

Airport Authority Hong Kong

SUSTAINABILITY REPORT 2017/18

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Chairman's Message

Dear Stakeholders,

Hong Kong International Airport (HKIA) achieved a record-setting 2017/18, reaching new heights in passenger volume, cargo throughput and flight movements. I would like to express my heartfelt gratitude to the airport community for their unwavering commitment to deliver the highest service standards – notably the swift recovery of airport operations following several intense typhoons. It is during these challenging moments that we showcase HKIA as one of the most efficient airports in the world.

This year is the 20th anniversary of HKIA and it coincides with the completion of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macao Bridge. These new transport links will greatly enhance Hong Kong's connectivity with the Greater Bay Area (GBA). By leveraging HKIA's global reach to over 220 destinations, we are well positioned to serve as the hub airport of the GBA to the world.

We have formulated a strategy to turn HKIA from a "city airport" to an "Airport City". This includes the construction of the Three-runway System, which will enable HKIA to meet the region's growing demand and will handle 100 million passengers and nine million tonnes of cargo a year by 2030. SKYCITY will be the largest commercial development in Hong Kong when completed in 2023, providing entertainment, retail and dining facilities, as well as hotels and offices.

Apart from building the necessary infrastructure, we must also build a workforce to operate it to the highest standard. We started the HKIAA in April 2017, which provides vocational training courses for school leavers as well as specialised programmes for in-service practitioners. Over 100 courses have been delivered for 5,500 students in its first year of operation. We will also continue to improve the working environment at HKIA and provide additional amenities for airport staff, including a community centre, a multi-purpose sports hall, staff canteen and a new campus for the Airport Preschool. We hope to make the airport staff feel engaged and satisfied, and proud to be part of HKIA.

We will continue to work with our business partners across the airport community to maintain HKIA's excellence in the years to come.



Jack So Chak-kwong

Chairman

Hong Kong, October 2018



Reclamation works for HKIA's Three-runway System is on schedule



AAHK Chairman Jack So extends his congratulations to the students of HKIAA



Celebration of HKIA's 20th anniversary



Chief Executive Officer's Message

Dear Stakeholders,

Sustainability at Airport Authority Hong Kong (AAHK) is about sustaining the long-term development and operation of Hong Kong International Airport (HKIA). It needs to be embedded into our business and rests with every one of us. By empowering our staff to develop and implement initiatives that strengthen the airport community, we are instilling a robust culture of sustainability throughout HKIA.

Our public mission as a statutory body goes beyond operating the airport as a business; we are putting the interests of Hong Kong and its people at the heart of our organisation. We connect Hong Kong to the world, providing vital links supporting the growth of the city's four economic pillars – financial services, trading and logistics, tourism, and producers and professional services. As the first and last touch points for visitors to our city, HKIA is a reflection of Hong Kong people's values where the airport's efficiency and vibrancy is a great source of pride for Hong Kong and its people.

Our vision is to strengthen HKIA's competitiveness in order to drive the economic growth of Hong Kong and enable Hong Kong to capture new opportunities. To bolster Hong Kong's position as the leading cargo logistics hub, we are investing in building HKIA's capacity to enable cold chain logistics and e-commerce. We also offer HKIA as a test bed to trial locally-developed technological solutions and accelerate their commercialisation. Launched in early 2018, our EXTRA MILE project brings AAHK, our business partners and NGOs together to address social issues by creating employment and promoting upward social mobility while simultaneously serving the business interests of the airport community.

Last year, we continued to make good progress in reducing HKIA's environmental footprint. We rolled out a 20-month municipal solid waste (MSW) charging pilot scheme to prepare the airport community for the introduction of territory-wide

MSW charging. In 2017, we achieved a 5.7% reduction in our 'airport-wide' carbon intensity relative to 2015 levels, which exceeds our projected performance. Moreover, we successfully achieved ISO 14001 certification for AAHK's environmental management system in March 2018. This is a major milestone in putting HKIA one step closer to meeting our Greenest Airport Pledge.

None of these would be possible without the dedication of AAHK's 2,300 staff. We have implemented a number of initiatives to reinforce AAHK's position as an employer of choice. The WIT programme has been expanded to cover all frontline staff, which is helping to foster a culture of empowerment and innovation.

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 for Hong Kong.



Fred Lam

Chief Executive Officer
Hong Kong, October 2018



Presentation of the 2017 WIT Grand Award to the Baggaholic Team.



AAHK CEO Fred Lam delivers opening remarks at the EXTRA MILE launching ceremony.



AAHK receives ISO 14001 Environmental Management System certification.

Our Approach to Sustainability

Sustainability vision

'Our 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 structure

Within AAHK, sustainability is managed through different entities within the organisation. The current management structure is illustrated in the diagram below.

Board level

Business Development Committee

The Business Development Committee has the mandate to oversee AAHK's sustainability, as stated in its **Terms of Reference**.

Senior management level

Executive Director, Engineering & Technology

The Executive Director, Engineering & Technology (EDET) has overall responsibility for AAHK's sustainability management and performance.

Department level

Sustainability Department

Under the EDET, the Sustainability Department is responsible for developing and rolling out AAHK's sustainability strategy, management and reporting systems.

Cross-functional level

Sustainability Working Group

The Sustainability Working Group comprises representatives from departments across AAHK who support the development of AAHK's sustainability reporting and framework.

AAHK's corporate governance framework and practices are outlined in the **Corporate Governance section** of our 2017/18 Annual Report.

Management approach

AAHK outsources many of the airport's 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 we exercise over the various aspects of airport operation.

Control

AAHK's own activities

Guide

Contractual agreements with business partners

Influence

Engagement and partnerships with business partners and the wider community

Materiality Assessment

Introduction

In preparing our 2017/18 sustainability report, we directly engaged with our key stakeholder groups as part of the materiality assessment process to identify and prioritise the issues to be covered in this report.

- Employees
- Airport business partners, including franchisees, licensees, retail tenants and airlines
- Suppliers and contractors
- Non-governmental organisations and think tanks
- Trade and industry associations and professional bodies
- Financial institutions
- Academics
- University students

The process

Identify potential issues

- Compiled a master list of sustainability issues from various sources, including material issues identified in previous sustainability reports, internal policies and management reports, media opinions, industry trends, and the GRI reporting framework.
- 40 issues were identified and grouped into 4 categories: Economic & Society, Environment, Operating Practices, and People.

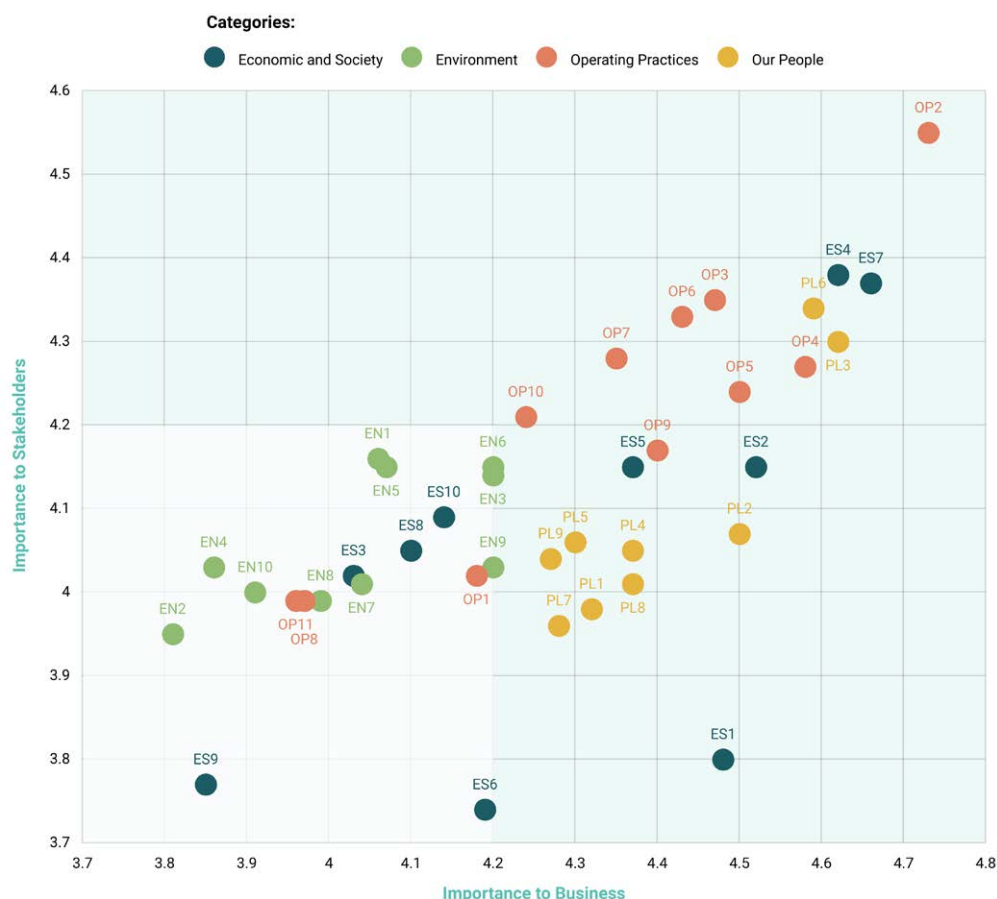
> Prioritise issues

- Conducted two online surveys (252 responses, 51%) to rate the importance of each issue from a stakeholder or a business perspective, using a scale of 1 to 5 (1=not important, 5=extremely important).
- Developed the materiality matrix based on the scores of the surveys, set the threshold for materiality (i.e. at a score of 4.2) and prioritised a list of most important sustainability issues.

> Senior management validation

- AAHK's management reviewed the materiality matrix and the threshold for materiality.
- 25 of the 40 issues, with an overall score of 4.2 or above from a stakeholder or a business perspective, were prioritised as the most important sustainability issues for AAHK to address and report on.

Materiality matrix



List of important sustainability issues

The materiality matrix shows the 40 identified issues (as listed below) according to their importance to stakeholders and importance to business. The 25 issues in bold are ranked as the most important.

Economic & Society

ES7 – Infrastructure development

ES4 – Connectivity

ES2 – Branding & reputation

ES1 – Air cargo strategy

ES5 – Economic contribution

ES3 – Community investment

ES6 – Financial management

ES10 – Supporting the aviation industry

ES8 – Labour shortage at HKIA

ES9 – Local community engagement

Operating Practices

OP2 – Airport safety & security

OP4 – Compliance with laws & regulations

OP5 – Contingency planning

OP3 – Capacity constraints

OP6 – Customer experience

OP9 – Information security

OP7 – Facilities management

OP10 – Innovation & technology

OP1 – Accessibility

OP8 – Human rights

OP11 – Supply chain management

Environment

EN6 – Green design & construction

EN3 – Carbon & energy

EN9 – Waste

EN1 – Air quality

EN5 – Environmental management

EN7 – Material use

EN8 – Noise

EN10 – Water

EN4 – Climate-related risks & impacts

EN2 – Biodiversity

People

PL6 – Occupational health & safety

PL3 – Ethics & integrity

PL2 – Employee well-being

PL4 – Employee engagement

PL8 – Succession planning

PL1 – Attracting talent

PL5 – Employee rights

PL7 – Retention & turnover

PL9 – Training & career development

External review committee

We convened an external review committee for the first time to gather independent feedback on:

- The materiality assessment process and the material issues identified,
- The quality of the report, and
- Communications around sustainability and sustainability reporting.

The committee consists of five members:

- Mark Devadason, Senior Advisor, BSR
- Professor Carlos Lo, Director of Centre for Business Sustainability and Professor and Head of Department of Government and Public Administration, The Chinese University of Hong Kong
- Hannah Routh, Partner, Deloitte China
- Kalina Tsang, Head of Hong Kong, Macau, Taiwan Programme, Oxfam Hong Kong
- Dr. Mark Watson, Head of Sustainable Development, John Swire & Sons (H.K.) Ltd

The committee convened twice to review the materiality assessment process and draft report content, as well as to provide advice on our sustainability performance. Feedback collected from the committee will be taken into consideration in the future development of our reporting and sustainability initiatives.

Stakeholder Engagement

AAHK engages with a wide range of stakeholders to better understand and respond to their needs, make better-informed business decisions, and better manage the resulting impact of these decisions. We define stakeholders as groups that interact with us and are influenced by, have an influence over, or have a vested interest in AAHK or HKIA.

The table below sets out our key stakeholder groups, their key interests, and the regular engagement methods adopted.

Airport business partners

Engagement methods

- Regular and ad hoc meetings
- Committees and liaison groups
- Audits and inspections
- Drills, exercises and training workshops
- E-mails and circulars
- Environmental and community activities
- Sharing of survey results and intelligence
- Award and recognition schemes

Key interests

- Airport planning and development
- Application of new technologies
- Airport safety and security
- Business continuity and contingency planning
- Operational issues
- Staff transport
- Labour issues
- Environmental management
- Planning for major events
- Service quality and customer feedback
- Social and community issues

Contractors and Suppliers

Engagement methods

- Regular and ad hoc meetings
- Audits and inspections
- Briefings and workshops
- E-mails and circulars
- Tendering process
- Performance review meetings
- Award and recognition schemes
- Company website

Key interests

- Operational issues
- Service performance standard
- Airport safety and security
- Supply chain management
- Ethics and integrity
- Occupational health and safety
- Environmental management
- Airport planning and development

Employees

Engagement methods

- Regular and ad hoc meetings
- Committees and liaison groups
- Conferences, briefings and town hall meetings
- Drills, exercises and training workshops
- E-mails, circulars and manuals
- Environmental and community activities
- Surveys
- Awards and recognition schemes
- Employee relations activities

Key interests

- Staff remuneration, benefits and wellbeing
- Staff transport
- Occupational health and safety
- Operational issues
- Environmental management
- Airport planning and development
- Business continuity and contingency planning
- Corporate governance and internal controls
- Legal compliance

Passengers

Engagement methods

- Customer service counters
- Telephone response centre
- Airport Ambassadors
- Leaflets and exhibitions
- Environmental and community activities
- Public announcements and posters
- Website and mobile apps
- Surveys

Key interests

- New facilities and services
- Connectivity
- Passenger experience
- Retail offers and incentives
- Passenger safety
- Business continuity and contingency planning
- Environmental management

Government departments and regulatory authorities

Engagement methods

- Training workshops
- Audits and inspections
- Forums, committees and liaison groups
- Annual and interim reports and results announcements
- Working groups
- Briefings and airport visits
- Regular and ad hoc meetings

Key interests

- Airport planning and development
- Financial performance and funding for the Three-runway System (3RS)
- Airport safety and security
- Emergency response and business continuity
- Operational efficiency
- Contribution to Hong Kong's economy
- Corporate governance and internal controls
- Environmental impact of the airport
- Public health and safety
- Transportation and road management

Legislative and district councillors, and political groups

Engagement methods

- Committees and liaison groups
- Briefings and airport visits
- Regular and ad hoc meetings

Key interests

- New facilities and services
- Financial performance and funding for the 3RS
- Smart technology
- Airport planning and development
- Transportation and road management
- Environmental impact of the airport
- Corporate governance

Industry associations and professional bodies

Engagement methods

- Forums and exhibitions
- Briefings and airport visits
- Participation in committees and sub-committees
- Regular and ad hoc meetings
- Response to surveys
- Participation in awards and recognition schemes

Key interests

- New facilities and services
- Smart technology
- Funding for the 3RS
- Airport planning and development
- Environmental impact of the airport
- Market information
- Occupational health and safety
- Operational efficiency
- Transportation and road management
- Contribution to Hong Kong's economy
- Procurement practices

Non-governmental organisations

Engagement methods

- Regular and ad hoc meetings
- Liaison groups
- Briefings and airport visits
- HKIA Environmental Fund

Key interests

- New facilities and services
- Environmental impact of the airport
- Social and community issues
- Operational efficiency
- Airport planning and development
- Airport safety
- Occupational health and safety
- Airport accessibility

Local community

Engagement methods

- Briefings and airport visits
- AA Staff Club's Social Service Group
- Community investment project
- Community liaison groups
- Meetings with village representatives

Key interests

- Environmental impact of the airport
- New facilities and services
- Smart technology
- Airport planning and development
- Social and community issues
- Transportation and road management
- Aircraft noise

Media

Engagement methods

- Workshops, briefings and airport visits
- Meetings with media heads, editors and opinion leaders
- Press releases and publications
- Media hotline and email

Key interests

- New facilities and services
- Financial performance and funding for the 3RS
- Smart technology
- Airport planning and development
- Airport operations
- Corporate governance
- Environmental impact of the airport

Financial institutions

Engagement methods

- Roadshows
- Regular and ad hoc meetings
- Press releases and publications

Key interests

- Corporate financing
- Cash management
- Financial risk management
- Business and operations overview

Young people

Engagement methods

- Workshops, briefings and airport visits
- Forums and exhibitions
- Management Trainee programme
- Graduate Engineer programme
- Summer internship programme
- Partnership with community organisations that engage youth
- Surveys
- Social media
- Mentoring programmes
- Community investment project

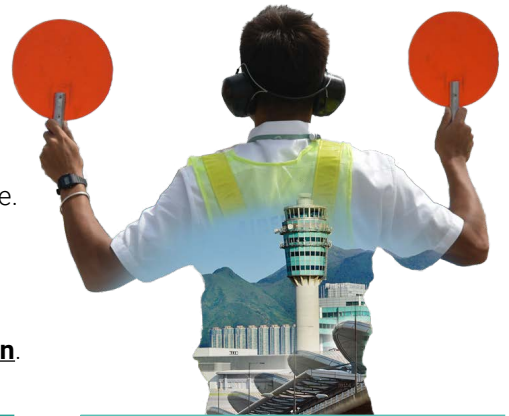
Key interests

- Job opportunities and career development
- Airport planning and development
- Economic contribution
- Environmental management
- Social and community issues

OUR PEOPLE

We aim to attract, develop and retain quality staff who share the same vision and value to make HKIA the pride of Hong Kong.

Operating a world-class airport requires a competent and engaged workforce. In light of this, we focus our human resources strategy on building our workforce, strengthening our corporate culture and enhancing staff engagement. Through implementing these strategies, we are also able to deliver our promise to employees under **AAHK's Employee Value Proposition**.



2,314
employees

as at the end of March 2018

584
new recruits

to support airport expansion

55

Work Improvement Teams

participated in the WIT
programme

Targets

Promote the Work Improvement Team programme to the airport community to encourage new ideas for value creation in the workplace

Complete in 2018/19

Cascade the organisation-wide team building programme to middle managers and frontline staff

Complete in 2018/19

Introduce wellness programmes to promote and enhance the well-being of staff

Complete in 2018/19

Building and Developing our Workforce

As the global aviation sector continues to grow, meeting the labour needs for the existing operation and the planned expansion of HKIA is a constant challenge. We have stepped up efforts to build and develop our workforce.

Timely recruitment to support airport expansion

Timely recruitment is critical to support the development of Three-runway System (3RS) and various capital works projects. Our cross-divisional recruitment taskforce continued to work closely to monitor the overall recruitment progress. Over 360 new positions were filled for these projects in 2017/18.



Attracting young talent

As the only airport in Hong Kong, growing our talent pipeline in airport management is essential to sustaining our operation and development. During the year, we linked our **Summer Internship Programme** to the recruitment of our **Management Trainees**. Interns with high caliber and outstanding performance were invited to attend the Assessment Centre which is the second final stage of our Management Trainee recruitment.

We also run the **Graduate Engineer Programme** to identify and develop a pool of home-grown professional engineers with the specific skills and experience necessary to meet HKIA's future development needs.

Strengthening staff and leadership development

Our leadership development efforts were further institutionalised with the extension of the Annual Talent Review and Succession Planning process to cover middle managers in 2017/18. Apart from this, a Development Centre was formally launched for Management Trainees to help identify their development needs.

New leadership and supervisory training programmes were launched to equip middle managers and junior supervisors, especially those newly promoted, with the necessary skills, knowledge and mindset to excel in their leadership roles.

To facilitate learning and benchmarking of best practices from other world-class airports, the second round of the “HKIA-Heathrow Staff Development Exchange Programme” was completed in Q4 2017/18.

We continued to enhance the learning curriculum to strengthen staff development. In 2017/18, our staff collectively received 53,718 hours of training. The average number of training hours per staff* is 24.9 hours.

*Average number of training hours per employee is calculated using the average number of employees for the fiscal year (2017/18: 2,159).

Strengthening Corporate Culture

Embodied in our vision, mission and values, our corporate culture is key to sustaining HKIA's long-term development. We continue to promote AAHK's "5Cs" Core Values through a range of culture promotion initiatives.

AAHK's "5Cs" Core 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

In 2017/18, we rolled out an escape challenge activity "Catch 5Cs If You Can!" to raise staff awareness of the "5Cs" through an interactive and fun way. Staff were tasked to solve various puzzles and overcome obstacles within a time limit in order to escape from the activity room.



Fostering a culture of continuous improvement

The Work Improvement Team (WIT) programme continues to serve as a platform for frontline staff to practice AAHK's core values and generate new ideas for value creation in their workplace. Following the pilot run in 2016/17, the WIT programme was extended to frontline staff of all divisions across AAHK in 2017/18. The first ever AAHK WIT Convention was held at the AsiaWorld-Expo for the final presentation in November 2017, attended by over 300 participants including AAHK Chairman and senior management, and airport business partners. Looking ahead, we plan to further promote the WIT programme to our business partners in the broader airport community in 2018/19.



2017 WIT Grand Award: Baggaholic Team

Q&A with Charles Li, Leader of Baggaholic Team

Can you tell us about your project for the WIT Programme? How does your project enhance the way how you work?

"The baggage sortation system is one of the most critical components of the baggage handling system at the airport. It sorts around 100,000 bags per day quickly and accurately to the right aircraft on time, enabling passengers to receive their bags upon arrival at their destinations. Our analysis has shown that a one minute system downtime can lead to 33 bags lagging in the baggage handling system, leading to the possibility of delayed baggage.

Given the importance of the system, we spend considerable time and resources to maintain and improve its reliability. Prior to the development of our in-house smart maintenance tool, we spend up to seven hours to check each sorter during the quarterly preventative maintenance checks. Given a small window available between 1am and 5am each morning when the airport is less busy, the process was extremely time intensive. Hence, we started to look for ways to reduce the time needed for this process."

How did you come up with your project idea?

"With the help of problem solving tools, such as the fishbone diagram and process mapping, we identified the growing pain points within the current maintenance routine. Manually checking the alignment of linear motors in a short maintenance window may result in human factors issues that affect the reliability of the outcome. With this in mind, we began brainstorming a tailored solution that would help address our most pressing challenges.

After several months of trial and error development, we introduced a bespoke smart maintenance tool, the "Smart-Sort-Checker", comprised of a high-definition camera, laser displacement sensors with attachable chassis. The new tool enhanced the accuracy by automating the inspection process and reduced the time required for preventative maintenance by 70% from a small initial investment on equipment."

How does your project demonstrate AAHK's "5Cs" Core Values?

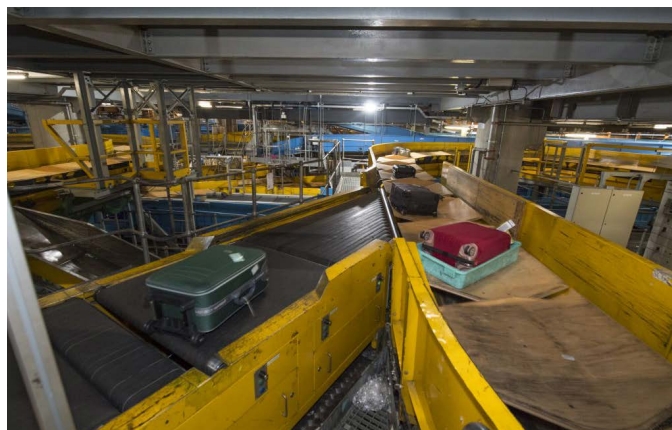
"Upholding high standards in baggage delivery is a commitment shared by our team and valued by our passengers. Collaboration with our frontline maintenance teams enabled us to better understand the problems they face each day and led to us developing a tailored and practical solution that would assist them in the day-to-day maintenance of our baggage sortation system. We paired creative solutions with innovative technologies into our tool to reduce the time required for preventative maintenance and improve the accuracy over the current process. The time freed up from maintenance could be allocated for other system enhancement works to promote continuous improvements in our baggage handling system."

What is your proudest achievement for this project?

"Winning the Grand Award at the 2017 WIT Programme is a significant milestone for our team. We are driven by our passion to do better and the WIT Programme was a great opportunity to demonstrate our commitment to continuous improvements of operational challenges at the workplace. Our project has helped to reduce maintenance time by over 80 hours each year from a small initial investment on equipment. We are also pleased to see that our success has rallied others in our department to join the next WIT. Overall, the WIT Programme has been an excellent platform to apply our creativity to practical projects that bring positive impact to HKIA."



