

BUILDING OUR SHARED FUTURE

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Building Our Shared Future is about creating the physical and human capacity to enable us – Airport Authority Hong Kong, the airport community and the aviation industry – to meet Hong Kong's growing demand for air transport, and thereby strengthen its social and economic development and sustain its long-term prosperity.



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CONTENTS

How to Read This Report	3
THE BIG PICTURE	
2015/16 Sustainability in Essence	4
Chairman's Message	6
Chief Executive Officer's Message	8
Our Approach to Sustainability	10
HKIA at a Glance	14
THEMATIC AREAS	
Building our Future Airport	16
Strengthening our Contribution to Hong Kong	26
Valuing our People	44
Operating a World-class Airport	54
Becoming the World's Greenest Airport	66
Verification Statement	80

HOW TO READ THIS REPORT

The structure of this report is stakeholder driven. To determine its content, we engaged with our employees, business partners, suppliers, tenants, non-governmental organisations, academics and other representatives of the Hong Kong community to better understand their interests and expectations as regards the sustainability initiatives and performance of Airport Authority Hong Kong (AAHK). We have framed the report as a response to the most significant issues raised during the stakeholder focus groups. In addition, we have presented the direct views of our staff and quotes from external stakeholders to give a wider perspective on various sustainability issues and initiatives.

To make the report easier to read and digest, it is divided into two main parts:

- ◆ The **BIG PICTURE** summarises our approach to sustainability and highlights our key achievements and initiatives for 2015/16. It also contains our Chairman's and Chief Executive Officer's messages and key facts and figures about Hong Kong International Airport (HKIA).
- ◆ The five **THEMATIC AREAS** detail how we are managing various sustainability issues identified as most important to AAHK and our stakeholders. Each topic covered under the thematic areas outlines the progress made and specific actions taken during the reporting year, and any future plans and commitments.

The report is available in print and electronic form. The following sections are only available in the e-version, which can be accessed via our website.

- ◆ The 'Performance' section sets out our objectives, targets and performance data
- ◆ The Appendices provide more details about this report and AAHK, our supply chain risk mapping exercise, materiality assessment process, stakeholder engagement, memberships, external principles and charters, awards and recognition
- ◆ GRI Content Index

Three short videos that provide an overview of our approach to sustainability and the highlights of our 2015/16 performance are also available on our website.

YOUR FEEDBACK

We welcome your feedback on AAHK's sustainability management approach and performance. Please fill in the online feedback form or contact Mike Kilburn via:

@ corporatesustainability@hkaairport.com (852) 2188 7111

✉ Sustainability Department, Airport Authority Hong Kong, HKIA Tower, 1 Sky Plaza Road, Hong Kong International Airport, Lantau, Hong Kong



Note: In the event of inconsistency between the English and the Chinese version of this report, the English version shall prevail.

2015/16 SUSTAINABILITY IN ESSENCE

BUILDING OUR FUTURE AIRPORT

- The **Midfield Concourse** opened in December 2015 and entered full operation in March 2016, increasing our handling capacity by over 10 million passengers per year
- Developed a **10-year technology roadmap** to build a smart airport

STRENGTHENING OUR CONTRIBUTION TO HONG KONG

- HKIA's **combined economic impact** was HK\$94,241 million, accounting for 4.6% of Hong Kong's Gross Domestic Product (GDP)
- Completed an **air cargo development study** and will change from "volume-focus" to "value-focus" cargo operation
- Launched the **"I Love Hong Kong" retail zone** to offer a range of local products to passengers
- Introduced the **"Hong Kong Classics: Art, Culture and Music" festival** for local artists and musicians
- Developing our **community investment** strategy and project
- Planning an **Aviation Academy** to attract and nurture aviation talent

VALUING OUR PEOPLE

- Refined our **Vision, Mission and Values** statements
- Established the **Culture Promotion Committee** and **Work Improvement Team** programme
- Developed a **Manpower Plan** up to 2023/24
- Enhanced the **Management Trainee programme**
- Implemented a **new salary structure** with enhanced staff benefits
- Planning a **Child Care Centre** for HKIA staff

OPERATING A WORLD-CLASS AIRPORT

- 4.04 injuries per million passengers**, 17% reduction compared to previous year
- 4.86 Airport Service Quality overall satisfaction score**, exceeding the target score of 4.85
- Introduced the **Positive Boarding System** to improve operational efficiency
- Trials completed for **home-printed bag tag** and **baggage trolley tracking system**

BECOMING THE WORLD'S GREENEST AIRPORT

- Achieved **25.6% reduction in HKIA's carbon intensity** compared to the 2008 baseline
- Completed a **waste management study** to develop a long-term HKIA waste management strategy
- Formalised a **biodiversity strategy**, preparing a HKIA Conservation Action Plan

CHAIRMAN'S MESSAGE

Dear Stakeholders,

Airport Authority is committed to operating and developing the International Airport as a world-class airport that contributes to the economic and social development of Hong Kong. HKIA has grown with Hong Kong and supported its development as the region's major logistical, financial and tourism hub. In expanding HKIA's capacity, we have remained focused on upholding high service standards and operational excellence, while being responsible to our people, the community and the environment.

As the demand for air traffic continues to rise, we must ensure our airport supports the long-term development of the aviation industry and the city. A key milestone during the year was the completion of the Midfield Concourse. The facility was designed to the highest levels of environmental sustainability and service standards. HKIA's extensive flight network as well as Hong Kong's geographic location make our airport an ideal gateway for developing businesses through the Mainland's "One Belt, One Road" initiative. The three-runway system (3RS) will further reinforce Hong Kong's connection to the Belt and Road regions, creating new opportunities based on our expertise in the specific sectors of finance, trading, professional services, tourism and logistics.

Apart from building the necessary infrastructure, AAHK is sparing no effort to attract and retain talent to meet our evolving business needs. We have substantially reformed our Management Trainee programme, and we are developing a new Aviation Academy to strengthen our capacity to train home-grown expertise to serve the airport. We have also introduced the Work Improvement Team (WIT) programme in order to foster a culture of innovation and empowerment among frontline staff. Initially, we have formed 25 WIT teams comprising over 130 colleagues who meet regularly to brainstorm ideas on service enhancement and identify areas for improvement.

In preparing this report, we have again engaged with our major stakeholders to listen to their views, and to explore opportunities to improve the environment of HKIA in a rapidly changing world. The five thematic areas covered in this report aim to address the key issues identified as most important to AAHK and our stakeholders. Each area includes our responses to their concerns and issues identified.



We will continue to work closely with the Government and our business partners to develop HKIA in a sustainable manner, and to maintain it as a source of pride and opportunity for the people of Hong Kong.

Jack So Chak-kwong
Chairman
Hong Kong, September 2016

CHIEF EXECUTIVE OFFICER'S MESSAGE

Dear Stakeholders,

The publication of our fourth sustainability report comes at an important time for HKIA as we recently commenced the eight-year construction of the 3RS. Building our future airport is critical to realising our new vision, which is to strengthen HKIA as the leading international aviation hub and a key engine for the economic growth of Hong Kong.

HKIA is here to serve the people of Hong Kong and, as its global gateway, is a key part of Hong Kong's identity. An airport is closely linked to a city's development; the two cannot be separated. Apart from running a world-class airport, we must also consider and contribute to the sustainable development of our city. To this end, our mission is to excel in the operation and development of HKIA in collaboration with our partners, while caring for our people and the environment, embracing change and always striving for continuous improvement.

When we talked about sustainability in the past, we put a lot of emphasis on our environmental performance. Environmental considerations are particularly important in developing the 3RS, and we are fully committed to complying with all the requirements of the Environmental Permit. Our "Greenest Airport" pledge however, takes us beyond regulatory compliance. Learning from environmental leaders across the airport sector, we adopt best practice environmental management and collaborate with our business partners to minimise HKIA's environmental footprint. We were the first airport to set an airport-wide carbon reduction target, and I am pleased to report that we successfully achieved the target to reduce carbon intensity by 25% between 2010 and 2015. But striving for environmental excellence is only one aspect of sustainability. Our stakeholders also expect us to contribute to addressing long-term economic and social issues, as is evident in the feedback received during the stakeholder focus groups we conducted in the sustainability reporting process.

HKIA already has a 73,000-strong workforce, but the demand for labour is set to increase as we push ahead with the 3RS project and other airport expansion projects in the medium-term. Shortage of skilled workers for technical and manual jobs is a pressing issue across Hong Kong. It is therefore important for us to explore sustainable means to support the local economy and promote upward social mobility. In this respect, we are setting up an Aviation Academy to train and nurture talent for the aviation industry in the region. The first batch of students will start in 2017. We are introducing new technologies and innovations into our daily operation to increase productivity and make frontline jobs more interesting. We are also taking steps to make HKIA a fun, rewarding and supportive place to work. In addition to improving staff transportation to and from the airport and amenities such as staff canteens and resting areas, we will establish a Child Care Centre, targeted for operation in the first half of 2017, to support working parents.



Hard work lies ahead as we continue to operate and grow sustainably, and we must not be complacent as competition between hub airports in the region will only become more severe. Sustainability is increasingly becoming part of our corporate DNA, but it takes time to internalise it and make it a culture that our colleagues understand and value. This report sets out the work we have done in the past year and our future plans for sustainability. I invite you to read this report and share with us your ideas on ways to make HKIA an even more successful airport and a trusted brand for Hong Kong for years to come.

Fred Lam Tin-fuk
Chief Executive Officer
Hong Kong, September 2016

OUR APPROACH TO SUSTAINABILITY

Sustainability Vision

AAHK's sustainability vision is to strengthen HKIA's ability to operate and grow profitably in a changing and challenging economic, ecological, technological and social environment, while developing a robust culture of sustainability throughout the organisation.

Sustainability Management

Sustainability is managed through the following entities within AAHK:

BOARD	Business Development Committee	The Business Development Committee has the mandate to oversee AAHK's sustainability, as stated in its Terms of Reference.
SENIOR MANAGEMENT	Executive Director, Corporate Development	The Executive Director, Corporate Development (EDCD) has overall responsibility for AAHK's sustainability management and performance.
DEPARTMENT	Sustainability Department	Under the EDCD, the Sustainability Department is responsible for developing and rolling out AAHK's sustainability strategy, management and reporting systems.
CROSS-FUNCTIONAL	Sustainability Working Group	The Sustainability Working Group, chaired by the EDCD, comprises representatives from departments across AAHK who support the development of AAHK's sustainability reporting and framework.

Influence

Engagement and partnerships with business partners and the wider community

Guide

Contractual agreements with business partners

Control

AAHK's own sustainability initiatives

Following a review of our organisational structure, the Environment Department was renamed as the Sustainability Department in January 2016 to better reflect its role in the development and execution of our corporate sustainability strategy, which embraces community investment, environmental leadership and stakeholder engagement.

AAHK's business model involves outsourcing many of the airport's key operational functions to franchisees, tenants and Government departments. We therefore adopt a three-pronged approach to sustainability management. The principles of 'Control, Guide and Influence' reflect the different levels of control that AAHK exercises over the various aspects of airport operation. Please refer to the 'About Airport Authority Hong Kong' section in the Appendices for details of the level of control AAHK exercises over the primary services for airport management and development.



RESPONDING TO OUR STAKEHOLDERS

To better integrate sustainability across AAHK, our stakeholders – particularly our employees – suggested we formulate an overarching sustainability strategy with corresponding targets for tracking performance. In response, we have started exploring the development of a sustainability strategy for AAHK.

Materiality Assessment

To identify and prioritise the issues to be covered in this report, we conducted a materiality assessment that included engaging with internal and external stakeholders.

Building on the insights gained in last year's stakeholder engagement exercise, this year, we invited stakeholders to participate in focus groups and individual interviews to discuss specific topics and to collectively identify possible solutions. We also conducted two online surveys to rate the importance of each relevant issue from a stakeholder or a business perspective, and increased the survey sample size by 20% compared to last year. The stakeholder

groups included our employees, airport business partners, suppliers and contractors, non-governmental organisations, community groups and, for the first time, academics and young people.

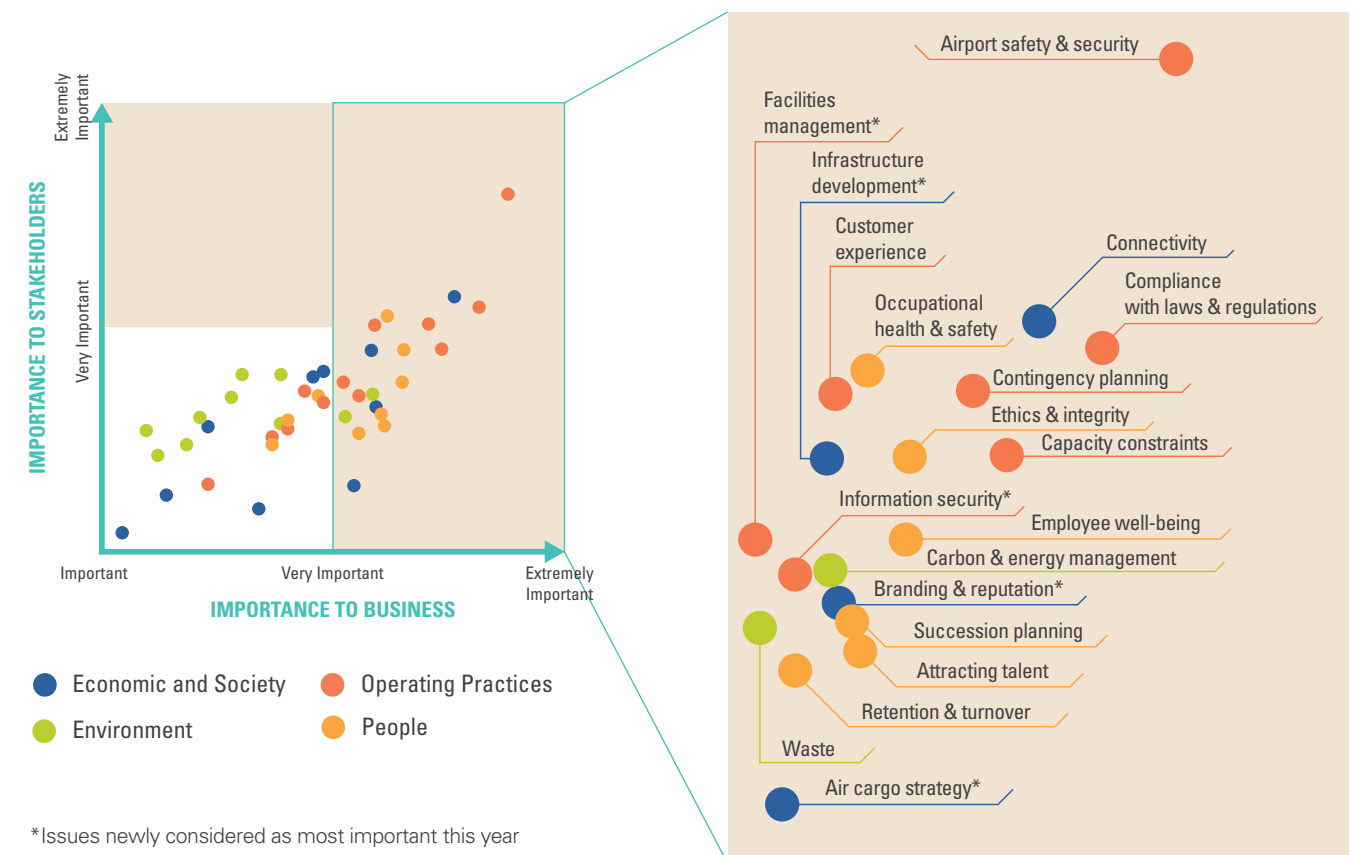
This year's approach has helped us better understand stakeholder views on how we can collectively address the challenges we face at the airport. The suggestions and concerns raised by our stakeholders are covered throughout this report together with our responses.

Please refer to the 'Materiality Assessment' section in the Appendices for details of our materiality assessment process.

Materiality Matrix

The most important sustainability issues were determined by considering AAHK's most significant economic, environmental and social impacts, and

the issues that are of most interest or concern to our stakeholders. This report has been structured around key thematic areas that are linked to these issues.



OUR COLLEAGUES' VIEWS ON SUSTAINABILITY

To integrate sustainability into every aspect of our organisation requires our staff to first understand what ‘sustainability’ means, so that they can apply its principles in their daily work.

