

MTR Corporation has been a leader among Asian companies and among rail companies world wide in implementing sustainable development as a process that has grown from commitment to business driver. The objective is to create value for stakeholders through sustainable competitive advantage achieved by way of a dynamic interaction between focused strategy, cost leadership and value-added. Throughout 2006, we made further progress in integrating sustainability into all of our operations.

Sustainability drives the business case

In 2004, MTR Corporation started implementing its Diamond Strategic Vision for driving change within the Company, which has helped embed sustainability, corporate social responsibility, and community programmes into all aspects of operations.

The vision forms the framework in which we steward the Company's businesses. The strategy focuses on the four key areas of community, process, strategy and people. Its aim is to encourage employees to implement best practices through a working ethos of flexibility, creativity and enterprising spirit. The vision thus drives how MTR Corporation delivers value to the business activities and to its stakeholders.

The Company's structured processes and systems to manage risk, as part of our cost reduction / optimization programmes, are enshrined in our Enterprise Risk Management activities. Engagement with stakeholders allows us to understand their interests and add value by pursuing subsequent development opportunities.

As a result, we have succeeded in bringing sustainable best practice to frontline operations. This working commitment to best practice guides individual employees in taking socially responsible actions for workplace decisions and practices. In turn, it has engendered a strong sense of community, aiming to make Hong Kong a better place to live and work through our services.

World citizenship

MTR Corporation is taking a responsible position in its stewardship of the Company and the resources it uses and contributes to the community. In 2006, we officially adopted the MTR Corporation Climate Change Policy. This policy is modelled on the recently published policy of the International Union of Public Transport (UITP). MTR Corporation currently chairs the UITP's Sustainable Development Commission and takes an active role in climate change initiatives.

Our climate change policy commits us to adapt to and mitigate the risks posed by climate change. We aim to achieve this by becoming one of the global business community's most resource efficient and ecologically sustainable railways and property service providers.

Global recognition

As a listed company we are a constituent of the Hang Seng, MSCI and FTSE All-World Hong Kong indices series. We actively maintain membership in international benchmarks that promote and measure sustainability such as the DJSI, FTSE4Good and Ethibel indices. We also participate each year in major best practice reporting exercises under CoMET (Community of Metros), The World Economic Forum and the Global Reporting Initiative.

In 2006, MTR Corporation ranked seventh amongst the 100 global corporate leaders in sustainability reporting in the recent Global Reporters 2006 survey undertaken by UK-based think tank, SustainAbility, in association with the United Nations Environment Programme (UNEP) and Standard & Poor's. The Company was singled out for its reporting excellence, in particular, governance and business strategy. The Company debuts as the only Asia-based corporation, the only transport organisation and one of only two non-OECD companies amongst the top ten leaders named in the survey.

Our Climate Change Policy

Our Climate Change Policy takes as its guide the policy recently developed by the UITP. The aim of the policy is to work towards a positive impact on the global environment. It is intended to apply consistently across all our businesses in the diverse markets in which we operate, in particular, the Mainland of China.

The key actions to be taken under the policy are to:

- assess risks and opportunities posed by climate change
- implement actions to mitigate those risks
- reduce our direct carbon emissions in a targeted and continuous fashion
- influence our energy providers to address the climate change issue
- report on achievements annually