



About this Report

Our Sustainable Development Report describes the economic, social and environmental challenges that are linked to our operations and shows the strategies that we are conducting our business responsibly, delivering services and creating sustainable partnerships.

This year our report theme is “New Vision”. We introduced a new Vision and Missions statement set across the Company with the purpose to enhance our corporate values and to establish an energetic corporate culture. This new vision shows our determination to achieve our business goals as well as committing to corporate sustainable development.

We have been reducing our own carbon intensity for 10% since 2007. The action plan on Climate Change has guided our emissions reduction projects, efficiency improvements and research investments. In addition, we expanded and deepened our engagement with suppliers, employees and non-governmental organisations. On topics spanning governance and climate change, we shared our views and listened to our stakeholders.

The annual Sustainable Development Report provides descriptions, data and perspective on our environmental and social performance for 2009. The initiatives and accomplishments describe our effort to achieve our vision as a leader in airport services and to deliver our values to our stakeholders. The vision and the values are our foundation to build sustainable relationships and create quality living and working communities in Hong Kong.

Scope of the Report

This report covers all correlative material from Hong Kong Airport Services Ltd. in the 2009 calendar year. We also occasionally mention events that took place in early 2010 when they help provide a clearer picture of our performance. This report covers our owned or operated businesses and does not address the performance of our suppliers, contractors or partners, as well as all financial information, unless otherwise noted. Our previous report was published in July 2009 and covers 2008 data and activities.

Global Reporting Initiative

We continue to be informed by reporting frameworks and guidelines that include the Global Reporting Initiative (GRI) annually. We included an index to help readers find information corresponding to the GRI indicators. This report covers 22 GRI performance indicators and has been set at Application Level B, according to the criteria described in the G3 Model. No external assurance was pursued for this reporting period.

This report, previous editions of our report and additional information can be found on www.has.com.hk. We welcome your comments and feedback at sd@has.com.hk.

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GRI Index

Report Application Level



Managing Director's Message

At HAS, sustainability is fundamentally about the best long-term strategy to run a business. We are committed to delivering greater values to our stakeholders.

The year of 2009 was one of the most challenging years in HAS history. The global financial crisis and resulting market turmoil affected every sector of the economy, and every industry and company. It forced all of us to take a long, hard look at how we conduct our businesses — and what changes are needed to chart a successful course in the years and decades ahead.

For the aviation industry, the challenge was extremely compounded. We took a various of measures to help us address the steep downturn in business, including reducing operating costs and capital expenditure, to getting concessions from suppliers, parking a number of GSE, and deferring replacement of our fleet.

Despite 2009 being a very difficult year for HAS, we continued to commit to sharing responsibility for the further development of the communities in a way that is socially beneficial and preserves a healthy environment.

We believe safety, treating people with dignity and respect, acting responsibly within the environment and communities represent the values that determine how we do business.

With the completion of the integration with HIAS, we become a stronger and larger ground handling agent to provide quality, efficiency, excellent and comprehensive services. We introduced a new Vision and Missions statement setting across the Company in 2009 with the purpose to enhance our corporate values and to establish an energetic corporate culture. The new declaration inspires our stewardship and guides our behaviours toward sustainability.

Under a long-term business strategy, we incorporated environment and climate change as our core areas of operations. We deployed sustainability awareness training to all employees through communication and setting expectations.

We surveyed our customers and employees on sustainability, and are using this data to shape our future programmes.

I would like to thank our employees and business partners for their ongoing efforts in the area of sustainability and for their contribution to our achievements in this area in 2009. This report provides an overview of our sustainability performance. We will continue to advance our sustainable development efforts and encourage our stakeholders to adopt sustainable and socially responsible policies with HAS.



Alex Chau
Managing Director





Aircraft Loading Operations

Hong Kong Airport Services Ltd. (HAS) was founded in 1995 with over 3,000 employees and a fleet of over 2,700 ground support equipment (GSE) and vehicles. HAS enlarged its business after the integration with HIAS in 2008. It is now wholly owned by Cathay Pacific Airways.

Serving at the Hong Kong International Airport (HKIA) for over ten years, HAS provides one-stop ground handling services, including loading and unloading of aircraft, baggage handling, cargo and mail delivery, ramp co-ordination, aircraft load control, aerobridge and passenger steps operation, ULD storage and crew transportation. HAS also provides passenger and flight handling services such as passenger check-in, ticketing and flight dispatch.

HAS is now providing passenger handling services for 18 airlines, and ramp handling services for 38 international airlines including Cathay Pacific and Dragonair. In 2009, we shared 24% of passenger handling services and 54% of ramp handling services at HKIA. HAS is a member of the IATA Ground Handling Council.

The offices are located at three major locations, with one office premise in Dragonair House, one in SuperTerminal 1 and four premises within the Passenger Terminal Building at the airport.

Overview of 2009

The airline industry faces extremely difficult conditions due to the global economic downturn, compounded by the effects of the outbreak of a new strain of influenza. The flight movement is gradually recovering, but the outlook remains uncertain. HAS announced decisive measures from December 2008 and throughout the following half year to ensure the Company maintain strong through this challenging period. For HAS, this condition represents an opportunity to transform and emerge stronger and becomes more competitive.

Sustainability is fundamentally about creating long-term value to our stakeholders by embracing opportunities and managing the risks deriving from economic, environmental and social development. To fulfill these responsibilities, we remain committed to put all necessary efforts in this matter with our new Vision and Missions statement, aiming at excelling the Company as a regional, full service ground handling agent.

The safety of employees is always our paramount priority. In 2009 HAS strengthened its corporate governance in managing safety and quality. We are also investing in talented workforce and engaging with the business partner and community. These included launching the people development programs, enhancing customer services and communication platforms.

As we look forward, we remain confident in the aviation industry. With the strengths of our brand, and our excellent team, HAS is well-positioned to withstand this challenging period and will be ready to grasp opportunities during the eventual recovery.

Support External Initiative

In 2009 we responded to the Carbon Disclosure Project (CDP) questionnaires giving details of our company's strategy on climate change, targets for reducing emissions of greenhouse gases and the achievements through Cathay Pacific. Key factors include the extent to

which the company regards the challenges of climate protection as an opportunity for our business and seeks to minimize the climate change risks resulting from our operations

Awards in 2009

- The Wastewi\$e Label - Class of Excellence (Hong Kong Awards for Environmental Excellence)
- The Clean Air Charter Certificate (Hong Kong General Chamber of Commerce)
- The 5th Years Plus Caring Company Logo 2009/10 (Hong Kong Council of Social Services)



Customer Service Excellence Program Award
by Airport Authority Hong Kong



HAS is committed to the concept of sustainable development: Economic, social and environmental matters are goals of equal rank in our Sustainable Development Policy.

To implement this balance within the communities in which we operate, we have developed effective steering mechanisms and defined specific goals by which we measure ourselves. Our sustainability management is based on long-term values and clear policy guidelines that are valid for all parts of the company.

