



SUSTAINABLE DEVELOPMENT REPORT 2023

BEST IN THE WORLD
BEST FOR THE WORLD



HIGHLIGHTS

Our Community



US\$50,000+

Contributed to local communities



Community Day

Near 800 staff participated in volunteering activities



2,159+

of volunteering hours clocked

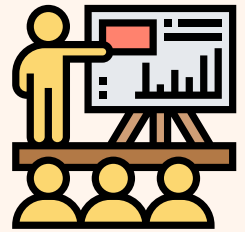
Our People



Recruited a more **diversified workforce**



Became a signatory to **The Racial Diversity and Inclusion Charter**



33+ hours of training per staff

Our Environment



ISO14001

Environmental Management System set up



4,220,000 kWh+

of electricity saved in various initiatives



Bronze Medal

in the globally recognised EcoVadis sustainability supplier assessment

Our Economy



Revenue increased by **33%**



300+ Engine Output in 2023

Overhauled 5,000+ Rolls-Royce engines since HAESL's inception in 1997

Developing capacity and capabilities for Trent 1000 TEN



OUR PEOPLE

Female



Temporary Employee
Permanent Employee



Male



Employment statistics (by gender, contract and employment type in headcount)
*HAESL has 3 part-time employees and no non-guaranteed hours employee

To keep pace with the growth across the business, HAESL recruits at full speed. HAESL’s staff number increased from 1,120 in 2022 to 1,362 in 2023 (+21.6%).

HAESL continues to offer our people competitive roles reflecting industry standards. **Job re-titlement** project was carried out in 2023 to develop a well-defined job title structure, and to put the right people in the right positions according to their responsibilities, job levels, and potentials. This allows us to better recruit suitable talents, create additional room for advancement for our existing colleagues and ensure title consistency across Group companies. To remain market competitive and retain our talented workforce, a company-wide **salary benchmarking** exercise was also performed.

TRAINING AND DEVELOPMENT

Training is a crucial aspect of HAESL’s commitment to excellence and the development of our workforce. HAESL invested heavily in employee training in 2023, exceeding 45,182 hours and averaging 33.2 hours per employee. With 749 training courses offered, our employees received comprehensive instructions covering a wide range of subjects, from technical skills and work safety to leadership development and beyond.




33+ hours

To continuously enhance staff learning and development, HAESL nurtured new batches of **internal trainers** through the Train-the-trainer (TTT) programme, a 2-day intensive course focusing on developing teaching, facilitation and instructional abilities. Looking ahead, HAESL plans to develop in-house **self-learning materials** through authoring tools in the upcoming year.



SAFETY CULTURE

At HAESL, zero harm is the foremost objective. HAESL has adopted ISO45001, the international standard for occupational health and safety management and launched the **I Care I Report (ICIR)** proactive reporting programme. With staff's **active participation**, **5,111 ICIRs** were received in 2023. In addition, our management carries out regular **Safety Walks** to identify potential hazards within the workplace. In 2023, 89 hazards, identified from the walk, were all promptly addressed.

 **5,111**
I Care I Report received

To further promote safety awareness and encourage proactive participation, HAESL launched several safety campaigns, such as "Festive Holiday Work Safety Awareness", "Hand Safety", "Working Above Ground Safety" and several "Emergency Preparedness" in 2023. These campaigns demonstrated our commitment to creating a zero harm workplace where all employees feel valued and safe.

2023 Q1 Best I Care I Report Selection Result 二零二三年第一季最佳「我關心·我報告」選舉結果

Best I Care I Report Selection is one of the important safety campaigns at HAESL. In Q1 2023, a total of 1,561 I Care I Report (ICIR) were received and 10 of them were selected as the best I Care I Report. This was possible to encourage the result of Q1 2023 Best I Care I Report Selection as follows:

Department / 部門	Awarded / 獲獎者	Suggestion / 建議
Component Repair / 零件維修	Leo Ho Yan / 何顯揚	Design a frame to secure a set of valves. 設計一個框架來固定一組閥門。 Component Repair / 零件維修
Component Repair / 零件維修	Yip Chun Yan / 葉振源	Remove the source of chemical leak will eliminate the risk of causing operator's hand. 消除化學液體洩漏的源頭將消除導致操作人員手部受傷的風險。 Component Repair / 零件維修
Engine Overhaul / 引擎大修	Leo Hoi Ming / 李煥明 Lau Hong Shing / 劉鴻生 Pang Chun Yu / 龐俊宇	Design a holder to secure rotating parts when using bench grinder. 設計一個支架來固定旋轉部件，當使用砂輪機時。 Engine Overhaul / 引擎大修

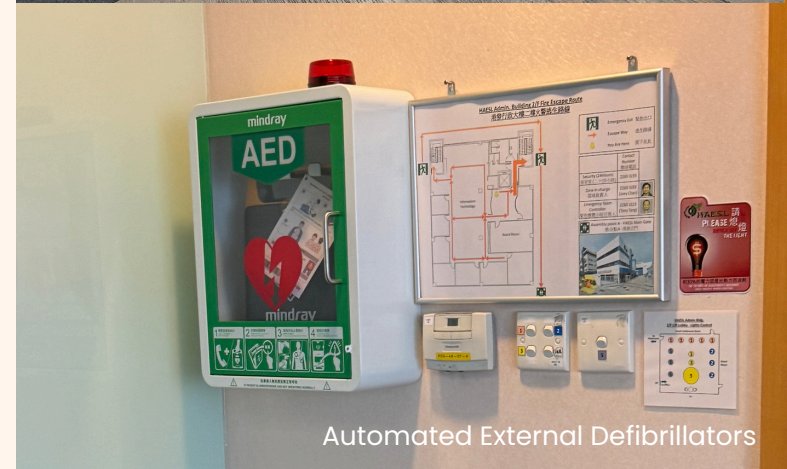



TAKE 5 FOR HAND SAFETY
手都安全

- FOLLOW THE PLAN 遵循計劃**
Think through the task
想清楚你要做的工作
- CHOOSE THE RIGHT TOOLS 選擇正確的工具**
Select appropriate tools and techniques to perform the task
選擇合適的工具和技術來完成工作
- WEAR THE RIGHT GLOVES 戴上正確的手套**
Select appropriate types of gloves if required
如需要，選擇合適類型的手套
- BE AWARE 保持警覺**
Keep spatial awareness to ensure you and the other safe
保持空間警覺，以確保你和他人安全
- ACT SAFE 安全工作**
Follows appropriate procedures and guidelines
遵從正確的程序和指引


DO NOT LEAVE SAFETY BY CHANCES
安全係靠數秒數

As part of HAESL's commitment to employee welfare and promoting a culture of safety within the workplace, a total of 14 **Automated External Defibrillators (AED)** have been installed around HAESL premises in 2023. To ensure our employees are equipped with the necessary skills to use the AEDs effectively, training sessions were arranged for 250 colleagues.



STAFF ENGAGEMENT

HAESL has established various communication channels to ensure that perspectives and concerns of our employees are heard and addressed by management. Annually, an **Employee Engagement Survey** is conducted to assess the level of engagement, enthusiasm, affiliation and dedication of our employees towards the Company. **Staff Suggestion Awards** are presented to staff every quarter to acknowledge their extraordinary proposals for HAESL. **"Full moon tea"** was arranged for all new staff within their first three months of joining HAESL to give them an opportunity to share their initial experience and perspectives of HAESL.