As part of our stakeholder engagement exercise to prepare this report, we asked members of our Sustainability Working Group what sustainability means to them, how they are applying sustainability in their daily work, and what a sustainable airport looks like. Here are some of their views.

SUSTAINABILITY IS ABOUT...



Adrian Law
Airfield

“Realising how actions made in the present could have positive or negative impacts on us in the future, so as to allow the organisation to develop and ‘sustain’ healthily.”



Lawrence Ng
Property Development

“More than the environment but thinking thoroughly about the impact on ecosystems, society and the economy before taking action to ensure none of these aspects are sacrificed.”



Leo Kwong
Facilities Planning

“A balance between protecting the environment, enhancing people’s quality of life and promoting economic growth.”

IN MY DAILY WORK, I APPLY SUSTAINABILITY BY...



Gigi Chong
Terminal 1

“Working with our contractors to promote recycling and waste separation, exploring the use of technology to improve efficiency, and considering future airport development in the management of service contracts and licences.”



Maggie Wong
Third Runway

“Incorporating sustainability criteria in planning, design, construction, contract management and operation in order to produce cost effective, energy efficient and environmentally friendly solutions.”



Eddie Chui
Aviation Logistics

“Incorporating environmental requirements in new contracts with franchisees and ensuring their compliance.”

A SUSTAINABLE AIRPORT...



Johnson Lee
Capital Works

“Adopts green design concepts to improve the airport’s energy efficiency and reduce its carbon footprint during construction, operation and maintenance.”



May Wong
Corporate Communications

“Is about having a mandate to transform airport operations to respect environmental limits while fulfilling societal wants.”



Cybele Hung
Retail and Advertising

“Continuously upgrades its facilities and services to meet the needs of passengers and airport users while reducing its environmental impact, maintaining steady economic growth and delivering social responsibility to the local community.”



Silvana Lo
Internal Audit

“Is a safe airport that offers good customer service, efficient and timely transportation of passengers and delivery of baggage, and sufficient facilities to meet passenger needs. It must also care about the community and environment.”



Karen Kong
Procurement

“Should have a framework which includes leadership, policy, strategy, innovation, plans, targets and monitoring for the integration of positive impact on environmental, social and economic aspects.”




Billie Leung
Corporate Development

“Should be responsible to society and develop according to its needs; grow and thrive amidst challenges and competition; provide a safe and healthy environment for its users, stakeholders and staff; and minimise its impact on the environment.”

HKIA AT A GLANCE

HKIA is the world's third busiest international passenger airport and the busiest cargo airport for the sixth consecutive year. Connecting Hong Kong with more than 190 destinations worldwide, HKIA provides excellent service for passengers from around the globe and efficiently and reliably handles a wide range of air freight.

 **69.7**
million
passengers

 **4.3**
million tonnes
of cargo

 **410,000**
aircraft movements

 **191**
destinations

 **106**
airlines

 **1,609**
AAHK employees

 **73,000**
people working at HKIA

 **4.9** million
passengers using HKIA's
cross-boundary land and
sea transport

To sustain HKIA's success story and in light of our expansion in the years to come, it is important for every AAHK staff member to have a shared vision of our future so that we can work closely together as one team towards this vision. As such, we refined our corporate Vision, Mission and Values statements during the year:

VISION

To strengthen HKIA as the leading international aviation hub and a key engine for the economic growth of Hong Kong

MISSION

To excel in the operation and development of HKIA in collaboration with our partners by:

- ◆ Upholding high standards in safety and security
- ◆ Operating efficiently with care for the environment
- ◆ Applying prudent commercial principles
- ◆ Striving to exceed customer expectations
- ◆ Valuing our people
- ◆ Fostering a culture of innovation

VALUES

- ◆ Caring: care for people and environment
- ◆ Commitment: can-do attitude and willing to walk the extra mile
- ◆ Creativity: embrace change and think out of the box
- ◆ Continuous improvement: strive for excellence and continuous learning
- ◆ Collaboration: teamwork and partnership

BUILDING OUR FUTURE AIRPORT

We are developing the airport to ensure HKIA has sufficient capacity to meet Hong Kong's growing demand for air transport. Our ambition is to build a smart and green airport that applies the latest technology and integrates environmental considerations into airport growth.



BUILDING CAPACITY

In 2015/16, passenger numbers, aircraft movements and cargo throughput all continued to grow, putting increasing pressure on the capacity of the existing two-runway system (2RS). Our medium- and long-term development strategies will address both ground handling and runway capacity to meet air traffic demand forecasts for 2030 and beyond, ensuring that HKIA can continue to support Hong Kong’s social and economic development.

Making Progress on 3RS

The 3RS project, which anchors our long-term development strategy, made significant progress during the year. The construction of the 3RS commenced on schedule in August 2016, and is expected to be completed in 2024, with the commissioning of the new runway in 2022.



During the year, we continued to carry out mitigation measures to ensure compliance with the conditions set out in the [Environmental Permit](#) for the 3RS project. Measures that have been implemented prior to the commencement of construction in August 2016 include:

- ◆ Establishment of a [Marine Ecology Conservation Plan](#) and a [Fisheries Management Plan](#), including the proposed mechanism for the management and administration of the Marine Ecology Enhancement Fund and Fisheries Enhancement Fund.
- ◆ Early implementation of route diversion and speed control commitments within Hong Kong waters for SkyPier high-speed ferries travelling between SkyPier and Macau/ Zhuhai.
- ◆ Preparation for commencing the reclamation works – using non-dredge methods, including deep cement mixing.



DEEP CEMENT MIXING

The 3RS project involves the reclamation of approximately 650 hectares of land north of the existing airport island. About 40% of the land is located on an area of contaminated mud pits (CMPs) which contain heavy metals and organic compounds. To prevent possible leakage of contaminants during construction, AAHK has adopted Deep Cement Mixing (DCM), a non-dredge method where cement is directly injected and mixed into the mud of CMPs to create cement clusters which then increase the stiffness of the mud, providing a stable foundation for construction.

This method is substantially more costly than that of the conventional method, but the environmental benefits are significant. Apart from avoiding

potential leakage of contaminants, underwater noise levels and undesirable water quality impacts can also be reduced.

AAHK conducted two field trials between 2012 and 2016. The results from the first trial showed that DCM has minor and acceptable environmental impact on the marine environment of surrounding waters. The second trial provided valuable data for optimising the engineering performance of applying DCM, as well as the construction planning and detailed design for the reclamation. Details of the trial can be viewed [here](#).

Enhancing the Capacity of the Existing 2RS

AAHK has invested over HK\$12.5 billion in new facilities to meet medium-term air traffic demand and to maintain service quality and operational efficiency at optimum levels. After completing the West Apron expansion in July 2015, which added 31 aircraft parking stands on the maintenance and cargo aprons, we also completed Midfield Development Phase 1,

and the detailed design of Midfield Phase 2 and the remaining Midfield (collectively known as Midfield Apron Development) within 2015/16. We also continued with our preparation work for the Terminal 1 Capacity Expansion project which commenced construction in Q2 2016.

CASE STUDY

Midfield Development

Located west of Terminal 1 between the two existing runways, the midfield was the last piece of land on the existing airport island available for large-scale development. The Midfield Development is a major project to address 2RS capacity constraints.

The first phase of the project was completed in December 2015 with the opening of the HK\$10 billion Midfield Concourse (MFC). With the capacity to serve over 10 million additional passengers each year, the MFC will make a significant contribution to HKIA's passenger handling facilities and increase the percentage of aircraft that can be served by airbridges rather than step mounting and passenger buses, thus enhancing the overall passenger experience.

The next phase of the project, Midfield Apron Development, is targeted for completion in phases between 2018 and 2020. Upon completion, there will be 216 aircraft parking stands in total at HKIA, providing sufficient capacity in the interim period before the completion of the 3RS.



PHASE 1: Completed (2011-2015)

- ◆ MFC, a five-storey concourse building of 105,000 sqm
- ◆ 19 frontal and 1 remote aircraft parking stands
- ◆ A cross-field taxiway
- ◆ Extension of the existing automated people mover (APM) system from Terminal 1



PHASE 2: Midfield Apron Development (To be completed by 2020)

- ◆ 34 remote aircraft parking stands
- ◆ Associated cross-field taxiways and taxilanes
- ◆ Enhance the APM and baggage handling system services between Terminal 1 and MFC



ADOPTING GREEN DESIGN AND INNOVATION

Environmental considerations are an integral part of our strategy for airport growth. For the 3RS project, an experienced team of local and international experts spent two years on the most extensive Environmental Impact Assessment ever conducted in Hong Kong, culminating in the granting of an Environmental Permit by the Director of Environmental Protection. As required by the Environmental Permit conditions, we are adopting a comprehensive set of measures to manage and minimise the environmental impacts during detailed design, construction and operation of the 3RS. Beyond regulatory compliance, we have established a Green Airport Design Strategy to drive environmental best practices and innovative solutions in the design of airport buildings and facilities.

Legacy of Green Design and Innovation

2RS	MFC	3RS
<p>The green design features adopted when HKIA was first built are our legacy of best practice and form a strong platform for continued leadership and innovation:</p> <ul style="list-style-type: none"> ◆ Efficiencies in construction ◆ Efficient airport layout ◆ Excellent public transport connectivity ◆ Seawater for cooling/flushing ◆ Energy efficient buildings ◆ Greywater collection, treatment and reuse ◆ Other green infrastructure 	<p>A multi-pronged strategy was adopted to minimise the environmental footprint of the MFC.</p> <p>35 key initiatives and environmental technologies were implemented in the design, construction and operation of MFC. Examples include:</p> <ul style="list-style-type: none"> ◆ Optimised glazed façade ◆ North-facing skylights ◆ Façade solar shading ◆ 1,200 sqm of rooftop solar panels ◆ Reuse of treated greywater and condensate water for the cooling system 	<p>The 3RS Scheme Designs includes the development of a 3RS Green Airport Design Strategy as a key deliverable.</p> <p>The strategy guides the development of 3RS Green Performance Targets representing international best practices in:</p> <ul style="list-style-type: none"> ◆ Energy ◆ Waste and resources ◆ Green procurement, materials and construction ◆ Site-wide aspects ◆ Water use ◆ Indoor Environmental Quality

3RS Green Airport Design Strategy

The 3RS Green Airport Design Strategy provides the template for development of best practices, systems and Green Performance Targets (GPIs) for the entire 3RS development. All 3RS detailed design work includes early review of the green design strategy template, followed by the development of GPIs for each design works package, specific to the type of development under design. Best practice environmental design initiatives, systems and approaches are further considered and quantified as the detailed designs progress, and are agreed and

incorporated into the design as part of the design approval process. This approach not only facilitates informed decision making but also ensures that the environmental elements are fully embedded in the construction and operation of the 3RS. Performance against the GPIs is monitored and reported to ensure that the Green Airport Design Strategy is effective in promoting best practice and innovation.

One important outcome of the 3RS Green Airport Design Strategy is designing for the climate change challenge.



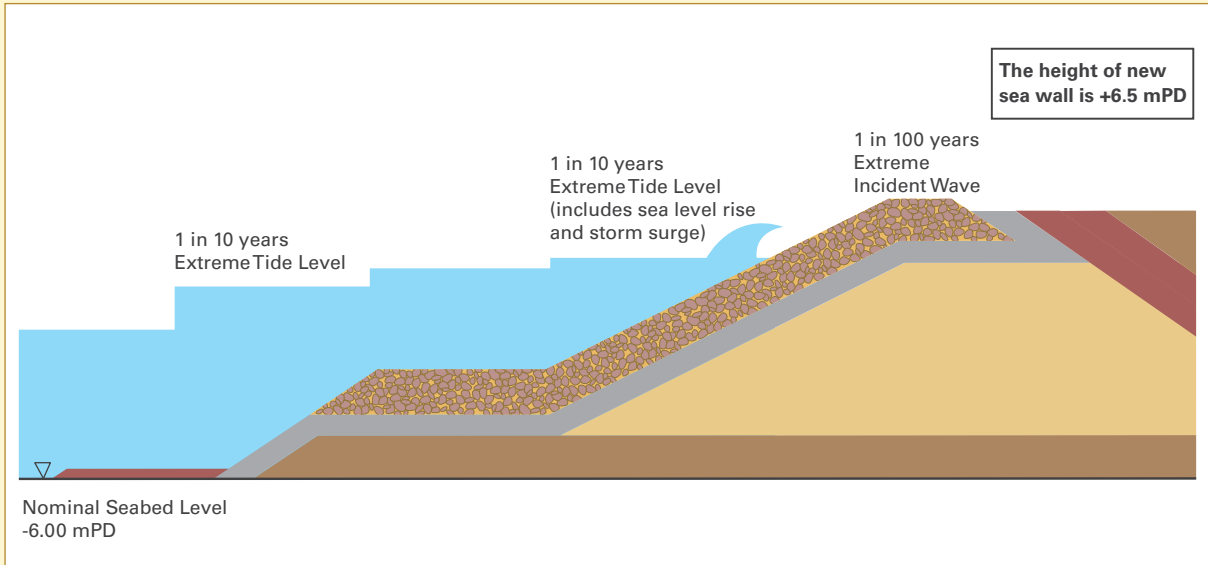
DESIGNING FOR FUTURE ADVERSE WEATHER CONDITIONS

Sea-level rise and extreme weather events, exacerbated by climate change, pose an increasing threat to the operational performance and resilience of HKIA. In planning for the 3RS, a range of oceanographic and meteorological factors have been considered in developing the design of the new 3RS seawall to ensure that it can withstand predicted future adverse weather and climate conditions.

The most recent Intergovernmental Panel on Climate Change (IPCC) projections on future sea level rise have been considered in the design process along with simulations of extreme tide levels, storm surge and worst-case wave activity, all of which could realistically be experienced as a result of predicted future increases in storm (typhoon) intensity.

A seawall height of +6.5 meters above sea-level* is expected to adequately protect the 3RS from future weather and climate conditions. In addition, the airfield drainage system for the 3RS will be designed and equipped to handle any rare overtopping events in the unlikely event that these happen in the future.

* Meters above the Hong Kong Principal Datum (mPD)



SHAPING A SMART FUTURE AIRPORT

Technological developments are opening up new possibilities for effectively increasing capacity and enhancing safety, security and passenger satisfaction. To make HKIA a smart airport, we established the HKIA Technovation Board, under which the Airport Technology Advisory Council provides guidance on introducing advanced technologies at HKIA. We also developed a 10-year technology roadmap to ensure that we invest in technological solutions that are most relevant to HKIA and that complement our future expansion.

HKIA Technovation Board

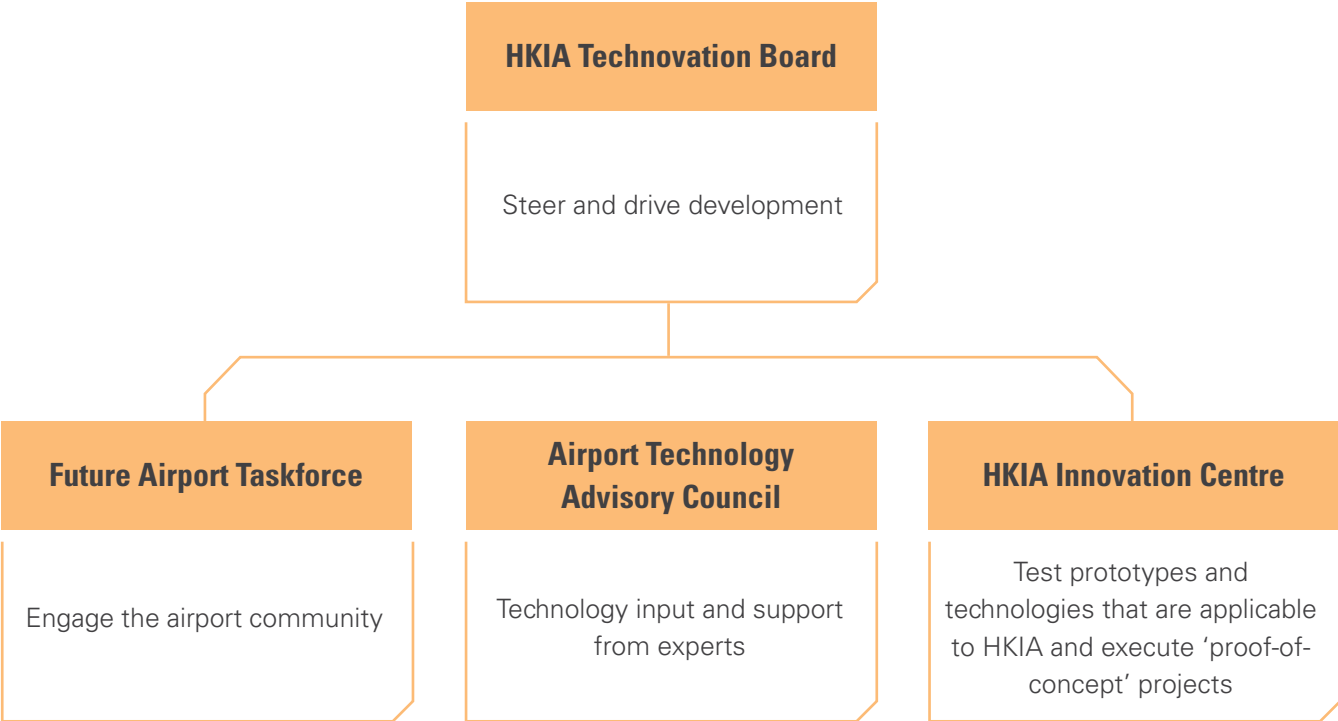
The HKIA Technovation Board was established in February 2015 to drive systematic innovation and technology development at HKIA, with an initial funding of HK\$20 million allocated to support development projects. In September 2015, we held the inaugural HKIA Technovation Conference and Exhibition based around the theme of ‘Smart Airport: Object Tracking’, with the participation of some 500 representatives from our business partners and the airport community. The event focused on the latest

developments in indoor and outdoor object tracking applications and related technologies, which offer high potential to facilitate operational efficiency at the airport.

