

Sustainability 2022 Report

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Message from Chief Executive



Since Hactl's foundation almost half a century ago, it has established a widespread reputation for delivering the ultimate in air cargo ground handling services for Hong Kong and the world.

But, amid our constant drive to be the best in our business, we have never lost sight of the vital need to achieve our goals sustainably. This is a fragile planet, and we all owe it to our children to arrest and reverse the environmental damage mankind has done through its collective business activities. The clock is ticking. That's why we are proud to integrate sustainability into every decision we take, and everything we do.

Notwithstanding the challenges of the recent pandemic, and the need for unprecedented resilience and agility in business, 2022 saw us take the next steps along our sustainability journey, and reaffirm our holistic commitment to long-term value creation. This began with the establishment of our new Sustainability Strategy Framework, which will guide Hactl's future sustainability policies.

The Framework is based on four Pillars: Governance, Planet, People and Partners. These in turn encompass eight Focus Areas setting sustainability targets throughout all aspects of Hactl's business, and guiding the behaviour not only of Hactl's own staff but of its contractors and partners, too.

As a responsible business, Hactl has a duty to effect positive change as an organisation and to scale our operations in a sustainable manner. Hactl's strengthened resolve is manifested through its pledge to increased use of renewable energy and reduced carbon emissions - in line with our public commitment to the Science-Based Target Initiative (SBTi).

Transforming a business such as ours - with its unavoidable reliance upon heavy machinery and a large ground services fleet - into a model for sustainable

development will never be easy; but the collective challenge of climate change demands a determined response and immediate action. Hactl's long-standing Green Terminal programme has been highly-effective in broadening our decarbonisation and resource optimisation measures, strongly supported by the innovative and determined spirit of all our colleagues.

But sustainability is about more than climate change mitigation alone. Hactl is keenly focused on the importance of protecting its people from potential occupational hazards and the ongoing COVID-19 pandemic, as well as supporting their safety, physical and mental health, career development and wellbeing. Hactl's many staff policies are designed to create a safe, inclusive, fair and happy working environment in which all talent is nurtured, and compassion and empathy thrive.

Support for mental health is a critical element of our overall approach. Working with our counterparts at Jardine Matheson Group, Hactl eagerly engaged with Jardines Mental Wellness Month to raise awareness of mental health issues, and send the message to our colleagues that Hactl will provide its full support whenever needed.

I am proud to present this second Sustainability Report, and to share the continuing hard work and dedication that all at Hactl have demonstrated over the past year. Our achievements and progress would not have been possible without everyone across our entire business playing their own part, and I am extremely grateful for this enthusiasm for sustainability.

We will continue to aspire to business excellence, but we will also continue to grow our business with sustainability at the core of our strategy. We invite you to join Hactl on our sustainability journey, and we look forward to working with you towards a greener Hong Kong and a more sustainable global air cargo industry.

Wilson Kwong
Chief Executive

2 About this report

Hong Kong Air Cargo Terminals Limited (referred to as “Hactl”, “we”, and “our”) is pleased to present our second annual Sustainability Report (the Report or this Report), which covers our environmental, social, and governance (ESG)-related performance from 1 January to 31 December 2022. 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 topics in this Report have been determined based on significant material sustainability topics, which are detailed in the [Materiality assessment section](#). The reporting scope of this Report, including our sustainability performance data, comprises 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 geographic scope of this Report includes SuperTerminal 1, Hong Kong International Airport (HKIA), Hong Kong.

This Report is prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021 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.

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



3

About Hactl

Jardine Matheson & Co., Ltd.

41.67%

Hutchison Port Holdings Ltd.

20.83%

China National Aviation
Corporation (Group) Ltd.

16.67%

The Wharf (Holdings) Ltd.

20.83%

Hong Kong Air Cargo Terminals Limited (Hactl) is the largest independent air cargo handler in Hong Kong – the world's best-connected air cargo hub. Hactl serves over 100 airlines of which over 40 are freighter operators, and over 1,000 freight forwarders and logistics service providers.

Hactl provides terminal handling services for every type of air cargo - including temperature-sensitive commodities, hazardous cargo, live animals including race horses and showjumpers, valuable goods, outsize cargo and 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, and regularly upgraded since, SuperTerminal 1 features a giant Container Storage System accommodating 3,500 ULDs; a Box Storage System with 10,000 stillages for loose cargo; over 300 pallet build-up/breakdown stations; dedicated zones for specific cargo types; and over 300 under-cover truck docks.

Highly-sophisticated IT systems control Hactl's vast operations, maintained and upgraded by an in-house developer team. All aspects of Hactl operations are controlled and monitored through its revolutionary Integrated Hactl Control Centre. A suite of mobile apps enables customers to pre-book handling slots, pre-submit documents, and gain fast-track access to truck parking and document processing.

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 severely-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 sector. It is accredited under every relevant standard including ISAGO (world's first), WHO GDP (first in Hong Kong), IATA CEIV Pharma (first in Hong Kong), CEIV Live Animals, CEIV Fresh (world's first) and CEIV Lithium batteries. Its in-house training services provide IATA-accredited dangerous goods third-party training to the latest Competency-based Training and Assessment format, and several of its courses are recognised under the Hong Kong Qualifications Framework.

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

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

Key figures

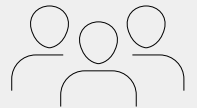
46 years

operating in
Hong Kong

since 1976

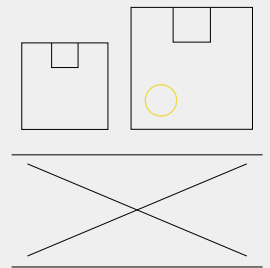
Only **neutral**
air cargo
terminal
operator in
Hong Kong

2,046 employees

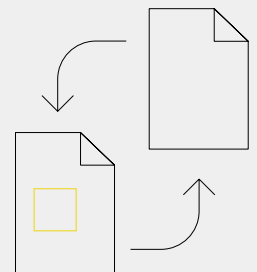


3.5 million tonnes

of cargo handling capacity



1 million data transactions every day



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](#).

2022 at a glance

99%



Overall staff
satisfaction index

HK\$10.4
million

were invested in
sustainability projects

2,046
Employees

53%

Reduction in
work-related
injuries

since 2018



99%
plastics

paper &
carboard

96%

recycled

44%

Female
representation in
the Senior
Management Team

14%

Reduction in chiller
power consumption

since 2018



11%
Reduction in electricity
consumption

since 2018



10%

Reduction in lighting power
consumption

since 2018

45,525
training hours provided

6.2



Male : Female Ratio

1

30%

Reduction in
absolute carbon
emissions

since 2018

5

Approach to sustainability

5.1

Sustainability strategy



Our approach to sustainability has remained consistent in its evolution since our days in the Kai Tak era. Over these decades, we have built this organisation on a basis of integrity, strong corporate governance, accountability, and transparency for all our stakeholders. Air cargo is a fast-paced industry, from the start, Hactl has valued operating efficiently. This way of thinking is also ingrained into our approach to sustainable development. For our business, which operates around the clock and is dependence on heavy machinery, safety is our top priority, ensuring we are operating ethically and providing a safe and satisfying working environment for our staff. We have established versions of our Environmental Protection Committee and Safety Committee, publishing environment and health and safety tips in the Voice of Hactl since the 1990's.

Our commitments to sustainability reach beyond the boundaries of our organisation. Hactl is a passionate proponent of sustainability within the aviation industry and our HKIA community. We consistently engage our supply chain, customers, industry peers, and external partners to raise awareness of our collective sustainability challenges so that we may leave this planet in a better condition for our future generations.

To meet these ambitions, we have implemented various initiatives, including our Green Terminal programme launched in 2018. This programme helped shape our environmental-focused policies and measures and enables Hactl to remain responsive in seizing opportunities to amplify our positive impacts and reduce our negative ones.

In demonstration of our drive for constant improvement and evolution, in 2022 we developed a new Sustainability Strategy Framework, which sets out our five-year strategic plan to advance sustainable development in our business. The new Sustainability Strategy Framework builds onto our influential Green Terminal programme, while also expanding the lens towards social and governance-related issues that are equally important to Hactl.

In creating this strategy framework, we engaged our stakeholders and conducted a desktop landscape review of our industry to identify current and emerging trends, making sure our efforts remain relevant for our current operations and into the future. Moreover, we ensured it was closely aligned with our operational priorities as well as with the overarching sustainability strategy of Jardine Matheson & Co., Ltd (referred to as “Jardine Matheson Group”). The sustainability strategy is organised under four core Pillars which we believe hold up our entire sustainable development vision. Under each of these core Pillars are a total of eight focus areas that guide our sustainability journey across issues relating to the Governance, Planet, People and Partners. By applying this framework, we gain clarity on how Hactl should proceed in cultivating sustainability across our value chain, enabling better documentation and evaluation of our progress against our ambitions.

The Sustainability Strategy Framework development was led and approved by our Senior Management, which will also oversee the implementation of this strategy. We anticipate officially launching the sustainability strategy across our operation in mid-2023, in conjunction with the 5th anniversary of our Green Terminal programme.

For our next step in this Sustainability Strategy Framework, we are collaborating with our internal stakeholders, to finalise specific key performance indicators (KPIs) and targets which will be integrated into the strategic framework under each core Pillar. Hactl expects this work to be completed and prepared for public disclosure in 2024. Through the course of implementation, we expect certain adjustments will be made to this strategy framework based on new emerging trends across our value chain; particularly our KPIs and targets could be adjusted based on our achievements and new ambitions. We are committed to integrating the latest climate science and the feedback of our staff and other stakeholders into all levels of our business in creating long-term sustainable value.



Driving a more sustainable cargo industry

Our vision

We are committed to shaping our industry to become greener and more sustainable. This means championing environmental stewardship, acting with integrity, and caring for our people, our partners and our community. We're proud to be a leading air cargo handler with a world-class Green Terminal, to underpin Hong Kong's place in the logistics world, and to place sustainability at the heart of everything we do.

This Report adopts a disclosure approach following this framework and our newly selected material sustainability topics.

Governance



Integrity and Transparency

We established strong corporate governance structure with transparency, and ensure our operations are conducted ethically.

Planet



Climate Change

We contribute to a climate resilient future through decarbonising our operations and developing of energy efficient solutions.

Responsible Resources Management

We strive for zero waste through reduction, reuse and upcycling.

People



Safety and Wellbeing

We reinforce workplace safety and promote the wellbeing of our staff. Zero harm is our goal.

Employer of Choice

We nurture a fair and inclusive culture where employees can thrive, be empowered and be recognised and rewarded.

Development and Training

We upskill our team and support career development to propel our company forward.

Partners



Value Chain Management

We maintain robust supplier and customer relationships, and deploy the latest technology to create a smarter, more connected, and more agile business offering.

Community Engagement and Collaboration

We collaborate with our partners and communities to promote sustainable development beyond our terminal.

5.2

Materiality assessment

5.2.1

Engaging our stakeholders

As a business with many diverse stakeholders, it is our responsibility to engage with these groups to maintain strong long-lasting relationships and ensure that we understand our impacts and create value for our stakeholders. We emphasise the importance of clear two-way communication with our stakeholders so not only do we listen to their perceptions and concerns, but we also provide key information so that they can make well informed judgements about our business and approach to sustainability.

Over the past year, through our materiality assessment process, we have worked with a third-party consultant to help engage both our internal and external stakeholders through an online survey and interviews. This combined approach to stakeholder engagement

allows Hactl to cast a wider net to capture the in-depth views of key personnel whilst collecting aggregate data from a larger pool of stakeholders. During these engagement sessions we were able to identify sustainability issues which were most impactful to each stakeholder group and issues which most significantly impacted their perception of Hactl. Moreover, their views on our past sustainability performance and emerging trends were also gathered for analysis.

Since each stakeholder groups have their own unique perspective and concerns about Hactl's sustainability approach, we utilise a variety of communication strategies depending on their relationship to Hactl, below are some of the different approaches we take:

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 are all vital to our successful operations, efficient management of cargo, as well as to the long-term sustainability of our organisation
NGOs and green groups	We support many NGOs and green groups, by listening to their concerns and seeking ways to achieve sustainability goals with collective action

Over the past year, we engaged with 25 stakeholders including both internal and external stakeholders, with in-depth interviews to supplement our understanding of their sustainability views. The stakeholder groups engaged in this manner included, shareholders, Jardine Matheson Group sustainability representatives, members of our management team, employees, business partners, customers, and 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 our 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 materials prior to our conversations. Over a period of weeks, we executed our stakeholder engagement plan and then analysed the responses and synthesised feedback rankings and insights aggregated by stakeholder groups.

5.2.2

Defining our material topics

The process to determine our material topics is a critical component of our sustainability strategy and disclosure approach because it ensures that we prioritise our resources to the issues which are most impactful to our business and to the external world. Moreover, materiality identifies the issues Hactl should report as it represents the sustainability related topics most relevant to our stakeholders. 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 stakeholders¹. We examined more than 37 topics, using a three-pronged approach, including assessment of potential impact on society and the environment, potential organisational impacts on Hactl, and broad stakeholder perspectives.

The process involved:

Identification:

Landscape review

1

Created a long-list of potentially material sustainability topics by conducting desk-based review looking at:

- Sustainability mega-trends
- Industry standards
- Peer benchmarking
- Regulatory landscape
- International sustainability frameworks

Analysis & prioritisation:

Material sustainability topics shortlisting

2

To narrow down the list of material topics for disclosure, we analysed the long list of topics and gathered insights of these topics from stakeholders through:

- Internal and external stakeholder interviews (25 interviews total)
- Online surveys
- Further desktop review
- Topic prioritisation and rankings

2022 Materiality results:

Topic validation and GRI alignment

3

A preliminary list of material topics and a draft materiality matrix was brought forward for validation by members of management and a final list of 15 material sustainability topics were identified

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. This year we are presenting our material topics through our new sustainability strategy framework which emphasises a holistic approach to sustainable development and creating long-term sustainable value.

Through the materiality assessment process, we have identified new material topics and opportunities for re-focusing and grouping of certain material topics to most efficiently disclose and manage the associated ESG challenges.

- Our Waste management topic has been renamed to Circular economy to include issues related to resource and materials use.
- Critical incident risk management and Customer data protection are now included as part of our Governance pillar.
- Our digitalisation and supply chain partnership efforts have been combined as a Supply chain management and digitalisation topic.

Moving forward, we will continue to gather the views and perspectives of our stakeholders to ensure that our material topics remain relevant and will adjust our topics for future reporting accordingly, as needed.

The material topics for 2022 this year are:

Governance

Corporate governance
Critical incident risk management
Customer data protection

Planet

Carbon emission management
Circular economy
Energy management
Climate change risk management
Air quality management

People

Employee health and safety
Employee development and training
Employee welfare and labour rights
Employee engagement and fostering a healthy working culture
Diversity and inclusion

Partners

Supply chain management and digitalisation
Community engagement



5.3

Our sustainability journey

Our sustainability journey is ever evolving. After over 40 years of championing environmental sustainability, we have reached a milestone where we are going beyond green.

Environmental sustainability journey

1986

Established **Energy Conservation Committee**

1991

Renamed as **Environmental Conservation Committee**

1997

Developed **Environmental Policy**

2009

Reformed as **Environmental, Health and Safety Committee**

Certified to **ISO 14001**

2013

Certified to **ISO 50001**

2014

First company at the airport upgraded all eligible GSE and ramp tractors to be biodiesel compatible

2018

Year of **Green Terminal**

Launched the **Water Spot** initiative to install 81 water dispensers across SuperTerminal 1

2019

The first large scale, erid-connected projects in support of CLP Power's renewable energy Feed-in-Tariff (FiT) Scheme on airport island

2022

Published **first HactI Sustainability Report**

Going beyond Green



6 Governance

Policies and guidelines

Code of Conduct

Enterprise Risk Management Programme

Compliance Register

Internal Privacy Policy

Energy, Environmental,
Quality and Safety Legal and Other
Requirements Procedure

Policies and Guidelines of Jardine
Matheson Group

Sustainability Policy

SDGs

United Nations’
Sustainable Development
Goals



Material topics

Corporate governance

Critical incident risk
management

Customer data protection

“Integrity is fundamental to who we are and how we operate. We are determined to maintain the trust we have earned over 46 years of legacy.”



Our 46 years of success as a reliable air cargo terminal owes to our strong governance practices, responsive risk management framework, and sound culture of ethical behaviour. We are guided by our core values which provide high-level direction for our corporate culture. Every day, thousands of tonnes of cargo come through our Terminal, and we honour the trust of our customers, business partners, and other stakeholders to maintain an efficient and dependable operation. It is our unwavering commitment to continue upholding their trust by conducting business in an ethical and fair manner. Through this, it also puts us on a path to creating long-term and sustainable value creation.

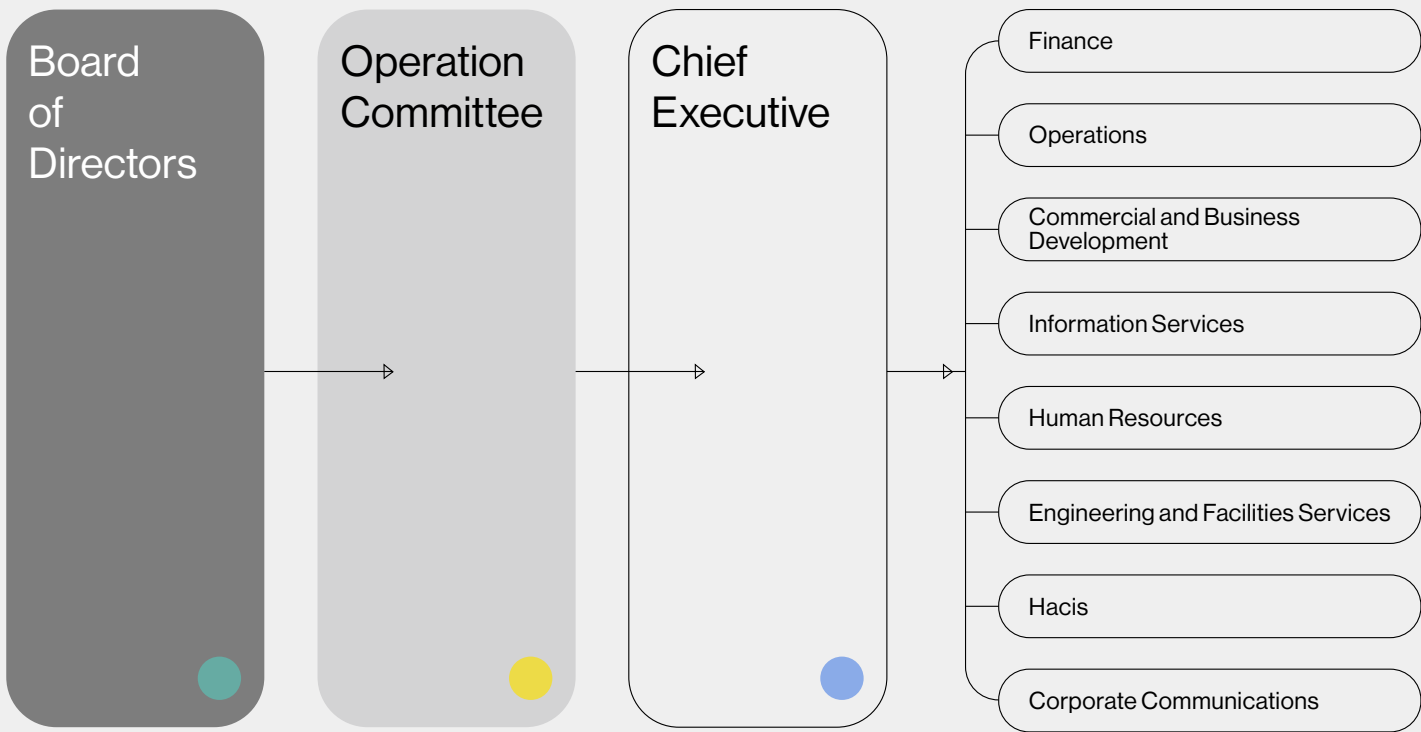
Corporate governance

Hactl's Operations Committee (OC), appointed by our shareholders and led by the Board of Directors (the Board), is responsible for guiding and managing all aspects of our corporate governance in the company. Consisting of representatives from each of our four shareholders and our Senior Management Team, the OC oversees all business decisions and provides independent and objective guidance to achieve the long-term strategic direction of the company. Supported in its duties by the Hactl Senior Management Team, the OC meets monthly to review revenue, critical business agenda items and ongoing development matters.

