

Sustainable Development Report 2014

Best in the World Best for the World



RESPECT

COMMITMENT

EXCELLENCE

TEAMWORK

INTEGRITY

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01

Director and General Manager's message

A man in a dark suit and red tie stands next to a large industrial turbine engine. A red sign in the foreground reads "TRENT XWB FIRST ARRIVAL AT HAESL". The background is a solid blue color with a large gear graphic.

**TRENT
XWB**
FIRST ARRIVAL
AT HAESL



Director and General Manager's message

Following a record year in 2013, activity at HAESL was reduced in 2014. Revenue of US\$1,074 million (23.6% reduction from 2013) was generated through a workload of 1.13 million sold man-hours (27.5% lower than in 2013).

We continued to maintain a close focus on workplace safety during the year. However, we incurred 8 lost time injuries during 2014 which – although a reduction from the 13 experienced in 2013 – is still at an improvement level. Most, if not all, injuries are avoidable and we continue to strive to improve employees' awareness of risk in their workplace and around the HAESL site as a whole. The weekly Management Safety Walks continued successfully throughout the year. In addition, we have a number of safety measures in place for all our processes, including Job safety analysis as well as the I care I report I resolve scheme to monitor safety from top down and from bottom up.

HAESL's value depends on the sustainable development our business and the goodwill of the employees and community in which we operate. In 2014 we put our sustainability commitment a step further by launching a volunteer policy that recognises and promotes staff committing to outside working hours supporting HAESL endorsed volunteer work. In line with this, a series of activities were lined up to encourage staff and his/her family as well as retired employees to engage in socially responsible activities. Some notable experiences were volunteer days with employees' families in one of the World Wildlife Fund (WWF) education centre as well as wall painting for youth hostels to provide better training experience for local leadership training. In addition, employees' children were able to benefit from HAESL being a member of WWF to learn about migrant birds, marine conservation as well as sustainable seafood at various sustainable development programs throughout the year.

Sustainable development is integral to our commitment to maintenance, repair and operations. However, in order to stay focused what matters, we tended to identify the

influential and impactful sustainability aspects to our business and to report them. In 2014, we aligned our stakeholder engagement process with a materiality assessment according to the GRI G4.0 guideline, which this SD report is based on the identified materiality aspects and communicate internally and externally.

Looking forward, our objectives are to further improve our sustainability initiatives and to influence our employees to commit further. To achieve these objectives, we will expand what we have done well in 2014 and improve our 2015 programs further such as enhancing our food waste handling as well as further developing our energy savings plan.

Richard Kendall

HAESL Director and General Manager

02

About this report





About this report

Our Sustainable Development Report describes the economic, ecological and social challenges and opportunities that are linked to our operations at Tseung Kwan O, Hong Kong SAR, China, and shows the strategies and solutions that we are applying to meet them. With this report we provide comprehensive, clear and concise information on all issues that we and our stakeholders consider to be of relevance for sustainability.

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. This report covers the calendar year from 1st January, 2014 to 31st December, 2014.

In our reporting we align ourselves to the GRI G4.0 report in accordance with the Core option. In order to focus on what matters to our business, a materiality identification exercise was conducted in 2014 and this report keeps the identified material aspects within this reporting scope. We contracted the Hong Kong Quality Assurance Agency (HKQAA) to verify the completeness and accuracy of our report. You can find a statement to this effect and a summarized GRI index [page 40-47].

Recording our sustainability indicators

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

Practical information

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

Whilst we have endeavoured to provide the most accurate view possible of our performance, we acknowledge that further improvements can be made with respect to data collection. This is something we will continue to refine and improve the accuracy of in future reports.

Any feedback on our performance and initiatives, or suggestions as to how we may be able to improve the content and presentation of this report would be most welcome. Please contact our Sustainable Development Manager Kenny Tsang by email at sd@haesl.com or through our website at www.haesl.com.

03

Our Company: Best in the World – Best for the World





Our Company: Best in the World – Best for the World

HAESL is a world-class Maintenance Repair Organisation (MRO) with core competencies in the overhaul, repair and modification of large fan civil aero engines and their components.

In conjunction with our shareholder and Original Equipment Manufacturer (OEM) – Rolls-Royce, sustainability is integral to our business, and we strive to meet our goal to be recognised as a prominent sustainable business which safely powers some of the largest civil aircraft fleet operators worldwide.

We regard employee health and safety and the safety of the general public as paramount in everything we do and continue to monitor safety performance in the workplace. Generating value for our customers, shareholders and employees is achieved by providing dependable and economical maintenance services. By doing this well, we ensure that we retain our customers and are able to offer competitive proposals to secure new customers, which in return contributes to our local society by providing employment opportunities.

Our HAESL values Tea & Rice – Teamwork & Respect, Integrity, Commitment and Excellence established in 2013 were well practiced in 2014 and continued to be a key driver for the implementation of our mission – “Best in the World – Best for the World.”

Our story

HAESL’s origins precede its official founding by extending back to the 1950’s when the Swire group identified the aviation industry as a potential business opportunity. Having no experience in aviation but with expert engineering skills in ship maintenance, Swire formed the Pacific Air Maintenance & Supply Company (PAMAS), which later merged with Jardine Air Maintenance (JAMCo) to become Hong Kong Aircraft Engineering Company Limited (HAECO).

The growing demand within the aviation industry and a desire from HAECO to grow within the Asia region led to an astute strategic decision to form a Joint Venture with a leading aero engine Original Equipment Manufacturer (OEM); hence HAESL was founded in

Hong Kong in 1995 as an equal share joint venture between Rolls-Royce plc and HAECO. Becoming operational in 1997 with the testing of the first Trent 700 engine, HAESL has tested over 3,000 engines.

This winning combination of leveraging on Rolls-Royce’s strength as an OEM and two of the most experienced Maintenance Repair Organisations in Asia allows HAESL to offer high quality and comprehensive services to its customers.

Our investments

In 2014 we continued with our strategy to grow the business and meet the demands of the inevitable future expansion of the aviation industry by securing approval from the Board of Directors to develop capability to support servicing of the Rolls-Royce Trent XWB engine.

The Trent XWB engine has been designed for use on all variants of the Airbus A350 XWB aircraft and will have the lowest carbon emissions of any aero engine installed on wide-body aircraft. In addition, it will be the most environmentally-efficient engine thus far in the Trent engine family.

With more than 780 orders for the Airbus A350 aircraft coming from operators within Asia and the Middle East, we are strategically well positioned to capture a large share and capitalise on our investment.

Our sustainability strategy

Our strategy for sustainability of striving to shape future success as an integral part of our day-to-day work routine remained unchanged in 2014. We believe this strategy plays an important role to deliver and maintain our mission of being “Best in the World – Best for the World”. Our ability to continually deliver to our customer’s safe services within an agreed time frame and maintain a high standard of quality ensures that we are well positioned to meet the global challenges of our time.

04

Highlights of HAESL Sustainable Development



Sustainable Development Highlights

Our Environment

- Plant maintenance order (PMO) in duplex printing to save 128 trees per year
- 146 units of metal halide lights replaced by LED in Phase 1 module change workshop
- 580 units of T8 replaced by LED tubes in Phase 2 store area
- Jet fuel, electricity and Towngas have shown reduction in usage in 2014

Health & safety

- Fully implemented Job Safety Analysis
- LTI rated reduced by 21%

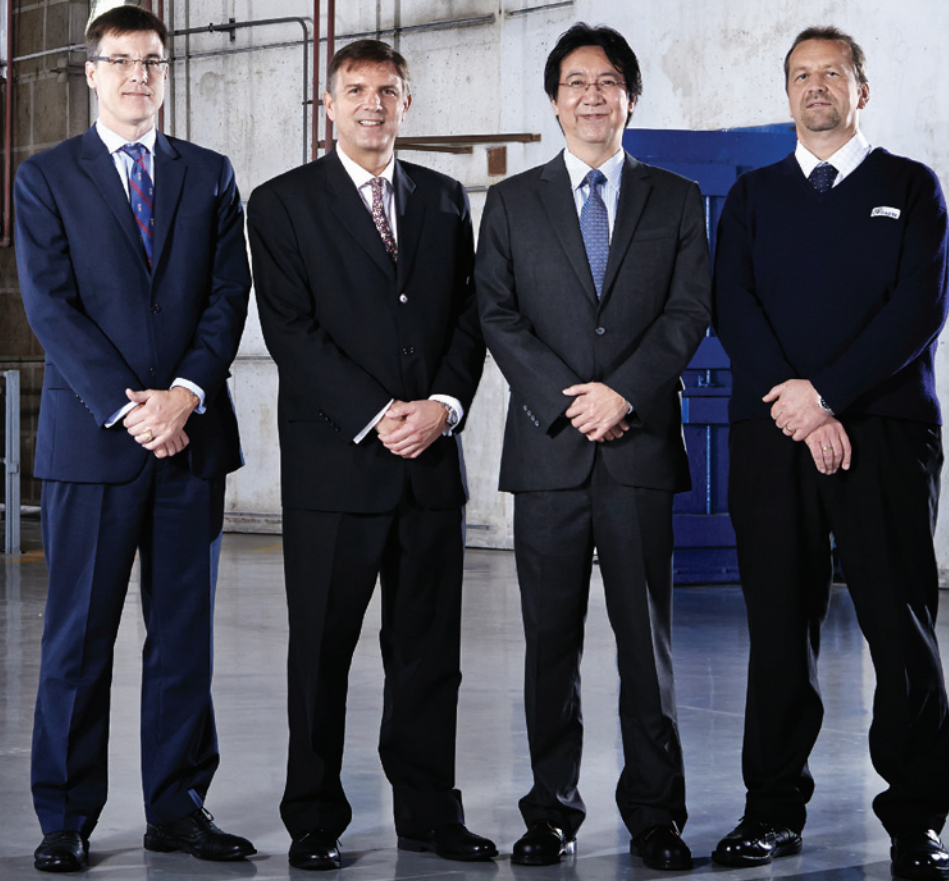
Community engagement

- Volunteer service leave policy implemented
- Engagement theme focus on environment and children & youth development
- Programs included staff with family and friends
- Continued supporting the World Wide Fund (WWF) through becoming a silver member and participating in numerous environmental supporting programs throughout the year.



