

"Companies publishing Annual Sustainability Reports are to be applauded as this disclosure can only lead to better informed judgements of management strengths and strategic capability. This report is a great precedent for Hong Kong companies."

*Opinion by Tessa Tennant, Chair, Association for Sustainable and Responsible Investment in Asia (ASRIA).*

"MTR makes a very important contribution to sustainability by developing its property portfolio to high environmental and social standards and locating them well in relation to the public transport network. It is to be hoped that in future, MTR's Property Division will be able to make steady improvements in the energy and environmental performance of its existing property portfolio, to make good environmental services a key part of the management services it offers to partners in property management, and to use its influence as a major property developer, manager and landholder in Hong Kong to promote greater understanding and commitment to sustainability in the property sector generally."

*Opinion by Derek Osborn CBE, Member of the UK Commission on Sustainable Development.*

"The Corporate Sustainability Report 2001 presents a good account of the main sustainability issues under the control of MTR. Based on a representative sample, we are satisfied that the factual statements and data contained in the report, including progress against 2001 targets, are correct within reasonable levels of confidence and provide a fair and balanced assessment of performance."

*Verification by Steve Laister, Executive Director, ERM*

*As MTR's and Hong Kong's first corporate sustainability report, we would very much like to receive your views via the online feedback form or by sending an email to [envmngn@mtr.com.hk](mailto:envmngn@mtr.com.hk).*



"As a publicly listed company, our stakeholders, in Hong Kong and globally, increasingly look to us to set out our economic, environmental and social contributions to Hong Kong's living environment. This report encompasses all three aspects, covering our approach and efforts toward delivering sustainable returns to our shareholders in an environmentally and socially responsible manner. As a business, our responsibility to our employees, shareholders customers and other stakeholders requires that this is achieved based upon sound business principles which will sustain the success of the corporation and add value for the long term."

*Jack CK So, Chairman, MTR Corporation Limited.*

## Sustainability

For our rail operations, sustainability means providing equitable access to affordable, safe, useful and reliable transportation, while continually reducing our consumption of non-renewable resources, the noise we generate and our emissions to air and water.

For our property business, sustainability means establishing new communities centred on rail access which are designed, developed and managed in accordance with the highest planning, building and environmental standards.

***MTR's mission is to develop and manage a world class railway together with property and other related businesses, to enhance the quality of life in Hong Kong.***

Within that mission, our sustainability aspirations are to :

- Promote the environmental and social benefits of rail and encourage greater patronage and rail infrastructure development as a means to reduce traffic congestion, accidents and air pollution.
- Improve performance by setting Divisional targets, positively engaging business partners, contractors and suppliers and communicating our performance within the company and externally.
- Maintain good communications with the HKSAR Government and the community during the planning, construction and operation of railways.
- Ensure delivery of excellent passenger services through good communication with our staff and customers.
- Act responsibly towards our customers, staff and shareholders by delivering on our service pledge commitments, ensuring staff are well motivated and trained and following our policies on corporate governance and ethics.
- Explore ways to reduce environmental impacts whilst adding shareholder value through innovation and technology.

## MTR Corporation's Sustainability Targets

To raise awareness of corporate sustainability both within and outside MTR through articles and seminars.

### *Environment*

To achieve certification to ISO14001 (the international environmental management system standard) in 2003.

To continue to move from a large number of process-oriented targets to a smaller number of quantitative process and performance targets with a view to developing Key Performance Indicators in 2003.

To extend the roll out of the Green Procurement policy.

### *Social*

To achieve the targets in MTR's 2002 Customer Service Pledges.

To deliver an average of 10.7 training days to Operations Division staff and 2.4 training days to staff in other divisions.

To implement the action plan developed from the 4th Staff Attitude Survey.

To maintain the same level of community involvement.

To maintain the number of meetings with external stakeholders at 2001 levels.

To reduce the number of incidents per million passengers carried.

To reduce the number of staff and contractors' staff accidents.

To publish Codes of Conduct on MTR's Web site and to deliver Corporate wide training on MTR's Code of Conduct.

## Social

MTR delivers a world-class railway service in Hong Kong and plays a pivotal role in establishing new communities centred on rail access.

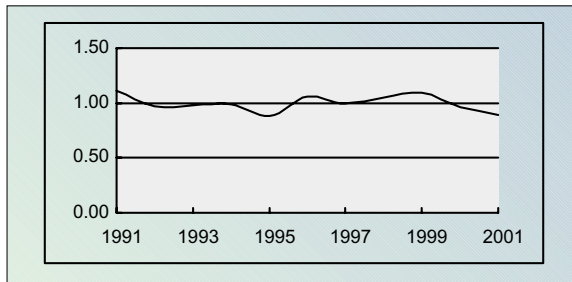
**High Standards of Business Ethics** We recently launched the Code of Conduct which formalises the policies and practices that MTR uses to deal responsibly with stakeholders.

**Customer Service Pledge** We annually set demanding quantitative targets across 16 service areas, including train punctuality, reliability and cleanliness.

**Ongoing Dialogue with External Stakeholders** We maintain extensive discussions with the SAR Government and the general public on the development of new rail infrastructure and operation of the MTR network and cultivate excellent relations with a wide base of investors in the equity and debt capital markets.

**Improving Risk Management** We are committed to ensure a climate of safety awareness in all areas and strive for continuous improvement in safety performance.

