.0	365.0		44.3	30.1	45.0	
Total hazardous wastes (2015 onward)	tonnes	n/a	n/a	18.1	Note 6	n/a	n/a	46.2		n/a	n/a	n/a	Note 7
Total hazardous wastes in liquid (2015 onward)	litres	n/a	n/a	n/a		n/a	n/a	236		n/a	n/a	n/a	
Total GHG emissions	tonnes CO <sub>2</sub> e	70,217	77,635	85,601	Note 8	31	281	265		462,107	450,556	520,975	
Scope 1 emissions	tonnes CO <sub>2</sub> e	318	289	315		27	281	265		670	661	464	
Scope 2 emissions	tonnes CO <sub>2</sub> e	69,898	77,346	85,286		4	n/a	n/a		461,437	449,895	520,511	

### Notes

Note 6: all hazardous wastes which are defined by local environmental regulations are reported in tonnes, including spent oil.

Note 7: data are not available at current stage and will be reported later.

Note 8: the local government has requested MTRSZ to report GHG emissions according to local methodology. The figures have been restated since year 2013 for alignment. The increase of 2015 emission is due to increased electricity consumption from increased train frequency and operation of 6-car trains. The 4-to-6 car conversion project took place in 2014.



## Mainland of China and International Business

		Shenzhen (MTRSZ)				Stockholm (MTRS)				Melbourne (MTM)			
		<u>MTR Shenzhen</u>				<u>MTR Stockholm</u>				<u>Metro Trains Melbourne</u>			
KPIs	Measure	2013	2014	2015	Notes	2013	2014	2015	Notes	2013	2014	2015	Notes
<b>Social Performance</b>													
Total employees	number	1,289	1,331	1,347		2,663	2,519	2,718		4,297	4,521	4,784	
Women employees	%	32.0	30.2	29.4		29.9	29.3	29.7		21.0	18.4	19.9	
Voluntary staff turnover rate	%	12.9	8.3	11.4		5.0	4.2	5.0		4.0	4.1	n/a	
Training days per employee	days	1.5	1.8	1.8		3.0	2.8	3.0		11.7	13.0	13.8	
<b>Train Service Performance</b>													
Total number of passenger trips	million	140	169	189		328	330	338		227	222	230	
Passenger journeys on time	%	n/a	99.99	99.99		n/a	n/a	n/a		n/a	91.4	n/a	
Train punctuality	%	n/a	99.86	99.91		n/a	96.1	97.7		n/a	92.8	92.5	
Train reliability	revenue car-km/incident	n/a	15,852,883	19,565,412		n/a	50,783	55,066		n/a	63,372	69,738	
Train service delivery	%	n/a	99.95	99.95		n/a	99.0	99.4		n/a	98.8	98.8	
<b>Charitable Contributions</b>													
Cash donations	HK\$	0	0	0		120,927	150,000	115,000		215,579	526,415	184,190	



## Mainland of China and International Business

		Shenzhen (MTRSZ)				Stockholm (MTRS)				Melbourne (MTM)			
		<u>MTR Shenzhen</u>				<u>MTR Stockholm</u>				<u>Metro Trains Melbourne</u>			
KPIs	Measure	2013	2014	2015	Notes	2013	2014	2015	Notes	2013	2014	2015	Notes
<b>Legal Non-Compliance</b>													
(Number of convicted cases)													
Cases of corruption	number	0	0	0		0	0	0		0	0	0	
Cases involving health and safety	number	n/a	0	0		n/a	0	0		n/a	0	0	
Cases involving labour standards	number	n/a	0	0		n/a	0	0		n/a	0	0	
Cases involving product responsibility (including customer privacy)	number	n/a	0	0		n/a	0	0		n/a	0	0	
Cases involving working conditions	number	n/a	0	0		n/a	0	0		n/a	0	0	
<b>Cases involving environmental regulations</b>													
- MTR subsidiary	number	0	0	0		0	0	0		0	0	0	
- MTR contractors	number	0	0	0		0	0	0		0	0	0	



## Mainland of China and International Business

		Shenzhen (MTRSZ)				Stockholm (MTRS)				Melbourne (MTM)			
		<u>MTR Shenzhen</u>				<u>MTR Stockholm</u>				<u>Metro Trains Melbourne</u>			
KPIs	Measure	2013	2014	2015	Notes	2013	2014	2015	Notes	2013	2014	2015	Notes
<b>Safety Targets and Performance</b>													
<b>Passenger and public safety</b>													
<b>Fatalities</b>													
	Target	number	0	0	0	0	0	0		0	0	0	
#	Performance	number	0	0	0	1	1	3	Note 9	1	8	2	Note 10
<b>Number of injuries per million passenger journeys</b>													
	Target	number	1.47	1.47	1.47	0.99	0.98	1.40		3.60	2.00	2.00	
#	Performance	number	1.36	1.07	1.11	1.25	1.49	1.47		2.04	2.32	2.07	

### **Notes**

Note 9: the three cases were caused by one passenger falling down onto the track, another passenger losing balance and the other passenger trespassed the line.

Note 10: one male passenger was struck at a crossing by a non-passenger train and the other passenger was impacted by the car of the train, now under police investigation.



