

The Hactl 2023 Sustainability Report showcases our commitment to integrating sustainability into every aspect of our operations, and driving a more sustainable air cargo industry. The four cornerstones of our Sustainability Strategy Framework — People, Partners, Planet, and Governance — underscore our holistic and proactive approach to sustainable development.

2023



# SUSTAINABILITY REPORT



# Content

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## The 4 Pillars

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# 1

# Message from Chief Executive



# Message from Chief Executive

**Hactl enjoys a widespread reputation for delivering the ultimate in air cargo handling services for Hong Kong and around the world. As part of our constant drive to be the best in our business, we are committed to shaping our industry to become greener and more sustainable.**



Hong Kong experienced its hottest summer ever in 2023, followed by unprecedented rainfall that inundated many parts of our city in September. These extremes of weather underscore the urgent importance of climate change mitigation and resilience.

Hactl's Climate Change Policy is the cornerstone of our effort, guiding constant identification and management of climate-related risks and opportunities, including decarbonisation. In November, we proudly announced new greenhouse gas (GHG) mitigation targets that have been validated by the Science Based Targets initiative (SBTi). This endorsement strengthens our determination to lead the way in a smooth and commercially viable transition towards net zero.

Climate change is just one among many pressing challenges impacting Hactl, our stakeholders and the aviation sector at large. Hactl's Sustainability Strategy Framework, established in 2022, sets out our five-year strategic plan. The Framework is based on four Pillars — Governance, Planet, People and Partners — and now informs every aspect of our business operations.

**Wilson Kwong**  
Chief Executive

In 2023, we have worked systematically to integrate the Sustainability Strategy Framework across Hactl's operations and into our value chain, including strategic relationships with customers, tenants, contractors, suppliers, and local community partners, as a celebration of the 5<sup>th</sup> anniversary of Hactl's revolutionary Green Terminal programme.

Since 2018, the Green Terminal programme has been effective in embedding Hactl's sustainability values into all our business decisions and actions. As one example, we introduced new uniforms for all frontline workers, made from sustainable fabrics. Over 8,000 redundant, outdated uniforms were transformed into functional holdalls and teddy bears, giving the material a second life.

Hactl is keenly focused on nurturing our workforce. The newly-launched Elite Management Trainee programme aims to identify suitable candidates to become future leaders of Hactl. Meanwhile, we continue to enjoy a long and proud legacy of safety culture, and in fact 2023 marked the 10<sup>th</sup> anniversary of Hactl Safety Week. Our outstanding performance in occupational safety earned us prestigious accolades at the Hong Kong Occupational Safety and Health (HKOSH) Award.

Hactl is dedicated to fostering a diverse and inclusive workforce. As part of our broader aspiration to reduce barriers for women, in May 2023 we joined forces with charitable organisation Free Periods Hong Kong, to create the "Be My Buddy Buddy" campaign. Our goal is to reduce the stigma surrounding menstruation, and promote gender equality so helping to build a menstrual-friendly, caring and inclusive workplace.

I am proud to present our third Sustainability Report. Please read on to learn more about these and other developments, which are a testament to the continuing hard work and dedication of Hactl colleagues over the past year. I am extremely grateful for their enthusiasm and support for our sustainability vision and strategy.

We invite you to join Hactl on our sustainability journey, and look forward to working more closely together to share and achieve our goals.



# 2

# About this Report





# About this Report

Hong Kong Air Cargo Terminals Limited (referred to as “Hactl”, “we”, and “our”) is pleased to present our third annual Sustainability Report providing information about our environmental, social, and governance (ESG)-related performance from 1 January to 31 December 2023.

The scope of this report covers the plans, operations and activities of Hactl and our wholly-owned subsidiary Hactis over the reporting period. The structure of this report mirrors the four pillars of Hactl’s Sustainability Strategy Framework: People, Partners, Planet and Governance.

## Main report — Feature Stories

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In this main body of the report, we focus on communicating our performance with illustrative examples of how we implement our strategy.

## Additional ESG Disclosures

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More traditional content for sustainability reporting, including comprehensive management approach information, can be found in the Environmental, Social and Governance (ESG) Disclosure Index. This Report is prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021 framework, and with reference to Greenhouse Gas (GHG) Protocol, and Recommendations from the Task Force on Climate-related Financial Disclosures (TCFD).

Information contained in this report has been assured by Hong Kong Quality Assurance Agency (HKQAA). Details of the scope of the assurance are available in the [Assurance Statement](#).



# 3 Sustainability Strategy





# Sustainability Strategy

**Hactl's sustainability strategy evolves continually to keep pace with changes in our dynamic industry and region. Since our earliest days at Kai Tak, Hactl's air cargo operations have been synonymous with safety culture and high efficiency. The Green Terminal programme, launched in 2018, epitomises our approach to amplifying positive contributions to the society and the environment and mitigating negative impacts.**



Hactl is passionate about promoting sustainability within the aviation and freight sectors and specifically our community in and around Hong Kong International Airport. We engage with our supply chain, customers, industry peers, and other strategic partners to raise awareness about sustainability challenges and push forward with constructive and collaborative solutions.

Hactl's Sustainability Strategy Framework, established in 2022, sets out our five-year strategic plan for advancing sustainable development. It is closely aligned with Hactl's operational priorities as well as Jardine Matheson's overarching sustainability strategy.

In 2023, we have introduced the Sustainability Strategy Framework systematically across all operations coinciding with the 5<sup>th</sup> anniversary of Hactl's Green Terminal Programme. We are working internally to develop key performance indicators (KPIs) and targets under each focus area.



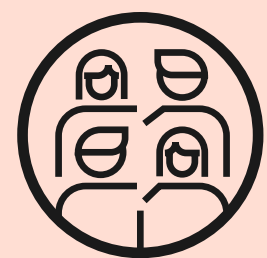
# Our Vision

## Driving a more sustainable cargo industry

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. Hactl is proud to be a leading air cargo handler operating a world-class Green Terminal; underpinning Hong Kong's place in the logistics world and placing sustainability at the heart of everything we do.

## People

### Cultivating Positive Workplace Culture



#### Focus areas

- Employer of Choice
- Development and Training
- Safety and Wellbeing

#### Our features for this year

- Menstrual Equity: Reducing Barriers for Girls and Women
- CareER: Hactl's Strategic Partnership for Social Development
- Honouring Dedication: Loyalty and Perseverance
- Outstanding Achievements in Safety and Workforce Development
- Investing in the Future: Talent Drives Growth
- Leading by Example: Dedication to Continual Improvement
- Sharing is Caring: Wellbeing is a Collective Endeavour
- Safety First: Actions Speak Loudest
- Stepping Up Sustainability
- Space to Gather and Grow: Innovative Roof-top Initiative
- Wellness and Inclusion: New Mindfulness Zone

#### United Nations' Sustainable Development Goals





# Partners

Cultivating Positive Workplace Culture



### Focus areas

- Value Chain Management
- Community Engagement and Collaboration

### Our features for this year

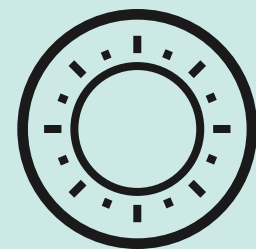
- Up and Away: Elevating Standards for Animal Welfare
- Hactl Wins Customer Service Accolades
- Uniformly Sustainable: Repurposing Textile Waste
- Stepping Up: Doing Our Best for Sustainability
- Revive and Thrive: Hactl's Upcycling Partnership
- Celebrating Sustainably: Gifting Responsibility from the Heart
- Renewed Curiosity: 2024 Hactl Calendar

### United Nations' Sustainable Development Goals



# Planet

Transitioning to Sustainable Economy



### Focus areas

- Climate Change
- Responsible Resource Management

### Our features for this year

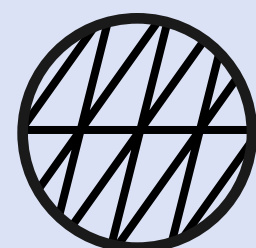
- Working Together: Hactl's Green Terminal Pact
- Science Based Targets: Leading the Way to Zero Carbon
- Waste Reduction at Source: Preparing for Municipal Solid Waste Charging

### United Nations' Sustainable Development Goals



# Governance

Doing our Business the Right Way



### Focus areas

- Integrity and Transparency

### Our features for this year

- Optimising Performance: Developments in Hactl's Evolving Organisational Structure
- Safeguarding Trust: Cybersecurity and Data Privacy
- Building Resilience: Hactl's Comprehensive Approach to Typhoon Readiness

### United Nations' Sustainable Development Goals





# Implementing our Strategy

Implementation of Hactl's sustainability strategy is a dynamic and multi-faceted endeavour, ensuring that environmental stewardship and social responsibility permeate every level of operation. With the adoption of our new comprehensive sustainability strategy, we've introduced a [suite of robust policies](#) to underpin our sustainability objectives.

Hactl's management approach is data-driven and promotes accountability, underscored by a set of internal sustainability-linked KPIs that have received the endorsement of our Senior Management Team.





# Data-driven

Hactl's internal sustainability-linked KPIs are designed to engender a culture of sustainability across all departments, fostering a spirit of collaboration that will be instrumental for the realisation of our sustainability vision.

# People

## Employer of Choice

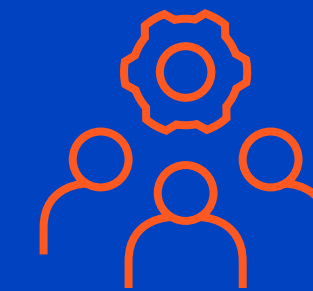
Continuous increment in female ratio at Junior Executive level and above and reach 37% by 2030



# 37%

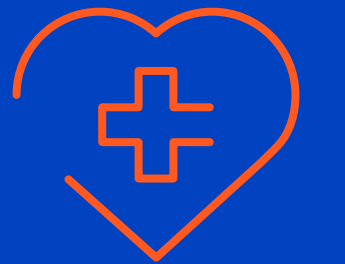
## Development and Training

Elite Management Trainee programme for long term succession and sustainable growth



## Safety and Wellbeing

Pursue zero fatalities, zero work-related injuries and zero prosecution

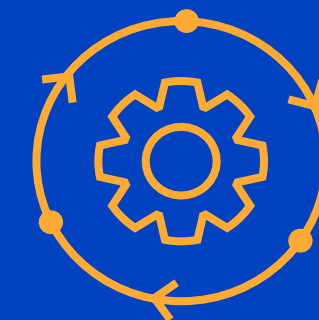


# zero

# Partners

## Value Chain Management

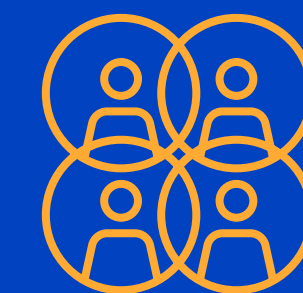
50% implementation of Supplier Code of Conduct by 2025



# 50%

## Community Engagement and Collaboration

Invest an amount of up to 0.25% of net revenue to sustainability initiatives



# 0.25%



# Planet

## Climate Change

# 20%



reduction in energy consumption by 2030 from a 2018 base year

## Climate Change

# 50.4%

reduction in absolute Scope 1 & 2 GHG emissions by 2030 from a 2018 base year

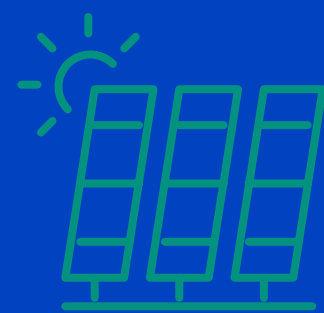
# 50.4%

reduction in absolute Scope 3 GHG emissions by 2030 from purchased goods and service, fuel-and-energy related activities, waste generated in operations, employee commuting and downstream leased assets from a 2018 base year

## Responsible Consumption Management

# 75%

waste diverted from landfill by 2030



# Governance

## Integrity and Transparency

## Commitment

Hactl is firmly committed to upholding the highest standards of corporate governance and has a zero-tolerance policy towards any compliance breaches



The Senior Management Team receives regular updates from the Safety, Sustainability and Quality Assurance (SSQ) team, to ensure relevant departments are on track to achieve their sustainability-linked objectives. Cross-departmental collectives have been formed, including task forces focusing on waste management and sustainable procurement, bring together colleagues from different teams to ensure that sustainable practices are looked at from multiple angles and embedded throughout our organisation.

The journey towards sustainability presents its challenges. We are committed to effectively engaging our colleagues on these critical issues. To this end, we are innovating communication strategies to foster an understanding of the role each colleague plays in our sustainability narrative. In 2023, we enhanced our digital communications presence with an interactive sustainability website and user-friendly mobile platforms.





# Hactl's Green Week: Showcasing a Sustainable Future

Hactl's 8<sup>th</sup> annual Green Week, themed "Going Beyond Green," was a dynamic showcase of our commitment to holistic sustainability, blending environmental initiatives with community and social engagement.

The week kicked off with an opening ceremony setting the stage for a series of activities designed to deepen employee understanding and involvement in sustainability practices. Key among these was our "Revive and Thrive" project, a collaboration that transforms discarded materials into valuable resources.

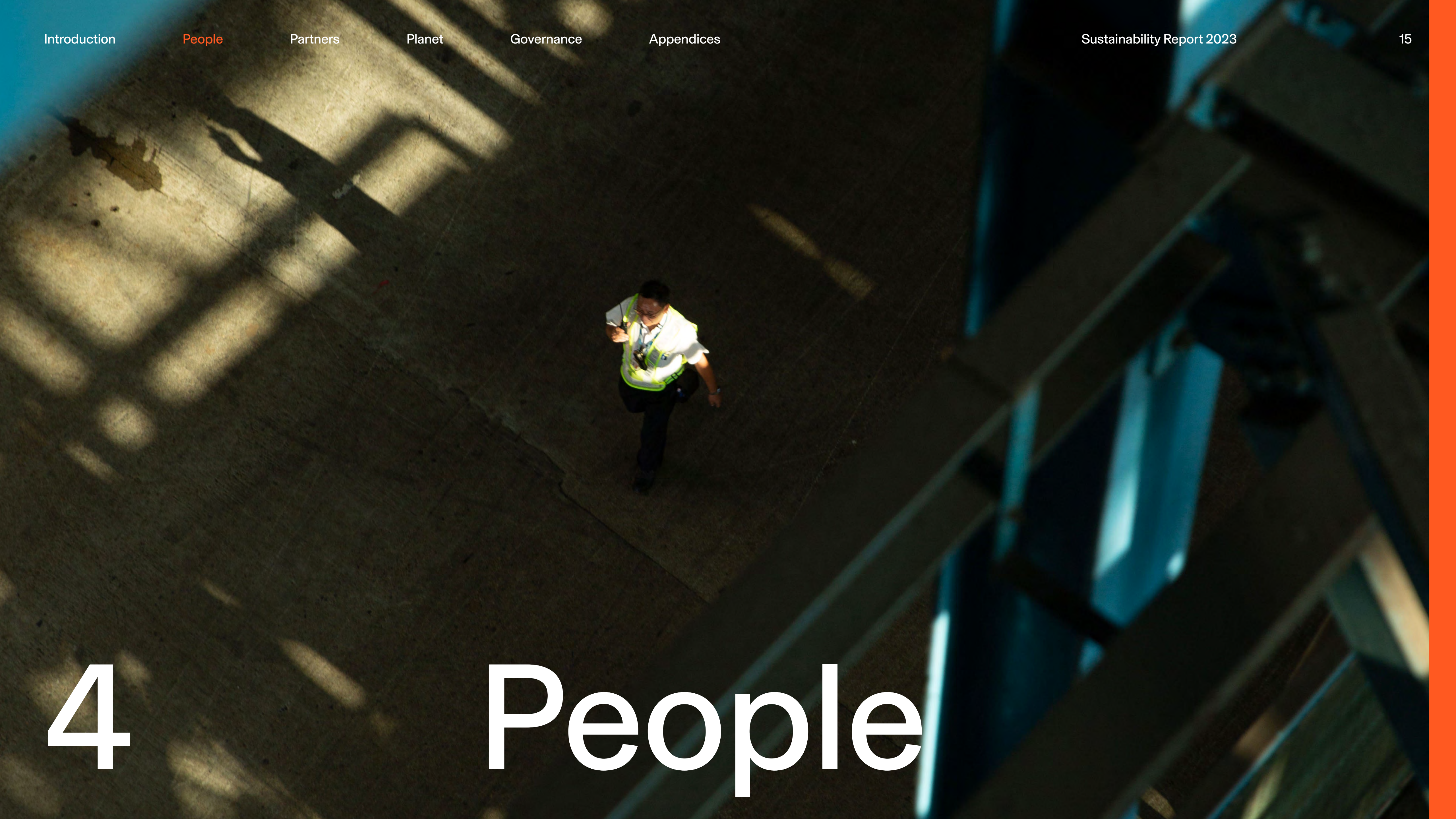
Interactive elements, such as games and quizzes, aimed to educate staff on Hactl's environmental efforts, tracing Hactl's sustainability journey and broadening the focus to include social and governance issues.

We fostered cultural exchange and social integration within the diverse Tung Chung community through the event's "Lunch & Learn" sessions, underscoring the importance of inclusivity and community involvement in our sustainability strategy.

The week's festivities concluded with a Green Market featuring local NGOs and social enterprises.







# 4

# People



# Cultivating positive workplace culture

By enabling a safe, nurturing, and empowering environment, we enhance the wellbeing and productivity of our people and attract and retain individuals who are passionate about contributing to Hactl's success.





# Strategic Focus Areas

①

**Employer  
of Choice**



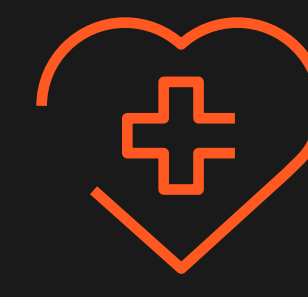
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**Development  
and Training**



③

**Safety  
and Wellbeing**





# Our Feature Stories



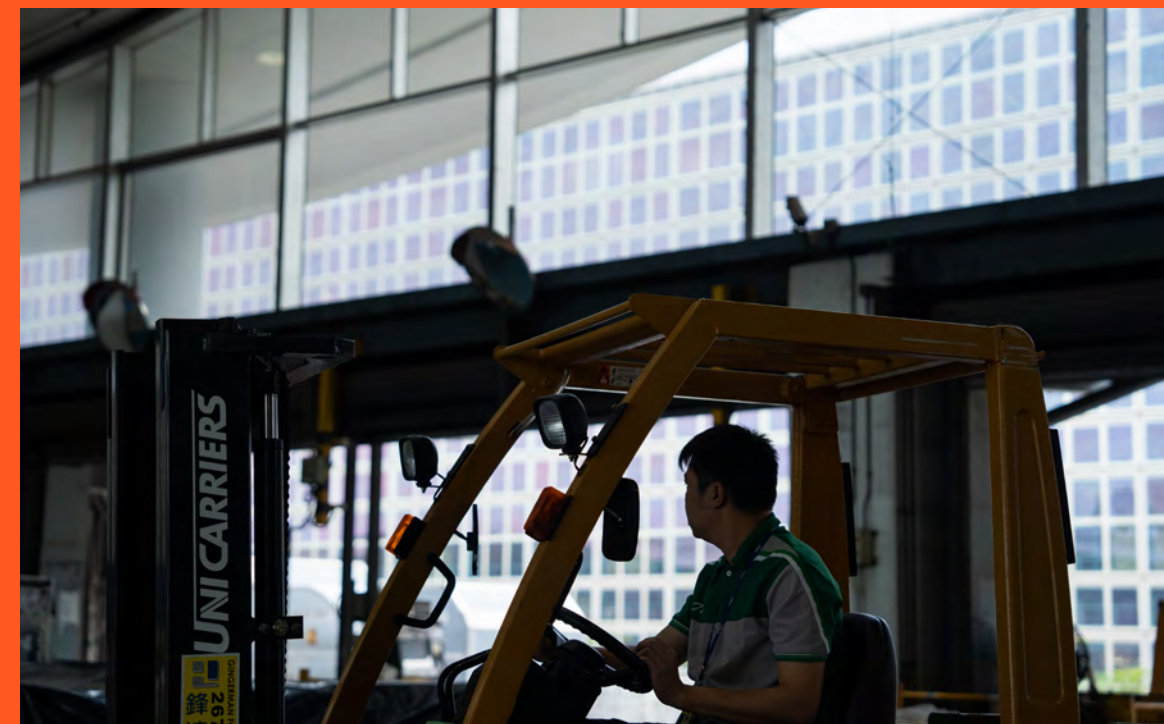
**Menstrual Equity:**  
Reducing Barriers for Girls and Women



**CareER:**  
Hact's Strategic Partnership for Social Development



**Honouring Dedication:**  
Loyalty and Perseverance



**Outstanding Achievements in Safety and Workforce Development**



**Investing in the Future:**  
Talent Drives Growth



**Leading by Example:**  
Dedication to Continual Improvement



# Our Feature Stories



**Sharing is Caring:**  
Wellbeing is a Collective Endeavour



**Safety First:**  
Actions Speak Loudest



**Stepping Up Sustainability**



**Space to Gather and Grow:**  
Innovative Roof-top Initiative



**Wellness and Inclusion:**  
New Mindfulness Zone



# More ESG Disclosures

Please refer to our ESG Disclosure Index for additional information about material topics linked to this pillar of our strategy:

GRI 401:  
Employment

GRI 404:  
Training and  
Education

GRI 403:  
Occupational  
Health and  
Safety

# Links to our policies

Please view our policies to learn more about Hactl's commitment to prioritising and safeguarding our people.