05

Governance structure and committees





Governance structure and committees

Company Governance

HAESL's Board of Directors conveys the highest priority to strategic governance, and is the methodology by which HAESL is directed in the interests of all its stakeholders. The strength of HAESL's values, its reputation and its ability to achieve its objectives are influenced by the effectiveness of its approach towards strategic governance. The Board of Directors comprises of seven Non-Executive Directors and one Executive Director, and meets four times a year. Directors include three appointed by HAECO, three by Rolls-Royce, one by SIA Engineering Company, and the HAESL Director & General Manager. The board members are British, Chinese and Singaporean with one female member. All the non-executive directors, those with no involvement in the day to day business management, are appointed by the shareholders according to business expertise and qualification.

Senior management leadership team

Lead by our Director & General Manager – Richard Kendall, three other General Managers with individual executive responsibility for Commercial activities, Finance & Administration, and Operations make-up the Senior Management leadership team. The Senior Management team acts as the HAESL Executive Committee to establish long-term objectives and strategies for HAESL, and defines directives and principles for the resulting company policy. The Senior Management team decides on the portfolio, develops and deploys managerial staff, allocates resources and holds responsibility for the company's financial steering and reporting.

Sustainable development committee and other committees

Within the business, HAESL's sustainable development issues are governed by the HAESL Executive Committee, the Human Resources Manager and the Sustainable Development Manager.

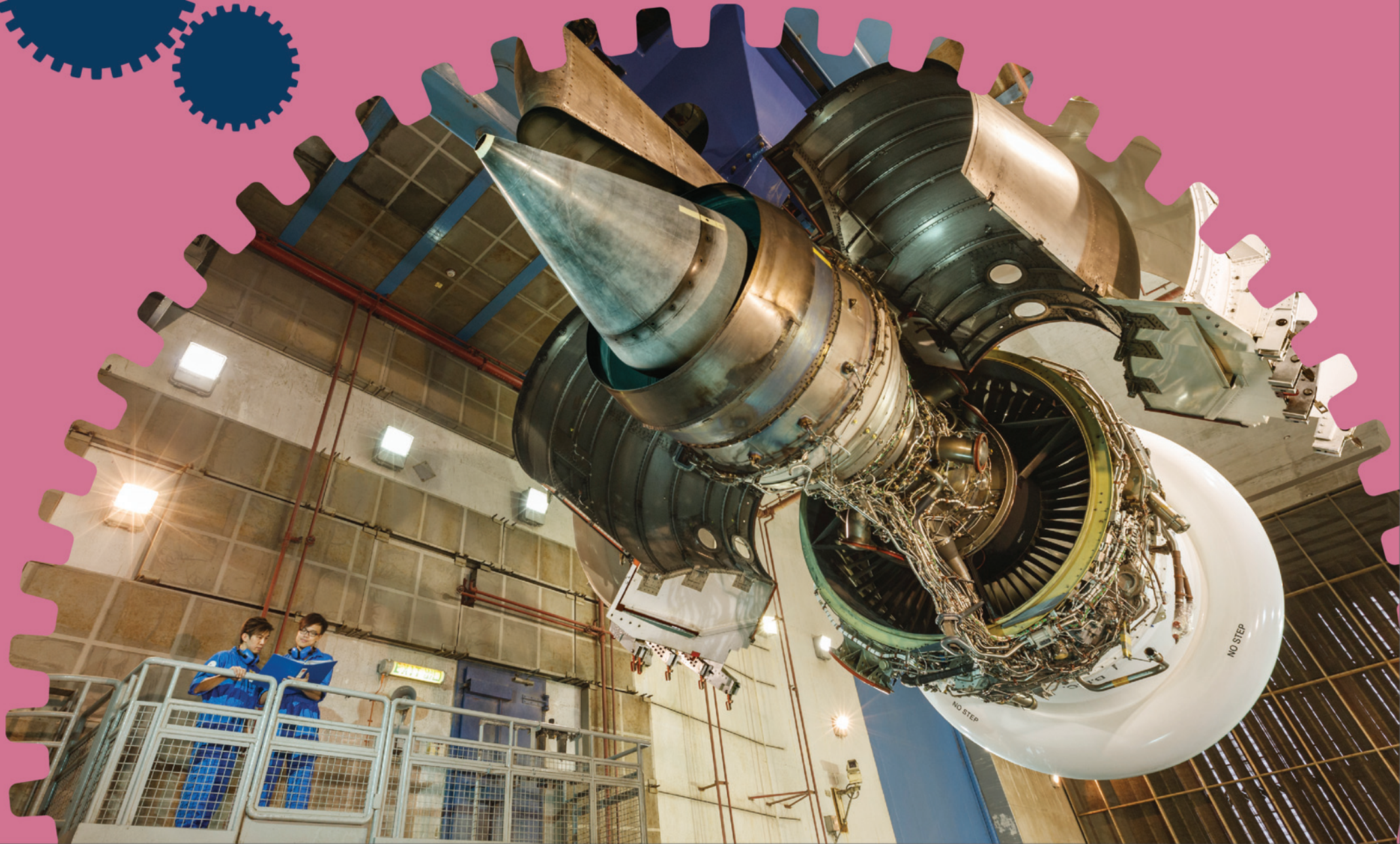
The role of the Sustainable Development Committee is to ensure that the expectation for sustainability from our shareholders and stakeholders is fulfilled by implementing appropriate and sustainable policy. That includes planning, executing, reviewing and improving Corporate Social Responsibility and environmental protection programs that have aligned with the SD Strategy. In addition, the Sustainable Development Committee strives to develop our business operations such that they operate in a resource efficient manner, minimising waste and pollution.

The Sustainable Development Committee meets on a regular basis to ensure adequacy of communication and promote sustainability throughout the business.

In order to maintain strong communication between management and all levels of staff, a number of committees representing key business aspects are established. These include an Occupational Safety & Health (OSH) Performance Review Group, a General Staff Consultative Committee, and the Contract Staff Association. The OSH Performance Review Group comprising of all Function Heads and chaired by a Senior Manager meets bi-monthly to discuss OSH related issues, risks and opportunities. The General Staff Consultative Committee and the Contract Staff Association are the two major channels between all employees and management, and meet routinely with the Human Resources Manager and a member of the Senior Management team.

06

Our Approach to Sustainable Development



Our Approach to Sustainable Development

Sustainable development is integral to our commitment to our engine maintenance and repair operations. However, in order to stay focused on what matters to HAESL we identify those aspects which have the most influence and positive impact to our business and communicate them. In 2014, we aligned our stakeholder engagement process according to the GRI-G4.0 guideline. One of the most important and fundamental guiding principles in the GRI is the concept of materiality.

A materiality assessment was carried out to enable us to report sustainability issues that cause the most significant economic, environmental and social impacts. A list of aspects was set out for each of the three categories. Initial relevant aspects were selected by our

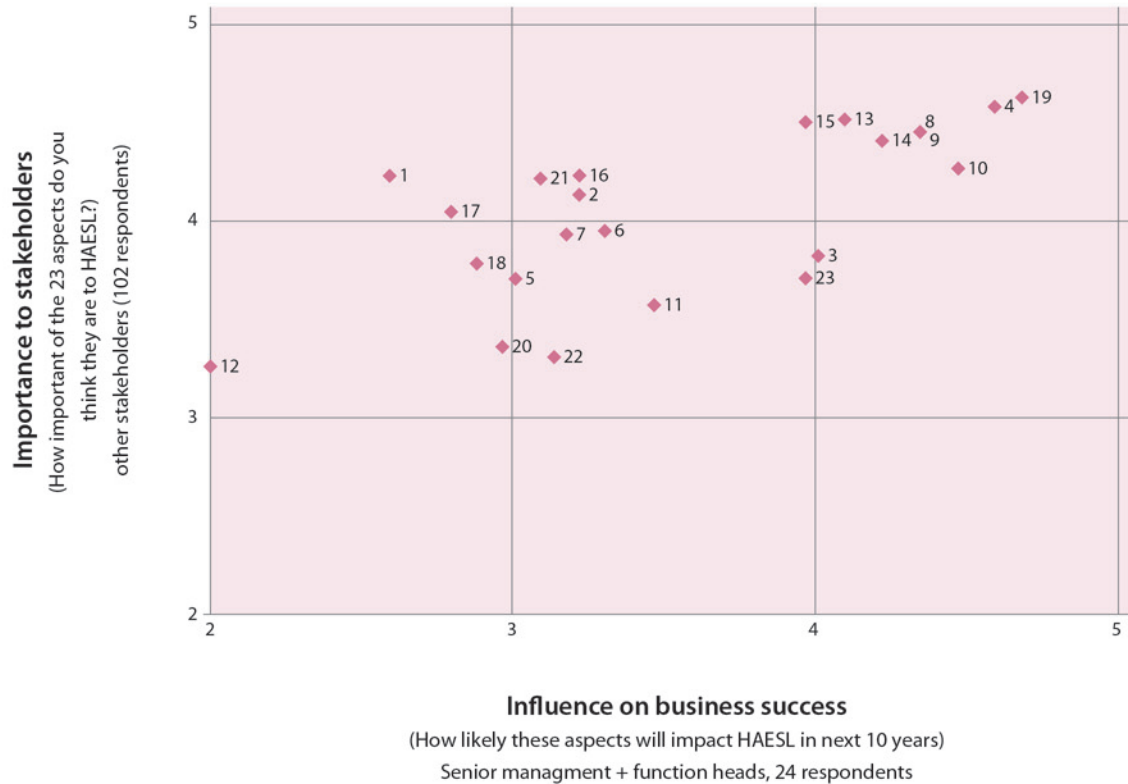
management team and we invited our internal and external stakeholders to score the selected aspects according to their importance to the business. For the internal stakeholder group, we invited more than 10% of our front line staff, supervisors, assistant engineers and engineers to conduct the materiality assessment. For the external stakeholder group, we invited representatives from government bodies, suppliers, business partners, shareholders and the local community to conduct the assessment. We also engaged with all of our senior management and function heads and production managers to score the same selected aspects according to the significance to the business. Survey, interviews and meetings with different groups were also used. As a result, a materiality matrix from the assessment was developed and validated by our Sustainable Development Committee.

Table 1. Issues considered.

