

In 2003, MTR realised noteworthy practical achievements by applying sustainability to its business endeavours both locally and internationally. This has added to MTR's business success by assuring stakeholders that we continue to manage our non-financial assets in a responsible and proactive manner.

### Tung Chung Cable Car environmental impact assessment

In developing and promoting sustainability as an approach to manage economic, social and environmental business risks, MTR continues to be a leader in corporate development worldwide. The risk management process introduced in 2002 is maturing and becoming more robust. Priority business risks published in the same year have been further enlarged.

One practical outcome was the completion and approval of the Environmental Impact Assessment for the Tung Chung Cable Car. As involvement from the "green" groups in Hong Kong was recognised as a key contributor to a timely receipt of Governmental approvals, we initiated a close consultation initiative with these groups to understand and resolve their environmental concerns. This has resulted in a better project delivered on time and within budget.

Following this success, a Sustainability Advisory Board for the Tung Chung Cable Car project was established. This comprises a wider group of stakeholders to coordinate efforts and dialogue to assist the long-term development of the Ngong Ping area in relation to the Cable Car project. Future outcome from this board will be a set of sustainability indicators to track progress on the project and the sustainable development of the area.

### UITP Charter

In May 2003, MTR became a founding member and signatory of the International Association for Transport Providers' (UITP) Charter for Sustainable Development. This charter encourages UITP members to include sustainable development as a key policy initiative and requires signatories to report on their progress in increasing sustainability. By the year end, 47 of UITP's 2,000 members in 80 countries had signed the charter. MTR is now participating in regional workshops for local politicians and members to gain more charter members.

MTR also won the Best Environmental Reporting Award in 2003 from the Association of Chartered Certified Accountants Hong Kong and received a Runner-up award for Environmental Reporting at the Asian Corporate Social Reporting Awards.

### Global reporting initiative

In 2003, MTR achieved a number of other significant milestones in sustainability.

Among the most important was our decision in July 2002 to become a Stakeholder Organisation for the Global Reporting Initiative (GRI), an independent, multi-stakeholder and international organisation, whose mission is to provide best practice guidance for the preparation of sustainability reports. We aim to report in accordance with GRI in future.

In addition, we developed a Sustainability Accounting system and the Company achieved and maintained ISO 14001 certification for the Environmental Management System in our operations and project divisions, while our railway operations achieved a further reduction of 6.1% in traction energy, power required to drive the trains.

Our efforts were recognised by the Company's continued presence in the Dow Jones Sustainability Index and the FTSE4Good Index and inclusion during the year in the Ethibel Stock Index.

In May 2004, MTR will publish its third Corporate Sustainability Report on the MTR website. The report will balance case studies with detailed information on how MTR has evolved its sustainability management, the impact of and MTR's response to SARS, a detailed follow-up of the implementation and checking of MTR's Code of Conduct, and case studies on outreach to staff, shareholders and customers.

### Traction Power Consumption

Optimisation of working practices saw a substantial reduction in traction power consumption.

*Kilowatt hours per km*

