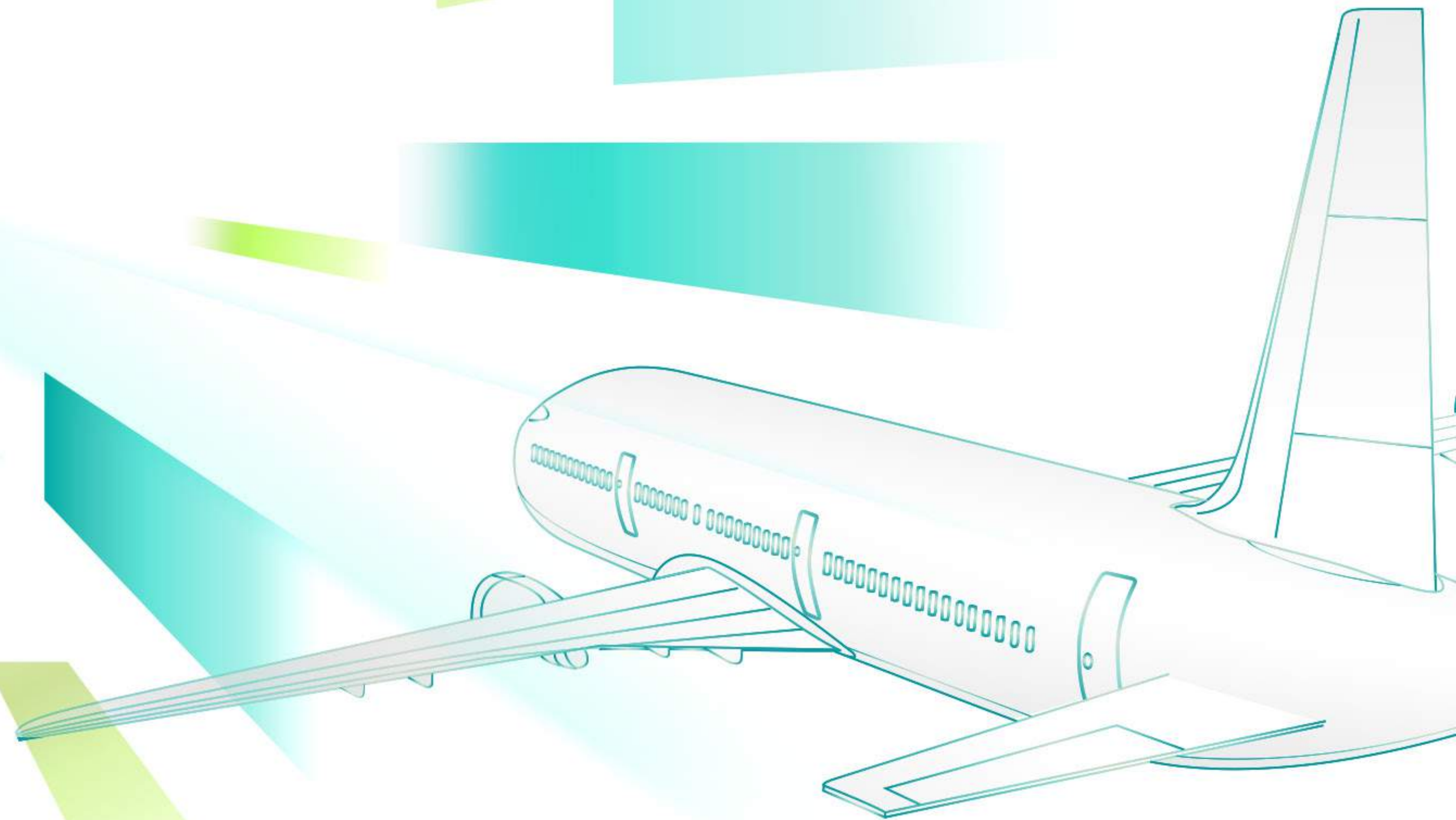


# Sustainable Today Thriving Tomorrow

**2023**  
**Sustainable Development Highlights**



# SD 2030 Sustainability Vision

The HAECO Group's SD 2030 Sustainable Development Strategy sets out a 10-year roadmap for the sustainable development of our businesses as we continue our journey towards a thriving future.