Leading the OC is our CE, who shoulders the responsibility of ensuring profitability, operational and administrative success of SuperTerminal 1 and subsidiary companies. This includes managing the expeditious and efficient handling, storage, and processing of air cargo. Besides ensuring that operations are carried out to the general satisfaction

of the company's customers and the Airport Authority, the CE is also responsible for monitoring the overall compliance of all relevant legal and statutory requirements, including those under the terms of the franchise agreement with the Airport Authority Hong Kong. The Board receives regular progress updates on these from the CE.

Under the CE's oversight, daily management of our operations is steered by the Senior Management Team. The Senior Management Team works closely with the department heads to drive the effective implementation of [sustainability policies](#), strategies, and targets to contribute to the overall success of the organisation. Part of this is ensuring the execution of our sustainability commitments, strategy, and sustainability-related activities. Details on the composition of the Senior Management Team are outlined in the [Leadership page](#) of our website.



Several committees report to Senior Management Team regularly to keep them abreast of operations and to navigate issues as they arise. Also, our employees are represented by three main committees which allow us to maintain on-going communication and connection with them, including:

JJCC

Joint Consultation Committee
for Junior Staff

- Review the daily needs of staff and the necessary support and resources required by the workforce
- Senior Management meets with JJCC bi-monthly and formulate actions plans to remediate issues

SJCC

Joint Consultation Committee
for Supervisory Staff

- Comprised of job-site supervisors who oversee frontline staff
- Voice concerns and management needs to Senior Management on a bi-monthly basis

The Union

The Hong Kong Air Cargo
Terminals Employees Union

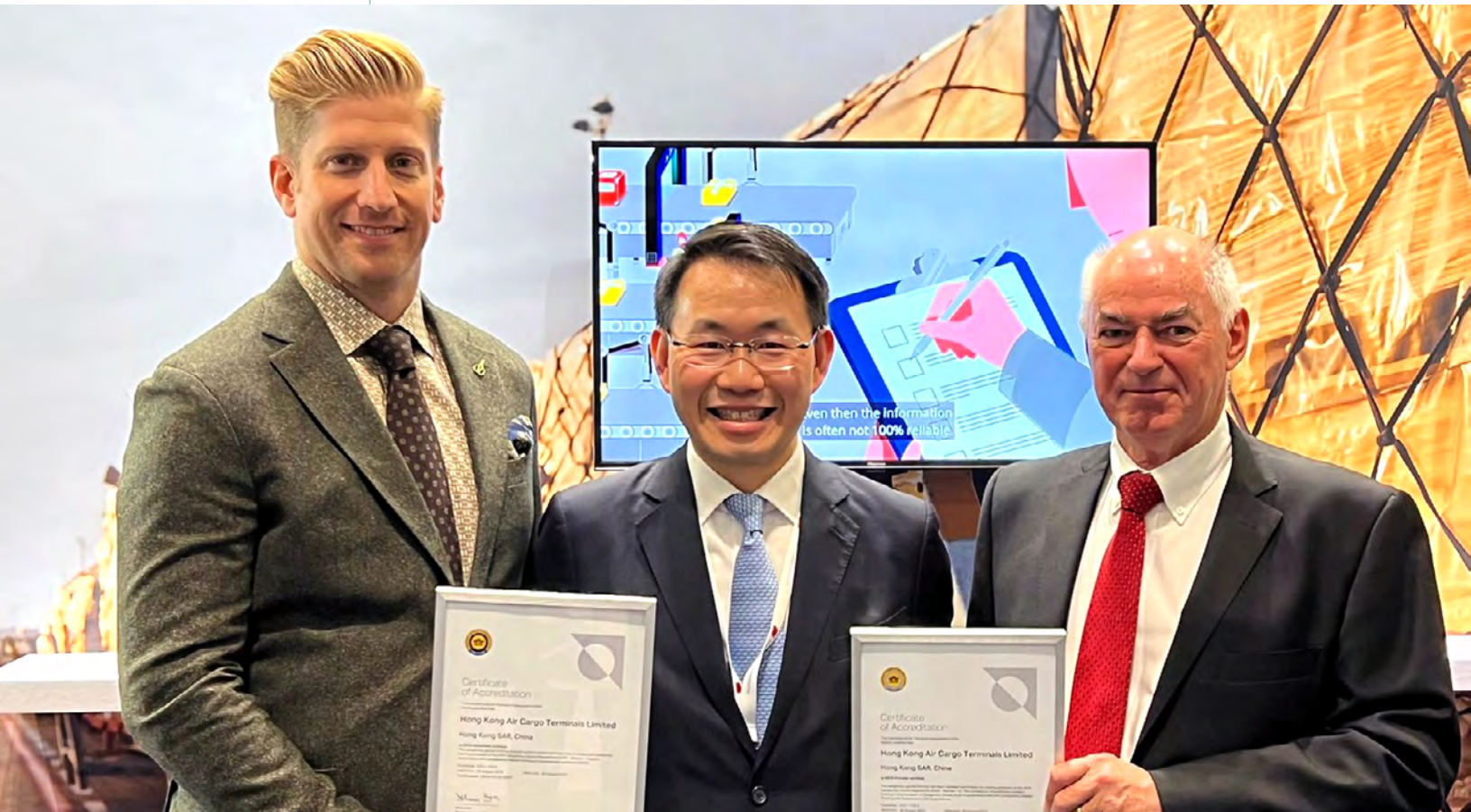
- Employee-led union consisting of elected representations from frontline and shift staff
- Discuss on matters related to collective bargaining, staff pay, benefits and more



Commending our outstanding quality standards

In October 2022, Hactl was awarded our second Hong Kong Management Association Quality Award, a prestigious award presented to an exclusive list of organisations achieving outstanding standards of quality and upholding a lasting commitment to quality management. Citing Hactl's industry-beating performance despite typhoon and COVID challenges, the final Report from the Board of Examiners praises our forward-looking leadership; adoption of innovative technology and best practice; staff training; and excellent customer service.

Upholding our robust governance practices, we undertake certification against all relevant standards to ensure that our services are measured in full compliance with the latest recognised accreditation and best practices. By holding [accreditations](#) across various operation aspects, we maintain a serious commitment towards meeting the quality standards of our customers' requirements, satisfaction and needs stemming from our organisational ethos.



Achieving industry-recognised accreditations

Hactl aims to provide customers with the best service quality the industry has to offer. To ensure our commitment to this end is consistently met, we now successfully hold all four IATA CEIV accreditations – Pharma, Fresh, Live Animals and Lithium Batteries.

For instance, in accordance with IATA's most recent CEIV Lithium Batteries (Li-batt) standard in 2022, given the increasing risks associated with improper packaging and handling of battery shipments, we have been continuously tightening our procedures and strengthening resources for managing such traffic in recent years through additional internal staff training in accordance with IATA Lithium Battery Shipping Regulations and Dangerous Goods Regulations (DGR) requirements and through our IATA Accredited Training School. These measures and best practices will continue to be updated to meet our customer's ever-evolving needs.

6.1.1

Business ethics

We recognise the importance of having a set of well-defined corporate governance procedures to enhance performance, strengthen accountability, sustain business integrity, and protect the interests of our stakeholders.

Our ethical values are anchored in our Code of Conduct, which lays the foundation for how we interact with our colleagues, customers, business partners, shareholders, and other stakeholders. The Code of Conduct explicitly prohibits corruption and provides guidelines on the receipt of gifts and entertainment. It is in full compliance with relevant laws and regulations related to anti-corruptions, including the Prevention of Bribery Ordinance. Implementation of the Code of Conduct is reinforced through the Jardine Matheson Group regular code of conduct e-learning training and our general training on ethical conduct. All relevant staff completed ethical training courses in 2022.

Besides the Code of Conduct, our suite of other governance-related policies and procedures supports our approach to good governance across a range of topic areas. These policies communicate our expectations of our employees, suppliers, and partners.

Every two months, the Enterprise Risk Management Coordinators Forum (ERMCF) will review these policies and procedures to ensure we are in compliance with any emerging regulations.

For early detection of and handling of any breach of legal or regulatory requirements, we encourage employees to raise concerns through the channels specified in the Policy on Disclosure on Matter of Serious Concern. In addition, employees can report concerns to management regarding work practices, incidents, or other serious matters at the earliest possible stage. This policy is intended to foster a positive environment in which employees can raise genuine concerns without fear or recrimination while also allowing prompt actions to be taken where appropriate.

6.2

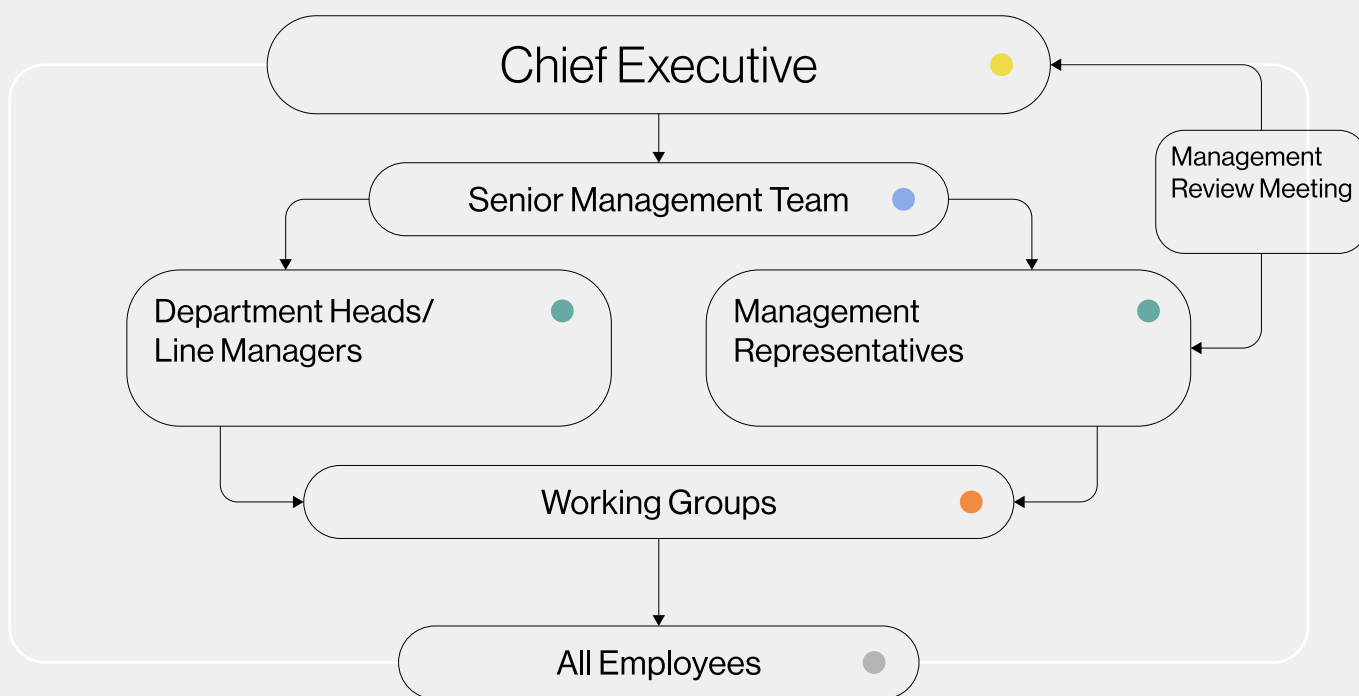
Risk management

Changes in regional and global priorities have highlighted the importance of developing a resilient risk management model to navigate the challenges and opportunities that may affect the business. At Hactl, we adopt a robust and holistic approach to manage existing and emerging risks as guided by our Corporate Risk Register, Departmental Risk Register, and/or the ISO 14001 and ISO 50001 Register of Risks and Opportunities.

We employ a decentralised enterprise risk management (ERM) framework in which every department is responsible for managing their relevant compliance requirements and shares updates with the Senior Management Team as needed. Within each department, primary and alternative representatives are nominated to be part of the Enterprise Risk Management Steering Committee (ERMSC) and the ERMCF. These committees organise forum meetings every two months to review departmental risks, overall corporate risks, the business continuity plan,

and training needs. To determine the extent to which the company's risk management framework and internal control processes are effective, the ERMSC performs an annual review of management practices and corporate risks as well as updates to our ERM documentation.

With the aim of testing our preparedness for emergency events, in 2022, we conducted drills across key emergency procedures to ensure our risk control measures were functioning effectively and that best practices were met. In addition to our Enterprise Business Continuity Plan (EBCP) Drill that simulated cyber-attacks and data leakage incidents, we also conducted a Power Outage Drill, Typhoon Drill, Dangerous Goods Spillage Drill and a Warehouse Fire Drill throughout the year to validate our contingency plans, explore areas for enhancement through different simulated scenarios and keep stakeholders familiar with their respective roles and responsibilities.



6.2.1

Sustainability risk

Long-term sustainability-related risks present material challenges to our business, given the far-reaching consequences, hence we integrated these risks into our ERM framework to better identify and address the full spectrum of sustainability risks.

We manage these associated risks in our various working groups, namely the Environmental, Health and Safety (EHS) Committee, ERMCF and Data Governance Committee (DGC). Each working group is chaired by a Management Representative who leads representatives of the Safety, Sustainability and Quality Assurance (SSQ) section and related departments. Moreover, Management Representatives, Department Heads and Line Managers develop their tailored working plan to respond to sustainability risks specific to their relevant operations. These work plans are reported to Senior Management through a regular Management Review Meeting.

Through our annual Management Review Meeting, we monitor the progression of risks whilst staying vigilant to emerging potential focus areas. If a new focus area should be of concern, the SSQ section notifies it to management at the Management Review Meeting which generally covers:

- 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

For each of our material topics, we have identified several sustainability risks and have detailed our response actions to mitigate the impacts. These principal risks were informed by our Corporate Risk Register and materiality assessment results.

Governance

Corporate governance

Why it matters

Our success as a reliable air cargo terminal owes to a strong governance practice. We are committed to continue conducting business in an ethical and fair manner and to comply with all applicable regulatory requirements.

Risks/ Opportunities

- Reputational damage from failure to uphold governance requirements and commitment
- Increased cost of compliance due to changing regulations

Our responses in 2022

- We have a set of policies that cover different aspects of corporate governance and relevant committees in place to oversee compliance and support good governance.
- Benchmark our service quality through accreditation such as IATA CEIV and ISO.
- Each department also monitors their compliance to relevant legal and statutory requirements.

Critical incident risk management

Why it matters

Changes in regional and global priorities have highlighted the importance of developing a resilient risk management model to navigate the challenges and opportunities that may affect the business.

Risks/ Opportunities

- Increased costs due to service disruptions
- Reputational damage from critical incidents

Our responses in 2022

- We are taking a robust and holistic approach to managing existing and emerging risks. We reviewed our risk registers regularly to identify potential risks and mitigation measures, and designed various Business Continuity Management activities under our ERM programme to enhance the company's resilience to extreme events.

Customer data protection

Why it matters

With over 100 airline customers across the world, we handle thousands of consignment data daily. With the implementation of European Union's General Data Protection Regulation (GDPR) in 2018, our customers are increasingly expecting us to properly govern and process personal data.

Risks/ Opportunities

- Increased risk of cybersecurity incidents from insufficient staff awareness or information security infrastructure leading to regulatory fines and increased cost of compliance
- Reputational damage from data breach incidents

Our responses in 2022

- Our DGC enforces policies and guidelines on data privacy to ensure full compliance to relevant regulations. Our DGC consists of a team of Data Stewards who represent respective departments across Hactl.
- In 2022, we reviewed our contract and tender template to strengthen our data privacy management.
- Our Information Services department has conducted cybersecurity assessment and enforced advanced threat protection measures.
- Provide regular phishing and awareness training to all staff and conducted corporate-wide cybersecurity and data protection drill to testify our incident response ability.

Planet

Carbon emission management

Why it matters

In accordance with HKIA's long-term carbon reduction target, we are committed to establishing and meeting a science-based carbon reduction target. Inability to achieve these targets will not meet the expectations of our stakeholders and own sustainability objectives.

Risks/ Opportunities

- Increased cost due to carbon pricing
- Regulatory fines and cost of compliance
- Reputational damage from failure to meet the carbon reduction targets

Our responses in 2022

- With the help of external experts, we are developing a carbon emissions reduction pathway that aligns our business development goals with assessed measures and mitigating actions.

Circular economy

Why it matters

Given the nature of our business, we generate a significant amount of both general and hazardous waste.

Risks/ Opportunities

- Rising operational costs or risk of fines incurred by compliance with the upcoming Government's Municipal Solid Waste Charging
- Increased waste disposal to landfill due to underutilisation of resources and poor waste management

Our responses in 2022

- Initiated a waste management project to review our existing waste management approach and prepare for the potential impacts of the MSW charging.
- Developed collaborations with NGOs and social enterprises which utilise wood waste. We also established KPIs for recycling performance and provide incentives to our waste management contractor.

Energy management

Why it matters

SuperTerminal 1 is one of the world's largest air cargo terminals and we use a significant amount of energy to power all our facilities and equipment.

Risks/ Opportunities

- Reliance on fossil fuels may result in higher carbon emissions
- Increased costs due to fluctuation in energy consumption and price

Our responses in 2022

- Taking a diversified approach to energy management by both improving energy efficiency and increasing the use of renewable energy across our operations.
- In accordance with the ISO 50001 Energy Management System, we conduct annual energy reviews to analyse the performance of facilities and equipment, and identify potential energy management opportunities.

Climate change risk management

Why it matters

Due to our proximity to the ocean and dependence on weather, Hactl is exposed to various risks associated with climate change-induced extreme weather events.

As the industry transitions into a low carbon economy, potential reputational damage and legal liabilities may arise from changing policies and regulations.

Risks/ Opportunities

- Increased frequency and intensity of climate change-induced severe weather events
- Increased cost from damage to assets and operation disruptions
- Increased occupational hazard
- Increased cost to operate in a low carbon economy and reduced demand for carbon intensive services

Our responses in 2022

- Conducted a climate risk scenario analysis in 2022 to identify physical and transition risks that may impact Hactl. These risks were subsequently incorporated into the Hactl ERM.
- To minimise the risks, we have developed various mitigation measures that are expected to be enforced across our operations.

Air quality management

Why it matters

Air pollution can arise from trucks entering the terminal, mobile equipment operating in the airport apron, and aircrafts landing and taking off. Failure to manage air quality could expose all terminal users to air pollutants.

Risks/ Opportunities

- Negative impact on air quality caused by equipment malfunction or unexpected incident during operations

Our responses in 2022

- Developed a comprehensive indoor air quality monitoring and enhancement system and conduct annual air quality measurements at our office blocks and warehouse.
- We are a signatory of the Clean Air Charter and implemented a list of control measures to safeguard a healthy work environment.

People

Employee health and safety

Why it matters

Safety is a core principle in our sustainability strategy as there are many labour-intensive procedures in our operation. Low safety awareness and poor implementation of relevant health and safety measures could lead to staff injuries.

Risks/ Opportunities

- Increased cost due to medical expenses and staff's compensation
- Increased insurance premiums and higher costs of capital
- Reduced productivity from work stoppage and low employee morale
- Reputational damage from poor safety records

Our responses in 2022

- Taking a proactive approach to reducing potential safety risks and incidents, we adopted the ISO 45001 Occupational Health and Safety Management System.
- Each year, we develop a health and safety plan and implement various awareness trainings and initiatives to create a safe working environment.

Employee development and training

Why it matters

Creating a high-performing workforce is indispensable for maintaining our success. To prevent non-compliance to regulatory requirements and delivery of sub-standard work, it is vital for us to invest in significant amounts of training and solutions to transfer knowledge from experienced professionals to young professionals.

Risks/ Opportunities

- Negative impact on the health and safety of employees due to inadequate training
- Decreased productivity and quality of work due to delivery of substandard work or labour shortage
- Regulatory fines and cost of compliance from loss of knowledge and experience
- Opportunity to upskill talents through staff development and training

Our responses in 2022

- Our Learning and Development department consists of trainers with local and international qualifications, the team monitors and manages staff's training requirements.
- Launched the Learning Management System (LMS) to transform training courses into e-learning that staff can access through computer or mobile devices.
- Started the Knowledge Management (KM) initiative to preserve the knowledge and experience of retiring staffs.
- Evaluate the performance and development of staff, and provide both operational and soft skills training to employees.

Employee welfare and labour rights

Why it matters

As a responsible business, we support global human rights and labour standards in both our own operations and in the supply chain. Hactl is committed to upholding the principles expressed in the relevant international human rights standards.

Risks/ Opportunities

- Reputational damage caused by allegations of labour right abuses
- Opportunity to attract and retain talents through offering better staff benefit packages

Our responses in 2022

- In upholding our commitment to human and labour rights compliance, we developed a Human Rights Policy.
- Perform compliance checks to meet or exceed the labour-related regulatory requirements and benchmark remuneration packages regularly.

