

Sustainability Report 2021



Contents

1	Message from Chief Executive	02
2	About Hactl	03
2.1	Our vision and values	04
3	About this report	05
3.1	Engaging our stakeholders	05
3.2	Material sustainability topics	07
4	Approach to sustainability	09
5	2021 at a glance	12
6	Operating with integrity	13
6.1	Risk management and sustainability risks	17
7	Putting our people first	19
7.1	Health and safety	22
7.2	Welfare and labour rights	27
7.3	Engagement and fostering a healthy working culture	28
7.4	Development and training	29
8	Engaging our community	30
8.1	Managing supply chain partnerships	32
8.2	Customer data protection	33
8.3	Community engagement	33
9	Managing natural resources	37
9.1	Climate change adaptation and mitigation	44
9.2	Emissions management	45
9.3	Energy management	46
9.4	Waste management	47
9.5	Air quality management	48
10	Appendices	49
10.1	Our performance	50
10.2	Awards and recognition	55
10.3	Membership associations	56
10.4	Legal and regulatory compliance	56
10.5	Assurance statement	58
10.6	GRI content index	59

1

Message from Chief Executive



It is the duty of every responsible company to consider its impact on our fragile planet, and mitigate this at every opportunity. The clock is ticking, and we can no longer procrastinate over actions that should have been taken long ago.

Hactl is an integral part of the aviation industry: a business often considered as one of the greatest contributors to climate change. It was our fierce determination to play our own part in mitigating the aviation sector's impact, and a desire to lead others to do likewise, which inspired our now well-established Green Terminal programme – whose ambition is to create the most sustainable, environmentally-friendly air cargo handling operation in the world.

Nurturing and maintaining the culture needed to drive such action is always a challenge. But it was never more so than during the COVID-19 epidemic, which produced a perfect storm of insufficient air cargo capacity, unprecedented demand on our services, the requirement to switch to home working for hundreds of our office staff, and the need to safeguard those personnel for whom remote working was not an option.

The harsh commercial pressures of COVID-19 could easily have derailed our sustainability efforts. However, we were totally unwilling to allow this. In fact, if anything, we have redoubled our efforts since 2020, focusing on carbon action, responsible consumption, and social inclusion. It is Hactl's medium-term goal to decarbonise operations and, ultimately, to meet net-zero and other environmental targets. This will require further innovation, great effort and ongoing investment.

There are those who still regard sustainability as a luxury, and an unnecessary expense. We strongly disagree: not only is it our duty to hand Planet Earth to our children in the best possible condition: we have also found time and again that what is good for the environment is also good for business – improving efficiency and quality, and reducing costs.

The pandemic has also highlighted the importance of employee health, safety and wellness. We pledge to remain focused on our people, providing the safest, healthiest workplace that we can, while also creating opportunities for career growth and fostering team well-being. Ensuring all Hactl employees work in a safe environment, are remunerated fairly, and have enticing professional development opportunities is central to our employee value proposition.

Hactl has already made great strides, as showcased in this report: our first since launching the Green Terminal initiative in 2018. Transforming our equipment and facilities to be more energy-efficient, abandoning paper-based processes, equipping all frontline staff with mobile systems and attacking wastage and pollutants have all played their part. Engaging staff in our sustainability actions has also shown how many small individual efforts produce major collective impacts.

We are proud to be based in Hong Kong, and value the community of which we are part. We have consistently contributed to the Hong Kong community by providing corporate donations and encouraging our team to participate in numerous community events and volunteer work.

Why this report? We believe it is important to share our achievements and experiences as part of the global movement to inspire sustainable business behaviour. And we will preach what we practice by continuing to inspire our employees, our business partners, our customers and our competitors to put sustainability at the head of their every business agenda.

Our achievements to date, and this report, would not have been possible without the unbridled enthusiasm of our own staff, the eager support of our business partners and customers, and the understanding of our shareholders. We thank you all for joining us on this great journey, and look forward to reporting our continuing progress in future editions.

Wilson Kwong
Chief Executive

2

About Hactl

Hong Kong Air Cargo Terminals Limited (referred to as “Hactl”, “we”, and “our”) is the largest independent air cargo handler in Hong Kong – the world’s best-connected air cargo hub. It serves over 100 airlines – over 40 of which are freighter operators – and over 1,000 freight forwarders.

It provides terminal handling services for all types of air cargo including temperature-sensitive goods, hazardous cargo, live animals including race horses and showjumpers, valuable goods and outsize cargo including aero engines. Hactl also provides ramp handling services: loading and unloading freighter aircraft of all types, including military ramp-loading transports.

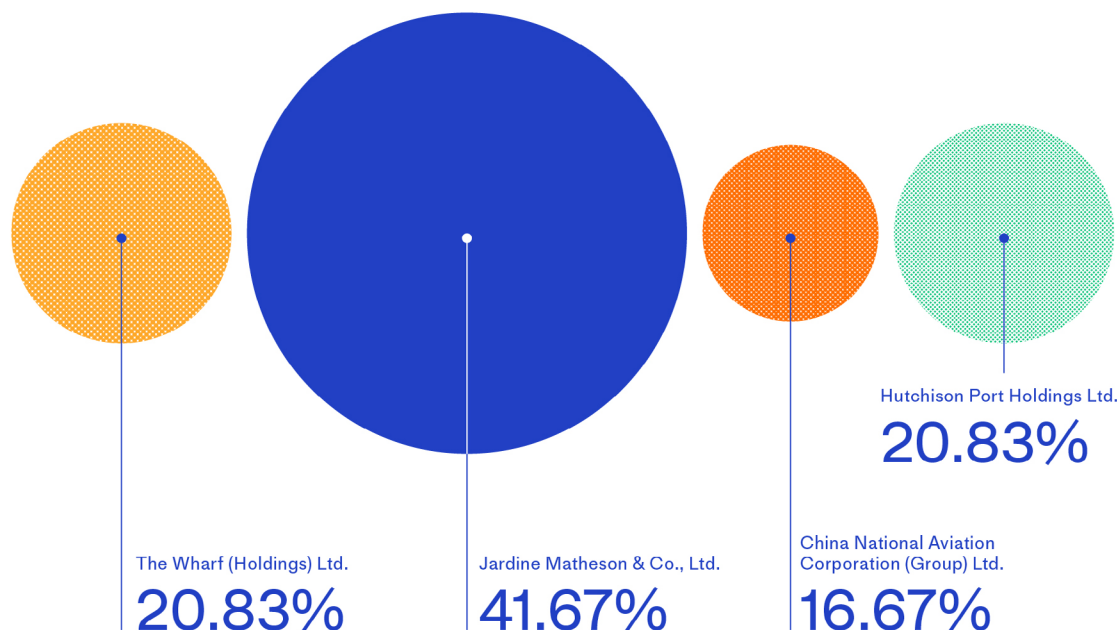
Hactl’s home is SuperTerminal 1: a ground-breaking, highly-automated, multi-level facility whose annual capacity is 3.5 million tonnes. Opened in 1998 at a cost of USD1 billion, SuperTerminal 1 features a Container Storage System with capacity for 3,500 ULDs; a Box Storage System with 10,000 stillages; over 300 pallet build/breakdown stations; dedicated facilities for all cargo types; and over 300 truck docks.

Hactl began operations in 1976 at Hong Kong’s old Kai Tak Airport, with the brief to streamline the airport’s cargo handling by optimising use of its restricted cargo space. Since then, efficiency has been in Hactl’s DNA, and its drive for continuous improvement is now spearheaded by a Performance Enhancement team whose goal is to identify and eradicate all inefficiencies.

Hactl’s aim is to be the benchmark for its industry. It is accredited under all relevant standards including ISAGO (world’s first), World Health Organisation Good Distribution Practices (GDP) (first in Hong Kong), IATA CEIV Pharma (first in Hong Kong), CEIV Live Animals and CEIV Fresh (world’s first).

Hactl’s subsidiary Hong Kong Air Cargo Industry Services Limited (Hacis) operates Customs bonded road feeders to and from mainland China, as well as providing value-added logistics services including e-commerce fulfilment.

Hactl’s shareholders are Jardine Matheson & Co., Ltd. (referred to as “Jardine Group”) (41.67%), Hutchison Port Holdings Ltd. (20.83%), The Wharf (Holdings) Ltd. (20.83%) and China National Aviation Corporation (Group) Ltd. (16.67%).



2.1

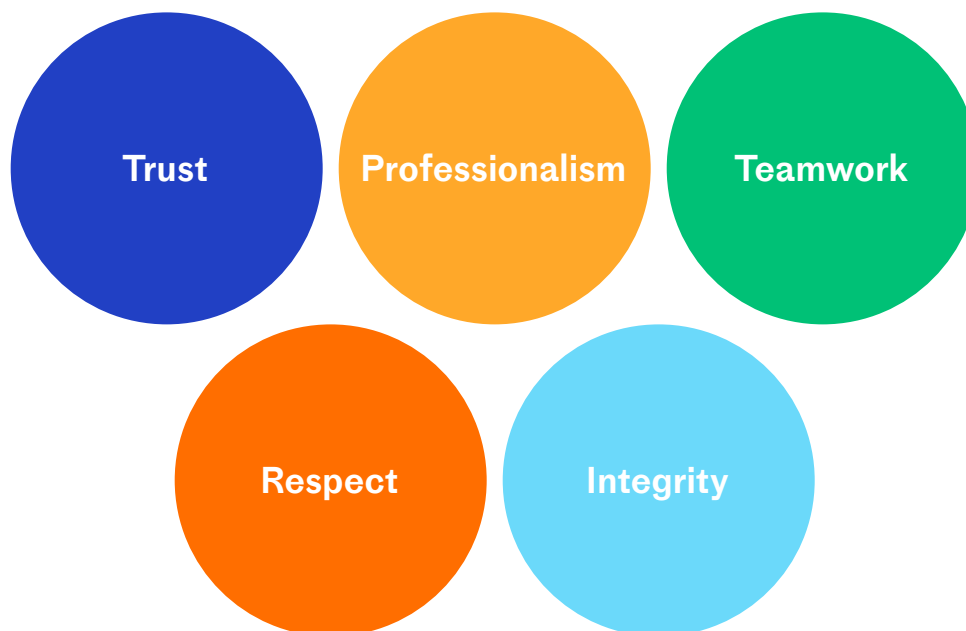
Our vision and values

At Hactl, we believe that when we always have something to improve upon, we are consistently encouraged to become a better company.

It is our vision to remain the leading air cargo terminal in Hong Kong by:

- Consistently delivering exceptional service that exceeds customers' expectations
- Continuing to invest in innovative technologies
- Enhancing logistics support between Hong Kong and mainland China
- Engaging the best people in our business
- Optimising our operations and resources

And we achieve this by staying true to our core values of



Our core values are not empty words, but a solid manifestation of our daily work and conduct. Corporate team spirit from top to bottom binds us together as a team, influencing our record-breaking productivity and success.

Our shareholders and our Chief Executive (CE) guide the company through our core values and mission statement – which are developed, approved, and updated by our CE. The company vision and core values are communicated publicly on the Vision and Values page on the [Hactl website](#).

3

About this report

We value your feedback



We welcome feedback and questions about this Report and encourage you to share any queries or comments with us at Sustainability@hactl.com

We are pleased to present our first annual Sustainability Report (the or this Report), which covers our environmental, social, and governance (ESG)-related performance from 1 January to 31 December 2021. The Report was developed to inform our stakeholders of the positive and negative impacts that our organisation may have on economic, social, and environmental topics. In it, we provide an overview of who we are as a company, our values, and commitments, how we engage stakeholders and provide details of our approach to addressing our sustainability-related impacts.

The scope of this Report has been determined based on material sustainability topics, which are addressed in the [Material sustainability topics](#) section, and the scope of our sustainability performance includes all entities for which Hactl holds management responsibility, including Hactis. Unless stated otherwise, the scope of

our Sustainability data encompasses all Hactl's activities, which does not include subcontractors. The reporting boundary of this Report is SuperTerminal 1, Hong Kong International Airport, Hong Kong.

We have referenced selected disclosures, or parts of their content, from the Global Reporting Initiative (GRI) Standards framework to better align our non-financial reporting with global sustainability indicators. A content index is included as a tool to help readers more easily locate relevant information across the Report and Hactl's web-based resources, and to demonstrate compliance with the GRI Standards.

This Report was the subject of an assurance engagement by Hong Kong Quality Assurance Agency (HKQAA). The details of the scope of the assurance are reported in the [Appendices: Assurance statement](#) section.

3.1

Engaging our stakeholders

At Hactl, we believe that consistent stakeholder engagement is important for developing and maintaining strong relationships which enable us to understand our stakeholders' unique needs, perceptions, and concerns. We place high importance on providing our stakeholders with the information they need to make informed judgements about our business and approach to sustainability. As such, we are committed to regularly engaging with our stakeholders about

our business as well as on key sustainability topics. Beyond for sustainability reporting purposes, we promote two-way communication and respond to stakeholders' expectations and requirements through a variety of communication channels. As we recognise that each of our stakeholder places different expectations upon our business, we communicate and engage with them in a variety of different ways depending on what they want to know and the significance of their concerns.

Stakeholder group	Why we engage
Shareholders	Our shareholders determine the direction of Hactl's long-term development through their investment strategy.
Employees	Our staff inform us how best to execute daily operations and voice their thoughts on how to make things happen better.
Customers	The valuable input from our customers on our services and facilities is key to our success.
Business partner – namely Airport Authority Hong Kong (AAHK)	Our business partner supports and enables close industry ties that help us overcome hurdles and attain both community and industry-based achievements.
Suppliers	Our suppliers, especially those in logistics, are all vital to successful operations and cargo handling processes.
NGOs and green groups	We support many NGOs and green groups. We listen to their concerns and seek ways to contribute to their efforts.

For the development of this Report, we sought to gain a clear understanding of what our material sustainability topics are from the perspective of our main stakeholder groups. We spoke with 12 internal stakeholders, which included shareholders and members of our leadership team as well as long-standing employees and some new joiners (within five years). We also interviewed nine external stakeholders including a regular contractor, representatives from partner airlines and the AAHK, freight forwarders, as well as interested parties from local green groups and NGOs and social enterprises.

We identified stakeholder groups and prioritised them based on their perceived criticality to Hactl and its business. Specifically, we selected stakeholders based on their level of involvement or familiarity with our operations as well as by their relationship with the company. We then determined the best mode of engagement to be via interviews and sent invitations and pre-reading prior to our conversations. Over six weeks, we executed our stakeholder engagement plan and then analysed the responses and synthesised feedback rankings and insights per each stakeholder group individually, by internal stakeholder groups only, by external stakeholder groups only, and also by internal and external stakeholders combined.

Topics and concerns

On: Supply chain management and partnerships

There are opportunities from improving relationships with supply chain partners and digitising and streamlining local and regional supply chain systems.

On: Employee health and safety

Employee health and safety should be a priority issue given the nature of the business and concerns regarding precarious labour activities, an ageing employee population, and "anti-social" working hours. This should be a focal area to help the company become a more attractive employer and retain future talent.

On: Waste management

Hactl should be looking for new methods of packaging to substitute the currently used, non-recyclable packaging materials with recyclable/reusable alternatives.

Our responses

We have been updating and digitising our internal systems over the past few years and will continue to do so as better, more innovative technology becomes available. In coming years, we also intend to improve the tendering process for procurement, update our billing to e-billing, align our system with and better integrate our systems with other stakeholder platforms – all to work toward a streamlined management and logistics system.

We value our employees and put their health and safety at the forefront of everything we do. We are currently exploring new ways to continuously improve our health and safety performance in coming years, we intend to make improvements in several areas – namely via the enhancement of robotic initiatives to handle the dangerous manual labour operations, especially handling packaging. We are also looking into improving our safety rewards scheme and plan to host more sports days to promote exercise and team bonding.

Improving our waste impacts and decreasing packaging has been a focus area at Hactl for some time. We are looking into a variety of approaches to fix this issue including incentive schemes for terminal users to handle their waste, implementing more recycling and upcycling projects, and increasing donations of wooden pallets to NGOs and local partners. We are also considering piloting either a penalty scheme or a waste-charging scheme potentially with our customer airlines, freight forwarders, and trucking companies and are assessing alternative material options to replace plastic cargo protection sheets.

Details on how we are currently addressing each of these topics can be found in the respective sections of this Report.

