

Cathy
MTR Volunteer





Creating a Sustainable Future

Corporate Responsibility

Our aim is to grow sustainably as a Company while contributing to the development of our communities. To achieve this, we aim to meet the needs of stakeholders today in a way that takes into account their future needs.

We strive to achieve this by ensuring our customers' needs are met, treating employees with respect, using natural resources efficiently, managing our impact on the environment and contributing to communities. We see our ability to create value not only for shareholders, but also for communities, as we connect and build communities with railway lines and property developments, provide employment opportunities, invest in communities through outreach programmes and foster a sustainable living environment. Underpinning our operations is our sustainable financial model, which aims to provide reasonable returns to capital providers while achieving our goals responsibly.

For the past 16 years, we have provided a detailed account of our approach and performance in these areas through our annual Sustainability Report. The report includes our disclosures related to the Stock Exchange of Hong Kong's requirements on environmental, social and governance topics.

Governance and Policies

MTR's Vision, Mission and Values ("VMV") embody our commitment to responsible corporate action, and are supported by a strong corporate governance framework.

All MTR entities are bound by clear policies and management directives, beginning with the Corporate General Instructions and its attendant Corporate Responsibility Policy and Corporate Sustainability Policy. The Board's Corporate Responsibility Committee oversees implementation, providing guidance and reporting on such issues to the Board of Directors. A Corporate Responsibility Steering Committee, which is chaired by the Legal Director and Secretary, cascades and champions responsible business practices across MTR. The Company's Code of Conduct was revised in 2015, among other things to incorporate sustainable practices.

We also implement a Supplier Code of Practice, which was launched in 2008. This provides a basic, compulsory behavioural framework for ethical standards, human and labour rights, and supply chain management. Full compliance with the code is a requirement of all procurement contracts. Suppliers are also responsible for ensuring that their own suppliers comply with the code.

How we Operate as a Business

Safety

Providing passengers with a safe and reliable service is the bedrock of our operations, and allows us to leverage our existing franchise into new areas of growth. Our Safety First culture covers care for customers, staff, contractors and anyone else who legitimately enters our facilities. We invest heavily in maintenance to ensure our assets contribute to enhanced safety conditions and conduct initiatives designed to address safety issues. Our efforts to ensure continuous improvement in safety saw a 6.1% reduction in reportable incidents on the Hong Kong heavy rail network in 2015 compared with 2014.

Escalator safety is a prime concern, with senior citizens and children especially at risk, together accounting for about half of all incidents involving escalators. We made this issue a particular focus in 2015, helping to reduce the reportable events involving escalators on the Hong Kong heavy rail network by about 6.5% over 2014. The project to standardise door chimes across the heavy rail network was completed early in 2015, helping to achieve a 22% reduction in door-related reportable events compared with 2014. Safety enhancement initiatives for Light Rail also made good progress.

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

In our construction projects, we continued to implement safety initiatives and programmes not only for staff but for contractors on site. In addition to meetings and our regular bi-monthly health campaigns, we made a HK\$1 million sponsorship for the purchase of light duty working platforms to help small and medium-sized contractors.

We have enhanced the corporate safety governance framework for MTR subsidiaries and affiliates based on a benchmarking study of international best practices. The resulting enhancements to the framework include extending safety assessments by headquarters to cover major changes in operations and enhancing the regular corporate safety governance review process. We are also conducting surveys at all levels on how to strengthen our safety culture across the Company.

Environment and Natural Resources

The Company aims to become one of the most resource-efficient and ecologically sustainable railways and property service providers in the world. An electrically-powered mass railway is widely seen as the most environmentally sustainable way to transport growing urban populations, offering relatively cleaner air, less congested roads and better use of land.

Our Climate Change Statement and Corporate Biodiversity policies commit us to managing environmental issues. The independently audited ISO 14001 environmental management system certification process fosters accountability among employees and partners, while our Green Procurement Policy encourages sustainability practices in our supply chain. We are also responding to climate change, guided by the latest recommendations from leading scientists, using adaptation and mitigation strategies.

Our approach to environmental issues begins with Environmental Impact Assessments at the start of major construction and operations activities. We also implement comprehensive environmental management and monitoring plans for impacts relating to noise, air and water quality, waste, energy and biodiversity and climate change.

Improving energy efficiency is an important objective and we continue to find ways to reduce energy consumption, with a target to reduce by 21% the electricity consumed per passenger-kilometre in our heavy rail network compared with 2008 levels by 2020. As at 31 December 2015, the Company had achieved a reduction of 16.1%.

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.

We continued to implement the "MTR Malls Food Waste Reduction Pledge", which has encouraged our food and beverage tenants to minimise potential waste at source and promote food waste reduction practices.

We also take care to protect habitats and natural assets. During construction of the Western extension of the Island Line, we undertook measures to conserve the historic tree walls near Kennedy Town Station and are continuing to manage the ecologically sensitive wetlands around our Lok Ma Chau Spur Line and West Rail Line projects.

Our People

The dedication and commitment of our staff is at the heart of MTR's success. Guided by our VMV, we strive to inspire, engage and develop our staff so they can achieve excellence.

During 2015 we conducted 40 workshops and seminars to strengthen our corporate culture and held activities to raise awareness of the revised Code of Conduct. The Work Improvement Team ("WIT") programme has continued to encourage collective innovation, continuous improvement and staff engagement. To promote the WIT culture across our businesses worldwide, a 2015 Global WIT Conference was held in June 2015 with participants from our operations outside of Hong Kong.