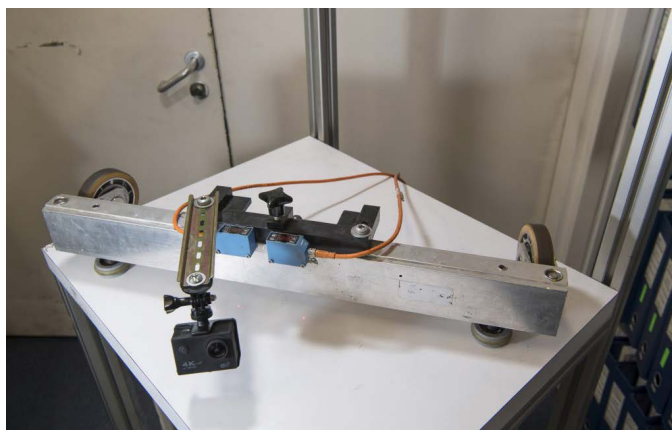
Charles Li, Leader of Baggaholic Team



The baggage sortation system, a critical component of the baggage handling system.



The Baggaholic Team (from left): Roy Yip, Tony Chan, Charles Li, Vincent Lai and Yumi Tung



The "Smart-Sort-Checker" comprises a high-definition camera, laser displacement sensors with attachable chassis.

Recognising outstanding performance

Through our Staff Recognition Programme, we continue to identify role models and recognise individuals and teams with outstanding achievements and performance demonstrating AAHK's "5Cs" Core Values. In 2017, the Corporate Recognition Programme recognised seven outstanding teams and three outstanding employees. All received awards from the Chief Executive Officer at our annual dinner held in January 2018.



Outstanding Employee Awards



Outstanding Team Award –
A-CDM Implementation Team



Outstanding Team Award –
Airport Preschool Project Team



Outstanding Team Award –
Duty Team (Terminal 1)



Outstanding Team Award –
Hong Kong International
Aviation Academy



Outstanding Team Award – Noise
Management Section, Infrastructure
Management & Coordination



Outstanding Team Award – PROUD



Outstanding Team Award –
The Centurions

Enhancing Staff Engagement

An engaged workforce who share the same vision and values to make HKIA the pride of Hong Kong is essential to our success.

Competitive remuneration

AAHK offers a comprehensive and competitive remuneration package, including medical and dental coverage, insurance plans, retirement schemes and child care subsidy, to our staff. In 2017/18, we continued to enhance staff benefits, in particular those relating to employee well-being and family-friendly practices.

Employee communication

To foster an open communication culture conducive to building teamwork and collaboration across AAHK, different channels are deployed under AAHK's Employee Communication Framework to cascade corporate messages, listen to employees' voice, and promote cross-departmental communication.

Employee Communication Framework

Cascade Corporate Message

Dialogue with Chairman

The Chairman shares his thoughts on the future outlook of HKIA with senior staff members and provides encouragement to the team in meeting future challenges.

Town Hall Meeting

The Chief Executive Officer shares the latest plans and updates of AAHK with all staff.

Listen to Employees' Voice

HR Outreach Programme

Newly launched in 2017/18, HR colleagues reach out to frontline staff at their workplace to better understand their working environment, thereby providing appropriate support.

Mingling with Management

Starting from 2017/18, regular mingling sessions are organised to enhance direct communications between senior management and staff amidst a relaxed atmosphere.

Promote Cross Departmental / Team Communication

Cross-departmental Team Building Programme

Business Talk Series

Department heads share the latest development and corporate initiatives in their areas of responsibility.

Cross-departmental Team Building Programme

Q&A with Queena Pun, Organization Development & Rewards, and Anna Kong, Manager, Organization Development

How was the Programme developed?

"In light of HKIA's expansion and with the new senior management team on board in 2014 and 2015, we took the opportunity to review our corporate vision, mission, and values. While our goal as a leading international aviation hub remained unchanged, our corporate values were refined and consolidated into **"5Cs"**

In 2016/17, the Culture Promotion Committee conducted focus group meetings with over 130 staff at different levels to collect their views on ways to build a better work environment. Based on their suggestions, we began developing initiatives to strengthen staff collaboration and cross-departmental communication. The Cross-departmental Team Building Programme is one of the key initiatives, which enables staff from different departments to get to know each other and experience how a collaborative environment can create synergy and help yield the best results through teamwork.

We started the Programme with the senior management team in September 2017 and cascaded to senior manager in early 2018. The Programme will be expanded to middle managers and all frontline staff in 2018/19."

Why is it critical to promote team collaboration across AAHK?

"With the 3RS and other significant enhancement projects in the pipeline, and the expanding team to support the operation and development of HKIA, cultivating stronger bonds among staff and fostering a collaborative work environment that promotes teamwork and partnership, care and mutual support has never been more important."

What are the key takeaways from the Programme?

"A major takeaway for our colleagues was to understand the working styles of people across the organisation. They learned about their own working style, as well as those others through the "Colour Test" [a test to help identify people's preferred working style], understanding the importance of having a mixed team, and hence appreciating the differences.

Another highlight was to experience the power of "We" through the development of the "Big Picture" and "Airport City" model. "Big Picture" is a large picturesque canvas consisting of 24 small canvas arts produced by senior managers, and "Airport City" is a model combining various parts of a city constructed by middle managers. Our colleagues were amazed by how their small individual contributions can turn out to be two pieces of artwork."

Are there any special or memorable moment that you would like to share?

"The unveiling of the "Big Picture" during a Management Mingling Session with senior managers was truly a special moment for us. It symbolises the concerted effort of the participating colleagues and the appreciation of teamwork. Besides, it is encouraging to see the overwhelming responses from our colleagues, including the request for permanently displaying the "Big Picture" at our office building."

"Engaging team building activities encourage us to make positive changes in the way we work to build a stronger team!"

Quote from participant



Queena Pun, General Manager, Organization Development & Rewards and Anna Kong, Manager, Organization Development



The "Big Picture" illustrates AAHK's "5Cs" core values.



The "Big Picture" and "Airport City" exhibits at HKIA Tower.

AA Staff Club

The AA Staff Club, sponsored by AAHK, continues to enhance the well-being of employees through organising recreational, social, sports and interest group activities on a regular basis.



Airport visit for AAHK staff, their family and friends



Mid-Autumn Festival celebrations with traditional Chinese lantern display



AA Family Fun Day 2017 @ Disneyland



Gift box making for White Day

Chairman
& CEO
Messages

Our
Approach

Our
People

World-class
Gateway

Our Future
Airport

HK People's
Airport

About This
Report

WORLD-CLASS GATEWAY

We are committed to strengthening HKIA's position as a world-class airport and Hong Kong's gateway to the world.

With Hong Kong's ever-growing aviation demand putting pressure on the airport's existing capacity, we are committed to operating a world-class airport that provides a safe, secure and enjoyable airport experience while minimising our environmental footprint.



3.25
injuries

per million passengers

Over **100**
airport business partners

commended in the 3rd HKIA
Environmental Management
Recognition Scheme

4.86
overall satisfaction score

in the 2017 Airport Service
Quality Survey

Targets

Maintain an overall satisfaction score of at least 4.86 (out of 5)

Complete in 2018

Reduce airport-wide carbon intensity by 10% compared to 2015 levels

Complete in 2020

Achieve an Airport Composite Safety Index not exceeding 3.78 injuries per million passengers

Complete in 2018/19

Reduce/recycle/recover 50% of all waste generated at HKIA

Complete in 2021

Safety, Security and Contingency Planning

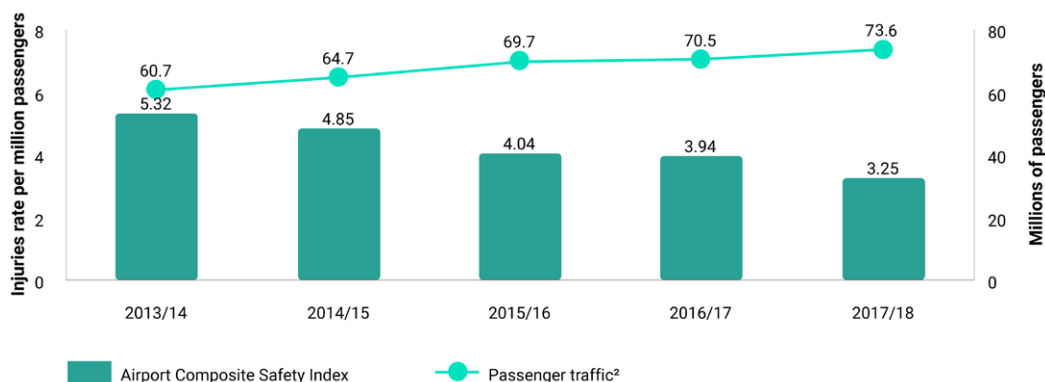
Ensuring the safety of the thousands of airport staff and the millions of passengers travelling through our airport every year remains our top priority. Moreover, we also need to be well prepared to predict, prevent and, where necessary, respond swiftly to all potential disruptions and crises that may affect the smooth operation of HKIA.

Safety and security

Ensuring the safety of our passengers, staff and airport operations is always our first priority. With the support of our business partners, we operate a safety management system, which provides a robust framework of safety processes, and work closely with our employees and the airport community to cultivate a 'safety-first' culture. We are also applying new preventive technologies to further strengthen the safety of HKIA.

HKIA achieved a record low injury rate of 3.25 injuries per million passengers in 2017/18 through the continuous collaboration of the airport community.

Airport Composite Safety Index¹



¹Airport Composite Safety Index is a safety performance indicator that measures the number of injuries arising from passengers and staff, with respect to the number of passengers.

²Total number of passengers includes originating, terminating, transfer and transit passengers. Transfer and transit passengers are counted twice. The number of passengers broken down by passengers on international and domestic flights is not relevant for AAHK as all passengers are classified as international. Origin-and-destination and transfer and transit data is not reported as it is considered commercially sensitive.

Key Initiatives

Safety management system

- Our **corporate safety policy and safety management system manual** were reviewed and updated.
- An online hazard reporting platform** was launched to encourage reporting of related hazards.

AAHK employees

- A corporate-wide safety campaign** was organised covering topics such as occupational health and safety, preventing slips and trips as well as hazard reporting.

Airport community

- A series of **Airport Safety Awareness Training** was organised for AAHK contractors and landside tenants.
- The annual **Airfield and Baggage Hall Safety Campaign** was held to enhance the safety awareness of staff working on the ramp and in the baggage hall.
- An **overhaul of the baggage hall** to enhance workplace safety, which included modifying and building new plinths, replacing existing and installing new railings, and reconfiguring road marks, commenced in Q4 2017/18.
- A **Virtual Aircraft Loading Bridge Operation training facility** was installed.

Passengers

- 30 Airport Safety Ambassadors** were deployed during busy travel periods throughout the year to promote safety and remind passengers of the proper use of airport facilities.
- Trials were conducted on the usage of **new full-body scanners** that use advanced imaging technology to enhance the security screening of passengers at Terminal 2 and the Midfield Concourse. The scanner is designed to detect items carried on a person or concealed underneath a person's clothing. We are now evaluating the trial results, which will help determine the future deployment of full-body scanners at HKIA.
- In conjunction with the Immigration Department, we launched **10 e-Security Gates**, which use facial recognition technology to automate the travel document inspection usually performed by an immigration officer. We are now examining the use of biometric technologies to facilitate passenger flow and enhance security in other parts of the airport.

Virtual Aircraft Loading Bridge Operation

Q&A with Michelle Ho, Manager, Standards & Service Delivery

What is this new Virtual Aircraft Loading Bridge Operation training facility for and what are its advantages?

“For most of us, we learn more effectively by having hands-on experience, so simulations that let us experience scenarios as close to the real environment as possible make learning a practical experience. Working closely with the Department of Industrial and Manufacturing Systems Engineering of the University of Hong Kong, we leveraged virtual reality (VR) technology and created an authentic virtual environment providing an immersive and high-fidelity 3D experience for the training of aircraft loading bridge operation at HKIA.

Prior to the introduction of VR training in 2018, training for operators took place at the aircraft loading bridges at HKIA. This training generally took place during off-peak periods to minimise the disruption to the normal operation of aircraft loading bridges. With the launch of our VR training facility, operators are able to experience different operating conditions in a safe environment under a more flexible training schedule. At the same time, aircraft loading bridges are freed up for operational use.”

How did you collaborate with other stakeholders to successfully implement the initiative?

“The operation of aircraft loading bridges is conducted by our ramp handling operators (RHOs) at HKIA. We engaged with the RHOs during the early planning stage to gather their support for embedding VR training into their training programmes. Concerns from the RHOs, such as allocation of training resources, cost, and planning, were discussed early on so that the VR training programme could be tailored to the needs of each individual RHO. Since September 2018, VR technology has been incorporated into aircraft loading bridge training programmes of all three RHOs.”

How is VR training helping to enhance overall safety?

“Workplace training accidents unfortunately occur from time to time and in some cases, they may even be fatal or cause damage to equipment. As trainees are prone to making mistakes, they need a safe environment to practice their skills until they are confident in them and VR is an ideal platform providing that. By helping them to visualise a variety of scenarios and allowing them to practice in a virtual 3D environment, they can improve their skills, build up their experience, and start the job with greater confidence. This enhances the overall safety of aircraft loading bridge operation.”

What were you most proud of for this project?

"I am most proud of HKIA being the first airport to introduce VR training for aircraft loading bridge operation. As the airport operator, AAHK adopts a leadership approach to improving safety and enhancing efficiency. This is a solid demonstration of the collaborative approach at AAHK with our airport business partners to drive continued excellence at HKIA."



Michelle Ho, Manager, Standards & Service Delivery



The Virtual Aircraft Loading Bridge Operation training facility creates an authentic virtual environment.



Aircraft loading bridge operators are required to undergo extensive training before starting the job.

Contingency planning

Given the range of potential disruptions and crises that may affect the operations of HKIA, we have put in place systems and processes to predict, identify, manage and minimise the associated risks. With a view to strengthening the operational resilience of HKIA, we must ensure that all AAHK employees and business partners are aware of the systems and procedures, and take appropriate action in the event of disruption or crisis.

Weathering the storms – Rapid response and recovery from typhoons

Q&A with Albert Ho, Assistant General Manager, Airfield

How was HKIA operations affected during recent typhoons?

“Typhoons are commonly observed in Hong Kong through the summer and fall months. The airport can be affected by strong winds, heavy rain, low visibility, and other weather-related conditions, which may impact airport operations. Under these circumstances, our priority at HKIA is to maintain the smooth running of the airport and handle flights affected by the storm safely and efficiently. When weather conditions improve, we strive to resume normal operations as soon as possible with the support of our business partners.

In the past two years, Hong Kong has been affected by increasingly powerful storms since records began in 1946. Last year [2017], Typhoon Hato, packing winds up to 185km/h at its peak intensity, forced the cancellation of 480 flights at HKIA. This year [2018], around 900 flights were cancelled under Typhoon Mangkhut, a more intense storm that felled 46,000 urban trees. On both occasions, our contingency plans were put to the test to weather the storms. The two runways operated overnight to help clear the backlog of passengers and flights to allow the airport to resume normal operations within one day after the typhoons cleared Hong Kong.”

How did you coordinate and collaborate with other departments and airport business partners to ensure a safe operation and prompt recovery after the storm?

“The Integrated Airport Centre (IAC) at HKIA is the nerve centre of the airport. During the passage of a typhoon, the Airport Emergency Centre, located inside the IAC, is activated to facilitate close communications and effective coordination between business partners, including the Hong Kong Observatory, Civil Aviation Department, Immigration Department, Customs and Excise Department, airlines, ground service handlers, airport catering outlets and public transportation operators.

During post-typhoon recovery, enabling effective information sharing is critical to ensure we maximise the airport's efficiency and capacity utilisation. In operation since 2015/16, the Airport Collaborative Decision Making (A-CDM) system was used as an information-sharing platform between AAHK and our business partners to exchange data in real-time and improve flight punctuality and reduce taxiing time. The Flight Rescheduling Control System was also activated to provide airlines with reassigned flight slots to help clear the backlog of passengers and flights in an orderly manner."

Are there any special moments that you would like to share?

"AAHK colleagues' steadfast demonstration of a "can-do" spirit is what makes it so special to work here. As soon as a problem is realised, every one pulls together quickly to tackle the situation. I was truly impressed with our team's handling in the aftermath of Typhoon Hato. The apron passenger vehicle lounge at the Midfield Concourse suffered some damage that affected operations related to boarding. AAHK teams swiftly came together to devise a contingency plan in consultation with other airport stakeholders under significant time pressure to resume normal operations as soon as possible."



Albert Ho, Assistant General Manager, Airfield



HKIA has been affected by increasingly intense typhoons in recent years.



The Integrated Airport Centre acts as the nerve centre of HKIA.

Key Initiatives

- **Business continuity** – A video on airport business continuity procedures and plans was produced and is a prerequisite for renewing staff airport permits from Q3 2017/18.
- **Land transport contingency** – No-Land-Link field exercise was conducted in November 2017 to practice and review the passenger ferry procedures in the event of closure of road and rail links to and from HKIA.
- **Typhoon readiness** – A multi-scenario typhoon readiness exercise was carried out in March 2018, gathering various airport community stakeholders to familiarise them with weather disruption handling procedures.
- **Pandemic preparedness** – Four sessions of quarantine and pandemic preparedness were held in March 2018 to familiarise the airport community with the handling procedures for suspected infectious disease onboard an inbound aircraft.

Greenest Airport

The operation and development of HKIA gives rise to a range of environmental impacts. Many of these are directly measurable and, taken together, represent the 'environmental footprint' of HKIA. Recognising that a significant proportion of HKIA's footprint is derived from our airport business partners, we collaborate with them and the wider aviation industry, and adopt a systematic 'airport-wide' approach to manage, reduce and mitigate the airport's environmental footprint, with particular focus on the management of solid waste, carbon and energy, and biodiversity.

Approach to environmental management

Objective: Greenest Airport Pledge

Pledged to make HKIA the world's greenest airport in 2012. This serves as a goal and a driver to continuously improve HKIA's environmental performance.

Management Commitment: Corporate Environmental Policy

Demonstrates AAHK's commitment to environmental management and defines the key focus areas.

Implementation Tools: ISO 14001 Environmental Management System

A certified environmental management system to manage, measure and continuously improve our performance.

Implementation Tools: Five-Year Environmental Plan

The Five-Year Environmental Plan sets out the actions and timeline in pursuit of the greenest airport pledge.

Working together to achieve AAHK-wide ISO 14001 certification

Q&A with Kristy Tan, Manager, Environment

What is the significance of achieving ISO 14001 environmental management system (EMS) certification to drive continuous environmental improvement?

“ISO 14001 is an internationally recognised voluntary standard that outlines the requirements for establishing an effective EMS. The international framework brings together standardised documentation and processes for monitoring legal compliance, managing AAHK’s significant environmental aspects, checking performance and reporting issues. Regular reviews, training and continuous improvement on environmental performance are fundamental elements of the EMS. To meet ISO 14001 standards, our EMS is audited annually by an independent certifying body.

In March 2018, we reached a significant milestone by certifying our EMS against the ISO 14001 standard, thereby putting us one step closer to meeting our ‘greenest airport’ Pledge.”

What were the major challenges encountered?

“Our EMS covers all areas at Hong Kong International Airport (HKIA) which are under our direct control. It involves all departments, staff members and includes airport operations and development projects.

Our initial challenge was ensuring our colleagues, most of whom have a non-environmental background, understand the purpose of the EMS, and their roles and responsibilities in supporting it. Through online training, departmental briefings, workshops and site walks, the percentage of staff who completed the online EMS awareness training reached 95% at the end of 2017.

As our EMS was being implemented, another challenge was encouraging staff to freely report on incidents for the benefit of continuous learning and improving of our environmental performance. Through the provision of reporting tools, we have gathered greater insights on the implementation of our EMS and identified areas where we could do better. This has become a key driver in our performance and led to improvements, such as a 40% increase in the quantity of food waste collected by our contractor.”

How did you collaborate across departments to achieve certification covering areas under AAHK's direct control at HKIA?

"Achieving ISO 14001 EMS certification is a result of the collective effort of everyone at AAHK. A good example of cross-departmental collaboration is the internal compliance check process. Formulated to ensure all departments conform to the requirements of the EMS, teams of trained internal compliance checkers are tasked with examining the implementation and maintenance of the EMS at a departmental level across the organisation. Feedback from internal compliance checkers has been positive with improved relationships with other departments and a greater level understanding of their colleagues' tasks being the principal benefits."

What are your priorities and targets for 2018/19 and beyond?

"As we outsource many of our operational functions to our business partners, we recognise the need to have greater oversight of their environmental performance when operating at areas under our direct control. We have embedded our corporate environmental commitments in our procurement platform to send a clear message to our supply chain of our expectations. Going forward, we aim to launch a comprehensive monitoring programme to give us better visibility of how our business partners comply with our environmental requirements in contracts and other agreements, and drive additional improvements."

What were you most proud of for completing this project?

"Achieving ISO 14001 certification has been such a great achievement, considering the complexity of our operations and the area under our direct control. I am proud that we have this system in place and that it has yielded many benefits, such as increased leadership involvement, standardised documentation and processes, and regular compliance checks."



Kristy Tan, Manager, Environment



Kristy and her team (Holly Lai and Vincent Fok) are instrumental to achieving AAHK-wide ISO14001 certification.

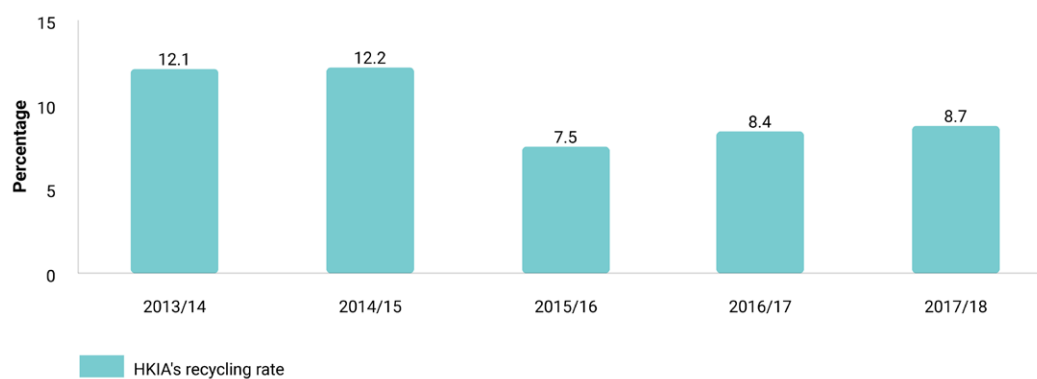


The EMS covers all areas at HKIA which are under AAHK's direct control.

Waste management

Waste is one of Hong Kong's most pressing environmental issues. With landfill sites becoming full and the forthcoming introduction of the municipal solid waste (MSW) charging scheme, we continue to look for innovative ways to accelerate the reduction of waste at HKIA. Our approach to waste management is to reduce the absolute amount of waste generated, facilitate waste separation at source to promote recycling and explore other disposal options. We have set a target of reducing/recycling/recovering 50% of waste generated at HKIA by 2021. Our overall recycling rate in 2017/18 was 8.7%.

Recycling performance



Our three-pronged strategy to waste management

1. Waste reduction at source

Minimise consumption to avoid disposal

2. Facilitation of recycling

Encourage recycling through engagement, improved facilities, and behavioural change

3. Alternative disposal options

Explore other disposal options as an alternative to landfilling

Key Initiatives

Waste reduction at source

- **Paper towels in washrooms** – A pilot programme was conducted in HKIA Tower from Q3 to Q4 2017/18. The trial will lead to a wider rollout of hand dryers in HKIA Tower and Airport World Trade Centre. New hand dryers are also being trialled in the two mock-up washrooms in Terminal 1.
- **Reusable dining ware** – To reduce single-use disposable dining ware, a requirement has been added to the license agreement for tenants of food and beverage outlets and food courts to offer reusable dining ware to dine-in customers from Q4 2017/18.

Facilitation of recycling

- **Aircraft cabin waste** – Inflight waste separation trials were conducted with home-based carriers from Q2 to Q4 2017/18 to identify opportunities for improvement and prepare them for the upcoming MSW charging scheme.
- **Performance-based contract** – A performance-based contract for waste management was established to enhance recyclables collection and sorting. A progressively rising minimum recycling target has been set for each successive year, which is reinforced with incentive payments. The contract was awarded in Q4 2017/18 and became effective in Q1 2018/19.
- **Waste charging** – To help the airport community prepare for mandatory MSW charging, AAHK commenced a 20-month MSW charging pilot scheme with tenants and airlines to determine a charging mechanism that would be the most practical and cost-effective approach. Participation is made easy through the provision of bags and bins to separate waste. The scheme is useful in providing business partners with a mock invoice indicating their cost for waste disposal. The cost of joining the pilot scheme is funded by AAHK making the programme free for business partners to join.

- Recognitions** – The 3rd HKIA Environmental Management Recognition Scheme concluded in Q4 2017/18 with awards for strong environmental performance presented to 102 airport business partners and tenants by the Secretary for the Environment. Waste management was the theme of this edition of the Scheme, which encouraged wider implementation of effective waste reduction and recycling measures.



The municipal solid waste charging pilot scheme adopts the “polluter pays” principle to encourage the airport community to further reduce waste.



Environment Bureau’s mascot “Big Waster” encouraged the public to go green at the 3rd HKIA Environmental Management Recognition Scheme.

Alternative disposal options

- Waste-to-energy** – In 2017/18, we completed a feasibility study on developing a small-scale waste-to-energy (WtE) facility at HKIA. We have decided not to carry forward with the development of WtE facility after due consideration of various factors, including the potential use of energy generated and the costs of building and operating the facility. We will continue to explore other waste treatment and disposal options.