Our sustainability strategy is managed by the Sustainable Development Committee led by the Managing Director and comprising the heads of five departments. This body, established in 2008, provides direction, implements and oversees initiatives, and acts as a coordinator among internal and external parties regarding sustainable development issues. It also works closely with the sub-committees, including Environmental, Occupational Health and Safety, Employees, Business Partner and Community. These sub-committees serve as a platform for our stakeholders and employees to communicate their views.

The Sustainable Development Committee takes a significant role in the annual sustainability reporting process. Committee members are responsible for the supply and accuracy of documentation and other information required for report compilation.

In 2010 we further optimised our strategy for implementing sustainability in purchasing and incorporating code of conduct with our suppliers.

Vision and Missions

Meeting the challenges of operations and future development opportunities requires reinvigorating our work culture. During 2009 the Company introduced the new Vision and Missions statement setting to guide organisational and cultural development. When formulating this new corporate culture roadmap, management reviewed existing guidelines, including the corporate safety, stakeholder engagement, employees relationship, service quality and efficiency, and sustainable development to express our values and leadership principles.

Corporate Governance

We are committed to maintaining a high standard of corporate governance and devote considerable effort to identifying and formalising best practices of corporate governance. We believe that good corporate governance is a cornerstone of strong business performance.

Under strong governance framework supported by control mechanisms, HAS clearly delineated the responsibilities and accountability of the Board of Directors. The governance is executed through the Management Committee. The Managing Director is a standing member of the Committee, and the Board of Directors reporting on company performance on regular time interval.

Our Managing Director is responsible for the day-to-day management of the Company's business and focuses its attention on matters affecting the Company's overall strategic policies, finances and stakeholders as well as environmental and social initiatives.

Members of the Board are appointed by Cathay Pacific Airways and followed a set of principles that address conflicts of interest, confidentiality, remuneration, and compliance with laws, rules and regulation.



Vision and Missions

Vision

Our Vision to excel as a regional, full service ground handling agent.

Missions

- Putting safety first
- Building a sustainable relationship with our customers by providing excellent service, quality and efficiency
- Creating value for all our stakeholders
- Recognising the contribution of our employees
- Cherishing team work
- Committing to corporate sustainable development

Stakeholder Engagement

Constructive dialogue with our stakeholders is a key pillar of the HAS sustainable development strategy. We value outreach and dialogue as a means to understand stakeholder views and concerns, gain insight into emerging trends, improve our policies and processes on issues of mutual concern.

Stakeholder engagement with specific focus on employees and suppliers has been a pivotal undertaking in 2009 to ensure ongoing organisational development of the Company after the integration. The engagement process has underpinned initiatives that advanced the integration of cultures as well as guided the management architecture for external stakeholder relationships through the challenging time of 2009. We also intend to increase the regularity of stakeholder engagement activities and further formalize our feedback efforts during 2010.

To find the year's significant stakeholder engagement activities, we present a table of our identified major stakeholders and the significant initiatives undertaken to close the gaps in their expectations.

Stakeholder Dialogue in 2009 with Various Stakeholder Groups

| Stakeholder | Profile | How We Engaged |
|--------------------------------|---|--|
| Customers | Airlines | Customer satisfaction survey Focus group meetings Airlines performance campaigns Services delivery report |
| Employees | Approximately 3,000 HAS employees in Hong Kong | Employees surveys Training and development programs Employee advisory meetings Newsletter |
| Suppliers | Numerous multinational and local companies, service and product providers | Supplier Code of Conduct Supplier questionnaires Participating in site visits |
| Business Partners | Agency partners in Hong Kong and China | Regular meetings Engaging in direct dialogue |
| Local Communities | Numerous communities in Hong Kong old districts, new development areas | Community engagement program Consultation with community structures |
| Government | Hong Kong SAR Government | Attending conferences and meeting Engaging in direct dialogue |
| Non-governmental Organisations | Numerous business forums, and academic institutions | Participating in numerous national and international associations |

Risk Management

HAS recognizes that risk management is integral to the business success. The Company has a structured process for the assessment of risks associated with identified hazards being expressed in terms of Consequence and Likelihood. As a Cathay Pacific Group subsidiary, we adopts the risk management processes as described in the Cathay Pacific Corporate Risk Manual which includes the criteria for evaluating risk and the tolerable level that the organisation is willing to accept together with the mitigating factors.

To ensure continuing relevance, the Corporate Risk Management Policy is normally reviewed for possible update at a minimum of every two years.

We regularly identify the significant risks faced by the Company, produce a Corporate Risk register on an annual basis and form a strategy in response to these issues. This management process is continuous and responsive to the changing business environment and to the influences of stakeholders.

The Issues We Face

- Greenhouse Gas Emissions and Pollution Control**
 In line with our commitment to minimising our environmental impact and to effectively managing the efficient use of our resources, we have undertaken to reduce our energy consumption and our carbon intensity. See page 8 for our strategy.
- Employees Health and Safety**
 Since aircraft loading, baggage and dolly handling account for 50% of our injury rate, this is an important area to work on. See the safety strategy and our efforts to separate people and risk on page 14.
- Relatively High Turnover Rate Among Junior Staff**
 A staff retention program with induction training, career and management development programs has been instigated. Emphasis on enhancing staff relations and communication will be continued to put on in 2010.
- Community Focus**
 We aspire to focus on building integrated communities by increasing employee involvement and fostering active leadership. See the section of Community on page 28.



HKIA Aircrash Exercise 2009

Safety Audit



Euro IV Bus for Crew and Shuttle Services

HAS is committed to protecting the environment and ensuring that all potential impacts of our operations on the environment are identified and managed in a responsible manner. The same principle also applies to all internal processes and procedures.

Management Approach

Our goal in respect of environmental performance is the implementation and practice of responsible environmental management that ensures, at the very minimum, compliance with our own policies and procedures, as well as with the regulations and legislation of Hong Kong. In accordance with our Environmental Policy and Environmental Management Plan we will seek to incrementally improve our performance and the reporting thereof.

While oversight of environmental strategy and performance is provided by the Environmental Committee, responsibility for the management of environmental issues lies with the Business Support Manager, who is supported by line management in the various operations. The Committee reports directly to Sustainable Development Committee and works closely with the Swire Group Environmental Committee.

We have set a target to achieve 12% reduction in carbon intensity per air traffic movement (ATM) by 2015 based on the 2007 emission levels. We have already conducted energy audit to measure and reduce our footprint, and have taken our first steps toward achieving our 2010 milestone of a 10% intensity improvement in our operations.

Minimising our impact on the environment includes more than tackling carbon emissions. Our Company's comprehensive environmental strategy covers air pollution, waste, water and other impacts from our operations. It supports our precautionary approach to the environment. In addition, environmental audits are regularly conducted by internal and external parties. The audits in general focus on solid and chemical waste disposal, oil and electrolyte spillage, and pest control.



Electric Tractor for Baggage Handling

Environmental Performance

Sustainability reporting not only demonstrates transparency but, in our view, is the basis of organisational learning, demonstrates our values, and both reflects and drives outstanding environmental performance.

