

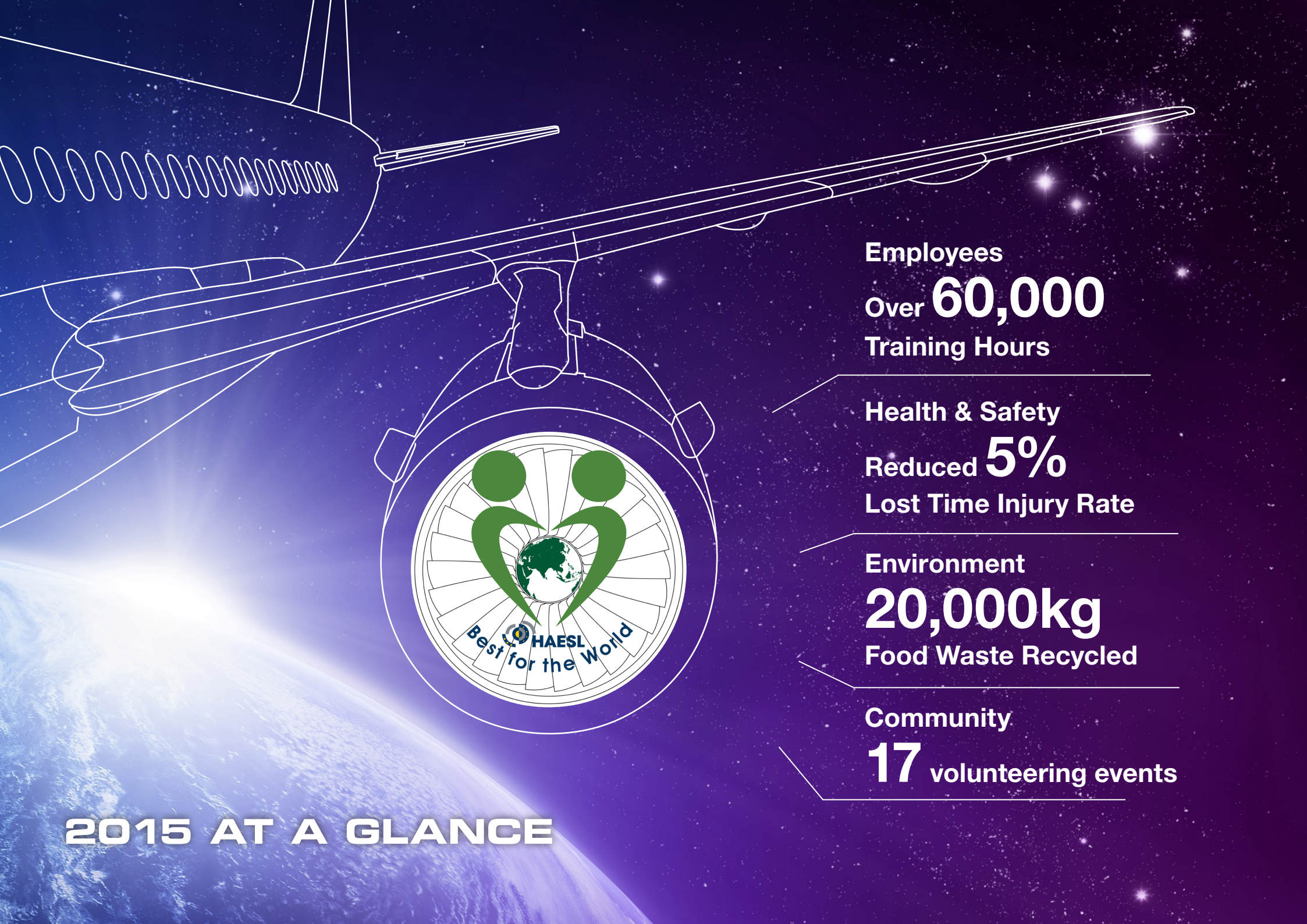


Best in the World  
**Best for the World**

Sustainable  
Development  
Report **2015**







Employees  
Over **60,000**  
Training Hours

Health & Safety  
Reduced **5%**  
Lost Time Injury Rate

Environment  
**20,000kg**  
Food Waste Recycled

Community  
**17** volunteering events

**2015 AT A GLANCE**





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# ABOUT THIS REPORT







## ABOUT THIS REPORT

Our Sustainable Development Report describes the economic, ecological and social challenges and opportunities that are linked to our operations at Tseung Kwan O, Hong Kong SAR, China and shows the strategies and solutions that we are applying to meet them. With this report we provide comprehensive, clear and concise information on all issues that we and our stakeholders consider to be of relevance for sustainability.

We published an annual Environmental, Health and Safety Report in 2004, 2005 and 2006, before migrating to a Corporate Social Responsibility Report in 2007 and a Sustainable Development Report from 2008 onwards. This report covers the calendar year from 1st January, 2015 to 31st December, 2015.

This report aligned with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines in accordance with the Core option. In order to focus on what matters to our business, a materiality identification exercise was conducted in 2014 and this report keeps the identified material aspects within this reporting scope. We contracted the Hong Kong Quality Assurance Agency (HKQAA) to verify the completeness and accuracy of our report. You can find a statement to this effect and a summarized GRI index on page 47–50.

### RECORDING OUR SUSTAINABILITY INDICATORS

Credible reporting is based on transparency and valid data. We register the data of all relevant organisational departments that fall within the scope of our activities. The data undergoes plausibility checks and cross-checks to ensure a high level of data integrity.

The reported indicators are rounded in accordance with standard commercial practice. In some cases, due to rounding, the sum of the figures given in this report may not exactly equal the stated totals and percentages may not precisely tally with the figures indicated.

### PRACTICAL INFORMATION

The report is available in English and Traditional Chinese. Designations such as manager and employee refer equally to men and women; the masculine form of personal pronouns is used in such cases solely to simplify the text.

Whilst we have endeavoured to provide the most accurate view possible of our performance, we acknowledge that further improvements can be made with respect to data collection. We will continue to refine and improve the accuracy in future reports.

Any feedback on our performance and initiatives, or suggestions as to how we may be able to improve the content and presentation of this report would be most welcome. Please contact our Sustainable Development Department by email at [sd@haesl.com](mailto:sd@haesl.com) or through our website at [www.haesl.com](http://www.haesl.com).





# DIRECTOR AND GENERAL MANAGER'S MESSAGE







## DIRECTOR AND GENERAL MANAGER'S MESSAGE

Sustainable Development is one of HAESL's core strategic objectives both for the benefits it provides to all our stakeholders and to enable long term value creation for our shareholders. In this report, we provide an outline of our sustainability performance over the last year as well as setting out action plans for the future. The design of this year's report portrays elements of the galaxy, which symbolize how HAESL's sustainable development works round the clock, both day and night, with the goal of achieving a constant sustainable focus.

Our Employees are our most valuable asset. We provide them with training and career paths consistent with our strategic objective of achieving sustainable growth. We engage with them to understand their views and to make improvements. We aim to offer competitive remuneration and benefit packages to all our employees and to provide high standards of staff training. In 2015, we introduced employee engagement through career development workshops for our middle management. These workshops encouraged our engineers and supervisors to strengthen the engagement of frontline staff by extending their skillsets.

Health and safety takes the highest priority in HAESL's daily operations. We aim to conduct our business in a manner that protects the physical wellbeing of our employees, customers and contractors as well as the general public. We have Senior Management Safety Walks with the aims of both identifying improvements and promoting our safety culture with leadership from the top of the Company. Furthermore, we have introduced quarterly health talks and safety briefings to promote staff wellness and to raise their awareness of occupational safety in the workplace.

Recognizing the need to reduce the environmental impact of our operations, HAESL invests in energy efficient equipment and reduces waste in co-operation with our partners. In 2015 we participated in a government program called the "Food Waste

Recycling Partnership Scheme" which aimed to promote good practice in food waste management. Upon completion of the program, we partnered with a local food waste recycler to continue the practice and over 20,000 kg of food waste were recycled.

We maintained HAESL's strong relationships with the community in 2015. Our staff joined volunteer initiatives co-organized with local non-profit organisations, supporting the development of children and youth. We held 17 events in total, creating over 500 volunteering hours this year.

I would like to take this opportunity to thank our stakeholders, especially our staff, for their support and contribution to all we have achieved in 2015. We look forward to another successful year and continued progress on our sustainability journey in 2016.

**Angus Barclay**

**HAESL Director and General Manager**



# OUR COMPANY: Best in the World, Best for the World







## OUR COMPANY: Best in the World, Best for the World

**Hong Kong Aero Engine Services Limited (HAESL)** is a world-class maintenance organisation with core competencies in the overhaul, repair and modification of large fan civil aero engines and their components.

In conjunction with our shareholder and Original Equipment Manufacturer (OEM) – Rolls-Royce, sustainability is integral to our business and we strive to meet our goal to be recognised as a prominent sustainable business which safely powers some of the largest civil aircraft fleet operators worldwide.

We regard employee health and safety and the safety of the general public as paramount in everything we do and continue to monitor safety performance in the workplace. Generating value for our customers, shareholders and employees is achieved by providing dependable and economical maintenance services. By doing this well, we ensure that we retain our customers and are able to offer competitive proposals to secure new customers, which in return contributes to our local society by providing employment opportunities.