3.2

Material sustainability topics

Materiality is a critical input into our sustainability report because it ensures that we provide our stakeholders with the information on sustainability-related topics most relevant to them. To determine these topics, we have carried out a detailed materiality analysis to identify and assess the relative importance of different sustainability topics for their impact on our business and their relevance to key stakeholders.¹ We examined more than 30

topics, including areas of significant organisational impact, as well as broader sustainability trends that affect our industry. These topics fell into broad categories, such as greenhouse gas emissions and climate change, energy and fuels, privacy and security, labour-management relations, employees, ethics, governance, and other major areas of corporate sustainability.

The process involved:

Data review and benchmarking

1

- We started out by conducting desk-based review of our existing data and operational practices as well as a benchmarking exercise against industry peers.
- In addition, we considered current and potential industry trends to identify a list of topics for further analysis.

Material sustainability topics shortlisting

2

- Based on the findings from the asset review and benchmarking exercise, we developed a shortlist of 20 material topics for stakeholders to rank.
- We also included topics that SASB considers material within the Air Freight and Road Transportation industries.

Engaging stakeholders

3

- Interviewed 12 internal and 9 external stakeholders, requesting their insight on sustainability topics and asking them to rank issues most important to them.
- We used the outcomes of previous steps to determine priority topics and develop a materiality matrix.

Senior Management Team workshop

4

The list of topics and a draft materiality matrix were presented to and reviewed by the Senior Management Team.

14 material sustainability topics

1

For the purposes of this effort, Hactl follows the GRI definition of material topics as those "that reflect the organisation's significant economic, environmental and social impacts; or substantively influence the assessments and decisions of stakeholders."

Each sustainability topic was ranked by relative importance based on an assessment of the aggregate feedback from stakeholders and supported us in making final adjustments to the ranking before we presented it to members of Hactl's Senior Management Team.

While community engagement was ranked as a less urgent topic, we have opted to include it in this Report as it is an important area of concern for us and we would feel remiss if we did not showcase

the invaluable community-focused initiatives that our team contributes to each year. Conversely, it was decided to remove critical incident risk management from the top list as it is considered part of our overall corporate governance and is included in this Report as such. In total, this Report addresses the top 13 topics from this process, as well as community engagement, for a total of 14 topics for 2021. The proposed topics and materiality matrix were confirmed and approved by the Senior Management Team, as shown below.

Materiality matrix



14 material sustainability topics:

Environmental	Social	Governance
Air quality management	Employee health and safety	Corporate governance
Energy management	Employee engagement and fostering a healthy working culture	Legal and regulatory compliance
Climate change adaptation and mitigation	Employee welfare and labour rights	
Waste management	Employee development and training	
Emissions management	Customer data protection	
	Community engagement	
	Managing supply chain partnerships	

We will continue to collect feedback from our stakeholders to ensure that there are no substantive changes to the topics that matter to them or that are relevant to our business and will adjust our topics for future reporting accordingly, as needed.

4

Approach to sustainability

At first glance, a major international cargo hub might seem an unlikely location for sustainable innovation, but Hactl – Hong Kong International Airport's largest independent cargo handler – is challenging that notion.

Our approach to sustainability is built on a solid foundation of integrity, strong governance, and accountability to our stakeholders. We are committed to consistently instilling sustainable and environmentally considerate practices within our company culture, across our supply chain, and for our customers. For a company that operates 24/7 in one of the largest air cargo terminals in the world and uses a lot of heavy equipment, we have found over the years that this approach makes good business sense.

Our corporate culture has always focused on being a responsible member of the business community. This has been driven by several factors such as our location in Hong Kong, which has a vulnerable marine environment that has suffered greatly through commercial and industrial development over the past century. But, more than anything, it is our team who collectively believe and recognise that we have limited time to repair the damage we have all done to this planet and that we owe it to our children to pass on our world in the best shape possible. Such action cannot be left to others, and we at Hactl consider it our responsibility to help however we can.

Long before it became trendy for businesses to talk about embedding sustainability into their everyday operations, Hactl was already doing so. Since the

Kai Tak era we have been working hard to ensure we are operating ethically and providing a safe and satisfying working environment for our staff. We had established versions of our Environmental Protection Committee and Safety Committee. Write-ups about protecting the environment and health and safety tips have been included in the Voice of Hactl since the 1990's as well. Little things like enforcing double sided printing have been our norm for as long as anyone on our team can remember.

More recently, our Green Terminal programme was launched in 2018 to formalise and enact a set of environmentally-focused policies and measures which began some years earlier. It keeps us focused on continuously seeking ways of reducing our environmental impact.

For many years, we have focused our efforts on a combination of environmental and social initiatives which has led to the development of our sustainability framework by which we continue to synchronise our sustainability initiatives. We have also aligned our operational priorities more closely with the Jardine Group's overarching sustainability strategy. We have thus adopted our sustainability reporting approach in accordance with this framework and our newly selected material sustainability topics are organised and reported on as follows:

Operating with integrity

As responsible governance is good business, we are committed to doing business right and with integrity.

- Corporate governance
- Legal & regulatory compliance



Putting our people first

We are in business for people and our people remain at the centre of everything that we do.

- Employee engagement & fostering a healthy working culture
- Employee health & safety
- Employee development & training
- Employee welfare & labour rights



Engaging our community

Our business aims to help the Hong Kong community prosper.

- Community engagement
- Customer data protection
- Supply chain partnerships



Managing natural resources

Air cargo industry requires natural resources and creates an environmental impact, so integrating environmental responsibility into our operations is good business.

- Air quality management
- Climate change adaptation & mitigation
- Energy management
- Emissions management
- Waste management



Our many years of sustainability-oriented accomplishments have been achieved by a process of formulating sustainable initiatives that are considerate of not only our local and industrial context but also global ambitions such contributing to the Sustainable Development Goals (SDGs), aligning with the Paris Climate Accords, and following suit on the path to decarbonisation. This has entailed:

- continuously developing and actualising sustainable initiatives;
- going beyond the expectations of the ISO standards, our AAHK Franchise Agreement and the three pillars of Jardine Group's Sustainability Agenda; and
- collaborating with various stakeholders to create a more sustainable society.

The driving force behind our efforts comes from cross-departmental collaboration and dedicated sustainability champions throughout the company. We take a top-down approach which focuses on governance and advocacy. Dedicated working groups, including the Data Governance Committee (DGC), the Enterprise Risk Management Coordinators Forum (ERMCF); the Environmental, Health and Safety (EHS) Committee, and the Sustainability Team all work together to make sure all sustainability topics are well managed

and communicated within SuperTerminal 1. The Safety, Sustainability and Quality Assurance (SSQ) section, which reports to the Executive Director and Chief Financial Officer (EDCFO), supports all these working groups.

Over the years, this mindset has served as a guiding compass towards the adoption of multi-faceted sustainable initiatives. The progress and achievements of the corresponding initiatives are reported to the Senior Management Team.

The Green Terminal programme's influence is a notable example of how we incorporate sustainability and environmentally initiatives into our daily operations. We have expanded the scope of project from what was once a single-use plastic reduction campaign into a comprehensive and harmonised company-wide crusade.

A prime illustration of this is the growth of our water dispenser programme. We started out by providing Water Spots as an easily-accessible, affordable alternative to bottled-water for our staff. We now have over 81 water dispensers throughout the terminal and have also added three water vans for ramp staff. These spots have enabled us to advocate the significance of utilising reusable water bottles as well as the value of staying hydrated at work, especially given the physically demanding nature of working in the warehouse and on an airport tarmac.

Staff sustainability engagement

As it is our philosophy that the small actions of many add up to significant changes, we want everyone at Hactl, from the Senior Management Team to individual colleagues, to be engaged with and believe in our sustainability ambitions. So, working in tandem with the top-down approach are our bottom-up efforts which focus on staff empowerment and education. We continually encourage a shift in habits of our own staff and those with whom we work. When it comes to raising awareness about sustainability, we host several platforms and internal initiatives that encourage our colleagues to share their ideas and lead new initiatives - and their creativity and energy are incredible.

Every year we host numerous event and activities, in-house and around Hong Kong, to promote and educate about the value of living and working sustainably. Our staff volunteer within the community and we are constantly innovating our operations to be more efficient and socially responsible wherever possible. Starting back in 2018, we ran a Green Terminal mini-

movie competition and six teams from various departments produced wonderful mini-movies to share sustainability messages to their colleagues.

A signature example of this is the Green Market at our annual [Green Week](#) this year. Held for several years now, Green Week is an engaging week-long campaign that includes team collaborations, online quizzes and games, and talks. We also invite like-minded partners and social enterprises to come to our terminal and share their sustainability success stories with our staff.

After advocating sustainability at Hactl for years, we have observed a notable trend that each department has been incorporating sustainability elements into their departmental scope of work on their own, and that employees are increasingly seeking to be part of sustainability-oriented projects. For example, it has been a long-held tradition of the Corporate Communications to design a corporate calendar, and this year's [calendar featured the SDGs](#).

Keeping our team engaged on sustainability one month at a time

Several of our keystone employee engagement initiatives in 2021 have aimed to help raise awareness of sustainability at Hactl. Perhaps the most notable have been our Green Week and our Sustainability Calendar.

The COVID-19 pandemic has undoubtedly changed our lives - from our daily routines to the way we work and how we value personal goals and priorities. It has also rung a clear and loud alarm bell: it is time to rethink our relationship with Mother Earth and live in a more sustainable and harmonised way with our communities and nature.

Hactl embraces the new year of 2022 with a renewed commitment to sustainability. To encourage its staff and friends to join this meaningful mission, we have launched a sustainability-themed 2022 Hactl calendar under the slogan "Be the change you wish to see in the world".

Inspired by the SDGs adopted by the United Nations in 2015, the calendar features 12 carefully-chosen sustainability topics that require our

immediate attention and action: climate change, transport pollution, energy crisis, plastic pollution, diversity and inclusivity, waste, water scarcity, disability inclusion, food waste, sustainable communities, economic inequality, and light pollution.

The calendar is not only educational and informative, its production method and choice of materials are also completely green – it was printed with soy-based ink and made from eco-friendly paper and recycled milk cartons.

The creatively-designed calendar also offers a pleasant surprise - the image of each month is detachable and can be used as a postcard or colouring card to keep or share so that no part of the calendar will be wasted. It is our wish that as readers flip through the pages from January to December, and read the featured sustainability topic of each month, they will be encouraged to take small actions each day and to truly be the change they wish to see in the world.



5

2021 at a glance

2,223
Employees

40%

Female
representation
in the Senior
Management
Team

99%

Overall Staff
Satisfaction Index

34%↓

Reduction in
lighting power
consumption

since 2011



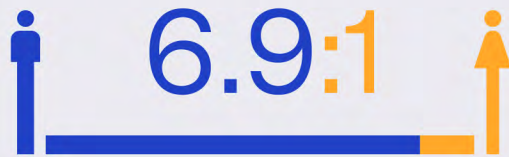
24%↓

Reduction in
chiller power
consumption

since 2011

99%
of plastics
recycled95%
of paper & cardboard
recycled

Male : Female ratio



6.9:1

HK\$5.97
millionwere invested in
sustainability projects42,142
training hours
providedHK\$3.7
millionwere given to staff who had
met or exceeded the Safety
KPIs under the Safety
Incentive Scheme

38%

Reduction in
absolute carbon emissions

since 2015

70%

Reduction in on-site
accidents

since 2014



26%

Reduction in electricity
consumption

since 2011



14%

Increase of fuel
from renewable
source in our total
fuel mix

since 2015



6

Operating with integrity





As responsible governance is good business, we are committed to doing business right and with integrity.

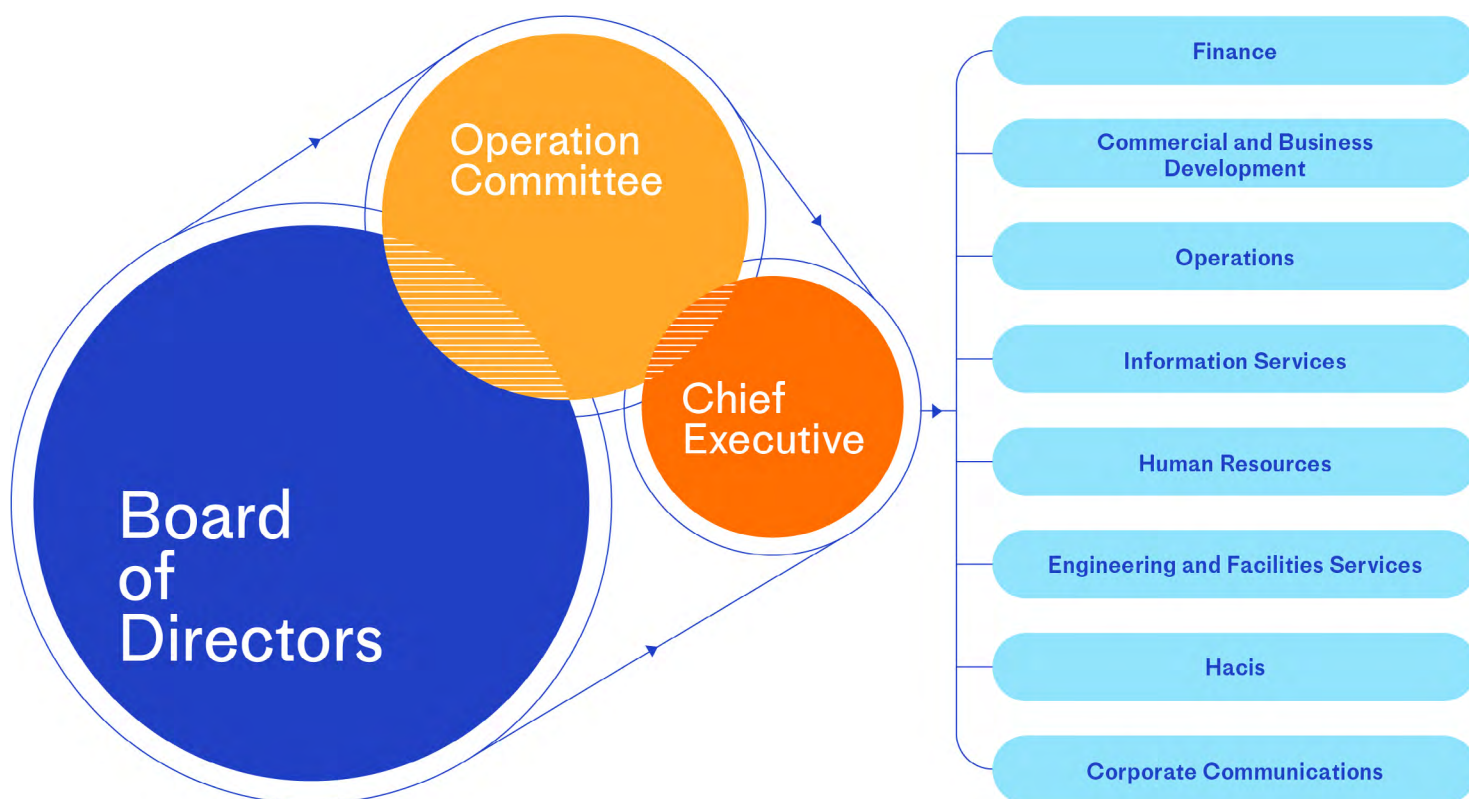
After 45 years of investment, innovation and leadership in air cargo handling, our success as a company has come from a solid foundation of strong governance practices and by building a culture of ethical behaviour while minimising business risk. By acting with integrity, we earn the trust of our customers, business partners and other stakeholders. Beyond abiding by applicable laws, regulations, and normative guidance, we have a comprehensive corporate governance framework, internal controls, and systems for risk management.

Led by our Board of Directors (the Board), Hactl's Operations Committee (OC), as appointed by shareholders, administers all aspects of our corporate governance and make the ultimate business decisions for the company. OC members meet with the Hactl Senior Management Team on a monthly basis to discuss revenue, critical business agenda items, and ongoing development matters. In doing so, they uphold responsible and ethical decision-making and provide independent and objective oversight as we pursue our goals.

At the helm of the OC is our CE who is:

- Responsible to the Board for the profitable and successful operation and administration of SuperTerminal 1. This includes ensuring the expeditious and efficient handling, storage, and processing of air cargo. In the exercise of these responsibilities, the CE conforms to all lawful directions given by the Board or by the OC.
- Obligated to ensure that all legal and statutory requirements that affect Hactl's operations and staff, including those under the terms of the franchise agreement with the Airport Authority Hong Kong franchise are met. The CE also ensures that operations are carried out to the general satisfaction of the company's customers and the Airport Authority. The CE immediately reports to the Board if, for any reason, these obligations and requirements cannot be met.
- Responsible for the profitable and successful operation of subsidiary companies.

