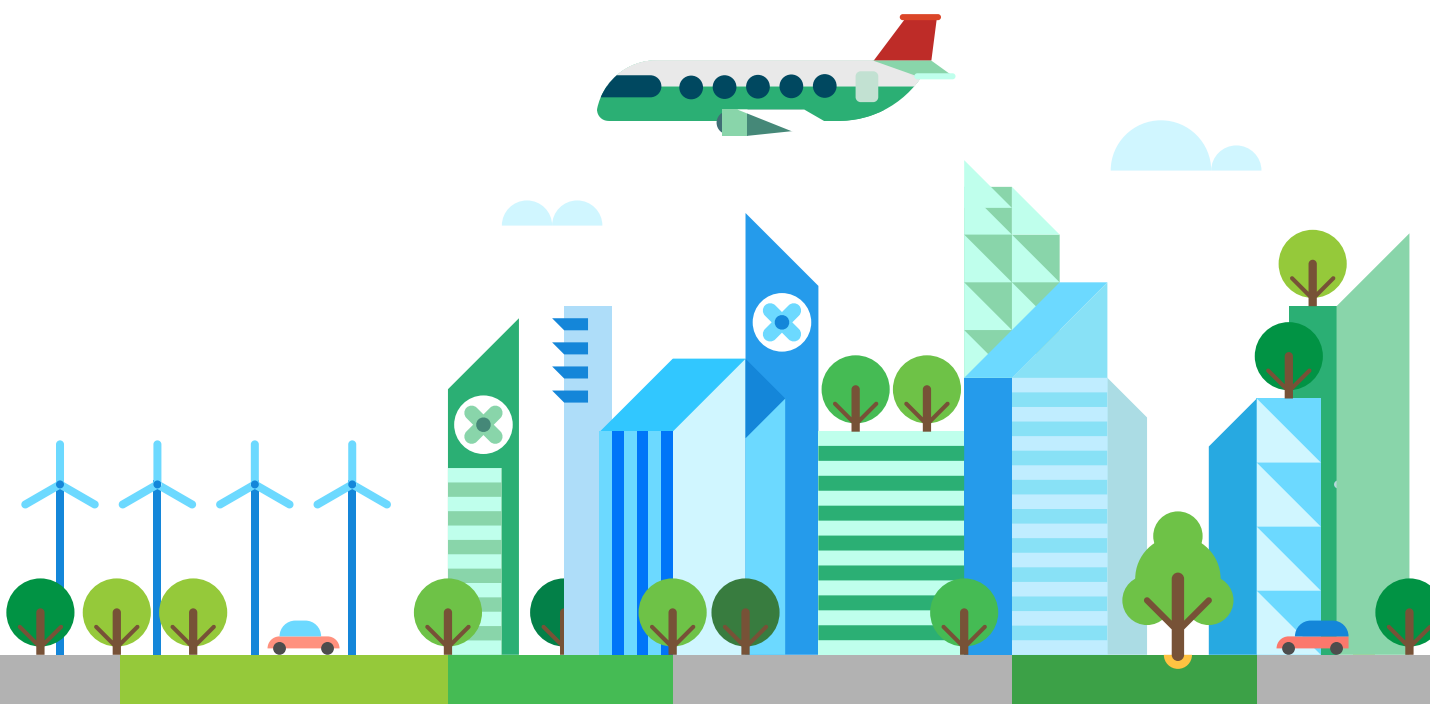




BEST IN THE WORLD.
BEST FOR THE WORLD.



2021 Sustainable Development Report



2021 Highlights

SOCIAL

- ◆ Supported staff and the wider community in fighting against COVID-19
- ◆ US\$74,838 contributed to local communities
- ◆ **591 hours** of volunteering clocked

ECONOMIC

- ◆ **>5,000** engine tests since establishment
- ◆ Global shop with the highest volume of XWB

PEOPLE

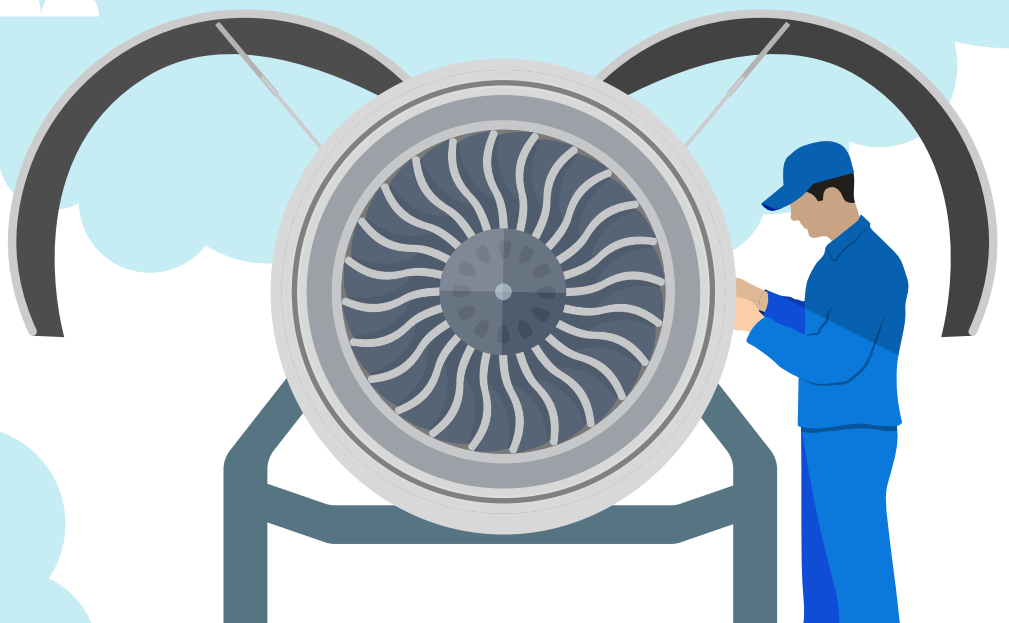
- ◆ Training & development: 32 hours of training per staff
- ◆ Lowest number of lost-time-injuries (LTIs) in HAESL's history
- ◆ **Diversity and Inclusion** health check
- ◆ Monthly wellness programme for staff

ENVIRONMENTAL

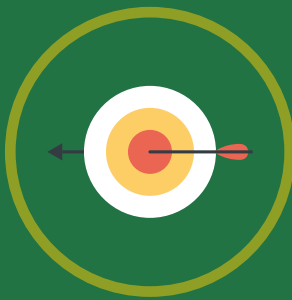
- ◆ GHG emission reduced by **21%**
- ◆ Water consumption reduced by 2%
- ◆ Increased recycling rate to 31%
- ◆ Paperless project (e-leave, e-pay slip)
- ◆ Gold Award of the Hong Kong Awards for Environmental Excellence (HKAEE) 2020 Manufacturing and Industrial Services Sector

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About This Report



The HAESL Sustainable Development Report is compiled in accordance with the Global Reporting Initiative (GRI), Core Option framework. 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/sustainabilityreports/>

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 2021 to 31st December 2021. We aim to provide comprehensive, clear and concise information on all topics that we and our stakeholders consider to be of relevance for sustainability.

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 with the figures indicated.

REPORT ASSURANCE

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. We entrust 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 summarised GRI Index in this report in the Appendix.

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.



Message from the Chief Executive Officer



Despite the ongoing challenges of COVID-19 throughout 2021, HAESL responded well achieving a healthy output of 236 engines delivered against low turnaround times meeting the needs of our customers. During the year, HAESL hit the milestone of five thousand engines tested since the company's inception in 1997 which is a credit to the sustained commitment and professionalism of the HAESL team over the last 24 years.



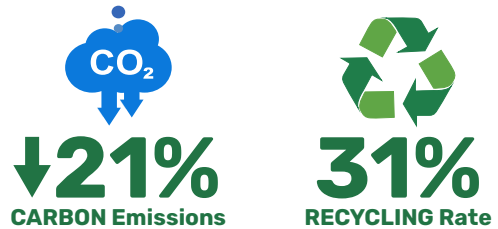
The health and safety of our workforce is, as always, our first priority. HAESL reached 12 months LTI free in August and had a record low one LTI for the year which was a commendable achievement in a busy year beset with the challenges of managing through the pandemic. HAESL maintained a broad range of measures to minimise the risk of COVID-19 in the workplace including comprehensive social distancing which resulted in no confirmed cases in the business for the year. The ultimate goal remains to achieve and maintain zero harm and, to this end, efforts continue on proactive safety reporting and safety culture improvements.



At HAESL we believe in equal opportunities for all employees and recognise the clear benefits of developing a diverse workforce. HAESL has introduced Diversity, Inclusion, Safety and Health (DISH) as part of the company's core values, performed a Diversity and Inclusion health check and established a five-year plan D&I plan that includes recruitment guidelines as we embark upon the next phase of our expansion. We have developed a tailor-made Employee Wellness programme to promote the physical health and mental wellbeing of our employees.



Reflecting the company's efforts in Sustainable Development (SD), HAESL was presented with a Gold Award at the Hong Kong Awards for Environmental Excellence (HKAEE) 2020 Manufacturing and Industrial Services Sector. HAESL's greenhouse gas emissions reduced by 21% year-on-year and the company has now set immediate and long term targets for carbon emission, water intensity and waste recycling rate. Utilising the Feed-in Tariff scheme of CLP Power Hong Kong, we continue to invest in SD initiatives with plans in place to install additional PV panels on the rooftops of three HAESL buildings resulting in total power generation capacity and electricity production of 420kW and 459MWh respectively.



HAESL's water consumption reduced by 2% versus the prior year and our waste recycling rate increased to 31%. The company conducted a waste audit to review our waste profile and to identify further recycling opportunities which resulted in a revamp of our recycling facilities and refresher training for supervisory staff. Our digital programme continued with e-leave and e-payslip improving the process for staff and reducing our use of paper.

HAESL recorded 591 volunteering hours from 10 corporate social responsibility events with material donations being made to various charitable causes ranging from aerospace and STEM youth education to supporting underprivileged groups in fighting COVID-19. The team's efforts to support the community have leveraged their strengths focusing on home repair projects and facilities technical support.

RICHARD SELL
Chief Executive Officer

About HAESL: Best in the World, Best for the World



OUR STORY

Hong Kong Aero Engine Services Limited (HAESL) provides world-class aero engine and component repair services to many of the world's most respected airlines that have chosen Rolls-Royce to power their fleet of Airbus and Boeing aircraft. Sustainable Development is one of HAESL's core strategic objectives both for the benefits it provides to all our stakeholders and to enable long term value creation for our shareholders.

1940s

HAESL's origins precede its official founding by extending back to the 1940's when the Swire group identified the aviation industry as a potential business opportunity.



1950

Having no experience in aviation but with expert engineering skills in ship maintenance, Swire formed the Pacific Air Maintenance & Supply Company (PAMAS), which in 1950 merged with Jardine Air Maintenance (JAMCo) to become Hong Kong Aircraft Engineering Company Limited (✓ **HAECO**).



1995

The growing demand within the aviation industry and a desire from HAECO to grow within the Asia region led to a strategic decision to form a Joint Venture with a leading aero engine Original Equipment Manufacturer (OEM).



Rolls-Royce, with nearly 100 years of experience in engine manufacturing was seeking new global site to maintain its increasing number of civil airplane engines; hence HAESL was founded in Hong Kong in 1995 as an equal share joint venture between Rolls-Royce and HAECO, located at Tseung Kwan O Industrial Estate, Hong Kong.



1997

HAESL became operational in 1997 with the testing of the first Rolls-Royce Trent 700 engine. Over the years, HAESL has grown its capability of repair and overhaul of Rolls-Royce RB211 and the Trent series of engines. HAESL has overhauled more than 4,400 Rolls-Royce engines since its establishment.



2021

Up to 31 December 2021, HAESL has overhauled

> 4,400 ROLLS-ROYCE ENGINES
since its establishment.

The winning combination of leveraging on Rolls-Royce's strength as an OEM and HAESL's experience as a maintenance repair organisation in Asia allows HAESL to offer high quality and comprehensive services to its customers and to be recognised as a prominent and sustainable business.



Looking forward, HAESL will continue to develop knowledge and capability in overhauling the Trent XWB engine. With our expanding workforce, HAESL will continue to grow and strive to achieve its vision of being **"Best in the World, Best for the World"**.

More information about our business and latest developments is available in the section "Our Business and Value Chain" of this Report and on our website www.haesl.com.



OUR VISION AND THE SUSTAINABILITY STRATEGY

Our Vision: “Best in the World, Best for the World”

HAESL’s vision is to be the best aero engine Maintenance, Repair and Overhaul organisation(MRO) in the world and share long-term value with our stakeholders through sustainable development of our business. This is founded on our ability to continually deliver our services within an agreed time frame and to maintain a high standard of quality.

The HAESL Sustainable Development Charter underpins our strategy to sustainability. There are four elements in the Charter supporting HAESL in achieving its vision.

The first two elements are vital in building trust with our customers by providing dependable and economical maintenance services and in return continuously generating value for our shareholders and stakeholders. By excelling in this, we shall retain and grow our customers and be able to develop new business and capabilities, which in turn allow us to contribute to our local community by providing more employment opportunities.

The second two elements focus on minimizing negative impact on the environment and making positive contribution to our community. Through these two elements, we endeavour to be a responsible corporate citizen and to achieve our goal of “Best for the World”.

By exercising our Sustainable Development Charter and upholding our core values of “Tea & RICE” – Teamwork & Respect, Integrity, Commitment and Excellence – we are working to turn our vision into reality. **DISH, representing Diversity, Inclusion, Safety and Health, is newly introduced in our core values recognising its increasing importance in HAESL’s balanced development.**

HAESL’s sustainability policy, sustainability framework and methodology are all documented in a HAESL Engineering Procedures Manual that is open to and accessible by every employee.



Teamwork & Respect



Integrity



Commitment



Excellence



Diversity



Inclusion



Safety



Health

ETHICS AND COMPLIANCE

Doing business in an ethical way and in compliance with all applicable laws is essential to HAESL as a sustainable and socially responsible business. Our Board of Directors and Senior Management Team place the highest priority on overseeing and managing ethics and compliance issues related to our business. We hold a quarterly ethics and compliance link call with Rolls-Royce, where our senior management and function heads review any issues, whilst providing the opportunity for the sharing of best practices.

Our Code of Conduct, which is available online at www.haesi.com, sets out the detailed principles and standards expected by the Company. In addition, the following policies and procedures in areas of anti-corruption, competition compliance and customer privacy are available:



HAESL Code of Conduct



Gifts and Hospitality Policy



Competition Law Compliance Manual



Information Security Policy



Code of Conduct for HAESL Suppliers



Personal Data Privacy Policy



Whistleblowing Policy



These policies are introduced and reinforced to all new and existing staff members through induction training and refresher training respectively. A training session covering Values, Code of Conduct and Compliance, is provided to all new joiners in order to help them better understand the requirements of the Company's policies.

We also take steps to create and foster a business culture in which our people feel comfortable to "speak up." We have introduced the practice of Ethical Dilemma Discussion from Rolls-Royce, through which our employees are made aware of what to do and to whom to speak with when they are faced by an ethical dilemma. We have established an anonymous reporting facility, the Ethicspoint System, operated by a third-party company, to provide our staff a safe and direct channel to report potential unethical or non-compliant activity.

Our Senior Management Team reviews occurrence reports on any potential unethical or non-compliant behaviours and reports any issues raised directly to the Board of Directors.

GOVERNANCE STRUCTURE AND COMMITTEES

CORPORATE GOVERNANCE

HAESL's Board of Directors conveys the highest priority to strategic governance and provides the guidance by which HAESL is directed in the interests of all its stakeholders. The effectiveness of HAESL's approach towards strategic governance forms the foundation for HAESL's strength in its values, reputation and ability to achieve its objectives.