## Mainland of China and International Business

		Shenzhen (MTRSZ)				Stockholm (MTRS)				Melbourne (MTM)				
		<u>MTR Shenzhen</u>				<u>MTR Stockholm</u>				<u>Metro Trains Melbourne</u>				
KPIs	Measure	2013	2014	2015	Notes	2013	2014	2015	Notes	2013	2014	2015	Notes	
<b>Staff safety</b>														
<b>Fatality</b>														
	Target	number	0	0	0		0	0	0		0	0	0	
#	Performance	number	0	0	0		0	0	0		0	0	0	
<b>Lost time injuries per 100,000 man hours</b>														
	Target	number	0.28	0.27	0.26		0.63	0.63	0.60		0.60	0.60	0.50	
#	Performance	number	0.14	0.18	0.21		0.39	0.46	0.32		1.04	0.61	0.52	
<b>Contractor safety</b>														
<b>Fatality</b>														
	Target	number	0	0	0		0	0	0		0	0	0	
#	Performance	number	0	0	0		0	0	0		0	0	0	
<b>Lost time injuries per 100,000 man hour</b>														
	Target	number	0.47	0.45	0.44		n/a	n/a	n/a		0.40	0.40	0.40	
#	Performance	number	0.16	0.07	0.12		n/a	n/a	n/a	Note 11	0.16	0.38	0.22	

### Notes

Note 11: MTRS does not monitor contractor injuries because this KPI is not relevant to its business nature or needs.

# these KPIs have been assured by Deloitte.



## CoMET BENCHMARKING RESULTS 2014

The Community of Metros (CoMET) programme collects data from large metro system operators around the world in order to compare performance and improve standards across the industry. The 2015 benchmarking exercise assessed data for 2014 for metro systems from 16 cities including Beijing, Berlin, Delhi, Guangzhou, Hong Kong, London, Mexico City, Madrid, Moscow, New York, Paris, Santiago, Singapore, Shanghai, São Paulo and Taipei. Performance is measured across six categories, including growth and learning, customers, internal processes, safety and security, financial performance and environmental performance.

[Why do we participate in CoMET?](#)

### Safety

Our passenger safety record in 2014 reflects no fatalities, which are recorded within the KPI for deaths from accidents in the CoMET benchmarking results for that year. This KPI includes deaths due to accidents on metro property or trains operated, owned or maintained by the metro, or due to metro operations, if death occurs within 30 days of an event.

### Financial performance

In 2014, we continued to outperform all other CoMET participants on the indicator for total commercial revenue per operating cost, which reflects the success of our [sustainable financial models](#). This year, we have started to report on a new indicator, fare revenue per passenger km, which shows that over the past five years we have generated average levels of revenue from passenger fares compared with other metro operators. At the same time, in 2014 we sustained an improving trend on two measures of normalised operating cost, i.e. operating cost per revenue car km and per passenger journey.

### Environment

In 2014, we started to report on a new indicator, CO<sub>2</sub> per passenger km. Since we exercise minimal influence over the source of electricity that we consume, our efforts to [mitigate climate change](#) focus on [improving energy efficiency](#). The CoMET benchmarking results show that we are sustaining an improving trend for energy consumption per passenger km, and our performance is better than average when compared with other metro systems around the world.

### Customer service

Comparing [punctuality and reliability](#) of our train services with other metro systems, our passengers in Hong Kong enjoy good service by international standards but there is still room for moderate improvement. Despite the problems we are currently experiencing with crowding during [peak hours](#), the data on capacity utilisation shows that we operate our services in an efficient way, doing our best to transport our passengers over the existing network.

#### Learn more...

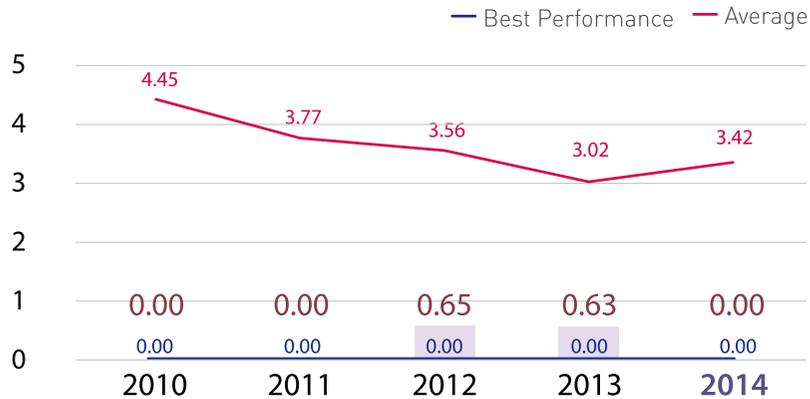
[CoMET and Nova](#) are metro benchmarking groups currently comprising 32 large and medium-sized metro systems from 30 cities. The groups are jointly owned and steered by their members, and are facilitated by the Railway and Transport Strategy Centre (RTSC) at Imperial College London.



## Safety

Deaths from accidents per billion passenger journeys\* – a measure of passenger safety

### DEATHS FROM ACCIDENTS PER BILLION PASSENGER JOURNEYS



\*Please note that this KPI is slightly different from Fatalities per billion passenger journeys, which is the KPI that we reported in previous years.

## Financial Performance

Total commercial revenue per operating cost – a measure of capacity provision and utilisation

### TOTAL COMMERCIAL REVENUE / OPERATING COST



Fare revenue per passenger km (US\$PPP) – a measure of the level of our fares

### FARE REVENUE PER PASSENGER KILOMETRE



Operating costs per car km (US\$PPP)

### OPERATING COST / REVENUE CAR KM



Operating costs per passenger journeys (US\$PPP)

