





Business Partners TOP 20 Suppliers Assessed Every 3 Years Employees >807,900 **Training Hours** Community **HKD 3.10M Charitable Donations** 2018 Health and Safety AT A GLANCE Environment **↓ 10.7%** >1,300MWh **Lost Time Injury Rate Renewable Energy Generated**

HAECO Sustainable Development Report 2018

2018 At a Glance

Table of Contents

Message from the CEO

About this Report

Health and Safety

Environment

Employees

Business Partners

Community

Performance

Standard Disclosures & Performance

Verification Statement

Contact Us

TABLE OF CONTENTS 2018 At a Glance 02 04 Message from the CEO 06 **About this Report** 10 Environment 15 Health and Safety 20 Employees **Business Partners** 25 28 Community 31 Performance Data 42 Standard Disclosures & **Performance Indicators** 54 **Verification Statement** 55 **Contact Us** 2018

3

Disclosures & Performance

MESSAGE FROM THE CEO

HAECO aspires to be a world leader in delivering high quality aircraft engineering and maintenance solutions that go beyond our customers' expectations. Sustainable development is essential to achieving this goal. By investing in the future and growing sustainably, we believe we can create long-term value for our business, our customers, and the communities we serve.



In this report, we are pleased to share with you the results of our sustainability efforts in 2018.

Safety and Quality Management

As a responsible employer, we place the highest priority on safety and quality at all times. We have an established independent audit programme in place to monitor compliance to all aircraft and component standards, and to review the adequacy of processes and procedures to ensure the highest standards of maintenance practices and airworthiness. Our quality system includes a feedback mechanism to ensure that all findings and opportunities for continual improvement are addressed and implemented in a timely and robust manner. Our Quality Management system is designed to ensure continued delivery of safe products and compliance with all aviation and regulatory requirements.

To improve our Safety performance, we have implemented new initiatives across the entire Group covering four key dimensions: proactive risk management, the development

of a proactive safety culture, all-inclusive safety management, and comprehensive hazard reporting.

Our focus on safety, particularly with the adoption of a more robust risk assessment methodology and incident investigation system, began to yield positive results during the reporting period. In 2018, our lost time injury rate dropped by 10.7% and our lost day rate decreased by 34.2% as compared with 2017. We will continue to review the maturity of our safety culture and develop new improvement plans as required.

Development of our People

Recognising the importance of our people to HAECO's operations, we have been investing heavily in staff development as we feel this is key to our continued success. In 2018, our staff attended over 807,900 hours of in-house training in both technical and non-technical skills – equivalent to about 57 training hours per employee. We also continued to provide our staff with equal opportunities in their careers with us and to promote diversity among our workforce.

Business

Partners

Environment

As concerns about the state of our environment grow, we have been playing our part to mitigate the effects of our operations. We understand that climate change poses a serious risk not only to our company, but also to the communities in which we operate. Accordingly, we have been taking action to ensure the sustainability of our business for the future, including investment in initiatives to reduce our carbon emissions, water consumption and waste production. We estimate that these initiatives have contributed to a 7.0% decrease in greenhouse gas emissions intensity since 2015.

In 2018, the Group generated more than 1,300MWh of renewable energy, enough to power 150 homes per year. In 2019, we are working to set up 2030 energy targets that are expected to be even more ambitious, as we are committed to achieving greater energy savings that help to safeguard our environment for the future.

Supply Chain Management

We recognise that we can also play a role encouraging sustainability beyond our own company. To that end, we require our suppliers to follow our Supplier Code of Conduct and its high environmental, health and safety, labour, and legal standards. We reinforce compliance with the Code through regular assessments and will continue to work with our business partners to monitor their consumption of key materials and update our sourcing policies.

Community

We have close ties with the communities in which we operate and highly value the relationships we have formed. In 2018, we donated over HK\$3.1 million to support the work of various community organisations, while our staff contributed more than 4,000 hours of volunteer service. In particular, we focus on initiatives related to child and youth development, the welfare of minority groups, and protection of the environment. Through these contributions at the corporate level and by our staff volunteers, we believe we can create long-term value for the community.

Our Commitment to a Sustainable Future

As the effects of climate change become increasingly evident, the public has grown

more concerned about the contributions of the private sector towards mitigating climate change. Consequently, it is important for us to continually update our environmental initiatives and ensure they are in line with the standards set by governing bodies. One example of the way we are doing this is by reviewing our sustainability targets for 2030 in accordance with the Sustainability Development Goals of the United Nations. During the year, we looked at the materiality of each of these goals to our business and made a commitment to examine how we can contribute to them using well-established methodologies.

As part of our corporate vision, we have pledged to provide excellent products and services to our customers. More importantly, we understand that our future must be a sustainable future. We will therefore continue to contribute to the global initiative of building a better, greener world while striving to be the leaders and innovators of sustainability in our industry.

Summit Chan

Interim Chief Executive Officer

Standard

Disclosures &

Performance

Indicators

September 2019

ABOUT THIS REPORT

Scope of this report

This report covers the sustainability performance of HAECO Group in the 2018 calendar year ended 31 December. Our performance, which is updated annually, is based on our five sustainability pillars: Environment, Health and Safety, Employees, Business Partners and Community.

This report covers the sustainability performance of the following businesses, whose operations could have a material effect on the results or assets of the Group:





- · Hong Kong Aircraft Engineering Company Limited ("HAECO Hong Kong")
- Taikoo (Xiamen) Aircraft Engineering Company Limited ("HAECO Xiamen")
- Taikoo Engine Services (Xiamen) Company Limited ("TEXL")
- Taikoo (Xiamen) Landing Gear Services Company Limited ("HAECO Landing Gear Services")
- Hong Kong Aero Engine Services Limited ("HAESL")
- HAECO Composite Structures (Jinjiang) Company Limited ("HAECO Composite Services"), known previously as Taikoo Spirit AeroSystems (Jinjiang) Composite Company Limited ("HAECO Spirit AeroSystems")
- · HAECO USA Holdings, Inc. ("HAECO Americas")
- HAECO Component Overhaul (Xiamen) Limited ("HAECO Component Overhaul (Xiamen)")

Standard

Disclosures &

Performance

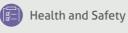
Materiality Assessment

This report discloses the key performance indicators that stakeholders have said are important in our ongoing engagement with them. Material issues of high priority are discussed in detail in this report.

We have evaluated our business risks and opportunities by benchmarking ourselves against the United Nations Sustainable Development Goals (UN SDGs). We have also identified the UN SDGs relevant to our business that will guide us in developing long-term performance standards and targets.



	Environment
000	Business Partners





⊘ Co	mmunity
-------------	---------

ners

Ranking	Issues	Index	Our SD Pillars	Impact			
				to our services	to our stakeholders		
1	Compliance	Q		•	•		
2	Occupational Health and Safety	В		•	•		
3	Labour/Management Relations	С	₽	•			
4	Training	U	₽	•	•		
5	Employment	N	\B	•			
6	Effluents and Waste	S			•		
7	Customer Health and Safety	Т		•	•		
8	Anti-corruption	1	₽	•	•		
9	Human Rights and Non-discrimination	L		•			
10	Diversity and Equal Opportunity	М	₽	•			
11	Economic Performance	R		•	•		
12	Customer Privacy	F			•		
13	Emissions	Н		•	•		
14	Energy	К		•			
15	Materials	Р		•			
16	Water	0		•			
17	Grievance Mechanism	J					
18	Procurement Practice	G					
19	Indirect Economic Impacts	D					
20	Local Communities	А					
21	Freedom of Association and Collective Bargaining	Е					

Environment

Standard

HAECO Initiative Relevant UN SDG



Environment

Protect our environment through de-carbonisation, water conservation, waste reduction, adoption of renewable energy









Safety

Safeguard the health and safety of all our stakeholders as far as is reasonably practicable in all our operations







Employees

 Strive to be the employer of choice by providing an environment in which all employees are treated fairly and with respect and where they can realise their full potential











Promote sustainable material choices and actively seek to select and work with suppliers who exceed compliance with laws and regulations by setting standards that are expected of an industry leader





Community

- Promote good relationships with our communities
- Support causes addressing youth development, children, the underprivileged and the environment



Corporate Governance and Sustainability Management

The Company is governed by a Board of Directors, which has responsibility for setting the strategic direction and control of the Group and generating value for our stakeholders.