The Board of Directors comprises six Non-Executive Directors who are appointed by the shareholders according to business expertise and qualification. HAECO and Rolls-Royce appoint three directors respectively, meeting four times a year.

SENIOR MANAGEMENT TEAM

HAESL's Senior Management Team is led by our Chief Executive Officer Mr. Richard Sell, and also comprises three other General Managers with individual executive responsibility for Commercial activities, Finance & Administration and Operations. This team acts as the HAESL Executive Committee to establish long-term objectives and strategies for HAESL and define 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 GOVERNANCE

The Sustainable Development Governance Committee governs sustainable development issues, sets the Sustainability Strategy and meets on a regular basis to oversee activity.

The committee is comprised of the Senior Management Team, the Human Resources Manager and the Sustainable Development Manager. They ensure that the Company's business objectives and operations are in alignment with its commitments to sustainable development and that the expectation for sustainability from our shareholders and stakeholders is fulfilled by implementing appropriate and effective policies. These policies include planning, executing, reviewing and improving Corporate Social Responsibility and environmental protection

programmes that are in line with our Sustainability Strategy.

SAFETY REVIEW BOARD

HAESL's Safety Review Board governs the management systems for Risk, Safety and Quality. It is formed by the Senior Management Team, Quality Assurance Manager, and Safety and Improvement Manager. They provide support and resources for the execution of these management systems as well as monitoring the effectiveness of each system.

OTHER COMMITTEES

Over 1,000 employees work to support engine overhaul and component repair activities in our facility. A close relationship among different functions is vital to our success. The HAESL management team is committed to ensure that everyone is working towards our vision.

In order to maintain strong communication between the management and all levels of staff, a number of committees representing key elements of the business have been established. These include the Occupational Safety & Health (OSH) Performance Review Group, the General Staff Consultative Committee (GSCC) and the Contract Staff Association (CSA). The OSH Performance Review Group comprising of all Function Heads is chaired by the General Manager Operations. It meets bi-monthly to discuss OSH related issues, risks and improvement opportunities. The General Staff Consultative Committee and the Contract Staff Association are forums where staff representatives and a member of the Senior Management Team, along with Human Resources Manager, meet on a regular basis to discuss issues and concerns that may arise from the staff community. All HAESL employees, depending on their job grade, are members of either the GSCC or the CSA upon joining the company and are eligible for electing their representatives.



Our Approach to Sustainable Development



SUPPORT OF UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Our sustainability agenda is aligned to the United Nations’ Sustainable Development Goals (UN SDGs). We support all 17 goals and believe that we have a role to play in contributing to a more sustainable world. Of these goals, we have identified eight where we have more contributions.

SUSTAINABLE DEVELOPMENT GOALS



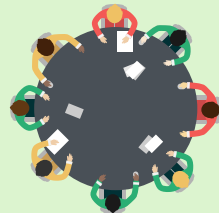
MATERIALITY ASSESSMENT

Understanding the materiality of various sustainability issues is essential to our sustainable development. In addition to defining the content of this report, the materiality assessment is critical for HAESL to understand what matters to our Stakeholders and hence will shape how we set our SD strategies and how we carry out SD related activities.

In line with the GRI Standards, the materiality of a topic is defined on two dimensions, i.e. 1) whether the topic reflects HAESL’s significant economic, social and environmental impacts, and 2) whether the topic has significant influence on the decision making of HAESL’s stakeholders. The following stakeholders were identified and engaged in our assessment:



Employees
(including managerial staff and general staff)



Board Members



Shareholders



Customers



Suppliers and business partners



Organisations from our local community

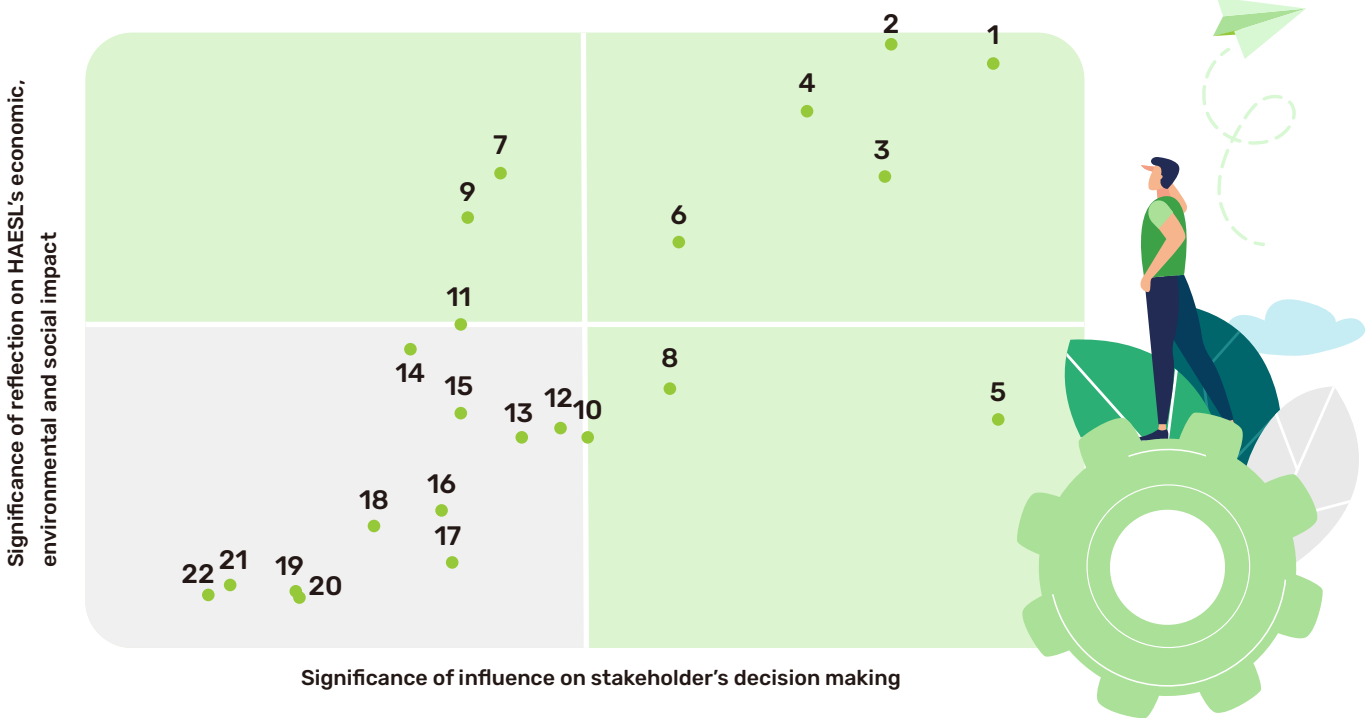


Government authorities

All the stakeholders we engaged were briefed on the purpose of the assessment and were then invited to access the materiality through face-to-face interviews or email questionnaires. Responses given by our stakeholders were consolidated and developed into the materiality matrix below.

CONSOLIDATED MATERIALITY MATRIX BASED ON STAKEHOLDERS' ASSESSMENT

ESSENTIAL TOPICS



TOPIC DESCRIPTION

	1 Staff occupational health and safety	12 Local labour market presence
	2 Socioeconomic compliance	13 Material management
	3 Anti-corruption	14 Emissions
	4 Environmental compliance	15 Staff employment
	5 Economic presence	16 Staff career development
	6 Customer health and safety	17 Labour management communication
	7 Water and effluent management	18 Non-discrimination
	8 Anti-competition behaviour	19 Staff diversity and equal opportunity
	9 Waste management	20 Assessment on suppliers' performance on environmental topics
	10 Customer privacy	21 Local communities
	11 Energy consumption	22 Indirect economic impacts



Among 22 listed topics, **11 topics** were scored higher by our stakeholders and were assessed as essential to HAESL's sustainable development. In this Report, essential topics are prioritised with topic-specific disclosure according to the GRI Standards.

"Emissions" and "staff diversity and equal opportunities" while not yet considered as a top priority by our stakeholders are viewed as emerging material topics; we recognise the importance of climate change and diversity and inclusion to our business and have an internal plan and details within this report.

The essential and emerging material topics were re-organised under the categories of environmental, social and governance and aligned with the UN SDGs into twelve areas for greater focus and clarity.



SOCIAL

- 1 Staff occupational health and safety
 - 2 Socioeconomic compliance
 - 3 Anti-corruption
 - 6 Customer health and safety
 - 8 Anti-competition behavior
 - 10 Customer privacy
 - 19 Staff diversity and equal opportunities
- (i.e. SDG **3** **5** **8** **16**)



ECONOMIC

- 5 Economic presence
- (i.e. SDG **8** **9**)

ENVIRONMENTAL

- 1 Environmental compliance
 - 7 Water and effluent management
 - 9 Waste management
 - 11 Energy consumption
- (i.e. SDG **12** **13** **14**)



The information of the essential topics can be found from the table below.

ESSENTIAL TOPICS	WHERE TO FIND THE RELEVANT INFORMATION	PAGE
Staff occupational health and safety	Our People	16
Socioeconomic compliance	About HAESL: Best in the World, Best for the World	05
Anti-corruption	About HAESL: Best in the World, Best for the World	05
Environmental compliance	Our Environment	40
Economic presence	Our Business and Value Chain	51
Customer health and safety	Our Business and Value Chain	51
Water and effluent management	Our Environment	40
Anti-competition behaviour	About HAESL: Best in the World, Best for the World	05
Waste management	Our Environment	40
Customer privacy	About HAESL: Best in the World, Best for the World	05
Energy consumption	Our Environment	40
Staff diversity and equal opportunities	Our People	16



Our People

Despite the effect of COVID-19 on people's health and the world's economies continue, the community services and business activities in Hong Kong have been under phased resumption with the easing epidemic situation. Still, we upheld our core COVID mitigation measures throughout the year as staff's health is always our priority.

Taking this downturn as an opportunity, we strive to develop our people with all-rounded training, enhance staff wellbeing and advance our channels of communication to stand out as a promising, caring and competent company. We encourage workplace diversity and inclusion indeed treasure the talents as we believe in the power of cooperation and communication.

Achieving business prosperity and sustainability requires a committed workforce with a strong safety culture and a desire for persistent improvement. While we continue to prioritise workplace safety, we are delighted to announce that we have no LTI for a year achieved on 3 Aug 2021; and we recorded the lowest number of LTI in our history with one in 2021.



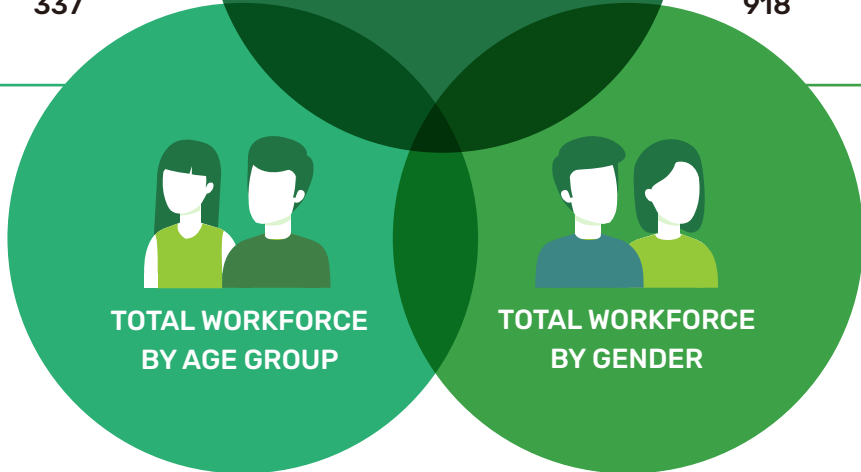
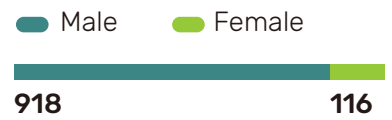
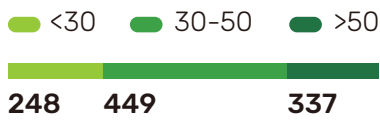
ABOUT OUR WORKFORCE

The Maintenance, Repair and Overhaul (MRO) industry is traditionally male-dominated. To enhance the diversity of our staff workforce, we have established a D&I Recruitment Guideline to facilitate a more diverse staff combination.

We have been actively working to expand our workforce to address the increasing demand from our clients, however Hong Kong's shrinking and ageing labour force increases this challenge. We have introduced policies and initiatives to support working parents, including financial incentives (bursaries for staff's children admitting university) and flexible workplace arrangements. In view of the improved health status of older people and their aspiration to remain actively engaged at work, we have increasingly extended the contract with staff who exceeded their retirement age.



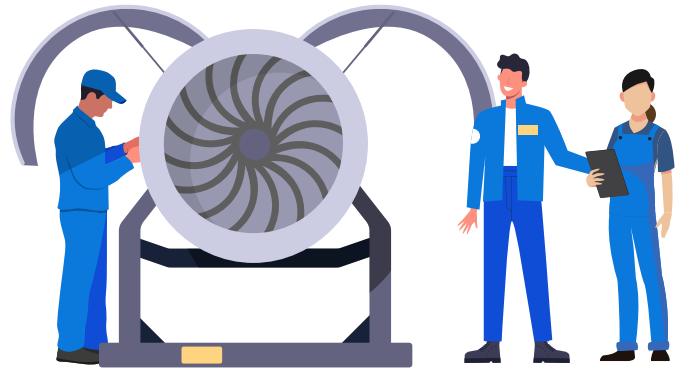
EMPLOYMENT STATISTICS (by type of employment by gender, age and years of service)



TALENT RETENTION

The Mentor Programme, the Buddy Scheme and the Caring Programme

HAESL recognises the importance of helping new members of staff joining the Company, especially the younger members of the team who have just completed their studies and are new to the working environment. We maintain a Mentor Programme and a Buddy Scheme to help our newcomers learn the required skills and techniques from assigned mentors and build relationships within the company to gain support and guidance.



Starting from 2018, HAESL Caring Programme have been helping new staff to develop their career path at HAESL, selected senior and experienced staff members are appointed as Caring Officers to carry out induction and career development activities from the first working day of new employees through the course of their first-year traineeship. The Caring Officers will also monitor the development progress of new employees, provide them with advice and feedback, and identify their strengths and areas for development.



Long Service Award

To show appreciation for our employees' dedication to excellence and to recognise their accomplishments, we have presented Long Service Awards to honor our members who have dedicated themselves for years in HAESL. Rewards are awarded in accordance with our employees' years of service to articulate gratitude towards their exceptional contribution and hard work over the years.



BUILDING A STRONG WORKFORCE

It is necessary for HAESL staff to maintain a high level of competency with the proper skills and understanding of safety, repair techniques, aviation regulation and customer requirements. Every employee in HAESL is recruited through a systematic framework and is trained according to their specific job training matrix.



TRAINING

As to ensure our people are well equipped with appropriate skills and are fully competent, a structured Skill Development Plan is developed for all new recruits. The plan covers job skills, competencies and functions. Relevant instructor-led technical courses, such as New Induction Practical Training are also delivered. Each employee's training plan will be evaluated and modified based on the results of their annual training needs assessment per annum.

In addition to technical training, it is paramount to help new employees adapt quickly to our working environment and company culture. In light of this, they are also required to attend courses such as Basic Lean Transformation, High Performance Culture, and Environmental Conservation Best Practices within the first six months.

HAESL supports lifelong learning for staff which involves both refresher training and the opportunity to attend further training programmes. To encourage employees in pursuing a higher education qualification, HAESL provides a higher education subsidy for staff to study for a degree in a job-related subject as to equip themselves with solid knowledge and as a self-development.

