



MTR's Perspective in Reporting of Greenhouse Gases Emissions

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Overview

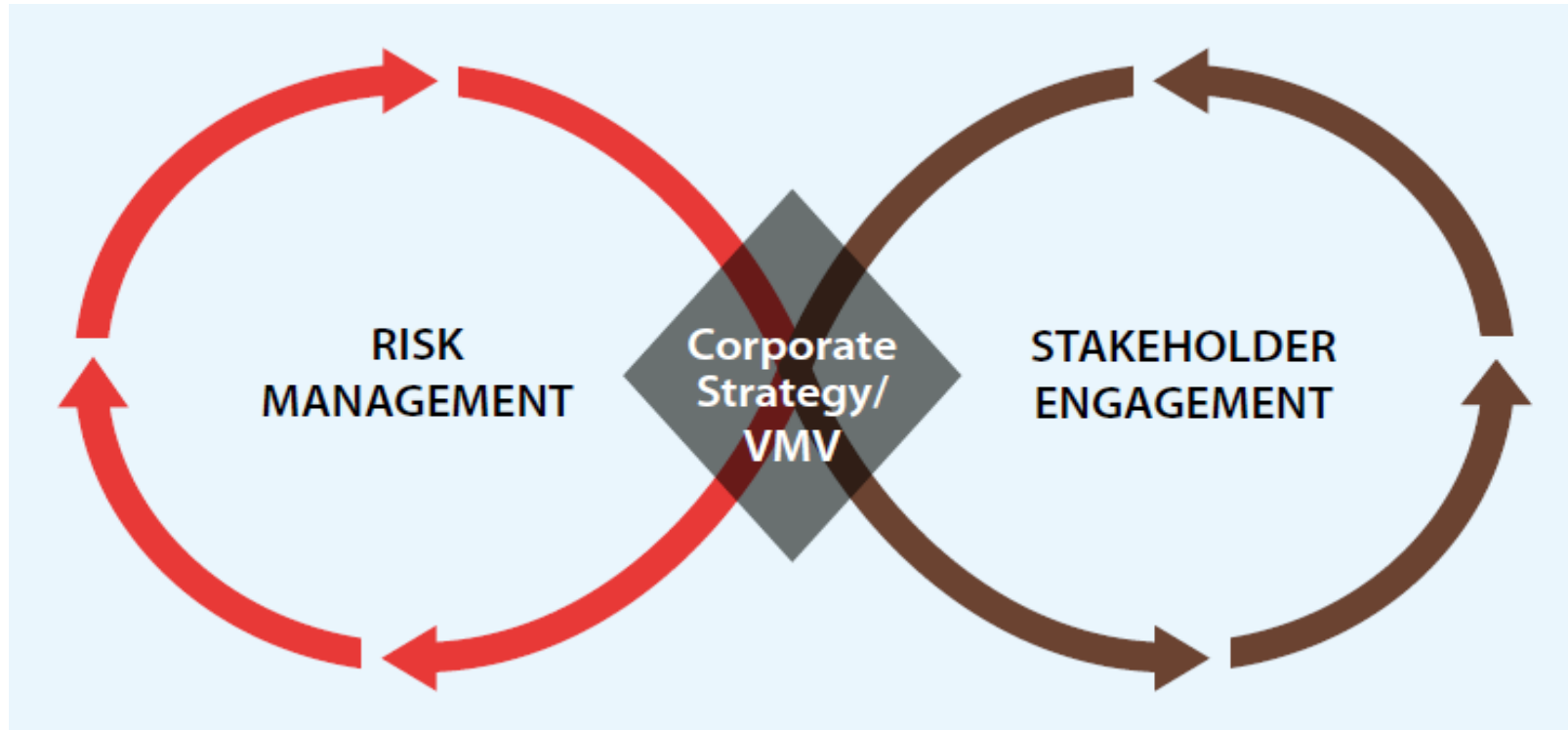
- MTR's Business
- Sustainability
- Why does the MTR Report?
- Costs of running the MTR
- Climate change
 - Impacts
 - Policy
 - Measurement
 - Management
- Cities and climate change