We will organise similar future events to provide a regular platform for relevant stakeholder groups to exchange ideas on technological applications for a smart airport.



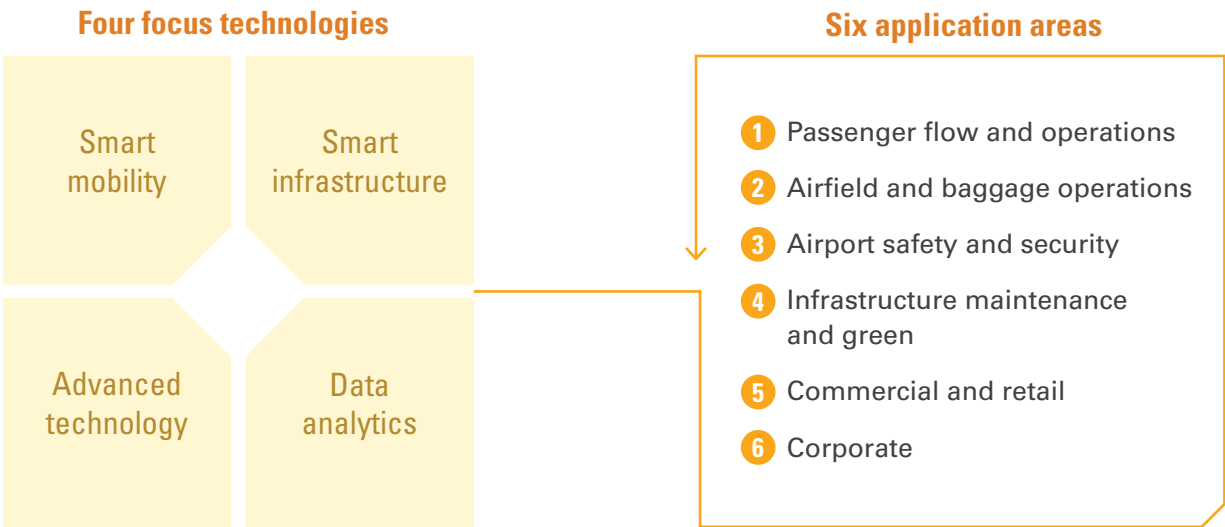
Structure and approach of the HKIA Technovation Board



Please refer to ‘Investing in the Local Community’ for details of the collaboration between HKIA Innovation Centre and the Hong Kong Science and Technology Parks Corporation.

10-year technology roadmap

The 10-year technology roadmap defines the focus technologies, application areas and the timetable for creating a smart airport. Under each of the application areas, we have also identified the initiatives and programmes to be implemented in the next five and ten years.



Please refer to ‘Creating a Seamless Passenger Experience’ for details of the technologies we have applied at HKIA to enhance and personalise the airport experience for passengers.

STRENGTHENING OUR CONTRIBUTION TO HONG KONG

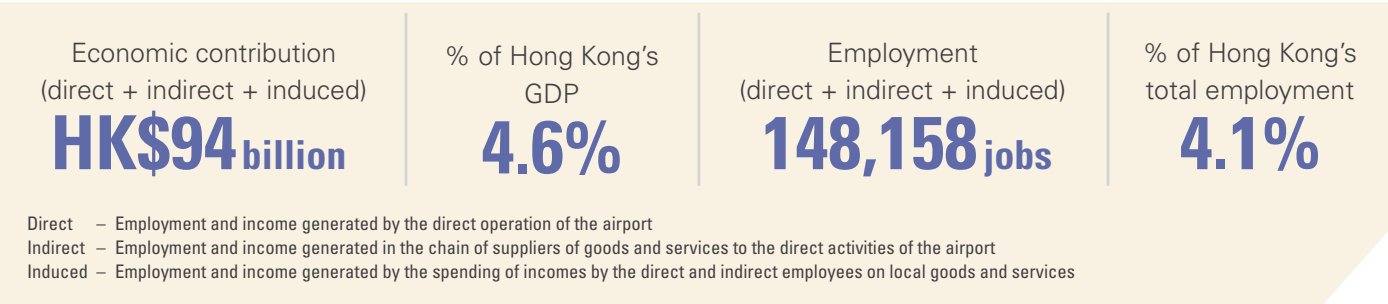
HKIA generates substantial economic value for our city through airport-related business activities, which produce wider catalytic impact on Hong Kong's pillar industries. As the Hong Kong people's airport, we aim also to showcase the best of Hong Kong and contribute to the city's sustainable development.



CONTRIBUTING TO HONG KONG'S ECONOMY

HKIA contributes directly to Hong Kong's economy through aviation services and non-aviation businesses operating at the airport that generate employment and income.

Economic Impact of HKIA¹



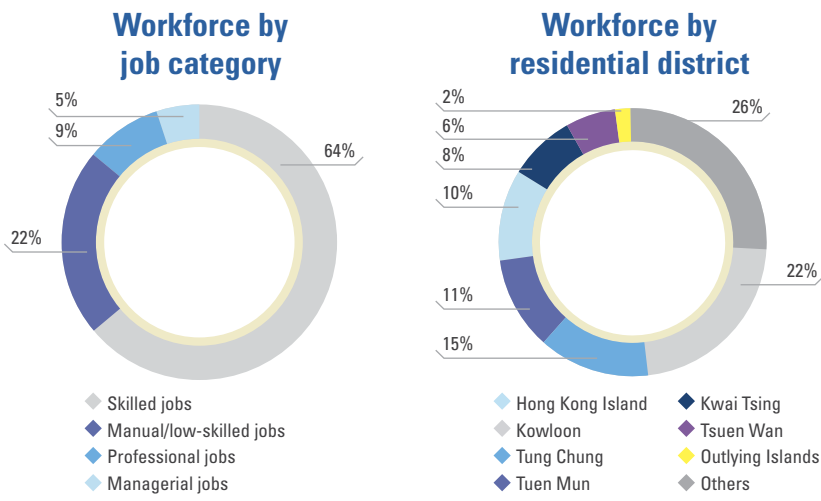
Employment at HKIA

AAHK employees:

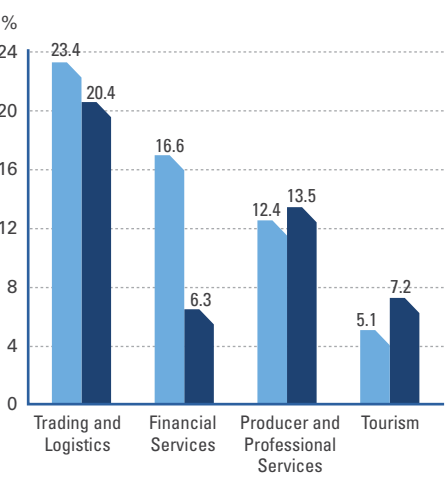
1,609

HKIA workforce² :

73,000



Supporting Hong Kong's Economic Pillars³



◆ % of Hong Kong's GDP - **Total 57.5**
 ◆ % of Hong Kong's total employment⁴ - **Total 47.5**

Supporting External Trade and Attracting Foreign Businesses

Hong Kong's external merchandise trade value by air⁵ :

41.2%
of total imports

37.5%
of total exports

Number of multinational corporations with regional headquarters and offices in Hong Kong⁶ :

Regional headquarters	Regional office	Local office	Total
1,401	2,397	4,106	7,904

(1) Source: 2012 data, 'An Update of Airport Master Plan 2030 Economic Impact Study for HKIA', Enright, Scott & Associates Limited, March 2015 (2) Source: HKIA Workforce Survey 2015. The analysis of the HKIA workforce by job category and by residential district represent 72% and 78% respectively of the total workforce, based on the number of responses made to the relevant survey questions (3) Source: 2014 data, Census and Statistics Department, HKSAR Government (4) Figures may not add up to total due to rounding (5) Source: 2015 data, Hong Kong's external merchandise trade statistics, Census and Statistics Department, HKSAR Government (6) Source: 'Report on 2015 Annual Survey of Companies in Hong Kong Representing Parent Companies Located outside Hong Kong', Census and Statistics Department, HKSAR Government

CASE STUDY

HKIA'S AIR CARGO STRATEGY

HKIA remained the world's busiest cargo airport for the sixth consecutive year, handling over 4.34 million tonnes of cargo in 2015/16. To reinforce HKIA's cargo leadership, we conducted a consultancy study on the development of our air cargo operation, including a review of market trends, opportunities and challenges. The study findings showed that there are opportunities in fast-growing market segments, including e-commerce shipments and transshipments requiring high-value logistics services with special handling. As a result, our future air cargo strategy will focus on transition from a "volume-focus" to a "value-focus" operation.

Leverage the growing e-commerce market

To facilitate e-commerce growth, we will work closely with integrators and postal service providers in planning the development and expansion of facilities at HKIA to ensure sufficient handling capacity.

Strengthen the role of HKIA as a transshipment hub

Transshipment is another future development focus for HKIA. AAHK has been working closely with the industry and the Government to explore potential areas, including streamlining of procedures and the administration process, that could facilitate the flow of transshipment cargo at HKIA. AAHK will also review the provision of necessary infrastructure at HKIA to support the development of transshipment services.

Strengthen the ability to handle temperature-controlled cargo

To facilitate the development of temperature-controlled freight operations at HKIA, AAHK has formed a cross-industry taskforce comprising members from the supply chain such as cargo terminal operators, airlines, pharmaceutical companies and distributors, and perishable goods distributors. The objective of the taskforce is to establish end-to-end solutions on time-definite handling of temperature-controlled cargo, which requires special handling and stringent operational requirements, and to assist the airport community in adopting the latest industry standards. AAHK will take the lead to work with International Aviation Transport Association (IATA) to achieve the "IATA CEIV Pharma Recognised Airport" status for HKIA.



EXPANDING HKIA'S CATCHMENT AREA

Amidst growing competition from airports in the Mainland and Southeast Asia, we must establish HKIA as the preferred multi-modal hub in the Pearl River Delta (PRD) by providing convenient, efficient and comfortable air transport services for passengers from the PRD. In order to expand HKIA's catchment, we are strengthening our connectivity with the PRD, and aim to capitalise on new infrastructure developments, such as the Hong Kong-Zhuhai-Macao Bridge and the Guangzhou-Shenzhen-Hong Kong Express Rail Link.

Key Initiatives

- ◆ Expanded the number of remote city terminals in the PRD from three to nine, from which passengers can travel to HKIA via coach or ferry. We expect to have 22 remote city terminals, covering land and sea transport as well as high-speed railway hubs, in the Mainland by 2021.
- ◆ Enhanced our cross-boundary ferry and coach services, adding one new ferry destination and two new coach destinations to our network.
- ◆ Enhanced our upstream check-in (UCI) services for sea-to-air passengers by increasing the number of sea-ports with UCI from six to eight and recruiting two more airlines to offer UCI (making a total of 19 airlines), covering 75% of all sea-to-air passengers.
- ◆ Introduced the "one ticket for air-sea-coach" for the Mainland and overseas markets.



ADDRESSING LABOUR CHALLENGES

Shortage of manpower has been a structural issue since Hong Kong reached near full employment in 2014. The rapid growth of the aviation industry in Asia and fierce competition for skilled workers due to the development of several large-scale infrastructure projects in Hong Kong have also made securing manpower for HKIA's current operation and planned expansion an ongoing challenge.

Finding the Right Solutions

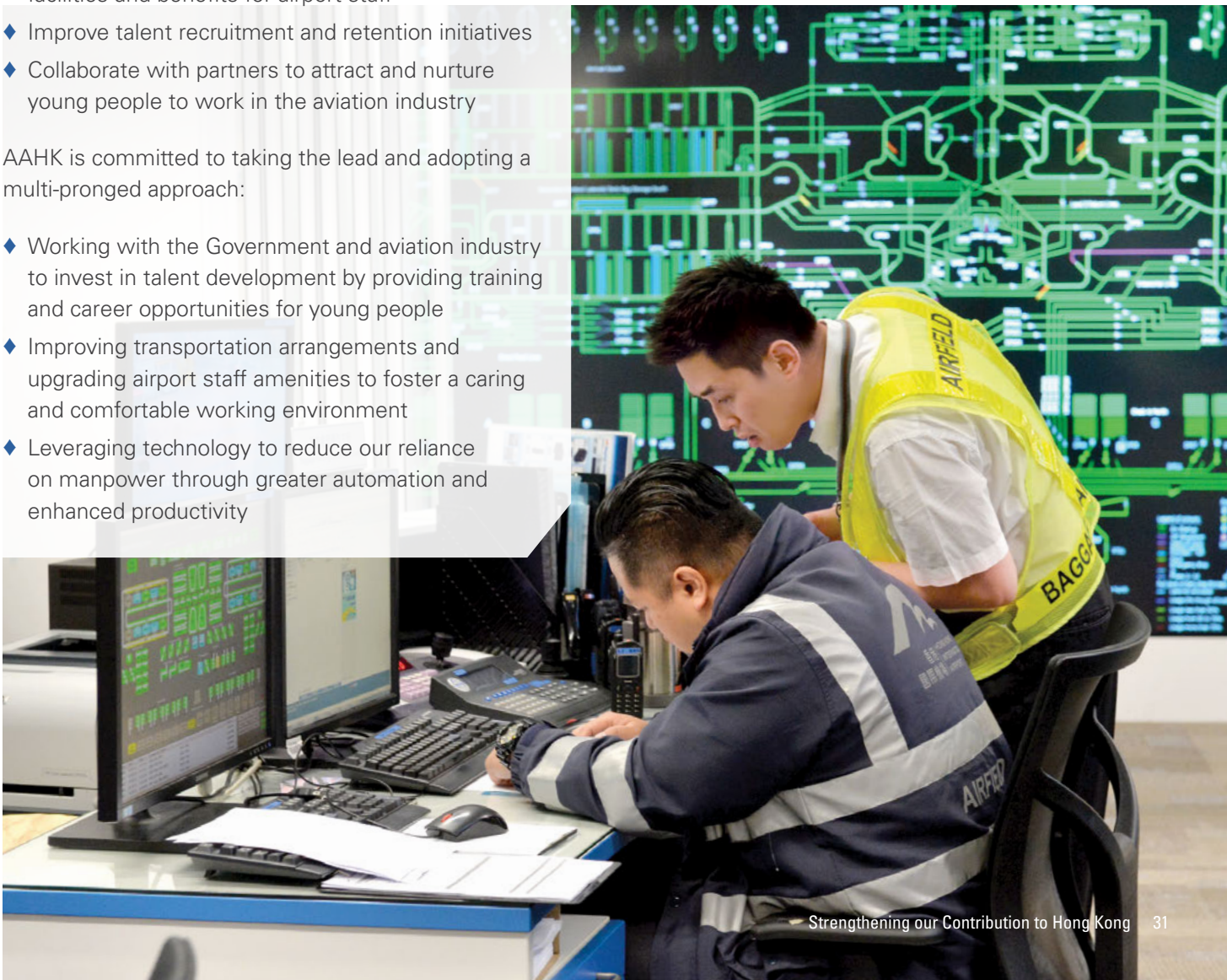
We recognise the importance of working closely with our business partners and contractors to address common labour concerns and ensure the smooth operation of the airport. In addition to holding regular meetings with the major employers at HKIA to discuss human resources issues, we invited our

business partners, tenants and suppliers to a focus group in May 2016 to identify solutions to the labour shortage and attracting talent. This engagement exercise helped clarify what our stakeholders expect of AAHK in this area:

- ◆ Lead the airport community by providing better facilities and benefits for airport staff
- ◆ Improve talent recruitment and retention initiatives
- ◆ Collaborate with partners to attract and nurture young people to work in the aviation industry

AAHK is committed to taking the lead and adopting a multi-pronged approach:

- ◆ Working with the Government and aviation industry to invest in talent development by providing training and career opportunities for young people
- ◆ Improving transportation arrangements and upgrading airport staff amenities to foster a caring and comfortable working environment
- ◆ Leveraging technology to reduce our reliance on manpower through greater automation and enhanced productivity



Key Initiatives

Establishing an Aviation Academy

- ◆ The aim of the Aviation Academy is to build the capacity and capability of the aviation industry to meet its current and future manpower and talent needs, to cater for HKIA's future growth and develop Hong Kong into a regional aviation training hub.
- ◆ Unlike other industries, the aviation courses available in Hong Kong are not part of an industry-recognised programme of certification and accreditation. This impacts the industry's ability to attract and retain the best talent. The Academy will provide a structured and eventually accredited platform to coordinate, consolidate and fill the current gaps in aviation training.
- ◆ We are developing the training scope, curriculum and operation details, and will recruit the first batch of students in 2017.