Training Hours

33,257 TRAINING HOURS

In 2021, HAESL provided in excess of to its employees with an average of over 32 training hours for each employee. A total of 114 training courses were provided in 2021 to cater for the diverse training needs from technical skills and work safety to leadership skills, and more.

EMPLOYEE CATEGORY	NO. OF EMPLOYEES IN 2021	TOTAL TRAINING HOURS IN 2021	AVERAGE HOURS OF TRAINING IN 2021 (HOURS/ EMPLOYEE)
GENERAL STAFF	896	30,140	33.64
SUPERVISORY STAFF	93	2,337	25.13
MANAGEMENT TEAM	45	780	17.33
TOTAL	1,034	33,257	32.16

High Performance Culture (HPC)

Despite the fact that only 80 staff were trained on HPC within the year owing to COVID restrictions, we remain dedicated to the HPC vision. Six new facilitators were trained and delivered their first trainings partnered with an experienced trainer. On a wider scale we have included the HPC Refresher section in our internal newsletter HAESL.com, together with utilising the HPC Champions to highlight key themes, for instance "Accountability Ladder," " Stay Curious," and " Manage Your Energy." these themes remind staff of the HPC concepts that are useful for not only to motivating team spirits and increase working efficiency but also to guide self-reflection, broaden visions on life goals and achieve effective communications.



HAESL - High Performance Culture 高效績文化 -

ASSUME

POSITIVE INTENTION

不要假設動機
要正面考慮

Be positive
about motives of others
對他人的動機持**正面態度**

Understand
the situation before judging
下判斷之前先**了解情況**

Cooperate
with others to find solution
與他人**合作**尋找解決方案

Develop "No Blame" culture
建立**"不責怪"**文化



Safety Training

New employees are provided with safety training as part of their induction into HAESL. Understanding their role in maintaining a safe and healthy workplace and being aware of all possible hazards in the new environment are of utmost importance.

In addition to the induction training, safety management training, mandatory safety training, human factors training, and job-specific safety training are provided according to individual requirements.



STAFF WELLNESS

HAESL's Employee Wellness Programme strives to promote a healthy work environment as the health, safety and wellbeing of our employees are of utmost importance. The programme is aimed to develop a caring culture, build up staff healthy habits and equip the management with knowledge of and staff with skills to deliver mental health care through providing opportunities for them to learn about wellbeing, participate in wellness activities and lead wellness initiatives, as we believe that a successful wellness culture is established from the top down, and from self to others.

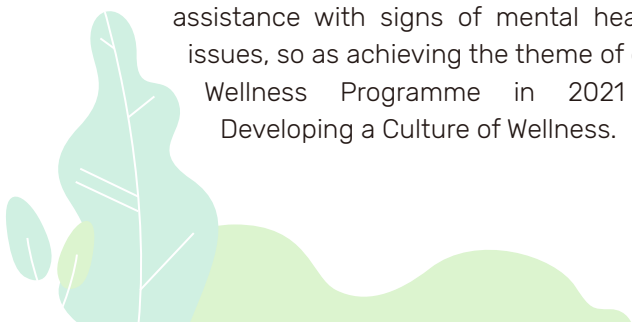


MENTAL

"Stay Well" Newsletter and "Wellness Card"

Staff wellbeing is paramount, especially amid the pandemic. In light of this, HAESL has launched "Stay Well", a monthly newsletter that covers three wellness topics, namely mental health, physical health and nutrition to encourage our staff to stay positive, active and nourished, so as to be their best when facing adversity.

To provide a set of common language through which our culture of wellness can be developed, a series of "Wellness Card" were distributed quarterly to share useful tips for staff to evaluate their mental health status as well as to offer initial assistance with signs of mental health issues, so as achieving the theme of our Wellness Programme in 2021 - Developing a Culture of Wellness.



When you notice your colleagues are struggling with mental health issues:

- I IDENTIFY** Watch out for signs and symptoms.
- C CONNECT** Talk to them and let them know you're there to help.
- A ADDRESS** Be proactive in providing support.
- R RECOMMEND** Let them know what help is available.
- E ENCOURAGE** Keep track of their progress and continue to care.

Employee Assistance Programme

 [1800 000 000](#)

Mental Health Ambassador

To equip our staff with the necessary skills to observe and cope with early signs of mental health issues, HAESL has nominated staff in each department to be the Mental Health Ambassador. We hosted Mental Health Association of Hong Kong to conduct "Mental Health First Aid Training" for the staff ambassadors equipping them to provide immediate mental health aid to staff.



Mental Wellness Events

To ensure staff wellbeing and promote the culture of wellness among staff, HAESL organised a series of wellness events to improve staff mental health. Two Mental Health Online Workshops were delivered to HAESL contract staff to equip them with knowledge of mental wellbeing and to address its importance in the workplace. Additionally, Zentangle and Nagomi Art Workshops were organised for staff as art therapies to enhance focus and reduce stress. To promote mental health awareness in HAESL, a series of events in the month of the World Mental Health Day – 10 October, were organised including a special mental health-themed issue of Newsletter "Stay Well", infographics on maintaining mental wellbeing, and a mental health seminar introducing ways of stress relief.



Nagomi Art
和諧粉彩體驗班

日期 Date: 5 May 2021 (星期三)

時間 Time: 14:00 - 16:00

地點 Location: 六階 Training Rooms

參與人數 Number of participants: 25 (如報名人數超額, 將以抽籤決定)

報名方法: 登入公眾內聯網 "Adding value to my life"
To register, visit the Portal "Adding value to my life"
聯絡 Pan Lai (內線: 3352) / Annie Yeung (內線: 3843)
截止報名日期 Registration Deadline: 28 April 2021 (星期三)

ZENTANGLE
WORKSHOP
禪繞畫工作坊

日期 Date: 9 Jun 2021 (星期三 Wednesday)

時間 Time: 上午10:30-12:30

地點 Venue: 六階 Phase 6 Training Rooms

禪繞畫是一種有助提升專注和舒緩壓力的藝術治療方法。
Zentangle is a type of art therapy which enhances focus and reduces stress.

請向部門報名。
Please contact department admin for registration.



PHYSICAL

HAESL commits to enhancing employee wellness by offering adequate amenities as well as assisting them in achieving good physical and emotional health. HAESL employees enjoy a variety of medical benefits and access to various types of medical services across Hong Kong, as well as offsite and onsite physiotherapy treatment. To ease staff's everyday commute, staff coaches are provided at subsidised rates between HAESL and major residential areas. In HAESL, our staff canteen delivers discounted lunches every day. A gym, a basketball court, a tennis court, table tennis, and music facilities are onsite in HAESL, and different activities are organised by our active sports association to encourage and promote a healthy lifestyle.



Wellness Events

HAESL organised a series of wellness events to improve staff's physical health. Three wellness talks themed "Eat Smart!" which covered various topics on nutrition and healthy eating. Talks on "Zero-time Exercise" and the health hazards of smoking were delivered. Two noteworthy events were focused on World Bicycle Day and Wellness November in which a cycling workout session and a CareER Runnerthon challenge were organised as a way to encourage physical health and promote the culture of wellness.



PROMOTING A DIVERSIFIED ENVIRONMENT

HAESL provides a welcoming and supportive work environment that respects diversity and equal opportunity for our employees regardless of their age, gender, family status, disability, race, ethnicity, nationality, religion or political beliefs. Discrimination, bullying, harassment, or victimisation on any grounds will not be tolerated. Starting from 2019, HAESL adopted the Diversity and Inclusion (D&I) Policy based on these principles to strengthen an inclusive culture for creating a pleasant workplace. In 2021, HAESL formulated a 5-year D&I strategy with the vision of proactively building a diverse, supportive and inclusive work environment where the potential of each colleague is realised and fulfilled. The strategy includes a series of measures and targets to fulfill under the four dimensions of governance, people, communication and review. The "Diversity and Inclusion Policy", "Respect in the Workplace Policy" and "Whistleblowing Policy" are all strengthening HAESL's inclusive culture.

GUIDELINES ON D&I RECRUITMENT

As a company committed to developing a diverse workforce and an inclusive working environment, having a D&I recruitment process is key in promoting a friendly workplace that can increase employee commitment, improve productivity and help HAESL be the employer of choice. Considering this, the D&I Recruitment Guideline was issued in 2021 to provide all employees a D&I-centric breakdown of recruitment steps, from job application to position offering, as a guidance of how HAESL will manage recruitment in an equal-opportunity manner.

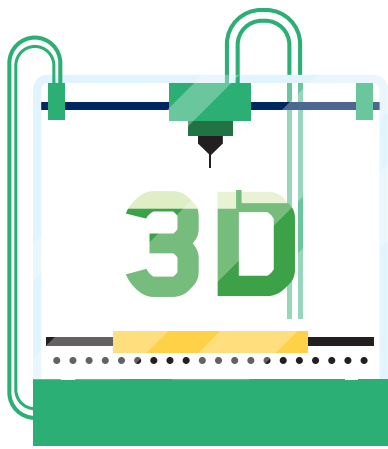
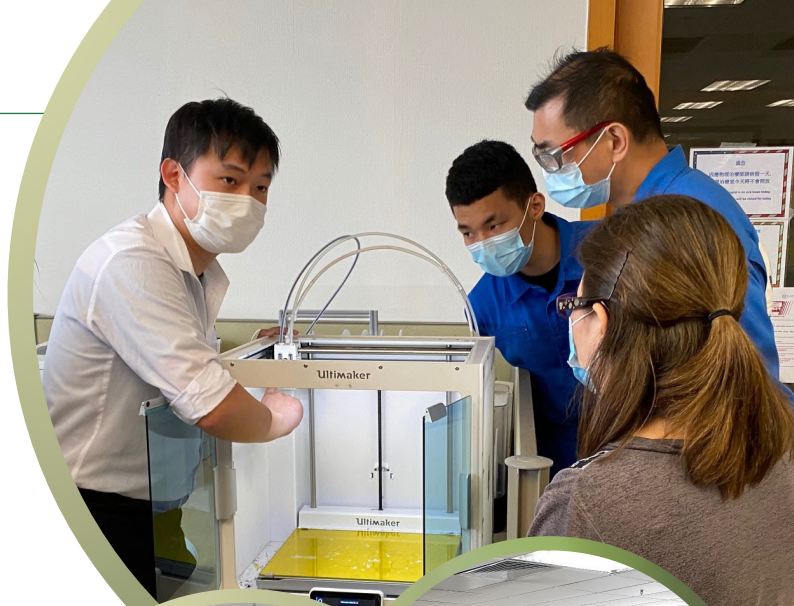


D&I HEALTH CHECK

A company-wide D&I assessment was conducted in 2021 to identify areas of improvement in each department regarding four dimensions, including governance, communication, people and review. Function Heads of all departments came up with an action plan in response to the identified items for short to long-term improvements covering various business areas, which could help HAESL to proactively build a diverse, supportive and inclusive work environment.

YOUNG AND MATURE MASTER CLASS

To provide a platform for colleagues from different generations to interact and share knowledge, HAESL launched a series of workshops themed “Young and Mature Master Class”. In 2021, four classes featuring topics of social networking and 3D printing were organised. Staff were encouraged to communicate and exchange ideas with one another while acquiring new knowledge. Through these workshops, we hope to make HAESL a diverse and inclusive workplace where age does not define one’s value and every individual’s strengths and contributions are recognised and respected.



HAESL WOMEN’S NETWORK

The Maintenance, Repair and Overhaul (MRO) industry is traditionally male-dominated. Noting the smaller proportion of women in HAESL’s workforce, HAESL Women’s Network (HWN) was established in 2019 aimed to empower and support female employees by sharing information, identifying learning opportunities, supporting peers and raising awareness of women’s issues.



In 2021, HAESL organised ten HWN events to celebrate and encourage women. We celebrated International Women’s Day under the theme of “Proud to be Women in HAESL” on 8th March. A HWN Wellness Talk – “Sleep Well and Beat Insomnia” was delivered by a registered Chinese medicine practitioner. To build the sense of belonging among female workforce in HAESL, HWN invited the staff to finger-paint on the branches of a tree and the completed picture symbolises the individual talent of our female colleagues and their excellent performance in our operation. To support gender diversity and celebrate motherhood, HWN organised a special event to mark Mother’s Day 2021. Staff were given a pack of ten pink masks to showcase their support for gender equality. Mother’s Day cards were also distributed for staff to show their gratitude to their mother.



PROTECTING AND SUPPORTING OUR STAFF AMID COVID-19

COVID-19 has caused unprecedented challenges to the globe. We strive to maintain normal operations to focus on the health and wellbeing of our employees. We have established various programmes to provide our staff with physical, mental and financial support including staff wellness programmes, additional skill training courses, vaccination injection incentives and special financial aids.

VACCINATION INJECTION INCENTIVE

To encourage vaccination among staff for the benefit of the individuals, HAESL and the community, HAESL offered a COVID-19 Vaccination Injection Incentive Package which includes a day of special leave per vaccination, meal coupons, taxi fare reimbursement and entering to a lucky draw, for staff who have completed two doses of a COVID-19 vaccination after seeking proper medical advice.



SPECIAL FINANCIAL AIDS

To support staff who experiences financial burden during this difficult time, the Special Personal Loan Scheme offered to HAESL permanent General Staff in 2020 continuous, together with an option for them to receive half the amount of Chinese New Year Bonus in advance this year. Additionally, HAESL provided staff with fourmonths of free coach services to and from work to assist potential short-term financial pressures.

CYBERSECURITY PROGRAMME

As working from home has been adopted on a large scale due to the pandemic, cybersecurity risk is at an all-time high. Following the Online Security Awareness Programme by HAECO in 2020, we have continued to deliver a series of cybersecurity programmes for our staff to increase their awareness regarding the cyber threats and safety in different topics, including phishing emails, working from home, sensitive data, Personally Identifiable Information and IT applications. In addition to the batch of online cyber security training, promotional materials were shared among our staff to provide them with more practical information to protect themselves and the Company online.

STAFF ENGAGEMENT

COMMUNICATION CHANNELS

One of the most significant indicators of job satisfaction is employee engagement. Employees are keen to be engaged in their work, be connected with their working organisation, gain a sense of belonging, and be granted flexibility in work schedule and location. Enhancing employee engagement requires effective, clear and precise two-way communications to effectively build trust between the management and employees. HAESL has established several channels to guarantee that the voices of employees are heard by the management.



Internal Communication

Our management holds regular meetings with the General Staff Consultative Committee (GSCC) and the Contract Staff Association (CSA) to address concerns and opinions on employee welfare.

Our staff newsletter, "HAESL.com," is published quarterly to give employees a broad overview of things happening in HAESL. Business performance, safety, and quality updates are among the topics covered, so are interviews with experienced colleagues, employee benefits, sustainable development events, and recreational activities.

Virtual communication has been more and more popular with advanced technology these years, gladly we can benefit from not only the use of in-house digital solutions to enhance internal communication by spreading news in real-time but also the use of remote communication channels especially amid the pandemic in which staff may be working from home. Company information such as policy updates, health & safety campaigns, latest announcements and staff activities are shared through posters and signage TVs, as well as via our intranet Portal and the HAESL mobile app. The intranet Portal can be accessed through company computers located all around our facility, while the Mobile App is designed to be installed on our staff's own mobile phones, providing an effective platform for day-to-day information such as medical service locations, coach arrangements, staff purchase offers, the daily canteen menu and various event updates.

To facilitate staff communication and to aligning with HAESL environmental targets, a new mobile app was launched in 2021 with e-payslip function, which helped to save over 20,000 pieces of paper annually

along with saving manual administration work of the distribution of paper base payslip. The app will be further developed to cater for functions including e-leave for staff to apply leaves and e-ticket for staff to pre-order meals in canteen as part of HAESL's paperless campaign.



