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OVERVIEW





MESSAGE FROM THE CEO



Augustus Tang
Chief Executive Officer

The global pandemic has brought about the biggest retrenchment in the history of aviation. Travel restrictions in Hong Kong and across the globe have meant that, as the home carrier in an international aviation hub, we have had to ground a majority of our flights, and at the time of writing, further restrictions are continuing to be put in place. The outlook for international travel in the near term is very uncertain.

With our capacity down roughly 90 percent by the fourth quarter, we took difficult but decisive actions to fundamentally restructure the airline. It is only through moving to protect the core of our business that we can offer continued employment to the majority of our people and safeguard our ability to operate sustainably in the future.

Our 2020 Sustainable Development Report summarises our initiatives that responded specifically to the needs brought about by the pandemic, including the new practices and policies introduced to support our people during the global health crisis. It also points to progress made on our ambitions regarding carbon and other ongoing initiatives addressing our priority sustainability issues.

The main sections of this report capture our approach and our performance in the areas where we have the most impact. Here are a few of those priorities:



Safeguarding the safety and wellbeing of our customers and people

Safety has always been our number one priority. In the face of a global health threat, we are committed to safe travel more than ever. We launched Cathay Care, a new protocol that incorporates exceptional hygiene and disinfection practices at airports and onboard our aircraft to ensure the wellbeing of our customers and our people during their journeys. A series of risk-mitigation measures have been in place since the onset of the pandemic, including the supply of personal protective equipment and strict layover guidelines for all our crew. We also introduced a flexible remote work policy for ground employees, which can benefit our employees now and will remain in place after the pandemic. To help our people cope with stress and anxiety in this strange time when they may be going through quarantine or working remotely, we have made materials to support mental health and confidential counselling services easily accessible.

Our commitment to carbon neutrality

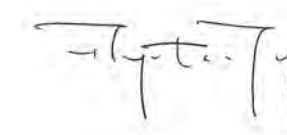
The unprecedented pandemic has shaken the world and showed us that business as usual is not an option when dealing with an imminent global risk. Climate change, potentially a much more disruptive crisis, calls for ramped up efforts. In 2020, we set the difficult but very necessary goal of achieving net-zero carbon emissions by 2050. Our net-zero pledge aligns

with the requirements laid out in the Intergovernmental Panel on Climate Change goal of limiting global warming to no more than 1.5°C above preindustrial levels. This long-term goal provides the focus we need in aligning our strategy as we plan for the recovery after COVID-19, from network resumption, fleet planning and carbon offsetting, to further investment in sustainable aviation fuel and the development of new technologies.

Our place in the community

The impact of COVID-19 on the most vulnerable in our community was a call to action for many of our employees. As Hong Kong schools closed and normal life for all citizens was upended, our employees and NGO partners on the ground devoted themselves to serving our communities and finding ways to support new ways of life. We donated over 156,000 pre-prepared meals to charity Food Angel for distribution to vulnerable people in Hong Kong. Our employees packed and prepared food parcels with Feeding Hong Kong, another charity partner, and distributed them to the community, while others supported parents in delivering homework lessons to students via Cathay-donated iPads. We also used our capabilities to transport medical equipment to places in need and bring stranded travellers home.

At the time of writing, current market conditions are inevitably concentrating attention on the risks that exist within the global economy. However, the rollout of a vaccine is underway and the first green shoots of recovery are providing reason for optimism. In the face of adversity, our people continue to work together to deliver service excellence to our customers and local communities. I want to thank them for their dedication and commitment. Together we will continue to connect Hong Kong to the world in sustainable ways as we move beyond our recent challenges.



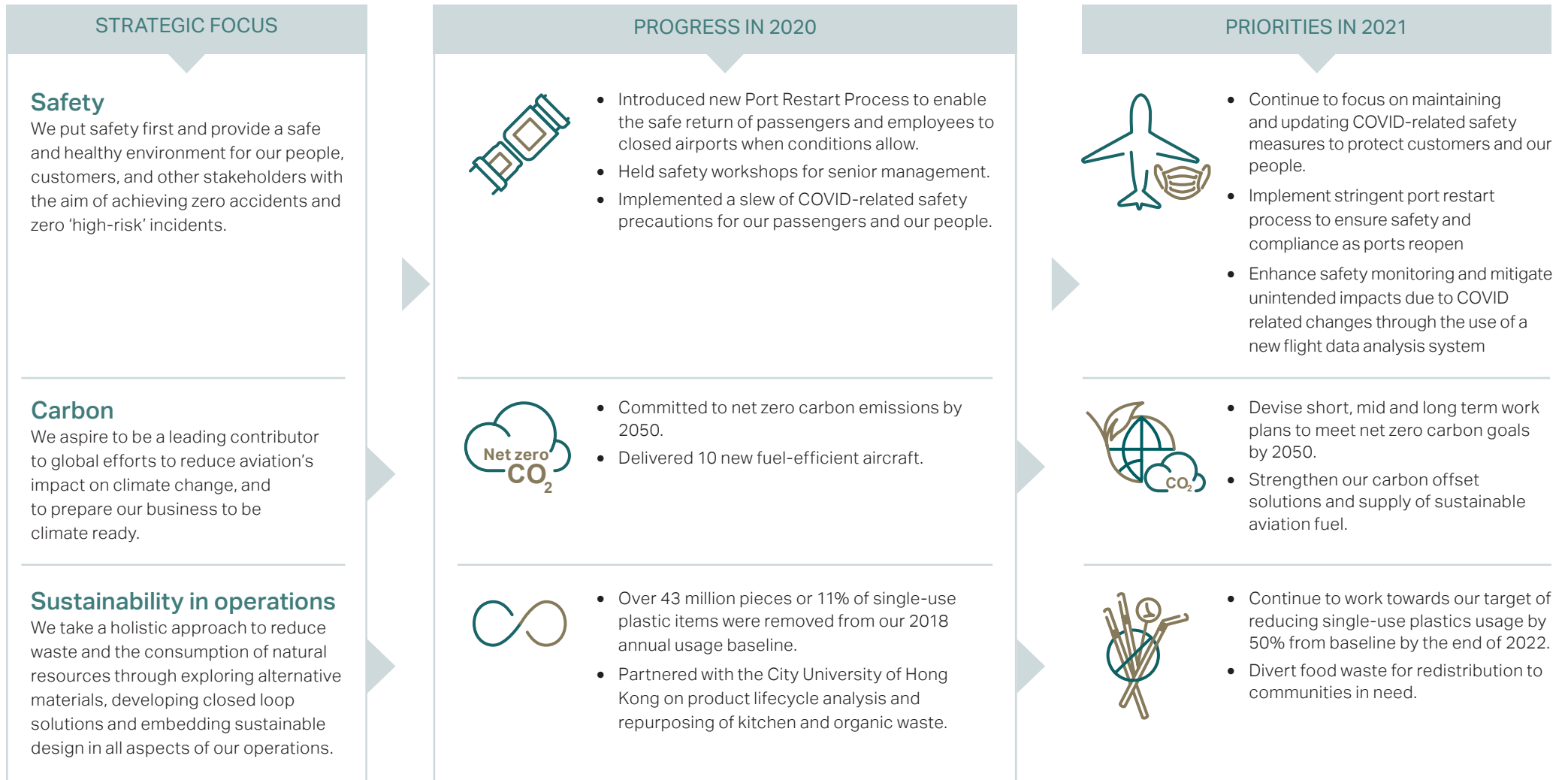
Augustus Tang
Chief Executive Officer



OUR PROGRESS IN 2020

We endeavour to operate in a sustainable manner, embedding sustainable development principles and practices into all aspects of our business. We map our progress on sustainable development against six strategic areas of focus that guide our journey and shape our sustainable development priorities.

The framework below highlights our priorities and progress. While the impact of the global pandemic on our operations may have disrupted momentum, the journey is continuous and so are our efforts at improvement. Follow the links at the top of the page to deep dive into our approach and our progress on these areas in 2020.





STRATEGIC FOCUS

Biodiversity

We implement policies that protect against illegal animal trade, serve sustainable seafood on our flights and work with suppliers to promote practices to reduce their environmental impact.

Our people

We Provide an environment in which our people can realise their potential, making us an employer of choice.

Community

We support the communities we serve. We bring about global cultural exchange, provide opportunities that support youth development, promote a diverse and inclusive culture, and enhance environmental awareness.

PROGRESS IN 2020



- Served over 58 tonnes of certified sustainable seafood.
- Carried out 1,672 air cargo screenings on 151 freight forwarding agents in line with our Sustainable Development Cargo Carriage Policy.



- Introduced long-term flexible working policies under our Work Your Way initiative.
- Supported our people with online physical and mental wellness programmes.
- Offered a new flexible benefits scheme to address the variety of needs within our workforce.



- Donated over 156,000 meals to local charities to support the vulnerable.
- Over 700 employee volunteers supported initiatives in response to COVID-19.
- Awarded the 2020 Cathay ChangeMakers to three remarkable individuals.

PRIORITIES IN 2021



- Review and update our Sustainable Food Policy.
- Continue to work with civil society organisations to prevent illegal wildlife trades.



- Continue to focus on ensuring employee health and safety facing the pandemic.
- Facilitate and foster innovative ways to collaborate through enhanced digital connectivity.
- Continue to review and update policies to respond to employees' needs.



- Support local communities during the pandemic by facilitating food donation and volunteering for remote-learning initiatives.
- Work closely with governments to facilitate the transportation of vaccines.



OUR RESPONSE TO COVID-19

The devastating effects of the pandemic have brought unprecedented change to how we operate. With global reach and local impact, COVID-19 has hit our people, our passengers, our communities and our business hard. Our primary response has been to protect and support all our stakeholders.

The adversity we have faced will help to strengthen the Group in the long run. The can-do spirit of our people is representative of Cathay Pacific's culture. New ways of working have been developed, some of which improved on what went before and will remain in place after the pandemic passes. Stronger together, we will move beyond what is now.



Our response to COVID-19

EMPLOYEES

The health, safety and wellbeing of our people is a key concern of the Group. The constantly changing quarantine and ways of working placed additional burden on our employees. We responded by conducting frequent, open dialogue with our people and introducing a range of initiatives via familiar platforms to protect their health and promote mental and physical wellbeing.

Heightened health and safety measures

- Provided relevant personal protective equipment (PPE)
- Temperature screening and declaration
- Enhanced cleaning and disinfection of workplaces and aircraft
- Issued health education materials
- Modified inflight service and tightened crew layover arrangements
- Introduced a new remote working policy
- Implemented social distancing and protective measures when in offices

Dedicated digital communication channels supported by the Hub, our intranet

- Provided regular COVID-19 updates
- Delivered weekly senior management communications
- Dedicated a page to mental wellbeing with resources and articles developed by our in-house psychologist

Enhanced services provided by the Employee Assistance Programme (EAP)

- Conducted face to face training session for managers on how to support employee mental wellbeing
- Delivered webinars and videos including on mindfulness, resilience, dealing with the stress response, financial management and budgeting
- Launched Peer Assistance Network for pilots



Please refer to [Our People section](#) of this report to learn how else we sought to assist our employees.



Our response to COVID-19

CUSTOMERS

Cathay Care is our commitment to our customers' wellbeing. We want our passengers to travel with confidence and so providing clear communication, flexibility and above all, safe passage were the core focus of our service in 2020. From booking through check-in and to potential on-arrival quarantine, the excellence of service we offer in normal times was applied throughout. Some of our newly introduced measures included:

To further instill confidence, we introduced free and unlimited changes to all new tickets from early in 2020. Our [free COVID-19 insurance](#), automatically applied upon booking, covers our passengers for COVID-19 testing and hospitalisation, provides a quarantine allowance, and gets passengers and their companions or children home if evacuation from a destination is required.

Visit our website to learn more about [Cathay Care](#).

1

Contactless check-in and boarding

- Physical distancing and screens
- Health declaration upon check-in
- Automatic and biometric gates at boarding (available in selected ports). E-boarding coming soon to Hong Kong

2

Waiting with confidence

- Application of antimicrobial coating across all public areas
- All passengers have been temperature checked
- All employees and passengers are required to wear face coverings

Prioritising you on board

- Mandatory face coverings throughout the flight
- Passengers requested to stay seated to promote social distancing
- Blocking off seats wherever possible

3**5**

HEPA filtered cabin air

- Removes 99.999 per cent of airborne contaminants
- Similar level of performance to those used to keep the air clean in hospital operating rooms and industrial clean rooms
- Recirculates air every two minutes

4

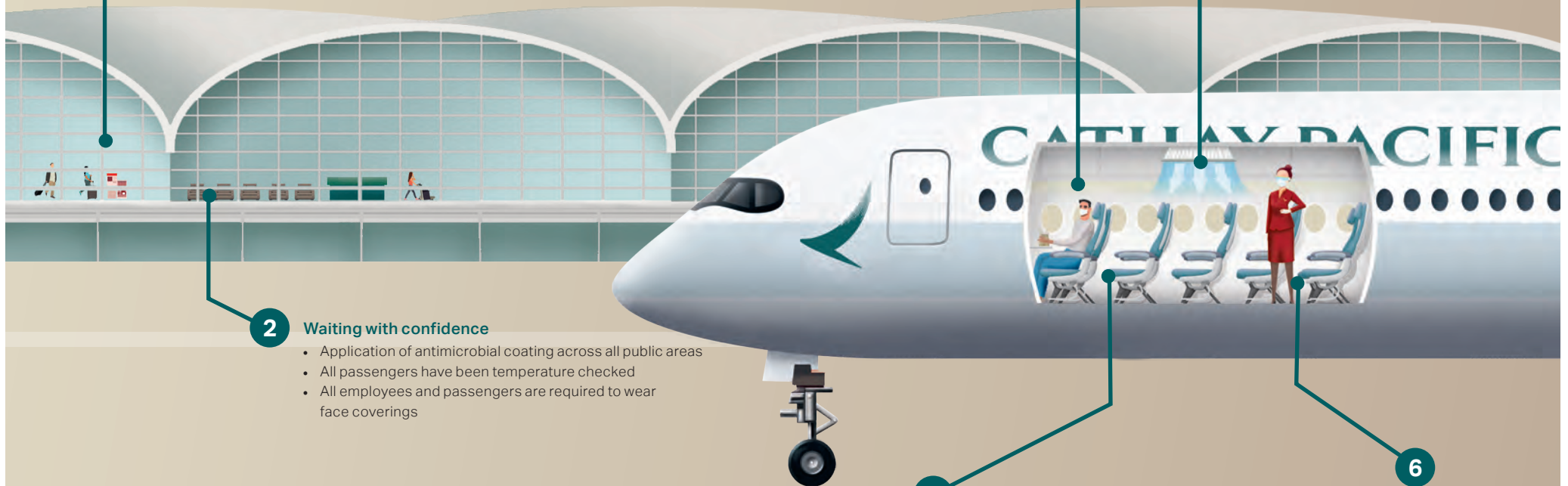
A clean travel environment

- Frequent thorough sanitisation of all surfaces
- A modified meal service designed to reduce contact with crew
- Temporary suspension of the pre-meal bar and pre-poured drinks

6

Protecting our cabin crew to protect our customers

- Masks, gloves and goggles provided for all crew
- Strict layover guidelines including no contact with the local community and close medical surveillance





Our response to COVID-19

COMMUNITY

We support the most vulnerable in our community by working closely with our non-governmental organisation (NGO) partners. We also worked with different authorities to resolve logistical obstacles and used our capabilities to connect resources to the locations they were needed.

- Chartered special flights to support the HKSAR government in bringing Hong Kong people home from abroad
- Worked with COVID vaccine companies, importers and various authorities to facilitate logistical operation trials and tailor-made arrangement for vaccine transportation to Hong Kong and rest of the world
- Deployed hundreds of cargo-only passenger flights to deliver medical provisions to places of need
- Dedicated an area inside the Cathay Pacific Cargo Terminal to act as a temporary mail-handling centre
- Donated over 156,000 pre-prepared meals to our NGO partner Food Angel in 2020 for redistribution to people in need of food assistance in Hong Kong
- Facilitated online learning for students homeschooling in Hong Kong
- Our employees volunteered and engaged in supporting local NGOs



Our Airport Services Delivery team provided support to passengers on rescue charter flights

Please refer to [Our Community](#) section of this report to learn how else we helped out.



Chartered special flights to support the HKSAR government in bringing Hong Kong people home from abroad



Donated over **156,000**

pre-prepared meals to our NGO partner Food Angel in 2020 for redistribution to people in need of food assistance in Hong Kong



ABOUT CATHAY PACIFIC

Cathay Pacific Airways Limited (“Cathay Pacific”), with its subsidiaries Hong Kong Express Airways Limited (“HK Express”) and AHK Air Hong Kong Limited (“Air Hong Kong”) (the “Group”) had 239 aircraft at the end of 2020. Immediately prior to the onset of COVID-19, our airlines directly connected Hong Kong to 119 destinations in 35 countries worldwide (255 and 54 respectively with codeshare agreements), including 26 destinations in Chinese mainland. The Group, and its subsidiaries, employ more than 25,600 people worldwide, of whom around 20,800 are employed in Hong Kong.

Its other investments include catering and ground-handling companies and its corporate headquarters and cargo terminal at Hong Kong International Airport.

Cathay Pacific is listed on The Stock Exchange of Hong Kong Limited, as are its substantial shareholders Swire Pacific Limited (“Swire Pacific”) and Air China. More information is available from www.cathaypacific.com.





ABOUT THIS REPORT

Aim of reporting

Our Sustainable Development Report sets out our approach to good governance and our most material environmental and social topics. Since 1996, we have published our report annually to:

- Disclose our sustainability performance in a transparent, accountable and clear manner,
- Engage with our stakeholders on sustainability topics that are material to our business, so we can address them effectively and appropriately,
- Discuss the challenges we face and progress we make as a company in the context of sustainable development.

This Sustainability Development Report can be read in conjunction with our Annual Report 2020 which deals with our financial and operational performance, and with our corporate governance.

In case of any discrepancy between the English version and the Chinese version, the English version shall prevail.

Reporting period

This report describes the approach and performance of Cathay Pacific and its principal subsidiaries (collectively the "Group") for the period from 1 January to 31 December 2020. Our previous Sustainable Development Reports can be downloaded from <https://sustainability.cathaypacific.com/past-reports/reports-download/>.

Reporting guidelines

The report is prepared with reference to the Global Reporting Initiative (GRI) Standards: Core Option, and complies with the provisions of the Environmental, Social and Governance (ESG) Reporting Guide issued by Hong Kong Exchanges and Clearing Limited (HKEX). We also take reference of the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) for our climate related disclosures.

Reporting scope and data

Unless otherwise specified, the environmental, social and governance data in this report covers Cathay Pacific Airways Limited and its principal subsidiaries as of 31st December 2020 shown as follows:

SUBSIDIARIES		OWNERSHIP
AHK Air Hong Kong Limited	(AHK)	100%
Cathay Holidays Limited	(CHL)	100%
Cathay Pacific Catering Services (H.K.) Limited	(CPCS)	100%
Cathay Pacific Services Limited	(CPSL)	100%
Hong Kong Airport Services Limited	(HAS)	100%
Hong Kong Express Airways Limited	(HKE)	100%
Vogue Laundry Service Limited	(VLS)	100%

The economic data in this report are based on the consolidated financial statement of the Annual Report 2020 which incorporates the financial statements of the Cathay Pacific Airways Limited and all its subsidiaries together with the Group's interests in joint ventures and associates.

Contact us

We welcome comments and feedback on this report and its contents. Please send your feedback to our team at: sustainability@cathaypacific.com.

Our address:

Sustainable Development Team, Corporate Affairs Department,
Cathay Pacific City, 8 Scenic Road,
Hong Kong International Airport, Hong Kong



OUR APPROACH

Sustainable development strategy

We prioritise our most material environmental and social impacts in tandem with the areas where our customers and stakeholders expect Cathay Pacific to take the lead. Our approach is guided by our [Sustainable Development Policy](#) which was revised in 2020 to be more reflective of the global sustainable development agenda with a strengthened focus on climate change, diversity and inclusion.

The six focus areas of the policy ensure environmental, social and economic considerations are included in our business decisions. In this way we aim to go beyond compliance in the jurisdictions where we do business, to be a respectful employer, a value-adding community member, and a service provider that exceeds our customers' expectations.

Recognizing the potential impact from climate change, our revised policy sets out our commitment in achieving net zero carbon emissions by 2050, through an international approach, working with governments around the world and through the United Nations. It also includes assessing, addressing, and mitigating the climate risks we face and exploring opportunities that may arise. In line with our policy we incorporate climate change considerations in our procurement processes and encourage the use of low carbon and energy efficient products and materials.

Stakeholder engagement

In developing our Sustainable Development Report, we consider key stakeholder groups based on their potential influence on our Sustainable Development Strategy and our services. We value honest, open and regular dialogue with our stakeholders. Since 2006, we have periodically engaged our people, our customers, NGOs, academia, suppliers, investors, shareholders and other businesses to ascertain their primary concerns.

Our channels of engagement include surveys, focus groups, interviews, publications, websites, social media and face to face meetings. All employees are engaged through an annual survey which is supplemented with quarterly surveys targeting key employee groups. In late 2019, we conducted an NGO engagement session to obtain feedback on our approach to single use plastic reduction and gain insights on reduction target setting. The results of these processes help us develop our business strategy, our report content and the material topics for disclosure. A new round of stakeholder engagement and materiality assessment will be conducted in early 2021 to help us understand how COVID may have changed our stakeholders' perceptions on various sustainable development priorities.

Material topics


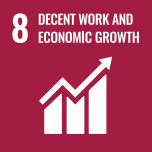

Our material topics are determined through a process of materiality assessment that follows the principles outlined in the GRI Standards and the ESG reporting guidance issued by HKEX. The assessment identifies and evaluates the sustainability issues that mattered most to our businesses and our stakeholders. In this report, a material topic is one which may substantially affect our long-term commercial and operational viability, or substantively influence the assessments and decisions of stakeholders.

TOPICS	REPORT SECTION
ECONOMIC	
Customer safety	<ul style="list-style-type: none"> Safety Our response to COVID-19
Governance	<ul style="list-style-type: none"> Overview > Governance
Disclosure and transparency	<ul style="list-style-type: none"> Our approach Our performance > Indicator tables
ENVIRONMENT	
Emissions/ climate change/ alternative fuels	<ul style="list-style-type: none"> Climate change
Biodiversity	<ul style="list-style-type: none"> Biodiversity
Resources and waste management	<ul style="list-style-type: none"> Sustainability in operations
SOCIETY	
Occupational Health and Safety	<ul style="list-style-type: none"> Safety > Occupational Health and Safety Our response to COVID-19
Employee welfare	<ul style="list-style-type: none"> Our people > Employee welfare Our response to COVID-19
Training and development opportunity	<ul style="list-style-type: none"> Our people > Attracting and developing talent
Community investment	<ul style="list-style-type: none"> Community Our response to COVID-19
Staff volunteering	<ul style="list-style-type: none"> Community > Volunteering



United Nations Sustainable Development Goals

Our long-term prospects are enhanced when we consider our impacts in the global context. We have mapped our approach to managing our material topics to the [United Nations Sustainable Development Agenda](#). Six global goals align with our [Sustainable Development Policy](#) and help to shape our sustainable development strategy. Progress in 2020 delivered through our approach is shown on pages 5-6 of this report.

UN SUSTAINABLE DEVELOPMENT GOALS	OUR APPROACH	REPORT SECTION
 <p>SDG 5 Gender Equality Achieve gender equality and empower all women and girls.</p>	<ul style="list-style-type: none"> The Cathay Women’s Network was established by the Diversity and Inclusion Committee to allow us to better understand and address current barriers that our female employees face, develop and retain a strong pipeline of leadership talent and create a platform for discussions. We are committed to supporting the future development of the communities we serve in tandem with the Group’s long-term development through investment in children and youth development. 	<p>Our people</p> <p>Community</p>
 <p>SDG 8 Decent Work and Economic Growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p>	<ul style="list-style-type: none"> We employ locally, with more than 8 in 10 of our employees coming from Hong Kong. Our Hire-to-Retire strategy is aimed at ensuring that we support and invest in our people and reward performance with benefits and promotion. During times of significant uncertainty, we move to protect jobs for the long run and offer considerate severance packages when necessary. We also champion safety in every aspect of our operations, ensuring our people are protected and able to focus on delivering excellent customer service. During the impact and stress caused by the COVID-19 pandemic we’ve introduced a slew of measures to protect our people and supported their physical and mental wellbeing. Our flexible work patterns help our people better balance work and home life. 	<p>Our people</p> <p>Community</p> <p>Safety</p>
 <p>SDG 12 Responsible Consumption and Production Ensure sustainable consumption and production patterns.</p>	<ul style="list-style-type: none"> We recycle or repurpose around 90% of all airplanes we retire. We are also committed to reducing our single use plastic footprint from our operations by 50% by the end of 2022 and using recycled plastics in the products we use in flight. 	<p>Sustainability in operations</p>



UN SUSTAINABLE DEVELOPMENT GOALS

OUR APPROACH

REPORT SECTION

**SDG 13
Climate Action**

Take urgent action to combat climate change and its impacts.

- In 2020, we committed to achieving net-zero carbon emissions by 2050.

Climate change

- Through investment in a modern fleet, operational improvements, and the use of sustainable aviation fuel, we continue to reduce our reliance on fossil fuels and our greenhouse gas (GHG) emissions intensity.

Climate change

- We support the implementation of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) scheme under the International Civil Aviation Organization (ICAO). In 2020, we completed and verified our first Emissions Report which was submitted to Hong Kong Civil Aviation Department.

Climate change

**SDG 14
Life Below Water**

Conserve and sustainably use the oceans, seas and marine resources for sustainable development.

- We have introduced embargoes on carrying shark fin since 2016. We published the Sustainable Development Cargo Carriage Policy which allows our various stakeholders to gain a holistic understanding of where we stand in doing our part to protect the environment in the area of cargo carriage.

Biodiversity

- We established our internal Sustainable Food Policy in 2011 to provide guidance for our purchasing decisions. We opt out of purchasing specific unsustainable food items and ask for information with regards to where the food was originally sourced. In 2020, our catering arm served over 58 tonnes of certified sustainable seafood, representing around 55% of the total volume of seafood purchased.

Sustainability
in operations**SDG 15
Life On Land**

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss.

- We've introduced embargoes on ivory and hunting trophies amongst other items as we aim to make sure no endangered species, or its products are being transported on our flights.

Biodiversity

- We favour the use of waste as feedstock for producing sustainable aviation fuel, instead of other natural resources that may further burden the ecosystem. Fulcrum, a biofuel manufacturer that we have invested in, uses municipal solid waste as its biofuel feedstock. We have committed to use 1.1 million tonnes of sustainable aviation fuel over 10 years from Fulcrum, once it has started its production.

Climate change



GOVERNANCE

The Cathay Pacific Group is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects our belief that, in the achievement of our long-term objectives, it is imperative to act with probity, transparency and accountability.

Our governance practices are described in detail in the Corporate Governance Report section of our [2020 Annual Report](#).

Board statement on sustainable development

The Board is ultimately accountable for sustainable development strategy and performance at Cathay Pacific. It is supported in its duties by three governance bodies that steer the Group's approach in sustainability matters under the leadership of the Chairman. They are the Sustainable Development Committee (SDC), Sustainable Development Steering Group (SDSG), and the Climate Actions Steering Group (CASG). In addition, the Board Risk Committee oversees assessment of environmental, social

and governance risks among other risks and implementation of related board decisions.

The Board responsibilities include reviewing the Group's material sustainability topics and approving sustainable development related strategy, targets, actions and policies. The Board also reviews and signs off the annual Sustainable Development Report.

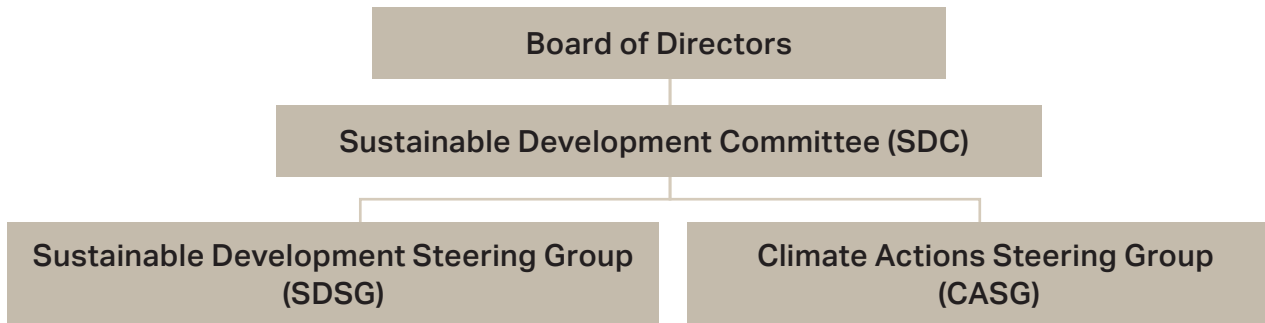


Figure 1 Sustainable Development Governance Structure



The Sustainable Development Committee (SDC)

Chaired by the Chief Executive Officer, the SDC consists of four Executive Directors and four other members of our senior management team. The SDC was established by and receives its authority from the Board to evaluate and approve sustainable development strategy, policy, target setting, and investment in major initiatives. It sets the tone for a corporate culture focused on sustainable development. Meeting regularly during the year, its duties include evaluating and prioritising the Group's material sustainable development topics. It communicates these and the materiality process to the Board in addition to providing biannual progress updates. In this way, sustainability is integrated into business planning, budgeting and risk management, and forms an integral part of the Group's business strategy.

The Sustainable Development Steering Group (SDSG) and Climate Actions Steering Group (CASG)

Both SDSG and CASG were established by and report to the Sustainable Development Committee. Both Steering Groups are chaired by the Director Customer and comprise Department Heads that represent a wide range of functions across the company.