Carbon and energy management

While global and regional demand for air travel continues to grow, we work closely with the airport community to decouple our business growth from an increase in greenhouse gas emissions, and to contribute to the mitigation of climate change.

HKIA Carbon Reduction Programme

In 2008, we established the HKIA Carbon Reduction Programme to provide a platform for the airport community to measure, reduce and report carbon emissions. Since then, we, together with our airport business partners, have made two pledges to reduce HKIA's 'airport-wide' carbon emissions. Further details of the HKIA Carbon Reduction Programme, including the carbon reduction initiatives implemented by our airport business partners are available at the [HKIA Carbon Reduction Programme webpage](#).

First carbon reduction pledge (2010-2015)

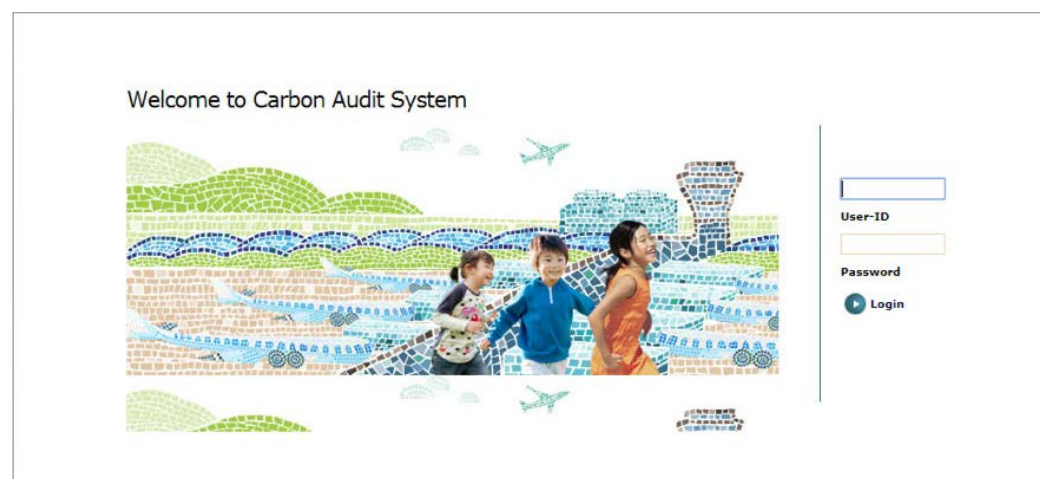
- AAHK and over 40 business partners
- Carbon intensity¹ reduced by 25.6% over 2008 levels, exceeding the target of 25%

Second carbon reduction pledge (2016-2020)

- AAHK and 53 business partners
- Committed to a further 10% reduction in carbon intensity¹ over 2015 levels

¹Carbon intensity refers to carbon emissions per workload unit, where it is defined as 1 passenger or 100 kg of cargo.

To encourage participation amongst our business partners, AAHK provides a proprietary web-based carbon data collection system. Airport business partners are expected to provide data from easily-sourced information such as monthly electricity and fuel bills. The system is useful in providing business partners with a tool to calculate, analyse and report their annual carbon emissions. The cost of system development, training and audit is funded by AAHK, making the programme free for business partners to join.



We also support our business partners in meeting our carbon reduction target through four support strategies:

Senior Executive Roundtable

Bring together senior executives of business partners for a high-level discussion on the business case for carbon reduction

Technical Working Group

Bi-annual technical training to business partners on carbon and energy saving solutions, such as solar panel implementation

Benchmarking Scheme

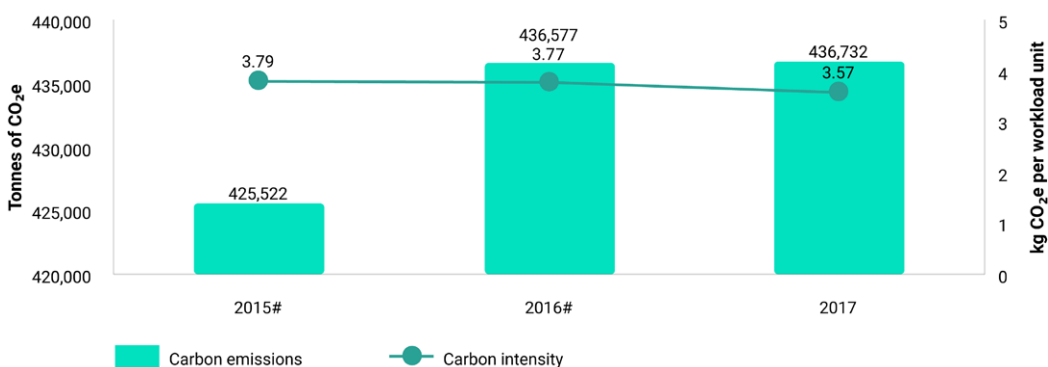
Encourage friendly competition between business partners in the same sector through comparing their performance against sector-specific reporting metrics

Carbon Reduction Award

Recognise business partners' efforts in reducing carbon emissions and promote best practices

In 2017, a 5.7% reduction in our 'airport-wide' carbon intensity was achieved relative to 2015 levels – our baseline for the second carbon reduction pledge. This exceeds both the reduction observed in 2016, and the performance projected in the consultancy study for setting the second reduction target.

HKIA's 'airport-wide' carbon emissions and intensity*



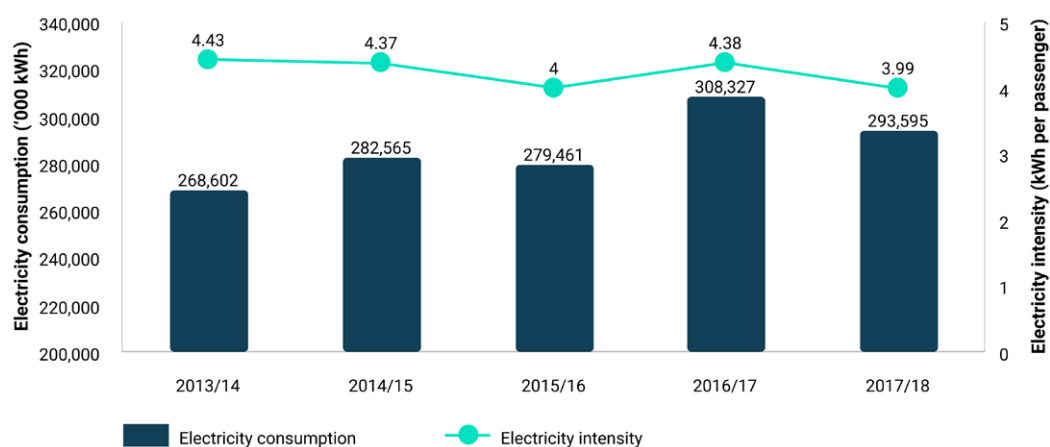
*Covers only the emissions from AAHK and the airport business partners participating in the HKIA Carbon Reduction Programme.

#One participating business partner (which is a small emitter with annual carbon emissions of less than 2,000 tonnes) ceased its operation at HKIA in 2017/18. To enable fair comparison, we have taken out its carbon emissions from our inventory. Therefore, the figures for 2015 and 2016 above are not the same as those disclosed in our Sustainability Report 2016/17.

Electricity consumption

AAHK accounts for approximately 40% of HKIA's airport-wide carbon emissions. Electricity consumption is the major contributor, accounting for over 90% of AAHK's carbon emissions. In 2017/18, we recorded a year-on-year decrease of 4.8% and 8.9% in absolute electricity consumption and electricity intensity respectively. The reduction was mainly the result of the replacement of two energy efficient high-voltage chillers in June 2016.

AAHK's electricity consumption and intensity



Key Initiatives

Energy efficiency

- In 2017, we achieved the **ISO 50001 Energy Management System (EnMS)** Certification for Terminal 1 (T1) and the Midfield Concourse. We will expand the scope of the EnMS to the North Satellite Concourse (NSC) in 2018/19.
- We continue to drive further improvements in energy performance. Example projects include:
 - Replacement of LED lights in T1;
 - Modification of gantry lighting control in T1;
 - Replacement of apron high mast lighting with LEDs;
 - Installation of a cloud-based building analytics system for the NSC and the Midfield Concourse;
 - Replacement of three energy efficient chillers in Ground Transportation Centre; and
 - Replacement of energy efficient pumpsets and motors at Seawater Pump House No.5.

Electrical vehicles

- The first phase of a programme to promote wider use of electric vehicles in the airside areas of HKIA was completed. In cooperation with our business partners, all airside saloon cars were replaced with electrical models in July 2017. The second phase, which will require the replacement of all airside private vehicles with a gross weight of less than 3 tonnes with electric models, is under planning.
- Electric ground services equipment (e-GSE) are being introduced as part of the wider roll-out of **HKIA's GSE Pooling Scheme**.
- A trial was conducted involving airside electric passenger buses. We plan to replace all 40 of our airside buses with electric models beginning from 2019.



Ground services equipment – electric baggage tractor



Airside electric passenger buses

Biodiversity

Preserving biodiversity and functional ecosystems plays an important role in sustaining a high quality of life for the people of Hong Kong. As HKIA and its surrounding waters host species of high ecological value such as the Chinese White Dolphin (CWD) and the Romer's Tree Frog, we have a duty of care to avoid and minimise adverse impacts on biodiversity during the operation and development of HKIA. As such, we have developed the HKIA Biodiversity Strategy to ensure a structured approach to biodiversity management and to support the introduction of **Hong Kong's first Biodiversity Strategy and Action Plan** in 2016.

HKIA Biodiversity Strategy and key actions

Our Strategy serves as a framework for conserving biodiversity at and around HKIA and identifies the key priorities for action, mainly in the following three key focus areas.

Marine species in the waters around HKIA

- Mitigation and enhancement measures adopted for the Three-runway System (3RS) project. These include:
 - Using non-dredged reclamation methods to minimise disturbance to the marine environment;
 - Adopting environmentally preferable deep cement mixing for ground improvement works in the disused contaminated mud pit areas north of HKIA;
 - Implementing horizontal directional drilling (HDD) technique in the construction of two underwater aviation fuel pipelines to avoid dredging of the seabed;
 - Establishing dolphin exclusion zones around potentially noisy marine construction activities;
 - Managing SkyPier high-speed ferries (HSFs) by:
 - Limiting the total volume of HSF traffic at an annual daily average level of 99 trips prior to designation of the proposed marine park;
 - Diverting HSFs travelling to/from Zhuhai and Macao away from the busy and narrowing channel immediately north of HKIA;
 - Restricting the speed of those diverted high-speed ferries to 15 knots or below in high CWD abundance areas along the diverted route;

- Designating a marine park of about 2,400 hectares to tie in with the full operation of the 3RS; and
- Setting up a **Marine Ecology Enhancement Fund (MEEF)** and a **Fisheries Enhancement Fund (FEF)** with a total budget of HK\$400 million. Independent committees were formed to manage these two funds. In 2017/18, the funds approved over HK\$8 million in support for 10 projects.

Terrestrial non-native insect species at HKIA

- A research project conducted by the University of Hong Kong entitled “Monitoring of terrestrial non-native insect species in Hong Kong” was completed in July 2017. Supported by the **HKIA Environmental Fund**, the study monitored the native and exotic communities of ants and moths at HKIA and surrounding habitats.
- Major findings include:
 - Discovery of 104 ant species on the airport island and the northern coast of Lantau Island, including two that are new to science, 16 that have never been recorded in Hong Kong and four invasive species;
 - Discovery of 157 moth species on the airport island, including one invasive species;
 - Discovery of Scenic Hill on the airport island and surrounding forested area acting as a natural barrier to prevent the spread of invasive species at HKIA; and
 - Identification of measures to prevent the arrival or dispersal of invasive species in Hong Kong, which is in line with the Government’s Biodiversity Strategy and Action Plan.



Other wildlife at HKIA and Lantau Island

- Supporting a public engagement project initiated by a local NGO, Green Power, to strengthen measures to conserve the Tung Chung River catchment area by monitoring its water quality and other ecological aspects from 2017/18 through the HKIA Environmental Fund.



Passenger Experience

With passenger numbers reaching 73 million, we need to ensure we are able to maintain world-class service despite the ever-increasing demand. Our aim is to provide an efficient, hassle-free and uniquely “Hong Kong airport” experience for our passengers. We are deploying the latest technologies to ensure we continue to enhance the passenger experience and deliver the high level of service that passengers expect from us.

A hassle-free airport experience

Key initiatives

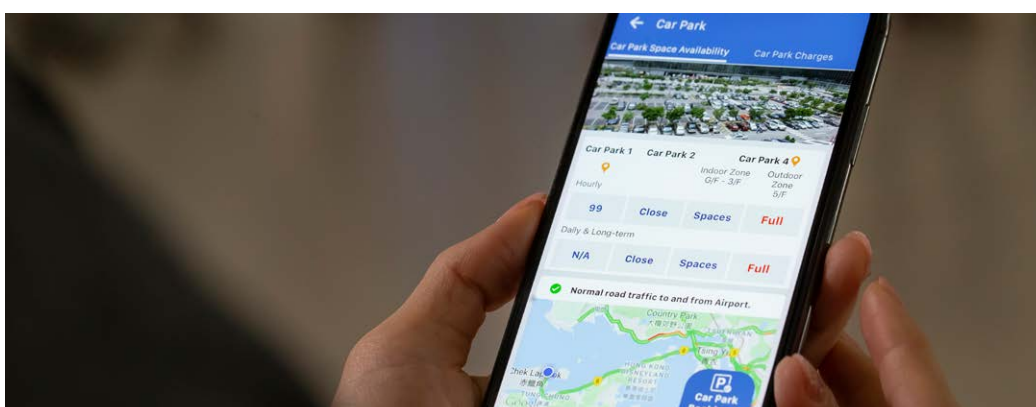
- Next generation smart check-in kiosks enabling passengers to check-in and print boarding passes and luggage tags at the airport.
- “HKG My Flight” mobile app supports signage translation into nine languages and car park booking.
- **My TAG**, our new smart baggage tag, providing real-time notification to passengers when their bags are ready for pick-up at baggage reclaim belts.
- Wi-Fi access points in the passenger terminals increased from 800 to 1,200
- 15 high-speed Wi-Fi zones with download speeds of up to 400 megabits per second.
- **HKairport Shop** makes shopping easy by ordering your purchases online and collecting them when you fly at HKIA.



Next generation smart check-in kiosks



Self bag drop service to print bag tags and check-in their baggage



Enhanced functionalities introduced in the "HKG My Flight" mobile app



HK airport Shop is a one-stop, airport based online shopping platform



15 high-speed Wi-Fi zones for speedier downloads

Real-time baggage arrival notice with MyTAG

Q&A with Inez Ko, Manager, Smart Airport

How was the idea of MyTAG generated?

“Providing our passengers with a pleasant and relaxing journey is what we aim to achieve. Since the launch of our HKG My Flight app in 2013, new features, such as boarding alerts, augmented reality wayfinding, airport directional signage translation, and more, have been regularly added to enable a more personalised journey alongside our physical facilities and services.

Nevertheless, we believe we could offer more for arriving passengers. During one of our regular brainstorming sessions in 2015, we identified baggage delivery as an area of concern in the customer journey. Upon arrival at HKIA, zipping through immigration and picking up their baggage so that they could be on their way to their final destination is a priority for many passengers. While the display at the baggage reclaim hall provides high level information, such as delivery status for the flight, the lack of information specific to each passenger can be a source of a frustrating experience as they wait for their baggage. That’s when we started to think about what we could do to provide more personalised information about their checked baggage.”

How does MyTAG contribute to our vision of building HKIA into a smart airport enhancing the passenger journey experience?

“Rapid technological advancements have profoundly influenced the expectations of our passengers. To remain competitive, airports, like many other businesses, are embracing the latest innovative technologies to enhance the customer experience in the physical and digital realms. This is ever more important for the newest generation of passengers, the digitally native millennials, where a tailored online experience complemented by intuitive self-service options are essential to meeting their expectations.

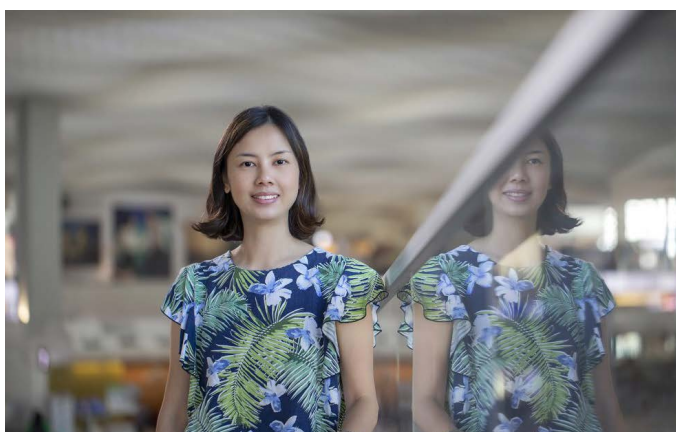
MyTAG is a digitally-enabled baggage tag that puts passengers at ease by notifying them when their baggage is ready to be collected from the baggage carousel. Used in conjunction with the HKG My Flight app, real-time notifications are sent to smartphones while waiting for their baggage. HKIA is the first airport in the world to introduce this service. This smart baggage tag is a part of our growing portfolio of digital services. These includes self bag drop, the next generation smart check-in kiosk, and e-Security Gate, all of which aim to enhance the customer journey supporting our vision of building HKIA into a smart airport.”

What was the major challenge encountered during the development of MyTAG?

“As a ground-breaking product that is not offered by other airports, there was a steep learning curve involved during the product development phase. In particular, product design was an aspect our team needed to focus on during this project. We spent a lot of time immersing ourselves in design thinking to consider the needs of passengers, the opportunities brought by technology and the requirements leading to business success and how they could be integrated to create a successful product.”

What were you most proud of for this project?

“I am most pleased to be part of such a great team that worked tirelessly to ensure MyTAG launched on time in November 2017 under a tight project timeline. This was also a great showcase for teamwork with other departments as we certainly would have been hard pressed to launch the product without their support. The most gratifying moment is seeing the product work in front of your eyes. The notification that popped up on my smart phone shows that the hard work has paid off.”



Inez Ko, Manager, Smart Airport



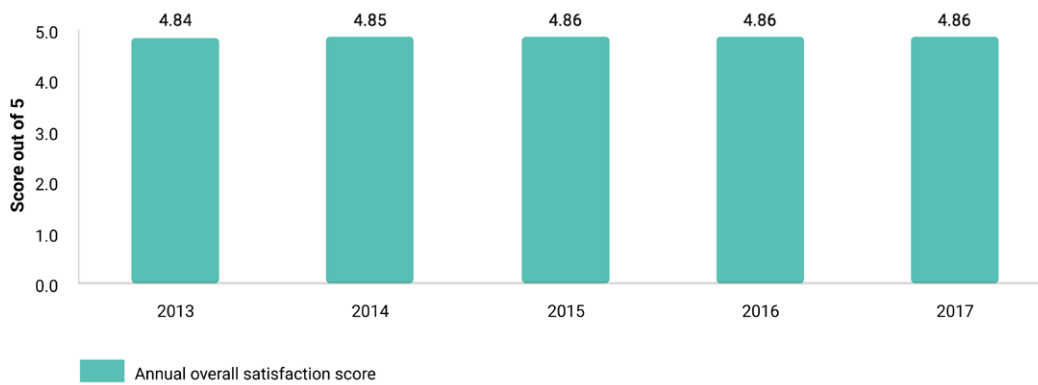
Baggage collection made easy with MyTAG.



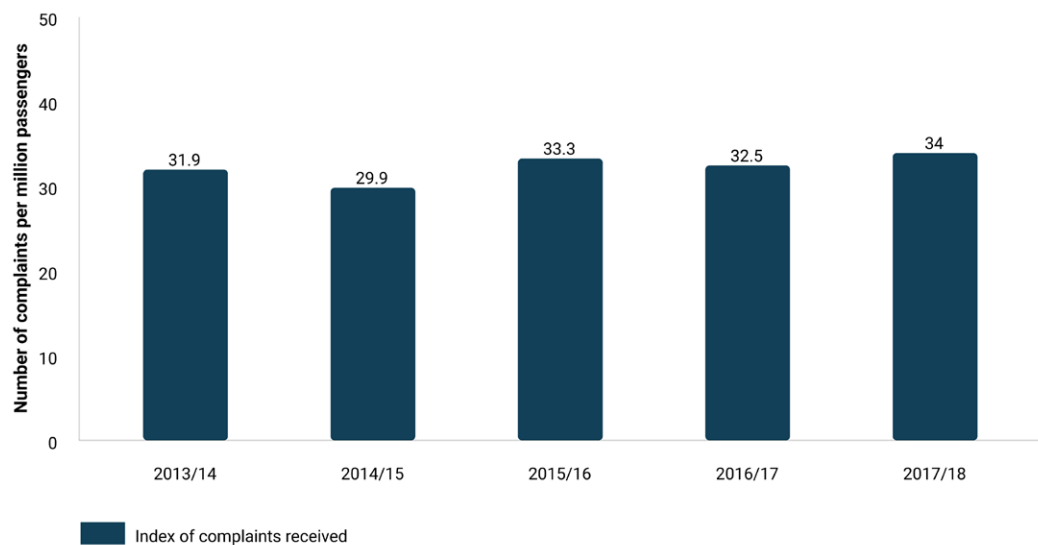
MyTAG (Leisure Style Set) featuring Hong Kong's iconic landmarks.

Annual overall satisfaction score

We achieved an overall satisfaction score of 4.86 in the 2017 Airport Service Quality Survey managed by Airports Council International, meeting our target for 2017/18. We also maintained a low level of passenger complaints, despite the record-breaking number of passengers and the pressure of approaching full capacity of HKIA.



Index of complaints received



Arts and culture

HKIA is often the first and last impression for visitors to Hong Kong. As a gateway to the city, HKIA has an opportunity to showcase our city's unique East-meets-West culture. Since 2015, we have been hosting a spectacular series of exhibitions and performances at HKIA by local artists for visitors to our city.

In 2017/18, we presented a four-month event featuring a diverse mix of programmes, ranging from Cantonese Opera, a Cheongsam exhibition, a showcase of Hong Kong movies, visual arts exhibitions, to harp recitals and street music gigs – immersing the airport in Hong Kong's multicultural ambience.



Professor Adrian Walter gives a solo performance at the opening ceremony.



Composer-keyboardist Dominic Chow and students perform some of Hong Kong's most loved movie soundtracks.



HongYun KongHou Ensemble performing with Chinese harp



Harpist Raoul Moretti brings the first ever presentation of harp music at the event.

OUR FUTURE AIRPORT

HKIA's principal purpose is to support the development of Hong Kong.

As Hong Kong's demand for air transport grows, our ability to fulfill HKIA's principal purpose requires expanding the operating capacity of the airport and continuing to provide world-class service. We aim also to collaborate with our business partners to strengthen the economic resilience of their businesses and the city.



5.1

million tonnes of
cargo and airmail

first airport to exceed the
5 million tonne mark

2

aviation fuel pipelines

installed, setting a
world record for
HDD tunnelling

194

ground services equipment (GSE)

introduced in Phase 1 of
HKIA's GSE Pooling Scheme

Targets

Complete the Midfield Apron Development

Complete in 2020

Commission the Three-runway System

Complete in 2024

Deliver Terminal 1 Enhancement Projects

Complete in 2020

Final phase of SKYCITY to open

Complete in 2027

Finish the Intermodal Transfer Terminal

Complete in 2022

Capacity Enhancement

HKIA achieved a record breaking year in 2017/18 as all three air traffic categories reached new highs. During the year, HKIA handled 73.6 million passengers and over 423,000 flight movements. Cargo and airmail increased to 5.1 million tonnes, making HKIA the world's first airport to handle over 5 million tonnes in a year.

With global and especially regional demand for air travel steadily rising, we continually increase our capacity to meet future demand, while strengthening HKIA as an international aviation hub. Before the opening of the Three-runway System (3RS), we are enhancing the capacity of the existing two-runway system (2RS) through upgrading and expanding existing facilities and introducing advanced technologies and new processes.

Enhancing the existing 2RS

1. Facilities expansion

Midfield Apron Development – The remaining phase of the Midfield Apron Development will increase the number of parking positions from 182 to 215 in 2020. In 2017/18, 10 new parking positions were completed.

Terminal 1 (T1) Enhancement Projects – AAHK is investing HK\$7 billion into a series of major enhancement projects, which are expected to be completed in phases by 2020. These include the construction of the T1 Annex Building and Sky Bridge, and expansion of Car Park 4 building and T1 East Hall.



T1 Annex Building and expansion of Car Park 4



Sky Bridge connecting Terminal 1 and the North Satellite Concourse



T1 Annex Building New Check-in Counters



East Hall Roof Garden



East Hall Children Play Area

2. Initiatives to enhance operational efficiency

Airport Collaborative Decision Making (A-CDM) – A real-time information-sharing platform that enables AAHK and our business partners to exchange timely and accurate scheduling data. It aims to enhance the airport's efficiency and capacity utilisation by improving flight punctuality and reducing aircraft taxiing times. This has the added benefit of reducing the associated carbon and criteria pollutant emissions.

Ground Services Equipment (GSE) Pooling Scheme – Initially implemented in mid-2018 at the Midfield Apron, the Scheme enables individual ramp handling operators (RHOs) servicing client airlines to rent critical GSE from AAHK.