**HAESL** values, Tea & RICE – Teamwork & Respect, Integrity, Commitment and Excellence, established in 2013 were well practiced and continued to be a key driver for the implementation of our mission – **“Best in the World, Best for the World.”**



## OUR COMPANY: Best in the World, Best for the World

### OUR STORY

**HAESL's** origins precede its official founding by extending back to the 1950's when the Swire group identified the aviation industry as a potential business opportunity. Having no experience in aviation but with expert engineering skills in ship maintenance, Swire formed the Pacific Air Maintenance & Supply Company (PAMAS), which later merged with Jardine Air Maintenance (JAMCO) to become Hong Kong Aircraft Engineering Company Limited (HAECO).

The growing demand within the aviation industry and a desire from HAECO to grow within the Asia region led to an astute strategic decision to form a Joint Venture with a leading aero engine Original Equipment Manufacturer (OEM); hence **HAESL** was founded in Hong Kong in 1995 as an equal share joint venture between Rolls-Royce plc and HAECO.

Becoming operational in 1997 with the testing of the first Trent 700 engine, **HAESL** has tested over **3,000** engines. In 2000, SIA Engineering Company became a 10% shareholder with the remaining shares split equally between Rolls-Royce and HAECO at 45% each (we anticipate a change of shareholding to **50% Rolls-Royce, 50% HAECO** during 2016).

This winning combination of leveraging on Rolls-Royce's strength as an OEM and experienced Maintenance Repair Organisations in Asia allows **HAESL** to offer high quality and comprehensive services to its customers.







# OUR COMPANY: Best in the World, Best for the World



## OUR INVESTMENTS

In 2015 we continued with our strategy to grow the business by developing capabilities to support servicing of the Rolls-Royce Trent XWB engine.

The Trent XWB engine has been designed for use on all variants of the Airbus A350 XWB aircraft and will have the lowest carbon emissions of any aero engine installed on wide-body aircraft. In addition, it will be the most environmentally-efficient engine in the Trent engine family.

With nearly 800 orders for the Airbus A350 aircraft, there is a potential market of 1,600 Trent XWB engines for MROs. Our facility will be extended to accommodate the new extra-large engines. We are strategically well positioned to capture a large share and capitalise on our investment.

## OUR SUSTAINABILITY STRATEGY

Our strategy for sustainability in striving to shape future success as an integral part of our day-to-day work routine remained unchanged in 2015. We believe this strategy plays an important role to deliver and maintain our mission of being “Best in the World, Best for the World”. Our ability to continually deliver our services within an agreed time frame and maintain at a high standard of quality ensures that we are well positioned to meet the global challenges of our time.

All information with regard to HAESL sustainability policy, sustainability framework and methodology are documented in a HAESL Engineering Procedures Manual that is open to each and every employee. We provide a platform for all our employees to encourage them to offer their own ideas in adding value to the company not just from an economic sense but also including societal and environmental values.



# SUSTAINABLE DEVELOPMENT HIGHLIGHTS IN 2015

A large group of people, including employees and management, are gathered in a factory setting. They are holding a long white banner that reads "HAESL First Trent XWB Arrival in HAESL March 2015". The banner also features the HAESL logo on the left and a stylized leaf graphic on the right. The background shows a large industrial facility with a massive Trent XWB engine on the left and various equipment and workers in the distance. The scene is brightly lit, and the overall atmosphere is one of a significant achievement.

 **HAESL** First Trent XWB Arrival in **HAESL**  
March 2015





# SUSTAINABLE DEVELOPMENT HIGHLIGHTS IN 2015

## OUR PEOPLE AND OUR COMMUNITY

- Lost time injury rate reduced by 5%
- Community engagement theme focus on environment and children/youth development
- HAESL participated in the Swire 5th annual Sustainable Development Forum to learn the best practices of other Swire Group companies
- Continued supporting the World Wide Fund For Nature Hong Kong (WWF) through becoming a silver member and participating in numerous environmental supporting programmes
- Awarded as Caring Company 2015/16





## SUSTAINABLE DEVELOPMENT HIGHLIGHTS IN 2015



### OUR ENVIRONMENT

- Launched the food waste recycling exercise and converted more than 20,000kg of food waste to soil conditioner or animal feed
- 59 units of T8 tube replaced by LED in the Phase 2 Machine Shop
- Implemented new SMS software called Enlighten to enhance our process flow and communication effectiveness. Less paper is needed for reports and records





# SUSTAINABLE DEVELOPMENT HIGHLIGHTS IN 2015

## OUR BUSINESS AND VALUE CHAIN

- Attained national authorities approval on Trent XWB engine on-wing support activities, including borescope inspection, line replaceable unit replacement, Engine split and assembly (for transportation) and borescope blending
- Temporary relocation of workshops and offices following the demolition of the Technical Building in preparation for the new Phase VI building foundation work
- Strengthen our portfolio among the engine component MRO market by further complements NADCAP accreditation on Surface Enhancement
- HAESL is keen on keeping the workplace clean and tidy by adopting “5S” and we were runners up in the Good Housekeeping Competition 2015





# GOVERNANCE STRUCTURE AND COMMITTEES







# GOVERNANCE STRUCTURE AND COMMITTEES

## COMPANY GOVERNANCE

HAESL's Board of Directors conveys the highest priority to strategic governance and is the methodology by which HAESL is directed in the interests of all its stakeholders. The strength of HAESL's values, its reputation and its ability to achieve its objectives are influenced by the effectiveness of its approach towards strategic governance. The Board of Directors comprises seven Non-Executive Directors and one Executive Director meeting four times a year. Directors include three appointed by HAECO, three by Rolls-Royce, one by SIA Engineering Company and the HAESL Director & General Manager. The board members are British, Chinese and Singaporean with one female member. All the non-executive directors, those with no involvement in the day to day business management, are appointed by the shareholders according to business expertise and qualification.

## SENIOR MANAGEMENT LEADERSHIP TEAM

Lead by our Director and General Manager Angus Barclay, three other General Managers with individual executive responsibility for Commercial activities, Finance & Administration and Operations make-up the Senior Management leadership team. This team acts as the HAESL Executive Committee to establish long-term objectives and strategies for HAESL and defines directives and principles for the resulting company policy. The Senior Management team decides on the portfolio, develops and deploys managerial staff, allocates resources and holds responsibility for the company's financial steering and reporting.

## SUSTAINABLE DEVELOPMENT COMMITTEE

Within the business, HAESL's sustainable development issues are governed by the HAESL Executive Committee, the Human Resources Manager and the Sustainable Development Manager. They meet on a regular basis to ensure adequacy of communication and promote sustainability throughout the business.

The role of the Sustainable Development Committee is to ensure that the expectation for sustainability from our shareholders and stakeholders is fulfilled by implementing appropriate and sustainable policies. They include planning, executing, reviewing and improving Corporate Social Responsibility and environmental protection programmes that have aligned with the SD Strategy. In addition, the Sustainable Development Committee strives to develop our business operations such that they operate in a resource efficient manner, minimising waste and pollution.

## SAFETY REVIEW BOARD AND OTHER COMMITTEES

Regarding the governance of HAESL management systems for Risk, Safety and Quality, the HAESL Executive Committee, the Quality Assurance Manager and the Safety and Improvement Manager form the Safety Review Board which meets on a quarterly basis. They provide support and resources for the execution of these management systems as well as monitoring the effectiveness of each system.

In order to maintain strong communication between management and all levels of staff, a number of committees representing key business aspects are established. These include an Occupational Safety & Health (OSH) Performance Review Group, a General Staff Consultative Committee and the Contract Staff Association. The OSH Performance Review Group comprising of all Function Heads and chaired by a Senior Manager meets bi-monthly to discuss OSH related issues, risks and opportunities. The General Staff Consultative Committee and the Contract Staff Association are the two major channels between all employees and management and meet routinely with the Human Resources Manager and a member of the Senior Management team.

# OUR APPROACH TO SUSTAINABLE DEVELOPMENT







# OUR APPROACH TO SUSTAINABLE DEVELOPMENT

Sustainable development is integral to our commitment to our engine maintenance and repair operations. In order to stay focused on what matters to HAESL, we identify those aspects which have the most influence and positive impact to our business. In 2014, we aligned our stakeholder engagement process according to the GRI-G4.0 guideline. One of the most important and fundamental guiding principles in the GRI is the concept of materiality.

A materiality assessment was carried out to enable us to report sustainability issues that cause the most significant economic, environmental and social impacts. A list of aspects was set out for each of the three categories. Initial relevant aspects were selected by our management team and we invited our internal and external

stakeholders to score the selected aspects according to their importance to the business. For the internal stakeholder group, we invited more than 10% of our front line staff, supervisors, assistant engineers and engineers to conduct the materiality assessment. For the external stakeholder group, we invited representatives from government bodies, suppliers, business partners, shareholders and the local community to conduct the assessment. We also engaged with all of our senior management and function heads and production managers to score the same selected aspects according to the significance to the business. Survey, interviews and meetings with different groups were also used. As a result, a materiality matrix from the assessment was developed and validated by our Sustainable Development Committee.