Staff Recreation and Sports Club (SRSC) Committee and Interest Group has been set up to create a fun environment for staff to connect and build stronger relationships. There are 16 categories of interest and sports groups all of which organise staff events regularly.



Quarterly-published internal newsletter



Poon Choi Gathering

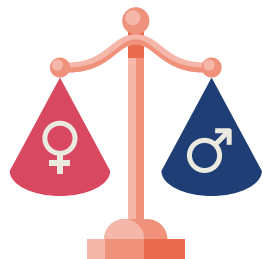


Cycling Fun Day

DIVERSITY AND INCLUSION

HAESL is committed to proactively build a diverse, supportive and inclusive workplace where the potential of each colleague can be realised and fulfilled. HAESL became a signatory to **"The Racial Diversity and Inclusion Charter for Employers"** organised by The Equal Opportunities Commission in 2023, and pledged to work towards the goals of racial equality and diversity. Three online training sessions were organised in the year focusing on diversity and inclusion (D&I) and prevention of discrimination.

Aiming to reinforce our staff's **understanding of D&I**, a mandatory training on **"Unconscious Bias"** was arranged for all staff in 2022. An "Unconscious Bias in Recruitment" self-learning module was introduced to all hiring staff in 2023, teaching how unconscious bias affects us during the recruitment process and methods to tackle it. Training on "Manage Complaints of Discrimination and Harassment in the Workplace" was also arranged for staff of supervisory rank.



We recruit, retain and develop diverse talents from local and overseas markets. In 2022, we developed targets around **gender balance**, seeking to maintain a workplace female representation of no less than **14%** in 2024.

Besides, HAESL also established **Male Allies** and the **HAESL Women Network (HWN)** to support and drive initiatives and events in promotion of gender equality and inclusivity in HAESL. In 2023, HAESL held a number of well-received recreational activities and workshops, as well as an International Women's Day fundraiser for HAESL colleagues. Responding to the HWN focus group meetings in 2022, more shower facilities were installed in female toilets and a HWN page was added on the Company Portal to better promote HWN.



The Racial Diversity and Inclusion Charter for Employers



認識少數族裔人士

D&I Promotion

我支持 種族多元共融工作間
Racial Diversity & Inclusion in the Workplace

了解非華裔人士
CLICK HERE

資料來源: 平等機會委員會



STAFF ENGAGEMENT EVENTS



DIY Recycled Wood Workshop



Poon Choi Festival



Art Latte Workshop



Mooncake Distribution



Buffet Lunch



Beer Distribution



Christmas Wreath Workshop



Ice-cream Distribution



STAFF ENGAGEMENT EVENTS



Organic Farming Workshop

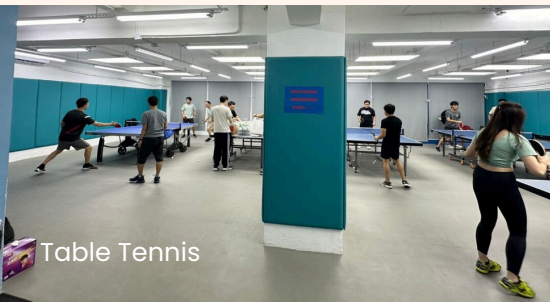
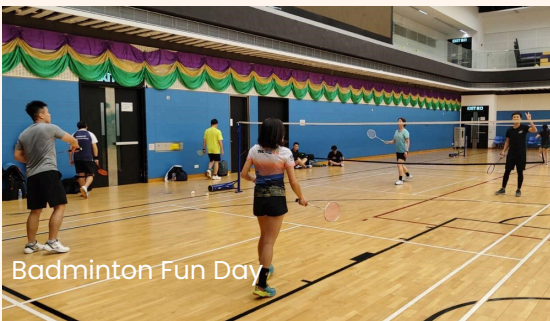


Table Tennis



Badminton Fun Day



Hong Kong Cyclothon



Basketball



Fishing



War Game Fun Night



Virtual Cycling Challenge



Bowling competition



Outward Bound



Outward Bound



OUR ENVIRONMENT

As a leading aero engine MRO Company, we endeavour to conduct our business in a responsible and sustainable manner. We are committed to minimising the impact of our business operations on the environment. To align with the environmental commitment of our shareholders, HAECO Group and Rolls-Royce, HAESL has established a 10-year target and annual goals to actively track and focus on three prioritised environmental aspects, namely **carbon emissions, water intensity and waste recycling**.

In order to effectively manage environmental impacts and improve environmental performance in a systematic way, HAESL has set up the **ISO14001 Environmental Management System (EMS)** following the Plan-Do-Check-Act interactive process. HAESL was awarded with ISO14001 certification in January 2024.

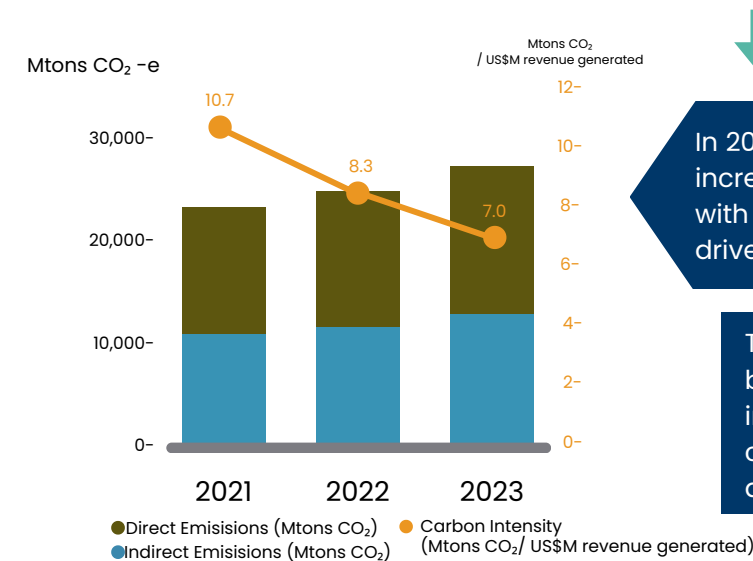


CARBON EMISSIONS

We aim to reduce carbon emissions from our core business and value chain, and enhance our resilience to climate change. We are investing in projects to reduce carbon emissions within our operations and will set more ambitious carbon reduction targets that align with The Paris Agreement to limit global temperature increase within 1.5°C.

In HAESL, the major sources of carbon emission are jet fuel used in engine tests (direct emissions) and electricity used in maintaining daily operation and building services (indirect emissions). HAESL monitors these parameters closely with reference to the targets in the weekly Managers’ meetings and bi-monthly Sustainable Development (SD) Steering Group with members from major operation departments. To effectively reduce carbon emissions despite rapid business growth, the SD Steering Group has developed a three-year SD plan focusing on alternative fuel and reducing fuel for engine tests and enhancing building energy efficiency. HAESL is also keen to explore new energy saving technologies in the market.