Reducing the runway maintenance window – To open up more takeoff and landing slots without compromising safety, we have deployed new and enhanced runway maintenance equipment together with optimised labour resources to reduce the night-time maintenance period by 15 minutes.

Automation of Arrival Bags Delivery – Construction of a high speed baggage transport system linking the Midfield Concourse and Terminal 1. Due for completion in 2019, the new system will enhance baggage delivery efficiency, and ease apron traffic congestion.

Ground Services Equipment (GSE) Pooling Scheme

Q&A with Bill Lau, Assistant General Manager, Standards & Service Delivery

How was the GSE Pooling Scheme conceived?

“To cope with the increasing demand for air travel, we initiated a review of aircraft ramp handling processes which included an in-depth analysis of arrival baggage delivery performance. The findings revealed that timely provision of GSE is one of the most important factors affecting our service standards.

After careful consideration of various factors such as capital investment, stakeholders’ views, operational needs, and behavioural changes, the GSE Pooling Scheme was established to centralise the provision and management of shared-use GSE with the aim of creating new capacity and enhancing efficiency in aircraft turnaround handling.”

Can you tell us about HKIA's GSE Pooling Scheme?

“In our GSE Pooling Scheme, AAHK procures, manages and maintains GSE such as conveyor belt loaders, lower deck loaders and passenger steps. These critical GSE will be stationed on each parking stand for rental by the RHOs. The Scheme is implemented in three phases. The first phase started in July 2018 and covers about 200 units of GSEs operating at the Midfield Apron. Under Phases 2 and 3, we will expand the coverage to include Terminal 1 Apron and eventually the rest of HKIA, including the future Third Runway Concourse Apron. When the Scheme is fully implemented in 2024, AAHK will own 1,000 units of GSE and become the world’s first international airport to adopt GSE pooling to such a scale.

We have also set up other facilities and systems to optimise the operation and management of our GSE fleet. With 95% of the GSE powered by electricity, we have installed chargers at every parking stand. Two dedicated GSE maintenance workshops are being built to facilitate speedy GSE servicing and reshuffling. We have also deployed a fleet management system to monitor the usage and performance of each GSE.”

What are the benefits of the Scheme for AAHK, business partners, and passengers?

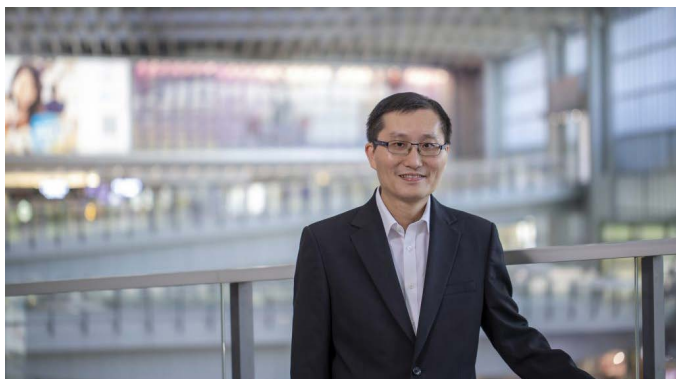
“The Scheme enables maximising the utilisation of GSE and building in redundancy to cater for different operational needs without increasing the size of HKIA’s GSE fleet. This will hence reduce apron road traffic which is particularly important to HKIA for its saturated conditions. Since the launch of Phase 1, our key stakeholders have welcomed the change with the guaranteed availability of critical GSE on-stand, leading to enhanced efficiency in aircraft ramp handling processes.”

From a health and environmental perspective, local air quality is expected to improve as 95% of the GSE will be electric-powered and create zero local emissions.”

What is the major lesson you learned through this project?

“There are three RHOs operating at HKIA and they have different requirements on GSE. Early engagement with RHOs is crucial to ensuring the GSE to be procured and the arrangement of the Scheme are suitable for HKIA operations.

Airport operations often involve many different regulations, guidelines and procedures. However, we have to think out of the box and identify new solutions in order to maintain our high service standards.”



Bill Lau, Assistant General Manager, Standards & Service Delivery



Main Deck Loader



Electric Lower Deck Loader

Expanding into the 3RS

The 3RS project has made significant progress over the past three years. Details are available at our dedicated [**3RS website**](#). Major achievements in 2017/18 include:

1. Project implementation

- **Deep cement mixing (DCM)** works for critical reclamation and sea wall areas were substantially completed.
- Installation of two about 5.2km new aviation fuel pipelines connecting the Aviation Fuel Receiving Facility at Sha Chau with HKIA were completed in Q4 2017/18. This is the world's longest pipeline installation using the environmentally friendly horizontal directional drilling (HDD) method.
- Construction for the Automated People Mover and high-speed Baggage Handling System for the 3RS commenced.
- Continued implementation of a comprehensive environmental monitoring and audit programme in accordance with the requirements set out in the 3RS Environmental Impact Assessment Report and Environmental Permit (EP). A **dedicated website** has been set up for reporting the environmental monitoring and audit data and other relevant information about the 3RS project.



Installation of Aviation Fuel Pipelines by Horizontal Directional Drilling

2. Stakeholder engagement

- More than 200 events, including briefings, seminars and airport tours were conducted in 2017/18 to engage the wider community.

Community Liaison Groups

- Islands, Kwai Tsing, Shatin, Tsuen Wan and Tuen Mun districts.
- 130 members include district councillors and community leaders (as of September 2018).
- Two rounds of meetings were held in 2017/18 covering the latest progress of the 3RS project and related environmental issues.

Professional Liaison Group

- 20 experts in different environmental fields (as of October 2018).
- Facilitate communications and enquiries on all environmental issues related to the 3RS.
- Two meetings were conducted in 2017/18 covering the latest progress of the 3RS project and the Marine Ecology and Fisheries Enhancement Strategy.

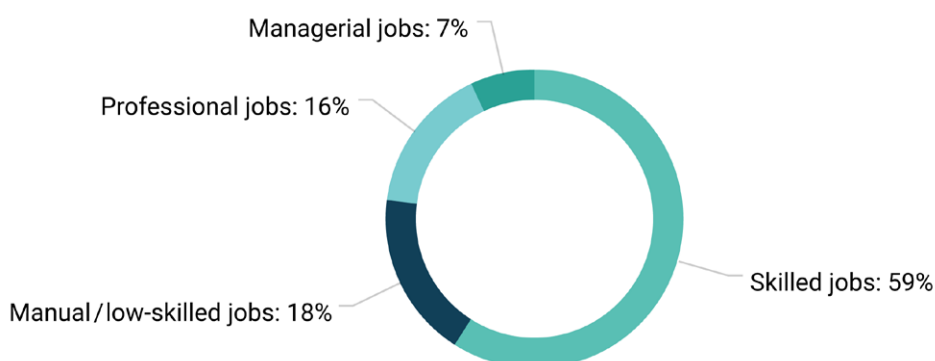
Economic Contribution

HKIA is an international and regional aviation hub that plays a key role in positioning the city as a global financial, tourism and logistics hub. To further increase our economic contribution, we are committed to maintaining our cargo leadership position and transforming HKIA from a city airport into an “Airport City”.

Economic contribution of HKIA

HKIA generates substantial economic value for Hong Kong through aviation services and non-aviation businesses operating at the airport that generate employment and income. HKIA also has a wider catalytic impact on Hong Kong’s four pillar industries – financial services, trading and logistics, tourism, and producer and professional services – all of which rely heavily upon the efficient flow of people and goods made possible by the airport’s regional and international networks.

Employment at HKIA*

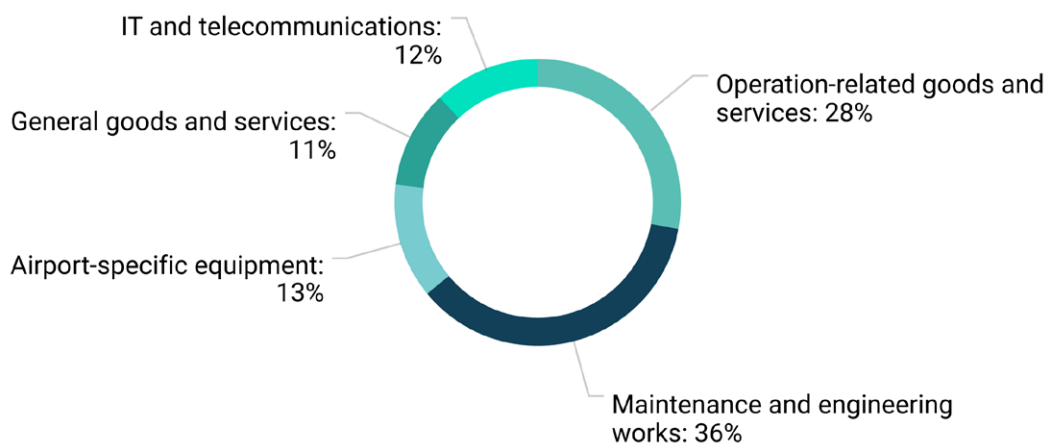


Total workforce at HKIA: **73,000**

*Source: HKIA Workforce Survey 2017. The analysis of the HKIA workforce by job category represents 82% (357 out of 434) of the companies responding to the 2017 Survey.

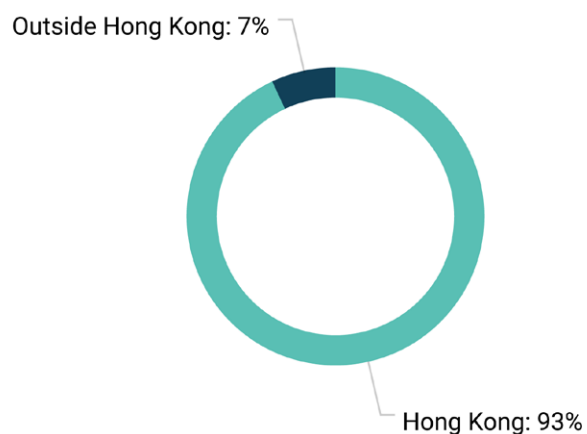
Procurement for daily operation in 2017/18

Spend profile by type



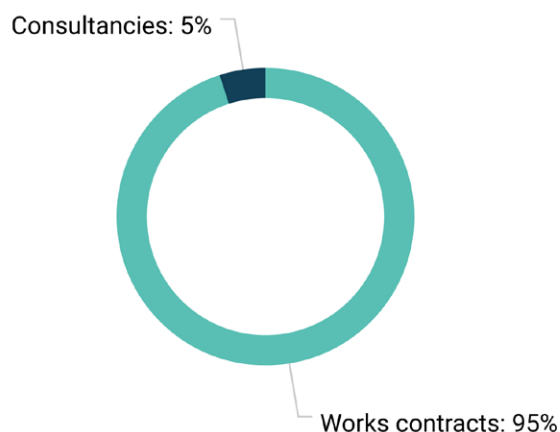
Total value of procurement: **HK\$3.35 billion**

Spend profile by geographical location of suppliers



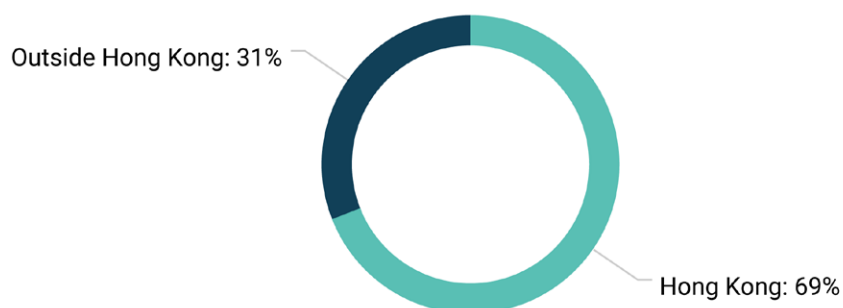
Procurement for development projects in 2017/18

Spend profile by type

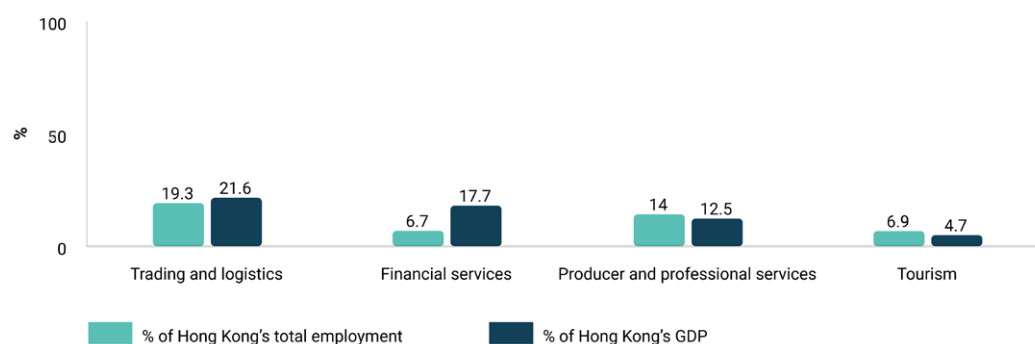


Total value of contracts awarded: **HK\$15.6 billion**

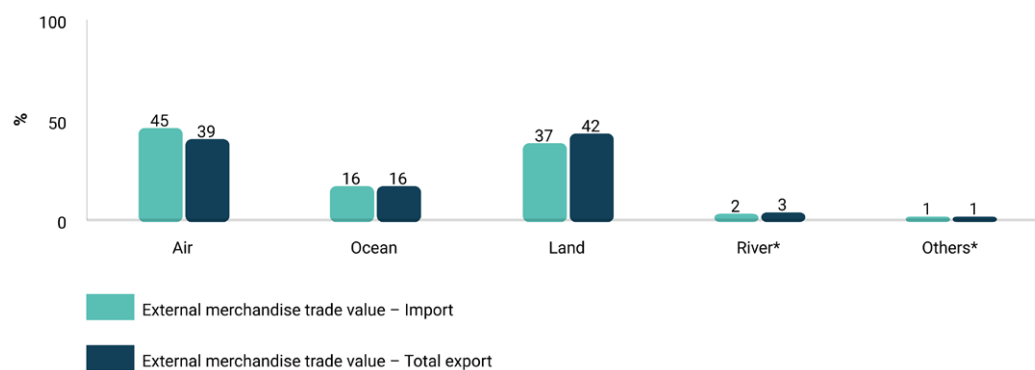
Spend profile by geographical location of suppliers



Supporting Hong Kong's economic pillars (2016 data)*



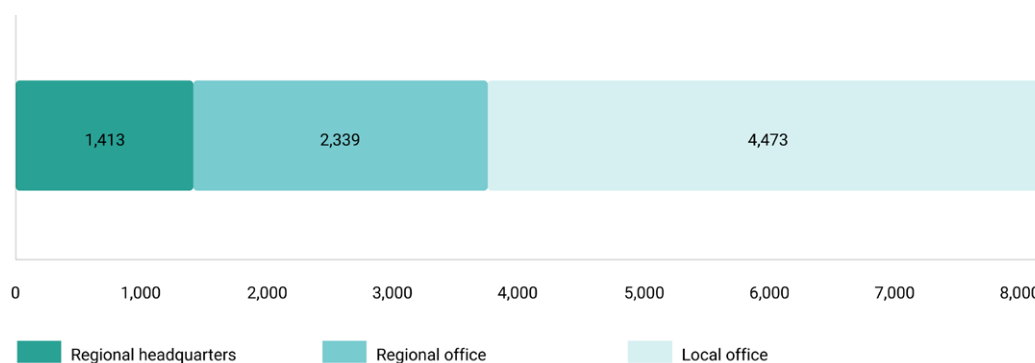
*Source: 2016 data, Census and Statistics Department, HKSAR Government.

Supporting external trade (2017 data)¹

*"River" refers to transport by vessels in waters in the vicinity of Hong Kong, the Pearl River and other inland waterways in Guangdong Province and Guangxi Autonomous Region, which are accessible from waters in the vicinity of Hong Kong. "Others" include trade by hand-carried and parcel post.

¹Source: 2017 data, Hong Kong's External Merchandise Trade Statistics, Census and Statistics Department, HKSAR Government

Attracting foreign businesses (2017 data)*



*Source: 'Report on 2017 Annual Survey of Companies in Hong Kong Representing Parent Companies Located outside Hong Kong', Census and Statistics Department, HKSAR Government.

Connectivity

HKIA is a global hub providing unparalleled connectivity to half the world's population within five hours flying time, the best intercontinental connections in East Asia and extensive land and sea connections to cities throughout the Greater Bay Area (GBA).



1. Air connectivity

When the airport moved from Kai Tak to Chek Lap Kok in July 1998, HKIA's network comprised 120 destinations and 60 airlines. Today, over 100 airlines operate at HKIA, connecting Hong Kong to over 220 destinations worldwide.

In 2017/18, 13 new airlines began serving HKIA: Air Cargo Global, Air Japan, Air Seoul, CargoLogicAir, Hong Kong Air Cargo, JC (Cambodia) International Airlines, Lanmei Airlines (Cambodia), National Air Cargo, Shandong Airlines, Sky Gates Cargo Airlines, Small Planet Airlines, Virgin Australia International Airlines and Western Global Airlines. We also added nine destinations to our network: Christchurch, Prague, Sendai, Sihanoukville, Tokushima, Verona, Warsaw, Yuncheng and Zhangjiajie. The full list of destinations can be found in our **Annual Report 2017/18**.

2. Cross-boundary connectivity

As a multi-modal transport hub, HKIA offers land and sea connections to cities throughout the GBA. We continue to enhance our cross-boundary connectivity with the GBA to provide passengers with greater choice and more options.

In 2017/18, 4.6 million passengers utilised our cross-boundary services serving the GBA. A new package combining flights, ferry and land transportation into a single ticket was developed to offer a more seamless travel experience via HKIA. Ten new vessels were added to our ferry services, while larger and more luxurious vehicles were introduced into our limousine services. Two new remote city terminals were opened at Yitai Square and the Guangdong Yingbin Hotel in Guangzhou. The number of airlines participating in **upstream check-in (UCI) service** increased to 22. UCI allows passengers to check their baggage and obtain boarding passes at ferry ports and land points in the GBA prior to boarding a coach or ferry directly to HKIA for their flight.

The enhanced connectivity brought by the Hong Kong-Zhuhai-Macao Bridge (HZMB) will further strengthen HKIA's role as a regional aviation hub. To capture these opportunities and offer passengers a seamless travel experience between HKIA and the western Pearl River Delta and Macao, we are building an Intermodal Transfer Terminal (ITT) adjacent to SkyPier.

Scheduled for completion in 2022, the ITT will be linked to the Hong Kong Boundary Crossing Facilities by a 360-metre bonded vehicular bridge that will eliminate the need for air passengers transiting through the HZMB to clear immigration in Hong Kong. The statutory Environmental Impact Assessment for the vehicular bridge has been completed and we obtained the Environmental Permit in August 2018. Construction of the ITT building started in December 2018 and that of the bonded vehicular bridge will commence in 2020.

Cargo leadership

HKIA remained the world's busiest cargo airport for the eighth consecutive year. In 2017/18, HKIA became the first airport in the world to exceed the 5 million tonne mark, handling a record-breaking 5.1 million tonnes of cargo and airmail. In 2017, air cargo constituted less than 2% of Hong Kong's total freight volume by weight¹, but accounted for around 42% of Hong Kong's total external trade value². To reinforce our leading position, we are strengthening the role of HKIA as a high-value cargo hub and expanding our capacity to capture the potential of rapidly growing air cargo segments

¹Source: 2017 data, Summary Statistics on Port Traffic of Hong Kong, Transport and Housing Bureau, HKSAR Government.

²Source: 2017 data, Hong Kong's External Merchandise Trade Statistics, Census and Statistics Department, HKSAR Government.



1. Temperature-controlled cargo

Our three cargo terminal operators (CTOs), three ramp handling operators (RHOs) and a home-based carrier achieved the International Air Transport Association (IATA)'s Center of Excellence for Independent Validators in Pharmaceutical Logistics (CEIV Pharma) Certification and HKIA was named as a **CEIV Pharma Partner Airport**.

IATA's CEIV Pharma Certification

Q&A with Eddie Chui, Assistant General Manager, Aviation Logistics, and Ian Kwok, Assistant General Manager, Aviation Logistics

What is the significance of achieving certification as an IATA's CEIV Pharma Partner Airport?

"Shipping healthcare products by air requires special handling to ensure the shipment's integrity across the air transport supply chain. Deviations from the strict temperature ranges prescribed by manufacturers may render the products harmful for patients and worthless. In order to ensure product quality and value is maintained, the Aviation Logistics Department has facilitated the three CTOs, three RHOs, and one home-based carrier to achieve the IATA's CEIV Pharma Certification, a globally assured standard for pharmaceutical transportation by air in July 2017. HKIA has also been recognised by IATA as a CEIV Pharma Partner Airport. This airport-wide achievement of CEIV Pharma Certification gives the pharmaceutical manufacturers and distributors the confidence that their products are being handled professionally end-to-end within HKIA in accordance with the stringent industrial standards, and without any temperature excursion."

How will it contribute to the development and competitiveness of the air cargo and logistics industry in Hong Kong?

"Logistics is one of the four pillar industries supporting Hong Kong's economy. In particular, the market for temperature-controlled pharmaceutical logistics has been showing strong growth with a compound rate of 12% per annum at HKIA over the period from 2014 to 2017.

In addition to the IATA CEIV Pharma Certification, we are implementing various measures to strengthen our ability to handle pharmaceutical shipments, with our endeavours to make HKIA a preferred pharmaceutical transshipment hub. These include our investment in developing HKIA's cold chain capabilities through the procurement of 21 air-conditioned cool dollies and construction of sheltered areas on the apron. Besides, we are working together with other CEIV Pharma certified airports, in collaboration with Pharma.Aero [an international platform connecting pharma shippers, CEIV cargo communities, airport operators and other air cargo industry stakeholders], to establish airport-to-airport pharma corridors, providing seamless and secure airfreight trade lanes for pharmaceutical products."

What are the key success factors to achieve the airport-wide certification?

“Collaboration amongst various stakeholders along the whole supply chain is the key success factor in achieving the airport-wide certification. In addition to the on-airport parties like the CTOs, RHOs and airlines, we have extended the coverage to engage the pharmaceutical manufacturers as well as the distributors in a cross-industry taskforce established in 2016. The taskforce served as a platform for our stakeholders to discuss how we can best serve fast-growing segments of the high-value cargo business. Besides, we have also engaged government departments, such as the Department of Health and the Customs & Excise Department, to streamline the licensing and declaration process for pharmaceutical products.”

How will the community benefit from better access to pharmaceutical products?

“Timely access to pharmaceutical products, such as medicine and vaccines, are critical to the well-being of everyone in Hong Kong and other communities around the world. Take for example the seasonal flu vaccination; efficient delivery and stringent temperature control are necessary to ensure the effectiveness of the vaccines when they are administered at a clinic. This is where aviation comes into play by providing safe, efficient, and reliable transportation services for pharmaceutical products.”



Eddie Chui, Assistant General Manager,
Aviation Logistics



Ian Kwok, Assistant General Manager,
Aviation Logistics



AAHK is investing HK\$16 million to purchase 21 cool dollies.



HKIA became the first airport in the world to exceed the 5 million tonne mark for cargo and airmail handling.

2. E-commerce market

With the proliferation of online shopping and to capture future business opportunities generated from cross-border e-commerce, HKIA is developing new facilities to enhance its handling capacity. These include the development of a 380,000 m² **premium logistics centre** at Kwo Lo Wan in the South Cargo Precinct of HKIA and the expansion plan for the Central Asia Hub of DHL Express.

3. Transshipment

To facilitate the flow of transshipment cargo at HKIA, AAHK has been closely working with the HKSAR Government to examine facilitation measures. For example, the trade declaration fee is now capped at HK\$200 instead of a percentage of the cargo trade value. This would further enhance the competitive edge of Hong Kong as a high-value cargo hub.

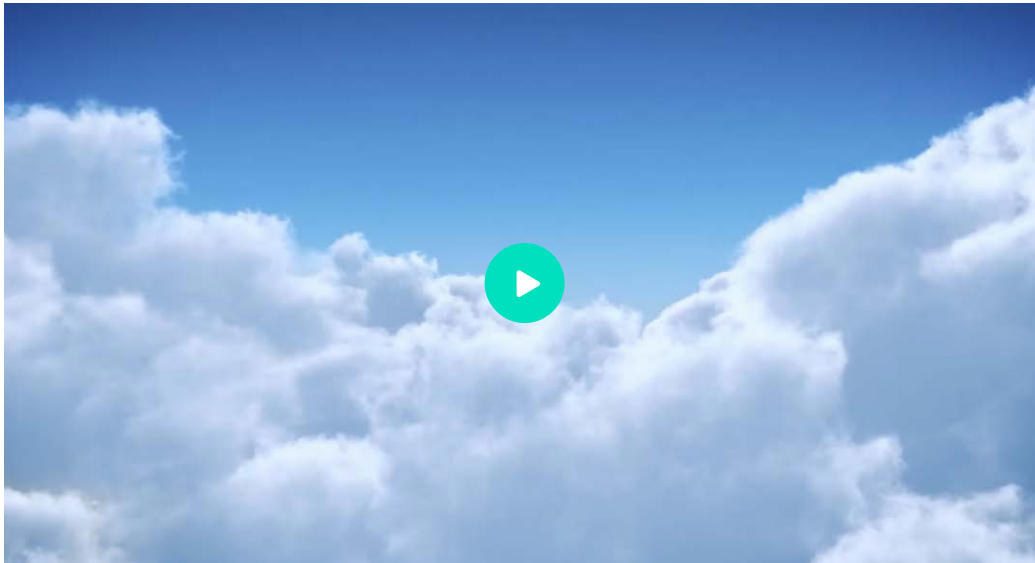
SKYCITY

Strategically located at HKIA with enhanced connectivity through the Hong Kong-Zhuhai-Macao Bridge and Tuen Mun-Chek Lap Kok Link, SKYCITY is a 25-hectre integrated development comprising hotels, offices, and retail, dining and entertainment (RDE) facilities. Scheduled to open in phases from 2020 to 2027, it is set to transform HKIA from a city airport into an “Airport City” attracting locals and visitors from overseas, making the airport a destination in itself.