## PEOPLE

### Safety

**90%**

Total Injury Rate reduction by 2030 vs 2019  
Lost Day Rate reduction by 2030 vs 2019



### Diversity & Inclusion

**30%**

Women (strategic leaders) by 2030



## COMMUNITIES

**4 times**

increase in volunteering hours per employee by 2030 vs 2018



Establish a HAECO CSR Foundation Fund (minimum 1% investment of annual profits, including 0.5% from the Swire Trust, by 2023)



Prioritise community engagement projects on our key focus areas:

Youth Development  
Community Support  
Environmental Protection

## ENVIRONMENT

### Climate

**40%**

CO<sub>2</sub>e (Scope 1 & 2) reduction by 2030 vs 2018



### Water

**25%**

Water intensity reduction by 2030 vs 2018



### Waste

**65%**

Waste (excluding liquids and hazardous waste) diversion from landfill by 2030



### Suppliers

**100%**

High risk & key suppliers in compliance with Ethical & Environmental Standards as per Supplier Code of Conduct by 2030







We believe that all injuries are preventable, and we seek to achieve zero harm in all our activities.

↓ **10%** Total Injury Rate  
in 2H 2023

↓ **7%** Lost Time Injury Rate  
in 2H 2023

## 2023 Key Progress and Performance

Safety will always be our top priority in the HAECO Group, across every level of the organisation. We are committed to having effective safety and quality systems in place and to ensuring that our employees receive appropriate safety training. We take immediate measures to address any safety concerns that arise.

In 2023 it became clear that our safety performance was being affected by shortfalls arising from reopening our operations following three years of pandemic-related disruptions. We continued to face challenges in terms of labour shortages, and with staff needing to adjust to the demands of the post-COVID work environment.

An improvement in safety performance was observed in the latter half of 2023. The Total Injury Rate improved by 10% while the Lost Time Injury Rate saw a 7% improvement.

We continued to reinforce Business Process Mapping (BPM), which clearly defines the scope of accountabilities, responsibilities and actions required for key safety processes. By the last quarter of 2023 we had implemented four key safety-related BPMs.

## 2024 Plans

This year we will continue to build on the improvements seen in the second half of 2023. Our overall performance will be bolstered by the rollout of our Safety and Quality 3-year Plan – an annual rolling plan – that will put in place strategic safety- and quality-related actions in five key aspects.

In 2024 we will implement Leading Indicators and associated key performance indicators through the Management Safety Walk, Behaviour-based Safety Observation (BBSO) and Hazard and Near-miss Reporting. This will place us at the forefront in managing safety using measurable activities and actions that can be carried out to prevent or control the risks associated with safety events.

The Management Safety Walk expedites the decision-making process for actionable safety mitigations, while BBSO improves staff engagement and provides an opportunity for coaching employees onsite. Hazard and Near-miss Reporting enables management to immediately address issues and reinforce current occupational health and safety standards and procedures.

We will review the data collected in the four BPMs implemented in 2023 with an aim to improve the deliverables, with a specific focus on efficiency and effectiveness.







## Diversity & Inclusion

We are committed to creating an inclusive, equal and fair working environment for all.

**26.8%** females in  
senior leadership positions

### 2023 Key Progress and Performance

HAECO accepts and values every one of its employees across every area of the company's operations. We nurture individuals regardless of their age, gender and ethnicity, and support those who are differently abled or of different sexual orientations.

In 2023 we continued to find new ways to promote diversity and build a more inclusive workplace. One significant advance was to achieve a female representation of 26.8% in senior leadership positions, which we hope to raise to 30% in the near future. We celebrated female talents through the launch of the "She Power" video and implemented a Menstrual Leave Policy in HAECO Engine Services and Landing Gear Services.