The Board of Directors and the management team have the responsibility of identifying and analysing any underlying risks to the achievement of business objectives, determining how such risks should be managed and mitigated, and reviewing strategies and action plans. The Board is also ultimately accountable for sustainability matters and receives regular reports on sustainability risks and performance.

Our Sustainable Development Department, which reports directly to our Chief Executive, implements Group-wide initiatives across our business, according to the strategic direction set by the management. Group professionals and the workforce of HAECO's respective companies further support our sustainability agenda.

Reporting Standards and Assurance

Following the privatisation of HAECO by Swire Pacific, we have delisted the Company from the Hong Kong Stock Exchange. As a result, the Environmental, Social and Governance (ESG) Reporting Guide published by Hong Kong Exchanges and Clearing Limited (HKEx) is no longer applicable to us.

This report has been prepared with reference to the Global Reporting Initiative (GRI) Standards: Core option. A GRI Content Index is available in the Standard Disclosures & Performance Indicators section of this report.

Reasonable assurance was provided by the Hong Kong Quality
Assurance Agency (HKQAA) in accordance with the International
Standard on Assurance Engagement (ISAE) 3000. The scope and basis of
the verification are set out in the Verification Statement in this report.

Recognition for Reporting

In 2018, HAECO Group responded to the CDP (formerly the Carbon Disclosure Project) Climate Change Information Request and scored a B.

ENVIRONMENT HAECO fulfils its vision to be a green and sustainable MRO service provider by striving to be a good steward of the natural resources and biodiversity in the areas where we operate. What's more, the nature of our business of providing MRO services means that we contribute to the efficiency of aircraft which, in turn, alleviates the adverse impacts of the aviation industry on the environment. HAECO promotes and encourages compliance with international standards, such as the ISO 14001 framework within the group. We carefully manage our energy use, emissions and waste in accordance with relevant laws, >1,300 MWh regulations and industry best practice. Renewable Energy Generated **↓7.0% GHG Emissions** 25.2% Intensity Recyclable to General **↓0.2%*** **Waste Ratio** *Compared with baseline year 2015 **Environment**

2018 Progress Update

Objective	Progress	Remarks / Further Actions
Set up an ISO 14001 framework for all principal group companies in Mainland China	Ongoing	Gap analysis completed. Certification will be carried out in 2019
Revamp our Environment and Energy Strategy	Ongoing	2030 targets to be set

2019 Action Plans

Key Action Plans • Carry out cross-company audits for principal group companies • Set up an ISO 50001 framework for all principal group companies in Mainland China

Employees

Standard

Disclosures &

Performance

Climate Change and Energy Management [GRI 302-1, 302-3, 302-4,

305-1, 305-2, 305-3, 305-4, 305-5]

We understand that climate change poses a risk to our operations. For this reason, we have invested in the latest energy efficient equipment and systems to reduce the greenhouse gas generated in our operations. In 2018, our total greenhouse gas emissions generated from operations amounted to 106,656 tonnes of carbon dioxide equivalent* (CO₂e), and our carbon intensity was 3.10 CO₂e/manhour worked, which was 7% less than our emissions intensity in our base year of 2015.

Piedmont Triad International (PTI) Airport in Greensboro, North Carolina, has set a new standard in airport hangar design and received a Leadership in Energy and Environmental Design (LEED) certified

The hangar was specifically designed and constructed with sustainability in mind. One third (33%) of all building materials were manufactured from recycled materials, and 93% of

> construction waste was diverted from landfill The design of the hangar has also led to a reduction in total water consumption of 46% and a 25% saving in energy costs as compared with a traditional facility of a similar size.

LEED Certified Hangar

HAECO Americas' new hangar at silver rating.

Phase Change Material Thermal Storage Chiller



Overview of new chiller plant

HAECO Hong Kong has replaced its freshwater cooled chiller plants with an ultra-high efficiency hybrid power chiller plant and phase change material thermal storage system. The resulting estimated annual electricity saving will be as much as 5,400 MWh upon full implementation. The system is now under construction and expected to go into operation in 2019.



*We included CO₂, CH₄ and N₂O in our calculation of scope 1 and scope 2 GHG emissions

Business

Partners

Water and Effluent Management [GRI 303-1,303-3]

Recognising that water resources must be managed carefully, we have been reducing water consumption, increasing efficiency and optimising our day-to-day operations. In 2018, we maintained our water consumption intensity at a level similar to that in 2015.

Our Group companies have implemented a wide range of water conservation initiatives in their facilities, including automatic taps and water saving nozzles on water taps. At HAECO Hong Kong, we capture rainwater for use in our sanitary flushing system, while HAECO Americas and HAECO Xiamen have modified their sanitary flushing systems and have been performing regular system checks to ensure their integrity. TEXL has modified its chemical cleaning process and reduced the amount of both solvents and water consumed.

Waste Management [GRI 306-1, 306-2]

Waste is a common problem in all societies. As landfill space diminishes, we see an increasing need to minimise our waste and to reuse and recycle. In 2018, we maintained our recyclable-to-general-waste ratio at the same level as in 2017 when we started recycling wood.

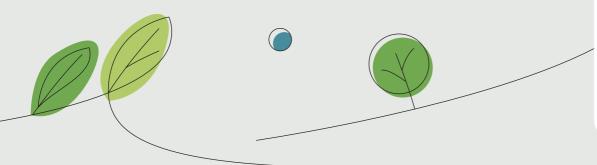
We encourage Group companies to reduce their waste by improving their procurement policies and using less packaging and more sustainable materials. As paper is one of the key materials used, Group companies are asked to use FSC paper, set double-sided printing as the default on printing/copying machines, and re-use single-sided printed paper.

Smart Innovation

At HAECO Hong Kong, we are moving towards a paperless operation by integrating information technology into our production flow. We have also adopted various mobile solutions and e-services that enable us to realise time and cost benefits through proactive action and better coordination. This allows us to pass on savings to our customers and reduce our impacts on the environment.

In 2018, HAECO Hong Kong received the Smart Airport Technovation Awards 2018 – Integrated Solution award in recognition of our application of innovative technology.





Business

Partners

Environmental Awareness at HAECO

All of our operating companies have established their own communication channels, including mobile applications, staff notices and regular publications, to communicate our latest environmental initiatives. We also provide training and promotional programmes to raise environmental awareness among our staff.

Earth Hour

competed in a

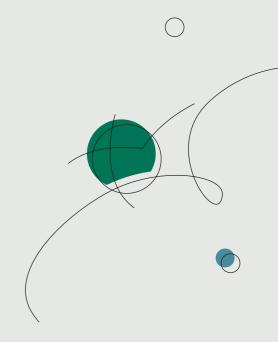
field course.

HAESL supported the Earth Hour campaign of the World Wide Fund for Nature by promoting renewable energy. At an event demonstrating how renewable energy can be used in an innovative and creative way, staff built their own solar-powered air board and

World Environment Day

In support of World Environment Day, HAECO Xiamen organised a promotion campaign – Handicraft by Children – under the theme of "Beat Plastic Pollution" to raise awareness of this environmental problem among staff and their families.





Recognition and Awards

In 2018, HAECO won three "Excellent" and "Good" awards in the Innovation Award Category and Implementation Award Category in the Hong Kong International Airport (HKIA) Carbon Reduction Award Scheme. We also received recognition during the the Smart Airport Technovation Awards 2018 – Integrated Solution in the Smart Airport – Technovation Conference and Exhibition.



Business

Partners

HEALTH AND SAFETY

Health and safety has been deeply integrated into our business operations as part of our effort to set best-in-class quality standards within the MRO industry. In order to protect our employees and deliver value to customers, we are committed to providing a more sustainable, safer and healthier workplace for our staff and ensuring greater health and safety for customers.

We have adopted the OHSAS 18001 international standard for occupational health and safety management, with defined roles and responsibilities in safety for different levels of staff. Safety performance is monitored with systems in place to alert management to workplace hazards or unsafe practices and to address safety concerns from our employees.