# OUR APPROACH TO SUSTAINABLE DEVELOPMENT

## MATERIALITY MATRIX

### HAESL Materiality Matrix



Material issues are of high importance to our stakeholders and significance to our business. We will cover the high priority issues in detail.





# OUR APPROACH TO SUSTAINABLE DEVELOPMENT

High Priority issues	Impact location (Inside/ Outside HAESL)		Location to find the relevant information
	Inside	Outside	
Quality Performance	✓	✓	Chapter 11: Our Business and Value Chain
Economic performance	✓	✓	Chapter 11: Our Business and Value Chain
Employee engagement	✓		Chapter 9: Our People and Our Community
Employee development and succession planning	✓		Chapter 9: Our People and Our Community
Customer satisfaction and responsibility	✓	✓	Chapter 11: Our Business and Value Chain
Compliance	✓	✓	Chapter 11: Our Business and Value Chain
Occupational Health & Safety	✓	✓	Chapter 9: Our People and Our Community
Labour/Management relation	✓		Chapter 9: Our People and Our Community
Indirect Economic impact	✓	✓	Chapter 11: Our Business and Value Chain
Materials	✓	✓	Chapter 10: Our Environment

# OUR PEOPLE AND OUR COMMUNITY







# OUR PEOPLE AND OUR COMMUNITY

## INTRODUCTION

Recognising that the development of our staff is a key to staff sustainability, HAESL strives to support, reward and motivate all employees in many different ways. We regularly review employee policies and aim to retain high quality staff. A remuneration policy review was conducted yearly to ensure that we remain competitive with other local industrial operations. On-Job Training, soft skills training, departmental offsite training and the Outward Bound adventure race for team building events are organised throughout the year.

## EMPLOYMENT

Employment statistics (by type of employment by gender, age and years of services)

### Total workforce by gender

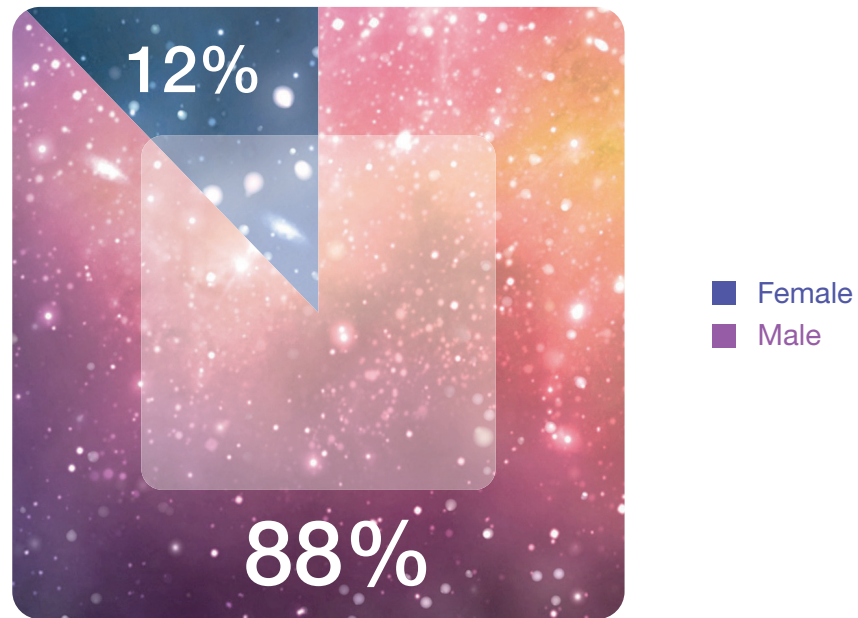


Figure 1: Total workforce by gender (excluding 36 seconded employees from the total number of 884 employees)



# OUR PEOPLE AND OUR COMMUNITY

## Total workforce by age group

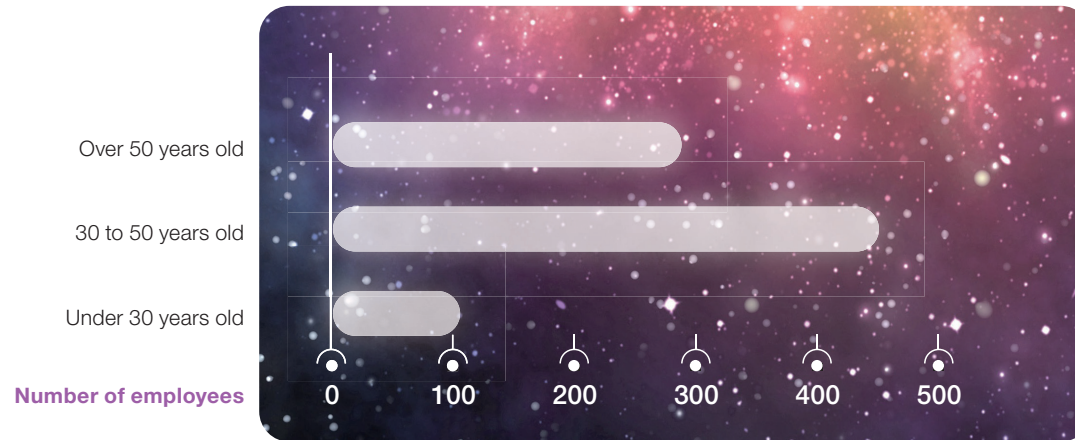


Figure 2: Total workforce by age group (excluding 36 seconded employees from the total number of 884 employees)

## Years of service distribution

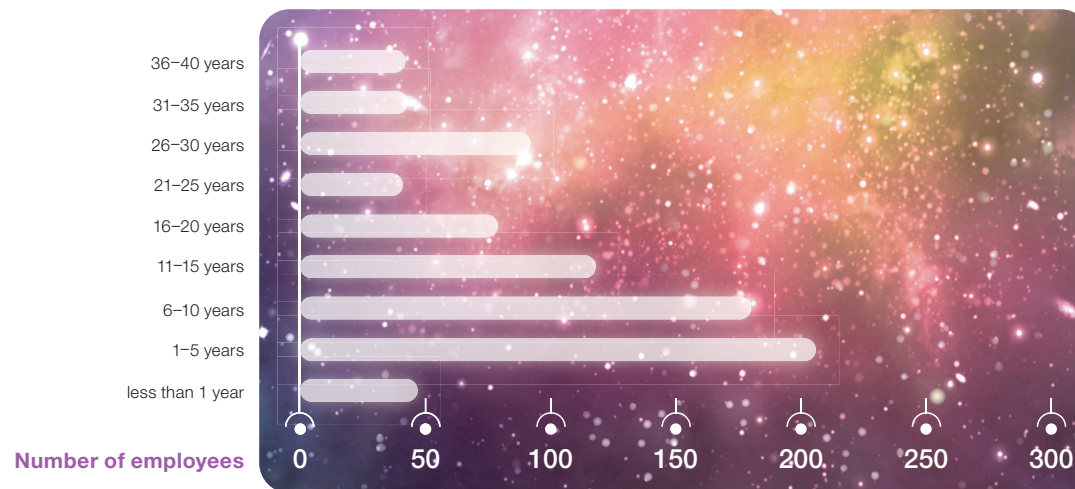


Figure 3: Years of service distribution (excluding 36 seconded employees from the total number of 884 employees)





# OUR PEOPLE AND OUR COMMUNITY

## LABOUR/MANAGEMENT RELATION

Communication is the foundation of our teamwork and efficiency. Throughout the year, HAESL focused on establishing channels to ensure the voice of the employees was well received by management. Twice yearly, Senior Management hosts briefing sessions with all employees to provide a forum to announce key financial results, operational updates, forecasts and objectives. All employees are required to attend and encouraged to raise questions and suggestions directly to the Senior Management team.

In order to maintain effective communication with employees, HAESL's management conducts regular meetings with the General Staff Consultative Committee (GSCC) and the Contract Staff Association (CSA) to address staff concerns and solicit their opinions on employee welfare services.

We keep our staff updated on the company's business, up to date information is communicated through weekly staff briefings, LCD display screens and numerous staff notices accessible through the company's intranet portal. A regular publication, known as HAESL.com is also distributed to staff members on a quarterly basis. All of these forms of communication enable staff to receive the most up-to date information and be informed of any changes that may affect them.

## OCCUPATIONAL SAFETY AND HEALTH

### *Occupational Safety & Health Work Group*

The Occupational Safety & Health Work Group (OSHWG) acts as an interface between the Occupational Safety & Health Performance Review Group and employees so that Occupational Health & Safety (OSH) initiatives are executed in a systematic manner. Members of the OSHWG are staff representatives elected every year by all HAESL staff. The group meets every month with specific aims of assisting with the implementation of the Safety Policy, proposing initiatives to improve OSH performance to the OSHPR group, conducting periodic site inspections, advising on the practicality of compliance with OSH rules, arranging OSH promotional activities and campaigns and positively influencing OSH across the business.

### *I Care I Report + I Resolve*

The aim of I Care I Report (ICIR) is to minimise the potential for accidents to occur through encouraging staff to report possible Health and Safety issues and concerns. The system is later enhanced to I Care I Report + I Resolve, which encourages the reporter to cooperate with other colleagues to resolve safety problems together.

