



Sustainable Development
Report 2011



Best in the World | Best for the World

Contents • Statement • Governance • Environment • Health & Safety • People • Community • Economic Performance • Future • Performance Data • GRI • Verification



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The logo consists of the letters 'HAESL' in a bold, sans-serif font, centered within a white arrow-shaped signpost. The signpost is mounted on a wooden post against a brick wall background.

HAESL

About This Report

This document is Hong Kong Aero Engine Services Limited's (HAESL's) sustainable development report – which is in line with the policy of the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines.

HAESL published an annual Environmental, Health and Safety Report in 2004, 2005, and 2006, before migrating to a Corporate Social Responsibility Report in 2007, and a Sustainable Development Report from 2008 onwards. This Sustainable Development Report covers the calendar year from 1st January, 2011 to 31st December, 2011 and met the GRI's Application Level B+ (Reference refers to P.46-48).

The information presented in this report covers the activities of HAESL's business, which operates at a single site in Hong Kong, S.A.R., China. It does not include information relating to Singapore Aero Engine Services Pte Ltd, in which HAESL holds a 20% shareholding. This report covers information on HAESL's governance procedures, economic, safety, environmental and social performance; as well as key initiatives undertaken by the Company.

The report focuses on the GRI performance indicators that are most relevant to HAESL's activities. Whilst we have endeavoured to provide the most accurate view possible of the Company's performance, we acknowledge that further improvements can be made with respect to data collection. We will continue to refine and improve the accuracy of in future reports.

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

Company Profile

Hong Kong Aero Engine Services Ltd (HAESL) provides repair and overhaul services for 'large fan' civil aero engines and their components to airlines based in Hong Kong, Mainland China, the Middle East and other locations in the world. A joint-venture company between Hong Kong Aircraft Engineering Company Limited (HAECO) (45%), Rolls-Royce (45%) and SIA Engineering Company (10%), HAESL combines the skill and experience of two of Asia's most successful aircraft maintenance, repair and overhaul companies, with a world-leading name in the development and manufacture of gas turbine engines.

HAESL first began operations in 1997, initially taking over from HAECO's own engine overhaul operations, and is now a leading repair and overhaul facility for Rolls-Royce's range of RB211 and Trent aero engines. Located at Tseung Kwan O, in Hong Kong's New Territories, HAESL currently employs over 1,000 staff, operating from an advanced US\$222 millions facility with 52,000sqm of floor space, with an overhaul capacity in excess of 250 engines and modules per year. The company is also equipped with one of the largest test cells in Asia – capable of testing engines generating up to 130,000 pounds of thrust.



The company possesses a significant component repair capability – up to 90% of the components from engines that it overhauls – and has developed six ‘Centre of Excellence’ facilities supporting fan blade, turbine blade, HP/IP bearing support, honeycomb, seal fin and engine mount repairs on components from Rolls-Royce engines from around the globe.

HAESL also provides an ‘on-wing care’ capability to its customers through services such as engine boro-scope inspection and blade repairs - using advanced boro-blending repair techniques – either on location at various airports, or off-site at aircraft maintenance facilities.

Over 2,500 Rolls-Royce RB211 and Trent aero engines have been serviced by HAESL since the company commenced operations in 1997. HAESL also continues to plan for the future, with the ongoing development of its capability readiness program in order to support servicing of the Trent XWB engine. This engine has been designed for use on all variants of the Airbus A350 XWB aircraft and will have the lowest carbon emissions of any wide-body aero engine. In addition, it will be the most environmentally-efficient engine thus far in the Trent family.

HAESL remains committed to being an environmentally responsible company that makes significant contributions to sustainable development – this is reflected in the Company’s vision statement: **“Best in the World, Best for the World”**



Director & General Manager's Statement

As this report was being written in early 2012, HAESL celebrated 15 years since the company commenced its operations in January 1997. HAESL's progress since that time, when it was transformed from being just a division of HAECO to a stand-alone joint venture, has been remarkable. However, in order to fulfil the company's vision of being "Best in the World; Best for the World" we have to go beyond the principles of operational excellence on which the company was founded, and live up to best-in-class practices of sustainable development.

In the area of employee safety, the company has made significant progress during 2011 through the implementation of the "I Care, I Report" near-miss reporting system into our organisation. This programme was initiated in September 2010, and 2011 saw its first full year of operation with 625 reports being filed throughout the year. With the large influx of new employees over the last year (bringing HAESL's headcount to in excess of 1,000 persons for the first time at the end of 2011, a number that is still growing fast), ensuring that the principles of safety in the workplace are embedded in the company's culture is a key focus for the company's management. Unfortunately, the number of lost-time injuries (LTIs) rose by one incident in 2011, compared to the year before, to a total of nine incidents. However, the two measurements used to determine the intensity of these – the



number of LTIs per 200,000 man hours; and the number of lost days per injury - both showed an improvement over 2010. In 2012 HAESL will enhance the “I Care, I Report” reporting system by adding a focus on “+ I Resolve”. With an increase in employee headcount of 20% during 2012, the main challenge for the company will be to continue to limit the level of harm to our employees in the workplace.

In addition to these improvements in employee safety, HAESL continues to make strenuous efforts to improve its environmental performance. While the company’s total energy consumption increased during 2011, particularly with the opening of the new ‘Phase V’ component repair workshop earlier in the year, HAESL has continued to make progress with regards to reducing the intensity of its energy usage and, therefore, its carbon footprint. HAESL is working closely with other interested stakeholders in developing the prospect of using a blend of sustainable biofuel in its engine test cell, and is also involved in a potential project to generate a large portion of its electricity requirements from waste gas from a nearby landfill. Both of these projects will move forward during 2012.

Stakeholder engagement remains a central feature of HAESL’s activities. In particular, the Supplier Code of Conduct and Sustainability Policy were both successfully rolled-out in 2011. Engagement with employees continues to be followed closely, with various channels and opportunities for communication and feedback. Training and development for staff – whether newcomers or existing employees – is continually being developed, and an opportunity for celebration of 15 years of HAESL was marked by most of our employees and their families attending an evening’s entertainment at Hong Kong Disneyland in early January 2012.


HAESL’s employees continue to engage actively with the community in volunteering for various charitable, community and sporting events. It is heartening to see the enthusiasm with which these activities are pursued, and the generosity that our staff demonstrates in contributing their time and money to the organisations which HAESL support. During 2012, in cooperation with the Swire group (of which HAESL is an associate), the company will develop further opportunities for its employees and their families to contribute to sustainability.

I believe we have made significant progress in 2011. But the road ahead is long, and one down which we are committed to proceeding - with our goal of continuous improvement along the way. I would like to thank all of HAESL’s stakeholders, and in particular our employees, for their support to HAESL as we pursue this important journey of Sustainable Development.

Richard Kendall
Director & General Manager
April 2012



Governance
and Stakeholder
Engagement



Governance and Stakeholder Engagement

Governance

HAESL is committed to operating with the utmost integrity and to the highest ethical standards. Ultimate responsibility for company's decisions, policies and direction lies with its Board of Directors. The Board, made up of seven non-executive directors and one executive director, meets four times a year. It is comprised of three members from HAECO, three members from Rolls-Royce, one member from SIAEC, and the Director & General Manager of HAESL. The board members are British, Chinese and Singaporean with one female member. All the non-executive directors, those with no involvement in the day of day business management, are appointed by the shareholders according to business expertise and qualification.

In addition to providing the Board with information on the company's key issues, strategies and risk management, the Director & General Manager presents a sustainable development paper at each meeting. Outside of board meetings, HAESL submits

regular sustainable development performance data to its shareholders and participates in regular meetings regarding this across the Swire / HAECO and Rolls-Royce group of companies.

Within the business, HAESL's sustainable development issues are governed by a combination of the Environmental and Health and Safety Committee, the HAESL Executive Committee (comprising the Director & General Manager, GM Operations, GM Commercial and GM Finance & Administration), and the HAESL Staff Committee (HAESL Executive Committee and Human Resources Manager). Each committee meets on a monthly basis.

Both the management and the wider workforce engage in regular monthly dialogue through the two main staff representative bodies - the General Staff Consultative Committee, and the Contract Staff Association.

Environmental, Health and Safety and Risk Management Governance

HAESL's, Health & Safety (H&S) Steering Committee is chaired by the Company's Director & General Manager, Richard Kendall, and includes representatives from each of the main departments within the company. The role of the committee is to cover the company's strategy and policy setting, project governance, legislative compliance, and reviews of performance against current H&S objectives as a cross-department workgroup. The committee meets every month.

The company believes that listening to, and communicating with, the frontline workforce is crucial for the advancement of its health and safety policies. The H&S workgroup is made up of elected representatives from various departments from within the company, and is chaired by the H&S coordinators, meeting on a monthly basis. The workgroup provides a forum for the elected representatives to present their ideas, gather feedback and assist the Steering Committee in the implementation of H&S policy.