Employee engagement and fostering a healthy working culture

Why it matters

Hactl fosters an attractive and fulfilling environment where employees feel engaged and productive. We do, however, operate in an industry facing a shortage in talent stemming from retirement and Hong Kong's brain drain. As such, investing in a healthy working culture is essential to attract and retain talented individuals.

Risks/ Opportunities

- Negative impact on talent succession plan
- Decreased service quality due to limited labour resources

Our responses in 2022

- Implemented trainee programmes in various departments to recruit and nurture new talents.
- Held employee engagement events and initiatives to provide an opportunity for open two-way dialogue with our staff.

Diversity and inclusion

Why it matters

Diversity and inclusion practices are integral in our treatment of staff and in creating a workplace where they feel they belong.

Risks/ Opportunities

- Reputational damage due to lack of diversity at the leadership level
- Negative impact on service quality from missed opportunities to attract and retain the best talents

Our responses in 2022

- Developed the Diversity & Inclusion Policy that details our commitment to not discriminate on the grounds of ethnicity, gender, age, sexual orientation, disability, background, religion, or other personal characteristics.
- Through participating in the CareER Disability Inclusion Index, we benchmarked our practices with other local companies and identified gaps between current and best practices.

Partners

Supply chain management and digitalisation

Why it matters

As an air cargo terminal operator, we collaborate with a wide range of stakeholders to facilitate the flow of goods. Given the interconnected nature of our business, we recognise that our responsibility to drive sustainable development reaches far beyond our Terminal.

Risks/ Opportunities

- Increased costs due to poor supplier management
- Reputational damage from service delays
- Loss of revenue due to competition from businesses with advanced digitalised operations
- Impact of supplier's sustainability performance

Our responses in 2022

- Work closely with our direct and indirect suppliers to ensure that they understand our values and are aligned with our approach to sustainability. We have taken proactive steps to digitise our processes and create powerful solutions that nurture adherence to the highest environmental and social standards across the entire supply chain.
- Hactl's in-house developed mobile app, COSAC-Mobile, includes several new features improving the customer experience.

Community engagement

Why it matters

We embrace a caring culture to not only keep employees inspired and engaged but also strengthen our community and better the lives of people around us.

Risks/ Opportunities

- Reputational damage from poor community relations
- Opportunity to collaborate with suitable community organisations to best leverage our strengths and maximise our positive impacts

Our responses in 2022

- We continuously work to create a positive impact in the Tung Chung neighbourhood through collaborative initiatives with local civil society organisations.

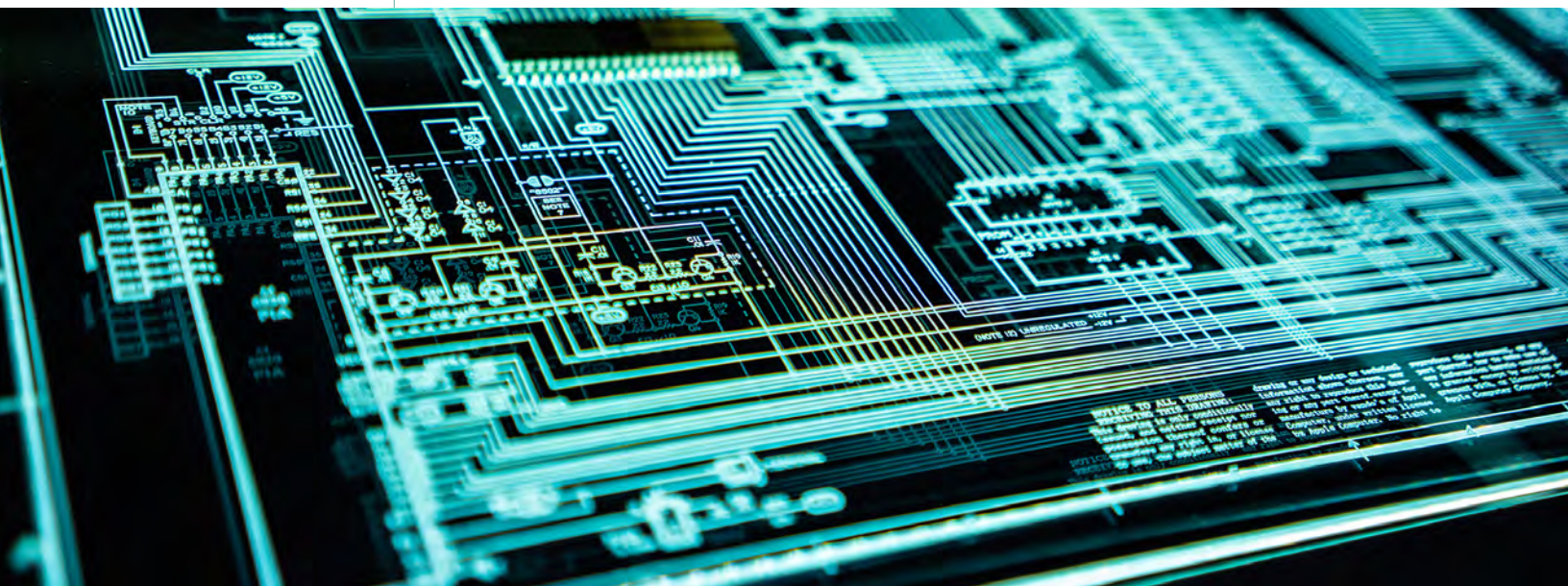
6.3

Customer data protection

Hactl vigorously safeguard the privacy, confidentiality, and security of all personal data we hold. Defined by our [Privacy Notice](#) on our website, all personal data collected through online platforms is treated with care in accordance with the requirements of Hong Kong's Personal Data (Privacy) Ordinance and the European Unions' General Data Protection Regulation (2016/679).

Our DGC oversees the quality and consistency of data management across the company and ensures Data Stewards enforce data privacy standards and control

measures in daily operations. This is guided by the Executive Director and Chief Financial Officer (EDCFO) who is appointed as the Data Protection Officer and meets regularly with Data Stewards to review management systems changes and effectiveness of processes. We received no complaints from customers regarding data privacy in 2022. 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.



Cyber resilience

Even after implementing robust technical and organisation control measures, residual vulnerability and previously unidentified threats could still occur and go unnoticed. With the aim of ensuring our team's readiness to incident or operation disruptions, we conducted the EBCP drill, managed under the Enterprise Risk Management Programme.

To fully prepare our staff for real-world emergency situations and equip them against new and emerging security risks, this year's iteration of the EBCP drill deviated from our usual in-person drill. Instead, we tested our teams' ability to respond to critical incidents and apply their business decision-making skills utilising virtual modes of communication. Tasked with the use of virtual communication methods, members of the Crisis Management Team (CMT), Emergency Management Team (EMT) and DGC successfully demonstrated high levels of awareness towards cybersecurity and data protection practices while providing quick and accurate responses. Digitisation trends increase our dependence on technology for critical business functions, hence adequate protections and contingency plans are critical to maintain and continuously enhance secure operations.



7 Planet

Policies and guidelines

Carbon Management Plan	Environmental Management Plan
Climate Change Policy	Environmental Policy
Energy Policy	Resource and Circularity Policy
Environmental Control Programme	Sustainability Policy

SDGs

United Nations’
**Sustainable Development
Goals**



Material topics

Carbon emission management

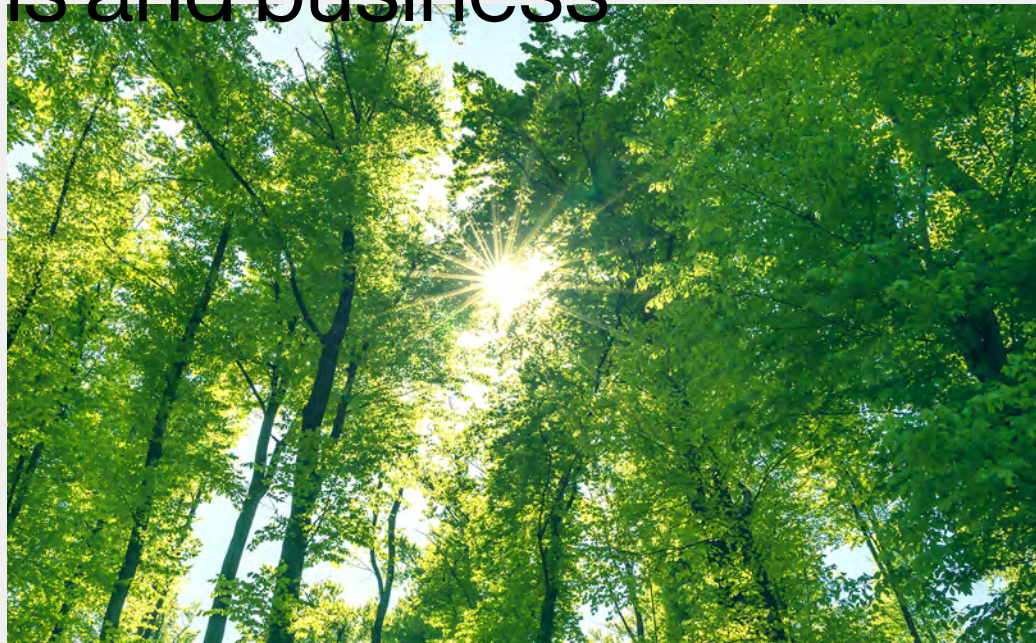
Circular economy

Energy management

Climate change risk
management

Air quality management

“The sustainable development of our business is closely reliant on the responsible management of the planet’s natural resources. To this end, Hactl is integrating environmental responsibility into our operations and business strategies.”



The expectations for our industry to develop sustainably are growing among our stakeholders, including our customers and the Hong Kong Government, as evidenced by the government’s Climate Action Plan 2050. Combating climate change and promoting sustainable development is a key focus for our community. Though Hactl has been ambitiously pursuing environmentally friendly terminal operations for many years, we continue to strive to create the greenest handling facility in the industry.

Hactl is focused on creating a more sustainable future and believes that together with the aviation industry, we have the ability to evolve our business to work towards a low-carbon economy and resource circularity. Innovation, efficiency, and excellence are at the heart of what we do and have been part of our culture since our days at Kai Tak Airport. Through optimisation of our operations, we will continue to reduce our raw material, energy, and water consumption whilst reducing waste and minimising our organisational impact on the environment. By achieving these objectives, we not only protect our natural resources for future generations, but also reduce our operating costs.

Robust internal management systems enable us to implement our business strategy in an environmentally responsible manner. Meeting all standards and requirements of ISO 14001, our Environmental Management System (EMS), Environmental Policy and Climate Change Policy are integral to our approach to effective management of our environmental impacts and climate change issues. The EMS Manual stipulates the key roles and responsibilities of the relevant personnel in handling EMS-related activities, including, our EDCFO's role in assisting the CE in fulfilling all operational requirements of the EMS. This includes coordinating 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. As appointed by the EDCFO, our Head of Safety, Sustainability, and Quality Assurance oversees the implementation of the corresponding requirements of ISO 14001.

Hactl will regularly review, update, and evaluate all policies and procedures relevant to energy and environmental legislation as applicable to our operations and activities. In compliance with different legislation and other requirements, we follow our Energy, Environmental, Quality and Safety, Legal, and Other Requirements Procedures. Further, we ensure that all cargo handling operations are conducted as responsibly as is practical, through guidance from our EMS and the stipulations in our Environmental Policy.

In the past year, Hactl has taken big steps in our environmental sustainability journey with the implementation of various initiatives across our key focus areas, including:

Carbon

Made our public commitment to SBTi in setting carbon reduction targets aligned to the Paris Agreement goals. We are expecting our target to be submitted and published within the coming years.

Circular economy

Conducting a waste management study to address the challenges of MSW charging, including on-site waste surveys, stakeholder engagement, with plans in place to conduct a trial of control measures to determine the effectiveness of proposed measures in 2023.

Energy

Signed a Renewable Energy Certificate (REC) purchase agreement from CLP, equating to 45.9 gigawatt hours of energy.

Carried out an Energy Audit as required by the Buildings Energy Efficiency Ordinance (Cap. 610) to review the energy efficiency of our facilities.

Climate change

Engaged a third-party consultant to complete a climate risk assessment with scenario analysis to identify our significant climate risks. We have used these findings to develop our mitigating measures and have disclosed our climate issues in line with recommendations from the Taskforce on Climate Related Financial Disclosures (TCFD).

Air quality

Continued our commitments to the Environmental Protection Department (EPD)'s Indoor Air Quality (IAQ) Certification Scheme.



Making our communities greener

Exclusive online platform



Physical booths



Reusable lunchbox campaign



20th anniversary exhibition of MINDSET



Live performances

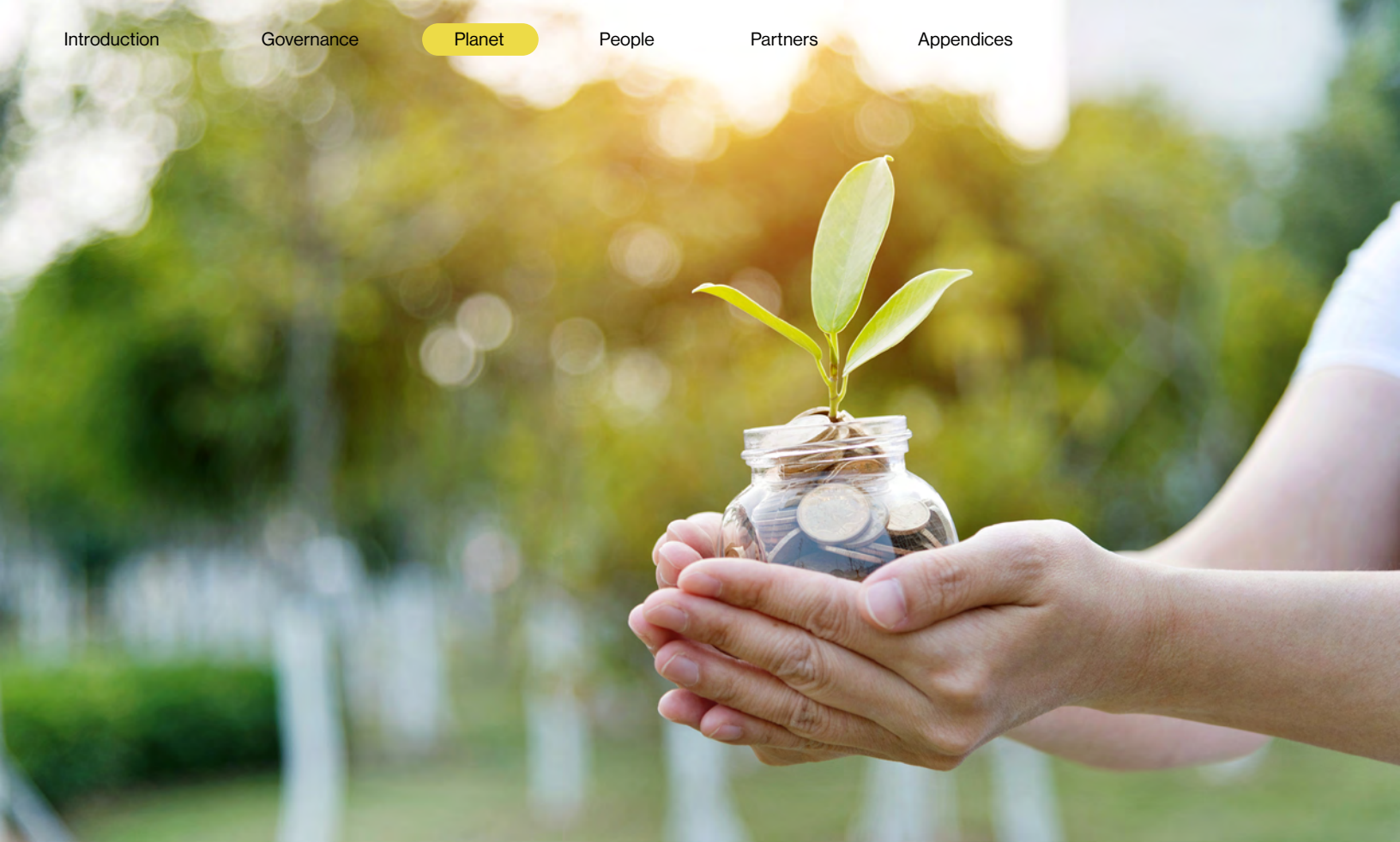


Over the past seven years, Hactl has been actively hosting the signature event, Green Week, to drive behaviour change among our staff and community towards a sustainable terminal. This year, we featured the theme “Our Green Terminal”, championing the message that collective action is imperative to achieving net-zero and fostering an inclusive community, while celebrating the achievements of our well-established Green Terminal programme.

Building on the success of last year’s hybrid format, we attracted an audience from far and wide as our exclusive online platform enabled virtual participation in interactive quizzes and games. At SuperTerminal 1, we invited four social enterprises and NGOs to showcase green products at physical booths and demonstrate the importance of mindful consumer purchasing practices that are guided with intention. Throughout the event, Hactl staff and business partners were fully immersed in conversations around fair trading, inclusive employment, organic products and local agriculture.

From the very first Green Week, we have adapted and evolved our scope to reflect shifting sustainability trends and important current issues that matter to us. In celebration of the 20th anniversary of MINDSET, a Hong Kong-registered charity founded by Jardine Matheson Group, we were delighted to stage “A Journey of a Thousand Steps” exhibition to promote the importance of mental health, as well as commemorate MINDSET’s 20 years of making a difference in people’s mental health. As part of this, sharing sessions and live performances were held by people in recovery, further raising awareness around the stigma of mental illness.

[▶ Watch “2022 Hactl Green Week” video](#)



Financing sustainable actions

The 2022 UN Climate Change Conference (COP 27), with climate finance spotlighted as an area with significant growth potential, recognised the private sector's important role in driving the development of sustainable finance. Hactl has developed a timely Sustainability Linked Framework in aligning our financing activities with the sustainability strategy.

This framework supports the achievement of our climate ambitions through the development of KPIs across core and material issues. In 2022, through developing the Sustainability Linked Loan (SLL) that pivoted on the framework, it incentivises our ambitious improvements through pre-defined Sustainability Performance Targets (SPT) which are embedded in the structure of the deal, including carbon emission, energy consumption and waste management. The SPTs are verified by external, independent reviewers and are applicable to the life of SLL. Disclosures of our progress against these SPTs will be provided through specified documentation, which re-affirms Hactl's determination to accountability in delivering sustainable value for our stakeholders.

Developing this framework is a significant step in our sustainability journey and we believe that sustainable financing methods will increasingly play a role in our future. Through our participation in sustainable capital markets, we wish to foster best practices and channel investments that contribute to the low-carbon transition of our industry.

7.1

Climate change risk management



Laying the foundations for a climate resilient future starts with the work we do today. Hactl introduced the Climate Change Policy to guide the continuous identification and management of climate change risk and opportunities, as well as our decarbonisation efforts which accounts for community resilience. Our proximity to the ocean exposes Hactl to rising sea levels and extreme weather events exacerbated by climate change. These clear risks have driven us to adopt a science-based pragmatic approach to integrating climate resilience into business. This year, Hactl has worked closely with an external

consultancy in adopting the recommendations of the TCFD to conduct a climate risk scenario analysis and better understand Hactl's exposure to the risks and opportunities of climate change.

This climate risk assessment helped to identify and assess our climate-related risks, pointing out the pertinent issues as they relate to our business, existing controls, and possible mitigation plans in response to these climate challenges. The assessment was undertaken using four emissions scenarios in analysing both potential physical and transition risks.

Physical Risks

are those that relate to hazards exacerbated by climate change such as typhoons, sea level rise, extreme ambient temperatures, and severe rainfall events.

These hazards can lead to damage to assets or operations, market disruptions, and increased risk to employee safety.

Transition Risks

refer to the effects of a rapid or aggressive transition to a low-carbon economy. These include market and technology shifts, policy and legal changes, and reputational implications.

If left unchecked, a quick changing landscape can lead to changes in demand for our services, increased liability, and unfavourable views towards Hactl.

Below are some of our identified risks and opportunities, for a more detailed look at our approach to addressing climate change, please see our [TCFD Statement in the Appendices](#) of this Report.

Physical Risks



Extreme heat

Exposure to extreme heat can impact health and safety leading to restricted movement of employees.

Extreme rainfall

Potential disruption to operations and service delivery.

Floods

HKIA and all the surrounding buildings and facilities are located on a man-made, low-lying island on the north edge of Hong Kong's Lantau Island. This area is prone to flooding during typhoon seasons and the risk of flooding from sea level's rising is ever increasing.