[Human Rights Policy](#)



[Inclusion, Equity and Diversity Policy](#)



[Occupational Health and Safety Policy](#)



[Sustainability Policy](#)





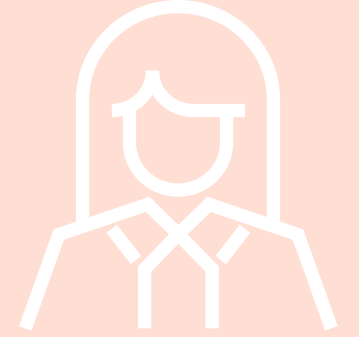
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# Employer of Choice

This focus area of our strategy focuses on nurturing talent in our workforce to ensure Hactl remains steadfast and competitive in a fast-paced industry and as an exceptional place to work. Our employee-centric management approaches are evidenced by an outstanding safety record, competitive remuneration and benefits, and abundant opportunities for career development.



## Empowering Women in Leadership



Hactl is dedicated to fostering a diverse and inclusive workforce, with a specific commitment to enhancing female representation. **By 2030, we aim to achieve a significant milestone, increasing the proportion of women in Junior Executive roles and above to 37%.**

By 2030

↑ 37%





# Menstrual Equity: Reducing Barriers for Girls and Women

Menstruation is still a taboo subject in many workplaces in Hong Kong. At Hactl, we believe this has to change. We support Menstrual Equity, which means equal and ready access to menstrual products for all women, and education about reproductive health for all people (both male and female), to eradicate stigma and remove barriers to proper health care.

In a proactive move towards inclusivity, we have joined forces with charitable organisation Free Periods Hong Kong to create the “Hactl x Free Periods Hong Kong – Be My Buddy Buddy” campaign, launched in May 2023. We hosted a week-long exhibition on menstrual equity in Sham Shui Po and our SuperTerminal 1 base. Over 1,100 members of the public and our staff attended, enabling the dispelling of menstruation myths, and encouraging gender-equal workplaces.

As the campaign's lead sponsor, we will continue to work with Free Periods Hong Kong to further promote period-friendly concepts and gender equality in schools and the wider community. As part of our ongoing efforts on this issue, we have donated 500 “Buddy Buddy Gift Boxes”, filled with essential menstrual products, to people in need.

We are equally committed to fostering an inclusive, supportive and gender-equal environment within our own organisation. We provide free menstrual products and “Wellness Boxes” containing items for relieving menstrual discomfort, placed in easy-to-access locations such as women's washrooms and office pantries.



Hactl x Free Periods Hong Kong — “Be My Buddy Buddy”

**To eradicate stigma and remove barriers to proper health care**





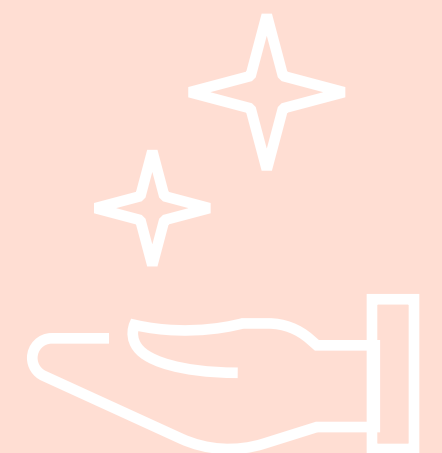
**We aspire to ensure every member of our team feels valued and inspired at work.**

## Hactl's Inclusion, Equity and Diversity Policy

We aspire to ensure every member of our team feels valued and inspired at work. Central to Hactl's employment ethos is mutual respect; we strive to foster a culture of active engagement, open communication and continuous feedback.

Hactl champions human rights and fair treatment for all. Our Inclusion, Equity and Diversity Policy ensures a workspace free from discrimination based on ethnicity, gender, age, or any personal characteristic with zero tolerance for harassment or bullying. As a Supplier Ethical Data Exchange (SEDEX) member since 2014, we report transparently through this platform on safety, business ethics, environmental impacts, and human rights.

Embracing inclusivity means listening and responding to people's diverse perspectives. Hactl emphasises two-way communication across all organisational levels. Regular meetings with our Joint Consultation Committee (JCC) allow team members to share ideas directly with management, ensuring their insights shape Hactl's daily operations and future priorities. Other formal mechanisms such as our Canteen Committee and EHS Committee allow staff feedback to guide our management approaches on specific issues.





# CareER: Hactl's Strategic Partnership for Social Development



Hactl is committed to advocating for vulnerable people in our society, including low-income families and people with disabilities. Our legacy of community involvement is evident in our sustained efforts to make a positive impact in the Tung Chung neighbourhood near the airport. A notable example is our nine-year strategic partnership with CareER, which focuses on creating job opportunities for people with disabilities.

Since 2021, we have participated in CareER's "Disability Inclusion Index", which is a comprehensive assessment tool for organisations to build a roadmap of measurable and tangible actions towards workplace disability inclusion. In 2023, we were proud to be acknowledged as an "Inclusive Employer" at the CareER Disability Inclusion Index Forum. This recognition underscores our employment of persons with disabilities and our active participation in promoting inclusivity.

During the year, we were also proud participants in CareER's Inclusive Recruitment Fair, helping to promote employment of individuals with disabilities within the air cargo industry.

In 2023, we were proud to be acknowledged as an

**"Inclusive Employer"**

at the CareER Disability Inclusion Index Forum.



# Honouring Dedication: Loyalty and Perseverance

Hactl's success is driven by the outstanding commitment and contributions of our team of roughly 2,000 employees. We recognise our employees' accomplishments with time-honoured traditions such as the annual Hactl's Long Service Awards Dinner, which was happily reinstated in 2023 after several years hiatus during the COVID-19 pandemic.

Hactl's dedication to looking after our people is reciprocated in the loyalty exhibited by our workforce. More than half of our colleagues have served Hactl for more than a decade. This year, we celebrated the long-service of 568 employees.

## Employees achieving long-service milestones 2020–2023


40-years

23 


35-years

63 

30-years

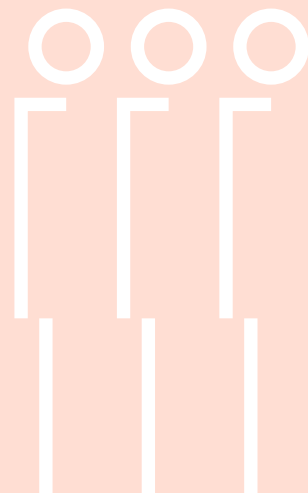
180 

25-years

163 

20-years

139 





# Outstanding Achievements in Safety and Workforce Development

Hactl is proud to have won accolades in 2023 for our dedication to excellence in occupational safety and workforce development.

At the 22<sup>nd</sup> Hong Kong Occupational Safety and Health (HKOSH) Award ceremony, we were honoured with Gold Awards in the categories of “Safety Culture” and “Work Safe Behaviour”, winning the “Safety Climate Index Survey Best Practices Award” and the “Pointing And Calling Best Practices Award”. These awards are a testament to Hactl’s dedication to initiatives such as “Vision Zero”, which aims for the complete elimination of accidents in the workplace and our effective implementation of work-safe behaviour programmes that strengthen staff attention to safety.

Hactl was also recognised for our commitment to nurturing a skilled and professional workforce, earning the “QF Gold Star Employer” title from the Hong Kong Qualifications Framework (QF). One of only four companies to meet all three award criteria, Hactl has effectively used QF tools to uplift employee competencies, encourage eligible employees to obtain QF Recognition of Prior Learning qualifications, and integrate QF-recognised qualifications into our People and Culture strategies.



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# Development and Training

Hactl recognises the importance of recruiting and retaining talent. Our commitment to investing in employee development reflects not only our corporate values but is also a strategic imperative for the long-term success of our business and broader sustainability in the air cargo industry. We especially value the personal qualities of proactivity, open-mindedness, collaboration and commitment to continuous learning in our team members.





# Investing in the Future: Talent Drives Growth

Hactl faces the twin challenges of an ageing workforce and increasing competition for talent in a tight labour market. In response, we have recently introduced our Elite Management Trainee (EMT) programme to help facilitate more strategic succession planning by identifying suitable candidates and fast-tracking their progression into positions of future leadership.

The EMT programme has been designed to guide participants directly into management roles after they gain extensive exposure to Hactl's entire operational process and on-the-job experience in a wide range of corporate functions. In addition to accredited occupational and leadership training and one-on-one mentoring from members of our management team, they also benefit from invaluable networking opportunities with peers and industry leaders.

The first batch of trainees in the EMT programme are currently undergoing rotation in our Operations department and fully-owned subsidiary company, Hacis, during their first year.







# Preparing Tomorrow's Leaders: Engaging with Local Universities

In April, Hactl opened its doors to students from the Chinese University of Hong Kong and The Hong Kong University of Science and Technology with an immersive experience in SuperTerminal 1. Potential future leaders learned first-hand about our state-of-the-art facilities and operations as well as the cutting-edge innovations that are driving Hactl's pivotal role in aviation and logistics throughout our home region and around the world. During this unique learning experience, Hactl team members shared with students highlights of their professional journeys.



# Leading by Example: Dedication to Continual Improvement

In 2022, Hactl distinguished itself in the aviation industry as the first cargo terminal operator in Hong Kong to receive the prestigious IATA Competency-Based Training and Assessment (CBTA) Centre Certification. Hactl's adoption of the CBTA format from 2023 for IATA Dangerous Goods Regulations Training Courses reflects a dedication to aligning with both international and local regulatory standards and best practices.

The transition to competency-based training is a significant leap from conventional methods, focusing specifically on the actual tasks of personnel. This approach ensures that training is directly applicable and relevant to the unique challenges of air cargo operations, equipping Hactl's staff and our customers with the practical skills and knowledge needed in the ever-evolving aviation sector.

Central to the CBTA programme is the emphasis on continuous competency assessment. Through Hactl's innovative e-checklists, there is a consistent monitoring and verification of staff understanding and application, fostering a culture of continuous learning and adaptability.

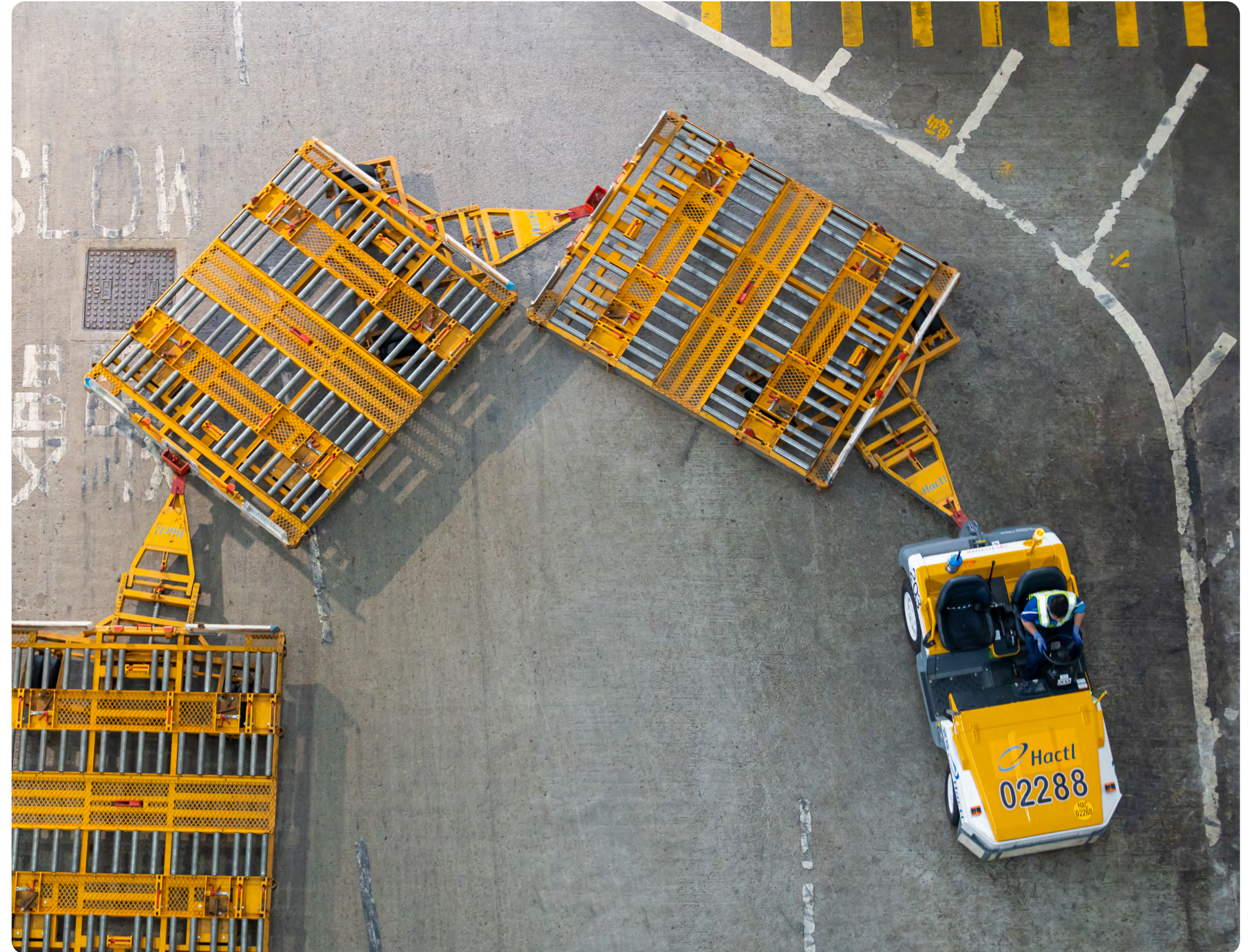
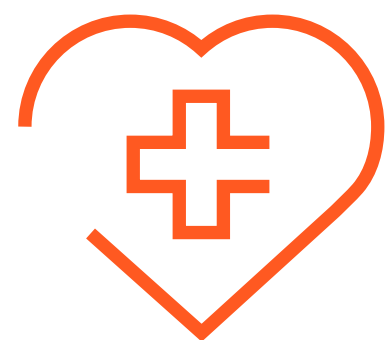




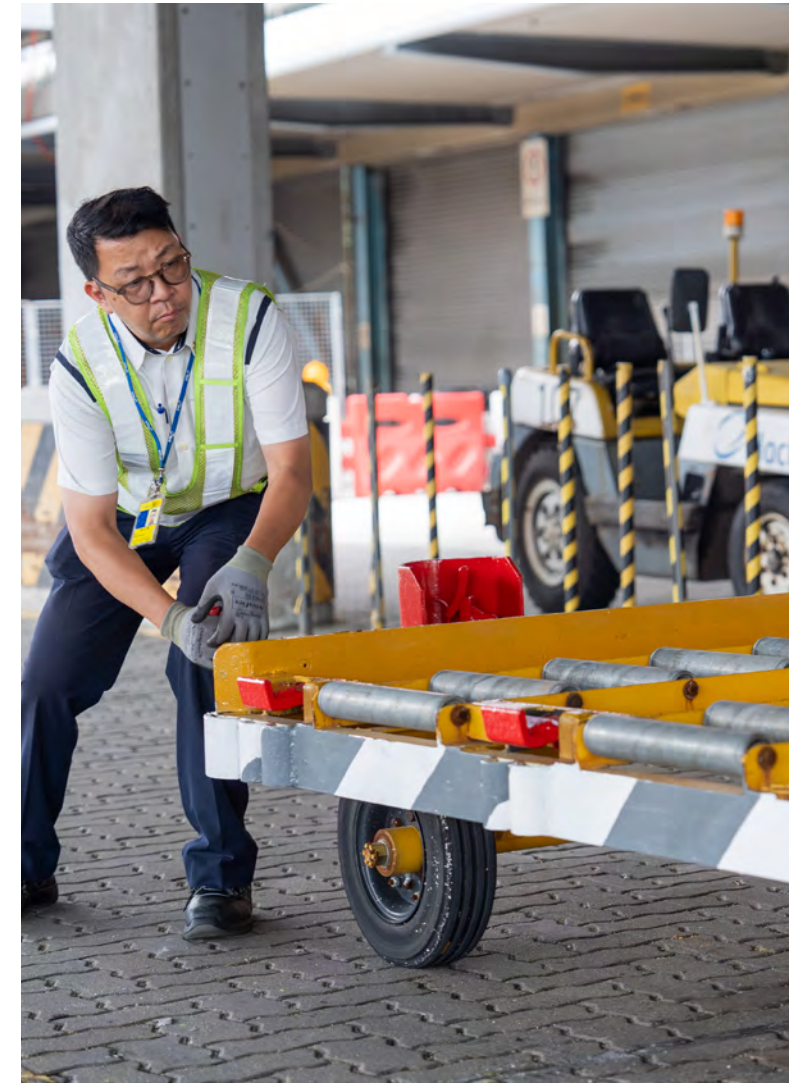
③

# Safety and Wellbeing

The safety of our workers is, and always will be, paramount for Hactl's operations. Our strategic objective for this focus area of our sustainability strategy is ambitious but clear: Zero fatalities and injuries.







# Sharing is Caring: Wellbeing is a Collective Endeavour

Hactl has a longstanding legacy of safety culture. We engage proactively with our people, contractors and other stakeholders to achieve continuous improvement in safety performance.

2023 marked the 10<sup>th</sup> anniversary of Hactl Safety Week. This year's event adopted the theme of “十分安全” (“ten out of ten”) in reference to Hactl's commitment to maintaining high levels of safety across our operations. The celebrations kicked off with a lively parade led by Hactl's Safety Cone Mascot, promoting the core message that wellbeing is a collective endeavour, not a managerial mandate.

During the week, employees competed in a “Tractor and Forklift Driving Competition” focused on knowing and complying with safety regulations, a carnival booth promoting safety and emotional wellbeing.

Employees were also able to win coupons for providing correct responses to safety-related questions during spontaneous “street interviews”. The highlight of the week for many colleagues was the “Safety Quiz Competition”.