Lost Time Injury Rate

10.7%

Lost Day Rate **34.2%**

Work-related Fatalities

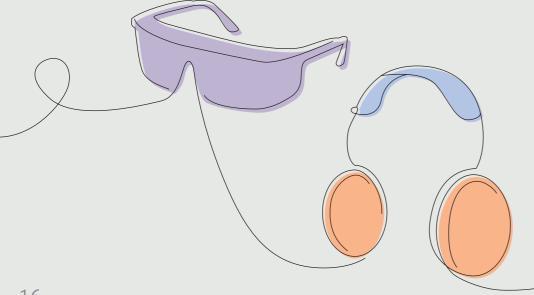
2018 Progress Update

Objective	Progress	Remarks / Further Actions
Review Safety Management System (SMS) to enhance the effectiveness and maturity of each element	Completed	All HAECO Group principal companies in Xiamen have been cross-checked
Deliver event investigation training to operational staff across HAECO Group business units	Ongoing	Safety professionals are being trained at respective sites
Implement Job Safety Analysis (JSA) programme using the BowTie Risk Assessment Methodology	Ongoing Ongoing	Relevant staff are being trained at respective sites

2019 Action Plans

Key Action Plans

- Review fire risk of all HAECO Group principal companies
- Review safety culture maturity at each company and develop improvement plan
- Promote behaviour-based safety programme



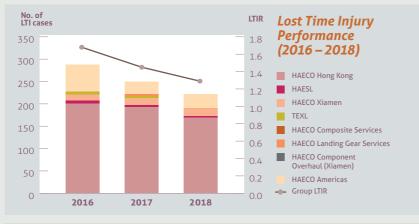
Business

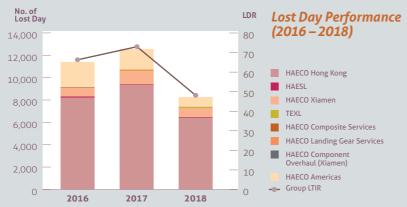
Partners

Occupational Health and Safety Performance [GRI 403-2]

In 2018, we recorded a total of 222 lost time injury cases for a decrease of 10.7% in the Lost Time Injury Rate (LTIR). The number of lost days under our operational control was 8,264 days. The Lost Day Rate (LDR) fell by 34.2% from 2017.

We are not aware of any work-related fatalities among our employees and workers during the reporting period.

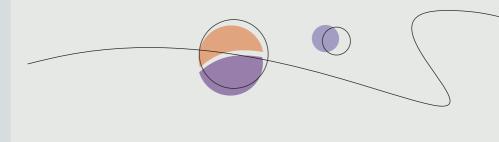




Our Journey of Improvement

We focus on four key dimensions to improve our safety performance:

- Proactive risk management. We aim to identify, review and mitigate risks better. This involves preparing, testing and coordinating risk management and safety plans, and crisis management protocols.
- Development of a safety culture. We aim to have more positive and less reactive attitudes about safety and to improve training, communication and leadership. The elevation of safety cultural maturity from "dependent" to "independent" at HAECO is one of the Group's primary objectives.
- All-inclusive safety management. We aim to understand hazards by analysing incidents, improving our investigation of their root causes, and reviewing our management of health and safety.
- Comprehensive hazard reporting. We aim to identify safety hazards, analyse them and reduce or eliminate the associated risks.
 To achieve this, we will continue to report hazards and measure leading safety indicators.

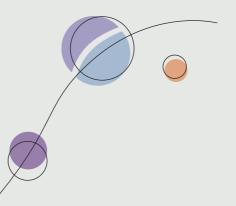


Proactive Risk Management

Job Hazard Analysis

HAECO Hong Kong has adopted the BowTie method as our standard tool for identifying and managing risk. The tool creates a clear differentiation between the proactive and reactive side of risk management, which allows for a clear visualisation of the relationship among cause, loss of control and consequence. Management can thus visualise and ensure all significant risks are identified, prioritised, and managed effectively. Relevant training in the BowTie method has been provided to health and safety representatives.





Leading Indicators

With a strong commitment to safety excellence, HAECO Americas is developing a strong reporting and learning culture among its staff. It has also adopted a combination of leading and lagging indicators as measurement tools that will help to improve safety through insight and prevention.

Employees

Development of a Safety Culture

Safety Video **Shooting Competition**

In 2018, HAECO Xiamen organised a safety video shooting competition to raise staff awareness of safety and share best operating practices. Staff participation in these activities is particularly valued for building a robust safety culture.





All-inclusive Safety Management

Upgrade of the Water Pump System

In line with our rigorous safety management system, we proactively tackle safety hazards by regularly engaging our people and reviewing our operating processes. For example, HAECO Composite Services upgraded its water pump system in order to provide a safer environment for staff. The new system reduces noise levels by 16dB and eliminates the risk of slips and falls due to water leakages.

Comprehensive Hazard Reporting

Hazard Hunting

HAECO Hong Kong has been developing a more proactive reporting culture through a treasure hunt game. Staff who participate in this game walk around a hangar to identify safety hazards and report them through a mobile reporting channel. In addition to making hazard identification more enjoyable, the programme helps staff become familiar with the reporting system.



Customer Satisfaction and Service Responsibility [GRI 416-1]

As part of our uncompromising commitment to safety and quality, we regularly organise internal and external audits to ensure all significant services meet or exceed the requirements of the regulatory authorities and our customers.

HAECO takes every incident very seriously. In cases of nonconformity, we will perform an incident investigation to identify their root causes to put in place effective corrective actions and follow-up plans to prevent a reoccurrence.

In addition to the internal audits we conduct, our customers and the aviation authorities also carry out audits of HAECO Group companies. On average, there are 600+ external audits per year, covering all significant product and service categories.

Business

Partners



20

2018 Progress Update

Objective	Progress	Remarks / Further Actions
HAECO Hong Kong will continue to promote their employer brand through various projects to raise public awareness of our industry	Ongoing	HAECO Hong Kong will continue to raise public awareness of our industry via more social media channels
HAECO Hong Kong will develop an electronic help desk and self-service platform to give our employees more autonomy and control when checking and managing their personal information online, anytime, anywhere	Ongoing Ongoing	More self-service functions will be available when the new Human Resources Management System is rolled out
HAECO Hong Kong will continue to run hangar open days for family and friends of staff to help them understand our industry, day-to-day jobs and working environment	Ongoing Ongoing	HAECO Hong Kong will continue to arrange hangar visits for family members and friends of our staff
HAECO Hong Kong will develop a structured programme to facilitate special technical skills and knowledge transfer	Completed	Individual department-based programmes will be organised to facilitate skills and knowledge transfer
HAECO Hong Kong will continue to review long term manpower requirements for critical positions	Ongoing	Long term manpower planning of licensed engineers and mechanics is being conducted annually
HAECO Hong Kong will roll out a new Performance Management Module to staff at manager level or above	Completed	All staff at manager level and above have had access to and have been users of the new Performance Management Module since 2018
HAECO Hong Kong will launch a Middle Management Alignment Programme training scheme, which aims to align middle management on the HAECO way of managing staff and to strengthen the management competencies of middle managerial staff in a competitive business environment	Ongoing Ongoing	HAECO Hong Kong will continue the programme in 2019, when it will be renamed the HAECO Leadership Development Programme, with the same objectives
HAECO Americas will expand its comprehensive talent management system and align its talent career path development plans and offerings with HAECO's competency model	Completed	The Talent Management System has been deployed, including Leadership Training through The Center for Creative Leadership and training on the talent system for leaders

Environment

Health and Safety

Employees

2019 Action Plans

Key Action Plans

Recruitment and Talent Retention

- · HAECO Hong Kong will explore new social media channels to promote its employer brand and job opportunities
- · HAESL will develop an aero engineering course with an educational institution in order to increase talent supply
- · HAECO Landing Gear Services will review the career development paths of different positions

Employee Relations

- HAECO Hong Kong will launch a Health Week to promote healthy lifestyles
- HAECO Hong Kong, HAECO Xiamen and HAECO Americas will roll out initiatives to promote HAECO Group Corporate Values.
 The values are the guiding principles and ideals of day-to-day actions and decisions
- HAECO Americas will conduct a staff survey and, based on the survey result, develop action plans to address issues identified

Diversity, Equal Opportunity and Non-discrimination

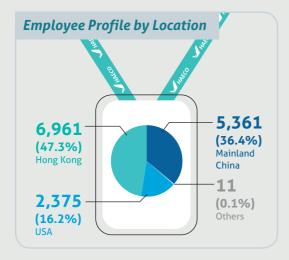
HAECO Hong Kong and HAESL will establish a Women's Network to promote gender inclusiveness

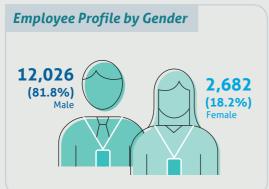
Training

- HAECO Hong Kong will develop an online training system for compliance training in data privacy, anti-bribery and equal opportunities
- Group companies in Xiamen will launch the HAECO Leadership Development Programme
- HAECO Americas will develop a Repairman Certificate Programme in conjunction with the Federal Aviation Administration to increase the skill levels of our workforce

Employee Profile [GRI 401-1]

In 2018, HAECO employed approximately 14,700 staff globally in its principal group companies, similar to the number of staff at the end of 2017. Most of our staff are based in Hong Kong and Mainland China.