The SDSG covers a range of sustainable development topics including biodiversity, sustainability in operations, human trafficking, and modern slavery. The CASG was newly set up in 2020 to strengthen our governance in climate change mitigation. It is tasked with ensuring that the Group's approved climate change strategy, targets, and commitment are executed as planned. These Steering Groups evaluate and provide recommendations on sustainable development policy, initiatives and targets that require SDC approval and Board review.

Details of how material sustainability topics are managed within the Group are contained within this report. Further information on risk management is provided in the rest of this chapter. Our governance practices are described in detail in the Corporate Governance Report section of our [2020 Annual Report](#).

Code of Conduct

The Cathay Pacific Group enforces the highest standards of corporate governance and best practices in accordance with our [Code of Conduct](#) (the "Code"). The Code sets out our principles for acting responsibly in the course of achieving our commercial success. The Code applies to all employees of Cathay Pacific and its subsidiaries, and includes issues related to business ethics, conflicts of interest, procurement, insider trading, lobbying, bribery, environment, health and safety, and respect in the workplace.





Risk management

The Group's commitment to Operational Safety has been implemented through a systematic and thorough process supported by focused risk management governance infrastructure including:

- A **Board Safety Review Committee** chaired by an independent industry expert
- A **Management Safety Committee**, also known as the Group Airlines Safety Review Committee, chaired by the Chief Executive Officer
- A **Group Safety & Operational Risk Management department** headed by the Group Safety Officer that provides oversight of the management of all risks associated with flight operations

In 2019 the Board determined that the Group should introduce similar governance to enhance and provide a parallel focus on the management of all other corporate risks in the Group. Accordingly, the following entities were established:

- **Board Risk Committee (BRC)** – a Board level committee whose membership is exclusively Non-Executive Directors. The Committee's role is to advise the Board and oversee implementation of all Board decisions on all matters relating to risk. This includes the setting and monitoring of risk appetite, the effectiveness of the risk management framework "RMF" and the soundness of the Group's risk culture
- **Risk Management Committee (RMC)** – an executive committee chaired by the Chief Executive Officer responsible for the design, delivery and direct oversight of the RMF and, through it, the management of all corporate risks within the Company
- **Group Corporate Risk department** - headed by the Chief Risk Officer reporting to the Chief Executive Officer. This department has specific responsibility for developing, maintaining and ensuring the effectiveness of the RMF

The Cathay RMF is founded on the principle of 'three lines of defence', a model widely used in financial services institutions, and one that is designed to avoid conflicts of interest whereby managers review or oversee their own activities. The three lines divide as follows:

- Business or specialist functions that are directly involved in business management activities or executive decision making are classified as First Line
- Functions that oversee, advise and support the First Line in managing the risks associated with those activities are considered Second Line
- Group Internal Audit, which provides overall assurance to the Board as to the effectiveness of the Company's risk management processes and controls, is classified as Third Line

The Board maintains overall responsibility for the systems, processes and conduct of risk management while the business is responsible for managing risk. The risk management function is expected to engage fully to support them, providing ideas, expertise and advice.

In particular, Group Corporate Risk's role is to ensure that the First Line takes decisions objectively and in full possession of all relevant information. This is embedded into the Group's businesses through the appointment of First Line 'risk owners' who have responsibility for identifying and monitoring emerging and developing risks across one or more business areas. Risk owners are responsible for escalating any breaches or potential incidents to Group Corporate Risk.

A structured approach to managing the Group's environmental, social and governance (ESG) risks was also developed to identify, assess and mitigate ESG risks across the business. All identified ESG risks are reported to the RMC and the BRC and incorporated into the existing registers.

Please refer to p.50 of our [Annual Report 2020](#) for further information about our approach to risk management and our internal control systems.



Corporate compliance

An overview of the most relevant laws and regulations that have a significant impact on the Group is provided in the [Compliance with laws and regulations](#) section of this report.

Customer privacy compliance

We aim to ensure that our customers can make informed decisions and feel confident about providing us with their personal data when using our services. We ensure our policies and processes comply with the Personal Data (Privacy) Ordinance (Cap. 486) of the Hong Kong SAR government and other relevant laws in countries or territories where we operate.

In October 2018, Cathay Pacific announced that it had discovered unauthorised access to some of the passenger data of Cathay Pacific and Cathay Dragon. Immediate action was taken to contain the event and a thorough investigation was carried out. In March 2020 the UK Information Commissioner's Office (ICO) fined Cathay Pacific Airways Limited for contravention of the Data Protection Act 1998 in relation to the 2018 data incident.

During 2020, there were no convictions for non-compliance with laws and regulations relating to customer privacy that would have a significant impact on the Group.

Advertising and labelling practices

We strive to ensure that our advertising and labelling practices comply with relevant laws and regulations. This includes the Trade Descriptions Ordinance (Cap. 362) of the Hong Kong SAR government, which prohibits specified unfair trade practices such as false trade descriptions of services, misleading omissions, aggressive commercial practices, bait advertising, bait-and-switch and wrongful acceptance of payment.

During 2020, there were no convictions for non-compliance with laws and regulations relating to advertising and labelling practices that would have a significant impact on the Group.

Anti-Bribery Policy

The Cathay Pacific Group takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in our business dealings and relationships wherever we operate, in compliance with the laws and regulations that govern our global business. Our people must comply with applicable anti-bribery and anti-corruption laws. We have an established Anti-Bribery Policy, which forms part of a comprehensive and robust anti-bribery and anti-corruption compliance programme designed to provide guidance on compliance with global anti-bribery laws.

As part of our commitment to ensure our people understand the anti-bribery rules and have awareness of our Anti-Bribery Policy and its associated Guidelines, we provide two types of online training to our people: Certification training with a knowledge assessment, and a simplified Awareness training to increase anti-bribery compliance awareness. Our people are required to take each type of online training according to an established learning matrix, taking into account the risks faced by various employee groups and training effectiveness.

Anti-bribery online training in Cathay Pacific is covered by the Cathay Corporate Regulatory Compliance Learning Programme administered by our training department. All new joiners and any of our existing people whose job function or role is changing at the relevant time are enrolled for the appropriate type of online training. Built-in follow up mechanisms ensure that any instances where training has not been completed are escalated to senior management. All new joiners in our subsidiaries receive anti-bribery training arranged by the relevant subsidiary's People Department.

We have continued to provide anti-bribery training for new joiners in 2020. Refresher training has been arranged for existing employees in batches since 2019. Over 15,000 employees in Cathay Pacific and subsidiaries have undertaken

anti-bribery training during 2020, with a 97% completion rate. We also launched a project to enhance the current refresher training including in relation to anti-bribery, with projected rollout in Cathay Pacific in phases during 2021.

We publish communications in various formats regularly to remind our people of the importance of complying with the Anti-Bribery Policy and key associated guidelines.

During 2020, there were no convictions for non-compliance with laws and regulations relating to bribery, extortion, fraud or money laundering that would have a significant impact on the Group.



Over

15,000

employees in Cathay Pacific and subsidiaries have undertaken anti-bribery training during 2020, with a 97% completion rate.



Whistleblower Policy

We have an established Whistleblower Policy in Cathay Pacific Group to help mitigate legal, financial, operational and reputational risk to the company. This policy aims to encourage our people to come forward and report suspected wrongdoing and to provide necessary guidance and assurance to anyone who reports suspected wrongdoing. Any suspected wrongdoing reported under the Whistleblower Policy is properly investigated and addressed to ensure that prompt remedial action is taken. Any reporting under this policy can be done confidentially through multiple channels that allow for anonymous reporting.

This year we introduced Speak Up, a new channel consisting of an online reporting website and telephone hotline for Group employees to raise concerns. Accessible 24/7, Speak Up is administered by an independent company and available in multiple languages. Cases reported through Speak Up are routed to Group Compliance for follow-up.

Group Compliance oversees all Whistleblower investigations and keeps centralised records of all Whistleblower reports.

Antitrust Policy

It is the policy of Cathay Pacific Group to comply with the letter and spirit of all applicable antitrust and competition laws and regulations. We have an established Antitrust Policy and as part of a continuous review of compliance within Cathay Pacific Group, we rolled out a new tailored interactive online competition law learning programme, which had been rolled out within Cathay in 2019, to relevant employees in subsidiaries in 2020. This year we also organised in-person briefings with the Group's management teams, including some Hong Kong-based subsidiaries, to ensure they understand competition law principles and how they relate to their business practices.

Going forward we will be reviewing and refreshing the existing

Antitrust Policy and Guidelines to ensure they are fully reflective of the latest practices and changes to our business.

In 2020, Cathay Pacific remained the subject of antitrust proceedings in various jurisdictions. The proceedings were focused on issues relating to pricing and competition. For details, please refer to our [Annual Report 2020](#), page 103.

Modern slavery and human rights

We adopt business practices that respect international human rights and strive to keep our global operations free from human rights abuse in any form. Our commitment to operating with respect for human rights applies to all aspects of our business operations globally and is integrated across all of our Company policies and processes. We assess, identify, monitor and manage the human rights impacts of our business activities on an on-going basis.

Within the Group our [Human Rights Policy](#), updated in 2019, is aligned with the laws of Hong Kong and applies to our global operations. It outlines our commitments to our employees on issues such as diversity, equal opportunity and workplace security. It also defines our position on protecting human rights in our supply chains.

Our Procurement and Aircraft Trading department manages the airline's supply chain, conducting supplier due diligence and requiring suppliers to adhere to Cathay Pacific's [Supply Chain Sustainability Code of Conduct](#), which amongst other things prohibits the use of child or forced labour. [Our Code of Conduct](#) also safeguards the Group against the use of child or forced labour in our own operations.

In 2019, we developed Cathay's new guiding policies on Modern Slavery and Human Trafficking and formal training materials for flight crew, cabin crew and airport ground employees. The development of the policy has resulted in two documents. One is a [Modern Slavery and Human Trafficking](#)

[Policy Statement](#) that sets out Cathay's commitment to the fight against human trafficking. It is accompanied by a second internal document which outlines procedures and practices including employee training, collaborating with third parties and conducting supplier due diligence.

Training for our cabin crew began in early 2020 by teaching our people how to recognise and respond to potential human trafficking cases. All crew learn what signs and behaviours to look for, as well as specific questions they can ask to further assess the situation and how to safely report suspected cases to authorities. We also updated our operating manuals for flight and cabin crew for the handling and reporting of the matter. In 2021, we also plan to further enhance modern slavery risk mapping in our supply chain and would provide further updates in due course.



In 2020,
100%
of our cabin crew undertook the anti-human trafficking training. In this year, no suspected human trafficking incidents were reported.

SAFETY





SAFETY

Why safety matters to us

Our continued success is shaped by our ability to transport our passengers and cargo safely to their destinations. This is inherently linked with providing a safe working environment for all Group employees. As such, safety is our primary priority, and alongside corporate governance, is a fundamental principle of our sustainability strategy.

Our approach

At Cathay Pacific our approach to safety is founded on the principle of reducing risks to a level as low as reasonably practicable (ALARP). The foremost safety goal of our airlines is to achieve zero accidents and zero “high risk” incidents. To succeed in this, we have developed a corporate safety culture and adopted a risk-driven approach in identifying and minimising the impact of hazards on our operations.

Safety Policy

Our Safety Policy clearly sets out our commitment to managing the safety risks of our operations. Whilst ultimate accountability for safety rests with our Chief Executive, responsibility rests with all our people. Our policy extends a duty of care to all businesses we work with and shapes a corporate culture of safety by promoting:

- An ORGANISATIONAL CULTURE where “safety comes first”
- A JUST CULTURE where “non-punitive reporting” is encouraged
- A REPORTING CULTURE where all employees are encouraged to raise safety concerns
- A LEARNING CULTURE by ensuring that we learn from our own mistakes as well as those made by others
- An INFORMED CULTURE by applying appropriate quality and risk management systems and processes as part of our decision making



Safety and security are of paramount importance to our employees, our customers and to us as stewards of Cathay Pacific it is our number one priority. While the ultimate accountability for safety is ours, every individual within our airlines has a responsibility to ensure that we are continually vigilant and maintain a state of chronic unease when it comes to safety & security. Our primary safety goal remains fixed – we aim to have zero accidents or injuries. Our established safety objectives are continually measured and reviewed to improve our safety performance and strengthen our management system. This goal requires diligence within our operations, and by our business partners, suppliers and contractors. Together, we can deliver excellence, supported by eternal vigilance, to help our customers make the most of every journey.



Augustus Tang
Chief Executive Officer,
Cathay Pacific



Operational safety

Our robust safety and risk management systems help us maintain a high level of safety performance that protects our employees and customers. We adhere to global best practice in airline safety to ensure our approach continues to be fit for purpose. Our record on safety is testimony to our efforts in achieving our aim of preventing high risk incidents.

IATA Operational Safety Audit (IOSA)

IOSA is the global standard for assessing the operational management and control systems of an airline. Cathay Pacific underwent an IATA Operational Safety Audit (IOSA) audit in 2019. We emerged from the process with a low number of findings requiring follow up action. All findings were promptly resolved in 2020 to ensure continued registration for the next 24 month period.

Safety governance

The Cathay Pacific Group Safety Management System (SMS) has been developed to ensure that we proactively manage risks and have procedures in place to react appropriately should an incident occur. Safety performance indicators are actively monitored on a monthly basis by 'Safety Action Groups' (SAGs) and the Airline Safety Review Committee (ASRC), and all events and incidents are investigated thoroughly.





All safety meetings are attended by subject matter experts from the respective disciplines. Cross-departmental risk assessments are conducted to review any changes to the way the airline operates, such as the commencement of a new route, the introduction of a new cabin service or changes to the organisational structure. The Group leverages the

experience of an independent safety advisor to chair the Board Safety Review Committee (BSRC) and report on safety matters directly to the Main Board. The position continues to be held by former Royal Navy pilot and commercial airline pilot Capt. Tim Jenkins who has held senior safety management positions at two other major international airlines.

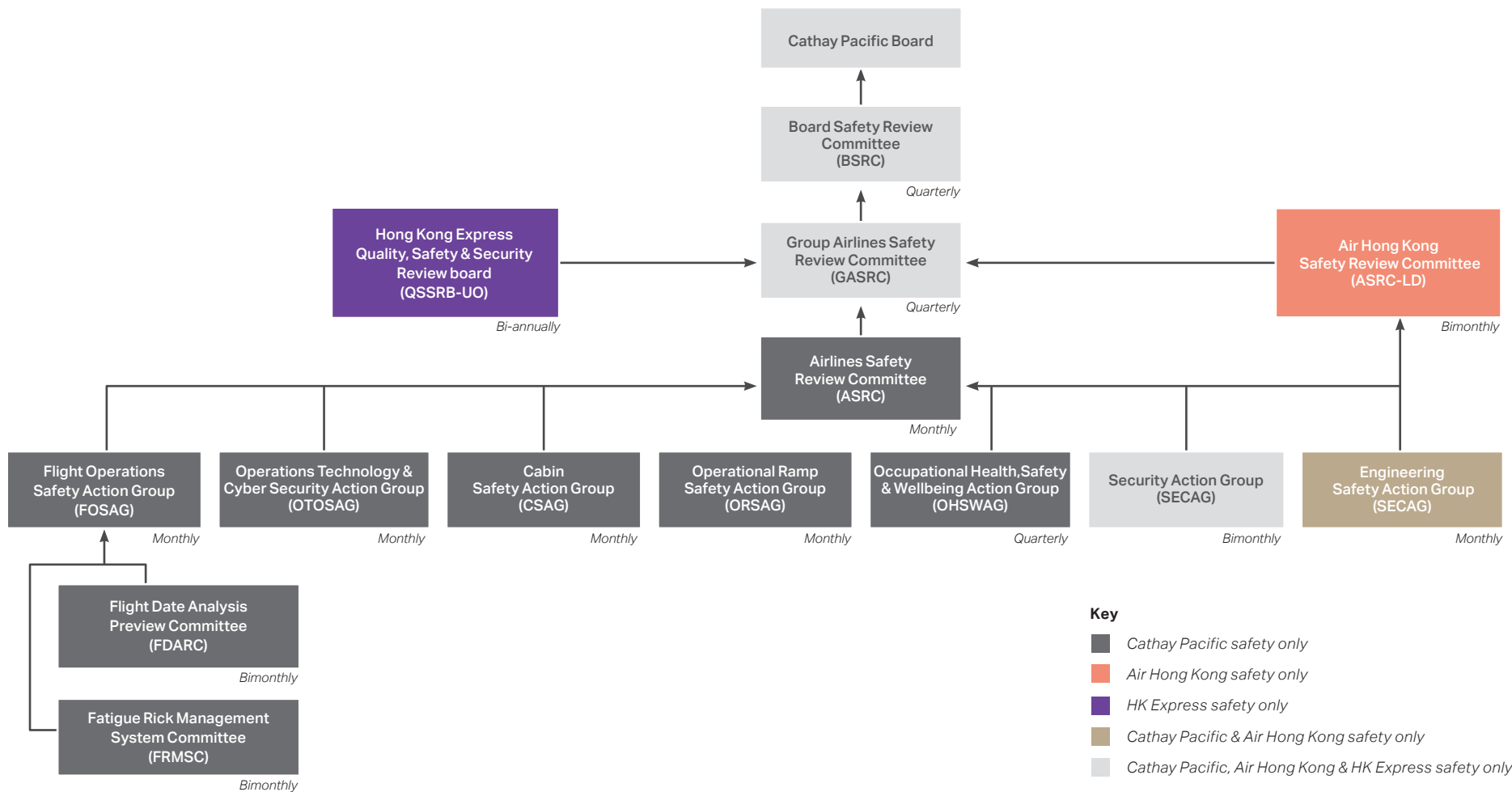


Figure 2 Safety Management System (SMS) governance structure



Joint Aviation Safety Review Committee (JASRC) safety focus workshop

Following the success of our workshop in 2019, when the Group Safety and Operational Risk Management (GSORM) held its first ever workshop with senior management from across the Group, GSORM will again conduct this activity in the first quarter of 2021. Individuals are selected for the committee due to their involvement in the implementation of the Safety Policy, procedures and practical safety measures within the Group's various operational areas. Outcomes and objectives from the meeting are distributed to the Safety Action Group (SAGs) for action. In 2021, the workshop will involve a review of our current situation which encompasses:

- Safety statistics
- Safety strategy
- Safety performance including strengths and areas for improvement
- Potential strategic initiatives
- Setting actionable goal

Continuous improvement of the Safety Management System (SMS)

The Airline Safety Committees and the Safety Action Groups are responsible for operational safety across all aspects of our business. By being predictive and proactive these bodies continually improve the Group's Safety Management System (SMS).

The scope of the SMS includes looking at compliance to processes and procedures, training and quality aspects, where the focus is very much on 'what' people did right, but also considering 'why' things usually go right the majority of the time. The SMS takes into account all of the performance shaping factors affecting the workforce every time people are on duty. We capture the examples of good practice and then share that through continued awareness, education and training.

Our approach is based on a human-centric set of principles where we continue to consider what people's adaptability and flexibility does to contribute proactively to the safety of our operation and look at ways these can enhance and improve our overall safety performance.

In 2020, we introduced a new a new digital Safety Risk Management Portal (SRMP) as part of the SMS. The portal offers the benefits of a centralised repository for risk management and assessment. Enhancements include improved action tracking with the ability to link recorded actions to specific risks, and enhanced efficiencies in communication within the risk assessment workflow.





Normal ground operations monitoring (NGOM)

Normal Ground Operations Monitoring (NGOM) forms part of the Group's Quality Assurance programme. NGOM uses the principles from similar programs already established in flight operations and air traffic control for observing and gathering intelligence on what is referred to as 'normal work'. This means that safety issues can be identified proactively, instead of making changes after an accident occurs, complementing other existing quality and safety management programmes.

NGOM focuses on airport ground operations teams and includes various arrival, unloading, servicing, loading and departure activities. It enables the Group to collect objective data on how ground employees manage threats and errors in everyday work and help managers to understand any differences between work as it is supposed to be performed and work as it is actually performed. These differences may point towards local challenges that ground employees face to complete tasks and can lead to enhancements to procedures or task planning. It helps heighten focus on activities related to attritional losses such as minor insurance claims and minor aircraft damage incidents that require ground time for maintenance.

To mitigate risks associated with ground operations we conduct periodic reviews using a team of trained observers. Using tailored checklists, our experts monitor selected Cathay Pacific flight turnarounds in Hong Kong as part of the NGOM programme. In our most recent assessment conducted in 2019, over 500 observations, representing 8,700 data points, were recorded. These were analysed and presented to the Airport Service Delivery and Cargo Service Delivery management teams, with recommendations for improvements to the safety system. Follow up action was then coordinated by the Ramp Safety Working Group. Future assessments will be conducted at regular intervals.

Ground transport emergency response plan

Ground transport in Hong Kong – either provided or facilitated by Cathay Pacific Group – is used by large numbers of employees on a daily basis. In 2019, we established the Ground Transport Emergency Response Plan to ensure departments are working to the same procedures and have a consistent approach to the response. In 2020, we held our second tabletop exercise to verify each department's understanding of the Plan and its effectiveness and identify areas for improvement. As a result, we established a digital platform to facilitate seamless communication and collaboration between senior management, response teams, internal departments and subsidiaries. The platform acts as a central repository for Plan-relevant documents and records and to track progress.

Cabin crew injury working group

The Cabin Crew Injury Working Group consists of members from various departments. Its purpose is to identify and understand the systemic factors that contribute to cabin crew injuries, develop recommendations to improve safety performance, and reduce the number of injury occurrences in a collaborative and strategic manner. The Cabin Crew Injury Working Group developed a methodic approach to tackle relevant issues. The approach comprised initiatives such as:

- Work injury data analysis;
- Focus groups (Learning teams);
- Training review;
- Case management;
- Reinforcement; and
- Communication and cultural change.





Safety promotion

Cathay Pacific actively promotes safety and a wider understanding of the Safety Management System (SMS). Despite disruption due to COVID-19, GSORM have continued to produce the PROACTIVE digital magazine available to all Group employees through the Hub. Recent editions have focused on industry trends and safety performance, lessons from recent occurrences and safety improvements from across the group.

Safety training for external service providers

Our exposure to risk is commensurate with the large number of business partners the Group interacts with and relies upon. These providers touch almost every part of our business from ground operations and dangerous goods to warehouse and catering. As an organisation with well-developed safety systems we feel it prudent to expand the scope of our SMS training to these service providers. This includes:

- Targeting third parties that do not have any safety awareness training, making training available to more than 2,000 of our external service providers
- Providing Initial Safety Awareness Training in line with Cathay Pacific internal standards and meeting the requirements as operator under IATA recommended standards and practices
- Introducing safety management systems, hazard awareness, risk management and reporting systems

The online module, 'Group Safety & Quality Introductory Training', launched in 2020. It focuses on several key topics including the importance of compliance with regulations and company standards, company safety policies and procedures and crisis response. The module is targeted at all new joiners who work in operational business units and perform safety sensitive or influencing functions.

Fatigue risk management

Our airline operates a complex passenger and freighter route network with pilots based all over the world and living in different time zones. Consequently, managing pilot fatigue risk is an important component of the SMS. Our Fatigue Risk Management System (FRMS) was established in 2010 and far exceeds current Hong Kong Civil Aviation Department (HKCAD) regulations pertaining to the management of pilot fatigue and complements the Approved Flight Time Limitations Scheme (AFTLS). The FRMS augments the AFTLS by introducing an evidence-based, data-driven system to continuously monitor and control fatigue-related safety risk to an As Low As Reasonably Practicable (ALARP) level.

During 2020, we continued to develop and refine the FRMS by developing and implementing fatigue rules, publishing online training for flight crew and all employees, and gaining insights by having a representative on the IATA Technical Group.

Key initiatives this year included the identification of fatigue-related safety risks via fatigue reporting (Air Safety Reports – Fatigue and Controlled Rest Reports) and extensive analysis using fatigue software. To mitigate these risks, changes were made to rostering practices. The Group Safety Manager for Fatigue Risk Management continued to serve as a subject matter expert on the IATA Fatigue Management Technical Group and the Management Committee of the International FRMS Forum.



Business resilience

The Cathay Pacific Crisis Response Centre is a wholly dedicated facility capable of supporting a global response effort. Our regularly tested corporate emergency structure includes a centralised command protocol, customised local response teams, telephone enquiry and support centres, and trained humanitarian assistance volunteers. All services can be activated by a notification system that is available at any time.

More than 1,000 airline and subsidiary employees constitute the Care Team, whose primary focus is to assist passengers and employees and their families who have been affected during a crisis. For significant events, several thousand specially trained volunteers are available to supplement the Care Team through the airline's membership in the Family Assistance Foundation.

Cathay Pacific's business continuity management programme focuses on four categories of events: Loss of Access, Loss of Supply, Loss of Systems, and Shortage of Staff. These are complemented by specific situational plans such as public health emergencies. An Incident Management protocol allows all incidents to be immediately classified and managed by a scalable Incident Management team. In 2020, all ports with scheduled service within our network participated in at least one emergency exercise to further strengthen their response capabilities.

CASE STUDY

Port restart process

In preparation for COVID-19 infection rates abating in locations around the globe and international travel returning, we have put strict measures in place to ensure our employees and our passengers can have peace of mind when flying with us. A framework for our port restart process has been developed with supporting policies and procedures. We have used a risk-based approach to identify, assess and respond to hazards. The process

has Group Safety and Operational Risk Management oversight and it facilitates coordination between our business units. Regular compliance monitoring ensures we adhere to local and industry regulations and we only open or reinstate operations at cancelled or reduced capacity ports when the implementation of the process has been signed off by our company directors.



The Malaysia team welcomed the green brushwing in Kuala Lumpur as the port reopened.



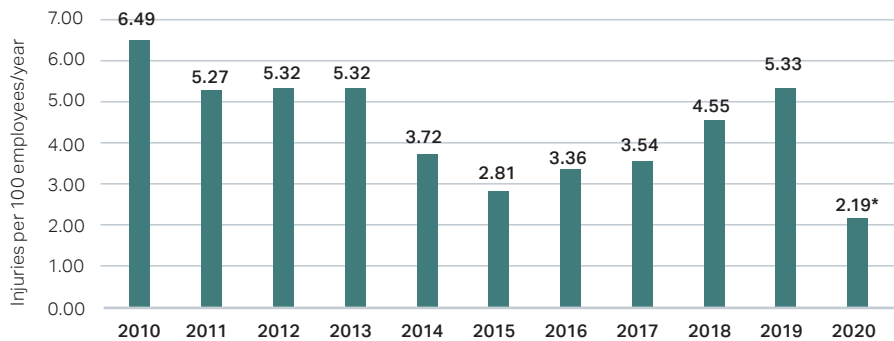
Occupational health and safety

All operations must be carried out in a manner that safeguards the health and safety of all employees, customers, contractors, and the wider community. In 2020, we continued to build our occupational health and safety capability and address a wide range of issues across our airlines. These included:

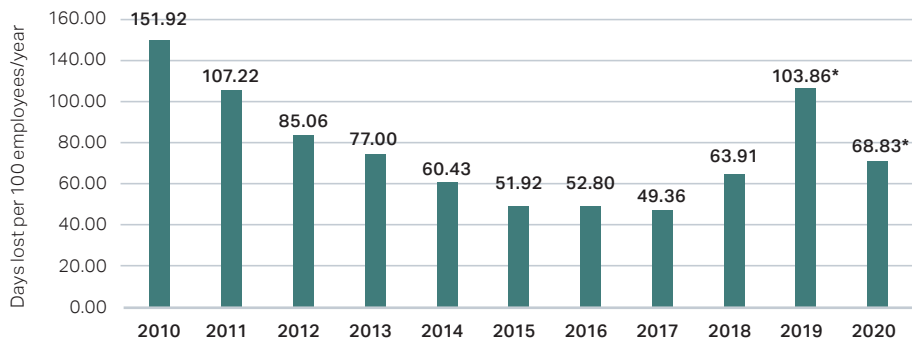
- Strengthening the safety performance of ground transportation in both Hong Kong and in outports;
- Ensuring workstation health and safety for office employees through training and risk assessment;
- Improving indoor air quality, humidity and temperature through active monitoring rectification; and,
- Ensuring health and wellbeing of employees during the pandemic through enhanced measures across our operations.

During 2020, there were no convictions for non-compliance with occupational health and safety laws and regulations that would have a significant impact on the Group.

Injury rate[#]



Lost day rate[#]



Passenger health and safety

The impact of the global pandemic resulted in a 87% reduction of passenger carried in 2020, significantly decreasing the number of individuals that could be exposed to hazards that would result in injury or fatality. While the figures for this year are therefore not comparable with other years, there were again no fatalities caused by operational incidents or accidents. Nor were there any convictions for non-compliance with laws and regulations relating to health and safety matters relating to products and services provided that would have a significant impact on the Group. Read more about the measures taken to protect the health of our passengers and our people in the [Our response to COVID-19](#) section.



Thorough sanitisation of all surfaces is carried out between every flight

[#] Data from 2011-2014 covered Cathay Pacific only. Data from 2015-2019 includes Cathay Dragon and data in 2020 includes Hong Kong Express. Cathay Dragon ceased operations in October 2020.

^{*} As pilot and cabin crew lost days are based on days not available for duty, a factor was previously used to normalise relevant data according to 250 days' work per year, equivalent to 2000 hours per year. This factor is no longer applied to relevant data in 2019, which led to the substantial increase in LDR. Due to the significant change in the operation and to ensure data presented is an accurate reflection of relevant performance, cabin crew and pilot's actual duty hours have been used to calculate injury rates since January 2020.

CLIMATE CHANGE





CLIMATE CHANGE

2020 PERFORMANCE HIGHLIGHTS



Net zero CARBON BY 2050

Ambitious target

We committed to net zero carbon emissions by 2050.



