



**Sustainable Today
Thriving Tomorrow**

2022
Sustainable Development Highlights

SD 2030 Sustainability Vision

HAECO Group's SD2030 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 leader) by 2030

COMMUNITIES

4 times



increase in volunteering hours per employee by 2030 vs 2018

Establish a HAECO CSR Foundation Fund



(min. 1% investment of annual profits, include 0.5% Swire Trust by 2023)

Prioritise community engagement projects on our key focus areas:
Youth Development
Community Support
Environmental Protection

ENVIRONMENT

Climate



40%

CO₂e (Scope 1 & 2) reduction by 2030 vs 2018

Water



25%

Water intensity reduction by 2030 vs 2018

Waste



60%

of Waste (excluding liquid 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



PEOPLE



Safety

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

↓ **48.9%** Total Injury Rate
1.42

↓ **63.5%** Lost Day Rate
21.31

2022 Key Progress and Performance

Throughout the year we have consolidated and fine-tuned our existing safety systems, with introduction of new initiatives to enhance safety performance further. Our Group Safety and Quality (GSQ) management framework helps to standardise our approach to safety right across the HAECO Group.

Under this framework, we initiated the Group Safety and Quality Recognition Scheme to recognise and reward excellent performance in people safety and product service quality by individuals, teams, and entities.

Our Group entities were audited to assess how effectively they had implemented safety and quality systems based on the HAECO Integrated Standards and Recommended Practices. At the same time, our Group entities had completed ISO 45001: 2018 (Occupational Health and Safety Management System) certification, bringing the total of Group entities to have achieved this certification to 64%.

2023 Plans

We put safety first. In 2023, we aim to leverage on fostering individual staff commitment to safety across the HAECO Group through enhancing the effectiveness of the safety and quality systems utilising additional tools. To these ends, we plan to continue to impart to our people with comprehensive training which is designed to strengthen staff's competencies in safety and quality. The training will incorporate leading indicators from the HAECO Behavioural-based Safety Observation (HBBSO) programme, focused on making our safety and quality systems more resilient and effective.

At the same time, we will be incorporating the Business Process Management (BPM) for four key safety processes, namely the Management Safety Walks, HAECO Investigation Process, Risk and Change Management, and the HAECO Behavioural Based Safety Observation, which will involve coaching and engaging staff, reviewing and optimising the effectiveness of our safety system.





PEOPLE

Diversity And Inclusion

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

83:17 Male to female ratio
(strategic leader)

2022 Key Progress and Performance

HAECO accepts and values every one of its employees across every area of its operations. We are committing to nurturing individuals regardless of their age, gender and ethnicity, and also to supporting those who are differently abled or of different sexual orientation. We are constantly looking for new ways to build an inclusive workplace. These have included introducing a flexible working policy that has given employees greater flexibility in their working hours and working arrangements, and setting up HAECO Ability Allies, a group that is promoting disability-inclusive workplace behaviour and values through staff engagement as well as working to enhance physical accessibility in HAECO.

To drive mindset change and actively support under-represented groups, we ran a series of Unconscious Bias training sessions for all employees in the year, particularly for management and recruiters. The sessions addressed all kinds of unconscious bias that can negatively impact decision-making during operations and recruitment. HAECO Women's Network also launched a new mentoring programme to bring together senior colleagues with female employees at HAECO who are eager to develop themselves professionally.

2023 Plans

To push forward our D&I goals, we plan to fully implement a new D&I Recruitment Policy in 2023. The policy is aimed at addressing issues of unconscious bias in recruitment, and has the specific goal of increasing female representation in the HAECO workforce. One of its provisions, for instance, is that at least 30% of applicants for every opening should be female; another is that interview panels should be mixed in gender. We also expect the new policy to help HAECO increase its representation of people with disabilities within the workforce.

Having previously set up special Networks focused on gender, ethnicity and ability, we next intend to roll out a new HAECO CrossGen Allies. This Allies will aim at bridging the gap between different age groups, and providing a communication channel for knowledge exchange and cross-generation conversations.

Good communication is an essential component in any initiative to enhance diversity and inclusion. With this in mind, we will be undertaking the full launch of the Group communication portal, which will allow for fast and effective communication among all members of the HAECO Group. Accessible from any type of electronic devices, the portal will share the Group's Vision, Mission, & Values, initiatives and news, helping our organisation deliver a more consistent HAECO Group 'voice' and build closer connections among colleagues across entities.





ENVIRONMENT



Climate

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

↓ **7%** Carbon emission (Scope 1 & 2)
58,693 tonnes CO₂e

2022 Key Progress and Performance

Of all HAECO's carbon emissions, Scope 3 emissions (i.e. indirect emissions occurring in a company's value chain) make up 80%. In 2022 we completed a major Scope 3 carbon study at Group level to create a full carbon profile and ascertain the most significant sources of emissions to shape our future low carbon initiatives.

In HAECO Xiamen, a newly installed air-conditioning chiller pump is projected to reduce carbon emissions by 37 tonnes per annum, while electricity has also been reduced there with the installation of a fully automated lighting control system in one major area.

2023 Plans

In 2023, we will be working alongside Swire Pacific on plans to implement an Internal Carbon Pricing initiative, which will add accountability to our carbon emissions at every level. In addition to the 3-megawatt solar photovoltaic system at HAECO Hong Kong, other entities in Chinese mainland are installing a similar system, which should be completed by the third quarter of 2023. Meanwhile, our onsite scale-up of solar photovoltaic systems in Hong Kong and the United States will continue.