Another important development was the introduction of a Parental Leave Policy in Hong Kong, supporting our employees in balancing work and family responsibilities. We conducted a comprehensive Diversity, Equity, Inclusion and Belonging (DEIB) assessment to gain useful insights to improve the overall employee experience. To foster a sense of belonging and support for employees from diverse backgrounds, we launched the HAECO CrossGen Allies and HAECO LGBTQ+ networks.

We promoted diversity and inclusion (D&I) efforts among the workforce through internal events such as Pink Friday, Ethnicity Day and Unconscious Bias workshops. We also promoted involvement in external activities, encouraging our employees to participate in events such as the 2023 Gay Games and the Women's Foundation Girl Go Tech Programme.

We were proud to receive external recognition for our D&I efforts, including the Disability Inclusive Employer Badge 2023 at the Disability Inclusion Index Forum and Inclusive Recruitment Fair organised by CareER Association in Hong Kong.

### 2024 Plans

A key goal in 2024 is to establish guidelines for each of our 16 operating companies to set up their own D&I networks. The guidelines will encourage D&I leads to work more closely with management and Human Resources teams in their respective HAECO entities and map out their own agenda for D&I activities.

We will analyse the results of last year's DEIB assessment and integrate the findings into the planning of D&I initiatives within the Group, including recruitment, policies and processes, and training and development. We will launch a Group-level wellbeing policy to map out our commitment to fostering a positive and healthy work environment and promote more D&I-related employee engagement activities that foster inclusivity and have a positive social impact.

In 2024, we will launch the first Group-wide employee engagement pulse survey, marking the start of the Group Employee Engagement Initiative to promote a "One HAECO" culture. A series of culture change workshops and a HAECO leadership conference will also help to strengthen employee engagement.





# ENVIRONMENT

## Climate

We aim to reduce carbon emissions from our core business and value chain and enhance our resilience to climate change.

 **2%** Carbon emissions (Scope 1 & 2)  
57,567 tonnes CO<sub>2</sub>e

### 2023 Key Progress and Performance

Climate change remains the biggest single threat to global stability. At the HAECO Group we are continuing efforts to mitigate our impact across every aspect of our operations.

HAECO Hong Kong completed an electric tow tractor trial for pushback operations in 2023, and started to replace 33 private cars with electric vehicles, resulting in 13 tonnes of carbon savings annually. The completion of a trial project for Internet of Things (IoT) energy management in the paint shop and machine shop will result in annual energy savings of around 10,000 kWh.

Solar photovoltaic panel projects at three facilities – Composite Services in Jinjiang, Engine Services in Xiamen and Landing Gear Services in Xiamen – were completed in mid-2023. These resulted in a total carbon savings of 875 tonnes for the year.

Another achievement was HAECO Hong Kong receiving ISO 14001:2015 certification for its Environmental Management System (EMS). This was our fifth ISO EMS accreditation, following four of our facilities in Mainland China. In addition, HAECO Xiamen was certified with ISO 50001 for its Energy Management System and was named as a National Green Factory in 2023.

We conducted a Scope 3 carbon emissions study at Group level and worked with Swire Pacific to implement an Internal Carbon Pricing pilot, which will continue into 2024. Both these initiatives will enhance our decarbonisation efforts.

### 2024 Plans

The HAECO Group will continue to monitor the progress of current projects and roll out new decarbonisation projects at our facilities.

In 2024, HAECO Hong Kong plans to engage a consultant for Retro Commissioning (RCx) to explore energy-saving opportunities. The Hangar 1 solar photovoltaic project is expected to complete in Q3 2024 – a project that could help reduce annual carbon emissions by 420 tonnes. The upgrade of a solar-powered absorption chiller will also commence in mid-2024.