Talent Retention and Employee Relations [GRI 402-1]

We regularly review remuneration packages, career development plans and our staff management culture. We also allow our staff to join any organisation of their choice.

Employee Spotlight

HAECO Americas has created an initiative, the Employee Spotlight, to recognise outstanding employees who embody the mission, vision and values of the organisation. The Employee Spotlight series is published once a month on the company's social media sites as a way of highlighting exceptional employees from across the different business segments.

Brand Champion Programme

In 2018, HAECO Americas rolled out its Brand Champion Programme for a second year to improve communication throughout HAECO Americas. These employees were selected based on their high performance and their embodiment of the values of a HAECO Americas change agent. The 17 champions are well respected team members and make significant contributions towards the betterment of internal communications within the company.



HAECO Americas Bran Champion







Employee Development and Technical Training [GRI 404-1]

The Group provides training for employees to give them the opportunity to develop their full potential. Moreover, all training required by law is provided, including all relevant training required by the Aviation and Safety regulations.

In 2018, we offered over 807,000 hours of training, which is equivalent to approximately 57.36 hours of training per employee.

Average Hours of Training by Employee Category 59.46 55.33 80.97 12.09 40.69 hours hours hours hours hours Middle/Junior Top/Senior Customer Operational/ Others Management Management & **Facing Staff Technical Staff** Supervisory

Leadership Development Programme

HAECO Hong Kong has introduced a pilot leadership development programme for middle managerial staff to standardise and strengthen their management competencies. As reaction to the programme has been positive, we will expand it to different levels of management and other principal group companies in Xiamen.

Diversity, Equal Opportunity and Non-discrimination [GRI 405-1,406-1]

We believe in providing equal opportunities for all of our employees and encourage diversity in our workforce. The Board has a policy that aims to achieve diversity in its businesses in the best interests of its stakeholder. We also intend to cooperate fully with the equal opportunities and diversity council of John Swire & Sons (H.K.) Limited, HAECO's parent company.

Diversity Orientation Programme

HAECO Hong Kong has included diversity and equal opportunity in the New Joiner Orientation Programme, which is now under review to identify opportunities for improvement.

Recognition and Awards

HAECO Hong Kong has received The Caring Company Scheme Award for 10 consecutive years and HAESL is also recognised as a "Caring Company".

HAESL has been recognised as a Manpower Developer since 2013.

HAECO Americas has been named a Military Friendly Employer.

Environment Health and Safety

Employees

Standard

Disclosures &

Performance



HAECO Sustainable

25

Development Report 2018

2018 Progress Update

Objective	Progress	Remarks / Further Actions
Formulate sourcing policies for identified key materials in 2018	Ongoing	N/A

2019 Action Plans

Key Action Plans

- · Carry out an audit of selected suppliers in the high risk category
- · Formulate sourcing policies for uniform materials



Supply Chain Management

HAECO Group's supply chain comprises hundreds of suppliers of products and services.

Over 90% of our suppliers are from the United Kingdom and the United States. The remainder are located in other countries of North America and Europe, as well as in Hong Kong, Mainland China and Southeast Asia.

To ensure our suppliers share the same approach to corporate social responsibility, all registered suppliers are requested to submit a declaration confirming compliance with our Supplier CSR Code of Conduct when registering with us. This is one of the key elements in supplier selection. The Code prescribes, among other requirements, compliance with the relevant regulations and a demonstrated commitment to appropriate standards relating to environmental, health and safety, and labour matters.

Employees

All critical suppliers are assessed on the basis of their compliance with the Code. The top 20 tier 1 suppliers are invited to carry out a self-assessment survey every three years, and all suppliers are selected based on their volume of supply. Over the past three years, we have assessed 96 suppliers, of whom around 68% were our key suppliers. Only one supplier with a medium risk in terms of documentation and inspection was identified; however, that supplier subsequently improved their performance as per their commitment.

The Group has identified fuels and gases, plastics, paper products and uniform materials as key materials in the creation of our products and services. We monitor our consumption of fuels and gases and paper products and found that we had consumed over 160,000 GJ of vehicle fuel, 66,000 GJ of gases and 222 tonnes of paper products* in 2018. HAECO will continue to introduce sourcing policies for key materials in 2019 and will report on other key materials (e.g. packaging materials such as plastics) as our reporting capacity matures.

In support of our customers, we participate in MRO conferences and organise customer symposiums around the world to discuss the latest issues and customer concerns, as well as to exchange ideas with airline customers.

Dry Wash Technique

HAECO Hong Kong collaborates with customers by using the aircraft drywash technique to clean their aircraft. As the name indicates, little or no water is involved in cleaning the aircraft with this technique. This is in contrast to traditional methods, which typically need thousands of litres of water per wash. Thanks to the reduction in dirt made possible by this technique and its anti-static effect, airlines can also enjoy lower jet fuel consumption due to less drag while in flight, less towing for washing and less frequent washing. It is estimated that the dry wash process results in a 90% saving in water consumption as compared with traditional methods and 189 tonnes of CO₂ per year from less towing.



^{*}The fuel, gases and paper consumed are non-renewable. We use Forest Stewardship Council (FSC) certified paper from responsible sources.



28

Environn

Health and Safety

Employees

Community

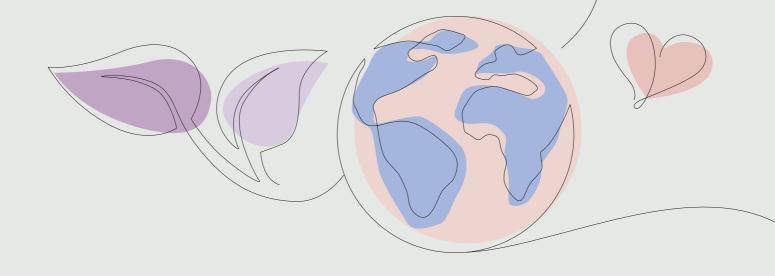
2018 Progress Update

Objective Progress Remarks / Further Actions Encourage employees to participate in volunteer services Ongoing N/A

2019 Action Plans

Key Action Plans

Encourage employees to participate in volunteer services



Standard

Our Charitable and Community Strategy

We are particularly focused on child and youth development, environmental protection and minority groups, and will engage our customers to synergise our efforts in the community.

Caring for Underprivileged and **Minority Groups**

During the review period, HAECO Hong Kong supported the 24 Hour Charity Dinghy Race 2018. Our employees formed a team to join this endurance challenge to raise funds for children in need and the less abled in the local community.



Hour Charity Dinghy Race 2018.

Child and Youth Development



In 2018 HAECO Americas sponsored Girls in Aviation Day, which encourages young women to explore careers in aviation, for the second year running. In this day of fun and interactive activities, girls can spend time with influential aviation role models. This initiative forms part of our diversity and inclusion programme at HAECO Americas.

Protecting the Environment

HAESL continued to support a variety of environmental initiatives during the year. In particular, HAESL organised two tree planting events to raise awareness of climate change. These events combined tree-planting, hiking and a test of participants' endurance, while helping to spread the message of Save Trees, Conserve Nature.



Four dedicated conservationists from HAESL

Recognition and Awards

Standard

Indicators

Disclosures &

Performance

HAECO Hong Kong received the 10 Years Plus Caring Company and HAESL received the Caring Company awards by the Hong Kong Council of Social Service for good corporate citizenship.

