

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



## 2016 IN A GLANCE

Environment – Energy  
consumption intensity  
reduced by **5.4%**

Community - Volunteer hours  
increased by **100%**

Health and  
Safety - Improved  
Lost time injury  
rate by **17%**  
and reduced Man  
day lost by **76%**

OHSAS 18001 : 2007 Certification



# TABLE OF CONTENT

## 2016 IN A GLANCE

TABLE OF CONTENT		OUR COMMUNITY	26
ABOUT THIS REPORT	3	OUR ENVIRONMENT	33
MESSAGE FROM THE DIRECTOR AND GENERAL MANAGER	5	OUR BUSINESS AND VALUE CHAIN	37
ABOUT HAESL – Best in the World, Best for the World	7	REFERENCE	41
SUSTAINABILITY AT HAESL	12		
OUR PEOPLE	18		





# ABOUT THIS REPORT







## ABOUT THIS REPORT

This annual report describes to our stakeholders how HAESL performed in economic, ecological and social aspects during 2016. It describes different projects undertaken during the year, the challenges, opportunities and the results HAESL has achieved. It provides comprehensive, clear and concise information on the issues that the stakeholders consider to be of relevance for sustainability. The content of this report covers our performance for 1st January 2016 to 31st December 2016.

This report is prepared in accordance with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines: Core option. The completeness and accuracy of this report is validated by the Hong Kong Quality Assurance Agency (HKQAA) in accordance with International Standard on Assurance Engagements 3000. You can find the verification statement and a summarized GRI index in the Reference section.

### Recording our sustainability indicators

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



# MESSAGE FROM THE DIRECTOR AND GENERAL MANAGER







## MESSAGE FROM THE DIRECTOR AND GENERAL MANAGER

Sustainable Development is central to HAESL's Vision of being "Best in the World, Best for the World". In this report, we are pleased to present our sustainability performance over the last year and share our plans for the future.

Our success depends on our People. In 2016 we further developed our employee engagement through a series of focus groups to expand on the insights of our annual Employee Engagement Survey and help us make improvements. We provide career paths and structured training to support development, whilst creating a range of opportunities to encourage communication through our staff Committees, regular briefing sessions, Company newsletter and staff suggestion schemes. In 2016 we further developed our communication with the launch of the HAESL Mobile App, providing a new platform for sharing information.

With the focus and effort of all employees, both our quality performance and our safety performance improved during 2016. Ongoing improvement is a key element of HAESL's ethos and our employees' suggestions are fundamental to our improvement initiatives. In 2016 we achieved notable improvements in both our lost time injury rate and our man days lost rate. To help sustain our performance into the future HAESL reinforced its health and safety management system by achieving OHSAS18001 accreditation.

HAESL was very active in 2016 contributing to the Hong Kong community. Together with our staff, HAESL donated a total of HK\$578,000 to various community programmes and charitable organisations. The Company's community involvement included providing university scholarships, supporting the day care services of the Evangel Children's Home and helping the World Wide Fund for Nature Hong Kong with its conservation efforts. Over 1,400

volunteer hours were provided to support 12 different sustainable development events which included fundraising for Pok Oi Hospital, charity sales for the People's Food Bank and participating in the Pedal Kart Grand Prix in support of the Hong Kong Round Table.

HAESL takes its responsibility to help protect the environment very seriously. With the aim of reducing the amount of solid waste sent to landfill, we worked hard to increase our recycling rate in 2016. A particular focus was made to increase recycling of wooden waste and a total of 46 tons of wood was saved from landfill. We retrofitted the lighting in one of our workshops to a more energy efficient LED lighting system. Along with other initiatives, this helped our total energy intensity reduce by 5.4% year on year. For the coming year, we will continue to implement environmentally friendly features such as LED lighting and study the opportunity for further photovoltaic solar panel installations. Unfortunately in October one of our waste water samples exceeded the stipulated limit for phenols. This accidental discharge was immediately addressed and action was taken to prevent any repetition.

Looking ahead, HAESL is busy preparing for future growth with the Phase 6 expansion of our site and the induction of Trent XWB engines. We look forward to working for all our stakeholders through commercial success based on increasing work levels combined with continued progress on our sustainability journey. I would like to take this opportunity to thank all our stakeholders, in particular our staff, for all their support and dedication in 2016.

**Angus Barclay**

**HAESL Director and General Manager**



# ABOUT HAESL

Best in the World, Best for the World







## ABOUT HAESL – Best in the World, Best for the World

**HAESL – Hong Kong Aero Engine Services Limited** is a world class maintenance organisation which carries out maintenance, repair and overhaul (MRO) 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 we closely monitor safety performance in the workplace.



### 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 a 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. The location of HAESL was chosen to be at Tseung Kwan O Industrial Estate. It became operational in 1997 with the testing of the first Trent 700 engine. In 2000, SIA Engineering Company became a 10% shareholder with the remaining shares split equally between Rolls-Royce and HAECO at 45% each. In 2016, due to restructuring of the MRO network, SIA Engineering Company sold its 10% share in HAESL. This resulted in Rolls-Royce and HAECO returning their shareholdings to 50% each.

This winning combination of leveraging Rolls-Royce's strength as an OEM and experienced maintenance repair organisation in Asia allows HAESL to offer high quality and comprehensive services to its customers.



## ABOUT HAESL – Best in the World, Best for the World

### 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 2016. 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.

### HAESL SUSTAINABLE DEVELOPMENT CHARTER

HAESL's vision is to be the best aero engine maintenance, repair & overhaul organisation in the world and share long-term value with our stakeholders through sustainable development of our business.

**“Best in the World, Best for the World.”**

The 4 building blocks which underpin the HAESL Sustainable Development Charter will support HAESL to achieve its vision.

- Trusted to Deliver
- Economically Sustainable
- Environmentally Friendly
- Community Involvement







## ABOUT HAESL – Best in the World, Best for the World

The first two elements are vital in gaining trust from our customers in providing dependable and economical maintenance services and in return continuously generate value for our shareholders and stakeholders. By doing this well, we will 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.

The other elements remind us of minimising the negative impact made to the environment and contributing to community development. Alongside these two elements, we are striving to be “Best for the World”.

By utilising our core values, “Tea & RICE” – Teamwork & Respect, Integrity, Commitment and Excellence, together we are working to turn HAESL’s vision into reality.

### GOVERNANCE STRUCTURE AND COMMITTEES

#### *Company Governance*

HAESL’s Board of Directors conveys the highest priority to strategic governance and provide the guidance 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 six Non-Executive Directors who are appointed by the shareholders according to business expertise and qualification. Both HAECO and Rolls-Royce appoint three directors respectively, meeting four times a year. The board members are British and Chinese with one female member.

#### *Senior Management Team*

The Senior Management team establishes long-term objectives and strategies for HAESL and defines directives and principles for the resulting company policies. It is led by the Director and General Manager, Mr. Angus Barclay. The other members are three General Managers with individual executive responsibility for Commercial activities, Finance & Administration and Operations.

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.



## ABOUT HAESL – Best in the World, Best for the World

### *Sustainable Development Committee*

The Senior Management team, Human Resources Manager and Sustainable Development Manager work together on sustainable development governance. They meet on a regular basis to ensure that the company's business objectives are in alignment with its commitments to sustainable development.

The role of this 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 are aligned with the HAESL Sustainable Development Charter. In addition, the team strives to develop our business operations in an efficient manner, minimising waste and pollution.



### *Safety Review Board*

HAESL's Safety Review Board governs the management systems for Risk, Safety and Quality. It is formed by the Senior Management team, Quality Assurance Manager and Safety and Improvement Manager. They provide support and resources for the execution of these management systems as well as monitoring the effectiveness of each system.

