BUSINESS PARTNERS

In keeping with our mission to promote sustainable development in the MRO industry, we value suppliers who share our sustainability vision and standards. To this end, we invite all suppliers to demonstrate their commitment to legal compliance, safe operations, environmental protection and the well-being of staff. HAECO also collaborates with different business partners to realise synergy in terms of cost savings, people development, functional expertise and best practice.

TOP 20 Suppliers Assessed Every 3 Years
2018 Progress Update

<table>
<thead>
<tr>
<th>Objective</th>
<th>Progress</th>
<th>Remarks / Further Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formulate sourcing policies for identified key materials in 2018</td>
<td><strong>Ongoing</strong></td>
<td>N/A</td>
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</tbody>
</table>

2019 Action Plans

**Key Action Plans**

- Carry out an audit of selected suppliers in the high risk category
- Formulate sourcing policies for uniform materials

Supply Chain Management

HAECO Group’s supply chain comprises hundreds of suppliers of products and services.

Over 90% of our suppliers are from the United Kingdom and the United States. The remainder are located in other countries of North America and Europe, as well as in Hong Kong, Mainland China and Southeast Asia.

To ensure our suppliers share the same approach to corporate social responsibility, all registered suppliers are requested to submit a declaration confirming compliance with our Supplier CSR Code of Conduct when registering with us. This is one of the key elements in supplier selection. The Code prescribes, among other requirements, compliance with the relevant regulations and a demonstrated commitment to appropriate standards relating to environmental, health and safety, and labour matters.
All critical suppliers are assessed on the basis of their compliance with the Code. The top 20 tier 1 suppliers are invited to carry out a self-assessment survey every three years, and all suppliers are selected based on their volume of supply. Over the past three years, we have assessed 96 suppliers, of whom around 68% were our key suppliers. Only one supplier with a medium risk in terms of documentation and inspection was identified; however, that supplier subsequently improved their performance as per their commitment.

The Group has identified fuels and gases, plastics, paper products and uniform materials as key materials in the creation of our products and services. We monitor our consumption of fuels and gases and paper products and found that we had consumed over 160,000 GJ of vehicle fuel, 66,000 GJ of gases and 222 tonnes of paper products* in 2018. HAECO will continue to introduce sourcing policies for key materials in 2019 and will report on other key materials (e.g. packaging materials such as plastics) as our reporting capacity matures.

In support of our customers, we participate in MRO conferences and organise customer symposiums around the world to discuss the latest issues and customer concerns, as well as to exchange ideas with airline customers.

Dry Wash Technique

HAECO Hong Kong collaborates with customers by using the aircraft drywash technique to clean their aircraft. As the name indicates, little or no water is involved in cleaning the aircraft with this technique. This is in contrast to traditional methods, which typically need thousands of litres of water per wash. Thanks to the reduction in dirt made possible by this technique and its anti-static effect, airlines can also enjoy lower jet fuel consumption due to less drag while in flight, less towing for washing and less frequent washing. It is estimated that the dry wash process results in a 90% saving in water consumption as compared with traditional methods and 189 tonnes of CO₂ per year from less towing.

*The fuel, gases and paper consumed are non-renewable. We use Forest Stewardship Council (FSC) certified paper from responsible sources.