### OPERATING COST / PASSENGER JOURNEY



CO<sub>2</sub> per passenger km — a measure of contribution to climate change

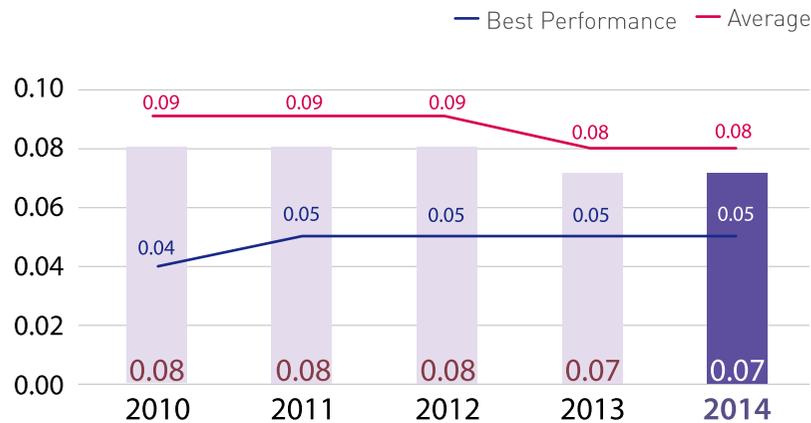
### CO<sub>2</sub> PER PASSENGER KM



## Environment

Total energy consumed per passenger km — a measure of energy efficiency

### TOTAL ENERGY CONSUMED / PASSENGER KM



## Staff

Car km per staff and contractor hours

### CAR KM PER STAFF & CONTRACTOR HOURS



### Customers

% passenger journeys on time — a measure of service performance

#### % PASSENGER JOURNEYS ON TIME / PASSENGER JOURNEY



Capacity km per route km — a measure of asset utilisation

#### CAPACITY KM / ROUTE KM



% train trips on time — a measure of service performance

#### % TRAINS ON TIME / TOTAL TRAINS (SCHEDULED)



#### Definitions

Passenger journeys — the total number of passenger trips on our trains during the year

Passenger km — the total number of kilometres travelled by passengers on our trains during the year

Car km — the total number of kilometres which were operated by our trains in revenue (passenger carrying) service during the year



## APPENDIX: GRI SCOPE, ASPECTS AND BOUNDARIES

This table provides a summary of the topics covered in our Sustainability Report 2015. It provides a list of Identified Material Aspects and Boundaries in accordance with the Global Reporting Initiative G4 Sustainability Reporting Guidelines ("GRI-G4"). The Aspect Boundaries that have been identified within and outside of the organisation reflects our management approach to sustainability issues.

Please note that according to GRI-G4, the word "Aspect" refers to the list of subjects for which GRI Indicators and Disclosure on Management Approach have been developed. The range of Aspects covered in the report is called the "Scope" and the description of where impacts occur for each material Aspect is called the "Aspect Boundary".

GRI Material Aspects*	Aspect Boundaries						
	Within the organisation (G4-20)				Outside the organisation (G4-21)		
	Company-wide	Operations Division	Projects Division	Property Division	Contractors/Suppliers	Customers	Communities
<b>Category: Economic</b>							
Economic Performance	✓						
Indirect Economic Impacts	✓						✓
<b>Category: Environmental</b>							
Energy		✓	✓	✓			
Water		✓	✓	✓			
Emissions		✓	✓	✓			
Effluents and Waste		✓	✓	✓			
Products and Services		✓		✓	✓		
Compliance	✓				✓		
<b>Category: Social</b>							
<b>Sub-Category: Labour practices and decent work</b>							
Occupational Health and Safety	✓				✓		



GRI Material Aspects*	Aspect Boundaries						
	Within the organisation (G4-20)				Outside the organisation (G4-21)		
	Company-wide	Operations Division	Projects Division	Property Division	Contractors/Suppliers	Customers	Communities
<b>Sub-Category: Society</b>							
Local Communities	✓						✓
Anti-Corruption	✓				✓		
Public Policy	✓						✓
Anti-Competitive Behaviour	✓				✓	✓	
Compliance	✓				✓		
<b>Sub-Category: Product Responsibility</b>							
Customer Health and Safety		✓	✓	✓	✓	✓	
Product and Service Labelling		✓		✓		✓	
Compliance	✓				✓		

\*GRI Aspects mapped to our ESG Issues with Materiality llevel: High



## APPENDIX: MTR EXTERNAL CHARTERS AND MEMBERSHIPS

We endorse externally developed charters, principles and initiatives, and participate in associations and advocacy organisations as summarised in the following tables.

### External Charters, Principles and Initiatives

Name of Charter	Sponsoring Organisation(s)
Food Wise Charter	Hong Kong Environment Bureau Food Wise Campaign
Talent-wise Employment Charter	Hong Kong Labour and Welfare Bureau, Rehabilitation Advisory Committee, Hong Kong Council of Social Service and Hong Kong Joint Council for People with Disabilities
UITP Charter on Sustainable Development	International Association of Public Transport (UITP)
Hong Kong Energy Saving Charter	Hong Kong Environment Bureau
Manifesto for Energy Efficiency in Buildings	World Business Council for Sustainable Development
Hong Kong Green Purchasing Charter	Green Council
Hong Kong Clean Air Charter	Business Coalition on the Environment and Hong Kong General Chamber of Commerce
Hong Kong Corporate Social Responsibility Charter	Community Business
Charter on External Lighting	Hong Kong Environment Bureau



### Associations and Advocacy Organisations (Local)

Name of Organisation	Nature of Membership
Business Environment Council	Corporate Member and Member of ESG Advisory Group
Community Business	Corporate Member
Hong Kong Green Building Council	Institutional Member
Hong Kong Institute of Environmental Impact Assessment	Executive Committee Member
Hong Kong Knowledge Management Society	Member
International Handbook for Engineering Safety Management (iESM) Working Group	Member
Major Projects Association	Member
The Association for Project Management Hong Kong Branch	Corporate Member
The Community Chest of Hong Kong	Member of the Corporate & Employee Contribution Programme Organising Committee and Convenor of Green Day
The Lighthouse Club of Hong Kong	Corporate Member
Hong Kong General Chamber of Commerce	Member

### Associations and Advocacy Organisations (International)

Name of Organisation	Nature of Membership
Clinton Climate Initiative	Affiliate
Community of Metros (CoMET)	Member
Dow Jones Sustainability Index	Constituent Company
FTSE4Good Index Series	Constituent Company
International Association of Public Transport (UITP) Sustainable Development Commission	Member
Business for Social Responsibility	Corporate Member



