

Sustainability

The Company's concept of corporate sustainability continues its necessary evolution, combining risk management with stakeholder engagement. During the year, we continued to create value for stakeholders through Sustainable Competitive Advantage to help drive forward the long-term sustainable development of MTR Corporation.

The Sustainability Journey

Our Sustainable Competitive Advantage model is a dynamic interaction between focused strategy, cost leadership and value-added services. It embraces by nature of its processes the four sustainability principles, namely stewardship, integrity, transparency and inclusiveness. By recognising these principles as inherent to our business development, we continue the sustainability journey while we focus on translating these principles into measurable actions within the risk management and stakeholder engagement cycles.

The sustainable development journey of the expanded MTR Corporation organisation is best reflected in our Diamond Vision of people, process, strategy and community. This vision forms the framework in which we as a company steward the community asset. Our strategy is to evolve with stakeholders' expectations and maintain dialogue to anticipate and deliver beyond expectations.

Corporate Responsibility Committee

In 2008, we established the Board-level Corporate Responsibility Committee. This initiative reflects our commitment to drive forward our corporate responsibility programmes. Under direct governance of the Board, the Committee is responsible for monitoring and overseeing the implementation of the Corporate Responsibility Policy, which will be introduced in 2009, and for identifying emerging corporate responsibility issues as they arise from our business.

Membership of the Corporate Responsibility Steering Committee has been reviewed to better draw upon existing in-house sustainability and corporate responsibility expertise. This review clearly identifies corporate responsibility as an integral part of sustainable development, and promotes the necessary senior-level ownership to ensure corporate responsibility integration into our business strategy.

Sustainability in Action

In 2008, our sustainability and corporate responsibility activities focused on delivering One Company One Team to strengthen cohesion and engagement. These initiatives addressed internal

cohesion, the development and implementation of common directions, recognising and rewarding sustainable actions, and encouraging the process of continuous learning as well as value diversity.

The Company has undertaken a thorough assessment of the enterprise risks due to climate change and concluded these require ongoing monitoring at the business unit level. We are in the process of reviewing how climate change can be incorporated into our design, construction, and asset management to prepare more definitively an adaptation based scenario in future years.

Sustainability Reporting

Our sustainability communications continue to gain widespread recognition. The Company's 2007 Sustainability Report won the "Commendation for Excellent Communication Using the Internet" Award in the ACCA Hong Kong Sustainability Reporting Awards 2008. This was the sixth year in a row that the Company received honours for sustainability reporting from the Association of Chartered Certified Accountants (ACCA) Hong Kong. It was also the first year that an award for internet communication was given. The Award gives recognition to companies for using innovative on-line techniques like podcasts to communicate environmental, social and sustainability performance. The MTR Sustainability Report www.mtr.com.hk/sustainability was commended for being user-friendly and easy to navigate.

Global Benchmarks

We actively maintain membership in global benchmarks that promote and measure sustainability such as DJSI, FTSE4Good and Ethibel indices. We also participate each year in major best practice reporting exercises under the GRI (Global Reporting Initiative), CoMET (Community of Metros), and CDP (Carbon Disclosure Project).

The Way Ahead

We recognise that the Company must be prepared for challenges that may change the footprint of the organisation as it is today. Such a change will require a systematic yet flexible approach to best practice in relation to the further internationalisation of the Company's business, especially in developing countries. Our Sustainability Report will evolve as both an internal and external guideline and benchmark for formulating best practices to meet these challenges, risks and opportunities.