PERFORMANCE DATA

Performance Data Collection and Calculation Method

Our general approach is to request data owners to confirm the accuracy of their data either through documented evidence or past operational performance. The data was approved and checked for any material errors both internally and externally. The data was approved and checked for any material errors both internally and externally.

Economic Performance [GRI 201-1]

			HAECO Grou	p
	Unit	2018	2017	2016
1 Economic Value Generated = (1)	НК\$ 'М	15,509	14,869	14,871
2 Economic Value Distributed = (2)	HK\$ 'M	14,560	15,287	14,566
3 Economic Value Retained = (1) - (2)	HK\$ 'M	949	-418	305

Notes:

Economic value generated (1) includes revenue, finance income, other net losses or gains and share of after-tax results of Joint Venture Companies.

Economic value distributed (2) includes operating costs, employee wages and benefits, payment to providers of capital, finance charges, payment to government excluding deferred taxes and community investment.

Standard

Disclosures &

Performance

		HAECO Hong Kong	HAESL	HAECO Xiamen	TEXL	HAECO Composite Services	HAECO Landing Gear Services	HAECO Component Overhaul (Xiamen)	HAECO Americas		HAECO Group	Total
	unit				201	8				2018	2017	2016
Energy Consumption ¹												
Direct Energy Consumption	GJ	139,603	128,056	16,683	72,797	372	207	_	72,579	430,297	382,913	350,403
Indirect Energy Consumption	GJ	136,439	115,583	90,666	23,718	5,030	18,474	989	103,693	494,592	474,396	483,490
Total Energy Consumption	GJ	276,042	243,639	107,350	96,515	5,402	18,681	989	176,272	924,889	857,309	833,892
Total Energy Consumption per Man-hour Worked	M] / Man-hour Worked	19.03	102.54	11.05	124.95	18.20	32.94	6.12	31.99	26.92	24.90	24.26
Greenhouse Gas (GHG)			44 774 070	1 010 775	F 240 0 / /	220 707	4/247	I	/ / / / 040		20.007.404	27.452.707
Direct Emissions (Scope 1)	kg CO _{2e}	10,309,930	11,331,072	1,919,735	5,218,944	228,783	14,213	_	4,141,919	33,164,596	29,084,191	27,152,704
Indirect Emissions (Scope 2) ³	kg CO _{2e}	19,355,041	16,380,069	15,718,273	4,348,917	922,299	3,387,367	201,525	13,177,547	73,491,038	76,841,935	78,042,891
Emissions from Operation (Scope 1+ Scope 2)	kg CO _{2e}	29,664,971	27,711,141	17,638,008	9,567,861	1,151,082	3,401,580	201,525	17,319,466	106,655,634	105,926,126	105,195,595
Emissions from Operation (Scope 1+ Scope 2) per Man-hour Worked	kg CO _{2e} / Man-hour Worked	2.04	11.66	1.81	12.39	3.88	6.00	1.25	3.14	3.10	3.08	3.06
Other Indirect Emissions (Scope 3) by Business Air Travel	kg CO _{2e}	834,994	329,212	516,307	111,603	30,225	44,983	5,758	585,705	2,458,787	2,403,557	2,194,535
Total GHG Emissions	kg CO _{2e}	30,499,965	28,040,353	18,154,315	9,679,464	1,181,307	3,446,563	207,283	17.905.171	109,114,421	108,329,682	107,390,130

Standard

Indicators

Performance

		HAECO Hong Kong	HAESL	HAECO Xiamen	TEXL	HAECO Composite Services	HAECO Landing Gear Services	HAECO Component Overhaul (Xiamen)	HAECO Americas		HAECO Group	Total
	unit				201	8				2018	2017	2016
Ozone Depleting Sub	stances											
Ozone Depleting Substances Emitted	kg CFC-11e	22,025	-	101	-	11,324	-	-	2	33,451	662	1,228
Fuel												
Jet Kerosene	tonnes	-	2,902	-	1,652	-	-	-	8	4,562	4,248	3,562
Diesel	L	3,408,472	1,140	412,240	-	310	1,774	-	177,793	4,001,729	3,781,315	3,544,675
LPG / Propane	L	26,660	-	6,456	-	-	_	-	38,144	71,259	85,147	40,917
Unleaded Petrol	L	226,299	2,266	46,959	6,593	11,026	4,373	-	140,217	437,733	440,906	463,379
Towngas / Natural Gas	MJ	2,127,408	476,640	-	-	-	_	-	63,768,675	66,372,723	44,565,866	47,724,777
Electricity												
Total Electricity Consumed	kWh	37,899,777	32,106,306	23,811,966	6,588,280	1,397,220	5,131,607	305,303	28,803,534	136,043,993	130,873,608	133,029,462
Renewable Energy Generated	kWh	-	_	1,373,157	-	-	_	-	-	1,373,157	1,283,571	793,468
Refrigerant / Fire Ext	inguishing	g Agent										
Refrigerant / Fire Extinguishing Agent Consumed	kg	2,680	1,659	2,394	-	1,310	-	-	45	8,088	2,214	3,712

		HAECO Hong Kong	HAESL	HAECO Xiamen	TEXL	HAECO Composite Services	HAECO Landing Gear Services	HAECO Component Overhaul (Xiamen)	HAECO Americas		HAECO Group 1	^r otal
	unit				201	8				2018	2017	2016
Water												
Potable Water Used	m ³	168,973	155,830	220,661	32,542	2,048	11,244	521	41,488	633,306	647,431	725,431
Water Discharged to Sewer	m^3	153,038	155,830	98,173	23,481	430	10,119	469	40,811	482,351	537,939	559,789
Water Recycled	m ³	-	-	45,542	-	-	_	-	-	45,542	51,779	_
Potable Water Used per Man-hour Worked	L / Man-hour Worked	11.65	65.58	22.71	42.13	6.90	19.83	3.23	7.53	18.44	18.81	21.10
Total Volume of Water Recycled per Potable Water Used	%	-	-	20.6%	-	-	-	-	-	7%	8%	_
Materials												
Paper and Paper Products Consumed	kg	77,909	19,626	63,579	7,153	1,814	1,551	-	50,330	221,963	249,939	1,662,032
Waste Management												
Industrial / Commercial Waste Disposed of ⁴	kg	1,473,740	394,650	1,091,000	296,400	12,550	18,200	-	669,876	3,956,416	4,028,151	4,743,999
Grease Trap Waste Disposed of	kg	168,000	46,000	5,648	-	-	_	-	-	219,648	250,825	261,200
Vehicle Tyres Disposed of	kg	46,047	-	2,789	-	-	_	-	2,325	51,161	52,594	54,866
Food Waste Recycled	kg	21,298	26,305	107,815	-	1,255	_	-	-	156,672	154,032	140,408
Metal Recycled	kg	16,488	3,311	1,350	-	-	22,628	-	138,030	181,806	154,575	243,301
Paper / Cardboard Recycled	kg	173,110	3,050	49,357	-	132	3,167	-	139,992	368,809	445,450	233,898
Plastics Recycled	kg	3,072	4,300	8,100	-	39	966	-	174	16,651	26,851	100,175
Wood Recycled ⁵	kg	519,360	86,350	-	-	-	_	-	-	605,710	567,191	_
Printing Cartridges Recycled	No.	-	405	857	-	-	_	-	50	1,312	1,144	1,257
Recycable to General Waste Ratio (Solid)	%	33.2%	23.8%	13.2%	0.0%	10.2%	59.5%	-	29.3%	25.2%	25%	13%

		HAECO Hong Kong	HAESL	HAECO Xiamen	TEXL	HAECO Composite Services	HAECO Landing Gear Services	HAECO Component Overhaul (Xiamen)	HAECO Americas		HAECO Group T	- otal
	unit	2018									2017	2016
Hazardous Waste Mana	gemnt											
Liquid Chemical Waste Disposed of	L	440,833	43,200	133,071	19,081	2,052	-	-	19,291	657,528	594,890	560,368
Solid Chemical Waste Disposed of	kg	118,610	49,819	427,563	27,623	4,180	-	-	184,420	812,214	832,808	599,822
Kerosene Recycled	L	-	4,800	-	-	-	_	-	214,067	218,867	206,686	-
Recycled Chemical Waste to Liquid Chemical Waste Ratio		-	10%	-	-	-	-	-	92%	25%	-	_
Significant Chemicals / Oil Spills	No.	-	-	-	-	-	-	-	-	-	-	-

Notes:

- 1. Energy consumption data was based on the amount of greenhouse gas reporting: conversion factors 2018.
- 2. The Group's GHG inventory includes carbon dioxide, methane and nitrous oxide. Its GHG emissions data is presented in carbon dioxide equivalent and was based on the reporting requirements of the "GHG Protocol Corporate Accounting and Reporting Standard" (GHG Protocol) issued by the World Resources Institute and the World Business Council for Sustainable Development. The Group has adopted the "operational control" approach for defining its organisational boundary for the purpose of GHG accounting and reporting.
- 3. Scope 2 GHG emissions data was calculated according to the location-based method set out in the GHG Protocol as far as resonably practical.
- 4. The waste in HAECO Component Overhaul (Xiamen) was handled by HAECO Xiamen and has been reported under HAECO Xiamen.
- 5. The relevant data has been reported since 2017.