7.7% IMPROVEMENT BY TRAFFIC CARRIED

Fuel efficiency improvement

7.7% improvement by traffic carried was achieved in 2020, over 32.5% since 1998.



10 NEW AIRCRAFTS

New aircraft

We took delivery of ten brand new fuel efficient aircraft this year, including three A350-900, one A350-1000, two A321-neo and four A320-neo.



200 TONNES

Using Sustainable Aviation Fuel

We continue to deliver our new A350 aircraft with a blend of sustainable aviation fuel. In total we have used over 200 tonnes since 2016.



7.59 MILLION TONNES

CO2 emissions

Cathay Group emitted 7.59 million tonnes of CO2e in 2020, a drop of 59% from 2019 because of the impact of COVID-19.

Greenhouse gas emissions ^



Scope 1
7.53 MILLION
TONNES CO2e

All aviation fuel, other liquid fuel and Towngas



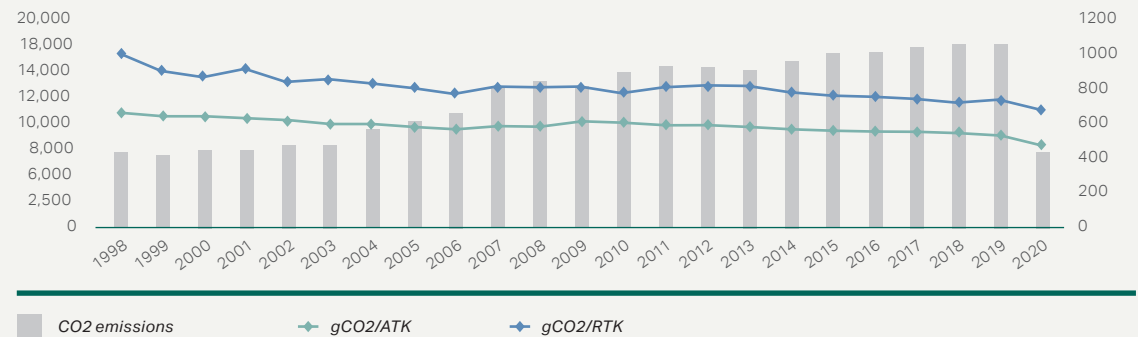
Scope 2
0.05 MILLION
TONNES CO2e

Electricity and Towngas

CO2 emissions and fuel efficiency improvement - Cathay Pacific Group fleet ^ (including Cathay Pacific, Cathay Dragon, Air Hong Kong and HK Express)

Total CO2 Emissions (in '000 tonnes) #

Efficiency (CO2 in grammes per unit)



We experienced an absolute year on year reduction in Scope 1 emissions of 59% due to the impact of travel restrictions related to the COVID-19 pandemic.

^ Cathay Dragon underwent closure in October 2020 as part of Cathay Pacific Group restructuring. Emissions figures reported are in aggregate for all airlines flown by the Group during the reporting period.

◆ Data verified by Deloitte

Global warming potential (GWP) of CO2 is 1; assumes that all other greenhouse gases (GHG) are negligible as these impacts still uncertain



Why climate change matters to us

The global warming that is changing our climate is already having dire consequences. It is the expectation of our people, customers, business partners and the general public for us to take action and transition to a low carbon economy. We recognise that our industry must decarbonise in order to mitigate our climate change impact. At the same time, we must be proactive in adapting to the risks and opportunities brought about by climate change and the transition to a low carbon future in the short and long run.

Climate change strategy

Climate change oversight is a board-level responsibility and a priority risk at Cathay Pacific. We are committed to managing this risk and responding to stakeholders' concerns by reducing our carbon footprint and building operational resilience. Our cross-functional Climate Actions Steering Group is in charge of sustainability strategy and reports to the Sustainable Development Committee which is chaired by the Chief Executive Officer. Refer to the [Governance](#) section of this report for more information on these committees.

We have developed an approach to climate change mitigation and adaptation that extends from managing our own operations, to working with industry bodies and helping our customers to reduce their carbon footprint from flying. The five core areas of our climate change strategy are as follows:

- Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)
- Sustainable aviation fuel
- Carbon offset programme
- Aircraft emissions
- Ground emissions

Activities in these core areas are enhanced by having a clear understanding of how future climate scenarios may impact our business. Our approach to climate risk, strategy and targets is provided within this section of this report.

Please refer to the [Task Force on Climate Related Financial Disclosures \(TCFD\)](#) section for more detailed disclosures aligned with the recommendations of TCFD. Cathay Pacific's climate change disclosure has been awarded a score of C in 2020 by CDP, additional information can be found at its website www.cdp.net.

During 2020, there were no convictions for non-compliance with laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, or generation of hazardous and non-hazardous waste or other environmental issues that would have a significant impact on the Group.

Climate change target

As a systemic issue, tackling climate change will require ambitious, rapid, collaborative action. We are proud to committing to the net zero carbon emissions target by 2050. We are committed to achieving this target alongside our oneworld Alliance partners and leading the aviation industry's efforts in tackling climate change.

This commitment aligns with the aims of the Paris Agreement to limit global temperature rise to well below 2°C above preindustrial levels and pursue efforts to limit this increase to 1.5°C. It is a significant step in our sustainable development journey and coalesces our existing efforts in fuel efficiency, sustainable aviation fuel, carbon offsetting and emissions reduction around a common goal. We are ready and eager to take the next steps towards a net-zero carbon economy in 2050.



In 2020, we set the difficult but very necessary goal of achieving net-zero carbon emissions by 2050. Our net zero pledge aligns with the requirements laid out in the Intergovernmental Panel on Climate Change goal of limiting global warming to no more than 1.5°C above preindustrial levels. This long term goal provides the focus we need in aligning our strategy as we plan for the recovery after COVID, from network resumption, fleet planning and carbon offsetting, to further investment in sustainable aviation fuel and the development of new technology.



Augustus Tang
Chief Executive Officer
Cathay Pacific



Climate risk

Climate change risk was identified as one of the top 15 risks the Group is facing as part of the enterprise risk management process.

Taking reference of the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD), our approach is informed by our understanding of physical and transition

risks relevant to our business. Our response couples operational efficiency with business-wide improvements that address regulatory and market changes. We aim to continuously improve our use of resources, invest in emissions-reducing technology and implement innovative solutions. [Our detailed TCFD response](#) can be found on page 93-98. A snapshot of our climate risks and responses are provided below:

	PHYSICAL RISKS	TRANSITION RISKS	
Key risks	Extreme weather events	Regulation and financial: CORSIA	Reputation: Stakeholder preferences
Impacts	Flight delays, diversions and cancellation which involve claims or compensation to customers, as well as potential damage to the fleet and other assets.	Cost of offsetting our emissions was estimated under different scenarios of China participating in the scheme from 2021 or 2027 onwards.	We expect a growing demand for more actions to be taken by the Group in further mitigating its climate impact. This may impact consumers' and corporates' preference.
Our response	<ul style="list-style-type: none"> Incident Management protocol in place to classify and respond to incidents with the same, scalable Incident Management Team. Emergency response system designed to manage and support service disruption. Upgrading systems to more efficiently optimize new flight arrangements for customers affected by service disruptions such as extreme weather events. Ports tested annually in a simulated emergency event. Customer and Commercial Control team created to focus on customer experience. 	<ul style="list-style-type: none"> Compliance with CORSIA requirements, implementing necessary measures and conducting studies to understand potential impacts under different scenarios. Active pursuit ways to improve fuel efficiency and decarbonise our operations. 	<ul style="list-style-type: none"> We further enhanced communications of our sustainability and climate change actions through different channels and different means, reaching different consumers and stakeholder groups. We took part in corporate customers' in-house and industry's sustainability events and conferences, to develop better understanding of their concern and to address their needs.



By starting to incorporate incorporating TCFD recommendations in our decision-making and disclosures, we will manage our climate-related business risks and opportunities and work towards our net-zero carbon by 2050 target in a transparent and progressive manner.



Rebecca Sharpe
Chief Financial Officer
Cathay Pacific





Implementing CORSIA

The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) is a global scheme, developed by the International Civil Aviation Organisation (ICAO), aimed at capping the net CO2 emissions from international aviation at 2020 levels to deliver carbon neutral growth from 2020.

The significant impact of COVID-19 on the aviation industry resulted in ICAO determining that the use of 2020 emissions figures as a baseline for carbon-offsetting would result in a consequential reduction in the baseline and place an undue burden on carriers. It was determined that 2019 emissions figures are to be used for the CORSIA implementation pilot phase from 2021 to 2023.

As of 2020, 88 states have agreed to voluntarily participate in CORSIA from its outset. Although China has not indicated its participation in the voluntary phase, we are nonetheless ready to fulfil all the reporting requirements and have conducted internal assessment to understand CORSIA's impact on us once China participate in the scheme.

Cathay Pacific has been involved in CORSIA since its inception in 2008 and we remain closely involved in the developments through participation in ICAO task forces focused on market-based solutions and alternative fuel. We have taken steadfast action and conducted studies to understand the various potential impacts and have acquired the professional skillsets and knowledge to prepare ourselves to meet CORSIA's requirements.

Accurate data is a key requirement. As such, we have assessed all necessary infrastructure and our flight operation system to support data collection on metrics such as fuel use.

In 2020, we completed and verified our first Emissions Report which was submitted to Hong Kong Civil Aviation Department.

CORSIA: Key timeline

Founding member

Cathay Pacific as a Founding member of the Aviation Global Deal Group which advocated for a global solution to regulating carbon emissions.

Individual approach

Offsetting obligations will gradually transit from sectoral to individual approach. Airlines with faster growth rate will need to offset more for its carbon emissions.

Mandatory phase

Mandatory for airlines to offset based on average CO2 growth of the sector.

Voluntary phase

Start of voluntary phase where airlines from participating states will offset emissions by purchasing carbon offset units based on the average CO2 growth of the aviation sector.

CORSIA adopted

The framework of CORSIA was adopted by International Civil Aviation Organisation (ICAO).

Agreed to participate

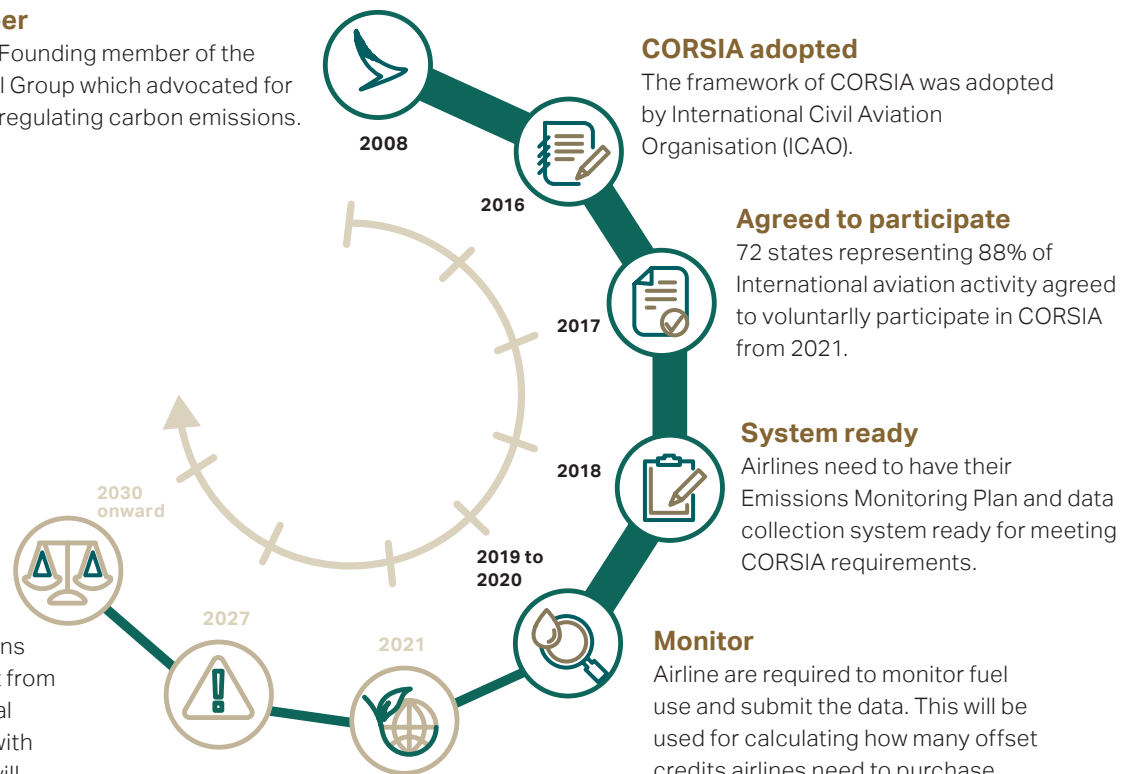
72 states representing 88% of International aviation activity agreed to voluntarily participate in CORSIA from 2021.

System ready

Airlines need to have their Emissions Monitoring Plan and data collection system ready for meeting CORSIA requirements.

Monitor

Airline are required to monitor fuel use and submit the data. This will be used for calculating how many offset credits airlines need to purchase.





Sustainable aviation fuel

As an alternative technology, sustainable aviation fuel (SAF) plays an important role in tackling climate change. Compared to traditional jet fuel, SAF can reduce life cycle greenhouse gas emissions by up to 80%. Unlike fossil fuel, SAF can be produced more sustainably, and there is little difference in terms of performance between fossil-based fuels and SAF.

We have taken a lead in the use of SAF in the hope that it will become commercially viable for the mainstream. We have rolled out SAF projects with world-renowned partners. To accelerate the development of SAF, we also contribute to the following industry groups:

- Sustainable Aviation Fuel Users Group
- FAA Centre of Excellence for Alternative Jet Fuels
- Commercial Alternative Aviation Fuels Initiative

A pioneer in sustainable aviation fuel development – Fulcrum

In 2014, Cathay Pacific, as the first airline investor, took an equity stake in Fulcrum BioEnergy, Inc. Fulcrum is a US-based sustainable aviation fuel developer, which is a world pioneer in the development and commercialisation of converting municipal solid waste into sustainable aviation fuel. When the plant begins operations in 2021, it will be able to convert 175,000 tonnes of waste into more than 10 million gallons of fuel each year.



Fulcrum bioenergy plant construction, November 2019. The plant is progressing well and is expected to be completed in 2021.

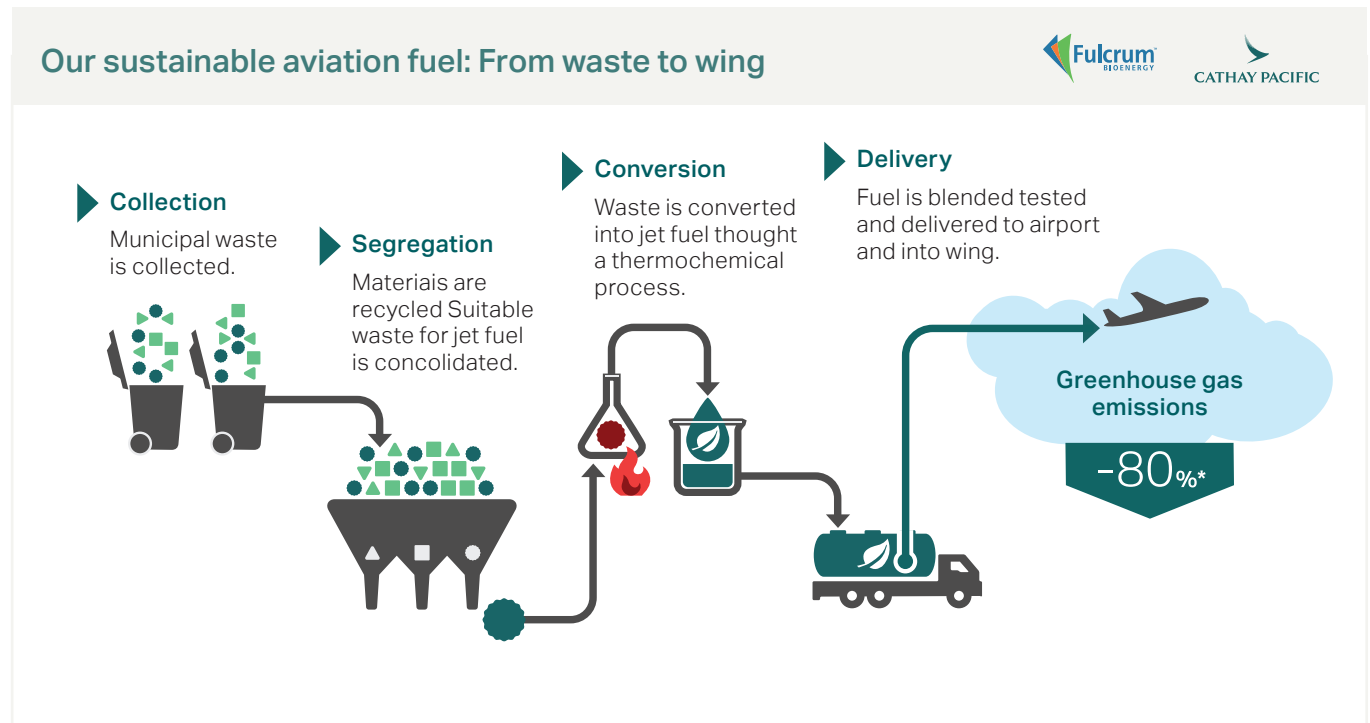
Cathay Pacific’s sustainable aviation fuel flights

Cathay Pacific has committed to buying 1.1 million tonnes of Sustainable Aviation Fuel (SAF) over 10 years – enough to cover about 2% of our total fuel requirements as per our 2019 operation level. The Airbus A350 aircraft provides an ideal platform for the use of SAF given its cutting-edge technology and high fuel efficiency.

Since 2016, we have delivered 41 Airbus A350-900 and A350-1000 aircraft from Toulouse to Hong Kong with a blend of SAF made from sustainable sugar feedstock via our partners Total and Airbus. To date, 67,500 gallons of SAF have been used, avoiding approximately 515 tonnes CO2e.



1.1 million
Cathay Pacific has committed to buying 1.1 million tonnes of Sustainable Aviation Fuel (SAF) expected delivery from 2024 onwards.



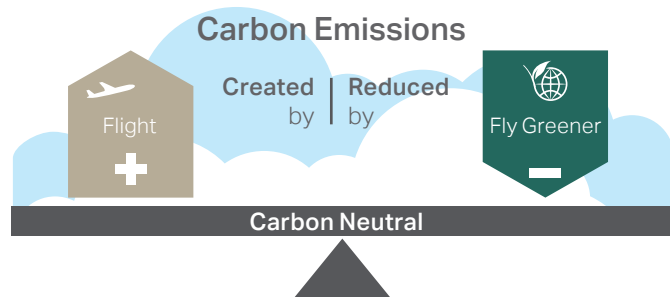
* Compared to traditional jet fuel, sustainable aviation fuel can reduce life cycle greenhouse gas emissions by up to 80%.



Fly Greener - our carbon offset programme

Fly Greener provides our passengers an opportunity to offset their carbon footprint from air travel. The proceeds received from the programme, the first provided by any Asian airline, go directly to running projects that have achieved [Gold Standard](#) accreditation by coupling carbon reduction climate action with sustainable development.

As part of the rigorous certification process, project developers are required to adhere to the UN's 'do no harm' principle, consult with local stakeholders, and ensure that projects not only help protect the climate by contributing to SDG 13, Climate Action, but also benefit local communities by contributing to two additional SDGs. Read more about our clean cookstove and organic food waste offset projects on our [website](#).



In 2020, a total of 41,134 tonnes of carbon emission produced by our operations were offset by the programme. This included 1,341 tonnes offsets for our employees duty travel, 34,080 tonnes[♦] contributed by our corporate clients, 3986 tonnes for a promotional campaign and 1,726 tonnes[♦] by individual customers. To date, we have purchased over 300,000 tonnes of CO2 offsets.

[♦] Verified by Deloitte

CASE STUDY

Promoting carbon offsets

We actively promote carbon offsetting directly to our customers so that they can make greener travelling choices. This year, riding on our annual Black Friday special promotion campaign in the European market, we launched "Green Friday", an initiative to double offset carbon emissions for every flight purchased on Cathay Pacific website on 20-30 November 2020.

During the promotion period, 3,986 tonnes of carbon emissions were offset. The amount is enough to offset more than 4,800 round trip Economy Class flights from Amsterdam to Hong Kong.

For more details about Fly Greener, please visit our website: www.cathaypacific.com/flygreener





Aircraft emissions

We continue to explore and implement comprehensive solutions to address our environmental impact. These solutions include improving our operational fuel efficiency, introducing a new fuel-efficient fleet, and the use of alternative jet fuel.

Fuel efficiency strategy

Improving fuel efficiency is a key pillar in lowering our greenhouse gas emissions. Our strategies focus on two key aspects: Technology and operations, and Infrastructure. While we are reliant on the work of governments and regulators to ensure that we are allowed to fly the most efficient routes and operate in the most efficient manner during all flight phases, these strategies help us to achieve our GHG emissions targets.

Technology

Technology presents the best prospects for reducing aircraft emissions. As part of our continual efforts to improve fuel efficiency, we keep abreast of the latest aircraft technologies and regularly review the performance of our existing fleet. We introduce fuel-efficient aircraft to stay competitive and lower our carbon footprint.

Operations and Infrastructure

Made up of representatives from different departments across our airlines, our Fuel Steering Committee Meeting is tasked with better managing and improving fuel efficiency by focusing on:

- Aircraft operations
- Aircraft fixed equipment and operational item weight
- Aircraft performance
- Airspace and route efficiency
- Auxiliary Power Unit (APU) and ground equipment usage

CASE STUDY



Introducing the fuel-efficient A350 aircraft

In line with our efforts to add younger, more fuel-efficient aircraft to our fleet we took delivery of our latest A321neo in 2020 along with three further A350-900s and an A350-1000. Our current fleet and those scheduled for delivery bring advanced technologies in aerodynamics and design. Lighter and more cost-efficient aircraft with reduced maintenance requirements mean costs are not passed to customers, while the combined technological

advancement enables these aircraft to be up to 25% more fuel efficient compared with previous generation aircraft.

Powered by higher-thrust Rolls-Royce Trent XWB engines, the A350-1000 can help attain major improvement in efficiency for our long-haul routes. This results in clear benefits for the environment, with less GHG emissions coupled with a diminished noise footprint.



New fuel-efficient aircraft joining Cathay Pacific Group fleet

	A350-900/1000	A321NEO	BOEING 777-9X
New aircraft joining fleet from 2018 onwards	40	2	0
To be delivered from 2021 onwards	8	30	21
Engine	Rolls-Royce Trent XWB	LEAP-1A-32	GE9X-105B
Fuel-efficient highlights from manufacturers	25% more fuel-efficient than its current long-range competitor	20% more fuel-efficient than the current model of A321	21% more fuel efficient per seat than Boeing 777-300ER

Reducing engine operation on the ground

Conventional procedure requires aircraft to run all engines during taxiing from the runway after landing. Through the process of Reducing Engine Taxi-In (RETI) our aircraft have reduced our ground-level fuel-burn as well as our GHG emission. We now practise RETI at all airports where it is possible and have increased the effort spent on improving the take up rate and duration of this procedure in all fleets.

In Aug 2020, Cathay Pacific switched to partner with General Electric Aviation (GE Aviation) Event Measurement System (EMS) for processing and analysing flight data including weather, navigation, flight plans and schedules to improve our ability to find data driven solutions for flight efficiency.

Utilising data analytics

We have been collecting different inflight data across the Cathay Pacific fleet through collaboration with many of our business partners. This data allows us to identify the areas where we can improve our operational efficiency. In light of CORSIA requirements, we will continue to develop and advance our data collection system for better planning of our fuel efficiency strategies.

Digitisation – eEnabled system

We have rolled out the eEnabled Aircraft Programme to facilitate seamless global aircraft connectivity and data sharing across our airlines. We have switched to electronic documents on eEnabled aircraft and used lighter materials for inflight equipment. Any weight reduction will translate into greenhouse gas emissions reduction as it incurs less fuel burn.

Digitally enabled cargo operations

A blockchain enabled Unit load Device (ULD) Management System was successfully rolled out in 2020 for our cargo operation in HK and selected stations in The Americas. We are first in industry to manage the change of custody using block chain technology. Besides the success in replacing the manual paper-based process, we continue to work on the next steps on Smart ULD related projects and data from other operation application to enhance operational efficiency as well as improving safety in operation through early identification of ULD suspected to be not suitable for usage.





We now fly paperless

Our electronic Flight Folder, a digitised inflight manual, has replaced as much as 75kg of paper on each flight. Accessed through tablet computers, the Flight Folder centralizes Flight Deck manuals, charts, maps and pre-flight paperwork. The weight reduction can result in a decrease of more than 4,000 tonnes CO2 emissions per year based on our pre-COVID flight level - emissions equivalent to more than 5000 flights from Hong Kong to London. Flight crew can also access the MyFlightWx app through the tablet. This app, developed by the Hong Kong Observatory (HKO), provides detailed weather data including airport weather reports, hazardous weather warnings and HKO's global turbulence forecast.

We will continue to develop and implement applications like these to drive further reduction in paper documents on the Flight Deck and improve processes that can lead to better fuel efficiency.

We have also setup a fuel monitoring system and implemented frequent engine core washing. This has enabled us to achieve higher fuel efficiency and build resilience in the face of adverse business conditions, such as additional carbon charges and rising fuel prices.

In 2020, the project received the Innovation Award of the Hong Kong International Airport Carbon Reduction Award scheme.



Flight Folder can reduce more than 4,000 tonnes of CO2 emissions per year based on our pre-COVID flight level



We acknowledge the climate impacts from our consumption of fossil-based jet fuel. Apart from actively fostering the development of sustainable aviation fuel, we also examine every aspect and source of our emissions, and deploy initiatives such as reducing aircraft weight, increasing route efficiency through enhanced flight planning, reducing engine use during taxi and avoiding fuel burn on ground. Our ground operations and subsidiaries also continue to adopt energy saving initiatives and explore renewable energy options wherever possible.



Greg Hughes

Chief Operations and Service Delivery Officer
Cathay Pacific



Ground emissions

Ground emissions stem from all non-aircraft operations. While they contribute considerably less than aircraft emissions, we work to reduce our carbon footprint from these operations by concentrating on electricity consumption, equipment efficiency, and vehicular emissions.

Our buildings

Located near Hong Kong International Airport, our 134,000m² headquarters encompasses Cathay Pacific City and Cathay Dragon House, airline stores, a hotel, and the flight training centre. The two premises are certified to the ISO 14001:2015 standard for environmental management systems.

To reduce our carbon footprint, we invest in energy-saving measures such as low-impact lighting devices. Other reduction methods include sensors, chilled water system optimization and ground fleet vehicle electrification.

Environmental initiatives in 2020 build on previous initiatives and include:

- Retro-commissioning exercise identified several system improvements to be made with an expected energy saving of 2%
- Chiller replacement at Airline Store Building and Cathay Dragon House, the latter offers energy efficiency improvements of up to 21%
- Reusing furniture to minimise waste
- Taking part in CLP's Feed-in-Tariff Scheme, a solar energy system will be installed on the rooftop of Cathay Pacific City in 2021

Our subsidiaries

Our subsidiaries are required to develop policies and practices that embed sustainability in their operations and across their business lines. Refer to [Our subsidiaries](#) section of this report for a review of their priorities and progress.



Solar panels on the rooftop of Cathay Pacific Catering Services' headquarter building

SUSTAINABILITY IN OPERATIONS

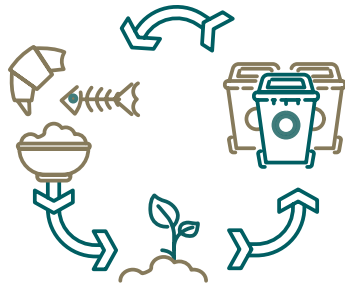
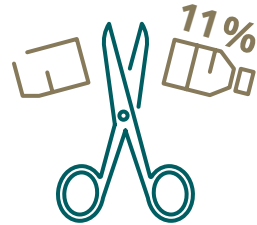




SUSTAINABILITY IN OPERATIONS

2020 PERFORMANCE HIGHLIGHTS

Over **43** million pieces or 11% of single-use plastic items were removed from our pre-COVID annual usage baseline



Partnered with the City University of Hong Kong on product lifecycle analysis and repurposing of kitchen and organic waste

RECYCLING STATISTICS



298 tonnes of paper and cardboard



8 tonnes of metal



140 tonnes of plastic



77 tonnes of glass



648 tonnes of surplus food donated to charities



6,854

litres of food processing oil collected and turned into biodiesel

Why responsible resource use matters to us

As a leading global airline that employs thousands and carries millions of customers each year, the management of the environmental impacts from our operations is an imperative. We must balance requirements such as hygiene with considerations on weight to reduce fuel consumption and related emissions. The countries we fly to also implement differing waste policies which affect what we can do at different locations. At the same time, the capacity of each jurisdiction to recover the value from waste and divert it from landfill varies, therefore reduction in waste from our business activities is of prime concern.



Our approach

We aim to embed an environmentally responsible mind-set in our culture and sustainable practices in our operations. The three key pillars underpinning our cradle-to-cradle approach include careful consideration of the resources we use, sustainable sourcing and responsible waste management. We reduce our reliance on resources when possible and aim to capture and reuse the value in materials when they have served their primary purpose.

Sourcing

Sustainable procurement

Globally, we work with over 1,000 suppliers dealing with a vast range of purchases across the destinations we serve. Working with our suppliers is key to delivering products and services to our customers in a sustainable way. We require the procurement process of all our goods to be conducted in full compliance with relevant laws, tax regimes and regulations that govern the respective transactions, and with full accountability in terms of our Anti-Bribery, Anti-Trust and Data Protection policies. Our procurement process involves supplier vetting and the ongoing evaluation of suppliers based on our supplier scorecard. The balance-rated scorecard for procurement measures suppliers' performance in seven different areas: Costs, Innovation, Satisfaction, Quality, Assurance of supply, Safety and Sustainability.

