



About this Report

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

We have been reporting on our sustainability management since 2007, and this is our fourth Sustainable Development Report. This year our report theme is “Way Forward”. We believe that continuous improvement is an effective tool for us to achieving our business goals and implementing our sustainable development strategy. This provides us the motivation to take a step forward in committing social and environmental matters by further enhancing our initiatives in environmental protection, health and safety, and social responsibility.

This report is split into 2 main parts. The first part provides an overview of our company as well as sustainability strategy that we take. While the second part is divided into 5 main performance areas, covering Environment, Health and Safety, Our People, Business Partners, and Community.

The action plan on Climate Change has guided our emissions reduction projects, efficiency improvements and research investments. In addition, we expanded and deepened our engagement with suppliers, employees and non-governmental organizations. On topics spanning governance and climate change, we shared our views and listened to our stakeholders.

The annual Sustainable Development Report provides descriptions, data and perspective on our environmental and social performance for 2010. The initiatives and accomplishments describe our effort to achieve our vision as a leader in airport services and to deliver our values to our stakeholders. The vision and the values are our foundation to build sustainable relationships and create quality living and working communities in Hong Kong.

Scope of the Report

This report covers all correlative material from Hong Kong Airport Services Limited in the 2010 calendar year. We also occasionally mention events that took place in early 2011 when they help provide a clearer picture of our performance. This report covers our owned or operated businesses and does not address the performance of our suppliers, contractors or partners, as well as all financial information, unless otherwise noted. Our previous report was published in July 2010 and covers 2009 data and activities.

Global Reporting Initiative

We continue to be informed by reporting frameworks and guidelines that include the Global Reporting Initiative (GRI) annually. We included an index to help readers find information corresponding to the GRI indicators. This report covers 21 GRI performance indicators and has been set at Application Level B, according to the criteria described in the G3.1 Model. No external assurance was pursued for this reporting period.

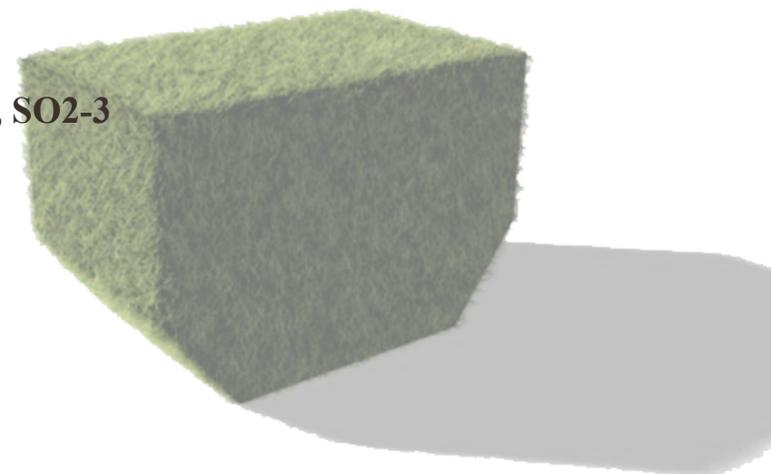
The Sustainability Development Report 2010 and reports of previous years can be found on www.has.com.hk. We welcome your comments and feedback at sd@has.com.hk.

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Managing Director's Message



“Being the largest ground handling company in Hong Kong, we are committed to providing comprehensive services to our customers in a sustainable way.”

The competition in ground handling business is fierce, and it requires on-going improvement for HAS to remain the top company in the industry. Being the largest ground handling company in Hong Kong, we are committed to providing quality, excellent and comprehensive services to our airline customers in a sustainable way. We are committed to sustainable economic growth, which means without harming our planet earth or exhausting its resources.

After the global financial crisis, the aviation industry was recovering in a steady pace. The increase in flight movement has caused shortage of manpower, hence HAS enlarge the workforce to over 3,200 people in 2010. With a larger working team, we have to put greater effort to ensure the safety and wellbeing of our employees. We took various measures to help us address the potential issues which may arise in our daily operations concerning quality of service, health and safety, teamwork, training and development, and staff engagement.

As a socially and environmentally responsible company, we addressed the negative impacts to the environment in our core areas of operations. Tackling this problem, we have set our target in reducing greenhouse gas (GHG) emission, and applied our sustainability strategy into our operation. We noticed that it would be a long term achievement, and we will make the utmost effort to ensure a more sustainable development path for our future. And this report lays out the work we carried out in environmental issues and other areas of corporate social responsibility in 2010.

We know that substantial development lies on stakeholder engagement. Therefore we monitored the process of our sustainability management closely by conducting survey with our suppliers and customers, as well as increasing the quality and frequency of stakeholder dialogue. Utilizing the opinions and feedbacks obtained from them, we can shape our future programs and fine-tune existing measures.

Moreover, we continued to raise the awareness within our company in environmental, social and health and safety initiatives by strengthening staff communications. Our employees actively participate in the volunteering and community events in our society in addition to numerous staff sports activities.

Our employees and business partners were no doubt being the largest support in the area of sustainability development to our company, and with my deepest gratefulness for their contribution and collaboration to our achievements in 2010. I am confident that HAS's continuous commitment in sustainable development will strengthen our position in the market and overcome the challenges ahead.

A handwritten signature in black ink, appearing to read 'Alex Chau'. The signature is stylized and fluid.

Alex Chau
Managing Director

Our Business



Hong Kong Airport Services Limited (HAS) was founded in 1995 and is currently with over 3,200 employees and a fleet of over 2,800 ground support equipment (GSE) and vehicles. It provides one stop ground handling services in Hong Kong International Airport.

HAS provides one-stop ground handling services, including loading and unloading of aircraft, baggage handling, cargo and mail delivery, ramp co-ordination, aircraft load control, aerobridge and passenger steps operation, ULD storage and crew transportation for Hong Kong International Airport more than a decade. Apart from ramp and cargo services, HAS also provides passenger and flight handling services such as passenger check-in, ticketing and flight dispatch.