We are also beginning the electrification of our Ground Service Equipment. Two customised electric tractors are expected to be ready for service in late 2023. Besides, we plan to scale up our use of Internet of Things (IoT) technology across the Group in order to give us the measuring and analytical tools we need to improve on-site efficiency in our energy usage and air quality.



ENVIRONMENT



Water

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

↓ **2%** Water intensity
14.41 litre/attended hour

2022 Key Progress and Performance

In the year, we undertook a number of small but significant adjustments to our water usage practices that have helped reduce our water consumption. For instance, the new water treatment plant introduced at HAECO Engine Services (Xiamen) has enabled us to use more treated wastewater and hence reduce consumption of fresh water.

At HAECO Xiamen, small adjustments to water taps in the lavatories have made a big difference to water flow and usage. We also carried out a water balance test in Hong Kong to locate abnormal flow points and address wastage or leaks.

Overall, the year has seen increased storage of recycled water and improved utilisation of recycled water across the Group.

2023 Plans

We plan to improve the water consumption monitoring system and explore technology to control the key consumption more effectively. HAECO Hong Kong plans to install a number of 'smart water meters' in hangars for rapid collection and analysis of water consumption data, enabling us to pinpoint discrepancies and focus on improvement initiatives to save water.

To reduce water consumption, HAECO Composite Services, located in Xiamen, is planning to install a reclaimed water reuse system at the facility that will treat and reuse wastewater, including both sewage and industrial wastewater.





ENVIRONMENT



Waste

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

↑ **21%** Waste diversion from landfill
62%

2022 Key Progress and Performance

The year saw HAECO's Hong Kong operations revamp its waste separation guidelines in line with Swire Group practices and changing local regulations. The result, which will come into full effect in 2023, is a more efficient segregation of different waste materials for easier recycling or disposal.

Our facilities in Xiamen have adopted the waste-to-energy initiative, diverting over 1,600 tonnes of non-hazardous waste from landfill. Furthermore, over 15 tonnes of food waste from HAECO's Hong Kong was recycled by O-Park1, Hong Kong's first organic resources recovery centre. We have run several awareness campaigns over the year to raise awareness of food waste recycling and increase the collection rate.

HAECO Americas partnered with a local recycler to manage and convert the wood packaging scrap produced from operations into industrial mulch products that can be used on construction sites.

2023 Plans

Our goal is to divert as much waste as possible from landfills, and to recycle, compost or reuse any waste we do produce. In 2023, all HAECO entities will be encouraged to undergo a waste audit to identify their overall waste profile and pinpoint opportunities for reducing, recycling or diverting the waste they produce.

Having successfully reduced wood waste through recycling initiatives, in 2023 we will explore similar opportunities to scale up our wood recycling across the Group, particularly in the United States.





ENVIRONMENT



Suppliers

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

100% High risk & key suppliers in compliance with Ethical & Environmental Standards as per Supplier Code of Conduct

2022 Key Progress and Performance

Our suppliers are required to comply fully with the updated HAECO Supplier Code of Conduct (CoC). We also developed an Environmental Evaluation Questionnaire for use in all tender exercises. The questionnaire is helping us better understand and evaluate the sustainability qualities of vendors, in areas such as environmental attributes, systems and management.

We formulated a sourcing guideline on Fuel and Gas for all HAECO Group entities, covering four key areas – Product Selection, Ways to Govern, Ways to Reduce Usage, and Ways to Dispose. This is an essential move towards achieving our 2030 Climate Target by locating the most environmentally friendly suppliers and sources of fuel and gas products.

Our supplier management involves periodic reviews of key areas, and we ran a sustainability risk assessment on our suppliers of uniforms as we had previously identified uniform material as having a high sustainability risk. The assessment was positive, with sustainability risks associated with our existing uniform suppliers being rated as 'low'.

2023 Plans

In 2023, we plan to carry out a bi-annual comprehensive sustainability risk review on our key suppliers. The review will help us identify any significant sustainability issues associated with suppliers, and develop mitigation plans.

We are continuing to seek a more comprehensive tool for assessing supplier risk, and are optimistic that such a tool can be identified in the year ahead. We will also continue to explore ways to enhance our understanding of Scope 3 emissions in the HAECO supply chain, and specifically to improve our supplier data management.





COMMUNITIES

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

200+ Volunteering hours

HKD\$3M Charity donation

2022 Key Progress and Performance

All the community work undertaken by HAECO has a simple goal: to create a better future for our local communities by addressing long-term local issues in the regions where we operate. In 2022, we provided monetary donations and volunteer hours to over 20 non-governmental organisations (NGOs) and related groups providing services for young people, the elderly and those in need. These included Green Power, Second Harvest Food Bank, The Salvation Army, and Make-A-Wish Foundation. We also supported education, sports and the arts, through initiatives that included HAECO Invitational Basketball Tournament, and various bursaries and sponsorships for promising students in Hong Kong.

To coordinate and optimise HAECO's work in this area, in the year we took steps to set up a new HAECO Corporate Social Responsibility (CSR) Fund, which will centralise the funding available for our CSR work. Three new regional CSR leads have also been appointed to take responsibility for resource planning and allocation in charitable work, and to encourage cross-entity collaboration and synergy. A set of guidelines have been developed for the fund that will enhance the governance of the fund committee and the CSR leads.

2023 Plans

HAECO's community work will continue to be wide-ranging and inclusive in nature. A number 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 establishment of our new HAECO CSR Fund, we expect to be able to work more efficiently in our CSR activities in the year ahead, connecting up our initiatives across different regions. In Hong Kong, we will also continue to support various Swire Trust initiatives in our targeted areas.