MTR's Business

- Construct and operates one of the most densely utilized metropolitan railway in the world carrying 4.1M passengers daily (3.7M on Heavy Rail & 0.4M on Light Rail)
- A major property developer and management company in Hong Kong (Rail + Property Model)
- Investment projects in mainland China including construction and operation of metros in Shenzhen and Beijing
- Railway operations and maintenance including London Overground, Stockholm and Melbourne
- Consultancy business in China and worldwide



Sustainability



Sustainable Competitive Advantage (SCA)

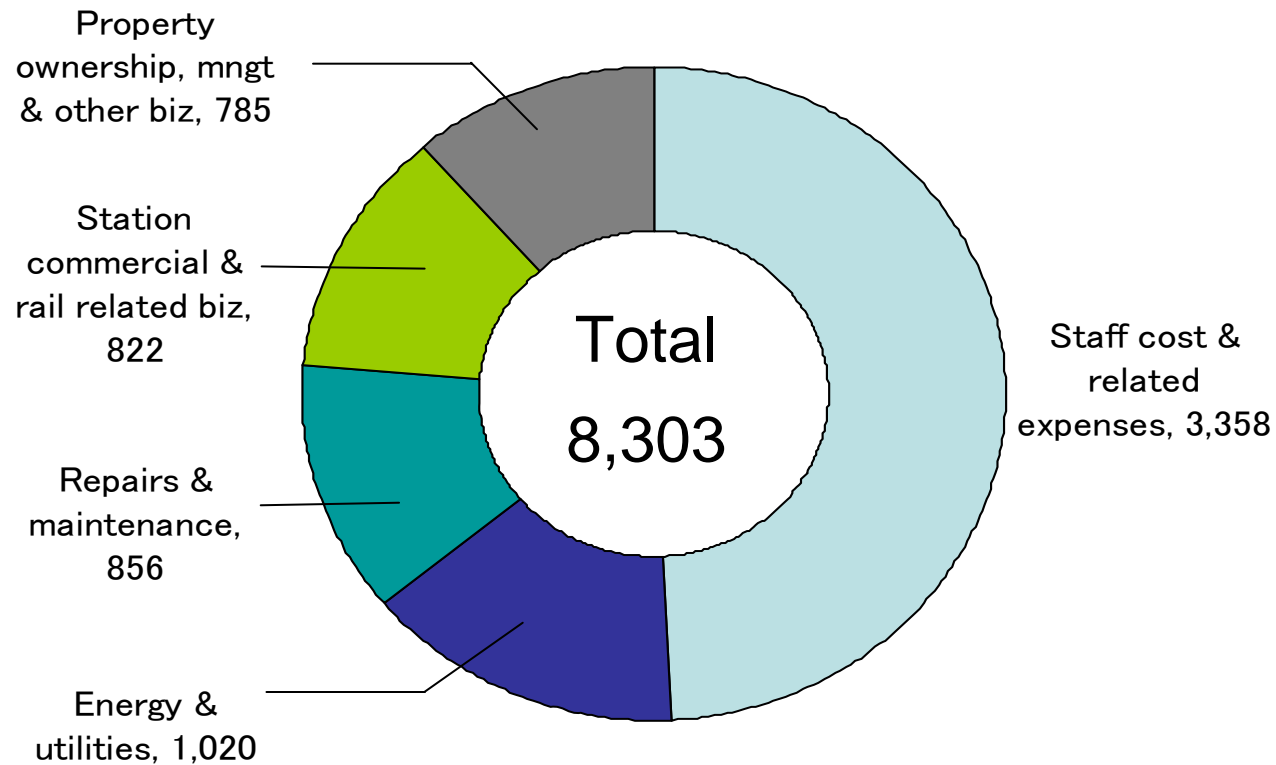
Why Does MTR Report?