We are providing passenger handling service for 19 airlines, while ramp and cargo services for 30 international airlines including Cathay Pacific and Dragonair. We are now the largest ramp handling service provider in Hong Kong with our market share over 49%, and over 24% in passenger handling services at HKIA in 2010. HAS is a member of the IATA Ground Handling Council.

Our offices are located at 3 major areas, with one office premise in Dragonair House, one in SuperTerminal 1 and four premises within the Passenger Terminal Building at the airport.

Overview of 2010

It was in the bloom for the airline industry in the year of 2010, due to the massive global economic recovery after the global financial crisis. The flight movement had increased, as people were more willing to spend on travel as compared with 2009. For HAS, this condition represented an opportunity to emerge stronger and be more competitive in the future.

Aiming at being a regional, full service ground handling agent, we committed all our efforts in achieving this goal. Sustainable Development is a fundamental concept in our long term planning, which is about creating a long-term relationship with our stakeholders by embracing opportunities and managing risks associated with Environmental, Economic and Social concerns. To fulfil these responsibilities, we stand strong to our Vision and Missions statement.

Human asset is invaluable to our company, hence occupational health and safety has always been our paramount priority. In 2010, we have implemented the Safety Management System, providing us an organized approach to managing and ensuring a high safety in ground operations.

The IATA Safety Audit for Ground Operations (ISAGO) was carried out successfully in early December 2010 with a remarkable result of zero finding and zero observation – which meant that our standard operating procedures and practices are fully conformed to the ISAGO Standards and Recommended Practices. We will soon be listed on the ISAGO Registry, and the registration will surely reinforce HAS's brand in the competitive market.

Looking forward, we need to survive in the market by continuing to provide excellent service to our customers. With the strengths of our brand, and our excellent team, HAS is confident in being the lead in the industry.



Sustainability Management



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

We developed the Sustainable Development Policy based on long-term values and clear policy guidelines that are valid for all parts of the company. The Vision and Missions Statement of the company sets the framework for us to regulate the Sustainability Strategy, which provides steering mechanisms and defined specific goals by which we measure ourselves.

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

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

Corporate Governance

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

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

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

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

Awards in 2010

- The Wastewi\$e Label - Class of Excellence (Hong Kong Awards for Environmental Excellence)
- The Clean Air Charter Certificate (Hong Kong General Chamber of Commerce)
- The 5th Years Plus Caring Company Logo 2010/11 (Hong Kong Council of Social Services)

Risk Management

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

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

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

The Issues We Face

- Greenhouse Gas Emissions Control**
 In line with our commitment to minimising our environmental impact and to effectively managing the efficient use of our resources, we have undertaken to reduce our energy consumption and our carbon intensity. See page 8 for our strategy.
- Employees Health and Safety**
 Aircraft loading, baggage and dolly handling account for 50% of our injury rate, this makes the safety management an important area to work on. See the safety strategy and our efforts to separate people and risk on page 14.
- High Turnover Rate Among Junior Staff**
 A staff retention program with induction training, career and management development programs has been instigated. Emphasis on enhancing staff relations and communication will be continued to put on in 2011.

4. Community Focus

We aspire to focus on building integrated communities by increasing employee involvement and fostering active leadership. See the section of Community on page 29.



HAS Vision and Missions

Vision

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

Missions

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

Stakeholder Engagement

Listening and responding to our stakeholders is a key pillar of the HAS sustainable development strategy. We value feedback from stakeholders through outreach and dialogue with them, which helps us know more about their views and concerns towards our future development.

We continue to engage with a variety of stakeholders in 2010 mainly focusing on employees, customers and suppliers. The engagement process helps us evaluating our results towards the goal concerning sustainability development, and hence provides us a better insight on how our policies and instruments can be improved in sustainability management. We strive for regularity of stakeholder engagement activities and further formalize our feedback efforts in 2011.

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

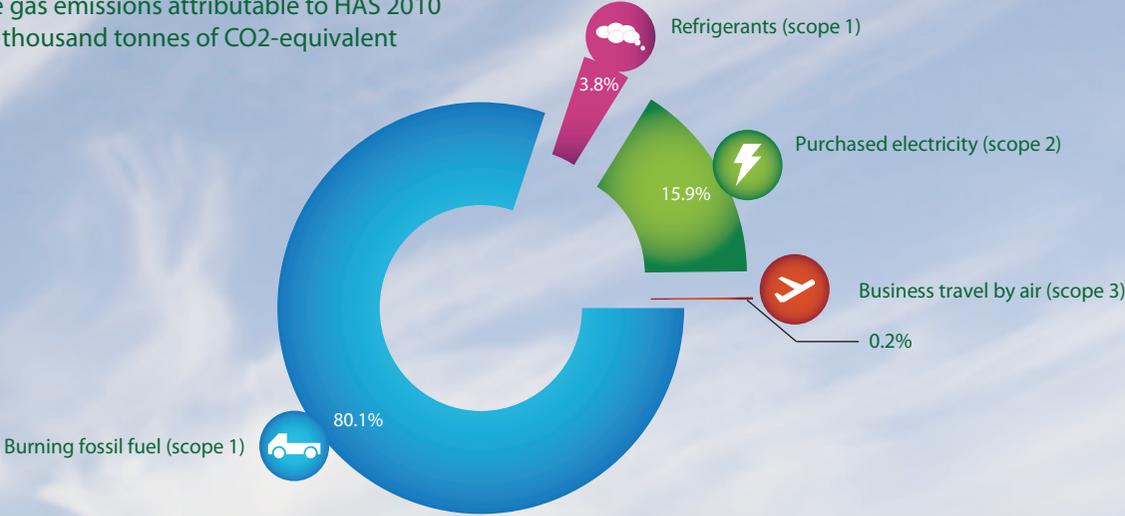
Stakeholder Dialogue in 2010 with Various Stakeholder Groups