HAECO Xiamen will complete the installation of a centralised air conditioning control system in Hangars 2 and 6, along with the installation of a centralised air compressor control system. These projects will help to improve overall system efficiency.

Meanwhile, HAECO Americas plans to commence installation of solar photovoltaic panels at the Greensboro facility in North Carolina, USA. This project is expected to complete in phases between 2025 and 2027, resulting in an estimated annual carbon reduction of around 2,200 tonnes when fully complete.





# ENVIRONMENT

## Water

We aim to reduce the water used in our core business operations and safeguard water resources where we operate.

**↓ 15%** Water intensity  
(12.17 litres/attended hour)

### 2023 Key Progress and Performance

The HAECO Group uses water as part of its maintenance operations, and one of our ongoing goals is to reduce water consumption to help safeguard water resources in the regions in which we operate.

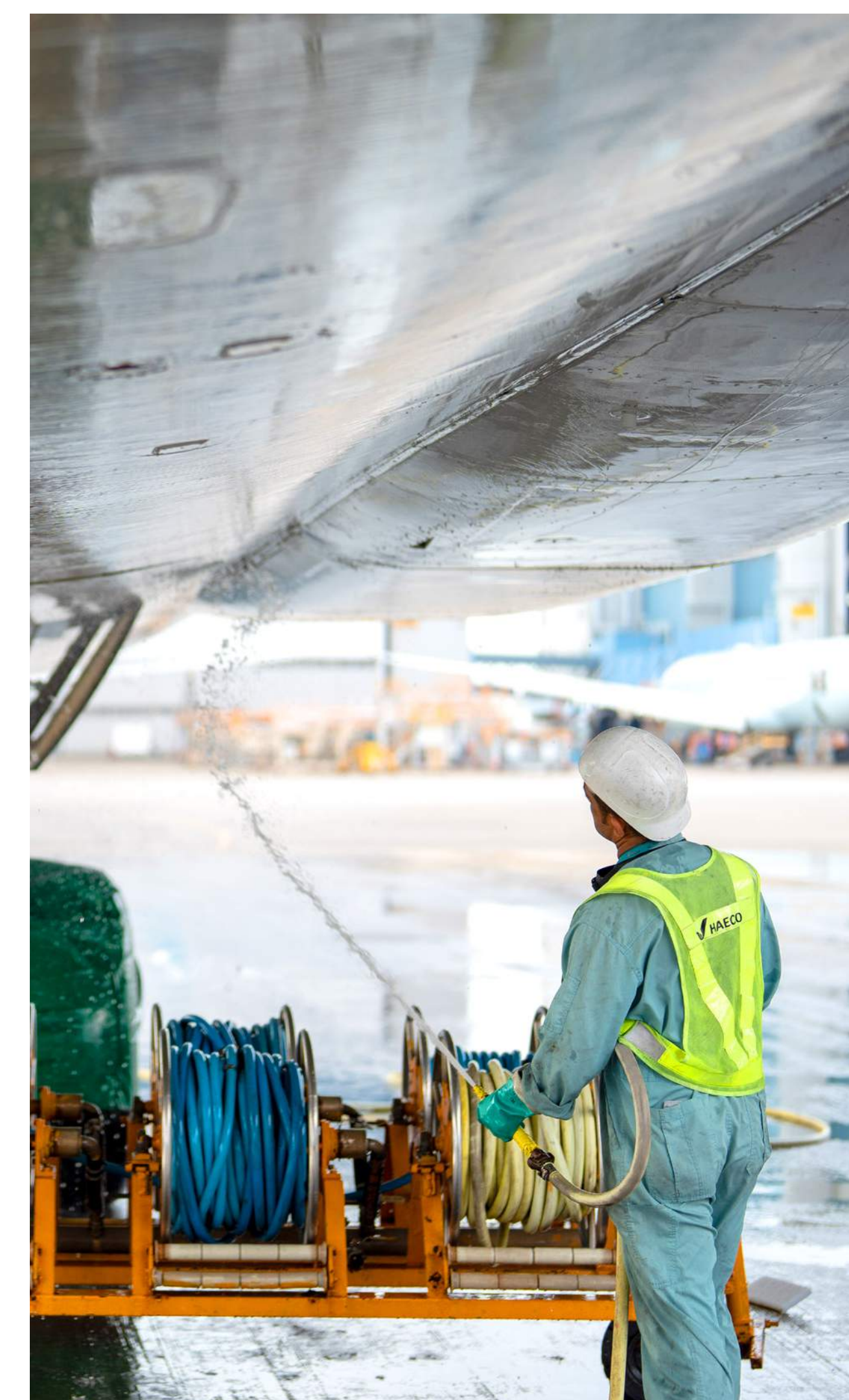
Significant progress was made at HAECO Hong Kong in 2023, including the deionisation of cooling towers water that helped to maximise water efficiency and reduce cooling towers water usage by 30%. A water spray gun replacement programme in the cleaning shop has enhanced efficiency in cleaning activities, with the new water guns reducing consumption by 40%. Also in Hong Kong, a new Internet of Things (IoT) water meter has been installed for the main water inlet and in high-consumption water facilities such as the cooling tower and water scrubber. This allows the monitoring of water usage and the detection of any anomalies in real time.