-Page 163 of *L'atmosphère: météorologie populaire*, by Camille Flammarion, 1888.

- License to operate – Social Charter
- Sustainable competitive advantage
 - Staff attraction, retention of top talent, productivity
 - Reduced expenses for operations
 - Increased revenue, market share and Brand Marketing
 - Reduced risk, easier financing and lower insurance premium
 - International rail operations
- Long term share price growth and shareholder value
- SRI and Institutional / pension funds are shareholders
 - DJSI, FTSE4Good listings

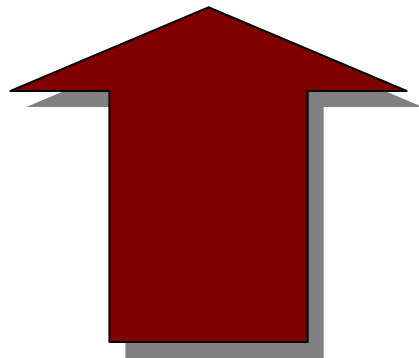
MTR Costs (in HK\$ million)



Source: Annual Report 2008, page 139, Consolidated Profit and Loss.

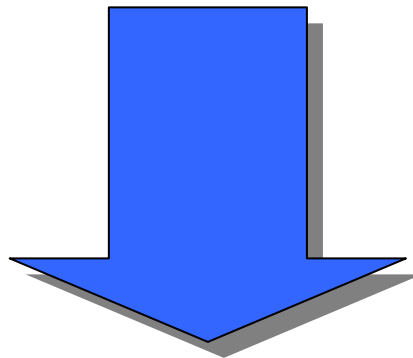
Climate Change Impacts

Source: Hong Kong Observatory

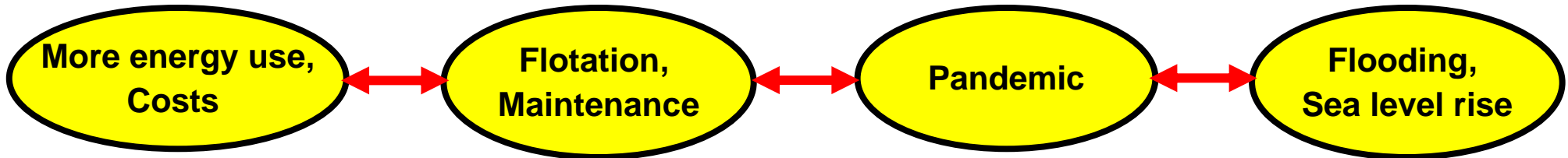


Air temp, especially min temp
Extreme weather events (Rainfall, thunderstorms)
Mean sea levels
Cloud amount