Our Business	Our Value Chain	Our Environment	Our People	Our Commitment
Quality performance	Compliance	Materials	Employee engagement	Community investment/ development
Economic performance	Occupational Health & Safety	Energy use and GHG emission	Employee development and succession planning	
Customer satisfaction and responsibility	Procurement practice/ responsibility	Waste management	Labour management/ relation	
Indirect economic impact	Customer privacy	Water	Grievance mechanism	
Quality performance	Anti-corruption/ bribery		Freedom of association and collective bargaining	
	Food safety and hygiene		Human rights and non-discrimination	
	Anti-competitive behaviour		Child Labour	

Our Approach to Sustainable Development

HAESL Materiality Matrix



- 19 Quality performance
- 4 Economic performance
- 10 Employee engagement
- 9 Employee development and succession planning
- 8 Customer satisfaction and Responsibility
- 14 Compliance
- 13 Occupational Health & Safety
- 15 Labor, management/ relation
- 3 Indirect economic impact
- 23 Materials
- 11 Procurement practice/ responsibility
- 6 Energy use and GHG emission
- 16 Grievance mechanism
- 2 Waste management
- 7 Customer privacy
- 21 Anti-corruption/ bribery
- 22 Anti-competitive behavior
- 5 Freedom of association and collective bargaining
- 18 Water
- 17 Human right and non-discrimination
- 20 Community investment/ development
- 1 Food safety and hygiene
- 12 Child labor and forced labor

Material issues are of high importance to our stakeholders and significance to our business. We will cover the high priority issues in detail.

High Priority issues	Impact location (Inside/ Outside HAESL)		Location to find the relevant information
	Inside	Outside	
Quality Performance	✓	✓	Chapter 9: Compliance and quality performance
Economic performance	✓	✓	Chapter 9: Economic performance
Employee engagement	✓		Chapter 6: Our approach to sustainable development Chapter 7: Our people and our community
Employee development and succession planning	✓		Chapter 7: Our people and our community
Customer satisfaction and responsibility	✓	✓	Chapter 9: Our business and value chain
Compliance	✓	✓	Chapter 9: Our business and value chain
Occupational Health & Safety	✓	✓	Chapter 7: Our people and our community
Labour/ Management relation	✓		Chapter 7: Our people and our community
Indirect Economic impact	✓	✓	Chapter 9: Our business and value chain
Materials	✓	✓	Chapter 8: our Environment

07

Our People and Our Community



Our People and Our Community

Introduction

Recognising that the development of our staff is a key to staff sustainability in every case, HAESL strives to support, reward and motivate all employees in many different ways. We regularly review employee policies and aim to retain high quality staff. On-Job Training, soft skills training, departmental offsite training and the Outward Bound adventure race for team building events are organised throughout the year.

Employment

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

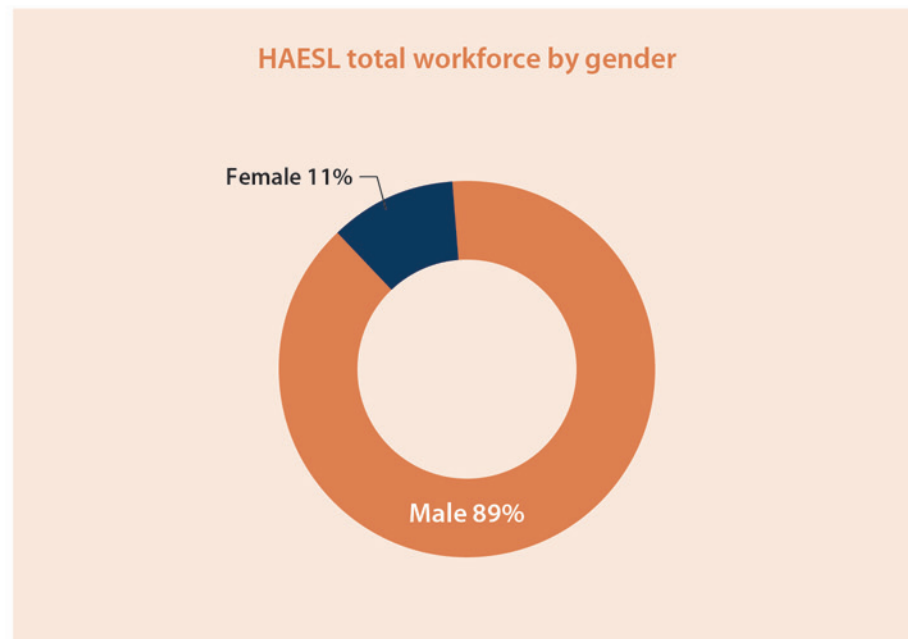


Fig.1 Total workforce by gender (excluding 34 seconded employees from the total number of 935 employees)

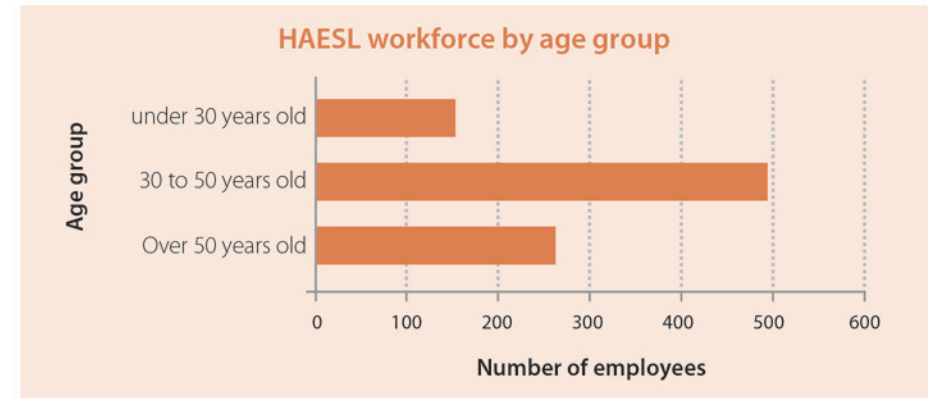


Fig. 2 HAESL workforce by age group (excluding 34 seconded employees from the total number of 935 employees)

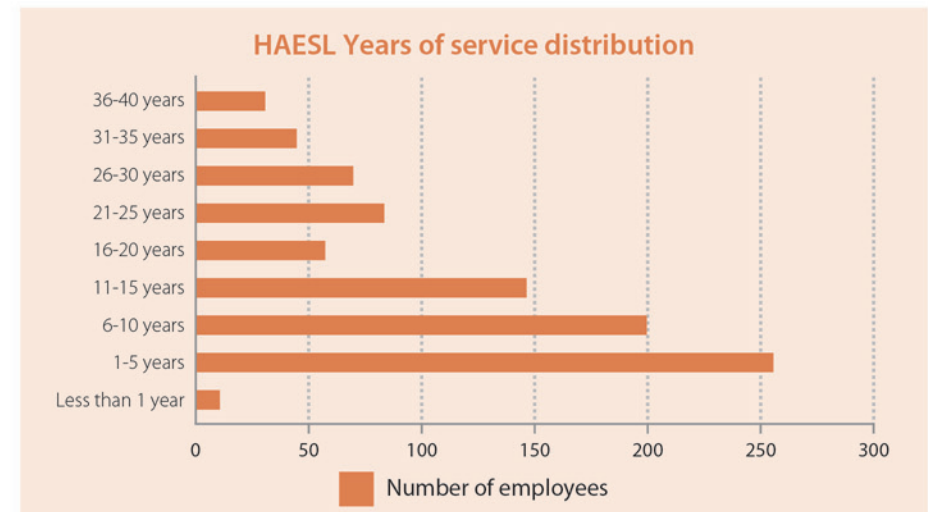


Fig 3. Years of service distribution (excluding 34 seconded employees from the total number of 935 employees)

Our People and Our Community

Labour/ management relations

Communication is the foundation of our teamwork and efficiency. Throughout the year, HAESL focused on establishing channels to ensure the voice of the employees was well received by management. Twice per year, Senior Management hosts briefing sessions with all employees to provide a forum to announce key financial results, operational updates, forecasts and objectives. This bi-annual event requires all employees to attend and encourages them to raise questions and suggestions directly to the Senior Management team. To maintain effective communication with employees, HAESL's management conducts regular meetings with the General Staff Consultative Committee (GSCC) and the Contract Staff Association (CSA) to address staff concerns and solicit their opinions on employee welfare services. To keep our staff updated on the company's business, up to date information is communicated through weekly staff briefings, LCD display screens, and numerous staff notices accessible through the company's intranet portal. A regular publication, known as HAESL.com is also distributed to staff members on a quarterly basis. All of these forms of communication enable staff to receive the most up-to date information and be informed of any changes that may affect them.

Occupational Health and Safety

Safety Review Board

The Safety Review Board (SRB) meets quarterly to provide a forum for the strategic planning, review and first level governance of company management systems for Safety and Risk. SRB members consist of the Director & General Manager (who is accountable manager and chairperson) - Richard Kendall, General Manager Operations, General Manager Commercial & Materials Management, General Manager Finance & Administration, Quality Assurance Manager, and the Safety & Improvement Manager. The Safety Review Board focuses on developing strategy that strives for continual improvement of safety, reviewing safety performance against established objectives, and provides the necessary support and resources for execution of the Safety Management System.

Occupational Safety & Health Performance Review Group

The Occupational Safety & Health Performance Review Group (OSHPRG) meets every two months to provide a tactical entity to deal with specific Occupational Safety & Health (OSH) implementation issues per the direction of the Safety Review Board. Membership of this group consists of Function Heads who help in promoting a positive safety culture, ensuring effective communication of OSH information, reviewing operational OSH performance and acting as the Departmental forum for consultation with staff on OSH matters.

Occupational Safety & Health Work Group

The Occupational Safety & Health Work Group (OSHWG) acts as an interface between the Occupational Safety & Health Performance Review Group and employees so that Occupational Health & Safety (OSH) initiatives are executed in a systematic manner. Members of the OSHWG are staff representatives elected every year by all HAESL staff. The group meets every month with specific aims of assisting with the implementation of the Safety Policy, proposing initiatives to improve OSH performance to the OSHPR group, conducting periodic site inspections, advising on the practicality of compliance with OSH rules, arranging OSH promotional activities and campaigns, and positively influencing OSH across the business.

Type of Injury

Injuries resulting in 2014 full-year



I Care I Report

The aim of I Care I Report (ICIR) is to minimise the potential for accidents to occur through encouraging staff to report possible Health and Safety issues and concerns.

Each ICIR submitted is assessed and scored against four criteria – quality of the report, severity of the impact, likelihood of occurrence, and effort made to correct the problem. Scores range from 0 to 25 points. In 2014, 379 ICIR submissions were received with 115 reports declared as proactive reports, which its reporter cooperated with other colleagues to resolve safety problems together. Although the total number of ICIR reduced in 2014 compared to 2013, the percentage of proactive reports increased demonstrating an improvement in the quality of the reports received.