Standard

Indicators

Disclosures &

Performance

Occupational Health & Safety

		HAECO Hong Kong	HAESL	HAECO Xiamen	TEXL	HAECO Composite Services	HAECO Landing Gear Services	HAECO Component Overhaul (Xiamen)	HAECO Americas		HAECO Group Total	
	unit				201	8				2018	2017	2016
Manhours Worked (Total Attended Hour by All Staff)	No.	14,949,061	2,376,007	9,718,330	772,422	296,870	567,032	161,468	5,510,664	34,351,854	34,427,965	34,372,551
Work-related Fatalities (Employees)	No.	_	-	-	-	-	-	-	_	_	_	_
Lost Time Injuries ¹	No.	169	4	15	1	-	1	-	32	222	249	288
Minor Injuries / First Aid Cases / Restricted Work Injury	No.	-	2	360	5	2	5	-	273	647	741	655
Total Lost Day ²	No.	6,428	29	847	54	-	21	-	885	8,264	12,584	11,395
Lost Time Injury Rate ³		2.26	0.34	0.31	0.26	-	0.35	-	1.16	1.29	1.45	1.68
Lost Day Rate ⁴		86.00	2.44	17.43	13.98	-	7.41	_	32.12	48.11	73.10	66.30

Notes:

- 1. "Lost Time Injury" is the number of injuries in a year which result in minimum lost time of one working day
- 2. "A Lost Day" occurs when, in the opinion of a physician, an employee cannot work. Lost Days are counted as calendar days where counting begins on the first day following the injury and ends on the day when the person returns to full duty, receives a permanent job transfer or leaves employment.
- 3. 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.
- 4. Lost Day Rate represents the number of lost scheduled working days 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.

Standard

Employee Profile

		HAECO Group Total		
		2018	2017	2016
Total No. of Employees	No.	14,708	14,573	14,858
By Age Group				
Under 30 Years Old	No.	3,458	3,698	4,203
30 to 50 Years Old	No.	8,057	7,821	7,518
Over 50 Years Old	No.	3,193	3,054	3,137
By Gender				
Male	No.	12,026	11,903	12,117
Female	No.	2,682	2,670	2,741
By Region				
Hong Kong	No.	6,961	7,048	7,072
Mainland China	No.	5,361	5,189	5,201
USA	No.	2,375	2,306	2,585
Others	No.	11	30	_

Business

Partners

Employee Profile (Con't)

By Employment Contract , Employement Type and Gender				
Permanent Employees – Full Time (Male)	No.	11,424	11,324	11,540
Permanent Employees – Full Time (Female)	No.	2,581	2,567	2,630
Permanent Employees – Part Time (Male)	No.	20	12	27
Permanent Employees – Part Time (Female)	No.	60	70	78
Total Permanent Employees (Male)	No.	11,444	11,336	11,567
Total Permanent Employees (Female)	No.	2,641	2,637	2,708
Fixed Term and Temporary Contract Employees (Male)	No.	582	567	550
Fixed Term and Temporary Contract Employees (Female)	No.	41	33	33
Total Number of Employees (Male)	No.	12,026	11,903	12,117
Total Number of Employees (Female)	No.	2,682	2,670	2,741
By Employment Contract and Region				
Permanent Employees (Hong Kong)	No.	6,468	6,484	-
Permanent Employees (Mainland China)	No.	5,215	5,154	-
Permanent Employees (USA)	No.	2,305	2,306	_
Permanent Employees (Others)	No.	15	29	-
Fixed Term and Temporary Contract Employees (Hong Kong)	No.	563	564	_
Fixed Term and Temporary Contract Employees (Mainland China)	No.	7	35	_
Fixed Term and Temporary Contract Employees (USA)	No.	_	-	-
Fixed Term and Temporary Contract Employees (Others)	No.	_	1	_

Indicators

Employee Turnover Rate

			HAECO Group Total	
		2018	2017	2016
By Age Group				
– Under 30 Years Old	No. (Rate)	754 (21.2%)	733 (18.7%)	725 (16.7%)
– 30 to 50 Years Old	No. (Rate)	697 (9.0%)	877 (11.7%)	796 (11.2%)
– Over 50 Years Old	No. (Rate)	335 (12.3%)	544 (20%)	531 (18.6%)
By Gender				
Male	No. (Rate)	1,413 (12.4%)	1,722 (15.0%)	1,658 (14.2%)
Female	No. (Rate)	373 (14.1%)	432 (16.2%)	394 (15.1%)
By Region				
Hong Kong	No. (Rate)	841 (13.1%)	788 (12.2%)	813 (12.8%)
Mainland China	No. (Rate)	363 (6.9%)	387 (7.4%)	442 (8.4%)
USA	No. (Rate)	582 (24.9%)	979 (40%)	797 (30.1%)
Overall	No. (Rate)	1,488 (12.7%)	2,154 (15.3%)	2,052 (14.4%)

Indicators

Employee New Hire Rate

	HAECO Group Total		
	2018	2017	2016
By Age Group			
– Under 30 Years Old	1,051 (30.4%)	1,044 (28.5%)	923 (22.2%)
– 30 to 50 Years Old	579 (7.4%)	552 (7.2%)	783 (10.7%)
– Over 50 Years Old	235 (8.5%)	204 (7.6%)	252 (9.1%)
By Gender			
Male	1,488 (13%)	1,443 (12.7%)	1,406 (12.2%)
Female	377 (14.3%)	358 (13.6%)	552 (20.4%)
By Region			
Hong Kong	714 (11.3%)	723 (11.3%)	1,058 (16.3%)
Mainland China	506 (9.5%)	379 (7.2%)	231 (4.4%)
USA	652 (27.5%	699 (30.3%)	669 (25.9%)
Overall	1,872 (13.3%)	1,801 (12.9%)	1,958 (13.7%)

Standard

Indicators

Training and Development

			HAECO Group Total	
		2018	2017	2016
Total Average Hours of Training	No. of hours / staff	57.36	50.81	65.27
Breakdown by Employee Category				
– Top / Senior Management	No. of hours / staff	12.09	16.17	27.97
– Middle / Junior Management & Supervisory	No. of hours / staff	59.46	52.89	83.59
– Customer Facing Staff	No. of hours / staff	40.69	33.92	40.92
– Operational / Technical Staff	No. of hours / staff	55.33	58.53	62.20
– Others	No. of hours / staff	80.97	54.13	163.23

Diversity of Governance Body

	HAECO Group Total		
	2018	2017	2016
By Age Group			
Under 30 Years Old	_	_	_
30 to 50 Years Old	4	4	_
Over 50 Years Old	8	7	-
Total	12	11	-
By Gender			
Male	10	10	_
Female	2	1	_
Total	12	11	-