Stakeholder	Profile	How We Engaged
Customers	Airlines	Airlines performance campaign Customer satisfaction questionnaire Regular meeting Services delivery report (AHM804) Participating in site visit
Employees	Approximately 3,200 HAS employees in Hong Kong	Training and development programs Regular meetings Regular company updates Bi-monthly newsletter Regular performance reviews Bi-annual staff briefings by Managing Director
Suppliers	Numerous multinational and local companies, service and product providers	Supplier Code of Conduct Engaging in direct dialogue Participating in site visits
Business Partners	Joint Venture partners in Hong Kong and China	Regular meetings Participating in site visits Engaging in direct dialogue
Local Communities	Numerous communities in Hong Kong old districts, new development areas	Community engagement program Consultation with community structures
Government	Hong Kong SAR Government	Attending conferences and meetings Engaging in direct dialogue
Non-governmental Organisations	Numerous business forums, and academic institutions	Participating in forums and seminars Attending conferences and meetings Engaging in direct dialogue

Environment

We are committed to being a responsible company by achieving sound environmental protection and controlling the impacts of our operations on the environment, to ensure our business activities are consistent with the Environmental Policy.

Greenhouse gas emissions attributable to HAS 2010
Total = 9.57 thousand tonnes of CO₂-equivalent



Emission factors are from the 'Guidelines to account for and report on greenhouse gas emissions and removals for buildings (commercial, residential or institutional purposes) in Hong Kong', published by the Environmental Protection Department and the Electrical and Mechanical Services Department in 2010.

Environmental Performance

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

In 2010 our total GHG intensity was 58.44 tonnes of CO₂e per thousand ATM thus an increase of 2.7% when compared with 2009. It is within our expected target which was set in 2009.

Management Approach

Environmental stewardship is an integral part of our business strategy, ensuring that environmental management is implemented in a responsible way. Our Environmental Policy is principally complying with the regulations and legislation of Hong Kong. We strive for improving our environmental performance by setting guidelines and procedures.

The Environmental Committee, which directly reports to Sustainable Development Committee, oversees the environmental strategy and performance, while management of overall environmental issues comes to the Business Support Manager. Being a member of the Swire Group, we cooperate with the Swire Group Environmental Committee closely in developing corporate-wide environmental management direction.

We have been continually taking efforts in improving our surrounding environment by applying comprehensive environmental strategies concerning air pollution, waste, water and other impacts from our operations. It supports our precautionary approach to the environment. In addition, environmental audits are regularly conducted by internal and external parties. The audits in general focus on solid and chemical waste disposal, oil and electrolyte spillage, and pest control.

Increasing our Energy Efficiency

Energy efficiency is an opportunity for reducing greenhouse gas. We are committed to increasing energy efficiency from all kinds of operations in order to reduce our carbon emissions. Being the largest ground handling agent in Hong Kong, ramp operations are our main source of greenhouse gas (GHG) combustion. We continued to increase our energy efficiency through improvement in technology and operation of motorized equipments.



New EURO VI shuttle bus

In order to reduce air pollutants, we put resources in the exploration of new technologies on non-conventional vehicles. Since electric power is a cleaner source of energy compared with conventional fuel, we are studying on the dual-power loader and fast charging system which can reduce battery charging time from 8 to 2 hours. These innovative technologies are not only beneficial to our business operations, but also help reducing the energy consumption and GHG emissions.

The Ground Support Equipment (GSE) Replacement Programs is implemented to replace equipment with heavy tailpipe emission or depreciated. This is a long-term program aiming at improving the emission standard of our conventionally-fuelled GSE and vehicles. All inefficient equipment and vehicles belong to pre-Euro and Euro I will be gradually phased out to enhance fuel efficiency.

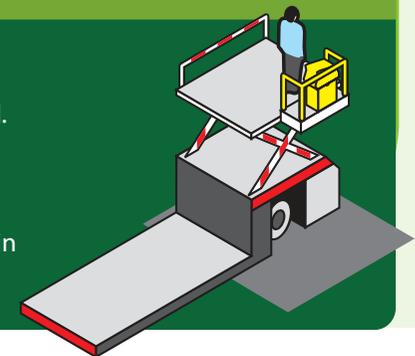
In 2010 four new control vans and a EURO IV 51-seater shuttle bus had been introduced, to replace the old pick-up control vans and one EURO II 51-seater shuttle bus respectively. The new vehicles meet the latest EURO IV emission standard that helps to improve air quality at HKIA. Apart from it, an electric conveyer belt and two electric tractors were also put into service to reduce air pollution by burning fossil fuel. We installed LED light on all non-powered passenger steps and installed T5 fluorescent tubes in one of our offices, which can significantly increase energy efficiency.

We continued to improve energy efficiency of our technology infrastructure. We introduced more environmental friendly equipments such as energy saving servers, photocopiers and double-sided printers. We improved our electronic communication system, including electronic notice board, intranet and email system, to reduce paper used in our daily operations. The GSE Fleet Management Project was in trial to optimise the utilisation of equipments and vehicles by using dynamic route planning and real-time allocation. This project will enhance our operations in terms of time, cost, and carbon emissions.



Dual-power Loader

In 2010, we introduced the innovative Dual-power Loader, which is designed by the Weihai Guangtai Airport Equipment Company Limited. Their patented dual power system allows the loader to operate by electric power or diesel power. It reduces maximum of 80% tailpipe emission from cargo loaders with the new electric power system. The new Dual-power Loader will be put into service throughout the apron in 2011.



Engaging our Employees

Long-term sustainability relies on support from employees. We try to engage our employees with different background and knowledge in environmental protection, hence changing their behaviors in their daily lives. The Swire Pacific Green Guidelines is published to cultivate the spirit of eliminating environmental impacts on earth. Employees are encouraged to put these Green tips into practice.