HAESL's Environmental and Facility Committee is chaired by the Company's General Manager of Operations, and focuses on facility repairs, maintenance projects, energy-saving initiatives and addresses environmental-related risks.

Representatives at this meeting include the HAESL Sustainable Development Manager, the Facility Manager and the company's Energy/Environmental Consultant. An Environmental and Facility Committee meeting is held every 2 months.

In 2011, HAESL introduced a new 'deep-dive' risk assessment process as part of its continued efforts to identify proactively and reduce hazards related to H&S and Product Integrity and Safety. This process scrutinises each step, or activity, within the maintenance process to help identify H&S and product safety risks (such as manual handling risks, or storage issues) through a combination of visual monitoring and thorough assessment of best working practices. Data is collated and actions are identified that can help to reduce the degree of risk faced by employees to an acceptable level. A monthly Product Safety Governance meeting is currently in place to underpin this process. This meeting is chaired by the Company's Director and General Manager, Richard Kendall, and includes representatives from each relevant department, covering similar topics as the H&S Steering Committee. Throughout 2012, the management aims to progressively combine and develop H&S and Product Safety Governance into a single HAESL Safety Management Governance.



Stakeholder Engagement

Following a comprehensive review of HAESL's key stakeholders in 2010, the company engaged with eleven stakeholder organisations and three employee focus groups to investigate their views on environmental and social performance within the organisation. HAESL remains fully committed to engaging in dialogue and activity with key stakeholders.

During 2011 HAESL has implemented its Supplier Code of Conduct and Sustainability Policy to enhance the level of awareness and engagement within its supply chain. This will remain a key initiative in 2012 as the HAESL Sustainable Development Strategy continues to evolve.

HAESL continues to engage with stakeholders from different levels of seniority and operational functions in Hong Kong and beyond.

Stakeholders	Profile	Our Engagement / activities
Customers	Airlines	Customer satisfaction surveys and focus group meetings
Employees	Approximately 1,100 HAESL employees (currently)	Company story board, regular department briefing and focus group meetings: Contract Staff Association (CSA) and General Staff Consultative Committee (GSCC)
Suppliers	Local and international	Purchasing policy survey and self-assessment
Business partners	International	Regular dialogue with our joint venture partners
Government and Regulators	Hong Kong SAR Government	Ongoing dialogue and business associations
Investors and their advisors	Local and International	Quarterly meeting on different sustainability functions: H&S, CSR and Environment in sharing and learning best practices
Non-governmental Organisations and Local Communities	Business forums, and academic institutions	Focus group meetings, ongoing dialogue and activities through various associations (e.g. Evangel home, School tours), CSR conference

Environment





Environment

Our Commitment

As part of our commitment to building a greener future, we continually work on new initiatives aimed at conserving and improving the environment. It is our responsibility to manage and improve our environmental performance. Reducing our environmental impact and incorporating sustainable practices into our operations are important elements of our development. Our approach is guided by the HAESL Sustainable Development Policy, which ensures environmental considerations are an integral part of our decision-making, management and culture. We take care to assess the impact that our activities have on the environment, focusing on key areas such as:

- energy consumption
- material consumption
- waste disposal
- water usage
- greenhouse gas emissions

Main sources of energy consumption in HAESL's operations:



Electricity Purchased
24,622,949 kWh



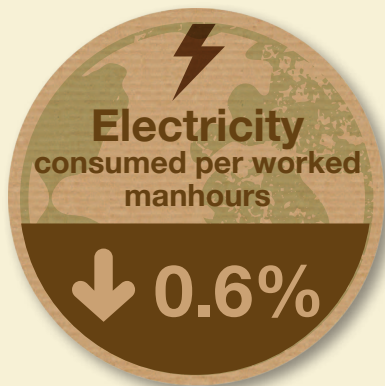
Towngas Consumed
753,312 MJ



Aviation Fuel Consumed
2,263 T

2011 Objectives	Progress against 2011 Objectives
Review the potential scope to reinforce resilience against water supply failure, and investigate environmental benefits of additional water recycling and water conservation measures	On going
Maintain and enhance separate energy reporting mechanisms for core building services and production equipment with appropriate weighting given for the effects of production output	On going
Develop and procure further energy efficiency improvements	On going
Progress CO ₂ management systems	On going

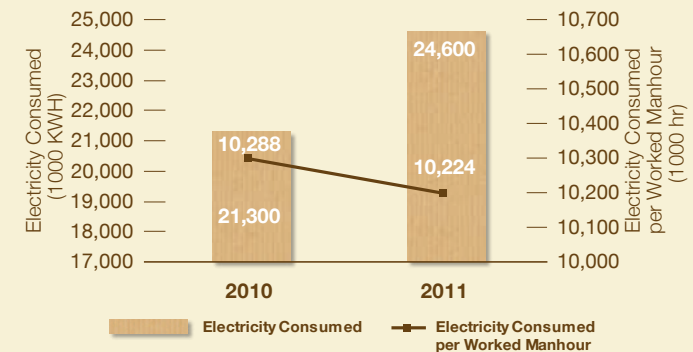
Objectives for 2012
Continuation of Project "Flame" (utilisation of landfill gas extraction to supplement / replace energy usage)
Continue to explore opportunities to undertake engine testing using sustainable bio-fuels as a replacement for traditional Jet A-1 aviation fuel
BMS integration in data collection, in terms of water and electricity consumption



Electricity is mainly consumed in the company's day-to-day operations. The total purchased electricity in 2011 was 24,623 MWh, an increase of 16% compared to 2010. This increase is due to the expansion in business volume and operations attributed to the new Center of Excellence building. The average electricity consumption per worked hour is 10.2kW/h, which represents a slight decrease of 0.6% from the previous year.

In order to continuously improve energy efficiency, we have implemented an upgraded Building Management System (BMS), which allows us a more accurate control and allow us to better monitor electricity consumption at the facility. We measure electricity consumption across our workshops and offices in order to facilitate a more targeted approach to our energy reduction initiatives. One example is the installation of motion detection systems to replace manual lighting controls.

Total Electricity Consumption vs Electricity Consumed per Worked Manhour





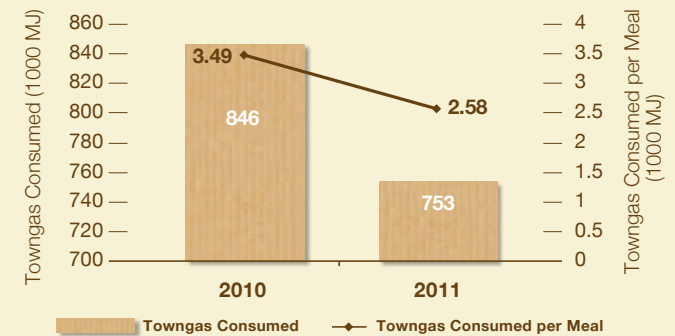
A reduction in gas usage can be observed in 2011. Towngas consumption reduced from 846,144 MJ in 2010 to 753,312 MJ in 2011. HAESL has undertaken several initiatives to achieve a reduction in gas consumption. The implementation of project “Gas Consumption Reduction in the Staff Canteen”, with the aid of our catering services provider, has significantly cut down gas consumption within our canteen. This project focuses on reducing gas consumption by reviewing current cooking processes and methods, identifying and eliminating waste, and developing a process for more effective and efficient use of gas.

We have previously ascertained that one of our major contributions to greenhouse gas emissions is the consumption of aviation fuel in our engine testing operations. This consumption is directly related to the number of engines serviced, the engine type and extent of repairs needed. Consumption of aviation fuel increased in 2011, something which can be attributed to an increased workload. HAESL is working on reducing aviation fuel usage by recycling unused fuel for further engine tests – trials of this have resulted in an improvement in the average consumption per tested engine, with a decrease of 3.93% compared to 2010 data.

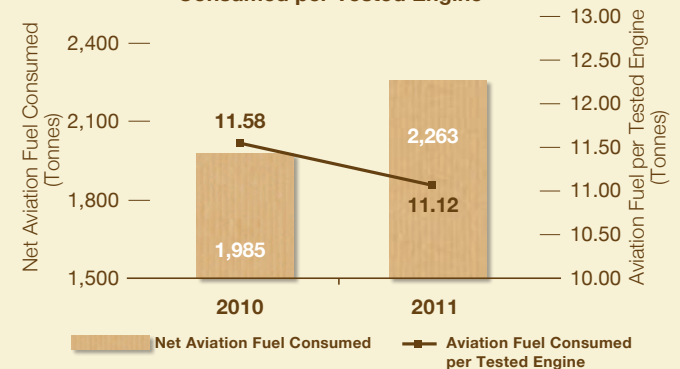
Carbon Footprint

Our carbon footprint is a measure of the impact our activities have on the environment; and in particular on climate change. HAESL’s carbon footprint is mainly attributed to the following factors: consumption of electricity by production processes equipment, the compressed air plant, air-conditioning and lighting; Towngas consumption by the staff canteen for catering services; and the burning of aviation fuel in engine tests. Reducing our carbon footprint is one of the biggest challenges we face. In order to gauge the success of carbon footprint reduction initiatives, our carbon footprint is measured in units of tonnes of carbon dioxide equivalents.