Typhoons

Extreme gales affect the airport's operations and often cause the suspension of all activities. Potential impacts include the disruption of power supply, damage to property, and employee injury.

Sea level rise

Increase outfall of drainage system raises the incidence of flooding and inundated drainage systems.

Transition Risks and Opportunities

Risks

Shift from fossil fuel-based sources to renewable energy sources

Given our reliance on heavy machinery and vehicles, a laggard shift away from fossil fuels could present issues with power reliability and operating cost stability in a future low-carbon market.

Reputational damage from lack of climate change action

Given the growing spotlight on the logistics and transport industry's carbon footprint, there is potential for scrutiny of our Scope 1 and 2 emissions and energy data, and initiatives aimed at mitigating climate change.

Changes in legal and regulatory requirements relevant to our industry

Concerted efforts by local authorities to meet climate goals could lead to stricter industry scrutiny.

More resources may be needed to monitor relevant Hong Kong regulations, maintain record of all environmental data, and perform regular energy management review to identify ways to conserve energy and enhance energy efficiency.

Opportunities

Commitments to adjust to a low-carbon economy

Demonstrate our commitment to meeting regional efforts and create synergy with AAHK on how to minimise the impact of climate risk together.

Installation of energy efficient technologies

Capture opportunities to enhance energy efficiency for instance, installing lighting motion sensors, updating lighting to LED, upgrading key cargo equipment and transitioning our fleet to electrical vehicles.

Generation of onsite renewable energy

Onsite renewable energy improves our climate resilience and operational costs. From 2019 – 2022, we installed 1,600 sqm of solar panels on our roof which feeds into the power grid, resulting in a reduction of 285,650 kg of CO₂ emissions.



Strengthening typhoon preparedness

Given our location on the low-lying Lantau Island, we are aware of the potential physical risks that extreme weather events, such as typhoons, could have on our operations. With the continued global rise in ambient temperatures, it intensifies the impacts of future typhoons, heavily impacting our business. To ensure that Hactl is well prepared to face this growing challenge, we continued to conduct annual typhoon emergency preparedness drills which strengthens our risk control measures, contingency planning, and helps identify any opportunities for improvement. In May 2022, to cover the array of potential challenges we may face, we simulated multiple typhoon-related scenarios which could adversely affect operations, including flight disruption, full occupation of container storage system, cracking of glass rooftop due to strong wind, and manpower shortage due to Tsing Ma Bridge blockage.

Aligning our disclosures with the recommendations from TCFD is just the first step. We will continue to cultivate an organisation that is resilient and agile to the challenges of climate change – by integrating sustainability into our business decision-making and enterprise risk management programme.

Carbon emission management



The direct emissions from our operations mostly arise from our ground service equipment (GSE) vehicles around our terminal. Over the years, we have done our part to reduce our emissions in support of the Hong Kong government's Climate Action Plan 2050 and HKIA's ambitions in becoming one of the world's greenest airports.

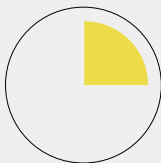
In demonstration of our ambitions and collaborative spirit, we have signed the HKIA's Long Term Carbon Pledge towards working together with key partners within the Hong Kong Airport community to curb emissions in achieving carbon neutrality by 2050. Hactl is also a signatory of the Business Environmental Council's Low Carbon Charter, which together with the HKIA's 2050 Net Zero Pledge, further indicates

our commitment to decarbonisation by mandating voluntary decarbonisation targets, disclosing our progress towards achieving these targets, and advocating target setting and low carbon practices to others in the industry.

In 2022, Hactl has taken another step further along in leading the way to a low-carbon economy. We have made a public commitment to the SBTi in setting carbon reduction targets aligned to the Paris Agreement goals. We are currently developing our SBT, following the guidance of SBTi by validating our Scope 1 and 2 emissions, mapping our Scope 3 emissions boundaries, and establishing a carbon reduction roadmap. We are expecting our target to be confirmed and published within the coming year.

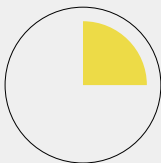
To effectively manage our impacts, first we need to accurately measure them. To ensure that we are transparent on our environmental performance data, we follow the data collection and review process below:

Data collection
and internal review
monitoring



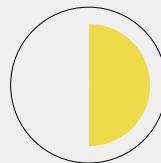
Quarterly

Data update
submission to Airport
Authority Hong Kong



Quarterly

Data update
submission to Jardine
Matheson Group



Bi-annual

7.3

Energy management

The latest energy-efficiency innovations present Hactl with exciting opportunities to reduce our energy consumption and further explore the potential to increase our renewables into our overall energy mix. The careful management of our energy consumption not only reduces our environmental footprint, but also has the ability to reduce our operating costs and our reliance on the local energy grid. These efforts are a collaboration between many departments within Hactl with guidance from our ISO 50001 Energy Management System and our Energy Policy.

By adopting ISO 50001 Energy Management System and establishing our Energy Policy, we continually monitor our energy performance, provide relevant energy saving training to staff, and explore new opportunities to continually enhance our energy saving capabilities. Using the internationally recognised process “Plan, Do, Check, Act” we strive to achieve year-on-year improvement on our energy management efforts. Included in this process are our bi-monthly EHS committee meetings, which have energy usage as a compulsory agenda item for discussion. If our energy reduction performance is not up to our expectations, an action plan is immediately developed to address the gap. Moreover, we also seek external opinion by engaging an energy consultant to conduct an annual Energy Review 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. During the reporting period, we carried out an Energy Audit as required by the Buildings Energy Efficiency Ordinance (Cap. 610) to review the energy efficiency of our facilities.

Hactl's culture of collaboration extends out to our partners and industry peers as we look to bring different stakeholders together to deliver achievements that are greater than what any organisation can accomplish alone. For instance, collaborating with AAHK and CLP, we are exploring the feasibility of installing additional e-GSE charging stations in the cargo apron to facilitate an acceleration in equipment electrification.

To achieve the strongest positive impacts possible, Hactl takes a diversified approach to energy management, combining the benefits of energy efficiency with our efforts to increase the use of renewable energy across our operations.

Besides our efforts to generate renewable energy, we also look to support the overall renewable energy market in Hong Kong. In 2022, we have made another leap in our Green Terminal programme by signing an agreement to purchase RECs from CLP, equating to 45.9 gigawatt hours of energy from renewable sources, the largest of any such arrangement to date within the airport community. The agreement spans six years from 2022 and saves an equivalent of 17,901 tonnes of carbon emissions². Each gigawatt hour of electricity purchased in the REC represents our sincere convictions to reducing the emissions associated with Hactl's energy use. The REC affirms that the environmental attributes of the electricity provided by CLP are from local renewable energy sources, including solar power, wind power, and landfill gas projects. With the purchase of RECs, Hactl is another step along our path to minimising our carbon footprint and demonstrating continuing commitment to the development of renewable energies.

² According to the carbon intensity of the electricity sold by CLP Power in Hong Kong in 2021.



7.4

Circular economy



Hactl's approach to advancing a circular economy across Hong Kong starts with our own operations. We demonstrate that we walk-the-talk through our efforts to eliminate waste, reuse materials, and operate more efficiently. Our waste management is overseen by our new Resource and Circularity Policy, ISO 14001 internal audit mechanisms, and is further monitored through quarterly performance data updates, with a formal annual review to establish new waste reduction targets. Incentive programmes encourage our garbage handling contractor and internal waste management personnel to take the initiative and explore opportunities to improve our diversion rate, especially for those materials which are most impactful to our operations, such as wooden pallets and plastic cargo protection sheets.

Currently, the use of plastic sheets for cargo protection is an industry standard, without any viable alternative materials available which offer the dependability and weather protection required to safeguard our customers' cargo. That said, Hactl remains vigilant in seeking out opportunities for innovation where feasible, working closely with our frontline staff and plastic sheet supplier, we have created a more environmentally friendly plastic sheet without sacrificing on structural durability. Through rounds of trial, we have successfully integrated 30% of recycled materials in our cargo protection sheets and cling wraps. We are actively seeking solutions to increase the recycled content to minimise our environmental footprint even further.

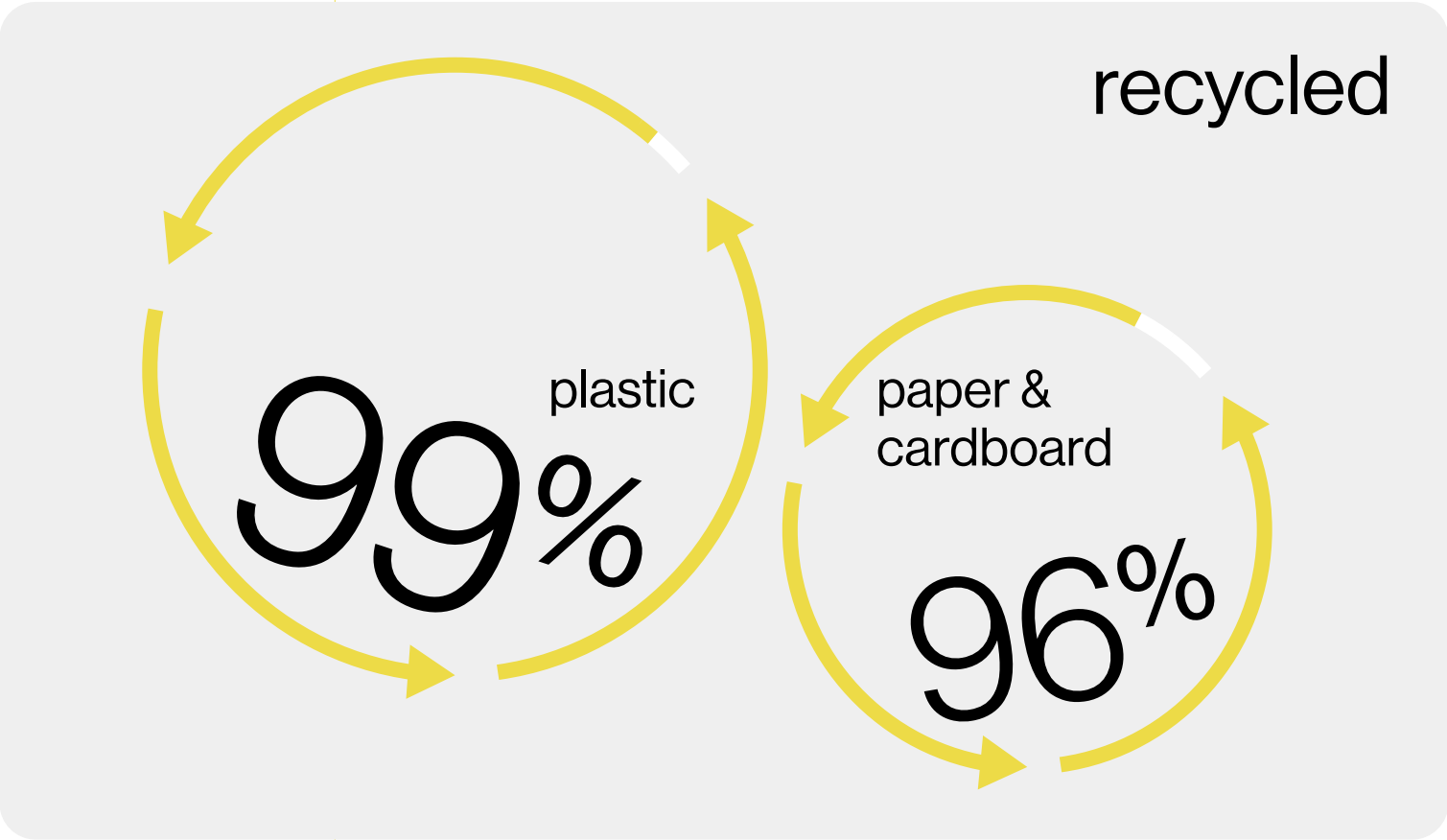
The most effective waste management methods are the reduction of waste generation itself. We try to reuse materials, such as wooden pallets, as much as we can, and offer our contractors such materials for their repurposing as well. For unavoidable waste materials, we minimise our potential downstream impacts by providing sorting space for collected materials which are either upcycled or sent to landfill by licensed waste collection contractors.

Further to our approach in eliminating waste from our operations, we have continued to digitalise our documentation processing as far as feasible to reduce paper consumption. A substantial amount of paper is required for import and export processing, including documents such as Air Waybills, customs forms, and checklists, many of which are legally required to be printed. As such, we have worked to try to reduce paper use where we can and have also engaged our suppliers and customers to encourage them to transition to digital documents, wherever possible.

In preparation for the implementation of the Hong Kong government's MSW charging, Hactl is conducting a study to prepare for the potential challenges. The study included on-site waste surveys, stakeholder engagement, and a trial of control measures to determine the effectiveness of the proposed waste management measures. We appointed external consultants to conduct the study and to help engagement our terminal users and contractors to ensure impartiality.

Given the nature of our business and our use of

heavy machinery, some hazardous wastes are generated from our operations, including lubricating oil and batteries. We handle all such waste with strict adherence to local regulations and have implemented the appropriate safety measures. We ensure all electronic and chemical wastes are collected by licensed collectors registered under the EPD of Hong Kong. Moreover, emergency handling procedures are well drilled into our staff in case of chemical spillage, we also conduct regular safety and environmental inspections to ensure hazardous wastes are properly managed and stored.



7.5

Air quality management

A clean and healthy environment, free of harmful air pollutants, is one of our non-negotiable requirements inside SuperTerminal 1. We take this commitment seriously as industry leaders in our approach to air quality management. Our proper management of air quality is the first line of defence in protecting local communities from pollutants. Working together with the Hong Kong General Chamber of Commerce (HKGCC)

and the Business Coalition on the Environment (BCE), we have joined their efforts to lead the Hong Kong business sector efforts to improve air quality in the Greater Pearl River Delta by joining their Clean Air Charter. The Charter lays out six key commitments in which signatories align themselves, and work towards reducing air pollution.

Our approach to IAQ is well defined and has been developed with the health and safety of our staff and terminal users in mind.

Our comprehensive indoor air quality monitoring and enhancement system includes:

Hactl is proud to renew our support for the EPD's IAQ Certification Scheme, in which we have been honoured with several IAQ awards over the past 18 years. Annual certification renewals in line with the scheme ensures that we have adequate air quality for a healthy workplace. Further improving our air quality, we have installed air purifiers throughout our offices.

1

Continuous monitoring of vehicle exhaust, through air quality sensors, in first and ground floor warehouse spaces and the installation of a truck dock ventilation system to first filter then pump out vehicle exhaust away from the building's exterior.

2

Continuous monitoring of dark smoke emissions in the truck docking area.

3

Strict no smoking policy inside SuperTerminal 1.

4

Prohibiting vehicle idling in docking areas (with exceptions for vehicles with temperature controls, which must remain running).

5

Increasing Hactl vehicle maintenance frequency to reduce fuel combustion and consumption inefficiencies.

6

Utilising replacement bag filters for the mechanical ventilation and air condition (MVAC) system.

We hold steadfast to our commitments in advancing our Green Terminal and the proper management of our natural resources. Hactl has already looked ahead, identifying opportunities which we can seize in further improving our sustainable development trajectory. Below are some initiatives which are planned to be implemented in the short-term:

Emissions and Energy Performance

Continue regularly monitoring performance data to keep abreast of any significant trends and explore new energy management and electrification opportunities.

Enforce a cross-department energy reduction programme.

Climate Risk Assessment

Implement various mitigation measures to strengthen climate resilience and address Hactl's climate challenges as identified in the Climate Risk Assessment, including the continuation of existing measures.

Science-Based Targets

Submit and disclose the carbon reduction target.

Renewable Energy

Explore feasibility to expand our renewable energy options, and continue to work together with our energy provider for Renewable Energy Certificates.

Advancing the circular economy

In addressing the MSW charging, engage terminal users alongside waste control trial measures in developing the most suitable waste management programme tailored to our operations.

Analyse waste performance data, garner feedback from contracted waste collectors to adjust our incentive scheme and further explore diversion rate improvement.



8 People

Policies and guidelines

Diversity and Inclusion Policy

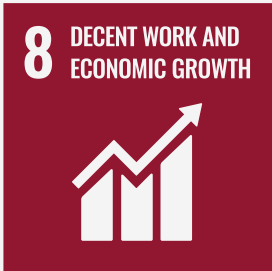
Occupational Health & Safety Policy

Human Rights Policy

Sustainability Policy

SDGs

United Nations’
**Sustainable Development
Goals**



Material topics

Employee health and safety

Employee development
and training

Employee welfare
and labour rights

Engagement and fostering
a healthy working culture

Diversity and inclusion

“The most important thing is taking good care of our colleagues and supporting them in their journeys. Without them, we would not be here today.”



At the centre of Hactl is our people delivering consistent and high-quality services to our customers. It is thanks to their leadership, talent, and determination that we remain leaders in our sector, competitive in the marketplace and resilient in our operations. Hence, it is our ambition to make our business a great place to work.

When employees join Hactl, we strive to welcome them to our safe, caring, and respectful environment where they can learn and thrive to achieve their fullest potential. We support and develop our people by training them to succeed based on their unique talents and ambitions, provide feedback for ongoing improvement, and then reward them

with fair remuneration and development opportunities. Through organising employee engagement initiatives, we stay in touch with the needs of our workforce while boosting team morale and productivity.

Our workforce is comprised of characteristics we seek in people including the willingness to take initiative, open-mindedness, ability to work as a team, and passion for continuous learning and improvement. With these principles in mind, we recruit and retain the best talent across our organisation and as such, 1,046 of 2,046 of our employees have stayed with us for over 10 years. In recognition of the loyal dedication of our staff, the Long Service Award was presented to long-serving employees of over ten years.

51%

of employees have served over ten years



8.1

Health and safety

Intensive manual work is carried out every day to move cargo in and out of our terminal. This can lead to potential safety hazards, prompted by slips, trips, falls, as well as during manual handling and operating equipment and machinery. As such, we believe that safety is non-negotiable and a core principle in our sustainability strategy.

Underpinning our approach is a comprehensive Occupational Health and Safety Management System (OHSMS) that applies to all employees and contractors. We defined the elements of the management system based on ISO 45001 standards, statutory regulations, and other industry standards, bringing international best practices to our Terminal.

Taking a proactive approach to reducing potential safety risks and incidents, we have established robust policies that allow our team to uphold high standards of safety culture across the operation, including the Occupational Health and Safety (OHS) policy, OHS Management Manual and OHS Procedures. Available company-wide, these policies are accessible through multiple channels, including Hactl's intranet homepage and our staff mobile app "KaGor".