External Communication

Social media has become an indispensable part of our lives. For HAESL, Instagram and LinkedIn assist to reach out to a much broader audience. Our Instagram page focuses on sharing interesting facts about our daily operation, technical knowledge and major company events to the general public. Through constantly producing meaningful and educational content we hope to showcase our expertise in engine repair and maintenance while engaging our staff and recognising HAESL staff's great achievement.



HAESL Storyboard Briefing

It is important to have an official platform for Senior Management to gather opinions and suggestions from staff and to understand concerns. Our Chief Executive Officer will prepare a video regarding the company's progress and business focus every year as a communication springboard within the company, named the "Storyboard". Departmental managers will present the business outlook and activities to all staff, followed by a Q&A session as a platform for management and staff to discuss and reinforce company developments and upcoming events. In 2021, due to COVID-19 preventing face to face from hall briefings, the half a year Staff Briefing was combined with the Storyboard video briefing by the then Director and General Manager, Angus Barclay to deliver both an overview of the business and comment on the half-year results for 2021. Staff feedback and queries were then collected via HAESL portal and mobile app.

Employee Engagement Survey



An engaged workforce is critical for HAESL to deliver value. The HAESL Employee Engagement Survey is one of the principal tools used to measure employee engagement, motivation, affiliation and commitment to HAESL. Questions covering 13 areas in respect to HAESL core values provided insights into employees' views.

Pleasingly in 2021, the response rates of the survey were high and employee engagement scores improved, the average employee engagement score increased comparing with that of the last survey. The survey was followed by feedback and actions from the management regarding the questions and concerns raised by staff.

Staff Suggestion Awards

To encourage staff to give suggestions for improving the operation process, HAESL has set up the Staff Suggestion Awards to recognise the commendable suggestions that make HAESL a better and more work-friendly environment. All staff are welcome to raise a suggestion by filling in the Staff Suggestion Form which will be reviewed by the specific department head quarterly. After a round of selection, a cash award of HK\$1,000 will be given to each commendable idea to show our appreciation.



SAFETY CULTURE

HAESL considers workplace safety to be of the utmost importance. Our senior management places the highest commitment to safety and strives for zero harm. For sustaining our health and safety environment, we incorporate the OHSAS 18001 international standard for occupational health and safety management. To reach our goal of zero harm in the workplace, we continuously develop our people's safety knowledge by monitoring our safety performance and identifying workplace hazards, and we are proud to announce that we have achieved the lowest number of LTIs in our history with one in 2021 with the great effort by all members of HAESL.



SENIOR MANAGEMENT COMMITMENT

Staff participation is vital to safety assurance as they have the most experience in and understanding of potential hazards and risks in the workplace. HAESL's risk practitioners work together with frontline staff to identify, analyse and mitigate hazards under the Job Safety Analysis programme (JSA). The JSA process identifies, evaluates and manages job-related hazards to reduce their impact and likelihood of occurrence to as low as reasonably practical. All potential hazards identified are risk assessed against individual standard scoring schemes for occupational safety and product safety. Hazards deemed as high or medium risks are mitigated within an agreed time frame.

STAFF INVOLVEMENT

HAZARD MANAGEMENT

We believe that effective leadership is necessary in establishing a culture that supports and promotes occupational health and safety. To identify potential hazards, our Senior Management leads a weekly safety walk with the responsible managers and the Health and Safety team. This communicates with employees of Senior Management's strong commitment to workplace safety. The exercise also identified 277 potential safety hazards during 2021. The Occupational Safety and Health (OSH) Performance Review Group oversees the safety of all activities. The Group meets on a regular basis to assess the workplace's safety performance and response to identified hazards. The Incident Reporting Procedure is to be followed for all workplace incidents, and the statistics are presented at the OSH Performance Review Group Meeting for improvement.

PROACTIVE REPORTING

We encourage staff to proactively report health and safety concerns to minimise the potential for accidents to occur. The I Care I Report (ICIR) + I Resolve Programme encourages the reporters to cooperate with other colleagues in resolving safety problems together. Each ICIR submitted is assessed and scored against four criteria – the quality of the report, the severity of the impact, the likelihood of occurrence and the effort made to tackle the problem. The top-ranking submissions are recognised on a quarterly and annual basis. In 2021, 4966 ICIR observations were submitted, which was 243 more than in 2020. Our Lost Day Rate slightly increased from 4 in 2020 to 4.2 in 2021 while Lost Time Injury Rate decreased from 0.16 to 0.09. This reflected the decreased number of lost time injuries which reduced to one in 2021, a record low number of injuries for HAESL.



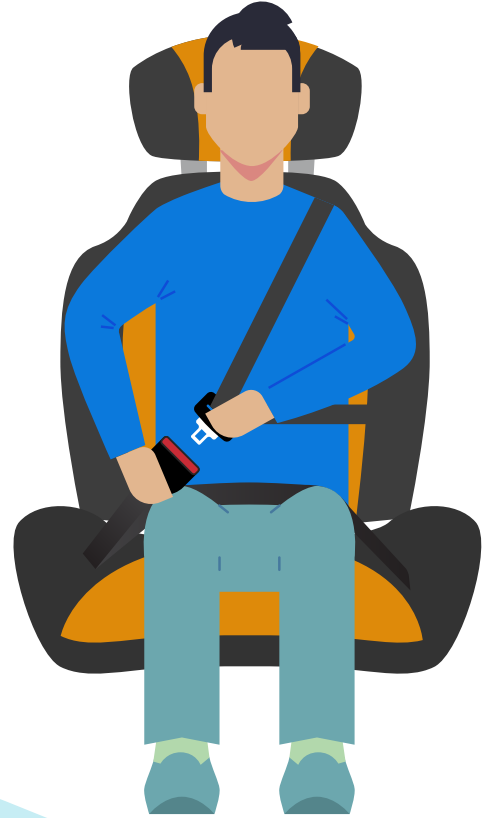
HAESL believes that the I Care I Report mechanism continuously encourages everyone to proactively engage in safety-related issues and to take collective responsibility for health and safety.

OCCUPATIONAL SAFETY & HEALTH WORK GROUP

The Occupational Safety & Health Work Group connects the OSH Performance Review Group with our employees. Members of the group are staff representatives and are elected annually. The group meets every month with the aim of assisting the implementation of the Safety Policy, proposing new initiatives, conducting periodic site inspections, advising on the practicality of compliance with OSH rules, arranging OSH promotional campaigns and positively influencing OSH across the business.

SEAT BELT AWARENESS CAMPAIGN

To support safety and reduce the risk of serious injury or death from traffic accidents, a Seat Belt Awareness Campaign was refreshed in HAESL in June 2020. The Campaign aimed to encourage staff to adopt the habit of wearing safety belts aboard coaches. In 2021, HAESL has launched a new policy regarding the mandatory wearing of seatbelts on coaches to safeguard road safety and the life of our staff.



AWARD RECOGNITION

HAESL prioritises our staff's safety and wellbeing through numerous safety campaigns and Employee Wellness Program. HAESL focuses on improving our safety through the weekly safety walk and I Care I Report scheme. Earlier this year, we had reached the milestone of achieving zero LTIs for 12 consecutive months.

To recognise our commitment to health & safety and development of safety culture, HAESL obtained the Grand Award of the Best Employee Health & Safety Programme Award in Best HR Awards 2021 by CTgoodjobs. The Best HR Awards 2021 aims to recognise the companies with outstanding talent acquisition and development. HAESL is more than a pleasure to receive the award.



Our Community

At HAESL we understand that connecting with and supporting our local community are of great importance. Throughout the years since our establishment, we have developed various channels and programmes to exercise our corporate social responsibility and to encourage our staff to support our local community.





AWARDS

HAESL has been awarded the “5 Years Plus Caring Company Logo” in the Caring Company Scheme organised by the Hong Kong Council of Social Service (HKCSS) in recognition of the Company’s ongoing effort in caring for employees, caring for the environment and serving the community through a series of corporate social responsibility events.



PRIORITY AREAS OF FOCUS

HAESL has prioritised three key areas of focus in our community namely community engagement, youth development and environmental conservation. We make charitable contributions and carry out volunteering work serving these three major concentrations.

INCENTIVE AND RECOGNITION PROGRAMMES

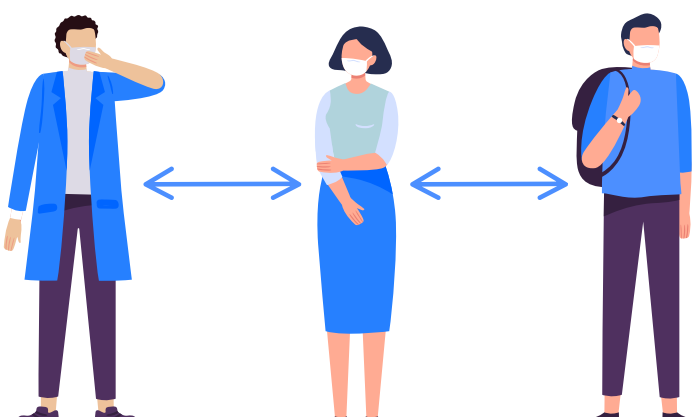
Understanding that giving back to the community has a positive effect on both the community and the individual, HAESL established a Volunteer Service Leave Policy to encourage our staff to serve the community through incentivising staff with additional leave days.

Top three staff with the highest volunteering hours were awarded “Caring Ambassadors” by our CEO in recognition of their effort in caring for the community.



OUR IMPACTS

COVID-19 has added challenges to our community work, nevertheless HAESL keeps serving the community through organising activities with proper social distancing measures and virtual communication channels. HAESL recorded 591 volunteering hours from 10 corporate social responsibility events. Over US\$ 74,838 to support the community, contributing to different charitable causes, ranging from aerospace and Science, Technology, Engineering and Mathematics (STEM) education for youth, supporting the underprivileged groups in fighting COVID-19 and promoting environmental protection.



COMMUNITY ENGAGEMENT

At HAESL we understand that connecting with and supporting our community are of great importance. We keep our eyes on the community's needs and respond proactively and aims to provide meaningful actions to deliver positive impact in our community.

SUPPORT THE COMMUNITY IN FIGHTING AGAINST COVID-19

Whilst the COVID-19 epidemic continued on in Hong Kong, the underprivileged suffered the most. Soaring prices of food, fuel and other costs leave some families straining to make ends meet.

Food Aid Programme

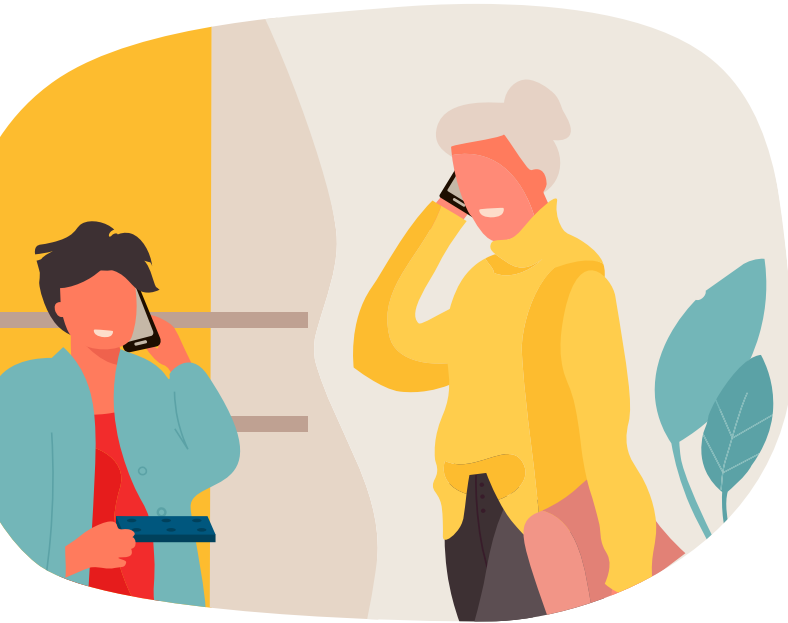
In order to ease the food burden of the disadvantaged against the pandemic, HAESL partnered with The Foodlink Limited and Hong Kong Single Parents Association to distribute 300 food packs to single mothers from low-income families. At the end of March, a group of 15 staff from HAESL volunteered their time and helped the packaging which including rice, noodles, canned meat, soup and healthy drinks and coupons, the food pack also includes finely packaged candy for children to experience festive atmosphere of Easter.



300 FOOD PACKS

were donated to the Hong Kong Single Parents Association





Phone Calls for Elderly

The COVID-19 challenges have led to an increasing mental health burden, some may feel stressed, overwhelmed, or extreme emotions, especially for elderly who live alone. During the outbreak of the pandemic, many senior citizens have to stay at home to reduce the spread of COVID-19, which may cause them to feel isolated and lonely. To reach out to the elderly in need, 10 HAESL volunteers were trained by a registered social worker from St. James' Settlement to provide regular phone calls and most importantly emotional support to the elderly. Although we could not reach out to those elderly in person, we expressed our warmest regards to ease their loneliness, listened to their needs and reverted any concerns to social workers.

Volunteering for Crossroad Foundation

Crossroad Foundation is a charity organisation distributing donated goods to people in need globally and they continued their effort throughout the pandemic with enhanced health and safety measures. In November 2021, 21 HAESL volunteers helped to provide support on sorting, dismantling or packing donated goods including furniture, clothes and household goods at the warehouse of the Crossroad Foundation, aiming to provide aid for relief during this global downtime.



SUPPORT THE COMMUNITY THROUGH UTILISING OUR STRENGTHS

One of the prominent strengths of HAESL's staff is certainly the maintenance and repairing skillset. To engage our staff in serving the community utilising their expertise, HAESL has tailored a series of programmes applying their engineering knowledge and technical skills to enhance the living environment of people in need.

Home Repair Project

In Hong Kong, each year 25% of community dwelling elders suffer from falls. 75% of falls result in injury including head injuries and fractures. In view of the ageing population in Hong Kong, enhancement of home safety measures has increasing importance. There are also home safety threats for elders who live in dilapidated housing units with poor living conditions, malfunctioning electrical appliances and broken home facilities.

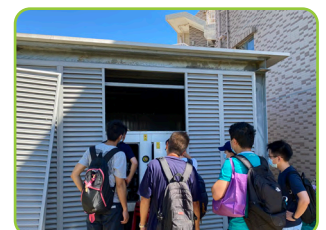
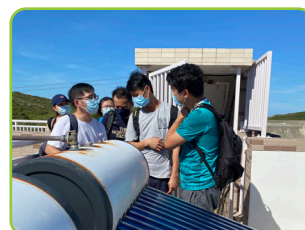
In order to provide with a safe living environment and enhance their wellbeing, HAESL partnered with St. James Settlement to establish a "Home Repair Project" providing elderly with safe electronic appliances, fall-preventing and basic facilities. HAESL donated 29 sets of flameless cooking sets and basic electrical appliances, including induction cooker and pots, electric water heaters, etc. A total of 21 HAESL's staff were trained to install fall-preventing facilities in elderly's houses including anti-slippery vinyl floor tiles, handrails, lighting system, racks and curtain rails for 70 flats in 2021.

Completed 70 repair projects



Technical Advices for Dawn Island

Dawn Island, an outlying island located one-hour away from Sai Kung, is a place offering rehabilitation to drug users and addicts. It was however challenged by the lack of stable supply of electricity and water due to remoteness and coastal erosion. To promote stable electricity supply on Dawn Island, HAESL sent a team of engineers, technicians and SD representatives to find the cause of the unstable supply; and later provided them with a bilingual standard operating procedure (SOP) and maintenance practices for their diesel generators to facilitate proper asset care and equipment maintenance on the Island.