We believe that the I Care I Report mechanism will continuously encourage everybody to proactively engage in safety related issues and take collective responsibility for our health and safety.

Senior Management Safety Walk

In 2014, we conducted our 100th Senior Management Safety Walk. This programme was introduced in late 2012 and aims to identify potential hazards in the company. It is conducted on a weekly basis by our senior management together with responsible area managers, the Safety & Improvement Manager, and Health & Safety team members.

Through their high level of commitment, the Senior Management Safety Walks identified more than 1,100 hazards at different areas within HAESL throughout the year. This good practice will be continued to further reduce the likelihood of Lost Time Injury and encourage staff to focus on improving safety.



Safety Walk at Waste-water Treatment Plant

Safety Training

Basic safety training is provided to every new employee as part of their induction into HAESL. Conducted within their first 3 months of service, the training ensures that new staff are made well aware of the hazards in their new environment and the part they must play in maintaining a safe and healthy work place.

In addition to induction training, safety management training, mandatory safety training and job specific safety training is provided to staff based on their individual needs.

Our People and Our Community

Job Safety Analysis (JSA)

The Job Safety Analysis programme (JSA) was implemented to identify, evaluate and manage job related hazards to reduce the impact and likelihood of them occurring to As Low As Reasonably Practicable (ALARP).

Working practices and processes are risk assessed by trained, competent risk practitioners. All potential hazards identified are risk assessed against individual standard scoring schemes for health and safety, and product safety. Hazards deemed as high or medium risks are mitigated within a scheduled time frame.

In 2014, 48 JSAs were completed and this programme will continue in 2015 with an annual target of 43 JSAs.

2014 Objectives	Progress
1. Fully implement a comprehensive Job Safety Analysis scheme as a HAESL key risk programme for operational risk	Completed
2. Maintain weekly safety walk by HAESL senior management team in 2014	Completed
3. Safety awareness training for supervisor	Training for managers was provided. Training for supervisors will be provided in 2015.
4. OSH Poster/Video competition	Superseded by the best ICIR report awards selection.

2015 Objectives
1. Enhance ICIR, JSA and Safety Walk databases to facilitate data analysis
2. Maintain weekly safety walk by HAESL Senior Management Team in 2015
3. Deliver Quarterly Safety Awareness training to relevant staff
4. Conduct Hazard and Operability Analysis for selected hazardous processes

Training and Education

As an aero engine overhaul and component repair company, our employees are required to maintain a high level of competence with the correct skills and appropriate knowledge of a number of aspects including safety, repair techniques, aviation regulation and customer requirements. Professional and approved training programmes are provided to every employee at all levels of the organisation. Training is provided according to the results of an annual training needs analysis and is administrated through an employee training matrix for every employee. At the beginning of each year, every employee's training plan is reviewed and updated. The HAESL training centre is one of the most utilised facilities in HAESL. In 2014, HAESL provided in excess of 30,000 training hours to its employees.



Training hours delivered in 2014

By employee category

Executive - Top/Senior management

- Middle/Junior management & supervisory

Non-exec - Customer facing staff

- Non-customer facing operational/technical staff

- Others

Total

No. of employees as at 31 Dec 2014	Total training hours in 2014	Average hours of training in 2014
4	18	4.50
181	8,453	46.70
5	82	16.40
546	20,044	36.71
165	5,647	34.22
901	34244	

Our People and Our Community

Programs for skill management and lifelong learning

In addition to core business related training, HAESL also provides training programs that provide management employees with the appropriate management skills as well as lifelong learning. These programs include a leadership training program covering conflict management and trust building. Risk management training is provided to all engineers and above graded employees. Performance appraisal skill training is provided to all supervisors and above to ensure consistent quality performance and career development reviews are carried out on all employees each year.

Departmental training day

Throughout the year, each department is provided with the opportunity to organise its own training day termed as an “away-day”. Each Department Manager creates a training theme which focuses on providing staff with knowledge of their colleagues as well as company business. The away-day can take many different forms such as a team building workshop, a volunteer day, and a museum or factory visit.

Employee engagement and succession planning

Through understanding our employee’s concerns, it contributes to making HAESL better. We provide a wide range of communication channels to gather employee feedback about our business activities. These channels include:

Annual employee engagement survey

This anonymous survey allows each employee to provide their response to a set of questions aimed at understanding how the company is perceived by each employee. Staff comments are analysed and communicated directly with senior management. Feedback is also provided through the company magazine and focus group meetings to provide staff with the results of the survey and management’s response to their suggestions and concerns.

Other Communication channel

To maintain effective communication with employees, HAESL’s management conducts regular meetings with the General Staff Consultative Committee (GSCC) and the Contract Staff Association (CSA) to address staff concerns and solicit their opinions on employee welfare services. Updates to staff on company business are provided through staff briefings, LCD display screens, staff notices on the company intranet portal, and a quarterly publication, known as HAESL.com.

Storyboard

HAESL holds regular Q&A briefings with all employees. These briefings are known as a “Storyboard”, and are designed to raise staff awareness of company strategy. By separating staff into small groups, department managers present a wide variety of management concepts and share background on how and why decisions have been made. The advantage of the Storyboard is to provide a platform where discussions can be held between staff members and the company’s management. A storyboard question bank was established in 2011 to record all questions for management to respond to.

Career Development

The HAESL Engineering Graduate Trainee (EGT) Programme was established in 2000 with the aim of developing a pool of professional engineers through a structured four-year training programme. Each year we recruit graduates with high potential to join the programme.

The programme is comprised of two years' cross-functional training within the business; aligned with the requirements of the HKIE Scheme A, followed by a two-year placement in one of our core operational units.

As part of the development plan, our trainees undertake secondment with our major customers, such as Cathay Pacific Airways and Rolls-Royce (U.K.). This experience not only helps broaden their understandings of the aviation industry, but also gives them an early exposure to some of our key business partners.

The HAESL General Graduate Trainee (GGT) Programme was established in 2011 with the aim of attracting high calibre graduates from various business streams and developing them to be future leaders through a structured four-year training programme.

To equip GGT's with all round management skills, they undergo comprehensive training in production departments to become familiar with the company's core business operations, as well as receiving training in supporting departments, such as Information Technology, Finance, and Human Resources departments.

Similar to the HAESL Engineering Graduate Trainee Programme, the GGT Programme consists of two years cross-functional training within the business, followed by a two-year placement in one of our supporting departments and a secondment to our major customers, such as Cathay Pacific Airways and Rolls-Royce (U.K.).

Our commitment and engagement with community

Volunteer Service Leave Policy 港發義務工作假期政策

In the beginning of 2014, HAESL announced a new Sustainable Development scheme called HAESL Volunteer Service Leave. This scheme encourages staff to commit to volunteer work. The scheme in principle allows staff to exchange a day off (up to a maximum of 2 days per year) for every 10 hours of volunteer work approved or organised by HAESL.

Up to the end of 2014, HAESL had held 15 events of community engagement and environmental protection programs creating over 100 completed volunteering hours for our environment and society.

For those employees whose schedule does not permit performing volunteer work at weekends, they make use of the time after work during week days to participate in cleaning and packaging toys for the Toy Bank event. With the strong and wide community network from the Swire group as well as HAESL's local community network, staff can easily find suitable volunteer work that relates to HAESL engagement theme. i.e.

1. Environmental Protection
2. Children and Youth development

Through all the programs for our employees, we also wish to strengthen Staff morale and create a sense of belonging.

Our People and Our Community

Our community engagement programmes held in 2014

Toy Bank
Red Pocket recycling program
Flag Day
Wetland bird watch
Outward Bounder Adventure race
Airport terminal visit
Evangel Children's home visit
Gardening at Historical Monument by WWF
Rice dumpling event
Gei Wai prawn harvesting by WWF
Moon Cake event
Moon Cake box collection and recycling program
Painting day at local Youth Hostel
Marine Park visit
Wall Calendar donation to elderly home



HAESL joined HKIE's Discover Aviation Careers 港發參與工程師學會之航空職業博覽

On the 25th – 26th February 2014, HAESL contributed to “Discover Aviation Careers 2014” organised by the Hong Kong Institution of Engineers. This event aimed to promote the aviation industry to attract youngsters to develop their career in this field. To support the event, HAESL showcased a Trent 500 engine, an Intermediate Pressure (IP)



Compressor Module and a number of individual engine parts. HAESL Engineers demonstrated bore scope inspection and bore-blending techniques on the IP Compressor Module. All demonstrations and exhibits were well received by the visitors and stimulated considerable interest to learn more about aero engine repair. In addition, our Director and General Manager, Richard Kendall and our Component Repair Manager each delivered a



lecture on introducing HAESL and the technology applied to the repair of turbine components respectively. With our efforts targeting to increase the general public's understanding of the aviation repair industry, we are looking forward to seeing more young people becoming engaged in this field.

HAESL Supports Innovation Technology Scholarship Award Scheme

港發支持創新科技獎學金計劃

Since 2011, HAESL has been one of the 16 Local Internship programme supporting organizations for the “Innovation and Technology Scholarship Award Scheme”. This Scheme is organized by the Hong Kong Federation of Youth Groups (HKFYG). In 2014, 25 outstanding local undergraduates were awarded a scholarship and took part in a series of programmes including local internship in a technology company, a university and a government department. In 2015 HAESL will offer an industrial training opportunity to one of the scholarship awardees who demonstrates passion for aircraft engineering and the aviation industry. By providing our continued support to this Scheme, we expect the internship will broaden students' horizons in the engineering field so that they will pursue their life-long career in this field.



08

Our Environment



Our Environment

Our environment

As a leading aero engine Maintenance, Repair and Overhaul (MRO) Company, we endeavour to conduct our business in a responsible and sustainable manner exercising stewardship of the valuable resources we have at hand. We ensure that all potential adverse impacts of our operations on the environment are identified and appropriately managed.

Over the course of 17+ years of operations in Tseung Kwan O we strive to implement a number of initiatives to minimise our local environmental impact and continually aim to make further improvements.

Environmental performance (energy consumption, water usage & Carbon)

Energy consumption types

Our overall energy usage includes direct and indirect sources as listed below:

Direct energy sources	Purpose
Jet A1-fuel	Fuel for engine testing before returning the engine back to customers
Towngas	Food processing in staff canteen
Acetylene gas	Welding and cutting for engine component repairs

All Indirect energy sources	Purpose
Electricity	Business operation
Business travel	Business operation

Electricity

Our electricity consumption was recorded at 28,789,515 KWH in 2014, a decrease of 1.6% from 2013. Our average consumption is 14.07 kWh/1000 worked hours, which represents a 26.56% increase over last year.