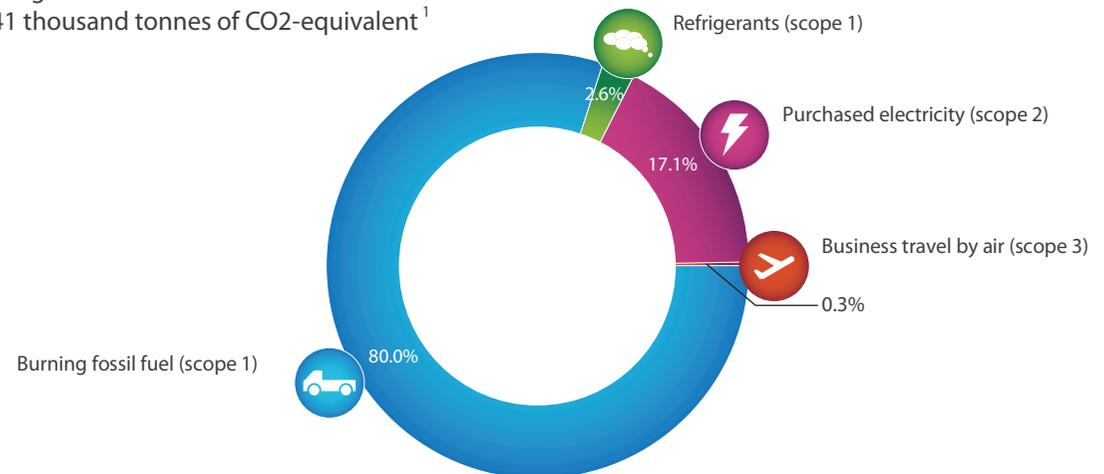
In 2009 our total GHG intensity was 58.69 tonnes of CO₂e per thousand ATM thus reducing 4.3% compared with 2008.

Increasing our Energy Efficiency

HAS has a long-term commitment to improving energy efficiency through reducing our carbon intensity in all kinds of operations. The major source of our greenhouse gas (GHG) is combustion which occurs during our ramp operations. Therefore we focus on our motorized equipment, technology and operations to improve our energy efficiency.

Greenhouse Gas Emissions

Greenhouse gas emissions attributable to HAS 2009
Total = 9.41 thousand tonnes of CO₂-equivalent¹



¹ Emission factors are from the '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 Environmental Protection Department and the Electrical and Mechanical Services Department in July 2008.

The ongoing Ground Support Equipment (GSE) Replacement Programs is improving the emissions standards of our conventionally-fuelled GSE and vehicles. We focus on advancing fuel efficiency so as to minimise waste by phasing out all inefficient vehicles and equipments with the latest emissions standards.

In 2009 we introduced two new Euro IV buses for crew and shuttle services at HKIA. Apart from the low-floor configuration, the two wide doors provide optimum ease of access and convenience for boarding even with large sized baggage. The passenger compartment is installed LED lighting for more energy efficiency. The replacement programme helps to improve air quality at airport as well as increase the fuel efficiency.



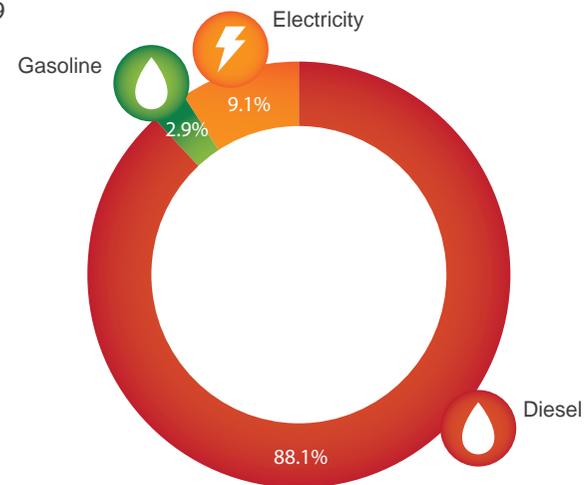
LED Crew Bus Lights

We continued the exploration of new technologies on non-conventional vehicles to reduce air pollutants. In 2009 we began trials of hybrid tractor and fast charging system which can reduce battery charging time from 8 to 2 hours. LPG, biodiesel and other alternate fuels will be considered if the airport can produce viable alternatives. We believe these initiatives are part of our benefits approach to climate change and local air quality.

To improve energy efficiency of our technology infrastructure, all the CRT monitors were replaced by LCD monitors. We also introduced other energy saving equipments such as servers and printers. The GSE Fleet Management Project was begun to optimise the utilisation of equipments and vehicles by using dynamic route planning and real-time allocation. The project will enhance our operations become more efficient in terms of time, cost, and carbon emissions.

Energy Consumption

Energy consumption attributable to HAS 2009
Total = 114.90 thousand Gigajoules



Engaging our Employees

We can only realise our environmental goals through the efforts of individual employees in their daily work. Therefore we want to enable our employees at all levels with the knowledge and the skills to change behaviors. To raise our employees' awareness of environmental issues and to enable them to tackle their environmental impact, we promoted the Swire Pacific Green Guidelines and published internal articles with practical tips.

To promote our values and principle of sustainable development, we launched our first "Sustainable Development Month" in 2009. The exhibition provided an introduction of sustainability concept, policy, governance and our activities in 2008. We also conducted a "Household Electricity Saving Challenge" programme in 2009. The aim is to educate and reward employees for reducing electricity in their everyday lives with their families through monetary incentives. And we participated the "Hong Kong Carbon Reduction Campaign" which organised by The Climate Group Hong Kong to promote and educate employees on how to live a low-carbon lifestyle.

As part of our ongoing commitment to being environmentally sustainable and energy efficient, we have committed its support to WWF Earth Hour since 2008. We turned off all non-essential lighting in the offices to support for action on climate change. We also invited our employees and business partners to take part at work and at home. The activity helped to raise awareness of environmental issues and to increase commitment to the goals of our environmental strategy with our employees.



Aircraft Handling Operations



HK Carbon Reduction Campaign



WWF Mai Po Ecotour



WWF Coral Tree Campaign

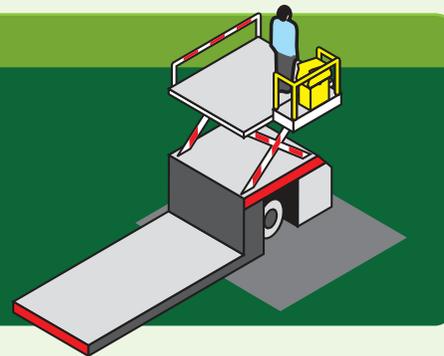
Controlling Air Emissions

To improve air quality and promote a green Hong Kong, we continued to supporting the 'Clean Air Charter' scheme developed by the Hong Kong General Chamber of Commerce in response to local air pollution in Hong Kong and the Pearl River Delta. As a signatory of the scheme, we pledge to control indoor air quality, reduce air pollution, adopt energy efficient measures in our operations, identify and encourage air pollution control. In March 2009, we were awarded the Clean Air Charter Certificate to demonstrate our efforts and initiatives in air quality control.