Each ICIR submitted is assessed and scored against four criteria – quality of the report, severity of the impact, likelihood of occurrence and effort made to correct the problem. In 2015, 1028 ICIR submissions were received and the Lost Time Injury Rate reduced from 0.78 in 2014 to 0.74 in 2015.

We believe that the I Care I Report mechanism will continuously encourage everybody to proactively engage in safety related issues and take collective responsibility for our health and safety.



# OUR PEOPLE AND OUR COMMUNITY

## Senior Management Safety Walk

This programme was introduced in late 2012 with the aim of identifying potential hazards in the company. The Safety Walk is undertaken weekly by our senior managers together with responsible area managers, the Safety & Improvement Manager and Health & Safety team members.

Through their high level of commitment, the Senior Management Safety Walks identified more than a thousand hazards at different areas within HAESL throughout the year. This good practice will be continued to further reduce Lost Time Injuries and encourage staff to focus on improving safety.

## Safety Training

Basic safety training is provided for every new employee as part of their induction into HAESL. Conducted within their first 3 months of service, the training ensures that new staff is made well aware of the hazards in their new environment and the part they must play in maintaining a safe and healthy work place.

In addition to induction training, safety management training, mandatory safety training and job specific safety training is provided according to individual needs.

## Job Safety Analysis

The Job Safety Analysis programme (JSA) was implemented to identify, evaluate and manage job related hazards to reduce the impact and likelihood of them occurring to As Low As Reasonably Practicable (ALARP).

Working practices and processes are risk assessed by trained, competent risk practitioners. All potential hazards identified are risk assessed against individual standard scoring schemes for occupational safety and product safety. Hazards deemed as high or medium risks are mitigated within a scheduled time frame.

## TRAINING AND EDUCATION

As an aero engine overhaul and component repair company, our employees are required to maintain a high level of competence with the correct skills and appropriate knowledge of a number of aspects including safety, repair techniques, aviation regulation and customer requirements. Professional and approved training programmes are provided to every employee at all levels of the organisation. Training is provided according to the results of an annual training needs analysis and is administrated through an employee training matrix for all employees. At the beginning of each year, every employee's training plan is reviewed and updated. The HAESL training centre is one of the most utilised facilities in HAESL. In 2015, HAESL provided in excess of 60,000 training hours to their employee which is 100% increment year on year.

### Training hours delivered in 2015

By employee category		No. of employees	Total hours of training	Average hours of training
Executive	— Top/Senior management	4	12	3.00
	— Middle/Junior management & supervisory	181	8621	47.63
Non-executive	— Customer facing staff	4	34	8.50
	— Operational/technical staff	550	48450	88.09
	— Others	109	4880	44.77
<b>Total</b>		<b>848</b>	<b>61997</b>	<b>73.11</b>

### Programmes for skill management and lifelong learning

In addition to core business related training, HAESL also provides training programmes that provide management employees with the appropriate management skills as well as lifelong learning. These programmes include leadership training, conflict management and trust building. Risk management training is provided to all engineers and above graded employees. Performance appraisal skill training is provided to all supervisors and above to ensure consistent quality performance and career development reviews are carried out for all employees each year.





# OUR PEOPLE AND OUR COMMUNITY

## EMPLOYEE ENGAGEMENT AND SUCCESSION PLANNING

Through understanding our employees concerns, employee engagement and succession planning contribute to making HAESL better. We provide a wide range of communication channels to gather employee feedback about our business activities. These channels include:

### *Annual employee engagement survey*

This anonymous paper-based survey allows each employee to provide their response to a set of questions aimed at understanding how the company is perceived by each employee. Staff comments are analysed and discussed directly with senior management. Feedback is also provided through the company magazine and focus group meetings to provide staff with the results of the survey and management's response to their suggestions and concerns.

### *Storyboard*

HAESL holds regular Q&A briefings with all employees. These briefings are known as a "Storyboard" and are designed to raise staff awareness of company strategy. By separating staff into small groups, department managers present a wide variety of management concepts and share background on how and why decisions have been made. The advantage of the Storyboard is to provide a platform where discussions can be held between staff members and the company's management. A storyboard question bank was established in 2011 to record all questions for management to respond to.

### *Other Communication channel*

To maintain effective communication with employees, HAESL's management conducts regular meetings with the General Staff Consultative Committee (GSCC) and the Contract Staff Association (CSA) to address staff concerns and solicit their opinions on employee welfare services. Updates to staff on company business are provided through staff briefings, LCD display screens, staff notices on the company intranet portal and a quarterly publication, known as HAESL.com.

### *Career Development*

The HAESL Engineering Graduate Trainee (EGT) Programme was established in 2000 with the aim of developing a pool of professional engineers through a structured four-year training programme. Each year we recruit graduates with high potential to join the programme.

The programme comprises two years cross-functional training within the business; aligned with the requirements of the HKIE Scheme A, followed by a two-year placement in one of our core operational units.

As part of the development plan, our trainees undertake secondment with our major customers, such as Cathay Pacific Airways and Rolls-Royce (U.K.). This experience not only helps broaden their understanding of the aviation industry, but also gives them an early exposure to some of our key business partners.

The HAESL General Graduate Trainee (GGT) Programme was established in 2011 with the aim of attracting high calibre graduates from various business streams and developing them to be future leaders through a structured four-year training programme.

To equip GGT's with all round management skills, they undergo comprehensive training in production departments to become familiar with the company's core business operations, as well as receiving training in supporting departments, such as Information Technology, Finance and Human Resources.

Similar to the HAESL Engineering Graduate Trainee Programme, the GGT Programme consists of two years cross-functional training within the business, followed by a in-depth two-year placement in our supporting departments and a secondment to our major customers.



## OUR PEOPLE AND OUR COMMUNITY



### OUR COMMITMENT AND ENGAGEMENT WITH COMMUNITY

In 2015, HAESL had held 17 events of the community engagement and environmental protection programmes creating over 500 volunteering hours for our environment and society.

For those employees whose schedule does not permit performing volunteer work at weekends, they make use of the time after work during week days to participate in cleaning and packaging toys for the Toy Bank event. With the strong and wide community network from the Swire group as well as HAESL's local community network, staff can easily find suitable volunteer work that relates to HAESL engagement theme. i.e.

1. Environmental Protection
2. Children and Youth development

Through all the programmes for our employees, we also wish to strengthen Staff morale and create a sense of belonging.





# OUR PEOPLE AND OUR COMMUNITY

## Community Events In 2015



• HAESL's Toy Bank Event



• Red pocket envelope recycle & reuse 2015



• Outward Bound Adventure Race 2015



• Rice Dumpling Charity Sale



• WWF Gei Wai Shrimp Harvesting



• WWF Coastal Watch 2015-16 — Volunteer Team Training Workshop



• Moon Cake Charity Sale



• Pedal Kart Grand Prix and Fund Raising activities



• WWF Coastal Watch — Lung Kwu Tan Coastal Survey



# OUR PEOPLE AND OUR COMMUNITY

## Community Events In 2015



• Volunteer Day at YHA Bradbury Youth Hostel



• Gardening in Historical Monument



• Country Park Clean Up — Shing Mun Reservoir



• Blood Donation Day



• Evangel Children's Home Visit HAESL



• WWF Night Safari in Mai Po



• WWF Hoi Ha Wan Marine Life Education Tour



• 2016 Wall Calendar Donation





# OUR PEOPLE AND OUR COMMUNITY

## *HAESL Supports Innovation Technology Scholarship Award Scheme*

Since 2011, HAESL has been one of the 16 Local Internship programme supporting organizations for the “Innovation and Technology Scholarship Award Scheme”. This Scheme is organized by the Hong Kong Federation of Youth Groups (HKFYG). In 2015 HAESL continues to offer an industrial training opportunity to one of the scholarship awardees who demonstrates passion for aircraft engineering and the aviation industry. By providing our continued support to this Scheme, we expect the internship will broaden students’ horizons in the engineering field so that they will pursue their life-long career in this field.

## *Nurture the Star of Tomorrow*

Besides introducing our company through site visits for different parties such as SWIRE trainees, Air Cadets, HKIE young engineers and schools, HAESL also supports schemes for universities students.

- Innovation Technology Scholarship Award Scheme
- Cathay-Boeing Internship
- The Aviation Services Research Centre projects



- Employee children sponsorship



- Scholarship to HKPU students, and many other activities





# OUR ENVIRONMENT







# OUR ENVIRONMENT

## OUR ENVIRONMENT

As a leading aero engine Maintenance, Repair and Overhaul (MRO) Company, we endeavour to conduct our business in a responsible and sustainable manner exercising stewardship of the valuable resources we have at hand. We ensure that all potential adverse impacts of our operations on the environment are identified and appropriately managed.

Over the course of 18+ years of operations in Tseung Kwan O we strive to implement a number of initiatives to minimise our local environmental impact and continually aim to make further improvements.