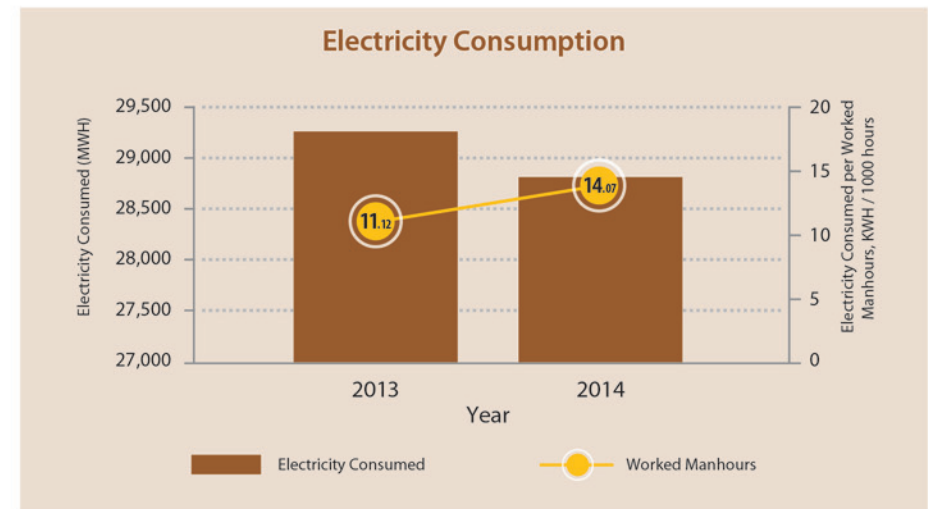


Figure 1: Electricity consumption vs. Electricity consumed per 1000 worked man-hour in KWH

In 2014, our electricity consumption decreased and increased in energy intensity is due to a reduction of total worked hours. Fixed costs such as air-conditioning as well as operating costs remained stable throughout the year.

Our Environment

Towngas

Towngas consumption decreased from 623,376 MJ in 2013 to 515,280 MJ in 2014. The decrease is attributed to a decrease in headcount and a corresponding decrease of meal production output from our canteen. 286,791 staff meals were served in 2014, equating to an average Towngas consumption of 1.8 MJ per meal, which was an 8.65% improvement from 2013 (1.97 MJ per meal). Our canteen team is well experienced with the HAESL food consumption pattern to reduce food waste.

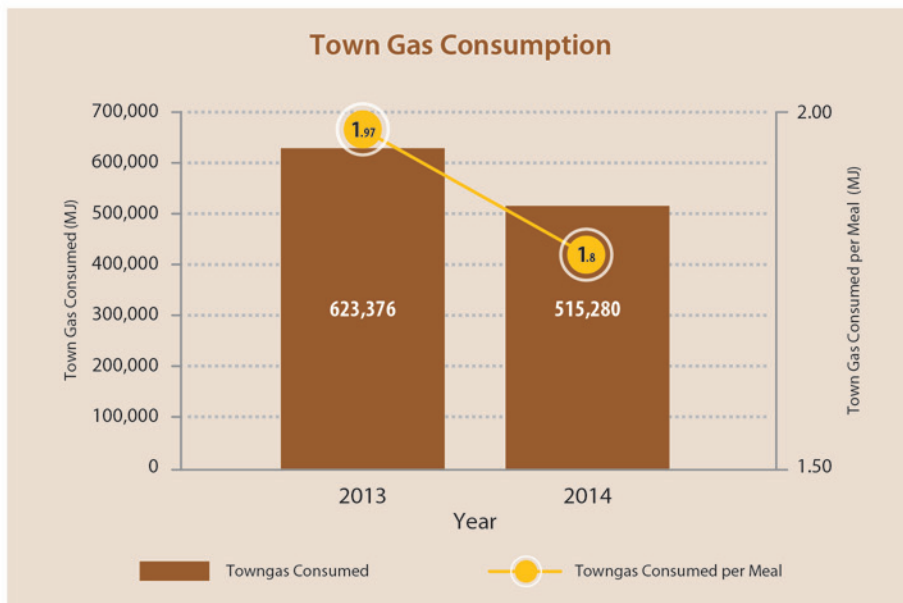


Figure 2: Towngas consumption vs. Towngas consumption per meal

Aviation fuel

The total number of engines tested in 2014 reduced from 2013 to 177 engines, which reflected a 28% drop in the usage of aviation fuel. However, each tested engine consumed on average 12.94 tonnes of jet fuel, which was a 3.1% increase from 2013.

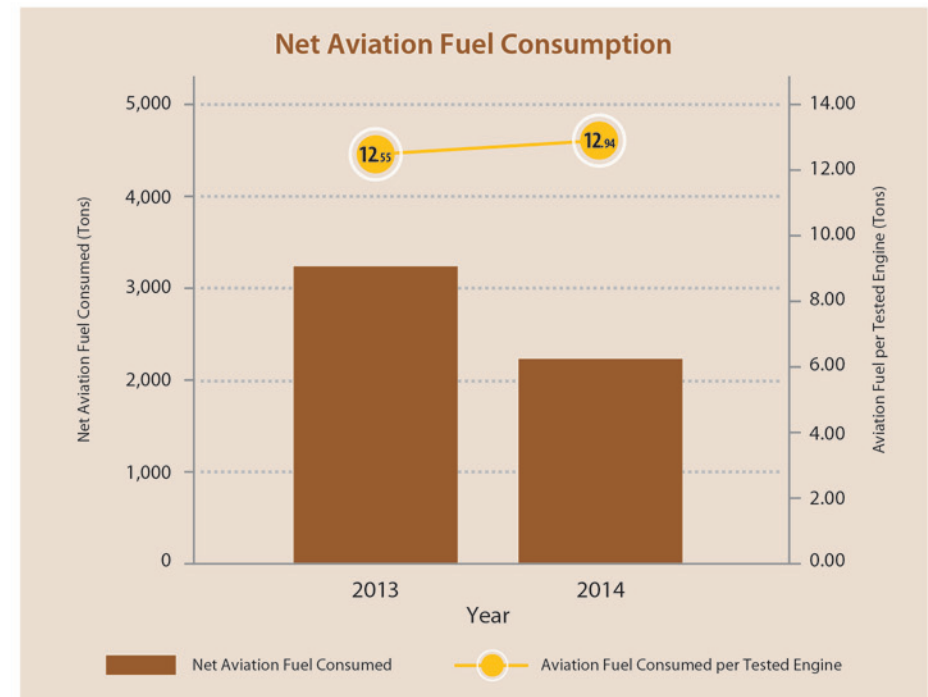


Figure 3: Net aviation fuel consumption vs. aviation fuel consumed per tested engine in tons

All forms energy consumptions

A conversion of all these forms into gigajoules (GJ) is shown in the following table:

Energy Consumption in GJ	2013	2014	% change
Direct Energy Consumption** (Aviation fuel, Town gas, Acetylene gas)	112,951,806	82,092,801	-27.3%
Indirect Energy Consumption (Electricity)	105,286	103,642	-1.6%
Total	113,057,092	82,196,443	-27.3%

Table 1 - Comparison between 2013 and 2014 energy consumption

The major source of energy use in our business is jet fuel. In 2014, the total energy consumption dropped by 27.3%.

In order to further analyse the amount of Greenhouse Gas (GHG) produced from consuming energy, energy consumption figures are translated into Greenhouse Gas (GHG) emission equivalent (kgCO₂e) and presented below:

Greenhouse Gas Emission		2013	2014	% change
Direct Emission (Scope 1): Towngas, jet fuel, acetylene & Refrigerant.	kg CO ₂ e	10,148,447	8,455,232	-17%
Indirect Emission (Scope 2): Electricity & production of Towngas	kg CO ₂ e	18,432,898	18,143,943	-1.6%
Other Indirect Emission (Scope 3): Business Air Travel	kg CO ₂ e	254,591	156,308	-38.6%
Total GHG Emission	kg CO ₂ e	28,835,935	26,755,483	-7.2%

Table 2 - Comparison between 2013 and 2014 GHG emission

For more information regarding HAESL consumption, refer to "Performance Data".

Our Environment

Water Consumption

Our water consumption in 2014 decreased by 13% to 118,498 cubic metres. Due to a reduction in business volume and corresponding reduction in worked man-hours, the water intensity of water use per worked man-hour increased by 12%.

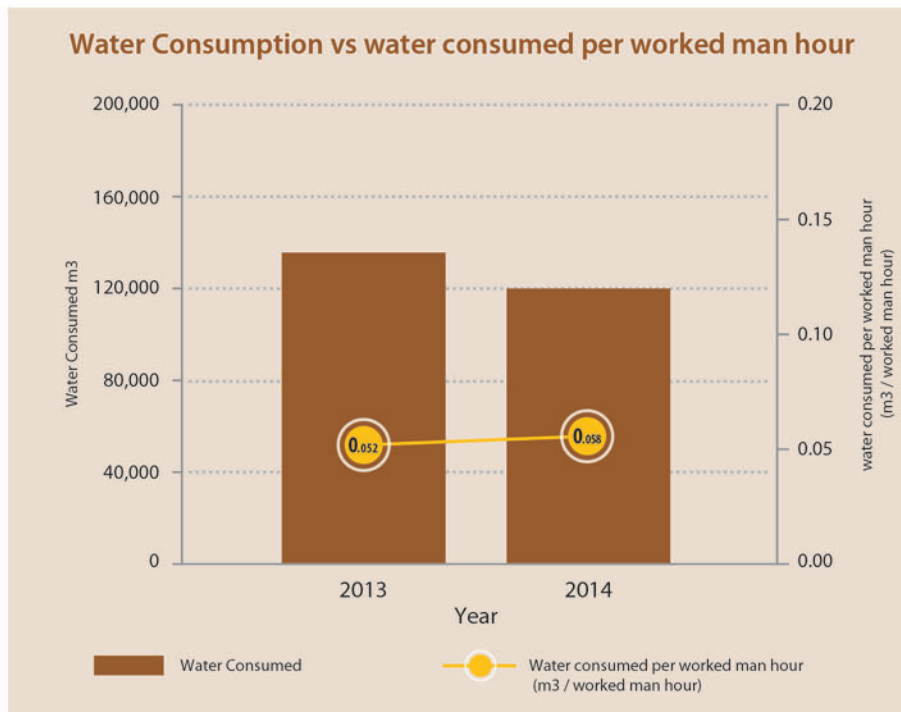


Figure 4: Water consumption vs. water consumed per worked man hour

Waste management and recycling of materials

The use of large volumes of chemicals and consumables is unavoidable in the MRO industry. Waste management and recycling are therefore crucial in our sustainability policy.