No significant change in number of tropical cyclones



Solar radiation
Evaporation
Wind speeds



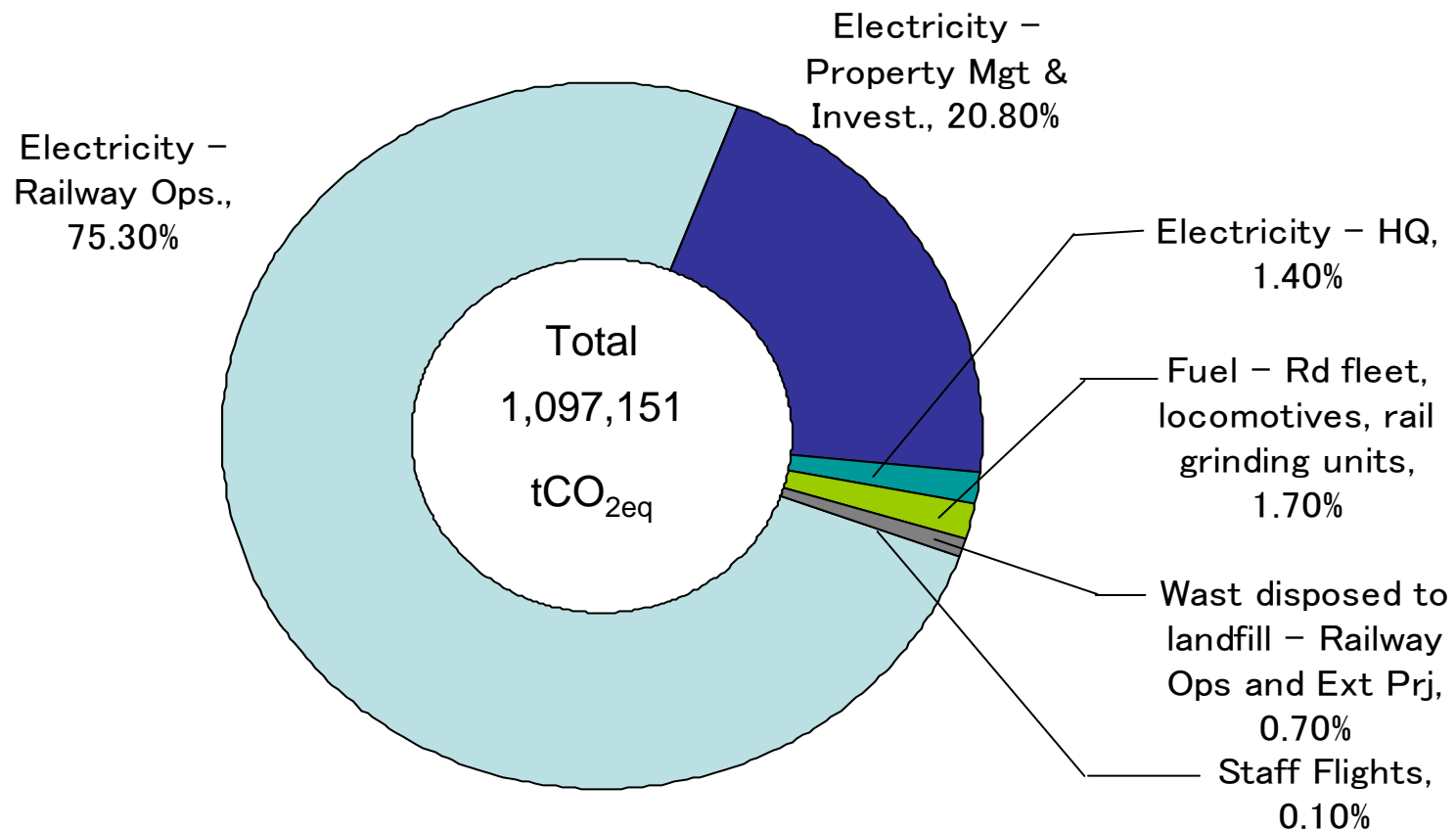
MTR Climate Change Policy 2006

- 
- Assess the risks and opportunities
 - Implement mitigation
 - Reduce direct carbon emission
 - Actively influence our energy providers

Committed to become one of the most resource-efficient and ecologically sustainable railway and property-service providers in the world