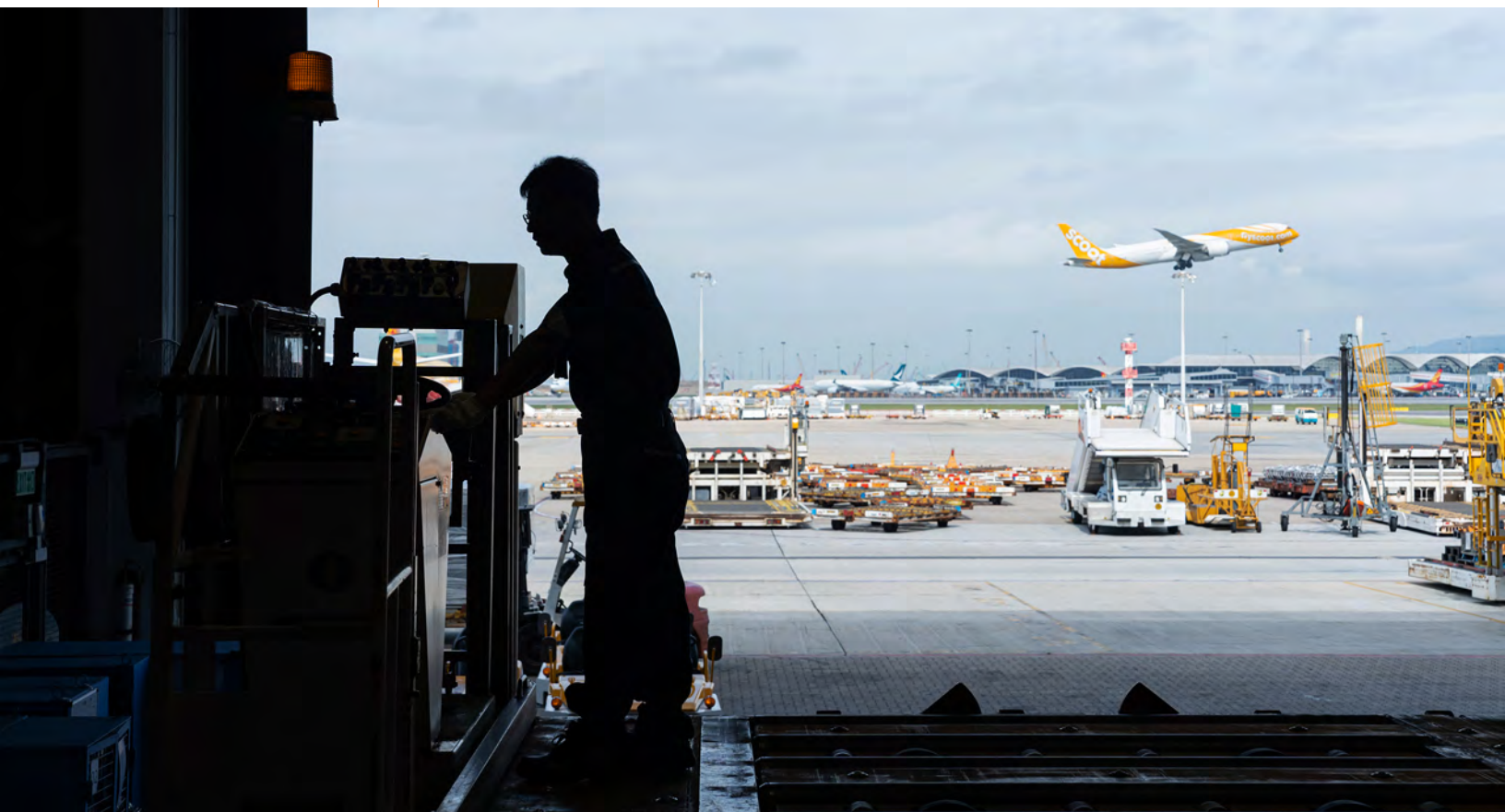
Our EHS Committee, a cross departmental team reformed since 2009 from Environmental Conservation Committee and Health and Safety Committee, is responsible for overseeing the delivery of our health and safety ambitions, facilitating

and coordinating with business units to drive implementation of EHS guidelines. To ensure the effectiveness of our safety and control measures, meetings are arranged every two months to review EHS matters, while suggestion boxes are provided in the staff locker room and next to the HR office to collect feedback and concerns.

Our OHSMS is strictly in adherence with the latest aviation safety management standards which is specifically designed for ground operations. At the core of our OHSMS, we follow the IATA AHM610 Guidelines for a Safety Management System complying with the standards and recommended practices published in the IATA Safety Audit for Ground Operations (ISAGO) standards manual.

Besides compliance with applicable laws and regulations, we established a Quality Assurance Programme (QAP) to ensure safety precautions are properly implemented and utilised. This quality management tool ensures that personnel perform their assigned duties safely and securely per applicable regulatory and customer airline requirements.

We review the overall OHSMS system annually; ad-hoc meetings are held if any adverse trends arise or if the number of injuries increases within a given month. The meetings result in action plans to be implemented within three working days to rectify any issues as soon as feasible.

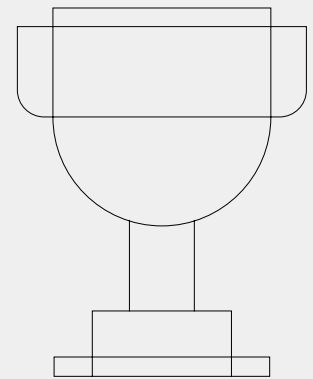


Next phase of safety

Ensuring the safety of our staff is a constant priority. Reflecting our quest for continuous improvement, in 2022, we launched our Smart Safety Management System (SSMS), an integrated risk management platform that builds onto the well-established OHSMS implemented for over a decade. Harnessing big data, our SSMS streamlines health and safety reporting by capturing incidents and irregularities in real-time. This innovative approach has enhanced our efficiency by eliminating manual and repetitive inputs, augmenting workflows and as a result enabling better cross-division communication and collaboration.

Hactl was honoured to receive the “Gold Award”

in the HKIA Safety Excellence Award



8.1.1

Prevention, identification and awareness

Accident prevention, risk identification and awareness are some of the areas which we treat with the highest priority. Staff can review our Operational Risk Register and Control record and Accident and Incident Handling Procedures which outline the most common potential hazards experienced in the workplace and communicates clear and consistent guidelines of accident prevention measures to minimise risks.

Risk assessments are conducted each year to identify any exposure to potential safety hazards. In case of such incidents, SSQ team carries out an investigation to determine the cause and develop corrective action procedures to prevent reoccurrence. 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. Applying such practices helps us recognise areas of high risks and subsequently design programmes that mitigate them in the future.

Maintaining high levels of safety across our operations starts with educating our staff on the risks and hazards in our industry. Right from the onboarding

process, we continually promote safety awareness through the provision of mandatory training and refresher training programmes that are accredited by IATA for operation staff. Hactl operational staff is required to attend a Dangerous Goods course and must attend a recurrent training every 24 months. To adhere to mandatory requirements specified by the Civil Aviation Department and to comply with IATA Dangerous Goods Regulations Training Courses. We also conduct a Behavioural-based Safety Observation (BBSO) where our managers observe frontline employees perform their routine equipment handling tasks and provide continuous feedback on areas for improvement, to help detect unsafe behavioural tendencies and reinforce positive habits aligning with safe work practice.

Embedding health and safety thinking into our workplace environment, we require all shift staff to review the Safety Alert notice before every shift as a reminder to stay alert and act safely whilst working. Moreover, we established a Safety Incentive Scheme designed to encourage workers to prevent accidents through issuing a cash reward if all safety KPIs are achieved or exceeded.





Activating safety through listening

We at Hactl have always put the wellbeing of our colleagues as our top priority. Especially when it comes to critical issues such as employee safety, our Management will look to employee feedback to eliminate as many potential hazards as possible, whilst raising safety awareness throughout our operations.

Through our signature Hactl innovative and collaborative thinking, we invited esteemed colleagues from our Ground Services, Terminal Services, Haxis, and Safety, SSQ team to form the "Driving Safety Team".

The unique nature of our operations within the cargo terminal facilities means that our drivers and machinery operators frequently work in tight and busy spaces. As such, the inaugural task of the Driving Safety Team was to put their innovative minds together to further elevate the driving safety performance and safety awareness of our colleagues.

Through monthly regular meetings and bi-weekly safe driving inspections, key changes were put in place to evoke driver mindfulness of their own and others' safety, to develop good driving habits and attitudes, thus, reducing accidents. One of these changes includes increasing the incentives provided through the driver safety rewards programme, which was also expanded in scope to also cover management staff, Duty Managers and Assistant Managers to ensure that we make safety awareness our collective responsibility.

Through the Driving Safety Team, our mobile vehicle incident rates have significantly decreased and importantly, we were able to strengthen the sense of ownership and responsibility for safety within our operational staff.

We conducted routine maintenance and systematic inspections of GSE such as ramp vehicles, forklift, and tow-tractors to prevent any malfunctions and to pre-emptively uncover hazards posed by the machines. We have established and maintained programmes and procedures to ensure safe operation and personal protection within the terminal and at the airside interface. Since the beginning of 2022, Hactl has conducted safety inspections quarterly with three major tenants in our Express Centre to enhance workplace safety.

The foremost safety goal of Hactl is to achieve zero fatalities and zero injury. As a testament to our stringent health and safety culture and robust management system, we have reduced our work-related injury rate by 53% since 2018.



● Safety first, safety always

Reaching its ninth year, our Safety Week brought together members of all departments to enhance safety awareness through fun-filled activities. Championing the theme “Work Safe”, the one-week event was packed with informative events and featured activities including a safe tractor driving contest, safety equipment promotion and various quizzes.

The Safety Quiz Competition is every Safety Week’s highlight, in which each department faces off in a contest to test their OHS knowledge. Not only were our colleagues’ knowledge of the company’s OHS procedures strengthened, but each team had the opportunity to bond throughout the preparation period and the competition.

With last year’s being held online due to the pandemic, this year’s in-person event uplifted the spirit of the entire Hactl workforce and facilitated excitement and dedication among staff as we work together to achieve our goals.

Safety is cemented in everything we do, no matter how small or big the task is. It is our ongoing commitment to raising the bar on workplace safety and we will continue to drive enhancement to our safety culture.



● Safety to new heights

Taking our safety quality standards to the next level, we certified the GSE Maintenance Workshop in alignment with HKQAA's 5S standards.

Originated from Japan, the five "S" – Standardise, Sort, Straighten, Shine and Sustain emphasises on eliminating unnecessary waste, improving order and tidiness, and ensuring that a functional system is in place for the improvements to be sustained. As a result of the effective implementation of these principles, we minimised the risks of hazards and improved the safety of the work environment.

To support the roll out, we have developed the 5S Good Housekeeping Management Manual for everyone to take reference. It is our hope that the learnings of this pilot will be rolled out into other equipment and workspaces in our operation.

8.1.2

Responding to COVID-19

Our staff demonstrated incredible resilience, resolve and agility as we quickly adapted and adjusted to new health and safety measures in response to the 5th wave earlier this year and the subsequent COVID-19 policy transition. As we neared the end of 2022 and the further easing of COVID-19 restrictions by the HKSAR government, Hactl commenced on our transition towards the resumption of normal life as we learn to live with the virus according to the direction of the authorities.

With the return to normal in 2022, we remain firm on our promise to ensuring the health and safety of Hactl employees, terminal users, tenants, and visitors. We continuously assess the adequacy of ongoing health and safety measures and enhance our controls where necessary. Our protection measures are well thought out, taking the unique nature of our Terminal in mind to ensure that our stakeholders are well protected.

Our host of health and safety pandemic measures were maintained to ensure our workplace environment fulfil the latest health and safety needs accordingly:

Enhancing safety at SuperTerminal 1



- Installed thermal cameras in our staff canteen and across the terminal
- Mounted over 140 disinfection devices and 120 air purifiers to enhance indoor air quality
- Applied airDefender 365-day antibacterial and antiviral coating solutions to public areas, including toilets, corridors, and lift lobby
- Installed touchless elevator button, “kNOw Touch”, to enable passengers to control the lift without physical contact
- Enacted pre-registration health records system for those with airside access

Heightened precautionary measures



- Conduct temperature checks before entering our premises while wearing surgical masks
- 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
- 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 prohibited from reporting for duty
- Responded promptly to all preventive measures announced by AAHK and Centre for Health Protection (CHP)

Disseminating medical supplies



- Distributed hand sanitiser throughout the SuperTerminal 1 and face masks for our staff regularly

Minimising physical contact



- Adjusted shift rosters were constantly reviewed to minimise the number of staff on-site at any one time
- Placed transparent shields at our service counters to further reduce the chance of transmission
- Restricted the number of seats in use in our canteen to comply with social distancing directives
- Divided the junior staff locker room to prevent cross-infection and maintained regular locker room sanitation

Going robotic



- Maintaining a fleet of 18 sterilisation robots, named HACTL THE SHIELD R1 to R18 to exterminate viruses and bacteria in the common areas of SuperTerminal 1, and two full-body disinfection channels, HACTL THE SHIELD MK-1 and MK-2 for staff use

Since the outset of COVID-19, we pooled our resources and expertise to support the Hong Kong community in the continuing battle against the pandemic. Utilising our extensive network and years of experience carrying cargo shipments, we acted swiftly to aid the shipping, storage and transportation of COVID-19 vaccines and other life-saving medical suppliers to the people of Hong Kong. More recently, in early 2022, Hactl and Jardine Aviation Services joined efforts to safely and efficiently unload four pallets of critical medical suppliers for immediate distribution to the Hong Kong community. It is through this effective synergy that we were able to promptly provide emergency suppliers for those in need.

Strategic investments in equipment and the re-engineering of our typical handling processes were instrumental to ensure our facility was ready to receive and transport delicate suppliers. We equipped SuperTerminal 1 with 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 fluctuations on the ramp, as well as support for dry-ice containers and re-charging of e-containers. To facilitate quicker transportation of goods, we implemented a “Golden Route” process to provide the fastest possible route through our facility. Moreover, our accreditations like IATA CEIV Pharma and WHO GDP are a reassurance of compliance with best practice, and conformity with globally recognised, uniform parameters. These safeguards give us the confidence that strict safety and quality criteria are being met.

As a world-class air cargo operation, Hactl takes pride in our ability to operate safely and seamlessly to address the needs of our community. Equally, the difficulties that we faced during the pandemic thoroughly tested our management capability, operational efficiency, and readiness to crisis management. With the support of our partners, industry, and employees, we will continue to spearhead efforts to facilitate an efficient, safe, and sustainable operations to tackle any challenges that lie ahead.

8.1.3

Wellbeing

Pandemic-related challenges has turned our attention to the wellness of our employees; hence, we continue to respond with programmes and solutions to put our people at ease. As proponents of flexibility and connection, we offer the ability for office staff to work remotely and schedule flexible working hours. We believe these agile work choices allow our people to be inspired and empowered while taking care of their health needs.

To ensure our staff and employees maintain physical and mental wellness both at work and home, we helped coordinate various wellness and staff recreation activities and events. Throughout the year, we organised Fruits Day, Jardine Sports Association Orientation Day, a free body check session and a glass-etching workshop for our employees as we continue to generate important conversations on physical and mental health and promote wellbeing across our community and organisation.



8.2

Development and training

With a long-standing history of providing trusted air cargo handling services, we know that creating a high-performance workforce is indispensable for maintaining our success. We invest in developing the best talent at all levels of our business to meet our customers' and the industry's rapidly evolving needs, while enabling our employees to forge careers that are fulfilling and impactful to them. Moreover, we endeavour to support young talents and equip them with the skills needed to shape and drive our future organisation.

Among recent years, Hong Kong has been facing an exodus of skilled talent, while the air cargo industry is experiencing a wave of labour shortage due to ageing demographics, placing pressure on the industry's long-term development. As an organisation that serves a vital role in global trade and dependable

deliveries of cargo and equipment of all kinds – it is absolutely a priority that Hactl establishes that our current and future staff is at the top of their class.

Our Learning and Development team offers a suite of technical courses for training operations personnel ranging from equipment operation, aircraft loading, dangerous goods and special cargo handling, and other aviation related training as specified in the Operations Training Manual. All aviation safety training is in compliance with IATA, HKCAD and other authorities' requirements. Most technical trainings are delivered by our team of internal trainers who are well experienced in the aviation industry holding relevant qualifications. Before taking part in any activity in SuperTerminal 1, we ensure that all staff are trained and competent in navigating the premises and handling equipment.



Rejuvenating our training infrastructure

At Hactl, we continue to invest in our infrastructure to provide valuable and effective training environment for our professionals. Targeting our fork-lift truck operators, the Learning and Development team cooperated with the Engineering and Facilities Services department to undergo a comprehensive renovation of Hactl's existing Forklift Truck Training Centre. The rejuvenated centre now has a variety of new equipment and upgraded infrastructure including new storage compartments and refurbished surface floors to help improve the efficiency of training and the quality of our employee learning experience.

For instance, compared to the previous uneven brick surface used outdoors in the past, the refurbished training ground has now been levelled and paved with concrete, which greatly reduces the unevenness of the ground and replicates the real working environment's surfaces more closely. Through our new training centre, our novice truck operators are now better equipped as they prepare to enter our workforce.

With our employees at Hactl, we strive to provide them with ample opportunities and resources to grow and thrive in defining their own career goals. Employees can participate in relevant soft skills courses such as leadership and coaching training for supervisory staff and communication skills trainings for customer-facing colleagues. Simultaneously, we also provide opportunities for our employees to be exposed to a diverse set of industries, such as through Jardine Matheson Group's annual Learn Fest, a webinar series where dozens of leaders from various fields, along with senior executives across the Jardine Matheson Group, share their insights on key issues such as leadership, entrepreneurship and digital transformation with our staff.

Our courses are additionally hosted and facilitated through LMS, an e-learning platform launched last year to enable improved interactive and learning opportunities for our employees. To further enhance our quality of training, we have also invested in the

use of virtual reality technology for aircraft cargo compartment operations simulate different scenarios and to help generate higher levels of learning engagement amongst our employees.

We continuously refine our training offerings by researching the skills and knowledge needs of our industry, as well as design tailored programmes to help our people stay relevant and adaptive to changing job demands. With the aim of raising the bar for quality and effective training to our workforce, we became the first air cargo terminal operator to have several training courses received accreditation under various prestigious frameworks:

- Four courses recognised under Hong Kong Qualifications Framework (HKQF)
- One course recognised under IATA's Competency-Based Training and Assessment (CBTA) Centre Certification



Driving quality in Hong Kong logistics

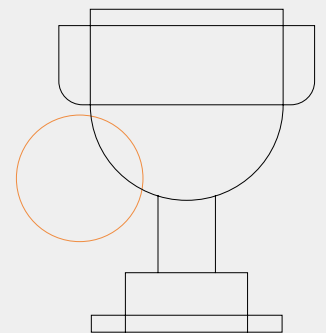
Hactl aims to provide the next generation of professionals with industry recognised training that is valuable and effective. To this end, we are delighted to provide four courses accredited under the HKQF, the first cargo terminal and logistics corporate to do so. Apart from providing technical logistics training, we also accredited soft skills courses to enhance workforce professionalism and problem-solving skills. While we apply international standards to our training courses for many years, aligning to this local industry standard was the natural next step to ensure that our training continue meet the skills and capabilities necessary for our business needs and the industry at large.

When it comes to identifying and nurturing future talent, we seek partnership opportunities such as our collaboration with Vocational Training Council (VTC) in their Earn & Learn Scheme, to help equip students with on-the-job training, knowledge, and skills to thrive in the air cargo industry. We continue to invest in attracting talent, helping to incubate capabilities in young prospective air cargo professionals.

Hactl was honoured with the

“Excellence in Knowledge Management” Award

in the Awards for Excellence in Training and Development 2022 – Campaign Award





Preserving skills for the future

Given the complexity of our systems, equipment, and processes, passing down the invaluable practical experience and knowledge capital gained through years of service by our senior engineers is becoming increasingly essential to Hactl.

Echoing our spirit of innovation and proactivity, we developed a Knowledge Management (KM) initiative to systematically identify, preserve, and disseminate vital operational knowledge. As a pilot programme, the KM Core Team worked closely with the Engineering and Facilities Services department to interview senior engineering colleagues to identify common problems and solutions the team has faced. From this valuable feedback, concise instructional videos covering a diverse range of potential issues at SuperTerminal 1 were developed, passing on the knowledge to our junior engineers.

Our technologically forward-thinking and innovative approach adapts to the increasingly visual learning habits of the younger generation and allows storage of learning materials on web-based platforms. Leveraging these new technologies enables our staff to learn at their convenience and allows for repeated reviews on tablets and handheld mobile devices.

Feedback from mentors and junior engineers involved in this KM initiative pilot has been overwhelmingly positive. Using digital media, Hactl is supplementing employee training whilst considering the next generation's learning preferences. This project has far-reaching implications for knowledge preservation, management, and heritage for our organisation, as our KM Core Team hopes to extend this valuable work to other departments and support the cultivation of knowledge sharing, upholding Hactl's expertise and wisdom.