Hactl's Senior Management Team is led by the CE, with details as shown in [Management Team page](#) on our website, and as outlined below:



Several committees report to senior management regularly to keep them abreast of operations and to navigate issues as they arise. Three main groups act as representatives for our employees:



The Joint Consultation Committee for Junior Staff (JJCC) meets bi-monthly with our senior management to discuss the daily needs of staff and what the company should do or provide to the workforce, among other topics. Using insights from these discussions, senior management is tasked to formulate responses and specific action items to help remediate issues as they arise. Similarly, our Joint Consultation Committee for Supervisory Staff (SJCC) comprises job-site supervisors who monitor frontline staff and voice concerns to management as and when needed. The Hong Kong Air Cargo Terminals Employees Union (the Union) is an internal employee-led union comprising of elected representatives who generally represents frontline and shift staff and engage in collective bargaining for staff pay, benefits, and more. Between the three groups, all Hactl employees are represented by their elected peers.

Our suite of governance-related policies and procedures including the Policies and Guidelines of Jardine Group, as well as our Disclosure of Matters of Serious Concern Policy, Hactl Internal Privacy Policy, our Data Privacy Management Programme, Compliance Register and our Energy, Environmental, Quality and Safety Legal and Other Requirements Procedure, cover a range of ethics and compliance issues and set out what we

expect from our employees, our suppliers, and our partners. They are all observed across the company to ensure that everyone in the Hactl team conducts business responsibly and ethically. Our ERMCF reviews these policies and procedures every two months to ensure we are operating as transparently and accountably as possible. The ERMCF is a cross-departmental committee to whom any department can raise concerns about policies and procedures. For any urgent or ad hoc matters, these concerns are communicated immediately via internal emails or direct phone calls.

Additionally, there is a Policy on Disclosure of Matters of Serious Concern. Staff are actively encouraged to report concerns to management about any work practices, incidents, or other serious matters at the earliest possible stage. This policy is designed to create a positive environment in which employees can raise genuine concerns without fear of recrimination. It also enables prompt corrective action to be taken where appropriate.

A critical component to our Code of Conduct is to remind all our employees that since Hactl is a 'Public Body', we are governed by the Hong Kong Prevention of Bribery Ordinance and all employees of the Group, whether full or part time, temporary or permanent, are, therefore 'public servants' and are subject to the provisions of the Ordinance.

6.1

Risk management and sustainability risks

In 2021,

50

risk management training and education sessions have been conducted



When it comes to risk management - from regional disturbances created by severe weather patterns to global pandemics, we aim to maintain productivity and business continuity, regardless of what may come our way. We achieve this by not only the typical financial and operational risks that may affect our business, but also by considering environmental and social impacts from our business and by pre-emptively controlling all related risks to the best of our abilities.

We actively monitor not only our operations but take a global look at established and emerging risks and have incorporated the relevant concerns into our Corporate Risk Register, Departmental Risk Register, and/or the ISO 14001 and ISO 50001 Register of Risks and Opportunities.

We apply a decentralised enterprise risk management (ERM) framework and structure whereby every department manages their relevant compliance factors and shares updates with the Senior Management Team when needed. In addition, each department nominates a primary and an alternate member to be part of both our Enterprise Risk Management Steering Committee (ERMSC) and the Enterprise Risk Management Coordinators Forum (ERMCF). Forum meetings take place every two months and regularly review departmental risks, overall corporate risks, and our business continuity plan as well as our risk and crisis training. The ERMSC conducts an annual review of management practices and corporate risks as well as updates to our ERM documentation as needed. Topics that have been added to our ERM agenda of late include cybersecurity and the promotion of personal data privacy protection.



We have various working groups, namely the EHS Committee, ERMCF and DGC, responsible for various sustainability topics and manage associated risks. Each working group is chaired by a Management Representative who leads representatives of the SSQ section and related departments. Department Head and Line Managers may also establish their own working plans in response to sustainability risks specifically related to their operations, and these plans are also consolidated by the Management Representative. The Management Representative reports the corresponding information to the Senior Management Team during regular Management Review Meetings.

Managed by the SSQ Section, we have reviewed our sustainability performance over time and have estimated potential issues that may arise in coming years. Should a topic of concern be newly identified, the SSQ section reports it to management during an annual Management Review Meeting that generally cover:

- Status updates and progress against our short, medium, and long-term targets
- Detailed commentary on actions that contributed to the achievement of key targets
- The identification of future priorities
- Highlights of the initiatives we implemented over the reporting period
- Case studies that explore key achievements

The ever-evolving landscape of sustainability-related risks has a significant impact on our business, and we have incorporated these risks into our corporate ERM framework to better identify and address the full spectrum of sustainability risks. In 2021, pending legislation regarding municipal solid waste and the associated fees as well as the need to further reduce our carbon footprint were found to be high-risk priorities. We have since determined how our carbon emissions can be

better managed and have reported our findings to management. In addition, in 2021, the AAHK announced a new emissions reduction target and would like Hactl to follow suit. In response, we have discussed the challenges and solutions such as investing in new technology, buying renewable energy certifications, etc. for us to help meet their target. Read more about how we manage climate change adaption and mitigation in the [Managing natural resources](#) section of this Report.

We will continue to make decisions on how to manage these risks as well as those identified below:

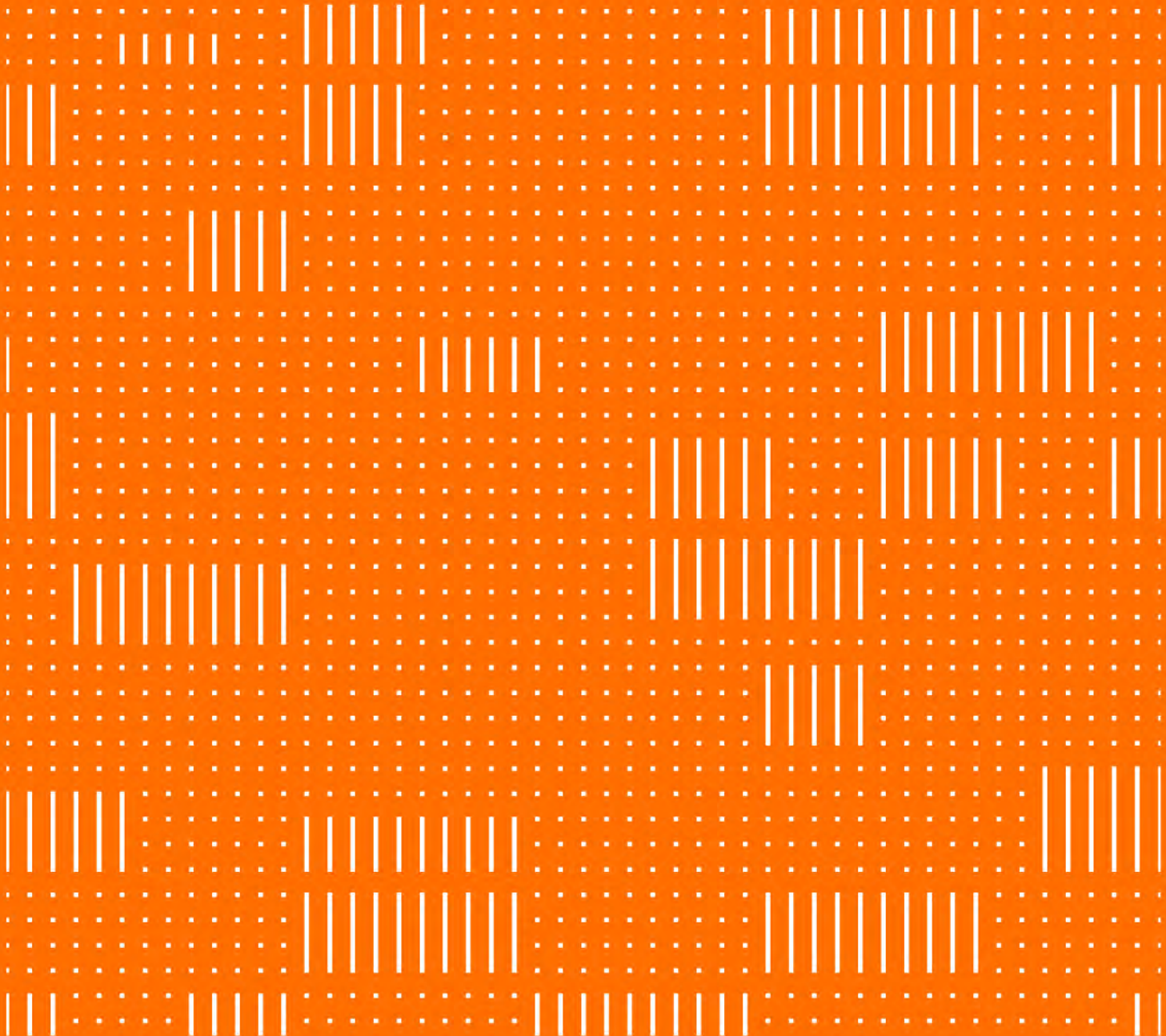
Sustainability risks in our industry	Our responses
Increased costs incurred a new waste policy (e.g. the coming Municipal Solid Waste Charging Scheme).	We are working on reducing waste generation, increasing our recycling rate, and raising awareness of staff and subcontractors of the need for proper waste management practices.
The generation of food waste by the canteen operator in SuperTerminal 1.	We are regularly monitoring our food waste and recycling record and are working with our canteen operator to raise their awareness of the issue.
The potential of chemical waste, emissions and leakage of chemical gas or liquids from dangerous goods and maintenance works.	We are providing awareness training to staff to increase their preparedness for emergencies, and to ensure everyone knows how to minimise the impact if an incident should occur.
Fluctuation of energy consumption due to changes in weather, cargo tonnage, and other variables related to energy usage.	We regularly monitor our energy performance and are exploring new energy management opportunities.
Fluctuation of carbon emissions factors, changes in targets, and our overall greenhouse gas emissions performance.	We are taking part in the AAHK Carbon Reduction Programme, collaborating with AAHK and its key aviation-related business partners to commit to achieve Net Zero Carbon by 2050, and are closely monitoring our carbon reduction progress.
Air pollution due to equipment malfunction or an unexpected incident during operations.	Our team regularly patrols our facility and undertakes equipment maintenance to prevent air pollution from the canteen kitchen, mobile equipment, and incoming vehicles. We are also exploring opportunities for investing in more low emission mobile equipment such as electrical Ground Service Equipment (e-GSE).
Potential increase in injuries leading to reputational impact and higher insurance costs.	To stay on top of this risk, we undertake annual safety audits, regular planned joint inspections and observations of worker compliance with the system. Following inspections of non-conformances, a checklist highlighting areas for rectification is issued. Workers involved in the non-conformance receive formal warnings. Health and Safety KPIs are developed with associated rewards and punishment. We also perform regular fire and evacuation drills to ensure our emergency preparedness.
Protection of personal data or privacy regulation violations due to negligence or technology mismanagement.	We counteract this risk by having implemented the necessary privacy policies and guidelines in data retention, incident handling, privacy impact assessment, third party risk management, data registry, privacy reporting etc. We have also enforced data privacy related activities for assigned Data Stewards on the regular performance of privacy assessments, data registry updates, privacy reporting, etc. We hold regular DGC meetings to update Data Stewards of any privacy management changes. To raise privacy awareness among our team, we held a gamification event in 2021.

6.1.1 Training on ethical conduct

Our training for key compliance topics covers anti-corruption, equal opportunity, anti-competitive practices, conflict of interest etc., as well as an ICAC Talk on Corruption Prevention, and all

relevant staff undertook the training in 2021. Also, all employees have completed the Jardine Group annual code of conduct e-learning module.

Putting our people first





We are in business for people and our people remain at the centre of everything that we do.

Enabling us to deliver consistent and high-quality service to our customers, our employees are core to our business success. Their leadership, talent, and commitment ensure we remain leaders in our sector, are competitive in the marketplace, and operate our businesses effectively and efficiently. In return, we offer an engaging, safe, and inclusive environment in which our employees can thrive.

Indeed, ensuring that all Hactl employees work in a safe environment, are remunerated fairly, and have access to good development opportunities is central to our employee value proposition. Characteristics we seek in our people include a willingness to take initiative, open-mindedness, ability to work as a team, and passion for continuous learning and improvement. We encourage collaboration across teams, demonstrating our commitment to providing an engaging and caring working environment. We also see the value of recruiting, training, and retaining the best people at every level of our organization – and of over 2,000 employees, 1,101 of them have been with us for over 10 years.

At Hactl, we believe that employee engagement initiatives help us stay in touch with the needs of our workforce, ultimately boosting team morale and productivity. As the COVID-19 pandemic has highlighted the importance of employee health, safety and wellness programmes and the impacts that Hactl can have by supporting our communities, we have increased our focus on ensuring that everyone is proud to be a part of the Hactl team.

In coming years, we plan to expand internal and external social inclusion initiatives including:

- **Renovating our workspaces.** Our offices have not changed much over the past 20 years and we aim to continuously rethink and reformat into a modern and energetic workspace using many sustainability elements.
- **Advancing employee volunteering.** We aim to arrange more volunteering opportunities so that everyone in our team can help support our social inclusion pillar across Hong Kong.
- **Expanding our partnership network.** We target to create long-term collaboration with NGOs and charities in Tung Chung to serve the community.

Of over 2,000 employees,

50%

have been with us for over
10 years.



Rewarding employee loyalty

We like to think that Hactl is a great place to work, and one way our employees have proved it is through their loyal dedication to the company and sticking with us through good times and tough times. Since 1987 we have honoured over 10% employees who have dedicated many years of service within the company with a Long Service Award. That equates to one of every eight employees!

In 2021, another

300

eligible employees were presented with their award.



7.1

Health and safety

Since 2009,

Hactl has attained
OHSAS 18001 and in

2018

migrated to ISO 45001
certification

All day every day, our operating colleagues undertake intensive work to help move cargo in and out of our terminal. This poses risks to their health and safety, namely from slips, trips, or falls, as well as manual handling and driving a variety of types of machinery.

However, at Hactl, everyone is responsible for safety and it is a top priority for us all. Our award-winning approach to occupational health and safety (OHS) is underpinned by an industry-leading, comprehensive management system that comprises of:

- A 3-tier system for our ISO 45001 OHS management system. This includes an OHS Policy, an OHS Management Manual, OHS Procedures, Job Hazard Analysis Risk Assessment Procedures, Accident and Incident Handling Procedures, as well as an annual Health and Safety Plan, OHS Instructions, and other reference documents.
- An Operational Risk Register and Control Programme that helps us break down potential hazards across our operations and outlines preventative procedures and maintenance operations to minimise risks.
- All shift staff are required to look review a Safety Alert before every shift period as a reminder to stay alert and act safely while working.
- A Safety Incentive Scheme whereby staff safety incentives are annually reviewed and a cash award is provided if safety KPIs are met or exceeded.
- A Safety Management System (SMS) and related, supporting programmes that ensure:
 - Policies, systems, programmes, processes, procedures and/or plans of Hactl are administered and/or implemented throughout the organization.
 - Ground operations are supervised and controlled.
 - Operations are conducted in accordance with applicable regulations and requirements of the customer airlines.

Our SMS is structured in adherence with the most current aviation SMSs which is audited by IATA. The IATA AHM610 Guidelines for a Safety Management System complies with the standards and recommended practices published in the IATA Safety Audit for Ground Operations (ISAGO) standards manual. We were the world's first air cargo terminal operator to be credited for adhering to the IATA Safety Audit for Ground Operations standard and were the first in Hong Kong. We have also instituted a Quality Assurance Programme (QAP) as a component of the SMS. The QAP essentially acts as a quality management tool designed to ensure operations personnel perform their assigned duties safely and securely per our service standards and applicable regulatory and customer airline requirements.

These documents, especially the OHS Policy, are made available to interested parties through various means, e.g. by posting on Hactl's intranet home page, our staff mobile app "KaGor", in staff locker rooms and around lift lobbies. We annually review this OHS system, and ad-hoc meetings are held if any adverse trends arise or if the number of injuries increases within a month. The meetings result in action plans to be implemented within three working days to rectify any issues as soon as feasible.