### *Other Committees*

Over 850 employees work to support MRO activities in our facility. A close relationship among different functions is vital to our success. The HAESL management team is committed to ensure everyone is working towards our vision.

In order to maintain strong communication between management and staff, a number of committees representing key elements of the business have been established. These include an Occupational Safety & Health (OSH) Performance Review Group, a General Staff Consultative Committee (GSCC) and the Contract Staff Association (CSA). The OSH Performance Review Group comprising of all Function Heads is chaired by the General Manager Operations. It meets bi-monthly to discuss OSH related issues, risks and improvement opportunities. The General Staff Consultative Committee and the Contract Staff Association are forums where staff and a member of the senior management team, along with the Human Resources Manager meet to discuss issues and concerns staff may have.





# SUSTAINABILITY AT HAESL



## SUSTAINABILITY AT HAESL

Sustainability is integral to the business and we strive to achieve HAESL's vision of being "Best in the World, Best for the World" utilising the 4 building blocks of our Sustainable Development Charter.

### HIGHLIGHTS IN 2016



- 
 Rolls-Royce and HAECO returning their shareholdings to **50%** each
 
- 
 New approvals/certification from new aviation authorities
  - Ministry of Land, Infrastructure and Transport, Korea
  - Qatar Civil Aviation Authority
  - Civil Aviation Authority of Vietnam
- 
 Improved quality performance and lowered the level of 3rd party component repair quality escape
 



- 
 Retrofitted LED lighting systems in the Component Repair workshop
 
- 
 Enhanced waste management and saved wooden waste from landfill
 





## SUSTAINABILITY AT HAESL



🌱 Code of Conduct training to strengthen staff ethical awareness

- Training on Anti-Bribery & Corruption

- Training on Competition Law

- E-learning on Equal Opportunities

🌱 More than 1,400 voluntary hours devoted in charitable event

🌱 Health and Safety

- Accredited OHSAS 18001:2007 certification



- Reduced Lost Time Injury rate by **17% (from 0.74 to 0.61)**

- Reduced Man Day Lost rate by **76.4% (from 16.9 to 4.0)**

🌱 Delivered **39,129** hours training hours of hard and soft skills

🌱 Engagement from staff through Staff Survey and Focus Groups

🌱 Recognised as a Caring Company 2015-17

### OUR APPROACH TO SUSTAINABLE DEVELOPMENT

In order to stay focused on the important elements of sustainable growth in HAESL, we identified a list of aspects that have the most influence and positive impact to our business. These aspects are determined through stakeholder engagement, aligning with the GRI G4 Sustainability Reporting Guidelines. A stakeholder identification process was carried out prior to the materiality assessment.



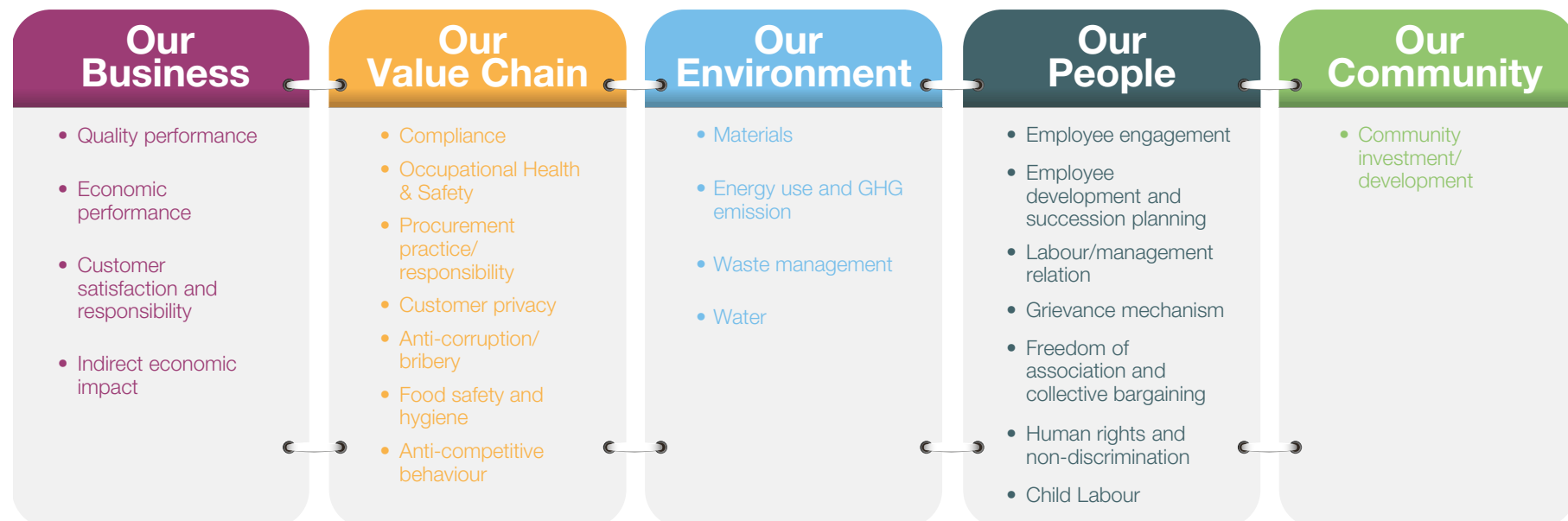


## SUSTAINABILITY AT HAESL

The major stakeholders include:



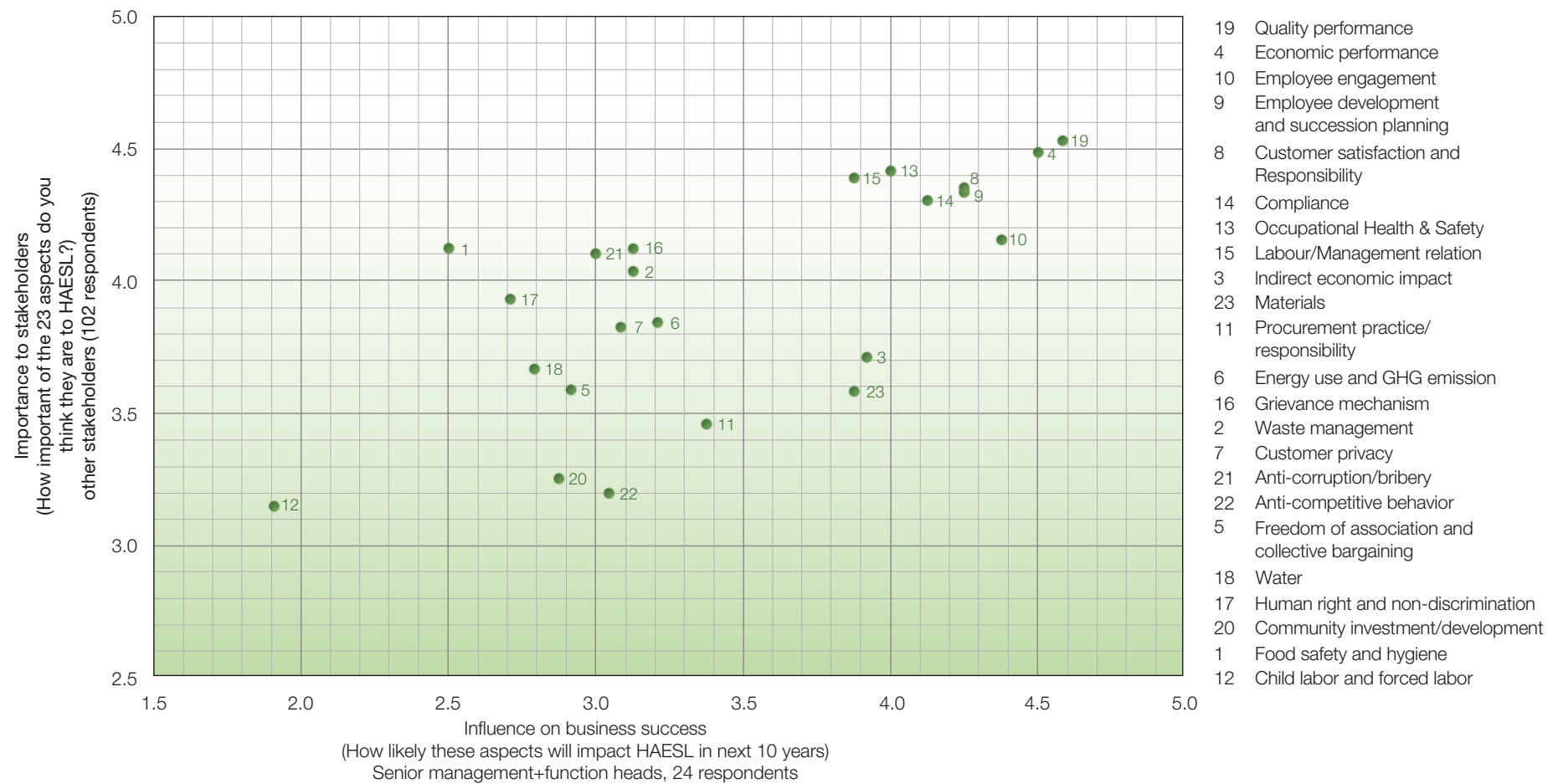
Scoring scheme, survey, interviews and meetings with different groups were used to identify the significance to the business. A materiality matrix from the assessment was developed and validated at the Sustainable Development Governance meeting.