# Safety First: Actions Speak Loudest

We are especially proud of Hactl's strong occupational health and safety track record taking into consideration the inherent safety challenges of our line of work. Through good management systems and specific initiatives targeting high-risk activities such as our "Driving Safety Team" — which has been pivotal in enhancing safety within the unique environment of our cargo terminal — we have attained a 55% reduction in work-related injuries since 2018.

## ① Leveraging Technology



Hactl ensures a safe work environment by strategically addressing the primary causes of workplace hazard and we are constantly embracing innovative technology to ensure even better safety outcomes. For example, recent introduction of the Vacuum Lifter in July 2023—a first at Hactl and for the industry at large—marks a pivotal shift in manual handling operations. Utilising cutting-edge technology, our colleagues can transfer hefty cargo up to 65 kg with relative ease and minimal effort.

## ③ Hactl's 5S Certification Journey



Hactl's office area achieved 5S certification from HKQAA in 2023, thereby expanding the scope of our existing 5S certification for Hactl's Ground Support Equipment (GSE) workshop, which was received in 2022.

Heralding from Japan, the 5S certification process guides us to optimise operations with focuses on workflow streamlining and ergonomic safety. It also helps to facilitate two-way communication between employees and management representatives for sharing experiences and expectations about the working environment.

## ② Alleviating Heat Stress



A new three-tier warning system designed to help workers avoid heatstroke has come into effect in Hong Kong in 2023, along with new guidelines from the Labour Department governing working outdoors, such as at the airside interface, during conditions of extreme heat.

Hactl is well ahead of regulatory developments on this topical issue, having long prioritised the wellbeing of all workers both inside and outdoors in response to the chronic and progressive impacts of rising temperatures associated with climate change. In addition to personal heat protection in the form of cooling sprays, hats and cooling sleeves, we take other proactive measures to mitigate heat stress for outdoor workers with strategic positioning of mobile offices creating shade, mobile Water Spots and a "Mistline" sheltered spraying device at work areas adjacent to parked aircraft.





# Stepping Up Sustainability

Hactl seeks out creative opportunities to promote sustainability and wellbeing within its organisation. This year, we further enhanced our office environment by displaying thought-provoking questions and messages that reflect our ongoing commitment to the 17 UN Sustainable Development Goals (UNSDG).

Building on the success of last year's initiative, stairwells in Hactl's North Office Block now feature vibrant, interactive artwork and posters focused on UNSDG Goal 3: Good health and wellbeing, and Goal 7: Affordable and clean energy. These installations encourage staff to think about important sustainable development issues while taking healthy exercise during working hours.

A new opinion wall has also been installed, providing an open platform for staff to share their thoughts and experiences, as well as encouraging positive messages to their peers.





# Space to Gather and Grow: Innovative Roof-top Initiative

Hactl's "TO-GATHER" rooftop sanctuary atop SuperTerminal 1 is a unique space, celebrating and advocating for Hactl's vision of sustainable wellbeing in the local community. Co-created with local farmers and designers, Hactl transformed an under-utilised outdoor catering area into a welcoming facility for colleagues to barbeque and enjoy recreational activities together.

Allotments have been created for Hactl staff to participate in rooftop urban farming. During the summer of 2023, our Sustainability Team attended workshops with local farmers to learn organic farming techniques. Programme participants were encouraged to share their harvests with colleagues, families, and friends to help promote sustainable living.







# Wellness and Inclusion: New Mindfulness Zone

In a pioneering partnership with The Hong Kong Society for the Blind (HKSB), Hactl has introduced a new “Mindfulness Zone” at SuperTerminal 1 — a dedicated space for staff to unwind and rejuvenate while enjoying massage services provided by HKSB’s visually-impaired professionals. Hactl’s frontline workers, who engage in physically demanding work, can benefit especially from regular massage therapy.

In the Mindfulness Zone, Hactl’s approach to employee care intersects with social responsibility. It is a win-win initiative, combining investment in our people’s wellbeing, with helping to create a more inclusive and empathetic society by providing employment opportunities for visually-impaired people.





# 5 Partners



# Collaborating to create shared value

Our vision to drive a more sustainable air cargo industry cannot be achieved in isolation, so our Sustainable Strategy Framework aims to create and develop partnerships for positive change.





# Strategic Focus Areas

①

**Value Chain  
Management**



②

**Community  
Engagement  
and  
Collaboration**





# Our Feature Stories



**Up and Away:**  
Elevating Standards for Animal Welfare



**Hactl Wins Customer Service Accolades**



**Uniformly Sustainable:**  
Repurposing Textile Waste



**Stepping Up:**  
Doing Our Best for Sustainability



**Revive and Thrive:**  
Hactl's Upcycling Partnership



**Celebrating Sustainably:**  
Gifting Responsibility from the Heart



**Renewed Curiosity:**  
2024 Hactl Calendar



# More ESG Disclosures

Please refer to our ESG Disclosure Index for additional information about material topics linked to this pillar of our strategy:

GRI 204:  
Procurement  
Practices

Community  
Engagement

# Links to our policies

Please view our policies to learn more about Hactl's commitment to creating positive value:

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[Resource and Circularity Policy](#)



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[Sustainability Policy](#)





# Creating value with our Partners

**Hactl plays an invaluable role in facilitating sustainable development by handling thousands of tonnes of goods each day, including essential items such as fresh food and medicines, as well as more unusual consignments such as live animals and outsize cargo.**

**Air cargo terminal operations are complex and fast-paced involving many stakeholders. Consequently, Hactl's network of value chain partners is vast and deeply integrated into the economy and society of our city and region.**

**Many of our customers and suppliers are engaged in large-scale operations resulting in significant economic, social and environmental impacts.**

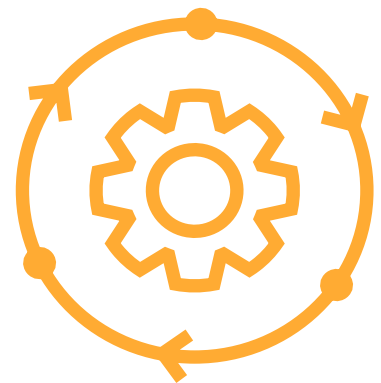


①

# Value Chain Management

We work closely with our direct and indirect suppliers to ensure their operations are aligned with Hactl's vision for sustainable development. Since rolling out our green procurement plan in 2013, we have strived to become an even more effective catalyst for positive change.

Hactl's approach to value chain management is twofold: We reward partners who excel and provide support for those facing challenges to improve their performance. Our focus on value chain sustainability isn't just an ethical business practice — it is our competitive advantage. Through collaborative efforts, we are pioneering solutions to uplift the sustainability quotient throughout our entire industry.





Our target is to  
achieve **50%**  
implementation  
across our supply  
chain by 2025.

## New Supplier Code of Conduct

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Hactl is taking a significant step towards strengthening sustainability in its value chain with the introduction of a Supplier Code of Conduct. Our target is to achieve 50% implementation across our supply chain by 2025.

We are in the process of crafting a code that will contain clear expectations for the performance of our suppliers with an emphasis on the critical area of climate change mitigation. In partnership with a consultant, we are developing a workplan based on a detailed evaluation of our carbon footprint. This will enable us to identify and address our most significant Scope 3 emissions challenges. In parallel, we are also evaluating the current state of carbon management among our suppliers.

Implementation of the code will be undertaken in phases, starting with our leading suppliers. We plan to engage with key partners from the outset to ensure that the code we develop will be both ambitious and attainable.





# LAHC

Live  
Animals  
Handling  
Centre



## Up and Away: Elevating Standards for Animal Welfare

Hactl's certified animal handling service exemplifies the objective at the heart of this standard to ensure all animals are transported safely and humanely.



Carriage by air is the most humane and expedient method of transporting live animals over long distances. IATA Live Animals Regulations (LAR) are the worldwide benchmark and standard for transporting animals by commercial airlines. Whether a family pet, a racehorse, an animal transported for zoological or agricultural purposes or for any other reason, Hactl's certified animal handling service exemplifies the objective at the heart of this standard to ensure all animals are transported safely and humanely.

No doubt, transporting live animals poses a unique set of obstacles and logistical challenges. Hactl's devotion to excelling in this specialised service reflects the core values of our business and our promise to surpass customer expectations. As an example of our forward-thinking approach, in 2023, we have introduced the "Animal Limo" — an innovative, custom-built transfer

vehicle designed to provide a hygienic and temperature-, light- and noise- controlled environment for minimising stress experienced by animals in transit.

Hactl's "Paws Track" programme encompasses a series of Critical Control Points (CCPs) tailored to address the unique needs of various animal species. From the Live Animals Inspection Area to Horse Handling Centres, each point in the "Paws Track" facilitates specialised care.

Hactl's dedication to animal welfare has earned us our certification under IATA's Centre of Excellence for Independent Validators (CEIV) Live Animals scheme. We are very proud of this achievement, which represents a significant acknowledgment of Hactl's success in spearheading ethical businesses practices with state-of-the-art technology.





# Hactl Wins Customer Service Accolades

As a trusted partner in air cargo, Hactl is uniquely positioned to adapt industry dynamics for customer success. In 2023, we are proud to claim our ninth “Air Cargo Handling Agent of the Year” title in the World Air Cargo Awards organised by Air Cargo Week, reflecting resolute dedication to exceptional service.

This year, we also extended our seven-year track record as SF Airlines’ “Best Business Partner.” Hactl’s partnership with SF Airlines, a regionally based carrier owned by SF Express, has recently expanded to encompass additional ramp handling and documentation services.

Additionally, we were honoured with the Excellence Award by UPS, acknowledging our “Zero Finding” status in the airline’s Corporate Airline Internal Evaluation. As the sole ground handling agent in Asia Pacific to earn this distinction in 2023, it marks our sustained operational excellence. The recognition, received for the second time by Hactl, underscores our consistent compliance with UPS’s stringent operational standards.



②

# Community Engagement and Collaboration

We pride ourselves on being a socially responsible organisation. Our commitment to a caring culture is central to Hactl's ethos and our employees play a pivotal role by actively participating in community activities that align with their interests and passions. This culture not only motivates and engages our team members, but also enriches the communities that we live and work in.





# Uniformly Sustainable: Repurposing Textile Waste



In 2023, we introduced smart new uniforms for all frontline workers to better meet the needs of our colleagues.

We recognised that textile waste is a pressing concern. According to research conducted by the Ellen MacArthur Foundation, only 12% of garment materials are recycled globally. In Hong Kong, the textile recycling rate is even lower, at 8.5% in 2021 as reported by the Environmental Protection Department. In response to these alarming statistics, we set out to demonstrate how responsible businesses can avoid adding to our city’s burgeoning landfills, by seeking alternative solutions.

In collaboration with a talented local fashion designer, Lo Sing-chin, and the dedicated team of community workers at St. James’ Settlement Jockey Club Upcycling Centre, we embarked on an innovative upcycling initiative, transforming 8,000 unused, outdated uniforms into stylish and functional bags and enchanting teddy bears. All fabric, buttons and zips were fully re-utilised and given a second life.

While helping to live up to our environmental objectives, our partnership with St. James’ Settlement has also provided worthwhile employment for individuals with disabilities.





# Stepping Up: Doing Our Best for Sustainability

As a member of the Jardine Matheson Group, Hactl participated in MINDSET's annual "Walk Up Jardine House" event to help promote mental and physical wellbeing. MINDSET is the Jardine Matheson charity dedicated to promoting mental health awareness and services.

This year's event, themed "Your Mind Matters", combined physical and virtual experiences to cater to a diverse audience. Participants either engaged in a virtual step-counting competition or an exhilarating physical race ascending the 49 floors of Jardine House. Hactl's Mixed Relay Team won the first place, while Cheng Tat Chung of Operations was crowned Champion in the Barrow Cup (Men), for clocking the fastest individual time.

Hactl is also a long-time supporter of the annual Green Power Hike, an initiative that combines community involvement with environmental conservation. In 2023, our teams showcased Hactl's spirit of teamwork and dedication to environmental causes by securing top positions in the Aviation and Airport Services Cup.





# Revive and Thrive: Hactl's Upcycling Partnership

Hactl actively seeks out innovative partnerships to serve people and the planet. In 2023, alongside Jardine Matheson, local social enterprise DOSHA Woodcraft, and non-profit organisation People Service Centre, to co-sponsor a community project entitled "Revive and Thrive". In this, discarded wooden pallets were collected from Hactl's SuperTerminal 1, and transformed into upcycled furniture and tablet holders for underprivileged local families.

During the 6-month project, more than 200 volunteers from Jardines Group visited subdivided flat residents, took part in woodcraft workshops and delivered upcycled tablet holders and furniture to 66 students from grassroots families and 6 benefit-claiming families.

**We have succeeded in diverting our wooden pallet waste from landfill by upcycling pallets into practical items for underprivileged families.**





# Celebrating Sustainably: Gifting Responsibility from the Heart

We take pride in celebrating traditional customs and festivals in a socially- and environmentally responsible way. At Chinese New Year 2023, for example, we presented red 'Lai see' packets crafted from FSC-certified paper and adorned with traditional symbols of prosperity and good fortune. The red packets were hand-packed by people with intellectual disabilities from St. James' Settlement's Rehabilitation Services — a local multi-social-service agency providing health, youth, education and rehabilitation services for people in need.

In addition, Hactl's 2023 Christmas gift collection for employees comprised locally-sourced cookies, palmier, tea, and artisanal terrazzo coasters — amounting to a source of celebration not only for gift recipients, but also of the valued work of local farmers, food producers, and craftsmen.





# Renewed Curiosity: 2024 Hactl Calendar

To close 2023 in style, we created a distinctive 2024 calendar entitled “The Museum of Curious Minds”, featuring 12 unique artworks crafted by artists from three non-profit organisations: Blossom Minds, which builds the capacity of young people with special educational needs (SENs) through flower arranging; St. James’ Settlement, which provides diverse support to the community; and New Life Psychiatric Rehabilitation Association, which advocates for social inclusion of people recovering from mental illness. The collection aims to provoke meaningful conversations and create a space to explore the possibility and richness of social diversity and inclusivity in the workplace and our community.

Printed on environmentally-friendly paper using soy ink, the calendar symbolises our commitment to sustainability by celebrating the connection between art, nature, and the human spirit.



Celebrating the connection between  
art, nature, and the human spirit.





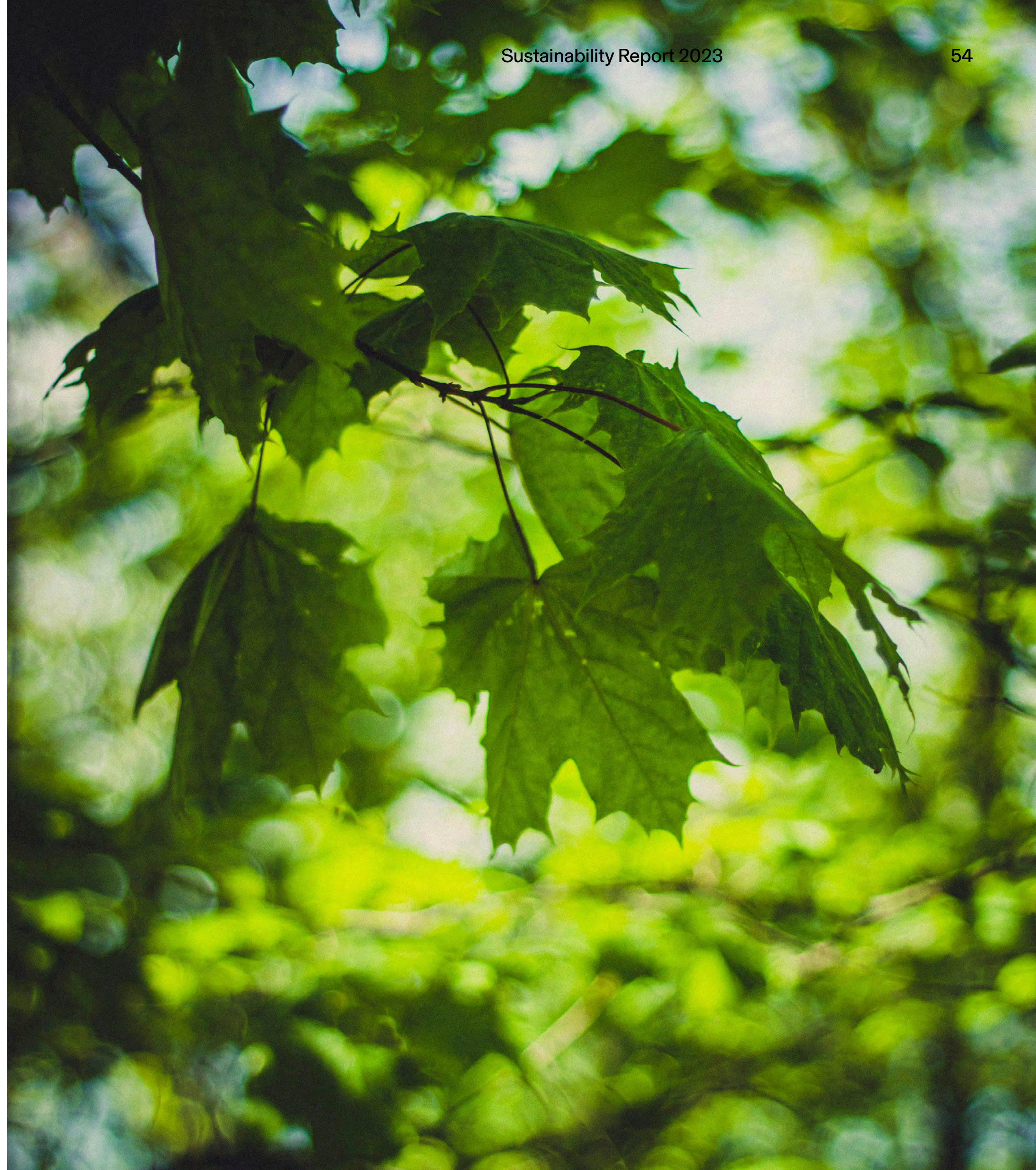
# 6

# Planet



# Transitioning to a low-carbon economy

We endeavour to be at the forefront of sustainability in the cargo industry by paving the way towards a low-carbon future and integrating innovative sustainability practices into all daily operations of our world-class cargo handling facility.