At our composite services facility in Jinjiang, a reclaimed water reuse system was installed to treat all wastewater, including personal and industrial. It is estimated that 60% of wastewater will be reused, lowering the facility's water consumption by 360 m<sup>3</sup> every year.

### 2024 Plans

The Group will continue to build on last year's progress in 2024, exploring new initiatives that can help to reduce water consumption. One of the plans set to be implemented is an upgrade of the wastewater treatment plant already in operation at HAECO Hong Kong. This will enable the recycled water to be used by water scrubbers and save an additional 43,800 m<sup>3</sup> of water annually.

At HAECO Xiamen, annual water savings of 2000 m<sup>3</sup> will be achieved through replacing the ultrafiltration membrane of the reclaimed water system. This will significantly increase the use of reclaimed water at the facility.





# ENVIRONMENT

## Waste

We aim to reduce the volume of waste from our core business operations going to landfill.

**↑ 10%** Waste diversion from landfill (68% of total)

### 2023 Key Progress and Performance

The HAECO Group made significant progress on waste diversion from landfill in 2023. All HAECO entities were encouraged to conduct or plan for a waste audit to profile their overall waste composition and identify opportunities for reducing, recycling or diverting the waste generated.

The amount of waste diverted from landfill by HAECO Hong Kong in 2023 increased by 13% compared to 2022. This was driven by the resumption of wooden pallet recycling at the end of 2022, removing personal trash bins, introducing transparent three-colour recycling bins in offices, as well as an increased number of recycling stations in hangar bay areas. Meanwhile, the total waste generated by the Hong Kong operation decreased by 22% compared to 2022. For these reasons, HAECO Hong Kong outperformed its 2023 target by 10%.

Staff awareness on the importance of food waste reduction has increased and colleagues were encouraged to sort out their food waste when returning trays in the canteen. As of November 2023, more than 21 tonnes of food waste was diverted from landfills and delivered to O Park, Hong Kong's first organic resources recovery centre, for producing compost and waste-to-energy.

### 2024 Plans

The focus of HAECO Hong Kong's waste-related activities in 2024 will be in preparation for the government's Municipal Solid Waste Charging scheme, which comes into effect in August 2024. In line with the "polluter pays" principle, all waste disposed of by residential and non-residential premises will be subject to charging based on quantity. We introduced some waste reduction/diversion measures last year in advance of the scheme being implemented and will continue to look at further initiatives that can reduce our impact through the charging scheme.