The first phase of SKYCITY to open will be a new 1,000 room hotel, which is currently being developed by the Regal Hotels Group. The second phase will be a 350,000 m² commercial complex with retail, dining and entertainment facilities. A tender to develop and manage the RDE complex was awarded to Roxy Limited, a subsidiary wholly-owned by New World Development Limited.



SKYCITY at a glance



	Phase 1 Hotel Development	Phase 1 RDE Development
Site information	Total Permissible Gross Floor Area: 33,700 m ²	Maximum Gross Floor Area: 350,000 m ²
Contract award date	February 2017	May 2018
Target completion date	2020-2021	2023-2027

HK PEOPLE'S AIRPORT

HKIA is more than a transportation facility, it is also an important resource contributing to the social development of the city.

Shortage of labour is a pressing issue across Hong Kong. It is therefore important for us to improve the working environment in order to retain our 73,000 staff at HKIA and to attract new staff. We are also exploring sustainable means to train and nurture talent for the aviation industry and support the local technology sector to develop innovative solutions that meet our business needs.



6

bus routes

were newly added or enhanced to improve public transport access for airport staff

over **5,500**
students

enrolled at the Hong Kong International Aviation Academy (HKIAA)

3

pilot programmes

were launched under our EXTRA MILE project

Targets

Attain international accreditation for the HKIAA as a full member of ICAO's TRAINAIR PLUS Programme

Complete in 2018/19

Set up the second Airport Preschool to expand the childcare services to about 100 children

Complete in 2020

Sustainable Workforce for HKIA

Over 73,000 people work at HKIA. By 2030, the number of direct jobs associated with HKIA is expected to increase to 123,000*.

Attracting and retaining high quality staff is key to maintaining the smooth operation of HKIA. However, the demand for labour, especially skilled workers, in Hong Kong exceeds the available labour force. We are continuing our efforts to secure sufficient labour for HKIA's current operations and planned expansion through enhancing working conditions, and attracting and nurturing talent.

*Source: '**An Update of Airport Master Plan 2030 Economic Impact Study for HKIA**', Enright, Scott & Associates Limited, March 2015.

Enhancing working conditions

- 6 bus routes between HKIA and other parts of Hong Kong were added or enhanced with midnight express services and adjusted schedules.
- Enhanced fare concession scheme was introduced for airport community staff.
- We introduced a mobile drinking water supply truck in the apron area to provide better access to drinking water for ramp staff.
- Additional staff amenities, including a community centre, a multi-purpose sports hall and fitness centre, and staff canteen will be included in the future extension of Car Park 4.



The extension building adjacent to Car Park 4 will house additional staff amenities.



Bus services and the fare concession scheme were enhanced for airport community staff.



The mobile drinking water supply truck provider hot and cold drinking water refilling service for some 10,000 airport staff working on the airside.

Attracting and nurturing talent

Key initiatives

- The sixth HKIA Career Expo was held in June 2017, with over 4,000 positions offered by more than 40 aviation-related companies.
- We regularly organise talks and visits to the airport for students from secondary schools and higher education institutes. In 2017/18, we hosted 120 airport visits and briefings for about 4,100 students.
- An eight-week summer internship programme was offered to undergraduates and students on vocational education.
- The **Hong Kong International Aviation Academy (HKIAA)** delivered over 100 courses to over 5,500 students and provided more than 60 training courses to some 23,000 airport staff.



The annual HKIA Career Expo offers job opportunities covering a wide range of positions at HKIA along with aviation-related career talks.

Take off with a career in aviation – Hong Kong International Aviation Academy (HKIAA)

Q&A with Taurus Wong, Instructor & Course Design Manager

Can you tell us about the HKIAA?

“The HKIAA was established by AAHK in response to the 2016 Policy Address. The Chief Executive at the time called for Hong Kong’s development into a regional aviation training hub. Since then, we have started to work alongside local and overseas education bodies, vocational training institutions, industry practitioners and other organisations to offer joint programmes, such as summer day camps, placement programmes, professional certificate courses and an advanced master’s degree programme.”

Why is it important to attract and nurture talent for HKIA?

“The development of HKIA into the Three-runway System steaming ahead will be a bigger airport handling 100 million passengers and 9 million tonnes of cargo annually by 2030. This will create an additional 50,000 direct jobs [from existing 73,000 to 123,000 by 2030] at HKIA covering different fields of the industry, such as cargo logistics, customer service, ground handling services, and maintenance. Since Hong Kong enjoys near full employment, it is getting more difficult to attract people to work at the airport. Hence, HKIAA was established to enable AAHK to offer current and prospective airport staff with a variety of aviation courses to attract more people to aviation and equip them with the essential skills to build a rewarding career at HKIA.”

How is the response so far – from both aviation industry and participants’ perspectives?

“The response has been overwhelming. Our business partners recognise that people are critical to their continued success. Hence, the creation of the HKIAA to build future talent for the airport community goes hand in hand with their future development. In our first academic year, we delivered over 100 courses to 5,500 students along with more than 60 training courses to 23,000 airport staff.”

What is your proudest achievement at this role?

“Establishing the HKIAA and becoming a TRAINAIR PLUS Associate Member within one year is an impressive achievement! This is an International Civil Aviation Organisation (ICAO) recognition of the HKIAA as a training institute that has established high standards for training development, capacity building, and instructional delivery. This significantly enhances Hong Kong’s reputation as a regional civil aviation training hub and further strengthens the city’s status as an international aviation centre.”

You have been working in a variety roles at the airport for over 20 years. What are you most fond of from working here over the years?

"I have always felt a close connection to the airport and the people working here. Prior to joining HKIAA in 2017, I worked at both of Hong Kong's airports – the former Kai Tak International Airport and the current one at Chek Lap Kok – for 25 years. I started as a ramp coordinator and passenger service agent in 1991 and worked my way up at the same ground handling agent before leaving in 2015 as the manager of three teams. There are many fond memories of working together as a team to deal with many of the day-to-day challenges at the airport. After a brief stint teaching at a local university, I returned to the airport.

There is something magical about the airport that draws you here. For many, this is the start of a long-awaited holiday. To me, the limitless career opportunities available if you're willing to learn and work hard. It's also about the friendships that have developed over the years with my past and present colleagues as well as students. This is what makes the airport special and the place to be."



Taurus Wong, Instructor & Course Design Manager



HKIAA was established to develop Hong Kong into a regional aviation training hub.



Aviation summer day camps allow young people to understand the different aspects of airport operations.

Social Contribution

HKIA is not only a key transportation facility serving the people of Hong Kong, it also contributes to the social development of the city by strategically investing in the people and skills development for the aviation industry and creating a platform to support the development of local technology.

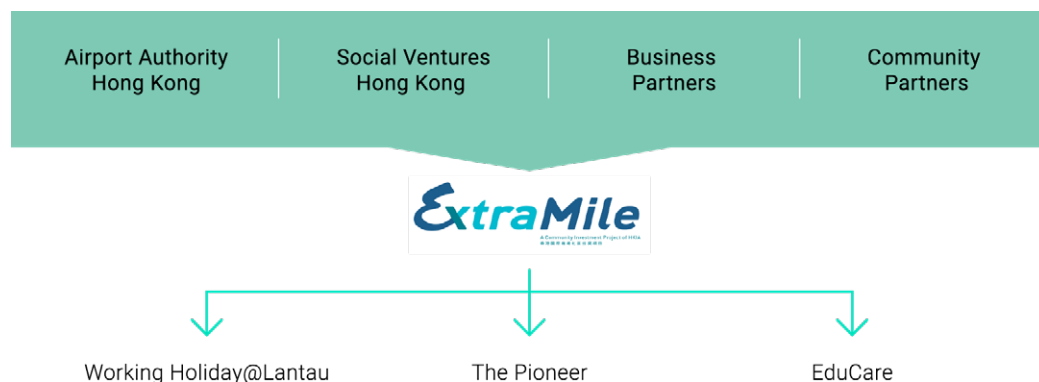
Community investment

AAHK's community investment vision:

"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."

We launched the **EXTRA MILE project** based on our community investment vision in January 2018. Supported by over 20 airport business partners, non-governmental organisations and social enterprises, the project is a collaborative platform that aims to develop and nurture talent, improve social mobility and drive the development of HKIA and the society.

Three programmes have been launched, namely "Working Holiday@Lantau", "The Pioneer" and "EduCare", which focus on working youth and non-Chinese speakers (NCS) in Hong Kong, and working parents at HKIA respectively.



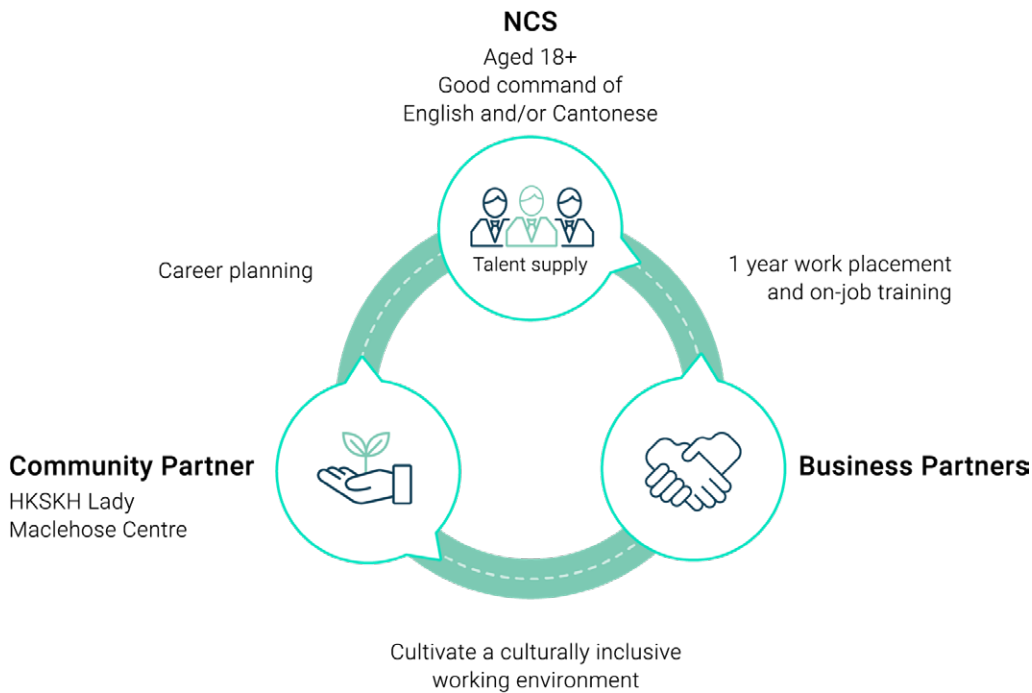
Working Holiday@Lantau

A one-year work placement programme encompassing accommodation and exploratory elements to motivate working youth and facilitate their people skills development.



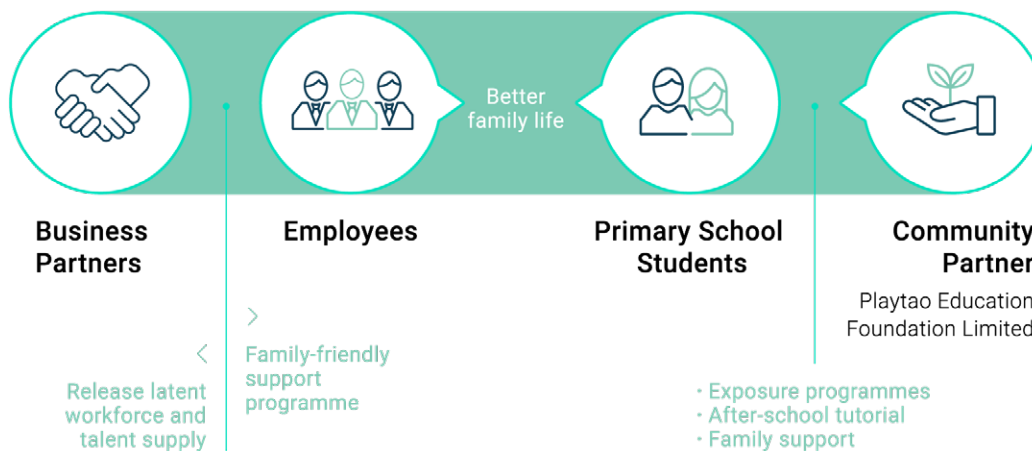
The Pioneer

A one-year work placement programme for NCS with leadership potential to nurture team leaders, who may act as a bridge between local supervisors and existing and potential NCS employees.



EduCare

A one-academic-year after-school care programme for Tung Chung primary school students whose parents are working at HKIA, covering tutorial services, exposure programmes and family support.



EXTRA MILE Project

Q&A with Justin Li, Manager, Community Relations

How was the EXTRA MILE project developed?

"In response to stakeholders' growing expectations of AAHK to contribute more strategically to the Hong Kong community, AAHK formulated a Community Investment (CI) vision in June 2015. Based on this vision, we developed a CI strategy which focuses on addressing human resources issues by "nurturing talent" and "unleashing the potential of individuals". These set the direction for a feasibility study to identify the needs of our neighbouring communities, and to develop pilot project ideas that aligns with the focus of our CI strategy.

At the beginning of 2018, we launched the EXTRA MILE project with three pilot programmes, namely "Working Holiday@Lantau", "The Pioneer" and "EduCare" targeting working youth and non-Chinese speakers (NCS), and working parents at HKIA, respectively."

How does EXTRA MILE create business and social value, and benefit both HKIA and the community?

"The EXTRA MILE project goes beyond corporate social responsibility and adopts the concept of "creating shared value (CSV)" – it is a collaborative platform which helps AAHK and our airport business partners to attract and retain talent for the airport community while simultaneously generates social value through creating employment and upward mobility opportunities for the community."

What are the key success factors in the EXTRA MILE project?

"One of the key success factors is the participation of airport business partners in the project. CSV is a relatively novel concept which is not yet fully understood by local business. To this end, we have taken a more pragmatic approach by highlighting the tangible benefit of attracting and retaining talent for the airport community. We are pleased that 15 airport business partners supported the project at the outset.

Our community partners [The Hong Kong Federation of Youth Groups, HKSKH Lady MacLehose Centre, and Playtao Education Foundation Limited] also played an important role in the project. Their expertise and knowledge of our neighbouring communities, as well as their connections with the three identified target groups are crucial to the design of the pilot programmes and its proper execution."

What are your memorable moments in this project?

"One of the participants was very nervous when speaking in front of other people even in his native language. He was originally employed as F&B Associate and was later rotated to a guest services position at an airport lounge. It was a touching moment to observe him at the reception desk confidently receiving overseas guests into the airport lounge.

Moreover, it is encouraging to see the positive responses from airport business partners. The number of companies participating in the project has increased to 23 from the original 15 at launch. Some companies even go the extra mile to support the project, for example, through fine-tuning their recruitment procedures and providing additional arrangements for job interviews with NCS."

"I used to stay inside my comfort zone, but participating in the Working Holiday@Lantau programme allows me to step out. It enables me to understand my strengths so as to better plan my future career path."

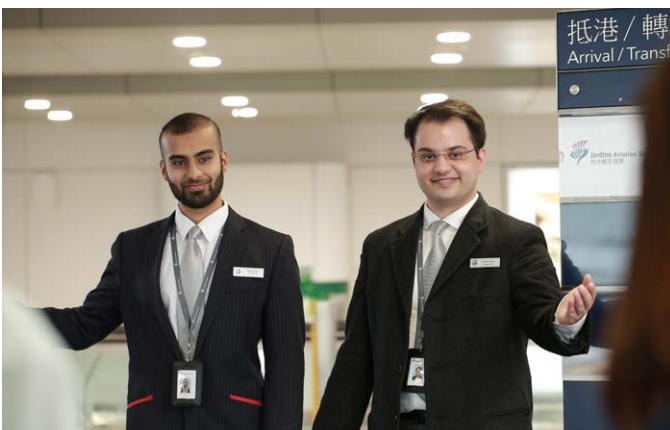
Molly Yuen, participant of Working Holiday@Lantau



Justin Li, Manager, Community Relations



A participant of Working Holiday@Lantau employed at a lounge.



Participants of The Pioneer work for a passenger handling agent.



Under the EduCare programme, students whose parents are working at HKIA attend after-school care programme.

Supporting Local Technology

To support our vision of establishing HKIA as the Hong Kong people's airport, we proactively collaborate with local universities, research and development centres, incubators, and start-ups to explore, test and implement locally-developed technological solutions at HKIA.

We held the third HKIA Technovation Conference in November 2017 to explore data analytics and intelligence applications in driving efficient airport operations. The event was attended by over 650 participants from the airport community, government, and technology and innovation industries along with representatives of the airports of Frankfurt, London and Toronto.

Moreover, our Technovation Fund continues to provide funding support for the development of local technological solutions which could enhance HKIA's operational efficiency. Examples of technological solutions tested and implemented at HKIA include:

- Autonomous Electric Tractor (AET) – A driverless tractor equipped with a global positioning system device, video analytics cameras, Light Detection and Ranging sensors and a drive-by-wire system. Following a successful demonstration in June 2018, the AET is undergoing trials for further refining its machine learning capabilities.
- Indoor Multi-function Patrol Robot – A common autonomous platform with detachable functional unit on top. Proof of concept trials have successfully been carried out in public areas. Additional functionalities, such as collaborative learning, augmented intelligence and 3D vision, will be deployed in Q4 2018/19 to enhance its capability.



About this Report

About AAHK

Established in 1995, Airport Authority Hong Kong (AAHK) is a statutory body wholly-owned by the Hong Kong SAR Government and governed by the Airport Authority Ordinance (**Chapter 483, The Laws of Hong Kong**). Guided by the Ordinance and the objective of maintaining Hong Kong's competitiveness as a global and regional aviation hub, AAHK is responsible for the operation and development of Hong Kong International Airport (HKIA). AAHK is required to conduct its business according to prudent commercial principles and with due regard for the safe and efficient movement of aircraft, passengers and cargo.



Report Profile & Reporting Framework

AAHK's sixth annual sustainability report covers the fiscal year 2017/18 ended 31 March 2018.

The report provides a comprehensive account of AAHK's management approach and performance towards sustainability in 2017/18 as well as a brief outline of its future plans and targets for key areas of sustainability.

The report covers AAHK's core business in Hong Kong over which it has direct management control and does not include AAHK's joint ventures in the Mainland. Information about our joint ventures can be found in our **Annual Report 2017/18**. However, reference is made to AAHK's subsidiaries and outsourced operations where relevant. The report also explains how AAHK engages with its stakeholders and collaborates with its business partners in addressing sustainability issues and improving HKIA's overall sustainability performance.

This report has been prepared in accordance with the Global Reporting Initiative's GRI Standards: Core option and the GRI G4 Airport Operators Sector Disclosures. The GRI Content Index sets out the sections where the relevant details or data can be found in this report.

GRI Content Index

Airport Authority Hong Kong (AAHK)'s Sustainability Report 2017/18 was prepared in accordance with GRI Standards: Core option. It also reports on the GRI G4 Airport Operator Sector Disclosures. The information reported against the recommended disclosures of the abovementioned guidelines is referenced as set out in the table below.

GRI Standards > General Disclosures

GRI 102: General Disclosures 2016

Organisational Profile

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
102-1	Name of the organisation		Airport Authority Hong Kong
102-2	Activities, brands, products, and services	<ul style="list-style-type: none"> ○ About This Report ○ Corporate Website: Introduction 	Airport Authority Hong Kong
102-3	Location of headquarters		Hong Kong
102-4	Location of operations		Hong Kong and the Mainland. AAHK is involved in the operation and management of three airports in the Mainland via joint ventures: Shanghai Hongqiao International Airport, Hangzhou Xiaoshan International Airport and Zhuhai Airport.
102-5	Ownership and legal form		AAHK is a statutory body wholly owned by the HKSAR Government and governed by the Airport Authority Ordinance (Chapter 483, The Laws of Hong Kong).

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
102-6	Markets served	<ul style="list-style-type: none"> ○ Annual Report 2017/18 (pages 63, 73, 96, 100, 164) 	As at March 2018, over 100 airlines were operating at Hong Kong International Airport (HKIA), connecting Hong Kong to over 220 destinations worldwide.
102-7	Scale of the organisation	<ul style="list-style-type: none"> ○ About This Report (Performance Data) ○ Annual Report 2017/18 (pages 96, 99, 111, 113, 142) ○ Corporate Website: HKIA Fact Sheet 	

102-8 Information on employees and other workers

Number of employees by employment contract and gender as at 31 March 2018

	Male	Female
Permanent contract	993	697
Fixed term contract	481	143

Number of employees by employment contract and location as at 31 March 2018

	Hong Kong	Outside Hong Kong
Permanent contract	2,306	8
Fixed term contract	0	0

All AAHK's employees (2017/18: 2,314) are full-time employees.

AAHK outsources many of the airport's operational functions to franchisees, tenants and Government departments. AAHK conducts workforce survey amongst the companies and organisations operating at HKIA from time to time to update the manpower situation and projection to facilitate related planning of HKIA. The latest survey was conducted in 2017. According to the 2017 Survey, there were about 73,000 people working at HKIA.

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
102-9	Supply chain	<ul style="list-style-type: none"> ○ Our Future Airport (Economic Contribution) 	
102-10	Significant changes to the organisation and its supply chain	<ul style="list-style-type: none"> ○ Our Future Airport (Economic Contribution) ○ About This Report (Performance Data) 	No significant changes in the structure and ownership of AAHK during the reporting period.
102-11	Precautionary Principle or approach	<ul style="list-style-type: none"> ○ Annual Report 2017/18 (pages 56 to 59) 	
102-12	External initiatives		

Airport-/Aviation-related (year of adoption by AAHK)

- Airport Authority Ordinance, Chapter 483, The Laws of Hong Kong* (1995)
- Aerodrome Licensing Requirements Document, Civil Aviation Department* (1998)
- ICAO International Standards and Recommended Practices* (1998)

Corporate Governance

- Companies Ordinance, Chapter 622, The Laws of Hong Kong (1998)
- Corporate Governance Code and Corporate Governance Report, Appendix 14 of the Listing Rules of Hong Kong Stock Exchange (2002/03)

Environment

- Clean Air Charter, Hong Kong General Chamber of Commerce & Hong Kong Business Coalition on the Environment (2007)
- Hong Kong Green Purchasing Charter, Green Council (2007)
- Programme on Source Separation of Commercial and Industrial Waste, Environmental Protection Department (EPD) (2007)
- Aviation Industry Commitment to Action on Climate Change, Enviro.aero (2008)
- Carbon Reduction Charter: Carbon Audit • Green Partner, EPD (2008)
- Manifesto for Energy Efficiency in Buildings, World Business Council for Sustainable Development (2012)
- Energy Saving Charter on 'No ILB', Electrical and Mechanical Services Department (2013)
- Food Wise Charter, EPD (2013)
- 'Let's Save 10L Water' Campaign, Water Supplies Department (2013)
- The Greening Partner Charter, Development Bureau (2013)
- Wood Recycling & Tree Conservation Scheme, Hong Kong Environmental Protection Association (2013)
- Waste Check Charter, EPD (2015)
- Hong Kong Cooking Oil Registration Scheme, Hong Kong Quality Assurance Agency (HKQAA) (2015)
- Hong Kong Zero Carbon Partnership, The University of Hong Kong (2015)
- HKQAA Hong Kong Registration – Recycling Services, HKQAA (2015)
- Innovation Partner of CarbonCare Open Innovation Lab, CarbonCare InnoLab (2015)

Safety

- Occupational Safety Charter, Occupational Safety and Health Council (2001)

Social Responsibility

- Talent-Wise Employment Charter and Inclusive Organisations Recognition Scheme, Labour and Welfare Bureau (2013)

Others

- Agreement on Government Procurement of the World Trade Organization* (1998)

*AAHK has an obligation to comply with these principles and charters.

