

## **Legislative Council Panel on Transport**

### **Early Termination of Employment Contract of Mr Jay Walder, Former Chief Executive Officer of MTR Corporation Limited**

This paper provides information to Members in relation to the early termination of the employment contract of the former Chief Executive Officer (“CEO”) of MTR Corporation Limited (“MTRCL”), Mr Jay Walder.

#### Departure of Mr Walder from MTRCL

2. In July 2014, in light of the challenges that lay ahead for the Company, Mr Walder and the MTRCL Board of Directors agreed that it would be beneficial for MTRCL to be taken forward under a leader who could provide a long term commitment to the Company. At that time, Mr Walder only had around 12 months remaining under his employment contract (which expired on 31 August 2015) and a consensus had already been reached that he would not be renewing such contract upon its expiry. Accordingly, the MTRCL Board of Directors and Mr Walder reached a mutual agreement that Mr Walder would step down as CEO on 15 August 2014.

#### Remuneration Committee

3. The Remuneration Committee of MTRCL, comprised of non-executive Directors, has the delegated responsibility to determine the specific remuneration packages for the employment of all members of the MTR Board who are executive directors, namely the CEO, and all members of the Executive Directorate. The Remuneration Committee is also responsible for determining any compensation payable for loss or termination of their office or appointment.

#### Separation Agreement with Mr Walder

4. A Separation Agreement was entered into with Mr Walder on 16 July 2014, the same day that Mr Walder’s departure from the Company was announced. The payments to be made to Mr Walder under such agreement were approved by the Remuneration Committee of MTRCL, in line with its delegated authority, and were also reviewed by the MTRCL Board of Directors. Neither Mr Walder’s employment contract nor the Hong Kong Employment Ordinance provides for specific payments to be made to an employee whose employment contract is terminated by mutual agreement, and so the payments made to Mr Walder were agreed with him, making reference to the terms of his employment contract and how the provisions of the Employment Ordinance

would have applied in other termination scenarios.

### Information Disclosure

5. MTRCL, as a listed company, discloses information in accordance with the requirements of the Listing Rules of the Hong Kong Stock Exchange and other relevant regulations and legislation. These requirements include an obligation to disclose the remuneration of all members of the MTRCL Board of Directors and Executive Directorate in the Company's Annual Reports.

6. In its 2014 Annual Report, the Company disclosed that Mr Walder received \$5.8 million in base pay, allowances and benefits in kind for the period up to 15 August 2014. He also received a contractual settlement of \$15.7 million on the termination of his employment contract, in lieu of his 12-month notice period.

**MTR Corporation Limited**  
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