Maintenance and inspection of ground service equipment (GSE) such as ramp vehicles, forklift, tow-tractors is conducted regularly and we have established and maintained programmes and procedures to ensure safe operation and personal protection within the terminal and at the airside interface. We post Behavioural-based Safety Observation (BBSO) all around our terminal which point out common behaviours and bad habits that are to be avoided while working. Every colleague has the responsibility to interfere and intervene to keep their co-workers safe and to report hazards and safety concerns through our hazard reporting and safety reporting mechanism. Additionally, supervisory staff provide promotional campaigns designed to incentivise workers to prevent accidents.

All operation staff



took part in the Dangerous Goods Training Courses

The injury rate at Hactl has dropped by

70%↓

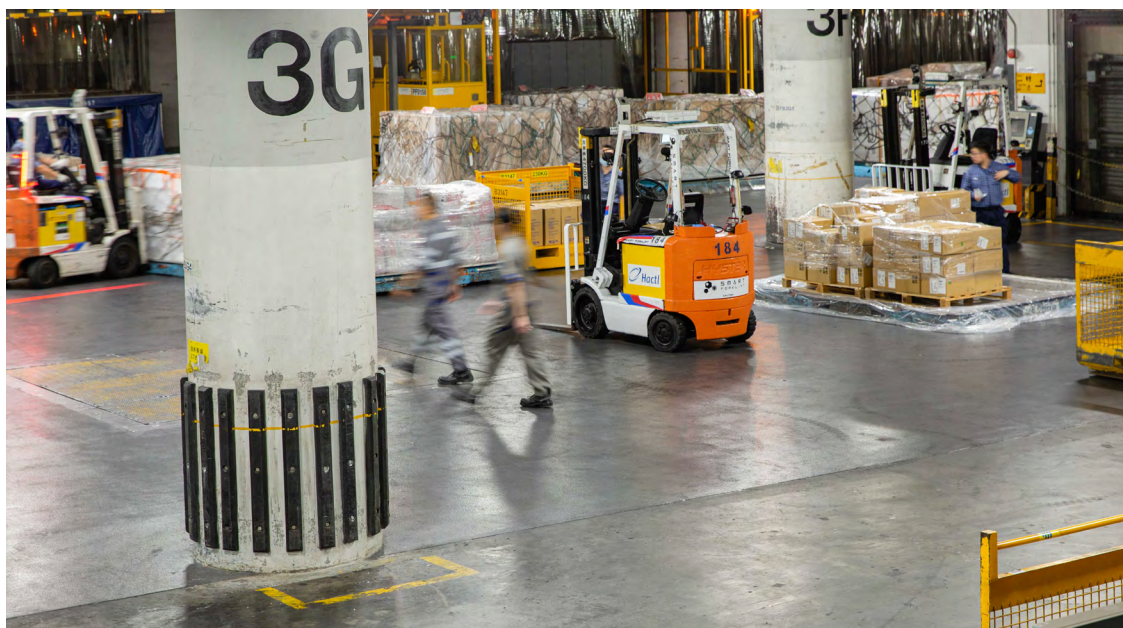
since 2014

All our OHS efforts are overseen by the EHS Committee; a cross-departmental team established in 2008 that meets every two months to review EHS matters. This two-dimension team helps to drive top-down EHS guidance and also collects feedback from the frontline, to ensure practical improvement measures are adopted. We have also provided a suggestion box in the staff locker room and by the HR office, to collect comments from Hactl staff.

We are accredited by IATA to run IATA Dangerous Goods Regulations basic and refresher training courses for our own personnel and external participants. Hactl operational staff is required to attend a Dangerous Goods course and must attend a recurrent training every 24 months. These training programmes are mandatory requirements of the Civil Aviation Department and comply with IATA Dangerous Goods Regulations Training Courses.

In 2021 100% of our operations were covered by an external certification, namely ISO 45001. We believe it is from our stringent safety culture and our many OHS policies that the injury rate at Hactl has dropped by 70% since 2014. This is a testament to the strict implementation of our safety policies that promote employee health and safety in the workplace.

The strong OHS focus in Hactl has been publicly recognised with no less than four successes in the Hong Kong Occupational Safety and Health (OSH) Award in 2021. We achieved top honours in both the Safety Management System Award (Other Industries) and OSH Promotion Award categories, in recognition of the exceptional health and safety culture as well as the strong policy of educating staff and business partners in workplace safety respectively. We also secured Silver in the OSH Enhancement Program Award and Bronze in the Occupational Rehabilitation Award.



Safety never takes a day off

Hactl Safety Week is an annual event held to promote safety awareness among staff through fun-filled activities. Resonating its "Hactl safety, sky's the limit" theme this year, the one-week event expressed our wishes to take to the skies again, while we also wish to bring safety at Hactl to new heights.

Due to the pandemic, the event was held online with a well-established and user-friendly platform. The various talks and amusing games drew in a record-high participation rate among staff as they heightened their safety awareness and received attractive prizes.

This year was packed with exciting yet informative events:

- **The opening ceremony** was delivered through a video to kick-start Safety Week 2021. Our CE, Mr. Wilson Kwong, introduced the theme and programme of this year's Safety Week and the concept behind it. His remarks highlighted our approach to nurturing a shared mindset and aligning our vision for sustainability within the company.
- **The safety quiz competition** is every safety week's highlight. Each department is invited to participate in the competition. From this, not only was our colleague's knowledge of the company's OHS procedures strengthened, but each team had the opportunity to bond together all through the preparation period and competition. This year's competition was pre-recorded to maintain social distancing and was then edited into a TV variety show format so that everyone could learn about OHS related messages enjoyably.
- **External speakers were invited to share updates on the OHS trends.** We were pleased to have AAHK and Occupational Safety and Health Council (OSHC) conduct a talk regarding driving safety on the ramp and manual handling operations. These

presentations were particularly designed for our frontline staff working in the warehouse and airside and served as a reminder for colleagues to stay alert and avoid accidents at the workplace.

- Four video clips starring our safety week ambassador - "**Safety Superman**" were posted on the website. Each clip reveals an unsafe act that we want colleagues to identify and avoid during their work.
- We revisited the "**Seven Steps Warm-up Exercise**" where colleagues, no matter if they work in the office or warehouse, follow step-by-step guidance to relax and reduce chances of muscle sprains and strains.
- **The distribution of a complimentary health drink** to all our staff to increase their awareness of personal health and the importance of staying hydrated at work.

Safety is of paramount importance at Hactl and nothing can stop our wholehearted commitment to safety - not even a pandemic. We will continue to create a safety culture at the workplace through the continuous advancement of our OHS strategy.



7.1.1 Operating responsibly in challenging times

As soon as the COVID-19 outbreak made its way to Hong Kong, Hactl has proactively instituted a host of measures to ensure the health and safety of our employees, terminal users, tenants, and visitors. Starting in 2020 and continuing into 2021, we have been determined to do our best to be of help wherever possible.

For our employees, terminal users, tenants, and visitors we have:

1

Installed thermal cameras in our staff canteen and throughout SuperTerminal 1.

2

Required everyone to have their temperature taken before entering our premises and to wear masks. We are also now implementing additional temperature checks for all staff during their shifts or, in the case of office staff, after their lunch breaks.

3

Installed over 140 disinfection devices and 120 air purifiers to enhance indoor air quality.

4

Applied airDefender 365-day antibacterial and antiviral coating solutions to public areas at SuperTerminal 1, including toilets, corridors and lift lobby.

5

Provided hand sanitiser throughout the SuperTerminal 1 and distributed masks to staff. Recognising the need for safe and sustainable mask holders, we have been providing environmentally friendly face mask holders to our staff since early 2020. Made from upcycled and sanitised wallpaper samples, each holder is sealed in a non-toxic, biodegradable, and water-soluble plastic bag.

6

Hosted a vaccination drive starting with prioritised high-risk staff and encouraged all employees to get vaccinated, and have asked everyone to wear additional personal protective equipment (such as gloves, face shields, and protective gowns) if deemed necessary for their work.

7

Touchless elevator button known as “kNOw Touch” has been installed to enable passengers to control the lift without physical contact and transparent shields have been installed at our service counters to further reduce the chance of transmission.

8

Restricted the number of seats in use in our canteen to comply with social distancing directives; and enacted the requirement to use the Leave Home Safe app.

9

Enplaced a ban on business travel, restrict business meetings to teleconferencing, and allow home-working for some office staff.

10

Adjusted shift rosters were constantly reviewed to minimise the number of staff on-site at any one time.

11

Arranged an on-site COVID-19 combined nasal and throat swab Mobile Testing Truck to facilitate compliance with compulsory testing notices (CTNs). Any employees who do not comply with CTNs are not allowed to report duty.

12

Enacted a pre-registration health records system for those with airside access.

13

Responded promptly to all preventive measures announced by AAHK and Center for Health Protection (CHP).

14

Maintained regular locker room sanitisation and divided the junior staff locker room to prevent cross-infection.



Shield-ing against the virus

Keeping the largest multi-level air cargo terminal in the world clean and sterilised is no small feat. To help us stay on top of the virus, we have introduced a fleet of 12 sterilisation robots that exterminate viruses and bacteria in the common areas of SuperTerminal 1, including the lift lobby and canteen. Named HACTL THE SHIELD R1 to R12, these robots enhance protection against COVID-19 for staff and terminal users by touring around the terminal throughout the day.

To safeguard our staff who are dedicated to handling high-risk cargo and have unavoidable close-range contact with crew members, two full-body disinfection channels, HACTL THE SHIELD MK-1 and MK-2, have been installed in our warehouse exclusively for the frontline staff. The channels first check the body temperature of users who then enter the enclosed channel for disinfection and sanitising. The channels apply photocatalyst and “nano needles” technology to remotely kill viruses and bacteria on human bodies and clothing.



[Watch “HACTL THE SHIELD sterilisation robots” video](#)

Considering the nature of our business, we refocused our efforts to help support pandemic relief by doing what we do best – providing ground handling of cargo by the safest, most efficient means possible. Once we learned that vaccines were ready to be shipped to Hong Kong, our dedicated, highly-qualified pharma handling team proactively updated itself with all the new industry guidelines, fine-tuned procedures for the handling, storage and transport of COVID-19 vaccines. Given the value of this precious cargo, its urgency, and its sheer importance to the world’s pandemic recovery, we worked round the clock to ensure there was no avoidable loss of doses in transit.

To ensure our pharma readiness, we made significant investments in equipment and the total re-engineering of our typical handling process. We have a multi-zoned (15°C to 25°C, 2°C to 8°C, and -15°C to -25°C) temperature-controlled facility spanning over 2,000 sqm; 24/7 CCTV and security staff; thermal dollies to avoid temperature excursions on the ramp; and support for dry-ice containers and re-charging of e-containers. Our “Golden Route” provides the fastest possible route through our facility, and we keep further customise SOPs to individual vaccine shipment types. Our accreditations like IATA CEIV Pharma and WHO

GDP are a reassurance of compliance with best practice, and conformity with globally-recognised, uniform parameters – and our pharma offering aims to provide COVID-19 vaccine producers with peace of mind for their product.

We remain firm in our commitment to ensuring the health and safety of Hactl employees, terminal users, tenants, and visitors, we continue to closely monitor the situation and fully observe health protection advice and guidelines issued by the CHP. We have continuously assessed the adequacy of ongoing anti-pandemic measures and make adjustments and enhancements in accordance with the latest situation.

We also believe that the challenges of 2020 and 2021 can also be considered as an opportunity to learn and prepare for the future. The difficulties of fighting the pandemic have thoroughly tested our management capability, operational efficiency, and crisis management readiness. However, together with our dedicated team and our people-centric values, we were able to prevail during this challenging time together and will continue to do so for years to come.

Hactl commended by Saudia Cargo for outstanding performance

In August, Saudia Cargo presented its “Outstanding Operational Performance Award” to Hactl, in recognition of our excellent cargo handling service throughout 2020. Despite the numerous challenges brought about by COVID-19 last year, Hactl was able to provide instant responses and full support to the airline’s requests, along with full compliance with all safety and security standards. Currently, Saudia Cargo operates nine scheduled flights per week and ad hoc charters to Hong Kong.

7.2

Welfare and labour rights



We know that one of the reasons why team members stay with us is our competitive benefits and compensation packages as well as our human resources policies and practices. We offer a full range of benefits that support our team², including:

- Medical and dental health assistance scheme
- A staff retirement plan and employer topped-up MPF contributions
- A housing loan plan for eligible employees
- Sick, marriage, birthday, compassionate, and jury service leave
- Managerial, discretionary, annual safety, Chinese New Year, and quarterly special attendance bonuses
- Free shuttle busses and transport subsidy
- Overtime allowances
- Life insurance

We also offer maternity and paternity leave, and recently increased the coverage to 14 weeks and 5 days, respectively.

We communicate companywide requirements and expectations via our Employee Handbook, and various human resources (HR) policies to ensure that all aspects of employment, including fair hiring practices, compensation and dismissal, working hours, rest periods, anti-discrimination and employee welfare, meet or exceed local legal requirements.

Consistent with our values, we are dedicated to complying with all laws and regulations that relate to human and labour rights compliance. Given the nature of our business, the risk of forced or child labour practices taking place in our operations is extremely low. Regardless, we have embedded human rights practices into our corporate culture as an ongoing commitment to our values and to being a responsible business. As members of the Supplier Ethical Data Exchange (SEDEX) since 2014, we are required to supply details of our approach to managing four key areas - health and safety, business ethics, the environment, and human rights.

7.3

Engagement and fostering a healthy working culture

At Hactl, we realise that keeping staff morale high is of the utmost importance and every year our HR department host an array of programmes aimed at keeping employees engaged. In 2021, to contribute to overall employee wellbeing, create stronger connections between employees, and increase employee satisfaction and productivity – we conducted numerous programmes for our team:

- Celebrated Hactl's 45th Anniversary with a series of events including a Year-end Lucky Draw for all staff
- Conducted online Lunch Talk
- Hosting monthly JCC meetings and Union meetings for cross-departmental discussion
- Issued Voice of Hactl, a bi-monthly in-house magazine that chronicles operational updates, event highlights, staff sharing and fun quiz
- Launched Safety Week and Green Week to innovatively continue our advocacy work on operational health and safety, and sustainability
- Supported the "Joyful@Healthy Workplace" scheme
- Hosted a movie day
- Established The Library



Bringing literature to our team

We believe that reading not only broadens our horizons, but also eases work stress and stimulates inspiration and motivation at work. In late 2021, we opened the Hactl library to encourage the habits of reading, learning, self-development, and relaxation. We invited an independent bookstore to curate over 300 books based on four major pillars (Life Model, Culture, Value, Family), which cover a wide range of genres including art, biography, city guides, history, health, self-help, travel and parenting. The library has been a welcome addition to the office and our team looks forward to continually enhancing their cultural development and a mentally healthy workplace. More books will be added in the future on an expanding range of topics.



[Watch "The Hactl Library" video](#)

We also have a Canteen Committee so that staff can channel their feedback on the canteen's services and food, and an EHS Committee to discuss environmental, health and safety topics between frontline staff and management.

Every year in November we survey the whole team about their satisfaction with the company. The results of which are reflected in our Staff Satisfaction Index (under ISO 9001) and in 2021 we achieved a satisfaction rate of 99.0%, which the quality objective has been achieved

since 2010. All our engagement, including the satisfaction survey, is overseen by the HR team, who monitors programming and implements follow-up actions if any concerns are brought-up. The SSQ section collects the survey results from HR as a counter-checking measure and sets new KPIs collaboratively for the subsequent year to drive continuous improvement. An annual Management Review Meeting with the CE and Directors presiding is held to review the survey results and KPIs set.



Bringing our team and sustainability TO-GATHER

We reinvented a tired, under-utilised outdoor catering area within the rooftop gardens of SuperTerminal 1, to create a new and exciting multi-purpose space coined as “TO-GATHER”. TO-GATHER provides space for staff to get together, socialise and relax after a hard day’s work, and thus relieves and enhances staff engagement. It accommodates various group activities and is equipped with barbecue facilities. As part of Hactl’s ongoing “Green Terminal” project, local farmers will work with Hactl staff to set up an organic garden within TO-GATHER – sharing their experience and knowledge of growing food without chemicals, and enabling staff to enjoy the experience of harvesting and eating their own sustainable produce.

7.4

Development and training

We believe that fostering a highly skilled workforce and supporting employees’ long-term career goals is to sustain our social and economic success.

When considering that air cargo professionals play an essential role in ensuring world trade and fast and safe deliveries of cargo and equipment of all kinds – it is absolutely a priority at Hactl to make sure our staff is at the top of their class. Our aviation safety training is providing in compliance with ICAO, IATA, HKCAD, and other authorities requirements. Our staff are required to be trained and competent before taking part in any operations at SuperTerminal 1. In addition, our Operations Training Manual includes several technical training modules for training operations personnel.