HAECO Hong Kong has plans to expand the number of recyclable categories, such as safety shoes, to further divert waste from the landfill. The issue of plastic waste is a growing concern, and to this end the creation of a "plastic free canteen" was a condition laid down in our new canteen contract. Single-use plastic tableware will be progressively phased out in the dining facility following its opening in February.





# ENVIRONMENT

## Suppliers

We aim to partner with suppliers to deliver sustainable procurement practices.

**100%** Key suppliers targeted to comply with Ethical & Environmental Standards as per Supplier Code of Conduct

### 2023 Key Progress and Performance

In August 2023, we initiated the development of our Group Procurement corporate function. This was designed to establish a comprehensive “One HAECO” procurement strategy that will support our entities in their interactions with key suppliers.

We mandate that all our suppliers fully adhere to the HAECO Supplier Code of Conduct. The Supplier Code of Conduct & Environmental Questionnaire is now a part of all tender documents, enabling us to gain insights into our suppliers’ own sustainability initiatives.

Furthermore, we have aligned the HAECO Supplier Code of Conduct with the Swire Code of Conduct. This ensures our compliance with Swire Group guidelines and the adoption of industry-leading practices for sustainable procurement.

### 2024 Plans

Following its launch last year, the Group Procurement goal for 2024 is to finalise the structure of the Group Procurement function. We plan to roll out the “One HAECO” Procurement strategy to synchronise all procurement departments across all HAECO Group entities. This will foster synergies and yield benefits by capitalising on the collective HAECO expenditure. It will also standardise policies throughout the Group and promote a consistent approach to supplier engagement.

We are in the process of formulating a sustainable procurement policy that aligns with the requirements of the Swire Group, under the guidance of the Swire Sustainable Development Office (SDO). The key objectives of this initiative include the creation of a supplier database to proactively manage the sustainability risks posed by key suppliers and safeguard the HAECO Group from suppliers that do not conform with our standards.

We will build further on our collaboration with the Swire SDO to identify and implement an automated tool for sustainability risk assessment.





# COMMUNITIES

We are committed to positively contributing to the communities that we are part of.

**2500+** Volunteering hours

**30+** NGO partners

## 2023 Key Progress and Performance

The HAECO Group maintains a strong commitment to supporting the communities in which we operate. As a company we work to assist in addressing long-term local issues and encourage our employees to get actively engaged with their communities. In 2023, our new HAECO Corporate Social Responsibility (CSR) Fund helped us to work more efficiently in our community activities and provide synergies between initiatives across different regions. During the year we provided monetary donations and volunteer hours to more than 30 non-governmental organisations (NGOs).

Our CSR efforts in 2023 continued to place a particular focus on the wellbeing of the elderly and children. Staff volunteers helped to pack and deliver 400 children's hygiene kits, while other colleagues worked with an NGO, Project Home, to provide assistance to the elderly by performing small maintenance tasks in their homes and organise visits to elderly residents.

We championed education, sports and the arts through initiatives that included being the title sponsor of the HAECO Invitational Basketball Tournament. We supported girls and women interested in joining our industry by participating in the First in Flight Girls in Aviation Day in North Carolina, USA, and organising an exclusive tour of our HAECO Hong Kong facility for secondary school girls in partnership with The Women's Foundation. In Xiamen, our team gave monetary donations to support the Urban Village Public Library and the operating expenses of the Children's Choir.

## 2024 Plans

Our commitment to supporting the local community and helping those in need will remain unchanged in the current year, and our work will continue to be wide-ranging and inclusive in nature.

HAECO will again organise staff volunteer visits to a neighbourhood centre for the elderly and will collaborate with various non-governmental organisations (NGOs) in Hong Kong to organise activities providing support for children and the elderly. We will also work hand in hand with the Swire Trust to support wider community contribution projects.

Several of our community efforts have now been established for several years, and we plan to continue making our presence felt in these initiatives, consolidating and expanding our contributions wherever possible with the goal of making a stronger community impact. The HAECO CSR Fund will continue to underpin our community-focused efforts in 2024.