To promote our values and principle of sustainable development (SD), we developed a webpage in the intranet, briefly introduced the definition, policy, guidelines, governance and activities related to sustainable development. We also participated in the "Hong Kong Carbon Reduction Campaign" organised by the Climate Group Hong Kong to promote low-carbon lifestyle to our employees.

Extending this commitment to being environmentally sustainable and energy efficient, we have showed our support to the WWF Earth Hour since 2008. We turned off all non-essential lighting in offices for one hour on that day to demonstrate our concern on climate change. We also invited our employees and business partners to take part at home and at work. The activity aims to raise awareness on environmental issues of our employees and to increase commitment to the goals of our environmental strategy with our employees.



Employee Training



Hong Kong Carbon Reduction Campaign 2010

Controlling Air Emissions

As a responsible business partner in the community, we supported the Carbon Reduction Pledge held by the Hong Kong International Airport, which committed to reducing targeted airport-wide carbon emission by 2015. We pledged to reduce carbon emission by increasing energy and fuel efficiency, promoting green operations among employees and introducing innovative equipments to facilitate our operations. We were awarded the Clean Air Charter Certificate since 2009 to demonstrate our efforts and initiatives in air quality control.

To support renewable energy projects, we have joined Cathay Pacific's carbon offset program, FLY greener, which enables us to offset the carbon dioxide emissions of our employees duty travel. In 2010 we offset 20.7 tonnes of carbon dioxide emission through this program.

Managing Our Resources

Waste Management
It is our responsibility to ensure that all wastes generated during operations are managed in accordance with a good waste management practice. In 2010, we launched our waste management system across all of our operations. The system mainly focuses on managing the chemical and office waste generated in our daily operations, as well as recycling of materials. In 2010, the amount of recycled materials had a remarkable increase. The aluminium cans and plastic bottles recycled had risen 3.8 times and 1.7 times respectively when compared with 2009 figures.

We also encourage our employees to fully utilize products and materials whenever possible. All the printers in offices are now with default setting of double sided printing, to reduce paper consumed in offices.

We established Green Procurement Guidelines to promote environmentally preferable purchasing. The guidelines apply to all products including office-related product and equipment purchased by all departments in the Company.



Along with our commitment in reducing waste generation, HAS was awarded the “Wastewiše Label” under the “Class of Excellence” from the Hong Kong Awards for Environmental Excellence, organised by the Environmental Campaign Committee in 2010/2011. Being the 8th consecutive year in a row, it recognises our effort in effective waste reduction measures, such as recycling waste rechargeable batteries and using the paper certified by the Forest Stewardship Council.

Water Management
 We understand that responsible water management is a cornerstone of environmental responsibility. In HAS, water management requires due care, as on top of responsibly managed water consumption, we also need to ensure that no oil and fuel spilling into drainage systems at HKIA.

In 2010 there were no significant fines for non-compliance and spills reported in our ground operations.

We continue to prevent water pollution through the following actions:

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

Progress against 2010 actions		Agenda for 2011	
Expand the scope of real-time task allocation system to locate equipment	ongoing	Expand the scope of waste recycling and energy saving projects	
Continue focusing waste recycling and energy saving projects	✓	Develop a systematic vehicle replacement scheme	
Develop environmental awareness training to our employees	✓	Introduce more energy efficient equipment	
Communicate with Hong Kong Airport Authority to introduce alternate fuels and infrastructures	✓		

Health and Safety

Occupational Health and Safety has always been our first priority. We devote significant efforts in providing employees a reliable, safe and secure working environment of our ground handling operations.



Management Approach

The Safety Manager and divisional committees manage the HAS Safety Review Committee, which is under direct oversight of the Managing Director. The committee engaged in policy implementations and safety management reviews, to ensure that our operations and business functions are complying with all laws, regulations and requirements.

We pursued improvements in operation safety and risk management. The Health & Safety Policy was reviewed regularly to maintain a high standard of safety in workplace. In 2010, we took a step forward and enhanced the Safety Management System (SMS). The introduction of SMS provides us an organized approach to managing safety, including the necessary organizational structures, accountabilities, policies and procedures, so that issues on occupational safety and health can be managed systematically and effectively in all departments. And this helped us to align with the IATA Safety Audit for Ground Operations (ISAGO) which took place in December 2010. We are pleased to announce that HAS has achieved the registry of ISAGO in Hong Kong station in 2010.

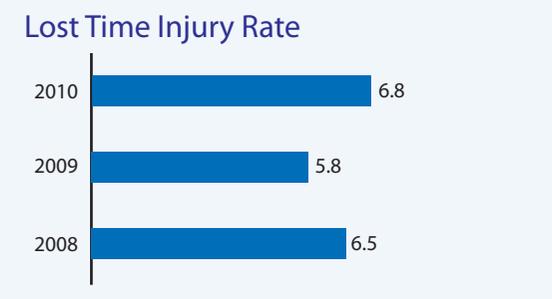
To enhance safety performance, consecutive training programmes are essential for all levels of staff. Safety audits are conducted both internally and externally, focusing on flight handling, ramp and equipment condition, dangerous goods handling, safety awareness and documentation. An electronic reporting system was developed to cover all the safety operational indicators and monthly results are updated in the Company's safety database.

Safety Performance

There were a total of 294 Lost Time Injuries reported in 2010. It increased from 5.80 injuries per 100 employees in 2009 to 6.8 in 2010. Increase in flight movements resulting in heavy workload of our frontline employees, contributed much to the increase in injury cases. The Management had addressed the issues by hiring more staff and enforcing safety via safety programme, briefings, case sharing, training and patrol. Safety is also one of the Key Performance Indicators (KPIs) for frontline staff under the new Performance Management System.

Our analysis shows carelessness, uncontrollable and undesired actions are the major reasons of injuries which are caused by complexity of ground operations and human factors. Over half of accidents were due to manual handling tasks such as traffic accidents, gate baggage handling and connection passenger handling.