Various manpower resourcing initiatives were implemented in support of both current operational needs and future business growth in Hong Kong, the Mainland of China and internationally. Recruitment campaigns including walk-in recruitment days, job fairs and graduate recruitment seminars were carried out and 1,806 new hires were taken on during 2015 in Hong Kong.

To strengthen our ability to mobilise staff across the Company's operations world-wide, a Global Resources Pool is in place. A Global Mobility Policy was also introduced to provide consistent relocation terms across MTR's global subsidiaries.

Our Customers

An average of 5.56 million passengers use our network in Hong Kong each weekday and our train services have a profound impact on the daily lives of many people in our city.

To understand their needs, we engage customers through various channels, from regular surveys to customer group meetings. A Customer Experience Management Model has been established to understand what matters most to customers and identify ways to enhance their end-to-end journey experience. Journey mapping exercises on different customer segments have led to enhancements such as trial schemes for time-to-next-train information in front of entry gate at concourse and better signage.

To maintain its high level of service, the Company invested over HK\$7 billion in 2015 on maintenance or enhancements, resulting in improvements ranging from more frequent rail services to more comfortable compartments and stations. In addition, we are now committed to spend in excess of HK\$9 billion over several years on new trains and signalling systems. We also offered approximately HK\$2.4 billion of ongoing fare concessions and promotions in 2015, with 2015/2016 seeing a further HK\$500 million.

Corporate Responsibility

How we Contribute to Society

Each year, through a variety of activities drawing upon the goodwill of our employees and on our assets, we continue to support initiatives targeting youth, the arts and communities.

Youth

MTR has a long-standing commitment in working with young people to reach their full potential.

In September 2015, the Company launched "Youth Connect", a new platform to house our existing and new youth development programmes. Youth Connect reflects our holistic approach to realising our goal of empowering young people so that they have the skills, motivation and perspectives to build and create a bright future for themselves and their communities.

Youth Connect initiatives leverage our strengths, namely our network, resources and expertise, to keep communities informed of issues that are impacting youth. It also allows us to engage with and understand young people better, and provide them with opportunities, skills and experiences. In July 2015, we formed our youth think tank, Youth Forum. The forum comprises 14 young people aged between 19 and 29, who provide us with feedback on early stage ideas on our services so that we can better understand our customer needs, particularly from a youth perspective. At the same time, they are offered to behind-the-scenes visits to our operating facilities and soft-skills training.

Other key initiatives under Youth Connect include our "Train' for Life's Journeys" and "Friend' for Life's Journeys" programmes. The sixth year of "Friend' for Life's Journeys" was launched in 2014/2015 with about 120 secondary school students participating. In summer 2015, the seventh year of "Train' for Life's Journeys" involved around 100 secondary school students.

In September 2015, in conjunction with The Hong Kong Council of Social Service and supported by Asian Charity Services we organised the "Cross-Sector Summit on Pathways to Employment", which brought together over 270 representatives from the business, NGO and education sectors to explore ways to build effective bridges for young people as they move from education to work. We will be launching an online Community Innovation Platform in 2016 to continue the collective brainstorming of solutions that builds effective pathways to employment for young people.

Arts

The "art in mtr" programme enriches the travelling environment of the MTR network through high quality works of art in stations and various art events.

In 2015, we organised various events to support aspiring local artists by showcasing their talent at the "arttube", our

"mini gallery" at Central Station. At other stations across our network, we host regular, temporary exhibitions of two - and three-dimensional artworks under the "art in mtr - roving art" programme. Among them, in August 2015 we showcased innovative household design solutions created by Hong Kong students to improve the daily lives of people with special needs.

The "art in station architecture" programme currently showcases 60 pieces of works by established local and international artists from Australia, the Mainland of China, Japan, New Zealand, South Korea, Taiwan and the US. There are also 55 community art galleries throughout the MTR network, providing venues for people to display their artistic talent.

Supporting our Communities

The year 2015 saw the tenth anniversary of the "More Time Reaching Community" scheme, with 255 community projects involving over 6,000 volunteers bringing assistance to thousands of people. In addition, approximately HK\$8.2 million was donated to charitable causes such as the Community Chest and we provided free advertising space to 50 non-profit organisations to support their work.

The annual event to support healthy living, MTR HONG KONG Race Walking 2015, took place on 13 September 2015. It raised a record HK\$1.42 million for the Hospital Authority's Health InfoWorld, to support its work on enhancing disease management skills and promoting healthy living. Co-organised by MTR Corporation and the Hong Kong Amateur Athletic Association, the event brought together people from all walks of life.

The MTR Gallery, an interactive exhibition corner at Kowloon Station, will be a new community outreach initiative to strengthen our ties with the community. We will also offer 12 shops along the West Rail Line to social enterprises.

Recognition for Corporate Responsibility

The Company increased its already high level of global recognition for corporate responsibility during 2015.

The Company remains a constituent member of relevant investor indexes, including the Dow Jones Sustainability Index Asia Pacific, the FTSE4Good Indexes, the Hang Seng Corporate Sustainability Index, Asia ex-Japan Carbon Disclosure Leadership Index from the CDP and MSCI Global Sustainability Indexes. During 2015, MTR achieved a "AAA" rating in the MSCI Global Sustainability Indexes, making MTR a global leader among road and rail transport companies.

More broadly, MTR was awarded the "10 Years Plus Caring Company Logo" by the Hong Kong Council of Social Service and was given a "Hong Kong Corporate Citizenship Award - Silver Award" in the Enterprise Category by the Hong Kong Productivity Council.