GSE Parking Arrangement

We began a new overnight parking arrangement of our GSE with the aim of enhancing our operation efficiency. The lower deck loaders are no longer to park at the designated area during midnight but instead they are parked at the bays for the next morning flights. This procedure enables us to reduce traveling distance, fuel consumption as well as maintenance costs.



To support renewable energy projects, we have joined Cathay Pacific's 'FLY greener' programme to offset the carbon dioxide emissions of our employees duty travel. In 2009 we offset amounting to 24.8 tonnes CO₂e.

Managing Our Resources

Waste Management

All employees are encouraged to propose and utilize products that can minimize waste wherever possible. We have also instituted programs to ensure proper waste disposal.

We established Green Procurement Guidelines to promote environmentally preferable purchasing. The guidelines apply to all products including office-related product and equipment purchased by all departments in the Company. A waste management system will be implemented in 2010 across all of our operations.

Waste Recycled

| | 2009 | Units |
|---------------------------------|-------|--------|
| Paper | | |
| Paper consumed in offices | 79.64 | tonnes |
| % of paper recycled vs consumed | 43% | % |
| Printer Cartridges | | |
| Printer cartridges purchased | 1293 | pcs |
| Printer cartridges recycled | 247 | pcs |
| Recycled Materials | | |
| Aluminium cans recycled | 126 | kg |
| Plastic recycled | 152 | kg |



Recycling End-of-life Electrical Equipments

FSC Paper Business Card

Real-time Task Allocation System

Along with our commitment in reducing waste generation, we are awarded an “Wastewi\$e Label” under the “Class of Excellence” from the Hong Kong Awards for Environmental Excellence, organised by the Environmental Campaign Committee in 2009/2010. It recognises our waste reduction efforts, such as using biodegradable plastic bag and increasing the recycling quantity of waste paper. This is the seventh consecutive year we are achieving this award.

Water Management

Responsible water management is a cornerstone of environmental responsibility. In HAS, water management requires a dual approach: responsibly managing water consumption, and ensuring that we can prevent oil and fuel spilling into drainage systems at HKIA.

In 2009 there were no significant fines for non-compliance and spills reported in our ground operations.

We continue to prevent water pollution through the following actions:

- Placing drip trays under electrical vehicles whilst being recharged
- Providing extensive maintenance programme for all equipments to prevent accidental oil or hydraulic leakage
- Monitoring hydraulic hoses on GSE regularly
- Washing of vehicles done on site during maintenance

Progress against 2009 actions

- Investigate feasibility of electric / hybrid GSE and vehicles
- Promote sustainable development and green culture to staff
- Introduce new technology to reduce energy consumption
- Meet targets set for the Wastewi\$e Label and Clean Air Charter in 2009



Agenda for 2010

- Expand the scope of real-time task allocation system to locate equipment
- Continue focusing waste recycling and energy saving projects
- Develop environmental awareness training to our employees
- Communicate with Hong Kong Airport Authority to introduce alternate fuels and infrastructures



Putting Safety First

The health and safety are basic prerequisites for our corporate success. HAS place the highest priority on health and safety of our employees and stakeholders where we operate, the environment, and the reliability and efficiency of our ground handling operations.

Under the direct oversight of the Managing Director, the HAS Safety Review Committee, supported by the Safety Manager and divisional committees, implements policy and guides the management of safety issues across operations and business functions with applicable laws, regulations and requirements.

Our Safety Policy and infrastructure ensure that a high standard of safety in the workplace can be achieved and maintained throughout our company. The policy encompasses leadership and management participation, audits and inspections, health and safety training, risk assessment, accident investigation and emergency preparedness. We will maintain and manage risks within tolerable limits by identifying hazards and performing risk management.

Focused training programmes and auditing activities, internal or performed by third parties, are fundamental to achieving the target of prevention. The audits focus on flight handling, ramp and equipment condition, dangerous goods handling, safety awareness and documentation. Training activities cover all levels of employees. All the safety operational indicators are reported and updated monthly in the Company's safety database.

In 2009 we conducted Safety Management System review and strengthened our safety framework based on strong commitment, clear accountability and safety-focused leadership. The purpose has been to enhance safety culture and to align the IATA Safety Audit for Ground Operations (ISAGO) which will be implemented in 2010.

Safety Performance

Our safety performance is monitored on an ongoing basis to assess and manage safety and health performance across the Company. They are also used to inform the development of strategies for management in the future. Reporting on safety and health, which is undertaken at an operational level, is based on performance assessments in line with local legislation and norms. HAS reports key indicators in line with the Group and GRI guidelines.

There were a total of 239 Lost Time Injuries reported in 2009. It reduced from 6.48 injuries per 100 employees in 2008 to 5.80 in 2009.²

Our analysis shows that carelessness, uncontrollable and undesired actions are the major reasons of injuries which are caused by complexity of the ground operations and human factors.

It is with regret that a fatal accident on a highway in Hong Kong involving one of our buses saw three HAS staff lose their lives and another 22 injured on 28 August 2009. HAS provided support to the families of the deceased and to those who were injured and hospitalised. We also offered financial help for each of the families that suffered bereavement. In addition to the legally required compensation, an additional insurance payment to top up the Mandatory Provident Fund of the deceased staff was made. We will continue to lend support to the families of the deceased and injured staff. The Company has also made a counselling service available to all employees.

To take even more effective action to prevent accidents at work in the future, occupational safety experts at our company are working hard to improve technical safety precautions and raise awareness of safety issues among employees. Examples of health and safety initiatives and practices in place at our operations are as follows:

Enhancing Staff Training and Awareness

To ensure that staff are competent to carry out both their duties and their responsibilities in a safe manner, HAS has developed a comprehensive training for our frontline staff. In 2009 a series of training were continued to provide to supervisory staff aiming at safety management including rules and regulations, risk assessment, accident prevention, reporting system investigation, record and analysis.

² The lost day due to injuries include the number of bus accident on 28 August 2009.



Baggage Handling

Cargo Handling

At HAS, we strive to provide a safe working environment for our staff. In particular, to reduce back injury during handling of heavy items in narrow body aircraft, we conducted an Occupational Health Talk with Labour Department to provide the refreshment training related to manual handling in cargo compartment.

In order to maintain a safety and orderly workplace at HKIA, we launched our "Safety Driving Campaign" to develop a responsible driving behavior at the baggage hall in late 2009. The auditors focused on the right attitude and the physical skill in positioning and controlling vehicle safety. All audit findings and corrective actions were tracked until closure was achieved, and the results were integrated into operational reviews.

We successfully promoted our Airline Performance Campaigns with Thai Airways and Japan Airlines, launched in May and October 2009. At the heart of these campaigns was to reinforce safety culture and knowledge in aircraft handling as well as to achieve high quality of services. We also introduced "Ramp Handling Improvement Suggestion Contest" and produced video to encourage our employees to provide recommendations.