HKIA Career Expo 2015

Engaging current and potential staff

- ◆ We organised the HKIA Career Expo and participated in various job and career fairs in different districts of Hong Kong to promote the thousands of job opportunities offered at HKIA.
- ◆ As part of the Hong Kong International Airport Recreation and Community Engagement (HKIARaCE) initiative, we organised airport-wide talent shows, interest groups and recreational activities to strengthen staff bonding and build a sense of belonging.

Upgrading the airport working environment

- ◆ Three additional well-equipped resting areas for airport staff were opened in the restricted area in Terminal 1. The two airport staff canteens, Sky Bird 1 and Sky Bird 2, reopened after renovation to provide an enhanced dining environment and specially priced meals.
- ◆ We are establishing a Child Care Centre at HKIA to support working parents.



Staff canteen, Sky Bird 2



Enhancing staff transportation

- ◆ We work with the bus operators to offer fare concessions to airport staff and to increase the frequency of services and establish new routes. In 2015/16, 14 new routes and 88 additional daily bus trips were added, including five overnight express routes launched to enhance the transportation options for both staff and passengers.
- ◆ We also launched an overnight staff shuttle bus service to take staff from remote areas on the airport island to the public bus terminal.

ENGAGING WITH YOUNG PEOPLE

Young people in Hong Kong play an important role in fuelling the growth of the aviation industry. Listening to their views and expectations is therefore a crucial element of our community engagement strategy and long-term development plan. Through a series of focus groups, we asked a diverse range of young people how we can better engage with them. They also shared their ideas for improving our services and communication with passengers and the Hong Kong community.

Suggestions from young people

Set up a **training academy** enabling young people coming out of college to serve apprenticeships, which would bring new manpower to the airport. 🗨️

Better promote the **jobs available** at HKIA to young people. 🗨️

Be innovative and open to new ideas; innovation and technology could help attract young people. 🗨️

Reach out to secondary schools to **engage with young people at an early age** so that AAHK and the industry are high in their minds when they graduate and start looking for jobs. 🗨️

International exposure is a sought after offer. If AAHK can offer **international exchange programmes** for its employees, it will be an attractive proposition to young people. 🗨️

As young people, we are looking ahead not looking back on how amazing Hong Kong was in the past. AAHK should focus on **forward-thinking strategies** to get more young people involved and interested. 🗨️

Our responses

AAHK is planning an **Aviation Academy** and organising **job fairs** to promote training and job opportunities for young people.

AAHK is profiling different career options at HKIA through its **website** and **HKIA News**.

AAHK has set up the **HKIA Technovation Board** to drive innovation and technology development and is investing substantial resources to **build a smart airport**.

AAHK conducts regular **airport tours and educational visits** for young people.

AAHK has established the “HKIA-Heathrow Staff Development Exchange Programme” to create **international exchange opportunities** with world leading airports for employees.

AAHK is keen to engage with more young employees and stakeholders in the long-term development of HKIA.

Key Initiatives

Airport Ambassador Programme

AAHK has been running the Airport Ambassador Programme since 2002 in partnership with the Labour Department (under its Young Employment and Training Programme) and the Hong Kong Federation of Youth Groups. It provides on-the-job training and placement opportunities for young people interested in working at HKIA and in aviation-related industries. The programme recruits new ambassadors aged 18 to 24 on an annual basis. So far, more than 1,000 young people have graduated from the programme and about 65% of them have taken on aviation- and customer service-related jobs, including at AAHK.



Summer internship programme

AAHK offers an eight-week summer internship programme to university students and students from Hong Kong Institute of Vocational Education to provide them with structured training and first-hand job experience. In 2016, 57 summer trainees joined the programme and were attached to various departments across AAHK. Apart from working on departmental tasks, they also completed group projects on topics about airport operation and development, and engaging with young people.

Airport tours and educational visits

We regularly organise educational visits to the airport for students as an extension to their classroom learning. These visits consist of a presentation on HKIA, a look at an exhibition about our current and future development plans, and a tour of the airport facilities. In 2015/16, AAHK conducted over 70 airport visits and briefings for more than 4,000 secondary school students from districts across Hong Kong. They were encouraged to share their visit experiences through various creative media as part of the HKIA Educational Visit Sharing Programme. Another 35 airport visits and briefings were organised for about 1,800 students from universities and tertiary education institutes.

ENGAGING WITH UNIVERSITY STUDENTS ON SUSTAINABILITY

Over the past years, our Sustainability Department has organised airport visits and supported guest lectures for local universities to provide students the opportunity to better understand our sustainability commitment and performance, as well as to strengthen our communication with the young generation.

This year, we further engaged with the students of The Hong Kong University of Science and Technology as a supporting organisation of its undergraduate Business Ethics and Social Responsibility course during the Spring 2016

semester. The students were required to develop group projects on various sustainability issues related to HKIA. To support their assignment, we first arranged an airport visit and provided reference materials to help them develop project ideas. Further guidance was given to the students through an engagement session and email correspondence. At the end of the course, AAHK was one of the assessors of the final projects and student presentations. The students proposed interesting ideas and solutions on community engagement, food waste, carbon/energy management, carbon offsetting and renewable energy.

A DIALOGUE WITH YOUNG PEOPLE

As part of the sustainability reporting process, we conducted focus groups with young people to explore how AAHK could attract young talent to join the aviation industry and become an employer of choice. They expressed their interest for more direct engagement opportunities with companies. Therefore, we arranged for three focus group participants to pose their questions directly to Wilson Fung, AAHK's Executive Director, Corporate Development, who oversees sustainability at AAHK.



Tiffany Yung
Officer, Corporate Communications,
Hong Kong Airlines

Nicole Yeung
a fresh graduate of Hong Kong
Polytechnic University

Wilson Fung
Executive Director,
Corporate Development, AAHK

Aldric Chau
Country Manager – Sri Lanka &
Maldives, Cathay Pacific

Q Many companies at HKIA have difficulty recruiting and retaining people. What can AAHK do to attract more young people to work at HKIA?

A We have to let young people know more about the operation and development of HKIA and the huge variety of job opportunities here. In addition to posts that people are familiar with, such as pilots and flight attendants, there are other interesting and rewarding jobs such as air traffic control, airport security, aircraft maintenance, airport facilities management, engineering and planning, which offer good long-term prospects, especially as the 3RS project gets underway. Of course, we have to keep improving staff transportation and amenities to provide a friendly and convenient

working environment, and be more innovative and high-tech in running the airport, as this appeals to young people.

Q As a recent graduate, I am curious to know what kind of talent AAHK is looking for.

A As the airport operator, we contract out most of our services. Hence, we are looking for all-rounded individuals who can eventually take up managerial roles that coordinate the whole airport operation. Being the only airport in Hong Kong, growing our own talent in airport management and succession planning are very important in order to sustain our operation and development. The Management Trainee, Graduate Engineer and summer internship programmes are examples of AAHK's efforts.

Q It seems that most young people would join an airline if they are interested in the aviation industry. How do you attract them to work for AAHK instead?

A We see the airport as a big community so we are happy to see young talent coming to work here, whether for the airlines or other companies. For the same reasons, we are setting up an Aviation Academy to provide a centralised training platform for young people interested not just in AAHK but in the entire aviation industry. It will strengthen the talent pool for the whole airport.

Q Apart from the 3RS project, are there any other interesting or challenging projects coming up?

A 3RS is no doubt a very significant project for both the HKIA and Hong Kong. But putting that aside, there are many other exciting projects on the horizon, for example, the Intermodal Transfer Terminal (ITT) and the North Commercial District (NCD). Around the airport, new transport infrastructure that will be completed soon includes the Hong Kong-Zhuhai-Macao Bridge and the Tuen Mun-Chek Lap Kok Link. These will dramatically enhance the connectivity of the airport to its vicinity. The ITT can leverage the transport infrastructure to extend the catchment of HKIA and the NCD will be a major attraction and destination in its own right, with hotel, retail, dining and the most up-to-date entertainment facilities.

We are also working on our Master Plan 2035. Our vision is for HKIA to create an "aerotropolis" for Hong Kong that drives the economic and social development of areas around it. The airport is not just a transportation hub for passengers and cargo, but also a key engine for the economic growth of Hong Kong.

Q It is good to hear this from you first-hand, but the general public or young people might not easily grasp this. How about using social media to better communicate this?

A We are thinking how best to use social media but it is not easy, particularly for a statutory authority like AAHK. Unlike other communication platforms, social media entails a great measure of unpredictability and the last thing we want to see is our key messages being misunderstood. We have been using social media, albeit in a limited way, to communicate and share interesting stories, photos and videos on a regular basis. These are being complemented by other initiatives through conventional media channels. For example, we launched a series of "airport heroes" stories through our [HKIA News](#) and [HKIA Blog](#) to feature different HKIA staff members working behind the scenes to ensure a smooth journey for our passengers.

Q Young people care about Corporate Social Responsibility. What is AAHK doing on this front?

A One of our new initiatives is in community investment where we are adopting the "shared value" concept to leverage our unique position and resources to improve the livelihood and quality of life of targeted groups. This goes beyond philanthropy and focuses on long-term partnerships that benefit both HKIA and our community. The initiative will be launched next year.



SHOWCASING HONG KONG TO THE WORLD

For many people visiting Hong Kong, HKIA is their first and last impression of our city. Therefore, apart from providing high quality airport services and facilities, we also use the airport as a platform to showcase the unique culture and character of Hong Kong.



CASE STUDY

PROMOTING HONG KONG'S ARTS AND CULTURE

“I Love Hong Kong” Retail Zone

Hong Kong is known for its vibrant and creative local culture. An “I Love Hong Kong” retail zone was launched at L7 Departure East Hall as an epitome of Hong Kong with iconic retail brands and trades. To deliver the authentic taste and creativity of our local designers and entrepreneurs to passengers, we also introduced pop-up stores for local brands in the Departure Hall of Terminal 1. Passengers can bring home an essence of Hong Kong from the local products on offer.



‘Hong Kong Classics: Art, Culture and Music’

Under the direction of AAHK’s Arts and Culture Advisory Committee, the ‘Hong Kong Classics: Art, Culture and Music’ programme was launched for the first time in 2015. The six-month programme of performances and exhibitions at the airport showcased the best of local artists and musicians. The first integrated, culture-themed festival held at HKIA enhanced the airport’s artistic ambience and passenger experience while showcasing our unique local culture.

“ The airport is the gateway for travellers arriving in Hong Kong. By showcasing local art and cultural vibrancy at HKIA, we hope that the airport will become a place that promotes Hong Kong’s tourism and culture at the front line, and earns wider recognition and support from Hong Kong people. I welcome advice from the art and cultural sector and the wider community, which will help us gain more insights in programme positioning, theming and direction. ”

Anita Fung
Chairlady of the Arts and Culture Advisory Committee, AAHK

INVESTING IN THE LOCAL COMMUNITY

AAHK has supported various community causes through charitable donations and corporate volunteering in the past. We recognise that our stakeholders would like us to contribute more strategically to the Hong Kong community. The success of our business is tied to the prosperity and stability of Hong Kong, and as a responsible corporate citizen, we must play a role in addressing some of our city’s social and economic challenges.

Developing our Community Investment Strategy

We have begun taking a more strategic approach to our community investment (CI) strategy by targeting issues that directly impact the airport’s business, particularly labour shortage. Our objective is to devise measures that help address or resolve a community problem, which at the same time can enable the airport to continue to grow.

This approach is reflected in our CI vision statement:

“To contribute to the social and economic growth of Hong Kong, in particular Lantau and other neighbouring communities, by nurturing talent, realising the potential of individuals, and encouraging participation in aviation-related industries.”

Based on our vision, we conducted a feasibility study to identify the needs of our neighbouring communities and develop pilot project ideas that focus on people development. Our CI project will involve collaboration with non-governmental organisations, the community and airport business partners. Our overall strategy and project development will be finalised in 2016/17.

Supporting Local Technology and Innovation

In March 2015, the HKIA Innovation Centre collaborated with the Hong Kong Science and Technology Parks Corporation (HKSTP) to launch the “Technologies from Science Park at HKIA” programme. Through the programme, incubatees and start-ups at HKSTP have the opportunity to introduce their technological solutions and submit innovative project proposals to help address the business needs and challenges at HKIA.

CASE STUDY

LOCAL TECHNOLOGY FOR A SMART AIRPORT

During the year, we organised a roadshow at HKSTP to inspire and encourage local businesses to come up with technological innovations that will contribute to the creation of a ‘smarter’ airport. The main areas under exploration included robotics, the Internet of Things (IoT), mobile applications, display technology, big data and analytics, social media, operations monitoring and energy saving.

So far, we have received around 80 proposals for technologies that could improve airport operation. The three applications we are currently testing/implementing as ‘proof of concept’ projects are:

- ◆ The use of high speed imaging technology for automated optical inspection (AOI) of the airfield ground lighting (AGL) system. The proposed solution would significantly improve the efficiency and accuracy of AGL maintenance inspection, which currently relies on human visual inspection and manual checks. The project commenced in February 2016.
- ◆ The use of Human Intrusion Detection and Alarm System (HIDAS) to detect human presence on the moving belts of our baggage handling system bridging the landside and airside areas. We conducted tests that confirmed 100% accuracy of detection. The technology is ready for full-scale implementation planning.
- ◆ The installation of wireless mobile charging stations for electronic devices.