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
102-13	Membership of associations		
<p>Chair/Co-chair/Vice-chair</p> <ul style="list-style-type: none"> ○ Airports Council International (ACI) World Environment Standing Committee ○ ACI Asia-Pacific Regional Board ○ Aviation Fuel Facility Management Association of HKIA <p>Member</p> <ul style="list-style-type: none"> ○ ACI ○ ACI Asia-Pacific ○ Association for Project Management ○ Aviation Security Committee, Security Bureau ○ Business Environment Council ○ Energy Liaison Group, HKSAR Government ○ Hong Kong Association for Customer Service Excellence ○ Hong Kong Logistics Development Council ○ Hong Kong Trade Development Council – Logistics Services Advisory Committee ○ Occupational Safety and Health Council – Logistics and Freight Transport Industry Safety and Health Committee ○ Occupational Safety and Health Working Group of the Commerce, Industry and Housing Committee of Tuen Mun District Council ○ The Hong Kong Green Building Council ○ The Lighthouse Club Hong Kong <p>Trustee</p> <ul style="list-style-type: none"> ○ The International Air Cargo Association 			

Strategy

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
102-14	Statement from senior decision-maker	<ul style="list-style-type: none"> ○ <u>Chairman's Message</u> ○ <u>CEO's Message</u> 	

Ethics and Integrity

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
102-16	Values, principles, standards, and norms of behaviour	<ul style="list-style-type: none"> ○ Our People (Strengthening Corporate Culture) ○ Corporate Website: Vision, Mission & Values 	

Governance

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
102-18	Governance structure	<ul style="list-style-type: none"> ○ Our Approach (Our Approach to Sustainability) ○ Annual Report 2017/18 (pages 31, 35 to 40) 	

Stakeholder Engagement

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
102-40	List of stakeholder groups	<ul style="list-style-type: none"> ○ Our Approach (Stakeholder Engagement) 	
102-41	Collective bargaining agreements		Not reported – The majority of AAHK employees are in Hong Kong where there is no statutory recognition of collective bargaining agreements.
102-42	Identifying and selecting stakeholders	<ul style="list-style-type: none"> ○ Our Approach (Stakeholder Engagement) 	

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
102-43	Approach to stakeholder engagement	<ul style="list-style-type: none"> ○ Our Approach (Stakeholder Engagement) 	
102-44	Key topics and concerns raised	<ul style="list-style-type: none"> ○ Our Approach (Materiality Assessment) ○ Our Approach (Stakeholder Engagement) 	

Reporting Practices

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
102-45	Entities included in the consolidated financial statements	<ul style="list-style-type: none"> ○ About This Report (Report Profile and Reporting Framework) ○ Annual Report 2017/18 (pages 128 to 131) 	
102-46	Defining report content and topic Boundaries	<ul style="list-style-type: none"> ○ Our Approach (Materiality Assessment) 	
102-47	List of material topics	<ul style="list-style-type: none"> ○ Our Approach (Materiality Assessment) 	
102-48	Restatements of information	<ul style="list-style-type: none"> ○ About This Report (Performance Data) 	
102-49	Changes in reporting	<ul style="list-style-type: none"> ○ About This Report (Report Profile & Reporting Framework) 	
102-50	Reporting period	<ul style="list-style-type: none"> ○ About This Report (Report Profile & Reporting Framework) 	
102-51	Date of most recent report	<ul style="list-style-type: none"> ○ About This Report (Report Profile & Reporting Framework) 	

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
102-52	Reporting cycle	○ About This Report (Report Profile & Reporting Framework)	
102-53	Contact point for questions regarding the report	○ About This Report (Your Feedback)	
102-54	Claims of reporting in accordance with the GRI Standards	○ About This Report (Report Profile & Reporting Framework)	
102-55	GRI content index	○ About This Report (Report Profile & Reporting Framework)	
102-56	External assurance	○ About This Report (Verification Statement)	

GRI Standards > Material topics

GRI 200 Economic Standard Series

Economic Performance

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
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GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components	<ul style="list-style-type: none"> ○ Our Future Airport (Capacity Enhancement) ○ Our Future Airport (Economic Contribution) ○ Annual Report 2017/18 (pages 95 to 100) 	
103-3	Evaluation of the management approach		

GRI 201: Economic Performance 2016

201-1	Direct economic value generated and distributed	○ About This Report (Performance Data)	
201-3	Defined benefit plan obligations and other retirement plans	○ Annual Report 2017/18 (pages 136 to 140)	
201-4	Financial assistance received from government		AAHK did not receive any material financial assistance from the HKSAR Government during the reporting period.

Market Presence

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components	<ul style="list-style-type: none"> ○ Our Future Airport (Economic Contribution) ○ Annual Report 2017/18 (pages 71) 	
103-3	Evaluation of the management approach		
GRI 202: Market Presence 2016			
202-2	Proportion of senior management hired from the local community	<ul style="list-style-type: none"> ○ Annual Report 2017/18 (pages 26 to 29) ○ Corporate Website: Board & Management 	

Indirect Economic Impacts

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary	<ul style="list-style-type: none"> ○ Our Future Airport (Capacity Enhancement) 	
103-2	The management approach and its components	<ul style="list-style-type: none"> ○ Our Future Airport (Economic Contribution) ○ Website: HKIA Master Plan 2030 	
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> ○ Economic Impact Study 2015 	
GRI 203: Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	<ul style="list-style-type: none"> ○ Our Future Airport (Capacity Enhancement) ○ Corporate Website: Three-runway System 	
203-2	Significant indirect economic impacts	<ul style="list-style-type: none"> ○ Our Future Airport (Economic Contribution) ○ Corporate Website: Three-runway System ○ Economic Impact Study 2015 	

GRI 300 Environmental Standard Series

Energy

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components	<ul style="list-style-type: none"> ○ World-class Gateway (Greenest Airport) ○ Corporate Website: Environment 	
103-3	Evaluation of the management approach		

GRI 302: Energy 2016

302-1	Energy consumption within the organisation		<p>The total energy consumption¹ within the organisation in 2017/18 was 1,099,595 GJ.</p> <p>¹Relevant conversion factors sourced from '2017 Key World Energy Statistics of International Energy Agency' and 'BP Statistical Review of World Energy June 2017' were applied.</p>
302-3	Energy intensity	<ul style="list-style-type: none"> ○ World-class Gateway (Greenest Airport) ○ About This Report (Performance Data) 	
302-4	Reduction of energy consumption	<ul style="list-style-type: none"> ○ World-class Gateway (Greenest Airport) 	

Emissions

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components	<ul style="list-style-type: none"> World-class Gateway (Greenest Airport) 	
103-3	Evaluation of the management approach		
GRI 305: Emission 2016			
305-1	Direct (Scope 1) GHG emissions		
305-2	Energy indirect (Scope 2) GHG emissions		

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
305-3	Other indirect (Scope 3) GHG emissions		
AAHK's GHG emissions ¹ by scope in 2017			GHG emissions (in Tonnes ('000) of CO ₂ e)
Scope 1 – Direct emissions			9.59
Scope 2 – Energy indirect emissions			150.74
Scope 3 – Other indirect emissions ²			0.48
305-4	GHG emissions intensity	 ○ About This Report (Performance Data) 	

¹GHG emissions are reported for the calendar year. The methodologies and emission factors applied for the development of a GHG emissions inventory were in accordance with the 'Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong, 2010 Edition' issued by Electrical and Mechanical Services Department and Environmental Protection Department. AAHK follows the operational control approach in defining its organisational boundary which covers buildings and facilities that AAHK has control over. The inventory covered seven types of GHG, namely carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and chlorodifluoromethane (HCFC-22).

²Scope 3 emissions are the GHG generated from paper disposal at landfill and electricity consumption for processing fresh water and sewage.

Effluents and Waste

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components	 ○ World-class Gateway (Greenest Airport) 	
103-3	Evaluation of the management approach		

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
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GRI 306: Effluents and Waste 2016

306-2	Waste by type and disposal method	About This Report (Performance Data)	
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GRI 400 Social Standard Series

Employment

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
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GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components	Our People	
103-3	Evaluation of the management approach		

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
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GRI 401: Employment 2016

401-1 New employee hires and employee turnover

Number of new hires and leavers by age group in 2017/18

	New hires	Leavers
Below 30	195	69
30 to 39	205	61
40 to 49	128	23
50 or above	62	62
Total	590	178

Number of new hires and leavers by gender in 2017/18

	New hires	Leavers
Male	403	106
Female	187	72
Total	590	178

All new hires and leavers in 2017/18 were based in Hong Kong.

401-3 Parental leave

Male and female employees who have been in continuous employment within AAHK for six months and not less than 40 weeks respectively prior to the commencement of the parental leave are eligible for paid parental leave.

New hires	Unit	Male	Female	Total
Employees who took maternit/paternity leave	No.	41	23	64
Return to work rate after leave	%	100	95	98
Retention rate*	%	96	95	96

*Retention rate shows the percentage of employees retained 12 months after they returned to work following their parental leave in 2016/17.

Occupational Health and Safety

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components	<ul style="list-style-type: none"> World-class Gateway (<u>Safety, Security and Contingency Planning</u>) Sustainability Report 2014/15 – <u>Airport Safety (page 45)</u> 	
103-3	Evaluation of the management approach		

GRI 403: Occupational Health and Safety 2016

403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
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2017/18	Unit	Male	Female	Total
Injuries	No.	3	3	6
Injury rate	%	0.2	0.4	0.3
Lost days	No.	24	16	40
Lost day rate	%	0.004	0.005	0.005
Absentee rate	%	0.9	1.4	1.1

There were no occupational disease cases or work-related fatalities during the reporting period. The injury rate indicates the number of occupational injuries as a percentage of the total number of employees during the reporting period. The lost day rate and absentee rate indicate respectively the number of lost days (as a result of occupational injuries) and the number of absentee days (as a result of occupational injuries and other illnesses) as a percentage of the total number of employees working throughout the year (365 calendar days).

Training and Education

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components	Our People	
103-3	Evaluation of the management approach		
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	About This Report (Performance Data)	

Customer Health and Safety

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components	<ul style="list-style-type: none"> World-class Gateway (Safety, Security and Contingency Planning) 	
103-3	Evaluation of the management approach		
GRI 416: Customer Health and Safety 2016			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		There were no significant fines and sanctions for legal and regulatory non-compliance during the report period.

GRI G4 Airport Operators Sector Disclosures

Market Presence

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
G4-A01	Total number of passengers annually		
G4-A02	Total annual number of aircraft movements	About This Report (Performance Data)	
G4-A03	Total amount of cargo tonnage		

Effluents and Waste

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
G4-A06	Aircraft and pavement de-icing/anti-icing fluid used and treated		This indicator is not applicable to HKIA. De-icing/anti-icing is not required due to the climate of HKIA's geographic location.

Customer Health and Safety

Disclosure	Description	Sustainability Report 2017/18/ Other references	AAHK's direct response/ reasons for omission
G4-A09	Wildlife strikes	Sustainability Report 2013/14 – Wildlife Hazard Management (page 26)	The index of birdstrikes per 10,000 aircraft movements in 2017/18 is 0.47.

Correlation between AAHK's 19 most important sustainability issues and GRI Standards

Economic and Society

Material issues – Definition	Related GRI G4 aspects
1. Air cargo strategy – Strengthen HKIA's air cargo leadership.	<ul style="list-style-type: none"> Market Presence Indirect Economic Impacts
2. Branding & reputation – Enhance the brand and reputation of AAHK/HKIA.	
3. Connectivity – Strengthen HKIA as the leading international aviation hub, including expansion of HKIA's catchment into the Greater Bay Area.	<ul style="list-style-type: none"> Market Presence
4. Economic contribution – Strengthen HKIA as a key engine for the economic growth of Hong Kong, including job creation, supporting and creating new opportunities for the four key pillar industries.	<ul style="list-style-type: none"> Indirect Economic Impacts
5. Infrastructure development – Manage and execute existing and planned significant infrastructure development at HKIA, e.g. the Three-runway System project and other capacity enhancement projects.	<ul style="list-style-type: none"> Indirect Economic Impacts

Environment

Material issues – Definition	Related GRI G4 aspects
6. Carbon & energy – Manage the energy consumption and greenhouse gas emissions generated from the operation and development of HKIA.	<ul style="list-style-type: none"> Energy Emission
7. Green design & construction – Apply AAHK's green building design strategy and practices in construction projects.	
8. Waste – Manage the solid waste generated from the operation and development of HKIA.	<ul style="list-style-type: none"> Effluents and Waste

Operating Practices

Material issues – Definition	Related GRI G4 aspects
9. Airport safety & security – Provide and maintain a safe aerodrome, and ensure the safety and security of passengers, employees, cargo and other operators at HKIA.	<ul style="list-style-type: none"> Customer Health
10. Compliance with laws & regulations – Ensure compliance with laws and regulations applicable to AAHK's own operation.	
11. Contingency planning – Identify and manage potentially disruptive situations, and respond to and recover airport operations from disruptions and crises.	
12. Capacity constraints – Address HKIA's capacity constraints under the two-runway system in light of rising air traffic demand.	<ul style="list-style-type: none"> Economic Performance Indirect Economic Impacts
13. Customer experience – Maintain the highest standards of service quality and enhance customer experience.	
14. Information security – Protect the confidentiality and integrity of AAHK's own information assets and personal data.	
15. Facilities management – Manage buildings, plant and equipment to maintain the highest levels of operational efficiency and quality.	
16. Innovation & technology – Facilitate the adoption of innovation and technology at HKIA, e.g. robotics, data analytics. Innovation & technology – Facilitate the adoption of innovation and technology at HKIA, e.g. robotics, data analytics.	

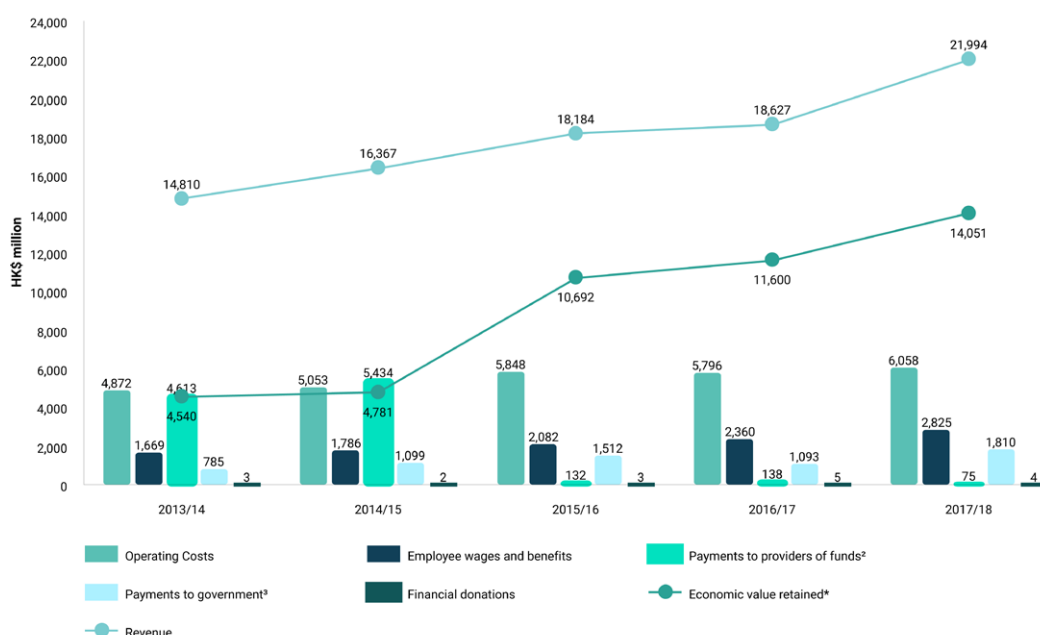
People

Material issues – Definition	Related GRI G4 aspects
17. Attracting talent – Strengthen AAHK’s ability to attract and recruit the right talent.	<ul style="list-style-type: none"> ○ Employment
18. Employee engagement – Develop a team of highly engaged employees who share the same vision and passion to make HKIA the pride of Hong Kong.	<ul style="list-style-type: none"> ○ Employment
19. Employee rights – Respect AAHK staff’s basic rights at the work place such as equal opportunities, diversity and grievance mechanism.	<ul style="list-style-type: none"> ○ Employment
20. Employee well-being – Enhance AAHK’s employee well-being.	<ul style="list-style-type: none"> ○ Employment ○ Occupational Health and Safety
21. Ethics & integrity – Maintain the highest level of integrity and honesty in conducting the affairs of AAHK and performing duties.	
22. Occupational health & safety – Provide a safe and healthy work environment for AAHK staff.	<ul style="list-style-type: none"> ○ Occupational Health and Safety
23. Retention and turnover – Monitor turnover and strengthen AAHK’s ability to retain staff.	<ul style="list-style-type: none"> ○ Employment ○ Training and Education
24. Succession planning – Identify and develop talent at all levels within AAHK to meet evolving business needs and support long-term development.	<ul style="list-style-type: none"> ○ Training and Education

Performance Data

The performance data presented in this report covers the 2017/18 fiscal year unless otherwise stated. Where available, data for previous fiscal years has been included to facilitate comparison and analysis. The financial data used in this report was extracted from AAHK's audited consolidated financial statements for the year ended 31 March 2018. Other data is provided in accordance with the GRI Standards and the Airport Operators Sector Disclosure requirements unless otherwise stated. Standards and methodologies for compiling the data, as well as explanations of any restatements, are given where appropriate.

Economic Performance¹



¹Economic performance data was extracted from AAHK's audited consolidated financial statements.

²Since the year ended 31 March 2015, no dividend has been declared pursuant to the financial arrangement plan for the three-runway system project.

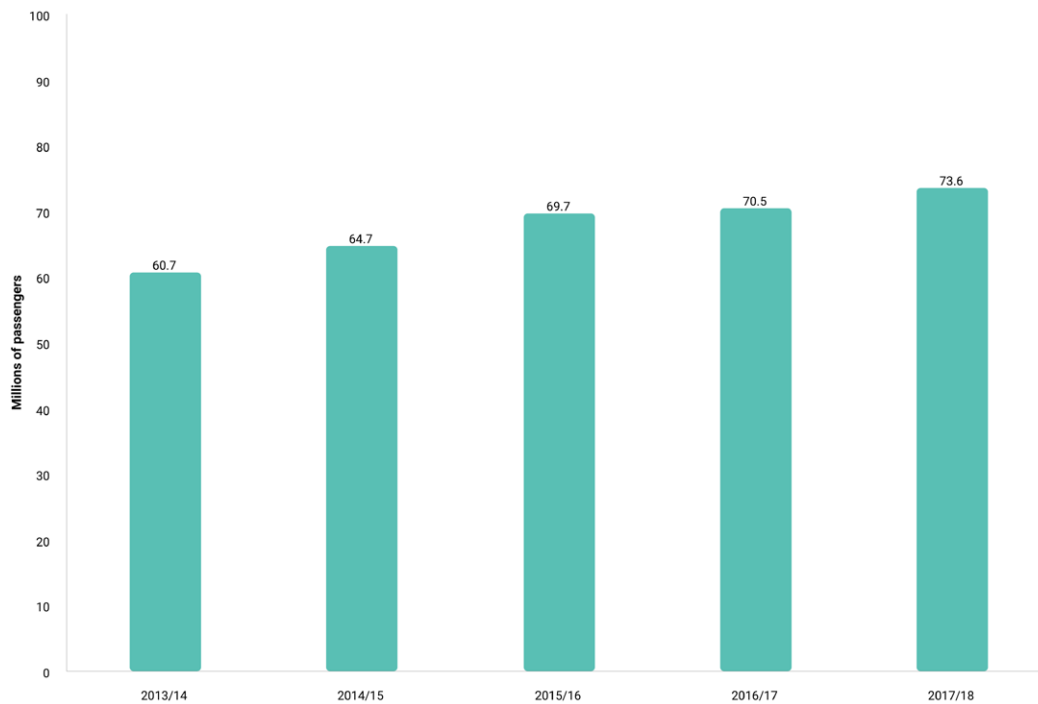
³Hong Kong Profits Tax paid to the HKSAR Government.

*'Economic value retained' is derived by subtracting 'Operating costs', 'Payments to providers of funds' and 'Payments to government' from 'Economic value generated', given that 'Operating costs' includes 'Employee wages and benefits' and 'Financial donations'.

Operational Performance

Air Traffic Data

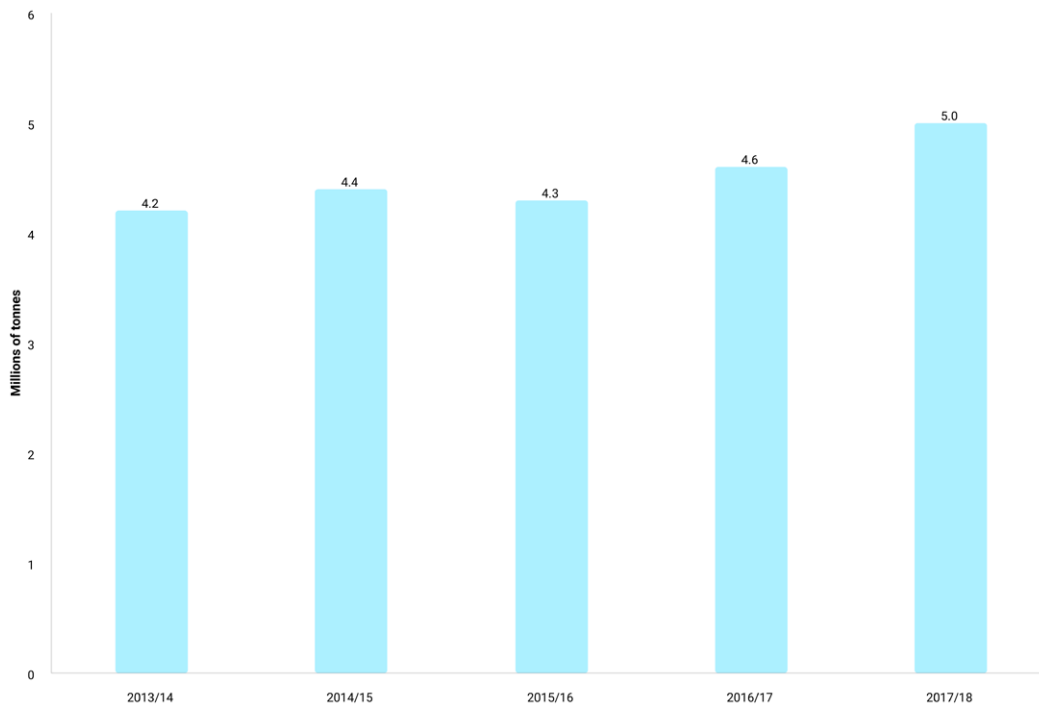
Passenger traffic¹



¹Total number of passengers includes originating, terminating, transfer and transit passengers. Transfer and transit passengers are counted twice. The number of passengers broken down by passengers on international and domestic flights is not relevant for AAHK as all passengers are classified as international. Origin-and-destination and transfer and transit data is not reported as it is considered commercially sensitive.

Air Traffic Data

Cargo throughput¹



¹Cargo tonnage includes import, export and transshipment (counted twice) cargo. Air mail is excluded. Cargo tonnage broken down by cargo transported on all-cargo flights and on passenger flights is not reported as the data is considered commercially sensitive.

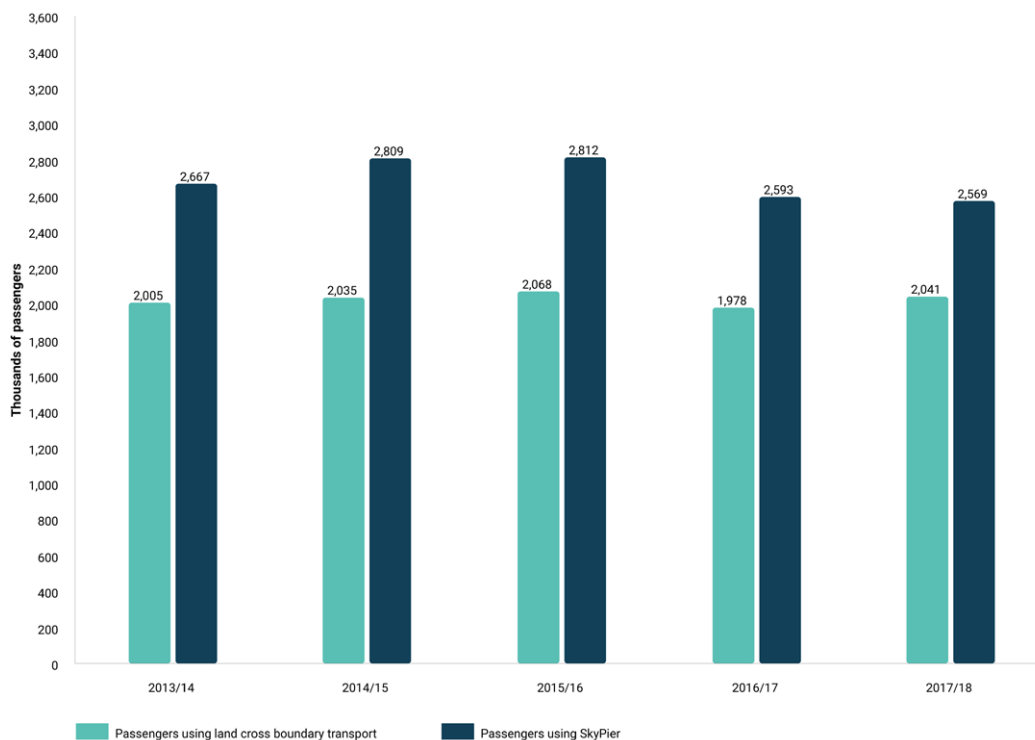
Air Traffic Data

Aircraft movements¹

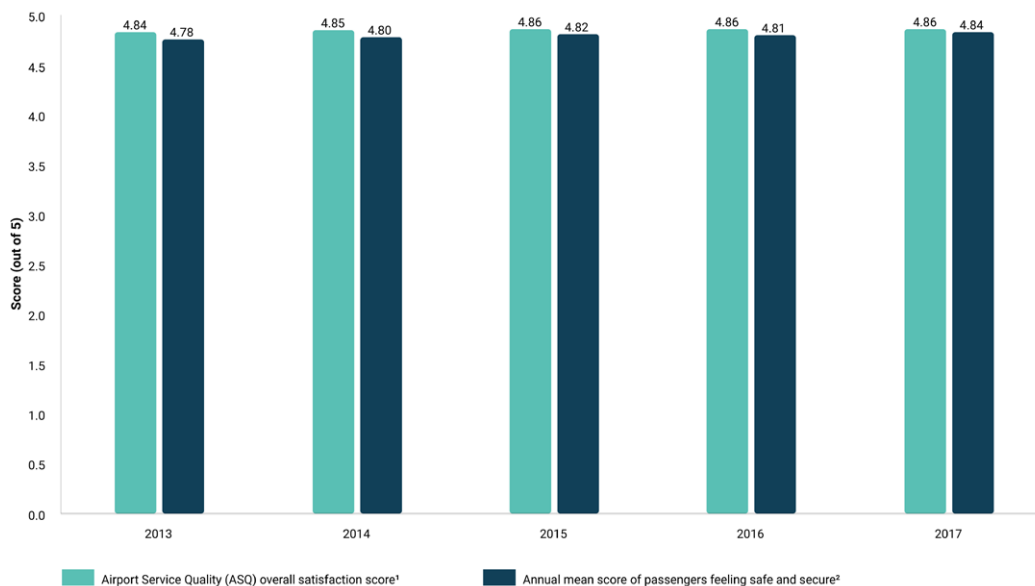


¹Aircraft movements include civil international passenger, cargo and non-revenue flights. Military and local flights are excluded. Aircraft movements by day and by night, broken down by commercial passenger, commercial cargo, general aviation and state aviation is not reported as the data is considered commercially sensitive.