Apart from our internal activities, we continued to encourage our staff to participate in the annual "Airfield and Baggage Hall Safety Campaign" organised by the Airport Authority Hong Kong. The campaign focused on elevation of safety awareness of all personnel working in the airport community which included the apron and the baggage hall.

During the campaign held in November 2009, four of our employees were presented safety awards and competitions of safety posters, essays and videos. These awards acknowledge our outstanding achievement in promoting occupational safety among employees. We will continue with the campaign throughout 2010.

Enhancing Safety Communication

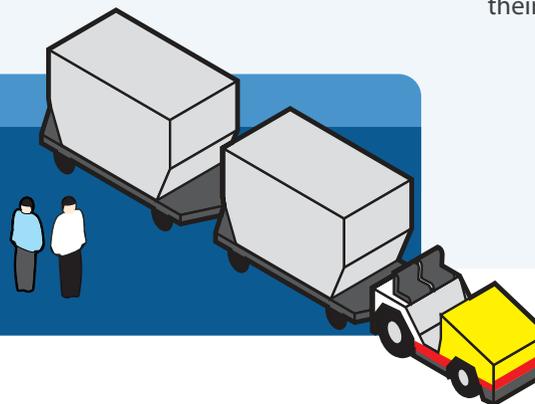
The occupational health and safety of our employees and stakeholders is put in our top priority. We provide various platforms to strengthen our communication channels with our stakeholders. The Occupational Health and Safety Committee, made up of both management and employee representatives, was established in 2008 to promote safety culture and propose preventive measures. This committee also gives proposals and advice through their bi-monthly meetings for continuous improvement.



GSE Modification

Automatic Transmission Safety Gate

We installed automatic transmission safety gate on our diesel tractors to reduce the potential hazard of switching reverse gear while moving forward.



To continue promoting and sharing best safety practices, we broadcasted safety information and video on electronic notice boards and encouraged to exchange best practices and ideas among staff. We will introduce Non-punitive Reporting Policy in mid-2010 to provide the best opportunity for collecting safety data and allowing corrective feedback.

Improving Equipment Safety

The Equipment Improvement Gathering Committee provide platform and facilitate communication between staff and management to share views on ground support equipment and vehicle improvement. We continued to ensure all the equipment is safe to operate in any conditions and to achieve world-class OHS performance. In 2009 the Technical Services Section conducted 33 modification projects to enhance safety device and simplify the complexity of equipment control.

Administrative and operational controls are also essential for safe operation. The provision of personal protective equipment (PPE) to employees working in high-risk areas is also crucial. In 2010, we will carry out a review of PPE to support for our injury staff.

Improving Employee Health

Healthy lifestyle is a crucial factor for enjoyable life. However, the stressful and rapid lifestyle in Hong Kong exposes people to a higher health hazard. To develop a happy, healthy and productive workforce, a consulting firm had been appointed by our company to provide a one-stop Employee Assistance Programme (EAP). It offers help to staff in preventing, identifying and resolving difficulties arising from personal, family or work-related issues. Our medical scheme also cover both outpatient and hospital benefit for our employees, their spouse and children.

To ensure our office employees are educated on the best practices, the ongoing Display Screen Equipment (DSE) assessment was continued to conduct in 2009. This covered a process of identifying and assessing the risks to the health and safety of using workstation. Particle demonstration and office stretching exercise were covered in our induction and refreshment courses.

We will continue to promote wellness programmes in an effort to improve the overall health and well-being of our employees in 2010. An "Ideal BMI Disease Prevention Project" will be launched with the Hospital Authority. Health talks and simple health checks on body weight will be provided to our staff.

Progress against 2009 actions

- Review Safety Policy and Safety Management System
- Enhance staff safety training especially focusing on human factors
- Develop "Safety Culture" in HAS to ensure "safety comes first"

✓
✓
ongoing

Agenda for 2010

- Develop proactive safety management including risk based management and behavioral based safety approach
- Set up Risk Assessment Taskforce to review operational procedure and develop best safety practices
- Develop a comprehensive training program on human factors and critical situation handling to align with ISAGO

Our People



Landside Check-in Services

We strive to be an employer of choice by providing an environment that promotes diversity and respect, safeguards occupational health and safety, and offers equal opportunities and an appropriate work-life balance.

We recognise the importance of staff engagement so we established various communication platforms in the Company to share our values. Employee's motivation, skill and dedication have enabled HAS to meet the ongoing challenges facing the aviation industry.

The practice of undertaking local hiring has been in place in HAS. All of our employees are based and hired in Hong Kong.

In 2009 HAS employed 3,086 staff, comprising 2,607 (84.5%) permanent employees and 479 (15.5%) contract employees. We are one of the major drivers of employment opportunities in the airport community.

Enhancing Communications

The competencies and cooperation of all our employees are essential for sustainable development. We therefore continue to ensure that sufficient feedback mechanisms are provided and feedbacks are responded effectively. Apart from the Joint Advisory Committee (JAC) which is formed voluntarily by staff representatives through election, we initiated regular Management Briefing in 2009 to keep our management staff abreast of the company update and development.

To continue encouraging a better flow of staff communication, we launched the following programmes in 2009:

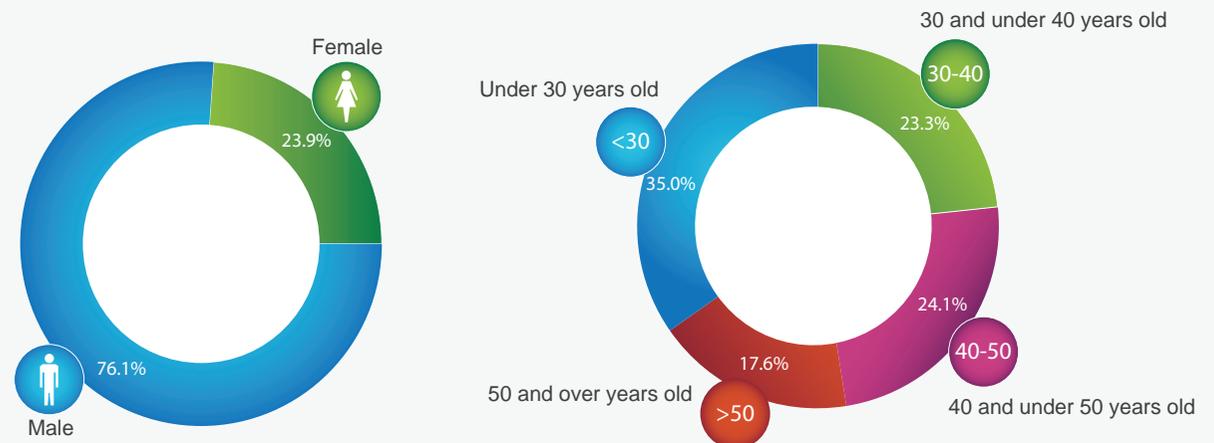


Management Briefing 2009

- Over 30 management staff joined “Buddy Day” to experience front-line operations in June.
- 16 briefings were provided to 145 supervisors in the Aircraft Handling Section, enabling them to exchange views with management.
- Our Editorial Committee for HAS Touch, a bilingual magazine, was reformed and recruited more members in the Committee.
- Additional electronic notice boards, e-Board, were installed and widely used in different offices to enhance information dissemination.
- The Joint Advisory Committee for the Passenger Services Section was formed.
- The lunch box meeting was extended to cover ramp operations and office employees; over 1,000 employees attended the meetings to share thoughts and views.
- Continuous enhancement was made on e-Touch, our company intranet, to make it more accessible to our employees and provide more services.