YOUTH DEVELOPMENT

The next generation is our future. HAESL believes education is one of the keys to unlock potential and cultivate talent. To appeal the younger generation’s interest in the MRO industry, we are active to provide them with aerospace and Science, Technology, Engineering and Mathematics (STEM) education opportunities.

AEROSPACE EDUCATION

As in previous years, we continued to invite students with aviation backgrounds, including Cathay Pacific graduate engineers, students from Hong Kong International Aviation Academy, to participate in plant visits and career talks at HAESL to promote aerospace education and general aviation knowledge by demonstrating an advance level of skill and expertise in the industry. We also provide an endowed scholarship supporting engineering students at the Hong Kong Polytechnic University.



STEM EDUCATION

STEM Course for ECH



As an aero engineering company, HAESL understands the importance of the ability to integrate and apply knowledge and skills to solve real life problems. In order to nurture the creativity, collaboration and problem-solving skills of our future generation, HAESL believes that cultivating students’ interest in STEM is one of the keys.

In the summer of 2021, HAESL sponsored two STEM courses for 17 underprivileged children of Evangel Children’s Home (ECH) to arouse their interest in STEM related areas and be creative. The children created do-it-yourself (DIY) motor driven boats and tried them in the water runway along with handcrafting their own glider aiming to travel the longest distance.

Girls Go Tech

Engineering was traditionally considered as a male-dominated industry. With changes in social culture and increasing emphasis on diversity and inclusion, more and more females are involved in the engineering industry and playing an important role in the industry. To promote this trend, HAESL sponsored The Women’s Foundation’s “Girls Go Tech Programme” to encourage underprivileged secondary school girls to further develop interest in STEM through a resource sharing platform with self-learning online courses alongside real-life activities.



SUPPORT FOR THE UNDERPRIVILEGED YOUTH

Besides supporting educational needs, we aim to provide the young with a discrimination-free environment that all can enjoy and support equal opportunities in education to reach their full potential. HAESL has been a caring partner of Evangel Children’s Home (ECH) for over 10 years to support children and youth of families with complicated backgrounds by providing them with food, shelter, counselling and spiritual guidance.

This year, in celebration of the 65th anniversary year of ECH, 12 volunteers from HAESL participated in their 65-km charity “Ride to Thrive” event. Over \$100,000 HK dollars was raised to support the 2nd Chance in Life – Transitional Youth Sponsorship Programme, aiming to help the youth who face challenges of residence and independent living but lack family support. This programme provides them with transitional accommodation support, career guidance, personal growth, independent living training and emergency assistance.





ENVIRONMENTAL CONSERVATION

HAESL actively promotes environmental conservation by engaging our staff in various mountain clean-up and recycling events. We hope to raise staff's awareness in these waste reduction opportunities as well as making positive contributions to the environment.



RECYCLING AWARENESS CAMPAIGNS

While metal, paper and plastics are readily recycled through the existing bins in Hong Kong, collection of some commonly seen waste products such as beverage cartons and polyfoam are not widely recycled. To raise staff's interest in beverage carton and polyfoam recycling, HAESL arranged site visits to these local recycling centres.

Polyfoam is bulky in size but light in weight which attributes underestimating its recycling potential. Through proper sorting and contaminant-removing, high quality output of pre-treated recyclate can be obtained. In October, 17 volunteers joined the Missing Link – Polyfoam Scheme organised by the Hong Kong Association of Youth Development to help collect polyfoam in the Tsuen Wan



Industrial area and sort different types of polyfoam. Staff volunteers learnt the value of the polyfoam and alternatives so that polyfoam shall never be wasted or disposed of at landfill.

Tetra Pak-style cartons are made from paperboard and thin inner linings of aluminium and polyethylene. This form of packaging is most commonly used for beverages. If separated into their components, the cartons are fully recyclable. In November, over 20 HAESL Volunteers visited MiliMill, a pulp mill and recycling plant where a hydra pulping process separates the paper from the polyethylene and aluminium of a beverage carton. The paperboard is then recycled into paper products and the remaining polyethylene and aluminium can be recycled into panel boards, roof sheets and much more. Our volunteers learned more about the recycling process of the beverage carton and more generally learned about the situation of the local recycling industry in Hong Kong.

LEAVE NO TRACE AWARENESS CAMPAIGN

Hiking has become the weekend ritual for many Hong Kongers since the coronavirus pandemic necessitated travel free and socially distanced activities. In addition to being a precious breathing space for many of us, the great outdoors has turned into a dumping ground of used masks, plastic bottles, tin cans and cigarette butts.

In December, in an effort to restore the cleanliness of Hong Kong's nature and promote the concept of "Leave No Trace" – bring back your own trash, HAESL partnered with The Conservancy Association, to conduct hill clean-up activity at Mount Parker. Over 40 volunteers from HAESL were recruited and separated into several groups to start their rubbish-searching and clean-up journey from Quarry Bay to Quarry Pass. Bags of rubbish were carried down from the clean-up hike.

Nature is precious and fragile. Human impact on the environment could be irreversible or take a long time to recover. We hope this mountain clean-up exercise could encourage more people to be aware of the importance of leaving no trace while enjoying nature.



恒生 HANG SENG · 長春社 CA
生態捍衛戰
ECO-RANGERS

Our Environment

As a leading aero engine MRO Company, we endeavor to conduct our business in a responsible and sustainable manner. We are committed to monitoring and minimising our consumption of energy and natural resources, mitigating environmental impacts which arise from our operations and addressing climate change.



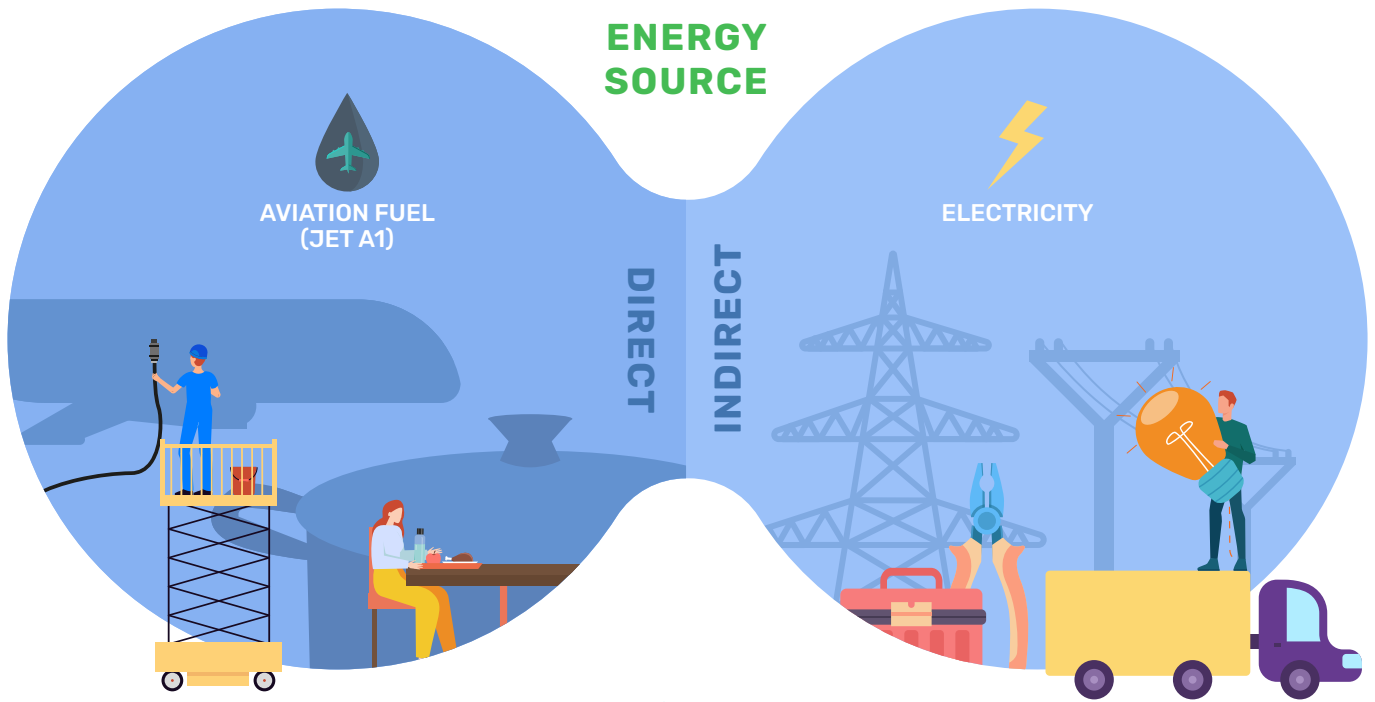
Our shareholders, Swire Pacific (HAECO Group) and Rolls Royce are committed to net zero carbon emissions by 2050 which is in line with the **1.5°C goal of the Paris Agreement**. HAECO Group sets out a 10-year roadmap, targeting to reduce 40% of absolute carbon emissions, reduce 25% of water intensity and achieve 60% waste diversion rate by 2030. In view of the Groups' ambitious commitments, HAESL is actively tracking and focusing on these three prioritised environmental aspects.

To drive continual improvement in energy and water conservation, HAESL has established two taskforces in 2020, namely the **Energy Saving Working Group** and the **Water Saving Working Group**. In January 2021, they were merged into the **SD Steering Group**. Led by the General Manager of Operations (GMO), the new steering group will overview and drive improvements on the three prioritised environmental aspects, namely carbon emission, water intensity and waste recycling rate, on a bi-monthly basis.

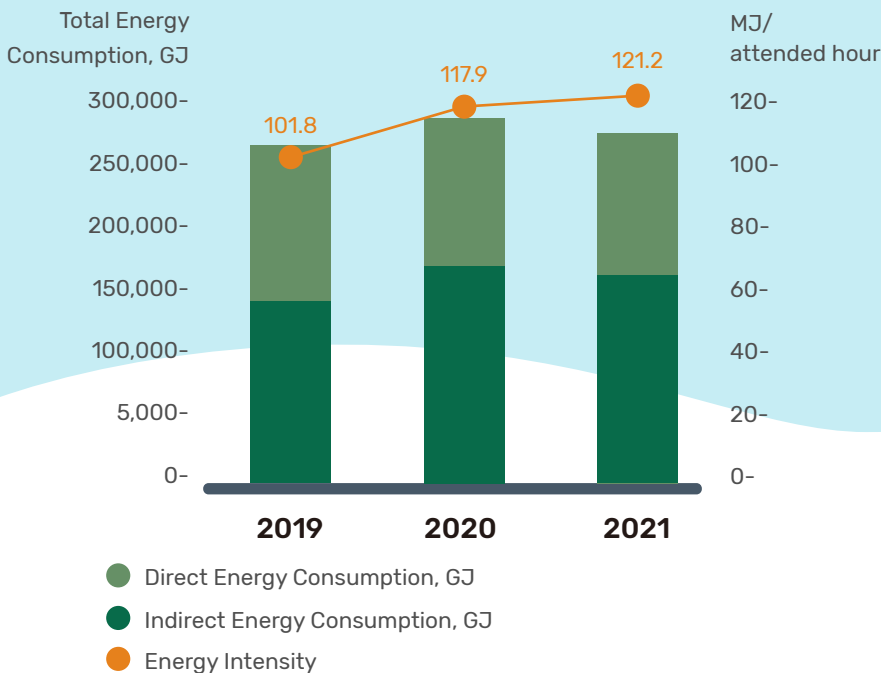


ENERGY AND EMISSIONS

Our main direct and indirect energy/ emission sources are aviation fuel and electricity respectively. The aviation fuel, named “Jet A1”, is used for engine testing after undertaking the engine maintenance work. The electricity is consumed to support our plant equipment and facilities, including but not limited to heating, ventilation and air-conditioning (HVAC) system, lighting, air compressors, vacuum furnaces, and other repairing machinery. To monitor the energy consumption against our business activity, energy intensity is used to indicate the total energy consumed per unit of hours worked.

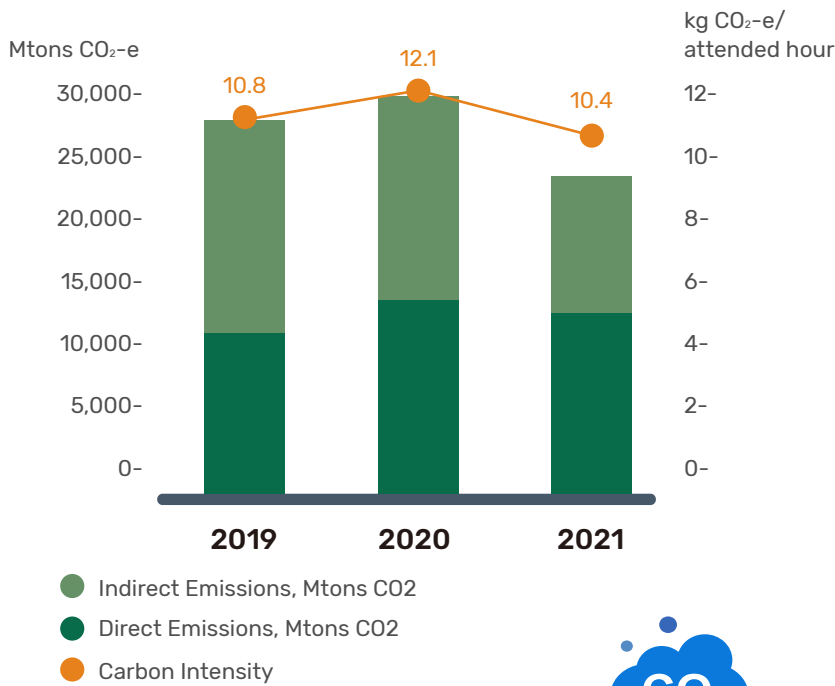


Total Energy consumption and Energy Intensity



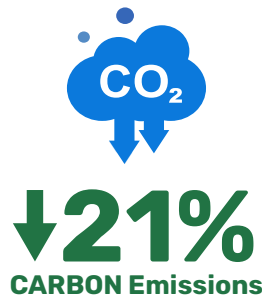
To monitor energy consumption relative to business activity, HAESL regularly reviews the energy intensity of our operation, by referring to the total energy consumed per unit of hours worked. In 2021, the total energy consumption decreased year-on-year by 5%, with 4% decrease in direct and 5% decrease in indirect energy usage.

Total Carbon Emissions and Carbon Intensity



The direct energy consumption and the indirect energy consumption decreased primarily due to reduced workload under the impact of COVID-19 and the border restrictions among the world, which resulted in lower engine test numbers, thus reduced jet fuel consumption. In addition to upgrading and improving energy efficiencies of our equipment and facilities including new chillers and air compressors, we have engaged our staff in energy conservation to achieve further energy saving.

In 2021, the total greenhouse gas emission reduced significantly by 21% compared to the prior year, along with 13.8% decrease in energy intensity. This is mainly driven by the reduction of emission factor of electricity as the power company has replaced its energy sources to greener and cleaner energy; and our improved energy efficiency in our equipment and facilities.



EXPLORING SUSTAINABLE AVIATION FUEL

HAESL understands that engine tests are an indispensable safety measure of our MRO services. 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, SAF is certified for blends of up to 50% mixture with conventional jet fuel and can be used on current Rolls-Royce engines.

Rolls-Royce has been keen to support efforts to green light non-blended SAF and has announced plans to validate that all of its Trent engines are compatible with 100% SAF by 2023. In 2021, Rolls-Royce successfully conducted a test flight in a business jet engine running solely on unblended SAF. This confirmed that unblended SAF is a viable alternative to fossil jet fuel and laid the groundwork for moving this type of fuel towards certification.

With the support from the OEM, the next challenges become regulatory approval and availability of supply in Hong Kong. Supply has yet to be established locally. Nevertheless, HAESL has been preparing facilities and equipment that are compatible with the adoption of SAF on-site. HAESL will continue to explore sustainable alternatives and maximise energy efficiency of our operation to help combat climate change.