All suppliers are required to declare that their products and services comply with our [Supply Chain Sustainability Code of Conduct](#) (CoC) which includes our standards for business ethics. Our CoC is available internally to our global offices and shared with our suppliers, both locally in Hong Kong and to those based in the rest of the world.

We actively work with suppliers who share our standards. We manage our risks related to supply chain through continuous collaboration with our suppliers in accordance to this CoC. If a supplier has fallen short of the requirements, we review the relationship and shortfall on a case by case basis and proceed accordingly.

We collaborate closely with our suppliers on sourcing matters, such as increasing the use of sustainable materials, utilising regenerated waste materials and procuring recycled plastic products.

Supply Chain Sustainability Code of Conduct (CoC)

Our [Supply Chain Sustainability Code of Conduct \(CoC\)](#) describes our minimum environmental and social requirements including:

- Legal and regulatory compliance
- Not employing under-age workers
- Not employing forced labour
- Health and safety in the workplace
- Protection for the environment
- Provision of proper compensation and appropriate working hours for employees
- Respect for employee rights and not discriminating against employees
- Sharing standards with sub-contractors
- Maintaining high ethical standards
- Communicating openly and effectively with employees

Working with our suppliers

The impact of COVID-19 on our flight scheduling and lounge services has been significant. The knock-on effect has been diminished purchase quantities across almost all categories of products in 2020 with significant impact on our suppliers. Our category teams maintained close communication with our strategic suppliers, working with them in a supportive and collaborative manner to help them weather the storm while providing continued quality of responsibly sourced goods for our customers. New ways of working have been cocreated with our suppliers. These measures coupled with payment deferral and concessions now contribute to our approach to supply chain management and resilience.



Sustainable food options

Seafood

According to [WWF Hong Kong](#), about 90% of commercially important fisheries are either fully or over-exploited globally. While awareness about choosing sustainable seafood has increased over the years, fish stocks remain threatened and some are on the verge of collapse. As a company that regularly serves fish to our customers and employees, we have been proactively addressing this challenge through responsible sourcing for almost a decade.

We share the same values, and source and serve certified sustainable seafood on selected routes. Since 2010, the food served to our Economy Class passengers on our flights from European ports has come from sustainable sources, such as those certified by the Marine Stewardship Council (MSC). In 2020, our catering services procured 58 tonnes sustainable seafood, representing around 55% of the total volume of seafood purchased.

Recognising the need to conserve certain species that are endangered due to the problem of overfishing, we established our internal [Sustainable Food Policy](#) in 2011 to provide guidance for our purchasing decisions. We opt out of purchasing specific unsustainable food items and ask for information with regards to where the food was originally sourced. As part of the Swire Pacific group of companies, we also adhere to the [Swire Pacific Sustainable Food Policy](#) which outlines seven species of seafood which are not to be consumed at company paid functions, or used in food/beverage products or catering services provided or managed by the Cathay Pacific or our subsidiaries.

Plant-based dishes

Consumers are increasingly aware of the impact of a meat-heavy diet on human health and the environment. Since 2018, when we introduced our first plant-based dishes as meat alternatives, we have been expanding our range for customers and employees. For three years we've been serving customers of The Pier First Class Lounge at Hong Kong International Airport Beyond Meat, a plant-based pork alternative. In 2019, we became the world's first airline to serve its passengers OmniPork, a plant-based pork alternative.

This year we sought to ramp up coverage of plant-based menu options through two trials. Four OmniPork dishes were introduced in our employees canteens in Hong Kong, while The Impossible Burger, a product line completely free of animal products, was trialled on our long-haul flights to London, San Francisco and New York.



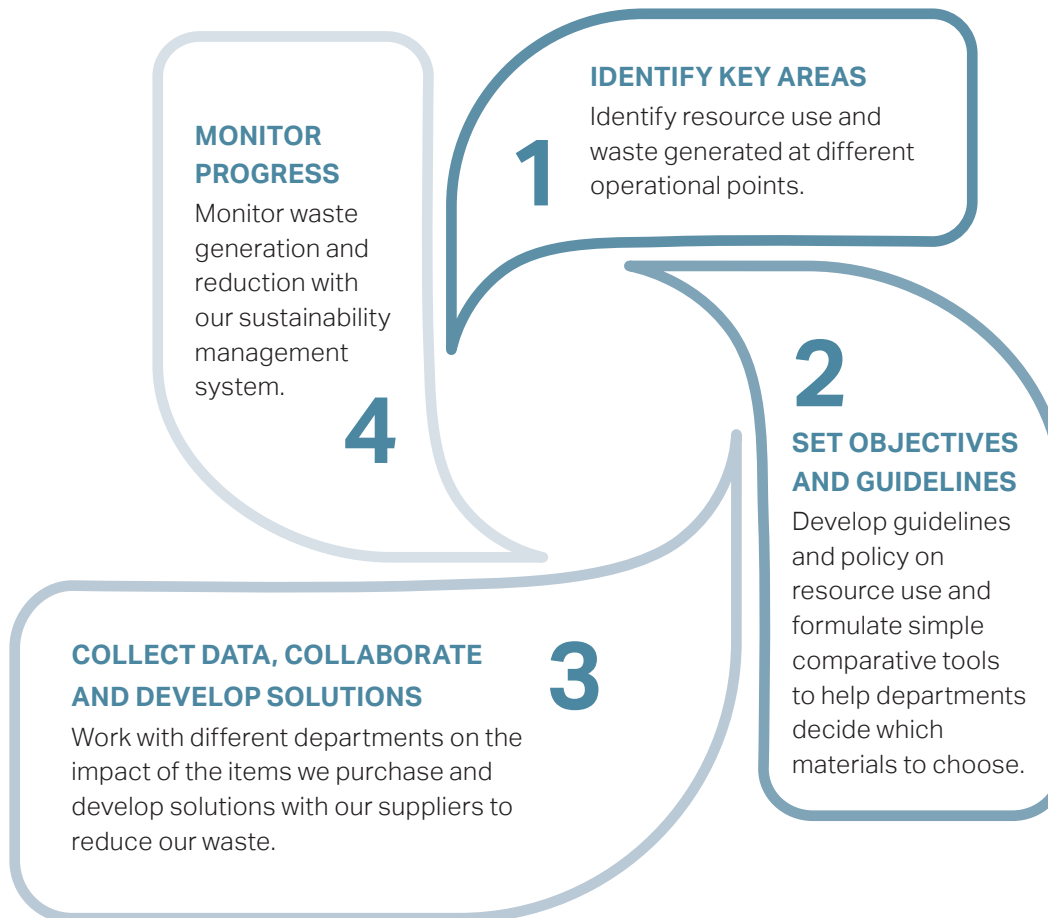


Waste management

The Group's stakeholder engagement results have shown waste to be one of the most concerning environmental problems. Our stakeholders – especially our employees – have expressed concerns about how much we have done about waste reduction. This has highlighted the importance of enhancing communications and training on waste reduction and recycling programmes, continuously reviewing our operations, and using digitisation to improve our management. For this reason, our revitalised sustainable development strategy has a clear focus on product usage and waste management.



Our resource and waste management approach covers four key elements:

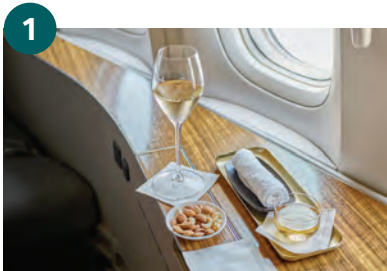
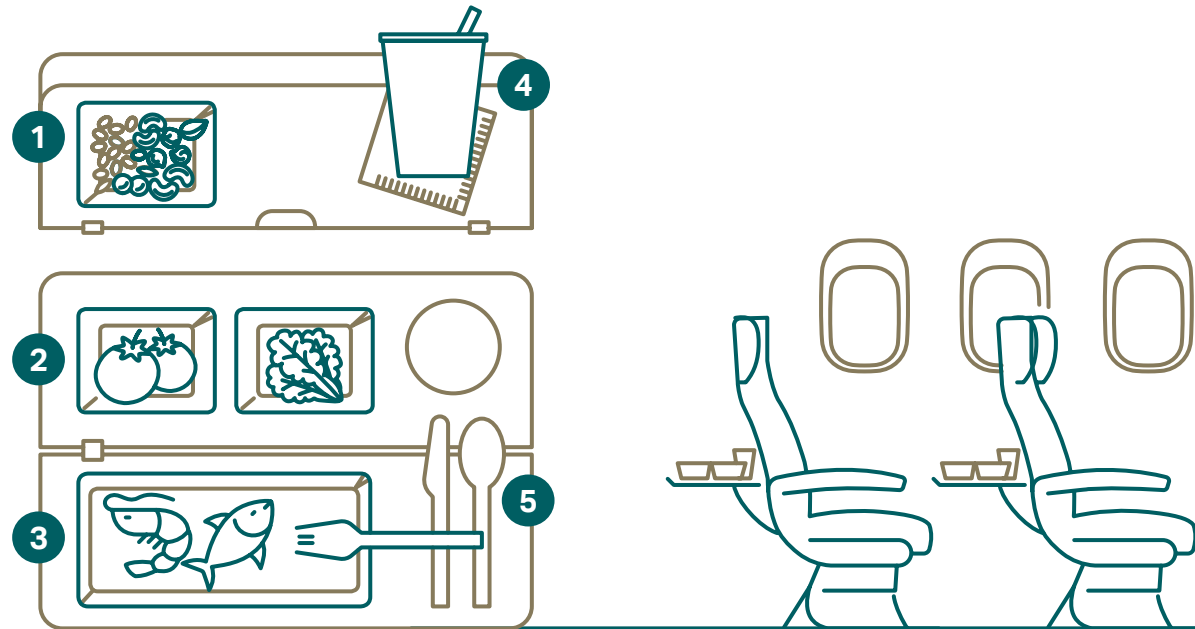




Inflight waste

Since 2006, we have sorted and recycled inflight waste, but increasingly our focus has been on reusing inflight products to avoid waste altogether. Currently inflight recycling is only carried out on inbound flights to Hong Kong. We have conducted inflight waste audits for two long haul inbound flights to better understand our waste stream and help devise feasible solutions. Regulations in many destination countries prohibit recycling waste from international flights. Some countries, such as Canada and Australia, have very strict health and safety regulations on waste from international flights which requires deep burial in landfill, or incineration.

Over the years, we have worked closely with suppliers and non-profit organisations to offer products that are sustainably sourced to minimise our impact on the environment while maintaining overall product quality. Providing passengers with quality, sustainably designed, inflight items reduces the environmental impact of our operations and helps to meet the growing expectation from our passengers regarding waste and resource use. Sustainability considerations are embedded in the design and sourcing of many key inflight items:



Cocktail snacks

Inflight cocktail snacks (roasted peanuts) are produced from certified sustainable palm oil, which helps minimise environmental impacts such as deforestation.



Vegetables

We use hydroponic vegetables locally grown in Hong Kong.



Seafood

To support protection of the marine ecosystem, we purchase certified sustainable seafood for our inflight meals.



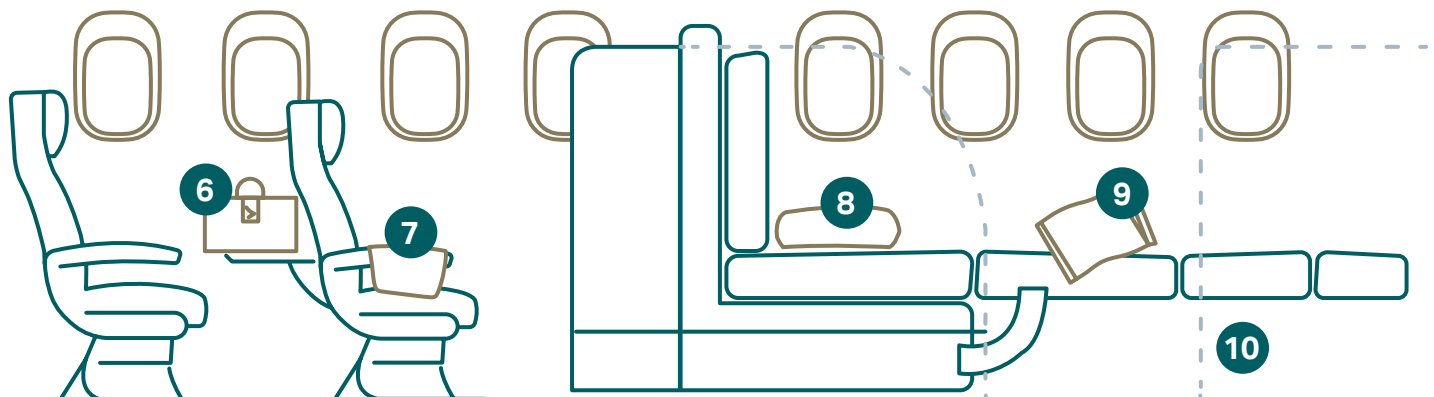
Napkins, stirrers and straws

Our napkins have been made from 70% sugarcane and 30% wood pulp since 2016. We also use birchwood stirrers and paper straws as alternatives to single-use plastic, adding to our growing list of more sustainable inflight products.



Meal utensils

Reusable plastic cutlery from Cathay Pacific flights is sorted, washed and reused to minimise our single-use plastic waste.



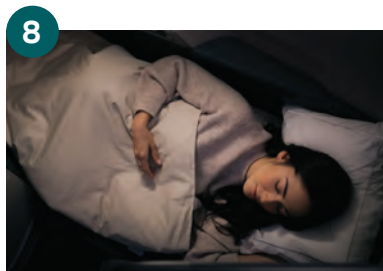
6 Snack bag

A newly designed paper snack bag making recycling easy.



7 Blankets

We have introduced blankets made entirely from recycled plastic bottles for our Economy Class passengers. Each year over 450,000 pieces are used. Unopened blankets are reused on subsequent flights.



8 Bedding

Pillowcases and duvet covers for Business and First Class cabins are made by 100% sustainably sourced cotton and are delivered in reusable bags.



9 Re-usable bags

We have adopted the use of cotton bags for the packaging of duvets and blankets in our Business Class cabins, which can replace up to 5.7 million plastic wraps per year.



10 Carpets

Introduced in 2012, carpets in our aircraft are made from regenerated nylon waste materials such as discarded fishing nets, fabric and carpets.



Plastic

The use of plastics in the aviation industry has been widespread due to their light weight and low cost. Saving weight lowers our fuel consumption and reduces our carbon footprint. Lower operating costs help us control passenger fares. However, the long life time of plastic in the natural environment can be an issue with damaging effect to wildlife and the habitats. Ambitious reduction efforts are essential.

Reducing single-use plastics (SUP) means weighing many different factors to ensure we are not creating other sustainability issues when we do. To maintain the benefits of light weight and low cost, we are looking at a variety of eco-friendly solutions that can still meet the expectations of our passengers. Our job is made easier because many of our passengers are welcoming the changes.

At Cathay we set a target to cut our single use plastic usage by 50% of our 2018 baseline by the end of 2022. In practice this means we are removing nearly 200 million individual items, continuing to review all other single-use plastics in our operations and explore alternatives.

While the levels of plastic consumption from our operations is significantly lowered amid the global health crisis, we hope that by the end of 2022 our business will be operating on a scale similar to pre-COVID-19 levels and that single use plastic consumption will still be halved.

Partnership for product analysis

As part of our approach we have partnered with the City University of Hong Kong (CityU) on a product lifecycle analysis (LCA) project. Commenced in 2020, multiple studies are being conducted on some of our SUP items and their potential alternatives to understand the environmental footprint of these products. The findings will help us to develop a guideline for material selection of inflight equipment as part of our SUP reduction initiative.

The 4Rs - Our Single-use plastic strategy

RETHINK	Assess how and why we use SUP items anywhere in our operations, and incorporate sustainability thinking in the design of our inflight experience.
REDUCE	Reduce plastic consumption in volume, waste generation or landfill-bound waste.
REUSE	Reuse items when possible across all our operations.
RECYCLE	Sort, segregate and process used items into new items.



Our focus on exceeding our customers' air travel expectations extends to providing quality eco-friendly products in flight. We reduce our reliance on resources when possible, explore closed-loop opportunities and replace single-use plastic items with more sustainable alternatives.



Simon Large
Director Customer
Cathay Pacific



2019

- Set our single-use plastic target: to reduce by 50% or 387 million pieces a year by the end of 2022.
- Adopted the use of cotton bags for the packaging of duvets and blankets in our Business Class cabins.
- Removed plastic straws and stirrers from all Cathay Pacific and Cathay Dragon flights, lounges, and offices globally, saving over 32 million pieces of plastic waste a year.



2018

- Introduced our '4R' Single-use Plastic Strategy: Rethink, Reduce, Reuse, Recycle.
- Achieved our goal of making our employee canteens in headquarters free of single-use plastic cutlery, bags, straws and stirrers.



2016

Replaced plastic bags used for duty-free purchases with paper bags.



2014

- Introduced the redesigned 9oz plastic cup used in Economy Class which is 33% lighter than the previous cup and is more pliable and recyclable. It can be recycled together with the First and Business Class plastic covers for plates and bowls.
- Began collection of plastic stretch wrap for recycling at the Cathay Pacific Cargo Terminal.



2013

- Replaced Styrofoam boxes with reusable cooler bags for inflight ice cream storage, thereby reducing their usage by 44%.
- Phased out Economy Class plastic cups and sent 200,000 of these cups to a recycler to be made into other plastic items.



2012

Introduced biodegradable plastic wrapping for blankets, cutlery, and inflight magazines.



2011

Introduced biodegradable plastic bags for duty-free purchases.



2007

Began collecting and recycling inflight plastic cups and bottles.



2002

Introduced a rebate programme for returning plastic hangers to Vogue Laundry, a wholly-owned subsidiary of Cathay Pacific.



2001

Already sterilising and reusing plastic cutlery in Economy Class.



Highlights of our plastic reduction journey



43 2020

MILLION PIECES REMOVED

Commenced product lifecycle analysis to develop a guideline for material selection of inflight equipment. Over 43 million pieces or 11% of single-use plastic items were removed from our annual usage baseline



Resources management

Besides plastic, we also take care to minimise waste from other resources such as paper, wood, and food. We implement reduction and recycling initiatives targeting different items both on our flights and in our ground operations.

Food

Since 2011, Cathay Pacific has participated in the Airport Authority Hong Kong food waste recycling scheme, collecting and sorting food waste from our office canteens, restaurants, crew hotel and airport lounges.

Cathay Pacific Catering Services (CPCS) provides flight catering services to 50 international airlines in Hong Kong. Under business as usual conditions, the company produces over 30 million meals, representing an average of 83,000 meals per day. While we recognise that some food waste is unavoidable, we have implemented a number of measures to reduce it such as loading meals onto flights as close as possible to take off, repurposing food and oil for secondary uses, and donating quality unused produce to charities.

Reducing wastage by uploading the right number of meals for each flight

The number of passengers booked on any particular flight changes frequently, due to last-minute additions or cancellations, or passengers missing their flights. Without sufficient procedures in place, the unneeded meals can lead to food waste and squandered energy and water from meal preparation. One way we reduce this waste is to bring the meal delivery cut-off time as close to the flight departure time as possible. By shortening the cut-off time, we can more precisely gauge how many meals are required on board, thus reducing wastage.

Repurposing excess food in the CPCS kitchen

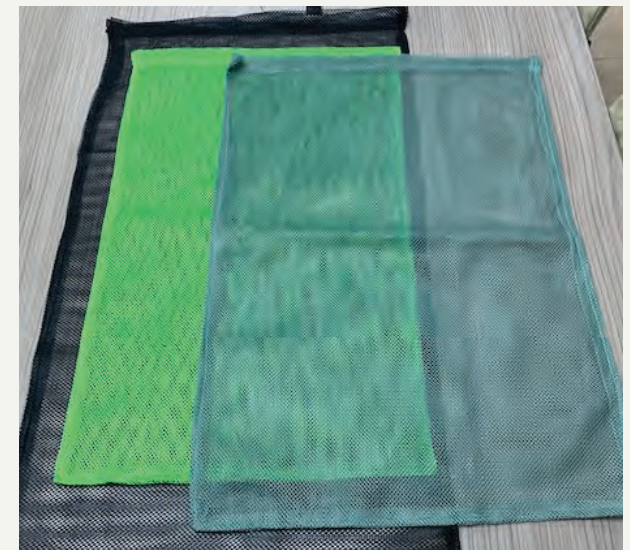
In the Cathay Pacific Catering Services kitchens, we are working to ensure that by-products from meal preparation are diverted from waste flows and instead are repurposed as ingredients for other dishes. One of the project in partnership with CityU involves a study on the recycling of melon peels from the kitchen of CPCS. We hope that the findings enable us to turn more waste into useful resources from our operations in the future.

CASE STUDY

Secured cargo shipment getting greener

As one of the leading cargo airlines in the world, we are often trusted by high-profile clients to handle high-value or patented R&D prototypes that require a high level of security protection throughout the delivery. Consisted of high-strength HDPE materials and equipped with locks, our Secure Net protects the integrity of the cargo and are tamper-evident.

While the nets could be reused for a number of times before they are considered unfit for reuse, they do not go to waste right after. We would collect damaged nets and remove logos, locks and rings before passing them to a recycler that would reweave them into neat net bags that are reusable and multipurpose. The locks and rings, which are made of other materials will also be recycled.



Net bags upcycled from damaged nets



CASE STUDY



Digital insights to drive down food waste

This year, First and Business class passengers had the option to experience our new digital Choose My Meal service. Developed with input from Cabin Crew in a process that began at Apple’s headquarters in California, Choose My Meal is available through the Cathay Pacific app and allows customers to select their inflight meal options up to 10 days before they board their flight. It

offers the dual benefit of reducing time spent by Cabin Crew in retrieving customer orders, and importantly, insights into passenger consumption patterns and preferential meal options can be used to adjust which meals are produced or loaded onto subsequent flights which can help to reduce food waste.

Donating to food banks

The Cathay Group has worked with two local charities, Feeding Hong Kong and Food Angel for over six years. Food Angel collects fresh food and ingredients and prepares meals for senior citizens in Hong Kong. Feeding Hong Kong recovers and redistributes packaged food collected from our inbound flights.

The decrease in flights taking off in 2020 resulted in a surplus of pre-prepared inflight meals that never make it onto our aircraft. Our relationship with Food Angel enabled us to redistribute over 156,000 meals to people in need in the local community in Hong Kong when the pandemic forced the temporary closure of the charity’s canteen services.

Besides donating our food, we also donated employee time. Our team of volunteers supported Feeding Hong Kong by helping to sort, pack and deliver emergency food packages to those struggling to afford nutritious meals amid the economic downturn.



Being able to help feed people and families most affected by the pandemic, all while avoiding food waste, means a lot to every one of us here.



Henry Ho
Sustainable Development Manager
Cathay Pacific Catering Services



Treating and recycling plane food to animal feed

Some food waste from our operations cannot be consumed by humans for food safety reason, for example, cooked meals or perishable food. However, it still retains value and nutrition. We send our food waste to a contractor based in South China, where high-protein food waste is recycled to animal feed. The remaining lower value waste is then sent to O-PARK1 - the first organic resources recovery centre in Hong Kong. In 2020, CPCS sent over 350,000 tonnes of food waste to O-Park's facilities to be converted into energy.

Turning cooking oil into biodiesel

CPCS generates food processing oil each day to support food production. Since 2004, we have gone beyond treating the used product in line with local regulations by collaborating with a biodiesel company to reprocess our used cooking oil into vehicle biodiesel. In 2020, we collected 6,854 litres of food processing oil for conversion into biodiesel.

Paper and wood

Our procurement policy ensures sustainable procurement for paper resources, as endorsed by the Forest Stewardship Council (FSC). All marketing collaterals and office paper from Hong Kong are from sustainable and certified sources. We are working on implementing this policy across our global operations.

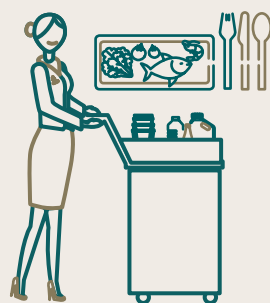
- With the eEnabled system on-board our aircraft, our cabin crew can now access flight preparation information via tablets instead of printed documents.
- 70 kg of manuals and paperwork are needed in the cockpit on every flight. The launch of the Flight Folder project can help save about 13,400 tonnes of paper per year on our flights.



Retired aircraft

To stay competitive, we bring in new aircraft to make our fleet more fuel-efficient and technologically advanced to better meet our customers' rising expectations. We work with aircraft manufacturers, the Aircraft Fleet Recycling Association's (AFRA) accredited companies, and other companies specialising in end-of-life solutions in order to salvage spare parts and recycle or reuse aircraft parts and materials. A large proportion of the components can be re-certified and reused or sold to other users. In the aircraft recycling process, hazardous waste, mainly the lubrication oil, is sent to specialised waste handlers for proper disposal.

In 2020, we have started retiring our Airbus A330 fleet. Similar to the previous practice, we send aircraft to AFRA-approved consignment facility with ISO 9001:2015 Quality Management System certification for processing.

Redistribute over
156,000
meals to people in need in the local community in Hong Kong during the pandemic



Renovation and fit-out practices

Managing our infrastructure is a priority area of our sustainable development strategy. In line with our strategy, we encourage and implement green building practices to manage the impact of our infrastructure from conceptualisation through development to building management. We also apply the same requirements to tenants operating in our premises, such as salon and coffee shops, for their own renovation work. Initiatives, such as chiller replacement and retro-commissioning, that provide incremental efficiency improvements are actively pursued. The following documents form part of the construction or renovation contracts that we undertake with our contractors:

- Swire Pacific – Swire Pacific Sustainable Building Design Policy
- Cathay Pacific Airways Limited – Sustainable Development Policy
- Cathay Pacific Airways Limited – Supply Chain Sustainability Code of Conduct
- Swire Form of Contract – Schedule 14 – Environmental Waste Management Plan
- Practical notes and guidelines issued by professional institutions such as The Hong Kong Institute of Architects, The Hong Kong Institute of Surveyors, The Hong Kong Institution of Engineers, and applicable codes, guidelines, and regulations as applicable in different jurisdictions.

We have been certified ISO 14001:2015 on environmental management system for our property premises. On top of compliance matters, we follow our environmental management system to ensure the most significant environmental aspects are mitigated to reduce impact and good practices are followed through.



Employee-run rooftop farm at Cathay Pacific City

BIODIVERSITY



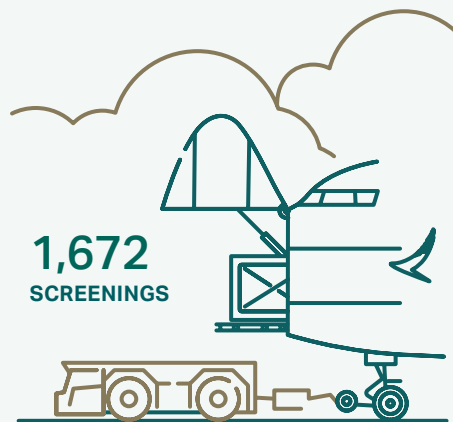


BIODIVERSITY

2020 PERFORMANCE HIGHLIGHTS



1 Served over 58 tonnes of certified sustainable seafood, representing around 55% of the total volume of seafood purchased



2 Carried out 1,672 air cargo screenings on 151 freight forwarding agents in line with our Sustainable Development Cargo Carriage Policy



3 Continued with embargoes on ivory, shark fin, racing greyhounds, hunting trophies

Why biodiversity matters to us

Nature is declining globally at an unprecedented rate. A shift in how society consumes is imperative to stop this free fall and reduce the threat that biodiversity loss poses to human health and wellbeing and the health of our planet. Beyond society's dependence on biodiversity, its spectacular variety lures our customers to new places, offering distinct sights and flavours.

As an airline, we can play an important role in protecting vulnerable species and ecosystems across the globe through responsible cargo management and sustainable sourcing that minimise Cathay Pacific and our customers' impact on the environment.



Our cargo carriage approach

Our cargo carriage operation is constantly reviewed and assessed in our different destinations. We have developed a systematic approach to manage the risks and quality in our operation, focusing on enhancing our cargo carriage operation in four key areas:

- Risk profiling
- Screening of goods
- Infrastructure improvement
- Collaboration and partnership

Risk profiling

Over the past decade global e-commerce has expanded significantly. The United Nations Conference on Trade and Development (UNCTAD) estimates that although only half of the world's 7.7 billion people are connected to the internet, 1.45 billion people, or one quarter of the world's population aged 15 and older, have been making online purchases in recent years.

As a competitive cargo carrier based at the world's busiest cargo handling airport, this expansion has led to greater risks regarding the misdeclaration of goods carried on our passenger flights and freighters. In response we conduct risk profiling and assessment on our freight forwarding and logistics agents to mitigate the risks.

We have implemented a Cargo Agent Operation Programme (CAOP) to conduct risk profiling on more than 150 freight forwarding and logistics agents in Hong Kong. More frequent target screenings are imposed on the goods of high-risk agents, including those shipping select categories of e-commerce or agents using routes considered to have higher geographical risk.

Risk profiling on agents is reviewed at least every two years. Having run the CAOP smoothly in Hong Kong for almost two

years, 2020 was the first full year of the extended programme being implemented in Houston and New York.

Screening of goods

To manage the risks arising from misdeclaration of cargo, a comprehensive approach to cargo screening has been put in place, ranging from random screening for mitigating the overall risks, to targeted screening of high-risk cargo or agents. We also encourage our agents to provide an improvement plan on cargo safety, and screening and declaration, as part of the programme managing activities before shipments are tendered into our custody.