### Incidents per Million Passengers Carried

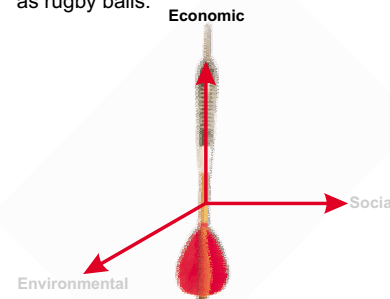


**Accessibility** We are striving to make our railways accessible to all our passengers. We have installed a range of facilities including tactile guide paths, audio induction loops, lifts, ramps Braille route maps and bi-directional wide ticket gates.

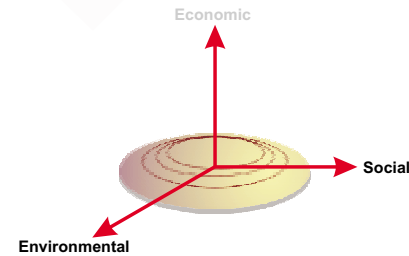
**Quality Workforce** We offer well-structured remuneration, training and career paths and a stimulating, caring working environment so as to attract, retain and develop high calibre people at all levels.

## Awareness of Corporate Sustainability

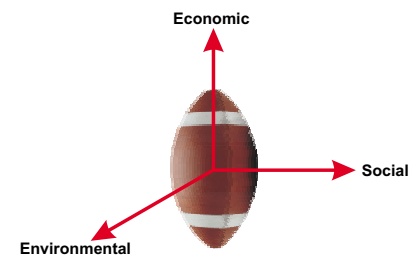
Many companies are only interested in part of one facet of sustainability - the financial element of the economic facet. Such organisations can be portrayed as a dart. Other companies have financial and environmental concerns. These can be thought of as frisbees. Not for profit organisations which campaign on sustainability issues can also be thought of as frisbees. Companies which integrate environmental and social issues into their business framework can be visualised as rugby balls.



Purely Profit Driven Company



Sustainability Campaign Organisation

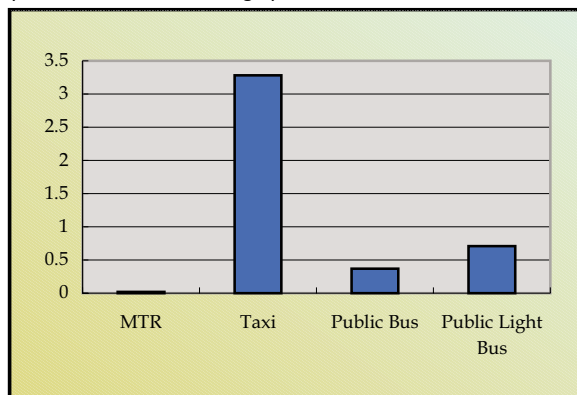


Corporate Evolution towards Sustainability

## Environment

Electrically powered transport is the least polluting form of mass transport, as the figure based on work by Barron and Steinbrecker (1997) illustrates..

### Respirable Suspended Particulates (Emission Factor / Passenger)



During 2001, MTR fully achieved 90% of its 175 environment targets. This year, the six Divisions will work towards an even more challenging set of targets designed to improve further our environmental performance.

### MTR's Environmental Performance

Issue	Division	2001	2000
<b>Resources</b>			
Electricity	Operations	709,170 MWh	709,603 MWh
Water	Operations	211,073m <sup>3</sup>	3224,256 m <sup>3</sup>
<b>Waste</b>			
Metal recycled	Operations	720 tonnes	680 tonnes
Waste oil generated	Operations	15,632 litres	34,120 litres
Waste oil recycled	Operations	3,154 litres	0 litres
Waste solvent generated	Operations	7,132 litres	6,712 litres
Passenger paper recycled	Operations	46 tonnes	4 tonnes
<b>Noise</b>			
Compliance	Project	99.7%	98.7%
<b>Air</b>			
Compliance	Project	100%	99.6%

## Economy

MTR's interaction with local, regional and global economies.

- We directly employ 7,200 people and indirectly support the employment of many more through the hiring of contractors for projects, the purchase of supplies and energy and our involvement in joint property development ventures.
  - The efficient movement of people and the provision of residential, retail and office space, play an important role in the Hong Kong economy.
- MTR helps promote HK as an international financial centre.
- Our partial privatisation in October 2000 and subsequent inclusion in the Hang Seng Index, MSCI and FTSE Index series has brought additional quality and diversity to Hong Kong's equity capital market.
  - Our ongoing borrowing needs for our capital expenditure programme were met by using a number of cost effective transactions involving different financial instruments and markets.
  - We continue to raise corporate governance and transparency standards in Hong Kong and more widely in Asia through our excellent investor relations.

### MTR's Economic Contribution

	2001	2000
<b>Financial Performance</b>		
Turnover	HK\$ 7,592m	HK\$ 7,577m
Profit to Shareholders	HK\$ 4,284m	HK\$ 4,069m
Return on Shareholder's Fund	8.2%	8.5%
<b>Interaction with Economy</b>		
Number of Staff	7,231	7,332
Staff Costs & Expenses	HK\$ 1,641m	HK\$ 1,688m
Energy and Utilities	HK\$ 501m	HK\$ 500m
Stores & Spares Consumed	HK\$ 119m	HK\$ 127m
Railway CapEx	HK\$ 6,657m	HK\$ 6,607m
Total passengers	767m	778m
Share of HK public transport	23.5%	24.1%
Interest on borrowings	HK\$ 896m	HK\$ 1,209m
Dividend Payment	HK\$ 2,118m	HK\$ 500m