## SUSTAINABILITY AT HAESL

**HAESL Materiality Matrix**



## SUSTAINABILITY AT HAESL

High Priority issues	Impact location (Inside/ Outside HAESL)		Location of relevant information in this Report
	Inside	Outside	
Quality Performance	✓	✓	Our Business and Value Chain
Economic performance	✓	✓	Our Business and Value Chain
Employee engagement	✓		Our People
Employee development and succession planning	✓		Our People
Customer satisfaction and responsibility	✓	✓	Our Business and Value Chain
Compliance	✓	✓	Our Business and Value Chain
Occupational Health & Safety	✓	✓	Our People
Labour/Management relation	✓		Our People
Indirect Economic impact	✓	✓	Our Business and Value Chain
Materials	✓	✓	Our Environment

All information with regard to HAESL sustainability policy, sustainability framework and methodology are documented in a HAESL Engineering Procedures Manual that is available 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.





# OUR PEOPLE



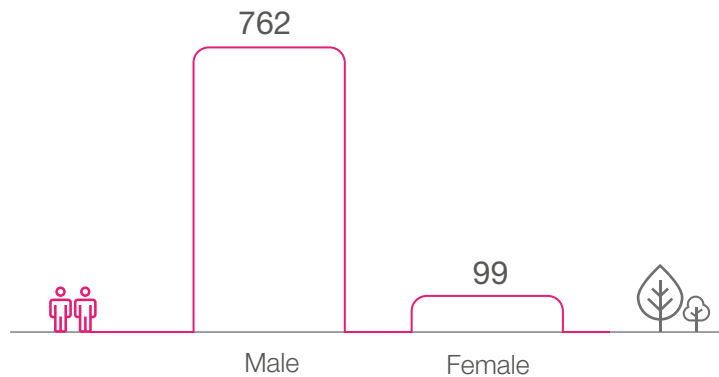
## OUR PEOPLE

Recognising that the development of our staff is a key to 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 is conducted yearly to ensure that we remain competitive with other local industrial operations. On-Job Training, soft skills training, departmental offsite training and team building events are organised throughout the year.

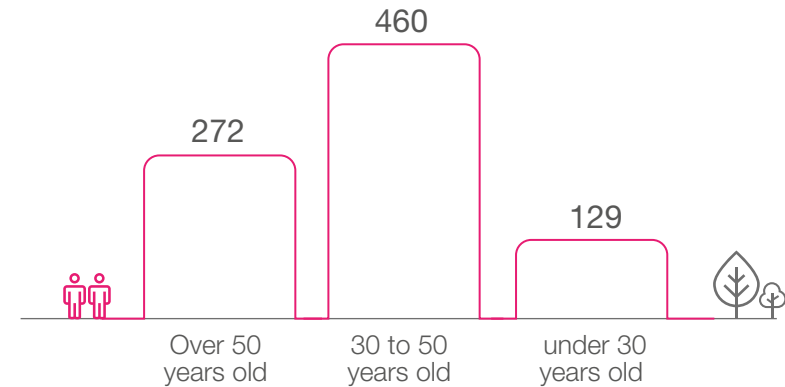
### ABOUT OUR WORKFORCE

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

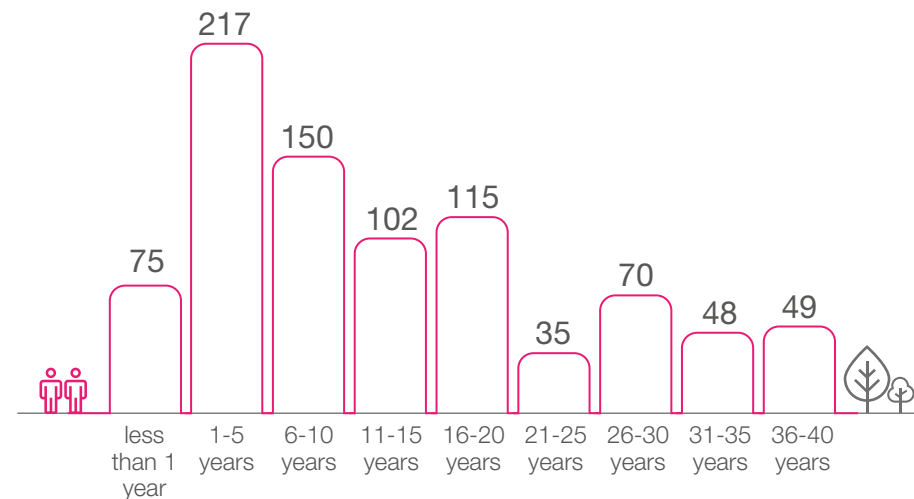
**TOTAL WORKFORCE BY GENDER**



**TOTAL WORKFORCE BY AGE GROUP**



**TOTAL WORKFORCE BY YEARS OF SERVICE**







## OUR PEOPLE

### LABOUR/MANAGEMENT RELATIONS

#### *Employee Engagement*

Employee engagement is critical to our success. We want all of our employees to be able to perform to the best of their ability and encourage open collaboration, engagement and involvement. Effective communication between management and staff is key to enhancing employee engagement. As a follow up action to the Annual Employee Engagement Survey, which is considered one of the most effective ways to measure staff's sentiment, 14 Focus Group sessions were held in early 2016. 167 staff, representing one-fifth of the total manpower, were randomly selected to express their views and suggestions.

Following feedback from the Focus Groups, three generic issues and four specific issues were identified relating to the Production Departments. To improve engagement in the workplace, a number of "Employee Engagement Best Practices" were introduced. To ensure that these Best Practices were embedded into our culture, training workshops were provided to all management and supervisory staff.

#### *Communication channel*

In addition to the Employee Engagement Survey and Focus Groups, HAESL's management conducts regular meetings with the General Staff Consultative Committee (GSCC) and the Contract Staff Association (CSA) to listen to staff concerns and discuss the provision of employee welfare services. There are annual training workshops arranged for the employee representatives from these committees, to enhance their communication skills.

"One of the most interesting activities was called "Toxic Waste Removal". A game to transport a bucket of "Toxic Waste" and return it back to a safe zone without spilling the contents by using only scissors, ropes and rubber bands. The activity highlighted the importance of communication, teamwork and problem solving... It was a memorable event for all the GSCC and CSA representatives." *Hermes Fan (CSA representative)*



In order to keep our staff up-to-date on company business, a variety of platforms are in place to allow communication between staff and management. Twice yearly, Senior Management host briefing sessions with all employees 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.