Connectivity



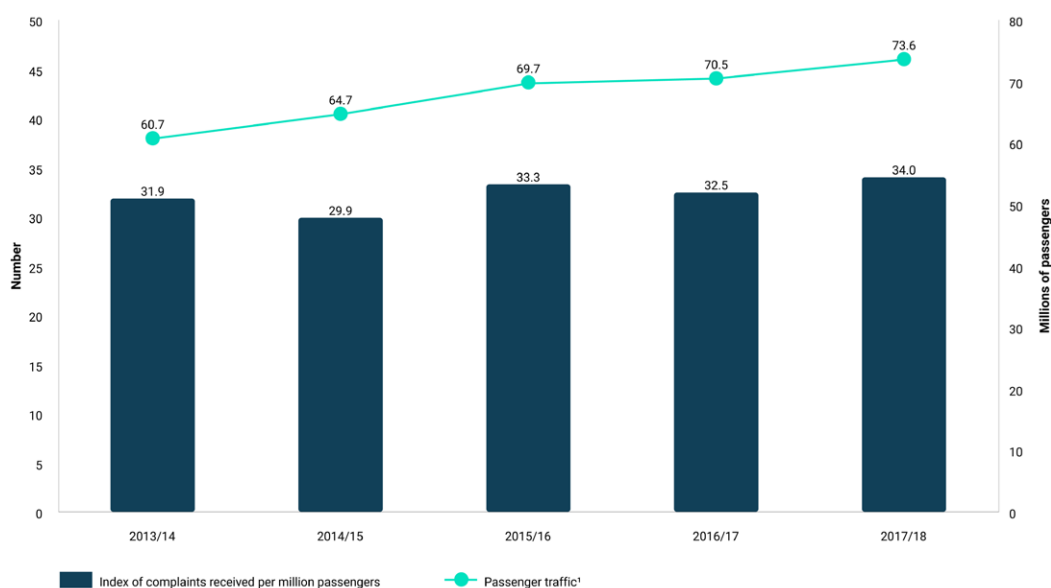
Customer Satisfaction



¹According to Airports Council International (ACI)'s ASQ Survey, which is based on performance in a calendar year (i.e. 1 January to 31 December).

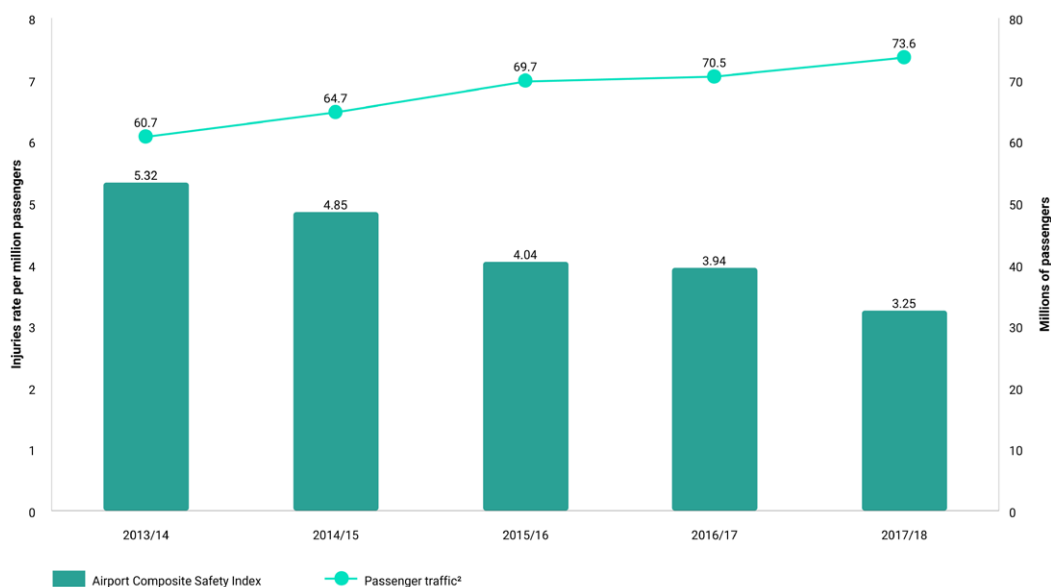
²This is an aspect covered in the ACI's ASQ Survey.

Index of Complaints



¹Total number of passengers includes originating, terminating, transfer and transit passengers. Transfer and transit passengers are counted twice. The number of passengers broken down by passengers on international and domestic flights is not relevant for AAHK as all passengers are classified as international. Origin-and-destination and transfer and transit data is not reported as it is considered commercially sensitive.

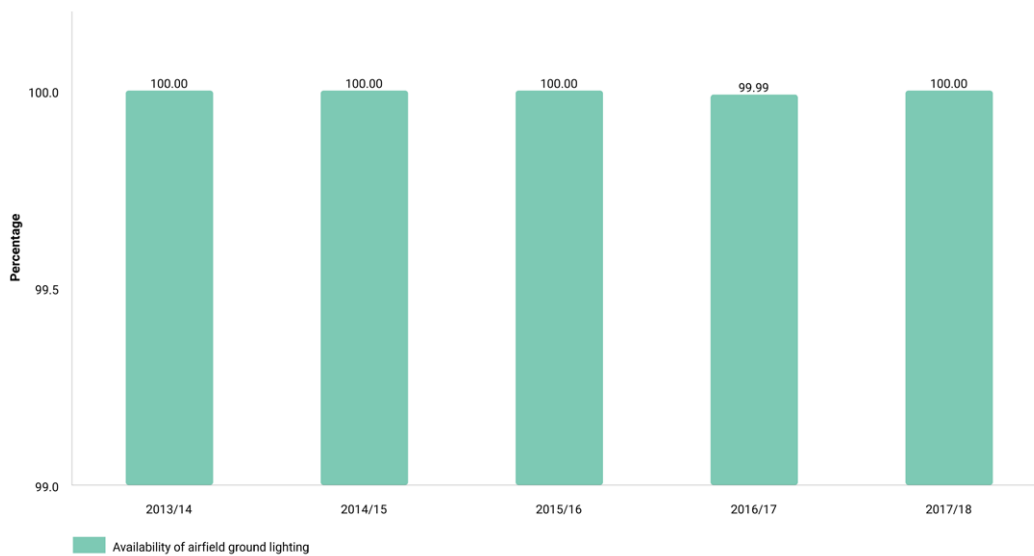
Airport Composite Safety Index¹



¹Airport Composite Safety Index is a safety performance indicator that measures the number of injuries arising from passengers and staff, with respect to the number of passengers.

²Total number of passengers includes originating, terminating, transfer and transit passengers. Transfer and transit passengers are counted twice. The number of passengers broken down by passengers on international and domestic flights is not relevant for AAHK as all passengers are classified as international. Origin-and-destination and transfer and transit data is not reported as it is considered commercially sensitive.

Operational Safety Performance¹

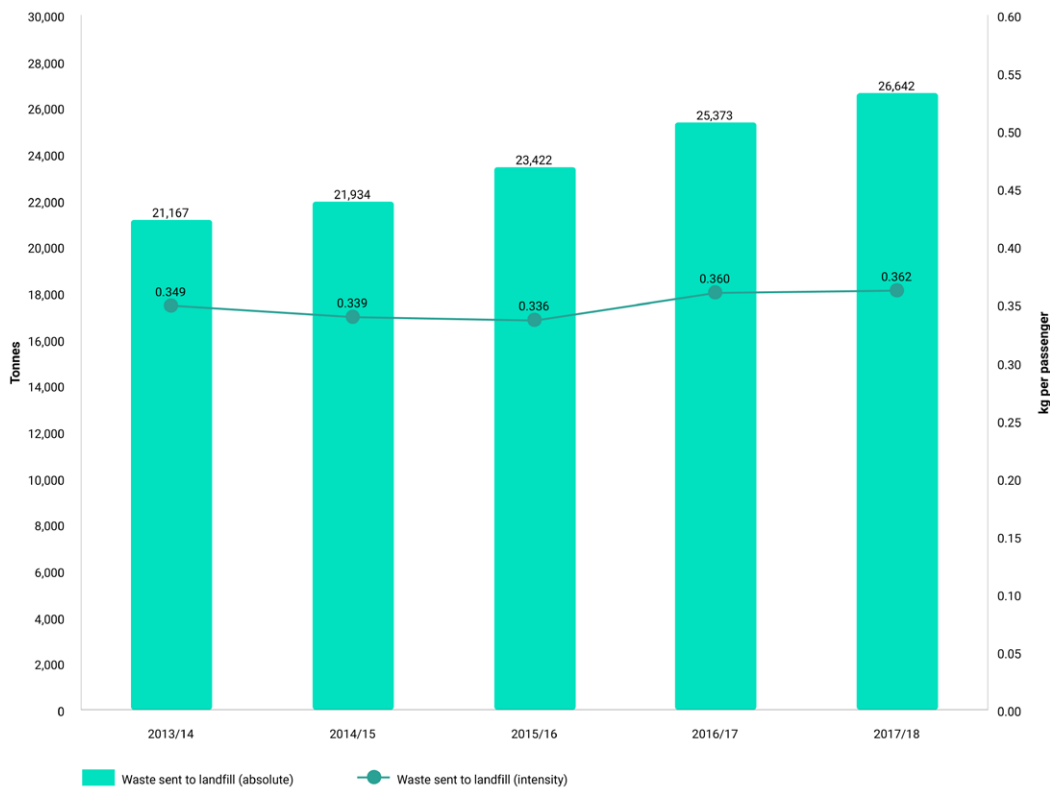


¹The availability of airfield ground lighting is determined in accordance with the requirements of ICAO's Annex 14 of the Convention on International Civil Aviation. The percentage of availability = $\frac{(\text{Total operation hour} - \text{System down time})}{\text{Total operation hour}} \times 100\%$. The percentages are rounded to two decimal points for reporting purposes. However, in 2013/14 and 2014/15, there were incidents which resulted in system down time and the overall availability was not precisely 100%.

Environmental Performance

Waste Management

Waste sent to landfill



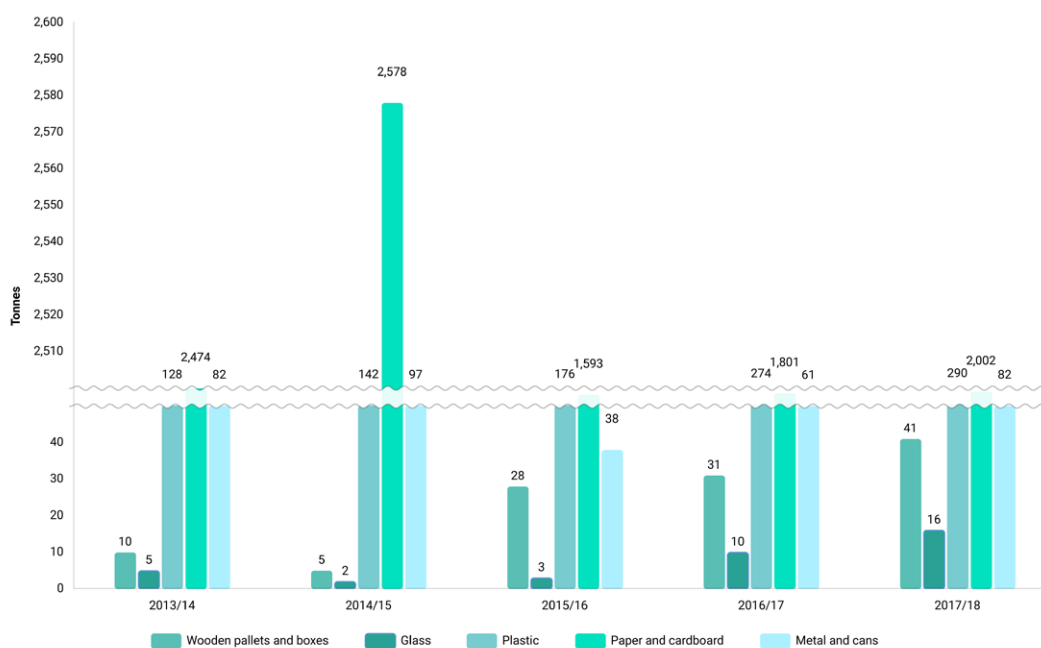
Waste Management

Recycling performance



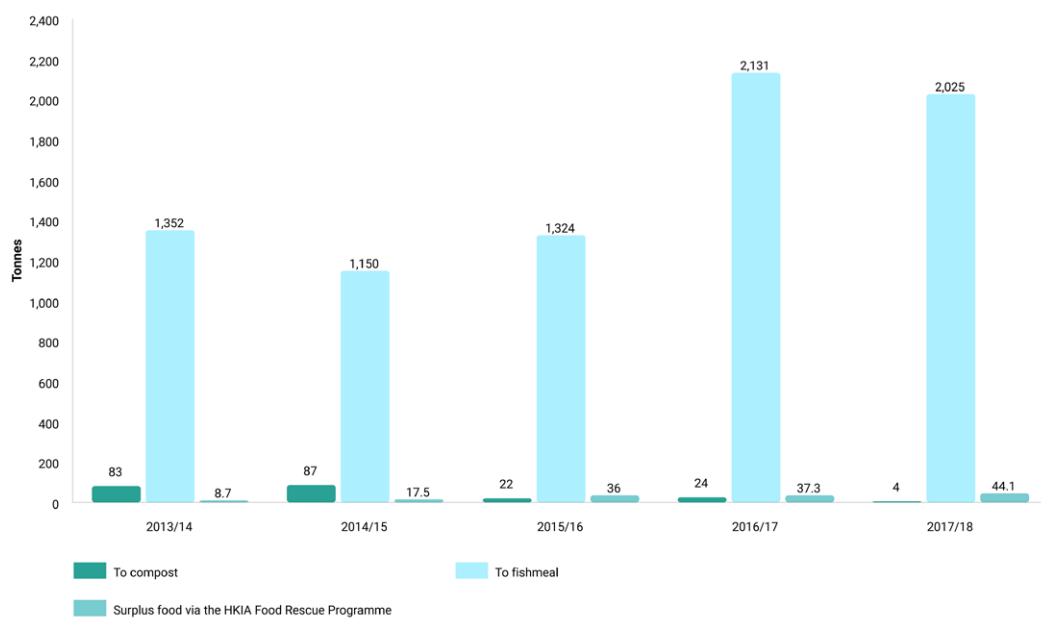
Waste Management

Recyclables collected by type



Waste Management

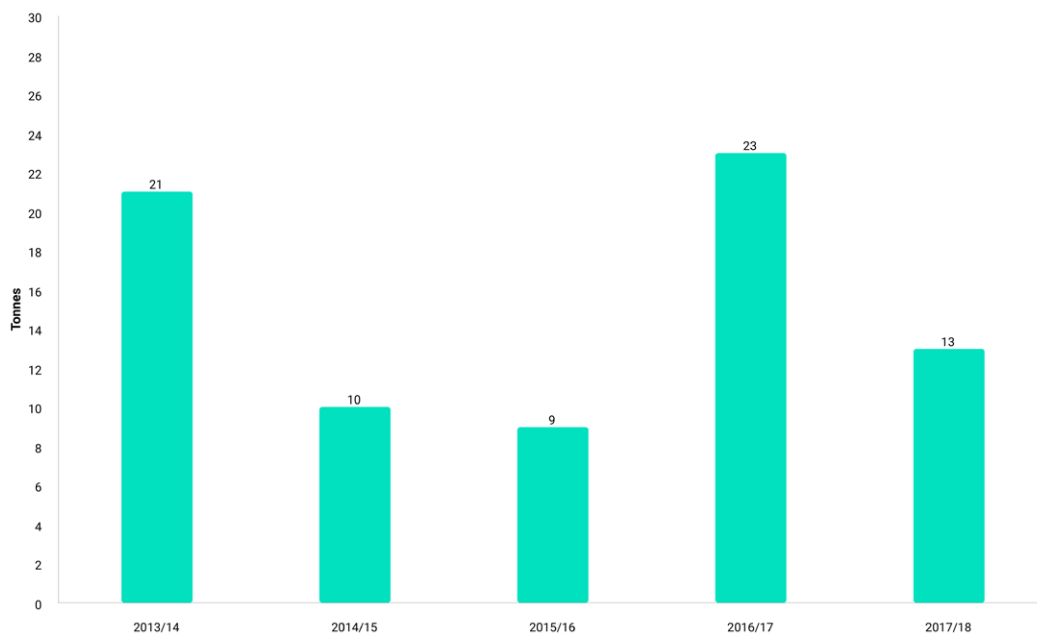
Food waste and surplus food collected¹



¹Food waste was collected from AAHK's facilities (convert to compost and fishmeal), and airport business partners (convert to fishmeal only).

Waste Management

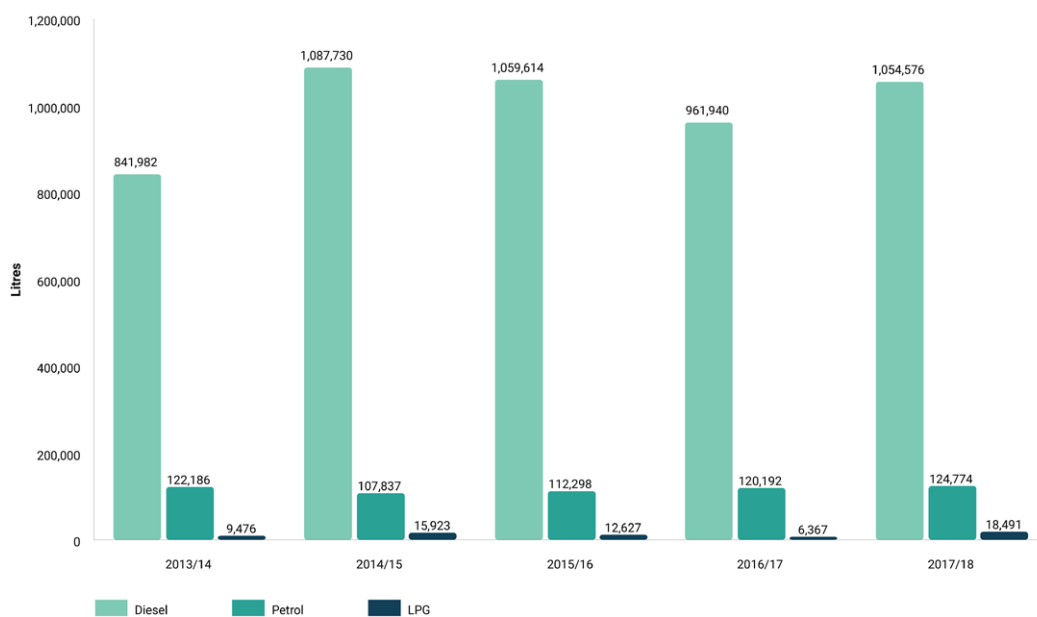
Chemical waste collected¹



¹AAHK adopts the 'chemical waste' categorisation as specified under the Waste Disposal Ordinance (Chapter 354, The Laws of Hong Kong). The figure includes waste lubricating oil and used mercury-containing fluorescent tubes collected by registered chemical waste collector for disposal.

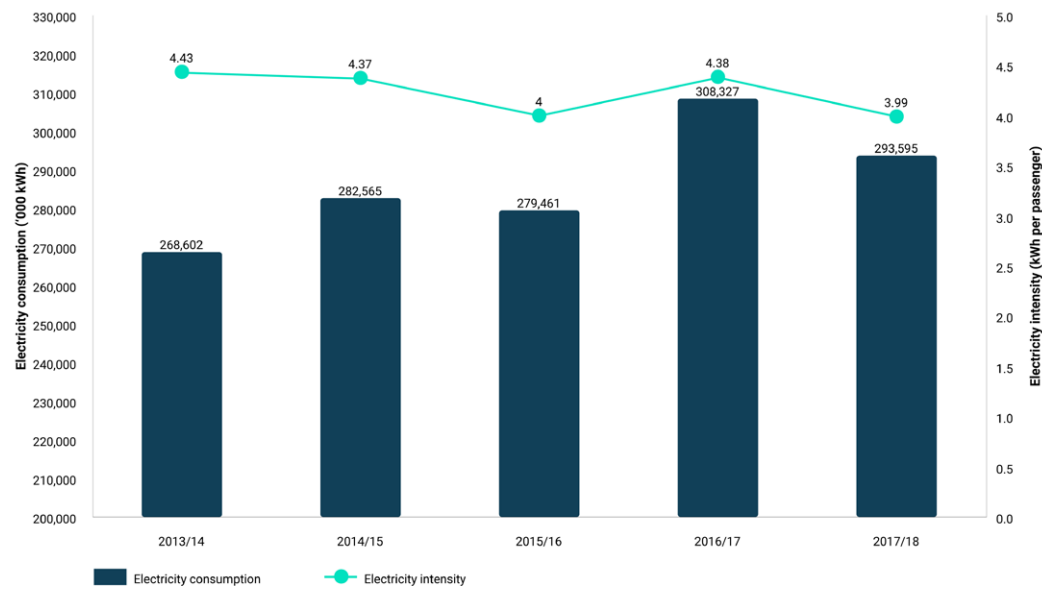
Energy Management

Fuel consumed by type



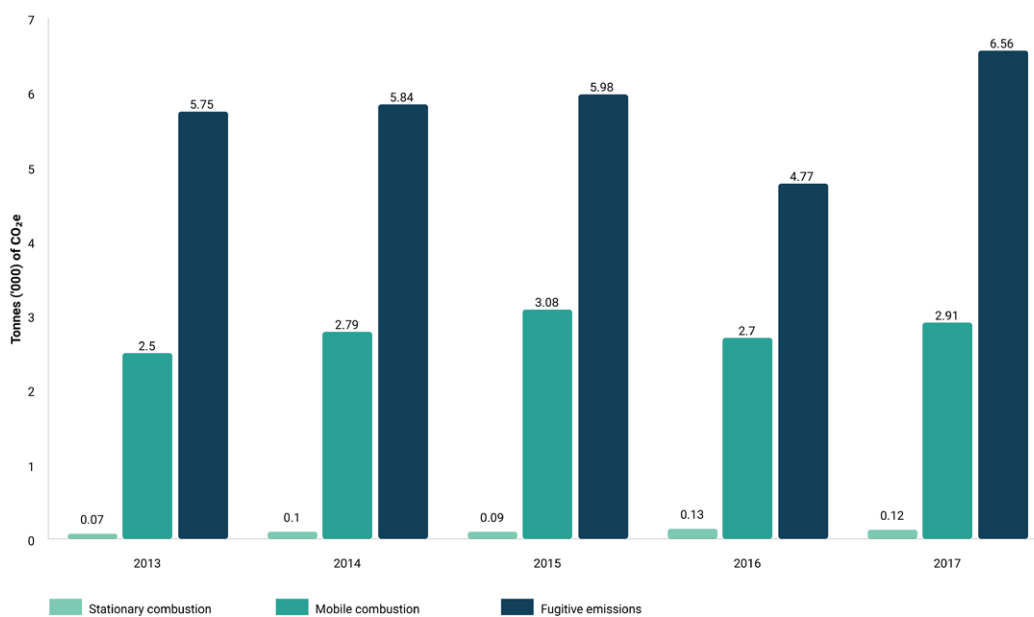
Energy Management

Electricity consumed



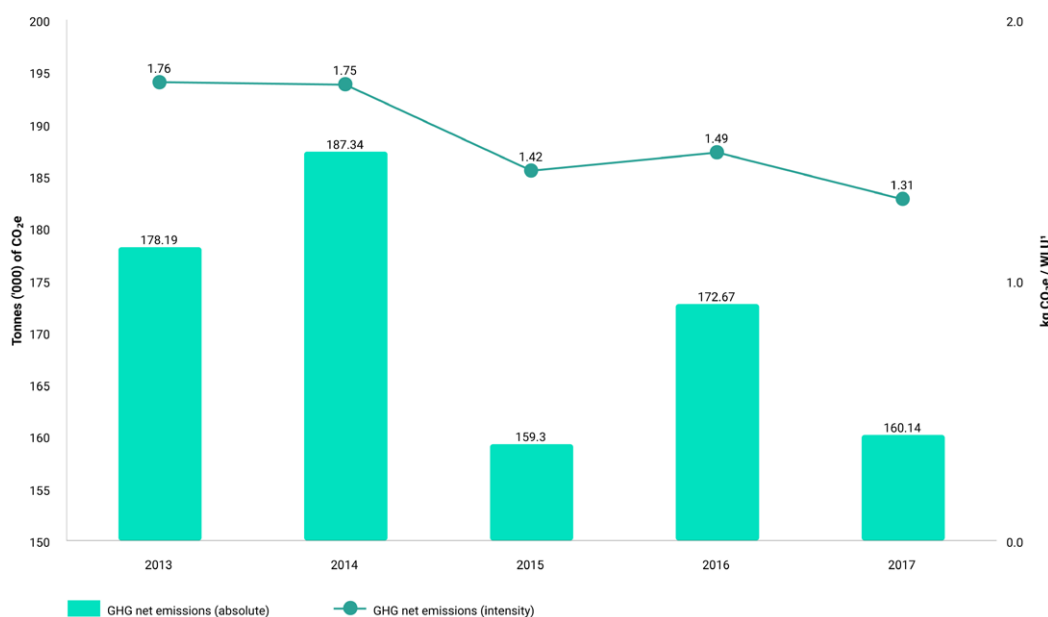
Greenhouse Gas (GHG) Emissions

Scope 1 emissions by emission sources



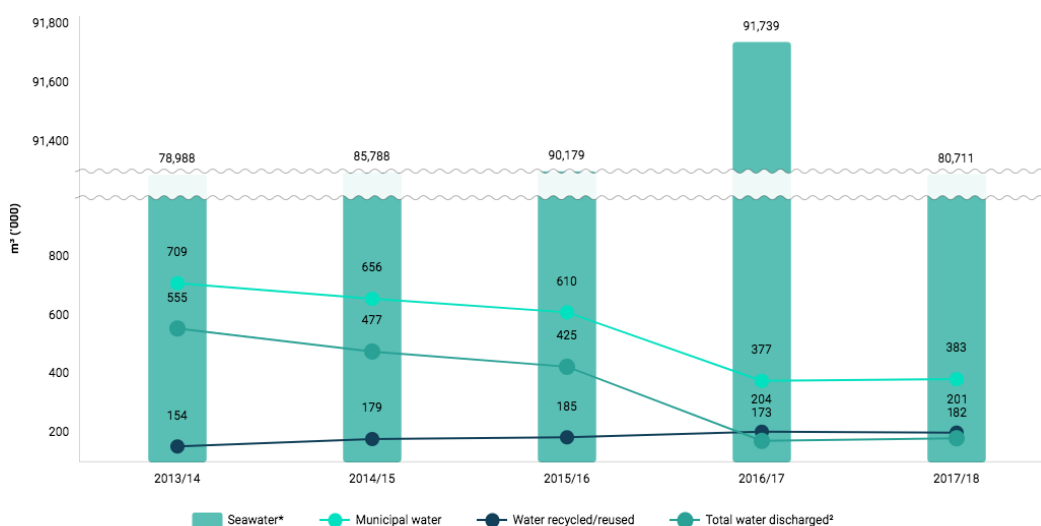
Greenhouse Gas (GHG) Emissions

GHG net emission¹



¹One workload unit (WLU) is either 1 passenger or 100kg of cargo.