In 2020, a total of 1,672 screenings were carried out, representing a 44% increase compared to the previous year, despite a 34% reduction in cargo tonnage carried in 2020.

Collaboration and partnership

We have involved our freight forwarding and logistics agents and Hong Kong Civil Aviation Department in the discussion of misdeclaration and screening requirements from time to time to improve the overall cargo operation in the industry.

We proactively update local and overseas authorities about our programme and have received good feedback about how we manage risk. Cathay Pacific has also hosted several sharing sessions about the programme to other airlines operating into Hong Kong through the HKIA Air Cargo Carrier Liaison Group.

We have communicated with international customs authorities in driving the enhancement of the harmonised code for classifying goods to ensure the consignors have lodged their declarations correctly. The code system can give higher transparency and improve our control on the goods that our freighters carry.



As one of the largest air cargo carriers globally, we use our influence to help make the industry more responsible. Through engagement with our NGO partners, the enforcement of embargos and regular screening of shipments, we play an active role in preventing the illegal trade in endangered flora or fauna. We make it a priority to ensure that our teams around the world remain vigilant in the enforcement of strict policies covering what we are prepared to carry as air freight.



Tom Owen
Director Cargo
Cathay Pacific Cargo



Our partnership with TRAFFIC

In Hong Kong, a transport and logistics hub accountable for more than 40% of global shark fin trade according to World Wild Fund for Nature, we work with knowledge partners to carry out due diligence on cargo, block channels for illegal wildlife trade and restrict access to markets for beneficiaries of wildlife exploitation.

For every request for the shipment of any species of shark or shark-related product, our Cargo Service Delivery Group consults a panel of internationally acknowledged experts, including representatives from TRAFFIC, a leading NGO working globally on the trade of wild animals and plants. The panel evaluates each request against a stringent set of sustainability guidelines and only upon their advice will we approve a shipment. For more information on TRAFFIC visit www.traffic.org.

The above processes help to improve the integrity of our cargo carriage operations, enable us to be more effective in identifying illegal trafficking in violation of our embargo policies, and safeguard against the transportation of goods and products that may threaten endangered species.

It is also our corporate policy not to serve shark fin soup either inflight, at Cathay Pacific City or at any corporate events or meals which are organised or subsidised by the company.

Our efforts are combined with those by organisations across Hong Kong and are yielding significant results. In July 2020, figures from the Census and Statistics Department pointed to a 70% drop in shark fin imports over the past decade.



TRAFFIC
the wildlife trade monitoring network



Sustainable Development Cargo Carriage Policy

Over the years, we have worked closely with industry associations, conservation organisations, academia, and various stakeholder groups and experts to develop guidelines for our carriage practices so that we will not knowingly facilitate the trade of any flora or fauna or their produce that may threaten the sustainability of any species.

The Group's [Sustainable Development Cargo Carriage Policy](#) allows our various stakeholders to gain an understanding of where we stand in doing our part to protect the environment in the area of cargo carriage. To develop the policy, we enlisted input from a subject matter expert and referenced several international regulations.

The Society for the Prevention of Cruelty to Animals in Hong Kong was our partner in developing our Greyhounds Carriage Policy. TRAFFIC has helped us develop our Shark and Shark-related Carriage Policy. Regulations and initiatives referenced include:

- Convention on International Trade in Endangered Species of Wild Fauna and Flora
- IATA's Live Animal Regulations
- IATA's Perishable Cargo Regulations
- IATA's Wildlife Task Force initiatives
- United for Wildlife Transport Taskforce initiatives

A recent internal review of our Sustainable Development Cargo Carriage Policy found it remained unique within our industry. Through referencing CITES laws and benchmarking our policy against the practices and policies of our peers we ensure it continues to be reflective of the evolving illegal wildlife trade landscape. We will continue to engage with our customers and agencies to ensure that this policy is understood and implemented.

Going forward we aim to develop the policy further to ensure it remains practicable and enforceable in response to any major changes in our environment.

Embargoes

In recent years, we have placed embargoes on an increasing number of animals, wildlife and wildlife products to restrict opportunities for their shipment and add our support to movements aimed at stopping animal cruelty and biodiversity loss. Our [Embargo List](#) includes items such as hunting trophies, shark fin and ivory, and live species like racing greyhounds and animals intended for testing purposes. Any person or organisation wishing to transport live animals using our services must sign a Shipper's Declaration Letter certifying their compliance with Cathay Pacific's shipping requirements. Failure to comply can result in legal penalties.





International declaration

United for Wildlife Declaration

The illicit trade of wild fauna and flora has gained traction on countries' political agenda, as it has become clear that wildlife crime has negative implications for the climate change, preservation of biodiversity, security and public health.

As a signatory to the United for Wildlife Transport Taskforce Buckingham Palace Declaration we are committed to neither facilitate nor tolerate the carriage of wildlife products, where trade in those products contravenes the Convention on International Trade in Endangered Species of Wildlife Fauna and Flora (CITES).

Our commitment also includes information sharing, employee training, technological improvements and resource sharing across companies and organisations worldwide to combat this global exploitation.

CASE STUDY

Cathay employees stand with Black Summer survivors

Clear evidence of the climate crisis grabbed headlines in 2020 as the Amazon suffered its worst fires in a decade, California experienced five of its six largest fires in history and in Asia Pacific devastating bushfires swept across parts of Australia.

Although fires are an annual occurrence in Australia, last season's apocalyptic blazes, known as the "Black Summer" fires scorched a land area equivalent to more than 160 times that of Hong Kong destroying thousands of homes and killing more than 480 million animals in New South Wales alone.

To support those impacted by the bushfires, we partnered with The Australian Chamber of Commerce in Hong Kong to raise funds for the Australian Red Cross Disaster Relief and Recovery Fund. Our employees raised more than HK\$230,000 which will be used for on-the-ground disaster services while helping those affected to rebuild their lives. We offer our sincere thanks to all those who contributed.



OUR PEOPLE





OUR PEOPLE

2020 PERFORMANCE HIGHLIGHTS



25,610
employees

25,610 Group employees worldwide



80%
Based in Hong Kong

80% of our people are based in Hong Kong



56%
Female

44%
Male

Our people are 56% female and 44% male



44
hrs

On average, 44 hours of training are offered to each employee this year



41
million

Total training spend in 2020
HK\$41 million

Why being a good employer matters to us

Throughout our 74 years of success, our people have been an integral part of building our business, delivering for our customers, our shareholders, and the Hong Kong community. We take great pride in our people. They have made our airline what it is today and underpin our business success. Our People Department embodies our brand promise to Move Beyond in everything we do. Our employees uphold this promise, striving for the best, and working diligently in response to rising expectations from our customers. With their support, we go further together.



Our approach

We invest heavily in the employee experience from onboarding new employee 'brushwingers' to saying farewell when they leave or retire, and everything in between including training, performance management and engagement. Our goal is to enable our employees to flourish with Cathay, encouraging them to take pride in our culture and enjoy an employee experience that drives them to deliver their best for our business.

In 2020, during the greatest challenge to our business in more than seven decades, our employees showed their willingness to support each other and the business. New measures replaced business as usual. The economic pressure of grounding thousands of flights forced us to ask employees to take voluntary special leave and across the globe our people were furloughed. We communicated frequently and as transparently as possible with our people during this time.

The public health situation required an even greater focus on employee health and safety. We significantly increased communication to employees from our medical team, and provided tips and tools for safeguarding health through the promotion of our Employee Assistance Programme (EAP). Our people showed great resilience in their response and continued to deliver excellent service during abnormal circumstances.

Ultimately, however, the necessary company restructuring led to redundancies. Once the pandemic passes, we hope to see a return to the levels of air travel we enjoyed before, and as we rebuild our business we hope we will be in a position to welcome back former employees.

This section provides an overview of our approach to human resources and our most material topics relating to our people.

“

Our vision is to enable a high-performance culture through devoting the same care and attention to our employee experience as we do our customer experience. Ultimately driving industry-leading advocacy, pride and loyalty that accelerates our ambition to be a world leading service brand. For our people to continue to deliver excellence amid the challenging circumstances put upon them this year is testimony to their professionalism. I am truly grateful for their efforts.

”



Patricia Hwang
Director People
Cathay Pacific



Major initiatives in 2020

The workforce of the future will rely upon digital connectivity, accessible information and a workplace that offers the flexibility that supports the individual needs of its people. Despite business disruptions throughout the year, we made progress in each of these areas.

Work your way

Our new flexible work programme, Work Your Way, was launched in May 2020. Conceived and developed in recent years, COVID-19 was a catalyst for implementation for a programme that will remain in place as a way to better achieve work-life balance and to foster the innovative and collaborative spirit we've witnessed this year. Under the programme our employees can remote work up to two days per week or can stagger their working day around a schedule that suits their needs.

Providing flexible benefits

Developed in 2020 for roll out in 2021, our employee benefits scheme Flexible Benefits is a valuable part of our employee experience. Flexible Benefits is designed to give flexibility and choice when it comes to selecting the benefits that suit employees and their family's needs. It provides employees access to medical plans, dental cover, preventive care, complementary therapies, insurances, retirement plans and additional annual leave purchase for ground employees. Flexible Benefits replaces the previous "RightChoice" scheme.

A digitally enhanced employee experience

The first phase of the new digital recruitment system was launched at the end of 2020 to streamline the pilot recruitment process. We also developed new Learning and Case Management Systems that will provide Just in Time learning and development, and a platform to raise and track requests relating to employee services. We continued to refresh The Hub, our intranet, which puts connectivity and communication at the heart of the employee experience.

Policies that respond to employee needs

Through communication and data insights we reviewed and launched several policies that recognise the needs of our employees. These included a new flexible working programme to enable employees to work remotely or to stagger their start times; a nursing policy that gives new mothers extra support as they transition back to the working environment, and; a travel while on sick leave policy to protect both employees' own wellbeing and the wellbeing of those on board the flight.





Human resources management

Our human resources management aligns with our [Code of Conduct](#), which clearly demonstrates our commitment to treat all employees fairly and equally, and to be an equal opportunity employer. We ensure all HR policies are applied consistently across the organisation and evolve policies and practices to remain a leading Hong Kong employer.

Our Code of Conduct provides our employees with guidance on how to conduct themselves in an ethical manner whilst employed by the Group. It also sets out our commitment to make ethical decisions on issues that affect our employees, customers, business associates, community neighbours and the general public. Our Code promotes the following principles:

- Upholding all applicable legal and corporate occupational health and safety standards
- Forbidding any breach of employment law or the use of child or forced labour
- Reporting unacceptable conduct to line management or the business unit head
- Rejecting bullying and harassment
- Complying with any applicable legal requirements concerning the collection, holding, processing, disclosure and use of personal data
- Respecting intellectual property rights, including copyright

Our [Human Rights Policy](#) outlines Cathay's commitment to creating a working environment where human rights are at all times protected and which focuses on ensuring the dignity, respect and well-being of individuals.

During 2020, there were no convictions for non-compliance with laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, or other benefits and welfare that would have a significant impact on the Group.





Employee relations and engagement

An Employee Experience department

Our people are the heartbeat of our airlines. For them to deliver great experiences for our customers we equally need a complementary employee experience. In recent years, we have enhanced all aspects of the employee experience and focused on what really matters to our people. Talent acquisition and onboarding; benefits and rewards; communications and engagement, the digital employee experience and offboarding – all are taken into consideration.

Employee engagement survey

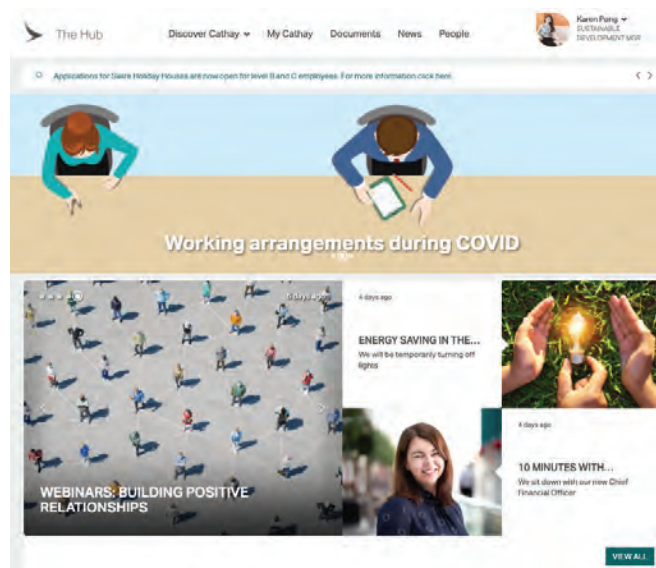
Our annual online employee engagement survey helps management to understand employee sentiment and identify where improvements could be made to the employee experience. In a turbulent year, understanding our colleagues' perspectives took on added emphasis. More than 6,400 colleagues participated in the survey which closed in December 2020, representing a response rate of 35% compared to 40% in 2019. The Group achieved an Employee Engagement Index score of 63%, a 1% year on year increase in employee satisfaction. While the score is important to us, the findings are essential to developing targeted strategies that benefit our people.

Internal communication channels

We continued to evolve our world class digital communications portal, The Hub, which launched in 2019. Modern and intuitive, The Hub is a one stop shop offering broad support for our employees from company news and events to the latest copies of important documents and quick access to systems and platforms. All of which is available on the go with The Hub app.

The Hub has made it easier for us to update employees in real-time and alert them to important information with a notification straight to their phone. Personalised homepages cater the user experience for different audiences, making content more relevant for our people.

We also cater to different audiences by continuing to use a number of offline channels to reach our people including face to face forums for our employees to hear from senior leadership and a range of engagement events and activities.



The Hub, our digital employees communications portal



Recognising and rewarding our people

Our recognition programme, Work Well Done, ensures our people feel valued and appreciated for the work they do. We equip our senior leaders with recognition toolkits consisting of thank you cards, lounge passes and upgrade vouchers to recognise anyone across the business, for doing something excellent or consistently displaying role model behaviour. Linked to this, we added a series of card designs to our Work Well Done portal to enable colleagues to share Christmas and gratitude cards with each other.

In 2019, we launched our new brand values, Thoughtful, Progressive and Can-do Spirit. These are now tied to our recognition programme through our Work Well Done portal and annual awards; helping to bring these values to life.

Our annual Niki and Betsy Awards ceremony (from the 2019 awards) was due to be held in March, however the announcement of our winners was delayed until December, due to the ceremony being cancelled this year amid the impact of COVID-19. The awards are named after the first two aircraft that took Cathay Pacific to the skies in the 1940s. Niki award winners are recognized for their exceptional work behind the scenes and are rewarded for their exceptional efforts and behaviour. Betsy awards are presented for exceptional customer service and celebrate people who have taken customer service to the next level, delivering Service Straight from the Heart. We plan to resume the awards ceremony in the future.

Our Long Service Awards

The Long Service Awards programme is a long-standing tradition at Cathay, where thousands of people are recognised each year for reaching a long service milestone starting at 10 years' service and at five-year intervals thereafter. In 2020, we recognised nearly 4,000 people for their commitment and loyalty to our airlines. We look forward to awarding our Gold recipients at events with their family and friends after the pandemic subsides.



Niki Award winners- Airport Services Delivery team at the Tokyo Narita International Airport



Niki Award winners – the Counter Co-location Project Team at Hong Kong International Airport



Engagement and events activities

During the global health crisis engagement activities went virtual with townhalls, talks, webinars and wellbeing sessions including online yoga all moving online. A positive outcome was the willingness of our employees to engage in meaningful volunteer work and several key initiatives building on existing NGO partnerships garnered strong employee support. Read more about how our passionate employees contributed more than 650 hours of volunteer work with Feeding Hong Kong, Food Angel and The Hub Children and Youth Centre in the [Community](#) section of this report and on our [website](#).

Strengthening our relationship with employee representative bodies

Industrial relations continue to be an important focus, and we actively work with trade unions to enhance communication and understanding, and to ensure that a range of employee views are heard and considered appropriately. We are committed to continuing to build constructive and productive relations with both our Hong Kong and overseas based employee representatives.



Our volunteers helped with preparing food parcel at Feeding Hong Kong



Attracting and developing talent

We continue to improve our people strategies to attract the best talent in the market. We also provide competitive remuneration packages to attract and retain talent and offer timely and relevant development opportunities for our people throughout their career with us.

Initiatives for attracting talent

To stay competitive as a major international airline we are investing in talent acquisition by:

- Reviewing and streamlining our recruitment process to make us more efficient in attracting and hiring new talent
- Introducing a brand-new career website, with better user interface and user experience for job seekers
- Diversifying our recruitment methods, such as assessment via video
- Developing different customised selection and assessment tools to help us acquire the most suitable talent in the market
- Utilising various social media channels to promote our roles to our targeted audience
- Hosting on-campus interviews across a number of educational institutions in Hong Kong for the convenience of our candidates
- Working with the Hong Kong labour department on various initiatives to promote our roles, including promoting ethnic minority recruitment
- Hosting career events with sharing from existing employees.
- Providing internship opportunities for students to build up current and future talent pipeline
- Over 40 hours of training per year per employee on average across all employment levels
- Total annual spend on training: HKD 41 million

Role-specific career programmes

We offer a range of programmes to build employee competencies and careers in the following areas:

CAREER CHOICES	BRIEF DESCRIPTION
Management Trainee*	<ul style="list-style-type: none"> • A career-long rotational management programme centrally coordinated by Swire to develop the next generation of business leaders. This programme consists of classroom training, workshops, and attachments to different units of our business within and outside of Hong Kong. • There is also an annual Swire Summer Internship Programme which creates a pipeline of high-calibre talent for this programme.
Graduate Engineer Programme	<ul style="list-style-type: none"> • A two-year developmental programme targeted specifically at graduate engineers. Participants receive classroom-based learning as well as on the job experience across different sections. An eight-week internship is also offered each year.
Cadet Pilot	<ul style="list-style-type: none"> • A sponsored world-class 55-week programme at a specialise facility in Australia aimed at training and qualifying participants as commercial pilots for entry into the company's pilot force.
Cabin Crew	<ul style="list-style-type: none"> • A comprehensive safety and service induction training programme followed by a 3-year contract as a cabin crew. Our team are safety officers, caring team players and ambassadors for Hong Kong.
Customer Services Officer	<ul style="list-style-type: none"> • A 12-month development programme designed to equip our customer service officers with the skills to work across the roles in an airport environment taking care of our customers both at check-in and during aircraft boarding and disembarkation.
IT Graduate Trainee Programme	<ul style="list-style-type: none"> • A two-year programme designed to give IT Graduate trainees an accelerated learning experience through a wide range of technical disciplines and business rotations.
Operational Leadership Programme	<ul style="list-style-type: none"> • This five-year programme offers unique on-the-job experiences across the diverse operating divisions and departments within the Cathay Pacific Group, giving participants a wide breadth of exposure, knowledge and experience to equip them as the future leaders of Cathay.

*As part of SWIRE Management Trainee Programme, More information is available from <https://mt.swire.com/en/>



Supporting local employment

We recruit locally for our operations. 80% of our people are employed in Hong Kong. If the required skills are available locally, we prioritise the local labour market before searching internationally. Vacancies are first opened internally to our people, then to the local community, and finally overseas. Our commitment to supporting local employment in Hong Kong is demonstrated through our target of increasing the proportion of local Hong Kong pilot cadet recruitment to 50% of all new pilot intake in the years ahead.

Virtual learning to fill tactical needs

In response to changes brought by the pandemic, The Learning Academy developed a series of virtual courses to cater for the greatly altered needs of our learners. Subjects included effective remote working, leading remote teams, becoming tech-savvy leaders, and supporting and engaging teams remotely. This enabled us to increase the reach of these learning contents beyond Hong Kong and offered timely support to overseas Cathay Pacific managers and their teams.

Online regulatory and licensing training

In the face of extended social distancing requirements and to ensure our frontline colleagues continue to be equipped with the knowledge required to fulfil regulatory or licensing requirements, The Learning Academy team responded by transforming face-to-face programmes to online learning or virtual instructor led training. The programmes focused on key aspects of our operations including disability awareness, cabin safety, and dangerous cargo.





Employee welfare

We place great focus on the wellbeing of our people and value their contribution. We provide a comprehensive and flexible package of employee benefits including:

- Competitive salaries, with ranges regularly benchmarked for the role
- A profit share programme
- An annual discretionary bonus
- Flexible working policies and staggered working hours
- An industry leading employee travel benefits programme with discounted tickets, offers and travel benefits
- Flexible Benefits allowing employees to tailor plans for themselves and their eligible dependents based on individual preference:
 - o Medical and dental coverage
 - o Insurance plans
 - o Retirement schemes

Wellbeing at Cathay

Employee health and wellbeing is a key concern of the Group during normal times, however this year we further enhanced our initiatives on physical and mental wellbeing in response to the effects of the pandemic on our ways of working and its impact on our business. An overview of our ongoing initiatives is provided below. Refer to [Our Response to COVID-19](#) on page 9 of this report for information on how else we supported our people.

- Employee workshops with expert speakers from the wellness industry
- The Global Employee Assistance Programme (EAP) offers expert guidance and specialist support on any kind of issue from everyday matters to more serious wellbeing problems. General wellbeing information, knowledge and tips are also provided

- Access to online wellbeing resources through the EAP portal and The Hub
- 20 sport clubs and special interest groups providing something of interest for everyone
- Flexible medical benefits including coverage for inpatient and outpatient care with options to purchase preventive check-up plans
- Healthy snack food vending machines
- Onsite medical, physiotherapy and dental clinics
- Onsite leisure and exercise facilities including gym, tennis court, swimming pool, squash courts, etc.
- In-house medical personnel trained in aviation and occupational medicine, including a clinical psychologist





Diversity and inclusion

As a global business, we value the diversity of our people. We do not tolerate any form of harassment or discrimination on the basis of gender, religion, race, nationality or ethnic origin, cultural background, social group, disability, sexual orientation, marital status and family status, age or political opinion. We know how important our diverse workforce is in helping us to create great experiences for our customer base. However, diversity without inclusion is not enough. We know that our people and our customers choose us not because of our products and offerings alone, but because of our contribution to society and our treatment of people.

Our Diversity and Inclusion strategy was developed in line with the Swire Diversity and Inclusion Strategic Framework and guides our vision to be one of the most progressive airline groups in the world. Its implementation is being driven by the Diversity and Inclusion Office together with the Employee Resource Groups, where dedicated individuals are responsible for strengthening inclusivity as a characteristic of the Cathay culture.

One such resource group was set up to enhance understanding of the current barriers female pilots face and help the Diversity and Inclusion Office to address key challenges relating to this employee group, we have in place a Cathay Female Pilot Advisory Group (FPAG) which fills the role of an additional employee resource group and official segment of our Diversity and Inclusion governance structure.



Our people took part in the virtual gala of The Women's Foundation

Our formal Hire-to-Retire process review, launched in 2019, continued in 2020 and covered revisions to existing policies and creation of some new policies in response to employee needs, talent acquisition and management and areas for development. There was particular focus on Gender and Sexual Orientation pillars through our employee resource groups.

In response we established a Diversity and Inclusion Steering Committee to discuss and make decisions on important issues related to inclusion, drive changes and set the direction and goals for Cathay. We also continued unconscious bias training and continued with the male allies programme and advisory group who demonstrate support for improved gender balance and ran initiatives to help promote a more inclusive culture.



Cathay Women's Network

This year the Cathay Women's Network directed initiatives aimed at strengthening messages of gender equality and female empowerment, challenging stereotypes and highlighting the importance of work-life balance. Key events in 2020 included:

- Celebrating International Women's Day 2020 through education and awareness relating to this year's theme, Each for Equal. Messaging reflected the role we each play at Cathay to moving us closer to gender equality.
- Hosting Dalia Feldheim to conduct virtual webinars for all of Cathay on the importance of building resilience and a positive mental attitude. Dalia is the marketing professional behind the 'Always Like a Girl' campaign.

Fly with Pride

This year the Fly with Pride Network directed initiatives aimed at building their knowledge of LGBT+ attitudes and engagement at Cathay Pacific in order to develop targeted initiatives moving forward into 2021 and beyond. Key events in 2020 included:

- Conducting an insightful organisation wide survey to gauge company demographics, expectations for the FwP Network, LGBT+ attitudes in the workplace and general communications and engagement needs. The results shows that building LGBT+ awareness is seen as a top priority for Cathay Pacific and gave the FwP team data to inform their 2021 priorities.
- Hosting an awareness and education campaign with the introduction of a LGBT+ Quiz, resulting in engagement from over 800 people within the organisation.
- FwP along with the D&I Office contributing to research on LGBT+ inclusion in Hong Kong's Hospitality and Tourism industry, led by students at PolyU.



OUR COMMUNITY

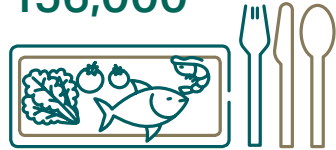




COMMUNITY

2020 PERFORMANCE HIGHLIGHTS

Donated over
156,000



pre-prepared meals to the Hong Kong community



Over **700** employees

volunteered to support initiatives in response to COVID-19

HK\$6.8
million



raised for UNICEF through our "Change for Good" inflight fundraising programme in 2019♦



Announced **3** new Cathay ChangeMakers

“

During this incredibly challenging time due to the COVID-19 pandemic, we are more determined than ever to support our home community by utilising our unique resources and strength. From transporting medical supplies to donating food to those in need and volunteering our time, we're striving to help.

”



Ronald Lam
Chief Customer and Commercial Officer
Cathay Pacific

Why communities matter to us

Strong communities make for more prosperous and healthy societies. Around the globe, communities face varied and complex challenges that require collaborative responses. The ongoing pandemic has underscored this and emphasised the role that companies such as ours can play in effecting positive change and supporting those in need. We continue to seek out opportunities to elevate, amplify and contribute to communities with purpose and integrity.

♦2019 is the most recent year for which data is available due to donations provided in 2020 being audited



Our approach

As an airline based in Hong Kong, we excel at connecting people, cultures and places. By employing a collaborative approach, we leverage our role and work with partners across different sectors and connect our business and NGO partners to bring about long-lasting benefits. Our strategy is aimed at caring for and support global causes, but with special focus on Hong Kong through community programmes and volunteering.

To make greater impact with our community engagement effort, we focus our work under four pillars developed with input from our stakeholders, including our people and the communities we serve.



Promote children and youth development

Cathay Pacific is committed to supporting the future development of the communities we serve in tandem with the Group's long-term development through investment in children and youth development.



Facilitate global cultural exchange

As a global airline it is our function to facilitate the global exchange of people and goods. Expanding on this core function, we aim to support community engagement programmes that would facilitate cultural exchange, understanding, and acceptance across different parts of the world, especially among the countries and communities that we serve.



Develop environmental awareness

Rapid economic development has presented our planet with myriad challenges with both environmental and social consequences. While the issues are varied and complex, we are committed to taking an active role in mitigating negative environmental impacts that are directly related to our operations. Developing awareness around such issues is an important way for us to make a greater impact together with the communities we serve.



Encourage diversity and inclusion

Cathay Pacific is one of Hong Kong's largest employers, also one of the most diverse workforces in our home city. Cultivating a diverse and inclusive workplace benefits our business in terms of talent recruitment, retention, and enables better understanding of the needs of both our people and our customers. We stand behind this value and hope to support the community in embracing diversity and inclusion through action, advocacy and thought leadership.



Our response to COVID-19

Throughout the outbreak of COVID-19, communities around the world have taken measures to prevent further spread of the virus that causes by closing workplaces and schools, canceling events and requiring extended quarantine of anyone who may have come in contact with someone with the disease. While these precautions can help to contain the outbreak, they can also expose longstanding gaps in health and human services in the community.

At Cathay Pacific, we sought to identify those in need and organise our people to step up when they could, help each other and support local community members. For us this meant finding ways to work with our NGO partners who in turn were supporting the most vulnerable in our community. We also worked with different authorities within the HKSAR government to resolve logistical obstacles and used our capabilities to connect resources to the locations they were needed.

Supporting the most vulnerable in the community

As global supply chains felt the strain in the early stages of the pandemic, we assigned hundreds of cargo-only passenger flights to deliver medical provisions to places of need. In 2020, we donated some 156,500 pre-prepared meals to Hong Kong charity Food Angel. Staff volunteers also lent a hand to pack and prepare food parcels with Feeding Hong Kong and distributed them in the community members, and we provided household necessities to underprivileged in Hong Kong.

Our commitment of support extends as COVID-19 continues; at the time of writing we are delivering on and commitment to donate an additional 100,000 meals to Food Angel in 2021. These initiatives align with our longstanding collaboration with both charities to donate surplus food and eliminate food waste.



We donated 156,00 pre-prepared meals to our partner Food Angel



Helping to take student learning online

The temporary closure of schools did not mean the end of the classroom as classes convened on online platforms across the city. However, not all students have access to laptops and tablets, and not all parents are familiar with new technology. So, when we refurbished and delivered some 790 iPads to schoolchildren in need, we provided tutorials on how they could be used for remote learning and delivered 10 weeks of online tuition. We also reached almost 100 children by partnering with a local NGO to arrange online storytelling sessions to foster student's interest in reading while staying home and delivered English conversation classes to underprivileged children.



Keeping mail moving

Unlike many industries that suffered severe plunges in demand, the mailing and logistic industry has been challenged with a sudden upsurge of inbound mail as the public rushed to buy surgical masks and antiseptic products from all over the world. As the number of cases in Hong Kong grew, and Hongkong Post's Air Mail Centre was inundated with shipments of anti-epidemic materials, Cathay Pacific Services Ltd (CPSL) cleared a designated area within our Cargo Terminal to act as a temporary mail-handling centre. A team of 30 colleagues was redeployed to aid Hongkong Post, instantly relieving operational pressure and speeding up delivery of anti-epidemic materials to local residents.