## OUR PEOPLE

Other channels include weekly departmental briefings, LCD display screens, notice boards and the company's intranet portal. HAESL also issues a company newsletter "HAESL.com" quarterly. In 2016, we launched the HAESL mobile app which provides a new channel to deliver information to staff instantaneously.

Staff are encouraged to raise their ideas through a Staff Suggestion Scheme. Ideas are then evaluated by the relevant department. HAESL rewards staff whose suggestions make the most significant impact.

### *HAESL Storyboard Briefing*

HAESL holds regular Q&A briefings with all employees. These briefings are known as a "Storyboard" and are designed to raise staff awareness of the company strategy. 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 has been established to record all questions which are raised, in order for management to be able to respond.

### STAFF WELLNESS

HAESL understands that happy staff are the most productive and a healthy body and mind are important. We provide many opportunities for physical activity as well as community engagement and emotional awareness programmes. Employees participated in a number of different programmes that

developed their soft skills as well as strengthening their physical being. HAESL supports staff with a physiotherapist on site to offer therapy as well as providing advice in sports medicine and health science.

### *Employee Wellness Day 2016*

As part of the Employee Engagement Initiatives, a half-day event, "Employee Wellness Day" was held on 21 January 2016 which promoted care for our staff's well-being. To kick-off the event, the management team led the staff in stretching exercises before the staff joined in with a number of sports activities (e.g. table tennis, darts, Chinese martial arts, etc.), health assessments and health talks. Afterwards, a healthy lunch was provided which added a big smile to everyone's face.



*All staff took part in a stretching exercise to kick off the Wellness Day*





## OUR PEOPLE

### Swire Intra-group Running competition 2016

The event was held on 8 October 2016 at Pak Shek Kok Promenade at the Hong Kong Science & Technology Park. This year, HAESL had 2 teams joining the 1km x 3 relay race, and 26 staff in a 10km individual race. The event provided a good opportunity for those who enjoy running to meet and share their tips and experience.



Group photo of HAESL contestants

### Outward Bound Corporate Challenge 2016

HAESL formed a team of 12 graduate trainees and took part in the invigorating 2016 BOCHK Outward Bound Corporate Challenge. They engaged in eight different activities which were designed for fun and team building. The team worked very well together and came third in the "Bowl Category", as a result HAESL will be promoted to a more advanced category next year. The race day activities provided an excellent opportunity for teamwork training, which will be very helpful in the day-to-day work of our future leaders.



"Being a team member, I have learnt a lot in team building, leadership and problem solving. I will definitely participate again next year!"

*Lily Lai (Engineering Graduate Trainee)*

### Health Talks

In order to encourage a healthier life style, various talks were arranged for staff to attend. This year, topics covered the prevention and management of common knee & foot strains, mental health awareness, weight loss tips, healthy diet and preparing for a happy retirement.

## OCCUPATIONAL SAFETY & HEALTH

Occupational safety in the work place is of paramount importance to HAESL. Our goal is zero lost time injuries in all of our operations and safety is always a key priority. The Occupational Safety & Health (OSH) Performance Review Group oversees the safety of all activities. All work place incidents are reported according to the Incident Reporting Procedure and the statistics are reported in the OSH Performance Review Group Meeting.



## OUR PEOPLE

### *Occupational Safety & Health Work Group*

The Occupational Safety & Health Work Group connects the OSH Performance Review Group with our employees. Members of the group are staff representatives and are elected each year. The group meets every month with the aim of assisting with the implementation of the Safety Policy, proposing new initiatives, conducting periodic site inspections, advising on the practicality of compliance with OSH rules, arranging OSH promotional campaigns and positively influencing OSH across the business.

### *Occupational Safety & Health Activities*

HAESL recognises that leadership is important in creation of a culture that supports and promotes occupational safety and health. The Senior Management Safety Walk is a weekly “Go Look See” in different areas of the business to check for potential hazards. It is conducted by our Senior Management together with responsible area managers and the Health & Safety team. Our Senior Management demonstrates a high level of commitment to safety and this exercise identified over 400 potential safety hazards during 2016.

Staff participation in ensuring safety measures is vital, they are the ones who work in a specific working environment and are most knowledgeable about the process. Staff work together with risk practitioners to identify hazards. This is known as the Job Safety Analysis (JSA) programme. It supports the achievement of the highest safety level by considering training, placement of personnel, provision of correct tools, equipment, personal protection, clear performance standards and safe working instructions and procedures.

Furthermore, we encourage staff to proactively report health and safety concerns to minimise the potential for accidents to occur. The I Care I Report + I Resolve (ICIR) programme encourages the reporter to work with other colleagues in resolving safety problems together. 1,124 ICIR observations were submitted in 2016 and the Lost Time Injury Rate reduced from 0.74 in 2015 to 0.61. Our Man Day Lost Rate reduced by 76.4% in 2016, reflecting the improvement in severity of the injuries incurred.



HAESL has a fire emergency plan should a fire occur. The details of emergency preparedness and fire safety information are communicated to our employees during quarterly Safety Awareness Briefings. Through these briefings, staff awareness of occupational safety issues is enhanced. Other topics like the correct use of Personal Protective Equipment (PPE), understanding of occupational noise and hearing protection are also covered.

In August 2016 HAESL was successful in achieving Occupational Health and Safety Management System OHSAS18001:2007 Certification with zero non-conformity. Through the certification process, HAESL benefits from the elimination or reduction of risks to employees, as well as to other parties that may be exposed to occupational health and safety risks associated with the organisation's activities. This certification is in recognition of the performance and maturity of our occupational health and safety system.







## OUR PEOPLE

### 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 broad set of requirements 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 the annual training needs analysis and is administrated through an employee training matrix. At the beginning of each year, every employee's training plan is reviewed and updated.

Various training and team building workshops were organised throughout the year with the breakdown below.

Employee Category	Number of employees	Total training hours	Average hours of training in 2016
Executive – Top/Senior management	4	20	5.0
– Middle/Junior management & supervisory	169	6,393	37.9
Non-executive – Customer facing staff	5	39	7.8
– Non-customer facing operational/technical staff	543	27,625	50.9
– Others	140	5,052	36.1
<b>Total</b>	<b>861</b>	<b>39,129</b>	

### *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 are made aware of the hazards in their new environment and the role 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.

### *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. Highlights from some of the training includes e-learning on dealing with Phishing emails and ransomware awareness.

In response to the Focus Groups described earlier, “Employee Engagement Best Practices” have been introduced with the aim to create a culture fostering an engaging workplace. The workshops aim to make a change in the mindset of the participants and help them understand the importance of people management and how this supports creating an engaged workforce.



## OUR PEOPLE

### *Legal Compliance*

To enhance our staff's awareness of legal compliance, refresher training was held in 2016. In August, legal teams from Rolls-Royce and the Swire Group delivered Competition Law Training through WebEx to all our senior staff as well as general staff, whose responsibilities could be exposed to the Competition Ordinance. In October, a Senior Consultant from the Hong Kong Equal Opportunities Commission provided Equal Opportunities Training to our senior staff. In these training sessions, the professionals not only explained the key concepts of the ordinances, but also answered the participants' questions relating to HAESL's business or situations. In November, Rolls-Royce delivered training on Anti-Bribery & Corruption Compliance which gave an overview of the related ordinance in the United Kingdom, the United States of America and Hong Kong. Through these refresher training courses, our staff will be more aware of the applicability of the ordinances in their daily activities and as such will help to avoid any potential pitfalls.