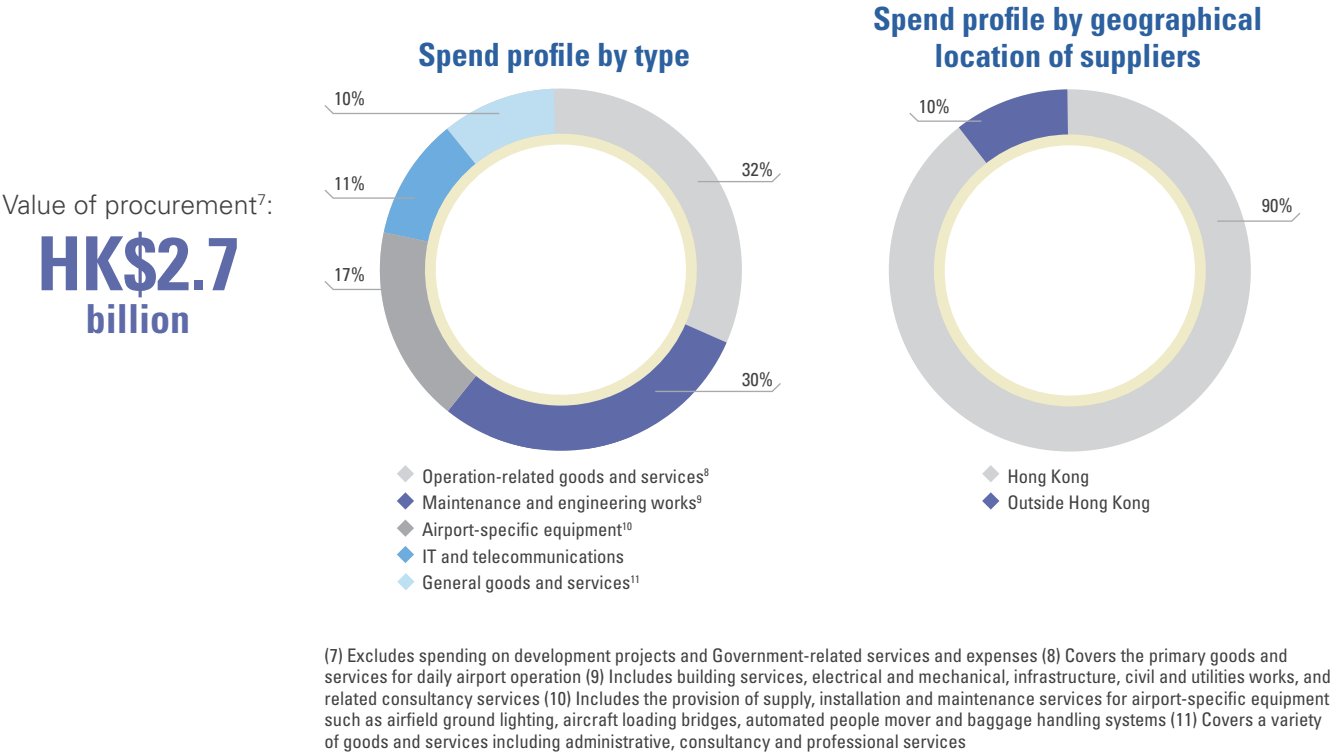
“ We appreciate the opportunity to partner with AAHK in demonstrating how home-grown innovative technologies can add value to a world-class airport by enhancing its operational efficiency. The “Technologies from Science Park” programme connects technology start-ups like us with large organisations, enabling us to jumpstart and showcase our business and catalyse adoption of our innovations. ”

Dr Nick Lau
Director of PHO Imaging Limited

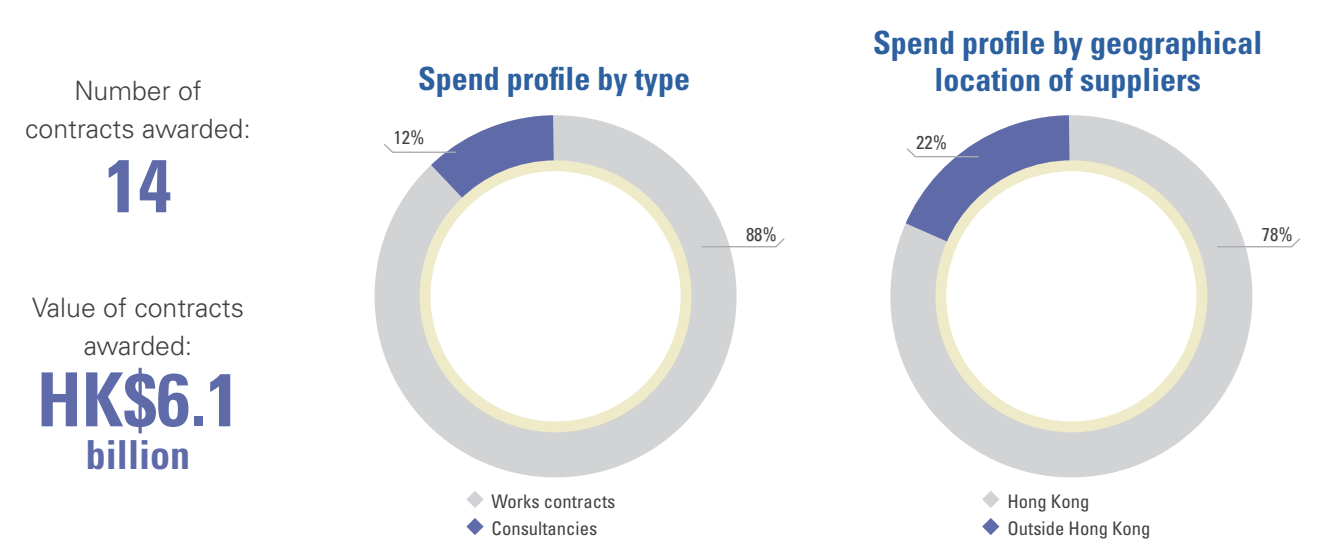
SUPPLY CHAIN SUSTAINABILITY

Many of the primary services for AAHK’s airport management and development work are outsourced to contractors and suppliers. Our procurement activities are managed separately for daily operation and for development projects. As the airport operator, we oversee the sustainability of HKIA as a whole, and it is important that we work with reputable contractors and suppliers that manage their environmental and social impacts responsibly.

Procurement for Daily Operation in 2015/16



Procurement for Development Projects in 2015/16



Managing Supply Chain Sustainability

In 2014/15, we developed and launched a five-year plan for managing sustainability matters in our supply chain. We committed to embed sustainability considerations in our procurement processes, including the selection of suppliers. Our plan follows a three-pronged approach to reflect the different levels of control that AAHK exercises over its supply chain. For details of the progress made in 2015/16 and future actions, please refer to the ‘Supply Chain Sustainability’ section in the Appendices.

Mapping sustainability risks

To better understand the risks in our supply chain, we conducted a self-assessment of the key sustainability risks related to the main categories of goods and services we procure¹², and developed a preliminary risk map.

The findings of the mapping exercise suggest that:

- ◆ The environmental, social and governance impacts that pose the most significant supply chain risks are related to workplace health and safety, working conditions, corruption and bribery, pollution, waste and use of materials.
- ◆ The provision of goods and services in relation to maintenance and engineering works, such as civil and structural works, and for airport-specific equipment, such as aircraft loading bridges or the baggage handling system was identified as having a higher level of risk.

Types of goods and services	Impacts with significant risk	
	Environmental	Social and Governance
Airport-specific equipment	◆ Pollution ◆ Waste ◆ Use of materials	◆ Workplace health and safety
Maintenance and engineering works	◆ Pollution ◆ Energy ◆ Greenhouse gas (GHG) emissions ◆ Ecology ◆ Noise	◆ Workplace health and safety ◆ Wages and benefits ◆ Corruption and bribery
Operation-related goods and services	◆ Pollution ◆ Energy ◆ GHG emissions ◆ Waste	◆ Workplace health and safety
General goods and services	◆ Waste ◆ Use of materials	◆ Workplace health and safety ◆ Corruption and bribery ◆ Community health and safety

While we have systems, procedures and processes in place to manage supply chain-related risks when they occur on-site, particularly related to health and safety and pollution control, we have identified areas where our management approach could be enhanced to reduce these impacts and the associated risks, such as working conditions and waste management. Moreover, there is a need to establish a system to assess our suppliers’ upstream activities for social and environmental impacts and manage the associated risks.

Based on these results, we will develop a methodology for more in-depth assessment of supply chain risks. The methodology will focus on the categories of goods and services, the supply chain stages and impacts that were identified as having a higher risk for AAHK.

For more details about the risk mapping process and findings, please refer to the ‘Supply Chain Sustainability’ section in the Appendices.

(12) The mapping did not include the procurement for development projects



VALUING OUR PEOPLE

An engaged, committed and competent workforce is central to realising AAHK's vision and sustaining HKIA's success story. Our goal is to attract and nurture talent and promote a corporate culture of continuous improvement in which our employees can grow and excel.

STRENGTHENING OUR CORPORATE CULTURE AND EMPLOYER BRAND

To reinforce a shared vision of our future across AAHK, we have refined our Vision, Mission and Values (VMV) statements and published the revisions in February 2016. We believe that strong corporate values will steer our employees towards accomplishing our mission and align their contributions in realising our vision. We initiated a series of activities and programmes in 2015/16 to enable our staff to better understand and implement our new VMV.

Culture Promotion Committee

The Culture Promotion Committee was formed in March 2016 to plan and implement initiatives to promote our corporate culture and values among employees. To begin with, the committee plans to engage with 10% of our workforce through focus groups in 2016/17 to collect their suggestions and views.

Employee Value Proposition

‘Caring’ is one of our values as AAHK is committed to care for people as an employer. We have developed a new employee value proposition that asserts:



Work Improvement Team

The Work Improvement Team (WIT) programme was planned in 2015/16 and launched in April 2016 to cultivate a culture of continuous improvement across AAHK. The programme embodies our values of ‘Creativity’, ‘Collaboration’ and ‘Continuous Improvement’ by creating a platform for generating ideas and suggestions that can enhance work processes and team spirit.

With the full support of senior management, frontline staff from Airport Management Division are encouraged to form teams to examine work practices and suggest improvements in six areas, namely service quality; safety, health and environmental

practices; work methods and procedures; systems and technology; workplace facilities; and cooperation and synergy. To help the WIT members understand more about the programme and facilitate their participation, road shows, induction training, problem solving workshops and experience sharing sessions were organised.

Project teams have been formed and the completed projects will run for the WIT Grand Award which will be announced in January 2017.



Work Improvement Team



DEVELOPING OUR TALENT POOL

To prepare for the manpower needs of HKIA as the 3RS project gets underway and the shortage of skilled workers in the aviation and construction industries in Hong Kong persists, we must strengthen and invest in the development of our own talent pool.

Key Initiatives

The **Leadership Competency Model** was revamped in line with the new VMV, providing a basis for future talent acquisition, performance management and leadership development.

A **Manpower Plan up to 2023/24**, including a resourcing strategy that forecasts our short-, medium- and long-term manpower needs and requirements, has been developed.

The first **Talent Review and Succession Planning meeting** was held, which initiated the planning of our future organisational structure, identification of key positions and development planning of key individuals in the leadership pipeline.

The **Management Trainee programme** was enhanced to ensure we attract and retain quality candidates to support HKIA’s long-term development. We recruited six management trainees in 2015 and 24 in 2016.

To build and sustain the competency of our workforce, we provided more **training and development** opportunities that are tailored for their current and future needs. The scope of our training programmes has also been extended to cover both technical and soft skills training. Our employees collectively received 38,326 hours of training in 2015/16. The average number of training hours per employee increased by 32%, from 18.5 hours to 24.4 hours over the year.



RESPONDING TO OUR STAKEHOLDERS

Enhancing international exposure

The young people we engaged with suggested that we could attract more people to work at AAHK by offering international exposure opportunities to staff, such as through an airport exchange programme.

AAHK has started to organise staff exchange programmes with international airports such as Frankfurt Airport and Heathrow Airport. The first three-month exchange under the “HKIA-Heathrow

Staff Development Exchange Programme” will commence in October 2016. Besides, we strongly encourage our staff to act as “HKIA ambassadors” by participating in overseas conferences, and in the various committees, training and events organised by Airports Council International.

CASE STUDY

REVAMPED MANAGEMENT TRAINEE PROGRAMME

Based on the insights and experience we have gained in operating the Management Trainee (MT) programme since 2005, and as part of our efforts to enhance people development and succession planning for the future growth of AAHK, we have revamped the structure and content of the MT programme. The aim is to better equip our MTs to meet our present and future operational and leadership needs and challenges.



Ensure a solid understanding of airport operation and management

- ◆ Programme duration: extended from two years to three years
- ◆ Rotation structure: three job rotations of approximately 12 months each in Airport Management, Commercial and Corporate Development Divisions



Expedite and monitor their development

- ◆ MTs to take up functional roles in order to gain solid experience to support fast-track development
- ◆ An MT Development Taskforce, comprising General Managers of major departments, is in place to advise and plan for the MTs' rotation among the various divisions



Training and mentoring

- ◆ A structured training curriculum is in place to match with the various stages of the MT development
- ◆ Members of senior management at the General Manager or above level to provide mentorship throughout the three-year programme



Fast-tracked career development

- ◆ Upon successful completion of the three-year programme, MTs will be appointed at managerial level and continue to progress along the career ladder as far as their capability can take them



Elisa Luk

Danni Lam

Jeremy Poon

Euphoni Wong

Timothy Leung

Mike Tam

The 2015 batch of MTs

I WANTED TO JOIN AAHK'S MT PROGRAMME BECAUSE...

"I want to contribute to an industry that is unique and exciting."

"It gives me a strong sense of responsibility to be shaping a positive first impression of Hong Kong when passengers land at HKIA."

"Formulating the HKIA cargo development strategies, understanding the market trends and operational challenges."

"Aircraft marshalling – directing an aircraft with hundreds of passengers to a parking stand is truly a once in a lifetime experience."

MY MOST MEMORABLE ON-THE-JOB EXPERIENCE IS...

MY FUTURE EXPECTATIONS...

"The MT programme brings in more fresh and energetic young people to the aviation industry."

"Develop different management skillsets and help AAHK achieve key milestones before the 3RS becomes fully operational."

PROMOTING STAFF HEALTH, SAFETY AND WELL-BEING

We are committed to providing competitive staff remuneration and benefits and promoting staff health, safety and well-being in order to establish ourselves as an employer of choice in Hong Kong.

Enhanced Salary and Benefits Package

A remuneration review was conducted in 2014/15 to benchmark our competitiveness as an employer in the local market. This was followed by the implementation of a new salary structure with enhanced staff benefits

in 2015/16. These benefits include enhancement in work-related allowances, healthcare programmes, staff relations expenses and assistance towards staff continuous development.

Promoting Family-friendly Practices

To support employees' choice to breastfeed and continue breastfeeding upon returning to work, a new 'Breastfeeding Friendly Workplace' policy was introduced in 2015/16. Under the policy, two 30-minute lactation breaks are allowed each day, with appropriate venues and facilities provided by AAHK. We have also enhanced the marriage leave, maternity and paternity leave benefits effective 1 April 2016.

Looking ahead, we will establish a Child Care Centre for all airport staff. The first phase of the centre, which provides 46 places, is expected to commence operation in 2016/17 at the Airport World Trade Centre.



"Talents from the Airport 2015" competition



Book exchange programme

Fostering Work-life Balance

To foster work-life balance and encourage more interaction among staff in the airport community, the AA Staff Club and HKIA Recreational and Community Engagement (HKIARaCE) organised a wide range of staff activities throughout the year. We continued to run the "Talents from the Airport" competition in Terminal 2, where airport staff perform dance, music and drama on stage. Within AAHK, we organised events such as airport family visits and family outings for staff and their family members, and conducted lunch talks on employee well-being and introduced a book exchange programme which saw hundreds of books collected and exchanged among staff. We also organised the "AA's Got Talent" singing contest, HKIA's anniversary celebrations, various sport and interest classes, and weekend family excursions for our staff.



"AA's Got Talent" singing contest



RUN FOR FUN AND FRIENDSHIP

Under the AA Staff Club, the Running Team was established in 2012 to promote running as a sport and enhance interpersonal relationships and communication among staff. Through training and races, staff also meet and make friends with the running teams of other business partners in the airport community.

Over the past two years, around 200 participants have joined our running events, including our CEO and senior executives. We organise training classes at HKIA from September to January and participate in a number of running competitions and charity runs in Hong Kong throughout the year, notably the "HKIA Feet of Fire 10km Run 2015".

Overall, participating staff develop close friendships through training and preparation for the events and enjoy the resulting health benefits and work-life balance. Going forward, we will organise workshops by renowned athletes and running professionals to further promote the sport among staff.



A man in a light blue shirt and high-visibility vest is using a handheld device to scan a baggage claim tag on a carousel. The carousel has a blue and red bag. In the background, another worker is visible. The scene is an airport baggage claim area with industrial equipment and overhead lighting.

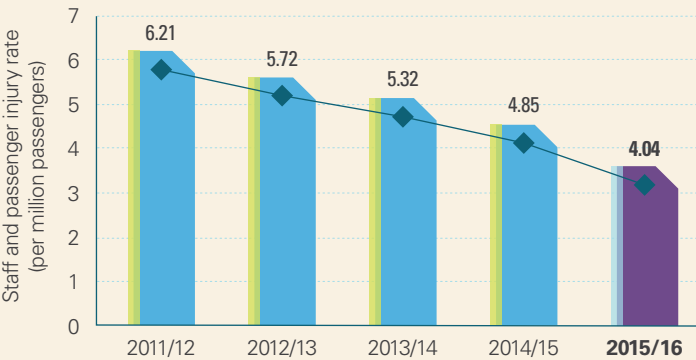
OPERATING A WORLD-CLASS AIRPORT

With the city's ever-growing aviation demand putting pressure on the airport's existing capacity, we remain firmly committed to operating a world-class airport that provides passengers with a safe, efficient and enjoyable airport experience.