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

Our own waste water treatment plants process liquid chemical waste before discharge into the mains sewerage system. The remaining sludge, resins and other waste (including heavy metals) are processed by a government approved waste disposal company. HAESL continues to meet its obligations related to environmental regulations and laws.

Where possible HAESL has encouraged and practised the reuse and recycling of materials. Paper products, plastics, metals and printer cartridges, cans, have been recycled since 2003. The following table gives the amount of materials recycled in 2014. All recycled materials are collected by a recognised recycling company.

		2013	2014	difference
Industrial / Commercial Waste disposed of	kg	533,810	380,750	-28.7%
Grease trap waste disposed of	kg	92	84	-8.7%
Paper recycled	kg	10,884	5,713	-47.5%
Cardboard recycled	kg	14,432	5,560	-61.5%
Plastics recycled	kg	1,348	588	-56.4%
Metal recycled	kg	21,713	8,992	-58.6%
Printing Cartridges recycled	No.	353	183	-48.2%

Table 3 - Material recycled in 2014

Environmental campaigns in 2014

Work Scope Order (WSO) and Plant Maintenance Order (PMO) in double-sided

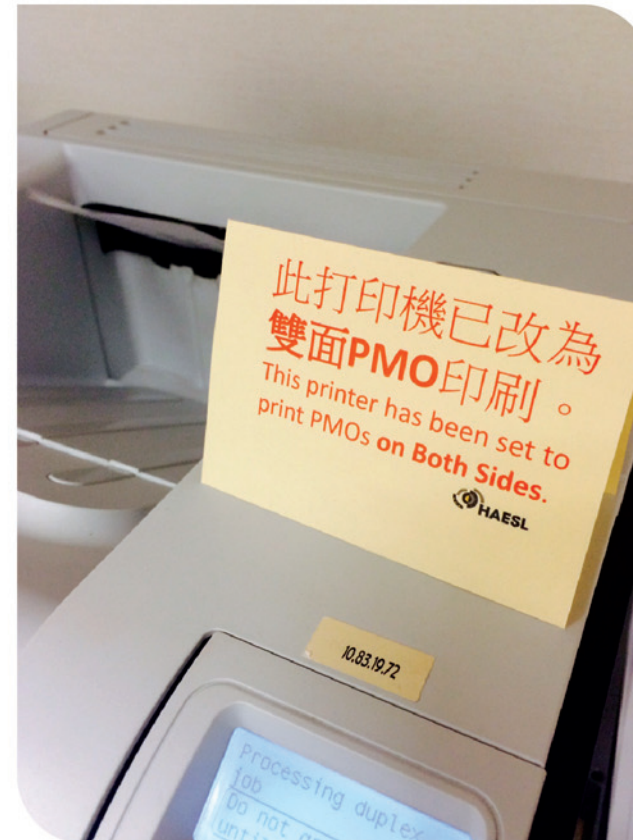
In order to make better use of resources, HAESL has reviewed what could be improved in our daily operation to create less harm to the environment. In July 2014, one notable step forward was to implement double-sided printing of two commonly used documents - Work Scope Order (WSO) and Plant Maintenance Order (PMO).

Before the implementation, it was recognised that from a quality assurance perspective, reducing the possibility of human error during the roll-out period, and good communication was key to ensure a smooth transition. As a result, prior to implementation, a series of communication channels such as management briefings, departmental briefings, signage TV, printer signage and the company intranet portal "What's news" were introduced to ensure staff had a thorough understanding of the scheme.

The investment of this project including the upgrade of the single-sided printers into double-sided printers will be compensated by the paper savings within 2 years.

Most importantly, this implementation enables HAESL to save approximately 1.1 million pieces of paper each year and HAESL will continue to look for ways to use resources in a smart way.

Visual reminders were put in place for specific printers to communicate to workers the printer had been configured for double-sided printing.



Our Environment

Energy Saving from T8 LED tubes replacement in Ph2 store

LED has become a leading contributor on energy saving in our community. Since 2014, HAESL took steps to retire old lighting systems and invested in LED lighting systems to achieve a lower carbon footprint. LED lighting provides a more reliable lighting environment due to their long lifecycle, especially in select areas such as the Stores where motion sensors are used to switch lights on and off.

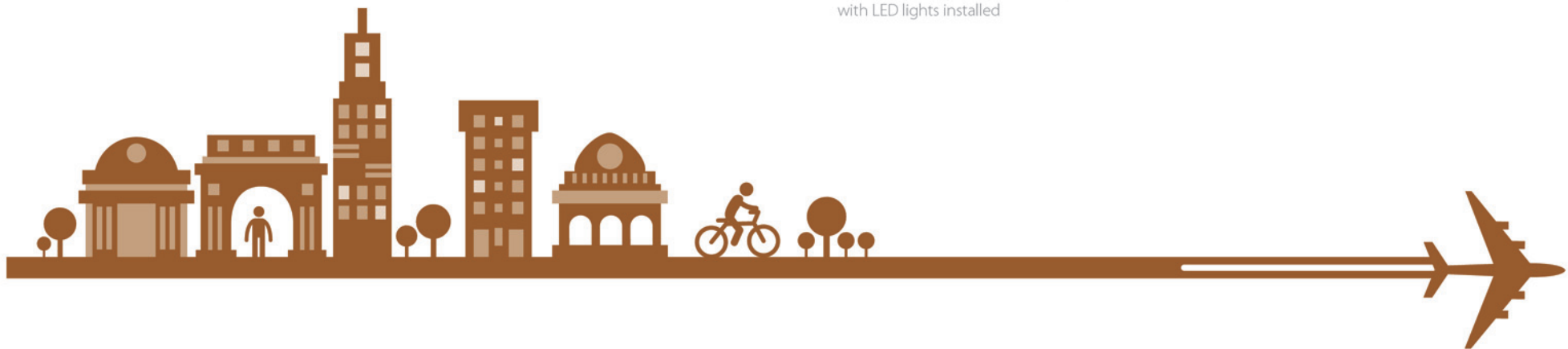
Location of the energy saving lights installed	LED Installation
Phase 1 Module Change	146 each 400W metal halide lights were replaced by 146 each of 200W LED lighting;
Phase 2 Store area	580 units of 58W T8 fluorescent tubes were replaced by 35W T8 LED tubes



Phase 1 Module Change workshop with LED lights installed



Phase 2 Store area with LED lights installed



Materials Used in Offices

Waste paper and toner cartridges are the main materials used in our office environment and are recycled. Waste paper is collected through various collection points and picked up by paper recyclers twice per week. In 2014, we collected 11,273 kg of waste paper and cardboard for recycling. In 2015, we will make every effort to further reduce our paper consumption. Used toner cartridges are collected by recycling collectors, then refilled and reused. We will strive to strengthen this practice.

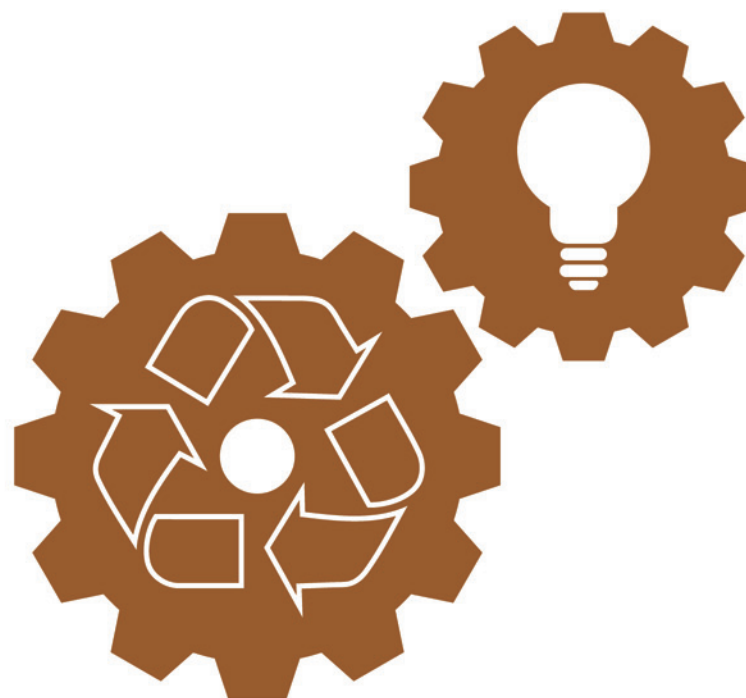
2014 objectives	Progress
Reduce paper consumption by introduction business operation PMO document to duplex printing and saved 20% of the HAESL annual paper consumption	Completed
Implement new scheme to reduce HAESL canteen food waste by 2%	Completed
Develop and procure further energy efficiency improvements	Completed
Further explore and implement renewable energy scheme within HAESL	Ongoing with the new HAESL building
Continuation of Project "Flame" (utilization of landfill gas extraction to supplement / replace energy usage)	Agreed to cancel as few challenges could not be tackled
Continue to explore opportunities to undertake engine run using bio-jet A-1 fuel as a replacement for traditional Jet A-1 aviation fuel	Agreed to cancel due to challenges on fuel supply

2015 objectives

Implement food waste reduction program and explore ways to treat own food waste

Review energy saving plan and implement behavioral change energy saving campaign.

Duplex printing for all HAESL offices.



09

Our Business and Value Chain



Our Business and Value Chain

Our business and value chain

Economic performance and indirect economic impact

The workload at HAESL continued to reflect a downturn in 2014. Engine output decreased by 46 units from 2013 resulting in a 23.6% drop in revenue.

The reasons for the continued downturn were various, but principally arose from the early retirement of Boeing 747 and Airbus A340 aircraft impacting overhaul volume of the RB211-524 and Trent 500 engines. Both of these four-engine aircraft types are being replaced by Operators with more modern, fuel efficient, twin-engine aircraft. We were also affected by an extension in rotating part lives within Trent 700 engines, which extended these engines' time on wing between refurbishments, which delayed the requirement for shop visits. In the outlook for 2015, we will do our best to manage the short-term implications of this, and seek new business opportunities wherever these exist. We also seek to improve utilisation of our workforce by providing some of our staff with the opportunity of short-term secondments to our shareholder companies, HAECO and TEXTL.