Total Greenhouse Gas Emissions and Intensity



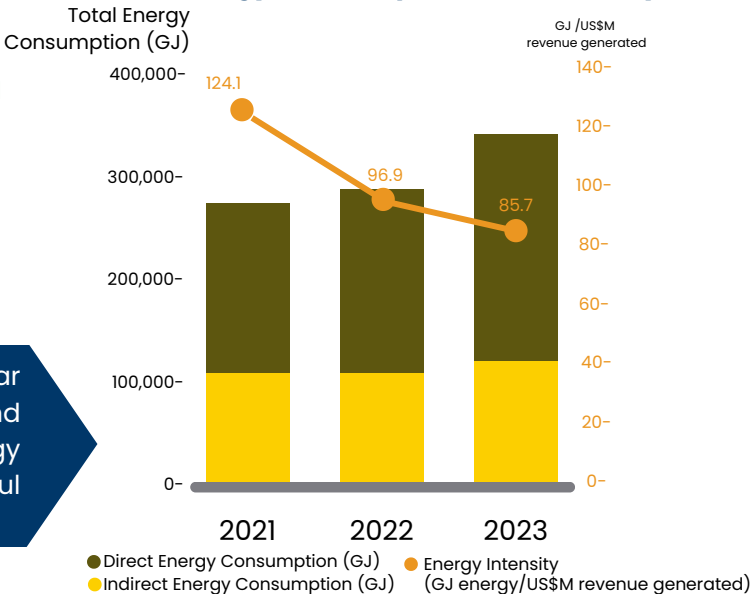
↓ **16.2%** Carbon Intensity
7.0 tonnes of CO₂ / US\$M revenue generated

In 2023, the total greenhouse gas emission from HAESL increased by 11.3% compared to the prior year, along with 16.2% decrease in carbon intensity. This is mainly driven by the increasing number of engine tested.

The total energy consumption increased year-on-year by 17.4%, with 24.1% and 6.6% increase in direct and indirect energy usage in 2023 respectively. The energy consumption increased primarily due to higher overhaul and repair needs contributed by business growth.

↓ **11.5%** Energy Intensity
85.7 GJ / US\$M revenue generated

Total Energy Consumption and Intensity



CARBON EMISSIONS

HAESL has been actively managing its direct and indirect carbon emissions through various initiatives. In 2023, HAESL saved over 118,908 litres of jet fuel and approximately 4,221,282 kWh of electricity annually through investing over US\$847,000 in energy efficiency enhancement projects.



Electronic Oil Consumption Test

To minimise the use of jet fuel, HAESL has worked with Roll-Royce to perform electronic oil consumption tests for Trent XWB-84 engines. By utilising this technology in the test process, over 118,908 litres of jet fuel was saved from Trent XWB-84 engine tested in 2023.



Exploring Sustainable Aviation Fuel

Sustainable Aviation Fuel (SAF) is a potential environmentally friendly substitute for the jet fuel used in engine tests that reduces net carbon dioxide lifecycle emissions significantly. At present, Rolls-Royce has successfully completed compatibility testing of 100% SAF on all its in-production civil aero engine types. HAESL has been seeking supply of SAF with the aim of trialing engine tests using SAF.



Renewable Energy

Further to the solar panel expansion project in 2022, HAESL has increased the total renewable energy capacity to 630kW. In 2023, HAESL generated 745,286 kWh of solar electricity and sold it to CLP Power Hong Kong Limited through the Feed-in Tariff Scheme.

Chiller Optimisation Project

Chillers accounted for approximately 10-30% of our total electricity consumption. HAESL is making use of an artificial intelligence (AI) chiller control programme, Plant PRO to run real-time diagnostics and controls of the chillers, pumps and cooling towers to achieve optimal operation and energy efficiency.



LED Lights Replacement

With over US\$531,000 capital investment, 1,121 pieces of lightings were replaced by LED in 2023. It is estimated to save about 1,065,767 kWh of electricity annually. We are expecting full adoption of LED lighting in HAESL by the end of 2024.

Air Dryer Replacement

To ensure operation equipment is energy efficient, air dryers are gradually being replaced by newer ones that are equipped with variable speed drive. In 2023, an air dryer was replaced which would approximately reduce 1,898,467 kWh of electricity annually. Two additional air dryer replacements are scheduled in 2024 and 2025 respectively.



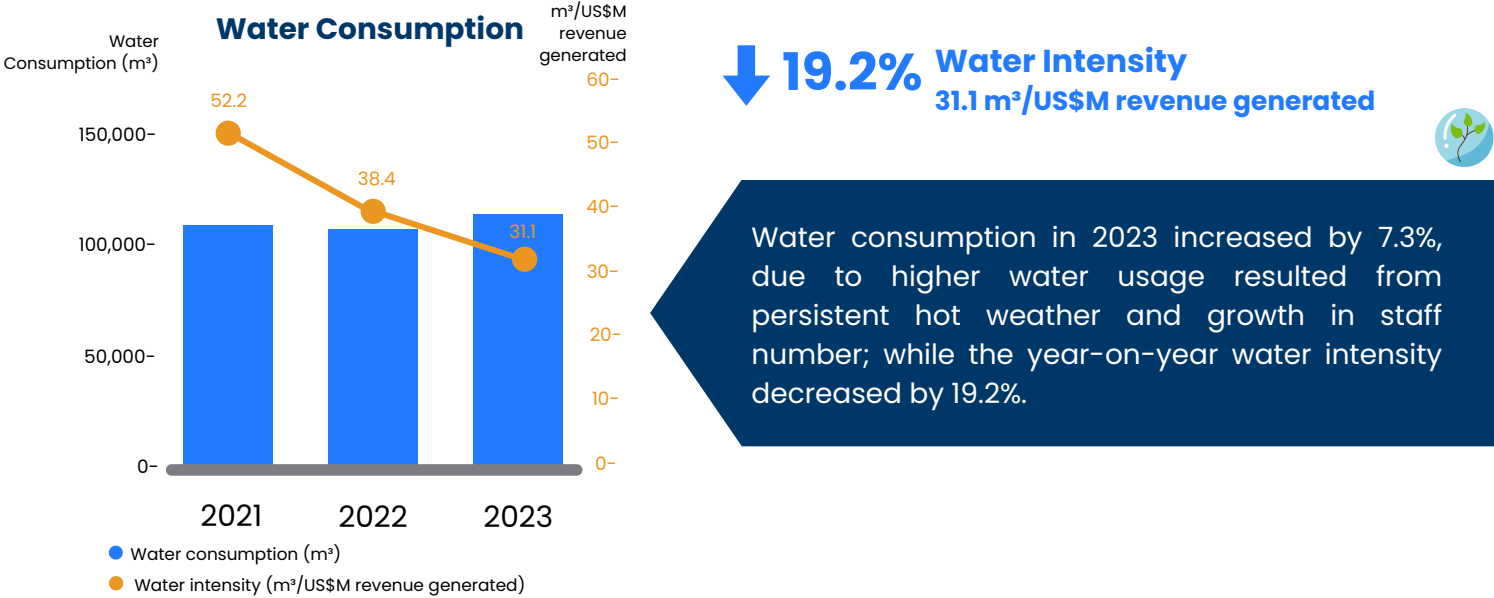
WATER CONSUMPTION

HAESL aims to reduce the water used in our core business operations. In 2023, HAESL mainly consumed water in industrial operations (42%), heat, ventilation and air-conditioning (HVAC) (33%) and toilet, pantries and canteen operations (24%).