*Employee Engagement Training*





# OUR COMMUNITY





## OUR COMMUNITY

In 2016, HAESL provided HK\$578,000 in donations for charitable and community engagement purposes. We also assist people in need by supporting local social enterprises. Over 110 of our employees and their guests have devoted more than 1,400 hours in supporting charitable events.

Our community investment programmes focus on two target areas: children and youth development and environment conservation. The majority of our charitable contributions are directed to important causes and non-profit organisations that are working on issues in these two areas.

To encourage staff commitment to volunteer services, we have a Volunteer Service Leave Policy. Due to the continuous support of our staff, HAESL has been awarded the Caring Company 2015-2017 by the Hong Kong Council of Social Service for good corporate citizenship.



## CHILDREN AND YOUTH DEVELOPMENT

### *Caring for Educational Needs*

HAESL has donated aircraft component testing equipment to the Hong Kong Polytechnic University for the benefit of students studying aircraft engineering. HAESL has also supported an endowed scholarship benefiting mechanical engineering students at the Hong Kong Polytechnic University.

HAESL provides a bursary to employees who embark on further education in Hong Kong and to staff's children who study in local universities. HAESL organised a visit for local students to see the facility in order to promote aerospace education and general aviation knowledge. HAESL also supports different projects carried out by professionals from The Aviation Services Research Centre (ASRC).

### *HAESL Supports Innovation Technology Scholarship Award Scheme*

Since 2011, HAESL has been one of the 16 Local Internship programme supporting organisations for the "Innovation and Technology Scholarship Award Scheme". This Scheme is organised by the Hong Kong Federation of Youth Groups (HKFYG). In 2016 HAESL offered an industrial training opportunity to one of the scholarship awardees who demonstrated 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 in order that they will pursue a career in this field.







## OUR COMMUNITY

### *Caring for Evangel Children's Home*

HAESL continues its support for the Evangel Children's Home which provides food, shelter, counseling and spiritual guidance to children and youth from disadvantaged families.



*It was our honor to be a guest of the celebration for the Evangel Children's Home 60th anniversary. (Ms. Vivin Chan, representative from HAESL, 6th person from right)*



*Capturing big smiles from sponsors, parents and children of ECH on the 60th Anniversary Open Day, 13 August 2016.*

At Easter 2016, HAESL collaborated with the Hong Kong Rugby Union to organise the first rugby fun day at the beach of Cheung Chau for the children of the Evangel Children's Home. It gave the children an opportunity to learn basic rugby skills from a professional coach. All our volunteers and the children had great fun and the whole event ended up with roars of laughter and great joy.



Another highlight for ECH was the Science Explorer event to promote science and technology. HAESL arranged a tour for the children at the Hong Kong Science and Technology Park. During the Explorer tour, they had a chance to experience living in a home of the future where lots of conceptual technology was displayed. They learnt about the success of Professor Kao Kun who invented communication via optical fiber. Finally they went to Phase 3 of the Science Park where buildings are designed using sustainability principles, making use of three key design principles reduction, efficiency and generation, to encourage smarter use of resources.



## OUR COMMUNITY

### CARING FOR THE BROADER COMMUNITY

#### *Pedal Kart Grand Prix 2016*

HAESL entered two pedal karts in the Hong Kong 24 Hour Charity Pedal Kart Grand Prix held on 12 – 13 November 2016. Departments were encouraged to form teams to compete in the Fun Kart category. This meaningful event not only attracted staff from different departments to take part in the race itself, but also drew staff's attention to join hands for fund-raising before the race day. Charitable activities like Ice-cream Sales, Fortune Cookie Sales and Charity Movie Watching were held between August and October to raise funds for the Hong Kong Round Table, who organise this event and support local and regional charities.



*Pedal Kart Grand Prix 2016*



*Fortune Cookie Sale*



*Charity Movie Night*







## OUR COMMUNITY

### *Fundraising and Donation for the Community*



*Took part in Cycle for Millions to raise funds for Pok Oi Hospital*



*Rice dumpling and moon cake charity sale to support Food Bank and St. James Settlement*



*Blood Donation Day on 14 June 2016*



*Donation to Orbis to support the launch of its third-generation Flying Eye Hospital*



*Donated office furniture to the Crossroads Foundation and supported a volunteering session*

- Participated in the Outward Bound Adventure Race during March 2016 to support Outward Bound's sponsorship to community service organisations, special schools and charity groups
- Donation to Sowers Action to support the providing of jackets to children in China



## OUR COMMUNITY

### PROTECTING THE ENVIRONMENT

HAESL supports the global Earth Hour campaign organised by the World Wide Fund of Nature (WWF) and appeals to employees to support Earth Hour each year. More than 800 employees have shown their commitment to the event by switching off unnecessary electrical appliances and non-emergency lighting in the facility.



HAESL also participated in the Coastal Watch project. A series of Ocean Seminars increased the knowledge of our staff in environmental conservation. Our staff helped Greener Actions, a local environmental organisation, to carry out scientific surveys on marine refuse at Lung Kwu Tan and supported a coastal clean-up activity.

Beside the Coastal Watch project, we arranged a series of event to raise staff awareness.

In order to strengthen the practice of plastic recycling, HAESL co-organised a polyethylene terephthalate (PET) bottle recycling roadshow with Swire Coca-Cola HK. Exhibitions showing different information regarding plastic and mini-games to share knowledge in a fun way were organised. We gave away gifts for staff who could demonstrate the 4 steps of PET bottle recycling correctly.



*Gei Wai Shrimp Harvesting*



*Coastal Watch Survey*



*Experiencing Underwater Coral World*







## OUR COMMUNITY



*Urban Farming*

Staff's awareness of environment conservation was increased by holding an appreciation tour of the Hong Kong Wetland Park which included the opportunity to witness bird migration.

HAESL supported the "Plant a Tree" project organised by Friends of the Earth (HK), helping to achieve the objectives of conserving and enriching the biodiversity of the Dongjiang water headstream. We also supported environmental initiatives and organised activities to reduce waste to landfill like the Red Packet Reuse and Recycle Campaign, a book collection programme and wall calendar donation to the elderly.

A big "Thank you" goes to all the volunteers for their support in community events. We will continue to encourage employees to participate in volunteer services.

Our employees and their families were welcomed to an urban farming event held at the Urban Oasis to promote greenery within an urban environment and experienced for themselves the hard work of preparing ground and sowing seeds.

Towards the end of 2016, a group of volunteers from HAESL helped to remove invasive Mikania at Mai Po Nature Reserve to help provide a balanced environment for the growth of a wider variety of vegetation.



*Removal of Mikania*



*Visiting Hong Kong Wetland Park*



# 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.

Over the course of the 19 years that we have been in operation at Tseung Kwan O, we have implemented a number of initiatives to minimise our impact on the local environmental and continually work 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 undertaken. 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. These are required to support our ongoing business activities.

#### *All forms of energy consumption*

The energy consumed in 2016 was 184,706 GJ, a 2.3% reduction compared with 2015's total due to reduced electricity and fuel consumption. We measure our impact on the environment based on energy consumed per man-hour worked. The energy intensity was 94.6 MJ per man-hour worked, 5.4% less than the previous year.

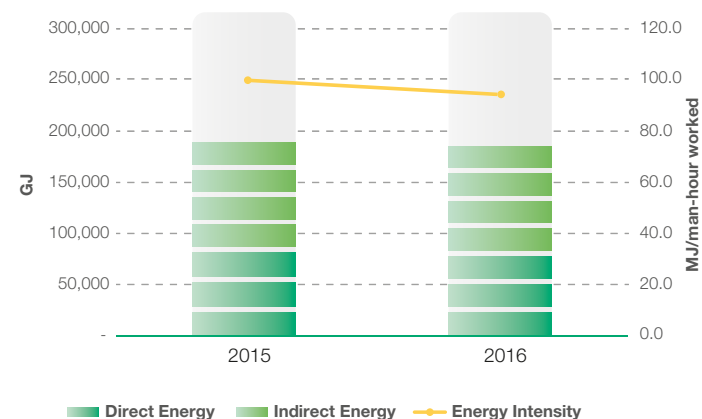


Figure 4: Total Energy Consumption and Intensity

In order to further analyse the amount of Greenhouse Gas (GHG) produced from consuming energy, energy consumption figures are translated into GHG emission equivalent. Our total GHG emission generated from operations amounted to 22,320 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e), a decrease of 2.4% from 2015.