ENERGY CONSERVATION

In HAESL, facilities and equipment of building services and industrial uses contribute to the major electricity consumption. We have enhanced our building energy management through improving energy efficiencies and exploring reduction opportunities in furnaces and heating and cooling equipment.

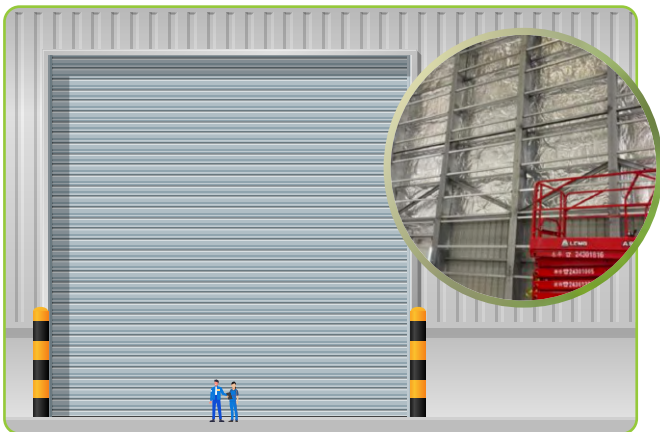
ENHANCED BUILDING ENERGY MANAGEMENT

About 90% of total electricity consumption in Hong Kong is contributed by buildings in general. Through enhancement of building energy efficiency, greenhouse gas emissions can be effectively reduced. A series of building energy saving measures were carried out in HAESL, including heating, ventilation and air conditioning system (HVAC) improvement, light-emitting diode (LED) lighting retrofitting and enhanced wall insulation

In Feb 2021, two **water-cooled centrifugal chillers with adjustable frequency drive (AFD)** and are installed in HAESL to maximise the efficiency. Eco-friendly refrigerants with low global warming potential (GWP) were adopted for these chillers to minimise their environmental impact.

HAESL continues to replace lighting equipment by more energy efficient LED lightings. Aiming to save approximately 200,000 kWh per year, HAESL installed hundreds of LED lights in Phase II in 2021.

To further enhance the HVAC system performance, HAESL has adopted various measures to minimise the conditioned-air leakage and enhanced insulation, including but not limited to application of sun-control window films, automatic double doors, and additional insulation layer for large sliding gates.



INSULATION FOR PHASE VI GATES

The over-14-metre-high sliding gate in Phase VI was made of metal and the temperature rise quickly during summertime as it is facing west. To reduce the heat transmitting from the gate to the air-conditioned indoor environment, HAESL installed a thick layer of insulation foam on the sliding doors. This results in more steady indoor temperature and reduced cooling load of the HVAC system.

RENEWABLE SOLAR ENERGY

To utilise the space available on our facility's rooftops, HAESL established two photovoltaic (PV) systems of 10 kW and 200 kW each on the rooftop of Phase VI and Phase V in 2019 and 2020 respectively. A total of over 500 solar panels were installed. In 2021, our system generated over 240 MWh of renewable electricity. And all the electricity generated has been sold to CLP Power Hong Kong Limited (CLP) under its Renewable Energy Feed-in Tariff (FIT) Scheme.

In view of the successful applications, and option for future carbon footprint reduction, HAESL started to study and review the feasibility of installing additional PV panels on the remaining available rooftops, and has identified the Administration Building, Phase IV and Phase VI for installation of additional PV systems. The total power generation capacity and electricity production will be about 420kW and 459MWh respectively. The planning and procurement process was completed in 2021 and the installation will be commenced in 2022.

>240 Mwh
Renewable Electricity

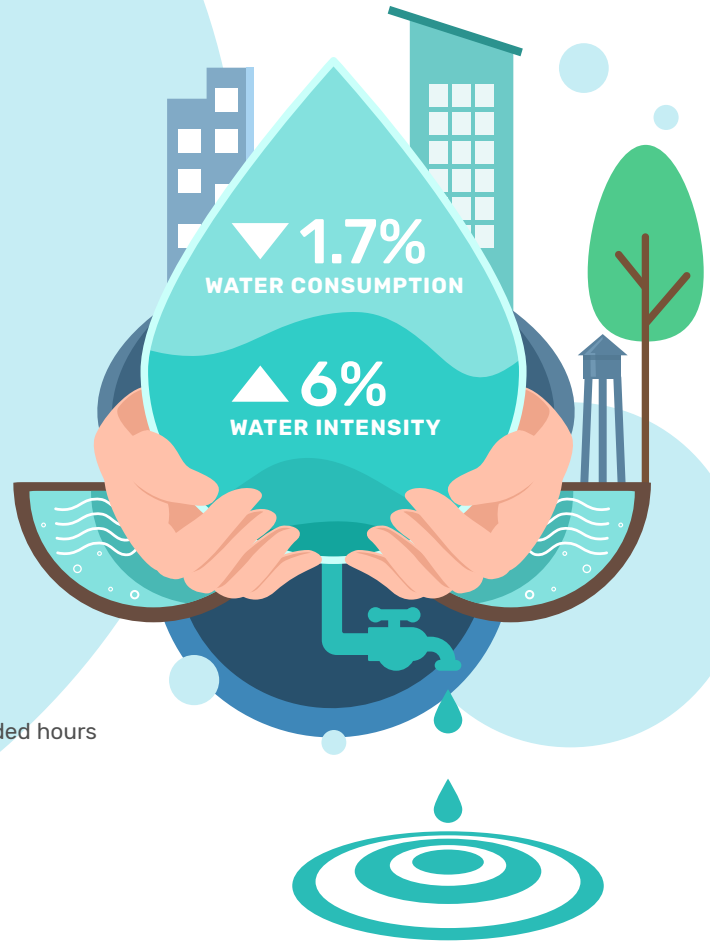


WATER

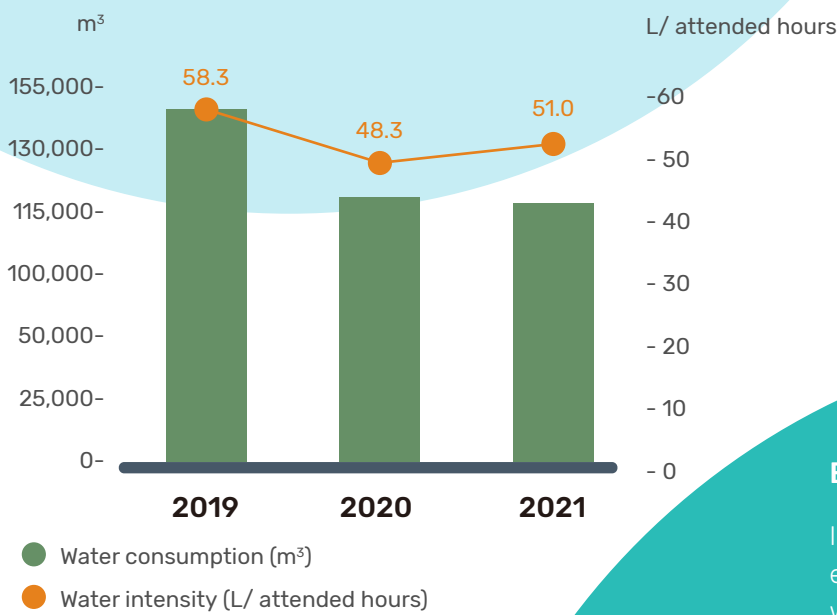
WATER CONSERVATION

HAESL operates an air conditioning condenser recovery system to reduce water usage of our cooling towers. This year, over 100 water taps flow controllers were installed to further achieve water conservation. Water consumption in 2021 decreased by 1.7%, from 117,438 cubic meters to 115,418 cubic meters due to reduced water used in the HVAC systems; while the year-on-year water intensity increased by 6% as the total attended hours reduced slightly more than the water consumption.

The SD Steering Group will keep reviewing the water usage profile and will continue to plan water saving initiatives to achieve further reduction.



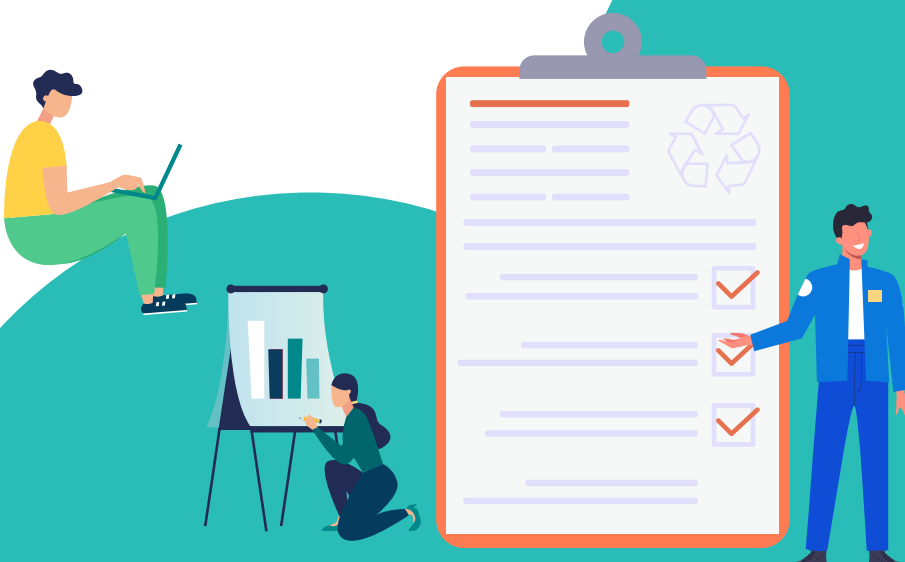
Water consumption and Water intensity



EFFLUENTS

In HAESL, there are chemical cleaning, electroplating and other MRO processes which contain various kinds of chemicals as part of our operation. The use of chemicals is unavoidable. The management of chemical waste is therefore central to our sustainability policy. To meet our own environmental responsibilities, our engineers ensure waste is handled appropriately with minimal impact to the community.

HAESL's wastewater treatment plants process liquid chemical waste before discharging the treated waste into the public sewerage system. The remaining sludge, resins and other waste, including heavy metals, are collected from site and processed by a government-approved chemical waste disposal company regularly.



WASTE

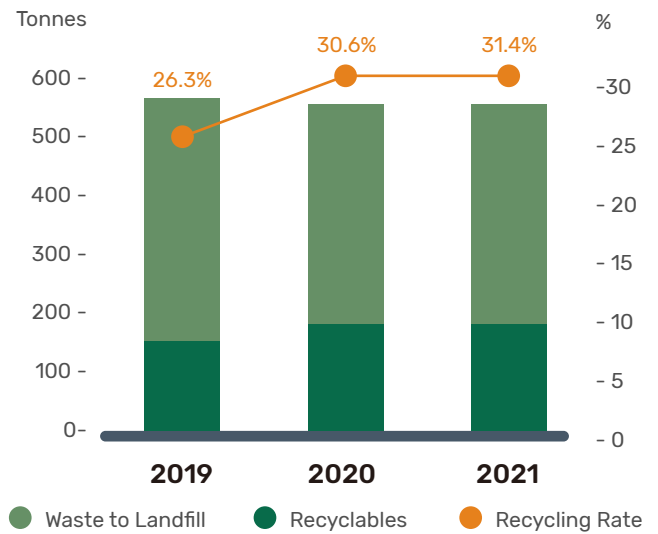
HAESL has been making tremendous effort in improving the recycling rate over the past few years. The total quantity of waste decreased by 5% year-on-year in 2021, while the recycling rate increased from 30.6% to 31.4%. This achieved by enhancing our recycling practices after a close examination of our waste profile through conducting a waste audit. We were then able to reinforce our recycling efforts and waste reduction.

WASTE AUDIT

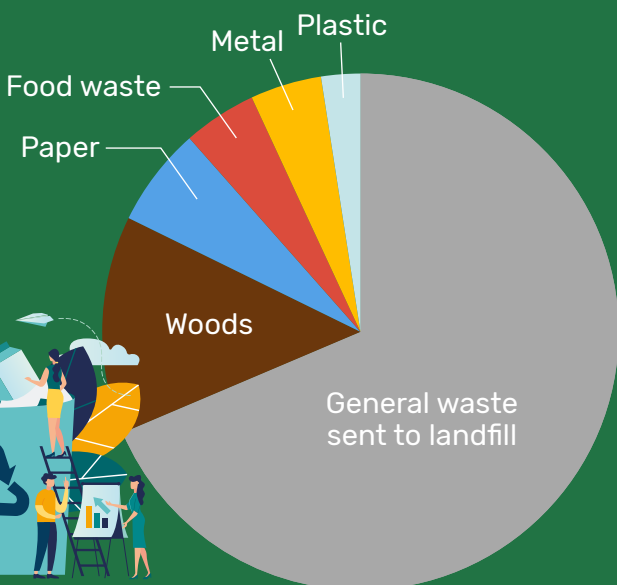
To better understand HAESL’s waste composition, a waste audit was carried out in October 2021. All waste was categorised into recyclables and non-recyclables and over 20 sub-categories before being weighed. The statistical findings helped HAESL to analyse and formulate future strategy in achieving further improvement in recycling rate.

A waste reduction plan has been set up to address opportunities from the waste audit. Reusable tableware was re-introduced for dine-in meals in our canteen, refresher training courses focused on best practices in recycling were organised; and all recycling facilities were revamped with clear colour coding and QR codes such that our staff can report recycling issues easily.

Waste, Recyclables and Recycling Rate



2021 Solid Waste Distribution



- General waste sent to landfill, 366,200kg (68.6%)
- Woods, 72,855kg (13.6%)
- Paper, 33,242kg (6.2%)
- Food waste, 24,556kg (4.6%)
- Metal, 23,829kg (4.5%)
- Plastic, 13,111kg (2.5%)



REUSE AND RECYCLING EFFORTS

HAESL has been collecting a wide range of materials for reuse or recycling, including wood, paper, plastics, metal, polyfoam, food waste, florescent lamps, waste electrical and electronic appliances, printer toner cartridges and furniture. To ensure accessibility of our recycling facilities, over one hundred recycling points were established inside HAESL. HAESL will review the recycling facilities ensuring that they are fit for purpose and lead to effective recycling.

HAESL is keen to explore further reuse and recycle opportunities whenever applicable. Some existing practices include collecting packaging materials sent to HAESL and re-using them when delivering repaired parts back to customers; moreover reusable plastic and metal containers have been developed for internal movement of engine parts. The distribution of HAESL's municipal solid waste in 2021 is shown in the table below.

WASTE REDUCTION CAMPAIGNS

Digitalisation

HAESL has recently launched two initiatives to further integrate digitalisation into its operations, including electronic payslip (e-payslip) and leave application (e-leave) system. The digital transformation on one hand reduces waste and, on another hand, it allows easier real-time data access which helps to simplify and streamline day-to-day operations. HAESL believes one of the keys to waste reduction is digitization, of which a project was kicked off – Go Paperless.

In April 2021, e-payslip was launched to replace the traditional hard copy reducing over 18,000 pieces of paper annually and reducing the related administration work in distribution. In September 2021, HAESL launched the e-leave system allowing staff to apply for leave more easily from their mobile applications or computers, which helps to reduce over 20,000 pieces of paper.

HAESL will continue to digitalise our processes and more electronic platforms will be launched in the future.



GREEN EVENT/ RECYCLING CAMPAIGN

In addition to the environmental conservation campaigns jointly organised with external parties in the Community Section of this report, a series of recycling activities were organised in HAESL to address different festive recycling needs and to raise staff's environmental awareness.