## ENERGY AND EMISSION

Our overall energy usage includes direct and indirect sources. Direct energy sources include aviation fuel and Towngas. Jet A1 is the aviation fuel used for engine testing after maintenance work has been carried out and for running test bed cross calibration as required. Towngas is used for food preparation in the staff canteen. The main indirect energy source is electricity, followed by fuel for air travel and gasoline used in company vehicles. They are all required for business operations.

### Aviation fuel

The total number of engines tested in 2015 reduced to 151 consuming 1,844.7 tonnes of jet fuel, a 19.6% decrease in the usage comparing to 2014. The average jet fuel consumed in each test was 3.6% lower than that in 2014.

### Aviation Fuel Consumption

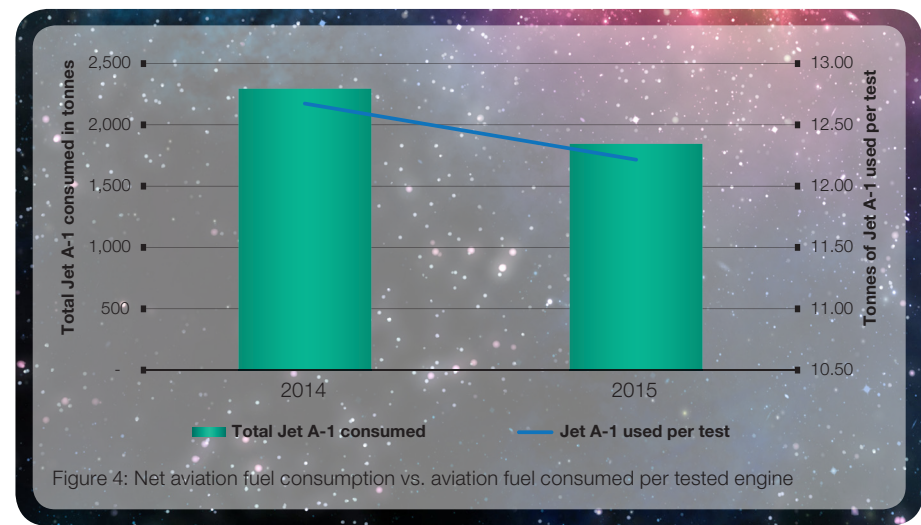


Figure 4: Net aviation fuel consumption vs. aviation fuel consumed per tested engine

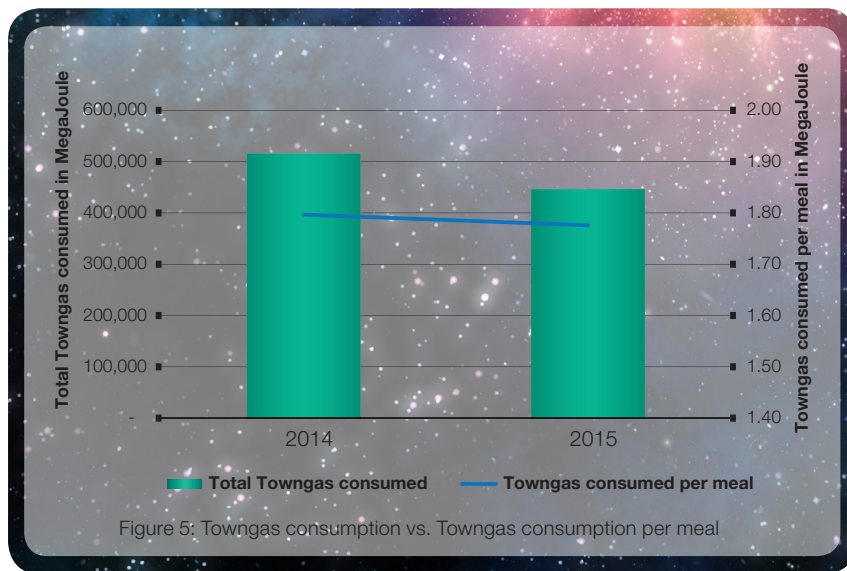


# OUR ENVIRONMENT

## Towngas

Towngas consumption decreased from 515,280 MJ in 2014 to 446,064 MJ in 2015. The decrease is attributed to a reduction in headcount and a corresponding decrease in the number of meals produced by our canteen. 251,210 staff meals were served in 2015, equating to an average Towngas consumption of 1.78 MJ per meal, a 1.2% improvement from 2014 (1.80 MJ per meal).

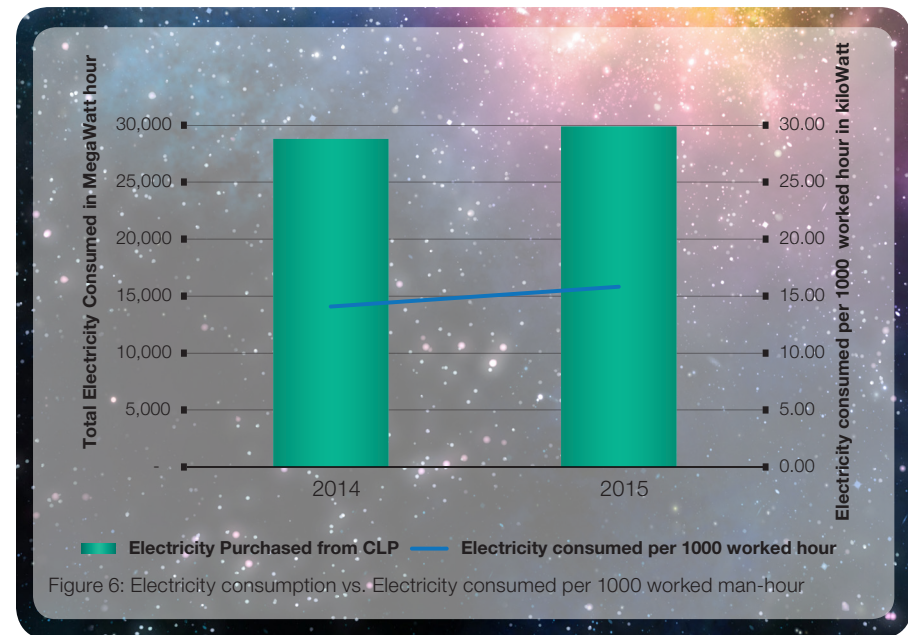
### Towngas Consumption



## Electricity

Our electricity consumption was recorded at 29,888,662kWh in 2015, an increase of 3.8% from 2014. Our average consumption is 15.82kWh/1000 worked hours, which represents a 12.4% increase year-on-year. The underlying reason for this has been identified as increased workload on high electricity demand repair processes.

### Electric Power Consumption







# OUR ENVIRONMENT

## All forms of energy consumption

A conversion of all these energy into gigajoules (GJ) is shown in the following table:

Energy Consumption in GJ	2014	2015	% Change
Direct Energy Consumption (Aviation fuel & Towngas)	101,222	81,477	-20%
Indirect Energy Consumption (Electricity)	103,642	107,599	4%
Total	204,864	189,077	-8%

The major source of energy use in our business is aviation fuel. In 2015, the total energy consumption dropped by 20%.

In order to further analyse the amount of Greenhouse Gas (GHG) produced from consuming energy, energy consumption figures are translated into Greenhouse Gas (GHG) emission equivalent (kg CO2e) and presented below:

Greenhouse Gas Emission in tonnes	2014	2015	% Change
Scope 1: Direct Emission (Aviation fuel, Towngas & Refrigerant)	8,463	6,475	-24%
Scope 2: Indirect Emission (Electricity & Production of Towngas)	18,144	16,145	-11%
Scope 3: Other Indirect Emission (Business air travel)	157	255	62%
Total GHG Emission	26,763	22,876	-15%

For more information regarding HAESL consumption, refer to "Performance Data".

## WATER CONSUMPTION

HAESL continues to operate its long-established air conditioning condensate recovery system to save the cooling tower make-up fresh water usage. Water consumption in 2015 increased by 16.2% to 137,648 cubic metres. This increment is mainly due to an increase in the frequency of cleaning the chiller plant cooling tower, which helps to improve the chiller efficiency.

### Water Consumption

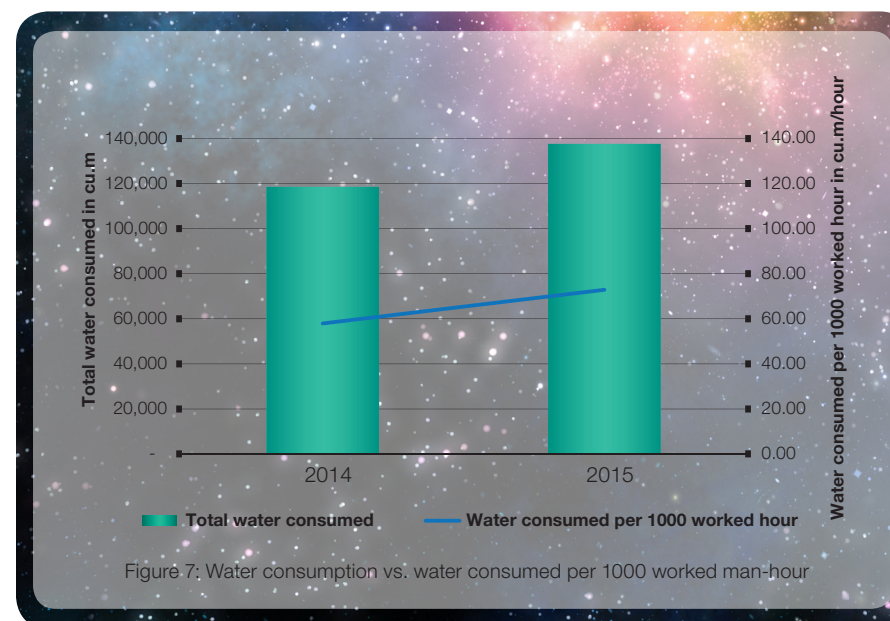


Figure 7: Water consumption vs. water consumed per 1000 worked man-hour



# OUR ENVIRONMENT

## EFFLUENTS AND WASTE MANAGEMENT

The use of large volumes of chemicals and consumables is unavoidable in the MRO industry. Waste management and recycling are therefore crucial in our sustainability policy.