Our technical trainings cover topics such as equipment operation, aircraft loading, dangerous goods and special cargo handling, and other aviation related training. Most technical trainings are delivered by our team of internal trainers who are experienced in the aviation industry and with relevant qualifications. We also provide trainings for our staff to develop their personal attributes

and skills. For example, leadership and coaching training for supervisory staff and communication skill trainings for customer-facing colleagues. Overseen by our Learning and Development Department, Hactl provided 1,535 training courses or programmes and invested in over HK\$ 3.03 million worth of training for our staff in 2021.

We monitor the efficacy of our training via annual internal ISO 9001, ISO 14001, ISO 45001, and ISO 50001 audits. We are also regularly audited by IATA, independent certification body and customer airlines to ensure our training complies with ISO 9001, ISO 14001, ISO 45001, ISO 50001, IATA CEIV, ISAGO and other requirements.

Underpinning all our employee development programmes is our performance appraisal process. This is used to identify career aspirations and developmental needs for our people leading to the creation of bespoke training and other programmes. It also serves as a critical input into our salary increments, bonuses, and especially our succession planning processes where we seek to develop internal talent pools for all areas.

Engaging our community





Our business aims to help the Hong Kong community prosper.

Committed to providing best-in-class service and reliability for our customers, our talented workforce understands the critical role of teamwork and demonstrates it through respect, professionalism, and inclusive collaboration. This internal sense of community within our company also resonates beyond our doors and into the community at large. We have always encouraged employees to show their kindness to society and we arrange a variety of opportunities for them to volunteer and take part in regular and ongoing community engagement initiatives.

We do this because we recognise that the prosperity of our business is closely aligned to the well-being and livelihood of the communities in which we live and work. This inspires us to act as a responsible community member and to engage in activities that help our employees, suppliers, business partners, and local community members to prosper. This is achieved by nurturing long-lasting relationships with our business partners and suppliers, investing in and volunteering for local charity groups, and protecting our customers.

8.1

Managing supply chain partnerships

Hactl plays a key role in the air cargo industry supply chain. Given the complex supply chains in our industry, we recognise it is not enough for us to take ownership just for our own behaviour but we must ensure our direct and indirect suppliers are also operating in a responsible way that aligns with our values, ethics, and approach to sustainability. As such, it is our responsibility to maintain high environmental and social standards within the supply chain and to nurture our business partnerships.

The vast scale of Hactl's operations, with thousands tonnes of cargo handled daily means that most of our suppliers are also operating on a large scale, which can create a major impact on our overall sustainability performance. To counteract this, our approved vendor selection criteria include ESG components such as awareness among staff of general sustainability-related concerns, energy management, as well as the implementation of any green initiatives (e.g. energy saving, carbon reduction, etc.) and whether they adhere to any safety and HACCP/IATA PCR principles. Accordingly, the appointment of all suppliers depends heavily on their environmental credentials, and only truly responsible suppliers enjoy the privilege of taking part in our tender selection process, as long as they are ISO 9001, ISO 14001, ISO 45001, and/or ISO 50001 or other equivalent standards.

Our decentralised supplier procurement system and departments individually oversee their own criteria management and procurement. They undertake annual evaluations of all suppliers, and environmental under-performance can result in contract termination. Evaluations adhere to our Supplier and Sub-contractor Qualification Report. We have adopted a responsible procurement plan for certain projects and ask if suppliers hold relevant ISO certification, or as a bonus, if they have any green or socially responsible initiatives in their own operations.

Particularly since the onset of COVID-19, different players in our supply chain have been facing different challenges which Hactl has listened to and we communicate openly with them to come up with sustainable win-win solutions to keep our supply chain strong and intact. Since we implemented our green procurement plan in 2013, not one supplier relationship has been terminated as we consistently communicate our expectations and allow suppliers to improve their performance using an improvement plan. We often incentivise contractors such as our waste collectors if they exceed contractual KPIs, while any underperformance triggers immediate reviews and demands for improvement. For example, a recycling vendor was once found to be under-performing, so we invited them to discuss the challenges they were facing and together we prepared a strategic improvement plan. We also gave an incentive for them to improve their recycling rate beyond their established KPIs. Months later, their performance was back on track.

Hactl was honoured

**"Best Green
Air Cargo Terminal
Operator"**

in the Asian Freight,
Logistics and Supply Chain
(AFLAS) Awards



A challenge we have with procuring sustainable products are government and aviation requirements for safety that limit options. For example, when selecting vendors for plastic pallet packaging, we have sought to procure plastic made solely from recycled materials. However, due to requirements to use only clear or transparent plastic, there were no existing products available in the market. We since have collaborated with some suppliers to develop a new product that contains recycled content while maintaining quality requirements. After several trial rounds and receiving invaluable

feedback from our front-line staff, we found a supplier that can provide recyclable PE plastic sheets made from 30% recycled plastic.

We are confident that our approach to engaging with our partners and suppliers is working, and appreciate the recognition we received for our efforts. In 2021, we were honoured "Best Green Air Cargo Terminal Operator" in the Asian Freight Logistics and Supply Chain (AFLAS) Awards and the Sustainability Award at the Pride of Ground Handling Awards.

8.2

Customer data protection

We are also committed to protecting the privacy, confidentiality, and security of the personal data we hold, as stated in our [Privacy Notice on our website](#). All personal data collected through online platforms is handled appropriately in accordance with the requirements of Hong Kong's Personal Data (Privacy) Ordinance and the European Unions' General Data Protection Regulation (2016/679). We are equally committed to ensuring that all our employees and agents uphold these obligations. This is overseen by the DGC which meets every

quarter and was established with EDCFO as the Data Protection Officer leading a group of Data Stewards. In 2021, no complaints were received from customers regarding data privacy.

In addition, being mindful of the risks posed by the rapidly evolving digital environment, we work to educate and empower our staff to be more risk-aware and to provide them with requisite skills and knowledge to avoid fraud, scams, and cybercrimes when using our computerised systems.

8.3

Community engagement

At Hactl, we always try to be a caring corporate citizen and encourage our staff to engage with their local communities in ways that reflect their interests and passions. Since 2004, we have been a member of the Caring Company Scheme which aims to foster strategic partnerships between the business and social services sectors to promote good corporate citizenship and create a more inclusive society.

As an inclusive employer, we have continued our six-year-long strategic partnership with the local non-profit, CareER, to provide job matching and peer support for higher educated persons with disabilities and special educational needs. Since the partnership, 10 university students with physical disabilities and special education needs were added to our team. We also provide financial support to and participate in other CareER events, such as their annual RunnERthon and recruitment fair.

Externally, we focus our efforts on helping underprivileged groups in Hong Kong, including low-income families, as well as people with physical and/or mental disabilities or special educational needs. We support NGOs and charitable groups that serve beneficiaries with a variety of different needs. We hope to contribute to a more inclusive society where people with different backgrounds and (dis)abilities are welcomed to engage, so while we support fundraising programmes (HR organised fundraising events for Medicines sans Frontiers, Orbis, etc.), we also give support by collaborating with NGOs and social-enterprises on long-term (CareER) or project basis, to give working opportunities for people with various needs. As part of the Jardine Group, we contribute to MINDSET, the Jardine Group's community initiative that focuses on mental health awareness in Hong Kong. We participate in fundraising events for MINDSET, but perhaps more importantly, we provide temporary job opportunities for their clients where possible.

10

University
Students

with physical disabilities
and SEN were added to
our team

In early 2021, to continue driving social inclusion efforts, the Jardine Group's Colleague Volunteering Programme (CVP) was formed and Hactl representatives joined the other business units to promote volunteering across the group. Since then, we have participated in several activities under the Volunteering Summer programme which was the pilot initiative of CVP, including:

- **Tell Me a Tale:** Hong Kong Land and Po Leung Kuk co-organised an online storytelling programme to promote reading and to develop the learning skills of children before the commencement of academic year. Hactl volunteers were trained in storytelling and interactive skills before the event. They then read stories via online platforms and interacted with their child audience through a question-and-answer and origami session to deepen their understanding of the story's meaning.

- **Donate, Don't Waste Campaign:** Hactl joined hands with other Jardine Group companies in August to collect food, stationery, children's toys and books for students from low-income families before the new school year commenced. The items were sterilised and then donated through social welfare partners, including the Foodlink Foundation (Foodlink) and the People Service Centre. We successfully collected over 300 pieces of school supplies. To ensure that the items collected met the needs of the beneficiary families, volunteers selected suitable items for the school year according to the descriptions of the beneficiaries.

- **Bread Rescue:** 30 Hactl volunteers participated in the collection of surplus bread from Maxim's Group's; Maxim's Cakes and Arome Bakery. After collecting surplus bread and baked goods from various participating bakeries in Kowloon, the bread was delivered to People Service Centre, the food bank that delivers the bread to those in need. The overall ambition of the initiative is to help alleviate the food waste crisis in Hong Kong while addressing the issue of food insecurity in the Hong Kong community.

- **Hearty Bag:** Several workshops were held by Foodlink and Maxim's Group throughout the summer. Foodlink has long been receiving packaged food donated by hotels, the catering industry, companies, and individuals. These foods are all safe to eat despite having been discarded due to label differences, product suspension and other factors. Volunteers contributed by visiting the Foodlink warehouse to classify and pack products according to the needs of the gift recipients, hence delivered to people in need.

Other community initiatives

- **Hactl x gift330 Exhibition:** We recognise the importance of mental health and also actively aim to promote inclusivity. We collaborated with the New Life Psychiatric Rehabilitation Association (New Life) to exhibit artwork by people in recovery at SuperTerminal 1. This collaboration both supports the work of New Life in promoting physical and mental health so that people in recovery can show their artistic potential while also enabling our staff to gain a deeper understanding of people in recovery.

- **Walk Up Jardine House @ your office:** Since 1985, the Group has hosted an annual fundraiser for MINDSET. Participants take part by climbing up the 947 steps up the 49 levels of Jardine House. The steps are added up and matched as a monetary donation. For 2021, observing social distancing measures, the event was brought to the workplaces of the sponsoring companies and participants recorded their steps over a two-week period on the treadmills at the Boost Up Station set up in the workplace. Hactl participants logged 1.03 million steps and won the Corporate Challenge champion in the competition. Hactl also donated HK \$60,000 to MINDSET.

Hactl participants logged

1.03
million

steps at the
Walk Up Jardine House

HK\$
5.97 million

were invested in
sustainability projects



Hactl staff members
and their families and
friends hiked



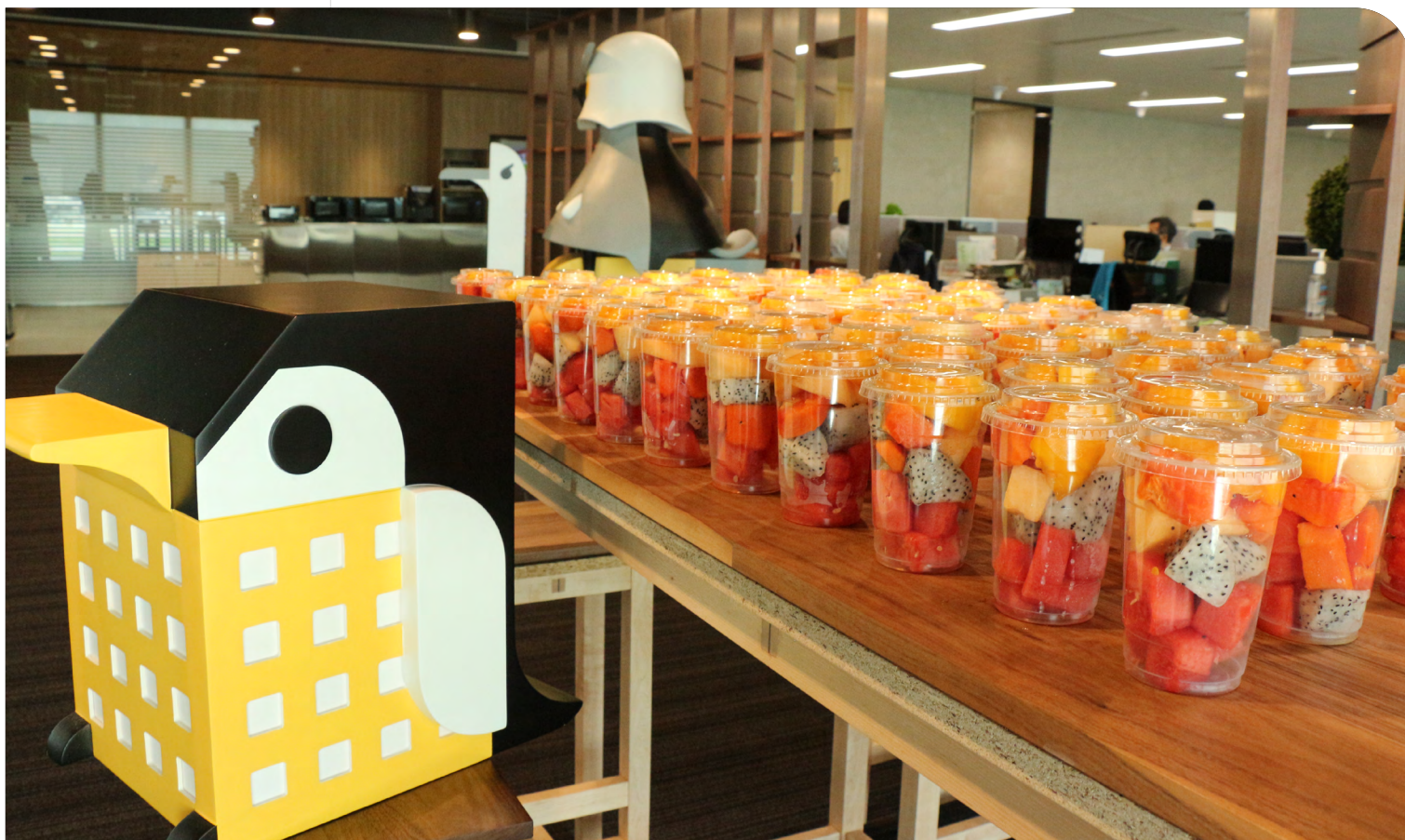
10,429km

in the annual
Green Power Hike

• **Caring Action - Fruit Day:** We have collaborated with social enterprise FruitsMaMa to supply nutritious seasonal fruit for our staff regularly - encouraging them to develop healthy, balanced diets that will strengthen their immune systems. The fresh fruit is selected and packed by a group of women from underprivileged families, providing part-time employment to help support their families, while still taking care of their children or elderly relatives. We hope to do our bit by helping these family carers integrate into society, as well as improving their financial situation during these challenging times.

• **Green Power Hike:** As part of our external community engagement effort and ongoing promotion in environmental protection in 2021, 177 staff members and their families and friends took part in the annual Green Power Hike. Hike participants were encouraged to explore the ecology of the Hong Kong Trail and adopt the "Leave-No-Trace" concept. Hactl has supported this fundraising event since 2013, and this year we brought home three titles in the Aviation and Airport Services Cup section, winning the "Green Enthusiast Award" for most participation, "Active Green Award" for most hiking distance and "Supreme Green Award" for funds raised.

While measuring the impact of our community engagement activities has always been challenging for us, in coming years we will work to improve our understanding of the needs of our local community members and will enhance our measurement processes so that we can better know how to invest our time and money with the most impact.



Celebrating 45 years with our amazing team

Marking our 45th anniversary and thanking our committed team for their dedication and perseverance – especially during the pandemic – we prepared fun, eco-friendly, and heartfelt gifts.

In collaboration with Hello Cocoa, a social enterprise that gives employment opportunities to youth with special educational needs, we gifted a box of handmade chocolates. Thirteen special educational needs (SEN) employees of Hello Cocoa took part in the production, from affixing stickers and bagging chocolates to challenging themselves with complicated processes, such as tempering chocolates and pouring moulds which require precise coordination. Through this collaboration, we are contributing to a more inclusive society and sharing a moment of happiness and celebration with our community.