Economic information of HAESL

Economic Performance	2013	2014	% Difference
Engine Output	193	147	-23.8%
Revenues generated (US\$M)	1,405	1,074	-23.6%
Dividends paid to shareholders (US\$M)	94.8	49.7	-47.6%
Employee Cost (US\$M)	50.3	41.1	-18.3%
Taxation (US\$M)	20.8	10.7	-48.6%
Charitable donations made directly by HAESL (USD)	29,619.0	41,122.0	38.8%

Opportunity through challenges

Although the retirement of Boeing 747 and Airbus A340, and the extension in rotating part lives for Trent 700 engines negatively impacted revenue in 2014, HAESL continued to invest in a number of projects. Always putting safety and quality first as key drivers to sustain our business, we upgraded our engine test cell hardware and software to the latest version which also enabled us to complete an initial milestone of our operational readiness programme for the Trent XWB engine. Preparation for Trent XWB engine capability was high on our list of objectives in 2014 and saw us reviewing a high volume of repair schemes in order to evaluate tooling requirements and place orders to procure. This will continue at a constant pace in 2015. Continuing our readiness programme for the Trent XWB engine, we relocated repair capability for engine fan cases and the electrical workshop to HAECO in Tseung Kwan O, and rehoused office staff into the Phase 5 building to prepare for the demolition of Phase 3.

All of this forward planning will prepare us well for the demolition of Phase 3 in 2015, followed by the construction of Phase 6, a 4-storey building specifically designed to cope with the future volume of Trent XWB engine. These exciting projects demonstrate commitment to our staff, customers and to the wider Hong Kong citizens that HAESL is investing for the future because it believes that its aero engine overhaul and repair business will continue to expand and provide secure employment opportunities, quality services for its customers, and add value to Hong Kong in general.

Our Business and Value Chain

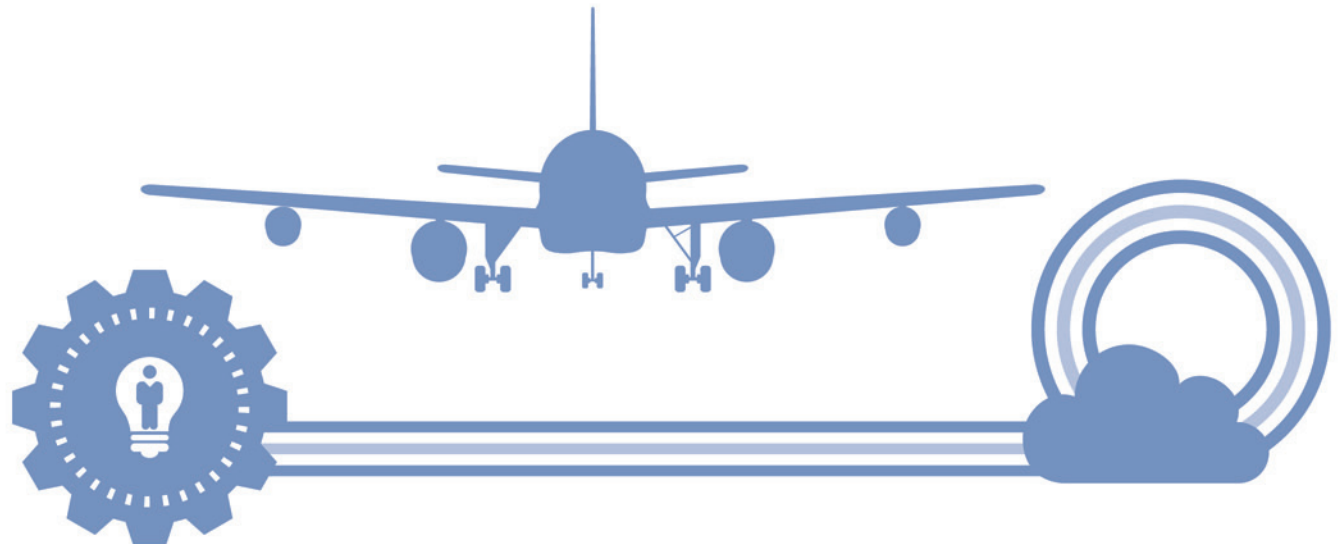
Customer satisfaction and responsibility, Maintaining our quality to achieve - Best in the world, Best for the world Internal audit system and external audit

An effective auditing system is an essential tool for HAESL to manage our business quality. Audits can discover waste in material usage and labour misuse, and non-compliance in processes and procedures. All of these can impact of a company's success. In HAESL, internal audits are carried out in a strict and professional manner. Many different types of audits take place almost daily in HAESL and are listed below:

- Facility audit
- Procedure and process audit
- Product audit
- Documentation audit
- Self-audit (Rotating QA Surveyor)
- Off site audit
- Vendor audit
- Major failure audit (unscheduled audit)
- Night shift audit
- Walk around surveillance

Each audit utilises a standard procedure which includes audit planning, determining the correct checklist, reviewing any previous audit findings, corrective action reports and routine discrepancy reports. If during the audit, a non-conformance is identified, it is assessed for its severity of impact on quality, and classified as Level 1, Level 2 or an Observation. The auditee accepting the non-conformance is required to implement corrective action and preventive action within an agreed timeframe.

In addition to performing internal audits, HAESL's customers and National Aviation Authorities conduct annual external audits to ensure HAESL is compliant to their requirements. In 2014, a total 26 external and certification body audits were carried out.



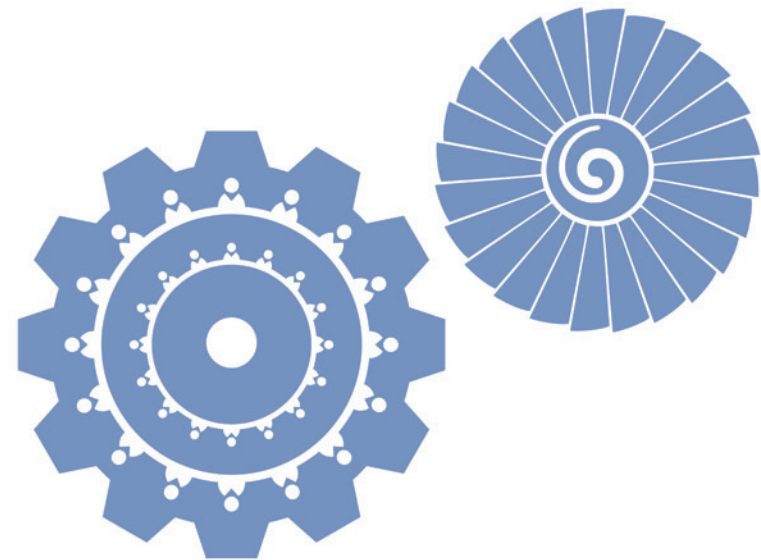
Safety management system (SMS)

HAESL's safety management framework comprises of two major elements - Aviation SMS and Occupational Health & Safety SMS. Both systems are essential to HAESL's business continuity to ensure passenger safety and employee safety. Both are given top priority and will stay as top priority in the future.

With the ever-increasing focus from National Aviation Authorities on Safety Management Systems, HAESL engaged Baines Simmons - a world leader in providing airworthiness and aviation safety consulting and training services to deliver seven days of training to selected leaders from our operations departments. To supplement and reinforce the training delivered by Baines Simmons, HAESL continues to deliver training to every employee to refresh their knowledge of SMS requirements, and assure the quality of our SMS.

To ensure we have competent people to carry out our enhanced aviation maintenance error investigation process, staff are selected from a job profile which focuses on a range of soft skills best suited to investigators and attend an Effective Event Investigation (Maintenance) course. The practical three-day course empowers participants to carry out effective investigations that deliver successful interventions to improve safety and reduce rework costs. Participants learn interviewing skills including the cognitive interview, funnelling questions and conversation management. The final three-day training course covers the Practical Application of Safety Management Systems. HAESL's challenge is not just to demonstrate a procedurally compliant SMS but also to develop one that actually "performs" to deliver a clear picture of our operational risks, allowing better control to manage those risks, which translates into tangible value-adding results for the business.

For Occupational Health & Safety SMS, one of the fundamental requirements is for every employee to fully understand the principles so that they can discharge their responsibility for ensuring safe and efficient aircraft operation by means of making sure staff adhere to procedures and proactively monitor safety performance through risk controls. All Senior Management and Department Heads attended a 1-day "Safety Management Systems - Fundamentals for Managers" course which provided a number of key insights including - how SMS interfaces with other business processes, the essential elements of a successful SMS, the development of organisational safety culture, and clarity of the business advantages of effective safety management to successfully identify and mitigate against potential business losses. HAESL continues to develop various safety initiatives to maintain the awareness of health and safety such as the I-Care I-Report I-Resolve near-miss reporting scheme.



10

Planning for the future



Planning for the future

HAESL is well aware that 2015 presents challenges, however we will not stop looking for opportunities to develop our business sustainably. We have identified specific opportunities for HAESL to address some of the key sustainability challenges in the future and all of these projects will require close collaboration and support from our stakeholders. Three of these opportunities are.

Opportunities in 2015	Reasons
Reduce our food waste	Approximately 3,584 tons food waste is produced in Hong Kong every day and this has been a hot topic in our society in recent years. HAESL will put effort in reducing our food waste by launching educational programs in order to develop a culture for our canteen cook, and our employees to reduce food waste. We will also seek help from the government to identify proper methods to treat food waste and convert them into usable material such as fish food or soil conditioner. Ultimately we aim to treat our own food waste in-house.
Wellness day	Healthy employees tend to be happier and more productive. We plan to hold a wellness day to allow employees to spend a work-free day in the company to learn and to practice working and living healthier. Targeting to launch in October, HAESL wellness programs will range from simply offering information to workers, to subsidised healthy lunches, fitness education, and a company stretching routine practice. Employees are one of the most valuable assets to HAESL and their health matters to HAESL as well.
HAESL new phase 6 building green feature development	To cope with HAESL's expanding repair capability, construction of a new Phase 6 building will begin in 2015. With HAESL's cornerstone "Best in the world, Best for the world" is also applied to our new Phase 6 building as features such that energy saving and other sustainability consideration will apply whatever considered practical.