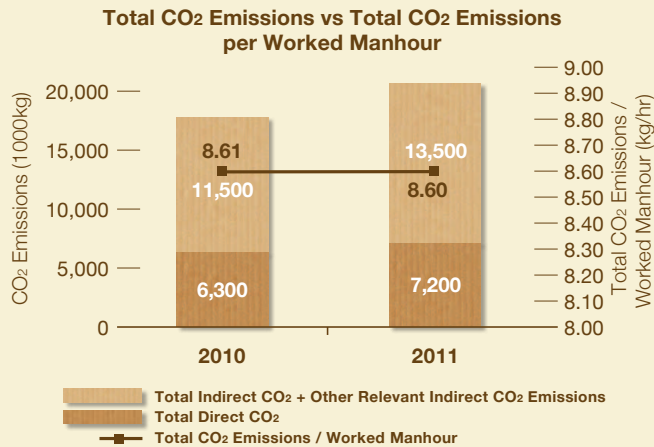
Towngas Consumption vs Towngas Consumed per Meal



Net Aviation Fuel Consumption vs Aviation Fuel Consumed per Tested Engine



In the year 2011, a total amount of 20,716 tonnes of carbon dioxide equivalents was recorded – for the most part, this can be attributed to electricity and aviation fuel consumption. An increase is observed compared to the previous year, which is due to an expansion in business volume and an escalating workload in year 2011. The average carbon dioxide equivalent emission per worked manhour was recorded at 8.6 tonnes/hour, a 0.1% reduction on the previous year.



Material Recycling

We consider recycling an important aspect of our sustainable development. Our recycling plan has been implemented in daily practice since 2003. Recycled materials, including metals, paper products and printer cartridges are collected from our workshops and offices and sent to a recognised recycling company. Approximately 300 tonnes of paper products have been sent for recycling in total.

Waste Disposal Management

Our daily operations generate a significant amount of solid and chemical waste. By initiating a variety of waste management programs, we strive to reduce all waste to an absolute minimum, especially waste destined to end up in landfill sites. Our initiatives include promoting the use of reusable cups during tea breaks in order to reduce usage of disposable paper cups. Source separation of waste is also implemented at all of our facilities to encourage employees to separate their waste for recycling.





For chemical waste, HAESL has two waste water treatment plants in order to deal with waste water generated during production operations. Harmful substances are separated from the wastewater before this is released into the sewers. Disposal of sludge, resins and paints which may contain heavy metals is handled by an approved disposal company. In 2011, we did not receive any fine or sanction related to environmental laws and regulations.

Water

HAESL's water usage has increased both in absolute terms and per operation in 2011. Efforts are underway to monitor and reduce the level of water consumption across our business. With an integrated Building Management System and sub-metering for different water supply pipes, we are able to monitor our water consumption within individual process and function. We also collect rainwater that can be used for chilling in the air-conditioning system. In addition, water used for cooling is stored and recovered to support the lavatory flushing system within the facility.

In 2011, the total amount of water consumed increased to 94,517m³. This was attributed to operations of the new Centre of Excellence and refurbishment of an existing water tank.



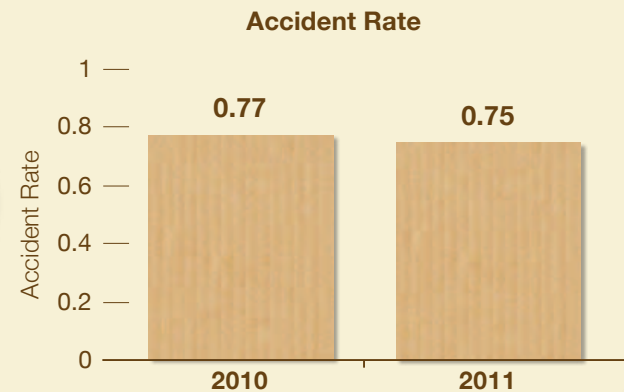
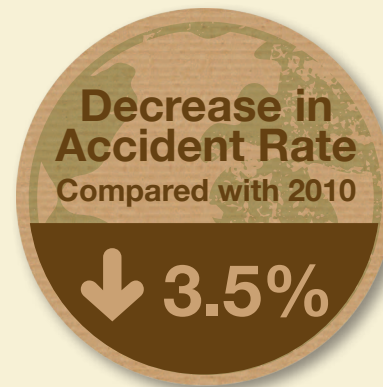
Health and Safety

Health and Safety

Our Journey to Zero Tolerance

Health & Safety performance has always been a top priority within our business. We will continue to adhere to a policy of zero tolerance for unsafe working practices, and make HAESL a better workplace for our staff and everyone within the premises. We believe that a Zero Tolerance approach to Health & Safety is a fundamental sustainability objective within HAESL.

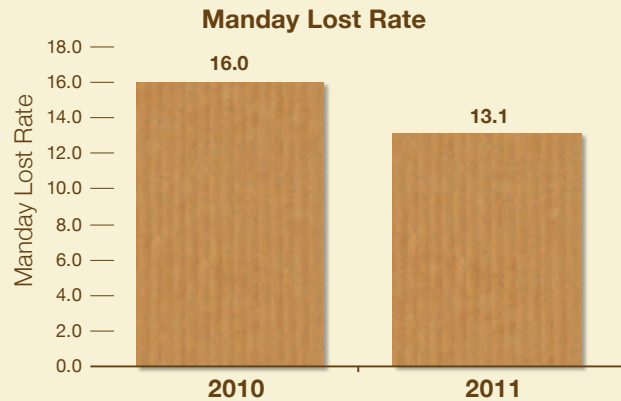
There were nine reported cases of accidents (Lost Time Injuries, LTI) in 2011, with an average accident rate of 0.75 incidents per 100 employees within the total number of hours worked. This represents a decrease of 3.5% when compared with figures from 2010. These injuries accounted for 118 man-days lost, with five minor injuries (injuries that required simple first aid treatment). Among these accidents, all injured person are male employees. No occupational illnesses were reported in 2011.



Accident Rate (per 100 employees):
(Number of LTI's / Total Worked Hours) x 200,000 work hours[#]

[#]200,000 work hours = 100 full-time employees x 40 hours per week x 50 weeks per year (Swire)

Note: Data shown to 2 decimal places only



Manday Lost Rate:
(Cumulative no. of man-days lost / Total number of LTIs) (Swire)



Minor Injury Rate: (Cumulative no. of minor injuries reported / Total worked hours) x 200,000 work hours #

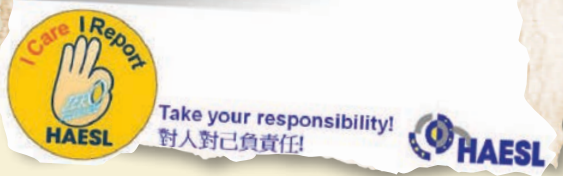
#200,000 work hours = 100 full-time employees x 40 hours per week x 50 weeks per year (Swire)

Note: Data shown to 2 decimal places only

In-depth investigations and accident reviews were carried out following each incident, in order to identify the root cause of these and corresponding corrective actions to prevent such incidences from occurring in future. Our goal for 2012 is to continue our policy of Zero Tolerance, while at the same time implement further safety measures to gain recognition as a world class company.



我關心 我報告
俾提議 合解決
I Care I Report
I Resolve!



The EHS Organisation

HAESL has a well-developed and comprehensive Environmental, Health and Safety (EHS) system, which is tasked with ensuring all company activities are in compliance with local government health & safety and environmental regulations. Within the EHS Structure, the EHS Steering Group, composed of Senior Management and Management Representatives from the main departments, represents a decision-making body that regularly reviews and implements EHS policies from a company-wide perspective; On the other hand, the EHS Workgroup, made up of elected representatives from various departments, is responsible for assisting the Steering Committee to realise EHS policies and to promote Health & Safety awareness within HAESL.

Health and Safety Risk Assessment

As a dependable Aero Maintenance, Repair & Overhaul provider, the H&S impact of HAESL's products and services is continually assessed to ensure that risks are being minimised to an acceptable level. Performed by a properly trained team, HAESL adopts an intensive risk assessment process which aims to identify risks for both Product Safety and Health & Safety at a detailed working level. The assessment process is continuously being reviewed and improved to ensure our products and services are in compliance with all procedures specified by local governments and OEMs.