# Strategic Focus Areas

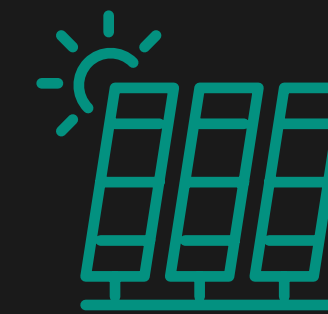
①

## Climate Change



②

## Responsible Resource Management

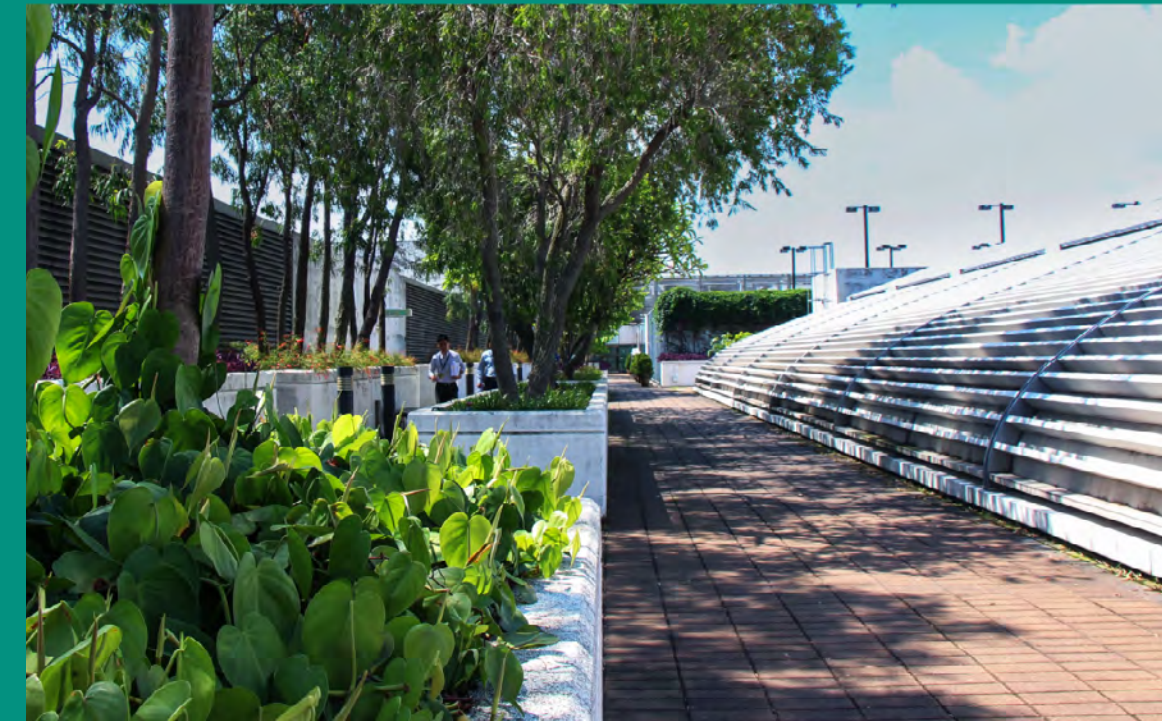




# Our Feature Stories



**Working Together:**  
Hactl's Green Terminal Pact



**Science Based Targets:**  
Leading the Way to Zero Carbon

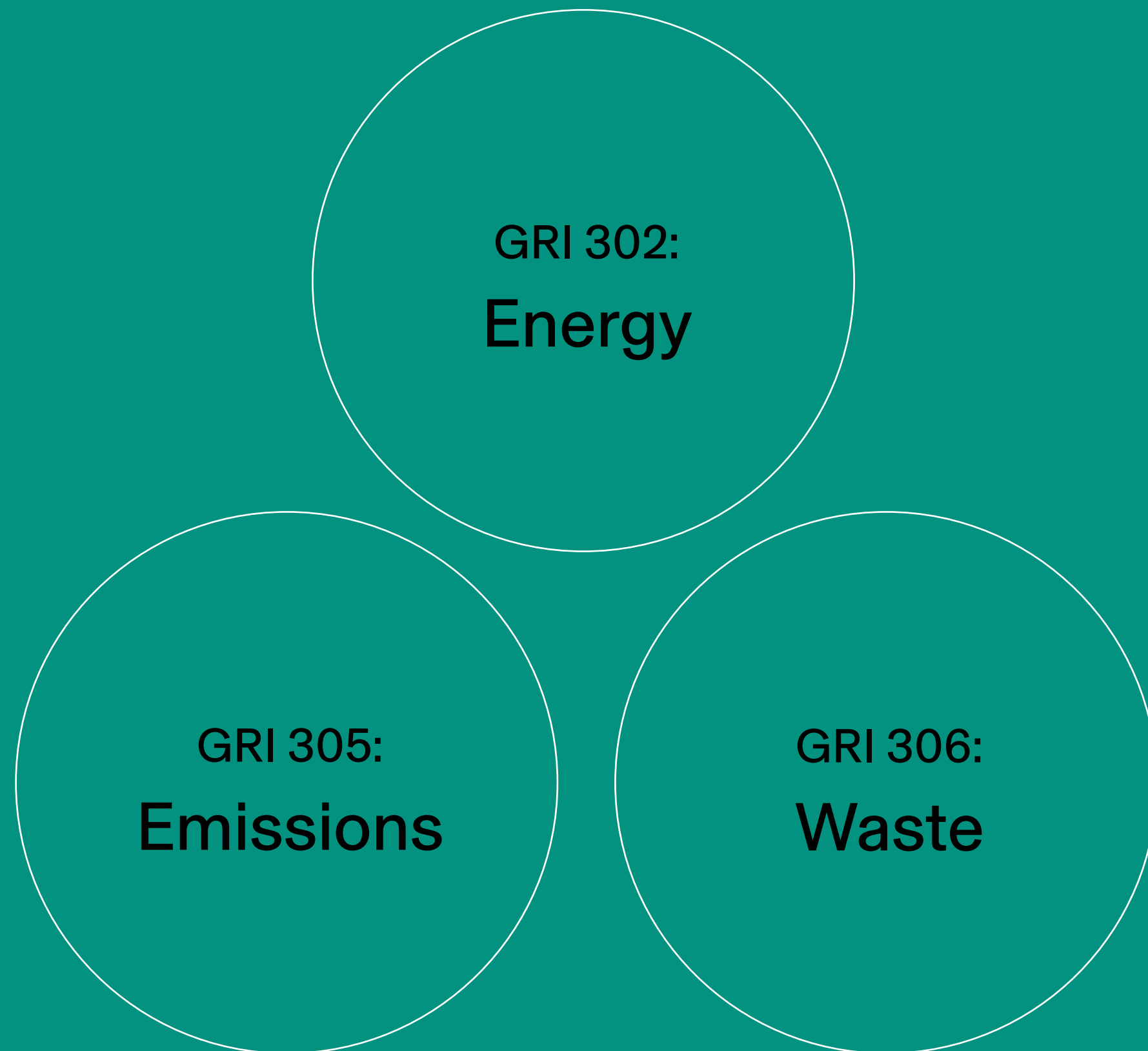


**Waste Reduction at Source:**  
Preparing for Municipal Solid Waste Charging



# More ESG Disclosures

Please refer to our ESG Disclosure Index for additional information about material topics linked to this pillar of our strategy:



# Links to our policies

Please view our policies to learn more about Hactl's commitment to preserving the planet for future generations:

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[Climate Change Policy](#)



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[Resource and Circularity Policy](#)



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[Sustainability Policy](#)





# Environmental Management at Hactl

Hactl's Environmental Management System (EMS) encompasses resource allocation, policy design and implementation, employee engagement, environmental impact assessments and compliance in accordance with ISO 14001 requirements. Implementation of the EMS is overseen by the Chief Sustainability Officer and Head of Safety, Sustainability and Quality Assurance.

Our management structure, as outlined in the EMS Manual, ensures a systematic approach to the management of environmental impacts throughout our operations.



Driving a more sustainable air cargo industry and helping to make Hong Kong International Airport one of the world's greenest.

## Working Together: Hactl's Green Terminal Pact

In 2018, Hactl launched its Green Terminal campaign with the aim of driving a more sustainable air cargo industry and helping to make Hong Kong International Airport one of the world's greenest.

This year, we have proudly launched the new Green Terminal Pact (GTP), a programme designed to engage SuperTerminal 1 tenants in creating an environmental conscious workplace. The core of the pact is a Performance Reward Scheme, which is a voluntary initiative focused on two critical environmental aspects: Waste Management and Energy Saving. All tenants engaged in proactive sustainability measures are eligible to participate in the scheme as they join us in preparing for the implementation of Hong Kong's Municipal Solid Waste (MSW) Charging Scheme and roll-out of smart energy metering systems.







"Asian Freight, Logistics and Supply Chain Awards  
 — Best Green Air Cargo Terminal Operator" from Air Cargo News

Hong Kong Sustainability Award  
 — Merit Award (Large Organisation Category) by The Hong Kong  
 Management Association (HKMA)

# Award-Winning Sustainability in 2023

In 2023, Hactl received the "Asian Freight, Logistics and Supply Chain Awards — Best Green Air Cargo Terminal Operator" from Air Cargo News.

Hactl was also honoured with the Hong Kong Sustainability Award — Merit Award (Large Organisation Category) by The Hong Kong Management Association (HKMA). This is the second time Hactl has received recognition for sustainability efforts from HKMA, following the 2022 Hong Kong Sustainability Award — Certificate of Excellence last year.





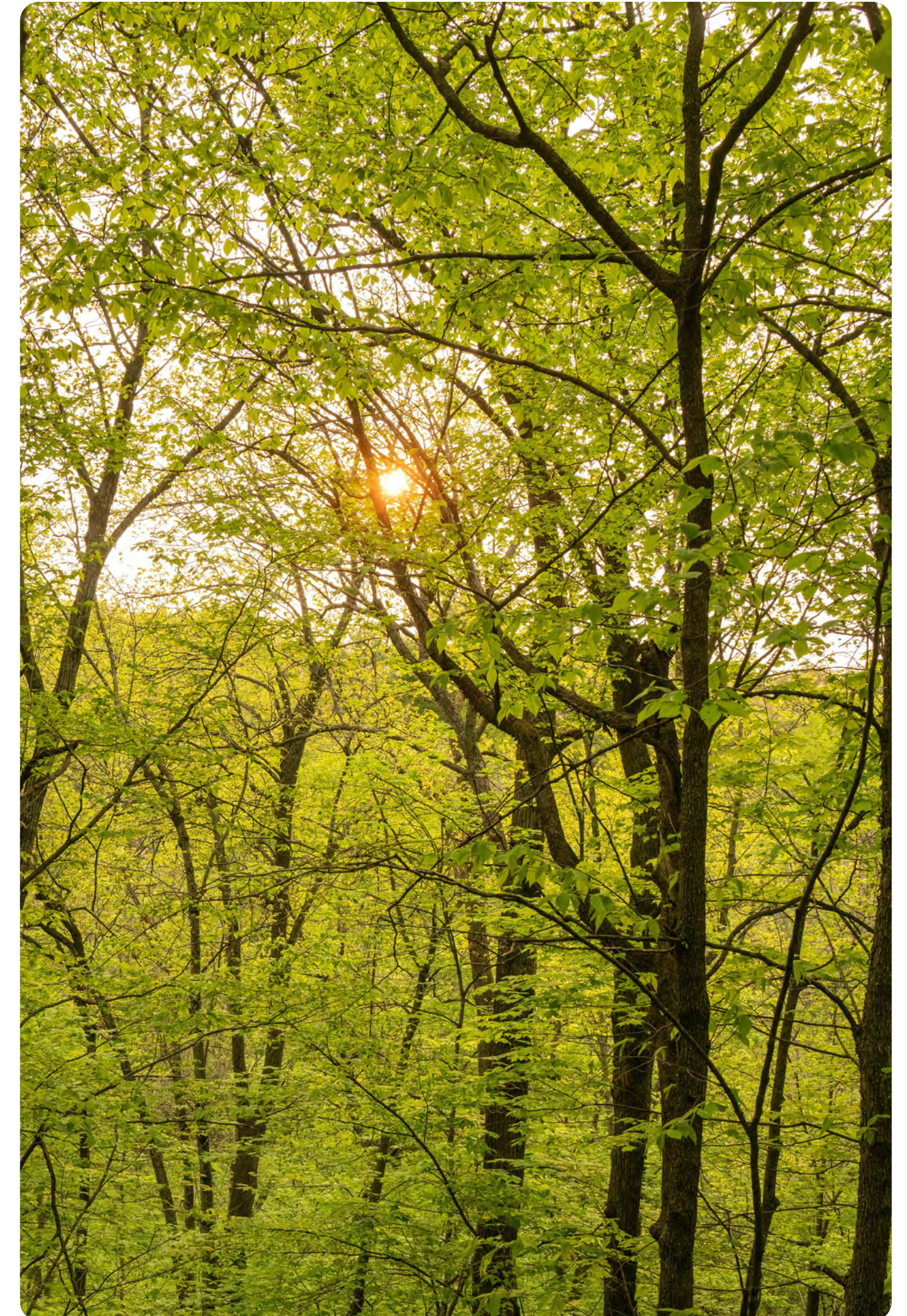
①

# Climate Change

We strive to lead our industry in making a smooth transition towards net zero. Hactl's Climate Change Policy is the cornerstone of our efforts, guiding the continuous identification and management of climate-related risks and opportunities, including decarbonisation. We proudly support Hong Kong's Climate Action Plan 2050, which outlines four major decarbonisation strategies for our home city, including zero carbon electricity generation, energy savings/ green buildings, green transport and waste reduction.

Hactl is acutely aware of physical risks posed by climate change, such as rising sea levels and extreme weather events. In 2022, we engaged an external consultancy to assist us in conducting a comprehensive climate risk scenario analysis to help us gain a deeper understanding of our exposure to the full remit of physical and transition climate-related risks and opportunities.

To integrate climate resilience into our business operations, we have adopted a science-based approach aligned with Recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). Please refer our [TCFD Statement](#) for more information on how we build resilience into our business.





**Hactl is a proud signatory of HKIA's Long Term Carbon Pledge to achieve carbon neutrality by 2050 as well as the Hong Kong Business Environment Council's (BEC) Net-Zero Carbon Charter.**



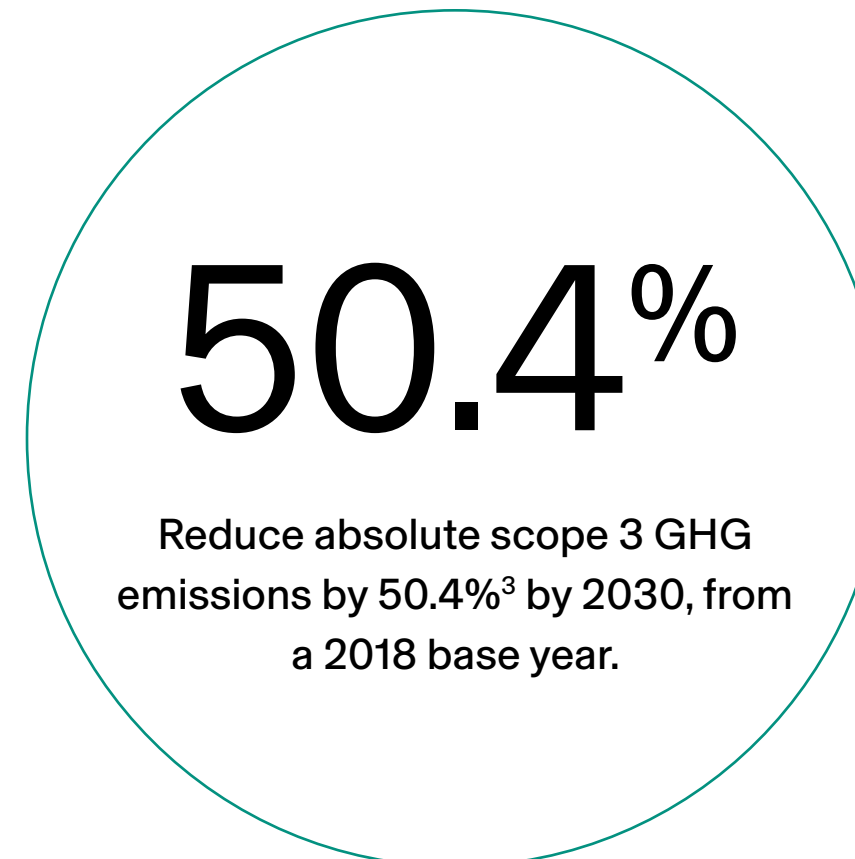
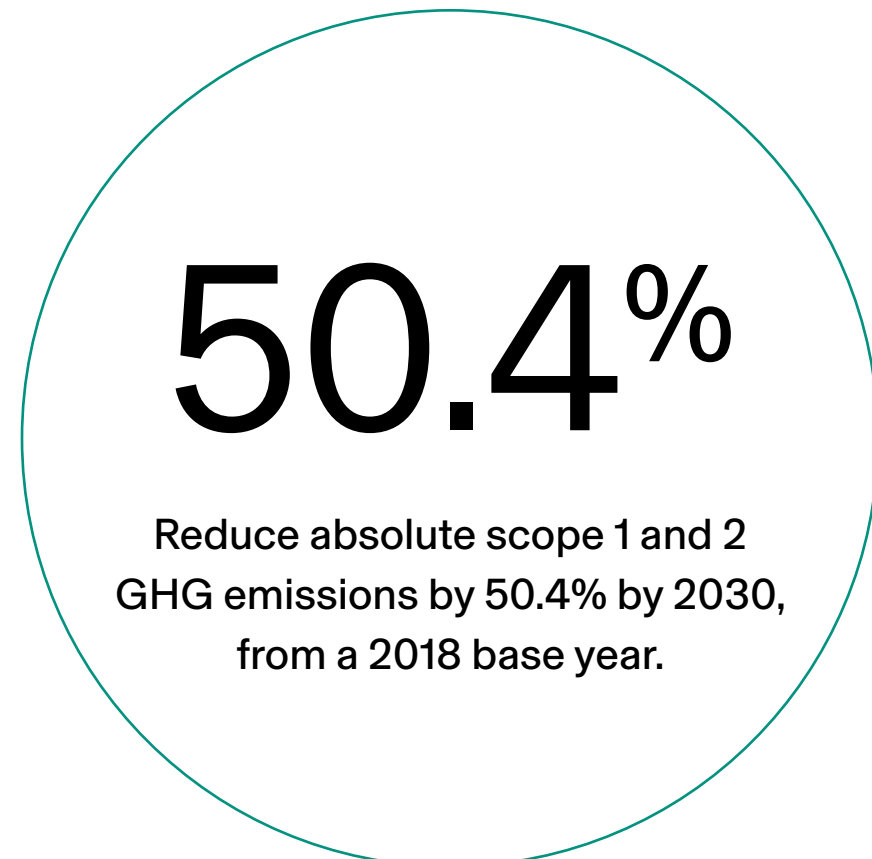


# Science Based Targets: Leading the Way to Zero Carbon



In November 2023, Hactl announced greenhouse gas (GHG) mitigation targets that have been validated by the Science Based Targets initiative (SBTi). This endorsement from an established and well-recognised international organisation underscores the credibility of Hactl's commitment to upholding best practices in science-based target setting.

## Our science-based targets



<sup>3</sup>Including emissions from purchased goods and services, fuel- and energy-related activities, waste generated in operations, employee commuting and downstream leased assets.

# SBTi

The SBTi is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI), and Worldwide Fund for Nature (WWF). It is a well-respected, global organisation championing the adoption of science-based target as a normative standard for corporate responsibility.

By participating in this initiative, Hactl officially joins the global commitment to halve GHG emissions by 2030 and achieve net-zero by 2050.