STANDARD DISCLOSURES & PERFORMANCE INDICATORS

GRI Content Index

	Disclosui	re	Location of Disclosure
General Disclso	ure		
GRI 101: Foundation 2016	101	GRI101 does not include any disclosures	
Organizational pro	file		
GRI 102: General	102-1	Name of the organization	SD Report 2018 – About this report
Disclosures 2016	102-2	Activities, brands, products, and services	Company website – About Us https://www.haeco.com/en/About-HAECO/About-Us
	102-3	Location of headquarters	Company website – About Us https://www.haeco.com/en/About-HAECO/About-Us
	102-4	Location of operations	Company website – About Us https://www.haeco.com/en/About-HAECO/About-Us
	102-5	Ownership and legal form	Company website – Group Facilities https://www.haeco.com/en/HAECO-Group/Group-Facilities
	102-6	Markets served	Company website – Group Facilities https://www.haeco.com/en/HAECO-Group/Group-Facilities
	102-7	Scale of the organization	Company website – About Us https://www.haeco.com/en/About-HAECO/About-Us
	102-8	Information on employees and other workers	SD Report 2018 – Employee SD Report 2018 – Performance Data
	102-9	Supply chain	SD Report 2018 – Business Partners

Health

and Safety

	Disclosure	Location of Disclosure
General Disclso	oure	
Organizational pro	ofile	
GRI 102: General Disclosures 2016	102-10 Significant changes to the organization as supply chain	nd its The company was privatised in November 2018. HAECO is now wholly-owned by Swire Pacific Limited and is no longer a listed company in Hong Kong
	102-11 Precautionary Principle or approach	Company website – Ethnics and Conduct https://www.haeco.com/en/About-HAECO/Ethics-and-Conduct
	102-12 External initiatives	All principal operating companies operating in Hong Kong and Mainland China has obtained the OHSAS 18001 certification. HAECO Xiamen has obtained ISO 14001 certification
102-1	102-13 Membership of associations	HAECO is a member of the following assocation
		HAECO Hong Kong: Business Environment Council
		HAECO Hong Kong & HAECO Xiamen: International Airline Technical Pool (IATP)
		HAECO Xiamen: Xiamen Assocation of Enterprsies with Foreign Invesment Civil Aviation Maintenance Association of China Xiamen Association of Environment Protection Industry Xiamen Association of Work Safety Xiamen Energy Conservation Association Xiamen Enterprises and Entrepreneurs Association
		HAECO Americas: The Aeronautical Repair Station Association of America

Partners

	Disclosure	Location of Disclosure
General Disclso	oure	
Strategy		
GRI 102: General Disclosures 2016	102-14 Statement from senior decision-maker	SD Report 2018 – CEO Message
Ethics and integrit	у	
GRI 102: General Disclosures 2016	102-16 Values, principles, standards, and norms of behavior	SD Report 2018 – CEO Message Company website – Group Facilities https://www.haeco.com/en/HAECO-Group/Group-Facilities
Governance		
GRI 102: General Disclosures 2016	102-18 Governance Structure	SD Report 2018 – Corporate Governance and Sustainability Management
Stakeholder engag	gement	
GRI 102: General Disclosures 2016	102-40 List of stakeholder groups	Key stakeholders of HAECO Group include: — Aviation Authorities — Airport Authorities — Customers — Employees — Suppliers
	102-41 Collective bargaining agreements	Our employees have the freedom of association to join organisations of their choice. Different employee associations have been established. In Hong Kong, an elected employee representative and the Company appointed management representative meet on a regular basis to discuss matters affecting their interests. In Xiamen, there is an agreement with the official trade union on minimum salary levels

	Disclosure	2	Location of Disclosure
General Disclso	ure		
Stakeholder engag	ement		
GRI 102: General Disclosures 2016	102-42	Identifying and selecting stakeholders	The Group identifies the priorities of stakeholder groups according to the impact our business has on them, as well as the influence they have on our business. Stakeholders are engaged in a planned and systematic manner, including, but not limited to, on-going dialogue, face-to-face meetings, questionnaires and focus group discussions
	102-43	Approach to stakeholder engagement	SD Report 2018 – Materiality Assessment
	102-44	Key topics and concerns raised	SD Report 2018 – Materiality Assessment
Reporting practice			
GRI 102: General Disclosures 2016	102-45	Entities included in the consolidated financial statements	N/A. We did not produce consolidated financial statements after privatisation
	102-46	Defining report content and topic Boundaries	SD Report 2018 – About this Report SD Report 2018 – Materiality Assessment
	102-47	List of material topics	SD Report 2018 – Materiality Assessment
	102-48	Restatements of information	SD Report 2018 – About this Report SD Report 2018 – Performance Data
	102-49	Changes in reporting	SD Report 2018 – About this Report
	102-50	Reporting period	SD Report 2018 – About this Report
	102-51	Date of most recent report	SD Report 2018 – About this Report
	102-52	Reporting cycle	SD Report 2018 – About this Report
	102-53	Contact point for questions regarding the report	SD Report 2018 – Contact Us
	102-54	Claims of reporting in accordance with the GRI Standards	SD Report 2018 – About this Report
	102-55	GRI content index	SD Report 2018 – Standard Disclosures & Performance Indicators
	102-56	External assurance	SD Report 2018 – About this Report SD Report 2018 – Verification Statement

Performance Data

	Disclosur	е	Location of Disclosure
Material Topics			
Economic Performance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	SD Report 2018 – Materiality Assessment
	103-2	The management approach and its components	HAECO Board of Directors establish long-term objectives and strategies for HAECO and defines directives and principles for the resulting company policy. The Directors decide on the portfolio, allocates resources and holds responsibility for the company's financial steering and reporting
	103-3	Evaluation of the management approach	HAECO carries out annual internal and external audit to ensure HAECO is compliant with the requirements
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	SD Report 2018 – Performance Data
Anti-corruption			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	SD Report – Materiality Assessment Company website – Ethnics and Conduct https://www.haeco.com/en/About-HAECO/Ethics-and-Conduct
	103-2	The management approach and its components	SD Report – Materiality Assessment Company website – Ethnics and Conduct https://www.haeco.com/en/About-HAECO/Ethics-and-Conduct
	103-3	Evaluation of the management approach	SD Report – Materiality Assessment Company website – Ethnics and Conduct https://www.haeco.com/en/About-HAECO/Ethics-and-Conduct
205-3 Confirmed incidents of corruption and actions taken	205-3	Confirmed incidents of corruption and actions taken	In 2018, there was no confirmed incident in relation to corruption

	Disclosui	re	Location of Disclosure
Material Topics			
Materials			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	SD Report 2018 – Materiality Assessment SD Report 2018 – Business Partners
	103-2	The management approach and its components	SD Report 2018 – Materiality Assessment SD Report 2018 – Business Partners
	103-3	Evaluation of the management approach	SD Report 2018 – Materiality Assessment SD Report 2018 – Business Partners
GRI 301: Materials 2016	301-1	Materials used by weight or volume	SD Report 2018 – Materiality Assessment SD Report 2018 – Business Partners
Energy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	SD Report 2018 – Materiality Assessment SD Report 2018 – Environment
	103-2	The management approach and its components	SD Report 2018 – Materiality Assessment SD Report 2018 – Environment
	103-3	Evaluation of the management approach	SD Report 2018 – Materiality Assessment SD Report 2018 – Environment
GRI 302: Energy 2016	302-1	Energy consumption within the organization	SD Report 2018 – Performance Data
	302-3	Energy intensity	SD Report 2018 – Performance Data
	302-4	Reduction of energy consumption	SD Report 2018 – Environment

	Disclosui	re	Location of Disclosure
Material Topics			
Water			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	SD Report 2018 – Materiality Assessment SD Report 2018 – Environment
	103-2	The management approach and its components	SD Report 2018 – Materiality Assessment SD Report 2018 – Environment
	103-3	Evaluation of the management approach	SD Report 2018 – Materiality Assessment SD Report 2018 – Environment
GRI 303: Water 2016	303-1	Water withdrawal by source	SD Report 2018 – Environment SD Report 2018 – Performance Data
	303-3	Water recycled and reused	SD Report 2018 – Environment SD Report 2018 – Performance Data
Emissions			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	SD Report 2018 – Materiality Assessment SD Report 2018 – Environment
	103-2	The management approach and its components	SD Report 2018 – Materiality Assessment SD Report 2018 – Environment
	103-3	Evaluation of the management approach	SD Report 2018 – Materiality Assessment SD Report 2018 – Environment
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	SD Report 2018 – Environment SD Report 2018 – Performance Data
	305-2	Energy indirect (Scope 2) GHG emissions	SD Report 2018 – Environment SD Report 2018 – Performance Data
	305-3	Other indirect (Scope 3) GHG emissions	SD Report 2018 – Environment SD Report 2018 – Performance Data
	305-4	GHG emissions intensity	SD Report 2018 – Environment SD Report 2018 – Performance Data