I Care, I Report (ICIR)

In 2011, HAESL took a major step towards improving the safety precaution reporting mechanism - the I Care, I Report (ICIR) scheme moved to another level through the encouragement of proactive reporting and resolution of issues. The reporting mechanism aims to encourage our staff to report unsafe actions, unsafe conditions and near misses within their normal routine work, and also to promote a message that caring for our working environment is an essential part of HAESL's culture.

The initial ICIR scheme was introduced in September, 2010. During April, 2011, the ICIR reporting mechanism was further evolved into a more robust scheme, where everyone, including all contractors and third parties were fully engaged into the system. Precaution reporting became everyone's duty. In 2011, there were 625 ICIR reports raised and problems were identified and solutions adopted accordingly.

Since a growing number of reports have been filed on unsafe situations, there has been a large increase in corrective actions to be taken. During 2011, it was recognised that solving these issues would be more effective if the problem can be solved by the reporter himself/herself, or if a suitable solution can be suggested by the reporter/frontline staff. In the coming year, the ICIR scheme will be escalated to a more complete system; not only encouraging staff to report incidences/unsafe situations, but also encouraging employees to resolving problems more proactively at source.

	2011	2010
Number of reports received	625	110
Percentage of reports closed	65.1%	43%



Safety Campaigns and Training Programs

Prescription Safety Glasses Programme

Continuing from the success of last year's programme, HAESL will continue to provide appropriate eye protection for staff who could be exposed to eye hazards. Assessments were made to identify staff that required prescription safety glasses. 96 members of staff have enrolled in this programme, and we will ensure that personal protective equipment (PPE) is made available as appropriate for all staff members.

Subcontractors Monitoring Procedures

Along with providing a safe environment to our visitors and subcontractors, monitoring them is also crucial to keeping the workplace safe. In 2011, there was an increase in the number of cases of subcontractors speeding within HAESL premises or using improper tools/unsafe methods to perform their jobs at HAESL. We will further reinforce our monitoring procedures for subcontractors to ensure all subcontractors obey the same rules regarding H&S as our HAESL staff, in order to maintain a safe working environment at HAESL.





Guardsafe

GUARDSAFE was introduced mainly within the Component Repair workshops to help our staff reduce the chances of injury occurring whilst operating machinery. Guards/shields were installed on various machines to minimise the risk of injury. After a detailed assessment by the CR Engineers, eighty-six machines were identified as being in need of additional safety guards, and of these, the re-configuration of thirty-two machines has already been achieved successfully. A comprehensive plan was implemented in 2011 with high-use machines being scheduled as the highest priority. We will continue to proceed with this ongoing project in 2012.

Handsafe

HAESL regards employees' each and every employee as a valuable asset to the company. As an engineering company, keeping our employees' hands safe is one of the major concerns under our Zero Tolerance approach. In 2010 and 2011, various activities to create awareness of health and safety in the workplace were undertaken, most especially at workplaces in the Component Repair, Engine Overhaul, Material Control and Stores departments.

Orchestrated by six coordinators and forty-five hand safe champions, participants had the opportunity to learn and build awareness about keeping their hands safe through a series of activity sessions under the five-themed HANDSAFE programme. Through these five themes, HANDSAFE increased staff understanding of how and why hand injuries occurred in the past, and the measures that can be taken to reduce the likelihood of these kinds of injuries from occurring in the future. HANDSAFE also stresses an important message - how important our hands are in our daily lives, and how difficult life can be after experiencing a hand injury. During these sessions, employees were encouraged to identify hazards in the workplace, promote solutions for active risk mitigation, and practice safe working procedures.

Safety Training

Safety Training is one of the key elements within our EHS Policy, the goal being to strengthen staff awareness in matters of safety, and ultimately to help our staff consolidate necessary skills into practice. Along with basic safety training to be given at the beginning of employment, frontline staff will also receive specific H&S training subjectively relevant to their job area, such as chemical safety, workplace safety, fire safety etc. Training is arranged for our staff according to a training matrix with no regard to their gender. Additionally, all EHS workgroup members are required to receive further training from the Occupational Health and Safety Department, in order to qualify as an Occupational Safety and Health Supervisor.

The following is the list of training courses that our EHS workgroup members attended to attain this qualification:

Occupational Safety Supervisor (Manufacturing)
Basic Accident Prevention
Safety in Manufacturing Industry
Basic Occupational Health
Basic Safety Management
Occupational Safety, Health and Environment Supervisor
Workplace Hygiene & Environment (Manufacturing)

Reference: <https://eform.oshc.org.hk/course/eng/course/ShowPackage.asp?PackID=15>

Safety Q&A Game

To help our staff gain better awareness in matters of health & safety, a safety Q&A game was launched on a quarterly basis. Questions were prepared based on articles from newspapers and awards were given for the best answers.



Progress against actions and performance in 2011/ Our Goals for 2012

Our actions and performance in 2011	Progress	Our Goals for 2012
Make I Care I Report (ICIR) Scheme to become a best practice within HAESL	✓	To maintain accident (LTI) occurrences at nine incidents per year or even less
Continue with prescription of safety glasses programme for frontline staff members	✓	To maintain the Man-day lost rate, while HAESL expects a 20% increment in staff levels in 2012
Launch of the GUARDSAFE programme	✓	To include the element of "I Resolve" to the ICIR Scheme, and to promote reporters to be more proactive with devising solutions for unsafe issues
Launch of the HANDSAFE programme at different workplaces to gain awareness of hand safety	✓	Improve our subcontractor monitoring procedures
Implement a comprehensive Risk Assessment Programme across the company	✓	Manual Handling/Lifting Procedure to mitigate the risk of handling/lifting heavy objects. Safety campaigns were introduced to promote better handling procedure --> improve the safety culture among workshops
Raise awareness of using suitable PPE by placing standardised guidelines/messages among the workshop	✓	Review all previous Accident (LTI) Cases to prevent similar cases from occurring again
Maintain Zero Prosecution on H&S related issues from the government	✓	Being audited by HKQAA on Factory & Industrial Undertaking (F&IU) with acceptable outcomes
Safety F&IU (factory & Industrial Undertaking) audit with acceptable outcomes	✓	
"Good Class" Indoor Air Quality Certificate obtained for the Administrative building	✓	
To incorporate relevant requirements of OHSAS 18001 to existing Safety Management System (SMS)*	Ongoing	

*** Our original target of achieving OHSAS 18001 certificated was suspended in 2011. Integrating relevant requirements into the existing SMS are deemed to be more efficient and appropriate to our operation.**

Our People





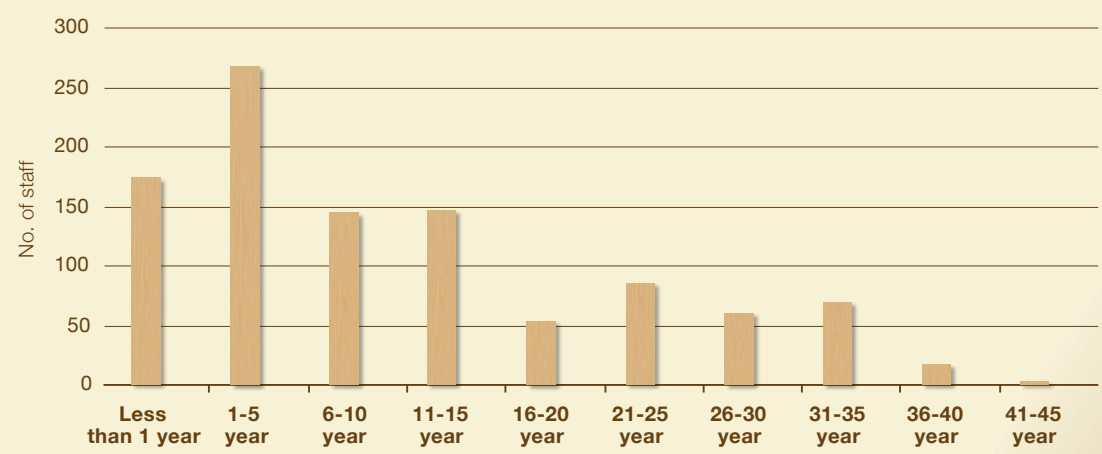
100%
of 2011
new recruits
attended EHS
training