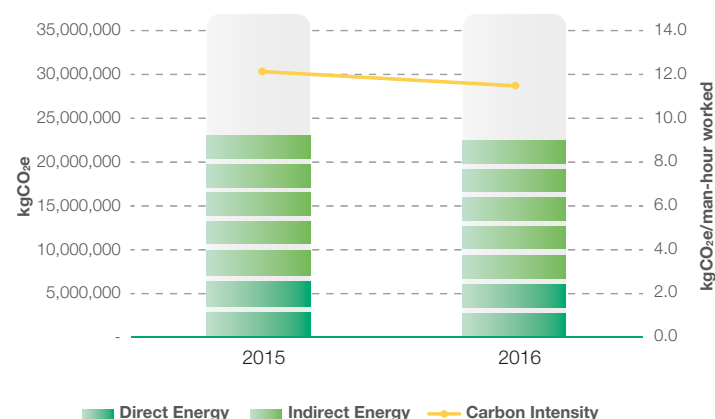


Figure 5: Greenhouse Gas (GHG) Emission and Carbon Intensity of Operation

## OUR ENVIRONMENT

### Aviation fuel

In 2016, there were 147 engine tests consuming 1,760 tonnes of jet fuel, a 4.6% decrease in the usage comparing to 2015. The average jet fuel consumed was 11.97 tonnes per test which is 2.0% lower than the previous year.

### Towngas

Towngas consumption increased from 446,064 MJ in 2015 to 473,040 MJ in 2016. The increase is attributed to the increase in headcount and the cooking of smaller batches of food to improve the quality of meals in our canteen. 254,961 staff meals were served compared to 251,210 staff meals in 2015.

### Electricity

Our electricity consumption was 29,679,653 kWh in 2016, a decrease of 0.7% from 2015. Our average consumption was 15.2kWh/worked hour, which represents a 3.9% reduction year-on-year. This success has been achieved through a number of different energy saving initiatives including optimising the air conditioning system and retrofitting high efficiency compact lighting to LED lights on the Ground floor in the Phase 5 building. In 2017 we will continue to retrofit the existing lighting system with LED lights. We will also launch a feasibility study of using renewable energy in daily operations.

## WATER MANAGEMENT

HAESL continues to operate its long-established air conditioning condenser recovery system to reduce fresh water usage in the cooling towers. The water consumption was 151,483 cubic metres. Although we have tried to reduce our

water consumption, the water intensity in 2016 increased by 6.5% compared to 2015. This increment is mainly due to an increase of workload in the Component Repair Cleaning workshop.

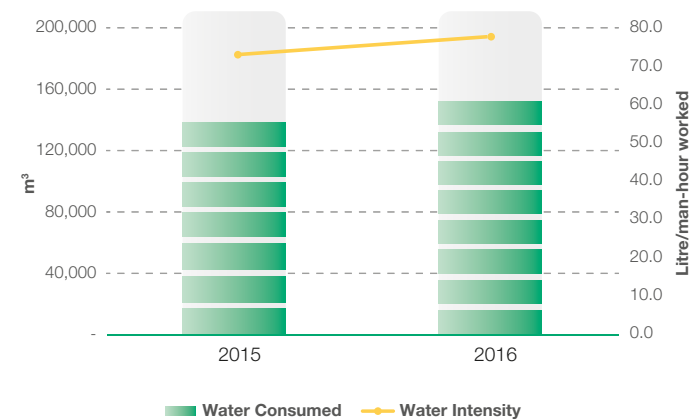


Figure 6: Water consumption and intensity

## EFFLUENTS

The use of large volumes of chemicals is unavoidable in the MRO industry. Management of chemical waste is therefore central to our sustainability policy.

To meet our own environmental responsibilities, our chemical specialists ensure waste is handled appropriately with minimal impact to the community.







## OUR ENVIRONMENT

HAESL's 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 collected from site and processed by a government approved waste disposal company. Whilst HAESL strives to meet its obligations related to environmental regulations and laws, unfortunately in 2016 one waste water sample taken by the Environmental Protection Department (EPD) exceeded the limit stipulated in our discharge license. The level of phenol in the sample was found to be 2 ppm compared to the Licence limit of 1 ppm. HAESL took immediate action to prevent any repetition and investigated the issue thoroughly to address the root cause. The EPD proceeded to prosecute HAESL in the magistrates' court for the waste water phenol exceedance. HAESL pleaded guilty to the charge and was issued a fine of HK\$5,000.

Looking ahead, HAESL has of its own volition increased the frequency of ongoing effluent tests above the statutory requirement and is working with HK institutions to try and identify if there are any other unexpected chemical reactions which might possibly occur in its effluent water. It is planned to replace one of the water treatment facilities in 2017 to support business needs.

### WASTE MANAGEMENT

In support of the waste generated by our operations, we have adopted waste separation at source, and we recycle whenever possible. In 2016, we disposed of a total of 1,367 tonnes of waste, 17.8% of which was recycled.

Where possible HAESL has encouraged and practised the reuse and recycling of materials. The following chart gives the amount of materials recycled in 2016. All recycled materials are collected by a recognised recycling company.

### Solid Waste Distribution

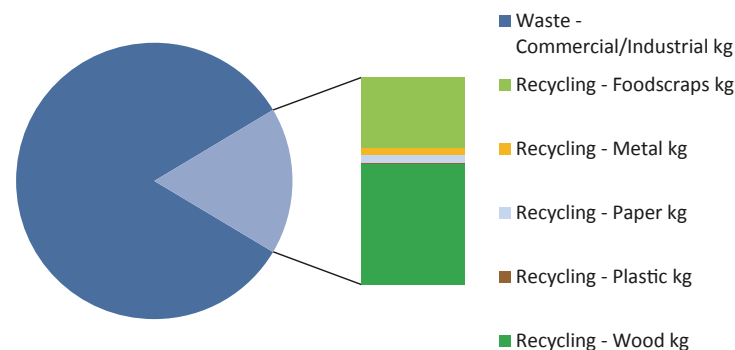


Figure 7: Solid Waste Distribution

A number of Go Look See activities looking for improvement opportunities identified that non-modular engine component kit containers, which are bulky and made from cardboard with a wooden frame, were being disposed of as general waste which goes to landfill. We ran a pilot for recycling these containers in mid-August by arranging a third party recycler to collect skips of wooden waste including component kit containers. The results were successful, a total of 46.2 tons of wood were recycled in 2016 and saved from landfill.

HAESL will continue to review waste management to maximise waste diversion from landfill and reduce the cost of waste management. As a result, in 2017, it is expected to increase the recycle rate to 20%.



# OUR BUSINESS AND VALUE CHAIN





## OUR BUSINESS AND VALUE CHAIN

There was a shareholder restructuring of HAESL in 2016 in which Rolls-Royce and HAECO increased their shareholdings to 50% each. In addition, we have moved away from a territorial-based load model to a new arrangement under which Rolls-Royce commits to HAESL an agreed base load per year for engine and module shop visits that arise from their Total Care contracts with operators worldwide.

### ECONOMIC PERFORMANCE AND INDIRECT ECONOMIC IMPACT

#### *Economic Performance*

The workload at HAESL during 2016 was similar to that of 2015. Engine output decreased by 1 however we had an 8.5% increase in revenue. This increase was a result of the heavier work scopes of the engines we overhauled during 2016. The following table summarises our economic performance.