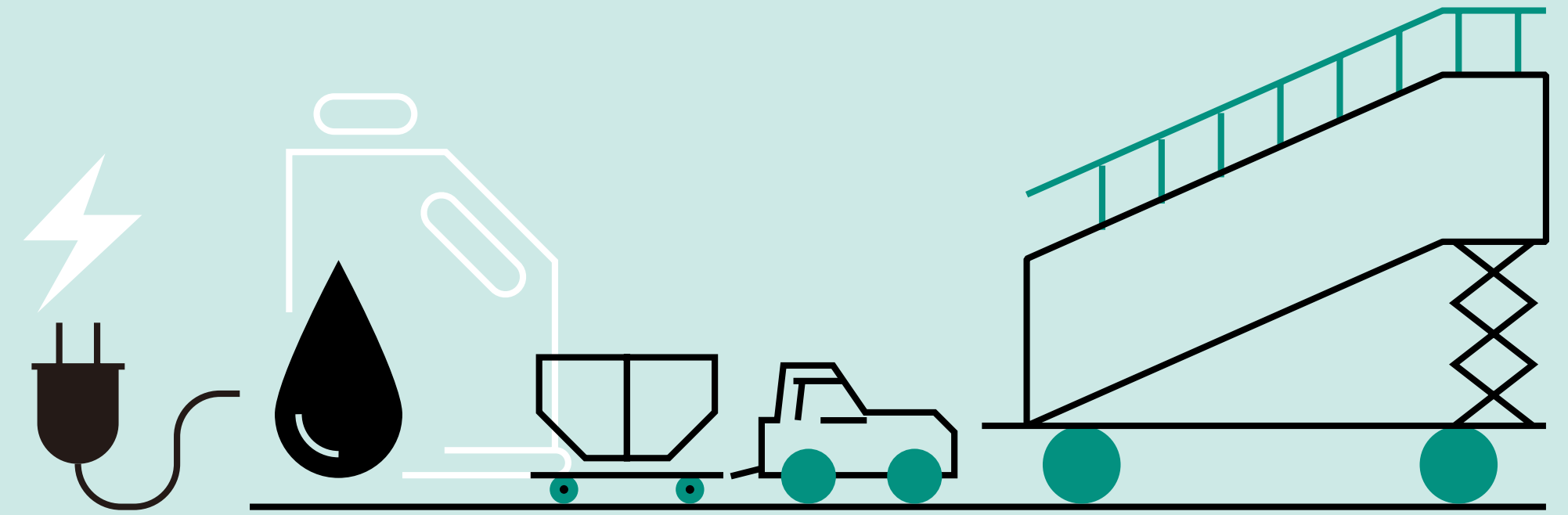




# Hactl's carbon footprint

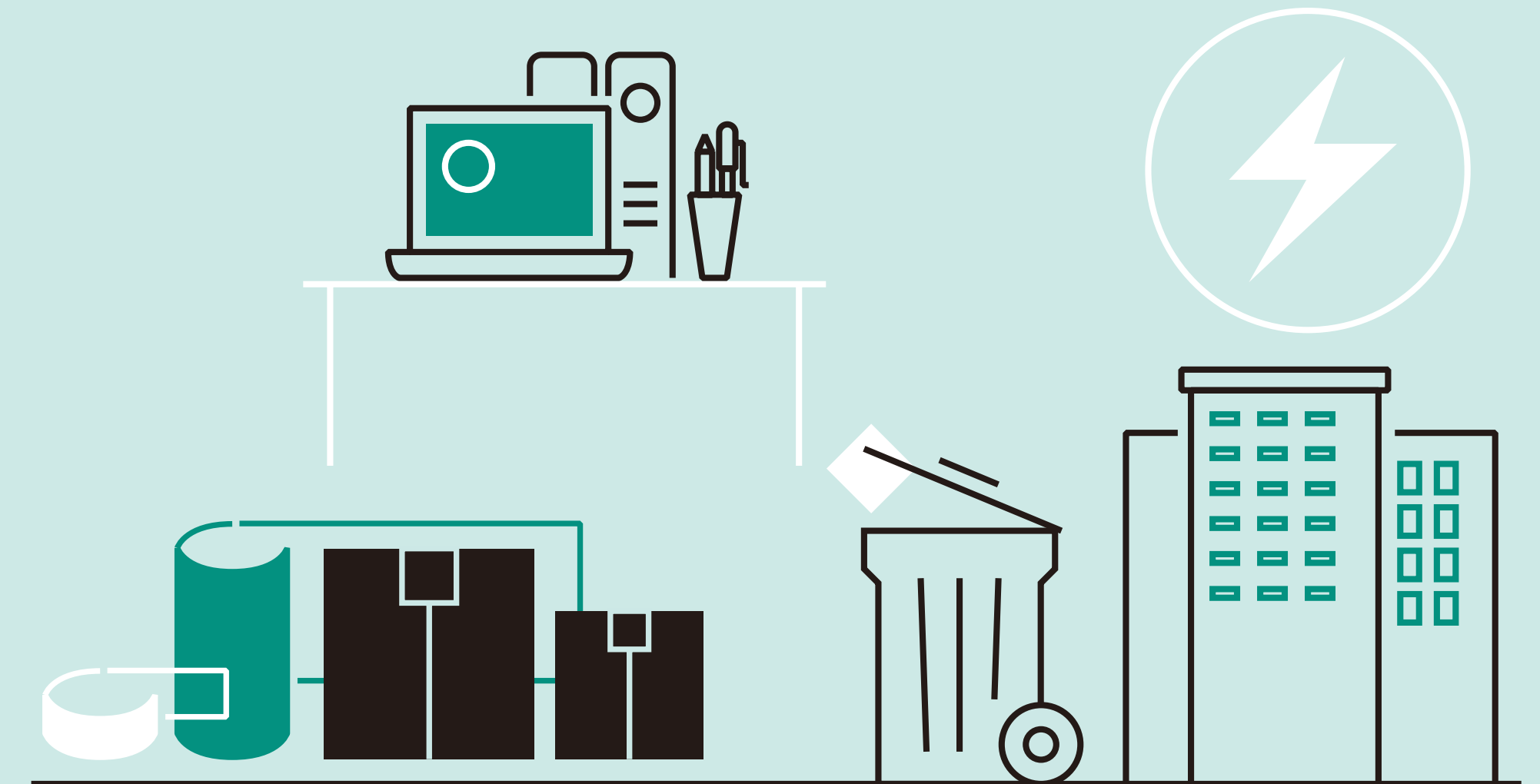
## Scope 1 and 2

emissions sources within carbon accounting boundary



## Scope 3

emissions sources within carbon accounting boundary





To achieve our ambitious science based targets, Hactl is implementing a range of strategies, including energy-efficient lighting, mechanical ventilation and air conditioning (MVAC) systems, electrification of vehicles and Ground Support Equipment, and procurement of Renewable Energy Certificates (RECs).

# 12%

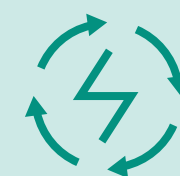
**Reduction in energy consumption since 2018**



## Energy efficiency

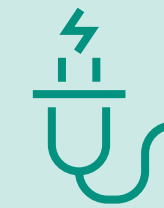
We proactively seek out energy-efficient technologies to reduce our energy consumption and foster a culture of energy- and cost-efficiency, such as recently improving the efficiency of our cooling systems through advanced chiller sequencing.

We adopt the internationally recognised “Plan, Do, Check, Act” management system to drive continuous improvement in energy savings. Our bi-monthly Environmental, Health, and Safety (EHS) committee meetings feature energy use as a top-priority agenda item. In 2023, we successfully reduced our energy use by retrofitting lighting on the ground and first floors of our warehouse, and Air Handling Units (AHU) in the Main Building. Additionally, we installed smart meters in the tenants’ offices, enabling precise monitoring and management of energy usage.



## Electrification

In cooperation with the Airport Authority Hong Kong (AAHK) and CLP Power Hong Kong, we are exploring the feasibility of installing e-GSE charging stations and accelerating our efforts towards equipment electrification.



## Renewable energy

To support the broader renewable energy market in Hong Kong, we purchased Renewable Energy Certificates (RECs) from China Light and Power (CLP) in 2022. These represent the equivalent of 8,500,000 kWh of energy from local renewable sources, including solar, wind and landfill gas projects, signifying the largest such contribution to development of local renewables within the airport community to date.



## Supplier engagement

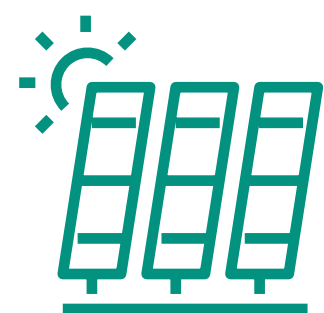
Our scope 3 reduction efforts are centred around supplier engagement strategies, particularly on purchased goods and services. We are also pioneering waste diversion techniques with a focus on wood, paper, plastics and mixed waste, with an aim to significantly reducing emissions from landfill waste disposal.





②

# Responsible Resource Management



**SuperTerminal 1 generates a substantial volume of waste, including waste from Hactl's direct operations and from tenants and other terminal users. We have set an ambitious target of diverting 75% of all waste from landfill by 2030.**

## Waste reduction

Hactl has embarked on a digitalisation journey to minimise paper consumption and promote digital documentation in our value chain, wherever feasible.

We leverage technology to help us achieve our waste reduction goals. For example, to incentivise recycling in SuperTerminal 1, we have introduced Reverse Vending Machines offering an HKD 0.1 rebate per beverage container. We have also installed smart recycling bins that can identify and sort recyclables automatically.

## Waste diversion

For unavoidable waste, our sorting process helps to direct materials toward upcycling, recycling and other responsible channels of managed waste disposal using licensed waste collection contractors.

Throughout our operations, we prioritise material reuse and offer surplus materials to contractors for repurposing. There are incentive programmes in place for internal waste management teams and our third-party garbage handling contractor to enhance.



# 62.5%

waste diverted from landfill in 2023



## Waste Reduction at Source: Preparing for Municipal Solid Waste Charging



To tackle Hong Kong's burgeoning waste problem, the Government plans to introduce Municipal Solid Waste charging in 2024. Early preparation for MSW Charging has been underway at SuperTerminal 1 for several years. In 2021, we established a dedicated cross-departmental taskforce for seamless implementation of the scheme. To better understand the expected impacts on daily operations, the taskforce initiated a study in 2022, the key outcomes of which included the development of a more comprehensive waste sorting guidelines for cleaning staff and the introduction of daily recycling services for tenants.

Effective stakeholder engagement is important for preparing our team to implement MSW charging. We provide regular updates for employees through internal communication channels, and in 2023, we ran a comprehensive recycling promotion campaign within our warehouse. We are also engaging extensively with our office-based tenants on MSW charging through online surveys, and information briefing; as well as providing a grace period for them to transition smoothly to the new arrangement. We are supporting them to make a successful transition to waste charging by helping to keep daily waste disposal records and calculating the expected cost of MSW charges based on recorded waste data.



# 7

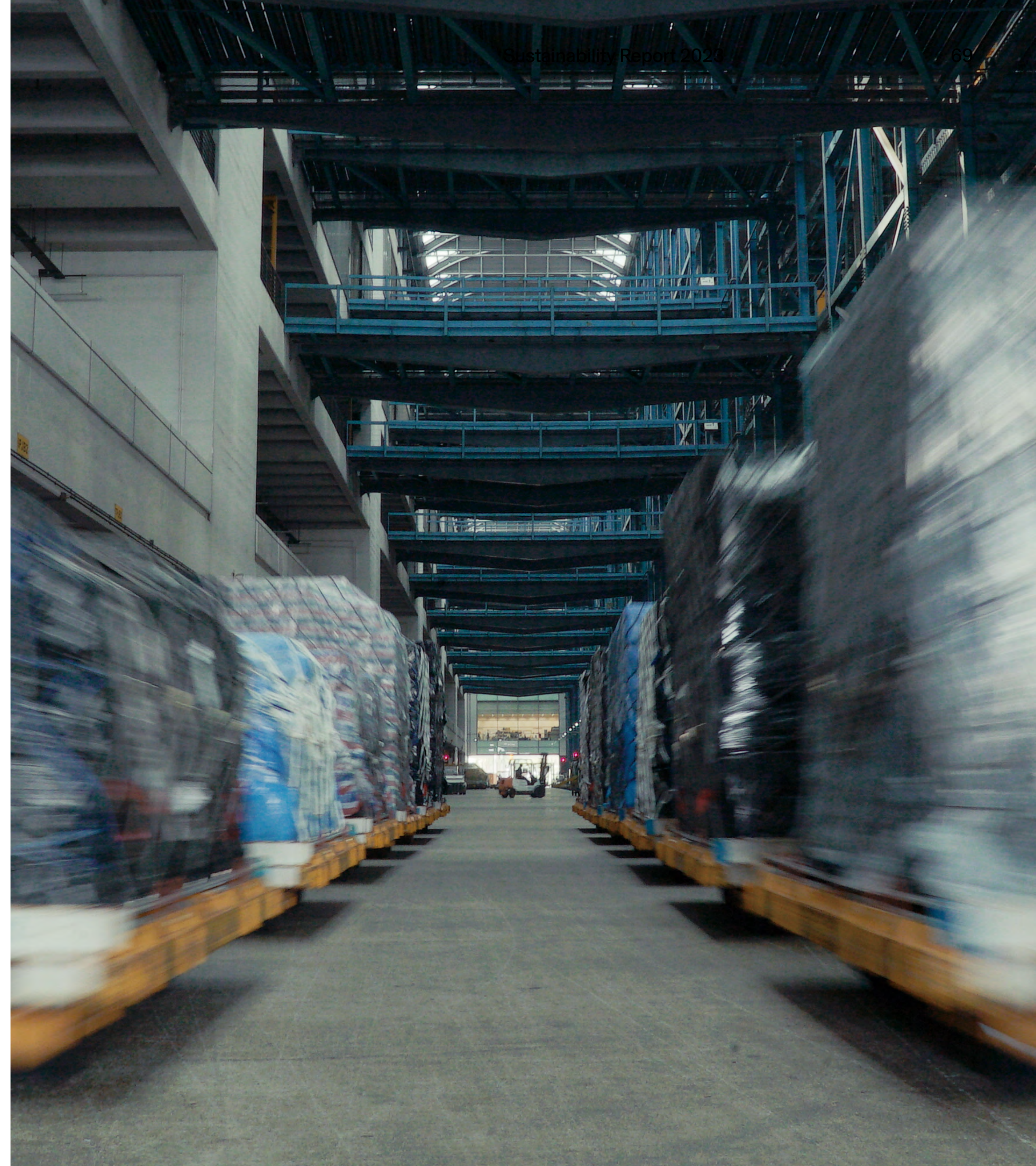
# Governance





# Doing Business the Right Way

For over 47 years, trust has been the cornerstone of Hactl's success. We strive to shape our industry to become greener and more sustainable with an unyielding commitment to doing business the right way. We are proud to implement strong governance practices and a responsive risk management framework and to nurture our corporate culture that is deeply rooted in ethical behaviour.





# Strategic Focus Areas

①

**Integrity and  
Transparency**





# Our Feature Stories



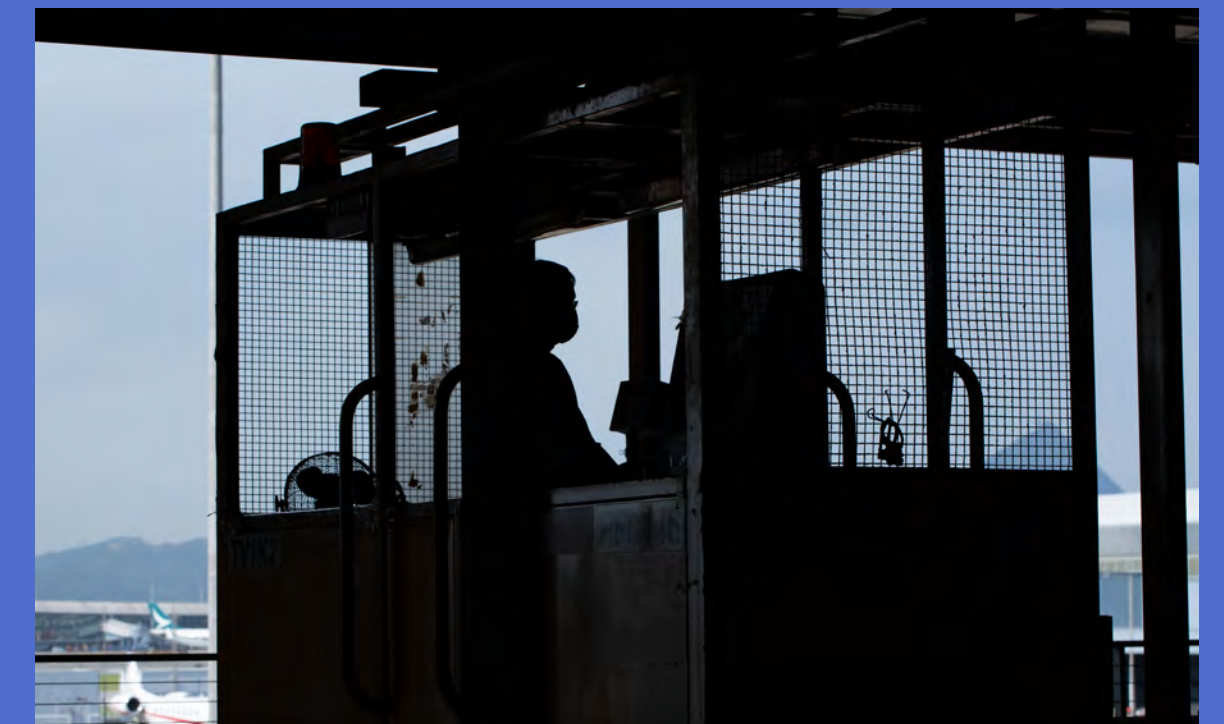
## Optimising Performance:

Developments in Hactl's Evolving Organisational Structure



## Safeguarding Trust:

Cybersecurity and Data Privacy



## Building Resilience:

Hactl's Comprehensive Approach to Typhoon Readiness



# More ESG Disclosures

Please refer to our ESG Disclosure Index for additional information about relevant topics linked to this pillar of our strategy:

GRI 205:  
**Anti-corruption**

GRI 408:  
**Child Labour**

GRI 409:  
**Forced or  
Compulsory  
Labour**

GRI 418:  
**Customer  
Privacy**

# Links to our policies

Please view our policies to learn more about Hactl's commitment to ensuring integrity and transparency:

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[Human Rights Policy](#)



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[Privacy Notice](#)



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[Sustainability Policy](#)







# Corporate Governance at Hactl

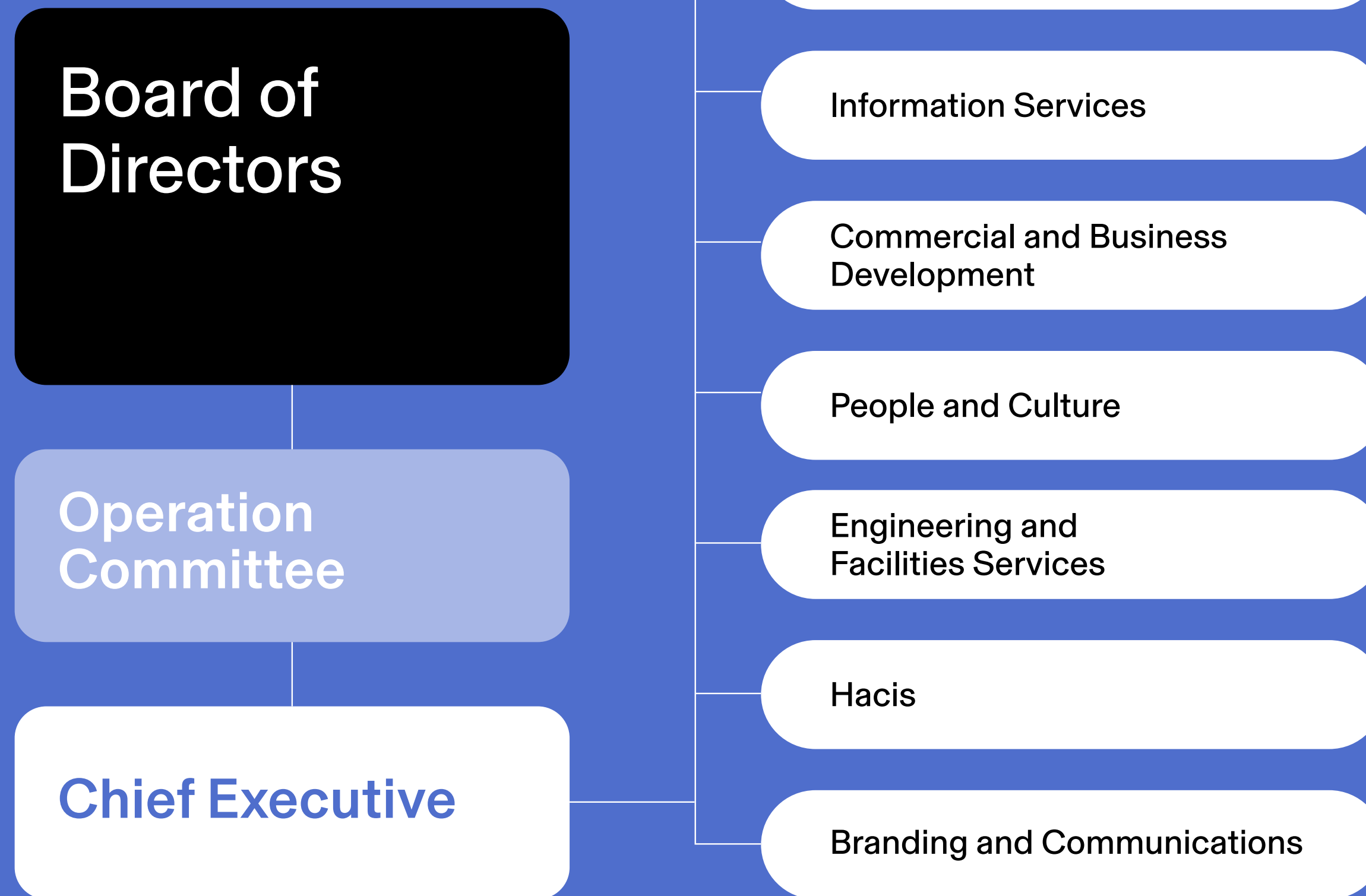
Hactl's success as a reliable air cargo terminal owes to strong governance practices. We are committed to conducting our business in an ethical and fair manner and to complying with all applicable regulatory requirements. We recognise risks of reputational damage from failure to uphold robust governance practices and risks of increased cost of compliance due to changing regulations.