## APPENDIX: CONTENT INDEX FOR SUSTAINABILITY REPORTING GUIDELINES

The content index includes two parts: **Part I** are the KPIs for the Hong Kong Stock Exchange Environmental, Social and Governance Reporting Guide (HKEx ESG Guide) and **Part II** is according to GRI-G4 Indicators and

Disclosures on Management Approach. We also made reference to the International Association of Public Transport (UITP) Sustainability Charter Reporting Guide 1.0

### • Part I: HKEx ESG Guides Content Index

		Disclosure level			Website Location SR15	External Assurance	Explanation
		Full	Partial	None			
<b>General disclosures</b>							
Aspect A1 Emissions and waste	Policies and compliance with laws and regulations relating to air quality and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		X		<a href="#">Environment Management Approach</a> <a href="#">Mitigation</a> <a href="#">Waste</a> <a href="#">Corporate Policies</a> <a href="#">Social Performance</a>		In line with the outcomes of our <a href="#">materiality assessment</a> , our sustainability report focuses on management of greenhouse gas (GHG) emissions and waste. However please note that policies and legal compliance relating to NO <sub>2</sub> , SO <sub>2</sub> and particulate matter emissions and discharges on land fall within the remit of our management processes for the Environment, including EIA and EMS.
Aspect A2 Use of resources	Policies on efficient use of resources, including energy, water and other raw materials.	X			<a href="#">Environment Management Approach</a> <a href="#">Sustainable Resource Use</a>		
Aspect A3 Environment and natural resources	Policies on minimising significant impacts on the environment and natural resources.	X			<a href="#">Environment Management Approach</a> <a href="#">Sustainable Resource Use</a> <a href="#">Mitigation</a> <a href="#">Waste</a> <a href="#">Corporate Policies</a> <a href="#">Supply Chain Introduction</a>		



		Disclosure level			Website Location SR15	External Assurance	Explanation
		Full	Partial	None			
Aspect B1 Employment	Policies and compliance with laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	X			<a href="#">Corporate Policies</a> <a href="#">Fair and Ethical Business</a> <a href="#">Staff Management Approach</a>		
Aspect B2 Health and safety	Policies and compliance with laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards.	X			<a href="#">Safety Management Approach</a> <a href="#">Staff and Contractor Safety</a>		
Aspect B3 Development and training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	X			<a href="#">Staff Management Approach</a> <a href="#">Recruitment in Hong Kong</a>		
Aspect B4 Labour standards	Policies and compliance with laws and regulations relating to preventing child and forced labour.	X			<a href="#">Supply Chain Introduction</a>		This Aspect applies to management of our supply chain only as there is no risk of child or forced labour occurring within our organisation.
Aspect B5 Supply chain management	Policies on managing environmental and social risks of the supply chain.	X			<a href="#">Supply Chain Introduction</a>		
Aspect B6 Product responsibility	Policies; and compliance with laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		X		<a href="#">Safety Management Approach</a> <a href="#">Customer Safety Initiatives</a> <a href="#">Customers Management Approach</a>		In line with the outcomes of our <a href="#">materiality assessment</a> , our sustainability report focuses on policies and compliance relating to health and safety. In addition, our <a href="#">privacy policy</a> is available on our customer website.



		Disclosure level			Website Location SR15	External Assurance	Explanation
		Full	Partial	None			
Aspect B7 Anti-corruption	Policies and compliance with laws and regulations relating to bribery, extortion, fraud and money laundering.	X			<a href="#">Corporate Policies</a> <a href="#">Code of Conduct</a> <a href="#">Anti-Corruption and Whistle-Blowing</a> <a href="#">Social Performance</a>		
Aspect B8 Community investment	Policies on community engagement to understand the needs of the communities where we operate and to ensure that our activities take into consideration the communities' interests.	X			<a href="#">Community Introduction</a>		

**Other comply or explain provisions**

**Aspect A1 Emissions and waste**

A1.1	The types of emissions and respective emissions data.			X			Emissions of NO <sub>2</sub> , SO <sub>2</sub> and particulate matter from gaseous fuel and vehicles are not determined to be <u>Highly material issues</u> for our organisation.
A1.2	Greenhouse gas emissions in total (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	X			<a href="#">Mitigation</a> <a href="#">Environmental Performance</a>	#	
A1.3	Total hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	X			<a href="#">Environmental Performance</a>		



		Disclosure level			Website Location SR15	External Assurance	Explanation
		Full	Partial	None			
A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).		X		<a href="#">Waste Environmental Performance</a>		In line with the outcomes of our <a href="#">materiality assessment</a> , our sustainability report provides information on construction and general waste from railway extension projects, as well as metals recycling from railway operations. We are working in the medium-term to provide more information about the breakdown of waste.
A1.5	Description of measures to mitigate emissions and results achieved.	X			<a href="#">Mitigation Energy Saving Measures</a>		
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.		X		<a href="#">Waste</a>		With regards to chemical waste, mostly associated with spent oil and used batteries, the Company complies with the Hong Kong Waste Disposal (Chemical Waste) (General) Regulation (Cap. 354) and works with registered contractors who possess a valid Chemical Waste Collector License as required by Hong Kong Environmental Protection Department (EPD).

#### Aspect A2 Use of resources

A2.1	Energy consumption by type (e.g. electricity, gas or oil) in total (kwh in ,000s) and intensity (e.g. per unit of production volume, per facility).	X			<a href="#">Sustainable Resource Use Environmental Performance</a>		
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).		X		<a href="#">Water Consumption Environmental Performance</a>		In line with the outcomes of our <a href="#">materiality assessment</a> , our sustainability report provides information on water consumption in railway operations and in management and investment properties.