SAFETY AND SECURITY

We are responsible for ensuring the safety of the thousands of airport staff and the millions of passengers travelling through our airport every year. With the support of our airport business partners, we operate a safety management system which provides a robust framework of safety processes. Our success is reflected in the downward trend in the annual number of recorded injuries at the airport.

Airport Composite Safety Index



While our recent safety achievements are encouraging, we will continue to pursue further improvements and promote a ‘safety-first’ culture throughout the airport community.

Continued investment in systems, technology, and most importantly, the awareness, knowledge and skills of airport staff are critical to upholding high standards of safety and security.

Key Initiatives



We enhanced the **Aerodrome Safety Management System (ASMS)** with the introduction of:

- ◆ **A new web-based Electronic Safety Management System** that enables timely notification, reporting, analysis and tracking of injuries, hazards and risks
- ◆ **A Live Operational Risk Assessment Register** in the ASMS that provides a safety overview of development projects and airport facilities
- ◆ **A new mandatory safety and security awareness test** as a prerequisite for the personnel that have access to areas that require specific safety and security knowledge. The test will be gradually introduced to all airport permit holders



Across the **airport community**, we conducted the following quarterly safety promotion campaigns:

- ◆ Retail shops and catering outlets safety campaign
- ◆ Aviation logistics franchisees safety campaign
- ◆ Airfield and baggage hall safety campaign
- ◆ Airport safety recognition scheme



For **passengers** in the terminal, we further promoted safety by:

- ◆ Deploying airport safety ambassadors in strategic locations during peak periods and festive seasons
- ◆ Repositioning escalator emergency stop buttons to enhance visibility and safety
- ◆ Rolling out various passenger safety quizzes, competitions and infotainment initiatives to enhance safety awareness



For **ramp personnel**, we trialled the use of protective headwear:

- ◆ Head injuries are a significant risk for ramp personnel. In order to reduce the number of incidents, we collaborated with the line maintenance and ramp handling operators to trial the mandatory use of ‘bump caps’ when carrying out certain on-ramp tasks.



BUSINESS CONTINUITY AND CONTINGENCY PLANNING

As a world-class airport, we need to be prepared for all potential disruptions and crises that may affect the smooth operation of HKIA. Faced with additional pressure from capacity constraints, labour shortages, and the construction works for 3RS going on next to an operating airport, we have placed particular emphasis on initiatives that will help us maintain service continuity in challenging or unforeseen circumstances.

Key Initiatives

We ensured the operational readiness of the Midfield Concourse before its opening through:

- ◆ Undertaking a thorough review of our contingency plans and manual
- ◆ Carrying out emergency exercises and drills to test the effectiveness of our plans
- ◆ Carrying out risk assessment with line departments to alleviate potential impacts

We continued to conduct drills and training by:

- ◆ Expanding our airport-wide business continuity planning training programme, with a particular focus on training for the major airlines and ground handling agents at HKIA
- ◆ Conducting the annual aircraft crash and rescue exercise with more than 1,000 representatives from over 100 participating organisations, including Government departments, public bodies, hospitals, airlines and ground handling agents. This year’s scenario simulated an aircraft which overshoots upon landing and falls into the sea to the west of West Sea Rescue Berth

We closely coordinated with the airport community to prepare for business continuity response:

- ◆ Capacity constraints present operational challenges such as shorter response lead time. Therefore, AAHK needs to react more proactively through well-coordinated responses to handle adverse weather conditions, industrial actions, major system failures, transportation incidents and contagious disease outbreaks



Rescue scene from the Annual Aircraft Crash and Rescue Exercise 2015



The Airport Emergency Centre (situated within the Integrated Airport Centre) serves as a communication and coordination centre during emergencies



MANAGING HEALTH RISKS AT THE AIRPORT

In response to the health risks posed by outbreaks of infectious diseases such as Ebola, MERS and Zika, we have implemented a number of precautionary measures and health protocols:

- ◆ Special arrangements to monitor the health of arriving passengers
- ◆ Thermal imaging systems in designated areas of terminal entrances to monitor the temperature of individuals entering the airport
- ◆ Hygiene protocols strengthened by stepping up the frequency of cleaning and disinfection work at the terminal
- ◆ Continuing to raise passenger awareness of potential health risks through a series of special announcements
- ◆ Co-organised briefings with the Government’s Port Health Office to improve the ability of airport staff to identify potential risks to public health and take appropriate precautions

LEVERAGING INNOVATION AND TECHNOLOGY TO ENHANCE EFFICIENCY

Through the strategic use of technology, we see great potential for significantly enhancing the operational efficiency of HKIA. During the year, we continued to build technological infrastructure on the airside, which brings about benefits beyond operational efficiency.



Key Initiatives

Global Positioning System (GPS) vehicle tracking

Benefits

- ◆ Enhance safety through automated surveillance
- ◆ Ensure smooth traffic flow via traffic analytics
- ◆ Facilitate franchisees to improve productivity
- ◆ Reduce emissions as a result of the improved efficiency

Progress made in 2015/16

- ◆ Installed GPS tracking in over 1,600 airside vehicles

Future actions/targets

- ◆ Extend the coverage to non-motorised vehicles and equipment in 2016/17
- ◆ Develop an HKIA GPS road map along with real-time alerts, road traffic analyses and data sharing with franchisees to facilitate their fleet management

Closed-circuit Television (CCTV) system

Benefits

- ◆ Strengthen real-time operation management
- ◆ Facilitate resource deployment
- ◆ Facilitate aircraft ground incident investigation
- ◆ Monitor apron activities

Progress made in 2015/16

- ◆ Installed 100 fixed-angle CCTV cameras with recording function on the passenger apron
- ◆ Installed 18 fixed-angle CCTV cameras with recording function in the baggage hall

Future actions/targets

- ◆ Install additional CCTV cameras in the Midfield Concourse, Maintenance Apron and West Cargo Apron in 2016/17

Airport Collaborative Decision Making (A-CDM)

Benefits

- ◆ Enhance flight punctuality and network efficiency
- ◆ Reduce aircraft taxiing time, fuel consumption and emissions
- ◆ Improve airport capacity utilisation

Progress made in 2015/16

- ◆ Took over A-CDM from Civil Aviation Department
- ◆ Coordinated with other airport stakeholders to realise the full potential of A-CDM
- ◆ Appointed a contractor to develop a new A-CDM system platform (HKIA A-CDM)

Future actions/targets

- ◆ HKIA A-CDM will become fully operational in Q4 2016/17

WiFi coverage on apron

Benefits

- ◆ Enable business partners to launch mobility solutions (e.g. automated staff dispatching, real-time issue resolution)
- ◆ Serve as a key infrastructure for HKIA A-CDM

Progress made in 2015/16

- ◆ Completed the prequalification of apron WiFi equipment for expansion of coverage

Future actions/targets

- ◆ Access point equipment will be upgraded to enhance and extend WiFi network coverage from head-of-stand to back-of-stand in phases in 2017

STACK@EASE – an ergonomic baggage loading aid

Benefits

- ◆ Reduce the need for heavy lifting
- ◆ Enhance loading efficiency and productivity
- ◆ Reduce the risk of strain and manual handling injuries, benefiting staff physical health
- ◆ Broaden the potential labour pool for baggage handling

Progress made in 2015/16

- ◆ Supply and installation contracts awarded

Future actions/targets

- ◆ Install around 160 units by Q1 2018



INFORMATION TECHNOLOGY RISK AND CYBER SECURITY

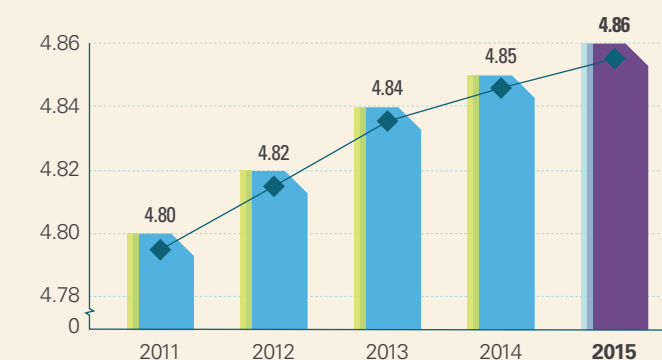
At AAHK, we have established a sound information technology (IT) governance and risk management framework to address the evolving risks of using IT systems. As we benefit from the greater convenience and efficiency provided by technology, we must also recognise the growing risk of cybercrime. To raise staff awareness about this issue, we invited the Hong Kong Police to give a talk on the common types of cyber and technology-based crime and the steps to take to combat such activity, and strengthen online security. The presentation was part of the ongoing Project PREEMPT, under which we are working with the Hong Kong Police to encourage the airport community to combat all types of crime at HKIA. The Project promotes the concept of "Security is Everybody's Business" and raises awareness of aviation security and crime prevention.

CREATING A SEAMLESS PASSENGER EXPERIENCE

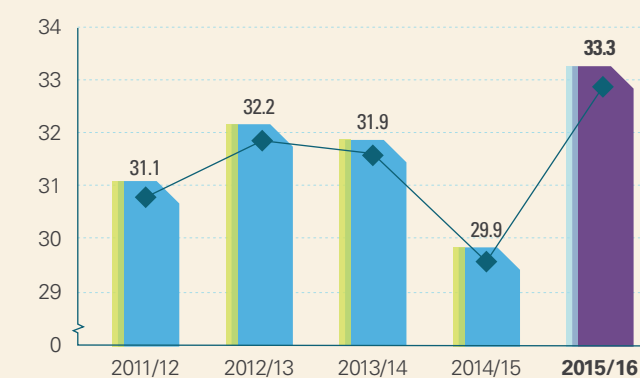
We place great emphasis on understanding the needs and expectations of our passengers as we continue to build greater capacity and improve the customer services and facilities at HKIA.

We achieved an overall satisfaction score of 4.86 in the 2015 Airport Service Quality (ASQ) Survey managed by Airports Council International, exceeding the target score of 4.85.

Annual overall satisfaction score (score out of 5)



Index of complaints received per million passengers



CASE STUDY

INTRODUCING ADVANCED TECHNOLOGIES AND NEW FACILITIES IN THE AIRPORT EXPERIENCE

In a 2015 global passenger survey by IATA, 90% of respondents indicated that they prefer to check-in and reserve their seats before arriving at the airport, and nearly 50% prefer to use self-bag drop service for their check-in luggage.

To address the rising trend in passengers requiring more control and flexibility in managing their travel arrangements, we are making greater use of advanced technologies to roll out more self-service facilities. This approach will also support our future airport expansion and reinforce our position as a world-class airport in the context of increasingly personalised travel expectations among passengers.



Self-bag drop service

New Technologies and Facilities



Save time with home-printed bag tag

- ◆ Completed trials for Radio-Frequency Identification (RFID) enabled home-printed bag tag
- ◆ Launch initial phase in 2016/17



Greater check-in convenience

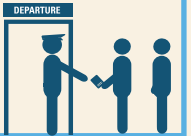
- ◆ Launched a self-bag drop system, reducing baggage processing time from 2-3 minutes to about 1 minute
- ◆ Four carriers now operate 20 self-bag drop counters
- ◆ 120 counters in operation by end of 2017

Enjoy terminal services



- ◆ Revamped signage in passenger terminals with new, easy-to-read font and added a yellow "beacon colour" to improve visibility
- ◆ Added hot drinking water facilities, refurbished nursing rooms, and introduced new landside trolleys and infant trolleys

Enhanced passenger traceability and security



- ◆ Installed a Positive Boarding System at all departure security checkpoints to capture boarding pass data of each passenger
- ◆ The data is used to improve airside security and operational efficiency, and airlines' on-time performance



Access flight, transportation, shopping and dining information at your fingertips

- ◆ Revamped 'HKG My Flight' mobile app to provide access to much more airport-related information



Faster baggage delivery

- ◆ Deployed a team to monitor real-time baggage arrival flows
- ◆ Set up rescue tractor team to help operators maintain service levels during temporary shortfalls in manpower



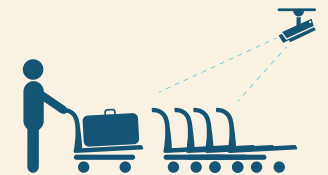
Smoother immigration service at arrivals

- ◆ Implemented real-time arrival passenger forecast, enabling the Immigration Department to deploy resources more efficiently against real-time demand

Find your way with ease



- ◆ Began rolling out iBeacon technology to provide passengers with terminal directions, walking times to gates, lounge access and boarding alerts via their mobile devices
- ◆ In-terminal infrastructure will be installed by Q4 2016



Always get a baggage trolley

- ◆ Completed trials for baggage trolley tracking system that uses video analytics to monitor the number of trolleys at pick-up points and alerts operators to ensure timely replenishment
- ◆ The system will be fully implemented in 2016



BECOMING THE WORLD'S GREENEST AIRPORT

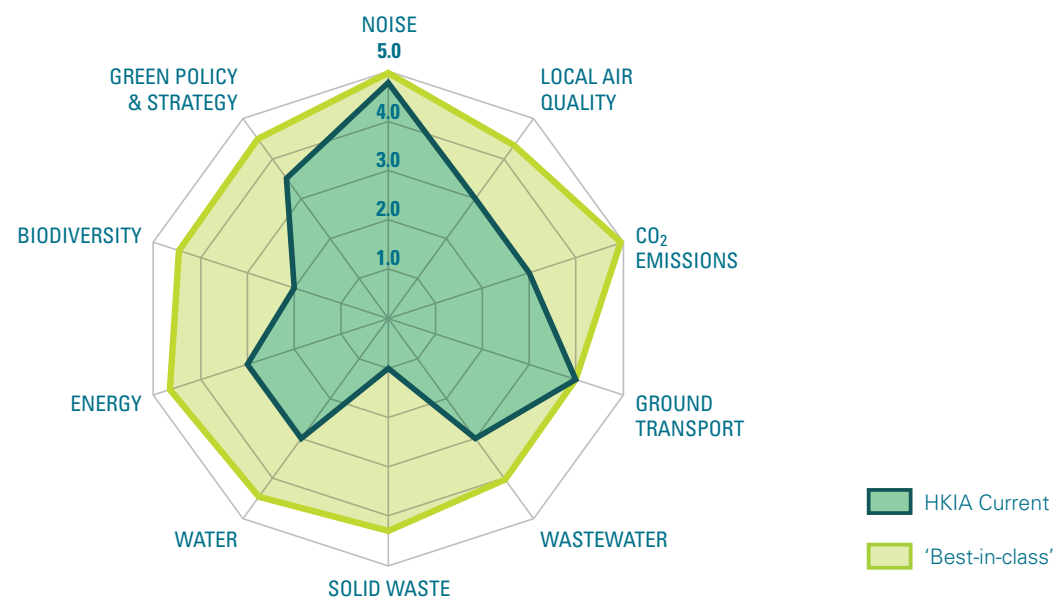
The operation and development of HKIA gives rise to a range of environmental impacts. As such, we collaborate with our business partners and adopt best practices to reduce the airport's environmental footprint.

ENVIRONMENTAL MANAGEMENT

In May 2012, we pledged to make HKIA the world’s greenest airport. To set the foundation for realising this pledge, we benchmarked our environmental performance with 23 other airports that either have a similar scale of operation to HKIA or are recognised as leaders in environmental management.

Benchmarking Results

The results have helped to shape our environmental strategy by identifying our relative strengths and weaknesses, and determining both the priorities for improvement and opportunities to learn from the best practices of other airports. As highlighted in the chart below, solid waste and biodiversity are two aspects requiring action. We have also started upgrading our environmental management system in line with ISO 14001 in order to develop a more systematic and robust framework that integrates environmental management into our core business and operation.



RESPONDING TO OUR STAKEHOLDERS

More regular and issue-specific engagement

Our business partners have suggested that we conduct more regular engagement with them in smaller groups which focus on specific environmental issues. AAHK has engaged with business partners on environmental issues through the Airport Community Environmental Forum since 2009. We welcome this suggestion, and have initiated meetings with relevant experts from our business partners on specific topics such as low-emission vehicles, waste cooking oil and food waste recycling. This year, we also conducted extensive engagement with selected business partners in the process of setting the new airport-wide carbon reduction target.