To meet our own environmental responsibilities, our chemical specialists rigorously ensure waste is measured and handled appropriately with minimal impact on the nearby community.

Our own waste water treatment plants process liquid chemical waste before discharge into the mains sewerage system. The remaining sludge, resins and other waste (including heavy metals) are processed by a government approved waste disposal company. HAESL continues to meet its obligations related to environmental regulations and laws.

Waste paper and toner cartridges are the main materials used in our office environment and are recycled. Waste paper is collected through various collection points and picked up by paper recyclers twice per week. In 2015, we made every effort to further reduce our paper consumption. Used toner cartridges are collected by recycling collectors, then refilled and reused. We will strive to strengthen this practice.

Where possible HAESL has encouraged and practised the reuse and recycling of materials. The following table gives the amount of materials recycled in 2015. All recycled materials are collected by a recognised recycling company.

		2014	2015	% Change
Commercial/Industrial Waste				
disposed of	kg	380,750	362,300	-5%
Grease trap waste disposed of	kg	84,000	80,040	-5%
Food waste recycled	kg	—	12,833	*
Paper recycled	kg	5,713	5,798	2%
Cardboard recycled	kg	5,560	4,229	-24%
Plastics recycled	kg	588	437	-26%
Metal recycled	kg	8,992	1,197	-87%
Printing cartridge recycled	No.	183	136	-26%

\* HAESL started to record the amount of recycled food waste in August 2015.





# OUR ENVIRONMENT

## ENVIRONMENTAL CAMPAIGNS

### *Food Waste Recycling Partnership Scheme*

In March 2015, HAESL participated in a 4-month government pilot scheme called the Food Waste Recycling Partnership Scheme to gain experience in food waste management practice including source separation and recycling. Around 9,000kg of food waste was recycled and converted into soil conditioner in this scheme and part of the soil conditioner will be used in HAESL's facility for landscaping.

Participating in this scheme helps our staff to build a habit in good waste separation. In order to sustain the practice, we commenced a partnership with a local food recycler upon completion of the scheme. They convert food waste to fish food and other animal feed and 12,833kg of food waste have been recycled since then. This represented a reduction of 2,890 kg in carbon dioxide equivalent emission.

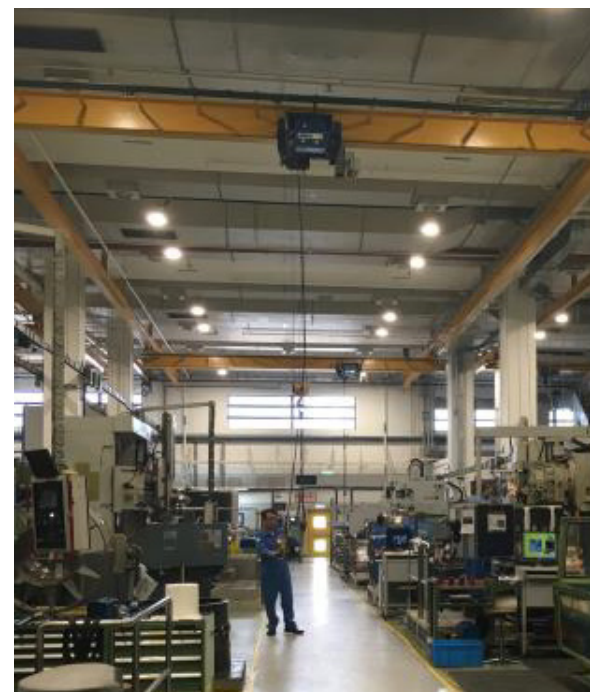
### *Paper saving programmes*

In order to make better use of resources, HAESL has reviewed what could be improved in our daily operation to create less harm to the environment. The double-sided printing of two work instruction documents — Work Scope Order (WSO) and Plant Maintenance Order (PMO) was implemented in mid-2014. We encouraged duplex printing of other documents in all HAESL offices in 2015 and the consumption is reduced by 18.6%, which equals to 15,128kg of paper products.

There are different projects to make good use of electronic forms to reduce paper consumption, such as the electronic Technical Service Request (eTSR) system and e-Car parking application system in 2015. The Enlighten system also helped save the planet by changing few hardcopy reports to electronic format.

### *Energy Saving from LED tubes replacement in Machining Workshop*

LED has become a leading contributor to energy saving in our community. HAESL took steps to retire old lighting systems and invested in LED lighting systems to achieve a lower carbon footprint. LED lighting provides a more reliable lighting environment due to their long lifecycle, especially in workshop areas such as the Machining Workshop. A total of 59 units of 130 Watt LED high bay lighting were installed to replace 60 units of 220W high efficiency compact lighting in 2015.





# OUR BUSINESS AND VALUE CHAIN







# OUR BUSINESS AND VALUE CHAIN

## ECONOMIC PERFORMANCE AND INDIRECT ECONOMIC IMPACT

### *Economic Performance*

The workload at HAESL during 2015 reduced. Engine output decreased by 32 units from 2014 resulting in a 7.1% drop in revenue.

The reasons for the continued downturn were various, but principally driven by the early retirement of Boeing 747 and Airbus A340 aircraft affecting the overhaul volume of the RB211-524 and Trent 500 engines. Both of these four-engine aircraft types are being replaced by Operators with more modern, fuel efficient, twin-engine aircraft. We did our best to manage the short-term implications of this and seek new business opportunities wherever these exist. We seized the opportunity in developing the Mature Engine Management (MEM) work pack for Trent 800 engine aiming to attract airlines by reducing their maintenance burden. We also seek to improve utilisation of our workforce by providing some of our staff with the opportunity of short-term secondments to HAECO and TEXTL. The following table summarises our economic information.

	Yr2013	Yr2014	Yr2015	Variance
Engine Output	193.0	147.0	115.0	-21.8%
Revenues generated (US\$M)	1,405.0	1,074.0	998.0	-7.1%
Dividends paid to shareholders (US\$M)	94.8	49.7	34.8	-30.0%
Employee Cost (US\$M)	50.3	41.1	44.2	7.5%
Taxation (US\$M)	20.8	10.7	7.8	-27.1%
Charitable donations made directly by HAESL (USD)	29,619.0	41,122.0	37,629.0	-8.5%



## OUR BUSINESS AND VALUE CHAIN



### *Readiness for Trent XWB*

Preparation for Trent XWB engine capability was high on our list of objectives in 2015. We were reviewing a high volume of repair schemes in order to evaluate tooling requirements and place orders to procure. Continuing our readiness programme for the Trent XWB engine, we relocated repair capability for engine fan cases and the electrical workshop to HAECO in Tseung Kwan O and rehoused office staff into the Phase 5 building to prepare for the demolition of the Technical Building.

All of this will prepare us well for the construction of Phase VI Building, a new 4-storey building specifically designed for the Trent XWB engine will be built at the site of Technical Building. The new building will be constructed in an environmentally conscious way and “green” features include solar power panels, green roof and double glazed windows. These exciting projects demonstrate commitment to our staff, customers and to the wider Hong Kong citizens that HAESL is investing for the future. We believe that our business will continue to expand and provide secure employment opportunities, quality services for its customers and add value to Hong Kong in general.





# OUR BUSINESS AND VALUE CHAIN

## CUSTOMER SATISFACTION AND RESPONSIBILITY, COMPLIANCE AND QUALITY PERFORMANCE

### *Safety Management System (SMS)*

HAESL's safety management framework comprises two major elements which are aviation safety and occupational safety. These are essential to our business continuity to ensure the safety of passengers and employees. Our SMS is a systematic approach in reducing the risk of harm to persons or property damage to an acceptable level. It is the foundation for offering "Best in the World" services.

HAESL continues to deliver training to every employee to refresh their knowledge of SMS requirements and assure the quality of our SMS. We foster a proactive safety culture, encouraging staff to feel responsible for safety. We created an atmosphere of trust and openness where people are encouraged and recognized for providing safety-related information.

### *Auditing systems*

An effective auditing system is an essential tool for HAESL to manage our business quality. We understand the compliance of processes and procedures that have already taken place through audits. In HAESL, internal audits are carried out in a strict and professional manner. Corrective and preventive measures will be implemented to stop reoccurrence of non-conformance. Furthermore, we have external audits conducted by National Aviation Authorities, certification bodies and our customers to ensure HAESL is compliant to their requirements. The following table shows the different types of audit which take place in HAESL.