		Disclosure level			Website Location SR15	External Assurance	Explanation
		Full	Partial	None			
A2.3	Description of energy use efficiency initiatives and results achieved.	X			<a href="#">Energy Saving Measures</a>		
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.		X		<a href="#">Water Consumption</a>		Sourcing water that is fit for purpose and water efficiency initiatives are not determined to be <u>Highly material issues</u> for our organisation.
A2.5	Total packaging material used (in tonnes), and if applicable, with reference to per unit produced.			X			Use of packaging material is not determined to be a <u>Highly material issue</u> for our organisation.

#### Aspect A3 The environment and natural resources

A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	X			<a href="#">Environment Introduction</a> <a href="#">Sustainable Resource Use</a> <a href="#">Climate Change</a> <a href="#">Environmental Protection</a> <a href="#">Corporate Policies</a> <a href="#">Supply Chain Introduction</a>		
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#### Recommended disclosures

#### Aspect B1 Employment

B1.1	Total workforce by gender, employment type, age group and geographical region.	X			<a href="#">Our People</a> <a href="#">Social Performance</a>	#	We disclose data on full-time employees of the Company in Hong Kong, including staff of our Hong Kong subsidiary Ngong Ping 360 but excluding part-time staff and staff of other subsidiaries. Our sustainability report also provides additional information about the employees of our international subsidiaries in <a href="#">Shenzhen</a> , <a href="#">Stockholm</a> and <a href="#">Melbourne</a> .
B1.2	Employee turnover rate by gender, age group and geographical region.	X			<a href="#">Staff Introduction</a> <a href="#">Social Performance</a>	#	



		Disclosure level			Website Location SR15	External Assurance	Explanation
		Full	Partial	None			
<b>Aspect B2 Health and safety</b>							
B2.1	Fatality number and rate.	X			<a href="#">Staff and Contractor Safety Performance</a> <a href="#">Safety Targets and Performance</a>	#	
B2.2	Lost days due to work injury.	X			<a href="#">Staff and Contractor Safety Performance</a> <a href="#">Safety Targets and Performance</a>	#	
B2.3	Description of occupational health and safety measures adopted how they are implemented and monitored.	X			<a href="#">Safety Management Approach</a> <a href="#">Staff and Contractor Safety</a>		
<b>Aspect B3 Development and training</b>							
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management, etc.).	X			<a href="#">Social Performance</a>	#	
B3.2	The average training hours completed per employee by gender and employee category.	X			<a href="#">Training Programmes</a> <a href="#">Social Performance</a>	#	
<b>Aspect B4 Labour standards</b>							
B4.1	Description of measures to review employment practices to avoid child and forced labour.		X		<a href="#">Supply Chain Introduction</a> <a href="#">Supply Chain Assessment</a>		This Aspect applies to management of our supply chain only as we believe there is no risk of child or forced labour occurring within our organisation.
B4.2	Description of steps taken to eliminate such practices when discovered.			X			No such practices have been discovered.



		Disclosure level			Website Location SR15	External Assurance	Explanation
		Full	Partial	None			
<b>Aspect B5 Supply chain management</b>							
B5.1	Number of suppliers by geographical region.	X			<a href="#">Social Performance</a>	#	
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	X			<a href="#">Supply Chain Introduction</a> <a href="#">Supply Chain Assessment</a>		
<b>Aspect B6 Product responsibility</b>							
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.			X	<a href="#">Train Service Performance</a>	*	This KPI is not relevant to our businesses. We report on our transport service delivery performance to demonstrate our commitment to providing safe and reliable services to our customers. Refer to <a href="#">Train Service Performance</a> for more details.
B6.2	Number of products and service related complaints received and how they are dealt with.		X		<a href="#">Customers Management Approach</a>		
B6.3	Description of practices relating to observing and protecting intellectual property rights.			X			Intellectual property is not determined to be a <a href="#">Highly material issue</a> for our organisation.
B6.4	Description of quality assurance process and recall procedures.	X			<a href="#">Safety Management Approach</a>		
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.		X		Please see explanation		Our <a href="#">privacy policy</a> is available on our customer website. Implementation and monitoring of consumer data protection and privacy are not determined to be <a href="#">Highly material issues</a> for our organisation.



		Disclosure level			Website Location SR15	External Assurance	Explanation
		Full	Partial	None			
<b>Aspect B7 Anti-corruption</b>							
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	X			<a href="#">Social Performance</a>		
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	X			<a href="#">Anti-Corruption and Whistle-Blowing</a>		
<b>Aspect B8 Community investment</b>							
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	X			<a href="#">Community Engagement</a> <a href="#">Community Programmes</a>		
B8.2	Resources contributed (e.g. money or time) to the focus area.	X			<a href="#">Community Programmes</a> <a href="#">Social Performance</a>		

#These KPIs have been assured by Deloitte.

\*The KPIs have been assured by Bureau Veritas Certification.



• Part II: GRI Content Index

General Standard Disclosures		MTR Sustainability Reporting Issue (Issue #)	Website location SR 2015	External Assurance	UITP	Notes, including reasons for omissions
<b>Strategy and Analysis</b>						
G4-1	CEO Statement		<a href="#">CEO Letter and Q&amp;A with Chairman</a>			
G4-2	Key sustainability impacts, risks, and opportunities		<a href="#">CEO Letter and Q&amp;A with Chairman</a>		Gov 10	
<b>Organisational Profile</b>						
G4-3	Name of the organisation		<a href="#">About MTR Corporation</a>			
G4-4	Primary brands, products, and services		<a href="#">About MTR Corporation Our Businesses</a>		Eco 2	
G4-5	Headquarters		<a href="#">About MTR Corporation</a>			
G4-6	Countries of operation		<a href="#">Our Businesses</a>			
G4-7	Nature of ownership and legal form		<a href="#">About MTR Corporation</a>			
G4-8	Markets served		<a href="#">Our Businesses</a>			
G4-9	Scale of organisation		<a href="#">About MTR Corporation Financial Performance Highlights</a> <a href="#">Our People</a> <a href="#">Customers Introduction</a> <a href="#">Consolidated Financial and Economic Performance</a> <a href="#">Social Performance</a>		Eco 1	
G4-10	Workforce profile		<a href="#">Our People</a> <a href="#">Recruitment in Hong Kong</a>		Soc 13, Soc 14, Eco 16	There are no significant variations in employment numbers, such as seasonal variations.
G4-11	Collective bargaining		<a href="#">Staff Management Approach</a>		Gov 6, Gov 11, Soc 3	