Our People

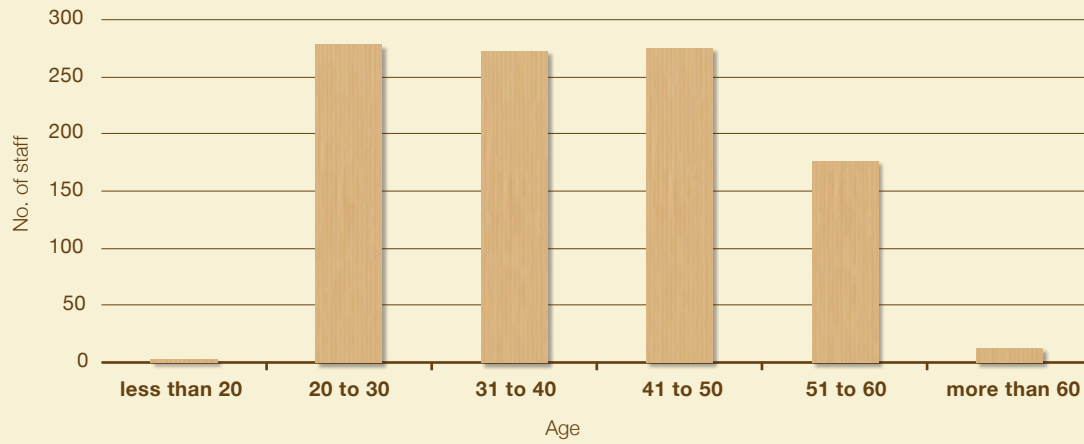
At HAESL, we believe that our workforce has always been and will continue to be one of the company's most valuable assets. We utilise our experience, ability and long-term relationships to maintain our core values in our operations. During 2011, our workforce increased gradually in a healthy, sustainable manner, and by December the workforce population rose to a record 1,025 personnel – a number that continues to increase in 2012. Although our industry has always been regarded as male dominated, we saw an increasing number of female employees join the workforce at HAESL in 2011.

Employee Statistics

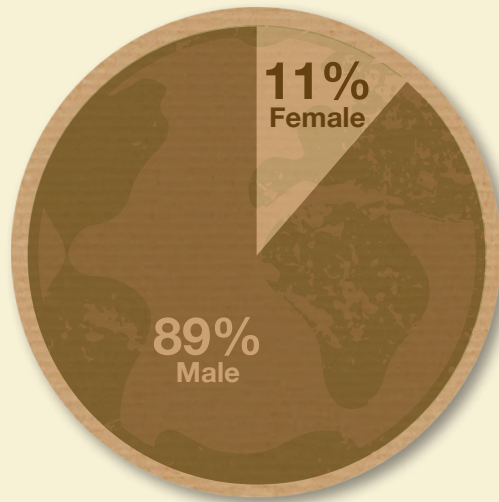
Years of service



Staff age group

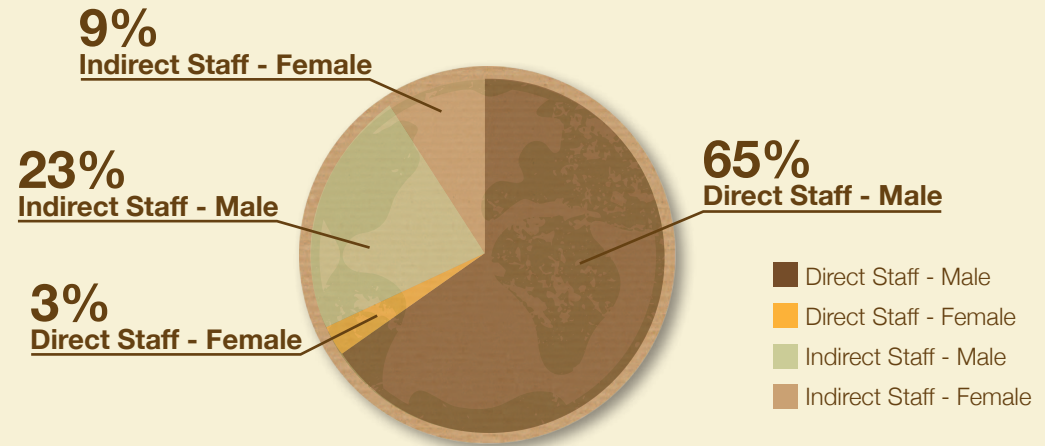


Gender



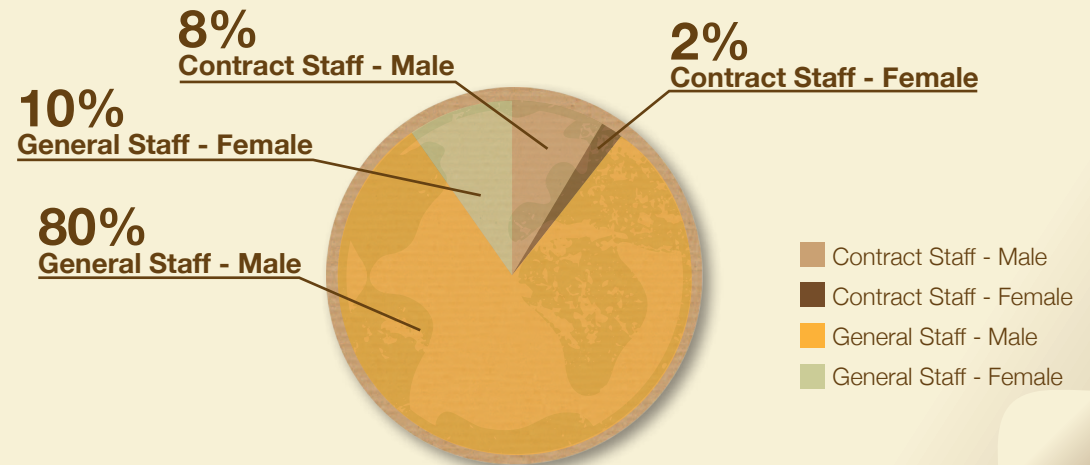


Workforce by employment type



Remarks: Direct Staff - staff whose work are directly charged as man-hours to the customers
 Indirect Staff - staff whose work are not directly charged as man-hours to the customers

Workforce by type of employment contract



Remarks: Contract Staff are defined as staff who is engineer/officer grade or above with different benefit scheme.

Staff Development

Training

In response to the company's business growth, we anticipated increasing the number of personnel to meet our operational needs. To achieve the best outcome, by the end of 2011 we decided to centralise our staff recruitment process. In addition, we have established a comprehensive 160-hour training plan to set recruits on the right path before they begin receiving on-the-job training in their designated workplaces.

Training covers an introduction to the company, basic health and safety training, basic engine concepts, CD Manual reading, parts handling and protection principles, introduction to 5S, a plant tour, etc. New staff members destined to be deployed to either of the production departments – Component Repair or Engine Overhaul Workshop - have to attend additional sessions for specific skill training.

Staff Benefits

Employee Health Program

In today's busy world, the trend is for individuals to spend more time working and consequently, less time concerned about their health. For a long time, HAESL has held the belief that an excellent wellness program is essential for the health of employees and their families. The HAESL health care scheme covers hospitalisation, network clinical visits and primary dental care. At the same time, HAESL also provides regular health checks for employees aged 40+.

HAESL Wellness Day 2011

In addition to the health program that covers employee and dependent sickness, HAESL have also tried to identify methods to proactively address unhealthy lifestyles, and to promote wellness and reduce illness.

In October 2011, we invited our medical services provider, Quality HealthCare, to organise a one-day onsite health assessment, which took place on October 14. Two assessments were offered to staff members, including spinal assessment and chinese medical consultation.

Spinal Assessment is a preliminary test pertaining to spinal health that can detect misalignments of the spine





under proper observation, so as to correct a proper sitting and daily working posture. Specific exercises would then be introduced by the physiotherapist for postural corrections.

For Chinese medical consultation, a Chinese medicine practitioner provided consultation and verbal advice on the health condition of participants. Staff response to this activity was extremely positive, and the registration numbers exceeded the provider's assessment capacity.

Altogether, a total of 126 staff members participated in this event.

HAESL Disney Night

To celebrate its 15th Anniversary, HAESL organised a staff function "HAESL Family Night" at Hong Kong Disneyland. In order to recognise the company's achievements over the years, all staff and their families were invited to join the event. With about 97% of staff and their family members attending the event, a total of 2,900 participants shared a memorable evening together. The function started in the afternoon during which the participants enjoyed the facilities and exciting rides in the park. A stage show – "Festival of the Lion King" was arranged exclusively for HAESL employees after the fireworks. Despite the cool weather, Disneyland was kept warm by our laughter. Everyone at the company is eagerly looking forward to the next celebration party.



