

# Sustainability

Our Corporate Sustainability Policy commits us to meeting the needs of the present without compromising those of future generations. This has made the Company a recognised leader in transport development.

## Rail Plus Property

The Company's integrated "Rail plus Property" model enables us to be a financially self-sustaining urban transport system in Hong Kong. By owning land assets and air rights, we have promoted new land uses through high-density living centres linked by rail. This enables us to leverage the economic opportunity derived from enhanced residential and commercial properties above and around rail stations. Internationally, our expertise in transit oriented development is helping provide the backbone of low-carbon transport in cities around the world.

From an environmental point of view, locating residential and transport facilities in close proximity means that commuting trips can be made in a more environmentally friendly way through our rail network, reducing traffic congestion and air pollution. Furthermore, by creating high-density community hubs around our rail stations, valuable green zones between stations are preserved.

Social aspirations and environmental excellence are incorporated into our property developments, an idea that the spacious, green community living at LOHAS Park brings to life. We are also developing businesses in the Mainland of China and overseas, striving to connect and grow new communities based on safe and efficient public transport.

## Creating Sustainable Competitive Advantage

We employ a unique 'Sustainable Competitive Advantage' approach towards sustainable development. We systematically identify, prioritise and manage enterprise risks, balancing this with robust stakeholder engagement. Managing business risks, reducing costs, and adding value to our customers and communities becomes synonymous with our caring service.

In 2012, we continued to formalise the stakeholder engagement process to understand and respond better to the interests of our stakeholders. In this regard, we have demonstrated progress in areas such as asset improvement, customer service, environmental protection and community engagement, and balanced these aspirations with our commercial risks. Internationally, we continue to apply our expertise in these areas and are experiencing improvements in areas such as customer service, resource efficiency and asset optimisation.

## Carbon Management

The Company has reported its carbon emissions since 2002, and has continuously participated in the Carbon Disclosure

Project since 2006. Ongoing initiatives are in place to maximise energy efficiency across our operations. In 2012, the Company signed the World Business Council for Sustainable Development's Manifesto for Energy Efficiency in Buildings, joining leading global businesses in a commitment to reduce energy use and carbon emissions in the building sector.

Also in 2012, all MTR malls participated in the Hong Kong Government's Energy Saving Charter, increasing the ambient temperature to 24-26 degrees Celsius. These new initiatives complement the MTR directive of developing our properties according to the Hong Kong BEAM Plus Gold standard. The Company also put into passenger service 18 new buses in 2012 and purchased six more buses for 2013 which meet the latest and most stringent environmental standards.

Our recently updated Design Standards Manual includes requirements that focus on energy efficient design. All new railway projects shall consider carbon impacts and facilitate carbon emissions reductions throughout the project cycle. Tools have been developed and are now being used to monitor the embodied carbon in our railway infrastructure and our operating railway, enabling a life cycle assessment of carbon, a first for the railway industry. This process has now been rolled out to several existing projects and will be implemented in all future railway projects.

## Sustainability Leadership

Since 2000 we have published annual Sustainability Reports using recognised global standards or best practices, including GRI G3.1 Sustainability Reporting Guidelines and CoMET benchmarking. In 2012, we also followed the Hong Kong Exchange's Guidelines for Environmental, Social and Governance reporting, demonstrating our support of local best practices for listed companies.

Our achievements continue to attract international recognition. In August 2012, we were ranked the top Hong Kong company listed on the Hang Seng Corporate Sustainability Index. The Company also remains listed on the Dow Jones Sustainability Indexes and the FTSE4Good Index, and is one of 16 companies designated a 'New Sustainability Champion' by the World Economic Forum. Locally, we were awarded a "Sustainability Excellence Award" by The Chamber of Hong Kong Listed Companies and the Centre for Corporate Governance and Financial Policy, Hong Kong Baptist University.

The 2012 Sustainability Report will be published in May 2013, as a stand alone report with a supplementary website. The report will focus on "Clarity of Focus", and is our first Sustainability Report to include a discussion of material issues from our majority owned subsidiaries.