Jan 2021

DONATION OF WALL CALENDARS

To support the concept of circular economy and to promote reuse, 500 pieces of wall calendars were donated to two local charity organisations, namely the "Good Neighborhood Volunteers" and "Faith & Grace Church" serving the underprivileged in Tsz Wan Shan and Kwun Tong district.

Feb 2021

RED PACKET RECYCLING

For 9 consecutive years, HAESL has been participating in the "Lai See Reuse and Recycle Programme" organised by Greeners' Action. This year, a total of 96kg of red packets were collected from our staff for reuse purposes.



Mar 2021

GREEN LADIES & GREEN CHILD CLOTHES DONATION

To support International Women's Day on 8 March, the SD department and HAESL Women's Network jointly organised a series of activities to pay tribute to the important contributions women have made to society.

Female and children's clothes were collected from the workforce and positive response was received. A total of 310 pieces of clothing were collected and donated to the Green Ladies and Green Little, the social enterprise of St. James' Settlement, supporting second-hand fashion trading in Hong Kong. The collected clothing was consigned, and all proceedings were donated to support their women empowerment work and sustainable fashion business.

Apr 2021

EARTH DAY – BRING YOUR OWN CUTLERY CAMPAIGN

On Earth Day in April, a “Bring Your Own Cutlery” Campaign was also launched to promote the sustainability culture in HAESL and encourage staff reducing the usage of disposable items. Each participating colleague received tissues made of recycled paper as gifts when they displayed a set of reusable utensils at a counter in the staff canteen. The event received positive feedback from staff and over 140 colleagues brought along their own utensils.



May 2021

ORGANIC FARMING WORKSHOP

To promote green living and stress-relieving through horticultural therapy, 2 organic farming workshops were organised in May. An experienced farmer was invited to share tips on organic farming (grow seasonally, crop rotation, avoid use of synthetic and harmful pesticides and fertilisers, etc.) and the making of eco-fertiliser. Herbal plants were distributed to every participant to encourage adoption of organic planting in their daily lives.



AWARDS AND RECOGNITION

HAESL has actively participated in environmental awards and certificates to benchmark our achievements. In recognition of our work and commitment, HAESL has been awarded the Gold Award in the Hong Kong Awards for Environmental Excellence (HKAEE) 2020 Manufacturing and Industrial Services Sector, recognising our efforts in installing PV panels and efficient chillers, and exploration in use of sustainable aviation fuel (SAF) in achieving further carbon reduction.



Our CEO, Mr. Richard Sell, received the award from Wong Kam-sing, GBS, JP, Secretary for the Environment at the presentation ceremony of HKAEE on 28 October, 2021. Our environmental achievements were broadcasted on a one-minute TV Programme (行行惜環境) on 17 November 2021 on the local media, Television Broadcasts Limited (TVB); and advertorials were also published on local newspapers on 29 October 2021.

The HKAEE is a prestigious environmental award that recognises companies with strong commitment in environmental protection and excellent environmental performance. HAESL is more than a pleasure to receive the award.

At the meanwhile, HAESL was also certified as a Hong Kong Green Organisation for the years 2020–2022. HAESL also obtained the Energywi\$e and Wastewi\$e Certificate issued by the ECC and EPD, recognising our actions taken to achieve energy and waste reduction.



Our Business and Value Chain

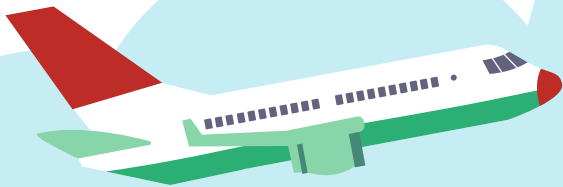


ABOUT OUR SERVICES

HAESL provides world-class aero engine and component repair services to many of the world's most respected airlines that have chosen Rolls-Royce to power their fleet of Airbus and Boeing Aircraft.

HAESL has full capability to perform complete repair and overhaul of the Rolls-Royce RB211-524 and Trent 700, 800 and XWB engines. In addition to the main overhaul shop, we also operate an engine test facility. The test cell is designed and sized for testing a wide variety of high bypass turbo fan engines of up to 130,000 lbs. thrust over the full range of validation and certification requirements.

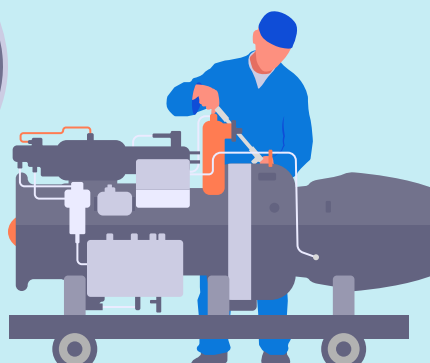
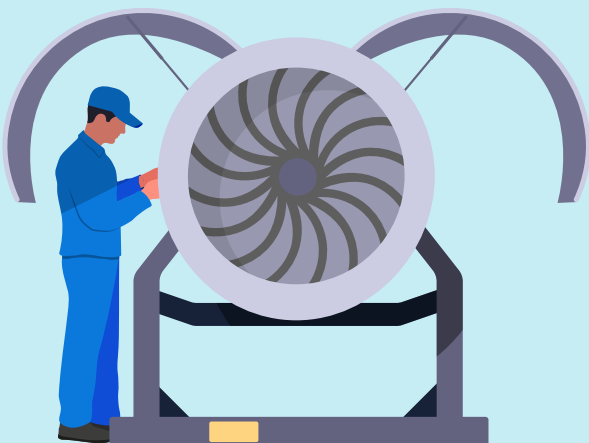
HAESL also has a broad range of specialised component repair capabilities, allowing it to offer customers cost effective alternatives to outright replacement. We are able to repair parts back to a fully restored condition, giving them the same integrity and durability as new parts. HAESL repairs parts from internal arisings and from the aero engine repair network worldwide. We have a 90% in-house core engine component repair capability.



**Turbo fan engines of up to
130,000 LBS**

In 2021, we overhauled engines for Rolls-Royce and 30 airlines flying globally, including those from Hong Kong, The Chinese mainland, Asia Pacific, the Middle East, Europe and the Americas. We understand that our customers demand a service that is both timely and cost effective. We offer industry leading turn times and competitive pricing through continuous productivity improvements.

To read more about the services we offer, the capabilities we have and the customers we serve, please visit our website www.haesl.com.



90%
in-house core
engine component
repair capability

ABOUT OUR SUPPLY CHAIN

To support the HAESL operation, our Strategic Purchasing Department partners to provide solutions. Our main categories of spending include goods and services to run the Company, such as replacement engine components, subcontracted repair services, machinery, IT services and facility works. In 2021, HAESL engaged over 400 suppliers from all over the world.

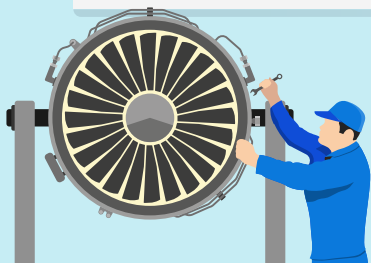
HAESL proactively drives sustainability commitment across its supply chain. We choose to partner with suppliers who share our values and meet our standards. Through the Code of Conduct for HAESL Suppliers, we communicate our environmental, social and ethical requirements and concern to our suppliers, partners and stakeholders. Compliance with this Code of Conduct is a core component when developing supplier relationships and making purchase decisions to promote and build a responsible, sustainable and manageable supply chain.



ECONOMIC PERFORMANCE

The aviation industry suffered greatly in 2021 due to COVID-19. HAESL felt the impact of the global contraction in flying hours while taking the opportunity to prepare for a coming ramp up in demand. In 2021, 236 engines were overhauled as most of the international airlines chose to utilise the fuel efficient engine, Trent XWB. The following table summarises our economic performance.

Economic Performance	2019	2020	2021
Engine Output	242	264	236
Revenues, US\$m	2,496	2,563	2,209
Dividend, US\$m	99.2	79.5	62.6
Employee Cost, US\$m	62.9	59.4	56.2
Taxation, US\$m	21.4	17.3	15.5
Charitable donations, US\$	52,488	33,366	74,838



236 engines were overhauled and returned to

43 different airlines

GROWING OUR BUSINESS

At HAESL, we continually strive to develop our business to prepare ourselves for the many opportunities ahead.

TRENT XWB

The Trent XWB is one of Rolls-Royce’s latest engines and powers the Airbus A350 aircraft. Drawing on Rolls-Royce’s unique three-shaft design, advanced materials and the latest fan system technology, the Trent XWB engine balances fuel efficiency and life cycle costs while delivering weight savings and improved aerodynamics. With a 15% fuel consumption advantage over the original Trent engines, it hits current and future emissions targets, goes further on less fuel and offers world beating performance and low noise levels. Its great economic value and environmental efficiency have made the Trent XWB the fastest-selling wide-body engine in the world¹.



HAESL is dedicated to developing comprehensive MRO capability for both XWB variants: the Trent XWB-84 that powers the Airbus A350-900 and the Trent XWB-97 that powers A350-1000. HAESL staff were sent to Derby, UK to gain detailed skills and knowledge through training at Rolls-Royce in 2019. Despite the impacts of COVID-19, HAESL continued to develop to maturity both its Trent XWB -84 and -97 engine variant engine maintenance services capabilities in 2021.

HAESL obtained full overhaul and testing capability approval for the Trent XWB-84 engine in 2017 and the Trent XWB-97 engine in 2018. HAESL is now globally the number one volume supplier of aftermarket services for the XWB-84 variant and the sole Authorize Maintenance Centre capable of workshop maintenance for the XWB-97 variant. During 2021, we successfully overhauled 115 Trent XWB-84 and XWB-97 engines.

INVESTING FOR SUSTAINABLE GROWTH

Further to the capability development of Trent XWB engines, HAESL is also investing to develop sustainable growth in many areas.

HAESL is a founding member of the Aviation Services Research Centre (ASRC) of the Hong Kong Polytechnic University. In 2021, HAESL continued to partner with the ASRC on various projects.

We were pleased to welcome new customers in 2021, which included:

- [Hong Kong Air Cargo](#)
- [Air Hong Kong](#)
- [Japan Airlines](#)
- [Aircastle](#)



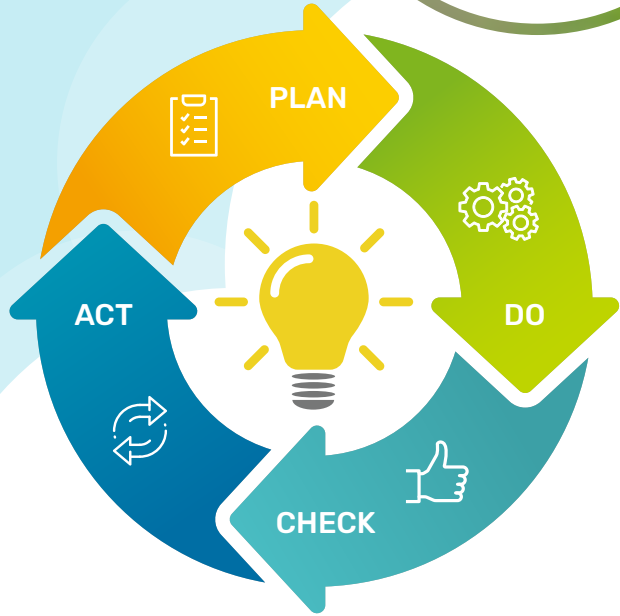
¹Rolls-Royce plc. Trent XWB.
<https://www.rolls-royce.com/products-and-services/civil-aerospace/airlines/trent-xwb.aspx#/>

BUSINESS IMPROVEMENT

KAIZEN PROGRAMME

To drive continuous improvement in every aspects of our business, HAESL has encouraged staff to set up Kaizen programmes which help to enhance performance in quality, efficiency, safety and workplace culture. Kaizen programmes are based on a Plan-Do-Check-Act (PDCA) improvement-cycle approach, identifying issues and opportunities, proposing and adopting solutions, measuring and taking appropriate actions in a continuous loop.

In 2021, over 360 Kaizen programmes were initiated and over 310 Kaizen programmes were completed. Through these enhancement measures, HAESL has achieved hard cost savings of over US\$3 million dollars and over 57,000 hours of processing time.



I CARE I SAVE

An "I Care I Save" Programme has been launched to incentivise staff in providing cost or material saving ideas. Staff submits ideas to "I Care I Save" will be rewarded by meal coupons. One of the brilliant ideas was to install an adapter for existing Trent 700 front bearing housing turn-over stand to fit for the new engine type, Trent XWB. HAESL will continue to promote the I Care I Save programme and encourage everyone to proactively engage in improving the business.

3D PRINTING

Our engineers and technicians have been utilising the in-house 3D printers to design tools streamlining or improving the process. In 2020, a capsule with small pores over the body was designed and added in vibro-polishing process. The capsule helps to capture blasting materials depleted to unusable sizes so as to minimise the replacement of all blasting materials.



CUSTOMER SAFETY AND QUALITY

SAFETY MANAGEMENT SYSTEM (SMS)

HAESL’s safety management framework comprises two major elements: aviation safety and occupational safety. These are essential to the safety of passengers and employees and to our business continuity. Our SMS is a systematic approach in reducing the risk of harm to persons or property damage to an acceptable level, which is fundamental to offering “Best in the World” services.

HAESL delivers training to every employee to refresh their knowledge of the SMS requirements and assure the quality of our SMS. We promote a proactive Safety Culture, encouraging staff to feel responsible for safety. We have created an atmosphere of trust and openness where people are encouraged and recognised for providing safety-related information.

PERSONAL DATA PRIVACY

HAESL is committed to respecting and safeguarding the privacy of personal data collected and/or processed in adherence with relevant legal requirements, including the related provisions of the Hong Kong Personal Data (Privacy) Ordinance. We maintain high standards in how we collect, use, hold and share personal data.

We ensure proper handling of personal data, covering Data Collection, Data Accuracy and Retention, Data Use, Data Security, Information Transparency, and User Rights, which are all in line with our values and personal data privacy policy.

AUDITING SYSTEMS

An effective auditing system is an essential tool for HAESL to manage our business quality. We understand the compliance of processes and procedures that have already taken place through audits. In HAESL, internal audits are carried out in a strict and professional manner. Corrective and preventive measures will be implemented to stop reoccurrence of non-conformance. There were 36 internal audits in 2021, excluding daily walk-around surveillance.

Furthermore, HAESL’s customers, National Aviation Authorities and other certification bodies conduct annual external audits to ensure HAESL is compliant with their requirements. As a Rolls-Royce MRO service provider, HAESL goes through the Rolls-Royce Supplier Management System Requirements audit (SABRe). In 2021, a total of 33 external audits were carried out. No significant findings were identified during the audits.

INTERNAL AUDITS	EXTERNAL AUDITS
FACILITY AUDIT	CIVIL AVIATION SAFETY AUTHORITY AUDIT
PROCEDURE AND PROCESS AUDIT	CUSTOMER AUDIT
PRODUCT AUDIT	EUROPEAN UNION AVIATION SAFETY AGENCY AUDIT
DOCUMENTATION AUDIT	FEDERAL AVIATION ADMINISTRATION AUDIT
OFF-SITE AUDIT	HONG KONG CIVIL AVIATION DEPARTMENT AUDIT
VENDOR AUDIT	NATIONAL AVIATION AUTHORITY AUDIT
NIGHT SHIFT AUDIT	SHAREHOLDER AUDITS
UNSCHEDULED AUDIT	

Different types of audits take place in HAESL each year.