Bringing people home

As travel restrictions, border controls and quarantine measures were brought in across the globe we worked with the Hong Kong SAR Government to operate chartered flights from Japan and Wuhan in Hubei Province, and helped to bring some 1,200 Hong Kong people home. Special flights were also mounted to help other travellers return to their home countries via Hong Kong.





Community programmes

We develop new programmes to help address pressing contemporary issues associated with our community pillars. We also enrich our long-standing programmes by incorporating new elements that keep them relevant and fresh. While a number of the programmes were affected by COVID-19, we intend to bring them back when appropriate.

Cathay ChangeMakers

ChangeMakers pays tribute to and raises awareness of thought leaders who are acting as catalysts for positive social and environmental change. In 2020 we identified three forward-thinking individuals who have each made significant contributions to environmental protection, youth development and cultural inclusion – the key pillars of our community engagement strategy.

Our ChangeMakers share our drive to address key issues:

Environmental Protection



David Yeung

Co-founder of sustainable food choice movement Green Monday

David's Green Monday has motivated 1.6 million people in Hong Kong and countless others in 30 other countries to swap meat for veggies one day a week while Green Common has introduced plant-based meat substitute, "Omnipork" to its stores restaurants and to our flights and lounges in Hong Kong.

Youth development



Dr Alman Chan Siu-Cheuk

Founder of School Without Doors – an alternative education service for marginalized youths

Alman's innovative approach to teaching extends to students' employment and social integration. His School Without Doors advocates alternative education for reclusive youths.

Cultural inclusion



Eni Lestari Andayani Adi

Founder of the Association of Indonesian Migrant Workers and chairperson of the International Migrants Alliance

Driven by her own experience as a migrant worker, Eni strives to create an inclusive society for migrant workers to enjoy equal respect and opportunities.

Cathay ChangeMakers was launched in 2019 as a way for the airline to pay tribute to thought leaders who are acting as catalysts for positive social change. Each year, Cathay Pacific selects new ChangeMakers regardless of nationality, gender, age or race, and sponsors their flights to support their initiatives that inspire Hong Kong and the world.

To learn more about our ChangeMakers and their impactful work visit the community engagement pages of our sustainability [website](#).



I Can Fly

Launched in January 2003 in Hong Kong, the I Can Fly programme actively recruits students who show a passion for aviation and a commitment to community service. Thousands of students have graduated from the programme since its launch.

Cathay Pacific pilots and employee volunteers lead the I Can Fly members through a series of aviation and social service activities during the programme period. The young members are given the chance to visit various aviation facilities, go through aviation-related training, participate in team-building activities, and design and implement their own social service programmes for community groups.

At the end of the programme, selected members get the opportunity to take part in an overseas trip to further explore different aspects of aviation and interact with people from various cultures. A number of former I Can Fly participants have since taken up careers within the Hong Kong aviation industry.

The programme has been adopted by many of the airline's local teams, however activities were postponed in 2020 due to the global health crisis.

Cathay Pacific City visits

For more than 70 years Cathay Pacific has been a part of the fabric of Hong Kong, offering jobs to its people and flights to its travelers. Our Cathay Pacific City visits are aimed at strengthening local understanding of how we do this through employee-led tours that provide visitors access to our people's knowledge and a behind-the-scenes view of the airline's operations. Through the tours, participants are shown around our training and operation facilities.

We welcomed over 440 members of the general public in Hong Kong to join the Cathay Pacific City visits at the beginning of 2020. The programme was later put on hold in view of the pandemic.





Asia Miles – turn miles into good deeds

Asia Miles, our subsidiary, is committed to supporting local charities and underprivileged communities around the world through event sponsorship and facilitating donations to causes from customers. It has supported two of Hong Kong’s leading fundraising events for more than a decade. The 100km Oxfam Trailwalker is aimed at alleviating poverty and support emergency relief projects in Asia and Africa, and the UNICEF Charity Run which that supports UNICEF’s “Unite for Children, Unite against AIDS” global campaign.

Asia Miles also provides a platform for its members to share rewards with those in need of support. These charity packages start from 980 Miles, so members can easily turn miles into a positive force for change. Apart from redeeming packages, members can also support charities’ important initiatives by donating Miles. For more details, please visit the [Asia Miles](#) website.

Asia Miles Good Deeds quick facts 2020:

Total miles support	Over 42 million miles - equal to about 42,000 trips from Hong Kong to Tokyo
Number of charity partners participated	32
Types of ‘Good Deeds’ packages available for redemption	82
Most popular ‘Good Deeds’ packages	<ol style="list-style-type: none"> 1. UNICEF - 10 Sachets Of Therapeutic Milk To Malnourished Children 2. Taiwan SPCA - Help Fostering One Dog/Cat For One Day 3. UNICEF - Novel Coronavirus (COVID-2019) Global Response

CASE STUDY

Serving up smiles at the Sunnyside Café

In the early 1980s, a group of Cathay Pacific pilots began making a monthly small donation to support physically and mentally challenged children in Hong Kong. Seven years later the Sunnyside Club was established. Now, over three decades later the Sunnyside Club is a registered charity backed entirely by donations and volunteering activities from our colleagues.

Through the Sunnyside Club, students from local schools for children with special needs have experienced enjoyable outings, from tours to boat trips to charity bazaars.

The children are provided with learning and therapeutic support to build confidence and strengthen interpersonal skills.

One such experience is the Sunnyside Café – a classroom transformed into a working café in which students become baristas and waiters. From order taking to food preparation, the students serve their customers made up of classmates, parents and volunteers, with every order resulting in a smile.



Students had lots of fun learning to be a barista



Fundraising and donations

Our long-running initiatives seek to leverage the goodwill of our employees, customers and business partners to affect positive change in Hong Kong and across the globe.

UNICEF

Change for Good (CFG) is an inflight fundraising programme operated by Cathay Pacific and the Hong Kong Committee for UNICEF. Since its launch in 1991, the programme has successfully converted spare change from Cathay Pacific passengers into supplies and services to improve the lives of vulnerable children worldwide.

To date, Change for Good has raised nearly HK\$199 million in support of UNICEF's lifesaving programmes, helping deprived children and women across 190 countries and territories worldwide. In 2019[◆], the programme raised a total of HK\$6.8 million. Over the years, our people have taken field trips to underprivileged communities that are supported by the programme, so they can experience its positive impact first-hand.

In 2019, Cathay Pacific designated one third of the total donation to support UNICEF's Schools for Asia programme. The thematic programme, which aligns with one of the airline's key community engagement endeavours of promoting youth development, aims to provide quality and sustainable learning for disadvantaged children.



Our Change for Good programme supported UNICEF's Schools for Asia programme

[◆]2019 is the most recent year for which data is available due to donations provided in 2020 being audited



Cathay Pacific Wheelchair Bank

With the support of the Faculty of Medicine at the Chinese University of Hong Kong, the Hong Kong Polytechnic University and the Prince of Wales Hospital, the Wheelchair Bank was set up in 1996 to raise funds for buying specially adapted wheelchairs for children with neuromuscular diseases. An average of one month's proceeds each year from Cathay Pacific's Change for Good inflight fundraising programme is donated to the Wheelchair Bank.

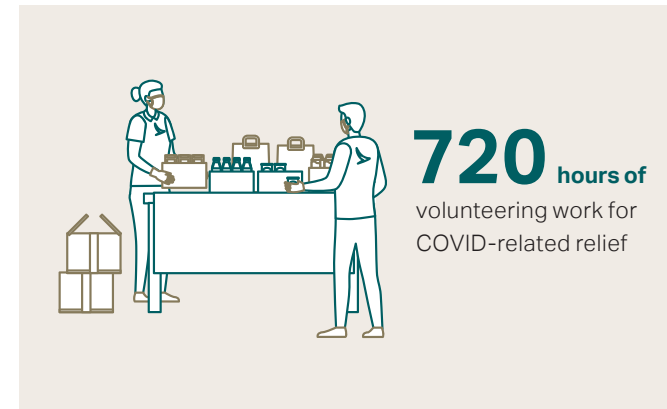
Donations

In 2020, the Company and its subsidiaries made charitable donations amounting to HK\$3.7 million in direct payments and a further HK\$0.5 million in the form of discounts on airline travel.

Volunteering

The Community Club, an interest club under the 'Cathay Club', is dedicated to designing and implementing volunteering activities that help the Hong Kong community. From tackling environmental issues to helping those in need, the Community Club runs activities throughout the year, and calls upon volunteers from Cathay Pacific as required.

In 2020, our volunteering work focused on alleviating impact of COVID-19 on different vulnerable groups in the community as detailed in the previous section. Over 700 colleagues took part for over 720 hours of volunteer work for COVID-related volunteering work alone.



Our volunteers helped parents get familiar with using the donated iPads.

OUR SUBSIDIARIES





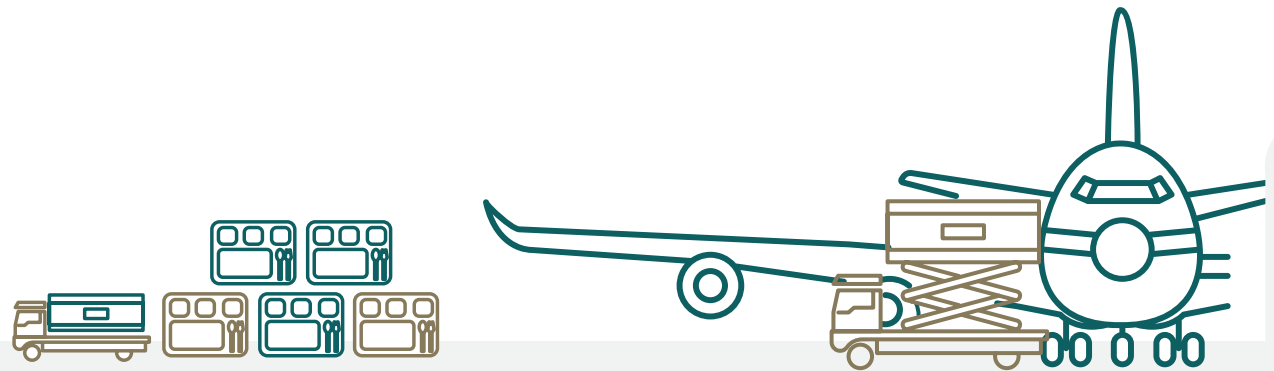
OUR SUBSIDIARIES

2020 PERFORMANCE HIGHLIGHTS

As a leading airline that values sustainability, our subsidiaries are also required to develop sustainable development related policies and practices in their operations across their business lines.

Cathay Pacific Catering Services provides flight catering services to 50 international airlines operating out of the Hong Kong International Airport.

- **Supporting Food Angel:** During the pandemic, the significant reduction in air travel led to CPCS facing a surplus supply of inflight meals. By collaborating with long-term partner, Food Angel, whose kitchens were closed amid the pandemic, we delivered 30,000 inflight meals to those in need in Hong Kong.
- **Sustainable sourcing:** 55% of seafood sourced is certified as sustainably sourced.



Vogue Laundry is a leading commercial laundry company in Hong Kong.

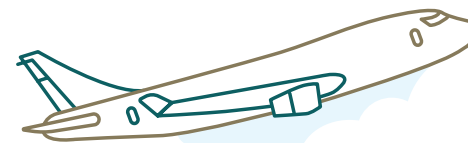
- **Supporting Hong Kong Family Welfare Society (HKFWS):** To support some of the most vulnerable in Hong Kong that have been affected by the pandemic, Vogue Laundry ran an Epidemic Care Pack donation scheme. Every \$30 care pack donated by employees was matched by the company resulting in 546 care packs being donated to HKFWS for distribution.
- **Enhanced safety:** Achieved a 45.6% reduced in Lost Time Injury Rate compared with 2019.





CPSL operates the latest air cargo facility in Hong Kong – Cathay Pacific Cargo Terminal ('CPCT'), serving airlines operating at Hong Kong International Airport.

- **Catching the sun at CPSL:** 200 Photovoltaic (PV) panels were installed on the Cathay Pacific Cargo Terminal Roof. The 400 m2 system is expected to generate 75,000kWh of renewable energy each year while CPSL will benefit from rebates from the CLP Fit-in Tariff scheme.
- **Moving towards circularity:** Diverted 111 tonnes of plastic from landfill through recycling.



Air Hong Kong is an express all-cargo carrier offering scheduled services in Asia.

- **Strong team:** 80% of our pilots and employees report that they are proud to work for Air Hong Kong.

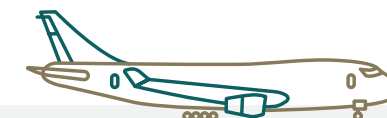


HAS provides ground handling services to airline customers.

- **Supporting our crew during COVID:** Widespread testing for COVID for flight crew meant increased demand on the transportation services between offices at the airport and the Regal Hotel where employees were quarantined. HAS laid on special crew shuttle services between the airport, office and the hotel to expedite the process for airline employees.
- **Reducing emissions:** We increased the proportion of electric service vehicles from 26% to 40% of our total fleet.

HK Express is Hong Kong's only low-cost carrier, offering scheduled services within Asia

- **Younger and greener:** Fleet modernisation through the addition of four fuel efficient A320-neo aircraft.





Hong Kong Express Airways Limited

Hong Kong Express Airways Limited (HK Express) is Hong Kong's only low-cost carrier. Under normal conditions, our fleet of 28 aircraft including a mix of Airbus A320, A320neo and A321 provides scheduled air services to 25 destinations in Asia. The pandemic has brought on unprecedented challenges and significantly impacted the travel and tourism industry. The onset of COVID-19 has resulted in HK Express suspending flight operations in mid-March 2020. Since August, we have resumed some flights after reviewing the market situation and have put a series of preventative measures in place to ensure our crew and passengers' health and safety.

Our approach to sustainability

At HK Express we put our people first. Our 1,065 employees made up of 441 cabin crew, 249 pilots and 375 office staff, are integral to delivering our customer-centric service. In 2020, apart from safeguarding the health of our crew and passengers, our key focus has been to transform by differentiating ourselves from the competition by exploring improved product offerings including more sustainable and greener options for our inflight meal experience.

Going forward our more sustainable inflight offerings will be expanded to include a wooden cutlery set, kraft paper meal holder and bento boxes which offer the dual benefits of being exceptionally strong, chlorine free and biodegradable in a matter of weeks. We will also be partnering with Green Common, a plant-based eatery and store to include more sustainable food choices in our inflight menu, such as the alternative meat Omni pork.

Material topics

Greener operations	Carbon is a key concern of HK Express. While measures like Sustainable Aviation Fuel will significantly reduce emissions from fuel burn in the future, we focus on fleet modernisation and carbon offsetting to reduce our emissions from our operations now.	<p>This year:</p> <ul style="list-style-type: none"> • We brought in four A320-neo that are more fuel efficient and have lower noise footprint compared to older models. The modernization of our fleet brings the average fleet age to under six-year-old. • Our Emissions Monitoring Plan for CORSIA has been verified by an independent external auditor demonstrating the readiness and reliability of our CO2 emissions monitoring programme.
Waste management	We serve millions of passengers hygienically and in a manner that meets quality and weight requirements. Increasingly we are finding sustainable solutions to reduce waste and meet these demands.	<p>This year:</p> <ul style="list-style-type: none"> • As a precautionary health measure, we suspended our inflight hot meal service from August until 31 December 2020. When coupled with grounded flights this has directly reduced the amount of waste we have produced the year. • Surplus frozen food, drinks and snacks have been provided to non-profit organisations including Food Angel, an organisation which we've worked with since 2016 and Food for Good, another platform that promotes food waste reduction through redistribution and recycling.
Our people and community	Along with Cathay Pacific, we have a keen focus on our employee experience and a strong desire to support the local community that in which we operate and our people live.	<p>This year:</p> <ul style="list-style-type: none"> • Our response to COVID-19 saw us promote employee health and wellness through distributing wellbeing packs and implementing remote working arrangements. Our "Stay at Home Challenge" kept contact between our people after a long period of isolation by sharing photos and videos to show moments from home during the pandemic. Our ground staff will continue to work from home one day per week going forward. • We also offered time and resources to our local community. Through the Me2You initiative, a resource sharing platform to encourage recycling and repurposing, we donated used furniture from our new offices to four local NGOs. We also participated in the online "SKH Lantau Island mock DSE result release day" to provide an introduction of HKE and forum for discussion with students.



香港華民航空 air Hongkong

Air Hong Kong

Air Hong Kong (AHK) is the longest serving dedicated freighter airline based in Hong Kong. We operate express cargo services for DHL Express using a fleet of Airbus A300F and A330F, serving 13 destinations in Asia.

Our approach to sustainability

As an airline, our most important sustainability topics are reflective of Cathay Pacific's. Our key focus areas are safety, climate change and our people. Our Safety Management Systems Manual sets out the policies and procedures pertaining to Safety Management System (SMS) activity within AHK. We aim to create an inclusive workplace for our employees, and we constantly monitor our environmental performance.

Material topics

<p>Health and safety</p>	<p>We operate as a key logistics company in the busiest airport for freight handling in the world. At a time when the world is closing borders, our duty is to keep goods moving while people cannot. Doing so safely is pivotal.</p>	<p>This year:</p> <ul style="list-style-type: none"> • Addressed 100% of the IATA Health Safety Standards for Airline Operators to assess and strengthen the protection of our operations and our people when faced with public health event. • Created a Business continuity Plan dedicated to operating in the midst of a pandemic. The plan is continually reviewed and updated based on new learnings. • Supported the delivery of Personal Protective Equipment (PPE) shipments worldwide during the pandemic on both our scheduled flight and extra services.
<p>Climate change</p>	<p>We maximise the cargo-carrying capacity on our journeys and replace older aircraft with newer, more fuel-efficient models to improve fuel efficiency and reduce emissions on our flights. We are also set for carbon-neutral growth based on 2019 levels in line with CORSIA.</p>	<p>This year:</p> <ul style="list-style-type: none"> • Introduced Airbus A330 Freighters to key routes, as replacements for recently retired 747-400 aircraft. We expected to have five A330 aircrafts in our fleet in 2021. • Submitted our audited CORSIA report for the first time.
<p>Our people</p>	<p>Our business relies on the skill, experience and professionalism of our people. We therefore engage our people regularly to ensure we are delivering for them as they are for our customers.</p>	<p>This year:</p> <ul style="list-style-type: none"> • Achieved a 100% response rate for our pilot and staff engagement survey reflecting a highly engaged culture. Results showed an above average satisfaction rate. Over 80% of the respondents agreed or strongly agreed on the following statements: <ul style="list-style-type: none"> • I am proud to work for AHK; • I would recommend a career as an AHK pilot to a close friend; • I see my job in AHK as my long-term career.



Cathay Pacific Catering Services

As one of the largest flight kitchens in the world, Cathay Pacific Catering Services (CPCS) provide flight catering services to 50 international airlines operating out of the Hong Kong International Airport (HKIA).

In 2020, CPCS supplied around 4.6 million meals and handled around 16,900 flights to more than 49 global carriers, representing an average of 12,800 meals and 46 flights a day. CPCS is supported by 1,519 employees and its resident contractors.

Our approach to sustainability

We see sustainability as vital to steer operational excellence, better utilise resources, and ensure business growth. Our sustainability drive is governed by the Sustainable Development Steering Committee ("SD Steering Committee"). Headed by our Chief Executive Officer, it includes a cross-functional team represented by the department heads and is responsible for sustainability strategy planning, implementation, monitoring and review.

Our primary focus is the safety and quality of our food. Our Quality Assurance Department oversees the manufacturing and distribution of our consumables. Our operations meet aviation and international standards including HACCP[▲], ISO 9001:2015, IATA's Inflight Catering Quality Assurance Programme. Company-wide systems and procedures are also aimed at reducing the impacts of our business on the environment and supporting our people and the local community. Our progress on key material topics is described below.

[▲]Hazard Analysis and Critical Control Point (HACCP)

Material topics

Waste management	Through collaboration and innovation, we reduce waste from production, as well as inflight waste. Efforts are made to minimise waste generation in procurement, production and operational planning. We reuse and recycle materials; and enhance stakeholders' awareness on waste management.	<p>This year we:</p> <ul style="list-style-type: none"> • Provided Food Angel with 58 tonnes and Feeding Hong Kong with 584 tonnes of food products in 2020. • Gathered 6584 litres of used cooking oil for conversion biodiesel production. • Recycled a total of 351,763 tonnes of waste at O-PARK1's waste to energy facilities.
Responsible procurement	We strive to increase the proportion of sustainable products in our portfolio and encourage our supply chain to become more sustainable. We fully support the Swire Pacific Sustainable Food Policy. Where possible we avoid unsustainable food items and advocate the sustainable consumption practices to our customers.	<p>This year we:</p> <ul style="list-style-type: none"> • Purchased 58 tonnes sustainable seafood, representing 55% of the total volume of seafood purchased. • Purchased 2 tonnes locally grown vegetables, representing 8% of our salad greens. • Achieved 100% use of ecofriendly products in hygiene-related paper products and stationery paper products.
Our people	Investing in human capital is critical to our success. We manage our people by attracting and nurturing talent, equipping them with the relevant skills to ensure they grow as professionals during their CPCS career.	<p>This year we:</p> <ul style="list-style-type: none"> • Maximised opportunities in people development during disruption from the pandemic by strengthening our supervisory development architecture with a series of new training workshops to equip our supervisors with essential skills to succeed in current and future roles, topics include: <ul style="list-style-type: none"> • Basic Supervisory Training • WFMS - Workforce Management System • Design thinking • Introduction to marketing • Basic Knowledge on Labour Relations



Cathay Pacific Services Limited

Cathay Pacific Services Limited (CPSL) operates the Cathay Pacific Cargo Terminal ('CPCT'). Serving airlines operating out of at Hong Kong International Airport, we are equipped to handle 2.6 million tonnes of cargo annually. During the reporting period, CPSL handled 1.36 million tonnes of throughput cargo.

Our vision is to be the world's best air cargo terminal in terms of innovation and customer service and to enhance Hong Kong's reputation as the logistics hub of choice in Asia.

Our approach to sustainability

The governance of sustainable development at CPSL is led by the CEO, who is accountable for the Sustainable Development Strategy across the business. Our sustainability strategy is underpinned by our Environmental Policy. The primary focus of our strategy is to mitigate the social and environmental impact of our daily cargo terminal operations, addressing sustainability issues in our business.

The committee focuses on five aspects of covering multiple sustainable initiatives, each of which is overseen by a functional manager:

- Business partners
- Community
- Environment
- Occupational health and safety
- People

Material topics

<p>Carbon emissions</p>	<p>We commit to minimizing the impact to our environment and explore continually the innovation and technology for more efficient energy consumption in the terminal. Proper waste recycle & reuse is another key focus in our environmental management.</p>	<p>This year we:</p> <ul style="list-style-type: none"> • Achieved a 200 MWh reduction in electricity consumption, representing an emissions reduction of 102 tonnes CO2e. • Received the awards of Asian Freight, Logistics and Supply Chain (AFLAS) Awards as Best Green Cargo Terminal Operator
<p>Waste management</p>	<p>We actively manage waste collection and disposal, diverting materials from landfill when possible. We reuse plastic sheets from cargo packing until they lose integrity and are sent for recycling. We also recover food waste, diverting it from landfill for other uses.</p>	<p>This year we:</p> <ul style="list-style-type: none"> • Collected 8 tonnes of food waste. • Recycled 111 tonnes of plastic.
<p>Health and safety</p>	<p>We uphold a rigid standard of occupational health and safety to oversee and govern our health and safety performance and to prevent unnecessary injuries. Our 3E safety strategy involves Engineering, Education and Enforcement and includes:</p> <ul style="list-style-type: none"> • Ensuring effective leadership and direction at all operational levels • Establishing a robust health and safety management system • Conducting effective training to ensure employees are equipped with the necessary skills and competencies • Engaging employees in safety activities 	<p>This year we:</p> <ul style="list-style-type: none"> • Received the awards of HKIA Safety Excellence Award (Gold Award) in the Airport Safety Recognition Scheme 2019/20, Safety Performance Award 2019, and Smart Safety Enhancement Competition (Champion) in the HKIA Aviation Logistics Safety Awards 2019. • Continued to strive for excellence in OHS Management with a view to improving the safety awareness of all personnel working and doing business in CPCT, by adopting the 3E Safety Strategy which involves Engineering, Education and Enforcement.



Vogue Laundry Services Limited

Vogue Laundry started as a dry cleaner in 1964 and has grown to be one of the major leading commercial laundry companies in Hong Kong. We employ more than 400 people and serve over 20 airlines and 40 hotels. On average we deal with 290,000 items a day, equivalent to 94.6 tonnes of laundry.

Our approach to sustainability

We strive to make sustainability part of our business, focusing on quality, health and safety, and contributing to environmental protection with our waste reduction efforts.

The safety of our employees is our priority. We have achieved the ISO 45001:2018 occupational health and safety standard and our OHS management system is effective in mitigating risk and occurrence of injuries and occupational illnesses.

The nature of our business relies upon considerable quantities of water, electricity. As such we pay particular attention to managing our environmental impacts. We are certified as a Hong Kong Green Organisation and our plant, the biggest most automated laundry in East Asia, is a BEAM Plus Gold standard building furnished with energy saving equipment and water recycling facilities. We also seek ways to drive down our greenhouse gas emissions and proactively explore and implement plastic reduction initiatives. We reuse hangers and recycle paper, plastic and aluminum packing material when used. Our suppliers are expected to employ similar recycle programmes in line with our [Supply Chain Sustainability Code of Conduct](#).

Material topics

Health and safety	We are committed to maintain high level of occupational health & safety at the workplace. Key initiatives involve implementing standard procedures and ensuring they are followed, raising safety awareness, regular equipment maintenance, and ensuring protective equipment is available and used appropriately.	<p>This year we:</p> <ul style="list-style-type: none"> • Reduced our Lost Time Injury Rate[▲] by 45.6% compared with 2019. • Reduced our Lost Day Rate[◆] by 12.3% compared with 2019.
Quality	We thrive for quality and continuous improvement. Processes Optimization is one of our core values. We apply LEAN manufacturing and encourage cross-function collaboration to improve performance by systematically removing waste and reducing variation.	<p>This year we:</p> <ul style="list-style-type: none"> • Provided employees with LEAN training to help them deliver the best possible service with the least amount of waste. 3 function leaders were awarded LEAN Yellow Belt Certification.
Social Responsibility	Caring for the community is a core value at VLS. We are committed to maintain strong community relationships by engaging in various community projects with our services and time.	<p>This year we:</p> <ul style="list-style-type: none"> • Were recognized as a “15 years+ Caring Company”. • Supported Feeding Hong Kong by sponsoring the laundry services of their uniforms.

▲LTIR is the number of injuries per 100 full-time equivalent employees

◆LDR is the number of days of work lost to injury or disease per 100 full-time equivalent employees



Hong Kong Airport Services Limited

Hong Kong Airport Services Limited (HAS) was established in 1995 to provide professional ramp and cargo services to airlines at Hong Kong International Airport. These include loading and unloading of aircraft, baggage handling, cargo and mail delivery, ramp coordination, aircraft load control, aerobridge and passenger steps operation, Unit Load Device storage and crew transportation. We serve 25 airlines at HKIA with a fleet of 2,887 Ground Support Equipment (GSE) and vehicles and a staff of over 2,400 employees.

Our approach to sustainability

Our vision is to excel as a regional, full service ground handling agent by putting safety first, creating value for our stakeholders, recognising the contribution of our employees and committing to sustainable development. Our Sustainable Development Committee is responsible for governing the implementation of our [Sustainable Development Policy](#), developed by Swire Pacific. Chaired by the Chief Operating Officer (COO) and supported by department heads or functional managers it drives improvement on our key focus areas. The application of the policy helps us to operate with excellence, quality, efficiency and transparency.

Material topics

Carbon emissions	Fuel consumed by our fleet accounts for over 86% of our greenhouse gas emissions. We continue to implement our GSE and Vehicle Replacement Programme to modernise our fleet with more fuel-efficient vehicles. We also offset employee business travel using the Cathay Pacific FLY Greener Programme.	<p>This year:</p> <ul style="list-style-type: none"> • Our total GSE fuel consumption fell by 49.7% when compared to 2019 due to reduced aircraft movement during the pandemic. • We acquired four new crew buses with lower tail pipe emissions than older models. • We increased the proportion of HAS electric GSE vehicles from 26% to 40% of our total fleet which should further reduce our emissions in 2021.
Our people	Being a good employer enables us to attract talents, retain skilled employees, and develop their potential. We invest in employee training and development and recognise employees for their contribution to our success in areas including customer service excellence.	<p>This year we:</p> <ul style="list-style-type: none"> • Provided 61,145 hours of training to employees at all levels of the company; an average of 25.21 per employee. • Received recognition as a "Family-Friendly Good Employer 2020" and "Good Employer Charter 2020" due to our human resources management.
Community engagement	Motivating employees to actively participate in our sustainability programmes is crucial in order to strengthen awareness of environmental issues in the company and social initiatives in the community. Our strategies include: <ul style="list-style-type: none"> • providing opportunities for engagement, • raising awareness of issues • collaborating with charities to organise and participate in activities 	<p>This year we:</p> <ul style="list-style-type: none"> • Donated HKD 2,500 to the Choi Hung Community Centre Senior Citizen - Yang Memorial Methodist Social Service" which supports the elderly.



OUR PERFORMANCE

Cathay Pacific's response to Taskforce on Climate-related Financial Disclosures (TCFD)

1. GOVERNANCE

1.1 Board's oversight of climate-related risks and opportunities.

The Board is ultimately accountable for sustainable development strategy and performance at Cathay Pacific. It is supported in its duties by three governance bodies that steer the Group's approach in sustainability matters under the leadership of the Chairman. They are the Sustainable Development Committee (SDC), Sustainable Development Steering Group (SDSG), and the Climate Actions Steering Group (CASG). In addition, the Board Risk Committee oversees assessment of sustainability risks among other risks and implementation of related board decisions.