In response, Hactl has a comprehensive set of policies in place covering various aspects of corporate governance. Relevant committees at the Board and Senior Management level are in place to oversee compliance and support good governance.

Each department monitors compliance with relevant legal and statutory requirements. As an organisation, we benchmark our service quality with industry best practices through various accreditations with international bodies, such as IATA CEIV and ISO.



# Hactl's Corporate Governance and Organisational Structure



Hactl's corporate governance structure stems from the Board of Directors (the Board), which meets 4 times per year, and its Operations Committee (OC), which meets monthly and reports regularly to the Board.

The Board of Directors consists of representatives from Hactl's four shareholders, with two seats held by Jardine Matheson. Ultimate responsibility for Hactl's sustainability performance rests with the Board supported by the OC.

The OC comprises representatives from each of Hactl's four shareholders, appointed and selected by the shareholders, and our Senior Management Team. It holds monthly meetings and plays a pivotal role in guiding and overseeing all aspects of Hactl's corporate governance, including providing independent and objective counsel to align our business decisions with Hactl's long-term strategic direction.

The OC is chaired by our Chief Executive

(CE), who is responsible for ensuring the profitability, operational efficiency and administrative success of SuperTerminal 1 and all subsidiary companies. The CE provides regular progress updates on all operational matters to the OC and the Board, including Hactl's performance against operational criteria outlined in our franchise agreement with the Airport Authority Hong Kong (AAHK).

Day-to-day management of Hactl's operations is orchestrated by the Senior Management Team in close collaboration with departmental and team heads to ensure effective implementation of corporate policies. The Senior Management Team communicates regularly with consultation committees and the labour union, including the Joint Consultation Committee for Junior Staff, the Joint Consultation Committee for Supervisory Staff, and the Hong Kong Air Cargo Terminals Employee Union. These channels provide vital conduits for ongoing engagement and connection between management and all valued team members.



# Upholding Best Practices

Hactl diligently pursues various certifications against relevant standards to ensure our services are consistently benchmarked for full compliance with industry best practices. Our [current accreditations](#) across multiple operational facets underscore our organisational ethos of Doing Business the Right Way.





# Optimising Performance: Developments in Hactl's Evolving Organisational Structure

Hactl is a dynamic organisation. We are learning and evolving constantly to keep pace with changes in our operating environment and stakeholders' expectations. Commencing in 2024, we have appointed a Chief Sustainability Officer to underscore Hactl's dedication to effective and transparent implementation of our Sustainable Framework, including the adequate allocation of resources to support our ambitious goals.

Hactl has always been committed to cultivating, attracting and retaining outstanding talent. To bring this core value to the fore, in 2023 we have taken the

initiative to rename our Human Resources Department to the People and Culture Department in line with our shareholder Jardine Matheson. With this change, we aim to improve services for our colleagues and gain a competitive edge in a competitive labour market.

Commencing in 2024, we will also be renaming our Corporate Communications Department as the Branding and Communications Department with a refreshed mandate to bolster Hactl's brand image and strengthen our communication strategy with key stakeholders.





# Hactl's Enterprise Risk Management Programme

Recent developments in regional and global priorities have highlighted the importance of resilient risk management to navigate the challenges and opportunities that may affect our business now and in the future. Hactl recognises risks of increased cost due to service disruption and reputational damage from critical incidents. In response, we take a robust and holistic approach to risk management, reviewing our risk registers regularly and implementing various Business Continuity Management activities under our Enterprise Risk Management (ERM) programme.

Our Corporate Risk Register is overseen by our Senior Management Team. Departmental Risk Registers are owned by our various department heads. We have established the Enterprise Risk Management Steering Committee (ERMSC) and the Enterprise Risk Management Coordinating Forum (ERMCF) composed of representatives from various departments. These committees meet every two months to evaluate departmental and corporate risks, business continuity, and team training.

The annual Management Review Meeting, attended by representatives from our Senior Management, is an important platform for undertaking a rigorous yearly review of key sustainability risks and corresponding mitigation measures.

Specialised working groups such as the Environmental, Health and Safety (EHS) Committee, ERMCF and Data Governance Committee (DGC), meet regularly to provide oversight and management of specific risk areas, including new policies and initiative to address emerging risks. Each working group is led by a management representative who collaborates with members from the SSQ team and other related departments.

We believe in fostering accountability by decentralising responsibility to each department for compliance with relevant requirements and expectations in line with our corporate culture of ownership and excellence. Management representatives, Department Heads, and Line Managers tailor their working plans to address sustainability risks specific to their operations. These customised plans are regularly reported to Senior Management Team during our Management Review Meetings.



This proactive approach ensures that we maintain strict compliance with evolving regulations and affirms our unwavering commitment to governance excellence.

## Hactl's Code of Conduct

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Upholding ethical standards is non-negotiable. We recognise that for our policy commitments and governance-related procedures to be effective, they must be fully integrated into our organisation, regularly updated and consistently communicated across teams and departments.

We employ a multi-faceted approach to enforce Hactl's Code of Conduct, including regular Code of Conduct e-learning training in collaboration with the Jardine Matheson Group. Additionally, general training on ethical conduct ensures that all relevant staff completed ethical training courses in 2023.

Hactl's corporate culture of continuous adaptation and refinement is well exemplified by the ERMCF's quarterly policy and procedure review process. This proactive approach ensures that we maintain strict compliance with evolving regulations and affirms our unwavering commitment to governance excellence.





# Safeguarding Trust: Cybersecurity and Data Privacy

Hactl manages a significant number of data transactions daily. We ensure that our corporate values extend seamlessly into the digital realm by safeguarding the confidentiality and security of all entrusted personal data in strict adherence to Hong Kong's Personal Data (Privacy) Ordinance and the European Union's General Data Protection Regulation (GDPR).

Recognising the evolving and complex nature of the digital landscape, we empower our staff with training and resources to counter fraud, scams and cybercrimes using robust technical and organisational control measures. To help us prepare for unforeseen incidents, we implement an Enterprise Business Continuity Plan (EBCP) drill every 2 years as part of our Enterprise Risk Management Programme.

During Chinese New Year 2023, the resilience of our IT infrastructure was put to the test during our IT Disaster Recovery Drill. We conducted a 27-hour intensive assessment to ensure that emergency incidents would not impede our operational integrity. This drill underscored our capability to maintain uninterrupted services and helped identify potential areas for further improvement.







## Building Resilience: Hactl's Comprehensive Approach to Typhoon Readiness

Hactl recognises the urgency to safeguard our business and operations from climate change, including increased frequency and intensity of severe weather events, damage to assets and operational disruption, occupational hazards associated with rising temperatures, reduced demand for carbon intensive products and services and rising cost of operations in a low carbon economy.

In 2022, we engaged a third-party consultant to help us conduct a comprehensive climate risk assessment, including scenario analysis. The findings of this analysis were subsequently incorporated into our ERM programme.

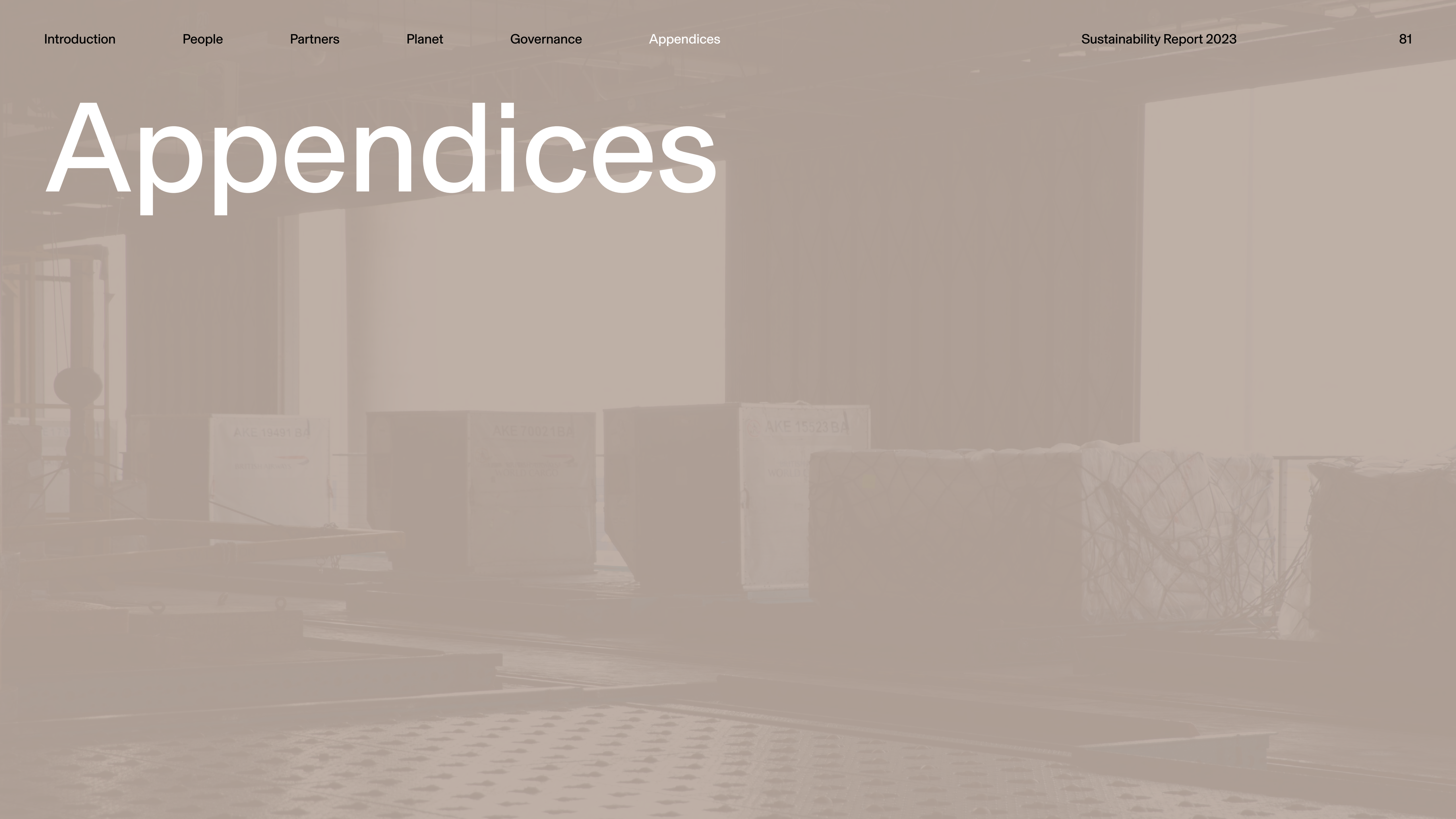
We must be particularly mindful of increased risk from extreme weather impacting our coastal location on Lantau Island, so we have prioritised proactive emergency typhoon preparedness. Meticulous pre- and post-typhoon checks ensure uninterrupted operation of Hactl's critical systems. This proactive approach also extends to regular roof maintenance, waterproofing and plant room inspections.

We make concerted efforts to ensure a comprehensive and highly coordinated response across multiple departments during our annual Typhoon Drill, which supplements our annual roster of Fire and other emergency drills. In 2023, we invited the AAHK and customer airlines to observe our Typhoon Drill and gathered their feedback and recommendations for better coordination in future.

During the year, we also conducted a Bomb Threat Drill to ensure our preparedness for security threats.



# Appendices





## 8

## ESG Disclosures Index

This index contains traditional content for sustainability reporting, including comprehensive management approach information, data tables and notes. This content references international standards and guidelines for sustainability reporting, including the Global Reporting Initiative (GRI), Greenhouse Gas (GHG) Protocol, and Recommendations from the Task Force on Climate-related Financial Disclosures (TCFD).

## GRI 1: General Disclosures 2021

2-1	Organisational details	<b>Relevant content in the Main Report:</b> <ul style="list-style-type: none"> <li>About Hactl</li> </ul>
2-2	Entities included in sustainability reporting boundary	<b>Relevant content in the Main Report:</b> <ul style="list-style-type: none"> <li>About Hactl</li> <li>About this Report</li> </ul>
	Hactl does not have audited consolidated financial statements or financial information filed on public record.	
2-3	Reporting period, frequency and contact point	<b>Relevant content in the Main Report:</b> <ul style="list-style-type: none"> <li>About this Report</li> </ul>
	Contact point: <a href="mailto:sustainability@hactl.com">sustainability@hactl.com</a>	
2-4	Restatements of information	<b>Relevant content in the Main Report:</b> <ul style="list-style-type: none"> <li>ESG Disclosures Index</li> </ul>
	Restated information is detailed in respective disclosures to rectify errors and reflect changes since the prior reporting period.	
2-5	External assurance	<b>Relevant content in the Main Report:</b> <ul style="list-style-type: none"> <li>Assurance Statement</li> </ul>
2-6	Activities, value chain and business relationships	<b>Relevant content in the Main Report:</b> <ul style="list-style-type: none"> <li>About Hactl</li> </ul>
	There have been no significant changes in Hactl's value chain compared to the previous reporting period.	



2-7	Employees	<b>Relevant content in the Main Report:</b> <ul style="list-style-type: none"> <li>• ESG Disclosures Index</li> </ul>
	Hactl did not experience significant fluctuations in employment during the reporting period and between reporting periods.	
2-8	Workers who are not employees	
	Hactl appreciates the contribution of workers who are not employees, including contractors providing services such as cleaning, garbage handling, security and IT service support. There were no significant fluctuations in the number of workers or working hours during or between reporting periods.	
2-9	Governance structure and composition	<b>Relevant content in the Main Report:</b> <ul style="list-style-type: none"> <li>• Corporate Governance at Hactl</li> </ul>
	Information regarding the composition of the highest governance body and its committees can be located within the Corporate Governance at Hactl section. However, please note that certain details may not be disclosed due to confidentiality constraints.	
2-10	Nomination and selection of highest governing body	
	The Board of Directors (Board) is Hactl's highest governing body comprising representatives from Hactl's four shareholders, with two seats held by Jardine Matheson. The Board's Operational Committee (OC) consists of representatives nominated and selected by Hactl's four shareholders. Selection criteria for the OC include relevant skills and experience for making positive contributions to Hactl's performance. The views of other stakeholders, diversity and independence are not explicitly or systematically taken into consideration.	
2-11	Chair of the highest governance body	
	The chair of the highest governance body is not a senior executive of Hactl.	
2-12	Nomination and selection of highest governing body	<b>Relevant content in the Main Report:</b> <ul style="list-style-type: none"> <li>• Corporate Governance at Hactl</li> </ul>
	<p>The Board and OC has delegated responsibility for developing, approving, and updating Hactl's purpose, strategies, policies, and goals related to sustainable development to the senior management team led by the Chief Executive (CE).</p> <p>The OC meets monthly to oversee Hactl's impacts on the economy, environment and people. It engages with Hactl's shareholders to support Hactl's ERM Programme and sustainability strategy. It considers the outcomes of these processes for identifying and managing Hactl's economic, social and environmental impacts and reviews their effectiveness.</p>	



2-13	Delegation of responsibility for managing impacts	<b>Relevant content in the Main Report:</b> • Corporate Governance at Hactl
2-14	Role of highest governance body in sustainability reporting	
	The OC has delegated this responsibility to the Senior Management Team.	
2-15	Conflicts of interest	<b>Relevant content in this Report:</b> • Corporate Governance at Hactl
	<p>All staff members within Hactl are encompassed by the comprehensive guidelines outlined in our Code of Conduct, which includes specific provisions addressing conflicts of interest. Regular training sessions are provided to ensure that every employee not only understands but also embodies the principles and values articulated in our Code of Conduct.</p> <p>In 2023, no complaints pertaining to breaches of our Code of Conduct, including conflict of interest, were recorded.</p>	
2-16	Communicating critical concerns	
	<p>In accordance with our Policy on Disclosure of Matters of Serious Concern, employees are actively encouraged to report concerns to management and external parties may communicate concerns through communications channels listed on our website. The OC reports to the Board twice per year to keep it updated on areas of critical concern. There were no critical concerns communicated to the Board during the reporting period.</p>	
2-17	Knowledge of the highest governing body	
	<p>Members of the Board and OC receive sustainability specific training from their respective organisations. Please refer directly to disclosures provided by our shareholders for more details. Hactl ensures OC members are kept up to date on sustainability trends and related matters through regular reporting from the Senior Management Team.</p>	
2-19 2-20 2-21	Remuneration policies Process to determine remuneration Annual total compensation ratio	
	Hactl does not disclose information on remuneration due to confidentiality constraints.	
2-22	Statement on sustainable development strategy	<b>Relevant content in this Report:</b> • Sustainability Strategy



2-23 2-24	Policy commitments Embedding policy commitments	<b>Relevant content in this Report:</b> • Governance								
<p>Our policies have been reviewed and approved by the Chief Executive and are publicly available on our website:  <a href="https://www.hactl.com/en/sustainability-policies/">https://www.hactl.com/en/sustainability-policies/</a></p> <p>Full details on specific policy commitments and stipulations may be found within each Policy. 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.</p>										
2-25	Processes to remediate negative impacts	<b>Relevant content in this Report:</b> • Governance								
<p>We actively communicate with stakeholders through various communication channels. Once a complaint is received through any of these channels, we follow our internal procedure to evaluate, investigate and resolve the matter.</p> <p>The staff grievance mechanism is available on our internal intranet called Hactl+. Should staff have any grievance, they should bring it to the attention of their immediate supervisor and/or the People and Culture department. If circumstances require, interviews with the higher level of management can be arranged.</p>										
2-26	Mechanisms for seeking guidance and raising concerns									
<p>Mechanisms are included in the Policy on Disclosure on Matters 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.</p>										
2-27	Compliance with laws and regulations									
<p>There were no significant instances of non-compliance with laws and regulations during the reporting period for which fines, non-monetary sanctions were incurred.</p>										
2-28	Membership associations									
<table border="1"> <thead> <tr> <th data-bbox="1269 1523 2259 1581">Programme and awarding institution</th> <th data-bbox="2259 1523 3222 1581">Nature of membership</th> </tr> </thead> <tbody> <tr> <td data-bbox="1269 1581 2259 1639">Air Cargo Customer Liaison Group</td> <td data-bbox="2259 1581 3222 1639">Corporate</td> </tr> <tr> <td data-bbox="1269 1639 2259 1697">Air Operator's Certificate</td> <td data-bbox="2259 1639 3222 1697">Corporate</td> </tr> <tr> <td data-bbox="1269 1697 2259 1752">British Chamber of Commerce</td> <td data-bbox="2259 1697 3222 1752">Corporate</td> </tr> </tbody> </table>			Programme and awarding institution	Nature of membership	Air Cargo Customer Liaison Group	Corporate	Air Operator's Certificate	Corporate	British Chamber of Commerce	Corporate
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
	CAPA—Centre for Aviation	Corporate
	Hong Kong Green Building Council	Gold Patron
	Carrier Liaison Group	Corporate
	Data Protection Officers' Club	Corporate
	Employers' Federation of HK	Corporate
	Hong Kong Airline Service Providers Association	Corporate
	Hong Kong General Chamber of Commerce	Corporate
	Hong Kong Institute of Human Resource Management	Corporate
	Hong Kong Management Association	Corporate
	IATA Cargo iQ	Corporate
	International Air Transport Association	Strategic partner
	IATA Ground Handling Conference	Corporate
	Transported Asset Protection Association	Corporate
	The Chartered Institute of Logistics and Transport in Hong Kong	Corporate
	The International Air Cargo Association	Trustee
2-29	Approach to stakeholder engagement	
	Hactl conducts stakeholder engagement periodically. Most recently, in 2022, we interviewed 25 representatives of internal and external stakeholders, including shareholders, Jardine Matheson sustainability representatives, members of Hactl management team and employees, business partners, customers, and other interested parties from local green groups, NGOs and social enterprises. The stakeholders were selected based on their level of involvement and/or familiarity with Hactl's operations.	
2-30	Collective bargaining agreements	<b>Relevant content in the Main Report:</b> <ul style="list-style-type: none"> <li>• Corporate Governance at Hactl</li> <li>• Human Rights Policy</li> </ul>
	There is no formal collective bargaining agreement in place. Our Human Rights Policy states that we respect our employees' right to form, join or not join labour unions without fear of reprisal, intimidation, or harassment.	