Safety Section and divisional operations management always strive for better safety performance. Actions were taken to improve on technical safety precautions and raise safety awareness of staff. Examples of health and safety initiatives and practices in place at our operations are as follows:



Improving Equipment Safety

Good and efficient equipment contribute to a safe operation. We strive for improving equipment standards by initiating various kinds of modification. In 2010, the Technical Services Section carried out 44 GSE modification projects to enhance GSE operation safety and simplify the complexity of equipment control. Personal Protective Equipment (PPE) are provided to employees working in high-risk areas.

The Equipment Improvement Gathering Committee was restructured in 2010, consisting of subcommittees for management and operational staff respectively. The committee provides a platform to share views on ground support equipment in both managerial and operational aspects. We continue to ensure all the equipment are safe to operate in any condition and to achieve world-class occupational health and safety performance.

Improving Employee Health

We understand that the fast-paced lifestyle in Hong Kong unceasingly stress people and lead to health problems. To develop a happy, healthy and productive workforce, a consulting firm has been appointed to provide professional personal counselling and consultation service for our staff. It offers help to our staff in preventing, identifying and resolving difficulties in personal, family or work-related issues.

We put efforts in culturing healthy lifestyle among our staff. Practical demonstration and office stretching exercises were included in our induction and refresher courses. In 2010, the “Ideal BMI Disease Prevention Workshops” were launched with the Hospital Authority. Health talks were presented by registered dietitians, and health checks on body weight were provided to our staff.

We also provided a comprehensive medical scheme covering both outpatient and hospital benefit to our employees and their dependents, hence encouraging them to have a better alertness to their health. In addition, we also offered subsidized medical check-up and dental schemes to our employees.

To ensure our office employees are educated on the best practices, the ongoing Display Screen Equipment (DSE) assessment was continued to conduct in 2010. This covered a process of identifying and assessing the risks to the health and safety of using workstation. Practical demonstration and office stretching exercise were covered in our induction and refreshment courses.



Ideal BMI Workshop

Enhancing Safety Communication

Effective and adequate safety communication is important to convey necessary safety information with stakeholders. We provide various platforms to strengthen our communication channels with our stakeholders. For instance, we broadcasted safety information on electronic notice boards, including safety alerts, weather updates, best safety practices and promotion of safety campaigns.

To encourage our staff to provide feedback and advice towards occupational health and safety, the Electronic Reporting System was implemented in 2010. This non-punitive reporting system not only acted as a platform to collect useful safety data but also encourage our staff to express their views and corrective feedback on safety issues. By implementing this system we can now have more accurate information in safety management review, hence reduce the risk of injuries.

Staff Training and Awareness

Safety awareness cultivation is an on-going project in our policy. HAS has developed a comprehensive training program for our operations staff. A series of training were provided to supervisory staff, focusing on rules and regulations, team management skills, reporting system, safety investigation and measurement.

To strengthen safety culture among our staff, we conducted a number of Occupational Health Talks with Labour Department and Airport Authority, under the theme of "Manual Handling in Cargo Compartment", so as to reduce physical injury through sufficient refresher trainings.



ISAGO

IATA Safety Audit for Ground Operations (ISAGO) is an audit programme for ground handling companies serving airlines at airports. In 2010, HAS was awarded the ISAGO certificate after the successful completion of its audit with zero observation and zero finding for the entire audit.



Health Talk

We also launched a series of Safety Campaigns on the following areas:

- 1 Aircraft Safety
 - Foreign Object Damage (FOD),
 - Procedures of GSE approaching Aircraft
- 2 Individual Safety
 - Personal Protective Equipment Application
 - Task Rotation for manual workers
- 3 Airport Safety
 - Driving Behaviours
 - Apron Discipline

For external activities, we continued to encourage our staff to participate in the annual “Airfield and Baggage Hall Health and Safety Campaign” organised by the Airport Authority Hong Kong in November 2010. The objective of this campaign was to enhance safety awareness of all colleagues who worked in apron and baggage hall.

In the campaign, four of our staff received awards in the Safety Role Model Election, and our Baggage Services Section won the Safety Quiz Competition. These awards recognised our outstanding achievement in promoting occupational safety among our staff.



Safety Quiz Competition

Progress against 2010 actions

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

Agenda for 2011

- Enhance safety monitoring by advocating supervisor empowerment
- Monitor the effectiveness of SMS in reducing injury rate
- Further cultivate employees on occupational safety through e-Board

Our People

We aim at providing an environment that promotes diversity and respect, safeguards occupational health and safety, offers equal opportunities and an appropriate work-life balance.



Environment

Health and Safety

Our People

Business Partners

Community

Sustainable Development

In 2010 HAS employed 3,270 staff, comprising 2,672 (82%) permanent employees and 598 (18%) contract employees, make us being one of the major drivers of employment opportunities in the airport community. The practice of undertaking local hiring has been in place in HAS. All of our employees are based and hired in Hong Kong.

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

Enhancing Communications

Staff engagement is seen as an integral part of human resources strategy. We continue to ensure that sufficient feedback mechanisms are provided and feedbacks are responded effectively. Apart from Management Briefings, we initiated Staff Briefings in August 2010 so that not only our management staff were kept abreast of company development but also the general staff in the company.

To encourage a better flow of staff communication, we launched the following programmes in 2010:

- Management Briefing was held in March, with around 120 management staff attended.
- 12 sessions of Staff Briefing were presented by Managing Director in August, with around 570 staff attended.
- Our staff newsletter, HAS Touch, was revamped to enrich its contents.
- Additional electronic notice boards, e-Board, were installed and widely used in different offices to enhance information dissemination.
- In addition to lunch box meetings, afternoon tea gatherings were initiated for ramp operations and office staff to share views via face-to-face communication.
- Our company intranet, e-Touch, was revamped to make it more informative and more accessible to staff. New functions such as e-payslip and annual leave balance are available for staff.