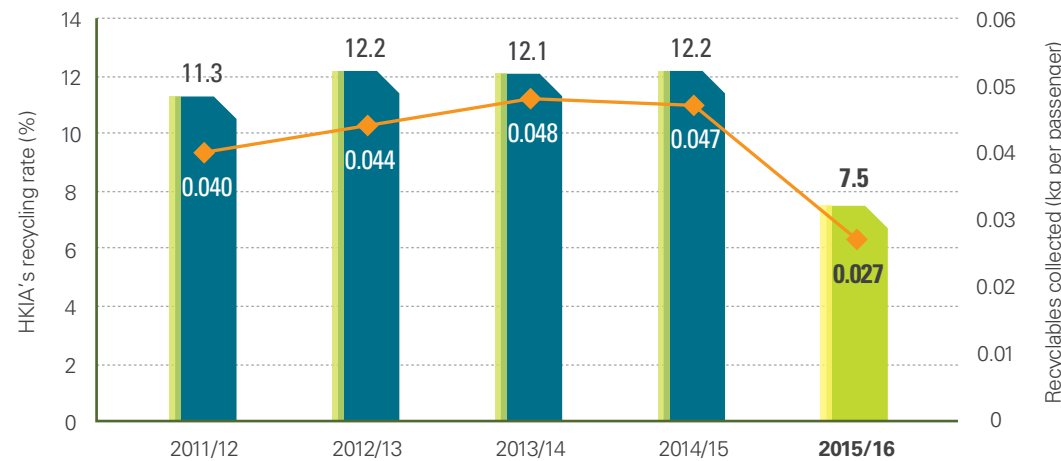
WASTE MANAGEMENT

Waste is one of Hong Kong’s most pressing environmental issues and the Hong Kong Government is planning to introduce a quantity-based charging scheme for municipal solid waste. The related legislation is expected to come into effect in 2019. Waste management is therefore not just an environmental practice, but will also have a greater direct impact on our bottom line. Our target is to achieve a 50% total waste recycling/recovery rate by 2021.

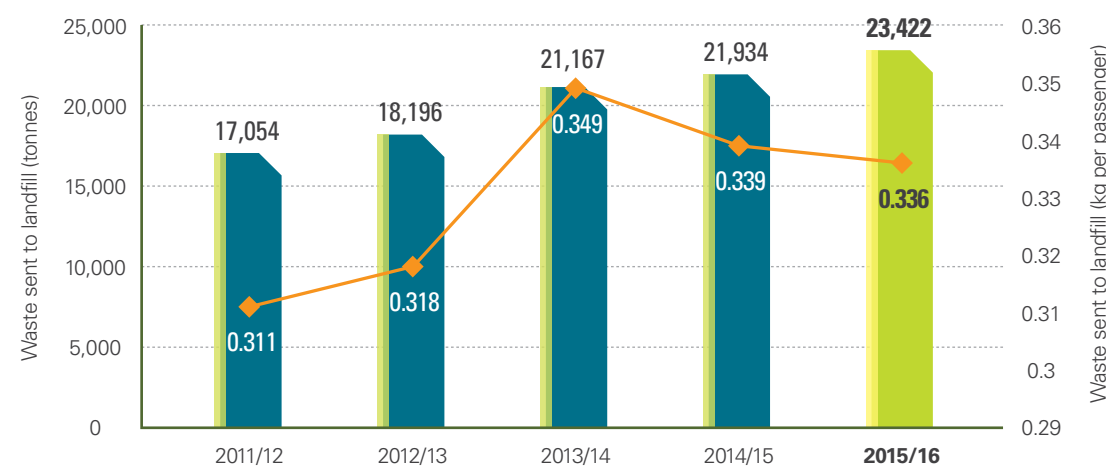
Performance

Our waste disposal to landfill rate per passenger recorded a slight decrease in 2015/16. Our overall recycling rate in 2015/16 dropped from 12.2% to 7.5%, which could be a result of a number of factors, including the lower market value of recyclables, change in waste management contractor and recycling procedures not being fully executed. While the recycling performance is disappointing, we were more encouraged to note the continued decoupling of the increase in the rate of waste generated from the growth in passenger numbers.

Recycling performance



Waste sent to landfill (absolute and intensity)

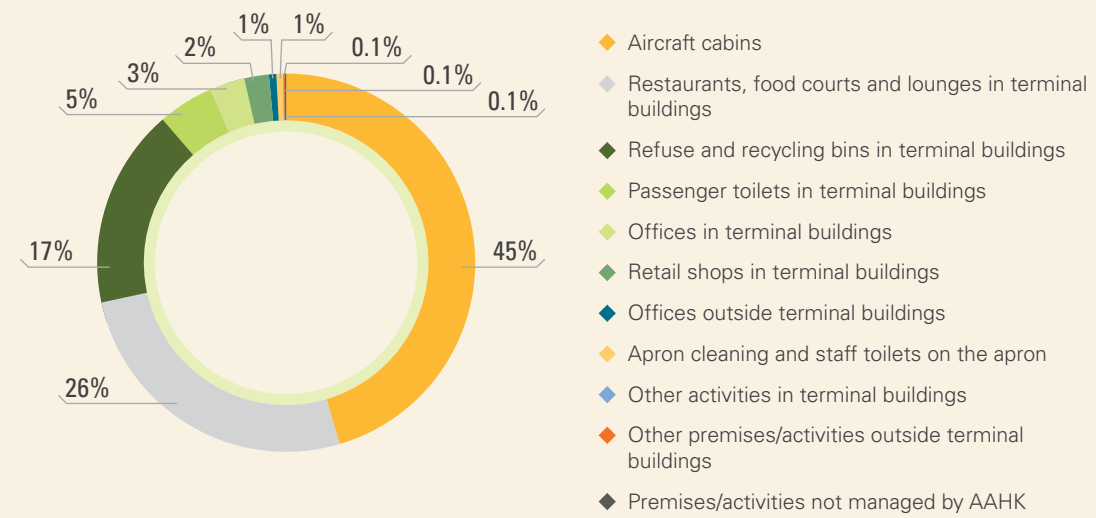


Waste Consultancy Study

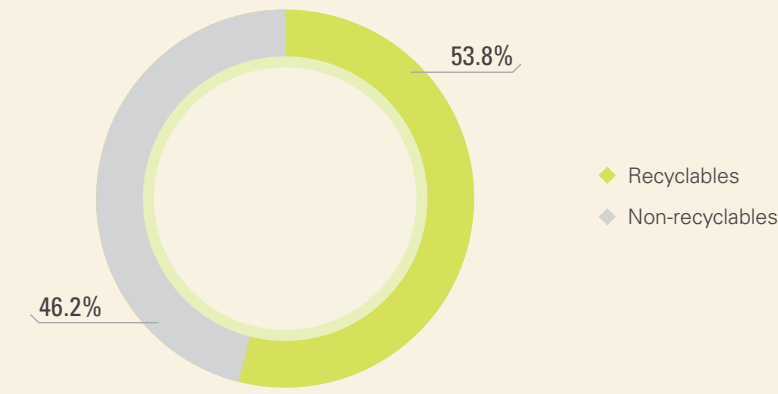
In April 2015, we commissioned a study to review AAHK's waste management practices with a view to develop a long-term strategy to achieve the 50% waste recycling/recovery target. The study included on-site surveys to quantify the waste produced by different sources under AAHK's control and to determine its composition. It also included a review of the recycling market in Hong Kong and the upcoming municipal solid waste charging scheme.

The study revealed that aircraft cabin waste accounts for the largest share of waste generated, followed by waste from restaurants, food courts and lounges in the terminal buildings, and then waste in refuse and recycling bins. These three sources together accounted for over 80% of the total waste generated, and are therefore the areas in which waste reduction and recycling efforts have the greatest potential to help us achieve our target.

Overall average waste stream distribution by source



Overall waste composition (recyclables vs non-recyclables)

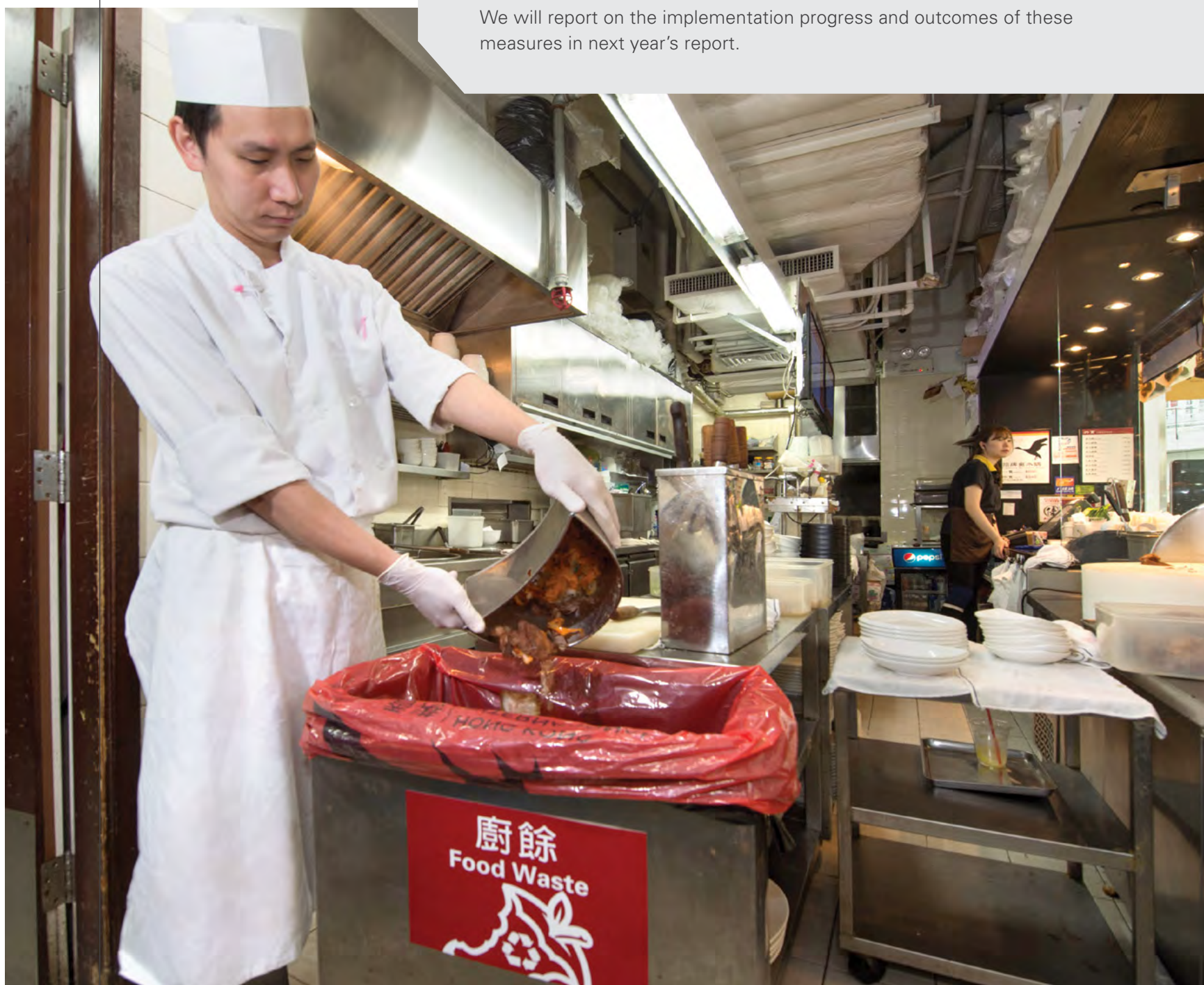


Key solutions

Key issues identified during the study can be categorised into three areas: waste avoidance, behaviour change and disposal options. We developed a range of solutions with a proposed timeline for implementation from 2016 to 2021.

Firstly, we are exploring ways to reduce waste at source. Secondly, we will review our management of waste contractors to enhance the collection and sorting of recyclables. Thirdly, we are preparing a major engagement programme involving training and education of airport users, tenants and contractors to induce behaviour change that leads to higher levels of waste reduction and separation. We will also explore other disposal options as an alternative to landfilling.

We will report on the implementation progress and outcomes of these measures in next year's report.



Food waste separation being conducted at a restaurant at HKIA

BIODIVERSITY

AAHK has a demonstrable duty of care to avoid and minimise adverse impacts on biodiversity during the operation and development of HKIA. As such, we have implemented various initiatives and supported a range of programmes on biodiversity conservation in the past, and have recently developed a Biodiversity Strategy to ensure a structured approach to biodiversity management. Through the HKIA Environmental Fund, we have funded a number of research projects on species that are of particular relevance to HKIA.

Biodiversity Strategy

AAHK’s Biodiversity Strategy aims to minimise the impacts of the development and operation of HKIA on biodiversity by working with relevant experts and stakeholders to:

- ◆ Identify and quantify impacts;
- ◆ Identify opportunities for reducing negative impacts and increasing positive impacts that are most relevant to AAHK’s role as the operator of HKIA; and
- ◆ Develop projects that address these impacts in the key areas of marine and terrestrial species and other wildlife at or around HKIA.

To meet these objectives, AAHK is preparing an HKIA Conservation Action Plan (HKIA CAP) that will involve a baseline study of key species and habitats, and outline specific actions, targets, timeframes and indicators for tracking our performance. It will propose new measures to strengthen the foundations of long-term conservation and management of those key biodiversity areas which AAHK may be able to influence. The HKIA CAP will be completed in 2017/18.

Biodiversity Conservation Projects

Key biodiversity areas	Previous and current projects
Marine species in the waters around HKIA	<ul style="list-style-type: none">◆ Population level surveys of Chinese White Dolphin (CWD) across the Pearl River Estuary (conducted by The University of Hong Kong (HKU) and Ocean Park Conservation Foundation Hong Kong (OPCFHK))◆ CWD conservation research framework and action plan (conducted by OPCFHK)◆ Pipefish and seagrass study on Lantau (conducted by Eco-Education and Resources Centre)



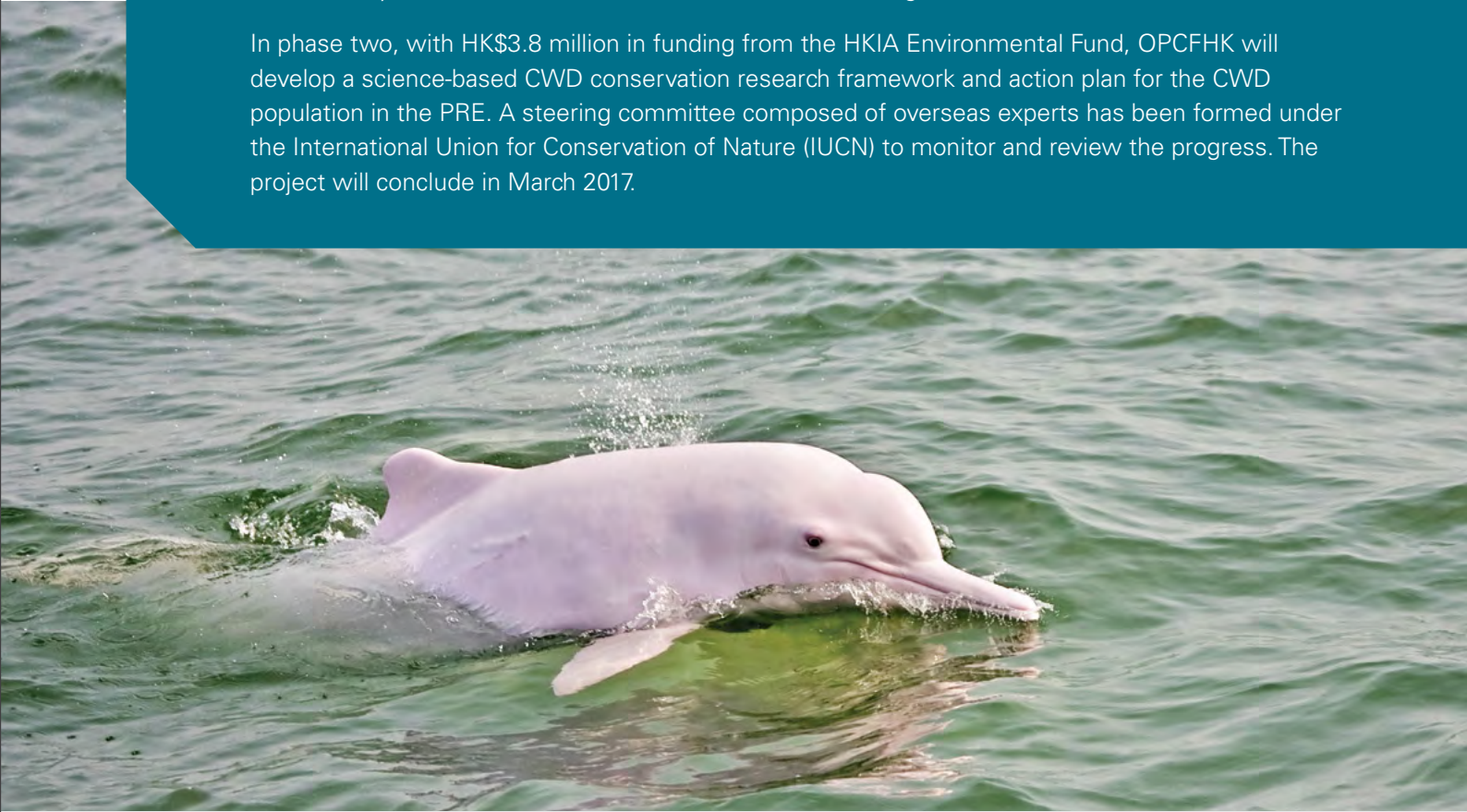
Key biodiversity areas	Previous and current projects
Terrestrial species at HKIA	<ul style="list-style-type: none">◆ Study on Romer’s Tree Frog on Scenic Hill (conducted in-house)◆ Ant and moth study: monitoring of terrestrial non-native insect species introductions to Hong Kong (conducted by HKU)
Other wildlife at HKIA	<ul style="list-style-type: none">◆ Study on live reef food fish trade (conducted by ADM Capital Foundation)◆ AAHK’s Sustainable Dining Policy launched

CASE STUDY

RESEARCH ON CHINESE WHITE DOLPHIN CONSERVATION

We are supporting a study on the potential CWD conservation strategies in the Pearl River Estuary (PRE). In phase one, facilitated by AAHK, 44 airport business partners committed to support a HK\$2 million study conducted by HKU and OPCFHK to quantify the CWD population in the PRE. High quality digital images of individual dolphins were collected during the vessel-based surveys, which were used to construct a photographic CWD database. This was the first time that systematic surveys of this type and intensity have been conducted across the entire PRE region.