Internal Audits:	External Audits:
Facility audit	National Aviation Authority audit
Procedure and process audit	Customer audit
Product audit	
Documentation audit	
Off-site audit	
Vendor audit	
Night shift audit	
Unscheduled audit	
Walk-around surveillance	
<b>Total 74 audits in 2015*</b>	<b>Total 16 audits in 2015</b>

\* Note: The total number of internal audits excludes daily walk-around surveillance.



# PLANNING FOR THE FUTURE





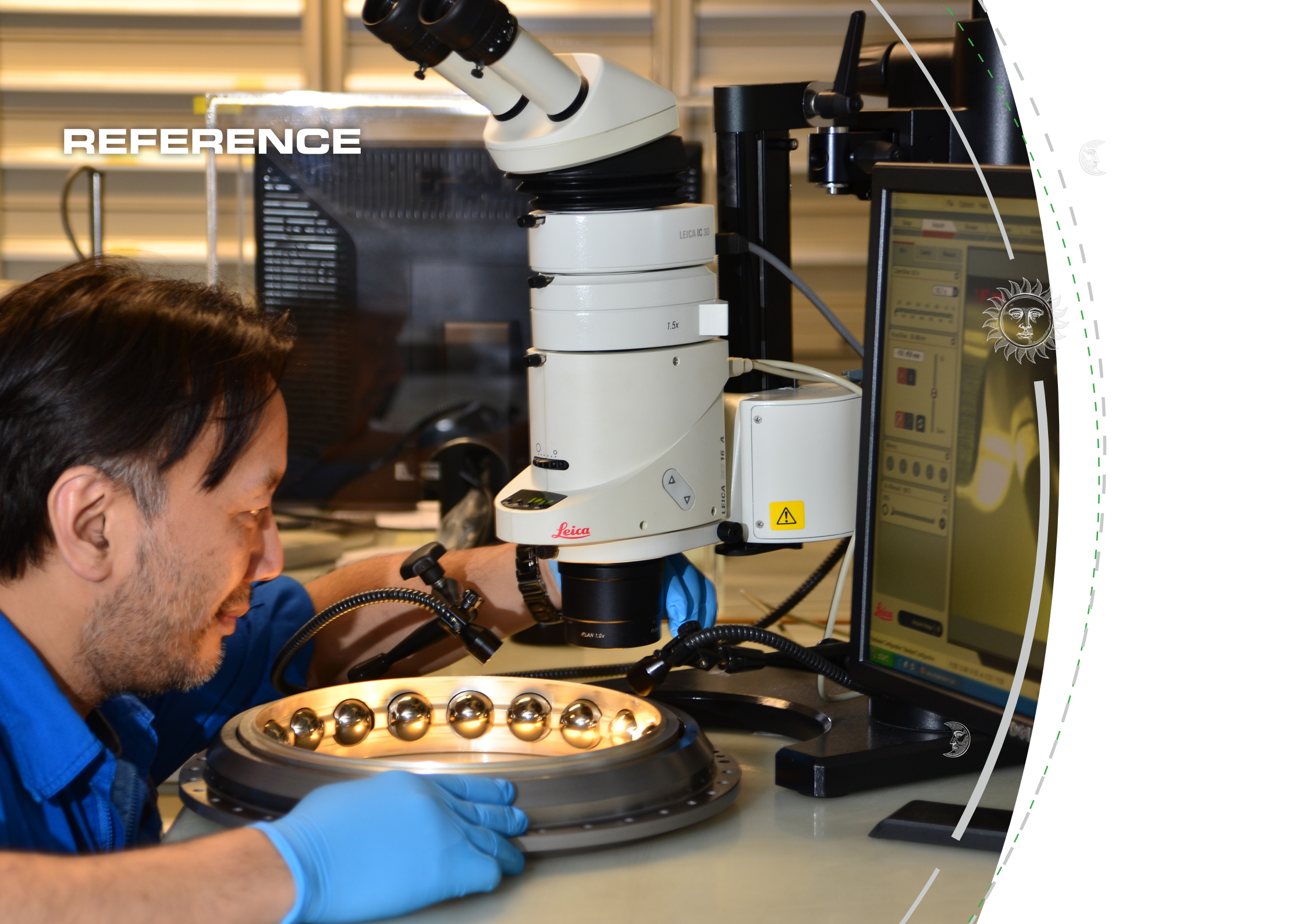


## PLANNING FOR THE FUTURE

HAESL is well aware that 2016 presents challenges, however we will not stop looking for opportunities to develop our business sustainably. We have identified specific opportunities for HAESL to address some of the key sustainability challenges in the future and all of these projects will require close collaboration and support from our stakeholders. Three of these opportunities are.

Opportunities in 2016	Reasons
Wellness Day	Employees are one of the most valuable assets to HAESL and their health matters, healthy employees tend to be happier and more productive. We planned a wellness day in January 2016 to allow employees to spend a work-free day in the company to learn and to practice working and living healthier. The wellness programs will range from company stretching routine practice and fitness education to subsidised healthy lunches.
Organize energy saving campaign	Electricity is one of the significant energy source consumptions on site. It would be a benefit to reduce the consumption as well as greenhouse gas emission from running campaign to identify electricity saving opportunities through energy audit and gap analysis of ISO 50001 Energy Management System.
Develop green features in HAESL's new building	To cope with HAESL's expanding capability, construction of the Phase VI Building will begin in 2016. Incorporating "Best in the world, Best for the world" concept to our new building, features such as energy saving and other sustainability considerations will be applied wherever considered practical.

# REFERENCE





# REFERENCE

## PERFORMANCE DATA

<b>Economic Performance</b>		<b>2014</b>	<b>2015</b>	<b>%</b>
Engine output	No.	147	115	-21.8%
Revenues generated	US\$M	1,074	998	-7.1%
Dividends paid to shareholders	US\$M	50	35	-30.0%
Employee Cost	US\$M	42	44	7.5%
Taxation	US\$M	11	8	-27.1%
Charitable donations made directly by HAESL	USD	41,122	37,629	-8.5%

<b>Environmental Performance</b>		<b>2014</b>	<b>2015</b>	<b>%</b>
<b>Energy Consumption</b>				
Direct Energy Consumption	GJ	101,222	81,477	-19.5%
Indirect Energy Consumption	GJ	103,642	107,599	3.8%
Total Energy Consumption	GJ	204,864	189,077	-7.7%

<b>Greenhouse Gas Emission</b>				
Direct Emission (Scope 1)	kg CO2e	8,462,507	6,475,326	-23.5%
Indirect Emission (Scope 2)	kg CO2e	18,143,760	16,145,388	-11.0%
Other Indirect Emission (Scope 3) by Business Air Travel	kg CO2e	157,000	254,890	62.4%
Total GHG Emission	kg CO2e	26,763,267	22,875,604	-14.5%

# REFERENCE

## PERFORMANCE DATA

Environmental Performance		2014	2015	%
<b>Fuel</b>				
Jet Kerosene - Engine Test	Tonnes	2,294	1,845	-19.6%
Diesel — Passenger Car (Hong Kong)	L	0	0	
Diesel — Private Van/Light Good Vehicle (Hong Kong)	L	0	0	
Diesel — Medium/Heavy Vehicle (Hong Kong)	L	0	0	
Diesel — Other Mobile Machinery (Hong Kong)	L	0	0	
Diesel — Total	L	0	0	
LPG — Private Van (Hong Kong)	L	0	0	
LPG — Total	kg	0	0	
Unleaded Petrol — Motorcycle (Hong Kong)	L	0	0	
Unleaded Petrol — Passenger Car (Hong Kong) <sup>(Note 1)</sup>	L	0	1,519	
Unleaded Petrol — Private Van (Hong Kong)	L	0	0	
Unleaded Petrol — Light Good Vehicle (Hong Kong)	L	0	0	
Unleaded Petrol — Total	L	0	0	
Towngas	MJ	515,280	446,064	-13.4%
<b>Electricity</b>				
Electricity — Hong Kong (CLP)	kWh	28,789,515	29,888,662	3.8%
<b>Refrigerant / Fire Extinguishing Agent</b>				
R134a	kg	930	490	-47.3%
R417a	kg	0	0	
R404a	kg	0	0	
R22	kg	0	0	
Halon-1301	kg	0	0	
CFC-12	kg	0	0	
Refrigerant / Fire Extinguishing Agent — Total	kg	930	490	-47.3%
<b>Water</b>				
Potable Water used	m3	118,498	137,648	16.2%
Water discharged to sewer	m3	118,498	137,648	16.2%