Code of Conduct

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

Within the Code there are key non-negotiable values:

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

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

Equal Opportunity

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

Motivation and Fulfillment

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

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

Talent Management

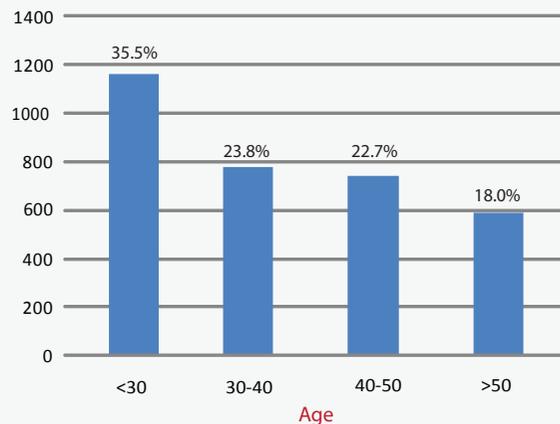
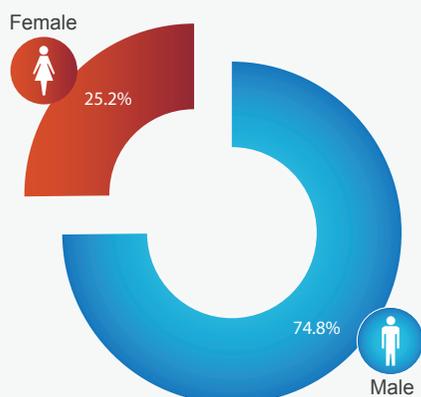
We strongly believe professional and personal development enhances motivation and continually build organisational capability. All new employees are provided induction training once they joined our force, which covered courses in technical knowledge, health and safety, environment and anti-corruption. HAS traditionally provides high priority to ongoing training of our people, from operational staff to management level. We have identified clear job requirements and committed to working with all our people, developing their full potential and reaching maximum levels of their contributions to the company. Our professional training is geared to the needs of our operational business and standardised processes are used to plan, implement and evaluate training.



Safety Management Training

Demography of Employees

Total 3,270 number of HAS employees in Hong Kong



To retain talents in HAS, we identify potential staff from different programs and channels and provide appropriate training and coaching to nurture the future supervisory and management staff. Apart from the internal openings via which staff may apply for their interested position for their future development, we also launched Management Development Program in Jan 2010 and Career Development Program in April 2010 to groom potential staff by attaching them to various core functional areas in the Company.

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



On-job Training

In addition, we are committed to investing resources in attracting and retaining talents in HAS. We provided opportunities for staff and management development at each stage of our employee' careers. As of 2010, our training courses include:

- The supervisory program which identified and developed potential supervisors by teaching them various management skills including effective communication, team motivation, delegation and coaching skills
- Induction programs are provided to our new recruits for passenger services and technical operations respectively. The required skills and knowledge are covered in the programs to ensure that they can perform job up to the standards of company and our customer airlines
- Putonghua Training is designed for Passenger Services staff, Duty Controller/ Executive and Office staff respectively. Improving staff's total Putonghua proficiency helps them to fulfil their job duties effectively.
- On-job-attachment workshops are launched to support the mentors. Through the "Train-The-Trainer" Program, we groomed the trainee according to company standard with caring attitude, let them understand different learning style and how to give instructions based on different needs and conduct structural on-job-training.
- Meeting skills workshops are provided to employees in how to deliver a message clearly to the participants in an effective manner.



Performance Management System (PMS)

To provide a competitive reward scheme to retain and motivate our employees, we have reviewed our existing performance and appraisal system. A new Performance Management System would be initiated in 2011, which provides a more transparent and fair performance evaluation platform to identify potential performers and improve employees' competencies.



- Enhancing communication and interpersonal skills for our employees through the communication / telephone handling / interpersonal skills workshops. Contents included conducting daily communication in an effective and professional manner, handling telephone communication with care and accuracy, and mastering languages and tones upon different work related situation.
- Departmental tours are provided for employees to understand the procedures and workflow between departments and sections.

Work-Life Balance

We support that work-life balance is impuative to maintaining a healthy, satisfying and positive workforce. Therefore we have held a range of campaigns and activities for our staff in promoting a better work-life balance.

We have currently 8 Sports & Recreation Clubs (S & R), including Football Club, Basketball Club, Table-tennis Club, Bowling Club, Long Distance Running Club, Hiking Club, Volleyball Club and Photography Club. Staff actively participated in different S & R activities and achieved remarkable results in different campaigns.

In 2010, we continued to build on a board range of work-life initiatives, including:

- HAS Inter-departmental and sectional Football Tournaments were held successfully between June and December 2010.
- 15 members of the Long Distance Running Club attended the 2010 Standard Chartered Marathon on 28 Feb.
- BMI workshops in April and July provided on site BMI measurement and Health Consultations to staff.



Passenger Services Team



Baggage Services Team



Cathay Pacific Basketball Tournament 2010



Singapore Bowling Tournament 2010



Christmas Carolling Team

- 22 Bowling Club Team members participated in the 2010 Friendly Bowling Tournament in Singapore.
- At the bowling event of "Shatin Belair Bowling Centre 5th Anniversary Mega Play" on 10 October 2010, our HAS Bowling Team managed to come the fourth place in a total of 26 teams.
- 209 staff and their dependants joined the Summer Film Show in August.
- More than 200 staff and their dependants joined the BBQ event in December.
- Christmas Carolling Team shared their joy and happiness of seasonal greetings with staff on 22 December.
- Over 1,000 staff joined the Staff Annual Dinner on 12 May 2010.
- Basketball Club participated the Cathay Pacific Basketball Competition in Taipei, and won the second runner-up.

