

Sustainability

Achieving MTR's Vision for the 21st Century, Today

By making a major contribution to the prosperity and well-being of Hong Kong and raising the standards of corporate responsibility amongst listed companies, MTR is a leader in shaping and delivering a more sustainable society.

MTR's Vision

The quality of life for millions of people in Hong Kong is greatly influenced by planning and development. With the right approach, Hong Kong can grow from its current densely populated and cramped urban environment to become a quiet, safe, clean and at the same time vibrant and stimulating place to live. For this to happen, the Government, business and society need to work together towards agreed goals, with full transparency and accountability.

Achieving the vision today

MTR is helping to deliver this vision today by providing equitable access to affordable, safe, useful, highly energy efficient and reliable transportation. Moreover, as the operator of a railway system in a densely populated city, MTR plays a significant role in reducing the environmental impacts of moving over two million people every day. Compared with MTR, taxis and buses produce about 100 and 10 times respectively more atmospheric pollution per passenger.

Our passengers rely on MTR for reliable transport and those who still use the streets above rely on MTR to move as many people as possible to reduce road congestion.

At the same time, the Company, in partnership with Hong Kong's most innovative property developers, establishes new communities centred on rail access which are designed, developed and managed in accordance with the highest planning, building and environmental standards. In this way, MTR aims to maximise the beneficial use of Hong Kong's scarce land resources and provide quality lifestyles for residents via easy rail access to work, education, family and friends, shopping and other recreational pursuits.

The Company also continues to raise the standard of corporate responsibility in the way we communicate and engage with our internal and external stakeholders. The Company delivers optimised and consistent returns, provides staff with excellent reward and training opportunities, supports community initiatives aligned with our core skills and seeks continually to improve its environmental performance.

Benefits

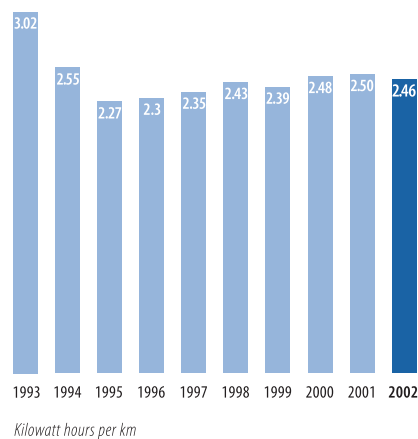
MTR's commitment to corporate responsibility is based on a number of compelling business drivers:

- Maintaining an efficient use of traction energy, limiting resource use and minimising waste costs reduces operating expense.
- Reducing risks to the safety of our customers and staff and to the environment at large prevents possible claims that could impact net revenues.
- Encouraging staff to develop their skills and implement international best practice improves productivity.
- Ensuring construction projects proceed with agreed limits for environmental impacts and waste and with minimal delays reduces capital cost.
- Good corporate governance and transparency is increasingly important in attracting investors, particularly those in the international debt markets.

Leading the way

In 2002, MTR achieved a number of significant milestones in corporate responsibility:

- **Publication and dissemination of the MTR Code of Conduct.**
This sets out the policies and practices that MTR has developed to deal responsibly with its internal and external stakeholders.
- **Certification of MTR's Project and Operations Divisions to ISO 14001**, the international standard for environmental management systems, and the launch of quantitative targets to encourage focused and continual improvement in environmental performance.
- **Implementation of the recommendations made in the 4th Staff Attitude Survey** to encourage staff development at the middle management level.
- **Becoming a signatory to the World Economic Forum Corporate Citizenship Initiative**, placing corporate governance and social issues at the highest levels of management.
- **Inclusion in the two leading global sustainability indices**, the *Dow Jones Sustainability Index* and *FTSE4Good Global Index*, following publication of the MTR Corporate Sustainability Report 2001, a first for Hong Kong and China.
- **Reduction of 1.6% in the consumption of traction energy**, despite the August opening of the 12-kilometre Tseung Kwan O Line.
- **Publication of MTR's Sustainability Policy** and the appointment of a Sustainability Development Manager.



Traction Power Consumption

Traction energy consumption declined despite the addition of the Tseung Kwan O Line, in part through replacing motor alternators on Urban Line trains.

The future

Following these successful achievements, the Company is seeking to achieve a number of aggressive sustainability targets for 2003, notably the development of Key Performance Indicators as part of its move away from multiple process-oriented targets towards a small number of quantitative targets.

Full details of our philosophy, targets and progress can be seen in our latest Corporate Sustainability Report, which is available on the MTR web site.