Employee's Children Scholarships

The HAESL employees' children scholarships programme is designed to reward and encourage the children of staff members that have achieved outstanding academic results in local schools or universities. We aim to support talented future leaders in their intellectual and personal growth. The scheme was warmly appreciated by our company's workforce, and numerous applications were received from staff members nominating their children for the available scholarships. Assessment is primarily based on the academic results of nominees and their personal backgrounds. In 2011, two university scholarships and one school scholarship was granted, amounting to a total award of \$36,000. The scholarship presentation ceremony was held on the day of our Christmas Party so everyone could celebrate with the winning families.

Transportation Subsidies

Located in Tseung Kwan O industrial estate, HAESL understands traveling to work can be a headache for staff members. Therefore, we have instituted a comprehensive plan regarding transportation arrangements for our staff. We are cooperating with staff transport company to provide inbound and outbound shuttle services connecting different districts in Hong Kong. Regular meetings with staff transport company representatives are held to ensure a better service and bus safety. Inflationary pressure of transportation costs on our staff has also been taken into consideration by the company. In 2011, in addition to the ongoing transportation subsidy provided to employees, the company also provided further subsidies to support the increased coach fare.

Recreational Facilities

We are encouraging our staff to participate in recreational activities within the company during breaks, lunch hours or after work. The majority of our staff members enjoy playing sports such as tennis, basketball and table tennis during their lunch breaks. Our activity clubs also organise different sporting events and competitions in order to build a stronger bond between colleagues. In addition to these activities, the HAESL library encourages reading and self-learning habits among staff members. There is also a mini-garden within the HAESL facility, maintained by volunteers. This has proven to be a popular spot for employees to take a walk after lunch.

HAESL encourages staff to have social gatherings to improve work relations, sharing and communication. During summer, the company provides free coffee and tea during tea breaks to encourage closer communication. In addition, HAESL provides a meal discount for all employees to enjoy lunch and late night supper on the premises at a low cost.





Communication

To maintain effective communication with employees, HAESL's management conducts regular meetings with the General Staff Consultative Committee (GSCC) and the Contract Staff Association (CSA) to address staff concerns and solicit their opinions on employee welfare services. To keep our staff updated with the company's business, up-to-date information is relayed through staff briefings, staff flat screen TVs and staff notices on the company portal. A regular publication, known as HAESL.com, is also distributed to staff members on a frequent basis.

Storyboard

HAESL holds regular Q&A briefings with all employees. These briefings are known as "Storyboard", and are designed to raise staff awareness of the company's strategies. By dividing staff members into smaller groups, department managers can present a wide variety of management concepts and share background on decisions. The advantage of having Storyboard is to provide a platform where discussions can be held between staff members and the company's management. A storyboard database was set-up in 2011 to record all complex questions for management to follow up on.



YK Li

YK Li, also known as “Superman”, joined HAESL at its inception in 1997. He is currently a supervisor in the Component Repair Department. “Superman” is a member of the Health & Safety Committee and also the volunteer team.

His motivation for his selfless dedication to volunteering is, “I am happy to be responsible for helping others; it is a blessing to me.” Superman volunteers his time visiting homes for the elderly, working with non-profit organisations, and participating in various fund-raising events.

“ I really want to encourage my colleagues to take up volunteer work with me - this could have a positive impact on HAESL’s sustainability. ”



Sam Wong

Sam Wong, a component inspector in the Component Repair Department, has a passion for engineering. After achieving his higher diploma certificate in Aircraft Maintenance Engineering in 2008, he began his engineering career as an inspector trainee at HAESL.

Being a front liner in the workshop, Sam values the company’s Health and Safety policies. He also makes an active contribution as a first-aider at the workshop.

“ HAESL is a successful and sustainable world-class company. To me, sustainable development covers a wide range of aspects, including conservation of the environment, responsibility to society, Health and Safety of employees, and should ensure that none of these will be neglected. ”

Jonathan Shih and Oliver Cheung

Jonathan and Oliver both joined HAESL's engineering graduate trainee programme back in 2010. They are currently receiving cross-functional training and gaining experience in various departments within the company.

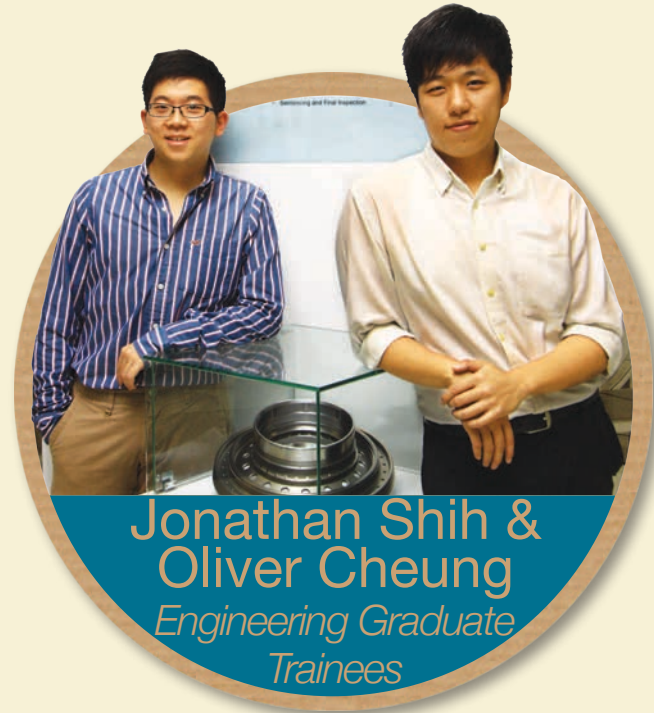
Jonathan and Oliver explain that "Sustainable development of the company is not only about business - social responsibility and environmental concerns are of equal importance."

Jonathan Shih

“ I know HAESL has invested a huge amount of capital in our chemical waste treatment plant and I am so proud that we have done our part as a responsible waste producer. ”

Oliver Cheung

“ Simply doing things for your own good will not make the business more sustainable; people need to also contribute to their organisation, their environment and their community. ”



Charitable and Community Programmes



Charitable and Community Programmes

HAESL retains its vision of not only being the “Best in the World”, but also acting “Best for the World”. We are the first to realise that our prosperity originates from the community where we live and work. As such, we are 100% committed to supporting our community’s development. Collectively and individually, our employees dedicate their time and talent, involving themselves in various charitable and community programs for the benefit of our community at large.

We are convinced that our prosperity is tied with our community. Therefore, it is our responsibility to make a positive contribution to the place where we live and work.

Community Engagement	
Twist and Turn	Twenty staff participated in the ‘Twist and Turn’ – environmental protection workshop organised by WWF in January 2011, enhancing their understanding of Hong Kong’s ecological environment. They also had the chance to explore, learn and adopt an environmentally-friendly lifestyle in a practical way.
Innovation Technology Award Scheme	HAESL supported the Innovation Technology Award Scheme, which aims to provide recognition to outstanding undergraduates from local universities, as well as opportunities to widen their exposure, with a view to encourage them to pursue a lifelong career in the field of science and technology.
Plant Visit for SARDA	A group of SARDA rehabilitees and social workers visited HAESL on 2 April 2011. The visit provided an opportunity for rehabilitating teenagers to get a feel for the aviation maintenance industry and to gain an understanding of the academic path towards this industry.





The HAESL volunteer team consists of not only our staff members, but also many of their family members. Both staff members and their families contribute towards various volunteer programs in order to help the local community.

Volunteer Work	
Visit Mai Po Nature Reserve with Evangel Children's Home	HAESL organised a visit to Mai Po Natural Reserve for a group of children from the Evangel Children's Home on 26 November 2011. This event not only provides a meaningful activity for the children but also helps them to understand more about environmental conservation; as well as Hong Kong's ecology.
Elderly Visit	Around 30 retirees from the Tseung Kwan O King Lam Home for the Elderly took a tour of HAESL's factory floor on 27 August 2011, led by volunteers from HAESL. Following the visit, the volunteers organised games and activities for the elderly. This event provided a great opportunity for the retirees to have a closer look at the aero engines, something that was appreciated as most of them have never been on a plane before.

HAESL continues to support numerous charitable organisations. Besides financial support, we also give away useful materials like screens and computers to people in need.