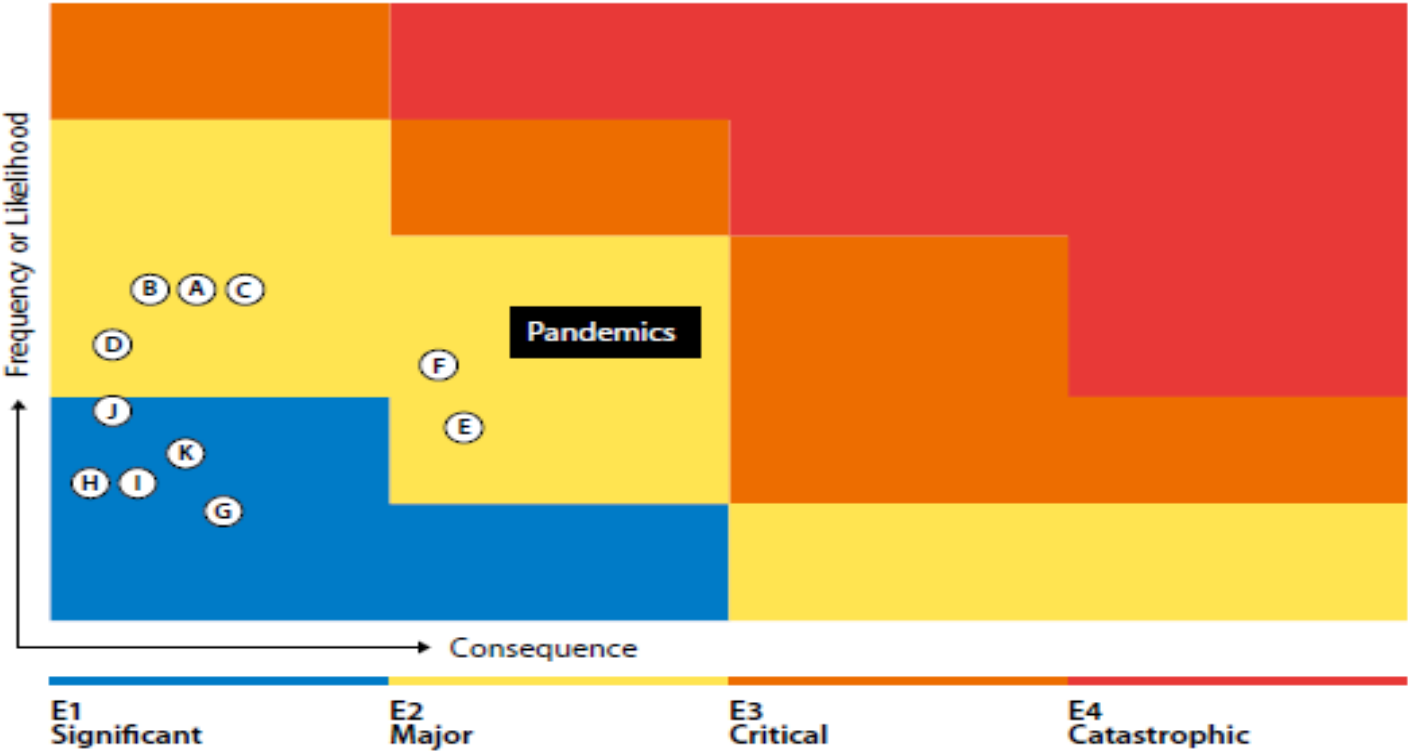
MTR Greenhouse Gases Emissions 2008

Contribution by different activities (%)



- WRI/ WBCSD Greenhouse Gas Protocol

Climate Change Risk Map



Climate change risks affecting business continuity:

E3

Pandemics

- (A) Increased electricity costs
- (B) Increased electricity use
- (C) Additional ventilation and cooling assets
- (D) Increased deterioration of infrastructure
- (E) Flooding affecting operations
- (F) Unforeseen regulatory pressure

E4

- (G) Reputation impacts
- (H)(I) Fire risks within North Lantau Country Park
- (J) Breaching environmental permits due to ecological collapse
- (K) Rail buckling

Climate Resilient Cities

- Disaster management and preparedness
- Response to more frequent and intensive floods, storm surges, typhoons drought and salt water intrusion
- Energy efficiency – central cooling
- Use of non-fossil fuels
- Frugal use of water and other resources

- Will people continue to live in and visit cities?

Mitigation– Eco Cities

- Transit Oriented Development
- Extensive public transport systems
- Pedestrianized areas
- Integrated zones for residential, industrial and commercial use
- Optimal building density – prevent heat islands
- Use of renewable energy
- Large park systems, open areas with extensive greenery
- Smart growth to reduce urban sprawl, encourage green

Summary

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Carbon Disclosure Forum 2010

Assessing the Business Case

27 April 2010

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