	Yr 2014	Yr 2015	Yr 2016	Variance
Economic Performance				
Engine Output	147	115	114	-0.9%
Revenues, US\$m	1,074.0	998.0	1,083.0	8.5%
Dividend, US\$m	49.7	34.8	51.3	47.4%
Employee Cost, US\$m	41.1	44.2	48.2	9.0%
Taxation, US\$m	10.7	7.8	10.5	34.6%
Charitable donations, USD	41,122.0	37,629.0	51,298.1	36.3%

#### *Our Investment*

In 2016 we supported our strategy to grow the business by developing capability for servicing the Rolls-Royce Trent XWB engine. The Trent XWB engine has been designed for use on variants of the Airbus A350 XWB aircraft and will have the lowest carbon emissions of any aero engine installed on wide-bodied aircraft.

With nearly 800 orders for the Airbus A350 aircraft, there is a potential market of around 1,700 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 knowledge and investment with a rise in engine inductions.

#### *Readiness for Trent XWB*

Significant Trent XWB related activities were conducted during 2016. As part of HAESL's capability development, we completed Module Repair and Module Change On-Job-Training (OJT) at Rolls-Royce in Derby. Upon completion of the final round of OJT, we submitted the approval request to the HKCAD, FAA, EASA and CAA Vietnam. We target to achieve full Trent XWB 84k capability by the second quarter of 2017.

We received Customer Approvals from Hong Kong Airlines, Vietnam Airlines, Qatar Airways, and Asiana Airlines. In preparation for potential Trent XWB inductions, the Rolls-Royce MRO Readiness Team flew over to Hong Kong to support the HAESL XWB Readiness team on the outstanding items.







## OUR BUSINESS AND VALUE CHAIN

We received our first work request associated with Trent XWB at the end of 2016. This included the assembly of the engine front and rear mount and installation of engine mounts and thrust struts. Our Engine Overhaul team provided professional service and completed the job successfully.



*Module Change Engineers conducted the final inspection post installation of the Trent XWB engine mount.*

### *Phase VI Construction Progress*

In 2016 the construction of HAESL's Phase VI building was in full swing.



*The Phase VI building is beginning to take shape. A bird view of the Phase VI building under construction, pictured at the end of 2016.*

The ground floor of the superstructure has been completed and the construction of the first floor slab and columns from the first to second floor are in progress. The footprint of the Phase VI building is comparable to our existing Phase I building. When the building is complete, Phase VI will be taller than the Test Cell and will become the tallest building at HAESL. Based on the latest project schedule, the Phase VI building's Occupation Permit is expected to be issued by the Buildings Department in the fourth quarter of 2017.





## OUR BUSINESS AND VALUE CHAIN

The new building will be constructed in an environmentally conscious way and “green” features include solar power panels, a green roof, green wall and double glazed windows. These elements demonstrate commitment to our staff, customers and to the wider Hong Kong community 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.

### 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 ensure the safety of passengers and employees and to our business continuity. 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 the SMS requirements and assure the quality of our SMS. We promote a proactive safety culture, encouraging staff to feel responsible for safety. We have created an atmosphere of trust and openness where people are encouraged and recognised 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 with 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	

There were 80 internal audits, excluding daily walk-around surveillance and 21 external audits undertaken during 2016. No significant findings were identified during the audits.





# REFERENCE







## REFERENCE

### PERFORMANCE DATA

Economic Performance		2015	2016	%
Engine output	No.	115	114	-0.9%
Revenues generated (US\$M)	US\$M	998	1,083	8.5%
Dividends paid to shareholders (US\$M)	US\$M	34.8	51	47.4%
Employee Cost (US\$M)	US\$M	44.2	48	9.0%
Taxation (US\$M)	US\$M	7.8	11	34.6%
Charitable donations made directly by HAESL (USD)	USD	37,629	51,298	36.3%
Environmental Performance		2015	2016	%
<b>Energy Consumption</b>				
Direct Energy Consumption	GJ	81,477	77,859	-4.4%
Indirect Energy Consumption	GJ	107,599	106,847	-0.7%
Total Energy Consumption	GJ	189,077	184,706	-2.3%
<b>Greenhouse Gas Emission</b>				
Direct Emission (Scope 1)	kg CO2e	6,475,326	6,014,430	-7.1%
Indirect Emission (Scope 2)	kg CO2e	16,145,388	16,052,131	-0.6%
Other Indirect Emission (Scope 3) by Business Air Travel	kg CO2e	254,890	253,055	-0.7%
Total GHG Emission	kg CO2e	22,875,604	22,319,616	-2.4%
<b>Fuel</b>				
Jet Kerosene – Engine Test	Tonnes	1,845	1,760	-4.6%
Unleaded Petrol – Passenger Car (Hong Kong)	L	1,519	1,971	29.8%
Towngas	MJ	446,064	473,040	6.0%
<b>Electricity</b>				
Electricity – Hong Kong (CLP)	kWh	29,888,662	29,679,653	-0.7%



## REFERENCE

Environmental Performance		2015	2016	%
<b>Refrigerant/Fire Extinguishing Agent</b>				
R134a	kg	490	338.2	-31.0%
<b>Water</b>				
Water consumption	m3	137,648	151,483	10.1%
Water discharged to sewer	m3	137,648	151,483	10.1%
<b>Materials</b>				
Paper and paper products consumed	kg	15,128	15,288	1.1%
Printing Cartridges purchased	No.	483	495	2.5%
<b>Solid Waste Management</b>				
Industrial/Commercial Waste disposed of	kg	362,300	382,880	5.7%
Grease trap waste disposed of	kg	80,040	84,640	5.7%
Wood recycled	kg	1,197	2,465	105.9%
Food Waste recycled <sup>(Note 1)</sup>	kg	12,833	27,201	112.0%
Paper products recycled	kg	10,027	3,397	-66.1%
Plastic products recycled	kg	437	37	-91.5%
Metal recycled	kg	1,197	2,465	105.9%
Printing Cartridges recycled	No.	136	244	79.4%
<b>Hazardous Waste Management</b>				
Chemical waste disposed (Liquid)	L	40,880	48,620	18.9%
Chemical waste disposed (Solid)	kg	9,858	13,913	41.1%
Spent kerosene (aircraft fuel) recycled	L	4,200	5,000	19.0%
Lubrication oil recycled	L	10,800	12,800	18.5%
Significant chemicals/oil spills	No.	0	0	
<b>Compliance</b>				
Significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations <sup>(Note 2)</sup>	No.	0	1	





## REFERENCE

Occupational Health & Safety Performance		2015	2016	%
Total workforce	No.	848	861	1.5%
Man-hours worked (Total Attended Hour by all staff)	Hour	1,889,287	1,951,746	3.3%
Work-related fatalities (employees)	No.	0	0	
Lost time injuries <sup>(Note 3)</sup>	No.	7	6	-14.3%
Minor injuries/first aid cases	No.	2	1	-50.0%
Total lost day	Day	160	39	-75.6%
Lost time injury rate <sup>(Note 4)</sup>		0.74	0.61	-17.0%
Man day lost rate <sup>(Note 5)</sup>		16.9	4.0	-76.4%

### Note

1. These figures are captured from August 2015.
2. One waste water sample taken by the EPD in 2016 exceeded the limit stipulated in HAESL's discharge license. HAESL was fined HK\$5,000. Corrective and preventive measures were taken immediately.
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 per 100 employees per year. It is calculated as the total lost day 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.