	Disclosur	2	Location of Disclosure	
Material Topics				
Emissions				
GRI 305: Emissions 2016	305-5	Reduction of GHG emissions	SD Report 2018 – Environment SD Report 2018 – Performance Data	
	305-6	Emissions of ozone-depleting substances (ODS)	SD Report 2018 – Performance Data	
Effluents and Waste				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	SD Report 2018 – Materiality Assessment SD Report 2018 – Environment	
	103-2	The management approach and its components	SD Report 2018 – Materiality Assessment SD Report 2018 – Environment	
	103-3	Evaluation of the management approach	SD Report 2018 – Materiality Assessment SD Report 2018 – Environment	
GRI 306: Effluents and Waste 2016	306-1	Water discharge by quality and destination	SD Report 2018 – Environment SD Report 2018 – Performance Data	
	306-2	Waste by type and disposal method	SD Report 2018 – Environment SD Report 2018 – Performance Data	
	306-3	Significant spills	No significant spill was found in 2018	
Environmental Complian	ce			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	SD Report 2018 – Materiality Assessment SD Report 2018 – Environment	
	103-2	The management approach and its components	SD Report 2018 – Materiality Assessment SD Report 2018 – Environment	
	103-3	Evaluation of the management approach	SD Report 2018 – Materiality Assessment SD Report 2018 – Environment	
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	No non-compliance was noted in 2018	

	Disclosure		Location of Disclosure	
Employment				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	SD Report 2018 – Materiality Assessment SD Report 2018 – Employees	
	103-2	The management approach and its components	SD Report 2018 – Materiality Assessment SD Report 2018 – Employees	
	103-3	Evaluation of the management approach	SD Report 2018 – Materiality Assessment SD Report 2018 – Employees	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	SD Report 2018 – Employees SD Report 2018 – Performance Data	
Labor/Management Rela	tions			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	SD Report 2018 – Materiality Assessment SD Report 2018 – Employees	
	103-2	The management approach and its components	SD Report 2018 – Materiality Assessment SD Report 2018 – Employees	
	103-3	Evaluation of the management approach	SD Report 2018 – Materiality Assessment SD Report 2018 – Employees	
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	In the case of any significant operational changes that would substantially affect our employees, we keep them informed well in advance	
Occupational Health and	Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	SD Report 2018 – Materiality Assessment SD Report 2018 – Health and Safety	
	103-2	The management approach and its components	SD Report 2018 – Materiality Assessment SD Report 2018 – Health and Safety	
	103-3	Evaluation of the management approach	SD Report 2018 – Materiality Assessment SD Report 2018 – Health and Safety	

	Disclosu	re	Location of Disclosure	
Employment				
Occupational Health and	Safety			
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and number of work-related fatalities	SD Report 2018 – Materiality Assessment SD Report 2018 – Health and Safety	
Training and Developme	nt			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	SD Report 2018 – Materiality Assessment SD Report 2018 – Employees	
	103-2	The management approach and its components	SD Report 2018 – Materiality Assessment SD Report 2018 – Employees	
	103-3	Evaluation of the management approach	SD Report 2018 – Materiality Assessment SD Report 2018 – Employees	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	SD Report 2018 – Employees SD Report 2018 – Performance Data We use employee category breakdown as measures of training We do not report on our employees training by gender	
Diversity and Equal Oppo	rtunity			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	SD Report 2018 – Materiality Assessment SD Report 2018 – Employees	
	103-2	The management approach and its components	SD Report 2018 – Materiality Assessment SD Report 2018 – Employees	
	103-3	Evaluation of the management approach	SD Report 2018 – Materiality Assessment SD Report 2018 – Employees	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	SD Report 2018 – Employees SD Report 2018 – Performance Data	

	Disclosui	re	Location of Disclosure
Employment			
Non-discrimination			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	SD Report 2018 – Materiality Assessment SD Report 2018 – Employees
	103-2	The management approach and its components	SD Report 2018 – Materiality Assessment SD Report 2018 – Employees
	103-3	Evaluation of the management approach	SD Report 2018 – Materiality Assessment SD Report 2018 – Employees
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	SD Report 2018 – Employees Company website – Ethnics and Conduct https://www.haeco.com/en/About-HAECO/Ethics-and-Conduct
Customer Health and Safe	ety		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	SD Report 2018 – Materiality Assessment SD Report 2018 – Health and Safety
	103-2	The management approach and its components	SD Report 2018 – Materiality Assessment SD Report 2018 – Health and Safety
	103-3	Evaluation of the management approach	SD Report 2018 – Materiality Assessment SD Report 2018 – Health and Safety
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	SD Report 2018 – Materiality Assessment SD Report 2018 – Health and Safety

	Disclosur	е	Location of Disclosure
Employment			
Customer Privacy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	SD Report 2018 – Materiality Assessment
	103-2	The management approach and its components	SD Report 2018 – Materiality Assessment
	103-3	Evaluation of the management approach	SD Report 2018 – Materiality Assessment
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Company website – Ethnics and Conduct https://www.haeco.com/en/About-HAECO/Ethics-and-Conduct
Socioeconomic Complian	ice		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	SD Report 2018 – Materiality Assessment
	103-2	The management approach and its components	SD Report 2018 – Materiality Assessment
	103-3	Evaluation of the management approach	SD Report 2018 – Materiality Assessment
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	SD Report 2018 – Health and Safety SD Report 2018 – Employee In 2018, there was no confirmed incident of socioeconomic non-compliance

VERIFICATION STATEMENT



Scope and Objective

Hong Kong Quality Assurance Agency ("HKQAA") was commissioned by Hong Kong Aircraft Engineering Company Limited (hereinafter referred to as "HAECO") to undertake an independent verification for HAECO Group Sustainable Development Report 2018 (hereinafter called "the Report"). The Report stated the overall sustainability performance and efforts made by HAECO Group for the period from 1st January 2018 to 31st December 2018. Quantitative data regarding the economic, environmental and social performance such as greenhouse gas emissions, number of lost time injury, average training hours of employees and contributions to community are verified based on the methodology described below.

Methodology

The process applied in this verification was based on the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. Our evidence gathering process was designed to obtain a reasonable level of assurance as set out in the standard for the purpose of devising the verification conclusion and the extent of this verification process undertaken was provided for the core aspects of the GRI Standard.

In order to understand the process that HAECO adopted to ascertain the key sustainability issues and impacts, the Report compilation process was discussed including stakeholder engagement and materiality assessment processes. Also, system and process for collecting, collating and reporting sustainability performance data were verified. Our verification procedure performed covered reviewing of relevant documentation, interviewing responsible personnel with accountability for preparing the reporting contents and verifying the selected representative sample of data and information. Raw data and supporting evidence of the selected samples were also thoroughly examined during the verification process.

Independence

HAECO Group 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 HAECO Group.

Conclusion

Based on the verification results and in accordance with the verification procedures undertaken, HKQAA has obtained reasonable assurance and is in the opinion that:

 The Report has been prepared in accordance with the GRI Standards: Core Option;

- The Report illustrates the sustainability performance of HAECO Group, covering all material aspects, in a material, responsive, fair and balance manner; and
- The data and information disclosed in the Report are reliable and complete.

HAECO Group has reported specifically the sustainability issues identified as the most influencing matters to its business and stakeholders through a materiality identification exercise. The report illustrates the challenges and opportunities associating to HAECO Group's sustainability context, and covers different programmes undertaken in 2018 and the approaches that HAECO Group adopted to manage the results achieved. HAECO Group has developed a stringent data management mechanism where all data undergoes robust internal vetting, the basis of credible and transparent reporting is attained. In conclusion, the Report reflects appropriately the commitments and involvement of HAECO Group towards sustainable development.

Signed on behalf of Hong Kong Quality Assurance Agency



Jorine TamDirector, Corporate Business

July 2019

CONTACT US

Your feedback is appreciated.

We welcome your views on how we may further our environmental and social commitments or improve our reporting. Please contact us via our website or email.

Contact information

Group Business Improvement and Sustainable Development Department

groupbisd@haeco.com

80 South Perimeter Road Hong Kong International Airport Lantau, Hong Kong

www.haeco.com