HAESL operates an air conditioning condenser recovery system to reduce water usage of our cooling towers. Water controllers were installed to minimise the water flow and hence achieve water saving. An electromagnetic induction device for the HVAC chiller system is also under consideration as it can potentially minimise the frequency of the water-intensive cleaning process for condenser tubes and cooling towers.

All production process wastewater from HAESL is collected and treated by wastewater treatment plants located at Phase 2 and Phase 5 buildings. The remaining sludge, resins and other waste, including heavy metals, are collected from site and processed by a licensed contractor. HAESL strictly follows the terms and conditions listed on our licence under the Water Pollution Control Ordinance. Wastewater samples are tested by our laboratory and results are sent to the Hong Kong Environmental Protection Department regularly.

To meet the increasing capacity required by our business growth, HAESL is currently **upgrading the Phase 5 Waste Water Treatment Plant**. A **vacuum distillation system and reverse osmosis system** will be installed to replace the deionised (DI) water system to enable water reuse and produce less chemical waste.



WASTE

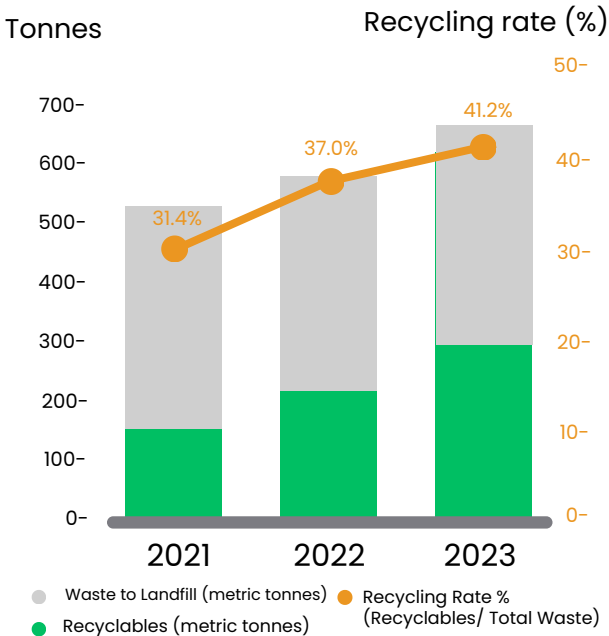
HAESL has been making significant efforts to improve its recycling rate over the past few years. The recycling rate increased from 37.0% in 2022 to 41.2 % in 2023. The total quantity of **recyclables increased from 214 to 273 tonnes (+27.6%)** and the waste to landfill rose from 364 to 390 tonnes(+7%).

In 2023, a series of waste reduction initiatives were launched to encourage staff’s active participation, such as the **green canteen campaign, reverse vending machines** that incentivise staff to recycle, and new categories of recyclables were introduced. More details are shown in the next page.

In November 2023, a **waste audit** was carried out to further study HAESL’s waste profile and identify further waste reduction or recycling opportunities.



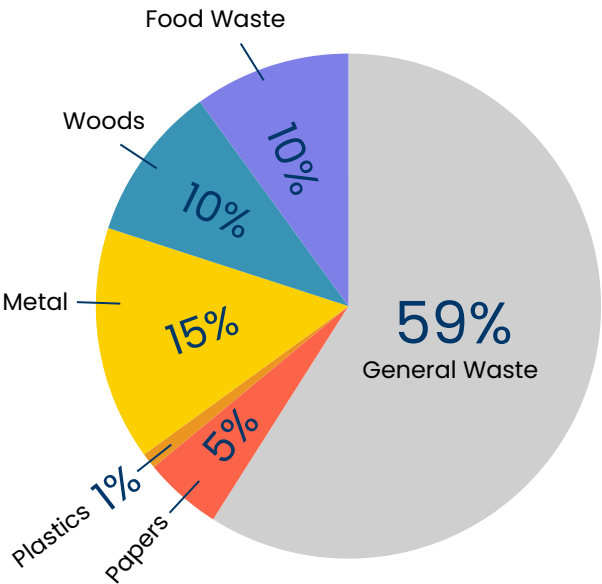
Waste, Recyclables and Recycling Rate



↑ 11.4% Recycling Rate 41.2%

Items	Weight (KG)
General Waste	389,900
Paper	32,794
Plastic	9,903
Metal	99,728
Woods	64,512
Food Waste	65,179

2023 Solid Waste Distribution



WASTE

Major waste reduction initiatives in 2023 are included below.

Green Canteen Campaign

To achieve waste reduction and be in line with the upcoming legislative ban on single use plastics, a Green Canteen Campaign was launched. Reusable take-away containers were provided to staff for free; food waste sorting facilities and reusable tableware return stations were set up near the eating area. With all these measures in place, monthly average food waste collected in HAESL increased from 2.6 tonnes in 2022 to 6.5 tonnes in 2023.

Tailor-made reusable lunch bags and cutlery sets were distributed to encourage adoption of eco lifestyle among staff. No plastic bag was provided at the staff canteen.



Digitalisation



HAESL continues our journey in digital transformation to provide greener alternatives to traditional methods. While HAESL is transforming towards a greener landscape, we encounter different challenges. Nonetheless, we believe that by fully embracing digital technologies and practices, we can catalyse positive change and strive for a more sustainable future. In 2023, HAESL continues to digitalise operation processes and introduce more electronic platforms saving over 32,200 pieces of paper annually. HAESL is now formulating digitalisation strategies for the next three years.

Mixed Material Recycling

To further boost the recycling rate, HAESL engaged a vendor to dismantle the waste of mixed materials such that different materials could be sorted for recycling afterwards.



Reverse Vending Machines

Two reverse vending machines with instant rebate function were installed to incentive staff in beverage recycling. The project was well received, collecting an average of over 4,800 pieces of beverage containers per month.



Safety Shoes Recycling

In 2023, HAESL set up designated collection points for used safety shoes. The safety shoes were then disassembled and sorted by materials for recycling use.



Batteries Recycling

HAESL has introduced battery recycling in August 2023. All disposable and rechargeable batteries are collected and sent to licensed contractor for further treatment.



OUR COMMUNITY

HAESL is dedicated to strengthen its ties with the local community through various initiatives and programmes in three prioritised areas, including **community engagement, youth development and environmental protection.**

In 2023, HAESL has organised a large-scale volunteering event named **Community Day, engaging near 800 staff** members to serving the Community on a working day in January 2023. HAESL contributed 2,159.5 services hours and donated US\$ 50,858 to the community. HAESL is honoured to be awarded the 5 Year Plus Caring Company recognising our contribution to society.



COMMUNITY ENGAGEMENT

HAESL always support the community in the ways they need the most.

Tai O is a fishing village with a rich cultural heritage and high ecological value. In view of the large aging population in Tai O, HAESL decided to arrange a visit to the elderly there combined with a mangrove clean-up and a cultural tour. In collaboration with Hong Kong Young Women's Christian Association (YWCA), a total of 40 HAESL staff, their family and friends, visited 20 elderly residents living in stilt houses and performed mangrove clean-up on the service day.