Charitable Events	
Trailwalker	On 18-19 November 2011, three HAESL staff took part in the Trailwalker event, in order to raise money for Oxfam. Our General Manager of Finance and Administration, our Quality & Improvement Manager and our Sustainable Development Manager completed the 100 km MacLehose Trail, in the process raising HK\$46,000 in support of Oxfam's various poverty alleviation and emergency relief projects in Africa and Asia.
BOCHK Outward Bound Corporate Challenge	Three HAESL teams participated in the BOCHK Outward Bound Corporate Challenge. This fund raising event not only nurtures growth and development for the underprivileged youth, it is also a good platform for our staff to demonstrate teamwork, communication, strategy and physical strength.
Hiking Day	A HAESL Hiking Day was organised on 17th April 2011 to raise money for the victims of Japan's earthquake and tsunami. To support this activity, the Company made a donation for each participant completing the trip. The Swire Group also committed a matching donation for every dollar raised. Together with Swire's donation, we raised a total of HK\$138,080, which will go to the Hong Kong Red Cross. A total of 65 staff and family members participated in the event.
Dragon Boat Race	A mixed team that saw staff members from HAESL, Rolls-Royce, Cathay Pacific and HAECO participate in the annual dragon boat race at Discovery Bay, Lantau Island in June 2011. Besides having a fun-filled day, the team turned the event into a fund raising activity for the Evangel Children's Home, and managed to raise HK\$20,000.
Recycling Computer and Display Screens	In 2011, HAESL participated in Conscientious Recycling Charter. We have donated numbers of used but well maintained computer and display screens to people in need. At the same time, HAESL is also committed to deliver our used computers, electrical waste and electronic equipment to the recycling channels that we monitored by Environmental Protection Department (EPD).



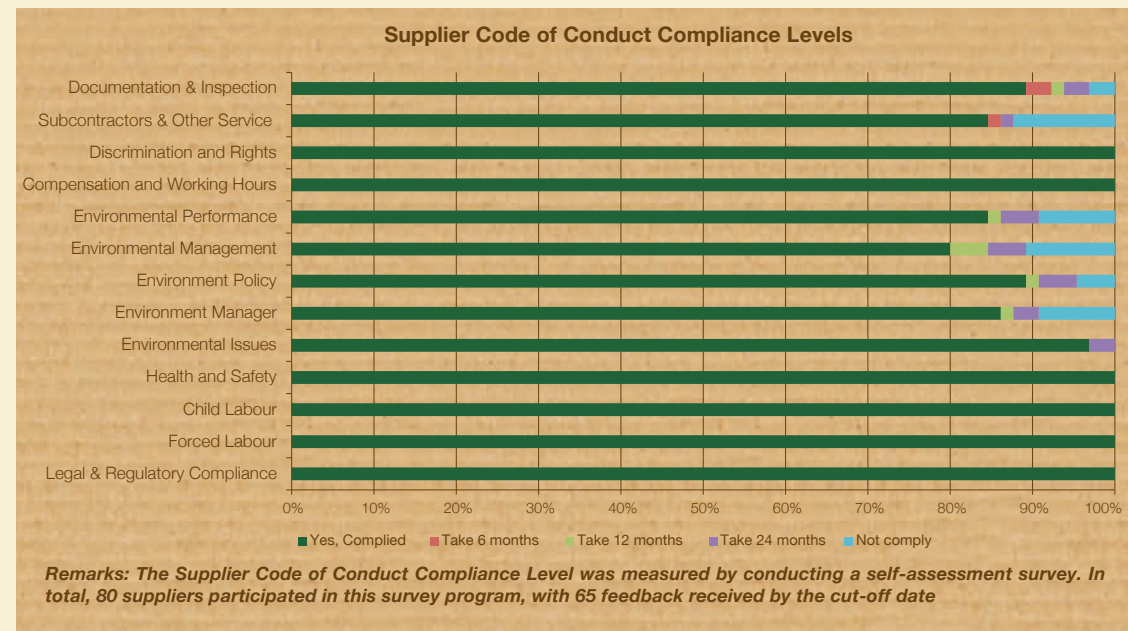


Purchasing Policy
and Economic
Performance

Purchasing Policy and Economic Performance

HAESL places a high value in doing business with partners that are socially responsible. At the end of 2011, HAESL conducted a self-assessment survey that mapped out the social performance of the company's suppliers.

80% of our suppliers had completed the assessment by the end of the data cut-off date. HAESL will conduct on-going reviews with suppliers that have non-compliance annually.



Business Performance

HAESL is one of the leading aero engine MRO companies within the Rolls-Royce aero engine repair network. It continuously strives to be the best, and takes a lead in the dynamic aero engine repair market. Although the tragic tsunami that struck Japan in April 2011 greatly affected our material supply and logistics, HAESL continues to generate positive outcomes and maintain excellent progress in its economic performance.

In 2011, there were 203 engines tested by HAESL, while the company received an increased number of third party component contracts and on-wing support services.

Not only are we maintaining a good rate of progress with our current workload, but HAESL is continuously evolving towards specialisation. Our Component Repair Centre of Excellence Building – Phase 5, went into full service, while more and more specialised cells obtained professional recognition by Rolls-Royce.

Results

During 2011, we generated US\$ 1.2 Billion in revenue

Economic Performance	2011	2010
Revenues generated	US\$ 1,205.6m	US\$ 932.0m (1)
Dividends paid to shareholders	US\$ 108.3m (2)	US\$ 84.7m (3)
Taxation	US\$ 19.8m (4)	US\$ 17.9m (4)
Charitable donations made directly by HAESL during 2011	US\$ 33,602	US\$ 36,100
Employee cost	US\$ 42m	US\$ 36m

(1) Values corrected after audit adjustment

(2) Value shown represents the dividends paid to shareholders adjusted to exclude the dividends received from investments outside HAESL's operations

(3) Value adjusted to exclude the dividends received from investments outside HAESL's operations, which are passed directly to shareholders

(4) Value shown represents the total taxation cost including taxations from investments outside HAESL's operations

Remarks: For full information of our operational and economic performance, please refer to the HAECO 2011 Annual Report.





Planning for the future

In 2009, HAESL adopted the Global Reporting Initiative (GRI) as an international standard on reporting and were delighted to progress from a C+ to a B+ rating in 2010. In 2011, we have also adopted the most updated GRI 3.1 index for this sustainable development report. This demonstrates our commitment towards stakeholder engagement in a structural and systematic way.

Over the years, we have been identifying areas to blend sustainable development into our business model. These areas are full of opportunities as well as challenges –and therefore require a strong commitment from the management team as well as stakeholders. Some of these opportunities are:

Sustainable Alternative Fuels


In accordance with HAESL's Sustainable Development Policy, opportunities have been identified to reduce our carbon footprint. In conjunction with Rolls-Royce, we are now looking deeper into the various issues about using Biofuel instead of conventional Jet A-1 when undertaking post-overhaul pass-off testing.

We have begun communications with a Biofuel company focusing on the overall sustainability chain in using Biofuel from Jatropha (one of the more suitable candidates for a future biofuel plant). These issues include sourcing materials sustainably, social compliance during the farming process, any agricultural impact, NGO concerns, challenges in refinery, and production costs. We are convinced that fuel sustainability is the future, not only in aviation, but also in many other industries.

In conjunction with discussions with the Biofuel company, HAESL will continue to communicate with our stakeholders, gaining trust and understanding of the addition of greener fuel into our future business model.

Sustainable Development Strategy

In accordance with the HAESL Sustainable Development Policy, we will seek ways to promote good relationships with our local



community and respect local culture and heritage. In 2012 we will further develop our Sustainable Development Strategy with key local NGOs in order to make a positive, sustainable impact in our local community.

Building a Safety Culture

"Safety is everybody's business and getting hurt isn't fun!" At HAESL, we strongly believe safety is a culture and it takes time and effort to build it. In 2011, we put the "I Care I Report" near miss reporting program into action internally. With the positive results observed in 2011, we will continue to look for ways to establish the culture of safety into our overall safety schemes, triggering discussions about health and safety amongst our colleagues.

Landfill Gas Extraction

We have been looking for ways to reduce energy consumption as well as finding alternative sources for sustainable energy. HAESL's location at the Tseung Kwan O (TKO) industrial estate - close to the TKO landfill appears to be advantageous. HAESL has been engaged in studying the opportunity to capture TKO landfill gases to generate electricity. In 2012, further progress is expected as technical and commercial solutions evolve further, hopefully allowing us to achieve the use of this neighbouring resource.