## GRI 3: Material Topics 2021

3-1	Process to determine material topics	<b>Relevant content in our Sustainability Report 2022:</b> <ul style="list-style-type: none"> <li>Defining our material topics (p.11)</li> </ul>
	<p>The process to determine material topics is a critical component of Hactl's sustainability strategy. In 2022, we carried out a detailed materiality analysis, examining more than 37 topics using a three-pronged approach, including assessment of potential impact on society and the environment, potential organisational impacts for Hactl, and taking into account broad stakeholder perspectives. We engaged with 25 stakeholders representing internal and external stakeholders, including shareholders, Jardine Matheson sustainability representatives, members of Hactl management team and employees, business partners, customers, and other interested parties from local green groups, NGOs and social enterprises.</p>	
3-2	List of material topics	
	<p>Hactl's list of material topics remains unchanged from 2022 as follows.</p> <p><b>People</b></p> <ul style="list-style-type: none"> <li>Employee health and safety</li> <li>Employee development and training</li> <li>Employee welfare and labour rights</li> <li>Employee engagement and fostering a healthy working culture</li> <li>Diversity and inclusion</li> </ul> <p><b>Partners</b></p> <ul style="list-style-type: none"> <li>Supply chain management and digitalisation</li> <li>Community engagement</li> </ul> <p><b>Planet</b></p> <ul style="list-style-type: none"> <li>Carbon emission management</li> <li>Circular economy</li> <li>Energy management</li> <li>Climate change risk management</li> <li>Air quality management</li> </ul> <p><b>Governance</b></p> <ul style="list-style-type: none"> <li>Corporate governance</li> <li>Critical incident risk management</li> <li>Customer data protection</li> </ul>	



# People

## GRI 401: Employment 2016

3-3	Management of material topic	<b>Relevant content in the Main Report:</b> <ul style="list-style-type: none"> <li>• Employer of Choice</li> </ul>
<p>This material topic addresses hiring, recruitment, retention and working conditions concerning all employees in a direct employment with Hactl as well as sub-contracted workers performing work on behalf of Hactl in facilities/ premises that we control.</p> <p>In keeping with our commitment to human and labour rights compliance as outlined in our Human Right's Policy, 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. Detailed provisions are set out in our Staff Handbook and various human resources policies, which are accessible by all employees.</p> <p>We do our utmost to adhere to the requirements of the following ordinances governing equal opportunities, fair labour practices and employment schemes:</p> <ul style="list-style-type: none"> <li>• Disability Discrimination Ordinance (Cap. 487)</li> <li>• Employees' Compensation Ordinance (Cap. 282)</li> <li>• Employment of Children Regulations under the Hong Kong Employment Ordinance (Cap. 57B)</li> <li>• Employment Ordinance (Cap. 57)</li> <li>• Family Status Discrimination Ordinance (Cap. 527)</li> <li>• Immigration Ordinance (to prevent unlawful employment) (Cap. 115)</li> <li>• Mandatory Provident Fund Schemes Ordinance (Cap. 485)</li> <li>• Minimum Wage Ordinance (Cap. 608)</li> <li>• Occupational Retirement Schemes Ordinance (Cap. 426)</li> <li>• Race Discrimination Ordinance (Cap. 602)</li> <li>• Sex Discrimination Ordinance (Cap. 480)</li> </ul> <p>Through our compliance checks we have not identified any of the following situations in our supply chain:</p> <ul style="list-style-type: none"> <li>• Work does not take place within appropriate institutional and legal frameworks</li> <li>• Persons working for suppliers are not provided the social and labour protection that they are entitled to receive by Hong Kong labour law</li> <li>• Working conditions do not meet international labour standards and Hong Kong labour law</li> <li>• Work is inadequately remunerated</li> <li>• Situations of disguised employment relationships</li> <li>• Work undertaken at home is not subject to legally recognized contracts</li> </ul>		



401-1	New employee hires and employee turnover						
	<b>Indicator</b>	<b>2023</b>			<b>2022</b>		
		<b>Female</b>	<b>Male</b>	<b>Total</b>	<b>Female</b>	<b>Male</b>	<b>Total</b>
	<b>Number of employees at the end of the reporting period</b>	<b>312</b>	<b>1,669</b>	<b>1,981</b>	<b>284</b>	<b>1,762</b>	<b>2,046</b>
	<b>Number of employees at the beginning of the reporting period</b>	<b>283</b>	<b>1,747</b>	<b>2,030</b>	<b>281</b>	<b>1,923</b>	<b>2,204</b>
	<b>New hire rate</b>	<b>30.25%</b>	<b>18.21%</b>	<b>20.00%</b>	<b>27.26%</b>	<b>14.38%</b>	<b>16.09%</b>
	<b>Turnover rate</b>	<b>22.52%</b>	<b>25.83%</b>	<b>25.64%</b>	<b>26.19%</b>	<b>23.99%</b>	<b>24.28%</b>
	<b>Employees by employment contract</b>						
	Permanent contract	300	1,509	1,809	275	1,648	1,923
	Temporary contract	12	160	172	9	114	123
	<b>Employees by type of employment</b>						
	Full time	289	1,571	1,860	261	1,633	1,894
	Part time	23	98	121	23	129	152
	<b>Employees by age group</b>						
	Under 30	83	155	238	78	170	248
	30-50	123	682	805	112	734	846
	50 above	106	832	938	94	858	952
	<b>Employees by category</b>						
	Manager	32	62	94	24	58	82
	Non-manager	280	1,607	1,887	260	1,704	1,964



	<b>New hire</b>	<b>90</b>	<b>311</b>	<b>401</b>	<b>77</b>	<b>265</b>	<b>342</b>
	Under 30	48	116	164	46	118	164
	30-50	29	98	127	23	78	101
	50 above	13	97	110	8	69	77
	<b>Turnover</b>	<b>67</b>	<b>407</b>	<b>474</b>	<b>74</b>	<b>442</b>	<b>516</b>
	Under 30	35	114	149	29	133	162
	30-50	17	126	143	30	115	145
	50 above	15	167	182	15	194	209
	<p><b>Data Notes</b>            New hire rate = Total number of new hire/ Average number of employees as at 1 January and 31 December 2023            Turnover rate = Total number of turnover/ Average number of employees as at 1 January and 31 December 2023</p>						
401-2	Benefits provided to full-time employees			<p><b>Additional information:</b>  <a href="#">Hactl Careers website</a></p>			
	<p>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).</p> <p>Hong Kong SAR is the only 'significant location of operation.</p>						



## GRI 403: Occupational Health and Safety 2018

3-3	Management of material topic	<b>Relevant content in the Main Report:</b> <ul style="list-style-type: none"> <li>Safety and Wellbeing</li> </ul>
<p>This material topic addresses healthy and safe work conditions recognised as a human right and target of the UN SDGs, involving both prevention of physical and mental harm and promotion of good health. The scope of this topic encompasses all employees and workers whose work and/or workplace is controlled by Hactl and Hactl's health and safety impacts through direct business relationships. We implement the Occupational Health and Safety (OHS) policy, OHS Management Manual, and OHS Procedures. These are available company-wide through multiple channels, including Hactl's intranet homepage and our staff mobile app "KaGor".</p> <p>Our EHS Committee is a cross departmental team reformed since 2009 from Environmental Conservation Committee and Health and Safety Committee. It is responsible for overseeing delivery of our health and safety ambitions 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. Suggestion boxes are provided in the staff locker room and next to the PC office to collect feedback and concerns.</p> <p>We ensure that everyone on our team adheres to the following ordinances and best practices relating to occupational health and safety:</p> <ul style="list-style-type: none"> <li>Factories and Industrial Undertakings Ordinance (Cap. 59)</li> <li>Factories and Industrial Undertakings (Loadshifting Machinery) Regulation (Cap. 59AG) for certifying that fork-lift truck operators have attended training courses for proper use of the load shifting machine</li> <li>Hong Kong Occupational Safety and Health Ordinance (Cap. 509)</li> </ul> <p>To deliver our desired level of operational safety and security, our Quality Assurance Programme (QAP) complies with the following standards and/or regulatory requirements:</p> <ul style="list-style-type: none"> <li>Airport Authority Hong Kong (AAHK) Airside Driving Handbook Section 2.5 (General Driving Conduct)</li> <li>Factories and Industrial Undertakings (Cargo and Container Handling) Regulation (Cap. 59K)</li> <li>Factories and Industrial Undertakings (Noise at Work) Regulation (Cap. 59T)</li> <li>Fire Services (Installations and Equipment) Regulations (Cap. 95B)</li> <li>Occupational Safety and Health Ordinance (Cap. 509A)</li> </ul> <p>Alignment with the IATA Safety Audit for Ground Operations (ISAGO) standard underscores our dedication to best-in-class performance. We also observe the following regulations and guidelines pertaining to aviation safety, which is relevant for safety of our workers and other stakeholders:</p> <ul style="list-style-type: none"> <li>Dangerous Goods (Consignment by Air) (Safety) Regulations – Subsidiary Legislation for certifying when operational staff attend related courses according to their job duties (Cap. 384)</li> <li>Airport Authority Bylaw (Cap. 483A) Section 35 (Flight Safety Hazard)</li> <li>Aviation Security Ordinance (Cap. 494)</li> <li>Hactl Service Standards</li> <li>IATA Airport Handling Manual (AHM) 610, 612 and 621</li> <li>IATA Dangerous Goods Regulations (DGR)</li> <li>Technical Instructions for the Safe Transport of Dangerous Goods by Air (International Civil Aviation Organization [ICAO] Part 7 (Operator's Responsibilities))</li> <li>Various customer airlines' requirements</li> </ul>		



403-1	Occupational health and safety management system
	<p>Hactl's Occupational Health and Safety Management System (OHSMS) is aligned with ISO 45001 standards, IATA AHM610 Guidelines, and statutory regulations. All activities within SuperTerminal 1 and the airside interface are covered by our OHSMS, including cargo handling-related and office activities. Tenants' activities in their rented office/warehouse are outside of Hactl's control by we engage closely with them to ensure compliance with our health and safety requirements as listed in our contracts.</p>
403-2	Hazard identification, risk assessment, and incident investigation
	<p>Hactl's Smart Safety Management System (SSMS), introduced in 2022, leverages big data for real-time health and safety incident reporting. We conduct routine maintenance and systematic inspections of Ground Support Equipment (GSE) such as ramp vehicles, forklift, and tow-tractors, to pre-emptively detect and address potential hazards.</p> <p>Every colleague has the responsibility to intervene to keep themselves and co-workers safe and to report hazards and safety concerns through established mechanisms. Apart from informing their supervisors, workers are encouraged to approach the People and Culture department, or cross-departmental working groups such as the EHS committee and JCC.</p> <p>The Safety, Sustainability and Quality Assurance team investigates reported incidents to determine their cause and develop corrective actions. The EHS Committee reviews the overall OHSMS system annually and holds ad-hoc meetings to consider adverse trends, such as 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.</p>
403-3	Occupational health services
	<p>All staff can review our Operational Risk Register and Control record and Accident and Incident Handling Procedures, which outline common potential hazards and communicates clear and consistent guidelines for accident prevention. We require all shift staff to review the Safety Alert notice before every shift. Our Safety Incentive Scheme is designed to encourage workers to prevent accidents by offering cash rewards if safety KPIs are achieved or exceeded. We hold an annual Safety Week for all employees to enhance awareness.</p> <p>The EHS Committee is a cross-departmental team that enables discussion on environmental, health and safety topics between frontline staff and management. Meetings are arranged every two months to review EHS matters.</p>
403-5	Worker training
	We provide continuous safety training for operational staff, regularly updated and accredited by IATA.
403-6	Promotion of worker health
	To encourage our employees to maintain good physical and mental health, we hosted promotion activities to all employees include Safety Week, Fruits Day and Jardine Sports Association Orientation Day.



403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
	We engage with three major tenants in our Express Centre to promote occupational health and safety by conducting quarterly safety inspections.		
403-9	Work-related injuries		
	Indicator	2023	2022
	Total workforce	1,981	2,046
	Total working hours	5,141,887	4,745,500
	Recordable work-related injuries (excluding fatalities)	16	17
	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	0.62	0.72
	Rate of high-consequence work-related injuries (excluding fatalities)	0	0.08
	Rate of fatalities as a result of work-related injury	0	0
403-10	Work-related ill health		
	Indicator	2023	2022
	Fatalities as a result of work-related ill-health	0	0
	Recordable cases of work-related ill-health	0	0
	<b>Data Notes</b> Data collection and calculation of occupational health and safety figures follow the ILO code of practice on recording and notification of occupational accidents and diseases. Rate of fatalities from work-related injury, high-consequence work-related injuries (excluding fatalities) and recordable work-related injuries are based on 200,000 hours worked.		

\* The data has been adjusted to reflect actual situation.



## GRI 404: Training and Education 2016

3-3	Management of material topic	<b>Relevant content in the Main Report:</b> <ul style="list-style-type: none"> <li>Development and Training</li> </ul>																																																																																	
<p>Hactl's 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, the Hong Kong Civil Aviation Department (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.</p> <p>We strive to utilise the latest educational technology through our Learning Management System (LMS) e-learning platform and virtual reality simulations for cargo operations.</p>																																																																																			
404-1	Average hours of training per employee per year																																																																																		
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404-2	Programmes for upgrading employee skills and transition assistance programmes																																																																																		
<p>Our Learning and Development team provides an extensive range of technical courses covering equipment operation, aircraft loading, dangerous goods and special cargo handling, and other relevant aviation related training in accordance with industry-leading standards such as the IATA and HKCAD.</p> <p>We invest in soft skills essential for overall professional development. We are proud to have pioneered courses accredited under the Hong Kong Qualifications Framework (HKQF) and IATA's Competency-Based Training and Assessment (CBTA) Centre Certification. Hactl employees also benefit from career development opportunities provided by Jardine Matheson, such as its annual Jardines Learn Fest.</p> <p>Beyond the training outlined above, we provided transition assistance programmes to facilitate employees' continued employability and management of career endings.</p>																																																																																			



# Partners

## GRI 204: Procurement Practices 2016

3-3	Management of material topic	<b>Relevant content in the Main Report:</b> <ul style="list-style-type: none"> <li>Value Chain Management</li> </ul>																
<p>This material topic addresses how procurement practices that may cause or contribute to negative and/or positive impacts in our supply chain and Hactl's support for local suppliers. Hactl's vendor selection criteria include staff engagement, energy management, green initiatives and adherence to safety and HACCP/IATA PRC principles. We also look for credentials such as ISO 9001, ISO 14001, ISO 45001, ISO 50001 or equivalent.</p> <p>Our target is to achieve 50% implementation of our new Supplier Code of Conduct by 2025.</p> <p>Hactl's procurement team is responsible for sourcing Hactl's general supplies such as office stationery and staff uniforms. For project specific items, various departments implement a decentralised procurement system overseeing compliance focused on specialised criteria and maintaining close relationships with suppliers. Each department undertakes an annual evaluation of suppliers in accordance with Hactl's Supplier and Sub-contractor Qualification Report. Under-performance on environmental factors may result in contract termination.</p> <p>Under Hactl's green procurement plan (introduced in 2013), we encourage contractors to invest in cleaner and more efficient operation processes with incentives for those who exceed contractual Key Performance Indicators (KPIs).</p>																		
204-1	Proportion of spending on local suppliers	<table border="1"> <thead> <tr> <th data-bbox="1269 921 2502 977">Indicator</th> <th data-bbox="2512 921 2868 977">2023</th> <th data-bbox="2878 921 3215 977">2022</th> </tr> </thead> <tbody> <tr> <td data-bbox="1269 983 2502 1039">Total supplier expense (HK\$ million)</td> <td data-bbox="2512 983 2868 1039">649</td> <td data-bbox="2878 983 3215 1039">560</td> </tr> <tr> <td data-bbox="1269 1044 2502 1101">Total expense on local suppliers (HK\$ million)</td> <td data-bbox="2512 1044 2868 1101">635</td> <td data-bbox="2878 1044 3215 1101">542</td> </tr> <tr> <td data-bbox="1269 1106 2502 1163">Percentage of spending for significant location of operation on local suppliers</td> <td data-bbox="2512 1106 2868 1163">97.84%</td> <td data-bbox="2878 1106 3215 1163">96.79%</td> </tr> <tr> <td colspan="3" data-bbox="1269 1168 3215 1258"> <b>Data Notes</b>            Both 'significant location of operation' and 'local' are defined as Hong Kong.         </td> </tr> </tbody> </table>		Indicator	2023	2022	Total supplier expense (HK\$ million)	649	560	Total expense on local suppliers (HK\$ million)	635	542	Percentage of spending for significant location of operation on local suppliers	97.84%	96.79%	<b>Data Notes</b> Both 'significant location of operation' and 'local' are defined as Hong Kong.		
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## Community Engagement

3-3	Management of material topic	<b>Relevant content in the Main Report:</b> <ul style="list-style-type: none"> <li>Community Engagement and Collaboration</li> </ul>	
<p>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. Through collaborations with community organisations, we leverage our strengths and maximise our positive impacts.</p>			



# Planet

## GRI 302: Energy 2016

3-3	Management of material topic	<b>Relevant content in the Main Report:</b> <ul style="list-style-type: none"> <li>• Environmental Management at Hactl</li> <li>• Climate Change</li> </ul>																																										
<p>Hactl consumes energy in the forms of fuel and electricity. We recognise energy use as a material topic because of its impact on the environment, particularly in the context of local and regional initiatives to achieve decarbonisation in response to climate change. Within our own operations, using electricity more efficiently and switching to renewable sources of electricity are integral to Hactl's Energy Policy and Climate Change Policy.</p> <p>Hactl's Energy Management System ensures compliance with the Buildings Energy Efficiency Ordinance (Cap. 610).</p>																																												
302-1	Energy consumption within the organisation																																											
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\* The data has been adjusted to reflect actual situation.