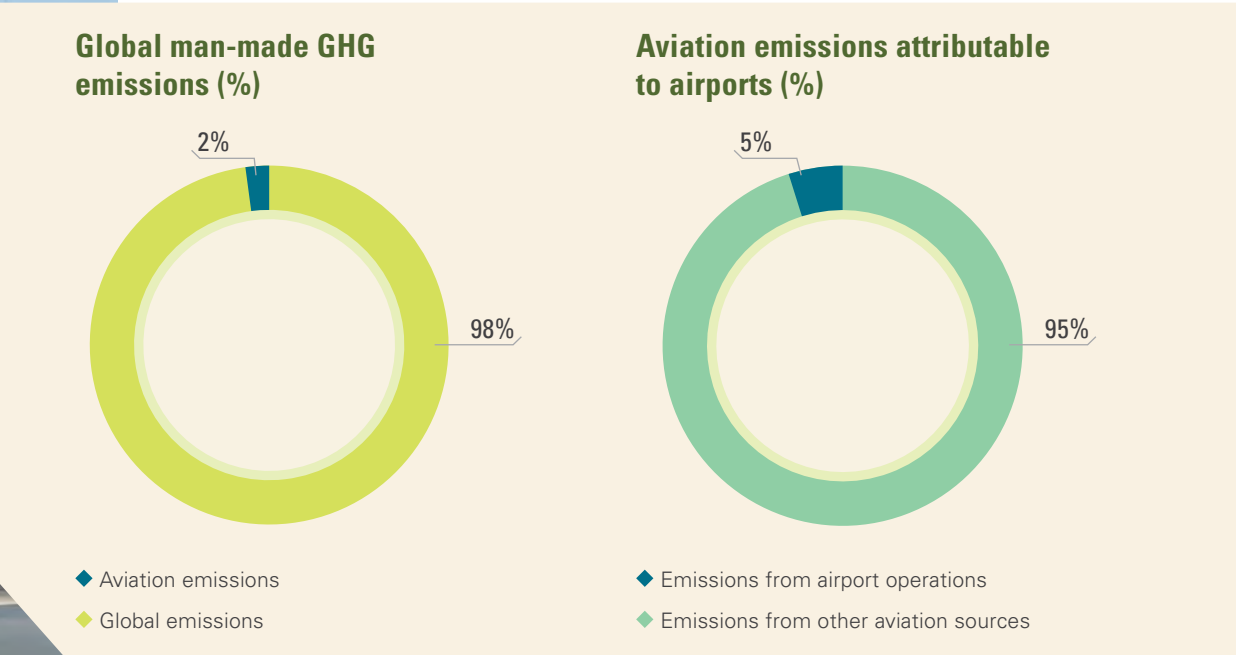
In phase two, with HK\$3.8 million in funding from the HKIA Environmental Fund, OPCFHK will develop a science-based CWD conservation research framework and action plan for the CWD population in the PRE. A steering committee composed of overseas experts has been formed under the International Union for Conservation of Nature (IUCN) to monitor and review the progress. The project will conclude in March 2017.





CARBON AND ENERGY MANAGEMENT

The aviation industry is responsible for around 2% of global man-made greenhouse gas (GHG) emissions¹. At the same time, it is estimated that airport operations account for up to 5% of total aviation emissions². As demand for air travel continues to grow, industry stakeholders are working together to decouple business growth from an increase in emissions, and to contribute to preventing further climate change.



HKIA, and indeed many other airports, has responded by joining the Airports Council International (ACI) Airport Carbon Accreditation programme, which received support from the United Nations Framework Convention on Climate Change (UNFCCC) by the signing of a partnership agreement between UNFCCC and ACI at the landmark COP21 climate change negotiations in Paris in December 2015.

In 2010, AAHK and 40 airport business partners pledged to reduce airport-wide carbon emissions by 25% per workload unit by 2015 based on 2008 levels. AAHK accounts for approximately 40% of airport-wide carbon emissions. Electricity consumption is the major contributor, accounting for over 90% of AAHK’s total carbon emissions. To this end, we have an ongoing programme to enhance the energy efficiency of AAHK’s facilities and equipment, and have integrated energy efficiency as a key design element in new development projects through our Green Airport Design Strategy. Please refer to ‘Building our Future Airport’ section for more details.

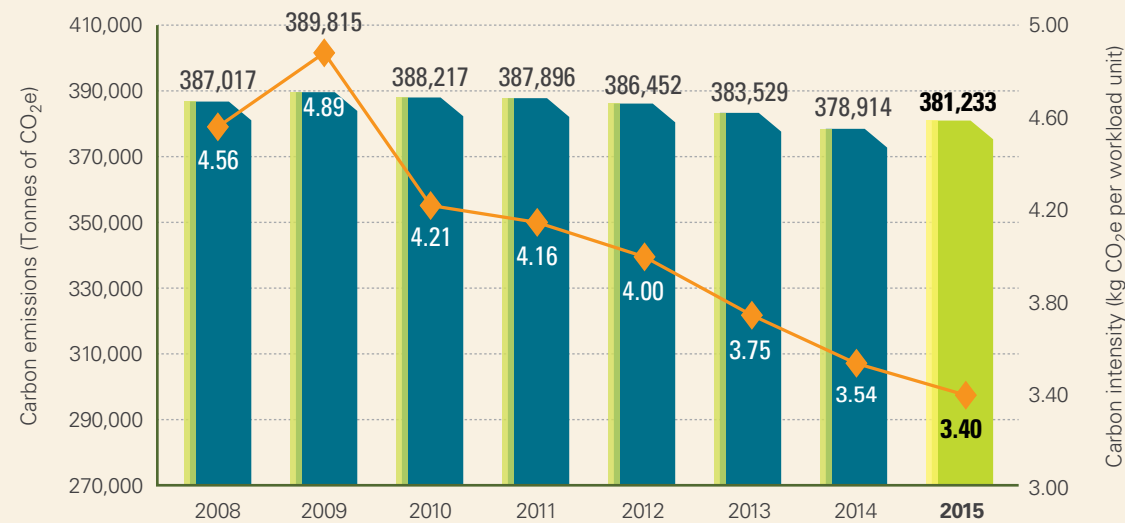
(1) Source: ‘Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report: Climate Change 2007’
 (2) Source: ‘Airport Carbon Accreditation Annual Report 2010-2011’, ACI-Europe and WSP Environment and Energy

Performance

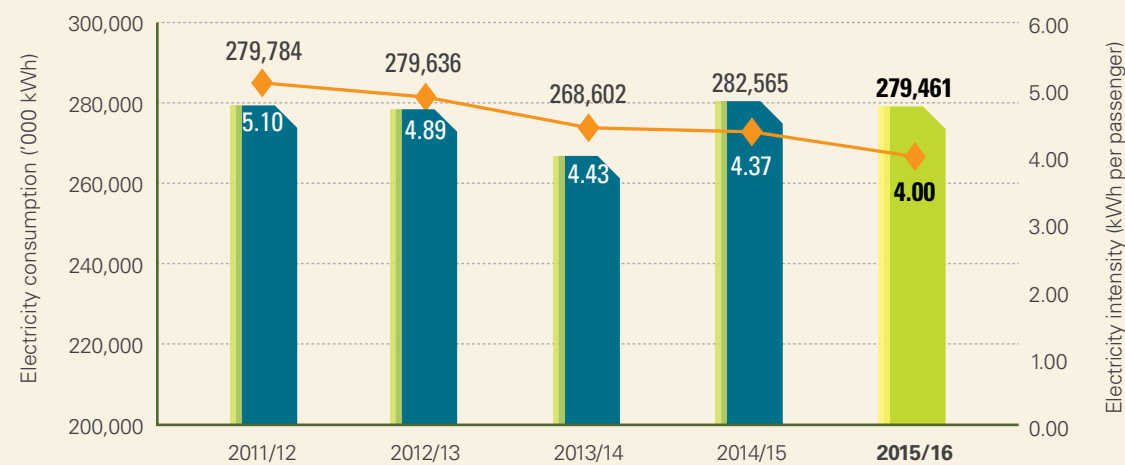
In 2015/16, AAHK achieved an 8.5% reduction in our electricity intensity despite an increase in passenger numbers compared to last year, and recorded a slight reduction in absolute electricity consumption.

By the end of 2015, HKIA had achieved a 25.6% reduction in carbon intensity³ compared to the 2008 baseline. During the year, we commissioned a consultancy study and conducted an extensive engagement exercise, both internally and with our business partners, to establish a new carbon reduction target for 2020. Details of the new target will be outlined in next year's report.

HKIA's airport-wide carbon emissions and intensity



AAHK's electricity consumption and intensity



(3) Carbon intensity refers to carbon emissions per workload unit. One workload unit is equal to 1 passenger or 100 kg of cargo. The 2008 emission factor as provided by CLP Power Hong Kong Limited, AAHK's electricity provider, was used in the calculation to enable year-on-year comparison of emissions from purchased electricity.



Key Initiatives

Energy saving

Initiative	Timeline	Expected energy saving
Complete the re-commissioning of MFC	March 2018	A further 5% on top of the 21% saving achieved against the baseline established in the initial Green Airport Design Strategy
Complete the installation of energy efficient motors in 570 air handling units and ventilation fans in Terminal 1	October 2016	2.6 million kWh a year (1,600-tonne reduction in annual carbon emissions)
Completed the installation of two energy efficient high-voltage chillers	July 2016	9.8 million kWh a year (6,200-tonne reduction in annual carbon emissions)
Started the re-commissioning of mechanical ventilation and air-conditioning system in Terminal 1	April 2015	1.9 million kWh a year
Completed the trial of apron high mast LEDs	August 2015	1 million kWh a year
Started replacing the LED gantry lights in Terminal 2	January 2015	0.6 million kWh a year

Energy Management System

- ◆ Started the pilot installation of the Analytic Energy Management System at the North Satellite Concourse in December 2015.
- ◆ Establish an Energy Management System to improve energy efficiency and achieve ISO 50001 certification by February 2017.

Use of new technology

- ◆ Supported The Hong Kong Polytechnic University to develop the first Hong Kong-made 50kW quick charger for charging electric vehicles. The charger was successfully tested in September 2016 and will be put into service at the parking area of HKIA Tower in October 2016.



GREEN OFFICE PROGRAMME

Q&A with Ringo Yu, Senior Officer, Environment



- Q Please tell us about the Green Office Programme and your role in the programme.

A The programme was established in 2014 to enhance environmental awareness among staff and promote behaviour change. We also hope our staff will bring home the good practices they learn.

For little or no cost, green office initiatives can encourage small actions that, when amplified across our entire workforce, can make a significant difference to the overall environmental performance of HKIA.

My role is to develop new green office campaigns and coordinate with various parties to implement them. Our first achievement was establishing easy-to-understand “Green Office Guidelines” and placing stickers around the office with green tips and reminders.

- Q What were the major initiatives implemented under the programme in 2015/16?

A In April 2015, we launched the “Switch Off Your Computer” competition, which encouraged departments across AAHK to reduce the number of computers left on after work and at weekends. All departments demonstrated improvement during the eight-month period. The percentage of computers left on decreased from 46% at the outset to less than 10% at the end of the competition.

In January 2016, we launched a Green Photo Competition to encourage AAHK staff to explore and capture images of Hong Kong’s natural beauty. The winning and shortlisted photographs were displayed at our office and the six winners received great prizes, including the chance to participate in a photography workshop with well-known nature photographer Samson So. We are planning to expand the scope of the next competition to include all staff at HKIA.

- Q What key learnings can you share and what’s next for the programme?

A Coordinating green campaigns across more than 20 departments can be quite a challenge, which is why senior management support from the outset is important. I am grateful for the support and enthusiasm of my colleagues, without whom this programme could not get off the ground. When I see people paying attention to the green office messages, and witness solid and sustained improvements in green office performance, I know that the programme generates positive impact and feel a huge sense of accomplishment.

Departmental competitions are a good way to engage and motivate our staff, so I am exploring the feasibility of running competitions on other environmental impacts, including office paper use.

VERIFICATION STATEMENT

Scope and Objective

Hong Kong Quality Assurance Agency (HKQAA) has been commissioned by Airport Authority Hong Kong (AAHK) to conduct an independent verification of its Sustainability Report 2015/16 (the Report). This is AAHK's fourth annual sustainability report, covering the fiscal year 2015/16, ended 31st March 2016. The Report describes AAHK's sustainability performance and management approach during the reporting period and provides a glance of the major objectives and targets set for key areas of sustainability. The Report focuses on the sustainability issues that are most material to AAHK and its stakeholders.

The aim of this verification is to provide a reasonable assurance of the information stated in the Report based on the Global Reporting Initiative (GRI) reporting principles for defining report content and report quality. The Report is prepared 'in accordance' with the GRI G4 Sustainability Reporting Guidelines and the Airport Operators Sector Disclosures: the Core option.

Methodology

The verification process was undertaken with reference to:

- ◆ International Standard on Assurance Engagement (ISAE) 3000 (Revised) – *"Assurance Engagement Other Than Audits or Reviews of Historical Financial Information"* issued by the International Auditing and Assurance Standards Board
- ◆ GRI G4 Sustainability Reporting Guidelines and the Airport Operators Sector Disclosures

The process included reviewing the internal data collection and management mechanism, interviewing responsible personnel with accountability for preparing the Report, and examining the raw data and supporting evidence of representative samples of data and information selected for verification based on a risk-based approach.

Independence

HKQAA was not involved in collecting and calculating data, or in the development of the Report. HKQAA's activities are independent from AAHK. There is no relationship between AAHK and HKQAA beyond the contractual agreement for providing the verification service.

Conclusion

The verification results confirmed that the Report has been prepared 'in accordance' with the GRI G4 Sustainability Reporting Guidelines and the Airport Operators Sector Disclosures: the Core option.

The information presented in the Report provides a structured, balanced and reliable disclosure of AAHK's sustainability performance in the reporting period. The GRI reporting principles of stakeholder inclusiveness, sustainability context, materiality and completeness have been well adhered to. Besides, the essence of accuracy, timeliness, comparability, clarity and reliability underpins the report quality.

Immense efforts have been put into the report formulation process with emphasis on specific themes that showcase AAHK's commitments and aspiration towards sustainability. A more robust materiality assessment and wider stakeholder engagement mechanism have been exercised in defining the report content. In conclusion, the Report enables effective communication between AAHK and its stakeholders in different dimensions.

Signed on behalf of Hong Kong Quality Assurance Agency



Connie Sham
Head of Audit
September 2016