Performance Data Summary

	Unit	2011	2010	%Difference between 2010 and 2011
Energy and Fuel Usage				
Electricity purchased	kWh	24,622,949	21,259,842	16%
Towngas consumed	MJ	753,312	846,144	-11%
Aviation fuel consumed (1)	T	2,263	1,985	-11%
Greenhouse Gas				
Total CO ₂ e emissions (indirect) (2)	T	13,296	11,480	16%
Total CO ₂ e emissions (direct) (3)	T	7,189	6,302	14%
Other relevant indirect CO ₂ e emissions (4)	T	231	-	-
Water Usage				
Seawater used for flushing	m ³	13,550	10,258	32%
Water used for cooling	m ³	24,469	26,930	-9%
Water consumed for facility use	m ³	9,918	8,442	17%
Water consumed in operations	m ³	60,130	38,440	56% (5)
Materials Usage				
Printing cartridges purchased	Pcs	686	593	16%
Paints consumed	L	17,382	12,950	34%
Chemicals consumed in operations - liquid	L	49,091	29,719	65% (6)
Chemicals consumed in operations - solid	kg	44,982	26,145	72% (7)
Chemicals consumed in wastewater treatment - liquid	L	740	960	-23%
Chemicals consumed in wastewater treatment - solid	kg	70,515	84,185	-16%
Acetylene consumed	kg	4,389	3,808	15%
Solid Waste				
Commercial / Industrial waste	t	509	380	34%
Grease trap waste	m ³	88	38	132% (8)
Materials Recycled				
Paper recycled	kg	15,480	11,360	36%
Cardboard recycled	kg	17,820	11,870	50%
Aluminum recycled	kg	42	164	-74%
Metal recycled - titanium alloy	kg	1,528	2,363	-35%
Metal recycled - steel	kg	4,731	3,854	22%
Metal recycled - others	kg	1,965	1,643	-26%
Printing cartridges recycled	Pcs	349	341	2%

Performance Data Summary

	Unit	2011	2010	%Difference between 2010 and 2011
Chemical Waste				
Lubrication oil disposed	L	14,744	2,878	412% (9)
Paints disposed	L	9,770	3,473	181% (10)
Other chemical concentrates disposed (liquid)	L	17,663	14,205	24%
Heavy metal concentrated disposed - hexagonal chromium	L	2,321	644	260% (11)
Heavy metal concentrates disposed - cadmium	L	0	0	0%
Heavy metal concentrates disposed - nickel	L	328	225	46%
Heavy metal concentrates disposed - others	L	670	372	80%
Sludge / Resin disposed (heavy metal contaminated)	L	2,966	4,615	-36%
Chemicals Recycled				
Waste lubrication oil recycled	L	12,000	12,000	0%
Health and Safety				
Number of employees	No.	974 (15)	900	8%
Number of lost time injuries (12)	No.	9	8	13%
Number of minor injuries (13)	No.	5	5	0%
Number of lost hours (14)	Hrs	952	1,024	-7%
Number of fatalities	No.	0	0	0%
General Legal Compliance				
Air pollution - number of warning letters received	No.	0	0	0%
Water pollution - number of warning letters received	No.	0	0	0%
Water pollution - number of prosecution actions	No.	0	0	0%
Water (MSW) pollution - number of warning letters received (16)	No.	0	0	0%
Water (MSW) pollution - number of prosecution actions	No.	0	0	0%

Notes:

Recalculated values may be slightly different from figures provided in the previous publications.

(1) Net aviation fuel consumed for engine test

(2) CO₂e emissions (indirect) = electricity consumed (kWh) x CO₂e emission factor (0.54 kg CO₂e/kWh is adopted as advised by CLP)

(3) CO₂e emissions (direct) = [towngas consumed (MJ) x emission factor (0.0651 kg/MJ is adopted as advised by Towngas)] + [aviation fuel consumed (kg) x emission factor (3.154)] + [acetylene consumed (kg) x emission factor (3.38)] + [CO₂e emitted from Petroleum used on inland travel] *CO₂e emission in production of Towngas is included in the calculation. *Inland travel is defined as business travel by the company owned car. CO₂e emitted from Petroleum was calculated based on equations extracted from "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong, 2010 Edition" Note: CO₂ emission factor (2.360 kg CO₂/litre); CH₄ emission factor = 0.253 g CO₂/litre; N₂O emission factor = 1.105 g/litre; Relative Global Warming Potential (GWP) of CH₄ is 21 while it is 310 for N₂O

(4) Other relevant indirect CO₂e emissions only accounts for CO₂ emission from Air Business Travel. Air travel emission figures are given from Swire based on the distance travelled with the chosen seating class. CO₂e emissions from sub-contractors are excluded from this calculation. *Note: This figure was not shown in the previous SD report, no other relevant data can hence be presented as a reference in 2010.

(5) Operation of additional cleaning and NDT section in new phase 5 building

(6) Operation of additional cleaning and NDT section in new phase 5 building

(7) Operation of additional cleaning and NDT section in new phase 5 building

(8) Operation of additional cleaning section in new phase 5 building

(9) Drainage and disposal of oil due to relocation of machines to new phase 5 building

(10) Operation of additional painting facility in new phase 5 building

(11) Regular chemical replacement

(12) Lost Time Injuries are events that involve injuries leading to sick leave

(13) Minor Injuries are events that involve injuries not leading to sick leave

(14) Lost hours = days of sick leave in LTI x 8 hours

(15) This represents the 2011 average headcount number

(16) MSW means Municipal Solid Waste

Standard Disclosures: Performance Indicators

Economic Performance

EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments

Environmental Performance

EN1 Materials used by weight or volume

EN3 Materials used by weight or volume

EN4 Indirect energy consumption by primary source

EN5 Energy saved due to conservation and efficiency improvements

EN8 Total water withdrawal by source

EN10 Percentage and total volume of water recycled and reused

EN16 Total direct and indirect greenhouse gas emissions by weight

EN17 Other relevant indirect greenhouse gas emissions by weight

EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved

EN21 Total water discharge by quality and destination

EN22 Total weight of waste by type and disposal method

EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation

EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

Reference Chapter

Purchasing Policy and Economic Performance

Environment
Performance Data

Environment
Performance Data

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Performance Data

Environment
Performance Data

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Standard Disclosures: Performance Indicators

Social: Labour Practices and Decent Work

LA1 Total workforce by employment type, employment contract, and region broken down by gender

LA2 Total number and rate of new employee hires and employee turnover by age group, gender, and region

LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations

LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs

LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and gender

LA10 Average hours of training per year per employee by gender and by employee category

LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings

LA13 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity

Social: Human Rights

HR2 Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening and actions taken

Social: Society

SO1 Percentage of operations with implemented local community engagement, impact assessments, and development programs

SO3 Percentage of employees trained in organisation's anti-corruption policies and procedures

Social: Product Responsibility

PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures

Reference Chapter

Our People

Performance Data

Our People

Performance Data

Our People

Governance & Our Stakeholders

Health & Safety

Health & Safety

Performance Data

Health & Safety

Our People

Health & Safety

Our People

Purchasing Policy and Economic Performance

Charitable and Community Programmes

Our People

Health & Safety

Charitable and Community Programmes

Verification Statement

Scope and Objective

Hong Kong Quality Assurance Agency (HKQAA) was commissioned by Hong Kong Aero Engines Services Limited (hereinafter referred to as “HAESL”) to undertake an independent verification of the Sustainable Development Report 2011 (hereinafter called “the Report”). The Report stated HAESL’s sustainability performance and efforts made for the period from 1st January 2011 to 31st December 2011. The verification team did not partake in the compilation of the data and information of the Report.

The aim of this verification was to provide assurance on the completeness and accuracy of the information stated in the Report. The Report’s coverage of indicators defined in the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines Version 3.1 (G3.1) was also assessed to confirm if the B+ application level had been achieved.

Methodology

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

- The principles of completeness, accuracy, neutrality, comparability and responsiveness, as set out in the Institute of Social and Ethical AccountAbility standard AA1000, and
- The Global Reporting Initiative (GRI) G3.1 Guidelines.

The verification procedure included reviewing relevant documentation, interviewing responsible personnel with accountability for preparing the Report and verifying the selected representative sample of data and information consolidated in the Report. Raw data and supporting evidence of the selected samples were thoroughly examined.

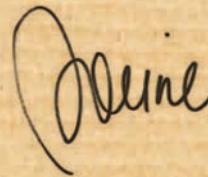
Conclusion

Based on the outcome of the verification process, the verification team determined that the Report fulfills the B+ application level of the GRI G3.1 Guidelines.

The information presented in the Report provided a material and complete representation of the performance of HAESL in the context of sustainable development. The verification team confirmed that the Report was prepared based on factual statements and that the data contained within the Report are accurate. It is a fair and honest representation of initiatives, targets, progress and performance on HAESL’s sustainable development achievements.

Opportunities for improvement on the reporting structure and content are separately submitted to HAESL for their consideration on the compilation of future sustainable development reports. It does not affect our opinion on the Report.

Signed on behalf of Hong Kong Quality Assurance Agency



Jorine Tam
Assistant Director
May 2012



Tell Us What You Think!

Your comments would be very much appreciated, whether on this report or on our sustainability performance overall.

Please contact our Sustainable Development Manager, Mr. Kenny Tsang by email at sd@haesl.com or through our website at www.haesl.com

HONG KONG AERO ENGINE SERVICES LIMITED

2/F ADMINISTRATION BUILDING

70 CHUN CHOI STREET

TSEUNG KWAN O INDUSTRIAL ESTATE

TSEUNG KWAN O

N.T. HONG KONG