Water Management¹

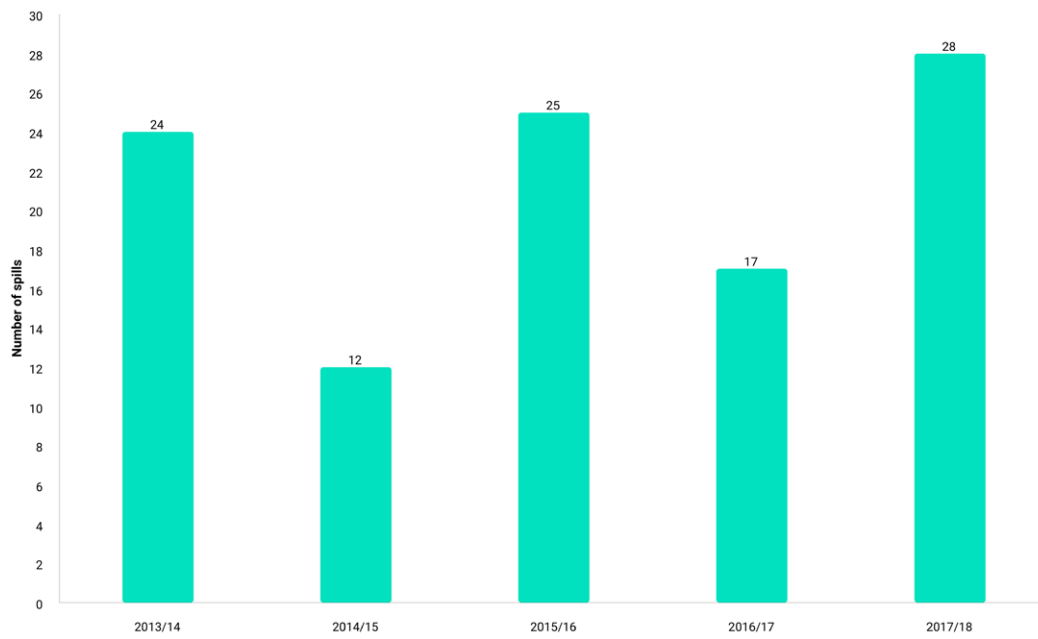


¹AAHK adopts a "triple water system" to improve the efficiency of our three major water sources: freshwater, seawater and treated wastewater, details of which are available on our [website](#).

²The volume of wastewater discharge is estimated by subtracting the volume of wastewater recycled from our municipal water consumption. Under the Water Pollution Control Ordinance (Chapter 358, The Laws of Hong Kong), AAHK holds a number of licences which require the monitoring of water quality using the following parameters: flow rate (m³/day), total residue chlorine, amines, temperature, antifoulant, suspended solids, chemical oxygen demand, oil and grease, surfactants (total), biochemical oxygen demand, total phosphorus and formaldehyde. In 2017/18, all discharges were in compliance with licence discharge limits.

*The 2015/16 figure has been restated following an internal database review.

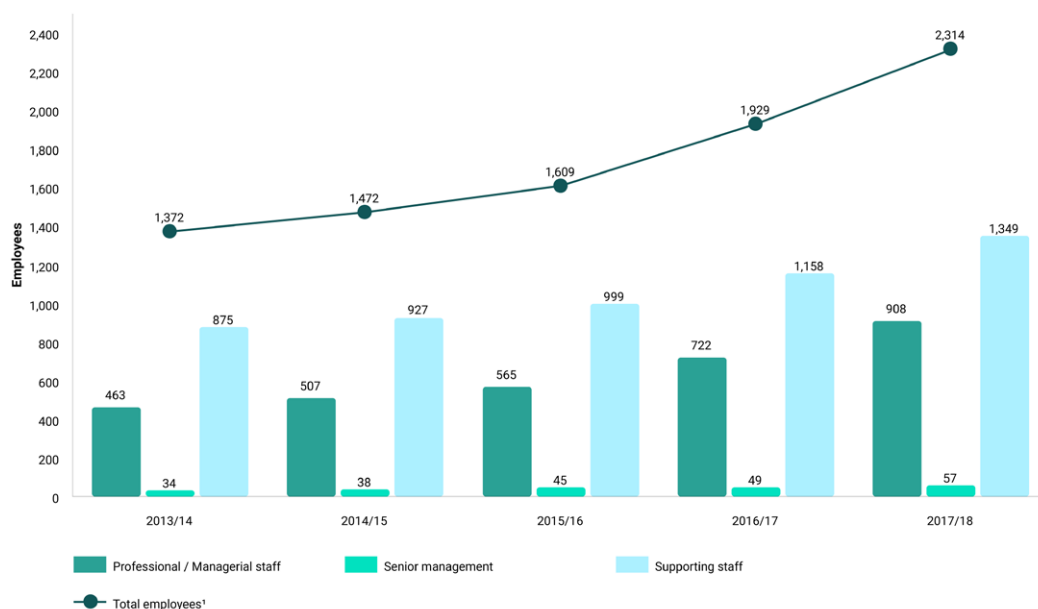
Aircraft Fuel Spillage



Workplace Performance

Analysis of Workforce

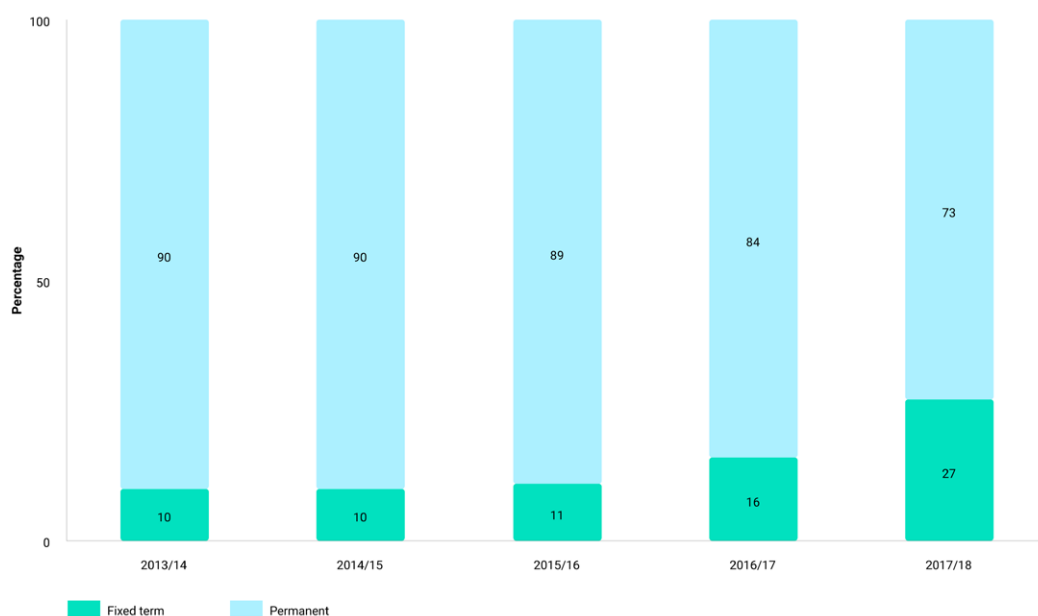
Total employees by employee category



¹The scope of total employees in 2017/18 has been revised to include temporary staff and exclude employees of AAHK's wholly owned subsidiary, HKIA Precious Metals Depository Limited, in order to align the scope and numbers as disclosed in AAHK's Annual Report. The figures between 2013/14 and 2016/17 remain unchanged and the scope included employees of HKIA Precious Metals Depository Limited and excluded temporary staff.

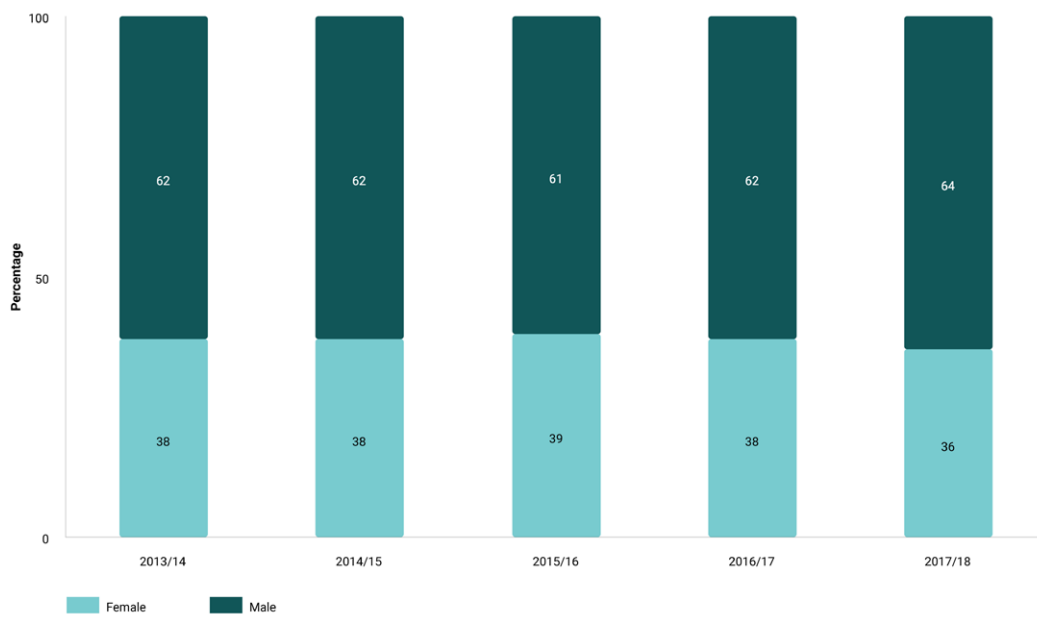
Analysis of Workforce

By employment contract



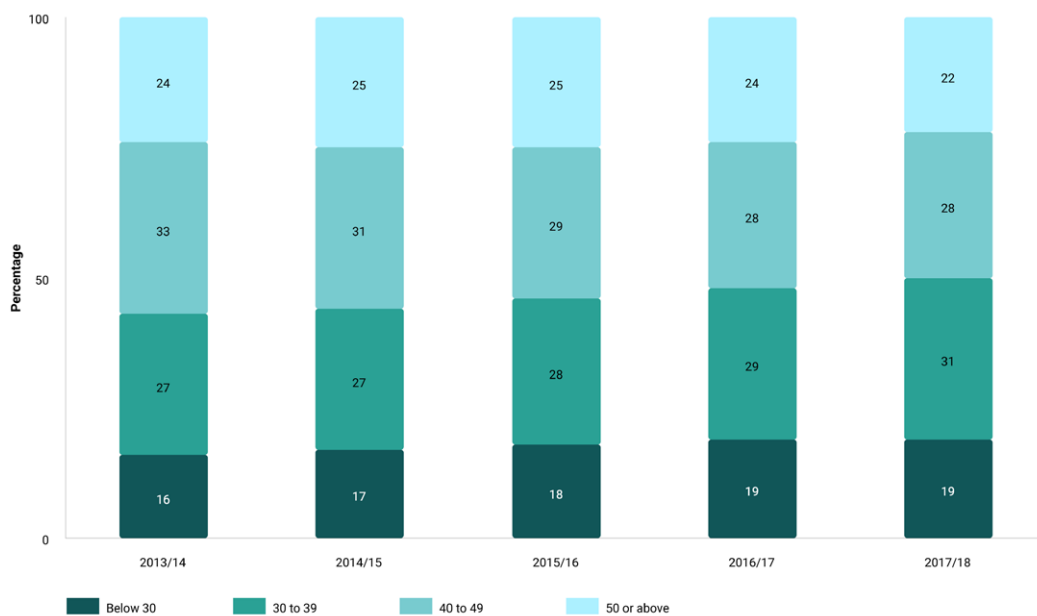
Analysis of Workforce

By gender



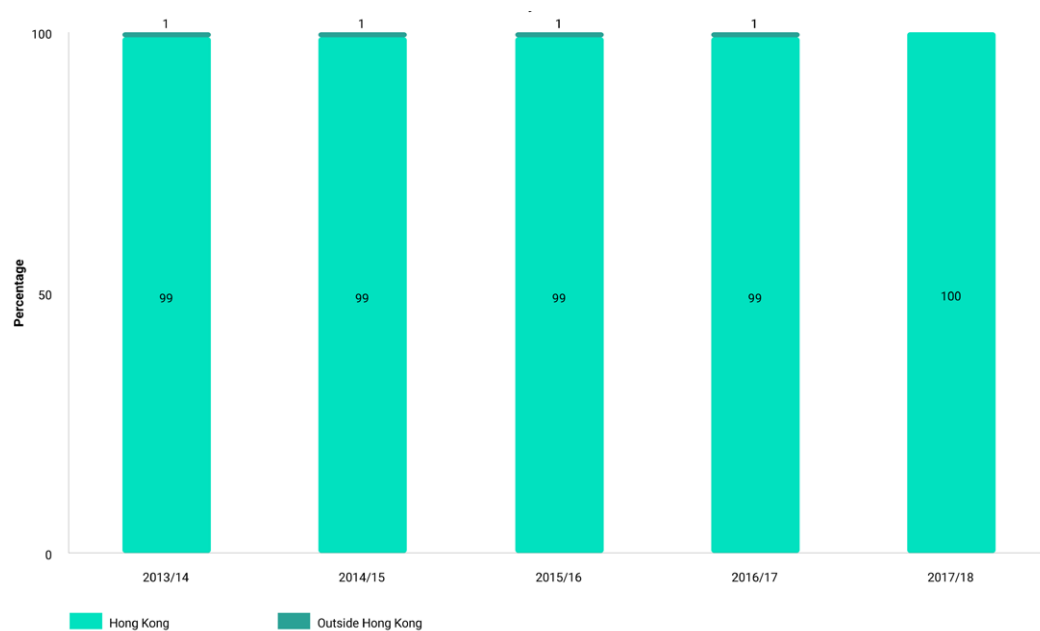
Analysis of Workforce

By age group



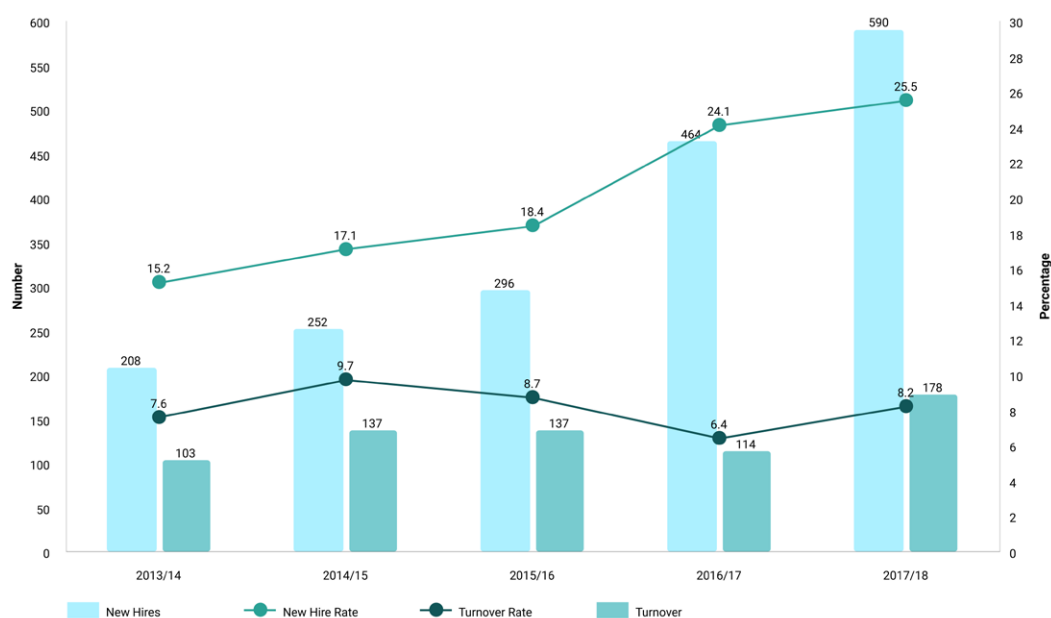
Analysis of Workforce

By location¹



¹Percentages are rounded to the nearest integer.

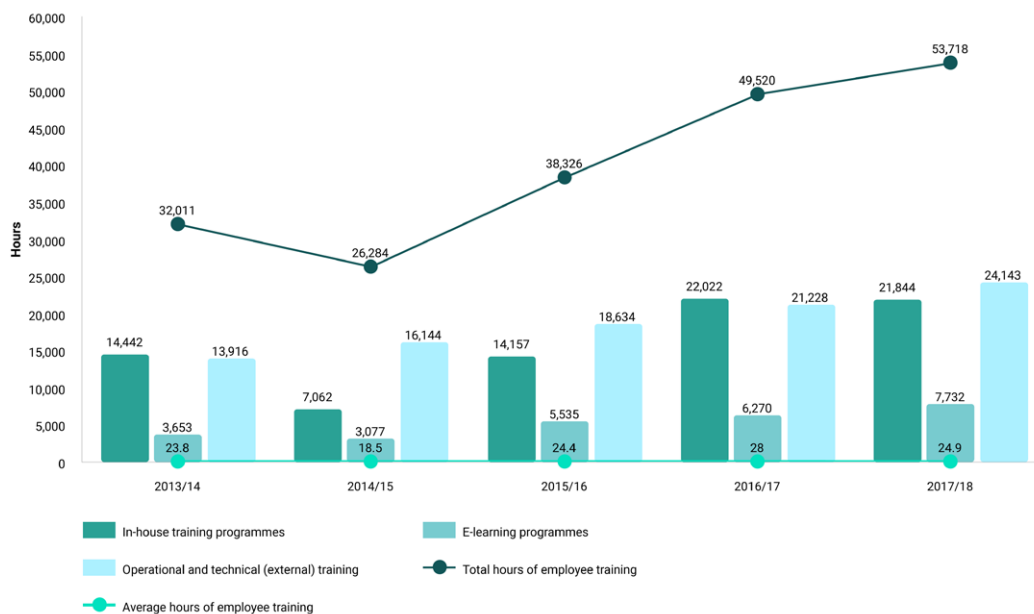
New Hires and Leavers



¹All new hires and leavers in 2017/18 were based in Hong Kong. The number of leavers and turnover rate exclude involuntary termination and temporary staff. New hire rate is calculated using the total number of employees at the end of the reporting period. Turnover rate is calculated using the average number of employees for the fiscal year.

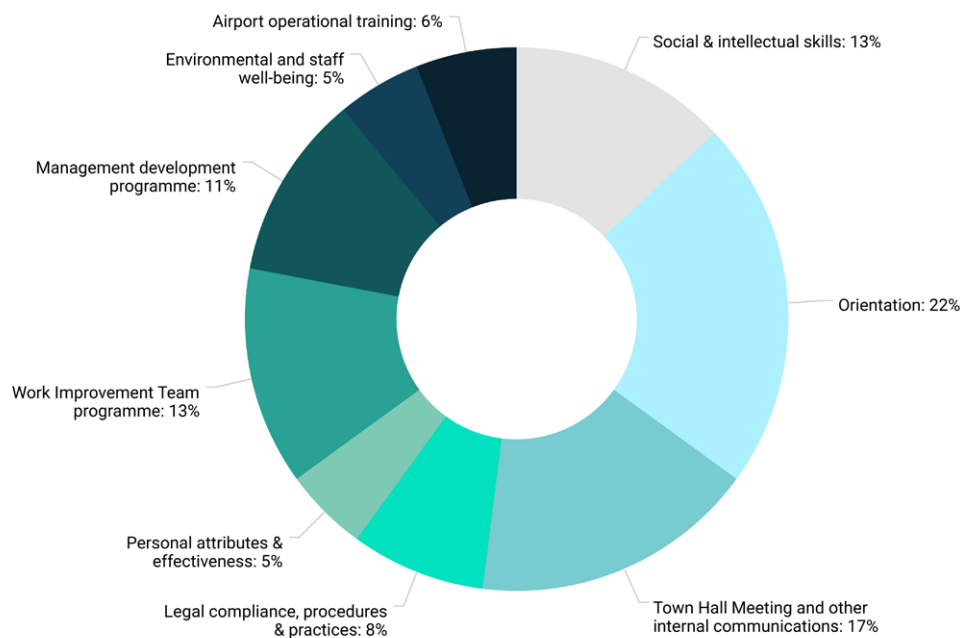
Employee Training

By training type



Employee Training

In-house training hours by training category



Social Performance



¹AAHK employees serve the community by participating in the volunteer activities organised by AAHK's social service group. Volunteer hours include the hours contributed by employees and their guests.

Independent Verification

This report has been independently verified by the Hong Kong Quality Assurance Agency. Separately, AAHK's greenhouse gas emissions data, as disclosed in this report, has been independently verified by SGS Hong Kong Limited.

[View Independent Verification Statement](#)

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@hkairport.com

(852) 2188 7111

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

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 2017/18 (the Report). This is AAHK's sixth annual sustainability report, covering the fiscal year 2017/18 ended 31 March 2018. The Report provides a comprehensive account of AAHK's management approach and performance towards sustainability in 2017/18 as well as a summary of its future plans and targets for key areas of sustainability. The report covers AAHK's core business in Hong Kong over which it has direct management control.

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 Standards: Core Option and the GRI G4 Airport Operators Sector Disclosures.

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 Standards and the GRI G4 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 Standards: Core Option and the GRI G4 Airport Operators Sector Disclosures.

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

AAHK has continuously enhanced its stakeholder engagement and materiality assessment processes. The formulation of the Report based on the reinforced processes that enables AAHK to keep on communicating with its stakeholders openly and responsively.

Signed on behalf of Hong Kong Quality Assurance Agency



Connie Sham

Head of Audit
November 2018