Demography of Employees

Total 3,086 number of HAS employees in Hong Kong



Providing Equal Opportunity

Creating an inclusive work environment is good for business and our employees. A diverse workforce can better serve our customers and the communities in which we operate. We have an Equal Opportunity Policy relating to all human resource matters and benefits, and offers a working environment that is free from discrimination, victimisation and harassment. Our Personnel and Administration Department ensures all managers and employees understand and implement the policy through training and briefings.



Shuttle Bus Services

Creating Motivation and Fulfillment

Our benefit scheme has been established to help provide motivation and a sense of fulfillment to every employee at each stage of their careers, from recruitment to post-retirement.

The program offers employees the choice of a scheme best suited to their particular lifestyle covering six different categories: health, finances, insurance, lifestyle support, leisure support and post-retirement.

Attracting and Retaining Talent

HAS traditionally provides high priority to ongoing training of our people because professional and personal development enhances motivation and continually builds organisational capability. We have identified clear job requirements and we are committed to working with all our people to develop their full potential and enable them to reach maximum levels of their contribution to the Company. Our professional training geared to the needs of our operational business and standardised processes are used to plan, implement and evaluate training.



Staff Communication Survey

We consider our employees' opinions to be important. Consequently, we conduct staff surveys to understand employee satisfaction and obtain feedback and suggestions of our existing communication platforms, staff committees and activities. The aim is to use the findings of the survey and insight into long-term trends to identify potential for improvement.



We believe employee competencies in both technical skills and services interface remain the primary corporate-wide people challenge. Our training programs also equip employees with right attitude and soft skills to excel in their jobs. We recognise that ethics management and achieving business success is to formulate a comprehensive code of conduct for our company.

As part of our commitment to attracting and retaining the best talent, we introduced the Management Development Program (MDP) and the Career Development Program (CDP) in 2009.

These programs are designed to nurture competent and professional management and operations talents for the future developments of the Company. Coaching and mentoring, on-the-job training, business and operations projects initiatives all play a role in the process.

In addition, we also provided opportunities for staff and management development at each stage of our employee' careers. As of 2009, our training courses include:

- Meeting skills workshops are provided to employees to deliver communication in an effective manner.



Customer Airlines Team

MDP Candidates

Aircraft Handling Team



Code of Conduct

The Code of Conduct defines our corporate culture by establishing the standards, expectations and accountabilities for appropriate business behavior. It is based on commitment to integrity and fairness in the relationship with our stakeholders.

Within the Code there are key non-negotiable values:

- Commitment to the operating principles, business ethics and conflict of interest
- Respect for our stakeholders in the workplace
- Respect for the environment
- Commitment to the health and safety of our employees, contractors and the communities in which we work, live and serve.

Compliance to the Code is expected of everyone and employee accountabilities are outlined in the Code. Introduction to the Code training is a requirement for new employees as part of their orientation.

- The supervisory program which identified and developed potential supervisors who needed to enhance management skills including effective communication, team motivation, delegation and coaching skills.
- The induction programs are provided to our new-recruits for passenger services and technical operations respectively. Skills and knowledge are covered to perform their job up to the requirements of company and our customer airlines.
- Departmental tours are provided for employees to understand the procedures and workflow between each department and section.

- Enhancing communication and interpersonal skills for our employees through the communication / telephone handling / interpersonal skills workshops.
- Contents included conducting daily communication in an effective and professional manner, handling telephone communication with care and accuracy and mastering the languages and communication style to handle different work related situation.
- On-job-attachment workshops are launched to support the mentors. We groomed the trainee according to company standard with caring attitude; let them understand different learning style and how to give instructions based on different needs and conduct structural on-job-training.

Promoting a Better Work-Life Balance

We recognize that a balance between quality of life and quality of work is essential to maintaining a healthy, satisfying and productive workforce. Consequently, a range of activities and programmes are designed to support work-life balance.

The Sports and Recreation Committee (S&R) oversees sports clubs and recreational activities in HAS. This committee is formed by nominated staff across departments and sections and responsible for organising and assisting related activities.



On-job-training



Employees' Children Scholarship Scheme

To encourage and motivate children of HAS employees to pursue studies, we continued to provide financial assistance to the children who have achieved outstanding academic results. In 2009 eight outstanding students receive the Employee's Children Scholarship to fund their post-secondary and undergraduate studies in Hong Kong and overseas. An airport tour was also arranged for the families to improve the understanding of our operations.





Photography Club

Inter-Departmental Basketball Tournament 2009

Oxfam Trailwalker 2009

Apart from the current S&R clubs including Football Club, Basketball Club, Table-tennis Club, Bowling Club and Hiking Club, three newly S&R clubs were formed and they are Long Distance Running Club, Volleyball Club and Photography Club.

In 2009, we continued to build on a board range of work-life initiatives, including:

- The Basketball Club organised the “Inter-Departmental Basketball Tournament 2009” with Cathay Pacific & HEACO and won the second runner-up among nine teams.
- The Long Distance Running Club participated in Oxfam Trailwalker 2009, and broke the team record by finishing in 33 hours.
- The Photography club organised first activity - Photo Shooting at Lantau.
- The Football Club organised “HAS Departmental Football Match 2009” in December.
- The Bowling Club participated tournaments in Taipei and Singapore in 2009, and won the first Runner-up and second runner-up respectively; the Club also won the champion and the second runner-up in the “HKIA Super Bowl Competition 2009”.

Progress against 2009 actions

- Establish a working group to oversee staff communication
- Enhance staff communication platforms
- Promote the values and business principles
- Promote the theme of “Teamwork in Harmony”



ongoing

Agenda for 2010

- Review the employees’ performance management
- Repeat staff communication survey for evaluation
- Provide an online learning platform in the intranet



We strive to be a partner of choice, and this includes building a sustainable relationship with our customers by providing excellent service, quality and efficiency.

HAS is committed to engaging our suppliers and staff in meeting the highest professional and ethical standards. We strive for the best practice in ethical procurement through the supply chain. Our Business Partners Committee, headed by the Financial Controller and Marketing Manager, work with our suppliers to ensure that the business operations are conducted in a responsible way.

We also encourage our employees and business partners to contribute to the sustainable development by implementation of necessary strategy. HAS Business Partners Policy and the Purchasing Policy are constructed based on our corporate vision, strategies and values.

To gain understanding of the level of compliance of our supply chain against our policies, we conducted Supplier Code of Conduct survey to take count of suppliers' position in environmental protection, health and safety, privacy, procurement and management systems. Green Procurement Guidelines have been adopted to ensure social needs and environmental considerations are taken into account in addition to economic considerations.