The Board responsibilities include reviewing the Group's material sustainability topics and approving sustainable development related strategy, targets, actions and policies. The Board also reviews and signs off the annual Sustainable Development Report.

RISK MANAGEMENT

The Group's commitment to Operational Safety has been implemented through a systematic and thorough process supported by focused risk management governance infrastructure including:

- **A Board Safety Review Committee** chaired by an independent industry expert
- **A Management Safety Committee** also known as the Group Airlines Safety Review Committee, chaired by the Chief Executive Officer
- **A Group Safety & Operational Risk Management department** headed by the Group Safety Officer that provides oversight of the management of all risks associated with flight operations

In 2019 the Board determined that the Group should introduce similar governance to enhance and provide a parallel focus on the management of all other corporate risks in the Group. Accordingly, the following entities were established:

- **Board Risk Committee (BRC)** - a Board level committee whose membership is exclusively Non-Executive Directors. The Committee's role is to advise the Board and oversee implementation of all Board decisions on all matters relating to risk. This includes the setting and monitoring of risk appetite, the effectiveness of the risk management framework "RMF" and the soundness of the Group's risk culture
- **Risk Management Committee (RMC)** - an executive committee chaired by the Chief Executive Officer responsible for the design, delivery and direct oversight of the RMF and, through it, the management of all corporate risks within the Company
- **Group Corporate Risk department** headed by a Chief Risk Officer reporting to the Chief Executive Officer. This department has specific responsibility for developing, maintaining and ensuring the effectiveness of the RMF

Climate change has been identified as one of the top 15 risks faced by the group. Climate risk alongside with all top risks are reviewed by the committees on a quarterly basis.

Regarding financial impact climate change may have on the company, the Treasury team provides update to the Finance Committee on a monthly basis regarding our position and upcoming obligation under European Union Emissions Trading Scheme (EU ETS) and Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) under International Civil Aviation Organization (ICAO).



1. GOVERNANCE

1.2 Management's role in assessing and managing climate-related risks and opportunities.

The Sustainable Development Committee (SDC)

Chaired by the Chief Executive Officer, the SDC consists of four Executive Directors and four other members of our senior management team. The SDC was established by and receives its authority from the Board to evaluate and approve sustainable development strategy, policy, target setting, and investment in major initiatives. It sets the tone for a corporate culture focused on sustainable development. Meeting regularly during the year, its duties include evaluating and prioritising the Group's material sustainable development topics. It communicates these and the materiality process to the Board in addition to providing biannual progress updates. In this way, sustainability is integrated into business planning, budgeting and risk management, and forms an integral part of the Group's business strategy.

Climate change is a standing agenda item in SDC meetings to review the latest update, progress update, and to discuss and decide on strategic direction and target setting to be made.

Climate Actions Steering Group (CASG)

CASG was established by and report to the Sustainable Development Committee. It is chaired by the Director Customer and comprise Department Heads that represent a wide range of functions across the company.

The CASG has been newly set up in 2020 to strengthen our governance in climate change mitigation. It is tasked with ensuring that the Group's approved climate change strategy, targets, and commitment are executed as planned. The Steering Group evaluates and provides recommendations on climate change policy, initiatives and targets that require SDC approval and Board review.

Reporting to the CASG are various taskforces, including:

- CORSIA taskforce: focusing on fulfilling requirements and understanding impact from CORSIA, a mandatory carbon offset scheme for international aviation;
- Sustainable Aviation Fuel (SAF) taskforce: focusing on the development and adoption of SAF in the airline;
- Fly Greener taskforce: focusing on further develop Fly Greener, our voluntary carbon offset programme

The Climate Change & Biofuel Manager is the lead of the above taskforces, and is responsible to bring in relevant business units in carrying out agreed plan.

Specific responsibilities with climate-related impact are handled by different teams and committees as detailed below, with update provided to the SDC. Our committees and working groups have been established to ensure all areas within the company are managed in a responsible and accountable manner aimed at informing and operationalising the sustainable development strategy. This sustainable development governance structure emphasises shared responsibility and enables our Sustainable Development Committee to manage sustainability risks through appropriate policies, standards, and systems whilst simultaneously identifying and pursuing potential sustainability opportunities.

a) Climate Risk

A Group Corporate Risk (GCR) department along with the Group Safety and Operational Risk Management (GSORM) department are responsible for the Group Risk Management Policy. They coordinate management's review and update the Corporate Risk Register. The RMC chaired by the Group CEO is responsible for the design, delivery and direct oversight of the Risk Management Framework (RMF) and, through it, the management of all corporate risks within the Company. The responsibility for managing risks sits with the management team.

Detailed action plans have been developed to mitigate the impact on climate change. The risk details and mitigation plans are presented to BRC and RMC for their review and challenge. In addition, climate risk alongside with all top risks are reviewed by the committees on a quarterly basis.

b) Fleet planning

The high cost impact from fuel consumption, planning and strategy development including the purchase of energy efficient aircraft which are part of the business strategy are discussed at Board meetings.

c) Fuel Forum Steering Committee (FFSC)

FFSC is chaired by Chief Operations and Service Delivery Officer. The Forum aims to identify ways to improve our operation efficiency and to evaluate investment in emissions-reducing technologies with an aim to increase fuel efficiency, thus reducing carbon emission intensity from our operation. FFSC meets bi-monthly and is attended by representatives from Procurement, Customer Experience Design, Engineering and Flight Operations.



2. STRATEGY

2.1 The climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

We assess all climate related risks annually and assess risks with impact in the short term (present – 3 years ahead) more frequently. We also include medium-term (3-10 year) and long term (10-30 year) time horizons in our assessments. Three key risks and one opportunity identified are described below:

Risk 1: Vilification of aviation and a reduced demand for air travel in response to perceived lack of action to counteract the industry's significant environmental impact on climate change is identified as one of the biggest transition risks climate change has on the aviation industry in the medium to long term.

There is an increasing interest in the global agenda to reduce and manage GHG emissions from the aviation sector. With the expectations and concerns of the global community, stakeholders and customers that companies will decouple GHG emissions growth from growing business activities of the aviation industry, there is a potential risk to customer retention and attraction with the potential of customers shifting their preferences to greener form of passenger and cargo services in the future, or to reduce demand overall.

Risk 3: Acute physical risk to our direct operations as a result of an increase in strength and/or frequency of extreme weather events (e.g. typhoons and floods) can reduce our operating capacity by impacting transport networks and supply chains. While the major impact will manifest itself in the long term with increased frequency and intensity, ad-hoc weather event would bring about short term impact as and when it happened, similar to the super-typhoon cases that took place few years ago.

According to Hong Kong Observatory, mean sea level in Hong Kong and its adjacent waters is expected to rise by 1.07 m by the end of the 21st century under the high greenhouse gas concentration scenario. The threat of storm surges brought by tropical cyclones will correspondingly increase. The global mean tropical cyclone intensity is also likely to increase. Increased typhoons and associated unpredictable weather and flooding could lead to severe flight disruptions such as delays and cancelled flights. This would in turn affect our on-time performance, passenger experience, and knock-on effect on subsequent flights. The increase in strength and frequency of turbulence also needs to be closely monitored for potential risk to safety of our passengers and crews.

Risk 2: Transition risk associated with policy and regulation is a key risk in the short to medium term that will result in increased operating costs. Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) is expected to be the only climate regulation for international aviation from 2021 to 2035.

In view of the impact from COVID-19, CORSIA now sets a cap at 2019 emission levels and any emissions beyond this level will need to be offset. Most projections suggest that international aviation would only recover to previous level in 2024 and beyond.

In addition to CORSIA, there are many domestic/regional climate regulations in place or will be introduced in the future. Currently, the EU Emissions Trading Scheme (ETS) is one such scheme that applies to Cathay Pacific and where we have been in compliant since 2012.

Opportunity 1:

Cathay Pacific is one of the leading airlines in its climate change response. There is opportunity for the airline to play up on its solid performance in this aspect as its competitive advantage to attract customers and business partners who are climate conscious, from general consumers, corporate clients, travel agents, to freight forwarders and shippers.

Supporting of the airlines' history and on-going commitment in mitigating its climate change impact:

- 1) Cathay has announced its commitment to achieve net zero carbon emissions by 2050.
- 2) The airline has started tracking its carbon emissions back in the 1990s. Over the years, fuel efficiency is improved by 20%.
- 3) Cathay is the first airline investor in biofuel manufacturer Fulcrum BioEnergy back in 2014. Cathay has also committed to buy 1.1 million tonnes of sustainable aviation fuel (SAF) over a 10-year period, enough to cover 2% of our operations. The use of SAF can reduce life cycle carbon emission by up to 80%.
- 4) Cathay constantly renew its fleet as each new generation aircraft can improve fuel efficiency by up to 25%. From 2017 to 2020, Cathay has taken delivery of 36 brand new A350 aircraft. There are 70 new aircraft on firm orders for delivery in the coming years.
- 5) Cathay was the first Asian carrier to introduce voluntary carbon offset programme. Since 2007, over 200,000 tonnes CO₂ was offset by this programme.



2. STRATEGY

For each risk identified, an impact assessment is performed across six dimensions: financial, disruption, strategic, reputation, regulatory, and human. A pre-defined criteria has been

established to determine the materiality of the impact. This criteria is used to prioritise top risks and to highlight risks that have the biggest material impact to the company for the Board's attention.

2.2 The impact of climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

Risk 1 & Opportunity 1:

Impact from Risk 1 on operating revenue is expected to be minimal in the short term. The impact on demand reduction is relatively small (less than 5%), limited to specific region (mainly in Europe), and mainly for domestic travel. This is not a market Cathay operates in as we carry long-haul, international passengers from Europe to Asia and South West Pacific.

For the medium term, if the demand reduction remains at 5% level and affecting only our European market, the impact to Cathay is 1% of our annual passenger revenue (according to 2019 ASK share).

In the long term, if the trend becomes global and the impact on passenger demand double, it could have impact of up to 10% on our operating revenue.

Some of the impact could be mitigated by the opportunity identified, i.e. with Cathay's strong performance in climate response, some loss business could be reduced and recovered by shifting passengers' choice to us over other less sustainably managed airlines.

Risk 2: Cathay Pacific Airways emitted around 18 million tonnes of CO2 in 2019.

With CORSIA's baseline set at the 2019 emission level, we do not expect financial obligation for carbon offset in the short term as traffic level has decreased significantly because of COVID-19. Industry projection is for international aviation to gradually returning to pre COVID-19 from 2024 onwards.

Cathay may need to buy in the order of US\$500m in total offsets during the CORSIA programme up to year 2035 based on the following assumptions:

- The country participation list to CORSIA as of July 2020, indicating China to participate in the offsetting phase from 2027 onwards.
- Carbon pricing to be US\$20 per ton, which is uncertain and highly variable.
- Anticipated business growth for all our Group of airlines, and in light of COVID-19 recovery trajectory.
- Excluding impact from any additional mitigation measures other than ongoing fleet renewal efficiency gains (e.g. the use of Sustainable Aviation Fuel).

Risk 3: Flight delays and diversions due to typhoons, unpredictable weather and flooding would lead to flight cancellation or delay which involve claims or compensation to customers, as well as potential damage to the fleet and other assets.

2.3 The resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

We are in the process of evaluating the implications of different long term climate scenarios. A scenario planning exercise on climate risk is underway to assess robustness of our climate strategies and to identify potential uncertainties we face in the execution of that strategy.



3. RISK

3.1 The organisation's processes for identifying and assessing climate-related risks.

The identification and assessment of Climate risks and related impacts is covered in the Group's Environmental Social and Governance ('ESG') Risk Assessment approach. This approach is based on a risk taxonomy specifically developed to identify and manage ESG risks across the business.

The identification of ESG risks is performed using two approaches:

- **Top Down Risk Assessment:** a series of cross-functional workshops with middle and senior management is facilitated by Group Corporate Risk annually to identify risks that are emerging across the business and its subsidiaries. These include risks relating to the three ESG pillars that are considered significant in the execution of the core business strategy and vision.

- **Bottom Up Risk Assessment:** each Business Unit ('BU'), i.e. Cathay's department, region and subsidiary maintains a risk register that is refreshed annually and independently reviewed by Group Corporate Risk. ESG risks from each of the registers are identified and aggregated at a Group-wide level. To ensure completeness of the assessment, risks are assessed in each of the 9 categories and mitigation plans developed where appropriate. The assessment covers the entire Group, including subsidiaries.

The identified risks are prioritized and reported to the Risk Management Committee (RMC) and Board Risk Committee (BRC).

3.2 Describe the organization's processes for managing climate-related risks.

Climate risk to the Group is identified and assessed through a dimensioning process, in which cross-functional stakeholders conducted a deep dive evaluation on what the risk means to the business and corresponding mitigations. These mitigations are owned by respective departments which are responsible for the implementation and execution.

In 2020, the climate risk workshop included senior business leaders from functions including: Flight Operations, Engineering, Airline Planning, Finance, People, Corporate Affairs, Revenue Management, Sales & Distribution, Brand Insights & Marketing Communications, Customer Experience & Design, Risk Management, Legal and outports.

An impact assessment for the climate risk has been performed across six dimensions: financial, disruption, strategic, reputation, regulatory, and human. A pre-defined criteria has been established to determine the materiality of the impact. This criteria is used to prioritise top risks and to highlight risks that have the biggest material impact to the company for the Board's attention.

3.3 How processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

Compliance to carbon regulations like CORSIA are monitored closely and is responsibility of various departments. Corporate Affairs are responsible for the policy and compliance aspects, flight operations are responsible for the flight data and information required, whilst finance are responsible for managing the financial exposures.

In addition, the identification and management of climate-related risk are fully integrated into the risk taxonomy that is being applied to all top risks, which contains a specific category for environment risk that we face as a business. As such, climate change risk is featured as one of the top 15 risk.



4. METRICS AND TARGETS

4.1 The metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

We continuously measure a number of metrics relating to climate change and risks. The main ones are total quantities of:

- Carbon emissions (tonnes of CO₂e)
- Sustainable Aviation Fuel usage (tonnes)
- Carbon offset (tonnes CO₂)

In terms of efficiency performance, we measure fuel efficiency on a traffic carried level. This allows us to monitor the incremental improvements in aircraft / fleet renewal and ongoing operational improvements. Flight Operations are tasked to investigate and implement relevant operational improvement measures and is accountable to the Fuel Forum Steering Committee (FFSC), chaired by Chief Operations and Service Delivery Officer.

- Fuel efficiency is measured in CO₂ from fuel use in grammes per ATK (available tonne kilometre) and grammes per RTK (revenue tonnes kilometre).

4.2 Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

We report on Scope 1 and Scope 2 greenhouse gas emissions annually in accordance with the listing rules of the Stock Exchange of Hong Kong. Please refer to the performance tables in this report for past performance.

The GHG emissions are calculated directly from jet fuel consumption that we track on a flight by flight basis. Our flight fuel and GHG emissions are audited yearly to ensure its accuracy.

4.3 The targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Our long term goal is to be Net Zero carbon emissions by 2050. We are developing the specific targets on carbon efficiency, Sustainable Aviation Fuel usage, or carbon offsets.



2020 Key Performance Indicators

Economic indicator table

	2020 HK\$M	2019 HK\$M	2018 HK\$M
DIRECT ECONOMIC VALUE GENERATED			
Revenue	46,934	106,973	111,060
Finance income	149	337	343
Share of profits of associates	(1,282)	1,643	1,762
ECONOMIC VALUE DISTRIBUTED			
Operating Expenses	58,639	103,646	107,465
Staff Expenses	15,786	20,125	20,211
Payment to providers of capital	3,044	4,772	3,611
- Finance charge	3,044	3,276	2,457
- Dividend paid - to the shareholders of Cathay Pacific	-	1,495	590
- Dividend paid - to non-controlling interests	-	1	564
Payments to government (Taxation)	(674)	454	466
Community investments including charitable donation			
- Direct payment	4	3	8
- In the form of discounts on airline travel	1	7	7
ECONOMIC VALUE RETAINED			
Profit/(loss) attributable to the shareholders of Cathay Pacific	(21,648)	1,691	2,345

More financial data can be found in our [Annual Report 2020](#) p.19.



Environmental indicators table – aircraft operations

AIRCRAFT OPERATIONS	Units	2020**#@	2019**	2018**	2017**	2016**	2015**	2014**	1998
Available tonne kilometres (ATK)	million	15,587	33,077	32,387	31,439	30,462	30,048	28,440	10,857
Revenue tonne kilometres (RTK)	million	10,876	24,090	24,543	23,679	22,418	22,220	20,722	7,213
Revenue passenger kilometres (RPK)	million	21,136	137,397	130,630	126,663	123,478	122,330	112,257	40,679
All Flights									
Fuel Consumption	thousand tonnes	2,386	5,837	5,713	5,625	5,467	5,425	5,198	2,343
Fuel Efficiency	grammes / ATK	153	173	176	179	179	181	183	216
	improvement since 1998 %	29.2%	19.9%	18.3%	17.1%	16.8%	16.3%	15.3%	0.0%
	grammes / RTK	219	238	233	238	244	244	251	325
Global CO2 emissions	thousand tonnes in CO2e	7,513 [◆]	18,387	17,997	17,716	17,222	17,087	16,374	7,380
	% change from previous year	59%	2.2%	1.6%	2.9%	0.8%	4.4%	5.8%	-
	grammes / ATK improvement since 1998 %	482 29.1%	545 19.9%	556 18.3%	564 17.1%	565 16.8%	569 16.3%	576 15.3%	680 0.0%
NOx Emissions	grammes / RTK improvement since 1998 %	691 32.5%	748 26.9%	733 28.3%	748 26.9%	768 24.9%	769 24.8%	790 22.8%	1,023 0.0%
	% of fleet meeting CAEP [▲] 6 requirements	80.9%	88.3	88.6	88.6	86.1	84.1	81.9	N/A
	% of fleet meeting CAEP 8 requirements	56.4%	59.7	59.4	56.7	52.6	48.1	46.8	N/A

*Includes Cathay Dragon

†Fuel consumption includes testing, training, and wet-lease flights

#Includes Air Hong Kong

@Includes HK Express

▲CAEP is the environmental committee of the International Civil Aviation Organisation (ICAO). CAEP has been able to create, and periodically review, minimum standards for cleaner and quieter aircraft. The long-term target is to reduce NOx emissions by 60% below CAEP6 by 2026.

◆ 2020 data verified by Deloitte



Environmental indicators table – aircraft operations

Indicators	Units	2020	2019	2018
HONG KONG AND 100% OWNED HONG KONG-BASED SUBSIDIARIES				
Carbon emissions				
Scope 1	tCO ₂ e	7,534,910 [◆]	18,429,615	18,405,994
Scope 2	tCO ₂ e	53,807	69,602	74,741
Fuel/ Power				
Aviation jet fuel	tonnes	2,385,196	5,837,126	5,829,513
Sustainable aviation fuel	tonnes	1	6	38
Electricity Consumption	mWh	102,992	130,677	138,700
Ground based activities fuel consumption				
<i>Mobile Combustion – Diesel</i>	litre	2,617,977	5,129,925	5,284,658
<i>Mobile Combustion - Unleaded Petrol</i>	litre	161,204	288,840	318,791
<i>Stationary Combustion – Diesel</i>	litre	2,789	2,932,598	1,781,477
Purchased Towngas	unit	3,848,032	5,185,403	6,697,802
Total Energy used	GJ	105,436,756	257,444,096	257,176,334
Energy intensity (per total no. of employees)	GJ	4,117	7,515	7,914
Water				
Seawater consumption	m ³	10,849,600	9,823,700	8,141,700
Potable water consumption	m ³	502,329	944,263	975,104
Maintenance water consumption	m ³	23,239	62,136	61,540

◆ 2020 data verified by Deloitte

Remarks:

- (1) GWP of CO₂ is 1; assumes that all other GHG gases are negligible as these impacts still uncertain.
 (2) Fuel consumption for our passenger flights includes the carriage of baggage and belly space cargo
 (3) Conversion Factor: 1 tonne of fuel= 3.15 tonne of CO₂e



<i>Indicators</i>	<i>Units</i>	<i>2020</i>	<i>2019</i>	<i>2018</i>
Paper and Cardboard				
Paper consumed in offices	tonnes	36	67	80
Paper and cardboard recycled	tonnes	298	1,539	1,587
Recycled/Reused Materials				
Metal recycled	tonnes	8	40	39
Plastic recycled	tonnes	140	290	467
Glass recycled	tonnes	77	486	463
Food processing oil	1000 litre	7	16	29
Hangers reused	no.	1,202,701	1,760,745	1,434,324
Disposed Materials				
Non-Hazardous Waste	tonnes	9,073	21,608	15,029

**Social indicators table**

	<i>Unit</i>	2020	2019	2018
WORKFORCE OF THE CATHAY PACIFIC GROUP				
Total employees	no.	25,610	34,258	32,496
Total employees (key business operations and subsidiaries)	no.	23,992	29,720	27,989
By gender				
Male	%	50	45	45
Female	%	50	55	55
By employment contract				
Employees on Permanent Terms	%	86	84	88
Employees on Fixed term and temporary contract	%	14	16	12
By employment type				
Permanent employees - Full-time	%	99	98	98
Permanent employees - Part time	%	1	2	2
By region				
Hong Kong & Macau	%	85	80	82
Chinese mainland	%	1	3	2
Taiwan	%	2	2	2
USA	%	1	3	3
Others	%	11	12	11
By employment role				
Cathay Pacific and Cathay Dragon Flight crew	%	13	12	12
Cathay Pacific and Cathay Dragon Cabin crew	%	33	39	39
Cathay Pacific and Cathay Dragon Ground employees	%	29	26	28
Cathay Subsidiary employees	%	25	23	21



	<i>Unit</i>	2020	2019	2018
VOLUNTARY TURNOVER RATE OF PERMANENT EMPLOYEES (%)				
By age group				
Under 30 years old	%	21	10	24
30 to 50 years old	%	7	5	8
Over 50 years old	%	8	3	6
By gender				
Male	%	9	5	10
Female	%	10	5	11
By region				
Hong Kong & Macau	%	9	5	11
Chinese mainland	%	3	6	8
Taiwan	%	10	5	7
USA	%	15	9	12
Others	%	3	7	10
Total Voluntary Turnover Rate of Permanent Employees (%)	%	9	5	11
New Hires Rate (%)				
By age group				
Under 30 years old	%	10	34	25
30 to 50 years old	%	4	5	5
Over 50 years old	%	3	7	6
By gender				
Male	%	5	12	10
Female	%	4	12	8



By region	<i>Unit</i>	2020	2019	2018
Hong Kong & Macau	%	5	13	10
Chinese mainland	%	6	9	7
Taiwan	%	0	7	1
USA	%	1	10	2
Others	%	6	13	5
Total New Hires Rate (%)	%	5	13	9

TRAINING AND EDUCATION	<i>Unit</i>	2020	2019	2018
Average hours of training				
Total training hours	Hour	761,219	1,671,963	1,502,800
Average training hours		174	49	46
PERFORMANCE REVIEW				
No. of employees receiving performance review	%	97	100	100
ANNUAL EMPLOYEE ENGAGEMENT INDEX				
% of respondents rating strongly agree or agree on the five key statements of employee engagement	%	63	62	42
BOARD DIVERSITY	<i>Unit</i>	2020	2019	2018
By gender				
Male	%	86	81	88
Female	%	14	19	12
By age group				
39-47 years old	%	0	40	12
48-56 years old	%	71	48	41
Over 57 years old	%	29	12	47

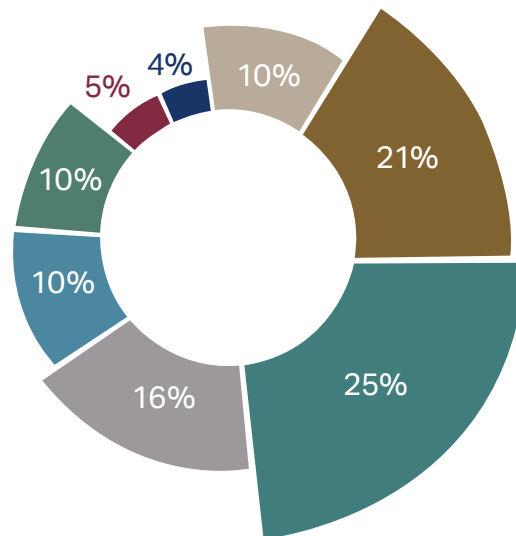


HEALTH AND SAFETY	Scope	2020	2019	2018
No. of accidents	Group	0	0	3
No. of high-risk incidents (Operational Safety)	Group	0	0	0
No. of work-related fatalities	Group	0	0	2
Lost Time Injury Rate (new reporting number- separation of airlines and subsidiaries lost time injury rate since 2018)	Cathay Pacific and Cathay Dragon	2.2	5.33	4.55
Lost Day Rate (new reporting number- separation of airlines and subsidiaries lost day rate since 2018)	Cathay Pacific and Cathay Dragon	68.83#	103.86#	63.91
No. of incidents of non-compliance with regulations and/or voluntary code concerning health and safety impacts of our products and services	Group	0	0	0

SUPPLIERS GEOGRAPHICAL DISTRIBUTION

Tier 1 suppliers: 37*

Region	Percentage of Tier 1 suppliers
Hong Kong	21%
United States	25%
United Kingdom	16%
France	10%
Chinese mainland	10%
Spain	5%
Singapore	4%
Other	10%



As pilot and cabin crew lost days are based on days not available for duty, a factor was previously used to normalise relevant data according to 250 days' work per year, equivalent to 2000 hours per year. This factor is no longer applied to relevant data in 2019, which led to the substantial increase in LDR.

Due to the significant change in the operation and to ensure data presented is an accurate reflection of relevant performance, cabin crew and pilot's actual duty hours have been used to calculate injury rates since January 2020.

* Excluding authorities, banks and intercompany entries which are considered as non-procurement related.



Compliance with laws and regulations

Laws and regulations that have a significant impact on the Group, details of our management approach and compliance with these laws, including the potential impact of non-compliance, are set out in the tables that follow.