In appreciation of the great work created from the New Life Psychiatric Rehabilitation Association's "gift330" art therapy initiative, we curated a three-part gift that included a plate and cup gift set as well as beeswax wrap. The paintings on the eco-friendly gifts were made by people recovering from

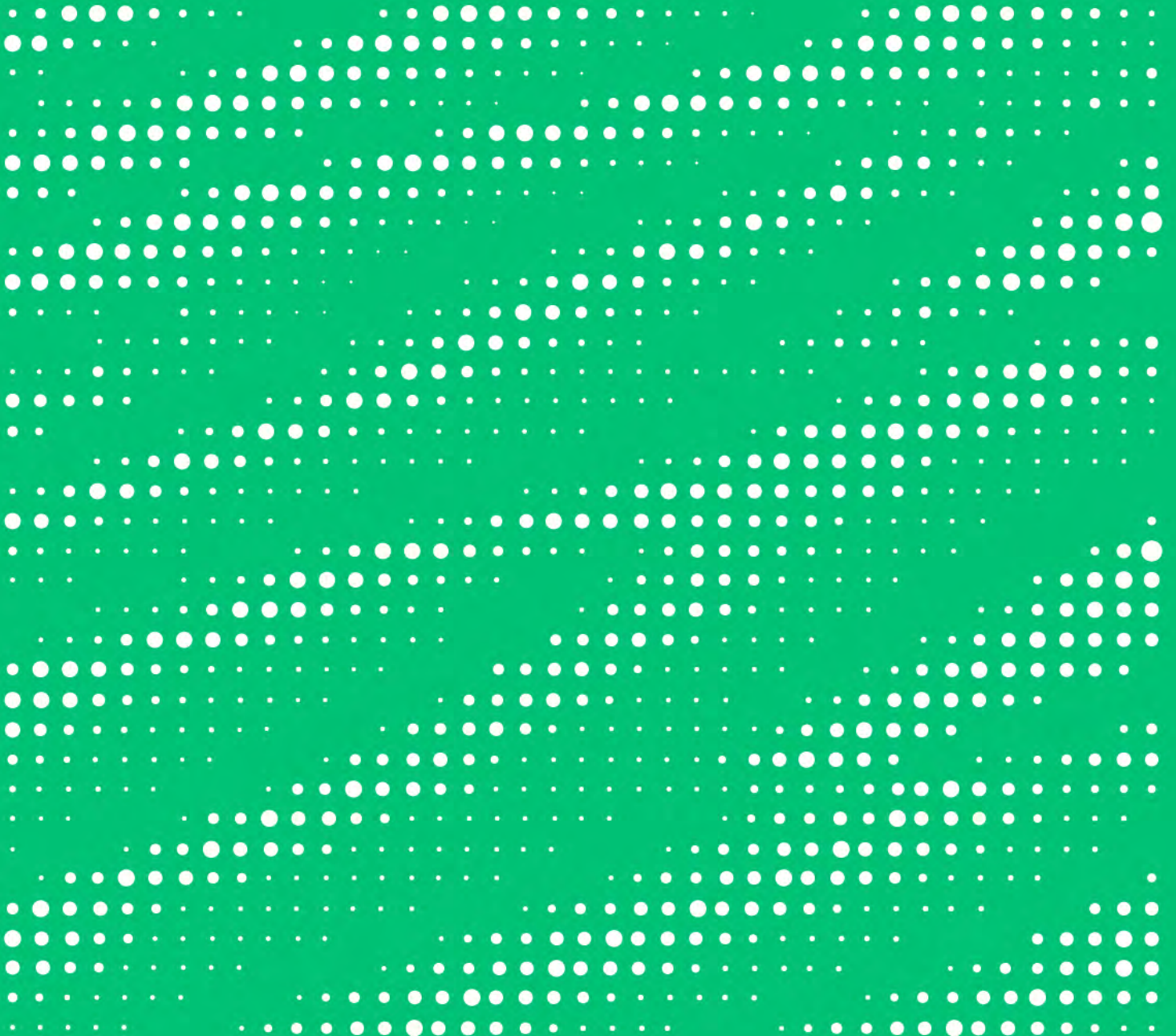
mental illness after their bi-monthly local tours, including a visit to the SuperTerminal 1 earlier this year. The curators have used what they saw and heard as inspiration to create these thoughtful gifts exclusively for Hactl staff.

We also thanked our team with a unique memento – a wooden trophy made with old pallets collected at SuperTerminal 1, as well as disused furniture and eco-friendly wood. Handcrafted by social enterprise Cou Tou Studio, then we suggested 44 different uses, and hosted a competition inviting suggestions for a novel 45th practical use of the trophy to engage our staff. The competition drew a great response with innovative ideas and established a pioneering way to communicate with a variety of staff. By upcycling old pallets – an important tool for air cargo handling, Hactl hopes to connect with its staff and gives new life to our planet's resources.

We distributed these gifts together with the 2022 Sustainability Calendar and an eco-friendly tote bag to our team at the end of the year.



Managing natural resources





Air cargo industry requires natural resources and creates an environmental impact, so integrating environmental responsibility into our operations is good business.

Becoming a sustainable business and creating the greenest handling facility in the industry has been an ongoing ambition for Hactl for many years, which is why we initiated the Green Terminal programme, and we are constantly working to manage our growth sustainably and purposefully. Recognising that competition for raw materials, energy, and water will increase operational costs and place strains on the environment, we strive to optimise the use of these resources and by reducing waste, increasing efficiencies, and operating sustainably.

The key to our success has been our sound internal management practices and systems. Meeting the standards and all relevant requirements of ISO 14001, our Environmental Policy and Environmental Management System (EMS) are

integral to our business strategy. The EMS Manual outlines the various roles, responsibilities, and authorities of key personnel related to the EMS activities. Our EDCFO assists the CE in exercising and fulfilling all operational requirements of the EMS. The EDCFO oversees and has the responsibility to coordinate resource allocation, policy implementation, managing and responding to environmental initiatives of employees, the assessment and control of environmental impacts and aspects, and responding and complying with current environmental legislation and information. Appointed by the EDCFO, our Head of Safety, Sustainability, and Quality Assurance acts as Hactl's ISO 14001 Management Representative and oversees the fulfilment of the corresponding requirements.

Reduced

38%

absolute carbon emissions
since 2015



It is the policy of Hactl to ensure that all cargo handling related operations are conducted in an environmentally responsible manner, as far as practical, through the implementation of our EMS. Our Environmental Policy prescribes our approach to:

- Adopting energy-efficient management practices and investing in energy-saving technologies wherever possible
- Complying with all applicable environmental laws and legislation and striving beyond required standards
- Continually reviewing the effectiveness of the policy and EMS
- Identifying all potential environmental aspects with cargo handling operations and managing materials, preventing pollution, minimising waste production, maximising recycling options, handling chemical spillage and disposal, managing emissions
- Raising awareness of the EMS among our employees through internal communications and encouraging their involvement in the execution of the EMS

To regularly review, update and evaluate all relevant energy and environmental legislation and other requirements applicable to Hactl, and to maintain all work activities and operations in compliance with different legislations and other requirements, we follow our Energy, Environmental, Quality and Safety Legal and Other Requirements Procedures.

These procedures mandate that our team keep abreast of any existing or new legislation, requirements, and subsequent amendments, which are assessed every six months. The procedures also ensure that all relevant statutory requirements have been included in our contract documents and we explain this information and criteria to contractors so that they can better meet the requirements.

Our efforts are informed by our Environmental Control Programme, as well as from the identification and evaluation of environmental aspects via our ISO 14001 and ISO 50001 Register of Risks and Opportunities which is a continuous review of issues, risks, and opportunities of topics ranging from the generation of food waste from canteen operators to the energy use of the chiller plant.

We have already made great progress by integrating digital technology, utilising energy-efficient innovation, and embedding environmentally-considerate practices into our operations. As a result, since 2011, we have reduced our energy consumption by over 26%, increased our recycling rate for plastics and paper by 99% and 95% respectively, and cut our absolute carbon emissions by 38%.

In coming years, we plan to expand on several existing sustainability initiatives. Five key ambitions include:

1 Carbon



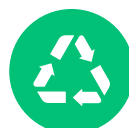
Formulating a Carbon Management Plan to support the Hong Kong International Airport long term carbon management target and strategy, and exploring a variety of carbon reduction approaches such as setting science-based targets

2 Waste



Forming a cross-department taskforce in response to the new Municipal Solid Waste Charging scheme, learning best practices from other companies, and piloting the scheme in SuperTerminal 1

3 Circular economy



Continue improving our recycling performance by upgrading our on-premises waste management centre, and exploring the opportunity to increase recycling content whilst preserving the durability of plastic cargo protection sheets

4 Innovation



Supporting Hack.Asia, reaching out to local innovators for collaboration opportunities

5 Rooftop garden



Continue developing "To-GATHER" and exploring new facilities to create a rooftop garden with sustainability features for staff leisure

Sustainability milestones

Since the launch of our Green Terminal Programme in 2018, we have laid the foundation for numerous ongoing environmentally-considerate actions, including:

2018 → 2019 → 2020

- For the third consecutive year, held our annual sustainability event **Green Week**
- Hosted **Strawless Friday**
- Added 127 **recycle bins** made from reclaimed wood at 50 locations
- Made 80 **wood benches from wooden pallets** for events and furniture
- Received the Hong Kong International Airport (HKIA) **Environmental Management Recognition Scheme's Grand Award** for our waste reduction efforts
- Held the first **Don't Wait, Act Now**, an event that included an upcycling fashion show and DIY corner and game booths
- Staged our first ever **Green Film Festival**, screening six short films promoting sustainability produced by our staff
- Replaced and added 81 **water dispensers** and added three **water vans** for ramp staff
- Started distributing **3-Bo** (which includes an eco-tote bag, a foldable bottle, and a retractable food container) to all staff
- The EHS Committee **volunteered in a community centre** of Food Angel and donated food and drinks to support their Food Assistance project

- Organised the annual **Green Week**
- Strawless Friday expanded to **Strawless Everyday**
- **Transplanted seven trees** from SuperTerminal 1 to three schools in Tung Chung
- Hosted **mushroom cultivation workshops** at five schools in Tung Chung, aiming to spread the message of environmental conservation
- Installed 1,600 sqm of **solar panels** on our roof which feeds into the power grid
- Signed the Hong Kong Environmental Protection Department (EPD)'s **Green Event Pledge** to show our commitment to reducing event waste and driving behavioural change of event participants
- Named **Best Green Air Cargo Terminal Operator** in the AFLAS Awards
- The Green Terminal programme achieved First Runner-up in the **HKIA Carbon Reduction Awards**
- Organised a **Green Terminal Photo Competition** for staff to demonstrate their creativity and enthusiasm for sustainability
- Joined the Friends of the Earth **Tree Planting Challenge** which sought to recover a part of the Tai Lam Country Park which was severely battered by Typhoon Mangkhut. The Hactl team planted more than 120 tree saplings

- Held our annual **Green Week virtually** to promote sustainability while ensuring staff health and safety during the pandemic
- Organised second phase of **mushroom cultivation workshops** as a part of our Sustainable Tree project to promote urban farming and upcycling
- Pledged to create a low carbon terminal and signed the Business Environment Council (BEC)'s **Low Carbon Charter**
- Committed to a recurrent **wooden pallet donation programme** with a Hong Kong start-up project called DOSHA woodcraft to manufacture recycled wood furniture while reducing waste and supporting local designers

Showcasing the impact of collective action at our Green Market

Each year, our signature annual Green Week aims to motivate our team and community to continue along the path to net-zero through behaviour change. It showcases our ambition of becoming a greener terminal, as well as our aspiration to encourage staff to take personal action against climate change. We were delighted to use a hybrid format for this year's events - enabling us to reach a wider audience through digital platform and reunite with colleagues, NGOs, and business partners at a physical event held in SuperTerminal 1 - the Green Market.

Under the theme Be Greener, the market featured staff engagement activities on organic farming as well as ways to be an eco-conscious consumer and to know how to vet 'green' products. The invited social enterprises, namely New Life Psychiatric Rehabilitation Association, Fair Taste, O-farm and LomfaFair, not only promote sustainability, they empowered colleagues to present the practical knowledge they have gained throughout the Green Market programme. Participants learned about what it takes to make a 'green' product, as well as how to sell and promote green products to green

market participants. There were nine sustainability-themed booths, all addressing key sustainability-related topics.

We invited Hactl colleagues to be stall coordinators and co-worked with the green groups to understand the sustainability message behind each theme and then formulate marketing and education strategies. Participants acted as booth vendors and engaged with one another about various sustainable factors including seasonality of products, fair-trade options, the value of buying local, choosing organic and/or plant-based food items, selecting products with less or no packaging, and considering the production processes of a product.

To keep the event genuinely environmentally friendly, we did our best to make everything zero-waste. To achieve this, we borrowed the facilities and reused decorations and utilised discarded wood pallets from our cargo area as decorative backdrops. We shared the booths and wood pallets used for decoration with Christian Family Service Centre and Green Paws respectively. All the booths are now in use at the Community Green Centres and the wood pallets donated will be upcycled into environmentally-friendly cat litter.



[Watch "Green Market" video](#)



Our award-winning office renovation

In 2019, we decided to renovate the fourth, fifth, and sixth floors of our offices. The office has been in use since 1998 and needed a transformation into a modern and energetic workplace built with sustainability elements that adhere to our sustainability principles, and showcases Hactl's proud history as well as Hong Kong's air cargo industry features.

Key features of the renovation included:

Optimised for energy efficiency

- Both the lighting and the mechanical ventilation and air conditioning (MVAC) system have been retrofitted with high energy efficiency systems, while unnecessary lighting and air-conditioning have been reduced since the installation of occupancy and CO₂ sensors.
- We maximised natural lighting to reduce over 30% of lighting electricity consumption. Now, over 97% of workstations receive natural light during the workday.

Reduced water usage

- Water efficient technologies such as sensor type urinal and dual flush water closets were adopted to help reduce the effluent discharge to foul sewers. These devices are projected to contribute to over 60% of annual water saving in the office area.

Designed with human-centric features

- The new office is designed to be a safe and enjoyable working environment. Ergonomic furniture is used in workstations, open areas are designed for relaxed discussion and for staff to take a break, and the newly added baby-care room and barrier-free washrooms are designed to ensure an inclusive workplace.
- The office is also adjacent to Hactl Sports Centre, where staff can use gym facilities, yoga room, table tennis tables, badminton courts and squash courts. Extra recreation facilities such as a billiard table and table football are also available.

Upcycled materials for artistic décor

- Various materials were collected from our construction and daily operational activities and were upcycled into artwork. Displayed in the guest area, the art provides visitors with a glance of Hactl's history and local Hong Kong culture.

We are delighted that in 2021, this office renovation project is completed and attained a Platinum Level certification in the BEAM Plus Interiors V1.0 Scheme by the Hong Kong Green Building Council. The assessment result showed that while 75 points are required to obtain Platinum Level, our project earned 82. This serves not just the recognition of the team effort across many departments in Hactl, but inspires us to reach greater heights of sustainability, especially as we embark on our net-zero carbon journey.



[Watch "Hactl's refurbished office" video](#)



9.1

Climate change adaptation and mitigation

At Hactl, we recognise the role that the aviation industry plays in affecting the global climate and as a major player in the air cargo industry addressing our impact is a profound and important challenge that we are facing head-on. As part of the Jardine Group, we know that addressing the climate issue is critical to the physical economic and social wellbeing of the communities in which we operate and the Jardine Group collectively aims to enhance our climate resilience by formulating strategies that speak to climate adaptation and mitigation as well as our effective energy and emissions management.

As climate change presents various risks and opportunities for our business, we are committed to mitigating climate-related impacts and to investing in climate-resilience planning. We have adopted a science-based, pragmatic approach to climate resilience by seeking to mitigate the very real physical risks of extreme weather, rising temperatures, heavy rainfall etc. as best we can. Some of these risks and opportunities include:



For typhoon management, we have a series of risk control measures and an annual typhoon drill is conducted every year. For managing flood risks, much of the responsibility lies with the Airport Authority Hong Kong in ensuring the overall availability and functionality of an airport, and as a franchisee of AAHK, our risk control measures are to support their eco-initiatives.

We are determined to improve our approach to identifying, assessing, and managing climate-related risks and aim to enhance our disclosure on these risks and opportunities in coming years.

We have adopted a suite of plans and policies to measure, monitor, and prepare to address these risks and opportunities. Our climate risk minimisation efforts are guided by our Decarbonisation Plan which lists our intended action plan to help achieve the AAHK's net-zero carbon target by 2050. We conduct an

annual Management Review and regular (at least quarterly) review of our natural resource usage and emissions to see where we can create more efficiencies. Much of these measures are overseen by the Jardine Group's Climate Action Working Group (CAWG), which like the CVP, exists to drive awareness and strategic alignment on climate adaption and mitigation. The CAWG was formed in early 2021 and comprises representatives from all business units who collectively determine how best to minimise climate risks across the Jardine Group.