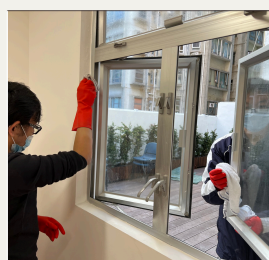
On the HAESL's Community Day, 280 staff members helped to deliver 100 caring packages and carry out 20 home visits.



YOUTH DEVELOPMENT

HAESL places a strong emphasis on youth aerospace education as a means to unlock the potential of future talent. In 2023, **21 plant visits** were arranged for the younger generation to gain a better understanding of the aero engine overhaul and repair industry.

During HAESL's Community Day, 68 staff crafted Chinese New Year ornaments and packed caring gifts for seriously ill children in Ronald McDonald House Charities Hong Kong and helped The Hub Children & Youth Centre to set up furniture in their new centre utilising our work specialities.



Servicing at A Youth Centre

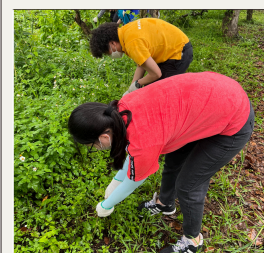
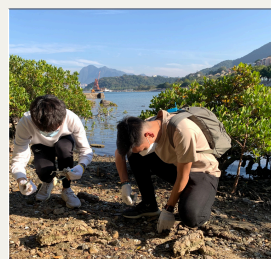


Plant Tour for Students

ENVIRONMENTAL PROTECTION

HAESL has taken a proactive approach to promoting **nature conservation** through community engagement initiatives. In 2023, HAESL participated in Green Power Hike, and Mikania Clearance and Night Safari in Mai Po Nature Reserve with the aim of raising awareness of the natural environment among our staff.

During HAESL's Community Day, a total of 447 staff **cleaned 4 hiking trails and 7 beaches** with over 680 kg of waste collected across Hong Kong.



Night Safari at Mai Po

COMMUNITY DAY



795

Volunteers Participated

12

NGOS Supported

1,910

Volunteer hours contributed

To celebrate our 25th anniversary, **the HAESL's Community Day** was organised on 6 January 2023 with the support from Time Auction Hong Kong as a charity partner to mobilise staff members to volunteer at over 25 locations.

For outdoor activities, our volunteers cleaned 4 hiking trails and 7 beaches with over 680 kg of waste collected. For indoor activities, our volunteers made various handcrafts for the beneficiaries, including 40 bracelets, 60 Chinese New Year ornaments & caring packs, 102 sets of upcycled gifts, 22 kokedama (plants), 120 hygiene kits and 25 animal toys. Our volunteers also delivered 100 caring packages, conducted 20 home visits, and helped in setting up a youth centre.

Participants commented that the activities were diversified and meaningful. It was a good opportunity for them to connect with other staff members and contribute to the society. As the HAESL Community Day was well-received by staff members, HAESL will continue to arrange it biennially.



Crafting for the Sick Children



Body Wash Recycling



Beach Clean-up at Lung Kwu Tan



COMMUNITY DAY



Caring Packages Distribution



Bracelets Making For The Beneficiaries of Christian Action



Elderly Visit



Beach Clean-up



Soap Cycling



Hiking Trail Clean-up



Kokedama Making for The Beneficiaries From Hong Kong Federation of Women's Centres



Pet Toys Making for Rescued Animals



Youth Centre Furniture Set-up



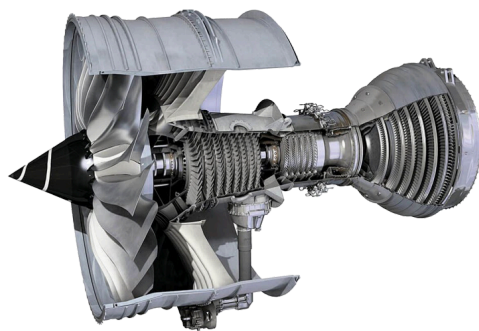
OUR ECONOMY

HAESL had an extraordinary year in 2023, surpassing previous records and reaching significant milestones. Since our establishment in 1997, HAESL has successfully overhauled over 5,000 Rolls-Royce engines for more than 50 airline operators. Notably, HAESL achieved a remarkable annual throughput of 301 shop visits, showcasing remarkable growth over our 26-year history.

360

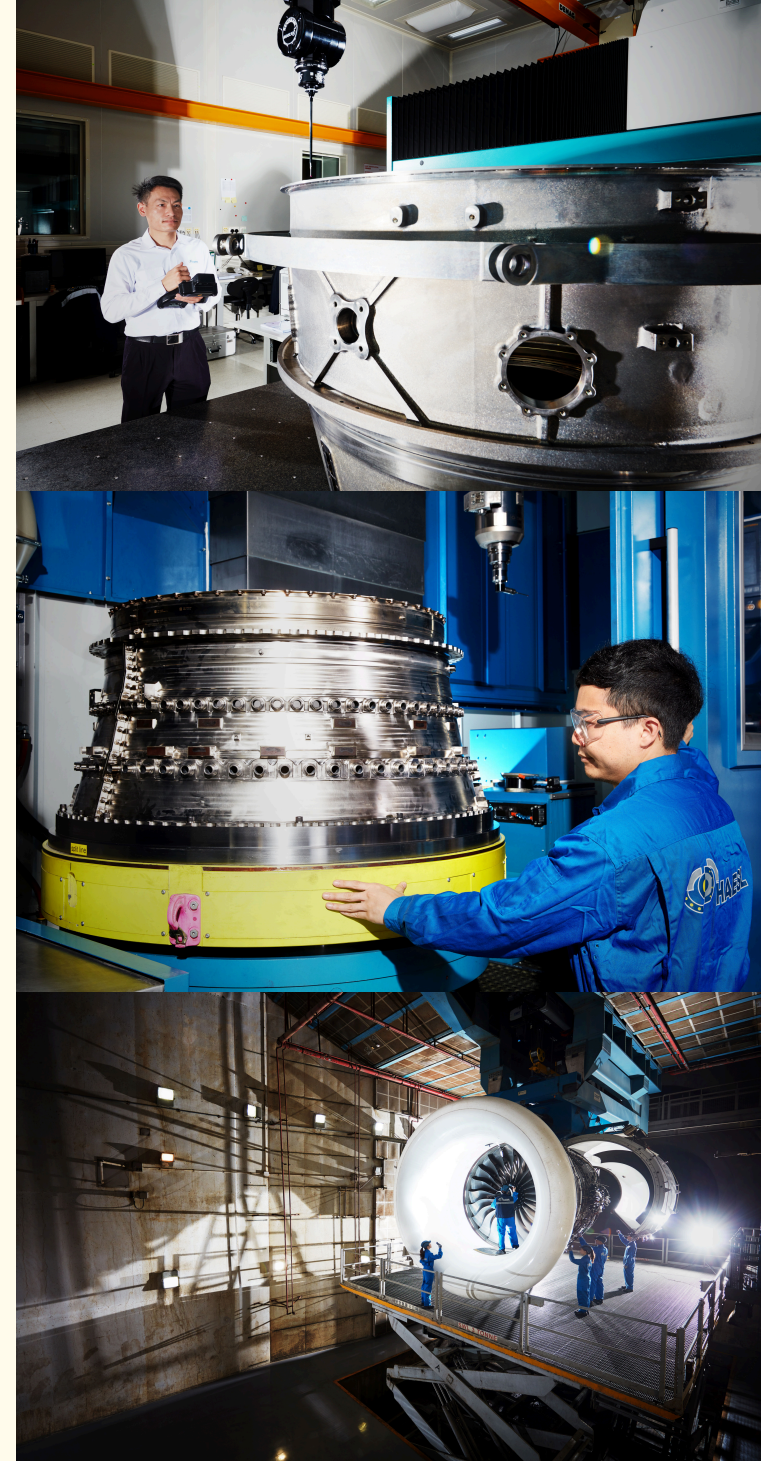
With our renowned world-class facility in Hong Kong specialising in the overhaul, repair, and testing of Trent 700, Trent 800, and Trent XWB engines, HAESL is continuously expanding our workforce and capabilities. The team is eagerly anticipating another year of groundbreaking accomplishments as we strive to achieve a new pinnacle of 360 engines output in 2025.