[▶ Watch "Knowledge Management Initiative" video](#)

8.3

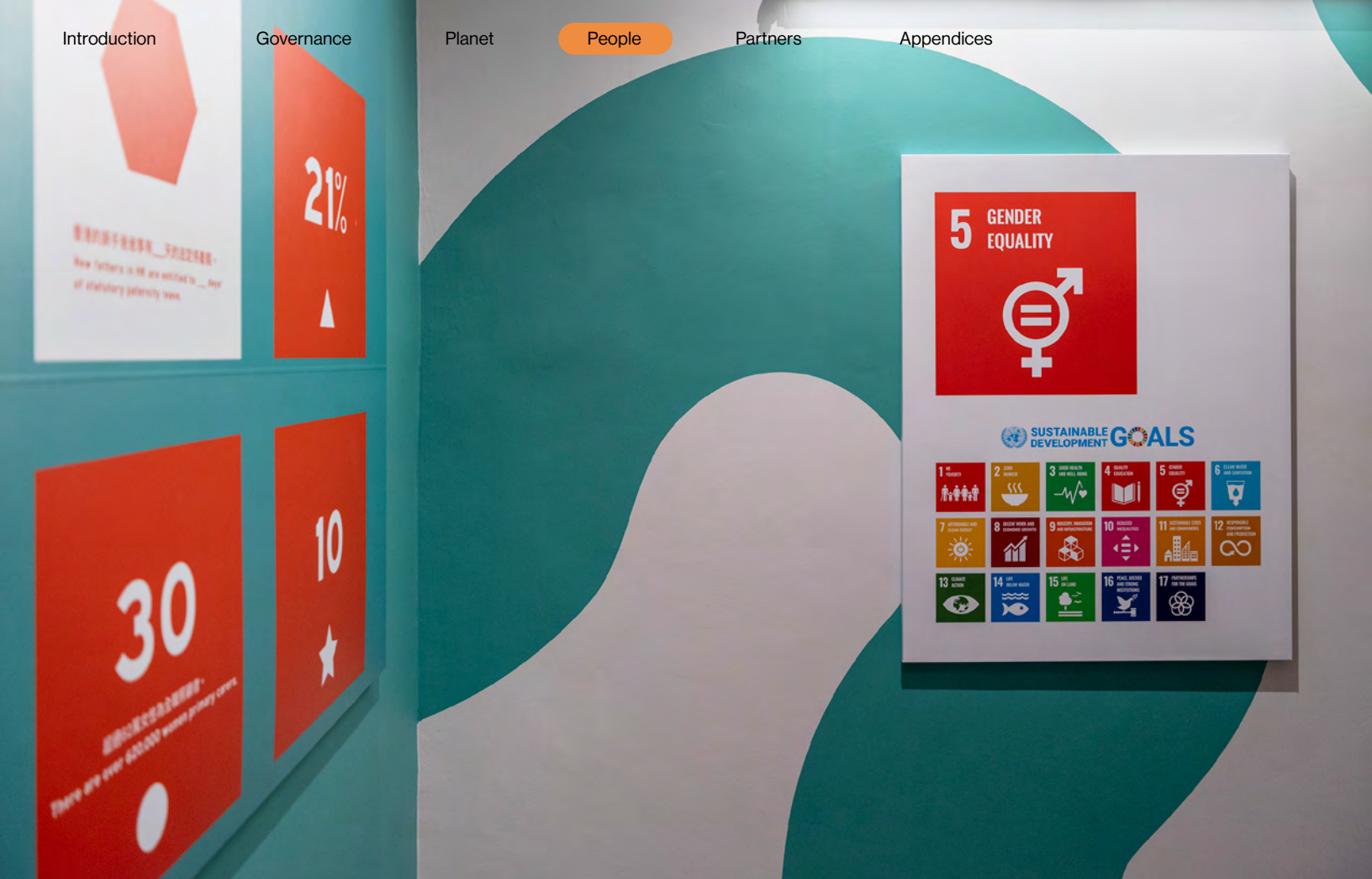
Engagement and fostering a healthy working culture

At Hactl, we aspire to make our Terminal a great place to work. We want to nurture an inclusive and fulfilling environment where people are inspired to do their best. Every aspect of how we treat our employees is rooted in respect and so we constantly consider employee opinions and ideas in cultivating a collaborative working environment with open free-flowing communication channels. As an operation that runs 24/7, it is imperative we foster a culture that creates strong connection between employees, whilst continually increasing employee satisfaction and productivity.

Throughout the year, we continue to drive work-life balance and hosted an array of programmes to keep employees engaged:

- Conducted **online Lunch Talk**
- Hosted **DIY workshops**
- Distributed **seasonal exotic fruits**
- Issued **Voice of Hactl**, a quarterly 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





Stepping up to sustainability

Finding time for fitness after work can be difficult due to time constraints, inconvenience, and cost issues. Meanwhile, inside Hactl's enormous SuperTerminal 1, employees walk up and down the staircases every day, as they go about their work. It occurred to us that this simple activity could become an ideal alternative form of exercise as well as a means for conveying important messages. With this in mind, in 2022, we invited a design team to transform the unique and under-utilised stairwell on the fourth to sixth floors of the North Office Block into an informative mural embodying thought-provoking sustainability quizzes highlighting the 17 SDGs.

For the first month after the launch, our stairwell focused on the theme of SDG 5 (Gender Equality). Accordingly, stimulating questions were posted on the walls, such as: "Women are generally thought to be better than men regarding cooking at home, yet how many of the world's 10 top paid chefs are women?".

The mural topics are regularly refreshed; since the launch we have also covered SDG 10 (Reduced Inequalities) and SDG 11 (Sustainable Cities and Communities). By bringing together education and exercise, we believe this will broaden staff knowledge about sustainability, challenge social norms and encourage healthy habits within the workplace, so improving employee wellness.

[Watch "Stepping up to sustainability" video](#)

To meet the needs of our employees, it is vital that we hear from them. Our various committees aim to ensure communications are delivered to different levels of our organisation, while providing the opportunity for open two-way dialogue. Our Canteen Committee collects staff feedback on canteen services and food, while our EHS Committee enables discussion on environmental, health and safety topics between frontline staff and management. Moreover, JCC hosts regular meetings where staff may express their opinions and share suggestions with Hactl's management to help improve staff welfare and operation workflow.

In 2022,

Hactl achieved
an employee
satisfaction rate of

99%



and surpassed the
quality objective
under ISO 9001 for
12 years



We believe in cultivating a professional brand identity where employees can feel confident at work every day. To this end, we created a fresh set of uniforms for frontline staff, which will be introduced in the first quarter of 2023. Since the initial stage of the project was launched in late 2021, we have listened to feedback from frontline colleagues and asked for their input to ensure we addressed both the needs and the comfort of colleagues. In addition to employing antistatic fabrics for greater safety and flexibility, both the front and the back of the uniform featured reflective tapes certified to EU standards to increase visibility in dim light and enhance employee safety.

On top of this, thinner fabric and ventilation holes were added to boost the breathability and comfort of the uniform. We also successfully incorporated environmentally friendly principles into our new uniform, sourcing eco-friendly fabric from a Japanese factory made from discarded plastic bottles to create an ultra-soft and elastic textile suited to our staff's preferences. The perfect balance between image, comfort, practicality and sustainability was certainly an immense challenge, yet we were determined to create a highly desirable uniform that staff are proud to wear while going about their daily tasks.

8.4

Welfare and labour rights

We aim to treat all our employees fairly and adopt business practices that respect international human rights. In keeping with international regulatory standards, our policies and systems are in place to ensure we provide a decent and fair workplace.

Our objective is to recognise our employees by providing competitive benefit packages and ensuring that employees are rewarded for their accomplishments and the value they bring to our organisation. We have established various ways in which we communicate to our employees that we value them as detailed in our [career website](#), ranging from the provision of medical and dental health assistance schemes to awarding various bonuses to our staff (i.e. managerial, discretionary, annual safety, quarterly special attendance, Chinese New Year). Periodic reviews are conducted to ensure that we continue to offer fair, equitable and competitive remuneration aligned with market trends to our employees.

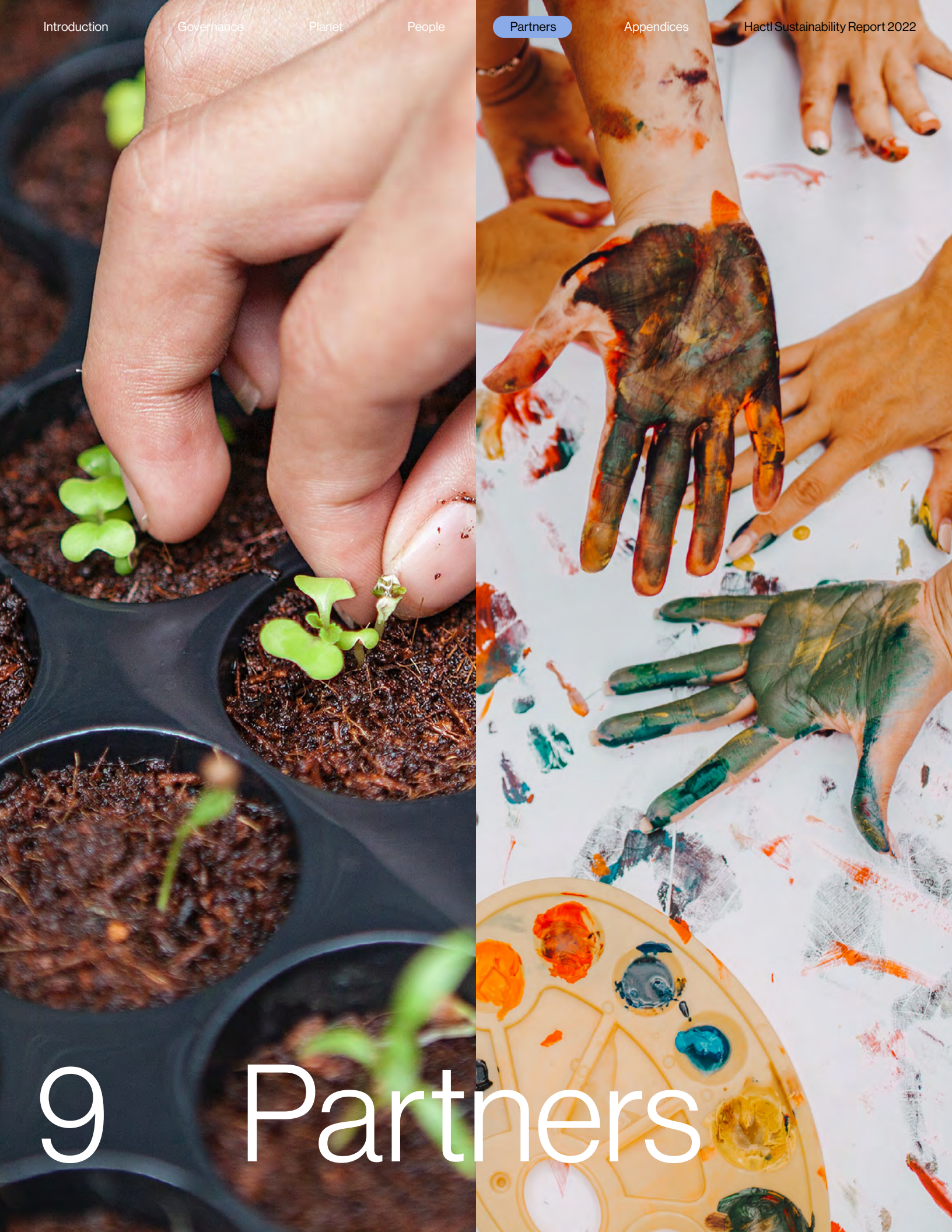
As a responsible business, we support global human rights and labour standards, and ensure that our suppliers do too. Given the nature of our business, the risk of forced or child labour practices occurring in our operations is extremely low. Nevertheless, Hactl is committed to upholding the principles expressed in the United Nations' Universal Declaration on Human Rights, the International Bill of Human Rights, and the

Fundamental Principles and Rights at Work developed by International Labour Organisation. Our Human Rights Policy reflects our commitment to upholding internationally recognised fundamental human rights. We have also been members of the Supplier Ethical Data Exchange (SEDEX) since 2014, and we report information about our approach on four key areas: health and safety, business ethics, the environment, and human rights.

In keeping with our commitment to human and labour rights compliance, we ensure that employment practices, including fair hiring practices, compensation, and dismissal, working hours, rest periods, anti-discrimination, and employee welfare, meet or exceed local legal requirements. They are set out in the Staff Handbook and various human resources policies which are accessible by all staff.

Diversity and inclusion practices are integral in our treatment of staff and creating a workplace where they feel they belong. As defined in our Diversity and Inclusion Policy, we do not discriminate on grounds of ethnicity, gender, age, sexual orientation, disability, background, religion, or other personal characteristics. Any kind of bullying, intimating, discrimination, or harassment will not be tolerated.





9

Partners

[Policies and guidelines](#)

Sustainability Policy

[SDGs](#)

United Nations' Sustainable Development Goals

[Material topics](#)

Supply chain management and digitalisation

Community engagement

“Advancing sustainability and social responsibility is a team effort. That means going past just managing our internal processes, but more importantly, collaborating with external stakeholders.”



As an air cargo terminal operator, we collaborate with a wide range of stakeholders to facilitate the flow of goods – from logistic service providers to freight forwarders, to airline carriers and other industry stakeholders. Given the interconnected nature of our business, we recognise that our responsibility to drive sustainable development also resonates beyond our Terminal. To fulfil this responsibility and create long-term value, we ensure that our suppliers and business partners are operating at the same high standards on environmental and social practices.

At a foundational level, we are managing our supply chain as efficiently as possible to guarantee reliable and best-in-class service to our customers. We are unlocking opportunities for targeted improvements, and mitigating our exposure to environmental and social risks through digitalisation.

The prosperity of our business is closely aligned with the well-being and livelihood of the community in which we operate. We dedicate ourselves to actively seek interactions with society at large for our collective pursuit to show kindness and enact positive change.

9.1

Supply chain management and digitalisation

Beyond maintaining the highest environmental and social standards for ourselves, we make it a priority to maintain them within our supply chain. We do this by working closely with our direct and indirect suppliers to ensure they understand our values and are aligned with our approach to sustainability. With the support of our suppliers, we have taken proactive steps to create powerful solutions that nurture adherence to the highest environmental and social standards across the entire supply chain.

Because we handle thousands of tonnes of cargo every day, most of our suppliers also engaged in large-scale operations. Due to this nature of our business, there is a significant room for impact on the overall sustainability performance of our supply chain.

To minimise negative impacts, we optimised our supplier selection process by establishing approved vendor selection criteria. The criteria include important sustainability components such as staff awareness on sustainability-related concerns, energy management, green initiatives implementation and adherence to any safety and HACCP/IATA PRC principles. On top of assessing ESG performances, we also look for environmental credentials including ISO 9001, ISO 14001, ISO 45001, ISO 50001, and/or other equivalent standards. By evaluating suppliers with these criteria, we ensure that only the best and truly responsible suppliers participate in our tender selection process. In 2022, 100% of suppliers were screened with environmental and social criteria.

In general, the Procurement team is responsible for sourcing Hactl's general supplies such as office stationery and staff uniforms. For project specific items, we place decision making power onto our various departments by adopting a decentralised procurement system. Departments individually oversee their own compliance factors and are responsible for their own purchases. It enables each department to focus on specialisations and maintain a close and interpersonal relationship with the suppliers. Each department also undertakes an annual evaluation of the suppliers in accordance with Hactl's Supplier and Sub-contractor Qualification Report. We require adherence to the highest standards for our suppliers and under-performance in environmental factors may result in contract termination.

Since establishing our green procurement plan in 2013, we are encouraging our suppliers to invest in cleaner and more efficient operation processes to reduce the environmental footprint throughout the entire supply chain. We placed incentives for contractors who exceed contractual KPIs. For underperformers, we conducted immediate reviews and helped them develop plans for improvement. When suppliers were struggling to meet our standards, especially due to external factors such as the impact of the COVID-19 pandemic, we took concerted and collective action to devise mutually beneficial solutions that alleviated such challenges and kept our supply chain strong and intact.





Leveraging cutting edge technology

With a fleet of over 1,400 pallet dollies, managing Hactl's ramp operations is no simple task – a process that is often time consuming and labour intensive. In 2022, we worked with a supplier to develop the Hactl Fleet Monitoring System (FMS) which enables real-time location and condition reporting of our pallet dollies which is not only used by Hactl but by various members of the airport community. This digital transformation has brought us the following benefits:

- Enhanced GPS tracking and enabled location and in-use status of our dollies, all data which is readily available via PCs and mobile devices;
- Reduced time consumed to retrieve and inspect the dollies for monthly maintenance by 75%; and
- Minimised ramp travel, with a commensurate reduction in energy consumption and emissions.

Its far-reaching impact is staggering. If the technology were adopted by the wider Hong Kong International Airport community, it could save time in locating and retrieving all non-powered ground service equipment, greatly improving overall airport efficiency.

▶ [Watch "Hactl Fleet Management System" video](#)

In recognition of our innovative approach to supply chain management and digitalisation, Hactl received a Corporate Innovation Index (CII) Awards Certificate in 2022. Ranking in the top 20 of over 200 companies that participated in the index, we became the first and only Hong Kong airport community and logistics corporation to receive the certificate.

9.1.1

Customer experience

Customer experience is crucial to the success of our business, and we actively work to create and provide exceptional customer experience by understanding what our customers want, need and value. Throughout the years, we built resilience and refined our strategies to better provide efficient and safe handling services for all types of air cargo including special and challenging cargos. This year, we helped our long-standing customer Cargolux to unload a shipment which has flown from Austria to Hong Kong via Luxembourg. The massive cargo measured 27m × 1.27m × 0.55m, and occupied 9 pallet positions. Hactl's professional Ground Services team reacted quickly to successfully unload the huge cargo with no damage to the package. We used five main deck loaders to lower the cargo in precise synchronisation made possible by the excellent teamwork of the crew. We innovated ourselves not only in moving large cargo but also in handling documents. By transforming our retired control centre to the Terminal Services Centre (Import) in 2022, we provided a more convenient experience to our customer and a better working environment to our staff. And with the addition of the Import Document Pre-submission function on our COSAC-Mobile, documents can be

verified by our staff in advance to provide more flexibility to our customers. We also continue to encourage our customer and staff to share feedback for future renovations. Through listening to our customer needs, we are tirelessly improving our support systems that can deliver excellent customer experience.

Hactl has the ambition to become the benchmark of our industry in ensuring animal transportation safety and welfare. Humanely transporting live animals poses a unique set of obstacles and logistical challenges. Hactl has been accredited under all relevant standards, including the IATA CEIV Live Animals certification to overcome these hurdles. With these standards we established a baseline for improving the level of competency, infrastructure and quality management in the handling and transportation of live animals throughout the supply chain. We received training and assessments, and met all validation requirements to attain the certification in alignment with the programme standards. The certification is valid for 36 months and requires re-certification to ensure the ongoing effectiveness of our measures.





Recognition for our excellent services from customers

SF Airline has recognised our efforts in making them feel valued and appreciated. This year, we received the “Best Business Partner” accolade from them for our excellent services. This is the sixth consecutive year that SF has awarded the honour to us, its ground service partner since 2010. The recognition received demonstrates that we go above and beyond to keep our customers happy.



“Thank You Award” from IAG cargo

Hactl’s commitment to exceptional customer experience is demonstrated in the confidence that our customers place on us. We have been awarded a “Thank You Award” by IAG Cargo, a long-standing customer of Hactl, in recognition of the professional and outstanding service provided by the company.

9.2

Community engagement

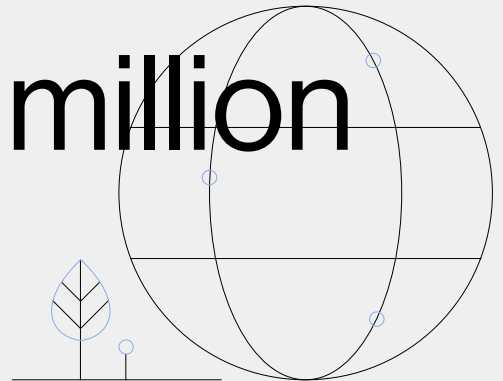
At Hactl, we embrace a caring culture and our employees play a big part in that. Such culture not only keeps the employees inspired and engaged but also strengthens our community and better the lives of people around us. As a socially responsible business, we encourage our employees to engage in community activities in ways that reflect their interests and passions.

We have a long history of giving back to communities where we live and work. We continuously work to create positive impact in the Tung Chung neighbourhood, the area surrounding the airport, through collaborative initiatives such as the eight year-long strategic partnership with CareER to provide working opportunities for people with disabilities.

We also advocate for the vulnerable members of society including low-income families, people with different physical and/or mental disabilities, and those with intellectual disabilities. As part of the Jardine Matheson Group, we are involved in the Group-level community programmes such as MINDSET, a charity raising awareness on mental health. It is vital that that we strengthen social cohesion and empower the communities of today so that we bring lasting value for the future.

HK\$10.4 million

were invested in sustainability projects





Breathing new life into wood

We actively support the creation of a more inclusive community in which everyone has equal access to economic, social and educational opportunities. We especially focus on families with diverse ethnic backgrounds who may not speak the local languages and may face racial prejudice. We partnered with TOUCH, a sub-centre operated by The Neighbourhood Advice-Action Council, and funded by the Home Affairs Department Race Relations Unit, to promote social inclusion in Lantau Island by engaging ethnic minority students in the Tung Chung community.

With the help of Cou Tou Studio, a social enterprise dedicated to upcycling wood, we re-purposed wooden pallets discarded at SuperTerminal 1 into furniture and unique chessboards for TOUCH. Each chess piece is made to resemble one of the unit load devices commonly used in the air cargo industry, enabling children from diverse ethnic backgrounds to learn about our industry in a fun and engaging way, while interacting with each other.

▶ [Watch "Social inclusivity through upcycling" video](#)



Powering up together

Fitness challenges is a great way to engage staff and raise money for charity and, since 2013, we have been supporting Green Power through its annual hiking event. This year, 108 of our staff participated.