Hactl is also a signatory of the BEC's Low Carbon Charter which indicates a commitment to decarbonisation by mandating voluntary decarbonisation targets, disclosing progress towards achieving these targets, and advocating target setting and low carbon practices. Being a signatory also demonstrates our commitment to contribute towards the ambitions of the 2015 Paris Climate Accords.

9.2


Emissions management

The majority of emissions emitted from our operation come from GSE and vehicles that transport cargo to and from our terminal. To address this, and to show our support for not only HKIA's aim of being one of the world's greenest airports but also the Hong Kong government's Climate Action Plan 2050, we have introduced emissions reduction initiatives such as:


Phasing-out ageing vehicles and replacing them, wherever feasible, with electric vehicles including e-GSE, cars, and forklifts across our campus




Replacing refrigerants for the chiller rooms with ozone-friendly alternatives



Upgrading all eligible GSE and ramp tractors to be biodiesel vehicles



Setting up electric vehicle charging stations for tenants



9.3

Energy management

To reduce the amount of energy required to keep the systems running throughout SuperTerminal 1, for lighting, ventilation and other building functions in operation we have:

- Installed lighting motion sensors
- Installed plastic curtains at entrances to air-conditioned warehouses to reduce cool air leakage
- Modernised and modified the efficiency of cargo lifts
- Upgraded the lighting system to LED
- Reviewed and reduced lighting levels in non-critical working areas
- Replaced aging chiller plants and air handling units with higher energy efficiency models

Perhaps our most significant effort to counteract our energy usage is our 160 kWp solar farm that was installed on our roof in 2019. Spanning 1,600sqm, the system has been an important milestone in our long-term, ongoing Green Terminal programme. Between 2019 and 2021, the solar farm has generated a cumulative 521,559 kWh of electricity resulting in a reduction of approximately 235,507 kg of CO₂ emissions. We are inspired by the success of this initiative, and recognising that the space and openness of the airport is well suited for solar and wind energy projects, we hope to introduce similar systems soon.

Our energy management efforts are a collaborative effort across many departments and sections that ensure adherence with our ISO 50001 Energy Policy and our Environmental Management Plan. The monitoring of our energy usage is a compulsory topic at the EHS committee bi-monthly meetings, and if anything is out of line, they immediately develop an action plan to resolve it. We also engage an external professional consultant to conduct an annual Energy Review Report to calculate our energy consumption, assess our energy profile and trends, determine our energy baseline and significant energy use, and set reduction targets and identify energy management opportunities. We are confident that these efforts and management practices are what ensure we achieve our energy reduction targets each year.

In 2021 we took part in an energy discussion with AAHK, participated in the BEC's Climate Change Business Forum, and kept in close contact with local educational institutions to stay on top of innovative energy-saving ideas. We also met with start-ups at Science Park and Cyberport to learn how technological advancements can help our energy-saving efforts.

Between 2019 and 2021, the solar farm has generated a cumulative

521,559 kWh

electricity resulting in a reduction of approximately

235,507 kg

of CO₂ emissions.

Supporting future sustainable innovation

Inspiring the next generation of innovators and business leaders is the aim of Jardine Group's Hack.Asia event that invites students, and start-ups, to develop technology-driven solutions to address current challenges faced by the Jardine Group and its strategic partners. As part of our ongoing support for local innovation and start-ups, Hactl participated in the 2021 Hack.Asia virtual hackathon by issuing a challenge to find innovative ideas for our many sustainability challenges. This year's challenge statement, called Blue Sky from Ground, asked participants to explore the practicalities of enhancing efficiency in assigning and utilising GSE, and to equate fuel consumption and CO₂ emissions reduction.



9.4

Waste management

Common among air cargo handling terminals, managing the waste that comes into and out of our terminal is a priority focus area for us at Hactl. Our operations within SuperTerminal 1 create paper, plastic, and wooden pallet waste as well as food waste from our staff canteen, and various electronic and chemical waste from our operations.

Plastic cargo protection sheets are used as weather-proofing for cargo as it travels from planes to the terminal. Our staff and other cargo agents are required to remove the packaging from cargo when it arrives at the terminal. From the cargo breakdown process, plastic and wooden pallet waste is generated. Currently, using plastic sheets for cargo protection is an industry standard, and there are no alternative materials available. In response to this upstream challenge, we have been exploring using alternative options such as recycled plastic to reduce the use of single-use plastic. To minimise the downstream impact of the potential pollution this waste creates, we have installed plastic waste compressors in our warehouse to reduce the size of the plastic waste. Then, both the plastic and wooden waste are collected and sorted by a contracted waste collector at a designated location within our premises, and then are either upcycled for reuse or sent to the landfill.

As for paper, a substantial amount is used for both import and export processing. This includes various documents such as Air Waybills, forms and checklists, many of which are still legally required to be printed. The impact of this process

affects both our upstream and downstream value chain and in response, we have been digitising the documentation processing in our operations as far as is feasible. We also actively engage with our customers and suppliers to encourage the transition to electronic methods.

Regular equipment maintenance, including the replacement of lubricating oil and batteries, is essential to ensure the functionality of our equipment. The resulting hazardous waste generated includes waste oil and batteries, which we recognise if not handled properly, may lead to pollution and can even threaten human health. In response to this, we have been using the service of chemical waste collectors registered under the EPD. Additionally, regular safety and environmental inspections are conducted to ensure chemicals and hazardous wastes are managed properly. Emergency handling procedures are also in place in case of chemical spillage.

It is important to us that the waste our business creates is managed by stringently maintaining a high recycling rate for paper and plastics, lining up recyclers and NGOs to upcycle wooden pallets, ensuring that 100% of our electronic waste is recycled by a licensed collector, and having chemical waste such as fuel-polluted gloves and waste engine oil collected by a licensed vendor. We also measure and monitor our waste during a regular (at least quarterly) waste data review, and report results internally to management as well as to the AAHK and Jardine Group.

99%

of plastic and

95%

paper and cardboard consumed at SuperTerminal 1 were recycled



9.5

Air quality management

We are an industry leader in our clear, and transparent approach to air quality management. This may be because at Hactl, we consider clean air to be a 'must have' for anyone who crosses the threshold of SuperTerminal 1. As such, we are committed to ensuring the health and wellbeing

of our staff and terminal users and have continued to enhance the air quality in our premises through the adoption of a comprehensive indoor air quality monitoring and assessment system. This has included:



Non-stop monitoring vehicle exhaust (including all trucks, biodiesel tractors, private cars, etc.) in the first and ground floor warehouses spaces and installing a ventilation system at the end of each truck dock to pump out exhaust air which is then filtered before being released at the building's exterior



Installing a replaceable bag filter for the MVAC system



Installing air quality sensors throughout the terminal



Continuously operating a Black Smoke Detection System in the truck docking area



Banning vehicle idling (with an exception for vehicles that must remain on to ensure temperature control) in the docking areas.



Implementing a no smoking policy inside SuperTerminal 1



Stepping up vehicle maintenance to reduce fuel combustion and consumption



Prohibiting the use of volatile organic compound paint and materials during renovation projects, in compliance with BEAM-Plus Interiors V1.0 requirements

We take part in the Indoor Air Quality (IAQ) Certification Scheme organised by the EPD, which has honoured us with IAQ awards for the past 17 years. Our latest awards were for Excellent Class (Entire Building) for both our north and south office blocks and Good Class for the third and fourth floor cargo handling (workstations) area. We have also attained a Clean Air Charter Certificate of Compliance issued by the Hong Kong General Chamber of Commerce and the Hong Kong Business Coalition on the Environment.

10.1

Our performance

Environmental performance

Emissions

GRI 305-1: Direct (Scope 1) GHG emissions		2021
Direct GHG emissions	Tonnes of CO ₂ e (tCO ₂ e)	7,668.58
Biogenic CO ₂ emissions		199.59
GRI 305-2: Energy indirect (Scope 2) GHG emissions		2021
Location-based energy indirect GHG emissions	Tonnes of CO ₂ e (tCO ₂ e)	12,697.25
Market-based energy indirect GHG emissions		
Total		12,697.25
GRI 305-4: GHG emissions intensity		2021
Scope 1 GHG emissions intensity	Tonnes of CO ₂ e (tCO ₂ e) / tonnage of cargo handled	0.0038
Scope 2 GHG emissions intensity		0.0063
Total		0.010

Energy

GRI 302-1: Energy consumption		2021
Non-renewable	Gigajoules (GJ)	184,422.69
Petrol		159.70
Diesel		6,310.78
Non-biogenic component of biodiesel		54,411.38
Electricity		123,540.83
Renewable		2,863.76
Biogenic component of biodiesel		2,863.76
Total		187,286.45
GRI 302-3: Energy intensity		2021
Energy intensity	Gigajoules/square metre (GJ/m ²)	0.39

Waste

Waste by composition		Waste generated (GRI 306-3a)	Waste diverted from disposal (GRI 306-4a)	Waste directed to disposal (GRI 306-5a)
Non-hazardous waste		8,442.62	4,418.21	4,024.41
Paper	Tonnes	458.44	436.55	21.89
Plastic		1,017.39	1,010.21	7.18
Wood		4,860.47	2,898.13	1,962.33
Miscellaneous/others		2,106.32	73.32	2,033.00
Hazardous waste		17.78	17.78	0
Total		8,460.40	4,435.99	4,024.41

Notes:

- Greenhouse gas (GHG) emissions are calculated with reference to the Greenhouse Gas Protocol (GHG Protocol) developed by World Resources Institute (WRI) and World Business Council on Sustainable Development (WBCSD) and “Guidance to Account for and Report on Greenhouse Gas Emissions and Removals for Building (Commercial, Residential or Institutional Purpose) in Hong Kong (2010 Edition)” published by the EPD and the Electrical and Mechanical Services Department (EMSD). The GHG inventory covered carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HCFs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆), chlorodifluoromethane (HCFC-22), and nitrogen trifluoride (NF₃).
- GHG emissions are computed using emission factors from the following sources:
 - “Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong” published by the EPD and the EMSD of the Hong Kong Government
 - “UK Government Greenhouse Gas Conversion Factors for Company Reporting” published by the Department for Environment, Food and Rural Affairs (DEFRA) of the UK Government
 - Sustainability reports of CLP Holdings Limited
- Global Warming Potential (GWP) values are referred to the Fifth Assessment Report (AR5) by the Intergovernmental Panel on Climate Change (IPCC)
- Direct (Scope 1) GHG emissions included emissions from stationary and/or mobile fuel (diesel, petrol and diesel component of the B5 biodiesel) and refrigerant (R22 and R134a) consumption
- Biogenic CO₂ emissions included the emissions from biogenic component of the B5 biodiesel
- Indirect GHG (Scope 2) emissions included the emissions from purchased electricity consumption
- The corresponding fuel conversion factors for energy consumption calculation are provided by DEFRA
- Food waste generated in our staff canteen is managed by the canteen operator and collected via HKIA Food Waste Rescue Programme
- The amount of waste diverted from disposal is calculated from invoices and daily records provided by the waste management contractor
- There was no significant generation of hazardous waste. Our operations generate of a limited amount of hazardous waste, in the form of a small quantity of electronic waste, battery and lubricant.

Social performance

Employment

GRI 401-1: New employee hires and employee turnover	Female	Male	Total
Number of employees	283	1,940	2,223
New hire rate	24.03%	13.25%	14.62%
Turnover rate	32.51%	20.52%	22.04%
Employees by employment contract	283	1,940	2,223
Permanent contract	276	1,817	2,093
Temporary contract	7	123	130
Employees by type of employment	283	1,940	2,223
Full time	262	1,796	2,058
Part time	21	144	165
Employees by age group	283	1,940	2,223
Under 30	66	214	280
30-39	53	321	374
40-49	72	460	532
50 and above	92	945	1,037
Employees by category	283	1,940	2,223
Manager	15	32	47
Non-manager	268	1,908	2,176
New hire numbers	68	257	325
Under 30	39	89	128
30-39	6	45	51
40-49	16	44	60
50 and above	7	79	86
Turnover numbers	92	398	490
Under 30	26	89	115
30-39	23	51	74
40-49	16	49	65
50 and above	27	209	236

Employee training

GRI 404-1: Average hours of training per year per employee	Female	Male	Total
Number of employees attending the trainings	283	1,940	2,223
Manager	15	32	47
Non-manager	268	1,908	2,176
Number of training hours	6,250	35,892	42,142
Manager	280	683	963
Non-manager	5,970	35,209	41,179
Average training hours	22.08	18.50	18.96
Manager	18.67	21.34	20.49
Non-manager	22.28	18.45	18.92

Occupational health and safety

GRI 403-9: Work-related injuries	2021
Total workforce	2,223
Total working hours	5,709,419
Recordable work-related injuries (excluding fatalities)	24
High-consequence work-related injuries (excluding fatalities)	2
Fatalities as a result of work-related injury	0
Rate of recordable work-related injuries	0.84
Rate of high-consequence work-related injuries (excluding fatalities)	0.07
Rate of fatalities as a result of work-related injury	0

GRI 403-10: Work-related ill health	2021
Fatalities as a result of work-related ill-health	0
Recordable cases of work-related ill-health	0

Procurement practices

GRI 204-1: Proportion of spending on local suppliers	2021
Total supplier expense (HK\$ million)	1,031
Total expense on local suppliers (HK\$ million)	251
Percentage of spending for significant location of operation on local suppliers	24.35

Customer privacy

GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data

2021

Total number of substantiated complaints received concerning breaches of customer privacy	0
Complaints received from outside parties and substantiated by the organization	0
Complaints from regulatory bodies	0
Number of complaints addressed	0
Total number of identified leaks, thefts, or losses of customer data	0
Number of customers, users, and account holders whose information is used for secondary purposes	0

Engaging our community

2021

Sustainability investment (HK\$ million)	5.97
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Notes:

- Rate of fatalities as a result of work-related injury, high-consequence work-related injuries (excluding fatalities) and recordable work-related injuries are based on 200,000 hours worked
- The collection and calculation of occupational health and safety figures follow the ILO code of practice on recording and notification of occupational accidents and diseases
- Both 'significant location of operation' and 'local' are defined as Hong Kong

Governance performance

Anti-corruption

GRI 205-2: Communication and training about anti-corruption policies and procedures

2021

Employees who have received written communication about corporate anti-corruption policies and procedures	2,223 (100%)
Employees who have received anti-corruption training	2,223 (100%)

GRI 205-3: Confirmed incidents of corruption and actions taken

2021

Number of confirmed incidents of corruption	0
Number of confirmed incidents in which employees were dismissed or disciplined for corruption	0
Number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	0
Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases	0

Environmental and social compliance

GRI 307-1: Non-compliance with environmental laws and regulations

2021

Significant environmental law / regulation violated	
Monetary value of significant fines	0
Number of non-monetary sanctions	0
Cases brought through dispute resolution mechanisms	0

GRI 419-1: Non-compliance with laws and regulations in the social and economic area

2021

Significant socioeconomic law / regulation violated	
Monetary value of significant fines	0
Number of non-monetary sanctions	0
Cases brought through dispute resolution mechanisms	0

10.2

Awards and recognition

On top of the successes from our solar power project, recycling, carbon reduction initiatives, and community outreach, we have received several prestigious local and international awards for our sustainability-related achievements.