PERFORMANCE DATA

Economic Performance		2019	2020	2021	%
Engine Output	No.	242	264	236	-11%
Revenues generated	US\$M	2,496	2,563	2,209	-14%
Dividends paid to shareholders	US\$M	99.2	79.5	62.6	-21%
Employee Cost	US\$M	62.9	59.4	56.2	-5%
Taxation	US\$M	21.4	17.3	15.5	-10%
Charitable donations made directly by HAESL	USD	52,488	33,366	74,838	124%

Environmental Performance		2019	2020	2021	%
Energy Consumption					
Direct Energy Consumption	GJ	139,613	170,653	163,445	-4%
Indirect Energy Consumption	GJ	124,421	116,980	110,720	-5%
Total Energy Consumption	GJ	264,035	287,633	274,165	-5%
Greenhouse Gas Emission					
Direct Emission (Scope 1)	mtons CO ₂ e	10,446	13,661	12,180	-11%
Indirect Emission (Scope 2)	mtons CO ₂ e	17,632	16,187	11,385	-30%
Other Indirect Emission (Scope 3) by Business Air Travel	mtons CO ₂ e	312	34	10	-71%
Total GHG Emission		28,390	29,882	23,575	-21%
Fuel					
Jet Kerosene - Engine Test	Tonnes	3,165	3,873	3,708	-4%
Unleaded Petrol - Passenger Car (Hong Kong)	L	2,428	1,448	927	-36%
Towngas	MJ	465,072	474,144	468,048	-1%
Electricity					
Electricity - Hong Kong (CLP)	kWh	34,561,510	32,362,836	30,755,571	-5%
Refrigerant / Fire Extinguishing Agent					
HCFC-22	kg	-	24.95	0	-100%
R134a	kg	341	1,036	354	-66%
HFC-410A	kg	2.72	2.72	5	84%
HFC-404A	kg	-	13.5	0	-100%

PERFORMANCE DATA

Environmental Performance		2019	2020	2021	%
Water					
Potable Water used	m ³	151,771	117,838	115,418	-2%
Water discharged to sewer	m ³	151,771	117,838	115,418	-2%
Materials					
Paper and paper products consumed	kg	19,480	16,515	15,368	-7%
Printing Cartridges purchased	No.	683	706	685	-3%
Non-hazardous Waste Management					
Industrial / Commercial Waste disposed of	kg	413,710	389,260	366,200	-6%
Grease trap waste disposed of	kg	35,880	24,840	37,720	52%
Wood recycled	kg	103,730	93,690	72,855	-22%
Food Waste recycled	kg	28,016	23,377	24,556	5%
Paper products recycled	kg	7,441	41,472	33,242	-20%
Plastic products recycled	kg	4,430	5,336	13,111	146%
Metal recycled	kg	3,875	7,424	23,829	221%
Printing Cartridges recycled	No.	529	357	101	-72%
Hazardous Waste Management					
Chemical waste disposed (Liquid)	L	87,840	159,740	94,700	-41%
Chemical waste disposed (Solid)	kg	88,363	113,097	112,959	0%
Spent kerosene (aircraft fuel) recycled	L	5,400	5,200	4,800	-8%
Lubrication oil recycled	L	13,000	14,800	15,400	4%
Significant chemicals / oil spills	No.	0	0	0	0
Compliance					
Significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	No.	0	0	0	0

PERFORMANCE DATA

Occupational Health & Safety Performance		2019	2020	2021	%
Total workforce	No.	1,121	1,015	1,033	2%
Total attended hour by all staff, in thousand	Hour	2,592	2,441	2,262	-7%
Work-related fatalities (employees)	No.	0	0	0	0%
Lost time injuries ^(Note 1)	No.	7	2	1	-50%
Minor injuries / first aid cases	No	2	2	1	-50%
Total lost day	Day	151.5	49.5	47	-5%
Lost time injury rate ^(Note 2)		0.54	0.16	0.09	-44%
Lost day rate ^(Note 3)		11.7	4	4.2	5%

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 is calculated as the total lost time injuries multiplied by 200,000 and then divided by total hours worked.
3. 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 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures 2016	Organizational profile		
	102-1 Name of the organization	6	About HAESL: Best in the World, Best for the World → Our Story
	102-2 Activities, brands, products, and services	52	Our Business and Value Chain → About Our Services
	102-3 Location of headquarters	6	About HAESL: Best in the World, Best for the World → Our Story
	102-4 Location of operations	6	About HAESL: Best in the World, Best for the World → Our Story
	102-5 Ownership and legal form	6	About HAESL: Best in the World, Best for the World → Our Story
	102-6 Markets served	52	Our Business and Value Chain → About Our Services
	102-7 Scale of the organization	5	About HAESL: Best in the World, Best for the World
		17	Our People → About Our Workforce
		52	Our Business and Value Chain → About Our Services
		53	Our Business and Value Chain → Economic Performance
	102-8 Information on employees and other workers	17	Our People → About Our Workforce
	Additional Notes to Reference Number of employees scope includes all employment types (i.e. Permanent Full Time + Permanent Part Time + Fixed Term + Temporary) as at 31 December of the reporting year		
102-9 Supply chain	53	Our Business and Value Chain → About Our Supply Chain	
102-10 Significant changes to the organization and its supply chain			
Additional Notes to Reference There were no significant changes to our company and our supply chain in the reporting year			
102-11 Precautionary Principle or approach			
Additional Notes to Reference HAESL did not apply the Precautionary Principle or approach up to 31 December of the reporting year.			
102-12 External initiatives			
Additional Notes to Reference HAESL did not subscribe to any external initiatives up to 31 December of the reporting year.			
102-13 Membership of associations			
Additional Notes to Reference HAESL was not a member of any association up to 31 December of the reporting year.			

GRI CONTENT INDEX

GRI Standard	Disclosure	Location of Disclosure	
		Page	Chapter
GRI 102: General Disclosures 2016	Strategy		
	102-14 Statement from senior decision-maker	3	Message from the Director and General Manager
	Ethics and integrity		
	102-16 Values, principles, standards, and norms of behaviour	9	About HAESL: Best in the World, Best for the World → Ethics and Compliance
	Governance		
	102-18 Governance structure	10	About HAESL: Best in the World, Best for the World → Governance Structure and Committees
	Stakeholder engagement		
	102-40 List of stakeholder groups	11	Our Approach to Sustainable Development
	102-41 Collective bargaining agreements	10	About HAESL: Best in the World, Best for the World → Governance Structure and Committees
	102-42 Identifying and selecting stakeholders	11	Our Approach to Sustainable Development
	102-43 Approach to stakeholder engagement	11	Our Approach to Sustainable Development
	102-44 Key topics and concerns raised	11	Our Approach to Sustainable Development
	Reporting practice		
	102-45 Entities included in the consolidated financial statements Additional Notes to Reference There were no entities included in HAESL's consolidated financial statements.		
	102-46 Defining report content and topic Boundaries Additional Notes to Reference Refer to each specific topic in the GRI Content Index for where to find its boundaries	11 60	Our Approach to Sustainable Development Appendix → GRI Content Index
	102-47 List of material topics	11	Our Approach to Sustainable Development
	102-48 Restatements of information Additional Notes to Reference There were no restatements of information made in this Report.		
	102-49 Changes in reporting Additional Notes to Reference There were no changes in reporting. This report is prepared in accordance with the GRI Standards: Core option, same as the 2020 HAESL Sustainable Development Report.	1	About this Report

GRI CONTENT INDEX

GRI Standard	Disclosure	Location of Disclosure	
		Page	Chapter
GRI 102: General Disclosures 2016	102-50 Reporting period	1	About this Report
	102-51 Date of most recent report Additional Notes to Reference The 2020 HAESL Sustainable Development Report was published in Jun-2021, which covered the reporting period of 1 January - 31 December 2020		
	102-52 Reporting cycle Additional Notes to Reference HAESL publishes Sustainable Development Report on an annual basis.		
	102-53 Contact point for questions regarding the report	67	Appendix → Request for Feedback
	102-54 Claims of reporting in accordance with the GRI Standards	2	About this Report
	102-55 GRI content index	60	Appendix → GRI Content Index
	102-56 External assurance	66	Appendix → Verification Statement
Material Topics			
200 series (Economic topics)			
Economic Performance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	5	About HAESL: Best in the World, Best for the World
	103-2 The management approach and its components	52	Our Business and Value Chain → About our Services
	103-3 Evaluation of the management approach		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	53	Our Business and Value Chain → Economic Performance
		57	Appendix → Performance Data
Anti-corruption			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	9	About HAESL: Best in the World, Best for the World → Ethics and Compliance
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken Additional Notes to Reference HAESL did not have any confirmed incidents of corruption or actions taken in the reporting year.	9	About HAESL: Best in the World, Best for the World → Ethics and Compliance
Anti-competitive Behaviour			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	9	About HAESL: Best in the World, Best for the World → Ethics and Compliance
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		

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GRI Standard	Disclosure	Location of Disclosure	
		Page	Chapter
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices Additional Notes to Reference HAESL was not involved in any legal actions for anti-competitive behaviour, anti-trust, and monopoly practices in the reporting year.	9	About HAESL: Best in the World, Best for the World → Ethics and Compliance
	300 series (Economic topics)		
Energy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	5	About HAESL: Best in the World, Best for the World
	103-2 The management approach and its components	40	Our Environment
	103-3 Evaluation of the management approach		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	42	Our Environment → Energy and Emission
	302-3 Energy intensity		
	302-4 Reduction of energy consumption Additional Notes to Reference	57	Appendix → Performance Data
	Energy sources used by HAESL include jet fuel, electricity and Towngas purchased from other organisations. The majority of our electricity is consumed in Hong Kong where the supplier is franchised, such that we cannot lower the carbon intensity of our electricity by choice of supplier. Each kilowatt hours (kWh) registered by electricity meters represents 3.6 Mega joules. Towngas in Hong Kong is calculated according to "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for buildings (Commercial, Residential or Institutional Purpose) in Hong Kong (2010)" published by Environmental Protection Department (EPD) of the Hong Kong Government. Each unit registered by a gas meter represents a heat value of 48 Mega joules.		
Water			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	5	About HAESL: Best in the World, Best for the World
	103-2 The management approach and its components	45	Our Environment → Water Conservation → Effluents
	103-3 Evaluation of the management approach		
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	45	Our Environment → Water Conservation → Effluents
	303-4 Water discharge		
	303-5 Water consumption Additional Notes to Reference 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.		
Effluents and Waste			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary		
	103-2 The management approach and its components	46	Our Environment → Waste Management
	103-3 Evaluation of the management approach		
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	46	Our Environment → Waste Management
		57	Appendix → Performance Data

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GRI Standard	Disclosure	Location of Disclosure	
		Page	Chapter
GRI 306: Effluents and Waste 2016	306-3 Significant spills Additional Notes to Reference HAESL did not have any spills in the reporting year.		
	Environmental Compliance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	40	Our Environment
	103-2 The management approach and its components	9	About HAESL: Best in the World, Best for the World → Ethics and Compliance
	103-3 Evaluation of the management approach		
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations Additional Notes to Reference HAESL did not have any non-compliance occurrence related to environmental laws and regulations in the reporting year.		
	400 series (Social topics)		
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary		Our Environment Our People
	103-2 The management approach and its components	29	→ Safety Culture
	103-3 Evaluation of the management approach		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	10	About HAESL: Best in the World, Best for the World → Governance Structure and Committees
	403-2 Hazard identification, risk assessment, and incident investigation		
	403-3 Occupational health services	29	Our People → Safety Culture
	403-4 Worker participation, consultation, and communication on occupational health and safety		
	403-5 Worker training on occupational health and safety	20	Our People → Staff Development → Safety Training
	403-6 Promotion of worker health	21	Our People → Staff Wellness
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	29	Our People → Safety Culture
	403-8 Workers covered by an occupational health and safety management system		

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GRI Standard	Disclosure	Location of Disclosure	
		Page	Chapter
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	29	Our People → Safety Culture
	<p>Additional Notes to Reference</p> <p>HAESL reports the number of lost time injuries (LTI), the Lost Time Injury Rate (LTIR), the number of lost days, the Lost Day Rate (LDR) and employee fatalities as defined below.</p> <ol style="list-style-type: none"> Total injuries are the number of injuries in the year which result in a minimum lost time of one working day. Lost Time Injury Rate is calculated as the Total Injuries multiplied by 200,000 and then divided by total hours worked. Lost Days: A Lost Day occurs when, in the opinion of the physician of record, the employee cannot work, Lost Days are counted as calendar days where counting begins the first day following the injury and ends when the person returns to full duty, receives a permanent job transfer, leaves employment. Lost Day Rate is calculated as the Total Days Lost multiplied by 200,000 and then divided by total hours worked. Fatality (employee) A loss of life occurring to an employee, as the result of a work-related incident. 	57	Appendix → Performance Data
Customer Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	56	Our Business and Value Chain → Customer Safety and Quality
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	56	Our Business and Value Chain → Customer Safety and Quality
	<p>Additional Notes to Reference</p> <p>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.</p>		
Customer Privacy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	9	About HAESL: Best in the World, Best for the World → Ethics and Compliance
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	9	About HAESL: Best in the World, Best for the World → Ethics and Compliance
	<p>Additional Notes to Reference</p> <p>HAESL did not receive any complaints from customers concerning breaches of customer privacy and losses of customer data in the reporting year.</p>		
Socioeconomic Compliance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	9	About HAESL: Best in the World, Best for the World → Ethics and Compliance
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	9	About HAESL: Best in the World, Best for the World → Ethics and Compliance
	<p>Additional Notes to Reference</p> <p>HAESL did not have any non-compliance occurrence related to laws and regulations in the social and economic area in the reporting year.</p>		

VERIFICATION STATEMENT



SCOPE AND OBJECTIVE

Hong Kong Quality Assurance Agency (“HKQAA”) was commissioned by Hong Kong Aero Engine Services Limited (hereinafter referred to as “HAESL”) to undertake an independent verification for the Sustainable Development Report 2021 (hereinafter referred to as “the Report”). The Report stated the sustainability performance of HAESL in economic, environmental and social aspect in the period of 1st January 2021 to 31st December 2021.

The aim of this verification is to provide a reasonable assurance on the reliability of the report contents. The Report has been prepared in accordance with the Core Option of the GRI Sustainability Reporting Standards (“GRI Standards”).

LEVEL OF ASSURANCE AND METHODOLOGY

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

The verification process included verifying the systems and processes implemented for collecting, collating and reporting the sustainability performance data, reviewing relevant documentation, interviewing

SIGNED ON BEHALF OF HONG KONG QUALITY ASSURANCE AGENCY

Jorine Tam
Director, Corporate Business
April 2022

responsible personnel with accountability for preparing the reporting contents and verifying selected representative sample of data and information. Raw data and supporting evidence of the selected samples were also thoroughly examined during the verification process.

INDEPENDENCE

HAESL is responsible for the collection and presentation of the information presented. HKQAA does not involve in calculating, compiling, or in the development of the Report. Our verification activities are independent from HAESL.

CONCLUSION

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

- The Report has been prepared in accordance with the GRI Standards: Core Option;
- The Report illustrates the sustainability performance of HAESL, covering all material aspects, in a balanced, comparable, clear, responsive, fair and timely manner; and
- The data and information disclosed in the Report are reliable and complete.

Nothing has come to HKQAA attention that the selected sustainability performance information and data contained in the Report has not been prepared and presented fairly and honestly, in all material aspects, in accordance with the verification criteria.

HAESL has reported specifically the sustainability issues identified as the most influencing matters to its business and stakeholders through a materiality identification exercise. The report illustrates the challenges and opportunities associating to HAESL’s sustainability context, it covers different projects undertaken in 2021 and the approaches that HAESL adopted to manage the result achieved. HAESL has developed a stringent data management mechanism where all data undergoes robust internal vetting, the basis of credible and transparent reporting is attained. In conclusion, the Report reflects appropriately the commitments and involvement of HAESL towards sustainable development.

THANK YOU FOR READING THIS REPORT



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@haesl.com or direct mail to the following address:

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