EMISSIONS

<i>Significant laws and regulations</i>	<i>Location</i>	<i>Potential impact</i>	<i>Management approach and compliance status</i>
<p>Waste Disposal Ordinance (Cap. 354 Laws of Hong Kong) and relevant subsidiary legislation.</p> <p>This Ordinance regulates the production, storage, collection and disposal including the treatment, reprocessing and recycling of waste.</p> <hr/> <p>Water Pollution Control Ordinance (Cap.358 Laws of Hong Kong).</p> <p>This Ordinance regulates / controls the pollution of the waters of Hong Kong.</p> <hr/> <p>Air Pollution Control Ordinance (Cap.311 Laws of Hong Kong) and relevant subsidiary legislation.</p> <p>This Ordinance regulates, prohibits and / or controls the pollution of the atmosphere.</p>	Hong Kong	A breach of this Ordinance can give rise to civil and/or criminal liability including fines and imprisonment.	<p>The Group has in place an Environmental Management System to ensure ongoing compliance and is subject to internal and external audit.</p> <p>During 2020, there were no convictions for non-compliance with laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, or generation of hazardous and non-hazardous waste or other environmental issues that would have a significant impact on the Group.</p>

EMPLOYMENT

<i>Significant laws and regulations</i>	<i>Location</i>	<i>Potential impact</i>	<i>Management approach and compliance status</i>
<p>Employment Ordinance (Cap. 57 Laws of Hong Kong).</p> <p>This is the main piece of employment legislation in Hong Kong which applies to all Hong Kong employers.</p>	Hong Kong	A breach of this Ordinance can result in civil and/or criminal ramifications and significant impact on the Group's relationship with its work force.	<p>The Group has implemented a number of employee-related policies such as annual leave, maternity and paternity leave and sick leave policies to ensure that their employees are provided with rights and benefits which are no less favourable than those provided under the Employment Ordinance.</p> <p>During 2020, there were no convictions for non-compliance with laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, or other benefits and welfare that would have a significant impact on the Group.</p>



HEALTH AND SAFETY

<i>Significant laws and regulations</i>	<i>Location</i>	<i>Potential impact</i>	<i>Management approach and compliance status</i>
<p>Employees' Compensation Ordinance (Cap. 282 Laws of Hong Kong).</p> <p>This Ordinance regulates the payment of compensation in respect of injuries sustained by employees as a result of an accident arising out of and in the course of employment or in respect of specified occupational diseases.</p>	Hong Kong	<p>Non-compliance with this Ordinance can result in civil and/or criminal ramifications and significant impact on the Group's relationship with its work force.</p>	<p>The Group has implemented a number of occupational health and safety policies and manuals such as Occupational Health and Safety Policy, Alcohol and Other Drugs policy and Health and Safety Handbook to protect the safety of employees and other persons at the workplace. Relevant insurance policies have also been taken out to cover potential liability under the Ordinance.</p> <p>During 2020, there were no convictions for non-compliance with occupational health and safety laws and regulations that would have a significant impact on the Group.</p>
<p>Factories and Industrial Undertakings Ordinance (Cap. 59 Laws of Hong Kong).</p> <p>This Ordinance provides for the safety and health protection of workers in the industrial sector including catering establishments and cargo and container handling undertakings.</p>		<p>A breach of this Ordinance can give rise to criminal liability including fines and imprisonment.</p>	
<p>Occupational Safety and Health Ordinance (Cap. 509 Laws of Hong Kong).</p> <p>This Ordinance regulates the safety and health at work of all economic activities in both industrial and non-industrial establishments.</p>			

LABOUR STANDARDS

<i>Significant laws and regulations</i>	<i>Location</i>	<i>Potential impact</i>	<i>Management approach and compliance status</i>
<p>UK Modern Slavery Act 2015 (UK MSA).</p> <p>The MSA requires an organisation wherever incorporated which</p> <ul style="list-style-type: none"> (i) supplies goods or services in the UK; and (ii) has an annual turnover of £36 million or more, <p>to produce a transparency statement to disclose steps taken to ensure slavery and human trafficking are not taking place within the organisation and its supply chain.</p>	UK	<p>The UK Secretary of State may seek an injunction against organisations which fail to comply with the UK MSA.</p>	<p>The Board has approved the UK Modern Slavery Act Transparency Statement which is available to view here.</p> <p>During 2020, there were no convictions for non-compliance with laws and regulations relating to child and forced labour that would have a significant impact on the Group.</p>



LABOUR STANDARDS

<i>Significant laws and regulations</i>	<i>Location</i>	<i>Potential impact</i>	<i>Management approach and compliance status</i>
<p>Australia Modern Slavery Act 2018 (Australia MSA).</p> <p>The Australia MSA requires an organisation, wherever incorporated, that has a consolidated revenue of at least AUD\$100 million for the reporting period and carries on business in Australia at any time in that reporting period to report on the risks of modern slavery in their operations and supply chains and actions to address those risks.</p>	Australia	<p>The Australian Minister may request an explanation from an entity about the entity's failure to comply with a requirement in relation to modern slavery statements and may also request that the entity undertake remedial action in relation to that requirement. If the entity fails to comply with the request, the Minister may publish information about the failure to comply on the register or elsewhere, including the identity of the entity.</p>	<p>The Board has approved the Australia Modern Slavery Act Transparency Statement which is available to view here.</p> <p>During 2020, there were no convictions for non-compliance with laws and regulations relating to child and forced labour that would have a significant impact on the Group.</p>

PRODUCT RESPONSIBILITY

<i>Significant laws and regulations</i>	<i>Location</i>	<i>Potential impact</i>	<i>Management approach and compliance status</i>
<i>Health and safety</i>			
<p>Air Navigation (Hong Kong) Order 1995 (Cap. 448C Laws of Hong Kong).</p> <p>This order regulates aircraft crew and licensing and safety aspects relating to the operation of aircraft.</p>	Hong Kong	<p>A breach of this order can give rise to civil and/or criminal liability including fines and imprisonment.</p>	<p>It is the policy of Cathay Pacific and Cathay Dragon to ensure continuous compliance with the Air Navigation (Hong Kong) Order 1995 and all relevant publications issued by the Civil Aviation Department (CAD), including but not limited to CAD 360 Air Operator's Certificates Requirements, CAD 712 Safety Management Systems (SMS) for Air Operators, CAD 371 The Avoidance of Fatigue in Aircrews and HKAR-145 Approved Maintenance Organisations.</p> <p>In 2020, Cathay Pacific and Cathay Dragon carried 4.6 million passengers. There were no fatalities caused by operational incidents or accidents. Nor were there any convictions for non-compliance with laws and regulations relating to health and safety matters relating to products and services provided that would have a significant impact on the Group.</p>



PRODUCT RESPONSIBILITY

Significant laws and regulations	Location	Potential impact	Management approach and compliance status
Health and safety			
<p>Prevention and Control of Disease Regulation (Cap. 599A Laws of Hong Kong).</p> <p>This regulation requires immediate notification to a health officer if an operator of a cross-boundary aircraft has reason to suspect that there exists on board the aircraft —</p> <p>(a) a case or source of a specified infectious disease; or</p> <p>(b) a case or source of contamination.</p>	Hong Kong	A breach of this regulation can give rise to civil and/or criminal liability including fines and imprisonment	<p>Cathay Pacific and Cathay Dragon have implemented procedures and guidelines for frontline employees including cabin crew, customer services officers and flight crew on how to identify and manage any suspected cases of infectious disease involving passengers or crew.</p> <p>This includes (but is not limited to):</p> <ul style="list-style-type: none"> • Supplying personal protective equipment inflight for cabin crew to use when providing care to individuals with suspected infectious disease. • Medical advice provided by MedLink for cabin crew and ground employees for gate clearances as well as managing inflight medical emergencies. • Procedures following notification from Health Authorities of passengers or crew members who travelled whilst infective. <p>In 2020, there were no convictions for non-compliance with laws and regulations relating to health and safety matters relating to products and services provided that would have a significant impact on the Group.</p>
<p>Public Health and Municipal Services Ordinance (Cap. 132 Laws of Hong Kong).</p> <p>This Ordinance provides for the general protection for food purchasers, offences in connection with sale of unfit food and adulterated food, composition and labelling of food, food hygiene, seizure and destruction of unfit food.</p>		A breach of this Ordinance can give rise to criminal liability including fines and imprisonment.	<p>CPCS has adopted ISO 9001 & HACCP management system with quality policy to comply with all applicable food health & safety regulations.</p> <p>In 2020, there were no convictions for non-compliance with laws and regulations relating to health and safety matters relating to products and services provided that would have a significant impact on the Group.</p>
<p>Dangerous Goods (Consignment by Air) (Safety) Ordinance (Cap. 384 Laws of Hong Kong).</p> <p>This Ordinance controls, in the interests of safety, the preparation, packing, marking, labelling and offering of dangerous goods for carriage by air.</p>		A breach of this Ordinance can give rise to civil and/or criminal liability including fines and imprisonment.	<p>Dangerous Goods Regulations and Dangerous Goods Awareness training is provided to employees.</p> <p>In 2020, there were no convictions for non-compliance with laws and regulations relating to health and safety matters relating to products and services provided that would have a significant impact on the Group.</p>



Significant laws and regulations	Location	Potential impact	Management approach and compliance status
Advertising and labelling			
<p>Trade Descriptions Ordinance (Cap. 362 Laws of Hong Kong).</p> <p>This Ordinance prohibits false trade descriptions, false, misleading or incomplete information and to prohibit certain unfair trade practices.</p>	Hong Kong	<p>A breach of this Ordinance can give rise to civil and/or criminal liability including fines and imprisonment.</p>	<p>It is the policy of the Group to comply with all applicable advertising and labelling laws and regulations.</p> <p>During 2020, there were no convictions for non-compliance with laws and regulations relating to advertising and labelling practices that would have a significant impact on the Group.</p>
Privacy			
<p>Personal Data (Privacy) Ordinance (Cap. 486 Laws of Hong Kong) (PDPO) of the Hong Kong SAR government, which is aimed at protecting the privacy of individuals in relation to personal data.</p>	Hong Kong	<p>The PDPO is likely to have a significant impact on companies who collect, hold, process or use data, for instance, customer and employee personal data.</p> <p>The Commissioner may serve an enforcement notice to direct the company to remedy contravention and/or instigate prosecution action. Contravention of an enforcement notice is an offence which could result in a maximum fine of HK\$50,000 and imprisonment for 2 years.</p> <p>Breaches of the PDPO can cause reputational impact to the Company.</p>	<p>Cathay Pacific has established a Personal Data (Privacy) Policy and associated guidelines to ensure compliance with the Personal Data (Privacy) Ordinance. Subsidiaries have implemented their respective Personal Data Privacy Policies to ensure compliance.</p> <p>In October 2018, Cathay Pacific announced that it had discovered unauthorised access to some of the passenger data of Cathay Pacific and Cathay Dragon. Immediate action was taken to contain the event and a thorough investigation was carried out.</p> <p>In March 2020 the UK Information Commissioner's Office (ICO) fined Cathay Pacific Airways Limited for contravention of the Data Protection Act 1998 in relation to the 2018 data incident.</p> <p>During 2020, there were no convictions for non-compliance with laws and regulations relating to customer privacy that would have a significant impact on the Group.</p>

**Privacy**

EU General Data Protection Regulation (GDPR) has come into force on 25 May 2018.

The GDPR involves new provisions and enhanced rights, aimed to harmonise the framework for the digital single market, put individuals in control of their data and formulate a modern data protection governance.

EU

The GDPR is likely to have a significant impact on the Company because of offering goods or services to individuals who are located in the EU.

European data protection authorities have the power to enforce the GDPR by levying fines of up to 4% of an organization's global revenue or €20 million, whichever is the greater. Individuals affected by a contravention of the GDPR may also take legal action to recover compensation.

Ditto

ANTI-CORRUPTION**Significant laws and regulations****Location****Potential impact****Management approach and compliance status**

Prevention of Bribery Ordinance (Cap. 201 Laws of Hong Kong) (POBO)
POBO aims to prohibit bribery in both the public and private sectors. For the latter, the POBO prohibits an agent's corrupt behaviour and fraudulent practices in relation to his principal's affairs.

Hong Kong

Under the POBO, it is an offence to offer to an agent, or for an agent (e.g. an employee), to solicit or accept an advantage when conducting the principal's affairs without the principal's permission.

The maximum penalty for an offence is 10 years' imprisonment and a fine of HK\$1 million.

The Group has established an Anti-Bribery Policy as part of a comprehensive and robust anti-corruption and anti-bribery compliance programme to provide guidance to all relevant parties on compliance with global anti-bribery laws.

During 2020, there were no convictions for non-compliance with laws and regulations relating to bribery, extortion, fraud or money laundering that would have a significant impact on the Group.



ANTI-CORRUPTION

<i>Significant laws and regulations</i>	<i>Location</i>	<i>Potential impact</i>	<i>Management approach and compliance status</i>
<p>UK Bribery Act 2010 (Bribery Act)</p> <p>The Bribery Act makes it a criminal offence to bribe, or to offer or authorize a bribe to, another person (including a foreign official) or to be the recipient of a bribe.</p>	UK	<p>The Bribery Act is likely to have a significant impact on the Company because of having a presence in the UK.</p> <p>The Bribery Act has extra-territorial reach both for UK companies operating abroad and for overseas companies with a presence in the UK. All offences under the Bribery Act are punishable by unlimited fines for companies and individuals and, for individuals, up to 10 years' imprisonment. When a company is convicted of giving or receiving a bribe, the directors and other senior managers of the company can also be held accountable.</p>	Ditto
<p>US Foreign Corrupt Practices Act (FCPA)</p> <p>The FCPA makes it unlawful for certain classes of persons and entities to make payments to foreign government officials to assist in obtaining or retaining business.</p> <p>The anti-bribery provisions of the FCPA applies to all US persons and certain foreign issuers of securities. These also apply to foreign firms and persons who cause, directly or through agents, an act in furtherance of such a corrupt payment to take place with the territory of the US.</p>	USA	<p>The FCPA has extra-territorial effect and is likely to have a significant impact on the Company, for instance, for dealing with government officials in respect of licensing matters.</p> <p>Criminal penalties for violation can be severe, including fines and imprisonment for up to 5 years (for violating anti-bribery provisions) and 20 years (for violating accounting provisions).</p>	



Selected awards and membership

AWARDS*/RECOGNITION

<i>Name of the Award or recognition</i>	<i>Organiser</i>
As a constituent since its establishment in 2011	Hang Seng Corporate Sustainability Index
As a constituent for the past 12 years	FTSE4Good Index
Caring Company Award 15+ Years	Hong Kong Council of Social Service
Innovation Award (Good Class) - Hong Kong International Airport (HKIA) Carbon Reduction Award	Airport Authority Hong Kong
Best Green Air Cargo Terminal Operator	Asia Cargo News
Best Cargo Airline – Asia	Flight Global
Best Air Cargo Carrier – Asia Award	Asia Cargo News
2019 Customer Service Excellence Award Grand Award (Bronze)	Hong Kong Association for Customer Service Excellence

MEMBERSHIP/SIGNATORY

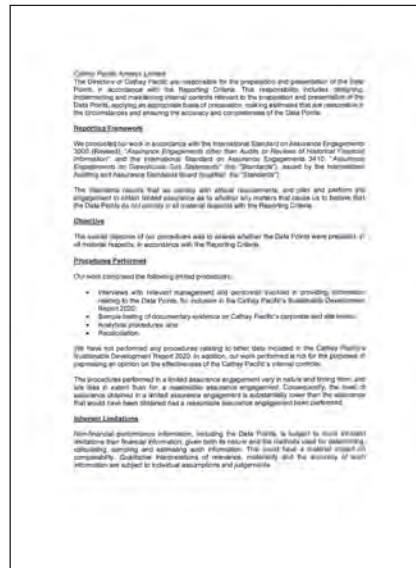
<i>Initiative/ Organisation</i>	<i>Role</i>
International Civil Aviation Organization (ICAO) Fuel Task Force specialised in the adoption of sustainable aviation fuel	Member
International Air Transport Association (IATA) Sustainability and Environment Advisory Committee	
Association of Asia Pacific Airlines (AAPA) Environmental Working Group	
Science Based Targets Initiatives – Aviation Sector target setting, Technical Working Group	
World Economic Forum Clean Skies for Tomorrow Coalition - Community	
Sustainable Aviation Fuel User Group	
Roundtable on Sustainable Biomaterials (RSB)	
Commercial Aviation Alternative Fuels Initiative (CAAFI)	Signatory
United for Wildlife Transport Taskforce Buckingham Palace Declaration	
Racial Diversity & Inclusion Charter for Employers	
Drink Without Waste Pledge	
Wild Aid- Global Shark Pledge	

* Other awards can be found in the Cathay Pacific [Annual Report 2020](#) on p.12



External assurance

We have engaged independent assurance provider Deloitte to provide an independent assurance on our greenhouse gas emissions data for the aforesaid reporting period. The scope and statement of assurance are provided as follows. The verified data with external assurance is marked with “ \diamond ” throughout the report. The assurance report is as follows:





Global Reporting Initiative (GRI) and Hong Kong Stock Exchanges (HKEX) Appendix 27 Environmental, Social and Governance Reporting Guide (ESG Guide) reporting index table

<i>GRI Standard</i>	<i>Disclosure</i>	<i>Relevant section(s) and/or URL(s)</i>	<i>Remark (e.g. omission)</i>	<i>HKEX ESG Reporting Guide</i>
GRI 102 GENERAL DISCLOSURES				
	Organizational profile			
102-1	Name of the organization	About Cathay Pacific Annual Report	p.12 p.2	
102-2	Activities, brands, products, and services	About Cathay Pacific Annual Report	p.12 p.2-3	
102-3	Location of headquarters	About Cathay Pacific Annual Report	p.12 p.2-3	
102-4	Location of operations	About Cathay Pacific Annual Report	p.12 p.2-3	
102-5	Ownership and legal form	About Cathay Pacific Annual Report	p.12 p.2-3	
102-6	Markets served	About Cathay Pacific Annual Report	p.12 p.2-3	
102-7	Scale of the organization	About Cathay Pacific Economic indicators table Social indicators table Annual Report	p.12 p.99 p.103 p.2-3	
102-8	Information on employees and other workers	Our people Social indicators table	p.61-73 p.103-106	
102-9	Supply Chain	Sustainable procurement	p.44	
102-10	Significant changes to the organization and its supply chain	Message from the CEO Safety Sustainable procurement Our people Annual Report	p.4-5 p.22-30 p.44 p.61-73 p.5-7	
102-11	Precautionary principle or approach	Our approach Annual Report	p.14-16 p.31-33	



<i>GRI Standard</i>	<i>Disclosure</i>	<i>Relevant section(s) and/or URL(s)</i>	<i>Remark (e.g. omission)</i>	<i>HKEX ESG Reporting Guide</i>
Organizational profile				
102-12	External initiatives	Selected awards and membership United Nations Sustainable Development Goals	p.114 p.15-16	
102-13	Membership of associations	Selected awards and membership	p.114	
Strategy				
102-14	Statement from senior decision maker	Message from the CEO Board statement on sustainable devel- opment	p.4-5 p.17-18	
Ethics and integrity				
102-16	Values, principles, standards, and norms of behavior	About Cathay Pacific Code of Conduct Supply Chain Sustainability Code of Conduct Board Diversity Policy Swire Pacific Corporate Code of Conduct	p.12	
Governance				
102-18	Governance structure	Board statement on sustainable development Governance Annual Report	p.17-18 p.17-21 p.34-58	
Stakeholder engagement				
102-40	List of stakeholder groups	Stakeholder engagement	p.14	
102-41	Collective bargaining agreements			Not applicable – The majority of our employees are in Hong Kong, where there is no legal framework for collective bargaining arrangements with trade unions.



<i>GRI Standard</i>	<i>Disclosure</i>	<i>Relevant section(s) and/or URL(s)</i>	<i>Remark (e.g. omission)</i>	<i>HKEX ESG Reporting Guide</i>
Stakeholder engagement				
102-42	Identifying and selecting stakeholders	Stakeholder engagement	p.14	
102-43	Approach to stakeholder engagement			
102-44	Key topics and concerns raised			
Reporting practice				
102-45	Entities included in the consolidated financial statements	Annual Report	p.18-21	
102-46	Defining report content and topic boundaries	Stakeholder engagement About this report	p.14 p.13	
102-47	List of material topics	Stakeholder engagement	p.14	
102-48	Restatements of information	Global Reporting Initiative (GRI) and Hong Kong Stock Exchanges (HKEX) Appendix 27 Environmental, Social and Governance Reporting Guide (ESG Guide) reporting index table	p.118	On page 84 of our 2019 Sustainable Development Report, the safety figures of CPSL for 2019 were wrongly reported. 2019 was a in fact a strong safety year in which we reduced the Lost Time Injury Rate (LTIR) from 0.82 in 2018 to 0.48 in 2019 while the number of Lost Time Injury (LTI) cases was reduced from 7 cases in 2018 to 4 cases in 2019.
102-49	Changes in reporting	About this report	p.13	
102-50	Reporting period			
102-51	Date of most recent report			
102-52	Reporting cycle			
105-53	Contact point for questions regarding the report			
102-54	Claims of reporting in accordance with the GRI Standards			



GRI Standard	Disclosure	Relevant section(s) and/or URL(s)	Remark (e.g. omission)	HKEX ESG Reporting Guide
	102-55	GRI content index	Global Reporting Initiative Content Index and Hong Kong Stock Exchange Environmental, Social and Governance (ESG) Content Index	p.116-129
	102-56	External assurance	About this report External assurance	p.13 p.115

GRI 200 ECONOMIC STANDARDS SERIES

GRI Standard	Disclosure	Relevant section(s) and/or URL(s)	Remark (e.g. omission)	HKEX ESG Reporting Guide
Economic performance				
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Message from the CEO	p.4-5
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	Economic indicators table Annual Report	p.99 p.65-68
	201-2	Financial implications and other risks and opportunities due to climate change	Climate change	p.34
			Cathay Pacific's response to TCFD	p.93-98
201-3	Defined benefit plan obligations and other retirement plans	Our people Annual Report	p.61-73 p.86-90	Aspect A4: Climate Change: General Disclosure KPI A4.1
Procurement practices				
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Stakeholder engagement	p.14
			Sustainable procurement	p.44
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers	Social indicators table	p.106



GRI 200 ECONOMIC STANDARDS SERIES

<i>GRI Standard</i>	<i>Disclosure</i>	<i>Relevant section(s) and/or URL(s)</i>	<i>Remark (e.g. omission)</i>	<i>HKEX ESG Reporting Guide</i>	
Anti-corruption					
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Governance Anti-Bribery	p.17-21	Aspect B7: Anti-corruption: General Disclosure KPI B7.1 KPI B7.2 KPI B7.3
	103-2	The management approach and its components	Policy Whistleblower Policy Annual Report Code of Conduct		
	103-3	Evaluation of the management approach			
GRI 205: Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	Compliance with laws and regulations	p.107-113	

Anti-competitive behavior

GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Antitrust Policy Code of Conduct	p.17-21	Aspect B7: Anti-corruption: General Disclosure KPI B7.1 KPI B7.2
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 206: Anti-competitive Behaviour	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Compliance with laws and regulations Annual Report	p.107-113	

GRI 300 ENVIRONMENTAL STANDARDS SERIES

Materials

GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Sustainability in Operations	p.42-54	Packing material is not considered a material aspect in our stakeholder engagement. Quantitative data unavailable.	Aspect A2: Use of Resources: General Disclosure KPI A2.5
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
GRI 301: Materials	301-1	Materials used by weight or volume	Sustainability in Operations	p.42-54		
			Environmental indicators table	p.102		



GRI 300 ENVIRONMENTAL STANDARDS SERIES

GRI Standard	Disclosure	Relevant section(s) and/or URL(s)	Remark (e.g. omission)	HKEX ESG Reporting Guide	
Energy					
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Climate change	p.31-41	Aspect A2: Use of Resources: General Disclosure KPI A2.1; KPI A2.3
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 302: Energy	302-1	Energy consumption within the organization	Environmental indicators table	p.100-101	Aspect B7: Anti-corruption: General Disclosure KPI B7.1 KPI B7.2
	302-3	Energy intensity	Environmental indicators table	p.101	
	302-4	Reduction of energy consumption	Aircraft emissions	p.38	
			Ground emissions	p.38	
	302-5	Reductions in energy requirements of products and services	Aircraft emissions	p.38	
		Our subsidiaries	p.85-92		
Water					
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary		Water is not considered a material aspect for the Group in our stakeholder engagement.	Aspect A2: Use of Resources: General Disclosure KPI A2.2; KPI A2.4
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 303: Water	301-1	Water withdrawal by source	Environmental indicators table	p.101	
Biodiversity					
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Biodiversity	p.55-60	Aspect A3: The Environment and Natural Resources General Disclosure KPI A3.1
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 304: Biodiversity	304-2	Significant impacts of activities, products, and services on biodiversity	Biodiversity	p.55-60	



GRI 300 ENVIRONMENTAL STANDARDS SERIES

GRI Standard	Disclosure	Relevant section(s) and/or URL(s)	Remark (e.g. omission)	HKEX ESG Reporting Guide
Emissions				
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Climate change p.31-41 Cathay Pacific's response to TCFD p.93-98	Aspect A1: Emission: General Disclosure KPI A1.1; KPI A1.2; KPI A1.5
	103-2	The management approach and its components	Our subsidiaries p.84-92	
	103-3	Evaluation of the management approach		
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	Climate change p.32	
	305-2	Energy indirect (Scope 2) GHG emissions	Environmental indicators table p.100-101	
	305-4	GHG emissions intensity		
	305-5	Reduction of GHG emissions		
	305-7	Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant air emissions		
Effluents and waste				
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Sustainability in operation p.42-54	Aspect A2: Use of Resources: General Disclosure KPI A2.5
			Waste management p.46	
			Our subsidiaries p.84-93	
	103-2	The management approach and its components		
103-3	Evaluation of the management approach			
GRI 306: Effluents and waste	306-2	Waste by type and disposal	Environmental indicators table p.102	Hazardous waste is not considered a material aspect in the stakeholder engagement. Quantitative data unavailable.



GRI 300 ENVIRONMENTAL STANDARDS SERIES

GRI Standard	Disclosure		Relevant section(s) and/or URL(s)	Remark (e.g. omission)	HKEX ESG Reporting Guide	
Environmental compliance						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Climate change	p.31-41	Aspect A1: Emission: General Disclosure	
			Sustainability in operations	p.42-54		
			Biodiversity Supply Chain Sustainability Code of Conduct	p.55-60		
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
GRI 307: Environmental compliance	307-1	Non-compliance with environmental laws and regulations	Compliance with laws and regulations	p.107-113		
Supplier environmental assessment						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Sustainable procurement Supply Chain Sustainability Code of Conduct Procurement approach	p.44	Aspect B5: Supply Chain Management	
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	Sustainable procurement Supply Chain Sustainability Code of Conduct Procurement approach	p.44	All new suppliers were screened using environmental criteria through our procurement process in 2020.	KPI B5.2 KPI B5.4

**GRI 400 SOCIAL STANDARDS SERIES**

<i>GRI Standard</i>	<i>Disclosure</i>	<i>Relevant section(s) and/or URL(s)</i>	<i>Remark (e.g. omission)</i>	<i>HKEX ESG Reporting Guide</i>	
Employment					
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our people	p.61-73	Aspect B1: Employment: General Disclosure KPI B1.1; KPI B1.2
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 401: Employment	401-1	New employee hires and employee turnover	Social indicators table	p.104-105	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee welfare	p.71	
Labour/Management relations					
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our people	p.61-73	The implementation of any significant operational changes is governed by the Employment Ordinance of Hong Kong.
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 402: Labour/ Management Relations	402-1	Minimum notice periods regarding operational changes			We provided notice of operational changes to our employees as soon as they occur and maintained open and constant communication with affected employees.



GRI 400 SOCIAL STANDARDS SERIES

GRI Standard	Disclosure	Relevant section(s) and/or URL(s)	Remark (e.g. omission)	HKEX ESG Reporting Guide	
Occupational health and safety					
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Safety Our response to COVID	Aspect B2: Health and Safety: General Disclosure KPI B2.1; KPI B2.2; KPI B2.3	
	103-2	The management approach and its components	Our subsidiaries		
	103-3	Evaluation of the management approach			
GRI 403: Occupational Health and Safety	403-9	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational health and safety Social indicators table	p.22-30 p.106	
Training and education					
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Attracting and developing talent	p.69-70	Aspect B3: Development and Training: General Disclosure KPI B3.1 KPI B3.2
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 404: Training and Education	404-1	Average hours of training per year per employee	Social indicators table	p.105	
	404-2	Programs for upgrading employee skills and transition assistance programs	Attracting and developing talent	p.69-70	
	404-3	Percentage of employees receiving regular performance and career development reviews	Social indicators table	p.105	
Diversity and equal opportunity					
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our people Board Diversity Policy	p.61-73	Aspect B1: Employment: General Disclosure
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
	405-1	Diversity of governance bodies and employees	Our people	p.61-73	
GRI 405: Diversity and Equal Opportunity			Social indicators table	p.103-104	



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<i>GRI Standard</i>	<i>Disclosure</i>	<i>Relevant section(s) and/or URL(s)</i>	<i>Remark (e.g. omission)</i>	<i>HKEX ESG Reporting Guide</i>	
Child labour					
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our people Sustainable procurement Modern slavery and human rights	p.61-73 p.44 p.21	Aspect B4: Labour Standards KPI B4.1
	103-2	The management approach and its components	Supply Chain Sustainability Code of Conduct Code of Conduct		
	103-3	Evaluation of the management approach	Our subsidiaries	p.84-92	
GRI 408: Child labour	408-1	Operations and suppliers at significant risk for incidents of child labour	Modern slavery and human rights	p.21	
			Human resources management	p.65	
			Sustainable procurement Supply Chain Sustainability Code of Conduct Code of Conduct Modern Slavery and Human Trafficking Policy Statement Modern Slavery and Human Trafficking Statement in response to the Modern Slavery Act 2015 of the United Kingdom and the Modern Slavery Act 2018 of Australia Human Rights Policy	p.44	
Forced or compulsory labour					
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Our people Sustainable procurement Modern slavery and human rights	p.61-73 p.44 p.21	Aspect B4: Labour Standards KPI B4.1
	103-2	The management approach and its components	Supply Chain Sustainability Code of Conduct Code of Conduct		
	103-3	Evaluation of the management approach			



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<i>GRI Standard</i>	<i>Disclosure</i>		<i>Relevant section(s) and/or URL(s)</i>		<i>Remark (e.g. omission)</i>	<i>HKEX ESG Reporting Guide</i>
Forced or compulsory labour						
GRI 409: Forced or Compulsory Labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Modern slavery and human rights	p.21		Aspect B4: Labour Standards KPI B4.1
			Human resources management	p.65		
			Sustainable procurement Supply Chain Sustainability Code of Conduct Code of Conduct Modern Slavery and Human Trafficking Policy Statement Modern Slavery and Human Trafficking Statement in response to the Modern Slavery Act 2015 of the United Kingdom and the Modern Slavery Act 2018 of Australia Human Rights Policy	p.44		
Local communities						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Community	p.74-83		Aspect B8: Community Investment: General Disclosure KPI B8.1; KPI B8.2
	103-2	The management approach and its components	Our response to COVID	p.8-11		
	103-3	Evaluation of the management approach				
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development program	Community	p.74-83		
			Our response to COVID	p.8-11		
Supplier social assessment						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Sustainable procurement	p.44		Aspect B6: Product Responsibility: General Disclosure KPI B5.2
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				



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GRI Standard	Disclosure		Relevant section(s) and/or URL(s)		Remark (e.g. omission)	HKEX ESG Reporting Guide
Supplier social assessment						
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	Sustainable procurement Supply Chain Sustainability Code of Conduct	p.44	All new suppliers were screened using social criteria through our procurement process in 2020.	
Customer health and safety						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Safety	p.22-30		Aspect B6: Product Responsibility: General Disclosure KPI B6.1
	103-2	The management approach and its components	Our response to COVID	p.8-11		
	103-3	Evaluation of the management approach				
GRI 416: Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Social indicators table	p.106		
			Compliance with laws and regulations	p.107-113		
Marketing and labelling						
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Advertising and labelling practice	p.20		Aspect B6: Product Responsibility: General Disclosure
	103-2	The management approach and its components				
	103-3	Evaluation of the management approach				



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GRI Standard	Disclosure		Relevant section(s) and/or URL(s)	Remark (e.g. omission)	HKEX ESG Reporting Guide
Marketing and labelling					
GRI 417: Marketing and labelling	417-2	Incidents of non-compliance concerning product and service information and labelling	Compliance with laws and regulations	p.107-113	Aspect B4: Labour Standards KPI B4.1
	417-3	Incidents of non-compliance concerning marketing communications	Compliance with laws and regulations	p.107-113	
Customer privacy					
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Customer privacy compliance	p.20	Aspect B6: Product Responsibility: General Disclosure KPI B6.5
	103-2	The management approach and its components			
	103-3	Evaluation of the management approach			
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Compliance with laws and regulations	p.107-113	
Socioeconomic compliance					
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary	Governance	p.17-21	Aspect B7: Anti-corruption: General Disclosure KPI B7.1 KPI B7.2 KPI B7.3
	103-2	The management approach and its components	Antitrust Policy	p.21	
	103-3	Evaluation of the management approach	Whistleblower Policy Customer privacy compliance	p.21 p.20	
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area social and economic area	Compliance with laws and regulations	p.107-113	