# REFERENCE

## PERFORMANCE DATA

Environmental Performance		2014	2015	%
<b>Materials</b>				
Paper and paper products consumed	kg	18,583	15,128	-18.6%
Printing Cartridges purchased	No.	183	483	163.9%
Chemicals consumed (Liquid)	L	45,299	70,464	55.6%
Chemicals consumed (Solid)	kg	63,980	39,732	-37.9%
<b>Solid Waste Management</b>				
Industrial/Commercial Waste disposed of	kg	380,750	362,300	-4.8%
Grease trap waste disposed of	kg	84,000	80,040	-4.7%
Vehicle tyres disposed of	kg	0	0	
Food Waste recycled <sup>(Note 2)</sup>	kg	0	12,833	
Paper recycled	kg	5,713	5,798	1.5%
Cardboard recycled	kg	5,560	4,229	-23.9%
Plastics recycled	kg	588	437	-25.7%
Metal recycled	kg	8,992	1,197	-86.7%
Printing Cartridges recycled	No.	183	136	-25.7%
<b>Hazardous Waste Management</b>				
Chemical waste disposed (Liquid)	L	36,236	40,880	12.8%
Chemical waste disposed (Solid)	kg	14,984	9,858	-34.2%
Spent kerosene (aircraft fuel) recycled	L	6,000	4,200	-30.0%
Lubrication oil recycled	L	9,400	10,800	14.9%
Significant chemicals/oil spills	No.	0	0	

# REFERENCE

## PERFORMANCE DATA

Environmental Performance		2014	2015	%
<b>Compliance</b>				
Significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations				
No.		0	0	
Occupational Health & Safety Performance		2014	2015	%
Total workforce	No.	901	848	-5.9%
Manhours worked (Total Attended Hour by all staff)	No.	2,046,055	1,889,287	-7.7%
Work-related fatalities (employees)	No.	0	0	
Lost time injuries <sup>(Note 3)</sup>	No.	8	7	-12.5%
Minor injuries/first aid cases	No.	2	2	0.0%
Total lost day	No.	333	160	-52.0%
Lost time injury rate <sup>(Note 4)</sup>		0.8	0.7	-5.0%
Man day lost rate <sup>(Note 5)</sup>		42	17	-59.3%

### Note

1. This figure is captured since 2015.
2. This figure is captured upon completion of the government "Food Waste Recycling Partnership Scheme".
3. **Lost time injuries** are defined as work-related injuries which result in lost time of a minimum of one scheduled working day.
4. **Lost time injury rate** represents the number of injuries per 100 employees per year. It is calculated as the total lost time injuries multiplied by 200,000 and then divided by total hours worked. The factor 200,000 is the annual hours worked by 100 employees, based on 40 hours per week for 50 weeks a year.
5. **Lost day rate** represents total number of lost day divided by the total number of lost time injuries i.e. average days given to each lost time injury.



# REFERENCE

## GRI CONTENT INDEX FOR 'IN ACCORDANCE' – CORE

### GENERAL STANDARD DISCLOSURE

General Standard Disclosures	Page	Location Disclosure	External Assurance
<b>Strategy and Analysis</b>			
G4-1	5	Director and General Manager's message	✓
<b>Organisational Profile</b>			
G4-3	7	Our Company: Best in the world, Best for the world	✓
G4-4	7	Our Company: Best in the world, Best for the world	✓
G4-5	3	About this Report	✓
G4-6	8	Our Company: Best in the world, Best for the world	✓
G4-7	8	Our Company: Best in the world, Best for the world	✓
G4-8	7-8	Our Company: Best in the world, Best for the world	✓
G4-9	43-46	Reference	✓
G4-10	21-22	Our People and Our Community	✓
G4-11	15	Governance Structure and Committees	✓
G4-12	37	Our Business and Value Chain	✓
G4-13	13	Sustainable Development Highlights in 2015	✓
G4-14	15	Governance Structure and Committees	✓
	17	Our Approach to Sustainable Development	✓
G4-15	15	Governance Structure and Committees	✓
G4-16	11-13	Sustainable Development Highlights in 2015	✓
<b>Identified Material Aspects and Boundaries</b>			
G4-17	37	Our Business and Value Chain	✓
G4-18	17	Our Approach to Sustainable Development	✓
G4-19	17	Our Approach to Sustainable Development	✓
G4-20	19	Our Approach to Sustainable Development	✓
G4-21	19	Our Approach to Sustainable Development	✓
G4-22	3	About This Report	✓
G4-23	17	Our Approach to Sustainable Development	✓

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## GRI CONTENT INDEX FOR 'IN ACCORDANCE' – CORE

### GENERAL STANDARD DISCLOSURE

General Standard Disclosures	Page	Location Disclosure	External Assurance
<b>Stakeholder Engagement</b>			
G4-24	17	Our Approach to Sustainable Development	✓
	25-29	Our People and Our Community	✓
G4-25	11	Sustainable Development Highlights in 2015	✓
	17	Our Approach to Sustainable Development	✓
G4-26	17	Our Approach to Sustainable Development	✓
	25-29	Our People and Our Community	✓
G4-27	17	Our Approach to Sustainable Development	✓
<b>Report Profile</b>			
G4-28	3	About This Report	✓
G4-29	3	About This Report	✓
G4-30	3	About This Report	✓
G4-31	3	About This Report	✓
G4-32	3	About This Report	✓
	47-49	GRI content index	✓
G4-33	3	About This Report	✓
	50	HKQAA Verification Statement	✓
<b>Governance</b>			
G4-34	15	Governance Structure and Committees	✓
<b>Ethnic and Integrity</b>			
G4-56	7	Our Company: Best in the World, Best for the World	✓



# REFERENCE

## GRI CONTENT INDEX FOR 'IN ACCORDANCE' – CORE

### SPECIFIC STANDARD DISCLOSURE

Material Aspects	DMA and Indications	Page	Omissions	External Assurance
<b>Economic</b>				
Economic Performance	DMA G4-EC1	37	-	✓
Indirect Economic Impacts	DMA G4-EC7, G4-EC8	37-38	-	✓
<b>Environmental</b>				
Materials	DMA G4-EN1	45	-	✓
Energy	DMA G4-EN3, G4-EN5	31-33	-	✓
Water	DMA G4-EN8	33	-	✓
Emissions	DMA G4-EN15, G4-EN16, G4-EN17	33	-	✓
Effluents and Waste	DMA G4-EN22, G4-EN23, G4-EN24	34-35, 45	-	✓
Compliance	DMA G4-EN29	46	-	✓
<b>Social</b>				
Employment	DMA G4-LA1, G4-LA2	21-22	-	✓
Labor/Management Relations	DMA G4-LA4	23	-	✓
Occupational Health & Safety	DMA G4-LA5, G4-LA6, G4-LA7	23-24	-	✓
Training and Education	DMA G4-LA9, G4-LA10, G4-LA11	24	-	✓
Local communities	DMA G4-SO1	26-29	-	✓
Customer Health and Safety	DMA G4-PR1, G4-PR2	39	-	✓
Compliance	DMA G4-PR9	39	-	✓

# REFERENCE

## Verification Statement



### Scope and Objective

Hong Kong Quality Assurance Agency (“HKQAA”) was commissioned by Hong Kong Aero Engines Services Limited (“HAESL”) to undertake an independent verification of its Sustainable Development Report 2015 (“the Report”). The Report states HAESL’s performance and achievements towards sustainable development for the period from 1st January 2015 to 31st December 2015.

The aim of this verification is to provide reasonable assurance that the information stated in the Report is accurate, reliable and material, and that the Report is prepared in accordance with the “Core Option” of the Global Reporting Initiative’s (“GRI”) G4 Sustainability Reporting Guidelines.

### Methodology

The process used in this verification was based on current best practices. The Report was reviewed against the following criteria:

- International Standard on Assurance Engagement 3000 (“ISAE 3000”) — “Assurance Engagement Other Than Audits or Reviews of Historical Financial Information” issued by the International Auditing and Assurance Standards Board;
- GRI’s G4 Sustainability Reporting Guidelines.

The verification procedure included reviewing relevant documentation, interviewing responsible personnel with accountability for preparing the Report and verifying the selected representative samples of data and information consolidated in the Report. Raw data and supporting evidence of the selected samples were thoroughly examined.

### Conclusion

Based on the outcome of the verification process, it is confirmed that the Report has been prepared in accordance with the “Core Option” of the GRI’s G4 Sustainability Reporting Guidelines.

The information presented in the Report provides a structured, balanced and consistent representation of HAESL’s sustainability performance. The materiality assessment process is systematic and comprehensive and forms the basis for the selection of topics and information presented in the Report that addresses HAESL’s significant economic, environmental and social impacts and issues which have substantive influence on stakeholders. We are satisfied that the Report includes factual statements and the data contained within the Report is accurate and reliable. It is a fair and honest representation of HAESL’s approach, initiatives, targets, progress and performance towards sustainable development.

Signed on behalf of Hong Kong Quality Assurance Agency

A handwritten signature in black ink, appearing to read 'Jorine', is written over a light blue circular stamp.

**Jorine Tam**

*Director, Corporate Business*

October 2016



# CONTACT US

**Thank you for reading this report.**

## **Request for Feedback**

We welcome your views on how we may further improve our environmental and social commitments. Your comments on this report are also appreciated. Please contact us via our web, email at [sd@haesl.com](mailto:sd@haesl.com) or direct mail to the following address:

**Sustainable Development Department  
Hong Kong Aero Engine Services Limited**

**70 Chun Choi Street  
Tseung Kwan O Industrial Estate,  
Tseung Kwan O, N.T., Hong Kong.**