Progress against 2010 actions

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



Agenda for 2011

- Stimulate employees' motivation and fulfilment through different campaigns
- Implement the new Performance Management System
- Arrange more S&R activities and campaigns for our employees

Business Partners



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

Environment

Health and Safety

Our People

Business Partners

Community

Sustainable Development

Furthering our commitment to sustainability, we committed to engaging our suppliers and staff in meeting the highest professional and ethical standards. We aim to ensure that the whole supply chain is under the best practice in ethical procurement. Our Business Partners Committee, headed by the Financial Controller and Marketing Manager, work with our suppliers to ensure that the business operations are conducted in a responsible manner.

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

To ensure that sustainable purchasing and responsible supply chain, the Green Procurement Guidelines have been adopted to ensure social needs and environmental considerations are taken into account in addition to economic considerations.

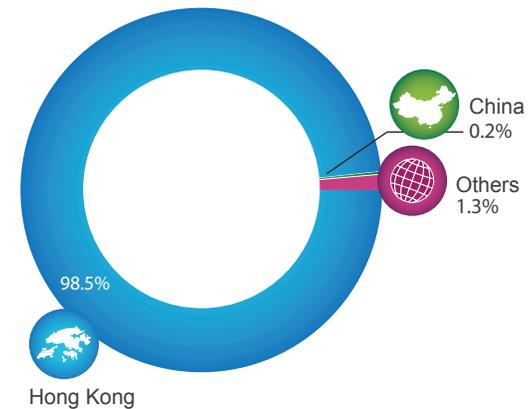
For key suppliers, we have started incorporating our Code of Conduct into the purchase agreements on contract renewal or new agreements in 2010. Further work will be undertaken during 2011 in ensuring that our policies and our Code of Conducts are generally and consistently adopted across our supply chain.

Developing Local Suppliers

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

In 2010, we had maintained our Hong Kong based supplier content at over 98%. We continue to contribute to the local economy, and as such we hire locally-based suppliers when this is feasible.

Proportion of Locally-based Suppliers



Customer Satisfaction Survey

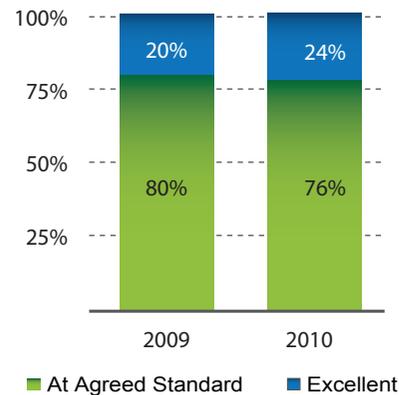
Our vision is to excel as a regional, full service ground handling agent, customer satisfaction is therefore our most important sustainability issue and core company value. It drives continuous improvement in our business in order to serve our customers better. Our customer satisfaction surveys allow us to hear the feedback of our customers, thus enhancing our quality of service by improving.

These surveys are conducted quarterly and focused on aspects of service delivery and staff services. Ascertaining views from a broad range of contacts gives us a holistic view of how we impact every level of our customers' businesses and our opportunities for improvement.

The data are more than just metrics. These measures provide us with clear direction on aspects of the business and assist with the achievement of strategic organisational goals.

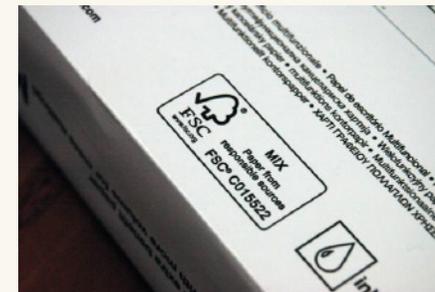
Customer Satisfaction Survey

100% of Customers Satisfy with our Performance in 2009 and 2010



Joint Purchase

In 2010, we have joined force with Swire Group companies to purchase FSC (Forest Stewardship Council) certified printing paper, letter headed paper and name card paper in support of the sustainable development initiatives. We will continue to work closely with our partners in the Swire Group to achieve more in future.



Engaging Business Partners

We aim to foster a collaborative relationship with our suppliers, be it on safety, economic and environmental issues. We believe our business partners would make a significant contribution to our success on building integrity and fairness in relationships with our staff as well as customers. In addition, interaction with contractors and suppliers takes place formally on a regular basis at HAS, to encourage our suppliers to improve on their social and environmental practices in their businesses.

This engagement not only helps to provide a two-way dialogue with our stakeholders, it also promotes opportunities with our contractors and suppliers to raise awareness of the benefits we can bring to our local communities, if we work together. We developed a sustainability program to support and engage our business partners since 2008. This program is designed to provide a framework for our contractors to continuously improve in environmental performance, especially in the responsible disposal of end-of-life equipments, parts, chemical waste, and battery. Refurbishment of aged equipments, redeployment, or kept as reserve are encouraged.

In 2010, we also encouraged our business partners to participate in the “WWF Earth Hour 2010” initiative through electronic means, to raise the awareness of environmental issues in our business partner network.



Christmas Dinner for Customer Airlines

Progress against 2010 actions

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

Agenda for 2011

- Continue to incorporate Supplier Code of Conduct into significant contracts with our suppliers.
- Keep tracking the achievement on customer satisfaction rate to our target

Community



Building a Harmonious Community is one of our key focuses of HAS community services. Apart from putting effort in financial support, we also gather enthusiasts to share love and care in our community.

Environment

Health and Safety

Our People

Business Partners

Community

Sustainable Development

HAS Dynamics

Volunteers from various departments comprise the HAS Dynamics Volunteers Team, which dedicated their spare time to contribute to the community unconditionally. Lots of needy people in Hong Kong, especially children and elderly, need a hand to have a better life, so all our volunteers are always ready to participate in various voluntary works, in order to express our care and solicitude to the needy.

We show our support on the long term development of the communities we are a part of. We are committed to participating in various community programs continuously and maintaining close cooperation with charities. Being involved in more than 15 charity donations and community service programs, our service hours had accumulated to nearly 450 hours in the past year.