General Standard Disclosures		MTR Sustainability Reporting Issue (Issue #)	Website location SR 2015	External Assurance	UITP	Notes, including reasons for omissions
G4-12	Supply chain description		<a href="#">Value Chain</a> <a href="#">Supply Chain Introduction</a> <a href="#">Social Performance</a>			
G4-13	Significant changes during the reporting period		Please refer to comment.			There were no significant changes during the reporting period.
G4-14	Precautionary approach		<a href="#">Corporate Governance Management Approach</a> <a href="#">Enterprise Risk Management</a>		Gov 10	
G4-15	Externally-developed charters, principles or initiatives		<a href="#">Corporate Governance Management Approach</a> <a href="#">MTR External Charters and Memberships</a>			
G4-16	Membership of external associations		<a href="#">Corporate Governance Management Approach</a> <a href="#">MTR External Charters and Memberships</a>			

#### Identified Material Aspects and Boundaries

G4-17	Entities included in consolidated financial statements		Please refer to our <a href="#">Annual Report</a>			
G4-18	Defining the report content		<a href="#">Value Chain, Materiality and Stakeholder Engagement</a>		Gov 18	
G4-19	List of material aspects		<a href="#">Materiality</a> <a href="#">List of Identified Material Aspects and Boundaries</a>			
G4-20	Aspect boundary within the organisation		<a href="#">Scope of this Report</a> <a href="#">List of Identified Material Aspects and Boundaries</a>			
G4-21	Aspect boundary outside the organisation		<a href="#">Scope of this Report</a> <a href="#">List of Identified Material Aspects and Boundaries</a>			



General Standard Disclosures		MTR Sustainability Reporting Issue (Issue #)	Website location SR 2015	External Assurance	UITP	Notes, including reasons for omissions
G4-22	Restatements of information		Please refer to comment.			There have been no restatements of information.
G4-23	Significant changes in the scope and aspect boundaries		Please refer to comment.			Our ESG Issue #10 (Customer service, support and complaint handling) has been mapped to GRI Aspect: Product and service labelling rather than GRI Aspect: Grievance mechanisms for impacts on society, as previously reported.

### Stakeholder Engagement

G4-24	List of stakeholder groups engaged		<a href="#">Materiality</a>		Gov 6	
G4-25	Identification and selection of stakeholders		<a href="#">Value Chain</a> <a href="#">Materiality</a>		Gov 6	
G4-26	Approach to stakeholder engagement		<a href="#">Value Chain</a> <a href="#">Materiality</a>		Gov 6	
G4-27	Key topics and concerns raised through stakeholder engagement and how the organisation has responded		<a href="#">Value Chain</a> <a href="#">Materiality</a> <a href="#">Evaluation of Results</a>			

### Report Profile

G4-28	Reporting period		<a href="#">Scope of this Report</a>			
G4-29	Date of most recent previous report		<a href="#">About this Report</a>			
G4-30	Reporting cycle		<a href="#">About this Report</a>			
G4-31	Contact point for questions		Contact Us			
G4-32	In accordance' option and GRI Content Index		<a href="#">About this Report</a>		Gov 18	
G4-33	External assurance		<a href="#">Independent Assurance Report</a>	#	Gov 3	



General Standard Disclosures		MTR Sustainability Reporting Issue (Issue #)	Website location SR 2015	External Assurance	UITP	Notes, including reasons for omissions
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### Governance

G4-34	Governance structure	Organisational governance structure and process (1)	<a href="#">Corporate Governance Introduction</a>		Gov 1, Gov 2, Gov 5	
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### Ethics and Integrity

G4-56	Values, principles, standards and norms of behaviour	Fair operating practices (2)	<a href="#">Vision, Mission and Values</a> <a href="#">Corporate Policies</a> <a href="#">Fair and Ethical Business</a>		Gov 5, Gov 11	
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### Specific Standard Disclosures for Material Aspects

#### ECONOMIC PERFORMANCE

G4-DMA	Disclosure of management approach		<a href="#">Financial and Economic Performance Introduction</a>			
G4-EC2	Risks and opportunities due to climate change	Climate change (26)	<a href="#">Climate Change</a>		Gov 10	
G4-EC4	Financial assistance received from Government	Payment from government/ tax payment (30)	<a href="#">Materiality Methodology</a> <a href="#">Rail plus Property Model</a>			

#### INDIRECT ECONOMIC IMPACTS

G4-DMA	Disclosure of management approach		<a href="#">Community Introduction</a> <a href="#">Value Chain</a>			
G4-EC7	Development and impact of infrastructure investments and services supported	Access to essential services (12)	<a href="#">Our Businesses</a> <a href="#">Community Introduction</a> <a href="#">Customers Introduction</a> <a href="#">Train Service Performance 2016 &amp; Beyond Introduction</a>			