## GRI 305: Emissions 2016

3-3	Management of material topic	<b>Relevant content in the Main Report:</b> <ul style="list-style-type: none"> <li>• Environmental Management at Hactl</li> <li>• Climate Change</li> </ul>																																				
<p>Hactl produces direct emissions from fuel use in Ground Service Equipment (GSE) vehicles as well as indirect emissions from consumption of purchased electricity. In line with our management approach to the related topic of energy, we recognise emissions as a material topic in the context of local and regional initiatives to improve local air quality and achieve decarbonisation. Within our own operations, using electricity more efficiently and switching to renewable sources of electricity are integral to Hactl's Energy Policy and Climate Change Policy.</p> <p>Hactl's EMS ensures compliance with the following ordinances governing our environmental impacts associated with emissions:</p> <ul style="list-style-type: none"> <li>• Air Pollution Control Ordinance (Cap. 311)</li> <li>• Motor Vehicle Idling (Fixed Penalty) Ordinance (Cap. 611)</li> <li>• Ozone Layer Protection Ordinance (Cap. 403)</li> </ul>																																						
305-1 305-2 305-3 305-4	Direct (Scope 1) GHG emissions Energy indirect (Scope 2) GHG emissions Other indirect (Scope 3) GHG emissions GHG emissions intensity																																					
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GHG emissions intensity			
Scope 1 GHG emissions intensity	tCO <sub>2</sub> e/ tonnage of cargo handled	0.005	0.003
Scope 2 GHG emissions intensity		0.007	0.007
Scope 3 GHG emissions intensity		0.001	0.001
305-5	Reduction of GHG emissions		
Indicator	Unit	2023	
Scope 1 & 2 reduction against 2018 base year	Percentage	24.4%	
Scope 3 reduction against 2018 base year		5.8%	
<p><b>Data Notes</b></p> <p>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).</p> <p>Direct (Scope 1) GHG emissions include 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 CO<sub>2</sub> emissions include emissions from biogenic component of the B5 and B7 biodiesel. Indirect GHG (Scope 2) emissions include emissions from purchased electricity consumption. Other indirect GHG (Scope 3) emissions are generated from purchased goods and services, fuel- and energy-related activities, waste generated in operations, employee commuting and downstream leased assets.</p> <p>Our GHG inventory includes carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HCFs), perfluorocarbons (PFCs), sulphur hexafluoride (SF<sub>6</sub>), chlorodifluoromethane (HCFC-22), and nitrogen trifluoride (NF<sub>3</sub>).</p> <p>GHG emissions are computed using emission factors from the following sources:</p> <ul style="list-style-type: none"> <li>• “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</li> <li>• Sustainability report of CLP Holdings Limited</li> <li>• Sustainability report of Hong Kong Water Suppliers Department</li> <li>• “CEDA 5.0” published by VitalMetrics Group</li> <li>• “UK Government Greenhouse Gas Conversion Factors for Company Reporting” published by DEFRA of the UK Government</li> </ul> <p>Global Warming Potential (GWP) values are referred to the Fifth Assessment Report (AR5) by the Intergovernmental Panel on Climate Change (IPCC).</p> <p>The indicators for reduction of GHG emissions are calculated in line with SBTi criteria with the base year of 2018.</p>			

\* The data has been adjusted to reflect actual situation.



## GRI 306: Waste 2020

3-3	Management of material topic	<b>Relevant content in the Main Report:</b> <ul style="list-style-type: none"> <li>• Environmental Management at Hactl</li> <li>• Responsible Resource Management</li> </ul>
<p>Hactl recognises that waste generated within its own operations and in its value chain, such as by tenants of SuperTerminal 1 and when suppliers process materials that are used by Hactl in our daily operations, can have significant negative environmental impacts.</p> <p>Hactl's EMS ensures compliance with the following ordinances governing waste impacts:</p> <ul style="list-style-type: none"> <li>• Hazardous Chemicals Control Ordinance (Cap. 595)</li> <li>• Waste Disposal Ordinance (Cap. 354)</li> <li>• Water Pollution Control Ordinance (Cap. 358)</li> </ul>		
306-1	Waste generation and significant waste-related impacts	
<p>Hactl generates hazardous waste from vehicles and heavy equipment, including fluorescent tubes, lubricating oil, batteries and tyres. These impacts relate to waste generated in Hactl's own operations.</p>		
306-2	Management of significant waste-related impacts	
<p>Implementation of Hactl's Resource and Circularity Policy as part of Hactl's EMS is supported by regular internal audits and monitored through quarterly performance data updates, culminating in an annual review of performance against waste reduction targets.</p> <p>Hactl implements stringent quality control and safety measures with respect to handling and disposal of hazardous waste. All electronic and chemical wastes are collected by licensed collectors registered under the Environmental Protection Department (EPD) of Hong Kong. In addition, we prioritise staff training in emergency handling procedures for chemical spillage and conduct regular safety and environmental inspections to ensure proper management and storage of hazardous waste.</p>		



Indicator	Unit	2023	2022
306-3 306-4 306-5	Waste generated Waste diverted from disposal Waste directed to disposal		
<b>Non-hazardous waste</b>			
Waste generated	Tonnes	7,638.63	8,046.99
Waste diverted		4,776.15	5,041.88
Waste directed to disposal		2,862.48	3,005.11
<b>Paper</b>			
Waste generated	Tonnes	489.69	521.52
Waste diverted		471.12	499.60
Waste directed to disposal		18.57	21.92
<b>Plastic</b>			
Waste generated	Tonnes	932.60	1,051.40
Waste diverted		928.58	1,047.20
Waste directed to disposal		4.02	4.20
<b>Wood</b>			
Waste generated	Tonnes	4,382.01	4,611.90
Waste diverted		3,310.01	3,420.78
Waste directed to disposal		1,072.00	1,191.12



<b>Miscellaneous/ others</b>			
Waste generated	Tonnes	1,834.33	1,862.17
Waste diverted		66.44	74.30
Waste directed to disposal		1,767.89	1,787.87
<b>Hazardous waste</b>			
Waste generated	Tonnes	15.00	28.66
Waste diverted		15.00	28.66
Waste directed to disposal		0	0
<b>Total waste</b>			
Waste generated	Tonnes	7,653.63	8,075.65
Waste diverted		4,791.15	5,070.54
Waste directed to disposal		2,862.48	3,005.11
<b>Data Notes</b>			
<p>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.</p> <p>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.</p>			



# Governance

## GRI 205: Anti-corruption 2016

3-3	Management of material topic	<b>Relevant content in the Main Report:</b> <ul style="list-style-type: none"> <li>Corporate Governance at Hactl</li> </ul>																			
<p>This material topic addresses unethical and illegal practices such as bribery, facilitation payments, fraud, extortion, collusion, money laundering, embezzlement, trading in influence, abuse of function, illicit enrichment, concealment and obstructing justice.</p> <p>Hactl's Code of Conduct is a foundational document governing employees' interactions with colleagues, customers, business partners, shareholders, and other stakeholders. It provides clear directives on giving and acceptance of gifts and/or entertainment in strict alignment with anti-corruption laws and regulations, including Hong Kong's Prevention of Bribery Ordinance. All employees are required to make a declaration of any conflicts of interest. Internal controls, such as rigorous and transparent procurement/ tendering procedures are in place. Hactl only makes donations that are legal and associated with charitable causes. All charitable donations must be authorised by the CE.</p> <p>Our employees are encouraged to support early detection and resolution of any breaches of legal or regulatory requirements. The Policy on Disclosure of Matters of Serious Concern establishes clear channels and procedures for colleagues to report concerns without fear of retribution.</p>																					
205-2	Communication and training about anti-corruption policies and procedures																				
<table border="1"> <thead> <tr> <th data-bbox="1269 887 2252 943">Indicator</th> <th data-bbox="2252 887 2735 943">2023</th> <th data-bbox="2735 887 3225 943">2022</th> </tr> </thead> <tbody> <tr> <td colspan="3" data-bbox="1269 943 3225 999"><b>Communication, training and policies</b></td> </tr> <tr> <td data-bbox="1269 999 2252 1112">Employees who have received written communication about corporate anti-corruption policies and procedures</td> <td data-bbox="2252 999 2735 1112">1,981 (100%)</td> <td data-bbox="2735 999 3225 1112">2,046 (100%)</td> </tr> <tr> <td data-bbox="1269 1112 2252 1196">Employees who have received anti-corruption training</td> <td data-bbox="2252 1112 2735 1196">1,981 (100%)</td> <td data-bbox="2735 1112 3225 1196">2,046 (100%)</td> </tr> </tbody> </table>				Indicator	2023	2022	<b>Communication, training and policies</b>			Employees who have received written communication about corporate anti-corruption policies and procedures	1,981 (100%)	2,046 (100%)	Employees who have received anti-corruption training	1,981 (100%)	2,046 (100%)						
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205-3	Confirmed incidents of corruption and actions taken																				
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## GRI 408: Child Labour 2016

3-3	Management of material topics
	This topic relates to universally-recognised human rights abuse set out in the International Labour Organization (ILO) Convention 138 'Minimum Age Convention'. Given the highly regulated and secure nature of air cargo operations, risk of illegal labour practices is extremely low and is not considered to be a material topic for our business.
408-1	Operations and suppliers at significant risk
	<p>There are no operations and suppliers considered to have significant risk for incidents of i. child labour or ii. young workers exposed to hazardous work.</p> <p>Hactl's Human Rights Policy reflects our commitment to upholding internationally recognised fundamental human rights. We advocate for protection of human rights and labour standards by taking measures to ensure our suppliers do too. Hactl has been a member of the Supplier Ethical Data Exchange (SEDEX) since 2014. We report and collect comprehensive information about health and safety, business ethics, environmental impacts, and human rights in our value chain through this platform.</p>

## GRI 409: Forced or Compulsory Labour 2016

3-3	Management of material topics
	Given the highly regulated and secure nature of air cargo operations, risk of illegal labour practices is extremely low and is not considered to be a material topic for our business.
408-1	Operations and suppliers at significant risk
	<p>There are no operations and suppliers considered to have significant risk for incidents of forced or compulsory labour. Hactl's Human Rights Policy reflects our commitment to upholding internationally recognised fundamental human rights. We advocate for protection of human rights and labour standards by taking measures to ensure our suppliers do too.</p> <p>Hactl has been a member of the Supplier Ethical Data Exchange (SEDEX) since 2014. We report and collect comprehensive information about health and safety, business ethics, environmental impacts, and human rights in our value chain through this platform.</p>



## GRI 418: Customer Privacy 2016

3-3	Management of material topic	<b>Relevant content in the Main Report:</b> <ul style="list-style-type: none"> <li>• Safeguarding Trust: Cybersecurity and Data Privacy</li> </ul>																						
<p>Hactl's Privacy Notice, available on our website, underscores our commitment to treating all online-collected personal data with utmost care in compliance with the following regulations governing responsible oversight and management of personal data:</p> <ul style="list-style-type: none"> <li>• European Union General Data Protection Regulation (GDPR)</li> <li>• Personal Data (Privacy) Ordinance (Cap. 486)</li> </ul> <p>The Executive Director and Chief Financial Officer (EDCFO) serves as Hactl's Data Protection Officer and chairs the Data Governance Committee (DGC) with responsibility for ensuring consistent quality of data management across our operations and control measures in our daily operations.</p>																								
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data																							
<table border="1"> <thead> <tr> <th data-bbox="1269 797 2252 853">Indicator</th> <th data-bbox="2252 797 2735 853">2023</th> <th data-bbox="2735 797 3225 853">2022</th> </tr> </thead> <tbody> <tr> <td data-bbox="1269 853 2252 947">Total number of substantiated complaints received concerning breaches of customer privacy</td> <td data-bbox="2252 853 2735 947">0</td> <td data-bbox="2735 853 3225 947">0</td> </tr> <tr> <td data-bbox="1269 947 2252 1041">Complaints received from outside parties and substantiated by the organisation</td> <td data-bbox="2252 947 2735 1041">0</td> <td data-bbox="2735 947 3225 1041">0</td> </tr> <tr> <td data-bbox="1269 1041 2252 1116">Complaints from regulatory bodies</td> <td data-bbox="2252 1041 2735 1116">0</td> <td data-bbox="2735 1041 3225 1116">0</td> </tr> <tr> <td data-bbox="1269 1116 2252 1172">Number of complaints addressed</td> <td data-bbox="2252 1116 2735 1172">0</td> <td data-bbox="2735 1116 3225 1172">0</td> </tr> <tr> <td data-bbox="1269 1172 2252 1228">Total number of identified leaks, thefts, or losses of customer data</td> <td data-bbox="2252 1172 2735 1228">0</td> <td data-bbox="2735 1172 3225 1228">0</td> </tr> <tr> <td data-bbox="1269 1228 2252 1318">Number of customers, users, and account holders whose information is used for secondary purposes</td> <td data-bbox="2252 1228 2735 1318">0</td> <td data-bbox="2735 1228 3225 1318">0</td> </tr> </tbody> </table>				Indicator	2023	2022	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
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## 9

# About Hactl

Hong Kong Air Cargo Terminals Limited (Hactl) is the largest independent handler in Hong Kong — the world's best-connected, number one air cargo hub. Hactl serves over 100 airlines 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 high value 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 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. New Automated Service Kiosks are providing an increasing range of services, minimising customer waiting times.

Robotics are an increasing feature of Hactl's operations: with patrol robots increasing terminal security, the Automated Parts Store dispensing spare parts around the clock to keep Hactl's machinery working, and driverless tractors now towing cargo dollies on the ramp.

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 spearheaded by the 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. Hactl's 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's 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%).

China National Aviation Corporation (Group) Ltd

16.67%

The Wharf (Holdings) Ltd

20.83%

Hutchison Port Holdings Ltd

20.83%

Jardine Matheson & Co., Ltd

41.67%



## 10

# 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

## Risk management

Organisational processes to identify, assess and manage climate-related risks

## Strategy

Actual or potential impact of climate-related risks and opportunities on business, strategy and financial planning

## Metrics and targets

Metrics and targets used to assess and manage relevant climate-related risks and opportunities.



<b>Hactl's response to recommendations from the TCFD</b>		<b>Reference in this report</b>
<b>Governance</b>		
<p>1.1 Describe the Board's oversight of climate-related risks and opportunities</p>	<p>Hactl's corporate governance structure stems from the Board of Directors (the Board) and Operations Committee (OC).</p> <p>Led by the Board of Directors (the Board), members of the Operations Committee (OC) are appointed by shareholders to administer all aspects of Hactl's corporate governance, including full responsibility for making business decisions. 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 related to climate change and implementation of our sustainability framework more generally.</p>	Governance
<p>1.2 Describe management's role in assessing and managing climate-related risks and opportunities</p>	<p>Hactl's Senior Management Team is led by our Chief Executive (CE) and comprises of number of executive directors and directors.</p> <p>Hactl's governance processes for assessing and managing climate-related risks and opportunities are continually evolving. In follow up to our comprehensive Climate Risk Assessment conducted in 2022, meetings took place with the Senior Management Team to communicate the outcomes of the study. In 2023, we initiated an Enterprise Risk Management (ERM) restructuring project focused on increasing emergency response efficiency and efficacy. Led by an external consultant, the project was informed by research, internal stakeholder interviews, and benchmarking against industry peers.</p> <p>Climate-related risks are governed at Hactl under a decentralised ERM framework. Risks are managed by their respective departments. 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 quarter to facilitate regular review of all departmental risks and overall corporate risks. The Corporate Risk Register is reviewed bi-annually by the Enterprise Risk Management Steering Committee (ERMSC).</p>	Governance
<b>Strategy</b>		
<p>2.1 Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term</p>	<p>As part of the 2022 Climate Risk Assessment, climate-related risks to assets, operations and services were assessed under medium and long-term time horizons to understand how risks change overtime and identify intervention points for adaptation measures. Two-time horizons were considered, 2030 and 2090, taking into account the design lives of various asset components.</p> <p>For an account of identified risks and opportunities, please refer to the Summary of Climate Risk Assessment Study published in our 2022 Sustainability Report.</p>	2022 Sustainability Report Summary of climate risk assessment study (p.92-93)



<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>Our key climate-related risks and adaptation actions are managed by the Senior Management Team. We aim to implement proposed adaptation actions from our Climate Risk Assessment and will routinely monitor and reassess our progress.</p> <p>For an account of identified risks and opportunities, please refer to the Summary of Climate Risk Assessment Study published in our 2022 Sustainability Report.</p>		<p>2022 Sustainability Report Summary of climate risk assessment study (p.92-93)</p>
<p>2.3</p> <p>Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario</p>	<p>The Climate Risk Assessment considered four emission scenarios developed by the Intergovernmental Panel on Climate Change (IPCC).</p>		<p>2022 Sustainability Report Summary of climate risk assessment study (p.92-93)</p>
	<p><b>RCP8.5 – Business as usual</b> <b>3.2 – 5.5°C</b></p> <p>Continuing current carbon emissions to 2100 and beyond.</p> <p>Increased economic and social development coupled with exploitation of fossil fuels and resource and energy intensive lifestyles.</p>	<p><b>RCP6.0 – High-moderate transition</b> <b>2.0 – 3.7°C</b></p> <p>A moderate reduction in carbon emissions which peaks at around 2080, then reduces and stabilises at around 2100.</p>	
	<p><b>RCP4.5 – Low-Moderate transition</b> <b>1.7 – 3.2°C</b></p> <p>A moderate reduction in carbon emissions which peaks at around 2045, then reduces and stabilises at around 2080.</p> <p>Social, economic, and technological trends shift minimally from historical patterns.</p>	<p><b>RCP2.6 – Accelerated transition</b> <b>0.9 – 2.3°C</b></p> <p>A strong emissions reduction pathway which peaks around 2020 and then rapidly declines, reaching net zero emissions by 2070.</p> <p>A gradual shift towards a sustainable pathway.</p>	
<p><b>Risk Management</b></p>			
<p>3.1</p> <p>Describe the organisation's process for identifying and assessing climate-related risks and opportunities</p>	<p>The Risk Register matrix from our ERM framework has been adapted to enable climate-related risks to be assessed under the same risk parameters as other operational risks to support a smooth integration of climate-related risks into our ERM framework.</p> <p>Identified climate-related risks have been integrated into the Departmental Risk Register. In the Corporate Risk Register, two categories of risk covering physical climate risks and transition climate risks have been included.</p>		



<p>3.2 Describe 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>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 quarter to facilitate regular reviews of 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>3.3 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 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 Jardines, 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 Opportunities (EMO) to help conserve energy and enhance energy efficiency in SuperTerminal 1.</p>	Governance
<p><b>Metrics and Targets</b></p>		
<p>4.1 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. We receive independent and limited assurance from the Hong Kong Quality Assurance Agency to affirm that our annual Sustainability Report is prepared in accordance with 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 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>	ESG Disclosures Index
<p>4.2 Disclose Scope 1, Scope 2, and if appropriate Scope 3 greenhouse gas emissions and the related risks</p>	<p>For updated emissions data, please see GRI 305: Emissions in the ESG Disclosures Index of this Report.</p>	ESG Disclosures Index



<p>4.3 Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets</p>	<p>Hactl is a proud signatory of HKIA's Long Term Carbon Pledge to achieve carbon neutrality by 2050 as well as the Hong Kong Business Environment Council's (BEC) Net-Zero Carbon Charter.</p> <p>In November 2023, Hactl announced the following GHG mitigation targets that have been validated by the Science Based Targets initiative (SBTi):</p> <ul style="list-style-type: none"><li>• Reduce energy consumption by 20% (2018 – 2030)</li><li>• Reduce absolute scope 1 and 2 GHG emissions by 50.4% (2018 – 2030)</li><li>• Reduce absolute scope 3 GHG emissions by 50.4% (2018 – 2030)</li></ul>	Planet
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# 11 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 2023 (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 2023, 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.

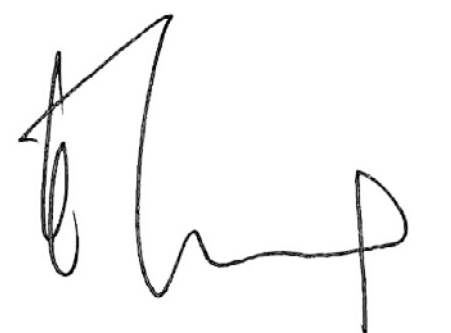
## Conclusion

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**



KT Ting  
Chief Operating Officer  
March