HAESL is now developing capability for strip and build of Trent 1000 TEN modules to broaden our product offering. This represents an exciting step in our development. To keep pace with the growth across the business, we continue to recruit at full speed in both the local and overseas market.



Trent 1000 TEN

OVERHAULED
5,000+
ENGINES



AWARDS AND RECOGNITION



Rolls-Royce invited HAESL to participate in the globally recognised **EcoVadis Sustainability Performance Benchmarking** exercise, as one of its suppliers. HAESL has been assessed in 4 major sustainability topics, namely labour and human rights, ethics, environment and sustainable procurement and was awarded the **Bronze Medal** in 2023. We will refer to EcoVadis' recommendations to enhance our sustainability performance and aim to achieve a Silver Medal in 2024.

Sustainability-linked loans (SLL) incentivise companies' sustainability performance by linking the interest margin to improvements on certain sustainability KPIs. HAESL has engaged Sumitomo Mitsui Banking Corporation (SMBC) in a sustainability linked loan since May 2022 and carries out annual verification assessments on the three specified sustainability KPIs, including renewable energy generated, recycling rate and loss time injuries rate.



HAESL was honoured to be awarded the **5 Year Plus Caring Company** logo recognising the contribution of HAESL to the community. HAESL has been awarded the logo since 2013.

HAESL was awarded the **Gold Award** by the Office of the Privacy Commissioner for Personal Data, Hong Kong (PCPD) in **Privacy Friendly Awards 2023**. HAESL was verified as implementing all 5 privacy protection measures as stipulated by PCPD.



PERFORMANCE DATA

Economic Performance		2021	2022	2023	%
Revenue Generated	US\$M	2,209	2,955	3,923	+32.8%
Dividends Paid To Shareholders	US\$M	62.6	81.6	83.5	+2.3%
Employee Cost	US\$M	56.2	66.1	79	+19.5%
Taxation	US\$M	15.5	18.6	16.9	-9.1%
Charitable Donations Made Directly By HAESL	US\$	74,838	68,843	50,858	-26.1%

Environmental Performance		2021	2022	2023	%
Energy Consumption					
Direct Energy Consumption	GJ	163,445	176,501	219,125	+24.1%
Indirect Energy Consumption	GJ	110,720	109,783	117,072	+6.6%
Total Energy Consumption	GJ	274,165	286,284	336,197	+17.4%
Greenhouse Gas Emission					
Direct Emission (Scope 1)	mtons CO ₂ e	12,180	12,674	14,756	+16.4%
Indirect Emission (Scope 2)	mtons CO ₂ e	11,385	11,901	12,625	+6.1%
Other Indirect Emission (Scope 3) by Business Air Travel	mtons CO ₂ e	10	114	97	-14.8%
Total GHG Emission	US\$M	23,575	24,689	27,478	+11.3%
Fuel					
Jet Kerosene- Engine Test	Tonnes	3,708	4,003	4,645	+16.0%
Unleaded Petrol-Passenger Car Hong Kong	L	927	906	1,333	+47.1%
Towngas	MJ	468,048	603,744	596,736	-1.2%
Diesel	L	2,079	0	1,250	+100%
Electricity					
Electricity- Hong Kong (CLP)	KWh	30,755,571	30,495,291	32,354,127	+6.1%

Environmental Performance		2021	2022	2023	%
Refrigerant / Fire Extinguishing Agent					
HCFC-22	kg	0	0	0	0%
HCF-410A	kg	5	0	0	0%
HCF-404A	kg	0	0	0	0%
HCF-134A	kg	354	23	68	+199.8%
Water					
Potable Water Used	m³	115,418	113,572	121,856	+7.3%
Water Discharged To Sewer	m³	115,418	113,572	121,856	+7.3%
Materials					
Paper And Paper Products Consumed	kg	15,368	15,665	18,514	+18.2%
Printing Cartridges Purchased	No.	685	333	375	+12.6%
Non-hazardous Waste Management					
Industrial/Commercial Waste Disposal Of	kg	366,200	364,470	389,900	+7.0%
Grease Trap Waste Disposal Of	kg	37,720	53,360	45,080	-15.5%
Wood Recycled	kg	72,855	75,325	64,512	-14.4%
Food Waste Recycled	kg	24,556	25,985	65,179	+150.8%
Paper Products Recycled	kg	33,242	52,184	32,794	-37.2%
Plastic Products Recycled	kg	13,111	13,938	9,903	-28.9%
Metal Recycled	kg	23,829	32,421	99,728	+207.6%
Printing Cartridges Recycled	No.	101	259	165	-36.3%



PERFORMANCE DATA

Environmental Performance		2021	2022	2023	%
<u>Hazardous Waste Management</u>					
Chemical Waste Disposal (Liquid)	L	94,700	73,580	89,357	+21.4%
Chemical Waste Disposal (Solid)	kg	112,959	122,692	141,775	+15.6%
Spent Kerosene (Aircraft fuel) Recycled	L	4,800	5,200	5,400	+3.8%
Lubrication Oil Recycled	L	15,400	18,800	17,400	-7.4%
Significant Chemicals/ Oil Spills	No.	0	0	0	0%
<u>Compliance</u>					
Significant Fines and Total Number of Non-monetary Sanctions for Non-compliance with Environmental Laws and Regulations	No.	0	0	0	0%

Occupational Health and Safety Performance		2021	2022	2023	%
Total Workforce	No.	1,033	1,120	1,362	+21.6%
Manhours worked (Total Attended Hour by all staff, in thousand)	Hour	2,262	2,553	3,035	+18.9%
Work-related facilities (employees)	No.	0	0	0	0%
Lost Time Injuries	No.	1	1	2	+100%
Minor Injuries / First Aid Cases	L	1	0	2	+100%
Total Lost Day	Day	47	67	113	+68.7%
Lost Time Injury Rate		0.09	0.08	0.13	+62.5%
Man Day Lost Rate		4.20	5.25	7.50	+42.9%

Note

1. Energy consumption data was based on the amount of greenhouse gas reporting: conversion factors provided by Swire Pacific.
2. GHG inventory of HAESL includes carbon dioxide, methane and nitrous oxide. The 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. HAESL 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 reasonably practical.
4. Lost time injuries are defined as work-related injuries which result in lost time of a minimum of one scheduled working day.
5. 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.
6. Lost day rate represents total number of lost day per 100 employees per year. It is calculated as the total lost day multiplied by 200,000 and then divided by total hours worked. The factor 200,000 is the annual hours worked by 100 employees, based on 40 hours per week for 50 weeks a year.