11

Performance Data



Performance Data

Economic Performance		2013	2014	%
Engine output ^(Note 1)	No.	193	147	-23.8%
Revenues generated (US\$M)	US\$M	1,405	1,074	-23.6%
Dividends paid to shareholders (US\$M)	US\$M	94.8	50	-47.6%
Employee Cost (US\$M)	US\$M	50.3	42	-16.5%
Taxation (US\$M)	US\$M	20.8	11	-48.6%
Charitable donations made directly by HAESL (USD)	USD	29,619	58,612	97.9%

Environmental Performance		2013	2014	%
Energy Consumption				
Direct Energy Consumption	GJ	112,951,806.5	82,092,801	-27.3%
Indirect Energy Consumption	GJ	105,286	103,642	-1.6%
Total Energy Consumption	GJ	113,057,092	82,196,443	-27.3%
Greenhouse Gas Emission				
Direct Emission (Scope 1)	kg CO _{2e}	10,148,447	8,455,232	-16.7%
Indirect Emission (Scope 2)	kg CO _{2e}	18,432,898	18,143,943	-1.6%
Other Indirect Emission (Scope 3) by Business Air Travel	kg CO _{2e}	254,591	156,308	-38.6%
Total GHG Emission	kg CO _{2e}	28,835,935	26,755,483	-7.2%
Fuel				
Jet Kerosene - Engine Test	Tonnes	3,200	2,300	-28.1%
Diesel - Passenger Car (Hong Kong)	L	0	0	
Diesel - Private Van / Light Good Vehicle (Hong Kong)	L	0	0	
Diesel - Medium / Heavy Vehicle (Hong Kong)	L	0	0	
Diesel - Other Mobile Machinery (Hong Kong)	L	0	0	
Diesel - Total	L	0	0	
LPG - Private Van (Hong Kong)	L	0	0	
LPG - Total	kg	0	0	
Unleaded Petrol - Motorcycle (Hong Kong)	L	0	0	
Unleaded Petrol - Passenger Car (Hong Kong)	L	0	0	
Unleaded Petrol - Private Van (Hong Kong)	L	0	0	
Unleaded Petrol - Light Good Vehicle (Hong Kong)	L	0	0	
Unleaded Petrol - Total	L	0	0	
Towngas	MJ	623,376	515,280	-17.3%

Performance Data

Environmental Performance		2013	2014	%
Electricity				
Electricity - Hong Kong (CLP)	kWh	29,245,993	28,789,515	-1.6%
Refrigerant / Fire Extinguishing Agent				
R134a	kg	136	930	583.8%
R417a	kg	0	0	
R404a	kg	0	0	
R22	kg	0	0	
Halon-1301	kg	0	0	
CFC-12	kg	0	0	
Refrigerant / Fire Extinguishing Agent - Total	kg	136	930	583.8%
Water				
Potable Water used	m3	136,199	118,498	-13.0%
Water discharged to sewer	m3	136,199	118,498	-13.0%
Materials				
Paper and paper products consumed	kg	26,389	18,583	-29.6%
Printing Cartridges purchased	No.	535	183	-65.8%
Paints consumed	L	13,437	12,844	-4.4%
Chemicals				
Chemicals consumed (Liquid)	L	32,668	45,299	38.7%
Chemicals consumed (Solid)	kg	107,223	63,980	-40.3%
Solid Waste Management				
Industrial / Commercial Waste disposed of	kg	533,810	380,750	-28.7%
Grease trap waste disposed of	kg	92	84	-8.7%
Vehicle tyres disposed of	kg	0	0	
Food Waste recycled	kg	0	0	
Paper recycled	kg	10,884	5,713	-47.5%
Cardboard recycled	kg	14,432	5,560	-61.5%
Plastics recycled	kg	1,348	588	-56.4%
Metal recycled	kg	21,713	8,992	-58.6%
Printing Cartridges recycled	No.	353	183	-48.2%

Environmental Performance		2013	2014	%
Hazardous Waste Managemnt				
Chemical waste disposed (Liquid)	L	39832	36,236	-9.0%
Chemical waste disposed (Solid)	kg	14385	14,984	4.2%
Spent kerosene (aircraft fuel) recycled	L	10800	6,000	-44.4%
Lubrication oil recycled	L	11600	9,400	-19.0%
Significant chemicals / oil spills	No.	0		
Compliance				
Significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	No.	0	0	
Occupational Health & Safety Performance				
Total workforce	No.	1,102	901	-18.2%
Manhours worked (Total Attended Hour by all staff)	No.	2,630,558	2,046,055	-22.2%
Work-related fatalities (employees)	No.	0	0	
Lost time injuries ^(Note 2)	No.	13	8	-38.5%
Minor injuries / first aid cases	No.	6	2	-66.7%
Total lost day	No.	536	333	-37.9%
Lost time injury rate ^(Note 3)		0.99	1	-20.9%
Man day lost rate ^(Note 4)		41.2	42	1.0%

Note

1. **Lost time injuries** are defined as work-related injuries which result in lost time of a minimum of one scheduled working day.
2. **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.
3. **Lost day rate** represents total number of lost day divided by the total number of lost time injuries i.e. average days given to each lost time injury.

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General Standard Disclosure

General Standard Disclosures	Page	Location	External Assurance
Strategy And Analysis			
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Organisational Profile			
G4-3	7	Our Company	✓
G4-4	7	Our Company	✓
G4-5	5, 7	Our Company	✓
G4-6	5, 7	Our Company	✓
G4-7	7	Our Company	✓
G4-8	7	Our Company	✓
G4-9	5, 17, 35, 37	Our People and Our Community	✓
G4-10	17	Our People and Our Community	✓
G4-11	11	Governance Structure and Committees	✓
G4-12	35	Our Business and Value Chain	✓
G4-13	7	Our Company	✓
G4-14	11, 13, 19, 36	Governance Structure and Committees Our Approach To Sustainable Development Our People and Our Community Our Business and Value Chain	✓ ✓ ✓ ✓
G4-15	11	Governance Structure and Committees	✓
G4-16	9	Highlights of HAESL	✓
Identified Material Aspects and Boundaries			
G4-17	13	Our Approach To Sustainable Development	✓
G4-18	13	Our Approach To Sustainable Development	✓
G4-19	13	Our Approach To Sustainable Development	✓
G4-20	15	Our Approach To Sustainable Development	✓
G4-21	15	Our Approach To Sustainable Development	✓
G4-22	5	About This Report	✓

General Standard Disclosure

General Standard Disclosures	Page	Location	External Assurance
Stakeholder Engagement			
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G4-25	13	Our Approach To Sustainable Development	✓
G4-26	14	Our Approach To Sustainable Development	✓
G4-27	14	Our Approach To Sustainable Development	✓
Report Profile			
G4-28	5	About This Report	✓
G4-29	5	About This Report	✓
G4-30	5	About This Report	✓
G4-31	5	About This Report	✓
G4-32	43	GRI content index	✓
G4-33	46	HKQAA Verification Statement	✓
Governance			
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Ethnic and Integrity			
G4-56	7	Our Company: Best in the World, Best for the World	✓

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Specific Standard Disclosures

Material Aspects	DMA and Indicators	Page	Omissions	External Assurance
Economic performance	DMA	35	—	✓
	G4-EC1-	35	—	✓
Indirect economic impact	DMA	35	—	✓
	G4- EC7-	35	—	✓
	G4- EC8-			
Customer satisfaction and responsibility	DMA	36	—	✓
	G4- PR1-	36	—	✓
	G4- PR2-			
	G4- PR8-			
Occupational Health & Safety	DMA	18	—	✓
	G4- LA5	18	—	✓
	G4- LA6			
	G4- LA7			
Materials, energy, water, emission, effluent and waste, Compliance	DMA	27	—	✓
	EN1, EN3, EN5, EN8, EN15, EN16, EN17, EN18, EN20, EN21, EN22, EN23, EN24, EN29-	37-33	—	✓
Labour/Management Relations	DMA	17	—	✓
	G4 LA4	17-23	—	✓
Training and education	DMA	17	—	✓
	G4- LA9, LA10, LA11	17-23	—	✓
Employment and Employee engagement	DMA	17	—	✓
	G4- LA1, LA2,	17-23	—	✓
Local community	DMA	24	—	✓
	G4-SO1	24-25	—	✓

Verification Statement



Scope and Objective

Hong Kong Quality Assurance Agency (“HKQAA”) was commissioned by Hong Kong Aero Engines Services Limited (“HAESL”) to undertake an independent verification of its Sustainable Development Report 2014 (“the Report”). The Report stated the efforts and achievements made towards sustainable development by HAESL, for the period from 1st January 2014 to 31st December 2014.

The aim of this verification is to provide reasonable assurance that the information stated in the Report is accurate, reliable and material, and that the Report is prepared in accordance with the “Core Option” of the Global Reporting Initiative’s (“GRI”) G4 Sustainability Reporting Guidelines.

Methodology

The process used in this verification was based on current best practices. The Report was reviewed against the following criteria:

- International Standard on Assurance Engagement 3000 (“ISAE 3000”) – “Assurance Engagement Other Than Audits or Reviews of Historical Financial Information” issued by the International Auditing and Assurance Standards Board;
- GRI’s G4 Sustainability Reporting Guidelines.

The verification procedure included reviewing relevant documentation, interviewing responsible personnel with accountability for preparing the Report and verifying the

selected representative samples of data and information consolidated in the Report. Raw data and supporting evidence of the selected samples were thoroughly examined.

Independence

HKQAA was not involved in collecting and calculating data, or in the development of the Report. HKQAA’s activities are independent from HAESL.

Conclusion

Based on the outcome of the verification process, it is confirmed that the Report has been prepared in accordance with the “Core Option” of the GRI’s G4 Sustainability Reporting Guidelines.

The information presented in the Report provides a structured, balanced and consistent representation of HAESL’s sustainability performance. The materiality assessment process is systematic and comprehensive and forms the basis for the selection of topics and information presented in the Report that addresses HAESL’s significant economic, environmental and social impacts and issues which have substantive influence on stakeholders. We are satisfied that the Report includes factual statements and the data contained within the Report is accurate and reliable. It is a fair and honest representation of HAESL’s approach, initiatives, targets, progress and performance towards sustainable development.

Signed on behalf of Hong Kong Quality Assurance Agency

Jorine Tam
Assistant Director, Strategic Business
June 2015



Please tell us what you think!

Your comments on this report or on HAESL's sustainability performance are welcome and appreciated. For any enquiries or information, please contact our Sustainable Development Manager, Kenny Tsang by email at sd@haesl.com or direct mail to the following address:

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