General Standard Disclosures		MTR Sustainability Reporting Issue (Issue #)	Website location SR 2015	External Assurance	UITP	Notes, including reasons for omissions
<b>Procurement Practices</b>						
G4-DMA	Disclosure of management approach		<a href="#">Supply Chain Introduction</a>		Gov 13	
<b>ENERGY</b>						
G4-DMA	Disclosure of management approach		<a href="#">Environment Management Approach</a>		Env 1	
G4-EN3	Energy consumption within the organization	Sustainable resource use (25)	<a href="#">Sustainable Resource Use Environmental Performance</a>		Env 3, Env 4	
G4-EN5	Energy intensity		<a href="#">Sustainable Resource Use</a>			
G4-EN6	Reduction of energy consumption		<a href="#">Energy Saving Measures</a>		Env 20	
G4-EN7	Reductions in energy requirements of products and services					
<b>WATER</b>						
G4-DMA	Disclosure of management approach		<a href="#">Environment Management Approach</a>		Env 1	
G4-EN8	Total water withdrawal by source	Sustainable resource use (25)	<a href="#">Water Consumption Environmental Performance</a>			All water is sourced from municipal water supplies.
<b>BIODIVERSITY</b>						
G4-DMA	Disclosure of management approach	Biodiversity (27)	<a href="#">Environment Management Approach Ecology Corporate Policies</a>		Env 1, Env 2	
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		<a href="#">Ecology</a>			
G4-EN13	Habitats protected or restored					



General Standard Disclosures	MTR Sustainability Reporting Issue (Issue #)	Website location SR 2015	External Assurance	UITP	Notes, including reasons for omissions
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### EMISSIONS

G4-DMA	Disclosure of management approach		<a href="#">Environment Management Approach</a> <a href="#">Mitigation</a> <a href="#">Corporate Policies</a>		Env 1	Offsets are not used to meet reduction targets.
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)			#	Env 7	
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Climate change (26)	<a href="#">Mitigation</a> <a href="#">Environmental Performance</a>	#	Env 7	
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)			#	Env 7	

### EFFLUENTS AND WASTE

G4-DMA	Disclosure of management approach		<a href="#">Environment Management Approach</a>		Gov 15, Env 1	
G4-EN23	Total weight of waste by type and disposal method	Prevention of pollution (24)	<a href="#">Waste</a> <a href="#">Environmental Performance</a>			This indicator is partially disclosed because complete information about the breakdown of waste is not available. In regards to chemical waste, mostly associated with spent oil and used batteries, the Company complies with the Hong Kong Waste Disposal (Chemical Waste) (General) Regulation (Cap. 354) and works with registered contractors who possess a valid Chemical Waste Collector License as required by Hong Kong Environmental Protection Department (EPD).



General Standard Disclosures		MTR Sustainability Reporting Issue (Issue #)	Website location SR 2015	External Assurance	UITP	Notes, including reasons for omissions
<b>PRODUCTS AND SERVICES</b>						
G4-DMA	Disclosure of management approach		<a href="#">Environment Introduction</a> <a href="#">Sustainable Resource Use</a>		Gov 8, Env 1	
G4-EN27	Mitigation of environmental impacts of products and services	Sustainable products & services (9)	<a href="#">Climate Change</a> <a href="#">Environmental Protection</a> <a href="#">Corporate Policies</a> <a href="#">Supply Chain Introduction</a>			
<b>COMPLIANCE</b>						
G4-DMA	Disclosure of management approach		<a href="#">Environment Management Approach</a>		Gov 8	
G4-EN29	Non-compliance with environmental laws and regulations	Prevention of pollution (24)	<a href="#">Social Performance</a>			
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>						
G4-DMA	Disclosure of management approach	Promoting social responsibility in the value chain (29)	<a href="#">Supply Chain Introduction</a>		Gov 13, Eco12	
<b>ENVIRONMENTAL GRIEVANCE MECHANISMS</b>						
G4-DMA	Disclosure of management approach		<a href="#">Corporate Policies</a> <a href="#">Anti-Corruption and Whistle-Blowing</a>			
<b>EMPLOYMENT</b>						
G4-DMA	Disclosure of management approach		<a href="#">Staff Management Approach</a>			
G4-LA1	New employee hires and employee turnover	Employment practices (19)	<a href="#">Staff Introduction</a> <a href="#">Social Performance</a>	#	Soc 4, Soc 13	



General Standard Disclosures		MTR Sustainability Reporting Issue (Issue #)	Website location SR 2015	External Assurance	UITP	Notes, including reasons for omissions
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#### OCCUPATIONAL HEALTH AND SAFETY

G4-DMA	Disclosure of management approach		<a href="#">Safety Management Approach</a> <a href="#">Staff and Contractor Safety</a>		Gov 6, Gov 7, Gov 8, Gov 9, Soc 7	
G4-LA5	Workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs		<a href="#">Staff Management Approach</a>			Workers' health and safety is addressed through the formal consultation mechanism, including Joint Consultative Committees representing all staff.
G4-LA6	Injury, occupational diseases, lost days, and absenteeism, and work-related fatalities	Employee and contractor health and safety (22)	<a href="#">Staff and Contractor Safety Performance</a> <a href="#">Safety Targets and Performance</a>	#	Soc 16, Soc 17	We disclose this indicator with breakdown by divisions rather than gender because this presentation is more relevant to understanding our businesses.