Scarves Knitting and Home Visit to Elderly

HAS Dynamics team together with Yang Memorial Methodist Social Service organized home visits for the elderly at Choi Hung Estate. To express our gratitude for their contributions to the community, our volunteer team distributed the scarves and hats knitted by our staff to the elderly during the visits.

Skip Lunch Day

Skip Lunch Day is a fund raising campaign organized by the Community Chest Hong Kong to help and bring hope to the less fortunate. All donation received were allocated to supporting street sleepers and cage residents. On 23 March 2010, a total of 263 staff joined the campaign.



ORBIS Flying Eye Hospital

To show our support to the ORBIS, HAS providing free ground handling service to ORBIS Flying Eye Hospital since the opening of HKIA. In October 2010, HAS Dynamics Volunteers Team was invited to go on board of Flying Eye Hospital, having the chance to know more about their operation as well as surgical equipment on plane.



Caring Company logo

With continuous commitment to corporate social responsibility (CSR), HAS has been awarded the 5th Years Plus Caring Company Logo 2009/10. This is the first time that HAS being awarded this logo. The award is organized by the Hong Kong Council of Social Services (HKCSS), which recognises companies that demonstrate sustainable commitment in caring for the community, employees and environment.

Donation to Changing Young Lives Foundation

Changing Young Lives Foundation is a charity organization aims at raising fund for helping underprivileged children and youngsters in Hong Kong and Mainland, especially for those who have family difficulties, domestic violence or singled parent. In 2010, we organized two fund raising events by putting donation box at our staff canteen.

Love Teeth Day

HAS supported the "Love Teeth Day" on 9 December 2010, which was jointly organized by the Community Chest, the Hong Kong Dental Association and Oral Health Education Unit of Department of Health, aimed to increase awareness of dental care and raise fund for subsidizing the "Oral Health Services for the Needy" provided by the Chest's member social welfare agencies. Total of 290 staff joined the event.

The Community Chest Green Day

The Community Chest Green Day was held on 27 and 28 June 2010. This year, we continuously supported this event by raising fund, and all the donations will be used to support "Medical and Health Services" provided by the Chest's member agencies.



5th Years Plus Caring Company Logo

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





Photo Taking for Elderly

Home Visit to Elderly

New Fun @ The Airport

Scarves Knitting and Home Visit to Elderly

HAS Dynamics team together with Yang Memorial Methodist Social Service organized home visits for the elderly at Choi Hung Estate. To express our gratitude for their contributions to the community, our volunteer team distributed the scarves and hats knitted by our staff to the elderly during the visits.

Moon Cake Donation

On 20 Sep 2010, we donated 40 boxes of mooncake to Salvation Army to support their Mid-Autumn Festival events and celebrate this traditional festival with the needy.

Photo Taking for Elderly

Together with the Photography Club, our volunteer team visited Yan Oi Tong Tin Ka Ping Day Care Centre on 15 May 2010 and Chung Sing Benevolent Society Kwun Tong Elderly Centre on 21 Aug 2010 to take passport photos for over 130 seniors. During the two visits, our volunteers shared happiness with the elderly by capturing their cheerful smiles on the photos, all the seniors enjoyed the service and received a dozen of passport photos.

New Fun @ The Airport

HAS, Swire Properties and the Hong Kong Family Welfare Society jointly organized an airport visit for 20 under privileged children on 6 November 2010. An exclusive tour was arranged for the children to understand airport daily operations and environmental initiatives. All the children thoroughly enjoyed the tour.

Progress against 2010 actions

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



Agenda for 2011

Continue to support and raise fund for local communities and charities
Strengthen our activities in serving elderly and children in community

Environmental and Social Performance Table

GRI Reference	Performance Indicators	2010	2009	2008	2007	Units
Environmental Performance						
EN3	Diesel consumed	105,882	101,202	109,953	116,639	GJ
	Gasoline consumed	3,342	3,281	2,760	2,202	GJ
EN4	Electricity consumed (1)	10,145	10,417	9,026	10,473	GJ
EN8	Total water used	9,334	11,125 [†]	10,429 [†]	9,701	m ³
EN10	Total water recycled	0	0	0	0	m ³
EN16	Carbon dioxide emissions (CO2) (direct)	8,044	7,534	9,109	8,692	T
	Carbon dioxide emissions (CO2) (indirect)	1,522	1,563	1,354	1,571	T
EN17	Carbon dioxide emissions (CO2) (other)	21.0	25.0	22.9	Note (5)	T
EN19	Ozone-depleting substances used	0	0	0	0	T
EN21	Total water discharged	9,334	11,125 [†]	10,429 [†]	9,701	m ³
Social Performance						
LA1	Total workforce	3,270	3,086	2,017	1,957	number
	Employees who are permanent terms	81.71	84.48	90.83	82.40	%
	Permanent employees who work full-time	100.00	100.00	100.00	100.00	%
LA7	Total hours worked	8,641	8,235	5,649	5,371	thousand hours
	Total injuries (2)	294	239	183	128	number
	Total fatalities	0	3	0	0	number
	Lost days due to injuries (3)	21,124	18,292	6,516	4,424	day
	Lost time injury rate (4)	6.80	5.80	6.48	4.77	
	Lost day rate (5)	488.9	444.3	230.7	164.7	
LA10	Average hours of training per employee		27.1	14.4	Note (5)	hours
	Executive - Top / Senior Management	2.1	Note (5)	Note (5)	Note (5)	hours
	Executive - Middle / Junior management & supervisory	26.9	Note (5)	Note (5)	Note (5)	hours
	Non-executive - Customer facing staff	49.1	Note (5)	Note (5)	Note (5)	hours
	Non-executive - Non-customer facing staff	20.6	Note (5)	Note (5)	Note (5)	hours
SO2	Convicted case of corruption	0	0	0	0	case

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

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

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

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

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

(†) Numbers are estimated.

Thank you for reading this report

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

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