GRI CONTENT INDEX

GRI Standard	Disclosure	Location of Disclosure	
		Page	Chapter
GRI 1: Foundation 2021			
General Disclosures			
GRI12: General Disclosure 2021	The organization and its reporting Practices		
	2-1 Organisational details	--	Company website -> About us -> Company Profile and History
	2-2 Entities included in the organization's sustainability reporting HAESL did not have any entities in the reporting year.	--	
	2-3 Reporting period, frequency and contact point	24	HAESL Sustainable Development Report 2023 -> About This Report
	2-4 Restatements of information	24	HAESL Sustainable Development Report 2023 -> About This Report
	2-5 External assurance	24	HAESL Sustainable Development Report 2023 -> About This Report
	Activities and workers		
	2-6 Activities, value chain and other business relationships	17	Company website-> Services Company website-> About Us -> Vision and Values HAESL Sustainable Development Report 2023 -> Our Economy
	2-7 Employees	03	HAESL Sustainable Development Report 2023 -> Our People
	2-8 Workers who are not employees	03	HAESL Sustainable Development Report 2023 -> Our People
	Governance		
	2-9 Governance structure and composition	--	Company website -> Sustainability -> SD Management Approach -> Corporate Governance
	2-10 Nomination and selection of the highest governance body	--	Company website -> Sustainability -> SD Management Approach -> Corporate Governance
	2-11 Chair of the highest governance body	--	Company website -> Sustainability -> SD Management Approach -> Corporate Governance
	2-12 Role of the highest governance body in overseeing the management of impacts	--	Company website -> Sustainability -> SD Management Approach -> Corporate Governance
	2-13 Delegation of responsibility for managing impacts	--	Company website -> Sustainability -> SD Management Approach -> Corporate Governance
	2-14 Role of the highest governance body in sustainability reporting	--	Company website -> Sustainability -> SD Management Approach -> Corporate Governance
	2-15 Conflicts of interest	--	Company website -> Sustainability -> SD Management Approach -> Corporate Governance
	Conflicts of interest is governed within the THE COMPANIES ORDINANCE (CHAPTER 622) Private Company Limited by Shares AMENDED AND RESTATED ARTICLES OF ASSOCIATION Article of Associations in HAESL.		
	2-16 Communication of critical concerns	--	Company website -> Sustainability -> SD Management Approach -> Corporate Governance

GRI Standard	Disclosure	Location of Disclosure	
		Page	Chapter
GRI2: General Disclosure 2021	2-17 Collective knowledge of the highest governance body	--	Company website → Sustainability → SD Management Approach → Corporate Governance
	2-18 Evaluation of the performance of the highest governance body	--	
	The performance of the highest governance body is evaluated by shareholders of HAESL.		
	2-19 Remuneration policies		
	2-20 Process to determine remuneration	--	
	2-21 Annual total compensation ratio		
	After careful consideration, HAESL has decided not to disclose information on remuneration due to confidentiality constraints.		
	Strategy, policies and practices		
	2-22 Statement on sustainable development strategy	--	Company website→ Sustainability →SD Management Approach →Message From CEO
	2-23 Policy commitments	--	Company website→ About us → Ethics and Compliance
	2-24 Embedding policy commitments	--	Company website→ About us → Ethics and Compliance
	2-25 Processes to remediate negative impacts	--	Company website→ About us → Ethics and Compliance
	2-26 Mechanisms for seeking advice and raising concerns	--	Company website→ About us → Ethics and Compliance
	2-27 Compliance with laws and regulations	--	HAESL did not have any non-compliance occurrence related to laws and regulations in the reporting year.
	2-28 Membership associations		HAESL is a member of the Aviation Services Research Centre (ASRC) and Employer's Federation of Hong Kong and Institute of Human Resources Management.
	Stakeholder Engagement		
	2-29 Approach to stakeholder engagement	--	Company website → Sustainability → SD Management Approach → Material Topics
	2-30 Collective bargaining agreements		HAESL did not have collective bargaining agreements in the reporting year. Our employees have the freedom of association to join organisations of their choice
Material Topics			
GRI3-1: Process To Determine Material Topics	3-1 Process to determine material topics	--	Company website → Sustainability → SD Management Approach → Material Topics
	3-2 List of material topics		
Economic Performance			
GRI 3: Material Topics 2021	3-3 Management of material topics	--	Company website → Services
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	17 19	HAESL Sustainable Development Report 2023 → Our Economy HAESL Sustainable Development Report 2023 → Appendix → Performance Data
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics	--	Company website → About us → Ethics and Compliance
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	--	Company website → About us → Ethics and Compliance
	HAESL did not have any confirmed incidents of corruption or actions taken in the reporting year.		



GRI CONTENT INDEX

GRI Standard	Disclosure	Location of Disclosure	
		Page	Chapter
Anti-competitive Behaviour			
GRI 3: Material Topics 2021	3-3 Management of material topics	--	Company website -> About us -> Ethics and Compliance
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	--	Company website -> About us -> Ethics and Compliance
	HAESL was not involved in any legal actions for anti-competitive behaviour, anti-trust, and monopoly practices in the reporting year.		
300 Series (Environmental Topics)			
Energy			
GRI 3: Material Topics 2021	3-3 Management of material topics	08	HAESL Sustainable Development Report 2023 -> Our Environment Company website -> Sustainability -> Our Environment
GRI 302: Energy 2016	302-1 Energy consumption within the organisation		HAESL Sustainable Development Report 2023 -> Our Environment -> Carbon Emission
	302-3 Energy intensity	08	Company website -> Sustainability -> Our Environment
	302-4 Reduction of energy consumption		
Water			
GRI 3: Material Topics 2021	3-3 Management of material topics	08	HAESL Sustainable Development Report 2023 -> Our Environment Company website -> Sustainability -> Our Environment
GRI 303: Water And Effluents 2018	303-3 Water withdrawal	10	HAESL Sustainable Development Report 2023 ->Our Environment -> Water Consumption
	303-4 Water discharge	19	HAESL Sustainable Development Report 2023 ->Appendix -> Performance Data
	303-5 Water consumption		
We use municipal water as water supply of which consumption is the amount reported in water bills. We assume that all water withdrawn are discharged eventually in our business with no consumption.			
Emission			
GRI 3: Material Topics 2021	3-3 Management of material topics	08	HAESL Sustainable Development Report 2023 -> Our Environment Company website -> Sustainability -> Our Environment
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emssions	08	HAESL Sustainable Development Report 2023 -> Our Environment -> Carbon Emission
	305-2 indirect (Scope 2) GHG emssions	19	HAESL Sustainable Development Report 2023 -> Appendix -> Performance Data
	305-3 Other indirect (Scope 3) GHG emissions		
	305-4 GHG emissions intensity		
	305-5 Reduction of GHG emissions		
Effluents And Waste			
GRI 3: Material Topics 2021	3-3 Management of material topics	08	HAESL Sustainable Development Report 2023 -> Our Environment Company website -> Sustainability -> Our Environment