#### TRAINING AND EDUCATION

G4-DMA	Disclosure of management approach	Employee	<a href="#">Staff Management Approach</a> <a href="#">Recruitment in Hong Kong</a>			
G4-LA9	Average hours of training	development and training (23)	<a href="#">Training Programmes</a> <a href="#">Social Performance</a>	#	Soc 8	

#### DIVERSITY AND EQUAL OPPORTUNITY

G4-DMA	Disclosure of management approach		<a href="#">Fair and Ethical Business</a> <a href="#">Staff Management Approach</a>			
G4-LA12	Composition of governance bodies and breakdown of employees	Diversity and equal opportunity (16)	<a href="#">Our People</a> <a href="#">Corporate Governance Management Approach</a> <a href="#">Social Performance</a>		Soc 13	



General Standard Disclosures		MTR Sustainability Reporting Issue (Issue #)	Website location SR 2015	External Assurance	UITP	Notes, including reasons for omissions
<b>SUPPLIER ASSESSMENT FOR LABOUR PRACTICES</b>						
G4-DMA	Disclosure of management approach	Promoting social responsibility in the value chain (29)	<a href="#">Supply Chain Introduction</a>		Gov 11, Gov 13, Eco 12	
<b>LABOUR PRACTICES GRIEVANCE MECHANISMS</b>						
G4-DMA	Disclosure of management approach	Conditions of work & social protection (20)	<a href="#">Corporate Policies</a> <a href="#">Anti-Corruption and Whistle-Blowing</a> <a href="#">Staff Management Approach</a>		Soc 3	
<b>INVESTMENT</b>						
G4-DMA	Disclosure of management approach	Supply chain human rights risk (28)	<a href="#">Supply Chain Introduction</a>		-	
<b>NON-DISCRIMINATION</b>						
G4-DMA	Disclosure of management approach		<a href="#">Fair and Ethical Business</a> <a href="#">Staff Management Approach</a>			
<b>SUPPLIER HUMAN RIGHTS ASSESSMENT</b>						
G4-DMA	Disclosure of management approach	Promoting social responsibility in the value chain (29)	<a href="#">Supply Chain Introduction</a>		Gov 11, Gov 13, Eco 12	
<b>HUMAN RIGHTS GRIEVANCE MECHANISMS</b>						
G4-DMA	Disclosure of management approach	Human rights grievances mechanism (15)	<a href="#">Anti-Corruption and Whistle-Blowing</a>		Gov 11	



General Standard Disclosures		MTR Sustainability Reporting Issue (Issue #)	Website location SR 2015	External Assurance	UITP	Notes, including reasons for omissions
<b>LOCAL COMMUNITIES</b>						
G4-DMA	Disclosure of management approach		<a href="#">Community Introduction</a>		Soc 6	
G4-S01	Local community engagement, impact assessments, and development programs	Community involvement and development (31)	<a href="#">Community Engagement Case study: Island Line Extension to Western District Community Programmes</a>		Soc 15	
<b>ANTI-CORRUPTION</b>						
G4-DMA	Disclosure of management approach		<a href="#">Corporate Policies Anti-Corruption and Whistle-Blowing</a>		Gov 12	
G4-S05	Confirmed incidents of corruption and actions taken	Anti-corruption (3)	<a href="#">Anti-Corruption and Whistle-Blowing</a>			
<b>PUBLIC POLICY</b>						
G4-DMA	Disclosure of management approach		<a href="#">Value Chain Fair and Ethical Business New Railway Lines</a>			
G4-S06	Total value of political contributions	Responsible political involvement (4)	Please refer to comment.			As a matter of policy and as stated in the <a href="#">Company's Code of Conduct</a> , we do not make political contributions in Hong Kong or any other location.
<b>ANTI-COMPETITIVE BEHAVIOUR</b>						
G4-DMA	Disclosure of management approach		<a href="#">Corporate Policies Anti-Corruption and Whistle-Blowing</a>			
G4-S07	Legal actions for ant-competitive behaviour, anti-trust, and monopoly practices	Fair competition (5)	Please refer to comment.			The Company was not involved in legal actions concerning anti-competitive behaviour, anti-trust and monopoly practices during 2015.



General Standard Disclosures		MTR Sustainability Reporting Issue (Issue #)	Website location SR 2015	External Assurance	UITP	Notes, including reasons for omissions
<b>COMPLIANCE</b>						
G4-DMA	Disclosure of management approach		<a href="#">Corporate Governance Management Approach</a> <a href="#">Fair and Ethical Business</a>		Gov 11	
G4-S08	Non-compliance with laws and regulations	Organizational Governance structure and process (1)	<a href="#">Social Performance</a>			
<b>CUSTOMER HEALTH AND SAFETY</b>						
G4-DMA	Disclosure of management approach		<a href="#">Safety Management Approach</a> <a href="#">Customer Safety Initiatives</a>		Gov 8, Gov 9	
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Customer education (7) Customer health and safety (8)	<a href="#">Customer Safety Safety Targets and Performance</a>			All service categories are under continuous assessment for improvement of health and safety.
<b>PRODUCT SERVICE AND LABELLING</b>						
G4-DMA	Disclosure of management approach		<a href="#">Anti-Corruption and Whistle-Blowing</a> <a href="#">Community Engagement</a> <a href="#">Customers Management Approach</a>		Soc 3	
G4-PR5	Results of surveys measuring customer satisfaction	Customer service, support and complaint handling (10)	Please refer to comment.			Customer satisfaction is measured through regular surveys and research and reflected in the Service Quality Index and Fare Index. Please refer to our <a href="#">Annual Report 2015</a> page 37.



General Standard Disclosures		MTR Sustainability Reporting Issue (Issue #)	Website location SR 2015	External Assurance	UITP	Notes, including reasons for omissions
<b>CUSTOMER PRIVACY</b>						
G4-DMA	Disclosure of management approach	Customer data protection & privacy (11)	Please refer to comment.		Gov 11	<a href="#">Our privacy policy</a> is available on our customer website.
<b>COMPLIANCE</b>						
G4-DMA	Disclosure of management approach		<a href="#">Customers Management Approach</a>		Gov 8	
G4-PR9	Non-compliance with laws and regulations concerning the provision and use of products and services	Access to essential services, including avoidance of service disruption (12)	<a href="#">Train Service Performance</a>		Soc 3	All service categories are under continuous assessment for improvement of health and safety.

#These KPIs have been assured by Deloitte.