Further work will be undertaken during 2010 in ensuring that our policies and our Code of Conducts are generally and consistently adopted across our supply chain.

Engaging Business Partners

We aim to foster a collaborative relationship with our suppliers, be it on safety, economic or environmental issues. And we believe our business partners can make a significant contribution to our success which also builds on integrity and fairness in relationships with our staff as well as customers. At HAS, interaction with customers, contractors and suppliers takes place formally on a regular basis, from company's values, quality of service to business principles.

We developed a sustainability program to support and engage our business partners in 2008. This program is designed to provide a framework for our contractors to continuously improve in environmental performance, especially in the responsible disposal of end-of-life equipments, parts, chemical waste, and battery. Refurbishment of aged equipments, redeployment, or kept as reserve are encouraged.



Handling Airbus A380 at HKIA



Airport Wheelchair Services



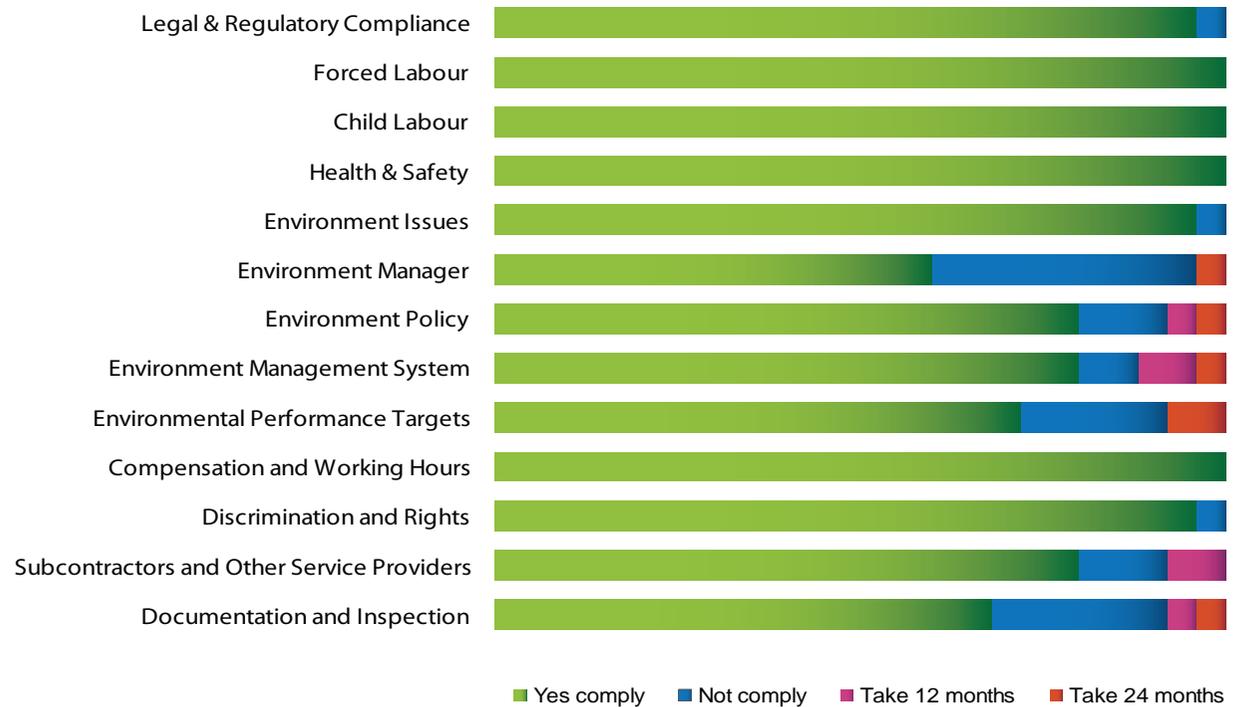
Airside Crew Bus Services

Supply Code of Conduct Survey

At HAS, we actively seek to select and work with suppliers who incorporate social and environmental policies into their business processes. In order to establish the level of compliance within our supply chain, the Business Partners Committee conducted an online self-audit survey among major suppliers in 2009.

The response rate of our 25 major suppliers was 100%. In general, the survey showed that almost all of our suppliers were sharing our values in contributing to the society and work towards a sustainable environment. In 2010, we will continue to encourage our suppliers to improve their practices and give preference to suppliers who shares our values. We will negotiate with our suppliers to include the code of conducts as part of the formal contract to make it's compliance a legally binding commitment.

Proportion of Surveyed Companies Responding to the Supplier Code of Conduct in 2009



Developing Local Suppliers

Building capacity and expanding business opportunities for local suppliers are other ways HAS promotes responsible economic development in the communities in which we operate. We believe it is important that our supplier base be reflective of our customers and the markets we serve. We also strive to be a partner of choice, and this includes partnering with businesses large and small to build stable economies through the creation of jobs.

During 2009, we had increased our Hong Kong based supplier content from 93.0% to 98.5%. We continue to contribute to the local economy, and as such we hire locally-based suppliers when this is feasible.



Progress against 2009 actions

- Conduct a Supplier Code of Conduct survey among suppliers
- Review the Purchasing Policy and Procedure
- Carry out site visits to selected suppliers

ongoing

Agenda for 2010

- Incorporate Supplier Code of Conduct into contracts with our suppliers on renewal
- Expand the scope of customer satisfaction survey



Photo-taking for Elderly

Harmonious Community is one of our key focuses of HAS community services. We are not only putting effort in financial support, but also gathering enthusiasts to share love and care in our community.

HAS Dynamics

The HAS Dynamics Volunteers Team has been formed for more than 10 years. Volunteers from various departments dedicated their spare time to contribute to the community unconditionally. We realised that lots of needy people in Hong Kong, especially children and elderly, so all our volunteers are always ready to participate in various voluntary works, in order to express our care and solicitude to the needy people.

We are committed to participating in various community programs continuously and maintain close cooperation with charities. Being involved in more than 15 charity donation or community service programs, our service hours have increased to more than 550 hours in the past year, comparing with around 440 hours in 2008.

Tuen Ng Festival Home Visit to Elderly

To express our gratitude for the seniors' contribution to Hong Kong, our volunteer team joined an event organised by the Yang Memorial Methodist Social Service Choi Hung Community Centre for Senior Citizens to celebrate the Tuen Ng Festival with seniors in Choi Hung Estate. Our volunteers distributed the gift packs with a big glutinous rice dumpling and noodles to the seniors.

Scarves Knitting

On 22 January before Lunar New Year, our volunteer team visited the seniors at the Hong Kong Sheng Kung Hui Tung Chung Integrated Services Centre. The volunteers sent their warm wishes to the seniors by distributing scarves knitted by our colleagues and "Fook" calendars to them.

"Reach out in Love" Walkathon

On 1 May 2009, our staff joined the "Reach out in Love" Walkathon organised by the Salvation Army. Participants walked through the Peak in an hour. This event is to raise fund for supporting the Army's work in Rwanda Region, the South America East Territory, and the China development projects in Hong Kong and Macau.