We were proud to attain three awards in the Aviation and Airport Services Cup section – winner of the “Active Green Award”, where we topped all other participating organisations by hiking a cumulative total of 2,550km; first runner up for the “Green Enthusiast Award”, with the active participation of our staff members and their families and friends; and the “Outstanding Green Award” for being the second highest fundraiser. We will continue to support Green Power and encourage our staff to participate in coming years’ events.



Walk Up Jardine House

Another fitness fundraising challenge in which we participated was “Walk Up Jardine House” – in aid of Jardine Matheson Group’s mental health charity MINDSET. Due to social distancing measures, this year’s participants recorded their steps on locally-sited treadmills over a two-week period, instead of actually climbing the stairs in Jardine House. Hactl staff excelled in this challenge, with a member of the Operations department winning the Individual Challenge Champion title for the second time in a row, after completing 765,765 steps in 14 days. Another colleague took third place with 567,567 recorded steps.

The entire Hactl team also won third place in the Corporate Challenge with a combined total of 1,493,333 steps completed, which is equivalent to walking up Jardine House 1,576 times!

CareER 潛能無限線上慈善活

RunnERthon Online



Greater visibility for greater inclusion

For eight years, Hactl has been developing a strategic partnership with CareER, a local non-profit that provides career development opportunities for people with various disabilities. Hactl supported the CareER RunnERthon 2022 as a Gold Sponsor, and also fielded 104 staff to participate in the event. They took part in a variety of sports and physical activities to beat targets set by the organiser for calories burnt. In total, the Hactl team burnt 643,381.9 calories.

Taking our relationship to the next level, we participated in this year's CareER Disability Inclusion Index, a comprehensive assessment tool for disability inclusion, as well as the Inclusive Recruitment Fair to meet and recruit talents with disabilities and special needs.

Through consultation with CareER and sharing of information with participating organisations, we will continue to build a more inclusive work environment for people with disabilities.



Bringing joy to under-privileged children

Many under-privileged families lack the resources to purchase books for their children. Recognising this and wanting to offer our support, we collected over 300 children's picture and story books and distributed them to children afflicted by poverty in our community. We also collaborated with social enterprise "Rolling Books" and a community programme "One Bite Social", to stage a moon-themed storytelling session and craft workshop to encourage children from under-privileged families to create their own collages. We donated a picture book to each child who attended the programme. The workshop brought happiness not only to the children but also our staff, as they witnessed first-hand how such small acts of kindness can bring new hope to their neighbours in the community.



• Mooncakes that make a difference

To demonstrate our commitment to sustainability while showing gratitude to our customers and staff, we prepared an attractive Mid-Autumn gift box; this was made using a zero-waste design that could be re-purposed as a night light. We included illustrations on the packaging that were created by children from under-privileged families. The mooncakes were hand-made by social enterprise Mustard Seed Bakery; and a recipe that uses leftover mooncakes to make French toast was also enclosed in the gift box. By creating this all-round sustainable gift, we hoped to inspire our staff and customers to continue integrating sustainability into their daily lives.



• Extending partnership with like-minded organisations

It is important to broaden our impact through different initiatives both at a local and global level. Previously, we partnered with Crossroads, a logistic-focused NGO, and donated pre-loved chairs from Hactl training rooms to schools in Ghana. This year, we donated wooden pallets to their new programme for displaying exhibits in their campus. We also arranged a simulation session for Hactl Sustainability Team to learn about poverty.

As former neighbours of the Kai Tak Airport, Crossroads shares a similar nature of business with Hactl and collaborating with them enabled us to share the resources and talents more easily. In addition to donation and awareness raising activities, we are exploring ways to incorporate skill-based volunteering opportunities in the programme.

10 Appendices

10.1

Our performance

10.1.1

Environmental performance

GHG Emissions

GRI	Indicator	Unit	2022	2021 ³
305-1	Scope 1			
	Direct GHG emissions	Tonnes of CO ₂ e (tCO ₂ e)	4,519.70	6,760.81
	Biogenic CO ₂ emissions		180.01	203.63
305-2	Scope 2			
	Location-based energy indirect GHG emissions	Tonnes of CO ₂ e (tCO ₂ e)	12,000.19	12,445.28
	Market-based energy indirect GHG emissions		11,447.69	12,445.28
305-4	GHG emissions intensity			
	Scope 1 GHG emissions intensity	Tonnes of CO ₂ e (tCO ₂ e) / tonnage of cargo handled	0.0028	0.0034
	Scope 2 GHG emissions intensity		0.0073	0.0062
	Total GHG emissions intensity		0.010	0.010

Energy

GRI	Indicator	Unit	2022	2021 ³
302-1	Non-renewable			
	Petrol	Gigajoules (GJ)	681.74	933.75
	Diesel		981.70	1,281.76
	Non-biogenic component of biodiesel		39,708.45	45,664.48
	Electricity		105,671.02	114,879.53
	Total non-renewable energy consumption		147,042.91	162,759.52
	Renewable			
	Total renewable energy consumption	Gigajoules (GJ)	7,428.86	2,627.82
	Total energy consumption			
	Total energy consumption	Gigajoules (GJ)	154,471.77	165,387.34
302-3	Energy intensity			
	Energy intensity	Gigajoules (GJ)/ square metre	0.33	0.35

³ The scope and calculation methodology of the data has been adjusted to reflect actual situation. This is due to the inclusion of fuel consumption of Hactl owned vehicle, reclassification of tenant energy use into Scope 3 emissions and recalculation of energy use using our baseline year (2018) conversion factor.

Waste

GRI	Indicator	Unit	2022	2021
306-3a	Non-hazardous waste			
306-4a	Waste generated	Tonnes	8,046.99	8,442.62
306-5a	Waste diverted		5,041.88	4,418.21
	Waste directed to disposal		3,005.11	4,024.41
	Paper			
	Waste generated	Tonnes	521.52	458.44
	Waste diverted		499.60	436.55
	Waste directed to disposal		21.92	21.89
	Plastic			
	Waste generated	Tonnes	1,051.40	1,017.39
	Waste diverted		1,047.20	1,010.21
	Waste directed to disposal		4.20	7.18
	Wood			
	Waste generated	Tonnes	4,611.90	4,860.47
	Waste diverted		3,420.78	2,898.13
	Waste directed to disposal		1,191.12	1,962.33
	Miscellaneous / others			
	Waste generated	Tonnes	1,862.17	2,106.32
	Waste diverted		74.30	73.32
	Waste directed to disposal		1,787.87	2,033.00
	Hazardous waste			
	Waste generated	Tonnes	28.66	22.10 ⁴
	Waste diverted		28.66	22.10
	Waste directed to disposal		0	0
	Total waste			
	Waste generated	Tonnes	8,075.65	8,464.72
	Waste diverted		5,070.54	4,440.31
	Waste directed to disposal		3,005.11	4,024.41

⁴ The data has been adjusted to reflect actual situation.

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 (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆), chlorodifluoromethane (HCFC-22), and nitrogen trifluoride (NF₃).
- GHG emissions are computed using emission factors from the following sources:
 - o “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
 - o “UK Government Greenhouse Gas Conversion Factors for Company Reporting” published by the Department for Environment, Food and Rural Affairs (DEFRA) of the UK Government
 - o 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 and B7 biodiesel) and refrigerant (R22 and R134a) consumption.
- Biogenic CO₂ emissions included the emissions from biogenic component of the B5 and B7 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.
- Renewable energy consumption includes biogenic component of biodiesel and purchased energy from the Renewable Energy Certificate Scheme.
- 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 battery, electronic waste and lubricant.

10.1.2

Social performance

Employment

GRI	Indicator	2022			2021 ⁵		
		Female	Male	Total	Female	Male	Total
401-1	Number of employees	284	1,762	2,046	283	1,939	2,222
	New hire rate	27.26%	14.38%	16.09%	23.57%	12.82%	14.17%
	Turnover rate	26.19%	23.99%	24.28%	28.08%	19.47%	20.56%
	Employees by employment contract	284	1,762	2,046	283	1,939	2,222
	Permanent contract	275	1,648	1,923	276	1,816	2,092
	Temporary contract	9	114	123	7	123	130
	Employees by type of employment	284	1,762	2,046	283	1,939	2,222
	Full time	261	1,633	1,894	262	1,795	2,057
	Part time	23	129	152	21	144	165
	Employees by age group	284	1,762	2,046	283	1,939	2,222
	Under 30	78	170	248	66	212	278
	30-50	112	734	846	125	788	913
	50 above	94	858	952	92	939	1,031
	Employees by category	284	1,762	2,046	283	1,939	2,222
	Manager	24	58	82	20	59	79
	Non-manager	260	1,704	1,964	263	1,880	2,143
	New hire	77	265	342	68	256	324
	Under 30	46	118	164	39	88	127
	30-50	23	78	101	22	89	111
	50 above	8	69	77	7	79	86
	Turnover	74	442	516	81	389	470
	Under 30	29	133	162	25	85	110
	30-50	30	115	145	32	97	129
	50 above	15	194	209	24	207	231

⁵ Seconded from Jardine Matheson has been taken out from the scope and the definition of Manager has been aligned with Jardine Matheson

Training and development

GRI	Indicator	2022			2021 ⁶		
		Female	Male	Total	Female	Male	Total
404-1	Number of employees attending the trainings	284	1,762	2,046	283	1,939	2,222
	Manager	23	58	81	20	59	79
	Non-manager	261	1,704	1,965	263	1,880	2,143
	Number of training hours	6,046	39,479	45,525	6,362	35,897	42,259
	Manager	464	1,454	1,918	392	1,260	1,652
	Non-manager	5,582	38,025	43,607	5,970	34,637	40,607
	Average training hours	21.29	22.41	22.25	22.48	18.51	19.02
	Manager	20.17	25.07	23.68	19.60	21.36	20.91
	Non-manager	21.39	22.32	22.19	22.70	18.42	18.95

Health and safety

GRI	Indicator	2022		2021 ⁷
403-9	Work-related injuries			
	Total workforce	2,046		2,222
	Total working hours	4,745,500		5,371,568
	Recordable work-related injuries (excluding fatalities)	17		24
	High-consequence work-related injuries (excluding fatalities)	0		2
	Fatalities as a result of work-related injury	0		0
	Rate of recordable work-related injuries	0.72		0.89
	Rate of high-consequence work-related injuries (excluding fatalities)	0		0.07
	Rate of fatalities as a result of work-related injury	0		0
403-10	Work-related ill health			
	Fatalities as a result of work-related ill-health	0		0
	Recordable cases of work-related ill-health	0		0

Procurement practices

GRI	Indicator	2022	2021
204-1	Total supplier expense (HK\$ million)	560	572
	Total expense on local suppliers (HK\$ million)	542	547
	Percentage of spending for significant location of operation on local suppliers	96.79%	95.63%

⁶ Seconded from Jardine Matheson has been taken out from the scope and the definition of Manager has been aligned with Jardine Matheson

⁷ Seconded from Jardine Matheson has been taken out from the scope and the calculation of working hours has been adjusted to reflect actual situation

Customer privacy

GRI	Indicator	2022	2021
418-1	Total number of substantiated complaints received concerning breaches of customer privacy	0	0
	Complaints received from outside parties and substantiated by the organisation	0	0
	Complaints from regulatory bodies	0	0
	Number of complaints addressed	0	0
	Total number of identified leaks, thefts, or losses of customer data	0	0
	Number of customers, users, and account holders whose information is used for secondary purposes	0	0

Community engagement

Indicator	2022	2021
Sustainability investment (HK\$ million)	10.40	5.97

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.
- New hire rate = Total number of new hire/ Average number of employees as at 1 January and 31 December 2022
- Turnover rate = Total number of turnover/ Average number of employees as at 1 January and 31 December 2022

10.1.3

Governance performance

Anti-corruption

GRI	Indicator	2022	2021 ⁶
205-2	Communication, training and policies		
	Employees who have received written communication about corporate anti-corruption policies and procedures	2,046 (100%)	2,222 (100%)
	Employees who have received anti-corruption training	2,046 (100%)	2,222 (100%)
205-3	Incidents of corruption		
	Number of confirmed incidents of corruption	0	0
	Number of confirmed incidents in which employees were dismissed or disciplined for corruption	0	0
	Number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	0	0
	Public legal cases regarding corruption brought against the organisation or its employees during the reporting period and the outcomes of such cases	0	0

⁶ Seconded from Jardine Matheson has been taken out from the scope.

10.2

Awards and recognitions

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 institution	Award attained	Why is it significant to Hactl?
Governance		
2022 HKMA Quality Award From: The Hong Kong Management Association	Grand Award	Receiving the Grand Award is a testament to our contribution to the international and local business communities, especially during the pandemic.
2022 World Air Cargo Awards From: Air Cargo Week	Air Cargo Handling Agent of the Year	Determined by an online vote across <i>Air Cargo Week</i> 's global readership, our latest success at the World Air Cargo Awards signifies a resounding endorsement by users who actively experience our services. Users' recognition of our service standards, despite pandemic-related disruptions to our operations in the past two years, acknowledges our lasting commitment towards upholding a high quality of service.
2022 Supply Chain Asia Awards From: Supply Chain Asia	Air Cargo Terminal Operator of the Year	The award is a welcome acknowledgment of our various innovations, technological advancements, IT initiatives, training and development programs and accreditations attained to strengthen our business efficiency and service offering, as we continue to invest significantly in all aspects of our business.

2022 Asian Freight, Logistics and Supply Chain (AFLAS) Awards From: Asia Cargo News	Best Air Cargo Terminal Operator – Asia	The award recognises leading companies in the cargo, logistics, and supply chain industry for innovation, leadership and consistency in service quality and customer-relationship management. We are proud to receive this award for the fourth time since 2015, showcasing our determination to maintain the highest possible service standards over the years.
Corporate Innovation Index From: Asia-Pacific Institute of Business	Corporate Innovation Index Awards Certificate	The Corporate Innovation Index (CII) is an innovation management and assessment tool which aims to promote both technological and non-technological aspects of corporate innovation culture. Among 200 companies that took part, Hactl was listed as one of the top 20 constituent companies, demonstrating our long-standing commitment to innovation.
Planet		
2021 Hong Kong Awards for Environmental Excellence From: Environmental Campaign Committee	Transport and Logistics – Gold Award	The award recognises our sound performance on environmental management and driving environmental within SuperTerminal 1.
2020/21 Hong Kong Sustainability Award From: The Hong Kong Management Association	Certificate of Excellence	The award recognises Hactl's ongoing commitment to, and efforts in sustainability.
2022 CLP Smart Energy Awards From: CLP Power Hong Kong	Renewable Energy Contribution Award (Corporate and Government Bodies)	Achieving this award signifies Hactl's positive contributions towards minimising carbon emissions and mitigating our environmental impact through our Green Terminal programme along with our other energy-saving and emission-reduction measures.
Indoor Air Quality (IAQ) Certification Scheme From: The Environmental Protection Department	“Excellent Class” Certification for North and South Office Blocks (Entire Building)	The scheme commends good IAQ management practices. 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.
People		
2022 Awards for Excellence in Training and Development – Campaign Award From: The Hong Kong Management Association	Excellence in Knowledge Management	The award was conferred on Hactl for its innovative Knowledge Management (KM) Initiative — which systematically identifies, documents and archives the key knowledge and experience of senior staff in a series information videos, which can be easily retrieved by younger team members and new staff seeking knowledge and guidance on complex work topics.
The 21st Hong Kong Occupational Safety & Health Award From: Hong Kong Occupational Safety and Health Council	Best Program for Work Safety & Health in Hot Weather – Gold Award	The award recognises organisations which have effectively implemented with prevention measures against heat stroke, in which Hactl's management team has committed and implemented measures to prevent heat stroke at work designed according to specific work task characteristics.
	Safety Performance Award (All Industries) – Outstanding Award	The award recognises organisations with an outstanding safety record over the past three years.

2021/22 HKIA Safety Excellence Award From: Airport Authority Hong Kong	Gold Award	Winning this recognition is further validation of the effectiveness of our comprehensive occupational safety and health approach policy which successfully led to a 70% reduction in injury rate since 2014.
Partners		
2022 Social Capital Builder Awards From: Community Investment and Inclusion Fund	Social Capital Builder Logo Awards	The award recognises an organisation's contribution to the development of social capital in Hong Kong in 2020 – 2022.
Social Enterprise Supporter Award Scheme From: Fullness Social Enterprises Society Limited	Social Enterprise Supporter Plus Award 2022	Hactl was nominated by three social enterprises in recognition of our efforts in supporting ethical consumption and social enterprises in Hong Kong.
Caring Company Scheme From: The Hong Kong Council of Social Services	15 Years Plus Caring Company	Hactl has been recognised for our long-term commitment in partnering with the social services sector, with the aim to build a more inclusive society.

10.3

Membership associations

Programme and awarding institution	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
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 Green Building Council	Gold Patron
Hong Kong Institute of Human Resource Management	Corporate
Hong Kong Management Association	Charter
International Air Transport Association	Strategic partner
IATA Cargo iQ	Corporate
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

Task Force on Climate-Related Financial Disclosures (TCFD) Statement

The impacts of climate change are observed globally, with organisations and communities experiencing increased intensity and frequency of extreme weather events, prolonged droughts, and rising temperatures and sea levels. Global and regional efforts are being made to stabilise and reduce the volume of greenhouse gas emissions generated from human activity, through a concerted transition to low carbon.

This disclosure demonstrates Hactl's commitment to managing and reporting on climate-related risk and is aligned to the Recommendations of the TCFD. Published in 2017, the TCFD recommendations provide a framework that guide the reporting and disclosure of material climate-related risks and opportunities within our organisation.

The TCFD Recommendations are structured around pillars that represent focus areas around an organisation approach to climate change:

- **Governance:** organisational governance around climate-related risks and opportunities.
- **Strategy:** actual or potential impact of climate-related risks and opportunities on business, strategy and financial planning;
- **Risk management:** organisational processes to identify, assess and manage climate-related risks; and
- **Metrics and targets:** metrics and targets used to assess and manage relevant climate-related risks and opportunities.