GRI Standard	Disclosure	Location of Disclosure	
		Page	Chapter
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	12	HAESL Sustainable Development Report 2023 -> Our Environment -> Waste
	306-2 Management of significant waste-related impacts	19	HAESL Sustainable Development Report 2023 -> Appendix -> Performance Data
	306-3 Waste generated		
	306-4 Waste diverted from disposal		
	306-5 Waste directed to disposal		
400 series (Social Topics)			
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	04	HAESL Sustainable Development Report 2023 -> Our People -> Safety Culture Company website -> Sustainability -> Our People
	403-1 Occupational health and safety management system	04	HAESL Sustainable Development Report 2023 ->Our People -> Safety Culture
GRI 403: Occupational Health and Safety 2018	403-2 Hazard identification, risk assessment, and incident investigation		Company website -> Sustainability -> Our People
	403-3 Occupational health services		
	403-4 Worker participation, consultation, and communication on occupational health and safety		
	403-5 Worker training on occupational health and safety		
	403-6 Promotion of worker health		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
	403-8 Workers covered by an occupational health and safety management system		
	403-9 Work-related injuries	04 20	HAESL Sustainable Development Report 2023 ->Our People -> Safety Culture HAESL Sustainable Development Report 2023 ->Appendix -> Performance Data
	Customer Health And Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	--	Company website-> Services-> Approvals and Certificates
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	--	Company website-> Services-> Approvals and Certificates
	All services we provide to our customers are covered by our Safety Management System and Audit Systems to ensure the quality and safety of engines we overhauled.		
Customer Privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics	--	Company website-> About us-> Ethics and Compliance
GRI 418: Customer Privacy 2016	416-1 Assessment of the health and safety impacts of product and service categories	--	Company website-> About us-> Ethics and Compliance
	HAESL did not receive any complaints from customers concerning breaches of customer privacy and losses of customer data in the reporting year.		



VERIFICATION STATEMENT



INDEPENDENT VERIFICATION STATEMENT

NATURE, SCOPE AND PURPOSE OF THE VERIFICATION

Accredited Certification International Limited (“ACI”) were engaged by Hong Kong Aero Engine Services Limited (“HAESL”) to undertake a limited assurance engagement on selected performance data, as described below, and presented in the Sustainable Development Report 2023 of HAESL for the period of 1 January 2023 to 31 December 2023 (“SRYR2023”).

We have been engaged to provide a limited assurance conclusion on the selected performance data. The purpose of this verification is to independently verify whether the performance data disclosed by HAESL on the relevant pages and Appendix of the SRYR2023 Report is true, free from material misstatement and have been prepared in accordance with relevant disclosures in Global Reporting Initiative Sustainability Reporting Standards (“GRI Standards”).

ASSURANCE STANDARD AND LEVEL OF ASSURANCE

ACI conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our engagement to obtain the appropriate level of assurance about whether the selected performance data are free from material misstatement.

ASSURANCE METHODOLOGY

The verification we performed were based on our professional judgment and included inquiries, observation of processes, inspection of documents, analytical procedures, evaluating the appropriateness of quantification. Verification activities, include but not limited to review of documents and

record, on-site observation, inspection and recalculation of historical data, interview with responsible personnel and evaluation of accuracy and consistency to criteria, were undertaken as part of the evidence gathering process for this verification engagement.

INHERENT LIMITATIONS

ACI verification engagements are based on the sampling. A risk of undetected errors might be existed due to the sampling approach.

The historic evaluation of effectiveness is not relevant to future periods due to the risk of inadequate internal control as a result of the possibility of human error, changes in conditions, or failure to comply with internal and external policies or requirements. Thus, the projection to the future of any conclusions based on our findings is subject to the risk of ineffective controls.

RESPONSIBILITY AND INDEPENDENCE

HAESL are responsible for data collection, preparation and disclosures of the selected performance data in accordance with the Global Reporting Initiative Sustainability Reporting Standards (“GRI Standards”).

ACI’s responsibility is to express an independent limited assurance conclusion on the selected performance data as set out in relevant pages and Appendix of Sustainable Development Report 2023 of HAESL, based on the procedures we have performed and the evidence we have obtained.

ACI implements and accordingly maintains a comprehensive management system that meets the requirements for ISO/IEC 17021 Conformity assessment – Requirements for bodies providing audit and certification of management systems and ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition. We ensure the assurance team selected based on their knowledge, experience and qualifications for this assurance engagement.

We do not involve in calculation, design and development of report. Our assurance activity is independent and free from conflicts of interest with HAESL.

LIMITED ASSURANCE CONCLUSION

Based on the procedures performed and evidence obtained, subject to the inherent limitations, nothing has come to our attention that causes us to believe that the selected performance data as set out in relevant pages and Appendix of Sustainable Development Report 2023 of HAESL for the period of 1 January 2023 to 31 December 2023 are not prepared, in all material respects, in accordance with the verification criteria and relevant disclosures of GRI Standards.

Signed by

Chris Wong

ACI Lead Verifier

On Behalf of Accredited Certification International Limited

15 April 2024



ABOUT THIS REPORT

The HAESL Sustainable Development Report is compiled in accordance with the Global Reporting Initiative (GRI) Standards 2021. The report discloses HAESL's commitment in sustainable development including strategies, targets, management approaches and our environmental performance. The material topics reported in this report are in accordance with GRI topic-specific disclosures and defined through a materiality assessment and stakeholder engagement processes. Details are provided in the section "Our Approach to Sustainable Development".

REPORTING FREQUENCY

This Sustainable Development Report is published annually. We published an annual Environmental, Health and Safety Report in 2004, 2005 and 2006, before migrating to a Corporate Social Responsibility Report in 2007 and a Sustainable Development Report from 2008 onwards. Historical reports are available for download at the HAESL website: <https://www.haesi.com/en/sustainable-development/sustainability-reports/>

SCOPE AND BOUNDARY

Our Sustainable Development Report describes the challenges and opportunities in social, environmental and economic aspects of our operations at Tseung Kwan O, Hong Kong SAR, China, and details our strategies and solutions in achieving sustainable development. This report covers the calendar year from 1st January 2023 to 31st December 2023. We aim to provide comprehensive, clear and concise information on all topics that we and our stakeholders consider to be of relevance for sustainability.

REQUEST FOR FEEDBACK

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

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

RECORDING OUR SUSTAINABILITY INDICATORS

Credible reporting is based on transparency and validity of data. We register the data of all relevant organisational departments that fall within the scope of our activities. The data undergoes checks to ensure a high level of data integrity. The reported indicators are rounded in accordance with standard commercial practice. In some cases, due to rounding, the sum of the figures given in this report may not exactly equal the stated totals and percentages may not precisely tally to the figures indicated.

REPORT ASSURANCE

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards (2021). We entrust the Accredited Certification International Limited (ACI) to verify the completeness and accuracy of our report. You can find a statement to this effect and a summarised GRI Index in this report.

PRACTICAL INFORMATION

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

Any feedback on our performance and initiatives, or suggestions as to how we may be able to improve the content and presentation of this report, would be most welcome. Please contact our Sustainable Development Department through our website at www.haesi.com.