Donation to 8.8 Taiwan Typhoon

On 8 August 2009, Taiwan was hit by typhoon Morakot which brought more than 2,000 mm of rainfall and caused hundreds of casualty and missing. In order to relieve the victims in Taiwan, our company had organized a joint donation event with the Salvation Army. Donation boxes were placed in head office, canteens and staff common rooms. Money had been transferred to the Salvation Army Hong Kong and Macau Command to support the relief projects.



5th Years Plus Caring Company Logo

In 2010 HAS has been awarded the 5th Years Plus Caring Company Logo 2009/10. The Caring Company Logo Award, organized by the Hong Kong Council of Social Services, is recognition of the company which has a significant engagement in corporate social responsibility projects relating to six attributes: volunteering, employee friendly, employing vulnerable, caring for the environment, mentoring and giving to charity.



The Community Chest Green Day

The Community Chest Green Day was held on 7 and 8 June 2009. Staff with HK\$60 or more donations would receive a limited edition of MTR ticket and enjoy free ride by this green public transportation on the two green days. Total 104 staff participated and raised a donation.

Photo-taking for Elderly

We together with the Photography Club visited Hong Kong Family Welfare Society Senior Citizen Centre (Kowloon City) to take passport photos for 80 seniors. All seniors enjoyed the service from our professional photographers and received a dozen of passport photos.

Moon Cake Charity Sales

The HAS Dynamics volunteer team supported the Mid-Autumn Charity Sale organized by ORBIS. Volunteers sold mooncakes and lanterns at various offices and many staffs supported the event.



Corporate Challenge 2009



Home Visit to Elderly



ORBIS Moon Cake Charity Sales



Scarves Knitting

Corporate Challenge 2009

HAS has participated in the "Corporate Challenge" organized by the Outward Bound Trust of Hong Kong since 2007. This is a training course providing chances to build up leadership, team spirit and problem solving skills through different challenging competitions. Fund raised in the course would be contributed to allowance schemes for youngsters who have financial difficulties to participate in outward bound course. On 8 November 2009, more than 20 staff joined the race at Sir Philip Haddon-Cave Sports Field, the Chinese University of Hong Kong. During 8 exciting competitions, our team captain with excellent leadership won "The Most Dynamic Team Captain" award among strong competitors.

Food Drive

The People Food Bank, established by St. James Settlement in 2003, collect food donated by benefactors and provide free food assistance to deprived people in Hong Kong. In 2009, HAS joined their food donation exercise "Food Drive". Staff generously donated food, including canned food, noodles, beverages, snacks and rice, etc, to the People Food Bank.

Dress Special Day

HAS has actively participated in the Dress Special Day organized by the Community Chest of Hong Kong for years. On 30 September 2009, Staff who donated HK\$60 or more were provided an event sticker and dressed in smart casual to work on that day. 77 staff participated in the event, including some uniformed staff.

Love Teeth Day

Love Teeth Day is a fundraising event jointly organized by the Community Chest of Hong Kong, the Hong Kong Dental Association and the Department of Health. It aims to raise fund for subsidizing oral health services to needy people. Staff who donated HK\$30 or more received a complimentary love teeth pack with various oral care products. Total of 153 staff joined the event on 9 December 2009.

Blood Donation Day

On 6 July 2009, we have partnered with Hong Kong Red Cross to organize a Blood Donation Day at the Ramp Common Room. Over 20 staff supported this worthwhile activity.

Progress against 2009 actions

- Conduct staff survey for volunteer services
- Continue to support and raise fund for local communities



Agenda for 2010

- Continue to expand our community initiatives in Hong Kong
- Strengthen our activities in the areas of education and environment

Environmental and Social Performance Tables

| GRI Reference | Performance Indicators | 2009 | 2008 | 2007 | 2006 | Units |
|----------------------------------|---|---------------------|---------------------|----------|----------|-------------------|
| Environmental Performance | | | | | | |
| EN3 | Diesel consumed | 101,202 | 109,953 | 116,639 | 108,669 | GJ |
| | Gasoline consumed | 3,281 | 2,760 | 2,202 | 1,995 | GJ |
| EN4 | Electricity consumed (1) | 10,417 | 9,026 | 10,473 | 9,913 | GJ |
| EN8 | Total water used | 11,125 [†] | 10,429 [†] | 9,701 | 9,164 | m ³ |
| EN10 | Total water recycled | 0 | 0 | 0 | 0 | m ³ |
| EN16 | Carbon dioxide emissions (CO2) (direct) | 7,534 | 9,109 | 8,692 | 8,251 | T |
| | Carbon dioxide emissions (CO2) (indirect) | 1,563 | 1,354 | 1,571 | 1,487 | T |
| EN17 | Carbon dioxide emissions (CO2) (other) | 25.0 | 22.9 | Note (6) | Note (6) | T |
| EN19 | Ozone-depleting substances used | 0 | 0 | 0 | 0 | T |
| EN21 | Total water discharged | 11,125 [†] | 10,429 [†] | 9,701 | 9,164 | m ³ |
| Social Performance | | | | | | |
| LA1 | Total workforce | 3,086 | 2,017 | 1,957 | 1,893 | number |
| | Employees who are permanent terms | 84.48 | 90.83 | 82.40 | 86.05 | % |
| | Permanent employees who work full-time | 100.00 | 100.00 | 100.00 | 100.00 | % |
| LA7 | Total hours worked | 8,235 | 5,649 | 5,371 | 5,199 | thousand hours |
| | Total injuries (2) | 239 | 183 | 128 | 119 | number |
| | Total fatalities | 3 | 0 | 0 | 0 | number |
| | Lost days due to injuries (3) | 18,292 | 6,516 | 4,424 | 4,872 | day |
| | Lost time injury rate (4) | 5.80 | 6.48 | 4.77 | 4.58 | |
| | Lost day rate (5) | 444.3 | 230.7 | 164.7 | 187.4 | |
| LA10 | Training per employee | 27.1 | 14.4 | Note (6) | Note (6) | average man-hours |
| SO2 | Convicted case of corruption | 0 | 0 | 0 | 0 | case |

(1) The electricity consumption in Cathay City, Dragonair House and SuperTerminal 1 are excluded.

(2) Total injuries are those which result in lost time of a minimum of one day.

(3) The lost day due to injuries include the number of bus accident on 28 August 2009.

(4) Lost Time Injury Rate = Total injuries / Total Hours Worked X 200,000*. (*: This represents rate per 100 employees, based on 40 hours per week for 50 weeks a year.)

(5) Lost Day Rate = Total Days Lost / Total Hours Worked X 200,000*. (*: This represents rate per 100 employees, based on 40 hours per week for 50 weeks a year.)

(6) This information excluded due to changes in the data collection system.

(†) Numbers are estimated.

Thank you for reading this report

We invite you to give feedback on our report and performance. Should you have any comments or questions, please contact us:

Business Support Department

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