Hactl's response to recommendations from the TCFD		Report section reference
Governance		
1.1 Describe the Board's oversight of climate-related risks and opportunities	<p>Hactl is currently in the process of developing its governance processes with respect to our climate-related risks. We recently undertook a Climate Risk Assessment to identify and assess our climate related risks. Throughout this process several meetings with management were held to communicate the outcomes of the study.</p> <p>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 has the responsibility for making 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, including those for climate change and sustainability.</p> <p>Hactl's Senior Management Team is led by our and comprises of number of executive directors and senior directors.</p> <p>As an outcome of the Climate Risk Assessment, Hactl will review these existing governance processes to ensure that they adequately govern the climate-related risks identified for Hactl. Further detail of this process will be provided in subsequent disclosure statements.</p>	Governance – Corporate governance

<p>1.2</p> <p>Describe management's role in assessing and managing climate-related risks and opportunities</p>	<p>In 2022, Hactl undertook a comprehensive materiality assessment to identify and assess the relative importance of different sustainability topics for their impact on our business and their relevance to key stakeholders. A final list of 15 material sustainability topics was identified and validated by members of the Senior Management Team. Three of these material topics are directly climate-related:</p> <ul style="list-style-type: none"> • Energy management • Climate change risk management • Carbon emissions management. <p>Presently, climate-related risks are governed at Hactl under a decentralised enterprise risk management (ERM) framework. Risks are managed by their respective departments. Currently the updates on climate-related risks are shared with the Senior Management Team when needed and via the Enterprise Risk Management Coordinators Forum (ERMCF) which is held every two months and regularly reviews the departmental risks and overall corporate risks.</p>	<p>Approach to sustainability – Materiality assessment</p> <p>Governance – Risk management</p>
<h2>Strategy</h2>		
<p>2.1</p> <p>Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term</p>	<p>Climate-related risks to assets, operations and services were assessed under multiple time horizons to understand how risks change overtime as well as identify intervention points for adaptation measures. As part of the risk assessment conducted, two-time horizons were considered, 2030 and 2090, which took into consideration the design lives of various asset components assessed under the Climate Risk Assessment.</p> <p>The analysis of climate-related risks against multiple time horizons supports improved understanding of the future performance of Hactl's operations and is in line with the TCFD Recommendations for scenario analysis.</p>	<p>–</p>
<p>2.2</p> <p>Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning</p>	<p>Climate change is a pervasive issue that affects all organisations and communities. Identifying and responding to climate-related risks today helps to ensure ongoing sustainable and resilient activities in the future.</p> <p>Our key climate-related risks and adaptation actions are managed by the Senior Management Team. We aim to implement the proposed adaptation actions from our Climate Risk Assessment and will routinely monitor and reassess our climate risks.</p> <p>For a detailed account of our identified physical and transition risks please see the Summary of Climate Risk Assessment Study in the latter parts of this section.</p>	<p>–</p>

<div>2.3</div> <div>Describe the resilience of the organisation's strategy, taking into consideration difference climate-related scenarios, including a 2°C or lower scenario</div>	<div>Scenario analysis is an important tool for understanding and exploring the strategic implications of climate-related transition and physical risks and opportunities. As part of our Climate Risk Assessment, we applied the consideration of multiple scenarios to determine the types of climate-related risks and opportunities that might be relevant to Hactl's operations.</div> <div>Four emission scenarios were developed by the Intergovernmental Panel on Climate Change (IPCC). The IPCC's Fifth Assessment Report (AR5) presents Representative Concentration Pathways (RCPs), which explore a range of credible futures based on possible scenarios for future global greenhouse gas concentrations within the atmosphere.</div>		<div>Planet – Climate change risk management</div>
	<div>RCP8.5 – Business as usual 3.2 – 5.5 °C</div> <div>Continuing current carbon emissions to 2100 and beyond.</div> <div>Increased economic and social development coupled with exploitation of fossil fuels and resource and energy intensive lifestyles.</div>	<div>RCP6.0 – High-moderate transition 2.0 – 3.7 °C</div> <div>A moderate reduction in carbon emissions which peaks at around 2080, then reduces and stabilises at around 2100.</div>	
	<div>RCP4.5 – Low-Moderate transition 1.7 – 3.2 °C</div> <div>A moderate reduction in carbon emissions which peaks at around 2045, then reduces and stabilises at around 2080.</div> <div>Social, economic, and technological trends shift minimally from historical patterns.</div>	<div>RCP2.6 – Accelerated transition 0.9 – 2.3 °C</div> <div>A strong emissions reduction pathway which peaks around 2020 and then rapidly declines, reaching net zero emissions by 2070.</div> <div>A gradual shift towards a sustainable pathway.</div>	
<div>Risk management</div>			
<div>3.1</div> <div>Describe the organisation's process for identifying and assessing climate-related risks and opportunities</div>	<div>In 2022, Hactl undertook a Climate Risk Assessment to identify and assess our climate-related risks and develop a plan for climate adaptation. The Risk Register matrix from our ERM framework was adopted to enable the climate-related risks to be assessed under the same risk parameters as other operational risks. The purpose of this was to support a smooth integration of climate-related risks into our ERM framework.</div> <div>Hactl is currently integrating the identified risks into the departmental risk registers and has created two risks for the corporate risk register – one covering the physical climate related risks and the other representing the climate-related transition risks.</div> <div>The completion of this study enables us to continually improve our approach to enhancing our climate resilience and capitalise on opportunities that may arise from a global shift to a low carbon economy. The outcomes of the Climate Risk Assessment were incorporated into the annual materiality assessment as part of sustainability reporting to further support integration of climate-related risks into our risk management system.</div>		<div>Governance – Risk management</div> <div>Planet – Climate change risk management</div>

<p>3.2</p> <p>Describing the organisation's process for managing climate-related risks</p>	<p>Hactl actively monitors our operational risks and considers global established and emerging risks through their inclusion into our Corporate Risk Register, Departmental Risk Register, and the ISO 14001 and ISO 50001 Register of Risks and Opportunities.</p> <p>Presently, climate-related risks are managed at Hactl under our a decentralised ERM framework. Risks are managed by their respective departments. Currently the updates on climate-related risks are shared with the Senior Management Team when needed and via the Enterprise Risk Management Coordinators Forum (ERMCF) which is held every two months and regularly reviews the departmental risks and overall corporate risks. The corporate risk register is reviewed bi-annually by the Enterprise Risk Management Steering Committee (ERMSC).</p>	<p>Governance – Risk management</p> <p>Planet – Climate change risk management</p>
<p>3.3</p> <p>Describe how processes for identifying assessing and managing climate-related risks are integrated into the organisation's overall risk management</p>	<p>Many of the measures to reduce our natural resource usage and emissions are overseen by the Jardine Matheson Group's Climate Action Working Group (CAWG). This Working Group 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 Matheson Group, including Hactl.</p> <p>We keep detailed records of all environmental data, including electricity usage, waste and recycling. Hactl regularly reviews and analyses the data to develop continuous improvement plans. In addition to our regular monitoring, we annually identify an Energy Management Opportunity (EMO) to help conserve energy and enhance energy efficiency in SuperTerminal 1.</p>	<p>–</p>
<h2>Metrics and targets</h2>		
<p>4.1</p> <p>Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process</p>	<p>Since 2021, we disclosed our Scope 1 and 2 greenhouse gas emissions, our energy consumption and key initiatives related to mitigating climate change.</p> <p>We received independent and limited assurance from the Hong Kong Quality Assurance Agency. The assurance concluded that we prepared the report in accordance the GRI Standards, illustrates the sustainability performance of Hactl, covering all material aspects, in a balanced, comparable, clear and timely manner; and the data and information disclosed is reliable and complete.</p> <p>We have adopted the latest version ISO 50001:2018 certification – Energy Management System since 2020. This standard focuses on the continual improvement in energy performance. We have adopted this standard since 2013 and is the first cargo terminal and ramp handling operator at the HKIA to have obtained ISO 50001 certification.</p>	<p>Planet – Carbon emission management</p> <p>Planet – Energy management</p>
<p>4.2</p> <p>Disclose Scope 1, Scope 2, and if appropriate Scope 3 greenhouse gas emissions and the related risks</p>	<p>We disclosed our Scope 1 and 2 greenhouse gas emissions since 2021. Our emissions sources for our direct (Scope 1) emissions include emissions from stationary and mobile fuel (diesel, petrol and diesel component of the B5 biodiesel), the refrigerant (R22 and R134a) and biogenic CO₂ emissions from B5 and B7 biodiesel. Our indirect (Scope 2) emissions sources are from our consumption of purchased electricity.</p> <p>For updated emissions data, please see the Environmental Performance Table in the Appendices section of this Report.</p>	<p>Planet – Carbon emission management</p> <p>Appendices – Our Performance – Environmental performance</p>
<p>4.3</p> <p>Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets</p>	<p>Hactl is an integral part of the Hong Kong aviation industry. As the aviation industry is a significant contributor to climate change, we are determined to contribute to mitigating the aviation sector's impact. We are therefore committed to achieving Net Zero Carbon by 2050.</p> <p>Moreover we have publicly committed to set a science-based carbon reduction target. Hactl is developing an emissions reporting boundary for other indirect emissions (Scope 3) and will identify key emission sources in the coming years.</p>	<p>Planet – Carbon emission management</p>

10.5.1

Summary of climate risk assessment study

Physical risks and opportunities

Physical risks are those that relate to climate hazards such as typhoons, sea level rise, extreme heat days and extreme rainfall events. These hazards can lead to impacts such as direct damage to assets, resources or operations, market impacts or liabilities due to failure to foresee and mitigate losses from any physical risks.

Key climate hazards were identified through a physical risk assessment as part of the Climate Risk Assessment, to inform the identification of priority physical risks across critical asset classes. The table below presents risks with a risk rating of major in 2030. No catastrophic risks were identified prior to 2090.

Risk	Response summary
Extreme heat resulting in employee health and safety impacts leading to restricted movements of employees.	To reduce the impact of this risk, Hactl utilises the Prevention of Heat Stroke at Work in a Hot Environment guidelines issued by the Labour Department of Hong Kong. Hactl has implemented several initiatives including water vans which provides potable water, mobile offices with air-conditioning, and timer operated mist coolers at the apron.
Extreme rainfall resulting in employee health and safety impacts leading to disruption to the operation and service delivery of Hactl.	To reduce the impact of this risk, Hactl reviews emergency procedures manual regularly and conduct business continuity drill and exercises annually. Hactl replaced the waterproofing layer on the roof surface in recent years. Through this replacement it reduced the risk of slip, trips, and falls indoor during extreme rainfall events.
Flooding (e.g. rainfall and storm surge) resulting in limited damage to asset requiring immediate action leading to clean up, repair or partial replacement expenses.	The airport wide drainage and sea wall are managed by Airport Authority Hong Kong (AAHK). AAHK has recently undertaken a review of the airport wide drainage. The undertaking of this review and any outcomes implemented by AAHK following will likely benefit Hactl.
Sea level rise resulting in inundation of drainage outfalls leading to increased incidence of flooding and overwhelmed drainage systems	To reduce damage to assets and inundation of drainage outfalls, Hactl conducts regular inspections of the building services and water proofing with a particular focus on the basement area which is inspected twice daily. A sump pump is readily available at the basement in the event of inundation
Typhoon events resulting in disruption of power supply to lighting leading to restricted aircraft movements and service continuity.	To reduce the impact of this risk, Hactl utilises the Prevention of Heat Stroke at Work in a Hot Environment guidelines issued by the Labour Department of Hong Kong. Hactl has implemented several initiatives including water vans which provides potable water, mobile offices with air-conditioning, and timer operated mist coolers at the apron.
Typhoon events resulting in damage to power distribution system and / or damage to assets requiring immediate action leading to operational disruptions.	To reduce the impact of this risk Hactl implements emergency procedures manual and business continuity drill and exercises annually. Pre and post typhoon checks are conducted to ensure the normal operation of critical systems. In recent years, Hactl replaced the waterproofing layer on the roof surface. This ensures reduced damaged from rainfall in typhoon events. Further to this, regular inspections of the plant room are conducted to ensure no water penetration or damage.
Typhoons (including extreme rainfall, storms, lighting) resulting in worker health and safety impacts leading to disruption to the operation and service delivery of Hactl.	Hactl has hosted typhoons response drill regularly and instructing employees to stay in work vehicles, shelters nearby and mobile offices during typhoons to ensure employee health and safety is maintained. Hactl extends the care to their employees through scheduling alternative methods of transport for employees whose regular method of commute is not possible during extreme weather.

Transition risks and opportunities

Transition risks and opportunities refer to adverse and beneficial effects that arise from a rapid or aggressive transition to a low carbon economy. These include effects specifically associated with:

- **Market and technology shifts:** Relating to changes in demand for products due to policy shifts, stranding of assets due to market shifts;
- **Policy and legal changes:** Cost and / or revenue impacts resulting from policy changes. Increased liability due to failure to foresee and mitigate losses from any transition risks; and
- **Reputation:** Reputational damage resulting from an organisation's limited response to mitigation needs.

To identify transition risks and opportunities, relevant transition drivers first had to be identified and prioritised by Hactl. Transition drivers account for the actual or planned shifts in policy, markets and technology which could bring about risks and opportunities associated with the transition to a low carbon economy. These were identified and developed through extensive review of policy documents, cargo freight, aviation and energy market. The table below describes the priority transition risks and opportunities associated with priority transition drivers influencing Hactl's operations and strategic planning.

Risk	Response summary
Risk that a shift to renewable energy sources will result in increase in intermittent or variable energy supply, affecting the operational performance of Hactl, potentially reducing revenues.	This risk is driven by the global adoption of net-zero emissions policies and targets. To reduce this risk in 2019 Hactl installed of 1,600sqm of solar panels on the roof of our SuperTerminal 1 facility. Between 2019 and 2022, the 160kWp solar farm generated 709,791kWh of electricity resulting in a reduction of approximately 287,650 kg of CO ₂ emissions.
Risk of increased exposure to legal liability and potential to face penalties for operating in contravention to international standards and commitments (Paris Agreement, Equator Principles, carbon neutrality targets).	<p>This risk is driven by the legal liabilities and regulatory approval Hactl may be exposed to. To reduce this risk, we keep detailed records of all environmental data, including electricity usage, waste and recycling. Hactl regularly reviews and analyses the data to develop continuous improvement plans. In addition to our regular monitoring, we annually undertake an Energy Management Opportunity (EMO) Programme to help us identify ways to conserve energy and enhance energy efficiency in SuperTerminal 1.</p> <p>Our risk management processes comply with the relevant Hong Kong laws, regulation and ordinances that are related to the management of climate-related risks, including:</p> <ul style="list-style-type: none"> • Air Pollution Control Ordinance (Cap. 311) • Buildings Energy Efficiency Ordinance (Cap. 610) • Motor Vehicle Idling (Fixed Penalty) Ordinance (Cap. 611)
Risk of loss or cessation of customer contracts if Hactl is not seen to be responding adequately to climate related risk, resulting in reduced revenues.	This risk was driven by the shifting consumer preferences in freight. Since 2021, Hactl has published its annual sustainability report disclosing our Scope 1 and 2 greenhouse gas emissions, our energy consumption and described our key initiatives related to mitigating climate change.
Opportunity for Hactl to demonstrate commitment and contribution to regional efforts to meet emissions reduction and carbon neutrality targets, resulting in improved asset valuation.	Hactl has participated in the HKIA's Long Term Carbon Pledge and set a target in line with the Hong Kong Special Administrative Region Government target to achieve net-zero carbon 2050.
<p>Opportunity for Hactl to generate renewable energy onsite through improved access to renewable technologies, declining capital cost, resulting in improved operational resource efficiency and emissions reduction.</p> <p>Opportunity to install new technologies to reduce energy use, emissions and associated operational expenditures.</p>	<p>These opportunities are driven by the uptake of energy efficiency and low carbon technologies. Hactl has installed a 160 kWp solar farm which between 2019 to 2022 it generated a cumulative 709,791 kWh electricity resulting in a reduction of 287,650 kg of CO₂ emissions.</p> <p>Across our assets we have installed lighting motion sensors, upgraded the lighting to LEDs and reviewed and reduced lighting requirements in noncritical working areas. We have also installed, plastic curtains at the entrance of airconditioned warehouses to improve the building envelope. We have recently upgraded the efficiency of some assets including cargo lifts, air handling units and replaced aging chiller plants.</p> <p>Hactl is transitioning to electric vehicles. Within Super Terminal 1 aged GSE, cars and forklifts have been replaced. In addition, 3 electrified passenger steps and 1 electrified conveyor belt were added in 2020 and 2021.</p>



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 2022 (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 2022, as defined in the Report.

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 Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards 2021").

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 2021.

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 GRI Standards 2021;
- 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

Meico Cheong
Assistant Director, Innovation Business
March 2023

10.7

GRI content index

Hactl has reported the information cited in this GRI content index for the period 1 January to 31 December 2022 in accordance with the GRI Standards 2021 (unless indicated otherwise).

Indicator	Disclosure	Reporting location	Additional information or remarks
GRI 2: General Disclosures 2021			
2-1	Organisational details	About Hactl	–
2-2	Entities included in the organisation's sustainability reporting	About this report	–
2-3	Reporting period, frequency and contact point		–
2-4	Restatements of information	Appendices – Our performance	Restated information is detailed in the Our performance section.
2-5	External assurance	Appendices – Assurance statement	–
2-6	Activities, value chain and other business relationships	About Hactl	–
2-7	Employees	People	–
2-8	Workers who are not employees	Appendices – Our Performance – Social Performance	–
2-9	Governance structure and composition	Governance – Corporate governance	–
2-10	Nomination and selection of the highest governance body	Governance – Corporate governance	The OC consists of representatives selected from each of our four shareholders, as well as Hactl Senior Management team. They are nominated from their respective shareholder organisations based on skills and experience which will enable them to make a positive contribution to the performance of Hactl.
2-11	Chair of the highest governance body		–
2-12	Role of the highest governance body in overseeing the management of impacts		–
2-13	Delegation of responsibility for managing impacts		–
2-14	Role of the highest governance body in sustainability reporting	Approach to sustainability – Materiality assessment	This Report was reviewed and approved by Senior Management Team.
2-15	Conflicts of interest	Governance – Corporate governance	–
2-16	Communication of critical concerns	Governance – Corporate governance Appendices – Our Performance	Several committees regularly keep our Board updated on areas of critical concern. Moreover, staff are actively encouraged to report concerns to management through the Policy on Disclosure of Matters of Serious Concern. External parties may communicate concerns to Hactl through communications channels listed on the website.

2-17	Collective knowledge of the highest governance body	–	The Board and the OC may receive sustainability specific training from the respective shareholder organisations, please refer directly to their relevant disclosures for more details. From the Hactl side, they are also kept up to date on latest sustainability trends and related matters through regularly scheduled reporting via the Senior Management Team.
2-18	Evaluation of the performance of the highest governance body	Governance – Corporate governance	Hactl's sustainability performance is included as a performance criterion in the corporate Balance Score Card which is applicable to all employees and evaluated regularly by Jardine Matheson Group.
2-19	Remuneration policies	–	After careful consideration, the OC has decided not to disclose information on remuneration due to confidentiality constraints.
2-20	Process to determine remuneration	–	
2-21	Annual total compensation ratio	–	
2-22	Statement on sustainable development strategy	Approach to sustainability – Sustainability strategy	–
2-23	Policy commitments	Governance Planet People Partners	Our policies are publicly available and have been reviewed and approved by our Chief Executive. Further details on specific policy commitments and stipulations may be found within each Policy.
2-24	Embedding policy commitments		
2-25	Processes to remediate negative impacts	Governance – Corporate governance People – Welfare and labour rights	–
2-26	Mechanisms for seeking advice and raising concerns	Governance – Corporate governance	Mechanisms are included in the Policy on Disclosure on Matter of Serious Concern. Reports of breaches brought through this channel are handled by an independent and anonymous team which reports to designated Hactl representatives. In addition, external parties may raise their concerns through communication channels as listed on our website.
2-27	Compliance with laws and regulations	Appendices – Legal and regulatory compliance	–
2-28	Membership associations	Appendices – Membership associations	–
2-29	Approach to stakeholder engagement	Approach to sustainability – Materiality assessment	–
2-30	Collective bargaining agreements	Governance – Corporate governance	–
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	Approach to sustainability – Materiality assessment	–
3-2	List of material topics		–

GRI: 204: Procurement Practices 2016

3-3	Management of material topics	Partners – Supply chain management and digitisation	–
204-1	Proportion of spending on local suppliers	Appendices – Our performance – Governance performance	–

GRI 205: Anti-corruption 2016

3-3	Management of material topics	Governance – Corporate governance	–
205-2	Communication and training about anti-corruption policies and procedures	Appendices – Our performance – Governance performance	–
205-3	Confirmed incidents of corruption and actions taken	Appendices – Our performance – Governance performance	–

GRI 302: Energy 2016

3-3	Management of material topics	Governance – Risk management Planet – Energy management	–
302-1	Energy consumption within the organisation	Appendices – Our performance – Environmental performance	–
302-3	Energy intensity		–
302-4	Reduction of energy consumption	2022 at a glance	–

GRI 305: Emissions 2016

3-3	Management of material topics –	Governance – Risk management Planet – Carbon emission management	–
305-1	Direct (Scope 1) GHG emissions	Appendices – Our performance – Environmental performance	–
305-2	Energy indirect (Scope 2) GHG emissions		–
305-4	GHG emissions intensity		–
305-5	Reduction of GHG emissions	2022 at a glance	–

GRI 306: Waste 2020

3-3	Management of material topics	Governance – Risk management Planet – Circular economy	–
306-1	Waste generation and significant waste-related impacts	Planet – Circular economy	–
306-2	Management of significant waste-related impacts		–
306-3	Waste generated	Appendices – Our performance – Environmental performance	–
306-4	Waste diverted from disposal		–
306-5	Waste directed to disposal		–

GRI 401: Employment 2016

3-3	Management of material topics	People	–
401-1	New employee hires and employee turnover	Appendices – Our performance – Social performance	–

401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	People – Welfare and labour rights	-
401-3	Parental leave		-
GRI 403: Occupational Health and Safety 2018			
3-3	Management of material topics	Governance – Risk management People – Health and Safety	-
403-1	Occupational health and safety management system	People – Health and Safety	-
403-4	Worker participation, consultation, and communication on occupational health and safety		-
403-5	Worker training on occupational health and safety		-
403-9	Work-related injuries	Appendices – Our performance – Social performance	-
403-10	Work-related ill health		-
GRI 404: Training and Education 2016			
3-3	Management of material topics	People – Development and training	-
404-1	Average hours of training per year per employee	Appendices – Our performance - Social performance	-
404-2	Programs for upgrading employee skills and transition assistance programs	People – Development and training	-
GRI 408: Child Labour 2016			
3-3	Management of material topics	Governance – Risk management People – Welfare and labour rights	-
408-1	Operations and suppliers at significant risk for incidents of child labour	People – Welfare and labour rights	-
GRI 409: Forced or Compulsory Labour 2016			
3-3	Management of material topics	Governance – Risk management People – Welfare and labour rights	-
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	People – Welfare and labour rights	-
GRI 418: Customer Privacy 2016			
3-3	Management of material topics	Governance – Risk management Governance – Customer data protection	-
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Appendices – Our performance – Social performance	-