Programme and awarding organisation	Award attained	Why it is significant to Hactl
Clean Air Charter <i>From: Hong Kong General Chamber of Commerce and Hong Kong Business Coalition on the Environment</i>	Certificate of Compliance	The Charter's certification process provides companies and their stakeholders' assurance that the signature commitments to improve indoor air quality are translated into action.
Indoor Air Quality (IAQ) Certification Scheme <i>From: The Environmental Protection Department</i>	"Excellent Class" Certification for North and South Office Blocks (Entire Building)	The Scheme commends good IAQ management practice. Offices or public places served by MVAC systems (excluding window-type air-conditioners or split-type air-conditioners) are eligible to join the IAQ Certification Scheme.
Hong Kong Occupational Safety and Health Award <i>From: Occupational Safety and Health Council</i>	Safety Management System Award (Other Industries) - Gold	Recognises outstanding achievements in OSH through the implementation of sound safety management systems.
	OSH Promotion Award - Gold	Recognises results in organising promotional activities to improve its OSH standards.
	OSH Enhancement Program Award - Silver	Recognises outstanding achievements in developing specialised OSH enhancement programmes to reduce safety and health risks, and that are effective in promoting safety, health and productivity.
	Occupational Rehabilitation Award - Bronze	Recognises reductions in occupational accidents and diseases by providing a comprehensive occupational rehabilitation programme to injured employees for a better and speedier recovery and to facilitate their safe and early return to work.
Asian Freight, Logistics and Supply Chain (AFLAS) Award 2021 <i>From: Asia Cargo News</i>	Best Green Air Cargo Terminal Operator	The awards recognise leading service providers including air and shipping lines; airports and seaports; and logistics, 3PLs and other associated industry professionals.
Pride of Ground Handling Awards 2021 <i>From: Ground Handling International</i>	Sustainability Award	GHI's Pride of Ground Handling Awards have been held since 2018 to showcase ground service excellence, innovation and the people who make it happen. Winning the Sustainability Award, beating out strong competitors like dnata indicates global recognition for our sustainability efforts.
BEAM Plus Interiors Version 1.0 <i>From: Hong Kong Green Building Council Limited</i>	Platinum rating	Recognises the creation of a cultural and aesthetic working environment while adhering to the sustainability principles of our Green Terminal Programme in the office refurbishment project.

10.3

Membership associations

Name of organisation	Nature of membership
Air Cargo Customer Liaison Group	Corporate
Air Operator's Certificate	Corporate
British Chamber of Commerce	Corporate
Business Environment Council	Corporate member
CAPA - Centre for Aviation	Corporate
Cargo iQ	Corporate
Carrier Liaison Group	Corporate
Data Protection Officers' Club	Corporate
Employers' Federation of HK	Corporate
Hong Kong Airline Service Providers Association	Corporate
Hong Kong General Chamber of Commerce	Corporate
Hong Kong Institute of Human Resource Management	Corporate
Hong Kong Management Association	Charter
International Air Transport Association	Strategic partner
IATA Ground Handling Conference	Corporate
Occupational Safety and Health Council	Strategic partner
Transported Asset Protection Association	Corporate
The Chartered Institute of Logistics & Transport in Hong Kong	Corporate
The International Air Cargo Association	Trustee

10.4

Legal and regulatory compliance

At Hactl, when it comes to compliance, we are committed to complying with all statutory and regulatory corporate governance standards and adhering to the principles of good corporate governance by emphasising transparency, accountability, responsibility, and fairness in everything we do. We achieve this by undergoing a continuous process of monitoring for changing laws and regulations, identifying any areas in which we may be affected, and adapting our policies and procedures accordingly.

We do our utmost to adhere to the requirements of the following most relevant laws, regulations, and ordinances that pertain to our business:

To ensure that we as a company as well as our employees adhere to our obligations of ethical corporate governance practices:

- Agreement for the provision of an Air Cargo Service
- Census and Statistics Ordinance (Cap. 316)
- Companies Ordinance (Cap. 622)
- Inland Revenue Ordinance (Cap. 112)
- Prevention of Bribery Ordinance (Cap. 201)
- Provisions of the Jardine Matheson Group Code of Conduct relating to favours, conflicts of interest, personnel issues, and treatment of employees.

To ensure we comply with ordinances governing equal opportunity, fair labour practices and employment schemes:

- Disability Discrimination Ordinance (Cap. 487)
- Employees' Compensation Ordinance (Cap. 282)
- Employment of Children Regulations under the Hong Kong Employment Ordinance (Cap. 57B)
- Employment Ordinance (Cap. 57)
- Family Status Discrimination Ordinance (Cap. 527)
- Immigration Ordinance (to prevent unlawful employment) (Cap. 115)
- Mandatory Provident Fund Schemes Ordinance (Cap. 485)
- Minimum Wage Ordinance (Cap. 608)
- Occupational Retirement Schemes Ordinance (Cap. 426)
- Race Discrimination Ordinance (Cap. 602)
- Sex Discrimination Ordinance (Cap. 480)

To ensure that everyone on our team adheres to ordinances and best practices relating to occupational health and safety:

- Dangerous Goods (Consignment by Air) (Safety) Regulations - Subsidiary Legislation (For certifying when operational staff attend related courses according to their job duties.) (Cap. 384)
- Factories and Industrial Undertakings Ordinance (Cap. 59)
- Factories and Industrial Undertakings (Loadshifting Machinery) - Regulation (Cap. 59, Section 7) (For certifying that fork-lift truck operators have attended training courses for proper use of the loadshifting machine.)
- Hong Kong Occupational Safety and Health Ordinance (Cap. 509)

Additionally, to deliver our desired level of operational safety and security, our Quality Assurance Programme (QAP) complies with the following standards and/or regulatory requirements:

- Airport Authority Bylaw (Cap. 483A) Section 35 (Flight Safety Hazard)
- Airport Authority Hong Kong (AAHK) Airside Driving Handbook Section 2.5 (General Driving Conduct)
- Aviation Security Ordinance (Cap. 494)
- Factories and Industrial Undertakings (Cargo and Container Handling) Regulation (Cap. 59K)
- Factories and Industrial Undertakings (Noise at Work) Regulation (Cap. 59T)
- Fire Services (Installations and Equipment) Regulations (Cap. 95B)
- Hactl Service Standards
- IATA Airport Handling Manual (AHM) 610, 612 and 621
- IATA Dangerous Goods Regulations (DGR)
- Occupational Safety and Health Ordinance (Cap. 509A)
- Technical Instructions for the Safe Transport of Dangerous Goods by Air (International Civil Aviation Organization [ICAO] Part 7 (Operator's Responsibilities))
- Various customer airlines' requirements

To ensure we comply with ordinances governing our environmental impact:

- Air Pollution Control Ordinance (Cap. 311)
- Buildings Energy Efficiency Ordinance (Cap. 610)
- Environmental Impact Assessment Ordinance (Cap. 499)
- Hazardous Chemicals Control Ordinance (Cap. 595)
- Motor Vehicle Idling (Fixed Penalty) Ordinance (Cap. 611)
- Noise Control Ordinance (Cap. 400)
- Ozone Layer Protection Ordinance (Cap. 403)
- Waste Disposal Ordinance (Cap. 354)
- Water Pollution Control Ordinance (Cap. 358)

To ensure that we responsibly oversee and manage data:

- EU General Data Protection Regulation (GDPR)
- Personal Data (Privacy) Ordinance (Cap. 486)

To ensure that everyone at Hactl is aware of their obligations, we communicate company policies and procedures via our internal intranet called Hactl+ and we make sure that they are well documented and readily available. Whenever needed, we conduct refresher training on how to properly adapt to any changes that may affect our staff and daily operations.

10.5

Assurance statement

**Scope and Objective**

Hong Kong Quality Assurance Agency ("HKQAA") was commissioned by Hong Kong Air Cargo Terminals Limited (hereinafter referred to as "Hactl") to undertake an independent verification for its Sustainability Report 2021 (hereinafter referred to as "the Report"). The scope of this verification covers the environmental, social, and governance (ESG)-related performance of Hactl's business for the period of 1st January to 31st December 2021, as defined in the Report. This is the first Report that Hactl published to communicate its commitments, efforts and progress of performance towards sustainability.

The aim of this verification is to provide a limited assurance of the reliability of the contents. The Report has been prepared in accordance with the Core Option of the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards").

Level of Assurance and Methodology

The process applied in this verification was based on the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. Our evidence gathering process was designed to obtain a limited level of assurance as set out in the standard for the purpose of devising the verification conclusion. The extent of this verification process undertaken covered the criteria set in the GRI Standards: Core Option of GRI Standards.

The verification process included verifying the systems and processes implemented for collecting, collating and reporting the sustainability performance data; reviewing relevant documentation; interviewing responsible personnel with accountability for preparing the reporting contents and verifying selected representative samples of data and information. Raw data and supporting evidence of the selected samples were thoroughly examined during the verification process according to the sampling plan.

Independence

Hactl is responsible for the collection and presentation of the information presented. HKQAA is not involved in calculating, compiling, or developing the Report. Our verification activities are independent from Hactl.

Conclusion

Based on the verification results and in accordance with the verification procedures undertaken, HKQAA has obtained limited assurance and is of the opinion that:

- The Report has been prepared in accordance with the Core Option of the GRI Standards;
- The Report illustrates the sustainability performance of Hactl, covering all material aspects, in a balanced, comparable, clear and timely manner; and
- The data and information disclosed in the Report are reliable and complete.

Nothing has come to HKQAA's attention indicating that the selected sustainability performance information and data contained in the Report has not been prepared and presented fairly and honestly, in all material aspects, in accordance with the verification criteria. In conclusion, the Report provides clear information with regards to the environmental, social, and governance (ESG)-related performance of Hactl in a factual, responsive, consistent, fair and truthful manner.

Signed on behalf of Hong Kong Quality Assurance Agency
KT Ting**Director, Strategic Services Development****January 2022**

10.6

GRI content index

Hong Kong Air Cargo Terminals Limited (Hactl) has reported the information cited in this GRI content index for the period 1 January to 31 December 2021 with reference to the GRI Standards of 2016 (unless indicated otherwise). The reported information may meet in part or in full the requirements of each GRI disclosure listed.

GRI standard	Disclosure	Reporting location	Section cross reference, additional information or remarks
GRI 102: General disclosures 2016			
Organisational profile			
102-1	Name of the organization	About Hactl	
102-2	Activities, brands, products, and services		
102-3	Location of headquarters		
102-4	Location of operations		
102-5	Ownership and legal form		
102-6	Markets served		
102-7	Scale of the organisation	Putting our people first	
102-8	Information on employees and other workers	Appendices - Our Performance - Social performance	There was no significant change to Hactl and our supply chain during the reporting period.
102-9	Supply chain	Engaging our community - Managing supply chain partnerships	
102-10	Significant changes to the organization and its supply chain	—	
102-11	Precautionary principle or approach	Operating with integrity - Risk management and sustainability risks	
102-12	External initiatives	Approach to sustainability Engaging our community Managing our natural resources	
102-13	Membership of associations	Appendices - Membership associations	
Strategy			
102-14	Statement from senior decision-maker	Message from Chief Executive	
102-15	Key impacts, risks, and opportunities	Operating with integrity - Risk management and sustainability risks	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	About Hactl - Our vision and values	
Governance			
102-18	Governance structure	Operating with integrity	
102-19	Delegating authority		
102-20	Executive-level responsibility for economic, environmental, and social topics		
102-21	Consulting stakeholders on economic, environmental, and social topics	About this report - Engaging our stakeholders	
102-26	Role of highest governance body in setting purpose, values, and strategy	About Hactl - Our vision and values	

GRI standard	Disclosure	Reporting location	Section cross reference, additional information or remarks
102-29	Identifying and managing economic, environmental, and social impacts	About this report - Engaging our stakeholders Operating with integrity	
102-30	Effectiveness of risk management processes	Operating with integrity - Risk management and sustainability risks	This Report has been reviewed by relevant members of the management team and the Chief Executive.
102-31	Review of economic, environmental, and social topics		
102-32	Highest governance body's role in sustainability reporting	About this report GRI content index	
102-33	Communicating critical concerns	Operating with integrity	
Stakeholder engagement			
102-40	List of stakeholder groups	About this report - Engaging our stakeholders	
102-41	Collective bargaining agreements	Putting our people first - Welfare and labour rights	
102-42	Identifying and selecting stakeholders	About this report - Engaging our stakeholders	
102-43	Approach to stakeholder engagement		
102-44	Key topics and concerns raised		
Reporting practice			
102-45	Entities included in the consolidated financial statements	—	The financial statement has been omitted due to confidentiality constraints.
102-46	Defining report content and topic Boundaries	About this report	
102-47	List of material topics	About this report - Material sustainability topics	
102-48	Restatements of information	—	As this is Hactl's first report, no restatements of information have been made.
102-49	Changes in reporting	—	As this is Hactl's first report, no changes in reporting.
102-50	Reporting period	About this report	
102-51	Date of most recent report	—	This is Hactl's first report.
102-52	Reporting cycle	About this report	Annually
102-53	Contact point for questions regarding the report		
102-54	Claims of reporting in accordance with the GRI Standards		
102-55	GRI content index	GRI content index	
102-56	External assurance	Appendices - Assurance statement	
Environmental topics			
GRI 302: Energy 2016			
103	Management approach	Operating with integrity - Risk management and sustainability risks Managing our natural resources - Energy management	

GRI standard	Disclosure	Reporting location	Section cross reference, additional information or remarks
302-1	Energy consumption within the organisation	Appendices - Our performance - Environmental performance	
302-3	Energy intensity		
302-4	Reduction of energy consumption (Description of energy use efficiency initiatives and results achieved.)	2021 at a glance Managing our natural resources - Energy management	
GRI 305: Emissions 2016			
103	Management approach	Operating with integrity - Risk management and sustainability risks Managing our natural resources - Emissions management	
305 -1	Direct (Scope 1) GHG emissions	Appendices - Our performance - Environmental performance	
305 -2	Other Indirect (Scope 2) GHG emissions		
305 -4	GHG emission intensity		
305 -5	Reduction of GHG emissions		
GRI 306: Waste 2020			
103	Management approach	Operating with integrity - Risk management and sustainability risks Managing our natural resources - Waste management	
306-1	Waste generation and significant waste-related impacts	Managing our natural resources - Waste management	
306-2	Management of significant waste-related impacts		
306-3	Waste generated	Appendices	
306-4	Waste diverted from disposal	- Our performance - Environmental Performance	
306-5	Waste directed to disposal		
Social topics			
GRI 204: Procurement practices 2016			
103	Management approach	Engaging our community - Managing supply chain partnerships	
204-1	Proportion of spending on local suppliers	Appendices - Our performance - Social performance	
GRI 401: Employment 2016			
103	Management approach	Operating with integrity Putting our people first	
401-1	New employee hires and employment turnover	Appendices - Our performance - Social performance	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Putting our people first - Welfare and labour rights	
401-3	Parental leave	Putting our people first - Welfare and labour rights	

GRI standard	Disclosure	Reporting location	Section cross reference, additional information or remarks
GRI 403: Occupational health and safety 2018			
103	Management approach	Operating with integrity	
403-1	Occupational health and safety management system	- Risk management and sustainability risks	
403-5	Worker training on occupational health and safety	Putting our people first	
403-4	Worker participation, consultation, and communication on occupational health and safety	- Health and safety	
403-9	Work-related injuries	Appendices	
403-10	Work-related ill health	- Our performance - Social performance	
GRI 404: Training and education 2016			
103	Management approach	Putting our people first	
404-1	Average hours of training per year per employee	- Development and training	
404-2	Programmes for upgrading employee skills and transition assistance programs	Appendices	
		- Our performance - Social performance	
		Putting our people first	
		- Development and training	
GRI 418: Customer privacy 2016			
103	Management approach	Operating with integrity	
		Engaging our community	
		- Customer data protection	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Appendices	There were no significant cases of non-compliance in relation to breach of customer privacy, intellectual property or loss of customer data occurred during the reporting period.
		- Our performance - Social performance	
Governance topics			
GRI 205: Anti-corruption 2016			
103	Management approach	Operating with integrity	
205-2	Communication and training about anti-corruption policies and procedures	Operating with integrity	
		- Training on ethical conduct	
		Appendices	
		- Our performance - Governance performance	
205-3	Confirmed incidents of corruption and actions taken	performance	There were no material cases of non-compliance with relevant laws and regulations relating to bribery, extortion, fraud, or money laundering that significantly impacted Hactl.
GRI 307: Environmental compliance 2016			
103	Management approach	Engaging our community	
		- Managing supply chain partnerships	
307-1	Non-compliance with environmental laws and regulations	Appendices	There were no significant fines or non-monetary sanctions for non-compliance with relevant laws or regulations that had a significant impact at Hactl during the reporting period.
		- Our performance - Governance performance	

GRI standard	Disclosure	Reporting location	Section cross reference, additional information or remarks
GRI 408: Child labour and			
GRI 409: Forced or compulsory labour 2016			
103	Management approach	Putting our people first - Welfare and labour rights	
408-1 (c)	Operations and suppliers at significant risk for incidents of child or forced labour		
409-1(b)			
GRI 419: Socioeconomic compliance 2016			
103	Management approach	Engaging our community - Managing supply chain partnerships	
419-1	Non-compliance with laws and regulations in the social and economic area	Appendices - Our performance - Governance performance	There were no significant fines or non-monetary sanctions for non-compliance with relevant laws or regulations that had a significant impact at Hactl during the reporting period.