## REFERENCE

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

#### GENERAL STANDARD DISCLOSURE

General Standard Disclosures	Page	Location of Disclosure	External Assurance
<b>Strategy And Analysis</b>			
G4-1	6	Director and General Manager's message	✓
<b>Organisational Profile</b>			
G4-3	8-11	About HAESL – Best in the world, Best for the world	✓
G4-4	8-11	About HAESL – Best in the world, Best for the world	✓
G4-5	8-11	About HAESL – Best in the world, Best for the world	✓
G4-6	8-11	About HAESL – Best in the world, Best for the world	✓
G4-7	8-11	About HAESL – Best in the world, Best for the world	✓
G4-8	38-40	Our Business and Value Chain	✓
G4-9	26	Our People	✓
	38-40	Our Business and Value Chain	✓
G4-10	26	Our People	✓
G4-11	8-11	About HAESL – Best in the world, Best for the world	✓
G4-12	38-40	Our Business and Value Chain	✓
G4-13	12	Sustainability at HAESL	✓
G4-14	8-11	About HAESL – Best in the world, Best for the world	✓
	38-40	Our Business and Value Chain	✓
G4-15	8-11	About HAESL – Best in the world, Best for the world	✓
G4-16	8-11	About HAESL – Best in the world, Best for the world	✓





## REFERENCE

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

#### GENERAL STANDARD DISCLOSURE

General Standard Disclosures	Page	Location of Disclosure	External Assurance
<b>Identified Material Aspects and Boundaries</b>			
G4-17	37	Our Business and Value Chain	✓
G4-18	13-17	Sustainability at HAESL	✓
G4-19	13-17	Sustainability at HAESL	✓
G4-20	13-17	Sustainability at HAESL	✓
G4-21	13-17	Sustainability at HAESL	✓
G4-22	–	No restatements of information from earlier reports	✓
G4-23	4	About This Report	✓
<b>Stakeholder Engagement</b>			
G4-24	13-17	Sustainability at HAESL	✓
G4-25	13-17	Sustainability at HAESL	✓
G4-26	19-25	Our People	✓
G4-27	19-25	Our People	✓





## REFERENCE

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

#### GENERAL STANDARD DISCLOSURE

General Standard Disclosures	Page	Location of Disclosure	External Assurance
<b>Report Profile</b>			
G4-28	4	About This Report	✓
G4-29	4	About This Report	✓
G4-30	4	About This Report	✓
G4-31	4	About This Report	✓
	52	Contact Us	✓
G4-32	45-49	Reference: GRI content index	✓
G4-33	4	About This Report	✓
	50-51	Reference: Verification Statement	✓
<b>Governance</b>			
G4-34	8-11	About HAESL – Best in the world, Best for the world	✓
<b>Ethnic and Integrity</b>			
G4-56	8-11	About HAESL – Best in the world, Best for the world	✓







## REFERENCE

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

#### SPECIFIC STANDARD DISCLOSURES

Material Aspects	DMA and Indicators	Page	Location of Disclosure	External Assurance
<b>Economic</b>				
Economic Performance	DMA G4-EC1	38	Our Business and Value Chain	✓
Indirect Economic Impacts	DMA G4-EC7 G4-EC8	38-40	Our Business and Value Chain	✓
<b>Environmental</b>				
Material	DMA G4-EN1	42	Reference: Performance Data	✓
Energy	DMA G4-EN3, G4-EN5	34-35	Our Environment	✓
Water	DMA G4-EN8	35	Our Environment	✓
Emissions	DMA G4-EN15, G4-EN16, G4-EN17	34	Our Environment	✓
Effluents and Waste	DMA G4-EN22, G4-EN23, G4-EN24	35-36	Our Environment	✓
Compliance	DMA G4-EN29	36	Our Environment	✓



## REFERENCE

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

#### SPECIFIC STANDARD DISCLOSURES

Material Aspects	DMA and Indicators	Page	Location of Disclosure	External Assurance
<b>Social</b>				
Employment	DMA G4-LA1, G4-LA2	19	Our People	✓
Labor/Management Relations	DMA G4-LA4	20-21	Our People	✓
Occupational Health & Safety	DMA G4-LA5, G4-LA6, G4-LA7	21-23	Our People	✓
Training and Education	DMA G4-LA9, G4-LA10, G4-LA11	24-25 –	Our People All staff receives annual performance review and career development review.	✓ ✓
Local communities	DMA G4-SO1	27-32	Our Community	✓
Anti-corruption	DMA G4-SO4, G4-SO5	25 –	Our People We did not receive any report of confirmed incidents in 2016	✓ ✓
Anti-competitive Behavior	DMA G4-SO7	25	Our People	✓
Customer Health and Safety	DMA G4-PR1	40	Our Business and Value Chain	✓
Customer Privacy	DMA G4-PR8	–	We did not receive any substantiated complaints concerning breaches of customer privacy in 2016.	✓
Compliance	DMA G4-PR9	40 –	Our Business and Value Chain We have not identified any non-conformance with laws and regulations in 2016.	✓





## REFERENCE

### VERIFICATION STATEMENT



#### *Scope of Verification*

Hong Kong Quality Assurance Agency (HKQAA) has been engaged by Hong Kong Aero Engine Services Limited (HAESL) to undertake an independent verification for its Sustainability Report 2016 (Refer to as “The Report”). The scope of HKQAA’s verification covers the data and information of HAESL’s sustainability performance for the period 1st January 2016 to 31st December 2016. The Report disseminates how HAESL is sustainably performed in economic, ecological and social aspect in 2016.

#### *Level of Assurance and Methodology*

The process applied in this verification was based on the International Standard on Assurance Engagement 3000 (Revised) – “Assurance Engagement Other Than Audits or Reviews of Historical Financial Information” issued by the International Auditing and Assurance Standards Board (ISAE 3000). Our evidence gathering process was designed to obtain a reasonable level of assurance as set out in ISAE 3000 for the purpose of devising the verification conclusion and the extent of this verification process undertaken was provided for the reporting criteria selected i.e. Core Option of the GRI G4 Sustainability Reporting Guidelines.

We assess the disclosure and presentation of the Report and undertook analytical review of:

- the information provided by HAESL on its reporting and management processes;

- HAESL’s approach to stakeholder engagement and recent outputs;
- current sustainability issues that are critical to HAESL and are of interest to stakeholders;
- how related data is measured, recorded and reported; and
- process for gathering and consolidating the specified key performance data and sample checking the data consolidation.

Also, we performed testing on a selective basis of data and information to assure that such had been appropriately measured, recorded, collated and reported.

#### *Independence*

HAESL is responsible for the collection and presentation of the information presented. HKQAA does not involve in calculating, compiling, or in the development of the Report. Our verification activities are independent from HAESL.

#### *Conclusion*

On the basis of the results of our verification undertaken, it is the opinion of HKQAA’s verification team that:

- The Report outlines HAESL’s sustainability performance in a material, responsive, fair and balance manner;
- The data and information states in the Report are reliable and complete; and
- The Report has been prepared in accordance with the reporting criteria.





## REFERENCE

HAESL has reported specifically the sustainability issues identified as the most influencing matters to its business and stakeholders through a materiality identification exercise. Also, the report illustrates the challenges and opportunities associate to HAESL's sustainability context, it covers different projects undertaken in 2016 and the approaches that HAESL adopted to manage the result achieved. Very impressively, HASEL has a stringent data management mechanism in place where all data undergoes robust internal vetting to ensure high level of integrity is attained that forms the basis of credible and transparent reporting. In summary, the Report reflects truthfully HAESL's commitments, ceaseless efforts and progress of performance towards sustainability in 2016.

Signed on behalf of Hong Kong Quality Assurance Agency



**Connie Sham**

*Head of Audit*

May 2017



# CONTACT US



**Thank you for reading this report.**

## **Give us your 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 address **[www.haesi.com](http://www.haesi.com)**, email at **[sd@haesi.com](mailto:sd@haesi.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.**

