

Sustainable Development

The Company's shareholder value depends on the sustainable development of its business and the communities in which it operates. The Company's Sustainable Development policy recognises this and commits the Company to manage the environmental, health and safety, employment, supply chain and community issues which its operations affect. The policy also commits the Company to work with others to promote sustainable development in the industries in which it operates.

The Company reports actions taken on sustainable development issues under a separate Sustainable Development Report. This annual report is published on the Company's website, which will be updated in April 2011 to include the 2010 Sustainable Development Report. The report also contains links to the 2010 Sustainable Development Report published by HAESL and the 2010 Environmental, Health & Safety Report published by TAECO.

Environment

The Company closely monitors the impact of its operations on the environment and makes every effort to reduce the extent of this impact. Its facilities incorporate systems to minimise the effect of effluents on the environment. It has an ongoing programme to reduce energy and resource usage, and to recycle waste where practicable. It has also participated in a Swire group study on greenhouse gas emissions.

The need to reduce energy consumption and greenhouse gas emissions that contribute to climate change is a key long-term environmental issue for the Company. Actions taken in 2010 include:

- The ongoing rollout of energy-saving lighting in the Company's offices and hangars. This project will save some 200,000kWh each year in energy consumption.
- In August 2010, the Company employed an independent Government-approved consultant to carry out an Indoor Air Quality audit at its facilities and was awarded a "Good Class" grade under the IAQ Certification scheme.
- HAECO, TAECO and HAESL continue to measure and strive to reduce their carbon emissions.
- The Company responds publicly to the Carbon Disclosure Project questionnaire (www.cdproject.net) each year.
- The Company was awarded a certificate of merit in the 2010 Hong Kong Awards for Environmental Excellence.
- In July 2010, the Company received a "Class of Excellence" award from the Hong Kong Productivity Council for its implementation of the Wastewise scheme.

Health & Safety

The Company is committed to conducting its business in a manner that protects the health and safety of its employees, customers, business associates, contractors and the public. Its Safety Management System includes setting targets and monitoring performance. Extensive safety training is carried out and safety audits are conducted regularly to ensure that statutory requirements are being met and to improve safety management performance.

As a responsible employer, the Company recognises its obligations to safeguard the health and safety of all employees. A series of employee health programmes have been implemented which include closely monitoring and improving the working conditions of staff during hot weather and promoting awareness of strategies to prevent heat stroke. The Company's health surveillance programme was also reviewed and extended in 2010.

The Company regularly reviews its safety performance, with recent initiatives to improve safety including better design of work stands, equipment and facilities. Safety campaigns are regularly implemented to promote staff awareness and compliance with safe working practices. The Company has also participated with the Airport Authority Hong Kong and other airport operators in a variety of programmes designed to share best safety practices amongst the airport community; these have included "Foreign Object Damage (FOD) Prevention" and "Give Way to Aircraft".

To enhance traffic safety performance, a series of safe driving initiatives have been developed and implemented. These initiatives included the installation of speed monitoring devices on vehicles, close supervision to ensure compliance with traffic safety rules and replacement of older vehicles with environmentally friendly Euro V mini-buses.

As a result of these efforts, the Company's Lost Time Injury ("LTI") rate was reduced by some 7% in 2010. The LTI rate is measured as the number of Lost Time Injury cases per 100,000 manhours worked.

A Responsible Employer

The Company recognises that the development of its staff is key to the sustainable development of its business. It places great emphasis on supporting, rewarding and motivating its staff. The Company is an equal opportunities employer, offering its staff competitive compensation and benefit packages. It strives to provide an environment that promotes diversity and respect, safeguards health and safety, and encourages an appropriate work-life balance.

The Company operates a variety of trainee and apprenticeship schemes that aim to provide new recruits with the knowledge and experience required to become skilled professional members of the aircraft maintenance industry. These include the Aircraft Maintenance Craftsman Trainee Scheme, the Aircraft Engineering Technician Trainee Scheme, the Aircraft Engineering Licence Trainee Scheme and the Graduate Licence Trainee Scheme. HAECO also provides training and development programmes to help staff realise their full potential and build successful careers within the Company. The Company's medical schemes cover the health needs of its staff and their family members. The Company's in-house clinics provide a variety of services to staff including offering advice on health issues, providing rehabilitation services for injured workers and organising preventive health programmes.

The HAECO Group, including its subsidiary and jointly controlled companies, employs over 13,000 staff globally, of which 5,913 are in Hong Kong, including 4,967 in HAECO.

The HAECO Group's staff headcount at year-end was:

	2010	2009	Change
HAECO	4,967	4,621	+7 %
TAECO	4,739	5,094	-7 %
HAESL	901	892	+1 %
Other subsidiary and jointly controlled companies in which HAECO and TAECO own more than 20 %	2,471	2,008	+23 %
	13,078	12,615	+4 %

HAECO and the Community

The Company is committed to maintaining good relationships with the communities in which it operates and to enhancing the opportunities and lifestyle available to members of these communities, while respecting their culture and heritage. This commitment is reflected in the Company's sponsorship and community investment programmes, and in its staff's initiative to engage with the wider community through voluntary service.

The Company's staff, together with members of its retired staff Veterans Club, are active in showing care to those in need in the local community. They visit elderly local residents, offer a variety of volunteer services and donate food to the needy.

HAECO collaborates with a number of organisations in the training and development of local young people aspiring to join the aviation industry. The Company provides practical training opportunities to students of the Vocational Training Council – Youth College and the Institute of Vocational Education, majoring in aircraft maintenance diploma programmes. It supports the Education Bureau in designing and implementing aircraft maintenance courses under the Applied Learning programme and provides familiarisation and practical training opportunities for hundreds of secondary school students who have enrolled in this course. The Company works with the Labour Department to arrange training for young people who show interest in the industry under the Youth Pre-employment Training Programme and the Work Experience & Training Scheme. It also collaborates with the Hong Kong Institution of Engineers in operating the Aircraft Engineer Development Scheme for local university undergraduate students.

In recognition of its efforts to provide career development opportunities for Hong Kong's youth, the Labour Department has presented the Company a "Caring Training Employer" award, while the Hong Kong Council of Social Services has named HAECO as a "Caring Company" in recognition of its efforts in caring for its staff and the community.

During the year, the HAECO Group and its staff made charitable and community donations of around HK\$3.1 million. This figure includes HK\$2.8 million donated to Hong Kong charities through The Swire Group Charitable Trust, HK\$42,100 donated to the Hong Kong Polytechnic University as bursaries for its students, HK\$25,000 donated to the Vocational Training Council as scholarships for its students and HK\$29,800 raised in the 24-hour Pedal Kart Grand Prix and the Sedan Chair Race for charitable causes in Hong Kong.